



IAC-EIOPA Networking Event

Thursday, 6 February 2019, Ministry of Finance

Mr. Chairman of European Insurance and Occupational Pensions Authority

Honorable Minister of Finance

Mrs. Superintendent of Insurance

Dear friends, colleagues and guests

Good afternoon,

It gives me great pleasure to welcome you all on behalf of the Insurance Association of Cyprus, to today's event and thank you all for being with us today.

We have the honor and pleasure to host a very distinguished guest, Mr. Gabriel Bernardino, Chairman of the European Insurance and Occupational Pensions Authority. Mr Bernardino is now in his 8th year as chairman of EIOPA and I cannot think of anyone better placed than him to talk about the insurance industry in today's rapidly changing environment and to share with us his thoughts from the European Supervisor's perspective.

Mr. Chairman, welcome to Cyprus. Let me express our special thanks for your visit and our appreciation for your interest to get an "on the ground" understanding of the Cypriot market and exchange views on key issues of common interest with key market participants.

We are indeed very eager to share with you our views and experiences, especially in light of the unprecedented financial and economic crisis that we went through in the recent past. The haircut on deposits, the collapse in confidence, the sharp contraction in economic activity and the surge in unemployment levels had caused enormous difficulties for everyone, including insurance companies. It forced us out of our comfort zone and pushed us to work hard and in concert to weather the crisis while at the same time fulfilling our role and serving our clients with professionalism. The difficulty of working in such adverse conditions was further compounded by the large wave of EU regulation that coincided with the recession. The magnitude and complexity of laws such as Solvency II, PRIIPs, IDD and Data Protection absorbed a huge part of insurers' resources at the time where lots of resources were needed for crisis fire-fighting.

Thus, I think we are justified to take a bit of pride in the fact that our determination and efforts paid off and we have left the crisis behind us. Our economy is now on a firm growth path, unemployment has dropped to single digit numbers, and the country's credit rating has been repeatedly upgraded. The insurance industry's growth rate was higher than that of the general economy, at 7,2% for 2018, while premium income has caught up and rose above pre-crisis levels at approximately €875 million.

At the same time, we are very well aware of important internal and external challenges and risks and make sure that we carefully monitor developments, identify and assess



risks, and do what we can to manage them. As I already mentioned above, coping with much more regulation –sometimes over-regulation – presents a challenge, as does technological transformation, novel business models, the shifting of consumer behavior, needs and preferences, and the protracted low-yield economic environment to name a few. We are working on all these fronts, building the capabilities, systems and knowledge that will allow us to improve our services and to grow further.

I think it's important to stand very briefly on the report that EIOPA'S services were involved in preparing, regarding the integration of Cyprus insurance and pensions supervision in a new fully autonomous supervisory authority. We welcome this recommendation and in principle fully support. This fits well with the intention of the Government to proceed with the reform of the pension system in Cyprus. We are strong proponents of a system that makes use of all three pillars to deliver not only sustainable but also sufficient pensions and have repeatedly stressed the key role that insurers can play in achieving this objective.

We look forward to hearing Mr Bernardino's speech which I am sure will stimulate an interesting discussion.

Before giving the floor to our esteemed Minister for his address.

Dear Mr. Bernardino,

Once again, let me thank you for your presence here and I hope you enjoy your time in Cyprus.

Thank you.