



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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Challenges and Roles for Insurers in A More Integrated Insurance Market

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Talk Sequence

Introduction

- ASEAN Insurance Industry
- AIF Objectives

Roles

- Traditional Roles
- Regional Problem Solving

Challenges

- Structural
- Implementation

Enablers

- Regional Cooperation
- Technological Innovations

Key Takeaways

- Solving Regional Problems
- ASEAN Vision

ASEAN Insurance Industry

Market Reach

- Primary Insurance Markets restricted to individual nations
- Specific non-admitted laws regarding Insurance Companies

Market Size

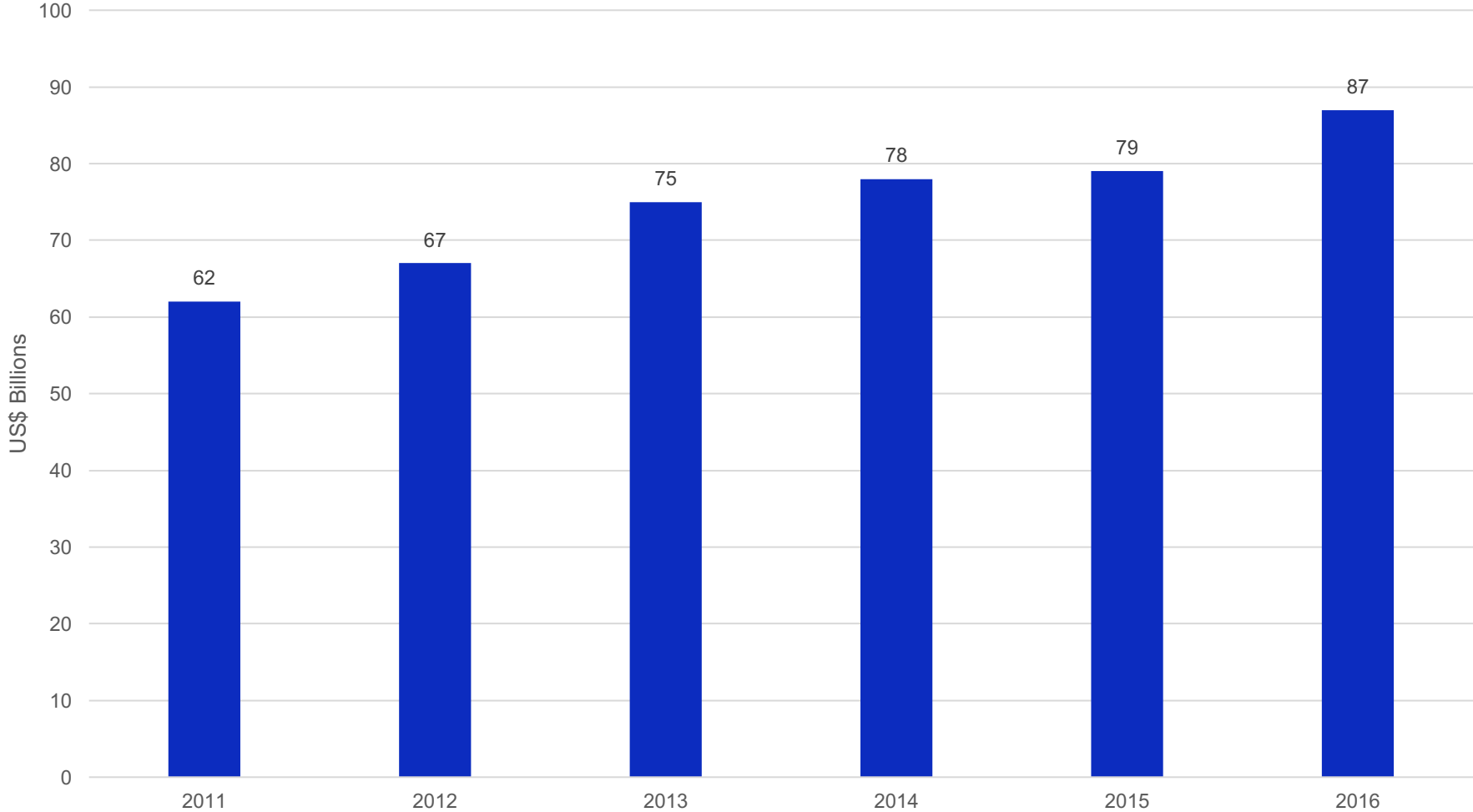
- Regional insurance premiums steadily increasing, doubling to US\$ 87 billion (from 2009 to 2016)
- Individual nations' insurance penetration rates vary greatly

