

CONFERENCE ON INSURANCE RESEARCH

WELCOME ADDRESS

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IVASS

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Bank of Italy's Conferences Centre

Good morning Ladies and Gentlemen,

A warm welcome to the IVASS Conference on Insurance Research.

This is the first international conference on this topic organized by IVASS and, perhaps, the first international conference on this subject in Italy.

We hope we have done everything well but until tomorrow afternoon we are keeping our fingers crossed.

Why a Conference on Insurance Research? In our opinion (and from our life experience) a Conference is often a moment of fruitful exchanges of opinions (carefully thought out opinions, I would say) and as academics and practitioners, we strongly believe in the real advances achievable in this way.

The organization of the conference has not been an easy task.

We received many papers for presentation but due to budget and time constraints we had to make a drastic selection. We had to say no to a number of excellent works and I apologize for this, but in my opinion the selected ones are very clear and stimulating contributions, divided into 4 major sessions.

The opening session is about insurance regulation in general. It is followed by a session on risk and capital with contributions on some key issues concerning Solvency II - Solvency Capital Requirements (SCR), Undertaking-Specific Parameters (USP), aggregation of risks – as well as on some important aspects regarding the proper functioning and sustainability of the insurance business.

Solvency II has been in force since January 2016. After a decade of theoretical analyses and quantitative impact studies, we finally see its real effects and true numbers. SII first and second pillars are providing SCR data and the Own Risk and Solvency Assessments (ORSA) to the stakeholders (IVASS included, of course).

However, the Solvency II review process is already in place at European level and the ongoing debate is expected to provide its first results in 2018.

Our two sessions on regulation and risk capital could be useful to provide insights and suggestions for the current debate on the reform of Solvency II.

The discussion will be focused on macro-prudential risk measures, the case of USP, the issue of aggregation of risks, the link between solvency and competition in the insurance industry.

It is of the greatest importance to provide the European Authorities with a thorough debate concerning all the relevant issues in order not to miss the appointment with the reform.

The final conference day is dedicated to aspects of the non-life business: Motor Third Party Liability (MTPL) and Natural Catastrophes.

In particular two presentations are focused on MTPL, an area of special interest for Italy, UK and many Eastern countries.

As you know, price heterogeneity between regions and policyholders is not completely explained by risk differences.

Forms of oligopolistic competition and special barriers to entry play a role, according to recent explanations. Black boxes and autonomous drive cars give new perspectives to this business line.

Tomorrow's final session on Nat Cat insurance will try to shed light on how to overcome a challenge involving Italy, Europe, and the entire world.

Different natural risks are hitting different areas, from earthquakes to floods, landslides, droughts and so on. The global climate change is expanding hazards and vulnerabilities in all countries.

Residential properties and business plants are increasingly exposed to this risk and no single answer can be found worldwide.

In most cases an appropriate mix of State intervention and private insurance provides the best incentives for optimal Nat Cat coverage.



Also in this case, Italy is particularly interested in the debate that will follow given that its current situation (based only on State ex post intervention) seems far from being a sustainable, long lasting arrangement.

A closing session on Catastrophes, no pun intended, is hopefully of good omen.

Enjoy the conference and let us start by handing over to Prof. Dacorogna for his talk.

Thank you.