



**ASSOCIATION DES COMPAGNIES
D'ASSURANCES ET DE RÉASSURANCES**

DU GRAND-DUCHÉ DE LUXEMBOURG

Conférence diplomatique

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1. The Luxembourg Insurance Market – unique, diverse, different

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❖ **Total Premium Income in 2013: € 33,84 billion (reinsurance included)**
(Direct insurance : € 22,62 billion)

(source: CAA)

❖ **5 different markets:**

- National Non-Life
- National Life
- International Non-Life
- International Life
- Reinsurance

⇒ Direct employment : 5600

❖ **Total of 332 companies:**

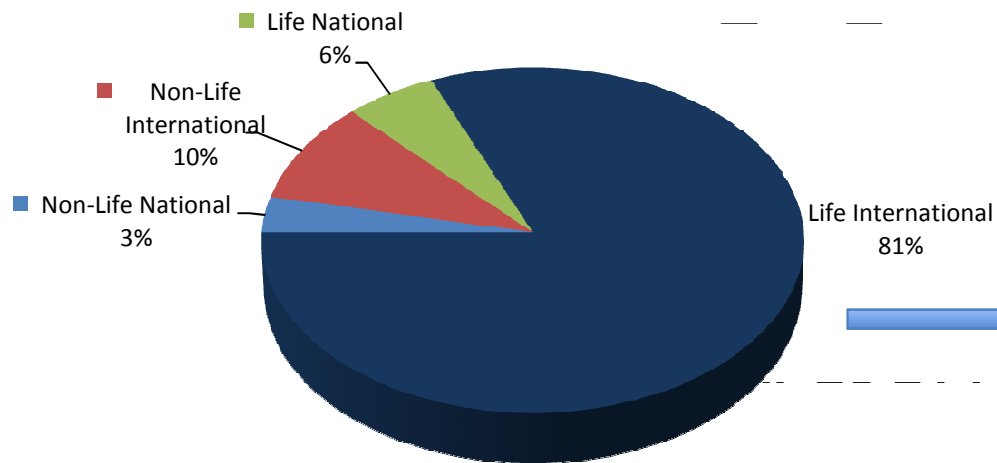
- ▶ Reinsurance companies: 237
- ▶ Direct Insurance: 95
 - 49 Life (37 working under FOS)
 - 43 Non-Life
 - 3 both active in life and non-life

(source: The Commissariat aux Assurances)

1. The Luxembourg Insurance Market – unique, diverse, different

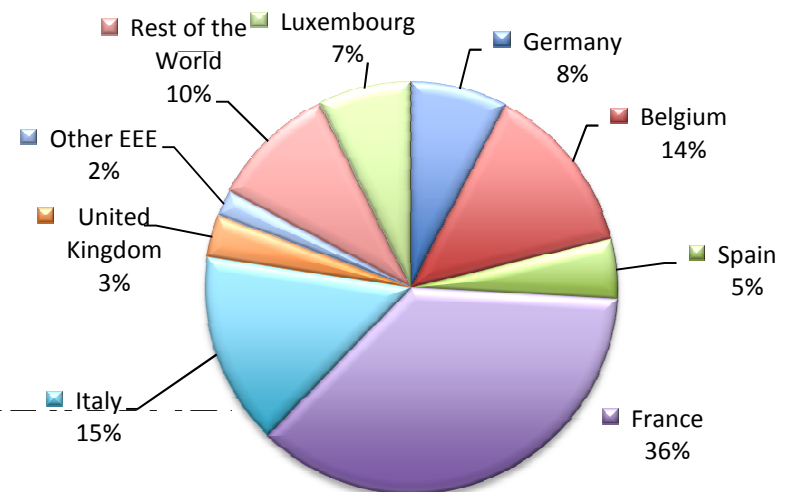
Facts & Figures

**Total Premium Income of Direct Insurance in 2013
(€ 22,62 billion)**



Source CAA

**Origin of premiums
(life insurance, estimation)**



Source ACA

	Non Life		Life		Total
	National	International	National	International	
Year 2013:	0,76	2,15	1,30	18,41	22,62

(estimation)
(amounts in billion Euros)

