Global Challenges to Insurance Regulation and Resolution

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Prepared for

National Organization of Life and Health Insurance Guaranty Associations
Washington, D. C.

July 21, 2016

Structural Challenges

- Regulatory Capital: Bank=CET1 Insurance=High-Quality Assets, Reinsurance
- Functional-Framework Fragmentation: Some Activities Strictly Insurance Some Like-Kind to Banks, Asset Management, Pension Funds
- Designation v. Regulation: U.S. v. Global Approach
- Emerging Risks: Transformation of Finance to “Shadows”
- Resolution Objectives: Policy-Holder v. Financial Stability

Priority Strategic Decisions for U.S. Industry, Regulators

- Where should traditional insurance regulation and resolution start and stop in complex financial-services companies principally focused on insurance?
- How should risk weightings for insurance companies subject to the FRB be set? What capital instruments should count?
- Where is there intra-group contagion risk and how can it be ring-fenced without damaging franchise value?
- Which activities are like-kind to those in banks and how should like-kind prudential rules apply?
- Do current U.S. resolution protocols solve for non-traditional activities? If not, what would?
- Would robust resolution protocols addressing non-traditional risks solve for the challenges of implementing bank-like prudential regulation? If market discipline and guaranty associations are the answer, how to develop and demonstrate it?