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Buckle up in the EAIC's time-travelling DeLorean automobile

Never before has the EAIC community been more in need of a crystal ball than it is today – with the myriad threats of climate change, cyber risk, uncertain interest rates and rising geopolitical tensions facing the entire region.

Thankfully, this edition of the East Asian Insurance Congress, held in the vibrant city of Hong Kong, has never before had such a prescient theme – ‘Back to the Future – Empowering East Asian Insurers for 2044 and Beyond – Building on the Foundation and Exploring the Future’.

The days ahead are bursting with ‘must-attend’ sessions guaranteed to get delegates thinking and offering insights for winning insurance strategies. Delegates are sure to leave the conference with a real competitive advantage over those who have missed out.



Each day, *Asia Insurance Review* through its official media partner status with EAIC, will offer delegates a recap of what's been discussed – and some fascinating insights of our own – in this daily newsletter, available both in print and digitally.

Every single major risk and technological development to face the insurance community in East Asia will receive a thorough airing in the days ahead – insights from some of the brightest minds and smartest thinkers

that the sector has to offer.

Some of the headline issues that will be tackled include economic uncertainty for a resilient future, de-risking climate change, sustainability, technology, the gender gap, insurance literacy and the war for talent.

And of course, the four days of EAIC 2024 will also allow plenty of time to catch up with old acquaintances and make new ones.

If future success is awarded to those who are best prepared, there can be few forums more geared to arming insurers with all the weapons they need to win the competitive battle that looms ahead over the next decade as AI begins to take centre stage.

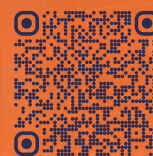
Mr Paul McNamara
Editorial director,
Asia Insurance Review and
Middle East Insurance Review



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**EAIC Reception
2024** 25 September
7pm | Hong Kong M+

RSVP



Transportation
arrangements and
location maps will be
shared after RSVP.

Unlocking potential in Asia's middle-class women and aged care

Peak Re's Mr Clarence Wong provides a synopsis of insights from the reinsurer's 2024 Emerging Asia Middle-Class Survey



Understanding the evolving needs of Asia's burgeoning middle class is crucial. Peak Re's latest survey, 'Unlocking Potential: Asia's Middle-Class Women and Old Age Care', provides insights into this demographic, focusing on four themes: Old age care, women consumer segments, home insurance and consumers' claims experience.

Old age care

The survey reveals that old age care is a significant concern for Asia's middle class, with 80% of respondents claiming they are caregivers to their parents and/or in-laws. Interestingly, while family is a crucial support system for old age care, it is also the number one source of stress for respondents, surpassing work-related stress. This highlights the dual role of family in the context of old age care - as both a support system and a source of stress.

Economic power of women

The survey also highlights the increasing economic power of women. On average, women account for one-third of total household income, and 21% of women surveyed stated they are the main breadwinners of their households. Most women have their own careers, and 77% of respondents are considered working mothers. This points to the changing dynamics of the Asian household, where women are increasingly contributing to the household income and juggling multiple roles.

Home insurance

The survey delved into the awareness and ownership levels of home insurance across six emerging Asian

markets. It revealed that while a majority of participants (55%) are cognizant of home insurance, actual ownership stands at just over a third (38%). The highest rates of ownership were observed in Malaysia and Indonesia, whereas Vietnam and the Philippines registered the lowest. A significant concern highlighted by the survey is the perceived costliness of home insurance. A substantial 60% of respondents deem the premiums to be on the higher end, labelling them as expensive or very expensive.

Among those who do not own home insurance, 45% have considered purchasing it but ultimately did not follow through. The primary deterrents identified were the cost and complexity of the insurance products, which led to potential buyers abandoning the purchase process. The survey suggests that increased flexibility could convert the remaining non-owners into purchasers. This could involve options to customise the coverage to specific belongings or the availability of adjustable insurance terms, such as the duration of coverage.

Making insurance claims

Insurance serves as a crucial safety net, enabling policyholders to swiftly recover from unforeseen events through financial compensation via claims payments. The survey indicates that a significant portion of respondents (55%) have filed an insurance claim within the past two years, with health and motor insurance being the most common types.

However, it is noteworthy that 38% of individuals have considered filing a claim but ultimately refrained from doing so. The three most prevalent

reasons cited for this hesitation are:

1. The complexity of the claims process.
2. Worries about increased premiums upon next renewals if they have submitted claims.
3. Previous experiences where the claim resulted in minimal compensation from the insurer, discouraging future claims.

