Hogan Lovells

Insurance Horizons

2018

Introduction

Welcome to our 2018 Insurance Industry Horizons brochure.

In this brochure, we cover key trends and issues in the insurance industry, and legal and regulatory changes to look ahead to. We have also included focuses on M&A, sanctions, blockchain, insurtech in Asia and micro-insurance.

As a global insurance industry team, we aim to follow industry trends and developments as closely as possible in order to deliver well-informed perspectives and thought leadership to our clients and contacts. This is at the heart of our vision to be a bold and distinctive law firm creating valuable solutions for our clients.

Charles Rix
Partner
London

Band 1

Insurance
Chambers UK

Technology

There are so many different ways in which technology could change the insurance industry. Claims modernisation, with better use of artificial intelligence and robotics, is a priority for some insurers. Big data has the potential to change approaches to underwriting and claims assessment. New products are emerging such as on-demand insurance and car insurance based on telematics rewarding policyholders with lower premiums for good driving. There are similarities here with health insurance where a healthy lifestyle can be rewarded with lower premiums. There is also the opportunity to deliver insurance products to customers through new distribution channels and new voice-recognition technologies, and claims-handling processes are being improved through the use of drones. Many of these changes also deliver cost savings for insurers and reinsurers.

But adopting these new technologies is not entirely straight forward, and one issue which appears to be getting in the way is legacy IT systems used by insurers. This appears to have contributed to the creation of two parallel insurance worlds, with the established insurers looking carefully at how they might change their businesses and the newer players like Lemonade basing their businesses on those new technologies.

The impacts of technology on the insurance industry may not be what we expect, in fact in some ways they may be positively old-fashioned. Look for example at the distribution capability of Amazon. A few years ago, Morrisons, a UK supermarket, entered into a distribution arrangement with Amazon under which Amazon agreed to distribute Morrisons' products. The idea of going online and buying your groceries with one click isn't new, but when it's linked to Amazon's customer base and platform, it becomes enormously powerful. But if you are Amazon, why wouldn't you set up your own insurance company? The answer is: they have.

Insurers recognise they have to innovate to remain relevant

Key trends

Interest rates

The key economic issue for some time now for the insurance industry has been low interest rates, particularly for life insurers. Low interest rates affect investment returns and make policy guarantees relatively more expensive.

Insurers appear divided on investment strategy – some favour looking for better yields in non-conventional investments such as infrastructure and loan portfolios whilst others appear to have been put off by high capital charges under Solvency II and prefer a more conservative investment strategy. A statistic we have used before to illustrate the significance of the investments made by insurers is that the combined assets under management of European insurers was €9.8tn in 2015, equal to 61% of the EU's total economic output.

It will be interesting to see how significant the uptick in interest rates will be this year, and whether rates fall again after a spike. Similarly, the performance of stock markets over the next 12 to 18 months could well create issues for insurers, as could an economic downturn. There has been plenty of commentary on how current monetary policy leaves policymakers few options to deal with a recession.

Key trends

Protectionism

When we think of protectionism, the instinct is to think of the U.S. but with the execution of the EU/U.S. Covered Agreement in January 2017, that would not be entirely accurate for the insurance industry. Certainly, recent statements from President Trump in relation to trade tariffs and changes in U.S. tax law appear to herald a new era of protectionism. The U.S. has also stepped back from the Trans-Pacific Partnership (TPP) agreement and has called for a renegotiation of the North American Free Trade Agreement (NAFTA). However, it is fair to say that the issue of protectionism via regulation is not a one-way street and can be easily held against other jurisdictions in the world. The execution of the Covered Agreement in January 2017 represents a major step towards the elimination of collateral requirements for reinsurers operating on a cross-border basis in the U.S. and the EU.

In November 2011, U.S. States through the NAIC revised the model laws governing credit for reinsurance to reduce reinsurance collateral requirements (determined on a sliding scale) for certified non-U.S. licensed reinsurers that are licensed and domiciled in qualified jurisdictions. Prior to these amendments, in order for domestic U.S. ceding companies to receive reinsurance credit, the reinsurance must either have been ceded to U.S. licensed reinsurers or secured by collateral representing 100% of U.S. liabilities for which the credit was recorded.

The Covered Agreement now seeks to eliminate collateral requirements altogether for EU and U.S. reinsurers operating on a cross-border basis. The path to implementation may not be straight forward however as U.S. States will need to take collective action with respect to reinsurance collateral reforms within a tight timeframe of 60 months (five years) or risk face potential federal pre-emption.

Protectionism also arises in many emerging market countries, for example through rights of first refusal obliging local insurers to cede their risks to local reinsurers, the imposition of withholding taxes on premiums ceded internationally and collateral requirements. Rules requiring the cession of risks to local insurers and reinsurers apply in China, India, Indonesia, many African countries and in Brazil, Ecuador and Argentina. Between 2013 and 2015, London's premiums from emerging markets fell from US$10.5bn to US$9.3bn, against strong growth in those markets. That said, the growth potential of emerging markets remains attractive to many global insurers and reinsurers, as demonstrated by the number of insurance licences granted by Irda, the Indian insurance regulator, in the last few years.

The issue of protectionism via regulation is not a one-way street

In some respects, Brexit can be seen as a barometer for protectionism both in the deal the UK strikes with the EU and in the trade deals it strikes with the rest of the world, including its own Covered Agreement with the U.S. (the UK will fall outside the existing Covered Agreement between the EU and the U.S. when it leaves the EU). The UK is the fourth largest insurance market in the world and the largest in Europe with a total premium value in 2016 of just under £225bn. To put this in context, the world's largest insurance market is in the U.S., with £998bn of premium income in 2016 – roughly four and a half times the size of the UK market. The UK is also the world’s leading exporter of insurance and long-term savings, selling £13bn more to the rest of the world than it buys. The benefits that the UK insurance market offers the rest of the world are significant.

