

15 August 2019

Reinsurance Trade Barriers and Market Access Issues Worldwide

I am writing 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, RenaissanceRe, RGA, SCOR, Swiss Re, Toa Re and AXA XL. Collectively, GRF members account for more than 65% of global net reinsurance premiums.

a) GRF Table of 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 periodically updates a table on 'reinsurance trade barriers and market access issues worldwide'. This table, the latest version of which (dated August 2019) is attached, outlines key 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 February 2019.

Previous GRF reports on this topic have recorded gradual increases in the number and extent of reinsurance trade barriers worldwide. This latest report confirms that the current magnitude of this issue worldwide remains very sizeable. As noted in my previous letter of 4 March 2019, the failure of international governments to include language on the dangers of protectionist barriers in the most recent G20 joint statements is disappointing in that it suggests this issue has been deprioritised.

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.

For reinsurance markets to function optimally, they need to be able to pool different forms of catastrophic and non-catastrophic risk drawn from diverse and uncorrelated regions. 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) 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,

Kevin O'Donnell
Chair, Global Reinsurance Forum