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## **OECD-ADBI Roundtable on Insurance and Retirement Saving**

### **Agenda**

**22-23 June 2016**

**Tokyo, Japan**

The OECD's Insurance and Private Pensions Committee and its Working Party on Private Pensions have been developing work in the area of insurance and private pensions that addresses policy interests and emerging issues in these markets, and have been making policy recommendations based on evidence-based analysis. To better inform policy makers and private sector participants in Asia of the policy analysis that the OECD is developing, and to discuss key issues of the Asian market, the OECD and ADBI are holding a Roundtable on insurance and retirement savings to gather key stakeholders in Asian and discuss policy issues that would lead to the sound development of insurance and private pensions markets.

Given the development of economies and the demographic changes in some Asian countries, governments, businesses and households would benefit from having greater financial protection. The development of insurance and private pension markets provides an opportunity for the diversification of risk over time and among different participants.

#### ***Wednesday, 22 June 2016***

*9:00–9:30 Registration of participants*

**09:30–10:00 Opening Session**

**Opening address**

**Rintaro Tamaki**, OECD Deputy Secretary-General

**Takashi Hamano**, Assistant Commissioner, Financial Services Agency, Japan

**Naoyuki Yoshino**, Dean, ADB Institute

*10:00–10:15 Coffee Break*

**10:15–12:15 Session 1: Insurance and retirement saving market developments in the Asian region and analytical tools for better monitoring**

**Topics**

The OECD collects annual global insurance and private pensions statistics, and is the primary source of comparative data in these fields. Key trends identified in the statistical data collected is presented in the form of the annual Global Insurance Market Trends (<http://www.oecd.org/finance/insurance/globalinsurancemarkettrends.htm>) and Pension Market in Focus

(<http://www.oecd.org/daf/fin/private-pensions/globalpensionstatistics.htm>). While the coverage of these statistical exercises have increased substantially in recent years, there remains ample scope to extend the collection to more countries and more indicators of

insurance and private pensions market developments.

This session will look at how statistical data is being collected in the insurance and private pension markets in Asia, and what analytical tools could improve the monitoring of these markets by policymakers, regulators and market practitioners. The session will aim to support Asian regulators efforts' to ensure the availability of quality statistical indicators on insurance and private pension market performance and risks.

Issues for discussion:

- What have been the market trends and what are the main indicators that are being used in your market?
- What tools have regulators/supervisors used to monitor the markets?
- Are comparable data and indicators available in the market, and what would assist in the market being better informed?
- What challenges have been identified in terms of collecting and analysing data on insurance and private pensions market performance and risks?

**Moderator**

**Takahiro Yasui**, Head (Special Projects and Outreach Unit), Directorate for Financial and Enterprise Affairs, OECD

**Speakers**

**Leigh Wolfrom**, Policy Analyst, Directorate for Financial and Enterprise Affairs, OECD

**Suthiphon Thaveechaiyagarn**, Secretary General, Office of the Insurance Commission, Thailand

***Brief Statement:*** **Indrani Sugathadasa**, Chairperson, Insurance Board of Sri Lanka

**Rajkumar Renganathan**, Managing Director/CEO of Ceylinco Life Insurance Ltd

**Noriyuki Takayama**, Professor Emeritus, Hitotsubashi University

**Ohsang Kwon**, Director, Pension Supervision Office, Financial Supervisory Service, Korea

12:15–13:15

Lunch

13:15–15:15

**Session 2: What does developing an insurance market mean?**

**Topics**

Insurance can play a key role in providing financial protection and security for individuals. Despite these benefits, there remains significant scope for the further development of these markets in many Asian countries. The path of developing these markets can be diverse, but would ultimately contribute to economic and financial benefits.

This session will provide an overview of how insurance markets have developed, and what leads to the development of sound and safe markets. Institutional arrangement of supervision and regulation, as well as intermediation channels and risk awareness/financial education that would assist in improving the understanding and access to insurance product in these markets will be discussed.

