

ANNUAL REPORT

2020
2021



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Fresh momentum for the new funding period



Dear Friends of the ICIR,

On 1 October 2020, the new ICIR funding period for the years 2020 to 2025 began. We have entered these five years with a lot of momentum and joy, even though the first year was marked by the Covid-19 crisis in many areas: we held our lectures at Goethe University exclusively online, and all ICIR events and meetings also took place in the virtual space only. We very much hope that this will change in the coming year, as we all miss the face-to-face meetings very much.

This annual report is intended to provide you with an overview of the activities and people at the ICIR. The beginning of the new funding period was accompanied by major personnel and structural changes: In the ICIR team, Fabian Regele started work in October 2020 at the Coordination Office, which takes care of the coordination of all activities at ICIR. After his departure to EIOPA in May 2021, Marcel Beyer took over this position in June, actively supported by Bettina their great work!

Due to the renewed statutes of ICIR, its Executive Board consists of only three members: Prof. Manfred Wandt, Prof. Alexander Ludwig and myself. Professor Alexander Ludwig, who is new to the Executive Board, covers the areas of social insurance and the intersection between individual and social insurance with a specific focus on demographic change. ▶

The ICIR's Advisory Board is almost completely new. Outstanding personalities from the insurance industry as well as from the European and German insurance supervisory authorities have been recruited, who will contribute to the further development of ICIR with their excellent expertise. We are all very much looking forward to a good and constructive cooperation with the Advisory Board, which will continue to be chaired by Dr. Monica Mächler.

The topics we are dealing with in ICIR are the topics that also play a major role in public discourse and will certainly continue to accompany us in the coming years. We have discussed the insurability of pandemic risks as well as life insurance and low interest rates in the context of the current Solvency II Review in the virtual event format of the "Digital Insurance Forum". In another Digital Insurance Forum in November, we will shed light on "New insurance business models – innovation and resilience." The "Digital Insurance Forum" format makes it possible to bring together panelists and attendees from around the world who constitute the leading experts on the topics at hand. This would not be possible in traditional face-to-face formats, and that is why we want to retain this event format in the future.

Our three-day-conference on "Global Insurance Supervision" in September, which we co-hosted along with EIOPA and the World Bank, focused intensively on the topics of digitization, sustainability, protection gaps and their impact on insurance regulation.

The research topics studied at ICIR address a wide range of current insurance and regulatory issues, such as the insurability of pandemic risks, in both the legal and economic fields. We were able to present our research results at many high-level specialist conferences and can look back on considerable publication successes this year, e.g. in the Journal of Public Economics, the Journal of Risk and Insurance and the European Actuarial Journal. I would like to take this opportunity to sincerely thank my board colleagues Manfred Wandt and Alexander Ludwig as well as the entire team of ICIR and my professorship for their excellent work in the past year in an often challenging Covid-19 environment.

My sincere thanks go to the retired and current members of the Advisory Board for their great commitment to ICIR, especially the Chair of the Advisory Board, Dr. Mächler, for her tireless work on behalf of ICIR.

I would also like to thank the Goethe University, the German Insurance Association (GDV) and the State of Hesse for their continuous commitment to a fruitful evolution of the ICIR.

Yours sincerely,



Prof. Dr. Helmut Gründl
Director of the ICIR

The Year at a Glance

Some Highlights

2020

1 October 2020
Goethe University Frankfurt
Start of the 2nd funding period of the ICIR

1 October 2020
Goethe University Frankfurt
Honorary Professorship Christian Thimann

17 December 2020
Goethe University Frankfurt
Doctoral Degree Fabian Regele

17 December 2020
Virtual
Research Presentation Paris December 2020 Finance Meeting

2021

3–5 January 2021
Virtual
Research Presentation ASSA Annual Meeting – ARIA Session

10–11 March 2021
Virtual
Research Presentations German Association for Insurance Studies (DVfVW) 2021

16 March 2021
Goethe University Frankfurt, Virtual
ICIR Digital Insurance Forum I Pandemic Risk and Insurance – Do We Need Private-Public Partnership

25–26 March 2021
Virtual
Research Presentation Annual Meeting of the Swiss Society for Financial Market Research

15 June 2021
Goethe University Frankfurt, Virtual
ICIR Digital Insurance Forum II Solvency II Review: Life Insurance and Low Interest Rates

2–4 August 2021
Virtual
Research Presentations Annual Meeting of the American Risk and Insurance Association (ARIA)

13–15 September 2021
Goethe University Frankfurt, Virtual
EIOPA, Research Center SAFE, The World Bank 7th Conference on Global Insurance Supervision The Insurance Sector in the Aftermath of the Covid-19 Pandemic.

16–18 September 2021
Virtual
Research Presentation 48th Seminar of European Group of Risk and Insurance Economists (EGRIE)

ABOUT THE ICIR

The background features several overlapping geometric shapes. A large teal shape is on the right side. A light blue shape is on the left side. An orange shape is at the bottom. The text 'ABOUT THE ICIR' is positioned in the upper left area, overlapping the white background and the light blue shape.



ICIR

The Three Pillars

Research

The International Center for Insurance Regulation (ICIR) is recognized as a leading scientific institution fostering independent research on insurance regulation and market solutions to regulatory questions. As an integral part of Goethe University in Frankfurt, the ICIR is committed to Goethe University's values and mission statement.

Education

The ICIR offers several lectures and seminars within the Bachelor and Master degree programs at the Faculty of Economics and Business Administration of Goethe University in order to increase professional knowledge in the field of insurance economics and insurance regulation.

Policy Platform

The ICIR provides an international and interdisciplinary platform for scholars, executives of the insurance industry, regulatory authorities, and policy makers to exchange ideas and shape strategic thinking about the future development of insurance and insurance regulation.

Funding and Partners

We would like to express our gratitude towards our funding partners, cooperation partners, and all the people within our network, for their continuous trust and tremendous support shaping the ICIR's development.



The ICIR receives generous funding by the State of Hesse (Land Hessen), the German Insurance Association (Gesamtverband der Deutschen Versicherungswirtschaft (GDV)) and the Goethe University for a period of five years.

Goethe University, a research-oriented university at the heart of Europe's financial center Frankfurt am Main, provides an outstanding and modern infrastructure located on the Campus Westend in the House of Finance.