One possibility that Brexit raises is that the UK will move away from Solvency II post-Brexit. There are, in fact, a number of areas where the UK could relax its regulation of the insurance industry without needing to step back from the Solvency II framework. With Solvency II an increasingly global benchmark, to step back from Solvency II could have an adverse effect on the reputation and competitiveness of UK insurers. This also seems unlikely given that the UK can arguably be considered the inspiration for Solvency II having been the first to introduce individual capital adequacy standards and that legal or *de facto* equivalence will also probably be important to the UK, post-Brexit. Another possibility is that the EU will itself make changes to Solvency II as part of its review in 2020, which the UK will need to adopt if it is to stay in line with the EU.

Precisely what the UK's insurance industry relationship with the EU will look like post-Brexit remains unclear. The UK Government's current proposal is for mutual regulatory recognition in financial services and insurance but without passporting rights and with the UK outside the single market and possibly the customs union. The arrangement would be intended to be permanent and hence reliable for businesses (unlike the status of equivalence which could be withdrawn by the EU at any time). This would be similar to the Covered Agreement between the EU and the U.S. and arrangements between the EU and Switzerland.

Key trends

Excess capacity in the reinsurance market

Excess capacity has been an issue for some time now, mainly as a result of greater capital markets investment, particularly through catastrophe bonds. Reinsurers had hoped that the extraordinary loss experience caused by a very severe hurricane season and Californian wildfires in 2017 would result in an increase in rates, but that has not happened or not to the extent expected. Reinsurers have also borne the brunt of the 2017 losses – U.S. property and casualty insurers appear to have survived in good shape.

The question then for reinsurers is – where to from here? One solution might come in the form of new technology which could result in cost savings, for example blockchain technology which might offer cheaper and more efficient processing, and better underwriting. But technology is also a threat for the reinsurers if it facilitates the transfer of new classes of risk to the capital markets through insurance-linked securities. This includes better use of artificial intelligence and machine learning to better understand underwriting risks, the creation of marketplaces to bring counterparties together and better management of insurance risk portfolios for investors. Recent model innovations for inland flood, for example, can improve modelling of European and U.S. flood risk and help design and price structures correctly that can successfully transfer risk to ILS investors. It may be too soon to anticipate a world where the capital markets play a more significant role and reinsurers focus on more specialised areas, but that is one possible outcome.

Another opportunity for reinsurers might be the protection gap in property risk in both the developed and emerging markets, an issue which has come back to the fore following the 2017 hurricane season. It is said that less than 12% of U.S. homeowners have flood insurance, leaving $10bn of flood losses uninsured in 2016. Other areas which reinsurers could look to for growth are understood to be product recall, reputation risk, weather protection and business interruption.

