

GFIA action plan

Introduction

The table below contains an overview of the GFIA's priorities, as discussed by members at the GFIA General Assembly in October 2014, and as agreed upon by the General Assembly by written consensus in April 2015 (subject to approval of this draft). They reflect a general consensus of the GFIA's priorities in terms of focus and resources, and may serve as a guide in discussions on GFIA strategy.

The list below is split into:

- *High Priority* items, which we believe are important to a majority of members and
- *Medium Priority* items which, although important areas for the GFIA's focus, are not as urgent a priority for the GFIA at this point in time.

It should also be recognised that there are also other issues, not articulated, that the GFIA will be working on in the current year (some known, others not) that are not included in this document but are known to be of importance for one or more of our members.

Revisions to these priorities should be considered at least annually, and can be discussed at General Assembly meetings.

	1. Building, improving and maintaining relations
High Priority	<p>1A. Relationship with the IAIS</p> <p>Background: The IAIS has changed the way it interacts with stakeholders, including the elimination of the observer status. As the new stakeholder consultation processes take shape, it is important that the GFIA position itself well in order to maximise its opportunities for input and ensure appropriate weight is given to its comments.</p> <p>Actions and objectives: If IAIS stakeholder groups are formed, the GFIA should ensure it is invited to participate. The GFIA should also consider organising opportunities for its members and members' member companies and IAIS members to meet face to face, for instance in the form of an industry event or periodic meetings on substantive IAIS workstreams and inviting IAIS secretariat and members to attend and speak.</p> <p>The GFIA <u>Executive Committee and secretariat</u> will work together to engage in dialog with the IAIS to seek opportunities to solidify the GFIA's position as a valued IAIS stakeholder, and to discuss the scope for possible face to face meetings.</p>
High Priority	<p>1B. Relationship with the G20, the FSB and the OECD</p> <p>Background: Given the G20's key role in driving the agenda of the FSB, the IAIS and the OECD, it is important that the GFIA continues to engage at an early stage of policy formation and implementation, especially as the G20 is increasingly mandating the FSB, IAIS and the OECD to work on regulatory initiatives which will either directly or indirectly impact the insurance industry.</p>

	<p>Actions and objectives: A key aspect of meeting this priority will be the annual <u>GFIA executive committee</u> mission to the G20 host (Turkey in 2015, China in 2016).</p> <p>Additionally, given the importance of the B20's recommendations to the G20 agenda, the secretariat will also monitor the development of B20 policy recommendations and input into the process wherever possible.</p> <p>Our efforts will be focused on areas where the GFIA's priority issues support the G20 presidency objectives (eg long-term growth and investment and recognition of insurance as distinct from banking).</p> <p><u>GFIA Working Group chairs</u> will further ensure that the insurance-related workstreams of the FSB and the OECD are covered by the appropriate GFIA working groups.</p>
<p>High Priority</p>	<p>1C. Relationship with Geneva Association, IIF, and other international industry bodies</p> <p>Background: Better cooperation and coordination among the Geneva Association, the IIF and the GFIA could enable all three organisations to use our respective resources more efficiently and at the same time increase the impact of our education and advocacy efforts. Equally, the GFIA should be aware of work done by the IIS and ICMIF to avoid overlaps or conflicts. To be successful, this will require proactive engagement at both the executive and secretariat level.</p> <p>Actions and objectives: The <u>GFIA executive committee</u> should seek to meet with the IIF and Geneva Association's leadership at a minimum on an annual basis. In addition, at the working level, <u>the secretariat</u> should proactively reach out (schedule regular conference calls) to the Geneva Association and IIF secretariats to ensure coordination of policy positions and current work plans. The <u>GFIA membership executive</u> will explore the possibility of developing a "partner membership" category, to be defined in the GFIA's statutes and to allow for a more formal platform for collaboration with the Geneva Association, the IIF and other relevant bodies.</p>
<p>High Priority</p>	<p>2. International capital developments</p> <p>Background: The greatest potential impact for our members coming out of the work of international standard setters is the consideration of international capital standards. The result of the IAIS work on international capital standards is likely to be felt by insurance companies globally, and may affect existing and developing prudential regimes.</p> <p>Not only is it an important substantive issue, it is also an important reputational issue as the role of the GFIA in the ongoing debate will have a significant impact on how the GFIA is perceived as representing the insurance industry internationally.</p> <p>Actions and objectives: The <u>GFIA Capital Working Group</u> will:</p> <ul style="list-style-type: none"> ■ Engage with the IAIS in the discussion of Insurance Capital Standard (ICS) ■ Engage with the IAIS in the development of the Basic Capital Requirements (BCR) and the Higher Loss Absorbency (HLA), where it can be reasonably expected that they will inform development of ICS ■ Attempt to build a position for relevant formal public consultations. Aim to present its

