



Message from the Outgoing Chair

Dear IFIGS colleagues,

It has been an extraordinary year for many reasons. And given how much what happened in 2020 was unanticipated, I am really very proud to be able to report that our little organization has been able to make such substantial progress on our workplan for 2020.

We engaged with EIOPA and the EU on their exploration of the potential for the Harmonization of Guarantee Schemes within the European Union. I had the privilege of leading an international Special Working Group which produced an excellent work product...and earned us the opportunity to facilitate an EIOPA Workshop in Frankfurt – only days before COVID-19 forced a lockdown. We delivered real value to the team seeking to formalize recommendations for the EU Commission and the final result published just before yearend signals a significantly increased likelihood that more EU citizens will gain the benefits of policyholder protection via IGSs in the coming years.

We increased our engagement with IAIS and used detailed and comprehensive feedback from their Resolution Working Group on our Draft Framework Guidance. That feedback as well as input from other external sources has been fully incorporated into the Final version which was formally approved at our AGM in December. This Framework Guidance will be an essential component of all our go-forward strategies to build out a larger and more impactful IFIGS in the future.

We worked to deliver more value to our Members by increasing the amount of Information Sharing within IFIGS. We completed another Annual Member Survey the results of which are available on our Website. And we began the publication of this Quarterly Newsletter for internal and external distribution. And we have continued our efforts to expand our reach through larger Membership. I was thrilled to have the opportunity to welcome our first South American Member – COSEDE of Ecuador to IFIGS this year.

One of the biggest roles for a leader is to ensure a strong succession. With the deeply professional and experienced Yangig Cho of South Korea's KDIC as our new Chair, IFIGS is in fantastic hands for 2021. But looking out past this coming year, I was thrilled when PIDM of Malaysia nominated Afiza Abdullah to serve as our new Vice Chair and thus the Chair in 2022. She has been an active engaged Member all year...coordinating the tremendously successful IFIGS/PIDM Webinar in June. She is a committed, engaged leader, an effective communicator...and a believer in our vision for IFIGS.

Armed with our new Framework Guidance and led by a strong and committed Management Committee, I am convinced that IFIGS is better positioned than ever to engage with IAIS and other critical safety-net institutions to ensure that the benefits of policyholder protection continue to spread around the world. Onwards and upwards!

Alister Campbell
IFIGS Chair - 2020



Alister Campbell
President & CEO
PACICC, Canada

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The 7th IFIGS Annual General Meeting December 9, 2020



The International Forum of Insurance Guarantee Schemes held its 7th IFIGS Annual General Meeting virtually for the first time due to the ongoing COVID-19 pandemic. The Meeting was attended by about 50 parties from 20 Member organizations from 16 jurisdictions, including non-IFIGS Members as Observers.

The AGM started with an opening remarks and Management Committee report by **Alister Campbell**, President & CEO of PACICC and 2020 Chair of IFIGS, followed by reports of the Working Groups: Information Sharing, Member Outreach, and Profile Enhancement.

IFIGS Members unanimously approved adoption of the new IFIGS Framework Guidance, developed by the Profile Enhancement Working Group. The Working Group members included: Grant Kelly (Interim Chair); **Luis Velasco** (Incoming Chair, Ecuador); **Low Kwok Mun** (Singapore); **Javier Bonhome González** and **Miguel Ángel Cabo Lopez** (Spain); **Karen Gibbons** (United Kingdom); **Roger Schmelzer** (Second Vice Chair), as well as **Barbara Cox**, **Sara Powell** and **Scott Kosnoff** (United States).

AGM attendees welcomed **Juan Zschiesche Sanchez** (Senior Expert – Financial Crisis Management, EIOPA) and **Alex Hart** (Senior Insurance Regulatory Policy Analyst, U.S. Department of Treasury, Federal Insurance Office and Chair, IAIS Resolution Working Group) who shared very informative presentations about EIOPA and IAIS’s ongoing work as guest speakers.

New IFIGS Management Committee

At the AGM, IFIGS members unanimously endorsed **Yangig Cho** (KDIC, South Korea) as IFIGS Chair and elected **Afiza Abdullah** (PIDM, Malaysia) to serve as First Vice Chair for 2021. **Alister Campbell** (PACICC, Canada) will continue to serve as Second Vice Chair for 2021. Please join in welcoming them.



