



Annual Report

12/13

MISSION STATEMENT**GLOBALLY LEADING RESEARCH ON
INSURANCE REGULATION IN FRANKFURT**

Recognized as the leading scientific institution in the area of insurance regulation, the ICIR, as an integral part of the Goethe University Frankfurt am Main, fosters high-quality international, independent research on insurance regulation and market solutions to regulatory questions.

**INTERNATIONAL AND
INTERDISCIPLINARY PLATFORM**

The ICIR provides an international and interdisciplinary platform for researchers, the financial industry, regulatory authorities, and policymakers to exchange ideas and seek answers to regulatory issues.

**HIGH-LEVEL
EXECUTIVE EDUCATION**

In order to increase professional knowledge in the field of insurance regulation the ICIR offers high-level executive education courses on insurance regulation topics.

4 THE THIRD YEAR OF THE ICIR

Helmut Gründl: Review and Outlook
Karel Van Hulle: What Can the ICIR Do?

6 THE ICIR: FACTS AND FIGURES

Sponsors
Location
People at the ICIR

9 RESEARCH AT THE ICIR

Current Research Projects and Working Papers
Guests at the ICIR
Publications during the Reporting Period

14 CONFERENCE PARTICIPATION**17 ICIR'S PLATFORM SERVICES**

Seminar on Insurance and Regulation
Frankfurt Talks on Insurance
4th Seminar on Insurance and Regulation
Netspar Policy Workshop on Pensions
2nd Conference on Global Insurance Supervision: Trends and Developments

24 LECTURES AND EXECUTIVE TRAINING

Goethe University Frankfurt
Executive Education

The Third Year of the ICIR

HELMUT GRÜNDL

Review and Outlook



Prof. Dr. Helmut Gründl
Managing Director
of the ICIR

A cordial welcome to the readers of the third annual report of the International Center for Insurance Regulation! Behind us lies another busy and successful year. The build-up of the ICIR is now – after three years of operation – finally complete. During the reporting period, we were able to hire two

further research assistants, Junior-Professor Jens Gal has taken up his work, and – after his retirement as Head of Unit in the EU commission – Prof. Karel Van Hulle has intensified his commitment at the ICIR. He and Prof. Hartmut Nickel-Waninger have developed a lecture on “Insurance and Regulation” in our bachelors’ program which was very well received by the students during the last summer term. It is well worth mentioning that for many years, Prof. Hartmut Nickel-Waninger has generously offered lectures in insurance economics at Goethe University.

Insurance regulation and supervision are facing challenging times. After more than a decade of preparation, Solvency II finally seems to be hitting the home stretch. However, the present low

interest phase is bringing about major problems for the life insurance industry. One of the big issues during the last year was how the problems of providing long-term guarantees in life insurance contracts influence the final shape of Solvency II. The ICIR has contributed to this discussion and to further regulatory topics in many ways: through our research projects, through presentations of European policymakers at the ICIR, and through presentations and press articles by ICIR members.

The current annual report provides an overview of last year’s research activities, of our efforts to provide a platform for the exchange of ideas between regulators, the insurance industry and academia, and of our teaching activities at Goethe University and beyond.

The goals for the coming year are to attain a further increase in our research visibility, to which the participation in the Center of Excellence S·A·F·E will positively contribute. We will refine the existing regular events such as the “Seminar on Insurance and Regulation” and the international annual conference, but we will also be open to developing new methods and formats in our endeavour to improve insurance regulation and supervision.

The success of our center would not be possible without the commitment and contribution of many people and institutions. First of all, I would like to thank our team at the ICIR. Without their help and commitment none of our goals could have been achieved. As part of the Goethe University, the ICIR receives considerable support

from the University’s Presidential Board and from its various institutions. I am deeply indebted to my colleagues of the ICIR’s Executive Board, Karel Van Hulle, Manfred Wandt and Wolfram Wrabetz, for their close and trusting cooperation. The Advisory Board has provided invaluable input to the development of our center. I would also like to thank EIOPA for the excellent cooperation in our joint annual conference on “Global Insurance Supervision”. Last but not least, I wish to thank

the sponsors of the ICIR, the GDV and the State of Hesse, for their generous funding and their great commitment.

Prof. Dr. Helmut Gründl
Managing Director of the ICIR

KAREL VAN HULLE

What Can the ICIR Do?

Having dealt with regulation for about 38 years, I have often wondered why it is so difficult for regulators to find a ready solution for their problems in academic research. I believe that the reasons are to be found both in the way regulation is being developed and in the manner in which academic research takes place today. Regulators do not necessarily want to find the right answer to their problem. They want a solution that is acceptable for the parties involved in the process. Academics attempt to find the right answer to the problems that they have identified. They are not necessarily concerned with the practical consequences of their research for the regulatory process. I believe that the ICIR – by focussing on insurance regulation – can contribute to bringing academics and regulators closer to each other. As insurance regulation will increase in the years to come, a good co-operation would certainly be desirable.

I have often been surprised how little people from outside the insurance industry know about insurance. Insurance is not felt to be exciting. It is too technical and it is not easy to explain. There is no simple insurance product. In addition, people tend to think about insurance when it is too late

and if they have been insured, they often have to struggle to receive an adequate compensation for their damage. Non-life insurance is still often seen as a sort of investment, whilst life-insurance is often perceived as only an investment difficult to distinguish from a pure banking product. As the importance of insurance – both life and non-life – is likely to increase in the future, it is important to explain more clearly what insurance is and what it is not.



Prof. Karel Van Hulle
Former Head of Unit at the
European Commission

Here again, the ICIR can contribute to making insurance more understandable to a broader public. This can be done through the organization of conferences, presentations and dialogues between experts and between experts and outsiders. The Karel’s Club is one way to have a high-level discussion between experts from industry, supervisory bodies and academics. Conferences can bring together people from different backgrounds to exchange views and to learn from each other’s experience. Presentations by experts from the insurance sector can help to make insurance more easily understood by a wider audience.

As the ICIR is based in the House of Finance at the heart of Goethe University, it is obvious that it must also make an effort to help in education. It is important to attract students to study insurance and to do so ideally in a multi-disciplinary way. The presence of EIOPA in Frankfurt can be used to stimulate education and training, both for young academics and for supervisors.

The ICIR: Facts and Figures

SPONSORS



The ICIR is generously sponsored by the German Insurance Association (GDV) and the State of Hesse. Each of the sponsors provides 250.000 € per year for a planned funding period of 10 years.

The financial support of the Frankfurt Association for the Promotion of the Insurance Sciences (Förderkreis für die Versicherungslehre an der Johann Wolfgang Goethe-Universität Frankfurt am Main e.V.) and the Goethe Finance Association e.V. is very much appreciated.

LOCATION

The ICIR is located in the House of Finance on the Campus Westend of the Goethe University Frankfurt. There could be no better choice of location, since Frankfurt has become the European center for the regulation and supervision of financial markets. Being a seat of the European Central Bank, the European Systemic Risk Board and the headquarters of the European insurance regulatory authority – EIOPA – the location generates manifold possibilities for co-operation.



