

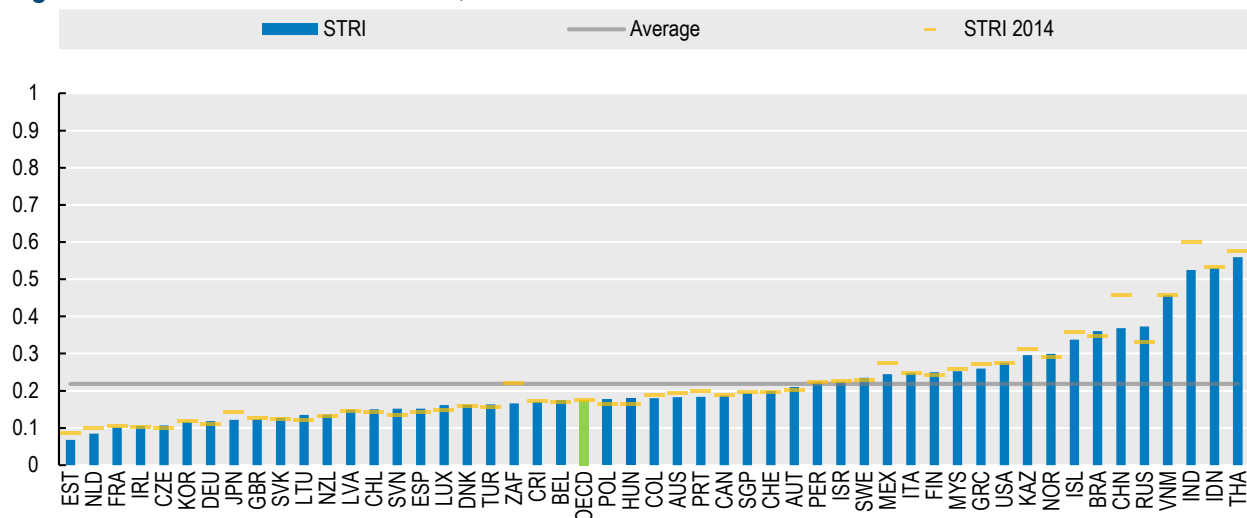


Insurance Services 2022

Key findings

- The average 2022 STRI in the insurance sector is 0.22 out of a maximum of 1 (most trade restricted) indicating a relatively low overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.07 and 0.56.
- The best performing countries in the sector are Estonia, the Netherlands and France. Most regulatory reforms in 2022 were recorded in Japan, the New Zealand and Kazakhstan.
- Restriction on foreign entry are the main drivers of trade restrictiveness in the sector, amounting to 70% in OECD economies and 73% in non-OECD economies.
- OECD estimates suggest that halving the distance to best practice in this sector is associated with a reduction in the costs of cross-border trade in insurance services between 10% and 19% for the average country included in the STRI database.

Figure 1. STRI in insurance services, 2022



Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2022. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, Singapore, South Africa, Thailand, and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD (2022). STRI database.

