

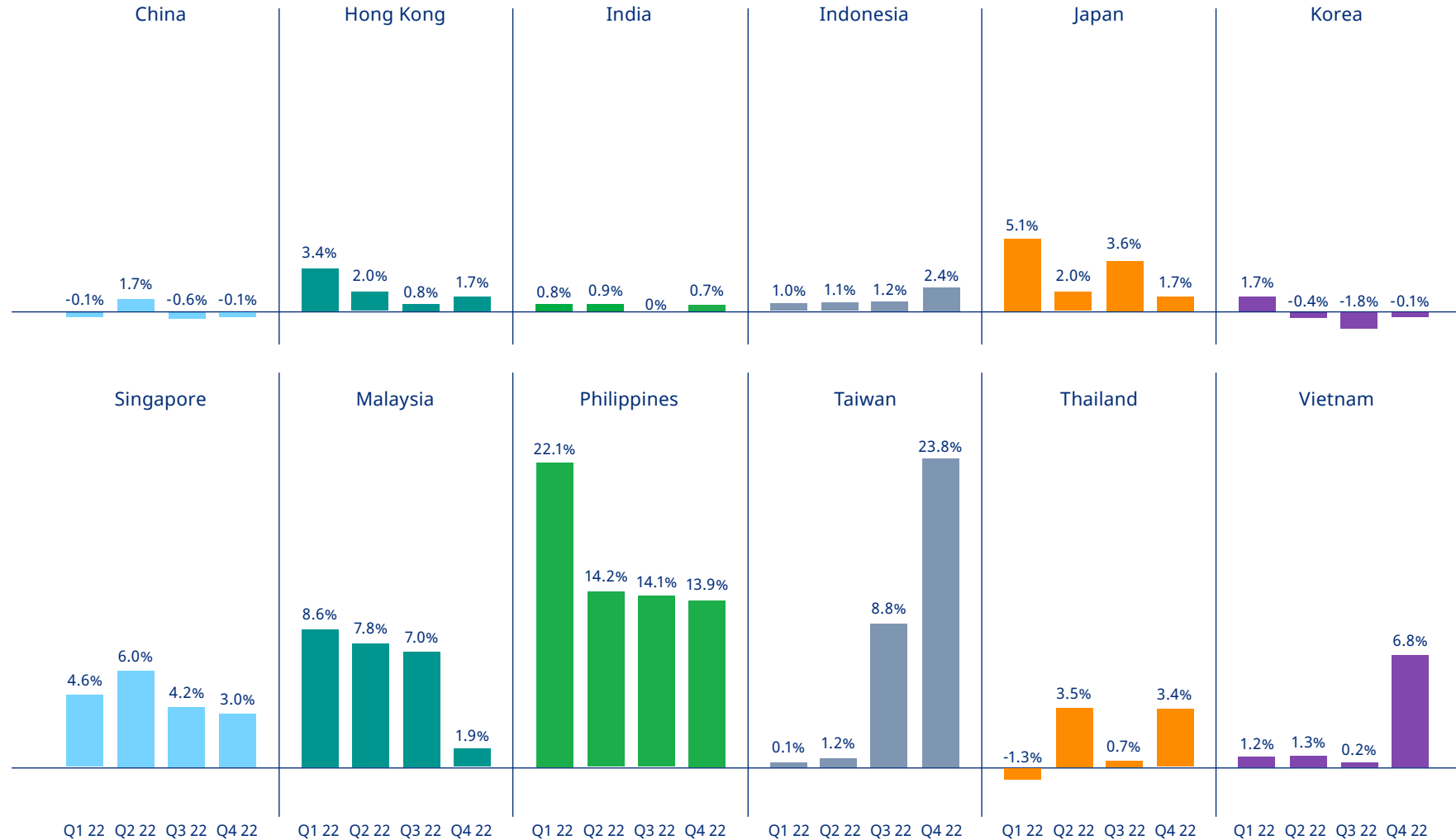


Asia Insurance Market Pricing: 2022 Fourth Quarter

February 2023



Figure 1| **Asia composite insurance pricing change by country**



Global commercial insurance prices rose 4% in the fourth quarter of 2022, marking the eighth consecutive quarter in which the pace of increase moderated.

Asia experienced a 2% increase in composite pricing, compared to 2% in the third quarter (see Figure 1).