Goethe University, in addition, provides a unique interdisciplinary scientific environment in the House of Finance. As one of the major institutions of higher education, Goethe University is committed to providing a wide spectrum of disciplines in research and teaching, to generating outstanding scientific achievements, and to breaking new ground through interdisciplinary work. In

its short but very successful history, it has been awarded 19 Nobel laureates. Researchers at the House of Finance come from the research areas business administration, especially finance, economics, especially money and macroeconomics, and law, especially corporate and financial law. Altogether, 170 scholars conduct research and offer courses at the House of Finance, among them 30 professors, – one of the largest research groups on financial and monetary issues in Europe.

The newly founded Center of Excellence “Sustainable Architecture for Finance in Europe” (S·A·F·E) is also located in the House of Finance. S·A·F·E is a cooperation of the Center for Financial Studies and Goethe University, funded by the State of Hessen’s “LOEWE” excellence initiative, as well as seven research and education institutions that belong to or are affiliated with Goethe University.

THE EXECUTIVE BOARD OF THE ICIR



Prof. Dr. Helmut Gründl
Managing Director of the International Center for Insurance Regulation
Chair of Insurance and Regulation, Goethe University



Prof. Dr. Karel van Hulle
Head of Unit at the European Commission



Prof. Dr. Manfred Wandt
Geschäftsführender Direktor des Instituts für Versicherungsrecht
Founding Director of the International Center for Insurance Regulation



Prof. Dr. Wolfram Wrabetz
Chief Executive Officer of Helvetia Insurance Germany
Chairman of Helvetia International
Chairman of Helvetia Lebensversicherungs-AG

THE ADVISORY BOARD OF THE ICIR



Gabriel Bernardino
Chairperson, EIOPA, Frankfurt am Main



Dr. Werner Kerkloh
Head of Unit Insurance, Ministry of Finance, Germany



Dr. Monica Mächler
Attorney-at-law, Switzerland



Prof. Dr. Hartmut Nickel-Waninger
Member of the Management Board of the Gothaer Group, Cologne



Prof. Dr. Andreas Richter
Chair and Head of the Institute for Risk Management and Insurance, Ludwig-Maximilians-University Munich



Dr. Petra Roth
Former Lord Mayor of Frankfurt am Main



Prof. Dr. Hato Schmeiser
Professor of Risk Management and Insurance Economics, University of St. Gallen



Prof. Dr. Anton K. Schnyder
Professor for Private and Commercial Law, Private International and Civil Procedure Law, and Comparative Law, University of Zurich



Daniela Weber-Rey
Chief Governance Officer and Deputy Global Head Compliance, Deutsche Bank AG, Frankfurt am Main

PROF. DR. GRÜNDL'S TEAM

Prof. Dr. Helmut Gründl's team currently comprises five research assistants: Elia Berdin, Ming Dong, Franca Glenzer, Tobias Niedrig and Rayna Stoyanova; an administrative assistant: Petra Petersen; and two student assistants: Irina Gemmo and Shamaila Ghaffar.



Elia Berdin



Ming Dong



Franca Glenzer



Tobias Niedrig



Rayna Stoyanova



Petra Petersen



Irina Gemmo



Shamaila Ghaffar



Research at the ICIR

RESEARCH FOCUS

The research interests of the ICIR focus on risk management and insurance regulation. Specific research topics include, for example:

- Behavioral insurance and product regulation
- Group supervision: optimal capital transfer mechanisms
- Transparency and market discipline in the insurance sector
- Interconnectedness between banks and insurance
- Life insurance in the low-interest-rate environment
- Regulatory policy under multiple objectives
- Rules-based versus principles-based regulation



Jun. Prof. Dr. Jens Gal

Jun. Prof. Dr. Jens Gal

“Having joined the team of the ICIR by taking over the newly founded Chair (Junior Professor) for European Insurance Law with a special emphasis on Insurance Supervisory Law in November 2012, the last half year proved to be both very productive and enriching for me. Through the ICIR, I have gained admission to a vibrant (scientific) community of researchers, regulators and practitioners, which I regard as second to none on an international level. My gratitude goes especially to Prof. Gründl and his team, who not only welcomed me with open arms, but who have already created

multiple opportunities to engage in interdisciplinary discourse. Regarding the possibilities to put forth such interdisciplinary projects – in which aspects of insurance regulation are scrutinized from an economic and a legal perspective – the ICIR seems better equipped than any other scientific entity in Germany if not in the whole of Europe. I am very much looking forward to strengthening this interdisciplinary angle of the ICIR in the forthcoming years and to helping establish the ICIR as an important player in the setting and application of European (and global) insurance supervisory law and standards.”

CURRENT RESEARCH PROJECTS AND WORKING PAPERS

Berdin, E.; Gründl, H.:

“The Effect of a Low Interest Rate Environment on Life Insurers”

The life insurance industry is experiencing a challenging capital market. Low interest rates are becoming a great threat to the stability of the industry, especially in those jurisdictions, such as Germany, where products with relative high guaranteed returns sold in the past still represent a prominent share of the total portfolio. Our research project thus aims to assess the effects of the current low interest rate phase on the balance sheet of a representative German life insurer, given the current structure of the assets and liabilities. In order to do so, we generate a term structure of interest rates and stochastic stock market returns to simulate investment returns of a stylized life insurance business portfolio in a multi-period setting. Based on empirically calibrated parameters we can observe the evolution of the life insurer’s balance sheet with a special focus on its solvency situation. We include different capital market scenarios and different initial situations.

Dong, M.:

“The Impact of Enhanced Disclosure on the Risk Decisions of Insurers: Empirical Findings from a European Study”

This article investigates empirically the impact of enhanced disclosure on the risk decisions of insurers. The improved disclosure provides

necessary information for outside stakeholders (e.g. stock investors and policyholders) to monitor insurers’ risk behavior, which thus limits the excess risk-taking of insurers. The disclosure levels and the risk situations of 51 European insurance companies – based on a dataset from 2002 to 2012 – are explored. The results show that enhanced disclosure leads to an increase in capital holding by insurers, particularly by pure non life insurers and multi-line insurers.

Glenzer, F.; Gründl, H.; Wilde, C.:

“And lead us not into temptation’: How the presentation format influences policyholders’ contract choice”

It has become increasingly difficult to compare different life insurance contracts due to their complex design and the large variety of ways product information is presented. Particularly for decision makers with little financial literacy, comparing stochastic future insurance benefit payments is virtually impossible. We attempt to elucidate in an experimental setting which presentation format helps people most to make investment decisions that are in line with their risk-bearing capacity. The results from the experiment have important policy implications regarding the design of standardized product fact sheets.

GREETINGS FROM OUR ALUMNI



Dr. Sebastian Schlütter
Risk Manager at Allianz
Global Corporate &
Specialty AG

Dr. Sebastian Schlütter

Research Assistant at the ICIR between 2010 and 2012

“I am very happy to see that the ICIR has developed so successively over the last year and is becoming increasingly established as an important platform for insurance regulation.

The key challenge of my new role is to ensure that our company’s internal risk model is used as an important basis for decision making, which is required under Solvency II by the so-called Use Test. This mission is closely related to many research articles of the ICIR that provide advanced approaches for insurance risk management – these become more relevant for insurance companies when they have a realistic view of the risk profile and intend to use this information. I am therefore very optimistic that there is strong

need and fertile ground for the ICIR’s future developments in research, exchange of ideas and education.”

