

# Asia Insurance Market: Price Increases Continue to Moderate in Third Quarter

October 2021



01| Asia composite insurance pricing change



Global commercial insurance prices rose 15% in the third quarter of 2021, the sixteenth consecutive quarter of price increases; in Asia, prices increased 6% year-over-year.

A proprietary measure of global commercial insurance premium pricing change at renewal, representing the world's major insurance markets and comprising nearly 90% of Marsh's premium. It appears, barring unforeseen changes in conditions, that global composite pricing increases peaked in the fourth quarter of 2020, at 22%.

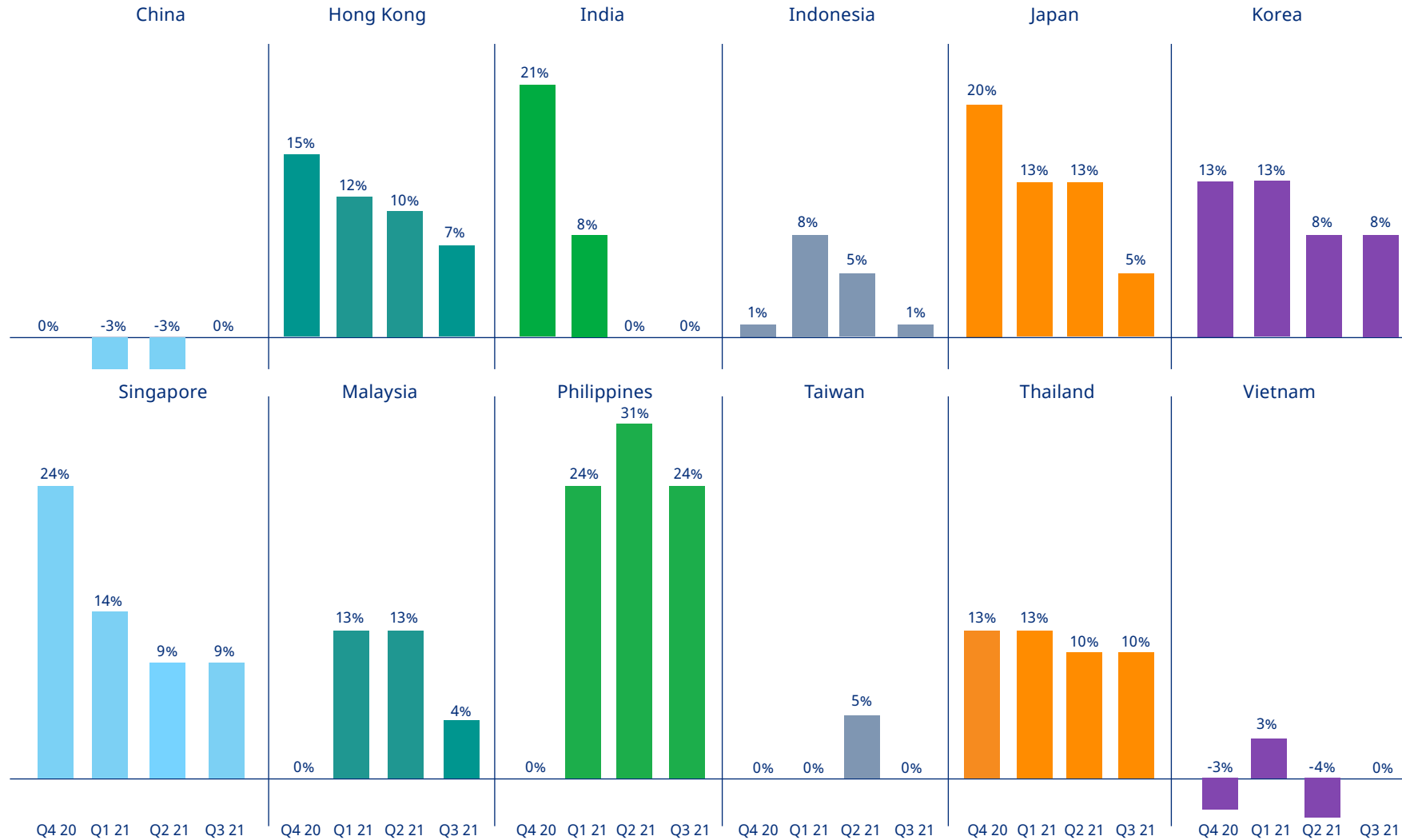
Increases were again seen across all geographies and most major product lines in the third quarter. Regionally, composite pricing increases for the third quarter were as follows:

- Asia: 6% (see Figure 1)
- Pacific: 17%
- US: 14%
- UK: 27%
- Continental Europe: 10%
- Latin America and the Caribbean: 2%

\*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.

