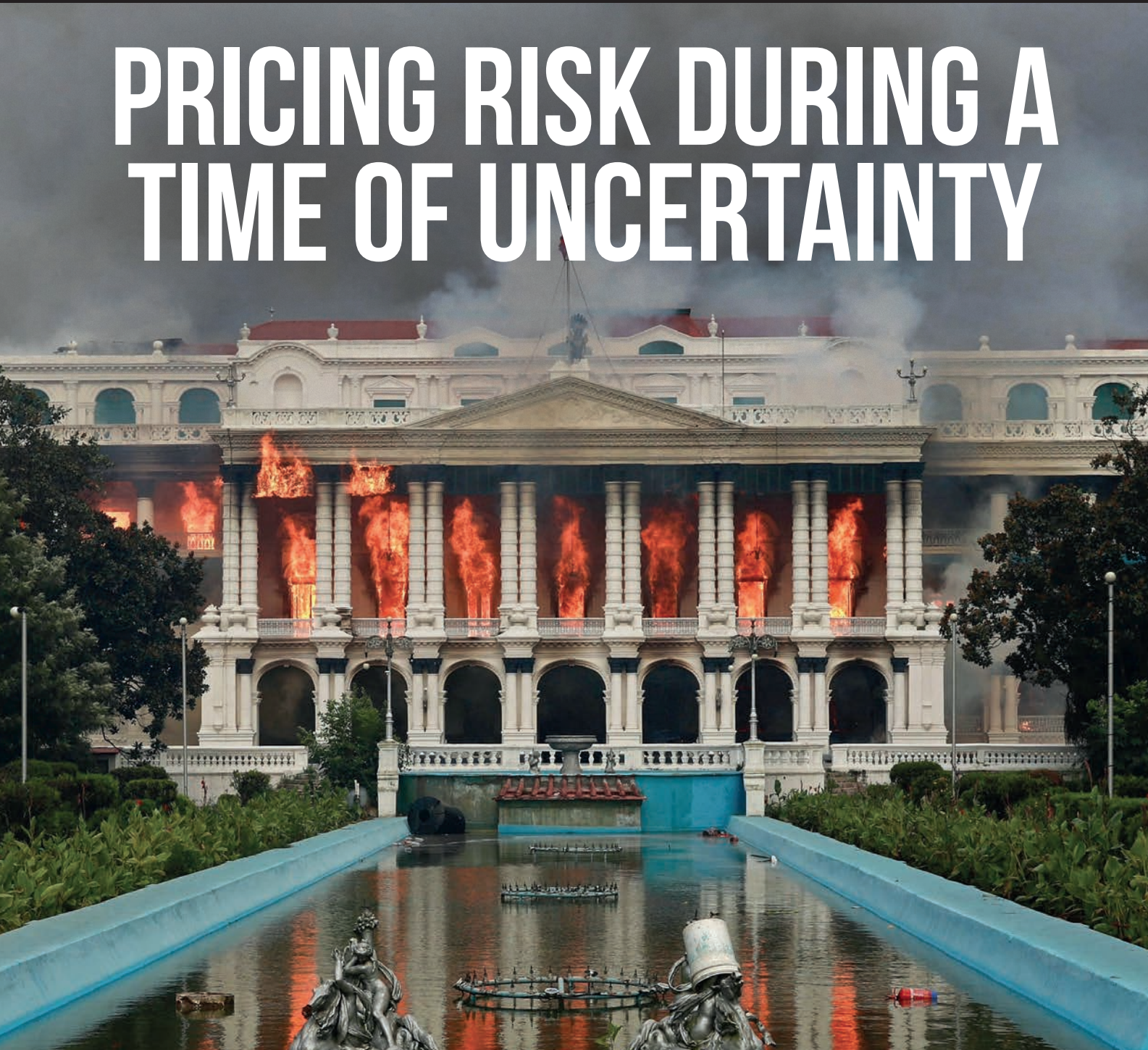


SIRC 2025

SPECIAL PRINT EDITION

LOSSES, CAPACITY DISRUPT PV PRICING | 1/1 RENEWALS | TELLING A BETTER ILS STORY | MARINE INSURERS EYE TRIPLE PLAY
CAPITAL RULES BOOST STRUCTURED SOLUTION DEMAND | ASIA'S SILENT AI RISK | OJK SHAKES UP INSURANCE INDUSTRY | & MORE

PRICING RISK DURING A TIME OF UNCERTAINTY



WELCOME.



Risk discipline is now squarely back in APAC's markets.

There were some signs of this during the 1/1 renewals at the start of the year, but reinsurers were still cautious. They wanted to ensure that cedents had trimmed excesses of the past before committing fresh capital to the markets.

With a new renewal cycle underway, there is fresh enthusiasm for growth in the region.

This is now the third consecutive year that reinsurers have exceeded their cost of capital, thanks to strong underwriting results. For the four years prior to this, they had fallen short.

Reinsurers need to find a home for these surplus funds—and Asia Pacific provides plenty of opportunities.

But there are clouds gathering on the horizon, too.

As our cover story illustrates, geopolitical and economic uncertainty continues to rise, fanning the flames of instability.

These factors increase risks, with their interconnected nature driving the potential for ripple effects and unpredictable claim events across multiple business lines, most notably in specialty insurance.

(Re)insurers will need to tread carefully.

And while APAC offers abundant opportunity, aggressive regional expansion had a significant hand to play in the last soft market cycle, which ended in 2019. Large numbers of Lloyd's syndicates pulled back from the markets, having over-extended themselves too far and too fast.

We are a long way from this environment now and lessons appear to have been learnt. Reinsurers are eager to deploy capital again, though only if the conditions are suitable.

This is positive for the long-term viability of APAC's markets.

But, in a world of lingering uncertainty, a question might be raised: how long will risk discipline and growth ambitions continue to work in harmony?

Alastair Grigg
Founder, (Re)in Asia



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SIRC 2025 INSIGHT**



NEWS

OJK WARNS INSURERS TO STOP USING LOCAL REINSURERS FOR UNPROFITABLE RISKS

The regulator noted that balanced risk-sharing with domestic reinsurers is vital to maintaining stability and supporting sustainable growth in Indonesia's insurance industry.

Indonesia's Financial Services Authority (Otoritas Jasa Keuangan, OJK) is urging insurers to stop using domestic reinsurers as "dumping grounds" for unprofitable risks, saying the practice weakens the national insurance ecosystem and limits market growth.

OJK Deputy Commissioner for Insurance Supervision, Guarantees, and Pension Funds Iwan Pasila said insurers should treat reinsurers as strategic partners that help expand capacity, not as outlets for unwanted exposures.

During the Dialog Indonesia Re forum in South Jakarta, Pasila stated that the OJK continues to encourage industry players not to use reinsurance as a means to dump unprofitable risks while retaining the good ones. Instead, they should be seen as an enabler for greater capacity.

Pasila then explained that proper reinsurance use is essential

to maintaining balance in the domestic insurance ecosystem, ensuring reinsurers remain financially sound and able to support local underwriting capacity. He also stressed that both insurers and reinsurers must strengthen capital management to enhance overall industry resilience.

His comments were made during Indonesia Re's Insurance Industry Dialogue, themed "Enhancing the Resilience of the Insurance Industry: Synergizing Capital Management and GRC." The forum highlighted the link between reinsurance, governance, and solvency.

At the same event, Indonesia Re President Director Benny Waworuntu noted that the sector faces increasing pressure from climate risks, cyber threats, and market volatility. He said that every premium received by industry players must be accompanied by capital strengthening, adding that strong

governance, risk management, and compliance are crucial to long-term stability.

Pasila also noted that when linked to capital management, reinsurance serves as a capital solution to maintain solvency, reduce potential losses, and ensure public trust.

Delil Khairat, Indonesia Re's Director of Technical and Operations, explained that reinsurance enables insurers to manage their exposure more efficiently by effectively leveraging the financial capacity of reinsurers. By transferring part of their risk, insurers can underwrite larger policies without overextending their own capital resources.

The regulator's call comes amid tighter capital requirements under POJK No. 23 of 2023, reinforcing the need for prudent risk transfer and stronger financial discipline across Indonesia's insurance market.

NEWS

HONG KONG IA COMPLAINTS RISE 33% IN H1 2025 BUT REMAIN BELOW PRE-PANDEMIC LEVELS

Of the complaints received from the Insurance Authority, operational issues and conduct matters were the leading concerns.

The Insurance Authority (IA) has reported a significant year-on-year increase in complaints for the first half of 2025, even as longer-term figures point to structural improvements in conduct across Hong Kong's insurance market.

According to the latest edition of Conduct in Focus, the IA received 593 complaints between 1 January and 30 June 2025, marking a 33% increase from 445 cases in the same period last year. The rise was largely driven by 'Business

or Operations' grievances, particularly those linked to surrenders, cancellations, renewals, and lapses of policies.

The report highlighted that early surrenders of long-term insurance often create dissatisfaction among policyholders, as insurers request extensive documentation. The IA noted, however, that these steps "serve as essential policyholder protection measures. They ensure policyholders understand the potential

downside implications of the decision they are making and allow time for reflection."

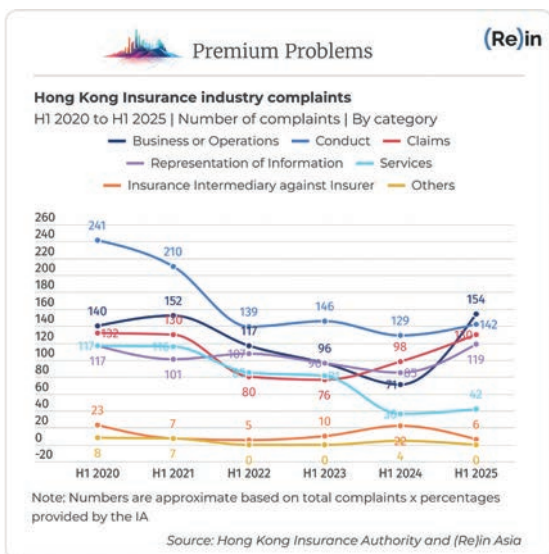
In terms of category breakdown, 'Business or Operations' made up the largest share at 26% (around 154 cases), followed by 'Conduct' at 24% (142 cases), 'Claims' at 22% (130 cases), and 'Representation of Information' at 20% (119 cases). Smaller numbers were recorded under

'Services' with 42 cases and 'Insurance Intermediary against Insurer' with six.

By contrast, in 2024 'Conduct' was the largest category with 129 cases, while 'Business or Operations' accounted for just 71, pointing to a clear shift in the main sources of dissatisfaction.

A second contributor to the overall rise came from Mainland China Visitors (MCVs), who frequently used trips to Hong Kong to raise questions about long-term policies purchased in earlier years. Many of these policies were sold before the pandemic, when MCV activity was at its peak.

Despite the year-on-year increase, the IA stressed that complaints remain below pre-pandemic levels. The 593 cases filed in the first half of 2025 represent a 24% decline from the 778 recorded in the same period of 2020. The regulator concluded that "whilst the number of complaints in the first six months of this year shows a rise as compared to the same period last year, a longer-term perspective shows a different trend."





COVER STORY

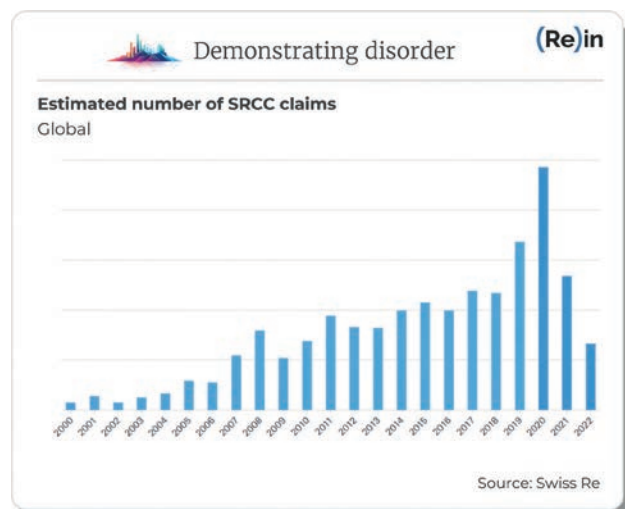
ATTRITIONAL LOSSES, EXCESS CAPACITY DISRUPT PV PRICING

APAC underwriters seek solutions for undervalued risk.

Something unusual is happening in the world of political violence (PV) insurance. The amount of capacity in the global insurance market to cover these perils is increasing at precisely the same time that losses are rising.

"This is not usually how the insurance cycle works," says Dipam Pandit, Head of War and Terrorism for APAC at Liberty Specialty Markets. "If you have lots of losses, capacity tends to come down and pricing goes up."

In 2022, Russia's invasion of Ukraine led to the imposition of sanctions by the West, resulting in the confiscation of 589 Western-built aircraft by Moscow with a value of approximately US\$13bn, according to Russel Group.





This was a political risk event that hit the aviation insurance sector hard, creating a legal labyrinth that the market is still grappling with today. Several of the firms that leased these aircraft are based in APAC.

However, despite the tumultuous time that the aviation market has had, the sector remains “significantly over-capacitated and intensely competitive”, according to Chris Don, Russel Group’s Head of Brand and Communications.

He adds: “Without a collective to price risk appropriately, premium growth will remain constrained. Unless capacity withdraws from the market, meaningful change appears unlikely.”

Rising risk

This is presenting something of a challenge for underwriters that are active in the region, since prices are not accurately reflecting risk.

Pandit says that PV insurance is now shifting from a catastrophe class of business, with high-severity but low-frequency losses, to one where insurers are having to endure a large number of smaller attritional losses.

This should change how insurers price risk and structure coverage – but the market, at least in APAC, appears not to have made this adjustment.

“It used to be that firms in our region would suffer a major incident, and then everything would go quiet for five or six years,” says Pandit. “We’re now seeing events occurring consistently in territories where we might never have expected them.”

Steve Hatton, Terrorism and Regional Manager for APAC for Beazley, notes there is significant risk throughout APAC, especially in regard to SRCC perils. “In the last few months alone, we’ve seen civil unrest across major cities. We do not expect this tension to settle over the next 12-18 months,” he says.

**WE’RE NOW SEEING EVENTS
OCCURRING CONSISTENTLY IN
TERRITORIES WHERE WE MIGHT
NEVER HAVE EXPECTED THEM.**

Dipam Pandit,
Liberty Specialty Markets

In September, anti-corruption protests erupted across Nepal, following the government's crackdown on social media platforms. AM Best has warned that Nepal's non-life (re)insurance industry faces significant financial strain because of this.

In August, anti-government protests in Indonesia over rising living costs and perceived inequality turned violent when a motorcycle taxi driver was killed by a police vehicle. There have been numerous other SRCC incidents throughout the year, including a terrorist attack in Kashmir that sparked clashes between India and Pakistan.

WE DO NOT EXPECT THIS TENSION TO SETTLE OVER THE NEXT 12-18 MONTHS.

Steve Hatton, Beazley

"Times of economic uncertainty have historically gone hand-in-hand with political protests. This has been amplified with the rise of social media that has toxified debate," says Don from Russel Group. "Throw into this mix the imposition of tariffs, which is bound to create more economic headwinds for government, then the frequency and severity of SRCC events may continue to rise."

Data from Armed Conflict Location and Event Data (ACLED), a real time monitoring service, shows that APAC has suffered more protests and riots than any other region of the world for the past four years running. Last year, there were more than 51,000 incidents in APAC, according to ACLED. This is up from just over 16,000 in 2016.

At the same time, insured losses from such events are getting bigger.

"Not long ago, no single SRCC event had ever exceeded US\$1bn in losses, with the 1992 Los Angeles riots marking the peak at that time. But recent large-scale SRCC events have reached US\$3-4bn in insured losses," Victor Kuk, Swiss Re's Head P&C Reinsurance SID, tells (Re)in Asia

Finding a solution

Established underwriters in APAC, such as Liberty Specialty Markets, are anxious that excess capacity could weaken underwriting discipline.

"We've seen a large number of companies setting up in London, and quite a few new insurance companies coming to Dubai and Singapore to offer

coverage locally," says Pandit.

"This adds more capacity, but these players also have to think about building their portfolio. They might take on risk that is not part of their initial strategy because they are keen to pick up market share."

For Pandit, the solution is to ask what clients want beyond simply underwriting.

"This is about having a broader conversation with clients and working together in the spirit of partnership, rather than just trying to sell off-the-shelf products," he says. "It's about explaining the coverage, explaining the claims scenarios and explaining what other options are available (besides risk transfer) for protecting assets."

Beazley is also trying to encourage businesses to look for cover that goes beyond pure indemnity. This is why the insurer wants to focus "on the resilience and post-event support, and protecting [businesses] against new exposures by offering additional coverages", says Hatton.

THROW INTO THIS MIX THE IMPOSITION OF TARIFFS, WHICH IS BOUND TO CREATE MORE ECONOMIC HEADWINDS FOR GOVERNMENT, THEN THE FREQUENCY AND SEVERITY OF SRCC EVENTS MAY CONTINUE TO RISE.

Chris Don, Russel Group

Such additional cover includes Beazley's Deadly Weapon Protection product, which guards against all types of deadly weapon-type events – not just politically-motivated events.

By adapting to clients' needs, existing PV insurers hope to continue to grow in a market that has huge potential, even if the risk is being underpriced.

"Our recent report revealed a vast majority – 68% – of businesses cite geopolitical and economic uncertainty as a roadblock to growth, so we expect many to turn to the insurance sector to help them offset and prepare for this risk," says Hatton.



EDITORIALLY-LED PARTNER CONTENT

DATA AND DIALOGUE VITAL AS GEOPOLITICAL RISKS INTENSIFY

(Re)insurers need to combine their strengths, use better data, and shift beyond traditional protection roles to focus on anticipating and preventing risks, says Swiss Re's Victor Kuk.

The world is becoming an increasingly uncertain place, with geopolitical risks, trade tensions and policy shifts all putting significant pressure on the traditional risk management frameworks of (re) insurers.

With a growing middle class and a thriving manufacturing sector (accounting for 55% of global output, according to UN data), APAC sits right in the middle of all this disruption.

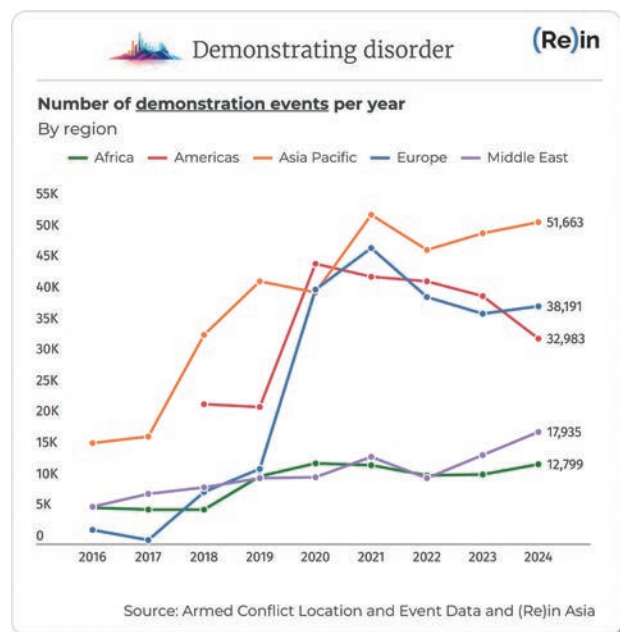
The deepening complexity of the global ecosystem makes evaluating risk far harder than it was in the past. As a recent EY report notes: "The international stability that insurers grew accustomed to through the 1990s appears to be out of reach for the foreseeable future and perhaps gone forever."

Civil unrest

Against this backdrop, insurance claims arising from strikes, riots and civil commotion (SRCC) have skyrocketed.

Swiss Re estimates that, between 2000 and 2020, the number of claims from SRCC increased by more than 3000%. Data from Verisk suggests that there have been more than \$10bn in insured losses globally due to SRCC events since 2010.

