



Published by:

Sponsors:

Media Partner:

ASIA
INSURANCE REVIEWALLIED
WORLDAON
Empower Results®Endurance
YOUR RISK IS OUR FOCUS

Swiss Re

MIDDLE EAST
INSURANCE REVIEW

CAT Panel

Who's the culprit?

The effect of global warming and climate change on the higher frequency of natural disasters and greater severity in losses is perhaps not as pronounced as theorised, said **Dr Stephen Mildenhall**, Global CEO of Analytics, Aon Benfield, as he kicked off the second panel discussion yesterday.

He said there has not been an increase in the frequency of "most severe cyclone, typhoon or hurricane events on a global basis". Any climate change effects, he said, would occur gradually over many decades.

Sompo Japan Nipponkoa's General Manager of Reinsurance **Shiho Koshikawa**'s comments struck a similar chord as she said there had not been a particular trend change in the frequency of typhoons, nor was there a clear observation of any changes in the strength of typhoons, measured by wind speeds.

For other perils, while there was an increase in snow, hail and heavy rain in Japan, she said these events were not usually extreme and were smaller compared to major typhoons.

Mr Mike Mitchell, Global Head of Structured Reinsurance Solutions and Head of Property & Specialty Product Hub in Asia, Swiss Re, who chaired the session candidly summed up Dr Mildenhall's presentation: "Urbanisation, insurance penetration and wealth seem to be driving

the economic and insurance losses to GDP – so actually, in contrast to many of the discussions that we've had in the last several years, climate change isn't really the villain; it's people that are the problem, or to put it more positively, potential clients."

"Never-ending journey" for data improvement

Aside from the impact of climate change, panellists also discussed at length the importance of data quality in underwriting. **Mr Philippe Domart**, CUO for Asia Pacific at Partner Re, noted that the industry now has a lot more capital and is more sophisticated at assessing perils. And while there has been "collective data improvement", the quest for better data quality is a "long and never-ending journey".

Dr Sibylle Steimen, Allianz Re's Global Head of Catastrophe Risk Management, cautioned not to rely too much on models as those too need constant improvements and updates. Quality data on the other hand, is more crucial, as without data, insurers would be making "blind decisions".

Marry data analysis with experience

The underwriting mix should also take note to include the soft factor of experience. With such fast advancement in technology, **Dr Pedro P Benedicto Jr**, President of Republic Surety and Insurance, highlighted the challenge of translating data into something comprehensible and of use. "We need to marry the ability to read the analysis with experience; only then can we come up with better solutions."

Concurring, **Ms Duanden Choenchitsiri**, Director & Chairman of Property Committee, Thai General Insurance Association, said: "Modelling is modelling, we still need to consider data quality with underwriting experience, knowledge and awareness."



(L-R): Dr Stephen Mildenhall; Mr Mike Mitchell; Dr Pedro P Benedicto Jr; Mr Jason Tsai of 27th EAIC Organising Committee; Ms Duanden Choenchitsiri; Ms Shiho Koshikawa; Mr Philippe Domart; and Dr Sibylle Steimen

Life Panel

Only fresh approach will tackle looming ageing issues

Insurers will only overcome the challenges arising from demographic pressures and the sizeable Asian health and protection gap by exhibiting clarity, courage and humanity, a panel focussing on how insurers could help address the issue of ageing societies concluded.

Mr Mark Saunders, Group Chief Strategy & Corporate Development Officer, AIA Group, outlined that only a joint effort by insurers, governments and organisations active across the health spectrum will yield results and suggested that insurers should not shy away from taking the lead.

Mr Peter Lau, Head of Macau, FWD Life Insurance, reminded the audience of the significant demographic challenges facing countries across the region. A lethal combination of a rapidly ageing population, increasing life expectancy, declining fertility rates and swelling medical

costs will inevitably put a remarkable strain on public pensions and healthcare systems.

Underinsurance in Asian markets meant that out-of-pocket medical expenditure remained extremely high, with an estimated 40% of medical costs borne by customers in 2012. By 2020, the health and protection gap is expected to hit U\$226 billion. However, the advent of a middle-income class in a region boasting the highest savings rates in the world could also mean major opportunities for insurers, he said.

Different avenues to address issues

Ms Elaine Chan, Senior Head of Medical Division, Zurich Insurance, said that insurers could play their part in closing the protection

(continued on page 2)

Ageing issues *(continued from page 1)*

gap by extending coverage to substandard lives or “disease-oriented” people. Partnering with pharmaceutical companies allows insurers to tap into their scientific expertise and structure more suitable products.

Mr Dean Graham, Head of Life, PartnerRe, suggested that less stringent capital requirements would give insurers more leeway to provide appropriate long-term solutions, a view echoed by **Mr Makoto Okubo**, General Manager, International Affairs, Nippon Life Insurance Company. Taking note of the scarcity of quality long-term care facilities, insurers should also consider providing such facilities, said Mr Graham, a move that would enable them to control costs.

