

## FROM RELEVANCE TO LEADERSHIP

Good morning all. Thank you Sivam, for the invitation to return to the Asia CEO Summit, in one of my favorite places and for one of my favorite conferences each year. I congratulate you on yet another successful and what promises to be another thought provoking gathering.

I run the International Insurance Society, and although I don't want to take up much of my allotted time talking about it, I would be remiss if I didn't put my main remarks into the perspective of my organization and its members.

The IIS is the largest and most inclusive organization of the global insurance industry. Our defining characteristics are Breadth, Diversity and Impartiality..

Our Breadth is perhaps best shown by our membership roster, which includes organizations from 101 countries, spanning the most highly developed to the only newly emerging. Our members include C Suite Life and Nonlife insurance company executives, but also insurance regulators, academics, associations and advisors. We believe that this breadth of membership discourages group think by providing an exchange of different perspectives on the key issues we face. All are welcome.

Our Diversity is also a defining aspect of the IIS. Our member companies and actively involved representatives hail from many of the giant global companies to be sure. But our leadership and our activities are also heavily populated by companies and people from smaller regional and single country firms, who are often on the cutting edge of societal needs and innovations. Our diversity of membership also enables us to have a wide variety of ethnic, regional, gender and wealth perspectives represented, as does our composition of stock, mutual and government related organizations.

Finally, we conduct all of our activities in an independent and impartial framework. We do no advocacy work or lobbying of any kind. We have no ethical problem with advocacy organizations whatsoever, but there are plenty of them around already, seeking to influence policymakers on a variety of regional and global issues. Our success has clearly shown that there is room for a neutral voice of the industry as well, presenting all sides of the issues by all stakeholders, for discussion and decisions.

And so, our mission is to help shape the future of the global insurance industry, as a contributor to the dialog about the economic and social development of markets. We provide a forum where insurance decision makers and thought leaders combine their knowledge to drive industry growth and innovation, and ensure its relevance.

It's about industry relevance that I want to focus today. Just a few years ago, at our annual conference in Seoul, an important industry CEO expressed a concern that our industry risked losing relevance, what with our clients' bigger balance sheets and expanded ability to bear

their own risk, the advent of the capital markets into the insurance business, the development of peer to peer insurance schemes and a variety of other risk transfer and risk management practices.

New solutions to measuring, pricing, managing and transferring risk continue to abound, some offering new opportunities to the traditional insurance market while others threaten it. And so the industry does face challenges with respect to continued growth from its conventional activities.

What is increasingly clear, though, is that in spite of its growth and profitability challenges, the insurance industry has earned a leadership position as a key contributor to solving some of the world's biggest problems. In the past four years, our industry has risen from a distant second place role among financial institutions, relative to banks, to being an integral part of every major global development and humanitarian initiative. I'd like to cite some examples, more reasons to be optimistic about the expanding role of our industry in the world, and more reasons to be proud to be insurance professionals.

In 2012, the United Nations launched the Principles for Sustainable Insurance. The PSI are a framework for the insurance industry to address environmental, social and governance risks and opportunities. It is the largest collaboration between the UN and the our industry, and now has over 80 signatory organizations, representing nearly 25% of global insurance premiums. This initiative is changing and improving the way risk is measured and managed, both for insurers and insureds.

Regional risk pools are saving lives and livelihoods, thanks to innovative programs designed by our industry. The African Risk Capacity provides coverage to over 30 African countries for drought, erratic rainfall and other perils that exceed individual country's capability to manage. The Caribbean Cat Risk Insurance Facility covers more than 20 countries for wind, rain and earthquake losses, reducing the need for donor funds in an area regularly savaged by storms. Now the Pacific Catastrophe Risk Financing and Insurance Program has been formed. This industry initiative in conjunction with the World Bank provides small island nations with pooled protection from events that can often knock more than 5% off a year's GDP.

Such innovative programs that mitigate social problems that governments can't solve on their own have evolved into public/private partnerships that make our industry an essential element of building sustainable economies.

