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'You can't sit still' in Asia – competition is fierce: TMK says adaptation is key


Pavlos Spyropoulos

ASIA'S RE/INSURANCE MARKET is no place for the complacent. It's fiercely competitive and has been for a while. Capital is returning, new capacity is flowing in and growth opportunities are emerging across specialty lines. Yet despite that, underwriting discipline has largely held firm.

This is the view of Pavlos Spyropoulos, regional managing director for Asia at Tokio Marine Kiln (TMK), who told *SIRC Today* that the one rule of surviving in this market is simple: "You can't sit still in Asia." He added: "The industry is recognising you have to be ready to adapt and change and be prepared to come up with new products, new ideas and new ways of distributing business. Responding to changes coming in, whether regulatory or due to commercial pressures in the market, is becoming increasingly important."

He added that the pace of change, whether commercial, technological or 3 →

'COMPLEXITY' IS THE MARKET STORY – 1/1 hinges on structure


Tony Gallagher

IN PAST RENEWAL SEASONS, the industry talked about capital, growth and volatility. Tony Gallagher, Guy Carpenter's CEO of the Asia-Pacific region, still sees those as the core pillars shaping reinsurance – but this year, he argues, one word overshadows them all. And that's "complexity".

Not crisis, not scarcity – but "complexity in capital choices, growth strategies, and the way companies now approach earnings protection", said Gallagher. And as the industry moves into the 2026 renewal, the challenge isn't lack of capacity, it's choosing the "right structure".

Speaking to *SIRC Today*, Gallagher said reinsurers and cedants alike are navigating a market with more options than before. "In a hard market, choices were limited. Everything shifted towards capital protection and higher retentions. This year, earnings covers are back on the table." That, he says, is fundamental.

Buyers can now protect not only their balance sheet against severe loss, but also "smooth earnings and reduce volatility" 4 →

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COVER STORY

Adaptation key to winning in this market

KEY POINTS:

- Specialty is where TMK is leaning in
- Claims is still the differentiator
- Growing demand for cyber, MGAs and marine

←1 geopolitical, has only intensified in the past 12 months. "Many of were hoping things might stabilise this year. They haven't. The pace of change is still accelerating. You can't stand still."

Moving at different speeds

Spyropoulos stressed that while global pressures – capital, competition, pricing – are clearly coming through in Asia-Pacific, the region is far from homogeneous.

"It's not a uniform picture. Different markets are at different stages in their cycles." India or Southeast Asia aren't in the same place as Australia or Japan. "Lines harden or soften for different reasons depending on what's happening locally."

> " Speak to us early. The more open the discussions are, the better the outcome. We want to say yes. "

But unlike earlier cycles, players aren't chasing unsustainable growth. There is appetite, but not recklessness.

"We see the market being disciplined, even though competition is high," he said. "I don't think people are taking huge risks in their underwriting. Everyone's still focused on sustainable growth. This region is seen as a growth market, but without systemic issues in the major lines."

One notable shift since last year, he says, is in attitudes towards artificial intelligence (AI). It has gone from boardroom theory to everyday tool.

"We're seeing real benefits now. Mostly as an efficiency tool. People are using it to summarise long property surveys, clean and structure claims data, extract key points from documents – it's practical."

TMK has rolled out AI use internally and set up a team to coordinate use cases and share best practice across underwriting and claims teams.

But Spyropoulos is clear-eyed about its limits. "There's no silver bullet. AI won't fix everything. It's a tool in the toolbox – a powerful one, but still a tool."

Cyber: competitive, expanding

Cyber insurance remains highly competitive in Asia, but TMK sees continued potential. The company launched its cyber practice in Singapore only recently, drawing on its experience from London but adjusting it to local needs.

"Demand is improving, awareness is improving," Spyropoulos said. "We're trying to go beyond the basic cyber cover. We're introducing cyber property damage cover in Singapore.

"Property policies normally exclude cyber. Our product gives standalone cover for building, machinery or business interruption caused by a cyber-attack."

Asia's cyber market still operates differently to Europe or North America, where third-party cyber is driven by data breach notification laws. Asia remains mostly first-party, but regulations are slowly pushing it in the same direction.

Specialty remains the core growth focus for TMK. The firm is doubling down on marine (direct and treaty), political violence and terrorism and credit and political risk. It is also eyeing growth in aviation.

"We're the biggest general aviation player operating out of Singapore," Spyropoulos noted.

"Singapore is one of the most mature markets for these classes – probably only surpassed by London and New York," he said. "We've made hires in credit and special risks in London and brought that capability here."

On distribution and capacity, Spyropoulos sees managing general agents (MGAs) as both partners and growth enablers. TMK supports Rokstone, which launched in Singapore in October.

"They give us access to expertise and business we don't have internally, especially in cargo. We also use MGAs to reach markets where we don't have boots on the ground – Australia, New Zealand, Dubai, potentially Hong Kong."

Will TMK open more offices in Asia? "No. Singapore remains the hub," he said.

"Expansion will be through MGAs or coverholders where it complements what we already do and adds something new."

Under-insurance: a big gap

On the region's persistent protection gap, Spyropoulos believes the solution lies in education and public-private cooperation.

"Under-insurance often means the taxpayer picks up the bill. That's true for natural catastrophe and for cyber. Public-private partnership is important," he said.

Awareness is improving, especially after major loss events. "When something happens, people understand the value of insurance very quickly."

> " There's no silver bullet. AI is a tool in the toolbox – a powerful one, but still a tool. "

Spyropoulos believes that in a crowded market, claims handling is one of TMK's strongest differentiators. "We hear consistently from brokers about our claims capability, both the people and the speed," he said. "Our philosophy is that we look for a reason to pay a claim."

He noted that in subscription markets, the lead reinsurer often sets the tone on claims. "Clients need people who handle claims well and fairly. That's something we really bring to the table."

Heading into SIRC and 1/1 renewals, his message to brokers and cedants is get in early doors: "Speak to us early. The more open the discussions are, the better the outcome. Our philosophy is we want to say yes. If we understand your appetite and what you need, we'll find a solution." ●

RENEWALS

‘Complexity’ is the market story – 1/1 hinges on structure

1 from frequent nat cat losses. It changes the conversation. Instead of only buying for one-in-200-year outcomes, companies are also asking how to smooth results over time, rather than increase retention. Short-term earnings protections, structured covers and tailor-made products are being actively discussed again. “You now have the ability to protect volatility – and volatility is still reasonably high.”

It’s more about structure

Contrary to the perception that Asian insurers are becoming more cautious, Gallagher believes their risk appetite hasn’t disappeared. If anything, insurers are shouldering more risk than they did in 2022–23. “Retentions went up across Asia in 2024 and 2025. Companies are generally comfortable with their risk appetite, and their portfolios.”

But that doesn’t mean they want bigger swings on the income statement. “The shift isn’t about risk appetite. What is changing is

> “Make sure your structure is fit for purpose. The supply will be there for the demands.”

an increasing awareness of earnings and also earnings protection covers.”

“The great thing about the current market is there are opportunities to buy any protection covers that probably weren’t available a year ago,” he said.

Investors, boards and regulators are increasingly asking whether today’s reinsurance structures align with the returns expected by shareholders. Some want higher return, higher volatility. Others want lower-volatility, stable dividends. Gallagher said price is always a consideration, but structure is now more important than price.

Pricing is softening this year, but Gallagher believes the smart move is not to bank the savings, but reinvest them into better programme design. “Beginning of the year, many people took the savings to the bottom line,” he said. “My suggestion is that you reinvest that saving and protections which are relevant for your portfolio to protect your earnings.”

KEY POINTS:

- More choice and complexity in the market
- Bespoke reinsurance solutions exist; test them
- MGAs and parametric will grow in Asia-Pacific

Supply is not the issue in 2026

For all the talk of volatility and climate risk, Gallagher sees a fundamentally well-balanced renewal ahead. “I’m pretty optimistic about reinsurance capacity available to support markets, and a renewal where you’ve got supply which meets the demand.”