Mr Greg Solomon, Regional Director, Head of Life & Health, APMETA, Willis Re, said insurers were more often than not too risk-averse, leaving customers with medical conditions to fend for themselves. There is a need for insurers to challenge their risk-appetite to remain relevant in the market, otherwise customers will fail to appreciate the need for insurance products.



(L-R): Mr Greg Solomon; Mr Peter Lau; Mr Mark Saunders; Ms Elaine Chan; Mr Patrick Lee (27th EAIC Organising Committee Chairman); Mr Dean Graham; Ms Irene Ng; and Mr Makoto Okubo

On another note, **Ms Irene Ng**, Regional Chief Underwriter, Asia, GenRe, said that customers also had a role to play in containing swelling health expenditures. As pricing and affordability remained significant challenges for insurers operating in the healthcare space, insurers could consider ways to package products that put an emphasis on customer responsibility and disincentivises over usage of healthcare services, she said.

Social media Panel

Getting on the social media train

Having an effective presence on social media is no longer a choice but a must for insurers whose viability will ultimately depend on it, said panellists at the discussion on the value of social media.

While some may still be formulating their social media strategy, it is essential that companies are present in the space or risk being sidelined.

“If you are not where your customers are, there’s a good chance you may lose them to competitors who are on those platforms. People these days can change their insurers very easily,” said **Mr Don Tan**, Senior Vice-President, Business Consultancy Department at 121 Advisor.

Ms Nini Sumohandoyo, Corporate Marketing & Comms Director at Prudential Life Assurance in Indonesia, said while her company does not use social media for commerce, it has found it effective in the area of consumer education and recruitment.

“Through using LinkedIn, it has helped us save 20% of our headhunting costs,” she said, adding it is a potentially useful tool in recruiting agents too.

In a presentation that preceded the discussions, **Mr Jerome Matrundola**, Head of Strategic Initiatives, Hong Kong & Southeast Asia, RGA, said social media could be utilised for various means, including brand management as well as customer engagement.

He added social media was a rich avenue for insurers to gain valuable insights about their customers, which may be used to improve underwriting, pricing and claims among others.

But other than the benefits, there were also nagging questions around preserving brand reputation as well as crisis management.

Managing pitfalls

Responding to the issue of negative exposure on social media, Mr



Tan said insurers should leverage the platform to manage complaints, viewing it as a “placeholder” to monitor and address negative views of the company.

Mr Shasi Gangadharan, CEO of Chubb in Singapore, added social media provides a stiff test in crisis management, an area which insurers can improve upon.

“Social media is fast and furious, and it is a chance for companies to demonstrate their accountability through effective crisis management,” he said.

The session was moderated by **Mr Benjamin Ang**, Deputy Editor, *Asia Insurance Review*.



(L-R): Mr Don Tan; Ms Nini Sumohandoyo; Mr Shasi Gangadharan; Mr Jerome Matrundola; Mr Benjamin Ang

Reinsurers need strong regional focus to thrive in Asia



Endurance Re's CEO Singapore Branch & Head of Catastrophe Reinsurance in Asia Pacific **Rene Lamer** tells us about the increasingly fierce competition to woo cedants, and that (re)insurers need to be vigilant against accumulation in CAT-prone regions of Asia.

Asia's risk landscape is significantly changing, brought about by rapid urbanisation and economic expansion. However, the threat of natural disasters remains elevated and marked by rising levels of exposure such as floods, storms, storm surges and earthquakes. The most recent example being Cyclone Hudhud which hit several parts of India last month causing both loss of lives and physical damages.

Climate change and increasing risk concentration in Asian cities have certainly made the region particularly vulnerable, thus presenting numerous challenges as well as opportunities for insurers and reinsurers. Hence, it is important that (re)insurers closely monitor the development of potential accumulations, which is often exacerbated by a combination of a lack of data and models.

"I think many of the events over the past few years have shown that understanding your exposures, in modelled and non-modelled regions, is key. In our Singapore office, our actuaries and CAT modellers do a great job of monitoring accumulations, whether it be PMLs, limits in force or through scenario testing. They are also supported by a diversified team of actuaries, CAT modellers and risk management specialists who manage our risk globally," said Mr Lamer.

Reinsurers need to show value

Being in the reinsurance market at present means having to deal with realities such as excess liquidity and a greater retention ability on the part of cedants in Asia. Mr Lamer said cedants today place greater scrutiny on the value that each reinsurer brings to the table.

"With less pressure on pricing, cedants are looking at their reinsurance panels and reassessing each partner and their ability to deliver value. It's not enough anymore for a reinsurer just to be a capacity provider."

He added: "With excess capital in the market, the need for a larger panel decreases. Reinsurers that can offer larger shares, write across programs and lines of business and operate with a regional focus will prevail. Reinsurers must be relevant to their clients."

Client servicing

In that regard, Endurance has expanded its Singapore operations in a bid to further improve its offerings in the region, across various Property & Casualty, Specialty and Catastrophe lines.

"Endurance's priorities are to serve our clients and foster our capital. Operating a fully staffed multi-line office from Singapore enables us to focus on our clients

and provide timely, flexible service. Managing our capital globally ensures that we remain competitive in this challenging market."

