



## Overview of international Covid19-related policy developments

The following list is intended to provide key information on policy developments from domestic, international and supranational authorities in response to the Covid-19 pandemic. The information contained in this document is indicative and based on publicly available information as of 15 April 2020.

### European Council / Council of Europe

The EU (via the European Council and Council of Europe) announced on 10 April 2020 that agreement had been reached on [a package of economic relief and support measures](#) worth over €500 billion available across the EU. The package, which functions through the European Stability Mechanism (ESM), the European Investment Bank (EIB), and the newly established Commission-led “Support to mitigate Unemployment Risks in an Emergency” (SURE) programme, respectively, aims to provide short term relief to member state economies, while also trying to build resiliency across the single market.

### European Commission

The European Commission [adopted](#) a Temporary Framework on 19 March 2020 for state aid measures member states can take to support their respective economies as a result of the pandemic. The framework includes five types of aid, including measures relating to short-term export credit insurance.

In this context, the Commission launched an urgent information request on [23 March 2020](#) to assess the availability of short-term export credit insurance and steps it could take to increase capacity. Following this, on [27 March 2020](#), the Commission decided to temporarily remove all countries from the list of “marketable risk” countries under the [Short-term export-credit insurance Communication](#).

The Commission believes that this will lead to State insurers being “able to step in and provide insurance for short-term export-credit risk for all countries, without the need for the Member State in question to demonstrate that the respective country is temporarily “non marketable”.”

### European Central Bank (ECB)

The ECB [announced](#) on 18 March 2020 the introduction of a temporary asset purchase programme of private and public sector securities in an effort to mitigate the impact of the pandemic in the euro area.

On 20 March, it also [announced](#) the introduction of greater supervisory flexibility regarding the treatment of non-performing loans and recommended that, “...banks avoid procyclical assumptions in their models to determine provisions and that those banks that have not done this so far opt for the IFRS 9 transitional rules”.



## EIOPA

EIOPA issued [recommendations](#) to EU member state national competent authorities calling for flexibility on reporting and public disclosure, including: Annual reporting referring to year-end occurring on 31 December 2019; Quarterly reporting referring to Q1-2020; Solvency and Financial Condition Report referring to year-end occurring on 31 December 2019.

EIOPA also [confirmed](#) that it will limit information requests and consultations to only essential matters relating to the impact of the pandemic on the sector. It also announced the extension of the deadline of the Holistic Impact Assessment for the 2020 Solvency II Review by two months, to 1 June 2020.

On 27 March 2020, EIOPA [announced](#) it would shortly begin to carry out extraordinary calculations on weekly basis (as opposed to the current monthly basis) to monitor the evolution of the relevant risk-free interest rate term structures (RFR) and the symmetric adjustment to equity risk (EDA) and will publish these on their website.

On 1 April 2020, [EIOPA urged continued action](#) by insurance market participants to mitigate the impact of the Covid-19 pandemic, and in particular, called for continued access and continuity of insurance services. While this communication is primarily aimed at protecting retail consumers, the principles which EIOPA sets out relating timely and clear communications with policyholders and ongoing product oversight and governance will apply across the board and highlights a key area of supervisory focus during the current crisis.

[EIOPA issued a further statement](#) on 2 April 2020, calling on “...(re)insurers [to] take measures to preserve their capital position in balance with the protection of the insured, following prudent dividend and other distribution policies, including variable remuneration”. In particular, it urged (re)insurers to temporarily suspend all discretionary dividend distributions and share buy backs aimed at remunerating shareholders. This advice from EIOPA mirrors similar calls from the ECB, EBA and ESMA.

## Other European Supervisory Authorities

**EBA** issued a [statement](#) regarding the application of the prudential framework and related accounting implications of COVID-19 and also [noted](#) that it had suspended its EU-wide stress test until 2021 and recommended NCAs adopt flexible approaches in response to the crisis.

**ESMA** has [issued recommendations](#) to financial market participants relating to business continuity, market disclosure, financial reporting, and fund management, amongst other issues relating to the crisis. ESMA also issued a [statement](#) on “accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9”.

## EU Member States

While the European Council and other institutions of the EU have encouraged uniform approaches and provided coordination in a number of areas, notably on state aid measures as noted above, approaches by member states in response to the crisis have varied on a country-by-country basis.

