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Man-made threats now loom as large as nat cat on Asia's risk agenda – discipline must hold


Pavlos Spyropoulos

SOFTENING SPECIALTY INSURANCE RATES are raising concerns about pricing adequacy across Asia, just as man-made risks threaten to rival natural catastrophes among the region's biggest underwriting concerns, Tokio Marine Kiln (TMK) has warned.

Pavlos Spyropoulos, TMK's regional managing director for Asia-Pacific, says intense competition could undermine technical pricing even as demand for specialist protection grows.

"One thing that stands out is that man-made risk is now extremely high on the agenda – potentially as high as natural catastrophe risk, if not higher," he told *SIRC Today*.

Rates have softened for several quarters across much of the specialty market. "We need to make sure we do not reach the point where technical pricing becomes inadequate," he cautioned. The concern goes beyond price.

In a new white paper, 'Priced but not Understood', published as TMK marks 20 years in Singapore, the insurer argues 3

MOVE BEYOND SILOS: AI boom forces insurers to rethink risk


Carlos Grijalva

AI IS TURNING DIGITAL RISK FROM a cyber problem into an accumulation challenge that can cut across classes, borders and entire technology ecosystems. In Asia-Pacific, where adoption is accelerating rapidly, insurers will need more than capacity to keep pace.

Carlos Grijalva, APAC head of cyber at Gallagher Re, says the opportunity is substantial, but so too is the need to understand how increasingly interconnected technologies can concentrate exposure.

"Technology is reshaping the nature of risk in ways that challenge traditional insurance thinking," Grijalva told *SIRC Today*. "The industry has a unique opportunity to evolve alongside these changes, but doing so requires a deeper understanding of digital dependency, accumulation risk and interconnected technology ecosystems."

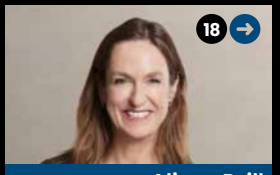
Only a few years ago, cyber discussions centred largely on ransomware, data breaches and resilience. Today, the conversation has widened to include AI, cloud concentration, digital supply chains and critical 4

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RISKS

Asia's shifting risks test pricing discipline

Asia-Pacific's persistent protection gap partly reflects a mismatch between insurance products and the way losses now spread across technology, infrastructure and supply chains.

Despite the region accounting for one-third of the world's cyber incidents, data shows that only 17% of information assets are insured in Asia-Pacific, compared to 60% of physical assets, according to Aon. TMK identifies three particular weaknesses: cyber incidents that cause physical damage but fall between policies, inadequate limits, and outages or system failures that disrupt multiple businesses without a malicious attack.

Protection gap

"Cyber has to be one of them," Spyropoulos said of the region's most difficult underwriting conversations. Business leaders rank it among their biggest concerns, yet the amount of cover purchased often falls short of that concern.

"There is still a gap between recognition of the risk and the amount of protection being bought."

Asia's cyber market has traditionally been weighted towards first-party losses. But evolving liability and notification rules, alongside greater technological dependence, are changing what buyers need.

"A cyberattack can shut down a factory," he said. "There are many ways in which a cyberattack can create real physical losses. We are not simply saying the cyber market is soft, so let's compete on price and race to the bottom."

Man-made exposures are also changing the outlook for political violence and terrorism. Spyropoulos expects a harder market following substantial Middle East losses, in contrast to continued pricing pressure in cyber and aviation. Marine cargo presents another disconnect. Rates have fallen even as rising values of semiconductors and other high-tech shipments increase the severity of potential claims.

"When losses occur, they can therefore be much larger," he said. "There probably needs to be some rebalancing in that market as well."

Ferrari and the MGAs

TMK is pursuing those specialist opportunities through Singapore rather than opening underwriting offices across every market. Its coverholder relationships managed from the city have risen from two when Spyropoulos joined in 2022 to 11, with more in the pipeline.

He likens the strategy to a specialist carmaker. "Ferrari is not going to open a dealership in every country in the world in the way a large mass-market manufacturer might."

KEY POINTS:

- Asia's risks priced but not understood
- Technical pricing under growing pressure
- Specialist MGAs must stand out in Asia

"Economically, it does not make sense for us to have specialist underwriters sitting in every single geography either."

Instead, TMK is concentrating expertise in hubs including Singapore and London, supported by brokers, MGAs and coverholders with local reach.

In Singapore, he believes MGAs must offer truly unique products or distribution rather than compete with established insurers on breadth alone. "An MGA in Singapore has to be highly specialised," he said. "An MGA therefore needs to offer something genuinely different, either through its product or through its distribution."

> "A lack of discipline is damaging to insurers as well as clients. We have a responsibility to manage the cycle more effectively."

The business, historically weighted towards Australia, New Zealand and North Asia, wants to expand in other Asian markets and follow clients investing beyond the region, including in the Middle East.

Retaining risk in Asia

Spyropoulos also challenges the proposition that growing Asian economies should aim to keep more reinsurance risk at home simply by creating domestic reinsurers. "I think the opposite is true," he said. "Major economies generally seek to export and diversify risk. That is the purpose of reinsurance."

He welcomes stronger local underwriting capability and insurers retaining risks they understand but argues that cross-border reinsurance remains essential to spreading the balance.

"The objective should not simply be retaining risk domestically. The focus should be on raising underwriting standards."

Meanwhile, cedants are making greater use of facultative reinsurance in Singapore, potentially indicating gaps in the protection available through treaty programmes.

Soft market conditions are also encouraging some buyers to seek longer-term contracts, but price should not be their only consideration.

"Clients also need to think about the claims proposition and the longevity of the relationship."

The human edge

Investment in data centres is generating growth as well as new exposures. TMK is supporting banks through credit insurance on loans financing the sector, while increased trade in high-value technology is expanding marine cargo opportunities.

Spyropoulos sees AI as a tool for relieving specialist underwriters of administration and strengthening human relationships, not replacing them.

"I actually think about AI partly as a talent-retention tool," he said. "We want to maintain relationships with our brokers and clients rather than become a faceless algorithm that somebody trades with."

In a crowded specialty market, he sees new products, fair and prompt claims handling, and accessibility to brokers as the real differentiators. TMK's claims philosophy, he said, is to "find a reason to pay a claim".

The longer-term risk is that aggressive competition undermines the stability clients need. Spyropoulos wants the industry to smooth out the insurance cycle's peaks and troughs rather than repeat sharp price corrections. "A lack of discipline is damaging to insurers, but it is also ultimately damaging to clients," he said. "We have a responsibility to manage the cycle more effectively."

But he also wants discussions at SIRC to move beyond the familiar debates about market conditions and pricing. "I would like to see much more discussion about new solutions. How the industry is going to address the new opportunities and challenges created by an increasingly complex world."

That could include questioning some of the industry's longstanding practices. "Insurance is still predominantly written as an annual contract. Should that always remain the case?"

DIGITAL RISKS

AI boom breaks traditional risk silos

infrastructure dependencies. "The most significant change has been the speed at which digital risk has expanded beyond traditional cyber exposures," he said.

That shift is particularly visible across APAC. Organisations in Singapore, Australia, Japan, South Korea and India are embedding AI into their operations, while governments and businesses continue to invest heavily in cloud infrastructure and digital transformation. Southeast Asia is also becoming a major hub for data centre development, creating new concentrations of exposure.

