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International Framework of Financial Stability Reinsurance

By

Ansam Qasem Hachim
Law Dep., Imam Al-Kadhum College of Islamic Sciences University, Babylon - Iraq
Email: ansam2hachim@gmail.com

Firas Ahmed Sabaa
(High studies student - Master in public law) Imam Al-Kadhum College of Islamic Sciences University, Baghdad/ Iraq
Email: firaslaw@alkadhum-col.edu.iq

Abstract

Securing the stability of the financial system has become one of the most important means of ensuring stability in the global economy and sustainable development, through the process of restoring global financial stability, and thus at the national level voluntarily, through the adoption of guarantees issued by specialized international organizations and conferences, as the economy is the artery of international relations. This research aims to demonstrate the international legal framework for ensuring the stability of the financial system; In the light of the process of restoring global financial stability, which has been developed by specialized international organizations and institutions to secure financial stability and serve as safeguards; It is either objective as principles and criteria, or procedural as measures and programmes, as well as the need to acquire legal knowledge in this international field and to keep abreast of international developments.

Keywords: Financial System, Financial Stability, Reinsurance

Introduction

Financial stability is a guarantee of ensuring sustainable stability at all levels. It is important to provide a good and sound environment for economic growth and sustainable development, in accordance with the criteria for responding to the principles and standards for ensuring the stability of the international financial system. It is also a requirement of prudent management and a reflection of the effectiveness of the political system.

As the global financial system has experienced financial shocks from time to time, this has led the world to try to find ways to absorb or reduce such shocks, and to sustain the improvement of the economy by global financial stability insurance from risks. Financial stability insurance has become one of the most important ways to secure global economic stability and sustainable development.

Insurance in both senses - broad and narrow - is an important measure to maintain financial stability and sustainability. When discussing issues of the financial system, and the mechanisms it requires that lead to its stability in general, at the global and national levels; So we are faced with the meaning of the reinsurance system in the broad sense, but when we discuss insurance and reinsurance as an independent system that is part of the financial system and one of its important sectors; Then we will be faced with the reinsurance system in its narrow sense.

Research Structure

It was important to research the definition of the financial system; Being the environment that contains the financial sectors; It is the place to secure the desired financial stability, to later define the reinsurance system, and then financial stability, and also to introduce the Financial Stability Board as a model for international organizations specialized in the matter of financial stability, whose mechanisms are considered legal guarantees to reinsure the stability of the financial system.

Importance of Research

The importance of research is highlighted by the importance of financial stability in addressing the economic crises faced by countries in general. It was important that the international community establish specialized international organizations and conferences to develop legal principles and standards that have become guarantees of financial stability at the global and local levels.

With international efforts to restructure the financial system, both globally and nationally, to achieve and maintain financial stability without sacrificing its benefits, restoring the stability of the financial system has become one of the priority issues for policymakers in the light of its broad concept of reinsurance, to make the financial system resilient to shocks and containing and overcoming crises.

Research problem

Although the subject is of concern to the world and its international organizations, we find that some States and their institutions; Among them, Iraq still stops at a certain level of knowledge about the legal mechanisms for ensuring the stability of its financial system, by keeping pace with and interacting with the restoration of stability in the global financial system, where questions arise as follows:

1. How does the financial system relate to other systems? How does financial stability relate to other similar concepts?
2. What are the mechanisms of international organizations specializing in securing financial stability?

Research Methodology

Use the descriptive methodology to identify the conceptual framework for restoring the stability of the financial system, as well as to demonstrate the relevant international mechanisms, while demonstrating practical applications through the applied methodology.

