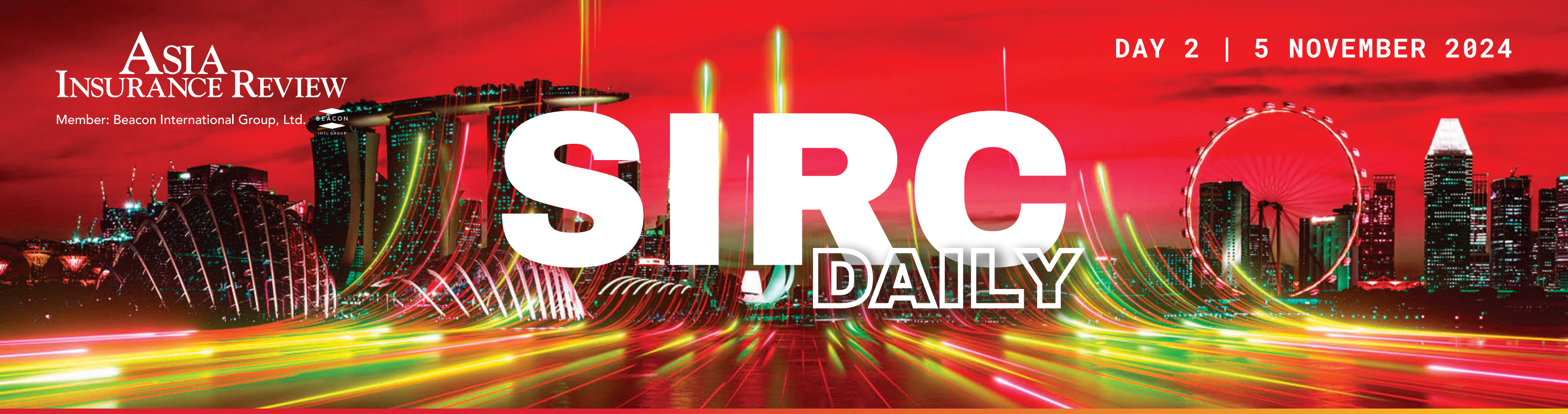


THE OFFICIAL MEDIA PARTNER OF THE SIRC

Singapore reinsurance sector thrives amidst climate challenges

The 20th Singapore International Reinsurance Conference (SIRC) saw over 3,300 participants this year, with nearly 2,000 joining in from overseas.

Singapore deputy prime minister, minister for trade and industry and chairman of the Monetary Authority of Singapore Gan Kim Yong gave the keynote address.

Mr Gan Kim Yong

"Climate change, a core challenge, is accelerating, impacting risk projections. Nat CAT in Asia averaged S$106bn in insured losses annually, while a large protection gap remains - 91% of Asia's S$65bn economic loss in 2023 was uninsured. Without more decisive action, Asia risks losing 20% of its GDP by 2048, with ASEAN nations potentially losing 29%," he said.

"The insurance industry has both an urgent need and opportunity to bridge this reinsurance gap. By collaborating with governments, researchers and tech providers, insurers can enhance risk models, scenario analyses and climate data specific to Asia," he said.

Energy transition

"The shift to renewable energy is essential for Asia to achieve net-zero goals while meeting rising energy demands. Asia, responsible for half of global greenhouse gas emissions, largely depends on fossil fuels. Investment in renewables across APAC is expected to reach S$1.3tn by 2030, with substantial infrastructure projects in solar, hydropower and wind," Mr Gan said.

Digital transition

"By 2030, APAC's digital economy is expected to surpass S$2tn, fuelled by e-commerce, FinTech and advancements in AI and cloud services. As digital adoption increases, so does the risk of cyber threats. The region's cyber insurance market is projected to double between 2023 and 2027, driven by demand for coverage against data breaches, ransomware and other cyber risks. Insurers are advancing cyber risk models to support dynamic risk assessment, and the industry is urged to encourage robust cyber security measures to manage these risks effectively," he said.

Demographic transition

Asia's ageing population, urbanisation and growing middle class are driving demand for life and health insurance. Singapore is projected to reach 'super-aged' status by 2026. This demographic shift, alongside rising life expectancy, will increase demand for long-term health care, pension and financial products. Growing urban wealth will also spur demand for life insurance and savings products.

