Annual Report

11/12

ICIR

International Center for Insurance Regulation

The Second Year of the ICIR

MISSION STATEMENT

GLOBALLY LEADING RESEARCH ON INSURANCE REGULATION IN FRANKFURT

Recognized as the leading scientific institution in the area of insurance regulation, the ICIR, as an integral part of the Goethe University Frankfurt am Main, fosters high-quality international, independent research on insurance regulation and market solutions to regulatory questions.

INTERNATIONAL AND INTERDISCIPLINARY PLATFORM

The ICIR provides an international and interdisciplinary platform for scientists, the insurance industry, regulatory authorities, and policymakers to exchange ideas and seek answers to regulatory issues.

HIGH-LEVEL EXECUTIVE EDUCATION

In order to increase professional knowledge in the field of insurance regulation the ICIR offers high-level executive education courses on insurance regulation topics.

HELMUT GRÜNDL

Review and Outlook

Cordial welcomes to the readers of the second annual report of the "International Center for Insurance Regulation". A successful and busy year lies behind us which was still mainly characterized by the ongoing build-up of the ICIR.

The staffing of the ICIR is now nearly completed. We were able to hire two new research assistants who will start work in October and November 2012, and three student assistants who will help us fulfill our manifold tasks. We are also looking forward to the cooperation with our future Junior Professor, Jens Gal. As a member of the Laws Faculty of Goethe University, Jens Gal will substantially contribute to the interdisciplinarity of our Center.

A very important step during the past year was the establishment of the ICIR's Advisory Board. We are pleased that so many high-caliber persons from politics, academia, regulatory authorities and the insurance industry will now support our Center with their expertise and advice.

The ICIR was successful in various areas during the past year. Regarding our research efforts, we published several articles on insurance regulation topics in renowned academic journals, and filled the "pipeline" of our ICIR Working Paper Series with articles for future publications. The ICIR was represented at several international scientific conferences where its members presented their research results. One of our research assistants, Sebastian Schlütter, finished his doctoral studies very successfully and has since left the ICIR to work for Allianz in Munich. Furthermore, we have strengthened our international profile by having two prominent visiting professors – Prof. Gregory Nini, Ph.D. and Prof. Dr. sc. Marijana Curak – at the ICIR in November and December 2011.

Through its executive board members, the ICIR is involved in the political discussion on insurance regulation in the European Commission, EIOPA, and BaFin. In addition, ICIR members furthered the discussion on the treatment of long-term guarantees under Solvency II, the future of investment guarantees in life insurance contracts, and the development of the new German Insurance Supervisory Law. In a scientific report to the German Consumer Protection Ministry, we made proposals on how insurance companies and insurance agents could give appropriate advice to life insurance customers.

Core elements of the exchange between regulatory authorities, politics and academia are the seminars which the ICIR organized last year, especially the three Seminars on Insurance and Regulation, in which EIOPA-President Gabriel Bernardino, Karel van Hulle from the EU Commission, and, scheduled for late October 2012, BaFin-President Elke König presented and will present their ideas on Solvency II. In September 2012 the ICIR, in cooperation with EIOPA, hosted an international conference on Global Insurance Supervision. Many internationally renowned participants came to our campus to discuss issues of group supervision and possible systemic risks in the insurance sector.

In the year ahead the ICIR will enhance its efforts for more interdisciplinary work. One area for accomplishing this goal is the ICIR's participation in the newly established interdisciplinary Center for "Sustainable Architecture for Finance in Europe" (SAFE). SAFE will be financed by the State of Hesse for a planned duration of six years, with an overall volume of around 28 million Euros. It will start in 2013, and the ICIR, as a part of the successful application, will be represented by a project on the interplay between Basel III and Solvency II. In addition, we plan to carry out further scientific studies on the impact of Solvency II on the European insurance industry. We will also continue holding our Seminars on Insurance and Regulation and there will be another international conference in early September 2013. We are certain that the current developments around the European debt crisis and the introduction of Solvency II will provide us with many interesting topics for these events and for further ICIR activities.

In 2013, the ICIR will extend its teaching activities at Goethe University. Hartmut Nickel-Waninger and Karel van Hulle will both be lecturing in the business and economics bachelor program on "Insurance and Regulation". I thank both for their invaluable commitment. Within Goethe University's business and economics master programs, courses in "Risk Management and Insurance" and "Asset and Liability Management in Insurance Companies" are offered by the ICIR. In addition to the university courses, the ICIR was asked by the Deutsche Versicherungsakademie (DVA) and the Gesamtverband der Deutschen Versicherungswirtschaft (GDV) to jointly develop an executive education program for the insurance industry, which already started in 2011. This program continues with the training of insurance managers for the future requirements of Solvency II.

None of the described developments of the ICIR would have been possible without substantial input from its team members who are all highly committed to the build-up of the ICIR. I am most grateful for their contribution. I also thank the ICIR's Executive Board for close and trustful cooperation in the course of the last year. And, last but not least, I thank the sponsors of the ICIR, the GDV and the State of Hesse, for their continued generous financial sponsoring and their commitment.

H. Gründl

Prof. Dr. Helmut Gründl
Managing Director of the ICIR

The ICIR: Facts and Figures

SPONSORS

GDV
DIE DEUTSCHEN VERSICHERER

HESSEN

The ICIR is generously sponsored by the German Insurance Association (GDV) and the State of Hesse. Each of the sponsors provides 250.000 € per year for a planned funding period of 10 years.

The financial support of the Frankfurt Association for the Promotion of the Insurance Sciences (Förderkreis für die Versicherungslehre an der Johann Wolfgang Goethe-Universität Frankfurt am Main e.V.) is very much appreciated.

LOCATION

The ICIR is located in the House of Finance on the Campus Westend of the Goethe University Frankfurt. There could be no better choice of location, since Frankfurt has become the European center for the regulation and supervision of financial markets. Being a seat of the European Central Bank, the European Systemic Risk Board and the headquarters of the European insurance regulatory authority – EIOPA – the location generates manifold possibilities for co-operation.

Goethe University, in addition, provides a unique interdisciplinary scientific environment in the House of Finance. As one of the major institutions of higher education, Goethe University is committed to providing a wide spectrum of disciplines in research and teaching, to generating outstanding scientific achievements, and to breaking new ground through interdisciplinary work. In its short but very successful history, it has been awarded 19 Nobel laureates.

The House of Finance encompasses more than 200 researchers, among them 32 professors, conducting innovative and independent research in the field of finance and financial services. In addition, about 200 PhD students and 190 Master students from all over the world are conducting research in the fields of finance, banking and insurance.