Goethe University gives the ICIR a unique scientific environment for interdisciplinary research.

In addition, the ICIR has received further research funding from the German Association for Insurance Studies (Deutscher Verein für Versicherungswissenschaft e.V.) in Berlin, the Frankfurt Association for the Promotion of Insurance Studies at Goethe University (Förderkreis für die Versicherungslehre an der Johann Wolfgang Goethe-Universität) and Goethe Finance Association e.V. (GFA).



Förderkreis für die Versicherungslehre e. V.

The Executive Board



Prof. Dr. Helmut Gründl

Professor
Chair of Insurance and Regulation
Goethe University

Director
International Center for
Insurance Regulation (ICIR)



Prof. Dr. Alexander Ludwig

Professor
Chair of Public Finance and Macroeconomic Dynamics
Goethe University

Executive Board Member
International Center for
Insurance Regulation (ICIR)



Prof. Dr. Manfred Wandt

Professor
Chair of Civil Law, Commercial and Insurance Law
Private International Law and Comparative Law
Goethe University

Managing Director
Institute for Insurance Law

Founding Director
International Center for
Insurance Regulation (ICIR)

The Advisory Board

Jörg Asmussen

CEO, Gesamtverband
der Deutschen
Versicherungswirtschaft e.V.
(German Insurance Association)

Gabriel Bernardino

(until February 2021)
Chairperson, European
Insurance and Occupational
Pensions Authority (EIOPA)

Christoph Bohn

CEO, Alte Leipziger Holding AG

Dr. Frank Grund

Chief Executive Director of
Insurance and Pension Funds
Supervision, Federal Financial
Supervisory Authority BaFin

Prof. Dr. Klaus Günther

(until September 2021)
Dean, Faculty of Law,
Goethe University Frankfurt

Petra Hielkema

(since September 2021)
Chairperson, European
Insurance and Occupational
Pensions Authority (EIOPA)

Prof. Dr. Michael Huth

Vice President,
Goethe University Frankfurt

Stefan Lehmann

Chief Financial Officer, Generali
Deutschland AG, Chair of the
presidential committee:
Corporate governance at GDV

Dr. Monica Mächler

(Chair of the ICIR Advisory Board)
Member of the Supervisory
Board of Directors of Zurich
Insurance Group Ltd., Switzerland

Dr. Michael Menhart

Head of Economics, Sustainability
and Public Affairs & Global Chief
Economist, Munich Re

Isabella Pfaller

Member of the Board,
Versicherungskammer Bayern

Dr. Norbert Rollinger

(Vice-Chair of the ICIR Advisory
Board) CEO, R+V Versicherung AG

Prof. Dr. Christian Schlag

Dean, Faculty of Economics
and Business,
Goethe University Frankfurt

Prof. Dr. Thomas Vesting

(since October 2021)
Dean, Faculty of Law,
Goethe University Frankfurt

Prof. Dr. Wolfram Wrabetz

Honorary Professor at Goethe
University and Representative
of the Federal State of Hesse
for the Insurance Sector

The ICIR Team



Prof. Dr. Helmut Gründl
Chair of Insurance and Regulation
Director, ICIR



Bettina Mathis-Kupczyk
Chair Management
Team Management



Marcel Beyer
Scientific Coordinator and
Doctoral Student



Dr. Fabian Regele
Scientific Coordinator
(until 06/2021)



Nicolaus Jan Karol Grochola
Research Assistant and
Doctoral Student



Kar Man Tan
Research Assistant and
Doctoral Student



Gerrit Lüders
Research Assistant and
Doctoral Student



Karen Bachmann
Student Assistant



Elsa Bressel
Student Assistant



Dang Phuong Minh Lam
Student Assistant



Constantin Schneider
Student Assistant

RESEARCH

Insurance.
Risk.
Regulation.



ICIR Research Portfolio



Current Research Publications

Insurance Economics

Publications:

Gründl, H., Guxha, D., Kartasheva, A., Schmeiser, H.
Insurability of Pandemic Risks
accepted for publication
in: The Journal of Risk and Insurance, Vol. 88 (2021),

Weinert, J.-H., Gründl, H.
The Modern Tontine: An Innovative Instrument for Longevity Risk Management in an Aging Society
in: European Actuarial Journal, Vol. 11 (2021), No. 1, pp. 49 – 86.

Publications by ICIR alumnus Prof. Dr. Sebastian Schlütter:

Scenario-based measurement of interest rate risks
in: Journal of Risk Finance, Vol. 22 (2021), No. 1, pp. 56–77.

Sensitivity-implied tail-correlation matrices (jointly with Joachim Paulusch)
in: Journal of Banking & Finance, Volume 134 (2022).

Public Finance, Macroeconomic Dynamics, Retirement Planning

Publications by Prof. Dr. Alexander Ludwig:

Optimal Taxes on Capital in the OLG Model with Uninsurable Idiosyncratic Income Risk (with Dirk Krueger and Sergio Villalvazo)
in: Journal of Public Economics (2021).

The Long-Term Distributional and Welfare Effects of Covid-19 School Closures (jointly with Nicola Fuchs-Schündeln, Dirk Krueger and Irina Popova)
accepted for publication in: Economic Journal (2021)

Cognition, Optimism and the Formation of Age-Dependent Survival Beliefs (jointly with Nils Grevenbrock, Max Groneck and Alexander Zimmer)
International Economic Review (2021).

