

## Main changes introduced in the G-SII assessment methodology



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In summary, the main changes introduced by the IAIS in its first revision of the G-SII Assessment Methodology can be classified into four categories:

- The design of a multiphase process which will steer the assessment exercise. It includes in particular the so called “Discovery Phase” (phase III), where supervisors will gather and analyze additional quantitative and qualitative information that may not have been properly captured by the application of the predetermined set of standardized indicators (phase II). The new process is intended to better reflect the diversity of business models and products in the global insurance sector, while maintaining discipline and transparency in the assessment exercise.
- The refinement of the set of standardized indicators which aim to capture the level of potential impact on the system of insurers’ failure and which provide a preliminary ranking of systemically important insurers. These types of changes leverage on the lessons learnt during the first years of methodology application. In particular, absolute reference values are now incorporated into three indicators (including the Reinsurance indicator). This should allow to better assess the data of the insurers included in the exercise in comparison with the development of the broader financial market, so limiting the shortcomings of the relative approach of the methodology.

*Multiphase process refinement of the set of standardized indicators  
concept of “non-traditional” insurance activity increase in the level of  
transparency.*

- The clarification of the concept of “non-traditional” insurance activity. A framework has now been described that aims to explain why and how certain insurance product features may give rise to a potential for systemic relevance. In this context, the IAIS decided to abandon the NT label and the strict binary classification of products which had characterized the previous methodology and had led to misinterpretation and debate. Now the methodology incorporates indicators and assessment criteria which are more directly linked to the transmission channels of systemic impact.
- The increase in the level of transparency of the assessment process both towards the relevant insurers and the public, even though with regard to public disclosure further steps are expected to be taken in future years.