That doesn’t mean reinsurers will accept anything, but it does mean cedants with good data and clear structures will not struggle to place programmes.

The only area he highlights as structurally challenging is renewable energy – not because of capital shortage, but because the industry is still learning it. Offshore wind, turbines, grid-scale battery projects; all carry risks that are not yet fully priced or modelled. “That’s an area where we need to continue to expand and to try and provide coverage,” he said. “The market needs to have greater knowledge around the renewables.

“This is one area where we’re looking really for the market to expand into.”

When asked where growth will actually emerge, Gallagher highlighted four areas: renewable energy, cyber, MGAs and parametric solutions.

Cyber remains under-penetrated in Asia. Uptake is still low, but Gallagher expects growth as regulation tightens and digital economies mature. Renewable energy will require both insurance and reinsurance innovation as governments push transition agendas.

MGAs, often seen as a Western trend, are gaining serious traction in Asia-Pacific. Gallagher argues this is not just about distribution any more. “MGA is a growing class of business. The new generation of MGAs use technology, understand risk selection and some will evolve into fully-fledged carriers. More capacity is coming in to support them.”

Parametric solutions, meanwhile, are moving from niche to mainstream. “They’re faster, bespoke and can bridge gaps between economic and insured loss.” He believes 2026-27 will see a broader adoption, especially in flood, quake and agriculture.

Another structural shift is the rise in demand for specialty and bespoke solutions. Corporates no longer want standard-wording coverage for complex risks. “Parametric is bespoke. So is buying flood cover only for one industrial site,” he said. Reinsurance is evolving the same way – more structured, more customised, increasingly data-driven. Technology is the enabler here. Better analytics allow insurers to slice risk differently and reinsurers to price targeted solutions.

Changing brokers, and wave of M&A

The broker-reinsurer relationship is also shifting because insurers are asking for more than just placement. Gallagher argues that brokers now sit in three roles: placing reinsurance, generating new ideas (cyber, MGAs, parametric) and helping clients or reinsurers access capital.

“The services a broker offers today are

> “The market needs to have greater knowledge around renewables.”

much broader than five years ago – and they’ll be different again in five years,” he noted.

On regulation, Gallagher is clear: fragmentation isn’t new, but capital rules are tightening and that will push consolidation. “It’s country-specific,” he said. Some insurers will discover they no longer have the balance sheet to write the business they want. Others will need to seek capital partners or merge.

“Over the next two or three years, some markets will change dramatically,” he said. “It will drive some M&A activity in certain countries around Asia-Pacific.”

With only weeks before the 1/1 negotiations peak, Gallagher keeps his guidance succinct: “Make sure your structure is fit for purpose. The supply will be there for the demands you have.

“And if you have a specific need, test the market – bespoke reinsurance solutions exist.”

CYBER

Asia's cyber growth to be over-proportional

A softer market, rising threats and untapped SME demand suggest Asia's cyber sector is entering its defining phase, says Swiss Re's Giv Kahrom.

KEY POINTS:

- Asia poised for cyber growth
- Education, not expansion, key
- SME protection gap biggest opportunity

Cyber insurance growth might be slowing globally, but Asia-Pacific is still on an upward curve. Swiss Re's head of cyber for regional markets, Giv Kahrom argues the region's young, data-rich market and its vast SME protection gap will define the next chapter.

After years of sharp rate increases and a hard market triggered by ransomware attacks between 2020 and 2022, the global market is now settling. Premium growth is globally estimated with a 5% CAGR in 2025, Swiss Re data shows. Yet the story in Asia-Pacific is different. APAC ranks as the third-largest market for cyber premium with a 10% premium share and a premium volume of $1.5bn.

"It's a young line of business, but a very data-rich one," Kahrom told *SIRC Today*. "Asia is still less saturated than the US or Europe, so we expect over-proportional growth here because the fundamentals are strong and capacity is coming in."

That growth, he cautions, brings both opportunity and responsibility. "We want to keep the market sustainable. Our role as a reinsurer is to give insurers the tools for long-term, efficient underwriting.

"Sustainability means prudent pricing and product design, not just expansion."

The untapped SME frontier

The biggest opportunity, and challenge, lies with small and medium-sized enterprises. Swiss Re data shows SME cyber insurance penetration globally remains near 10%, and even lower in Asia.

"The SME protection gap is both a challenge and an opportunity," Kahrom explained. "These businesses are far less insured than large corporates. The way to change that is through education, product simplicity and distribution that fits the local market."

That means designing modular, easy-to-understand covers, supporting insurers on pricing and underwriting and encouraging all market players, including brokers, reinsurers, cybersecurity firms and governments, to invest in risk awareness, he noted.

"Everyone has to invest in education and risk awareness. It's not something reinsurers can fix alone," he said.

Asia's diversity makes one-size-fits-all strategies impossible. Mature markets such as Japan and Australia demand advanced analytics and product depth, while India, Indonesia and Vietnam are still at an earlier stage of adoption.

"Those markets need different attention," said Kahrom. "In mature territories, we focus on deeper client engagement; in maturing ones, it's about building awareness and capacity. In both, the goal is the same – sustainable growth."

> “Asia is still less saturated than the US or Europe, so we expect over-proportional growth here because the fundamentals are strong and capacity is coming in.”

Swiss Re's long-standing local presence is its advantage. "Understanding local needs and having proximity to clients is what builds trust."

Softening, but sustainable

After three consecutive years of falling prices globally, cyber rates in Asia have also softened, driven by more capacity and competition. But Kahrom welcomes the shift.

"Yes, competition has increased and rates have moderated, but what matters is sustainability," he said. "Capacity is growing, and Asia is attracting new players.

"That's good for education and innovation, as long as risk-adequate underwriting holds, this is only possible with local underwriters and expertise."

Swiss Re estimates that while overall growth is moderating, Asia's share of the global cyber market is set to rise steadily over the next decade, supported by regulatory interest, investment in digital infrastructure and rising demand for risk transfer.

Contrary to perception, cyber insurance is not starved of data, Kahrom insists. "It's one of the most data-rich lines," he said. "Every account comes with detailed information – sub-limits, deductibles, waiting periods. That granularity gives us insight few other lines can match."

Swiss Re's Cyber Data Lake project aggregates years of global underwriting and claims data to model systemic exposure. "We've been filling that data lake continuously," Kahrom explained. "It allows us to replicate market-wide patterns and improve accumulation modelling.

"Understanding accumulation and systemic risk is crucial. It's how we make sure the market stays resilient," he added.

AI and systemic risk

Kahrom is pragmatic about AI. "Right now, we don't see GenAI affecting claims data yet," he said. "But attackers are getting faster and smarter, and defences are improving too. We're right in the middle of that evolution."

He believes it's too early to predict the impact of regulation, but noted that Swiss Re is taking part in discussions of possible public-private frameworks with governments across Asia on systemic risk preparedness and cyber-ILS-type structures.

"This goes beyond insurance, it's an economic and societal topic. At some point, it will need coordinated attention," he said. "We're in continuous dialogue. It's early days, but these are important discussions."

Looking ahead, despite the growing competition, Kahrom sees the long-term picture of cyber in the region. "We're not here for one or two years. We're here to build sustainable cyber markets in Asia," he said. "Cyber remains exciting – and Swiss Re is on the forefront of that journey." ●

GROWTH

‘Measured’ growth for Everest Re in Asia

KEY POINTS:
- Specialty lines drive Asia strategy
- Eyeing long-term growth in India
- Renewables and parametric in focus

While parts of Asia are edging into softer territory and new capacity is testing discipline, Everest Re is leaning on measured growth, specialty first, and is in no rush to follow the herd, its Asia-Pacific CEO told *SIRC Today*.

Kevin Bogardus calls the current market mood one of ‘stability’. “Consistency is attractive to us and to our clients,” he said.

