

Insurance Regulatory Measures in Response to COVID-19

IFIGS Webinar – “Business Unusual: Normal, Disrupted”

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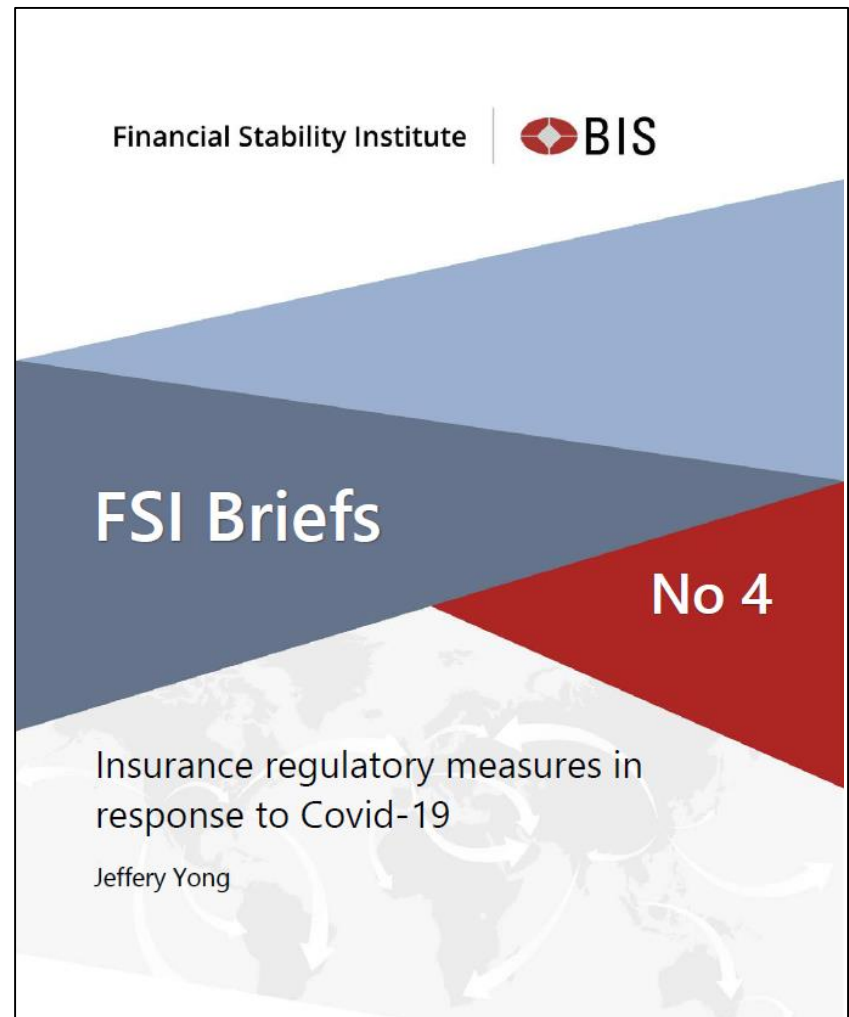
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Agenda

