

*Regulation of matters connected with the transfer of the life insurance portfolio of
an insurance undertaking whose authorisation has been withdrawn*

BANK OF GREECE

THE CREDIT AND INSURANCE MATTERS COMMITTEE

(Meeting 3/Item 8/26.1.2011)

Having regard to:

- (a) Article 55A of the Bank of Greece Statute (Law 3424/1927, Government Gazette A298), which has force of law;
- (b) the provisions of Article 1(1) and (2) and Article 9(6) of Law 3867/2010 “Supervision of private insurance, establishment of a Private Life Insurance Guarantee Fund, credit rating agencies and other provisions within the scope of the Ministry of Finance” (Government Gazette A128);
- (c) Bank of Greece Governor’s Act 2638/14.12.2010 “Amendment to the provisions of Bank of Greece Governor’s Act 336/29.12.1984, as currently in force, renaming and expanding the composition and responsibilities of the Banking and Credit Matters Committee” (Government Gazette B1953);
- (d) the relevant recommendation of the Management Committee of the Private Life Insurance Guarantee Fund (minutes No. 5/20.1.2011, Item 1); and
- (e) the fact that the government budget will not incur any expenditure as a result of the provisions of this decision,

has decided to regulate matters connected with the transfer (total or partial), under Article 9 of Law 3867/2010, of the life insurance portfolio of an insurance undertaking whose authorisation has been withdrawn, to one or more insurance undertakings as follows:

Article 1

Definitions

For the purposes of this decision:

1. “Life insurances” means primary life insurance policies of the insurance undertaking in the course of its business under Article 13(2)(I)-(IX) of L.D. 400/1970 that are in force at the time of withdrawal of authorisation;

2. “Assured” means the insurance taker, the insured or the beneficiary of the sum assured under life insurance policies that are a part of the life insurance portfolio;
3. “Guarantee Fund” means the legal person in private law with the name “Private Life Insurance Guarantee Fund” referred to in Law 3867/2010;
4. “Life insurance portfolio” means the total of life insurances, as defined in para. 1 of this article, of the insurance undertaking at the time of withdrawal of authorisation. Agreements concluded by the insurance undertaking for the acquisition of the life insurance portfolio are not included in such portfolio and shall be liquidated according to the provisions of the legislation in force. The total of life insurances in one or more subsectors of those referred to in Article 13(2) of L.D. 400/1970 or any other life insurance category that may be defined by the Bank of Greece are “part of the portfolio”.
5. “Supervisor” means the person defined in Article 12a(3) of L.D. 400/1970.
6. “Liquidator” means the person defined in Article 12a(4) of L.D. 400/1970.
7. “Personal data” and “sensitive data” means data as defined in Article 2(a) and (b) respectively of Law 2472/1997.

Article 2

Life insurance portfolio inventory

1. The Bank of Greece shall provide to the liquidator the life insurance portfolio data in its possession.
2. Within one month from unsealing under Article 10(7) of L.D. 400/1970, the liquidator shall make available to the Guarantee Fund all the life insurance portfolio data in his possession, including the list prepared according to para. 3 of this article, data from the undertaking’s IT system, insurance policies, loss files, technical notes and, generally, anything that may facilitate the achievement of the objects of the Guarantee Fund. The data on assets covering liabilities shall be controlled by the liquidator, updated and notified to the Guarantee Fund. The liquidator shall make available to the Guarantee Fund any life insurance portfolio data that may come to his possession later according to para. 3 of this article.

Delivery of all the above data shall be completed before the time limit referred to in Article 4(2) below starts to run.

3. The liquidator shall prepare a list of assureds and insurance policies, post it on the website of the Guarantee Fund and publicise such posting in two daily newspapers with nation-wide circulation.

An assured not entered in the list shall produce, within 20 days from posting, to the liquidator at least the insurance policy or application and the premium receipt so that he may be registered in the list after appropriate verification.

Article 3

Valuation procedure

1. The Guarantee Fund shall value the life insurance liabilities and the assets covering liabilities.

2. Valuation shall be conducted in accordance with the applicable decisions on calculation of technical reserves and the provisions of Articles 7 and 8 of Law 3867/2010, as well as the general legislation in force.

Article 4

Procedure for finding a transferee insurance undertaking

1. The Guarantee Fund shall issue an invitation to express interest to insurance undertakings active in the life insurance sector, setting a time limit within which the said undertakings may express in writing their interest to participate in the transfer procedure. Insurance undertakings that are interested shall keep confidential any personal data and sensitive data that may come to their possession.

2. The Guarantee Fund shall allow the insurance undertakings that have expressed their interest to study in private the life insurance portfolio and shall announce to them the time limit for submitting transfer proposals.