That tone carries into how Everest is approaching the renewals. Rates are easing in a few markets, but Bogardus says the more interesting story is how companies respond to it. For Everest, that answer is in staying disciplined, growing where it makes sense, and not being distracted by what others are doing. “I’m not paying too much attention to competitors. I’m focused on what we at Everest are doing – and that’s consistency,” he stated.

> “If you have capacity, anyone can do reinsurance. Being a partner is different.”

Specialty over ‘plain vanilla’

Where Everest is choosing to grow says more than the pace of growth itself. The firm has spent the past two years building global specialty capabilities and is now embedding them locally across Asia. Bogardus believes traditional cat and marine lines are crowded. If you want to stand out, you need to offer something more.

“We recognise we need to be more than just a plain vanilla reinsurer,” he said. “We need to be able to offer what’s currently required by our clients.”

That means expansion into renewable energy, parametric reinsurance, cyber, accident and health and credit and surety. He said these are the key areas where Everest sees demand. In markets such as China, Vietnam, Taiwan and Japan, renewable energy projects are expanding faster than reinsurance support, and Everest wants to be close to that growth.

Parametric deals are also picking up, with recent activity in Japan, India and China, especially where indemnity-style cover is either too slow or unaffordable. Cyber, he said, is being written “cautiously but steadily”. Accident and health is another growth area, particularly in emerging markets with rising incomes and still-low insurance penetration.

Doing more than writing risk

One of the clearest signals of Everest’s strategy was its decision to open an onshore presence in India this year. That didn’t come from an internal growth target, Bogardus said, but from clients. “Every time we went to India, they asked the same thing: be closer. So we listened.”

That move, he insists, wasn’t just about premium – it was about partnership. “If you have capacity, anyone can do reinsurance. Being a partner is different. It’s designing products, helping with solvency, acquisition costs, growth.” He used the phrase “built to last” more than once – not as a slogan, but as a way to explain how Everest wants its relationships to hold beyond one renewal cycle.

The region isn’t short of challenges, he said, geopolitics shifting supply chains, inflation in pockets, nat cat losses stacking up even in a ‘benign’ year. But Bogardus is pragmatic. “In our industry, we accept these challenges as part of the job. Without risk, we wouldn’t be here.”

Climate remains the big worry – not because of one event, rather the accumulation. He sees parametric covers as useful where traditional indemnity protection stops working. ●

NEWS

MSIG Asia creates global broker role to deepen data-led ties

MSIG Asia has created a new global role dedicated to strengthening relationships with major brokers, in a move that signals the Japanese insurer’s intent to compete more actively in internationally brokered business, where roughly half of its premium now originates.

Eric Schaap has been appointed senior vice president and global broker engagement manager. Based in Singapore, he will work across MSIG’s regional entities to build a more consistent approach to broker partnerships, using data and analytics to identify growth opportunities, align strategies across markets and reduce duplication.

He will report to Keisuke Ema, general manager, international business department at Mitsui Sumitomo Insurance in Tokyo for his global remit, and to Clemens Philippi, CEO of MSIG Asia, for regional responsibilities.

Rather than focus purely on placement and distribution, Schaap’s role is designed to move MSIG’s broker relationships into a more strategic and data-driven space. His priorities include coordinating broker strategies across Asia and other international markets and using analytics to highlight growth areas and improve renewal retention;

“Brokers are key strategic partners in our international growth journey, with global players driving about 50% of MSIG’s international business GWP,” said Ema.

“By establishing this new global role, we aim to build stronger, data-driven partnerships that align our collective strengths across markets and deliver greater value to our clients and stakeholders.” ●

ASIA

Reinsurance in transition phase

Following the release of 'Who dares wins', a Howden Re report navigating today's hard market softening, Howden Re experts discuss its findings and the implications for the APAC reinsurance market.

How would you categorise the current market cycle?

Sebastian Cook, deputy CEO, Howden Re International: We are in a phase of hard market softening. Rates have moderated from the 2023 peak but remain well above the 2010s. Investors have been rewarded with excellent near-term results, enabling reinsurers to pursue growth strategies in the coming renewals. This strong financial foundation and client demand for strategic value are driving renewed

> “We are in a phase of hard market softening.”
> Sebastian Cook

collaboration between cedants and reinsurers.

David Flandro, head of industry analysis and strategic advisory, Howden Re: Geopolitical risk is elevating global risk premia and increasing complexity and capital constraints. The global protection gap remains stubbornly high. The industry's priority is to strike the right balance between maintaining underwriting discipline while ensuring long-term partnership with clients.

Beyond macro and geopolitics, how is rising nat cat severity reshaping the market?

Andy Souter, head of Asia-Pacific, Howden Re: The dual characteristics of elevated severity and increasingly frequent nat cat events present challenges for insurers in APAC, especially when seeking to manage earnings volatility. There is also growing opportunity for cedants to explore parametric products that are tailored to complement indemnity covers, bringing efficient coverage and the added benefit of prompt cash flow to allow them to expedite claims payments to customers.

Flandro: As of January 1, 2025, cedents retained approximately 62% of modelled nat cat exposure, underscoring how much risk remains

KEY POINTS:

- Reinsurers are thriving and profitable
- Insurers are seeking more help
- Asia offers strong growth potential

on their balance sheets. The long-term average is 54%. In addition, the binary between peak and secondary perils is no longer evident: secondary is now peak. Every year this decade has exceeded $100 billion in insured cat losses. Yes, the sharp, 37% rate-on-line increase of 2023 is softening; the more interesting question is: 'Is there a floor?' It is notable that risk premia as evidenced by interest rates, inflation and loss volatility mean carrier return hurdles and WACCs are notably higher than in the last soft market. In this environment, reinsurance – a form of contingent capital – is highly valued by cedents.

Where do MGAs and innovation fit in today's market?

Cook: MGAs are no longer niche but strategic. They play a vital role in helping the market reach underserved risks such as flood, cyber and SCS. With better analytics, MGAs deliver underwriting precision and diversification.

Flandro: Programme structure and capacity innovation must be focused with clear,

> “The cycle has turned, but from a position of strength.”
> David Flandro

immediate benefits in this phase of the market cycle. We see growing demand for earnings protection, aggregate solutions and parametric structures, combined with capital markets instruments enabling cedants to achieve the best outcomes. These tools help clients manage risks that traditional indemnity models cannot fully address. In this vein, the MGA wave of this decade is structural, not cyclical; there is now a permanent, new base of MGA capacity driven by those with technology and underwriting acumen.

Souter: Parts of APAC, especially Australia and New Zealand, have seen significant MGA growth driven by product specialism, new distribution channels and innovative technology. MGAs are increasingly embedded in the wider APAC landscape with local and global players attracted to broader opportunities in the

> “Transparency, in terms of data, assumptions and clear logic, will define success.”
> Andy Souter

region. Providing capacity to MGAs has given (re)insurers the opportunity to enter new, niche product areas, securing growth and diversification in a potentially capital-efficient way. Insurtech platforms in the shape of MGAs or tech-enabled distribution and product platforms are also bringing further innovation to the market, often reaching customer segments that may not typically buy insurance.

Looking ahead, what will define success in 2026 and beyond?

Cook: Reinsurers are ubiquitously seeking to grow and deploy into smart, sustainable programmes. Methodical innovation and trusted relationships will define success.

Flandro: The cycle has turned, but from a position of strength. Reinsurers have restored margins; cedants have taken on more risk; capital is being selectively deployed. Those combining insight, data and discipline will be best placed to sustain performance.

Souter: Transparency, in terms of data, assumptions and clear logic, will define success. The market performs best through transparent, trusted relationships between cedants, reinsurers and their intermediaries. ●

RISKS

Interconnected risks demand resilience

KEY POINTS:

- WTW launches Asia data centre practice
- One team: engineering, analytics, actuarial
- Brokers now strategic, year-round

Geopolitics, climate volatility, cyber shocks, economic pressure – risks no longer arrive one at a time. Their growing interconnectedness is reshaping how companies think about risk and forcing brokers to evolve far beyond traditional renewal roles, says Luke Ware, head of Asia for WTW.

