



# Challenge and Opportunity of longevity risk for Taiwan's Insurers

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Cathay Life Insurance

Cathay Financial Holdings

# OUTLINE

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**1.**

**Taiwan Insurance Industry Overview**

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**2.**

**Population Ageing in Taiwan**

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**3.**

**Solutions and Opportunity**

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1.

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# Taiwan Insurance Industry Overview

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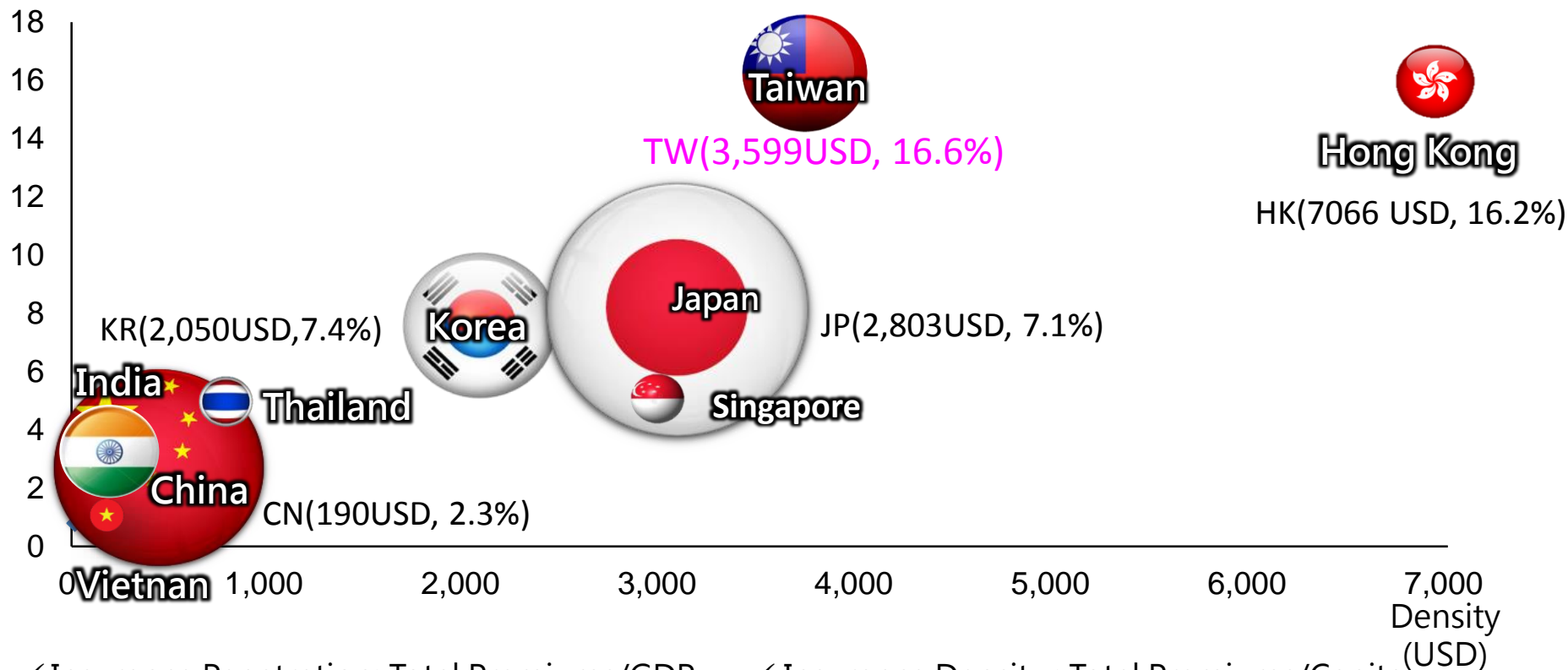
# Mature Insurance Market in Asia

❑ 23.5 Million People/2.4 Policies per person/Total Premiums: 101.0 Bn USD.

❑ Penetration Rate : the **1st** place.

Density Rate : the **6th** place.