HOUSE OF FINANCE
Goethe-Universität Frankfurt

THE EXECUTIVE BOARD OF THE ICIR CONSISTS OF:


Prof. Dr. Helmut Gründl
Managing Director of the International Center for Insurance Regulation
Chair of Insurance and Regulation, Goethe University


Prof. Dr. Karel van Hulle
Head of Unit at the European Commission


Prof. Dr. Manfred Wandt
Director of the Institute for Insurance Law, Law Faculty, Goethe University


Prof. Dr. Wolfram Wrabetz
Chief Executive Officer of Helvetia Insurance Germany
Chairman of Helvetia International
Chairman of Helvetia Lebensversicherungs-AG

IN 2012, THE ICIR'S ADVISORY BOARD WAS ESTABLISHED. ITS PRESENT MEMBERS ARE:


Gabriel Bernardino
Chairperson, EIOPA, Frankfurt am Main

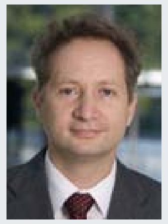

Dr. Werner Kerkloh
Head of Unit Insurance, Ministry of Finance, Germany


Dr. Monica Mächler
Vice-Chair, FINMA, Switzerland


Prof. Dr. Hartmut Nickel-Waninger
Member of the Management Board of the Gothaer Group, Cologne


Prof. Dr. Andreas Richter
Chair and Head of the Institute for Risk Management and Insurance, Ludwig-Maximilians-University Munich


Dr. Petra Roth
Former Lord Mayor of Frankfurt am Main


Prof. Dr. Hato Schmeiser
Professor of Risk Management and Insurance Economics, University of St. Gallen


Prof. Dr. Anton K. Schnyder
Professor for Private and Commercial Law, Private International and Civil Procedure Law, and Comparative Law, University of Zurich


Daniela Weber-Rey
Partner, Clifford Chance, Frankfurt am Main

PROF. DR. GRÜNDL'S TEAM

Prof. Dr. Gründl's team at the ICIR currently comprises an administrative assistant: Petra Petersen; three research assistants: Ming Dong, Franca Elsner and Rayna Stoyanova; one external doctoral student: Katharina Fischer, and three student assistants: Isolde Braun, Diana Husaru and Tobias Winkler.


Petra Petersen


Ming Dong


Franca Elsner


Rayna Stoyanova


Katharina Fischer


Isolde Braun


Diana Husaru


Tobias Winkler

GREETINGS FROM OUR ALUMNI

Dr. Sebastian Schlütter
Risk Management Consultant
Allianz Global Corporate & Specialty AG

"Having joined the ICIR at the very beginning, I recently finished my dissertation and took up a position in the risk management unit of Allianz Global Corporate & Specialty. I very much enjoyed working in the ICIR team and coming into contact with outstanding researchers, regulators and practitioners. My special thanks go to Prof. Dr. Gründl, who gave me excellent support for my dissertation and offered me great opportunities to present my results on an international level. The ICIR has undergone a great development during its young life and I wish the team all the best proceeding successfully along this track. Let's keep in touch!"

Dr. Dirk Höring
Senior Associate
McKinsey & Company, Inc.

"The date of my doctoral ceremony was one of the most important days of my life. This precious moment would not have been possible if it were not for the valuable support of Prof. Gründl and his team from the ICIR. Therefore, I would like to take this opportunity to thank them for their valuable guidance and their welcoming environment while I was on my doctoral path. I truly believe that the ICIR has a brilliant academic and professional future and will be a significant contributor to the shaping of tomorrow's insurance regulation."

NEW TEAM MEMBER

Newly promoted **Professor Dr. Jens Gal**, Maître en droit, will – with all likelihood – join the team of the ICIR. Dr. Gal has been entrusted with a Chair (Juniorprofessur) for European Insurance Law with a main focus on insurance supervisory law. Dr. Gal finished his legal studies in Frankfurt and Lyon, France and passed the First and Second State Exams in Hesse. He has been a lecturer at the Institute for Law and Finance in Frankfurt since 2006, at the University Lumirère II in Lyon since 2007 and at the Goethe University since 2010. Since having publishing his Ph.D. thesis on the civil liability of arbitrators in the field of international commercial arbitration in 2009 („Die Haftung des Schiedsrichters in der internationalen Schiedsgerichtsbarkeit“), Dr. Gal's academic focus has largely shifted towards insurance contract law and insurance supervisory law. Prior to his engagement at the ICIR, Dr. Gal held a position as research assistant at the Institute for Insurance Law at the Goethe University.

Research at the ICIR

RESEARCH FOCUS

The research interests of the ICIR focus on risk management and insurance regulation. Specific research questions include, for example:

- **Rules-based versus principles-based regulation**
- **Regulatory policy under multiple objectives**
- **Guaranty funds and moral hazard problems**
- **Group supervision: optimal capital transfer mechanisms**

CURRENT RESEARCH PROJECTS AND WORKING PAPERS

Schlütter, S.: **"Capital Requirements or Pricing Constraints? An Economic Analysis of Measures for Insurance Regulation"**
Depending on the point of time and location, insurance companies are subject to different forms of solvency regulation. In modern regulation regimes, such as the future standard Solvency II in the EU, insurance pricing is liberalized and risk-based capital requirements will be introduced. In many economies in Asia and Latin America, on the other hand, supervisors require the prior approval of policy conditions and insurance premiums, but do not conduct risk-based capital regulation. This paper compares the outcome of insurance rate regulation and risk-based capital requirements by deriving stock insurers' best responses. It turns out that binding price floors affect insurers' optimal capital structures and induce them to choose higher safety levels. Risk-based capital requirements are a more efficient instrument of solvency regulation and allow for lower insurance premiums, but may come at the cost of investment efforts into adequate risk monitoring systems. The paper derives threshold values for regulators' investments into risk-based capital regulation and provides starting points for designing a welfare-enhancing insurance regulation scheme.

Höring, D.; Gründl, H.: **"Risk Management's Place in an Organisation – A Trade-off between Independence and Co-ordination"**
This paper investigates the question of how risk management should be embedded in a firm's hierarchy. We take an innovative approach to this question by combining the well-known capital asset pricing framework with game-theoretic thinking. We discover the conditions under which risk information adds value to an investment decision. Furthermore, we provide a theory for the integration of risk management – the provider of risk information – into an organisation based on private information and differences in preferences. A simple model analyses when a principal will choose to allow a business manager to acquire additional risk expertise to improve estimation of a project's risk characteristics. In return, the organisation's decision making will benefit from the co-ordination of private information about the project's return and risk. However, the business manager could use the private information to implement favoured projects to the detriment of the organisation. The paper derives the prerequisites under which it is advantageous for the organisation to provide the business manager with additional private information as to a project's risk characteristics so as to foster co-ordination even if the interests of the principal and the business manager are not perfectly aligned. These findings have a number of implications for the organisation of risk management.

