

# Asia's health insurance sector at an inflection point



The Fireside Chat: Bridging the gap – Consumer insights on insuring their future

Spiralling costs, ageing populations, and eroding trust dominated discussions at the 21st Asia Conference on Healthcare and Health Insurance in Hong Kong, but so did an unusual degree of candour about the industry's own role in the crisis.

By Ahmad Zaki



Asian insurers are being urged to do more to sustain equitable access to healthcare coverage as ageing populations and rising care costs collide with rapid market growth. The call came from the Under Secretary for Financial Services and the Treasury in Hong Kong Joseph Chan Ho Lim, who opened the two-day conference by framing the challenge in stark terms.



Mr Joseph Chan Ho Lim

“In Hong Kong, like many other advanced economies in Asia and beyond, we face profound pressures on our healthcare system, with rapid population ageing and the rise of chronic diseases,” Chan said. “Demand for medical services continues to outstrip supply.”

The tension between a booming private insurance market and the structural failings that threaten its long-term viability set the tone for the rest of the discussion across the two days.

## A market growing into its problems

Asia's health insurance sector is expanding quickly, fuelled by economic growth, rapid urbanisation, and shifting lifestyles. But the same forces driving demand are also accelerating costs. Hong Kong's Insurance Authority Executive Director for Policy and Legislation Clement Lau Chung-kin argued that sustainable growth requires clarity of purpose: a unified goal for the sector, with long-term financial stability as a central priority. He called for greater transparency on pricing, consistency in quality, and stronger regulation of medical insurance products to close protection gaps and widen consumer choice.



Mr Clement Lau Chung-kin

Nowhere were these tensions more visible than in Malaysia. Protect Health Corporation CEO Hazwan Najib, a Malaysian Ministry of Health agency, described a healthcare

crisis that unfolded with troubling speed.



Mr Hazwan Najib

Malaysia's dual public-private healthcare system came under strain when insurers reported high loss ratios and hiked premiums by up to 70%, triggering a chain reaction: reduced employer coverage, 340,000 surrendered policies, and increased pressure on an already overstretched public system.

In response, the government launched RESET, an execution program (not a policy paper) led by the Health and Finance Ministers, with a pilot in August and full launch planned for January 2027. The program focuses on four pillars: revamping medical insurance with a simpler, affordable base plan; enhancing price transparency; strengthening digital health interoperability; and transforming payment mechanisms through DRG (diagnosis-related group) based payments.

Mr Najib also challenged the sector on a deeper failure: a historical underinvestment in patient education, empowerment, and accessible primary care.

### Problems in claims

Across multiple sessions, speakers zeroed in on a paradox at the heart of the current model: the claims landscape is dominated not by catastrophic illness, but by high-frequency, low-necessity treatments.

In Hong Kong, viral wart removal tops the claims list, even above breast cancer treatment. "It's silly that most of the medical insurance plans are being paid for viral warts," said Bupa Hong Kong General Manager Yuman Chan, during a panel session. "What does that do to someone's health? Zero."

LIGHTMAC Medical Group Head of Healthcare Management Ray Ma, whose group works on clinical cost management, identified what he called "silent" cost drivers:

outpatient abuse disguised as legitimate medical billing. Wart removal claimed as medical rather than cosmetic treatment, and passive pain management programmes with no measurable patient improvement, were his two central examples. His organisation uses dermoscopy to clinically distinguish genuine HPV warts from cosmetic lesions and applies validated scoring tools to assess whether therapy is actually working. "We don't just ask, can we bill for this? We ask, is this medically necessary?"



Mr Ray Ma

That question was also central to the case made by MedRev International Founder Nir Kaminer, who advocates for Independent Review Organisations (IROs), in which specialist physicians review clinical decisions made by other doctors using evidence-based frameworks. The behavioural impact can be substantial before a single case is even reviewed.



Mr Nir Kaminer

One insurer's announcement of clinical audits alone caused a 60% drop in surgery referrals, which Mr Kaminer called the "sentinel effect." Bupa UK data showed declines of 32% in gastroenterological procedures, 31% in OB/GYN, and 41% in spine surgery following such interventions.

