Institute and Faculty of Actuaries

Recovery and Resolution planning

17 December 2014

Overview of Recovery and Resolution planning

What are Recovery and Resolution?

- **Recovery** means maintaining operational and financial capability and meeting regulatory requirements to continue insurance cover and pay policyholder benefits in full without financial assistance from FSCS.
- **Resolution** applies in the event of failure or prospective failure and means ensuring that claims are paid and securing continuity of insurance cover (possibly at reduced levels, subject to policyholder protection minima), or winding up the insurer and paying compensation. Financial assistance from FSCS may be required.

Regulatory approach implications of FR8

The PRA released PS5/14 in June 2014 introducing new Fundamental Rules ("FRs").

"*A firm must prepare for resolution in the event of failure so, if the need arises, it can be resolved in an orderly manner with a minimum disruption of critical services*."

Fundamental Rule 8

- Like all FRs, **FR8 will apply to all insurers**
- But….no detailed rules concerning the provision of resolution information to the PRA
- Discussions therefore vary depending upon insurers' systemic importance, proximity to failure, or other reasons
- Expectation that insurers will be responsive to discussions as they take place
- Compliance will need to be judged in the context of an insurer's own perception of its resolvability
- The PRA will consult as appropriate as requirements for insurers are developed in the future
- FCA will also review recovery plans, looking at conduct related implications of recovery options and management of conduct risks throughout recovery and resolution

Context

- The financial crisis highlighted complexity and inter-connectedness of banks and potential systemic impact of a failure. Could insurance be similar?
- In November 2011, the International Association of Insurance supervisors (“IAIS”) published its “Insurance and Financial Stability” report .
- It records that insurers carrying out traditional insurance activities “were largely not a concern from a systemic risk perspective” in the financial crisis of 2008-09.
- In particular, key arguments why insurers may not be a concern are:
  - Insurers have wider, more diversified risks (and underwriting risks tend not to be correlated with market risks)
  - Insurers tend to have long term illiquid liabilities, so are not susceptible to “runs” in the same way as banks.
  - Insurers are less interconnected with the broader economic cycle and with each other.
  - Within the insurance sector competition and substitutability is high.
- However, there are some potential areas of potential concern:
  - Insurers engaged in Non-Traditional or Non-Insurance (‘NTNI’) activities were more vulnerable and “more likely to amplify, or contribute to, systemic risk”. (AIG for example)
  - Failure of a dominant insurer in certain market niches,.
  - Price volatility in the wake of large natural catastrophes..
  - Connections with financial markets through the investments an insurer makes and through capital raising or debt issuance.

Application

- The high-level requirements for firms relating to recovery and resolution are set out in FR8 in the PRA Rulebook. **These rules apply to all PRA regulated firms**.

- Recovery and Resolution Planning therefore applies to all PRA regulated firms in meeting the fundamental rules set out by the PRA; however it should be noted that there are differing degrees of detail required by a firm dependent upon its potential impact on financial stability and on policyholders in the event of failure.

- In November 2011, the Financial Stability Board ("FSB") paper "Key Attributes of Effective Resolution Regimes for Financial Institutions" was endorsed by the G20 Leaders as the international standard for resolution regimes. This is to be supplemented by supporting information that relates directly to insurers.

- It is intended that the Key Attributes should apply to "any insurer that could be systemically significant or critical if it fails". In particular, all insurers designated as Globally Systemically Important Insurers ("G-SIIs") will fall under the scope of the Key Attributes.

- There is a requirement for a proportionate approach under FR8. It is noted from CP2/14 that *"the manner in which a firm is expected to show compliance [with FR8] will be determined by the type of business it carries on. What constitutes a 'critical service' will be determined by reference to the PRA's general objective and, for insurers, its insurance objective.*

- The amount of information a firm is required to provide under FR8 will therefore vary depending on an assessment of that firm's criticality.

The need for Recovery and Resolution planning

- Long-term, seamless continuity of insurance is paramount for life insurance:
  - Pension income is critical for the welfare of the population
  - Rearranging coverage of long term commitments is difficult and expensive
  - For Life insurance, securing long-term continuity of coverage is subject to a range of potential obstacles
  - There may well be additional complexities for UK subsidiaries or UK branches of foreign insurers

- For P&C insurance:
  - short term continuity of cover is normally sufficient
  - however, payment of outstanding claims and maintenance of payments under Periodical Payment Orders ("PPOs") is also important, as these payments are designed to cover the needs of the individual

- If continuity cannot be secured (more likely if the failed insurer is based outside the UK), then nature of compensation becomes an issue
  - Valuing the lost cover is non-trivial (e.g. reflect individual circumstances, including health; tax impact)
  - Equitable Life is a lesson in this respect
  - Policyholder protection in the COMP rules needs to be readily achievable in practice, otherwise this will exacerbate a failure as well as hitting confidence and bringing protection into disrepute.

