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Unlocking Trade in Financial Services

Insights for Global Businesses

Applied Research Project

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Unlocking Trade in Financial Services:

Insights for Global Businesses

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RESEARCH TEAM

Ana Luísa de Almeida Lourenço Chamon

Diya Srivastva

Johan Wilhelm Studsgård

Roxana Mihaela Neagoe

FACULTY LEAD

Nikhil Ray

PARTNER ORGANIZATION

World Economic Forum

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Executive Summary

Insurance and reinsurance services are foundational to global economic stability. They enable businesses, governments, and households to manage risk, recover from loss, and operate with confidence in an increasingly uncertain and interconnected world. However, the international trade environment for these services is being reshaped by a new generation of regulatory and policy challenges that fall outside the scope of traditional trade agreements.

This report identifies and organizes these emerging barriers into a structured framework comprising five interrelated categories: **Geopolitics**, **Technology & Data**, **Operations**, **Conduct Regulation**, and **Sustainability**. These categories capture both long-standing impediments and fast-evolving regulatory development.

While these categories and challenges are distinct, they often overlap and reinforce one another, reflecting the increasingly complex landscape that globally active insurers and reinsurers must navigate. Technology and data issues — such as restrictions on cross-border data flows and oversight of third-party providers — are especially urgent, requiring firms to rethink operational models and data governance across jurisdictions. Sustainability regulations, though well-intentioned, are often inconsistent or conflicting, complicating compliance and limiting capital mobility. Meanwhile, geopolitical fragmentation, persistent market access restrictions, and diverging consumer protection standards continue to pose significant operational and strategic hurdles.

Many of these barriers cannot be addressed through market access commitments alone. They demand a more coordinated, trust-based approach rooted in sustained regulatory dialogue. In emerging areas like artificial intelligence and climate risk, supervisors are still developing mandates and frameworks, further underscoring the need for international cooperation. Progress will depend on moving beyond technical harmonization to foster shared understanding, mutual recognition, and proactive collaboration among regulators, policymakers, and industry. Going forward, the authors recommend building further on the understanding of these barriers and their relevance for the private sector players.

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1. Introduction

Trade in services is central to the functioning and future of the global economy. It plays a foundational role in enabling global value chains, acting both as a standalone economic driver and as a key input into the production and delivery of goods and other services (WTO, 2017). The share of services in global output, employment, trade, and foreign direct investment continues to expand at pace. In 2024, global trade reached a record high of nearly US$ 33 trillion, with trade in services growing by 9%, outpacing the 2% growth in goods trade (UNCTAD, 2025a).

Within this surge, financial and insurance services stood out: global exports of financial services rose by 8%, and insurance services by 9% by the third quarter of the year (WTO, 2025). These trends highlight not only the growing importance of services, but also the strategic role insurance and reinsurance play in contributing to economic resilience and systemic stability through more effective risk-sharing mechanisms.

Yet, this expansion has not been matched by regulatory readiness. In 2025, a resurgence of protectionist policies, with an increasing use of trade measures for non-trade policy goals, introduced novel obstacles to services trade. In parallel, a new set of challenges has emerged, distinct in nature and often falling outside existing trade disciplines. These present complex regulatory issues and expose gaps in global coordination. Trading services internationally remains significantly more expensive than trading goods, with costs nearly twice as high. Approximately 40% of these costs arise from non-transparent regulations, divergent standards, and burdensome administrative procedures (WEF, n.d.). This disparity highlights a structural challenge: the significantly higher regulatory burden associated with services trade relative to goods.

In this evolving landscape, this report explores the rise of **emerging, non-conventional barriers that are** affecting trade in insurance and reinsurance services — barriers that often fall outside the scope of existing trade agreements such as the General Agreement on Trade in Services (GATS). These include challenges that are novel, complex, and not yet fully recognized in international trade disciplines.

To help close these gaps, the report identifies and maps key categories of emerging trade barriers in the insurance and reinsurance sector. These categories form a working framework, intended to be validated - or contested - through direct engagement with industry stakeholders. This step is essential to assess the real-world implications of these barriers, prioritize them by urgency, and inform future policy reform and clarification. The report is structured as follows: a brief literature review establishes the context and definitions, followed by an explanation of methodology. The core analysis maps the emerging challenges to trade in insurance and reinsurance. Finally, the report examines the identified barriers and discusses potential tools that could be used to address them. To support evidence-based policymaking, it proposes a targeted survey and stakeholder interviews to generate additional insights and guide future action.

There is growing evidence that challenges such as artificial intelligence regulation, sustainability disclosure, data localization, and complex compliance requirements are rapidly becoming critical obstacles to services trade. Liberalising trade in insurance and reinsurance holds significant promise for growth, stability, and enhanced international cooperation. Realizing this potential requires forward-looking governance. Inaction could mean missed opportunities — and growing systemic risks.

2. Literature Review

2.1 CORE CONCEPTS AND MECHANISMS

Financial services are broadly defined as economic activities that facilitate the management, investment, and transfer of capital and credit (Lowe, 2021). It is an umbrella term that covers a wide variety of products and services offered by financial institutions for the facilitation of various financial transactions and other related activities.

As one of the most interconnected and interdependent ecosystems, the global financial system plays a pivotal role in shaping international economic outcomes (WEF & Wyman, 2025). The trade supply chain for financial services is deeply complex, involving a wide array of actors — banks, insurers, asset managers, fintech firms, and regulatory authorities across multiple jurisdictions. This plurality reflects the dual nature of financial services as both final outputs and intermediate inputs embedded within broader global value chains (WTO, 2017).

Countries vary in their role within this chain, with some primarily exporting financial services directly, while others supply them indirectly as components of exported goods and services. The functioning and competitiveness of these supply chains are shaped not just by market forces but also by regulatory environments and international cooperation. As a result, the integration of financial services into global value chains requires more than liberalization, it demands coordinated regulation and institutional capacity to safeguard stability while enabling efficient global capital flows (WTO, 2017).

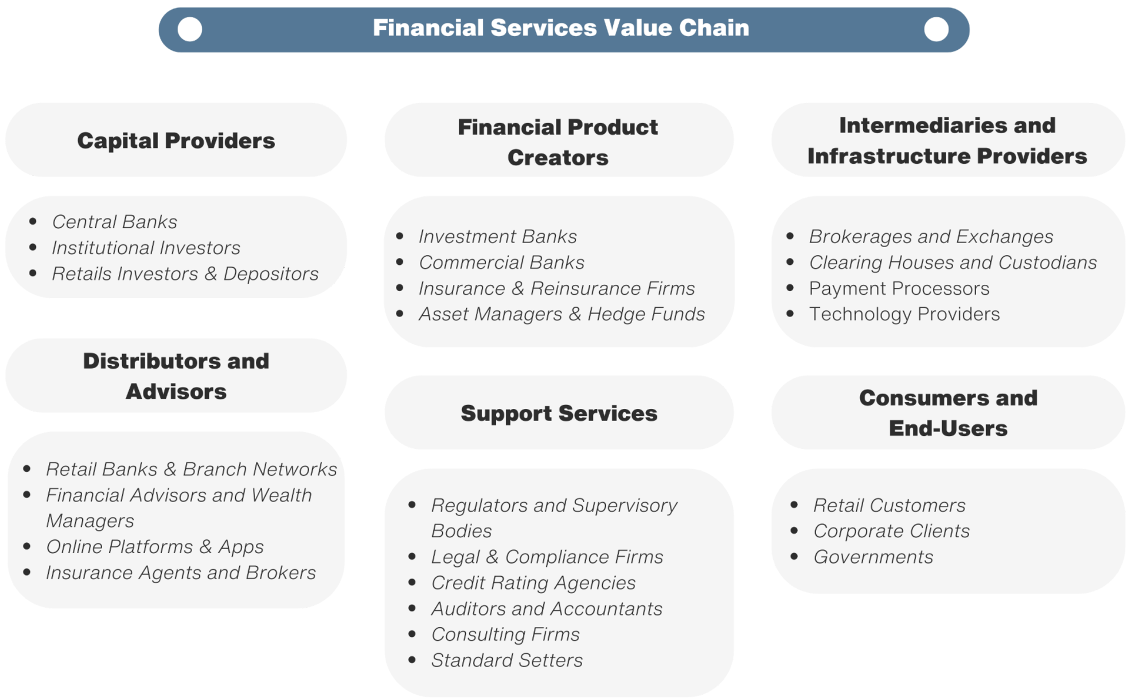


Figure A — Simplified Financial Services Value Chain

This figure was created by the authors.

Insurance & Reinsurance

A key component of the global financial system's functionality is its capacity to manage and distribute risk effectively. Insurance and reinsurance institutions contribute to this by offering mechanisms for risk transfer and loss mitigation. Their role extends beyond individual protection, supporting broader economic stability by enabling credit provision, investment, and trade across jurisdictions. This positions insurance and reinsurance as integral elements within the architecture of global financial intermediation (IAIS, 2024; Insurance Europe, 2023; IMF, 2016; IAIS, 2011).

Insurance and reinsurance connect a diverse network of institutions, including domestic and international insurers, reinsurers, regulators, and financial intermediaries. Together, they form a crucial risk-sharing infrastructure that underpins trade, investment, and development. In essence, insurance and reinsurance act as economic enablers, allowing firms and governments to operate and grow in the face of uncertainty.

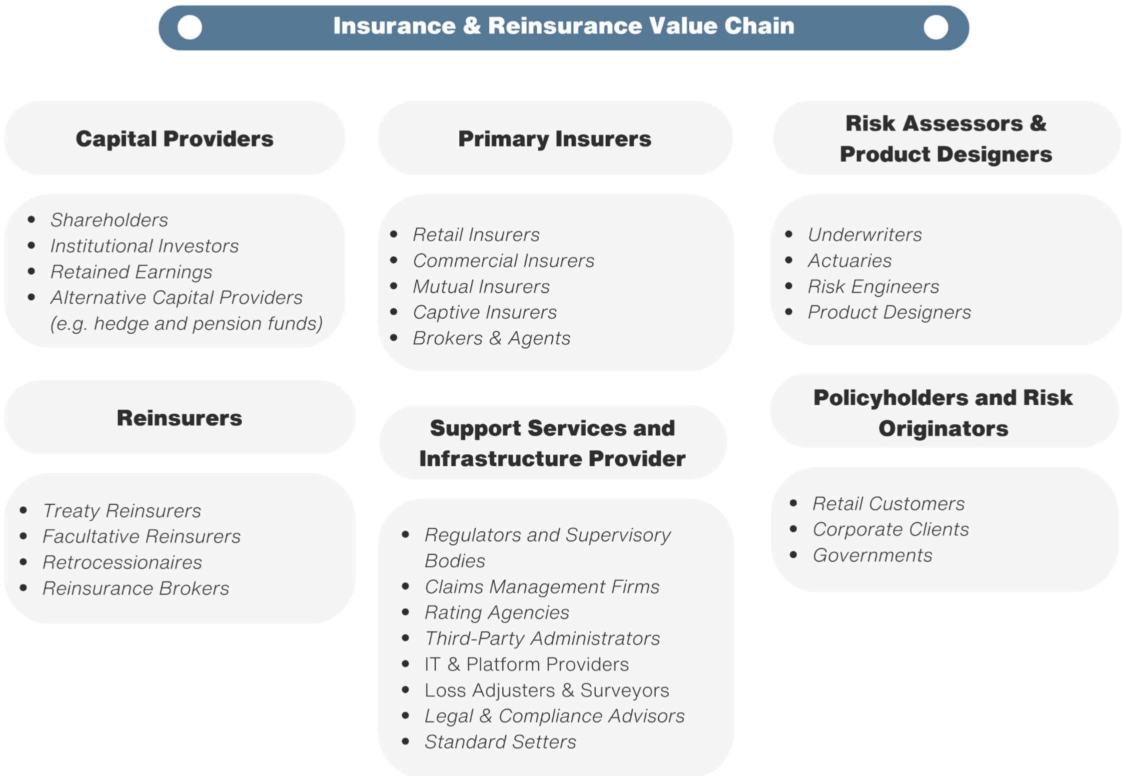


Figure B — Simplified Insurance and Reinsurance Value Chain

This figure was created by the authors.

Insurance	Reinsurance
Contractual agreement where an insurer provides financial compensation to the insured in the event of specified losses or damages based on the policy terms. It operates on the principle of risk pooling, where premiums collected from policyholders are used to pay claims. It is usually categorised under life and non-life insurance services.	Arrangement where insurers transfer part of their risk portfolios to other parties, known as reinsurers. This mechanism enhances the insurer's capacity to underwrite more policies and manage exposure to significant losses.

Table A — **Working Definitions of Insurance and Reinsurance**

Sources: OECD, 2024.

In essence, insurance and reinsurance act as enablers, allowing economic agents to operate and grow in the face of uncertainty. By spreading exposures and pooling risks globally, reinsurance in particular enhances the capacity of local insurance markets to absorb shocks — whether from natural disasters, economic disruptions, or geopolitical events (Insurance Europe, 2022).

Insurance penetration varies widely across regions. Generally, penetration is higher in more developed, high-income economies, reflecting greater financial inclusion, more developed financial systems, and broader access to insurance products. In contrast, low penetration may suggest that individuals and businesses in some regions remain underprotected against insurable risks. Non-life insurance typically represents the dominant share of the market in most jurisdictions. In comparison, life insurance is more prevalent in higher-income economies (OECD, 2024c).

Feature	Life Insurance	Non-Life Insurance[1]
Purpose	Protects against loss of life or longevity risk.	Encompasses all other types of insurance, protects assets or covers liability/losses.
Examples	Term Life, Whole Life, Annuities	Property, Liability, Casualty, Health
Duration	Long-Term (Often Decades)	Typically Short-Term (Annual Renewals)

Table B — **Key Characteristics of Life and Non-Life Insurance**

Sources: OECD, 2024c.

Overall, the Organisation for Economic Co-operation and Development (OECD) classifies insurance and reinsurance as “market-bridging and supporting services” because of their role in enabling the smooth functioning of economic activities and reducing the cost of capital through risk mitigation (2024a). Their cross-border provision, however, is subject to a diverse array of regulatory frameworks, national standards, emerging trends, and evolving trade rules.

[1] Around the world, motor vehicle and health insurance are among the largest types of non-life insurance. In many countries, car owners are legally required to carry insurance to cover liability from using a vehicle. In a few places, like the Netherlands and Switzerland, private health insurance is the main way people access healthcare, while in most other countries it plays a supporting role. Property insurance, covering fire and other types of damage, is also a major part of the non-life sector. Other common non-life insurance types include personal and commercial policies such as transport, freight, and travel insurance. (OECD, 2024).

2.2 RECENT DEVELOPMENTS AND TRENDS IN INSURANCE & REINSURANCE

According to the January 2025 EY-Parthenon CEO Outlook Survey, businesses are navigating an environment defined by rapid disruption. Accelerating technologies — particularly artificial intelligence — are reshaping operations, while growing pressure to address climate-related challenges is pushing sustainability to the forefront of corporate agendas. Geopolitical uncertainty continues to impact global supply chains and operational stability. At the same time, digital ecosystems are introducing both new risks and emerging opportunities. Rising cybersecurity threats, evolving customer demands, economic unpredictability, and increasingly complex regulatory frameworks require companies to remain highly agile.

And this is no different for the insurance and reinsurance sectors. Efforts to transform and update markets worldwide gained momentum in the last couple of years. Many of the reforms being implemented are substantial, presenting legal and regulatory hurdles for insurers, brokers, and regulators. In recent years, this transformation has accelerated, bringing a host of new challenges. with differing responses across jurisdictions (Cooper, 2025). Insurers are approaching the market with caution due to ongoing risks such as volatile interest rates, global political instability, and evolving regulatory requirements.

