



Message from the Incoming Chair

Dear IFIGS Colleagues,

Welcome to our Q1 2022 IFIGS Newsletter!

Let me start off by thanking all of you for giving me the opportunity and, placing your confidence and trust in me, to serve as your Chairperson this year. My sincere appreciation for your continued support; and unwavering dedication in bringing IFIGS to where it is today.

The year 2021 has been a milestone year for IFIGS as we continued to deliver our strategic objectives and plans under the leadership of **Mr. Yangig Cho**, during the COVID-19 pandemic. My goal for 2022 is to maintain this momentum, and together with the Management Committee members and the Working Group Chairs, make IFIGS a globally recognized expert on insurance guarantee schemes (IGS) and insurance resolution. In doing so, my focus would be on truly putting **"IFIGS"** into action:

- **I**nfluence stakeholders;
- **F**eature IGS related researches;
- **I**nteract actively on topics of common interests;
- **G**row membership; and
- **S**ustain the transition of IFIGS into a more mature organization.

To start off the year, in January, the Management Committee had early engagement with the membership, via email circulation, regarding proposed collaboration and sharing with the IAIS on our membership profile survey, and on the invitation to join the newly formed Membership Fee Working Group.

The Management Committee and the Working Group Chairs then had our first meeting in February to chart out the work plans and activities in advancing our common goals and interests. I assure you that you will be hearing on these areas from the Management Committee and Working Group Chairs soon - and more regularly - through the periodic newsletter, membership catch-up sessions and bilateral engagements. The Management Committee has also endorsed an activities planner for 2022 and strategized responses to the IAIS and the FSB on IGS and insurance resolution-related engagements. Please refer to page 2 on the detailed reporting on this matter. The activities planner is attached to page 6 for your ease of reference and planning. In March, the Management Committee met again to discuss a motion mooted on the IFIGS membership and Terms of Reference (TOR). Please refer to page 3 for the detailed elaboration on this.

While we have come to the end of the first quarter 2022, I am excited for the future. I am hoping to have more collaborative engagement with every one of you this year; and I would confirm that we are still planning for an in-person year end event – the Annual General Meeting and Conference 2022 – and to welcome everyone to Kuala Lumpur!

Before I close, I would like to take this opportunity to express my deepest gratitude to Mr. Yangig Cho for his great leadership at IFIGS, as he has recently left the Korea Deposit Insurance Corporation after 23 years of dedicated service. In this regard, I wish to introduce all of you to **Mr. Chayong Yoon**, Executive Vice President of the Korea Deposit Insurance Corporation, who shall replace Mr. Yangig Cho as the Second Vice Chair of IFIGS. Let us warmly welcome Mr. Yoon to the IFIGS fraternity!

Finally, I encourage all members to step forward and be part of actioning **"IFIGS"**! The success of IFIGS depends much on the professionalism and expertise of its members, our mutual respect towards each other and to diversity; as well as the collective efforts by each and every one of us!

We are only as good as our members, as strong as our membership's commitments.

Thank you.

Afiza Abdullah
IFIGS Chair - 2022



**Afiza
Abdullah**
Executive Vice
President
PIDM, Malaysia



IAIS to publish an Issues Paper on IGS

Public Disclosure of IFIGS Member Profile Survey Results

The International Association of Insurance Supervisors (IAIS) published its 2022-2023 Roadmap in January 2022, and this year, IAIS will develop an Issues Paper focused on global practices around insurance guarantee schemes and their role in resolution framework through the Resolution Working Group (ReWG). The paper is a follow-up work to the previous Issues Paper published in 2013, stressing more on the topic of resolution for supervisors.

Alister Campbell, the Profile Enhancement Working Group Chair, has continuously engaged with the IAIS and had meetings with the members of ReWG to follow up on the progress of the Paper. They discussed potential areas of collaboration and information exchange among the IFIGS and the IAIS.

