MINISTERIO
DE ASUNTOS ECONÓMICOS
Y TRANSFORMACIÓN DIGITAL

International
Forum of Insurance
Guarantee Schemes
IFIGS

CONSORCIO DE
COMPENSACIÓN DE SEGUROS

CCS´ WINDING-UP ACTIVITY

MINISTERIO DE ASUNTOS ECONÓMICOS Y TRANSFORMACIÓN DIGITAL

CCS LIQUIDATES INSURERS AND PROTECTS INSURANCE CONTRACT CREDITORS (ICC)

CONSORCIO DE COMPENSACIÓN DE SEGUROS

General information

- ✓ Tasks related with general winding-up scheme performed since 1984, first, by Comisión Liquidadora de Entidades Aseguradoras and, since 2002, by CCS which is a Public Entity.

How does CCS operate?

- ✓ The Minsitry of economic, affairs, and digital transformation, entrusts CCS to perform the liquidation of insurers, compulsory when they are insolvent, and also, CCS may be entrusted when they are solvent.
- ✓ When the insolvency of the insurance company has been stated by the Commercial Court, CCS must be appointed as bankruptcy administrator by the Court.

Which are CCS functions?

- ✓ Protect insurance contract creditors. This is achieved not only by improving the claim amount recovered (usually 100% of the amount of the claim), but also by the anticipated satisfaction in time of the claims. The CCS purchases the ICC with it`s own funds and takes over the legal position of ICC.

How does CCS get funds?

- ✓ Ex-ante and compulsory funding system : a tax-type surcharge levied upon non-life premiums at a flat rate of 0,15%, collected by insurers.
- ✓ Income from investments.
- ✓ Recoveries from the creditors plan.

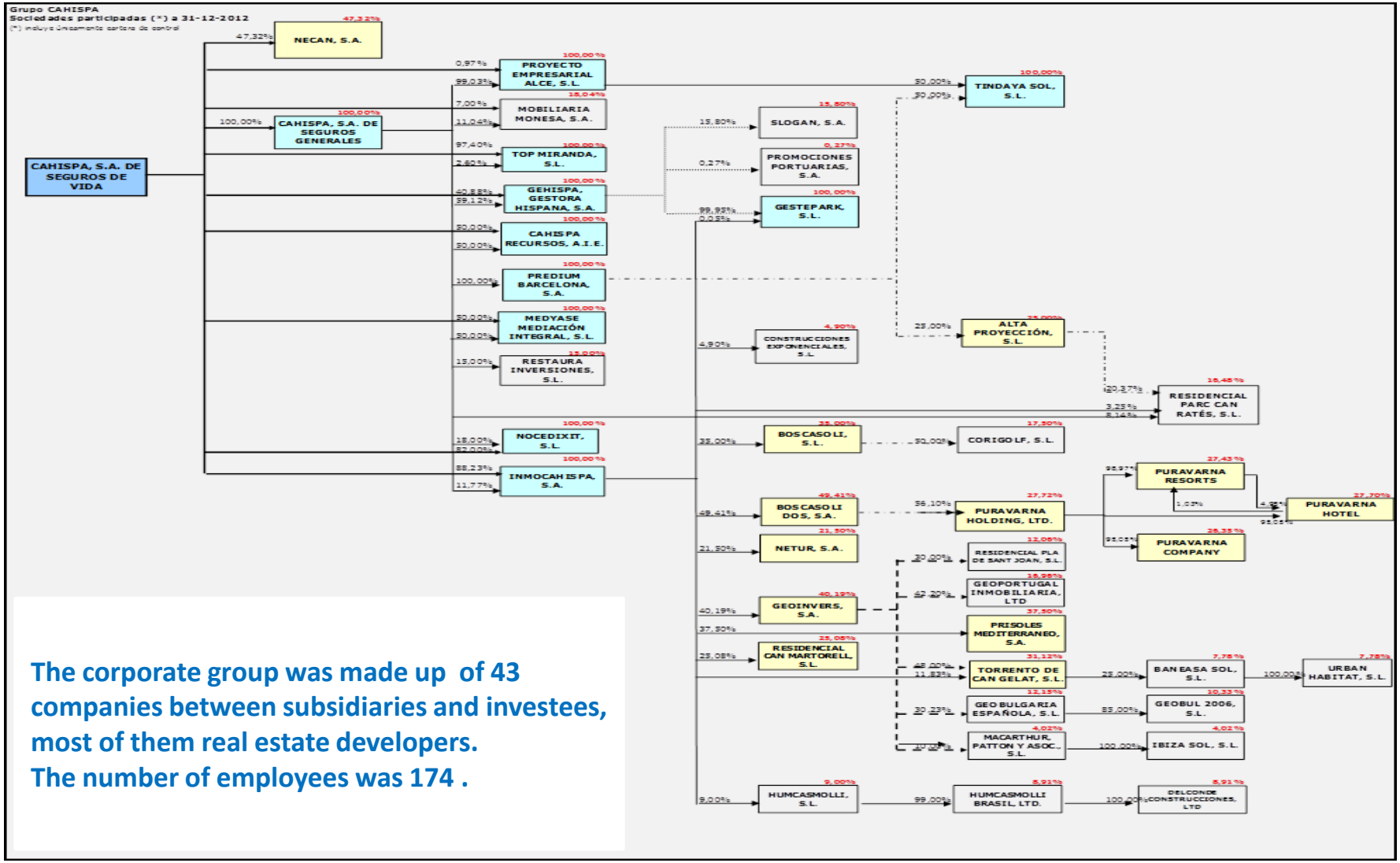
What is the scheme participation?

