

**Comments Template on EIOPA-CP-16-009
Discussion Paper on Potential harmonisation of recovery and resolution
frameworks for insurers**

**Deadline
28.02.2017
23:59 CET**

Name of company:	Investment and Life Assurance Group (ILAG)	
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<p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in column "Reference"; if you change numbering, your comment cannot be processed by our IT tool. ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-16-009@eiopa.europa.eu, by 28 February 2017.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions correspond with the questions included in the Discussion Paper on Potential harmonisation of recovery and resolution frameworks for insurers.</p>		
Reference	Comment	
General comment		
Q1	We consider that the arguments in favour of a harmonised framework are exhaustive and overstated. We do not consider that lessons learned from the banking sector are particularly relevant to insurance business as it is less liable to mass withdrawals. Insurers also have the	

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	<p>concept of risk embedded in their business to a much greater extent than banks.</p> <p>It would be sufficient to encourage individual National Supervisory Authorities (NSAs) to put appropriate procedures in place rather than impose a massive 'one size fits all' framework across Europe.</p> <p>We agree that measures to enhance cross-border co-operation and co-ordination are desirable, however we believe this can be achieved without imposing a unified framework.</p> <p>We do not agree with the assertion that, as some NSAs are improving their frameworks, this poses a risk of further fragmentation. It could just as easily lead to a more consistent approach.</p>	
Q2	<p>The cost and very long timeline of the implementation of Solvency 2 is a very powerful argument against further European standardisation. The cost and effort involved in implementing harmonised resolution and recovery procedures would be out of all proportion to the marginal consumer benefits that might accrue.</p>	
Q3	<p>The requirement for all insurers to produce a pre-emptive recovery plan, a pre-emptive resolution plan and a resolvability assessment while trading normally and profitably is unnecessary. The requirements should apply at the point where supervision is intensified</p>	
Q4	<p>We do not think additional building blocks are required, but there should be a trigger for intensified supervision. This should be as soon as a firm breaches its Solvency Capital Requirement (SCR) or possibly a threshold such as 120% coverage of its SCR.</p>	
Q5	<p>There should be no requirements imposed on firms outside the scope of the Solvency II regime. Only firms large enough to be within the scope of financial stability reporting should be required to comply with a recovery and resolution framework if one is introduced. Otherwise it should be left to the individual NSA.</p>	
Q6	<p>Our concern is that some NSAs will be stricter than others and this could lead to even more fragmentation than there is at present.</p>	

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Q7	We agree, buy only for firms who are subject to the financial stability requirements.	
Q8	We do not believe that there should be simplified obligations as we feel they are unlikely to work in practice.	
Q9	If harmonisation is to be imposed, only insurers who fall within the requirements for financial stability reporting (assets of €12,000,000 or more) should be included, and all others should be exempt.	
Q10		
Q11	No we do not believe that pre-emptive resolution planning is necessary.	
Q12	Plans should only be required for firms who are subject to the financial stability requirements.	
Q13	We do not believe that there should be simplified obligations.	
Q14		
Q15	NSAs should only discuss resolution plans with those firms that are required to prepare them. We do not agree with the concept of separate resolution authorities, believing that the NSA should be best equipped to carry out this task.	
Q16	Resolution authorities should not have any additional powers outside the normal legal framework of the member state.	
Q17	This is not feasible.	
Q18	Early intervention has an important role to play in any recovery and resolution framework. It would be sensible for NSAs to have at least a notional threshold in relation to the SCR at which discussions begin with the insurer to determine how it can improve its capital position. Waiting for a breach of the capital requirement is probably leaving it too long.	
Q19	Early intervention is sensible if it mitigates the risk of an insurer breaching capital requirements or becoming insolvent.	
Q20	In general, the early intervention powers are sensible, but there would need to be some checks on them, at the least an appeal mechanism.	
Q21	No. The suggested range is more than adequate.	
Q22	No. This should be in the hands of the NSA.	

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Q23	We agree with the proposed objectives of resolution.	
Q24	All of the objectives are important. NSAs should be left to decide individual priorities on a case-by-case basis as this gives them the opportunity to allow for the local regulatory framework. For example if there is already a Policyholder Protection framework in place, then that element might have a lower priority.	
Q25	These are sensible.	
Q26	These are sensible.	
Q27		
Q28	<p>Some of these powers are necessary, but we feel they are too extensive and widespread to be used by the NSA without appropriate checks and balances in some areas.</p> <p>We agree the right to withdraw a licence to transact new business and put the firm into run-off should be within the powers of the NSA.</p> <p>Transfers should not be within the power of the NSA but should either be with consent of the policyholders/members or by authority of the Court.</p> <p>NSA should not:</p> <ul style="list-style-type: none"> ➤ operate a bridge institution, although it should have power to allow one to be created ➤ have the authority to override applicable laws ➤ have the authority to transfer reinsurance outside the normal available processes ➤ have within itself the power to restructure, limit or write down liabilities. This should be achieved through due process in the Courts or equivalent within the 	

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	<p>relevant jurisdiction</p> <p>We are ambivalent about the power to restrict or suspend policyholders' rights to surrender. We note that this is sometimes written into insurance contracts by the firm and we do not consider that it is the province of the NSA to override contractual rights under a policy.</p> <p>We would not wish the power of staying rights of a cedent to be exercised outside normal legal structures.</p> <p>We are not convinced that it is appropriate for the NSA to have power to impose a moratorium on payments.</p> <p>We would be willing to consider allowing the NSA to stay early termination rights on derivatives.</p> <p>NSA should not have power to sell or transfer the shares of the undertaking.</p> <p>While the NSA might trigger the liquidation process we believe this should be done within the relevant legal framework provided by the Courts.</p> <p>We agree with the power to ensure continuity of essential services.</p>	
Q29	No. As we have said above, any powers proposed for the NSA need to be subject to appropriate controls.	

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Q30	No	
Q31		
Q32	As a last resort the ability to reduce the benefits of policyholders to ensure the survival of the entity may be appropriate.	
Q33	As we have previously stated, it may be beneficial to reduce benefits in order to ensure an orderly wind-down of the entity.	
Q34	There seem to be very few safeguards mentioned in the list in Table 4. As we have commented in response to Question 28, a number of safeguards are needed external to the NSA and the NSA should only operate within the legal framework of the country in which they operate.	
Q35	We agree that this may make some sense.	
Q36		
Q37		
Q38		