APFF Symposium
Advancing the Agenda for Asia-Pacific Financial Development and Integration
Expanding the Role of Long-Term Institutions

APFF Work on Insurance and Retirement Income with focus on Regulatory and Accounting Issues

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Executive Summary

CONSUMERS
Mandatory Retirement Income System

INSURERS AND PENSION FUNDS

GOVERNMENT
Addressing the Aging Tsunami
Promote Sustainable Economic Development & Resilient Infrastructure
Enhance Disaster Risk Financing
Enhance Financial Inclusion
Reduce fiscal liabilities
Enhance Sovereign Rating

ALM
Long Term Returns

Liabilities

Assets

Disaster Risk Financing
Capital Market
Infrastructure Projects

ALM
Long Term Investments

Capital Market and Long Term Investments

Retirement Income & Longevity Solutions
Retirement Income and Longevity Solutions

- Responding to the needs of aging, while promoting capital market and infrastructure development

How can society catch up with drastic change in demographics?

Ensure adequate lifetime retirement income

Ensure adequate retirement savings

Facilitate Retirement Savings Demand

- Policy-making
- Tax measures
- Consumer education
- Product design
- Distribution channels

Facilitate Retirement Income Produce Supply

- Capital market
- Long-term investments
- Regulation
- Accounting
- Risk management

Capital Market & Infrastructure development

Regulatory and Accounting Issues

Regulatory issues

- Bank-centric regulations
  - Insurers play an important role as long-term investors and in the social security system

- Short-term oriented economic regime
  - Economic-based regime should have a long-term vision
  - Otherwise, unintended consequence may occur on long-term products/investments

- “One-size-fits-all” models
  - Different business models by economies

Accounting issues

- Volatility in the balance sheet and P/L
  - Assets-liabilities interaction

- Other issues for traditional long-duration contracts
  (i.e. complexity, consistency, transition, presentation)
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