

September 25th, 2018. Bariloche, Río Negro. Argentina

The Superintendence of Insurance of Argentina hosted the Regulators Insurance Forum 2018 in the context of Argentina's G20 Presidency, where insurance supervisors from several jurisdictions, G20 members, and international organizations met in the city of San Carlos de Bariloche, Argentina, on the 24th of September, 2018 to discuss the crucial role of (re)insurance¹ and protection of policyholders in light of evolving risks, challenges and opportunities around the globe.

Forum participants would like to thank the Argentine G20 Presidency for their efforts and leadership in highlighting the crucial role of insurance, with forum participants recognizing the value of on-going engagement and discussion at a global level on infrastructure investment, economic resilience and innovation.

The principal objective of insurance supervision is to promote the maintenance of fair, safe and stable insurance markets for the benefit and protection of policyholders. Insurance supervisors recognize that, in general, regulatory frameworks should strike an appropriate balance between competing objectives, avoiding potential unintended negative consequences for policyholder protection, financial stability and fair market conduct.

The following summarizes the concepts expressed throughout the sessions of the Regulators Insurance Forum 2018.

BUILDING RESILIENT ECONOMIES

The insurance sector plays a critical role in supporting the resilience and stability of the real economy. Insurers provide financial protection to individuals and businesses against the risks they face, whether it be due to natural disasters that affect their assets and livelihoods, risks related to insufficient savings for retirement or events that affect income generating capacity.

In recent years there has been concerns about extreme weather conditions, exposing countries and their populations to risks associated with natural disasters, as well as difficulties in recovering from such catastrophic events. Where insurance is not available to provide a broad level of protection against these risks, covering losses is often transferred (implicitly) to the state, posing a risk to public finances and the broader economy and creating the potential for delays in financial recovery. Such situations disproportionately affect the bottom of the economic and social pyramid, especially in certain emerging markets where the protection gap continues to grow.

¹ When referring to insurance hereafter, both insurance and reinsurance are referenced.

In most countries around the world, standards of living and advances in healthcare are allowing people to live longer. Individuals need to have sufficient options for financial products which can help deal with the events and risks that arise over a lifetime. With increased longevity, retirement security is a major concern with significant impacts for the insurance sector.

Insurance supervisors have an important role to play in ensuring that the regulatory framework allows the development and offering of insurance products that meet the needs of consumers and provide a broad level of financial protection against these various risks.

Forum participants discussed:

- **Protection gaps and how these might be addressed, so as to enable the broadening of insurance coverage to those most vulnerable.**
- **How to balance the competing aims of supporting access to and development of insurance markets that meet the needs of underserved populations, while maintaining a high standard of policyholder protection, financial stability and fair market conduct.**
- **Ways to promote financial literacy and consumer education about insurance as a risk transfer mechanism and as a means for creating social and economic resilience.**
- **Risk mitigation, risk prevention and the effectiveness of private and public initiatives.**

LONG TERM INVESTMENT IN INFRASTRUCTURE

Infrastructure is a key contributor to sustainable economic growth, resilience, job creation and prosperity. Although significant efforts have been made, there remains a need for infrastructure investment in both developed and emerging economies. Insurers, as institutional investors, can be a critical stakeholder in this discussion as they operate with a longer time horizon.

Legal, regulatory, tax, accounting and governance frameworks play an important role in informing decision making. Regulatory frameworks applicable to long term investment in infrastructure by insurers should include both the risk assessment of the asset and the mechanisms (including capital) to mitigate such risk. Regulatory and supervisory frameworks should be risk-based, utilize sound valuation approaches and encourage appropriate asset/liability matching and diversification. Insurers should not be incentivized or encouraged to make investments that are not suitable or appropriate from a risk-reward standpoint or that potentially create financial stability issues.

Forum participants discussed:

- **Experiences on how insurers can contribute to long term investments in infrastructure.**
- **The importance of discussing and exchanging perspectives on long term investment by insurers and regulatory frameworks, including risk assessment and management, in order to fulfil the objectives of policyholder protection and the maintenance of financial stability.**
- **Insurance Supervisors' perspectives on efforts by the G20 Presidency to address common barriers to infrastructure as an asset class such as limited supply of investable projects, and the unavailability of data needed to track asset performance and assess its risk.**

INNOVATION AND TECHNOLOGY

Innovation and new technologies are having a significant impact on the insurance sector. Technological advancements provide major opportunities, such as increased efficiency, improved design and marketing of products and more granular underwriting and pricing. Such advancement may also improve the outreach of financial services to underserved populations, and therefore help increase financial inclusion. However, insurance supervisors also recognize that new technologies may present new challenges to be considered and addressed. Technological innovation that can improve the lives of consumers should be encouraged, while maintaining fair, safe and stable insurance markets for the benefit and protection of policyholders.

Forum participants discussed:

- **How regulatory frameworks and supervisory practices can take into account the development and use of new technologies in the insurance sector.**
- **The availability of products and services to consumers and improvements to insurance operations, and how positive developments can be fostered while maintaining policyholder protection, financial stability and fair market conduct.**
- **The challenges of data security and cyber risk mitigation, and the appropriate measures for supervisors and insurers to address such risks.**

Participants thank the Argentinean G20 Presidency for hosting this forum, where participants recognized how fair, safe and stable insurance markets can contribute to achieving the objectives of the G20, including resilience and sustainable economic growth.

The following institutions present at the Regulators Insurance Forum 2018: National Superintendence of Insurance (Republic of Argentina); Superintendencia de Seguros Privados - SUSEP (Brazil); Comisión para el Mercado Financiero de Chile (Chile); BaFin - Federal Financial Supervisory Authority – (Germany); Guernsey Financial Services Commission (Guernsey); Istituto per la Vigilanza sulle Assicurazioni - IVASS (Republic of Italy); Financial Services Agency (Japan); Comisión Nacional de Seguros y Fianzas de México (Mexico); Autorité de Contrôle des Assurances et de la Prévoyance Sociale (Morocco); Ministry of Finance (The Netherlands); De Nederlandsche Bank (Netherlands); Superintendencia de Seguros y Reaseguros de Panamá (Panamá); Saudi Arabian Monetary Authority (Kingdom of Saudi Arabia); Prudential Authority (Republic of South Africa); Insurance Authority of the United Arab Emirates (United Arab Emirates); Financial Conduct Authority – (United Kingdom); Federal Reserve (United States of America); National Association of Insurance Commissioners (United States of America); United States Dept. of Treasury - Federal Insurance Office (United States of America); European Insurance and Occupational Pensions Authority - EIOPA (European Union).

The following International Organisations were present at the Regulators Insurance Forum 2018: Access to Insurance Initiative (A2ii); InsuResilience Global Partnership; International Association of Insurance Supervisors (IAIS); The Organization for Economic Cooperation and Development (OECD); Sustainable Insurance Forum (UN).