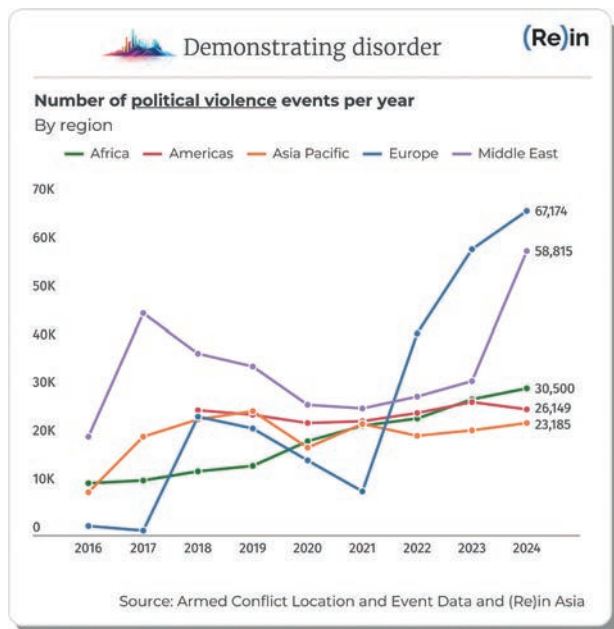
"Protests, riots, and populism are on the rise globally. Much like natural catastrophes, the potential impacts of SRCC events today are far greater than 50 years ago due to growing urban density and asset concentration," says Victor Kuk, Swiss Re's Head P&C Reinsurance for Southeast Asia, India, Korea, Hong Kong and Taiwan.



"We, as an industry, have the opportunity to address these challenges with innovative solutions that harness our industry's respective strengths. The complexity of today's risk landscape also demands a holistic approach," he adds.

Protests and political violence-related events are on the rise globally, but according to Armed Conflict Location and Event Data (ACLED), a real time monitoring service, APAC suffered over 50,000 protest and riots last year – more than any other region in the world for the fourth year in a row.

While Asia-Pacific recorded the highest number of demonstrations, ACLED ranked the region fifth for incidents of political violence.



Even so, a series of high-profile events has unsettled the SRCC market this year, including riots in Nepal, civil unrest in Indonesia and cross-border skirmishes between India and Pakistan.

A complex picture

Kuk points out that, until fairly recently, only one SRCC event had ever exceeded US\$1bn in insured losses – and that was the 1992 Los Angeles riots. However, Swiss Re data shows that recent large-scale SRCC events have reached US\$3–4bn in insured losses. In Asia, the 2019 Hong Kong protests alone resulted in insured losses of about US\$100m.

Many different elements lie behind the rise in geopolitical risk. Some of these are global in nature, while others are specific to individual countries. Such complexity makes tackling the risk much harder.

For example, Nepal's unrest was triggered by a government ban on social media, seen as an attempt to suppress dissent amid widespread corruption, inequality, and youth unemployment, especially among Generation Z.

Indonesia's violence arose from deep economic frustrations, corruption concerns, and broader anti-government sentiment.

Insurance loss estimates from recent riots

Event	Year	Insured Loss
Nepal riot	2025	> USD 150m*
New Caledonia riot	2024	USD 1bn
France riot	2023	EUR 730m
South Africa riot	2021	ZAR 37bn
Colombia riot	2021	< USD 150m
United States of America riot	2020	> USD 2bn
Chile riot	2019	USD 3 – 4bn
Bolivia riot	2019	USD 167m
Hong Kong riot	2019	USD 100m
France riot	2018	EUR 217m

*As at Oct 2025

Source: Swiss Re, Comité des Entreprises d'Assurances de Nouvelle-Calédonie, Jeffries, Nepal Insurance Authority, (Re)in Asia

The ongoing India-Pakistan skirmishes reflect longstanding territorial disputes, geopolitical rivalry, and border tensions that periodically escalate into military confrontations.

Each situation highlights different roots, but some shared themes are driving profound unrest and risks in the Asia-Pacific region and globally.

Persistent economic turbulence and inflation are leading to a volatile environment in many countries, with citizens increasingly taking to the streets to protest against the cost of living and perceived inequalities. Uncertain and unpredictable policy responses add fuel to the fire.

Shifting trade flows are resulting in business disruption, threatening job losses and reshaping societies.

These issues have persisted for several years, but the decision by the US in April to impose broad tariffs on many countries has intensified the challenges.

"The shadow of tariff uncertainty continues to weigh heavily on business confidence, investment and supply chains. Uncertainty remains one of the most disruptive forces in the global trading environment," said Ngozi Okonjo-Iweala, Director-General of the World Trade Organisation in August.

She added that the worst of the fallout from the trade tariffs has so far been avoided, largely because of the frontloading of imports and improved macroeconomic conditions, but that risk remains high going into 2026. Such sentiment is certain to worry many insurers.

Global supply chain disruptions and heightened SRCC losses means specialty lines in particular are facing concentrated risks. In many APAC countries, rapid urbanisation and a growing concentration of assets is making the problem worse, increasing the value of at-risk exposures.

"Accumulation risk is critical as events often occur in dense urban commercial zones with high-value exposures. Even if most events result in limited losses, the probability of one large, systemic loss is rising," says Kuk.

He adds that (re)insurers can respond to these risks.

"The industry must build a solid foundation of reliable data and enhance risk transparency across the

value chain. Through technology and improved data analytics we also pave the way for more accurate exposure assessment, adequate risk pricing, better accumulation control and clear contractual wording.”

Kuk also argues that the insurance industry needs to move beyond its traditional role as provider of protection as it helps firms better anticipate and prevent risk in the first place.

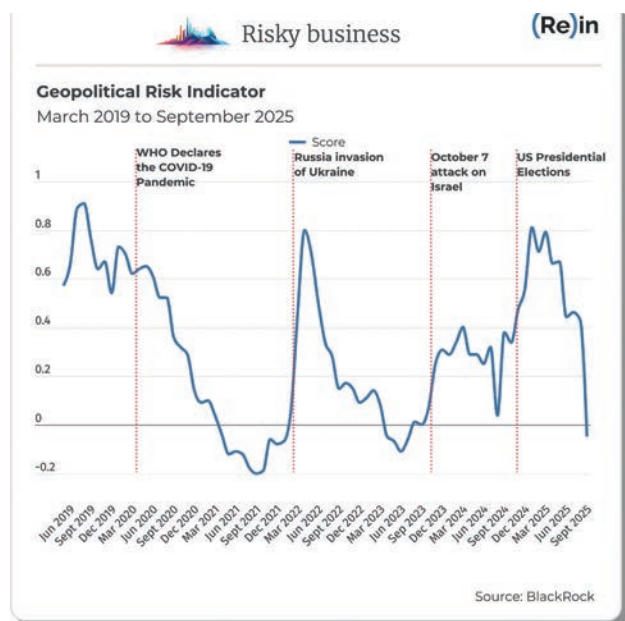
Risk and opportunity

Geopolitical risk affects different product lines in different ways. Current macroeconomic turbulence and policy uncertainty is especially affecting specialty insurance lines such as marine, engineering, and credit & surety.

“We see increasingly visible impacts of global supply chain disruptions and heightened SRCC losses, with specialty lines facing concentrated risks,” says Kuk.

“SRCC is evolving into a frequency risk with severe tail potential, requiring a holistic understanding and prudent management to avoid concentration exposures,” he adds.

Marine insurance is suffering from reduced shipping volumes, leading to lower insured exposure, and a heightened risk of delays. But amid geopolitical risks, regional tensions, and policy uncertainty, increased competition means that (re)insurers in the segment continue to face downward rate pressure despite the amplified uncertainty.



Credit & surety faces greater default risk and project cancellations as economic activity slows. Rising construction costs and inflation can increase claims severity for engineering insurance. Although aviation and agriculture are less impacted, these lines may also see elevated costs of things like parts and machinery.

There could be some indirect impact on other product lines as well. For example, cyber insurance is not directly linked to trade policies, but geopolitical fragmentation does increase systemic cyber risk

exposure, demonstrating the interconnected nature of risk in the modern day.

At the same time, heightened geopolitical risk could lead to fresh opportunities in certain segments of the market.

“On a more positive note, opportunities may also emerge in marine and engineering lines outside the US as global supply chains realign and regional trade,” Kuk says.

WE, AS AN INDUSTRY, HAVE THE OPPORTUNITY TO ADDRESS THESE CHALLENGES WITH INNOVATIVE SOLUTIONS THAT HARNESS OUR INDUSTRY’S RESPECTIVE STRENGTHS.

Victor Kuk, Swiss Re

Similarly, demand for business interruption and trade disruption covers is increasing as companies seek more robust protection.

“The specialty sector faces elevated risk but also a chance to support resilience in an increasingly fragmented global economy,” says Kuk.

Treaty renewals

The volatile geopolitical environment is certain to be a factor in the 1/1 renewal negotiations.

“We expect demand for reinsurance to be driven by a combination of heightened geopolitical instability, persistent economic uncertainty, and natural catastrophe losses averaging over US\$100bn annually,” says Kuk.

He adds that pricing is likely to vary considerably across business line and market.

“There is no single cycle,” he says.

Irrespective of business line, having a prudent, data-driven approach to underwriting and capital deployment is crucial for sustaining long-term client relationships against an increasingly complex and uncertain backdrop.

“We are here to help insurers manage through the uncertainties and our approach is one of discipline and consistency. We believe in long-term partnerships that balance risk-sharing and risk-adequate pricing, supported by data-driven insights,” says Kuk. “Proactivity—anticipating and adapting to emerging risks—is key.”



1/1

FEATURE STORY

1/1 RENEWALS: DISCIPLINE REMAINS AMONG FURTHER MARKET SOFTENING

Reinsurers who want to grow need to articulate value for clients.

Last year's 1/1 renewals were the turning point: a dramatic market correction that meant buyers were now in the driving seat.

The concern at the time was whether underwriting discipline would hold – or whether the market would slide back into the hedonistic days that prevailed prior to 2023.

As 2025 draws to a close, it appears that reinsurers have learnt the lessons of the past and are approaching APAC markets in a much more measured way. This is likely to lead to healthier and more robust markets.

“Appetite for more risk has certainly returned to the market. Even though rates have come off their peak in 2023, pricing levels are still significantly above the lows of 2016-2018 and at technically attractive levels,” says Soeren Soltysiak, Chief Executive Office of Asia for Aon. “Even with further reductions heading into the 2026 renewals we would expect reinsurers to achieve their target returns.”

To some extent, this can be seen as the continuation of a trend that was set in motion at the 1/1 renewals last year, but Mark O'Brien, head of Asia Pacific at Gallagher Re, says that a year ago there was still a great deal

of caution. Much of this hesitancy has now disappeared.

"It was very clear at SIRC [Singapore International Reinsurance Conference] last year that reinsurers had gone through a period of internal consolidation and they were thinking: let's hold our limits, let's hold our aggregate position, let's get a better return for what we deploy. Nobody was growing," says O'Brien.

Then everybody suddenly wanted to grow at the same time, says O'Brien, adding that this triggered a lot more competition than buyers or brokers had been anticipating. Since competition has been growing throughout the year, O'Brien predicts that the forthcoming renewals in APAC are unlikely to hold too many surprises.

"The hard market tends to arrive last in Asia [compared to the rest of the world], and the soft market tends to return first," says O'Brien. "We've already returned to a competitive market over the past 12 months, which means risk-adjusted reductions have been increasing as the year has gone on. We are now in a new phase of the renewals cycle."

Maintaining discipline

Despite softening markets, reinsurers have continued to make healthy profits, with Soltysiak saying that returns have generally been above-target, both locally and globally.

"So far, we had little loss activity across the region with the exception of the Myanmar earthquake and localised large risk losses. Recent wind and flood events and the earthquake in the Philippines have not resulted in significant reinsurance recoveries," says Soltysiak.

IT IS A GOOD TIME FOR BUYERS TO REVIEW THEIR CURRENT REINSURANCE STRUCTURES AND ADD PROTECTION AT ATTRACTIVE PRICE LEVELS.

Soeren Soltysiak, Aon

Healthy margins are fuelling growth ambitions in the region, but Soltysiak warns that reinsurers need to be able to show value for clients.

"Simply adding more capacity – even at competitive terms – will not be enough to protect their positions," he says. "It is a good time for buyers to review their current reinsurance structures and add protection at attractive price levels."

Underwriting discipline is making sure that prices don't fall too far or too fast, which could destabilise the markets once again.

WE'VE ALREADY RETURNED TO A COMPETITIVE MARKET OVER THE PAST 12 MONTHS, WHICH MEANS RISK-ADJUSTED REDUCTIONS HAVE BEEN INCREASING AS THE YEAR HAS GONE ON. WE ARE NOW IN A NEW PHASE OF THE RENEWALS CYCLE.

Mark O'Brien, Gallagher Re

Ahmad Noor Azhari Abdul Manaf, Chief Executive Officer of Malaysian Re, forecasts reductions of between 5% and 15% across the book, depending on how individual business lines have performed.

Where large losses have occurred – such as the earthquake in Myanmar and Thailand, flooding in Indonesia or typhoons in Vietnam – rates are likely to be flatter, says Manaf.

"In previous soft market cycles, we observed the emergence of a few outliers—new or well-capitalised players entering the market with a strong appetite for growth, often willing to compete aggressively on pricing and terms," says Manaf. "However, in the current environment, while we anticipate a moderation in pricing, underwriting discipline across the market appears to be holding firm. As such, any softening is expected to be measured rather than disruptive."

He adds: “That said, for cedants or programs that have demonstrated consistent and healthy profitability, I believe some level of pricing relief is both justified and appropriate.”

FOR CEDANTS OR PROGRAMS THAT HAVE DEMONSTRATED CONSISTENT AND HEALTHY PROFITABILITY, I BELIEVE SOME LEVEL OF PRICING RELIEF IS BOTH JUSTIFIED AND APPROPRIATE.

Ahmad Noor Azhari Abdul Manaf,
Malaysian Re

China nat cat

In China, cedants are also “expecting a mid-single digit to double digit reduction compared to last year”, according to Wei Wang, Aon’s head of reinsurance for China. However, he adds that “many leading reinsurers question this range”.

This suggests that there could be some tension in agreeing rates for certain areas. However, a surplus of capacity and continued enthusiasm for Chinese exposure are likely to keep rates falling in line with cedents’ expectations.

“The push up attachment point was one of the main reasons that rates keep falling. Chinese clients argued that they suffered both rate increasing and attachment point increasing in a loss free situation, simply because of the hard market cycle, that’s why they are expecting a further rate reduction in the coming renewal,” says Wang.

The one segment of the Chinese market where declines may be less pronounced is in the nat cat space. This is due to regulation and pressure from the authorities.

“Cat-related sectors, such as property and agriculture, will be fairly flat this year, and may even be up slightly, especially in areas that are particularly exposed to weather events,” predicts

the chief executive of Rare Earth Insurance Partners, who is also called Wei Wang.

“This is partly due to historic loss ratios, but also – and this is just as important – because the regulator is pushing reinsurers hard to build up cat reserves. Reinsurers don’t want to cut rates so much that they can’t pay out after a disaster.”

Nat cat risk has been a distinct sub-module of China’s solvency framework, known as C-ROSS, since January 2022. Before that, the risk was implicitly captured as part of the overall non-life book. Wang from Rare Earth argues that this has focused everyone’s minds on nat cat modelling, discouraging reinsurers from giving up some of their reserve just to win new business.

“The trend in China is towards a more mature and rational market foundation. The National Financial Regulatory Administration [China’s main financial regulator] has spent a lot of time and energy to make sure that is the direction in which the market is heading,” Wang says.

Asia Reinsurance
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PROFILE INTERVIEW

AXA XL'S NEW ASIA HEAD LOOKS FOR VALUE-ADD AS MARKETS SOFTEN

Competition in the region makes it harder for technical underwriting on its own to win business.

**SYLVIE GLEISES**

AXA XL,
Regional Chief Executive
Officer, Asia

Intensifying competition across Asia is forcing rates down across most major business lines and putting pressure on insurers' underwriting profits.

AXA XL is responding to this by strengthening client partnership and looking at where its expertise can make most difference.

"The outlook for the Asia insurance market remains positive, supported by strong economic fundamentals, continued infrastructure investment and the region's acceleration towards energy transition. For AXA XL, success will come from

underwriting discipline, technical excellence and partnership," says Sylvie Gleises, Regional Chief Executive Officer for Asia at the specialty insurer.

This means supporting clients with "data-driven insights, risk engineering [and] outstanding claims services, regardless of where the rate cycle moves", she says.

Gleises was appointed to her current position in March, having spent nearly two decades with the French insurance group. Her previous role was Chief Executive Officer for Singapore.

"Asia's growth is long-term, and so is ours," says Gleises. "We are committed to being a trusted partner at every stage of the client journey, from underwriting to claims."

Growing complexity

AXA XL's latest risk outlook, published in October, highlights how a broad selection of different risks – climate, cyber, geopolitical tension and societal instability – are colliding to create significant risk management challenges.



"Asia, as the world's manufacturing and logistics hub, sits right in the centre of this complexity," says Gleises.

Such an environment has led to much more discerning clients, explains the Asia head. It is no longer just about providing coverage; insureds now want visibility and foresight into how cascading shocks could disrupt their value chains.

An insurer who "can connect the dots, be their long-term partner... and help [firms] prepare for the next disruption" will thrive in the region, even as competition becomes more intense, says Gleises.

In 2022, AXA XL rolled out a digital commercial platform, which allows clients to access a single, integrated view of exposure, claims and engineering data across regional operations. In September, the insurer added a web-based portal to the platform, providing clients with real-time data insights across multiple portfolios.

"AXA XL's strength lies in blending global expertise with local insight," says Gleises. "We draw on the technical depth of our underwriters, claims specialists and engineers, while collaborating closely with local AXA entities to tap on resources, knowledge and solutions."

**ASIA, AS THE WORLD'S
MANUFACTURING AND LOGISTICS
HUB, SITS RIGHT IN THE CENTRE
OF THIS COMPLEXITY.**

India

One of AXA XL's strategic priorities in the region is India. According to Gleises, India's gross written premiums have averaged a growth rate of 6.6% CAGR over the past five years. They are projected to keep growing at over 6%.

"The rising middle class and government focus on infrastructure and manufacturing support long-term market growth," says Gleises.

Earlier this year AXA XL made a number of key appointments to its team there, including onboarding a new Chief Executive Officer, Alok Shukla.

"We are establishing and continuously

**AT THE END OF THE DAY, RISK IS
THE CURRENCY OF PURPOSE. WE
ARE HERE NOT TO PROTECT WHAT
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IS NEXT.**

strengthening an empowered, technically proficient team—across underwriting, claims, and operations—to ensure we can meet market needs," she says.

However, lasting success in the country will take time, with aggressive local competition putting intense pressure on margins, according to Gleises. Other challenges in the market include diverse regulatory regimes across states, varying infrastructure standards and uneven risk awareness.

Once again, as elsewhere in Asia, Gleises hopes that her strategy to focus on value-added services for clients will be the right one.

"We are not rushing with a 'big splash' strategy, but to build credibility through technical consistency and client experience," says Gleises. "We know the environment is not easy, but we are committed – to earn trust, to deliver reliably and to become a long-term sustainable partner."

Beyond underwriting

A big part of AXA XL's strategy — especially in Asia — is to shift the client relationship upstream, focusing on risk prevention and mitigation before a claim happens. Gleises knows that technical pricing and capacity are not enough to win business in a softening and increasingly competitive market.

"If there's one message I would like to leave, it's that AXA XL's purpose goes beyond underwriting risk – we exist to enable progress. Every major breakthrough – in energy, infrastructure or technology – carries some level of uncertainty. Our mission at AXA XL is to help clients transform that uncertainty into opportunity," says Gleises.

In a region like Asia, where growth and volatility go hand in hand, that role has never been more important.

"At the end of the day, risk is the currency of purpose," says Gleises. "We are here not to protect what exists, but to help shape what is next."



FEATURE

TELLING A BETTER ILS STORY FOR APAC INVESTORS

Insurance linked securities are on the rise in the region but still lagging Europe and the US. How can investors be convinced?

Asia Pacific is one of the most disaster-prone areas in the world, but also the most under-insured.

Just 9% of losses were covered by losses in 2023, according to Aon's 2024 climate and catastrophe report, the lowest out of all the global regions.

APAC needs insurance to promote long-term economic stability in communities hit by natural disasters, yet the rising costs of climate change risks (re)insurers trimming exposures and draining away capacity.