RESEARCH

Zimmer, A.; Gründl, H.; Schade, C.: **"Be as Safe as Possible: A Behavioural Approach to the Optimal Corporate Risk Strategy of Insurers"**
This paper empirically studies the impact of consumer reaction to default risk on an insurer's optimal solvency level. Using experimentally obtained data, we derive a price-default risk-demand-curve that serves as an input variable for the insurer's risk strategy. We show that an insurer should choose to be default-free rather than having even a very small default probability. This risk strategy is also optimal when assuming substantial transaction costs for risk management activities undertaken to achieve the maximum solvency level.

Schlütter, S.: **"The Role of Frictional Costs for Insurance Pricing and Insurer Default Risk"**
This paper analyzes how capital-related frictional costs (e.g., corporate or personal taxes) influence insurers' optimal pricing and safety level decisions. Frictional costs are modelled with an innovative generic approach that is compatible with many realistic forms of taxation. It is shown that in perfect competition, the insurer will always add the actual value of frictional costs to the premium; however, in imperfect competition, the insurer may overcharge or undercharge for frictional costs to achieve the shareholder-value-maximizing combination of equity and premium income. Policymakers can enhance welfare by implementing appropriate tax and subsidy schemes that make insurance more affordable and also lower insurers' restraints to hold sufficient equity levels.

Fischer, K.; Schlütter, S.: **"Optimal Investment Strategies for Insurance Companies in the Presence of Standardised Capital Requirements"**
The standard formula of the Solvency II framework employs an approximate value-at-risk approach to define risk-based capital requirements. The parameterization of the standard formula determines how much additional capital insurers need in order to back investments in risky assets. This paper investigates how the standard formula's stock risk calibration influences the equity position and investment strategy of a shareholder-value-maximising insurance company. Intuitively, a higher stock risk parameter should reduce the insurer's risky investments as well as his insolvency risk. However, by considering the insurer's equity level as an endogenous variable, we identify situations in which a stricter stock risk calibration leads to a significant reduction of stock investments, but leaves the actual solvency level virtually unaffected, since the insurer also lowers his equity capital position. While previous articles only deal with the statistical accuracy of the standard formula's calibration, our results shed light on the incentives resulting from different calibrations.

Stoyanova, R.; Schlütter, S.: **"Safety versus Affordability as Targets of Insurance Regulation in an Opaque Market: A Welfare Approach"**
Insurance regulation is typically aimed at policyholder protection. In particular, regulators attempt to ensure the financial 'safety' of insurance firms, for example, by means of capital regulation, and to enhance the 'affordability' of insurance, for example, by means of price ceilings. However, these goals are in conflict with each other. Therefore, we identify situations in which regulators should be more concerned with 'safety' or, alternatively, 'affordability'. Our model incorporates default-risk-sensitive insurance demand, capital-related frictional costs, and imperfect risk transparency for policyholders.

Höring, D.: **"Will Solvency II Market Risk Requirements Bite? The Impact of Solvency II on Insurers' Asset Allocation"**
The European insurance industry is among the largest institutional investors in Europe. Therefore, major reallocations in their investment portfolios due to the new risk-based economic capital requirements introduced by Solvency II would cause significant disruptions in European capital markets and corporate financing. This paper studies whether the new regulatory capital requirements for market risk are a binding constraint for European insurers by comparing the market risk capital requirements of the Solvency II standard model with the Standard & Poor's rating model for a fictitious, but representative, European-based life insurer. The results show that for a comparable level of confidence, the rating model requires 68% more capital than the standard model for the same market risks. Hence, Solvency II seems not to be a binding capital constraint for market risk and thus would not significantly influence the insurance companies' investment strategies.

Dong, M.; Gründl, H.; Schlütter, S.:
"The Risk-Shifting Behavior of Insurers under Different Guarantee Schemes"
Insurance guarantee schemes have been established around the world to protect policyholders from the costs of insurer insolvencies. However, it has been pointed out that guarantee schemes can also negatively influence insurers' incentives to conduct appropriate risk management. This paper investigates stock insurers' risk-shifting behavior for insurance guarantee schemes under the two different financing alternatives: the flat-rate premium assessment and the risk-based premium assessment. We establish which guarantee scheme maximizes policyholders' welfare, measured according to their expected utility. We find that the risk-based insurance guarantee scheme can only mitigate the insurer's risk-shifting behavior if an appropriate premium loading is chosen. The risk-based guarantee scheme will then be superior for policyholder welfare compared to the flat-rate scheme.

Elsner, F.; Gründl, H.; Wilde, C.: **"'And lead us not into temptation': How the presentation format influences policyholders' contract choice"**
It has become increasingly difficult to compare different life insurance contracts due to their complex design and the large variety of ways product information is presented. Especially for decision makers with little financial literacy, comparing stochastic future insurance benefit payments is virtually impossible. We attempt to elucidate in an experimental setting which presentation format helps people most to make investment decisions that are in line with their risk-bearing capacity. The results from the experiment have important policy implications regarding the design of standardized product fact sheets.

Elsner, F.; Gründl, H.; Maurer, R.: **"Hello, Goodbye: Investment Guarantees and Customer Loyalty"**
Investment guarantees are important elements of many financial products. There are products that offer an explicit guarantee such as the minimum guaranteed interest rate of German life insurance and annuity contracts. In addition, the product seller typically formulates additional return expectations that are not legally binding. When promising or building an expectation about a future (stochastic) payoff, the firm faces a trade-off: Promising high rates of return could attract more customers but also increases the risk of underperforming. Such underperformance can lead to a decrease in trust on the part of the customers and result in high termination rates from unsatisfied customers or in less new business. We attempt to elucidate in an experimental setting how many times or by how much a company can underperform until it loses customers or new business and thereby contribute to the field of behavioral finance.

Fischer, K.; Schlütter, S.: **"The Impact of Different Quality Measures on Insurers' Risk Management"**
This project analyzes how insurers optimally adjust their risk management, when policyholders take into consideration price and insurer default risk. The analysis is based on the idea that information on the solvency level of insurance companies is transmitted to private consumers and financial institutions via specific quality measures. For example, a frequently employed measure for an insurer's financial strength is the ratio between its actual solvency capital and the regulatory capital requirement. In our article, we derive analytical solutions for an insurer's shareholder-value-maximizing capital structure and insurance prices that mirror the interaction between these choices and the quality level. We demonstrate that a change of the quality measure (resulting, for example, from a modification of regulatory capital standards), may cause a substantial shift of the insurer's optimal capital level and insurance premium. In particular, we investigate potential consequences of switching from Solvency I to Solvency II standards.

