

# Reinsurance / Reaseguro / Resseguro



**Dr. Sebastian von Dahlen**  
**Santiago de Chile**  
**15 November 2007**



# Introduction / Introducción / Introdução

**Señoras y señores,**

Disculpen que mi presentación sea en inglés. Mis escasos conocimientos de español y portugués solo me permiten decirles que pueden sentirse dichosos de que me esté limitando a esta sola página.

¡Muchas gracias!

**Estimados senhoras e senhores,**

Peço desculpa por proferir a minha conferência somente em língua inglesa, mas os meus escassos conhecimentos das línguas portuguesa e espanhola são apenas suficientes para lhes comunicar que se podem considerar felizes que agora acabo por continuar a falar apenas em língua inglesa.

Muito obrigado!



# Today's schedule on IAIS and reinsurance

## Index of contents

### A) During PANEL (now)

Some **background** on:

- Current IAIS reinsurance work
- Selected Latin American data

### B) During CASE STUDY (later)

Some **basic** insights:

- Reinsurance supervision
- Problems and solutions





# Importance of the IAIS

## IAIS Mandate

- Standards and guidance for insurance supervision
- Assist national supervisors
- Promote cooperation among insurance supervisors
- Coordinate with other financial sector and international organizations (Basel Committee, IOSCO, Joint Forum, Financial Stability Forum, etc.)





# Reinsurance and the IAIS

## Reinsurance Subcommittee

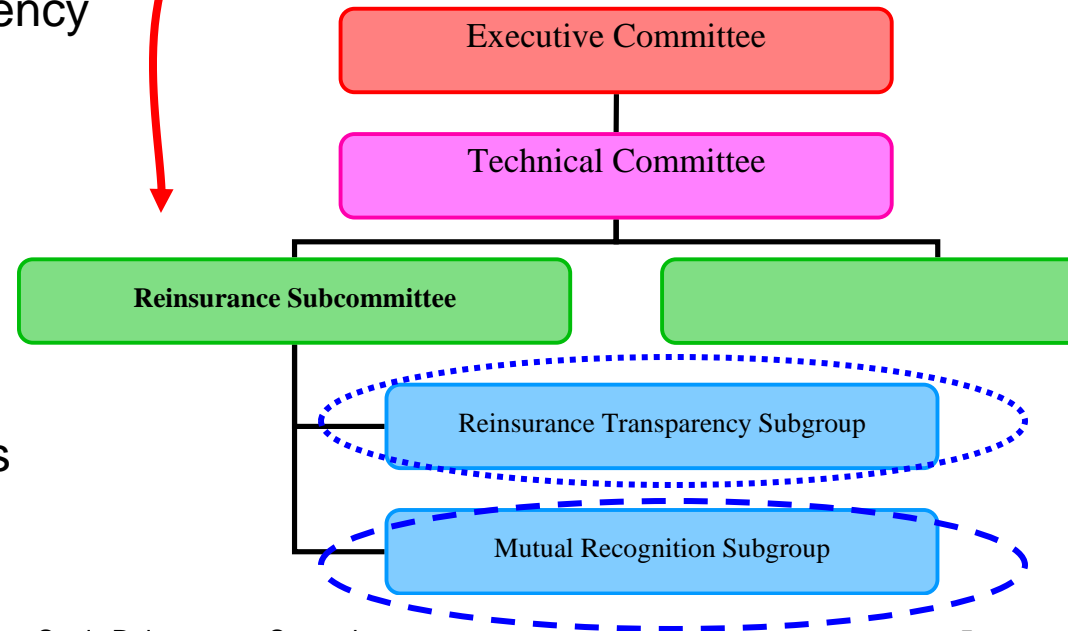
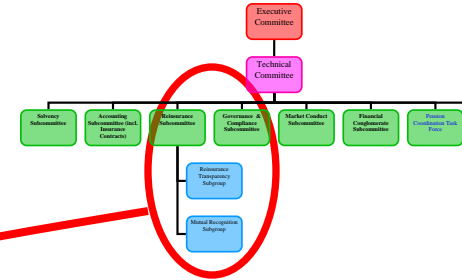
1. Main focus on

→ Mutual Recognition

→ Reinsurance Transparency

2. Work also on

→ Revision of IAIS Papers





# Reinsurance Transparency Subgroup

## Global Reinsurance Market Report

- Participants of report
    - Supervisors from Bermuda, France, Germany, Japan Switzerland, the UK and the USA
    - 56 significant reinsurance entities
    - Representing a very high proportion of the worldwide reinsurance market
  - Aim of report
    - Increase transparency concerning worldwide reinsurance market
    - Indicate resiliency of the reinsurance market
- Source of information for supervisors around the world