Books:

No Brainers and Low Hanging Fruit in National Climate Policy (jointly with F. Caselli and R. van der Ploeg)
[eBook]



Current Research Publications

Insurance Law

**Publications by
Prof. Dr. Manfred Wandt:**

Zur Aufrechterhaltung einer vertraglichen Obliegenheitsregelung bei Unwirksamkeit der Rechtsfolgenvereinbarung
VersR 2021, 79–83

Gesetzlicher Eigentumserwerb und Bereicherungsausgleich – die Verknüpfung von Sachen- und Bereicherungsrecht – ein Überblick
(mit Nikklas-Jens Biller-Bomhardt)
Ad Legendum 2021, 234–240

Ein weites Feld
VersR und VW, VW 2021, 102

Disclosure Duties in German Insurance Contract Law, German National Report, World Congress of the International Insurance Law Association (AIDA)
(jointly with Kevin Bork)
ZVersWiss 2020, 81–103

Mehr Rechtssicherheit in der Rückversicherung – Ein Einblick in die Principles of Reinsurance Contract Law (PRICL)
(mit Kevin Bork)
VW 2/2020, 78–81

Liability for environmental damage and insurance coverage under German law,
ZVersWiss 2020, 209–223

“Utmost” good faith in German contract law
(jointly with Kevin Bork)
ZVersWiss 2020, 243–254

Transparency in Insurance Regulation and Supervisory Law of Germany
(jointly with Kevin Bork)
in: Marano/Noussia (eds.)
Transparency in Insurance Regulation and Supervisory Law 2021, pp. 123–158

Kundenschutz im Privatversicherungsrecht
in: Gruber (Hrsg.),
Kundenschutz im Privatversicherungsrecht,
2020, S. 1–30

Books:
Gesetzliche Schuldverhältnisse,
10. neu bearbeitete Auflage,
2020, S. 1–574

New edition of the
Münchener Kommentar zum VVG
now 4 volumes
(co-editor and author)

New edition of the
Martin, Sachversicherungsrecht
(co-editor and author)

Editorship:
Frankfurter Reihe - Versicherungswissenschaften an der Universität Frankfurt am Main

PRINCIPLES OF REINSURANCE CONTRACT LAW (PRICL) 2019
(Hrsg. zusammen mit Helmut Heiss und Martin Schauer)

VersR – Zeitschrift für Versicherungsrecht, Haftungs- und Schadensrecht;

VersR-Schriftenreihe

Münchener Kommentar zum Versicherungsvertragsrecht
(zusammen mit Langheid),
Großkommentar, 3. Aufl., 3 Bände.

Frankfurter wirtschaftsrechtliche Studien
(Mitherausgeber)

Current Research Working Papers

Comparing insurance decisions from testing disease severity versus frequency
Kar Man Tan, Helmut Gründl

No. 42
Life Insurance Convexity
Christian Kubitzka, Nicolaus Grochola, Helmut Gründl

No. 41
The Fiscal and Welfare Effects of Policy Responses to the Covid-19 School Closures
Nicola Fuchs-Schündeln, Dirk Krueger, Andre Kurmann, Etienne Lale, Alexander Ludwig, Irina Popova

No. 40
Asset Concentration Risk and Insurance Solvency Regulation
Fabian Regele, Helmut Gründl

No. 39
Exploring the market risk profiles of U.S. and European life insurers
Nicolaus Grochola, Mark Browne, Helmut Gründl, Sebastian Schlütter

No. 38
Who Saves More, the Naive or the Sophisticated Agent?
Alexander Ludwig, Max Groneck, Alexander Zimmer

No. 37
The Long-Term Distributional and Welfare Effects of Covid-19 School Closures
Nicola Fuchs-Schündeln, Dirk Krueger, Alexander Ludwig, Irina Popova

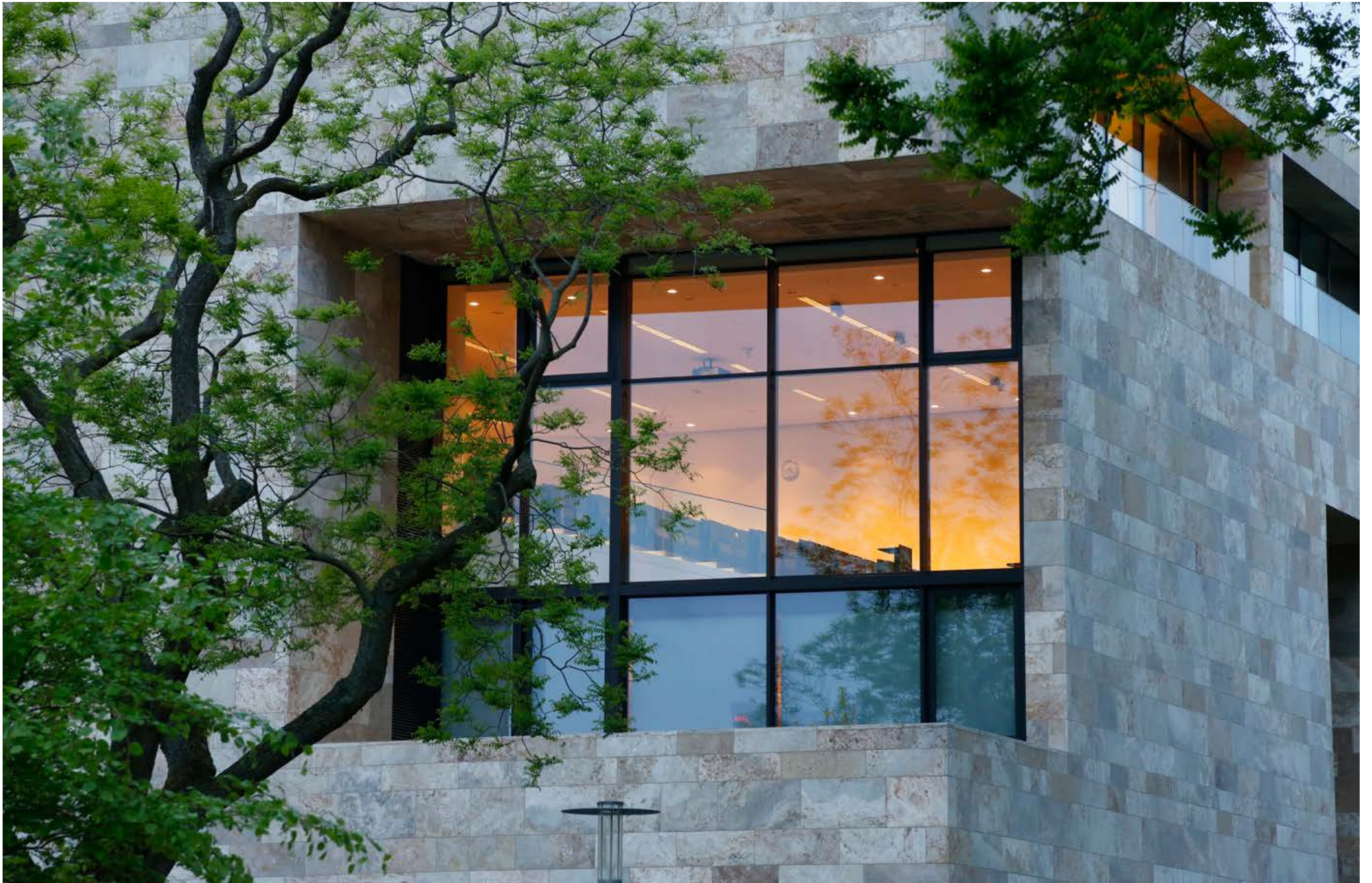
No. 36
Higher-Order Income Risk Over the Business Cycle
Alexander Ludwig, Christopher Busch

No. 30
Insurance Business Diversification and Systemic Risk (update 2021)
Fabian Regele



EDUCATION

Studies.
Lectures.
Seminars.



