

PRESS STATEMENT: EU-ASEAN BUSINESS COUNCIL LAUNCHES INSURANCE SECTOR REPORT
ON DIGITAL GROWTH AND SUSTAINABLE DEVELOPMENT

- **The EU-ASEAN Business Council today launched their latest publication ‘Advancing Insurance: Digital Growth & Sustainable Development’. The report focuses on the contribution that the insurance sector makes to long-term sustainable growth in the ASEAN region through innovation and investment.**
- **ASEAN’s insurance penetration is at 3.5% of GDP and is about 60% of the global average, with protection gaps in life, health and disaster coverage. Digital innovation can play a role in closing these gaps.**
- **As the long-term investors in the financial system, insurance companies mobilize domestic savings and grow domestic capital markets for greater financial stability and long-term investment in infrastructure and businesses. They also promote greater prosperity for rapidly growing ASEAN economies and provide retirement savings for aging populations.**
- **The EU-ABC encourages initiatives such as improving investment conditions, using tax and other incentives to encourage growth, increasing use of capital markets, expanding the pipeline of investible projects, and enhancing data and information sharing to increase insurance penetration and mobilize domestic long-term investment.**
- **The EU and ASEAN continue to share a significant trade and investment relationship: The EU remains the largest source of foreign direct investment in ASEAN and is the second largest trading partner of ASEAN. More than 25 European insurance companies operate in ASEAN, with total assets of US\$100 billion in the region.**

3 April 2019 – In line with ASEAN’s 2019 theme of “Advancing Partnership for Sustainability”, the EU-ASEAN Business Council (EU-ABC) Insurance Working Group launched their latest publication “Advancing Insurance: Digital Growth & Sustainable Development”. The report focuses on the contribution that the insurance sector makes through innovation and investment towards long-term sustainable growth in ASEAN. This sector also continues to foster the development of the digital economy in ASEAN markets amidst the increasing digitisation of the business and regulatory environment.

Commenting on the EU-ABC’s recommendations set out in the paper, Mr Donald Kanak, Chairman of the EU-ABC, said:

“The EU-ABC is dedicated to helping ASEAN realize a safer, healthier and more prosperous future. The insurance industry can play a bigger role in helping ASEAN achieve a more resilient society by making a significant contribution to the population’s savings, investment, and insurance needs.

“ASEAN has to fund both the growing and the greying. On one hand, ASEAN needs around US\$3 trillion in infrastructure investment between 2016 and 2030. On the other hand, ASEAN countries are aging rapidly with the population in those aged 65 and above growing during from 2015 to 2050 by 161% in Thailand to 320% in Cambodia. Mobilizing domestic savings by growing the insurance and pension sector is probably the best way for countries to meet both needs at the same time.

“European insurers are deeply committed to the ASEAN region and want to continue strong public-private cooperation to develop the industry for the benefit of ASEAN’s citizens, helping safeguard their financial future.”

END.

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. About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the sole voice for European business within the ASEAN region. It is recognised by the European Commission, and by the ASEAN Secretariat as an Entity associated with ASEAN under Annex 2 of the ASEAN Charter. 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 the 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 FMCG and high-end electronics and communications. Our members share a common aim to enhance trade, commerce and investment between Europe and ASEAN.

3. EU-ABC Recommendations on Insurance to the ASEAN Finance Ministers:

Issue	EU-ABC Views and Recommendations
Promote long-term investments by insurance companies	Improve investment conditions and the offering of inclusive regulatory regimes. Ensure that solvency regimes and investment rules are both risk appropriate – matching assets to liabilities – and serve the wider investment needs of the country.
	Grow the capacity of insurance companies to invest. Use tax and other incentives to encourage the purchase of insurance and pension products to create the large pools of domestic saving that drive sustainable growth.
	Promote use of the capital markets. Develop and pilot the use of bonds and listed vehicles that can facilitate the flow of insurance funds into infrastructure projects.
	Expand public-private sector blended finance initiatives. Create the right risk-return profile by encouraging other financial actors to pick up some of the risks typically associated with large scale infrastructure projects that the private sector finds difficult to take on its own.
	Expand the pipeline of investible projects. Prioritise projects with the scale and governance characteristics that allow investment under current insurance fund rules.
Promoting digital innovation in insurance	Remove restrictions on cross-border data flows and data localisation requirements. Free flow of data is critical for the re/insurance industry, encouraging innovation and supporting capacity.
	Access to data and information sharing. For cyber insurance to function properly, government and insurers should work together to share information on cyber incidents.
	Enhancing supervisory skills and tools. Regulators should be technologically literate and understand the risks associated with the use of data.
	Increasing engagement with new entities. Different approach is required for regulators to engage with fintech firms, which may not have the experience or knowledge of financial services regulation.
	Strengthening regulatory cooperation. ASEAN regulators should strengthen regional cooperation to harmonise data regulation in the region. We recommend the introduction of an ASEAN Sandbox, or mutual recognition of existing sandbox regimes within ASEAN.