Market Competency

- Technical competency is not equally distributed in the region
- Underinsurance is a regional problem, with the exceptions of Malaysia and Singapore being certified as moderately insured by Lloyds

ASEAN Insurance Industry – Premiums Growth

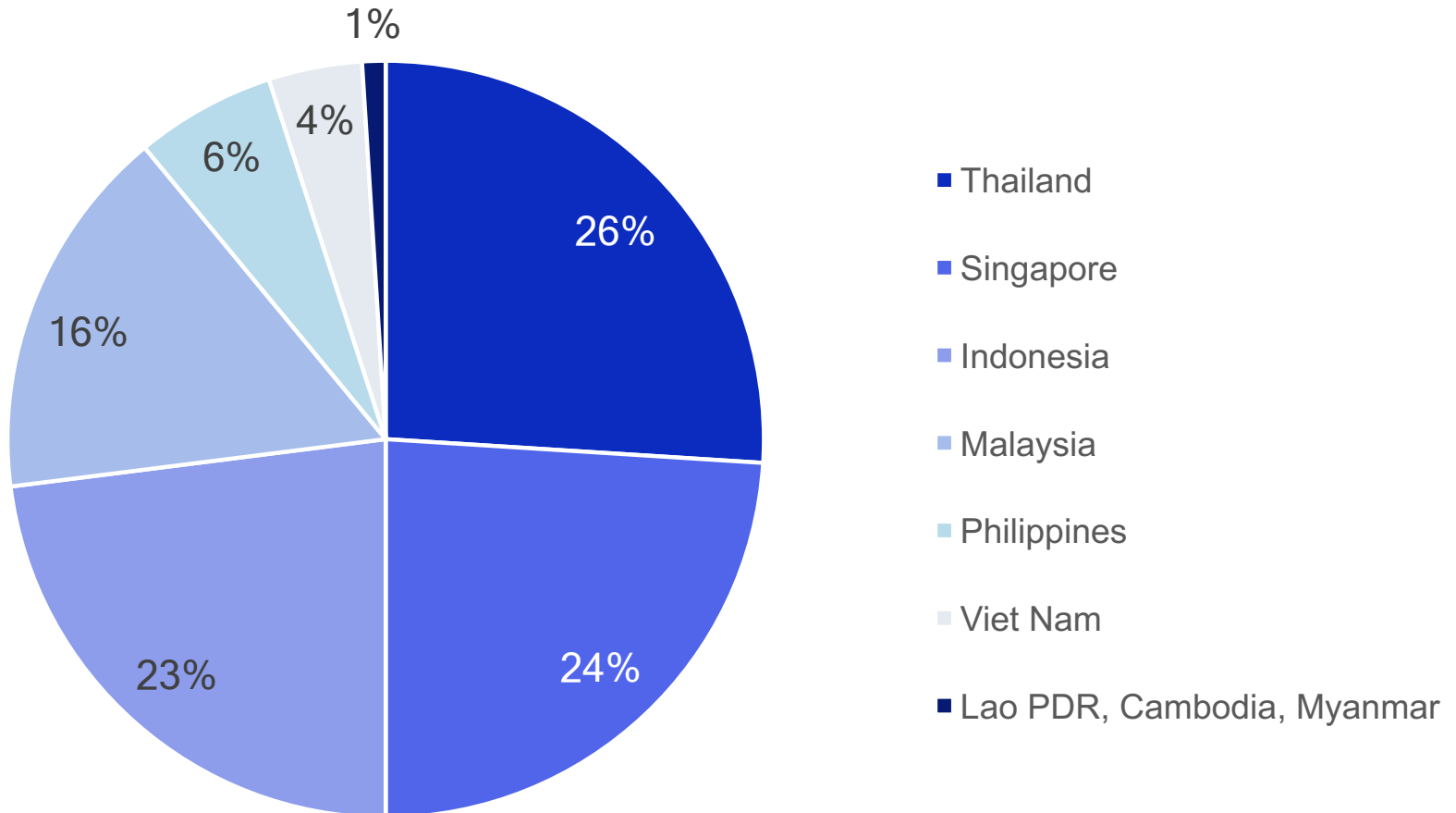
Insurance Premiums by Year for ASEAN Region



