

News Release

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Guy Carpenter Report Evaluates (Re)Insurance Regulatory Advancement in the Asia Pacific Region

New York, November 3, 2015 – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), today published an assessment of the development of solvency requirements and regulatory initiatives that are impacting (re)insurers in the Asia Pacific (APAC) region. According to the report, these developments are driven by four key motivators, including the need to improve resiliency post-catastrophic loss; to increase oversight in a post-Great Recession world; to follow best practices from the banking and international insurance sectors; and finally, to satisfy domestic political pressures.

“Many recent updates to regulations in the region have been or will be enacted to bring regulations in line with the International Association of Insurance Supervisors’ (IAIS) Insurance Core Principles (ICP), International Financial Reporting Standards (IFRS) and Solvency II,” said Mark Shumway, Head of Strategic Advisory for Asia-Pacific. “While these international frameworks provide a base for rulemaking, cultural appreciation for the underlying principles is critical.”

Nearly every country in the region has recently enacted or is planning far-reaching changes to solvency and other regulations, taking the necessary steps to build more robust frameworks. Examples of recent solvency and regulatory developments in specific countries include:

- **South Korea, Taiwan and Malaysia** are in their second round of risk based capital (RBC) schemes.
- **Hong Kong** is moving to its first RBC framework, anticipated in 2018.
- **Australia and Malaysia** have implemented Internal Capital Adequacy Assessment Process (ICAAP) requirements.
- **Singapore and Japan** are among the countries considering an Own Risk and Solvency Assessment (ORSA) framework.
- **Japan** is seeking third-country equivalence status for Solvency II for reinsurance business.
- **China’s** Insurance Regulatory Commission (CIRC) is instituting sweeping changes through its three-tiered China Risk Oriented Solvency System (C-ROSS) framework that will dramatically impact how (re)insurers conduct business.

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TAGS/KEYWORDS

Guy Carpenter, ORSA, Own Risk and Solvency Assessment, APAC, Asia Pacific, Regulation, Solvency II, China Risk Oriented Solvency System, insurance, reinsurance, Capital Adequacy Assessment Process, Mark Shumway

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