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Day 2

EAIC Daily

The Official Newsletter of the 23rd East Asian Insurance Congress

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Let the Show Begin!

For the first time in its almost 50-year history, the biennial East Asian Insurance Congress meets in July and in one of the smallest markets in the region, Brunei Darussalam. But the Brunei industry with just 15 insurance companies and 250 people has risen to the occasion most gallantly under the patronage of a lady chairperson in the organising committee. Ms Dorothy Newn, Chairlady of the Organising Committee of the 23nd EAIC in Bandar Seri Begawan, shares her trials and tribulations of organising the insurance event of the year.

1. What was the best and most memorable part about organising the 23nd EAIC in Bandar Seri Bengawan?

The best part of being given the honour to host the 23rd EAIC in our tiny country is the opportunity to showcase Brunei to the international market, and also to have a panel of high caliber international speakers speak at this event allowing our local industry to participate at such a high level event.
This year has earned its place in the history of Brunei as the most eventful year for the insurance industry so far. With the passing of the Insurance Order in March aimed at delivering a financially stronger and professionally driven industry, the EAIC couldn't have come at a better time to complement our Government's desire to enhance financial services domestically.

2. What were some of the biggest challenges and how did you overcome them?

You cannot imagine the immense anticipation we felt when we started preparations for the EAIC more than two years ago. But over the months, with the full support of the Brunei insurance industry, the EAIC Secretariat and the Executive Board members, the challenges became surmountable and somehow along the way, the Organising Committee began to look forward to the Conference.

One of the biggest challenges we faced was in hotels and transport. Hotels in Brunei traditionally do not operate on full occupancy, so the challenge was ensuring that everything ran smoothly despite the high occupancy rates.

Transport was another challenge - both flights and inland. There are limited flights in and out of Brunei so we had to make arrangements for additional flights to cope with the higher demand.

And with only 45 taxis operating in Brunei, we had to arrange for buses and shuttle services to ferry delegates between the official hotels and the ICC. We spent more than B$100,000 on transportation alone, for the entire duration of the EAIC. The local police have also been very supportive in providing outriders for the buses to ensure that delegates get to the venues on time. The immigration department was also roped in to ensure customs, immigration and visas were expedited rapidly.

Brunei also had no previous experience in organising such a large scale insurance event. The last major insurance event held in Brunei was the Asean Insurance Council meeting in 1993 and only 40 people participated.
Also prior to this EAIC, only Paul Kong and I had attended the EAIC in other cities, so one of the challenges was communicating to the rest of the industry what the EAIC was all about – including the style, requirements, and content.

3. How do you feel now that you've proven critics wrong and have managed to draw more than 950 delegates and accompanying persons from 34 different countries?

I would like to sincerely thank all the delegates who placed their faith in us to continue with the tradition of attending the EAIC. For us, it is indeed a record to have hit over 950 delegates and accompanying persons.

It's been an extremely hectic time, working tirelessly over the last 24 months. It was a lot of hard work, but a lot of fun as well. All the hard work and late nights' hard work has finally paid off and it's an indescribable sense of satisfaction that we managed to surpassing initial expectations in terms of delegate numbers.

As for me, after the event is over, aside from the tremendous relief, I am sure we in Brunei will feel a little sad that this historic event has come to a close. But it was a great experience for us and I would do it all again in a heartbeat.

EAIC ALL FIGURED OUT

12 key people were involved in organising the 23rd EAIC in Bandar Seri Begawan

More than **B$100,000** was spent on transportation for the duration of the EAIC

The entire Brunei only has **45** taxis, every household in the country owns more than one car.

Brunei's population is **360,000** and there are a total of **2500** hotel rooms in the country

The total number of people working in the Brunei insurance and takaful industry is **250**

It cost organisers more than **B$1 million** to organise the event, and total sponsorship from the 8 sponsors came to **USD$200,000**

B$8 million is the new paid up capital for insurance companies in Brunei

Munich Re: To Be A Preferred Partner in Risk

Sharing international know-how with its profound knowledge of local conditions – that is what Munich Re offers in its partnership to all its clients. Here, **Mr Karl Wittmann**, Member of the Board of Management, Munich Re, Germany, spoke about the company's focus and priorities, and the offer of its vast pool of expertise and training programmes to help insurers.

What are Munich Re's key initiatives, priorities and contributions in Asia?

