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Study of Insurance Economics

Études et Dossiers

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Experiences from an Assessment Under the FSAP

Edward Forshaw





IMF FSAP: UK Organisational Structure

- HMT Political Lead
- Tripartite Working Level Committee (HMT, BOE, FSA)
- Standing Committee



IMF FSAP: Timing

- **First Contacts: February 2001**
- **Last Mission: July 2002**
- **IMF Board Consideration: February 2003**
- **Publication: March 2003**



Standards and Codes: Resources

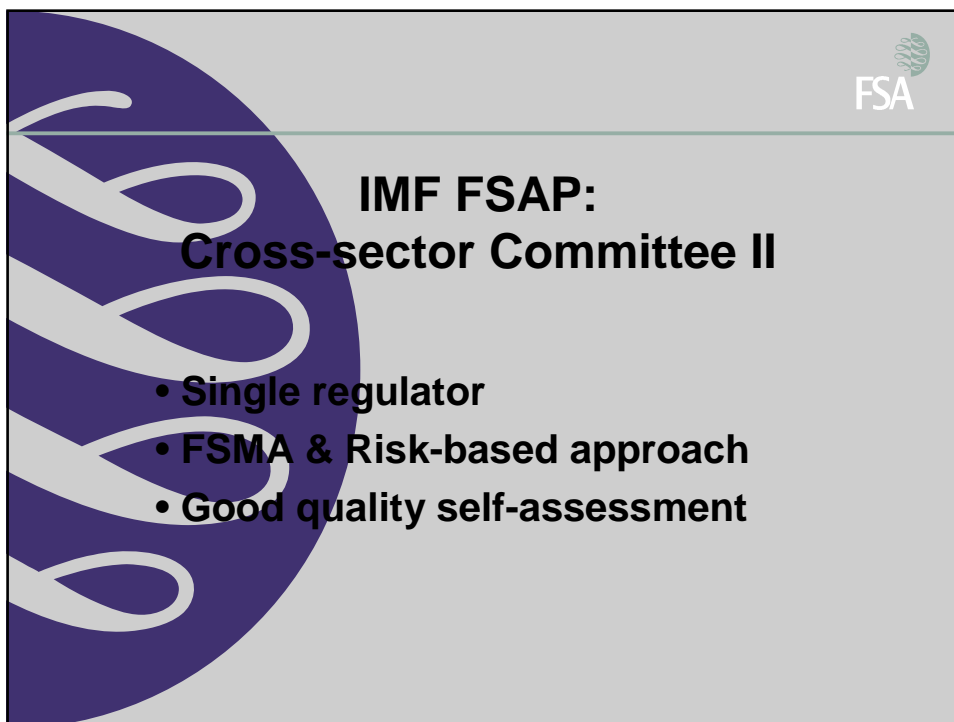
- **150 FSA Personnel**
- **Full range of FSA Divisions**
- **3+ FSA Person Years**
- **FSA + HMT + BoE**
- **IMF and World Bank Resources**



The slide features a decorative purple and white circular graphic on the left side. In the top right corner, there is a logo consisting of a green globe icon above the letters 'FSA'. The main content is centered and includes a title and a bulleted list.

