

Wednesday • 9 June 2010

Published by:

Media Partner:

Sponsor:

**ASIA
INSURANCE REVIEW**
**MIDDLE EAST
INSURANCE REVIEW**
INCORPORATING GLOBAL TAKAFUL
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The Hank that Sees the World

Mirror, Mirror on the Wall: Can Asia Lead the World?



Mr Hank Greenberg

Industry icon and legend, Hank Greenberg, the man known to have fought the good fight against protectionism and campaigned for globalisation and greater competition and professionalism amidst various other heroic deeds, had the answer without the crystal ball.

Even he was clear that despite China's heady growth and decisive internal leadership action, it was still not ready to be the growth engine for the rest of the world as yet. The responsibility still fell on the broad strained shoulders of the historic engine of growth, the US which had its own myriad of challenges to overcome.

"We certainly cannot be the engine of growth in the foreseeable future until we get our house in order. That's going to take some time," said Mr Maurice "Hank" Greenberg, President and CEO, C.V. Starr & Co., Inc, at his much-awaited Special Address at the IIS yesterday when he tackled head on the visionary issue of the "The Role of Asia in Emerging Markets".

Mirror, Mirror on the Wall: Are there Good Regulators?

In touching on the global financial crisis and its aftermath, with the sceptre of more regulations taunting insurers, this active veteran was decisively against it. Throwing the gauntlet in true "Greenberg" style, he said: "It's not that we need more regulation. We didn't have the right regulators." He even went a step further to say: "We need better quality regulators who are capable of understanding what's happening in this dynamic industry."

And he lashed out at the role of regulators in the crisis: "If the regulators had done their job on a timely basis, much of what happened wouldn't have happened." And they are now very impatient to bring about change they think they ought to have, he added.

Mirror, Mirror on the Wall: Why Does the Dragon Breathe Fire?

He is making his 6th visit to China this year alone next week underscoring Mr Greenberg's inside knowledge of and faith in the vast potential of China, which is also investing in emerging markets to enhance its image and influence in other parts of the world. It has invested in infrastructure and energy and other projects in emerging markets such as the Middle East, Africa, and Latin America, he said.

China has built fast trains and more super highways than the US, including vast and impressive airports. Yet what stands out for Mr Greenberg is China's regulatory ability to "respond quickly to their problems".

Mirror, Mirror on the Wall: Is Govt Good for AIG?

During the provocative Q&A session, Mr Greenberg, who held the helm of President and CEO of AIG for over 40 years, said he didn't believe governments can run companies. "In fact, they can't even run governments well."

He stressed that getting the government to bail out AIG wasn't the only option, and even that was done without any proper valuation. The US Government should have guaranteed AIGs collateralised debt obligations (CDOs), similar to their actions towards Citibank and the Bank of America, rather than take the 79.9% stake into the insurer, he added.

Mirror, Mirror on the Wall: What Lesson Do I Share?

Nonetheless, with the harrowing past largely behind him, he said that the biggest lesson from the crisis is that "insurers must rely on underwriting and managing risk", rather than making investment profits to balance out weak underwriting. And with his new drive and passion with C.V. Starr they are in Asia to grow as a profitable business.

Mirror, Mirror on the Wall: Why is Hank the Legend?

In introducing Hank, Mr Brian Duperreault, President and CEO of Marsh & McLennan, who had worked several years with the man and have seen the warts and the glories, said Mr Greenberg is a "true" industry leader in every sense of the word – having built the largest, most successful and profitable insurance company in history.

His immense stature in the insurance market is incomparable as he strived to increase professionalism in the industry while he, "tirelessly and relentlessly opened and expanded markets, and emphasised on best practice".

He struck at the price fixing and cartels and pushed for competition. He was indeed a pioneer in globalisation. So Hank knows it all having seen the world and broken through all barriers.



The IIS Yesterday, Today and Tomorrow: Leaders Galore

As we round up our exciting coverage of Madrid and the IIS, we bring you the news and views of the IIS former and current leaders as our way of saying thank you to the four gentlemen who have made our coverage of the daily news a permanent fixture of the annual seminars. Here's to the IIS and it being the best insurance event of the year at the intellectual and thought provoking level.

A Farewell with Hats Off

Since I left the IIS, I've had the opportunity to use everything I've learnt at the meetings over the years as a Director of a public company.

IIS has been continuing to grow and I am very impressed with the conference and the initiatives that Mr Michael Morrissey is undertaking, because ultimately the role of the CEO is to grow the organisation and then hand it over to the next CEO and let him grow it to the next level.

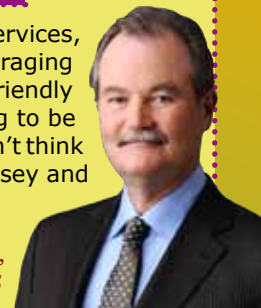
Mr Patrick Kenny,
Former IIS President & CEO



Rooting for the New Pair

As the IIS has been expanding its services, creating proprietary content, leveraging on the Internet, in a much more user friendly and interactive way, next year is going to be the pivotal year for the society and I can't think of a better pair than Mr Michael Morrissey and Mr Norman Sorensen leading the way.