- ✓ Host state principle applies for financing the system.
- ✓ Non life premiums.

What is the scheme coverage?

- ✓ Home state principle applies in relation to the protection offered by the system. CCS may only wind-up insurance companies whose headquarters are located in Spain. All the ICC of the Spanish company in liquidation are covered, whatever kind(natural person or legal entity), public or private, whatever insurance line concerned(life and non-life) and whatever the amount claimed.

CAHISPA GROUP WINDING UP PROCESS



The corporate group was made up of 43 companies between subsidiaries and investees, most of them real estate developers.
The number of employees was 174 .

CAHISPA VIDA, BACKGROUND INFORMATION

- In the Spanish insurance market since 1929
- Life insurance company
- Holding company of Cahispa Group
- Life Insurance Portfolio December 31st 2012

Products	Policies	Premiums	Technical provisions
Long term guarantee	21,692	€12.1 M	€ 202 M
Unit Link	2,873	€3.4 M	
Systematic saving individual plans (PIAS)	198	€0.21 M	
Short term guarantee	1,568	€22.62 M	

CAHISPA VIDA, BACKGROUND INFORMATION

- Since 2007 the Spanish Supervisor has been taking the corrective measures necessary to protect policyholders by TYING and prohibiting the free disposal of all the assets.

- By Decision on January 14th 2013 the Spanish Supervisor took the measure that consisted in FORBIDING Cahispa from providing new insurance contracts.

- By Ministerial Order January 25th 2013 the Ministry of Economy :
  - Ordered the disolution of Cahispa Vida
  - Triggered the CCS to wind-up the Company
  - and withdrew its licence to operate in the insurance sector.

- All the insurance contracts were cut-off by the Insurance Supervisor from February 28th 2013.

CAHISPA GENERALES, BACKGROUND INFORMATION

- In the Spanish insurance market since 1946.
- Non-Life insurance company.
- Non-Life Insurance Portfolio December 31st 2012.

Bussines line	Policies	Premiums
Accidents	13,729	€2.6 M
Car insurance	14,849	€5.1M
Home insurance	24,558	€4.2 M
Decease	26,733	€5.1 M
Rest of bussiness	9,382	€2.8 M

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CAHISPA GROUP WINDING UP PROCESS

CONSORCIO DE COMPENSACIÓN DE SEGUROS

Liquidation cost €8M of which 75% corresponds to severance and employees salary expenses

CAHISPA VIDA WINDING-UP

CCS´ TAKEOVER

FIRST PART

M.O.

01/25/13

- Portfolio transfer, if possible
- Early maturity of insurance contracts
- Staffing decisions (collective dismissal)
- Public attention
- Audit reports
- Provisional balance
- Decisions about group and associated companies
- For insolvent entities, clarify and report criminal responsabilities.

SECOND PART

- CDAL determines level of protection of policyholders
- CCS purchases insurance contract credits
- Sale of assets: 360 properties for € 46.5 Millions
- Recognise liabilities
- Cut-off reinsurance and coinsurance contracts
- Manage the insurance company
- Winding-up Balance

CDAL MEETING

04/23/13

PURCHASE OF CREDITS

PURCHASE OF INSURANCE CONTRACT CREDITS 30/09/2020		
TOTAL INSURANCE CREDITS	€202M	33,928
CREDITS PURCHASED	€189M	25.802

THIRD PART

CREDITORS MEETINGS

CAHISPA GENERALES 12-21-17

CAHISPA VIDA 12-21-20

- Peformance of the liquiation plan 42,98% recoverd
- Payments and deposits
- Final balance
- Return to shareholders, for solvent entities
- Extinguish and cancellation of the insurer

EXTINGUISH

MEANWHILE

• CAHISPA GENERALES HAS TRANSFERRED NON-LIFE PORTFOLIO:The public disclosure took place on February 4th 2013. The whole transfer price was:

- €10M

- occupation for 40 employees of the Cahispa Group