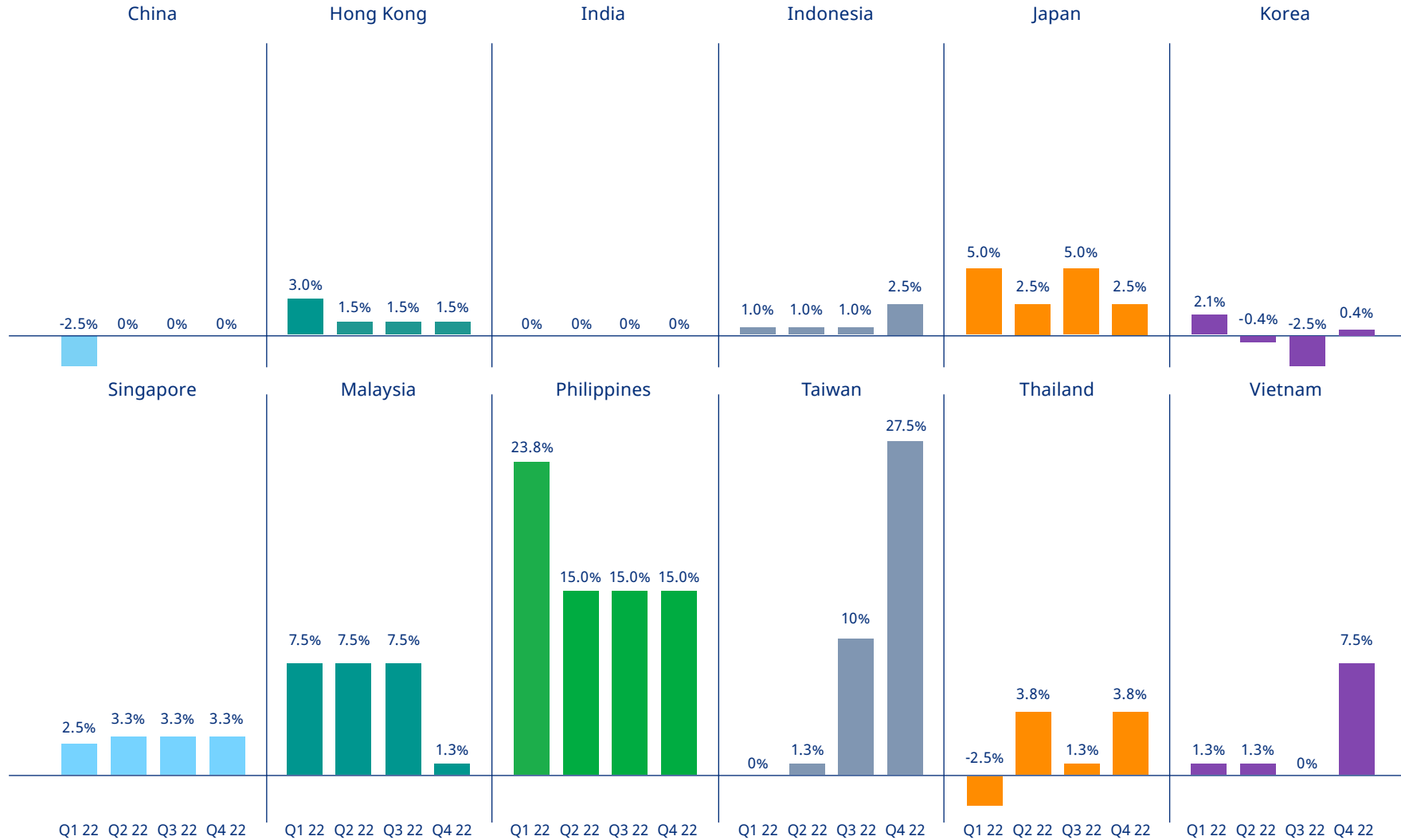
The index is a proprietary measure of global commercial insurance premium pricing change at renewal, representing the world's major insurance markets and comprising nearly 90% of Marsh's premium.

Regionally, composite pricing increases for the fourth quarter were as follows (see Figure 2):

- US: 3%
- UK: 4%
- Europe: 6%
- Latin America and the Caribbean: 7%
- Asia: 2%
- Pacific: 5%

*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.