- Recovery in the UK can take a number of forms, it could be that recovery is possible at some group level but certain subsidiaries may require solvent or insolvent closure, possibly requiring a restructuring of liabilities and financial support from FSCS .

- Resolution in the UK is likely to involve restructuring liabilities and financial support from FSCS.
  - Tax issues and pensions regulations can complicate matters
  - Sale of business and run-off are other options

- A clearly defined trigger for what constitutes a need to invoke the recovery plan will enable firms to better prepare and respond. A 'point of non-viability' needs to be clearly set, at which point the recovery plan needs to switch to a resolution plan.

PRA's approach to Recovery and its expectations of Insurers

PRA's approach to recoverability

The PRA's two primary objectives for insurers are i) to promote safety and soundness and ii) policyholder protection.

To meet these objectives, it is important that insurers can recover capital and liquidity stability, or exit the market in an orderly manner, preserving their critical economic functions and minimising adverse effects on financial stability and the wider economy.
This should be done without exposing taxpayers to loss.

In assessing insurer's recoverability, the PRA will take into account:

- The structure of the group to which a firm belongs;
- The critical economic functions carried out; and
- The robustness and feasibility of the recovery options identified

PRA's expectations of Insurers

- To have completed and signed off a robust Recovery Plan
- Within this plan, to have agreed a point of non-viability and identified scenarios which get insurer close to that point
- To have identified a number of recovery options, and assessed the benefit and feasibility of each option
- To have clarity on dependencies that may limit any freedom of action
- Analysis of the critical economic functions provided by the insurer and the potential consequences if these were disrupted
- Information on shared services which are necessary to maintain those critical economic functions
- Information on any non-traditional insurance activities (such as collateral upgrade transactions or liquidity swaps) undertaken by the firm which could lead to contagion elsewhere in the financial system
- To set up credible steps to maintain or restore their business to a stable and sustainable condition in the event of stress.

The more serious the impact is, the greater the degree of supervisory focus that will be applied as set out in the Proactive Intervention Framework*

*http://www.bankofengland.co.uk/publications/Documents/praapproach/insuranceappr1406.pdf

Building on what we do now

As-Is State			Recovery Plan		Resolution Plan
Overview and Governance	**Ops Structure and Current Exposures**	**Risk Assessment**	**Stress Testing**	**Recovery Plan**	**Resolution Plan**
Business plan and overview	ALM reporting –credit concentration	ORSA analysis	Scenario analysis	Liquidity contingency plans / facilities	Business Continuity Planning
Risk Appetite Statement	Legal entity documentation	ORSA/Internal Model reports and documentation	Other stress testing, inc RST	Capital management	Intra- Group Agreements / outsourcing
Risk vision and policy excerpts		Emerging risk assessment			

Recovery Plan

PRA Stages of recovery planning

The PRA's 'proactive intervention framework' sets out 5 stages of 'crisis' within which different recovery options are considered :

Stage 1	**Low risk of viability to insurer:** Insurer will be required to plan for stressed conditions, identify appropriate recovery actions and/or exit strategies with resubmission every 2 years thereafter
Stage 2	**Moderate risk of viability to insurer:** Insurer will be required to reassess recovery actions and exit strategies. The PRA may set additional reporting requirements , require realignment of capital and restrict activities
Stage 3	**Risk of viability to insurer, absent any action by the insurer:** Insurer will be required to submit a recovery plan in a timely manner and initiate recovery actions which may include capital raising, asset disposal, sale/transfer of insurance business, confirmation of the adequacy of P&C loss reserves, changes to management. The PRA may restrict new business.
Stage 4	**Imminent risk of viability to insurer:** PRA will most likely remove all capability to write new business; Insurer will be required to accelerate and complete all recovery actions
Stage 5	**Insurer in resolution or being activelywound up:** No Recovery action applicable. Management of the insurer is likely to have passed to the regulator or a court appointed individual

Ad hoc, contingent requests for information are also likely to be required.

The PRA considers that this structure is designed to be proportionate to the size and complexity of firms.