Source: ASEAN Insurance Pulse 2017 (Dr. Schanz, Alms & Company, 2017)

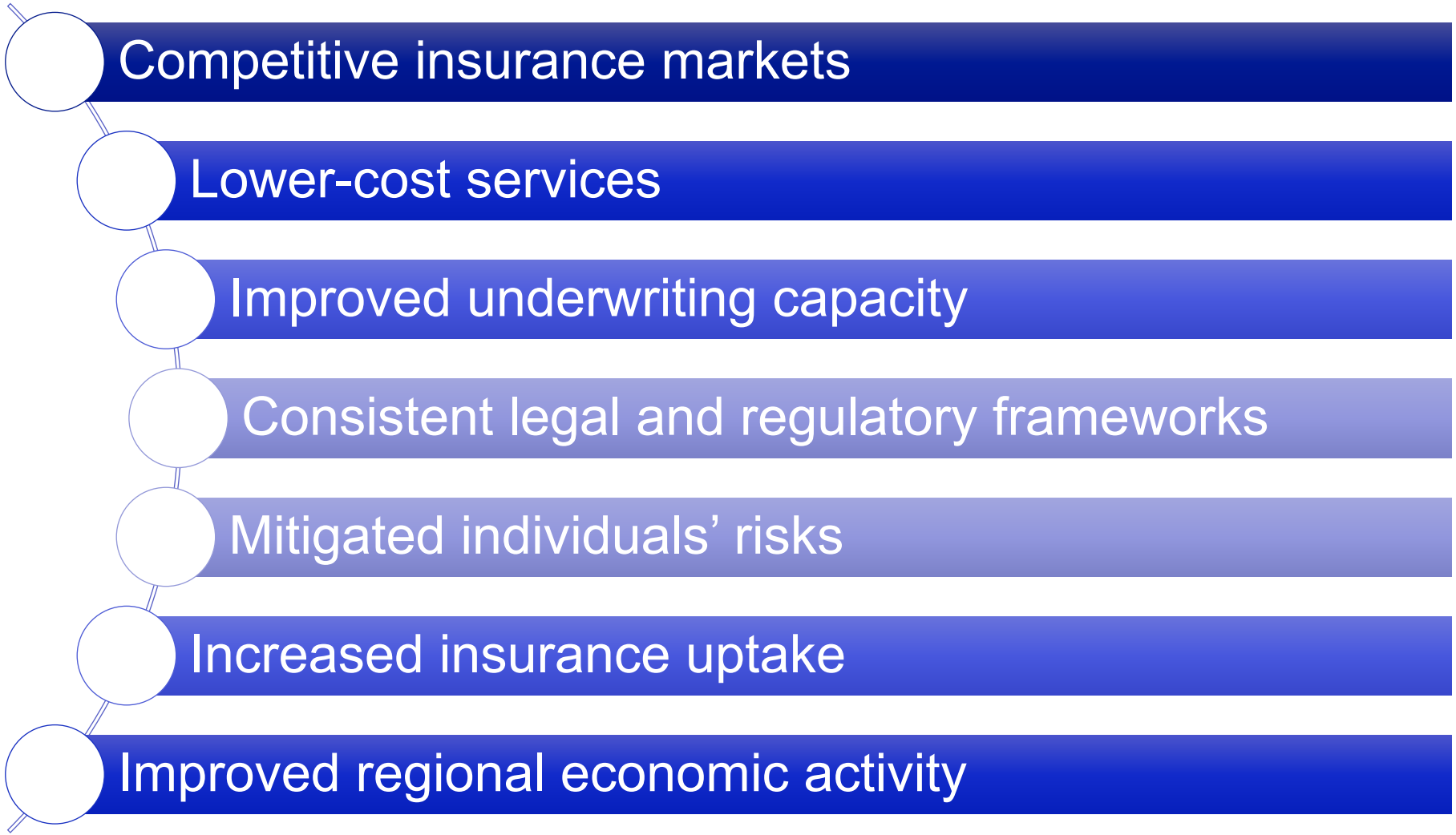
ASEAN Insurance Industry – Premiums Share