We aspire to be the "preferred partner in risk" for our clients, whom we provide with the full range of underwriting products. In addition, they benefit from our strengths that go beyond actual risk protection: our financial strength, our knowledge, our solution-oriented approach, and the treatment of our clients as partners.

We share our know-how with our cedants in a whole range of activities, including workshops and courses. Through such services to our clients, we assist in the development of companies and markets. And through our reinsurance cover, we help promote development of the economy as a whole. Munich Re carries a billion dollars in exposures every day, thus contributing significantly to economic security, investment and growth.

Another initiative to which Munich Re attaches importance is micro insurance, whose significance is increasing in the light of the recent natural disasters that largely affected uninsured sections of the world's population. Keeping in close contact with the main participants (eg MFIs, NGOs, primary insurers), we involve ourselves in market developments. We carefully analyse markets and, where required, derive solutions that meet commercial requirements on a sustainable basis.

What are the key recent accomplishments in specific markets in Asia that Munich Re is most proud of?

A key accomplishment of which we are very proud is becoming the first company to receive a reinsurance licence in China in 2003. We see this as reflecting the fact that, over the past 50 years, Munich Re has succeeded in establishing good relationships based on mutual trust not only with clients but also with the state institutions. The Munich Re Group is also active in China through DKV and the formation of the first private health insurer in the market, PICC Health. The outstanding position of Munich Re in Australasia is underscored by it being twice named Reinsurer of the Year in August 2005.

What are Munich Re's key challenges in Asia and how is the company overcoming these obstacles?

One of the main challenges is the issue of inadequate terms and conditions. Ultimately, it is the insurance industry's key obligation to keep the promises it makes to policyholders. The ability to do so on a reliable basis requires that insurers and reinsurers are precisely aware of the risk exposure, as well as having the necessary capital to honour their commitments at all times. For this reason, sound underwriting with an extensive understanding of the technical factors is a must. And the logical outcome of this is risk-adequate pricing. Especially with regard to natural hazards, the requisite knowledge of the incurred risk position can only be obtained by having a comprehensive team of experts covering all the pertinent disciplines – meteorology, seismology, geology, geophysics and geography. Additionally, a stringent assessment and monitoring of the risks accepted is essential. This costs money, but it is necessary in order to keep offering reliable cover.

Against this background, we are concentrating our resources on clients that use risk-commensurate pricing and, where necessary, decoupling our terms and conditions of business from those of the local market. We are introducing issues like value based management (VBM) and integrated risk management (IRM) to the markets to ensure better understanding of the relationship between return on risk adjusted capital (RORAC) and pricing. And we are providing assistance with product development to create new opportunities.

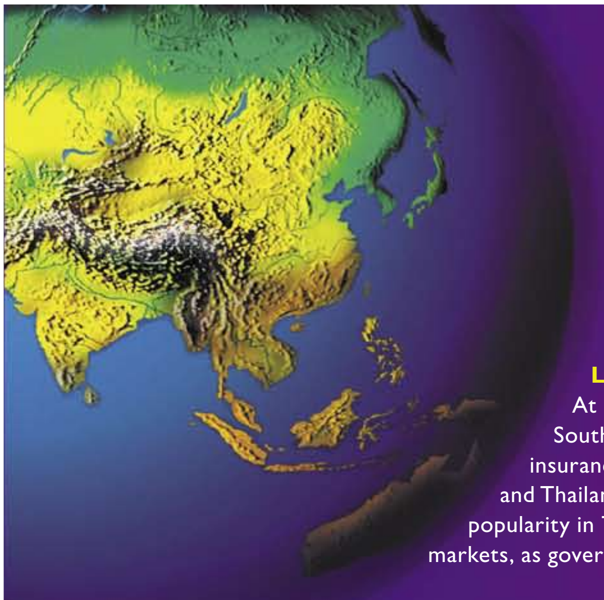
Another aspect is the lack of skilled people in developing markets. To counter this, we offer our clients extensive training programmes and risk management consultancy both in Munich and locally. Every year, we stage numerous specialist events at our client companies – forums, symposiums and seminars – dealing with current developments in the individual markets and ensuring a continual transfer of knowledge.

What strategies are the company adopting to maintain its status as a leading reinsurer in the region?

