

JOHANN WOLFGANG GOETHE-UNIVERSITÄT

Annual Report

13/14

MISSION STATEMENT

GLOBALY LEADING RESEARCH ON INSURANCE REGULATION IN FRANKFURT

Recognized as a leading scientific institution in the area of insurance regulation, the ICIR, as an integral part of the Goethe University Frankfurt, 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 scholars, the insurance industry, regulatory authorities, and policymakers to exchange ideas and seek solutions to regulatory issues. The ICIR focuses on the exchange of ideas with regulatory authorities and the insurance industry.

EXECUTIVE EDUCATION

In order to increase professional knowledge in the field of insurance regulation, the ICIR provides university students, industrial and regulatory professionals with high-level executive education courses on insurance regulation topics.



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HELMUT GRÜNDL

Developments and Outlook



Prof. Dr. Helmut Gründl
Managing Director
of the ICIR

On behalf of the ICIR team, I cordially welcome the readers of the fourth annual report of the International Center for Insurance Regulation. The current annual report provides an overview of last year's research activities, of our efforts to provide a platform for the exchange of ideas between regulators, the insurance industry and academia, and of our teaching activities at Goethe University and beyond. Overall, we can look back at a very successful year characterized by a dynamic phase with stronger international activity and visibility, stronger interdisciplinary work within the Center of Excellence SAFE and several additions to our team. All these developments will shape the ICIR in many ways in the upcoming years.

The success of our center continues to unfold thanks to the tremendous commitment and contribution we receive from all people and institutions involved. As part of the Goethe University, the ICIR receives considerable support from the University's Presidential Board and from its various institutions. I wish to thank the sponsors of the ICIR, the GDV and the State of Hesse for their generous funding and their great commitment. I am deeply indebted to my colleagues of the ICIR's



Executive Board, Karel Van Hulle, Wolfram Wrabetz and Manfred Wandt, for their close and trusting cooperation. The Advisory Board has provided invaluable input for the development of our center. I would also like to thank EIOPA for the excellent cooperation in our joint annual "Global Insurance Supervision" conference that was once again a great success in 2014.



My special thanks goes to the ICIR team whose dedicated work throughout the past years has made our success possible. I am grateful for their commitment and impulses in creating a most valuable atmosphere. I would also like to express my gratitude to our alumna, Dr. Rayna Stoyanova, who completed her doctoral studies at the ICIR in



Campus Westend, Poelzig Bau, Frankfurt Skyline

June 2014. She was an excellent research assistant and contributed in an outstanding manner to the development of the ICIR in its first four years.

Recently we welcomed Ms. Irina Gemmo and Mr. Jan-Hendrik Weinert to the team as new research assistants and doctoral students. On the managerial side, Ms. Jozefina Kontic joined our team in May 2014 as Associate Managing Director for the strategic and operational development of the ICIR. I am very pleased to welcome our new colleagues who will bring in a fresh breeze and new perspectives for the further development of the ICIR. I wish all a successful start and look forward to our joint projects.

The ICIR has contributed to topics of insurance regulation in many ways: through our research projects, through presentations of European policymakers at the ICIR, and through manifold presentations and extensive press coverage. Topics addressed focused on the planned introduction of Solvency II, the impact of the low interest rate environment on the insurance industry, and consumer protection issues.

With regard to education, Prof. Karel Van Hulle was strongly engaged in the lecture on “Insurance and Regulation” in our bachelor program along with Prof. Dr. Hartmut Nickel-Waninger. In addition, he successfully established Karel’s Club, an Executive Insurance Forum. It provides the opportunity for senior management from the insurance industry and supervisory authorities to discuss new developments in insurance and insurance regulation in an informal setting.

The goals for the coming year are to increase our research visibility further. For this, the participation in the Center of Excellence S·A·F·E will remain an important pillar and we look forward to the new cooperation with St. John’s University

in New York. Within the education pillar of the ICIR, we would like to establish a solid basis for the education of executives. One specific path is an envisioned training for insurance supervisors from Central, Eastern and South-Eastern European countries on their road to Solvency II.

We will continue to create opportunities through our wide range of events and to provide a unique platform for insurance regulation and supervision topics, bringing together academics, representatives of the regulatory community and the industry.

We look forward to welcoming you at the ICIR!

Prof. Dr. Helmut Gründl,
Managing Director of the ICIR

Evolving Insurance Regulation

KAREL VAN HULLE



Prof. Karel Van Hulle
Former Head of Unit at the
European Commission

If one looks around the globe, it is interesting to see that in many countries, insurance regulation during the course of 2014 was very much preoccupied with the transition from a Solvency I type of regulation to a solvency regime that is more risk-based.

This was clearly the case in the EU, where Omnibus II finally appeared in the Official Journal, confirming the implementation date of Solvency II as 1 January 2016. The Commission's Delegated Act was released in October 2014 and EIOPA came out with a series of technical standards and guidelines so as to ensure that there would be enough guidance to allow for a harmonized introduction of the new solvency regime.

Most member states have been busy with the implementation of the Solvency II Framework Directive, which must take place before 1 April 2015. That will constitute a challenge for a number of them, as legislative processes are not necessarily fast and some member states have waited to start the process until the publication of Omnibus II. However, if the phasing-in rules of Solvency II relating notably to the approval of undertaking specific parameters and the approval of internal If one looks around the globe, it is interesting to see that in many countries, insurance regulation during the course of 2014 was very much preoccupied with the transition from a Solvency I type of regulation to a solvency regime that is more risk-based.

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Supervisors in the EU have been busy with the application of the interim guidelines from EIOPA which applied from 1 January 2014 onwards. These guidelines deal with governance, transparency and the pre-application for the approval of internal models. These guidelines confirmed the importance of the Forward Looking Assessment of Own Risks (FORLAR), the predecessor of the Own Risk and Solvency Assessment (ORSA). This assessment provides undertakings with a good insight into the way they manage their risks and the capital consequences following from that. It provides, at the same time, an excellent basis for discussion with supervisors, as it is the undertaking's own assessment of its risks.

In other parts of the world, the transformation of the existing solvency capital regime into a more risk-based capital regime has also been the top priority in insurance regulation during 2014. China and Mexico are planning the introduction of their new solvency regime in 2015. Hong Kong has recently announced its solvency reform. Other Asian and Latin American countries are planning solvency reforms and South Africa is finalizing its SAM. In the US, undertakings are preparing themselves for the launch of the ORSA in 2015.

Although each of these projects are different, they have one thing in common: insurance regulation going forward will put a closer link between capital requirements and the risks incurred by the insurance undertaking. It will place more emphasis on good risk management which should ultimately lead to a more efficient allocation of capital in the insurance industry.

Meanwhile, the International Association of Insurance Supervisors (IAIS) has finalized its Basic Capital Requirement (BCR) for Globally Systemically Important Insurers (G-SII's) which will form the basis for defining higher loss absorbency (HLA), the extra capital charge that should compensate for the increased riskiness of the business. This is the first stage in the development of a risk-based international capital standard (ICS) which will ultimately apply to all internationally active insurance groups (IAIG's).

The introduction of a risk-based solvency capital standard is the best way to protect policyholders, as it should prevent insurers from underwriting risks for which they do not hold enough capital. Although the finalization of this reform will still take many years, the next stage of regulation is already appearing on the horizon.

Consumer protection will preoccupy regulators around the globe in the coming months and years. The financial crisis has shown that there is a need to protect policyholders better, particularly when they are buying investment products with an insurance wrapper, such as variable annuities or packaged retail insurance investment products. The combination of a complex investment product

with an insurance element often produces a cocktail that only shows its real face when it is too late. Investors need to know what they are buying. It is therefore important to make available to them the key elements of the product in a manner that is easily understandable.

