



**MEETING OF THE EXECUTIVE COMMITTEE
MAY 12, 2014**

Location: La Maison de l'Assurance, 26 Boulevard Haussmann, Paris, France

Time: 3:00 pm – 5:30 pm (GMT)

Members/
Permanent Guests:

Josée Rheault (JR) (Chair)
Jörg Westphal (JW) (Secretary)
Afiza Abdullah (AA)
John Keah (JK)
Alex Kuczynski (AK)
Kuo Bin Lin (KBL)
Marek Monkiewicz (MM)

Guest: Hermes Yang

Item	
1.	Opening JR opened the meeting and welcomed the Executive Committee. The Agenda was agreed and the Committee looked forward to the European Regional Meeting to be held on 13 May.
2.	Japan The Committee discussed the position of Japanese insurance guarantee schemes (IGS), who had not requested membership of IFIGS, but subsequently sought further information on the status of IFIGS and its future plan and activities. Further, the Japanese schemes had requested participation in future IFIGS activities despite not being a member. AA clarified that the Japanese IGS were mainly resourced by secondees from the insurance industry, who spent much time travelling already, and were concerned as to the demands of IFIGS membership, when already committed to international engagement. The Committee agreed that full access to membership information, such as on the members' only part of the website should not be made available to the Japanese schemes but IFIGS would continue to engage with the Japanese schemes from time to time.

3. Verkehrsoferhilfe e. V. (VOH)

JW updated the meeting on discussions with VOH. In Taiwan, the decision had been made not to accept VOH as a member due to its different mandate and purpose. JW had subsequently spoken to VOH, following a letter to JR, but no further action had been taken. Also MM had a telephone call with VOH and explained the background of the decision. It was not clear whether VOH and/or the German insurance industry remained keen to join IFIGS.

4. Observer Status

The status of an observer of IFIGS was discussed. The Committee agreed to consider observer status on a case by case basis, in particular whether to invite observers to IFIGS' events. The International Association of Insurance Supervisors (IAIS) had been accepted as an associate member of IFIGS, and would be invited and expected to participate in future meetings. IFIGS also became an observer of IAIS, so that members of IFIGS have access to the information of IAIS and can participate in meetings of IAIS. Peter Cooke and Julien Reid at IAIS were supportive of engagement by IAIS with IFIGS.

5. Evidence to support associate membership

JW invited the Committee to consider the status of an associate member of IFIGS and the evidence required of an intention to establish an IGS. For example, notwithstanding laws passed in 1980, an IGS had yet to be established in Egypt. In Hong Kong, two consultations had taken place but the Legislative was considering establishment of an IGS further. The Committee discussed to what extent concrete evidence or signs of commitment to establishing an IGS would be required before an applicant could be admitted as an associate member. The Committee agreed that evidence of a real or substantial commitment to the establishment of an IGS would be required. This may include legislation, regulations or discussions in parliament etc. The precise evidence or timeframe need not be particularised at this time but would be considered in the light of application. The Committee agreed that upon the establishment of an IGS any associate member for such jurisdiction (e.g. the supervisor) would no longer continue as an associate member and the relevant IGS may opt to become a full member.

6. IAIS

The Committee welcomed IFIGS' successful application for observer status of IAIS. IFIGS had confirmed to IAIS that it did not intend to set standards, following its terms of reference, and would have an inclusive approach to engagement with IAIS and IGS, focusing on identifying different characteristics of alternative schemes rather than standard setting or promoting particular models. AA reported that the Malaysia Deposit Insurance Corporation had attended the recent IAIS sub-committee meetings in Kuala Lumpur via IFIGS observer status, although not representing IFIGS. JR would be attending, representing Assuris, at the IAIS meetings in Quebec City this June. The Committee agreed to review the IAIS member calendar to identify and track IAIS activities of relevance to IFIGS, for example the insurance resolution work following the establishment of a Resolution Working Group by IAIS (RWG) recently.

7. IAIS Annual Conference

JR would be attending the IAIS annual conference, to be hosted in Amsterdam, in October 2014. Gordon Dunning of Assuris, AA and JW would also attend. JR may appear on a panel regarding policyholder protection or other issues relevant to IFIGS. The precise details would need to be agreed with Peter Cooke at IAIS. The Committee would assist the preparations for IFIGS' participation in the IAIS conference.

8. Position Papers

Further to the terms of reference, the Committee discussed the preparation of the first IFIGS position papers. The Committee reviewed a list prepared by JR (see Annex) setting out nine potential topics. The Committee also agreed that the preparation of actual case studies would be useful. JR, KBL and AK agreed to consider the preparation of case studies. The Committee recognised IFIGS's commitment to assisting research by others on relevant issues for IGS, for example assisting any further work of the Organisation of Economic Cooperation and Development (OECD) following its 2012 report.

After discussion, the Committee agreed that the first position paper would deal with issues of funding, reviewing different approaches and summarising the characteristics of the alternative funding models. The second paper might consider issues of coverage, suggested by JW, or issues of governance, suggested by JK/AK. A final decision on the second topic was not reached, but the Committee's inclination was towards a paper on governance.

Gordon Dunning of Assuris was willing to act as the lead author of the funding paper. MM and JW agreed to assist in an editorial capacity as well as to collect information on funding practices of IGS in Europe. Mr Dunning would circulate a work plan to the Executive Committee shortly, with the aim of publication in October. KBL and YM would collate funding practices of the IGS in the Asian region.