ICISA members: Abarca - Afianzadora Latinoamericana - Arch Re - Argo Surety - Aserta - PT. Askrindo (Persero) - Atradius - AVIVA - AXA - AXA XL - AXIS Captial - BTG Pactual - CESCE - China National Investment & Guaranty Co., Ltd - China Pacific Insurance Co. Ltd. - Chubb - CLAL Credit Insurance Ltd - Coface - Coface PKZ - COSEC - Credendo - Credit Guarantee - Euler Hermes - Fianzas y Caucciones Atlas S.A. - The Guarantee Company of North America - Groupama Assurance-crédit & Caution - Hannover Re - ICIC - KazakhExport - Liberty Mutual Insurance Group - Lombard Insurance Company - Mitsui Sumitomo - MS Amlin - Munich Re - Navigators Re - PartnerRe Ltd - PICC Property and Casualty Company Limited - Ping An P&C - Qatar Re - QBE - R+V Re - SACE BT - S2C S.p.A. - SCOR SE - Seoul Guarantee Insurance Company (SGI) - Sompo International - Sompo Japan - Swiss Re - Swiss Re Corporate Solutions - Tokio Marine - Travelers - Tryg Garanti - Zurich



Information on selected public support schemes which have already been announced by member states are included below. ICISA is also aware of discussions within other member states on similar support schemes which may be introduced in support of maintaining short-term credit insurance, in addition to the measures announced by DG Comp on marketable risks on [27 March 2020](#). Such conversations are developing rapidly within markets and further details on these may not be available until they are publicly announced.

- **France** – On 10 April 2020, the French government [introduced](#) a public reinsurance arrangement worth up to €12 billion for credit insurance, which was approved by the European Commission on 14 April 2020. The related guarantees are distributed across Cap and Cap+ for domestic cover, and CapFranceExport for short term export credit insurance.
- **Germany** – The German government has put in place a range of aid programmes to mitigate the impact of the Covid19 pandemic as part of the German [“Corona protective shield”](#), including state-backed guarantees for business loans and similar efforts to maintain liquidity in the real economy. The European Commission also approved [the German government’s support scheme for trade credit insurance](#) on 14 April 2020. The scheme provides reinsurance cover to credit insurers on the basis that cover will be maintained by the market. The arrangement, which will see insurers pay a premium to the State in return for it sharing in risks for the year, ensures support up to a volume of €5 billion, and provides an additional safety-net to cover up to €30 billion in total if required.
- **UK** – The British government [instituted a number of packages](#) aimed at mitigating the impact of the pandemic on business and individuals. This has included setting up a “Coronavirus Business Interruption Loan Scheme” to provide guarantees on loan facilities to SMES, as well as delivering direct grant funding to affected firms. The UK joined EU member by [expanding the scope of cover](#) provided by UK Export Finance to include developed markets, such as EU member states, the USA, Australia and others. The UK insurance industry has proposed a public scheme in line with examples elsewhere which could see the state providing reinsurance in the form of a stop-loss or quota share arrangement.
- **Netherlands** - The Dutch government [announced on 7 April 2020 its intention](#) to introduce measures to support the continuation of trade credit cover in response to the Covid-19 pandemic.

Various wider support schemes of different scales have also been adopted across member states which are aimed at supporting businesses which have been forced to close or significantly reduce activities in response to the pandemic. These have included loans, direct payments, deferral of tax payments, amongst other measures. Nationalisation schemes have also been discussed in a number of member states for industries considered particularly vulnerable to the fallout from the continued lockdown, such as the airline industry.

Further information on specific schemes introduced by member states following the relaxation of state aid rules can be viewed on a country-by-country basis on the [website of DG COMP \(European Commission\)](#).

ICISA members: Abarca - Afianzadora Latinoamericana - Arch Re - Argo Surety - Aserta - PT. Askrindo (Persero) - Atradius - AVIVA - AXA - AXA XL - AXIS Captial - BTG Pactual - CESCE - China National Investment & Guaranty Co., Ltd - China Pacific Insurance Co. Ltd. - Chubb - CLAL Credit Insurance Ltd - Coface - Coface PKZ - COSEC - Credendo - Credit Guarantee - Euler Hermes – Fianzas y Caucciones Atlas S.A. - The Guarantee Company of North America - Groupama Assurance-crédit & Caution - Hannover Re - ICIC - KazakhExport - Liberty Mutual Insurance Group - Lombard Insurance Company - Mitsui Sumitomo - MS Amlin - Munich Re - Navigators Re - PartnerRe Ltd - PICC Property and Casualty Company Limited - Ping An P&C - Qatar Re - QBE - R+V Re - SACE BT - S2C S.p.A. - SCOR SE - Seoul Guarantee Insurance Company (SGI) - Sompo International - Sompo Japan - Swiss Re - Swiss Re Corporate Solutions - Tokio Marine - Travelers - Tryg Garanti - Zurich



## USA

The US introduced the Coronavirus Aid, Relief, and Economic Security Act ([CARES Act](#)) on 19 March 2020 which, amongst other measures, authorises emergency loans to distressed businesses, including air carriers, and suspends, defers due dates or provides rebates to individuals in relation to certain taxes.

