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SIRC DAILY

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Balancing experience and curiosity

Celebrating three active years in Asia backed by 75 years of experience, **Deutsche Rück** continues its journey in Asia by combining financial strength with a willingness to learn.

By Sarah Si


Mr Achim Bosch


Mr Tarik Aouad

Even though Deutsche Rück's active presence in Asia only spans three years, the reinsurer itself brings 75 years of experience to the region.

And in Deutsche Rück CEO Achim Bosch's own words, that combination is "quite exciting".

"We bring financial strength, underwriting experience and a long tradition of reliability, while at the same time approaching these markets with curiosity and a willingness to learn," said Mr Bosch, speaking with *Asia Insurance Review*.

A reliable partner at the SIRC

This stance is also what makes the SIRC "more than an industry event", Mr Bosch added.

"It gives us the opportunity to meet many of existing and potential business partners from across Asia in one place, to listen to them and to deepen relationships that we are building for the long term," he said.

Being what he described as "relatively new to Asia", also means that dialogue is particularly important, according to Deutsche Rück Head of the International Growth Markets Division Tarik Aouad.

More than that, Mr Aouad highlighted that the SIRC gives Deutsche Rück "an opportunity not only to explain our way of doing business and our values, but primarily to listen".

"Every discussion with a cedant or broker helps us understand the markets better, as the region is extraordinarily diverse economically, culturally and in terms of its risk landscape," he said.

"That is fundamental if we want to become a meaningful long-term partner in the region."

As Mr Bosch put it, he wants participants in the SIRC "to see Deutsche Rück as a financially strong, reliable and long-term partner".

"We do not enter markets with a short-term perspective. Where we establish relationships, our intention is to develop them in the spirit of a sustainable cooperation," he said.

"Capacity can enable access to a market. Capability earns relevance. Partnership builds trust. And ultimately, sustainable success requires all three."

On his part, Mr Aouad hopes to leave the SIRC "with a better understanding of what our clients and brokers need from us, where the risk landscape is changing and where Deutsche Rück can contribute more".

"For us, success in Asia should therefore be a two-way journey: bringing Deutsche Rück's experience to Asia while learning from our experiences in Asia to make Deutsche Rück even stronger," he said.

What about renewals in Asia?

Turning their attention to the current levels of capacity and competition in the market, Mr Aouad plainly stated that "it would be unrealistic to suggest that abundant capacity and increased competition will have no effect on negotiations".

"Loss-free and well-understood programmes are naturally likely to attract considerable interest. But I would strongly advise against turning that observation into a general forecast for Asia," he said.

"There is no single Asian reinsurance market. Loss experience, Nat CAT exposure, economic conditions and the characteristics of individual portfolios vary substantially from one territory and cedant to another."

And while additional capacity may change the competitive environment, it does not change the underlying risk, according to Mr Aouad. This means Deutsche Rück's fundamental underwriting question remains the same, he added.

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INTERVIEW

Mr Aouad said, "Are pricing, structure and conditions adequate for the risk we assume?

"We want to be competitive, and we want to grow together with our partners. Where risks are well understood, experience is favourable and conditions are appropriate, we see opportunities to support our clients and potentially do more."

As a result, rather than predicting one direction for January renewals, he expects greater differentiation, saying, "I believe that is healthy for the market, too."

Mr Bosch agreed with Mr Aouad stance, saying, "Competition itself is not opposed to underwriting discipline.

"The important distinction is between an orderly adjustment of market conditions, and a competition in which market-share ambitions begin to outweigh risk-adjusted returns."

He said, "For Deutsche Rück, sustainable profitability and disciplined deployment of capital remain fundamental. That is true in Asia just as it is in our other markets."

INFOGRAPHIC



More than a capacity provider, a partner for what comes next


Mr Kevin Bogardus

Since SIRC last year, the biggest change has been in the market around us. Clients are managing a wider mix of interconnected risks. At the same time, rapid technological development, rising asset values and increasingly complex supply chains are amplifying the potential impact of disruption.

These are changing the role of the reinsurer. Capacity remains important, but clients also expect earlier engagement and clear decision making. Our focus is therefore on combining financial strength with empowered local decisionmakers who can provide informed, timely responses.

"For the Next" for clients and brokers in APAC

"For the Next" reflects a mindset of never standing still and taking a longer-term view, looking beyond immediate market conditions to where risk and opportunity are heading. Any renewal or risk discussion should address today's exposure, but the wider relationship should also help clients think through where risk is heading and how their portfolios may need to adapt.

That perspective has gained significance as we approach Everest's 30th anniversary in Singapore. Three decades in the market have given us valuable experience, but the more interesting question is how we apply it over the next 30 years. That means continuing to develop the expertise and solutions needed to support the region's evolving risk landscape and foster trusted relationships we have worked hard to solidify.

