

The Path Forward for Insurance Regulation

Insurance regulation reforms should aim to:

Improve safety and soundness

- **Supervision and risk-based capital requirements on a group-wide basis** can help ensure insurers contribute to financial stability.
- **Strengthen the responsiveness of regulation and resilience of insurers by harmonizing regulations.** Greater cooperation through supervisory colleges, a globally consistent capital standard, and equal treatment of parties in cross border transactions will best enable insurance companies and their customers to fully diversify risks.
- **Protect policyholders, not insurance companies,** by carefully constructing policyholder safety nets to protect consumers, while avoiding adverse incentive effects such as moral hazard.

Harmonize regulations across the globe

- **The ever-increasing global client base** underscores the need for a more harmonized insurance regulatory system that allows insureds to address their cross border risks in a comprehensive manner.
- **Today, regulatory fragmentation adds unnecessary costs and complexity** for insurance groups attempting to meet policyholder cross border needs, limits market expansion opportunities and adds further complexity to regulatory compliance.
- **Globally consistent regulation** will best give traditional insurers the ability to boost welfare, economic growth and financial stability.

The path to regulatory harmonization

Embrace globalization trends by working towards globally consistent regulation

- **Harmonize regulations to support growth:** Given the vital role insurance plays in economic development, Zurich firmly believes that sustained growth — for the economy as well as the insurance sector — will be found by embracing and engaging globalization trends and, more particularly, by current efforts to harmonize the regulatory trends within our sector.
- **Industry tipping point:** The sector is at a tipping point in that some nations are responding by prescribing stringent local requirements that may conflict with norms elsewhere. Efforts to harmonize regulations over the next several years will shape the sector for decades to come.

The IAIS ComFrame can best devise a framework for supervising IAIGs consistently and effectively

- **Group-wide supervision and capital standards:** We believe that supervisors must assess group-wide capital on a consolidated group-wide basis, and we support the application of a global group-wide capital standard to all IAIGs.
- **One supervisor per group:** We strongly believe there should only be one group-wide supervisor (per group) and better cross border cooperation among supervisors.
- **Streamline supervisory roles:** To avoid redundancy, ComFrame should provide clarity on supervisory roles with the group supervisor taking the lead and establishing principles for the supervision of IAIGs.
- **Maintain competitive balance:** ComFrame should seek competitive balance between IAIGs and non-IAIGs in the same jurisdiction.

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