

## CEA president calls for greater recognition of insurance business model

*Urges policymakers and regulators to differentiate between financial services sectors*

11 June 2010: Tommy Persson, president of the CEA, the European insurance and reinsurance federation, has called on regulators and policymakers to ensure that any initiatives in response to the financial crisis are appropriate for the sectors to which they apply.

“The assumption that what is valid for banking must be valid for insurance is too simplistic,” Persson told over 300 delegates attending the CEA’s 2nd International Insurance Conference in central London.

The CEA firmly supports appropriate and rigorous supervisory and regulatory standards for insurers. It believes that it is possible to strengthen the global financial system without undermining parts of it, and calls for all national, European and international regulatory proposals that affect insurance to recognise the distinct and unique business model of insurers.

Because of their business model, insurers usual have stable, upfront funding to cover their liabilities and limited exposure to liquidity risk. Interconnectivity between insurers is also much lower than that between banks, reducing any likely transmission of systemic risk.

“The crisis did not originate in the insurance sector but we see a tendency among regulators not to recognise this, even though the insurance industry has shown resilience to the worst effects of the crisis,” said Persson.

In his conference speech, Persson highlighted a worrying trend for efforts to reduce the impact of systemic risks to the economy to be applied to all financial institutions, not just to those that generate such risks. “This fails to recognise that core insurance activities do not generate systemic risk,” said Persson.

Persson also highlighted the insurance industry’s concerns that it might be included in blanket government taxes or levies to pay for past or future crises. “To introduce a kind of cross-subsidisation ... would reward riskier financial entities at the expense of less risky ones, such as insurers,” he insisted.

### Background

The CEA’s 2<sup>nd</sup> International Insurance Conference, “Insurance in a changing world” was held at the Grange St Paul’s Hotel, central London today.

Speakers included:

- Rt. Hon. Lord Reid, chairman of the Institute of Security and Resilience Studies, University College London
- Sergio Balbinot, co-managing director of Generali
- Alex Wynaendts, CEO and chairman of Aegon
- Peter Braumüller, chairman of the executive committee of the International Association of Insurance Supervisors (IAIS)
- Recaredo Arias, secretary general of the Inter-American Federation of Insurance (Fides)

- Susan Voss, president-elect of the US National Association of Insurance Commissioners (NAIC)

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#### Notes for editors

1. For further information please contact Janina Clark, head of communications & PR (tel: +32 2 547 5812, [clark@cea.eu](mailto:clark@cea.eu)).
2. Copies of all CEA press releases are available on the CEA's website ([www.cea.eu](http://www.cea.eu)).
3. The CEA is the European insurance and reinsurance federation. Through its 33 member bodies — the national insurance associations — the CEA represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. The CEA, which is based in Brussels, represents undertakings that account for 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of over €1 050bn, employ one million people and invest more than €6 800bn in the economy.