

EAIC: Creating a multi-faceted vision for the industry



The East Asian Insurance Congress celebrated its diamond jubilee this year amidst radical changes that have affected the industry since the onset of the pandemic.

By Jimmy John



The East Asian Insurance Congress (EAIC) 2022, a two-day event with the theme of ‘Cutting a multifaceted, clear vision for the industry’, was designed to address the qualities of a diamond – cut, colour, carat and clarity, representing the various aspects that the industry must consider.

In his welcome address, EAIC president Allan Santos reiterated the aim of the congress as one of furthering and developing international collaboration amongst insurance practitioners in the region.

“We continue to experience transformations and disruptions as they affect us and the insurance public,” he said. “Our industry has survived countless challenges over the years. I am certain we will continue to weather the difficulties of the day with resilience and unity,” Mr Santos said.

Mindful of the legacy of cooperation that the congress started when it was founded in 1962, Mr Santos said that EAIC must continue to play a role in providing

a forum for industry players, for constructive exchanges and dialogue, to understand the challenges that confront the industry and discuss solutions to surpass them.

Making the future sustainable

Mitsui Sumitomo Insurance honorary adviser Takeo Inokuchi, the conference’s keynote speaker, noted that the number of countries or territories participating in the EAIC has expanded to 23, highlighting the increasing value and scale of the congress, and how it contributes to the spread of insurance in the region.

“The sound development of insurance is essential to achieving the United Nations Sustainable Development Goals, which have become global goals geared toward a sustainable society,” he said, during his keynote address.

“In particular, I am referring to goal one – no poverty, goal three – good health and wellbeing, goal nine – industry, innovation and infrastructure, and goal 11 – sustainable cities and communities.”



Russia president Vladimir Putin's invasion of Ukraine

Moody's Analytics chief APAC economist Steve Cochrane, speaking of the impact of Russia president Vladimir Putin's invasion of Ukraine on Asia, said that compared to Europe, North America and Latin America, the Asian region is a mixed bag with a lot of strength. He said, "Our forecast for 2023 is that many of the fast-growing economies in the region will likely see a slowdown in GDP."

Commenting on the lingering effects of COVID-19, Peak Re chief economist Clarence Wong said that there are major changes around the world, including the supply chain, government policies and digitalisation.

The future, he said, will not be influenced by these changes alone, as there are other multiple factors affecting consumer behaviour as well as economic performance and these include military conflicts, geopolitical tensions and other socio-economic events.

"We have to consider all of these to see what the future will look like and we need to take a see-through approach in order to understand the impact on consumers and societies in order to realise opportunities," he said.

Longevity and the health platform economy

Lapetus Solutions chief scientist and co-founder S Jay Olshansky said that the age trajectory of mortality has never changed. He highlighted the sticky variables that offer higher predictivity values and these include education, physical activity and marital status. He advised insurers to



keep their products simple.

"Don't make the process of applying for life insurance or planning for retirement more complicated than it needs to be," he said.

cadadoo president, CEO and chairman Peter Ohnemus said that hyper personalisation will create a large opportunity for insurers. "Insurance operators need to become hyper relevant and prepare for an integrated digital life and health platform economy," he said.

Reinsurers and disaster risk finance

Munich Re regional head of property treaty underwriting Joachim Zagrosek, speaking on the role of insurers and reinsurers in overcoming climate change challenges, said that global warming is changing probability distributions, with a small increase in average temperatures resulting in a large increase in probability of extremes.

World Bank senior financial sector specialist Hang Thu Vu spoke on the five areas where the reinsurance industry can play a critical role in terms of private public partnerships, and these are: Traditional risk transfer; provide capital for investments; provide technical expertise; help governments and individuals in financial resilience and in data analytics.

World Bank lead financial sector specialist Serap Oguz Gonulal said that integrating climate risk into insurance products is the need of the hour.



"We are seeing increasing concentrated risks in cities and so the impact of climate change is increasing," she said.

ESG, ERM and systemic risks

Zurich Resilience

Solutions, Asia head of distribution, customers and growth Audrey Walls said that only 7% of flood losses in Asia were insured and, in this scenario, ESG cannot be overlooked by insurers and brokers and it needs to be increasingly addressed by them.

"ESG and sustainability should be part of the insurers DNA and can be set to meet net zero goals," she said.



Redefining and rebalancing insurance relationships

A panel discussion moderated by Fairfax Asia consultant Sanjeev Jha on the future of insurance relationships saw some lively interaction between panellists.

Milliman managing director, Southeast Asia and India Richard Holloway said that actuarial talent is in demand today and companies are using outsourcing as a strategic move. "The underlying driver is that companies are becoming larger and bigger and so have outsourced some of their routine tasks," he said.

SCOR senior treaty and APAC underwriter Jisun Park said that outsourcing is a good initiative but should not be seen as the fundamental solution. "The uncertainties of risk are case sensitive and so we need to first understand the risk," he said.