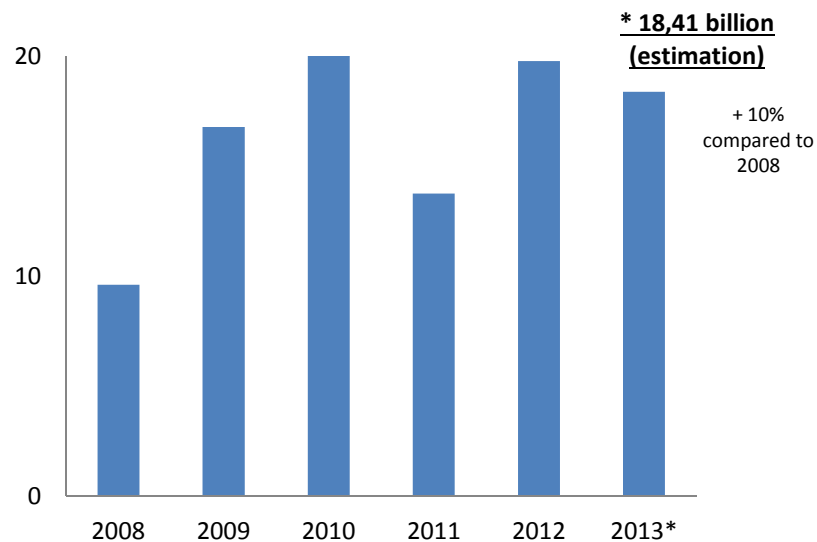
Source CAA

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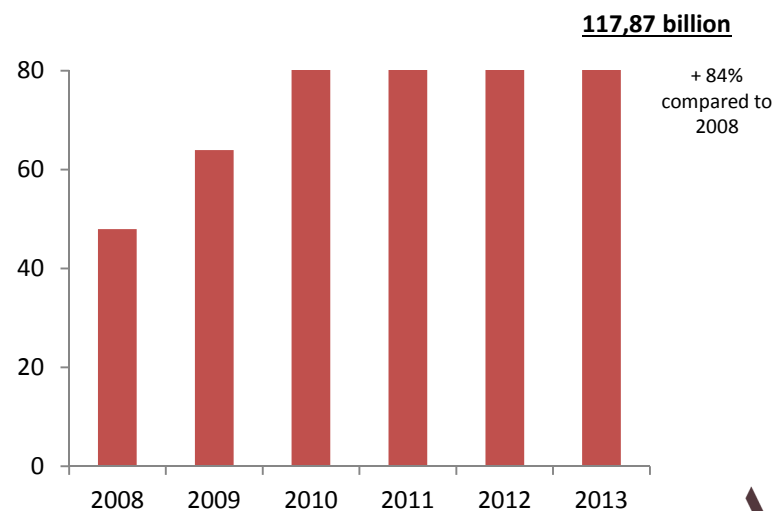
Facts & Figures

Evolution of the Life insurance market under the provision of Freedom Of Services (FOS)
(Source: CAA)

Premium income



Assets Under Management



2. Current major challenges faced by the industry

❖ **Preamble:**

- **5 diverse markets**

(different in size addressing different clients with different needs ...
⇒ different challenges)

- **Unique in Europe:**

Leader in the provision of life insurance products sold under FOS
(more than 81% of the Luxembourgian premium income)

2. Current major challenges faced by the industry

❖ **Uncertain economical environment**

- Macroeconomic data still fragile as to the regrowth in Europe
(growth indicators vary considerably amongst the countries of the European zone)
 - Long term interest rates of a historical low level
- ⇒ Less predictability as to the future profitability
- ⇒ In general: lower margins and higher costs

2. Current major challenges faced by the industry

❖ **Strive towards a European regulator**

⇒ Particular concern for small and export oriented (niche) markets

❖ **Drive towards increased regulations (on a national and international level)**

- Solvency II (so-called “principle based”)

→ concern: respect of the principle of proportionality

- Packaged Retail Investment Products (PRIIPs)

- Insurance Mediation Directive (IMD2)

- Insurance Guarantee Scheme(s) (IGS) (potentially)

→ concern: creation of a (non-existing) systemic risk

- ...

concern:

- considerable increase of administration burden and related costs

- urge for transparency: puts at risk our current distribution channels

2. Current major challenges faced by the industry

❖ **Proliferation of initiatives as to the automatic exchange of information**

- ▶ On an international level:
 - Foreign Account Tax Compliance Act (FATCA) (US-led)
 - Common Reporting Standard (CRS) (OECD-led)

- ▶ On an international level:
 - European Savings Directive (EUSD) [current and future]
 - Administrative Cooperation Directive (DCA) [current and future]
 - ...

- ▶ On an national level:
 - For example : Italy, France, ...

2. Current major challenges faced by the industry

❖ **Fragmentation of the internal market, risk of “renationalisation” of the European laws**

⇒ Propagation of “*de facto*” barriers to the free provision of services

For example:

- Belgium: - obligation to declare life insurance contracts subscribed abroad
- Italy: - implementation of pieces of legislation nurturing legal insecurity (issue of reimbursement of tax, legislation with retroactive effects, uncertain application towards operators working under FOS)
- France: - difficulty to comply with the French legislation particularly if operating under FOS

For example:

- unclear legislation concerning the furniture of pre-contractual information
- impossibility for an FOS operator to consult the French organism missioned with the provision of data in presence of potentially identified so-called “dormant accounts”

3. Support of the Luxembourgian diplomatic representations

- ❖ Conduct of business intelligence prior to a potential economic mission
- ❖ Ability to rely on the know-how & expertise (and the premises) of the Embassies and Consulates if organising a targeted insurance-related briefing session

Questions and Answers ?

Thank you for your attention!

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