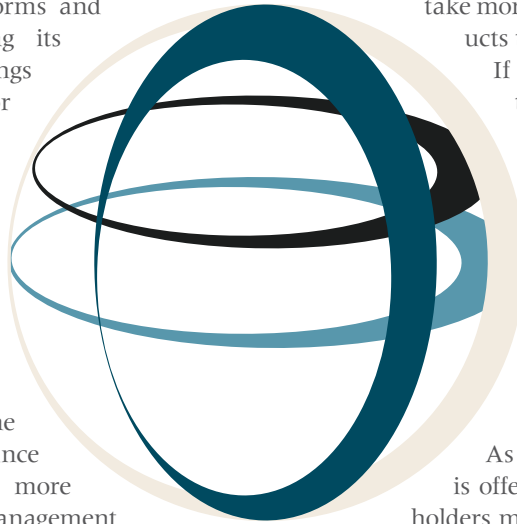
There is also a feeling that insurers should take more responsibility for the products that they put on the market.

If not, there is a risk that there could be mis-selling, which will ultimately work against the industry. Unless insurers take on this challenge, regulators might step in. It is not certain that the result of more regulation in this area will be beneficial to all parties concerned.

As insurance is a service that is offered and not bought, policyholders must be protected from those people in the market who are only interested in selling insurance because of the commission that they can obtain from the sale. Insurance regulation is therefore also increasingly concerned with the distribution of insurance. Insurance intermediaries will have to be more transparent about the remuneration that they obtain when selling insurance. The increased transparency might lead to changes in the distribution channel in a number of countries.

It should be evident from this brief overview of regulatory developments during the course of 2014 that there is now more commonality in insurance regulation across the globe than ever before. The comparison of different regimes has therefore become more interesting and could be very beneficial for regulators, supervisors, insurers and other stakeholders.

One of the roles of the ICIR is to contribute to the international debate, to stimulate comparative research and to promote a better understanding of the different regulatory regimes, of the differences between them and of the reasons why the regimes are different.



About the ICIR

SPONSORS



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.) and the Goethe Finance Association 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.

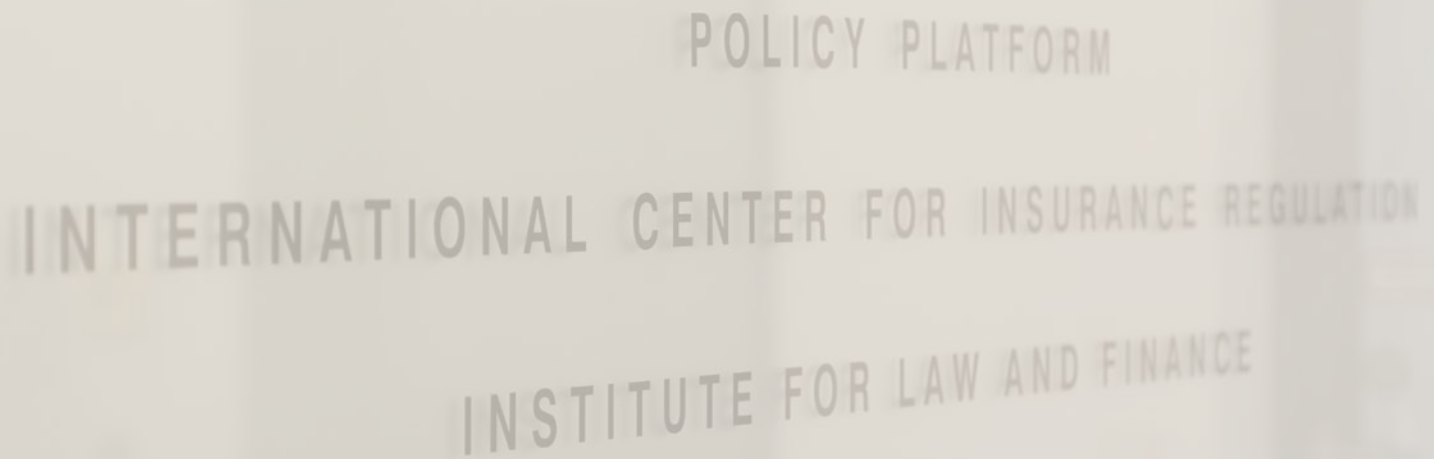
Goethe University, in addition, provides a unique interdisciplinary scientific environment in the House of Finance. As one of the major institutions of higher education, Goethe University is committed to providing a wide spectrum of disciplines in research and teaching, to generating outstanding scientific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

very successful history, it has been awarded 19 Nobel laureates.

Researchers at the House of Finance come from the research areas business administration, especially finance, economics, especially money and macroeconomics, and law, especially corporate and financial law. Altogether, 170 scholars conduct research and offer courses at the House of Finance, among them 30 professors, – one of the largest research groups on financial and monetary issues in Europe.



The newly founded Center of Excellence “Sustainable Architecture for Finance in Europe” (S·A·F·E) is also located in the House of Finance. S·A·F·E is a cooperation of the Center for Financial Studies and Goethe University, funded by the State of Hesse’s “LOEWE” excellence initiative, as well as seven research and education institutions that belong to or are affiliated with Goethe University.



EXECUTIVE BOARD OF THE ICIR



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



Prof. Karel Van Hulle
 Former Head of Unit at the European Commission



Prof. Dr. Manfred Wandt
 Managing Director of the Institute for Insurance Law
 Founding Director of the International Center for Insurance Regulation



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

ADVISORY BOARD OF THE ICIR



Gabriel Bernardino
 Chairperson, EIOPA, Frankfurt am Main



Dr. Jörg Freiherr Frank von Fürstenwerth
 Chairman of the Executive Board, Gesamtverband der Deutschen Versicherungswirtschaft e.V. (German Insurance Association)



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



Dr. Monica Mächler
 Attorney-at-law, Switzerland



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Prof. Dr. Andreas Richter
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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
 Chief Governance Officer and Deputy Global Head Compliance, Deutsche Bank AG, Frankfurt am Main

PEOPLE AT THE ICIR



ICIR Team

ICIR TEAM



Prof. Dr. Helmut Gründl
Managing Director



Jun.-Prof. Dr. Jens Gal
Jun.-Prof., European Insurance law



Jozefina Kontic
Associate Managing Director



Petra Petersen
Administrative Assistant



Elia Berdin
Research Assistant and Doctoral Student



Ming (Ivy) Dong
Research Assistant and Doctoral Student



Tobias Niedrig
Research Assistant and Doctoral Student



Irina Gemmo
Research Assistant and Doctoral Student



Jan-Hendrik Weinert
Research Assistant and Doctoral Student



Christian Kubitz
Student Assistant



Rainer Reeb
Student Assistant

Greetings from our Alumna



Dr. Rayna Stoyanova

Research Assistant and Doctoral Student at the ICIR, Goethe University, 2010-2014

“Inspired by the great opportunity to develop something new and be part of an international organization with a great mission, I started my work and dissertation at the ICIR in October 2010. Professionally, I was able to unfold my creativity and entrepreneurial spirit in order to promote the foundation of a unique research center within a university context and shape its short and mid-term strategy. Academically, I built up profound knowledge in many insurance-related spheres and spent many fruitful hours working on my dissertation focusing on insurance-related topics such as the controversial targets of solvency regulation and price regulation, the impact of Solvency II on insurers’ M&A activities, and the role of participating insurance contracts as a risk management tool. In September 2014, four challenging and energetic years ended and I am grateful for the professional and personal development I experienced during this time. My new role within a leading reinsurance company perfectly fits with my experience gathered in the past years and my ambition to develop further in this area. I would like to thank the ICIR Team for its support, inspiration and great commitment.”

“Въодушевена от възможността да развивам нещо ново и да бъда част от една интернационална организация, започнах моята работа и дисертация към ICIR през октомври 2010. В професионален план имах възможността да разгърна своята креативност и предприемачески дух, работейки активно за изграждането на единствения по рода си научен университетски център. Една от моите основни задачи беше формирането на стратегията за развитие на центъра през следващите години. Работейки върху моята дисертация, израснах академично и натрупах дълбоки знания в различни сфери на застраховането. Основните теми, изследвани в дисертацията, са противоположните цели на застрахователния надзор, влиянието на „Solvency II“ върху сливанията между застрахователни компании и ролята на застраховките с участие в разпределението на печалбите като метод за управление на риска. През септември 2014 завършиха четири енергични години, изпълнени с предизвикателства. Сега аз поглеждам назад, удовлетворена от реализираното професионално и лично развитие. На новата си позиция в една водеща презастрахователна компания ще имам възможността да съчетаю изградения до сега опит в сферата на застраховането с амбицията си да продължа да се развивам в тази насока. Искам да благодаря на моите колеги от ICIR за тяхната подкрепа, вдъхновение и голяма всеотдайност.”