"What has become increasingly clear is that insurers can no longer assess these risks in isolation," Grijalva said. "A single technology failure can potentially impact thousands of organisations across multiple countries, portfolios and lines of business.

"The challenge has shifted from understanding individual cyber events to understanding interconnected digital ecosystems and the accumulations they create."

Beyond cyber

AI is changing both the risk profile of insureds and the way insurers operate.

Financial institutions in Singapore and Hong Kong are using AI for customer engagement and decision support. Manufacturers in Japan and South Korea are deploying it across production environments, while technology companies throughout the region are embedding it directly into products and services.

"This creates new opportunities but also introduces another layer of complexity around liability, decision-making, operational resilience and systemic risk," Grijalva said.

Those exposures do not fit neatly into a single insurance class. AI-related losses can touch cyber, professional indemnity, directors' and officers' liability, errors and omissions, product liability and other lines simultaneously.

For insurers, the challenge is therefore not simply identifying the risk but understanding where it sits and how it could accumulate across a portfolio.

Grijalva sees three areas becoming particularly important.

The first is liability. Organisations could face claims arising from inaccurate outputs, automated decision-making, algorithmic bias or failures involving AI-enabled processes.

The second is dependency on a relatively concentrated technology ecosystem. Many organisations rely on the same hyperscale cloud providers, foundation models and digital infrastructure, creating the potential for systemic loss if a critical provider fails.

KEY POINTS:

- APAC becomes digital growth engine
- AI, digital risks open new opportunities
- Tech concentration drives accumulation

The third is the changing cyber threat itself.

"Threat actors are increasingly leveraging AI to improve social engineering, automate reconnaissance and scale attacks," he said. "At the same time, businesses are embedding AI into critical operations, increasing the potential impact of system failures."

Accumulation risk

For insurers, the common thread is accumulation. "Insurers need to move beyond traditional product silos and adopt a more holistic view of digital risk," Grijalva said.

That starts with better visibility of the technology dependencies underpinning insured portfolios, including cloud platforms, AI providers, digital supply chains and data centre ecosystems.

> "APAC is becoming the world's digital growth engine, with unprecedented investment in AI, cloud infrastructure and data centres."

"Geographic diversification alone may no longer reduce concentration risk as effectively as it once did," he warned.

Underwriting and exposure-management frameworks will also need to evolve to capture technology-driven accumulation more effectively, while greater investment in digital risk engineering, scenario analysis and data-led underwriting can help identify vulnerabilities before losses occur.

"The market has always adapted to emerging risks. AI is no different, but it requires a more connected and forward-looking approach," Grijalva said. "It is no longer one insurance class. It is no longer one geography."

Technology-driven business interruption is also likely to become increasingly important. As businesses become more reliant on interconnected digital services, outages affecting cloud providers, software platforms or critical technology suppliers could generate losses across multiple sectors simultaneously.

The issue is particularly relevant as APAC attracts substantial investment in digital infrastructure, including data centres in markets such as Singapore, Malaysia, India and Australia.

"APAC is becoming the world's digital growth engine," Grijalva said. "We're seeing unprecedented investment in AI, cloud infrastructure and data centres across the region. The opportunity is enormous, but so is the importance of understanding how digital dependencies accumulate across industries and borders."

Beyond capacity

Reinsurance has an important role to play in helping insurers respond to that uncertainty while continuing to support innovation.

As digital risks evolve, Grijalva argues that reinsurers can provide not only capacity but also expertise around accumulation, systemic exposure and portfolio resilience.

"This is particularly important in APAC, where digital adoption is accelerating rapidly and clients are asking more sophisticated questions about AI, cloud dependency and technology concentration," he said.

Gallagher Re has launched a Digital Risk practice bringing together expertise across cyber, AI liability, data centres and digital risk engineering to give insurers a more complete view of the risk landscape.

"Our objective is not simply transferring risk," Grijalva said. "It is helping insurers build confidence to write new and evolving forms of digital risk while maintaining resilience.

"Ultimately, we aim to help clients move beyond identifying risks and towards quantifying and managing them more effectively."

For Grijalva, that will increasingly define the insurance response to digital growth in APAC. The opportunity is not simply to cover more technology risk, but to understand how those risks connect before those connections turn into losses. ●

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LEADERSHIP

New MSIG Asia CEO plots regional growth

MSIG Asia is targeting commercial and specialty growth across Asia-Pacific, with Australia a key growth market and infrastructure investment opening opportunities in Southeast Asia and India. New regional chief executive Ronak Shah also wants its businesses to work more closely together as "one MSIG".

Shah took over on October 1, joining from QBE Asia, where he headed wholesale markets Asia after serving as Singapore chief executive. He succeeds Clemens Philippi, now in a strategy role at parent group MS&AD. His remit brings Mainland China, Taiwan and Korea into MSIG Asia's regional leadership structure.

"I've inherited a business with real strengths, built by people who know their markets well. My job is to build on that, not to start again," Shah told *SIRC Today*. "I want us to work as one MSIG across the region," he said. "That means clear decision rights, faster answers for brokers and clients, and a relentless focus on execution."

"In this industry, the gap between good and great is rarely the strategy. It's the delivery."

Growth across markets

Shah sees different opportunities across Asia-Pacific. Southeast Asia and India remain significantly underinsured relative to the size of their economies, with commercial insurance demand driven by infrastructure, manufacturing and energy investment, and consumer growth supported by rising wealth and digital distribution.

India, where MSIG has a longstanding partnership through Chola MS, is a market he is "particularly excited about".

"Australia is a key growth market for us. Large, sophisticated and broker-led, with real room to grow our commercial and specialty business," he said.

Mainland China, Taiwan and Korea, alongside Hong Kong, are central to manufacturing and trade networks that increasingly extend into Southeast Asia and India. "Their risks no longer sit neatly inside one country, so our thinking shouldn't either," Shah explained.

He wants more coordinated insurance programmes for clients operating across borders, with specialist expertise shared across marine, energy, engineering and financial lines.

Bringing these businesses under a wider regional leadership structure should improve coordination, although Shah stressed that local teams remain responsible for understanding their markets. "Each of these markets has its own regulatory environment and competitive dynamics, and our teams on the ground know them best," he said.

KEY POINTS:

- Australia is a key growth market
- Energy transition drives cover demand
- Faster decisions promised to brokers

Specialty ambitions

The strongest specialty opportunities, Shah believes, are tied to investment in the real economy, particularly the energy transition.

Solar projects in Southeast Asia and India, offshore wind in North Asia and renewable energy and transmission projects in Australia all require construction, engineering, marine and operational insurance.

"Infrastructure, marine and trade, financial lines and cyber follow the same pattern: growing demand, and a premium on technical expertise," he said.



> "A fast, clear 'no' is more useful than a slow 'maybe'."

MSIG intends to draw more heavily on specialist capabilities across MS First Capital and MS Amlin as it pursues these opportunities.

But Shah also identifies gaps in protection. Many smaller businesses lack cyber, business interruption or liability cover, while a large share of natural catastrophe losses across Asia remains uninsured. Mid-sized companies expanding overseas also need consistent cover across jurisdictions but often lack the resources of large multinationals.

"Closing that gap will take insurers, reinsurers and governments working together," he said, referring to catastrophe protection, where affordability is becoming a concern even in mature markets such as Australia.