Definition of the Financial system

The concept of financial stability is closely related to the financial system, so it was necessary to research the concept of the financial system first, and to show its relationship with other related concepts secondly, as follows:

The concept of the financial system

Effective allocation of funds, along with financial stability, contributes to economic growth and prosperity, and this is done through an environment that includes mechanisms and procedures; It includes regulation, control and supervision, all performed through a system; It is the financial system, and to get to know that system, the definition of the elements of the term financial system will be searched, to clearly define the concept of the term, through the following:

Definition of the Financial Regulations

The definitions of the financial system are structured around the idea that it is a system that provides the financial resources necessary to sustain economic activity by ensuring capital movements, in terms of where they are available) The holders of the surplus (where the deficit is scarce), through financial intermediaries, and therefore by knowing the extent to which a State's financial system has evolved, one can know the extent to which its economy has evolved, and it can be said that an efficient financial system provides financing for the trading system and stabilization of the monetary system (Bouziane, 2015) (Brumbaugh, 1997). The financial systems are also divided into two types, which are as follows:

i. Bank-based financial system
ii. Capital market-based financial system (Fohlin, 2000)

Financial institutions are divided into:

- Banking financial institutions: banks of all kinds,
- Non-bank financial institutions: such as reinsurance scheme companies, pension funds,
- Securities Institutions: They are called stock markets for stocks and bonds

Financial System Functions

The Financial system contains several functions that are distinct from other systems; Payments, wealth and finance storage, transfer and exchange of resources (Korotayev, 2010), risk management and transfer, in addition to the collection and analysis of financial information, and the exercise of control over financed companies (Neave, 1998)

In addition to the foregoing; The evolution of the financial system is described as the cycle of innovation, which regulates markets and intermediaries and is one of the major influences on the State's level of economic activity, through the functions performed by its various institutions and markets, which provide different financial conditions and instruments (Thakor, 1997).

The relationship of the financial system with other systems

It was important to examine the financial system's relationship with the political system, the economic system and the financial sector, because of its close association, as follows:

Relationship with the Political system

Politics is defined as the process by which governments translate the political vision into programs and procedures to achieve the desired results or changes in the real world (R, 2001). The political system is based on good financial management in the state, where financial legislation is affected by the philosophy of those in power and the political conditions (Brumbaugh, 1997), and financial policy is one of the pillars of the political system (Suescun, 2007).

Relationship with the Economic system

National financial systems and their linkages with the global financial system; are the backbone of the global economic system and international economic relations (Umutlu, 2014), and the economic system is concerned with optimizing the use of available resources to satisfy needs, through social (and rarely individual) arrangements to deal with the production and distribution of economic goods and services, and through the financial system and policy instruments (Coase, 2019).

The results of the interdependence of the two regimes are reflected in the requirements of the world financial organizations to make changes in the State's financial system to conclude a financial agreement with them (Hail, 2018) (Esther, 2008), as did the World Bank and IMF to help Iraq overcome its security and economic crisis during the war against ISIS and the decline in oil prices (Fund, 2022) (Bank, 2022).

Relationship with the financial sector

The relationship between the financial system and the financial sector is interrelated and interrelated. The financial sector includes all persons (natural and moral) involved in the financial field or field, and the financial sector is often divided into a banking sector (e.g. banks), non-banks (e.g. insurance and reinsurance companies), securities markets (e.g. shares and bonds), and often; The financial sector is a very important part of any financial system, and through the financial sector, the financial system can be analyses in scientific analysis approaches in studies and research of financial systems(   ).

The implications of that relationship are evident through structural reforms within the financial system; Reforms and adjustments are in the structure of financial sector institutions, both public and private - banks, insurance companies and securities markets (Bank W. , 2005).

Definition of the Reinsurance System

The reinsurance system is a model of proper regulation of the financial system, which is important in its stability. Its importance will be discussed through the following:

The Concept of Reinsurance System

The concept of the reinsurance system includes two implications; One is narrow, and the other is broad. The distress belongs to the concept of insurance businesses known as today's global insurance markets, and the wider - most important in our study - stems from the narrow meaning and extends to reinsurance of any system or institution through mechanisms, legal principles or standards, and to demonstrate the concept of a reinsurance system; its vocabulary will be defined:

Insurance in a language; is a word that has many meanings, in the sense of providing, achieving and supplying; assurance and reassurance; directly or using this, and may benefit the meaning of security, guarantee, deposit, trust, protection, cover and so on.

