

A light gray silhouette map of the ASEAN region, showing the outlines of Thailand, Laos, Cambodia, Vietnam, Malaysia, Singapore, Brunei, Indonesia, and the Philippines. The map is positioned in the background behind the title text.

The Insurance Industry in ASEAN: Engine for Growth & Social Cohesiveness

Introduction & Executive Summary

This paper highlights the importance of the insurance industry and re-insurance industry (together called re/insurance) to the member states of the Association of Southeast Asian Nations (ASEAN).

The re/insurance industry plays a unique role within the financial services sector, providing financial protection for individuals, companies and other organisations. Insurance products service the long term retirement and saving needs of consumers, thereby reducing pressure on government budgets.

As major institutional investors, re/insurance companies drive economic development, mobilising domestic savings into more dynamic productive long term capital, and play an essential role in the development of capital markets.

By 2015, the ASEAN Economic Community (AEC) will establish ASEAN as a single market and production base, with freer movement of business persons, skilled labour and capital. However, full liberalisation of the insurance industry is not a target for 2015. As the ASEAN region continues to enjoy strong economic growth, income levels will rise, and the demands for financial services, including insurance products, will increase. The ASEAN vision for 2020 provides a foundation for an insurance industry that can meet the needs of consumers.

The insurance protection gap across a number of countries, including Vietnam, Indonesia, and the Philippines, remains large, with natural catastrophe underinsurance in excess of one percent of GDP. Furthermore, life protection gaps for pensions stood at an estimated US\$32 trillion for emerging Asian countries (which include ASEAN member states) in 2010.¹

This paper supports ASEAN's work towards the 2015 and 2020 objectives. The EU-ASEAN Business Council aims to work with ASEAN Member States on the removal of investment restrictions, the further development of transparent, consistent standards, and the promotion of innovation and competition that will benefit consumers across ASEAN.

The Re/Insurance Industry in ASEAN

ASEAN represents a large market for re/insurance products with a population of over 600 million people, and combined nominal GDP of over US\$2.41 trillion (2013). Per capita income in the region rose from US\$3,759 in 2012 to US\$3,852 in 2013.² Furthermore, ASEAN has set ambitious regional integration targets for 2015 and 2020. The ASEAN Economic Community (AEC) will be established by the end of 2015. One of the AEC's objectives is to establish a single market and production base, by having free flow of goods, services, investment, skilled labour, and freer flow of capital.³

Measures to achieve this include the removal of tariffs, and non-tariff barriers (NTBs), harmonising customs procedures via an ASEAN Single Window, harmonised technical regulations, removal of all restrictions on trade in services, continued liberalisation of financial services, and strengthening investment protection via Most-Favoured Nation (MFN)/national treatment. Although some of the more advanced ASEAN countries have already committed to partially liberalising their insurance sectors by 2015, the exact forms of liberalisation and deregulation are still subject to negotiation.

To realise their vision for by 2020, ASEAN Member States plan to undertake a number of cooperative actions, which EU-ABC member companies are keen to support:⁴

¹ https://www.genevaassociation.org/media/909569/ga2014-the_global_insurance_protection_gap.pdf

² <http://www.asiamattersforamerica.org/asean/data/gdppercapita>

³ <http://www.asean.org/archive/5187-10.pdf>

⁴ <http://www.asean.org/news/item/asean-vision-2020>

- maintain regional macroeconomic and financial stability by promoting closer consultations in macroeconomic and financial policies;
- fully implement the ASEAN Free Trade Area and accelerate liberalisation of trade in services;
- realise free flow of investments by 2020 across ASEAN;
- reinforce the role of the business sector as the engine of growth.
- promote financial sector liberalisation and closer cooperation in money and capital market, tax, insurance and customs matters;
- work towards a world class standards and conformance system that will provide a harmonised system to facilitate the free flow of ASEAN trade while meeting health, safety and environmental needs.

Insurance penetration rates across ASEAN stood at 3.2 percent in 2013, above the emerging market average of 2.7% but below the global average of 6.1%. Rates range from 0.01 percent (Myanmar), 1.4 percent (Philippines), 1.42 percent (Vietnam), 1.8 percent (Indonesia), 4.8 percent (Malaysia), 5 percent (Thailand), to 6 percent in Singapore.

Thus, there is considerable room for ASEAN's insurance penetration rate to grow towards the global average of 6.1 percent. The ASEAN consumers' appetite for re/insurance products can be seen in the growth in premiums during 2007-2012, ranging from 6.4 percent (Singapore) to 26.3 percent (Indonesia).

The European Contribution

More than 25 large European re/insurance companies operate across ASEAN Member States [see Table A in Appendix]. They make a significant contribution to the population's savings, investment, and insurance needs; and have further contributions to make in working with ASEAN Member States to reach their 2015 and 2020 objectives. To take just one example, Prudential in Indonesia has over 200,000 agents, more than two million clients, and has invested more than US\$5 billion in the local economy since its establishment in 1995.

