

April 21, 2026

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One Manhattan West
New York, NY 10001
212.735.3000

22 Bishopsgate
London EC2N 4BQ
44.20.7519.7000

IAIS Publishes Report on Second Targeted Jurisdictional Assessment of Implementation of Holistic Framework Supervisory Material

Executive Summary

- **What's new:** The IAIS has published its second Targeted Jurisdictional Assessment, evaluating the implementation of the holistic framework for the assessment and mitigation of systemic risk in the insurance sector in Australia, Bermuda, Italy, Singapore, South Africa and Spain.
- **Why it matters:** The findings reveal significant progress in implementing the holistic framework standards across the jurisdictions reviewed, while identifying persistent gaps, particularly in resolution planning, resolution powers and public disclosure of liquidity risk. These insights provide further clarity on the IAIS' expectations for insurance supervisory regimes.
- **What to do next:** Insurers, reinsurers and groups operating in the assessed jurisdictions should consider the implications of the report's findings for their own operations, particularly in areas where gaps have been identified. Firms should monitor developments in resolution planning and liquidity risk management frameworks and engage proactively with supervisors as practices continue to evolve. Within the EU, market participants should prepare for the transposition of the Insurance Recovery and Resolution Directive into domestic law, which must be completed by 29 January 2027.

Background

On 31 March 2026, the International Association of Insurance Supervisors (IAIS) published its [report on the second Targeted Jurisdictional Assessment \(2025 TJA\)](#), evaluating the implementation of the holistic framework for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework) in Australia, Bermuda, Italy, Singapore, South Africa and Spain. These six jurisdictions collectively serve as groupwide supervisors (GWS) for 10 Internationally Active Insurance Groups (IAIGs).

The first Targeted Jurisdictional Assessment (2022 TJA), conducted in 2021-2022, assessed 10 jurisdictions — Canada, China, Hong Kong, France, Germany, Japan, the Netherlands, Switzerland, the UK and the US — and provided granular insights into implementation, covering 39 standards across a broader range of Holistic Framework standards. The 10 jurisdictions assessed in the 2022 TJA were not reassessed as part of the 2025 TJA. We discussed the findings of the 2022 TJA in a previous [article](#).

The 2025 TJA report does not always identify individual jurisdictions by name in its assessment findings. Where the report provides jurisdiction-specific information, this is noted below.

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Compared with the 2022 TJA, the 2025 TJA had a narrower scope, focusing on 23 Insurance Core Principles (ICPs) and Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) standards, rather than 39. The 23 standards were prioritised based on their critical role in addressing systemic risks in the insurance sector, reflecting a decision by the IAIS executive committee to focus on standards with the lowest observance levels in the 2022 TJA. These standards fall under ICP 12 (Exit From the Market and Resolution), ICP 16 (Enterprise Risk Management for Solvency Purposes), ICP 20 (Public Disclosure), ICP 23 (Groupwide Supervision), ICP 24 (Macroprudential Supervision) and ICP 25 (Supervisory Cooperation and Coordination), and were grouped into three thematic areas:

- Determination of whether a multinational insurance group is an IAIG and macroprudential supervision.
- Liquidity risk management and disclosure.
- Crisis management, recovery planning and resolution frameworks.

The Holistic Framework was adopted by the IAIS in November 2019 with effect from 1 January 2020. As part of the Holistic Framework, the IAIS revised certain ICPs and ComFrame standards by enhancing or introducing supervisory policy measures specifically designed to assess and mitigate potential systemic risk in the insurance sector. Together with a Global Monitoring Exercise (GME) and implementation assessment activities, the Holistic Framework fosters a proportionate application of an enhanced set of supervisory policy measures and powers of intervention for macroprudential purposes to a broader portion of the insurance sector.

The objective of the TJA programme is to determine whether supervisors have, and exercise, the legal authority and supervisory practices to effectively implement the Holistic Framework standards, including examining how supervisors decide whether particular policy measures should be applied “as necessary” to specific insurers.

Jurisdictional Particularities

The following sets out jurisdictional particularities identified in the 2025 TJA that are directly relevant to the assessment findings (which are set out in further detail in the section below):

Australia

- Australia has a notable Recovery and Exit Plan (REP) requirement. Legislation mandates that all authorised insurers at the entity level, including non-operating holding companies and parent entities of general insurance groups, develop and maintain an REP. The REP bridges recovery and resolution planning, requiring insurers to identify credible actions for (1) restoring financial resilience during or following stress and (2) enabling an orderly and solvent exit if recovery actions are not effective.