Dr. Dirk Höring

*Ph.D. Student at Humboldt Universität zu Berlin
between 2009 and 2012*

“Last year was an exciting year for me – both academically and professionally. Academically, I have been in close contact with the ICIR and worked with Prof. Gründl on our paper on the implication of cheap-talk for the organization of risk management in financial institutions. Professionally, I have been engaged in multiple strategy topics in the insurance industry, for example the implications of Solvency II for insurers’ asset allocation and profitability improvement efforts in the German P&C business.”

Glenzer, F.; Gründl, H.; Maurer, R.:

“Hello, Goodbye: Investment Guarantees and Customer Loyalty”

Investment guarantees are important elements of many financial products. There are products that offer an explicit guarantee such as the minimum guaranteed interest rate of German life insurance and annuity contracts. In addition, the product seller typically formulates additional return expectations that are not legally binding. When promising or building an expectation about a future (stochastic) payoff, the firm faces a trade-off: promising high rates of return could attract more customers but also increases the risk of underperforming. Such underperformance can lead to a decrease in trust on the part of the customers and result in high termination rates from unsatisfied customers or in less new business. We attempt to elucidate in an experimental setting how many times or by how much a company can underperform before it loses customers or new business and thereby contribute to the field of behavioral finance.

Niedrig, T.; Gründl, H.:

“Optimal Investment Strategies for Interconnected Banks and Insurers in the Presence of Solvency Regulation”

Insurance companies are among the largest institutional investors in Europe. Due to the nature of their business model, life insurers in particular generate a large inflow of premiums and exhibit an accumulation of assets backing insurers' long-term products. It is therefore not surprising that insurers are also the largest purchasers of bank bonds owning around 11% of European bank debt. Banks, in turn, promote economic activity through short-term lending and long-term borrowing. Hence, insurers' funds constitute a key source of the investment needed to restore growth to the economy. Given the scale of banks' and insurers' investments, any shift in their asset allocation caused by reforms of financial regulation could have a distorting effect on their connectedness as well as an impact on financial markets and the whole economy. Our research project thus aims to assess how Basel II/III and Solvency II will affect the stability of this connection by changing the funding patterns of banks

as well as the investment strategies of insurance companies. The paper addresses the following questions: (1) How does a bank's/insurer's risk-taking behavior depend on regulatory requirements? And (2): To what extent will insurers' demand for investments in banks change under Solvency II, given potential changes in the banking industry due to Basel II/III? Our results will provide insights about the optimal risk policy in life insurance companies by explicitly taking into account Basel III and Solvency II.

Stoyanova, R.:

“Participating Insurance Contracts as a Regulatory Tool”

The research goal of this paper is to analyze whether participating insurance policies can be utilized as a possible instrument for solving the regulatory “safety-affordability” goal conflict and for increasing consumer welfare. In a theoretical model, term life insurance with a diversifiable individual mortality risk and an undiversifiable aggregate mortality risk component is considered. The insurer faces an insurance demand which reflects the willingness to pay of well-informed, presumably utility-maximizing consumers with respect to the participation rate, the insurance price and the resulting insurer's default risk. The results suggest that introducing regulatory mechanisms that motivate the use of participating policies in different lines of insurance is in the interest of policyholders. Furthermore, any regulatory requirements of the profit-sharing rate of such participating contracts can serve as a mechanism for increasing consumer welfare as a regulatory target and to mitigate the goal conflict between the regulatory goals “solvency” and “affordability”.

For the full articles, if available, see the ICIR's Working Paper Series on our website: www.icir.de.

Guests at the ICIR

The ICIR cooperates with international researchers. During the year 2012/2013, the ICIR welcomed – among others – Prof. Martin Boyer and Prof. George Zanjani as distinguished academic guests:



Prof. Martin Boyer, Ph.D.

CEFA Professor and Fellow at CIRANO
Department of Finance, HEC Montréal
Canada

Director of the *Insurance and Risk Management Journal*

HEC MONTRÉAL

“I had the pleasure of staying at the ICIR for some days in February 2013, during which time I met with the Ph.D. students at the ICIR, learned about the center's activities and laid the groundwork for future collaboration on innovative research projects. I greatly appreciated the hospitable environment that Prof. Dr. Gründl's research team, Rayna Stoyanova, Ming Dong, Franca Glenzer, Elia Berdin and Tobias Niedrig (who was previously a visiting student at HEC Montréal) greeted me with. I was happy to invite Franca Glenzer for a research stay at CIRANO and at HEC Montréal this summer in order to proceed with several research projects. Besides academic advancements, a great achievement of the center lies in its interconnectedness with practitioners and regulators. This allows for a more immediate impact of academic research on society. I hope to continue the fruitful collaboration with Prof. Dr. Gründl and his team in the future.”ber of the team.”



Prof. George Zanjani, Ph.D.

Associate Professor of Risk Management and Insurance
J. Mack Robinson College of Business
Georgia State University
United States



“Operating within the House of Finance at Goethe University, the ICIR takes full advantage of Frankfurt's position as a European financial center by bringing together top policymakers, practitioners, and academics to work on key insurance market issues. The result is impressive: Few, if any, places can boast such fruitful conversation between the practical and theoretical. Led by Professor Helmut Gründl, the research team – including Elia Berdin, Ming Dong, Franca Glenzer, Tobias Niedrig, Petra Petersen, and Rayna Stoyanova---is engaged in exciting research on a variety of policy-relevant topics. I thoroughly enjoyed my visit to the ICIR. Their hospitality was exceptional and the environment stimulating. I look forward to continuing our collaboration in the future.”

During his stay, Prof. Zanjani presented his research project “The Marginal Cost of Risk, Risk Measures, and Capital Allocation” in the “Finance Seminar”.

PUBLICATIONS DURING THE REPORTING PERIOD

Gal, J.; Sehrbrock, D.: **“Kritischer Überblick über die Umsetzung der Solvency II-Richtlinie durch die 10. VAG-Novelle”**, Karlsruhe 2013.

Gal, J.; Sehrbrock, D.: **“Taking Stock of the Solvency II Reform Project: Towards a New European Insurance Supervisory Framework”**, in: European Public Law, Vol. 19, 2013, 295–316.

Gal, J.: **“Europäische Streitbeilegungsmechanismen bei Meinungsverschiedenheiten zwischen nationalen Versicherungsaufsichtsbehörden”**, in: Zeitschrift für die gesamte Versicherungswissenschaft, Vol. 102, 2013, 7–34.

Gal, J.: **“Die Spur der Backsteine – Zu den eponymen Juristen der Beck’schen Gesetztextsammlungen”**, in: myops, vol. 19, 2013 (in print).

Gal, J.; Sehrbrock, D.: **“Das neue VAG im System von Solvency II”**, in: Dreher, Meinrad/Wandt, Manfred (eds.), Solvency II in der Rechtsanwendung 2012, Karlsruhe 2012, 45–50.

Gal, J.; Sehrbrock, D.: **“Verfahrens- und materiellrechtliche Anforderungen an die vorzeitige Abberufung von Vorstandsmitgliedern der Deutschen Bundesbank”**, in: Archiv des öffentlichen Rechts, Vol. 137, 2012, 360–400.

Gründl, H.: **“Zinsen, Garantien, Stellschrauben: Den Zustand von Solvency II” analysiert Helmut Gründl**, in: Deutsche Pensions und Investmentnachrichten website 2013.

Gründl, H.: **“Beteiligung der Versicherungsnehmer an den Bewertungsreserven in der Lebensversicherung”**, in: Center of Excellence SAFE, House of Finance 2013, Policy Letter Series No. 2.

