In the UK, the Financial Conduct Authority (FCA) is now asking intermediaries (as well as undertakings) to prepare a wind-down plan in order to minimise the risk of harm to customers and markets in the event that the the firm needs to wind-down its regulated business activities.

This wind down plan template is designed for insurance intermediaries and draws heavily on the guidance provided by the FCA in its Wind Down Planning Guidelines. (<https://www.handbook.fca.org.uk/handbook/WDPG.pdf>). Several sections in this template directly draw upon the FCA’s guidance.

As every firm’s business and catastrophic events that would give risk to a firm making the decision to wind-down are different, this template should be adapted accordingly to suit the specifics of your business. You may wish to add or delete sections accordingly.

We hope that you find this template helpful in preparing your wind-down plan. If you have any questions or suggestions regarding this template, please send us an email at support@capacityplace.com or use the chat facility on our website.



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[Replace above with your own logo and company details]

Wind Down Plan

[Date]

[Contact Details]

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# Document Control

This section provides information related to the creation, control and approval of the wind-down plan.

### ****Key Document Summary****

|  |  |
| --- | --- |
| Document Status | DRAFT |
| Document Owner | TBA  |
| Approved By | TBA |
| Date Approved |  |
| Document Location | <filepath, including filename> |

### ****Document History****

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Version | Status | Reviewer(s) | Action/Comment |
|  | 0.1 | Draft |  | First draft |
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# Introduction

This section provides an introduction of your wind down plan.

This wind-down plan deals with situations in which our firm’s regulated business is no longer viable or the firm makes a strategic / business choice to exit our regulated business(es). This differs from our business continuity plan (BCP), which focuses on the firm’s ability to continue to function or recover despite unforeseen physical and/or technical interruptions to its business.

Our wind-down plan aims to enable our firm to cease its regulated activities and achieve cancellation of its permission with minimal adverse impact on our clients, counterparties and the wider markets. This includes scenarios where our firm undertakes a strategic exit as well as unexpected crisis or insolvency that makes our firm unviable.

Our wind-down plan evaluates the risks and impacts of wind-down with consideration as to how to mitigate them. Then it identifies the steps and resources we need to wind-down our business in an orderly manner where resources are limited.

# Wind-Down Time Horizons

This section describes the time horizons related to our firm’s winding-down.

## Business as Usual

During business as usual, we identify, monitor and manage the risks associated with winding down as part of our risk management and governance activities. This includes:

* Consideration within our firm’s risk appetite
* Monitoring of threshold conditions
* Identification, monitoring and management of wind-down risk metrics and early warning indicators; and
* Definition and monitoring of potential recovery options for different wind-down scenarios

## Occurrence of a Wind-Down Scenario

Upon occurrence of a wind-down scenario or any breach of threshold conditions, the Board shall progress and further develop various potential recovery options to both avoid winding-down and to minimise any harm to customers and market participants.

After having exhausted all potential recovery options the Board shall endeavour to proactively make the decision to wind-down, promptly notify the regulator and put into force the wind-down plan to effect an orderly wind-down of the business.

## Winding-Down the Business

During the wind-down period, the business is winding-down and no new business is taken on. Plans are implemented to manage communications with various stakeholders, recruit wind-down resources, terminate employment contracts, ensure continued availability of critical systems and offices, settle fiduciary trust accounts, deal with any contractual obligations impacted by winding down and transfer any regulatory obligations to other parties.

## Cancelling Regulatory Permissions

The firm shall then apply to cancel its regulatory permissions once the wind-down is nearing completion and when:

1. There are no or few unresolved complaints with limited prospect of future complaints
2. Any remaining long-term “tail” commitments such as servicing obligations have been suitably transferred
3. All client and insurer monies held in trust accounts have been appropriately returned
4. Outstanding fees to regulators have been settled

# Wind-Down Scenarios

This section outlines different scenarios which could result in our firm making the decision to wind-down. To arrive at these scenarios, you may want to consider critical revenue drivers and business lines, macro-economic events, business areas with the greatest risks, infrastructure, resources or third parties upon which the firm heavily depends, internal audit reports and compliance monitoring processes.