Source: Marsh Specialty and Global Placement

## 02| Asia property insurance pricing change



### Among other findings, the survey noted:

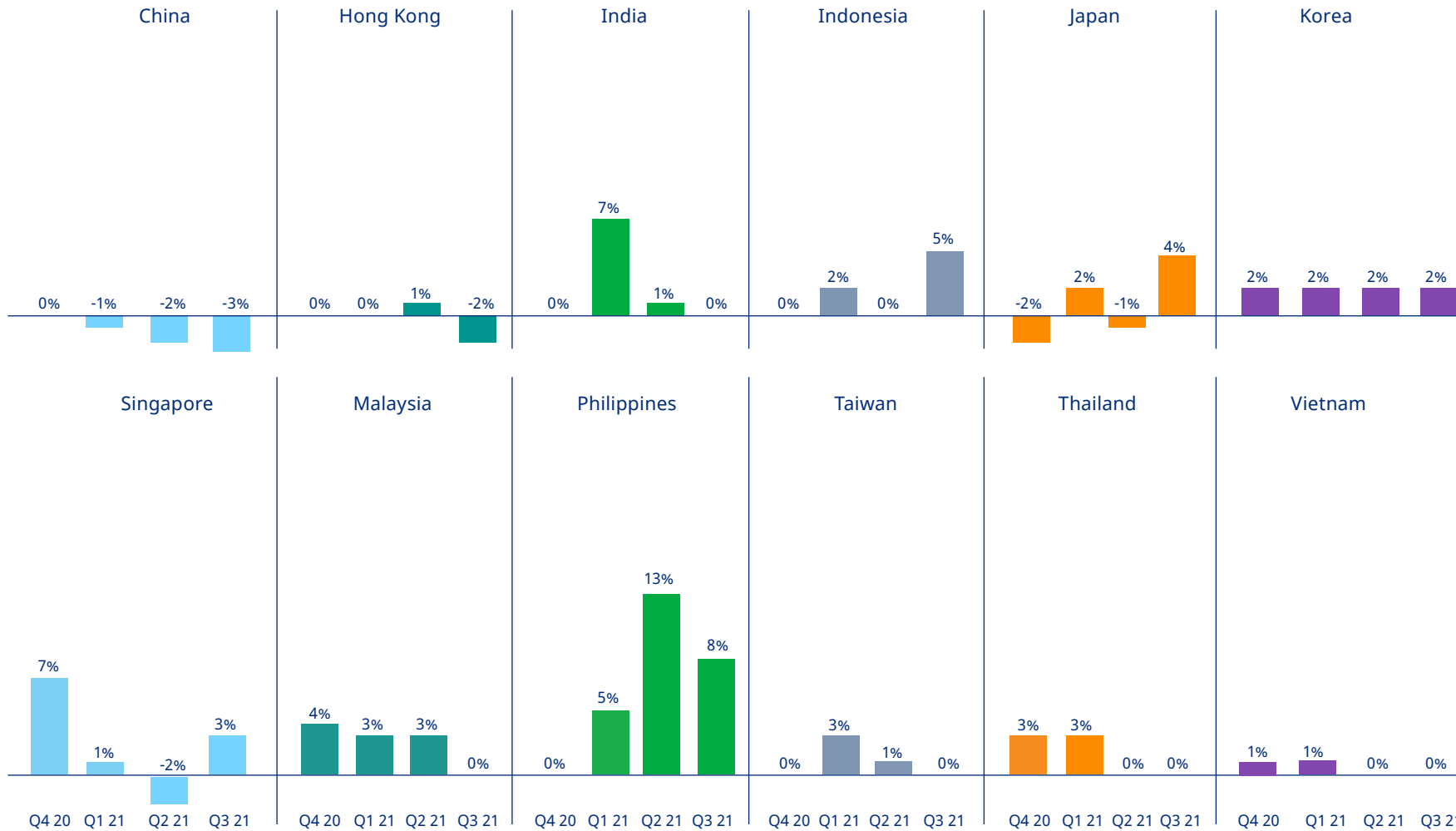
- Global property insurance pricing was up 9% on average, down from the 12% increase in the second quarter of 2021; casualty pricing was up 6% on average, which was the same as the prior two quarters.
- Pricing in financial and professional lines had the highest rate of increase across the major insurance product categories, at 32%, compared to 34% in the second quarter and 40% in the first quarter.
- Cyber insurance pricing again bucked the moderation trend and rose significantly in the quarter — up 96% in the US and 73% in the UK — driven by the frequency and severity of ransomware claims.

### Asia Findings

**Property** insurance pricing across Asia rose 5%, the twelfth consecutive quarter of increases (see Figure 2).

- Capacity remained available; local markets were major contributors as elements of competition returned, focused on loss free clients in low hazard industries.
- There has been a continued slowdown in pricing compared to previous quarters, a trend expected to continue into 2022, barring any major loss activity.
- Challenges remained for clients in high hazard industries, CAT zones, and those with poor loss histories.