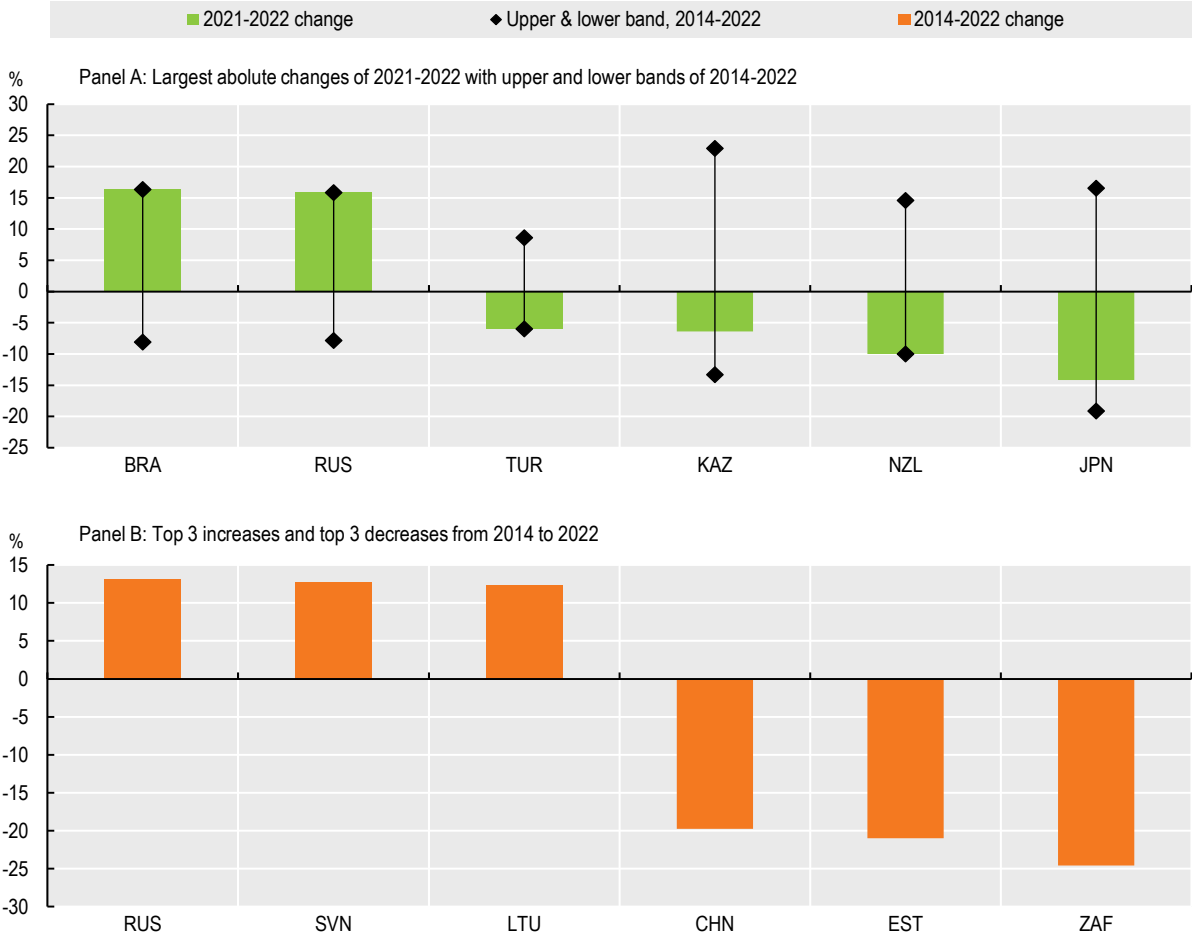
Insurance services (ISIC Rev 4, codes 651 and 652) comprise life insurance, property and casualty insurance, reinsurance and auxiliary services. Private health insurance and private pensions are not covered. Major exporters are the United States, the United Kingdom and Ireland. Efficient insurance services are one of the backbones of dynamic economies, providing firms with risk management tools and channelling savings towards long-term investment. It should be noted that insurance is a heavily regulated

sector for the purpose of maintaining the stability and soundness of the financial system. Prudential rules and standards are set by national governments and regulators as well as international financial standard-setting bodies. The STRI does not seek to define the scope or nature of what measures would be considered prudential but aims to record in an objective and comparable manner the state of legal and regulatory impediments faced by foreign insurers.

The 2022 STRIs in the insurance sector range between 0.07 and 0.56, with a sample average of 0.22 (Figure 1). There are 31 countries below and 19 countries above the average. The best performing countries in the sector are Estonia, the Netherlands and France.

Several countries introduced regulatory changes affecting the STRIs in 2022 and more so since 2014 (Figure 2). In 2021, the STRIs in this sector saw the biggest changes in Brazil (16%), the Russian Federation (16%), Turkey (-6%), Kazakhstan (-6%), New Zealand (-10%), and Japan (-14%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as the Russian Federation (13%), Slovenia (13%) and Lithuania (12%). On the other hand, we have strong liberalising trends in China (-20%), Estonia (-21%), and South Africa (-25%).

Figure 2. Change since 2014 and change in the last year, by country



Note: Selection criteria for Panel A was based on largest absolute changes since 2020. Panel B selection is the 3 largest increases, and the 3 largest decreases in the STRI since 2014.
 Source: OECD (2022). STRI database.

