

# THE IMPORTANCE OF BADEN BADEN

DR AXEL BIAGOSCH

**I**T goes without saying that the charming spa of Baden Baden is a hospitable market-place for reinsurers. For most of the older and younger carriers of reinsurance it has become the obligatory intermediate stop on the difficult road to next year's placements where they can solve a good many of the difficulties which the renewal of reinsurance business poses. Given the importance of the annual Baden Baden reinsurance meeting, I would like to draw a few conclusions from its historical background and its present value.

Reinsurance discussions in Baden Baden have a long tradition. They developed out of the annual congress of the German Marine Insurance Association (*Deutscher Transportversicherungsverband*) which was held there for the first time in 1952. Owing to the then form of supervision of marine insurance and reinsurance, many German marine insurance companies were at the same time professional reinsurers. Over the years the possibility to discuss reinsurance business on the occasion of this congress at an ideal time of the year attracted an ever growing number of reinsurance people.

Many years later, in 1978, the German marine insurers decided to hold their next annual meeting and all further meetings at an earlier date. Thus, reinsurers risked losing this unique forum at this very important time of the year: two months before year's end, the most important renewal date for European reinsurance treaties. I, therefore, immediately arranged with friends and business partners to meet at Baden Baden the same week as hitherto.

In the end, we were able to open the first purely reinsurance conference at Baden Baden in October 1979 with an already impressive number of 245 delegates from 132 insurance and reinsurance companies in 17 countries plus the delegates of the major European broking houses. The names of these delegates were shown in the official attendance list which Colonia is compiling each year since that time.

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The meeting has grown over the years: last year's list named about 850 representatives from almost 300 insurance and reinsurance companies of 34 nationalities. Most of the European companies and many others from the Middle East, Asia and North America were represented at the meeting. Including the representatives of broking houses, Baden Baden attracted more than 1000 reinsurance professionals.

The meeting has become an outstanding forum for all those having an interest in

European reinsurance matters. Throughout the years, I have endeavoured to preserve its character as a purely working conference. Doing it this way, Baden Baden provides a highly efficient opportunity for a more significant dialogue between people of our industry coming from so many countries to one place at the perfect time of the year. Thus, the meeting is unique and its purpose does not interfere with any other reinsurance conference in Europe.

For this year's meeting, being held from 21 to 25 October, we expect a further increase in the number of delegates and about the same number of companies, as we believe that the tendency of bigger delegations will continue. Hotels, restaurants and taxi organizations will do their best to make your stay at Baden Baden as effective and comfortable as possible.

What are the specific topics for this year's meeting? There will surely be ample discussions about the new type of risks which the easing of European trading controls will create. The current shifting from proportional business to non-proportional covers could give rise to many discussions about the advantages and disadvantages of building a new reinsurance programme. Last but not least, the attraction of the eastern European countries for insurers and reinsurers might well be thoroughly debated.

Colonia itself will go eastward — but very carefully. We should be aware, following the insurance and reinsurance markets all over the world, that the development of an insurance industry needs a very long time and a lot of



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experience. This will be true for all the eastern countries, even the best-performing ones. We will try to accompany the development of the insurance and reinsurance industry with a lot of enthusiasm, but still remain very realistic. Neither insurance nor reinsurance can operate aloof from developing economies. They can only follow the economic developments and this is exactly what we will do. It would be impossible to try to do anything more than support the industrial or commercial development. My very personal opinion is that it will need many years of common understanding and efforts to create a prosperous insurance and reinsurance market in the eastern countries. Colonia will do its best, but as always one needs all the friends one can get.

As for western Europe, 1992, (or more realistically 1993 which is the year when the European Community is prepared for the final steps of what we call the common market) will bring us no dramatic or revolutionary changes. This for the very simple reason that the insurance market will be — and has always been — a very normally developing market. Whenever we tried to be too revolutionary, this ended in failure. As far as the industrial clientele is concerned, customers as well as brokers have always been intelligent enough to take the opportunity offered by the insurance industry of different countries.

As far as personal lines are concerned, I am absolutely convinced that all business is local. In other words, whenever we talk about freedom of services, the approach to personal risks will very probably not pass the border, but it will be determined by the freedom of establishment. Insurance protection requires — especially for personal lines and mass-class risks — a very personal service and not a kind of direct mail services.

Therefore, I do not foresee any decisive changes to the European insurance industry

and I am convinced that this is the best way to render useful services to our clientele. However, revolutionary changes could happen in the reinsurance industry. The emergence of big new groups — through creation or realignment — in the insurance industry could perhaps change the relations between direct insurance and reinsurers. The latter should never forget that even big insurance groups, having a decisive importance on European insurance markets, will need the good advice of their reinsuring partners. This will be true not only for a possible change in the direction of non-proportional reinsurance, but especially as far as underwriting experiences are concerned. In view of the very sophisticated development of techniques and technology nobody, not even the biggest group of insurers, will be able to stand on its own. They will in any case need the very experienced advice of professional reinsurers.

Therefore, as far as 1993 and the following years are concerned, no dramatic changes will appear, but the quality of relations between insurers and reinsurers will change. Here again, it is a question of advice being indispensable and therefore everyone will need all the friends that they can get. ■

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*Dr Axel Biagosch is member of the board of Colonia Insurance and Colonia Life Insurance. After graduating as senior barrister from Munich University in 1962, he became deputy general secretary of the European Insurance Committee in Paris. In 1969 he joined the Colonia group in Cologne and became member of the board in 1971 as head of seven departments including reinsurance as well as law and tax. In 1983 he was elected president of the commission for international questions of the German Insurance Association and in 1987 he was chosen as deputy president of the EC working-party of the European Insurance Committee.*