Alongside local companies, European insurers provide life insurance, general insurance and re-insurance products and services to retail and corporate clients across the ASEAN region. Insurance brokers provide life and non-life (property and casualty (P&C), aviation, maritime) products, and they are expected to expand into neighbouring markets, benefiting from growing demand for insurance products and services as ASEAN economic integration proceeds. As they have grown, the European and Asian re/insurance companies have also invested across ASEAN fixed income, equity, and alternative asset markets, thus deepening the pool of investment capital available across the region (see table below)⁵

EU-ABC member companies are required to adhere to international best practice regulatory regimes, such as the European Union's Solvency II. Their experience of working within these standards can provide positive spillover effects on corporate governance across all companies in ASEAN member markets.

⁵ <http://www.intelligentinsurer.com/news/asean-formation-will-generate-significant-opportunities-in-2015-1982> and http://eabc-thailand.eu/images/files/2013%20Position%20paper_Thailand_EN.pdf

Table 1. European Re/insurance company assets by ASEAN Member State

<u>Member State</u>	<u>Assets</u>	<u>US\$</u>	<u>Gross Premiums</u>	<u>US\$</u>	<u>Currency & Data period</u>
Brunei	4138 MN	3.06 BN	248	183 MN	B\$ (2014)
Cambodia	N/A	N/A	N/A	N/A	N/A
Indonesia	773 TRN	63.11 BN	237.7 TRN	18.54 BN	INDR (2014)
Lao PDR	N/A	N/A	N/A	N/A	N/A
Malaysia	105614 MN	30.88 BN	8948 MN	2.62 BN	MYR (2014)
Myanmar	N/A	N/A	N/A	N/A	N/A
Philippines	892 BN	20.08 BN	198 BN	4.46 BN	PHP (2013)
Singapore	179,691 MN	129.38 BN	30292	23.4 BN	S\$ (2013)
Thailand	2.35 TRN	72.67 BN	159.44 BN	5.20 BN	BHT (2012)
Vietnam	107 TRN	5.22 BN	48 TRN	2.34 BN	VND 2013

Benefits of a Fully Involved Insurance Industry

The re/insurance industry plays a key role in supporting long-term economic growth. Through risk mitigation and long-term investment, the re/insurance industry contributes to steady economic and social development. Its functions are essential for individuals and corporations, but also support the macroeconomic goals of governments. An open and inclusive investment environment will best stimulate an innovative and competitive market that brings better protection for consumers.

The re/insurance sector supports a country's social and economic growth in the following ways:

➤ Re/insurance promotes economic development and business growth

Insurance makes the business environment more predictable, directly facilitating corporate planning and long-term decision making. It supports citizens, alleviating their fear of sudden misfortune by enhancing their financial security and peace of mind. It enhances social protection systems, by relieving the burden on governments for providing all services of social protection. In addition, insurance creates incentives for innovations reducing the frequency of adverse events through the discounts offered to the policyholders that adopt them.

Particularly in emerging and developing markets, the shift from agriculture to manufacturing to high value-added service industries, such as re/insurance, is essential to sustainable economic growth.

Re/insurers must preserve their economic relevance and social legitimacy by offering solutions which reflect the rapid evolution of the global risk landscape. The successful pursuit of this goal not only matters to re/insurers and their commercial viability; it matters to society, as insurance-based risk transfer has always been and will always be a key ingredient to economic growth and social stability and resilience.

➤ **Re/insurance brings protection, financial security and proper pensions to the people**

By pooling individual risks, insurance mitigates the effects of events over which individuals and companies have no control, allowing them to recover from sudden misfortune by relieving the financial burden. This risk coverage enables them to undertake activities that would not have been engaged in otherwise, such as buying a home or starting a business, thereby broadening the scope of economic activity. It also encourages private saving for healthcare and ageing needs, thus reducing the burden on the state budget.

Life insurance provides strong social security, enabling families to provide for their needs in terms of healthcare, education, retirement income, and housing. This stronger sense of security will result in better quality of living. At the same time, individuals can also develop saving habits because of the contractual nature of life insurance policies.

SOUTHEAST ASIA PROTECTION GAP - The Geneva Association's November 2014 analysis of the Global Insurance Protection Gap highlighted a growing insurance protection gap across a number of countries, including Vietnam, Indonesia, and the Philippines, with natural catastrophe underinsurance in excess of one percent of GDP. In terms of life protection gaps for pensions, there was an estimated shortfall of US\$32 trillion for emerging Asian countries (which include ASEAN member states) in 2010.

Increased protection will be especially important as the region's working-age population – the main cohort that buys wealth and insurance products – is expected to grow and account for 68% of the total Southeast Asian population by 2025.^{6,7}

There is also considerable variation in the coverage of the ASEAN labour force by formal pension systems, with ranges from 13 per cent in Vietnam to 58 per cent in Singapore.⁸ Insurance companies can help address these gaps by offering protection policies/products and raising awareness of how insurance products can mitigate risks.⁹

➤ **Re/insurance establishes long-term domestic capital markets, mobilises domestic savings, and creates market liquidity**

Unlike commercial banks that specialise in deposit-taking and relatively short-term lending, life re/insurance companies adopt a longer term perspective. Their long-term commitments to policyholders and the stability of their cash flows provide ideal sources of financing for governments and businesses, typically into government and corporate bonds, but also potentially into other asset classes such as real estate, equities, and various kind of alternative investments. This accumulation and deployment of premiums transforms dormant capital from vast numbers of policyholders into productive long-term capital to support economic growth.