3. The transfer proposal may concern the entire portfolio or a part thereof. The transfer proposal shall include at least:

(a) a detailed description of the conditions of transfer of the entire portfolio or a part thereof by subsector and coverage, an explanation of the conditions of

redemption as from the date of transfer, as well as a list stating the redemption penalty per year;

(b) in the event that an assured joins an already existing plan of the transferee similar to the one he previously held, a statement of the conditions of the plan and an identification of those conditions that do not apply to the assureds that join an already existing plan (e.g. redemption penalties per year, entry/exit ages);

(c) a statement of premia per subsector and coverage that the assureds will be called to pay after the transfer of the life insurance portfolio;

(d) a documented report on the maintenance of the necessary solvency margin after the transfer of the life insurance portfolio; and

(e) the exact rate of absorption of the staff of the undertaking under liquidation.

Article 5

Selection of transferee insurance undertaking

1. After the submission of a life insurance portfolio transfer proposal by an insurance undertaking, the Guarantee Fund shall examine the portfolio transfer conditions and assess the proposal with a view to the protection of the interests of the assured and the beneficiaries of any benefits under the insurance policies. In selecting the transferee, the following shall indicatively be taken into account:

(a) the absorption of the largest possible part of the portfolio; and

(b) the extent of benefit restructuring.

2. The Guarantee Fund shall assess the proposals of the potential transferees on the basis of the selection criteria and in comparison with the coverage provided under Articles 7 and 8 of Law 3867/2010. The Guarantee Fund may invite one or more potential transferees to modify their proposals in favour of the assureds, with a view to maximising the absorption of the life insurance portfolio. The reasoned decision of the Guarantee Fund selecting the transferee(s) shall be submitted to the Bank of Greece. The Guarantee Fund may select different transferees to take over different parts of the portfolio.

3. If none of the submitted transfer proposals is in the assureds' interest, compared with the coverage provided under Articles 7 and 8 of Law 3867/2010,

the Guarantee Fund shall decide to terminate the life insurance portfolio transfer procedure and the assureds' claims shall be satisfied in accordance with Articles 7 and 8 of Law 3867/2010.

4. If the Guarantee Fund selects a transferee, the Bank of Greece shall examine the transferee chosen. If the interests of the assureds are not prejudiced and if the selected transferee (a) is authorised to carry out business in the subsectors in which the risks of the transferred portfolio are classified; (b) has the necessary solvency margin, account being taken of the transfer; and (c) has obtained the consent of the competent authorities of the Member States where the transferred risks (insurance liabilities) are located, the Bank of Greece shall approve the selection of transferee. If these conditions are not met, the Bank of Greece shall reject the selection of transferee. In such case, if there is another transfer proposal that meets the conditions of this paragraph and is in the best interest of the assureds compared with the coverage provided under Articles 7 and 8 of Law 3867/2010, the Guarantee Fund shall issue a new reasoned decision selecting a transferee. If the Guarantee Fund does not issue a decision selecting a transferee within ten (10) days from the issuance of the Bank of Greece's decision rejecting the original transferee, the assureds' claims shall be satisfied in accordance with Articles 7 and 8 of Law 3867/2010. If several transferees have been selected to assume different parts of the portfolio according to para. 2 of this article, the procedure of this paragraph shall be carried out independently for each transferee. If transferee(s) who do not cover the entire life insurance portfolio is/are chosen, the assureds' claims that are not connected with the transferred part of the portfolio shall be satisfied in accordance with Articles 7 and 8 of Law 3867/2010.

5. Within then (10) days from the issuance of the Bank of Greece's decision approving the transferee, the liquidator and the transferee shall enter into a life insurance portfolio transfer agreement.

Article 6

Other provisions

1. By decision of the Management Committee of the Guarantee Fund, an outsourcee may be employed to assist in the completion of the procedures described herein. The outsourcee shall keep confidential any personal data and sensitive data that may come to his possession. The following criteria shall be used to select an outsourcee: (a) possession of as many specialities as possible, so that it will not be necessary to employ several outsourcees, with a view to ensuring efficient management, confidentiality of personal data and sensitive data, and time-saving; (b) the overall cost; (c) previous experience in similar tasks; and (d) absence of conflicts of interest. The Management Committee's requirements with respect to the selection of an outsourcee shall be specified on an *ad hoc* basis by informing potential outsourcees where necessary.

2. Upon transfer of the life insurance portfolio under Article 5(5) above, the transferee shall take over the assets and liabilities of the life insurance portfolio or the transferred part thereof as from the date of withdrawal of authorisation, without prejudice to the restructuring of benefits under the transferee's selected proposal. From the date of withdrawal of authorisation to the transfer of the life insurance portfolio under Article 5(5) above, collection of premia, payment of sums assured, exercise of redemption rights and payment of the redemption value of life insurance policies where the redemption right has been exercised shall be suspended.

3. All time limits fixed hereunder may be extended on an *ad hoc* basis by the Bank of Greece on a recommendation from the Guarantee Fund.

This decision shall be published in the Government Gazette.

The President

GEORGIOS PROVOPOULOS