# IAIS Global Reinsurance Market Report

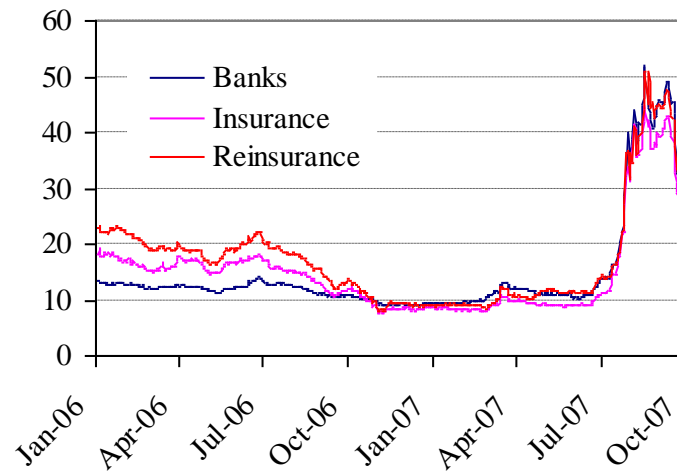
## Edition 2007 – new structure & new layout

Insights to relevant reinsurance market developments

New in the report: more reference to the overall capital market

### Example:

Average CDS spreads for reinsurance, insurance and banks





## ... Edition 2007 – some life reinsurance focus ...

...“Chapter III” provides assessments on:

**a) pandemic risks**

→ e.g. potential avian flu

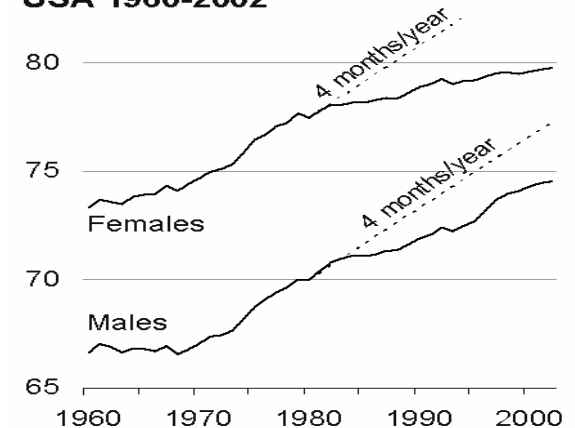


<http://www.iaisweb.org/>

**b) mortality risks**

→ e.g. graph below

**USA 1960-2002**



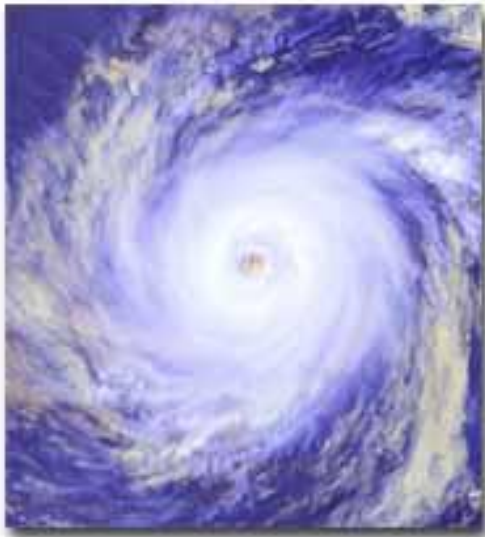




# Mutual Recognition Subgroup

## Mutual Recognition of Reinsurance Supervision

- Reinsurance protection
  - Important risk mitigation tool for insurers
  - Provide economic benefits for primary insurers and their policyholders



**Example:** major natural catastrophes (e.g. severe storms)

- Reinsurance provides protection
  - Global risk diversification is important
- Supervisors should support, if possible and appropriate, a worldwide diversification of reinsured risks



# Mutual Recognition Subgroup

## IAIS aim concerning mutual recognition

- To facilitate a system of efficient insurance and reinsurance supervision: avoid unnecessary burdens
  - **Example:** appropriate information sharing among supervisors instead of a duplication of supervisory requests



- Please check IAIS website for the recently published *“Discussion Paper on the Mutual Recognition of Reinsurance Supervision”*



# Reinsurance Subcommittee

## Additional work planned for the near future

- Revision and updating of existing reinsurance related IAIS papers
  - „Standard on the evaluation of the reinsurance cover of primary insurers“
  - „Guidance Paper on finite reinsurance“



