



International
Forum of Insurance
Guarantee Schemes

IFIGS

Ladies & Gentlemen:

Once again, thank you for selecting me to serve as chairman of IFIGS in 2019. I remain enthusiastic to collaborate with all of you this year to build upon the excellent work IFIGS has already done. It will take each of us, pulling in the same direction, to accomplish our goals.

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.

The insurance *promise* makes opportunity a possibility. Our support of it keeps the industry strong and gives comfort and peace of mind to policyholders.

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. 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.

A preview of what IFIGS can accomplish is found in the consultation paper published by the IAIS in mid-November. 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.”

IFIGS commented on the consultation paper and strongly objected to that statement. The offending comment was removed from the revised paper. 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. But 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.

London Meeting. We had a very successful first meeting of the Management Committee and Supporting Group in London on January 17-18. My approach to the meeting was to engage the participants at an aspirational level to build enthusiasm and generate ideas. From there we moved to more foundational and tactical discussions necessary to support the shared vision for the organization.

Alex Kuczynski was our very gracious host both business and socially in London. Those in attendance were:

1. Roger Schmelzer (U.S., NCIGF), IFIGS Chair
2. Carmen Radu (Romania), IFIGS Second Vice Chair
3. Cristina Neacsu (Romania)
4. Grant Kelly (Canada, PACICC)
5. Kuo-bin Lin (Taiwan)
6. Jörg Westphal (Germany)
7. Hyng Soo Sohn (Korea)
8. Sangjae Lee (Korea)
9. Sungbae Park (Korea)
10. John Keah (Kenya)
11. Miguel Angel Cabo Lopez (Spain)
12. Luis Javier Bonhome Gonzalez (Spain)
13. Alex Kuczynski (U.K.)

Sara Powell and Scott Kosnoff from our U.S. law firm were also in attendance to support our efforts, as was Karen Gibbons from Alex's staff. Among IFIGS members who have indicated interest in serving on the Supporting Group, only Singapore and Greece were unable to attend (and they were sorely missed). It was rather remarkable that so many members would attend so recently after our annual meeting in Bucharest.

We set three primary strategic objectives for IFIGS to attack immediately and formed working groups to manage them. The groups and their tasks are listed below with the chair of each group:

- **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)**
- **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.)**
- **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)**

If you'd like to serve on one of the Working Groups, drop me a note or contact the chair directly.

Chairs of these groups will participate in quarterly management committee calls (first one in late March) as we chart progress toward the strategic objectives. I will send you a report after each of the quarterly calls.

Additionally, we covered the following items of interest:

- **IFIGS Annual Conference.** As you know, the United States is hosting the annual conference this year. Peter Gallanis, my life and health counterpart, and I are in the process of confirming a hotel in Washington, D.C. December 3-5. We expect the event will feature presentations by insurance supervisors, representatives of international standard-setting bodies and insurance guarantee schemes. We will have an update and official invitations ready to go within the next few weeks.
- **Isle of Man membership application.** It pleases me to report that IFIGS has been contacted through our colleague Alex Kuzcynski about the possibility of membership. Jörg Westphal, chair of our Member Outreach working group, will spearhead the vetting process prior to putting the application up for a vote of the membership.
- **1st Vice Chair position.** We are still seeking a country to serve as 1st Vice Chair of IFIGS. The country in this position is next in line to serve as IFIGS chair in 2020.
- **IFIGS Staff support.** Scott and Sara have done an amazing job in support of IFIGS for several years now and they remain key advisors to us. We have also expanded our support team to include several members of my staff in Indianapolis. Their names appear on the cc line of this email. You will be hearing regularly from Emily Jurey on pure administrative functions. Barb Cox and John Blatt will be working on some ad hoc projects. Lynn Cantin and members of Peter Gallanis' staff will be putting together arrangements for the December Annual Conference. I wanted to make you familiar with their names.

Thank you all for your continued participation and support of our organization. I am excited about our future!

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