



Press Release

EU-ASEAN Business Council Makes Key Recommendations to Drive Inclusive & Sustainable Growth through Insurance

Singapore – 29 March 2023: EU-ASEAN Business Council (EU-ABC), an advocacy organisation representing the interests of European businesses operating in Southeast Asia, today published a position paper on the insurance industry’s crucial role in achieving inclusive and sustainable growth in ASEAN – in line with the theme of Indonesia’s Chairmanship of ASEAN in 2023 – “ASEAN Matters: Epicentrum of Growth”.

Launched ahead of EU-ABC’s annual consultation meeting with the ASEAN Finance Ministers and Central Bank Governors today, the report, “[Realising Inclusive and Sustainable Growth in ASEAN: The Role of Insurance](#)” lays out key recommendations for ASEAN Member States on digital access to protection, a growth-oriented regulatory environment, transition towards a low-carbon economy and de-risking green investments.

ASEAN markets jointly achieved a remarkable 9 percent growth in insurance premium volume in 2021, surpassing the global average of 3 percent and outperforming other major regions and markets worldwide.

Building on this momentum, EU-ABC’s paper stresses the importance of a growth orientated regulatory framework to extend insurance penetration rates. It also encourages ASEAN regulators to draft regional guidelines on the supervision of digital insurance and introduce relevant local rules to improve consumers’ digital access to insurance.

As ASEAN makes moves to transition to a low-carbon economy, the paper also urges policymakers to consider how to work with the insurance sector on the financing of climate change mitigation action. The paper specifically notes that “realising inclusive and sustainable growth in ASEAN requires strong commitments and joint efforts from all stakeholder. Insurers, with triple roles as risk managers, risk carriers and investors, have a vital role to play in the process.”

Commenting on the EU-ABC’s recommendations set out in the paper, Chris Humphrey, Executive Director at the EU-ABC, said, “Insurance is crucial for the economic development of ASEAN countries, providing individuals and businesses with financial protection against risks and uncertainties, as well as being a source of long-term development financing. This paper today from the EU-ABC provides clear recommendations for regulators and governments across ASEAN which, if adopted, would help the insurance sector play a clear role in realising inclusive and sustainable growth in the region.”

Solmaz Altin, Managing Director Strategic Business Group Prudential plc, noted, “On 20 March the Intergovernmental Panel on Climate Change (IPCC) delivered a “final warning” in its sixth assessment report: act now or it will be too late. Insurance companies have a key role to play in accelerating the transition to a zero carbon economy. Prudential believes in a just and inclusive transition that leaves no one behind. The recommendations in this report, which are aligned with Prudential’s October 2022 paper “[Supporting a just and inclusive transition](#)”, will help to ensure that ASEAN Member States have access to the finance they need to decarbonise their economies.”



Full report available [here](#).

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Notes to editors:

About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the primary and sole voice for European business covering all of the ASEAN region.

It is recognised by the European Commission and the ASEAN Secretariat and is an accredited entity 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. 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 nine European Chambers of Commerce from around Southeast Asia. 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 common 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 Martin Hayes. 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.

EU-ABC ASEAN-level Recommendations on Insurance

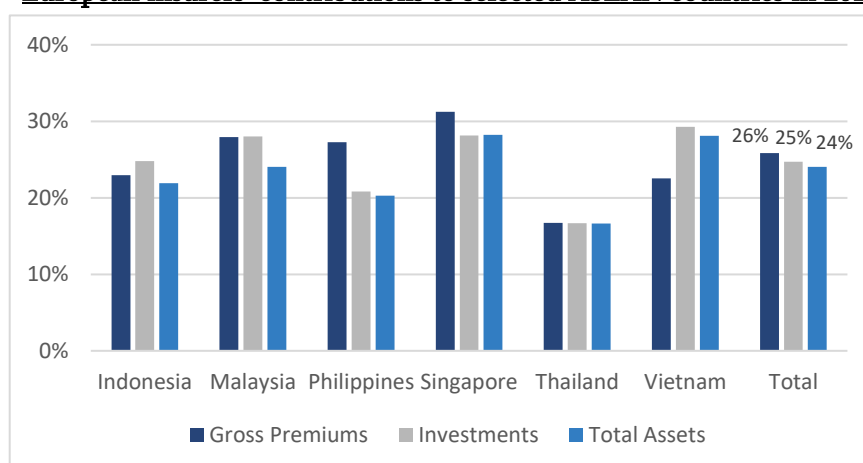
Focus Areas	Recommendations
Digital Access to Protection	<ul style="list-style-type: none">▪ ASEAN regulators to draft regional guidelines on the supervision of digital insurance and introducing relevant local rules to improve consumers' digital access to insurance and support insurers' innovation.▪ ASEAN regulators to investigate removal of barriers to insurers' cross-border distribution of insurance products via digital channels to facilitate insurers' provision of protection to overseas customers.▪ ASEAN regulators to endorse the ASEAN Model Contractual Clauses for Cross-Border Data Flows (MCCs) and provide mechanisms for the cross-border transfer of data, explicitly mentioning acceptable frameworks and standards for transfers to enable interoperability.