Stoyanova, R.; Gründl, H.: **"Solvency II: a Driver for Mergers and Acquisitions?"**
In the dawn of Solvency II, the insurance industry is eagerly anticipating the new EU-wide harmonized regulatory requirements and in the meantime is searching for ways to utilize the new rules for its benefit. For instance, insurers look for an alternative allocation of risk and capital in order to adopt an optimal company–wide risk profile and lower the costs of their business. In the past, in the course of the increased harmonization of the economic landscape in Europe after 1990, a wave of intra-European consolidation activities took place and seemed to be stronger in the insurance sector than in other financial sectors. Now, with respect to the introduction of Solvency II and the group-wide regulation and supervision, practitioners predict an increase of mergers and acquisitions (M&A). They expect positive consequences of such consolidation activities. This paper seeks to provide evidence of whether the introduction of Solvency II will constitute a drive for insurers' consolidation as an instrument for achieving cost efficiency in the sense of lower capital requirements and additional shareholder benefits stemming from the deviation of the Solvency II standard formula and reality.

Stoyanova, R.: **"Participating Insurance Contracts as a Regulatory Tool"**
The research goal of this paper is to analyze whether participating insurance policies can be utilized as a possible instrument for solving the regulatory "solvency-affordability" goal conflict and increasing consumer welfare. In a theoretical model, term life insurance with a diversifiable individual mortality risk and an undiversifiable aggregate mortality risk component is considered. The insurer faces an insurance demand which reflects the willingness to pay of well-informed, expected utility-maximizing consumers with respect to the participation rate, the insurance price and the resulting insurer's default risk. The results suggest that introducing regulatory mechanisms that motivate the use of participating policies in different lines of insurance is in the interest of policyholders. Furthermore, any regulatory requirements of the profit-sharing rate of such participating contracts can serve as a mechanism for increasing consumer welfare as a regulatory target and to mitigate the goal conflict between the regulatory goals "solvency" and "affordability".

*For the full articles, if available, see the ICIR's Working Paper Series on our website: **www.icir.de**.*

GUESTS AT THE ICIR

The ICIR cooperates with researchers from Europe and beyond. During the reporting period, the ICIR welcomed two distinguished academic guests for long-term research residencies:

Marijana Curak, Ph.D.
Associate Professor
University of Split
Faculty of Economics
Split, Croatia

Prof. Curak visited the ICIR from October to December 2011 and her stay was financed through a DAAD scholarship. Prof. Curak presented her research work regarding the Croatian insurance market and attended research seminars in the House of Finance. She writes:
"I am greatly honoured and feel very fortunate to have been awarded a DAAD Scholarship for Research Stays and Study Visits for Academics and Scientists and to have had the opportunity to visit the International Centre for Insurance Regulation (ICIR) and Goethe University Frankfurt am Main. As an internationally recognized centre of high-level scientific research and teaching in the field of insurance and insurance regulation, as well as the place of linkage between insurance science, insurance practice and regulatory authorities, the ICIR provides great opportunities for scholars to obtain knowledge and experience in the field.
As an academic visitor to the Centre and Goethe University Frankfurt am Main I had an opportunity to attend the courses related to insurance and finance, studying the syllabi of the courses, attending seminars and international professional and scientific conferences, and giving presentations on the insurance sector in the Republic of Croatia. I have acquired knowledge on the new developments in the field of insurance regulation, the newest research in the field of insurance, teaching methods, and I have come into contact with the international academic and business community. I would especially like to highlight the cooperation with Professor Dr. Helmut Gründl. It was a great honor and opportunity to acquire knowledge and experience from such a respected and internationally recognized scholar and expert in the insurance field.
Having experienced the benefits related to teaching and research activities and having established cooperation related to future scientific work, I have found my staying in the ICIR and Goethe University Frankfurt am Main very useful and encouraging for my work.
Finally, I would like to highlight the hospitality and assistance with conducting my research received from the entire staff of the ICIR and other professors of the Faculty of Economics and Business Administration at Goethe University Frankfurt am Main. I am especially grateful to Professor Dr. Helmut Gründl, Petra Petersen, Sebastian Schlütter, Rayna Stoyanova, Ming Dong and Franca Elsner. Thank you for all your help and for making me as if I were a member of the team."

Gregory Nini, Ph.D.
Assistant Professor of Finance
The Wharton School
University of Pennsylvania
United States

Prof. Nini visited the ICIR from November 2011 to January 2012, and his stay was financed by the Metzler Foundation. Prof. Nini offered two block courses: Economics of Risk and Time (Ph.D. level) and Consumer Risk Management (Master level). He also presented a research paper in the Finance Seminar Series in the House of Finance entitled "**The Use of Securitization in Industrial Firms: An Empirical Investigation"**. He writes:
"I visited the University of Frankfurt as the Metzler Bank Visiting Professor and was graciously hosted by Helmut Gründl, the Chair of Insurance Regulation and Managing Director of the International Center for Insurance Regulation. During my time in Frankfurt, I had the opportunity to interact with all of the team members, present my own research, and teach Master's and Doctoral students. I remain impressed with the Center's commitment to providing scientific rigor to address important regulatory issues. The team is producing outstanding research that will be of direct interest to policy-makers and for actively training the next generation of industry professionals, regulators, and researchers.
In addition to being intellectually stimulating, I found my time in Frankfurt personally very rewarding. By locating in Goethe University and the House of Finance, the ICIR sits at the center of European economics. Professor Gründl and Petra Petersen have established a cordial and vibrant environment, particularly by recruiting Ming Dong, Franca Elsner, Katharina Fischer, Sebastian Schlütter, and Rayna Stoyanova. I hope to collaborate with the ICIR well into the future."

PUBLICATIONS DURING THE REPORTING PERIOD

Gal, J.: **Die Haftung des Schiedsrichters in der internationalen Handelsschiedsgerichtsbarkeit**, Tübingen 2009 (also: Univ. Frankfurt am Main, Diss. 2008).

Gal, J.: **Europäische Streitbeilegungsmechanismen bei Meinungsverschiedenheiten zwischen nationalen Versicherungsaufsichtsbehörden** in: ZVersWiss (in print).

Gal, J.: **Die Spur der Backsteine – Zu den eponymen Juristen der Beck'schen Gesetzestextsammlungen** in: NJW (in print).

Gal, J.: **Anm. zu BGH, Urteil vom 07.12.2011–IV ZR 105/11**, (Zulässigkeit der außerordentlichen Kündigung einer privaten Krankheitskosten- und Pflegeversicherung), in: LMK 2012, 330938.

Gal, J.; Sehrbrock, D.: **Verfahrens- und materiellrechtliche Anforderungen an die vorzeitige Abberufung von Vorstandsmitgliedern der Deutschen Bundesbank** in: AöR 2012 (in print).

Gal, J.; Sehrbrock, D.: **Kritik an Solvency II-Umsetzung**, Versicherungswirtschaft, 2012.

Gal, J.; Sehrbrock, D.: **Das neue VAG im System von Solvency II** in: Dreher/Wandt, Solvency II in der Rechtsanwendung, Karlsruhe 2012 (in print).