"The rise of InsurTech is expanding insurance coverage, leading to complex risks and greater opportunities for reinsurance. Asia currently holds 39% of the global life insurance market, with projected growth exceeding 5% annually over the next decade, outpacing the global average," Mr Gan said.

The SIRC organising committee with the guests of honour

20th SIRC organising committee chair Marc Haushofer said, "This year's theme, *Revolutionize (Re)insurance!*, could not be timelier as we navigate a world reshaped by climate change, technological disruption and shifting global economies. Our industry faces the task of adapting to emerging risks and embracing new technologies."

Mr Marc Haushofer

"From addressing the urgent challenges of climate change to exploring the broad impacts of AI integration, our discussions will not only identify current opportunities but also shape our future direction. Additionally, talent management is key as we navigate a constantly evolving workforce," Mr Haushofer said.

"Attracting, retaining and nurturing talent remains essential for our sector's success," he said.

Revolutionise reinsurance with partnership and data

By Ahmad Zaki

During his keynote speech during the opening of SIRC yesterday, Swiss Re group CEO Andreas Berger said that protection gap issues are so big that the industry cannot tackle them on its own.

These issues include Nat CAT and climate risks, cyber and civil unrest, all risks that have grown exponentially over the past few years.

Revolutionising the industry, he said, was about data and partnerships. "It's about people, and it's about making the world more resilient out there. It's clear that we were tackling so many issues, but the issues are so big that we cannot tackle them on our own. So that's why it needs a concerted effort, where we have to come together.

"We need to step up our game – not just to close the protection gap, but to prevent it from widening, as it is in Asia," he said. "In fact, its not just widening in developing countries, but also in developed nations. The protection gap in the US is also widening."

Part of this, he said, is due to the decisions humans make as individuals; in the US, for instance, there have been a rise in people living in flood and hurricane zones, which increases the loss numbers. "People need the right incentives to manage their risks in these exposure areas. We also need governments to do their part by improving building regulation. Without a private public partnership, this approach will not work."

Industry role

"We are not just a shock absorber and capacity provider. We can provide dependable risk assessment. We can do effective volatility management and increase risk protection. And it's much more than that. So when we look at the past two decades, you can see that as an industry we were pretty resilient. We have weathered the storm," he said.

However, the storm is getting worse. It's not just Nat CAT rates and severity that have been rising, but the number of claims rising from strike, riot and civil commotion rose by 3000% over the past two decades. Population growth plays a significant role in this surge, especially in urban areas, which leads to social tensions and a heightened risk of civil unrest.

A conversation with Andreas Berger

"To revolutionise, we must have the right tools at hand. There has been a lot of model uncertainty, which leads to loss creep. The root cause is the lack of data on up-to-date exposures and current risk values," he said. "The awareness is there, but the quantification is not really understood."

Focusing on data

Mr Berger also noted that there are many solutions that exist in the world, and many companies that provide tools and services that go beyond risk management. "There might be too many providers, in fact. If you look at just the software providers, it also adds a level of complexity to your organisation, and to integrate it into your landscape can be challenging," he said. "And the data is no longer in one spot anymore. You constantly have to leave your underwriting environment and switch screens."

He encouraged both reinsurers and primary insurers to focus on data management and organisation. "You should spend time and effort and resources on this. It's an investment and you will definitely see a return," he said.

Being cautious on AI

Mr Berger also admitted that AI is a bit hyped and people will have a real wake-up call when the usage of AI is not done in the proper way and they realise the true costs.

He equated it to the cloud computing boom from a few years ago, when companies rushed to migrate everything to the cloud – even if it was not necessary – and then were shocked by the costs afterwards.

Once again, his answer was based on data. "Get your data right, first. Then you will know where to apply AI and reap the benefits," he said.

Stable, consistent and with clients for the long term

Everest Re still has capacity, though discipline will be maintained in its deployment, according to **Mr Kevin Bogardus**, as it is not looking to win deals at all costs. Rather, this approach should ensure Everest Re's stability and consistency, which would allow it to work with clients for the long term.

By Sarah Si

Having been in business for more than 50 years, the reinsurer has been through so many market cycles, it is "not new to us," said in Everest Re CEO, APAC Kevin Bogardus.

"For the benefit of our clients and brokers, we strive to minimise the peaks and troughs of the cycles through our consistency," Mr Bogardus said.

