



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

## IAIS Stakeholder event Recovery planning & Resolution

12 September 2018

Basel, Switzerland



# Agenda

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11.00 – 11.10	Welcome and introductions
11.10 – 12.00	Supervisory and supporting material on recovery planning (IAIS)
12.00 – 12.45	Recovery planning: history, proposals and perspectives (Patrick Hughes, Faegre Baker Daniels)
12.45 – 13.45	Lunch Break
13.45 – 14.30	Recovery Plan as risk management tool (Kathrin Hoppe, Zurich Insurance)
14.30 – 15.15	Recovery and resolution planning (Kabari Bhattacharya, EY)
15.15 – 15.45	Coffee Break
15.45 – 16.45	Supervisory and supporting material on Resolution (IAIS)
16.45 – 17.30	General discussion with audience
17.30 – 18.00	Concluding remarks

# SUPERVISORY AND SUPPORTING MATERIAL ON RECOVERY PLANNING

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Alex Hart, Chair of the Resolution Working Group

# ComFrame and ICP development – main steps

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## Recovery planning + Exit from the Market & Resolution

- March-June 2017 – public consultation on draft revised ICP 10 and 12 and ComFrame material integrated into ICPs 10 and 12
- November 2017 – Draft revised ICP 12 published for information purposes only
- March 2018 – publication of the summary of main comments from March-June 2017 public consultation
- 31 July 2018:
  - Publication of overall ComFrame for public consultation (comments due 30 October 2018)
  - ICP text: published only for context and information (not for comments)
- June 2019 – public consultation on further revised ICPs/ComFrame, if needed (60 days), and publication of summary of main comments on overall ComFrame received and their resolution
- November 2019 – adoption by the Annual General Meeting of revised ICPs and of ComFrame

# Supervisory material on recovery planning

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## Main consultation comments received in 2017 and resolutions

- Questions on the exact nature of a recovery plan, and its relation with preventive and corrective measures
  - A definition is proposed to be added to the Glossary, highlighting the role of the insurer, and the need to develop such plans in advance of any stress
  - Material was moved from under ICP 10.3 to ICP 16.13
- Requests to further develop the idea of proportionality, also about the prescriptiveness of the requirements
  - The concept of proportionality is applicable to all ICPs, however the language in the guidance is amended to clarify further that the proportionality principle does not only apply to the requirement itself, but also to the level of detail, depth and contents of such a plan when required.
  - The revised ICP and ComFrame propose a cascading set of requirements (see next slide)
- Comments noting that an annual review is too burdensome
  - The text is revised to requesting a “regular” review and update, both for IAIGs and other insurers
- Requests to make explicit that also existing systems can be used to meet the requirement of a Management Information System for the purposes of recovery planning
  - This is clarified in the revised material (“The IAIG may rely on an existing information system, (...)”)

# Supervisory material on recovery planning

## ICP and ComFrame in 16.13

<b>ICP 16.13 (all insurers)</b>	The supervisor requires, as necessary, insurers to evaluate in advance their specific risks and options in possible recovery scenarios.
<b>ComFrame CF 16.13a (IAIGs)</b>	The group-wide supervisor requires the Head of the IAIG to: (i) develop a recovery plan that identifies in advance options to restore financial strength and viability; (ii) review and update the recovery plan on a regular basis and when there are material changes; and (iii) take actions for recovery if the IAIG comes under severe stress.
<b>FSB Key Attributes for Effective Resolution KA 11.5 (SIIIs)</b>	Jurisdictions should require that robust and credible RRP are in place for all G-SIFIs and for any other firm that its home authority assesses could have an impact on financial stability in the event of its failure.

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Questions?

# Supporting material on recovery planning

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## Development of Application Paper

- In response to consultation comments received, and to provide additional material related to recovery planning
  - Aim of an application paper is to provide further advice, illustrations, recommendations or examples of good practice to supervisors on how supervisory material may be implemented.
- Planning:
  - Next months: finalising application paper – taking into account inputs received today
  - Start consultation by end- 2018 (60 days)
  - Planned for adoption by November 2019 – together with adoption of revised ICPs and ComFrame



# Supporting material on recovery planning

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## Development of Application Paper – Questions for discussion

- Proportionality
- Key Elements of recovery plan
- Trigger framework

# RECOVERY PLANNING: HISTORY, PROPOSALS AND PERSPECTIVES

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Patrick Hughes, Faegre Baker Daniels

# LUNCH BREAK

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12.45 – 13.45

# RECOVERY PLAN AS RISK MANAGEMENT TOOL

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Kathrin Hoppe, Zurich Insurance

# RECOVERY AND RESOLUTION PLANNING

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Kabari Bhattacharya, EY

# COFFEE BREAK

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15.15 – 15.45

# SUPERVISORY MATERIAL ON RESOLUTION

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François Tempé, Vice-Chair of the Resolution Working Group

# Supervisory material on Exit from the Market and resolution

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## Main consultation comments received in 2017 and resolutions

- Requests to clarify on the role of the objective of policyholder protection versus financial stability (some asking that financial stability as an objective should be deleted)
  - IAIS believes that maintenance of financial stability should be an additional objective of resolution for IAIGs, where applicable (see also ICP 1 on the objectives of supervision). Also, the guidance has been drafted to enable jurisdictional flexibility.
- Various questions on the role of host supervisors, and the coordination between supervisors and resolution authorities, the role of CMGs
  - IAIS added more guidance to clarify
- It was asked that the requirement to develop a resolution plan to be limited to IAIGs that are experiencing solvency issues or are likely to be no longer viable.
  - IAIS disagrees, this would fail to recognise the potential benefits of prior planning (a lesson learned from the crisis). The standard as drafted allows for judgement as to the need for resolution plans. Also the guidance further clarifies how to consider such need.



# Supporting material on Resolution

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## Development of an Application Paper

- Development to start in 2019
- Potential topics for the Paper?
  - Resolution planning
  - Resolution powers
- Defining scope

# GENERAL DISCUSSION WITH AUDIENCE + CLOSING REMARKS

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THANK YOU!

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