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MEDIA INFORMATION

ASEAN HEALTH INSURERS SEE RISING DEMAND, BUT HEALTHCARE COSTS ARE A KEY CONCERN

Kuala Lumpur, 25 November 2024 – Malaysian Reinsurance Berhad (Malaysian Re), Malaysia’s leading reinsurance company and a wholly owned subsidiary of MNRB Holdings Berhad (MNRB), today published the ASEAN Insurance Pulse 2024, an annual research report focused on ASEAN insurance markets. This year’s 8th edition explores the challenges that ASEAN countries face in providing universal healthcare coverage to their people. Private health insurance plays a vital role in attaining this goal. Although the region differs widely in its approaches to healthcare financing, all countries are struggling with escalating healthcare costs – a trend that threatens to reverse advances made in private health insurance penetration.

“Private health insurance in the ASEAN region is at a critical juncture”, said Ahmad Noor Azhari Abdul Manaf, President and Chief Executive Officer of Malaysian Re. “At Malaysian Re, we are committed to helping ASEAN insurance markets to grow and to enhancing the economies, health and wellbeing of the communities that they serve. As we reveal in the ASEAN Insurance Pulse 2024, equitable access to healthcare is challenged by deteriorating health trends, aging populations and medical inflation, and by economic conditions – challenges that also limit the provision and growth outlook of private health insurance. Based on research and in-depth discussions with regional industry leaders, to whom we are extremely grateful, the analysis in this report informs on the current state-of-play and also highlights potential solutions to improve market conditions.”

ASEAN health insurance written premium close to USD 7.5 billion in 2023 and demand is rising

ASEAN healthcare systems and financing vary widely, shaped by socio-political and economic contexts. Demand for private health insurance – which had an estimated market premium of slightly less than USD 7.5 billion in 2023 – is rising due to factors including higher disposable incomes and literacy rates, increasing internet access, improved access to healthcare and increasing awareness of the value of insurance, including from COVID-19. In addition, in most ASEAN countries, the private healthcare system is perceived as more efficient than the public service.

Inequitable healthcare and a negative outlook

Most of the industry leaders interviewed for this report perceive the healthcare system of their country to be satisfactory or partly satisfactory. However, healthcare provision is not equitable – rural

areas have less access to healthcare services and wealth substantially impacts the quality of the available treatment. In addition, the outlook is negative due to rising healthcare costs (including from medical inflation), ageing populations and a growing disease burden, including chronic diseases such as diabetes, cancer, cardiovascular issues and obesity, exacerbated by unhealthy eating habits and sedentary lifestyles.

Private systems additionally face opaque costs (lack of correlation between the treatment quality and cost) and overconsumption of treatment provision. Patient-insurer-provider interests are not aligned, with patients and private hospitals often lacking incentives to control costs. Interviewees described private health insurance – which is often written as a rider to sell life insurance policies – as “at best marginally profitable”.

Higher health insurance rates threaten affordability and expansion goals

Health insurance rates were correspondingly reported to be rising substantially, with the observation that this can dramatically impact older age groups (compounding the higher rates they already experience from being in a higher risk category) and threaten health insurance affordability and attempts to expand coverage, including to lower income segments of society. As ASEAN’s populations age and increasingly enter higher age cohorts, the outlook is that insureds could cancel their policies due to lack of affordability. This could reverse any past advances in health insurance penetration.

Other identified strategies to control costs and enable growth

In addition to rate increases, insurers’ strategies to combat rising claims costs include risk reduction (e.g. exclusions and reduced limits), cost control (e.g. scrutinizing hospital bills and increasing outpatient treatments) and pre-emptive measures (e.g. collaborating with certain hospitals and preauthorising elective procedures). Insurers are also working with policymakers, regulators and hospital operators to improve market conditions, develop standards (e.g. the Diagnosis-Related Group system), improve alignment (e.g. patient co-payment options), and raise awareness amongst insureds of the need to control costs.

To view the full report, please click [here](#)

About Malaysian Re

Malaysian Reinsurance Berhad (Malaysian Re) is a wholly-owned subsidiary of MNRB Holdings Berhad (MNRB). As the national reinsurer, Malaysian Re continues to enhance the competitiveness and efficiency of the local insurance companies in an increasingly globalised marketplace through its active involvement in providing effective risk solutions. Leveraging on its breadth and depth of experience and expertise, strong fundamentals and a proven record of accomplishment, Malaysian Re has grown in stature as an international player having established a strong market presence in Asia and the Middle East with a growing footing in Europe.



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