Research at the ICIR

RESEARCH FOCUS

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

- The interplay between banking and insurance regulation
- Behavioral insurance and product regulation
- Insurance guaranty schemes
- Group supervision: optimal capital transfer mechanisms
- Life insurance in the low-interest-rate environment
- Safety versus affordability as regulatory goals
- Transparency and market discipline in the insurance sector

CURRENT RESEARCH PROJECTS AND WORKING PAPERS

Berdin, E.; Gründl, H.:

“The Effects of a Low Interest Rate Environment on Life Insurers”

Low interest rates are becoming a threat to the stability of the life insurance industry, especially in countries such as Germany, where products with relatively high guaranteed returns sold in the past still represent a prominent share of the total portfolio. This contribution aims to assess and quantify the effects of the current low interest rate phase on the balance sheet of a representative German life insurer, given the current asset allocation and the outstanding liabilities. In order to do so, we generate a stochastic term structure of interest rates as well as stock market returns to simulate investment returns of a stylized life insurance business portfolio in a multi-period setting. Based on empirically calibrated parameters, we can observe the evolution of the life insurers’ balance sheet over time with a special focus on their solvency situation. To account for different scenarios and in order to check the robustness of our findings, we calibrate different capital market settings and different initial situations of capital endowment. Our results suggest that a prolonged period of low interest rates would markedly affect the solvency situation of life insurers, leading to relatively high cumulative probability of default for less capitalized companies.

Dong, M.:

“The Impact of Firm-Level Transparency on the Risk Decisions of Insurers: Evidence from an Empirical Study”

A greater firm-level transparency through enhanced disclosure provides more information regarding the risk situation of an insurer to its outside stakeholders such as stock investors and

policyholders. The disclosure of the insurer’s risk-taking can result in negative influences on, for example, its stock performance and insurance demand when stock investors and policyholders are risk-averse. Insurers concerned about the potential ex post adverse effects of risk-taking under greater transparency are thus inclined to limit their risks ex ante. In other words, committing to a higher level of transparency can reduce the risk-taking incentive of insurers. This article investigates empirically the relationship between firm-level transparency and insurers’ strategies on capitalization and risky investments. By exploring the disclosure levels and the risk behavior of 52 European stock insurance companies from 2005 to 2012, the results show that insurers tend to hold more equity capital when committing to greater transparency, and this strategy on capital-holding is consistent for different types of insurance businesses. When considering the influence of transparency on the investment policy of insurers, the results are mixed for different types of businesses.

Dong, M.:

“The Market Reaction to Transparency: An Empirical Study on Life Insurance Demand in Europe”

This article examines life insurance consumption in 31 European countries from 2003 to 2012 and aims to investigate the extent to which market transparency can affect life insurance demand. The cross-country evidence for the entire sample period shows that greater market transparency, which resolves asymmetric information, can generate a higher demand for life insurance. However, when considering the financial crisis period (2008-2012) separately, the results suggest a negative impact of enhanced market transparency on life insurance consumption. The mixed findings imply a trade-off between the reduction in adverse selection under greater



market transparency and the possible negative effects on life insurance consumption during the crisis period due to more effective market discipline. Furthermore, this article studies the extent to which transparency can influence the reaction of life insurance demand to bad market outcomes: i.e., low solvency ratios or low profitability. The results indicate that the markets with bad outcomes generate higher life insurance demand under greater transparency compared to the markets that also experience bad outcomes but are less transparent.

Niedrig, T.:

“Optimal Asset Allocation for interconnected Life Insurers in the Low Interest Rate Environment under Solvency Regulation”

This paper assesses how Basel III, Solvency II and the low interest rate environment will affect the financial connection between the bank and insurance sector by changing the funding patterns of banks as well as the investment strategies of life insurance companies. Especially for life insurance companies, the current low interest rate environment poses a key risk since declining returns on investments jeopardize the guaranteed return on life insurance contracts, a core component of traditional life insurance contracts in several European countries. I consider a contingent claim framework with a direct financial connection between banks and life insurers via bank bonds. The results indicate that life insurers’ demand for bank bonds increases over the mid-term but ultimately declines in the long-run. Since life insurers are the largest purchasers of bank bonds in Europe, banks could lose one of their main funding sources. In addition, I show that shareholder value-driven life insurers’ appetite for risk increases when the gap between asset return and liability growth diminishes. To check the

robustness of the findings, I calibrate a prolonged low interest rate scenario. The results show that the insurer’s risk appetite is even higher when interest rates remain persistently low. A sensitivity analysis regarding industry-specific regulatory safety levels reveals that contagion between bank and life insurer is driven by the insurers’ demand for bank bonds which itself depends on the regulatory safety level of banks.

Niedrig, T.; Gründl, H.:

“The Effects of CoCo Bonds on Insurers’ Capital Requirements under Solvency II”

The Liikanen Group proposes contingent convertible (CoCo) bonds as a potential mechanism to enhance financial stability in the banking industry. Life insurance companies in particular could serve as CoCo bond holders as they are already the largest purchasers of bank bonds in Europe. We develop a stylized model with a direct financial connection between banking and insurance and study the effects of various types of bonds such as non-convertible bonds, write-down bonds and CoCos on banks’ and insurers’ risk situations. In addition, we compare insurers’ capital requirements under the proposed Solvency II standard model as well as under an internal model that ex-ante anticipates additional risks due to possible conversion of the CoCo bond into bank shares. In order to check the robustness of our findings, we consider different CoCo designs (write-down factor, trigger value, holding time of bank shares) and compare the resulting capital requirements with those for holding non-convertible bonds. We identify situations in which insurers benefit from buying CoCo bonds due to lower capital requirements and higher coupon rates. Moreover, our results highlight how the Solvency II standard model can mislead insurers in their CoCo investment decision due to economically irrational incentives.

Publications



Dong, M.; Gründl H.; Schlütter S.:

“Is the Risk-Based Mechanism Always Better? The Risk-Shifting Behavior of Insurers under Different Insurance Guarantee Schemes”. *Journal of Insurance Issues* (forthcoming).

Fischer, K.; Schlütter, S.:

“Optimal Investment Strategies for Insurance Companies When Capital Requirements Are Imposed by a Standard Formula”. *The Geneva Risk and Insurance Review* (forthcoming).

Gal, J.:

„Europäisierung und Transnationalisierung im Versicherungsrecht“, in: Fachbereich Rechtswissenschaften der Goethe-Universität ed., 100 Jahre Rechtswissenschaften in Frankfurt: Erfahrungen, Herausforderungen, Erwartungen, Frankfurt am Main 2014, p. 629–654 (jointly with Manfred Wandt).

Gal, J.:

“The German Insurance Ombudsman System”, in: Ünan ed., *Alternative Dispute Resolution Systems Regarding Private Insurance*, Istanbul 2014, p. 9–44.

Gal, J.:

„Grenzbereiche der Befugnisse von EIOPA“, in: Dreher, Meinrad/Wandt, Manfred (Hg.), *Solvency II in der Rechtsanwendung 2013*, Karlsruhe 2014, p. 147–179 (jointly with Manfred Wandt).

Gal, J.:

AIDA German National Report on Transparency of Insurance Contract Terms and Conditions and Pre-Contractual Information, p. 1–37 (jointly with Manfred Wandt).

Gal, J.:

AIDA German National Report on On-Line Insurance, p. 1–23 (jointly with Manfred Wandt).
Gal, J.: AIDA German National Report on Preventive Measures, p. 1–10 (jointly with Manfred Wandt).

Gal, J.:

“The European System of Financial Supervision – Stillborn or About to Grow out of the Cradle?”, in: *SAFE Newsletter 2013*, No 4, p. 8–9.

Gal, J.:

„Legitimationsdefizite und Kompetenzen der EIOPA im Spiegel der Meroni-Rechtsprechung“, in: *ZVersWiss 2013*, p. 325–351.