A terminology: "Insurance is a measure that protects an individual against losses and damages that may result from the causes of risk (Wali, 1982), through the pooling of secured funds", which means reparation for harm to one of them, for a risk insured (or against) by the total (or group) (Al-Hakim, 1971); It is thus a cooperative idea (Earnest Baltinsberger, 2014).

In Law: The insurance system presupposes the existence of a legal instrument regulating the insured's relationship with the insured, namely the insurance contract The insurance contract is "an agreement whereby a contractor who is the insured person shall (Al-Din, 1991), in return for payment, receive an undertaking in an amount to be paid to him or others, if a particular risk is realized, the other contractor, the insured person, who shall enter into his custody a set of such notification which shall be set aside by the laws of statistics" (Hémard, 1924).

Reinsurance in language: first; (Re-) as reinstatement means a perfect first act, and returning the system to the first course of the sale of any residency and returning it to its first state, Re-examination is reviewed and pursued. Restoration of the status quo ante is either the result of a legal proceeding or by agreement between the parties concerned to facilitate, improve and promote its fulfillment. Reinsurance, for example, Insurance procedure for insurance existing or to be established on agreed and negotiated terms between an insured and a reinsurer. "

Reinsurance requires a major, direct and already original insurance contract, as without such a contract it means that the reinsurance agreement cannot be concluded (Gerathewohl, 1980).

Let us arrive at the definition of reinsurance, where the term reinsurance system refers, in a narrow sense, to all matters relating to reinsurance work, which necessarily includes insurance work; there is no need for reinsurance without insurance work.

From the foregoing, a definition of the reinsurance regime -- in the strict sense -- as the set of legal and technical rules governing insurance and reinsurance as an integrated system that is not mutually exclusive, According to deep-rooted, trans-boundary mechanisms, reaching global reach, forming an inherent third pillar along with both the banking and securities systems of the global financial system, To contribute and contribute to sustaining global financial stability and driving global economic growth, Come back, as a result, with positive repercussions on financial stability and national economic growth.

The broad meaning of the reinsurance system can be summarized as the set of legal and technical rules and mechanisms through which a particular system or sector, or even an enterprise, can be re-secured, and operates as an integrated system in a sound regulatory environment, with prudent, balanced and stable management.

Functions of the reinsurance system

The importance of the insurance sector in the jobs offered by insurance institutions in both insurance and reinsurance work, which results in financial and economic stability for the institution (Bank W. , 2005), the insured public and the States, are highlighted as follows:

Jobs in the insurance sector through insurance institutions (Thoyts, 2010) (Outreville, 2021) (Dickinson, 1998):

i. Providing financing and credit stimulus through safety
ii. Protecting business and society
iii. A source and stimulus for investment

Insurance companies - which provide insurance services to the insured public - continue to seek security and protection against losses likely to occur to them other than the expected insurance accounts (Gerathewohl, 1980).

Jobs of the insurance sector through reinsurance institutions: Reinsurance institutions also have prominent importance through their functions that will be discussed in the following:

i. Contribute stability to the Direct Insurer
ii. Expansion of insurance operations for the insured
iii. International risk distribution, i.e. increased risk cycle (Mukhtar, 2005)

Introducing financial stability

The world is linked to a strong association, the Economic Association, which prompted States and the United Nations to create an economic shock absorption system, a foundation for sustaining the stability of the world economy. That system and that pillar are global financial stability. A broader understanding of the subject will be considered in the definition of financial stability, its characteristics and the causes of financial instability and global financial crises, through the following.

The concept of financial stability

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Definition of financial stability

Stability: stabilization of a stable source, stability of stability, which is the opposite of the imbalance, and may want balance. This individual is also used to demonstrate the state of a system, such as economic, political or security stability. Financial stability is the case where the financial system can allocate resources efficiently, assess financial risks and maintain employment levels at the normal rate of the economy (Bank T. W., Financial Stability, 2022).

Financial stability is the financial system's ability to continue to allocate financial resources efficiently, withstand shocks, detect and evaluate financial imbalances and risks, and maintain its ability to perform key functions, even when affected by external shocks and accumulated imbalances, by self-correction (Schinasi, 2004) (Jayaram, 2008).