Enter insurance-linked securities. They play a pivotal role globally in keeping global capacity flowing.

(Re)insurers, wary of climate change, can lighten their balance sheets by sharing the risk of catastrophes with pensions, private credit and sovereign wealth funds.

Although ILS is gaining momentum, APAC still lags behind Europe and US. This raises a critical question: how can APAC craft a compelling story that attracts investors and unlocks the region's full potential for resilient, sustainable growth?

APAC's appetite for ILS

The exact size of ILS issuance tied to APAC risks is not exactly clear. However, Aon's latest ILS report reveals that ILS has reached

its largest size to date, with outstanding alternative capital hitting \$121bn by mid-2025, according to Aon's latest annual report.

The broker states the majority of this capital is tied to North America risks, with APAC only receiving a fraction of these invested funds in ILS.

One possible limiting factor for ILS growth in APAC is investor hesitation. They lack knowledge of the instrument. Elements of its structure and risk profile place it outside the financial mainstream.

MS Amlin Asia Pacific CEO, William Ho, observes: "Some of the main ones I have experienced through core meetings are knowledge and understanding of the underlying business. The type of product is still quite alternative for them compared to their traditional investments."

Peak Re director of third-party capital Iain Reynolds agrees, adding: "I think it's not only a lack of familiarity with ILS as an asset class, but probably insurance as an industry, and particularly catastrophe reinsurance.

"When we engage with investors, we find that we need to begin right at the start, talk about what reinsurance is and why ILS exists as a reinsurance product."

Liquidity of ILS

Another challenge is the lack of liquidity depth. Investors can trade traditional fixed income assets, such as government bonds, quickly on secondary markets. They won't have that level of flexibility with cat bonds.

The Organisation for Economic Co-operation and Development acknowledges this issue in its report last year, 'Foster catastrophe Markets in Asia and Pacific', flagging it as one of the major concerns.

It states: "Illiquidity can be a major concern of CAT bond investors as it reduces the ability to trade out of an unwanted position. Illiquid securities are characterised by low trading volumes and wide bid-ask spreads.

"To find a buyer, investors may have to wait longer and accept a lower price. The prices of illiquid securities tend to be more volatile and may be stale. This poses difficulties in valuation and can lead to large losses if investors need to sell quickly."

Large pensions funds have the sophistication to weigh up the investment opportunity, realising the pros outweigh the cons.

However, Ho notes that pension funds do not have as strong a presence in parts of Asia, compared to Europe and the US, commenting: "The investment environment is a little bit different here to some of the more established cat bond hubs. There are not huge pension funds in a lot of the countries in Asia for investors to draw on.

BUT NOW WE'VE GOT FIVE YEARS OF CONVERSATION ON IT, THE CONVERSATIONS ARE A LOT MORE RECEPTIVE.

William Ho, MS Amlin

"If we are talking about cat bonds, pension funds are a real source of investment in that.

"And while Australia and Korea have some pension funds, a lot of Southeast Asia countries, including Singapore itself, aren't the kinds of pension funds to kickstart that investment appetite."

Encouraging investors

Despite the downside risk of ILS, and specifically cat bonds, there is plenty to whet the appetite of investors.

This raises the all-important question for the insurance industry: how can it tell the best story of ILS to attract financing?

First and foremost, there is a compelling argument that cat bonds are an attractive investment.

Cat bond returns compare favourably to other fixed income assets.

According to Aon Securities, the average annualised return on outstanding cat bonds was 11.8% through June 2025, compared to 13.1% for the same period in the previous year.

Over the long term, the cat bond market averaged an 8.33% compound annual growth rate since 2002, based on the performance of the Swiss Re Global Cat Bond Total Return Index.

Since the financial crisis, cat bonds have given total returns similar to the S&P 500, which has enjoyed a 20-year bull run. Savvy investors understand the potential of attractive returns but are looking beyond to the other benefits.

Even though cat bonds can undergo losses when costly catastrophe events hit, their volatility is lower than equities.

Aon Securities managing director Jordan Brown believes 'global investors are attracted to the uncorrelated nature of ILS products to credit and equity markets'.

Cat bonds have attractive spreads compared to other credit, making them 'truly a unique and accretive asset class', he adds.

Reynolds also notes the diversification benefits of ILS. The opportunity is 'not a suitable

available to pay claims or transfer returns to investors.

Above all, the asset has survived the test of time, now having decades of history behind it. Brown notes that 'the ILS market has an over 25-year track record, actual losses are below modelled losses on a whole of market basis'.

The track record is something (re)insurers can lean on when having conversations with investors.

Take the Phoenix Re sidecar, launched in 2021.

The vehicle paved the way for institutional investors to access the Asian reinsurance market by providing capital for a portion of MS Amlin's Asia Pacific portfolio.

In the three years following the launch, it generated impressive, annualised returns of 8.5%.

Reflecting on the experience, Ho says: "The hardest bit was to get things going to start the momentum.

"What we found ourselves was back in 2020 it was very, very difficult to get the positive outcomes out of the conversations, to get our first Phoenix vehicle launched.

"But now we've got five years of conversation on it, the conversations are a lot more receptive. There's a lot more interest from our current partners, and, potentially, to understand more, to hear more, to see whether or not they can participate."

Peak Re pioneered the introduction of sidecar capacity to APAC with the launch of its Lion Rock Re in 2018, ceding a slice of its premiums and risks from its global property reinsurance book. This was followed up with further successful issuances.

Reynolds says: "It's something we're interested in exploring in the future to support our growth, and we think that's possibly a more efficient way to bring this capital into supporting the growth of the insurance industry and closing that protection gap in some of the developing markets in Asia Pacific."

Education

Building on these positives, the insurance industry is making a concerted effort to educate the investor community.

Brown emphasises that the industry is working hard to improve understanding: "The market

...WE THINK THAT'S POSSIBLY A MORE EFFICIENT WAY TO BRING THIS CAPITAL INTO SUPPORTING THE GROWTH OF THE INSURANCE INDUSTRY AND CLOSING THAT PROTECTION GAP.

Iain Reynolds, Peak Re

asset for every investor' but has a place for those wanting alternatives in their investment strategy. This leaves the door open to a wide range of investors to get involved.

Other attractions include the transparent and regulated nature of cat bonds. Cat bonds are typically structured with clear, objective triggers, such as insured losses above a certain threshold.

This means investors can model and understand their risk more easily than in many other complex structured products.

Even if the issuer, such as a reinsurer, goes bankrupt, the funds are held in trusts backed by safe collateral. This means capital is still

certainly recognises the ongoing growth and potential of Asia's investable asset base. There is a continued focus on educating investors, with banks, brokers, and advisors hosting seminars and conferences to foster greater awareness."

AS WE ALL KNOW, INSURANCE AND INSURANCE LEGISLATION AND REGULATION IS NOT THE FASTEST-MOVING SECTOR, HOWEVER, APAC WILL BE A LEADER IN TIME.

Jordan Brown, Aon Securities

He also highlights the supportive role of regulators: "Regulators have been proactive in facilitating discussions with capital providers."

Leading the way are Hong Kong and Singapore, which have actively positioned themselves as hubs for ILS to attract global investors.

Hong Kong introduced a regulatory framework for ILS, offering tax incentives to issuers. The Hong Kong Insurance Authority is also streamlining approval processes to make the market more accessible.

Similarly, Singapore developed a supportive legal and regulatory environment, providing grants to cover upfront costs for ILS bond issuance. The Monetary Authority of Singapore has spearheaded initiatives to increase market transparency and, importantly, investor education.

Ho believes working with the right type of investors is important in helping get the message across: "If you partner with people who are risk selecting and portfolio managing in the right way, then there is a very positive story to tell. Also, a very profitable story and a very profitable portfolio to show."

He notes that there have been several tests of Amlin's ILS initiatives, and the (re)insurer has consistently met or exceeded its return expectations each year.

"There is resiliency to the product. There is resiliency to the business out here, which sometimes the data doesn't do a good enough job of showing."

ILS APAC: the coming years

It's clear there is real intent to expand ILS in APAC, and activity is growing, so what is next on the horizon?

Cyber ILS is expanding in Europe and the US. Gallagher Re placed the first collateralised deal for cyber in 2017, and multiple issuances have followed. Varying reports put issuance at between US\$750m and US\$800m since 2023. Yet there has not been a cyber-ILS instrument tied to the APAC region.

Ho says there is a 'bit of a way to go' before APAC needs a cyber alternative capital solution.

Instead, he believes the focus should be on ensuring investors have access to the mainstream ILS instruments, which can help the region with its protection gap.

"Given that it is a start from a non-existent environment to an existing environment with a number of transactions, you have to say it has been great progress," he says.

Brown also points out the market's progress, highlighting: "Australia and New Zealand institutions have very large allocations to the ILS market and we estimate capital from these countries exceeds \$10 billion across 15 – 20 large investors. Further, there are active investors throughout Asia, including Japan, for example, that continue to see the asset class as attractive from both a returns and diversification perspective."

Brown foresees Singapore and Hong Kong continuing to grow in the ILS market.

Meanwhile, mainland China and India are positioning themselves to capitalise on the expanding insurance and reinsurance markets, with ILS being part of their strategy.

Brown concludes: "As we all know, insurance and insurance legislation and regulation is not the fastest-moving sector, however, APAC will be a leader in time.

"As a group, the continued investment in the region by (re)insurers, service providers, brokers and asset management, whether a financial investment or other, will be critical and we feel very positive about the current momentum."

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turning challenges into opportunities, together.



FEATURE

OJK LOOKS TO SHAKE UP INDONESIA'S INSURANCE INDUSTRY WITH MASSIVE CAPITAL HIKES

Regulator's shock and awe campaign is a "significant global MCR event."

Indonesia's financial regulator, Otoritas Jasa Keuangan (OJK), will be overseeing the implementation of two significant increases to the required capital reserve holdings of every insurance company registered in the country over the next three years.

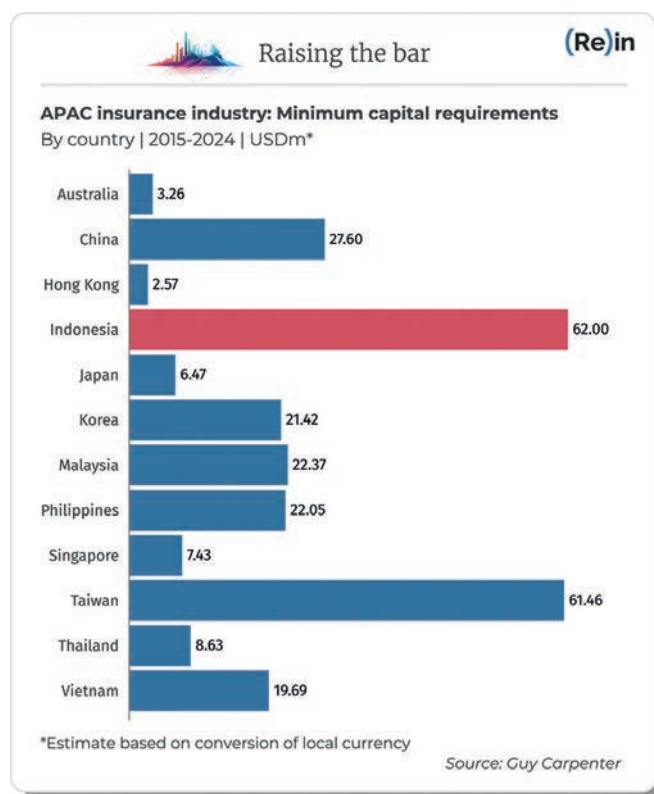
In enforcing Law Number 4 of 2023 – The Development and Strengthening of the Financial Sector, also known as the P2SK Law – the OJK will create the highest minimum capital reserve (MCR) environment in Asia.

Industry participants expect it to create a massive shake-up – and shake-out – in Indonesia's insurance industry landscape, forcing players to take a hard look at their asset management strategy and what it means to bear risk in this fast-evolving market.

Both foreign and domestic insurers of all sizes will see their MCR levels increase fourfold between 2026 and 2028. Traditional insurers will be required to raise their reserves from IDR100b to IDR250b (US\$6.2m to roughly

US\$15.2m) by the end of 2026 and to IDR1t (US\$62m) by the end of 2028.

MCR thresholds for reinsurers will be twice as high. This will place Indonesia's MCR levels on par with Taiwan and nearly three times the thresholds of other mature insurance markets, such as Korea or Malaysia.



The enormous jump in capital reserve requirements in Indonesia “will be a significant global MCR event,” Justin Ward, Head of Capital Advisory for APAC at Guy Carpenter, tells (Re) in Asia at an event held by the reinsurance brokerage in Jakarta on February 20.

The government is seeking these increases to bolster the financial resilience of the insurance sector. The OJK believes that a robust insurance sector is a cornerstone of Indonesia's efforts to deepen the country's financial and economic self-reliance; it is concerned that its current limited capital capacity is impeding these goals.

While raising capital reserve requirements will certainly help lessen this perceived capacity gap, many industry participants believe that the OJK's real objective to achieve its ends is to induce a “shock and awe” campaign that will trigger massive consolidation in Indonesia's insurance sector.

An industry composed of fewer, healthier players will, in turn, support a national economic development plan: a massive increase in home ownership, public infrastructure and healthcare.

Industry observers note that Indonesia's insurance sector is relatively under-penetrated and poorly distributed. Some two-thirds of all policies are issued in the greater Jakarta area, which only accounts for a third of the country's GDP.

The insurance market is dominated by small domestic players that are largely subsidiaries of Indonesian conglomerates, and over two-thirds of the roughly 75 general insurers in the country have less than a single percentage point of market share.

The regulator itself makes no secret that, by raising the capital requirement bar so high, it aims to force players to evaluate their strategic objectives. The use of a big MCR sledgehammer is seen as having a more effective and immediate impact.

The OJK is taking on a lot of risk itself in its “shock and awe” campaign. Guy Carpenter estimates that a third of the market does not have sufficient equity to meet the 2026 threshold, and over 60% cannot make the 2028 threshold at present levels of capitalisation.

Foreign players may not be willing to park additional capital into the market simply to maintain a presence, and conglomerates may decide it is simply easier to turn their insurance business into an internal captive service division.

“Our business is relatively niche, focused on serving local branches of corporates from our home market,” says the head of an Asian insurer's Indonesian operations. “We will really need to think hard about making the capitalisation leap.”

This caution is common, according to Ward. He notes that finding the capital may be straightforward for the many domestic insurers owned by diversified conglomerates, but “it seems unlikely that there will be a strong appetite for foreign direct investment (FDI) due to the current industry returns and regulatory setting.”

Many multinationals are thus likely to wait out the initial post-threshold consolidation and then cherry-pick the business they want, and the risk that they want in their portfolio.

The right blunt instrument?

A policy aimed at creating resilience in a sector that Indonesia feels is vital to its national economic self-reliance could instead hollow out a domestic industry just finding its legs and saddle its players with a capital management regulatory framework that is not only onerous but considered outmoded.

MCR is considered a comparatively outdated and less sophisticated approach than risk-based capital (RBC). It is a blunt policy instrument – one not calibrated to the actual underlying risk represented by a company's policy portfolio.

At a time when most of the rest of Asia and most mature insurance markets globally have adopted modern and dynamic RBC approaches, Indonesia's approach to regulation – both in its speed and scale – seems to be an extremely large step backward. Moreover, the extremely sizable requirements will take a lot of active capital off the table.

A move to RBC lets firms align their asset management more closely to the precise lines of business insurance companies are underwriting. Ward explains: "RBC enables a firm's capital intensity to be responsive to the insurance risk that it underwrites, whether in long-tail liability lines or short-tail property lines. It takes into account the firm's asset management strategy and operational risk."

However, even if Indonesia fast-forwarded to an RBC regime in which firms linked their operational risk to their asset management philosophy, the results might not look much

**WE WILL REALLY NEED TO THINK
HARD ABOUT MAKING THE
CAPITALISATION LEAP.**

Head of an
Asian insurer's Indonesian operations

different, given the composition of Indonesia's policy portfolio today.

Private healthcare and health insurance are the fastest-growing sectors in the country, and these policies are the riskiest high-loss

**THIS WILL BE A SIGNIFICANT
GLOBAL MINIMUM CAPITAL
REQUIREMENT EVENT.**

Justin Ward, Guy Carpenter

component of any insurer's portfolio. This implies that the average Indonesian insurer's health-weighted policy portfolio would probably require a similarly high capital holding, even with an RBC-based approach.

At a minimum, a strategic rethink required

Whether or not Indonesia's new capital thresholds create the tectonic industry rejuvenation the OJK is seeking, the next few years will require a significant amount of soul-searching for all of its players.

As Ward explains, "Indonesian firms are considering important questions in evaluating their presence in Indonesia today. Questions like: 'Are they operating in the country because they have captive business and distribution channels as part of a larger conglomerate? Or because they are a distribution partner for a larger insurer?' Indonesian firms are approaching a significant moment in their business strategy."

OJK's new MCR regulations will force insurers that stay in the game to be "in it to win it": focused and strategic in their market objectives. A significant examination of their operational practices, including capital management strategies and optimising re-insurance positions, could help players minimise their required capital outlay. More needs to be done to strengthen underwriting practices.

FEATURE

APAC INSURANCE CAPITAL RULES BOOST DEMAND FOR STRUCTURED SOLUTIONS

Reinsurance is playing an increasingly important role in optimising capital as part of strategic balance sheet management.

Demand for structured reinsurance solutions continues to grow across APAC as the imposition of risk-based capital (RBC) and other capital rules bite and as the cost of capital remains stubbornly high.

Indonesia's financial regulator, OJK, is overseeing a staggered increase in capital reserve requirements for insurers through to 2028 under the P2SK Law, which will create the highest minimum capital reserve environment in Asia.

Earlier this year, South Korea's Financial Supervisory Service also announced plans to introduce a mandatory capital solvency requirement for insurers of at least 50%.

These regulatory initiatives, and other similar ones across Asia, will also help focus insurers' minds on the need to do more to make sure they are using capital efficiently.

While many large life insurers in the regional hubs of Singapore and Hong Kong have spent the past few years optimising their balance in anticipation of the new rules, smaller regional players are still trying to

work out the best way of strategically positioning themselves.

This may involve ramping up asset liability matching (ALM) capabilities, adjusting their mix of products to reduce long-dated exposures, or —increasingly— turning to the reinsurance markets.

Furthermore, several markets in APAC have not yet fully implemented RBC rules, meaning that their domestic insurers are still in the process of adjusting to what is coming.

This includes Taiwan and Japan, where RBC will only be rolled out in 2026. India is yet to announce a timeframe for its implementation of RBC, but this is also a country to which significant change could be coming.

Improving ALM

The high cost of capital makes adjusting to new RBC rules all the more painful, since cost-effective ALM options become more limited.

"The great thing about ALM is that it is all under the insurer's control, so this should be the number



one option for balance sheet management. The insurer can act quickly to unlock capital and improve the resilience of its portfolio to changing market conditions via strengthening its ALM,” says Pierre-Emmanuel Brard, Head of APAC Insurance Solutions at Fidelity.

“But there are two important things to be considered,” he added. “Firstly, how far can ALM be improved through strategic asset allocation and portfolio construction? Secondly, whatever can’t be matched by physical instruments, because they are not long enough or are not of high enough credit quality, will have to be matched using derivative instruments. This means insurers will have to evolve and reinforce their liquidity framework.”

Life insurers operating in APAC have long suffered from a shortage of high-quality instruments that are of sufficient duration to match their liabilities, which can easily extend to 20 years or even longer.

As a result of this market limitation, many of the larger and more sophisticated insurers have used interest rate swaps to help with ALM, managing the risk of these instruments internally. But smaller players often lack the resources and insight to effectively play in the derivatives market. Higher cost of capital can also make some of these instruments prohibitively expensive.

Reinsurers are sensing an opportunity.

Structured solutions

“The weighted average cost of capital for many insurers is higher than it was a few years ago, which can make reinsurance more competitive, so we would generally be positioning reinsurance as a capital alternative against sub-debt,” says Alison Drill, Head of Property and Casualty Structured Solutions for Swiss Re, Asia Pacific.

An alternative to raising debt would be for insurers to raise equity, or to ask for a capital injection. In some situations such as joint ventures, neither solution is appealing for existing shareholders, since this may effectively result in dilution of their own stake in the company.