# Insurance and Reinsurance

## Some insights into Latin America

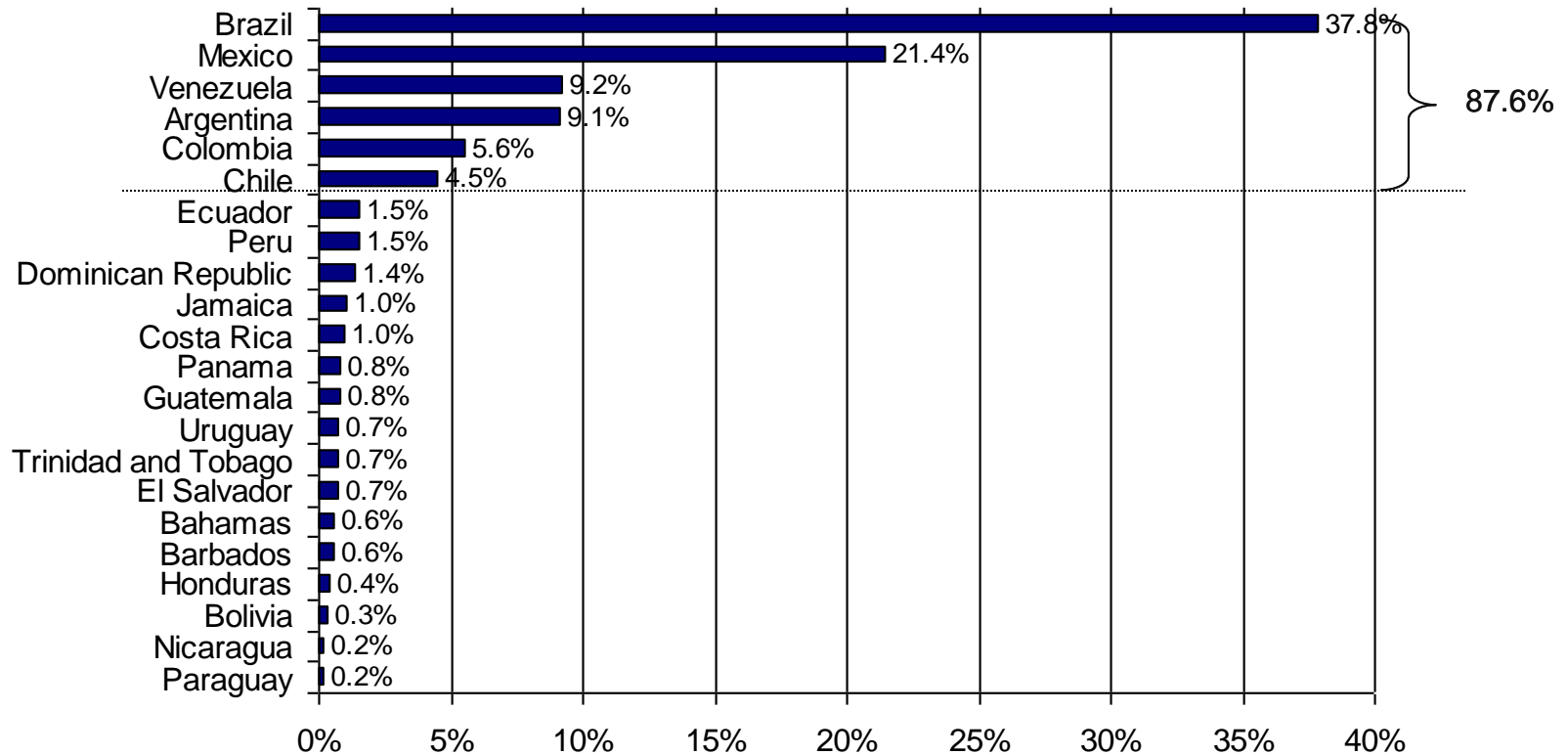
- Premium shares
- Premium growth
- Market penetration
- Growth expectation