Demand is also changing as manufacturers establish operations across Vietnam, Thailand, Malaysia, Indonesia and India. Clients need locally admitted cover, consistent policy wording and a better understanding of contingent business interruption.

"Clients are asking more questions about resilience, not just price," Shah said. "Increasingly, they want advice and insight that help them avoid losses altogether, not simply financial protection after the event."

Faster decisions

These ambitions come against a softer commercial insurance market, where buyers are seeking broader cover and higher limits. Shah argues that responding to competition must not mean abandoning underwriting discipline. "Long relationships are built on consistency, not on being the cheapest in a soft market," he said.

His approach to standing out with brokers comes down to "clarity, capability and consistency". Brokers need to know which risks MSIG wants to write, who has the authority to make decisions and how quickly they can expect an answer. "A fast, clear 'no' is more useful than a slow 'maybe'," he said.

Claims handling is equally important to securing repeat business. "With customers, claims is the product. Everything else is a promise," Shah said. "How we handle a claim, especially a large or difficult one, is what earns us the next renewal and the next referral."

He also wants to invest in technical careers, mobility between markets and developing leaders locally. Technology will support that effort, helping underwriters process submissions, assess accumulations and select risks, while speeding up straightforward claims so experienced staff can focus on more complex cases.

"Technology isn't a separate strategy. It is how we execute," he said. "The prize isn't just speed. It's better risk selection, which is what actually moves results."

Looking three to five years ahead, Shah outlined what success would mean.

"We are a leading general insurer in the markets where we operate, growing profitably and in a balanced way across markets, lines and channels," he said.

"Brokers see us as a first call for complex risk across Asia-Pacific. Clients experience one MSIG, wherever they do business in the region."

RISKS

Geopolitical shift creates new risks

KEY POINTS:

- Geopolitics is reshaping risks
- Asia's protection gap remains substantial
- Technology and capital can drive growth

The insurance and reinsurance industry is confronting a world of geopolitical tension, rising costs and intensifying climate-related losses. Yet the message from the panel discussion "From Globalisation to Fragmentation: Redefining Risk in the Next Decade" on the second day of the 2026 SIRC Conference in Singapore was not one of retreat. Instead, the panellists argued the industry has room to adapt and support growth.

Moderated by Taimur Baig, managing director and chief economist of DBS Bank, the discussion brought together Edward Ler, chief underwriting officer of ERGO Group; Nick Donovan, director of market development at Lloyd's; and Victor Kuk, chief executive of Peak Re.

Kuk described current conditions as "pretty good", pointing to strong results across the reinsurance sector. But he stressed the risk landscape is changing, citing climate change, trade fragmentation and deglobalisation. These shifts, he said, create opportunities for insurers and reinsurers to understand where clients' exposures are moving and help them manage those risks.



(L-R) Taimur Baig, Edward Ler, Nick Donovan and Victor Kuk

For Ler, diversification is central to that task. As a global primary insurance group, ERGO focuses on personal and asset protection across life, health and property and casualty lines. Insurance provides resilience. He invoked a phrase from Munich Re's chief executive, describing insurance as "the immunisation for the world".

Donovan highlighted a geographic imbalance in the Lloyd's market. Although diverse in products, distribution, talent and underwriting, around half its premiums come from the United States and 60% from North America. As economic activity moves towards Asia, Lloyd's must ensure its platform can support the region's growth.

Geopolitical disruption, the panellists suggested, is changing the routes and locations of trade and investment rather than stopping them altogether. Kuk said reinsurers must follow clients as their activities shift. The expansion of Chinese electric vehicle manufacturers, for example, creates demand for appropriate cover, even as EV claims costs remain higher. Premiums can be 10% to 30% higher, he said, although improved supply chains could help bring loss ratios down over time.

Ler identified persistent inflation as a particular concern. Consumer price indices do not necessarily capture the claims-cost inflation that insurers ultimately face, and the impact can take years to emerge. Medical costs, supply chains and lingering post-pandemic pressures all feed into underwriting. Diversification can help spread costs across a wider product range and customer base, while technology may make products and processes more affordable.

The protection gap remains especially stark in Asia. Kuk put it at about 90% in many Asian markets, compared with roughly 60 per cent in the Western world. Donovan noted that only around 40 per cent of the economic impact of natural disasters worldwide is insured. He warned that businesses and consumers may rely on governments to cover losses, even where public finances are increasingly stretched. Clearer understanding of what the state will and will not pay for is therefore essential.

Climate risk adds urgency. Kuk said the severity of losses has risen, while the frequency of major events has been comparatively stable over four decades. Greater exposure – driven by urbanisation and rising asset values – is a key factor.

He also pointed to secondary perils such as floods, wildfires, hailstorms and haze, which are harder to model. Donovan said Lloyd's sees climate change's most immediate observable effects in secondary perils, including wildfires, severe convective storms and flooding.

Ler cited 2025 estimates of $220 billion in global natural catastrophe economic losses, including $70 billion in Asia-Pacific. Of the global total, about $100 billion was insured; in Asia, only $9 billion of $73 billion was covered. He called for stronger public-private partnerships on adaptation, better data and risk prevention.

The panel turned to investment and Kuk favoured relatively lower-volatility assets, arguing that underwriting already exposes an insurer to risk. Ler emphasised matching assets to long-term policyholder liabilities and maintaining liquidity for unexpected catastrophe claims. Donovan said Lloyd's was working to make its market more accessible to institutional capital and to broaden investment options.

Technology and alternative capital may reshape the sector but not remove its human foundations. Kuk expects third-party capital to help insurers become less capital-intensive. Donovan sees technology improving broking and underwriting efficiency, while insisting that "people buy judgement" and relationships remain at the heart of the business.

The closing message was pragmatic: uncertainty cannot be eliminated, but it can be managed more effectively together. Through diversification, innovation and collaboration with governments and clients, insurance can help close protection gaps and underpin resilient growth. ●

ENGINEERING

Building resilience into Asia's boom

Asia's infrastructure boom offers insurers fresh business, but complex projects risk cascading losses and potential gaps after construction. Swiss Re's Jimmy Lim tells *SIRC Today*.



Investment in data centres, advanced manufacturing, energy and major infrastructure is driving fresh demand for engineering insurance, as well as wider opportunities in property, machinery, business interruption and liability as new assets become operational, says Swiss Re's Jimmy Lim.

"The scale, concentration and interdependence of systems are changing the risk landscape," Lim, head of engineering for APAC, told *SIRC Today*. "We are also seeing new technologies being incorporated, adding a further dimension to how re/insurers understand and manage risk."

Traditional infrastructure remains an important growth engine in Southeast Asia and India, where transport, tunnels, ports, utilities and urban construction continue to expand. Investment is moving into semiconductor fabrication, advanced manufacturing, digital infrastructure and renewables.

Swiss Re Institute estimates that construction of physical AI and data centre assets and supporting infrastructure could generate $91 billion in premiums globally between 2026 and 2030. Renewable energy could account for a further $111 billion over the same period across generation, grids, battery storage and associated infrastructure.

Concentration risk

The challenge is extending from just individual assets in isolation to how projects, infrastructure and supply chains interact.