⁶ <http://www.swissre.com/library/?search=yes&search=yes¤t=2¤t=2&m=m&m=m#inline>

⁷ <https://www.genevaassociation.org/search?Search=&FromMonth.Month=&FromYear.Year=&ToMonth.Month=&ToYear.Year=&OutputTypeCategoriesFilter=11977&OutputTypeSubCategoriesFilter=31820&DocumentFilter=1&SubSearch=&sort=desc>

⁸ Ibid.

⁹ <http://www.liam.org.my/index.php/newsmedia-room/media-releasepress-statements/english/200-addressing-the-life-insurance-protection-gap-in-malaysia->

As re/insurance companies are not prone to liquidity shortages, they are more resilient to short-term market stress, which allows them to play their counter-cyclical role when it is most needed. Therefore, the combination of inherently long-term investments and resilience enables re/insurance companies to contribute to financial stability.

Recent academic analyses also suggest FDI's positive impact on a host country's economic growth performance, as well as the life insurance sector's contribution to GDP via the intermediation of long term savings towards capital investments. Empirical analyses by scholars indicate FDI can complement domestic savings in forming a deeper pool of investment capital, with this process repeating itself across Hong Kong, Singapore, South Korea, China and India. For example, insurance companies hold significant shares of institutional assets in Singapore, Thailand, Philippines, and Indonesia.^{10 11} It is worth noting that the European Union is the largest provider of FDI to ASEAN countries.

DEEPENING LOCAL CAPITAL MARKETS - A recent study of the life insurance sector's rapid growth in Malaysia highlighted how pooled funds allowed the sector to participate actively in portfolio investments. The results indicate a relationship between the total assets of Malaysian life insurance sector and real GDP. The findings suggest that the life insurance sector could be an effective financial intermediary to generate long-term savings, to finance capital investments, and eventually strengthen a country's economic growth.

➤ **Re/insurance encourages investment in the wider economic development of the country, such as infrastructure projects**

The long-term nature of the re/insurance sector's liabilities, the predictability of its receipts and its sizeable reserves allow it to have a long term vision both in providing guarantees and investing. These characteristics incentivise insurers to channel savings into long-term investments, in

complementary fashion with the banking sector's allocation of resources. Since they continuously invest the money collected from their clients, insurance companies are providers of capital to the economy.

The re/insurance industry's unique position as a provider of risk capital with a long-term investment horizon creates opportunities for productive collaboration with governments and other public sector institutions on long-term capital projects. Governments across ASEAN recognise the need for properly designed infrastructure projects as essential for sustaining economic growth.

Clear rules for public/private collaboration and innovative financial instruments (such as fixed-rate investment products and investable indices) can open the way for private institutional investment in these areas. This could be particularly fruitful in the energy sector, including renewable energy. The social and environmental benefits of transition to a low-carbon economy are clear, but the extended time-frame for economic return discourages short-term investors. As active investors with a long-term view, re/insurance companies are capable of playing a pivotal role in bringing about this transition.

¹⁰ Kok Sook Ching, Mori Kogid, and Fumitaka Furuoka, "Causal Relation between Life Insurance Funds and Economic Growth: Evidence from Malaysia", *Journal of Southeast Asian Economies*, volume 27, number 2, August 2010, pp.185-199. See also <http://www.imf.org/external/pubs/ft/wp/2011/wp11132.pdf> and

<http://www.jstor.org/discover/10.2307/25773884?uid=3&uid=70&uid=3738176&uid=2134&uid=388049251&uid=388049241&uid=2&uid=60&purchase-type=none&accessType=none&sid=21105233546321&showMyJstorPss=false&seq=11&showAccess=false>

¹¹ https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000328056/What%E2%80%99s+behind+recent+trends+in+Asian+corporate+bond+markets%3F.pdf

DISASTER MICRO-INSURANCE: *A good example of such disaster risk product is the weather index based micro-insurance product, a first in South-East Asia, that Swiss Re developed for the Vietnam Agribank Insurance Joint Stock Company (ABIC) in 2010. Under the arrangement, ABIC - the insurance arm of Agribank, Vietnam's agriculture bank and key provider of agriculture loans - insured Agribank's rice farming clients against the inability to make loan repayments due to low yields caused by natural catastrophes such as droughts, floods and typhoons as well as pests and disease.*

➤ **Re/insurance strengthens resilience in the face of disasters**

Using its knowledge and expertise built up over many years, the European re/insurance industry is able to cover major threats characterised by a very high cost and a very low probability of occurrence, such as natural disasters. The size and high degree of diversification of the main actors allow them to provide protection to the most vulnerable countries, due to a high risk-bearing capacity.

