

Common Framework for the Supervision of Internationally Active Insurance Groups – Executive Summary

The Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) is a set of international standards published by the International Association of Insurance Supervisors (IAIS). ComFrame is effectively an insurance-specific response to regulatory and supervisory gaps identified from the Great Financial Crisis (GFC) of 2007-09. The GFC revealed issues specific to the supervision of internationally active insurance groups (IAIGs), which are the largest, most complex insurers and thus require tailored and more coordinated supervision across jurisdictions. In particular, the GFC brought to light complexities in supervising cross-border insurance groups and regulatory arbitrage opportunities arising from differing requirements in different jurisdictions.

Objectives of ComFrame

ComFrame supports the objectives of the IAIS by promoting effective and globally consistent supervision of the insurance industry for the benefit and protection of policyholders and by contributing to financial stability. To achieve these aims, ComFrame seeks to:



assist supervisors in addressing group-wide activities, risks and supervisory gaps



provide a basis for comparing IAIG supervision across jurisdictions



promote coordination of supervisory activities efficiently and effectively between the group-wide and other involved supervisors

Key components of ComFrame

ComFrame's foundation is the Insurance Core Principles (ICPs). This is because the ICPs apply to the supervision of all insurance legal entities and groups, including IAIGs. However, ComFrame provides additional requirements that are applicable only to the supervision of IAIGs.

ComFrame covers both quantitative and qualitative requirements for IAIGs. The main quantitative requirement is the risk-based global Insurance Capital Standard (ICS), which specifies detailed requirements for capital adequacy assessment of IAIGs in a standalone document. The qualitative requirements are clearly distinguished in the relevant ICP material and cover aspects relating to governance, risk management, supervisory processes and resolution. There are two levels of ComFrame material in the ICPs:

- ComFrame standards: These are outcomes-focused requirements for supervisors.
- ComFrame guidance: This is additional information to facilitate understanding and application of the relevant ComFrame standards, often by way of examples of how the standards can be implemented in practice.

Applicability of ComFrame

In general, insurance supervisors are expected to identify IAIGs based on the following criteria as specified in ComFrame:



International activities

- Writes premiums in three or more jurisdictions; and
- Gross written premiums outside home jurisdiction are at least 10% of the insurance group's total gross written premiums



Size

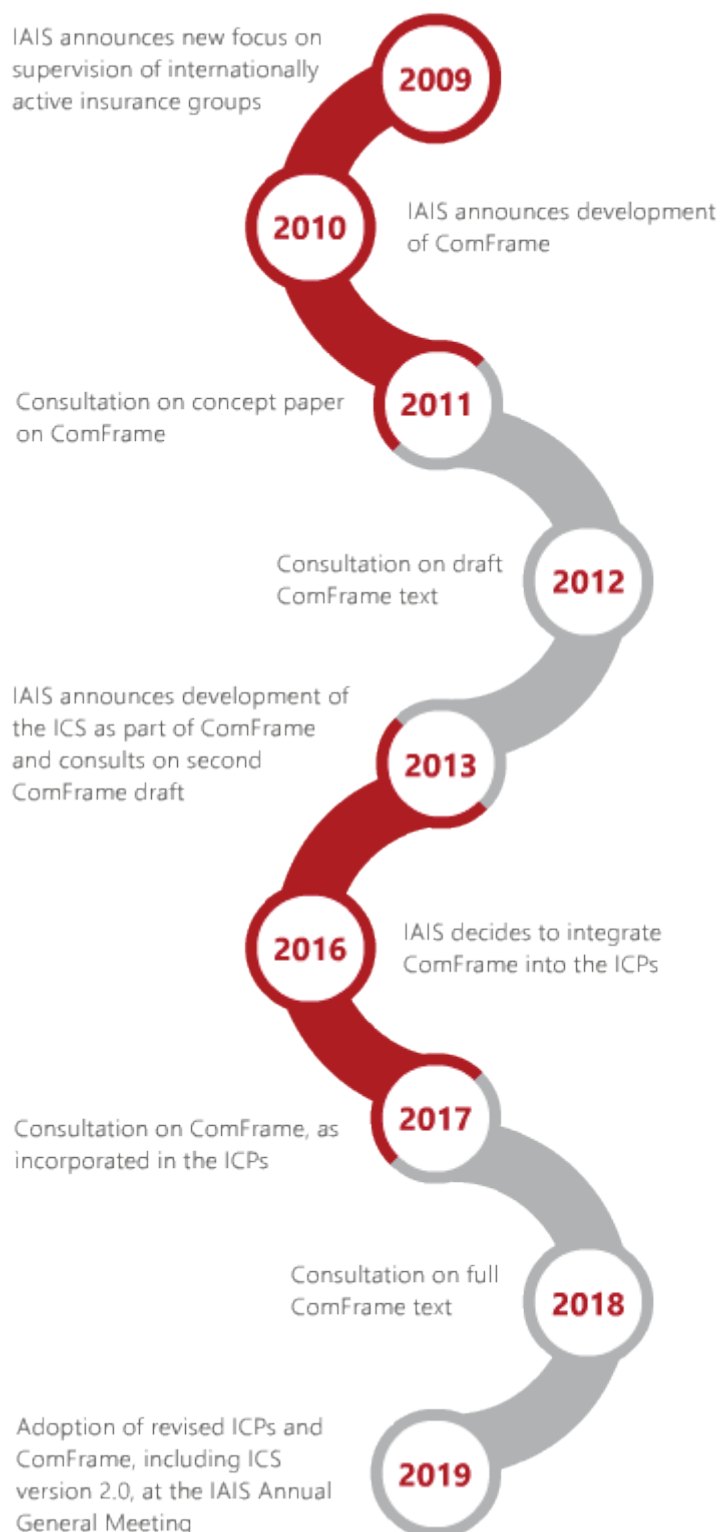
- Total assets of the insurance group are at least USD 50 billion; or
- Gross written premiums are at least USD 10 billion

Both measures are based on a three-year rolling average.

ComFrame allows a limited degree of supervisory discretion on whether a particular group should, or should not, be considered an IAIG based on these criteria. The IAIS expects that approximately 50 IAIGs will be identified by supervisors.

Development timeline

The timeline shows the development of ComFrame:



This Executive Summary and related tutorials are also available in [FSI Connect](#), the online learning tool of the Bank for International Settlements.