JW suggested that the Committee consider how IFIGS should engage with the current debate on insurance resolution, which was very topical for IAIS, insurers, and IGS. The Financial Stability Board (FSB) and IAIS were active in this area, developing resolution planning for globally systemic insurers. The Committee agreed that whilst not appropriate for a position paper at present, due to the importance and topicality of the issues, IFIGS would establish a sub-Committee to consider current proposals for insurance resolution. It was proposed that the objective/mandate of the sub-Committee as well as the pre-requisites to be elected on the sub-Committee be determined prior to developing a work plan on this issue. In addition, it was also proposed that, in particular, the sub-Committee would:

- collate information and updates, for example from IAIS, the European Commission, the European Insurance and Occupational Pensions Authority (EIOPA), FSB etc.
- seek to engage with the RWG to be chaired by Urs Halbeison (of FINMA, the Swiss Financial Market Supervisory Authority).
- report to the Executive Committee and members more widely.
- in particular, seek to nominate an individual to participate in the RWG.

The Executive Committee agreed to ask Peter Cooke for the list of RWG members and JR to discuss engagement with IAIS and forward a recommendation to IAIS regarding the potential IFIGS' representative on the RWG as well as the work plan proposal, once developed.

9. Website

JW reminded Executive Committee members to ensure full and correct links to the IFIGS website on their own websites.

JR reported the changes and updates undertaken at Assuris' expense to IFIGS's website, which assistance was appreciated by the Executive Committee. JR reported that Assuris had paid further Canadian \$4,600, and had spent a total of Canadian \$16,000 on IFIGS matters to date. The Committee acknowledged that it would need to consider the funding and budget of IFIGS shortly and could not continue to rely on the generosity of Assuris. KBL reiterated that TIGF will provide budget support to Assuris, where necessary and upon written request from IFIGS.

The Committee noted the planning for the Africa regional meeting in Nairobi from 27 to 28 October 2014, and for the next full meeting of IFIGS, to be in late May 2015 and hosted by the Spanish IGS in Madrid. The agenda for the two events would be developed as the dates approached. The Committee noted with thanks the offers to host received from the members in Kenya and Spain.

10. Other Issues

JK reported on the current arrangements for the meeting in Kenya and the intention to reach out to potential members in Africa and the Middle East. The Committee agreed with the proposal that the agenda needed to reflect and develop local interest and might consider matters such as funding, key considerations for an IGS and the development of insurance resolution. JK and JW would work on the draft agenda and circulate it to the Executive Committee, and then to members, by the end of next month (June) so that travel and other arrangements could be made before the summer vacation.

11. Summary

In summary, the Executive Committee agreed the following actions:

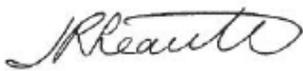
- KBL, JR and AK would consider the preparation of case studies,
- JW would discuss with Peter Cooke IFIGS's participation in the annual conference of IAIS,
- JW will ask Peter Cooke for the list of RWG members. JR would contact Urs Halbeison to discuss IFIGS's participation in the RWG. JW would consider the representative for IFIGS on the RWG,
- JR and Mr Dunning would consider the template for the funding position paper, to circulate to the Executive Committee shortly,

- JK would finalise and circulate the draft agenda and details for the meeting in Kenya on 27/28 October 2014,
- JR would draft and send letters to IGS not yet members of IFIGS to invite applications for membership. Those letters to African schemes would refer to the forthcoming meeting in Kenya.

There being no further business, the meeting closed.

Signed by:

Chair of IFIGS Executive Committee



Secretary of IFIGS Executive Committee



Annex: Position Papers of IFIGS, pb JR

Position Papers for IFIGS

The objectives of the Forum are to facilitate and to promote international cooperation between Insurance Guarantee Schemes and other stakeholders in the development of policyholders' protection. This is achieved through sharing ideas and experiences and discussing issues of mutual interest and concern. The Forum is a body of Insurance Guarantee Schemes and will communicate views, ideas and experiences to interested parties.

We propose to write papers supported by IFIGS on topics of relevance for IGS. These papers may be formally submitted to people we are trying to influence – IAIS, FSB, regulators... These papers may also be used for reference for other IGS or for jurisdiction looking to establish an IGS.

There are two types of format that we may use:

1. Pros and Cons - Write a principle-based paper that outlines the pros and cons of the methodology that supports these principles. This must be written in an objective manner making sure not to endorse a particular approach. These papers become a source of reference on how to establish or strengthen an IGS.
2. Profile – Write a paper that outlines the approach used by a specific IGS (defined by topic for the paper). This must be written by and from the point of view of the IGS. This could be presented by the IGS at a regional or Forum meeting. The publishing of this paper becomes part of the reference library on how specific jurisdiction have established the IGS.

Proposed Topics

1. Case Studies – country specific

- Experience with dealing with an insolvency in each specific jurisdiction (i.e. Union du Canada Failure – Assuris)

2. Funding an IGS

- Pre-funding
- Post-funding
- Liquidity

3. Resolution

- Bridge Institutions
- Run-off
- Sell business (transfer to another solvent company)
- Alternative resolutions

4. Resolution – respond to Financial Stability Board

5. Coverage

- Principles of coverage

- Proportional coverage / Levels of coverage
- Traditional life insurance / investment
- Moral hazard

6. IGS Governance

- Private / industry
- Government

7. Risk Management

- Approach to Risk Detection
 - Market
 - Credit
 - Strategic
 - Insurance
 - Operational
- Detection: Internal / Partnership with regulators

8. Member Relationships

- Management of members
- Support from industry
- Differential Premiums
- Risk based premiums

9. Legislative Needs

- Appeals process
- Appropriate powers
- Appropriate process