Reinsurers have borne the brunt of the 2017 losses

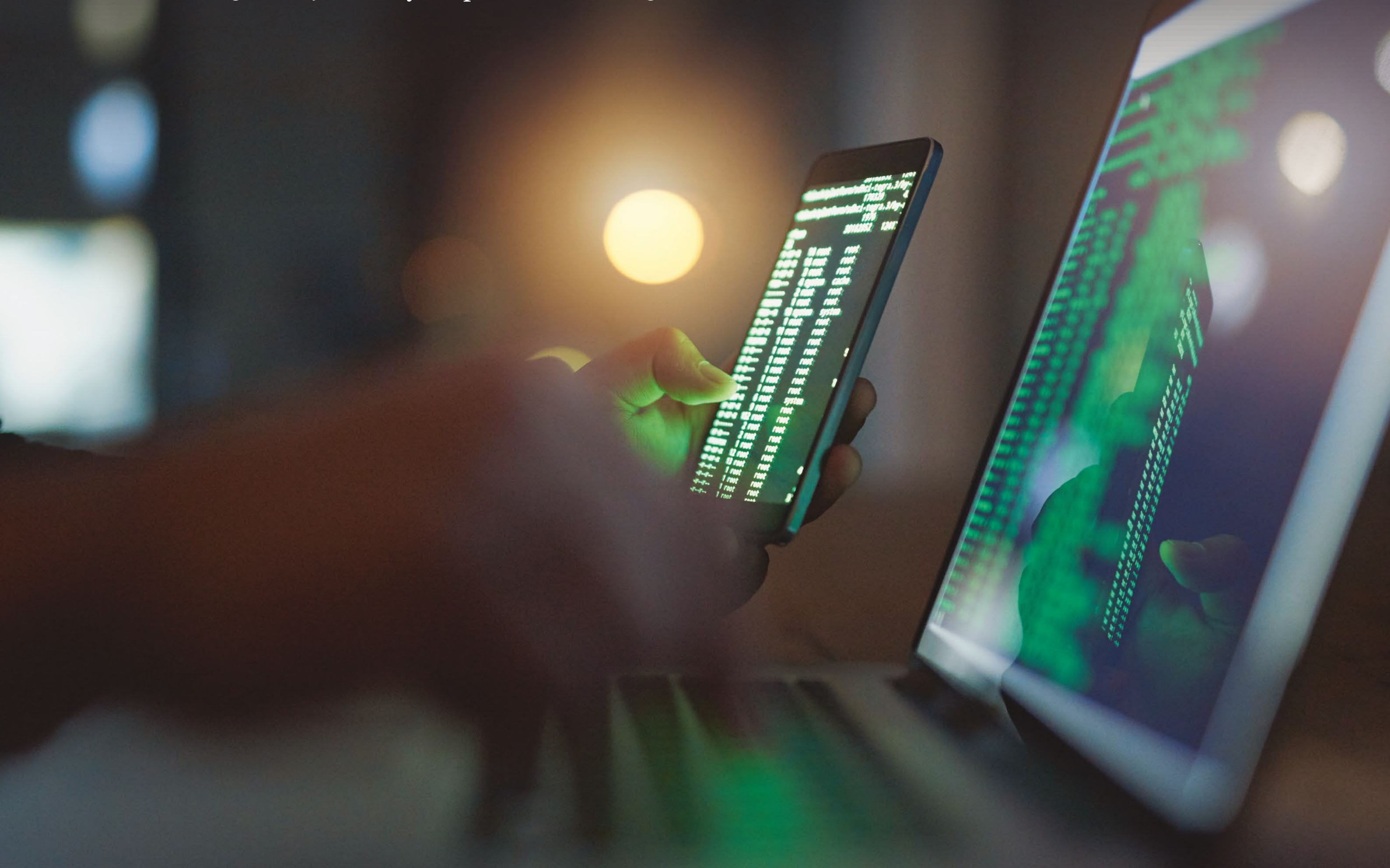
Cyber risk

Cyber is both an opportunity and a risk for insurers. The risk comes in the form of potential cyber-attacks on insurers themselves, with legacy systems potentially vulnerable.

The opportunity for insurers is growth in the cyber insurance market, and it's not difficult to see why. Data breach incidents are highly damaging to a company's brand and result in significant fines and remediation requirements – the cost of a major, global cyber-attack could be on a par with a catastrophic natural disaster. A study conducted by Aon in 2017 estimated that the global cyber insurance market in 2015 was worth US$1.7bn in annual gross written premium. Yet the market is still in its infancy with relatively low levels of market penetration, albeit with high use of cyber insurance in some sectors such as financial institutions. The U.S. is by far the largest market accounting for approximately US$1.5bn or 90% of cyber premium in 2015.

In Europe, the cyber market is considerably smaller with US$135m of premiums but with the General Data Protection Regulation expected to be a catalyst for growth. For now, the lack of penetration means that the insurance industry avoided being on the wrong end of significant claims for the NotPetya and WannaCry leaks.

Cyber risk is also being taken seriously by insurance regulators. In July 2017, the UK's Prudential Regulation Authority laid out new rules which require board-level oversight of cyber exposure and told insurers to conduct regular stress tests to measure what would happen if a large number of cyber claims were made at the same time. The PRA also required insurers to consider the extent to which they had hidden exposure to cyber risk in standard insurance policies rather than specialist cyber products and told insurers to clarify their wordings.



Key legal and regulatory changes on the horizon

UK

Brexit	The UK is due to leave the EU on 29 March 2019 and will then enter a transitional period which will expire on 31 December 2020.	The parties will now move to the next phase to negotiate the terms of their future relationship, including a trade agreement. Agreement should be reached by October 2018 to give EU members and the UK time to ratify the agreement.
New accountability requirements – extension of the senior managers and certification regime to insurers	The new requirements, which build on Solvency II governance provisions, will come into force on 10 December 2018.	The UK regulators have consulted on how the regime will apply to insurers and final rules are expected this summer.
Autonomous vehicles – development of regulation and reform of existing legislation to promote the use of AVs	The Law Commission has begun a three-year project to reform the existing legal framework to support and facilitate the use of AVs. It aims to have legislation ready in 2021.	The Automated and Electric Vehicles Bill which will make changes to the compulsory motor insurance framework is currently progressing through Parliament.

EU (including the UK)

Implementation of the Insurance Distribution Directive in the UK

The Directive must be transposed by EU member states by 1 July 2018.The application date has been delayed to 1 October 2018.

Review of the Solvency II Directive and Solvency II Delegated Regulations

The European Commission is considering changes to the standard capital requirements due by the end of 2018. These will include changes needed to take into account the new legal framework for securitisations which will apply from January 2019.

The Solvency II Directive is due to be reviewed in 2020.

Implementation of the General Data Protection Regulations (GDPR) and E-Privacy Regulation

The GDPR will come into force on 25 May 2018 and will apply directly in all EU member states. The E-Privacy Regulation was due to come into force at the same time but has been postponed.

Hong Kong/China

Hong Kong: Licensing regime in relation to insurance intermediaries	The Hong Kong Insurance Authority will assume full regulation of insurance intermediaries (brokers and agents) by June 2019, including a licensing regime.	The provisions of the Insurance Ordinance implementing the new licensing regime have been finalised, but are not yet in force. The Insurance Authority is expected to issue guidelines in relation to the new regime following consultation with the industry.
Hong Kong: Risk-based capital regime	A risk-based capital regime for insurers is likely to come into effect by 2022.	The Insurance Authority is currently consulting on the detailed rules for the capital regime and it is expected that drafts of the detailed rules will be published, and further consultations/quantitative impact studies will be conducted, between 2018 and 2021.
Mainland China: Increased limit on ownership of Chinese life insurers	It is planned that foreign investors will be permitted to own a majority stake (up to 51%) of Mainland Chinese life insurers by 2020.	The current limit on the shareholding of foreign investors is 50%. The increase in the permitted shareholding percentage was announced in 2017. The intention is for the limit on shareholding to fall away completely in 2022.

United States

EU/U.S. Covered Agreement

U.S. States through the NAIC plan to amend the model credit for reinsurance laws in 2018 to eliminate reinsurance collateral requirements for EU reinsurers assuming U.S. insurance business.

The NAIC is considering extending the collateral reform provisions of the Covered Agreement to other non-EU qualified jurisdictions (currently, Bermuda, Switzerland and Japan) that agree to recognize the U.S. group supervision and group capital regime.