With the consent of the Members, IFIGS shared the Member Profile Survey responses with the ReWG, which was published last year. IAIS would seek IFIGS's input on their draft paper, tentatively in July or August, 2022. A copy of the Member Profile Survey responses is available at the IFIGS website: (<http://www.ifigs.org/research-and-survey/>).

IFIGS will continue to engage with the IAIS and keep Members updated on the development of the Issues Paper.



FSB publishes Practices Papers on Insurer Resolution

IFIGS Feedback Submitted Based on the Practical Experiences of its Members

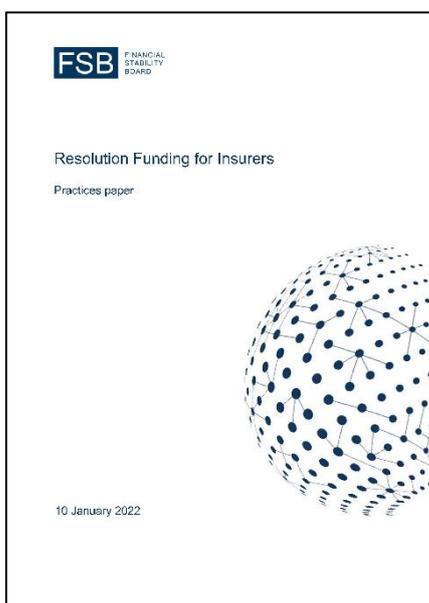
The Financial Stability Board (FSB) published two practices papers on 1) Resolution Funding for Insurers and 2) Internal Interconnectedness in Resolution Planning for Insurers in January 2022.

The paper on Resolution Funding for Insurers discusses several different sources of funding for insurer resolution, including IGSs, and provides examples from various jurisdictions. It also covers mechanisms to recover funds used in resolution. The paper on Internal Interconnectedness in Resolution Planning for Insurers presents ways to map and assess financial and operational interconnectedness in insurance companies to facilitate effective resolution planning.

In response to the FSB's invitation for feedback, IFIGS has submitted its comments summarizing the perspective of IFIGS on the key questions raised in the Practices Paper on Resolution Funding. IFIGS also proposed further engagement with the FSB on this topic as a discussion partner with extensive experience and expertise in IGS and policyholder protection.

Link to the Practices Paper on Resolution Funding:

<https://www.fsb.org/2022/01/resolution-funding-for-insurers-practices-paper/>





Voting for Resolutions on IFIGS ToR and Membership Actions Required by April 11, 2022

The Management Committee would like to inform that a motion was received from Protektor (supported by PACICC) to put forward to the IFIGS membership to decide on the Russian Deposit Insurance Agency membership in IFIGS, as an expression of solidarity with Ukraine.

Accordingly, the Management Committee has brought out the following two (2) proposed resolutions to IFIGS Full Members for a vote, via email circulation on March 27, 2022:

• Proposed Resolution 1: Adoption of Proposed Amendments to the IFIGS ToR

To uphold to the good governance practices in IFIGS, the proposed amendments to the ToR aims to have enabling provision to allow for sanctions against a member, to define what is meant by “serious cause” for sanction and removal, and to clarify the procedure for putting a proposal to sanction or remove a member to the full membership.

• Proposed Resolution 2: Sanction against the Russian Deposit Insurance Agency

Subject to the approval on the proposed amendments to the IFIGS ToR, the proposed resolution is to exclude the Russian Deposit Insurance Agency from the AGM and any IFIGS activities for the year 2022 as a sanction.

Please respond with your votes via email to **Paul Petrelli** at **ppetrelli@assuris.ca** no later than **April 11, 2022**. Members will be informed of the results of the voting after the closing date.



IFIGS Overview Video and Milestone Update Updates Reflecting Accomplishment of 2021 including IFIGS-WB Webinar



The IFIGS Information Sharing Working Group (ISWG) has updated the IFIGS promotional materials including the *IFIGS Overview Video* and *IFIGS Milestone*. The updated materials reflect the most recent accomplishments of IFIGS in 2021, including the IFIGS-World Bank Knowledge Sharing Webinar held in June.