Gründl, H.: **“Die Versicherungsprodukte der Zukunft”** (English translation: **“Insurance**

products of the future”), in: Customer magazine InvestmentProfessionell, Union Investment, 1.2013, 12-13.

Gründl, H.; Gal, J.: **“Own Risk and Solvency Assessment within the Solvency II Framework and its Interplay with the Quantitative Solvency Capital Requirements”**, in: Center of Excellence SAFE, House of Finance 2013, Policy Letter Series No.11.

Höring, D.: **“Will Solvency II Market Risk Requirements Bite? The Impact of Solvency II on Insurers’ Asset Allocation”**, in: The Geneva Papers on Risk and Insurance, Vol. 38, 2013, 250-273.

Post, T.; Gründl, H.; Schmit, Joan T.; Zimmer, A.: **“The Impact of Investment Behavior for Individual Welfare”**, in: Economica, Vol. 80, 2013, 1-33.

Wandt, M.; Schwarz, G.: **“Gesetzliche Schuldverhältnisse”**, 5. Aufl., München 2012.

Wandt, M.: **“Prinzipienbasiertes Recht und Verhältnismäßigkeitsgrundsatz im Rahmen von Solvency II”**, Karlsruhe 2012.

Wandt, M.: **“Transparenz als allgemeines Prinzip des Versicherungsrechts”**, in: Beckmann, R. M.; Mansel, H.; Matuschke-Beckmann, A. (eds.), Weitsicht in Versicherung und Wirtschaft – Gedächtnisschrift für Ulrich Hübner, Heidelberg et. al. 2012, 341–353.

Wandt, M.; Sehrbrock, D.: **“Die Umsetzung des Verhältnismäßigkeitsgrundsatzes der Solvency II-Richtlinie im VAG-Regierungsentwurf”**, in: Dreher, M./Wandt, M. (eds.), Solvency II in der Rechtsanwendung, Karlsruhe 2012, 21–44.

Wandt, M.: **“Versicherungsverbote im Rahmen von Embargomaßnahmen”**, in: Zeitschrift für Versicherungsrecht (VersR), 2013, 257–267.

Wandt, M.: **Anm. zu BGH, Urt. vom 08.05.2013 (IV ZR 233/11) (Zulässigkeit eines zwischen VN und Versicherer rückwirkend verein-**

barten Leistungsausschlusses in einer Gruppenrechtsschutzversicherung), in: Zeitschrift für Versicherungsrecht (VersR), 2013, 853–859.

Wandt, M.: **“Gedanken zur Serienschadenklausel Ziff. 6.3 AHB 2008”**, in: Festschrift für Attila Fenyves (in print).

Wandt, M.: **“Prämien- und Bedingungsänderungen im laufenden Versicherungsverträgen”**, in: Beckmann, R./Matusche-Beckmann, A., Versicherungsrechts-Hdb., 3. Aufl., 2013 (in print).



ICIR'S CONTRIBUTION TO THE CENTER OF EXCELLENCE S·A·F·E

The ICIR has started a research project within the Center of Excellence “Sustainable Architecture for Finance in Europe (S·A·F·E)”. The title of the ICIR’s contribution to S·A·F·E is **“Basel III and Solvency II – Risks and Side-effects from their Interplay”**. The project is motivated by the fact that Basel III and Solvency II were developed without consideration of their interdependencies and resulting consequences for the economy, although there are substantial cross holdings between banks and insurance companies. In particular, (life) insurance companies face a duration mismatch between assets and liabilities that arises from their long-term liabilities from life insurance policies. Therefore, they have a need for long-term bonds in order to reduce this gap. Banks, however, have long-term loan agreements on their asset side and refinance these by issuing long-term bonds. It is a natural consequence that insurance companies hold large amounts of long-term bank bonds. So far, it is unclear how these mutual dependencies as well as the different regulatory approaches will affect the risk policies of banks and insurance companies.

In our research projects, we aim to shed light on the question of how the different regulatory requirements of Basel III and Solvency II will influence equity endowment and asset allocation in banks and insurance companies as well as the refinancing costs of banks. We will also analyze which safety level will be optimal as a consequence. Finally, we attempt to assess the impact of transparency about safety levels of financial institutions on the risk policy of banks and life insurance companies.

In a current project, we focus on analyzing the **“Optimal Investment Strategies for Interconnected Banks and Insurers in the Presence of Solvency Regulation”**.



CONFERENCE PARTICIPATION

19th Annual Congress of the German Finance Association (DGF)

October 5-6, 2012 – Hannover, Germany

Presentation: Stoyanova, R.; Schlütter, S.: **“Safety versus Affordability as Targets of Insurance Regulation in an Opaque Market: A Welfare Approach”**

Düsseldorfer Versicherungsrechtstag

October 26, 2012 – Düsseldorf, Germany

Presentation: **“Versicherungsverbote im Rah-men von Embargomaßnahmen”** *Speaker: Prof. Dr. Manfred Wandt*

Global Forum on Constitutional Law and Social Governance from a Comparative Perspective

November 07–11, 2012 – Beijing, China

Presentation: **“Constitution and Social Governance in Germany”** *Speaker: Jun. Prof. Dr. Jens Gal*

CEAR/MRIC Behavioral Insurance Workshop

December 10-11, 2012 – Munich, Germany

Presentation: Glenzer, F.; Gründl, H.; Wilde, C.: **“And Lead Us Not Into Temptation’: How the Presentation Format Influences Policyholders’ Contract Choice”**. This research project was also presented at the following meetings: **35th UK Insurance Economists’ Conference**

(April 17-18, 2013 – Nottingham, UK)

40th Seminar of the European Group of Insurance Economists (September 16-18, 2013 – Paris, France)

BWV Rhein-Main e.V. New Year’s Reception

January 22, 2013 – Frankfurt, Germany
Presentation: **“Solvency II, the low interest rate environment and life insurance products”** *Speaker: Prof. Dr. Helmut Gründl*

Justizielle Selbstregulierung im 19. und 20. Jahrhundert

January 31–February 2, 2013 – Frankfurt, Germany

Presentation: **“Die Renaissance der (Handels) Schiedsgerichtsbarkeit im 19. Jahrhundert als Ausdruck regulierter Selbstregulierung”** *Speaker: Jun. Prof. Dr. Jens Gal*

Expert Forum on “Getting the balance right: private insurance for social needs”

(organized by Swiss Re)
March 4, 2013 – Rüschlikon, Switzerland
Presentation: **“Balancing private versus social insurance”** *Speaker: Prof. Karel Van Hulle*

Europäisches Chemie-Rentenforum, organized by the Bundesarbeitgeberverband Chemie (BAVC)

March 8, 2013 – Nürnberg, Germany
Presentation: **“Auf dem Weg zur europäischen Einheitsrente?”** *Speaker: Prof. Karel Van Hulle*

4th CEPS-EMCI Task Force

March 14, 2013 – Brussels, Belgium

Presentation: **“The impact of prudential rules on asset allocation”** *Speaker: Prof. Dr. Helmut Gründl*

Europa Institut of the University of Zurich

March 20, 2013 – Zurich, Switzerland

Presentation: **“Rückblick und Ausblick auf die Versicherungsregulierung in der EU”** *Speaker: Prof. Karel Van Hulle*

