

International Forum of Insurance Guarantee Schemes (IFIGS)

Terms of Reference May 27, 2015

1. Name

An international non-profit network named “International Forum of Insurance Guarantee Schemes”, abbreviated “IFIGS”, is established and shall hereinafter be referred to as “the Forum”.

2. Purpose

Insurance guarantee schemes are an important contributor to the stability of and public confidence in the insurance industry. 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.

To that effect, the Forum will develop activities related to its purpose, in particular:

- (a) Network and establish good working relationships among Insurance Guarantee Schemes and other interested parties;
- (b) Facilitate the exchange of ideas and experiences;
- (c) Discuss the components and experiences to establish and implement an effective Insurance Guarantee Scheme;
- (d) Develop common positions on the principles and best practices for policyholders’ protection taking into consideration the different jurisdictions, economic environments, industry circumstances and policyholder needs;
- (e) Discuss cross-border issues, including improvements in cooperation between the Members;
- (f) Discuss the application of legislation, official and proposed directives and guidance and any proposed changes thereto;
- (g) Conduct research and surveys and share results to enhance the effectiveness of the Forum and the Insurance Guarantee Schemes;
- (h) Provide information to other stakeholders and interested parties in the process of development of policyholders’ protection;
- (i) Interact with governmental institutions, supervisors, resolution authorities, insurance industry and other stakeholders in the development of policyholders’ protection and their national and international associations and institutions;
- (j) Represent the common interests of the Members;
- (k) Create working groups and/or permanent committees to focus on specific issues;
- (l) Organise and arrange congresses, seminars and other functions for the Members;
- (m) Promote and increase membership to the Forum.

3. General Provisions

- (a) The Forum will not have the power to set guidance.
- (b) The Forum will not have the power to make any binding pronouncements or create legitimate expectations on behalf of the Members.
- (c) The Forum can express the opinion of its Members or of the Members of a subgroup, subject to the agreement of such Members.
- (d) The Forum will facilitate, as far as it is able and as appropriate, the provision of assistance by one or more of its Members to other Members or organisations from any country which may contact it for that purpose.
- (e) The provisions of these Terms of Reference and the performance by the Forum of its activities, including any expression of the view of the Forum or its Members on a particular issue, will be without prejudice to sovereignty of the Members, including among others the performance by any Member of its activities or exercise of its powers under the laws applicable to it.

4. Membership

The Forum will have two membership categories:

- (a) Full Members;
- (b) Associate Members.

Stakeholders who do not fulfill the requirements to be a Full or an Associate Member may be involved in the activities of the Forum as an Observer by invitation.

The Full Members are responsible for the acceptance of a new Member or Observer. The responsibility for the acceptance may be delegated to a committee or subgroup of Full Members.

Members are free to resign from the Forum at any time.

5. Use of Terms

(a) Full Members

The category of full membership is aimed at Insurance Guarantee Schemes.

An Insurance Guarantee Scheme is a body that is mandated to provide last resort protection against loss of part or all benefits under the insurance contracts to policyholders, insured parties, beneficiaries or other eligible third parties, when an insurer is unable (or likely to become unable) to fulfil the commitments under its insurance contracts. While an Insurance Guarantee Scheme may possess broader powers, an Insurance Guarantee Scheme provides protection by paying compensation or by securing the continuity of the insurance contracts.

Umbrella organisations which coordinate activities concerning failures and offer services to individual Insurance Guarantee Schemes in a country or jurisdiction are eligible to become a full member.

For voting purposes each member has one vote. For NCIGF, NOLHGA and members from the United States of America they shall vote as follows: NCIGF and US-Insurance Guarantee Schemes protecting non-life business have one vote in total; NOLHGA and US-Insurance Guarantee Schemes protecting life business have one vote in total.

(b) Associate Members

The category of associate membership is aimed at an organisation which is in the process of establishing an Insurance Guarantee Scheme. A precondition for becoming an Associate Member is that the process of establishment has been undertaken or approved by the government or another responsible body and structured by law or relevant rules and the applicant is responsible for the establishment or will be responsible for the future operation of the Insurance Guarantee Scheme.

Associate Members will have the rights specifically granted to them by the group of Full Members. These rights shall not include voting rights.

(c) Observers

Observers are aimed at:

- a. Supranational organisations of:
 - i. Governmental institutions (defined as an international organisation whereby Member states transcend national boundaries),
 - ii. Supervisors;
- b. Insurance industry or any other interested stakeholders in the area of policyholders' or financial services consumer protection and Insurance Guarantee Schemes.

6. Organisational Structure

The Forum will establish a Committee to handle organisational issues e.g. communication between Members and preparation of meetings. Only Full Members may serve on this Committee. The Committee should have worldwide regional representation of the Full Members. The Committee should not exceed ten (10) people.

The term of a Committee-membership is two years in general and starts/ends with new election. A Committee-member could have in principle two terms without interruption. The Committee will appoint one Committee-member as a Secretary.

The Forum will elect one Committee-member as a Chairperson.

The Committee will seek to operate by consensus in matters of organisational structure and operation.

The Terms of Reference for the Committee shall be specified.

7. Meetings

An international meeting of all Members and observers will be held annually. All Members are requested to participate and to support the international meeting.

To reflect regional interests and common issues Full Members of the relevant regions may decide to hold regional meetings. To improve the sharing of worldwide experiences of Insurance Guarantee Schemes, the regional meetings should seek to involve Members of the Committee.

8. Financial Resources

The Forum is in its formative years. The Forum has not been formalised or officially registered but rather embraces the spirit of joint collaboration and cooperation. As such, there is no current need to establish a financial structure.

For International and Regional Meetings, the host country is currently incurring the meeting expenses. There is no registration fee. However, each participating Member or Observer is required to cover their travel and accommodation expenses.

The Forum may consider in the future formalising as an association. This may include establishing a registration fee structure to financially assist in the planning and cost of hosting meetings or other activities in the interest of promoting the Forum.

9. Confidentiality

In the course of fulfilling its objectives, the Members are subject to confidentiality provisions provided under their respective laws. As such, the release of any non-public information to a third party gathered through this Forum is prohibited without first consulting the owner of the information. The Members have the right to specify the level of confidentiality attached to the information they provide to the other parties in the Forum.

10. Amendments to the Term of Reference

Any amendment to the Terms of Reference will be approved by the Committee by extraordinary resolution. The Members will vote on the amendment by absolute majority.