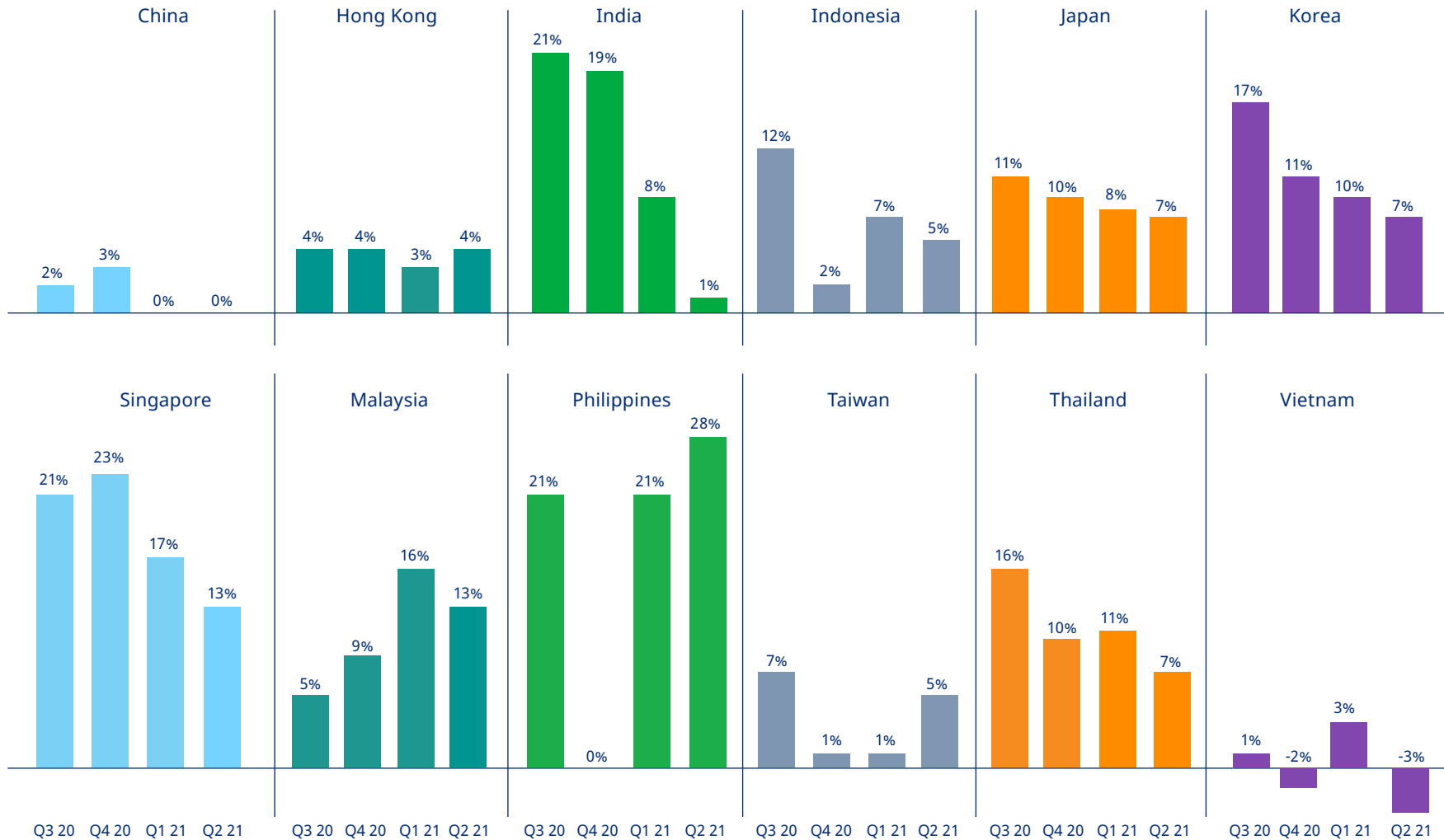


Asia Insurance Market: Price Increases Continue to Moderate in Second Quarter

July 2021

01| Asia composite insurance pricing change

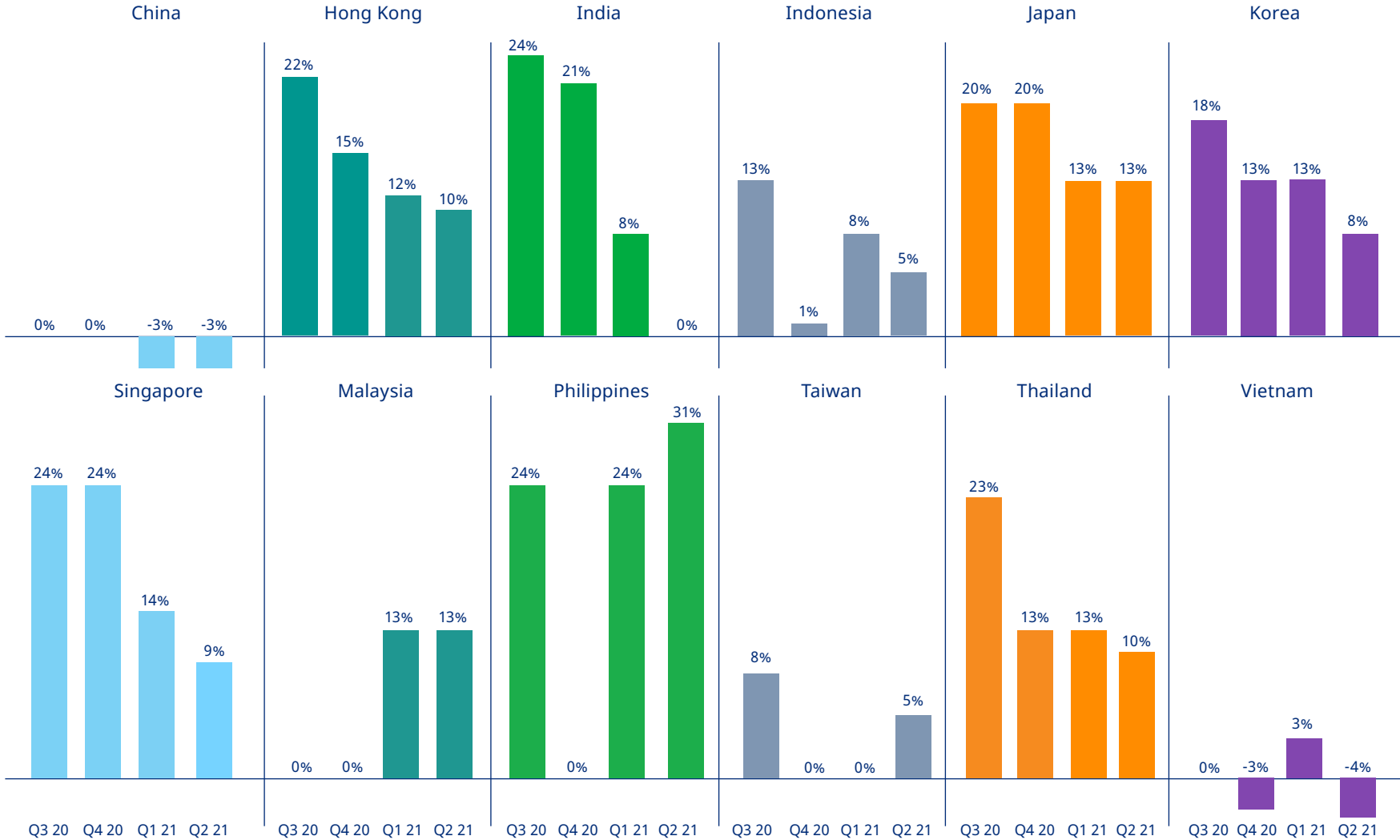


Insurance pricing in Asia in the second quarter of 2021 increased 6% year-over-year. In the same quarter, global commercial insurance prices rose 15%, the fifteenth consecutive quarter of price increases, which is the longest stretch of increases since the inception of the Marsh *Global Insurance Market Index* in 2012.*

Pricing in Asia was again driven by property insurance and financial and professional lines.

*Note: All references to pricing and pricing movements in this report are averages, unless otherwise noted. For ease of reporting, we have rounded all percentages regarding pricing movements to the nearest whole number.