At the moment, he said, Everest Re is "in a disciplined underwriting cycle and expects it to continue".

He said, "We have reached a new baseline in this elevated risk environment and with additional demand coming into the market, attachment points and terms and conditions (T&C) are expected to remain stable."

Mr Bogardus also expects risk-adjusted returns "to remain excellent" at 1/1 and throughout 2025.

Pricing: Consideration of relationship strength and length

When asked what he expected for pricing at the upcoming renewals, Mr Bogardus first noted that it was important to look at each country and client individually, before saying that the strength and length of the relationship should be considered so that Everest Re could strive to "achieve the objectives of all parties".

"We believe that our strategic partners – clients and brokers – are not looking to destroy sustainability in the business and relationships which are built over years," he said.

While Mr Bogardus does not think there will be any surprises regarding T&C at 1/1, he was also keen to point out that Everest Re was prepared to respond to client needs to find solutions.

"Many times, those needs require fresh and 'out-of-box' thinking. We try not to be dogmatic but rather pragmatic in how we respond to our clients' needs. We do not have any red lines or hard rules that we apply to all," he said.

Capacity: Available but not indiscriminate

As APAC is a diverse region, there is strong demand for reinsurance solutions "not just in property, but in other lines as well", Mr Bogardus said.

While capacity is available, he also believes that it should not be indiscriminate.

"A number of markets were affected by Nat CAT losses in 2024. As such, there is a likelihood that some markets will face more challenges than others at 1/1. There should be the expectation of payback to reinsurers," he said.

Everest Re still has considerable capacity to deploy, he said, although discipline in its deployment will be maintained across all markets, clients and lines of business.

Another area where discipline will be maintained, he believes, is underwriting.

He said, "Winning deals at 'all costs' will not be our approach.

"We do not think this is sustainable or suits anyone over the long term. We believe that our true partners would prefer that we are stable, consistent and with them for the long term."

> **"**We have reached a new baseline in this elevated risk environment and with additional demand coming into the market, attachment points and terms and conditions are expected to remain stable.**"**
>
> – Mr Kevin Bogardus

Everest Re: Growth trajectory

Everest Re's growth strategy, as seen over recent years, is not based purely on property business and a few large markets, according to Mr Bogardus.

"Rather, we are expanding into most lines of business and across countries and territories where we see profitable and sustainable long-term opportunities," he said.

Mr Bogardus also highlighted Everest Re's strong appetite and capacity to grow business at fair prices and with appropriate structure.

He said, "In line with our more active approach, we are quoting with the intention to lead on good programmes and with our partners, to strengthen our growth and positioning further."

In the run up to the renewals, Everest Re is having "honest dialogues" with clients and brokers.

He said, "We believe that our transparent, honest and consistent communications are critical to successful cooperation".

Entering a period of evolution

Malaysian Re is undergoing an extended period of change and evolution, which has allowed the organisation to continue improving and growing. We spoke to its CEO **Mr Ahmad Noor Azhari Abdul Manaf** about the organisation's growth plans, its view on the upcoming renewal season, and the challenges that it is facing.

By Ahmad Zaki

> "In Asia, I think we are likely going to stay flat; terms and conditions won't change much."
>
> – Mr Ahmad Noor Azhari Abdul Manaf

Pricing and terms & condition has long been an issue for insurers across the region, and Malaysian Re's clients are no different, said Malaysian Re CEO Ahmad Noor Azhari. "If you look at where the market was two or three years ago, a lot of capacity was pulled out from the market, so there was concern about whether programmes could be placed, cumulating from unsustainable pricing and structure adding to the loss experiences seen throughout the industry. Because of this, significant adjustment was seen on across the board basis. However, things have stabilised now," he said.

At the same time, reinsurance pricing in Southeast Asia somewhat does not accurately reflect the exposure that (re)insurers face. "If you look at the developed markets – Europe, US, even Australia, or Japan – there has always been a fast reaction from the market to improve pricing after a major loss," he said.

The worry is that the impact of climate change will lead to the increase in frequency and severity of NatCAT events, what was normal for the industry in the past few decades, will no longer be the same. "The market has been good for us in the past, but everyone has to open their eyes to the fact that the market will be challenging in the future," he said. "The world will not remain the same, it is not even the same as it was 20 or 30 years ago."

