

Insufficient recognition of insurance specificities in G-SII proposal

Brussels — The Global Federation of Insurance Associations is disappointed that greater recognition has not been given to the specific characteristics of the insurance business model in yesterday's publication by the Financial Stability Board (FSB) of a methodology to identify global systemically important insurers (G-SIIs), a list of G-SIIs and the measures to be applied to them..

Frank Swedlove, chair of the GFIA, said: "The GFIA is extremely disappointed that there has not been greater adaptation of the work done to address systemic risk in banking to create the measures and the methodology for the insurance sector. The nature of the assets and liabilities of insurers is very different from that of banks. Any methodology and potential measures to be applied to insurance companies should reflect this reality to a larger extent than has so far been the case."

The requirements imposed on insurers designated as G-SIIs must promote continued risk diversification and acknowledge the core differentiating factors of insurance.

The GFIA is also concerned that the methodology proposed results in entities being on the list not so much for the risk they pose to the financial system but rather largely because of their size, which is not a risk factor in insurance.

"The GFIA supports efforts to enhance financial stability. We will now study the proposals closely and we remain committed to working with the FSB and the International Association of Insurance Supervisors to find solutions that are workable in practice and do not harm the ability of the insurance sector to act as a shock absorber — globally diversifying risk — and as a long-term investor," said Swedlove.

NOTES FOR EDITORS

1. For further information please contact Janina Clark, press contact for the GFIA secretariat, (tel: +32 2 894 30 82, clark@GFIAinsurance.org)
2. A full list of GFIA member associations and copies of all press releases are available on the GFIA website (www.GFIAinsurance.org)
3. Through its 35 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 56 countries. Those companies account for around 87% of total insurance premiums worldwide. The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.