"I don't think there's been a time in the world where risk has been discussed in boardrooms as much as it is now," he told *SIRC Today*. "Risks are not independent any more. Their interconnectivity is pushing firms to really think about the way to deliver solutions and advice to clients."

Ware argues the industry can no longer look at a fire, cyber breach or storm as an isolated event. With climate change, even rainfall, hail and windstorms are appearing in places where they never happened before. "Clients are not just saying 'what could go wrong?' They're asking, 'what is connected to what?'"

"So it's not about only protecting the asset," he added. "It's understanding the connectivity of that risk to the rest of the enterprise." This change in mindset, from isolated to connected systems, has forced WTW to change its own structure.

New data centre launch

WTW has just launched its dedicated data centre industry practice for Asia, headquartered in Singapore – a development Ware revealed exclusively to *SIRC Today*.

The move is a direct response to how risks are now experienced – layered and interconnected. "Fragmentation is the enemy of resilience," he said. "We can no longer advise in silos."

The new practice brings together engineering, analytics, actuarial science and industry specialists into a single integrated proposition for data centre clients – a sector that is expanding at speed.

"Asia is expected to be the fastest-growing region for data centre location in the next five years," he said. The construction pipeline is estimated around $160 billion across South Asia, Southeast Asia and Australasia. "Growth in the region's data centres will be driven by demand in countries such as Indonesia, the Philippines and India."

"When we bring those solutions together, we're able to deliver not just insurance placement, but resilient risk strategies across the whole organisation," he said.

> "Fragmentation is the enemy of resilience. We can no longer advise in silos."

> "The role of the broker is moving from a once-a-year renewal to an ongoing strategic discussion."

This shift has fundamentally changed the role of the broker.

"The role of the broker is moving from a once-a-year renewal to an ongoing strategic discussion," Ware observed. "We're now sitting with boards and CFOs months or years before renewal."

And conversation no longer starts with price. "It starts with analytics and engineering, not price. Price is an outcome of that."

That requires better intelligence. Historical loss data is no longer enough when extreme weather and cyber shocks are breaking previous patterns. "We want to go from looking at backwards data to using more predictive analytics," he said. "Every time there's a loss, it produces data. We want to turn that into foresight."

In cyber, for instance, WTW analyses around over 5,000 claims a year. "How do we turn those cyber claims into predictable models that can help clients understand where losses may occur?" he said. "It becomes proactive, not reactive."

Scaling resilience and attracting new talent

Ware is now "double-hatted" – promoted earlier this year to head of Asia, while still overseeing the specialty and corporate risk business. One priority, he said, is to accelerate the firm's transformation across the region.

"We don't want this just for the top 10 complex clients," he said. "Mid-market companies face interconnected risks, too." That means digitising, embedding AI, and hiring locally – not solely relying on Singapore, but building engineering, analytics and actuarial teams in markets such as Japan, India and the Philippines.

Resilience, he added, is also good for talent. "When you talk about AI, analytics, engineering and climate science, you attract a completely different pool of people."

Ware said WTW's growth strategy is anchored in specialisation. "Growth is strongest where we specialise," he said. Data centres, energy transition, infrastructure and natural resources, particularly in India, are top of his list.

Asia remains highly competitive. Abundant capital, a benign cat environment, strong insurer results, alternative capital and new entrants – from MGAs to traditional carriers – are driving pricing down and broadening coverage.

At the same time, governments are investing heavily in renewables. "There's a clear shift under way across Asia, and we want to be a big part of it," he said.

MARKET

Asia's market is converging on reform

Capital, regulation and data are moving in a more coordinated direction across key Asian markets, Gallagher Re's Roshan Perera tells *SIRC Today*.

Asia's reinsurance market is often seen as wide, complex and fragmented. Roshan Perera, head of strategic solutions, APAC at Gallagher Re, is keen to challenge that perception. Beneath the surface, he says, most major markets are quietly moving towards greater alignment in regulation, capital is being deployed more deliberately and data is becoming central to how insurers buy protection.

"We would challenge the assertion that the regulatory frameworks are fragmented," he told *SIRC Today*. "Rather, there is a move towards harmonisation with almost all the key markets in the region adopting or preparing for consistent reform."

That shift is not just technical, it changes how decisions are made. When rules line up, insurers can plan capital more confidently. Reinsurance programmes become easier to compare and improve. The result is more focus on structure, rather than price alone.

Growth has slowed, but not stalled. "Macroeconomic challenges are impacting growth rate rather than absolute growth," Perera said. Global trade tensions and higher costs have tempered expansion, yet the region continues to grow. For buyers, that means fewer bold moves and more careful choices. For reinsurers, it signals a shift from volume to disciplined underwriting.

"With markets transitioning, the value of market insights is increasing," he added, noting Gallagher Re is helping clients triangulate market views and monitor competitive signals to support evidence-based decisions.

"We remain close to these developments across the region and have developed propositions and solutions to support the transition – whether that is helping clients navigate the advancing regulatory requirements, or reinsurance solutions to address capital optimisation."

Pricing easing but pressure remains

Looking to the January renewals, Perera expects conditions to loosen slightly. "We expect global capacity supply/demand dynamics to ease pricing across the region and for reinsurers to entertain lower entry points, subject to adequate terms."

KEY POINTS:

- Regulatory frameworks harmonising
- Structure matters more than price
- M&A: 'active pipeline' under review

But he cautions against complacency. "Despite the expected ease in reinsurance pricing, we see a competitive direct market, providing a challenge to clients and are therefore encouraging structural reviews as a complement to price."

Natural disasters still shape the market more than any other factor in Asia-Pacific. Typhoons, floods, earthquakes and an increasing share of secondary perils continue to test resilience.

"We can help our clients through a continued focus on risk-based underwriting, accumulation control and natural catastrophe risk assessment," Perera said.

> "Our competitors are simply not organised in the same way we are to deliver solutions."

Technology is reshaping how risk is assessed and reinsurance is placed. The fundamentals – reliable exposure data, clean submissions and sound models – still matter. What is new is how seamlessly these components are being connected.

Gallagher Re is "investing heavily" in what Perera calls a "connected ecosystem" that links prospecting, submissions, quotes, placement and claims. Its forthcoming Insight platform aims to integrate core systems with AI, analytics and geo-visualisation, so brokers and clients can interrogate portfolios in real time and move faster.

"Data has always been an integral part of our solutions," Perera said. "We leverage machine learning tools, geo-visualisation and catastrophe models and solutions to help clients understand their risk and drive profitable growth."

Growth and M&A: capability over geography

Gallagher Re's strategy in Asia-Pacific follows a clear principle: capability first, footprint second. The firm has secured a reinsurance broking licence in China, added people in Singapore and Australia and recently acquired Steadfast Re.

"There is significant and ongoing investment in both our platform and our teams across the region," Perera said. "We are focused on growth opportunities that enhance both proposition and margin. These are the defining factors of any acquisition interest, rather than location or type of company."

He confirmed deal activity remains open. "We have an active pipeline of opportunities that are under review."

Competition among brokers is intensifying, but Perera believes Gallagher Re's internal set-up gives it an edge. "Our structure removes internal friction and allows our market-leading advocates focus solely on our clients' challenges and motivations, regardless of location," he said.

"We are entirely client-centric, looking at providing solutions to individual client motivations, agnostic to product or geography and supported by proven transactional excellence."

"Our competitors are simply not organised in the same way we are to deliver solutions," he asserted.

Talent is a key part of this. Asia needs leaders who can apply global thinking locally, understanding culture, regulation and market practice. Perera says the firm is investing in both global and local skills to maintain that balance.