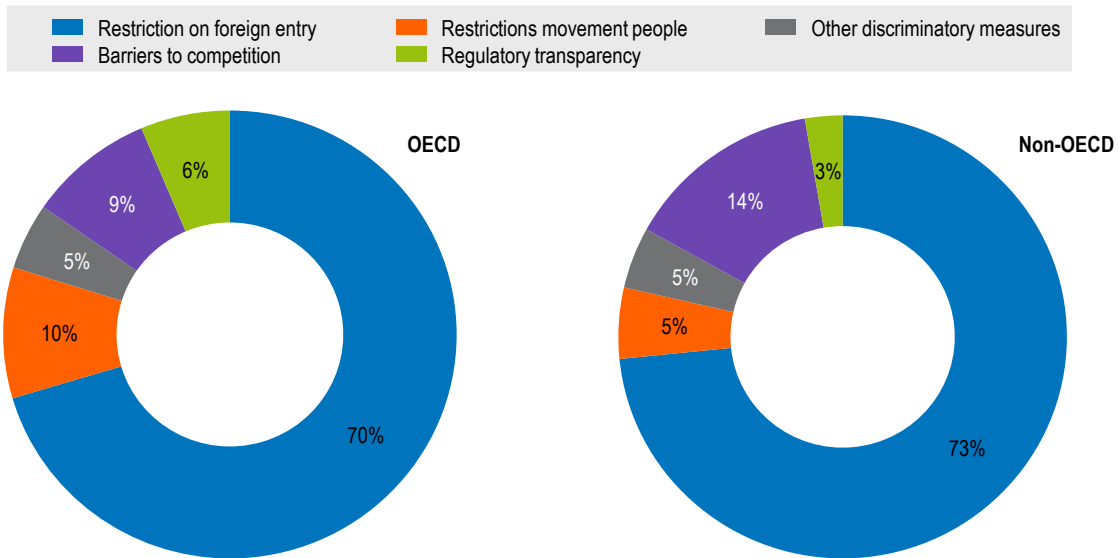
The measures in the STRI database are organised under five policy areas (Figure 3). Restrictions on foreign entry include barriers related to establishing and operating companies such as foreign equity limits or requirements on board of directors and cross-border data flows. Restrictions on the movement of people cover barriers that affect the temporary entry of foreign services providers through quotas, labour market



OECD Services Trade Restrictiveness Index (STRI)

tests and short durations of stay. Other discriminatory measures include discrimination of foreign services suppliers as far as taxes, subsidies and public procurement are concerned. Barriers to competition include information on anti-trust policy, government ownership of major firms and the extent to which government-owned enterprises are exempt from competition laws. Regulatory transparency includes information on consultations and dissemination prior to laws and regulations entering into force. It also records information on obtaining a license or a visa. In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 70% in OECD economies and 73% in non-OECD economies.

Figure 3. STRI for insurance with policies areas in OECD and non-OECD economies, 2022



Source: OECD (2022). STRI database.

There are no countries that are fully closed to trade in this sector. Table 1 lists the most relevant restrictions identified in each policy area.

Table 1. Top 5 most relevant measures by policy area, 2022

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Local presence is required for cross-border supply	48
	Commercial presence is required in order to provide cross-border services	45
	Cross-border data flows: cross-border transfer of personal data is possible to countries with substantially similar privacy protection laws	42
	Local availability test for cross-border trade (non-life)	36
	There are limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms	12
Restrictions to movement of people	Memo: Licence or authorisation is required to practice	43
	Labour market tests: contractual services suppliers	38
	Labour market tests: intra-corporate transferees	38
	Limitation on duration of stay for contractual services suppliers (months)	37
	Memo: Licence or authorisation is required to practice	34
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	42
	Access to the procurement market is conditional on reciprocity	29
	Discriminatory financial requirements on foreign reinsurance suppliers	24
	Public procurement: Explicit preferences for local suppliers	24
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	24
Barriers to competition	National, state or provincial government control at least one major firm in the sector (life)	18
	The government has discretionary control over funding of the supervisory agency	18
	The government can overrule the decisions of the supervisor	16
	Restrictions on advertising	9
	Decisions by the regulatory body can be appealed	1
Regulatory transparency	Range of visa processing time (days)	28
	Number of documents needed to obtain a business visa	26
	There is a maximum time allowed to the regulator for decisions on applications	10

Note: The count for “memo” type of measures, which are not scored in the STRI, indicate the number of positive answers recorded for that measure across the 50 countries covered. Top most relevant measures are selected on the basis of the following criteria: (1) most restricted horizontal measures (i.e. same answer across sectors), (2) most restricted sector-specific measures, (3) key measures or (4) memos affecting the score of other measures through hierarchy rules.

Source: OECD STRI database (2022)

More information

» Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>.

» Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#).

» Calculations based on: Benz, S. and A. Jaax (2020), "The costs of regulatory barriers to trade in services: New estimates of *ad valorem* tariff equivalents", *OECD Trade Policy Papers*, No. 238, OECD Publishing, Paris, <https://doi.org/10.1787/bae97f98-en>.

» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org.