- Distinct regulations apply to different insurance industries. Life insurance operates primarily domestically with limited products, as savings are directed to the superannuation sector, and regulatory requirements apply at the entity level without groupwide requirements for life insurance groups. General insurance is regulated at both insurer and group level. Private health insurance is governed under the Private Health Insurance Act, focusing on consumer protection and affordability. The Australian Prudential Regulation Authority oversees financial soundness and stability, while the Australian Securities and Investments Commission focuses on market conduct and consumer protection.

Bermuda

- In 2021, the Bermuda Monetary Authority (BMA) asked a high-risk group to prepare a recovery plan. The group subsequently adopted one of the recovery scenarios, leading to improved solvency indicators.
- Bermuda is a global hub for non-life and catastrophe reinsurance, with a growing life reinsurance sector and a significant share of the global cyber insurance market. The BMA serves as the integrated supervisor for banking, insurance and securities. Although Bermuda’s domestic insurance market is small, its reinsurance activities are significant cross-border.

Italy

- Most elements of liquidity risk management under ICP 16.9 are part of general enterprise risk management (ERM) requirements applicable to all insurers in Italy. The Istituto per la Vigilanza sulle Assicurazioni (Institute for the Supervision of Insurance) imposes additional requirements for insurers with the largest supervisory impact, including those with assets exceeding €12 billion (73% of the market by assets). These insurers must submit enhanced contingency funding plans annually, covering extended time horizons and incorporating financial and macroeconomic stress scenarios. On-site inspections are also conducted for insurers identified as potentially impacted by liquidity risk.
- As an EU member state, it will be affected by the EU’s adoption of the Insurance Recovery and Resolution Directive (IRRD), which establishes a harmonised framework for recovery and resolution planning, and amendments to the Solvency II Directive, both of which must be transposed into domestic law by 29 January 2027.

Singapore

- The Monetary Authority of Singapore (MAS) requires each licensed insurer to publicly disclose quantitative and qualitative information on liquidity risks, including sources and uses of liquidity, management strategies and foreseeable material events. Supervisory reviews ensure disclosures are comprehensive and meaningful, with corrective actions taken when deficiencies are identified.

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- Singapore is a significant regional reinsurance centre, ranking ninth-largest globally. However, MAS is not a GWS for any of Singapore's reinsurers, as these are typically part of foreign insurance groups. The assessment included one IAIG (Great Eastern) for which MAS acts as the GWS.

South Africa

- The South African Reserve Bank (SARB) is mandated to assess financial system stability at least every six months through its Financial Stability Review, monitoring the insurance industry, asset markets and other financial intermediaries for signs of systemic risk. The SARB's assessment draws on indicators such as solvency capital requirements, liquidity transformation and leverage, and is published to enhance stakeholder communication and macroprudential transparency. Governance includes close coordination with the Prudential Authority and review by the Financial Stability Committee, which meets six times per year.
- South Africa implemented the Solvency Assessment and Management framework, a risk-based solvency regime aligned with international standards, in 2018.
- Several ComFrame standards can only apply to IAIGs if designated as systemically important financial institutions, yet no such designations have been made to date.

Spain

- Like Italy, Spain operates under the Solvency II framework and must transpose the IRRD and the Solvency II Directive amendments into domestic law by 29 January 2027. Spain has a unique feature in the Insurance Compensation Consortium, which plays a critical role in financial stability by covering extraordinary risks, managing agricultural insurance schemes, and running a process for winding up firms and establishing protection schemes for policyholders.
- The Dirección General de Seguros y Fondos de Pensiones (Directorate-General for Insurance and Pension Funds) employs in-house tools to assess the potential systemic importance of both individual insurers and the insurance sector on an annual basis, evaluating factors such as size, global activity, substitutability, interconnections and nontraditional business for individual insurers, and the sector's size relative to the economy, its role as an institutional investor and interconnections with the banking sector.

Findings in Key Thematic Areas

1. Determination of Whether a Multinational Insurance Group Is an IAIG and Macroprudential Supervision

The first thematic area covers the determination of whether an insurance group qualifies as an IAIG (based on international activity and size criteria) and a supervisor's actions to collect,

assess and disclose macroprudential information, assess the potential systemic importance of insurers and the insurance sector, and use the results of macroprudential supervision in developing and applying supervisory requirements.

This thematic area achieved the strongest observance levels in the 2025 TJA, with 81% of standards rated as Observed, 14% as Largely Observed and 6% as Partly Observed. The report recognised that all jurisdictions demonstrated robust processes for identifying IAIGs in accordance with the requisite standard's criteria.