Annual Conference of the German Insurance Science Association

March 20-21, 2013 – Berlin, Germany

Prof. Dr. Manfred Wandt and Prof. Dr. Helmut Gründl served as moderators at the conference.
Presentations: Jun. Prof. Dr. Jens Gal: **“Legitimationsdefizite und Kompetenzen der EIOPA im Lichte der Meroni-Rechtsprechung”**
Stoyanova, R.; Gründl, H.: **“Solvency II: A Driver for Mergers & Acquisitions?”**
Glenzer, F.; Gründl, H.; Wilde, C.: **“And Lead Us Not Into Temptation’: How the Presentation Format Influences Policyholders’ Contract Choice”**

23rd Insurance Expert Discussion of the Association of the Promotion of Insurance Sciences

March 21, 2013 – Berlin, Germany
Prof. Dr. Helmut Gründl moderated the 23rd Insurance Expert Discussion of the Association of the Promotion of Insurance Sciences (Verein zur Förderung der

Versicherungswissenschaft, Berlin) on March 21, 2013. The topic of the expert discussion was: **“European Financial Crisis and Insurers: Can interest rate guarantees be permanently fulfilled?”**

Seminar on “Experiences in liberalisation of MTPL Insurance”

(organized by the Centre of Excellence in Finance and the Insurance Supervision Agency of Slovenia)
April 4, 2013 – Ljubljana, Slovenia
Presentation: **“MTPL Insurance in the EU”** *Speaker: Prof. Karel Van Hulle*

April 10, 2013
Prof. Karel Van Hulle gave a presentation on **“Insurance Risks and Regulation”**, for the Swedish Insurance Society in Stockholm.

29th Progress International Seminar on “Recent Developments in Global Regulatory and Supervisory Architecture. Is there a Master Plan?”

(organized by the Geneva Association)
April 11-12, 2013 – Geneva, Switzerland
Presentations: **“Do we need a global capital standard for insurance?”**
“The IAIS institutional set-up: some reflections” *Speaker: Prof. Karel Van Hulle*

Diplôme Universitaire du Droit Allemand

April 5–12, 2013 – Lyon, France
Jun. Prof. Dr. Jens Gal gave a ring lecture on **“Deutsches Verfassungsrecht”**.

133rd session of the Financial Committee of the German Bundestag

April 15, 2013 – Berlin, Germany
Prof. Dr. Helmut Gründl was invited to the 133rd session of the Financial Committee of the German Bundestag which took place in Berlin in April 15, 2013. The public expert talk concerned a bill of the Bundesregierung (Federal Government) regarding the implementation of a new European directive (2011/89/EU) on the supplementary supervision of financial entities in a financial conglomerate.

April 17, 2013
Prof. Karel Van Hulle gave a presentation on **“Solvency II: a challenge also for actuaries”** at the conference organized by the ASTIN section of the Danish Actuarial Association in Copenhagen, Denmark.
May 8, 2013
Prof. Karel Van Hulle chaired a panel session on **“The pension challenge”** at the 23rd Mexican Insurers Convention organized by the Mexican Association of Insurers in Mexico City.

May 10, 2013
Prof. Karel Van Hulle participated in a panel discussion on **“Insurance regulation”** at the International Insurance Forum organized by the National Association of Insurance Commissioners in Washington DC, United States.

Economic and Risk Management Seminar

(organized by the KU Leuven Department of Accounting, Finance and Insurance of the Faculty of Economics and Business)

May 17, 2013 – Leuven, Belgium
Presentation: **“Solvency II and economic growth”** *Speaker: Prof. Karel Van Hulle*

May 23, 2013
Prof. Karel Van Hulle gave a presentation on **“Solvency II: a recapitulation”** at the General Assembly of the Council of Bureaux in Istanbul, Turkey.

May 24, 2013
Prof. Karel Van Hulle took part in a panel discussion on **“IMD II und ihre Auswirkungen auf den Vertrieb – Brüssel und kein Ende?”** at the Jahreshauptversammlung of the Bundesverband Deutscher Versicherungskaufleute (BVK) in Friedrichshafen.

14th International Pension and Employee Benefits Lawyers Association (IPEBLA) conference

May 27, 2013 – Rome, Italy
Presentation: **“Should we continue to close our eyes for the cost of retirement?”** *Speaker: Prof. Karel Van Hulle*

European Insurance Law Conference FERMA-AIDA

June 3, 2013 – Paris, France
Presentation: **“Restrictions on insurance within embargo measures”** *Speaker: Prof. Dr. Manfred Wandt*

11th International Workshop on Pension, Insurance and Saving

June 6-7, 2013 – Paris, France
Presentation: **“And Lead Us Not Into Temptation’: How the Presentation Format Influences Policyholders’ Contract Choice”** *Speaker: Dr. Christian Wilde*

This research project was also presented at the following meeting: **28th European Economic Association meeting** (August 26-30, 2013 – Gothenburg, Sweden)

June 13, 2013
Prof. Karel Van Hulle moderated the 5th International Insurance Conference on **“Stability and security: insuring our futures”**, organized by Insurance Europe in Rome, Italy.

Risk and Investment conference (organized by the Institute and Faculty of Actuaries) June 17, 2013 – Brighton, United Kingdom
Presentation: **“Actuarial discipline: threat or opportunity”** *Speaker: Prof. Karel Van Hulle*

Netspar International Pension Workshop
June 19, 2013 – Frankfurt, Germany
Plenary Talk by Prof. Dr. Helmut Gründl: **“And Lead Us Not into Temptation: Presentation Formats and Pension Plans”**

Solvency II in der Rechtsanwendung
June 25, 2013 – Frankfurt, Germany
Prof. Dr. Manfred Wandt co-organized the conference, served as moderator and gave a presentation on **“Grenzbereiche der Befugnisse von EIOPA”** based on a paper co-written with Jun. Prof. Dr. Jens Gal.

Workshop on the “Rationale for the Prudential Regulation and Supervision of Insurers” (organized by the Bank of England)

July 18, 2013 – London, United Kingdom
Prof. Dr. Helmut Gründl and Prof. Karel Van Hulle took part in this workshop.

Annual Meeting of the American Risk and Insurance Association
August 4-7, 2013 – Washington, DC, United States of America
Presentations: Dong, M.; Gründl, H.; Schlütter, S.: **“The Risk-Shifting Behavior of Insurers under Different Guarantee Fund Schemes”**
Glenzer, E.; Gründl, H.; Wilde, C.: **“And Lead Us Not Into Temptation’: How the Presentation Format Influences Policyholders’ Contract Choice”**

8th Alpbacher Expertentreffen on “Versicherungsmakler- Beruf mit/ohne Zukunft?” (organized by the Fachverband der Versicherungsmakler und Berater in Versicherungsangelegenheiten and the Wirtschaftskammer Tirol)
August 27, 2013 – Alpbach, Austria
Presentation: **“Europäische Entwicklungen im Bereich der Versicherungsvermittlung”**
Speaker: Prof. Karel Van Hulle

International Legal Symposium (Organized by the Marianne and Marcus Wallenberg Foundation and the Stockholm University Centre for Commercial Law)
August 29, 2013 – Stockholm, Sweden
Presentation: **“The liability of auditors and the problem of insurability”** *Speaker: Prof. Karel Van Hulle*