One of the initiatives for IFIGS this year is to enhance its profile and to recruit new members in the South America and Africa regions. In this regard, the promotional materials highlighting the benefits of becoming a member of IFIGS will serve as a useful tool for member outreach activities.

The *IFIGS Overview Video* has been posted to the IFIGS YouTube channel at the following link: <https://www.youtube.com/watch?v=KbKuBpLeakI>

After watching the video, don't forget to click “Like” and “Subscribe” button to help IFIGS be known more widely.



Arrival and Departure

IFIGS would like to express its appreciation to **Yangig Cho** (KDIC, South Korea) for his outstanding leadership and dedication to IFIGS, particularly as Chair of the Management Committee of IFIGS 2021. After his 23-year career at the KDIC, he is leaving the Corporation to take up a new position in the real estate investment trusts industry.

IFIGS wishes Yangig all the best in the next stage of his career and future endeavors!

IFIGS also would like to welcome **Chayong Yoon** (KDIC, South Korea) who will be working with IFIGS in the position of Second Vice Chair as the successor of Yangig Cho for the remainder of term in 2022.

Chayong Yoon, currently serving as Executive Vice President of KDIC, is much experienced in international affairs, fulfilling the responsibilities of Secretary General of the Asia Pacific Regional Committee (APRC) at the International Association of Deposit Insurers (IADI) from 2019 to 2021.

Again, IFIGS welcomes Chayong to IFIGS and looks forward to working with him!



Chayong Yoon
Executive
Vice President
KDIC, South Korea

Launch of IFIGS Membership Fee Working Group

A New Working Group to Develop Recommendations for Implementing Membership Fee

As a follow-up to the membership fee proposal and open discussion at the 2021 AGM, IFIGS has launched a new Working Group to study membership fee models and to develop recommendations for implementation in the longer term.

The Membership Fee Working Group, chaired by **Li Yun Hoh** from PIDM (Interim), is composed of PIDM (Malaysia), Protektor (Germany), PCF (Kenya), KDIC (Korea), NCIGF (USA), NOLHGA (USA) and DGF (Ukraine). The Working Group will strive to understand the IFIGS members' expectations and aspirations with regard to the membership fee.

To achieve the goals, the Working Group plans to conduct bilateral meetings for a broad consideration with all IFIGS members on the preferred membership fee model and the timeline for implementation.

Based on these engagements, the Working Group will develop a fee model that is suitable to IFIGS membership as a whole and table the fee proposal during the 2022 AGM for members' approval.



IFIGS Member Latest News

Annual Assessment of Contributions and Target Fund (COSEDE)

In December 2021, COSEDE presented to the Financial Committee Board the annual assessment of the fixed and risk adjusted contributions, the amount of coverage and the target fund of the Private Insurance Guarantee Fund.

With regard to the amount of coverage, COSEDE recommended to keep the level of USD 1,500, considering that this level covers around 90% of presented claims.

On the other hand, COSEDE recommended the reduction of the 25% of the fixed and the risk-adjusted contributions, to reduce the impact on the insurance sector losses, of around USD 5 million at the end of 2021.

Finally, COSEDE annually updates the amount of the "Target Fund", through both credit risk models for estimating the likelihood that an insurance company moves to a high-risk rating of compulsory liquidation (default), and its distribution function of losses, and risk measures. Using the function of expected losses, it was determined that the Target Fund should be the VaR at 90% confidence level and the COSEDE raised the amount of Target Fund for 2022.





IFIGS Member Profile

Protector Lebensversicherungs-AG (Guarantee Scheme of German Life Insurers)



Sicherungsfonds für die Lebensversicherer

Protector is the Guarantee Scheme of German life insurers which was founded in 2002 as a private life insurance company based on an initiative of the German life insurers.