Gal, J.:

AIDA German National Report on Insurance and Arbitration, p. 1–15.

Gründl H.; Gal J. (2013):

“Own Risk and Solvency Assessment within the Solvency II Framework and Its Interplay with the Quantitative Solvency Capital Requirements”. *Regulation and Supervision Newsletter of the Geneva Association*. No. 58.

Gründl, H. (2014):

“Stellungnahme zum Entwurf eines Gesetzes zur Absicherung stabiler und fairer Leistungen für Lebensversicherte”, in: Center of Excellence SAFE, House of Finance, *SAFE Policy Letter Series No. 29*.

Niedrig, T.:

“Optimal Asset Allocation for interconnected Life Insurers in the Low Interest Rate Environment under Solvency Regulation”. *Journal of Insurance Issues* (forthcoming).



Schlütter, S.:

“Capital Requirements or Pricing Constraints? An Economic Analysis of Measures for Insurance Regulation”. *The Journal of Risk Finance* (forthcoming).

Stoyanova, R.; Gründl, H.:

“Solvency II: A Driver for Mergers and Acquisitions”. *The Geneva Papers on Risk and Insurance* (forthcoming).



Publications Prof. Dr. Manfred Wandt

*Managing Director of the Institute for Insurance Law at the faculty of law of the Goethe University Frankfurt
Member of the Executive Board of the International Center for Insurance Regulation, Goethe University Frankfurt/Main*

Member of the Board of Directors of the Institute for Law and Finance, Goethe University Frankfurt

Member of the Insurance Advisory Council of the German Federal Financial Supervisory Authority

Member of the board of directors (vice-chairman) of the Deutsche Verein für Versicherungswissenschaft (German Association for Insurance Science)

Member of the Presidential Council of the International Association of Insurance Law/Association Internationale de Droit des Assurances (AIDA) and chairman of the German Chapter

Gesetzliche Schuldverhältnisse, 6. Aufl. 2014, 550 S.

Grenzbereiche der Befugnisse von EIOPA, in: Dreher/Wandt, Solvency in der Rechtsanwendung, 2014, S. 147-179 (mit Jens Gal)

Transparenz transparent machen (Tagungsbericht), Versicherungswirtschaft Tagesreport, 14.10.2014

AIDA German Chapter – Response to the Questionnaire on online- Insurance (jointly with Jens Gal).

AIDA German Chapter – Response to the Questionnaire on preventive measures (jointly with Jens Gal).

AIDA German Chapter – Response to the Questionnaire on arbitration (jointly with Jens Gal).

*AIDA German Chapter – Response to the Questionnaire on transparency (jointly with Jens Gal).
Fünf Jahre reformiertes deutsches VVG 2008: Haben sich die Neuregelungen zum Allgemeinen Teil des VVG bewährt? in: Anton k. Schnyder (Hrsg.), Versicherungsvertragsgesetz – Rückblick und Zukunftsperspektiven, 2014 (in print)*

Academic Conferences Participation

4th CEQURA Conference on Advances in Financial and Insurance Risk Management(DGF)

September 23-24, 2013

Munich, Germany

Paper: Berdin, E.; Gründl, H.: "The Effects of a Low Interest Rate Environment on Life Insurers"

Speaker: Elia Berdin

The same paper has also been presented at the following conferences:

Annual Meeting of the American Risk and Insurance Association, Seattle, U.S.A., 2014

Annual Meeting of the Asia-Pacific Risk and Insurance Association, Moscow, Russia, 2014

Generali Group Internal Seminar, Trieste, Italy, 2014

Annual Meeting of the German Association for Insurance Science, Stuttgart, Germany, 2014

Deutsche Bundesbank Lunch Seminar, Frankfurt am Main, Germany, 2013

Annual Meeting of the German Association for Insurance Science, Berlin, Germany, 2013

Doctoral Workshop Universität Erlangen-Nürnberg, Germany, 2013

IME Conference: Paper presented at the 18th International Congress on Insurance: Mathematics & Economics

July 10-12, 2014

Shanghai, China

Paper: "The Effects of CoCo Bonds on Insurers' Capital Requirements under Solvency II" Speaker: Tobias Niedrig

The same paper has also been presented at the following conference:

SAFE ICIR Workshop on "Banking, Insurance – Interconnectedness, Systemic Risk and Regulation"

May 8-9, 2014

Goethe University, Frankfurt, Germany

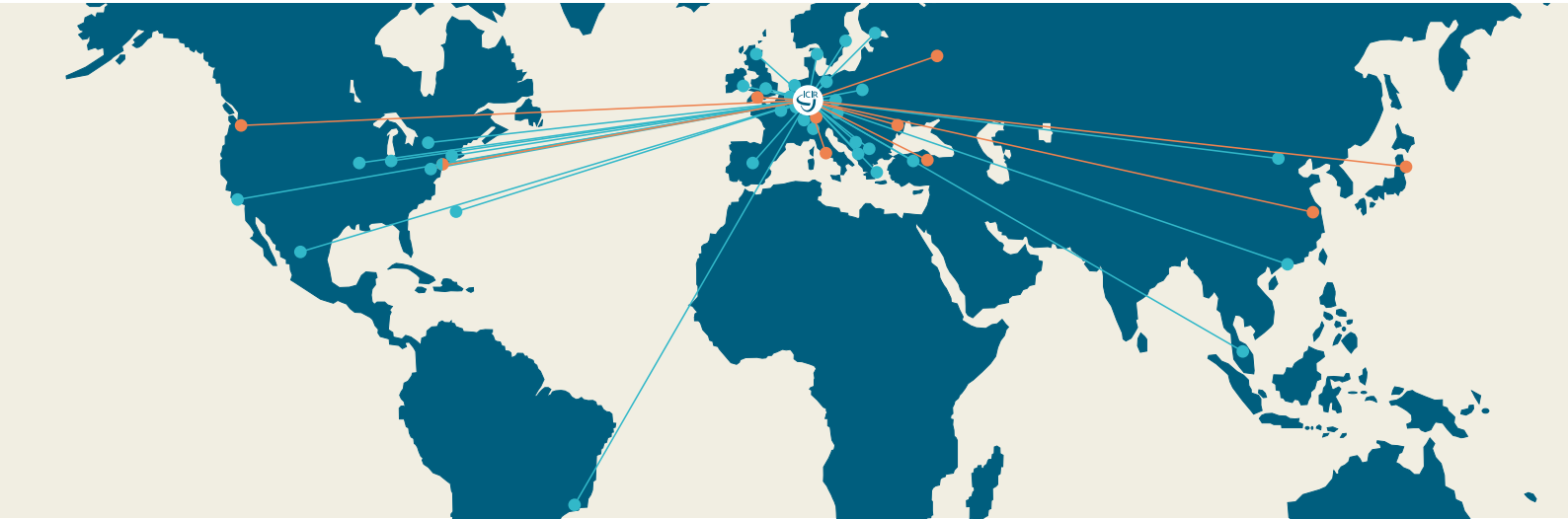
41st Seminar of the European Group of Risk and Insurance Economists (EGRIE)

September 15-17, 2014

St. Gallen, Switzerland

Paper: Dong, M.: "The Impact of Firm-Level Transparency on the Risk Decisions of Insurers: Evidence from an Empirical Study" Speaker: Ming Dong

Paper: Berdin, E.; Gründl, H.: "The Effects of a Low Interest Rate Environment on Life Insurers" Speaker: Elia Berdin