Gal, J.; Sehrbrock, D.: **Solvency II – Europäischer Rechtsrahmen einer neuen Versicherungsaufsicht**, Corporate Finance Law 2012, 140 ff.

Gründl, H.: **"Sicherungssysteme für Finanzdienstleistungsunternehmen im Europäischen Vergleich – Theorieperspektive"** in: Zeitschrift für die gesamte Versicherungswissenschaft, Vol. 100, 2011, 627–637.

Gründl, H.; Schmeiser H.: **"Langzeit-Garantien und 'Antizyklische Prämie'"** in: Versicherungswirtschaft, Heft 21, 2011, 1595.

Gründl, H.; Schmeiser H.: **"Mindestverzinsungsgarantie: Weniger ist Mehr"** in: Versicherungswirtschaft, Heft 5, 2012, 361.

Gründl, H.; Schmeiser H.: **"Standardmodell oder internes Risikomodell?"** in: Versicherungswirtschaft, Heft 10, 2012, 708.

Gründl, H.; Schmeiser H.: **"Long-term Guarantees and the Countercyclical Premium under Solvency II"** in: Policy Platform, House of Finance, Policy Letter No. 15, 2011.

Höring, D.: **Will Solvency II Market Risk Requirements Bite? The Impact of Solvency II on Insurers' Asset Allocation**, forthcoming in: The Geneva Papers on Risk and Insurance.

Post, T.; Gründl, H.; Schmit, J. T.; Zimmer, A.: **"The Impact of Investment Behavior for Individual Welfare"**, forthcoming in: Economica.

Schlütter, S.; Gründl, H.: **"Who Benefits from Building Insurance Groups? A Welfare Analysis Based on Optimal Group Risk Management"** in: The Geneva Papers on Risk and Insurance Vol. 37: 571-593.

Wandt, M.: **Prinzipienbasiertes Recht und Verhältnismäßigkeitsgrundsatz im Rahmen von Solvency II**, Mannheimer Vortäge zur Versicherungswissenschaft, hrsg. von Prof. Dr. Peter Albrecht, Prof. Dr. Hans-Jochen Bartels und Prof. Dr. Oliver Brand, LL.M., Verlag Versicherungswirtschaft, 2012, Heft 91.

Wandt, M.; Sehrbrock, H.: **Die Umsetzung des Verhältnismäßigkeitsgrundsatzes der Solvency II-Richtlinie im VAG-Regierungsentwurf**, in: Dreher/Wandt, Solvency II in der Rechtsanwendung, Karlsruhe 2012 (in print).

Wandt, M.; Sehrbrock, H.: **Gedanken zu den Solvency-II-Richtlinienzielen und ihre Bedeutung für das VAG** in: Burgard u.a. (Hrsg.), Festschrift für Uwe H. Schneider, 2011, 1395-1405.

Wandt, M.: **Allgemeines Versicherungsvertragsrecht** in: Halm/Engelbrecht/Krahe (Hrsg.), Handbuch des Fachanwalt Versicherungsrecht, 4. Aufl. 2011, 1-290.

Wandt, M.; Sehrbrock, H.: **Die Umsetzung des Verhältnismäßigkeitsgrundsatzes der Solvency II-Richtlinie im VAG-Regierungsentwurf**, VersR 2012, 802-809.

Wandt, M.: **Transparency as a General Principle of Insurance Law** in: Transparency in Insurance Law, Instanbul, 4 May 2012, 9-22.

Wandt, M.: **Anm. zu BGH, 21.9.2011, IV ZR 227/09**, Zu den Anforderungen an die Feststellung der Unerwartetheit einer Erkrankung, VersR 2012, 89-91.

Wandt, M.; Gal, J.: **Gerichtsstandsvereinbarungen in Versicherungs-sachen im Anwendungsbereich des § 215 VVG** in: Dammann, Jens u.a. (Hg.), Gedächtnisschrift für Manfred Wolf, München 2011, 579–605.

CONFERENCE PARTICIPATION

September 2011
Ph.D. Seminar, Cass Business School, City University London, UK
Presentation: **"The Role of Frictional Costs for Insurance Pricing and Insurer Default Risk"**
Speaker: Dr. Sebastian Schlütter

September 30, 2011
18th Annual Congress of the Deutsche Gesellschaft für Finanzwirtschaft (DGF)
Regensburg, Germany
Presentation: **"Capital Requirements or Pricing Constraints? An Economic Analysis of Measures for Insurance Regulation"**
Speaker: Dr. Sebastian Schlütter
The 18th annual congress of the DGF was held at the Universität Regensburg. The aim of this congress is to invite interested scholars and practitioners to participate to discuss the latest theoretical and empirical research from all areas of modern finance.

November 2-6, 2011
Global Forum Financial Regulation and Supervision from a Comparative Perspective
Prof. Dr. M. Wandt organized of the conference at Goethe University and gave a presentation on: **„Solvency II: A radical change of German Insurance Regulation"**

November 8, 2011
Unternehmenssteuerung und Unternehmensstruktur unter Solvency II
Prof. Dr. M. Wandt organized a joint conference with HoganLovells in Frankfurt am Main.

December 1-3, 2011
Herbstakademie Versicherung und Recht
Prof. Dr. M. Wandt organized the conference and gave a talk on **„Principles of European Insurance Contract Law (PEICL)"**.

December 12, 2011
12th Symposium on Finance, Banking and Insurance, Karlsruhe, Germany
Every three years the Symposium on Finance, Banking and Insurance takes place in Karlsruhe. The conference traditionally serves as a meeting point and link between theory and practice. Prof. Dr. Gründl presented a joint paper with Prof. Dr. Schade and Dr. Zimmer entitled **"Price-Default Risk-Demand-Curves and the Optimal Corporate Risk Strategy of Insurers: A Behavioral Approach"**.

December 13, 2011
Munich Behavioral Insurance Workshop
Munich, Germany
Behavioral economics and behavioral finance typically incorporate cognitive and social factors in modeling economic decisions. These include decisions made by the buyers and sellers of insurance-related products. The workshop is

organized in order to further promote and enrich the discipline. Prof. Dr. Gründl presented a joint paper with Prof. Dr. Schade and Dr. Zimmer, titled **"Price-Default Risk-Demand-Curves and the Optimal Corporate Risk Strategy of Insurers: A Behavioral Approach"**.

January 20, 2012
Ph.D. Seminar, Friedrich-Alexander-Universität, Erlangen-Nürnberg, Germany
Presentation: **"The Risk-Shifting Behavior of Insurers under Different Guarantee Schemes"**
Speaker: Ming Dong
The Doctoral Seminar at Friedrich-Alexander-Universität, Erlangen-Nürnberg is a good opportunity for junior researchers from different insurance institutes to present their research ideas and to receive valuable feedback.

