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‘No significant progress on Asia’s insurance gap’ – Munich Re calls for more political support


Roland Eckl

DESPITE YEARS OF EFFORT, the insurance industry has made little headway in narrowing Asia’s vast protection gap. Worse, there is a risk of it widening again.

That is the stark warning from Munich Re’s Roland Eckl, who is urging insurers and governments to take decisive action to reduce losses before cover becomes unaffordable.

“If we look at the facts alone, the insurance gap in Asia and Africa is vast, and there has been no significant progress in closing it in recent years,” Eckl, chief executive for Australasia, Greater China and Africa at Munich Re, told *SIRC Today*. “In Australasia, the gap could even widen again – the key issue being affordability.”

Asia-Pacific’s natural catastrophe protection gap stands at 88%, according to Munich Re. Natural disasters caused an estimated $2.4 trillion in inflation-adjusted economic losses across the region between 1980 and 2025, with only 12% insured.

In 2025 alone, natural catastrophes caused roughly $73 billion in economic losses across Asia-Pacific, of which just $9 billion was insured. The gap remained substantial in the first half of 2026, when insurers covered 3

‘A TWO-WAY MARKETPLACE’: Lloyd’s seeks bigger role in Asia


Emma Loynes

LLOYD’S WANTS TO BECOME A MARKET that Asian buyers approach from the outset, rather than only when conventional insurance solutions fall short, as it looks to strengthen the two-way flow of expertise, business and capital between Asia and London. Emma Loynes, CEO of Lloyd’s Asia-Pacific, Middle East and Africa (APMEA), tells *SIRC Today*.

She sees growing opportunities to connect regional knowledge with the specialist capabilities of the London market and make Lloyd’s more accessible to Asian clients.

“We need to think about Lloyd’s as genuinely a two-way marketplace,” Loynes said. “How do we take Asian expertise and the region’s risk solution requirements back into London? And how do we use London’s expertise and capital to develop and deploy solutions back into Asian markets?”

She is already seeing closer collaboration among managing agents and brokers on 4

INSIGHTS AND ANALYSIS FROM THE INDUSTRY’S MOVERS AND SHAKERS INSIDE


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COVER STORY

‘No progress’: insurance gap may widen

1 just over $1 billion of the region’s estimated $8.7 billion in losses.

Closing the gap

Narrowing the insurance gap remains a challenge for the entire industry. “Unfortunately, there is no ‘silver bullet’,” Eckl acknowledged.

There are, however, a number of measures that could help, he said. “Such as easy to understand and to distribute products, consumer education which addresses the lack of trust in insurance products/delivery.”

Insurers also need “more focus on attracting new customers vs competing for existing customers”.

Crucially, Eckl believes policymakers have a role to play beyond financing recovery after disasters. “Political support is needed with a clear primacy of private insurance solutions over after-the-event state bail-outs”, accompanied by investment in adaptation measures “to reduce losses and keep products affordable”.

Annual insured natural catastrophe losses worldwide have exceeded $100 billion for six consecutive years, Eckl noted, with non-peak perils increasingly contributing to the toll.

> “In Australasia, the gap could even widen again – the key issue being affordability.”

“Regions that were largely spared from these hazards in the past are now experiencing devastating disasters,” he said. “The risk posed by secondary perils is changing, and these changes need to be understood in order to insure the risks sustainably.”

Fires, storms and floods are becoming more frequent and more intense, and a major driver of claims worldwide. “Secondary perils are a prime example for pure capacity being not the solution if the expertise is missing,” he said.

“The key trend is a shift away from competing on capacity alone towards competing on expertise, solutions and client relevance,” Eckl said. He singled out catastrophe expertise, parametric solutions and structured transactions as areas in which reinsurers can differentiate themselves from competitors relying on price.

KEY POINTS:

- Affordability threatens protection
- Loss prevention must be a priority
- Higher retentions are not always bad

Profitable primary insurers are also looking for ways to put capital to work, including through new products and markets. Eckl said Munich Re wants to support those ambitions on a client-by-client basis, rather than choosing where to grow solely by geography or class of business.

“Those reinsurers who successfully transform uncertainty into tangible business solutions will be able to create sustainable market relevance with their clients in the long-term,” he said.

Risk retention

Asked if he is seeing cedants across the region retain more risk themselves, and how that is changing the role of global players like Munich Re, Eckl cautioned against treating higher retentions as a negative development. Their implications depend on why insurers are choosing to retain more risk and whether they have the financial strength to do so.

“Greater retention is not inherently negative,” he said. “In many cases it reflects stronger balance sheets, improved risk management and a deliberate decision by an insurer to retain risks it understands well.”

A cedant might choose to retain more predictable losses while using reinsurance to protect against severe events and unexpected accumulations. That can make economic sense when its balance sheet is strong and its exposures are well understood.

“Reinsurance works best when the structure reflects the cedant’s risk appetite, capital position and volatility tolerance,” he said. “Our value as a global reinsurer becomes most visible beyond the expected loss,” Eckl noted. “We provide protection against volatility and accumulation, but we also bring experience from events, technologies and legal environments across markets.”

That wider perspective can help clients test their assumptions about what they are prepared to retain, “structure peak-risk protection” and identify “concentrations that may not be visible from a single portfolio view”.

Ahead of the 2027 renewals, reinsurers have substantial capital to deploy, and increasing competition is giving buyers more options. Yet Eckl sees “no single market cycle,” with pricing and conditions varying by segment, region and individual deal quality.

“Reinsurance markets enter the next phase from a position of strength,” he said. “A robust capital base provides the resilience and capacity to support clients as the risk landscape continues to evolve.”

AI and connected risks

Asked where AI could make the biggest difference in insurance, Eckl noted that traditional AI is already widely used by insurers across Asia, including Munich Re, while generative AI remains at an earlier stage. Munich Re has spent about a decade developing its own data, analytics and AI capabilities, and he expects the next phase to involve agentic systems capable of supporting increasingly complex workflows.

> “There is no silver bullet, greater loss prevention and political support is needed.”

“AI’s short-term impact is productivity,” Eckl said. “It’s bigger long-term value in insurance is improving how we use knowledge and data to understand risk, make decisions and serve customers.”

Trade tensions, technology restrictions and regional conflicts are also increasing operational uncertainty. Businesses are becoming more dependent on the resilience of suppliers, technology partners and critical infrastructure providers, exposing them to disruption beyond their own operations.

“I think we should pay more attention to interconnectedness,” Eckl said. “We need to analyse exposures and accumulation scenarios more holistically and must not think in the silo of individual lines of business.” ●

COVER STORY

Lloyd's Asia – 'a two-way marketplace'

both sides. "There is a growing two-way dialogue between brokers in Asia and London, and I expect that to continue."

But Loynes also wants to change when buyers turn to Lloyd's. "We want clients to consider Lloyd's earlier," she said. "We do not want Lloyd's to be the market that people approach only after a particularly challenging situation arises and the standard solutions have failed."

Her ambition is for "predictable and transparent participation", with Lloyd's becoming a market of choice from the beginning of the risk transfer process.

Building Singapore platform

That ambition builds on Lloyd's Singapore platform, which Loynes says is now "nearly 500 people strong". "It is not about the number," she said. "It is about contribution, access and impact."

Since taking over Lloyd's Asia in 2023, Loynes has focused on developing specialist talent, a subject she says is "very close to my heart", while strengthening collaboration among market participants and expanding the range of solutions available through Singapore.

One of the biggest changes has been greater collaboration among service companies, including consortium and capacity-pooling arrangements that allow participants to combine their underwriting expertise and capital.

The service company consortium model developed in Singapore has since expanded into markets including Dubai, Australia and Canada. Loynes also highlighted collaboration in renewable energy, political violence, terrorism and contingency. "We recognise that Lloyd's is stronger when the market comes together to provide the capacity and solutions customers increasingly need."

A young-professionals initiative that began with 20 to 30 Lloyd's market participants now has "approximately 400 members" across the industry, working with insurers, regulators and professional bodies. "Singapore has become somewhere specialist insurance talent wants to come and work," Loynes said.

She believes that investment in people and expertise is essential if the platform is to deliver more than additional underwriting capacity.

Japan's growing appeal

Beyond Singapore, Loynes singled out Japan as a market where Lloyd's is seeing significant growth, particularly in specialist products. Changes in regulation and distribution have created new opportunities as international brokers expand their activities and Japanese buyers seek access to specialist insurance capabilities.

KEY POINTS:

- Lloyd's bullish on Japan's growth
- Data centres demand early risk planning
- Expertise, not just capital, matters

"We have seen significant growth through the Lloyd's platform, particularly in specialist products," she said. "That is not just business coming from London. We are also seeing specialist opportunities emerging within the Japanese market itself."

Loynes expects that momentum to continue over the "next 12 to 18 months", with growing interest from Lloyd's participants in both Asia and London.