According to the Global Reinsurance Forum's September 2014 report, *Global Reinsurance: strengthening disaster risk resilience*,¹² large, unpredictable, and costly disasters are inevitable - but global reinsurance provides a mechanism to compensate insured parties for their losses, using the premiums they and others have paid beforehand under an agreed contract. Global reinsurers are able to offer this service to insurers because they pool their risks and capital globally and thus gain the benefits of diversification. Re/insurance and other pre-paid risk-financing mechanisms are widely recognised as a critical part of any comprehensive disaster risk management strategy. Timely payouts enable rebuilding and recovery, which helps to reduce indirect losses.¹³

Progress under the ASEAN Economic Community

The re/insurance sector has seen healthy growth in most ASEAN member states over the past ten years. According to SwissRe's November 2014 report, *Getting Together: the ASEAN Economic Community*, ASEAN insurance premiums stood at US\$76 billion in 2013, of which 73 percent came from the life sector and 27 percent from non-life. In more developed ASEAN markets, life insurance dominated premiums collected, while less developed markets were dominated by non-life. For 2004-2013, ASEAN's average annual growth rate in premiums grew at 13%, compared with 4.5% globally.

¹² <https://www.hannover-re.com/306809/global-reinsurance-forum-grf-report-2014.pdf>

¹³ ABIC in turn transferred the risk via reinsurance to Swiss Re and the Vietnam National Reinsurance Corporation (Vina Re). Payouts are defined by an independent "area-yield index" that is based on data from the Vietnam's Bureau of Statistics. Aside from offering capacity for at least five years, Swiss Re also provided the knowledge in structuring and implementing the programme.
http://media.swissre.com/documents/pub_closing_the_financial_gap_W1.pdf

Future life premium growth rate in Southeast Asia is expected to trend around 10% annually. Not only is there a positive correlation between income level and insurance penetration, as measured by premium as percentage of GDP, projected future economic growth should boost insurance penetration across ASEAN.¹⁴

The increasing participation of foreign re/insurance companies has been a factor in the sector's growth across ASEAN markets. Through organic growth and M&A, foreign insurers' share of premiums rose from 52.3% in 2009 to 60.5% in 2012 in the six largest ASEAN markets (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam), an injection of capital that would have been difficult to sustain from solely internal sources.

Within ASEAN, market structures remain fragmented, in particular in Indonesia and the Philippines, due to the large number of insurers. By contrast, in Laos, Brunei and Myanmar, an oligopolistic market exists. Not surprisingly, regulations differ across each market, concerning licensing, capital & solvency requirements, and foreign ownership limits. Over time, policy convergence will help develop a truly integrated market; if not, policy arbitrage will persist.

In the future, local insurers are expected to expand their footprint as economic integration continues under the ASEAN Economic Community (AEC). For example, under the free flow of investment, re/insurers will be better able to execute asset-liability management, potentially leading to better risk adjusted returns. The elimination of tariffs and non-tariff barriers will boost trade and hence demand for non-life insurance products such as marine cargo and trade credit. The ASEAN Insurance Regulators Meeting (AIRM) in November 2014 suggested that ASEAN could allow cross-border supply of simple, non-complex direct insurance products.

Identifying and remedying the existing weaknesses in the re/insurance sector to promote its development will be an important part of creating a high-quality financial system for ASEAN. Moreover, developing viable and efficient insurance companies, as long-term institutional investors, must go hand-in-hand with the task of developing and deepening capital markets. A larger insurance sector will support a larger menu of securities for long-term portfolio investment; in turn, a deeper capital market will help create an environment in which insurance companies can thrive.¹⁵

Comments on ASEAN AEC and Vision 2020 Priorities

In establishing the AEC, ASEAN has said that it "shall act in accordance with the principles of an open, outward-looking, inclusive, and market-driven economy consistent with multilateral rules as well as adherence to rules-based systems for effective compliance and implementation of economic commitments." Free flow of services is one of the important elements in realising the ASEAN Economic Community, where there will be substantially no restriction to ASEAN services suppliers in providing services and in establishing companies across national borders within the region, subject to domestic regulations. A free and open investment regime is key to enhancing ASEAN's competitiveness in attracting FDI as well as intra-ASEAN investment.¹⁶

European re/insurers are eager to contribute to realising ASEAN Member States' AEC 2015 and Vision 2020 priorities. Not only can they offer competitive, quality, and transparent products and services via well trained staff, European re/insurers also bring quality human resources with appropriate levels of experience and capability; they implant international best practices into the local industry. An open and diverse re/insurance sector can only benefit local consumers. The overall market

¹⁴ http://media.swissre.com/documents/Getting_together_ASEAN_Economic_Community_final.pdf

¹⁵ <http://www.adbi.org/files/2013.03.28.wp414.deepening.asean.financial.markets.pdf>

¹⁶ <http://www.asean.org/news/item/asean-vision-2020> and <http://www.asean.org/communities/asean-economic-community>

standard will be raised, the value of the local talents will be enhanced, and customers will enjoy better services.