The findings also highlight that negative experiences with claims can significantly impact customer satisfaction and loyalty towards their insurance providers.

Addressing protection gaps

Despite economic challenges, the survey points to a high level of optimism among emerging Asia's middle class. This optimism is driven by the resilience of emerging Asia economies, which have weathered recent global economic headwinds relatively well. For example, the share of respondents in the Philippines who see themselves moving upwards to a higher socio-economic level over the next five years has remained high at around 70%, and in the case of India, it is around 50%. This optimism is a testament to the resilience and growth potential of emerging Asia's middle class.

The findings from Peak Re's survey underscore the opportunities offered by Asia's rising middle class. Insurers can unlock significant potential in this market by understanding and addressing their unique needs. As we delve deeper into these topics in the upcoming articles, we will continue to explore how insurers can leverage these insights to drive growth and innovation. ■

Nat CAT concerns remain among general insurers in Hong Kong

The general insurance industry in Hong Kong is forecast to grow by 5.5% in 2024 and 2025. The growth will be supported by major insurance lines such as personal accident and health, liability and property, which together accounted for 75% of the general insurance GWP in 2023.

Nat CAT are still considered as a top peril in the country. **Fitch Ratings' Mr Terrence Wong** tells us more.

By Reva Ganesan

The Hong Kong general insurance industry is set to grow at a compound annual growth rate (CAGR) of 6.3% from HK\$67bn (\$8.6bn) in 2024 to HK\$85.6bn in 2028, in terms of gross written premiums (GWP), forecasts GlobalData, a data and analytics company.

According to GlobalData's insurance database, the general insurance industry in Hong Kong is projected to grow by 5.5% in 2024 and 2025.

The growth will be supported by major insurance lines such as personal accident and health (PA&H), liability, and property, which together accounted for 75% of the general insurance GWP in 2023.

According to Fitch Ratings senior director Terrence Wong, total gross premiums in the non-life sectors in Hong Kong rose by 4% y-o-y in 2023.

PA&H insurance is the leading line of business in the Hong Kong general insurance industry, accounting for a 31.4% share of the general insurance GWP in 2023.

PA&H insurance is expected to grow by 7.2% in 2024, primarily driven by an increase in health awareness and a recovery in the demand for health insurance policies from mainland Chinese customers after the removal of extended travel restrictions in 2022.

"The PA&H business lines saw an increase in premiums, driven by heightened demand for travel insurance and group medical insurance following the lifting of pandemic-related restrictions. In contrast, motor and employee compensation business lines remained unprofitable in 2023, primarily due to intense price competition in the fragmented market," Mr Wong said.

A rise in medical inflation since the onset of the pandemic will also support PA&H insurance growth.

Medical insurance premiums in Hong Kong witnessed an increase in 2023 due to a rise in critical diseases and, an ageing population that has increased the demand for health insurance. The trend is expected to continue in 2024, which will increase the prices of health insurance policies and support PA&H insurance growth.

Heightened Nat CAT risks

Non-life insurers operating in Hong Kong are exposed to Nat CAT risks, particularly from typhoons and floods.

"Due to the small area of Hong Kong, a sizable typhoon can cause widespread damage to the region. For instance,



Mr Terrence Wong

the severe typhoons Haikui and Saola, which struck Hong Kong in September 2023, triggered numerous claims across the region.

"To mitigate these risks, non-life insurers in Hong Kong, especially small to mid-sized players, actively utilize reinsurance policies, in a combination of quota share, surplus treaties and excess of loss reinsurance treaties," Mr Wong said.

"To certain extent, pricing competition of non-life insurance sector has been very strong due partially to the fragmental market structure in Hong Kong. Inadequate pricing adequacy could challenge insurers' operating stability," he added.

Hong Kong: Nat CAT risk seen as top peril

Nat CAT jumped by five places to become the top risk named by businesses in Hong Kong, according to the Allianz Risk Barometer 2024, the 13th edition to date.

