

Joanne Kellermann: Welcoming speech at the IAIS Conference 2014

Welcoming speech by Ms Joanne Kellermann, Executive Director of the Netherlands Bank, at the 21st Annual Conference of the International Association of Insurance Supervisors (IAIS), Amsterdam, 23 October 2014.

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Good morning ladies and gentlemen,

- I hope you all had an enjoyable evening last night. For those who arrived this morning, welcome to Amsterdam and to this year's IAIS Conference. My name is Joanne Kellermann and I have the honour of representing De Nederlandsche Bank or DNB and welcoming you as host to our beautiful city. The governor of DNB, Mr. Knot, regrets that he is unable to be here today to welcome you. However, he'll be able to attend the gala dinner on Friday.
- Amsterdam has played a key role in the cultural, nautical, financial and trading history of the Netherlands. In the 17th Century, the Dutch Golden Age, ships set sail from Amsterdam to trade across the globe. This boosted the economy of what was then known as the Republic of the Seven United Netherlands. Amsterdam became the trade and financial hub of the Netherlands and – as the Dutch like to believe – the trade center of the world.
- Insurance has a longstanding connection with maritime affairs and it is therefore no coincidence that the setting for the Gala Dinner tomorrow evening and sponsored by the Dutch Association of Insurers, will take place at the National Maritime Museum. There you will have a chance to learn more about our country's intense relationship with the seas.
- Two hundred years ago this year, King William the First founded DNB. At that time DNB was the first truly national credit institution incorporated to boost the ailing Dutch economy. Today, DNB is a central bank, part of the European System of Central Banks and member of the Single Supervisory Mechanism, as well as the prudential supervisor of the pension and insurance sector of the Netherlands.
- The IAIS, too, is celebrating an anniversary – it was founded 20 years ago. To mark this event, there will be special ceremony during the last session today. I believe the IAIS has put together an excellent and varied programme that will inform and inspire. The six panels of this conference bring together perspectives on the past, present and future of the insurance industry. Allow me to look briefly into that past and glimpse into the future. Insurance is a dangerous game; risk being the industry's business model. Ever since the merchants in Edward Lloyd's coffeehouse began covering maritime risks, the industry has helped others absorb the effects of damaging events.

In doing so insurers have helped people progress and businesses boom. Of course, as we at DNB know all too well: Those who deal within an industry based on trust and reliability must themselves show outstanding behavior. In other words: Insurers must adhere to the highest of principles.

- And luckily many of them do and more than that! I can give you several impressive examples of insurers stepping in to help rebuild and reimburse damages, even beyond what was promised.
- Take for instance a Lloyd's member named Cuthbert Heath: in 1906 a massive earthquake destroyed much of San Francisco.

Heath insisted on paying not just for earthquake damage but also for what was destroyed by the fires that raged thereafter for three days. He instructed his San Franciscan agent to pay all policyholders in full, irrespective of the terms of their policies. The agent followed his orders and the insured were promptly paid.

- More recently and closer to our home: just days after the tragic event of the downing of flight MH17 in July of this year – in which 298 passengers lost their lives, 198 of whom were Dutch citizens – Dutch Insurers collectively announced they would pay out all damages to policyholders, even if certain terms of their policies would prohibit this.
- And to give you a few more examples of the industry helping people to get back on their feet:
 - It paid out damages after cyclone Sandy flooded large parts of New York City;
 - It paid policyholder claims when floods and bushfires destroyed lives and properties in Australia;
 - and it helped people and businesses in Japan recover from the destruction caused by the 2011 tsunami.
- In doing so in all of these cases, the industry helped those in need and also cemented its reputation as a solid and reliable industry. This promptness to deliver gives people the means to carry on and businesses the confidence to start over.
- As for the future, it will be interesting to see how the insurance industry deals with new and emerging risks such as climate change, but also cyber-crime and reputational damage. Or how the advent of selfdriving cars will affect their business model.
- IAIS's role in in this cannot be overstated, as it sets standards for supervisors for the development and maintenance of fair, solid and safe insurance markets.
- I am confident that this conference will provide excellent platforms for insurers, regulators and supervisors to exchange ideas on these subjects and more, and to enhance our understanding of the key issues of the day.
- This morning His Excellency Jeroen Dijsselbloem, the Minister of Finance of the Netherlands and President of the Eurogroup, will be sharing with us his ideas on the subject of insurance and financial matters. I am very grateful for his making time, in what must be a very busy schedule, in order to speak to us today.
- In closing I would like to thank everyone who contributed to making this year's event possible, and I wish you all a successful and productive conference. And of course a pleasant stay with us in Amsterdam.
- Thank you.
- I will now give the floor to Mr. Peter Braumüller, Chairman of the IAIS, who will take you through the programme of the next two days.