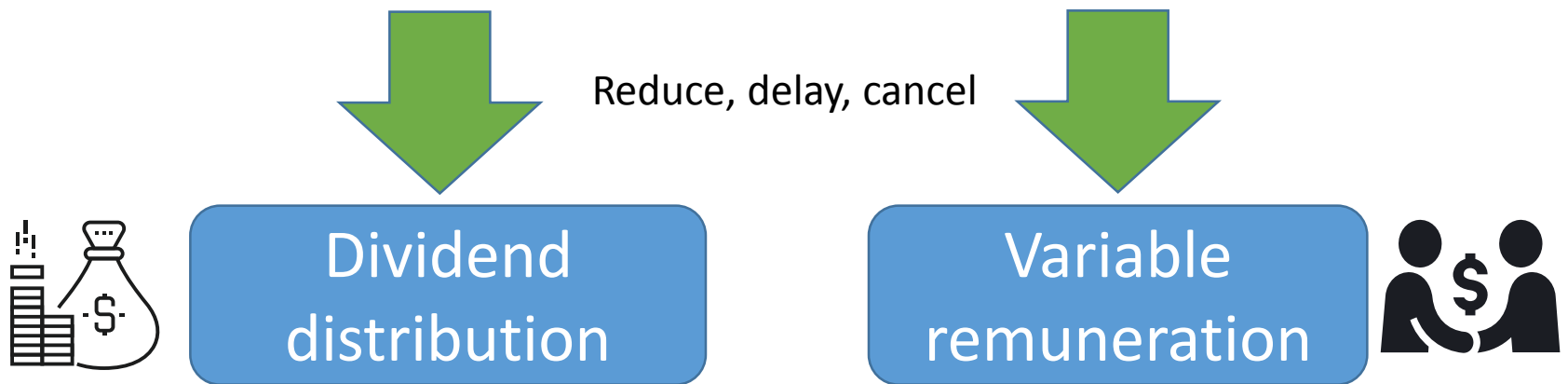
- New FSI Briefs publication series
- FSI Brief no 4 insurance regulatory measures in response to Covid-19
 - Capital conservation measures
 - Countercyclical capital measures
 - Regulatory and supervisory relief measures
 - Adaption of regulatory/supervisory processes
 - Measures to preserve provision of insurance services
 - Concluding remarks

New FSI Briefs publication series

- New FSI publication on regulatory and supervisory technical topics
- Currently focused on Covid-19 issues
- 8 papers and counting:
 - Overview of measures
 - Operational resilience
 - Expected loss provisioning
 - Public guarantees for bank lending
 - Bank dividends
 - Financial crime
 - Payment holidays
 - Insurance regulatory measures
- Available online:
<https://www.bis.org/fsi/fsipapers.htm>

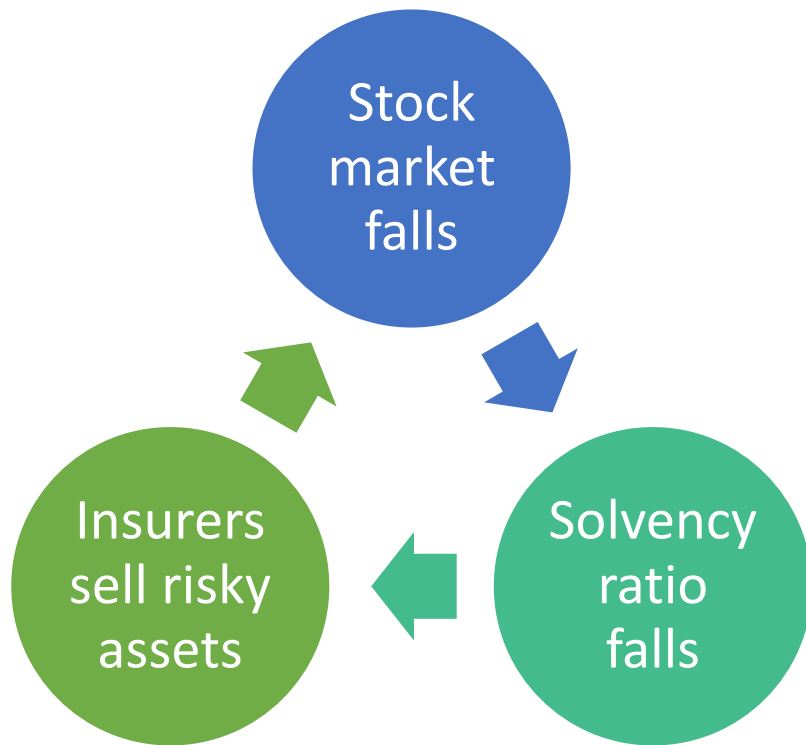


Uncertain impact of Covid-19



- Need for forward-looking view of risk exposure
- Stress test to assess dividend/variable remuneration 'affordability'
- Supervisory backing for insurers is helpful

Countercyclical capital measures



Examples of countercyclical capital measures

- Lengthening of supervisory intervention ladder
- Mechanisms to reduce technical provisions eg Solvency II volatility adjustment, matching adjustment
- Relaxation of investment limits
- Relaxation of capital requirements eg loan/premium deferrals not considered delinquent