Ownership restrictions of insurance companies should be liberalised. A fully liberalized investment regime, as already exists in the Philippines, Vietnam, and Singapore, will lead to quality, long term investments in local insurance markets, with resultant gains in employment, penetration coverage, and deepening domestic capital markets.¹⁷

Full ownership ensures that the investor can bring the best talent to bear from the beginning in all parts of the local company. It drives faster and deeper investment to deploy world-class resources (e.g. senior CEO and team) who will, over time, nurture local talent. These resources benefit domestic insurers, who can absorb the know-how and talent pools built by international companies and combine them with their domestic networks and customer bases.

This multiplier effect is important in the rapid spread of coverage across a developing market. An open environment attracts foreign direct investment which is more stable than other types of capital flows such as equity and short-term debt, which can be volatile and speculative. There is a direct link between a company's economic return from a local business unit, and its ability and willingness to allocate capital to that unit. This combination of stable foreign investment and long-term commitment in turn develops sector stability and consumer trust. This benefits all players in the market, and is another important accelerator of wide-spread coverage.

It is no surprise that the record in Asia shows that 100% ownership leads to greater market growth for life insurance. If we compare those markets where investors have full control of their business, with those where they are required to work with a local partner, we see the clear advantages of the former model. From 2009-2013 annual growth (CAGR) in the Philippines and Indonesia (open markets) was 15%. This compares to 2% growth in China and negative growth of 5% in India (the most restricted markets).

There is a tendency among some regulators to incorporate re/insurers into the discussion on the future of banking, bundling two distinct industries together under the discussion on “systemic risk.” Regulating re/insurance in a similar fashion to the banking industry risks blurring the essential differences in the business models of re/insurance and banks, which ought to require differentiated regulatory approaches. In simple terms, because the core business of re/insurance is funded in advance by contractual premium payments, re/insurers have much lower liquidity risks than banks as they are not involved in maturity transformation.

The EU-ASEAN Business Council suggests the following ways in which it can contribute to meeting ASEAN 2015 and 2020 objectives.

1) Market Access: barriers to the free flow of goods, services, investment capital & labour;

Issue: dismantle existing market access barriers

Suggestion A: An open ownership regime for re/insurance companies, allowing up to 100 per cent foreign ownership and the establishment of foreign reinsurance branches.

¹⁷ A December 2014 OECD study reiterated that restrictions on FDI in service sectors affect the overall competitiveness of other sectors and hence discourage investment in those sectors, including by foreign investors. An efficient and competitive services sector should raise the performance of firms throughout the economy, including in the manufacturing sector. Manufacturing industries relying on these services as inputs would thereby benefit from the improved quality and lower cost of service inputs which would increase the marginal productivity of other inputs. Services sector FDI liberalisation, notably related to equity limits and screening and prior approval requirements, accounted for 8% of the observed increase in Indonesian manufacturers' total factor productivity over the period, <http://www.oecd.org/daf/inv/investment-policy/Southeast-Asia-Investment-Policy-Perspectives-2014.pdf> pp.23-24, 30

Suggestion B: Remove or relax restrictions on the transfer and repatriation of capital, profits, dividends, etc.

Suggestion C: Re/insurance companies shall have free access to cross-border reinsurers meeting solvency requirements.

Suggestion D: Remove or relax restrictions on the hiring of skill- and experience-based key positions, including issuance of work permits; for example, actuaries.

2) Predictable, transparent regulatory regime

Issue: improve the predictability of regulatory process via greater transparency standards

Suggestion A: Ensure tax collection provisions are transparent and do not/not include retroactive taxation.

3) Investor Protection mechanisms;

Issue: Unequal treatment by government authorities

Suggestion A: National governments should affirm National Treatment, and most-favoured nation treatment, to investors in ASEAN. Foreign investors and investments must receive treatment no less favourable than that granted to domestic ones, in a transparent manner.

Issue: Ensure a level playing field via the establishment of effective bodies of competition laws and authorities

Suggestion A: Parties should jointly affirm that domestic regulators and legislators have duties of accountability to both foreign and domestic firms. The views and interests of foreign invested companies should be integral to the regulatory and legislative processes, and should be consulted on regulatory changes.

B: Improve, in terms of speed and efficiency, the processing of disputes and the issuing and enforcing of judgments and arbitration awards.¹⁸

4) Deepen local capital markets

Issue: Improve depth of local capital markets across ASEAN member states

Suggestion A: Continue to deepen and develop capital/bond markets via issuance, purchase and/or sale of more diverse corporate bonds and long dated bonds

Suggestion B: Permit re/insurance companies to invest in more asset classes, such as infrastructure, thereby contributing to local economic development

¹⁸ ASEAN member states should jointly affirm that domestic regulators and legislators have duties of accountability to foreign firms as much as domestic ones. The interests and views of foreign invested companies should be integral to the regulatory and legislative process, and foreign invested companies treated transparently and consulted on changes to regulation or regulatory practice that affect their interests. Global Counsel presentation, *Challenges and opportunities in South East Asian insurance markets*, 2014.