"The ability to leverage global knowledge and expertise, bringing developments and market-leading propositions into the diverse Asian landscape while adapting for local cultures, nuances and dynamics, is core to Gallagher Re's operation." ●

NAT CAT

It's the frequency, not the fury: Perils

Asia-Pacific hasn't seen a multi billion-dollar headline catastrophe this year. But reinsurers are still feeling the strain. The challenge today isn't the "big one" – it's a steady stream of medium-loss events that add up, warns Perils's head of Asia-Pacific Darryl Pidcock.

"In many markets it's now a frequency story," Pidcock told *SIRC Today*. "You're not seeing US-style multi-billion losses, but you are seeing floods in India and China, hail in Japan, convective storms in Australia and the Pacific.

"These aren't making global headlines, because they're not big enough to be reinsurance events, but they all hit earnings and erode retentions."

Even in highly modelled markets such as Japan, insurers are being caught off guard. A market where typhoon and earthquakes are big peak perils, Pidcock said, a common topic of discussion in the primary market is now hail losses. "They're not big enough to trigger reinsurance, but they hit their own books hard. You don't normally think of Japan as a hail market – but now it's becoming a real topic."

He said Myanmar-Thailand earthquake is a good example of a peril that's not commonly front of mind. "But now everyone's debating whether this is a one-in-200 or one-in-1,000-year event. It's too early to tell, but losses could exceed $1 billion. It's a reminder that these peak perils aren't just a Japan issue."

KEY POINTS:

- Data still weak in many Asian markets
- Models improving, gaps remain
- ILS appetite slowly growing in Asia

"Events like this are a timely reminder, heading into 1/1, for both reinsurers and primaries to consider what those losses look like," he cautioned.

Pidcock said modelling across Asia-Pacific is evolving, but unevenly.

"Flood risk cuts across India, Southeast Asia, China – but the quality of exposure data varies massively," he explained. "Where data improves, modelling improves. India is a good example: building data, exposure understanding, data validation – all of that has got much better. But no modeller can honestly say they fully understand Indian flood or earthquake risk yet."

"There's a gap between data availability and model development. And that gap exists because exposure data is still incomplete in many markets."

There has also been a quiet rise in ILS and ILW activity involving Asia-Pacific perils.

"This year we've definitely seen more alternative capital being used, especially in Japan," he said. "Even at Perils, the sum of limits at risk tied to Asian transactions has grown to over $100 million from a very small base last year."

A standout example was a deal that combined Japan typhoon with parametric earthquake covers for India and China. "That was the first time Indian earthquake was included in an ILS structure," he noted. "It's only one transaction, but symbolically it's important."

What needs to change?

Better data, more public-private partnerships and wider risk transfer all matter – but Pidcock believes behavioural change is harder.

"The industry still tends to move after it gets hurt," he said. "One event isn't enough – it often takes several before investment follows. That's just the nature of the business."

"But I'm optimistic," he added. "Every year the conversations get smarter. Technology is improving. Markets like India are moving quickly. Progress is happening – it's just a long game." ●

KEYNOTE

AI transforming global insurance but needs good governance

Kicking off the third and last day of the 2025 Singapore International Insurance Conference, Andrea Scascighini, chief underwriting officer for casualty at Swiss Re, highlighted the significant impact of artificial intelligence (AI) and technology on the insurance sector. Pointing to Asia's technological dynamism, he referenced China's transition to a cashless society and Singapore's biometric airport systems as examples of how technology is reshaping everyday life.

Scascighini explained that since the release of ChatGPT in 2022, AI has evolved from a largely experimental concept to a practical tool that influences work, communication and even consumer choices. In insurance, AI is enabling more precise risk assessment, boosting efficiency and enhancing creativity. He described practical applications already in use, including automated submission analysis, portfolio-wide policy wording reviews, and AI-powered assistants that support underwriters in complex decision-making.

He highlighted that AI also helps underwriters identify emerging risks through continuous monitoring of markets, regulations, and industries, allowing teams to anticipate changes more effectively. By automating routine tasks, underwriters can focus on higher-value activities, drawing on their expertise to make more strategic decisions.

Scascighini cautioned, however, that AI adoption requires careful governance and ethical oversight. New forms of liability, such as AI-related litigation and the risks associated with large-scale AI data centres, demand thorough risk management.

Looking ahead, he outlined a roadmap for integrating AI successfully: focus on initiatives that deliver tangible business value, ensure data is clean and connected, implement robust governance frameworks, and combine technology with human expertise.

According to Scascighini, the future of insurance lies in harnessing AI responsibly while retaining the human judgment and domain knowledge that underpin sound underwriting and strong client relationships. ●

TALENT

The 'secret sauce' of empowerment

Trust and talent are central to claims leadership, and markets need local experts, says Markel's head of claims, Asia.

There can be no one-size-fits-all approach to claims handling in a region as vast and diverse as Asia. For Bo Yu, Markel head of claims for Asia, empowering local teams with the autonomy to make decisions that reflect regional realities is key to delivering fair, fast and customer-focused service.

"Our people-first approach is, we believe, a differentiator from our competitors," Yu told *SIRC Today*. "Local empowerment fuels our success. We hire people with local knowledge who give us accurate and useful insights about the practice and the background in the local industry.

"That helps us make down-to-earth decisions rather than looking at things through a London or Singapore lens."

Yu oversees claims specialists across Singapore, and Dubai, leading a network that continues to expand across Asia and MENA. He said Markel's approach balanced trust, open communication and local relevance while maintaining the company's core values of fairness, honesty and customer focus.

Since 2020, the overall Asia-Pacific headcount has gone from 30 to more than 150 people, most of them hired locally. Yu described empowerment as a two-way process. "Trust goes both ways," he said.

"Regular communication helps us understand each other better, and through that, trust builds naturally. Once that's established, the shared goal is clear – to serve our clients well."

Career development is central to his strategy, and Markel offers both managerial and technical career paths, ensuring people who excel in their disciplines can progress without needing to become managers.

"Not everyone wants to manage people," he observed. "We're dedicated to helping people grow according to their own aspirations." Yu also pushes his team to step outside their comfort zones, citing one claims professional

KEY POINTS:

- Local insight strengthens claims decisions
- Empowerment fuels growth
- Collaboration enhances customer outcomes

who joined a London secondment to develop financial lines. The experience created a "hybrid" expert who now sees claims from a holistic, cross-class perspective – an asset for clients and the business alike.

"Talent attracts talent," Yu noted. "When people see that we're hiring and developing our teams, more good people want to join us. That's how we've been fuelling our growth."

For Markel, having claims professionals on the ground is not just operationally convenient: it directly enhances empathy and responsiveness.

> " No one knows how fantastic a product is until they have a claim. "

"If you're in Asia but your claims contact is in London or the US, there's always that time-zone gap," Yu pointed out. "Having local people removes that barrier." Equally, speaking to clients in their native language builds connection, as clients express themselves better, and that reduces misunderstandings.

Local knowledge also improves outcomes, and Yu gave the example of political violence claims, where defining 'political motive' can be complex. "Our local claims people can explain how riots or strikes look in their countries, which helps our internal teams understand the context," he explained. "That insight helps us settle claims fairly and refine products for the future."

This process of feedback and adjustment is central to maintaining the relevance and integrity of Markel's products across diverse territories, and balancing global consistency with local flexibility requires constant dialogue with Markel's London hub.

"We have monthly and quarterly catch-ups to make sure everyone has oversight," Yu said. "It's important that decisions are holistic, not just London-centric." He highlighted how empathy and adaptability were as important as technical skill in building alignment across regions.

The same spirit of collaboration extends to underwriters and actuaries. "We have a culture that encourages open and objective sharing," he noted. "Once a claim happens, the focus is on the customer, not on why the claim occurred."

His team discusses intent and wordings with underwriters to ensure policies deliver on their promises, while sharing claims insights with actuaries to improve models and projections.

Claims, Yu insisted, are not a back-end function: they are the proof of an insurer's promise. "No one knows how fantastic a product is until they have a claim," he said, adding that at Markel, the goal was to be "the most customer-focused, nimble and value-adding claims team in the market".

