**Zurich Response to Central Bank of Ireland (Central Bank) Consultation Paper 131 Pre-emptive recovery planning for (re)insurers (CP 131)**

**30 October 2020**

Zurich welcomes the opportunity to provide feedback on the Central Bank's proposed Regulations and Guidelines contained in CP 131.

In terms of recovery tools for insurers, Solvency II already provides several safeguards. The Solvency Capital Requirement (SCR) ensures a high level of capital buffer, calibrated to ensure a firm will remain able to meet all obligations to policyholders even after a 1-in-200 year loss event. The supervisory ladder of intervention in Solvency II allows supervisors to begin taking actions when the SCR is breached and to fully take over the company if the Minimum Capital Requirement (MCR) is breached – a point at which an insurance company still has significant assets in excess of those needed to meet its obligations to policyholders. Finally, Solvency II also includes provisions for the winding-up of insurers and national insolvency laws complement these. Solvency II (through the ladder of supervisory intervention) already enables supervisors to step in when there is an imminent risk that capital requirements are breached, and includes certain requirements in terms of recovery: recovery plan in case of non-compliance with the SCR, finance scheme in case of non-compliance with the MCR and supervisory powers in deteriorating financial conditions. Existing Solvency II macroprudential tools are comprehensive.

Zurich believes that in principle, a group recovery plan, including material entities, would meet the objective of increasing the level of consumer and market protection in the event of a stress situation, as recovery measures would concern the whole group and by extension its entities.

Zurich is fully supportive of the response to CP 131 from Insurance Ireland, which provides detailed feedback on a number of aspects of the proposed Regulations and Guidelines.