## Singapore

On 31 March 2020, the Monetary Authority of Singapore (MAS) along with the Association of Banks in Singapore (ABS), the Life Insurance Association (LIA), the General Insurance Association (GIA), and the Finance Houses Association of Singapore (FHAS) [announced a package of measures](#) to support businesses and individuals facing financial strain as a result of the Covid-19 pandemic. In particular, this includes introducing instalment payment plans for premium payment of certain general insurance policies held by corporates, as well continued access to credit for businesses and options for deferred principal payment on secured term loans until the end of 2020.

## International Association of Insurance Supervisors (IAIS)

The [IAIS noted](#) its support for measures introduced by its members to support fair treatment of customers, including on disclosures and efficient claims processing. It also updated on delays to its ongoing workstreams, including:

- planning to undertake a targeted assessment of the impact of COVID-19 on the global insurance sector;
- reviewing the 2020 timelines for the implementation of the Holistic Framework for the mitigation of systemic risk in the global insurance sector;
- reviewing and adjusting timelines for the data collection exercise as part of the implementation of Insurance Capital Standard (ICS) 2.0 as well as the Aggregation Method (AM) data collection being supported by the IAIS. The submission deadline will be extended to 31 October, to provide operational relief to participating insurers.
- The IAIS will postpone development of supporting material (Issues Papers and Application Papers providing guidance on supervisory practices), with public consultations generally deferred by at least six months.

## Basel Committee on Banking Supervision

On 27 March 2020, the Basel Committee agreed to defer the implementation of Basel III to support boosting the operational capacity of banks and supervisors responding to the pandemic. In particular, the BCBS noted the following changes to its implementation timeline:

- The implementation date of the Basel III has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028.
- The implementation date of the revised market risk framework has been deferred by one year to 1 January 2023.

ICISA members: Abarca - Afianzadora Latinoamericana - Arch Re - Argo Surety - Aserta - PT. Askrindo (Persero) - Atradius - AVIVA - AXA - AXA XL - AXIS Captial - BTG Pactual - CESCE - China National Investment & Guaranty Co., Ltd - China Pacific Insurance Co. Ltd. - Chubb - CLAL Credit Insurance Ltd - Coface - Coface PKZ - COSEC - Credendo - Credit Guarantee - Euler Hermes - Fianzas y Caucciones Atlas S.A. - The Guarantee Company of North America - Groupama Assurance-crédit & Caution - Hannover Re - ICIC - KazakhExport - Liberty Mutual Insurance Group - Lombard Insurance Company - Mitsui Sumitomo - MS Amlin - Munich Re - Navigators Re - PartnerRe Ltd - PICC Property and Casualty Company Limited - Ping An P&C - Qatar Re - QBE - R+V Re - SACE BT - S2C S.p.A. - SCOR SE - Seoul Guarantee Insurance Company (SGI) - Sompo International - Sompo Japan - Swiss Re - Swiss Re Corporate Solutions - Tokio Marine - Travelers - Tryg Garanti - Zurich



- The implementation date of the revised Pillar 3 disclosure requirements has been deferred by one year to 1 January 2023.

## G20

Leaders of the G20 economies [announced](#) a number of joint commitments relating to the safeguarding of the global economy, including in particular “...injecting over \$5 trillion into the global economy, as part of targeted fiscal policy, economic measures, and guarantee schemes to counteract the social, economic and financial impacts of the pandemic”, as well as calling for closer global cooperation between economies and international bodies, such as the WTO.

## International Chamber of Commerce (ICC)

The ICC [updated its Force Majeure and Hardship clauses](#) in response to the pandemic. The amendments introduced a new Short Form Force Majeure Clause aimed at SME usage which is limited to some essential provisions relating to the most important Force Majeure issues, and introduced further options in the Hardship Clause for termination and adaptation of contracts.

## Useful Links

- [European Union Coronavirus website](#)
- [US Government Coronavirus website](#)
- [US Federal Reserve Coronavirus website](#)
- [World Bank Coronavirus information](#)
- [IMF Coronavirus response information](#)
- [WTO Coronavirus website](#)