

Keynote Address

SAS Actuarial Conference 22 – 26 November 2021

Life Insurance Day 22 November 2021

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Taking stock of what had been done...



**Capital
Framework**



**Stress Testing,
Surveillance & ERM
Framework**



**Safety Nets &
Resolution
Framework**



**Regulatory
Framework on
Products**

...and the work ahead

The Work Ahead



Capital Framework

Over the past year

- Processing of Matching Adjustment portfolio applications
- Conducted review of Illiquidity Premium (IP)
- Close engagement with insurers on capital management plan as transitional measure tapers off by end 2021
- Conducted soft consultations on -
 - Concept of counter-cyclical adjustment for specific risk requirements
 - Illiquidity premium review process
 - Capital treatment for structured product, derivatives, corporate hybrid bonds
- Conducted preliminary impact study and survey on general insurance catastrophe risk charge
- Oct 2021 Townhall for reinsurers to explain approach for capital add-on for reinsurers and new risk-based proxy for assessing Capital under CRAFT

What to expect

- Update on -
 - most recent IP review result (based on end Sep 2021 data for end Dec 2021 valuation)
- Consultations on -
 - Capital treatment for leased assets (FRS 116)
 - Concept of counter-cyclical adjustment for specific risk requirements
 - Capital treatment for infrastructure investments, structured product, derivatives, corporate hybrid bonds
 - General insurance catastrophe risk charge
- Update to MAS Notice 133 on Valuation and Capital Framework for Insurers in Singapore
- Thematic inspection on RBC 2 at some juncture

The Work Ahead

Over the past year

Stress testing

- Shared with industry on key observations from interest rate thematic stress test and climate risk analysis
- Conducted 2021 Industry Wide Stress Testing (IWST) on significant direct insurers as well as significant reinsurers (newly scoped in); included short-term climate risk scenario; also conducted liquidity stress testing on significant direct life insurers with some updated requirements
- Shared stress testing templates and scenarios with rest of industry as would be helpful to consider for ORSAs
- Conducted soft consultations on stress testing template of the long-term climate scenario for those writing general business only

ERM framework

- Conducted on proposals to enhance current requirements relating to ERM, investment and disclosure practices in Feb 2021



Stress Testing, Surveillance & ERM Framework

What to expect

Stress testing

- MAS' sharing on 2021 IWST results
- Conduct 2022 IWST on significant direct insurers and reinsurers, including long-term climate scenario for those writing general business only

ERM framework

- Response to Feb 2021 public consultation and updates to MAS Notice 124, 125, and 126 on disclosure, investment and ERM

The Work Ahead



Safety Nets & Resolution Framework

Over the past year

- Conducted PPF thematic inspections and shared key findings and issues with the inspected PPF Scheme members
- Thematic inspection covered governance and control for PPF-related processes, and whether policies being covered under PPF are correctly identified and classified in the PPF register, caps (if any) are computed correctly,
- Early stages of engaging GIA and PPF General Scheme members on some initiatives to improve clarity in scope of PPF coverage

What to expect

- MAS' sharing on thematic inspection findings
- Consultation on review of PPF, including legislative changes;
- Consultation on requirement for PPF annual submission to MAS and PPF-related processes being audited by external auditors

The Work Ahead



Regulatory Framework on Products

Over the past year

- Soft-consulted key Portfolio Bond (PB) writers on the survey to be conducted to help inform MAS' review of PB requirements
- MAS Notice 302 on Product Development & Pricing and MAS Notice 321 on Direct Purchase Insurance Products amended in Mar 2021 to remove requirement for hardcopy submission.

What to expect

- MAS' survey on portfolio bond business
- Review of product approval & notification process and submission requirements

From a risk perspective

Macroeconomic Risks

- Continue to conduct regular top-down stress testing; recently consulted in Nov 2021 on collecting more granular data via MAS Notice 122 for this purpose
- Continue to conduct regular IWST
- Conducted interest rate thematic stress test on direct life insurers in 2020; will consider further thematic stress test in future
- Continue to review the ORSAs

Counterparty Concentration Risks

- Developing network analysis capabilities for identifying any concentration risk reinsurance counterparty and investment counterparty
- Continue to review the ORSAs

Liquidity Risks

- Continue to conduct regular liquidity stress testing for significant direct life insurers under IWST
- Continue to review the ORSAs for all insurers with respect to liquidity risk management

Climate Risks

- Conduct longer-term stress testing (for 2022); recently conducted one on short-term horizon and focusing on transition risk
- Look into collecting appropriate asset and liability exposure data for more effective monitoring of climate-related risks
- Continue to review ORSAs

The end

Thank you

