



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
Insurance Division

## News Release

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### **HAWAII INSURANCE COMMISSIONER OUTLINES NEEDS FOR STATE INSURANCE REGULATION AT GLOBAL FINANCIAL CONFERENCE**

HONOLULU – Hawai'i Insurance Commissioner J. P. Schmidt addressed top professors and experts in finance from around the world in his keynote speech at the 16<sup>th</sup> Annual Global Financial Conference. Commissioner Schmidt's speech focused on the current financial crisis and how it relates to the insurance industry.

The event was held in Honolulu, April 5 – 8 and at the Hilton Hawaiian Village. More than 80 attendees discussed scholarly papers on the current financial crisis, risk, derivatives, structured finance and the new financial architecture, which were submitted in competition for inclusion in the Global Finance Journal.

"The insurance regulatory regime presents a balanced model for reform in financial services," explained Schmidt.

Schmidt reviewed the insurance industry's experiences in 2008, noting that there were \$225 billion in worldwide catastrophe losses, the second highest ever, and the U.S. Life Insurance industry's net income in 2008 was down 280 percent. However, Schmidt emphasized that insurance companies are not failing and remain in solid financial shape.

"State-based insurance regulation relies on high level principles-based and rules-based requirements and boots on the ground," said Schmidt. "We have supervisors, examiners, investigators, all close to the consumer and the industry, looking at activities from multiple angles to see any red flags as signs of trouble. A good example is American Insurance Group (AIG), where all the insurance subsidiaries remain strong, while the financial services companies have encountered extensive problems."

Rosita Chang, Professor of Finance at the University Of Hawaii Shidler College Of Business, helped organize the event with Global Financial Association's Executive Director Manuchehr Shahrokhi. The conference solicits innovative ideas and research studies in global finance and related disciplines. This year, the best papers presented at the conference were submitted by attendees from diverse countries, such as: England, Norway, Nigeria, Pakistan, Egypt, Malaysia, China, Brazil, Montenegro, Korea, as well as United States Universities. Global Finance Journal publishes original, creative, scholarly research that integrates theory and practice and addresses a readership in both business and academia.

Global Financial Association is a non-profit and educational organization and is a network of academics and financial services communities worldwide. For additional information on the GFA and the Conference, contact Rosita Chang at 956-7592.

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