**Chair,
Yangig Cho**

**Executive Director
KDIC, Korea**



**1st Vice-Chair,
Afiza
Abdullah**

**General Manager
PIDM, Malaysia**



**2nd Vice-Chair,
Alister
Campbell**

**President & CEO
PACICC, Canada**



Key Activities from the Fourth Quarter, 2020

Launch of IFIGS Strategic Planning Working Group



IFIGS Strategic Planning Working Group (SPWG) has been launched to refresh the roadmap for IFIGS for the next three years. The current strategies, which are Profile Enhancement, Information Sharing and Member Outreach will be refined by the newly launched Working Group.

The SPWG, chaired by incoming 1st Vice-Chair Afiza Abdullah from Malaysia Deposit Insurance Corporation (PIDM), will conduct a survey to understand the needs and expectations of our Members with regard to the values that IFIGS provides to them in January. The survey results would help the Management Committee to chart a new IFIGS Strategic Plan for further development of the IFIGS.

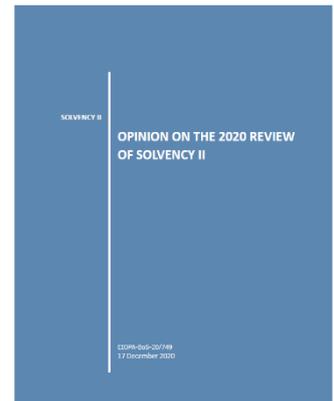
IFIGS Engagement with EIOPA

European Insurance and Occupational Pensions Authority (EIOPA) published its Opinion on the 2020 Review of Solvency in December in response to European Commission's request to provide technical advice for a comprehensive review of the Solvency II Directive. In the process, IFIGS had the opportunity to engage with EIOPA and the EU, delivering real value to the team seeking to formalize recommendations for the Commission on insurance guarantee schemes.

In the paper, EIOPA advises that every EU Member State should have a national insurance guarantee scheme (IGS) in place, and that the national IGSs should meet a minimum set of harmonized features in terms of role and functioning, coverage, and funding, etc. EIOPA also suggests to consider the harmonization of national IGSs in the broader context of recovery and resolution framework.

The engagement with the EU regulator was a milestone for IFIGS in enhancing our public policy engagement. Special thanks to IFIGS Members from Germany, the UK, Denmark, Spain, as well as the US and Canada for their dedication and hard work.

Link to the full report: https://www.eiopa.europa.eu/content/opinion-2020-review-of-solvency-ii_en



IFIGS Overview Video



The Information Sharing Working Group (ISWG) led by KDIC Team has created a video which provides an overview of IFIGS. The seven-minute-long video starts with basic information of IFIGS including its objective and legal basis. Then it gives a brief explanation on the fundamental concept of insurance guarantee scheme (IGS) and IFIGS membership categories. The video continues with the organizational structure and the latest activities of IFIGS to promote the cooperation and information sharing among the IGSs around the world.

ISWG is planning to use the video to enhance the awareness about IFIGS and attract new members to join the Forum.

The YouTube link of the video is as follows : <https://youtu.be/-iGmVe8XKoM>



IFIGS Member Profile: Danish Guarantee Fund

The Danish Guarantee Fund for Non-life Insurers (DGF) was established in 2003 when a small local non-life insurance company went bankrupt. The Guarantee Fund was more or less dormant until 2016, when Gable Insurance AG from Liechtenstein went bankrupt. It turned out that several thousand Danish property owners were insured in Gable Insurance and were not covered by any guarantee scheme. The Danish Parliament quickly adopted a law deciding that the Guarantee Fund should cover the Danish policyholders in Gable Insurance AG.