Curriculum Insurance Economics and Regulation

➤ Chair of Insurance, Insurance Supervision,
and Insurance Regulation,
Prof. Dr. Helmut Gründl

Winter Term 2020/21

Bachelor Program

Basic Concepts, Methods and Models
in the Field of Finance and Insurance

Lecture

Corporate Finance

Finanzen III

Prof. Dr. Helmut Gründl

Lecture

Current Issues in Insurance

Prof. Dr. Helmut Gründl

Master Program

Specialization in the Field of
Insurance and Regulation

Seminar

**Insurance Technology
and Its Limits**

**Versicherungstechnologie und
ihre Grenzen**

Prof. Dr. Hartmut Nickel-Waninger

Seminar

**Selected Topics in
Insurance Regulation**

Prof. Karel Van Hulle

Summer Term 2021

Bachelor Program

Lecture

**Insurance Products and
Their Distribution**

**Versicherungsprodukte und
deren Absatz**

Prof. Dr. Hartmut Nickel-Waninger

Seminar

European Insurance Regulation

Europäische Versicherungsregulierung

Prof. Karel Van Hulle

Master Program

Lecture

**Asset and Liability Management
in Insurance Companies**

Prof. Dr. Helmut Gründl

Curriculum Insurance Law

➤ Institut für Versicherungsrecht (IVersR)
Chair of Insurance Law,
Prof. Dr. Manfred Wandt

Winter Term 2020/21

Kolloquium

**Grundlagen des deutschen
und europäischen Privat-
versicherungsrechts**

Prof. Dr. Manfred Wandt

Seminar

Schadens- und Sachversicherung

Prof. Dr. Manfred Wandt

Seminar mit Kolloquium

**Willem C. Vis International
Commercial Arbitration Court
(Schiedsverfahrensrecht)**

Prof. Dr. Manfred Wandt,
Prof. Dr. Joachim Zekoll

Summer Term 2021

Seminar

**Aktuelle Entwicklungen des
Versicherungsvertragsrechts**

Prof. Dr. Manfred Wandt

Colloquium

**Deutsches und Europäisches
Versicherungsvertragsrecht:
Einführung in das Privat-
versicherungsrecht**

Prof. Dr. Manfred Wandt

Vorlesung

**DUDF – Diplôme Universitaire
de Droit Français, Professoren
der Université Lumière Lyon II
(französisch)**

Prof. Dr. Manfred Wandt

Vorlesung

Zivilrecht III a (Deliktsrecht)

Prof. Dr. Manfred Wandt

Curriculum

Public Finance and Macroeconomic Dynamics

➤ Chair of Public Finance and Macroeconomic Dynamics Prof. Dr. Alexander Ludwig

Winter Term 2020/21

Doctorate and Ph.D. Programs

Macroeconomics and (Social) Insurance
Prof. Dr. Alexander Ludwig

Mathematical Methods
Prof. Dr. Alexander Ludwig &
Prof. Dr. Leo Kaas

**Public Finance in Macroeconomics:
Heterogeneous Agent Models**
Prof. Dr. Alexander Ludwig

Seminar
**Topics in Macroeconomics and Public
Finance**
Prof. Dr. Alexander Ludwig

Master Program
**Macroeconomics and (Social)
Insurance**
Prof. Dr. Alexander Ludwig

Summer Term 2021

Doctorate and Ph.D. Programs

Seminar
**Topics in Macroeconomics and Public
Finance**
Prof. Dr. Alexander Ludwig

Bachelor Program

Seminar
Private and Social Insurance
Prof. Dr. Alexander Ludwig

Master Program

Seminar
**Current Topics in Macroeconomics
and Economic Policy: A Scientific
Perspective**
Prof. Dr. Alexander Ludwig



POLICY PLATFORM



People.
Positions.
Presentations.



Policy Publications

**Pandemic Risk and Insurance:
Time for a Public-Private Partnership**
**FIRM Yearbook, Frankfurt 2021,
p. 114–115**

Prof. Dr. Helmut Gründl and
Dr. Fabian Regele

**Mindestrente: Absicherung gegen
Altersarmut und notwendiger Baustein
für weitere Reformen**

DIW Aktuell 72

Johannes Geyer, Peter Haan and
Alexander Ludwig

Anm. zu OLG Dresden

8.6.2020 (4 W 397/20)

**Gruppenrestschuldversicherung,
VersR 2020, 1437–1439**

Prof. Dr. Manfred Wandt

**Gruppenversicherung: wirtschafts-
mächtig, aber rechtsdefizitär**

VersR BLOG 26.10.2020

Prof. Dr. Manfred Wandt

**Obituary – Bernd Michaels
(1936 - 2019) – zum Gedenken**

ZVersWiss 2020, 1–3

Prof. Dr. Manfred Wandt

**Obituary – Professor Dr. Dr. h.c.
mult. Claus-Wilhelm Canaris**

VersR 2021, 563

Prof. Dr. Manfred Wandt

**Drängender Regelungsbedarf für das
Vertragsrecht der Gruppenversicherung**

**Gesamtverband der Deutschen
Versicherungswirtschaft e.V. (Hrsg.),**

**Verlässlichkeit, Verantwortung,
Vertrauen – Festschrift für Jörg Freiherr**

**Frank von Fürstenwerth,
2020, S. 393–403**

Prof. Dr. Manfred Wandt

Research and Policy Activities

Prof. Dr. Helmut Gründl

Insurance Advisory Council BaFin
Versicherungsbeirat BaFin

Board Member German Association for Insurance Studies
(Deutscher Verein für Versicherungswissenschaft)

