IFIGS
Success Stories

Featured Insolvency

- ***Company*** **International Life A.E.A.Z (International Life)**
- ***Insurance*** **Life**
- ***Country*** **Greece**
- ***IGS*** **Private Life Insurance Guarantee Fund (PLIGF)**

About International Life

International Life was a medium-sized Greek life insurance company, providing life and health insurance products, as well as savings and unit-linked insurance policies. The company faced capital pressures during preparations for the implementation of the Solvency II Directive and, in 2017, its operating license was revoked following enhanced supervisory intervention. To date, it remains the only Greek life insurance company whose license has been revoked under the Solvency II Directive.

Causes of the International Life Failure

The revocation of the company's operating license was linked to significant solvency and capital adequacy weaknesses:

- The company's own funds were insufficient to cover the Minimum Capital Requirement (MCR)
- Despite supervisory measures, the company was unable to implement the required capital increase
- Significant shortcomings were identified in the company's compliance with Solvency II prudential and regulatory requirements

Impact on Policyholders

The company's liquidation affected approximately 5,000 policyholders with life insurance policies (excluding hospital care coverage). Following the revocation of the company's license in May 2017:

- The company's obligation to pay premiums and other benefits was suspended
- The company's assets were frozen
- Insurance contracts remaining under liquidation were automatically terminated 30 days after the license revocation, in accordance with the Solvency II framework
- Policyholders were invited to participate in the claims submission and validation process.

The claims submission and validation process was initiated in November 2017 by the insurance liquidator. The PLIGF subsequently received the complete list of policyholders in July 2019.

Role of the PLIGF

Following the revocation of International Life's license, the PLIGF attempted to transfer the life insurance portfolio to another insurer; however, the portfolio transfer could not be completed. Subsequently, the PLIGF proceeded with compensation payments to 4,982 policyholders, amounting to a total of EUR 23.987 million, covering 99.7% of eligible claims. The small number of uncompensated cases concerned policyholders who did not submit the required supporting documentation.

Lessons Learned

The International Life case highlighted the importance of effective coordination among supervisory authorities, the insurance liquidator and the Insurance Guarantee Scheme (IGS).

The key lessons learned were the following:

- Early supervisory intervention within the Solvency II framework is critical to preventing the disorderly failure of insurance undertakings
- Portfolio transfer tools may ensure continuity of insurance protection and mitigate losses for policyholders and beneficiaries
- IGSs play a critical role in policyholder protection in cases of insurance undertaking insolvency.

About PLIGF

The PLIGF was established in 2010 with the purpose of protecting policyholders against financial loss arising from the insolvency of an insurance undertaking, while also supporting the stability and confidence of the insurance market.

The PLIGF is financed through contributions levied on member insurance undertakings and policyholders, and provides coverage for life insurance policies, excluding hospital care coverage. Compensation coverage is capped at:

- *EUR 30,000 for maturity benefits and policy surrender values, and at*
- *EUR 60,000 for death benefits and permanent total disability claims.*

The PLIGF is activated immediately upon the withdrawal of an insurance undertaking's operating license, with the aim of preserving and transferring all or part of the life insurance portfolio of the insurer under liquidation to one or more other insurance undertakings.

Where a portfolio transfer cannot be successfully completed, the life insurance contracts are terminated and settled, and compensation is paid in respect of policy values, outstanding claims and payable insurance benefits.