Potential for specialty reinsurances in APAC

Specialty represents one of the most compelling growth opportunities in APAC, particularly as businesses face risks that increasingly fall outside traditional insurance models. We continue to expand our specialty offering across accident and health, financial risks, renewable energy, emerging technologies, engineering, agriculture, marine and parametric solutions and embedded insurance.

By combining specialist knowledge with strong regional market insight, we can help clients address today's challenges while adapting to emerging risks. This approach helps clients manage complexity and pursue sustainable growth through market cycles.

Foreseeing 2027 for reinsurance

APAC enters 2027 supported by robust capital, expanding risk pools and continued innovation. At the same time, urbanisation, climate volatility and technological change are creating new concentrations of risk. The biggest challenge is understanding how these risks interact without losing sight of the opportunities the region continues to offer.

Everest remains confident in the region's long-term potential and will continue supporting clients as they navigate these evolving risk dynamics, while maintaining disciplined underwriting and sustainable risk transfer.

Growth will be most valuable where it is supported by sound pricing, strong exposure management and a clear understanding of risk.

Changes for reinsurers, insurers, and brokers

Climate volatility, geopolitical tensions, supply-chain interdependence, cyber risk and protection gaps increasingly overlap. This elevates the importance of collaboration across the insurance ecosystem. Cedants need capital and insight; brokers need responsive, technically capable markets; and reinsurers must combine specialist judgement with speed, consistency and a willingness to invest ahead of clients' emerging needs.

The industry must move beyond transactional placement towards earlier engagement, deeper portfolio dialogue and solutions aligned with clients' strategic objectives.

Differentiating the winners in APAC

In a region as diverse as APAC, there is no substitute for being close to the market and understanding what clients are trying to achieve. The winners will be those that successfully combine financial strength, underwriting discipline, specialist expertise and consistently strong service. Everest continues to enhance its analytical capabilities and market insight so we can respond to change with clarity and confidence.

We deploy capacity where we see sustainable opportunity and uultimately, capacity brings a reinsurer into the discussion, but disciplined underwriting, technical expertise and dependable execution are what distinguish long-term market leaders.

Mr Kevin F. Bogardus is the CEO of Everest Re APAC.



Addressing the underserved in Asia through microinsurance


Mr Soeren Soltysiak

Aon's Reinsurance Solutions' Mr Soeren Soltysiak provides his insights on how microinsurance is essential to delivering simple, affordable and accessible insurance cover for underserved communities across Asia.

Modern households, small businesses, and communities face unprecedented financial pressure driven by growing global instability. Frequent climate disasters, unpredictable health crises, economic volatility and ongoing supply chain failures increasingly threaten local livelihoods and long-term economic development. Crucially, the financial toll of these systemic shocks is growing heavier and more difficult to recover from.

Insurance has long played a critical role in supporting economic activity by providing protection against uncertainty – it enables investment, supports access to finance, contributes to market stability and helps individuals and businesses recover from unexpected events.

However, access to insurance remains uneven and large segments of the population across many emerging markets remain uninsured or underinsured, despite often being among the most exposed to risk.

Why microinsurance matters

Financial inclusion must mean more than access to a bank account, credit and digital payments. True financial inclusion must include protection whose objectives are practical and urgent: expand insurance penetration, improve affordability and access and build sustainable inclusion models.

If we are serious about expanding protection to underserved communities, we must look beyond microinsurance as merely a low-cost, small-scale product; instead, we need to view it as a critical piece of a much larger ecosystem – one that encompasses development finance, risk transfer networks, distribution channels, public-private partnerships and community trust.

Ultimately, microinsurance is far more than a product innovation challenge; it is a system transformation challenge.

Financial inclusion should be understood as more than access to payments, savings and credit – sustainable inclusion also requires access to appropriate forms of risk protection. Protection enables households and businesses to preserve progress and recover more effectively when disruptions occur.

Microinsurance must be inclusive and commercially sustainable

Microinsurance should not be judged only by the number of policies sold, but whether it helps people and communities absorb shocks, recover faster and continue investing in their future.

A key practical challenge faced by stakeholders is distribution: a product can be technically strong, affordably priced and well-capitalised, but if it cannot reach people in a form they understand, through channels they trust, it will not scale. In microinsurance, distribution is not just a route to market, but to trust.

The long-term success of microinsurance will depend less on product design alone and more on the strength of the surrounding ecosystem. Effective distribution, efficient claims processes, appropriate regulation, reinsurance support, data, technology and sustainable financing structures all play an important role.





Building a collaborative ecosystem is key

Expanding protection at scale will require collaboration and no single institution can address the protection gap independently Insurers can bring product expertise, underwriting discipline and customer protection. Reinsurers can bring capacity, risk transfer and portfolio structuring, while investors can provide scalable capital where the structure is credible.