Risk & Regulation Forum (organized by Risk Minds)
September 12, 2013 – Nice, France
Prof. Karel Van Hulle participated in a panel discussion on **“What lessons can be drawn from the practical implementation of financial regulation across the industry sectors?”**

4th CEQURA Conference on Advances in Financial and Insurance Risk Management
September 23-24, 2013 – Munich, Germany
Presentation: Berdin, E.; Gründl, H.: **“The Effect of a Low Interest Rate Environment on Life Insurers”**

FERMA Forum on Risk Management
September 30, 2013 – Maastricht, the Netherlands
Presentation: **“Why don’t we yet have Solvency II?”** *Speaker: Prof. Karel Van Hulle*

International Conference on Financial Services (organized by the College of Economic and Management Sciences of the University of South Africa)
October 3, 2013 – Durban, South Africa
Presentation: **“A risk-based solvency regime: lessons learnt from the development of Solvency II”** *Speaker: Prof. Karel Van Hulle*

ICIR's Platform Services

Events Organized by the ICIR +++ Events Organized by the ICIR +++ Events Organized by the ICIR +++ Events Orga

DR. ELKE KÖNIG

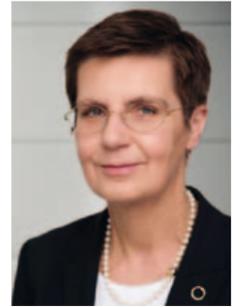
Seminar on Insurance and Regulation

On October 29, 2012, the ICIR hosted the 3rd Seminar on Insurance and Regulation. The ICIR had the honor of welcoming Dr. Elke König, the President of the German Federal Financial Supervisory Authority (BaFin), as the guest speaker. The topic of her talk was: “Critical Comments on Solvency II”.

Before addressing the “critical comments”, Dr. König emphasized that Solvency II as a principles-based regulatory regime, being founded on market-consistent valuation, is the right approach to be adopted. It is far superior to the present Solvency I rules book.

However, the implementation of Solvency II has been repeatedly delayed. Dr. König said that it might not be before 2016 that Solvency II is introduced. However, she indicated that parts of the book can be implemented in advance. In particular she suggests that elements of the “Own Risk Solvency Assessment” (ORSA), which is the core of the second pillar of Solvency II, could become mandatory even before the official introduction of Solvency II. This would allow for a smooth phasing-in, rather than a big-bang-introduction.

Another important issue which Dr. König raised is that certain “backstops” may become necessary in addition to the principle-based rules of Solvency II. She explained that such “backstops” could be a small number of strict strategic rules which would help supervisors to control risks more easily.



Dr. Elke König
President BaFin

Regarding the previous quantitative impact studies of Solvency II, she remarked that their problem was that they all referred to different stages of the Solvency II development. What is needed are consecutive impact studies based on the same defined Solvency II-standard. The time until Solvency II is introduced can be gainfully spent on carrying out such studies. They can help to obtain information on how well the insurance industry is prepared for the new regulation. In addition, supervisors can use the results of these assessments as a toolbox to help draw their conclusions.

In her talk, Dr. König also addressed the issue of long-term-guarantees in the prevailing low interest-rate phase. The currently discussed “matching adjustment”, which allows for higher interest rates for discounting liabilities that are matched with assigned assets in the Solvency II-balance sheet, is another concept to be tested aiming to ensure an adequate valuation of long term insurance business. As for the “countercyclical premium”, Dr. König sees the pros and cons



Events Organized by the ICIR +++ Events Organized by the ICIR

of the fact that for its introduction, EIOPA would first have to proclaim a “crisis time”, which could send a detrimental signal to the markets.

She said that adjusting the measurement of risks would, of course, not change the real-world environment for the industry. With regard to the industry, Dr. König emphasized the importance of a well-functioning enterprise risk management and of internal control measures. Companies should not hesitate to set up a multi-year forward projection on their solvency situation. Based on that they could make strategic decisions on their equity capital endowment before the Solvency II rules come into force.

FRANKFURTER VORTRÄGE ZUM VERSICHERUNGSWESEN

Frankfurt Talks on Insurance

The Frankfurter Vorträge are organized and promoted by the Förderkreis für die Versicherungslehre and traditionally take place once every semester.



Prof. Dr. Jens Gal
ICIR

On December 3, 2012, Jun. Prof. Dr. Jens Gal from the ICIR was invited to give a talk on “Probleme in der Umsetzung der Solvency II-Richtlinie durch die 10. VAG-Novelle”. Prof. Koji Kinoshita (PhD Doshisha Law School, Kyoto, Japan) also spoke about the “Current Development of the Japanese Insurance Act 2008 – A Brief Sketch of Comparative Study with the German VVG and the PEICL”.



Carlos Montalvo Rebuerta
EIOPA

The second Frankfurter Vorträge event took place on May 13 this year. Carlos Montalvo Rebuerta (Executive Director EIOPA) was invited to give a talk on “Current Issues Around The Preparation for Solvency II”.



4TH SEMINAR ON

Insurance and Regulation

On April 24, 2013, the ICIR hosted the 4th Seminar on Insurance and Regulation. The ICIR had the honor of welcoming Ms. Daniela Weber-Rey, LL.M. (Columbia University) as the guest speaker. Ms. Weber-Rey, who is admitted to the bar in Frankfurt and New York, was, at the time of the lecture, a partner at the law firm Clifford Chance and has taken over her new position as Chief Governance Officer and Deputy Global Head Compliance at Deutsche Bank in June 2013. Against the background of the envisaged Solvency II Project, Ms. Weber-Rey gave a talk on the topic of “Corporate Governance, Key Functions and Interim Measures – A Call for Action”.

Ms. Weber-Rey began her talk by pointing out that ineffective corporate governance figures – according to the majority view at the EU Commission as well as in the Member States – are amongst the key contributing factors in the current financial crisis and that the EU-Green Paper on Corporate Governance in Financial Institutions has thus highlighted the importance of establishing a functioning system of corporate governance. From

the perspective of Ms. Weber Rey, the implementation of a corporate governance system should, first and foremost, be a question of creating the corresponding corporate culture and should not be a mere reaction to over-detailed, rigorous regulatory requirements. Pursuant to Ms. Weber-Rey any regulation on the governance system should, therefore, be principles-based in order to grant companies the necessary leeway to implement a governance system best suited to their concrete business model.



Ms. Daniela Weber-Rey
LL.M. (Columbia University)

During her talk, Ms. Weber-Rey also pointed out possible conflicts arising from the fact that governance requirements laid down in regulatory law at the EU level and governance requirements laid down in the national corporate laws have not been brought into line and run the risk of being inconsistent. The pressure on the financial sector as a consequence of the financial crisis leads to issues of corporate governance being developed under regulatory laws rather than being well thought through by corporate law makers. The new key functions and the fit and proper requirements created for them are a good example of this development.

In order to counter the problems created by the belated implementation of the Solvency II Project, EIOPA opted late last year to introduce interim measures with the intent to better prepare insur-



Events Organized by the ICIR +++ Events Organized by the ICIR

ance undertakings for the full application of the Solvency II regulatory system. Examples for such interim measures include the new guidelines from EIOPA on the System of Governance, which are currently in the preparatory phase. They will, however, allow national regulators to exceed the EU standards and set tougher rules on local insurers (so-called gold-plating). The possibility of setting stricter rules, may create advantages (by improving awareness of risks and thus making insurance undertakings more competitive) or disadvantages (e.g. by raising costs) for the insurers which are subjected to them. Ms. Weber-Rey insofar acknowledges that the creation of a truly level playing-field, one of the main aims of Solvency II, is still far from becoming a reality.

