9 February 2018

Dear

Reinsurance Trade Barriers and Market Access Issues Worldwide

I am writing to you on behalf of the Global Reinsurance Forum (GRF). The GRF members are Everest Re, Gen Re, Hannover Re, Lloyd's, MAPFRE Re, Munich Re, Partner Re, Renaissance Re, RGA, SCOR, Swiss Re, Toa Re and XL Catlin. Collectively, GRF members account for more than 65% of global net reinsurance premiums.

a) GRF Table on reinsurance restrictions and market barriers

The GRF's main objective is to promote a stable, innovative and competitive reinsurance market worldwide. In pursuit of this objective, it produces every six months a table on 'reinsurance trade barriers and market access issues worldwide'. This table, the latest version of which (dated February 2018) is attached, outlines such trade barriers and market issues, both existing and prospective, by jurisdiction. It also outlines changes since the GRF's last report on this subject, dated August 2017.

The latest table includes some format and content changes from previous versions, namely:

- it presents information about the restrictions grouped by region and country; and
- it includes information about foreign ownership restrictions of subsidiaries.

There has again been an increase in the number and extent of reinsurance trade barriers worldwide. This repeats a pattern evident in previous six-monthly GRF reports on this topic in recent years. Some of the 'new' restrictions included in this report have only recently come to our attention, so may have been in existence for some time.

b) Impact of reinsurance Trade Barriers

The GRF remains of the view that trade barriers undermine the efficiency of reinsurance markets and reduce competition, leading to reduced customer choice, higher reinsurance costs and less capacity over the long-term horizon. Growing protectionism is a particularly unfortunate trend at a time when, as research consistently shows, there remains a huge and persistent gap between the levels of economic losses experienced (particularly following catastrophes) and insured levels worldwide.

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For reinsurance markets to function well, they need to be able to pool different forms of catastrophic and non-catastrophic risk. Barriers to trade in reinsurance therefore undermine the efficiency of reinsurance markets by reducing competition, leading to less choice for consumers and resulting in higher reinsurance costs, less capacity and potential local insurance failures over the long-time horizon.

c) 2017 US Hurricanes: the valuable support provided by global reinsurers

Reinsurance markets enable the efficient and effective diversification of risk globally and thereby promote continued growth and, in the case of disasters, recovery of global and national economies, to the benefit of people, communities, towns and cities. When catastrophic events occur, a dynamic reinsurance industry can channel funds from one part of the world to another that is in need. By way of illustration, preliminary and conservative estimates suggest that GRF members will be paying in aggregate more than US$15 billion in response to the very damaging 2017 Atlantic hurricane season, helping to facilitate recovery at a time of misfortune.

d) Concluding Remarks

The GRF would be pleased to answer any questions you may have about this report and stands ready to discuss what can be done to effectively counter existing and emerging reinsurance trade barriers and market access issues.

Yours sincerely

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