

# SIRC Daily



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## An exciting event awaits

Welcome to the 13th Singapore International Reinsurance Conference (SIRC). This year's event promises to be another exciting and thought-provoking gathering and I am delighted that you are able to join us.

The 2015 conference will showcase several talented and highly-respected speakers and panellists covering a vast range of important topics facing insurers and reinsurers worldwide.

Carrying the theme "Managing Risks in an Uncertain World", I believe that SIRC will provide the ideal platform for us to gather together and debate these issues and others affecting our sector and to learn from one another.

I hope that you enjoy your time at SIRC and I wish speakers, delegates and guests the best for their discussions, both as part of the main conference programme and also in the bilateral meetings that take place alongside it.

On behalf of the SRA, and our co-organisers, the Reinsurance Brokers' Association (Singapore) (RBAS) and the Singapore College of Insurance (SCI), I hope that SIRC gives you the platform to shape your relationships, strategies and ideas for the coming year and beyond.

**Mr Thomas Lillelund**  
Chairman, Singapore Reinsurers' Association



## Welcome as Singaporeans celebrate SG50

Welcome to proud Singaporeans celebrating the nation's 50th Anniversary and a special welcome to all who have made the journey from overseas to join us.

Aside from the 13th SIRC being its 25th year, this year also sees the inauguration of the ASEAN Economic Community which is widely accepted that over time, will have far reaching and positive repercussions on trade, industry and indeed (re)insurance within our vibrant ASEAN region.

Over the next three days, we hope that you will find our style of programme conducive to your needs and of great value.

On behalf of all members of the Reinsurance Brokers' Association (Singapore), I wish you a wonderful time in our "garden city state". May your days be profitable and nights enjoyable!

**Mr Richard N C Austen**  
Chairman, Reinsurance Brokers' Association (Singapore)



## Top 10 M&A facts in 2015

**225** Number of deals worldwide in H1 2015 – busiest six months for M&A for three years

**90%** of the top ten Asian deals were **cross-border**

**-16%** Year-on-year decline in M&A in Europe

**US\$54.2 bln** Anthem's proposal to acquire Cigna would be the largest health insurance deal ever

**49%** India's new foreign direct investment limit – opening the door to more M&A

**Regulation, excess capital and the search for growth = Key drivers of M&A activity**

**US\$8.7 bln** Value of Aviva's acquisition of Friends Life, the biggest deal worldwide in the last 12 months

**2015** The first six months saw **20 deals** valued at more than US\$1 bln

**30** Total number of transactions involving African entities – up from 26 a year ago

**61%** Year-on-year increase in M&A in North America, the world's most active region

Source: Clyde & Co

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# Bridging the industry's knowledge gaps



As a leading reinsurance broker and capital adviser, Aon Benfield has the scale and resources to continuously innovate to bridge modelling and knowledge gaps in the industry, and provide a holistic client-first approach to help clients build a resilient business, says **Mr George Attard**, Head of **Aon Benfield Analytics**, Asia Pacific.

**D**ata quality in Asia is often cited as a common bugbear when discussions centre on models or analytics. Thankfully, quality has improved in recent years as regulators and rating agencies demand better data.

And as a leading reinsurance broker and capital adviser, Aon Benfield has also strived to play its part by helping to drive improvements in data quality and analytics through knowledge transfer and sharing of its insight. But it takes more than just quality.

Mr Attard said: “We spend a lot of our time training clients and helping them with knowledge transfer – from the external macro environment impacts through to the reinsurance and analytics skill set. Data quality is fundamental but it is not just about quality. It is also about improving the understanding of the data and its application, from pricing and underwriting, accumulation management, reinsurance structuring through to fulfilling regulatory and rating agency requirements.”

## Investing US\$350 mln a year in analytics

To this end, Aon Benfield has the scale and resources to help the industry bridge knowledge gaps. “Globally, Aon invests more in data and analytics than anyone else in our industry, with over \$350 million annually. We can leverage the group’s talent and resources, with a significant regional

presence enabling us to be nimble and tap on the expertise across Asia Pacific for local insight,” he said.

Aon Benfield has analytics expertise in all its hubs in the region and a number of its local offices – from Karachi to Kuala Lumpur to Taipei; along with key hubs such as Singapore for Asia, Tokyo for Japan, Hong Kong for Greater China, and Sydney for Australia, New Zealand and the Pacific Islands.