Structure for Recovery plan

- Executive Summary
- Essential information on insurer
    - Corporate overview, legal entities and structure
    - Information on inter-connectedness and separability of entities, from a financial, legal and operational perspective
- Recovery governance
- Triggers, thresholds, impacts
    - Early warning indicators / triggers
    - Triggers for escalation, triggering formal adoption of recovery plan and options
- Recovery scenarios
    - 2-4 scenarios including idiosyncratic and sector-wide or market-wide stress situations which create significant capital or liquidity shortfalls
    - detailed quantitative and qualitative description of the scenarios
- Recovery options, assessment of each option in detail
    - Valuation and impact analysis (capital, liquidity, franchise)
    - Speed and timing
    - Suitability & feasibility in each recovery scenario
    - Operational aspects and responsibilities, dependencies
    - Impediments and constraints
    - Internal and external risks & issues
    - Credibility and necessary preparations
- Maintenance of the recovery plan
    - The process by which the recovery plan is refreshed and aligned to the changing shape of the business

High level recovery options

Recovery options need to be well defined with a clear underlying action plan. They also need to be sufficiently material and practical to enable the insurer to survive a crisis. Recovery options can be considered to be different from “business as usual” management actions, which are more routine in nature.

Typical recovery options employed by insurers

- Capital raising (equity and debt)
- De-risking the investment portfolio
- Reinsurance
- Reduce the volume of new business written/transition into run-off
- Proactive run-off by actively commuting policies
- Disposal of subsidiaries or blocks of business
- Scheme of arrangement – use the Companies Act or similar to agree a compromise that binds all parties.

(Note that a number of the above actions may also be taken as part of a resolution plan. These options are not mutually exclusive and an insurer suffering from extreme stress will often undertake multiple actions)

Option criteria

The effectiveness of the recovery options considered can be reviewed using a number of different lenses:

- **Reputation** – what impact will the proposed action have on the reputation of the insurer in connection with its various stakeholders (eg policyholders, regulators, media)?
- **Value** – what value can be realised (vs current value) and the difference this makes in dealing with specific issues
- **Speed** - how quickly can the recovery option be implemented?
- **Execution risk** – how risky is the proposed option and how vulnerable is it to outside parties (eg lack of buyers) even with substantial price cuts?

Scenario testing and recovery options

Scenario testing should be used to test the validity of the identified recovery options. Must ensure an appropriate variety of credible scenarios, and typically 3 or 4 scenarios can be sufficient to test the feasibility and suitability of the identified recovery options.

Dimensions of scenarios selected

The scenarios selected should be designed to cover a number of dimensions that are relevant to the insurer:

- **Systemic/idiosyncratic.** A systemic event would be one that impacts a meaningful proportion of insurers and other financial institutions, such as a Euro crisis. An idiosyncratic event would be chosen to specifically impact the insurer in question with limited wider impact (e.g. operational risk event). A systemic event could have a negative impact on recovery options where there is reliance on 3rd parties (sale or capital raising)
- **Liquidity/capital.** This should cover whether the event results in a liquidity or capital (solvency) problem, or both. Traditionally insurers have been more vulnerable to solvency (capital) as opposed to liquidity problems, although liquidity, and the ability of insurers to meet obligations as they fall due, is a matter of increasing focus
- **Fast/slow.** The scenarios should look at fast events (eg sudden financial or other shocks) as well as slow events where there is a prolonged period of (say) under performance, although fast events are likely to be the most challenging and therefore the main focus for most insurers
- **Cross border contagion**. UK insurers that are part of an international group should consider scenarios where there are problems arising from a specific part of the wider business (eg Barings)
- **Failure of largest counter-parties**. Where the insurer has a large counter-party (eg a reinsurer, lending bank or outsourced supplier) the insurer should consider the ability of the identified recovery options to address problems arising from failure of these major counter-parties
- **Operational losses**. Within the insurance industry and in connection with other financial institutions very substantial operational losses can arise (eg conduct issues). These should be considered when testing recovery options.

Questions for discussion - Recovery

- To what extent have you implemented contingency plans already, and do you have an active crisis management group?

- How far do you need to go in defining triggers and mapping out recovery actions?

- How does it differ from reverse stress testing?

- Is it worth constructing bespoke recovery plans for particular scenarios, versus a generic plan with a list of recovery actions which could be deployed in different scenarios?

Resolution Plan

Provision of information for resolution

Drawing on the bank model for the provision of resolution information**, there are two phases:

Phase 1 Corporate structure, significant legal entities, and economic functions. Required to be submitted at a set date by all firms, with resubmission every 2 years thereafter.

