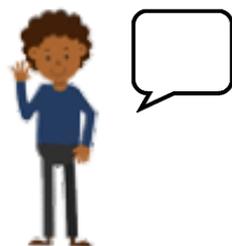


Welcome!



For the quality of the call, you will be muted.
You can unmute yourself to ask a question.



Introduce yourself in the chat!



Risk based Supervision - Supervisory Dialogue

1 December 2022

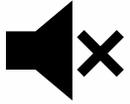


Dialogues

Housekeeping Rules



This Dialogue will be **RECORDED**



Please **MUTE** yourself whilst you are not speaking



Please use the **CHAT** function to ask questions



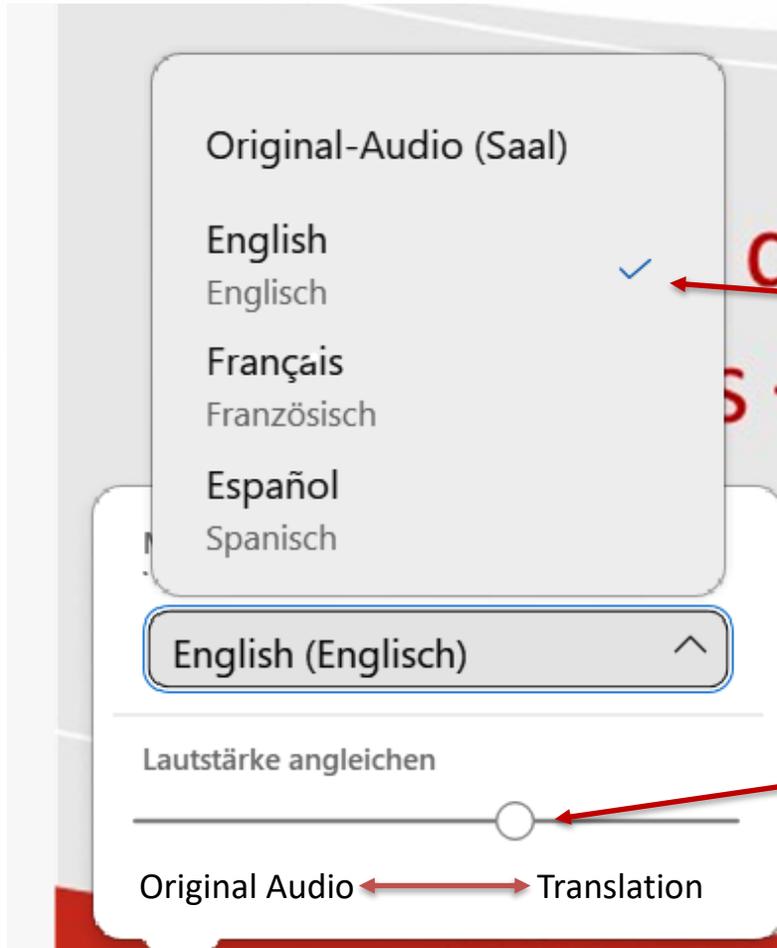
“RAISE HAND” when wishing to speak or ask a question



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Peter Windsor

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Director of Insurance Supervision and RBS Project Manager – ACAPS (Morocco)



Edith Apoo

Senior Risk and Actuarial Officer - Insurance Regulatory Authority Uganda



IAIS RBSIF ROUNDTABLE DISCUSSION

NOVEMBER 9, 2022

Peter Windsor & Suzette Vogelsang
Financial Supervision and Regulation Division
Monetary and Capital Markets Department



Overall message

NOVEMBER 9, 2022

Drivers for moving towards RBS

- Alignment with:
 - IAIS ICPs
 - International best practice
- Part of a larger project of moving to risk-based supervision
 - Quantitative requirements linked to risk profile of insures
 - Enhancing governance requirements
 - Enable supervisors to be forward looking and more pro-active

Key take aways (1)

