

American Property Casualty Insurance Association (APCIA) Comments

FSB Practices Paper

Resolution Funding for Insurers

APCIA agrees that it is important for insurance firms and regulators to have a clear understanding of the potential sources of resolution funding in the event of an insolvency. The paper provides a fairly factual description of the potential sources of funding, looking primarily at resolution systems in countries other than the United States.

APCIA commends the FSB's focus in Annex 1 on the liquidity support that is available to U.S. insurers from the Federal Home Loan Bank (FHLB) System. As the paper notes, the FHLBs are an important source of liquidity for many U.S. insurers. This is important to getting a full picture of the potential sources of liquidity funding for U.S. insurers.

APCIA suggests that the description of the U.S. guaranty fund system in Annex 2 is incomplete. APCIA has reviewed a proposed revision of that section being submitted to the FSB by the National Conference of Insurance Guaranty Funds (NCIGF) and the National Organization of Life and Health Guaranty Associations (NOLHGA). APCIA commends that suggested revision to the FSB as we believe that it is a more comprehensive overview of the U.S. system and that it provides additional details on how the U.S. approaches many of the aspects of resolution funding that are examined in the body of the paper.

APCIA believes that cooperation and coordination among supervisors and jurisdictions is important, especially with so many different parties involved in the recovery and resolution planning process. As recognized in the paper, the U.S. guaranty fund system presents further evidence that cooperation and coordination must occur between relevant parties even when those parties are not the insurance regulators or supervisors. The dialogue among all parties must begin well before any resolution procedures take place.