

**Airmic CEO joins call for IAIS action on global programmes**

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***[BRUSSELS]—Airmic CEO John Hurrell has added his weight to the rising demand among European and international risk managers for action from international supervisors to help the market make insurance regulation more consistent and transparent.***

**COMPLEXITY**

Mr Hurrell told an audience of risk managers and insurance professionals at a briefing organised by ACE in London at the start of this month: “For companies purchasing global insurance policies, the level of complexity, given over 200 countries, is a huge challenge…We need to engage with international regulators to get consistency across regimes.”

The Airmic CEO’s call will be welcomed by the European risk management community. Risk managers and experts in the international insurance industry have become increasingly frustrated by the apparent unwillingness of supervisors to get together and tackle this tricky area.

It was hoped that the Airmic database of international insurance rules would help attract the involvement of the supervisors but it seemed to fall on deaf ears.

*Commercial Risk Europe* has requested interviews with executives at the International Association of Insurance Supervisors (IAIS) to discuss the matter and received no response. We have also invited executives from the IAIS to join our events to discuss the topic, again with no luck.

**SLOW RESPONSE**

Günter Dröse, founding head of the European Captive Insurance and Reinsurance Owners Organisation (ECIROA), announced three years ago that ECIROA had joined the IAIS as an observer to try and generate a response. So far this effort has achieved little.

Mr Dröse said that he does not expect a rapid response as attempting to make progress in this area seems to be like ‘turning around a supertanker’. The ECIROA head said that he has also started talking to the major insurers about a combined approach which may be more effective but has so far only received a positive response from one.

The unwillingness of the IAIS to engage on this matter is made all the more perplexing by the existence of a model in French-speaking Africa—the CIMA code—that could easily be used as a basis for expansion elsewhere to the benefit of all in the corporate insurance market.

The Conférence InterAfricaine des Marches des Assurances (CIMA) code requires that 25% of any risk and premium is retained locally. The remaining 75% can be reinsured into a global programme or foreign reinsurer. In October 2011 Article 13 of the CIMA Code was introduced that also requires cash before cover or a ‘no premium, no coverage’ policy.

**REGIONAL FOCUS**

At the recent Risk Frontiers event on the risks and opportunities of expansion into Africa organised by CRE and *Commercial Risk Africa* in partnership with the Belgian risk management association Belrim, experts agreed that this is a good model that could be extended to English-speaking Africa and even beyond.

In July 2011 South African president Jacob Zuma proposed the creation of an African Grand Free Trade Area (GFTA) and it was suggested that this effort could include the introduction of a CIMA-style code for the English-speaking part of Africa.

Speakers at the Brussels event, sponsored by AIG and Ascoma, agreed that the adoption of such a system would make life much easier for risk and insurance managers of international companies in the region.

Evidence from the event and intelligence gathered by CRA at recent risk and insurance events across Africa suggest that the concept may finally be moving ahead.

Anna Othieno, Managing Director of AIG Uganda, told delegates at the Brussels event: “The creation of an English-speaking mirror to the CIMA code with a mandatory cession of 25% of business to local markets and the other 75% free to place in international markets is under discussion.”

“I think this is a matter of urgency and is creating awareness among regulators in the region,” added Ms Othieno.

Sophie Cure, Director Marine & Cargo at broker Ascoma International, the independent Monaco-based broker operating in French-speaking Africa, explained how the CIMA model had created a ‘secure’ and ‘consistent’ environment for the region’s insurance buyers and even surpassed international standards with the introduction of the ‘cash before cover’ rules.

Praveen Sharma, Global Leader of the Insurance Regulatory & Tax Consulting Practice at Marsh, said: “Africa is driving change in the [insurance] regulatory environment and trying to generate confidence and the perception that this is not a soft target.”

The global programmes expert added: “This is an opportunity to build a continent-wide system of insurance regulation that would be similar to the European Union Freedom of Services (FOS) system. This would generate capacity, jobs, new business and transparency.”

Mr Sharma told delegates in Brussels that he had recently returned from a conference in Singapore where the country’s Trade and Industry Secretary called for greater consistency and clarity for cross-border insurance to help develop the fast growing Asian risk and insurance market and underlying economy.

**BEST PRACTICE**

“These are profound words. Regulators need to collaborate and Africa has an opportunity to lead the way because it already has the CIMA code. Build on that CIMA code and the market will know exactly what it has to do, just as in the EU,” said Mr Sharma.

Mr Hurrell’s call for action from the international insurance regulatory community on the matter of global compliance rules is no doubt welcomed by his fellow risk professionals.

The move follows research from ACE that showed that 93% of risk managers worry about whether their global programmes comply with international rules.

Airmic reported that the survey pointed to a heightened concern about the growing complexity of international regulation.

“Compliance is a critical issue for our members. Staying on top of global regulations is getting more and more difficult. Companies just want to be good local citizens and to comply,” said Mr Hurrell.

“We need to make it more straightforward for companies to do so. The IAIS is the place to start—they are in a position to create transparency and to work towards a more common platform,” said Airmic’s CEO.