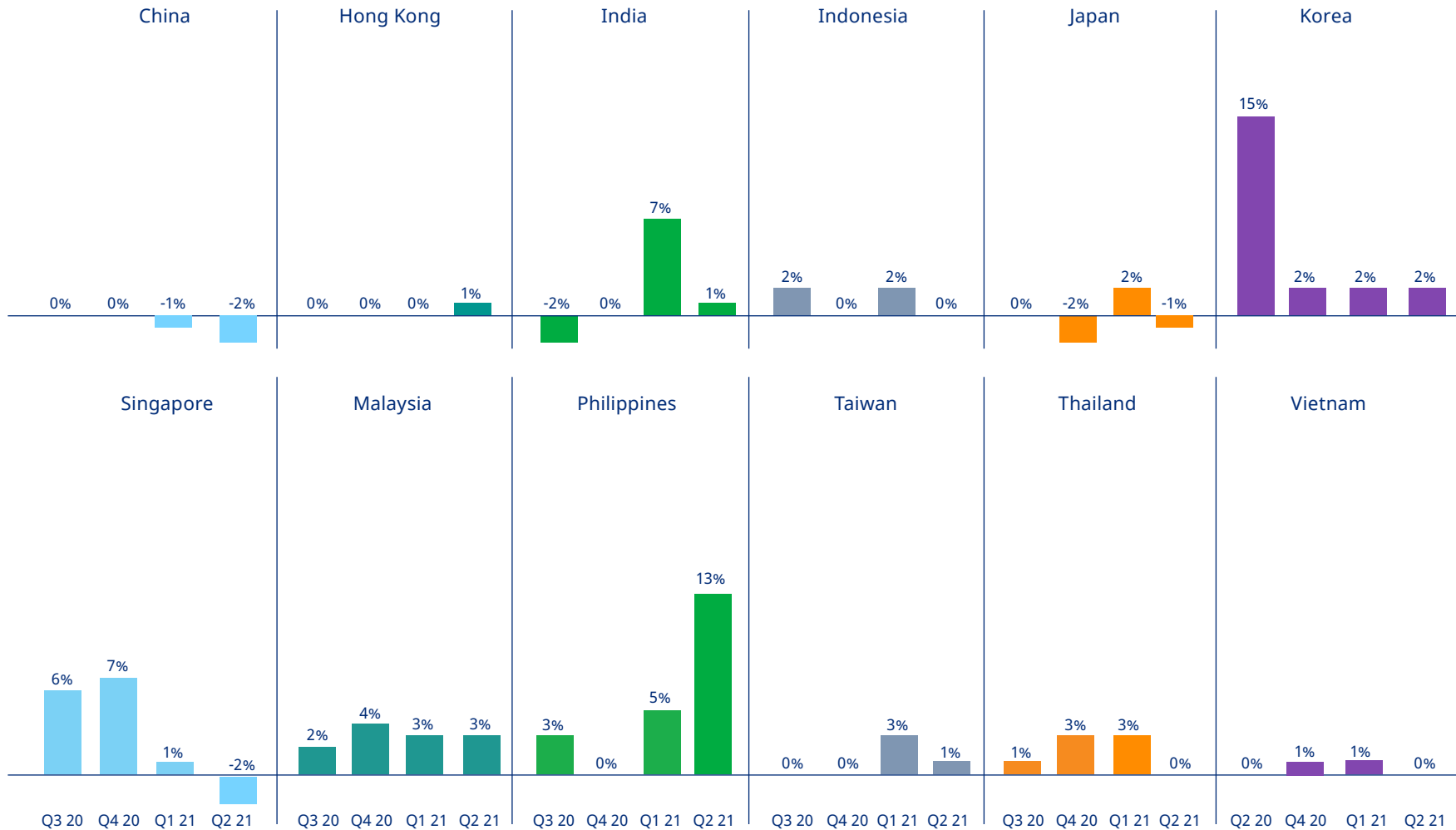
02| Asia property insurance pricing change



Property:

- Property insurance pricing across Asia increased for the eleventh consecutive quarter.
- The moderation of price increases continued across the region, although complexity of property programs, insurer capacity constraints, and a generally low level of competition continued to have an impact.
- Local capacity in many jurisdictions remained competitive. Clients seeking international capacity outside of their territories generally experienced larger pricing increases.
- Insurers and reinsurers continued to be attracted to the small and midsize segments, with the resulting competition bringing pricing stability.
- Natural catastrophe (CAT) capacity remained available. Prices continued to increase over 2020, although the pace of increase slowed.