We want to remain the first choice for our clients. The focus for us here is on the implementation of long-term, value-creating solutions for client-specific needs. Through our branches and subsidiaries, we combine international know-how with profound knowledge of local conditions. Our solutions are customised and tailored to the specific needs of our clients, taking into account a holistic balance-sheet approach. We provide innovative products, such as takaful insurances, and innovative services in areas like integrated risk management, which add real value to our clients' business.

By adhering to our fundamental principle of only accepting risks that are adequately rated, we ensure a high degree of financial strength and security.

The Walking Man statue at Leopoldstraße 36 at Munich Re's headquarters



Life Shines Brighter in Asia

Annuity sales and universal life products in South and East Asia helped boost life insurance premiums by double digits in 2005, but stiff price competition in the motor business dampened the growth of the non-life sector, said Swiss Re in its latest *sigma* report.

Life

At 10.5%, the growth of life insurance premiums last year was fairly robust across Asia, although Southeast Asia witnessed some abatement in growth. Despite sound business expansion in life insurance premiums in China, Hong Kong, Taiwan and South Korea, Indonesia, Malaysia, Singapore and Thailand reported slower premium growth compared to 2004 levels. Universal life products gained popularity in Thailand as well as India and China, while the sales of annuities also remained strong in the markets, as governments continued to promote private sector provision of retirement benefits.

Non-Life

Non-life insurance premiums in the region increased by 7% last year, but growth was patchy. Although it rose in South Korea, Indonesia and Vietnam, price competition in motor third party liability and employees' compensation business contributed to the contraction of premiums by 2.7% in Hong Kong. Business growth slowed in Taiwan to just 2.7%, while Singapore's premiums dipped by 4.8%.

Profitability

Profitability was satisfactory in most markets, reflecting a low incidence of major catastrophe losses and a robust stockmarket performance. Rising motor claims in some markets, however, remain a perennial threat to underwriting profitability of non-life insurers.

This trend is set to continue into 2006 for life insurance, with sustained vibrant economic activity in the region and further proliferation of new channels and products for life insurance, and stiff price competition, particularly in the motor business, affecting the non-life sector.

The Japanese Market

In Japan, both life and non-life businesses were stagnant. Life insurance premiums rose slightly by 0.8% in 2005, after having contracted by 1.2% in 2004.

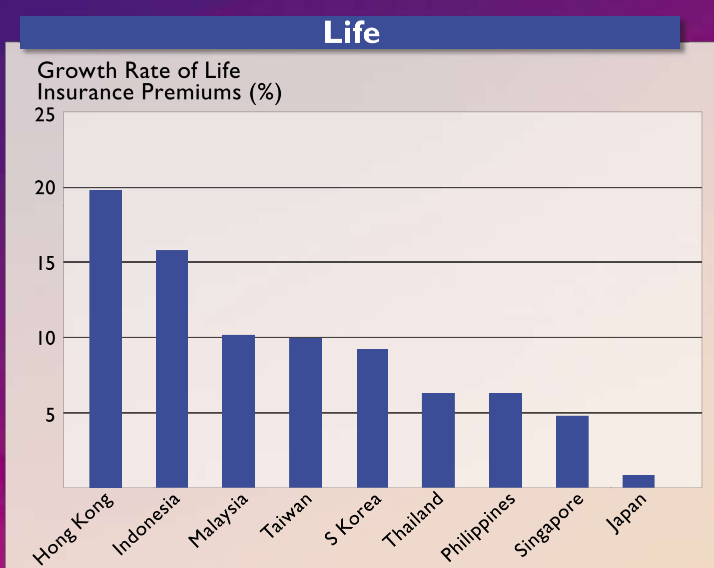
While the insurance business via the publicly-run postal system ("Kampo") fell against the backdrop of privatisation concerns, premiums of private insurers are estimated to have increased for the third consecutive year, by around 4%.