	<p>views in speaking engagements where appropriate.</p> <ul style="list-style-type: none"> ■ Collaborate with other industry bodies (particularly the Geneva Association and the Institute for International Finance) to minimise conflicts in positions, avoid duplication of effort, and maximize effectiveness.
<p>High Priority</p>	<p>3. Market Conduct and Corporate Governance</p> <p>Background: There is increased international attention to market conduct and governance, and the key role that they play in ensuring a healthy and stable insurance market.</p> <p>The IAIS Market Conduct Working Group also recently released a paper that gave examples and suggestions for supervisors as they implement ICP 19 on Conduct of Business. Over the next year, they plan to release two new papers, one focused on Conduct of Business Risk, and the other on the supervision of intermediaries (ICP 18).</p> <p>The IAIS Governance Working Group recently published an Issues Paper on <i>Approaches to Group Corporate Governance: Impact on Control Functions</i> (which was later approved by the IAIS Executive Committee). The main purpose of the paper is to identify the key characteristics and related challenges inherent in centralised, decentralised, and hybrid governance structures. The GFIA Corporate Governance Working Group chair was involved in the IAIS drafting process of this paper.</p> <p>In all cases, the GFIA messaging has underscored the importance of ensuring that the nature of insurance products, business relationships, and insurer governance are well understood and accurately reflected in IAIS documents so that the proportionality principle is duly taken into account and inappropriate one-size-fits-all approaches are avoided.</p> <p>Actions and objectives:</p> <p>The <u>GFIA Market Conduct Working Group</u> will:</p> <ul style="list-style-type: none"> ■ Respond to the IAIS consultations on Conduct of Business Risk and on the Supervision of Intermediaries. ■ Provide regular input to the IAIS and to other international bodies such as the Joint Forum, the OECD and FinCoNet that may produce guidance regarding market conduct. <p>The <u>GFIA Corporate Governance Working Group</u> will:</p> <ul style="list-style-type: none"> ■ Monitor and respond to the IAIS standard-setting work relating to corporate governance. Specifically, following up on its Issues Paper on <i>Approaches to Group Corporate Governance: Impact on Control Functions</i>, the IAIS Governance Working Group plans to draft an Application Paper on the same subject, to which GFIA intends to be involved in the drafting process and provide constructive comments. ■ Monitor and respond to the IAIS' development of the governance and enterprise risk management (ERM)-related sections of ComFrame (within Module 2), as well as to revisions to its governance-related ICPs (ICP 4 – Licensing, ICP 5 – Suitability of Persons, ICP 7 – Corporate Governance, ICP 8 – Risk Management and Internal Controls). ■ Monitor any other organizations (beyond the IAIS) which do work relevant to governance issues and respond to them where appropriate (e.g., OECD, FSB).

<p>Medium Priority</p>	<p>4. TiSA (Trade in Services Agreement) negotiations</p> <p>Background: With the G20 Doha negotiations stalled, the TiSA negotiations are timely and positive. If the TiSA is suitably ambitious, it could provide a valuable blueprint for increased trade and economic growth not just for the 23 members currently involved in the negotiations. Negotiations are at an early stage and GFIA continues to call upon our respective governments to set a high level of ambition for insurance and reinsurance which require total removal of any limitations or non conforming measures on market access, national treatment and regulatory transparency as a precondition for participation in TiSA.</p> <p>Actions and objectives: Proactive engagement by the GFIA at this point could help to ensure valuable liberalisation commitments are included for the insurance sector. The <u>GFIA Trade Working Group</u> will seek to establish links with those that are pushing the TiSA agenda to ensure that any agreement supports our objectives of open and free markets.</p>
<p>Medium Priority</p>	<p>5. Recovery and resolution</p> <p>Background: The FSB's <i>Key Attributes of Effective Resolution Regimes for Financial Institutions</i>, which includes an Annex on the Resolution of Insurers, was finalised and published on 15 October. The next day, the FSB released a separate consultation on identifying critical functions and shared services of insurers in the context of resolution planning. GFIA submitted comments to the FSB on this document on 17 December. On 6 November, the FSB published the list of G-SIIs for 2014, with the same nine companies as before. It also postponed a decision on the G-SII status of reinsurers to 2015, pending further development of the methodology. The G-SII assessment methodology will be further developed by the end of 2015 and implemented in 2016.</p> <p>Actions and objectives: The <u>GFIA Systemic Risk Working Group</u> will continue to closely monitor developments in this area, with special attention for work done by the FSB and the IAIS (including its Resolution Working Group), and engage where appropriate.</p>
<p>Medium Priority</p>	<p>6. OECD initiative on base erosion and profit shifting (BEPS)</p> <p>Background: This OECD initiative is targeted at companies using tax planning strategies to shift profits from high tax to low tax jurisdictions.</p> <p>Actions and objectives: The <u>GFIA Taxation Working Group</u> will continue to proactively engage on this file, to ensure the insurance business model is fully understood and that normal operations of insurance groups are not inadvertently affected.</p> <ul style="list-style-type: none"> ■ In particular, to date in 2015 the <u>GFIA Taxation WG</u> has submitted a GFIA response to the OECD's discussion draft on Permanent Establishments and to the OECD Discussion Draft on BEPS Actions 8, 9 and 10: Discussion draft on revisions to Chapter I of the Transfer Pricing Guidelines. In addition, the WG will review and respond as appropriate to other OECD BEPS papers as they are issued over the coming year.