Phase 2 Company-specific, tailored to each firm, including information that will determine the deployment of preferred resolution options. Required to be submitted by a select number of firms after supervisory review of information in Phase 1.

Ad hoc, contingent requests for information could be required.

The information should be proportionate to the size and complexity of firms.

Phase 1 information should not be too dense.

- Well designed summaries are needed to bring out the pertinent features of the business and company structure (see slide 23)
- Much of this information may be in the Company ORSA report or will be known to the PRA
- Consultation on Critical Economic functions and Critical Shared Services for insurers is underway

Phase 2 information requests may be integrated with other regulatory initiatives in order to avoid duplication of effort. Barriers to resolution will be identified and addressed in Phase 2.

** http://www.bankofengland.co.uk/pra/Documents/publications/ss/2013/ss1913.pdf

Approach and considerations for resolution

Approach to resolution

- Two general options for resolution intervention:
  - Single point of entry ("SPE" or top-down): Resolution of the Group at the level of its ultimate parent, rather than the operating company in difficulty. Enables continuity of service on the part of the insurer, avoids disrupting the insurer's balance sheet and keeps the group together (this is generally the preferred approach).
  - Multiple point of entry ("MPE" or bottom-up): Resolution of the Group at the level of the entity or entities in difficulty, possibly involving multiple resolution authorities (this approach is possibly more appropriate for less integrated firms).

Operational considerations

- Internal financial/structural/operational dependencies.
- Reliance on third party service providers, independent or within Group.
- Availability and co-operation of management and key staff.

Business model considerations

- Bancassurers, potentially bringing together multiple (bank and insurer) resolution plans
- Life, PC and composite insurer implications.

Policyholder protection under resolution

There is a need to determine the solvency position in default and a number of particular issues to consider:

Contagion stemming from reinsurance

•Direct policyholders rank above inwards reinsurance in an insolvency (due to EU Directive). Therefore the more inwards reinsurance an insurer has, the better its direct policyholders are protected.
•However there is risk of contagion to the reinsurers' clients. FSCS does not protect reinsurance.
•Direct policyholders with look-through to reinsurance (e.g. in units) are not protected by FSCS because the counterparty risk is an investment risk carried by the policyholder.
•Reinsurance policies therefore may incorporate extra protections for the policyholder.

Priorities

•Some large policyholders such as pensions trustees have agreements with the insurer to effectively give them priority if the insurer fails, thus leveraging the risk for other policyholders. Thus the solvency position "in default" and the impact on individual policies will need to be determined at an early stage.
•Intra-group loans and warranties may pose complex issues in default.

Policyholder protection under resolution (cont'd)

Responsibilities in default

- Cross-border transfers of portfolios (within and to/from the EEA) raise questions as to where protection responsibility lies if the receiving insurer subsequently fails.
- There may be a need to make final settlement of claims below 100% if necessary in a continuity situation, because solvency level will fluctuate over time.
- There is a need to clarify the roles and responsibilities of Insolvency Practitioner, FSCS, Management, PRA, etc. so that resolution can be managed in practice.
- The need to maintain confidence and avoid panic after a failure means that devices such as suspending surrender rights are to be avoided if possible. Note that COMP does not permit FSCS to suspend surrenders except where expressly in the contract (eg where property-linked funds have delay clauses).

Role of FSCS in resolution

FSCS's role in practice is likely to be determined by the size and nature of the problem. In theory at least, PRA will get FSCS involved in good time before a failure. Broadly, FSCS's obligations are triggered when in the opinion of the PRA or the FSCS an insurer appears unable to satisfy claims or likely to be unable to satisfy claims, or in the wake of certain legal procedures such as the appointment of an administrator.

FSCS may take measures (including providing assistance) to safeguard policyholders when an insurer gets into financial difficulties.

In the case of an insolvency, administration is the most likely route and an administrator shares FSCS's objective of securing continuity of insurance. An administrator is required to assist the FSCS to fulfill FSCS's obligations, as set out in "The Financial Services and Markets Act 2000 (Administration Orders Relating to Insurers) Order 2010", see

http://www.legislation.gov.uk/uksi/2010/3023/pdfs/uksi_20103023_en.pdf

For life insurance, FSCS's priority is to ensure that payment of benefits falling due is maintained at the protected level and to secure continuity of insurance. In these circumstances continuity may involve a combination of reducing insurance benefits and FSCS providing funds or indemnities, and could be secured by, for example, transfer to another insurer or a scheme of arrangement. If continuity is not possible, FSCS would ensure compensation is paid on wind-up.