Renewal expectations

Every reinsurer is hoping for a stable market; while there is still hardening going on especially in US and Europe, Asia is much slower in that regard. "In Asia, I think we are likely going to stay flat; terms and conditions won't change much," he said.

However, he noted that at the time of the interview – late September – the typhoon season in Asia was only about halfway done, and things could change at the drop of a hat. Recent results of Hurricanes Helene and Milton in the US prove that large losses could hit Asian shores at any time, especially with the influence of climate change.

"While we want everyone to reap the benefits of a calm NatCAT season, we have to remain cautious," he said.

Going beyond capacity

Malaysian Re is a regional reinsurer, and according to Mr Azhari one of the challenges for them is to be a preferred reinsurer in the region.

For Malaysian Re, it means building more capacity and expertise. "It is important for us to showcase our expertise in all aspects of our business," he said. "We don't just want to be trading in capacity – at face value, but we need to show that Malaysian Re has the ability to do things differently as a holistic solutions provider."

Malaysian Re has been building their expertise through talent recruitment and development. The reinsurer has been investing in technical expertise, especially in the actuarial lines and underwriting. "We have been bringing in fresh talent who can bring varied experiences to Malaysian Re," he said.

Apart from refreshing talents, Malaysian Re is also looking at partnering with universities to increase awareness of the industry and the different roles that it offers.

For young talents, this also means that they are able to explore the various roles within the industry and different paths of advancement. "We don't want to restrict them to just one role their entire career, we want to allow them to explore the various roles we have to offer, to do something different with their careers," he said.

Hong Kong's RBC regime signals a new era

Hong Kong's new risk-based capital regime came into play quietly this year, bringing significant change for insurers. There is also proposed regulation for re-domiciliation in which many insurers have already expressed interest in. *Asia Insurance Review* caught up with **Insurance Authority**'s **Mr Clement Cheung**.

By Sarah Si

The most recent regulatory change to Hong Kong's insurance industry over the past year was the implementation of the risk-based capital (RBC) regime in July 2024.

While Insurance Authority (IA) CEO Clement Cheung called the regime coming into effect uneventful, he also said that it "[heralded] a new era for the Hong Kong insurance industry".

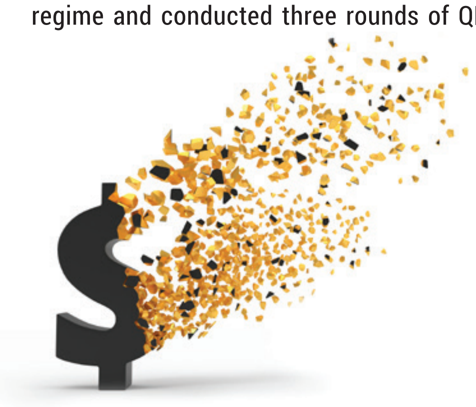
"Aligning capital requirements with risk profiles, this solvency framework is sensitive to asset and liability matching, product mix, economic valuation and corporate governance that will reinforce general stability of the market", he said.

Implications of new RBC regime

Throughout the process of planning and implementation of the RBC regime, the insurance industry remained "responsive and pragmatic", Mr Cheung said.

"All three iterative quantitative impact studies (QIS) took place during a period of unprecedented interest rate gyrations and high market volatility, which means that the risk parameters have been subject to vigorous stress testing," he said.

According to the Consultation paper on draft insurance (valuation and capital) rules and draft insurance (submission of statements, reports and information) rules, IA "started to develop detailed requirements for the RBC regime and conducted three rounds of QIS in consultation with the industry" upon the conclusion of the consultation in 2015.



"Nonetheless, there are suggestions that the framework should be reviewed and refined after it has been in place for about one year", Mr Cheung said.

AI

Mr Cheung believes that if deployed correctly, AI can confer benefits in client acquisition, marketing, customer service and fraud detection.

"The immediate task in hand is to ensure that our regulatory framework remains robust enough to safeguard the interest of vulnerable groups but flexible and proportionate enough to fulfil industry aspirations.

"For this reason, we are contemplating a study to inform the approach that should be taken to promote fair, transparent and ethical use of AI while adequately addressing concerns about algorithmic bias and personal data leakage," he said.