# Latin America

## Non Life premium shares Latin America

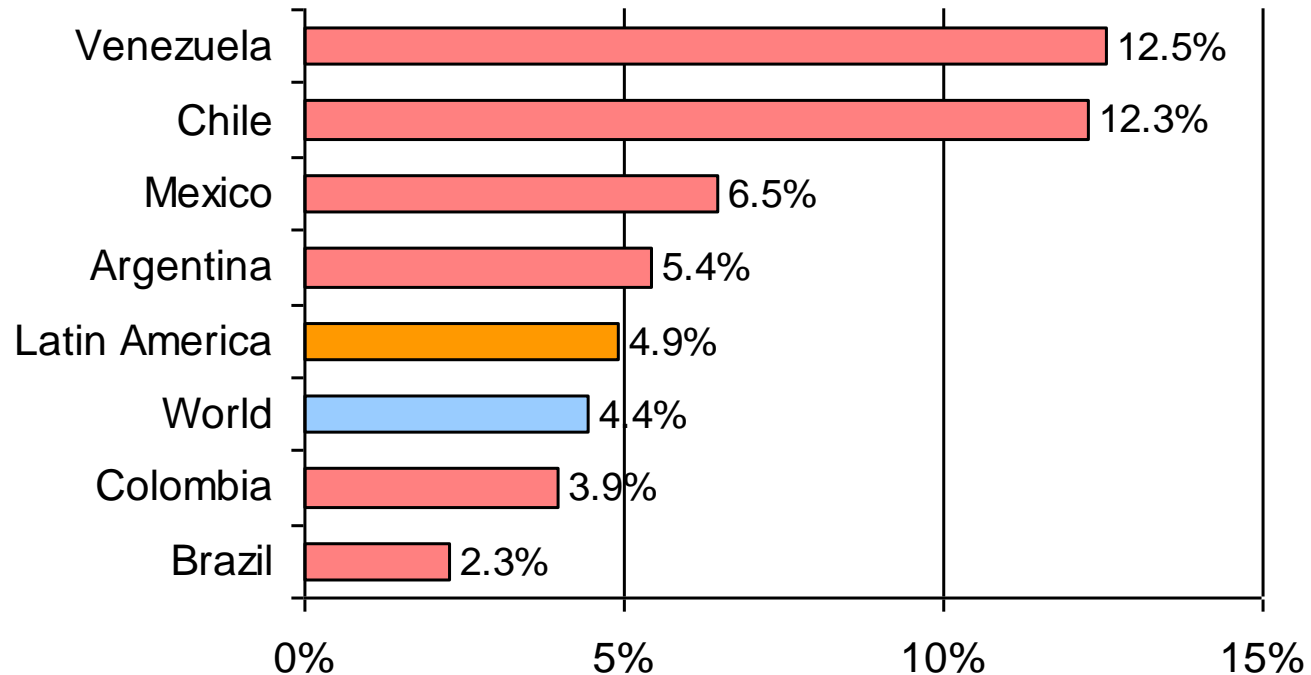


Source: VERA



# Latin America

## Non Life premium growth 2000-2005

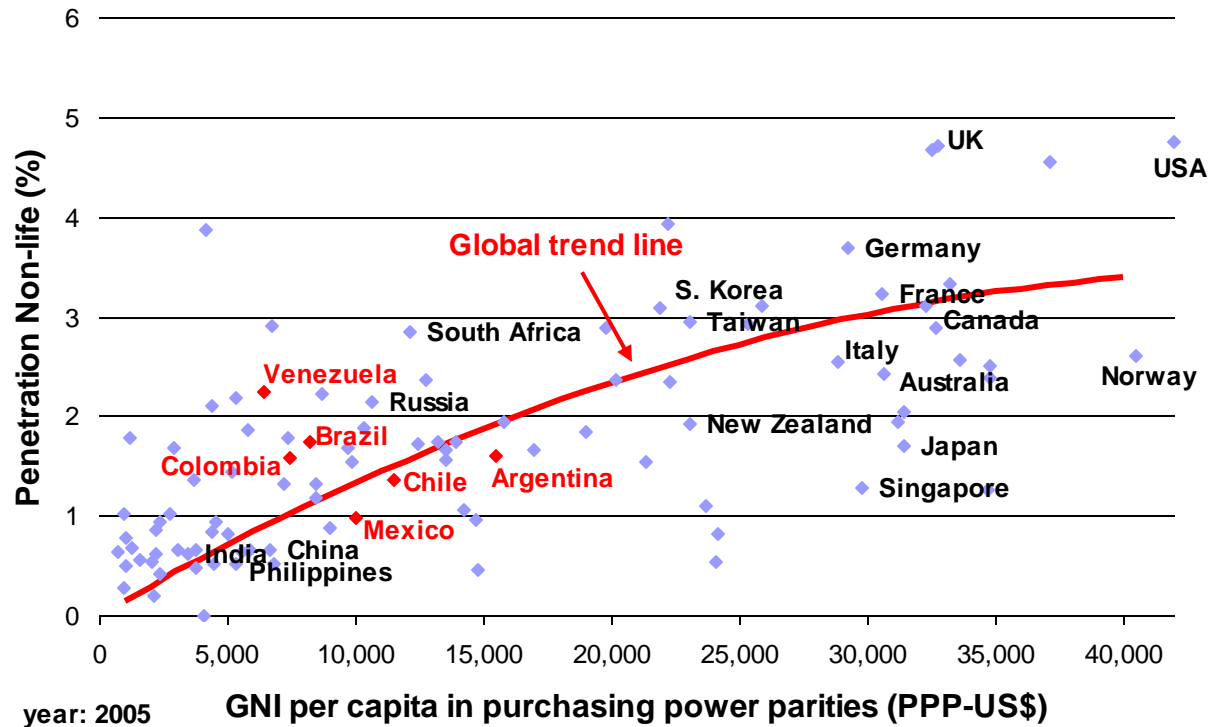


Source: Munich Re



# Latin America

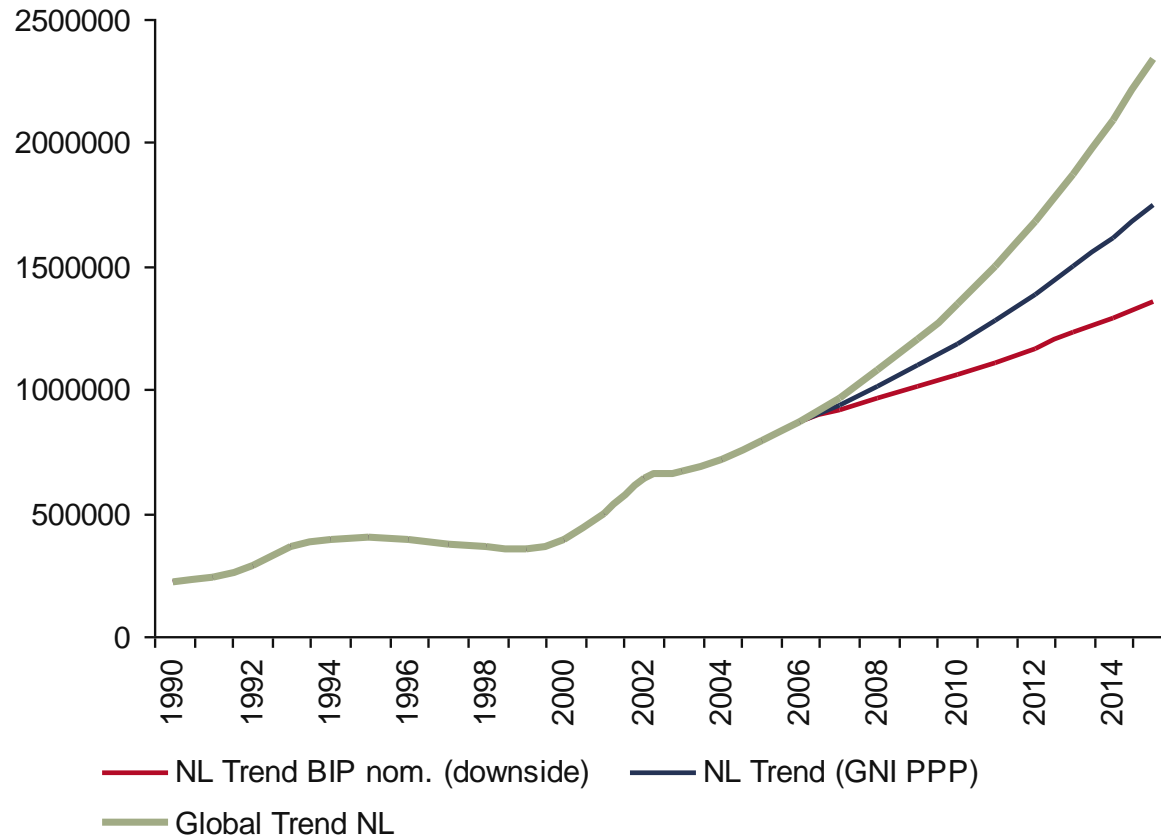
## Insurance market penetration



Source: VERA



## Growth expectation for a primary insurance market



source: AACH (history), Munich Re



# Reinsurance / Reaseguro / Resseguro

**A source for further questions und answers:**

<http://www.iaisweb.org/>