

# “QUICK OVERVIEW OF LATEST TRENDS IN INSURANCE INDUSTRY IN ASIA ”

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DEDICATED TO ASIA'S INSURANCE INDUSTRY

# Outline

- (a) Data in Insurance in Asia
- (b) Current Trends in Asia
- (c) The Might of Competition
- (d) Five Key Areas of Best Practices

# Asia: Total Premiums

	1999	2010
Asia	US\$621 bn (26.73%)	US\$ 1161 bn (26.76%)
Premiums as % GDP	7.38% (7.52%)	6.2% (6.9%)
World	2,324 bn	4,339 bn

# Asia: Life

Life	1999	2010
Asia	477 bn (33.8%)	855 bn (74%) (33.94%)
% of GDP	5.66 (4.57)	4.5 (4.01)
World	1,412 bn	2,520 bn

# Asia: Non- Life

	<b>1999</b>	<b>2010</b>
Asia	144 bn (16%)	306 bn (16.81%)
% of GDP	1.71 (2.95)	1.6 (2.9)
World	912 bn	1,819 bn

# Trivia through Numbers

1. **Asia accounts for a quarter of global premiums**
2. **But Asian life business is a third of world premium (but accounts for two thirds of world population)**
3. **China was fastest growing market in 2010 after inflation adjustments (26.2%)**
4. **Three Asian Life Markets made it to top 5 in terms of insurance penetration ( Premium as percentage of GDP)**
5. **Taiwan is No 1 in Life Penetration in World (15.4%)**

# Trivia through Numbers

6. **One Asian life market made up 88% of its total business ranking 3<sup>rd</sup> in world**
7. **Korea is No 4 in Non-Life (4.2%)**
8. **Two Asian markets registered more than 30% growth in Life**
9. **Asia only accounts for of global reinsurance premiums**
10. **One Asian reinsurer in list of top 10 reinsurer in World**

▣ Source: 2010 through Sigma



# Current Trends

- ▣ Degree of harmonisation
- ▣ Southeast Asia vs Northeast Asia
- ▣ New Engines of Asia - India and China
- ▣ Foreign Vs Local Players Vs Family Owned
- ▣ Lack of real innovation beyond marketing
- ▣ The Lure of Investment Returns



# Current trends

- ▣ The branding of insurance
- ▣ Bancassurance is a leader
- ▣ Insurance in politics
- ▣ Protection vs Investment
- ▣ Low Capitalisation
- ▣ Intense Competition

# Current trends

- ▣ Concentration
- ▣ Influence of MNCs
- ▣ Increasing regulations
- ▣ Ratings Issue
- ▣ Going Green
- ▣ Technology as the Differentiator

# Current Trends

- ▣ Does Underwriting Have Power
- ▣ Reinsurers' impact on the market
- ▣ Power of Distribution
- ▣ Ageing and Pensions
- ▣ Spread of Takaful
- ▣ Microinsurance

# What Drives Competition in Asia

Market is extremely competitive

Five Quick Answers:

- Regulators
- Consumers
- Industry Players
- Outside Entrants

# Five Key Areas

## 1. Regulations:

- The power of the Magic Wand
- Where is the Magic
- Formal/Informal Interactive Dialogue
- Move to RBC & Solvency II
- IAIS- global standards

# Five Key Areas

## 2. Distribution

- Distribution is King
- But who wears the Crown
- Politics of Distribution Dynamics
- Brokers and Intermediaries
- Friend or Foe or Partner

# Five Key Areas

## 3. Association's Role

- Association Autonomy
- Insurance Day
- Industry-wide Consumer Awareness Program
- Campaigns to Make Industry More Professional
- Insurance Centre of Excellence



# Five Key Areas

## 4. The Consumer/ Customer Service

### Boosting Awareness

- Knowing Who Your Customer is and Who Your Customer is Not
- Customer Sophistication? Myth or Reality
- Giving a Warm Customer Experience
- Customer Care
- Faster Access to Courts

# Five Key Areas

## 5. Social Media and the E-world

- Using the Net
- Online Sales
- E-commerce and Technology
- Reaching out to the public
- Investing in technology

# Conclusion

**Aim to be the Best Always**

**Quote:**

**“The Best Is Yet To Be”**

**Robert Browning**