Penetration(%)



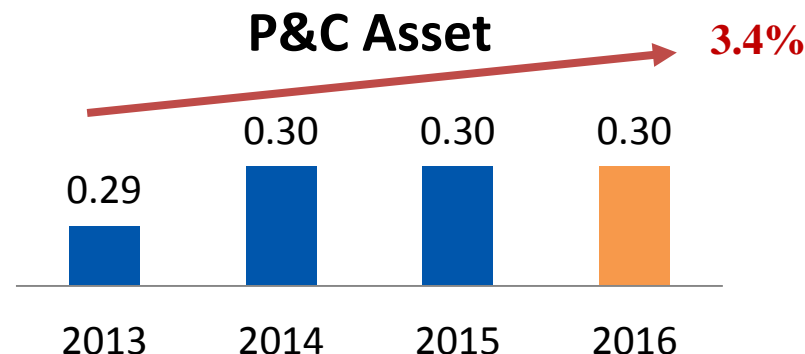
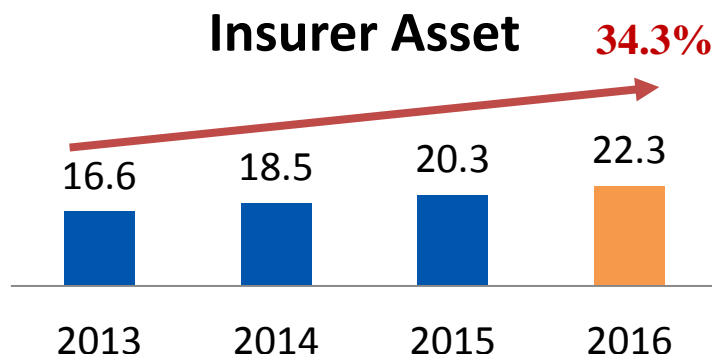
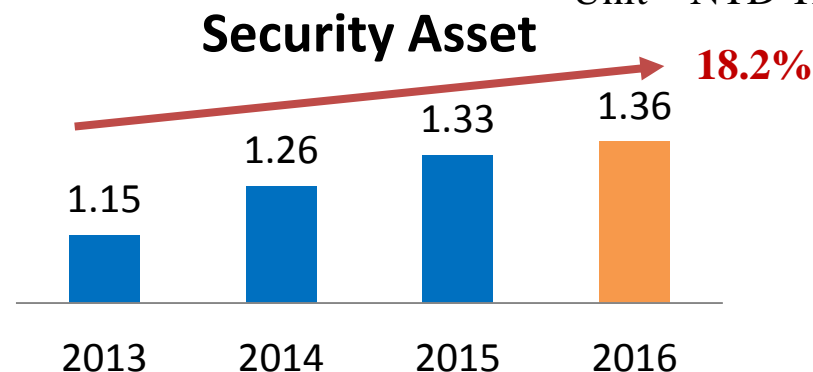
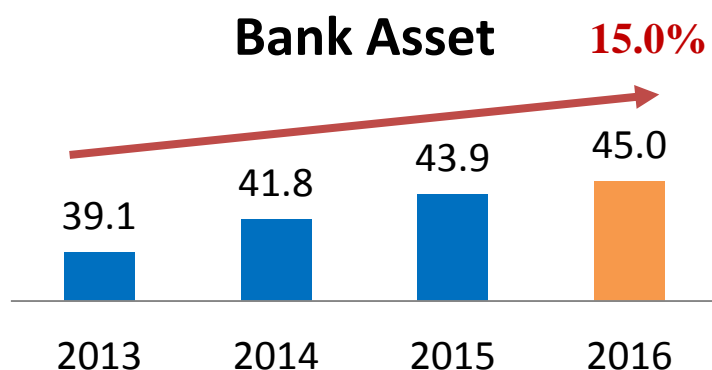
✓ Insurance Penetration: Total Premiums/GDP

✓ Insurance Density : Total Premiums/Capita



# Asset Size of Life Insurers Grow Rapidly

Unit : NTD Trillion



- Life insurers assets size has significant growth by 34.3%.
  - Life insurers' assets account for 22% in 2007 and 32% in 2016.
- The importance of Life insurers has continually risen.