The protection is based on the following principles:

- a) all life contracts are protected. There is no separation in relation to:
 - the person of policyholder/beneficiary;
 - the kind of life contract; and
 - the amount of the insured sum.
- b) Protector will run-off the business of a failed insurer (continuation scheme)
- c) the financing is organised ex-post on the base of voluntary commitments of 1% of net-technical provisions (approx. €11 billion)

Protector took over 344,000 contracts of a failed insurer in 2003, rehabilitated the financial problems and handled this business over 14 years. In 2017 Protector sold the business; the case ended up costing about a single million-euro figure.

In 2004 the government implemented a separate mandatory scheme, the governmental guarantee scheme. This scheme is like a trust, but not a real company and will – if necessary – handle failures since 2004 (since 2003 there is no additional case). The trust needs somebody who acts for the trust. This task is given to the private company Protector by the German Ministry of Finance. The assets of the trust are strictly separated from the assets of the private company.

In principle, the basics of protection – especially the scope of protection - are the same as described above. Members of the scheme are all life insurers domiciled in Germany and non-EU life insurance branches. Specific pension funds, which act like life insurance companies in Germany, can opt for a membership. There are 3 steps of financing:

- a) ex-ante financing of 1‰ of net-technical provisions of members (€1.1 billion);
- b) ex-post financing of 1‰ of net-technical provisions of members (€1.1 billion); and
- c) if ex-ante and ex-post financing aren't sufficient: reduction up to 5% of value of the contracts.

If the 3 steps of financing of this governmental scheme are not sufficient to cover the loss of an insurer, additional money is paid in by members via the private, voluntary commitments of Protector up to 1% of net-technical provisions.

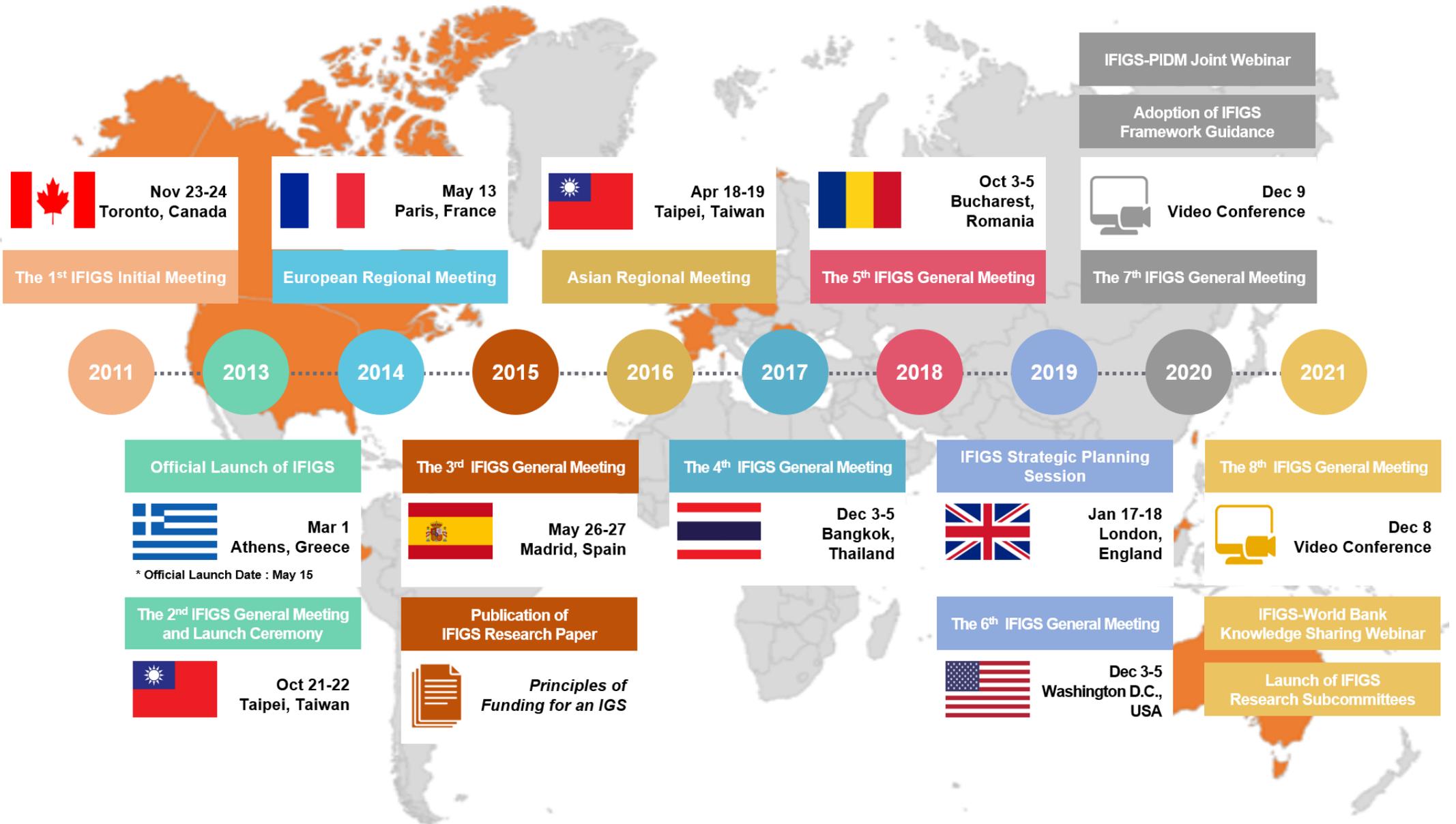
The intention of the scheme is to protect contracts as they are agreed especially because of their relevance in respect of retirement (retirement plans) and income (disability insurance).