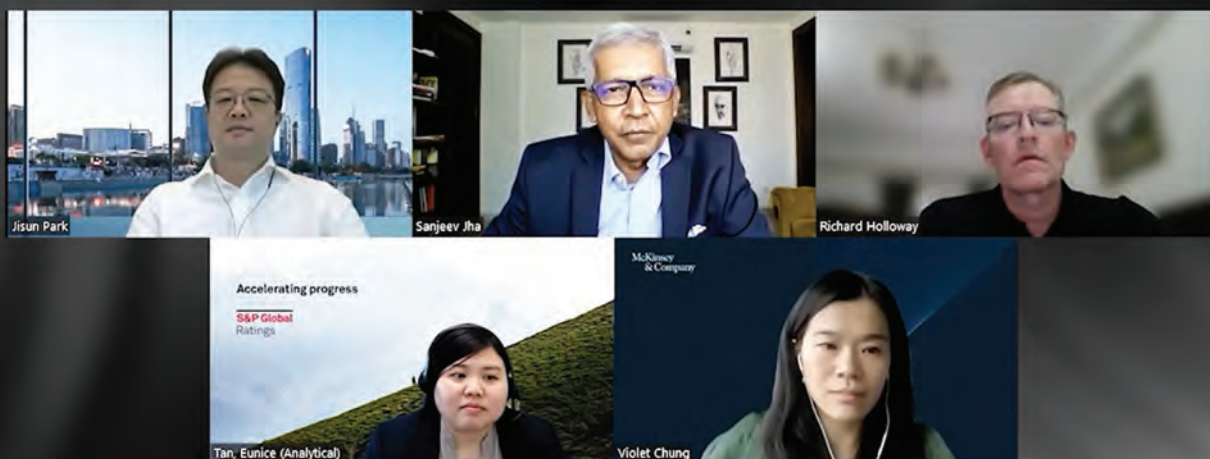
McKinsey & Company partner Violet Chung said that the past decade has been about scale but is now about quality. "Product innovation has become very prevalent especially in products and services," she said.

S&P Global Ratings head of credit research, Asia Pacific Eunice Tan said that choice of partners will be critical

INSURANCE – GENERAL



Panel Discussion: Redefining and rebalancing insurance relationships: How is the weightage among the various industry players going to evolve



Clockwise: Messrs Jisun Park, Sanjeev Jha, Richard Holloway and Mses Violet Chung and Eunice Tan

for insurers and reputation costs are also to be considered.

Turning challenges into value levers

McKinsey & Company partner Alex Kimura highlighted the five-impact challenges facing the insurance industry over the next 10-15 years. These he said were: Value creation, unlocking latent demand, overcoming stagnant productivity, tackling rising inflation and framing a wider purpose and role in society.

McKinsey & Company senior partner Bernhard Kotanko advised the industry to use the winds of change post-COVID for big moves and for this they must become customer centric to deliver real impact.

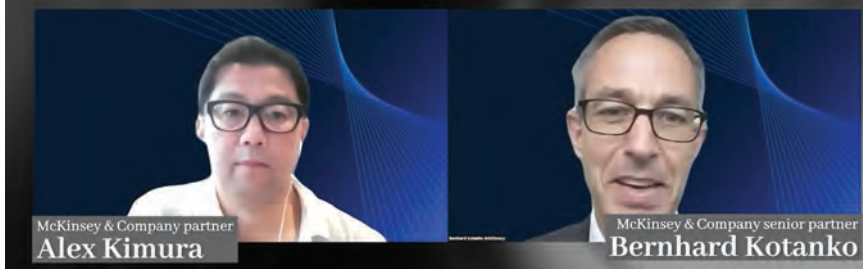
“Companies must increasingly recognise the value of business building and when done right it is lucrative,” he said.

For whom stagflation tolls

Swiss Re Asia chief economist John Zhu said that we are now in a different regime and are seeing higher interest rates today as high inflation persists. “Inflation and growth mix in Asia is better than in the US and Europe. Inflation in East Asia has so far only reached historical averages,” he said.

HSBC Asset Management (Singapore) CEO and head, Southeast Asia Patrice Conxicoeur said that Asia faces a number of

Clear Future Vision: Outlook for the next 10 to 15 years - Turning challenges into value levers



macro-economic challenges, but the economic and policy mix in China looks very different.

“Life insurers often have AUM gaps, especially in Asia, creating theoretically a benefit as liabilities depreciate more than assets,” he said.

Philippines insurance commissioner Dennis Funa, in a special closing address, said that digitalisation has been a game changer and technology allowed the industry to be productive during the pandemic. “We need to be united to deal with other risks like climate change and cyber risks,” he said.

The two-day event was sponsored



by Fubon Life, Insurance Institute for Asia and the Pacific, Inc, Korean Re, Moody’s Analytics, Peak Re and Swiss Re. *Asia Insurance Review* served as event manager and official media partner of the conference.

The next edition of the EAIC will be held in Hong Kong in 2024.