Data Appendix:

Table A: Selected Data for European Insurance Companies in ASEAN countries

Country	Companies	Total Premium Revenue (Local currency & US\$)
Brunei	Allianz	B\$248 MN (US\$183.12 MN) as of Q3/2014 ¹⁹
Cambodia	Milvik (Cambodia) Micro Insurance Cambodia (Sweden), Prudential	US\$53 MN (2014) ²⁰
Indonesia	Allianz, AVIVA, AXA Mandiri, Generali, Prudential, Zurich Topias	INDR 237.7 TRN (US\$18.54 BN) as of Nov 2014; ²¹
Lao PDR	Allianz General Laos	N/A
Malaysia	AXA ALIB, AXA AFIN Allianz LIMB, Hannover Re, HSBC Amanah Takaful, Munich Re, Prudential AMB, Prudential BSN Takaful, Swiss Re, Zurich IMB	RM 12,109 MN (US\$3.37BN) in 2014 ²²
Myanmar	None	N/A ²³

¹⁹ Takaful sector growth propelled the insurance industry's growth in the first half of 2013, data from Brunei's monetary authority show. The monthly statistical bulletin of the Autoriti Monetari Brunei Darussalam records the insurance industry's gross premiums for January to June 2013 at \$181 million, up 12.42 per cent from \$161 million in the same period the previous year. The takaful industry accounts for the bulk of it at \$105 million, while conventional insurance contributed \$75 million.

²⁰ The main lines of business include fire, engineering, marine cargo, vehicles, health, and personal accident.

²¹ Indonesia has a vast untapped takaful or sharia market. In 2011, gross premiums of total sharia insurance were reported to be less than 5% of total insurance market premiums. Despite the low market share, Indonesia is one of the world's fastest-growing sharia markets. Based on preliminary industry estimates, gross premiums in the sharia insurance industry were reported to have grown almost tenfold from IDR498.9bn in 2006 to IDR4.97tn in 2011. Fitch believes the national takaful sector will benefit from further growth due to the vast untapped market. In addition, the increase in minimum downpayments in conventional credit financing businesses to 30% for both new and used cars may spur growth in sharia-based general insurance companies as consumers shift to sharia-based credit financing options

²² The Malaysian insurance industry grew at a steady rate last year with GWP increasing by 5.9% to MYR17.09 billion (US\$4.8 billion) compared with MYR16.15 billion in 2013. In terms of total new premiums, the industry grew by 9.3% in 2014, with total premium volume of MYR8.95 billion. The total premium for in-force policies grew moderately at 5.8% in 2014 for individual and group policies combined. The life insurance industry also registered an increase of 21.3% in claims payouts amounting to over MYR8.4 billion as compared with MYR6.9 billion in 2013. The Malaysian life insurance industry posted 6.9% growth to MYR1.17 trillion (US\$326.4 billion) in cover in 2014.

²³ In May 2013, 12 local firms approved to provide insurance services. Four are general insurance firms and eight are life insurance firms. Of these 12, nine firms have been granted licenses. At least nine foreign insurers have set up representative offices in Myanmar. Most recently, Muang Thai Life Assurance received permission from Myanmar Insurance Business Supervisory Board to establish a representative office, joining AIA, ACE, MetLife, Mitsui Sumitomo, Prudential plc, Sampo Japan, Tokio Marine & Nichido Fire and United Overseas Insurance.

Philippines	AXA, Generali, Prudential	PHP 171 BN (US\$3.84 BN), as of December 2013 ²⁴
Singapore	Allianz Global, Allianz SE, Aspen Insurance UK Ltd, Assuranceforeninggen Skuld (GJENSIDIG), Aviva Ltd (x3), AXA Corporate Solutions, AXA Insurance, AXA Life Insurance, AXA Specialty, Cigna Europe Insurance, Euler Hermes Deutschland, Euler Hermes UK, Friends Provident, Gan Eurocortage, Generali International, Generali Re, Groupama SA, Groupama Transport, HDI-GERLING INDUSTRIE VERSICHERUNG AG, HSBC Insurance PTE (x2), Muenchener Rueckversicherungs Gesellschaft, Paris Re, Prudential Assurance Co. of Singapore (x2), R&V Verischerung AG, Royal and Sun Alliance (Singapore), Royal and Sun Alliance plc, Royal Skandia, Scor Global Life Ruckversicherungs, Scor Global Life SE, Scor Re, Scor Switzerland, Scottish Annuity & Life, Sirius International, Standard Life International, Sun Alliance and London, Swiss Life (Liechtenstein), Swiss Life (Singapore) Swiss Re Frankona, Swiss Re, Swiss Re International, Copenhagen Re, North of England P&I Association, The Shipowners' Mutual P&I Assn. (LUXEMBOURG), UK Mutual Steamship Assurance, XL Capital Assurance, XL Insurance, XL Re (x2), Zurich Insurance, Zurich Life, Zurich International, Lloyd's Asia Scheme	S\$30.7 BN (US\$23.4 BN), (2013)
Thailand	Axa, Allianz, Bupa Health Insurance, Generali, Prudential, Thai Cardif Life, ACE Life	Baht 526 BN (2013) US\$16.24 BN (2013)
Vietnam	Prudential, AXA (17% stake in Bao Minh Insurance), HDI-Gerling Versicherungs AG (part of the Talanx Group has 25% stake in PVI Holdings), SwissRe (25% of the Vietnam National Reinsurance Corporation (Vinare)), Prevoir, Generali, BNP Paribas (partner of VCLI), Aviva (partner of VietinAviva), ACE Life	VND 24 TRN (2013) US\$ 2.25 BN (2013)

