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Capital, growth, regulation at centre of insurance industry shift

By Reva Ganesan

Under the theme "Transformative Leadership: Reaching New Heights in Insurance", the Pacific Insurance Conference 2025 addressed key issues facing the industry, including growth strategies, capital management, regulatory environments, risk management, digital transformation and AI adoption.

In attendance were representatives from more than 80 companies and institutions based in South Korea, Japan, Hong Kong, Singapore, Taiwan, Vietnam, Thailand, the Philippines, India, Bermuda, the United States, Canada, Australia, Mongolia, and more.

Senior officials from insurance supervisory authorities such as Hong Kong Insurance Authority, Financial Services Commission of Korea, Bermuda Monetary Authority, Indonesia's Otoritas Jasa Keuangan, Insurance Supervisory Authority of Vietnam, and the Insurance Regulatory and Development Authority of India participated as panellists to share regulator perspectives on key industry issues.

Innovation and cooperation are vital

In his opening remarks, Korea Life Insurance Association chairman and CEO Chul Ju Kim emphasised the importance of innovation and cooperation in navigating market volatility, technological advancements, and demographic changes.

"The insurance industry that you lead is not merely a provider of financial products; it is a foundational pillar of society, supporting individuals and businesses against unexpected events and ensuring the stability of retirement incomes. More than ever, we are dedicated to shaping the industry agenda, unlocking new business potential, and fostering a culture of innovation and meaningful collaboration," Mr Kim said.

Highlighting the significant impact of AI on today's insurance industry, Asia Insurance Leadership Forum (AILF) president Michael Shin shared his opening remarks with 'Jenny', an AI advisor.

Jenny appeared onscreen and conversed with Michael about how PIC attendees can best navigate the conference.

Mr Shin stressed that capital growth and regulatory attention are essential in navigating the rapid transformation of the insurance industry. He said the conference would focus on three main themes: capital, growth, and regulation, with subtopics such as IFRS, solvency, asset management, underwriting, product distribution, international expansion and the broader regulatory environment.

Technology will push the industry forward

Following that, Reinsurance Group of America (RGA) president and CEO Tony Cheng said in his keynote speech, "The Asia Pacific region stands at a crossroads of unprecedented opportunity and complexity. PIC 2025 is more than a meeting – it's a catalyst. Let's forge partnerships that transform challenges into opportunities. Let's commit to action. Together, we will create a legacy of innovation and protection that will benefit billions of people across Asia for decades to come."

Sharing her insights from a leader's perspective in driving enterprise AI success, data visionary and author Chandra Donelson said, "The most disruptive skill in the world is simply having an idea. And here's the future I see: by 2040, technology will push the insurance industry from focusing solely on compensating for loss to playing a central role in preventing it".

"The most successful companies won't be the ones that chase everything – they'll be the ones that choose the one thing that matters most and commit to it. The challenge of navigating disruption isn't AI adoption – it's unlearning. If you can't unlearn, you can't innovate. So, if you had to go from 100 to zero, what would you do differently? Think about your workforce, your processes – recruiting, onboarding, decision-making – and your tech stack," Ms Donelson said.

She said FOMO-driven AI is exactly how companies end up with endless use cases and proofs of concept that never see production.

"Here's the uncomfortable truth: your goal isn't to use AI for the sake of AI. Your goal is to solve real business problems. So what problem are you trying to solve?" she asked the audience.

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PIC this year, was hosted by the Korea Life Insurance Association (KLIA), sponsored by leading domestic and international insurers, operated by the Asian Insurance Leadership Forum (AILF), and supported by the General Insurance Association of Korea (GIAK), under the auspices of the International Insurance Society (IIS).

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CEOs weigh challenges and opportunities across Asian insurance markets

By Reva Ganesan

In an executive insights panel, CEOs from across Asia shared their views on the insurance industry, diving into current trends, pressing challenges and what's top of mind for their strategies.

Topics ranged from low penetration and retirement readiness in emerging markets to regulatory shifts, digital innovation and healthcare insurance pressures in developed markets, offering insights into where the sector is headed and how leaders are preparing for growth and disruption.

China market

AIA Group regional chief executive Fisher Zhang said consumption and high-tech investment appear strong in the first half of the year, although the property market has slightly dragged performance.

"The life insurance industry, however, faces significant challenges, particularly in China. Interest rates have fallen over 100 basis points in the past year, lower than in other markets, raising investor concerns about potential situations like Japan. Additionally, the industry has seen high guaranteed returns in recent years, further straining the market," Mr Zhang said.

Despite these difficulties, he remains optimistic about the future, noting that regulators are fully aware of the challenges and acting.

"I see a lot of potential in Hong Kong. China's commercial insurance and pension sectors can be further developed through government tax incentives," he said, adding that these steps point to "a healthier, more sustainable future."

India market

SBI Life Insurance managing director and CEO Amit Jhingran highlighted the growth potential despite low penetration.