“This is why equity is usually viewed as the most expensive form of capital,” says Drill.

The core offering of Drill’s team is to make reinsurance an integral part of insurers’ capital strategies on a long-term basis.

“This is the first significant theme that we talk to clients about,” she says. “The other theme is around underwriting volatility and earnings volatility, which becomes more important as clients stop looking primarily at top-line growth and start focusing more on other key performance indicators (KPIs).”

AS THE REGULATORY REGIME CHANGES, INSURERS ARE ASSESSING WHETHER THEIR CURRENT REINSURANCE ARRANGEMENT IS FIT-FOR-PURPOSE, AND IN MANY CASES THERE IS INTEREST IN FINDING NEW AND EFFICIENT WAYS OF MANAGING COST-OF-CAPITAL.

Alison Drill, Swiss Re

A third area that Swiss Re’s strategic solutions can help with is in the run-off space, addressing existing liabilities from businesses that they are exiting and transferring them on to the reinsurer’s balance sheet.

Drill says that demand for solutions in all three areas has been increasing across Asia.

“As the regulatory regime changes, insurers are assessing whether their current reinsurance arrangement is fit-for-purpose, and in many cases there is interest in finding new and efficient ways of managing cost-of-capital,” says Drill.

Clement Bonnet, Principal and Consulting actuary at Milliman in Hong Kong, has also noticed rising interest in these kinds of solutions.

“There is definitely interest from both insurance and reinsurance companies in the region,” says Bonnet. “There is interest from major Asian reinsurance companies and global reinsurance companies, as well as reinsurance companies based in Bermuda.”

He says that there has been a particularly large amount of interest in Hong Kong recently, because of the size of the insurance market in the region, and because Hong Kong is a US dollar-denominated market.

Using reinsurance to strategically manage the balance sheet can come with its limitations, however, depending on the position taken by domestic regulators.

THIS MEANS INSURERS WILL HAVE TO EVOLVE AND REINFORCE THEIR LIQUIDITY FRAMEWORK.

Pierre-Emmanuel Brard, Fidelity

"Regulators can often become quite concerned about foreign companies taking on risks on behalf of domestic insurers, since it is the local company that is ultimately responsible to the policyholder," says Bonnet.

Indonesia and India, for example, have previously taken a fairly dim view of risk being transferred overseas – and thrown up barriers to prevent this.

Product mix

Optimising strategic capital is a crucial part of dealing with Asia's new capital rules. However, the way in which it is done is likely to vary from market to market, depending on the products that are being offered.

For example, many insurance products in Hong Kong have a participatory component, meaning that insurers have significant exposure to long-term volatile assets that need to be carefully risk-managed.

"There is a competitive angle to all of this, too," says Bonnet. "By reducing capital for interest rate risk, insurers can better allocate capital to asset classes that have higher returns, so ultimately they can offer products that are more attractively priced."

Insurers who struggle to reduce the cost of capital on their balance sheet may consider adjusting the product mix instead. This appears to be happening to some extent in Singapore, with fixed indexed annuity (FIA) products, previously popular in Japan, starting to take off in the market.

"The RBC framework serves as a catalyst for these kinds of products," says Brard from Fidelity.

"Traditional savings products are very capital intensive, but we are living in a world where clients still need savings. They always ask for capital protection, but more and more they want to enjoy the upside as well. FIA products offer this balance."

THERE IS DEFINITELY INTEREST FROM BOTH INSURANCE AND REINSURANCE COMPANIES IN THE REGION.

Clement Bonnet, Milliman

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PROFILE INTERVIEW

CHINA AND INDIA, STRUCTURED SOLUTIONS AT CENTRE OF MAPFRE RE'S APAC LIFE PUSH

Javier Sánchez Cea, Chief Regional Officer, aims to raise life from less than 5% to 20% of APAC premiums by building local teams and leveraging non-life ties.



JAVIER SÁNCHEZ CEA

MAPFRE RE,
Chief Regional Officer,
APAC

At the start of the year, MAPFRE RE restructured its business to place life at the heart of its global operations.

Javier Sánchez Cea, Chief Regional Officer for Asia-Pacific, has been working out how to deliver this strategy in some of the firm's fastest-growing markets.

"Life is very important to the whole company. This is a strategic move that we have made. We want to do more life, to diversify our portfolio, and a lot of this will come from APAC," Cea tells (Re)in Asia.

According to its latest financial statement, 12% of MAPFRE RE's €7.8bn (approx US\$9.06bn) reinsurance premiums come from APAC. This consists mostly of property and casualty business.

Less than 5% of this comes from life insurance and Cea says that he "would be very happy" to see the proportion grow closer to 20%.

"We obviously need to make sure that we are performing on product and delivery, but we have big ambitions here. APAC is well-positioned to align with this new strategy," says Cea. In January, Jamie Song became MAPFRE RE's Head of Life, Accident and Health for APAC, based in Singapore.

Opportunities for growth

There are a few different strands to the reinsurer's APAC strategy.

For one thing, Cea is keen for MAPFRE RE to leverage the existing relationships that it already has in the non-life sector. This is a strategy that has been especially successful in India this year.

"I have had a few meetings with life CEOs, and they have immediately opened the door for us because of the good relationship we already have on the non-life side. This is something I want to keep exploring. It's a great way of growing this line of business," says Cea.

WE HAVE A LOT OF EXPERIENCE DOING [STRUCTURED SOLUTIONS] IN EUROPE. WE NOW WANT TO BRING THIS EXPERIENCE INTO APAC.

Another potential opportunity for growth is in structured solutions, especially to provide capital relief for life insurers preparing to deal with new risk-based capital rules. MAPFRE RE set up an APAC-based team in March specifically to look at this area of the business.

"We have a lot of experience doing these solutions in Europe. We now want to bring this experience into APAC," says Cea. "We are putting a lot of effort into this at the moment,

so it will eventually become a top-line business for us in the region. This will help us grow with our clients and strengthen our relationships with them across the board.”

Being close to the client

The two markets that perhaps have the greatest potential for MAPFRE RE’s ambitions in the life sector are China and India. These are two countries with a mushrooming middle class and a sizeable protection gap.

WE OBVIOUSLY NEED TO MAKE SURE THAT WE ARE PERFORMING ON PRODUCT AND DELIVERY, BUT WE HAVE BIG AMBITIONS HERE. APAC IS WELL-POSITIONED TO ALIGN WITH THIS NEW STRATEGY.

Last July, MAPFRE RE secured regulatory approval to establish an onshore branch in China. Cea says that, although he is happy with how the business in China has been growing, it is still principally writing P&C lines. Cea says that he plans to establish a dedicated life team in the country next year.

MAPFRE RE doesn’t yet have an onshore branch in India, but this is something that could be about to change.

“We have been growing very fast in India over the past five years, and right now we are assessing the possibility of establishing a local presence,” says Cea.

For the past few years, India has been encouraging foreign reinsurers to set up onshore rather than do all their business from overseas. The country has been simplifying its insurance regulatory framework, while at the same time penalising cedents for sending business overseas.

“There’s no problem in writing the business that we do from overseas, but it would be a

milestone to be closer to our clients. This is a model we’ve followed around the world for decades,” says Cea.

The Chief Regional Officer says that this need is arguably greater in life than in non-life because of the specific assessments and services that are needed.

MAPFRE RE is currently writing some life business in India, but Cea is very keen to scale things up.

One key market that Cea does not think needs a branch, at least for the time being, is Japan. MAPFRE RE has been active in Japan for nearly 40 years, ever since the reinsurer first started expanding in APAC. In 2017, MAPFRE RE established a representative office in the country, but has not yet set up a subsidiary.

“We have a very mature relationship with our clients in Japan, but we want to keep growing in the country,” says Cea. “Our strategy is to keep doing what we have been doing for the past 40 years. This is about deploying more capital and being a reliable partner for our clients. We are close to the market, and we do not see the need to transform our local presence into a branch.”

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FEATURE

ASIA'S ENERGY (RE)INSURERS ADOPT PROACTIVE STRATEGIES AMID SURGING ENERGY TRANSITION

The rapid growth of renewables in Asia is driving both premium gains and underwriting challenges for (re)insurers.

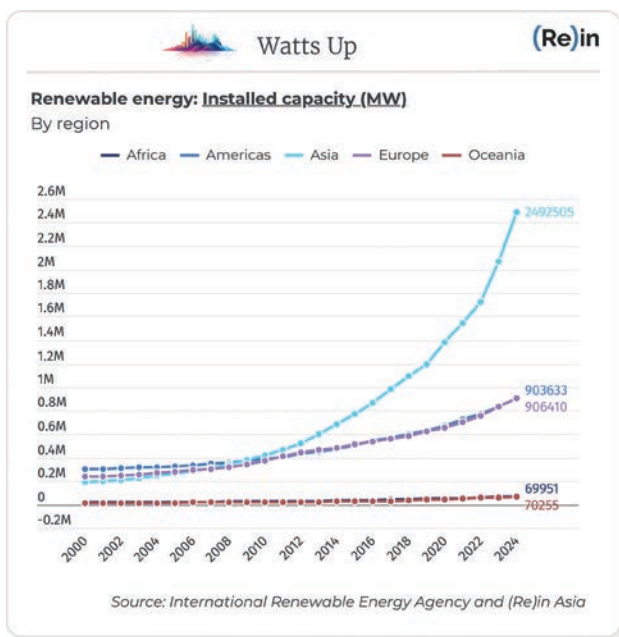
Asia's accelerating energy transition is driving rapid growth in renewable power capacity and opening new markets for (re)insurers. However, more competition, new technologies, and natural catastrophe risks are forcing the industry to rethink underwriting models and develop innovative risk management approaches.

Data from the International Renewable Energy Agency show that 2.493m megawatts of renewable energy capacity — the maximum potential amount of electricity that can be generated by renewable sources — were installed in Asia in 2024, almost three times as much as in Europe, which ranked second.

Insurers in the region are benefiting from this shift.

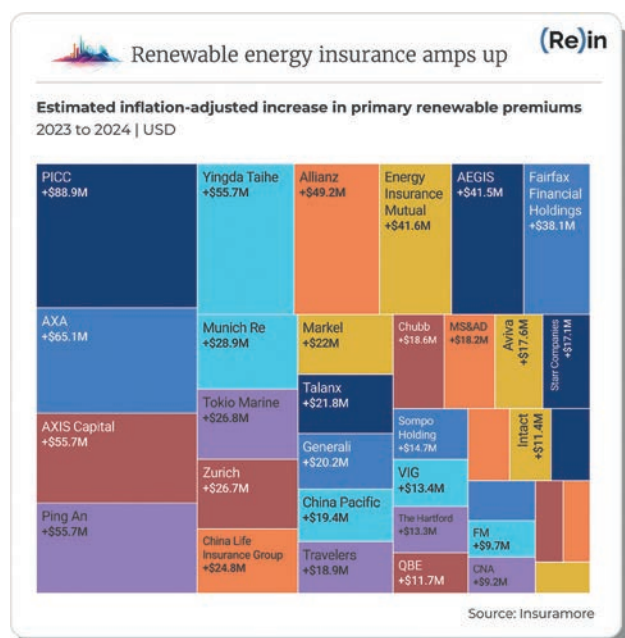
A September report from Insure Our Future report noted that three major Chinese insurers—PICC, Ping An, and Yingda Taihe—dominated growth in primary renewable premiums, securing over US\$200m in new premiums between 2023 and 2024. Insurers across Asia recorded overall premium growth of 18% between 2023 and 2024, the same report said.

But the transition to renewables is also introducing increased complexity into underwriting portfolios.



In its Renewable Energy Market Review 2025, WTW said Asia was the main driver of the 140% global increase in renewable capacity over the past decade. Amid this growth, underwriters in the region have remained vigilant.

"In general, while new market entrants have increased overall capacity and enhanced competitiveness in the insurance sector, insurers remain highly technical and cautious," Sam Liu, Regional Renewable Energy Leader, Asia, Willis Natural Resources said in the report. "Capacity remains constrained by factors such as natural catastrophe exposures and the accumulation of insured assets within specific regions, which continue to influence underwriting appetite and terms."



This view is widely held across the market, especially as emerging technologies such as Battery Energy Storage Systems (BESS), hydrogen, floating photovoltaics (FPV), and larger wind turbine models have limited historical data alongside heightened exposure to natural catastrophe risks.

"The introduction of new technologies, the impacts of extreme weather events, and the increasing scale and complexity of projects often result in gaps in risk knowledge and limitations in available underwriting data, which prove challenging to underwriters," Jimmy Lim, Head Engineering APAC at Swiss Re, tells (Re)in Asia.

Technological and environmental risk gaps are slowing progress in the renewable energy transition and contributing to higher insurance premiums, FM said in an April survey.

"Providers are doing the best they can with the information they have, but they need more insight into the technology they are buying and the environmental factors that threaten it," said Doug Patterson, Senior Vice President, Forest Products and FM Renewable Energy.

"The growing penetration of renewables introduces new and more variable risk dynamics," a spokesperson at FM tells (Re)in Asia. "As the energy

transition accelerates, the industry's ability to keep pace with these evolving exposures will be key to underwriting them effectively."

Solving the conundrum

The lack of historical data that underwriters can access is one of the more salient issues. Technologies like carbon capture and new-energy alternative fuels are still relatively new as are the supply chains surrounding them, says Vipul Shetty, Head of Energy Transition Solutions at Howden.

For instance, risks in the industrial production and transportation of carbon dioxide and alternative fuels like ammonia or hydrogen need to be studied and assessments need to be made of how these new technologies perform at operating thresholds in the long term.

"This is a big conundrum specifically in Asia, because it is not something the insurers are very comfortable with insuring, particularly because the value chain is so new, and technologies in this space are also very new," he says.

Swiss Re's Lim points out that renewable energy risks cannot be commoditised or standardised. "Rather, underwriting decisions need to be based on technical insight, risk knowledge and a clear understanding of risk exposure, loss experience and accumulation potential."

Natural catastrophes also play a key role.

A study by underwriter GCube Insurance evaluating US solar claims found that hail damage accounted for 54% of total losses and a whopping US\$342 million in claims payouts, despite occupying only 1.4% of claims incidents.

"The same thing is going to happen here in this region," says Ben Qin, Head of Asia Pacific at Descartes Underwriting. "The underlying risk profile is escalating because most of these regions are climate-affected."

"Move to the front of the bus"

To deal with these changing risks, (re)insurers need to "move to the front of the bus," says Shetty.

"What I would encourage insurers to do is to move to the front of these negotiations and start becoming more proactive in understanding risk at an early stage or an earlier stage."

This is a viewpoint shared at FM, which says (re)insurers can play an even more proactive role by collaborating and shaping codes and standards that govern the design, manufacturing and installation of green energy projects.

"By advocating for robust, resilient-focused standards, insurers can help raise the overall quality and reliability of renewable assets," an FM spokesperson said in an email. "As confidence in

these standards grows, so will insurers' comfort with the associated risks, ultimately enabling the industry to offer more competitive terms, stable pricing and broader support for the continued expansion of green energy."

(Re)insurers also need to close the knowledge gap.

"New technology risks from continuous technology advancements tend to outpace the availability of historical loss data," says Swiss Re's Lim. "Through partnering closely with clients and stakeholders, underwriting can keep up with technology development."

Some insurers are already taking heed.

The industry is becoming more analytical about upstream losses and is distinguishing between volatility caused by isolated events and structural shifts in exposure, Lim says. "We see the industry exercising technical underwriting discipline."

Working with clients to "engineer out" risks at various phases of a project can help reduce risk effectively, accurately price risk and increase underwriting capacity, says Vicky Roberts-Mills, Global Head of Energy Transition at AXA XL.

**THIS IS A BIG CONUNDRUM,
SPECIFICALLY IN ASIA.**

Vipul Shetty, Howden

Underwriters and consultants can advise organisations and renewable energy producers on equipment durability, reducing operational downtime, adds Roberts-Mills. "Spotting risks early on in a project offers the chance to 'design out' those risks from resurfacing later on," she adds.

(Re)insurers need to understand their exposures and focus on risk quality to build a sustainable portfolio, Lim points out. "The same goes for steering portfolios according to levels of technological maturity, claims experience, geographic volatility and accumulation potential."

"Underwriting must keep pace. This means smart capacity backed by risk knowledge, coordinated

placement and prudent management," he adds.

Parametric interest

With the risk matrix changing constantly, (re) insurers are also exploring how alternative risk transfer solutions can work to complement traditional underwriting approaches.

Parametric solutions to handle fluctuations in yield have been mooted since before 2023. But as traditional insurers start to reduce limits in some areas and adjust their risk appetites, interest in parametric solutions has risen, says Descartes' Qin.

"Most of the traditional (re)insurers on risk to green energy projects more or less have deployed capital or reached accumulation in the market," he adds.

This has meant greater opportunity for parametric solutions in the market to complement traditional risk transfer solutions, says Qin. Parametric solutions that enable precise risk differentiation tailored to assets can restore the balance between buyers and sellers and attract more capital. "It's a bit of a win-win," says Qin.

Beyond plugging protection gaps, yield-based parametric insurance can also help reduce variability risks for renewable energy operators and developers. "Weather variability [has] an immediate impact on their revenue. That's a second stream of risk profile that we can solve with this," Qin says.

The accessibility of parametric products can also help secure project financing, a key component of the region's renewable energy transition.

"They enable flexible and transparent coverage structures, which can be particularly valuable for renewable energy projects with unique risk profiles or limited historical data," says Haris Michaels, HDI Global's Head of Construction and Renewable Energy MENA & Asia.

Investors have taken note, with parametric investor-linked securities (ILS) providing additional capacity for growth. Zurich-based Twelve Capital launched a parametric ILS fund in February this year with Descartes Underwriting and Generali's Global Corporate and Commercial arm.

"There [are] more and more players and we're just one of the early adopters," Qin says. "And hopefully, [it] becomes more of a sustainable approach for everyone."

The near-term energy transition will be complex, even as it ultimately improves the environmental sustainability and resilience of insurer portfolios, FM's spokesperson said. "Certain legacy risks, such as coal dust or oil fire exposures, may diminish, but new climate-driven exposures are emerging in their place. Insurers are therefore evolving their models, tools, and analytics to understand these shifts more deeply."



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PROFILE INTERVIEW

PEAK RE SEES OPPORTUNITY IN CREDIT AND SURETY, DESPITE RISING CLAIMS

The reinsurer has set its sights on credit and surety growth as trade dynamics shift.



KATHLEEN KOH

Head of Credit and
Surety Underwriting,
Peak Re

Things are changing in the world of credit and surety insurance. In recent times, it has been a good business to be in; since the end of COVID-19, claims within the business line have remained relatively low. But as trade patterns shift and geopolitical risks intensify, claims are on the rise.

To some, that might make the segment seem unattractive. However, Kathleen Koh, Peak Re's Head of Credit and Surety Underwriting, senses opportunity.

Koh says that credit guarantee schemes introduced by many governments worldwide, including in Asia-Pacific, helped keep claims low in recent years. These schemes have now largely ended.

In addition, many countries are facing inflation alongside a worsening economic outlook. Trump's dismantling of the world trade order has added to the uncertainty.

Peak Re is carefully monitoring this rise in claims, but Koh says that, in context, they are nothing to worry about.

"If we're talking in relative terms, claims are still at a healthy level, and relatively lower than we saw during pre-COVID days," she says.

Supply chain diversification

Instead, the Peak Re executive is much more focused on the opportunities that the shifting risk profile presents.

Geopolitical turmoil has encouraged companies to diversify supply chains, triggered new bond issuances and reshaping the risk landscape. New

trade tariffs introduced by the US from the start of April have accelerated this trend.

"Southeast Asia – places like Vietnam, Malaysia, Thailand – have all benefitted from this shift," says Koh. "This presents us with many opportunities."

For the past few years, Peak Re has been seeking to diversify its portfolio into non-property lines of business, largely to reduce volatility and limit the relative exposure of the portfolio to nat cat risk. Credit and surety is a key component of that strategy.

While Southeast Asia is an important target for Koh and her team, it is not the only geographical region that looks interesting. India and China are also exhibiting high levels of demand for the product.

In India, where Peak Re recently obtained a licence to set up onshore, the credit and surety market is being helped by the current surge in government infrastructure spending, according to Koh.