²⁴ The Philippines' life insurance industry reported PHP157.8 billion (US\$3.57 billion) in total premium income for 2014, 7.81% lower than the PHP171 billion recorded in 2013. Net income, however, improved by a little over 8% to PHP14 billion in 2014 from PHP13.8 billion in 2013. The total number of insured at the end of 2014 stood at 19.1 million from 14.6 million in 2013. Industry net worth grew 7.53% to PHP122 billion in 2014 from PHP113 billion in 2013. Total insurance industry assets reached a record PHP1.015 trillion in 2014, or 13.84% higher than the PHP891 billion at the end of 2013.

EU-ABC Working Group Members

Patrick Andreatta - Swiss Re
Allen Chong - Prudential Corporation Asia
Chris Humphrey - EU-ASEAN Business Council
Jerome Kelly - Lawton Asia
Paul Lynch - Prudential Corporation Asia (Chair)
Petra Maekrl - Allianz
Cliff Rees - Eurocham Indonesia
Pitchaya Sirivunnabood - EABC Thailand
Jonathan Tang - Swiss Re
Lina Baechtiger - Eurocham Singapore
Marius Weehuizen - ING Bank
Ashwan Amladi - Allianz
Benoit Claveranne - Axa Asia
Jonathan Rake - Zurich

Data Source Links

ASEAN

[http://en.wikipedia.org/wiki/List_of_ASEAN_countries_by_GDP_\(nominal\)](http://en.wikipedia.org/wiki/List_of_ASEAN_countries_by_GDP_(nominal))
<http://www.channelnewsasia.com/news/business/singapore/business-opportunities/1392080.html>
<http://www.philstar.com/letters-editor/2014/07/29/1351534/insurance-customers-will-be-big-winners-aec>
http://muse.jhu.edu/login?auth=0&type=summary&url=/journals/asean_economic_bulletin/v028/28.2.mitra.pdf
http://www.munichre.com/site/corporate/get/documents_E259064418/mr/assetpool.shared/Documents/0_Corporate%20Website/6_Media%20Relations/Press%20Releases/2014/Insurance-Market-Outlook-2014-en.pdf
http://www.swissre.com/media/news_releases/nr_20130115_life_insurance_asia_2013.html
<http://www.mas.gov.sg/news-and-publications/speeches-and-monetary-policy-statements/speeches/2014/inaugural-asean-insurance-summit.aspx>
<http://www.adbi.org/files/2013.03.28.wp414.deepening.asean.financial.markets.pdf>

Brunei

<http://www.bt.com.bn/breaking/2013/12/12/just-takaful-propels-brunei-insurance-sector-growth-first-half>
<http://www.ambd.gov.bn/Monthly%20Statistical%20Bulletin/Monthly%20Statistical%20Bulletin%20Jun%202014.pdf>
http://www.national.com.bn/brochures/NIC%20AnnualReport_2013_English_FA.pdf
<http://www.ambd.gov.bn/Monthly%20Statistical%20Bulletin/Monthly%20Statistical%20Bulletin%20Sep%202014.pdf#search=insurance>

Cambodia

<http://www.opendevdevelopmentcambodia.net/tag/general-insurance-association-of-cambodia/>
<http://www.bun-associates.com/wp-content/uploads/2013/12/BA-Insurance-Regulation-in-Cambodia-Ten-Things-to-Know.pdf>

<http://www.mef.gov.kh/>

Asia Insurance Review eDaily, 13 February 2015, Cambodia: Insurance sector grows at fastest pace in 2014

Indonesia

http://www.pwccn.com/webmedia/doc/635138995117955140_Asia_Insurance_Facts_Figures.pdf

http://www.milliman.com/uploadedFiles/insight/Periodicals/indonesia-life-newsletter/indonesia-life-insurance_04-14.pdf

http://www.biztositasiszemle.hu/files/201210/indonesian_insurance_sector.pdf

<http://www.thejakartapost.com/news/2013/12/19/indonesia-see-stable-insurance-business-growth-2014.html-0>

<http://news.efinancialcareers.com/hk-en/135190/allianz-hiring-in-asia-but-faces-talent-crunch/>

