



Swiss Re *sigma* study: high growth potential puts emerging markets at frontier of insurance – China and India in the spotlight

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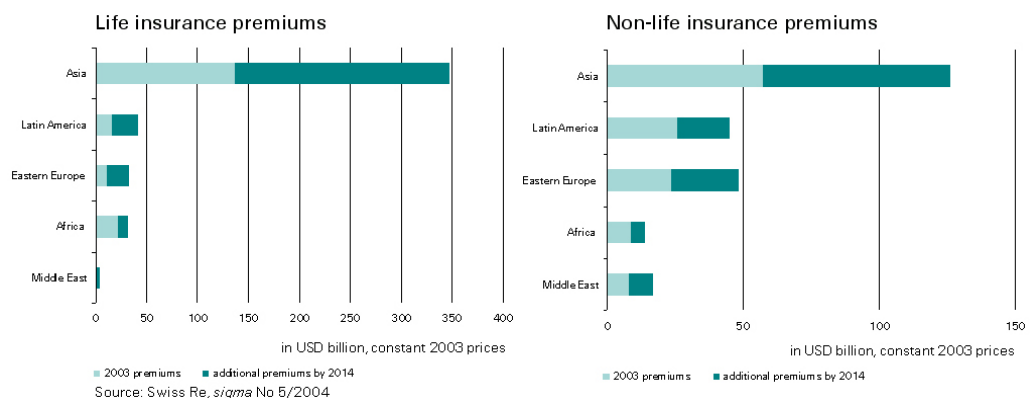
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Zurich, 7 October 2004 – Emerging markets will be at the frontier of insurance in the 21st century, according to the latest study from Swiss Re’s *sigma* series. Non-life premiums collected in emerging markets are expected to double from USD 123 billion in 2003 to around USD 250 billion by 2014, at constant prices. Life premiums will increase even faster from USD 188 billion to USD 450 billion over the same period. The *sigma* study identifies China and India as the most promising insurance markets.

Clarence Wong, Head of Economic Research and Consulting Asia, commented: “Impressive growth prospects for emerging markets are putting them at the frontier of insurance. Among the emerging markets, China and India are very much in the spotlight, on account of their huge populations, growing economic importance and fast liberalising regulatory regimes.”

Over the past ten years life and non-life insurance premiums in emerging markets have risen annually by 10.4% and 7.3% respectively in real terms, compared with an average 3.4% and 2.6% for industrialised nations. Premium growth is expected to remain strong at 7.5% per year in the next decade, due to robust economic growth, increased stability, favourable regulatory developments, as well as new product offerings and distribution channels.

Premium growth in emerging markets



Top ten emerging insurance markets

Insurance business varies greatly in size and structure among the different emerging markets. The *sigma* study compares more than 30 markets in Africa, Asia, Eastern Europe, Latin America and Middle East, and shows that the top-ten countries account for 87% of life and 66% of non-life premiums from emerging markets. In fact, some emerging markets already rank among the biggest insurance markets in the world. For example, South Korea and China are respectively the 7th and 8th largest life insurance markets worldwide.

Life insurance	Premium volume (in USD million)	Share of emerging markets	Non-life insurance	Premium volume (in USD million)	Share of emerging markets
South Korea	41 998	22,4%	South Korea	17 760	14,4%
China	32 442	17,3%	China	14 468	11,8%
Taiwan	23 739	12,6%	Russia	8 257	7,5%
South Africa	20 728	11,0%	Taiwan	8 662	7,0%
India	13 590	7,2%	Brazil	8 259	6,7%
Hong Kong	10 117	5,4%	Mexico	6 690	5,4%
Brazil	6 306	3,4%	South Africa	4 670	3,8%
Singapore	5 561	3,0%	Poland	3 946	3,2%
Russia	4 887	2,6%	India	3 712	3,0%
Mexico	4 230	2,3%	Singapore	3 337	2,7%
Top 10	163 598	87,1%	Top 10	80 762	65,7%

Source: Swiss Re, *sigma* No 5/2004

China and India in the spotlight

China and India are arguably the two most challenging and promising emerging insurance markets. In tandem with robust economic development, their insurance markets have grown spectacularly. Life insurance premiums in China have grown by an annual average of 23.7% over the last decade, while non-life premiums have grown by 10.8% over the same period. Average annual growth rates for insurance in India were 12.7% for life and 6.2% for non-life. In 2003, China and India were respectively the 8th and 18th largest life insurance markets in the world. Their rankings are 13th and 28th in terms of non-life insurance.

Despite these impressive growth rates, these two markets are still relatively small, accounting collectively for only 2.2% of global insurance premiums. Nevertheless, their huge economies and population sizes, coupled with rapid industrialisation and globalisation, should create ample opportunities for the development of insurance. In particular, liberalisation and deregulation are rendering these newly de-monopolised markets more accessible and attractive to foreign insurers. Currently, majority foreign-owned insurers account for less than 3% of insurance premiums in China.

India restricts foreign equity participation to 26% in joint ventures. At the same time, insurance regulations are maturing to levels commensurate with international best practice.

Notes to editors

Swiss Re

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How to obtain a copy of this *sigma* study:

The English, German, French, Italian and Spanish versions of the *sigma* study "Exploiting the growth potential of emerging insurance markets – China and India in the spotlight" are available electronically on Swiss Re's website: www.swissre.com/sigma

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