

Munich Re builds APAC footprint

Munich Re's Asia-Pacific business is "strengthening and fostering local operations" by giving offices in the region "stronger mandates", according to Tobias Farny, chief executive, Asia-Pacific for Munich Re.

He told *Monte Carlo Today* that in the Asian markets business is good but remains challenging.

"We've been successful in establishing the Asian operations, we sit on good portfolios of business that produce decent results. But we have volatility, be it from nat cat or other areas," Farny said.

He added the business had seen price deterioration between 2012 and 2018 as prices came down.

"There was a negative trend in the sense we felt prices were not always adequate. For the last 12 to 18 months, things have stabilised, which is good. Prices are subject to the function of supply and demand, so we still see room for prices to improve further in areas where, simply because of the last couple of years, they have been trending downwards for too long," he said.



Tobias Farny

Explaining the company's plans to build the Asia-Pacific business, Farny said: "What is important to us, and that's where we have developed the company's Asian operations, is to strengthen and foster the local operations. "Over the last two years, we've been

building and enabling the offices abroad with stronger mandates. We've moved a couple of the responsibilities into the region, for example.

"We've built a cyber hub in Singapore, and we've strengthened our agricultural business team, especially in India and China, because we see these markets are very large agricultural markets and we realise the necessity to make local decisions.

"They will always be based on good knowledge, so that is where we currently investing."

He added that on the basis of strengthening the local footprint in the market, he is looking at a number of new areas, for example cyber.

"It is a global phenomenon that's also true for Asia."

Farny highlighted the launch of Munich Re's Smart Thinking company in Beijing, which offers a consultative approach.

"We hired data analysts, IT specialists and people from digital backgrounds so that we have someone our clients, the primary insurance industry, can talk to, to build digital sales channels, etc," he concluded. ●

Cat bonds can meet Silk Road need: PhoenixCRetro

There is a potentially big opportunity for the insurance-linked securities (ILS) markets to develop parametric cat bonds that could cover some of the growing risks in Eastern Europe and Western areas of Asia, according to Kirill Savrassov, chief executive of PhoenixCRetro.

Savrassov told *Monte Carlo Today* that for a wide range of historical reasons insurance penetration remains very low in various countries of the former Soviet Union, as well as Turkey and parts of former Yugoslavia. Those areas are highly vulnerable to earthquakes, such as the ones that devastated Armenia and Tashkent over the past 50 years.

Savrassov pointed out that a huge amount of investment is being poured into the region by the Chinese government, which is seeking to expand its economic footprint with its Belt and Road Initiative, an economic project to essentially recreate the ancient Silk Road that linked Europe to Asia.

This requires the creation of a huge of



Kirill Savrassov

“ This is a classic win-win partnership. ”

amount of infrastructure, such as roads, railways, bridges and warehouses, as well as living quarters for local workers. All of these

would very vulnerable to a major earthquake, not to mention the losses that could be caused by business interruption costs.

"Private markets have the solution to this, in the form of parametric cat bonds," said Savrassov. "This is a classic win-win partnership and it's very much the future of the development of the ILS class.

"It's in the interests not just of investors or ILS fund managers, but in the interests of international agencies and financial institutions such as the UN Development Programme and the Asian Development Bank, as well as the general area.

"To give an example of the scale of the vulnerability, the Belt and Road scheme has not yet been completed, but 10,000+ trains a year already pass through existing railways from China to Europe.

"The amount of disruption to that from an earthquake in say, Kazakhstan or Uzbekistan, could be economically catastrophic," he concluded. ●