February 1, 2012
Prof. Dr. M. Wandt gave a presentation on: **„Prinzipienbasiertes Recht und Verhältnismäßigkeitsgrundsatz im Rahmen von Solvency II"**, University of Mannheim.

February 27, 2012
Presentation by Prof. Dr. M. Wandt on: **„Änderungen des Aufsichtsrechts im Rahmen der Einführung von Solvency II"**, Stuttgart.

March 21-22, 2012
Annual Congress of the German Insurance Science Association (DVfVW)
Hannover, Germany
Two research papers of the ICIR were presented:
Schlütter, S.; Gründl, H.: **"Who Benefits from Building Insurance Groups? A Welfare Analysis based on Optimal Group Risk Management"**
Dong, M.; Gründl, H.; Schlütter, S.: **"The Risk-Shifting Behavior of Insurers under Different Guarantee Fund Schemes"**.

May 4, 2012
Transparency in Insurance Law
Istanbul, Turkey
Joint seminar of AIDA (International Association of Insurance Law) in cooperation with the Turkish & German Insurance Law Associations
The seminar was organized by Prof. Dr. M. Wandt. He gave a presentation on **"Transparency as a General Principle of Insurance Law"**.

May 15, 2012
Solvency II in der Rechtsanwendung
Frankfurt am Main, Germany
Prof. Dr. Manfred Wandt co-organized the conference and gave a presentation on **"Transparency as a General Principle of Insurance Law"**.

June 6, 2012
Prof. Dr. Manfred Wandt gave a presentation on **„Stand und Perspektiven von Solvency II – Gedanken zum Nutzen der neuen Regulierung"**, Vereinigung der Risikomanager Rhein-Neckar (Association of the Rhein-Neckar Risk Managers).

July 10-13, 2012
University of International Business and Economics, Beijing, China
Prof. Dr. Manfred Wandt gave guest lectures on the European Insurance Contract Law at the University of International Business and Economics, Beijing.

September 21-22, 2012
2nd Joint Conference of China-Europe Law School Deans, Beijing, China
Prof. Dr. Manfred Wandt took part in this conference and discussed possibilities of cooperation between the Institute for Law and Finance (ILF) of Goethe-University Frankfurt and Chinese universities.

September 17-19, 2012
European Group of Risk and Insurance Economists (EGRIE)
39th Seminar, Palma, Spain
Presentation: *Dong, M.; Gründl, H.; Schlütter, S.:* **"The Risk-Shifting Behavior of Insurers under Different Guarantee Fund Schemes"**
Speaker: Ming Dong
EGRIE is a European based non-profit organization dedicated to promoting research on risk and insurance. Papers presented in its 39th seminar were on topics in Economics, Finance or Management Science as related to risk and insurance.

Third-Party-Funding Application: S·A·F·E

The ICIR successfully took part in an interdisciplinary application of the Goethe-University for a LOEWE-Center called "Sustainable Architecture for Finance in Europe (S·A·F·E)". LOEWE is a program of the State of Hesse for supporting the development of scientific and economic excellence in Hesse. The title of the ICIR's research project is "Basel III and Solvency II – Risks and Side-effects from their Interplay". The project is motivated by the fact that Basel III and Solvency II were developed without consideration of their interdependencies and resulting consequences for the economy, although there are substantial cross holdings between banks and insurance companies. In particular, (life) insurance companies face a duration mismatch between assets and liabilities that arises from their long-term liabilities from life insurance policies. Therefore, they have a need for long-term bonds in order to reduce this gap. Banks however have long-term loan agreements on their asset side and refinance these by issuing long-term bonds. It is a natural consequence that insurance companies hold large amounts of long-term bank bonds. So far, it is unclear how these mutual dependencies as well as the different regulatory approaches will affect the risk policies of banks and insurance companies.

In our research project, we aim to shed light on the question of how the different regulatory requirements of Basel III and Solvency II will influence equity endowment and asset allocation in banks and insurance companies as well as the refinancing costs of banks. Also, we will analyze which safety level will be optimal as a consequence. In addition, we aim to elucidate how interactions of Basel III and Solvency II could contribute to systemic risk, and in particular how this could threaten the supply of insurance and loans. The systemic risk could arise from the cross holdings between banks and insurance companies since external shocks (for example the default of sovereign bonds) not only have a direct impact on the asset side of an insurance company but also an indirect effect. Finally, we attempt to assess the impact of transparency about safety levels of financial institutions on the risk policy of banks and life insurance companies.

Project on Measuring Consumer Utility of Financial Advice, initiated by the German Federal Ministry of Food, Agriculture and Consumer Protection

In December 2011, researchers from the House of Finance completed an interdisciplinary report on the subject of how to measure consumer utility of financial advisory services, and which information is required to this end. Besides investment funds and bank deposits, the report also covers life insurance products. In this context, Prof. Dr. Gründl and Dr. Schlütter dealt with the question of how the methods proposed for the performance and risk reporting of investment funds could be transferred to life insurance products. Important parts of the project included the analysis of today's legal requirements and best practice standards of post-contractual information provision. The authors conducted surveys and workshops with leading life insurers.

ICIR’s Platform Services

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FRANKFURTER VORTRÄGE

Frankfurt Talks on Insurance *(Frankfurter Vorträge zum Versicherungswesen)*

The Frankfurter Vorträge are organized and promoted by the Förderkreis für die Versicherungslehre and traditionally take place once every semester.

On December 12, 2011, Dr. Ralf-Joachim Götz was invited to give a talk on **“The DVAG – Why is it Successful?”** (“Die DVAG – Warum ist sie erfolgreich?”). Dr. Götz is the director and chief economist of Deutsche Vermögensberatung AG.

The second Frankfurter Vorträge event took place on June 18 this year. Andreas Freiling (Head of Insurance, Ernst & Young) was invited to give a talk on **“Solvency II – Implementing the Third Pillar”** (Solvency II – Umsetzung der Säule 3).

INSURANCE DIALOGUE

Life Insurance Products under Solvency II

On February 24, 2012, an insurance dialogue event took place at Goethe University Frankfurt focusing on the topic “Life Insurance Products under Solvency II”. The Insurance Dialogue is organized by the German Insurance Science Association in cooperation with the Munich Risk and Insurance Center (MRIC) and the International Center for Insurance Regulation (ICIR). Three distinguished referees – Carlos Montalvo (Executive Director of EIOPA), Dr. Johannes Lörper (Board Member, ERGO Versicherung AG) and Dr. Andreas Freiling (Head of Insurance, Ernst & Young GmbH) – were invited to provide speeches and their insight information.

The event started with a brief introduction of its topic by Prof. Dr. Gründl. He illustrated the various forms of life insurance products in Germany and demonstrated the problems of life insurance products according to the QIS studies from EIOPA.