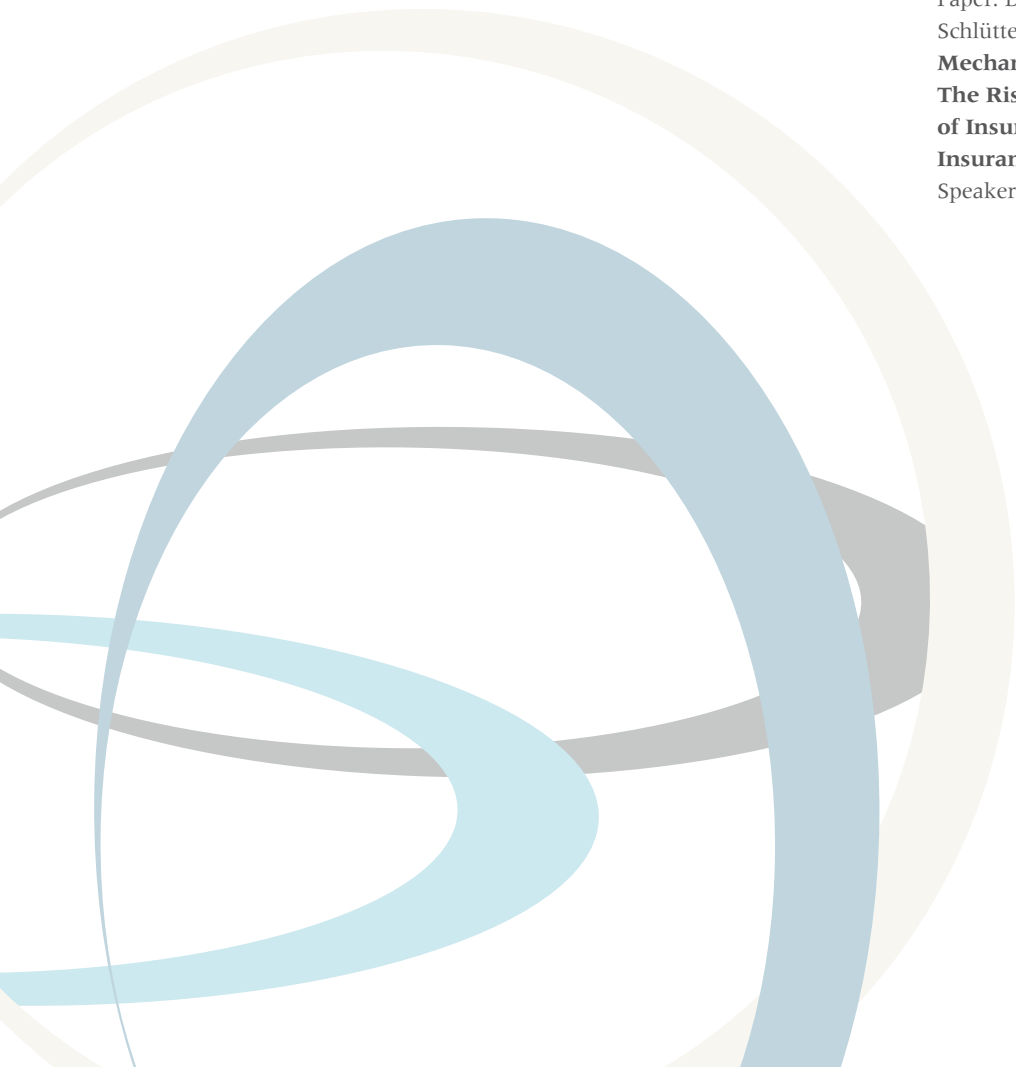


13th International Conference on Credit Valuation – CREDIT (Credit Risk Evaluation Designed for Institutional Targeting in Finance)
 September 25-26, 2014
 Venice, Italy
 Poster presentation: Berdin, E.; Sottocornola, M.: **“Equity based Systemic Risk Measures and the Insurance Industry”**

3rd European Conference on Banking and the Economy (ECOBATE 2014)
 October 8, 2014
 Winchester, United Kingdom
 Paper: Dong, M.; Gründl, H.; Schlütter, S.: **“Is the Risk-Based Mechanism Always Better? The Risk-Shifting Behavior of Insurers under Different Insurance Guarantee Schemes”**
 Speaker: Ming Dong

Center for the Study of Insurance Regulation (CSIR) Research Symposium, St. John’s University
 October 16, 2014
 New York City, USA
 Paper: Niedrig, T.: **“Optimal Asset Allocation for interconnected Life Insurers in the Low Interest Rate Environment under Solvency Regulation”**
 Speaker: Tobias Niedrig

Paper: Dong, M.; Gründl, H.; Schlütter, S.: **“Is the Risk-Based Mechanism Always Better? The Risk-Shifting Behavior of Insurers under Different Insurance Guarantee Schemes”**
 Speaker: Helmut Gründl



Academic Visitors

The ICIR cooperates with international researchers. During the year 2013/2014, the ICIR welcomed – among others – Prof. J. Francois Outreville, Ph.D. and Dr. Xu Siji as distinguished academic guests:



Prof. J. François Outreville
Senior Research Professor
INSEEC Business School
Paris, France



"I had the pleasure and honor of being invited in June 2014 by Professor Dr. Helmut Gründl, Chair of Insurance and Regulation and Managing Director of the International Center for Insurance Regulation. During the few days I visited the Center, I had the opportunity to interact with Prof. Karel Van Hulle, Dr. Gründl's research team, Ming Dong, Elia Berdin and Tobias Niedrig and Doctoral students. I found the environment intellectually stimulating and remain impressed by the quality and scientific rigor of research projects. The ICIR provides a high-level interdisciplinary platform for researchers and industry professionals and regulators.

The hospitality and assistance was exceptional and I am also grateful to the ICIR management team, Jozefina Kontic and Petra Petersen. I hope there will be other opportunities to collaborate with Professor Gründl and his team in the future."

"J'ai eu le plaisir et l'honneur d'être invité, en juin 2014, par le Professeur Dr. Helmut Gründl, Chaire d'assurance et de réglementation et Directeur du centre international pour l'étude de la réglementation des assurances (ICIR). Pendant mon séjour, j'ai pu échanger des points de vue avec le Professeur Karel Van Hulle, l'équipe de recherche du Dr Gründl, Ming Dong, Elia Berdin et Tobias Niedrig et les étudiants du programme de doctorat. J'ai trouvé l'environnement stimulant sur le plan intellectuel et je reste impressionné par la qualité et la rigueur scientifique des projets de recherche. L'ICIR offre une plate-forme interdisciplinaire de haut niveau pour les chercheurs et les professionnels de l'industrie et des organismes de réglementation.

L'hospitalité et l'assistance ont été exceptionnelles et je remercie sincèrement l'équipe de gestion d'ICIR, Jozefina Kontic et Petra Petersen. J'espère que se développeront, à l'avenir, d'autres occasions de collaboration avec le professeur Gründl et son équipe."

During his visit, Prof. Francois Outreville gave a PhD seminar on "Insurance Demand and Supply".



House of Finance, Goethe University

**Dr. Xu Siji**

German Department,
Beijing Foreign Studies University,
Beijing, P. R. China



“Im Sommer 2014 habe ich einen außergewöhnlich schönen und auch fruchtbaren Forschungsaufenthalt beim ICIR an der Goethe-Universität Frankfurt am Main gehabt. Für die herzliche Aufnahme bin ich Prof. Dr. Gründl und dem ganzen ICIR-Team – Jozefina Kontic, Petra Petersen, Ming Dong, Elia Berdin und Tobias Niedrig – sehr dankbar. Die multinationale Atmosphäre hat mich sehr beeindruckt: Man kann in diesem international orientierten Forschungszentrum interessante Erfahrungen und Gedanken mit fremden Kulturen austauschen, damit ein globales Denken bei der Forschung ermöglicht wird. Während des Aufenthalts habe ich mit dem ICIR-Team über die Altersvorsorge in China und die chinesische Resonanz auf europäische Versicherungsaufsicht diskutiert, was mir aufschlussreiche Anregungen gebracht hat. Mein aktuelles Forschungsprojekt Anpassungen des deutschen Rentensystems an den demografischen Wandel und die Aufschlüsse für China profitiert viel davon. Ich hoffe auf die zukünftige Zusammenarbeit mit dem ICIR-Team.”

