

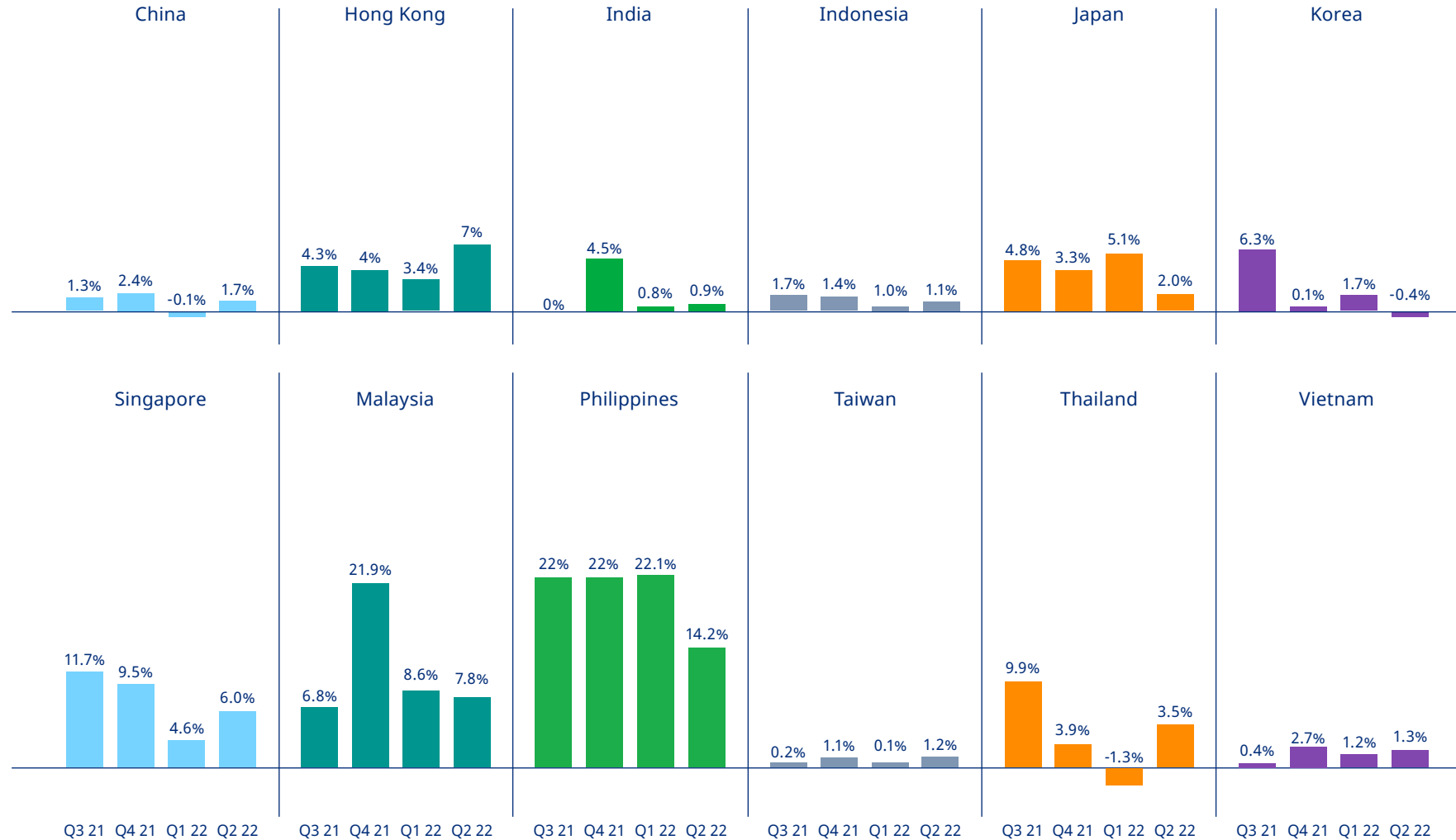
Asia Insurance Market

Pricing in second quarter mirrors prior quarter

August 2022



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



Global commercial insurance prices rose 9% in the second quarter of 2022, marking the sixth consecutive quarter in which the pace of increase moderated.

In the second quarter Asia experienced a 3% increase in composite pricing, the same as in the prior 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 second quarter were as follows:

- Asia: 3%.
- US: 10%.
- UK: 11%.
- Continental Europe: 6%.
- Latin America and the Caribbean: 5%.
- Pacific: 7%.