Finding balance in rules

In recent times, the topic of regulations has been a pertinent one with the scrutiny on the banking sector from the fallout of the global financial crisis, having repercussions on insurers as well. Regulators in the region have worked to enhance the implementation of risk-based solvency regimes in individual markets, strengthen risk management and corporate governance functions and improve consumer protection.

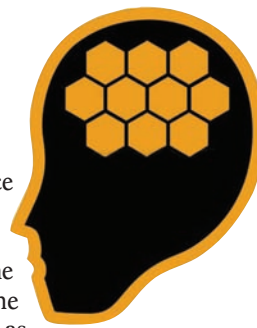
Mr Lamer said the need for rigorous regulations is important though authorities have the tough task of ensuring that it doesn't stymie the growth of businesses as well.

"Regulation is always a hot topic, but it seems particularly relevant at the moment. With much of the Asian market being in a relatively early stage of development, the need for sound and prudent regulation is paramount. However, it is essential, that the regulation encourage the business it is regulating. By working together, insurers, reinsurers and the regulating bodies can create robust environments for business and increase the demand for our products."



EAIC Beyond 50: The Hive Mind

Below is an excerpt from the winning entry of the 2014 EAIC essay competition which canvassed ideas to propel the institution even further in the next 50 years.



In the 50 years since the establishment of the EAIC, the insurance industry has faced numerous challenges that threatened its very foundations. In the last decade alone, we have observed tremendous changes and emergence of new risks which have impacted the business landscape. For the next half century, the industry is expected to be exposed to highly dynamic consumer preferences, rapid technological innovations and more stringent regulations which will definitely transform the way insurance business is conducted.

Having said this, how can EAIC contribute to making insurance a relevant and important risk management tool for global economies and societies in the next 50 years?

The Hive Mind Explained

Also called as Group Mind, the Hive Mind is a science fiction concept wherein a collective consciousness or intelligence is present in multiple bodies. A real-life albeit lower version of Hive Mind is observable in bees (hence the term) and in ants, wherein the colony or hive functions as an integrated aggregation of the members. In science fiction, the Hive Mind represents the point at which multiple minds meet, to share knowledge and experiences, enabling them to transcend mere collaboration and actually achieve a true form of synergy.

The evolution of EAIC can be summarised in this framework: the past, inception of the organisation and collaboration; the present, EAIC's first 50 years and synergy; and the future, its next 50 years and a hive mind.

EAIC was established in order to create a platform for neighboring

countries to understand each other's insurance industries. In the first 50 years, EAIC became successful in promoting synergy among its regular and associate members, wherein each one has contributed greatly in the development of the other's respective business practices. However, as the insurance industry, and consequently, the EAIC, are both faced with the aforementioned challenges, the Congress needs to re-engineer itself and evolve into a transcendental organisation. In the next 50 years, the EAIC's challenges are expected to come from these areas: sociological, technological, environmental, economic and political.

The entry was submitted by Mr Eudan Eusebio Y Bantola III from Republic Surety and Insurance Company from the Philippines. For the full article, please go to: www.asiainsurancereview.com/EAICBeyond50-RepublicSurety



Mr Eudan Eusebio Y Bantola III (centre) receiving his prize from EAIC President Vincent Kwo (right) and 27th EAIC Organising Committee Chairman Patrick Lee (left)

See you in Macau in 2016

Macau, recognised as a world tourism and leisure centre, is excited to welcome you to the 28th EAIC from 11 to 15 October 2016. Mark your calendars, we have everything that you may expect from a convention destination ready for you – an insightful convention agenda, fine dining options, world class shows and entertainment, and more. Please stay tuned, more information will be delivered to you.

Mr Chris Ma,

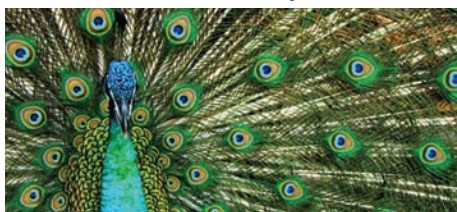
Chairman, 2016 EAIC Organising Committee and CEO, AIA International Limited, Macau Branch



Diary of events 2015

21-23 January
Mumbai, India

8th India Rendezvous
Theme: "The Dynamics of Regional Reinsurance – A SAARC Perspective"



9-11 February
Singapore

15th CEO Insurance Summit in Asia
Theme: "Disruptions, Innovation & New Horizons: Reinventing the Business"



3-4 March
Kuala Lumpur, Malaysia

3rd Asia Insurance Brokers' Summit
Theme: "Optimising the Role of Brokers in the Insurance Value Chain"



EAIC Daily newsletter team



Editor-in-Chief: Sivam Subramaniam • General Manager, Business Development: Sheela Suppiah • Deputy Editors: Benjamin Ang, Ridwan Abbas • Journalist: Dawn Sit • Correspondent, Northeast Asia: Gregory Taylor
www.asiainsurancereview.com • www.meinsurancereview.com • Design & Layout: Charles Chau

Sponsors:



www.awac.com



www.aon.com



www.enhinsurance.com



www.swissre.com