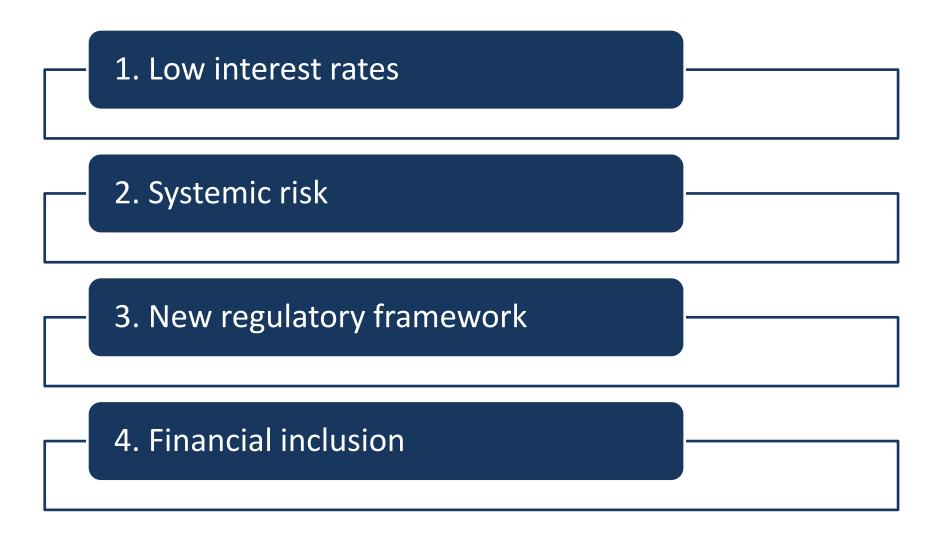


### Insurance market: challenges ahead





#### Low interest rates:

- Interest rates well below historical averages.
- Combined with weak economic growth.
- Reduced capital buffers and profits.
- May prompt a "search for yield" scheme.
- Warrants an increased vigilance from authorities.



# Systemic risk:

- Insurance sector plays a major role in global markets.
- Interconnection between financial entities.
- Systemic risk from individual firms and common exposures from large firms.
- Recent increase on contributions towards systemic risk.
- Macro-prudential approach, supervision beyond merely guarding against solvency and contagion risks.



## New regulatory framework:

- ICPs useful tools to promote common standards across the world.
- Solvency II a regulatory reference risk-based framework.
- Finding common ground in international regulation, a herculean task.
- Convergence across countries relies on substantial cooperation.



### Financial inclusion:

- Insurance is one of the four pillars of financial inclusion.
- Helps vulnerable households to mitigate external shocks.
- Recent technological advancements to give poor people more access to insurance.
- Regulation allows room for innovation.
- Learn to manage risks that financial inclusion policies bring to the system.



# Challenges for Paraguay

- Structural reforms to secure long term growth.
- Imperative package of structural financial reforms .
- Regulations are too old or we lack regulation in key sectors.
- Five law projects: the Central Bank Charter, the Banking Law, the National Development Bank Charter, the Insurance Law and the Pension law.
- These last two seeks to update the legal scheme establishing a risk-based framework and to secure long term funds availability.

