

FSB outreach event on Resolution planning for insurers: Critical Functions and Digital Innovation

20 June 2023 13:00 – 14:30 CEST

Summary Agenda

Based on short presentations of the FSB's work on insurers' critical functions and on digital innovation, this virtual outreach event aims to discuss key resolution planning issues from the perspective of the insurance industry. It is an opportunity for stakeholders to enter a dialogue with the authorities, share views, comment, and ask questions.

1. Identification of Critical Functions [13:00 – 13:45]

Objective: To discuss industry's views on the variety of products and functions of insurers that could be critical for financial stability and the real economy and on the information and methodologies for assessing their criticality.

Issues for discussion:

- Which **methodologies of assessment** developed in the FSB guidance and preparatory work are, from an industry point of view, the most relevant for assessing the criticality of insurers' functions for financial stability and the real economy? In view of the large variety of products and functions of insurers, should different criteria apply to different types of products and functions?
- Which types of **information** and preparatory work **to support the assessment** developed in the FSB guidance are easy to provide from the perspective of the industry, and which elements pose challenges? What further information could support the assessment?
- From an industry perspective, what is the most relevant information and assessment to consider for supporting the identification of critical functions in relation to (i) insurance payments that are vital to **individuals' financial security**, (ii) insurance coverage that is a precondition for individuals to go about their **daily lives** or (iii) insurance coverage that is a precondition for **economic activity**?

2. Critical Functions and Digital Innovation in Resolution Planning [13:45 – 14:30]

Objective: To discuss stakeholders' views on the opportunities and challenges that digital innovation may bring to the identification and continuity of critical functions of insurers and more generally to resolution planning for insurers and the execution of resolution action.

Issues for discussion:

- How does **digital innovation** in the insurance sector, for example increase of contactless and smart insurance contracts, reliance on outsourcing for digital services, and use of artificial intelligence or of innovative storage such as cloud services, affect the potential impact of the **sudden discontinuation** of an insurer's (critical) functions? How does it affect the **substitutability** of an insurer's (critical) functions?
- How can digital innovation contribute to **facilitating the continuity** of critical functions of insurers in situations of crisis and resolution? What are the **challenges** that digital innovation can bear for the continuation of critical functions of insurers in such situations?
- More generally, how can digital innovation **facilitate resolution** planning for insurers and execution of resolution action, for example with a view to improving reporting, data quality and analysis, and the implementation of resolution action? What **challenges** does digital innovation create for resolution planning and execution for insurers, for example in the context of social media or digital contracts?