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EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Continuing Work on Insurance Guarantee Scheme Harmonization in the EU

IFIGS Annual General Meeting

Wednesday, December 9, 2020

- **Let's recap a bit...**
 - Work by COM and EIOPA in 2010 → More than 10 years ago!
 - Significant work done by EIOPA in the last years:
 - EIOPA Discussion paper on Resolution funding and national insurance guarantee schemes (Jul. 2018)
 - COM's Call for Advice on Solvency II, including IGS (Feb. 2019)
 - EIOPA Advice on the harmonisation of national insurance guarantee (Jul.-Oct. 2019)
 - IFIGS-PGRR workshop on 26 February 2020
 - IFIGS Framework Guidance (FG) – October 2020
 - EIOPA's Solvency II Advice (incl. IGS) in adoption process
- **Are we close to the end??** -> Let's take this question at the end

- Every MS should have an IGS in place which is **sufficiently harmonised and adequately funded (FG2,3)**
 - ✓ More even protection of policyholders
 - ✓ Facilitates cross-border cooperation and coordination
 - ✓ Minimises reliance on public funds by involving industry
- **MS flexibility with respect to legal structure/ set-up of schemes**
- Harmonisation of national IGSs should **not be regarded in isolation**
 - ✓ In the context of recovery and resolution
 - ✓ Supervisory convergence should be continued

Please note: These elements are still under discussion and, therefore, not yet final

Harmonised principles



- The national IGSs should be harmonised on the following **principles**
 - Role and functioning (FG 1, 13) → Compensation and/or continuation
 - Geographical coverage (FG 5, 7) → Home-country principle (*)
 - Eligible policies (FG 8) → Selection of life and non-life policies associated to “considerable financial or social hardship for PHs”
 - Eligible claimants (FG 8) → Natural persons and micro-sized firms
 - Coverage level (FG 8) → Minimum harmonised coverage level (*)
 - Funding (FG 9) → As a general rule, ex-ante funded, if needed complemented by ex-post funding (*)
 - Disclosure (FG 10) → Adequate, clear and comprehensive disclosure to consumers
 - Cross-border cooperation and coordination (FG 4, 5)

(*) Most challenging ones

Now to the question at the beginning

Are we at the end of the process?

- Too good to be true!
 - Opinion still needs to be approved
 - COM needs to make a legislative proposal
 - There are several areas for further work, e.g.
 - What are the differences in compulsory insurance across EU?
 - How to ensure the sustainability of the coverage level?
 - What should be the appropriate level of ex-ante funding?
 - What should be the calculation method of contributions?

- ... And therefore, we look forward to continuing our good interaction with IFIGS!



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Thank you for your attention!