

INSOLVENCY OF THE INSURER BASED ON THE POLISH LAW

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LEGAL BASE

- The Insurance and Reinsurance activity Act dated on 11 September 2015
 - The Bankruptcy Act dated 23 February 2003
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BANCRUPTCY BASED ON THE POLISH LAW

- The bankruptcy may be declared only if the debtor fails to perform the enforceable financial obligations (Article 11.1 of the Law).
 - The grounds for declaring bankruptcy may arise regardless of whether the obligations of the debtor are of a private (debts) or public nature (e.g. tax liabilities).
 - The amount of unperformed obligations is also insignificant. Moreover, non-performance of obligations not connected to the business or professional activity of the debtor may also constitute a basis for declaring bankruptcy.
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INSOLVENCY - THE INSURANCE AND REINSURANCE ACTIVITY ACT

- In the case where an insurance or reinsurance undertaking finds non-compliance with the Solvency Capital Requirement, or when there is a risk of non-compliance in the coming three months, the insurance or reinsurance undertaking shall immediately inform the supervisory authority.
 - In case of non-compliance with the Solvency Capital Requirement, within 2 months from the finding of the non-compliance, insurance or reinsurance undertaking is required to submit to the supervisory authority for approval of a realistic recovery plan.
 - The supervisory authority is approving this plan by the way of the issuing decision.
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INSOLVENCY - THE INSURANCE AND REINSURANCE ACTIVITY ACT

- In the case where an insurance or reinsurance undertaking finds non-compliance with the Minimum Capital Requirement or if there is a risk of non-compliance in the coming three months, the insurance or reinsurance undertaking shall immediately inform the supervisory authority.
 - Within one month from the date of non-compliance with the Minimum Capital Requirement the insurance or reinsurance undertaking shall submit for approval by the supervisory authority of short-term realistic financial plan designed to restore, within three months of that observation, the eligible basic own funds at least to the level of the Minimum Capital Requirement or reduce its risk profile to ensure compliance with the minimum capital requirement.
 - The supervisory authority is approving this plan by the way of the issuing decision.
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INSOLVENCY - THE INSURANCE AND REINSURANCE ACTIVITY ACT

The recovery plan and short-term financial contain at least the following information:

- estimate the cost of the business of insurance or reinsurance business, in particular administrative costs and acquisition costs;
 - an estimate of written premiums and claims paid, with honors insurance business, including outward reinsurance and reinsurance activities;
 - a forecast balance sheet for the purposes of statutory reporting;
 - the projected profit and loss;
 - forecast of cumulative technical account;
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INSOLVENCY - THE INSURANCE AND REINSURANCE ACTIVITY ACT

- a forecast of the technical accounts of insurance for each class of business;
 - the forecast balance for solvency purposes;
 - estimation and identify sources of financing means to cover technical provisions for solvency purposes, eligible own funds in the amount of the Solvency Capital Requirement and the basic eligible own funds in the amount of the Minimum Capital Requirement;
 - the calculation of the Solvency Capital Requirement and the amount of eligible own funds covering the Solvency Capital Requirement;
 - the calculation of the minimum capital requirement and the amount of eligible basic own funds covering the Minimum Capital Requirement;
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INSOLVENCY - THE INSURANCE AND REINSURANCE ACTIVITY ACT

The supervisory authority may establish, by decision receivership in order to bring to normal financial relations:

- if the insurance or reinsurance undertaking:
 - a) does not submit the short-term financial plan, or supervisory authority refuses his approval,
 - b) does not execute within a short-term financial plan,
- otherwise, the risk of solvency of an insurance or reinsurance undertaking.

BANKRUPTCY OF THE INSURER

The supervisory authority may order the forced liquidation of an insurance or reinsurance undertaking where i.e.:

- an insurance or reinsurance undertaking has not carried out within the recovery plan, or short-term financial plan,;
 - the receivership has not led to the restoration of normal financial relations of the insurance or reinsurance undertaking within the prescribed period.
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OBLIGATORY LIQUIDATION OF THE INSURER

In the case of ordering the compulsory liquidation of the supervisory authority:

- appoint a liquidator;
 - notify in writing about the opening of the liquidation itself known creditors of the insurance or reinsurance undertaking;
 - immediately notify the opening of the liquidation of the supervisory authorities of the Member States of the European Union;
 - announces the opening of liquidation in the Official Journal of the European Union.
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DATA

- There was only one situation in Poland when the Insurer was announced the bankruptcy
- There was only one situation when the Polish Authority has appoint the receivership manager

QUESTIONS AND ANSWERS

THANK YOU

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