

Keynote Address (Video) for 2011 3rd CEA International Insurance Conference

(Dr. Tien-Mu Huang, Director General, Insurance Bureau, FSC)

The answer to the question of “Will there be a global insurance standard?” is both ‘Yes’ and ‘No.’

The 2008 global financial crisis highlighted the importance of global financial governance.

It is a conventional wisdom that a well established supervisory framework promotes financial stability and maintains orderly financial markets. It is also widely accepted that harmonized and coordinated supervision helps prevent contagion risks, considering prevalence of cross border operations undertaken by so many internationally active financial groups. And, it is essential that different developments among regions be considered in the converging process.

In this regard, a global insurance standard is desirable. A prominent example would be the Solvency II which is already planned to be implemented in the European Union in 2014. It represents an exemplar that we can learn from. I believe it will have profound and long lasting implications for both insurance industry and supervisors around the globe, in terms of change in corporate culture and behavior it will lead to, in such aspects as corporate governance, risk management, and capital management.

I also noted the IAIS has launched the ComFrame initiative to develop common international standards for internationally active insurance groups, or IAIG. Along with the IAIS MMoU and ICPs, the ComFrame represents IAIS efforts – which I fully support - to build a global insurance standard for closing the gaps of supervising IAIG.

On the other hand, the world we live in is not a perfect one. Supervisors and insurance industry they supervise are facing with different stages of market development and product sophistication.

It is certain that we will have a long way to go before there is a globally

accepted and implemented 'global insurance standard.' The region-specific characteristics underscore the need to allow discretion and flexibility. A step-by-step approach should be carefully assessed and adopted in order that the impact on the insurance industry is kept at a minimal level.

Ultimately, we will have a global insurance standard.