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(Re)insurance needs to step up with creativity and responsibility

By Sarah Si

Allianz SE member of the board of management Chris Townsend did not sugarcoat his opening remarks on day two of the SIRC, calling climate change “the defining risk of our time” and noting the widening protection gap.

Climate change: Not much has been done

“I’ve been at this conference many times, where we have heard it spoken about. But we really have not done much to change it,” said Mr Townsend.

“Unless there is action to make a change, protection gaps will just keep growing, which is what we are seeing in 2025.”

Highlighting a \$400bn weather-related impact on society – much of which may be attributed to climate change – he also drew attention to the Paris Agreement, which originally targeted a global temperature increase of 1.5 degrees Celsius, but is now heading towards 2.7 degrees Celsius “with a fair degree of certainty”.

“We are way off, and we all know how calamitous that would be in terms of what our models show in terms of impact and insurability in many regions around the world,” he said.

“It will hit the vulnerable early and fast. That would be farmers, low-income households, communities in flood zones, and especially those in the global South. All of those will be left without cover.”

He said, “It also impacts middle income families in developed markets, where the impact is the erosion of hard-earned savings and will ultimately lead to challenging (conditions for) future generations.”

“That is not just a financial issue; it is a fairness issue. That perceived lack of fairness translates to the polarisation we see around the world.”

Tackling the issue

According to Mr Townsend, the reinsurance industry can start addressing the issue by dealing with the industry’s own mitigation issues first, saying, “There is so much more we can do in terms of resilience and adaptation.”

He said, “We have got the skills and resources, but it needs a more collaborative approach and one with firmer leadership.”

This year, the 2030 climate funding requirement has increased to \$380bn (up from \$60bn in 2024), he pointed out, meaning the mobilisation of capital and (re)insurance to help in the development of resilience and adaptation will be critical.

“We need to do a much better job in terms of resilience and adaption,” said Mr Townsend.

The talent crunch

Mr Townsend also quickly touched on talent in the reinsurance industry, highlighting 46 years as the average age in the industry.



Mr Chris Townsend

“We have not done a great job in terms of attracting talent to the industry. We have to position the industry as more innovation linked, innovation focused and not purely about taking risk.”

We have to explain to youth not only the purpose of (re)insurance, but also how it is a combination and the intersection of underwriting with robotics, climatology and scientists. It is a fascinating industry, and we just need to do a better job collectively to explain this.

Mr Townsend also believes the industry needs to be “honest in terms of AI as well”.

“We all know about the wonderful benefits we are getting in terms of productivity, but by 2030, it is estimated that 40% of office jobs will need to change globally. That is hundreds of millions of jobs that will change,” he said.

With all these factors in mind, Mr Townsend closed his opening remarks with this comment, “I just encourage us all to step up with some creativity and a sense of responsibility.”

Building sustainable protection: Insurance leaders address APAC risk gaps

By Reva Ganesan

As global shocks become more frequent and climate pressures intensify, the insurance and reinsurance industry must move from reactive risk mitigation to forward-looking resilience.

Speakers at the panel yesterday titled 'Ahead of the Curve: Sustainable Strategies for Risk, Protection, and Restoration' explored how market leaders are staying ahead of the curve through sustainable strategies that strengthen protection gaps, support climate adaptation and restoration and mobilise capital for long-term resilience in APAC and beyond.

Opening the discussion, Standard Chartered Bank global head of sustainable finance strategic initiatives Jaclyn Dove, the panel moderator, turned to one of the central themes of the session: the protection gap and the role of risk transfer.

"Traditionally, the protection gap has been about the underinsured or uninsured," Howden Group Holdings food systems and biodiversity divisional director Daniel Fairweather said.

"But what we are seeing now is that even corporates are finding it increasingly difficult to access coverage for systemic risks. That's driving growth in captives, and it reflects a broader recognition that the risk is real and that protection is becoming both less available and more expensive."

He added that governments and communities are also realising, perhaps belatedly, that they need to secure insurance.

"With risks like climate change,

which we cannot control, the real lever we have is reducing underlying vulnerability. Risk transfer is just one part of the process; the insurance contract is a relatively small piece."