Civil society can bring community knowledge, local trust and delivery capability and progress depends on a shared focus among insurers, reinsurers, governments, development agencies, community organisations, technology platforms and investors. Governments can help create enabling policy, regulation and social protection alignment.

The opportunity before us is not simply to increase insurance penetration, but to strengthen resilience, support economic participation and improve recovery outcomes for households, businesses and communities. Microinsurance can play a meaningful role in achieving these objectives when it is affordable, accessible, trusted and financially sustainable.

As an industry, our focus should therefore be on building practical models that expand access to protection while maintaining long-term viability. If we can achieve that balance, we will not only broaden access to insurance, but also contribute to stronger and more resilient economies.

Mr Soeren Soltysiak is Aon's Reinsurance Solutions CEO for Asia.

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Asia's insurance M&A playbook: Buying growth, not just scale


Mr Mark Chan Rui

Huntington Advisory's **Mr Mark Chan Rui** outlines how buyers can unlock growth in Asia's insurance M&A market by targeting established brokers, assessing earnings quality and navigating rising capital requirements.

By Jake Dellosa

"Established local brokers with strong renewal books and specialist teams" present some of the strongest opportunities for insurance mergers and acquisitions (M&A) in Asia.

This is what Huntington Advisory associate Mark Chan Rui said in an interview with *Asia Insurance Review*.

"They offer an international buyer local distribution, experienced management, and insurer relationships that would take time to build."

The growth outlook in selected markets is also seen as giving dealmaking a shot in the arm, with Swiss Re forecasting average annual real premium growth of 6.9% in India between 2026 and 2030. Mr Chan noted that the opportunity lies in providing better advice, placement and claims support amid rising demand.

Mr Chan also noted that there is a case for investing in insurers with strong distribution, where additional capital and a credible operating plan can boost returns. Despite this, he highlighted that "each acquisition still needs a clear commercial purpose at the level of the business being bought".

For buyers eyeing regional expansion, an established local broker remains a vital platform for acquisitions.

"A platform needs a management team that can run and grow a broader business, reliable reporting, and the ability to bring acquisitions onto common controls," Mr Chan said. "The first investment should establish an operation from which the buyer can sensibly expand."

The Huntington executive also noted that subsequent acquisitions should provide specific additional capabilities, whether through entry into a new geography, access to a different client base or specialist expertise.

"The regional group should give its businesses access to expertise and insurer relationships they could not readily develop alone," he said. "The buyer needs to identify those benefits before committing to an acquisition programme."

Earnings quality under scrutiny

As insurance rates soften across Asia, Mr Chan believes that buyers must look beyond headline earnings to determine whether a broker's revenue is sustainable.

Marsh reported a 6% fall in Asian commercial insurance renewal rates in the third quarter of 2026. Mr Chan said that "lower rates can reduce commission income even when client relationships remain intact".

He urged buyers to assess retention, new business and net commission and fee income, separating the effects of new business, client retention, rate movements, and acquisitions. Client and producer concentration, exceptional income, cash collection, and payments to introducers and sub-brokers also warrant greater scrutiny.

"EBITDA should reflect the recurring cost of retaining the team and running the business, including head-office costs," he said.

Valuations must account for how much of the renewal book is likely to remain after completion, as well as how earnings could develop if rates continue to soften.

Capital needs create M&A opportunities

Regulatory requirements could also encourage consolidation among insurers, particularly where shareholders face rising capital commitments.

> Management incentives need to support client retention and profitable growth.

In Indonesia, the Financial Services Authority (OJK) has scheduled a minimum equity requirement of IDR250bn ($13.8m) for existing conventional insurers by 31 December 2026. Further increases are scheduled for 2028.

"This gives shareholders a decision over funding the business themselves, bringing in a partner, or combining with another insurer," Mr Chan said.

However, the acquisition price and the capital required after completion must be considered separately. Transaction structures, reserve adequacy, reinsurance recoverability and the funding needed for future growth also merit assessment.

A discount to book value can be attractive, Mr Chan said, "when there is a credible route to better returns on the capital committed". Additional equity should support specific improvements in underwriting, expenses and distribution.

Planning for post-deal growth

Before signing, buyers and sellers should agree on the business plan, management responsibilities, local decision-making authority and funding arrangements. Owners considering a strategic buyer or private equity partner should understand the resources being committed and the investor's timetable.

"Management incentives need to support client retention and profitable growth," Mr Chan said. Where founders retain equity or part of the purchase price is deferred, both sides need clarity on future ownership and performance measurement.

Ultimately, the value of a transaction should extend beyond the acquisition itself and deliver lasting benefits.

"After completion, the combined business should give clients better advice, broader market access, and dependable claims support," he said. "Insurers and reinsurers should benefit from better risk information and stronger portfolio oversight."