Planned Engagement with FIGS Membership 2022

Topics	Q1	Q2	Q3	Q4
Involvement / inputs required from IFIGS members	<ul style="list-style-type: none"> Request for EOI and early views on membership fee proposal [MFWG] Request for consent to share 2021 survey results with IAIS / publish on IFIGS website [Chair/PEWG/ISWG] Request for responses to insurance failure survey & role of insurance guarantee scheme in failure [RSC] 	<ul style="list-style-type: none"> Bilateral engagement on membership fee proposal [MFWG, in collaboration with MC] 	<ul style="list-style-type: none"> Circulate draft research papers [RSC] <ul style="list-style-type: none"> Contingency Plan Testing and Crisis Simulation [Aug] The Role of Insurance Guarantee Scheme in Resolution [Sept] 	<ul style="list-style-type: none"> Conduct IFIGS Annual Survey [ISWG]
Engagement with IFIGS members	<ul style="list-style-type: none"> Quarterly Newsletter [ISWG] Quarterly membership catch-up [MC (<i>March/April</i>)] IFIGS Overview Video and IFIGS Milestone [ISWG] 	<ul style="list-style-type: none"> Quarterly Newsletter [ISWG] Quarterly membership catch-up [MC] 	<ul style="list-style-type: none"> Quarterly Newsletter [ISWG] Quarterly membership catch-up [MC] 	<ul style="list-style-type: none"> Quarterly Newsletter [ISWG] Knowledge Sharing Webinar in Collaboration with FSI [ISWG] AGM [MC]
	<ul style="list-style-type: none"> Update contact information of members [ISWG] Response to Request for Information [ISWG] 			