New York: Suitability in Annuity Transactions

The N.Y. Department of Financial Services is in the process of promulgating regulations that would require insurance producers selling annuities and life insurance to ensure the transaction is in the "best interest" of the consumer.

The heightened fiduciary standard proposed under the regulations (which currently is subject only to a "suitability" standard) could result in some insurers withdrawing or modifying the sale of certain annuity and life products.

NAIC: Exploring Insurers' Use of Big Data

In 2018, the NAIC will consider modifying the use of consumer data in marketing, underwriting, claims settlement, and pricing for property and casualty, health, and life/annuity products.

The NAIC is also actively reviewing the insurance industry's use of emerging technologies—like the Internet of Things (IoT), mobile technology, artificial intelligence (AI), wearable devices and blockchain.

International

New accounting requirements – IFRS 17 requires all insurance contracts to be accounted for on a consistent basis to enable investors to better compare insurers' risk exposure, profitably and financial position

IFRS 17 will apply to annual reporting periods from 1 January 2021 but companies may apply it earlier.

The International Association of Insurance Supervisors ("IAIS") is developing the Common Framework ("ComFrame") for the supervision of Internationally Active Insurance Groups. It will include a global insurance capital standard

The IAIS is scheduled to adopt ComFrame by the end of 2019, with implementation in 2020.

Insurance M&A in the UK

2017 was a mixed year for M&A transactions in the insurance sector in the UK. We saw fewer transactions in 2017 than in 2016 although aggregate deal value for those transactions was higher than in 2016.

Deal activity was certainly affected by the global macroeconomic picture. Although, as the continued deal activity shows, both buyers and sellers have adjusted to the continuing uncertainty and continue to execute those transactions which are right for them. In particular, we're seeing a growth in transformative and disruptive transactions which are being used to innovate core business models and mitigate against technology disruption.

Take Standard Life's US$13.5bn merger with Aberdeen Asset Management – this was the largest transaction undertaken in the sector in the UK in 2017 and represented a significant change in direction for Standard Life. Standard Life Aberdeen will continue its transformation from mutual insurer to an investment fund business in 2018, following its announcement in February that it will sell its insurance operations to Phoenix.

And insurers are also responding to the technological disruption in the market: insurers recognise both that they have to innovate to remain relevant and that they are under threat from giants such as Amazon and Apple. And this certainly encouraged M&A activity in 2017 and will continue to do so in 2018.And whilst, to date, InsurTech transactions have tended to take the form of partnerships or strategic investments, we're now seeing a move from "investor to owner" through outright acquisitions, including Traveler's acquisition of UK tech-based broker, Simply Business.

Increasing interest from private equity and other alternative investors (such as pension funds) in certain parts of the insurance sector also contributed to M&A activity levels, particularly through the acquisitions of closed book annuity and life insurance. Continued consolidation within the insurance broking market (which was probably one of the most active sectors for insurance M&A in 2017) also proved to be an area of interest for private equity and other alternative investors as demonstrated by Canadian pension fund Caisse de Depot et Placement du Quebec's acquisition of a minority stake in Hyperion (the UK insurance and reinsurance broker) for US$400m.

Nicola Evans
Partner
London

Insurers are responding to the technological disruption in the market

Insurance M&A in the U.S.

A resurgence of private equity and other non-strategic investment interests in various parts of the U.S. insurance market drove a large number of transactions during 2017 including CF Corp's US$1.8bn takeover of Fidelity & Guaranty Life, on which Hogan Lovells advised, and Voya's sale of its closed book annuity business to a consortium including affiliates of Apollo, Crestview and Athene for US$1.1bn. On the P&C side, Intact's US$1.8bn acquisition of OneBeacon and Assurant's US$2.5bn acquisition of The Warranty Group signaled that specialty insurers remain appealing acquisition targets.

Looking forward, we expect 2018 will bring further consolidation in the reinsurance and P&C markets, particularly among specialty carriers, and continued disposals of run-off and non-core businesses by U.S. insurers seeking to restructure around core products or shed underperforming blocks. Investments in InsurTech targets are expected to increase exponentially. AIG's agreement to acquire Validus for US$5.6bn in January 2018 and AXA's announcement in March of its agreement to buy XL for US$15.3bn is evidence of this phenomenon.

Specialty insurers remain appealing acquisition targets

On the insurance regulatory front, 2017 saw the U.S. enter into a bilateral "covered agreement" with the EU which, among other things, calls for the elimination, within a 5 year period, of reinsurance collateral requirements for U.S. insurance business assumed by qualified EU reinsurers. The elimination of reinsurance collateral for EU reinsurers will likely result in lower reinsurance costs and help drive an even greater percentage of U.S. reinsurance business to the EU, which on a consolidated basis already is the largest U.S. insurance trading partner.

Also in 2017, a number of U.S. states have enacted or proposed legislation which, similar to "Part VII" transfers in the UK, effectively allows an insurer to split into multiple distinct legal successor entities or otherwise novate policies from one insurer to another following court approval. If they gain traction, these statutes could become a viable alternative structure to complex reinsurance transactions typically employed in the sale of a block of business to a third party.

Robert M. Fettman
Counsel
New York

Insurance M&A in Germany

Compared to the UK and the U.S., Germany has never been known as a particularly active Insurance M&A market, despite its size and diversity, and despite the need for consolidation. However, two current trends are worth mentioning.

Some new market entrants have declared that they want to be perceived as truly 'digital' insurers. Some of these entrants are sponsored by well established insurers, as is new health insurer Ottonova by Germany's largest life & health mutual, Debeka. Whether these market entrants will change the market remains to be seen – one of these already has conceded that the original concept has been adapted by a mix of 'digital' and 'conventional' features. At the same time, a large number of the conventional insurers and reinsurers have strengthened their efforts in reaching out to and cooperating with InsurTechs, established digital factories and even carriers themselves and thus have become a force in the digital development of the insurance industry.

