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EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Discussion paper on Insurance Guarantee Schemes

EIOPA Insurance and Reinsurance Stakeholder Group meeting
Frankfurt, 19 September 2018

- Why is the topic on the agenda?
 - **EIOPA Opinion** on the Harmonisation of Recovery and Resolution Frameworks for (Re)insurers across the Member States - published in July 2017 – considered several areas for further work. As follow-up:
 - EIOPA published the **Discussion paper** on Resolution Funding and National Insurance Guarantee Schemes (IGSs)
- What is expected from IRSG?
 - To answer EIOPA's consultation on the discussion paper by 26 October
- Next steps
 - Post consultation, EIOPA will continue its work

- In this part, EIOPA distinguishes **three sources of funding**:
 - Assets and liabilities of failing insurer (different powers across EU)
 - Resolution funds (only 2 exist)
 - National IGSs (mainly exist as compensation body)
- EIOPA proposes to **harmonise the powers** to restructure, limit or write down (insurance) liabilities
- Adequate and **sufficient arrangements** to fund resolution actions need to be in place in EU Member States
 - A combination of different resolution sources might be required

Insurance Guarantee Schemes

- Insurance Guarantee Schemes is a **key area**
- Significant **differences** exist across Members States
 - Scope of coverage
 - Funding
 - Functions
- This **fragmentation creates particular problems** in the presence of failures involving cross-border business
- **Objectives** of the work:
 - Examine in more detail the current situation in the EU
 - In-depth analysis of the pros and cons for harmonisation of national IGS
 - Consider potential harmonised approach to IGS

Insurance Guarantee Schemes

- **Options** considered
 - o Maintaining the current fragmented landscape
 - o Establishing a European network of national IGS which are adequately funded and sufficiently harmonised (minimum harmonisation)
 - o Establishing a single European Union wide IGS (maximum harmonisation)
- EIOPA proposes a **minimum degree of harmonisation** in the EU. This would benefit policyholders, the insurance market and more broadly the financial stability in the EU
- Your views on all questions posed would be **highly welcomed!**