One example is Munich Re Specialty's launch in July of a parametric earthquake product through the Lloyd's Japan platform, offering corporate clients protection against earthquake-related disruption.

> "Having capital available is not the same thing as having protection that actually works."

Capacity with discipline

The expansion comes amid greater competition and abundant insurance capital across Asia-Pacific, although Loynes cautioned against treating the region as a single softening market.

Australia is seeing softer conditions across most commercial lines, while Singapore has experienced pressure in areas including cargo, hull and financial lines.

Looking towards 2027, she expects continued pricing pressure in some areas rather than uniform easing across the region. Buyers have more choice, including structured and portfolio solutions, but Loynes believes they must consider more than premium savings. "Having capital available is not the same thing as having protection that actually works for the customer," she said.

That means examining coverage, limits, the dependability of capacity and claims service, particularly as digital, financial and trade dependencies make losses more complex.

"Competition is healthy. We want to see greater choice and better protection, particularly when risks are becoming more complex and interconnected," she said. "But we cannot reach a point where price or terms become detached from the exposure being covered."

Data centres and semiconductor facilities illustrate the challenge. Loynes wants insurers involved much earlier in infrastructure development, when construction, equipment, business interruption, cyber and liability exposures can be considered together.

"You are not simply valuing an asset," she emphasised. Power, cooling, specialist equipment and digital connectivity can create dependencies that extend losses beyond the damaged property. In some cases, interruption could last considerably longer than physical repairs. You cannot simply rely on past claims data," she cautioned, stressing the importance of specialist underwriting expertise and scenario analysis.

Innovation in practice

Lloyd's is also testing how expertise developed in London can address practical problems within its Singapore marketplace.

An innovation initiative based on the Lloyd's Lab model has paired alumni with Singapore service companies to test solutions for operational challenges, including unstructured data and manual reconciliation.

The initiative remains at the proof-of-concept stage, with no decision yet on expansion, but could eventually tackle other challenges, including protection gaps, she explained.

Those gaps are also a focus of Lloyd's Asia's recently announced partnership with the Global Asia Insurance Partnership (GAIP), which brings together insurers, regulators, policymakers and other stakeholders.

As deputy chair of the Singapore Reinsurers' Association, Loynes sees industry collaboration as critical to making risks more insurable and extending protection across the region. "Public-private partnership is important here," she said.

The new GAIP relationship will explore where protection gaps exist, what drives them and how different participants can work together to address them.

Loynes wants SIRC discussions to lead to tangible outcomes, drawing on the gathering of brokers, reinsurers, regulators and specialist expertise in Singapore. "For me, sustainable growth means expanding useful protection. It cannot simply mean making standard or familiar business cheaper. We need to balance ambition with discipline."

CHINA

New risk pools put insurability to test

China needs more than capacity as technological self-reliance and AI infrastructure drive emerging risks higher in both size and complexity, warns Swiss Re's Beat Strebel.



China's push into AI infrastructure, advanced manufacturing and green energy is creating exposures that are larger, more concentrated and increasingly interconnected, challenging insurers and reinsurers to keep pace as new risk pools emerge, according to Beat Strebel, CEO of reinsurance China at Swiss Re.

"Following years of rapid expansion, China's insurance market has entered a new phase of more moderate growth," Strebel told *SIRC Today*. "While slower economic growth is weighing on motor insurance and some traditional commercial lines, the overall market remains resilient."

Swiss Re Institute expects China's economy to grow by 4.7% in 2026, down from around 5% in 2024-25 but still well above its 2.5% global forecast. Non-life premium growth is expected to remain broadly steady at 3.8%.

China's 15th Five-Year Plan puts high-quality development, technological innovation and systemic resilience at the centre of the next phase of growth. Investment in advanced manufacturing, green development and new logistics networks is creating new risk pools alongside the economic opportunity.

"China's drive for technological self-reliance and industrial upgrading will drive up emerging risks in both exposure size and complexity," Strebel said. "These are promising areas, and they require disciplined underwriting, continuous learning and data-driven risk management."

That is also changing what buyers expect from reinsurance. "Clients will increasingly look beyond insurance capacity and seek actionable risk intelligence to protect assets and operations," he said. That shift is visible across technology, infrastructure and natural catastrophe exposures.

New risk pools

China's development of "new quality productive forces", including the low-altitude economy and humanoid robotics, is introducing new operational, safety and liability exposures. The Eastern Data, Western Computing initiative, built around eight national computing hubs, is accelerating data centres, computing equipment and supporting energy infrastructure in inland regions. "A key consideration is how risks accumulate and spread," Strebel said. "Beyond the geographic concentration of physical assets, AI infrastructure relies on interconnected electricity grids, telecommunications networks, cloud services and critical suppliers."

KEY POINTS:

- Tech expansion raises stakes
- Interconnected risks challenge insurers
- Sustainable growth requires discipline

A disruption in one part of that system can affect multiple facilities and businesses, potentially producing business interruption losses well beyond the initial physical damage.

"As these exposures grow, insurability becomes a critical consideration," he said.

Better operating data, engineering expertise and risk modelling can improve assessment and pricing, but Strebel warns that very large individual exposures, geographic concentration and shared infrastructure or supplier dependencies can create structural accumulation challenges.

> "Making risks measurable, manageable and diversifiable will be essential to providing sustainable insurance capacity."

"The industry's ability to make these risks measurable, manageable and diversifiable will be essential to providing sustainable insurance capacity," he said.

The challenge extends beyond technology. China has experienced average annual economic losses of about RMB330 billion from natural catastrophes over the past decade, while only around 10% of those losses are insured.

In 2025, rainstorms and floods accounted for 69% of direct economic losses from natural catastrophes, equivalent to approximately $24 billion. Along the coast, around 64% of installed offshore wind capacity is concentrated in Guangdong and Fujian, both highly exposed to storms. Strebel said stronger risk understanding, prevention and adaptation must develop alongside risk transfer. AI-enabled weather analytics, sensor networks, real-time exposure monitoring and early-warning systems can help businesses act before an event.

"For the re/insurance industry, this will accelerate a shift from traditional post-loss compensation towards more preventive and resilience-oriented services."

Growth with discipline

Despite that, the opportunities remain broad. Strebel identified disaster prevention and mitigation, green development, rural revitalisation, health and longevity, industrial modernisation and the overseas expansion of Chinese companies as areas where insurance and reinsurance can play a larger role.

Wind and solar generation is targeted to increase by roughly 74% between 2025 and 2030, while China aims for its energy conservation and environmental protection industry to reach around RMB15 trillion by 2030, he said.

Chinese companies expanding overseas are creating another source of demand as investment increasingly moves into manufacturing as well as infrastructure. Global reinsurers can support that expansion with international underwriting, claims management and risk engineering expertise. But new opportunities will also require greater technical depth.

"Accurately identifying, assessing and pricing these emerging risks remains challenging, given the rapid evolution of technologies, applications, consumer behaviour and regulatory frameworks," Strebel said.

He expects insurers and reinsurers to deepen their technical knowledge, work more closely with manufacturers and operators and build better data. "As exposures become larger and more interconnected, accumulation management will also become increasingly important," he said.

"The industry's next phase of development will increasingly depend on its ability to translate these structural opportunities into sustainable growth." ●

SPECIALTY

Zurich deal has Beazley bullish on Asia

Asia-Pacific's underinsured cyber market and growing overlap between marine and technology risks offer Beazley significant growth opportunities, while Zurich's acquisition could expand its specialist offering across the region, says Beazley's head of Asia-Pacific.

"I'm very excited about the opportunities the acquisition creates in APAC," Jessica Schappell told *SIRC Today*. "Over the past eight years, Beazley has invested significantly in the region, expanding both the products we offer locally and the dedicated underwriting expertise available to support clients. We've built a strong platform, and the acquisition gives us an opportunity to build on that momentum and reach even more clients across the region."

"By combining Beazley's specialist expertise with Zurich's scale and distribution strength, we'll be able to offer clients access to a wider range of solutions. Importantly, clients won't see us change what we do best – they'll see us able to do more of it, with additional capabilities to support their needs," she added.

Zurich completed its acquisition of Beazley on October 1, bringing the specialist insurer into its global specialty business.

KEY POINTS:

- Zurich expands Beazley's reach
- Cyber remains a growth engine
- Marine and technology risks converge

Cyber gap

Against this backdrop, Schappell said cyber is a major opportunity for expansion.

"Cyber remains one of the most significant growth opportunities for Beazley across Asia-Pacific – penetration rates across many markets remain relatively low compared to more mature regions, creating considerable long-term growth potential."

However, businesses face an increasingly interconnected range of threats, from cyber-attacks and geopolitical uncertainty to supply chain disruption, regulatory change and rapid technology adoption. These exposures are creating protection gaps where insurance and risk management have not kept pace with changing business models, Schappell said.