Growth-Oriented Regulatory Environment	<ul style="list-style-type: none"> ASEAN policymakers to introduce or enhance personal income and corporate tax incentives for individuals' and businesses' uptake of insurance protection so as to make it more affordable and accessible. ASEAN regulators to, in consultation with industry associations, develop guidelines to govern industry's recruitment practices, with a view to addressing the risks arising from the use of incentives in mass poaching.
Transition towards a Low-Carbon Economy	<ul style="list-style-type: none"> ASEAN policymakers to start/deepen conversations with international organizations and relevant stakeholders, including insurers, on how to fund a just transition towards a low-carbon economy.
De-Risking Green Investments	<ul style="list-style-type: none"> ASEAN policymakers to introduce mandatory obligations to disclose the ESG performance data of infrastructure projects in consultation with standard setting bodies. ASEAN policymakers to encourage the inclusion of pre-project risk assessment and risk transfer through leveraging the expertise of re/insurance and their risk management solutions in the planning and investment process of green projects.

EU Insurers and ASEAN Insurance Market

European insurance companies have a long history in ASEAN markets. Today, nearly 30 European insurance companies operate across the region, serving the population's protection, savings, retirement and investment needs. In 2021, European insurers contributed 26% gross premiums (~USD 33bn) and represented 25% of industry's investments (~USD 130bn) and 24% of total assets (~USD 148bn) in six ASEAN states.

European insurers' contributions to selected ASEAN countries in 2021

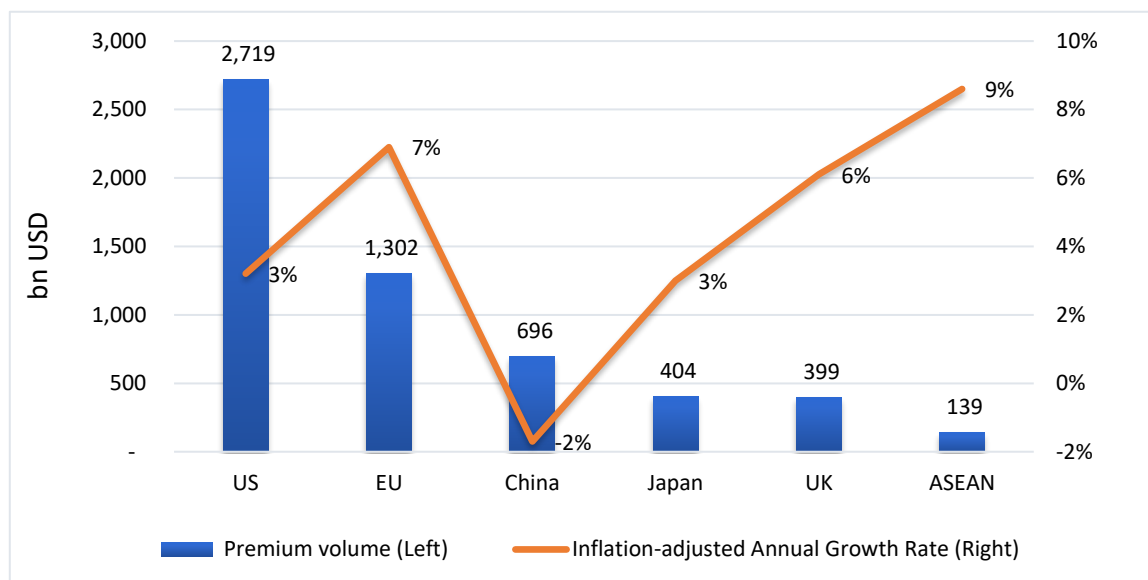


Source: Prudential's analysis of government official statistics and corporate financial reports.