03| Asia casualty insurance pricing change

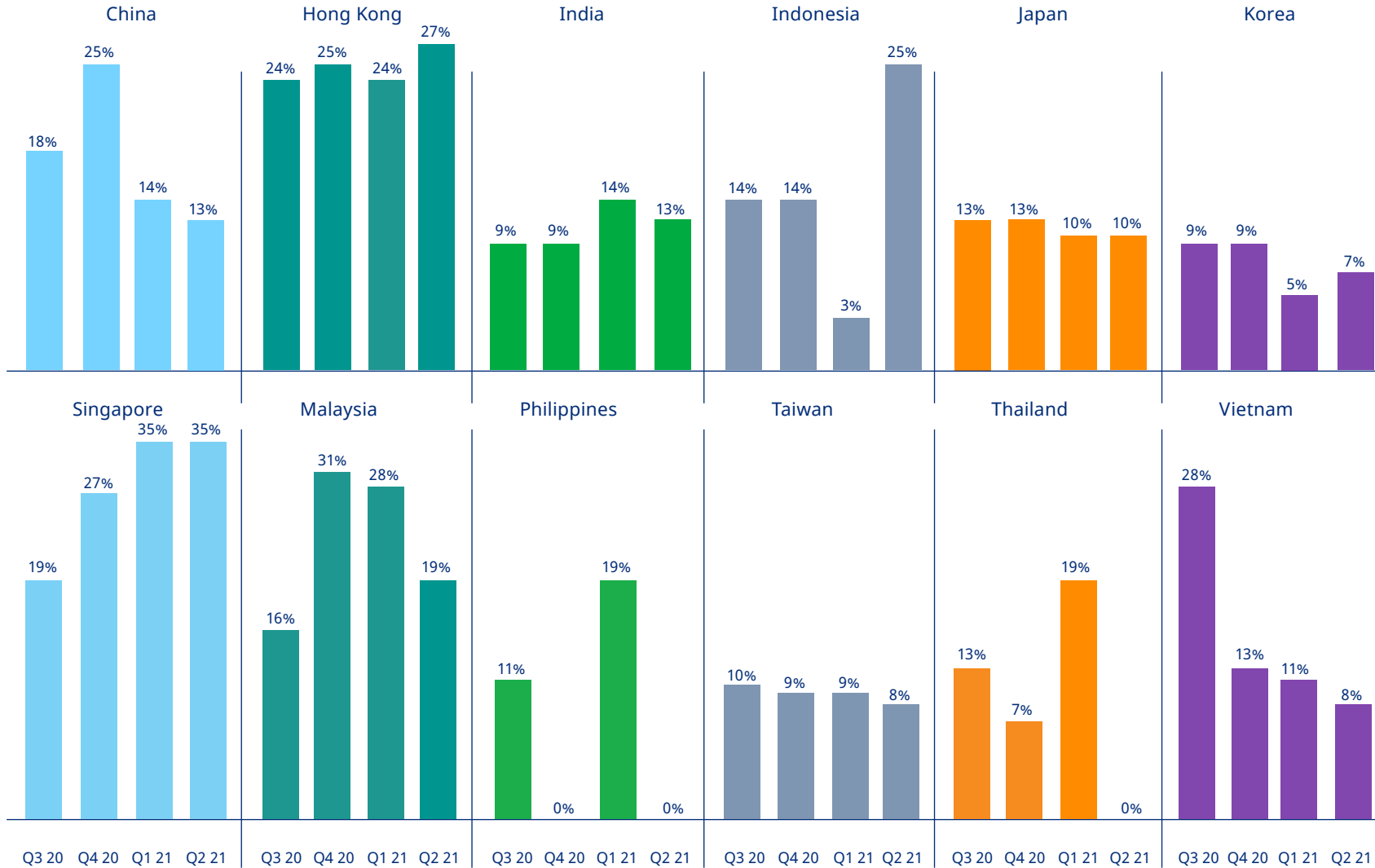


Casualty:

- Casualty insurance pricing remained flat across the region, as it has for three years.
- Capacity was ample, and the claims environment benign.
- Challenges remained in product recall and products liability coverage, mainly driven by poor claims performance and reduced insurer appetite.
- In the region, China, Japan, and South Korea generally experienced the largest challenges; along with sectors including automotive, batteries, and technology.

Source: Marsh Specialty and Global Placement

04| Asia financial and professional lines insurance pricing change



Financial and Professional:

- Pricing in financial and professional lines rose 24% — driven by directors and officers liability (D&O) insurance — the eleventh consecutive quarter of increase.
- Stringent underwriting, reduced capacity, and insurers’ risk selection, particularly from global insurers, contributed to pricing increases.
- Clients generally maintained expiring limits. Prevailing market conditions, however, typically resulted in increases; those with losses generally experienced higher increases.
- Insurers were highly selective on US-listed D&O; rate increases ranged from 75% to 100% for some accounts on the primary layers amid limited insurer appetite.
- For larger financial institutions (FIs) in Asia, insurers pushed to increase retentions and rates. Some coverage restrictions were imposed on the most-challenged clients.
- The cyber insurance market in Asia, as in all regions, faces considerable upward pressure on rates and deductibles, with a reduction in capacity and a narrowing of key coverage. This was predominantly driven by an increase in the frequency and severity of ransomware losses.
- Where possible, insurers sought to bring pricing in line with global rates for all financial and professional lines of business.
- There has been an increase in IPO opportunities for listings in US markets, but a handful of Asia markets have limited appetite writing such prospects.

Source: Marsh Specialty and Global Placement



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