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World economy is in a stable and good state

By Mary Kwang

The global economy is in a good state, according to DBS Bank Managing Director and Chief Economist Dr Taimur Baig, which is one of Singapore's big three banks.

He said that despite events such as the Russia-Ukraine war and the US-Iran geopolitical conflict, the economy "is not that bad". He stressed, "It's really not that bad."

Dr Baig gave his views on the economy yesterday on the second day of the 22nd Singapore International Reinsurance Conference (SIRC).

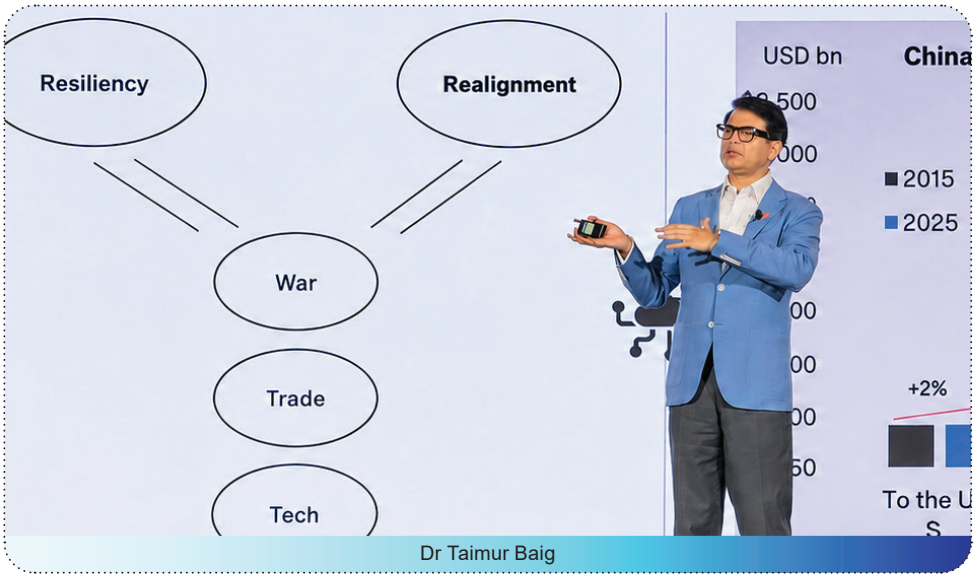
He said that economic growth around the world is going to be stable.

Referring to food availability and energy, he said, "We did just fine in terms of feeding the people of the world and supplying energy all across the globe".

He pointed out that the 2026 average energy price was half of the 2011 peak.

He also said that "the virus of protection unleashed by the US has not spread beyond the US". While there had been initial fears that countries would start imposing tariffs on each other, that has not been the case at all in many trade deals. In fact, more trade deals have been signed since April 2025.

At the same time, the China story is no longer one about T-shirts and furniture and toys and Christmas ornaments. China has been moving up the chain. Now, China exports higher value products like electric vehicles and solar panels. Exports are increasing.



Dr Taimur Baig

However, he said, "I am not saying that there is no pain. There is pain, but our ability to absorb the pain is not trivial."

The world's shock absorption capacity is greater than commonly thought. "We are far more stable with respect to energy than ever before," he said, pointing out that the world has become more efficient in using fossil fuel energy and at the same time, is increasing the use of green energy.

"Therefore, the wars, as unwelcome as they are, are far less damaging to us."

He indicated that growth can be found in several areas, including AI related exports as well as green vehicles not just from China but also South Korea and Japan, in addition to energy solutions from Taiwan. Another growth area is pharmaceuticals in Singapore, Korea, Japan and China.

Dr Baig also pointed out the paradigm shift in technology and the potential of scientific research in Asia. For instance, among the world's top five patent clusters, four are in Asia. The only non-Asian cluster is in Silicon Valley in the US. Also, the Nature Index in applied sciences for 2026 shows that the world's top 10 research institutions are all in China. He said that the essence of innovation derives from having the right scientists in the lab and entrepreneurs who turn the innovative ideas into patents.

