



KAREL'S CLUB | EXECUTIVE INSURANCE FORUM

Emerging Risks and Limits of Insurability

11 – 12 JUNE 2015 · FRANKFURT · GERMANY



PROF. KAREL VAN HULLE

ABOUT KAREL'S CLUB

Trilogue between insurance executives, regulators and academia

The insurance industry lives in a time of change. Although its business model is often misunderstood, its importance is increasingly recognised. 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 its introduction as well as once it has entered 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, between senior management 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'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 ICIR and the House of Finance is located, provides a uniquely rich and productive learning environment, an atmosphere of complete intellectual freedom.

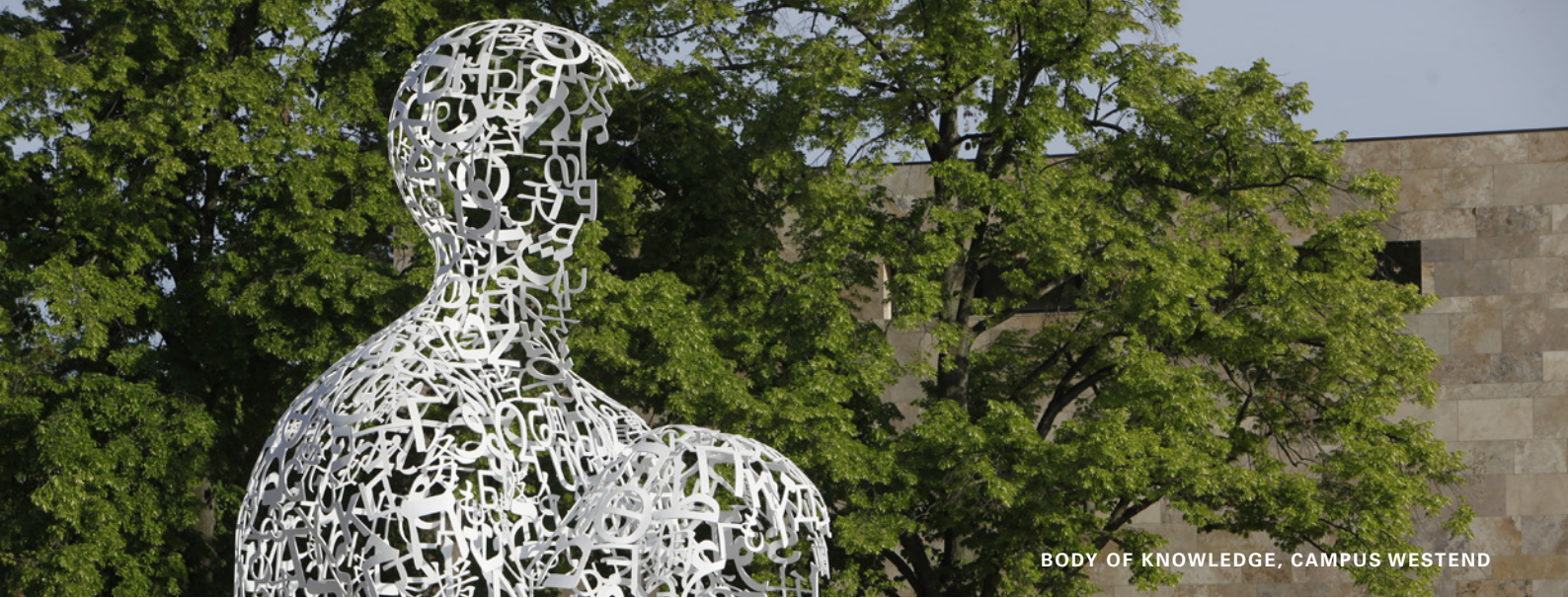
The forum discusses one or more Insurance issues, providing a better understanding of the interaction between these issues and Insurance regulation. The meetings organised by the Club are meant to be both informative and directly relevant for the participants. Participants are expected to engage themselves in the debate.

CHAIR

Karel's Club is chaired by Prof. Karel van Hulle, Professor at the KU Leuven and at the Goethe University in Frankfurt, former Head of Insurance and Pensions at the European Commission and Executive Board Member of the International Centre for Insurance Regulation (ICIR).