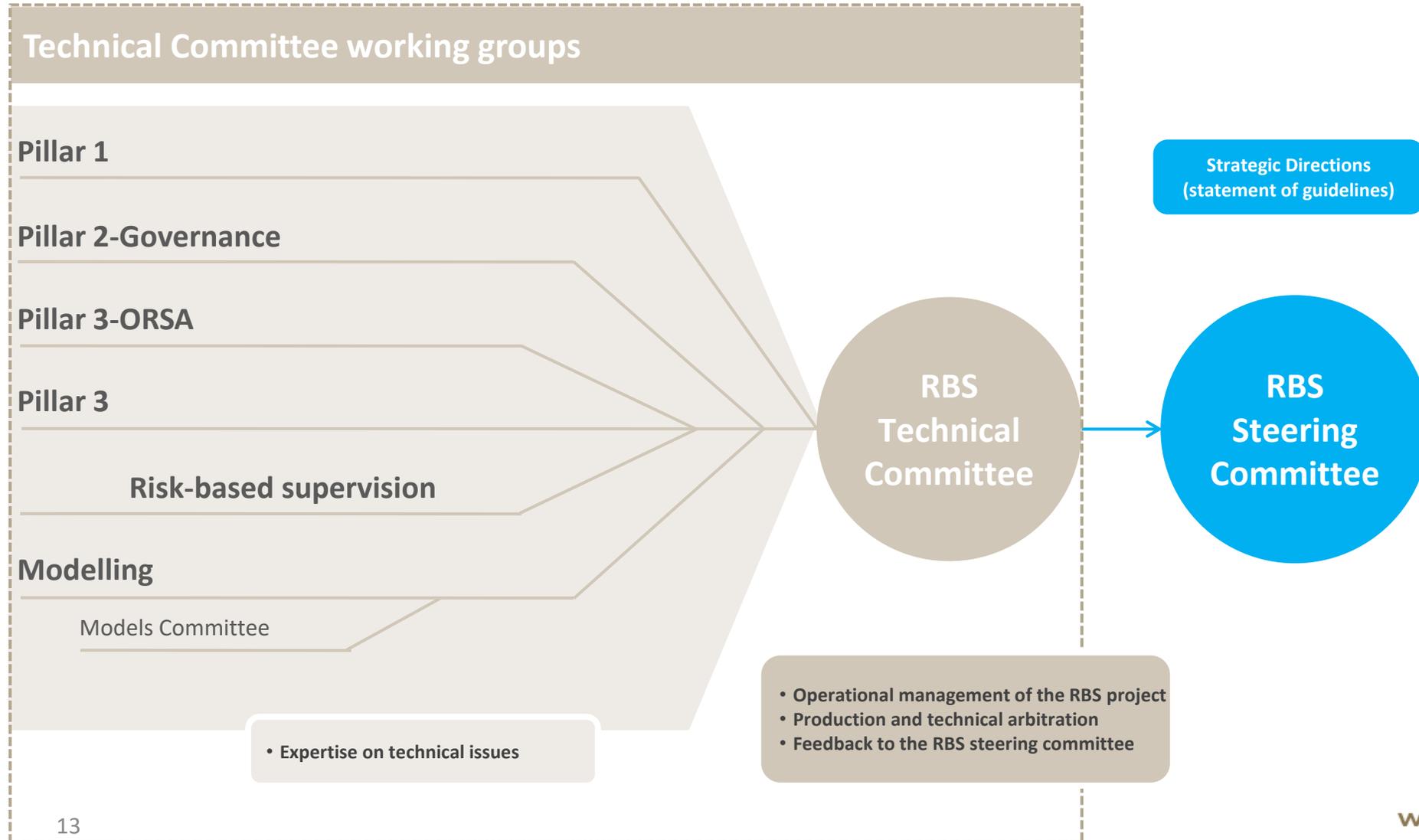
- Be clear on reasons and objectives for the change
- Buy in from government and industry at the start – note project likely to last longer than current government
- Legislative changes usually towards the end of the project
- Project takes time (5 to 10 years) and needs careful planning and resource allocation – formalization of the journey
 - Assign/ recruit full time dedicated resources to the project
 - Project plan – milestones and timeline
- No need to start from scratch. Learn from existing frameworks (important to select those that works for market)