Projects are becoming "larger", "more capital-intensive" and increasingly interconnected, Lim said, with shared dependencies on power, water, telecommunications, transport and specialist suppliers. "A data centre depends on electricity generation, transmission, substations, cooling, water, telecommunications and technology supply chains," he explained. "Disruption in one part of the system can therefore cascade into other parts of the project, the supply chain or the wider economy."

Limited operating and loss histories for newer technologies can also make performance, failure behaviour and maximum losses harder to estimate. Lim said that reinforces the need for "detailed engineering information, transparent data, testing, monitoring" and a clear understanding of how different systems interact.

KEY POINTS:

- Engineering risks demand mitigation
- AI and renewables drive cover demand
- Infrastructure projects grow more complex

Geographic accumulation adds another concern. Infrastructure tends to cluster around access to land, power, water, transport and skilled labour, potentially putting significant concentrations of value in areas exposed to typhoon, flood or earthquake.

He pointed to offshore wind capacity in Guangdong and Fujian and semiconductor fabrication in high-seismic-risk areas of Taiwan. "With very large projects, risk may need to be shared through layered and syndicated programmes involving several insurers and reinsurers," Lim suggested.

> "Credible mitigation can improve the quality of the risk and provide greater confidence in deploying capacity."

Across the lifecycle

Insurance requirements also change materially over the life of a project. During construction, cover may centre on erection risks, marine cargo, contractor liabilities, surety and delay in start-up. Once an asset begins operating, the emphasis shifts towards property damage, machinery breakdown, business interruption, contingent business interruption, cyber and liability.

Lim highlighted a potential gap that may not become apparent until much later.

"Crucially, we have found that construction defects can emerge years after a building is completed, causing significant structural damage and financial losses," he said. "This would neither be covered by traditional construction insurance – which generally ends at project completion – nor property insurance, leaving property owners unprotected and exposed to losses." Protecting the "long-term integrity and value" of physical assets is particularly relevant for projects in India, Taiwan and Vietnam, he added.

The transition into operation can also cause the value at risk to rise rapidly as high-value equipment is installed and dependencies on power, cooling, telecommunications and specialist suppliers become more prominent.

That, he said, places greater emphasis on "probable maximum loss, accumulation analysis" and understanding how disruption can spread through shared physical and digital systems. Accurate asset values and realistic repair, replacement and recovery assumptions are also critical.

Mitigation first

Natural catastrophe exposure makes those assessments even more important. "In APAC, infrastructure investment is taking place alongside significant exposure to earthquakes, floods and tropical cyclones," Lim said. "The sequence is to understand and quantify the risk, reduce it through design and operational measures, and then transfer the residual risk."

Swiss Re Institute research finds that properly designed dykes and levees can reduce flood damage by 60% to 90%. At individual sites, protection can include raising electrical systems and critical machinery, installing flood gates, increasing pumping capacity and protecting utility penetrations.

Supply-chain constraints can further increase loss severity. Transformers, turbines, battery systems, cooling equipment and semiconductor machinery may require remanufacture, testing, certification and international transport before replacement. Those delays can mean "higher repair, replacement and ultimately claims costs", Lim said, making knock-on effects and potential concentrations important to both underwriting and resilience planning.

"For insurers and reinsurers, credible mitigation can improve the quality of the risk and provide greater confidence in deploying capacity," he said. ●

SPECIALTY BROKING

Asia's growth story is also a risk story

Asia's infrastructure and technology boom is bringing new risks alongside investment, and companies should use softer insurance prices to strengthen their protection before the 2027 renewals, says WTW's head of Asia, Luke Ware.

"Asia's growth story is also a risk story," Ware told *SIRC Today*. "More infrastructure, more technology and more interconnected supply chains all create risk."

"Capital is abundant and pricing is soft, so the window to fix programme structures and invest in resilience is now," he said.

KEY POINTS:

- Data centre unit now up and running
- Specialty focus central to Willis plans
- Broker value goes beyond cheap quotes

Make savings count

The market Ware describes offers buyers much more room to negotiate. Strong reinsurance earnings, plentiful capital and relatively benign catastrophe losses have helped sustain consecutive quarters of commercial insurance rate reductions across Asia.

The bigger issue, he said, is no longer finding a willing insurer. "For most risks, capacity is not the constraint," he noted. "The bigger challenge is understanding the risk and the quality of the information available."

Some clients are using savings to cut insurance costs. Others are reducing deductibles, broadening business interruption cover or investing in spare equipment, operational redundancy and supply chain analysis. Some are redirecting the savings into analytics to assess their longer-term financing needs.

"Excess capacity does not mean excess resilience," Ware said.

Buyers are also considering captives, parametric cover, insurance-linked securities and other structured approaches alongside traditional policies, he observed. A soft market offers an opportunity to reconsider what risks companies should retain on their balance sheets and what they should transfer.

"Clients are demanding more analytical solutions because the world they operate in is increasingly complex, connected and difficult to predict," he said. "They do not necessarily want a longer risk register. They want a shorter list of decisions, with numbers attached to each risk."

Risks converge

Asia's expanding digital infrastructure is a case in point. Data centres bring high insured values, demanding power requirements and shared dependencies in cooling, energy supply and fire protection. Ware highlighted fire risks associated with lithium-ion batteries and the possibility of one incident affecting several tenants and insurance programmes.

Add earthquakes, floods, typhoons or heat and water stress, and the scale of a potential loss becomes harder to assess.

"The insurance capital is there," he said. The more important question for owners and lenders is "how much insurance do we actually need, and what could we do to need less?"

WTW has launched a data centre practice with dedicated engineering and modelling expertise across around 12 markets, as demand for specialist advice grows. Ware said Asia's accumulation challenge is currently less acute than in North America, but that could change as more facilities are built.



> "Capital is abundant and pricing is soft, so the window to fix programme structures and invest in resilience is now."

The same interconnected exposures appear elsewhere. Cyber-attacks can disrupt manufacturing operations and create physical damage, while AI-generated content raises new liability questions. Trade tensions, tariffs and threats to energy shipments can combine with inflation and supply-chain disruption.

"Risks do not arrive one peril at a time," Ware said.

The region's catastrophe protection gap remains substantial, even though capital is available. Ware believes combining insurance with parametric solutions, captives and alternative capital could help companies transfer more risk.

Specialist broking

Meeting those needs requires local technical knowledge, Ware argued, rather than specialists concentrated in a regional hub.

"Clients increasingly expect specialist advice that is specific to their market," he said. "They are not looking for generalists or one regional digital-infrastructure leader sitting somewhere remotely."

"Specialty broking has to evolve beyond simply bringing wholesale capital from Singapore to clients," he added. "It needs to move from capital towards deep specialist industry insight."

And with insurance readily available, the value of a broker is increasingly in helping clients choose the right protection, he said.

"In a soft market, anyone can get a cheap quote. That is not particularly difficult. The value to the client is knowing what to buy, what to retain and what to transfer."

Excited by Willis Re

Ware is also enthusiastic about Willis Re's return to Asia, seeing it as an important development for the wider Willis franchise. The reinsurance broker operates independently from Willis, as part of a Bain Capital-led joint venture in which WTW holds a minority stake.

"Willis Re is really important for us. It gives our Asian buyers a direct line of sight into the capital chain," he said.

"It is also a rare opportunity for a global broker to build something from the ground up without being constrained by legacy technology and legacy operating systems.

"That means Willis Re can be built as an AI-led, future-focused business from the outset."