Nonetheless she is fully supportive of the Preparatory Measures as recently put to consultation by EIOPA, as she agrees that it is of the essence to keep the momentum for a risk-based supervisory framework for the insurance sector, preparing undertakings for the considerable challenges lying ahead, while trying to harmonize the requirements established by EIOPA and the ECB as well as the Member States in the context of potential macro-economic risk emanating from the insurance sector. In particular, the Preparatory Measures created by EIOPA are an excellent example of the new European system of financial supervision at work, attempting to produce the best results for the (insurance) industry even in times of political standstill.

NETSPAR

Policy Workshop on Pensions

On June 17, the ICIR co-organized the Netspar Policy Workshop on Pensions, which was hosted by the Goethe University Frankfurt. The event was promoted by the Network for Studies on Pensions, Aging and Retirement of the University of Tilburg (The Netherlands). Both Jun. Prof. Dr. Jens Gal and Prof. Dr. Helmut Gründl of the ICIR actively participated in the workshop. Jun. Prof. Dr. Jens Gal chaired the panels on “Pension adequacy” and on “Long-term investment and growth”. Key speakers of the session were Marc Vothknecht (European Commission), Yves Stevens (KU Leuven), Ole Beier Sorensen (ATP Denmark) and Arie Kapteyn (University of Southern California).



2ND CONFERENCE ON

Global Insurance Supervision

In cooperation with the European Insurance and Occupational Pensions Authority (EIOPA), the International Center for Insurance Regulation (ICIR) organized the “2nd International Conference on Global Insurance Supervision (GIS) – Trends and Developments”, which was held at Goethe University Frankfurt, Germany, on September 5-6, 2013.



Since this was a follow-up event to the first GIS conference in 2012, the organizers maintained the global scope of the conference and focused again on the topics of supervisory convergence and the search for global standards. Major issues such as systemic risk, Own Risk and Solvency Assessment (ORSA), and the potential for supervisory con-

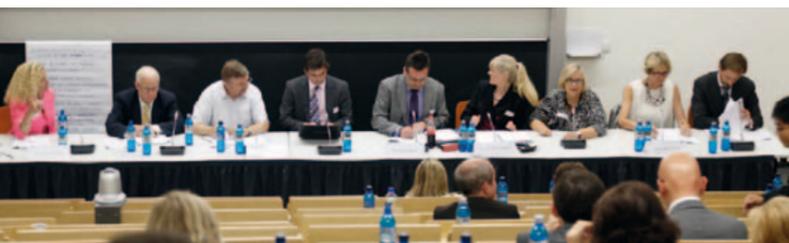
vergence on the individual and group level across jurisdictions, regions and sectors, were discussed with regard to both the insurance and the banking industry. The objective of the conference was to encourage the exchange between supervisors and leading industry professionals on the subject of Global Insurance Supervision. Through prominent presentations of Self-assessment of Risks and Solvency and in-depth discussions of Supervisory Convergence in break-out sessions, operational solutions were derived.

During the presentations, Helmut Gründl of the ICIR demonstrated the advantages of, but also the problems caused by the interconnectedness between banks and insurance. On the one hand, the long duration of life insurers’ liabilities and of bank loans leads to a duration mismatch between the asset and liability side of both sectors, which can be mitigated by selling bank bonds to insurers. On the other hand, possible bank bond defaults can cause contagion risk to insurers, and the reputational risk of one party can also increase due to the financial distress of the other. During his presentation on the topic “Tao of risk management and regulatory developments in Asia”, Makoto Okubo of the Nippon Life Insurance Company presented his operational experience in risk management. In order to counter low interest rates, Nippon Life lowered the guaranteed interest rate for new policies, reduced operational expenses, changed investment strategies to match the characteristics of insurance liabilities, accumulated additional policy reserves and enhanced capital.



the ICIR +++ Events Organized by the ICIR +++ Events Organized by the ICIR +++ Events Organized by the ICIR +++

Elizabeth Ward of MassMutual and Tom Wilson of Allianz shared their experiences in implementing ORSA. They commented that the ORSA requirement from regulators is a forward-looking method that encourages management to anticipate potential capital needs and thus to take action. The industry representatives emphasized the importance of the flexibility of ORSA: "The ORSA is an 'OWN' assessment of the company – as such scope, timing and level of detail of the ORSA needs to be tailored to the company and should not be prescribed by supervisors. This is especially true for small legal entities for which materiality thresholds should be considered." In addition, they emphasized that supervisory feedback is helpful in order to understand specific reporting requirements and to communicate a summary view of the company risks efficiently.



In the afternoon four break-out sessions focused on the topic of supervisory convergence. The participants intensely discussed specific questions such as: "What powers should a supervisor have in times of crisis?", "What kind of resolution regimes do we need?", "Is a complete risk-mapping in cross border groups possible?", "What positive and negative impacts do industry actions have on

global standard settings?", "Are insurance-linked securities being used as a vehicle for regulatory arbitrage?" etc. The outcomes of the break-out sessions will be summarized in a separate report. The second day of the conference was dedicated to the evolution of global standards in insurance supervision. A panel discussion summarized the lessons learned from previous projects and provided an outlook for insurance supervision. One of the proposals was to adopt hard rules on regulating global finance, with legal enforcement. In order to achieve this, increasing market transparency and coordination, building trust and gaining political support are crucial. Otherwise, rules will be applied with arbitrage. Although the difficulties and costs of establishing such international standards are obvious, in the long run the new "system" with sound compliances is assumed to be more efficient and beneficial. A counter-argument was that local markets have specific characteristics (e.g. cultural specifics) that cannot be ignored, in which case global standards may be problematic. Furthermore, policyholder protection and reducing arbitrage in capital allocation and pricing should be the ultimate goals of regulators, the implementation of global standards or local rules notwithstanding. The conference again received good feedback, also on the fact that it provides an excellent opportunity for networking. We would like to thank our cooperation partners and the notable participants from supervision, industry and academia from all over the world, for helping to make the conference a success. We look forward to next year's international GIS conference.

THE FUTURE OF LIFE INSURANCE

Karel's Club – Executive Insurance Forum

October 24-25, 2013

The ICIR in cooperation with the Goethe Business School will host the Karel's Club Executive Insurance Forum. The focus of the event will be on the future of life insurance. Participants include executives from the insurance industry, regulatory authorities and academics who will come together and openly discuss the challenges that the industry will face in the future.

About Karel's Club: The insurance industry is living in a time of change. Although its business model is often misunderstood, its importance is increasingly being recognized. More regulation can be expected.

That regulation will have a profound impact on the way insurance business is carried out. It is important to think about the possible impact of that new insurance regulation before it is introduced and once it has come into effect. Karel's Club offers the possibility to discuss new developments in insurance regulation as well as new trends in insurance in an informal setting, among senior managers from the insurance industry, stimulated by reflections from academia

and from representatives of the regulatory community. The objective is to enable thought provoking discussions on matters of concern to the participants under Chatham rules. The discussions should help to shape strategic thinking about the likely way in which insurance will develop in the coming years as well as on how regulation might influence this development. Proper attention will be paid to the European and international regulatory agenda.