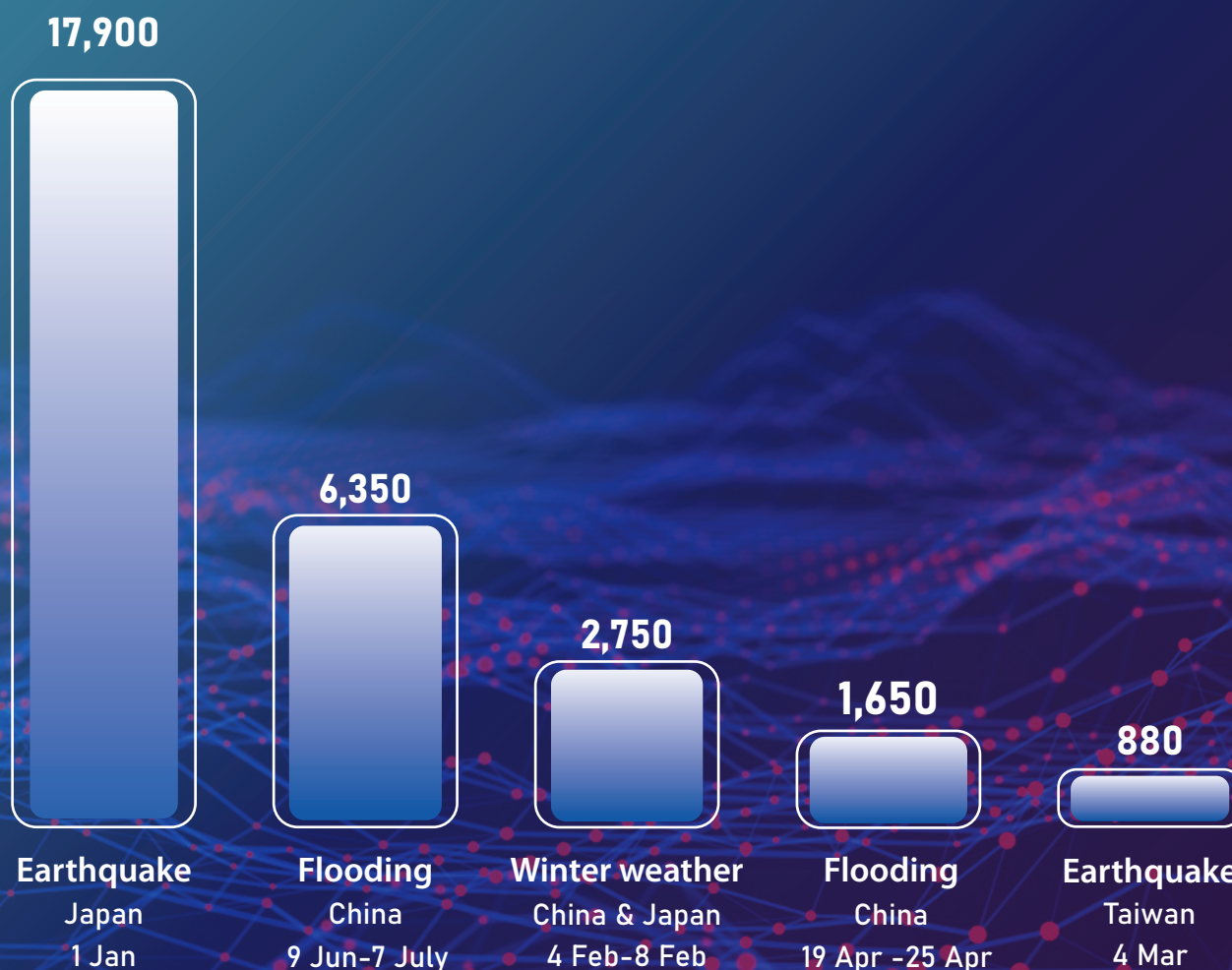
The proportion of businesses that ranked this risk increased to 33% in this year's report, more than twice that in the 2023 Barometer.

One reason for this could be the catastrophic flooding in the territory in 2023 when typhoon Haikui lashed Hong Kong and was the wettest storm in the territory's history.^A



Five costliest Nat CAT by economic loss (Asia) in 2024 (\$m)

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Source: Aon

Global economic losses due to natural disasters in the first half of 2024 were preliminarily estimated at \$117bn, approximately 15% lower than the long-term first half mean since 2000 (\$137bn), and slightly above the median (\$113bn). The number of billion-dollar events was 30, 22 of

which occurred in the US, two in South America, four in Asia and two in EMEA. It is worth noting that these numbers are subject to change as individual event loss estimates tend to evolve even months after the date of occurrence.

The Noto earthquake, which occurred on 1 January, still remains

the costliest event of the year to date in terms of total economic losses with more than \$17bn in direct damage. Apart from a number of significant severe convective storm events in the US, extensive flooding events in southern Germany and in China also rank high in the table of top events. ▀

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