That means acting quickly, empowering local decision-making and delivering outcomes rooted in empathy and fairness. "We stand in the client's shoes," Yu concluded "That's how we make sure our products deliver what clients expect, and that's how we earn their trust." ●

Bo Yu is head of claims for Markel Asia. He can be reached at: bo.yu@markel.com

CHINA

Swiss Re backs China's new phase

KEY POINTS:

- Shift to high-quality reinsurance
- Protection gap remains an issue
- Global expertise meets local innovation

When Beat Strebel took the helm as chief executive of Reinsurance China and country president China at Swiss Re, he entered a market moving at exceptional speed. "It has been, obviously, very fast-paced, as the Chinese environment is in general," Strebel told *SIRC Today*.

Over the past year, China's insurance industry has undergone a meaningful transformation – one that aligns with the government's vision for "high-quality development".

In the past, the sector focused heavily on premium volume growth. That is changing. "We have seen now much more focus on underwriting quality, claims management and controlling the cost base," Strebel noted. The shift is already bearing fruit, with several insurers reporting underwriting profits for the first time in years.

Fast-moving markets

China's insurance market is vast – the world's second largest – and its companies are evolving quickly. Strebel, who has worked in Latin America, Eastern Europe, Africa and the Middle East, observes that Chinese insurers are uniquely swift to integrate national strategies, from digitalisation to rural revitalisation. "The financial services industry in China has a very clear mandate to support the real economy," he explained. "The Chinese insurance companies have embraced that as well."

Swiss Re's roots in China run deep. "We have been there for a very long time," Strebel said. "China is currently our third-largest single market, just behind the US and the UK."

As the company approaches the 30th anniversary of its local presence – and nearly a century of business relationships with Chinese clients – Strebel's focus is on partnership, innovation and risk insight.

On the property and casualty (P&C) side, natural catastrophe (nat cat) risk remains a central concern. While earthquakes were once the main peril, floods, typhoons and droughts

> "You can only insure and reinsure if you have relatively granular data."

now dominate discussions. "As these risks are becoming more interconnected, data insights and risk modelling are becoming increasingly important," he said.

China faces a significant insurance protection gap, particularly for natural catastrophes. Strebel pointed out that while globally, around 46% of natural catastrophe losses are insured, in Asia that figure drops to 16%. "In China, the insured loss is only about

> "We are bringing information and learnings from China to other overseas markets."

10% of the economic loss," he reveals. In 2024, Typhoon Yagi caused economic losses of roughly $56 billion – yet 95% of those losses were uninsured.

Swiss Re is working closely with government bodies, insurers and local authorities to improve risk prevention, mitigation and protection. "Sometimes risks are not insured because of lack of affordability, but sometimes as well because of lack of data," Strebel explained. Data, he said, is the starting point: "You can only insure and reinsure if you have relatively granular data which allows you to assess the risk."

Partnerships are key

China's 14th five-year plan has supported these goals with initiatives such as a nationwide disaster prevention database containing 1.7 billion risk data points. Public-private partnerships are also emerging as vital tools, with Swiss Re collaborating in "triangle partnerships" involving provinces, insurers and the reinsurer itself.

Swiss Re's global reach is one of its greatest strengths. "We are organised as a truly global company," Strebel says. "Knowledge and expertise travel very easily." That means solutions proven in Mexico or Australia can be swiftly adapted to Chinese conditions – and vice-versa. "While 30 years ago the flow of information was one-directional, bringing it to China, now we are bringing information and learnings from China to other overseas markets."

Perhaps nowhere is China's ambition more visible than in its green transition. "I've not seen any other country where the government is so serious about really getting there," Strebel remarks, citing the goal of carbon neutrality by 2060. The pace of infrastructure build-out – solar, wind, hydroelectric and battery storage – is "amazing compared with the rest of the world."

These developments create both opportunity and uncertainty. "You don't want to convert what could be an early-adopter benefit into a disadvantage by going naively into these risks," he cautions. The same applies to China's booming electric vehicle market, which now accounts for nearly half of new car sales.

Loss ratios were initially high, driven by battery-related claims, but insurers have adapted. Strebel sees the next opportunity in supporting Chinese automakers' overseas expansion.

As China continues its transformation, Strebel's outlook is one of partnership and shared progress. "We have been part of the market's development for decades," he concludes. "And as it continues to evolve, our role is to help our clients and partners navigate that change – together." ●

REINSURANCE

Reinsurers must stay relevant: Aon

KEY POINTS:

- Use savings to buy better cover
- Reinvest, don't just cut costs
- Retentions still hurting insurers

> "I would encourage reinsurers to stay relevant, engage in conversations around structure, volatility protection, retentions. If they don't, the market will shrink."

"This is a moment for buyers to purchase better cover – not just cheaper cover. Use savings to get improved protection. I would also encourage reinsurers to stay relevant, engage in conversations around structure, volatility protection, retentions. If they don't, the market will shrink."

That is the main message from Alfonso Valera, international CEO of Aon's Reinsurance Solutions, speaking to *SIRC Today*.

With less than two months until the 1/1 renewals, Valera says some programmes have already moved to firm order terms, particularly in Asia. Capital remains strong, appetite is high and competition among reinsurers is increasing.

"I've done Monte Carlo, Baden-Baden and now Singapore," he said. "The reality is the market is getting more competitive as we move forward… reinsurer results are still very solid. The desire from reinsurance to grow is still there. The capital serving the industry is very robust. For those buying reinsurance, it's a good market."

But he warns not all lines are the same. Global property cat programmes are seeing reductions. Demand is rising slightly, around 5%, driven by inflation and higher insured values across Europe and Asia. But capacity is more than sufficient.

Yet some areas remain tight. US casualty is a different beast. "And risks like data centres – they need huge capacity and there's not enough to go around," he said.

Retentions still bite

Valera drew a line back to the sharp correction of 2023. The change wasn't just higher pricing – it was higher retentions. "Retentions were at least doubled," he said. "Many territories were attaching at one in three, but reinsurers pushed for one in ten. That was the real pain point."

Now, despite lower rates, he believes cedants should not simply pocket savings. "We encourage clients to reinvest those savings into better protection – buy more cover, reduce volatility, build resilience."

He pointed out that 2025 has been a heavy loss year from the ground up, but most losses have been retained by insurers, "because of the reset in priorities and higher retentions".

Capital is back – and so is the alternative

Valera is not worried about capacity shortages heading into renewals. "The market is in very good shape," he said. "There's a lot of capacity. There's a lot of appetite from reinsurers. ILS capacity is at record highs — that's a big difference from past cycles. It's an opportunity for buyers."

> "Reinvest savings into better protection – buy more cover, build resilience."

Instead of chasing price alone, he wants cedants to think differently: Buy smarter, structure smarter, and make the market work for you.

On protection gaps, Valera is pragmatic, but firm. "In emerging markets, it's harder. Public-private partnerships take longer. But solutions do exist." He pointed to Italy's new catastrophe pool backed by the state, and similar conversations in Germany and Greece.

Morocco is another positive example. "They have a cat pool and a state-sponsored mechanism for the uninsured, buying index cover on behalf of the population."

Pooling works, he said, but only if risk is shared widely. "If you only try to cover the worst risks, it won't work. You need diversification — mutualisation."

Data and AI

The industry is moving towards better use of data and analytics, but more needs to be done.

"This is a data-driven industry. Capturing data is easier today, but still clunky. We're seeing underwriting tools supported by AI, especially for data ingestion and transformation. At Aon we're investing heavily in capturing and using the enormous amount of data flowing through our systems."

But change is gradual. "We're getting better, although sometimes I'd like it to be quicker."

When asked about Aon's competitive edge, Valera didn't mention technology first, he spoke about people.