"Although it has moved from 2.1% to 2.8% in the last two decades, that leaves a huge opportunity," Mr Jhingran said.

"Insurance density in India is almost one-fifth of the developed world, which is another huge opportunity. One of the youngest nations today at 28 years of age, with rising incomes and urbanisation, all these factors together create a huge insurance market," he said.

He also noted the changing consumption patterns of younger earners.

"When the young people start earning, spending habits are also changing in India. A lot of aspirational buying is happening, and young people are creating liability for acquiring assets. When they create liability, obviously the need for insurance protection also goes up," he said.

Hong Kong market

Manulife International CEO Patrick Graham acknowledged the immediate challenges but highlighted long-term potential.

Despite the short-term hurdles, he noted strong underlying trends in saying, "If you look at how the industry has fared over the last couple of years, from the reopening of borders in Greater China post-pandemic to today, the industry has been on an incredible run. It's driven by megatrends like wealth creation in China, the emergence of the middle class, ageing populations and retirement needs. Hong Kong is incredibly well-positioned as China's most international city, not just a local market but also a regional market."

SEA – Thailand and Vietnam markets

Chubb Life president of Southeast Asia and New Zealand Sang Lee said, "Thailand is the biggest insurance market overall, collecting nearly $20bn in premiums per year, versus Vietnam, which is growing very fast but collects just about $6bn."

Mr Lee highlighted rising medical costs as a challenge.

"Present medical inflation is crazy. You can measure it different ways – claims this year versus next year and we're talking double-digit growth. Ultimately, customers are paying a lot out-of-pocket. In Vietnam, a lot of healthcare costs are out-of-pocket. Thailand is better, but depending on the service, it can still be substantial," Mr Lee said.

On insurance coverage and product design, he added, "As countries develop, insurance should be complemented by government programmes. But often the benefits you can claim are very low compared to the premiums paid, so you must constantly upgrade products."

He also discussed changing health risks and retirement readiness.

"Leading causes of death in Thailand are now mostly critical illnesses, starting with cancer. GDP per capita is low, but people are saving for THB 3 to 4m- about $150,000. Even in smaller markets, retirement readiness is a real concern. Regulation can help by attracting more people with incentives and tax breaks, like Thailand has done, promoting greater insurance uptake," he added.

Mr Lee concluded by introducing healthcare insurance as a key focus, "Healthcare systems are under stress in every market. Health insurance is very challenging- some call it a failed business model. It's difficult to create value, but it's an area that requires urgent attention."

L-R: Messrs Mark Saunders, Fisher Zhang, Sang Lee, Patrick Graham and Amit Jhingran.

Image credited to AILF/PIC

Regulators supercharge insurance market growth in rapidly ageing society

Increased life expectancy, declining birth rates and a super-aged population have coalesced into a serious issue in South Korea. Authorities are addressing the situation through regulations and measures to extend high-coverage indemnity insurance, curbing non-essential medical treatment, expand long-term care insurance for the elderly and revamping pension plans.

By Mary Kwang and Sarah Si

The number of people aged 65 and older in South Korea stood at 10.24m, accounting for a fifth of South Korea's population of 51m, according to data released in December 2024 by the Ministry of the Interior and Safety.

This percentage makes the country a super-aged nation, generally referring to a country where more than 20% of the population is aged 65 and above. Separately, the United Nations Department of Economic and Social Affairs has forecast that by 2050, 39.4% of Korea's population will be aged at least 65.

An ageing nation faces several challenges, including rising healthcare costs, greater demand for long-term care, a surge in dementia cases, and an increased pension burden. The authorities have been acting in their bid to mitigate the situation. These initiatives aim to improve healthcare access, long-term care for the elderly and financial security. They encompass:

a) Health insurance for seniors

To expand medical coverage for the elderly, the financial regulator, the Financial Services Commission (FSC), introduced a policy change related to high-coverage indemnity insurance. Since April 2025, seniors up to the age of 90 have been allowed to subscribe to the plan, even if they have pre-existing conditions. The change also increases the coverage age from 100 to 110. Previously, seniors could enrol in such plans until age 70, while those with pre-existing conditions could do so until age 75.

b) Non-essential medical treatment

To ensure the sustainability of both the National Health Insurance Service (NHIS) – a public health insurance scheme run by the Ministry of Health and Welfare – and private insurance business, the government introduced reforms in January 2025 to curb excessive use of non-essential treatment and rising healthcare costs.

Non-critical treatment, such as manual therapy and beauty treatment, will be reclassified as "managed services", requiring patients to cover up to 95% of costs out of pocket. Under the new system, patients with private actual cost reimbursement insurance policies – that cover medical expenses not fully covered by the NHIS – will not be able to receive coverage for non-essential treatments that are deemed susceptible to overuse.

c) Expansion of long-term care services

To increase the scope of coverage of long-term care insurance (LTCI), a legislative amendment has been proposed to add home-based end-of-life care to the scheme for the elderly. This move followed growing recognition of the need to integrate end-of-life care into the LTCI system. Currently, services addressing the nursing, health, and emotional needs of terminally ill older adults are limited.