### 03| Asia casualty insurance pricing change

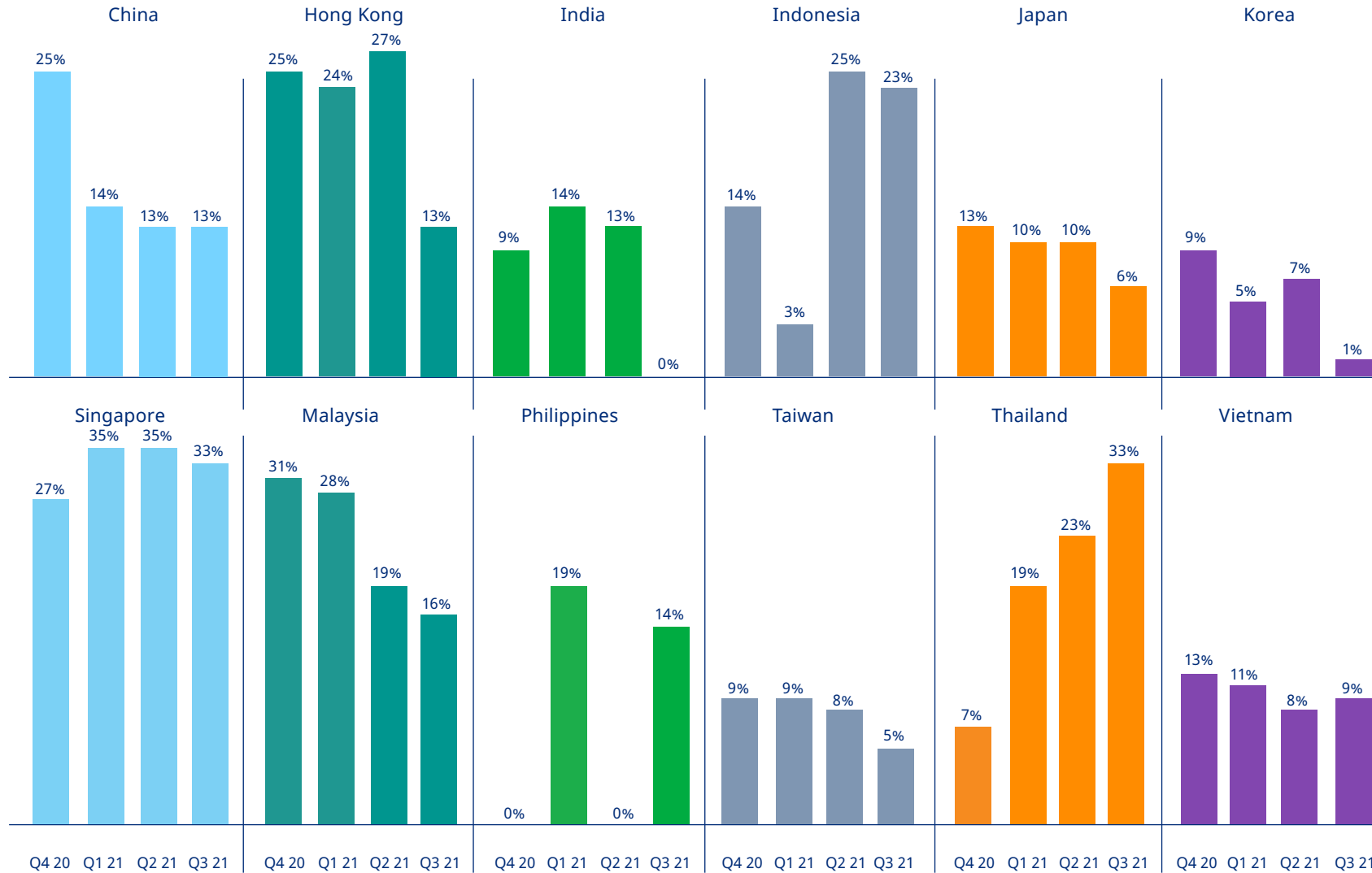


**Casualty** insurance pricing increased 1%, remaining relatively flat, as it has for three years (see Figure 3).

- Large losses and claims activity drove insurer behavior; risk selection was more pronounced than previously.
- Sufficient capacity remained in the region, although challenges existed in product recall and products liability.

Source: Marsh Specialty and Global Placement

## 04| Asia financial and professional lines insurance pricing change



**Financial and professional lines** pricing rose 17%, the tenth consecutive quarter of increase (see Figure 4).

- Insurers focused on risk selection, driven by global underwriting guidelines and overall appetite.
- Asia continues to be a fragmented marketplace, with differentiated pricing between clients and with countries where pricing movements are not aligned.
- Cyber insurance remained challenging, and faced considerable pressure on pricing and deductibles at the same time there was a marked reduction in capacity and a narrowing of key coverages.
  - Significant ransomware losses were the key driver.
- Insurers remained selective on US-listed D&O liability, with rate increases ranging from 50% to 100% depending on the industry, client profile, and claims history.
- Insurer appetite varied for financial institution (FI) clients; larger risks generally experienced the highest rise in pricing even as they increased retentions.

Source: Marsh Specialty and Global Placement



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