

## Insurers should go beyond current realm

Insurers should move beyond the realm of simply being companies that transact business and pay taxes and take the opportunity to play a unique role in addressing sustainability issues which can impact the future of their business, said Mr Achim Steiner, UN Under-Secretary-General, at the launch of the Principles for Sustainable Insurance yesterday.

He expressed hope that insurers will give more emphasis on the risk management scenarios amidst global environmental changes than on their other identity, "which is that of being the most potent financial investor in financial markets".

The business of business is sustainable business, he said, and that from the insurers' vantage point, PSI can become a very powerful means through which they can speak to a market and also to the public.

### Earliest allies

He noted that insurance companies were some of the earliest allies of the UN in understanding the risks of accelerating environmental degradation and climate change as insurers were in a unique position of discerning the seriousness of the situation. "We look to you as an immensely powerful driver in a world that is often viewed by those who are concerned about environmental, social and governance issues as essentially being caught in an economic paradigm and driving forces that are not helping the cause of sustainability," said Mr Steiner, who is also Executive Director of the UN Environment Programme.

He conveyed his belief in insurers' ability to bring the world of economy and market where they operate together with the world of science by working with common understandings and messages in the public policy arena – be it in dealing with customers, the public, policymakers, legislators, the government or the executive. "If we can succeed in raising the understanding of what truly are the implications of what is happening to our planet today, then it raises the possibility that our actions will catch up with reality."

### Principles for Sustainable Insurance

1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.



## Principles for Sustainable Insurance launched



Signatory insurance companies, officials of UNEP FI and members of UNEP FI Insurance Working Group formally launch the Principles for Sustainable Insurance.



# Coming to grips with PSI

Amidst the euphoria of the milestone launch of the Principles for Sustainable Insurance with an impressive gallery of 27 founding signatory insurers, IIS Chairman Norman Sorensen raised the critical point of looking at the “how”, now that the principles have been launched and adopted. How do insurers put these principles into practice to make them part of their daily routine?

Mr Jean Christophe Meniuox, CRO of AXA, hailed the launch as a call for action, noting that “it is all about smart management of existing and future risks”. Dr Ludger Arnoldussen, Chair of the UNEP FI Insurance Working Group, was already looking beyond the launch to the first assembly of the signatories to maintain a coherent approach to managing environmental, social and governance risks and opportunities.

## No dearth of examples

The panel on PSI, moderated by UNEP FI Programme Leader Butch Bacani, made an impressive leap to show that the principles are already being put into practice across several markets.



In Japan, the Principles for Financial Action for a Sustainable Society was launched in October with 180 signatories including life and non-life companies. In New Zealand, Sovereign Company, as one of the founding signatories of PSI, is leading the way by first putting the house in order through being carbon neutral and more inclusive in product innovation and offerings. In Thailand, there is the example of developing weather index covers to help farmers.

Likewise, Africa has seen initiatives to improve the livelihood of farmers with cash-for-work schemes to get those hit by droughts to work together and set up irrigation schemes. Brazil has also shown examples of going paperless and getting cars repaired with water-based paint to reduce fumes and pollution.

## Getting the message across to stakeholders

PSI is a great way for insurers to publicly focus on how to create a more sustainable society. The consensus is that it has to be a strategy at the core of insurance products and processes. But for now, great expectations abound that regulators and governments should play a leading role in promoting it, as the interactive survey showed.

## The perfect union

We thought hard about the appropriate theme for this year's seminar and we felt that sustainability was the right one. After we started filling our programme of speakers, we were contacted by the UN about collaborating on the launch of PSI, and it seemed the perfect union of interest. So in addition to our customary programme of speakers and panels, we have the launch of PSI and we are very proud of that.



## Looking forward to next year...

There will be certain perennial topics of interest such as regulatory developments, capital management and investment. We will wait a few months to see what is most timely to present in Korea. But we are looking forward to going back to Asia and expect a strong interest from delegates.

Mr Mike Morrissey  
IIS President & CEO

## And the survey says...

Regulatory challenges remain the biggest threat facing the insurance business, the ACORD survey of IIS Seminar delegates showed. About 38% ranked it as their top challenge, with managing immeasurable risks coming in second at 20%, followed by managing capital constraints at 17% and facing competition from outsiders or non-traditional insurers at 11%.

Drilling down regulatory concerns, CEOs rated understanding and anticipating new emerging rules as their top regulatory worry, followed by multiple and inconsistent standards.