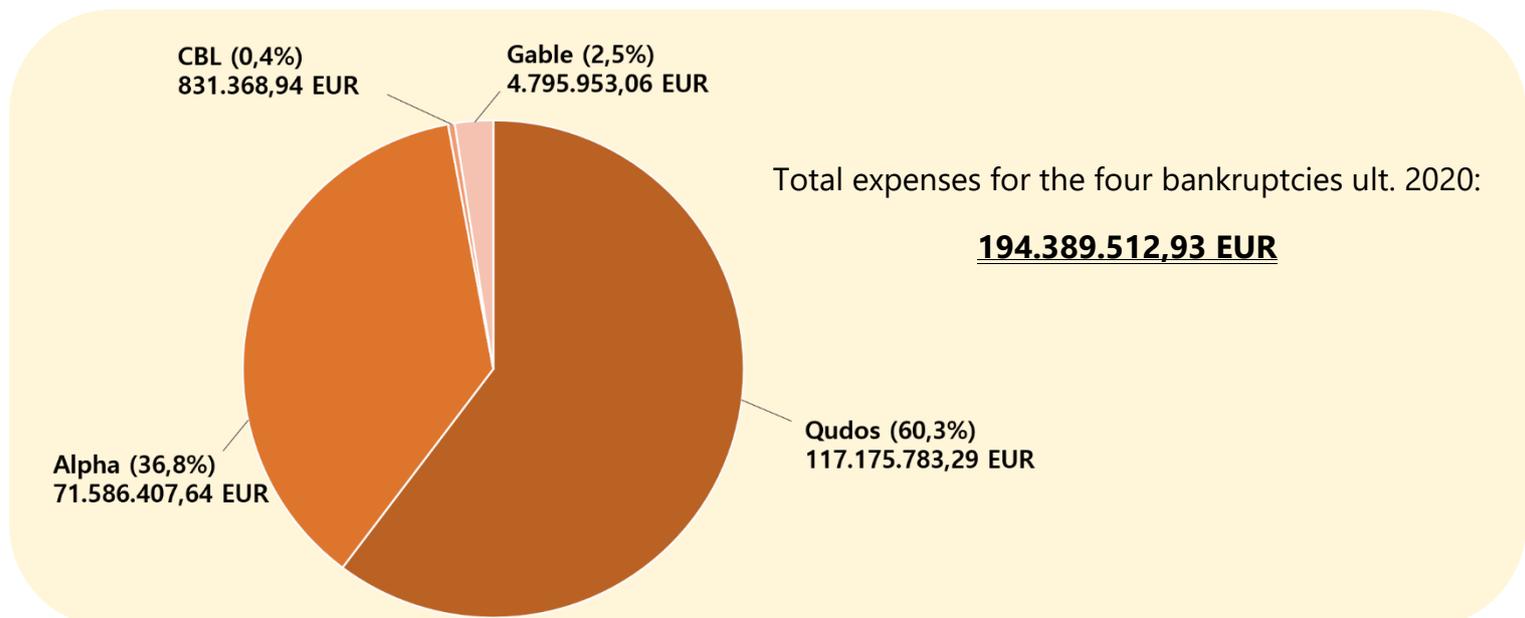
As a result of the bankruptcy in Gable Insurance AG and the lack of protection of the Danish policyholders, it was also decided that membership of the DGF from January 1, 2019 is a prerequisite for all EU/EEA insurance companies carrying out non-life insurance business in Denmark. Today, the DGF has 345 members – 57 members are Danish non-life insurance companies and 288 are EU/EEA non-life insurance companies operating in Denmark.

The DGF pays return premium and compensation for claims on all consumer policies in case of a bankruptcy. DGF also covers fire insurance for buildings for all types of properties and third parties insured against personal injuries or property damage under motor liability insurance. As a result of these coverages and because DGF until January 1, 2019 has applied the home-state-principle, the DGF has in two different cases (only one person) paid 20-25 mill. GBP on UK claims.

The DGF is at the moment handling four different bankruptcies – Two Danish bankruptcies with claims from all over Europe (11 countries), the Danish policyholders from the liquidation of Gable Insurance AG from Liechtenstein, and the Danish policyholders from the liquidation in the Irish company CBL Insurance Europe. The DGF expenses for the four bankruptcies amount to 194,389,512.93 EUR per year-end 2020.

