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Thank you.

This 2nd China-U.S. Insurance Summit recognizes that the United States and China are two big and powerful countries. This panel demonstrates that we are part of a very connected world.

The Global Federation of Insurance Associations works with expert organizations like the Institute for International Finance, the Geneva Association, the International Actuarial Association and other stakeholders on topics of importance to insurers in China and around the world.

To Zhu Jinyuan, President of the Insurance Association of China: I well remember your presentation in Luxembourg at a meeting of the Global Federation. You cited many facts showing China's emergence as an insurance powerhouse. With China becoming the world's fourth largest insurance market, you have been proven correct.

Soon we'll hear from Leigh Ann Pusey, President and CEO of the American Insurance Association, and from Pete Walker of McKinsey & Company. Many of you know Pete.

Last year, I asked Pete to write a report on strategic trends affecting the insurance industry at home and abroad ... and what ACLI should do about them. Any organization has to reflect on itself. Pete's report shapes ACLI's daily work and strategic plan. Pete will leave here to return to the United States in time to lead a meeting that ACLI is hosting on retirement security.

I note with great interest that the Anbang Insurance Group of China recently bought Fidelity and Guaranty Life Company of Iowa. I am pleased to report that Fidelity is a member in good standing at ACLI.

If anyone is here from the Anbang Insurance Group, thank you for being ACLI members. As I mentioned, it is a small world after all.

Earlier this year, the Anbang Insurance Group also bought the Waldorf-Astoria Hotel in New York City. Anbang paid \$1.95 billion for this iconic hotel.

I have stayed in the Waldorf-Astoria and can affirm it is one of America's great hotels.

This is the largest real estate purchase in the United States by a Chinese company and the first U.S. real estate acquisition by a Chinese insurance company. A decision made two years ago by Chinese regulators -- many of whom are probably in this room -- led to changing rules to allow such purchases.

More acquisitions are likely. Chinese insurers hold about 1 percent of their assets in overseas investments. The new rules permit up to 15 percent of assets to be held overseas. A recent report from international real estate consultants Cushman and Wakefield suggests that Chinese insurers could invest \$73 billion in the global real estate market by 2019 and \$154 billion by 2024. To put this in perspective, and in terms I relate to, Chinese insurers could invest in the equivalent of 75 Waldorf-Astoria Hotels. That is significant.

To me, it is fitting that an insurance company bought this hotel. The original hotel was named after John Jacob Astor. That hotel was torn down to make way for what would become the world's tallest building, the Empire State Building. A second Waldorf-Astoria Hotel was built and the name of this iconic hotel was kept.

Of interest to the insurance industry is that John Jacob Astor was on the Board of Directors for one of America's premier insurance companies, the New York Life Insurance Company.

Astor was one of the world's richest men in 1912. That year he boarded the ship everyone thought was unsinkable...the Titanic. The Titanic hit an iceberg and sank in the bitterly cold North Atlantic Ocean. Astor was among the 1,517 people from all walks of life who tragically drowned. The U.S. Senate launched an investigation into the accident that cost so many lives. The Senate hearings about the Titanic actually began in the first Waldorf-Astoria hotel before moving to the Senate Caucus Room in Washington.

When the Titanic sank, the insurance industry was there to help. We helped the families of all victims who purchased insurance, whether they were rich or poor, famous or unknown. Our industry paid claims immediately.

Specifically MetLife began paying claims to beneficiaries within one week before any certificates of death were issued.

What we did for the families of the victims of the Titanic, we did also for the families who lost loved ones in the September 11, 2001 terrorist attacks on New York City's Twin Tower World Trade Center. Our industry did not wait for official death certificates to pay benefits.

I feel honored to advocate the views of this noble industry.

Our industry has helped shape America and the world in many ways, both large and small. Many of you in this room have come to America and visited Disneyland. And many of you, well at least your children, are surely looking forward to the Disneyland opening next year in Shanghai. Part of the funds used to start the first Disneyland came from life insurers. Walt Disney used the cash value of his life insurance policy to help build the first Disneyland.

Many of you know America's great export...McDonald's Hamburgers. The man who turned McDonald's into a worldwide multibillion dollar enterprise was Ray Kroc. Ray Kroc used loans from life insurers to finance McDonald's early expansion.

As you can see, the insurance industry is indeed part of the great fabric of American history.

Through eras of peace and times of war, through economic downturns and dazzling growth, our industry has endured. Seventy percent of ACLI insurance company members are at least a century old, a statistic for which the industry merits praise since only one percent of American businesses last for 100 years.

Today life insurers provide peace of mind and financial security to 75 million American families. That is three-fifths of American households. Whether protecting from premature death, providing guaranteed income for life through an annuity, replacing lost income due to disability, or paying for long-term care, life insurers provide the financial protection and retirement security products that America and the world needs.

Every day, Americans buy 74,000 life insurance policies. Every day, life insurers issue some 10,000 annuities, the only product in the American marketplace offering guaranteed lifetime income.

Last year life insurers paid out \$1.6 billion every day. To put that in perspective: the American federal government's Social Security system paid out \$2.4 billion every day.

Life insurers also help the American economy through employment and investments.