TARGET GROUP

This forum is addressed to senior management from the insurance industry, i.e. board members, chief risk officers, chief financial officers, actuaries, accountants, regulators, supervisors and policymakers. Although the discussions will take account of European developments in the context of Solvency II, the focus of the meeting will be broader and attention will also be paid to developments in other parts of the world.



BODY OF KNOWLEDGE, CAMPUS WESTEND

KAREL'S CLUB 2015

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GOETHE UNIVERSITY, FRANKFURT, GERMANY

INTRO

According to Swiss Re, emerging risks are “newly developing or changing risks that are difficult to quantify and could have a major impact on society and industry”. Hannover Re defines emerging risks as “new or future risks whose hazard potential is not yet reliably known and whose implications are difficult to assess”. Munich Re operates a risk radar, whilst Swiss Re has developed its SONAR (systematic observation of notions associated with risk).

The World Economic Forum looks at emerging risks as global risks and distinguishes between technological, crystalizing and aggravating risks. Technological risks are the result of technological change and innovation. Crystalizing risks are basically new risks that operate by and large outside the boundaries of current knowledge. Aggravating risks are known risks which are – because of their global dimension – difficult to measure. Emerging risks can have different origins: political decisions or events, operations of undertakings, socio-economic changes, financial developments, climatic changes, new technology, health related developments, regulation, casualty catastrophes (manmade disasters).

Although it is by definition impossible to list all emerging risks, the following survey produced by the World Economic Forum, which identifies a number of risks categories may be of interest:

- **Economic risks:** fiscal crises in key economies; failure of a major financial mechanism or institution; liquidity crises; structurally high unemployment/underemployment; oil price shock to the global economy; failure/shortfall of critical infrastructure; decline of importance of the US dollar as a major currency;
- **Environmental:** greater incidence of extreme weather events; greater incidence of natural catastrophes; greater incidence of manmade environmental catastrophes; major biodiversity loss and ecosystem collapse; water crises; failure of climate change mitigation and adaptation;
- **Geopolitical:** global governance failure; political collapse of a nation of geopolitical importance; increasing corruption; major escalation in organised crime and illicit trade; large-scale terrorist attacks; deployment of weapons of mass destruction; violent interstate conflict with regional consequences; escalation of economic and resource nationalization;
- **Societal:** food crises; pandemic outbreak; unmanageable burden of chronic disease; severe income disparity; antibiotic-resistant bacteria; mismanaged urbanization; profound political and social instability;
- **Technological:** breakdown of critical information infrastructure and networks; escalation in large-scale cyber-attacks; massive incident of data fraud/theft.



There is no doubt that emerging risks can have a major impact on individuals and undertakings. The question is how the (re) insurance industry, which is by nature a professional manager of risks, is dealing with emerging risks.

The fourth meeting of the Karel's Club will look at emerging risks and their insurability from different angles, benefiting from the input of a number of key experts in the field. The discussion will focus on issues such as:

- How does prudential regulation deal with emerging risks? Does it facilitate or make it more difficult to find insurance solutions for emerging risks? How should a risk based solvency regime deal with emerging risks?
- Is the insurance industry ready to provide solutions for the insurance of emerging risks? What are the pre-conditions and the limitations?
- Do reinsurers have a specific role to play in covering emerging risks? Do they make their insights available to the outside world? Is there sufficient capital available in the market? Is there a way to increase the insurance coverage of the damages caused by natural catastrophes?
- Is it possible to find a solution that can assist undertakings in identifying emerging risks so as to prevent or mitigate the potential impact of those risks? Would a scoreboard be helpful in this respect?
- Are (re) insurers underestimating the impact of emerging risks? How are emerging risks dealt with in internal models?
- How do CRO's look at emerging risks? Do they operate with a scoreboard? How does a CRO of an insurance undertaking deal with emerging risks for the insurance undertaking?
- How do risk managers in industrial undertakings deal with emerging risks? Are there enough insurance solutions? Is the insurance industry helpful in finding insurance solutions? Do they find these solutions rather with brokers?
- How are emerging risks dealt with in financial statements? Can they be properly measured? Are auditors looking systematically at emerging risks when they examine the financial statements of undertakings? What is the impact of insurance on the measurement of emerging risks in financial statements?