Regulatory Developments & Prudential Oversight

- Regulatory evolution remains a central theme across insurance and reinsurance markets, with a growing focus on strengthening prudential supervision and enhancing cross-border regulatory cooperation. Insurers, globally, have maintained strong solvency positions and profitability, but prudential risks tied to asset-liability mismatches and liquidity pressures are rising (IAIS, 2024).
- Internationally active insurers are also seeing increased scrutiny around complex cross-border reinsurance arrangements, particularly those linked to capital optimization and long-term liabilities. Regulators are becoming more proactive in evaluating the systemic implications of such transactions, calling for enhanced transparency, pre-approvals, and stress testing (PwC, 2023).
- The pace of regulatory adaptation varies across regions, particularly in response to digital innovation and climate risk. Moreover, emerging regulatory frameworks, e.g. the EU's Solvency II Review and IFRS 17, are reshaping capital adequacy assessments and risk disclosures (IAIS, 2024).

Demographic Shifts and Changing Market Demand

- Demographic trends are significantly reshaping insurance demand. Aging populations in advanced economies are driving growth in retirement solutions, annuities, and long-term care coverage, while declining fertility rates and shifting family structures are reducing demand for traditional life policies. Insurers are also required to adapt products to serve increasingly diverse households, including single-person and dual-income families (McKinsey, 2025; PwC, 2023).

- In emerging markets, a rising middle class and increased urbanization are expanding demand for both non-life products (e.g., auto, property, health) and first-time life insurance buyers, particularly through mobile-first and inclusive platforms (Deloitte, 2025c).
- Demographic shifts are reshaping the life insurance sector, particularly due to an aging global population and growing demand for retirement-oriented products. This trend is especially relevant where public pension systems face pressure. At the same time, changing social norms—such as fewer marriages, lower birth rates, and more dual-income households—are challenging traditional life insurance models. Insurers are increasingly expected to offer flexible products that align with diverse family structures and integrate with broader financial planning (McKinsey, 2025).
- The need for financial resilience post-pandemic has also contributed to growing consumer awareness around protection products (Deloitte, 2025c).
- Emerging risks such as cannabis, opioids, microplastics, and nanotechnology raise concerns about a potential "new asbestos," with legal frameworks playing a key role in their impact. (Cooper, 2025)

Technology & Data

- Digital transformation is reshaping the financial services landscape[2], paving the way for innovative business models and expanding opportunities for firms to access and serve a broader range of global markets (Kashyap et al., 2016; Koopman, 2020).
    - In this sense, Koopman et. al (2020) believe that the decrease in exports through foreign affiliates in the European Union and US financial and insurance sectors and increase in direct cross-border exports are possibly driven by technological changes and increased digital penetration.
    - For example, digital platforms also facilitate the direct purchase of policies and the management of claims (Deloitte, 2025c).
- InsurTech, described as the innovative use of technology in insurance — e.g. the adoption of artificial intelligence, machine learning tools and data-driven technologies — is transforming insurance operations, from underwriting and pricing to claims, risk modeling, and fraud detection (NAIC; n.d.; Bourbonais et al, 2023; Deloitte, 2025c; IAIS, 2024; NVIDIA, 2025; Levitt, 2024). And as reinsurers face more volatile loss environments, advanced analytics and automation are increasingly crucial to improve operational efficiency and maintain underwriting discipline (IAIS, 2024; Bogdanov, 2024).
- Cloud computing, telematics, and real-time customer data are also redefining how insurers interact with policyholders, e.g. usage-based insurance and real-time pricing and claims processing. (PwC, 2023).
    - Insurers are moving toward predictive and proactive models, such as using digital twins to anticipate health events, with broader applications emerging across coverage lines using data from smart-home sensors, vehicle telematics, factory and warehouse sensors, and other Internet of Things (IoT) devices (PwC, 2023).

[2] Although world trade in financial services institutions occurs mainly through the establishment of a commercial presence (Mode 3), the share of services exports through branches and subsidiaries established in other countries is declining, while cross border exports are increasing (Mode 1) (Koopman, 2020).

- However, technological innovation also introduces new challenges, including concerns related to data security, localization requirements, legacy system integration, and regulatory compliance across borders (PwC, 2023; IAIS, 2024). Reliance on third-party tech vendors raises operational and conduct risks, leading regulators to develop new governance frameworks. Additionally, cybersecurity risks can create system-wide vulnerabilities (Deloitte, 2025c; IAIS, 2024). There is also a rise in political barriers such as data protectionism which make it difficult to store, transfer, access and process data across borders (TheCityUK, 2022).
    - The increasing complexity and interdependence within technology supply chains can lead to operational risks if not properly managed. Without direct oversight and understanding, businesses face increased risk from fragmented and externally managed technology supply chains. (JPMorgan Chase & Co., 2025)

Sustainability & Development

- As a major global investor, the insurance industry is increasingly contributing to sustainable development efforts. Its function of providing financial protection against unforeseen events remains essential for reducing vulnerability and enhancing economic stability (PwC, 2020).
- Governments and international organizations are stepping up their efforts to address climate change and promote sustainability, leading to more regulations and voluntary standards (UNCTAD, 2024; UNEP, 2023).
    - Insurance regulators can support sustainable development by guiding market policies and coordinating responses to systemic risks like climate change and pandemics, influencing the availability and diversity of insurance products (PwC Switzerland, 2020).
- Sustainability has become a defining theme in insurance. Insurers are at the frontline of climate-related financial risks, particularly through their exposure to natural catastrophes. These continue to grow in frequency and severity, increasing claims volatility and impacting reinsurance pricing and terms, especially for secondary perils like wildfires, storms, droughts, and floods (OECD, 2024; IAIS, 2024; Cooper, 2025).
    - The changing nature of climate-related risks is challenging long-standing assumptions about natural catastrophe exposures. From a legal standpoint, this shift prompts a re-examination of policy language, including the interpretation of aggregation clauses and the extent to which reinsurers are bound by the claims decisions of primary insurers. On the regulatory side, there may be a growing trend toward government intervention to require insurers to provide coverage for catastrophic events, e.g. Flood Re, a joint initiative between the UK Government and insurers to improve the affordability of flood coverage within household insurance policies. (Cooper, 2025; Flood Re)
- Microinsurance — covering health, agriculture, climate risks, and life — has expanded, offering protection to those excluded from traditional insurance and social security networks (UZH, n.d.; ITC-ILO, n.d.).
- Providing accessible and easy-to-use insurance solutions in low- and middle-income countries has become essential to advancing sustainable development. Effective risk

management and insurance can strengthen resilience to unexpected disruptions, particularly by helping communities better cope with economic and environmental shocks (UZH, n.d.).

- Climate transition planning is also gaining traction. Insurers now have strategies in place — or plan to implement them — to assess both physical and transition risks arising from climate change. Nonetheless, the industry continues to face difficulties with the availability, granularity, and reliability of data needed for these assessments (IAIS, 2024). The IAIS (2024) and Insurance Europe (2022) also emphasise the need for harmonised standards to guide climate disclosures, investment strategies, and resilience planning.

Macroeconomic & Geopolitical Pressures

- Insurers remain alert to several macro-level challenges that may affect their strategic planning and risk exposure. Interest rate volatility continues to create uncertainty around long-term investment returns and liability management. At the same time, global geopolitical tensions introduce unpredictability in operational environments and investment portfolios (IAIS, 2024).
- Geopolitical risk is now a major concern for insurers. Ongoing conflicts, sanctions regimes, and shifts in global alliances are disrupting insurance markets, especially for cross-border reinsurance and multinational underwriting. Regulatory fragmentation and protectionist policies, such as data sovereignty and capital localization, add to the complexity (Deloitte, 2025c).
    - For example, war-risk insurance products are being developed by international organizations and private insurers to support investment in Ukraine, with proposed legislation aiming to establish a unified national system and provide clearer frameworks for coverage across sectors such as infrastructure, agriculture, and manufacturing (Dentons, 2024).
- Moreover, insurers are exposed to cybersecurity threats tied to geopolitical instability, with increasing attacks on infrastructure and financial institutions. According to PwC (2023), geopolitical uncertainty is also influencing investment decisions and prompting reassessments of risk exposures in sensitive jurisdictions.
- Businesses and governments are focusing on de-risking supply chains through strategies like "friend-shoring"[3], reshoring, and protectionist policies in key sectors (Ellerbeck, 2023).
- There is an increasing trend of geoeconomic fragmentation due to rising geopolitical tensions (Schanz, 2025). As a result, multinational insurers are not able to build a complete picture of all the requirements (International Regulatory Strategy Group & DAC Beachcroft LLP, 2020). This trend is expected to continue as countries prioritize their own interest instead of international cooperation (EY Global Regulatory Network, 2025).[4] This is visible in the inconsistent implementation of existing international frameworks as well as proliferation of local standards. (EY Global Regulatory Network, 2025; Malhotra & Batra, 2024).

[3] "A growing trade practice where supply chain networks are focused on countries regarded as political and economic allies." (Ellerbeck, 2023).

[4] See also CEPR Geopolitical Risk Index: https://cepr.org/voxeu/columns/geoeconomic-fragmentation-and-firms-financial-performance

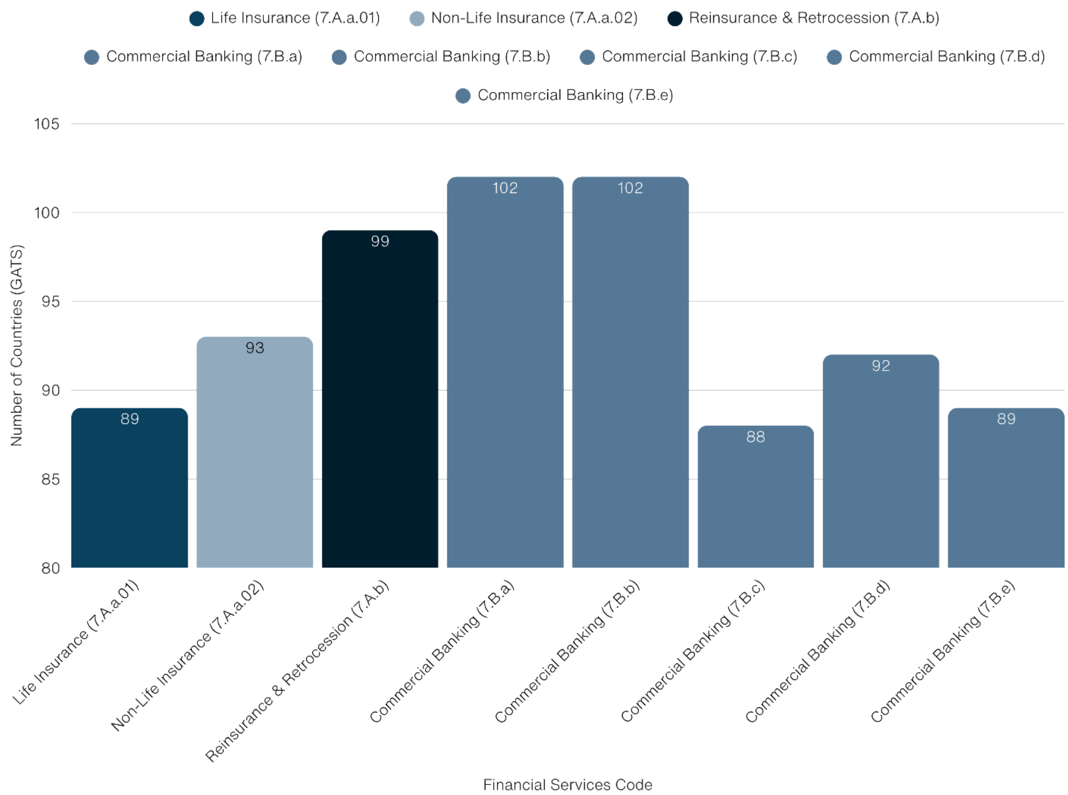
- For example, mandatory local cessions and restrictions on foreign reinsurers in Argentina, Brazil and India (GRF, 2024).

2.3 INTERNATIONAL TRADE IN INSURANCE & REINSURANCE

Like other parts of the financial system, insurance and reinsurance operate within a framework of shared rules, principles, and norms. Global cohesion within this framework is essential for fostering trust and enabling cooperation across jurisdictions. It is this alignment that allows insurance providers to offer coverage and deploy capital solutions internationally, even within diverse and complex regulatory environments.

Efforts to liberalize trade in insurance and reinsurance were initially addressed through broader negotiations on trade in services. The World Trade Organisation's (WTO) General Agreement on Trade in Services[5] (GATS, 1995a) provides the multilateral framework for liberalizing trade in services, including financial services.

Specific commitments under GATS are documented in each member's Schedule of Specific Commitments, detailing the extent of market access and national treatment offered in various service sectors. In financial services, these commitments are crucial for determining the level of openness and the regulatory framework applicable to foreign service providers.



[5] The agreement includes specific commitments and obligations related to the sector, recognizing its critical role in global trade and economic development. A key feature of the GATS is its classification of services trade into the Four Modes of Supply: (1) Cross-Border Supply, (2) Consumption Abroad, (3) Commercial Presence, and (4) Presence of Natural Persons (Copeland & Mattoo, 2008). In the insurance and reinsurance sectors, these modes are reflected in different ways—most commonly through Mode 1, where coverage is provided across borders without a physical presence, and Mode 3, with the establishment of local branches or subsidiaries to underwrite policies directly in foreign markets.

Chart A — GATS Commitments in Financial Services per Sub-Sector

Source: WTO, 2025.

Trade-Offs in Financial Services Market Liberalisation

Liberalising trade in financial services does not equate direct deregulation but rather support the entry of foreign providers under regulated conditions (Adams & Canvin, 2024). The liberalisation of trade in financial services has to be evaluated based on how it contributes to the efficiency and effectiveness of the financial sector. At the same time, maintaining the stability and soundness of financial systems is essential not only for the sector itself but also for the broader economy (Mitchell, 2016; Adams & Canvin, 2024). This is where prudential concerns introduce a critical element to liberalisation efforts.

The GATS also acknowledges this balance by affirming that liberalisation commitments do not undermine a government's ability to implement prudential regulations aimed at safeguarding financial stability, protecting investors, depositors, and policyholders (Cantore, 2018).

It should be noted that "the nature and scope of financial regulation at different times reflect the knowledge, experience and scales of values of governments at the moment in question" and that "prudential reasons may vary over time, depending on different factors, including the perception of the risk prevailing at different points in time" (WTO, 2015, Paras. 7.869 to 7.871). For this reason, prudential regulation can cover different topics and regulatory areas, impacting various stages related to a player's entry, operation, and exit in a market.

This highlights the need for strong collaboration between trade and financial authorities when negotiating terms related to trade in financial services (PECC, 2003). It also showcases the need for international minimum standards and multilateral cooperation to harmonize approaches to financial services regulation and supervision (Adams & Canvin, 2024).

International agencies such as the International Association of Insurance Supervisors (IAIS) play a key role in addressing this need. These organizations develop international regulatory standards and best-practice guidelines aimed at fostering robust prudential regulation, enhancing financial stability, and ensuring fair competition (IAIS, 2019). By establishing such standards, they contribute to building international consensus on which regulatory measures are necessary and which may be unnecessarily restrictive to trade while still aiming to achieve legitimate policy objectives.

Adhering to these international standards offers significant benefits to jurisdictions, as it enhances their reputation as stable and well-regulated financial centers, attracting foreign investment and facilitating the global expansion of domestic financial institutions. From a competitive perspective, adherence promotes a level playing field for financial institutions (Zelmer & Kronick, 2018). For private-sector entities such as insurers, aligning with these standards improves access to global funding markets and simplifies cross-border operations. The credibility gained through compliance enables them to compete internationally under more favorable terms and at lower costs (Adams & Canvin, 2024).