<p>Medium Priority</p>	<p>7. Cross border reinsurance</p> <p>Background: Over the past four years, several large markets have implemented or announced an intent to place and/or increase restrictions on cross-border reinsurance. This usually takes the form of requirements that large percentages of reinsurance be placed with domestically licensed and capitalized reinsurers, in many cases state-owned or affiliated, with the typical rationale being to avoid making reinsurance premium payments to non-local reinsurers, and instead to keep those funds in the local economy.</p> <p>Actions and objectives: The <u>GFIA Trade Working Group</u> will continue to</p> <ul style="list-style-type: none"> ■ Engage at the national level, informing policymakers on the dangers these actions create to economic stability and growth, and stress that these actions are clear violations of international regulatory standards and in some instances trade commitments, which will negatively impact foreign investment and lending. ■ Press for criticism of these actions by the International Monetary Fund, World Bank, Regional Development Banks, the Financial Stability Board and the G20, and seek for the World Bank and IMF to undertake research and analysis to support development of policy that recognizes the risks the fragmentation of the global reinsurance market would create.
<p>Medium Priority</p>	<p>8. Incremental Removal of Equity Limitations on Foreign Ownership</p> <p>Background: The GFIA has actively engaged national policymakers to remove foreign ownership restrictions where they exist, in line with the GFIA's objectives of supporting open, fair, transparent and efficient insurance markets which improve consumer choice and value by supporting competition from domestic and foreign insurers equally.</p> <p>Actions and objectives: Based on member prioritization, the <u>GFIA Trade Working Group</u> will focus on the following:</p> <ul style="list-style-type: none"> ■ In India, the "Indian Insurance Amendment Act of 2008" would raise the equity limitation on Foreign Direct Investment from 26% to 49%, as well as allow establishment of foreign reinsurers through a branch structure. The passage of this act has had some recent success, but the Trade Working Group will continue to monitor developments and take action where appropriate. ■ The Trade Working Group will seek opportunities to take similar actions in other markets. The Trade Working Group will continue to push for a full commitment to 100% market access for insurance suppliers, including freedom from discriminatory treatment, absence of quantitative restraints and investment restrictions, and freedom of choice of localisation and legal entity through which to engage in the insurance business.
<p>Medium Priority</p>	<p>9. IAIS ComFrame</p> <p>Background: The next comprehensive ComFrame consultation is not scheduled until December 2015 or even early 2016. However, through the IAIS's field testing exercises, it is expected that additional refinements will be made in the meantime.</p> <p>Actions and objectives: Given the impact that ComFrame is likely to have on group</p>

	<p>supervision in many jurisdictions, it is important that the <u>GFIA ComFrame Working Group</u> continues to closely follow group-wide supervision developments at the IAIS and in individual member nations, particularly as those developments impact the international capital standards workstream. The Working Group will also coordinate closely with the GFIA Capital Task Force as needed.</p>
<p>Medium Priority</p>	<p>10. Financial Inclusion</p> <p>Background: A large portion of the world’s population remains excluded from formal financial services, and in particular from insurance. Internationally policy makers have increased awareness of the need to promote affordable and appropriate insurance products for vulnerable groups, thereby mitigating poverty without compromising consumer protection. Financial Inclusion with relation to insurance has featured on the agenda of the G20, the IAIS, and the Access to Insurance Initiative (A2ii). The G20 Financial Inclusion Action Plan has stated that financial inclusion is fundamental for improving the livelihoods of the poor as it enables them to run their businesses, build assets, smooth consumption, and manage risks.</p> <p>Actions and Objectives: The <u>GFIA Financial Inclusion Working Group</u> will monitor the activity of the IAIS Financial Inclusion subcommittee and input where possible. It will also stay abreast of work done by other international bodies to see if there are more opportunities for the GFIA to help promote financial inclusion. In particular, it will monitor the work done on the G20’s Financial Inclusion Action Plan and by the implementation agency, the Global Partnership on Financial Inclusion (GPMI).</p> <p>The Financial Inclusion Working Group will also seek to increase the participation of developing countries in the Working Group.</p>
<p>Medium Priority</p>	<p>11. Combating money laundering and terrorist financing</p> <p>Background: The IAIS’ ICP 22 deals with Anti-money Laundering and Combatting Financing of Terrorism, and the IAIS has been active drafting multiple papers that relate to this ICP and financial crime in general. Similarly, the FATF regularly publishes documents that impact the insurance industry.</p> <p>Actions and objectives: The <u>GFIA AML/CTF Working Group</u> will monitor the output of the IAIS and the FATF and respond to consultations. It will seek to ensure that the measures proposed are proportionate, balanced and appropriately risk-sensitive.</p>
<p>Medium Priority</p>	<p>12. Forced localization of data processing and servers</p> <p>Background: In previous communications from the GFIA to the G20 Trade Ministers and Leaders, and in our priorities for the TiSA, the GFIA has stressed the necessity of allowing insurers and reinsurers to conduct cross-border data operations without maintaining data in a specific jurisdiction as long as the outcome is the same level of protection. We have also stressed the need for global insurers and reinsurers to be able to have a global digital business model in order to comply with international standards on risk management, governance and group supervision.</p>

