

FOR IMMEDIATE RELEASE:
Wednesday, 1 February 2017

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IAIS Releases 2016 Global Insurance Market Report

Report shows the insurance industry continues to remain well-functioning and stable while operating in an increasingly difficult macroeconomic and financial environment

Basel – The International Association of Insurance Supervisors (IAIS) today announced the release of its 2016 Global Insurance Market Report (GIMAR). The report shows that, while continuing to remain well-functioning and stable, the (re)insurance sector operates in an increasingly difficult macroeconomic and financial environment characterised by weak global demand, low inflation rates, very low interest rates, and bursts of financial market volatility. This environment is challenging long-established business models of various insurance companies, mainly life insurers.

“The GIMAR plays an important role in the macroprudential policy and surveillance framework of the IAIS,” said Victoria Saporta, Chair of the IAIS Executive Committee. “Through it, the IAIS promotes awareness of developments, risks and vulnerabilities in the insurance industry.”

Key findings in the report include:

- Non-life (re)insurance continues to be subject to soft market conditions. Competition is especially strong in the reinsurance market.
- The prolonged low interest rate environment remains a source of vulnerability for life insurers, especially in Europe.
- Life insurers are under pressure to improve their expense management and to reduce costs.

To safeguard the stability of the financial system and economies in the future, the report concludes that, from a macroprudential supervisory perspective, it is essential to ensure that insurers are responding adequately to the accumulation of risks and structural changes that are a source of potential vulnerability. Another important challenge is to strengthen the ability of insurers to respond to risks in areas where they are increasing their risk-taking. Given the importance of large insurance companies to the financial system and the economies in which they operate, it is important they maintain a solid financial base and strengthen business management frameworks to manage the accumulation of risks, as well as being prepared to respond in an orderly manner in times of stress.

The 2016 GIMAR contains the IAIS Global Reinsurance Market Survey results. It also examines several special topics including the relationship between climate change, insurance and regulation; the first experience with Solvency II; and the results of EIOPA’s 2016 insurance stress test.

The Global Insurance Market Report, first published by the IAIS in October 2012, can be found at the IAIS website (www.iaisweb.org) or by clicking [here](#).

About the IAIS: The IAIS is a global standard setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to contribute to global financial stability. Its membership includes insurance regulators and supervisors from more than 200 jurisdictions. For more information, please visit www.iaisweb.org.