"The challenge and opportunity", Mr Fairweather said, "is to help clients better assess and reduce their risk to a point where coverage remains sustainable. We're also seeing renewed interest in more traditional structures that can support larger and more collective solutions in high-exposure markets."

Catastrophic losses and multi-peril crop insurance

Speaking on agricultural insurance, PartnerRe head of agriculture and chief underwriting officer for P&C APAC Sasa Hu said, "While it doesn't exist in every country, multi-peril crop insurance has become increasingly common in the US, China, India and Vietnam. For farmers without insurance, catastrophic losses are devastating. But such insurance is expensive – often between 5% and 15% of the crop value and usually unaffordable for a single farmer."

Ms Hu said this is where government support is crucial.

"Subsidising premiums upfront, building insurance infrastructure and providing effective stop-loss coverage for insurers is important. With this backing, insurers can commit capacity and reinsurers can step in. Over time, coverage develops from small, high-deductible programmes to broader protection for all farmers," she said.

Scaling risk solutions

When Ms Dove asked about some advantages and challenges of complimentary alternative risk transfer mechanisms, Global Asia Insurance Partnership director Dickson Wong said there are a lot of innovative ideas in risk transfer, such as parametric insurance which has "great promise".

"But the real challenge is scaling these solutions. Many initiatives remain at the pilot stage and when subsidies end, their sustainability is uncertain. Our research now focusses on how to expand parametric solutions, considering market dynamics, regulatory frameworks and other practical considerations. It's a tough question, but there is significant work ahead," Mr Wong said.

Challenges in educating communities in risk solutions

Speaking of some challenges surrounding educating communities in risk solutions, SCOR head of product and innovation Henri Douche said there is no silver bullet in addressing the challenges.

"The industry is fortunate to have a range of tools: parametric insurance, microinsurance, and traditional solutions, each suited to different objectives. The key is using the right tool for the problem at hand," Mr Douche said.

"Scaling is equally important. Pilots are useful, but if a product isn't designed with scalability in mind, you may need to start over. Considering the ability to expand from the outset is critical to making solutions effective and sustainable," he added. ■



L-R: Ms Jaclyn Dove, Messrs Dickson Wong and Daniel Fairweather, Ms Sasa Hu and Mr Henri Douche.

Reinsurance market faces softer outlook amid supply-demand imbalance

Subdued client demand is contributing to a softer outlook for the reinsurance market, despite stronger earnings from industry players. **Aon** executives highlight pricing pressures, evolving buyer expectations, and growth opportunities in sectors such as electric vehicles and agriculture across Greater China.

By Jake Dellosa

Industry executives are seeing a softening in the reinsurance market as capital levels continue to rise, while demand from cedants and retrocession buyers remains subdued. The outlook was shared by Aon's Reinsurance Solutions executive director Hanna Wang, co-head of retrocession APAC for Reinsurance Solutions Cindy Gu, and Aon's head of reinsurance, China, Wei Wang.

According to the executives, total reinsurance capital-at the end of 2024 stood at \$715bn, rising to \$735bn in the first half of 2025, including \$121bn alternative capital.

Ms Gu said, "There's definitely increased reinsurance capital in the market. But at the same time, we don't see sufficient demand from treaty buyers or retro buyers to absorb this additional capacity."

The executives noted that the rise in capital is due to improved financial performance in 2024, a more stable catastrophe environment, and higher investment returns. This, they said, has prompted reinsurers to expand capacity.

Mr Wang said, "Almost all reinsurers have enjoyed very good operating results in the past few years, and their appetite for growing their business is still there – not only in traditional areas, but also in new ones."

"On the traditional side, we also notice quite a number of new capacities trying to seize this opportunity to grow their business, not only from the ILS market, but also from some traditional capacity through index-based solutions related to the industry as a whole," Mr Wang added.

Pricing pressure and buyer expectations

The executives have already observed that their clients are seeking rate reductions, lower attachment levels, and broader coverage.

Ms Gu said, "From a retro perspective, we see our clients looking for rate reductions, lower attachment



Ms Hanna Wang



Ms Cindy Gu



Mr Wang Wei

levels, and expanded peril and territorial coverage. Some buyers also seek to pay 100% deposit but only 90% minimum premium in a soft market."