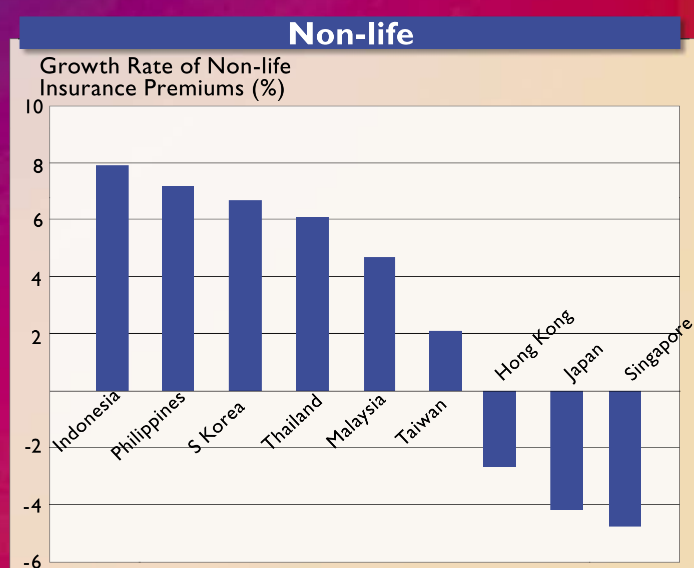
As with South and East Asia, there was a healthy demand for annuities, and overall profitability improved due to sustained gains in domestic and overseas stockmarkets.

As for the non-life business, premiums grew by a marginal 0.2% in 2005, dampened by keen competition in the voluntary motor and compulsory automobile liability insurance (CALI).

Looking ahead, tough price competition, particularly in the motor business, remains a major concern, but sustained economic recovery and proposed tax deductions for household earthquake insurance premiums are expected to help top-line growth in 2006.

Growth Rate in EAIC Markets 2005





Source: Swiss Re, *sigma*; Macau and Brunei are not included in Swiss Re's *sigma* report

How well do you know about the EAIC?

See how well you score on EAIC trivia. For the first five to come to our booth with the right answers, we will give away the AIR CD-ROM containing articles published by us.

1) Who is the current President of the EAIC Executive Board?
2) Under EAIC statutes, what is the total number of neighbouring countries and which countries are they?
3) Which four countries have hosted the EAIC thrice?
4) Which are the top 3 insurance markets of the EAIC in terms of premium income?
5) When did *Asia Insurance Review* become the official magazine of the EAIC?

Men Behind the Big Five

Here, we zoom in on the five men behind the world's top insurance groups who, in their drive for excellence, have helped shape the global insurance industry. We look at how these men have energised and inspired others to follow in their footsteps.

"The Belgian in Braces"

Mr Michel Tilmant

Chairman of the Executive Board of ING

When Mr Tilmant, who spent his whole career as a banker, became Chairman in April 2004, he was the first non-Dutchman to head up ING. He was also widely tagged as "the Belgian in braces" for his quirky attire.

But Mr Tilmant took the unconventionality in his stride and set out to restructure the Group by separating the banking and the insurance unit and sold off parts of the business that were not working to simplify the organisation, making sure that things were more transparent and more accountable

His thoughts on what makes a great leader? One that can inspire and energise. "A leader has to read and watch the market, gives direction to the people and motivate them," he said.

"If you are a chief executive, the big risk is you start distancing yourself from reality because you run the risk of working in an ivory tower – you have to work the floor and understand what is going on to make sure that you keep connected with reality.

You also need to have empathy for people, and build your beliefs on moral values. As a leader, the way you behave is very important because the institution looks permanently at your behaviour and they adapt to that," he added.

The French Connection

Mr Henri de Castries

Chairman of the AXA Group Management Board and CEO

Mr de Castries took over the helm of French powerhouse in 2000 and has since frequently been hailed as AXA's second modern-day CEO who has built what observers consider an even stronger company through a strict eye on discipline, contrarian strategic coups and a killer instinct for crisis management.

When Mr de Castries took over, he moved to swiftly pare AXA back to the essentials of financial protection insurance and asset management products. He also instituted a regimen involving fiscal austerity and return-to-insurance basics, enforced by strict performance metrics. As a result of these efforts, the company trimmed 1.3 billion euros in costs with 866 million euros of those savings produced in 2002 alone.

Mr de Castries said that his biggest contribution involves the company's commitment to creating an entirely new business category called financial protection, which taps the core disciplines of insurance, annuities and asset management.

On the personal front, Mr de Castries has acknowledged publicly that he is the scion of a renowned family with military ties (one ancestor was Louis XVI's navy minister; another was the French commander at Dien Bien Phu). But because of his low-key and discreet nature, the real man behind the company still remains a relative mystery.

The German Giant

Mr Michael Diekmann

Chairman of the Board of Management of Allianz AG

Mr Diekmann began his career heading his own publishing business, Diekmann/Thieme, which produced adventure travel books. But in 1988, tired of competing with the big publishing houses, he joined Allianz as executive assistant to the head of the company's Hamburg office.