- **IAIG Identification (CF 23.0.a):** All jurisdictions demonstrated robust processes for identifying IAIGs in accordance with the standard's criteria. These processes are consistently applied, with IAIG lists monitored and updated annually. In one jurisdiction (not identified by name in the report), the term "IAIG" is codified as a legal concept.
- **Data Collection and Analysis (ICPs 24.1 and 24.2):** Similar to the 2022 TJA, the collection of microprudential and macroprudential data was a strength across jurisdictions. All jurisdictions have established dedicated units or divisions responsible for identifying, monitoring and analysing market and financial developments, as well as emerging risks that could impact insurers and the insurance sector as a whole. However, two jurisdictions (not identified by name in the report) were assessed as Largely Observed due to shortcomings in addressing outward risks.
- **Systemic Importance Assessment (ICP 24.3):** The assessment of the potential systemic importance of both the insurance sector and individual insurers varied across jurisdictions. Most jurisdictions have established processes for assessing the potential systemic importance of the insurance sector, while the assessment of individual insurers remains an area for improvement in half of the jurisdictions, all of the jurisdictions have implemented dedicated processes for assessing the potential systemic importance of individual insurers. Gaps in systemic relevance assessments include the lack of adequate frameworks for certain segments of the market and the absence of dedicated processes to evaluate systemic importance, even where tools or methodologies exist. Additionally, final determinations of systemic relevance remain unresolved in some cases and the assessment process for the insurance sector as a whole is not clearly defined.
- **Use of Macroprudential Supervision Results (ICP 24.4):** The results of macroprudential supervision are broadly used to inform and shape supervisory requirements. This often involves enhanced or continuous supervision and targeted supervisory actions following the identification of macroprudential risks during on-site/off-site inspections or thematic reviews. Not all jurisdictions have formalised mechanisms to ensure macroprudential insights are systematically integrated into supervisory practices.

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- **Publication of Data (ICP 24.5):** Although differing in scope, the six assessed jurisdictions publish a large range of data and analysis related to the insurance sector, including on specific themes and entities.

2. Liquidity Risk Management and Disclosure

The second thematic area covers the management of liquidity risks, including ERM requirements and public disclosure requirements.

- **General Liquidity Risk Management (ICP 16.9):** It requires more detailed liquidity risk management processes as part of insurers' ERM frameworks. Five jurisdictions were assessed either as Observed or Largely Observed. The determination processes and legislative frameworks vary, ranging from general supervisory oversight to legislative requirements for the whole insurance market.

In participating jurisdictions, liquidity risk management is addressed through a variety of approaches, demonstrating a mix of good practices and areas for further development. Some jurisdictions have implemented stringent frameworks supported by legislation and comprehensive supervisory practices, including embedding liquidity risk assessments within licensing processes, annual solvency return analysis, and supervisory tools such as stress testing, contingency funding plans and liquidity risk management reporting. In certain cases, specific legislation enables supervisors to enforce the maintenance of unencumbered highly liquid assets and detailed liquidity risk management processes as part of insurers' enterprise risk management frameworks and Own Risk and Solvency Assessment reporting.

Notable gaps included the lack of a formal process to identify insurers subject to detailed liquidity risk management processes, as well as the absence of specific legislation.

- **IAIG-Specific Liquidity Standards (CFs 16.9.a–d):** In relation to the more detailed liquidity risk management standards for IAIGs, three jurisdictions (not identified by name in the report) fully observe the four ComFrame standards, demonstrating robust frameworks for liquidity stress testing, maintenance of unencumbered highly liquid assets, contingency funding plans and liquidity risk reporting. For CF 16.9.a (liquidity stress testing), gaps in supervisory reviews were identified in some jurisdictions and IAIG-wide liquidity stress testing is not enforced in all jurisdictions. For CF 16.9.b (unencumbered highly liquid assets), some issues were identified, including reliance on general requirements without intensive supervision and IAIGs not mandated to maintain unencumbered highly liquid assets. CF 16.9.c (contingency funding plans) is fully observed by most jurisdictions. CF 16.9.d (liquidity risk reporting) shows greater room for improvement, with three jurisdictions (not identified by name in the report) needing to enhance this requirement through legislation or clearer supervisory practices.

- **Liquidity Risk Disclosure (ICP 20.11):** The standard on liquidity risk disclosures shows the lowest level of observance amongst the standards in this thematic area. Only one jurisdiction (Singapore) fully observes this standard, demonstrating both legislative requirements and supervisory reviews to ensure meaningful disclosures. In three jurisdictions, legislation is in place, but there is a lack of evidence of supervisory reviews being performed. Public disclosure requirements for liquidity risk are limited in some cases, with supervisory reviews often absent. However, efforts are underway in certain jurisdictions (not identified by name in the report) to address these gaps by developing and introducing public disclosure standards.