Mr Brian Duperreault,
Former Chairman of IIS



Bursting with Ideas

We want to add more value to the membership. We have many very interesting, highly valuable additions to the IIS membership, typically in the form of a global international insurance factbook and a global insurance stock valuation matrix. The third element would be contributions unique and exclusive to members, i.e. contributions from academics all over the world. These 3 components will be added to members in a password protected basis over the next 6-12 months.

We are also working on future sites: as emerging markets in Latin America and Asia are going to be very important growth areas for members in the society and finally as per the request of various life, non-life associations and regulators from all over the world, we are going to conduct mini regional meetings in areas such as Latin America, Asia, Eastern Europe and the Middle East. Subject to approval of the board of the IIS, these will start in 1Q of 2011.

Mr Norman Sorensen,
New Chairman of IIS



Enjoying the Job Still

With any business there is a periodic need to review strategies adjusting to changing conditions. So we are having new member services in the context of further building on the strength of the organisation which already has done so well before I was appointed CEO.

With 500 delegates from nearly 50 countries, we have exceeded our expectations in Madrid. We had 51 speakers this year compared to 35 last year. It's not just a matter of quantity versus quality as we had all-star speakers making it the best annual meeting ever and we have very good feedback from the attendees.

Mr Michael Morrissey,
President & CEO of IIS



The European region ranked in **US\$1.75 tln** in premium volume for 2008, beating the American region's **US\$1.45 tln**.

Europe accounts for **41.06%** of the world market's premium.

The **UK** ranked **3rd** in the world and recorded the highest premium volume in **Europe**

with **US\$450 bln**. Life accounted for **US\$342.8 bln**, while Non-Life contributed **US\$107.4 bln**.

Spain's total premium volume ranked **11th** at **US\$87 bln**, **16.22%** up from 2007.

Life accounted for **US\$39.1 bln**, while Non-Life posted **US\$47.9 bln**.

Insurance penetration totalled **5.4%**, getting **2.04%** of share the world market.

2008 European Insurance Figures

Germany had the highest Non-Life premium volumes of **US\$131.8 bln**, second to the **US** which registered **US\$662.4 bln**.



15.7% was the **UK's** insurance penetration, second in the world to **Taiwan's** **16.2%**.

Climate change challenge: Rise or retreat?



A central chunk the talks' agenda would be the extent to which parts of the Copenhagen Accord should be included in the formal UN negotiating process. Outgoing UN climate change chief Yvo de Boer has underscored the need for governments to "act now to develop greater clarity on the future of the Kyoto Protocol", which set legally binding targets for forceful emission cuts from the 1990 levels and was ratified without US agreement.

Much stake for insurers

Regardless of this yo-yoing in the climate change initiative, insurers have clear reasons to be concerned about this problem and to be involved in responding to it. Studies have shown that climate change can adversely impact insurance affordability and availability, which can potentially slow down the industry's growth and eventually put greater burden on governments.

"Most forms of insurance are vulnerable, including property, liability, health, and life. It is incumbent on insurers, their regulators, and the policy community to develop a better grasp of the physical and business risks," said Dr Evan Mills, a scientist at Lawrence Berkeley, in the paper "Insurance in a Climate of Change".

He pointed out that insurers are in a good position to participate in public-private initiatives to monitor loss trends, improve catastrophe modelling, deal with the causes of climate change, and prepare for and adapt to its impacts.

However, he stressed that insurers' future role in helping society to cope with climate change is uncertain. "Insurers may rise to the occasion and become more proactive players in improving the science and crafting responses. Or, they may retreat from oncoming risks, thereby shifting a greater burden to governments and individuals."

So will the insurance industry rise or retreat?

Five months have passed since the Copenhagen Climate Summit produced not a deal but a mere accord to keep the global temperature increase at a maximum of 2°C to save the world from calamitous consequences. Has the agreement moved from just being an agreement?

It can be remembered that the pact does not spell out how this goal of keeping temperature increases below 2°C could be achieved – thus leaving no mechanism as to how such an accord could create some much-needed actions.

Accord backers increasing

But if it is any consolation, the number of nations backing the accord had risen to more than 110 and included all major greenhouse gas emitters, the UN said late in March. Among developed nations, the US plans to cut its greenhouse gas emissions by 17% from 2005 levels by 2020, the EU by 20%, Russia by 15-20% and Japan by 25%.

In the developing world, China aims to cut carbon produced per unit of economic output by 40-45% from 2005 levels, while India intends to reduce its emissions intensity of GDP by 20-25% from 2005 levels. Brazil likewise aims to slash emissions by between 36.1 and 38.9% below "business as usual" levels.

While these countries' commitments to cut emissions are not expected to reach the goal of limiting temperature increases to below 2°C, realising them is hoped to keep the global temperature rise to 3°C. They are seen as a first step toward attaining the accord's goal.

A fresh round of talks

Meanwhile a new round of climate change talks kicked off last week in Bonn, Germany to take forward work from the Copenhagen Summit. The talks would pick up on issues that were not resolved in Copenhagen and are meant to pave the way for the full implementation of action for climate change.

Insurance Directory of Asia

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President, Unespa, Spain



Award to Mr William C Greenough,
Past Chairman & CEO, TIAA-CREF,
USA, accepted by his son



Mr Frank O'Halloran,
CEO, QBE Insurance Group, Australia

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IIS 2011 Annual Seminar

Adiós Madrid, Hello

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Published by:

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INSURANCE REVIEW

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INCORPORATING GLOBAL TAKAFUL

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