LEADING QUESTIONS

REGULATORY CHALLENGES

- Is the present supervisory regulation conducive to (re) insurers taking on emerging risks?
- Is the increasing financial services regulation by itself an emerging risk?
- Does the increasing extension of banking regulation to the insurance sector create new risks for the (re) insurance industry?
- Can regulators contribute to reducing the emergence or aggravation of new risks?
- Should regulators facilitate insurance of emerging risks? Is there a role for the state? Should the burden be shared between policyholders, the (re) insurance industry and the state?
- How should regulators deal with cyber risk? Should data protection regulation be strengthened?
- Is the introduction of a category of SIFI's creating, rather than avoiding systemic risk?
- Should there be lower capital requirements to facilitate the (re) insurance of emerging risks?

STRATEGIC QUESTIONS

- Should emerging risks be seen as a threat or as an opportunity?
- Is it useful to distinguish between different types of emerging risks (high impact, low impact, short term, long term)?
- Does the reinsurance industry intend to deal with the large amount of uninsured damage in the context of man-made or natural catastrophes? Are NatCat bonds the solution? Are there any alternatives?
- How can the (re) insurance of emerging risks be facilitated?
- Are insurers sufficiently concerned with the coverage of emerging risks? Is there a role for the reinsurance industry and for brokers?
- Are people in general sufficiently aware of emerging risks? How can they be better informed?
- Should more responsibility pass to those who are at the origin of emerging risks?

POSSIBLE SOLUTIONS

- Attach more importance to prevention
- Require undertakings to better analyse beforehand the potential consequences of new technology
- Develop insurance solutions in stages for emerging risks which are difficult to quantify
- Introduce liability limitations to facilitate the insurance of emerging risks
- Increase transparency about emerging risks
- Develop new risk management techniques for the quantification and modelling of emerging risks
- Attach more importance to long term solutions

PROGRAMME

THURSDAY, 11 JUNE 2015

GOETHE UNIVERSITY · UNIVERSITY VILLA
FRAUENLOBSTRASSE 1 · 60323 FRANKFURT

18.00 – 18.15	Executive Insurance Forum Opening Prof. Karel Van Hulle, <i>ICIR Goethe University (Frankfurt)</i>
18.15 – 18.35	New Developments Manuela Zweimüller, <i>Director of Regulations, EIOPA</i>
18.35 – 18.55	An Insurer's View on Emerging Risks Christoph Willi, <i>CEO, Zurich Global Corporate Germany (Frankfurt)</i>
18.55 – 19.15	A Reinsurer's View on Emerging Risks Bernhard Kaufmann, <i>Group Chief Risk Officer, Munich Re (Munich)</i>
19.15 – 19.35	Planning for Emerging Risks Philip Vermeulen, <i>Senior Member European Actuarial Services Team, Ernst & Young (Zurich)</i>
19.35 – 20.30	Debate and Discussion
20.30	Dinner

FRIDAY, 12 JUNE 2015

GOETHE UNIVERSITY · HOUSE OF FINANCE
THEODOR-W.-ADORNO-PLATZ 3 · 60629 FRANKFURT

09.00 – 09.15	Introduction Prof. Karel Van Hulle, <i>ICIR Goethe University (Frankfurt)</i>
09.10 – 09.45	Views of a Supervisor Romain Paserot, <i>Director of Insurance Supervision ACPR (Paris)</i>
09.45 – 10.15	Views of a CRO Raj Singh, <i>Group Chief Risk Officer, Standard Life plc (Edinburgh)</i>
10.15 – 11.15	Debate and Discussion
11.15 – 11.45	Views of a Risk Manager Marie-Gemma Dequae, <i>Scientific Adviser FERMA (Brussels)</i>
11.45 – 12.15	Views of an External Auditor Dr. Kurt Mitzner, <i>Financial Services Partner, PwC (Frankfurt)</i>
12.15 – 14.00	Debate and Discussion
14.00	Lunch
15.00	End of Forum

FORUM FEE: First time attendance: **2.850 EURO (INCL. VAT)**
Returning participants: **2.000 EURO (INCL. VAT)**
The forum fee includes refreshments and meals

REGISTRATION: karelsclub@finance.uni-frankfurt.de

Karel's Club is based on the cooperation of two HoF institutions of Goethe University:
The International Center for Insurance Regulation (ICIR) and Goethe Business School (GBS).