IF WE'RE TALKING IN RELATIVE TERMS, CLAIMS ARE STILL AT A HEALTHY LEVEL, AND RELATIVELY LOWER THAN WE SAW DURING PRE-COVID DAYS.

India's infrastructure spending has grown exponentially over the past decade, and stands at US\$128.64bn for 2024-2025, according to the latest Union Budget. This is nearly 3.3% of GDP.



In China, growth in credit and surety market moderated slightly after COVID-19, as the country's property market started showing signs of weakness.

However, Koh says that clients are now seeking new products in other sectors beyond real estate, in order to diversify the risk of their portfolios and continue growth momentum.

"Credit and surety remain highly relevant as trade continues to evolve," says Koh. "Exporters are navigating new buyers, trading patterns, and payment options – and this product helps them mitigate some of these uncertainties."

But what about the risk?

However, while the opportunities are clearly there, so is the risk – as Koh explains.

**SOUTHEAST ASIA – PLACES
LIKE VIETNAM, MALAYSIA,
THAILAND – HAVE ALL
BENEFITTED FROM THIS SHIFT...
THIS PRESENTS US WITH MANY
OPPORTUNITIES.**

"This shifting landscape presents both challenges and opportunities. We need to understand the evolving trade dynamics, credit risk implications and how insurers can navigate this increasingly complex global risk environment," says Koh.

A lack of certainty over tariffs is a key danger, she adds – especially for those sectors that are fairly sensitive to trade disruption, such as metals and other commodities.

But Koh sounds upbeat when she points out that the credit and surety market has weathered plenty of storms in the past, including: the 2008 global financial crisis, the first trade war between the US and China in 2018, the arrival of COVID-19 a year later, and the Russia-Ukraine conflict.

"We keep learning from all these shocks, which strengthens our underwriting discipline and risk management," says Koh. "I am quite confident that, with each challenge, the industry is becoming stronger and building greater resilience against future uncertainties."

Koh says that Peak Re's credit and surety products now include flexible features, allowing the reinsurer to quickly and easily adjust limits on exposure as market conditions dictate.

Artificial intelligence can be particularly helpful here. This is something that Peak Re is keen to embrace to help strengthen the efficiency and resilience of its credit and surety business even further.

"The business has become increasingly data-driven, which means that AI is playing an ever more important role," says Koh. "AI enables faster and more efficient credit scoring, risk assessment, and pricing. This is the trend of the future."



FEATURE

ASIA PACIFIC MARINE INSURERS EYE TRIPLE PLAY: NEW MANUFACTURING HUBS, GREEN ENERGY, AND JAPAN

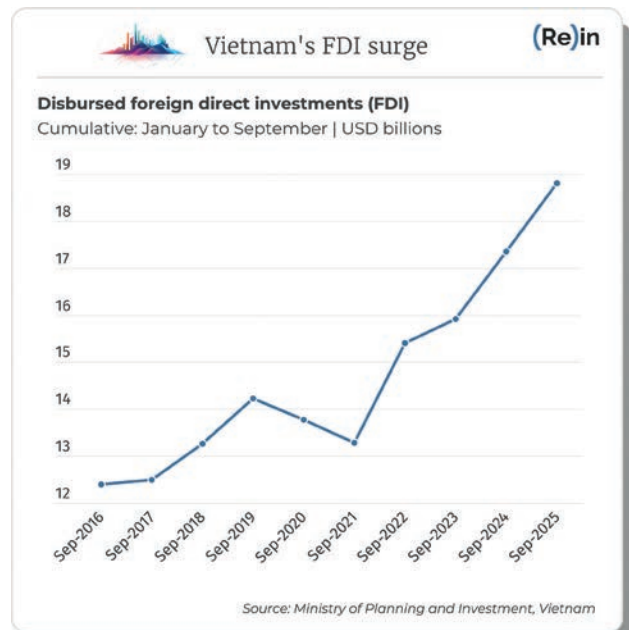
Japan's insurance market shake-up is creating fresh marine insurance opportunities alongside Asia Pacific's booming manufacturing and renewable energy investments.

The Asia-Pacific marine insurance market is entering what many in the industry view as “a truly transformative period” for insurers, fuelled by robust trade growth and new supply hubs that are reshaping risk profiles across Asia-Pacific.

While China and India remain central to the region's economic expansion, fresh markets are emerging as manufacturing alternatives. Vietnam, in particular, is positioning itself as a credible option for global importers seeking diversification. It attracted US\$18.8bn in disbursed foreign direct investment (FDI) in the first nine months of 2025, an 8.5% increase from a year earlier and the strongest nine-month performance in more than ten years.

The manufacturing and processing industry accounted for US\$15.56bn, or nearly 83% of total disbursements. Electronics and high-tech production were the main growth engines, led by major expansions from Samsung, LG, and VinFast in the northern parts of the region.

“Vietnam has positioned itself as a genuine alternative to the historical markets,” said Timothy Wills, Head of Marine at Markel Australia. “This allows importers to diversify their reliance on a single market's output.”



Indonesia and Malaysia are following similar paths. Indonesia, Southeast Asia's largest economy, drew US\$13.67bn in FDI in Q1 2025, with strong growth in smelting, automotive, and consumer goods. Meanwhile, Malaysia saw net FDI inflows rise to US\$11bn in 2024, up from US\$8.2bn the previous

year, with its Penang hub strengthening its role as a global electronics centre.

For marine insurers, this wave of investment translates into more factories, more exports, and greater demand for cargo and liability cover. "These emerging markets offer growth opportunities," said Ju-ann Lee, Head of Marine at Berkley Asia. "They complement each other and provide the environment for increased trade." Established centres like Singapore and Hong Kong also play a complementary role. Their deep capital markets and advanced logistics networks anchor risk management while supporting new entrants.

Decoupling for global growth

Meanwhile, Japan is opening fresh doors for foreign participation.

Over the past year, Japan's Financial Services Agency and the General Insurance Association of Japan (GIAJ) have stepped up efforts to improve governance and transparency, advising non-life insurers to reduce cross-shareholdings with listed corporates, set clear deadlines for divestment, and avoid any new acquisitions.

IT'S CREATING A MORE LEVEL PLAYING FIELD AND UNLOCKING OPPORTUNITIES THAT WERE PREVIOUSLY INACCESSIBLE DUE TO ENTRENCHED DOMESTIC TIES.

Lewis Hart, Willis

In response, Japan's biggest carriers like Tokio Marine, MS&AD, and Sampo Holdings have begun selling billions of dollars in strategic stakes, dismantling long-standing reciprocal arrangements that tied insurers to their corporate clients while also broadening market access for international players. Analysts estimate that up to US\$60bn could be released for redeployment, much of which is now channelled into overseas growth, digital transformation, and speciality business lines.

"Japanese corporates are now more open to engaging with international brokers and underwriters, especially those offering differentiated expertise and global capabilities,"

says Lewis Hart, Head of Marine, Asia at Willis, a WTW business.

"It's creating a more level playing field and unlocking opportunities that were previously inaccessible due to entrenched domestic ties," Hart adds.

At the same time, the clean energy transition is opening a new frontier for marine insurers. Offshore wind projects in Japan and South Korea are advancing rapidly, complemented by large-scale investment in infrastructure. According to the Institute for Energy Economics and Financial Analysis (IEEFA), APAC's offshore wind sector represents US\$621bn in potential investment through 2050, with US\$97bn tied to shipbuilding.

"These projects bring demand for project cargo, subsea equipment, and liability insurance, opening doors for insurers with specialist knowledge in complex risks," said Julia Joes, Head of Marine for Asia at Berkshire Hathaway Speciality Insurance.

Tech opportunities abound

Despite its central role in trade, marine insurance has been slower than other industries to embrace digitisation, with many processes still heavily tied to physical paper documents across much of the shipping process.

For Wills, the lag represents one of the industry's biggest opportunities. "This could be as far ranging as the automation of ports and vessels or as simple as the introduction of smart contracts to improve the transparency and security of documentation," Wills explained.

Real-time data and monitoring could also mark an inflexion point. Advanced analytics, AI-driven risk assessments, and IoT-enabled cargo tracking are reshaping both underwriting and claims, allowing insurers to manage accumulation risk and exposures with precision. In addition, client demand is growing for value-added services such as catastrophe modelling, accumulation analysis, and logistics risk evaluation.

"Insurers who combine expertise with value-added services will be best positioned to build lasting relationships," Joes emphasised.

Backed by new manufacturing hubs, mega-port expansions, renewable energy projects, and digital innovation, the APAC marine insurance market is entering a new phase of growth, and industry leaders say the outlook has never been brighter.

"Regardless of the size or nature of the change, the marine insurance industry has a real opportunity to play a key role in what is a truly transformative period for the global economy, and I couldn't be more excited," said Wills.

PARTNER CONTENT

FROM NAT CATS TO SYSTEMIC SHOCKS, ASIA MUST RETHINK RESILIENCE

Victor Kuk, Head P&C Reinsurance SID at Swiss Re

For those of us in the (re)insurance industry in Asia Pacific, natural disasters are often top of mind – for good reason.

Swiss Re research shows natural catastrophes caused USD 137 billion in insured losses globally last year, exceeding USD 100 billion for the fifth year running. And with the highest number of events and victims globally, our region is a hotspot. Destructive hailstorms in Japan, Super Typhoon Yagi in Vietnam, and Super Typhoon Ragasa, deemed the strongest tropical storm of the year, sweeping through the Philippines and Southern China in September, have all served as recent reminders of this reality.

Though they can be devastating, these events shouldn't blind us to the bigger picture. More and more, Asia Pacific isn't just a flashpoint for extreme weather. It's a potential epicentre of systemic shocks that could resonate globally.

In many respects this is a direct result of our region's astonishing success, and increasingly prominent position in the global economy. Asia is a dominant force in the technology industry, with Taiwan alone accounting for over 90% of production of the most advanced semiconductors; China and South Korea leading worldwide battery supply; and Singapore emerging as one of the world's densest data centre hubs. Asia is also now the world's fastest-growing region for urbanisation and wealth – by 2050, it will account for half of global GDP.

The price of prosperity

Asia's growth is a massive achievement that is ushering in new opportunities and prosperity for millions of people – but its assets, infrastructure and livelihoods exposure to risks is also rising. Expanding megacities like Tokyo, Mumbai and Manila are clustering people and assets in areas that are catastrophe-prone and often vulnerable to extreme heat, which has been flagged as the deadliest natural peril by far. Heavy concentration of technology supply chains in a few critical hubs means any disruption that strikes these places has outsized impacts, as we saw with earthquakes last year that brought factories in Taiwan to a standstill.

The critical shipping lanes that crisscross our region – like the Strait of Malacca, or South China Sea –



could easily become chokepoints in any geopolitical conflict. We must add all of this to the relatively new but no less critical vector of cyber threats, in a region that thrives on connectivity. Incidents such as the 2022 cyberattack on Kojima Industries, a major supplier to Toyota, and the startling nationwide outage of Australia's Optus network in 2023, demonstrate how intangible vulnerabilities are changing the risk calculus. As we've noted in our annual SONAR report on emerging risks, with AI making deepfakes and disinformation more accessible and sophisticated, tech-driven challenges will only grow.

What unites all these threats is that they never strike in isolation; nor are their impacts confined to a single sphere. They echo across property, liability and financial markets, potentially damaging health and livelihoods as well as commercial assets; exerting reputational as well as financial costs; pressuring not just individual businesses but entire supply chains. And our region, as a global manufacturing and tech hub, sits in the crosshairs.

With exposures and losses in Asia rising rapidly, the region has become the world's testbed for resilience.

THAT REALITY SHOULD COMPEL US — AS AN INDUSTRY AND AS A REGION — TO COLLABORATE MORE DEEPLY AND RETHINK HOW WE LEVERAGE DATA, CAPITAL AND KNOWLEDGE TO STRENGTHEN PROTECTION BEFORE THE NEXT SYSTEMIC SHOCK HITS.

That reality should compel us – as an industry and as a region – to collaborate more deeply and rethink how we leverage data, capital and knowledge to strengthen protection before the next systemic shock hits.

A time for new approaches

Natural catastrophe insured losses are growing by 5 to 7% annually; as Urs Baertschi, Swiss Re's CEO of Property & Casualty Reinsurance, has said, we are starting to reach the limits of traditional insurance. There's a one in ten chance insured natural catastrophe losses will exceed USD 300 billion this year.

The network effects of an event like a cyber-attack, which may ripple across multiple industries, can quickly generate losses that would overwhelm standard portfolios. No balance sheet or amount of reserves would be capable of absorbing the speed or magnitude of the potential shocks a region like ours faces.

The scale of payouts in recent years underscores this reality: Swiss Re paid more than USD 37 billion in claims across the Group in 2024, a stark measure of how deeply the industry is already absorbing shocks. While we continue to support our clients and society manage peak risks, we also need to focus on building systemic capacity for a new world of cascading, correlated losses.

Charting a path forward will have less to do with capital than developing insights, and the ability to act on them. Technology brings new risks, but also the ability to analyse and model threats and interdependencies with greater speed, depth and sophistication. We've seen in our own Risk Data Solutions practice how integrated platforms are enabling clients to track exposure to hazards like floods and wildfires for specific locations in real time, supporting readiness and faster decision-making.

Higher-quality, more granular data also paves the way for specialised and innovative insurance

solutions such as parametric structures, which provide rapid liquidity when triggered by specific events. In May last year for example, a parametric programme we co-designed rapidly effected payouts to cover income lost by nearly 50,000 women in India impacted by heatwaves.

Capacity through collaboration

We should also recognise that when facing a risk environment like we do today, no one actor can go it alone. Rising exposure and escalating losses across Asia highlight the importance of constructive dialogue and cooperation across the broader (re) insurance ecosystem – including insurers, reinsurers, governments, and corporates – to enhance awareness on protection and management of risk.

Reinsurers can engage not only with insurers, but also governments, multilateral agencies and other stakeholders by raising awareness and sharing insights on risk understanding. The response to the 2011 Tohoku earthquake and tsunami in Japan is a case in point. The government took steps to learn from the strategy, collecting data that informed more robust warning systems and building codes, while businesses were also quick to invest in protection. The result is more resilience to future losses.

The resilience of our region therefore depends on how quickly and effectively stakeholders can contribute expertise and enhance knowledge-sharing as well as promote best practices that strengthen market resilience. In this way the role of reinsurers is evolving from being capacity providers to knowledge partners, delivering data, insights and advice that support policies and behaviours as well as insurance decisions.

RIISING EXPOSURE AND ESCALATING LOSSES ACROSS ASIA HIGHLIGHT THE IMPORTANCE OF CONSTRUCTIVE DIALOGUE AND COOPERATION.

The future competitiveness and resilience of our industry and economies rests on a more anticipatory and comprehensive approach to assessing and mitigating a range of interconnected risks. Achieving this will require continued innovation, open dialogue, and responsible partnerships across the risk ecosystem — enabling all participants to strengthen resilience and ensure that protection evolves in step with our region's growth.



FEATURE

APAC GETTING LEFT BEHIND ON SILENT AI RISK PROTECTIONS

Europe and US are releasing specific products to address the risk of AI failures, but few have reached APAC. How can the region address the risk?

It's the conversation that every broker dreads.

The call from an unhappy client demanding to know why they were not covered for a major risk.

Yet this could soon be happening across the APAC region amid one of the fastest evolving cyber challenges: silent artificial intelligence risk.

While Europe and the US are starting to address this protection gap with new products, APAC risks falling behind.

Now a major discussion is taking place over how to address the challenge before costly incidents start piling up.

Defining silent AI risk

Silent AI risk refers to the hidden risks of AI that insurance policies may not explicitly cover.

While the risks of malicious actors using AI to target individuals and companies are well understood, insurance coverage is far less clear for software firms that develop problematic or malfunctioning AI for others to use.

Uncertainty also surrounds the extent of cover for businesses deploying AI—for example, a financial services firm using an off-the-shelf model—that may face liability if the technology fails or causes harm.

Nicholas Blackmore, a lawyer at Kennedy's specialising in data privacy and cyber insurance law, is one of a handful of APAC's recognised experts on this emerging risk field.

Blackmore defines the silent AI risk into a few broad categories. There is quality of output - hallucination, bias, lack of transparency. Then there are privacy and security risks around these tools. Finally, there is copyright infringement,

which is likely to come more into focus amid the escalating power of generative AI.

The issue is that clients may find themselves with a patchwork of insurance policies covering these AI risks, rather than one specific standalone policy.

This could lead to gaps in cover. The best a client can hope for is that the AI risk is covered in their current policies.

Copyright infringement could be covered under media liability or intellectual property policies. Data and security AI risk, by cyber insurance or data privacy insurance.

Blackmore highlights 'output risks' as one that needs a sharp focus.

He notes: "That's probably the most interesting area where I suppose, to some extent, lawyers and all services firms are using software products and research tools and that sort of thing to provide their services.

"And I guess this is just one more type of software, but it's one that poses unique risks in that area. It's one that we're certainly talking to insurers about. The need to think about the risks that this poses, particularly when they're writing PI (professional indemnity) policies."

New products

Sensing there is a protection gap, fleet-footed insurtechs and forward-thinking (re)insurers are releasing products to help clients.

In April, Lloyd's insurer Chaucer and insurtech Armilla released a groundbreaking third-party liability standalone product. It targets the mechanical underperformance of AI systems

and models, and their related exposures.

In June, Bermudian start-up Relm released three AI liability solutions. They cover a wide range of AI silent risks, everything from intellectual copyright infringement to regulation liability, and even bodily injury.

Hiscox has rewritten its technology professional indemnity policy, unveiled in May, claiming it is the 'first in the UK to grant clear, affirmative cover for AI-related claims'.

These products are offered in either Europe or US, but not yet in APAC. This begs the question whether the region is getting left behind.

Even if these innovative insurance companies wanted to release AI specific products to APAC, there are likely to be hurdles.

One APAC trading broker, giving some on background context to (Re)in Asia, said: "These existing AI products we are seeing are designed to be written on an Insurance basis, and whilst they can be converted to a "re" position, the intent is to sit at the side of the risk which can make them somewhat more challenging for the region, especially with the various non-admitted requirements."

In Australia, generally one of the leading countries in APAC when it comes to insurance innovation, there is a sense that Europe and the US are ahead.

Blackmore observes: "We are a bit behind Europe, but I think that generally, insurers are beginning to think about Silent AI risks."

Standalone debate

While APAC is lacking these newly emerging specific AI products coming to market in Europe and US, brokers and insurers might plug any protection gap holes with existing policies.

Howden international head of cyber, Jean Bayon de la Tour, says: "There is always a temptation to see a business opportunity for insurers there, but we need to take care.

"Does the insured end up paying for cover twice? Are we avoiding disputes and finger-pointing between policies in the event of an incident, particularly if the AI market suffers significant losses?

"There may be gaps where AI standalone policies are relevant. But much of the exposure is already covered under existing technology E&O or financial lines policies, for example. Those are also being amended to provide specific coverage - for example, for data poisoning attacks.

IT'S ONE THAT WE'RE CERTAINLY TALKING TO INSURERS ABOUT. THE NEED TO THINK ABOUT THE RISKS THAT THIS POSES, PARTICULARLY WHEN THEY'RE WRITING PI POLICIES.

Nicholas Blackmore, Kennedy's

SO, THE RISKS AND CURRENT POLICIES OF EACH CLIENT NEED TO BE CAREFULLY CONSIDERED, RATHER THAN ONE SINGLE SOLUTION ALWAYS BEING THE WAY FORWARD

Jean Bayon de la Tour, Howden

“So, the risks and current policies of each client need to be carefully considered, rather than one single solution always being the way forward.”

APAC regulation

The good news for brokers and (re)insurers is that APAC is evolving its AI regulation and legislation. Across APAC, governments are tightening AI oversight through new or draft laws in China, South Korea, Thailand, Vietnam, Australia, and Singapore.

These rules emphasise accountability, transparency, and human oversight, setting clearer liability standards for AI failures.

For insurers, that means less ambiguity about what constitutes negligence.

These frameworks will play a crucial role in shaping underwriting, exclusions, and the pricing of operational and liability cover. Singapore, for example, has created guidelines and voluntary frameworks.