The executives have also seen clients negotiating for markets to support them across multiple lines of business, while showing increased interest in proportional strategies. This trend, according to Ms Gu, is putting additional pressure on the spend on excess-of-loss programmes, which remain the core business of many reinsurers.

Opportunities for growth

Despite the softer outlook, the executives see opportunities for growth, particularly in the Hong Kong and Mainland China markets as Beijing leads expansion in the EV sector.

Ms Wang said, "All the insurance companies are seeking growth. So I think that provides a lot of opportunities in specialty lines. One of the areas to which Aon has been allocating attention and resources is the booming sector of new energy, the EV sector."

"This new ecosystem actually creates a lot of new insurance needs – whether for the cars themselves, the chargers, or the batteries – everything in this ecosystem is creating new insurance protection needs for property, for these new items, the cars or the chargers themselves, and also for liability covers," Ms Wang added.

Ms Wang said that multinationals and local reinsurers are paying close attention to the EV market in China amid this surge in demand.

Ms Wang was also bullish on the growth of the agriculture industry,

which reinsurers can leverage as it remains at the core of people's lives. "Agriculture has maintained quite a high growth rate over the past few years. We believe the trend will continue because it's backed by government support and the joint efforts of insurance and commercial institutions to protect people's daily lives," Ms Wang said.

How Aon is capitalising on opportunities

The executives echoed each other in noting that Aon, as a broker, has been actively positioning to take advantage of such growth prospects.

Mr Wang said Aon has been intentional in its approach to the EV market in China. "Electric vehicles in this market – I think, for Aon, we can provide our clients with a one-stop service, both on the direct insurance broking side and on the reinsurance broking side, in China and outside China," he said.

Aon is also heavily investing in data to support its tech-driven growth as market needs evolve. This, according to Ms Gu, is further strengthened by Aon's collaboration with industry players. "Collaboration is at the core of our value, and we invest heavily in data; we believe that our data-driven insights and analytics are a huge differentiator for our firm."

"This is a core value of Aon. We collaborate across global hubs to leverage the best of our expertise to serve clients, while providing industry-leading solutions regionally that drive better decisions," she added. ■

Risks in (re)insurance now a mix of old and new

By Sarah Si

The imposition of trade tariffs means that even if price elasticity factors were known, one would not know what the actual outcome would be, thus raising risk exposure, according to Swiss Re CUO for P&C reinsurance Gianfranco Lot during a panel session at the ongoing SIRC.

In the panel session titled “Shifting Tides: Asia (Re)insurance in an Era of Geo-economic Fragmentation” yesterday, which was Day Two of the SIRC, Mr Lot said, “The uncertainty comes along with the premium on everything that is being produced and sold. What this means is higher costs and inflation.”

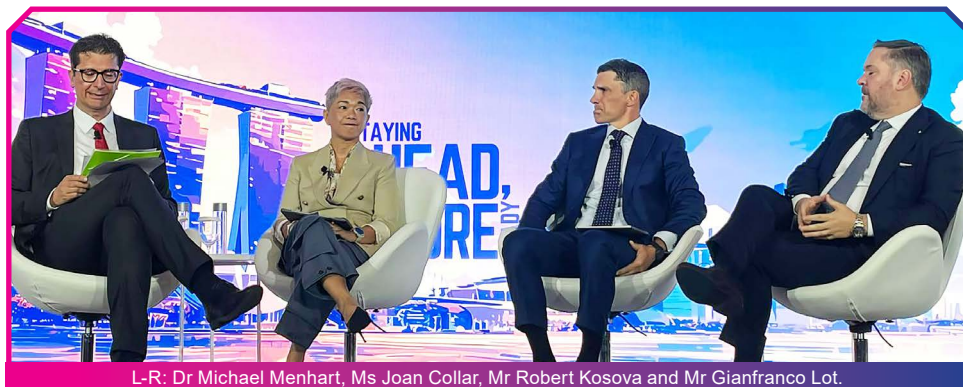
“The question is how we cope with that uncertainty, and what kind of stress we will see in the supply chain,” he said, indicating that the forecast includes double-digit inflation rates for the prices of car parts.