Causes of financial instability and global financial crises

The world has experienced financial crises, following which its economy has needed years to recover (site), for a number of reasons that have destabilized a country ' Until it became a global financial crisis, the most prominent of which are: -

i. Internal factors: which include the variation and flow of information, which hampers the efficiency of the enterprise's performance.
ii. External factors: they relate to the structure of financial markets, causing inflation and exchange rate crises.

iii. Institutional (subjective) factors: such as excessive borrowing, which affects the macroeconomic and public budget, as happened to the State of Iraq during the Iraqi-Iranian war in the 1980s; When it emerged after the end of the war in August 1988, there was excessive lending and borrowing to finance the war.

iv. The existence of an unstable policy and weak rules of balanced governance (BIS, 1997): what sets the stage for administrative and financial corruption, as illustrated in the State of Iraq, where it has become the forefront of the regulations on international reports on administrative and financial corruption, which are disseminated through official media; To the extent that people have come out of popular demonstrations to demand an end to this deterioration in the country, and work to secure stability in it.

The following are five of the world's largest and most serious economic crises, as reported by the British Encyclopedia (crises):

- The Credit Crisis of 1772, ii. The Great Depression of 1929–1939,
- The OPEC Oil Price Shock of 1973, iv. The Asian Crisis of 1997,
- The Financial Crisis of 2007–2008 (The Guardian Article)

The relationship of financial stability with other concepts

Based on what has been discussed the definition of stability; is intended to indicate the status of a particular regime, such as political, economic or legal stability.

These concepts, which have an interrelated relationship with financial stability, will be researched as follows:

Political stability:

Political stability is one of six indicators of financial stability presented by the World Bank's World Governance Indicators WGI (The World Bank).

Political instability generally leads to incoherence and, in turn, produces weakness in the State (Persson, 2011), thus resulting in a lack of incentive to invest in the State, thereby negatively indicating the economy (Outreville J. F., 1999).

This is what Iraq has suffered because of instability at all levels, which has prevented foreign investment from entering it, thereby depriving Iraq of opportunities to improve economic growth.

Economic Stability

It is a term used to describe the State's financial system, where there are only slight fluctuations in output growth, a consistently low inflation rate, and economic stability is usually seen as a desirable situation for a developed country, often encouraged by the policies and procedures of financial institutions (Stability).

Achieving sustainable economic stability necessarily requires a developed and stable financial sector capable of channelling savings to finance productive investment opportunities capable of creating more jobs, raising productivity levels to the maximum possible levels, and thus stabilizing the financial sector can be seen as a starting point towards economic stability (Arner, 2007).

Legal Stability

Stability highlights the status of something that does not change easily, which is reflected in the idea of stability as one of the official elements of the rule of law, and is intended for national legal stability here; is not to expose the financial system to a crisis through improper and unbalanced financial legislation that does not help its development, functioning and orderliness (Al-Shimy, 2003).

Legal stability is also an important and attractive element of investment, an essential pillar of an attempt to develop any financial system (Arner, 2007), and therefore a reflection of the importance of legal stability has been the inclusion of conditions for the protection of a foreign investor in international investment treaties.

International financial stability programmes and measures

Recent financial crises have highlighted the potentially high-profile macroeconomic costs of financial system instability and the potential for instability in a country's financial systems to have wider implications for the stability of financial systems and macroeconomic performance in other countries (Schumacher).

Against the backdrop of the international community's deep concerns over such potentially significant macroeconomic costs, the International Monetary Fund (IMF) has recently established the Financial Sector Assessment Programme (FSAP) (report, 2014), in collaboration with the World Bank, and the Financial System Stabilization Assessments Programme (FSSAs) (Kaufman, 2005).

These are important financial stabilization measures, resulting from specialized international and institutional studies and experiences, which can be summarized as follows:

Sound financial legislation and analysis of the effects of financial system sector policies, for the purpose of securing service sustainability (M, 2014).