## Wind-Down Scenario Criteria

A wind-down scenario refers to an event which results in our firm no longer having adequate financial or non-financial resources to carry on its regulated activities. These events may arise for a variety of reasons including:

1. Significant financial losses with no signs of timely recovery;
2. Loss of key clients without realistic prospect of their replacement in good time;
3. Loss of critical infrastructure (e.g. essential IT systems) with no signs of timeline recovery

## Our Firm’s Wind-Down Scenarios

Our firm’s wind-down scenarios include:

1. [loss of capacity / clients / distribution]
2. [inability to service debt]
3. [Loss of funding facilities / inability to replace debt at end of contractual terms]
4. [contingent liabilities or other financial commitments coming due]
5. [large legal claims against the firm / PI claim outside PI limits]
6. [loss of IT systems or critical teams / personnel]

# Analysis of Wind-Down Scenarios

This section elaborates on each wind-down scenario and may include descriptions and details, direct and indirect causes, risk metrics and early warning indicators, mitigating actions and potential recovery options and impacts to different stakeholders.

## Scenario 1: [Title]

### Description and Details

### Causes

### Risk Metrics and Early Warning Indicators

### Mitigating Actions and Potential Recovery Options

### Impact to Different Stakeholders

## Scenario 2: [Title]

### Description and Details

### Causes

### Risk Metrics and Early Warning Indicators

### Mitigating Actions and Potential Recovery Options

### Impact to Different Stakeholders

# Operational Impact Assessment

This section provides an assessment to business operations of a decision to wind-down.

Upon making the decision to wind-down, several aspects of our firm will be impacted.

## Business Units

Our approach to winding down will vary from business unit to business unit that will vary based on the specifics of the business unit and its size, maturity and value.

Then, our approach to winding-down would typically include not accepting new business, selling on renewal rights, transferring obligations to other parties, terminating contracts, etc.

|  |  |  |
| --- | --- | --- |
| **Business Unit** | **Wind Down Considerations** | **Wind-Down Approach / Actions** |
|  |  |  |
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## Offices

During the wind-down period, we will need to exit from our office space including any leasing obligations.

Our approach to managing the wind-down of our offices is as follows:

|  |  |  |
| --- | --- | --- |
| **Offices** | **Wind Down Considerations** | **Wind-Down Approach / Actions** |
|  |  |  |
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## IT Systems

During the wind-down period, our firm is required to keep up-to-date records of our customers and business and will also assist in assessing the impact to various stakeholders.

Our approach to managing the wind-down of our IT systems is as follows:

|  |  |  |
| --- | --- | --- |
| **IT System** | **Wind Down Considerations** | **Wind-Down Approach / Actions** |
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# Stakeholder Impact Assessment

This section provides an assessment of wind-down upon different stakeholders including contractual positions to our firm.

Upon a decision by our board to wind-down, many stakeholders will be impacted. These include:

|  |  |  |
| --- | --- | --- |
| **Stakeholder Gp.** | **Impact of Wind-Down** | **Wind-Down Approach / Actions** |
| Consumers |  |  |
| Corporate Customers |  |  |
| Brokers / Agents |  |  |
| Capacity Providers |  |  |
| Employees |  |  |
| Joint Venture Partners |  |  |
| Trade Creditors |  |  |
| Landlords |  |  |
| IT Suppliers |  |  |
| Other Suppliers |  |  |
|  |  |  |
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# Wind-Down Resourcing Requirements

This section provides an estimate of resourcing requirements for the wind-down period, including additions as well as redundancies.

## The Need for Resources in Wind-Down

During the wind-down period, the firm will continue to meet its Treating Customers Fairly requirements, deal with customer complaints and ensure that client and insurer funds are appropriately returned.

## Wind-Down Resourcing Estimates

During the wind-down period, we will have a declining need for resources overall with a mix of different skills.