However, the non-binding nature of these standards — combined with variations in interpretation and implementation, slow compliance in certain jurisdictions, and limited membership — renders them a relatively soft form of international legal arrangement (Gkoutzinis, 2008; Bouvatier, 2014).

Approaches to Cooperation: Multilateral and Bilateral Engagement

Multilateral forums are increasingly recognizing the need to use their spaces and frameworks to tackle recent trends and developments in trade in services. For example, the WTO recognizes the role it can play in supporting artificial intelligence related trade by providing a global forum for discussion, dispute resolution, knowledge sharing and governance, and increasing transparency in regulations across members (WTO, 2024).[6]

The United Nations Conference on Trade and Development (UNCTAD) also recognizes emerging challenges like geopolitical tensions, sustainability, and consumer protection for developing countries. It recommends using the multilateral provisions strategically to navigate these and participating in the multilateral trading system (UNCTAD, 2025b).

It should be noted, however, that these forums face credibility issues due to inconclusive negotiations since the 2001 WTO Doha Round, inability to address unfair trade concerns, and rise in protectionism which have led to more bilateral, regional and plurilateral trade deals, that can further increase fragmentation (Harte & European Parliamentary Research Service, 2018).

In recent years, various countries have also started negotiating standalone trade agreements[7] and mutual recognition arrangements that introduce trade-related measures often not covered under traditional frameworks like the GATS (Lim et al, 2006). This trend is particularly significant in the financial sector, where these agreements frequently include provisions that go beyond baseline GATS Commitments — commonly referred to as GATS-Plus or GATS-Beyond measures. Such agreements are typically reciprocal in nature and focus on specific areas of shared regulatory or commercial interest.

Notable examples include the Berne Financial Services Agreement (UK–Switzerland, 2023), the US–EU Covered Agreement (2017), the WTO's Services Domestic Regulation (SDR) Initiative (2024), and the African Continental Free Trade Area (AfCFTA, 2018), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, 2018), and Regional Comprehensive Economic Partnership (RCEP, 2022). These arrangements represent pragmatic steps toward improved regulatory alignment, reflecting the evolving nature of the global financial services landscape (**Annex III**).

However, despite the most recent attempt by WTO SDR to improve transparency and simplify regulatory procedures across service sectors, some participating countries have opted to exclude financial services from their commitments[8]. This carve-out underscores the ongoing sensitivity of financial regulation and its intrinsic link to domestic financial stability and prudential oversight.

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[6] For example, agreements and mechanisms like the GATS, the Technical Barriers to Trade (TBT) Agreements, Trade Policy Review Mechanism, Information Technology Agreement (ITA), Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, Dispute Settlement System can be instrumentalised to facilitate artificial intelligence-related trade (WTO, 2024)

[7] For example, regional trade agreements have emerged as a big enabler of data sharing as they contain provisions on data flows, data localization, protection of personal information, access to government data, source code, competition in digital markets, and customs duties on electronic transmissions. However, the depth of digital trade provisions included in these agreements varies significantly, reflecting diverging approaches. (WTO, 2024; López-González et al., 2023).

[8] An analysis of the WTO Members' SDR Commitments reveals that several members explicitly excluded financial services from the general services domestic regulation disciplines while simultaneously adopting the "Alternative Disciplines on Services Domestic Regulation for Financial Services". This selective approach reflects a prevailing cautious stance toward the liberalization of financial services, consistent with long-standing concerns over financial stability and the preservation of domestic regulatory autonomy (WTO, n.d.).

2.4 RESTRICTIONS ON INTERNATIONAL OPERATIONS

Trade costs for services are twice as high as those for goods, with approximately forty per cent of these costs attributed to unclear regulations and complex procedures (Coghi, 2021). According to the OECD, financial services suppliers would be one of most positively impacted by lowering trade restrictions, for insurance service providers the cost decrease could be of 11 to 19% (OECD, 2024b).

There are two major initiatives for the production of Services Trade Restrictions Indices (STRI) – the OECD STRI and the World Bank-World Trade Organization Services Trade Restriction Database. Their purpose is to inform international negotiations[9] and reform policies by making the data and analysis publicly available for the stakeholders (Benz et al., 2020; Borchert et al., 2012). The authors have compiled, with the necessary adaptations, the measures monitored by both sources into a single list, which can be consulted in **Annex I**.

The dimensions of analysis primarily focus on five key areas: restrictions on market entry, restrictions on the movement of people, discriminatory measures, barriers to competition, and regulatory transparency. These categories encompass a wide range of regulatory provisions and policy measures that have traditionally limited international trade in services.

Both the projects follow a similar basic structure to create the indices, informed by the Australian Productivity Commission's framework developed in the early 2000s (Shepherd, 2020). These projects aim to quantify the restrictiveness of services trade policy from the perspective of a services provider trying to enter the market[10], including insurance and reinsurance.

These indices serve as useful tools for providing a general overview of restrictive measures affecting services trade[11]. However, they also present several limitations — particularly in the context of financial services. One key issue is the exclusion of certain segments, such as specific insurance sectors, from the OECD STRI. This exclusion reflects the complexity and distinct regulatory treatment of these services, especially in light of the rapid changes that followed the 2008 Financial Crisis (Rouzet et al., 2014).

Another notable limitation is the lack of consideration for prudential regulation. The indices were developed before the global regulatory response to the financial crisis had fully taken shape, particularly in the area of conduct and stability-focused regulation. As a result, they do not account for the evolving prudential landscape[12]. Despite the significant shifts in regulatory frameworks over the past decade, the indices have yet to be updated to reflect these developments.

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[9] As per Foster (2024), it must be noted that for Free Trade Agreement (FTAs) negotiations of financial services, trade negotiators take a back seat to financial regulators.

[10] Both of them measure Most-Favoured Nation (MFN) restrictions and exclude specific concessions and preferential policies, and do not account for the implementation of laws, regulations, or business perceptions of their enforcement (Borchert et al., 2012; Geloso Grosso et al., 2015). For differences in their methodologies for weighting individual policy measure scores, and aggregating them into the indices, see Shepherd (2020).

[11] Unlike trade in goods, which benefits from structured frameworks such as the WTO Agreement on Technical Barriers to Trade (TBT), trade in services — particularly in the financial sector — lacks a comparable mechanism for addressing regulatory issues and facilitating coherence in standards across jurisdictions.

[12] That said, it's important to note that while prudential measures may at times function as trade barriers — particularly when national standards differ across countries — they should not automatically be equated with protectionist policies (Lloyd et al., 2023; Cantore, 2018). Financial trade protectionism refers to deliberate actions, whether explicit or implicit, designed to shield domestic financial institutions from foreign competition. These measures often take the form of discriminatory policies that restrict market access for foreign firms or impose disproportionately strict requirements under the pretext of macroprudential regulation (Beck et al., 2015; Goldberg & Gupta, 2013).

2.5 PROBLEM STATEMENT

Issues related to digitalisation, sustainability, and evolving regulatory practices are increasingly shaping international activity, even when such measures are grounded in prudential or domestic regulation objectives. These are also not captured by the existing measures of trade restrictiveness compiled by the OECD, World Bank and WTO. While traditional trade barriers remain relevant, newer forms of restrictions and operational challenges are gaining prominence and merit closer examination.

This project aims to contribute by identifying, compiling and categorising these emerging challenges, many of which are not captured by existing measurement tools. The goal is to support industry stakeholders, policymakers, and trade negotiators with practical insights that reflect real-world business experience. In doing so, it also lays the groundwork for a targeted survey to better understand which barriers are most critical from a private sector perspective and to inform future trade policy discussions in the financial services sector.

3. Research Methodology

3.1 RESEARCH DESIGN

This study employed a mixed-method approach, combining extensive desk-based secondary research with limited qualitative inputs from semi-structured interviews. Based on insights from the literature review, the research adopted a working definition of trade barriers as those constraints and challenges that can be addressed through regulatory reforms, trade negotiations, and enabling policy measures.

To better capture contemporary challenges, a framework of emerging challenges was developed, comprising five key categories: Geopolitics; Technology & Data; Operations; Conduct Regulation; and Sustainability. This categorisation draws on thematic trends observed in the literature review including industry association reports, market trends and forecasts, and interview insights.

Geopolitics	Refers to the influence of international relations, global power dynamics, and geopolitical risks — such as conflict, sanctions, and shifts in trade alliances — on financial and insurance markets. This category captures how macro-level political developments increasingly shape regulatory environments, capital flows, and risk exposures across borders.
Technology & Data	Encompasses the growing reliance on digital infrastructure, data analytics, cybersecurity, and emerging technologies such as artificial intelligence and blockchain. It was labeled as such to reflect the sector's increasing dependence on technological transformation, as well as the opportunities and vulnerabilities this introduces, including issues around data governance and digital resilience.
Operations	Includes the internal functioning of financial and insurance institutions, particularly in terms of agility, risk management, supply chain dependencies, and workforce challenges. This category highlights the pressure on operational models to adapt to rapid change, including crisis preparedness and system modernization.
Conduct Regulation	Captures the evolving expectations around ethical behavior, customer protection, transparency, and regulatory compliance. It was included to reflect a broader shift in regulatory focus from prudential oversight alone to include how firms treat clients, manage conflicts of interest, and ensure fairness and accountability.
Sustainability	Represents the integration of environmental, social, and governance considerations into strategy, risk assessment, and reporting. It was categorized separately to emphasize the increasing regulatory and market pressure for institutions to align with climate goals, manage transition risks, and contribute to broader societal objectives.

Table C — **Explanation of the Challenges Categories**

The selection of the five categories was guided by a synthesis of trends identified across a wide range of literature on emerging risks and systemic pressures within the insurance and reinsurance sectors. These categories were chosen to reflect both the external forces reshaping the global environment (e.g. geopolitical tensions and climate change) and the internal demands for transformation within institutions (e.g. digitalisation and ethical conduct). Each category represents a distinct but interconnected domain of challenge, ensuring the framework captures the multifaceted and evolving nature of contemporary risk landscapes in a comprehensive and structured manner.

While some of the manifestations of these categories may overlap, the distinction between them was maintained to provide a clearer, more structured understanding of the multifaceted challenges emerging in the sector. By distinguishing between these categories, the framework seeks to reflect the broad scope and interconnected nature of emerging challenges, while preserving the distinct drivers and impacts associated with each.

It is also worth noting that while certain categories—such as conduct and operations —have long been established as central concerns within the industry, those relating to sustainability and the disruptive effects of technological and data innovations, reflect more emergent trends. These latter domains are increasingly top-of-mind for professionals, driven by the accelerated pace of change and global regulatory divergence and fragmentation.

3.2 MAPPING OF POTENTIAL TRADE BARRIERS

The starting point for mapping potential trade barriers was the combined set of measures tracked by the OECD Services Trade Restrictiveness Index (STRI) and the World Bank-WTO Services Trade Restrictions Database. These were consolidated and adapted to serve as a base list for identifying relevant barriers in the insurance and reinsurance sectors[13]. The framework was further refined by aligning this base list with the categorisation of the emerging challenges, allowing a more contemporary and holistic approach on evolving barriers.

It is important to note that, while the GATS — and by extension, trade negotiations — classify services trade into modes of supply, this categorization was not adopted in this report for classifying and analysing the emerging challenges identified[14]. However, the aim of this report is to provide a broader, overarching perspective rather than a negotiation-specific analysis. Additionally, insights from one of the interviews highlighted that, while the modes are pertinent in the context of trade agreement negotiations, firms tend to operate across multiple modes simultaneously, making the distinction less practical from an operational standpoint.

3.3 DATA COLLECTION

Desk Review

The primary data collection for this study was conducted through an extensive desk review of secondary sources. This included reports from international institutions and companies, relevant trade agreements, international regulatory standards, and best-practice guidelines issued by global standard-setting bodies. Additionally, the review covered publications from national and regional regulators, studies produced by trade and financial associations, academic articles, industry white

[13] It is worth noting that the project initially aimed to cover the commercial banking, insurance, and reinsurance subsectors. However, given the length of the report and the project timeline, the authors chose to focus on insurance and reinsurance. This focus is particularly relevant as these subsectors tend to face more regulatory and operational barriers compared to commercial banking and are generally less internationalised.

[14] For this reason, unless otherwise specified or contextualized, the authors make no distinction between the terms 'cross-border' and 'international' operations or trade.

papers, and media reports highlighting emerging issues. These sources collectively informed the development of the analytical framework, guided the identification of key trade barriers, and supported the prioritization of issues for further investigation.

Interviews

To complement the desk review, three semi-structured interviews were conducted with representatives from the industry and international organisations, providing insights into how both private sector actors and trade negotiators understand the topic. The interviews provide qualitative insights into how barriers manifest in practice and are understood by the different actors involved. They also help us build a preliminary understanding of the relevance and prioritization of the barriers. Due to the limited number, the interviews are used illustratively, not representatively. The interview guideline and the summary notes outlining key areas of enquiry is provided in **Annex II**.

Survey Proposal for Further Research

To address the need for broader private-sector perspectives, the study includes a proposed survey methodology targeting global insurance and financial services firms. The aim of the survey is to assess how industry stakeholders perceive and prioritize the emerging challenges to trade, identify which barriers have the most tangible operational and strategic impact, and generate actionable insights to inform future policy discussions and trade negotiations. The detailed survey design is provided in **Annex IV**.

3.4 ANALYSIS OF DATA

The analysis was guided by a framework structured around the categories of emerging challenges, with the primary objective of identifying, mapping, and categorising a comprehensive list of barriers to trade in insurance and reinsurance. Each identified challenge was classified and, where applicable, linked to specific regulatory examples. These challenges were then further examined to understand their underlying causes and how they manifest in practice. The analysis also explored the operational and strategic difficulties they pose for firms, as well as potential trade-offs or sensitivities related to public policy objectives, such as financial stability, consumer protection, and data sovereignty.

3.5 LIMITATIONS

This research primarily focuses on the insurance and reinsurance sectors, without extending to the broader financial services industry. The number of interviews conducted was limited, which restricts the depth and breadth of qualitative insights. Additionally, the analysis does not differentiate between firms based on size or regional context, and therefore does not fully reflect the diversity of experiences across market segments. While the study concentrates on barriers that can be addressed through policy reform or trade negotiations, it does not account for non-regulatory operational challenges such as time zone differences, cultural nuances, or geographic remoteness, which may still impose costs on private-sector firms. Furthermore, the emphasis on private-sector perspectives may exclude the views of public-sector institutions and other relevant stakeholders involved in the insurance lifecycle, potentially limiting the report's ability to fully capture legislative and policy-related dimensions of trade barriers.

The report also recognizes that the field is rapidly evolving, and the proposed classification of emerging challenges may not encompass all possible scenarios or perspectives. In this regard, the framework should be understood as one of several possible lenses through which to assess the cross-border constraints faced by firms in the insurance industry. Despite these limitations, the report is intended to serve as a starting point for further inquiry, offering a foundational analysis to inform future research, stakeholder engagement, and policy discussions aimed at facilitating trade in insurance services.

3.6 ETHICAL CONSIDERATIONS

The authors were committed to upholding ethical standards throughout the whole research process, including obtaining informed consent from all interview participants and adhering to established ethical guidelines for data collection and analysis. All necessary approvals were secured prior to conducting the interviews.

The authors are fully responsible for the content of the present report. The authors declare that they have used generative artificial intelligence, specifically ChatGPT, as a tool for refining the phrasing and structure of certain sections of this manuscript to enhance clarity and coherence. It was also employed to translate specific portions of the text originally drafted by the authors in their respective native languages into English. All content, including the ideas, analysis, and conclusions presented in this work, were conceived and developed by the authors. The use of artificial intelligence assistance was limited strictly to language refinement and translation, with no influence on the intellectual or scientific integrity of the work.