International financial hedging programmes: through the adoption of precautionary procedures established by contractual or normative international conventions (Al-Attiyah, 2012) or by specialized international organizations (Al-Saadi, 2014).

Adapt to immediate needs; For example, the Covid-19 crisis has required skills and talents to meet SMEs' needs, and effective and sustainable financing systems for financial institutions (Macroprudential Surveillance and (Re)Insurance, 2010).

Utilization of credit derivatives; Their example relates to the products of reinsurance companies and investment banks (IFC, 2020).

Guarantees of international organizations specializing in financial stability

The statement in the Universal Declaration of Human Rights that everyone has the right to secure his or her status is a matter of time. s rights ", is a distinctive incentive for international stakeholders to promote legal safeguards of relations that will arise in the light of legislation that addresses, regulates and stabilizes those rights, This includes specialized international organizations and bodies dealing with the subject matter of the reinsurance and financial stabilization system, and thus cooperating (Hajim, 2018).

It should be noted that specialized international organizations are meant to be organizations with substantive objectives that seek to promote international cooperation in a field specialized in the economic, social or cultural fields, not political (al-Maliki, 2013), whose activity is at the global level and by the Charter of each international organization (Shehab, 1989).

To ascertain their role in establishing legal principles and standards as international safeguards, international organizations specializing in financial stability, such as the Financial Stability Board, will be researched.

Introduction to the Financial Stability Board

In 1998, the Asian crisis called on the G7 Group to establish a global forum on financial stability; the Financial Stability Forum (FSF). In November 2008, G20 leaders endorsed the Forum's development based on a stronger institutional structure with expanded membership to enhance its effectiveness as a mechanism for relevant institutions, bodies and policies. The FSB was established as an international organization dealing with international financial stability, and this will be considered in the Council's definition (FSB), organization and mechanisms in the reinsurance of the Council.

Definition of the Financial Stability Board:

The Financial Stability Board (FSB) was established in April 2009 (History of the FSB) against the backdrop of the Financial Stability Forum (FSF) at the Pittsburgh Summit, where G20 Heads of State and Government supported (G20) The Council's original charter of 25 September 2009, the Council is the fourth pillar of architecture for global economic governance together with the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organization (WTO) (Helleiner, 2010,).

at the G-20 Summit in Los Cabos 2012; The Financial Stability Board identified well-established steps to strengthen its resources, capabilities and prudent management on a permanent organizational basis. In 2013, the Council took the seat of Basel, Switzerland, a non-profit organization, an international organization that monitors and makes recommendations on the global financial system that contribute to financial stability (FSB).

System of Financial Stability Board Activities

The Board assesses weaknesses affecting the global financial system, from a precautionary perspective, and promotes coordination and information-sharing among financial stability authorities by monitoring and advising on market developments and their implications for regulatory policy.

Joint strategic audits and coordination of policy development work in international standard-setting bodies are also undertaken to ensure their timely functioning and support for contingency planning for cross-border crisis management, particularly about systemic important companies and cooperation with IMF to conduct early warning exercises, with implementation control, peer review and disclosure in addition to carrying out any other functions agreed upon by its members in the context of its activities and within the framework of the present Charter. (IFC, 2020)"

The Board also promotes and assists in harmonizing the activities of international standard-setting bodies (SSBs) to address any overlap (Board), gaps and clarification of boundaries and topics in the light of changes in national and regional regulatory structures related to precautionary and systemic risks, market safety, investor and consumer protection, as well as infrastructure, as accounting and auditing, and overriding their effects.

The Board also monitors the implementation of agreed financial reforms that would restore the stability and impact of the financial system. The Board has a framework for monitoring and reporting on the implementation of financial reforms, with the Board's recent focus on non-bank financial institutions, for their importance in ensuring that the global financial system remains flexible in the face of innovation and technology (FSB C. o., 2021).