An indicative estimate of the resources that we will require is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Resource** | **Q1** | **Q2** | **Q3** | **Q4** | **Q5** | **Q6** | **Q7** |
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## Resourcing Additions

Additional resources needed to support wind-down activities include:

1. A
2. B
3. C

Wherever possible, we aim to move existing staff that are being made redundant first rather than recruit new staff.

## Redundancies

Wind-down will inevitably result in staff being made redundant. Our approach to handling redundancies during a wind-down is as follows:

1. A
2. B
3. C

# Wind-Down Monthly Cash Flow Projections

This section provides monthly cash flow projections based on a set of general wind down assumptions.

To ensure an orderly wind-down, we estimate the financial resources required to ensure that we have sufficient cash to meet monthly expenses during the wind-down period.

## Financial Assumptions

During the wind-down period, financial stresses increase. Creditors will typically be demanding settlement for balances owning and not extending any further credit, while debtors will typically be slower to pay.

### Cash Inflows

During wind-down, we expect to receive the following cash inflows:

1. [Premiums]
2. [Profit commissions]
3. [Service fees]

### One-Off Expenses

One-off expenses associated with winding-down the business include:

1. [Redundancy payments]
2. [Retainer premiums for essential employees]
3. [Legal and professional fees]
4. [Cancellation penalties with third party providers]

## Monthly Cash Flow Projections

Monthly cash flow projections are as follows:

[Insert spreadsheet of monthly cash flow projections from start to end of wind-down]

# Wind-Down Risk Management

This section describes the risk management activities undertaken by the firm which prevents wind-down scenarios from occurring and minimise the potential harm to customers and market participants.

## Risk Appetite

The Board has established certain limits on its business activities, both qualitative and quantitative, to reduce the avoidable risk presented in wind-down scenarios. These include:

1. [A]
2. [B]
3. [C]

## Threshold Conditions

Threshold conditions refers to the minimum level of financial resources that our firm needs to meet its regulatory requirements. [Risk Management] shall continuously monitor these and report our firm’s status against these to the Board on a periodic basis and immediately upon any breach. Our threshold conditions include the following:

1. [Profitability]
2. [Capital adequacy]
3. [Liquidity]

## Wind-Down Risk Metrics and Early Warning Indicators

An analysis of the wind-down scenarios has identified various risk metrics and early warning indicators that should be monitored and managed. [Risk Management] shall monitor these and report to these to the Board on a periodic basis along with any supporting analysis:

1. [A]
2. [B]
3. [C]

## Potential Recovery Options

When a wind-down scenario occurs, it may be possible to recover depending on the severity of the scenario and the availability of options. A summary of our potential recovery options include:

|  |  |
| --- | --- |
| **Wind-Down Scenario** | **Potential Recovery Options** |
| 1. |  |
| 2.  |  |
| 3.  |  |
| 4. |  |
| 5. |  |

# Making the Decision to Wind-Down

This section outlines the activities that take place around the time that the Board is considering the decision to wind-down.

The occurrence of a wind-down scenario will usually be coupled with significant stresses placed upon the firm’s resources which may include loss of key staff, demands from trade creditors, undesired media attention, obligations under contracts, etc.

Prior to making the decision to wind-down, the Board shall:

* Endeavour to progress and further develop various potential recovery options to both avoid winding-down and to minimise any harm to customers and market participants
* Appoint a board director to co-ordinate, direct and implement the wind-down process and ensure prompt dissemination of information relevant to Board decision-making
* Engage with professional and legal advisors including insolvency practitioners, investment bankers, PR/communications advisers, redundancy specialists, etc.
* Ensure that the firm is compliant with basic regulatory requirements
* Ensure that the wind-down plan is up-to-date
* Engage with the regulator its wind-down situation, potential recovery options being pursued, wind-down plans and timeframes along with how continued threshold obligations are being met

Following exploration of potential recover options and consultations with advisors and regulators, the Board will make the decision to wind-down and put its wind-down plans into effect.



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 | **2** |
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 |

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