Example – Phase 1 information for a Life insurer

1. Company Background and Structure

- General Overview & History
- Company structure, subsidiaries (UK and Overseas) and activities within the subsidiaries
- Company size & geographical scale
- Extent of major reinsurance arrangements, counter-party risks, intra-group loans, guarantees etc.
- Split between direct and inwards reinsurance policyholders and assets backing policyholders
- Level of new business
- Main methods of distribution
- Key advisors
- Operational clients (joint ventures etc)

2. Background to Financial Difficulties

- The main financial, regulatory and operational reasons for financial difficulty
- Note any significant legal claims outstanding, or other material claims.
- Ongoing PRA and other investigations
- Major financial and operational risks and uncertainties

3. Product Types and Volumes

- Principles and Practices of Financial Management (PPFM)
- Types of products in force and volumes
- Premium and claims payments profile by product

4. IT systems and processes

- IT systems, processes and controls
- Outsourcing arrangements
- Internal and external audit recommendations

5. General Insurance (Including Medical Expenses)

- Solvency position
- Type of products and claims in force and volumes

6. Investment products

- Names of Unit Trust Companies
- Solvency position
- Type of products, size of funds and number of unit holders

Questions for discussion - Resolution

- What could be considered to be critical economic functions (globally/nationally)?
- How much of the information needed for resolution planning do you have already available?
- What do you think is the time it would take your firm to conclude resolution actions once the need to resolve has been identified?
- How would resolution be affected by the minimum benefits that have to be secured for the FSCS?
- What type of resolution mechanisms do you believe are needed to be ready to resolve your firm?
- How much further guidance on resolution planning do you think is needed?
- What steps do you intend to take in order to comply with Fundamental Rule 8?

Developing the RRP – Practical Aspects

Key Success factors + RRP team structure

- Form a small, senior central team with access to the very top of the institution
- Determine the balance of home and host regulatory focus
- Allow for effective recovery without significant assistance from the authorities
- Easily reconcile the business to legal entities and economic functions
- Get clarity over interdependencies throughout the global firm
- Identify point of non-viability and scale of recovery required
- Build on existing stress testing experience, but focus on macro level scenarios and impacts – avoid detailed economic analysis if possible (existing stress testing is often less extreme, so existing management actions are not material enough to recover from the 'near death' crisis approaching the 'point of non-viability')
- Know when to declare a 'crisis' and clarity on individual responsibilities, including company directors
- Focus recovery on a relatively short menu of truly material, practical actions
- Agree what will not be volunteered as a potential action
- Overcome internal and external confidentiality concerns
- Establish strong governance and crisis management structure within the Plan and within defined parameters

Team structure – example:

- The **Office of the Chairman** has ultimate executive management responsibility for the Resolution Plan.
- The **Board** has the ultimate responsibility for approving the Resolution Plan.
- The Board has appointed its **Finance Committee** to provide oversight of preparation and completion
- The **Steering Committee** serves as the executive oversight committee.
- Two **Program Sponsors** set the strategic direction for the Resolution Plan, subject to supervision
- The **Core Team** works closely with designated representatives from the core business lines, material legal entities, and corporate functions, led by two **Resolution Plan Leads**.
- The **Working Committee** consists of an officer appointed by each core business line and corporate function.

Prudential Financial, Inc. 2014 Resolution Plan, Public Section, 30 June 2014

Executing the RRP

The procedure

- The governance for the position where the Recovery Plan is formally invoked will look very similar to the version noted in the Resolution Plan
- The main difference will be the level of attention / ownership by the regulator. In formal resolution, the Resolution Plan is owned by the regulator, but in a formal invocation of the Recovery Plan, the Directors remain in charge but with significantly greater attention from the regulator
- Potential conflicts should be noted, particularly when action is taking place which impacts a subsidiary and Directors of that subsidiary need to consider the position for that subsidiary and not necessarily the wider Group
- Note that 'recovery' may well be to a different business model, it is less likely that the pre-crisis status quo can be returned to

