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Trends in Asia Pacific Markets: Taking stock of current dynamics of APAC's market

APAC home to about 30% of global HNW

Asia Pacific (APAC) is home to about 30% of global high net worth (HNW) financial wealth, second after the Americas, said a Swiss Re report. This is the result of the region's strong economic growth track record over recent decades. Swiss Re defines HNW as individuals/households in possession of USD 1–50 million worth of assets globally. Above USD 50 million is the realm of the ultra-high-net worth (UHNW) wealth. Global financial wealth rebounded in 2023, as did the number of USD-millionaires, driven by a resurgence in equity markets and resilient growth. Of the global HNW population, today around 28% live in APAC.

The HNW market in APAC is a significant growth opportunity for the insurance industry. This was the consistent message from interviews the Swiss Re Institute (SRI) conducted with experts from leading insurers and brokers in Hong Kong, Singapore and globally in April and May 2024. The experts expressed strong conviction in the organic growth of wealth and of the number of HNW individuals in Asia, driven by economic recovery and new entrepreneurial spirit. In terms

these highly customised policies.

Insurers, meanwhile, can boost engagement with family offices by collaborating with other service providers to educate them about tailored insurance solutions. By investing resources and improving their distribution strategies—such as training existing teams, creating new channels with direct service teams for family offices, and partnering with banks (beyond brokers)—insurers can serve family offices more effectively.

APAC insurers trim equity risks, increase capital efficiency: Moody's

Insurers in China, Japan, and Taiwan, which together represent over 60% of total premium income in the Asia-Pacific (APAC) region, are adjusting their capital strategies to reduce exposure to equity and credit risks, Moody's Capital Tool (M'CT) analysis revealed.

This shift is seen as a positive move, enhancing their capital resilience and efficiency.

In China, insurers follow the China Risk-Oriented Solvency System (C-ROSS), whilst Taiwan uses a risk-based capital

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“Emerging Asia accounts for 70% of the protection gaps in the developing world. The climate financing gap in Asia is enormous. We need about \$1.1tn annually, yet we only secure around \$300bn, leaving an \$800bn gap each year. Despite the scale of this challenge, Asia's need to transition is both absolute and critical. With 60% of the world's population and over half of global emissions, Asia's role in the transition is vital. If Asia doesn't transition, no one does”

Gillian Tan, assistant managing director and chief sustainability officer, Monetary Authority of Singapore



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“The theme of addressing protection gaps in Asia is crucial. While the industry has made strides, these gaps continue to widen—a trend backed by statistics. This should concern all stakeholders, from policymakers to private sector actors and civil society. Awareness alone isn't enough; we need urgency in addressing



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“Focussing on the Asia Pacific market is a part of our international strategy. We will actively pursue opportunities across various segments”

With the latest rating upgrades, GIC Re, the 10th largest global reinsurer (in non-IFRS category) is now seeking higher exposures in both international and Indian markets. Chairman & managing director N Ramaswamy unveils his comprehensive strategies about his future moves

disciplined approach to underwriting, carefully selecting risks and implementing robust risk management measures. This has positioned us well to capitalize on the opportunities presented by the rating upgrade. The upgraded rating will undoubtedly open doors to new opportunities. We intend to seize these opportunities while also reclaiming desirable business that was previously lost due to rating constraints. While we are optimistic about the future, we will maintain a cautious and disciplined approach to a diversified growth.

Which are the overseas markets you will increase your exposure and which segments?

Currently, our domestic and international business mix is approximately 70:30. Our goal is to gradually shift this ratio to 60:40 by increasing our international business. To achieve this, we will continue to review our portfolio, focusing on diversifying our geographic exposure and product offerings. This will enable us to capitalize on growth opportunities in the markets across the globe.

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AM Best has upgraded GIC Re's ratings to a positive zone recently. How it will be now translated into business going forward?

AM Best's recent upgrade of GIC Re's ratings validates our commitment to strong underwriting practices, risk management, and financial stability. During the period of rating downgrade, we prioritized a

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What is your focus on the Asia Pacific markets? How much of business you get from these markets and in what segments? Do you plan to increase it?

Focussing on the Asia Pacific market is a part of our international strategy. We will actively pursue opportunities across various segments, including property, casualty, and specialty lines.

To enhance our presence in this dynamic market, we will leverage our branch in Malaysia which writes business emanating from ASEAN countries. This strategic location will enable us to better understand local market dynamics, build stronger relationships, and respond promptly to emerging opportunities. Additionally, we aim to regain lost ground in markets like Japan from our head office.

Talking about the Indian market, it is currently facing serious issues of underpricing and indiscipline underwriting in some areas like fire and crop . Will you reduce your capacity from these segments going forward?

We are observing significant rate cuts in the Market especially for medium to larger size risks. This is partly driven by a softening rating environment in the International Market for Industrial risks, but the main contributor is a high Domestic capacity. This is indeed concerning.

At GIC Re, we are committed to promoting sustainable and disciplined underwriting practices. We are continuously engaging with direct insurers to achieve pricing and terms that reflect the underlying risk.

We are closely monitoring the evolving market dynamics and will be taking all steps necessary to protect GIC Re's interests. These measures would include enhanced risk assessment, collaboration with insurers and also prudent capacity allocation.

As a market leader, our goal is to ensure that the Indian market remains robust and resilient, while also safeguarding our financial stability and profitability.

Interview with GIC Re CMD

Monsoon is over in India. How is your Nat Cat experience in the Indian market? Will it have positive experience on GIC Re balance sheet and on primary market players and push prices down?