The relaunched reinsurance broker is building its Asian operations under Richard Jones, who brings decades of experience in the regional reinsurance market.

"Having someone with Richard Jones's experience leading the Asia business is also very exciting," Ware said.

While the two businesses operate independently, Ware sees a common direction in their approach to specialist expertise and data. "The way Willis Re is being built is also consistent with how we are building the wider Willis business — with a strong specialty focus."

SIRC

Not enough capacity for data centres

Swiss Re has warned that abundant capital in the reinsurance market does not necessarily translate into sufficient capacity to cover increasingly complex and interconnected risks, as the industry looks towards 2027.

Speaking at the 2026 SIRC Conference, Gianfranco Lot, chief underwriting officer, property and casualty reinsurance at Swiss Re, said capital availability must be assessed against the growing scale of risk exposures.

"We have abundant capital for known risks, which are well managed, where the accumulation is very clear. For risks like data centres, there is not enough capacity," he said.

Lot noted that global reinsurance capital stood at $664 billion, having grown at a compound annual growth rate of 5% over the past five years. However, net catastrophe exposures had increased by approximately 7% annually, while liability exposures were growing by 7% to 9%.

He highlighted data centres as a particular challenge, given the concentration of enormous insured values in individual locations and the speed at which facilities are being developed.

Hyperscale data centres can take just two and a half years to build, compared with 15 to 20 years for nuclear power plants. Individual sites can contain $20 billion to $40 billion in values, exposed to multiple perils including tornadoes, hail and flooding.



Gianfranco Lot

"We have seen that we will see capacity constraints," Lot said, adding Swiss Re was exploring alternative capital to help cover these risks.

He also pointed to the growing importance of secondary perils, including wildfires, floods and hailstorms, which are becoming increasingly difficult to model and predict. Rising temperatures are creating additional pressures on critical infrastructure, agriculture and property.

Lot cited a Swiss hailstorm that generated an estimated $2.5 billion market loss, underlining the need for continued investment in catastrophe modelling.

Swiss Re employs 70 PhDs dedicated to catastrophe modelling, he said.

Addressing the industry's broader responsibilities, Lot stressed that reinsurance must extend beyond providing capacity to supporting prevention and resilience.

"We should all be proud of our purpose ... to make the world more resilient," he said.



EXPANSION STRATEGY

VIG Re takes aim at China in Asia push

VIG Re is pressing ahead with expansion in Asia and believes it is a good time to build a business, even as softening reinsurance rates intensify competition. Its managing director for Asia-Pacific, Marc Haushofer, hopes to steer its Asian business from Singapore in 2027, with China at the centre of its next phase of growth.

"If profits were particularly high, everyone would be doing this. So what is a good time to build a business? I think there are advantages to building during a softer cycle," Haushofer told *SIRC Today*.

"There are more opportunities because there is more movement in the market. A hard market can be a much more static environment."

Tobias Sonndorfer, the reinsurer's chairman and chief executive officer, acknowledged "the strategy was developed in a different phase of the market", but stressed "it was designed independently of the cycle", reflecting VIG Re's conviction it can benefit clients over the longer term. "We adjust how we implement the strategy in response to market conditions, but that does not fundamentally change our decisions," he said. "Our belief in the development of the Asian market is not dependent on the cycle."

"If you neglect Asia, you make a mistake, because there is a lot of potential here," Haushofer added.

China in focus

The Prague-headquartered reinsurer is targeting proportional and non-proportional business in China, including property, construction and marine, while taking a highly selective approach to Southeast Asia.

"The main market for us is China," Haushofer said, noting that an underwriter has already spent a month reviewing Chinese programmes and offers from previous renewals, identifying opportunities VIG Re now plans to pursue.

"China is important to us. Given its size and potential, we believe we can make an impact," he added.

The expansion is part of its VIGRe28 strategy. VIG Re appointed Haushofer to lead its Asian business in February and secured regulatory approval in June for a Singapore representative office, headed by Wilfrid Goh, chief representative for Asia-Pacific.

"If everything goes to plan, we will be able to steer our Asian business out of Singapore next year," Haushofer said. VIG Re is also building on portfolios in Japan, South Korea and Taiwan, developed under Stephan Wirz, which Haushofer said "requires relatively little adjustment".

KEY POINTS:

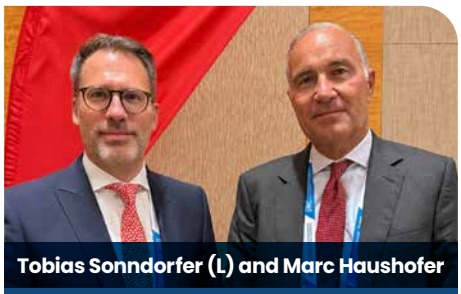
- 'Many doors are already open' to VIG Re
- China is the priority for expansion
- Local talent key to long-term Asia plans

New markets

The greater challenge is establishing a presence in new markets without sacrificing underwriting discipline.

VIG Re is exploring opportunities in the Philippines, Thailand, Vietnam and Indonesia, although Haushofer expects to begin deploying capacity in Indonesia only in 2027.

"It is highly competitive, and you have to identify a small number of companies with which you can generate returns, even in a soft market," he said.



Tobias Sonndorfer (L) and Marc Haushofer

> "If you neglect Asia, you make a mistake, because there is a lot of potential here."
>
> Marc Haushofer

India presents different challenges. VIG Re already has a "major deal" there, but Haushofer remains cautious about broader participation because of collateral requirements for cross-border reinsurers. He sees more immediate opportunities in retrocession.

"We will always be an underwriter," he stressed. "We will choose companies in the region with which we can build long-term relationships. Our primary focus is not simply transactional business."

VIG Re may be a less familiar name in some of its target markets but argues the executives leading its Asian expansion have longstanding relationships across the region.

Haushofer has more than four decades of reinsurance experience, having held senior roles at Munich Re, Validus Re and RenaissanceRe. He established Validus Re's Singapore branch and chaired the Singapore Reinsurers' Association from 2017 to 2024.

Goh has more than 20 years of regional experience, having worked at Munich Re and, most recently, Swiss Re, where he headed public sector solutions for Asia excluding China.

"VIG Re is a new name in some of our new markets, but Wilfrid Goh and I are not new names," Haushofer said. "People have dealt with us before, whether at VIG Re or at other companies. Ultimately, business is also done through those personal relationships."

Local talent, global reach

But relationships alone will not deliver the expansion. Haushofer acknowledged that attracting experienced talent in Singapore is challenging, with good underwriters and market specialists in high demand.

"Really good people are in demand," he said.

VIG Re intends to recruit local talent primarily but bringing in experienced colleagues from Europe to transfer underwriting expertise and company standards, including compliance, is not off the table.

"We want to be a global player, and we want to encourage our own colleagues to take on overseas roles. It is a fantastic development opportunity for people in Europe," Haushofer said.

Sonndorfer said building the right team would be critical to turning the expansion strategy into a sustainable business.

"You can write strategies on slides, but the proof is in the pudding. You need the best talent to bring the strategy to life and convey it to clients."

Haushofer is confident that the combination of experience, established relationships and selective underwriting will give VIG Re a foothold in its target markets.

"Many doors are already open to us," he concluded. "It does not mean we are necessarily stepping through them, but they are open."