Although cyber awareness has improved, many organisations remain uninsured or underinsured. Schappell highlighted the growing convergence of marine and cyber risks, with attacks capable of affecting both software and hardware on ships.

"We've seen cyber-attacks affect both the software and hardware on ships. Businesses need to understand how their policies respond to these interconnected risks, rather than considering each in isolation."

The exposure extends beyond data breaches and business interruption, with physical damage from cyber-attacks becoming a growing concern as assets become more digitally connected.

Trade routes shift

Geopolitical tensions are also reshaping global trade flows and supply chains, increasing demand for specialist marine and political violence cover.

"Current geopolitical tensions will no doubt be a key discussion at SIRC, and one thing we'll be actively talking to brokers about is how we are seeing the reshaping of global trade flows in real time, altering supply chain dynamics and increasing demand for specialist marine and political violence solutions," said Schappell.



> "We've built a strong platform, and the acquisition gives us an opportunity to reach even more clients across the region."

"79% of business leaders in Singapore told us in July that they are planning on making supplier and supply chain changes."

Meanwhile, artificial intelligence is intensifying cyber threats by helping criminals automate tasks, create more convincing phishing campaigns and identify vulnerabilities faster.

Beazley's latest research found that 32% of business leaders in Asia rank cyber-attacks and resulting system outages among their top risk concerns, while 34% cite AI-led technology disruption as a key concern.

Businesses must also account for risks arising from their own use of AI, including regulatory investigations over unintentional misuse and operational disruption when systems malfunction or act outside their intended parameters.

"It's up to our market to provide confidence and clarity that these risks are covered, so that businesses can confidently invest in new technology," Schappell said.

Despite these emerging exposures, cost and a lack of understanding about cyber insurance's value remain barriers to wider uptake. Beazley's research found that 83% of business leaders in Asia believe they could fully recover from the financial impact of a cyber-attack.

That confidence may leave some organisations underestimating the broader consequences of an incident, including business interruption, regulatory scrutiny, reputational damage and operational disruption.

"That's why we spend significant time working with broker partners and clients to demonstrate that cyber insurance is not simply a risk transfer product but also provides access to specialist expertise and incident response support when organisations need it most," Schappell said.

Beyond cyber and marine, Beazley sees opportunities in specialist products addressing emerging risks, including deadly weapons protection. The product combines crisis management services with insurance covering liability and physical damage.

The energy sector is another growth area, Schappell noted, supported by continued investment in regional expertise, including the relocation of Stefan Bramwell to the region.

Schappell believes local expertise and strong client relationships will remain critical to gaining market share across Asia.

"Asia remains a highly relationship-driven region and there is no substitute for having experienced underwriters and claims professionals on the ground with the authority to make decisions and support clients directly.

"The insurers that gain market share will be those that successfully combine technology with human expertise, local market knowledge and strong client relationships." ●

ASIA-PACIFIC

APAC markets find new paths to growth

Aon's Reinsurance Solutions leaders across APAC tell *SIRC Today* how regional challenges are reshaping priorities — and where insurers can still find sustainable, profitable growth.



1 Shailendra Sapra; 2 John Carroll; 3 Philippe Sommer; 4 Soeren Soltysiak; 5 Joe Liang

Shailendra Sapra, CEO, India

The biggest regional challenge for clients is sourcing reinsurance capacity for emerging lines growing rapidly in India, including cyber, surety, engineering and construction, and marine hull. Aon is using its global access to reinsurance and alternative capital, alongside regional product expertise, to develop solutions tailored to the Indian market. A data-led approach can generate portfolio scenarios that highlight potential margins, while greater agility and creativity from reinsurers could give them access to profitable commercial business.

The other major challenge is the introduction of IFRS 17 and a risk-based capital regime over the next two years. Aon is helping insurers understand how new governance structures will affect profitability and how reinsurance can be used as a form of capital to improve return on capital and book values.

John Carroll, CEO, Australia and New Zealand

Insurance affordability is the region's most pressing challenge. Australia and New Zealand are mature, highly penetrated markets, but a succession of weaker underwriting years drove material premium increases and intensified affordability concerns.

The industry is responding through more granular data and address-level pricing. This can moderate affordability pressure across the broader population, but may also produce significantly higher prices, or reduced appetite, for exposures in higher-hazard locations.

The strategic risk is that better data and insight could widen the protection gap for those most in need of cover. Equally, the same market dynamic presents opportunities for disciplined, sustainable growth.

Aon is helping clients translate enhanced data and analytics into action aligned with each organisation's individual view of risk, enabling them to sharpen portfolio strategy, improve profitability and expand the boundaries of insurability.

KEY POINTS:

- India needs capacity for emerging lines
- Product innovation opens new markets
- Regional priorities diverging

Philippe Sommer, CEO, Japan

After several benign catastrophe years and fewer major individual losses, Japanese insurers face less pressure from reduced reinsurer appetite, while pricing reflects a softer market. At the same time, regulatory changes to the domestic insurance agency system and the incoming economic solvency framework, ICS, continue to challenge established practices.

Aon combines analytics, broking expertise and local knowledge to help clients optimise portfolios and product offerings, while working with reinsurers to demonstrate Japan's improving risk landscape and encourage a return of capacity and appetite on more competitive terms.

Japan still has a significant protection gap, and Aon is investing in local resources and innovation around parametric earthquake cover, secondary catastrophe perils, offshore wind, cyber, specialty lines and mortgage risk.

Through data tools and advisory services, Aon aims to improve decision-making, identify profitable growth opportunities and increase capital efficiency, helping clients strengthen resilience and pursue sustainable growth domestically and internationally.

Soeren Soltysiak, CEO, Asia

Global events have slowed economic activity across much of Asia, intensifying competition for existing domestic business. Reduced margins and an uncertain outlook are also increasing pressure on shareholder returns and capital protection.

Aon is using advanced analytics to help clients understand portfolios, identify concentration risks and find underpenetrated areas.

The protection gap remains significant. In many markets, most economic losses from natural catastrophes and other risks remain uninsured, while insurers and reinsurers compete for a relatively small pool of insured risks.

Sustainable growth therefore depends on broadening access to insurance rather than simply redistributing existing business. Aon is working across the ecosystem, bringing together insurers, reinsurers, capital providers, governments and development organisations to create scalable solutions.

Examples include coordinated efforts in India and Thailand, and public-private initiatives in the Pacific Islands. Sharing best practice and successful models can help reduce the protection gap while creating long-term growth opportunities.

Joe Liang, executive chairman, Greater China

Across Greater China (including mainland China, Taiwan, Hong Kong), auto insurance growth has slowed sharply to flat, while non-auto growth has fallen to low single digits. Rapid growth in electric vehicles and autonomous driving has reduced claims frequency, while demand for new vehicles has saturated. Non-auto growth has also slowed with the wider economy.

At the same time, regulators' "Reporting and Execution Consistency" rule has lowered expense ratios and improved profitability for many insurers.

The bigger challenge is emerging risk. Artificial intelligence, new energy vehicles, data centres, new materials and advanced technologies are developing faster than traditional insurance products can respond.

For brokers, the opportunity is therefore not simply to provide traditional reinsurance protection, but to help clients design new products for emerging risks. Through product innovation, analytics and tools, Aon aims to help clients grow, improve profitability, strengthen competitive advantage and support future revenue growth. ●

FACULTATIVE REINSURANCE

More fac capacity, not for every risk

Facultative reinsurance is growing, albeit "unevenly", across Asia-Pacific, with capacity expanding in recent years from both reinsurers and, increasingly, managing general agents (MGAs).

"Demand is being shaped by local market dynamics, such as technological advancement, government mandates on renewables/energy transition, transition from manufacturing hub to service-oriented marketplace, regulatory changes, and extreme weather events," Yen Yen Lai, head of cedant facultative reinsurance for APAC at SCOR, told *SIRC Today*.

"As conditions soften, effective capital management is becoming increasingly important," she added.

Climate change is contributing to significant losses and greater portfolio volatility, prompting cedants to seek facultative reinsurance, particularly where assets are concentrated in flood-prone or coastal areas.

Data centres are another much-discussed exposure, with cedants keen to provide capacity. However, Yen Lai noted opportunities vary considerably across APAC markets.

Despite the expansion of facultative capacity, some risks remain difficult to place, particularly those involving high US turnover or emerging exposures such as artificial intelligence and battery energy storage systems (BESS).

"Like cedants, reinsurers need a clear understanding of the risks involved," Yen Lai explained. "We therefore encourage cedants to engage with reinsurers as early as possible and share their outlook, allowing both parties to work together to secure the necessary capacity at an appropriate premium level."

KEY POINTS:

- MGAs add to expanding fac capacity
- Complex risks remain difficult to place
- Data centre opportunities vary

Complex risks remain "under pressure", particularly those with higher hazards or adverse loss histories.

