"Growth, growth, growth": the mantra for Asian insurance CEOs in 2025

Insurance CEOs are being tasked with ensuring 2025 is a year of growth after a challenging period post pandemic. How do they go about it?

Prior to Covid-19 sweeping the world, Asia seemed to have everything going for it as the growth market for insurance. But the pandemic put the brakes on that, at least temporarily. The challenge now is to rediscover that trajectory. Consequently, the goal for Asian insurance CEOs next year is clear: growth, growth, growth.

To build scale and meet the growth mandates from their boards, insurers will look at M&A. That is a key theme we anticipate for next year, along with the evolution of MGAs, tapping new sources of capital such as ILS and finding new ways to transfer risk.

These are the types of innovative strategy conversations Guy Carpenter is having with clients seeking opportunities to expand their businesses.

"When it comes to inorganic growth, we expect an active market for insurance M&A in 2025"

M&A and MGAs – hands-on and hands-off growth plays

There are quick wins to be had organically, including evolving distribution channels, re-engaging with distribution partners, deepening understanding of customer needs and developing or simplifying product offerings accordingly. When it comes to inorganic growth, we expect an active market for insurance M&A in 2025.

Across the region, individual insurers are considering each other's individual capabilities, as well as how they can achieve rapid growth in their operations, distribution and on their balance sheets. Increased scale brings more power from a risk-taking and capacity perspective.

This theme rings true across the region, with North Asia and the Pacific region having the greatest potential. Forming partnerships with MGAs provides another avenue for growth. This is a capital-light way to leverage core distribution and market management capabilities from the MGA, while allowing insurers to access premium and product and/or business line diversification. We've already seen activity in this segment in Singapore, Hong Kong and Australia, where there has been interest from offshore players that underwrite marine, political and transactional risk.

Justin Ward, Managing Director, Head of Capital Advisory, Asia Pacific, Guy Carpenter

One to watch: ILS in Asia

While still at a nascent stage in Asia, we expect ILS to continue attracting record amounts of capital globally, as demand for protection grows and new lines of business are added, for example in casualty and cyber.

The focus will continue to be in the US, with ILS in Asia still very much a gradual engagement. Continued enhancement of data and model quality for Asian natural catastrophes means that the ILS market in our region will be more of a medium-term play, despite the encouragement of regulators in Singapore and Hong Kong.

Retentions will remain high: explore structured solutions

The final trend to highlight is around structured solutions, as retention levels remain elevated. In the current environment, CEOs will want to consider structured solutions for risk management, where it makes economic sense, including quota shares on retention for our multi-year spread excess of loss treaties.

As we look toward the evolving trends for the next year, it is important to recognise that the market volatility we have been experiencing reflects the dynamic landscape we continue to navigate. Guy Carpenter's Asia Pacific capital advisory group is committed to helping clients manage the market volatility through our expertise across various sectors. Our clear focus, deep insights and extensive capabilities across the insurance value chain empower us to provide clients with secure, capital-agnostic solutions that position them for growth in 2025.