Annual meeting of the German Association for Insurance Studies
(Deutscher Verein für Versicherungswissenschaft), online, Program Chair of the paper presentations in insurance economics, 2021

Editorial Board Member of the "Review of Managerial Science" Sustainable Investments in Optimal Portfolios of Insurance Companies under Solvency II
(Nachhaltige Kapitalanlagen in optimalen Portfolios von Versicherungsunternehmen unter Solvency II) – Third party funding by the German Association for Insurance Studies (Deutscher Verein für Versicherungswissenschaft) [jointly with Sebastian Schlütter and Emmanuel Fianu, Hochschule Mainz)

Prof. Dr. Alexander Ludwig

Editorial Board Member
Journal of Pension Economics and Finance
Journal of Demographic Economics

Consultant
Deutsche Bundesbank
European Central Bank
Council of Scientific Advisors, Alte Leipziger-Hallesche

Prof. Dr. Manfred Wandt

Organizer of the annual "Karlsruher Forum zum Versicherungsrecht, Haftungs- und Schadensrecht"

Co-organizer of the annual conference "Solvency II in der Rechtsanwendung"

German Expert Advise for a new Vietnamese Insurance Law
Participation as German expert in a 2-day workshop on the ongoing reform of the Vietnamese insurance law. The government of Vietnam has a strong interest in shaping the insurance market. The importance of further development towards a stable, well-regulated insurance market for Vietnam is strongly emphasized. The Government Office in Hanoi is in charge of the project. The involvement of German experts was organized by the "Deutsche Gesellschaft für Internationale Zusammenarbeit" (GIZ).

DFG-research project "Prinzipien des Rückversicherungsvertragsrechts"
(principles of reinsurance contract law) (2nd funding period by DFG), D-CH-Collaborative Project in cooperation with the Universität Zürich

Insurance Advisory Council BaFin
Versicherungsbeirat BaFin (end of membership due to reaching the maximum permissible duration of 10 years in 2020)

Board Member (deputy chair) German Association for Insurance Studies
(Stellv. Vorsitz Deutscher Verein für Versicherungswissenschaft)

Head of the German department and member of the Presidential Council of the International Association of Insurance Law/ Association Internationale de Droit des Assurances (AIDA).

Member of the Editorial Board of the "Zeitschrift für die gesamte Versicherungswissenschaft" (ZVersWiss)

Conferences, Presentations and Moderations

Prof. Dr. Helmut Gründl

December 2020

Research presentation at Paris
December 2020 Finance Meeting

January 2021

Research presentation at ASSA Annual
Meeting – ARIA Session

March 2020

Research presentation at German
Association for Insurance Studies
(DVFVW)

March 2020

Research presentation at Swiss
Society for Financial Market Research

August 2021

Research presentation at American
Risk and Insurance Association (ARIA)

September 2021

Research presentation at European
Group of Risk and Insurance
Economists (EGRIE)

Prof. Dr. Alexander Ludwig

November 2020

Workshop: Norface DIAL TRISP
(Trends in Inequality, Sources and Policy)

March 2021

The Economics of Climate Change
(with Francesco Caselli,
Rick van der Ploeg, 2021)

June 2021

BGSE Summer Forum:
Macroeconomics and (Social)
Insurance
(with Chris Busch)

October 2021

Final Conference: Norface DIAL TRISP
(Trends in Inequality, Sources and Policy)

Prof. Dr. Manfred Wandt

November 2020

Kundenschutz im
Privatversicherungsrecht
(consumer protection in private
insurance law), online presentation,
Universität Salzburg

January and April 2021

Workshops DFG-sponsored Project on
Principles of Reinsurance Contract Law
(PRICL)

March 2021

Annual meeting of the German
Association for Insurance Studies
(Deutscher Verein für Versicherungs-
wissenschaft)
online, moderation of the plenary session
and the day of insurance law, 2021

May 2021

Transatlantic Lecture on Insurance Law
COVID-19 and Reinsurance Presentation
of the UNIDROIT Note on the Principles
of Reinsurance Contract Law (PRICL)
and the COVID-19 Health Crisis

Policy Events

924

924 & 61

GIS-Conference

924 Registrations
61 Countries

61

171 & 29

Digital Insurance Forum Events

171 Registrations
29 Countries

29

7th Conference on Global Insurance Supervision The Insurance Sector in the Aftermath of the Covid-19 Pandemic September 2021

The Global Insurance Supervision Conference took place on 13–15 September 2021, in virtual format, jointly organized by EIOPA, ICIR and World Bank.

The theme of this year's conference was "The Insurance Sector in the Aftermath of the Covid-19 Pandemic". Through panel discussions and keynote speeches, the conference examined the impact of Covid-19 on the insurance sector, with a particular focus on technology and trends in digitalization, sustainability, and regulation/supervision at a global level.

The conference combined speakers from the global regulatory/supervisory community, international organizations and (re-)insurers to provide a forum for focused debate on some of the most important issues facing insurance supervisors today.

Day 1: The insurance sector in a digital post-pandemic world

On the first day of the conference, Fabio Natalucci, Deputy Director in the IMF's Monetary and Capital Markets Department, commented on the massive policy support that has been given to economies. This has led to a clear post-pandemic recovery, but it has pushed down yields and expected investment returns. For some (particularly life) insurance companies, guaranteed returns are now above the return on investments. For others, there is also a potential duration mismatch between assets and liabilities and an increase in credit exposures. These are risks which require continued careful monitoring by insurance companies.

The panel discussed the changes that had been seen as a result of the pandemic. Many trends that were evident before the pandemic have accelerated, facilitated by technological change (notably cloud computing and AI) and greater data availability. At the same time, customers are demanding an enhanced digital experience: digitally enabled business models with 24/7 availability and real time connectivity. Incumbent firms need to adapt; and some completely new digital insurance products have been developed. In Kenya, for example, insurtech

start-ups are focussed on using the mobile money M-Pesa system to distribute insurance products.

Digitalisation provides opportunities for both cost efficiencies and new revenue streams. Better data enables a more accurate prediction of loss probabilities and helps overcome the perennial problem of the insurance industry – asymmetric information. It might also transform the risk landscape by turning some of the low severity, high frequency risks to high severity, low frequency risks. Motor insurance claims might change in that way, for example, as a result of the move to autonomous vehicles.