Balancing risk and return: Industry leaders highlight asset allocation strategies at SIRC

By Mary Kwang

Very few insurance companies can afford investment risks, and thus, insurers are always conscious about the risks affecting their assets, including currency fluctuations, according to ERGO Group Chief Underwriting Officer and Member of the Board of Management Edward Ler.

He was speaking during a panel session yesterday on the topic, "From Globalisation to Fragmentation: Redefining Risk in the Next Decade" at the 2026 SIRC, organised by the Singapore Reinsurers' Association. Lloyd's Director of Market Development Nick Donovan and Peak Re CEO Dr Victor Kuk, were the other members of the panel, which was chaired by DBS Bank Managing Director and Chief Economist Dr Taimur Baig.

Asset allocation was one issue dealt with by the panel.

Mr Donovan, commenting on asset allocation among Lloyd's members, indicated that not all members have taken advantage of available resources. He said that Lloyd's has a conservative asset portfolio. However, he added, "We are keen to make Lloyd's the platform for all kinds of capital to join us. We welcome conversations on innovative ways of deploying assets."

He also said that at present, Lloyd's capital comprises funds from affluent individuals, trade capital from the insurance industry, and other institutions.

Dr Kuk, sharing Peak Re's approach to asset allocation, said, "We look at asset volatility and how much returns we want to achieve."

On his part, Mr Ler said that Ergo has an asset management arm. "We have a responsibility to policyholders. We have long-term liabilities. ALM is thus very important. We need to ensure resilient ALM, and governance is part of that."

Commenting on insurance industry growth, Mr Donovan said that the Lloyd's platform is dominated by what he calls the "Anglosphere". "However, Lloyd's is very aware that business is moving towards Asia, and it will benefit the Lloyd's platform for us to diversify," he said.

He also shrugged off the impact of the Iran-US conflict, saying, "We see no sign of a significant slowdown and exposure growth in the United States or indeed, in Asia or in the Middle East."

He said, "Dubai has been Lloyd's fastest growing platform anywhere in the world for the last few years. It's continuing to see strong growth.

Panel members voiced their views too on medical inflation, climate change, public-private partnerships, and insurance affordability.



L to R: Dr Taimur Baig, Mr Edward Ler, Mr Nick Donovan and Dr Victor Kuk at a panel session at the SIRC on 3 November.

VOX POP



"For 1 January, there is great opportunity for our clients to look at how their risk is being placed and review the opportunity against potentially favourable market conditions in a place of volatility around climate, on what they are doing on their reinsurance placements.

The SIRC generates excitement, by bringing everyone together globally to one place. There is also an opportunity, as Asia has one of the highest insurance gaps in the world, and there is so much we can do. Just bringing people together fosters that opportunity."

- Brad Weir, Head of Analytics, Asia, Aon

The conversation is shifting from capacity to resilience


Mr Mukul Kishore

As we approach the January 2027 renewals, I expect the APAC market to remain broadly stable. Reinsurer balance sheets are healthy; underwriting results have improved and there is sufficient capacity for well-performing portfolios. As a result, I do not anticipate the kind of broad market reset we saw a few years ago. Instead, renewals will continue to be increasingly differentiated.

Underwriting discipline

Cedants that demonstrate strong underwriting discipline, good data quality and a clear understanding of their exposures should continue to benefit from supportive reinsurance partnerships. The focus will remain firmly on portfolio quality and long-term sustainability rather than short-term growth.

That said, I believe the most important discussion for our industry is no longer about capacity. It is about resilience.

APAC remains one of the most attractive growth regions for the global insurance industry. Economic development, urbanisation, and rising asset values are creating enormous opportunities. Yet these same trends are also increasing risk concentrations, particularly in catastrophe-prone areas. Across much of Asia, economic losses continue to grow faster than insured losses, highlighting the scale of the protection gap that still exists.