# Distribution Channels and Product Mix

## 2016 FYP market shares for each channel (%)



**Bancassurance**  
(51.0%)



**Agent**  
(41.7%)



**Broker**  
(6.9%)

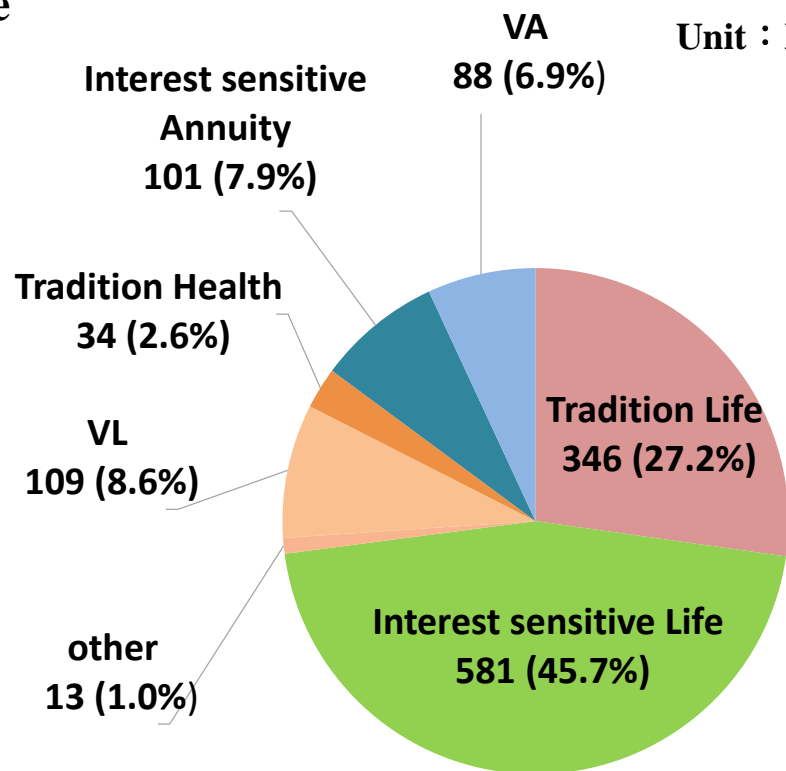


**Direct Sales**  
(0.4%)

## 2016 FYP market shares for product mix

**FYP 1270 Bn**

Unit : NTD Bn



2.

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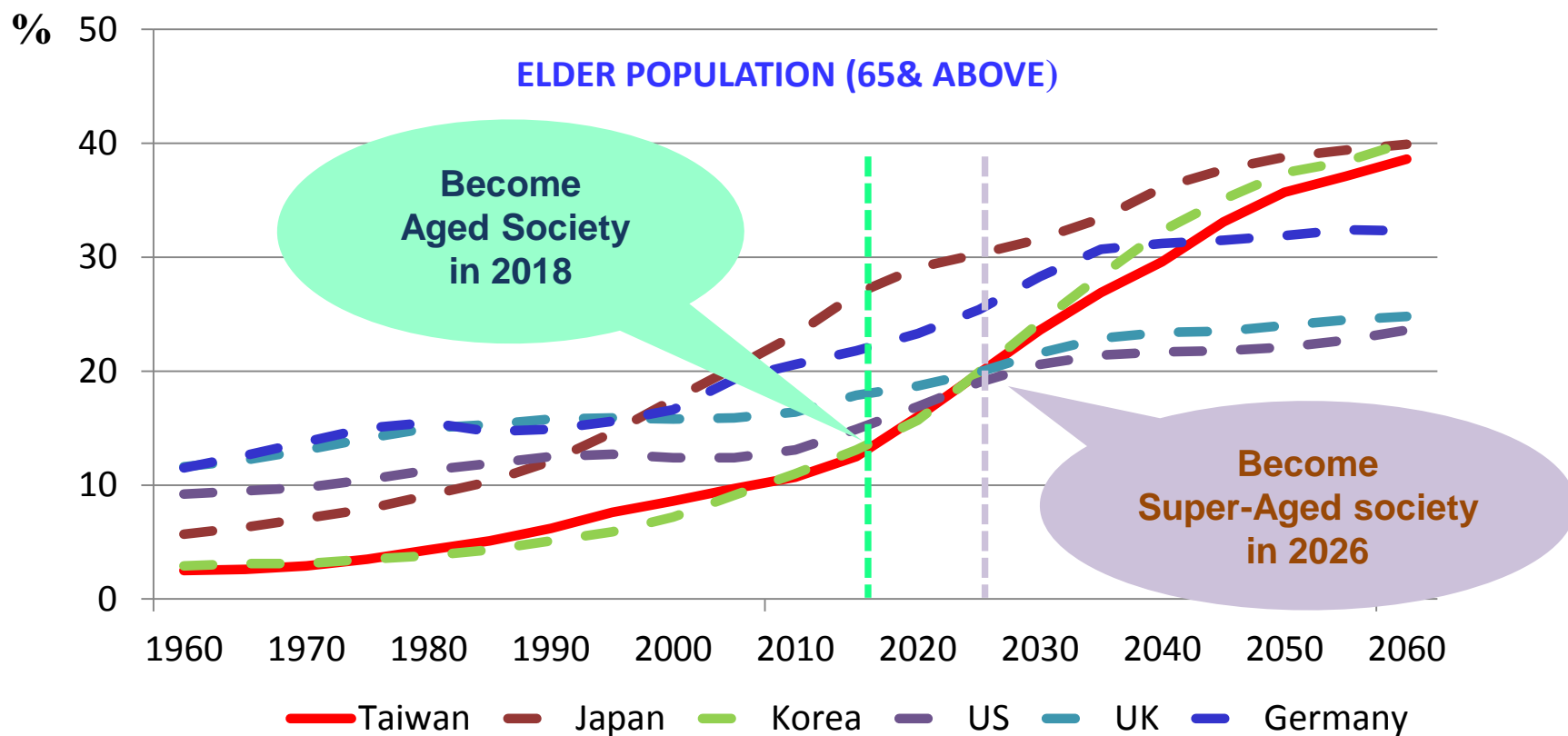
## Population Ageing in Taiwan