"Some reinsurers may be only willing to participate at specific attachment points," she said. "For more standard single-risk accounts, softer competitive market conditions are supporting broader coverage."


Yen Yen Lai

One of the region's biggest challenges, she pointed out, is bridging the gap between local market realities and reinsurers' underwriting requirements.

"This can affect turnaround time, capacity deployment and the availability of sufficient underwriting information," she explained. "Early engagement is therefore essential to better align expectations."

At the same time, emerging industries and new risks are creating growth opportunities across APAC.

"They also bring greater volatility, increasing demand for facultative reinsurance. This gives SCOR opportunities to support cedants beyond capacity, including through training sessions with risk engineers," Yen Lai noted.

Asked what the market might be overlooking, she pointed to the "stable" small and medium-sized market.

"We see this segment as a valuable source of diversification helping portfolios absorb larger shocks," she said. "SCOR can support cedants through facilities, single-risk underwriting and treaty capacity."

Looking ahead to 2027, Yen Lai expects the APAC market to continue evolving as geopolitical tensions, technological change and shifting supply chains reshape risk profiles.

She cautioned that cedants need to pay "greater attention to how risks interact within their portfolios".

"SCOR is here for the long haul and will remain consistent in its underwriting philosophy. At the same time, it is important that we evolve alongside our cedants. We embrace change and want our partnerships not only to be mutually beneficial, but also to deliver value to our ultimate customers and communities." ●

TAIWAN

Aon commits to Taiwan as demand for risk solutions grows

Aon has reinforced its commitment to Taiwan with a new corporate office in Taipei, as investment in high-tech manufacturing, renewable energy and infrastructure supports demand for commercial insurance.

The global broker described the move as part of its continued investment in Taiwan and a sign of confidence in the market.

"It reflects our long-term commitment to Taiwan," said Lee Huang Ng, Aon's Taiwan chairperson and chief executive, highlighting the need for advice amid increasingly complex risks.

That confidence comes against a stable outlook for Taiwan's non-life insurance market, according to AM Best's recent assessment. The ratings agency sees the market as "mature and competitive", with more opportunities in renewable energy, high-tech manufacturing and major infrastructure projects.

AM Best expects commercial insurance demand to continue growing despite softer pricing. Higher sums insured are largely offsetting rate declines amid abundant reinsurance capacity, although competition could put pressure on underwriting margins.

Motor remains the largest contributor to Taiwan's non-life premium income, but growth has moderated as consumers defer vehicle purchases.

The transition to IFRS 17 has been "favourable" to the market's reported capital position, with shareholders' equity approximately 10% higher at year-end 2025 than under the previous accounting standard. The new Taiwan Insurance Solvency regime is also increasing the importance of capital planning and risk assessment.

Taiwan's economy remains closely tied to global trade and demand for semiconductors and AI hardware. The IMF projects GDP growth of 5.2% in 2026, down from 8.7% in 2025.

AM Best also expects AI adoption to remain gradual and controlled, with insurers primarily focusing on underwriting, claims and fraud detection while retaining oversight of customer-facing decisions. ●

MARINE & ENERGY

A diversifier within a diversifier

Asia-Pacific marine and energy is profitable, growing strongly and offers an attractive diversifier for carriers, argues Gallagher Re senior broker Matthew Laino.



Asia-Pacific marine and energy reinsurance has emerged as a resilient, profitable, relative haven for global capital, somewhat shielded from the conflict-related losses that weigh on London's composite specialty market. As such, capacity is plentiful as it chases profitable growth in the region.

That is according to Matthew Laino, senior broker, marine, at Gallagher Re in Asia-Pacific. He told *SIRC Today* that cedants in Asia have been able to avoid some of the challenges facing books of business in London.

"In Asia-Pacific, we are in a different position to the London market," Laino said. "Cedants based in London are often buying not just marine reinsurance towers and proportional treaties but much wider forms of coverage.

"They're buying composite coverages that include upstream and downstream energy, war, political violence, terrorism – and even aviation war, which has had a difficult run over the last few years."

It is not that Asia-Pacific is unaffected by the conflicts in the Middle East; it is just easier for regional cedents to avoid the direct brunt of those losses. As such, capacity is attracted to the region.

"For the marine reinsurance market in Asia, there is still an abundance of capacity, continued strong performance," Laino said. "There's continued organic growth in the underlying markets for marine cargo, marine hull and renewables, and even upstream energy, which is a part of our remit."

For Gallagher Re, that performance provides a foundation for client differentiation. Laino says demand for Asia-Pacific marine business reflects carriers' desire to diversify their portfolios. "In that sense, marine and energy in Asia represents a diversifier within a diversifier for carriers."

Trade resilience

The commercial foundations of the portfolio have also proved far more durable than some anticipated. Concerns that US tariffs on exporters in Vietnam, China, Cambodia and Laos would replicate pandemic-era disruption have not materialised.

KEY POINTS:

- Coverage mix sets APAC apart
- Treaty lead capacity increases
- Renewables need specialist backing

"Trade flows have been extraordinarily resilient and adaptive," Laino said. Cargo and hull premium volumes continue to grow without the same level of port disruption seen during Covid-19. Citing IUMI statistics, Laino expects Asia could surpass Europe as the world's largest marine cargo premium market within 24 months.

That volume expansion coincides with softening direct rates across hull, cargo and upstream energy. Because many regional clients purchase proportional reinsurance, Laino notes that primary rate reductions may also be reflected in treaty programmes over time.

> "Carriers want exposure to Asia as a diversifying part of their portfolio."

At the same time, market capacity is developing. In Singapore, several marine-focused managing general agents have launched over the past 18 months, bringing experienced underwriting teams with established local relationships into the direct market.

In treaty reinsurance, lead capacity serving the market has broadened, moving past the deference to incumbent leaders seen post-pandemic. "There's certainly been growth in that," Laino said, expecting the expansion to yield "continued competition and positive results for our clients."

Specialist demand

That expanding capacity does not diminish the need for technical discipline. "Ultimately, our clients who are marine and energy underwriters want to be interacting with marine and energy specialist treaty reinsurers," Laino said, adding that he believes general property/casualty reinsurers would defer to their own specialist teams.

The demands of war underwriting underscore why specialist depth is essential to maintaining regional performance. "You can't just be someone sitting at a box with a pen," Laino said.

"You've got to be able to deeply interrogate the risk. You've got to know every single link in the chain."

Underwriters must also navigate an evolving sanctions environment that can change with the strike of a pen or a social media post, while a major war loss in the Strait of Hormuz could require complex engagement with security advisers, investigators and governments.

In that environment, he notes, underwriters rely heavily on brokers who maintain trusted relationships throughout the maritime chain.

Technical specialisation is equally critical as regional demand broadens into offshore wind and other onshore and offshore renewables, covering power and engineering risks. Middle Eastern supply instability has emphasised the region's baseload reliance on fossil fuels. Laino believes the conflict will accelerate renewable development in Asia-Pacific.

Rather than relying on international open markets to absorb those evolving assets, he argues that regional cedants need treaty backing to build local underwriting capacity. "We need to be supporting our cedants where they can develop their own in-house expertise and support those with treaty solutions," he said. ●

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ARTIFICIAL INTELLIGENCE

Soft rates sharpen focus on efficiency

Asia-Pacific offers huge growth potential, but softening rates are squeezing reinsurers' margins. mea Platform's Tom Ludescher explains how AI at the front door of underwriting can make that growth pay.



KEY POINTS:

- Protection gap offers growth potential
- AI can cut submission handling work
- Underwriters retain accountability

On paper, Asia-Pacific is the natural growth market for global reinsurance, combining steady economic expansion with the world's largest protection gap. Yet converting that potential into underwriting profit is not simple. As rates soften, controlling costs has become just as important as writing the business.

Tom Ludescher, APAC leader at mea Platform says AI can bring those costs down quickly, starting with the submissions, bordereaux, and claims data that still arrive as emails, spreadsheets, and PDFs.

"Asia-Pacific and particularly Asia have been some of the major growth engines of the world for many industries for the past 25 years," Ludescher told *SIRC Today*. "It's a very well-developed insurance and reinsurance market."

Property casualty prices have nevertheless fallen across the region this year, with general renewals down 10% to 20% and April renewals in Japan, South Korea and China seeing double-digit cuts.

"The market definitely has capacity. But there is pressure on the price side," he said.

Growth is being driven by structural shifts including green energy, the energy transition, electric vehicle supply chains and data infrastructure, while cyber remains a major source of demand.

These risks share a common challenge: they are technically complex and require extensive data to underwrite accurately. What Ludescher describes as "cheap capacity" alone will not solve that. AI can help underwriters work through the information faster and with fewer errors.