In the run-off sector, there has been an increase in activity. Whilst smaller portfolios – either by way of a portfolio transfer or by way of a share deal – have been subject to deals in recent years, the further development of the German run-off market may depend on whether a large portfolio is sold.
The development of the run-off sector has attracted the interest of consumer protection agencies, the regulator and politicians, and it remains to be seen whether or not the German Parliament will involve itself.

Christoph Küppers
Partner
Düsseldorf

A view from Asia on InsurTech

InsurTech is a buzzword around the globe, but Asia is the region that seems to be leading the way in terms of implementation on a large scale. In 2017, Chinese online insurer Zhong An raised US$1.5bn in a Hong Kong IPO. Zhong An is understood to have sold over 7 billion insurance policies and to have 492 million policyholders in mainland China at the time of its IPO.

Also in 2017, the Singapore insurance regulator permitted non-advised online sales of all types of life insurance, and the Hong Kong insurance regulator created an InsurTech sandbox and a priority authorisation process for pure online insurers. Insurance companies across the developing economies of South East Asia are also pursuing InsurTech opportunities with great speed.

Asia is a particularly attractive market for InsurTech for several reasons. Asia is the most populous region in the world, and 12 years from now two thirds of the global middle class are projected to live in Asia. There are a very large number of uninsured consumers in a rapidly developing region that is geographically dispersed and where the infrastructure for traditional distribution of products is not comparable to that in the more established economies of Europe and America. Combine this with a large proportion of young, tech-savvy consumers and it becomes clear why the potential for InsurTech is so enormous in Asia.

Insurance and data privacy regulations are still catching up with the trend, but many Asian regulators have already issued regulations specific to online sales or other aspects of insurance technology. It will be interesting to see to what extent a common standard emerges, or regulatory arbitrage takes place, among Asian jurisdictions. We are already receiving an increasing amount of InsurTech-related instructions in Asia, and no doubt this is a trend that will continue for many years to come.

Jan Buschmann
Senior Associate
Hong Kong

Two thirds of the global middle class are projected to live in Asia

Businesses will need to review their sanctions compliance procedures

UK sanctions post-Brexit

Most UK sanctions originate from UN Security Council resolutions or measures imposed by the European Union implemented through powers contained in the European Communities Act 1972 (the "ECA").The Sanctions and Anti-Money Laundering Bill 2017 (the "Bill") was introduced into Parliament in late 2017 to ensure that the UK can continue to impose sanctions as required under the UN Charter and to support its own foreign policy and national security objectives when the ECA is repealed.

A significant feature is that it allows for flexibility in the adoption and implementation of sanctions in the UK. This has upsides and downsides. For example, the Bill allows for the imposition of sanctions via secondary legislation proposed by Ministers. This will allow for rapid adoption of measures in response to foreign policy developments, but could erode Parliamentary scrutiny in turn potentially giving rise to challenges to the legislation or interpretive uncertainty – which may increase compliance costs.

Similarly, the Bill also allows for designating persons under asset freezes "by description" rather than expressly naming them. Businesses will need to re-calibrate due diligence procedures to address issues such as these. By contrast, the current licensing system is narrow and inflexible – the Bill introduces a new system for permitting otherwise prohibited activities allowing UK authorities to issue licences in a broader range of circumstances as well as general licences, marking a shift towards the U.S. approach. This all signifies an enhanced role for the UK regulator, OFSI, and the English courts, echoing legislative changes introduced by the Policing and Crime Act 2017.

Significant elements of the UK's sanctions framework will remain unchanged and the Bill will not create new sanctions policy in the UK or alter existing regimes, but businesses will need to review their sanctions compliance procedures so that they remain fit for the post-Brexit world.

Jamie Rogers
Counsel
London

Insurance & blockchain

Blockchain will undoubtedly have a profound impact within the insurance industry in 2018, as numerous insurers look to blockchain-enabled platforms to deliver innovative, trustworthy and cost-cutting solutions.

One prominent example of the potential of blockchain technology in the insurance industry is the launch of LenderBot, the result of a joint venture between Deloitte, Stratumn and LemonWay. The proof of concept micro-insurance platform uses blockchain to insure products that were previously near impossible to insure, particularly high value products and services exchanged in the sharing economy (such as AirBnB accommodation or Uber journeys).The service works through a Facebook Messenger chatbot and uses blockchain to serve as a trusted third party in the transactions.

Blockchain can also improve other areas of the insurance value chain through the use of smart contracts. Take for example a car insurance claim; a customer involved in an accident can be directed to an authorised garage through an app on their phone, where the mechanic will then inspect the car and post a damage assessment and repair cost estimate to the blockchain. The claim can then be automatically initiated, cover verified, and the repair approved (or denied), while fraud detection software identifies duplicate claims. Once the garage repairs the vehicle and confirms the cost on the blockchain, the claim can be settled automatically. Processes such as this can mean that no human involvement is required at all on the side of the insurer other than setting up of the smart contract in the first place, resulting in huge cost savings. AXA also has a pilot travel delay insurance policy known as "fizzy" which provides insurance for delays over a certain period for flights between France and the U.S. which pays out automatically where there has been the corresponding delay.

While regulatory, data privacy and security developments still cause concern for insurers, the popularity of blockchain-enabled InsurTech companies looks set to accelerate during the course of 2018.

