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For immediate release

Press Release: EU-ABC launches insurance position paper, sees major growth opportunities for the insurance industry in ASEAN

- Recognising that insurance is a major growth opportunity in South East Asia, EU-ABC launches position paper on the development of the insurance industry in ASEAN.
- Position paper launch coincides with an inaugural EU-ASEAN Business Council meeting with ASEAN Finance Ministers and Central Bank Governors on March 21 where a discussion of the opportunities of the AEC was top of the agenda.
- Insurance penetration rates in ASEAN are growing and reached 3.2% in 2013, above the emerging market average of 2.7%.
- Insurance plays an important role helping mobilise savings for long term productive investment, helping to plug ASEAN's infrastructure gap.

Coinciding with the ASEAN Finance Ministers Meeting taking place in Kuala Lumpur, the EU-ASEAN Business Council has published a position paper on the insurance industry in ASEAN. The insurance penetration rate in ASEAN is growing and is now larger than the emerging market average. Despite this, there is still a significant protection gap. Growing the insurance industry in ASEAN has significant advantages – the industry helps governments mitigate risk and provides stability for the financial system, it provides people and businesses with a source of financial security. The insurance industry mobilises consumer savings for productive investment - as a source of long term and stable investment, the insurance industry is a major source of finance for large capital and infrastructure projects in the region.

European insurers already play a large and important role in the region's financial markets. More than twenty five large European re/insurance companies operate across ASEAN member states, and all EU-ABC member insurance companies must comply with the very latest international best practice regulatory regimes including Solvency II in the EU. They have much to contribute towards the develop ASEAN's insurance markets.

The EU-ABC position paper on the insurance industry contains a number of points that, if implemented, would support the continued development of a world-leading and resilient insurance market in ASEAN:

1. Removing barriers to market access for re/insurance companies to promote competition within the industry, driving up standards and improving the consumer offer. This can be achieved by:
 - a. Removing foreign ownership restrictions
 - b. Permitting the transfer and repatriation of capital, profits and dividends
 - c. Allowing unrestricted access to cross-border reinsurers that meet solvency requirements
 - d. Enabling insurers to employ people with the necessary skills to facilitate a healthy insurance market
2. Creating a predictable and transparent regulatory regime to encourage long term investment decisions, including the removal of retroactive tax action
3. Adopting international best practice investor protection mechanisms
4. Deepening local capital markets across ASEAN member states to ensure the insurance industry can meet its long term funding and investment requirements

Commenting on the launch of the insurance position paper, EU-ABC Executive Director Chris Humphrey said:

“The insurance industry plays an important role in ASEAN's financial markets. It provides financial protection for people, business and governments, and is a source of long term and stable finance. Much of this finance is invested in long term infrastructure projects helping ASEAN meet its infrastructure needs.

“European insurance companies have a significant presence in ASEAN – a region of growing significance for the industry. To ensure that ASEAN's insurance industry continues to grow and meet the requirements of 21st century finance, the EU-ABC insurance working group has released a position paper of key recommendations to support the development of the insurance industry in ASEAN”.



Notes to editors:

1. EU ASEAN Trade and Investment Relationship

The commercial, trade and investment relationship between the European Union and ASEAN is strong and growing. The EU is the largest economy in the world, and is ASEAN's largest source of foreign direct investment. The EU is also ASEAN's second largest trading partner, after China.

2. EU-ASEAN Business Council meeting with ASEAN Finance Ministers and Central Bank Governors

The EU-ASEAN Business Council convened a high-level delegation of European business leaders to meet with ASEAN Finance Ministers and Central Bank Governors on March 21. Points covered at the meeting included:

- ASEAN's financial infrastructure and cross border payment systems;
- The integration of the insurance/assurance industry and long term investment constraints;
- Foreign ownership and control restrictions;
- Reform of Excise Tax mechanisms; and,
- Improving customs procedures in order to ease intra-ASEAN trade.

3. About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the primary voice for European business within the ASEAN region. It is endorsed by the European Commission and recognised by the ASEAN Secretariat. Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region. As such, the Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European Businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

The EU-ABC's membership consists of large European Multi-national Corporations and eight European Chambers of Commerce from around South East Asia. As such, the EU-ABC represents a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including Fast Moving Consumer Goods and high-end electronics and communications. Our members all have a vested interest in enhancing trade, commerce and investment between Europe and ASEAN.

The Executive Director of the EU-ASEAN Business Council is Mr Chris Humphrey, and its Chairman is Mr François Guibert. The Council is led by an elected Board consisting of corporate leaders representing a range of important industry sectors and representatives of the European Chambers of Commerce.

4. EU ASEAN Business Summit – August 23

The EU ASEAN Business Council, jointly with the EU-Malaysia Chamber of Commerce and Industry, will be organising the annual EU ASEAN Business Summit later this year. The summit, bringing together senior political, industry and academic leaders, will take place in Kuala Lumpur on August 23.

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