Key take aways (2)

- Learn from others that went down the road
- Document, consult, test, refine decisions – final RBS will look different from your first vision
- Change management and upskilling of supervisors and industry throughout the process and continuing post implementation
- Develop data requests and templates with the end in mind and do so early in the project
- Develop and implement an information technology solution to support the RBS regime
- Continuous communication with the industry pre, during and post



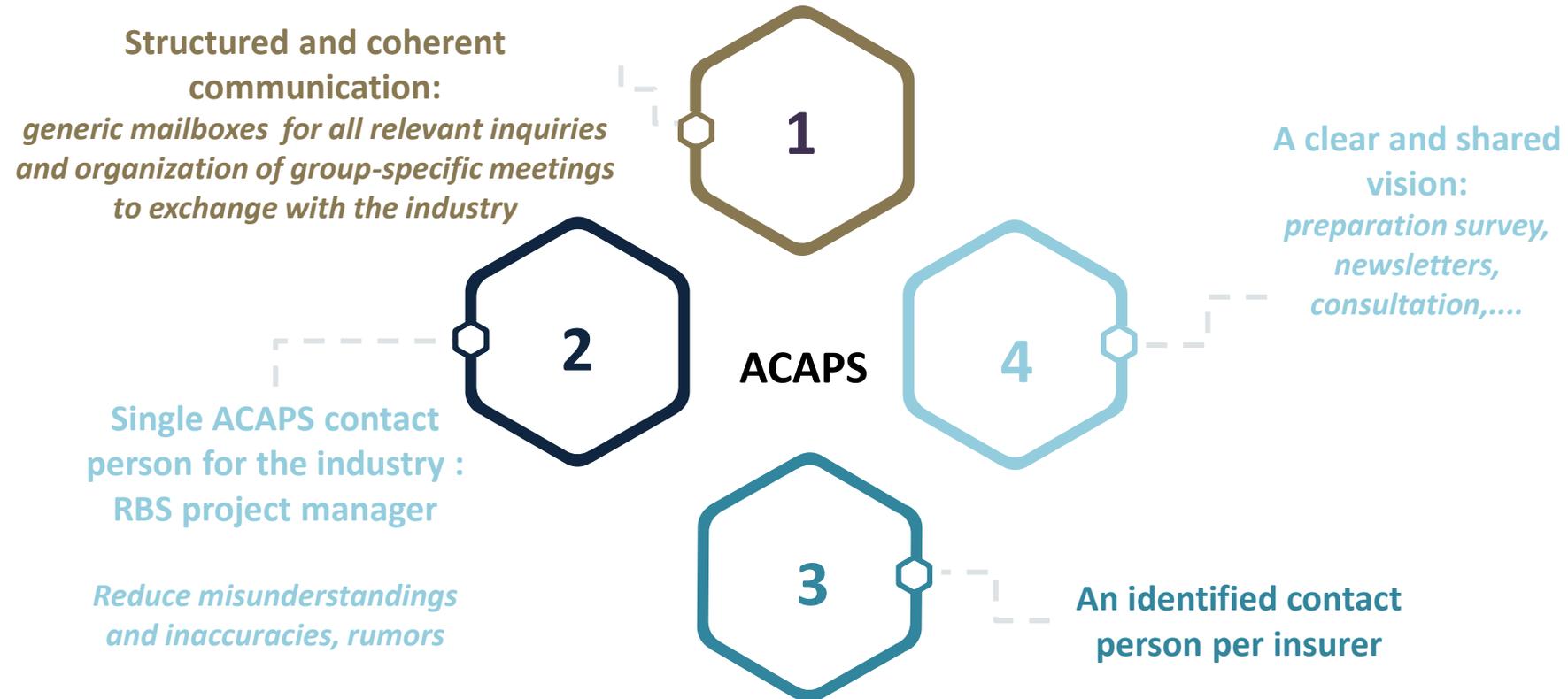
In order to ensure the success of this project, an organization is established :



