



New Swiss Re *sigma* study, "Asia's non-life insurance markets", sees a positive outlook for non-life insurance in Asia

Contact:

Clarence Wong, Hong Kong
Telephone +852 2582 5644

Thomas Holzheu, New York
Telephone +1 212 317 5190

Rudolf Enz, Zurich
Telephone +41 43 285 2239

Group Media Relations, Zurich
Telephone +41 43 285 7171

Swiss Reinsurance Company
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

telephone +41 43 285 2121
fax +41 43 285 2999
www.swissre.com

Zurich, 24 September 2003 – The outbreak of SARS early in 2003 only temporarily dampened insurance market growth in Asia, according to Swiss Re's new *sigma* study. The study maintains that the outlook for Asia's non-life insurance business remains favourable. It also finds that the markets in China and India are quickly gaining importance in the region. In parallel, the corporate landscape and competitive behaviour in the insurance industry are changing fast.

After a breather in 2001, non-life insurance business in Asia has resumed its faster growth rate. Premiums have seen increases across the region with strong growth recorded in most emerging markets. Growth will substantially exceed that of most OECD markets. Nonetheless, weak stock markets in 2001 and 2002 have taken their toll on insurers' capital bases, thus reinforcing the need to focus on underwriting quality.

Deregulation and the phasing out of state ownership are fast reshaping the insurance landscape. The non-life insurance market is likely to see further consolidation in years to come. According to Swiss Re's *sigma* study, "Asia's non-life insurance markets", this will lead to more concentrated and polarised markets. Currently state owned insurers are still a significant force in Asia accounting for over a quarter of the premiums outside Japan, while foreign insurers – though making up some 40% of all insurers – have only a 10% market share. Nevertheless, foreign insurers are poised to take on a more active role in the development of the region's insurance business over the medium to longer term, despite recent reticence in business expansion.

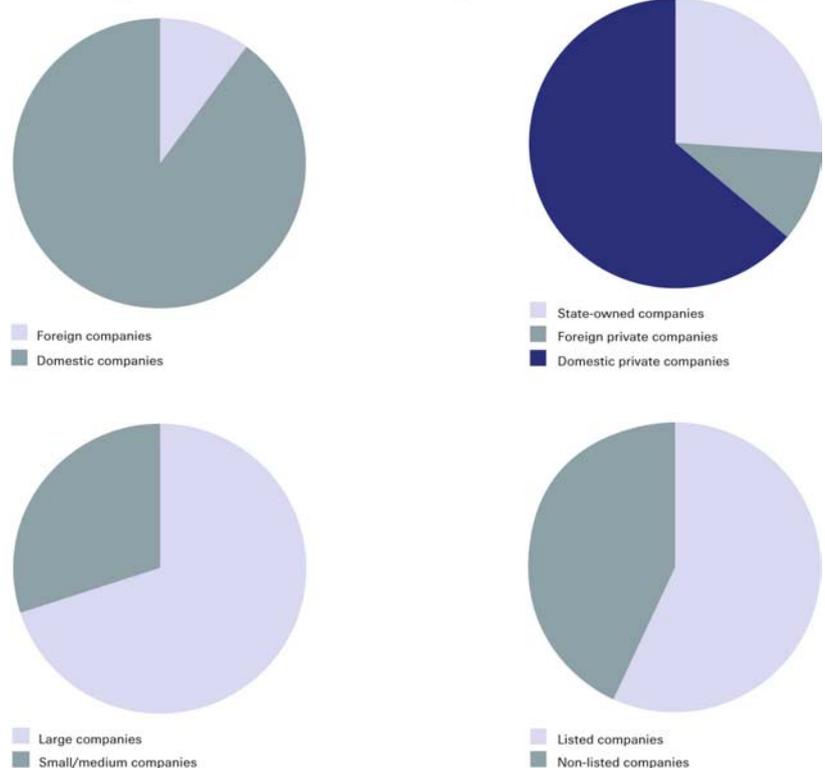
These developments will have a strong bearing on the future competitive landscape of Asia's non-life insurance industry. To identify who will be the winners and losers of the change – state owned companies, large firms, foreign players or listed insurers – *sigma* compared the cost efficiency, underwriting results and overall performance of the different groupings.

The most salient features of this analysis, using data from twelve Asian insurance markets, are the following:

- Foreign companies are more efficient in underwriting. However the study finds no evidence for above average overall profitability.
- Large companies on the whole show better cost control, a phenomenon that holds true in all markets. At the same time, there is no conclusive evidence to suggest large companies are less effective in risk selection than their smaller competitors.
- State-owned insurers are at least as efficient in underwriting as their privately owned counterparts. However, their overall profit margin is lower in all markets.
- Listed companies have adapted to lower combined ratios, as additional scrutiny by shareholders and analysts has helped to bolster performance.

The study's results only partly validated the assumptions widely shared in the business community. Nevertheless the general impression that foreign companies will gain at the expense of state owned companies seems quite robust, despite the surprisingly positive underwriting results of state owned firms.

**Market share of different groupings of insurers –
Share of premiums in Asia outside Japan**



Source: Swiss Re Economic Research & Consulting.

Notes for editors:

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Through its three business groups Property & Casualty, Life & Health and Financial Services, Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA" by Standard & Poor's, "Aa1" by Moody's and "A++" by AM Best.

You can order *sigma* as follows:

The English, German, French, Spanish, Italian, Japanese and Chinese versions of this *sigma* study are available electronically on Swiss Re's website: www.swissre.com/sigma

Printed versions of *sigma* No. 6/2003 can now be ordered. The German, English, French, Spanish and Italian editions are currently available; Chinese and Japanese versions will follow shortly. Please send your orders, complete with your full postal address, to:

E-mail:	sigma@swissre.com		
Zurich:	Magda Ponce de León	tel. +41 43 285 3889,	fax +41 43 285 4749
New York:	Richard Sbaschnig	tel. + 1 212 317 5135,	fax +1 212 317 5455
Hong Kong:	Eunice Kwok	tel. +852 25 82 5691,	fax +852 25 11 6603

This press release is also being distributed by e-mail. To receive a copy, please contact sigma@swissre.com.

Data from selected figures and tables are available from the *sigma* chartroom on the Swiss Re Portal: <http://www.swissre.com/portal>.