Issues for discussion:

- What benefits can developed insurance markets bring in terms of economic growth and financial protection?
- How important are institutional arrangements for regulation/supervision in nurturing trust and confidence in the insurance markets?
- What are the commonly used method of intermediation/advice to purchase products, and what are the consumer protection implications of this?

**Moderator** **Bokhwan Yu**, Deputy Dean, ADB Institute

**Speakers** **Takau Yoneyama**, Professor, Hitotsubashi University

**Ekrem Sarper**, Vice Chair of Implementation Committee of IAIS

**Arup Chatterjee**, Senior Financial Sector Specialist, Asian Development Bank

**Hae Won Byun**, Research Fellow, Korea Insurance Research Institute

15:15–15:30

*Coffee break*

15:30–18:00

**Session 3: Different approaches to design a balanced public and private retirement provision**

**Topics**

Funded private pensions are complementary to public PAYG pensions. This complementary varies widely across OECD countries. In some countries, PAYG public pensions can play a major role in retirement income and thus funded private pension would play a smaller and likely voluntary role. In other countries, PAYG public pensions provide mainly a safety net. In this context, funded private pension have to play a major role in retirement provision and issues of design, solvency, coverage, and adequate regulatory and supervisory framework become essential.

In this session, the different approaches taken by OECD countries to balance public and private pensions will be presented, as well as learning the steps Asian countries are planning in the design of their pension systems.

Issues for discussion:

- How has the pension system been designed, taking into consideration the balance of the public and private pensions?
- Is it expected that the overall provision of pension will be sufficient for a retirement income?

**Moderator and speaker**

**Pablo Antolin**, Principal Economist and Head of the Private Pensions Unit, Directorate for Financial and Enterprise Affairs, OECD

**Speakers**

**Alizakri Alias**, Deputy CEO of Strategy, Malaysia Employee Provident Fund

**Nani P. Dharmayanti**, Deputy Director, Directorate of Pension Funds and BPJS Employment Supervision, Indonesia Financial Services Authority

**Yasuyuki Fujii**, Executive Director, Professional Practice Division, Ernst & Young ShinNihon LLC; and Chair, IAA Pensions and Employment Benefits Committee

**Peter Brady**, Senior Economist, Investment Company Institute

**Darren McShane**, Mandatory Provident Fund Schemes Authority (MPFA), Hong Kong (China)

Thursday, 23 June 2016

9:30–12:00

**Session 4: Institutional investors and long-term investment, and the impact of solvency modernisation initiatives**

**Topics**

Insurance companies and private pension funds as institutional investors are a source of investment that can provide much needed capital into the real economy and assets that would benefit from large investments. Also, given the long-term nature of the liabilities of insurance companies and pension funds, there is greater scope for them to invest long-term, creating opportunities for investments that would benefit from patient capital. On the other hand, the insurance and pension markets in Asian countries need longer-term investment instruments/vehicles to develop to match the liabilities of insurance companies and pension funds.

With this in mind, this session will focus on the barriers that may exist for insurance companies and pension funds in investing in the longer-term. For example, investment in infrastructure requires institutional investors to have expertise in project financing which may not necessarily be available. In particular, how solvency modernisation initiatives may be affecting investments in certain asset classes as well as how some have coped with this concern will be raised. Financial instruments with sufficient duration may not exist in the market, suggesting lost investment opportunities. Long-term government and corporate bonds can play a role as instruments for pension funds and insurance companies to match their liabilities, and finance public /private investment in infrastructure.

Issues for discussion:

- How have insurers and pension funds in the region achieved asset-liability management (ALM), especially for their long-term liabilities?
- What has been the experience in terms of the availability of assets with sufficiently long duration to match the liability structure?
- For countries that have implemented solvency modernisation initiatives, what has been the experience with investment allocation?

