

Allianz Global Insurance Report 2020: Asia will emerge stronger from the crisis



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- In 2019, global insurance premiums increased by 4.4% to EUR 3,906bn – clocking the strongest growth in four years
- Asia (ex Japan) was setting the pace with 6.8% and total premiums reached EUR 947bn – which China being responsible for almost half of all premiums written in the region
- 2020 will be different: Premium income is expected to shrink by 0.7% in Asia (ex Japan) and by 3.8% globally – compared with the pre-Covid-19 trend, around EUR 360bn in premiums will be gone missing
- Most markets will recover in 2021 and global growth over the next decade should settle down at 4.4%, against 8.1% in Asia (ex Japan) – the region will contribute more than 50% or EUR 1,277bn to global premium growth until 2030
- Thailand will be recover strongly from Covid-19, before settling at a mature growth rate of 4.8% p.a. over the next decade

BANGKOK / SINGAPORE, 2 July, 2020: Today, Allianz unveiled its latest Global Insurance Report, taking the pulse of insurance markets around the world by looking back at last year's performance and looking ahead at future developments.

The global insurance industry entered 2020 in good shape: In 2019, premiums increased by 4.4%, the strongest growth in four years. The increase was driven by the life segment where growth sharply increased over 2018 to 4.4%, as China overcame its temporary, regulatory-induced setback

and mature markets came finally to grips with low interest rates. Property-casualty insurance clocked almost the same rate of growth (4.3%), down from 5.4% in 2018. Thus, for the first time since 2015, life insurance outgrew the P&C segment, albeit by a very thin margin. Global premium income totaled EUR 3,906bn in 2019 (Life: EUR 2,399bn, P&C: EUR1,507bn).

Then, Covid-19 hit the world economy like a meteorite. The sudden stop of economic activity around the globe will batter insurance demand, too: Global premium income is expected to shrink by 3.8% in 2020, with life insurance probably hit more than P&C business with growth rates of -4.4% and -2.9%, respectively. Thus, the impact of the Corona pandemic is going to be three times stronger than that of the global financial crisis, when global premium income decreased by 1.0%. Compared to the pre-Covid-19 growth trend, the pandemic will shave around EUR 360bn from the global premium pool (Life: EUR 250bn, P&C: EUR 110bn).

“2020 is lost to the virus, no doubt about it.”, said Ludovic Subran chief economist of Allianz. “More interesting is the question about what comes after Covid-19. Basically, we see three trends, already in place before, that will gather steam in the coming years: Digitalization of the business model, the pivot to Asia and the growing significance of ESG-factors. While Asian players lead in technology, European peers are ahead with ESG. But dominance of the global insurance industry will be decided in Asia – Asian households emerge as the consumer of last resort, driving global insurance demand.”

In fact, Asia (ex Japan) clocked growth of 6.8% in 2019, more than twice the rate of the year before. Both segments, life and P&C, contributed to the increase in premiums: Life grew by 6.5% and P&C by 7.5%. Total premiums reached EUR 947bn in the region, almost half of them written in China.

However, 2020 will be challenging for Asia: Premium income is expected to decline by 0.7%, with life insurance shrinking by 1.8% and P&C still slightly growing by 1.9%. Long-term prospects look brighter – the region will return to its “normal” growth and see an average growth rate p.a. of 8.1% until 2030; life and P&C are expected to grow at the same speed. This is almost twice the speed of the global market (4.4%).

“Asia was the region first hit by Covid-19; it will also be the region that recovers first.”, said Michaela Grimm, Allianz SE economist and co-author of the report. “Higher risk awareness and pent-up demand for social protection will drive growth in the coming years, with China in the lead: For the next couple of years, we expect double-digit increases in premiums in the Middle Kingdom. Up to 2030, China’s premium pool will grow by a whopping EUR 777bn – the market size of UK, France, Germany and Italy combined. China and Asia will emerge even stronger than before from today’s crisis.”

Thailand’s insurance market already hit a “soft patch” in 2019, with premium income declining, albeit by only 0.2%, dragged down by the life segment (-2.0% vs 4.1% in P&C). In fact, it was the first time for more than 20 years that the Thai insurance market contracted. 2020 will be even more challenging: Premiums are expected to decline by 0.9%, reflecting a dismal performance in the P&C segment.

The slump, however, will be followed by a swift recovery in 2021, with the market expected to grow by around 8%; over the decade up to 2030, Thailand is expected to settle at a more mature growth rate of 4.8% p.a., reflecting the fact that Thailand’s insurance market is one of the most developed in the region: Premiums per capita stood at EUR 326 in 2019 (regional average: EUR 255) and penetration at 4.5%.

The interactive “Allianz Global Insurance Map” can be found on our homepage:
https://www.allianz.com/en/economic_research/research_data/global-insurance-map/

You can find the study here on our homepage

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Asia is one of the core growth regions for Allianz, characterized by a rich diversity of cultures, languages and customs. Allianz has been present in the region since 1910, when it first provided fire and marine insurance in the coastal cities of China. Today, Allianz is active in 14 markets in the region, offering its core businesses of property and casualty insurance, life, protection and health solutions, as well as asset management. With its more than 36,000 staff, Allianz serves the needs of more than 21 million customers in the region across multiple distribution channels and digital platforms.

ABOUT ALLIANZ

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