

Protecting the Insurance Promise Promotes Stable Economies

Outline of Keynote Remarks for 10th Anniversary
Taiwan Insurance Guaranty Fund & IFIGS Asian Conference
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National Conference of Insurance Guaranty Funds U.S A.
2019 Chair, International Forum of Insurance Guarantee Schemes
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1. Congratulations to Taiwan Insurance Guaranty Fund
 - a. Thank you to Kuo-bin Lin and Hermes Yang for inviting me to speak
2. On behalf of IFIGS Management Committee members
 - a. Including myself
 - b. Alister Campbell from Canada
 - c. Carmen Radu from Romania
3. Vision and Mission for IFIGS
 - a. It is my very strong sentiment that the insurance industry is absolutely essential to the world economy. Insurance guaranty schemes stand ready to protect insurance consumers whose insurance companies fail. By doing so, we protect not only the consumer, but the sanctity of the promise embedded in the insurance contract by assuring the viability, commitment and reputation of the insurance industry.
 - b. The insurance promise makes opportunity a possibility. Our support of it keeps the industry strong while giving comfort and peace of mind to policyholders and claimants.
4. This priority is so high in the U.S. that I have recruited Mr. Chad Anderson from our system to tell you how our program works. You will hear in Mr. Anderson's presentation the level of commitment and professionalism that empowers the U.S. system and keeps it strong and effective. Mr. Anderson is also one of my bosses.
5. IFIGS is well-positioned to be the definitive expert on supporting the insurance promise and protecting policyholders in the rare and unfortunate event of an insurance company failure.
 - a. Every country does not have to provide protection in the same way, but the important role of policyholder protection mechanisms must be articulated clearly and effectively to regulators as they work as overseers of the global insurance industry.
 - b. A preview of what IFIGS can accomplish is found in the consultation paper published by the IAIS in mid-November:
 - i. The consultation concerned a proposed holistic framework for the assessment and mitigation of systemic risk in the insurance sector. You may recall that the initial IAIS consultation paper included the following statement: "In addition to the direct economic effects of an insurer's

failure to pay claims on consumption, by a reduction of policyholders' wealth, a number of correlated failures could have additional knock-on effects, such as through some insurance guarantee schemes.”

- ii. IFIGS commented on the consultation paper and strongly objected to that statement. The offending comment was removed from the revised paper.
- iii. It would have been nothing short of a disaster for global regulators to continue their consideration of approaches to insurer oversight if they believed that policyholder protection schemes could spread contagion! It could take decades to change that thinking and no one country could do that alone.
- iv. By working together, IFIGS played a strong advisory role that regulators took seriously. That is the value we can provide if we remain collaborative and build on that strategy.

6. Our three-year strategic plan

- a. We had a very successful first meeting of the Management Committee and Supporting Group in London on January 17-18.
- b. Thanks to the UK for hosting and all who have volunteered to serve on the Supporting Group
- c. Strategic plan workstreams
 - i. **Information Sharing.** IFIGS will collect information and be the global expert regarding insurance guarantee schemes and will be an active resource for IFIGS members, supervisors and standard setters. (Chaired by Korea, with members from Taiwan, Romania, Kenya, Germany, and the U.S. taking part)
 - ii. **Member Outreach.** IFIGS will develop a plan for actively recruiting new members and encouraging more active participation and leadership by existing members. (Chaired by Germany, with representatives from Spain, Romania, Kenya and the U.S. taking part.)
 - iii. **Reputation Enhancement.** IFIGS will work to heighten its profile with supervisors and standard setters, including those that may be involved in developing new insurance guarantee schemes. (Chaired by the United Kingdom, with Canada (PACCIC), Spain, and the U.S taking part)
- d. Recognize 2 new members already in 2019 – Denmark and Isle of Man.

7. International developments impacting IGSs

- a. I have met with the Chair of the IAIS Resolution Working Group, Alex Hart. It appears that the IAIS Resolution Working Group is going to begin work later this year on a resolution-focused application paper for the IAIS. A stakeholder session may be held in Basel this September to further discuss the group's objectives and the focus of the paper. IFIGS will be represented.
- b. Representatives of the US system have been in contact with Jonathan Dixon (Secretary General of the IAIS) to discuss IFIGS. He was very interested in learning more about the organization and in fact, mentioned that he had tried to start an IGS in his home country of South Africa.

- c. We will be attending the IAIS Annual Meeting in Buenos Aires June 13-14. We will continue to make sure that IFIGS is on the IAIS radar.
 - d. We are also monitoring the EU activity regarding IGSs and are in contact with EIOPA about future meetings focused on IGSs.
8. 2019 annual meeting
- a. Will be hosted by the U.S. guaranty system in Washington, D.C.
 - i. Welcome reception on December 3
 - ii. General meeting and off-site dinner on December 4
 - iii. Member meeting on December 5
 - b. The general meeting will feature presentations by insurance supervisors, representatives of international standard-setting bodies and insurance guarantee schemes. We already have confirmations from:
 - i. Dimitris Zafeiris, EIOPA's Head of Risks & Financial Stability Department
 - ii. Alex Hart, chair of IAIS Resolution Working Group
 - iii. Mimi Ho, Principal of Regulatory Professionals (frequent member of International Monetary Fund FSAP team; she also has consulted with countries that are establishing an insurance regulatory framework for the first time)
 - iv. At the member meeting, we'll:
 - 1. Receive reports from the Working Groups
 - 2. Elect a First Vice Chair
 - 3. Act on any new member applications
9. 2020 annual meeting will be hosted by Malaysia
10. I feel strongly and enthusiastically about our role in protecting the economic well-being of the citizens in our respective countries. Our responsibilities are rather enormous when taken fully into account.
11. The more we learn from one another and the more we motivate each other, the better off our world will be. We can protect policyholders for the purpose of achieving economic stability. These objectives are linked inextricably. Neither is more important than the other.
12. We are all committed to opportunity. Insurance makes it possible. Supporting the promise makes it a reality.
13. Thank you for your attention. I am thrilled to be here and look forward to a dynamic and informative conference!