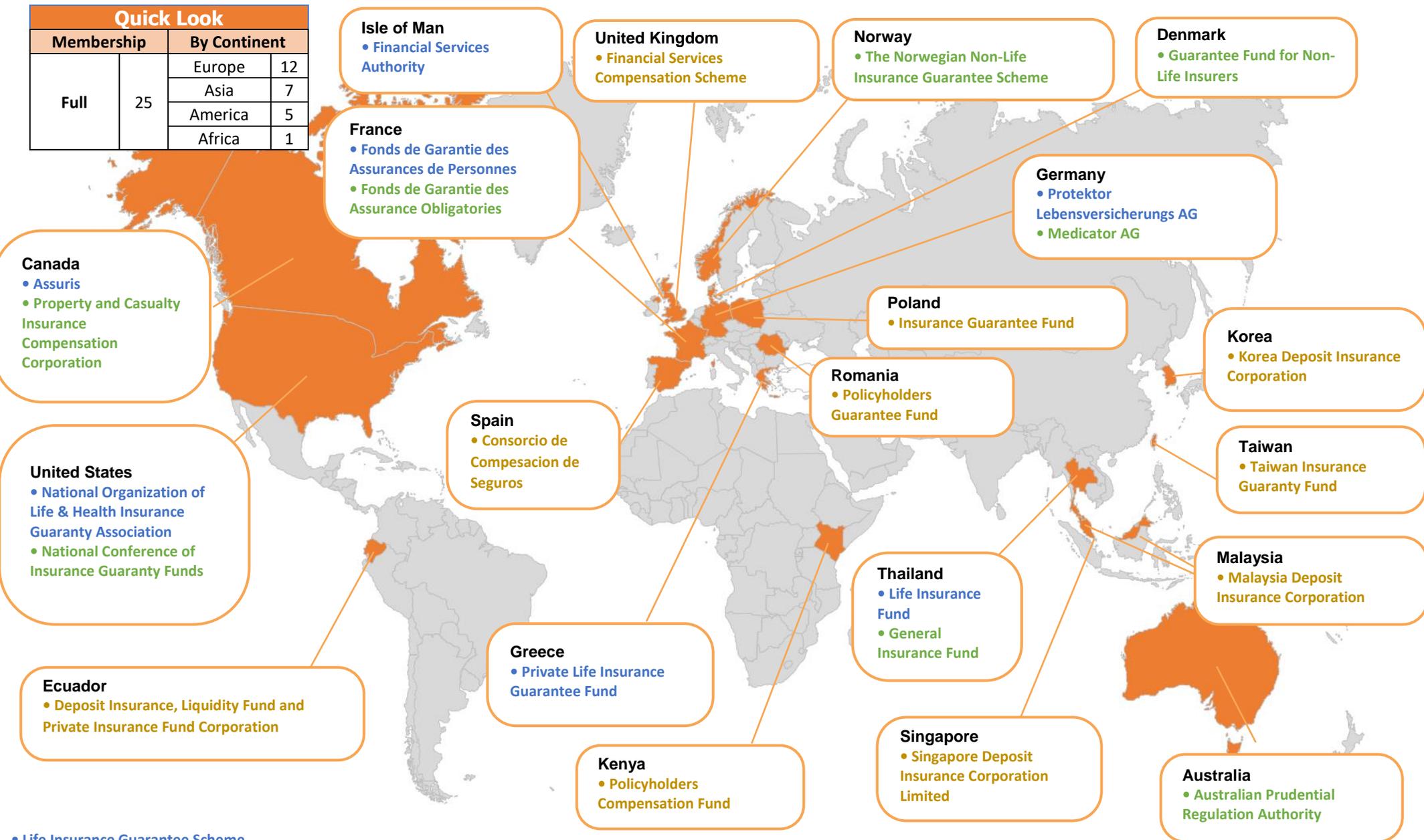
ISWG: Information Sharing Working Group; MC: Management Committee; MFWG: Membership Fee Working Group; MOWG: Member Outreach Working Group; PEWG: Profile Enhancement Working Group; RSC: Research Subcommittees

IFIGS Milestone (as of April 2022)



IFIGS Full Members (as of April 2022)

Quick Look			
Membership		By Continent	
Full	25	Europe	12
		Asia	7
		America	5
		Africa	1



- Life Insurance Guarantee Scheme
- Non-Life Insurance Guarantee Scheme
- Life & Non-Life Insurance Guarantee Scheme

Editor: KDIC

For feedback, please email us at dkim@kdic.or.kr or jopresent@kdic.or.kr