4. Emerging Challenges to Trade in Insurance

The authors identified and mapped trade barriers across five categories (Table D). This section summarizes the barriers keeping categories as the main anchor and areas as the secondary lens.

Category	Areas	Examples
Geopolitics	• Cyber Warfare • Macroeconomic Volatility • Political Fragmentation • Risk Consolidation	• Increased Risk of Cyber Threats • Reputational Risks • Increased Funding Costs • Claims and Demand Volatility • Business Continuity • Economic Sanctions • Reputational Risk • Consolidation of Risk
Technology & Data	• Artificial Intelligence Adoption • Data Compliance • Cross Border Data Transfer • Oversight of Third Party Services • Data Security • Data Availability	• Regulatory Uncertainty • Liability for AI Use • Increased Cost • Conflicting Regulations: • Classification of Data • Restrictions on Cross-Border Data Transfers • No Economies of Scale • Limited Security Checks • Reliance on Third Parties • Cybersecurity Risks • AI Innovation
Operations	• Licensing and Market Entry Restrictions • Capital Solvency Requirements • Collateralization and Asset Localization Requirements • Accounting, Audit & Reporting • Risk Management • Corporate Governance & Control Limits • Auxiliary Services and Outsourcing Restrictions • Policy Recognition, Policy Portability & Mutual Recognition • Market Conditions	• Stringent Licensing Requirements • Legal Form and Establishment Structure • Restrictions on Foreign Ownership and Control Limits • Compulsory Cessions and Governmental Mechanisms • Limited Flexibility in Capital Calculations Methods • Capital Requirements Limiting Investment • Foreign Branch Capital Rules • Mandatory Collateralization • Capital Fungibility Constraints • Reporting Systems and Requirements • Diverging Accounting and Auditing Processes • Jurisdiction-Specific Enterprise Risk Management (ERM)

		Requirements • Non-Alignment with Group-Wide Risk Frameworks • Inconsistent ORSA (Own Risk and Solvency Assessment) Standards • Governance Documentation and Corporate Structures • Different Fit and Proper Standards
Conduct Regulation	• Customer Protection and Disclosure Requirements • Claim Handling and Dispute Resolution • Suitability and Fiduciary Standards • Advertising and Marketing Rules	• Consumer Protection and Policy Disclosure • Anti-Misleading Conduct and Fair Treatment • Local Consumer Protection Laws with Extraterritorial Effect • Inconsistent Consumer Redress Systems • Timeliness and Compensation Process • Tools or Automated Underwriting • Divergent Intermediary Regulations • Varying Suitability Obligations • Fiduciary Duty Disparities • Advertising and Marketing Constraints • Platform or Channel Restrictions
Sustainability	• ESG Reporting and Disclosure Divergence • Climate Risk Scenario Analysis Requirements • Green Taxonomy Fragmentation & Nature and Biodiversity-Related Risks • Data Gaps and Asymmetries • Sustainable Investment Restrictions or Incentives • Inconsistent Transition Risk Definitions • Mandatory vs. Voluntary Regimes & Regulatory Timetable Mismatch • Built-In Capabilities Assessment Tools	• Lack of Standardization • Group vs. Local ESG Alignment Issues • Inconsistent Climate Risk Assessments • Lack of Data to Comply with Reporting or Assess Risk • Difficulties in Sourcing Data • Regulation that Pushes or Restricts Investment into Specific Sectors or Activities • Regulation that Promotes Sustainability Alignment • No Common Standard for Transition Risk

Table D — **Summary List of Emerging Challenges**

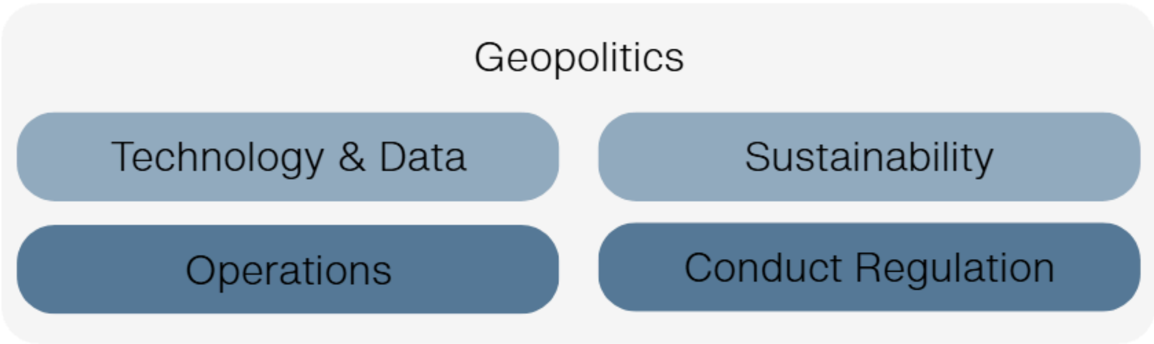

Figure C — Representation of the Categories across Levels
This figure was created by the authors.

As seen in **Figure C**, the barriers can be understood as three levels. Operations and Conduct Regulations represent the long-standing barriers which are still unresolved and weigh heavily on the ability of insurers to enter and scale in foreign markets. Technology & Data and Sustainability represent new areas and challenges which are rapidly evolving and gaining urgency. Finally, we have geopolitical barriers encompassing the other four categories, as they include direct challenges to trade as well as serve as the underlying cause of most of the emerging barriers which have been mapped in the other categories.

Geopolitics is considered important by the industry, either as a challenge in itself or as an underlying cause of most of the emerging barriers (EY Global Regulatory Network, 2025; International Association of Insurance Supervisors (IAIS, 2024; Schanz, 2025; Swiss Re Institute, 2024). While these challenges cannot be entirely addressed through trade negotiations and policy, given their significance for the industry, the authors saw merit in identifying the major barriers they create for insurers and reinsurers, and since it requires an enabling environment to facilitate progress.

It should be noted that the areas or categories are not mutually exclusive and the same issue can manifest in different ways. For example, rapidly changing and overlapping sanctions and export control regimes increase operational and legal risks for cross-border transactions. The authors have categorized this as an operational barrier, but another manifestation of this is also as a geopolitical barrier since companies may be subject to economic sanctions, differential taxation and discriminatory regulations due to rising geopolitical tensions, e.g. foreign ownership limits, and discriminatory licensing, market conduct and product approval requirements. The authors saw merit in keeping different manifestations for a comprehensive understanding of the challenge and what its most relevant implications are for the private sector.

4.1 GEOPOLITICS

These barriers pertain to the challenges firms face due to **rising geopolitical tensions and geoeconomic fragmentation that complicate cross-border ins**urance operations.

Areas	Examples
Cyber Warfare	**Increased Risk of Cyber Threats:** Increase in geopolitical conflicts and global trade tensions have led to an increased risk of state-sponsored efforts, cyber threats, data breaches and critical infrastructure disruption (IAIS, 2024; Schanz, 2025; Swiss Re Institute, 2024). • Cyber conflict in the context of war raises complex coverage issues, as most cyber policies exclude war-related risks. Defining and proving 'war' in cyber-attacks often challenges legal norms, making it crucial for insurers and policyholders to understand jurisdictional differences (Cooper, 2025). **Reputational Risks:** This is not only a security risk for the company, but also increases chances of regulatory penalties and reputational harm (IAIS, 2024).
Macroeconomic Volatility	**Increased Funding Costs:** Geopolitical disruptions and trade wars lead to financial restrictions and capital outflows, reducing bond valuations and increasing funding costs for insurers. (Schanz, 2025). **Claims and Demand Volatility:** The inflationary pressures tied to protectionist policies also undermine domestic growth which leads to claims volatility, demand fluctuation, ultimately reducing risk-taking capacity, investment returns, new business generation, profitability, and solvency (EY Global Regulatory Network, 2025; IAIS, 2024; Schanz, 2025; Swiss Re Institute, 2024). **Business Continuity:** A stagflationary environment, creating higher claims inflation without a compensating rise in investment returns, threatens insurers' business stability, continuity, and risk-transfer capacity in cross-border operations (Swiss Re Institute, 2024).
Political Fragmentation	**Economic Sanctions:** Companies can be subject to various — direct and indirect — economic sanctions, blacklists, differential tax regimes, and discriminatory regulations across different countries based on the geopolitical relationships. This also raises compliance costs, disrupts product strategies, affects underwriting and market access, as well as complicates global risk pooling. Ultimately, it reduces capital efficiency and investment portfolio stability for global insurers and reinsurers. (IAIS, 2024; Schanz, 2025; Cooper, 2025)

	These sanctions can create challenges for insurers even if they are indirect i.e. when they manifest in the form of restrictions for key technologies transfers for certain countries, or block access to their supply chain (Schanz, 2025). However, whether fragmentation will present risks or opportunities depends on the kind of non-life insurance considered (Schanz, 2025): • Property and engineering insurance could benefit from the fragmentation due to greater individual demand in countries' projects. • On the other hand, marine insurance will be severely affected by the shift to more localised supply chains. • Trade credit insurance may see both opportunities, due to increased demand, and challenges due to premium adjustment for higher risk. • Political risk insurance will also see an increase in demand. • Cyber insurance will be highly affected by data localisation requirements and increased cyber threats and warfare. • Geoeconomic fragmentation could heighten the risk of compliance breaches, operational disruptions, financial losses, and reputational harm, which could drive up directors and officers (D&O) liability insurance claims. **Reputational Risk:** Operating in high-risk regions and sectors exposes firms to boycotts, reputational loss, and strained home-country relations (Schanz, 2025).
Risk Consolidation	In line with the above area, the rising geopolitical tensions and fragmented regulations lead to regional consolidation and weakening risk diversification (EY Global Regulatory Network, 2025; Schanz, 2025). This makes managing interest rate shifts, inflation, and long-term market volatility difficult in the long-run. • The current geopolitical instability, with the ongoing wars and the imposition of sanctions, has also highlighted the importance of war risk insurance and the extent of protection it offers (Cooper, 2025). For example, in the case of attacks on shipping and the imposition of geographical limits by marine insurers to the scope of war risk. • Addressing global risks such as climate change and pandemic preparedness requires coordinated international efforts. In the absence of these efforts, the risks arising from these are harder to mitigate and insure (Schanz, 2025).

Table E — **Geopolitics: Key Emerging Challenges**

4.2 TECHNOLOGY & DATA

These barriers pertain to the challenges firms face in the **use of emerging technologies**, such as artificial intelligence, **and data treatment across jurisdictions**.

Areas	Examples
Artificial Intelligence Adoption	There is a very fragmented approach to the regulation of AI across the world with different countries using AI laws (e.g. implementation of EU AI Act which adopts a risk based approach based on use of AI), guidelines and principles (e.g. Monetary Authority of Singapore issued principles on generative AI's risks and opportunities), incorporation of AI related risks in digital policies, as well as sector specific guidance and initiatives (EY Global Regulatory Network, 2025). **Regulatory Uncertainty:** Regulatory uncertainty around AI with respect to risk management and responsible use impedes its adoption by insurers (*Freshfields*, 2025). In fact, the absence of standardized terminology and definitions across policies leads to ambiguity and different understanding of technology risks across jurisdictions, making compliance harder for insurers (EY Global Regulatory Network, 2025). **Liability for AI Use:** AI adoption might also increase underwriting risks, including potential liability for discriminatory practices and emerging legal exposures tied to automated decision-making (IAIS, 2024).
Data Compliance	Data localization refers to measures of varying intensities which restrict or prohibit the flow of data across borders to other jurisdictions. Today, over 60 countries have some form of localization laws, regulations or other requirements in place (Medine & Center for Global Development, 2024). This forces global businesses to shift from a unified data strategy to tailoring their approach for each market (TheCityUK, 2022). These measures can also violate some of the basic obligations of nondiscrimination and market access with respect to digital trade (Mishra, 2024). **Increased Cost:** Complying with data localization laws is costly, requiring companies to invest in advanced infrastructure like encryption, data masking, data fencing, and robust governance frameworks, including employee training and business continuity planning (O'Connor, 2024). **Conflicting Regulations:** Fragmented data protection regimes add further complexity, especially when data privacy laws conflict with other financial

	sector regulations, such as resolution planning, or when customer data is handled by multiple parties across jurisdictions (Long, 2023; Malhotra & Batra, 2024). **Classification of Data:** Ambiguity in how these laws are implemented, such as inconsistent and changing classification of data as personal or non-personal, introduces legal, operational, and reputational risks, and complicates consent management (TheCityUK, 2022).
Cross Border Data Transfer	Data localization laws vary in intensity across different countries, subsequently affecting the data sharing requirements. Some countries require data mirroring which requires setting up local servers (India, China, Indonesia, Russia) to enable sharing of data, while others go a step forward and restrict the movement of offshored data too – preventing businesses from "importing data into the market, processing it there, and exporting it again" (TheCityUK, 2022). **Restrictions on Cross-Border Data Transfers:** Even when allowed, outbound data flows may require prior regulatory approval or satisfy adequacy/equivalence tests (For example, EU GDPR and Brazil's LGPD). (IAIS, 2024) **No Economies of Scale:** Due to data sharing prohibitions, companies are not able to create intra-group centralized services hubs (International Regulatory Strategy Group & DAC Beachcroft LLP, 2020; TheCityUK, 2022). This prohibits them from unlocking efficiency and benefiting from economies of scale as they need to recruit local teams and rebuild the cloud in each market (Long, 2023). **Limited Security Checks:** Challenges in accessing data across borders also hinders compliance with sanctions screening, know your customer (KYC) obligations, risk aggregation checks, and financial crime investigations – undermining effective risk management and regulatory compliance (International Regulatory Strategy Group & DAC Beachcroft LLP, 2020).
Oversight of Third Party Services	Ever since July 2024 regulators are increasingly focusing on addressing third party risks (EY Global Regulatory Network, 2025).[15] The UK introduced the specific Critical Third Parties (CTP) framework and the EU's Digital Operational Resilience Act (DORA) regime setting high-level areas of focus for CTP management (Deloitte, 2025a). **Reliance on Third Parties:** Growing reliance on third-party services, such as AI and cloud providers raises operational risk and can complicate

[15] There was a global tech outage due to issues at cybersecurity firm CrowdStrike and Microsoft affected operations at airports, airlines, banks and media outlets (Reuters, 2024).

	compliance and business continuity (EY Global Regulatory Network, 2025). • In an open letter to third party suppliers, JPMorganChase's Chief Information Security Officer addressed the limited focus on security and cyber attack prevention in 'software as a service' (SaaS) delivery models. "Further compounding the risks are specific vulnerabilities intrinsic to this new landscape: inadequately secured authentication tokens vulnerable to theft and reuse; software providers gaining privileged access to customer systems without explicit consent or transparency; and opaque fourth-party vendor dependencies silently expanding this same risk upstream." (*Opet*, 2025)
Data Security	**Cybersecurity Risks:** Local copy requirements under data localization rules fragment data architecture, reduce operational efficiency, and heighten cybersecurity risks by limiting the ability to implement integrated, sophisticated protection systems (International Regulatory Strategy Group & DAC Beachcroft LLP, 2020). • Rising cyber claims and underwriting risks have also led to a demand for enhanced cybersecurity, tighter underwriting standards, and adjusted pricing for cyber insurance coverage (IAIS, 2024).
Data Availability	Insufficient data has implications on the training, functioning, accuracy, and relevance of AI systems in different contexts (Medine & Center for Global Development, 2024). **AI Innovation:** Lack of access to data and key datasets restricts innovation and optimization of products, pricing and operations (Medine & Center for Global Development, 2024; Schmidt, 2018). This can also reinforce the risks related to underwriting and automated decision-making discussed above in adoption of AI.

Table F — **Technology & Data: Key Emerging Challenges**

4.3 OPERATIONS

These barriers pertain to restrictions on the ability of insurers and reinsurers to **establish or operate within a market**. They include requirements of more structural or procedural nature.

