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EUROPEAN INSURANCE
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Recent developments in the EU – Recovery and resolution and IGS

EIOPA regular use

EIOPA-RFSD-21/012

International Association of Insurance Receivers (IAIR) webinar

10 March 2021

Agenda

- What? The overall objectives
- Why? The rationale for the proposals
- How? Tools and measures

What?

The overall objectives



- EIOPA has delivered a comprehensive Opinion on the Review of Solvency II in December 2020
 - ✓ On **recovery and resolution**...
 - Develop a minimum harmonised and comprehensive recovery and resolution framework for (re) insurers to deliver increased policyholder protection and financial stability in the EU
 - ✓ On **Insurance Guarantee Schemes**...
 - Introduce a European network of national IGS or alternative mechanisms that should meet a minimum set of harmonised features for the benefit of policyholders and financial stability

Why?

The rationale for the proposals

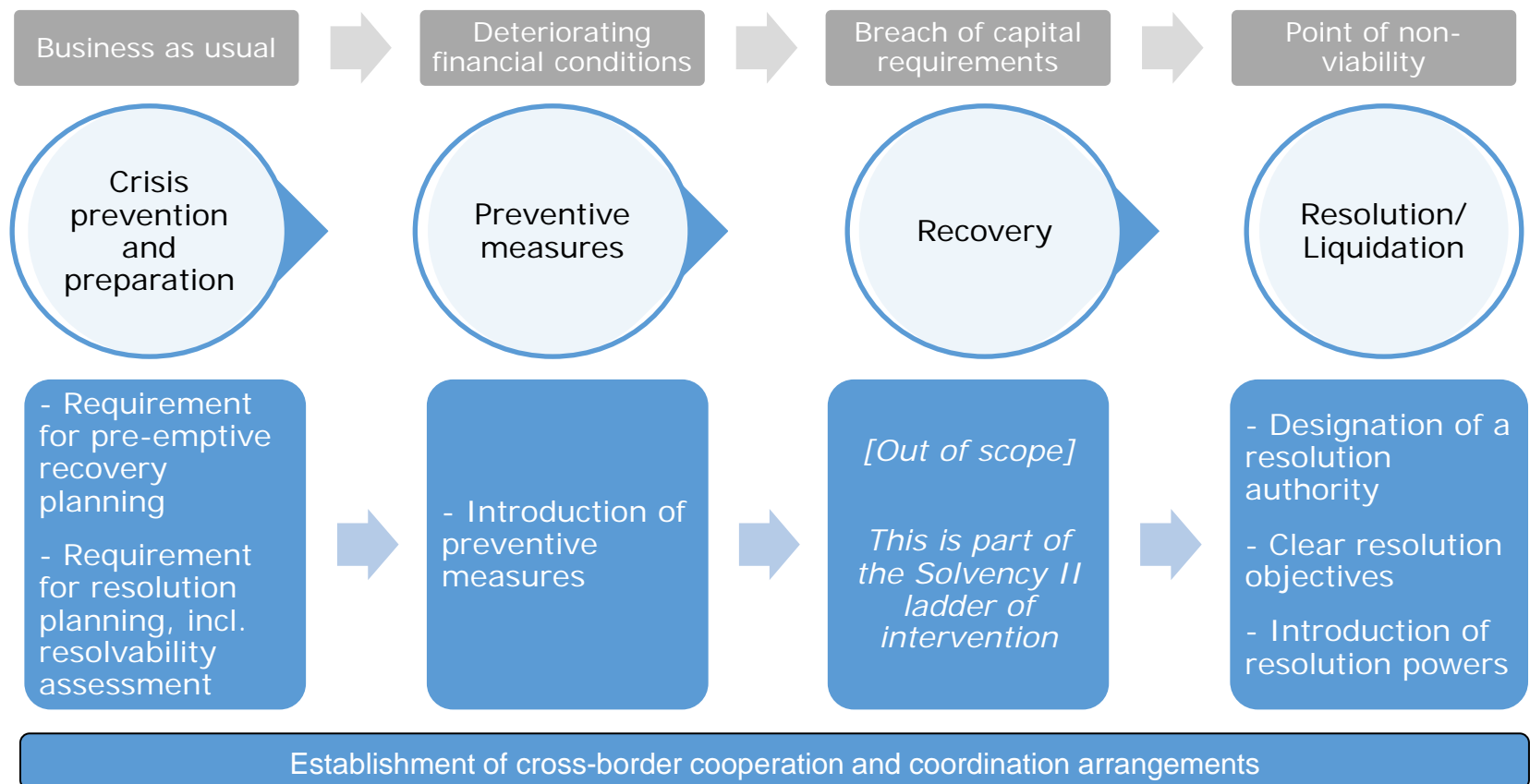


1. **Some lessons learned from the 2008 financial crisis**
 - A recovery and resolution framework reduces the likelihood of insurance failures and the impact if they finally materialise; and
2. **Insurance failures and near misses are not rare**
 - Solvency II has produced a positive impact but is not a zero-failure regime
3. **Several policy developments have taken place at international level**
 - FSB Key Attributes, the IAIS ICP and the Holistic Framework for Systemic risk
4. **Very fragmented landscape in the EU**
 - Suboptimal resolution processes, unequal treatment of PH, public mistrust, lack of level playing field, etc.

How?

Recovery and Resolution

- Recovery and resolution framework



How?

Insurance Guarantee Schemes



- **Insurance guarantee Schemes** – To be harmonised on the following principles
 - Role and functioning → Compensation and/or continuation
 - Geographical coverage → Home-country principle
 - Eligible policies → Selection of life and non-life policies associated to “considerable financial or social hardship for PHs”
 - Eligible claimants → Natural persons and micro-sized firms
 - Coverage level → Minimum harmonised coverage level
 - Funding → Ex-ante funded, if needed complemented by ex-post funding
 - Disclosure → Adequate, clear and comprehensive disclosure to consumers
 - Cross-border cooperation and coordination

EIOPA should assess the compliance of all the harmonised principles at the end of a transitional phase and should report the result of this assessment to the Commission



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Thank you for your attention!

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