- **Bringing the prudential framework and supervisory practices in line with the best international standards**
- **Designing a prudential framework adapted to the Moroccan context**
- **Establishing a framework for consultation and dialogue with insurance and reinsurance enterprises (EAR)**
- **Adopting a progressive approach to implementation**

2. Risk Based Solvency: in project mode

Key success factors





On the road to Risk based Supervision

1 DECEMBER 2022





Our Story So far ...

CAMELS + STRESS TESTING

ONSITE INSPECTIONS

CORPORATE GOVERNANCE

INDIVIDUAL INSURANCE MONITORING & SYSTEM
WIDE MONITORING

COVID 19 REPORTING





Transition

STAFF RE-TRAINING

ONSITE INSPECTIONS

STAKEHOLDER CONSULTATION

DRAFT LEGISLATION



Next Steps

DEVELOPMENT OF RISK MATRIX FOR PURPOSE

FOCUS/THEMATIC ONSITE INSPECTIONS

STAKEHOLDER ENGAGEMENT

IMPLEMENTATION OF LEGISLATION IN PHASES

THANK YOU
QUESTIONS?



Risk Based Supervision Framework

Presented by:

Edith Apoo: Senior Risk & Actuarial Officer

Incentives for moving towards Risk Based Supervision

1. Align supervision to the IAIS Insurance Core principles
2. Alignment with international based practices(benchmarked with similar jurisdictions)



Objectives of Adopting Risk Based Supervision by the IRA

1. To enable companies become adequately capitalised
2. Ensure improvements in the quality of assets that insurers/HMOs hold (considerable number of assets are inadmissible)
3. Improve liquidity through:
 - Introducing significant capital charges for property investments and concentration limits.
 - Disallowing premium receivables (only receivables from Gov't business < 30 days allowed)



Objectives of Adopting Risk Based Supervision cont'd...

4. To ensure players deal with highly rated reinsurers (with exceptional charge for locally registered reinsurers/insurers)
5. Ensure adequate Asset- Liability Matching
6. Encourage players to promptly settle claims (Capital charge on claim reserves)
7. Enhance the quality and volume of data submitted by players (monthly reporting & eventually real-time reporting)
8. Enhance corporate governance practices in the industry



Changing Regulatory Landscape (Our Journey)

The Authority's supervisory approaches:-

COMPLIANCE BASED SUPERVISION (2000 – 2014)



**CAMELS & COMPLIANCE SUPERVISION
(2014-TODATE)**



**ADOPTION OF RISK BASED SUPERVISION
(STARTED IN FEB 2018)**



Overview of RBS framework: 3 pillar approach



Current status of Implementation of RBS



- Developed Insurance capital adequacy and prudential regulations (Gazetted in 2020 and Implementation commenced in December 2020)
- Undertook 4 Quantitative Impact Studies (QIS) using the developed RBC model
- Shared directives with the Insurers to make necessary adjustments and inject capital
- 70% Re/Insurers compliant with prescribed CAR of 200%. Other players given time to inject capital and make necessary adjustments

The End



Any Questions?

Panel discussion



Peter Windsor

Senior Financial Sector Expert -
International Monetary Fund
(IMF)



Alma Gomez

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Internatinal Insurance – Supervisor
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Asmaa Jabri

Director of Insurance
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Manager – ACAPS (Morocco)

