

Bold policymaker action is vital to close global protection gaps

Policymakers must act decisively to stimulate individuals to save more for their retirement, encourage the uptake of cyber risk insurance and mitigate the impacts of natural catastrophes and cyber risk, said Insurance Europe's newly elected president, Andreas Brandstetter, at the federation's 10th International Insurance Conference.

The conference, which is focusing on ways to overcome underinsurance and reduce the harm caused to economies and individuals by gaps in protection, is taking place today in Madrid.

In his opening remarks, Brandstetter warned how governments around the world face a huge challenge in providing for retired citizens. Changes in demographics mean the proportion of workers to retirees is decreasing in most countries, significantly impacting pay-as-you-go pension systems. In addition, many people are simply not saving enough for an adequate retirement income.

Brandstetter said that, worldwide, the gap is estimated to be a staggering \$70 trillion (€59 trillion). On this issue, policymakers must be bold. They need to be transparent about the state of public finances, and make it clear that people need to save more for their retirement. Policymakers must then encourage them to do so by providing the right incentives.

Brandstetter also outlined the scale of the underinsurance of natural catastrophe risk. For example, in 2017, natural disasters created losses of over \$300bn (€250bn), but only about a third of the losses were insured.

This means governments, companies — and individuals — faced a bill of around \$200bn (€170bn). In just one year. While insurers have a role to play, policymakers must take bold action to limit climate change, while also ensuring society becomes more resilient through adaptation to the effects of a changing climate.

On cyber risks, Brandstetter warned that insurers' ability to offer cover is being hampered by a lack of data on which to base their underwriting. He said that, if policymakers wish to shift risk away from society, they must make information on the nature of cyber-attacks available on an aggregate and anonymised basis. This would enable insurers to refine the protection they offer to clients.

- Ends -

Notes for editors

1. For further information, or to be added to our mailing list, please contact Richard Mackillican, policy advisor communications & PR (tel: +32 2 894 30 69, mackillican@insuranceeurope.eu).
2. You can also receive Insurance Europe's news and press releases by:
 - following us on Twitter @InsuranceEurope
 - signing up to the RSS feeds at www.insuranceeurope.eu
3. Insurance Europe is the European insurance and reinsurance federation. Through its 35 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of €1 200bn, directly employ over 940 000 people and invest over €10 100bn in the economy.