Rising quickly in the company, he became the head of the Hamburg Harburg sales office and subsequently head of sales for the region of North Rhine – Westphalia. In 1996, he moved to Singapore to head Allianz's Asia-Pacific region where he was instrumental in driving growth in Asia.

Two years later, he was given a seat on the Allianz management board and later became head of Allianz's insurance businesses in the Americas where he tackled with the consistently underperforming US Fireman's Fund.

In 2003, Allianz CEO Henning Schulte-Noelle stepped down, turning over the reins to Mr Diekmann who introduced several radical changes to bring his company back on its feet. He slashed costs by cutting employees (more than 15,000 at Dresdner Bank), eliminated non-core businesses, increased capital through a $5-billion rights issue, and established tough profitability targets to turn around the company's subsidiaries. In less than a year, Mr Diekmann was able to bring Allianz back into the black (profits neared $2 billion in 2003) and increased share prices significantly. Despite making several unpopular and difficult management decisions, Mr Diekmann's charm and open management style has won over Allianz employees, many of whom had grown weary of the previous closed-door approach within the company.

The Hand-Picked Heir

Mr Martin J Sullivan

CEO AIG

The story of how Mr Hank Greenberg built AIG into a monument to his own genius is almost legendary in the history books of insurance, but little is known about his successor, Mr Martin Sullivan, who took over the helm in March last year, following the highlypublicised Spitzer investigations.

He had undoubtedly earned his stripes as a proven leader with a distinguished record of accomplishments during his more than 30-year long career at AIG, starting out at the tender age of 16 in the finance department. He is also widely known as the handpicked heir by Mr Greenberg himself.

Shortly after assuming the top job at America's top insurer, Mr Sullivan acknowledged the challenge of succeeding Mr Greenberg. "It is a daunting task to step into the shoes of Hank Greenberg. Thanks to his leadership, AIG business units are managed by tested professionals who are leaders in their field.

"In the future, AIG will prosper with the right controls and checks and balances in place, and the right level of compliance. A new era has begun at AIG. I have a different style. One of my abilities is to get the best out of people, in the right way. It's the parts that make up the whole. We are not a one man band," he said.

The Quiet Diplomat

Mr Sergio Balbinot

CEO, Assicurazioni Generali

It was Mr Balbinot's expertise in international operations, along with his quiet and diplomatic management style, that earned him the appointment as co-CEO in 2002, after nearly two decades with the company.

With his main role to oversee Generali's international operations, he immediately went to work to cut costs by streamlining dozens of international companies under Generali's control. He expanded Generali's presence beyond Europe and spearheaded the company's presence into China.

Mr Balbinot has been widely applauded for his efforts in creating a new sense of openness, transparency, and coherence within the company.

And The Next Five In Waiting...

The 'Accidental' insurer

Mr Richard Harvey

Group Chief Executive, Aviva

For someone who initially wanted to be a nuclear engineer, Mr Harvey has made his mark in insurance. As CEO of CGNU which was a merger between Norwich and CGU, Mr Harvey was highly instrumental in forging this merger as well as being the key person in its subsequent name change to Aviva a year later.

Leaving the idea of being a nuclear engineer because there was a glut of these then, he decided to be an actuary and rose through the ranks in Sun Alliance. In 1997, he floated the company in an initial public offering and was quoted to say that this was the proudest moment of his career.

Controversy dogged him in subsequent years as he helped CGNU choose the name Aviva and then establishing a call centre in Bangladore, India and cutting about 1,600 jobs on the home front.

However, Aviva has grown in strength and, by 2004, was the seventh-largest insurance group in the world serving 25 million customers. Mr Harvey also took on the job of being the Chairman of the Association of British Insurers (ABI) in 2003.

The Man with the Midas Touch

Mr Warren Buffet

Chairman and CEO
Berkshire Hathaway Holdings

This CEO certainly needs no introduction. As the world's second-richest man, worth US$44 billion, Mr Warren Buffet made headlines around the world recently for giving 85% of his wealth to the Bill & Melinda Gates Foundation.

Remarkable is the word to describe this Omahan who, at 75, has a reputation of being a genius at value investing and in the critical discernment of corporate talent and management. Conservative to a fault where money is concerned, his every investment was founded on an obligation to his investors to outperform every performance indictor.