Non-life insurers' biggest area of concern was risk management, while life insurers worried most about investment opportunities to meet benefit requirements.

Mr Greg Maciag, President & CEO of ACORD, noted that the top issue facing the CEOs in the room was competitive pricing to ensure adequate profits, followed by some real concern over enterprise risk management. People-wise, retaining talent and competitive compensation came out as insurers' biggest issue, with finding new talent coming in second.



## They come, they go?

Some international insurers have packed their bags and are leaving emerging markets for various reasons: to raise money to protect themselves against their Eurozone exposure, focus on their groups' core business, or fulfill a government divestiture order. But more are gravitating towards parts of Asia, Latin America, the Middle East and Eastern Europe as they seek much-needed growth.

### Going... Or gone...

**Aviva** – Selling Czech Life, Aviva Hungary Life and Aviva Romania Life & Pensions to Metlife, Inc; ended its UAE partnership with National General Insurance Co; reported to be selling its Malaysian, Sri Lankan and South Korean businesses; trying to sell its stake in its Taiwanese JV, but was initially denied permission by the regulator.

**HSBC** – Agreed to sell this year its general insurance businesses in Hong Kong, Singapore and Mexico to AXA Group, and in Argentina to QBE.

**ING** – Under EU orders to divest its insurance operations before the end of 2013, wants at least US\$7 bln for its Asian life business; in Latin America, sold its pensions, life insurance and investment management operations to Grupo de Inversiones Suramericana for €2.68 bln.

**New York Life** – Has sold its stake in India's Max New York Life to Mitsui Sumitomo following its exit from Thailand, Korea, Hong Kong and China; in talks to sell its Taiwan unit, its only remaining Asian operation.

- It sold its stakes in HSBC-New York Life Seguros de Vida (Argentina) SA (Vida), HSBC-New York Life Seguros de Retiro (Argentina) SA (Retiro) and MAXIMA SA AFJP (Maxima) to HSBC for US\$15 mln.

### Coming... Or expanding...

**AXA** – Acquired Ergo Daum Direct in Korea and HSBC's non-life businesses in Hong Kong, Singapore and Mexico; trying to re-enter the Taiwanese market.

**Ergo** – Launched a life insurance JV in China with Shandong State-owned Assets Investment Holding.

**IAG** – Acquiring Malaysian non-life insurer Kurnia for A\$235 mln (US\$245.6 mln); completed a A\$100 mln deal for a 20% stake in Chinese insurer Bohai; bought a 30% stake in Vietnamese insurer AAA Assurance.

**MetLife** – Looking at acquiring businesses in developing markets, including Russia, Turkey, Brazil and China.

**Sun Life** – Has formed a life JV with PVI holdings in Vietnam.

**Zurich** – Has launched a life subsidiary in Singapore; closed the acquisition of 51% participation in the life, pension and general insurance operations of Banco Santander in Brazil and Argentina; reiterated its desire to enter Saudi Arabia.





# Seoul-searching...

From the Hosts of 2013 IIS Seminar

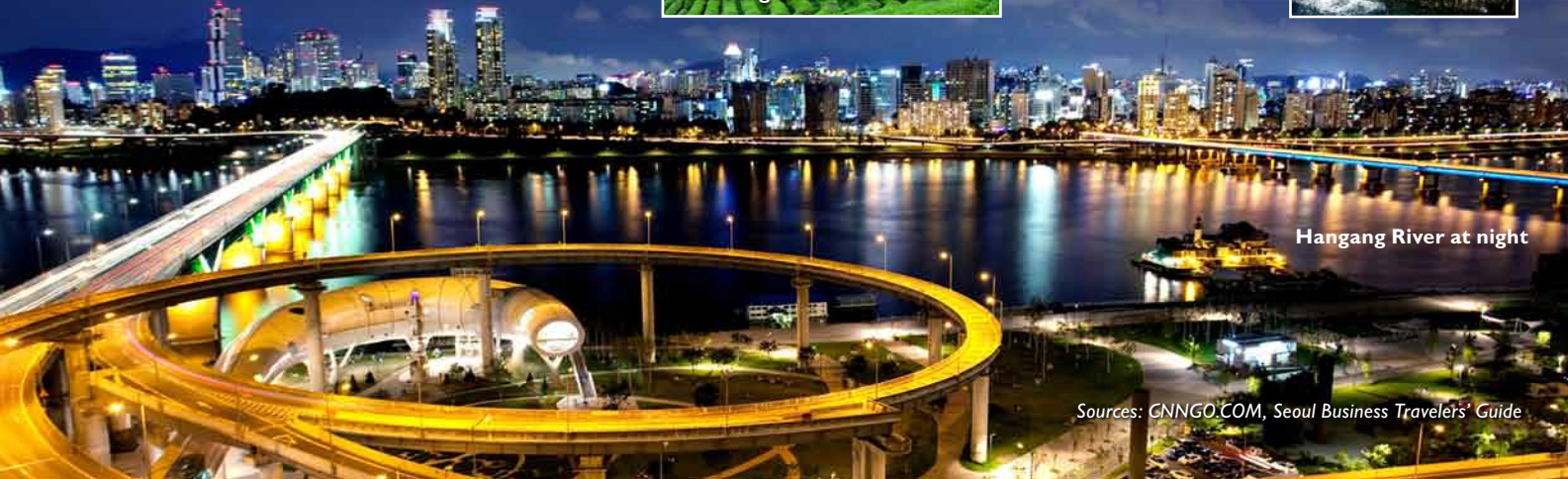
Seoul is a city of many colours and facets, of old and new things waiting to be uncovered by a keen visitor. Discover Seoul's beauty and vibrancy through this array of activities.