Marine is an exception to the broader softening trend. Conflict in the Middle East has pushed war risk premiums for Gulf transits to multiples of pre-crisis levels, and they remain elevated and volatile. That matters directly for Asia, which relies on the Gulf for a large share of its crude and LNG.

"Pricing that risk properly is a data problem," Ludescher said. "You need vessel, voyage, cargo and routing data in front of the underwriter quickly, and it changes week to week. That is exactly where capacity alone doesn't help you." The region's protection gap provides another significant growth opportunity. Natural disasters in APAC caused around $76 billion in damage last year, he said, but less than 10% was insured.

"This shows you how much more growth potential the region here has if those risks can be properly covered by insurance and reinsurance."

The picture is similar in life and health, where Swiss Re puts Asia's health and mortality protection gaps at a combined $390 billion a year in premium terms, and where the world's fastest-growing middle class is driving demand for cover. Regulatory change is also reshaping the market. New solvency regimes in South Korea and Japan, alongside the global rollout of IFRS 17, are being followed by changes in Malaysia and Indonesia.

> "AI gives underwriters more time to focus on the clients."

Ludescher said these reforms are encouraging firms to take a more refined view of risk and capital, increasing demand for co-insurance, structured deals and technically sound solutions.

Reducing costs

As softer pricing squeezes operating margins, reinsurers face growing pressure to streamline the labour-intensive work behind underwriting complex risks.

"Reinsurers do have a margin issue. The margin is compressing under those market conditions, and clearly the cost pressure is on also here in the region, similar to what you already see in Europe or in the US."

Ludescher sees submission intake as one of the clearest areas where AI can make an immediate difference.

"The biggest difference is usually in plain sight. It's the front door. It's where you get the information to do your treaty underwriting, your facultative underwriting," he said.

Using AI to process incoming risk data can improve accuracy, reduce manual handling and speed the journey from submission to underwriting decision.

"The big blocks that you still see in the industry today are the bordereaux, technical accounting," he said, pointing to the volume of information that still has to be processed before useful insights can be extracted.

Catastrophe modelling brings similar pressure. It "needs to be very accurate and it needs to be very fast", Ludescher said, as underwriters work through changing hazard patterns and exposure data within tight timelines. On the claims side, Ludescher said that using the right technology yields immediate financial returns. "You can always save one or two percentage points of your claims ratio with that in your combined ratio."

Time for relationships

Automating routine administration also preserves the human side of the business by moving underwriters away from low-value processing and towards account management and client relationships.

mea Platform is an insurance-specific AI layer that reads and processes submissions, bordereaux and claims documents, sitting above a carrier's existing systems rather than replacing them. The platform has processed $450 billion in submissions over the past five years, streamlining input frees up underwriters to concentrate on higher-value work. ●

Tom Ludescher is APAC leader at mea Platform, and can be contacted at tom.ludescher@meaplatform.com

CYBER

Cyber capacity outpaces risk knowledge

Asia's cyber insurance market is adding capacity faster than it is building the understanding needed to manage the risks behind it, leaving reinsurers struggling to quantify accumulations as limits rise and technology dependencies deepen.

CyberCube's principal product and cyber catastrophe risk advisor, Anjali Nagrani, told *SIRC Today* that growing demand for cyber insurance across Asia must be matched by better exposure data and more sophisticated risk modelling. "The shift is from asking 'how much limit can we write?' to 'what are we actually exposed to if one thing fails?'" she said.

The region remains underinsured, breaches are under-reported and few companies have quantified their cyber exposure in financial terms, Nagrani said. She identified better exposure data, including information on industry, revenue, domains and technology dependencies, as essential to understanding where risks overlap.

The challenge becomes more significant as corporate buyers increase their cyber limits, potentially exposing reinsurers to several large, correlated losses from a single systemic event.

"With small limits, a systemic event produces many modest losses that are capped quickly.

"With large limits, the same event can drive several full-limit losses at once – and those losses


Anjali Nagrani

are highly correlated, because large corporates in the same market tend to rely on the same cloud platforms, managed server providers," she said.

Geographical diversification also offers limited protection against cyber accumulation, as businesses in different countries can depend on the same technology providers. "Cyber is a different peril when it comes to diversification, geography does not provide diversification as other perils do," Nagrani said.

"In Asia, language used to provide a certain level of mitigation, but advances in AI mean that is no longer the case. What really matters are the technology dependencies that drive accumulation. Invariably, models rely on the data that drives them. What models lack, rather than a blind spot, is quality exposure data, particularly in the Asian subcontinent. The more you understand the underlying exposure, the better you can evaluate a risk," she said.

Despite these challenges, growing awareness among insureds and more sophisticated local underwriting are driving demand for higher cyber limits, creating opportunities for carriers to develop products better suited to Asian businesses. "This results in a growing appetite to purchase more cyber, increasing the need to quantify and model cyber risk," Nagrani said. "Capacity will not be a bottleneck." ●



EXPANSION

Playing the long game in Asia: Echo Re

Echo Re tells *SIRC Today* how it is building on its strong Asian business, diversifying across markets and product lines while using GIFT City to deepen access to Indian business.



Asia is at the core of Echo Re's growth strategy, with the reinsurer taking a "long game" approach as it looks to diversify further across geographies and product lines, including building its liability and casualty business across the region.

Around 60% of Echo Re's premium income already comes from Asia. Backed by DEVK, the German mutual group founded 140 years ago, the Zurich-based reinsurer is now looking to its next phase of growth through further diversification rather than concentration, according to chief underwriting officer Paul Hertelendy.

"Our strategy is to further diversify the portfolio," Hertelendy told *SIRC Today*. "But we want to scale in a balanced way."

That approach spans Northeast Asia, ASEAN, the Indian Subcontinent and Japan, supported by underwriters with deep knowledge of individual markets.

"We have people with roots in those markets who understand the clients and understand the business," Hertelendy said. "We are a mid-size player with the majority of our team based in Zurich, so we are not at every client's doorstep every day, but we have people with very good access and a deep understanding of their markets. Travelling regularly to visit our clients and brokers is therefore of utmost importance."

That expertise is becoming more important as the market softens. Stronger reinsurer balance sheets and renewed inflows of alternative capital are shifting the supply-demand balance towards buyers.

Echo Re has seen risk-adjusted catastrophe rate reductions of roughly 10% to 20%, depending on loss experience, while ceding commissions on proportional business have increased by around one to two percentage points in average.

"The movements have been relatively harsh," he said. "In many cases, what we have seen in one year is what you might normally expect to see accumulated over two years."

"We could absorb this movement for one year. We supported the market, continued writing business and also grew," Hertelendy said. "But going into the next renewal, I think reinsurers have to be more cautious."

KEY POINTS:

- Asia makes up 60% of Echo Re's premium
- Diversification central to growth
- Casualty, new tech offer opportunity

Beyond price

For Echo Re, competing in this environment cannot simply mean matching the cheapest capacity. As margins tighten, cedants are also looking for broader support rather than reinsurers selecting only the most attractive classes. "Many clients will say: 'You cannot just pick and choose. I want you to support me across the portfolio,'" he said.

"You have to be prepared to move towards the edge of your comfort zone – not beyond it, but to broaden that comfort zone," Hertelendy said. "For us, it means sharpening our analysis and investing in a deeper understanding of our clients' portfolios, but not lowering our standards."

> "Our strategy is to diversify the portfolio. But we want to scale in a balanced way."

Echo Re's mutual ownership also shapes its approach to relationships. "We are interested in the long game. You choose the right partners and stay with them. Obviously, you still negotiate, but they trust you and you trust them."

New opportunities

Echo Re has recently added casualty expertise and it is one area it wants to develop further as insurance needs become more sophisticated across Asia. But Hertelendy stressed that growth will be disciplined.

"As societies develop, insurance needs evolve," he said. "As commercial and societal interaction becomes more complex, liability exposures become increasingly relevant."

"If you rush into one area, you risk unbalancing the portfolio. It is about growing with clients, understanding the opportunities and maintaining diversification."

Technology is creating another area of opportunity. "Data centres are a major topic," he said. "The energy supply and infrastructure required to support data centres is also becoming increasingly important. Where are these businesses going to obtain protection? Reinsurers have to be part of the answer."

India a growth market

India remains an important part of Echo Re's Asian strategy, accounting for around 8% to 10% of its business. "We have invested significantly in the business and built strong relationships there over time," Hertelendy said. "It became clear that, without a presence in GIFT City, you would be at a disadvantage and risk losing access to business."

Its GIFT City presence is intended to protect those relationships as the regulatory environment increasingly favours reinsurers with a local presence, giving Echo Re access to opportunities it "might not have seen as a purely cross-border reinsurer". But the influx of reinsurers into the market has intensified competition. "Indian renewals have become much tougher," he said. "Cedants can see how much capacity has moved into GIFT City, and they are using that competition in negotiations."

