



SOCIETY OF ACTUARIES

Article from:

Reinsurance News

August 2008 – Issue No. 63

REFOCUS 2008 RECAP

by Richard Jennings



The 2nd annual ReFocus: See The Future First conference was held at the Ritz Carlton, Lake Las Vegas, Nevada from March 2-4, 2008.

The conference was designed to appeal to senior life insurance and reinsurance executives and attracted more than 290 delegates from across the United States, Canada and Europe. Governor Frank Keating, president of the American Council of Life Insurers (ACLI), opened the conference with an overview of some of the dark clouds on the industry's horizon. Uncertainty has been a theme in the United States with respect to the pending presidential election, and the economic downturn as a result of the sub-prime meltdown. "Change is inevitable," said Keating "which will effect change in our industry, on a number of fronts."

Keating went on to comment on topical issues such as tax reform, which could affect the structural advantages of life insurance like the tax-free build-up and tax-free benefits at death. High profile court cases involving senior reinsurance executives, and concerns regarding Stranger-Owned or Investor-Owned Insurance (STOLI/IOLI) also come at an inopportune time for the industry. "The ACLI is working hard on these issues at various levels of government," said Keating.

A. Greig Woodring, president & CEO RGA Re moderated Monday's keynote session that featured business leaders from three of the top european global reinsurance giants: Swiss Re, Munich Re and Hannover Re.

Wolfgang Strassl, member of the Board of Management and head of the life and health division of Munich Re, spoke at length about the opportunities for life reinsurance between the mature markets of North America and Europe, and the emerging markets in Asia and Eastern Europe. Christian Mumenthaler, head of life and health reinsurance for Swiss Re, commented on how a variety of risks are being moved to the capital markets, as with embedded value and 'XXX' securitizations. On the mortality/longevity side, the market is still in the process of developing indices for these risks, and on the whole the industry has underestimated the size and price of longevity risk. Wolf Becke, CEO Hannover Re, discussed how reinsurers can help the middle market, which is generally agreed to be underserved. In continental Europe, bancassurance is increasingly used to serve the middle market. Originally developed in France, this concept has been successfully copied in additional european markets including Italy, Greece, Portugal, Spain and Germany. Direct marketing efforts have been successful in Australia and South Africa, and are increasingly being adopted in Europe to sell to the younger and middle markets. In this manner, life reinsurers can help direct companies open new markets or launch new products, through their experience learned in other markets around the world.

STOLI/IOLI continues to be a popular topic in the industry, and a select panel of CEOs from AIG, Ohio National and Mass Mutual offered insight into how their companies are dealing with this phenomenon. All stressed the importance of distinguishing between legitimate premium financing cases and those cases where the policy is intended to be sold into the life settlement market.

Another hot topic at industry meetings continues to be discussion of longevity risk. Jesse Schwartz, consulting actuary with Watson Wyatt, and Bob

Howe, managing director, head of Life & Health Risk Management for Swiss Re Life & Health (London), gave their perspectives on the longevity markets in the United States and the United Kingdom respectively. Bob Howe, who is chief risk officer for Swiss Re's life and health business worldwide, described how the private sector in the United Kingdom is waking up to the impact of mortality improvement rates of 3 to 4 percent per year, and the resulting impact on provisions for pension schemes.

Bob Diefenbacher, senior vice president, Life & Structured Reinsurance, Manulife Re, led a provocative discussion designed around a number of case studies highlighting some of the current issues in underwriting and treaties, entitled "My Treaty Says What?"

ReFocus also served as a good opportunity for direct writers and life reinsurance executives to meet with clients, and network with industry peers.

The 2008 ReFocus Conference was co-chaired by Craig Baldwin of Transamerica Reinsurance and Mel Young of RGA Re, who led a strong organizing and program committee and produced a superb conference.

Copies of the conference's various presentations can be found on the ReFocus Web site at: www.refocusconference.com.

The 3rd annual ReFocus meeting will be held at the Four Seasons Hotel at the Mandalay Bay Resort, Las Vegas, on March 1-3, 2009. See The Future First and join us at ReFocus '09. ✪



Richard Jennings is Senior Market Research Consultant with Manulife Reinsurance in Toronto, Canada. He can be reached at richard_jennings@manulife.com.

INDUSTRY LEGENDS HONORED AT REFOCUS

Five industry leaders who have made significant contributions to the life insurance and life reinsurance industry were honored with the Insurance Legends award at ReFocus 2008, the premier conference for reinsurance industry professionals.

The 2008 honorees are James C.H. Anderson, former president of Tillinghast; Charles (Chuck) M. Beardsley, retired chairman of Booke and Company; David R. Carpenter, retired chairman and CEO of TransAmerica Life Companies; Ian M. Rolland, retired chairman, Lincoln National Corporation; and Sy Sternberg, chairman of the board & CEO, New York Life Insurance Co.

"This elite group of individuals have left an indelible mark on the life insurance and reinsurance industries," said American Council of Life Insurers

(ACLI) president and CEO Frank Keating, who presented the awards at the ReFocus conference. "This award is in gratitude for their service and a tribute to their leadership, intellect and significant contributions to our industry."

The ReFocus conference, which is sponsored by ACLI and the Society of Actuaries, brings together top executives from the life insurance and life reinsurance industries. The 2008 meeting, which attracted over 300 attendees, featured CEOs from prominent global companies who addressed key domestic and international issues affecting life insurers and life reinsurers. Concurrent sessions and discussion groups explored vital industry topics including longevity, capital management, securitization, distribution oversight, life settlements, underwriting and medical breakthroughs. ✪