**IMF FSAP:
Cross-sector Committee I**

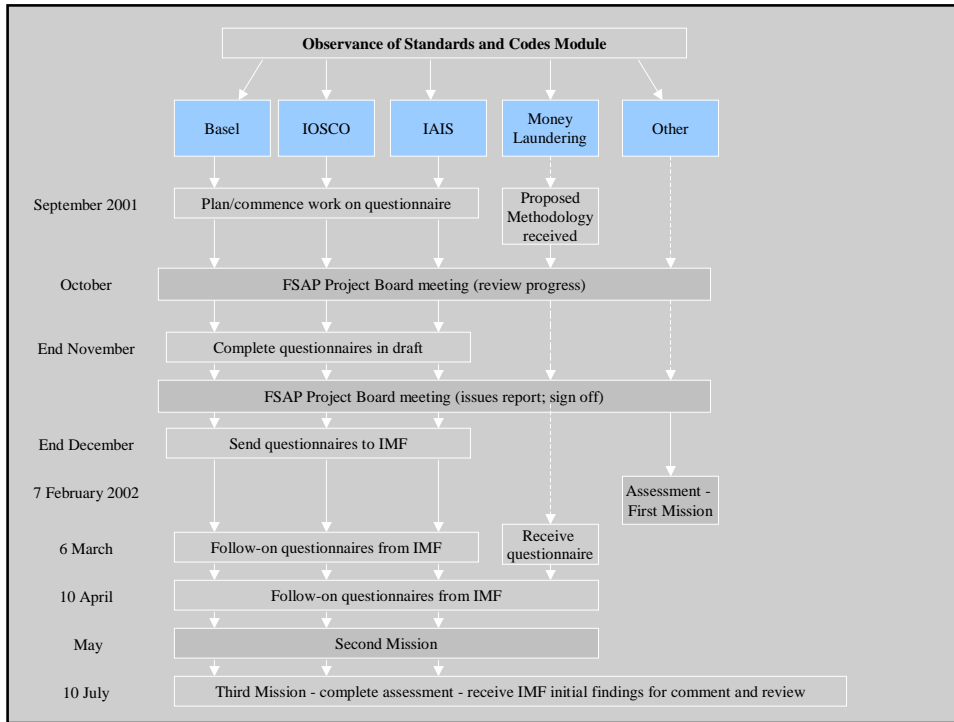
- Standards & Codes Champion
- Sector Co-ordinators
- Allocation Chart
- Consistency + Joint Forum Analysis




The slide features a decorative purple and white circular graphic on the left side. In the top right corner, there is a logo consisting of a green globe icon above the letters 'FSA'. The main content is centered and includes a title and a bulleted list.

**IMF FSAP:
Cross-sector Committee II**

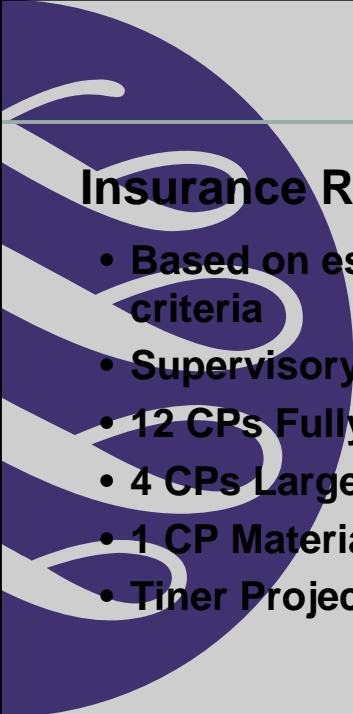

- Single regulator
- FSMA & Risk-based approach
- Good quality self-assessment





IMF FSAP: Results

- **Financial Sector:** *“fundamentally sound”*
- **Banks:** *“well capitalised”*
- **Insurance:** *“considerable stress, non-systemic”*
- **International Business:** *“not significant risk”*
- **Infrastructure:** *“high standard”*



Insurance Result

- **Based on essential and additional criteria**
- **Supervisory system as it stood**
- **12 CPs Fully Observed**
- **4 CPs Largely Observed**
- **1 CP Materially Non-Observed**
- **Tiner Project**





TINER PROJECT

- **Modernisation of the insurance regime**
 - A fair deal for consumers
 - Soundly managed insurance firms with adequate financial resources
 - Smarter regulation of insurance firms
 - Cost-benefit analysis
- **Final report now published**



IMF FSAP: Value of the “Audit”

- **Very little we didn’t know**
- **Value in 3rd party assessment & dialogue**
- **Endorsement of UK structures**
- **No serious resource or legal issues**
- **Supportive on insurance modernisation**



IMF FSAP: Lessons

- **Preparation Time Well Spent**
- **Pre & Post Agreements**
- **Agree on Standards to be Applied**
- **Periods of Intense Activity**
- **Keep Focused**



Insurance lessons

- **Full Self-Assessment**
- **Your Ratings can go Up, and Down!**
- **Links between CPs**
- **Prepare to be challenged**
- **Dialogue and agreement**
- **Its not over until publication (if then)**