The 'Low for Long' Challenge

Socio-economic implications and the life insurance industry's response

THE GENEVA ASSOCIATION

Could prolonged low interest rates jeopardise the unique socio-economic role of the life insurance industry in delivering retirement solutions and funding the economy? Our new report explores how life insurers are responding to this challenge.

1

The life insurance industry plays a unique role in providing FINANCIAL SECURITY in retirement, old age or illness. It also promotes societal awareness of the financial consequences of such risks.

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The industry is also one of the world's LARGEST INSTITUTIONAL INVESTORS, funding the economy and the public sector.

3

However, low interest rates affect the demand for and supply of life insurance products, and may prompt life insurers to modify their asset allocation. These factors combined CHALLENGE the industry's ability to fulfil its role.

4

Low interest rates DIMINISH RETURNS for policyholders of retirement products. Life insurers might be forced to withdraw or amend long-trusted products.

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The industry is managing this challenge by adapting their existing book of business, and re-balancing their product portfolio with SOLUTIONS BETTER SUITED to low interest rates.

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With these measures, life insurers are confident they can continue to perform their SOCIO-ECONOMIC ROLE, regardless of fundamental shifts in the interest rate environment.

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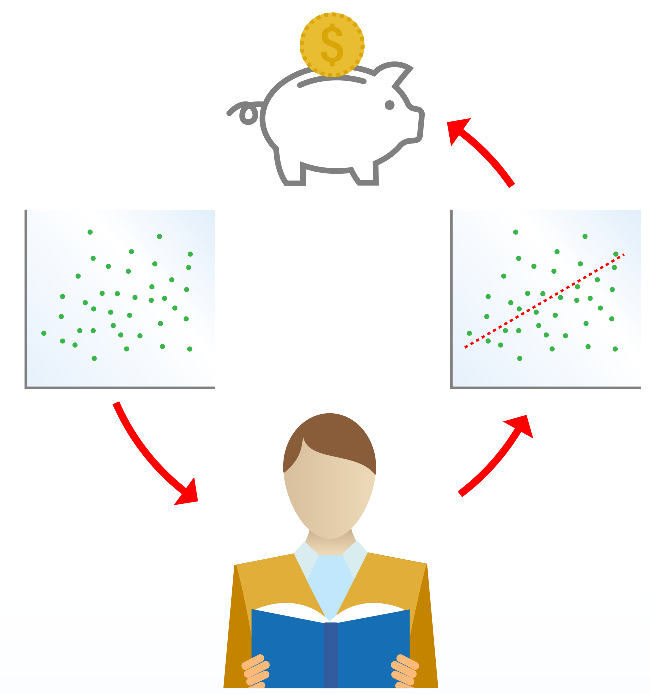

The role of life insurance could be further supported by policy measures which promote FINANCIAL STABILITY, as well as awareness of the long-term financial protection it can offer to people.

Further resources:

Download the full report: *The 'Low for Long' Challenge.*

Watch interviews with the author, Daniel Hofmann, Senior Advisor, Financial Stability and Insurance Economics, and Anna Maria D'Hulster, Secretary General of The Geneva Association.