
Press Release

Asian Insurers' Embedded Values Grow by 14% in 2015

Hong Kong – October 17, 2016 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the findings of its study detailing year-end 2015 embedded value (EV) results for 34 major insurance companies operating in Asia, excluding Japan. The report highlights trends among companies reporting EVs and, among other findings, reveals a growth in EV of 14% by Asian insurance companies.

The report, which is also accompanied by a European Report, compares practices followed by major insurance companies and discusses EV reporting issues given the move toward Solvency II in Europe and the global adoption of International Financial Reporting Standards.

“Embedded Value remains a useful metric for companies to report as it gives consistency with past years’ reporting and is not constrained by some of the artificial limitations of Solvency II,” said Milliman Principal and Consulting Actuary Philip Simpson.

“The continued fall in certain Asian yield curves in 2015 has put pressure on EV results and raised reserving/capital requirements in several markets,” added Milliman Principal and Consulting Actuary Paul Sinnott. “Companies are being forced into rethinking product and investment strategies, as well as recalibrating economic assumptions. Despite these challenges new business growth has been strong in several markets.”

A few key insights from the Asian report include:

- The majority of foreign multinationals and domestic Indian companies base their EV reporting on the European embedded value (EEV) or market-consistent embedded value (MCEV) principles laid out by the CFO Forum, while domestics and Asian-based multinationals report on a traditional embedded value (TEV) basis.
- The EV of the Asian operations of the companies included in this report grew 13.6% on a constant currency basis over 2015, reaching USD \$376 billion.
- Chinese insurers showed the highest growth in EV at 22%, driven by increased new business and reductions in the yield curve. Much of these sales have been short term/high guarantee in nature and EV economic assumptions have remained unchanged, however.
- Hong Kong and China reported the largest growth in the value of new business at 54% and 35%, in contrast to South Korean insurers who reported a fall of 2%.

A copy of the report detailing these and other pertinent trends is available for download on <http://www.milliman.com/ev-research>. For more details, the authors of this report can be reached on:

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About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit milliman.com.

About Embedded Value

Embedded Value is a way of calculation the value of insurance business that a company has which includes an adjusted net asset value and the present value of future profits from customers using actuarial science. Milliman's actuaries across the world have several years of experience of helping organisations with their Embedded Value calculations. EV calculation and sensitivity analysis began with traditional EV, but now extends different methods of calculation including European embedded value (EEV), and market consistent embedded value (MCEV).

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