Karel Van Hulle

Karel's Club seeks to provide space for executives who are concerned about the future and want to prepare themselves for the challenges ahead through active discussion, sharing experience with colleagues and regulators in a neutral university environment. The modern Campus Westend of Goethe University in Frankfurt, where the ICIR and the House of Finance are located, provides a uniquely rich and productive learning environment – an atmosphere of complete intellectual freedom. The forum will discuss one or more insurance issues, providing a better understanding of the interaction between these issues and insurance regulation. The meetings organized by the Club are intended to be both informative and directly relevant for the participants.

Karel's Club will be chaired by Prof. Karel Van Hulle, Professor at the KU Leuven and at Goethe University in Frankfurt, former Head of Insurance and Pensions at the European Commission and Executive Board Member of the ICIR.



On September 25, 2013, the Board of Supervisors of EIOPA nominated Prof. Karel Van Hulle as **Member of the EIOPA Insurance and Reinsurance Stakeholder Group.**



On October 19, 2013, the IAIS General Meeting appointed Prof. Karel Van Hulle as **Distinguished Fellow of the IAIS.**



Felix Hufeld

5th Seminar on Insurance and Regulation
"Solvency II – Good Things Come to Those Who Wait"
November 26, 2013

Key speaker: Felix Hufeld, *Chief Executive Director for Insurance Supervision of the Federal Financial Supervisory Authority (BaFin)*

Lectures and Executive Training



Winter Semester 2012/2013 Allianz Insurance Business Game (*Allianz and the ICIR*)
The insurance business game was offered in cooperation with, and sponsored by Allianz SE. The game is an innovative educational concept. It is a complex computer-driven simulation game in which students become virtual board members of insurance companies. They are responsible for the destiny of their own company and compete with other insurers. Students therefore receive a realistic insight into how an insurer works. We wish to thank Allianz SE for offering this opportunity to our students.

Winter Semester 2012/2013 Asset and Liability Management in Insurance Companies (*Prof. Dr. Helmut Gründl*)
This lecture is an elective course as part of the program Master of Science in Management with specifications in Finance and Accounting, Finance and Information Management, and Accounting and Information Management, as well as the program Master of Science in Money and Finance with the specification in Finance.

The goals of the lecture are to understand asset and liability management strategies used in insurance companies, to apply tools such as @Risk for simulating risk situations, and to understand the new Solvency II insurance regulatory rules.

Winter Semester 2012/2013 and Summer Semester 2013 Corporate Finance (Finanzen 3) (*Dr. Christian Hirsch, Prof. Dr. Helmut Gründl, Prof. Dr. Jan Pieter Krahnert, Prof. Dr. Helmut Gründl*)
This course was for Bachelor students. It covered the broad area of corporate finance and placed a focus on corporate risk management and insurance decisions.

Winter Semester 2012/2013 and Summer Semester 2013 Deutsches und Europäisches Versicherungsvertragsrecht (*Jun. Prof. Dr. Jens Gal*)
The lecture provided an introduction to private insurance laws taking into account the effects of the German Insurance Supervisory Law. The lecture focused on the general part of insurance contract law

involving European law, as well as current efforts centered on the alignment in the EC.

Winter Semester 2012/2013 European Insurance Contract Law (*Jun. Prof. Dr. Jens Gal, Dr. Theo Langheid, Prof. Dr. Manfred Wandt*)
This course examined insurance contract law – including the basics of insurance techniques – on a comparative basis. It focused on the different legal systems of the EU's Member States, including the common law system and harmonization within the EU. The first part gave a general introduction into insurance contract law and into the several insurance contracts and their wordings. It also covered the specialties of property, liability, life, disability, accident and health insurance. The second part dealt with the activities of insurance agents and brokers. The third part consisted of a description of the particular requirements of extra contractual obligations between insured and insurer, focusing upon the duty of utmost good faith owed between the parties. In that context, an analysis of

the Marine Insurance Act and English case law were provided. The course also described the peculiarities of insurance contract law focusing on the classification of terms, the attitude of English courts to draconian measure incorporated into English insurance wordings and particular requirements of facultative reinsurance.

Summer Semester 2013 Risk Management and Insurance (*Prof. Dr. Helmut Gründl*)
This was an elective course provided for Master of Science and Diploma students in the areas of Management, Money and Finance. The goals of the course were to understand the relevance and rationality of risk management, to systematize risk management instruments, and to learn to apply an adequate mix of risk management tools. Further topics of this lecture were the theory of insurance demand, the theory of insurance supply and problems stemming from information asymmetry.

Summer Semester 2013 Stand und Entwicklung des Versicherungsvertragsgesetzes nach der Reform 2008 unter Berücksichtigung der Principles of European Insurance Contract Law (*Prof. Dr. Manfred Wandt*)
In the course of the class students were to take stock of the reform of the Insurance Contract Act which occurred in Germany in 2008. The fifth anniversary of the reform offered ample opportunity to assess the new status quo of the German Insurance Contract Law and view on the one hand if the concrete application of new legal instruments live up to the legislator's expectations and on the other hand how some of the fields that were reformed have developed (further) since 2008.

Summer Semester 2013 Versicherung und Regulierung (*Prof. Dr. Hartmut Nickel-Waninger, Prof. Karel Van Hulle*)
This is an elective course for third-year Bachelor students. The goal of the course is to provide basic knowledge in the areas of insurance economics and insurance regulation, espe-

cially Solvency II. The course covers the following topics: introduction to fundamental risks in insurance economics, instruments of underwriting business, product management and pricing, insurance accounting, European and international insurance regulation and supervision, and systemic risk. Parts of the course have been held by practitioners from the insurance industry.

Winter Semester 2012/2013 Versicherungstechnologie und ihre Grenzen (*Prof. Dr. Hartmut Nickel-Waninger*)
The Rhine-Main region is not only a financial center but also a logistics hub. Starting from the ford through the river Main, traffic has shaped the development of the Frankfurt economic area. Logistics is a decisive locational factor for industry, trade and the financial services industry. This seminar focuses on the insurance of aviation risks. By connecting presentations of the seminar participants and high-calibre practitioners the seminar provides a deep insight into this challenging field of risk management.

Executive Education



In cooperation with the Deutsche Versicherungsakademie (DVA) and the Gesamtverband der Deutschen Versicherungswirtschaft (GDV), the ICIR has developed an executive education program for the insurance industry. This program intends to train insurance managers for the future requirements of Solvency II. Successful participants receive one of the following certificates:

- Certified Risk Manager Insurance Solvency II (DVA)
- Certified Compliance Officer Solvency II (DVA)
- Certified Internal Auditor Solvency II (DVA)

The program started in the fall of 2011. Prof. Dr. Helmut Gründl holds several courses.

IMPRINT

PUBLISHER

International Center for Insurance Regulation
House of Finance
Goethe University Frankfurt
Grüneburgplatz 1
D-60323 Frankfurt am Main
Tel: +49 (0)69 79833693
www.icir.de

AUTHORS

Helmut Gründl
Elia Berdin
Ming Dong
Franca Glenzer
Tobias Niedrig
Petra Petersen
Rayna Stoyanova

DESIGN

Stählingdesign



International Center for
Insurance Regulation

Goethe University Frankfurt · House of Finance
Grüneburgplatz 1 · 60323 · Frankfurt am Main · Germany