

GFIA delegation to G-20 stresses insurers' social and economic role

Sydney — In a series of meetings this week with the Australian G-20 Presidency, the Global Federation of Insurance Associations (GFIA) has called on the G-20 to ensure that all international regulatory reform initiatives allow the insurance sector to continue to support the ambitious economic growth targets agreed last month by G-20 finance ministers.

“The GFIA welcomes the Australian G-20 Presidency’s focus on long-term growth and its ambitious targets,” said Frank Swedlove, chair of the GFIA. “Sustainable long-term growth requires not only the financial security that insurers offer through efficient risk-transfer mechanisms but also the industry’s long-term investments.”

Without insurers’ cover for risks, many aspects of today’s society and economy could not function. For example, of the US\$ 186bn of damage caused by major disasters in 2012, US\$ 77bn, or 41%, was covered by insurers¹. The insurance sector is also one of the world’s largest institutional investors, with US\$ 26.8trn of assets under management in 2012² and US\$4.6trn of new premiums to invest annually³. It is a significant holder of government and corporate bonds.

“It is vital that the ability of insurers to offer risk-transfer and retirement products and to invest long-term is maintained and encouraged. The link must always be made between international regulatory initiatives and the G-20’s long-term growth objectives,” said Swedlove, who is also president of the Canadian Life & Health Insurance Association.

“Time must always be allowed for a cost/benefit analysis in advance of any new regulation. Unintended consequences must be carefully considered,” he insisted, referring to the current work on global capital standards by the Financial Stability Board (FSB) and International Association of Insurance Supervisors (IAIS) and also to the OECD’s work on taxation.

“As the FSB and IAIS design new global capital standards — under the pressure of a highly ambitious timetable — it is important that insurers’ exposure to market volatility is not overestimated. Such artificial volatility could reduce insurers’ willingness and ability to invest long-term in areas such as infrastructure. It could also have a significant impact on the availability and price of insurance products.

“The insurance industry looks to the Australian G-20 Presidency to ensure there is appropriate political scrutiny before any new global standard is agreed,” said Swedlove.

1. Swiss *Resigma* study No.2/2013, "[Natural and man-made catastrophes in 2012](#)"

2. TheCityUK "[Fund Management 2013](#)"

3. Swiss Re *sigma* study No.3/2013, "[World insurance in 2012](#)"

BACKGROUND

The G-20 finance ministers met in Sydney, Australia on 22-23 February and agreed “to lift [G-20 countries’] collective GDP by more than 2 per cent above the trajectory implied by current policies over the coming 5 years”.

The Finance Ministers meet again on 20-21 September. The G-20 Leaders’ Summit is on 15-16 November.

NOTES FOR EDITORS

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 - follow us on Twitter @GFIAinsurance
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 - e-mail Amélie Chantrenne, Chantrenne@insuranceeurope.eu, to be added to our mailing list
3. Through its 37 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 58 countries. These companies account for around 87% of total insurance premiums worldwide. The GFIA is incorporated in Switzerland and its secretariat is based in Brussels. A full list of GFIA member associations is available at www.GFIAinsurance.org