Regulatory and supervisory relief measures

Two main objectives of regulatory/supervisory relief



Allow insurers to better manage Covid-19 exposures

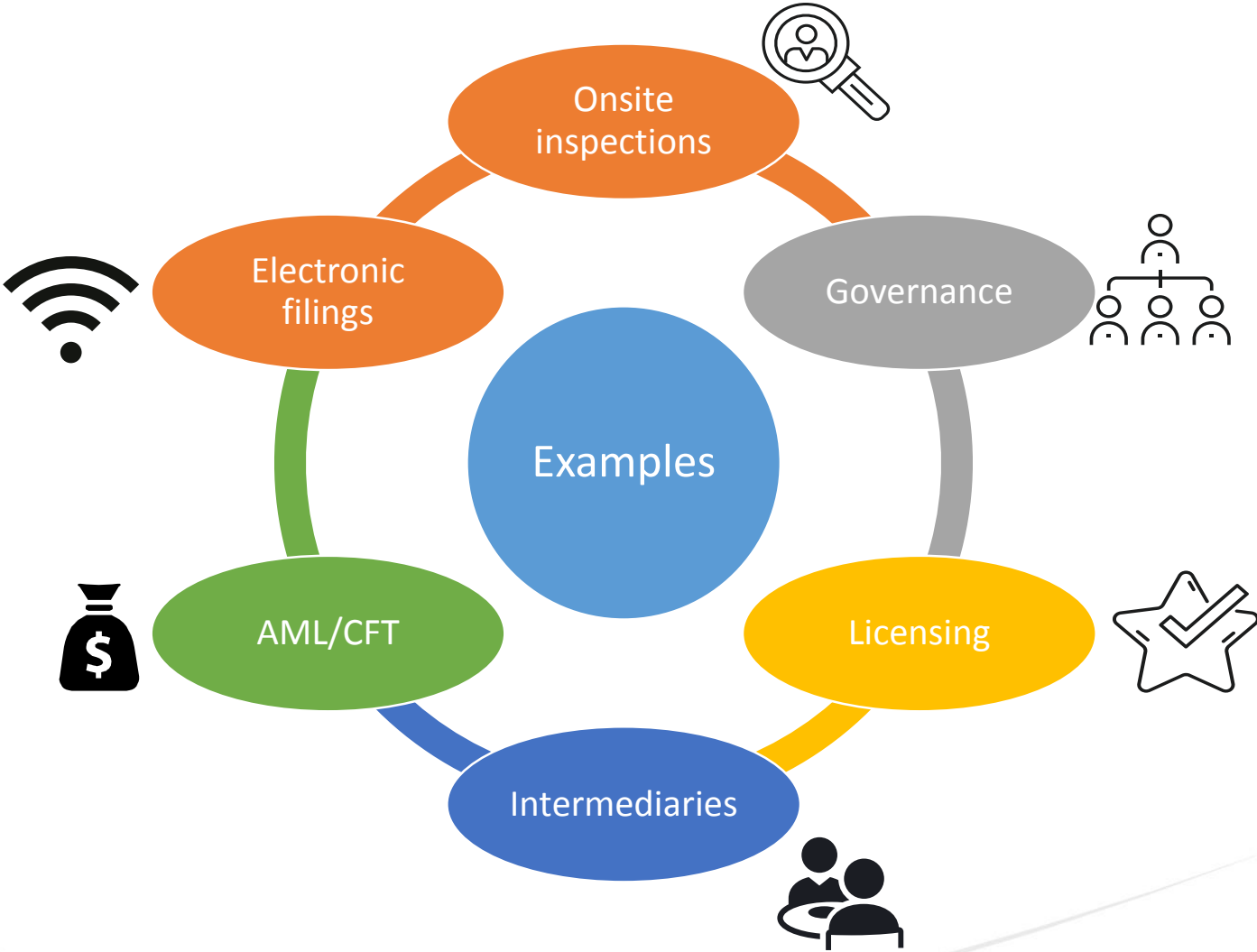


Allow insurers to preserve continuity of insurance services

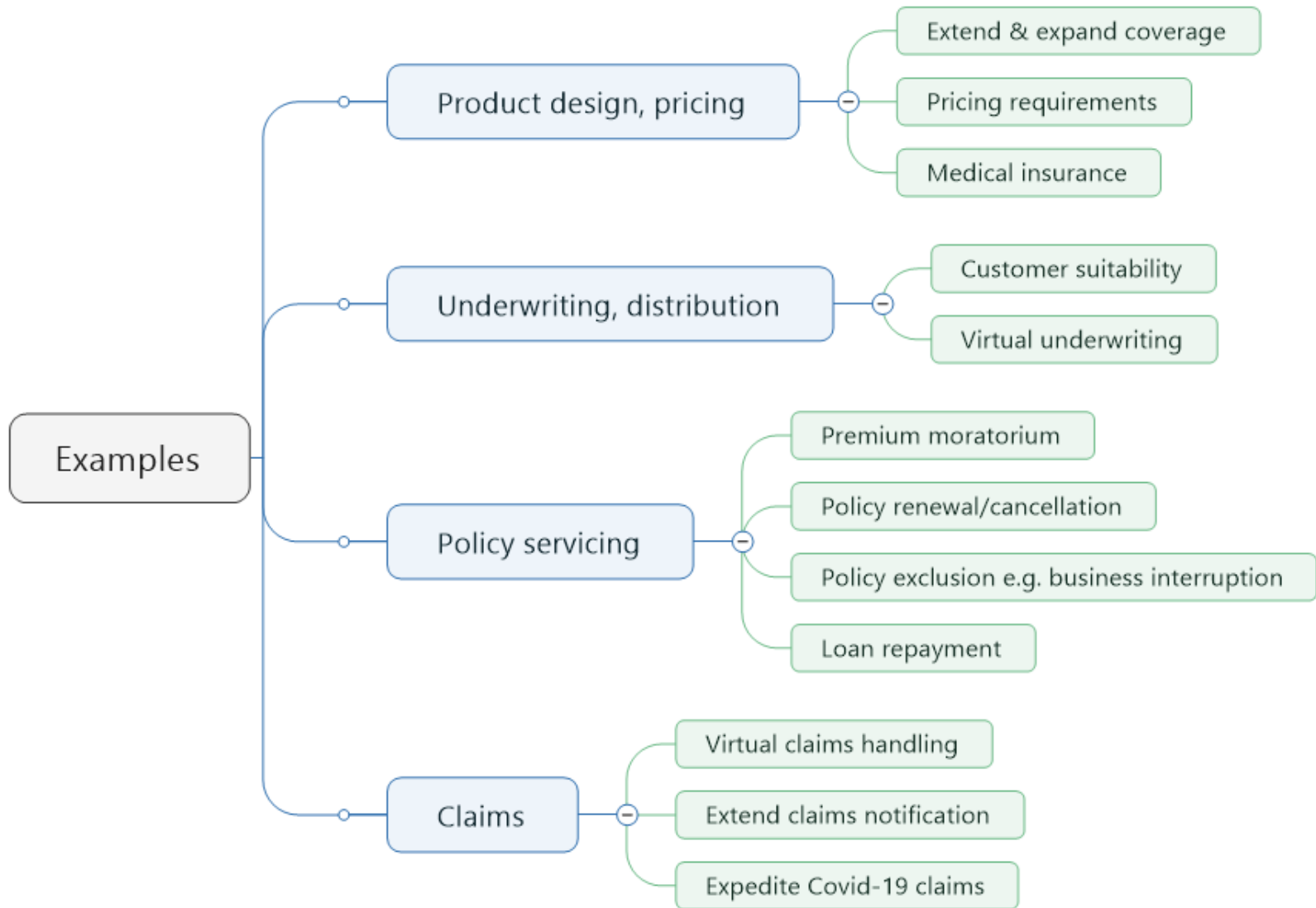
Examples of supervisory relief measures

- Postpone deadlines for regulatory submissions
- Postpone public consultation of new/updated regulatory measures
- Lowering of licensing fees
- Postpone deadline for penalty payments or proceedings
- Provide exemptions from sanctions for minor misconduct

Adaption of regulatory/supervisory measures



Measures to preserve provision of insurance services



Concluding remarks

- Sustained vigilance by supervisors and insurers
- Exit strategy
- Moral hazard by insurers
- Industry reputation

Thank you!