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New reports identify how the Insurance and Investment industries can benefit from standards

- Studies find that standards can play a significant role in helping Insurance industry analyse and assess risk through better modelling
- Standards can bolster existing industry codes increasing investor confidence by improving disclosure, verification processes and transparency
- Standards can create greater efficiency and clarity by standardizing contracts, product design and policy wording

BSI, the business standards company has recently published new industry studies with Long Finance pointing to ways in which standards could help the Insurance and Investment & Asset Management industries better manage exposure to risk and increase investor confidence.

The two new studies, which tackle the Investment & Asset Management and Insurance sectors, were developed through a series of industry workshops, interviews and questionnaires. The aim was to identify the areas where standards would have the greatest impact for the industry, investors and wider customers.

Organizations including the Investment Management Association helped identify where standards could deliver the greatest benefits. They were joined by experts and representatives from a cross-section of industry, trade bodies and academia.

The studies revealed a number of priorities for standards to help the Insurance industry improve in areas such as risk modelling, assessment, reducing transactional burden and better data management. Standards could therefore enable the development of more effective risk rating systems, risk modelling and scenario development. The potential impact of which could be wide and felt by wholesale and retail markets. The capacity for standardization contracts and policy documentation was also seen as an opportunity in insurance to improve clarity and transparency.

Dan Palmer, Head of Market Development from BSI said: "These new studies show that there are important gaps where standards can help the financial services industry, in particular insurance and investment management. Standards can play a role in establishing innovations in financial services, leading to benefits such as greater efficiency, transparency and improved confidence. BSI welcomes the opportunity to work with industry on these initiatives."

The Investment and Asset Management sector, which effectively 'stewards' assets and funds, also responded strongly to the potential for standardization to encourage better risk-based governance mechanisms for fund management. The studies showed there was a clear appetite for standards to add value more widely around fund classification, criteria, stewardship and reporting on ESG (Environmental, Social and Governance) investments.

For investors, whether institutional, corporate or private, the role for standards is to strengthen existing codes or industry initiatives with rigorous frameworks. They can do so by improving disclosure, verification and transparency of responsible investment processes and practices by asset managers as well as institutional investors. This could enable increased integration of ESG issues into the investment process as an important and growing investment type.

Professor Michael Mainelli, one of the reports' authors said: "Our original research found that financial services is a relatively low user of standards compared to other sectors but that standards had a role to play in making financial services safer and more trusted, these two sector reports are intended to show where this might happen but insurers, brokers and asset managers need to take the lead."

BSI will now be looking to thought-leaders from the Insurance and Investment Management industries to help drive the development of standards initiatives and projects forward as highlighted in the report. Those interested or wishing to share their views on the content of the reports should contact nick.fleming@bsigroup.com to find out how to get involved.

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Notes to Editors

- The new reports can be downloaded from the following links: www.bsigroup.com/studyinsurance and www.bsigroup.com/studyinvestment
- The reports build upon the publication of major research published in 2013 titled Backing Market Forces which showed the financial services, a relatively low user of standards, supported further development of voluntary standards by the industry

About BSI

BSI (British Standards Institution) is the business standards company that equips businesses with the necessary solutions to turn standards of best practice into habits of excellence. Formed in 1901, BSI was the world's first National Standards Body and a founding member of the International Organization for Standardization (ISO). Over a century later it continues to facilitate business improvement across the globe by helping its clients drive performance, manage risk and grow sustainably through the adoption of international management systems standards, many of which BSI originated. Renowned for its marks of excellence including the consumer recognized BSI Kitemark™, BSI's influence spans multiple sectors including aerospace, automotive, built environment, food, healthcare and ICT. With over 72,000 clients in 150 countries, BSI is an organization whose standards inspire excellence across the globe.

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