A poll of the conference participants showed 80% had seen a partial or full move to digital solutions provided by financial service providers (particularly insurers) during the pandemic. The shift to digital technologies was seen as the most important trend in the post-pandemic world.

But just as industrialisation had its adverse side effects (climate change and biodiversity loss), digitalisation may have (some yet unforeseen) adverse consequences. Already, consumer associations are concerned about blurred ethical boundaries in using more data. The risks depend on the type of insurance: the use of data will probably be more acceptable for motor insurance

(where it could even make insurable the previously uninsurable) than health insurance, for example.

For greater data availability to help, it is important that data are complete, accurate and accessible. Human checking may well still be needed to ensure that data are unbiased.

Cyber security risks have developed alongside greater digitalisation. This clearly provides a huge opportunity for the insurance industry. The problem is big: cyber-security losses were US\$1 trillion (1% of global GDP) in 2020. The key issues are what types of cyber risk are insured and whether these are insured separately from non-cyber risks but the opportunity in this new area is clear. ▶





Day 2: The future of global insurance regulation

Anderson Caputo Silva from the World Bank gave the opening impulse statement on the second day. The economic landscape, he said, is highly challenging, with elevated financial vulnerabilities, significant disparities between the developed and developing world and the growing importance of climate change. Around three quarters of natural disasters are linked to climate change. But climate change also presents huge opportunities for the insurance industry: the scope for investing the insurance industry's sizeable assets in sustainable investments; and the extension of insurance coverage.

The panel discussed the future of global insurance regulation. The fundamental need is to ensure that existing regulations remain fit for purpose in a changing environment. With greater digitalisation, the industry needs to make consumers' digital journey easier. Removing the need for paper-based disclosure forms would be one step (New Zealand has already taken this step). More challenging is the need to provide the same level of protection and benefits whether consumers are with an insurer online or offline. The key role for regulators is to uphold policyholder protection whether online or

offline solutions are used. Regulators are competing with the private sector for skills and resources, however, and in this light greater cooperation between the industry and the regulators is key to finding effective solutions.

It is encouraging that insurers continued to provide services to their policy holders in the pandemic. Looking at the new risks that insurers and policy holder face – including climate change and cyber risk – the potential for another big event is high. If the insurance industry is to be important in managing such risks, it has to demonstrate operational resilience in extreme scenarios. It is also important for supervisors themselves to be resilient. They have to show they can adjust, as required, even in a degraded environment. Insurers, of course, rely on others – notably large IT providers – so they should be able to seek reinsurance from them about their ability to cope in a stressed environment.

A poll of conference participants ranked an international agreement on a green taxonomy as the greatest regulatory need. Panellists were not surprised by this, noting that green issues were of broad, general importance at the moment. A clear green taxonomy would be particularly helpful in guiding insurance companies' investment decisions and the measures taken by regulators. But the issue is a broader one of sustainability, meaning that insurers and regulators

need to be knowledgeable about all of the seventeen sustainable development goals (SDGs) and their implications for the industry. One approach, taken in Costa Rica, is to gradually intensify regulatory measures to achieve sustainability in a series of stages. There is an expectation from the public that insurers will play a leading role in achieving climate change and sustainability objectives. The IAIS, published an application paper in May 2021 to signal the key steps insurance supervisors could take.

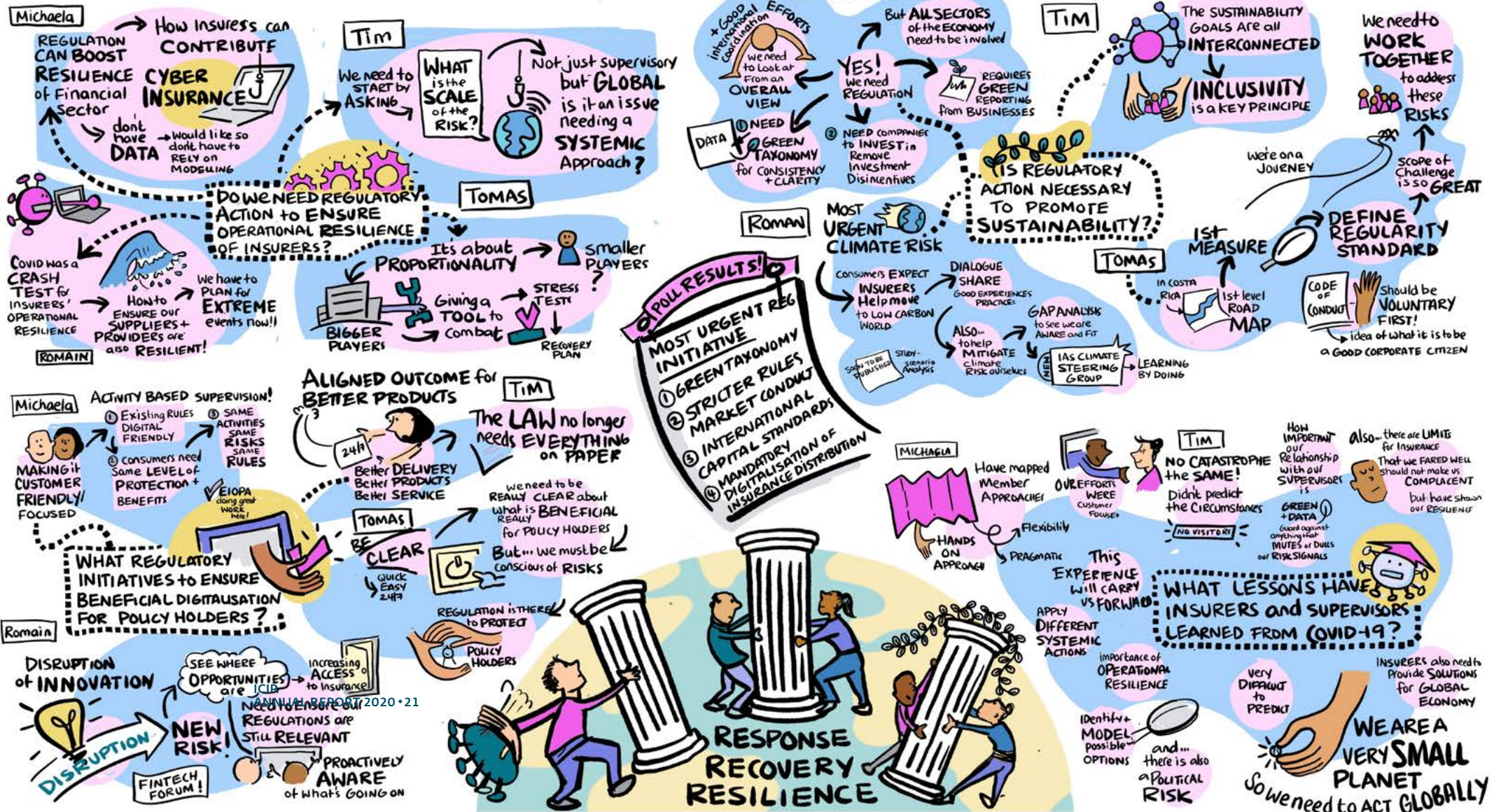
In Europe, there was an early recognition that regulation is needed to promote sustainability. There are two key areas where the insurance sector can play a part. First, ensuring appropriate outcomes of the sustainability requirements. For this, the most urgent requirement is an improvement in the availability of ESG data. Second, the insurance sector needs appropriate assets in which to invest and the ability to invest in longer-term investment (which requires the removal of current regulatory disincentives). In the evolution of the insurance industry, meeting these new challenges will be of key importance. ▶