At the end, he posed the question of whether life insurance products need to be changed to adapt to the present low interest rate environment and the new Solvency II rules. Following this, Carlos Montalvo gave a speech about the essential impact of consumers on the product development of life insurance companies. He stated the importance of consumers’ needs to the insurers in the process of producing insurance contracts; consumers’ needs and expectations determine the insurers’ contract design, pricing and marketing. In addition to this market discipline encouraged by Solvency II, an improved consumer protection can be better achieved with the risk-based framework, a market consistent evaluation and harmonized capital requirements. In response to the existing problems, insurers have to react with new life products. Unit-linked assurance without any guaranteed interest would not be accepted by the market, because consumers are striving for securities with respect to their retirement provision.

Dr. Andreas Freiling reported a study on the business implication of Solvency II for life insurance companies from Ernst & Young GmbH. According to their analysis, by 2013, 80% of the insurance participants will fulfill the new standards, and potentially failing insurers would not be able to reach the standards in all three pillars.

Dr. Johannes Loerper from ERGO Insurance AG was concerned most about the impact of the German legislation on life insurance products. Supervisors and regulators made a mistake in assuming that the interest rate of German government bonds for the next decades would stay at the current level of below 2%. At the moment, German insurers have built up such extensive reserves that they can resist the present low interest environment even longer. In addition, Dr. Johannes Loerper recommended temporary interest guarantees, newly rearranged every period. However, making products without a life-time guarantee does not work under current legislation constraints, therefore legislator relief is crucial.

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In the Q&A session, questions regarding insurers' strategies, consumers' behavior and regulators' challenges were fiercely discussed, and valuable answers were provided based on various arguments. For example, Prof. Dr. Martin Balleer asked why classical methods of asset-liability-management are not working under the current circumstances. Prof. Dr. Helmut Gründl answered that the interest rate had not been at such a low level for such a long time in the last few decades in Germany. To handle those situations in the future, the focus must lie on the product concept

in particular. Prof. Dr. Andreas Richter discussed whether policyholders' virtually unpredictable behavior – e.g. their cancellation behavior can be captured in the capital requirements. Here too, Carlos Montalvo stressed the importance of the precautionary principle. Dr. Johannes Loerper replied that insurers are aware of policyholders' behavior in the short term; in the long term, however, policyholders' behavior is difficult to analyze. Katharina Fischer, doctoral student at

the ICIR, asked about the largest regulation challenge in the next step. Carlos Montalvo answered that the market and reaction change create the problems for regulation. In any case, regulatory relief, which in principle deviates from the market consistent evaluation, is not a good channel for sustainably resolving solvency problems.

This Insurance Dialogue event was also reported in a press article with the title **"Solvency II und die Pferdeäpfel"** in the Börsen-Zeitung.

SEMINAR ON

Insurance and Regulation

On February 9, 2012, the ICIR hosted the 1st Seminar on Insurance and Regulation. EIOPA President Gabriel Bernardino was invited as our guest and gave a speech on "40 years of EU insurance regulation – The long and winding road".

In his speech, Mr. Bernardino reviewed the insurance regulation over the last 40 years and emphasized the importance of regulating the "management risk" as one of the main risks we are facing. Implementing the Solvency II directive is the lesson we learned from the past in order to increase long-term stability and regain consumer confidence, because Solvency II provides increased protection for policyholders through better alignment between risk and capital, improved risk management and the convergence of supervision.

The subsequent seminar took place on July 5, 2012. The ICIR had the honor of welcoming our Executive Board member Professor Karel van Hulle as our speaker. He is Head of the Insurance and Pensions Unit of the European Commission. The topic of his talk was: "Solvency II and Omnibus II: A happy marriage?"

Professor van Hulle began his talk by introducing the Solvency II regime and the Omnibus II contents. He explained the difficulties of implementing new regulatory rules and pointed out the major issues of Omnibus II, such as Regulatory Technical Standards (RTS), long-term guarantees, or third-country-equivalence.

Despite the present uncertain market conditions, Professor van Hulle emphasized the importance of implementing the stricter but more harmonized new solvency regime. He pointed out two essential aspects which are required to accomplish this task: Firstly, the reporting system of Solvency II needs to be improved, which requires a comprehensive database from the industry. And secondly, transitional provisions of Solvency II should be clarified in detail with the assistance of EIOPA.

In the subsequent discussion, Professor van Hulle endorsed the idea of developing the solvency regulatory framework for pension funds.

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CONFERENCE ON

Global Insurance Supervision

The ICIR, in collaboration with the European Insurance and Occupational Pensions Authority (EIOPA), organized the international **Conference on Global Insurance Supervision – Trends and Developments**, which took place at the Goethe University Frankfurt, Germany on September 6-7, 2012.

After the great success of last year's Conference on Transatlantic Insurance Group Supervision, we extended the geographical scope of this year's conference to create a more global perspective. The objective of the conference was to encourage the exchange between supervisors and leading professionals of the insurance industry on the subject of Global Insurance Supervision. Through prominent contributions on "Colleges of Supervisors" and in-depth discussions on the topic of "Regulatory Convergence" in break-out sessions, the participants could either derive solutions or elicit where the main issues of international cooperation lie. Furthermore, a panel discussion with a special focus on "Systemic Relevance of Insurers" provided valuable opinions on the current worldwide discussion.

During the presentations, supervisors from different regulatory environments presented their standards for insurance group supervision. The opinions on group supervision differ:. Whereas the EU, with its Solvency II approach, includes – amongst other qualitative elements – quantitative capital requirements on the group level, the U.S. applies a "windows & walls approach" focusing on approval of transactions and analyzing the financial conditions of the legal entities as part of the group. Switzerland, for example, pursues an integrated supervisory approach not only adopted for Swiss solo supervision, but also for group and conglomerate supervision. The industry representative suggested that insurance group supervision should be as lean as possible. It should not focus

too closely on single aspects of group risks but rather on the overall picture of the group's risk profile. Moreover, both supervisors and the industry agree that trust and common understanding are crucial for global insurance supervision and also the foundation for the proper functioning of the colleges. Our conference certainly contributed to furthering both.

The topic of "Regulatory Convergence" was addressed from four perspectives. The conference participants confirmed the advantages of having a global standards setting, and both supervisors and industry acknowledged the difficulties in addressing national divergences. In addition, a globalized supervisory system might increase the danger of systemic risk and market competition distortion. Under these circumstances, supervisors have to show leadership qualities in group supervision. The main outcome of the discussion was that the driving factor for successful global insurance supervision is enhanced trust and better communication between all parties.

