



SC5 Insurance and Finance

Research on Finance Issues in Insurance

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G20 Falls Short on Insurance

by Patrick M. Liedtke, Secretary General and Managing Director, The Geneva Association

On 7 April 2009, the Financial Times published a letter from The Geneva Association concerning the statement of the G20 leaders following their London Summit on 2 April 2009.

Financial Times, Tuesday 7 April 2009, page 10

G20 falls short on insurance

Sir,

The global insurance and reinsurance industry has the strongest possible interest in securing an effective and efficient financial system. As such, The Geneva Association, a think tank supported by the world's leading insurers, is keen to see forward-looking regulatory and supervisory frameworks emerge from the Group of 20's activities and welcomes the summit statement. Unfortunately, it fell short on some accounts.

No difference was made between those financial activities that caused the global crisis and those that did not, notably insurance operations.

The call on accounting standard-setters to work urgently with supervisors and regulators lacks the inclusion of the business sector. Accounting standards will only work if and when they reflect economic realities, which for insurance comprises a realisation of the special long-term nature of the business.

The agreement that the senior leadership of international financial institutions should be appointed through an open, transparent, and merit-based selection process does not automatically ensure that the background of these experts will be as varied as the financial services sector itself. Currently too little insurance knowledge finds its way into these institutions, to the detriment of a balanced approach using the specialist knowledge that the sector has to offer, particularly on risk management.

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