His four rules in investment? 1) Understand the business in which you are investing. Look for business within a circle of personal competence. 2) Look for sound, fundamental economics, ie seek out companies that have a sustainable economic advantage or what he would call "a castle with a moat around it". 3) Find competent leadership. 4) Buy at the right price if you want an investment to pay off. For him, this means doing your homework thoroughly with detailed analysis of the company's innards.

The Comeback Chief

Mr Mark Tucker

Group Chief Executive, Prudential plc

The 49-year-old took over the reins at the UK giant in May last year following investor pressure which led to the ouster of his predecessor, Mr Jonathan Bloomer. Mr Tucker had headed Prudential Corporation Asia for 10 years before resigning in 2003, publicly stating that it was because he was passed over for a promotion to the top job.

In the interim, the Chartered Accountant took a break for almost a year. He resurfaced in May 2004 as Group Finance Director for banking group HBOS. Sources said that he soon built a reputation for making tough business calls.

Starting his professional career as a footballer, Mr Tucker worked as a tax consultant before joining Prudential in 1986. He held senior positions in Prudential's UK and US businesses but is probably best known for having built the 158-year-old establishment's operations in China, Hong Kong, Japan and Vietnam into a £15 billion business. When he left in 2003, Prudential's Asian business generated 48% of its group profits.

For 2005, the Group delivered double digit growth in all its key performance businesses, with total statutory profit from continuing operations up 36% and total EEV profit up 33%. Its sterling results have made it the target of a takeover bid by British rival Aviva, which was promptly rejected by the board, citing "full confidence in (its) independent future".

The Outsider

Mr James J Schiro

CEO, Zurich Financial Services

A trained accountant and former CEO of PricewaterhouseCoopers, Mr Schiro is not only the first foreigner to head Zurich Financial Services, he did not speak German, and also lacked experience in the insurance industry. But he had the basic financial discipline needed to transform the company which had lost focus in the late 1990s.

Joining the Swiss insurance group in 2002, Mr Schiro implemented strict cost-control measures, and within a year, Zurich showed a US$2.1 billion in profit, a turnaround from a record US$3.4 billion loss in 2002.

He also implemented a new management culture built on four components: risk management, underwriting discipline, internal auditing and matching rewards with performance.

The Change Manager

Mr Kunie Okamoto

President,
Nippon Life Insurance Company

Since becoming President in April 2005, Mr Okamoto has been making bold changes to the company's strategy, earning a reputation of being an aggressive boss.

Taking several bold steps such as reducing the premium for onetime payment insurance for the first time in 21 years and increasing the dividend to policyholders, Mr Okamoto said that his vision is to build an insurance company that would never go bankrupt.

However, in true Japanese modesty, he demurred about being different from his predecessor, Mr Ikuo Uno, saying that with the revival of the economy and soaring share prices, the company needs a different strategy today.

Having been with the company since 1969, Mr Okamoto believes in hearing the opinions of the salespeople personally, and has visited 56 of the company's 117 branches since he became President. He intends to visit the rest of the branches by the end of March 2007.

Top-Ten Global Insurance Companies
By Revenue, 2005

Rank	Company	Revenue[2] ($ millions)	Country
1	ING Group	138,235.3	Netherlands
2	AXA	129,839.2	France
3	Allianz	121,406.0	Germany
4	AIG	108,905.0	US
5	Assicurazioni Generali	101,403.8	Italy
6	Aviva	92,579.4	UK
7	Berkshire Hathaway	81,663.0	US
8	Prudential	74,744.7	UK
9	Zurich Financial Services	67,186.0	Switzerland
10	Nippon Life Insurance	61,158.3	Japan

Source: Fortune Global 500
http://money.cnn.com/magazines/fortune/global500/2006/full_list/

Meeting of Minds

Even as delegates were out sightseeing and golfing, EAIC board members were at work early Sunday morning to attend to EAIC board meeting to discuss the future direction of the Congress.

