September 13th 2019

**State Insurance Supervision Efficiency in a Frame of a New Solvency Regulation Approach**

Conference Organized by AIDA Insurance Legislation Working Group (AIDA Russian Chapter) within AEB Insurance and Pensions Committee

**Opening Words by Peggy Sharon, President of AIDA**

Good Morning, Dobre Utra,

It is an honor and pleasure to be here today and thanks to AIDA Russia's Insurance Legislation Working Group within AEB Insurance and Pensions Committee for organizing this conference on Insurance and Pensions regulation. To my knowledge, it has been a while since a conference of this kind has been held in Russia. It is great news that AIDA Russia is back into action as its events are of great importance, including our conference today.

My hope is that AIDA Russia will continue to organize local events which will attract both company insurance officers and lawyers practicing insurance, as well as participate and contribute to AIDA Europe and AIDA World meetings – the next conference will be held between the 3rd and 4th of October in Lisbon.

Insurance Supervision can be seen as having two main objectives. In Israel we say that the supervisor wears two hats: protection of the Insured and the securing of the Insurer's financial stability. However, the two objectives are not entirely separate. The Israeli Supervisor of the Capital Market, Insurance and Savings, when starting his new office in December 2018, said: "The biggest threat to Insureds is Insurer bankruptcy, and therefore Insurer stability is the main goal of Israeli Insurance Supervision, for the protection of the insureds" (Solvency II was officially implemented in Israel in June 2017, yet full implementation is due in 2024). The Insurance Supervisor regulated the cybersecurity, issued a directive concerning money laundering and also dealt with back-up plans for insurers for nature catastrophe events.

In various legal systems worldwide there is a state supervision mechanism for insurance activities. This is necessary in view of the specific characteristics of the Insurance market. These characteristics include the essentiality of insurance services, insurance's widespread distribution, the public interest in a wide and developed insurance market, along with power gaps and information gaps of insureds and insurers, as well as the complex and abstract nature of the insurance contract[[1]](#footnote-1).

Generally, the Insurance supervisor tries to achieve balance between two permanent values: on one side on the scale, the freedom of contract and property rights of insurers and brokers. On the other side, stands the protection of the insureds. The Israeli Supreme court concluded that protection of the insureds should be "the main consideration – the ultimate consideration" of the supervisor.

In life insurance and pensions, protection of the insured is a top priority as we are dealing with the individual's future-facing, long-term savings. One of Solvency II's key objectives is improved policyholder protection. This robust supervisory regime will give policyholders greater confidence in the products of insurers: risk based calculation gives Insurers a better picture of their risks and allows improved risk management, which eventually benefits the insured, which will be compensated in their time of need.

I hope that the lectures and panels by the distinguished speakers that will follow, will help broaden our horizons and deepen the understanding of regulatory frameworks, changes and issues deriving from the new Solvency approach. The meeting of minds and review of the variations and parallels will help comprehend the larger picture of State Supervision on Insurance.

Spasiva Bolshoy!

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1. [↑](#footnote-ref-1)