John Salmon
Partner
London

Delivering innovative, trustworthy and cost-cutting solutions

Focus on Micro-insurance

Often ignored but an increasingly important part of the global insurance market is micro-insurance. Across the three major micro-insurance regions of Africa, Asia and Latin America, micro-insurance coverage is growing strongly. Targeted at households with low-income levels, customers pay smaller premiums owing to the lower value assets covered, latest figures indicate micro-insurance to have covered 281 million lives and properties per year and to have generated annual premiums worth US$2.4bn.

There are essentially three main distribution channels for micro-insurance as follows:

- Financial institutions. Many microfinance institutions, credit unions, cooperatives and commercial banks offer financial services to low-income clients.
- Community-based organisations. These include cooperative, trade union and faith-based organisations which have a tradition of providing insurance to their members.
- Retail channels. Supermarkets, appliance stores, and clothing and agricultural retailers often offer insurance products "off the shelf" without providing advice partly to avoid meeting regulatory training requirements for insurance sales staff (which in areas of the world where understanding of insurance is low is clearly an issue).What the retailers have however is massive customer bases, which is why they have proved to be such a successful cost-effective distribution channel.

Market penetration is still low, with around 5.5% of the population covered in Africa, nearly 8% in Latin America and the Caribbean, and 4.3% in Asia. The mirco-insurance market is expected to grow strongly in the next few years with Asia-Pacific expected to have around 80% of the market on the back of improving national economies, rising low-income population and regulatory changes.

Charles Rix
Partner
London

The micro-insurance market is expected to grow strongly in the next few years

Our global insurance team

Hogan Lovells has one of the leading insurance practices in the world, providing advice on regulation, M&A, dispute resolution, and commercial matters such as reinsurance, outsourcing and distribution arrangements. We advise in all the main segments of the insurance industry, including life and general insurance, Lloyd's of London, and run-off and consolidation businesses, and in relation to all forms of insurance products.

We are one of the largest and most prominent law firms in the world with approximately 2,500 lawyers worldwide and significant international coverage in over 45 offices across Europe, the U.S., Latin America, Asia, Africa, Australia and the Middle East. Our transatlantic office coverage and strength in depth is unique among leading global law firms.

With more than 300 lawyers with in-depth knowledge of the insurance industry worldwide, we are one of a few insurance practices which can offer a truly global perspective.

Our dedicated sector-focused teams are immersed in the industry, enabling us to keep our clients up to speed with legislative and regulatory changes. Our extensive client base ensures that there are very few issues that we have not come across.

A market-leading insurance practice

The status of the practice has been recognised by a number of legal directories and we are well-known to regulators and other advisers in many jurisdictions.

Legal 500 and Chambers 2018

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> "Hogan Lovells offer extremely good service across the board - there is always someone who is a specialist in the area with experience in its application.
>
> *Chambers UK*, Band 1"

> "They have an excellent international network.
>
> *Chambers Europe*, Band 1"

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Law360 2017

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Insurance Day London Market Awards 2015

Shortlisted for Legal Adviser of the Year 2015.

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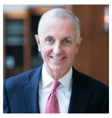
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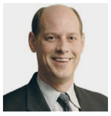
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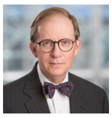
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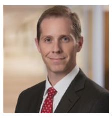
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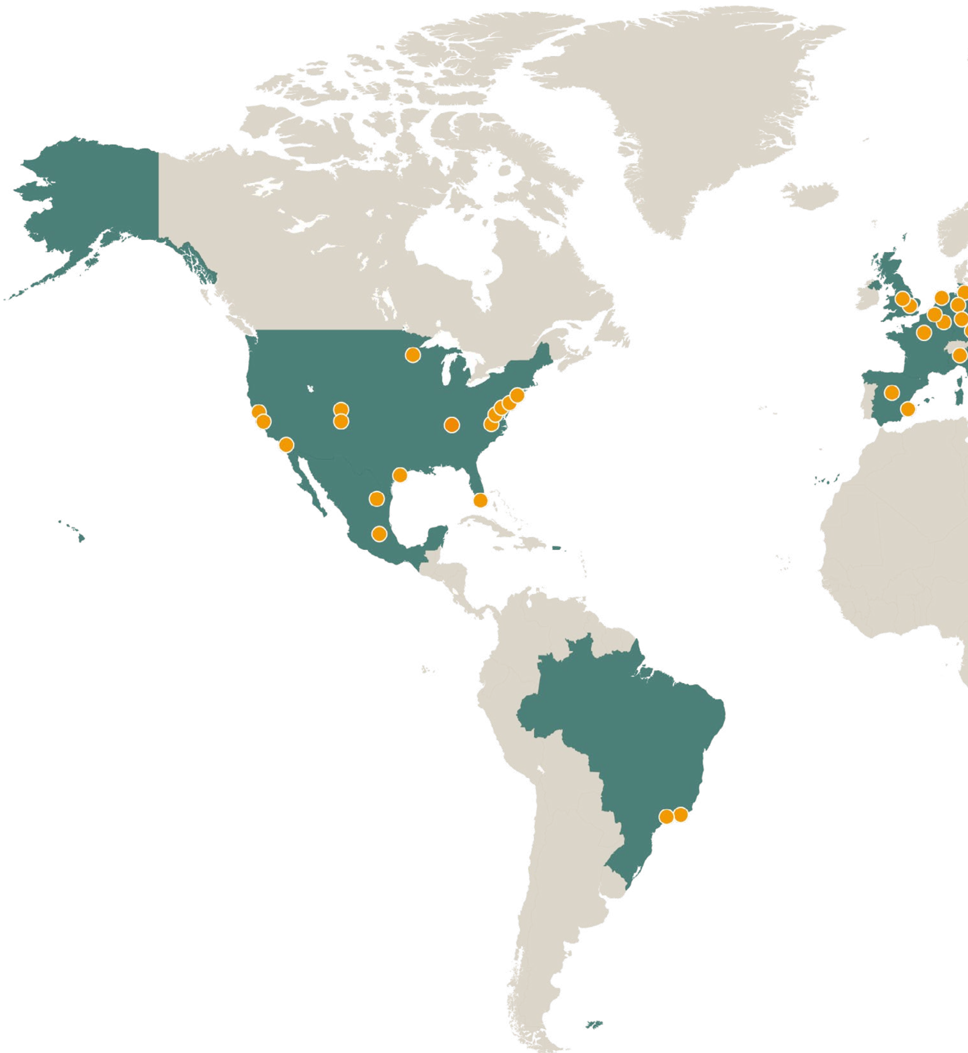
The Legal 500 UK, 2017

