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Milliman study: Steady Embedded Value (EV) growth story among Asia insurers in the first half of 2019


“Bond yields declined in most markets over 2018-2019 but equity markets experienced significant volatility, amid trade tensions and geopolitical uncertainty.” said Milliman principal and consulting actuary Paul Sinnott. “Most companies in the region have experienced steady growth. For a variety of market-specific issues, highlighted in the report, growth in Value of New Business (VNB) varied across the region. The impact on EV and VNB of the recent protests and drop in mainland visitors to Hong Kong will be visible in the full year 2019 results.”


A few key insights from Asian report include:

- China continues to lead EV growth in the Asia region, with almost all insurers recording double-digit growth in EV.
- Between the first half of 2018 and the first half of 2019, changes in new business margins were varied. The highest growth in new business margins (in relative terms) came from two Indian insurers.
- While some insurers in Hong Kong have improved their VNB via distribution efficiencies, insurers in India have reported significant VNB increases due to increased sales of non-participating savings and protection products. Almost all insurers in Japan recorded a fall in VNB.
- AIA recorded positive growth in EV across all of its Asian operations, attributing the growth to strong VNB growth and positive operating variances resulting from the continued proactive management of its in-force portfolio.

For more details, please contact:

- Paul Sinnott in Hong Kong at +852 2152 3838, paul.sinnott@milliman.com; or

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