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What happens in Europe?

Some observations from a Norwegian perspective

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Outline

IRRD and IGS in the European Union

«Partial» IGS introduced covering parts of motor insurance only

The «Nordic battle»: the aftermath of Alpha Insurance

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Insurance Recovery and Resolution Directive (IRRD)

Still in the making

Rumours have it that it will be finalised this year

Criticised for being too similar to BRRD

Commission's proposal did not include IGS

Resolve rather that close of business to ensure continuation of coverage

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IRRD cont- EIOPA's involvement

Since the publication of EIOPA's Advice on the 2020 review of Solvency II in December 2020, not much progress has been achieved as regards IGS

- EIOPA published a comprehensive advice on IGS in the context of the 2020 Review of Solvency II proposing to introduce a European network of national insurance guarantee schemes or alternative mechanisms
- The European Commission did not take EIOPA's advice on board when the proposal for an Insurance Rcovery and Resolution Directive was published on 22 September 2021. In a Questions and Answers document, COM stated that:
  - "Introducing a minimum common framework for IGSs might entail significant implementation costs for insurers, in particular for Member States that do not currently have such a scheme, or where changes would need to be made to existing schemes to comply with the new framework.

EIOPA continues to promote the need for a minimum harmonisation of the Insurance Guarantee Schemes at EU level.

European Parliament's proposal:

- Require the European Commission, after having consulted EIOPA, to submit a report to the European Parliament and to the Council outlining the necessary steps to introduce minimum common standards for insurance guarantee schemes within the Union.

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Insolvency protection becomes mandatory in motor insurance

6th Motor Insurance Directive	• The appointment of Insolvency Body (IB)
Art. 10: National Guarantee Fund (GF)– uninsured and unknown vehicles	• The Norwegian Motor Insurers' Bureau (TFF) is already appointed • All EEA countries have this
Art. 10a: National Insolvency Body– a guarantee scheme for motor insurance (new)	• Does it replace existing national guarantee schemes or will they work together? National legislation must be drafted with this in mind. • How should the two coexist, what will the relationship between the new IB and the IGS be?

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Insolvency – Art. 10a and 25a

There needs to be an exchange of information between IBs (and existing guarantee funds) to be able to:

- Have correct information to compensate injured party
- Avoid double payments

The injured party shall within 3 months have

- Reasoned offer or reasoned reply
- Payment

Agreements to be concluded

- Between IBs
- Between PoV IBs
- Between existing guarantee funds

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Legal dispute between Norwegian IGS and Danish IGS

Danish Supreme Court ruled that Norwegian occupational injury insurance was not protected under the Danish IGS

Norwegian Government will advance payments to those not covered by Norwegian IGS

Danish IGS has sued the insolvency estate of Alpha Insurance claiming a super-priority

If accepted - little or nothing left to those not protected by an IGS, nor to reimburse IGSs (subrogation) in host member states	De facto discriminates clients in host countries	Will Danish insurers continue to access the single market?

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