



PRESS RELEASE

Asia Reinsurance Pulse launched, offering unique insights into a USD 50 billion reinsurance market

SINGAPORE, 3 November 2015: The 1st edition of Asia Reinsurance Pulse has been launched today at the 13th Singapore International Reinsurance Conference, attended by about 1000 industry executives and professionals. Asia Reinsurance Pulse is a new annual research publication, sponsored by the Singapore Reinsurers' Association (SRA). Based on in-depth interviews with almost 50 regional and international reinsurance executives it offers a unique overview of Asia-Pacific's USD 50 billion non-life reinsurance market. Some of the key findings include:

- *Overall reinsurance market sentiment remains moderately positive.*
- *Rising protectionism in emerging Asian reinsurance markets is the biggest single concern of interviewees.*
- *The downward pricing trend in regional reinsurance markets is expected to continue, albeit at a decelerating pace.*
- *Aggregate reinsurance capacity in Asia-Pacific will continue to increase moderately, with a slightly higher expected share of regional capacity.*
- *The region's reinsurance markets are expected to grow at a slower pace than direct insurance.*

SRA Chairman Thomas Lillelund said: "Through Asia Reinsurance Pulse, the SRA demonstrates its commitment to improving the transparency of Asia-Pacific reinsurance markets as well as to facilitating and encouraging an informed dialogue between market participants. This is particularly important in light of intense market competition and growing regulatory challenges, as identified by Asia Reinsurance Pulse."

He added: "The survey is based on in-depth interviews with 48 senior executives of 41 regional and international reinsurance companies and intermediaries operating in the Asia-Pacific region. We believe that the key methodological strengths of Asia Reinsurance Pulse lie in its comprehensiveness, diversity and diligence. The face-to-face interview approach has enabled us to probe deeper to clarify responses from the participating executives. In addition, by including both global and regional players, leaders and followers as well as generalists and specialists, we have been able to collate a broad yet nuanced picture of the marketplace."

Dr. Schanz, Alms & Company AG, a Zurich-based advisory firm offering research, strategy and communication support to the global (re)insurance industry, has conducted the interviews and edited the final report. The company was appointed given its experience and insights in the region, its proven record of undertaking insurance market research on a global scale and, most importantly, its credible independence.

The key findings in more detail:

1. Overall reinsurance business sentiment in Asia is moderately positive. Measured on a scale from -5 to +5 (very bearish to very bullish), sentiment stood at 1.3, down from 1.7 a year ago. For summer 2016, overall sentiment is not expected to change. The deterioration over the past 12 months primarily reflects the unabated pressure on already unsatisfactory rates, an increasing prevalence of barriers to cross-border trade in reinsurance and the economic slowdown.

2. Most interviewees mentioned the rise of protectionism in cross-border trade as the biggest single trend in APAC reinsurance markets. Such legal and regulatory provisions range from discriminatory capital charges for 'offshore' reinsurance transactions to outright domestic cession requirements.
3. An overwhelming majority (98%) of all respondents regard current reinsurance pricing levels, against the average of the past three years, as low (51%) or very low (47%). Two thirds of respondents expect a continuation of this downward trend, albeit at a decelerating pace. Given the absence of major insured natural catastrophe losses since 2011, actual ex-post profitability of reinsurance in Asia is rated better than ex-ante priced profitability.
4. On average, capacity from non-Asian sources is estimated to account for 74% of the region's total. Carriers headquartered in the region contribute the remaining 26%. Over the next 12 months, the share of Asian capacity is expected to increase to 28%, driven by additional capacity from Chinese sources as well as regulations that favour or require a higher involvement of local reinsurers. The majority of interviewees expect a moderate increase in aggregate APAC reinsurance capacity over the next 12 months.
5. 61% of survey participants consider current reinsurance terms and conditions to be loose (52%) or very loose (9%), as compared to the average of the past three years. The same percentage of executives polled expect a further loosening of terms and conditions, among them many of those who believe that rates have already bottomed out.

A copy of the report can be downloaded at: <http://www.sg-reinsurers.org.sg/article-report-library>

About the Singapore Reinsurers' Association

Established in 1979, the key objectives of the Singapore Reinsurers' Association (SRA) are to represent members in matters affecting their business interests, to facilitate dialogue and encourage healthy market competition, to promote professional excellence through education and training and to foster strong social bonds within the industry and beyond. The SRA is managed by an elected Executive Committee, which comprises senior reinsurance practitioners who dedicate their time on a strictly voluntary basis, supported by a full-time Executive Director and Secretariat team. As at 31 October 2015, the SRA has a total membership of 49, comprising 29 Ordinary, 18 Associate and 2 Honorary members. All major non-life reinsurance companies with a presence in Singapore as well as some other regional reinsurers are members of the SRA. Further information: www.sg-reinsurers.org.sg

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