

## Protection-oriented product strategies lead to continued embedded value growth for life insurers, despite challenges

Milliman released the findings of its annual study on reported year-end 2018 embedded value (EV) and value of new business (VNB) results for 52 major multinational and domestic life insurers across Asia. The report highlights trends in published EV results, including a total growth in reported EV in 2018 of 5.3% to USD 756 billion and a VNB growth of 1.5%. The *Milliman 2018 Embedded Value Results: Asia* report provides in-depth analysis of the EV methodologies and assumptions adopted, as well as the impact of key regulations and other market developments in the region. This year's edition includes the Japanese market, which was previously excluded from the Asia report and included as part Milliman's Europe report.

“As yield curves remain at historically low levels throughout Asia, it is the companies that have successfully transitioned away from the traditional guaranteed long term savings products that have typically reported the highest growth in EV and VNB.” said Milliman principal and consulting actuary Paul Sinnott. “This has been significant in both China and India, markets that lead EV growth in Asia, primarily as a result of companies selling more protection oriented business. Several companies in South East Asia also improved results through enhancing distribution channels' productivity. Unfavourable interest rate movements led to a decrease in EV and VNB results in a few countries.”

A few key insights from the Asian report include:

- China and India continue to report the highest EV growth in the Asia region. The regulatory clampdown on the sale of high guarantee short-medium term universal life products in China last year had very little effect on results given their lack of profitability, while the increased focus on protection business has helped drive positive EV growth.
- Total reported VNB for Asia stood at USD 52.6 billion in 2018, compared with USD 51.8 billion in 2017, representing a growth of 1.5%.
- At 22% India produced the highest VNB growth, on a constant currency basis, across Asia in 2018 mainly as a result of companies' continued focus on writing profitable protection business.
- The Japan and South Korea markets both saw a reduction in Value of In-force (VIF) results, largely due to the unfavourable interest rate environment.
- Hong Kong, Taiwan and Malaysia reported the highest new business margin growth of 7%, 5% and 4%, respectively, in 2018.

Download the full report [here](#)

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