ASIA INSURANCE INDUSTRY AWARDS
Roll Of Honour 2006

Life Insurance Company of the Year
HSBC Life (International)

General Insurance Company of the Year
AHA Singapore

Loss Adjuster of the Year
Crawford & Co

Educational Service Provider of the Year
ANZIIF

Service Provider of the Year
3i Infotech

Innovation of the Year
Ceylinco Insurance

Risk Manager of the Year
Mr Ngiam Tee Lim,
Asia Pacific Breweries

Broker of the Year
HSBC Insurance Brokers (Asia Pacific)

Reinsurance Broker of the Year
Benfield

General Reinsurer of the Year
Swiss Re

Life Reinsurer of the Year
Swiss Re

Reinsurance Industry Contribution Award
Malaysian Re

Insurance Personality of the Year
Mr Mark O'Dell,
AIA Singapore

Corporate Social Responsibility Award
Eagle Insurance

Corporate Social Responsibility Merit Award
AIA Singapore

Lifetime Achievement Award
Mr Rudy Wanandi

Lifetime Achievement Award (Posthumous)
Mr Jose Halili Co

Party Central

EAIC regulars will know that one of the highlights of the event is cocktail hopping on Sponsors night. This year, Tuesday 1st August has been set aside for sponsor cocktails, and here we have the full list of all the cocktails that everyone will be talking about long after the EAIC is over.

Company	*Time*	*Venue*	*Theme*
AIG	From 6.30pm	Pantai Restaurant, Empire Hotel	
Aon	From 8.00pm	The Baze Music Lounge, Empire Hotel	Retro Night
Swiss Re	6.30pm – 9.30pm	Indera Kayangan Ballroom, Empire Hotel	Celebrating 50 Years in Asia Pacific
Toa Re	7.00pm – 9.00pm	Marine Centre, Poolside, Empire Hotel	Cocktail reception
Tokio Marine Global Re	6.00pm – 9.00pm	Members Grill & Lounge, Empire Hotel	Japanese Food and Drink

We have also compiled a list of hospitality suites so be sure to drop by:

Room No.	Company
J1.01	Benfield Asia Pte Ltd
J1.02.	Tokio Marine Global Re
J2.01	J B Boda
J2.02	General Insurance Corp of India (GIC Re)
J3.02	Swiss Re
J4.01	AIG
J4.02	Munich Re
J5.01	Guy Carpenter
J5.02	Allianz Re
J6.01	Arab Insurance Group (BSC) Singapore Branch
J6.02	Guy Carpenter & Company Pte Ltd

Private Meeting Rooms (Country Rooms)

Melati – Converium
Melor – UIB Asia Reinsurance Brokers
Cempaka – PWS East Asia

Hospitality Rooms at the Empire Hotel and Country Club

Suite 2701 – Gallagher Re,
3.00pm – 6.00pm

Aon Re: Envisaging Tomorrow's Needs

To capitalise on growth opportunities, reinsurance intermediaries cannot afford to be purely transactional, says **Mr Malcolm Steingold**, CEO of Aon Re Asia Pacific. He elaborates on these opportunities and how the company plans to overcome the obstacles by thinking long-term.

What growth opportunities or growth markets do you see as a reinsurance intermediary in Asia?

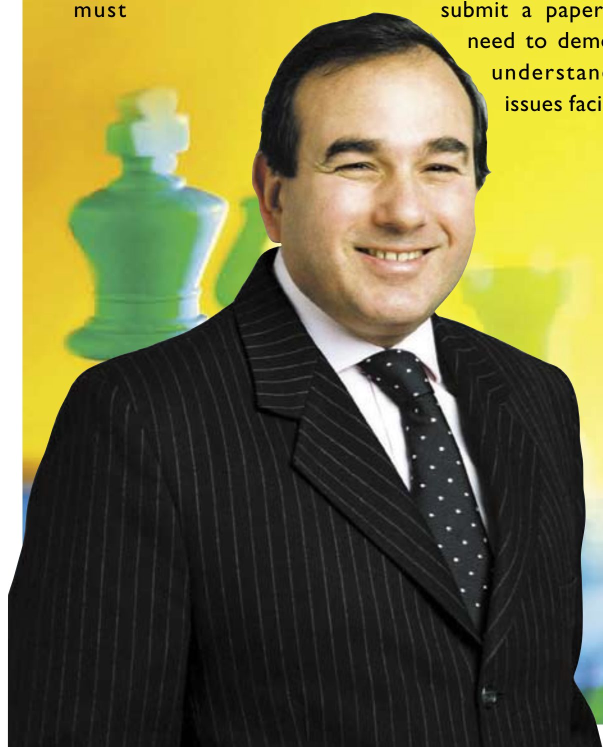
Growth opportunities: The days of being a purely transactional reinsurance intermediary are, in my view, limited. Insurance companies are starting to assess and will continue to assess their capital needs in a more sophisticated way. This development is precipitated by regulators in the region starting to favour risk-based capital regimes coupled by pressure on insurers to use their capital far more efficiently. The growth opportunities will become increasingly limited to those reinsurance intermediaries who are able to offer quality financial analysis coupled with more robust risk profiling and advice on exposure to natural catastrophes.