On the second day of the conference, the panel discussants emphasized the importance of recognizing and combating the consequences of systemic risk from which insurance groups might suffer. Both supervisors and academics pointed out that what is needed first of all is better information and data to understand the risk of a wide variety of insurance products, both traditional and non-traditional and business models, along with the sharing of information on both local and global levels for identifying systemic risk, the development of sound policy measures, and an improvement of these in practice.

The conference received very good feedback, especially on the fact that it provided excellent opportunities for networking. The ICIR would like to thank our cooperation partners and esteemed participants from supervision, industry and academia from all over the world, for helping make the conference a resounding success. We are looking forward very much to making next year's international conference even better.

ICIR PARTICIPATION IN

Practice-oriented Conferences and Talks

(selection)

November 14, 2011
14th Euro Finance Week,
Frankfurt, Germany
The integration and regulation of European finance and insurance markets have become a major focus of the opening conference of the week. Conferences specialized in retail banking, risk management, transaction banking, and business process management mirror the industry's business spectrum. Prof. Dr. Gründl moderated a panel discussion on guarantee schemes in insurance.

November 17, 2011
20th Public Event of the Association for Fostering Insurance Science (Verein zur Förderung der Versicherungswissenschaft),
Berlin, Germany
Prof. Dr. Gründl led a discussion on "The future of retirement provision considering the reduction of the guaranteed interest rate in life insurance" ("Die Zukunft der Altersvorsorge unter dem Aspekt der Herabsetzung des Rechnungszinses in der Lebensversicherung"). Participants included Jürgen Tietze (BMF) and Mag. Hermann-Josef Tenhagen (editor-in-chief at Finanztest).

June 5, 2012
Centre for European Policy Studies (CEPS) Second Roundtable
The topic of the CEPS second roundtable was: The future (re)insurance regulation in the EU: is Solvency II under threat? This roundtable was aimed at assessing progress in the regulatory framework and examining the most contentious issues including the impact of the rules on long-term investments in the EU. Prof. Dr. Gründl gave a talk on **"Long Term Guarantees and the Countercyclical Premium"**.

Helmut Gründl
Member of EIOPA's Insurance and Reinsurance Stakeholder Group
Prof. Dr. Gründl serves as Science Representative in the "Insurance and Reinsurance Stakeholder Group" of the European Insurance and Occupational Pensions Authority (EIOPA).

Manfred Wandt
Member of the Insurance Advisory Council of BaFin, Germany
The Insurance Advisory Council addresses issues of insurance practice and provides advice to BaFin on the implementation and further development of supervisory law.

- **Member of the Project Group "Restatement of the European Insurance Contract Law**
- **Co-editor of the journals: "Versicherungsrecht" and „Zeitschrift für die gesamte Versicherungswissenschaft"**

Lectures and Executive Training

GOETHE UNIVERSITY FRANKFURT

Winter Semester 2011/2012
Asset and Liability Management in Insurance Companies
(Prof. Dr. Helmut Gründl)
Asset and liability management in insurance companies deals with the different tools and methods insurance companies have to optimize their risk position, and to meet liquidity and regulatory requirements. On a quantitative basis, supported by tutorials, this course comprised an insurer's investment policy, issues of insurance pricing and underwriting, reinsurance, reserves policy issues and equity capital endowment. A further focus was placed on Solvency II and its implications for asset and liability management.

Winter Semester 2011/2012
Allianz Insurance Business Game
(Allianz and the ICIR)
The insurance business game was offered in cooperation with, and sponsored by Allianz SE. The game is an innovative educational concept. It is a complex computer-driven simulation game in which students become virtual board members of insurance companies. They are responsible for the destiny of their own company and compete with other insurers. Students therefore receive a realistic insight into how an insurer works. We thank Allianz SE for offering this opportunity to our students.

Winter Semester 2011
Versicherungstechnologie und ihre Grenzen
(Prof. Dr. Hartmut Nickel-Waninger)
The Rhine-Main region is not only a financial center but also a logistics hub. Starting from the ford of the river Main, the bridge, the harbor, the traffic junction and the junction through to Frankfurt airport, traffic has shaped the development of the Frankfurt economic area. The logistics were and are for industry, trade and the financial services industry a decisive location factor. In this seminar, we considered as a "highlight" of risk management in the insurance of aviation risks. To achieve this goal, the seminar participants created their presentations based on the technological conditions. Practitioners then led us through the unique challenges of the insurance of aviation risks.

Summer Semester 2012
Risk Management and Insurance
(Prof. Dr. Helmut Gründl)
This is an elective course provided for Master of Science and Diploma students in the areas of Management, Money and Finance. The goals of the course were to understand the relevance and rationality of risk management, to systematize risk management instruments, and to learn to apply an adequate mix of risk management tools. Further topics of this lecture were the theory of insurance demand, the theory of insurance supply and problems stemming from information asymmetry.

Summer Semester 2012
Corporate Finance (Finanzen 3)
(Prof. Dr. Helmut Gründl)
This course was for Bachelor students. It covered the broad area of corporate finance and placed a focus on corporate risk management and insurance decisions.

Winter Semester 2011/2012
European Insurance Contract Law
(Prof. Dr. Manfred Wandt, Dr. Jens Gal and Dr. Theo Langheid)
This course examined insurance contract law – including the basics of insurance techniques – on a comparative basis. It focused on the different legal systems of the EU's Member States including the common law system and harmonization within the EU. The first part gave a general introduction into insurance contract law and into the several insurance contracts and their wordings. It also covered the specialties of property, liability, life, disability, accident and health insurance. The second part dealt with the activities of insurance agents and brokers. The third part consisted of a description of the particular requirements of extra contractual obligations between the insured and the insurer, focusing upon the duty of utmost good faith owed between the parties. In that context, an analysis of the Marine Insurance Act and English case law was provided. The course also described the peculiarities of insurance contract law focusing on the classification of terms, the attitude of English courts to draconian measures incorporated into English insurance wordings and particular requirements of facultative reinsurance.

Winter Semester 2011/2012
Deutsches und Europäisches Versicherungsvertragsrecht
(Prof. Dr. Manfred Wandt)
The lecture provided an introduction to private insurance laws taking into account the effects of the German Insurance Supervisory Law. The lecture focused on the general part of insurance contract law involving European law, as well as current efforts centered on the alignment in the EC.

EXECUTIVE EDUCATION

The ICIR was asked by the Deutsche Versicherungsakademie (DVA) and the Gesamtverband der Deutschen Versicherungswirtschaft (GDV) to jointly develop an executive education program for the insurance industry. This program intends to train insurance managers for the future requirements of Solvency II. Successful participants will receive one of the following certificates:

- Certified Risk Manager Insurance Solvency II (DVA)
- Certified Compliance Officer Solvency II (DVA)
- Certified Internal Auditor Solvency II (DVA)

The program started in the fall of 2011. Prof. Dr. Gründl and Dr. Schlütter held some of the courses.

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