Greater choice may give cedants more negotiating power, but Hertelendy argues that price should not be the only consideration when selecting reinsurance partners.

"Reinsurance is bought for the rainy days, not the sunny ones. When the market starts to soften and you have greater choice, put together a panel of reinsurers you believe will still be there when you genuinely need them." ●

Paul Hertelendy is chief underwriting officer at Echo Re. He can be contacted at: paul.hertelendy@echore.com


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GROWTH

Asia is a long game, not a quick win

Asia's growing reinsurance capacity is keeping more business within the region, but Miller's head of Asia Ron Whyte believes brokers will need patience to capture its longer-term potential.

"The market is maturing," Whyte told *SIRC Today*. "We're starting to see regulators across Asia push for stronger capital management among insurers."

"There's a huge protection gap in Asia, where a lot of products that are readily available in more developed European and US markets are not readily available here," he added.

He expects insurers to broaden their offerings and purchase more treaty protection, while abundant reinsurance capacity gives buyers greater flexibility over coverage and programme structures.

"There's been a huge amount of capital coming into the market. Asia is a very attractive market for a lot of areas from around the world that are looking to diversify," he said.

The depth of regional capacity is changing where brokers place risks, particularly in power and infrastructure.

"We pretty much can place everything in the Asian market without going outside of Asia," Whyte said of those classes.

Competition is also pushing rates lower across business lines. He expects reductions to continue into 2027, despite suggestions that successive years of cuts cannot be sustained.

"People keep saying, we had X amount off last year, and then X amount off again this year. Can't continue next year. Oh, yes, it will."

Malaysian expansion

Miller launched its Malaysian operation in September, initially focusing on treaty and facultative reinsurance under a Labuan licence. The business works alongside its Singapore reinsurance team, drawing on local talent and established relationships.

"The Malaysian office and the Labuan entity is an extension of our Singapore reinsurance business, and actually, it acts as one team," Whyte explained.

Miller could add further specialty lines in Malaysia when the right talent and opportunities emerge, but Whyte stressed that expansion would remain selective.

"We will continue to build in Malaysia where it makes sense."

The approach extends across Miller's established Asian markets. Its Singapore operation has grown from about 18 to nearly 60 people in five years, with the emphasis now on developing existing specialty businesses rather than rushing into new territories.

KEY POINTS:

- Miller deepens Malaysia presence
- Region seeks less reliance on London
- Long-term commitment needed in Asia



> "We pretty much can place everything in the Asian market without going outside of Asia."

In Japan, Miller launched a non-marine business almost two years ago and hopes to establish a reinsurance operation. Whyte sees an opening from regulatory changes favouring clients seeking "independent third-party advice" rather than relying on in-house or insurer agents.

The broker is also developing its South Korean business, established in early 2025, which has added cyber and employee benefits to its initial property and casualty and marine offering.

> "Asia is a very attractive market for a lot of areas from around the world that are looking to diversify."

Miller is also expanding in South Korea, where it established an operation in early 2025. The business initially focused on property and casualty and marine lines before adding cyber and employee benefits.

Specialist opportunities

Miller is helping managing general agents and newly established insurers secure reinsurance capacity, while advising existing clients entering new business lines or insuring emerging risks.

The broker has also won treaty business, including a large account in the Philippines. Whyte sees opportunities where specialist expertise can differentiate Miller from larger competitors.

AI and other emerging technologies are creating insurance demand among businesses bringing new products to market or seeking financing.

Facultative reinsurance remains important for complex risks, even as local insurers take on more business themselves. Whyte noted that local policies are legally required in almost every Asian country, while some specialist risks, including aviation, still have relatively low net treaty retentions.

Insurers are also increasingly retaining risks themselves rather than acting primarily as fronting entities.

The long game

Whyte believes brokers have a responsibility to help Asian insurance markets develop their own capabilities and reduce their reliance on overseas reinsurance.

"I've always felt that the responsibility of people working in this industry in Asia is to help it grow up and develop and reach a sense of maturity, rather than always looking largely to Europe to provide all the reinsurance for them just to pass everything backwards," he said.

That ambition requires technical expertise, the right culture and lasting client relationships. It also demands patience, he said. "It's an incredibly exciting future, but as I keep telling my bosses in London. But you've got to be in it for the long haul. And Asia will catch up fast." ●



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STRATEGY

Expanding reach across Asia and beyond

Malaysian Re is building a stronger national reinsurer with greater reach across Asia, diversifying its portfolio and developing the technical expertise to support its expansion.

President and chief executive officer Ahmad Noor Azhari Abdul Manaf told *SIRC Today* that the strategy combines international growth, particularly across Asia, with continued investment in Malaysia's domestic reinsurance market, while supporting the company's ambition to become a billion-dollar business by 2030. "We are pursuing international growth, particularly in Asia, while continuing to invest in our domestic capabilities and national-market relationship," he said.

Malaysian Re sees opportunities across ASEAN and the wider Asian market, particularly in specialty and facultative reinsurance linked to infrastructure, energy, engineering and other complex risks. Family retakaful, health and medical reinsurance,as well as catastrophe protection are also areas of potential growth, he said.

Expanding into new markets and business lines, however, requires investment in specialist expertise. "This means building and acquiring expertise to strengthen our existing business, support expansion into new areas, and turn our experience and data into recognised technical expertise," Ahmad Noor Azhari explained.



Ahmad Noor Azhari Abdul Manaf

Malaysian Re is working to make flood modelling more accessible to the Malaysian insurance industry. The initiative aims to help insurers improve risk assessment and manage catastrophe exposure concentrations.

It also reflects changing expectations among cedants, who increasingly want more from their reinsurance partners than financial capacity alone. "As risks become more complex, they are looking for technical expertise, underwriting insights, risk management support and partners who understand their business," he observed.

Malaysian Re is responding by strengthening its underwriting capabilities, sharing knowledge and supporting industry initiatives aimed at addressing protection gaps.

"Sharing technical expertise, data and modelling capabilities, together with exploring regional risk sharing arrangements, can strengthen the region's insurance capacity," he said.

The strategy comes as abundant reinsurance capacity intensifies competition across Asia. Ahmad Noor Azhari expects softer pricing and competitive conditions to continue into 2027, making technical expertise and underwriting discipline important differentiators. "Reinsurers should focus on markets and business segments where they have the expertise to assess and price risks adequately, rather than pursuing premium growth for its own sake," he said. ●



RISK TRANSFER

Parametric demand set to grow in APAC

Asian insurers are using softer reinsurance market conditions to fill gaps in corporate protection, creating new growth opportunities for parametric specialist Descartes Underwriting across the region.

Chief executive Tanguy Touffut told *SIRC Today* demand from insurers is growing as they seek innovative products and additional capacity for customers. "Providing capacity behind insurers through parametric programmes is becoming more frequent," he said.

Companies may insure factories and buildings against physical damage yet remain exposed to business interruption losses. Touffut noted that some buyers are using savings from softer pricing to strengthen protection, while insurers are turning to parametric solutions to cover retentions, add aggregate protection or secure catastrophe capacity.

Descartes is prioritising Japan, China and Australia, with its Singapore hub serving Southeast Asia. It can deploy $80 million to $100 million in natural catastrophe capacity across Asia-Pacific.

In Japan, Descartes works with HDI on what Touffut describes as the country's only approved pure parametric earthquake product. He sees considerable scope to address underinsurance in a market with significant earthquake exposure.



Tanguy Touffut

China is among the fastest-growing corporate insurance markets, while Descartes' Australian operation covers bushfire, drought, cyclone and hail risks. The Philippines offers demand for typhoon and earthquake protection, with flood opportunities in Indonesia.

Touffut indicated that Descartes is growing faster in Asia-Pacific and North America than in Europe and Africa, balancing expansion in high-potential markets with diversification across countries and perils.

"Distribution is our number-one goal," Touffut stressed, emphasising the importance of demonstrating the benefits of parametric solutions to brokers.

Descartes expects gross written premiums to exceed $330 million this year. Its global parametric offering now spans more than 25 perils, and Touffut expects artificial intelligence to extend that range further.

"We expect algorithms to become more powerful and redefine what is possible," he predicted.

Over the next four to five years, he expects AI to transform insurance distribution, risk modelling and claims handling, opening new opportunities for specialist parametric solutions.

"Clearly, the disruption will come from AI," he said. ●



SIRC

Reinsurers must embrace emerging risks

Reinsurers must do more than provide capital if they are to remain partners in a world of emerging risks, climate change and geopolitical volatility, Thierry Léger, group chief executive of SCOR, told delegates at the Singapore Insurance Reinsurance Conference 2026.

In a fireside chat with Alfonso Valera, chief executive International of Aon Reinsurance Solutions, Léger said the industry's strengths lie in its ability to price risks across markets and to take those risks onto its balance sheet.