Figure 2| Asia property insurance pricing change by country

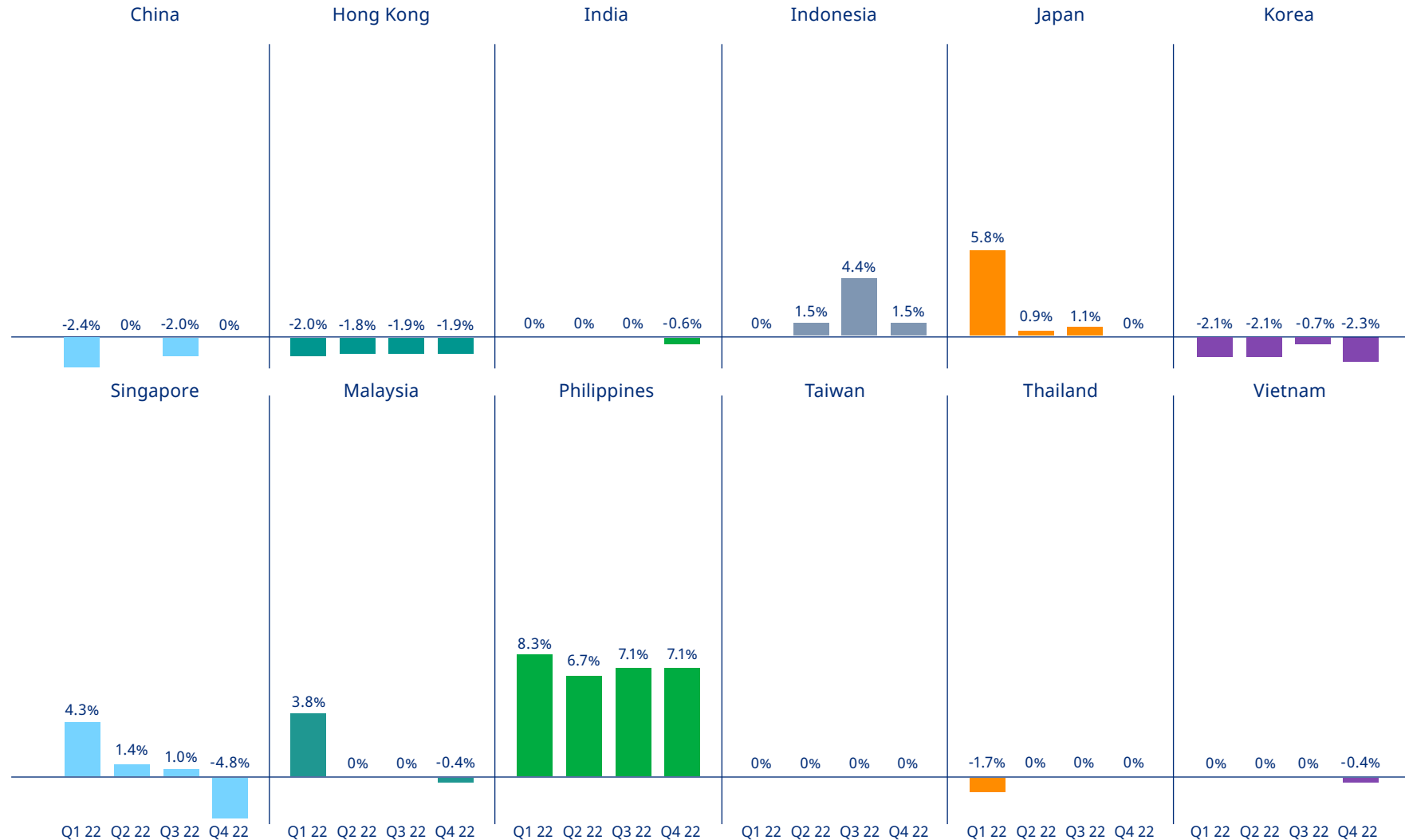


Property insurance pricing in Asia increased 2% in the fourth quarter, the same as in the prior three quarters.

- Regionally, both catastrophe and non-CAT perils remained an underwriting focus due to losses in the third and fourth quarters.
- Global inflation remained a concern for insurers, with a focus on updated and validated valuations of assets and business interruption calculations.
- Renewal results once again favored clients with exemplary claims performance and strong risk management practices.
- Reinsurance treaty renewals on January 1 were challenging as insurers — domestic and international — were impacted by rising costs, increased retentions, and coverage restrictions. There is an expectation that insurers will pass on these impacts to clients.