GROWTH

Asia opportunity tests risk appetite

Asia offers broad reinsurance opportunities, but AXA XL's Augustin Gas says appetite, technical expertise and better data will determine where capacity is deployed.



Asia's reinsurance market is highly competitive, therefore, despite "Super El Nino" conditions, AXA XL expects property catastrophe pricing to continue to soften in many countries, but AXA XL's Augustin Gas believes the longer-term demand for capacity and technical expertise remains strong.

"We are experiencing a temporary softening in certain countries on the cat side, but I think this is a very short-term trend because there will be much more needs in terms of both capacity and also understanding of the cat trends and risks," the head of Asia reinsurance at AXA XL told *SIRC Today*.

Gas sees opportunities extending well beyond property catastrophe as economic growth, regulatory change and rising insurance demand create room for reinsurance across multiple classes.

"Growth in Asia is broad-based across virtually all lines of business. It is not limited to high-growth sectors, such as semiconductors and data centers, which is an important difference compared with many mature markets." he said. "It's really a cross-class play."

AXA XL is not, however, pursuing growth through market-share targets. Gas said the focus remains on selecting insurers and portfolios that fit its appetite and expanding those relationships across different lines of business.

"We don't want to have a market-share approach," he said. "That's not at all the approach we were designed to have. It's much more important to continue to target clients, market-by-market, that fit with our appetite and try to grow as much as we can with those clients in all lines of business."

Capital demand

One source of opportunity is regulatory change. Across Asia, regulators are modernising risk-based capital frameworks while insurers implement IFRS 17, increasing the focus on capital efficiency and balance-sheet management.

Gas expects that to generate greater demand for reinsurance structures designed to relieve capital pressure.

KEY POINTS:

- Growth opportunities widen across Asia
- Capital rules could broaden demand
- Better cat models, exposure data needed

"That will drive an increasing interest in quota share, adverse development covers and structured reinsurance that all improve solvency ratios," he said.

He also sees room to expand existing books. "Even in established lines of business, I would say there is room to grow the limits purchased.

Talking on the protection gap, Gas pointed to Thailand, where the government introduced a scheme to cover uninsured homes with a 70 billion baht (£1.6 billion) limit, and expects other markets to consider similar approaches.

But the opportunity extends well beyond property. Economic growth and construction activity across the region are driving greater demand for engineering reinsurance and related classes such as surety, alongside liability and other specialty lines of business.

> "We don't want to have a market share approach. That's not at all the approach we were designed to have."

"We can leverage the breadth of expertise across the AXA Group to help our clients navigate evolving regulatory and risk environments, while supporting their growth in strategic areas such as the energy transition, semiconductors, data centers and commercial space." he said.

Cat constraints

Natural catastrophe risk is also demanding more capital and closer scrutiny as insured values rise and exposures become increasingly concentrated. Gas sees flood as Southeast Asia's largest catastrophe accumulation risk, with recent flooding in Bangkok highlighting the concentration of assets in major urban centres.

The 2025 Myanmar earthquake, which caused significant damage in Bangkok, also challenged assumptions about the region's exposure.

For reinsurers, meeting that demand will require more than additional balance-sheet capacity.

"There is an increasing need in cat support in terms of capacity on the one hand, but also, on the other hand, in terms of risk assessment," he said. "There is a need for better cat modelling, and that, of course, will require better exposure data, as well."

Those shortcomings are also limiting the development of alternative capital in the region.

Japan has an established catastrophe bond market, but issuance elsewhere in Asia remains limited. Gas believes stronger models and better exposure data could help attract more institutional capital through catastrophe bonds, sidecars and other insurance-linked securities.

"The current softening, primarily affecting property, reflects the natural reinsurance cycle and, in my view, is relatively short term. The longer-term trend is different: exposures are growing, catastrophe risks are evolving, and clients will increasingly need both capacity and deeper technical expertise to understand and manage those risks." he said.

AXA XL writes across several classes in the region and can take lead positions where required, supported by an underwriting team of six people in Singapore, along with local catastrophe-modelling and actuarial specialists.

Gas believes the platform gives the reinsurer plenty of room to expand — but its approach to growth will be measured and selective.

"We have the capacity to grow," he said. "We have a lot of trump cards and see this market as full of opportunities." ●

Augustin Gas is head of Asia reinsurance at AXA XL. He can be contacted at: augustin.gas@axaxl.com

EXPANSION

Aon looks to India and China for growth

Aon's Reinsurance Solutions is targeting further growth in Asia-Pacific, identifying India and China as its biggest opportunities while expanding in life, health and facultative reinsurance, according to Alfonso Valera, chief executive, International.

Speaking to *SIRC Today*, Valera said Aon is "satisfied" with its existing regional footprint but sees scope to expand further.

"There are some clear growth markets for us in APAC. India and China are the biggest opportunities, both in terms of size and where we believe we can grow more," he said.

He also highlighted the success of a catastrophe insurance scheme in Thailand, describing it as an innovative initiative, the significance of which extends beyond the size of the market or transaction itself. The programme aims to provide protection for 30 million households, helping to narrow the protection gap and strengthen societal resilience.

"Even a market you might not initially think of as being that large can become very substantial and meaningful," Valera said.

He said the importance of the initiative lay in its potential to address the protection gap and improve resilience. Asia's protection gap has been estimated at around 90%, he noted, underscoring both the scale of the challenge and the need for political commitment.

In Thailand, the scheme was driven by the government, with support from the insurance market, the insurance association and reinsurers. Rather than setting aside public funds to meet uninsured losses, the government opted to contribute towards an insurance solution.

KEY POINTS:

- APAC offers major growth opportunities
- AI promises greater productivity
- Clients urged to reinvest savings in cover

"Instead of keeping a budget to pay uninsured losses, the government has said, 'Let's put less money into an insurance scheme and see how that works,'" Valera said, describing it as a potentially sustainable long-term approach.



> "We would like our clients to buy better and buy more cover."

Beyond property catastrophe, Valera identified life and health as important areas of growth, including expansion of the life sector in China and India, and increasing opportunities in health reinsurance. In more mature markets, Aon sees potential in asset-intensive transactions that can release capital for life insurers.

Valera also cautioned against treating Asia-Pacific as a single market, pointing to the very different stages of development across Australia, New Zealand, Japan and Korea.

Facultative reinsurance is another significant growth area, both regionally and globally. Valera said digital trading has made facultative placements less administratively burdensome and easier to transact, while insurers are increasingly using facultative cover as a strategic risk-management and portfolio-management tool.

On artificial intelligence, he described the technology as a powerful accelerator of productivity, insight and data analysis.

Aon is not yet using AI at scale but has introduced it into selected processes. Its Grids platform consolidates placement, claims and premium data, creating opportunities for AI to improve access to and analysis of information.

Valera said the ambition is for employees to be able to do "twice as much with AI", rather than "have half the people doing the same amount of work".

He also urged clients to take advantage of falling reinsurance prices by purchasing broader protection.

With retentions having risen substantially during the hard market, Valera encouraged clients to reinvest some of the savings created by softer pricing into additional cover and protection against earnings volatility.

"What we would like our clients to do is buy better and buy more cover," he said. ●

NEWS

Munich Re Specialty enters Australian primary market

Munich Re Specialty is entering Australia's primary specialty insurance market, launching cover for commercial and mid-market businesses across property, construction and engineering, mining and surety.