Improving resilience

Closing that gap cannot simply be achieved by providing more reinsurance capital. Industry needs to think more broadly about how capital, expertise and innovation come together to improve the resilience of businesses, communities, and economies.

This is where reinsurers can make a meaningful difference. Beyond risk transfer, reinsurers bring analytical capabilities, catastrophe expertise and a global perspective drawn from multiple markets. The opportunity is to work more closely with insurers, governments, and regulators to develop solutions that improve both affordability and accessibility of protection. Public-private partnerships, targeted solutions for SMEs and innovative approaches to disaster financing will all have a significant role to play.

The urgency of this challenge is increasing as natural catastrophe activity across the region continues to evolve. Whether it is floods across Southeast Asia, typhoons in Northeast Asia or the growing impact of secondary perils, the industry is facing a future where volatility is becoming more frequent rather than less.

Mitigation is important

For this reason, resilience cannot start after an event occurs. It must start beforehand.

The industry should be actively supporting risk mitigation and adaptation measures that reduce losses before they happen. Better building standards, investment in resilient infrastructure, improved warning systems and more informed land-use planning can all have a far greater long-term impact than post-event recovery funding alone. Maintaining insurability in vulnerable regions will increasingly depend on these efforts.

Parametric insurance is another area that continues to attract attention. In my view, the potential is real, particularly where rapid access to liquidity is critical. For governments, corporates and communities exposed to Nat CAT, speed of payment can be as important as the amount of coverage itself.

Parametric is not a panacea

However, parametric solutions are not a silver bullet. Basis risk remains a real consideration and products must be structured carefully to meet customer expectations. The most likely outcome is not that parametric insurance replaces traditional indemnity cover, but that it becomes an increasingly valuable complement within broader risk management frameworks.

Technology is also beginning to reshape many aspects of the insurance value chain. AI and advanced analytics are already improving underwriting, claims management and portfolio monitoring. Their greatest value, however, may be in helping insurers and reinsurers make better decisions from increasingly complex data sets. While technology will undoubtedly enhance efficiency, it will not replace the need for experience, judgement, and underwriting expertise.

APAC sector remains optimistic

Looking ahead, I remain optimistic about the APAC insurance and reinsurance sector in 2027. Asia is not only one of the fastest-growing insurance markets globally; it is increasingly becoming the industry's proving ground for innovation, climate resilience, and novel approaches to risk transfer.

The key question is no longer whether there is sufficient capacity in the market. It is how our industry can deploy capital, expertise, and technology to narrow protection gaps while preserving long-term insurability. Those reinsurers that succeed will be the ones that go beyond providing capacity and become genuine partners in helping clients build resilience in an increasingly complex risk environment.

Mr Mukul Kishore is CEO – SCOR Reinsurance Asia Pacific & Head of P&C Asia Pacific and is based in Singapore.

> While technology will undoubtedly enhance efficiency, it will not replace the need for experience, judgement, and underwriting expertise.

Insurer long-term capital can unlock ASEAN infrastructure growth

As large institutional investors holding over $10tn in investable assets across APAC, insurers are a source of long-term capital for infrastructure. Additionally, high-quality infrastructure generates stable cash flows matching long-dated liabilities, meaning even modest allocation increases above current levels could unlock substantial growth capital.

By Sarah Si



Mr Chee Hong Tat

The scale and complexity of emerging risks mean that no single insurer can provide all the necessary capacity and expertise.

That was what Minister for National Development and Deputy Chairman of the Monetary Authority of Singapore, Chee Hong Tat said in his official keynote speech at the Singapore International Reinsurance Conference (SIRC), with the theme 'Capacity to Capability'.

"Risks that affect governments, public finances, critical infrastructure and vulnerable communities require the public and private sectors to work together," said Mr Chee.