ABOUT ICIR

The International Center for Insurance Regulation (ICIR) took up its work at Goethe University in Frankfurt on October 1, 2010. It is the first scientific institution worldwide which is focused on the regulation of insurance companies. By fostering high-quality international, independent research on insurance regulation and market solutions to regulatory questions, the ICIR aims at attaining a leading position in its area of research.

The ICIR concentrates facts and newest insights in the area of insurance regulation and further develops them by means of independent research. According to the House of Finance philosophy, research is based on an interdisciplinary exchange of the economic and the legal point of view.

A major aim of the ICIR is to publish research findings in internationally acknowledged academic journals. It co-organizes conferences and seeks an active dialog with top scientists from all over the world. A planned fellowship program facilitates network-building with internationally renowned scholars.

The ICIR benefits from the proximity of important international institutions located in Frankfurt, such as the European Insurance and Occupational Pensions Authority (EIOPA), the European Central Bank (ECB), and the European Systemic Risk Board (ESRB). Because of its scientific independence, the ICIR provides an ideal platform for regulatory authorities, policy-makers, and the insurance industry to exchange ideas and seek answers to regulatory issues.

► www.icir.de

ABOUT GOETHE BUSINESS SCHOOL

Sited in the heart of one of the world's leading financial centers, Goethe Business School (GBS) is the center for high-quality management education at Goethe University in Frankfurt – in close cooperation with the faculty of economics and business administration. GBS is set up as an independent, non-profit organization under private law, held by Goethe University Frankfurt.

GBS offers degree programs for individuals and executive education programs for organizations. The part-time Master in Finance is a unique finance degree program designed for young professionals who wish to continue with their careers while pursuing a master's degree. With our executive education programs we offer customized solutions to organizations meeting the learning and development needs for their management levels.

With our flexible program portfolio we cover all topics around finance, management and leadership.

GBS' unique teaching philosophy combines leading research and teaching, outstanding study resources, active networking and hands-on learning. This holistic approach enables develop professional and personal skills in an environment that is at once challenging and supportive. All programs are designed to meet the highest academic quality standards and taught by experienced faculty members from academia and business following an interdisciplinary approach.

► www.goethe-business-school.de



GOETHE UNIVERSITY, CAMPUS WESTEND

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EMERGING RISKS
AND LIMITS OF INSURABILITY
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VENUE

Thu, 11 June 2015
Goethe University Guest Villa
Frauenlobstr. 1
60323 Frankfurt
Germany

Fri, 12 June 2015
Goethe University, House of Finance
Theodor-W.-Adorno-Platz 3
60629 Frankfurt

FORUM FEE

First time attendance: 2.850 Euro (incl. VAT)
Returning participants: 2.000 Euro (incl. VAT)
The forum fee includes refreshments and meals

REGISTRATION

To register please use the following e-mail:
karelsclub@finance.uni-frankfurt.de

Registration, payment and organization
of Karel's Club will be handled by
Goethe Business School.

ACCOMMODATION

A block reservation has been made at the Hilton
Hotel in Frankfurt.

The rates include breakfast and taxes. To make a
reservation, please refer to "Karel's Club" block
booking.

Please note that participants are individually
responsible for paying for their accommodation
and any additional expenses.

Room rates:

Hilton Guest Single Room: 209 Euro
Hilton Executive Single Room: 269 Euro

Hilton Frankfurt Hotel
Hochstrasse 3
60311 Frankfurt
T: 0800 / 444 586 67
E: reservationteam.frankfurt@hilton.com
(please book until 20 May 2015)

CONTACT

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