A2ii-IAIS Consultation Call webinar series on the coronavirus (COVID-19) pandemic and implications for insurance supervisors

28 May 2020
Speakers

Organisation for Economic Cooperation & Development (OECD)

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G20/OECD TASK FORCE ON FINANCIAL CONSUMER PROTECTION:
RESPONSES TO COVID-19

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A2ii Seminar, 28 May 2020
G20/OECD FINANCIAL CONSUMER PROTECTION TASK FORCE

• Established in the wake of the global financial crisis of 2008
• Mandate:
  – to lead international policy development on financial consumer protection, and contribute to related topics, on behalf of the G20 and the OECD
  – to implement and oversee the High Level Principles on Financial Consumer Protection
  – to conduct research, policy analysis and recommendations
  – to act as a holistic policy forum (across all sectors) for sharing of information, expertise and experience
# High Level Principles on Financial Consumer Protection

<table>
<thead>
<tr>
<th>1. Legal, Regulatory and Supervisory Framework</th>
<th>6. Responsible Business Conduct of Financial Services Providers and Authorised Agents</th>
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</thead>
<tbody>
<tr>
<td>2. Role, powers and capabilities of Oversight Bodies</td>
<td>7. Protection of Consumer Assets against Fraud and Misuse</td>
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<tr>
<td>3. Equitable and Fair Treatment of Consumers</td>
<td>8. Protection of Consumer Data and Privacy</td>
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Issues for financial consumers and retail investors arising from COVID-19

- Loan repayments
- Insurance cover, claims etc
- Impact on savings and investments
- Financial Scams
- Emergency access to funds
- Access to banking & payment services
Options for supporting consumers facing financial difficulties

**Information Note released 27 March 2020**

- **Flexibility with loan repayments**
  - Deferrals eg mortgage payment holidays
  - Changes to loan terms

- **Suspension of debt collection activities**
  - Including repossessions and foreclosures

- **Emergency access to funds**
  - Savings and investments products
  - Retirement saving funds
Options for supporting consumers facing financial difficulties

**Banking & payment services**
- Use different channels as available
- Consider access needs and limitations
- Use of contactless payments

**Insurance**
- Clear communication re exclusions
- Fair handling of claims
- Other measures

**Warnings against scams & consumer information**
- Information about how to protect from scams
- Information and key messages about managing personal finances and investments

*Clear communication to consumers of options available, as well as the implications or consequences of those options on their overall financial position, is essential*
OECD is supporting information sharing and coordination on FCP

- **Questionnaire on FCP measures re COVID-19** to support information sharing among participants and inform a holistic view of the global response:
  - Questionnaire is divided into Sections relating to different sectors – for insurance authorities, the relevant sections are Section 1 (General) and Section 4 (Insurance)
  - User friendly to complete, with no confidential information required
  - Results are shared with respondents via a file of responses, regularly updated
  - Links to public information published on the OECD web hub
  - We will produce aggregate summaries and report back in due course
  
  - It is not too late to respond to the Questionnaire – your participation allows you to benefit from the information sharing and contributes to an understanding of global response
  - Please send your response to miles.larbey@oecd.org
Preliminary results snapshot

• Responses from seventy six (76) organisations received so far
• Forty one (41) responses relating to Insurance (General and Life)
Preliminary results snapshot: Section 1 General

- Respondent jurisdictions monitoring risks arising from COVID-19:

**Main risks to consumers identified**

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Risks related to payments of: mortgages, consumer credit loans and insurance premiums.</td>
<td>47</td>
</tr>
<tr>
<td>Operational resilience of financial institutions</td>
<td>29</td>
</tr>
<tr>
<td>Risks related to effects of intense market volatility</td>
<td>26</td>
</tr>
<tr>
<td>Financial resiliency due to job loss and therefore reduction in income.</td>
<td>24</td>
</tr>
<tr>
<td>Scams and cyber fraud</td>
<td>23</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
</tr>
</tbody>
</table>
80% respondent jurisdictions have implemented FCP measures specifically in response to COVID-19

FCP measures relate to:

- Credit products & services
- Banking & payment services
- General and/or life insurance
- Retail investment products & services
- Pension funds/retirement savings
84% respondent jurisdictions have produced information to help consumers manage their finances.

45% respondent jurisdictions have detected incidence of scams re COVID-19, and issued warnings.

- Phishing
- Get rich quick schemes, advanced fee frauds
- Access to funds, false loans or loan relief scams
Preliminary results snapshot: Section 4 Insurance

• FCP measures implemented by a combination of Government, public authorities, industry/self-regulatory bodies

• FCP measures by public authorities include:
  – Law/regulation
  – Guidance
  – Supervisory measures
  – Consumer information
Preliminary results snapshot: Section 4 Insurance

- FCP measures relate to the following types of personal lines insurance:
FCP measures include:

- Deferral of premium payments
- Communication of exclusions relating to COVID-19
- Waiving of waiting periods
- Waiving of co-payments/residuals
- Consideration of ex-gratia payments
- Claims handling
- Enhanced disclosure / extra information
Preliminary results snapshot: Section 4 Insurance

- Indicated duration of FCP measures

- Up to three months: 15%
- Three to 12 months: 26%
- More than 12 months: 2%
- Indefinite: 18%
- Unknown: 35%
- No response: 2%
Task Force priorities (non-COVID-19)

• Demographic changes and vulnerable consumers, e.g. ageing populations, youth

• Digitalisation:
  – Balancing technology driven innovation with maintaining consumer protection;
  – New financial products and services, e.g. cryptoassets, robo-advice, insuretech, Bigtech
  – Changes in consumer behaviour and demand, e.g. Open Banking

• Data:
  – Explosion in generation, collection and use of personal data
  – Data protection policy development
  – Use of data to inform risk-based approaches to regulation and supervision

• Supporting inter-related policy agendas re financial wellbeing & financial inclusion

• Financial product governance & Culture

• Credit and over-indebtedness
Task Force priorities (non-COVID-19)

- Monitoring the implementation and application of the FCP High Level Principles
  - 10 Year Review of Principles

- Supporting jurisdictions to implement the Principles and develop FCP frameworks
  - capacity building or technical assistance and support

- Conducting research and developing policy Recommendations
Send response to Questionnaire or to request more information, please contact:

miles.larbey@oecd.org
Questions
Thank You

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