Aside from the tariff war, he listed several other challenges facing the (re)insurance industry, including geopolitical tensions in various geographies and unrest such as the Russia-Ukraine war and Gaza tensions. Additionally, climate change and adaptation is contributing to economic tensions.

Old risks: The industry has been here before

By dint of having a history of 300 years, the (re)insurance industry has witnessed these market stressors, and geopolitical tensions and unrest, said Mr Lot.

“We have dealt with these issues before – from the First and Second World Wars to oil price volatility, high



L-R: Dr Michael Menhart, Ms Joan Collar, Mr Robert Kosova and Mr Gianfranco Lot.

inflation and the introduction of new technologies,” he said.

“And the industry was able to cope with them. We are able to absorb and process, and support transitions.”

As people would buy insurance to protect themselves in times of uncertainty, he also noted that the onus was on the industry to address these issues.

New risks

Another panel speaker, Marsh McLennan Asia chief commercial officer Ms Joan Collar, spoke about her concerns over the demographic challenge facing Asia from the perspective of the L&H sector.

She said, “Five super-aged markets in Asia will create a big challenge around the cost of care. Health inflation has been rising very fast over the last two years. COVID-19 notwithstanding, the pandemic years also created a challenge around pension costs.”

As a result, Ms Collar noted trends concerning the affordability of healthcare and employment, involving issues like “skills and pensions”.

Speaking about the macro

implications of these L&H trends on clients today, Ms Collar said, “What keeps them mostly awake at night is the workforce and its stability. Clients are asking themselves, ‘Do I still have the talent pool to be able to change or transform my business? Where am I going to find them?’”

With healthcare costs and pension plans also increasing in price, clients worry about sustainability as well, she added, alongside concerns around AI adoption, as well as the cyber implications of it, she said.

Can traditional models still work?

While AI and algorithmic (re)insurance have been introduced in recent years, and traditional models of risk, pricing and building a diversified portfolio still holds, “there are new answers and avenues”, according to Mr Lot.

Citing alternative capital as a key component of new funding, as an example, he said it is traditionally employed by private equity companies.

“We have seen a few of those structures now in place. While it is nothing new, it seems to be much more in vogue these days,” he said. 

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	DIRECT INSURERS	GROSS PREMIUMS	OUTWARD REINSURANCE PREMIUMS	MARKET SHARE	CUMULATIVE MARKET SHARE
1	INCOME	524,558	45,722	8.8%	8.8%
2	CIGNA EUROPE	453,036	238,996	7.6%	16.4%
3	AIG ASIA	409,464	279,268	6.9%	23.3%
4	CHUBB INS	345,137	192,623	5.8%	29.1%
5	FIRST CAPITAL	315,451	224,413	5.3%	34.4%
6	MSIG	287,406	91,240	4.8%	39.2%
7	ALLIANZ GLOBAL C&S	258,891	227,847	4.3%	43.6%
8	LIBERTY INSURANCE	224,163	16,808	3.8%	47.3%
9	TOKIO MARINE INS	208,037	82,010	3.5%	50.8%
10	QBE INS	197,805	23,544	3.3%	54.1%

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Asia: Frequent perils are a primary driver of reinsurance

Losses due to frequent perils, such as floods, storms and bushfires, are a primary driver of reinsurance demand in Asia, according to **Ashish Jain**, **Verisk** managing director for APAC, who said secondary factors include rapid urbanisation and economic growth.

Mr Jain highlighted that, apart from floods and typhoons, which are often at the centre of conversations with clients, a common topic of discussion is earthquakes.

“There are the recent earthquakes in Thailand and the Philippines, which were unfortunately devastating with a lot of losses,” he said.

“Because of this, our clients rely a lot on our expertise in these perils.”

He added, “One issue of insurance availability is whether insurers are able to price and assess risk accurately.

Without better CAT models, they do not have the confidence to price the risk accurately.”

“Once they have a better CAT model, insurers will have more confidence to provide insurance for places where coverage was not available previously,” said Mr Jain.

Leveraging AI

Speaking about AI, Mr Jain noted that conversations with (re)insurers touched on how they are using AI in business to enhance operations and assist in completing tasks faster with better results.