The Sydney-based operation will be led by Chris Mackinnon, head of Munich Re Specialty in Australia, as the insurer expands its local underwriting, claims and distribution capabilities.

The move is part of Munich Re Specialty's wider growth strategy to place underwriting expertise and decision-making closer to brokers and clients, supporting Munich Re Group's Ambition 2030 plan.

Alongside its initial product offering, the Australian business will provide access to Munich Re Specialty's Lloyd's syndicate and wider Munich Re Group capabilities. It will also continue investing in partnerships with MGAs it backs in Australia.

Mackinnon said the launch followed deliberate planning to develop an offering built around local market needs. "We will provide local authority with an easy to access, consistent and responsive approach," he said. "We have built client needs into our planning from the outset and for that reason, I have every confidence the market will appreciate our offering."

Sydney already serves as a hub for Munich Re's corporate and reinsurance operations. The new business adds to Munich Re Specialty's existing international presence, including Singapore, Malaysia and Dubai. ●


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INFRASTRUCTURE

Data centres to drive captive growth

Captive insurers are likely to become important in the fast-growing data centre insurance market, as hyperscale technology companies struggle to secure sufficient conventional cover for their expanding infrastructure, according to S&P Global Ratings.

Speaking to *SIRC Today*, S&P's chief analytical officer, insurance ratings, Simon Ashworth, said the strongest source of captive growth would be linked to data centres. Hyperscalers face challenges meeting the insurance requirements needed to build, maintain and operate these facilities, creating a need for captive or self-insurance arrangements.

"We think there's going to need to be some captive/self-insurance element," said Ashworth, describing the scale and pace of data centre development.

S&P is projecting $10 billion in data centre insurance premiums in 2026. Ashworth noted that this would already make the market twice the size of global aviation insurance, with rapid growth expected.

The opportunity comes with capacity and risk management challenges. Individual data centres can represent large exposures, making aggregation and accumulation risks a central concern for insurers. Although interest from insurers and reinsurers is increasing, the market may need additional capital. Ashworth pointed to insurance-linked securities, improved exposure modelling and new sources of capacity as possible routes.


Simon Ashworth

Even if those developments materialise, he expects captives to retain a substantial role because demand is growing so quickly. Potential cover extends beyond construction to data centre supply chains, business interruption and liability, as well as specialist exposures once facilities are operational, including GPU insurance.

Ashworth said S&P had undertaken research into data centre liability insurance, a line that might currently appear specialised but could become a sizeable market and which will be a watchpoint over the next decade given US social inflation.

The discussion also touched on captive domiciles in Asia. S&P has received enquiries about rating captives, particularly in Hong Kong and Singapore. Tax advantages and government or regulatory incentives are among the factors being used to attract companies. The two financial centres could become competitive destinations for captive formations.

For S&P, rapid infrastructure investment, complex exposures and constrained insurance capacity make data centres a prospective driver of captive growth across the region. ●



TREATY

Broker race leaves room for 'nimble' ARB

More brokers are chasing Asia's treaty reinsurance business even as softening rates squeeze the income available to share. Singapore-based Asia Reinsurance Brokers (ARB), however, sees their arrival as a vote of confidence in the region.

"When I see new brokers setting up in Asia, I wonder why all these brokers are opening shops here?" William Pang, ARB's group chief executive, told *SIRC Today*. "They are doing it because they believe the Asian market is attractive and that there is profitable business here."

Willis Re's return and Price Forbes Re's treaty expansion add to competition from established global brokers including Aon, Gallagher Re, Marsh Re, Howden and others.

That creates a tougher battleground. "The pie actually remains the same, or even shrinks, but more brokers set up," Pang said. "So if the pie shrinks and there is more competition, we really have to fight more for the piece that we have."

Founded in 2000, ARB has nearly 50 staff across the region, with operations in Indonesia, Malaysia, the Philippines and a smaller presence in Myanmar. Treaty accounts for "around 90%" of its income.

Pang believes its regional roots give it a unique opportunity, particularly with mid-sized


William Pang

cedants who may be underserved. Local teams manage client relationships, while Singapore provides catastrophe modelling, actuarial analysis and reinsurance optimisation.

"I like to say that a boutique broker such as ARB can punch above its weight."

A former Munich Re executive who also led JLT Re's Philippines operation, Pang says ARB's relatively flat structure allows it to respond faster. "We are more nimble, flexible and approachable. Decisions can be taken quickly and services can be delivered fast."

But winning an account is only part of the job. He wants the broker to support clients between renewals through claims tools, training and technology.

"If you compete only on basic reinsurance brokerage, eventually you will die a natural death," he warned.

Pang is also building life and health capabilities and eyeing expansion into Thailand as ARB looks to diversify its income and deepens its Asian presence.

His message at SIRC is regional brokers can compete on capability, not just size.

"We may be smaller than the global brokers, but that does not mean we cannot demonstrate the same level of capability," he said. "Give us an opportunity to show what we can do." ●



ECONOMY

Asia emerging as innovation powerhouse

The global economy is proving far more resilient to repeated shocks than the headlines suggest, while trade is being rerouted rather than retreating and Asia is moving from manufacturing powerhouse to an innovation leader in its own right, Dr Taimur Baig, managing director and chief economist at DBS Bank, told delegates at the 2026 SIRC Conference in Singapore.

Baig urged insurance and reinsurance professionals to take a broader perspective on risk, arguing that the world's ability to absorb economic shocks remains strong.

"It's not that bad," he said, pointing to the pandemic, Russia's invasion of Ukraine, US reciprocal tariffs and the Iran war as examples of disruptions that have generated considerable anxiety but failed to derail global growth.

"The ability of the global economy and our societies to absorb shocks is actually pretty decent. Yes, shocks are there. There will be more shocks coming," he said. "We don't like them; they're unwelcome. But I think when the dust settles, you'll realise we should give ourselves a little more credit. We can actually handle shocks pretty well."

Despite these successive shocks, global GDP growth has remained above 3% over the past six years, according to International Monetary Fund (IMF) estimates. Baig also noted that international trade reached record levels in 2025, with goods and services trade growing faster than the previous decade's average.

KEY POINTS:

- Innovation leadership is shifting east
- AI, green energy and pharma drive growth
- China is moving up the innovation chain

Rather than signalling the collapse of globalisation, US trade restrictions have accelerated the realignment of supply chains and commercial relationships. China, for example, has expanded exports to markets outside the US, while countries continue to



Dr Taimur Baig

pursue trade agreements and engage through the World Trade Organization.

Trade rewired

Baig described this broader shift as 'TOTUS' – Trade Outside the United States – arguing that the global economy has substantial opportunities beyond the American market.

He acknowledged that geopolitical conflicts and elevated energy prices create genuine economic pain, particularly for energy-importing countries. However, inflation-adjusted oil prices remain around half their 2011 peak. Greater energy efficiency, rising incomes and the expansion of renewable energy have also strengthened the global economy's capacity to withstand supply disruptions.

Asia, meanwhile, is benefiting from three major trade drivers: artificial intelligence, the green energy transition and pharmaceuticals. Together, these provide a broader foundation for regional growth than the AI boom alone.