Discipline will remain vital in a softening cycle



As the reinsurance market cycle begins to cycle into a softening phase, **Taiping Re**'s **Mr Sheldon Yu** believes reinsurers shall balance flexibility for well-performing portfolios with strict underwriting discipline and adequate pricing.

By Sarah Si

In APAC, capacity "continues to flood in from different parts of the world towards traditional lines of business, as well as specialty lines and emerging risks".

As a result, according to Taiping Re CEO Sheldon Yu when he spoke with *Asia Insurance Review*, over the past year, the market has been experiencing "faster-than-expected softening".

Staying on the topic of capacity, Mr Yu has also observed "an increasing utilisation of capacities provided by MGAs and brokers' facilities".

"With intense competition in reinsurance due to abundant capacity, we expect that the market will be pulled toward a softer market cycle," he said.

Lastly, over the past year, Mr Yu has seen rising interest in parametric solutions and expansion in insurance-linked securities and digitalisation in AI-powered underwriting.

Long- and short-term concerns

Touching on some long- and short-term concerns he has seen among cedants in APAC, Mr Yu listed several below:

Long-term

- **Underwriting margins are expected to be continuously eroded** as a result of increasingly frequent and severe climate events, leading to a potential threat to profitability and capital.
- **Reliability and financial stability of reinsurance partners**, especially leading and major reinsurers, remain critical when market cycles are turning should loss volatility persist, which may result in potential lack of adequacy in reinsurance capacity.

Short-term

- **Competitive premium rates** in the direct market keep adding pressure on reinsurance spending control.
- **Claims inflation and price adequacy** on coverage of secondary perils.
- **Regulatory burdens** (e.g. local solvency rules and financial reporting standard) have major impacts on capital and reinsurance structuring decisions.
- **Geopolitical tensions and global trade restrictions**.

Talking point: Expectations

Pricing

With what Mr Yu described as "a lack of market-turning catastrophic events and capacity supply outweighing demand", he expects reinsurance prices in general continue to go down following the trend of direct insurance rates.

"However, some programmes were severely impacted by specific events are expected to have adjustments in price to reflect certain extents of loss impact," he said.

"Overall, given the satisfactory underwriting results and return on capital of reinsurers and ample capacity, pricing would be under pressure."

He said, "We expect that cedants would be happy to take advantage of market conditions to seek wider protection without substantially raising budget."

Capacity

"In the past decade, there has been no insufficiency of capacity in the reinsurance market, so the real question here is whether 'competitive' capacities will increase," said Mr Yu.

"Abundant capacity would be still in place in the short run, so we expect more cedants will ask for larger capacity and boarder terms to cater for business and exposure growth."

> Overall, given the satisfactory underwriting results and return on capital of reinsurers and ample capacity, pricing would be under pressure.

T&Cs

Touching on structure and terms and conditions (T&Cs), Mr Yu noted cedants may demand buydowns "to protect earnings volatility and ask for wider coverage".

"Reinsurers are expected to be more flexible and provide favourable terms for well-performing portfolios," he said.

In short, Mr Yu believes T&Cs "are expected to have greater flexibility, while still based on performance and portfolio mixes of individual cedants".

"Credit shall be given to those with higher transparency and clarity on business targets and underlying data," he said.

Keeping the sustainability of the industry in mind, Mr Yu also emphasised that it is necessary "to have acceptable attachment levels and pricing adequacy".

Looking ahead

When speaking on what he expects to see over the coming year, Mr Yu referenced various scientific studies, saying, "Rising frequency and severity of climate events is expected, which will drive higher economic and insured losses and add volatility to the market.

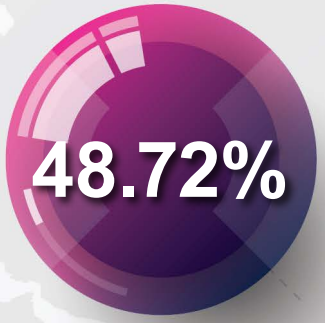
"Premium rates will be adjusted after scalable events, however, which might be absorbed in a faster pace with capacity readily available in some regions."

He also believes reinsurers may actively tap into emerging risks, such as technological and cyber risk and AI liabilities, over the coming year.

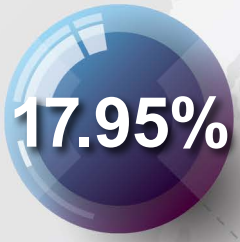
And overarching all this, is "a disciplined softening reinsurance market trend", according to Mr Yu.

What is the biggest challenge facing reinsurers in Asia Pacific today?

TOTAL VOTE: 100%



1 Climate-driven catastrophe losses



2 Inflation and claims cost escalation



3 Talent and skills shortage



4 Cyber and emerging risk accumulation



5 Rising reinsurance costs and capacity constraints



6 Regulatory fragmentation across markets

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