For instance, he said, governments understand their fiscal constraints, infrastructure priorities and the needs of the affected communities, while (re)insurers bring expertise in assessing and pricing risks, structuring insurance solutions and providing risk-bearing capacity.

"Other partners, such as multi-lateral development banks, can also contribute technical assistance and financing support, to make protection more accessible and sustainable," he said

"Together, these capabilities can help governments and communities develop disaster risk financing arrangements that are better aligned with their needs."

Investing in ASEAN's infrastructure

"Across ASEAN, more than $200bn in infrastructure investments are required annually," said Mr Chee.

"At the same time, the infrastructure need has expanded well beyond traditional assets such as roads, ports and utilities."

He said, "Today, it spans renewable energy, digital infrastructure, data centres, telecommunications networks and other assets that support the region's economic transformation."

However, these projects tend to be large, technically complex and exposed to risks across their full life cycle, from construction and financing to operations, supply chains and cyber security.

"Managing these increasingly complex and interconnected risks requires a more proactive approach to risk assessment and mitigation," he said.

Insurers have been making this point for some time: they want to contribute earlier, not simply come in at the end to insure the risks that remain. Their risk-engineering and underwriting expertise can add most value when projects are still being designed and risks can be materially reduced."

Contributing to ASEAN

Insurers can also contribute to ASEAN's infrastructure needs in another way, according to Mr Chee: as providers of long-term capital.

"Insurers are large institutional investors with substantial pools of long-term capital," he said, noting that investments in infrastructure can be a natural fit for these balance sheets.

"High-quality infrastructure assets can generate stable, long-term cash flows that align well with insurers' long-dated liabilities, particularly those of life insurers."

Despite this, he added that insurer allocations to infrastructure "remain modest".

"Past studies have placed infrastructure allocations at only around 1% to 2% of insurers' assets, although these have been growing," he said.

"Given that insurers in APAC hold more than $10tn in investable assets, even a modest increase in allocations could mobilise significant additional capital for infrastructure development."

> "Managing these increasingly complex and interconnected risks requires a more proactive approach to risk assess-ment and mitigation."

APAC remains one of the most promising regions globally


Mr Bertrand Labilloy

According to **Arundo Re**'s **Mr Bertrand Labilloy** their ambition is to combine disciplined underwriting, strong partnerships and local presence to capture sustainable growth opportunities in APAC. He said we will use AI to become more efficient, but it will not change our commitment to developing people.

By Anoop Khanna

Prediction for January 2027 APAC renewals

Speaking with *Asia Insurance Review*, Arundo Re CEO Bertrand Labilloy said, "Looking ahead to 2027, I expect both insurance and reinsurance markets in APAC to remain in a soft cycle, with continued pressure on rates and terms.

"Our priority remains controlled and profitable growth: protecting our existing portfolio while remaining open to new clients with aligned interests and a long-term perspective. Our strength lies in long-standing partnerships, a stable team, and the ability to work efficiently by speaking the same language, both technically and commercially."

He said despite the soft market, APAC remains one of the most promising regions globally. it is therefore continuing to invest in the region by strengthening our team and establishing a branch office in GIFT City, India.

"Our ambition is clear: to combine disciplined underwriting, strong partnerships and local presence to capture sustainable growth opportunities."

AI – an assessment

Speaking about AI, Mr Labilloy said, "I believe we are still in the early stages of the AI era, which entered a new phase with the ChatGPT revolution in 2022. We are now moving from AI as an assistant to AI agents capable of reasoning and taking actions autonomously within a framework defined by humans. However, recent developments have shown that these agents may sometimes go beyond their intended boundaries.

"This is why human oversight must remain central. We need regular control, clear accountability and human intervention whenever decisions are sensitive, particularly when financial transactions or personal relationships are involved. Technology should enhance human relationships, not systematically replace them."

He said, "We must also take cybersecurity extremely seriously. AI creates new opportunities for defence, but also for increasingly sophisticated attacks. We have probably not yet seen the full extent of what AI could enable in the wrong hands."