### Australia's warning sign

Australia offered a cautionary parallel. mlcoa General Manager of NSW, ACT and International Nihal D'Cruz outlined a private health insurance market where around half the population has coverage, but a 4.41% premium increase — the largest since 2017 — has triggered significant

public and parliamentary backlash. Claims are dominated by joint replacements, cardiac procedures, cancer, mental health, and chronic disease, with average episode costs of roughly A\$10,000 and health inflation running at 4–5% annually.



Mr Nihal D'Cruz

A notable trend is vertical integration: Medibank has acquired around 160 GP clinics and Bupa around 90, though this has drawn resistance from the Australian Medical Association. One programme offering specialist second opinions before surgery resulted in a 62% reduction in patients proceeding to total knee replacements, which argues for the clinical and financial case for managed care models.

### Trust, incentives, and the fee-for-service trap

The panel discussion went through a harder conversation about who bears responsibility for the industry's problems and who needs to change first.

Prudential's Chief Health Officer Manisha Keyal highlighted the need for a shared vision, noting that conversations focused on policing rather than partnership tend to erode the very foundation they're trying to protect.

Meanwhile, The GBA Healthcare Group Co-CEO Dr Felix Lee proposed tying every insurance policy to a primary care doctor, pointing to the paradox that people readily pay \$20 a month for an AI chatbot subscription but resist \$240 a year for a GP.

McKinsey & Co Senior Partner Bernhard Kotanko offered perhaps the starkest framing of the incentive problem: "A doctor earns multiple times more if he does a surgery versus saying, why don't you go to physio?"

Fee-for-service models, multiple speakers agreed, reward volume rather than value, a structural misalignment that will not be resolved by technology alone.

# LIFE AND HEALTH



Panel Session: Staying resilient – Building sustainable health insurance models for the future  
L-R: Mr John Spence (Moderator), Mr Nir Kaminer, Dr Felix Lee, Mr Yuman Chan, Ms Emma Hickey, Mr Bernhard Kotanko and Ms Manisha Keyal

## Rethinking the product for an ageing population

Milliman Principal and Consulting Actuary Pang-Hsiang Chye argued that the sector is confronting a problem it has largely avoided naming: health insurance for the elderly is, at its core, a savings problem, not an insurance problem. At around age 70, the probability of making a claim is four in 10, compared to one in 10 for younger policyholders. High lapse rates among older customers, sometimes five or six times those at younger ages, signal that the value proposition is failing precisely when it should matter most.



Mr Pang-Hsiang Chye

His proposed remedies included deductibles that rise with age, and no-claims discount pricing models

similar to those used in motor insurance. Prudential Singapore introduced such a product in 2018; loss ratios fell from 86% to 69% almost immediately, driven not by penalising unhealthy claimants but by an implicit deductible effect, with customers weighing the cost of a premium increase before deciding whether to claim.

Mr Chye also identified the absence of a genuine mid-tier provider segment as a structural gap. In Hong Kong and Malaysia, patients are effectively forced to choose between expensive private hospitals and near-free public care. China and Indonesia, by contrast, offer a fuller spectrum. Without a middle tier, no amount of product design can make coverage genuinely affordable.

HKIA Non-Executive Director Professor Fung Hong, said that despite Hong Kong’s foundational commitment since the 1960s that no one should be denied care due to cost, out-of-pocket health spending remains above 30% of total expenditure, which is worse

than Singapore or mainland China. Around 90% of new cancer cases are treated in the public sector, even among patients with private insurance, because coverage proves insufficient to complete a full course of treatment.



Professor Fung Hong

The most important sentiment of the conference came from a Prudential survey cited by Ms Keyal during the panel session, in which the top patient request post-COVID was not broader coverage or lower premiums. It was guidance: “Don’t guide us when we are sick. Guide us before we fall sick.”

The 21st Asia Conference on Healthcare and Health Insurance was held on 26–27 March in Hong Kong, and was organised by *Asia Insurance Review*.