Gold Standard Certification
Women in Law Empowerment Forum, 2017




Angela Greenough
London


Victor Fornasier
London


Tim Goggin
London


Dominic Hill
London


Rachel Kent
London


Steven McEwan
London


Charles Rix
London

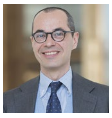

John Salmon
London


Rupert Shiers
London


Michael Thomas
London


Joaquín Ruiz Echauri
Madrid


Luis Alfonso Fernández
Madrid


Francesco Stella
Milan


Hendrik Kornbichler
Munich


Sebastien Gros
Paris


Sharon Lewis
Paris

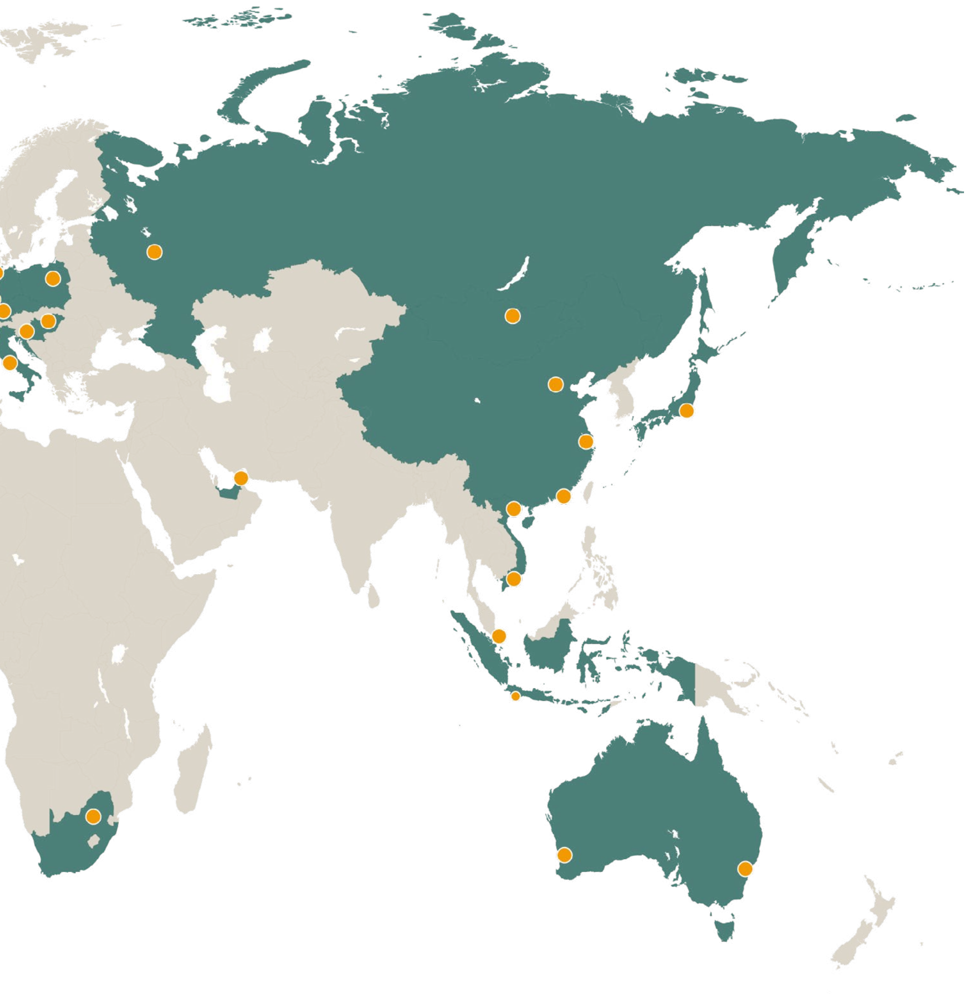

Alexander Premont
Paris


Leah Dunlop
Rome


Jeffrey Greenbaum
Rome


Silvia Lolli
Rome


Beata Balas-Noszczyk
Warsaw



South Africa


Jean Ewang
Johannesburg


Rachel Kelly
Johannesburg

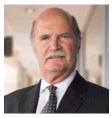

Lesley Morphet
Johannesburg


Jackie Peart
Johannesburg


Christine Rodrigues
Johannesburg


Clive Rumsey
Johannesburg


SJ Thema
Johannesburg


Tony Canny
South Africa

Asia


Jan Buschmann
Hong Kong


Tim Fletcher
Hong Kong


Mark Parsons
Hong Kong


Steven Tran
Hong Kong


Stephanie Keen
Singapore

Middle East


Imtiaz Shah
Dubai

All lawyers listed are partners at Hogan Lovells,
with the following exceptions:
Senior Counsel: Robert Bennett,
Tony Fitzpatrick and David Hensler
Counsel: Tony Canny, Robert Fettman,
Angela Greenough Jamie Rogers and Silvia Lolli
Senior Associate: Jan Buschmann

Citizenship

Citizenship is an integral part of Hogan Lovells culture. All of our 6,000+ staff are asked to devote at least 25 hours each year to citizenship activities as part of normal work duties. Our lawyers devote more than 100,000 hours every year to pro bono matters. We invest in the places where our clients live and work.