Finally, there is a broader societal issue. By automating entry-level tasks, companies may unintentionally deprive younger generations of the opportunities they need to learn, gain experience and enter the workforce.

"At Arundo Re, we believe that training the next generation is part of our responsibility. We will continue to welcome apprentices and students combining education with professional experience. AI will help us become more efficient, but it will not change our commitment to developing people," said Mr Labilloy.



Parametric insurance and expectations

Speaking about parametric insurance, Mr Labilloy said, "It can certainly live up to its expectations, provided we understand both its strengths and its limitations.

"Its main advantage is simplicity and speed. By replacing much of the traditional insurance process — claims assessment, loss adjusters and complex indemnity calculations — with predefined indices and triggers, it can provide a fixed payout very quickly when a threshold is reached. It is particularly useful when rapid liquidity is essential, which is the case of emergency aid for lower class population."

However, there are three main limitations:

- **First, basis risk.** The payout is linked to an index, not to the actual loss. The policyholder may suffer significant damage without receiving a payout or receive a payout despite limited damage.
- **Second, pricing.** Parametric insurance does not make an uninsurable risk insurable. If a triggering event is expected to occur frequently, the premium may simply become unaffordable.
- **Third, risk pooling.** For an insurer, writing parametric coverage may require balancing the exposure with other risks that respond differently to the same event. This creates opportunities for a new form of diversification, but coordinating genuinely complementary risks over time is not straightforward.



"The reinsurance industry is at a bit of a bit of a crossroads, to be honest. I think there is so much change going on in the world that means that capital may be at risk. And when you have things like the war in the Middle East, the war in Europe, the midterm elections in the US, the huge borrowings by governments around the world, I think that the whole world of identifying, monetising and transferring risk off your balance sheet is just going to become front and centre of everything that is done in the insurance world. And the reinsurance world is the bit that backs that up.

The (re)insurance industry is going to become a lot more joined up and a lot more data driven. And for that to happen, you need to have data at the centre of every risk that you run. And that's where you can avoid rekeying, you can bring efficiencies or reduce friction. And I think that's the vision for our industry. It has to be more efficient.

This is not my first SIRC and I always look forward to it. I enjoyed coming last year and I found it to be a really, really great opportunity to meet like minded people who are interested in understanding what the future might look like. And I've been an insurance broker myself most of my career, and I'm now working to see how I can support the world that I came from to be ready for the next five, 10, 20 years. It's really exciting, and all of the people that come together for SIRC are all interested in that same vision, and I'm looking forward to sharing with people how we can help."

- Grant Elliott, Commercial Officer, Whitespace



"The industry is currently quite interesting in terms of the pricing pressures that it is under. There is lots of new capital coming into the industry, lots of investors who are attuned to insurance risk in a way that we haven't seen in previous cycles. And the corrections in the market in pricing have been quite dramatic in the recent cycle. That's coupled with sort of the emergence of new technologies and the impact of genAI on workflows and efficiency gains and so on. But that opens up more opportunities for reinsurance.

The industry has always been very resilient to the changing needs of the customers and very resilient to the changing capital market environment. And I think that will continue. That's why events such as SIRC are really important because our industry is built on relationships and it's built upon the sort of looking each other in the eye and transacting business together. And I think that is a common theme which will continue as we look at new opportunities for new capital and new opportunities in technology. The relationships will guide us through and deliver better results.

In the coming days, what I'm expecting is for our customers to talk to us about the challenges that they face in this dynamic market and how we as Moody's, given our investments in technology, within modeling science and within data assets, how we can better help them meet those particular challenges. And I think as, as I've said previously, it's a very dynamic market at the moment. And that's really when the benefit of better analytics, better portfolio selection, better underwriting really come to the fore. And so we're expecting that to be a theme of our discussions."