Regulating the Financial Stability Board

The Council includes a unique composition among international bodies, as it brings together major policymakers. This means that all key players who define fiscal stability policies in various sectors of the financial system are at one table. Therefore, when policies are agreed upon, they also have the authority to implement them (Work). The Council's members and the structure will be researched, as follows:

Council members

The Council consists of three categories: States, international financial organizations and international standard-setting bodies, as follows:

States: of which 24 are in addition to the European Union (FSB M. o.).

International financial organizations and institutions: World Bank (WB), International Monetary Fund (IMF), Bank for International Settlements (BIS) and Organization for Economic Cooperation and Development (OECD).

The 10 international standard-setting bodies, according to the Charter. On the Council's website updated until 2 December 2021, it was noted that there was no CPSS Committee.

The following may qualify as a member:

The authorities from the legal mandates responsible for maintaining financial stability, such as the ministries of finance, central banks and supervisory and regulatory authorities, and we hope that Iraq, through the Ministry of Finance or the Central Bank of Iraq, will head to become a member of the Financial Stability Board, as this represents a strong point for enhancing financial stability in Iraq.

International financial institutions.
International bodies; such as standards-setting, regulatory, supervisory and central banks.

Board Structure

In the past, it has been pointed out that the Council's composition is unique -- to date -- in comparison with other international organizations, with its members being senior policymakers; from States and international organizations, which means that all the two main drivers of the world economy are on the Council at one table, so when policies are agreed, they are also expected to have the authority to implement them.

The Council's mandate and functions shall be exercised through the following structure: (i) General Conference, (ii) Chairman, (iii) Secretariat, (iv) Steering Committee, (v) Standing Committees and (vi) Regional Advisory Groups (FSB).

The General Conference: is the sole decision-making body of the Council on all matters governed by the Charter, decisions are taken by consensus at the General Conference, and all members are entitled to attend meetings of the Conference.

President (President of the Council):

The President shall be selected from among the representatives and ratified by the General Conference, for a period of three years, renewable once, the President shall chair the meetings of the General Conference and the Steering Committee, supervise the Secretariat and represent the Council externally.

Secretariat

It is chaired by the Secretary-General, who is appointed by the General Conference on the proposal of the President for a renewable five-year term and under the supervision of the President, the main responsibilities of the Secretariat include supporting the Council's activities and to facilitate cooperation and communication among members and between the Council and other institutions and the efficient management of the financial, material and human resources allocated to the Council in addition to performing all other functions assigned by the President or the General Conference. "

Steering Committee

The Steering Committee provides operational guidance for the continuation of the Council's guidance and the preparation of meetings of the General Conference. The Steering Committee may establish working groups as needed, which may include representatives of non-Council members, and promote coordination with the Standing Committees and other working groups while reviewing international financial policy development work and organizational gaps that pose a risk to financial stability.

The Standing Committees, namely: the Vulnerability Assessment Committee (SCAV), the Supervisory and Regulatory Cooperation Committee (SCSRC), the Standards Implementation Committee (SCSI) and the Budget and Resources Committee (SCBR).

Regional Advisory Groups (RCGS)

The Regional Advisory Groups of the Financial Stability Board provide a structured mechanism for Council members' interaction with non-members on various ongoing or planned initiatives and for enhancing implementation within the area of international financial policy initiatives.

The mechanisms of the FSB in restoring financial stability

The mechanisms of the Financial Stability Board are highlighted in the reinstatement of financial stability in its effectiveness through its advantages, its priorities and the international standards it adopts. These will be discussed in the following ways:

Features of the Financial Stability Board

There are advantages that have helped the Council overcome some of the weaknesses of its predecessor, the Financial Stability Forum, the larger number of its members, the mechanisms for promoting international compliance with standards and the giving the Council a stronger capacity to address overall prudential issues.

The larger membership of the Council encourages greater emphasis on standards based on international principles rather than detailed norm-based standards, while enhancing the voice of new developing member countries, and efforts to address their lack of accountability to non-members (Helleiner, The Financial Stability Board and International Standards).

In addition to the Board's ability to address holistic prudential issues that can be enhanced by clarifying the accountability of standard-setting bodies (SSBs) to the Board, and by continuing to prioritize the development of international standards for regulating cyclicality and the methodology of financial institutions and markets (Helleiner, The Financial Stability

Board and International Standards).