Insurers' role as long term investors is being recognized as essential to Sustainable Development Financing. Insurers have over \$35 trillion of invested assets globally, and with a longer term liability structure compared to most other kinds of investment pools, are a key element now in financing the building of infrastructure in the developing world, and the Rebuilding of infrastructure in developed countries. I'm participating in a Development Finance meeting at the UN next month, and once again the organizers, from Secretary

**General Ban Ki Moon on down, describe our industry's involvement as essential to its success.**

**Our industry's dual skill sets, in both long term investing and in risk assessment, are increasingly being leveraged by policymakers to make the world better. The G7 Climate Risk Insurance Initiative, called InsuResilience, aims to increase access to insurance for up to 400 million people in developing countries by 2020. The German government and the insurance industry launched this impressive plan last year.**

**As part of the Paris Climate Change Conference, Ban Ki Moon announced the "A2R" initiative: Anticipate, Absorb, Reshape. This is an approach to risk of Anticipate, using research, modeling other practices to mitigate risk, Absorb by increasing the penetration of insurance especially for vulnerable populations, and Reshape business practices to account for natural resource limitations and to increase resilience. Here again, our industry is at the very center of his advisory team.**

**The Financial Stability Board's Climate Disclosure Task Force is taking the insurance industry's approach of a one in 100 year solvency stress test to a logically broader scale: to determine for an organization, a city or a region what kind of maximum annual financial loss they could expect, to enable them to understand and manage their risks better. This is a good example of how our industry's risk assessment expertise can have broad societal applications.**

**There are many other examples, which time does not permit me to enumerate, that show how insurance is now understood by world leaders to be the critical link between the world of finance and the world of economic development.**

**Finally, let me mention a new institution being formed to optimize interaction between stakeholders across the insurance industry, governments, and international institutions, to increase access to protection and access to the capabilities our industry can offer the world. At present, this growing community is fragmented and has very limited overall direction, coordination and shared sense of purpose. The result is that in spite of everyone's best efforts on their own, the actual deployment of insurance related capabilities is limited, and the protection gap has continued to rise in many regions.**

**The Insurance Development Forum is this new body, with joint leadership from the World Bank, the United Nations, and the insurance industry. The co-chairs will be Helen Clark of New Zealand, head of the UN Development Program, Joaquim Levy of Brazil, CFO of the World Bank, and Stephen Catlin of the UK, deputy chairman of XL Catlin, and deputy chairman of the IIS. A prestigious triumvirate indeed.**

**The initial focus of the IDF will be to consolidate efforts to address the under insurance to natural hazard related risks, although there are a number of other nonlife and life insurance issues that will be undertaken as time goes by. The overall mission of the IDF is:**

Understanding risk to create resilient platforms for sustainable growth and human dignity. The major themes that have emerged from our initial discussions are : risk modeling and mapping, risk measurement and disclosure, risk sharing and transfer, claims and disaster response, supportive insurance regulation, long term investment policies, and the economic and social role of insurance.

We will have our formal launch on the margins of the Spring World Bank meeting in Washington, DC, and I can tell you that the enthusiasm for and the attention paid to our industry by global policymakers has just exploded over the past few years.

The UN, the World Bank, the OECD, the World Economic Forum, the G20 and many other international organizations that have the power and influence to change our increasingly risky world now turn to the insurance industry for ideas and solutions. It is, therefore, an exciting time to be in the insurance business, and a time to bring our very best ideas to bear. It is no exaggeration to say that this group, and others like it in industry gatherings around the world have the skills necessary to make life better for millions of people. The stakes are too high not to use them, and world leaders are eager for our ideas.

The 2016 IIS Global Insurance Forum will take place June 12-15 at the Shangri La Hotel in Singapore. The theme this year is Innovation and Industry Transformation. I hope to see many of you there, not just to listen and observe, but to offer your insights into the major challenges and opportunities facing the industry. We believe that the broader and more inclusive the discussion is, the better we are able to move along the continuum from relevance to leadership.

Thank you.