**Moderator**

**Mamiko Yokoi-Arai**, Principal Administrator, Directorate for Financial and Enterprise Affairs, OECD

**Speakers**

**Takashi Hamano**, Assistant Commissioner, Financial Services Agency, Japan

**John Huff**, US NAIC President Director

**Makoto Okubo**, General Manager, International Affairs, New York Representative Office, Nippon Life Insurance Company

11:00-11:30

*Coffee Break*

11:30-12:00

*Continued Session 4 and Q&A*

12:00–13:30

*Lunch break*

13:30–15:00

### Session 5: Policy considerations for annuities, mortality tables and longevity risk

The development of funded private pensions requires a design of the pay-out phase that takes into account the way funds accumulated are allocated in retirement. The OECD's has recommended that part of the assets accumulated be annuitised to provide protection from longevity risk. However, annuity markets and the supply and demand side of those markets needs to function well for this to take place.

This session will therefore discuss the type of annuity products and the type of guarantees they provide in different OECD jurisdictions and how lessons could be applied in Asia. In this context, the mortality tables used and whether they include future improvements in mortality and life expectancy, as well as the existence of financial instruments to hedge longevity risk, are key for the development of annuity markets.

Issues for discussion:

- What are the types of annuities and guarantees to them available in the market?
- What type of mortality table is being used and what improvements could be made?
- Do instruments exist in the market to hedge longevity risk?

#### Moderator

**Peter Morgan**, Senior Economist, ADBI

#### Speakers

**Jessica Mosher**, Policy Analyst, Directorate for Financial and Enterprise Affairs, OECD

**Henk van Broekhoven**, Senior Quantitative Analyst / NN-group, Netherlands

**George M. Gannon**, Vice President, Strategic Initiatives, International Insurance Division, Prudential Financial, Inc.

15:00–15:30

*Coffee break*

15:30–17:00

### Session 6: The emerging market of cyber risk insurance

#### Topics

Cyber attacks are a growing threat to governments, companies and individuals, both in developed and developing countries. The impact of such attacks is not limited to the direct victim, but can also broadly affect third parties. Cyber insurance can address the financial costs that arise from cyber attacks, assisting in the recovery of those affected. In addition, cyber insurance can support risk reduction by promoting mitigation and prevention measures.

Cyber protection could be provided in a different of diverse policies, but it mainly limited to the US market at this point. The OECD is developing a project reviewing the current market and the likely evolution of this market. As many governments try to booster cyber security, and given the role that cyber insurance could play, this session will discuss issues related to the coverage being offered as well as the affordability of policies for SMEs.

Issues for discussion:

- What is the perceived threat of cyber risk in the Asian market?
- What coverage is being provided in the market, and what demand may exist for alternative coverage of cyber risk?
- Do barriers exist to the provision of cyber risk insurance?

**Moderator and speaker**

**Mamiko Yokoi-Arai**, Principal Administrator, Directorate for Financial and Enterprise Affairs, OECD

**Speaker**

**Shaun Wang**, Professor, Nanyang Business School Director, Insurance Risk and Finance Research Centre (IRFRC) Nanyang Technological University

**John Huff**, US NAIC President Director

**Stella Tse**, Head of FINPRO Practice, Asia, Marsh (Hong Kong) Limited; and **Douglas Ure**, Managing Director, Practice Leader Asia, Marsh (Singapore) Limited

**17:00–17:30**

**Concluding remarks**

**Concluding remarks**

**Rintaro Tamaki**, OECD Deputy Secretary-General

**Naoyuki Yoshino**, Dean, ADB Institute

**17:45–20:00**

**Joint dinner reception for participants of Insurance and Retirement Saving Roundtable and Disaster Risk Financing Workshop**

Venue: Kazan Kaikan, Peony & Lounge Room

3 Chome 2-1 Kasumigaseki, Common Gate Building 37F, Chiyoda, Tokyo

Requests for further information should be addressed to  
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[www.oecd.org/daf/fin/insurance/OECD-ADBI-Insurance-Retirement-Asia-2016.htm](http://www.oecd.org/daf/fin/insurance/OECD-ADBI-Insurance-Retirement-Asia-2016.htm)