

RVS 2010 – CONFERENCE ‘CREDIT RISK IN THE REINSURANCE MARKET’
Abstract

FRANCO URLINI

Assicurazioni Generali

Definition of credit risk, mitigation of the risk, actors involved.

Introduction of the speakers.

JOACHIM OECHSLIN

Munich Re

The (re-)insurance industry has survived the largest credit crisis in almost 100 years relatively unharmed, with some notable exceptions. Nevertheless, the industry faces regulatory changes which are primarily motivated by and directed to other financial institutions, which may affect the industry adversely. Solvency II will bring more discipline to the insurance industry. The credit risk of reinsurance counterparties will further gain relevance under Solvency II. Going forward, insurers and reinsurers in particular shall pay attention to not provide naïve credit capacity in times of credit shortage.

ROB JONES

Standard & Poor's

When Standard & Poor's published its Global Reinsurance Highlights in 2009, we noted that reinsurers' balance sheets were recovering their poise after having been severely dented by the impact of credit spread widening on bond portfolios during 2008 and the first quarter of 2009. We believe that recovery is now virtually complete, that many reinsurers' balance sheets are more than restored to levels beyond their 2007 highs, and that share buybacks are back in vogue. However, all is not as rosy as it might appear. This presentation will explain how S&P conducts its credit analysis of reinsurers, the current profile of its ratings and outlooks, factors influencing current rating levels, a retrospective on 2009 and opinions on what 2010 and beyond will hold.

CLEMENT BOOTH

Allianz

Following the events of September 11th, the importance of reinsurer counterparty credit risk was reiterated as global players posted significant losses. Although counterparty credit risk was assessed at an Allianz entity level, an Allianz Group approach was defined and rolled out worldwide. Further to that, Allianz continued to see events affecting the security of reinsurers which tested the Allianz approach. Allianz learned from the financial crisis and is less dependent on ratings while also considering internal analysis and market perception which can be an early indicator. Despite the fact that most reinsurers have weathered the crisis relatively well, Allianz continues to monitor potential challenges for the future.