
FOR IMMEDIATE RELEASE**Press Release**

New business leads to 19% embedded value (EV) growth for life insurers in Asia

HONG KONG – September 14, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the findings of its study on reported year-end 2017 embedded value (EV) / value of new business (VNB) results for 31 major insurance companies operating in Asia, excluding Japan. The report highlights trends in published EV results, including a total growth in reported EV in 2017 of 19.2%, and similarly a 19.1% growth in value of new business (VNB).

Beyond EV results, the Milliman 2017 Embedded Value Results: Asia (excl. Japan) report analyses and discusses the EV methodologies and assumptions, the impact of regulations, as well as recent developments with IFRS 17 as it gains momentum in the region.

“China’s clampdown on high guarantee universal life sales reduced premium volumes but had little effect on EV and VNB results due to profitability of this line of business typically being very low or even negative,” said Milliman principal and consulting actuary Paul Sinnott. “Overall, those insurers that successfully reoriented their product strategies from savings to protection business seem to have performed best”

A few key insights from the Asian report include:

- EV growth across Asia ranged from 10% to 28%, with 2017’s total reported Asian EV increasing by 19.2% on a comparable basis to USD 480 billion, up from USD 403 billion in 2016.
- South Korea, citing profitable new business, efficiencies gains, and a change in investment assumptions, reported the highest comparable EV growth, at 22%, with Hong Kong and China reporting the next highest total EV growth, at 21%.
- Life insurance sales decreased slightly overall, with gross written premium (GWP) estimated to have reduced by 4%. This was largely due to China’s USD 32 million decrease in GWP, mainly as a result of the restrictions imposed on the sales of universal life business.
- VIF increased for all markets. South Korea recorded the largest VIF growth of 103%, mainly as a result of increased investment return assumptions reflecting the yield curve rise last year; Hong Kong also posted strong VIF growth of 20%, largely driven by high volumes of new business from mainland Chinese visitors.

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, please contact:

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