<http://www.agcs.allianz.com/assets/PDFs/events/AGCS%20in%20Asia%20-%20Peculiarities%20and%20Markets.pdf>

https://www.allianz.com/v_1395141837000/media/investor_relations/en/results_reports/annual_report/ar2013/ar2013_allianzgroup.pdf

<http://www.aviva.com/media/company-information-downloads/>

<https://www.axa-mandiri.co.id/wp-content/uploads/2014/07/ANNUAL-REPORT-AXA-MANDIRI-2013.pdf>

<http://www.geb.com/offices/country/id/indonesia>

<http://www.ojk.go.id/en/press-release-non-bank-financial-industry-performance-in-2014-grows-positively>

Malaysia

http://www.bnm.gov.my/index.php?ch=statistic&pg=stats_insurance&ac=111&yr=2013&lang=en

http://www.bnm.gov.my/index.php?ch=en_publication_catalogue&pg=en_publication_msb&eld=box1&mth=12&yr=2014&lang=en

<https://www.axa-affin.com/45/en/about-axa-affin/our-business-performance/introduction>

<https://www.allianz.com.my/web/lia/10065/10064/2013#>

http://muse.jhu.edu/login?auth=0&type=summary&url=/journals/asean_economic_bulletin/v027/27.2.ching.pdf

<http://store.businessmonitor.com/malaysia-insurance-report.html>

<http://www.businessmonitor.com/news-and-views/non-life-gwp-reaches-us49bn-in-2013>

<http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/32056/Type/eDaily/Malaysia-Non-life-market-to-grow-by-at-least-5-5-this-year>

http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/32126/Type/eDaily?utm_source/Edaily-News-Letter/utm_medium/Group-Email/utm_campaign/Edaily-NewsLetter

Myanmar

<http://www.asiainsurancereview.com/Magazine/ReadMagazineArticle?aid=35419>

<http://www.kpmg.com/SG/en/IssuesAndInsights/ArticlesPublications/Documents/Advisory-FS-The-Banking-Financial-Services-Sector-in-Myanmar.pdf>

Philippines

http://www.insurance.gov.ph/_@dmin/upload/reports/AR2012.pdf

<http://www.insurance.gov.ph/>

http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/32133/Type/eDaily?utm_source/Edaily-News-Letter/utm_medium/Group-Email/utm_campaign/Edaily-NewsLetter

Singapore

<http://www.mas.gov.sg/Statistics/Insurance-Statistics/Annual-Statistics/Insurance-Statistics-2013.aspx>

http://www.axa.com/lib/en/uploads/anr/group/2013/AXA_Reference_Document_2013.pdf

https://www.allianz.com/v_1395141837000/media/investor_relations/en/results_reports/annual_report/ar2013/ar2013_allianzgroup.pdf

<https://allianzglobalbenefits.onewebuxp.com/countries/singapore.html>

<https://secure.mas.gov.sg/msb-xml/Report.aspx?tableSetID=II&tableID=II.5>

Thailand

http://www.tlaa.org/2012/eng/statistics_de.php?statistics_id=6&statistics_detail_id=261

http://www.tlaa.org/2012/eng/downloads_de.php?downloads_id=18&downloads_detail_id=66&All=1

<http://www.thaigia.com/EnVersion/MemberEn.html>

<http://www.oic.or.th/en/home/index.php>

<http://www.oic.or.th/en/statistics/on-life-inner09.php>

http://www.oic.or.th/en/statistics/annual_life_en.php

http://eabc-thailand.eu/images/files/2013%20Position%20paper_Thailand_EN.pdf

[http://www.oic.or.th/th/circle/insurance%20circle%20%E0%B8%89%E0%B8%9A%E0%B8%B1%E0%B8%9A%E0%B8%97%E0%B8%B5%E0%B9%88%205%20\(ENG\).pdf](http://www.oic.or.th/th/circle/insurance%20circle%20%E0%B8%89%E0%B8%9A%E0%B8%B1%E0%B8%9A%E0%B8%97%E0%B8%B5%E0%B9%88%205%20(ENG).pdf)

<http://airdc.org/statistics/Statistics/Thailand%20Insurance%20Statistics%20Data.pdf>

www.slideshare.net/lvianelli/2012-eu-business-position-paper

Vietnam

<http://www.ambest.com/press/041802vietnamreport.pdf>

http://www.hoganlovells.com/files/Uploads/Documents/Vietnam%20newsflash_Jurisdiction%20Update%20Vietnam%20Insurance%20March%202013_1022600.pdf

http://isa.mof.gov.vn/portal/page/portal/isa/isa_eng/99694258/99694259?p_page_id=99694259&pers_id=99720849&item_id=132199092&p_details=1

<http://www.sbv.gov.vn/portal/contentattachfile/idcplg;jsessionid...pdf>



EU-ASEAN Business Council
1 Phillip Street
#12-01
Royal One Phillip
Singapore
048692

e-mail: info@eu-asean.eu
Phone: +65 6836 6681