Areas	Examples
Licensing and Market Entry Restrictions	**Stringent Licensing Requirements**: Licensing processes for foreign insurers remain intricate in numerous jurisdictions. Challenges include complex application procedures, limited access to information on requirements, and varying documentation standards and timeframes of applications (OECD, 2024; Cooper, 2025). Additionally, regulatory frameworks often impose restrictions or exclusions based on factors such as the type of insurance coverage (e.g. products not covered by licensed domestic insurance legal entities), payment methods, geographical limitations, and categories and number of policyholders (IAIS, 2023; Cooper, 2025). • For example: In the United States, foreign insurers must obtain specific licenses to operate directly, with certain states imposing additional requirements that can be challenging for foreign insurers to navigate (Office of US Trade Representative, 2023). **Legal Form and Establishment Structure:** Restrictions exist on the types of legal entities that foreign insurers can establish (e.g. branches, subsidiaries and joint ventures), and might differ based on their mode of service delivery. Moreover, many require local incorporation or partnerships with domestic entities, and in certain markets, operating solely through a branch may not be permitted (OECD, 2024; IAIS, 2023). As highlighted in one interview, regulators in emerging markets increasingly prefer foreign firms to establish subsidiaries as this allows for greater oversight, local accountability, and physical presence within their jurisdiction (IAIS, 2023; Cooper, 2025). **Restrictions on Foreign Ownership and Control Limits:** Some countries impose restrictions on foreign ownership of subsidiaries and other barriers to the establishment of branches, subsidiaries and operations, restricting the ability to provide local underwriting expertise and direct services to transfer risk out of domestic markets on an open and competitive basis. Common restrictions include caps on foreign shareholding, board composition requirements, and ownership screening based on national interest (GRF, 2024; Cooper, 2025). • For example: Countries like Nigeria and Saudi Arabia have set caps on foreign ownership in insurance entities, potentially deterring foreign investment and limiting market participation. Certain Asian and African markets have also set up to 49% foreign equity limits (GRF, 2024). **Compulsory Cessions and Governmental Mechanisms**: Some markets mandate that a portion of reinsurance business be ceded to local reinsurers,

	limiting the ability of insurers to diversify risk globally. Compulsory cessions to domestic entities, systems of “right of first refusal”, and compulsory, subsidized or monopolistic governmental mechanisms can limit the competitive capacity of global reinsurers to operate on a level playing field (GRF, 2024). Moreover, there is a lot of variability in rules for reinsurance cessions, use of special purpose vehicles, and recognition of foreign reinsurers, which hinders flexibility in transferring insurance risk to capital markets (Bank of England, 2023; IAIS, 2023).
Capital and Solvency Requirements	**Limited Flexibility in Capital Calculation Methods:** Insurers operating as part of international groups often face challenges due to limited flexibility in calculating capital requirements across multiple entities. This can result in inefficient capital allocation and unnecessary constraints, even when the group as a whole is well-capitalized (Khan, 2025). A common issue is the non-recognition of group solvency by host country regulators, who may not accept home-country solvency assessments. This regulatory fragmentation can lead to duplicative capital requirements and reduced capital efficiency (IAIS, 2024; IAIS, 2025). **Capital Requirements Limiting Investment:** Stringent capital requirements in certain jurisdictions can restrict insurers’ capacity to invest in long-term, productive assets such as infrastructure, climate adaptation, and energy transition projects. These constraints are particularly relevant for life insurers managing long-duration liabilities (Khan, 2025; Geneva Association, 2025). Additionally, restrictions on global investment diversification also reduce capital fungibility and weaken financial resilience for life insurers managing long-term liabilities (Geneva Association, 2025; EY, 2025). **Foreign Branch Capital Rules:** In certain jurisdictions, foreign branches of international insurers are required to hold capital locally, regardless of the capitalization of their parent company. These additional requirements reduce capital fungibility and overlook the integrated nature of global insurance groups, which may discourage foreign entry or expansion, especially in cases where equivalent group-wide supervision is already in place (Australia, 2024; African Union, n.d.; GRF, 2024).
Collateralization and Asset Localization Requirements	**Mandatory Collateralization**: Several jurisdictions require reinsurers to collateralize or localize assets in order to conduct cross-border business, which can prevent the global reinsurance market from transferring and spreading risk on the basis of a competitive, level playing field across borders (Khan, 2025) • For example: Some countries with such requirements include Argentina, Brazil, Canada, China, New Zealand, Portugal, Singapore, and the US (GRF, 2024). **Capital Fungibility Constraints:** Collateralization rules can tie up substantial amounts of capital, reducing the operational flexibility and global capital mobility of insurance and reinsurance firms. Moreover, differences in collateral

	standards across jurisdictions may hinder institutions from securing funding abroad and providing coverage across borders. • For example: The US mandates unauthorized reinsurers (those not licensed in a particular US state) to provide collateral for 100% of its liabilities due to U.S. ceding insurers. Collateral is typically provided in the form of a Letter of Credit (LOC), Single Beneficiary Trust, or cash (Aon, 2025; NAIC, 2022; Willkie Farr & Gallagher LLP, 2025; Cooper, 2025)[16]
Accounting, Audit & Reporting	**Reporting Systems and Requirements**: Insurers operating across multiple jurisdictions face complex and time-consuming reporting obligations, which increase administrative costs and workload (Khan, 2025). The varying sophistication and functionality of information and reporting systems, including tools, assessment granularity, and early warning processes, lead to uneven risk mitigation and reporting capabilities. Additionally, differences in reporting timeframes, frequency and levels of aggregation, on solo and consolidated basis, further complicates matters for companies (IAIS, 2024; IAIS, 2023). **Diverging Accounting and Auditing Processes:** Companies may struggle with varying approaches to on-site inspections, from targeted reviews to broad assessments. Furthermore, inconsistent disclosure requirements concerning key financial and risk information, including on/off-balance sheet items, profit and loss, risk concentration, capital adequacy, asset quality, related party transactions, interest rate risk, exposures, and climate-related risks, limit transparency and comparability across jurisdictions (IAIS, 2024). • For example: The uneven global adoption of IFRS 17 has created significant cross-border reporting challenges for insurers, requiring reconciliation between IFRS-based and local GAAP frameworks, and complicating regulatory compliance in markets such as the US, China, India and Japan (EY, 2023).
Risk Management	**Jurisdiction-Specific Enterprise Risk Management (ERM) Requirements:** Insurers operating across jurisdictions face divergent local requirements concerning risk identification, internal controls, governance structures, and audit procedures. These variations often force a bottom-up approach to risk management, limiting the effectiveness of consistent, group-wide policies and oversight. In addition, there is limited harmonization of risk management standards for reinsurance transactions, and inconsistent or undefined requirements for processes in place for periodic testing and assessment of the adequacy completeness and effectiveness of the control systems (IAIS, 2024; Khan, 2025). **Non-Alignment with Group-Wide Risk Frameworks:** Host country

[16] However, the NAIC had approved several mechanisms to alleviate this requirement for certain reinsurers, particularly the status of "Reciprocal Jurisdiction Reinsurers" (RJR), allowing qualified non-US reinsurers to be exempt from the 100% collateral requirement. As of March 2025, 97 Reciprocal Jurisdiction Reinsurers and 40 Certified Reinsurers have been approved. (Willkie Farr & Gallagher LLP, 2025).

	regulators may reject group-wide risk models or enterprise stress testing tools unless tailored to local market specifications. Some jurisdictions further require that key risk management functions, such as Chief Risk Officers, to be domiciled locally, restricting centralized oversight and duplicating governance efforts (IAIS, 2023; GRF, 2024). **Inconsistent ORSA (Own Risk and Solvency Assessment) Standards:** Insurers face administrative burdens when managing ORSA reporting obligations across jurisdictions due to inconsistent formats, frequencies, and evaluation criteria. These inconsistencies reduce the comparability of risk assessments and increase compliance costs for internationally active groups (IAIS, 2023). ● For example: Unlike the EU's standardized ORSA framework under Solvency II, jurisdictions such as the U.S. (via state-level NAIC model laws), China (via C-ROSS), and Japan (via internal risk systems) implement varied, less harmonized approaches (Deloitte, 2025d; NAIC, 2022; EIOPA, 2022a).
Corporate Governance & Control Limits	**Governance Documentation and Corporate Structures:** Differences in corporate governance documentation and legal structures, often shaped by national corporate law, create barriers to consistency and comparability across jurisdictions. Some countries impose specific governance models, and board structure mandates (such as one-tier vs. two-tier boards), which may conflict with the parent company's established corporate structure. These discrepancies can extend to board charters, internal control frameworks, and role descriptions, making it difficult for cross-border insurers to implement coherent, group-wide governance systems (IAIS, 2023; IAIS, 2024). **Different Fit and Proper Standards:** Jurisdictions apply varied "fit and proper" criteria for board members and senior executives, including differences in qualifications, background checks, and ongoing training. Inconsistent expectations can delay market entry or result in rejections. Additionally, some countries require a minimum number of locally resident board members or executives, placing structural burdens on international insurers entering those markets (GRF, 2024). ● For example: In India, the IRDAI requires that key managerial personnel and of insurance and reinsurance companies be resident Indian citizens and pass strict "fit and proper" evaluations, including background checks and financial integrity assessments (IRDAI, 2023).
Auxiliary Services and Outsourcing Restrictions	**Limits on Outsourcing and Cross-Border Auxiliary Services:** Many jurisdictions impose restrictions on the extent of outsourcing allowed by insurers, including limits on the number of functions that can be delegated and the concentration of outsourced activities with a single service provider. In addition, services auxiliary to insurance—such as consulting, actuarial work, claims processing, and risk assessment—are often not permitted to be

	delivered on a cross-border basis, restricting operational flexibility for internationally active insurers (IAIS, 2024; Marchetti, 2011). **Inconsistent Record Retention and Actuarial Standards:** Divergences in legal requirements for record retention, such as internal audit documentation, and variations in actuarial standards complicate multinational compliance. These differences include the frequency of actuarial submissions, qualifications of certifying actuaries, required content and level of detail, and the specific responsibilities of the appointed actuary. This fragmentation reduces consistency in enterprise-wide reporting and creates additional supervisory hurdles (IAIS, 2024).
Policy Recognition, Policy Portability & Mutual Recognition	**Lack of Cross-Border Recognition of Insurance Contracts:** Insurance and reinsurance policies issued in one jurisdiction are often not legally valid or enforceable in another due to fragmented national contract laws and absence of cross-border mutual recognition frameworks. This lack of mutual recognition results in duplicative coverage requirements, particularly for life, health, and liability lines, and complicates the structuring of international insurance programs and standardized products across borders, limiting efficiency and increases costs for both global insurers and their clients (IAIS, 2024; IAIS, 2024; African Union, n.d.) • For example: In the United States, life and health insurance policies are regulated at the state level, and coverage is non-portable across state lines (NAIC, 2020). • For example: In the ASEAN region, despite the adoption of the ASEAN Insurance Integration Framework (AIIF), cross-border insurance policy recognition is still highly limited (ASEAN, 2020).
Market Conditions	Insurers and distributors often struggle to deliver insurance products that are both viable for business and valuable to consumers in underserved markets. These challenges include cost, complexity, and lack of consumer trust or understanding. Progress is also slowed by gaps in knowledge and capabilities among insurance sector employees (ITC-ILO, n.d.).

Table G — **Operations: Key Emerging Challenges**

4.4 CONDUCT REGULATION

These barriers concern how firms conduct their business once they're active in the market. They affect the delivery and fairness of services, and can be a barrier when domestic rules are applied extraterritorially or not adapted for cross-border activity.

Areas	Examples
Customer Protection and Disclosure Requirements	**Consumer Protection and Policy Disclosure:** Inconsistent levels of policyholder protection, including claim hierarchies, compensation and protection schemes as well as varying safeguard requirements for policyholder protection, create uncertainty in cross-border engagements, complicating alignment across jurisdictions (IAIS, 2024). The differences in mandatory disclosures requirements such as policy terms, conditions and pricing, can lead to increased compliance burdens, creating a barrier to uniform product rollout (IAIS, 2023). • For example: Jurisdictions like the EU (IDD), Japan, and the UK require extensive disclosures and client profiling before or during sale — increasing onboarding frictions (EIOPA, 2022c; FSA, 2021; FCA, 2025b). India mandates pre-sale product benefit illustration (IRDAI, 2024) • For example: Companies can also be held liable for non-compliance under consumer protection laws as they may have rules against misleading policy terms or unfair product design, as in the case of South Africa's Treating Customers Fairly (TCF) framework (FSCA, 2014; FSCA, 2025). There can also be special conduct requirements when dealing with vulnerable populations such as elderly, low-income, or less financially literate clients, as in the case of the UK (FCA, 2021). **Local Consumer Protection Laws with Extraterritorial Effect:** Some jurisdictions apply local consumer protection laws with extraterritorial effect, even when products are sold digitally from abroad which exposes foreign insurers to litigation and supervision (FSB, 2023; OECD, 2023).
Claim Handling and Dispute Resolution	**Inconsistent Redress Systems and Claims Protocols:** Jurisdictions differ widely in how insurance disputes are handled—ranging from ombudsman-led systems to judicial or regulatory intervention. This lack of harmonization complicates cross-border customer support and claims resolution for international insurers (FSB, 2023; OECD, 2023). Moreover, many jurisdictions enforce time-bound rules for claims settlement, such as mandatory deadlines for acknowledging, investigating, and resolving claims, which can constrain operational flexibility (EIOPA, 2023b; OECD, 2023) • For example: Brazil's Superintendence of Private Insurance mandates a 30-day settlement rule (SUSEP, Art 48 of 667/2022). **Jurisdiction-Specific Complaints Handling and Adjuster Rules:** Some

	jurisdictions mandate the use of local claim adjusters, limiting cross-border outsourcing of claims management (IAIS, 2023; FSB, 2023).
Suitability and Fiduciary Standards	**Varying Suitability and Fiduciary Duty Obligations:** Differing standards for assessing product suitability can complicate cross-border insurance offerings and affect the uniformity of customer experiences. Some countries impose strict requirements on how agents assess a product's fit for the consumer, which may not align with foreign firms' standard practices. Further, when suitability rules differ, insurers or distributors must create jurisdiction-specific advisory processes and disclosures, which increases costs (IAIS, 2024; EIOPA, 2023b). • For example: The EU Insurance Distribution Directive (IDD) Article 25 requires product oversight and governance frameworks from insurers even when using intermediaries (EIOPA, 2022c). • For example: The UK FCA PROD Rules refers to insurers as product manufacturers and their responsibility to ensure product value and prevent mis-selling (FCA, 2025a). **Divergent Intermediary Regulations**: Differences in the standards governing intermediaries can impact the distribution of products and the management of client relationships, particularly those assessing suitability and fiduciary responsibilities (IAIS, 2024). • For example: In the EU, the Insurance Distribution Directive (IDD) mandates the alignment of insurance products with the customer's demands and needs, although the implementation of the requirements varies among member states (EIOPA, 2022c).
Advertising & Marketing Rules	**Advertising and Marketing Constraints**: Insurance advertising regulations vary widely across jurisdictions, which can create compliance challenges and complicate brand consistency for insurers operating internationally. Some countries require advertisements to be delivered in the local language or to comply with cultural and legal norms, even when marketing services online across borders (IAIS, 2023). • For example: Restrictions on product comparisons or claims in countries like France, South Korea, and India limit or prohibit insurers from making performance comparisons or highlighting specific benefits without regulator approval (Republic of Korea, 2022; France, 2023; IRDAI, 2023). • For example: In certain jurisdictions like the EU, insurers must include market-specific disclosures such as disclaimers (“subject to regulatory approval”) or mandatory risk warnings in advertisements for investment-linked insurance products (EIOPA, 2023b). **Platform or Channel Restrictions:** Some countries regulate which media channels insurers can use for promotions, especially in the digital space. Requirements may include prior approval of content, limitations on influencer

	marketing, and restrictions on the use of SMS or robo-calls for outreach. • For example: In Malaysia, the BNM Guidelines on Insurance Advertising require pre-approval of digital promotional material and controls which platforms can be used and how products are described digitally to prevent misleading advertising (Bank Negara Malaysia, 2023). • For example: In India, the IRDAI restricts SMS, robocalls, and influencer marketing unless stringent disclosure norms are met (IRDAI, 2021 & Updated Circulars). • For example: In the UK, the FCA closely monitors social media promotions, and has intensified enforcement against “finfluencers” promoting insurance and investment products without proper authorization (FCA, 2023).