## Innovative marine modelling for 1/1 renewals

In fact, Aon Benfield has recently helped the industry bridge another knowledge and modelling gap with the introduction of an innovative catastrophe model to help marine and energy insurers assess their cargo risks more accurately.

Existing models had offered no differentiation by commodity type, cargo volume or storage configuration and the industry has often found it difficult to accurately manage exposures due to the non-static nature of the risks.

Aon Benfield partnered with RMS to develop the new product which comprises some 85 cargo and specie vulnerability curves based on 18 commodity and 12 storage options. This is available from Aon Benfield, which has broker exclusivity, to offer insurers the ability to refine coverage and purchase more efficient reinsurance at the forthcoming 1 January 2016 renewal.

## Facilitating product and market development

“We will continue to focus on developing a comprehensive suite of models as one key tool to help clients better understand the impacts of perils in the region to facilitate product and market development,” he said.

Data and analytics are the enablers, said Mr Attard. “They are central to facilitating the interaction between demand and supply. On the supply side of the (re)insurance industry is the desire to deploy capital to expand the range of products being offered to help grow the industry. On the demand side, companies are seeking ways to better understand and manage risks and generate profitable growth. Data and analytics are the enablers in terms of aiding the understanding of risks to facilitate product development.”

And this particularly applies to emerging risk areas such as cyber, where Aon Benfield is making a concerted effort in developing a cyber risk model – “which will be ready by the end of the year”.

## Client-first approach

Helping the industry and helping clients are two phrases much repeated in the conversation with Mr Attard. “It is all part of our ‘client-first approach’, where our fortunes are ultimately tied to those of our clients. If the industry and our clients grow, we grow.”

To meet clients’ strategic risk and capital objectives, service offering also needs to continue evolving. “For example, on the capital management side, reinsurance was traditionally bought to mitigate risks. There is now growing realisation from many companies in Asia to consider their reinsurance strategy within the context of the company’s overall financial management strategy, given that it is generally lower cost than other forms of capital,” he said.

This client-first approach explains the continuous striving for innovation and the encompassing focus of the Aon Benfield Analytics team – CAT management, actuarial, rating agency advisory, and risk and capital strategy.

“To assist our clients in meeting their strategic risk and capital objectives involves looking at numerous aspects of the organisation from an advisory perspective. It is a holistic approach to help clients build a resilient business,” he concluded.



# Revisiting the 12th SIRC in 2013

The 12th SIRC two years ago carried the theme of “Managing Growth, Optimising Profitability”. Back then, the reinsurance community agreed that the industry must continually reinvent and raise standards, even as it prepared to face head-on the emerging and lesser-known risks to propel itself forward. We recognised that Asia, and Singapore, needed to reinvent itself to be established as a global marketplace.

Two years on, the reinsurance industry is being buffeted by more headwinds than ever. What are the new risks to manage in this uncertain world? As we meet at Singapore’s Marina Bay Sands again, let’s take stock of what we have achieved in the past two years. Meanwhile, here’s looking back at 2013.



## AIR marks silver jubilee

2015 marks 25 years since the idea of establishing *Asia Insurance Review* (AIR) was conceived in April 1990.

A quarter of a century since our modest beginnings as a bi-monthly magazine in black and white, AIR has proved its mettle as the voice of Asia’s insurance industry and boosted the region’s image and profile, and is now always invited to be present at all key domestic, regional and global industry events.

Even as we mark our silver jubilee, whatever accomplishments and successes that we may have achieved would not have been possible without the support of the regulators, the players in the industry, and the industry associations, including the ASEAN Insurance Council and the East Asian Insurance Congress, which appointed AIR as permanent observer and media adviser, and the Singapore International Reinsurance Conference where we are part of the organising committee and official media partner.

We have celebrated the good times and persevered through the tough times with the industry for two-and-a-half decades.

Here’s to many more jubilees, and the continued success of the industry!



### Diary of events 2016

20-22 January

Mumbai, India

9th India Rendezvous

Theme: “The New Realities in Reinsurance”



27-28 January

Singapore

Asia Conference on Big Data and Analytics for Insurance

Theme: “Big Data vs Smart Data: Succeeding with Data Driven Business”



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