“But it is still at an early stage at this point in time.”



While the market softens, cyber in APAC is in high demand

A large number of players are entering the cyber insurance arena, according to **Swiss Re** head cyber regional markets **Giv Kahrom**, speaking about the current environment in the reinsurance industry.

“We are definitely seeing a lot of players coming into cyber. There is a lot of capacity, which means we have a softening market globally.”

“On the other hand, cyber in APAC is in high demand and we still see over-proportional growth in this region.”

Mr Kahrom believes reinsurance plays a big role in cyber, though that will differ between mature and maturing markets. For instance, he pointed out that in APAC, reinsurance could “further raise awareness and deliver capacity and services to clients”.

He also spoke about his expectations for 1 January, saying that while the global reinsurance market is softening, capacity is still entering the APAC market.

SIRC – a great event

Commenting on SIRC 2025, he said, “SIRC is a great event where there is the chance to see players from all over the world.

“We really feel that Asia is getting more important in cyber, and we see that with more players entering, it is a great platform to collaborate with one another, see our clients and exchange our views, as well as getting ready for renewals.”



After 3 strong years, reinsurers face the real test: sustaining success

The reinsurance industry is “coming up to three very good years in terms of results”, according to **SCOR P&C** CEO **Jean-Paul Conoscente**.

“If you look over the past 20 years, the reinsurance industry has been just breaking even,” said Mr Conoscente. “So as we look to the years ahead, the key will be to sustain the good results we’ve achieved and continue improving our balance sheets – so we can be there for clients when they face major losses and need insurance the most.”

Reflecting on the future of reinsurance, Mr Conoscente noted that while the industry is long established, the ongoing challenge is addressing new and evolving risks.

“Cyber is not so new anymore, but an emerging area is electric and autonomous vehicles,” he said.

Looking ahead to the 1/1 renewals, Mr Conoscente

expects a generally orderly market, with potential for competitive rates in certain segments such as property, where ceded risk has been relatively low.

“Overall, while the market will remain competitive across all lines, we expect an orderly renewal season,” he added.

Commenting on the SIRC event, Mr Conoscente said he was impressed by its growing significance.

“I’m surprised by the scale of the event – it’s becoming a major event for the region, with a very good cross section of clients and country representatives.”

He also said, “It is a very good way to meet many clients in one place.”



Reinsurance competition to intensify, but no race to the bottom: Peak Re

The reinsurance market is expected to become more competitive in the coming year, though not to the extent that it triggers a race to the bottom, according to **Jasmine Miow**, head of South Asia and Southeast Asia at Hong Kong-headquartered **Peak Reinsurance Company (Peak Re)**.

Ms Miow noted that the anticipated softening of rates represents a normalisation of the market after reaching peak pricing levels in 2023.

Explaining the outlook, she said the reinsurance sector remains in a strong capital position and is eager to deploy that capital. “This has created a super-rich environment,” she observed.

“With higher capacity in the market, there is pressure

on pricing, which is becoming more and more obvious.”

However, she emphasised that this is not a cause for concern but rather a call to action. “The challenge for us is to be agile in deploying capital, more innovative, and more strategic in working with our clients,” Ms Miow said.

Despite a moderation in pricing, she added that the market continues to be profitable.

Looking ahead, Ms Miow expects that insurers in South Asia and Southeast Asia will focus less on price competition and more on the value-added support reinsurers can offer – such as analytical tools to better assess risks and optimise underwriting portfolios. **A**



1/1 renewals expected to be softer

When asked about the current environment in the APAC reinsurance industry, **Malaysian Re** president and CEO **Ahmad Noor Azhari** called it “stable”, although he noted that the sector is facing pressure in terms of pricing.

At the same time, Mr Azhari said the reinsurance segment is booming, due to the high levels of interest in the region, “especially from the alternative funds and ILS,

and the numbers we have seen from players with high ROEs”.

However, he also expects 1/1 renewals to be “softer than before”. Touching on how SIRC 2025 has been for him so far, Mr Azhari called it “marvellous”, noting the opportunities he has had to catch up with industry peers, carry out fruitful discussions and learn new things. **A**



Asia promises lots of room for growth despite increasingly competitive market

One challenge that the insurance industry will face is a more competitive market next year. Despite the market softening, there are still lots of segments for growth given that APAC is a growing market., according to **Tony Atkins**, head of Actuarial, Asia Pacific, Strategy and Technology Group, **Aon**.