Hogan Lovells has endorsed the United Nations' Guiding Principles on Business and Human Rights and is a signatory to its Global Compact and Women's Empowerment Principles. Our approach to citizenship is aligned with the UN's Sustainable Development Goals, with a particular focus on the Peace, Justice and Strong Institutions, and Gender Equality goals.

SPRING Accelerator

Hogan Lovells is the strategic legal adviser to the SPRING Accelerator, which aims to transform the lives of 200,000 adolescent girls across East Africa and South Asia through businesses and their products and services that help girls learn, earn, save, and thrive. Since 2015, we have participated at all stages of the program's development, advising businesses based in Rwanda, Uganda, Kenya, Bangladesh, Pakistan, and Nepal.

The SPRING Accelerator promotes innovation for girls across businesses from hygiene and child care to agriculture, financial services, and transportation. By July 2017, only nine months after entry into the accelerator, four businesses reported growth up to 523% as a result of SPRING partner support. An additional five businesses have begun earning revenue from newly-launched products and services.

The Community Solar Innovation Awards

We developed *The Community Solar Innovation Awards*, a visionary partnership with the SEED initiative, a UNEP-supported program formed to lift people out of energy poverty and support sustainable communities.

We evaluated 254 applications from 50 low income countries to identify ten leading community businesses across Africa and Asia that use solar initiatives to improve the lives of rural, off-grid communities. The selected businesses include a business in Malawi that promotes solar energy in organic fish farming and a social enterprise in Nepal that creates women-led businesses to distribute clean energy solutions.

Barefoot Solar

Barefoot College, an Indian-based social enterprise, has developed an innovative program aimed at empowering women in developing countries. This program teaches women how to make solar panels, install the panels in their villages, and become self-employed engineers. In 2017, Hogan Lovells supported Barefoot College in the training of 180 women across 20+ countries who will solar-electrify households and bring clean renewable light to their communities.

> Without the investment by Hogan Lovells the social impact of the program would not have reached the scale it has.
>
> *SPRING Accelerator*

US$165,000+ in donations and 1,200+ hours of pro bono advice for Barefoot Solar

Diversity and inclusion

We are committed to recruiting, retaining, and advancing a diverse workforce and fostering an inclusive working environment in which all our people can be themselves and feel empowered to succeed. Our Global Diversity and Inclusion Committee seeks to attract and retain the best and brightest, while maintaining a work place where all can fulfill their potential.

Partnering with clients

We regularly collaborate with clients to promote diversity. We have worked to develop a pipeline of diverse legal talent through various initiatives with Ford, Honeywell, IBM, BASF, Lyft, Southern California Edison, and 21st Century Fox, among other clients.

Hogan Lovells is the proud recipient of Dell's "Legal Diversity Award," presented annually to a law firm that represents Dell in the United States, and best exemplifies a commitment to diversity. We are the only law firm to win the award twice in the award's five-year history.

Widening the pipeline

In response to a report by The Panel on Fair Access to the Professions, in 2010, we launched our unique "Ladder to Law" program in the London office. The report noted that social mobility could be impacted at various life stages, including in elementary schools, universities, internship practices, and recruitment processes. The "Ladder to Law" work experience program has been designed to encourage school age students to pursue a career in law by providing them with information and support.

Global Pride+ Network

In May 2017, we launched our global Pride+ Network, which aims to connect colleagues within the LGBT+ community and, with the support of allies, visibly promote an inclusive working culture for all our people and clients globally.

The global Pride+ network helps to create an inclusive community in which people can bring their true selves into the workplace and feel valued. Pride+ also provides a global platform to educate on LGBT+ issues and showcase role models and allies who actively show their solidarity with LGBT+ colleagues.

Top 50 Employer for Women
The Times (UK), 2011-2017

Top 50 LGBT Employer
Stonewall Workplace Equality Index (UK), 2017

100% Corporate Equality Rating
Human Rights Campaign, 2010-2017

Top 100 Diverse Law Firm
The American Lawyer Diversity Scorecard, 2008-2017

We have been ranked in the Stonewall Top 100 Employers Workplace Eqality Index for 7 years in a row and, recently, made it in to the top 20 for the first time. The WEI benchmarks the process made by the UK organizations on lesbian, gay and bisexual equality within the workplace.

For the fifth consecutive year, we're among *Working Mother's* 50 Best Law Firms for Women because of our retention and advancement initiatives.

We proudly took home the honor of *"Most Inclusive Firm for Minority Lawyers (Private Practice)"* in Chamber and Partners' inaugural 2016 Diversity Awards USA.

We've been a Top 100 Law Firm on *The American Lawyer's Diversity Scorecard* for the last nine years due to our percentage of minority lawyers and partners.

We've been named *Yale Law Women Top Ten Family Friendly Firm* for developing and implementing family-friendly policies.

T-Mobile, Inc. selected us for its *Legal Diversity Excellence Award* in 2015 based on the quality, breadth, and implementation of our diversity and inclusion initiatives.

We've earned *Gold Standard Certification* for the past four years because of the significant progress we've made in integrating women into leadership positions.

For the eighth year in a row, *we earned 100% on the Human Rights Campaign's* Best Places to Work Corporate Equality Index Report.

The Hispanic National Bar Foundation recognized our contributions to the legal community with a Visionary Leadership Award.

For the second time in the Award's five years, we were honored with the *"Dell Legal Diversity Award"* based on our diverse representation of lawyers working on Dell matters.

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Beijing
Birmingham
Boston
Brussels
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Our offices
Associated offices

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