

Rising to Convergence: Insurance Professionals Ponder How to Make Markets, Regulation, Institutions Mesh

Insurers worldwide are riding on the crest of turmoil, having weathered a global financial crisis for the past three years, topped by a remarkable stream of natural catastrophes and a wave of regulatory changes.

Delegates to the 47th annual seminar of the International Insurance Society in Toronto heard much discussion of these topics, but the overriding theme at the conference was that of convergence. The outstanding questions were whether the myriad domestic markets could converge on best practices, regulation and market knowledge.

The IIS is looking to play a key role in the convergence movement. The organization used the Toronto forum to launch a series of new products and services, including a global stock index, regulatory alerts, a member forum and a global insurance directory.

According to IIS President and Chief Executive Michael Morrissey, the group's new membership forum will see "members benefit from a convergence of opinions, ideas and developments from and by our diverse membership demographics, and the industry as a whole will benefit from ensuing developments."

But some of the speakers at the conference were less optimistic about convergence, especially with regard to regulation. Julie Dickson, who as superintendent of Canada's Office of Financial Institutions is the country's top financial services regulator, said in a keynote address that there is no global agreement on capital requirements or accounting for insurance.

While the European Union's Solvency II directive is a promising model, she is concerned not all countries will move in a similar direction.

James Flaherty, Canada's minister of finance, sees hopeful signs of progress, mentioning as an example the Group of 7 nations' efforts to work with European ministers to prevent contagion from Greece's debt crisis. But he too noted the difficulties of bringing most nations on board for regulatory and accounting harmonization.

Flaherty added that Canada, which survived the financial crisis better than most, may help in the spread of best practices. Toronto, which he touts as a major up-and-coming financial center, can in some ways take the lead. The city is home to a new World Risk Institute, for instance.

Along King Street and University Avenue in Toronto's financial district are the headquarters of most of Canada's big life insurers. Canadian insurers are conservative in their business practices yet eager to expand in markets worldwide, and work hard to spread best practices through partnerships and joint venture, according to Thomas Bogart, executive vice president of business development with Sun Life Financial Group.

Bogart said Toronto can be a global insurance leader, but will only do so the conservative Canadian way. It may be boring, he joked, but it works. (Published: BestWire - 06/27/2011).

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