In 2021, ASEAN markets jointly achieved a remarkable 9% inflation-adjusted growth in insurance premium volume, the highest rate among major regions and markets around the world, against the global average of 3%. Some ASEAN markets have now progressed to the steeper area of the insurance "S-curve", where economic and income growth will have a greater impact on insurance demand.

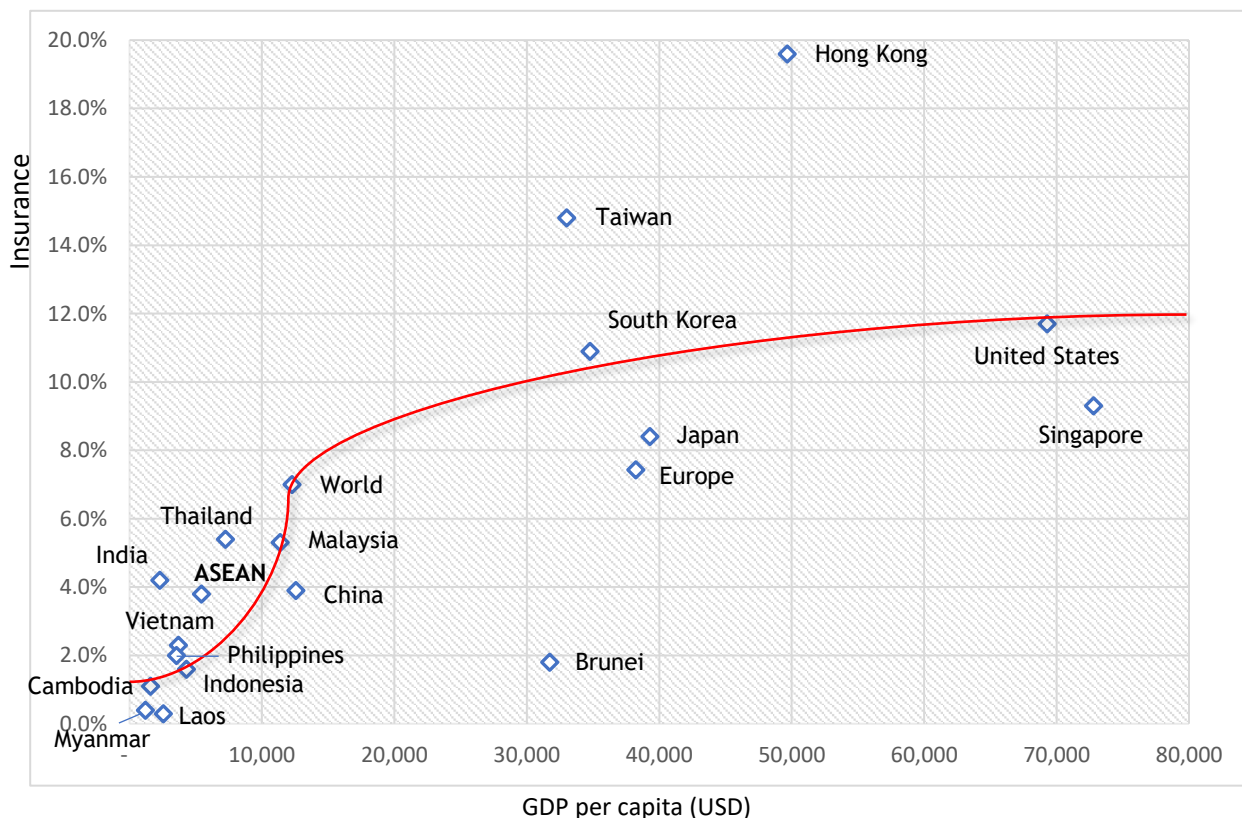
Overall, ASEAN’s share in the global insurance market remained small at 2% by premium volume and its 4% insurance penetration is also lower than the global average of 7%, representing significant growth potential in future.

Insurance markets of major regions and markets in 2021



Source: Swiss Re, sigma explorer.

Insurance penetration of ASEAN and major Asian economies and “S” curve (2021)



Sources: 1) Swiss Re, sigma explorer; 2) ASEANstatsDataPortal by the ASEAN Statistics Division; 3) The World Bank DataBank.



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