Insurance Premiums Contribution by Proportion of Total Premiums (2016)

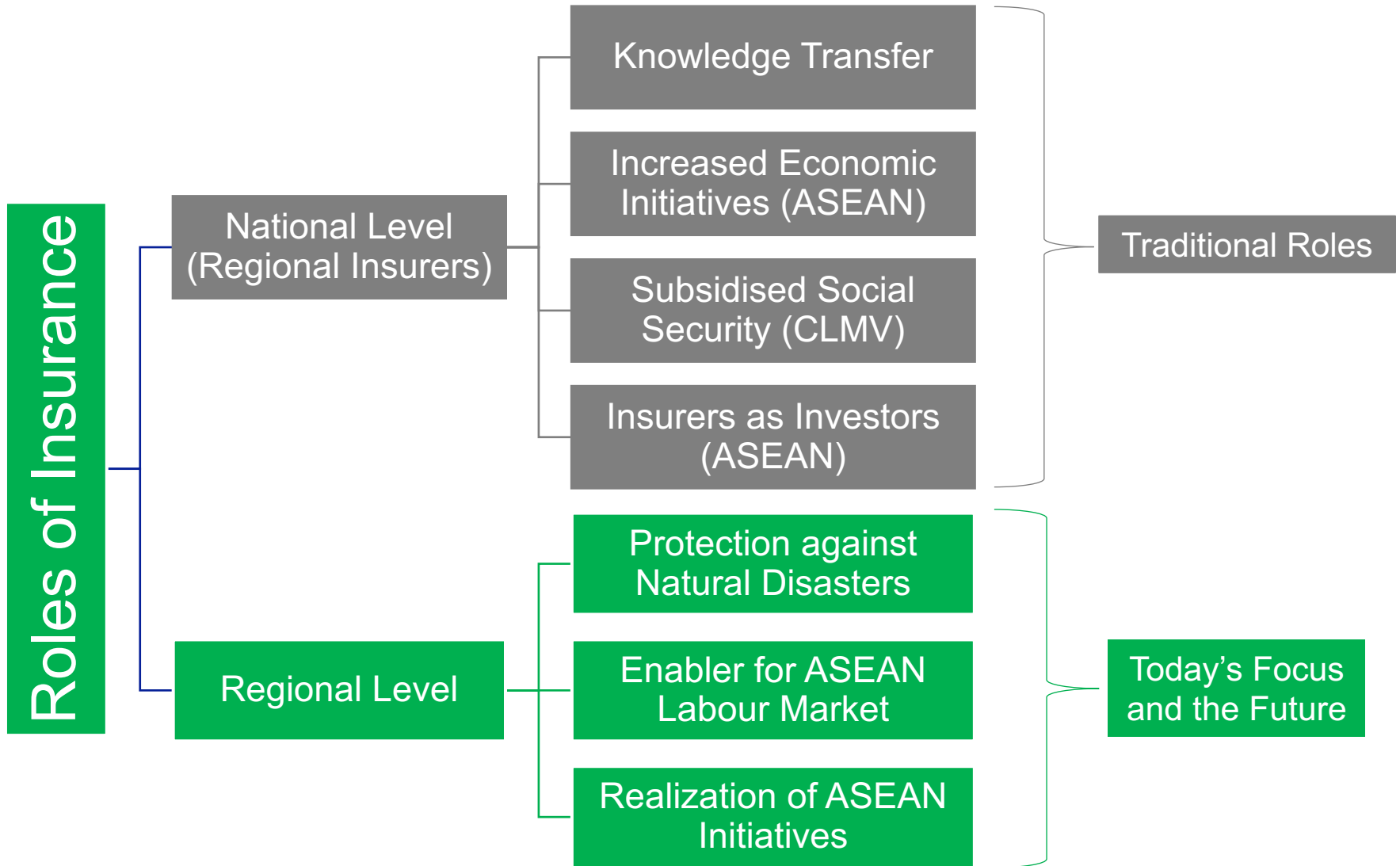


Source: ASEAN Insurance Pulse 2017 (Dr. Schanz, Alms & Company, 2017)

ASEAN Insurance Integration Framework



Roles of Insurance



ASEAN Natural Catastrophes

Context:

Highly exposed to a wide range of adverse natural events

Impact:

Estimated at over USD 4.4 billion yearly

GDP burden heaviest on CLMV and the Philippines

Situation:

Most disaster risk is retained

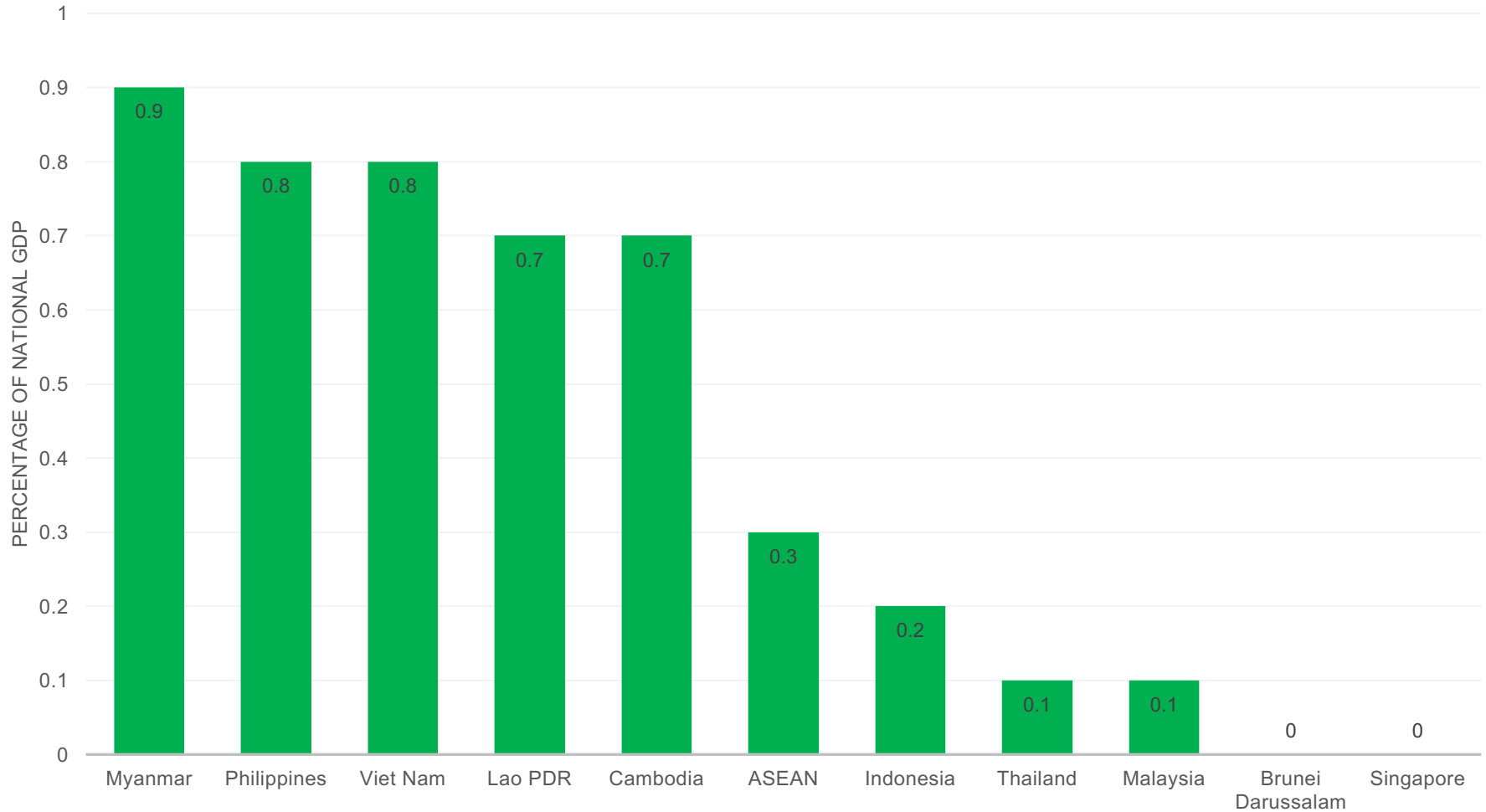
Rely upon contingency allocations

Consequence:

Amplified socio-economic consequences of disasters