- Michael Steel, Head of Insurance Solutions, Moody's



"In terms of the environment, obviously we're seeing a lot of softening in the markets. Certainly for the local market, we're hearing from our client base that we're expecting double digit reduction in rates. But we are starting to hear the very first few sort of embers that the softening may be starting to slow down, maybe more performance related rates across the globe. But for now, it continues to soften.

From a modelling perspective, all we're going to see is continued rate increases in losses, primarily driven by human behaviour and climate change. In terms of human behaviour, we continue to move as a population to urban areas, meaning the cities will just get larger. And then the cost of materials and also labour can continue to raise. Over the last five years, we're seeing 7% increases year on year. And so that just means that the same building over the next five to 10 years will just cost more to insure and losses will increase.

SIRC so far has been really, really good. It's a simple way for us to meet a lot of senior clients and prospects from around the Asia market, particularly without having to travel to multiple areas. It's a highlight of our year.

This is my third consecutive SIRC. What keeps me coming back is the ease of meeting, uh, senior leaders from our clients and from our prospects. It's just good to see how the renewals are evolving over a time, and it's just a great opportunity."

- Giovannia Garcia, Senior VP, Head of International Business Development, Verisk



"For the past two years, the industry has been in a soft market with huge capacities available across all markets, including capacity coming from traditional reinsurance as well as MGA growth in the market. This has created overcapacity.

After a hard market period that began with COVID-19 (around 2020) and lasted through 2023, the market has transitioned back to a soft market, and rates are declining in many markets.

On the technical side, there is still some commitment to terms and conditions (discipline is being witnessed), and while pricing has softened and rates have decreased, terms remain relatively disciplined.

Catastrophe losses have been low recently, which has reduced pressure on the market, especially for major reinsurers. Some reinsurers have generated large profits during the hard market and used their reserves to enter this period with greater flexibility to compete and maintain market share.

New geopolitical events in the region, including the US-Iran conflict, have impacted the market and influenced war-related insurance policies.

Geopolitical events will continue to have an impact and may affect the overall appetite for reinsurance. Globally, as long as there are no major, unprecedented natural catastrophes (mega-disasters), loss experience dictates pricing. Therefore, given that no major global changes in losses are foreseen, the worldwide soft market is expected to persist.

For the upcoming 1 January renewals, it will be a soft market. Businesses which are unimpacted by losses will likely see a decrease in prices. For companies hit by claims, it will be handled on a case-by-case basis depending on their performance and volume, but overall, it will be a soft market with an estimated 15% decrease in rate premiums.

The conference has seen massive development and growth, attracting over 4,000 participants this year. There is a strong, organised, and highly professional turnout from major reinsurance and brokerage companies. Discussions are direct, focusing heavily on terms and concepts, making the industry picture very clear."

- Mustapha Kotrane, Chief Operating Officer, Tunis Re



"For the 1 January renewals, I think the differentiation in price, depending on its quality will be more visible. As the market becomes quite competitive, we also want to differentiate the kind of risk that we want to keep in our books. So that becomes a differentiated approach to the risk that will become more, more critical.