Source: Marsh Specialty and Global Placement

Figure 3| Asia casualty insurance pricing change by country

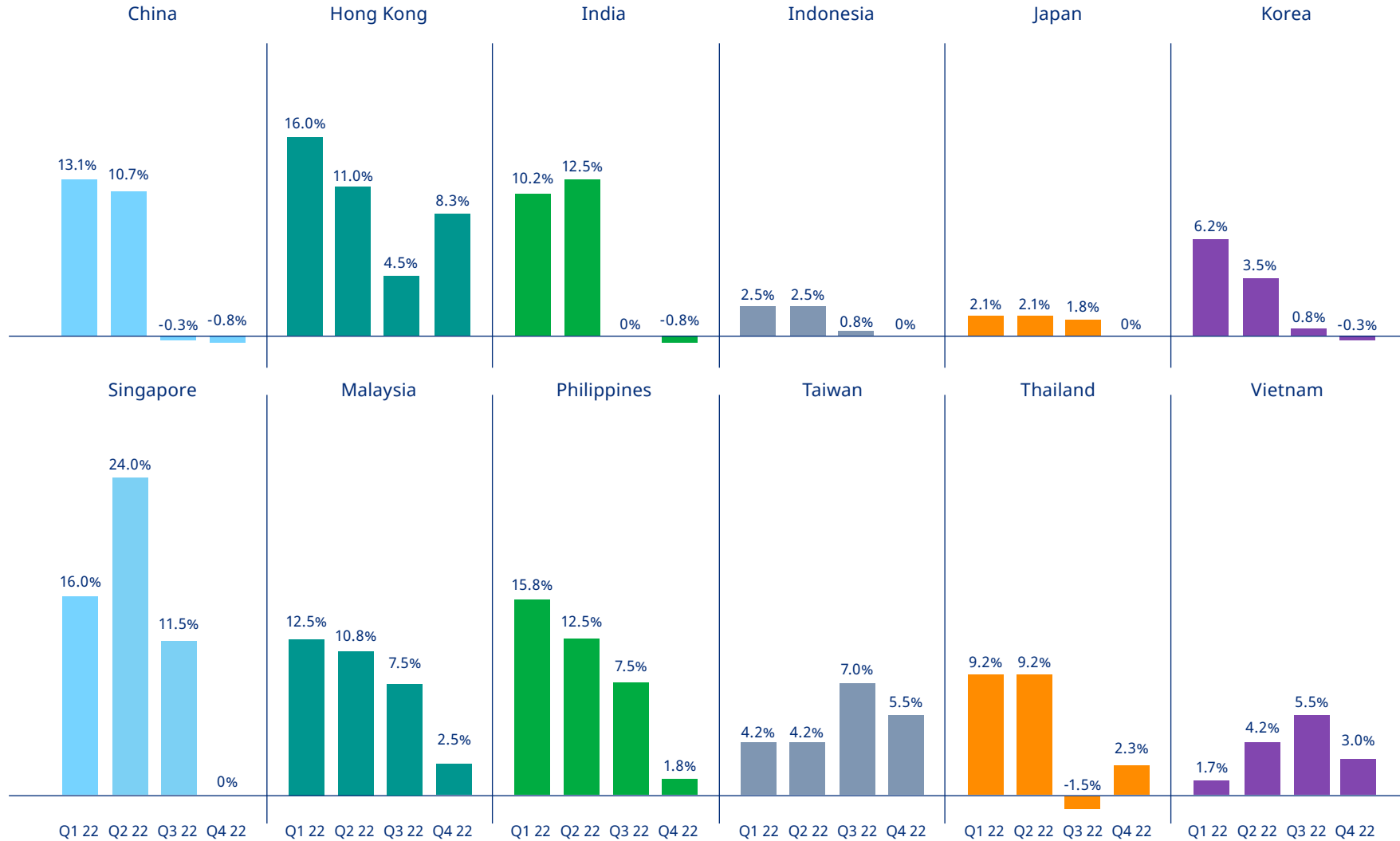


Casualty pricing in Asia decreased 1% in the fourth quarter for most industry segments; however, some segments saw some tightening of terms and conditions.

- The casualty market remained challenging for product recall and US-exposed product liability, with capacity being secured from London and subject to its pricing and conditions requirements.
- Generally, auto liability and workers' compensation renewals experienced pricing decreases in a number of territories and held stable in many others. Japan and Korea experienced small changes that led to rates remaining flat.
- Insurers remained cautious due to claims inflation resulting from litigation trends, as well as rising materials costs.
- Insurers continued to focus on policy wording reviews, and are placing more emphasis on reviewing and updating policy wordings, the application of updated sanctions clauses, and exclusions associated with per- and polyfluoroalkyl (PFAS) substances, cyber risk, terrorism, punitive damages, and contractual liability.