“2014年7、8月，我在法兰克福歌德大学的国际保险监管中心 (ICIR) 度过了一个美好而且硕果累累的访学之夏.我非常感谢 Prof. Gründl 和他的团队 - Jozefina Kontic, Petra Petersen, Ming Dong, Elia Berdin, Tobias Niedrig - 给予我的热情招待。让我印象很深的是这里的多元文化氛围：你可以从这个国际化的研究中心吸取许多来自异域文化的有趣经历和想法，这将帮助我们以全球视野去深化研究。访学期间，我和ICIR的团队讨论了关于中国养老政策以及中国是如何看待欧洲保险监管的话题。这些讨论对于我研究课题：‘德国养老保险体系对人口发展趋势的适应性调整及其对中国启示’带来了不少帮助。我希望在不久的将来可以有机会和ICIR的团队合作。”

Dr. Xu is lecturer at the German Department of the Beijing Foreign Studies University (BFSU). Her project is Aging of Population and the Reforms of German Pension System, a Simulation Analysis Based on OLG Model, sponsored by the Shulongsheng Fund for Economics Studies of Germany. She is dedicated to German Studies and focuses her academic efforts on German economy, German social security system, social insurance and economic relations between Germany and China. Since 2009, she has been teaching the Introduction to Economics in the German Department of BFSU, China.

International and Interdisciplinary Platform

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SAFE ICIR WORKSHOP

Banking, Insurance – Interconnectedness, Systemic Risk and Regulation

8-9 May 2014
Goethe University



In collaboration with the Center of Excellence SAFE (Sustainable Architecture for Finance in Europe), the International Center for Insurance Regulation (ICIR) organized the workshop on “Banking, Insurance – Interconnectedness, Systemic Risk and Regulation” on May 8-9, 2014 in the Goethe University Guest House, Frankfurt, Germany.

Against the background of financial crises and a reform of the regulation and supervision of financial institutions, the workshop aimed to foster the dialogue between academics and regulatory authorities from the fields of banking and insurance. The main focus lied on current issues in measuring and regulating the interconnectedness and systemic risk between and within the two sectors. The workshop brought together distinguished scholars, industrial experts and regulatory leaders whose research/business/



policy interests focus on systemic risk as well as on bank and insurance regulation.

We were honored to welcome the following two distinguished guests:

Professor J. David Cummins, Joseph E. Boettner Professor of Risk Management, Insurance and Financial Institutions, Temple University, gave a keynote speech on “**Systemic Risk and the Inter-Connectedness between Banks and Insurers: An Econometric Analysis**”.

Professor Mary A. Weiss, Elmer R. Deaver Professor of Risk, Insurance and Healthcare Management, Temple University. Professor and Mary A. Weiss held a presentation on “**Systemic Risk and Interconnectedness for Banks and Insurers**”.

The ICIR’s presentation “**Should Life Insurers buy CoCo Bonds? – Regulatory Effects implied by the Solvency II Standards**” held by our doctoral student, Tobias Niedrig, was discussed at this joint workshop.



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3RD CONFERENCE ON

Global Insurance Supervision – Fit for Global Thinking?

9-10 September 2014
Frankfurt



For the first time, the organizers of the 3rd international conference, the International Center for Insurance Regulation (ICIR) and the European Insurance and Occupational Pensions Authority (EIOPA), welcome on board two new partners: The World Bank and the Center for the Study of Insurance Regulation (CSIR) of the School of Risk Management, St. John's University (New York), to further promote the conference's global setting.

Top representatives from major (re)insurance groups, regulators and supervisors from around the globe and renowned academics met to debate the hot spots of international insurance supervision, focusing on global trends in risk-based supervision and the upcoming challenges in the implementation of global standards.

On the first day, September 9, on the topic about “The impact of the low interest rate environment on insurance” the speakers indicated that the long lasting low interest rate environment resulted in the insurance business becoming unstable and conservative. In case low rates continue for longer time (a so-called “Japanese scenario”), more insurance companies will be exposed to insolvency. On the topic about “Global trends in risk-based supervision” it was indicated that there is a world-wide trend to move towards risk-based approaches and international harmonization.



From the regulatory side, speakers presented examples of jurisdictions as Argentina, Brazil, China, Jordan, the EU, Mexico, Singapore, Thailand, Turkey, the USA, where necessary changes in different supervisory pillars have been made.





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On the third topic of the day about “Global standards: upcoming challenges in implementation” it was discussed in four group sessions dedicated to the impact on existing regulatory frameworks; the challenges for the industry in bridging the gap in order to comply with global standards; the ways of how global standards can cope with emerging risks as well as the necessity to ensure consistent application of global standards in the long-run.

The second day, 10 September, was dedicated to two issues: Consumer protection as a new supervisory focus and doing business in emerging markets and regulatory developments. It was emphasized that consumer protection has become part of the international agenda for insurance regulation and different countries have similar priorities with regard to this issue. Panelists spoke about the need to achieve higher transparency of insurance industry and intermediaries; the supervisors’ duty to confront industry actions that are to the detriment of con-



sumers and the importance of having in place the product oversight rules.

At the same time some participants emphasized that industry should see it as its duty to deliver high level services and protection to people; in particular, to help them to make informed decisions by effectively describing the products and presenting “such documents that consumers will understand”. During the panel session the panelists discussed possible steps that regulators can make in order to improve the penetration of insurance companies on the emerging markets. It was noted that companies entering such markets need to properly identify risks they will or might be facing and provide the right coverage for them. At the same time supervisory authorities in such countries were advised to always orient towards already existing good practices, to engage in dialogue with new comers, to observe the proportionality principle and to bear in mind the costs of regulation.

Further information about the program, speakers and presentations are available on our website: www.icir.de



Seminars on Insurance and Regulation

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5TH SEMINAR ON INSURANCE AND REGULATION

Solvency II – good things come to those who wait

November 26, 2013



Felix Hufeld

On November 26, 2013, the ICIR hosted the 5th Seminar on Insurance and Regulation.

The ICIR had the honor to welcome Mr. **Felix Hufeld**, Chief Executive Director for Insurance Supervision (BaFin), who gave a talk on “Solvency II – good things come to those who wait”.

6TH SEMINAR ON INSURANCE AND REGULATION

Managing under Solvency II – the Practical Implications from the Perspective of a CRO

January 20, 2014



Thomas C. Wilson

On January 20, 2014, the ICIR hosted the sixth Seminar on Insurance and Regulation. The ICIR had the honor of welcoming Mr. **Thomas C. Wilson**, Chief Risk Officer of Allianz SE, as guest speaker. Mr. Wilson gave a talk on “Managing under Solvency II – the Practical Implications from the Perspective of a CRO” where he presented his view on Solvency II regulation in light of its imminent phasing-in.

Mr. Wilson began his presentation by stressing the inadequacy of the previous Solvency I regime. Both regulators and the industry have had a strong interest in improving the regulatory system towards a more market consistent valuation of the business. The transition to a market



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valuation approach introduces new challenges for the industry, especially for the life business. Mr. Wilson emphasized that the difficulties in the valuation of long-term life products were a major cause of delay for the implementation of Solvency II. Moreover, he pointed out how short term volatility of capital markets might become deleterious for the solvency situation of insurance companies. He showed how short-term movements of markets heavily affect the solvency margin of insurance companies, and that the short-term volatility clashes with the long term focus of the life insurance business. Finally, he commented on the disproportionate regulatory burden of Solvency II which already impacts the daily business of an insurance company. He acknowledged the importance of guidelines, of reporting and of risk management processes, but he also pointed out that a strong risk management culture must play the most fundamental role, especially in times of crisis.

FRANKFURTER VORTRÄGE ZUM VERSICHERUNGSWESEN

Frankfurt Talks on Insurance

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

On November 11, 2013, **Mr. Gunter Lescher** from PriceWaterhouseCoopers was invited to give a talk on "Umsetzung und Prüfung des GDV-Verhaltenskodex aus Sicht des Wirtschaftsprüfers" ("Implementation and Assessment of the German Insurance Association (GDV)'s Code of Conduct from the Auditor's Viewpoint").

On May 12, 2014, **Dr. Peter Reusch**, Chefsyndikus Helvetia Versicherungen, was invited to give a talk on „Der GDV-Verhaltenskodex für den Vertrieb aus juristischer Sicht“.