The monsoon season this year so far has been favourable in terms of natural catastrophe loss activity. There have been increased CAT activity, but the severity seems to be lower than earlier years. However, the overall result will depend on monsoon in Southern India which will get most of its rains in November and December.

Currently, the insurance market pricing is primarily driven by competition, rather than natural catastrophe activity.

Do you think with new regulations requiring Cross Boarder Reinsurers (CBRs) either to set up operations in India or keep collaterals for Indian business will be a game changer for Indian reinsurance market?

The new regulations requiring captive reinsurers (CBRs) to either establish operations in India or maintain collateral for Indian business will undoubtedly reshape the Indian reinsurance market. While there may be initial challenges during implementation, we anticipate a positive long-term impact.

GIC Re and other domestic reinsurers are likely to benefit from increased opportunities, while serious international players may consider setting up operations in India. This development aligns with the government's "Make in India" initiative and could further strengthen the Indian reinsurance market.

It seems, hydro power projects, after a few losses in recent times , are now high risk areas and may find difficult to get reinsurance cover in India going ahead. Do you think so? Will the premium go up for the existing projects?

Hydro power projects are indeed high-risk as they are often

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Interview with Hitesh Kotak, Munich Re



While smartphone penetration in India has risen exponentially and cost of data has reduced significantly, the Government initiatives pivoting around the India Stack is of note as this not only democratizes data but also provides the requisite pipes for insurance companies and their channels to innovate and deliver till the last mile.

According to the Reserve Bank of India, 98.0 per cent of the Indian population has been issued Aadhaar card. There are 95.0 crore internet users, 75.0 crore smartphone users, 47.0 crore social media users and 42.0 crores unique UPI users as of June 2024.

The BharatNet project has covered more than 2,13,950-gram panchayats, according to the Ministry of Communications data from September 2024, enabling various providers to launch services such as e-health and e-education in rural and remote areas.



New initiatives such as Bima Vistaar, Bima Sugam and Bima Vahak taken by the insurance regulator IRDAI signify the commitment to its vision of 'Insurance for All' by 2047.

According to the Pradhan Mantri Jan Arogya Yojana (PM-JAY) database, more than 35.0 crore Ayushman cards were created till September 2024, providing health insurance benefits to poor and vulnerable families.

To create a digital health ecosystem, the Government of

Key imperatives: Indian Insurance Industry's Tech Transformation

India has created about 64.9 crore Ayushman Bharat Health Accounts (ABHA) to ensure well-being and promote accessibility in healthcare.

These initiatives collectively will result in increase of digital use cases which are customised to the customer segments and enable delivery of better experience in terms of KYC authentication, underwriting as well as policy and claims servicing.

Technology enablement of distribution

Technology will play a critical role in distribution going forward as the Indian insurers look at penetrating the last mile.

Technology will play a critical role in distribution going forward as the Indian insurers look at penetrating the last mile. Mobile applications which are convenient to use and can work across varying bandwidths will be critical as the insurance industry moves towards paperless operations'

Mobile applications which are convenient to use and can work across varying bandwidths will be critical as the insurance industry moves towards paperless operations.

An integrated application which provides the channel a one-view of the customer, enables prospecting, issuance, servicing, renewals and claims management will be critical. Availability of such applications in regional languages will be important to drive adoption.

Moreover, these assets needs to have an adequate refresh rate to provide access to adequate set of products, facilitate

perspective
Few key

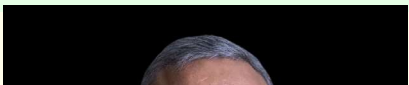
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Rising Nat Cat Risks: India looks for





Growth Trajectory: With 7.5 % growth, Indian insurance industry hits \$133 billion in FY 2024

Reinsurance premium is expected to cross almost Rs 1 lakh crore (US\$ 12.5 billion) by 2025



Debasish Panda, Chairman, IRDAI

Though the details of the Indian insurance industry performance of the in FY 2024 is yet to be released by the regulator IRDAI, giving advance indications of key figures chairman Debasish Panda has said the market grew by 7.5 per cent to Rs 11.17tn (\$133bn) in terms of premium.

India's fiscal year starts on April 1 and ends on March 31. The life insurance segment grew by 6 per cent, while general insurance including health portfolio, the fastest and largest line of business in the industry, grew by 12.78 percent.

The Indian general insurance sector had grown by 12.80 per cent to Rs 2,89,726 crore (almost USD \$36 billion) in FY 23-24, is experiencing dynamic advancements, led by the Indian insurance regulator IRDAI's commitment to achieving 'Insurance for All by 2047, said analysts.

With a total premium of Rs 1,09,006 crore (USD\$13.5 billion) showing a growth of 20 percent. Health Insurance

foreign reinsurance branches (FRBs) set up by leading global reinsurers and many cross boarder reinsurers(CBRs) is estimated to be around Rs 90,000 crores(over US\$11 billion).

GIC Re, the largest reinsurance player with 69 per cent of market share, had transacted around Rs 37,000 crore (\$4.6 billion) of business while FRBs, led by Munich Re, have mobilised a total premium of over Rs 24,200 crores (around US \$3 billion) in both non-life and life business. The cross-border reinsurers (there are 283 CBRs registered with the Indian insurance regulator IRDAI in FY 2022-23) sitting outside India, providing cheaper reinsurance cover, have managed to source around Rs 26,700(US \$3.4billion) crore of premium from the country.

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