3. Crisis Management, Recovery Planning and Resolution Framework

This thematic area covers crisis management preparations and coordination, recovery planning, and resolution frameworks (including resolution powers and resolution planning). It exhibited the weakest observance levels overall, with only 23% of standards rated as Observed, 26% as Largely Observed, 29% as Partly Observed, 21% as Not Observed and 2% as Not Applicable. These results reflect varying levels of preparedness and uneven implementation across jurisdictions, with many frameworks being considered incomplete or underdeveloped:

- **Recovery Planning (ICP 16.15 and CF 16.15.a):** Recovery planning frameworks are well-developed in most jurisdictions, with four requiring insurers to evaluate their specific risks and recovery options in advance. The scope of application varies, with one jurisdiction applying the requirement to all insurers while three limit it to specific insurers such as designated significant insurers or those subject to financial stability reporting. Gaps include jurisdictions lacking recovery planning requirements or failing to exercise existing powers. For IAIGs, most jurisdictions have formal requirements, clear supervisory expectations and robust practices in place. However, for some IAIGs, the necessary requirements or supervisory practices to implement this standard were lacking.

- **Resolution Planning (ICP 12.3 and CFs 12.3.a–b):** Resolution planning remains a significant area of weakness. Comprehensive resolution planning frameworks are still under development in several jurisdictions, resulting in gaps in resolvability assessments and resolution strategies. The report's assessments reveal a considerable range of practices. Some jurisdictions have maintained resolution plans for IAIGs for several years, while others have only partially completed resolution plans due to constrained timelines, staffing limitations or recent decisions to initiate planning. The report also noted that some jurisdictions lack established processes and have not yet made meaningful advancements.

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- **MIS for Recovery and Resolution Purposes (CFs 12.3.c and 16.15.b):** Observance levels for recovery planning management information systems (MIS) were higher than for resolution planning MIS in half of the jurisdictions, reflecting greater progress in setting and enforcing MIS requirements specific to recovery. This pattern was consistent across both the 2022 and 2025 TJAs. Gaps included the need to develop practices for the supervisory review of the MIS for recovery purposes and delays in initiating coordination with the crisis management group, which only began after the cutoff date. Requirement or application of MIS review to resolution was less advanced or absent in some jurisdictions, which accordingly were assessed as Partly Observed or Not Observed.
- **Resolution Powers (ICP 12.7 and CF 12.7.a):** Most jurisdictions demonstrated sufficient powers to manage most insolvencies, but challenges may arise in more complex scenarios. Several powers remain under-implemented, including establishing bridge institutions, ensuring continuity of essential services, staying early termination rights, restructuring or writing down liabilities (including insurance liabilities), restricting policyholder withdrawals, and staying reinsurance terminations. The report highlighted that such gaps create vulnerabilities in liquidity management and reinsurance continuity.
- **Crisis Management Groups (ICP 25.7 and CF 25.7.a):** Assessments again revealed varying levels of coordination and implementation of supervisory frameworks across jurisdictions, with some demonstrating strong practices with effective coordination of crisis management preparations, and others showing gaps such as insufficient coordination with host supervisors or limited involvement of nonmembers in IAIG supervisory colleges. The report concluded with a need for further progress in this area.

Implications and What to Do Next

The 2025 TJA findings carry significant implications for insurers, reinsurers and groups operating across the six assessed jurisdictions, including the notable gaps persisting in recovery and resolution planning, resolution powers and liquidity risk management, notwithstanding the significant enhancement of the assessment and mitigation of systemic risks in the insurance sector brought by the implementation of the Holistic Framework. Jurisdictions are encouraged to continue addressing these gaps.

Industry participants should anticipate the likely areas of increased supervisory focus in the near term, in particular liquidity risk management, resolution planning and the development of resolution powers. For groups operating across multiple jurisdictions, the cross-border nature of IAIG supervision, combined with the concentration of gaps in resolution frameworks, means that groups may face an uneven supervisory landscape where crisis management and resolution preparedness differ materially from one jurisdiction to another. The varying levels of implementation of crisis management groups and the reliance on supervisory colleges as interim mechanisms underscore the need for groups to engage proactively with supervisors on cross-border coordination.

Groups operating in EU member states should also monitor the transposition of the IRRD into domestic law with the deadline of 29 January 2027, and begin preparing for the requirements that will flow from the IRRD transposition which will impact the resolution landscape in the EU. The transposition is expected to address existing gaps identified in the resolution regimes for Italy and Spain, including resolution planning frameworks and resolution powers.

Contacts

Robert A. Chaplin

Partner / London
44.20.7519.7030
robert.chaplin@skadden.com

Caroline C. Jaffer

Associate / London
44.20.7519.7127
caroline.jaffer@skadden.com

Jennifer Ho

Trainee Solicitor / London
44.20.7519.7236
jennifer.y.ho@skadden.com

Feargal Ryan

Partner / London
44.20.7519.7262
feargal.ryan@skadden.com

Dev Jain

Associate / London
44.20.7519.7248
dev.jain@skadden.com

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