Table H — Conduct Regulation: Key Emerging Challenges

4.5 SUSTAINABILITY

These barriers pertain to regulations and expectations related to climate risk, ESG disclosures, and sustainable finance that affect cross-border insurance operations. They include issues evolving supervisory requirements, regulatory fragmentation and capabilities limitations.

Areas	Examples
ESG Reporting and Disclosure Divergence	**Lack of Standardization**: There is significant fragmentation across jurisdictions regarding sustainability disclosures, climate risk reporting, and scenario analysis, specifically around what must be reported, how it should be disclosed, and within which timeline. This regulatory inconsistency complicates the consolidation of ESG data across markets and undermines global transparency efforts (IAIS, 2024; EY, 2025; Ecoact, 2025). • For example: There is a mismatch between the EU's Corporate Sustainability Reporting Directive (CSRD), the UK's TCFD-aligned rules, and the US SEC's proposed climate disclosure framework (TCFD, 2021; BDO, 2024; US SEC, 2024). **Group vs Local ESG Alignment Issues:** International insurance groups face challenges in reconciling group-level ESG reporting frameworks, such as those aligned with the ISSB, with local regulatory requirements that may mandate additional or conflicting disclosures. Variability in the maturity and scope of ESG regulations across jurisdictions creates misalignment in sustainability strategies and increases compliance burdens (IAIS, 2024).
Climate Risk Scenario Analysis Requirements	**Disparate Scenario Analysis Requirements:** The absence of a unified global framework for climate risk assessment leads to significant variation in how insurers evaluate and report climate-related exposures. Jurisdictions differ in their requirements for scenario design, including methodologies, temperature pathways, time horizons, and the treatment of assets and liabilities (IAIS, 2023; FSB, 2022). • For example: Regulators in jurisdictions such as the EU (EIOPA), Singapore (MAS), and Australia (APRA) each impose distinct climate scenario standards and assumptions (EIOPA, 2023; MAS, 2020; APRA, 2022) **High Compliance Burden for Cross-Border Groups:** Climate scenario analysis is a complex, data-intensive and model-heavy process. Diverging expectations across major jurisdictions, create a high compliance burden for globally active insurers, increases operational costs and complicates supervisory reporting (FSB, 2022).
Green Taxonomy	**Lack of Common Definitions and Classifications:** There is a lack of

Fragmentation & Nature and Biodiversity-Related Risks	harmonized classifications, definitions, and methodologies for what constitutes a green or sustainable investment across jurisdictions. This fragmentation affects insurers' ability to align portfolios, scale ESG-linked products, and apply consistent capital optimization strategies. Insurers offering sustainable products or ESG-linked underwriting face legal and marketing inconsistencies across markets. Furthermore, if green assets receive preferential regulatory treatment, but definitions vary, firms risk misclassification (Geneva Association, 2025). • For example: Diverging taxonomies such as the EU Green Taxonomy, China's Green Catalogue, and the ASEAN Taxonomy, create regulatory uncertainty and legal mismatches in cross-border sustainability operations (European Commission, 2023; Yue and Nedopil, 2025; SBFN, 2022; ASEAN, 2024; UNEPFI, 2025). **Uneven Regulatory Treatment of Nature and Biodiversity-Related Risks:** Jurisdictions are at different stages of integrating nature-related risks, such as biodiversity loss and ecosystem degradation, into financial risk frameworks. This regulatory asymmetry complicates insurers' and reinsurers' ability to model long-term exposure to environmental shocks and assess cumulative risks across jurisdictions due to uneven ecosystem data and regulatory mandates (Geneva Association, 2023; Howden, 2024). For non-life insurers, this increases complexity in catastrophe and agricultural underwriting, especially when biodiversity degradation amplifies physical hazards such as flooding, wildfires, and disease spread (Deloitte, 2024b; FSB, 2024).
Data Gaps and Asymmetries	**Lack of Data to Assess Risk or Comply with Reporting:** Insurers often face material challenges due to the lack of consistent, reliable, and granular data, particularly due to gaps in sustainability data from third-parties and the fragmented availability of climate-related data across regions, hindering comprehensive portfolio alignment (IAIS, 2024). Moreover, there is a lack of nature-related data, including geospatial and ecosystem-level information, as well as metrics that can accurately reflect interdependencies, spillovers, and cascading effects between ecosystems (FSB, 2024). **Difficulties in Sourcing and Managing Sustainability Data:** Collecting, validating, and harmonizing sustainability data from various internal and external sources remains a key operational challenge for insurers (EY, 2024). Smaller insurers are particularly affected due to limited access to high-quality data vendors, high costs, and inconsistencies in regional data quality, especially for geospatial or biodiversity-linked metrics (IAIS, 2024).
Sustainable Investment Restrictions or Incentives	**Climate-Driven Regulatory and Supervisory Pressure:** National regulators and financial authorities are increasingly requiring insurers to

	limit or phase out the underwriting of carbon-intensive sectors, and to align underwriting and investment activities with climate targets and sustainability commitments. This includes expectations to disclose climate-related underwriting exposures, assess transition risk, and demonstrate portfolio alignment with net-zero strategies or science-based targets (Geneva Association, 2024; IAIS, 2025). • For example: In France, Article 29 of the Energy-Climate Law requires insurers to disclose policies on coal underwriting (OID, 2023). • For example: The EU Sustainable Finance Disclosure Regulation (SFDR) and the Insurance Distribution Directive (IDD) require insurance firms to integrate sustainability preferences into sales and advisory processes for investment-based insurance products, match product recommendations with clients' ESG preferences and disclose sustainability risks (EIOPA, 2023b; EU, European Commission, 2023).
Inconsistent Transition Risk Definitions	**Fragmented Transition Risk Concepts Across Jurisdictions:**[17] The absence of a globally consistent definition of transition risk and differences in how transition risks are defined, measured, and supervised impair insurers' ability to model risk, allocate capital, and maintain consistent underwriting practices across markets (Geneva Association, 2021; EIOPA, 2024). **Distorted Capital and Reserving Requirements:** Insurers must hold more capital in jurisdictions that consider transition risks more explicitly compared to those where definitions are vague or absent, leading to inefficiencies in capital planning (SIF & IAIS, 2025) • For example: The EU and UK are exploring the integration of transition risks as potential capital charges under their solvency requirements (EIOPA, 2024; Bank of England, 2023).
Mandatory vs. Voluntary Regimes & Regulatory Timetable Mismatch	**Mandatory vs. Voluntary Regimes:** Sustainability disclosure obligations vary widely across jurisdictions. While some frameworks, like the EU's CSRD or the UK's mandatory TCFD reporting are legally binding, others such as ISSB-aligned standards remain voluntary in many markets. This creates fragmented regulatory expectations and undermines consistency in risk-based supervision across borders (IFRS, 2024; FSB, 2024; FCA, 2023; TCFD, 2021; BDO Global, 2024). **Regulatory Timetable Mismatch:** As jurisdictions adopt ESG disclosure regimes at different speeds, global insurers face a staggered compliance landscape. This mismatch requires companies operating internationally to maintain multiple reporting frameworks simultaneously, complicating comparability and increasing compliance burden (IFRS, 2024; FSB,

[17] Transition Risk refers to the financial risks insurers face from the economy's shift toward a low-carbon model — including policy changes, technological disruption, and changing market preferences.

	2024).
Built-in Capabilities Assessment Tools	A core challenge facing insurers and reinsurers is the lack of mature, standardized tools and internal frameworks to integrate ESG considerations into pricing, underwriting, and risk assessment. This absence extends to systems for capturing and processing non-financial data, particularly climate and nature-related indicators, hindering their ability to evaluate systemic sustainability risks and constraining insurers' ability to operate competitively across borders (KPMG, 2024; Deloitte, 2025b; BCG, 2025).

Table I — **Sustainability: Key Emerging Challenges**

5. Discussion

This report set out to identify and organize these emerging barriers by developing a structured taxonomy of five overarching categories: **Geopolitics**, **Technology & Data**, **Operations**, **Conduct Regulation**, and **Sustainability**. Together, these categories capture a broader and more contemporary set of challenges than those typically measured by existing trade restrictiveness indices. Importantly, this framework does not suggest that these barriers are mutually exclusive. Rather, it reflects the increasingly intertwined nature of regulatory, economic, and operational constraints faced by globally active insurance and reinsurance firms.

Several key insights have emerged from the mapping exercise. First, technology and data-related barriers — including those linked to artificial intelligence regulation, data localization mandates, and cross-border data transfer restrictions — are among the most complex and rapidly evolving. These challenges are not only regulatory in nature, but also deeply operational, often requiring firms to restructure business models and rethink data governance frameworks across jurisdictions. Growing reliance on third parties, which are often small, specialized service providers, further complicate supply chain risks and compliance requirements for companies. Second, sustainability-related barriers — such as fragmented environmental, social, and governance disclosure regimes, green taxonomy misalignments, and inconsistent climate risk definitions — are gaining urgency. They reflect a growing policy push for insurers to align with climate and transition finance objectives, yet often impose overlapping or conflicting requirements that complicate compliance and limit capital mobility.

At the same time, long standing operational barriers — including restrictions on foreign ownership, capital requirements for foreign branches, and compulsory reinsurance cessions — continue to weigh heavily on the ability of insurers to enter and scale in foreign markets. Conduct regulations related to consumer protection, online sales, and suitability standards further complicate cross-border delivery, particularly in markets where domestic conduct rules are applied extraterritorially. However, it is important to note that some of these barriers, which are rooted in prudential measures, may be justified from the regulator's perspective of ensuring domestic stability. As one interviewee indicated, the global financial crisis changed the regulatory perimeter of financial services, leading to more and more activities to come under closer scrutiny.

Geopolitical fragmentation — through sanctions, war-risk exclusions, and regulatory divergence — has emerged not only as a standalone category of concern but also as a powerful cross-cutting force that shapes and amplifies challenges in all other domains. The complexity deepens as many of these barriers are imposed by third parties and stem from strategic political relationships rather than direct trade concerns. This includes indirect sanctions and supply chain disruptions that often impact entities beyond the intended targets.

Many of the issues identified in this report cannot be resolved through market access commitments alone. They demand a more coordinated response, rooted in active dialogue, mutual understanding, and sustained engagement across regulators, industry leaders, standard-setters, and trade policymakers. As one interviewee emphasized, in emerging areas, supervisors often lack a clearly defined mandate, which limits their ability to act decisively. In fact, for rapidly evolving fields like artificial intelligence and data, many supervisors are still trying to understand the risks and technology under consideration. This challenge is compounded by the extraterritorial application of some regulations, creating additional complexities for both firms and regulators operating across borders. This can also lead to different reporting requirements imposed by the government and the supervisor in the same jurisdiction. Furthermore, a lack of trust in global frameworks contributes to regulatory fragmentation, as jurisdictions pursue divergent approaches based on differing interpretations, priorities, and levels of ambition. Coming back to the geopolitical barriers, pursuing avenues for coordination, dialogue, and cooperation to address trade barriers can be difficult in a politically charged environment.

While free trade agreements can significantly enhance market access by addressing barriers such as nationality requirements, residency rules, quantitative restrictions, and licensing procedures, they are often not sufficient on their own. As highlighted in one of the interviews, these agreements primarily tackle formal, measurable constraints but do not ensure mutual understanding between regulators. This is where sustained regulatory dialogue becomes essential. Regular bilateral meetings between regulatory authorities help build trust, foster a shared understanding of each other's systems and international standards, and create opportunities to anticipate and resolve issues before they escalate. Too often, such dialogues take place only after problems have already emerged, making it more difficult to reach common solutions. Additionally, regulators often consult mainly with their domestic industries, which can result in a limited view of the challenges faced by foreign firms. Ongoing regulatory dialogue helps bridge these gaps and supports more effective and inclusive implementation of trade agreements.

It is also important to note that the challenges identified may manifest differently across various stages of the insurance and reinsurance trade value chain. As such, the development of effective remedial measures and solutions must account for the distinct roles of each actor, as well as the complexity and interdependencies within the system.

Examples in the Insurance & Reinsurance Value Chain

Reinsurers

- **Category:** Geopolitics
- **Challenge:** Economic Sanctions
- Reinsurers operate globally and often underwrite cross-border risks. Economic sanctions can restrict who they can reinsure, invalidate treaties, freeze transactions, or limit retrocession capacity. This increases compliance complexity and geopolitical exposure.

Risk Assessors & Product Designers

- **Category:** Sustainability
- **Challenge:** Lack of Data to Comply with Reporting or Assess Risk
- Underwriters and actuaries can struggle to price climate-related or risks without reliable or standardized data. This can lead to mispricing, product limitations, or regulatory penalties.

Support Services and Infrastructure Provider

- **Category:** Technology & Data
- **Challenge:** Cross-Border Data Transfer Restrictions
- Claims management, online platforms, and third-party services often rely on international cloud providers or remote data centers. Regulatory restrictions on transferring or storing data across borders can disrupt operations and add costs.

Figure D — **Examples of Mapped Challenges in the Insurance and Reinsurance Value Chain**

This figure was created by the authors.

Progress will depend on moving beyond technical alignment to foster genuine cooperation, shared learning, and practical consensus. It is through these inclusive and sustained dialogues that a more coherent, forward-looking architecture for international insurance can emerge — one that supports innovation, safeguards stability, and meets the evolving needs of the global economy.

Annex III provides an overview of the commonly used policy tools to address these trade barriers, including multilateral standards, bilateral cooperation frameworks, mutual recognition and deference, and regulatory dialogues and reforms among others. It should also be noted that in the current political environment, countries might be more open to discussing emerging barriers around sustainability, technology and data rather than those directly arising due to geopolitical tensions.

6. Conclusion & Key Recommendations

The goal of this report was to build a repository of the emerging trade challenges which affect trade in insurance and reinsurance. Moving forward, the authors recommend assessing which barriers are the most relevant for private companies which operate in this space.

The authors recommend conducting a survey to validate or challenge the identified barriers and to assess the perceived level of significance for each (**Annex IV**). These can also be complemented with interview insights and collaborative discussions, all of which can help refine these barriers and understand what is most relevant for the companies. It would also be interesting to understand where these emerging challenges stand with respect to the traditional barriers, and whether the latter continue to be more important for the private sector players.

While there are an increasing number of frameworks, remedial measures, trade agreements and other potential solutions which are moving forward in addressing barriers to trade (**Annex III**), these insights can help shape the policy conversation and refine how agreements, regulatory dialogues and other best practices are leveraged to overcome trade challenges.

For future projects, it would be interesting to replicate this project for other sub-sectors in financial services as well as other service sectors. This analytical framework can also be used to identify barriers in other sub-sectors. The authors expect that the five categories provide a basis to explore the emerging and long-standing barriers in other sectors, even though the areas within these will have to be adapted, especially Operations and Conduct Regulations, due to the distinct features of each sector. Future studies should also look at more region specific insights on these barriers.