This can help companies understand model AI governance. Insurers could expect clients to follow them, otherwise face exclusions or tightened underwriting.

Blackmore summarises: “More broadly, I’m sure Australia, Singapore, and Hong Kong tend to lead the way on these things in Asia. But then there’s a wide range of jurisdictions in Asia, some of which will take a lot longer.”

Future development

Perhaps the biggest barrier of all in addressing these AI risks is the lack of historic data and standard definitions.

Recent reports highlighted how software giant Open AI was only able to secure US\$300m cover for AI-related risks as insurers balked at the prospect of claims that could run into billions of dollars.

However, optimism runs deep that the insurance industry can tackle the silent AI challenge.

Blackmore notes the similarities with cyber insurance cover, reflecting: “That’s taken 15 or so years to get to that position, and probably with AI risks, I would imagine it will develop in a similar way, that insurers will start to deal with it in various ways, and we’ll gradually sort of look at each other’s examples and perhaps coalesce into common structures, common ways of dealing with it.”

Bayon de la Tour is even more upbeat, concluding: “I think that’s exactly what clients expect: for us to see a business need and then build a product, just like with D&O 50 years ago.

“The premium needed to sustain a market, covering that risk can then be refined as the data develops. It may mean the market is a little bumpy to begin with, but it’s a challenge that the insurance industry has navigated before.”

A new high bar for Asia cyber insurance knowledge:



REINASIA.COM/CYBER

PROFILE INTERVIEW

CYBER FOCUS, CROSS-CLASS SOLUTIONS DRIVE BEAZLEY'S GROWTH PLANS IN ASIA PACIFIC

APAC head Jessica Schappell highlights the need for education and tailored coverage as cyber threats and disclosure rules reshape regional insurance.



JESSICA SCHAPPELL

Beazley,
Head of APAC

Jessica Schappell knows the power of bad news.

When it comes to cyber, Beazley's head of Asia Pacific observes: "People here are certainly in tune. They read the news. They see actors are targeting clients, regardless of borders."

Just days after speaking to (Re)in Asia, Japan was reeling from a cyberattack that crippled Asahi, threatening supplies of its iconic beer.

This incident also throws up a key challenge: changing mindsets.

Cyber coverage, Schappell argues, is not a "nice to have," but essential protection in an increasingly volatile digital landscape.

Schappell certainly has her hands full since her appointment in July last year. While cyber is a major focus for Beazley, the Lloyd's insurer also covers a diverse APAC portfolio of lines, including marine, energy, professional and financial lines, specialty risk, political risk, and trade credit.

It's a substantial challenge, but one Schappell is well-equipped to handle, having dedicated her entire career to the insurance industry.

AIG-trained, Beazley honed

Armed with a marketing degree, the freshly graduated Schappell quickly learned the insurance ropes, recalling her 'state of the art training' with AIG's associate programme.

Schappell recalls: "I really am grateful for that training, because I think that's really what got me

excited about insurance, even though it wasn't initially what I had hoped to start out in."

Schappell enjoyed a varied insurance career at AIG, experiencing directors and officers, employment practices liability and coverage litigation.

She joined the Beazley claims team in 2007 and is now relishing the APAC challenge.

What's the big difference between her experience in Asian and US markets?

Schappell points out her time in US was primary insurance, whereas Beazley is largely wholesale reinsurance.

She reflects: "Success really depends on building strong relationships with our brokers and our local student partners and trying to use that to stay connected to the end clients, which you're a little bit naturally more removed from."

On her broad vision, her goals include delivering profitable growth amid evolving risks, fostering career development for her 60-plus regional colleagues, and solidifying Beazley's position as the specialist insurer of choice in the APAC region.

Schappell points out she is in the right place to carry out her ambitions, citing her 19-year tenure as evidence of a company which nurtures talent.

Cyber challenge

One of Beazley's largest lines is cyber, one certainly keeping Schappell busy - cyber threats are escalating across Asia, with 29% of executives now ranking them as a top concern, according to a recent risk report from Beazley.

Despite this, Schappell explains that many SMEs still consider cyber coverage optional - a risky outlook in an era of rising ransomware and systemic risks. Beazley's response is two-fold: full package solutions and educating businesses on the very real and present dangers they face.

Cyber risk blends into financial lines and professional liability, and even marine & energy. Schappell

points out that while Australia leads in class actions, Hong Kong and Japan are increasing sustainability disclosure requirements. Risk management is crucial, especially regarding cyber incidents.

Even after the immediate impact, businesses may face shareholder lawsuits alleging inadequate preparation. She warns that many boards incorrectly assume general liability or D&O policies will cover cyber claims, failing to account for exclusions that create significant coverage gaps.

In marine and energy, Schappell sees the marine industry's net-zero transition facing economic headwinds, while sustainability is deprioritised. Once again, the cyber risk is ever present as the 'marine sector remains an underinsured target'.

LLOYD'S PROVIDES THAT CREDIBILITY AND DEEP CAPACITY FOR REALLY COMPLEX RISKS... IT ALSO ENABLES CO-INSURANCE WITH OTHER SPECIALISTS, THAT ALLOWS BEAZLEY TO RETAIN ITS AGILITY.

Regulation

To navigate APAC's complex regulatory landscape, Beazley operates via a Singapore hub, explained Schappell. Underwriters stay close to key markets, partnering with local experts to track evolving requirements.

Combining global know-how with local expertise ensures tailored solutions for companies operating in the diverse region.

It's a challenge but certainly worth it when considering what APAC brings: a rising middle class and growing SME sector with a large protection gap.

Schappell believes the 'SME space really has this great need for education and accessibility'.

Healthcare liability is 'right in our wheelhouse', Schappell also points out. Medical providers are well served by Beazley's E&O, professional liability product with cyber cover protection options.

Lloyd's and future growth

And what does Schappell make of the Lloyd's name, carrying that into Asian markets?

"Lloyd's provides that credibility and deep capacity for really complex risks, and that's in its DNA for over 300 years now," she says.

Some clients may not have a long history with Beazley, she adds, pointing out: "Having that Lloyd's name, that has hundreds of years of experience, can bring them comfort that there is this big name behind it.

"It also enables co-insurance with other specialists, that allows Beazley to retain its agility."

Looking to the future, Beazley's growth will come from cross-class specialist solutions. Beazley's specialist cyber coverage can cut across a host of classes, offering value added such as incident response. It's a comprehensive solution all in one place.

She concludes, "We use our integrated expertise and really use the backing of our global team to be able to come up with a holistic solution for a client to address some of their risk problems that they're seeing".

With the strength of Lloyd's, the power of cross-class solutions, and a commitment to holistic risk management, Jessica Schappell and Beazley APAC are not just adapting to the future of insurance in the region – they are among the specialist Lloyd's players shaping it.

**Specialty risks deserve
Specialty insight:**



REINASIA.COM/SPECIALTY

PARTNER CONTENT

RIISING RESILIENCE IN A RAPIDLY GROWING REGION

Zoe Xie, Head of Property Underwriting, Singapore at AXA XL

Over the past decade, countries across Asia have become a major force driving global growth, surpassing other regions in economic expansion, innovation, and infrastructure development.

This is largely due to the significant progress made by leading Asian nations in upgrading their transportation networks, physical and digital infrastructure, and public services.

However, the region still faces frequent and increasingly severe typhoons and floods, and earthquakes and tsunamis are an ever-present threat. These two factors—the region's exposure to natural disasters and its increasing economic influence—make it even more crucial to close protection gaps, i.e., the difference between total economic losses and the portions covered by insurance.

From manufacturing hub to economic powerhouse

Asia's role in the global economy has undergone a dramatic evolution. Once primarily a manufacturing hub, the region plays a key role in global supply chains and is a leader in innovation. It now accounts for over 40% of global GDP, a figure expected to grow further according to the IMF and World Bank.

From semiconductor manufacturers in Taiwan and South Korea to automotive producers in China, Japan, and South Korea, and electronics firms in Vietnam, the region's leading companies are vital to global trade. While this underscores the region's importance in the global economy, it also presents challenges. Specifically, the increasing significance of the region heightens the risk that shocks not covered by insurance may exacerbate economic instability, thereby impacting not only Asia but also interconnected markets worldwide.

Highly exposed

According to the international disaster database EM-DAT, on yearly average, Asian countries have suffered 157 natural disaster events for the last

20 years (EM-DAT's Asian region includes China, Japan, and South Korea in East Asia, Indonesia, Singapore, Thailand, Vietnam, and the Philippines in Southeast Asia, and India, Pakistan, and Bangladesh in South Asia). Most recently, the powerful earthquake that struck central Myanmar



in March caused significant fatalities and damage in both Myanmar and neighbouring Thailand.

The total estimated damage across the affected areas, including Thailand and Myanmar, reached approximately USD 11 billion. However, the impacts in these two countries show different circumstances.

In Thailand, where many residential and commercial buildings in central Bangkok were damaged or destroyed, insurance payouts are expected to reach approximately USD 1.5 billion. These funds provide liquidity for reconstruction efforts, easing financial pressure on the government and supporting the restoration of confidence and economic activity.

In Myanmar, a country with low insurance coverage due to international sanctions, only USD 85 million of the estimated USD 1.7 billion in economic losses were insured. Without insurance buffers, individuals, businesses, and the government must rely on limited internal resources and uncertain international aid. This lack of financial protection will prolong reconstruction, deepen socioeconomic hardship, and may deter future investment.

The case for proactive protection

Insurance penetration in most Asian countries has not kept pace with economic growth. Although the Asian region has contributed 35-40% to global growth in recent years, the protection gap exceeds 80% in some Asian nations, notably higher than the global average of about 44%. For example, Asia experienced approximately USD 77 billion in economic losses from natural disasters in 2024, well above the region's 10-year average. Nevertheless, insurance covered only USD 13 billion of these losses, which is less than 17%.

WHILE THE IMPORTANCE OF SUCH MEASURES IS CLEAR IN AREAS HIGHLY VULNERABLE TO NATURAL DISASTERS, COUNTRIES THAT HAVE TRADITIONALLY BEEN SPARED FROM SUCH EVENTS CAN NO LONGER ASSUME THAT TO BE THE CASE.

Underinsurance creates systemic vulnerabilities. When disaster strikes, companies that rely solely on their available financial resources take longer to recover. While competitors step in to fill the gap, the reputations and customer relationships of underinsured companies also suffer. Meanwhile, governments contend with enormous fiscal pressures to provide aid and support reconstruction. Facing recovery challenges, local communities and employees endure extended hardships, and foreign investors may reconsider their exposure to disaster-prone, underinsured markets.

Some noteworthy success stories

Although this 17% coverage rate highlights the need for continued progress, it is encouraging to note that countries and companies are implementing proactive measures to narrow the gap.

In China, for instance, significantly improved risk management practices, including business continuity plans and a greater emphasis on prevention, have substantially reduced the risks linked to the country's frequent earthquakes, typhoons, and floods. Many of India's large industrial companies have also implemented risk prevention and emergency response plans, although gaps remain in the more rural regions.

Japan provides another leading example. Due to its history of seismic activity, it has developed one of the most comprehensive earthquake preparedness systems in the world, including early warning systems, strict building codes, and community-wide training. Furthermore, its emergency response systems enable quicker recovery after disasters, and strong preparedness fosters a sense of security and trust in public institutions. In short, Japan's approach demonstrates how investing in preparedness saves lives, reduces damage, and builds long-term resilience.

Furthermore, while the importance of such measures is clear in areas highly vulnerable to natural disasters, countries that have traditionally been spared from such events can no longer assume that to be the case. This includes Gulf Coast nations such as Saudi Arabia, the United Arab Emirates, Qatar, Oman, and Bahrain, where natural disasters have been rare. As a result, the flooding that impacted Dubai in April 2024, causing an estimated USD 2.9-3.4 billion in economic damages, has led companies and policymakers in the region to rethink the adequacy of their property insurance programmes and disaster response plans.

Today, leading businesses work closely with insurers and risk consultants to enhance their resilience. At AXA XL, for example, catastrophe modelling, pre-loss planning, and technical risk assessments help clients better identify their vulnerabilities and refine their response strategies. These services are becoming increasingly valuable as weather-related disasters grow more frequent and complex, and as seismic risks remain a constant threat.

Ultimately, investing in preparedness—including adequate insurance coverage—is an investment in continuity, trust, and long-term value. The lessons from Asia's history—and its ongoing transformation—offer valuable insights for companies and governments worldwide seeking to adapt to a changing risk environment.

PROFILE INTERVIEW

MILLER TARGETS MATURATION OF JAPAN, SOUTH KOREA OPERATIONS

Regional Chief Exec looks to build both markets to align with Singapore's product lines.

**RON WHYTE**

Miller,
Head of Asia

Miller's strategic expansion in Asia has seen the business establish an onshore presence in Japan in 2022 and enter the Korean market in 2025.

Despite their relatively recent entry into these markets, Miller's presence has grown quickly in both, says Ron Whyte, Miller's Head of Asia, who adds the broker is exploring new opportunities to drive continued growth in the countries.

Unlike in Singapore, Miller's client base in both Japan and Korea is mostly retail. "Singapore, which is our most mature business in Asia, pretty much mirrors the specialty lines in London. We now have what we want in place for this market, so we are consolidating that and building on that," says Whyte.

"All of the products that we have launched in Singapore will naturally follow in our other APAC territories in due course, if we don't already have them."

Miller first secured its onshore presence in Japan in 2022 with the purchase of Lead, a marine insurance broker.

Last year, the broker started to build out its non-marine business in the country, appointing Kazuhiko Shinkai and Satoshi Watanabe to do so.

The five-strong non-marine team is an important component of Miller's strategy to develop the Japanese market in line with other key hubs.

Whyte says that the team covers all product lines that Miller currently offers elsewhere, though it has a particular focus on P&C, financial lines, renewable energy, sports and entertainment.

He adds that Miller will continue to build out its Japan business in a "measured way" across other specialist lines, where it makes sense to do so. An immediate focus for the broker is to develop reinsurance capability.

Longer-term, the business also plans to review the way its retail products are sold in the country. Whyte says that approximately 90% of all retail business is done through agencies, many tied to larger corporations. While there are no established plans to reassess this distribution model, the APAC executive says that it is something that will be on the cards for a future date.

Changing market conditions could present an opportunity. A couple of big scandals in 2023, most notably fraud at Bigmotor and a massive price-fixing scandal, have encouraged regulators to look at opening up the broker market to outside competition.

"Japan is a very exciting market with lots of changes going on. We intend to capitalise on that," says Whyte. "However, while there is a lot happening, we are aware that change is never dramatic. Penetrating a market like Japan will just take time."

THE PERIOD OVER THE NEXT SIX TO 12 MONTHS WILL BE ABOUT BEDDING DOWN AND CONSOLIDATING WHAT WE'VE ALREADY GOT.

Korea

Korea is a much newer office for Miller, having only been opened at the start of the year. However, Whyte says the pace of growth has been far higher in the country than it has been in Japan.

“As much as we need to show patience as we build in Japan, things can happen – and indeed are happening – much quicker in Korea,” says Whyte. “We’ve got off to a really good, dynamic start and we’re excited about the future in the country.”

**AS MUCH AS WE NEED TO SHOW
PATIENCE AS WE BUILD IN JAPAN,
THINGS CAN HAPPEN
— AND INDEED ARE HAPPENING
— MUCH QUICKER IN KOREA.**

Nonetheless, many of the characteristics of the two markets are similar, says Whyte. For instance, both countries are based on the dominance of large corporations and large insurance companies, with scope to disrupt this status quo.

In July, Miller launched a marine team in Korea. More recently the broker has been focusing on developing its infrastructure business in Korea. It has also been looking at expanding its P&C, affinity, political risk, sports and entertainment and cyber lines in the country, says Whyte.

Deeper, not broader

Whyte says there are no plans for further expansion into other geographies.

“We don’t want to grow in many different places. We would rather grow deep in each of the countries that we are in,” says Whyte.

The period over the next six to 12 months will be about “bedding down and consolidating what we’ve already got”, he adds.

One priority for Miller across each of its three core markets in APAC is the continued development of its energy and construction business.

This year, Miller’s Singapore hub has enjoyed considerable success in sector, Whyte says. This included reinsuring the world’s largest integrated solar and battery storage facility, which was done in partnership with Terra Solar Philippines and Swiss Re.

“This was a great high-profile win for us,” says Whyte. “Looking forward, I think we can all be fairly optimistic about the forthcoming opportunities in power and infrastructure, which is a growing area across all the economies of Asia.” This is important for future success.

“Underwriting construction projects is a non-renewing business,” he says. “Today’s favours can become tomorrow’s duties when you’ve had a nice win. That said, the ongoing opportunities are sufficient that each year there should be enough out there so that we are confident of a sustainable book.”

**Regional intelligence
tailored for intelligent
brokers:**



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HEALTHCARE COSTS



FEATURE

INSURERS LOOK FOR WAYS TO HELP EMPLOYERS WITH RISING HEALTHCARE COSTS

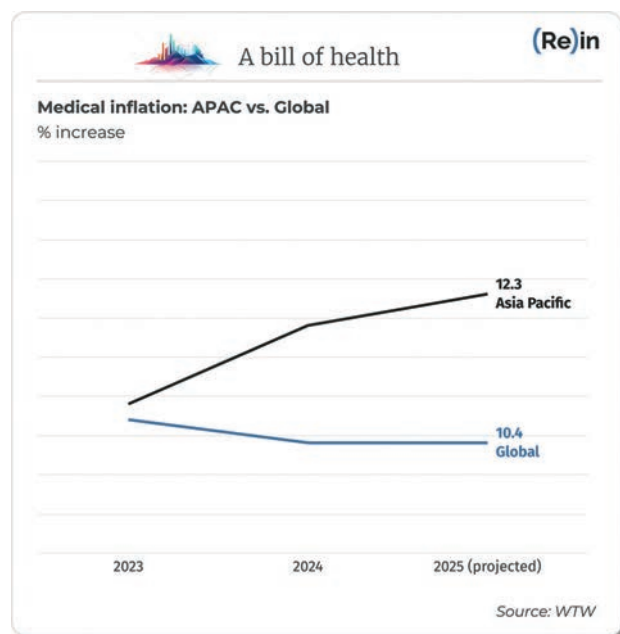
More flexible arrangements could help firms attract and retain staff.

Insurers and brokers are working with employers in Asia Pacific to try and reduce the impact of medical inflation on the employee benefits packages that they offer. This has important implications for firms as they compete for talent.

Over 76% of insurers surveyed by WTW expect to see “higher or significantly higher” medical costs over the next three years – the highest among all regions globally. Ageing populations, an increase in chronic diseases and a shortage of healthcare providers in certain markets are contributing to the increase.

This presents a significant challenge for employers, who need to keep costs down while still making sure the benefits package is attractive enough to retain high-quality staff.

Yet insurers report that many employers are not paying enough attention to the issue.



“Rising medical costs are a major risk for human resources and risk managers. However, less than one-third of these roles report having effective cost containment strategies to manage their employee benefit expenses,” says Andrew Teo, Country Lead, Accident and Health, QBE Singapore. “This has significant financial, strategic, and workforce-related implications, especially for multinational employers and those offering comprehensive private medical insurance coverage.”

This presents an opportunity for insurers and brokers to step in to fill this gap.

Talent competition

Better cost management can be achieved through lower reimbursement caps or higher deductibles. However, these options can affect outpatient and specialist coverage, in turn impacting employee satisfaction – something employers are keen to avoid.

“In Singapore’s competitive job market, having a robust healthcare programme remains a key differentiator, especially in white-collar and expat-heavy sectors,” says Teo. “Reducing benefits for the purpose of cost containment may weaken the value proposition offered by employers, especially if their rivals are able to maintain or even enhance their plans.”

But as healthcare costs continue to spiral upwards,

Steven Yu, Head of Marsh Mercer Benefits Asia, says that employers should consider both “the short-term impact on cost and the long-term impact on health” when implementing cost containment strategies.

LESS THAN ONE-THIRD OF THESE ROLES REPORT HAVING EFFECTIVE COST CONTAINMENT STRATEGIES TO MANAGE THEIR EMPLOYEE BENEFIT EXPENSES.

Andrew Teo, QBE Singapore

“While ‘blunt instrument’ sweeping changes can provide short-term financial relief, this risk increases unmet employee health needs, increasing disparities, and negative impacts on workforce productivity and retention,” says Yu.