Priorities for the work of the Financial Stability Board

The priorities of the Council's work are the adherence of legal mandates to international cooperation standards, and the exchange of information in the regulatory and financial oversight area, where the Council has taken action to encourage adherence by all countries and legal mandates to international financial standards to re-secure financial stability, including the identification of uncooperative legal mandates and to help them achieve their commitment (FSB F. S., 2010).

The three main criteria in the regulatory and supervisory fields that concern the priorities of the FSB's work are:

1. Basic Principles of Effective Banking Supervision Core Principles for Effective Banking Supervision CPEBS, approved by the Basel Committee on Banking Oversight BCBS.
2. Basic Principles of InsuranceInsurance Core Principles ICPs, approved by IAIS,
3. and the objectives and principles of securities regulation, approved by the International Organization of Securities Commissions (IOSCO) (FSB).

Regulatory and supervisory standards on international cooperation and information exchange

The Financial Stability Board, in consultation with the Basel Committee on Banking Oversight (BCBS), the International Society of Oversight and Supervisory Bodies (IAIS) and the International Organization of Securities Committees (IOSCO), has identified principles for international cooperation and information exchange, based on the Financial Stability Forum's previous work to identify a list of priority implementation criteria.

These principles have been selected on the basis of two types: those directly related to cooperation and information exchange, and those relating to basic supervisory authorities and practices, which deal with principles relating to basic supervisory authorities and practices, such as the Basic Principles of Insurance ICPs - most relevant to the Financial Stability Board's focus - and the following mechanisms:

1) Supervision System
2) Supervision response: in terms of licensing, suitability of working persons to perform their functions.
3) Continuity of Supervision.

Conclusion

It is indispensable today to delve into and explore legal mechanisms and avenues that lead to financial stability and, under the broad concept of the reinsurance system, maintain it for the purpose of achieving stable economic growth, at both the global and national levels, while looking at the narrow concept of reinsurance; To strengthen the insurance sector as a pillar of the financial system.

During the examination of the international framework of mechanisms to restore the stability of the financial system in general, especially those followed by the FSB, the following were concluded:

Conclusion

1) Financial stability does not mean that the financial system adequately plays its role in allocating resources and risks, mobilizing savings and facilitating the accumulation of wealth, development and growth; It should also mean that payment systems throughout the economy operate smoothly, and the concept of financial stability is not only about the absence of actual financial crises but also about the financial system's ability to reduce them and contain and deal with imbalances before they pose a real threat to the system.

2) The proper functioning of the financial system is an indicator of an economic system's financial health, covering the ways in which financial decisions are taken, and implemented and financial relations and the description of a particular country's financial system are very important to international financial organizations, so the strengths lie in a sound financial system.

3) Keeping abreast of developments in programmes to stabilize the global financial system and the principles and standards issued by specialized international organizations; As the FSB Financial Stability Board, and its follow-up and study by international legal specialists, is a guarantee of financial stability reinsurance.

Recommendations:

1. Those dealing with leadership work in developing countries in general, and in the State of Iraq in particular - in particular, jurists - should develop a professional vision and knowledge about the financial system, its relationship with other systems, in particular, the economic and political systems, and the requirements for ensuring sustainable financial stability.
2. Sound macroeconomic policies must be the foundation of a stable financial system.
3. The need to keep abreast of developments in programmes to stabilize the global financial system and safeguards issued by specialized international organizations; As the FSB Financial Stability Board, to know and understand what it requires to adopt and apply.
4. It should include a review of sound and sustainable financial sector and macroeconomic policies and advanced public infrastructure, effective discipline in financial markets, the appropriate level of protection mechanisms and an overview of effective insurance supervision, Such an audit can have a direct impact on the effectiveness of supervision in practice and, therefore, where shortcomings exist, regulatory, supervisory and oversight bodies must warn the Government of these aspects, Their actual or potential negative repercussions on supervisory objectives should seek to mitigate the effects of such impediments.

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