"We don't operate on a hub model. We have boots on the ground. In EMEA, 28 offices and more than 1,000 colleagues. In Asia – Singapore, Japan, Korea, Thailand, Indonesia, the Philippines. Deep local knowledge and proximity to clients… that's hard to match." ●

EXPANSION

ASR targets emerging Asia after Africa

Africa Specialty Risks (ASR), a MGA-backed reinsurance platform born in Africa, is pushing beyond its home turf – first the Middle East, then the CIS (Commonwealth of Independent States) and next, emerging Asia. Its senior leaders are at SIRC to court new partners.

“Our core remains Africa – that will not change. But we are now at a stage where our model has been proven in Africa. We successfully opened in Dubai, fully operational as an MGA-linked underwriting hub. And now, we’re expanding eastward,” Jalil Ammor, general manager for Morocco, told *SIRC Today*.

That expansion is happening in phases. The first step is the CIS region – Azerbaijan, Kazakhstan and Uzbekistan.

“These economies are opening up. They’re growing quickly, insurance penetration is rising and they need both capacity and expertise in specialty lines,” Ammor explained. “We’re already travelling there, meeting cedants, forming partnerships. Reinsurance will be our main entry point.”

He says these markets are energy-driven, especially Kazakhstan, with strong demand for specialty and energy insurance backed by A-rated capacity. “You can’t underwrite in Kazakhstan if your balance sheet isn’t rated,” he noted. “That’s where we bring value.”

Regulators across these markets are also evolving. Azerbaijan is introducing mandatory life insurance, Uzbekistan is creating a national reinsurer and insurers are forming pools to support risks beyond their borders. “They’re professionalising. They’re looking outward. And they’re saying they want to diversify who they work with,” said Ammor.

KEY POINTS:
- Targeting Azerbaijan, Kazakhstan, Uzbekistan
- South and Southeast Asia next
- Need for A-rated capacity

Beyond the CIS, ASR has mapped out a second wave of expansion into South and Southeast Asia – targeting India, Pakistan, the Philippines, Vietnam, Thailand, Malaysia and Indonesia. “These are large, fast-growing economies with rising risks and rising insurance demand. Wherever economies expand, risks get bigger and more complex – and specialty insurance follows,” added Ammor.


Aurélien Sauty (left) and Jalil Ammor

ASR writes via Lloyd’s and third-party capacity. In several target markets, local tax treatment limits deployable capacity, Aurélien Sauty, head of marine and aviation, explained. Where Lloyd’s enjoys regulatory equivalence, certain compulsory taxes don’t apply; other paper would attract them. ASR therefore structures a mix of Lloyd’s and partner capacity to manage cost and risk under local rules, aiming for sustainable, long-term participation.

“We have to structure it carefully to remain efficient and sustainable,” he added.

ASR is clear it is not chasing short-term market share. “We’re not going into these countries for a quick hit,” Sauty said. “If we go in, we stay. It has to make long-term sense.”

Energy, both traditional and renewable, is a core focus. ASR sees growing demand for oil and gas coverage, but also wind and other renewable projects. “In Africa, we’ve built expertise across construction, operational and marine phases of energy projects. We think that’s transferable,” Sauty said.

Both executives stressed that ASR is taking a tested model beyond Africa. “Our mission has always been enabling development by providing risk transfer. Africa was proof of concept. Now we’re applying that in new regions where economies are growing, risks are growing and insurance needs are growing.”

REGULATIONS

APAC insurers face new wave of regulation to sustain growth

The Asia-Pacific (APAC) insurance sector is experiencing a wave of regulatory reforms as authorities seek to strengthen capital frameworks, enhance market discipline, and promote sustainable growth, according to Jeffrey Liew, senior director and head of insurance, Asia Pacific, at Fitch Ratings.

Liew told *SIRC Today* that in China, regulators have advanced to C-ROSS Phase II, a refined risk-based capital regime aimed at bolstering insurers’ solvency standards. To revitalise sluggish equity markets, authorities have reduced capital charges for equity investments, encouraging insurers to increase their exposure to equities. However, most Chinese insurers remain disciplined, prioritising asset-liability management (ALM) and maintaining conservative investment strategies aligned with the duration of their liabilities.

Taiwan, meanwhile, is preparing to implement its new Taiwan Insurance Capital Standards (TW-ICS) in 2026. This framework introduces more rigorous scenario testing for risks such as interest rate fluctuations and catastrophic losses. Many Taiwanese life insurers have already issued debt instruments to strengthen capital positions ahead of the transition.

Indonesia’s regulator has taken a different approach, mandating higher paid-up capital requirements – 1 trillion rupiah by 2026 and 2 trillion by 2028 – to address weaknesses in the market and drive consolidation among smaller insurers. These measures are expected to result in mergers and acquisitions, creating stronger, more resilient entities.

Across the region, jurisdictions such as Korea and Taiwan are gradually aligning their solvency regimes with international insurance capital standards (ICS). This convergence, although locally tailored, will take a decade or more to achieve full implementation.

Globally, Fitch expects the reinsurance market to soften after two strong years of profitability. Elevated investment returns and robust underwriting have boosted capacity, leading to increased competition and moderating prices. While margins may narrow, Liew described this as a cyclical correction rather than a downturn, marking a shift towards a more competitive, buyer-friendly reinsurance landscape.

RATINGS

APAC reinsurers stay financially strong

KEY POINTS:

- Underwriting performance has improved
- Softening trends may pressure margins
- 33 upgrades vs 12 downgrades in 2025

(L-R) Philip Chung, Volker Kudszus, Trupti Kulkarni and Simon Ashworth

APAC reinsurers are entering 2026 from a position of strength – financially solid, well capitalised and more profitable than they were three years ago. But S&P Global Ratings analysts warn that this stability is fragile, with softening rates, climate volatility and interconnected risks posing real tests to underwriting discipline.

Analysts said the sector maintains a "stable outlook", underpinned by strong domestic market positions, steady underwriting improvements and robust capital buffers. Combined ratios among rated Asian reinsurers are now broadly in the 98-100% range – only a few points behind global peers.

Capital strength remains one of the region's defining characteristics. "Capital is at record highs," Simon Ashworth, chief analytical officer, insurance ratings, noted, adding most insurers and reinsurers are operating well above their own target solvency ranges. Stress tests, including equity market falls of up to 25%, showed no material weakening in capital adequacy.

However, abundant capacity has consequences. Rates are starting to soften again, with analysts expecting premium rate growth to slow to just 1-3% next year. This rate easing, combined with benign catastrophe activity in recent seasons, is raising fears that underwriting discipline could slip.

"It's a positive earnings story today, but softening trends could put pressure on margins," Trupti Kulkarni, associate director, insurance ratings South and Southeast Asia, said. "Discipline has improved over the past three years."

Climate exposure remains the biggest known unknown. While 2024 and 2025 have not brought market-changing Asian catastrophes, Philip Chung, managing director, insurance ratings, cautioned that a single large regional event, similar to Thailand's floods in 2011 or Japan's quakes, could quickly change the conversation.

"If there were to be a massive catastrophe loss, that would be the most likely trigger for rating pressure," Chung added. "The question is always whether reinsurers can reprice and recover afterwards."

Outside natural hazards, analysts do not see immediate capital threats from geopolitical risk, cyber or inflation, but all three require close monitoring. Reinsurers remain cautious on US casualty and social inflation, which they described as "less about capital events, more about profitability erosion", Volker Kudszus, managing director, Germany, said.

Despite this, the ratings environment has been broadly positive in 2025. Ashworth said there had been 33 upgrades and only 12 downgrades so far this year, largely driven by strong earnings and capital positions.

"One thing helping insurers is prudent regulation. Insurers are very prudent, very sophisticated in their risk management," Kudszus added.

Analysts believe that APAC reinsurers are financially resilient today. But in a softening market with climate risks accelerating, that resilience will only hold if discipline does. ●

PANEL

AM Best positive but cautious on Asian reinsurance outlook

Senior analytics leaders from AM Best have said they retain a positive outlook for the global and local regional reinsurance markets, highlighting both the sector's resilience and challenges ahead.