- ❖ Experience Korean culture by visiting some of the **96 small and large museums**, which are repositories of Seoul's 600-year history and present way of life.
  - ★ Or drop by one or two of the **67 art galleries** that showcase Seoul's stylish arts.
- ❖ Take a cruise on the **Hangang River** to get the best view of the sunset in the city.
- ❖ Savour various foods Korea is known for: **Kimchi, Bulgogi, Bibimbab and Galbi**.
  - ★ If you want something more exquisite, indulge in Korea's **royal cuisine**, which is made with fresh ingredients from all over the country and offers a beautiful array of unusual and colorful dishes.
- ❖ Retreat into the serenity of the **palaces** and see for yourself why their architectural beauty had been recognised by UNESCO. Don't miss **Changdeokgung Palace**, which has been designated a World Cultural Heritage site.
- ❖ Be captivated by **Korean cinema and dramas** that have sparked what is now called the "Korean Wave", a craze that started in Seoul and has spread throughout Asia.
- ❖ Bask in **shopping paradise** that's Seoul with its 24-hour shopping towns, flagship stores, branded shops and traditional markets.
- ❖ Watch **Korean b-boys** (breakdancers) as they pull off powerful performances.
- ❖ Experience world-class **medicine** in Seoul where plastic surgery, eye and dental clinics have become popular destinations of its now well-known medical tourism.

## More of Korea...

If you want to experience more of Korea or prefer to see the sights of the country away from the city's hustle and bustle, here are our picks for you.

- ❖ Take a trip to **Jeju Island**. There is a long list of things you can do here, but one thing you must not miss is **Seopjikoji**, a promontory on the coast famous for its serenity, romantic scenery and yellow rape blossoms.
  - ★ Also not to be missed is the white sandy beach called **Hyeopjae** where you can also camp in the pine forest surrounding the beach.
  - ★ See the breathtaking view of **Seongsan Sunrise Peak**, a UNESCO world heritage site and best known for the majestic sight of the sun rising over it. Hydrovolcanic eruptions formed this volcanic crater 5,000 years ago.
- ❖ Visit **Darangee Village**, a tiny well-preserved village in the southernmost area of west Namhae-gun. It offers a magnificent sight of numerous tiny fields on a mountain slope against the open sea.
- ❖ Climb **Seorak Mountain** to view the curious peaks of **Gongryong Ridge**, whose peak elevation is around 1,200 meters.
- ❖ See **Gyeongju's Bomun Pavilion**, a small wooden gazebo that is an excellent place to experience Korea's spring, with the cherry blossoms fluttering over the pond.
- ❖ Visit **Boseong Green Tea Field**, where around 40% of Korea's tea is produced. The view of the seemingly endless tea fields is a real treat.





# Mission fulfilled



Mr Ikuo Uno

In his acceptance speech, recipient of the Insurance Hall of Fame award, Mr Ikuo Uno, former Chairman of Nippon Life, humbly paid tribute to the Japanese insurance industry for fulfilling its mission in the aftermath of 11 March Tohoku Earthquake and Tsunami. "From this great tragedy, many Japanese people have seen a powerful demonstration that life insurance is indeed an industry of humanity, and that our agents are agents of humanity," he said. He viewed the award as a "commemoration of the accomplishment of our difficult mission and looking ahead to brighter days for the insurance industry".