Innovation moves east

Baig's second key argument concerned a fundamental shift in the geography of innovation. Challenging the traditional assumption that Western economies generate ideas while Asia manufactures products, he highlighted China's growing dominance in scientific research.

He cited the Nature Index rankings showing that Chinese institutions account for 17 of the world's top 25 research institutions, alongside World Intellectual Property Organization data placing four Asian locations among the world's five leading patent clusters.

"The essence of innovation comes from that bright scientist at a lab," he said, predicting Asia will increasingly turn scientific breakthroughs into patents, companies and billion-dollar ideas. ●

SIRC PANEL

Alternative risk transfer can help close protection gap

Alternative risk transfer (ART) can help close Asia's protection gap, but panellists at the 2026 SIRC Conference stressed that capital cannot build resilience. Moderated by Swiss Re's Kaspar Müller, the panel featured Allianz Risk Consulting's Dr Lena Fuldauer, Gallagher Re's Stefan Speer, SCOR's Eric Le Mercier and SEADRIF's Benedikt Signer.

Affordability, awareness and trust remain barriers. Signer described a "product gap": insurance solutions do not always fit public-sector decision-making. Speer urged the industry to take a longer-term view, while Fuldauer stressed the importance of making insurance understandable and accessible.

Parametric cover offers one way forward. With clear triggers and prompt payouts, it can make protection easier to explain. Fuldauer cited a drought policy in Syria that paid around $8 million to the World Food Programme, which used the funds to support farmers with food vouchers and seeds. In India, heat cover helped women facing the choice between protecting their health and earning an income. Such stories, she said, "bring the insurance conversation home".

Signer described adapting Laos's flood cover to use figures reported by the government, rather than modelled estimates. The change made payouts more relevant to disaster-response decisions. He said governments and insurers must both "step out of their comfort zone" to find solutions. Le Mercier noted that parametric products suit agriculture, where rainfall, temperature and drought risks can be measured. Distribution through insurers, banks and public programmes can extend reach. Panellists also discussed structured reinsurance, multi-year arrangements, aggregate covers and third-party capital to manage volatility and broaden capacity.

The message was clear: risk transfer must complement prevention, resilient infrastructure and recovery. As Signer put it, insurance should be "part of the investment". Scaling solutions will depend on understanding clients' needs, building trust and designing protection that communities can afford and use. ●

CATASTROPHES

Cat risks remain as Asia chases growth

Asia's relatively quiet catastrophe year should not distract reinsurers from the threat of accumulating losses as softening market conditions put growth back in focus, warns catastrophe data specialist Perils.

"Terms are softening, and everybody is looking to grow and make money, particularly after a fairly benign period," Darryl Pidcock, head of Asia-Pacific and cyber at Perils, told *SIRC Today*.

But smaller events continue to strike across the region. "They are not necessarily major events from a global perspective; the losses accumulate, and the events are spread across much of the region," he said.

"From a global point of view, the Myanmar earthquake and its effects in Thailand were not a market-changing event, but they were a wake-up call," Pidcock said. "Earthquakes will happen, and it is about accumulation and aggregation risk. Everybody still needs to write business and make money, but we must not ignore the fact that these events can happen at any time."

Understanding where losses could accumulate requires more than identifying the hazard. Insurers must examine the vulnerability of individual buildings and the pace of development in flood- and earthquake-prone areas.


Darryl Pidcock

"It is not enough to say there is flood risk generally; you need to understand what is actually exposed," he said. "We are always playing catch-up."

Perils, which provides industry exposure and catastrophe loss data, is seeking to improve the detail available to insurers and reinsurers. Pidcock said reluctance to share exposure information remains an obstacle in parts of Asia, even as data quality improves.

Alternative capital could also play a growing role, although Asian insurance-linked securities, industry loss warranties and sidecars remain small by global standards. Investor understanding will take time to develop, he said.

Perils is exploring further exposure data in markets including India, while improving reporting in established markets such as Japan and Australia. Following recent flooding in Bangkok, industry participants have asked whether motor losses could be included in reporting.

"We get feedback from the industry and respond to it," Pidcock said, although he added that expansion would depend on where additional data delivers most value.



STRUCTURED REINSURANCE

Asia insurers seek multi-risk solutions

Demand for structured reinsurance across Asia-Pacific is becoming more sophisticated as insurers seek solutions to multiple challenges, including earnings volatility, capital efficiency and changing regulatory requirements.

Alison Drill, head of P&C structured solutions for Asia-Pacific at Swiss Re, says insurers are increasingly considering several risks together rather than seeking protection for a single objective.

"What we are actually seeing is that demand for structured reinsurance is becoming more multifaceted or multidimensional," Drill told *SIRC Today*.

Rather than addressing a single objective, "clients increasingly want solutions that respond to interconnected risks."

An insurer concerned about inflation, for example, may need to protect future underwriting earnings while also managing


Alison Drill

the impact on existing claims reserves. One solution could combine a prospective quota share with retrospective run-off protection.

"That is an example of how structured reinsurance can be tailored to address several risks within one solution," she explained.

Capital pressures

Earnings volatility remains a major driver, particularly where multiple medium-sized losses can accumulate across different classes of business.

"Clients are now looking beyond a one-dimensional question such as, 'What happens if I have several natural catastrophes?'" Drill said. "They are asking what happens if those catastrophe losses occur alongside individual risk losses or liability claims."

Capital requirements are adding another dimension. Insurers seeking to expand may face shrinking underwriting margins, leaving them less able to fund growth through retained earnings.

KEY POINTS:

- Capital reforms drive Asian demand
- Parametric moves into lower layers
- Flexible quota shares offer capital relief

"The question becomes: how can reinsurance free up capital to support future growth rather than requiring an additional capital injection from the parent company?"

Regulatory developments are also generating demand. Drill highlighted Malaysia and Indonesia, with India another market to watch as risk-based capital requirements evolve.

The challenge, she said, is ensuring existing programmes remain fit for purpose while providing cost-efficient capital support.

Despite softer traditional reinsurance conditions, interest in multi-year protection is not simply about locking in favourable prices.

"Generally, however, that interest is driven more by clients taking a strategic view of how they want to manage risk rather than simply trying to take advantage of current pricing," Drill said.

Thailand is a recent example where loss experience has increased the appeal of longer-term protection, helping insurers manage earnings volatility and reduce uncertainty over pricing and capacity after major events.

Catastrophe aggregate protection is also attracting interest, with capacity returning to parts of that market. "We are also seeing capacity come back into that area of the market," she said.

Parametric gains ground

Parametric insurance is another area where Drill sees the potential for more established use, particularly as buyers integrate it into traditional reinsurance programmes.

"The interesting question is how parametric moves beyond the pilot stage and becomes a sustainable part of the risk-transfer toolkit," she said.

Beyond natural catastrophe and agricultural drought protection, renewable energy offers opportunities. A solar operator, for instance, could use a parametric trigger to protect against reduced electricity generation caused by insufficient sunshine.

Insurers are also considering parametric protection in the lower layers of their reinsurance programmes, where rapid payments can help manage more frequent losses.

"They may value the speed and certainty of the payout in those layers rather than having to wait for the detailed loss-adjustment process."

Basis risk remains an important consideration, but Drill does not regard it as the principal barrier to adoption. Reliable data, appropriate triggers and regulatory support are equally important.

Drill expects insurers to seek greater flexibility in their structured arrangements as capital needs change. ●

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