Insurance data sources and data needs: Private-sector perspectives

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Agenda

- About Swiss Re's *sigma*
- Applications of insurance statistics
- Issues, challenges and suggestions
About Swiss Re's *sigma*

- This section describes Swiss Re's *sigma* database
The \textit{sigma} team: Swiss Re's Economic Research and Consulting

- Led by Thomas Hess, Swiss Re's Chief Economist, the Economic Research and Consulting team manages and utilises our proprietary \textit{sigma} database to serve our internal and external clients.

- Our external clients are primarily direct insurance companies. Other users of our data include the media, regulators, industry associations, private sector analysts and academic researchers.

- Internal clients from different business units look for our market analysis and projection to support corporate planning activities and explore business opportunities.

- For decades, Swiss Re's market statistics and other research outputs have provided valuable resources for our clients and facilitated the development of global insurance industry.
Insurance analysts at Swiss Re keep track of development of key insurance markets. Statistics of these markets are vital.

**Europe/Africa/Middle East**
- Germany
- Switzerland
- Belgium
- France
- Luxembourg
- Netherlands
- UK
- Ireland
- Austria
- Italy
- Spain
- Greece
- South Africa
- Middle East

**Americas**
- USA
- Canada
- Latin Americas

**Asia Pacific**
- Australia
- China
- Hong Kong
- India
- Indonesia
- Japan
- Macau
- Malaysia
- Philippines
- Singapore
- South Korea
- Taiwan
- Thailand
- Vietnam
Swiss Re and market statistics

- Swiss Re and our team are users of insurance market statistics.

- Our data sources are primarily official insurance statistics released by insurance regulators, industry associations and in some cases surveys done by the private sector or non-government organisations.

- Swiss Re adds value by pooling insurance data around the globe. We offer a one-stop shop and categorise/harmonise the data to facilitate international comparison.

- Our clients and other parties approach Swiss Re regularly and solicit our database. This suggests that governments or industry organisations can benefit the industry development and supervision by establishing a common standards for dissemination of market statistics.
## Data sources commonly utilised by Swiss Re's analysts in some insurance markets in Asia

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Applications of insurance statistics

- This section discusses how insurance statistics benefit the private sector by drawing Swiss Re's own experience.
General applications of market statistics

Applications

- **Corporate planning and steering**: Assess the size and profitability of insurance markets; evaluate competitive position
- **Actuarial**: Pricing and underwriting
- **Risk and financial management**: Counterparty risks, solvency
- **Business development**: Product innovations

Data needs

- Premiums written, claims and expenses of in-force and new business with lines of business breakdown
- Claims, sum insured, number of insured
- P&L, balance sheets, asset allocations, reserves, affiliated reinsurance transactions
- Sales by distribution channels, sales force headcount
- Other needs.....
Example: Using insurance premiums data to compute insurance penetration

Direct premiums as a % of GDP, 2009

Source: Swiss Re, Economic Research & Consulting

GDP per capita, 1000 USD (logarithmic scale)
Example: Using carriers' financial data to analyse industry profitability

P&C U/W profit margin 2006-08 average, %

Markets covered:
Australia, China, Hong Kong, India, Japan, Korea, Indonesia, Malaysia, Singapore, Taiwan

Note: JV of the Australian markets are included as "foreign" as official data do not enable such differentiation.

Note: The U/W profit margin % is based on 2006-08 average.

Note: Profitability comparison across markets could be distorted by the use of different accounting and reporting standards. U/W profits equal to premiums less claims, commissions and internal expenses. U/W Profit margin equal to the U/W results divided by premium.

Sources: National insurance authorities; Swiss Re Economic Research & Consulting

Direct premium, USD m (in log scale)
Example: Assess investment risks facing the insurance industry

Sources: AM Best, Life Insurance Association of Japan, Swiss Re Economic Research & Consulting
Issues, challenges and suggestions

- This section provides constructive comments for future development
Issues and challenges

- Responsibility and practices
  - In some markets, insurance statistics are not released by "official" sources. Who is taking the responsibility to ensure timely and accurate dissemination of insurance statistics?
  - Frequency, continuity and consistency
  - Language – lack of English translation is an impediment for foreign industry players and international agencies

- Data availability
  - New business vs. in-force, sum insured, separate accounts vs. general accounts, risk premiums vs. saving, line of business breakdown, solvency indicators, reinsurance and affiliated transactions, onshore vs. offshore

- Data standards
  - Need a common level of disclosure across markets (many markets do not disclose financial data of insurance companies)
  - Standardisation of insurance terms and classification: Lack of a common set of data definitions (e.g. premiums – gross, net, earned, lines of business for life and health, IBNR for non-life)
  - Standardisation of accounting standards: Book vs. market valuation, statutory standards vs. GAAP and IFRS forthcoming
An immediately viable wish list

■ International level
  - establish commonly acceptable standards for managing and disseminating insurance statistics

■ National level
  - consult the industry, academia and other stakeholders in developing an efficient framework of statutory reporting and data disclosure
  - ensure data quality, as responsibility of insurance regulators
  - define publication of insurance statistics as a top priority of regulators

■ Operational level
  - Service Pledge: ensure timely disclosure to the public and promote client-focused attitudes
  - electronic formats, downloadable, target date of release, company level financial statements, data definition and glossary, common standard for English translation
Thank you
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