Also inducted into the Hall of Fame, posthumously, was Mr Manuel Póvoas, Founder and former CEO of Bradesco Vida e Previdência, Brazil.

- Congratulations to Mr Uno and these other winners at the 48th IIS Annual Seminar:
- Dr Yung-Ping Chen, University of Massachusetts, Boston -- Winner of the John S Bickley Founder's Award;
  - Mr Jorge Hilário Gouvêa Vieira, President, Brazilian Insurance Confederation (CNseg) -- Winner of the Commissioner General Award; and
  - Dr Joan Lamm-Tennant, Global Chief Economist and Risk Strategist, Guy Carpenter & Company -- Winner of the Kenneth Black Jr Award for Distinguished Service.



## Seoul awaits you!

Seoul awaits you as it gears up for the next IIS Annual Seminar in June 2013.

After 26 years, the IIS Seminar returns to South Korea's capital city, and the organising committee cannot wait to show you the leaps of developments the country has made since the 1987 Seminar.

Mr Gyu-Bok Kim, Chairman of Korea Life Insurance Association and co-Chair of the organising committee, said that the Korean life sector alone witnessed a 1,325% increase in business in force, a 3,401% increase in total assets, and a 1,136% growth in annual premiums over the last 26 years. "Behind such remarkable achievements have been the lessons we've learned from the seminars and the support of the IIS," he said.

Mr Jae-Woo Moon, Chairman of the General Insurance Association of Korea and co-Chair of the committee, noted that while one may think that the Korean insurance market has reached its maturity, it is still showing strong growth each year. He said that for general insurance, premiums have grown by double-digit since 2006, withstanding the financial crisis of 2009.

Mr Kim said that the country has set a good example by successfully overcoming the Asian Financial Crisis in the late 1990s as well



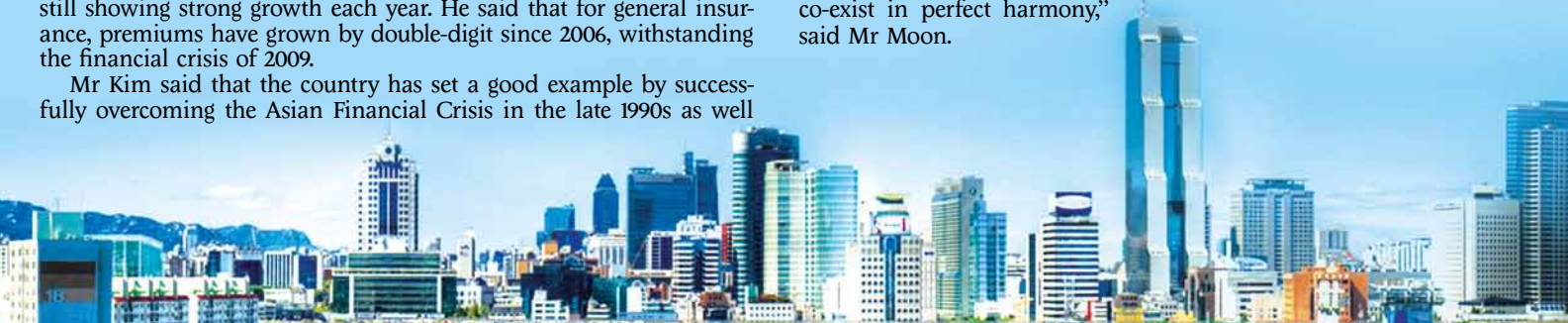
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as the ongoing Eurozone crisis, recording the highest growth rate among OECD countries. "By attending the IIS Seminar in Seoul, you'll be able to experience the know-how of Korea, and together we can search for needed solutions with a conviction that the current financial crisis will be addressed soon."

Next year's IIS Seminar will provide many insightful and meaningful discussions, said Mr Moon. "The unprecedented development of Korea's economy and insurance market puts the country in a special position to understand and mediate the interests of both the advanced and emerging insurance markets."

Said Mr Kim: "I cordially invite you to the 2013 IIS Annual Seminar where you can take advantage of the opportunity to establish your network among industry members."

"I look forward to seeing you in Seoul – a bustling city where ancient palaces, time-honoured traditions, the beauty of nature and modernity co-exist in perfect harmony," said Mr Moon.



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