As supervisory technology modules, also known as suptech modules, were embedded into the revamped insurance system that is being progressively rolled out as well as surveillance tools sourced by IA's enforcement division, and likely contain elements of AI, Mr Cheung said that the regulator will "draw up rules and protocols in anticipation of such a trend".

New regulations

According to Mr Cheung, IA has "assumed responsibility for the licensing and regulation of licensed insurance intermediaries since 2019". However, it is subject to a five-year waiver of licensing and related fees granted by the Hong Kong government.

"After extensive discussion, a unified fee charging system will be applied from September 2024. The incremental income so generated should help to intensify our activities spanning across conduct supervision, public education, professional training and disciplinary enforcement," he said.

"All three iterative quantitative impact studies took place during a period of unprecedented interest rate gyrations and high market volatility, which means that the risk parameters have been subject to vigorous stress testing."

– Mr Clement Cheung

He also said that industry consultation has commenced "on a mechanism to identify domestic systemically important insurers in Hong Kong and the formulation of recovery or resolution plans".

IA is looking to publish proposals in 2025, which would also enable the regulator to fully comply with requirements set by the International Association of Insurance Supervisors, he said.

In July 2024, the Hong Kong Financial Services and the Treasury Bureau released the Proposed Company Re-domiciliation Regime in Hong Kong, containing the consultation conclusions and legislative proposals on a pathway for offshore companies with significant local presence to move their headquarters back to the region.

"Many insurance groups have already expressed interest in re-domiciliation, which will inject impetus into development of the 'headquarters economy'. IA is collaborating with relevant stakeholders and the government to ensure its timely introduction," he said.

Voices of SIRC

On the ground at SIRC, *Asia Insurance Review* spoke to industry executives for their thoughts on innovation, the future of the industry and renewals.

MENA reinsurers eye strategic growth

Mr Khaled Nouri
COO, Oman Re

On a global scale, high interest rates and inflation over the past two years have driven the industry toward improved pricing and stricter terms. The reinsurance industry has particularly benefited from this trend, especially reinsurers who have managed to reinvest their capital over the long term at higher yields.

Oman Re's chief operating officer Khaled Nouri said, "So far this year, through the third quarter, we've seen over $100bn in losses globally—even before accounting for Cyclone Milton and recent floods in Spain.

The Middle East has been no exception.

"The region faced Nat CAT losses last year, with major earthquakes in Turkey and Morocco and this year with unprecedented flood losses in the UAE. However, a unique aspect of the Middle Eastern market is that capacity remains available here, unlike in other regions like Europe or Turkey, where capacity has tightened following past events," he said.

"We are hopeful for changes to the market as we approach January 1, 2025," Mr Nouri added.

He believes that the changing frequency and severity of Nat CATs is a major challenge for reinsurers, along with issues of overcapacity and competitive terms.

"The region tends to lag behind international trends, which usually take longer to reach here."

In the MENA region, there are several reinsurers and Mr Nouri said he has seen both successes and failures over the years.

"The current market dynamics and hard market conditions are likely to support profitability and growth for reinsurers in the region in the coming years. However, for the long-term health and prosperity of the industry, mergers, strategic alignments and investments in technology will be essential," he said.

Catastrophe modelling powers reinsurance industry

Mr Robert Newbold
President extreme risks events solutions, Verisk

Global modelled losses from Nat CAT seem to have reached a new peak with Verisk reporting an estimated $151bn in annual losses, underscoring the role that modelling plays in understanding and pricing risks.

"Catastrophe models are as valuable as they have ever been in the global insurance and reinsurance markets, especially as we continue to see no shortage of catastrophe losses worldwide," said Verisk extreme risks events solutions president Robert Newbold.

Verisk is making targeted investments on helping companies deploy modelling techniques. On regional investments, he said, "For Asia and MENA, we're investing heavily in region-specific perils. With a new Indonesian and Malaysian flood model and an updated Australian bushfire model planned for 2025, we're focused on enhancing our tools where they're most needed."

In these geographies, Verisk's models address unique challenges where building codes and construction standards directly impact risk as seen in tragic earthquake losses in Türkiye and Syria. For earthquake-prone areas, stronger structures and enforced building codes are essential to reducing risk, he said

On the role of innovation, he said, "It's not just about technology, it's about data. The quality and granularity of exposure data are vital for assessing risk accurately and we are investing to ensure our models reflect a near-present view of climate risk.