"The capability to put the price on any risk in any lines of business in any country anywhere in the world" was one of the sector's unique attributes, he said. The second was "the ability to accept any of those risks on our energy". Reinsurers should not run away from risk but "lean into risks", including those emerging through climate change.

That willingness is tested as new exposures develop faster than the industry can understand and model them. Léger acknowledged that insurers and reinsurers may initially exclude unfamiliar risks while building capabilities to assess them. Repeated withdrawals, however, can undermine trust among clients that must continue operating.

When businesses turn to insurers to transfer emerging risks, it is damaging for long-term partners to respond: "Time out! Give me five years until I'll be back and able to absorb your risk." Cyber had taken years to model, while artificial intelligence was already presenting another challenge. Léger said accepting uncertainty was part of the industry's role.

KEY POINTS:

- Prevention key to closing protection gaps
- Asia offers significant growth opportunities
- Human accountability vital in AI UW

The two executives examined the protection gap and the role of governments. Léger said he preferred the industry to provide cover itself, arguing it had sufficient capacity and capability for insurable risks. Public-private partnerships were nevertheless necessary where risks had become uninsurable or exceptionally difficult to insure.

He cited homes that now flood every two years because of climate change. In such cases, prevention and collaboration with governments are essential before insurance can become viable again. "We are not an NGO," he said, noting that reinsurers could not insure a house that was flooded every year.



Alfonso Valera (L) and Thierry Léger

Léger said the protection gap was not necessarily caused by a shortage of reinsurance capacity, but by the difficulty of getting people to buy cover. He recalled an initiative to offer earthquake protection where the peril was not covered.

The proposed premium averaged about $30 a year, yet there was no take-up. He contrasted this with Italy, where earthquake insurance had been made compulsory, although Valera noted take-up remained low. Valera cited Greece's tax relief for insured homeowners and Thailand's scheme as alternatives.

On climate risk, Léger stressed that prevention was a priority. "The biggest problem of climate change is not capacity," he said. Without investment in measures to reduce exposure, more risks would become uninsurable. He urged insurers and reinsurers to make their expertise heard by governments, arguing that money spent on prevention today could save multiple times that amount later.

Asia represents a significant growth opportunity for SCOR. Léger pointed to the region's four to five billion people, expanding middle class and rising insurance penetration. The company was investing in people and capabilities, including catastrophe modelling, and intended to remain a major reinsurer in the region over the next century. He highlighted China's large insurance market and potential reinsurance growth, as well as India's "very, very dynamic" prospects. Life and health already generated substantial demand, while casualty and catastrophe markets remained at an early stage.

A more volatile geopolitical environment is reshaping underwriting. Léger said reinsurers needed geographical diversification and "thoughtful portfolio building", rather than relying on a few large bets. Wars in Ukraine and Iran had demonstrated how modern conflict could affect aviation and marine risks. He warned that protectionism and national barriers to capital, assets and data threatened the global pooling of risk on which reinsurance depends.

Artificial intelligence could improve underwriting quality and scalability, Léger said. He expected benefits to come roughly equally from better underwriting and portfolio decisions, and from enabling teams to handle more business with the same number of people. Efficiency gains alone would not be the lasting prize.

Attracting talent remained a challenge because younger people were drawn to better-known technology businesses. Yet Léger said those who joined insurance and reinsurance often stayed, finding purpose in highly challenging global work.

He was unequivocal that technology would not assume responsibility for underwriting. "The humans remain accountable," he said. Managers overseeing human underwriters and virtual agents must understand and stand behind the decisions being made. "There is no way I can delegate accountability to a machine." ●

RISK

Marine market navigates choppy waters

Asia's marine market is sailing into increasingly complex risks just as pricing adequacy deteriorates and clients become more receptive to specialist MGAs, Rokstone Asia's managing director and head of marine has told *SIRC Today*.

"Marine rating adequacy has been under pressure for the last 24 months, and pricing adequacy is now at its lowest level since 2024, although it varies considerably according to the complexity of the risk," Rama Chandran said.

"We have also seen significant capacity withdrawn from parts of the market. This creates a tension between the need for adequate pricing and the availability of capacity, particularly for more complex risks."

Against this backdrop, the market is becoming "more receptive" to specialist managing general agents (MGA) model. "We are the region's first MGA covering all marine products. Our experience over the past 12 months has been promising," he said.

Some cedants, however, remain reluctant to place reinsurance with MGAs, particularly those without coverholder status, but Chandran said attitudes are changing.

"Asia has arguably been behind some other markets in embracing the MGA model. But that perception is changing as experienced underwriting talent moves into MGAs and as


Rama Chandran

clients see the value that specialist platforms can provide."

Advances in AI and robotics are also creating risks that underwriting models have yet to fully capture. Rokstone is also planning to invest in AI and data to improve risk assessment and develop more tailored underwriting solutions.

"Models and systemic risk evaluation have not kept pace with the advancement and ultimately adequacy of pricing is not reflective of the future risk landscape," he said.

The transition to alternative fuels and electrification presents further challenges around capital, infrastructure, fuel availability, battery limitations and regulation. "The challenges are many," he said. "Nevertheless, shipping has always been known for being very adaptive and will rise to the challenges."

Rokstone Asia has met its targets in its first year of operation and is on track to achieve its five-year revenue and profit goals, he claimed. Looking ahead, maintaining rate adequacy while preserving capacity will be critical.

"The challenge will be maintaining rating adequacy while ensuring that sufficient capacity remains available for those risks. With marine representing only a small proportion of global P&C premium, continued erosion of pricing adequacy is not sustainable."



GROWTH

Canopius reinsurance to top 50% in Asia

Canopius is expanding its Asia-Pacific treaty and specialty offering to become a broader solutions partner for clients, as reinsurance is set to account for more than half of its regional portfolio.

The group is extending its property treaty capabilities into regional, retrocession and structured solutions, while building out specialty lines including trade credit, bond and cyber. The aim is to combine expertise across business lines to address clients' wider risk and capacity needs, rather than focus on individual placements.

"Our next phase is about translating that breadth into relevance: connecting our capabilities more effectively and developing solutions around the client rather than individual business lines," Soon Keen Lee, CEO of Canopius Asia, told *SIRC Today*.

The expansion comes as Canopius expects reinsurance to exceed 50% of its Asia portfolio, supported by growth across property, agriculture, marine and casualty. The group had previously set a target for reinsurance to account for around half its APAC portfolio.

Australia is leading growth across property, casualty and financial lines, Lee said. Canopius is also developing whole-of-account relationships with major agency groups and engaging cedants more directly, aiming to build longer-term partnerships across multiple classes.

KEY POINTS:

- Treaty and specialty expansion
- Reinsurance share exceeds 50%
- Australia leads regional growth

However, increasing competition and additional capacity are putting pressure on rates, particularly for clean, well-performing business. While pricing conditions vary by country, class, peril and loss experience, Lee said the margin for error is narrowing.


Soon Keen Lee

Canopius is maintaining a selective approach to deploying capacity, assessing exposure, attachment points, deductibles, commissions and coverage alongside headline rate movements. It is also using AI to accelerate underwriting and assess exposures, with the broader goal of improving risk selection, portfolio quality and client service.

"Our appetite for Asian risks remains positive, but we are very clear that growth must be disciplined and deliver the right returns. We have defined appetites by market and line of business, and we will deploy capacity selectively where the risk, pricing and terms make sense," Keen Lee said.

"Competition is increasing and additional capacity is putting pressure on rates, particularly on clean, well-performing business. But Asia is not one market, and conditions vary significantly by country, class, peril and loss experience. While rate adequacy remains healthy across most of our target lines, the margin for error is narrowing as pricing softens.

"That makes underwriting discipline even more important. We look beyond headline rate movements to the economics of the entire risk, including exposure, attachment points, deductibles, commissions and coverage. Where the technical return is no longer adequate, we will adjust our participation, restructure the business or walk away. Our objective is straightforward: grow where we see attractive risk-adjusted returns, not simply where capacity can be deployed." ●

NEWS

Aon, Munich Re launch pandemic reinsurance cover in Asia

Aon and Munich Re have launched a pandemic reinsurance solution for Indonesia and the Philippines aimed at addressing non-damage business interruption losses.

The product combines indemnity-based cover with parametric triggers and gives Aon access to dedicated pandemic capacity backed by Munich Re, which will provide reinsurance capital, pricing and policy wordings.

Pandemic-related non-damage business interruption is commonly excluded from property and casualty policies, leaving businesses exposed to losses from disruption to trade, travel, supply chains and hospitality operations.

The solution was developed following work by Aon and Munich Re teams in Indonesia and the Philippines to identify gaps in existing coverage.

Soeren Soltysiak, CEO of Asia, Reinsurance Solutions at Aon, said the pandemic had exposed the scale of the protection gap around business interruption losses.

