



## Terms of Reference (ToR)

### Design and Implementation of a Capital Adequacy Assessment Framework for Insurance Companies

**Issued by:** Insurance Control Commission (ICC)

**Date of Issue:** 12/02/2026

#### I. Introduction & Background

As the supervisory authority for the regulation and oversight of the insurance sector in Lebanon, the ICC is committed to strengthening financial stability and enhancing policyholder protection. In this context, the Authority seeks to upgrade its capital requirement framework. Accordingly, the ICC invites qualified consulting firms to submit proposals to support the design, calibration, and implementation of a capital adequacy/increase framework, including the conduct of a market-wide Quantitative Impact Study (QIS).

#### II. Objectives of the Assignment

The overall objective is to:

- Assess the adequacy of current minimum capital requirements.
- Design a capital adequacy/increase framework aligned with international standards.
- Conduct a QIS on the insurance industry to calibrate capital charges.
- Provide recommendations and a roadmap for phased implementation.

#### III. Scope of Work

The consultant shall undertake, but not be limited to, the following tasks:

1. Diagnostic Review
  - Assess the current solvency and capital adequacy regime in Lebanon.
  - Benchmark against international practices and regional peers.
2. Framework Design
  - Propose a suitable capital increase methodology (e.g., factor-based, modular, partial internal models).
  - Define risk categories and capital charges (insurance, market, credit, operational, concentration risks).
  - Propose a suitable interim solvency framework for regulatory submissions.
3. Analysis & Calibration
  - Design standardized reporting templates for insurers.
  - Collect and validate industry data.
  - Run calibration tests under different scenarios.
  - Perform a quantitative impact study to assess market-wide implications.
  - Analyze market-wide and company-level solvency impacts.
4. Stakeholder Consultation
  - Present preliminary findings to industry participants.
  - Incorporate feedback into the proposed framework.
5. Implementation
  - Draft communications and regulatory guidance for industry issuance.
  - Develop Excel-based submission templates to capture inputs and required outputs.
  - Conduct a pilot/dry-run with selected insurers to test framework and forms.
  - Deliver training sessions for supervisory staff and insurers.



#### 6. Post Go-Live Support

- Review and analyze first annual submissions under the interim framework.
- Provide technical support to address queries from insurers and supervisors.
- Conduct post-implementation workshops to communicate outcomes, share feedback, and identify areas for future refinement

### IV. Deliverables

The consulting partner will be expected to deliver:

- Interim solvency framework design paper (with benchmarking and rationale).
- Calibrated framework with quantitative impact assessment results.
- Excel-based submission templates and related user guidance.
- Draft regulatory communications and technical notes.
- Training materials and delivery for regulator and market participants.
- Post-implementation evaluation report, including feedback and recommendations.

### V. Duration & Timeline

The assignment is expected to commence immediately upon award, with delivery of the interim framework within year. Post go-live support will extend to the first annual cycle of submissions.

### VI. Proposal Submission Requirements

Interested firms are invited to submit proposals that include:

#### A. Technical Proposal:

- Understanding of the assignment.
- Proposed methodology and approach.
- Proposed timeline aligned with ICC's objectives.
- Team credentials and relevant expertise.
- Relevant experience overview in solvency frameworks and RBS transitions from similar assignments.

#### B. Financial Proposal:

- Detailed fee structure (professional fees, travel, reimbursables).
- Payment schedule linked to deliverables.

### VII. Evaluation Criteria

Proposals will be evaluated as follows:

- Technical Proposal (70%):
  - Relevant experience in capital adequacy / RBC frameworks. (30%)
  - Quality of methodology and approach. (25%)
  - Team expertise and qualifications. (15%)
- Financial Proposal (30%):
  - Overall cost-effectiveness.

### VIII. Administrative Information

- Deadline for submission: 04/03/2026.
- Submission method: Hard copy delivered to ICC.
- Contact point for queries: Financial Compliance Unit.
- Proposals must remain valid for 30 days from the submission deadline.



## IX. Confidentiality & Conflict of Interest

All information provided by the Authority shall be treated as confidential. Consultants must disclose any potential conflicts of interest.

## X. Right to Reject

The Authority reserves the right to accept or reject any proposal, and to annul the procurement process at any time without incurring any liability. The Authority further reserves the right to extend the submission deadline and/or amend the scope of work and deliverables as deemed necessary.