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IAIS Releases 2014 Global Insurance Market Report (GIMAR); Issues Macroprudential Surveillance Toolkit for Members

*Report shows global insurance sector has remained well-functioning
and stable amid an often challenging environment*

Basel – The International Association of Insurance Supervisors (IAIS) today released its 2014 Global Insurance Market Report, or GIMAR. The report discusses the global insurance sector from a supervisory perspective, focusing on the sector's performance as well as key risks faced by it.

"The IAIS is committed to proactively identifying risks and developments that may affect the insurance sector so that we may prepare timely policy responses and alternatives for our Members to address the same," said Felix Hufeld, Chair of the IAIS Executive Committee. "GIMAR, as well as the new macroprudential surveillance toolkit, benefit from the IAIS' unique global position and perspective and we look forward to continuing to serve our Members and other stakeholders as they build a thorough understanding of the global insurance marketplace."

The report shows that insurers have been able to weather the slow economic growth rates, persistently low interest rates and low inflation rates that have characterised the global financial marketplace since the financial crisis. Findings in the report include:

- The global insurance market has proven resilient in rebounding from shock events, such as major insured catastrophes, as shown by rising equity prices and price-to-book ratios.
- Market conditions have continued to depress premium growth, with modest global premium growth in 2013 following a declining trend since at least 2007.
- Insurers' balance sheets have remained solid. Underwriting profitability in non-life insurance is stable. For life insurers, low premium growth and low interest rates form a challenging business environment.
- Alternative capital has increased sharply in recent years, focusing mostly on parts of the US property & casualty reinsurance business. It remains unclear whether alternative capital will be as permanent as traditional capital.
- The effects of slow economic growth have been exacerbated by a protracted period of declining interest rates, which have presented a series of challenges to global (re)insurers, especially life insurers.

The report also discusses the IAIS' efforts to assist Members in their macroprudential surveillance activities through efforts under the IAIS standard on macroprudential surveillance and insurance supervision (ICP 24), assisting in the identification of global systemically important insurers and developing an insurance-specific approach to macroprudential surveillance. In regard to the latter, the IAIS has just released an internet-based toolkit to assist its Members in designing and conducting macroprudential surveillance. The toolkit includes basic and advanced macroprudential indicators and allows a Member to input data from its own jurisdiction for benchmarking against regional and worldwide data. The IAIS will continue to work with its Members to refine and supplement the toolkit so that it continues to meet identified needs and further the Association's strategic objectives.

The Global Insurance Market Report can be found at the IAIS website (www.iaisweb.org).

About the IAIS: The IAIS is a global standard setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to contribute to global financial stability. Its membership includes insurance regulators and supervisors from more than 200 jurisdictions in nearly 140 countries. For more information, please visit www.iaisweb.org.