“Instead, we suggest designing for ‘surgical cuts’ tied to data where there are plan excesses, and investment in providing preventative care and deploying new plan designs, such as a tiered approach to incentivise virtual-first care or offering tiered co-insurance for panel versus non-panel providers.”

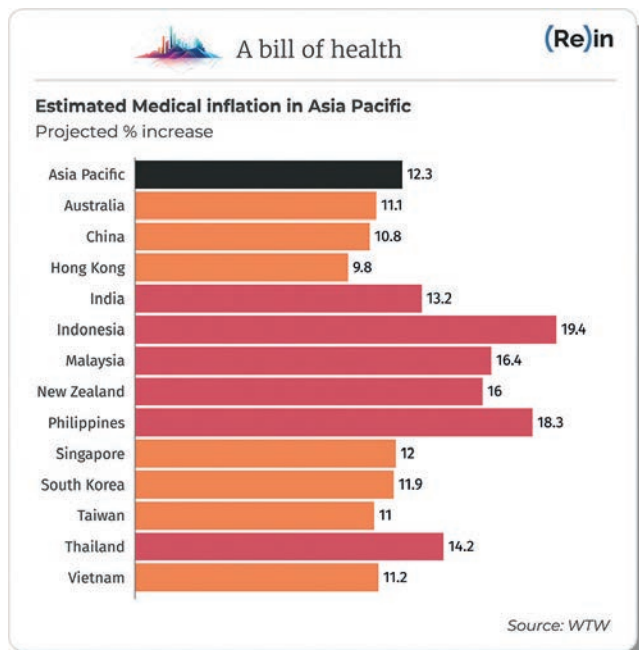
Eva Liu, Head of Strategic Development, Health & Benefits, Asia Pacific at WTW, says that the debate about keeping costs low versus being able to attract and retain talent has been around for some time. However, rising healthcare costs have now brought this into sharper focus.

“Taking APAC as a whole, the top two factors that are influencing how employers strategise benefits are, firstly, the consideration of competition for talent and, secondly, rising costs,” says Liu, quoting from a recent survey. “This is why so many employers have been prioritising providing good healthcare and medical support, but they will have to reallocate or rebalance this spend.”

This is about “being smarter” and spending in the places that will create the most value for employers, says Liu.

Looking for flexibility

Most employee benefit policies sold in Asia are ‘quota share’ policies, where the insurer takes a fixed percentage of every single risk. However, this can lead to costly insurance packages that don’t perfectly align with the needs of individual companies.



it is becoming increasingly difficult to provide cost-effective insurance for workers.

A recent survey from Marsh, suggests that 47% of insurers are looking to reduce plan coverage to better manage costs, which is likely to have significant short-term consequences for the benefits that staff receive.

Idie Si, Head of Accident and Health for Asia at Berkshire Hathaway Specialty Insurance (BHSI), says a more cost-effective and versatile solution is for employers to self-insure those medical liabilities where claims are very predictable, and only purchase excess of loss insurance to cater for unexpected spikes in claim costs.

This kind of insurance—known as ‘employer stop loss’ or ‘medical stop loss’—has become very popular in the United States over the past decade, where healthcare costs are also spiralling out of control. BHSI now hopes it will take hold in APAC.

THE COST TO EMPLOYERS OF BUYING INSURANCE FROM THE FIRST DOLLAR UP HAS CONVINCED US THAT EMPLOYER STOP LOSS PRODUCTS HAVE A BIG ROLE TO PLAY IN ASIA GOING FORWARD.

Idie Si, BHSI

“Employer stop loss insurance is an answer to increasing medical insurance premiums that are becoming unsustainable,” says Si, “The cost to employers of buying insurance from the first dollar up has convinced us that employer stop loss products have a big role to play in Asia going forward.”

BHSI’s employer stop loss products have two components.

One is excess-of-loss cover specific to individual employees, which would take out any spike in individual medical claims. This might include, for example, cover for pregnancy complications or medical conditions that could require gene therapy.

On top of this, employers can purchase aggregate stop loss cover, which sits across the entire portfolio. This guards against unexpected incidents that might affect the entire workforce. The recent Covid-19 pandemic is a good example of how this might come into play. Indeed, Si confirms that Covid-19 helped spark fresh conversations in APAC about medical stop loss insurance.

By splitting the risks in this way, insurance costs for employers can be significantly reduced, allowing them to offer much more flexible staff benefit packages.

“Because we sit on an excess level and we are there to cover volatility in claims, our involvement can be as relaxed or involved as the employers want us to be when it comes to benefit design,” says Si. “This gives employers a greater level of control and flexibility in terms of the benefits they want to offer to the employees.”

Furthermore, employer stop loss does not have to be purchased for all medical benefits offered by the employer.

“Depending on the needs of the employers, we can carve out certain benefits to be covered under employer stop loss. For example, we can do an aggregate excess-of-loss for just inpatient hospitalisation benefit,” says Si. “At BHSI, we are happy to tailor our coverage according to the employers’ expense management concerns.”

While there is a good deal of interest in this type of product, Si admits that it is one of “the more slow-burning products in our portfolio”. As medical inflation continues to rise, and BHSI steps up its outreach programme, Si hopes that more and more employers will come to see the benefit of stop loss insurance.

Data and AI

Beyond employer stop loss cover, there are other ways in which companies can allow staff to choose coverage that better reflects their individual needs, while minimising wastage.

This includes improved cost management and claims analytics, where employers partner with insurers to monitor claim trends, identify chronic condition clusters, negotiate value-based care networks, and bolster workplace wellness. Leading insurance firms are also now adopting health analytics platforms for predictive modelling and high-risk management.

Teo says that artificial intelligence is powering improvements across several areas of healthcare provision, such as improving claims analysis via advanced analytics, detecting cancer types through clinical care and imaging and predicting survival rates by means of predictive analytics.

“To date, the focus of AI has mostly been on process enhancements such as fraud detection, but there is enormous potential for the technology to be deployed elsewhere, such as AI-driven health risk management programmes,” says Teo.

He adds that, as medical inflation continues to outpace both wage inflation and business growth in APAC and globally, employers must start adopting “next-generation cost management strategies” that go beyond the traditional methods of containment.

“The future of employee healthcare management requires a multi-layered, data-informed, and tech-enabled approach,” he says.



FEATURE

COMPLETE CONTROL? FOREIGN INSURERS MULL INDIA FDI RULE CHANGE

India's move to lift the 74% limit on foreign ownership of insurers is likely to spark structural change in the sector.

Power, as the Pirelli slogan goes, is nothing without control, and the Indian government's move to lift the foreign direct investment (FDI) cap from its 74% limit offers foreign players operating insurance JVs in India the chance to exert full authority over their local operations.

But will they take it?

Ashwin Sundar, Managing Partner in Gallagher's India business is confident there will be widespread enthusiasm from foreign JV partners to take total control of their businesses, particularly given how many increased their holdings when Indian authorities increased the cap from 49% to 74% in 2021.

"Once the FDI rule change goes through then the current crop of JVs will undergo a change, and I understand that most of the large ones are looking into this.

When the cap was increased from 49% to 74% in 2021, all the major entities immediately moved up to the maximum level, and they will probably go to the 100% mark with this latest change," Sundar says.

The three-decade process of liberalising India's FDI rules finally reached the insurance sector in November, and is the result of Prime Minister Modi's economic development plan Viksit Bharat (Developed India) by 2047, interlocking with its related 'Insurance for All' by 2047' ambitions.

Management restrictions

Akil Hirani, Managing Partner at law firm Majmudar & Partners says that as a result foreign JV partners now have the opportunity to escape the restrictions which apply to their business, even with a majority 74% stake.

"Even when the FDI limit was raised to 74% the regulator still imposed restrictions in terms of board control and CEO appointment. Although the foreign partner has majority ownership, it is still a little shackled in terms of controlling the day-to-day operations of the company," The Mumbai-based Hirani says.

Hirani says that foreign insurers' JV partners have typically been sanguine over restrictions, such as the CEO needing to be a person of Indian origin who is appointed by the Indian partner, given the market's growth potential.

But ideally they would prefer to see these disappear.

"Once the 100% FDI rule comes in, the JV management restrictions will be lifted. From the perspective of foreign JV partners, having this sole control will be a significant advantage when doing future business," Hirani says.

Higher margins

According to Gallagher's Sundar, the benefits of 100% ownership extend beyond greater freedom with management appointments and should also result in improved business margins.

"Margins will definitely improve with 100% control. You have to factor in the correct income share for your JV partner when calculating treaty negotiations figures.

ONCE THE FDI RULE CHANGE GOES THROUGH THEN THE CURRENT CROP OF JVS WILL UNDERGO A CHANGE, AND I UNDERSTAND THAT MOST OF THE LARGE ONES ARE LOOKING INTO THIS.

Ashwin Sundar, Gallagher India

This number will improve as a 100%-owned subsidiary, because the foreign firm will control the entire P&L," he says.

The Insurance Amendment Act 2024, which includes the FDI proposal, also has a number of other changes, such as provisions to reduce capital levels, composite licences, the issuance of captives licences, and reforms to the agent model.

EVEN IF FIRMS ARE ENTITLED TO GO TO 100%, WE MAY CONTINUE TO SEE INVESTORS ACTUALLY COME IN AND ERHAPS TAKE 75-80% IN A JV STRUCTURE TO START WITH.

Jon Bowden, Freshfields

Sundar says that the combination of measures makes taking sole control of JV even more attractive to foreign insurers.

"Firms will conduct their due diligence before coming to a decision over taking sole control of the JV, but there are a lot of positive business considerations for moving in this direction," he says.

David Schwintowski, Singapore-based Counsel at law firm Freshfields, which advised Zurich Insurance on its US\$488m acquisition of a controlling stake in India's Kotak General Insurance in November 2023, points to the strategic advantages of taking sole control.

"An international investor needs to plan their strategy on a time horizon basis, and an FDI cap means you won't be able to divest as easily as if you had complete control.

Not holding the remaining 26% under the current India FDI regime put a natural barrier around corporate strategy that isn't found in developed markets without an FDI cap," Schwintowski says.

Jon Bowden, Singapore-based Partner who is also at law firm Freshfields, says that typically global insurance groups prefer to have total control of their operations.

"Holding a significant majority in a JV is absolutely critical from a governance, and capital adequacy, standpoint. In our experience big insurers like to control their JVs and are willing to pay a premium to do so.

This is particularly true in markets where historically, perhaps, there's been a perception of some compliance risk, but also where there's an enormous business opportunity," Bowden says.

"I would say lifting the 74% cap would have a significant impact on international investors, willingness, and maybe even ability to invest," he adds.

Local knowledge

Despite this positive view of the FDI rule change Bowden says that he doesn't expect every single current JV to convert to full control and that in a market as vast, complex, and idiosyncratic as India's there are advantages to retaining access to a local partner.

WE WILL CONSIDER WHAT TO DO, IF AND WHEN THE RULES CHANGE, BUT THERE ISN'T A PRECONCEIVED NOTION THAT ONE MODEL IS BETTER THAN THE OTHER.

Giulio Terzariol, Generali

"Even if firms are entitled to go to 100%, we may continue to see investors actually come in and perhaps take 75-80% in a JV structure to start with," Bowden says.

This equivocal approach to taking 100% control of a JV was backed by Giulio Terzariol, CEO of Generali's insurance division.

In June 2025, Central Bank of India acquired minority stakes in Generali's two Indian

joint ventures from Future Group through a corporate insolvency resolution process, after which the entities were rebranded as Generali Central Life Insurance Company Limited and Generali Central Insurance Company Limited to reflect the partnership. This marked a new phase in Generali's India strategy.

Despite Generali's Indian experience being clouded by the 2022 insolvency of its previous JV partner, Terzariol tells (Re)in Asia that he isn't rushing to draw conclusions over the benefits of the proposed FDI rule changes.

"First of all, let's see whether the rules are actually changing. There are advantages to having a 100% ownership of a company, while on the other side it can be helpful to have a low cost, strong partner in business with you.

We will consider what to do, if and when the rules change, but there isn't a preconceived notion that one model is better than the other," Terzariol says.

India's buying power

It's not just the potential benefits from taking full control of a JV that are being questioned by Indian insurance practitioners with Majmudar & Partners' Hirani voicing caution over how big the Indian insurance opportunity is for global players.

Analysts are bullish over the Indian insurance market – Swiss Re published a report at the start of 2024 predicting it will grow by 7.1% in real terms between 2024 and 2028 – nearly three times the global average of 5.1%.

Hirani points out these figures come from a low base and that India's insurance protection gap is a doubled-edged sword for insurers – it highlights the size of the potential opportunity but also the relatively small current market for high margin insurance products.

"The quantum of insurance penetration in India is still the lowest for any emerging economy and for the size of the population. And when you look at the market potential it appears huge. But what is the buying power of the populace?

India has a 1.4-billion person economy but the real buying power is only with about 100 million people. The rest of the population is going to be a target only for subsidised, low cost insurance, which are being run by government-owned insurers.

The foreign insurers which come to India and win will be the dynamic and more aggressive ones. The slower, more behemoth type will struggle," Hirani says.

PROFILE INTERVIEW

BEING LOCAL IS MORE IMPORTANT THAN EVER, SAYS MARKEL'S FORMER APAC HEAD

Christian Stobbs reflects on his time leading Markel's APAC team, having recently transitioned to the US in his new role as Chief Strategy and Corporate Development Officer.

**CHRISTIAN STOBBS**

Markel, Chief Strategy and Corporate Development Officer

When Christian Stobbs arrived in Singapore six-and-a-half years ago, to lead Markel International's Asia Pacific team, Singapore's Lloyd's market was in the process of imploding – an inauspicious consequence of syndicates extending too far and too fast, with scant regard for the local nuances of the region.

Fast forward to today and the market is in much better shape, with the syndicates that have remained displaying strong commitment to the region. To succeed in Asia Pacific, insurers have to be prepared to allocate sufficient resources on the ground.

This was an approach that Stobbs adopted from the moment he took charge of Markel in Asia, and is something that the Lloyd's player remains committed to as it pushes for further growth in the region.

Earlier this year Stobbs moved to the US to become Markel's Chief Strategy and Corporate Development Officer, although he retains a strong interest in how the region is developing and says that he plans to visit frequently.

"When I first came to Asia in 2019, a lot of syndicates hadn't fully committed to the region. I referred to them as 'tourists'," says Stobbs. "They opened an office in Singapore, brought people from London to run it, but ultimately didn't invest in local teams and talent."

In 2018, just a few months before Stobbs arrived in Singapore, Lloyd's formally launched its Decile 10 initiative. Managing agents were instructed to identify the worst-performing 10% of their portfolio and submit remediation plans to return those segments to sustainable profitability.

The result was that many syndicates packed up their Asian operations and left the region. Stobbs recalls that in his second week in the job, a further two syndicates quit the market.

At one point, Lloyd's had nearly 30 syndicates in Singapore. This has now fallen to around a dozen.

"We were almost a 100% Lloyds play across Asia Pacific, so this wasn't the most helpful context for us to be operating in. I remember trying to recruit and people asking the question: is Lloyd's here to stay? Even though we were very, very committed to the region," says Stobbs.

There were three main pillars that underpinned Markel's perspective on the region, which Stobbs says still endure: having a group and management commitment, hiring the right people on the ground and making sure that these local teams are empowered to grow the business.

"This was the playbook that I adopted from the get-go, but I was initially doing this against a backdrop where there was a flood of exits from the Lloyd's market in APAC," says Stobbs.

This is not the case today, with markets growing profitably, according to Stobbs.

"There has been significant investment over the past few years, not just from Markel but also from our peers. Those that stayed and doubled down, as we did, have been able to reap the rewards of building a sustainable marketplace in the region," says Stobbs.

Cyber development

The trajectory of cyber insurance in the region shows how Lloyd's markets work: London is viewed as a testing ground for new products, before such products are rolled out to other jurisdictions, including APAC.

The key, says Stobbs, is to understand the local market dynamics – and to be able to commit the appropriate resources.

Markel – as well as several of its peers, such as Beazley, AXA XL and Tokio Marine Kiln – have chosen to set up dedicated cyber underwriting teams based out of Asia. But others haven't, and continue to see the value of writing Asia cyber business out of London. This may be slowly changing.

"Cyber is a more recent product that has developed a centre of excellence in London. As people have become comfortable with it, then it has been exported around the world," says Stobbs.

Another reason that it has started to gain a foothold in APAC, according to Stobbs, is the increase in local loss activity.

"When I arrived in Singapore in 2019 it was difficult to get people to talk about cyber because they just didn't see the risk," says Stobbs. "These days we are seeing claims in the region and this focuses minds. We've paid claims in Hong Kong. We've paid them in the Philippines. We've paid them in Singapore. We're there to help people out when things go wrong. This is why we are seeing growing interest of cyber in the region."

Talent squeeze

One clear advantage of supporting local markets is being able to attract the right talent when one needs it. Stobbs hits back at the suggestion that

there is a 'talent shortage' problem, insisting that committed firms who are prepared to invest in their staff should have no problem in recruiting new team members.

"We are finding that plenty of talent is available. Yes, it takes longer to find it than it might do in the more mature markets of London or New York, but there is a much deeper pool of capability in the specialty insurance classes in the region than there used to be – if insurers are prepared to put in the time and resources to invest in it," says Stobbs.

He admits that there is an "inherent Singapore bias" to the talent pool, but he adds that clear pockets of expertise are evolving elsewhere in the region as well.

"There is a kind of halo effect: you've grown, you're hiring new people, your partners and policyholders are seeing you more active, I want to be a part of that. It's a virtuous circle," says Stobbs.

All about local

Looking to the future, Stobbs says that he expects to see greater underwriting capability taking place within APAC.

"Historically, London has been a great centre for product development, including for those products exported to APAC. My hope is that, as we start to see a maturation of this capability across different product lines, we'll start to see more product development happening within the region," says Stobbs.

"I'm not saying that this will be an immediate transition. It is more of a gradual shift. However, it is really important because, if you think about the characteristics of businesses operating in the region and the risks they face, these are often quite different from those you find elsewhere."

Spending two thirds of a decade in Asia Pacific has convinced Stobbs that being local is the way forward – not just for Markel but for the rest of the market as well.

"Markel has never been a revolutionary in terms of dramatic market changes. What you can expect from us is continued and sustained investment from us in the region," says Stobbs. "While my role is focused on the US for the time being, I look forward to visiting Asia again in due course and seeing this momentum continue."

Sucheng Chang has replaced Stobbs as Managing Director of Asia Pacific. Stobbs describes him as "a man of huge energy and huge knowledge".

"I'm excited to see what he will bring in and do for our business in the region," he says.

THOSE THAT STAYED AND DOUBLED DOWN, AS WE DID, HAVE BEEN ABLE TO REAP THE REWARDS OF BUILDING A SUSTAINABLE MARKETPLACE IN THE REGION.

FEATURE

APAC INSURERS REACH FOR GROWTH AS RENEWALS APPROACH

Reinsurance needs may change on the back of regional aspirations.

The relative stability of underwriting results among insurers in APAC over the past 12 months has given insurers the space to think about how they want to grow in the region. The way reinsurance is being used may change as a result.

Faced with hard market conditions a couple of years ago, APAC insurers set to work to improve their underwriting discipline. This was largely successful and persuaded reinsurers to deploy more capital to those areas that had made progress.

As a result, the 1/1 renewals in APAC at the start of the year were generally smoother than they had been previously. Discussions that took place in Monte Carlo, which provides a good snapshot of sentiment ahead of the renewals, suggests that this year will also be relatively calm.

“[Monte Carlo] has been very uneventful which I think reflects the fact that insurers have done a lot of careful underwriting over the last couple of years. [This] is reflected in their performance. Reinsurers have been enjoying strong returns and there is an abundance of capital in the market,” says Heather Bone, CEO for Australia at Gallagher Re, who attended the event.

“There were no burning issues to be addressed and the direction the market is heading feels like a fair reflection of all of the work that insurers have done to strengthen their portfolios.”

Positive results

Christie Lee, Head of Analytics for North East Asia at AM Best, says that APAC has shown more stable underwriting results over the past couple of years compared with other regions, such as the US, Bermuda, Europe and Lloyd’s. This was largely due to its proportional book, she adds.