As a Protector – ASEAN Disaster Pool

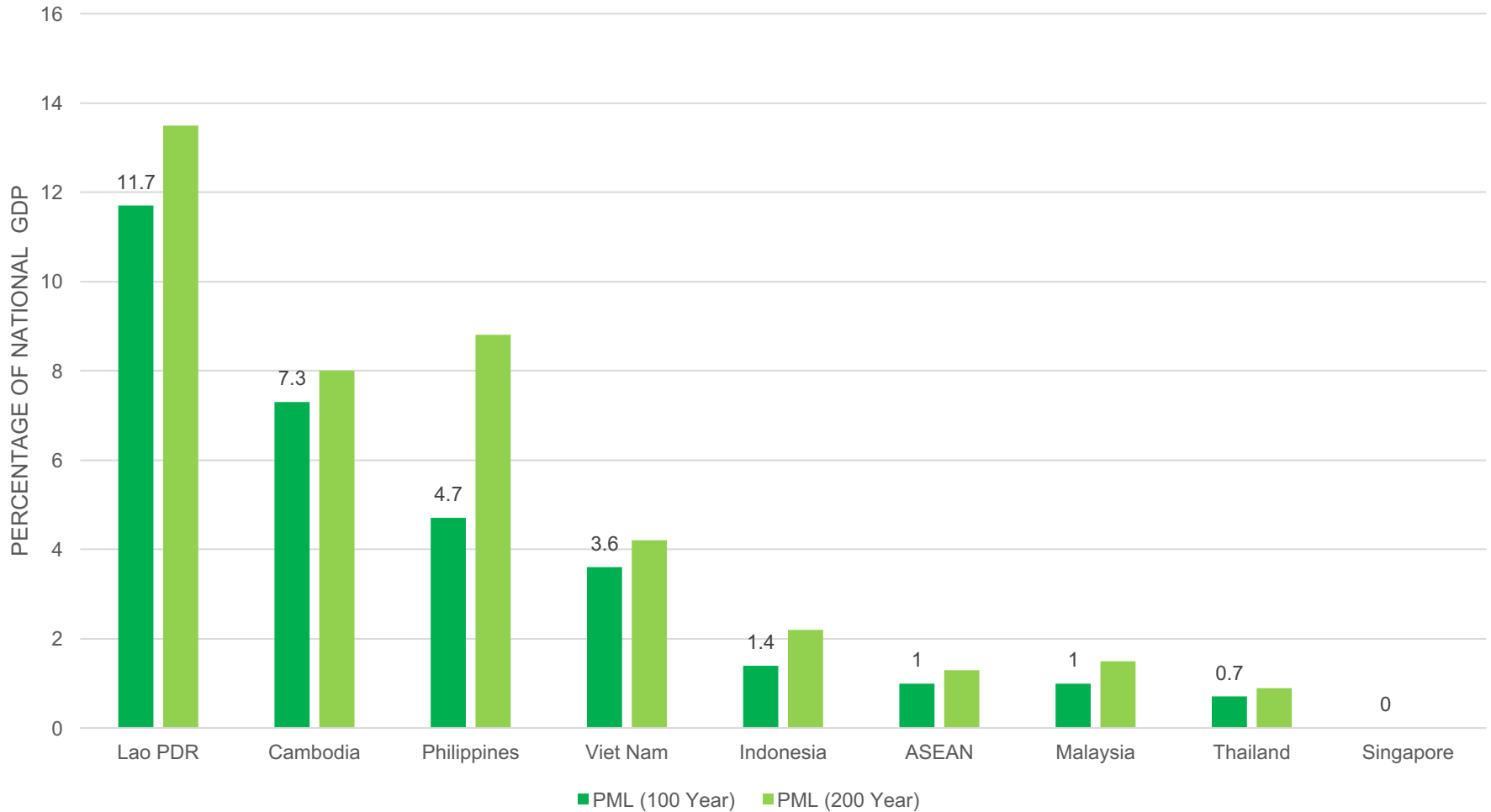
Annual Expected Economic Loss as A Percentage of National GDP