Growth markets: Where do I start? I suppose if I respond to that question on the basis of growth in GDP, I would have to say China, Vietnam and India. This assessment needs to be qualified by looking at GDP per capita and the regulatory regime in each of the markets in Asia. China, Vietnam and India coincidently have the lowest GDP's per capita and consequent low levels of insurance penetration. So, yes, these countries stand out as potential growth markets in Asia with the following caveats. GDP per capita and consequent insurance market penetration needs to increase and one has to take a long-term view. I also would not ignore markets like Indonesia and Thailand. Even mature markets like South Korea and Singapore offer opportunities for growth for niche and specialist players.

Besides China and India, which other emerging markets in the region offer double-digit growth opportunities? What is Aon Re doing to capitalise on the potential in these markets?

The standout is Vietnam which is often overshadowed by the intense focus on China and India.

We are capitalising on the potential in these markets by first establishing which countries, from our perspective, ought to have high investment priority. In our business, human capital is key, so we are investing heavily in developing local capability in these high investment priority countries. Aon is also a firm believer that you get out of a market what you put in. Accordingly, we are also focused on assisting our clients and the market in general in lifting its level of expertise. An example of this is the Aon Re Malaysia Scholarship which is open to high potential insurance executives below the age of 35. Applicants must submit a paper in which they need to demonstrate a deep understanding of macro issues facing the insurance industry. They also need to demonstrate leadership potential.



What are the biggest challenges to Aon Re's expansion in Asia?

Time and people. Client focus, unmatched talent and operational excellence are critical to Aon Re achieving our expansion aspirations in the region. One of Aon's strategic imperatives is to attract people of unmatched talent. The challenge is not only to hire the best people in the region, but to develop them to a requisite level in the time scale required.

The Asian region has an abundant pool of potential talent who are academically qualified, but do not have the benefit of experience. I keep telling our senior people in the region not only to focus on today's needs but to also envisage the size and type of team they will need in five years' time. This visioning has to be based on our future business model rather than the current paradigm. I also remind them that they should be developing the 2010 team today.

What is Aon Re's growth strategy in the region?

If I hear our clients correctly, they want three basic things from us: the ability to understand impediments to their own aspirations for growth and high returns; the ability to resolve those impediments (eg efficient capital in the form of a reinsurance instrument); and ability to advise on price. Our strategy is simply to build local teams that are able to respond at the highest level to these three basic needs with the seamless support of our regional and global resources. The details are, of course, confidential. Our strategy is quite simple: total focus on client needs, attracting unmatched talent and operational excellence. It is the execution that is, of course, our challenge, and one, I might add, which we relish.

How prepared are insurers in Asia in the event of a possible avian flu pandemic and what more needs to be done?

Insurers face what I call the triple whammy – negative underwriting results, poor returns on their investment portfolios, and disruption to the continuity of their business operations. While the larger insurers have the resources to be prepared as one can be for a pandemic of the scale envisaged, I suggest many of the medium to small insurers will be seriously challenged. Particularly, attention needs to be paid by insurers to the wide range of insurance classes this will affect such as business interruption and liability in addition to obvious classes such as life insurance and travel.

A Lloyd's survey last year named marine cargo, product liability, D&O liability and professional indemnity as product lines with the most promising growth prospects in Asia. Do you agree?

Yes. As emerging economies become more sophisticated, there is a greater demand on personal and professional liability. So yes, there will be opportunities arising from the more esoteric specialist lines of business. I would add life insurance and wealth products to this list.

A Bruneian Welcome to the EAIC

Bonding over food and drinks, with a band playing in the background, old friends got together to celebrate the start of the EAIC. Ms Dorothy Newn, Chairwoman of the 23rd EAIC Organising Committee, greeted the delegates at the reception, welcoming them to the 'Abode of Peace' – Brunei Darussalam.

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