“The improvements seen in 2023 and 2024 are partly due to the shift to discounting benefit under IFRS17 and also reflect the positive impact of APAC reinsurers expanding overseas and benefiting from strong international underwriting results,” she says.

She adds that the cumulative effect of rate increases over recent years has significantly improved profitability for excess-of-loss business in the region, mirroring trends observed elsewhere.

With APAC’s (re)insurance markets now in a healthier state, observers are anticipating an inflow of fresh capital.



“Reinsurers in APAC have generally been expressing a desire to grow and to diversify – across regions and product lines. This is on the back of having enjoyed strong returns, but also because APAC is increasingly being viewed as a positively diversifying region with immense potential. Insurers in the region are themselves looking to grow and diversify, so their use of reinsurance is starting to change,” says Bone.

As evidence of this, she points to an increase in both quota share capacity and retrospective solutions.

“There seems to be a growing sentiment from insurers that their reinsurance partners should participate in the market as a whole, not just providing tail cover but also participating in volatility protection and we are seeing more demand for – and supply of – aggregate style covers,” she says.

New products and ideas

Tony Gallagher, Chief Executive Officer for Asia at Guy Carpenter, adds that there has been a noticeable increase in doing something about earnings protection, not just capital protection, which may be an indication of how insurers have successfully positioned themselves for growth.

“Smaller and mid-sized companies benefit from taking a small step back and asking: do we have the right reinsurance cover in place for the portfolio we have? If an insurer has had the same cover in place for 10 years, it’s probably time for a bit of a refresh,” says Gallagher.

At the same time, Gallagher notes that capital protection will continue to remain important, largely

I THINK THERE WILL BE MORE SOLUTIONS COMING, WHICH IS GOOD FOR THE MARKET.

Tony Gallagher, Guy Carpenter

because of an increase in the frequency and severity of secondary perils.

Gallagher sees plenty of opportunities for innovation in the region as well.

“I think there will be more solutions coming, which is good for the market,” he says. “A lot of discussions

that I have been having in recent weeks are around how we can help provide solutions for the complex problems that our clients face around growth, volatility and capital.”

He adds that Guy Carpenter has been “zeroing in on each of these areas” to help its clients navigate their new way forward. Gallagher expects to see

THERE WERE NO BURNING ISSUES TO BE ADDRESSED AND THE DIRECTION THE MARKET IS HEADING FEELS LIKE A FAIR REFLECTION OF ALL OF THE WORK THAT INSURERS HAVE DONE TO STRENGTHEN THEIR PORTFOLIOS.

Heather Bone, Gallagher Re

more structured solutions to emerge in the months and years ahead – something that Gallagher Re’s Bone also expects to see pick up.

Bone says that “the uncertainty and rapid changes in appetite from reinsurers” have driven a lot of insurers to assess their use of different structures and solutions that provide greater certainty over time.

Structured solutions typically reward insurers for strong underwriting practices, meaning that they are often seen as more attractive than some of the more traditional covers.

This is particularly true “where insurers aren’t always given full credit for their portfolio management by reinsurers and want to back themselves”, says Bone.

With many insurers looking to grow their products, team and company in APAC, demand for these kinds of solutions is likely to remain high.

“Asia is growing, which is good, and it will continue to do so because of under-insurance in the region,” says Gallagher. “At the same time, risk management has been significantly improving across the board. This is good for the industry and good for insurance companies as well.”

It is also likely to be good for innovation.

NEWS

BAJAJ POSTS 32% SEPTEMBER GROWTH ON EVE OF REBRAND, BUT AIC TOPS INDIA'S INSURANCE PREMIUMS WITH HUGE SEASONAL SPIKE

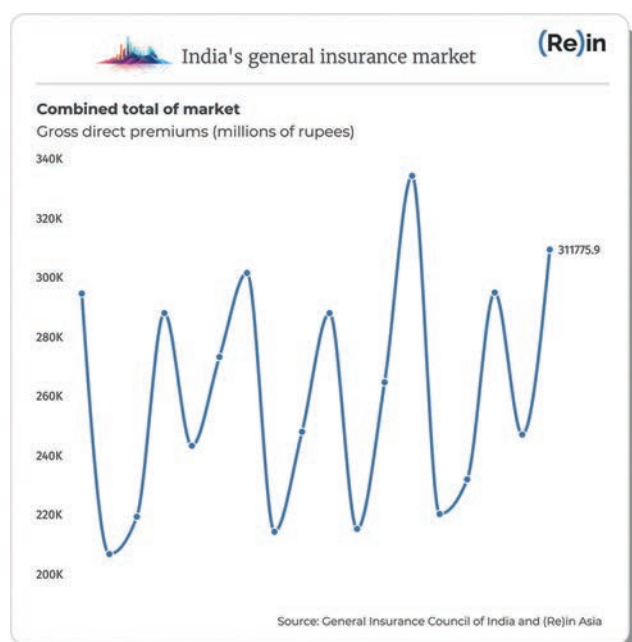
The general insurance sector recorded a 13.2% year-on-year increase in premiums for September, driven predominantly by a 294% surge at the Agriculture Insurance Company of India.

India's general insurance market showed continued growth and fresh competitive moves in September 2025, with Agriculture Insurance Company of India (AIC) posting a sharp seasonal surge in premiums and new health-focused insurers Narayana Health Insurance and Galaxy Health Insurance gaining market presence, according to General Insurance Council (GIC) data analysed by (Re)in Asia.

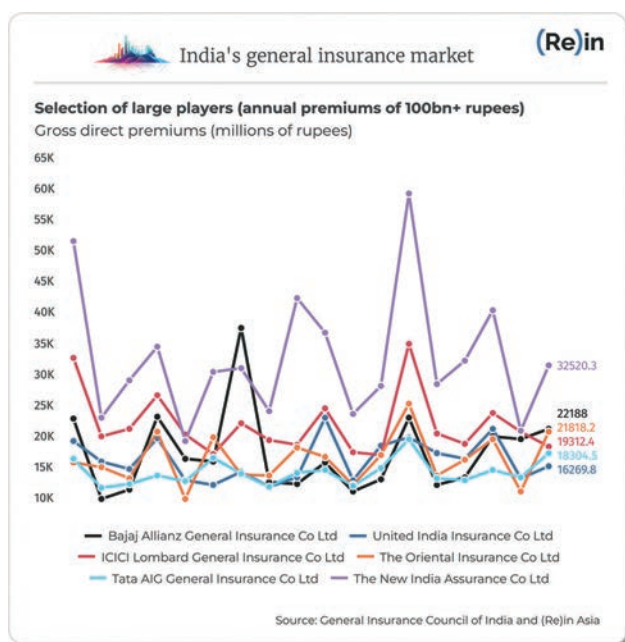
Across the multi-line general insurance segment, gross direct premiums rose 1.94% year on year to 234.3bn rupees. Standalone health insurers expanded 3.1% to 36.4bn rupees, while specialty and crop-focused insurers, led by the AIC, surged more than 260% to 42.53bn rupees.

However, the GIC notes that the revised Insurance Regulatory and Development Authority of India (IRDAI) reporting formats, which exclude long-term policy premiums, limit like-for-like comparisons with 2024.

Among the largest insurers—those with annual gross direct premiums exceeding 100bn rupees last financial year—Bajaj Allianz General Insurance, recently rebranded as Bajaj General Insurance after completing the buyout of German partner Allianz, recorded the fastest growth. Its September premiums climbed 31.4% year on year to 22.2bn rupees.



Combined, the industry's grand total for September reached 311.8bn rupees, up 13.2% from a year earlier. The rebound marks a sharp contrast to August, when industry premiums rose just 1.7% year on year to 249.6bn rupees, marking the slowest monthly expansion so far in 2025.



United India Insurance followed with a 23.4% increase to 16.3bn rupees. ICICI Lombard General Insurance, with 8.2% market share in September, grew 6.2% to 19.3bn rupees.

Oriental Insurance and Tata AIG General Insurance each posted single-digit gains of 4.5% and 4.3%, respectively. By contrast, National Insurance saw premiums fall 20.1% to 12.6bn rupees, while Reliance General and SBI General declined 12.4% and 12.1%.



Most of the large insurers fall under the general insurers category, as classified in the GIC's September 2025 report, which together generated about 189.1bn rupees in premiums for September, up 2.4% from a year earlier and representing roughly 60% of the total non-life market.

While these major players continue to anchor premium volume, growth across the general insurers segment was muted at 1.9%, compared with a 261% surge among specialised insurers, led by AIC.

Excluding the specialised category, overall market expansion would have slowed to just 2.1%, with some mid-sized carriers showing stronger double-digit increases.

AIC tops India's charts

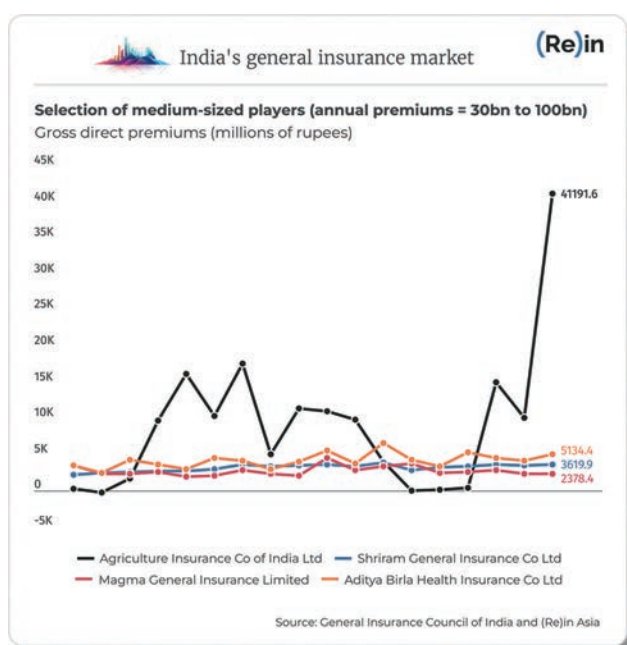
Growth rates varied in the mid-sized segment, defined as insurers with annual premiums between 30bn and 100bn rupees last year.

AIC led the segment in September, with premiums surging to 41.2bn rupees, almost tripling year on year. This figure not only marks the highest premium collected by a mid-sized insurer but also stands as the largest among all general and health insurers in India for the month, eclipsing even New Indian Assurance's 32.5bn rupees in premiums last month.

Shriram General Insurance and Magma General Insurance reported growth of 17.5% and 15%, respectively. Universal Sompo General Insurance premiums fell 19.7% and Cholamandalam MS General Insurance dropped 18.4%. The newly established joint venture Generali Central Insurance recorded a 4.9% decline.

Within the mid-sized segment, performance diverged sharply by category. General insurers generated

37.9bn rupees in premiums, flat from a year earlier, as retail-driven growth at Shriram and Magma offset weaker corporate lines. Standalone health insurers added 18.3bn rupees, up 3.2% year on year. The outlier was AIC, which accounted for over 40% of gross premiums for mid-sized insurers and drove most of the segment's year-on-year gains.



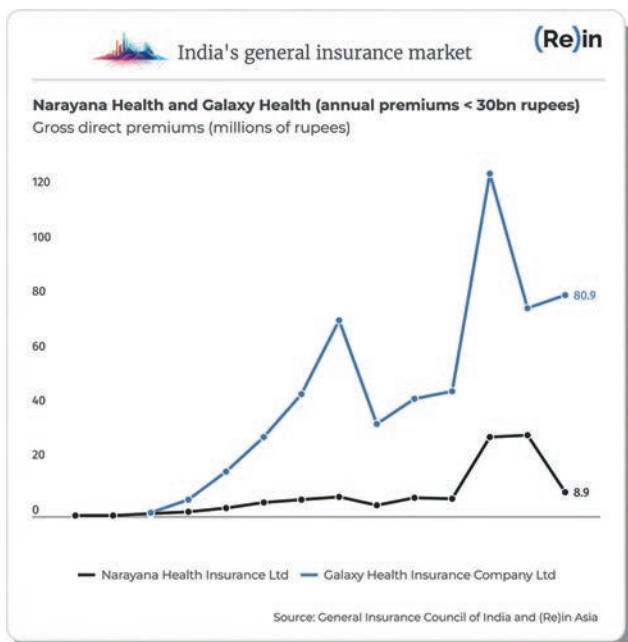
New health insurers establish foothold

Among insurers with less than 30bn rupees in gross direct premiums last year, new health-focused entrants continued along a solid growth trajectory.

Narayana Health Insurance, which launched in August 2024, wrote 8.9m rupees in September 2025 and is generally trending upward, despite a fall in premiums last month. Galaxy Health



Insurance, which officially began business in October 2024 with premiums of 1.4m rupees, has had a rapid start, reaching 80.9m rupees of premiums in September 2025.



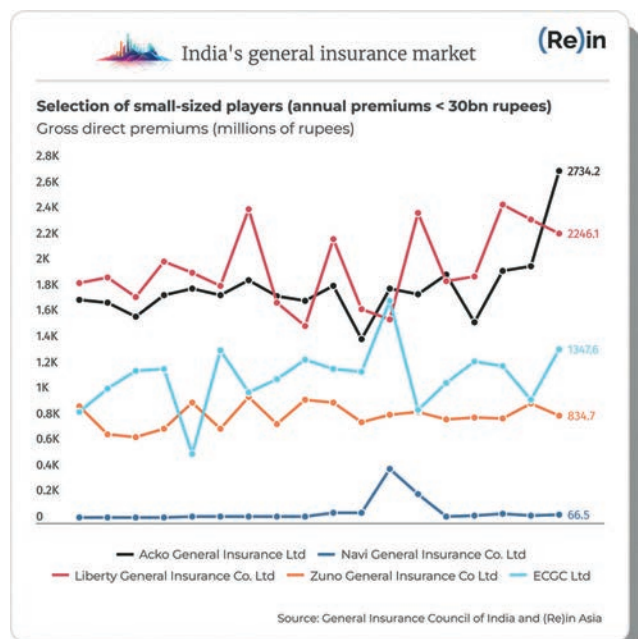
Acko General Insurance saw a 54.4% surge, finishing September with 2.7bn rupees in gross direct premiums. Navi General Insurance and Liberty General Insurance grew 38.0% and 21.7% respectively. By contrast, Kshema General Insurance, Raheja QBE, and Zurich Kotak General Insurance all recorded falls, with Kshema premiums down 91.2%, Raheja QBE down 48.1%, and Zurich Kotak down 13.5% year on year.

Small insurers together wrote about 10.4bn rupees in premiums for September 2025, up 6.2% year-on-year. Even though the small tier accounts for

less than 5% of India's non-life market, it continues to serve as a testing ground for new distribution models and retail innovation.

The September 2025 premium results come against a backdrop of low insurance penetration and policy reforms aimed at spurring retail demand. PwC India estimates non-life insurance penetration at just 1.0% of GDP, with overall insurance penetration at 3.7%, well below the global average.

Further, Bloomberg reported that the government's decision to remove the 18% goods and services tax on individual life and health policies could make these products nearly 20% cheaper, a change expected to improve affordability and coverage and support demand across health-related insurance lines in India.



NEWS

TIAN AN P&C DEFAULT MAY TIGHTEN FUNDING FOR SMALLER CHINESE INSURERS: S&P

The default marked the first of its kind in China's insurance industry and comes amid rising scrutiny of risk management and corporate governance.

S&P Global Ratings has warned that Tian An Property & Casualty Insurance Co.'s landmark bond default will likely intensify funding pressures and highlight governance shortcomings within China's insurance market.

In a report released on 9 October, S&P noted that the incident "is a stark reminder of who bears losses first and the

assets and liabilities to create Shenergy P&C Insurance. The subordinated bond obligations, however, were excluded from the restructuring and have since defaulted.

The agency noted that small and mid-sized insurers are already under pressure to shore up capital amid a sluggish economy, falling interest rates, and evolving accounting

stepped up scrutiny in market conduct, risk management, and corporate governance. "We expect the compliance burden for insurance companies to intensify," the report stated.

The agency also forecasts that insurers with governance weaknesses will find it harder to raise capital. With limits on asset-intensive reinsurance and restricted opportunities for



importance of governance," adding that it could "shake investor confidence and tighten funding conditions for smaller insurers."

Tian An P&C failed to repay a 5.3bn yuan (US\$743.68m) capital supplementary bond that matured on September 30, 2025, marking the first default of its kind in China's sector. The insurer was taken over by regulators in 2020, who carved out selected

standards. These conditions, combined with market volatility, have contributed to "a negative credit trend for China's life and property/casualty sectors over the past few years, mostly due to constraints facing small and mid-sized players."

According to S&P, regulators are expected to tighten oversight to prevent a recurrence of governance failures. The National Financial Regulatory Administration has already

direct capital injections, debt issuance is likely to remain the main route for managing solvency.

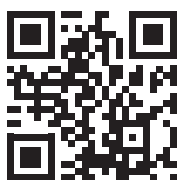
S&P added that stronger governance will be "key to sector resilience" as the industry shifts focus toward long-term sustainable growth and profitability. The default, it said, will push investors to place greater weight on transparency and disclosure in their investment decisions.

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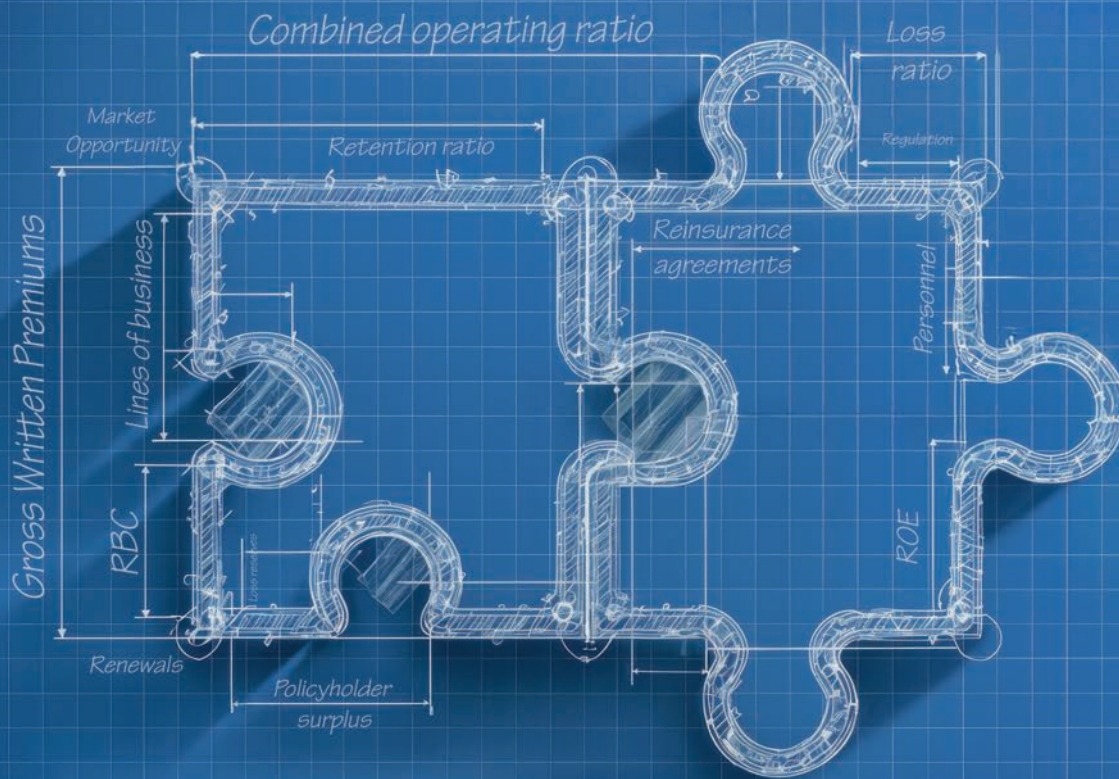
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Strategic imperatives, regulatory changes, and changing capital regimes are turning APAC's P&C insurance market into a potential hotspot for mergers and acquisitions.

But in a region rich with potential, yet marked by complexity, how will (re)insurers balance scale, diversification, and risk in their M&A strategies?

Learn more in this whitepaper, produced by (Re)in Asia in partnership with Guy Carpenter:
reinasia.com/apac-insurance-ma