“There are different issues, there are different opportunities and challenges in every single region and every single market, in Asia,” he pointed out.

“We have set up our Strategy and Technology Group, the main aim of which is to help companies grow sustainably. We’ve also got a set of technology and operational solutions to help that to be executed, he said, adding, “The questions are, ‘Are you getting the right return for your capital and have you got the right access points in terms of distribution? Have you got the right licensing and set-up to access those markets?’ ”

“We’re spending a lot of time in markets such as India at the moment and helping a number of clients have licences there to actually access the Indian market.” This is because India is probably one of the largest markets in the region

for a couple of reasons. There’s a very low penetration of insurance there at the moment. Furthermore, the Indian regulator is starting to open doors wider. Companies are competing at the moment to get in there before 1 April, the main renewal season in India.

On the development of the actuarial profession in Asia, he said, “The great thing about Asia for an actuary is, you’re not positioned in one place, like in the reserving function or pricing function. The opportunity in Asia is you’re able to get involved in strategic projects as well. So fundamentally, actuaries are able to assess data, as well as consider capital, distribution costs, and commissions.

“We’re formulating business plans for new markets, new territories. We’re also considering the impact of capital requirements and the change in environment to help companies come up with a new return on investment.”

“And these developments are because of regulatory changes and because there are new products and new risks,” he said. **A**



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STABLE PRICING
(0-5% CHANGE)

33.33%

MODERATE HARDENING
(5-10% RATE INCREASES)

22.22%

SIGNIFICANT HARDENING
(10%+ RATE INCREASES)

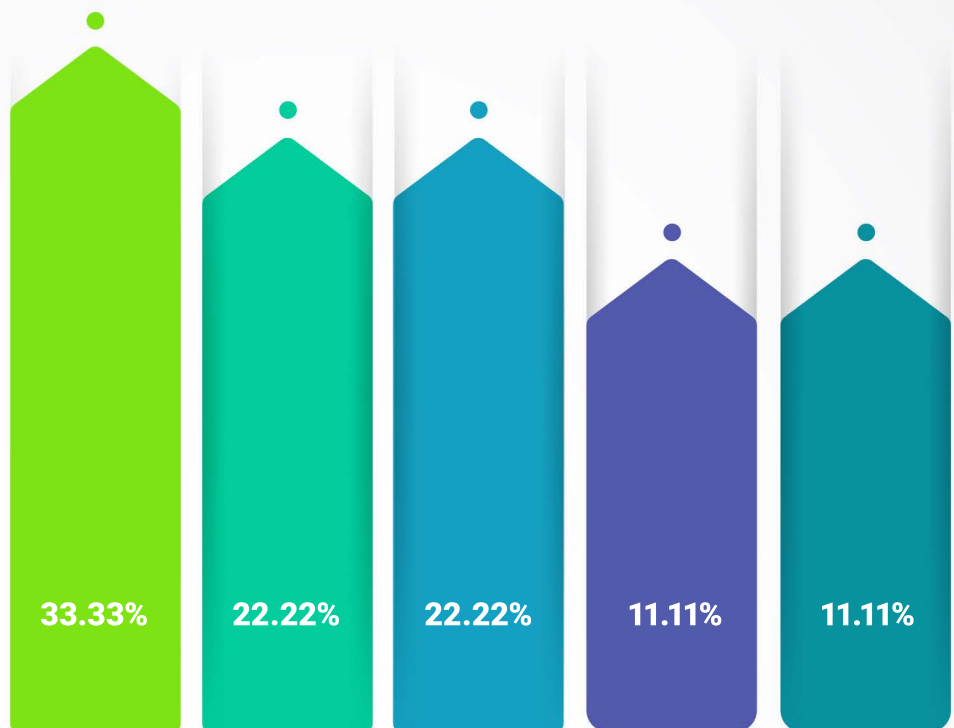
22.22%

SIGNIFICANT SOFTENING
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11.11%

MODERATE SOFTENING
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