Conferences and Presentations



Prof. Dr. Helmut Gründl

November 13, 2013

22. Public Event of the „Verein zur Förderung der Versicherungswissenschaft Berlin e.V.“ on the topic of „Old-Age Poverty: Insurance the Unpopular Rescuer?!“ („Altersarmut: Assekuranz, der ungeliebte Retter?!“), Press Release of “VersicherungsJournal.de” and “Versicherungswirtschaft”, Berlin

March 25, 2014

“Current Issues of Insurance Regulation from an Economic Perspective, GDV Volkswirtschaftlicher Ausschuss, Oberursel

May 15, 2014

„The Effects of a Low Interest Rate Environment on German Insurance Industry“ at the Insurance Advisory Council of the German Federal Financial Supervisory Authority, Berlin

June 3, 2014

Moderation for „Verein zur Förderung der Versicherungswissenschaft (Berlin)“:

27. Versicherungswissenschaftliches Fachgespräch on the topic of „Kapitalanlage – Grauer Kapitalmarkt – Altersvorsorge“ („Investment – Grey Market – Retirement Planning“), Berlin

October 15, 2014

Panelist at the conference „Regulation as a Business Risk: Life, P&C, Reinsurance Perspectives“ St. John’s University, School of Risk Management, Insurance and Actuarial Sciences, New York, USA



Prof. Dr. Manfred Wandt

October 25, 2013

Fünf Jahre reformiertes deutsches VVG 2008: Hat sich das neue Recht bewährt? Tagung Europa Institut Universität Zürich

November 13, 2013

Principles of European Insurance Contract Law (PEICL) – from academics towards politics and law, Life Insurance Association of Japan (LIAJ) and Japan Institute

of Life Insurance (JILI), Tokyo November 14-18, 2013

International Law: From mere Pluralism towards Constitutionalism?, Global Forum at Waseda Law School, Tokyo (Japan)

November 28-20, 2013

5. Herbstakademie Versicherung und Recht 2013, Konferenzleitung und Moderation, Bensberg Restatement European Insurance Contract Law Workshop and Conference (Vaduz Januar 2014)

May 24, 2014

Solvency II in der Rechtsanwendung 2014, Tagungsleitung und Moderation, Düsseldorf

October 31, 2014

European and Transnational Insurance Regulation, National Cheng-Chi University Risk and Insurance Research Center, Taipei/Taiwan

November 6, 2014

European and Transnational Insurance Contract Law, National Cheng-Chi University Risk and Insurance Research Center, Taipei/Taiwan

October 2014

Transparency of insurance contract terms (legal requirements, legal consequences of intransparency,

CONFERENCES AND PRESENTATIONS

14. Weltkongress der Internationalen Vereinigung für Versicherungsrecht (AIDA), Rom

May 2014
Premium Pricing and Transparency in German Health Insurance, HILA-AIDA SUMMIT Athens

2014
Jahrestagung des Deutschen Vereins für Versicherungswissenschaft Stuttgart 2014 (Moderation)



Prof. Karel Van Hulle

January 30-31, 2014
Seminar on “Navigating Solvency II: Opportunities, Risks and Challenges” (organised by the Academy of European Law), Trier, Germany – Chair and presentations: “Solvency II – state of play and next steps” and “Supervision of insurance groups under Solvency II”

February 21, 2014
Conference on “Managing and supervising insurance undertakings in the context of Solvency II” (organised by the Instituto de Seguros de Portugal), – Lissabon, Portugal, Presentation: “Solvency II – Change your mind and mind the change”

March 17-20, 2014
Chair for Conference on Risk & Insurance (organised by Risk Minds – Amsterdam, Netherlands- Panel: “A new way of doing business – CRO debate

March 24-25, 2014
30th Regulation and Supervision

(PROGRES) Seminar on “Growing complexity and sophistication of the multiple regulatory and supervisory regimes in insurance around the globe: are we safer?” (organised by the Geneva Association), – Geneva, Switzerland – Panel on “The future of European banking regulation: a model for insurance

April 10-11, 2014
Xth International Risk Management Conference (organised by Eurasia – Almaty, Kazakhstan, Presentation: “Recent developments in EU insurance regulation”

May 5, 2014
Lecture at the Economic University of Poznan, – Poznan, Poland, Presentation: “Financial Services Regulation: how to strike the right balance?”

May 7-8, 2014
Conference on “Insurability in Poland” (organised by the Polish Association of Insurance Undertakings), – Sopot, Poland, Panel on “Modern financial supervision”

May 9, 2014
Conference on “Life, Health and Pension Insurance in the new economic environment” (organised by the Hellenic Association of Insurance Companies and the Association Internationale du Droit de l’Assurance), Athens, Greece - Presentation: “Should we continue to close our eyes to the true cost of pensions?”

May 26, 2014
Conference on “L’avenir du droit comptable luxembourgeois suite à l’adoption de la directive comptable du 26 juin 2013” (organised by the Commission des Normes Comptables), Luxembourg, Luxembourg - Presentation: “De la 4ème directive de 1978 à la nouvelle

directive comptable de 2013: retour sur 35 ans de construction comptable européenne”

June 4-6, 2014
Second Executive IFRS Workshop for Regulators (organised by the World Bank Centre for Financial Reporting Reform), Vienna, Austria – Presentation: “Insurance regulatory update on Solvency II” June 4, 2014

Actuarial Conference for Insurance Supervisors (organised by the Insurance Supervision Agency of Macedonia), Ohrid, Macedonia – Presentation: “The actuarial function under Solvency II”

June 12, 2014
Moderation at the 6th International Insurance Conference on “The challenge of change: global insurance trends” (organised by Insurance Europe), Malta

July 16, 2014
Conference on “Risk Management in Insurance” (organised by the KU Leuven and the Universitat de Barcelona), Barcelona, Spain - Presentation: “Solvency II: the risk management function”

September 9-10, 2014
3rd Conference on Global Insurance Supervision – Fit for Global Thinking? (organised by the ICIR, St. John’s University, the World Bank and EIOPA)– Frankfurt, Germany, Moderation

September 26, 2014
CRO Forum – 10 year anniversary event – Bologna, Italy
Panel participation on “Solvency II and international developments”

October 7-8, 2014
Conference on Risk Management (organised by Insurance Risk Europe) – London, United Kingdom, Chair of Panel on “Industry readiness for Solvency II”

October 13-14, 2014

Annual Conference on European Insurance Law (organised by the Academy of European Law – ERA) – Trier, Germany

Presentation: “The finalisation of the new framework for insurance regulation and supervision in the EU: Omnibus II and Solvency II”

October 21, 2014

Regulatory Issues Leaders Forum Europe 2014 (organised by the International Cooperative and Mutual Insurance Federation – ICMIF)– Amsterdam, the Netherlands

Presentation: “The proportionality principle under Solvency II”

October 23-24, 2014

Annual Conference 2014 of the International Association of Insurance Supervisors (IAIS), Amsterdam, the Netherlands



Prof. Dr. Jens Gal

October 2, 2014

„Information Duties in Online Insurance“ Tagung „AIDA World Congress 2014“, Rome (Italy)

August 5, 2014

„Dispute Resolution in the Insurance Sector“ Tagung „Frankfurt Summer School: Law in Modern Societies – Fundamental, international and interdisciplinary aspects“, Frankfurt am Main

July 4, 2014

„Gleichbehandlung, Differenzierung und Diskriminierung im Europäischen Versicherungsrecht/ Le traitement égal, différentiel et

discriminatoire en droit européen de l’assurance“, Tagung „11. Europäische Sommeruniversität für Recht/11ième Université d’été européenne en sciences juridiques: Europa – Vielfalt ohne Diskriminierung/Europe – Diversité sans discrimination“, Vilnius (Litauen)

June 20, 2014

„Die Beilegung von Versicherungsstreitigkeiten in Deutschland“, Tagung „Internationales Symposium zu aktuellen Entwicklungen im [türkischen und deutschen] Versicherungsrecht“ in Kayseri (Türkei)

June 12-13, 2014

„Konfliktlösung in der Wirtschaft im 19. und 20. Jahrhundert“, Tagung „Geschichte der Konfliktlösung in Europa“ (Max-Planck-Institut für europäische Rechtsgeschichte), Frankfurt am Main

May 20, 2014

„Rechtsschutz gegen Maßnahmen von EIOPA“, Tagung des Fachkreises Versicherungsrechts des Deutschen Vereins für Versicherungswissenschaften „Solvency II in der Rechtsanwendung 2014“, Düsseldorf