Source: Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation (World Bank, April 2012)

As a Protector – ASEAN Disaster Pool

Probable Maximum Loss as Percentage of National GDP



Source: Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation (World Bank, April 2012)

As a Protector – ASEAN Disaster Pool



Promote SEADRIF initiatives to all ASEAN Member States

Advocate risk financing as a regional responsibility

Provide resilience to ASEAN National GDP's despite disasters

Reduction in disaster financing rates through ASEAN risk pooling

As an Enabler – ASEAN Labour Insurance

Facts and Figures

- 7 million (~70%) of the international migrants in ASEAN come from ASEAN countries (mostly unskilled and undocumented)

Participating Countries

- **Senders:** Cambodia, Indonesia, Myanmar, Philippines and Vietnam
- **Receivers:** Thailand, Malaysia and Singapore

Problematic Situation

- Pre-departure procedures vary by country, ultimately affecting labour experience

As an Enabler – ASEAN Labour Insurance

Labour Off-Taking Agreement by
Sender/Receiver States within ASEAN



Documentation of Individual through
ASEAN Labour Database



Pre-Departure Health Checks and
Insurance Approval



Health and Labour Insurance Cover



Schedule of medical/legal benefits
valid within ASEAN region

Challenges for Insurance Industry

Structural

ASEAN does not have an Institutional Centre

Individual nations' regulatory capacities remains varied

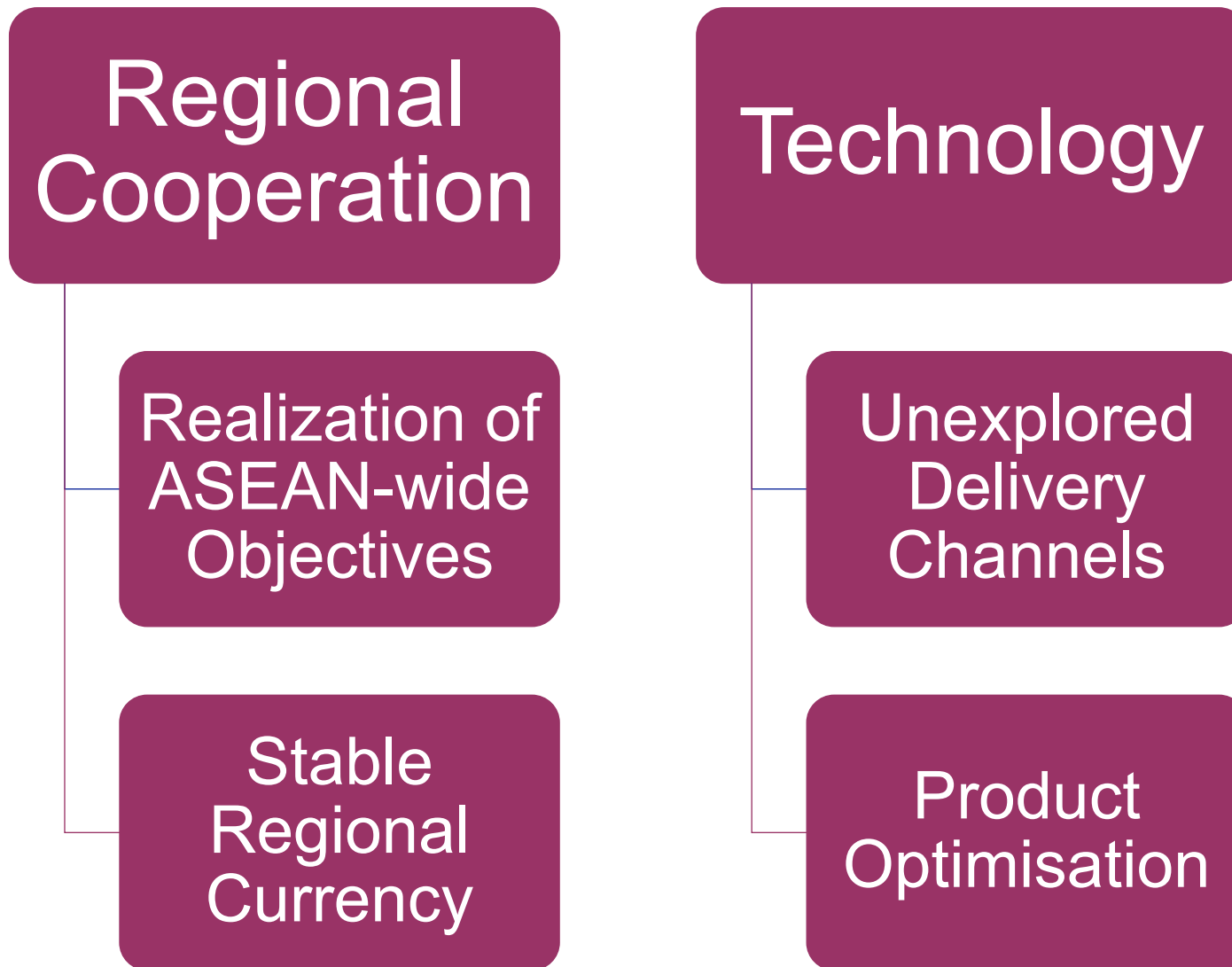
Implementation

Deficiencies in Insurance Delivery Procedures

Lack of Insurance Awareness/Penetration

Incompatibility of Transplanted Underwriting

Enablers of Insurance



Key Takeaways

Insurance as a
Tool

To solve regional problems

Utilize ASEAN
Integrated
Market

To bridge local and regional insurers' competency gap

Utilize
Technological
Advancement

To bridge physical gap between insurers' and local
markets

Promote
ASEAN's
Ambition

Ensure growth and competitiveness at a global level

References

1. ASEAN Insurance Markets - Integration, Regulation and Trade (Global Counsel, October 2015)
2. ASEAN Insurance Pulse 2017 (Dr. Schanz, Alms & Company, 2017)
3. ASEAN Economic Community Blueprint 2025 (ASEAN, November 2015)
4. The Future of ASEAN – Time to Act (PwC, May 2018)
5. Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation (World Bank, April 2012)
6. Asia Insurance Market Report 2018 (Willis Towers Watson, 2018)
7. Joint Statement of the Finance Ministers' Meeting on the Establishment of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) (ASEAN, accessed 26 November 2018)

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