*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**

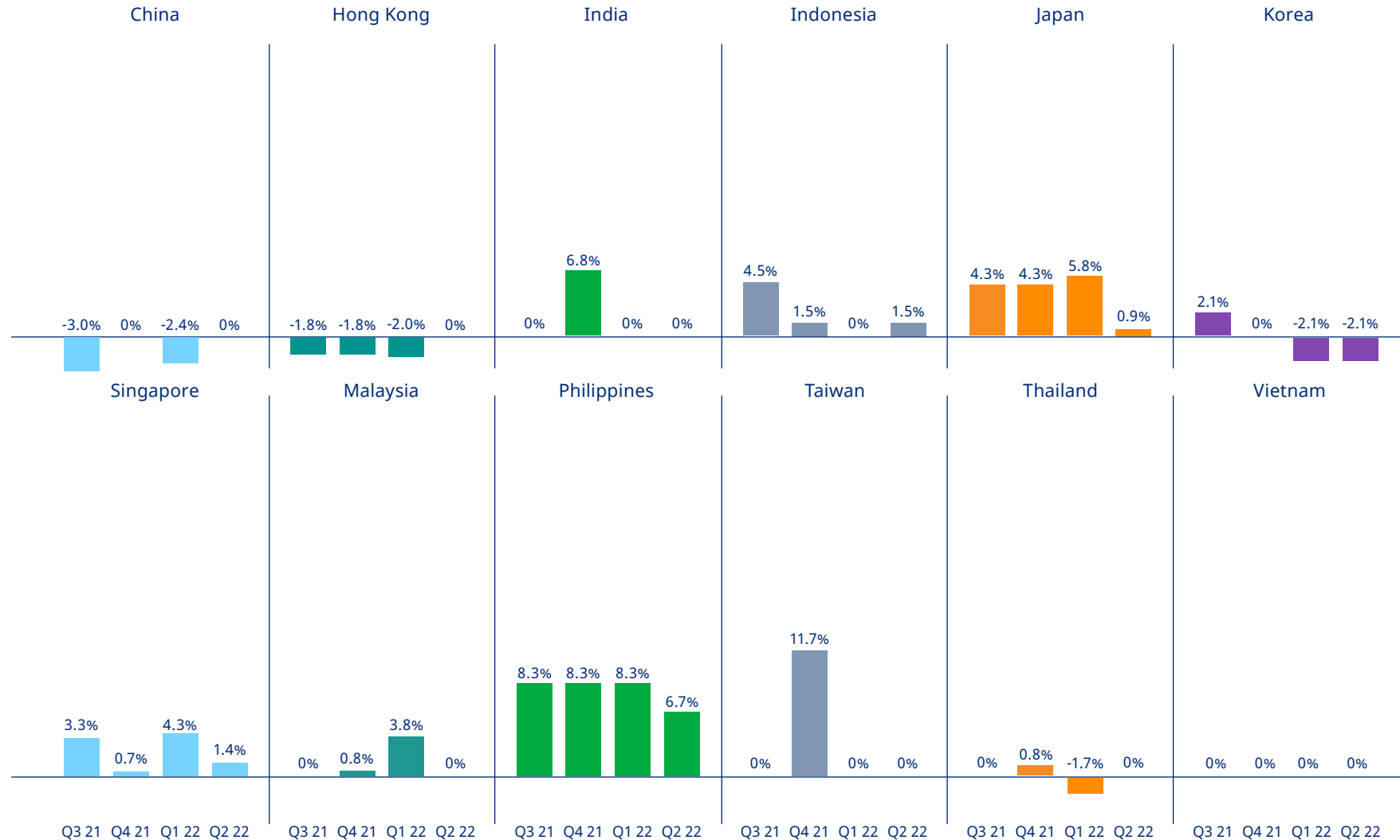


Property insurance pricing rates rose 2% in the second quarter, the fifteenth consecutive quarter of increase (see Figure 2).

- Clients with poor loss histories generally experienced higher pricing increases.
- Clients with natural catastrophe risks continued to see pricing increases above the average.
- Mid-market diversification for insurers improved competition, benefitting clients.