March 13, 2014

„Die Leitlinien der EIOPA im Gefüge des Europäischen Finanzaufsichtssystems“, Tagung „8. BLD-Meeting für Rechtsabteilungen“, Köln, 11. März 2014 und München

March 6-7, 2014

„Regulatory Developments & Implications for the Insurance Industry – Case Study Achmea Holding N.V.“, Training, Goethe Business School

November 28-30, 2013

„EIOPA im Gefüge der europäischen Aufsichts-

architektur“, Tagung „5. Herbstakademie Versicherung und Recht“, Bergisch Gladbach

14-18 November 2013

„Towards a Transnational Insurance Law Regime – Globalisation of Insurance Regulation“, Conference „Global Forum on International Law: From mere Pluralism towards Constitutionalism?“, Tokyo (Japan)

13 November 2013

„Der deutsche Versicherungsombudsmann – Ein innovatives Instrument der alternativen Streitbeilegung im Versicherungssektor“, Presentation at the Life Insurance Association of Japan (LIAJ) and the Japan Institute of Life Insurance (JILI) in Tokyo

EXECUTIVE EDUCATION

Karel's Club – Executive Insurance Forum

ABOUT KAREL'S CLUB

The insurance industry lives in a time of change. Although its business model is often misunderstood, its importance is increasingly recognized. More regulation can be expected. That regulation will have a profound impact on the way insurance business is carried out. It is important to think about the possible impact of that new insurance regulation before its introduction as well as once it has entered into effect. Karel's Club offers the possibility to discuss new developments in insurance regulation as well as new trends in insurance in an informal setting, between senior management from the insurance industry, stimulated by reflections from academia and from representatives of the regulatory community. The objective is to enable thought provoking discussions on matters of concern to the participants under Chatham rules. The discussions should help to shape strategic thinking about the likely way in which insurance will develop in the coming years as well as on how regulation might influence this development. Proper attention will be paid to the European and international regulatory agenda.



Prof. Karel Van Hulle

Karel's Club seeks to provide space for executives, who are concerned about the future and want to prepare themselves for the challenges ahead through active discussion, sharing experience with colleagues and regulators in a neutral university environment.

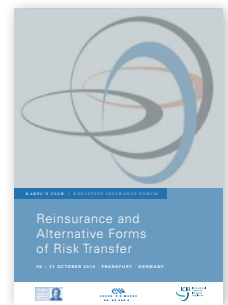
The modern Campus Westend of Goethe University in Frankfurt, where ICIR and the House of Finance is located, provides a uniquely rich and productive learning environment, an atmosphere of complete intellectual freedom. The forum will discuss one or more insurance issues, providing a better understanding of the interaction between these issues and insurance regulation. The meetings organized by the Club should be both informative and directly relevant for the participants.

Insurance Distribution in a Changing World

On May 22 and 23, 2014 the ICIR in cooperation with the Goethe Business School hosted the Karel's Club Executive Insurance Forum. The focus of the event was the influence of upcoming insurance regulations on the way in which insurance products are being distributed. Participants including executives from the insurance industry, regulatory authorities and academics had the opportunity to openly discuss and look at insurance distribution from different angles, benefiting from the input of a number of key experts in the field.

Reinsurance and Alternative Forms of Risk Transfer

On October 30 and 31 October, 2014 the third meeting of the Karel's Club will look at developments in reinsurance in general and at the role of the reinsurance industry in the development of alternative forms of risk transfer, benefiting from the input of a number of key experts in the field. The discussion will focus on issues such as: What are the likely regulatory changes in the near future? How will they affect the reinsurance industry? How should we deal with collateral requirements? Will the market fundamentally change if the collateral requirement is removed? Will the reinsurance industry become more attractive as an investment opportunity because of the low interest rate environment? How will insurers deal with reinsurance as part of their risk mitigating strategy.



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

In conjunction with the Deutsche Versicherungsakademie (DVA) and the Gesamtverband der Deutschen Versicherungswirtschaft (GDV), the ICIR developed an executive education program for the insurance industry. This program objective is to train insurance managers for the future requirements of Solvency II. The program started in the fall of 2011. Prof. Dr. Helmut Gründl teaches some of the courses.

GOETHE UNIVERSITY FRANKFURT

Lectures

Winter Semester 2013/2014

Asset and Liability Management in Insurance Companies

Prof. Dr. Helmut Gründl

This lecture is an elective course as part of the program Master of Science in Management with specifications in Finance and Accounting, Finance and Information Management, and Accounting and Information Management, as well as the program Master of Science in Money and Finance with the specification in Finance. The goals of the lecture are to understand asset and liability management strategies used in insurance companies, to apply tools such as @Risk for simulating risk situations, and to understand the new Solvency II insurance regulatory rules.

Seminar Versicherungstechnologie und ihre Grenzen

Hon. Prof. Dr. Hartmut Nickel-Waninger

Im Rahmen des Seminars erarbeiten die Studierenden wie Unternehmen ihre Risiken erkennen und bewerten können um auf dieser Basis Konzepte zu ihrer Risikotragung zu entwickeln. Das zentrale Thema des Seminars variiert jedes Jahr und beinhaltet beispielsweise aktuelle Entwicklungen in den

Bereichen der Haftpflichtrisiken und Luftfahrtrisiken oder aktuelle Fragestellungen zu den Themen Lebensversicherung und Krankenversicherung. Neben der Diskussion aktueller theoretischer und praktischer Problemstellungen ist die Aufarbeitung komplexer versicherungstheoretischer Modelle durch die Studierenden ein zentraler Bestandteil des Seminars. Zudem nimmt in jedem Jahr ein externer Referent teil, welcher die Teilnehmer durch einen themenbezogenen Vortrag über aktuelle praktische Entwicklungen des ausgewählten Themas informiert.

European Insurance Contract Law

Jun. Prof. Dr. Jens Gal

This course examined insurance contract law – including the basics of insurance techniques – on a comparative basis. It focuses 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 insured and 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 were provided. The course also described the peculiarities of insurance contract law focusing on the classification of terms, the attitude of English courts to draconian remedies incorporated into English insurance wordings and particular requirements of facultative reinsurance.

Internationales Privatrecht (IPR) II

Jun. Prof. Dr. Jens Gal

The International Private Law (IPL; also referred to as conflicts of law rules) gives the answer to the question which legal regime applies to a case which displays a cross-border element. Due to the continuous increase in internationalization (or globalization) of our economies (and as such of the relevant actors) and the steep rise of cross-border elements in all fields of private relationships caused by the freedom of movements of people, services, money and goods conflicts of law have become common place. The course offers an in-depth introduction into the

functioning and the method of International Private Law and serves as a follow-up class to the class IPR I and one of the major aspects of the class was also the law of conflicts regarding insurance contracts.

Winter Semester 2013/2014
and Summer Semester 2014

Corporate Finance (Finanzen 3)

*Dr. Christian Hirsch,
Prof. Dr. Helmut Gründl
Prof. Dr. Jan Pieter Krahnen,
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.

Summer Semester 2014

Risk Management and Insurance

Prof. Dr. Helmut Gründl
This was 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.

Versicherung und Regulierung

*Prof. Dr. Hartmut Nickel-Waninger,
Prof. Karel Van Hulle*

This is an elective course for third-year Bachelor students. The goal of the course is to provide basic knowledge in the

areas of insurance economics and insurance regulation, especially Solvency II. The course covers the following topics: introduction to fundamental risks in insurance economics, instruments of underwriting business, product management and pricing, insurance accounting, European and international insurance regulation and supervision, and systemic risk. Parts of the course have been held by practitioners from the insurance industry.

Winter Semester 2014/2015

Risk Management in Insurance Companies

*Thomas Wilson,
CRO Allianz Group*

The seminar aims at introducing students to basic concept in Risk Management in Insurance Companies. During the seminar, the students will gain insight on how companies develop and assess their risks and the role of regulation. The range of topics covers all areas of traditional and non-traditional insurance activities and related regulation. Students will learn how to interpret, classify and critically discuss results of scientific research and more in general improve presentation and communication skills.



IMPRINT

PUBLISHER

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