Last year life insurers were the largest holders of American corporate bonds. These bonds fuel innovation, growth and jobs throughout the nation.

We also invest in communities. For example, the life insurance industry purchased one-third of the Build America Bonds issued by the federal government in 2008. These bonds spurred economic development in infrastructure projects including hospitals, roads and bridges.

But as important as our industry has been in the past, our most important days lie ahead.

The United States, China, indeed the entire world, are riding the most transformative demographic waves in human history. Thanks to breakthroughs in medicine and advances in nutrition and education, people everywhere around the globe are living longer than ever before.

Earlier this year *Time* magazine featured a beautiful baby on its cover, noting the baby could live to be 142 years old.

In 2050, there will be 1.4 billion people over age 65...a ten-fold increase since 1950.

As a result, government retirement programs around the world are financially stressed. While the senior population is rising rapidly, the number of workers in most countries is not keeping pace. This ratio is important because workers pay taxes to governments that provide retiree programs.

In 1935, there were 12 working-age Americans for every retiree. Today, the U.S. worker-to-retiree ratio is 3-to-1.

In 2050, that ratio will be about 2-to-1. This is not just an American problem. Worker-to-retiree ratios are declining around the world as well.

A study just released by the Global Aging Institute and the Principal International Insurance Group said that by the year 2050, China, like the United States, will have about two workers for every person over the age of 65.

At least we are not Japan. In 2050, Japan will have a 1-to-1 worker-retiree ratio.

I suggest that it is in the interests of China and the United States to explore solutions for the world's aging populations. Back home, concern is growing that Americans are not as financially prepared for retirement as they need to be.

A recent survey indicates that Chinese citizens are similarly concerned.

Last month, the Switzerland-based insurer, Swiss Re released a report showing that 90 percent of people surveyed in China and other Asian markets said they believe they lack the financial resources to fund their future care needs.

I will say that again. 90 percent believe they lack funds for their future needs.

Chinese and other Asian cultures have always placed a high value on the dignity of elders. Dignity is important to young people as well. Many young people here and abroad are responsible for caring for elderly relatives. In America, and I suspect in China as well, we have what we call the "sandwich" generation – people who are raising their children and caring for their elder parents. The sandwich generation faces difficult choices.

We greatly admire the Chinese tradition and culture of respecting and honoring the elderly. Yet, as the Swiss Re survey shows, there are legitimate concerns in Asia about whether elders in the future will be able to maintain their dignity. In its survey, Swiss Re noted: Quote: “This presents a unique opportunity for insurance companies, especially as most consumers are not confident of their government's ability to fund future care needs.” End quote.

Indeed, there is an opportunity here for insurers. Right now, China has more than 200 million people aged 60 or older. That is 15.4 percent of the population.

By 2050, 40 percent of China’s population will be 60 years or older.

China’s Minister of Human Resources and Social Security, Yin Weimin, says China will have a huge proportion of the world’s retirees. There are two reasons for this. First, China’s population is rapidly aging. Second, China has one of the world’s lowest retirement ages.

Chinese women retire between ages of 50 and 55, and men retire at 55 or 60. In contrast, the current retirement age to receive full Social Security benefits in the United States is 66. The Chinese government will be hard-pressed to care for all of these people. China is now accelerating its senior care insurance system reforms. While not yet finalized, China’s upcoming Five Year Plan calls for establishing a national coordinated senior pension system and basic senior care mechanism.

Under the leadership of Zhu Jinyuan, the Insurance Association of China joined other Chinese institutions in pointing out that commercial insurance development needs to be further expanded to supplement the Chinese government’s pension programs.

Zhu Jinyuan, I compliment you for working to make the people of China aware that it is of great importance to include commercial business in addressing issues concerning pension care.

Can life insurers help our elders live in dignity? Absolutely.

- Life insurers offer insurance to help families when a breadwinner dies.
- Life insurers offer annuities that guarantee income for life.
- Life insurers offer disability payments to provide income when a worker is injured.
- Life insurers offer long-term care insurance to help families pay for high costs of caring for the elderly.

On disability and long-term care, I will briefly note studies showing their benefits to society. Research shows that people who have private sector disability income insurance return to work more quickly. Other studies show that private sector disability insurance save the government \$4.5 billion per year.

The same picture emerges with long-term care insurance. If one in four American adults purchased and maintained long-term care insurance, by the year 2050 the savings in government-provided nursing home expenses would be \$48 billion annually, and the savings in annual personal expenses would be \$69 billion.

On a past visit to China, I heard that your citizens need financial instruments so they can plan for their future.

Your country recently announced it would build – quote – “a fairer and more sustainable social welfare system.” End quote. China will implement plans for every person to take part in government social insurance.

It makes sense for governments and people to evaluate the role private insurance can play in the future. Life insurers can help relieve financial stresses on governments.

One of the world’s great leaders, Winston Churchill said and I quote, “If I could, I would write the word ‘insure’ upon the door of every cottage... because I am convinced, for sacrifices so small, families and estates can be protected against catastrophes which would otherwise smash them up forever.” Unquote.

Our industry has helped generations of people around the world. We can, and we will, help future generations. We can, and we will, offer financial security for life. Together, let’s lead the way.

Thank you.