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Reinsurance Conference – 1, Hurricane Sandy – 0

By Michael L. Frank

The first international reinsurance conference to take place in the Dominican Republic happened during the week of October 22. Its purpose was to share expertise with the local insurance community. The event was sponsored by domestic and international organizations that are active in a variety of fields such as insurance, banking, education, legal counseling, and actuarial consulting. Most presenters spoke English, some spoke Spanish, but with the help of translators all attendees had the opportunity to participate.

Despite Hurricane Sandy's attempt to sabotage the event, there were about 100 participants, including approximately 40 insurance professionals and a large number of high school and college students from two prominent local universities (Universidad Iberoamericana (UNIBE) and Grupo Corporativo (GC) New Horizons).

The conference kicked off with press coverage, followed by television (Metropolos and El Dia) and radio (95.7 FM) interviews. The topics covered in the three-day seminar included reviews of international insurance and reinsurance systems with a focus on the following areas:

- Overview and history of reinsurance
- Review of the markets in the United States, London, Bermuda, Brazil, China and other countries
- Review of reinsurance company structures including the structures of captive insurers
- Financial reporting, reserves and cash flow testing
- Turnkey solutions, including underwriting and claims management
- Review of specialty products and hybrid reinsurance solutions
- Social media strategies and new products in the reinsurance market

- Sample transactions and case studies in life, health, annuity, and property/casualty
- Use of trusts and other creative financial solutions
- Discussions of catastrophic coverage and bonds
- Review of regulations and opportunities in the Dominican Republic

There appears to be significant interest to grow the local reinsurance market. The blend of tourism and commerce makes the Dominican Republic a potentially attractive market, although developing the infrastructure of a true insurance economy has many challenges such as the creation of an efficient tax system. (Currently, consumer taxes can be high for life insurance products).

Improving the professional insurance education in the Dominican Republic through the transfer of international expertise and training is essential, but this initiative must be coupled with plans to promote the organic growth of insurance professionals. More specifically, the attainment of this goal—improving the professional insurance education—can be facilitated by strengthening continuing education programs for insurance brokers, claims adjusters, actuaries, underwriters and other professionals, and standardizing licensing requirements. Partnerships with universities could be a good starting point.

The feedback of attendees highlighted the need for operational and regulatory changes to encourage compliance and promote the utilization of insurance products within the society. An idea worth considering is the creation of organizations similar to the Association of Bermuda Insurers and Reinsurers (ABIR) and the National Association of Insurance Commissioners (NAIC) to help regulators and local companies to set guidelines in areas such as public policy and market conduct. A first step in this direction could be the establishment of local work groups blended with volunteers from outside the Dominican Republic to work on this area.

SPECIAL ACKNOWLEDGEMENTS

In addition to the sponsors, we offer a special thank you to the staff of Universidad Iberoamericana (UNIBE) and Grupo Corporativo New Horizons for hosting the event and helping manage the chaos that Sandy created. I would also like to Fauntly Garrido (GC New Horizons), Luis González (CRC), Jose Flores (LICAS) and their teams for making the conference a success.

THE FUTURE

The instructors (Michael Frank and Donald Rusconi) will be teaching similar courses in China and Puerto Rico during 2013. □

REQUEST FOR RESEARCH PROJECT INPUT

We need your examples of your experiences with regulatory risk, from the eyes of both those practicing and supervising.

The North American Actuarial Council (NAAC) Collaborative Research Group has recently initiated a study of regulatory risk conducted by Tom Herget and Dave Sandberg. The risk is the unintended results of regulations enacted to achieve supervisory objectives (or the lack thereof) on the market participants (whether policyholders, shareholders or regulators acting on behalf of taxpayers). This study will include examples of regulatory risk.

While the researchers will be contacting individuals in the US, Mexico and Canada, they would also welcome contributions from a wider pool of contributors who can provide their personal examples of regulatory risk both within and outside of North America.

The researchers would appreciate any contributions section members could make. Please email descriptions of regulatory risk to Barb Scott (BScott@soa.org) for consideration by the researchers. Detailed descriptions are encouraged.