However, the LTCI scheme is already under financial pressure due to the rapidly aging population. To address this, the government has been increasing premium rates. Further adjustments are anticipated to ensure the scheme's viability.

d) Revamp of pension system

In March 2025, lawmakers approved significant reforms to the National Pension Service (NPS), marking the first major overhaul in 18 years. The fundamental reform of the public pension fund includes raising the premium rate from the current 9% to 13%, up by 0.5 percentage points each year for the following eight years and the income replacement rate from 40% to 43%, deferring the depletion of the pension fund by several years.

A new automatic stabilisation mechanism will adjust pensions in payment based on factors like inflation and life expectancy.

To increase NPS funds, the government aims to improve the long-term average annual investment return of the NPS by diversifying investments.

The authorities have also decided to introduce new types of products so that insurers can play a bigger role in providing social safety.

Non-financial businesses

Other recent regulatory changes by the financial authorities aim to promote new businesses among insurers, such as healthcare and senior care. This allows the integration of insurance with non-financial services, creating synergy.

RGA chief pricing actuary Kyeonghwa Kim said in a blog, "Regulations have been relaxed, allowing insurance companies to provide healthcare-related platform services. This creates a favourable environment for insurance companies to enter the digital healthcare service and senior care service industry."

Pro-active approach

South Korea's proactive approach to reforming its insurance and welfare systems reflects a commitment to supporting its aging population.

Continued evaluation and adaptation will be crucial to address the evolving needs of the elderly. Regulatory oversight will remain a key driver of industry evolution, balancing innovation with consumer welfare and financial stability.

Insurers must address longevity risks as population ages

As the population in Asia continues to age and people live longer, insurers must address the growing longevity risk, from living with pre-existing conditions to dealing with gaps in product design and long-term investment options.

By Sarah Si

At the panel discussion titled 'Rising to the Challenges and Opportunities of Asia's Ageing Population' at the Pacific Insurance Conference 2025, Milliman chair of the board of directors Bret Linton, the moderator, cited some statistics as an opener.

Data from the Centre for Health Protection, under the Government of the Hong Kong Special Administrative Region, noted that men had a life expectancy of 82.8 years, while women had 88.4 years. With that in mind, the question Mr Linton posed to the panellists was, "What is the insurer perspective on the increasing longevity risk?"

Tackling "substandard situations"

AXA CEO, Greater China Sally Wan answered first, noting that individuals aged 65 or over may be in what she called "substandard situations", which include high blood pressure, or surviving cancer.

"There are critical illness issues, and it is very difficult to find insurance in these situations, because coverage may be too expensive," said Ms Wan.

Additionally, medical advancements mean that there are more critical illness survivors or recoveries who live longer, she pointed out.

"As insurers, we must find a way to break through benefit coverage so that we can provide different types of innovative, affordable health insurance for our silver haired community," she said.

And although Ms Wan conceded that it was a challenge, she also highlighted "a hope to work with the whole health ecosystem".

Tackling the missing elements

Prudential group chief product officer Sanchit Maini pointed out a number of "elements that are missing in the whole space".

"One is from a product perspective, as insurance companies till date have not been able to address the segment on a number of factors, including the underwriting constraints, capital requirements and suitable long term investment options to match assets and liabilities," said Mr Maini.

To mitigate this, he suggested addressing the gaps in lifespan, health span and wealth span, because on a policyholder's end, it is about "outliving retirement saving and covering healthcare costs".

Although he also pointed out some steps being taken in this area, such as the launch of a simplified cancer insurance product in Taiwan that offers long-term care cover for targeted treatments and rehabilitation services.

Not doing enough

Even as Mr Maini strongly believes there is demand for such products, he also said that the industry is "not doing enough".

As he put it, the industry tends to be a bit reticent due to the element of vulnerability involved, as well as regulatory standards.

"A lot of insurance companies have tended to stay away from this segment. That is probably not the right answer," he said.

"It is more on how we can address the vulnerability with appropriate underwriting and in terms of explaining the product."

Pension systems failing to deliver

According to Asia Development Bank economic advisor Park Donghyun, Asia tends to be "fiscally conservative", and prizes macroeconomic stability.

"That shows in the way we run our pension systems. But because of Asia's relative financial underdevelopment, most of the region's pension systems fail to deliver what can be considered adequate benefits," said Mr Park.

"And this problem is expected to worsen in the coming years because all of the region is ageing rapidly."

To address this challenge, the region needs to start "imaginatively moving into generating higher returns", he said.

L-R: Mr Bret Linton, Mr Park Donghyun, Ms Sally Wan, Mr Sanchit Maini and Mr Kim Seog Young

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