"Our models now support near-present climate scenarios for up to 10 years and extended views to 2050 or even 2100, which are invaluable for insurers planning long-term strategies and partnerships."

At SIRC 2024, Verisk is reinforcing its message of partnership with reinsurers and insurers. "We're emphasising that the tools are here to help insurers and reinsurers quantify risk across both core and emerging perils. We're keen to partner with the industry to close protection gaps and support resilient futures," Mr Newbold said.

Asia Insurance Industry Awards 2024 winners revealed

The winners of the 28th Asia Insurance Industry Awards have been revealed, with 20 of the region's top insurers, reinsurers, brokers, risk managers and service providers bringing home a trophy. The awards are well known for their stringent criteria and transparent selection process, overseen by a panel of expert judges from across the insurance industry. This year, the awards attracted almost 200 entries in 17 categories.

The event was held, as usual, in conjunction with the Singapore International Reinsurance Conference. This year's winners exemplified the best of the industry, showcasing efforts to improve sustainability, groundbreaking digital capabilities and market-leading innovations and solutions.

This year, there were ties in three categories, a first in the awards' 28-year history: General Insurance Company of the Year, Digital Insurer of the Year and General Reinsurer of the Year.

Munich Re and Everest Re shared the General Reinsurer of the Year trophy

In the General Insurance Company of the Year category, Ergo Insurance (Thailand) and Go Digit General Insurance both took home the win.

Meanwhile, FWD Singapore and Kakaopay Insurance were joint winners for the Digital Insurer of the Year Award.

Reinsurance Group of America (RGA) won the Life Reinsurer of the Year Award, due to its commitment to providing bespoke solutions for its clients' unique challenges.

WTW took the Broker of the Year Award, a result of its innovative solutions and its constant push to elevate and support the industry in its transition efforts.

Nan Shan Life Insurance was the Life Insurance Company of the Year, winning the award due to its focus on sustainability, transformation and ability to serve its customers' changing needs over several decades.

The Woman Lead of the Year Award went to Dr Sandar Oo from Myanma Insurance, known for her innovative approach to leadership, and her constant efforts to push creativity and improvement within her team.

Closing out the evening, Mr Mark O'Dell from the Life Insurance Association of Malaysia was given the Lifetime Achievement Award, to celebrate his dedication to and persistence in the industry and to recognise his 44 years in the field.

Roll of Honour 2024

Life Insurance Company of the Year
Nan Shan Life Insurance Company

General Insurance Company of the Year
(Joint winners)
ERGO Insurance (Thailand) Public Company Limited
Go Digit General Insurance Limited

Health Insurance Company of the Year
AIA Singapore

Digital Insurer of the Year
(Joint winners)
FWD Singapore Pte Ltd
Kakaopay Insurance

Educational Service Provider of the Year
Association of Indonesian Qualified Insurance and Reinsurance Brokers (APARI)

Life Reinsurer of the Year
Reinsurance Group of America, Inc (RGA)

General Reinsurer of the Year
(Joint winners)
Everest Reinsurance Company
Munich Re

Broker of the Year
WTW

Sustainability Award
Cathay Life Insurance

InsurTech of the Year
discovermarket Asia Pte Ltd

Technology Initiative of the Year
discovermarket Asia Pte Ltd

AI Initiative of the Year
Taiwan Life Insurance Co., Ltd

Service Provider of the Year
APRIL International

Corporate Risk Manager of the Year
Ms Suchitra Narayanan
Revantage APAC

Young Leader of the Year
Mr Hicham Raissi
Allianz Insurance Singapore Pte. Ltd.

Woman Leader of the Year
Dr Sandar Oo
Myanma Insurance

Lifetime Achievement Award
Mr Mark O'Dell
Life Insurance Association of Malaysia

Toast to excellence: A sparkling celebration of the 28th Asia Insurance Industry Awards 2024

Under the shimmering lights, Asia's insurance leaders gathered to celebrate a year of innovation, leadership, resilience and excellence at the 28th Asia Insurance Industry Awards 2024.

An evening filled with elegance, recognition and raised glasses, the awards honored trailblazers and changemakers shaping the future of insurance across the region.

Together, let's toast to the achievements that drive Asia's dynamic insurance landscape forward.

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