

# Insurance Risk and Finance Research Conference 2014

The third annual Insurance Risk and Finance Research Conference took place on Thursday, June 26, 2014. Consistent with its aims, the conference brought together industry professionals and academics from insurance and finance to exchange ideas on current developments in these fields.

This year's conference attracted submissions from 28 countries and featured speakers from 10 countries (Australia, Canada, China, Germany, Japan, Korea, Singapore, Taiwan, UK, USA), both from academia and from industry (such as insurance brokers and consulting firms). A total of 84 submissions were made for 15 competitive presentations.

The first keynote speaker was Professor Andrew Cairns of Heriot-Watt University, UK, one of the most influential academics on mortality and longevity. Presenting his most recent work on robust hedging of longevity risk, he explained the risks involved in longevity risk management and ways to address them. Such risks are expected to influence the Asia-Pacific region in the next several years.

The second keynote speaker was Dr Morton Lane of Lane Financial LLC, USA. He offered insights and excerpts from a recent book he edited on alternative reinsurance strategies. Providing a historical overview of the insurance-linked securities (ILS) market, he showed how the Asia-Pacific makes up a significant share of the global ILS market, with further growth in the region expected in the near future.

The third keynote speaker was Dr John Donghui Chen of PICC P&C, China. Dr Chen is actively involved

in developing the China Risk Oriented Solvency System (C-ROSS) and he discussed the challenges in dealing with insurance market volatility and growth while forming a new regulatory regime in China. These challenges include a fast-evolving market that renders historical data less useful and a slower evolution of the life insurance sector vis a vis the property and casualty insurance sector.

The first half of the conference included general interest presentations which provided insights on the following:

- Global insurance regulatory framework: Should such a framework be promoted, then differences in institutional frameworks across countries need to be accounted for.
- Implications for directors and officers insurance (D&O): Purchasing D&O insurance can help mitigate managers' risk aversion, hence firms may experience an increase in risk-taking activities which may be associated with higher returns for shareholders.
- Internal capital market (ICM) transactions: ICM transactions within large insurance groups typically involve flow of capital contributions and shareholder dividends within the group. ICM transactions help manage risk through business cycles (good and bad times).

The second half of the conference comprised two concurrent sessions with a major focus on life and non-life insurance topics. Participants were updated on recent developments in financial



Dr John Donghui Chen

engineering and actuarial modeling, as they are applied to topics such as mortality and longevity hedging, catastrophe risk financing, and risk in emerging markets such as China and India. Empirical investigations into topics such as actuarial independence in estimating loss reserves, and long-term care were also discussed.

Conference presentations and papers are available at this link:  
<http://www.nanyangbusinessschool.ntu.edu.sg/irfrc/irfrc2014/>

Presentations are also available upon request from Ms Valerie De Souza (vdesouza@ntu.edu.sg).

