Media release

Peak Re sponsored “Emerging Asia Life Insurance Pulse” launched

- Morbidity risk is Emerging Asia’s most urgent life & health insurance need
- Technology is expected to promote future insurance market growth and profitability

Zurich and Hong Kong, 11 March 2019 – In Emerging Asia, increasing environmental pollution, changing lifestyles and aging give rise to a rapid growth of cancer, diabetes and cardiovascular diseases. Most of these morbidity risks are uncovered and constitute the region’s single most important life & health protection gap.

This is one of the key findings of the inaugural edition of Emerging Asia Life Insurance Pulse, a survey published today by Dr. Schanz, Alms & Company and exclusively sponsored by Peak Re.

Based on in-depth interviews with insurance executives operating in the region, the study suggests a buoyant outlook for risk protection products which mitigate families’ exposure to non-communicable and critical diseases. Executives view digitalisation as the key lever to capture this potential, not only through more efficient distribution and policy administration but also as an enabler of innovative solutions that cater to individual needs.

“The findings of Emerging Asia Life Insurance Pulse encourage us to continue on our strategic path, offering technology-enabled protection solutions to Asia’s emerging middle class but also to the un(der)-served segments of the population. The shift from savings-oriented to protection products has emerged as a key theme from the Pulse survey. For Peak Re, this development is a tremendous opportunity to demonstrate our proven risk expertise and further enhance our relevance to the region’s societies which are faced with a rapidly increasing prevalence of chronic diseases and changing mortality patterns,” says Franz Josef Hahn, CEO of Peak Re.

“We are pleased to present the inaugural edition of Emerging Asia Life Insurance Pulse, which offers an authoritative overview of the current state and future prospects of the region’s US$450 billion life insurance market place,” says Dr. Kai-Uwe Schanz, Chairman and Partner at Dr. Schanz, Alms & Company. “Buoyed by socio-demographic trends as well as an exceptionally rapid adoption of technology, Emerging Asia is set to remain one of the most exciting and rewarding markets for domestic, regional and global life and health insurers.”

Digitalisation tops corporate strategic agendas

29 senior executives from domestic, regional and global insurers and brokers operating in emerging Asia contributed to this year’s survey. They were asked to share those areas that rank highest on their corporate development agenda for the next 3-5 years. Not surprisingly, digitalisation emerged on top.
Efforts concentrate on distribution and policy administration as well as, to a lesser extent, automated underwriting and claims settlement.

**Life and health insurance premiums expected to continue outgrowing GDP**

An overwhelming majority of 86% of executives believe that life and health insurance premiums will continue outpacing GDP growth. Fixed-benefit health products mitigating non-communicable and critical diseases risk were identified, by the vast majority of interviewees, as the fastest growing product line in emerging Asia. Also, virtually all executives expect digital technologies and advanced analytics to further accelerate premium growth, as a result of improved outreach to underserved segments of the population, enhanced product appeal and lower transaction costs.

**Strong growth in online distribution, but limited to short-term and simple products**

In terms of growth dynamics direct online sales stand out, albeit from a low base. Citing the region’s young and technology-savvy population most executives spot a great potential for online in simple and easy to understand areas such as term life and personal accident.

**Term and whole life as well as fixed-benefit health insurance identified as most profitable areas**

For most executives, term and whole life insurance is the most profitable product line. The price elasticity of demand is relatively low, not least because of still dominant agency distribution. Margins on health insurance products which offer fixed benefits for critical illnesses, cancer, diabetes or in the form of hospital cash are viewed as attractive by most executives. Over the past few years, demand for such products has increased substantially, on the back of growing awareness and higher disposable incomes.

**About Dr. Schanz, Alms & Company**

Founded in 2008 and domiciled in Zurich, Dr. Schanz, Alms & Company Ltd supports its clients in researching and analysing their business environment, developing and implementing a distinct strategic profile and effectively communicating with their key stakeholders. We focus on organisations from the financial services industry. Our global services proposition is based on the firm’s partners’ in-depth sector expertise and senior management experience gained in Asia, the Middle East and Europe. For further information please visit www.schanz-alms.com.

**About Peak Re**

Peak Re is headquartered in Hong Kong with shareholder equity of US$1.02 billion as of 30 June 2018. It is authorised by the Insurance Authority of Hong Kong and is rated “A-” by AM Best, a leading international insurance industry credit rating agency. Fosun International Limited (00656.HK) and Prudential Financial, Inc. hold 86.9% and 13.1% of Peak Re via Peak Reinsurance Holdings Limited, respectively. Peak Re offers reinsurance services covering a range of lines across Asia Pacific, EMEA and the Americas, tailor-making risk transfer and capital management solutions to best fit clients’ needs.

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