Speaking at the 2025 SIRC conference Greg Carter, managing director, analytics, EMEA & APAC, reaffirmed AM Best's positive outlook on the global reinsurance sector, first upgraded in mid-2024. He attributed this to sustained underwriting discipline, improved pricing and stronger capital positions. Despite continued headwinds such as adverse US casualty trends and macroeconomic uncertainty, Carter emphasised the industry remains well capitalised and profitable. He noted that "today's market conditions are among the most favourable of the past 15 years", supported by disciplined underwriting and investor demand for consistent returns.

Turning to Northeast Asia, Christie Lee, senior director and head of analytics, observed a marked improvement in operating performance across regional reinsurers. The sector, she explained, benefited from tighter underwriting, higher attachment points and a stable combined ratio profile, even under the new IFRS 17 standards. Lee also highlighted the increasing global expansion of Asian reinsurers, whose overseas premium share has nearly doubled over the past decade. This diversification has enhanced resilience, capital efficiency and innovation, reinforcing AM Best's positive view for 2025.

Chris Lim, associate director, analytics, discussed conditions in South and Southeast Asia, where 2024 produced another strong year for reinsurers. Earnings were buoyed by benign catastrophe activity, stronger pricing and elevated investment income. Lim noted that while competition is intensifying and rates are softening, the market remains stable as reinsurers prioritise margin protection over rate increases.

Across all regions, AM Best's analysts agreed that discipline, diversification and prudent capital management will be key to sustaining profitability as the market transitions from a hard to a more balanced phase. ●

AI

AI revolutionises risk and reinsurance

On the final day of SIRC 2025, the panel discussion on "Data Analytics and AI: Shaping the Future of Risk, Resilience, and Reinsurance" explored how artificial intelligence is redefining decision-making across the insurance and reinsurance sectors. Moderated by Dr Fan Yang, VP and head of analytics CoE at Income Insurance, the discussion brought together industry leaders including Beth Diamond, of Beazley, Glen Riddell, of Berkley Re, Dr Vishnu Nanduri, of Kyndryl, and Bertrand Romagne of AXA XL Reinsurance.

Riddell highlighted the duality of AI adoption: excitement at its potential to streamline decision-making and anxiety over job security and data governance. "AI is summarising complex submission data rapidly, enabling underwriters to make faster, more informed decisions," he noted, emphasising both efficiency and enhanced analytical insight.

Diamond elaborated on AI's strategic value, particularly in identifying emerging risks and gaps in coverage. By analysing trends from minor claims, AI empowers insurers to develop new policies, adjust exclusions and anticipate risks such as cyber threats or pandemics more comprehensively and swiftly. "It allows us to spot the canary in the coal mine faster than ever," she explained.

Nanduri underlined the widespread integration of AI across the insurance value chain. From underwriting to pricing and claims management, AI now supports large-scale data analysis, automating routine tasks and generating actionable insights. One practical application is the rapid summarisation of lengthy claims documents, which enhances triage, accelerates decision-making and improves transparency for clients.

Romagne stressed the importance of workforce engagement. "AI is an enabler, not a replacement," he said, comparing its evolution to the shift from calculators to computers. He argued that AI frees employees from mundane tasks, allowing them to focus on strategic, trust-building activities that add genuine human value.

The panel also addressed obstacles to scaling AI. Regulatory uncertainties, data silos and architectural limitations remain challenges, while pilots and proofs of concept are often small-scale due to concerns around ROI and technological complexity. However, with proper governance, data architecture and leadership engagement, the panel agreed AI adoption can accelerate, delivering both operational efficiencies and revenue-enhancing opportunities.

Looking ahead, AI promises to transform risk assessment, not merely by predicting losses, but by enabling proactive prevention. The discussion concluded with a vision where insurers and reinsurers move from reactive indemnification to proactive risk mitigation, reshaping the future of risk and resilience for society at large.

CHALLENGES

Pricing pressure intensifies in Asia

Asia's re/insurance sector is operating in a highly competitive environment, relegating concerns about climate risk, regulation, data and protection gaps to second place.

Almost a quarter of respondents to *SIRC Today*'s survey identified pricing pressure and competition as the region's biggest challenge. Despite this, nearly half (46%) described capacity as "adequate but selective", suggesting the balance between supply and demand remains stable, while discipline is tightening.

> "Adherence to ESG principles is not just a compliance requirement but a strategic imperative."

According to one participant: "Asia's reinsurance market is no longer a case of excess capacity chasing every deal. We're seeing disciplined underwriting, selective deployment of capital and a real focus on margin protection."

The results reveal an increasingly mature market dynamic. While rates have generally stabilised following several hard market cycles, competition remains intense, especially in property and casualty lines. "Cedants are still pushing hard on pricing, but reinsurers are holding firm," one broker wrote. "The message is that capacity is available, but only at a sustainable price."

KEY POINTS:
- Pricing pressure and competition top challenges
- Capacity seen as adequate but increasingly selective
- Cat risk and protection gaps persist

This pricing tension is compounded by regional fragmentation and differing regulatory frameworks, cited by 15% of respondents as key obstacles. Each market, from Japan to India to Indonesia, has its own risk profile, regulatory expectations and economic pressures. As one regional reinsurer observed: "Uniform pricing is almost impossible in Asia. You have to tailor not just by market but by segment, and that drives competition and complexity."

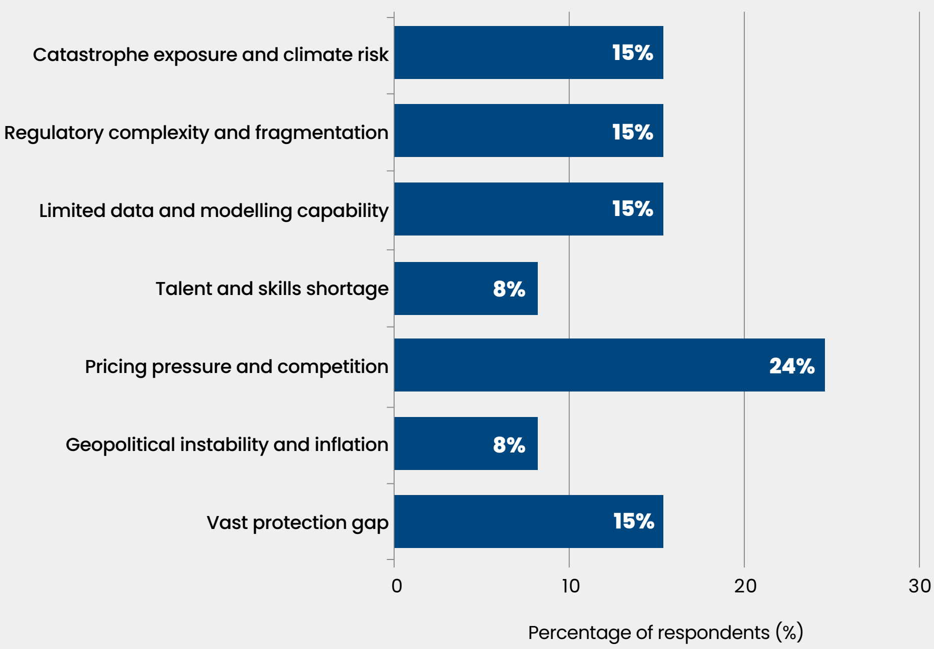
The survey indicates that the market is far from restricted; only 8% described capacity as "severely constrained", while another 23% saw tightening in specific segments.

"There's adequate capacity in the system, but reinsurers are becoming far more analytical about where they deploy it," another respondent said.

Overall, the findings point to a recalibration rather than a retreat: Asia's market remains attractive, but the era of easy capital is over.

"The winners will be those who can balance competitive pricing with underwriting discipline and strong client relationships," summed up one senior leader. "It's a test of who can stay profitable while still growing in an increasingly demanding environment." ●

What are the biggest challenges facing re/insurers in Asia right now?



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