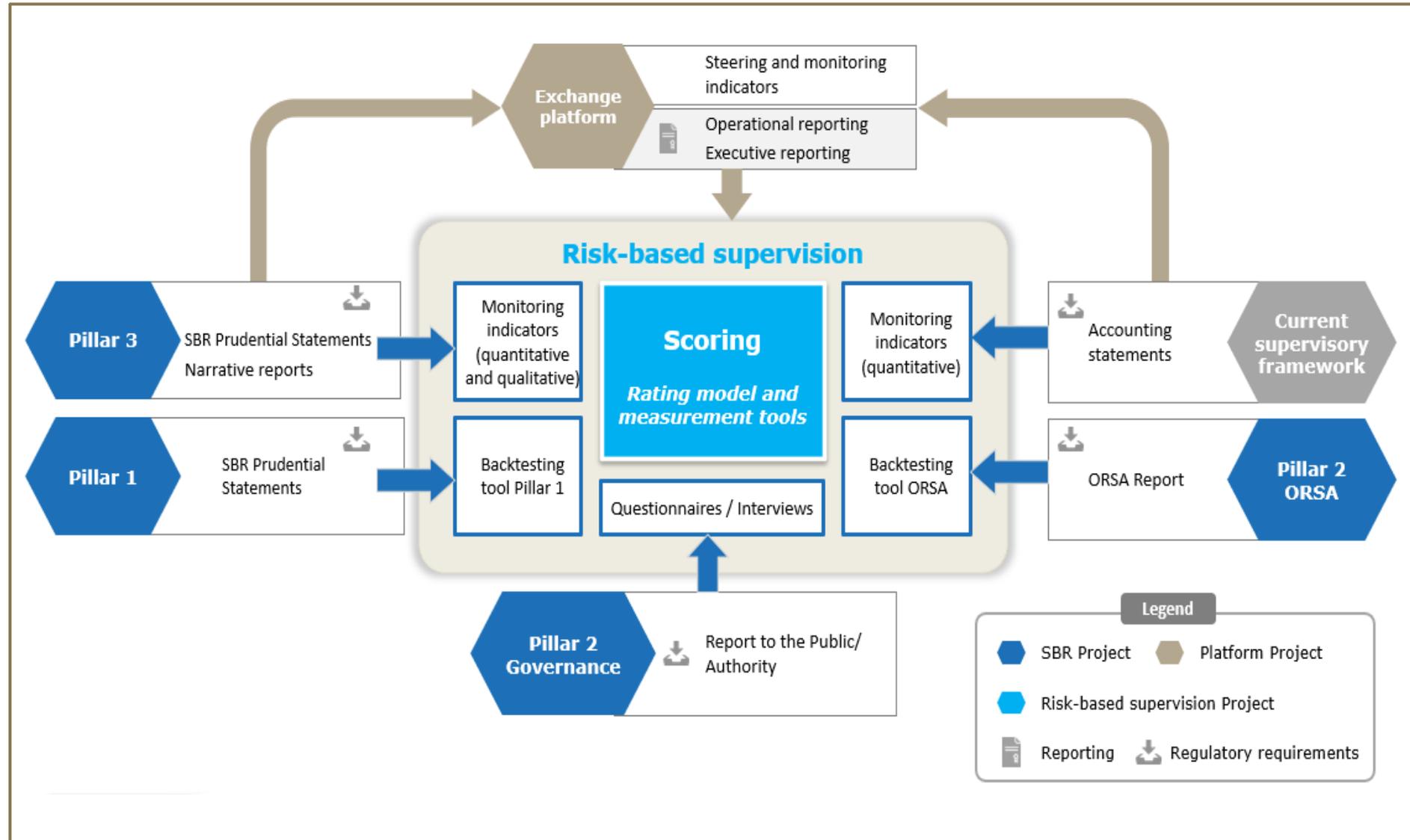


Edith Apoo

Senior Risk and Actuarial
Officer - Insurance Regulatory
Authority Uganda

Key challenges

- Difficulty in change of organizational culture and mindset for RBS
- Lack of high quality volumes of historical data for accurate risk assessment
- Lack of efficient systems for real time reporting and monitoring
- Lack of adequate technical capacity in required skills e.g limited number of actuaries, risk management skills etc
- Lack of access to capital for some companies resulting into mergers and acquisitions
- Increase in management costs (recruitment in key functions required, upgrade/change of IT systems)



Q&A Session



Dialogues

Thank you.

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