ROMAIN PASEROT
INTERNATIONAL ASSOCIATION
OF INSURANCE SUPERVISORS

MICHAELA KOLLER
INSURANCE EUROPE

TOMAS SOLEY
SUGESE, Costa Rica

TIM GRAFTON
ICNZ, New Zealand



Day 3: The impact of the pandemic on protection gaps

On the final day of the conference, Anna Sweeney, Chair of the UN Sustainable Insurance Forum gave the opening address on climate risk challenges, with a focus on emerging economies. Climate change is an existential and present threat. The gap between what is required of insurance and what is delivered remains largest in emerging economies. Emerging economies are the most vulnerable because of their low preparedness and their lack of financial resources to invest in infrastructure and build resilience. Poor insurance coverage reduces an economy's ability to recover but the potential gains from more insurance are large: each one percentage point increase in insurance penetration reduces response times to disasters by 12 months.

The panel discussion focussed on protection gaps, an issue which has been brought to centre stage by the pandemic. The insurance losses from Covid amounted to around US\$45bn, mainly from event and trip cancellation. This amount was small compared to the economic losses. That itself highlights the huge protection gaps we had pre-pandemic. In developing Asia, the 'property protection gap' of the impact of natural hazards and climate change risks is US\$134 billion but this is dwarfed by the mortality protection

gap (US\$83 trillion) and the pensions protection gap (US\$70 trillion). Protection gaps are large even in some advanced economies: only 46% of German consumers are insured against natural disasters, for example.

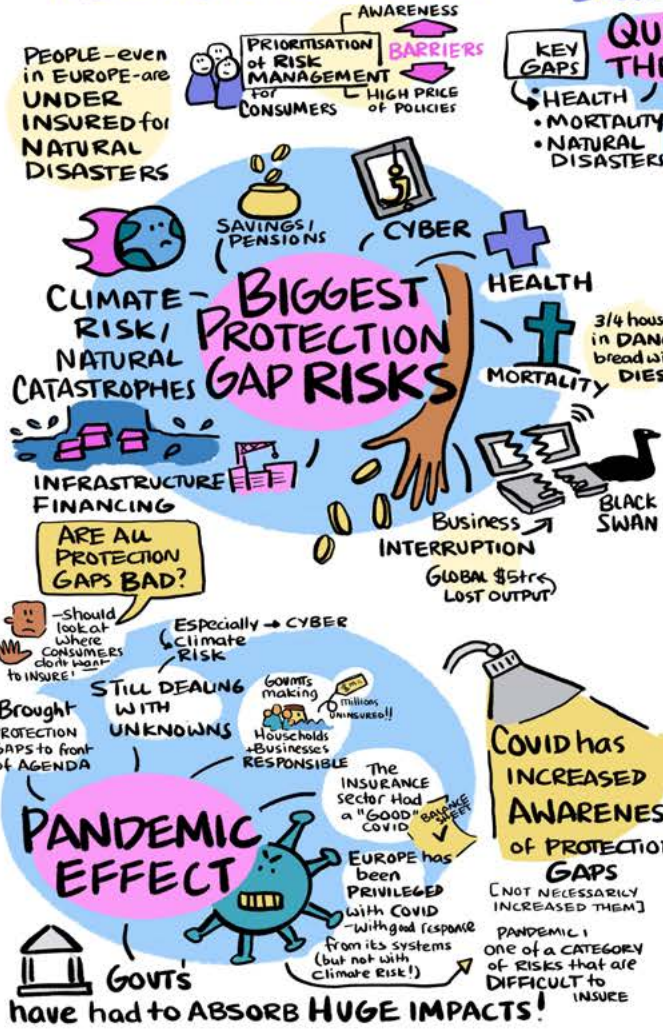
Protection gaps have always existed but we cannot simply define the protection gap as the amount that is uninsured. There may not be the demand to insure all potential losses. The three protection gaps which are best understood and quantifiable in advanced economies (healthcare expenditure, mortality risk and natural disaster risk) together amount to around US\$1.4 trillion in terms of premium equivalence. So, if all three were closed the global insurance market would expand by 20%.

In response to a poll of conference participants, 79% thought that the pandemic had persistently increased pre-existing protection gaps; and 79% thought there was a need for the government to play a more positive role. There are examples of public-private partnerships working well to develop insurability. After 9/11, terrorism risk was perceived to be uninsurable. But the passing of the US Terrorism Insurance Act and the establishment of the Department of Homeland Security meant that the obstacles were overcome and terrorism insurance was possible. Indeed, that market is now functioning well.