Example recovery plan execution path

•Deterioration of company profitability, solvency or liquidity

•Recovery Plan refreshed

•Supervisory monitoring by regulator

•Triggers breached

•Relevant recovery actions invoked, where appropriate

•Recovery action succeeded

•Company re-assesses business model

•Threshold point for trigger of resolution actions not breached

Example resolution plan execution path

•Barriers to resolution addressed

•Deterioration of company profitability, solvency or liquidity

•Recovery and resolution plan refreshed

•Supervisory monitoring by regulator

•Relevant recovery action invoked, if appropriate

•Recovery action failed, if appropriate

•Threshold point for trigger of resolution actions breached, regulator informed

•Appropriate resolution response identified from resolution plan

•Relevant resolution action invoked, solvency position assessed

•FSCS cooperation initiated, if required

Lessons learnt from previous insurer failures

Operational:

- Overall, planning was inadequate and not pessimistic enough
- Some contingency planning in-place but needed better out- and in-sourcing arrangements to draw upon
- Systems couldn't cope with demand /changes required so manual processes introduced which exacerbated situation, phone system couldn't cope.
- Complications result from splitting the company between legacy and sold parts
- Increased levels of policyholder communications took 4 to 5 years to sort out
- Successfully increased MI levels but ad hoc not planned (eg feedback from policyholder interactions/events at branches)

Personnel:

- Communications: challenges of how much to tell staff (in hindsight management were in denial that the problems were as bad as they were)
- Culture: lack of appreciation of the (mutual) culture needed to change in order to cope with new environment
- Short-term performance: levels dropped due to shock of change and demotivated staff
- Training: required to prepare staff for dealing with non-BAU situation
- Staff support: management realised eventually they needed to be more supportive of staff given situation
- Staff trust: management hadn't appreciated possibility of fraud
- Morale: increased ad hoc meetings with staff and motivational events
- Resourcing: needed more staff initially but wound down over 12-18 months
- Skills: needed some new skills in transition to new business models and structure

Public relations:

- Media training was given to senior management but needed more
- Media approached staff and they weren't prepared/warned. Did not appreciate that media would infiltrate staff briefings

Security:

- Lax security around offices allowed media/policyholders to get into buildings/meetings
- Did not anticipate issues arising form volume of policyholders visiting office
- Members of staff followed and intimidated by angry policyholders

Practical suggestions to improve planning

Uncertainty is the major factor that the Board, employees and customers will likely need to deal with in many recovery or resolution scenarios or the lead up to these. In some cases there could be a long period of uncertainty in the lead up to the trigger event.

This could lead to:

- Extremely high volumes of customer interaction which could include enquiries and complaints through a range of channels.
- Staff morale and retention issues (staff unsure of whether being paid or how long they had a job)

Customer-oriented solutions:

•Designated senior individual as a Customer champion (other senior management may well be focussed on dealing with the root cause of the crisis).

•Contingency plans need to be able to deal with spikes in volumes including using outsourced providers (could be an availability issues if an industry wide issue arose).

•Set customer expectations through appropriate external comms and PR communications and ensuring that these are consistent with communication during direct customer interactions.

•Standardised customer service lines and scripts with an allocated owner.

•Proactive management of customer issues at early stage to reduce unnecessary multiple interactions and escalation to complaints.

•Security protocol particular for identifiable senior members of staff e.g. signing customer letters, in case customer behaviour deteriorates, plus media attention.

•Advance preparation to ensure that IT and telecommunications are sufficiently robust to deal with such events – both in terms of being able to cope with significantly higher volumes and processes in place to deal with exceptional events (e.g. website).

Personnel-oriented solutions:

- Designated senior individual as a People/Staff champion to ensure that employees business and personal needs (including coaching/counselling where required) are met.
- Senior leader visibility including an open and honest approach.
- Manage staff expectations (especially important for those dealing with customers) through appropriate regular internal communications.
- Awareness that staff may be distracted by concerns for their own future.
- Consideration of the impact of having to limit access to buildings and managing across different locations.

TPS-oriented solutions:

- Designated senior individual as a Third Party Services champion to support organisations that the insurer provides services to, or is dependent on for ongoing services.

Advance planning

- Significant planning for a broad range of scenarios will ensure that the firm is better positioned to respond to significant events.

Note need to consider scenarios both where there is a developing issue over time or an issue which unravels/deteriorates v quickly (e.g. over a weekend).

Questions for discussion - Practical aspects

- Are there any practical points from any business continuity exercises you have been involved in that would be useful to share?

- What could be done to extend you current BCP?

- Have you undertaken any war-gaming and what actions have you taken?

- What are the practical steps to take? i.e. what pro forma and legal frameworks need to be in place for the plan to proceed smoothly

Questions **Comments**

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.