	<p>Actions and objectives: The <u>GFIA Trade Working Group</u> will continue to proactively advocate for strong binding trade commitments that allow cross-border provision of data and other services auxiliary to insurance in trade agreements, and educate regulators and other national policymakers why forced localisation is contrary to the IAIS ICPs and fundamentally harmful to the ability of multinational insurers and reinsurers to provide capacity to small and medium sized markets. The GFIA will seek for the World Bank and IMF to undertake research and analysis to support the development of policy which recognizes the fragmentation and stagnation risks which the undermining of an efficient global insurance and reinsurance would create.</p>
<p>Medium Priority</p>	<p>13. Financial Transaction Tax (FTT)</p> <p>Background: European countries working under enhanced cooperation towards the implementation of a Financial Transaction Tax (FTT) have failed to achieve significant progress in 2014. However, the political will to advance this project seems to have been renewed in early 2015, when the Finance Ministers of France and Austria signed a joint letter calling for more effort in view of an implementation of the FTT in 2016. The European Commission promised its full support for any such initiative.</p> <p>Actions and objectives: The <u>GFIA Taxation Working Group</u> will continue to monitor the progress of this issue and where possible input into the process underscoring the potential damage an FTT would do, in particular to long-term retirement products.</p>
<p>Medium Priority</p>	<p>14. Natural Catastrophes and Global Warming</p> <p>Background: Studies have suggested that the volume of severity of natural catastrophes are increasing, as has the overall costs of such disasters. Insurers play a crucial role in providing economic support in case of such disasters.</p> <p>Actions and objectives: The <u>GFIA Natural Catastrophe Working Group</u> will continue to monitor relevant regulatory developments that impact insurers' role in mitigating natural disasters. It will also function as a knowledge sharing network for GFIA members to share best practices on approaches to reducing the impact of such disasters.</p>
<p>Ongoing activity</p>	<p>15. Becoming more representative</p> <p>Background: Currently the GFIA represents 87% of total insurance premiums worldwide. This is one of the GFIA's fundamental value propositions, and no other insurance representatives can claim to be as representative. In order to consolidate this advantage, the GFIA should seek to be inclusive with regards to potential new members, especially in newly developing markets.</p> <p>Actions and objectives: The <u>GFIA membership executive</u>, with assistance of the <u>secretariat</u> and <u>all members</u>, will explore the potential of new members, both by managing the communication with current applicants, and by proactively building relationships with potential members. This work is ongoing.</p>

<p>Ongoing activity</p>	<p>16. GFIA secretariat services for members</p> <p>In addition to the normal functioning of the GFIA secretariat, and subject to resource constraints, the secretariat will provide the following services to members :</p> <p>Enhanced external communications – the secretariat would draw on in-house expertise to deliver PR messages, maintain a Twitter presence, and provide regular news updates to the website).</p> <p>Development of periodic GFIA Report from the Chair – this communication is intended to provide members with a quick summary of recent developments as well as those on the horizon. The communication would not only provide a factual update but also a personal perspective on recent developments.</p> <p>Timeline of upcoming key dates – this could potentially include both upcoming key deadlines as well as important stakeholder meetings such as G20 Finance ministers meetings, IAIS Technical Committee and Executive Committee meetings, to aid in making strategic decisions on any lobbying activities.</p> <p>Publications list – the secretariat will keep up to date the “publications list” which was originally produced by the (now disbanded) Insurance Research working group.</p>