However, it is possible that more risks come to be considered uninsurable. One reason is that the insurance industry has historically been focussed on insuring tangible assets; but intangible assets are becoming much more important. If a perception grows that the insurance industry is not there when it is needed, the industry's reputation could be damaged. The broader issue is that balance sheets of insurance companies are finite but systemic risks are potential infinite, which means that a greater role for governments as insurers of last resort is needed. The industry itself also needs to play a role: finding ways to offer products that protect against new risks and at the same time incentivising adaptation. In that way, the insurance industry can ensure that it remains highly relevant in the changing world. ♦



KAI-UWE SCHANZ
THE GENEVA ASSOCIATION



JUSTIN WRAY
EIOPA



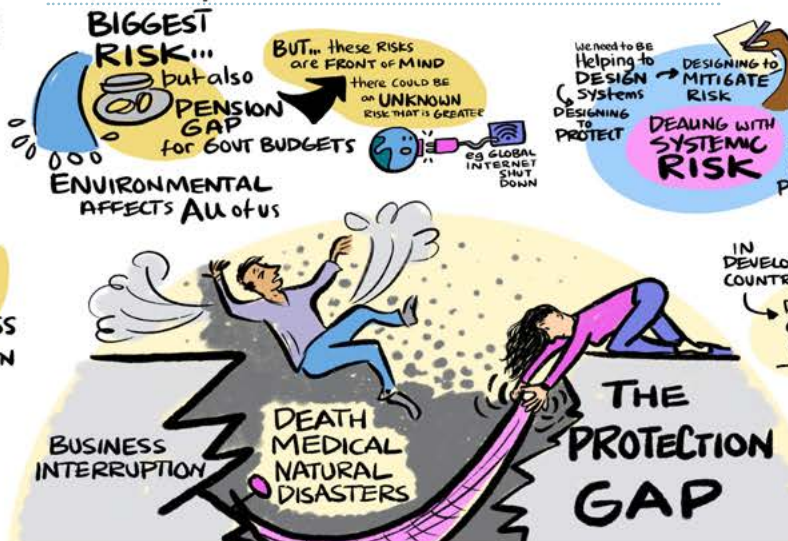
MONIQUE GOYENS
BEUC



ARUP CHATTERJEE
ASIA DEVELOPMENT BANK



RUTH LUX
GUY CARPENTER



Digital Insurance Forum Events

16.03.2021

Pandemic Risk and Insurance – Do We Need Public-Private Partnerships?

Panelists:

Jörg Asmussen

German Insurance Association (GDV)

Prof. Dr. Helmut Gründl

ICIR and Goethe University Frankfurt

Jakob von Weizsäcker

Federal Ministry of Finance, Germany

Moderation:

Prof. Karel Van Hulle

KU Leuven and
Goethe University Frankfurt

15.06.2021

Solvency II Review: Life Insurance and Low Interest Rates

Panelists:

Dr. Alexander Dotterweich

PwC, Partner Actuarial Services

Olav Jones

Insurance Europe,
Deputy Director General,
Director Economics and Finance

Justin Wray

EIOPA, Head of Policy Department

Moderation:

Prof. Dr. Mirko Kraft

Coburg, University of Applied Sciences

**WELL DONE
ICIR ALUMNI!**

The background features a series of overlapping geometric shapes. A large teal shape is on the right side. A light blue shape is on the left side. An orange shape is at the bottom. The text is positioned in the upper left area, overlapping the white background and the light blue shape.



Well Done ICIR Alumni!



Dr. Elia Berdin
(ICIR: 2011–2016): Allianz Group

Dr. Elia Berdin left Generali Group Risk Management where he had been a Senior Risk Manager since 2016. He will join Allianz Group Risk as “Senior Coverage Officer” starting from 1 December 2021.



Prof. Dr. Franca Glenzer
(ICIR 2012–2014): HEC Montreal

Franca Glenzer has accepted a position as Assistant Professor at the Finance Department at HEC Montréal starting in January 2022. She will remain affiliated with the Retirement and Savings Institute where she has been an Associate Researcher since 2019. In her new position, Ms. Glenzer will continue to pursue her research agenda in the field of pensions and financial decisionmaking related to retirement. Franca Glenzer’s dissertation “Essays on Managing

Financial Risk in Old Age and Insurer Solvency”, which was part of her PhD project at Goethe University, was runner-up for the Netspar Thesis Award in 2020. The award recognizes the best thesis in the field of retirement and aging. Ms. Glenzer’s thesis examines reasons why markets for annuities and long-term care insurance remain small, and points to possible solutions that could make these insurance markets more efficient.



Prof. Dr. Irina Gemmo
(ICIR: 2013–2019): HEC Montreal

After her time as a research assistant at the ICIR, Irina joined the Chair of Integrative Risk Management and Economics at ETH Zurich as a Postdoctoral Researcher. At the beginning of 2021, she obtained the position as Assistant Professor for Household Risk Management and Insurance Economics at the University of St. Gallen. Shortly after, her family plans brought

her to Canada, where she now works as Assistant Professor at HEC Montréal. Irina’s research focuses on household finance and insurance economics. In particular, she investigates the determinants of households’ financial decision-making with the goal of understanding how policy-makers can help improving these decisions.



Dr. Fabian Regele
(ICIR: 2016–2021): EIOPA

Dr. Regele joined EIOPA as a policy expert on sustainable finance in June 2021. He currently works on various topics regarding the microprudential consideration of sustainability risks in the regulation and supervision of insurers in the European Union. A particular focus of his work lies on the climate change-related risk exposures of the insurers' assets and liabilities and the corresponding prudential treatment. Prior to his role at EIOPA, Fabian was a research assistant at the ICIR from 2016 – 2021 and received his doctoral degree in December 2020.

Prof. Dr. Jens Gal
(ICIR: 2012–2018)

In May 2021, Baker McKenzie awarded the Baker McKenzie Prize to Jens Gal's post-doctoral thesis (Habilitationsschrift) "Die Mitversicherung. Das konsortiale Geschäft in der Versicherungswirtschaft im Spannungsfeld von Privatautonomie, Regulierung und Wettbewerb" written in the Faculty of Law at Goethe University Frankfurt.

For his post-doctoral thesis, Jens Gal further received the Berliner Preis für Versicherungswissenschaft 2021.

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House of Finance
Goethe University Frankfurt
Theodor-W.-Adorno Platz 3
60629 Frankfurt
Germany
icir@finance.uni-frankfurt.de

Authors

Helmut Gründl
Marcel Beyer

Photos

Uwe Dettmar

Illustrations and Graphicdesign:

www.andand.de
(Andrea Ruhland, Dirk Rappold)

www.icir.de