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List of Annexes

Annex I — Traditional Measures of Trade Barriers in Insurance & Reinsurance

List of Measures Related to Trade Barriers | Insurance and Reinsurance Services
Restrictions on Market Entry
Maximum Foreign Equity Share (%): Life, Non-Life, Reinsurance, Brokerage
Statutory Or Legal Limit On The Shares That Can Be Acquired By Foreign Investors In Government Controlled Firms: Life, Non-Life, Reinsurance
Joint Ventures Required: Life, Non-Life, Reinsurance
Restrictions On Foreign Subsidiaries: Life, Non-Life, Reinsurance
Foreign Branches Are Prohibited: Life, Non-Life, Reinsurance
Restrictions On Foreign Branches: Life, Non-Life, Reinsurance
Board Of Directors: Majority Must Be Nationals: Life, Non-Life, Reinsurance
Board Of Directors: Majority Must Be Residents: Life, Non-Life, Reinsurance
Board Of Directors: At Least One Must Be National: Life, Non-Life, Reinsurance
Board Of Directors: At Least One Must Be Resident: Life, Non-Life, Reinsurance
Manager Must Be National: Life, Non-Life, Reinsurance
Manager Must Be Resident: Life, Non-Life, Reinsurance
Screening: Foreign Investors Must Show Net Economic Benefits: Life, Non-Life, Reinsurance
Screening: Approval Unless Contrary To National Interest: Life, Non-Life, Reinsurance
Screening: Notification: Life, Non-Life, Reinsurance
Restrictions On The Type Of Shares Or Bonds Held By Foreign Investors: Life, Non-Life, Reinsurance
Conditions On Subsequent Transfer Of Capital And Investments: Life, Non-Life, Reinsurance
Restrictions On Cross-Border Mergers And Acquisitions: Life, Non- Life, Reinsurance
Quotas Or Economic Needs Tests Are Applied In The Allocation Of Licences: Life, Non-Life, Reinsurance
Period Of Time Since An Applicant's Incorporation In Its Home Country Before Obtaining A Licence: Life, Non-Life, Reinsurance
Criteria To Obtain A Licence Are More Stringent For Foreign Companies: Life, Non-Life, Reinsurance
An Insurance Company Is Prohibited From Engaging In Banking Activities
An Insurance Company Is Prohibited From Engaging In Securities Activities
Some Insurance Activities Are Reserved For Statutory Monopolies
Limits On The Total Number Of Suppliers/Licences (Numerical)
ENT On Number Of Suppliers (Including If Implemented Through Licensing Process)
Some Insurance Activities Are Reserved For Domestic Suppliers
Commercial Presence Required: Life Insurance, Personal Property And Casualty Insurance, Commercial Insurance, Mat, Reinsurance

Exception To Commercial Presence Requirement For Domestically Unavailable Insurance: Non-Life, Mat, Reinsurance
Resident Intermediary Required For Cross-Border Supply: Life, Non-Life, Mat, Reinsurance
License Or Authorization Required (Incl. Concessions)
Mutual Insurance Not Allowed
Limitations Affecting Cross-Border Consumption Of Services
Demonstration Of Unavailability Of Service Required
Restrictions to the Movement of People
Quotas: Intra-Corporate Transferees
Quotas: Contractual Services Suppliers
Quotas: Independent Services Suppliers
Labour Market Tests: Intra-Corporate Transferees
Labour Market Tests: Contractual Services Suppliers
Labour Market Tests: Independent Services Suppliers
Limitation On Stay For Intra-Corporate Transferees (Months)
Limitation On Stay For Contractual Services Suppliers (Months)
Limitation On Stay For Independent Services Suppliers (Months)
Agents And Brokers: Nationality Or Citizenship Is Required To Practice
Agents And Brokers: Prior Or Permanent Residency Is Required To Practice
Agents And Brokers: A Local Degree Is Required To Practice
Agents And Brokers: A Local Examination Is Required To Practice
Agents And Brokers: At Least One Year Of Local Professional Experience In The Sector Is Required To Practice
Actuaries: Membership In The Professional Association Is Closed To Foreigners
Actuaries: A Local Examination Is Required To Practice
Actuaries: Absence Of A Process For The Recognition Of Foreign Higher Education Degrees
Actuaries: At Least One Year Of Local Professional Experience In The Sector Is Required To Practice
Appointed Actuaries Must Be Nationals Or Residents
Limit On Number Of Foreigners Employed Per Company
Other Discriminatory Measures
Foreign Suppliers Treated Less Favourably Regarding Taxes And Eligibility To Subsidies: Life, Non-Life, Reinsurance
There Are Limitations On Foreign Participation In Public Procurement
Restrictions On Writing Insurance Contracts In Foreign Currency
Deviation From International Standards: Transparency And Aml/Cft Rules
Deviation From International Standards: Accounting Rules
Mandatory Cessions By Foreign-Owned Insurers To Domestic Reinsurers: Life, Non-Life
Percentage Of Insurance To Be Ceded To A Domestic Re-Insurer

Limits On The Share Of Risks That Can Be Ceded To Foreign Reinsurers: Life, Non-Life
Discriminatory Financial Requirements For Foreign Reinsurers: Life, Non-Life
Limits On Scope Of Service (Numerical And Non-Numerical)
Cross-Border Data Processing: Establishment Required
Local Data Storage Is A Condition To Supply Services
International Data Transfer/Access Constrained
Restrictions On The Nature Of Assets In Which Insurers Can Hold Funds
Thresholds Above Which Tender Is Mandated
Threshold Above Which International Tender Is Mandated
No Existence Of Regulatory Authority For The Sector
Consolidated Supervision By Their Home Regulator
Technology Transfer Requirements
Limits On Sub-Branching/Expansion Of Operations
Export Performance Requirements
Local Content Requirement
Training Requirements
National Employees (Minimum Number Required)
Service-Supplying Employee (CSS) Of A Firm Based Abroad — Allowance, Quota And Duration
Independent Professional As Contractual Service Provider (IP) — Allowance, Quota And Duration
Intra-Corporate Transferee (ICT) — Allowance, Quota And Duration
Minimum Wage/Salary Requirement — ICT
Local Availability Test For Cross-Border Supply Of MAT Insurance
Foreign Firms Have Redress When Business Practices Are Perceived To Restrict Competition
Barriers to Competition
Available Appeal Procedures In Domestic Regulatory Systems Are Also Open To Affected Foreign Parties
Foreign Firms Have Redress When Business Practices Are Perceived To Restrict Competition
Arbitration Structures Are In Place To Deal With Reinsurance Disputes
The Government Controls At Least One Major Firm In The Sector: Life, Non-Life, Reinsurance
Publicly-Controlled Firms Are Subject To An Exclusion Or Exemption From The General Competition Law
Publicly-Controlled Firms Or Undertakings Are Subject To Rules That Affect The Competition With Private Insurers
Compulsory Cession Of All Or A Portion Of Risks To Specified Reinsurers: Life, Non-Life
Upper Limit On The Share Of Risks That Can Be Ceded To Reinsurers: Life, Non-Life
Insurance Premiums, Fees Or Margins Are Regulated: Life, Compulsory Insurance, Other Non-Life
Restrictions On The Term Or Value Of Insurance Policies: Life, Compulsory Insurance, Other Non-Life
Approval By The Regulatory Authority Required For New Insurance Products Or Services: Life, Compulsory Insurance, Other Non-Life

Approval By The Regulatory Authority Required For New Rates Or Fees: Life, Compulsory Insurance, Other Non-Life
Advertising Is Either Prohibited Or Subject To Restrictions
The Supervisor Has Full Authority Over Licensing And The Enforcement Of Prudential Measures
Length Of Term Of Heads Of The Supervisory Authority
The Government Has Discretionary Control Over Funding Of The Supervisory Agency
The Government Can Overrule The Decisions Of The Supervisor
Procurement Process Affects Conditions Of Competition In Favour Of Local Firms
Price-Fixing Punished
Product-Tying Practices Punished
Cross-Subsidisation Punished
Dispute Resolution Mechanism Not Available
Regulatory Transparency
Regulations Are Not Communicated To The Public Prior To Entry Into Force
No Public Comment Procedure Open To Interested Persons, Including Foreign Suppliers
Range Of Visa Processing Time (Business Days)
Time To Complete All Official Procedures To Register A Company (Days)
Cost To Complete All Official Procedures For Registering A Company (% Of Income Per Capita)
Number Of Official Procedures For Registering A Company
Licences Are Not Allocated According To Publicly Available Criteria
There Is A Maximum Time Allowed To The Regulator For Decisions On Applications
No Period Of Time Is Provided Between Publication Of New Measures And Entry Into Force
Requirement To Explain Purpose And Rationale Of New Measures Upon Publication
Regulator Not Independent From Service Supplier
Regulator Not Independent From Sector Ministry
Restrictions Related To The Duration And Renewal Of Licences
License Criteria Not Publicly Available
Contact Information On Enquiry Points Not Publicly Available
Timeframe For Processing An Application Not Publicly Available
Requirements And Procedures For Licensing And Authorization Not Publicly Available
Fees Not Publicly Available
Procedures For Monitoring Or Enforcing Compliance Not Publicly Available
Single Window For Submission Of Applications
No Electronic Submission For Licence Application
No Acceptance Of Authenticated Copies Of Documents In The Same Way As Original Documents
License Applications Cannot Be Submitted At Any Time Of The Year
No Obligation To Inform Applicants Of Reasons For License Rejection

No Independent Appeal Authority
No License Automatic If Publicly Available Criteria Fulfilled
No Consolidation Of The Information On Licensing And Authorization In A Single Online Portal
Restrictions Related To The Duration And Renewal Of Licences

Table J— **List of Trade Barriers and Restrictive Measures in Insurance and Reinsurance Services**

Source: OECD Services Trade Restrictiveness Index and World Bank-World Trade Organisation's Services Trade Restrictions Database.

Annex II — Interview Guidelines and Summary Notes

Purpose of the Interviews

This annex outlines the methodology and findings from a series of qualitative interviews conducted to gather insights from private-sector stakeholders on the challenges faced by insurance and reinsurance firms operating globally. The objective was to explore barriers to international operations, particularly regulatory fragmentation, operational restrictions, and the implications of emerging trends such as digitalization and sustainability.

Interview Approach

- **Format:** Semi-structured, qualitative interviews (30–45 minutes).
- **Participants:** Three individuals representing (i) a global insurance/reinsurance firm, (ii) an international body working related matters, and (iii) a financial sector association.
- **Confidentiality:** Interviews were conducted under the Chatham House Rule. All inputs are anonymous and unattributed.

Scope:

- Challenges in cross-border insurance and reinsurance operations.
- Impact of regulatory divergence and prudential standards.
- Operational and technological constraints.
- Role of international agreements and regulatory cooperation.

Summary of Key Insights – Insurance and Reinsurance Sector

Regulatory Fragmentation & Prudential Standards

- The global financial crisis significantly expanded the regulatory perimeter in financial services, leading to heightened scrutiny of previously unregulated activities.
- Cross-border operations in reinsurance remain heavily affected by jurisdiction-specific prudential requirements, including capital and collateralization rules, local presence mandates, and restrictions on data transfer.
- Regulators increasingly cite prudential reasons for these rules, but interviewees noted they sometimes act as *de facto* barriers to market access.
- Disparities exist even within the same jurisdiction (e.g. between central government policy and supervisory agency implementation) leading to contradictory requirements.
- While “modes of supply” are a useful construct for trade negotiations, in practice firms operate simultaneously across multiple modes, making these distinctions less meaningful from a business operations standpoint

Operational Challenges & Compliance Burden

- Firms report high compliance costs, exacerbated by duplicative reporting, local entity requirements, and bureaucratic delays in licensing and approvals.
- Nationality and residency requirements for directors or key personnel were highlighted as persistent non-tariff obstacles in some markets.
- Emerging markets often present the greatest compliance burdens due to less predictable or less harmonized regulatory environments.

Technology, Data, & Emerging Risks

- The rise of artificial intelligence, digital platforms, and cyber underwriting poses significant regulatory uncertainty. There is concern that supervisors lack technical expertise to adequately assess these tools, especially when applied across borders.
- Data localization laws and inconsistent cybersecurity regulations are major inhibitors for centralized risk modelling and reinsurance pooling strategies.
- One participant raised ethical and legal concerns related to the use of genetic testing data in underwriting, a growing area of scrutiny without global standards.

Sustainability & Evolving Standards

- Interviewees acknowledged growing attention to ESG disclosure and sustainable finance regulation, particularly in the European Union. However, fragmentation in sustainability-related rules is seen as a hindrance to coherent implementation across global operations.
- Changes in political leadership (e.g. in the United States) were noted as having a direct impact on regulatory stances toward sustainability, further complicating cross-jurisdictional alignment.

Multilateral & Bilateral Instruments

- There was mixed confidence in the effectiveness of international forums and Free Trade Agreements. While trade agreements can provide legal certainty (e.g. branch authorization quotas), they often fail to address sector-specific prudential carve-outs.
- Participants emphasized that global reinsurance forums and standard-setting bodies (e.g. IAIS, FSB) can help raise visibility of barriers but lack consistent implementation across jurisdictions.

Recommendations & Outlook

- Greater regulatory cooperation, especially in a forward-looking and preemptive manner, was viewed as essential. Traditional regulatory dialogues were often seen as reactive and ineffective.
- There is a strong need for regular, structured engagements between industry and regulators, including transparency in policymaking and opportunities for early feedback.
- Finally, interviewees stressed the importance of trust-building in global regulatory frameworks, noting that fragmented implementation undermines both market access and systemic risk management.

Annex III — Emerging Best Practices — Tools for Addressing Challenges in Trade

Tools	Key Features
Multilateral Alignment on Standards	Targeting the convergence in multilateral standards to align the approaches to financial services regulation across different jurisdictions. *For example: Basel Accords (International Settlements and Basel Committee).*
Formal Bilateral Cooperation Frameworks	Cooperation through regulatory and supervisory formal agreements that establish permanent dialogues, protocols and processes for financial services trade basis and data sharing. *For example: UK-Switzerland Global Financial Partnership.*
Mutual Regulatory Recognition Frameworks	Mutual recognition of regulatory standards between host and home countries, which facilitates cross-border activities and allows the operation of financial actors without the need of additional foreign licenses. A search of WTO databases reveals numerous notifications of recognition arrangements under GATS Article VII, though financial services recognition remains limited, despite its mention in the Annex on Financial Services. *For example: Berne Financial Services Agreement (UK-Switzerland).*
Deference Frameworks	Local regulators permit cross border trade of financial services based on the regulatory framework and supervisory standards of their home country, requiring thus minimal additional oversight. *For example: Bank of England-CFTC MOU on Supervisory Deference.*
Free Trade Agreements (FTAs)	Aiming to secure national treatment and market access frameworks with trading partners, they can establish frameworks for regulatory collaboration. Provisions for cross-border trade in financial services under FTAs have mostly concentrated on regulatory recognition by domestic law compliance, requiring the adherence to the specific legal requirements of the host jurisdiction.
Multilateral Bindings	Binding commitments to open trade in financial services and common regulatory practices at multilateral level. Particularly relevant to financial services is the Trade in Services Agreement (TISA) efforts, as well as the current work on digital trade and e-commerce at the WTO.
Regulatory Sandboxes	Regulatory sandboxes offer a supervised environment where firms can test innovative financial products, technologies, or business models under the oversight of regulatory authorities. Globally, they have gained momentum as a way for regulators to monitor emerging risks and opportunities in a controlled setting, while allowing businesses to bring innovations to market more quickly and with reduced regulatory burden. There are examples where insurance has

	been among the sectors included in sandbox initiatives — e.g. UK, India, Taiwan, and Singapore — reflecting growing interest in fostering innovation within the insurance industry.
Regulatory Dialogues & Unilateral Reforms	Targeting market access and operating conditions, generally through cooperation with supervisors and formal and informal regulatory dialogues with the aim of supporting and encouraging domestic reform. *For example: UK-China Economic and Financial Dialogue (EFD).*

Table K— **Tools to Overcome Trade Barriers**

Sources: Adams & Canvin, 2024; Foster, 2024; BCBS, 2024; TheCityUk, 2019; UK Government, 2023; CFTC & Bank of England, 2020; Marchetti & Roy, 2013.