"The Covid-19 pandemic highlighted the protection gap for this peril, particularly for non-damage business interruption losses," he said.

"By combining specialist reinsurance capacity with a solution specifically designed for pandemic-related losses, we will help clients achieve greater clarity and confidence in how they can protect their balance sheets against possible future events."

Hitesh Kotak, CEO Asia at Munich Re, said pandemic risk remains a significant protection gap across the region. "This solution provides organisations in Indonesia and the Philippines with greater access to protection against pandemic-related disruption and supports their ability to recover and grow following future public health events," he said.

Munich Re's global head of epidemic risk solutions, Gunther Kraut, noted that pandemic exposures also present an accumulation challenge for the insurance industry.

"Epidemic and pandemic risk requires robust approaches to risk sharing and capital deployment," he said.

The partners said the structure is intended to provide greater clarity around how cover responds while allowing risk to be transferred more efficiently. The initial focus is on hospitality risks in Indonesia and the Philippines. ●

BROKING

Growing demand for data-driven insights

Corporate insurance buyers across Asia-Pacific are asking brokers to do more than negotiate premiums, increasingly turning to them for strategic risk advice, exposure analysis and ways to protect their balance sheets beyond traditional insurance.

Deven Lim, CEO of Lockton Singapore, and Frederic Boles, regional head of professional and executive risks and credit for Asia, told *SIRC Today* that pricing and retentions remain important, but buyers increasingly expect deeper exposure analysis, greater coverage certainty and strategic risk advice.

"Buyers want more advice than before," the executives said.

Businesses face mounting pressures from geopolitical developments, competition, growth and the adoption of new technologies. As their exposures become more complex, brokers are being asked to identify and quantify risks, assess coverage gaps and recommend appropriate protection.

"Sometimes that means not buying additional insurance, but instead reviewing their processes, contracts and other risk management measures," they explained.

Buyers are also placing greater emphasis on service quality, claims advocacy and certainty around coverage. They want a clearer understanding of how policies will respond in specific scenarios, a demand that is also driving interest in solutions such as parametric insurance. Property insurance for certain industries, particularly data centres, is becoming more challenging to procure as rapid acquisitions and greenfield developments drive demand for cover.

KEY POINTS:

- Buyers seek 'a lot more advice'
- Data centres test capacity
- Cyber and specialty lines offer growth

"With the huge demand for data centres in recent years resulting in rapid acquisition and



Frederic Boles (left) and Deven Lim

green field builds, the challenge of securing the right coverage with the right capacity, backed by trusted underwriters with the ability to service clients, is critical," they stressed.

Cyber is another area where buyers face growing protection challenges. Insurers are scrutinising organisations' security controls, governance frameworks and incident response capabilities more closely, while businesses are working to understand exposures that may exceed their available insurance protection.

"It remains an educational process. The industry has been a lot better at it, but we still have a long road ahead."

The process starts with identifying and quantifying key exposures and reviewing gaps in risk management frameworks. While quantification is never completely accurate, it gives businesses an indication of where to focus.

"Clients are realising they have property damage and business interruption exposures arising from cyber events that are not appropriately addressed."

This growing demand for more informed decisions is also driving interest in data analytics and the potential of artificial intelligence to improve risk assessment and insurance purchasing. "Importantly, many organisations are taking a more holistic approach to risk financing, viewing insurance as part of a broader balance sheet protection strategy rather than assessing each line of coverage in isolation," the executives said.

Looking ahead, they identified cyber risk, complex property risks, specialty lines, alternative risk financing and claims advocacy as significant growth opportunities for Lockton across Asia-Pacific over the next 12 to 24 months. ●

REPORT

Domestic premium slowdown pushes Asian insurers overseas

Slowing domestic premium growth and improving profitability are pushing insurers across Asia-Pacific to seek growth overseas, particularly in specialty insurance and reinsurance, according to Gallagher Re's latest APAC Market Watch report.

Non-life premium growth across 14 markets slowed to 5.1% in 2025 from 7% in 2024, its weakest rate since 2021, despite regional GDP growth of 4.4%. In Emerging Asia, premium growth of 4.3% trailed economic growth of 5.3%, while New Zealand recorded a 2.2% contraction.

Regional underwriting profitability improved, however, with the average combined ratio falling 1.3 points to 98.1%. Higher investment yields also supported profitability, leaving insurers with capital to deploy as domestic growth opportunities narrow.

Domestic consolidation offers some scope but is more limited in concentrated markets such as Japan and South Korea. In Australia, the competition regulator blocked IAG's proposed acquisition of RAC Insurance in September.

Japan's three largest insurance groups have substantial excess capital to redeploy as they sell cross-shareholdings. Sompo has acquired specialty insurer and reinsurer Aspen, while MS&AD has acquired a 15% stake in US commercial and specialty insurer WR Berkley.

South Korean insurers are also expanding internationally. Samsung increased its stake in Lloyd's insurer Canopius to 40%, while DB Insurance agreed to acquire US specialty insurer Fortegra. Acquisitions have focused on specialty insurance and reinsurance, segments with stronger profitability and growth over the past three years. Insurers without established overseas platforms are entering through third-party reinsurance, managing general agents and Lloyd's.

The reinsurance market remains firmly in buyers' favour ahead of the 2027 renewals, with softer pricing across many lines, although a major catastrophe or market shock could change the outlook.

"Strong balance sheets and abundant reinsurance capacity are giving insurers more strategic flexibility than they have had in recent years," said Roshan Perera, CEO of Gallagher Re Asia-Pacific. ●

REGULATIONS

Solvency reform could spur insurer M&A

APAC insurers face a capital strength test as risk-sensitive solvency rules reshape competition and could push weaker players towards consolidation.

"We expect the continued shift towards more risk-sensitive capital and solvency regimes to be a major structural force shaping APAC insurance markets," Kanishka de Silva, director of financial institutions ratings at Fitch Ratings, told *SIRC Today*.

"The greatest effects are likely in jurisdictions undergoing significant regulatory transitions, including Japan, Taiwan and Indonesia. These changes should reinforce the importance of capital strength, asset-liability management and product profitability, while potentially accelerating consolidation among weaker insurers."



> "Shift towards more risk-sensitive capital and solvency regimes a major structural force shaping APAC insurance markets."

The changes are expected to put greater emphasis on insurers' balance sheets, underwriting discipline and ability to price risks profitably over the next two to three years.

"We expect the adoption of more risk-sensitive capital regimes in several markets across the region to increase insurers' focus on solvency, capital management and balance sheet strength over the next two to three years," de Silva said.

Insurers could respond through tighter underwriting, repricing and capital raising, while those with weaker balance sheets may need to reconsider their business mix.

KEY POINTS:

- Solvency rules can drive consolidation
- Softer reinsurance squeezes margins
- Secondary perils threaten earnings

"The largest changes are likely in markets implementing new solvency frameworks, where insurers may respond through better underwriting discipline through risk reduction and product repricing, stronger asset-liability management as well as capital raising including hybrid debt issuance."

Indonesia's higher minimum equity requirements could accelerate consolidation, particularly as the second phase of the rules takes effect at the end of 2028.

"Smaller and thinly capitalised insurers may find it difficult to meet the new thresholds independently, increasing the likelihood of mergers, acquisitions, capital injections or market exits," de Silva said.

A more consolidated market could leave fewer insurers with stronger balance sheets and greater capacity to withstand losses.

"We believe this could support greater market discipline and potentially improve underwriting discipline over time," he said.

Margins squeeze

The capital transition comes as the reinsurance market softens across APAC, with greater capacity and competition putting pressure on pricing and underwriting margins. "We see the softer reinsurance cycle becoming more evident in APAC through ample capacity, stronger competition and pressure on underwriting margins," de Silva said.

"Rates remain under pressure, while terms and conditions are easing selectively, particularly for portfolios with stable recent claims experience."

However, he said reinsurers were expected to remain selective, with pricing increasingly reflecting geography, business mix and cedants' claims experience.

"Catastrophe related claim volatility, including from secondary perils such as floods, could moderate the pace of softening," he said.

Beyond regulatory change and reinsurance pricing, secondary perils and claims inflation remain key risks to non-life insurers' earnings and capital.

"Fitch views market volatility and secondary perils as important sources of potential earnings and capital volatility for APAC insurers," de Silva said.

"Secondary perils, including floods and wildfires, are a key source of catastrophe-related earnings volatility. Higher claims inflation, particularly in health, motor and property lines in selected markets, could also continue to narrow underwriting margins." ●

intelligent insurer. DAY 2 WEDNESDAY NOVEMBER 4 2026 SIRC TODAY

INTELLIGENT INSURER'S SIRC TODAY IS PUBLISHED BY NEWTON MEDIA LIMITED.

Registered Address:
Kingfisher House, 21-23 Elmfield Road,
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Intelligent Insurer – ISSN 2041-9929



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