When dealing with bankruptcy estates in other countries, the DGF has claimed administrative costs for paying customers (e.g. and furthermore claimed proceeds of reinsurance contracts). But the different judicial systems handle these claims differently and are often unwilling to pay. This is an obstacle, which makes the life of the Danish Guarantee Fund more complicated than necessary.

Expenses broken down on the four bankruptcies



GUARANTEE FUND
for Non-life Insurers



IFIGS Member Latest News

Brexit and FSCS Protection

The transition period which existed for the UK in regards to our exit from the European Union came to an end at 11pm on 31st December 2020.

Financial Services Compensation Scheme (FSCS) protection for UK-based customers of UK authorised firms will not change as a result of the UK leaving the European Union (EU). This means that in most cases existing FSCS protection will continue, including after the Brexit transition period ends at 11pm GMT on 31 December 2020.

However, FSCS protection may change if a customer and/or their firm is based in the European Economic Area (EEA). The EEA includes EU countries and also Iceland, Liechtenstein and Norway.

FSCS protection for insurance policies following the end of the Brexit transition period on 31 December 2020 will depend on a number of factors, including whether the insurer remains authorised in the UK, the location through which the policy was issued, the location of the risk insured, and whether the policy was issued before or after 31 December 2020. Consumers are being advised to check with their firm for more information.

More information on post Brexit coverage can be viewed at:
<https://www.fscs.org.uk/about-us/brexit/>

UK Insurance Company under Administration Process

East West Insurance Company Ltd (EWIC), a UK-based insurance company, entered administration on 12 October 2020. As a result, it is no longer paying claims. The firm had a portfolio of 10-15 year structural defects insurance policies. These transferred from Zurich Insurance plc in 2018. The structural defects policies were issued to home buyers by Zurich.

Richard Barker & Simon Edel of EY were appointed as joint administrators of EWIC. FSCS will work closely with them to ensure all eligible policyholders affected by the failure are protected. Armour Group will continue to manage EWIC's claims handling functions.

FSCS declared the firm in default on 12 October 2020 and we have stepped in to protect as many EWIC policies sold to UK individuals and small businesses as possible. We're working closely with EWIC's joint administrators, Ernst & Young, as well as the Financial Conduct Authority and the Prudential Regulation Authority



Annual Assessment of Contributions and Target Fund (COSEDE)

On December 2020, COSEDE presented to the Monetary and Financial Committee Board the annual assessment of the fixed and risk adjusted contributions and the target fund of the Private Insurance Guarantee Fund.