Trade Agreement / Multilateral Framework	Description	Benefits for the Private Sector
Berne Financial Services Agreement (UK-Switzerland)	This agreement exemplifies a bilateral approach to regulatory cooperation and market access in financial services. Its outcomes-based approach to mutual recognition of domestic laws and regulations creates a simplified pathway for cross-border financial services trade. It is the first agreement of its kind, and it was signed by two major international financial centres. In sum, five sectors are covered by the agreement: asset management; banking; financial market infrastructures; insurance and investment management. (Government of the United Kingdom & Government of Switzerland, 2021; Grant Thornton, 2024)	**Mutual Recognition:** Both parties acknowledge the equivalence of their respective financial regulations, allowing firms to operate across borders with greater ease. The agreement provides for mechanisms for mutual recognition and deference. The agreement defines how services and clients should be managed across borders based on the regulatory framework applicable to each segment. **Regulatory Cooperation:** It establishes mechanisms for ongoing regulatory dialogue and cooperation, ensuring that both parties maintain high standards of financial regulation. It is subject to a revolving review and both regulators also strive for regulatory and supervisory innovations. **Insurance:** The impact of the agreement is particularly important for the insurance sector, as it covers certain types of non-life insurances for large corporate clients, allowing companies to engage in cross-border insurance activities.

Covered Agreement (US-EU)	The US-EU Covered Agreement demonstrates the impact of bilateral agreements on the reinsurance sector, where regulatory alignment simplifies market access and operational costs. This agreement helps standardise reinsurance requirements between the United States and the European Union. It represents an early step towards a more standardised and integrated approach to international regulation of insurance markets. (Stubbe, 2019)	**Streamlined Requirements:** Reduces the need for collateral and local presence requirements for reinsurers meeting home jurisdiction standards. Historically, the United States have been able to impose collateral requirements where risks are ceded to reinsurers in Europe. This has been applied as a consumer protection measure. **Group Supervision:** Outlines provisions for group supervision, ensuring that insurance groups are supervised at the group level by their home jurisdiction, reducing regulatory duplication. **Market Access:** Facilitates easier entry and operations in both markets, supporting the growth of cross-border reinsurance.
WTO Services Domestic Regulation (SDR)	It aims to create a global standard across service sectors, including financial services. Its goal is to promote transparency and consistency, reducing administrative burdens for multinational institutions.	As per Coghi (2021), its implementation will reduce trade costs among the G20 economies over 3-5 years, especially in highly regulated sectors such as commercial banking and insurance by 21% and 9% respectively through: **Greater Transparency:** Authorities must provide clear information on requirements, fees, contact points, and technical standards, and respond to service suppliers' inquiries. Additionally, regulations must be published in draft form before adoption, allowing suppliers to comment. **Legal Certainty and Predictability:** The agreement ensures clear guidelines for licensing, such as timeframes, status updates, and the option to resubmit rejected applications, with a grace period between the publication and enforcement of new laws.

		Regulatory Quality and Facilitation: It promotes independent, impartial regulatory decisions, accepts electronic applications, and ensures authorization fees are transparent and reasonable, without unnecessarily restricting service supply.
African Continental Free Trade Area (AfCFTA)	Flagship project of the African Union (AU), AfCFTA aims to create a unified market for goods and services (*Market Access Map*, n.d.). Currently, negotiations are focused on finalizing rules of origin, tariff concessions, and specific commitments for five priority services sectors: business services, communications, finance, tourism, and transport. (Tralac Trade Law Centre, 2023) However, African financial services companies want AfCFTA to prioritize two key areas: harmonizing banking and financial services regulations across member states and establishing Pan-African open banking systems (West, 2024).	As per West (2024), AfCFTA can benefit African banks through: **Harmonizing Regulations:** AfCFTA aims to harmonize regulations for digital financial services like mobile money, crowdfunding, and blockchain. This should drive growth in these sectors across the continent. **Promoting Digital Trade:** The AfCFTA's Digital Trade Protocol will boost digital product adoption by ensuring legal clarity, encouraging market collaboration, and building confidence in the sector. **Aligning Financial Reporting Standards:** AfCFTA has agreed on aligning financial reporting standards to simplify information-sharing between regulators and make cross-border business easier for service providers.

Table L — **Emerging Best Practices in Financial Trade Negotiations**

Annex IV — Survey Proposal and Methodology

EMERGING CHALLENGES TO TRADE IN INSURANCE SURVEY

LINK TO QUALTRICS SURVEY PREVIEW

Objective of the Survey

The aim of the survey is to assess how industry stakeholders perceive and prioritize the emerging challenges to trade in the insurance and reinsurance sector, identify which barriers have the most tangible operational and strategic impact, and generate actionable insights to inform future policy discussions and trade negotiations.

While traditional trade barriers remain relevant, emerging challenges now demand a broader regulatory outlook. These include technological innovation, sustainability concerns, evolving operational demands, and geopolitical pressures — all compounded by the complexities of cross-border operations. More importantly, this initiative seeks to uncover what current regulatory frameworks fail to address. The survey aims to capture feedback on the challenges insurers and reinsurers encounter, as well as potential gaps in current regulatory frameworks, helping to inform future policy discussions and negotiations. It seeks input from the private sector on the most pressing issues and overlooked concerns.

In addition, the survey aims to better understand who the actual actors engaged in cross-border trade are. While many stakeholders operate within or influence the sector, the goal is to identify which entities are directly involved in trading activities and are therefore most exposed to these challenges. Understanding who faces these barriers firsthand will allow for more targeted and effective policy responses.

The responses will contribute to the development of new insights aimed at recognizing, understanding, and addressing these emerging challenges to cross-border operations, with the goal of improving regulatory environments for the financial services sector, particularly within the insurance and reinsurance industry.

Sector Specific

The survey will focus on barriers to trade as experienced within the insurance and reinsurance sectors. While some of these barriers are sector-specific, others are more cross-cutting in nature and may also impact other subsectors of financial services. However, this survey specifically targets respondents from the insurance and reinsurance sector to ensure a focused and coherent perspective.

The decision of the survey is intended to preserve the integrity of the findings, as different sub sectors may face distinct challenges that do not necessarily correspond or align, increasing the risk of inaccurate conclusions.

Limitations to Survey

In addition to the absence of perspectives from other financial subsectors beyond insurance and reinsurance, there are other potential limitations to this survey. Currently, participation is limited to members of the World Economic Forum, which could exclude a portion of stakeholders who are also affected by trade and regulatory barriers.

Furthermore, this edition of the survey primarily targets large, internationally active insurance and reinsurance firms with strong institutional foundations and many years of market presence. As a result, it may overlook the unique challenges and barriers faced by smaller or regionally focused financial institutions. These organizations may experience different types of barriers or assign different levels of significance to them, which are not fully captured in the current scope of the survey. Lastly, the survey does not address geographically context-dependent factors in detail. Trade regulations and regulatory barriers can vary significantly between jurisdictions, and certain challenges may be more pronounced in specific regions. As such, some location-specific nuances may be underrepresented in the findings.

Survey Design

Survey Outline

Part 1: Introduction

- Consent Form and Respondent Information
- Company Name
- Main Industry/Sector
- Company Size (Number of Employees)
- Primary Region of Operations
- Participant's Position in the Company
- Contact Details

Part 2: Classification of Barriers

Participants are asked to assess the significance of each area of barriers across the following five categories. For each area, respondents should rate the level of significance on a scale from 0 to 10, where:

- 0 = Not at All Affected
- 10 = Significantly Affected

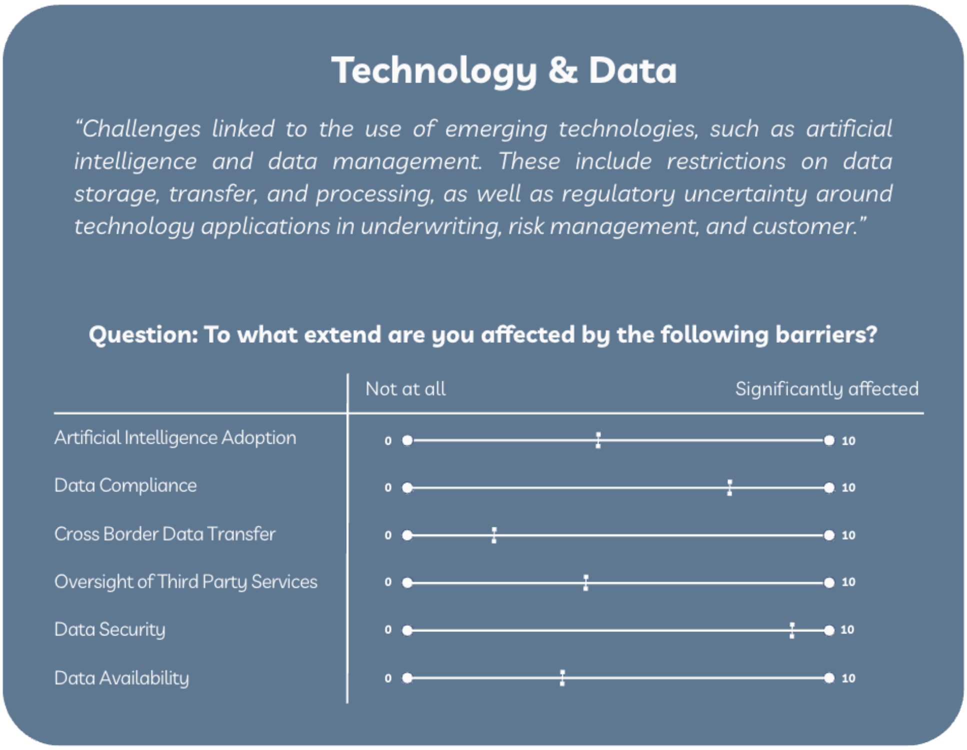

Figure E — Example of the Survey Question

This figure was created by the authors.

Category: Geopolitics

Challenges arising from rising geopolitical tensions and geoeconomic fragmentation, including jurisdiction-specific regulations, sanctions, trade restrictions, and unstable regulatory environments that complicate cross-border insurance operations.

- **Areas:**
  - Cyber Warfare
  - Macroeconomic Volatility
  - Political Fragmentation
  - Risk Consolidation

Category: Sustainability

Challenges related to regulations and expectations concerning sustainability reporting, green finance standards, climate risk disclosures, sustainable investment, and associated incentives.

- **Areas:**
  - ESG Reporting and Disclosure Divergence
  - Climate Risk Scenario Analysis Requirements
  - Green Taxonomy Fragmentation & Nature and Biodiversity-Related Risks
  - Data Gaps and Asymmetries
  - Sustainable Investment Restrictions or Incentives
  - Inconsistent Transition Risk Definitions

- Mandatory vs. Voluntary Regimes & Regulatory Timetable Mismatch
- Built-In Capabilities Assessment Tools

Category: Technology & Data

Challenges related to regulations and expectations concerning sustainability reporting, green finance standards, climate risk disclosures, sustainable investment, and associated incentives.

- **Areas:**
    - Artificial Intelligence Adoption
    - Data Compliance
    - Cross Border Data Transfer
    - Oversight of Third Party Services
    - Data Security
    - Data Availability

Category: Conduct Regulation

Challenges linked to the use of emerging technologies, such as artificial intelligence and data management. These include restrictions on data storage, transfer, and processing, as well as regulatory uncertainty around technology applications in underwriting, risk management, and customer.

- **Areas:**
    - Customer Protection and Disclosure Requirements
    - Claim Handling and Dispute Resolution
    - Suitability and Fiduciary Standards
    - Advertising and Marketing Rules

Category: Operations

Challenges affecting insurers' ability to establish or operate in a market, including requirements for local incorporation, physical presence, foreign ownership limits, capital rules, and restrictions on legal business forms.

- **Areas:**
    - Licensing and Market Entry Restrictions
    - Capital Solvency Requirements
    - Collateralization and Asset Localization Requirements
    - Accounting, Audit & Reporting
    - Risk Management
    - Corporate Governance & Control Limits
    - Auxiliary Services and Outsourcing Restrictions
    - Policy Recognition, Policy Portability & Mutual Recognition
    - Market Conditions

Part 3: Concluding Questions

- Participants are asked to rank the five categories in order of significance. (Numerical Ranking)
- Participants are asked if there are any other areas of concern not covered in the previous sections. (Open-Ended)
- Participants are asked to identify two regulatory reforms that would most improve the ease of operating globally. (Open-Ended)
- Follow-Up Interview Invitation
- End of Survey

Question Types

The survey consists of both open-ended and closed questions. The emerging challenges have been identified and categorised in advance, which helps guide respondents in ranking the main areas of barriers pertaining to each category. The main part of the survey consists of "slider" questions allowing respondents to drag a bar to indicate the perceived barriers' significance level within each category. This section is central to the survey's objectives and therefore follows directly after the introduction. Given its importance, it is placed early to ensure respondents are most attentive while completing it. To ensure consistent responses based on a common foundation, each category is accompanied by a brief working definition, providing respondents with sufficient context before they begin the significance rating process.

Following this core section, the survey concludes with a set of wrap-up questions. These include a ranking of the five categories to understand their relative importance, as well as two open-ended questions. The first one allows respondents to identify any additional or emerging challenges that may not have been addressed in the structured sections. The second one asks the respondents their opinion or strategic insight on what two regulatory reforms they believe would most improve their ability to operate internationally.

Survey Flow

First, the respondents will be asked to provide information about the company they represent, including the following details: company name, main industry/sector, company size (number of employees), primary region of operations, and the participant's position in the company. These fields are predetermined to facilitate segmentation and data analysis. The survey incorporates several design features to improve response quality and reduce bias. To address the risk of respondent fatigue, the tendency for participants to lose focus or become less engaged as they progress through the survey, the order in which barrier categories are presented is randomized. Likewise, the individual barriers within each category are also randomized. This approach helps ensure a more balanced distribution of attention across all topics, rather than giving undue weight to those listed earlier. Finally, the authors propose that the survey is piloted with a preselected group of experts from the insurance and reinsurance sectors. This pre-testing phase is intended to gather feedback on clarity, structure, and relevance, and to refine the questions before full deployment.

Sampling and Validation

Sampling Frame

The primary survey sample consists of partners and members of the World Economic Forum who are significantly affected by trade regulations and barriers. A key eligibility criterion is that the organisations operate within the insurance and reinsurance sector, across multiple markets, navigating diverse regulatory environments and managing activities within different jurisdictions and regulatory frameworks.

The main target group for the survey includes professionals working in regulatory affairs, government affairs, compliance departments, and similar roles, who are directly engaged with or impacted by trade regulations and barriers within the insurance and reinsurance sectors.

Data Validation Process

To ensure the reliability and relevance of the survey responses, the survey administrators will employ a comprehensive data validation process. One key focus will be to clarify how respondents interpret questions such as, “To what extent are you affected by the following barriers?” This will help ensure that the responses accurately reflect the true significance of the barriers faced by the insurance and reinsurance sector. The pilot survey will play an important role in refining the questions and evaluating the clarity of the survey’s language. Feedback from the pilot group will help us identify any ambiguities or misunderstandings in how the questions are interpreted.

Additionally, the possibility of conducting follow-up interviews will be explored. These interviews will allow for a deeper understanding of the responses and offer a more nuanced perspective on how respondents are affected by the identified barriers. This qualitative feedback will help us refine our approach and ensure that the insights gained from the survey are actionable and insightful. At the end of the survey, some respondents will be invited to participate in a follow-up interview.