Source: Marsh Specialty and Global Placement

Figure 3| Asia casualty insurance pricing change by country

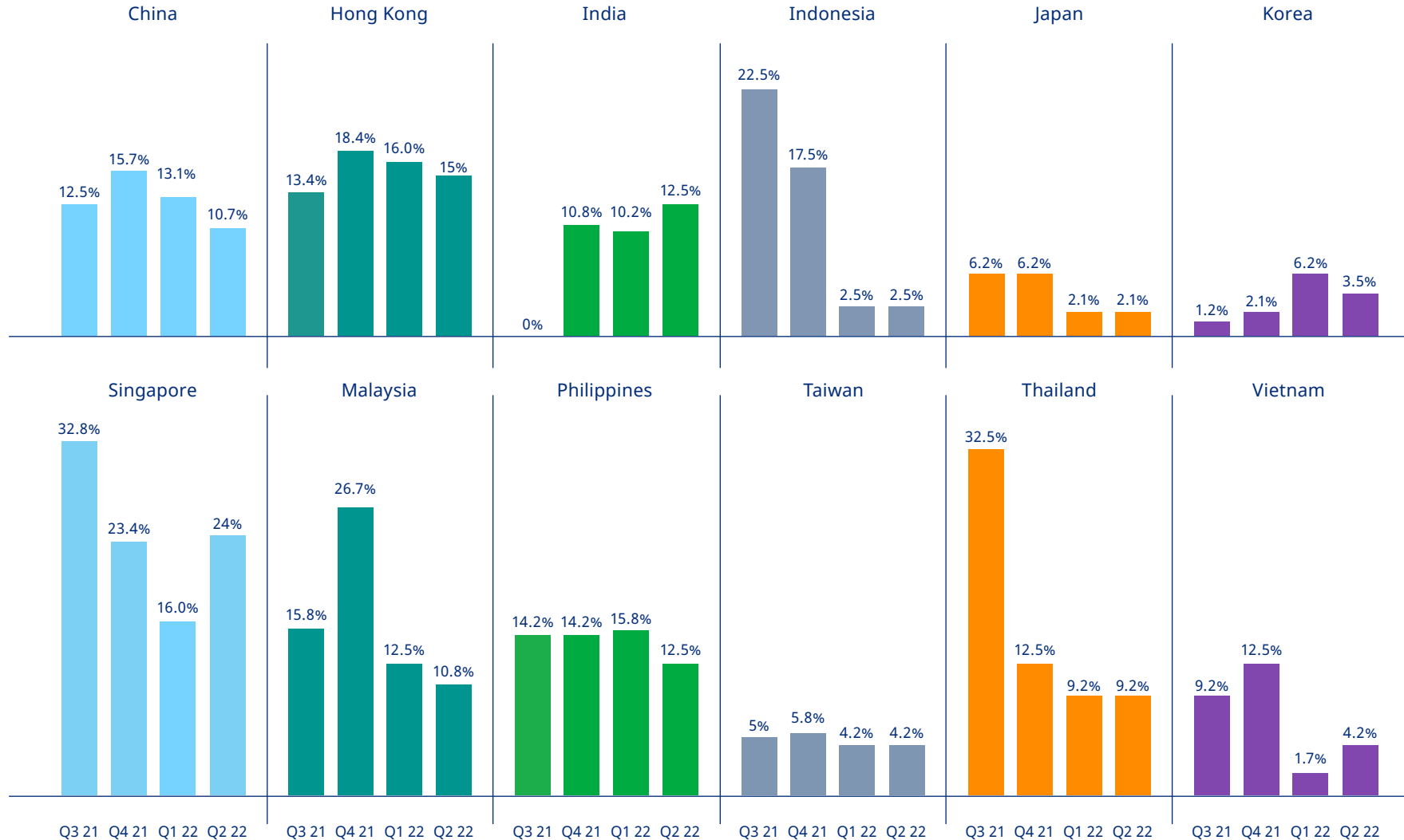


Casualty insurance pricing was flat, following increases of 2% in the prior two quarters (see Figure 3).

- Clients with good loss histories generally experienced flat pricing, while those with poor loss histories saw pricing increases.
- Insurer risk selection in challenged industries contributed to reduced capacity and increased pricing.
- Insurers restricted capacity on excess layers; challenges were pronounced with product recall and products liability exposures.

Source: Marsh Specialty and Global Placement

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



Financial and professional lines pricing increased 13%, the same as in the prior quarter (see Figure 4).

- The average pricing increase for directors and officers (D&O) liability insurance ranged from 10% to 15%, with retentions stabilizing.
 - Capacity challenges remained for US listed/exposed businesses and for certain sectors and countries.
 - Primary rates remained challenging to manage, with only a few markets willing to quote.
- For the financial institution (FI) sector, pricing increases began to moderate; however, insurers continued to cautiously manage capacity and retention levels.
- Professional indemnity (PI) began to experience increased insurer appetite at the small to midsize enterprise (SME) segment, although this remains a small market for Asia.
 - For larger and more complex PI programs, rate increases averaged in the 10% to 15% range.
 - The communications, media, and technology sector were increasingly dovetailing with the cyber market, meaning selective capacity remained.
 - Appetite for the medical malpractice sector continued to be selective.

Source: Marsh Specialty and Global Placement



- The cyber insurance market continued to be affected by hard market conditions, claims, systemic risk concerns, geopolitical tensions, and ransomware, which put upward pressure on rates. Insurers continued to manage cyber risk while growing their respective portfolios. We are still seeing rate increases averaging in the 25% to 50% range, and higher, including for loss free accounts with effective controls.
- Insurers exercised caution around digital-asset related companies.
 - Insurers remained wary of engaging with companies even if they were not directly or indirectly providing cryptocurrency services, but implementing distributed ledger technology in a centralised trust network application.
 - Cold storage coverage tended to have greater traction in London markets, with insurers considering D&O for some of these risks, but with cyber, crime, and professional indemnity (PI) generally falling outside of their risk appetite.



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