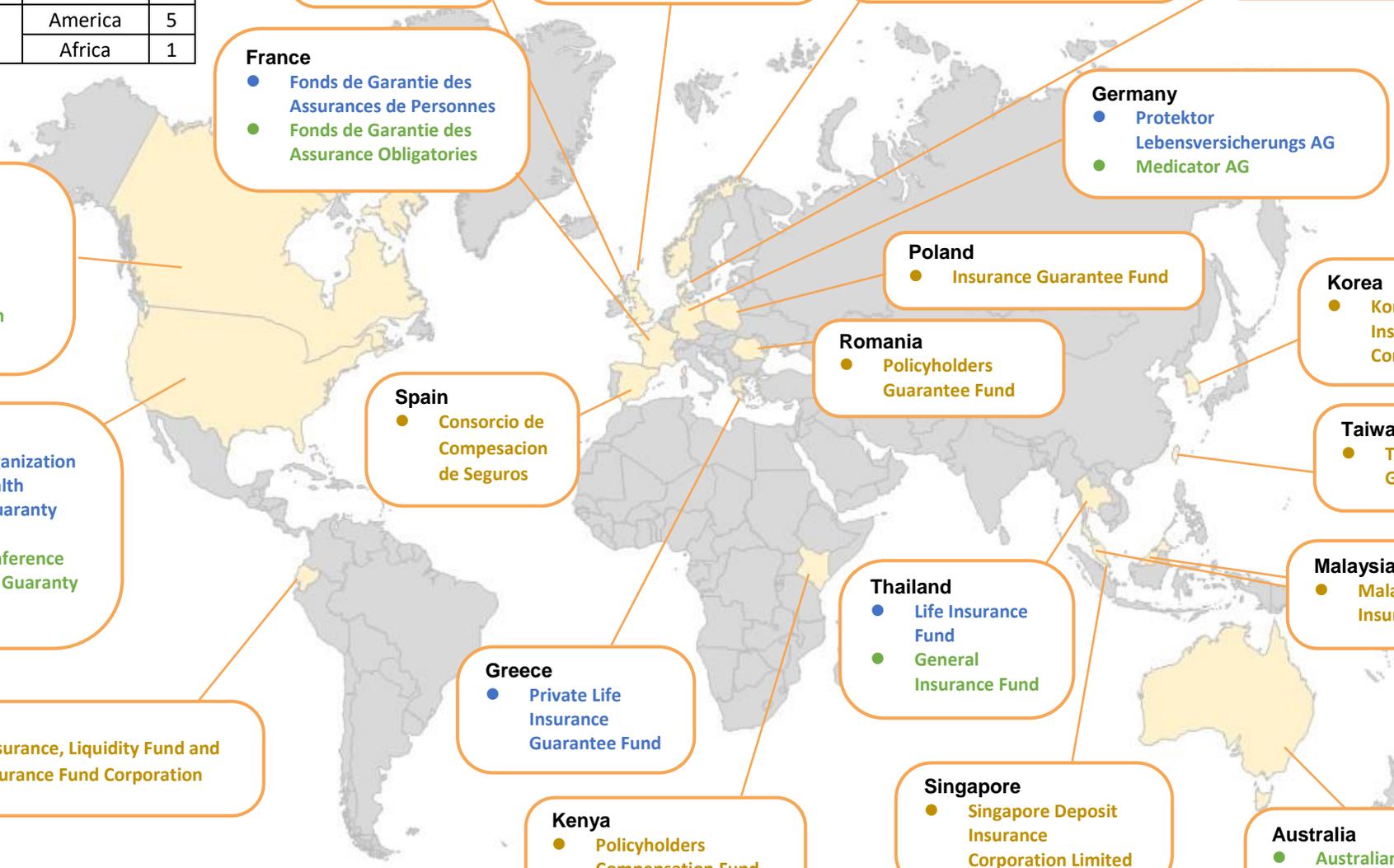
Regarding to the fixed and the risk-adjusted contribution, COSEDE recommended to keep the same contribution as in 2020 for the next year, considering the economic outlook for 2021 and the effects of COVID-19 in the insurance sector.

On the other hand, 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 95% confidence level and the COSEDE raised the amount of Target Fund for 2021.

IFIGS Members (as of December 2020)

Quick Look			
Membership		By Continent	
Full	25	Europe	12
		Asia	7
Associate	2	America	5
		Africa	1



Isle of Man
 ● Life Assurance Regulations

United Kingdom
 ● Financial Services Compensation Scheme

Norway
 ● The Norwegian Non-Life Insurance Guarantee Scheme

Denmark
 ● Guarantee Fund for Non-Life Insurers

France
 ● Fonds de Garantie des Assurances de Personnes
 ● Fonds de Garantie des Assurance Obligatoires

Germany
 ● Protektor
 ● Lebensversicherungs AG
 ● Mediator AG

Canada
 ● Assuris
 ● Property and Casualty Insurance Compensation Corporation

Poland
 ● Insurance Guarantee Fund

Korea
 ● Korea Deposit Insurance Corporation

United States
 ● National Organization of Life & Health Insurance Guaranty Association
 ● National Conference of Insurance Guaranty Funds

Romania
 ● Policyholders Guarantee Fund

Taiwan
 ● Taiwan Insurance Guaranty Fund

Spain
 ● Consorcio de Compesacion de Seguros

Malaysia
 ● Malaysia Deposit Insurance Corporation

Ecuador
 ● Deposit Insurance, Liquidity Fund and Private Insurance Fund Corporation

Greece
 ● Private Life Insurance Guarantee Fund

Thailand
 ● Life Insurance Fund
 ● General Insurance Fund

Kenya
 ● Policyholders Compensation Fund

Singapore
 ● Singapore Deposit Insurance Corporation Limited

Australia
 ● Australian Prudential Regulation Authority

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

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