Source: Marsh Specialty and Global Placement

Figure 4| Asia financial and professional lines insurance pricing change by country

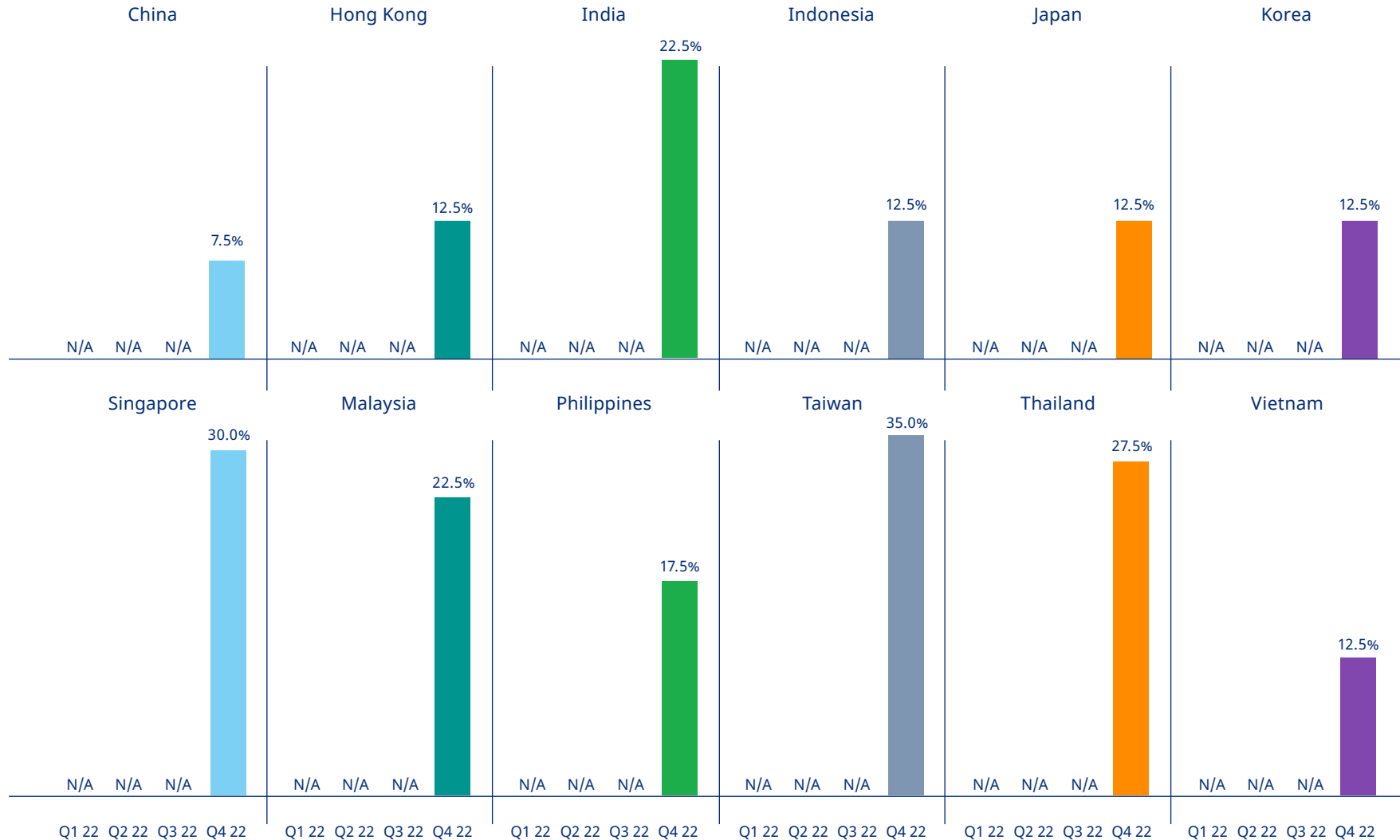


Financial and professional lines pricing increased 2%, compared to 5% in the third quarter (see Figure 4).

- Directors and officers (D&O) liability pricing stabilized in the fourth quarter; non-US-exposed business experienced decreases of up to 10%.
- With few transactions involving IPOs, special purpose acquisition companies (SPACs), and deSPACs, insurer capacity and competition was strong for traditional risks.
- Pricing has begun to moderate for the financial institution sector and was generally stable for large and complex accounts.

Source: Marsh Specialty and Global Placement

Figure 5| Asia cyber insurance pricing change by country



Cyber insurance pricing showed signs of improvement in the quarter, as pricing increases moderated to 22%.

- Cyber insurance stabilization was also indicated by new market entrants and capacity, insurers indicating a desire to increase business, and the ability to eliminate sub-limits and coinsurance requirements around ransomware (usually for an additional premium).
- If insurers determine that a specific industry is more prone to cyberattacks and a higher level of claims, they may decide to underwrite fewer companies in that industry and/or increase pricing.
 - Due to claims activity, telecommunication clients experienced a pullback in insurer appetite for cyber and tech E&O risk, resulting in above average pricing increases.

Source: Marsh Specialty and Global Placement



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