

Fifty-one percent of executive interviewees believe that non-life insurance penetration (premiums as a share of GDP) will increase as a result of AEC. This effect is particularly likely in lower income countries.

Fifty-seven percent believe that AEC is a major opportunity for global multinational insurers in particular, based on their superior experience with cross-border expansion, in-depth expertise, strong balance sheets and well-known brands.

Almost all interviewees expect Singapore to benefit most from the AEC as the Lion City is likely to further consolidate its position as a regional (re)insurance hub for the provision of cross-border services.

Regulatory matters

Almost all (94%) executive interviewees consider regulatory differences a major obstacle to AEC insurance integration. The most frequently mentioned specific items include varying minimum capital and solvency regimes, significant differences in reinsurance regulation, divergent insurance and tax laws as well as inconsistent approaches to product filings and policy wordings.

Eighty-six percent of interviewees consider a common regulatory framework across ASEAN as very useful.

Eighty-three percent of survey participants say they would like a reasonably meaningful timetable or industry-specific blueprint which would support strategic decision-making at company level.

Improved governance was most frequently mentioned as a key attraction, followed by the prospect of greater consistency of regulatory, legal and taxation frameworks as well as the opportunity to conduct business abroad in a cost-efficient (cross-border) way.

Sixty-nine percent of executives believe that, medium-term, AEC will result in higher solvency capital requirements in their respective home markets. One key driver is the expected convergence of solvency regimes towards Risk-Based Capital (RBC) models.

Seventy-four percent of polled executives do not consider AEC a threat to their respective insurance business over the next five years, even though 95% expect that the liberalisation measures envisaged will increase the degree of competition in the region's

insurance markets. This is generally viewed as positive as long as effective regulatory oversight counterbalances increasing competition.

Need for industry-specific blueprint

Having said all this, 83% of survey participants miss a clear direction for the AEC insurance integration initiative, in particular a reasonably meaningful timetable or industry-specific blueprint which would support strategic decision-making at company level.

There is clearly a need for additional communication efforts in order to maintain the region's insurance industry's positive and open-minded stance to the proposed liberalisation measures. ■

Dr Kai-Uwe Schanz is Chairman of Dr Schanz, Alms & Company AG. Mr Wan Murezani Wan Mohamad is Head of Research at MNRB Holdings Berhad.

Insurance Directory of Asia 2018



The Insurance Directory of Asia is the one and only regional insurance directory in Asia covering 27 countries carrying information on supervisory authorities, insurance associations, education & training institutions, plus the life and general insurers and reinsurers in each market with details on senior management, classes of business written, financial indicators, head office & regional office details, and share capital.



Singapore / Malaysia* SG\$480

Others* US\$480

* All rates inclusive of handling and mailing charges

To order, please visit www.asiainsurancereview.com/eStore