

INSURANCE MARKETS

12-hour course

Jean-Michel Paul

Dr Jean-Michel Paul is the founder of Acheron Capital Ltd, a London-based independent Investment Management company that specialises in decorrelated strategies, in particular in the insurance-linked securities market. He is also a co-founder of Fintech companies in the insurance field. Previously, he held the positions of Head of Research Asia-Pacific for Rabobank and of Senior Analyst at Atlas Capital group. Dr Paul has co-authored several academic articles and is a regular columnist to Bloomberg.

Course Outline

Insurance is one of the largest and most profitable sectors of the financial markets. More powerful than ever, it is heavily segmented and regulated, and yet one of the most dynamic capital market innovation and fintech space.

After an overview of today's insurance industry, the course will examine how insurance evolved historically, and will derive the building blocks of what insurance fundamentally is. Participants will become familiar with the predominant insurance concepts and learn how to read and differentiate insurance companies balance sheets compared to other financial institutions. Different types of insurance contracts (universal life, whole life, etc) will be reviewed, with a view to understanding how their specificities are reflected in their accounting. A practical example will be reviewed in detail.

An understanding of the industry current set-up and its embedded regulatory framework will be developed. The insurance inefficiencies, the competitive environment and the arbitrage opportunities they generate will be reviewed.

Recent capital market developments in insurance products will then be examined, including capital market attempts to arbitrage the traditional insurance markets. Case studies of the Insurance Linked Securities (ILS) market will be examined in detail.

Finally, current structural challenges and developments to the industry will be analyzed.

At the end of the course, Participants will be able to:

- Recognize the current insurance market trends and market developments
- Identify key differentiating factors between insurance and banking institutions, in particular in reporting
- Understand the regulatory framework in place (Solvency II), its reasons, and its shortcomings
- Grasp the main types of insurance contracts
- Apply quantitative and analytical skills to value ILS contracts and securities
- Master insurance concepts and related professional terminology.

Course Structure

- I. Insurance Market Overview
 - a. Insurance compare to other financial markets
 - b. Geographical, Product segmentation
 - c. Key numbers
- II. What is Insurance
 - a. Historical review of How Insurance evolved
 - b. Derived definition of key concepts behind insurance
 - c. Understanding of regulation specifics
- III. Modern Insurance Industry review
 - a. Modern Insurance industry set-up
 - b. Participants review
 - c. Predominant insurance concept and terms
- IV. Insurance contracts
 - a. Types of contracts
 - b. Concepts
 - c. Detailed review of one insurance contract
- V. Insurance Regulation
 - a. Review of need of regulation
 - b. Current regulation – Solvency II
 - c. Arbitrage and distortion created by regulation
- VI. Insurance Balance Sheet
 - a. Review of Insurance Balance Sheet
 - b. Comparison with banking sector
- VII. Insurance Market going forward
 - a. Financial sector challenge – ILS, consolidation
 - b. Technology Challenge – Fin tech
- VIII. ILS (case Studies)
 - a. Case Study Life Settlements
 - b. Case Study Cat Bond market