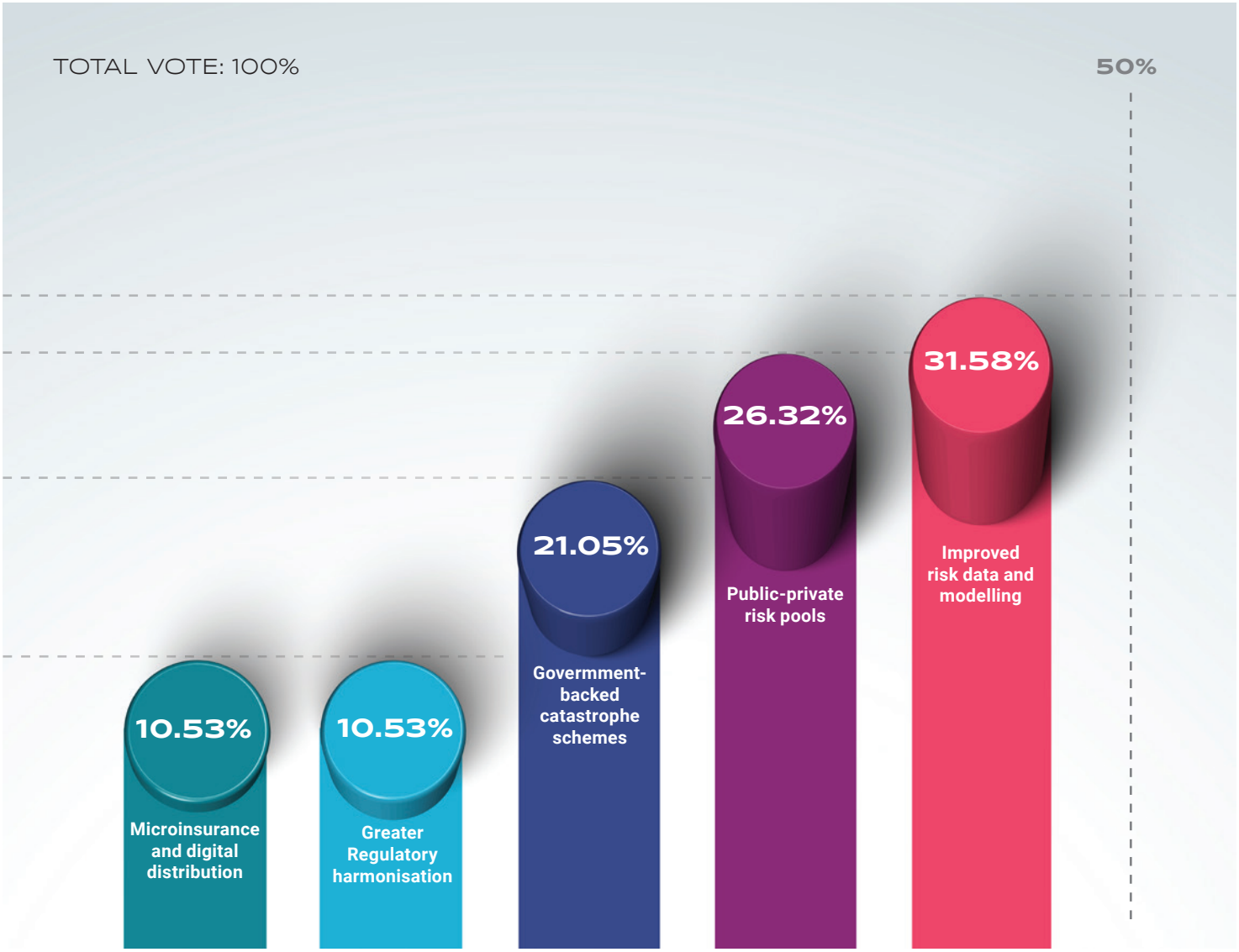
The risks are becoming larger and more complex, especially for clients in North Asia, where the technology advancement is very rapid. The same goes for the renewable energy, where we also see a rapid development on technology. And as companies expand overseas, they become more vulnerable to these more unchartered territories. Therefore they're looking for a partner that they can work together over a long term. They're not looking for a transactional relationship because they're going into this investment in a big way.

And depending on the risk and as markets become more and more competitive, they would like to differentiate one risk over the other. So they will assess this risk quality based on the resilience against the different scenarios. They think about how the reinsurer or the retrocession will see that risk and that will help them prepare to differentiate themselves against other clients.

SIRC has always provided a good forum to actually meet the whole market. Quite often we see our clients and brokers, but we hardly see a lot of other industry people, such as our competitors. But we all form part of a market, so it's good to connect with them to see what their focus or attention is, which in turn, helps us think about some of the some of the evolving risks we're all facing."

- Michael Ahn, Chief Executive, Hong Kong Branch, HDI Global

What would you do the most to narrow the protection gap in emerging asian market?



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