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# Population Ageing Speed Up



Aging Timetable (years)	Taiwan	Japan	Korea.	U.S	U.K.	Germany
Aging ⇨ Aged	<b>25*</b>	24	18*	71	47	40
Aged ⇨ Super-Aged	<b>8*</b>	11	8*	15*	51*	36

Note: \* means the estimated value.

Sources: National Development Council

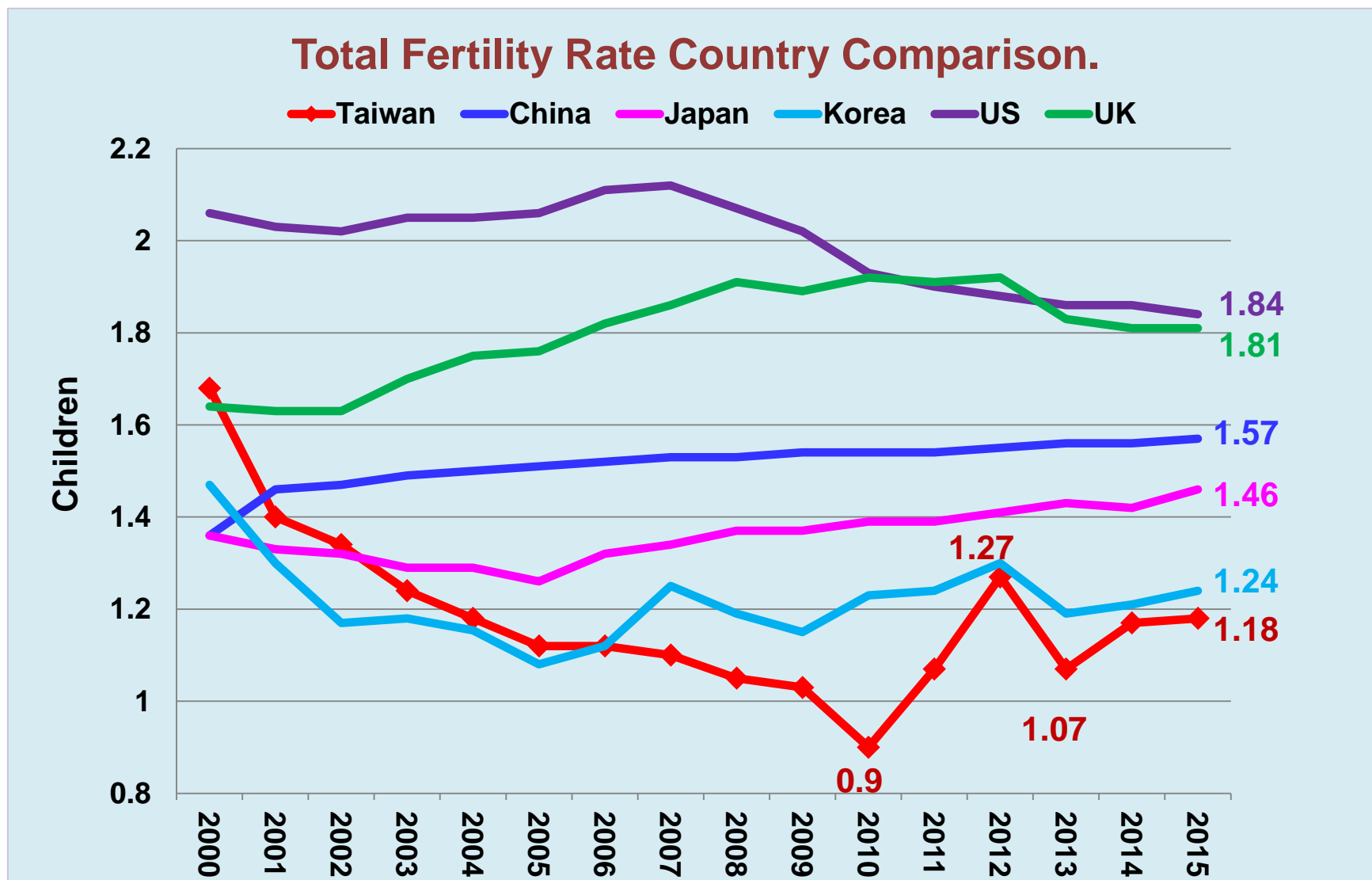


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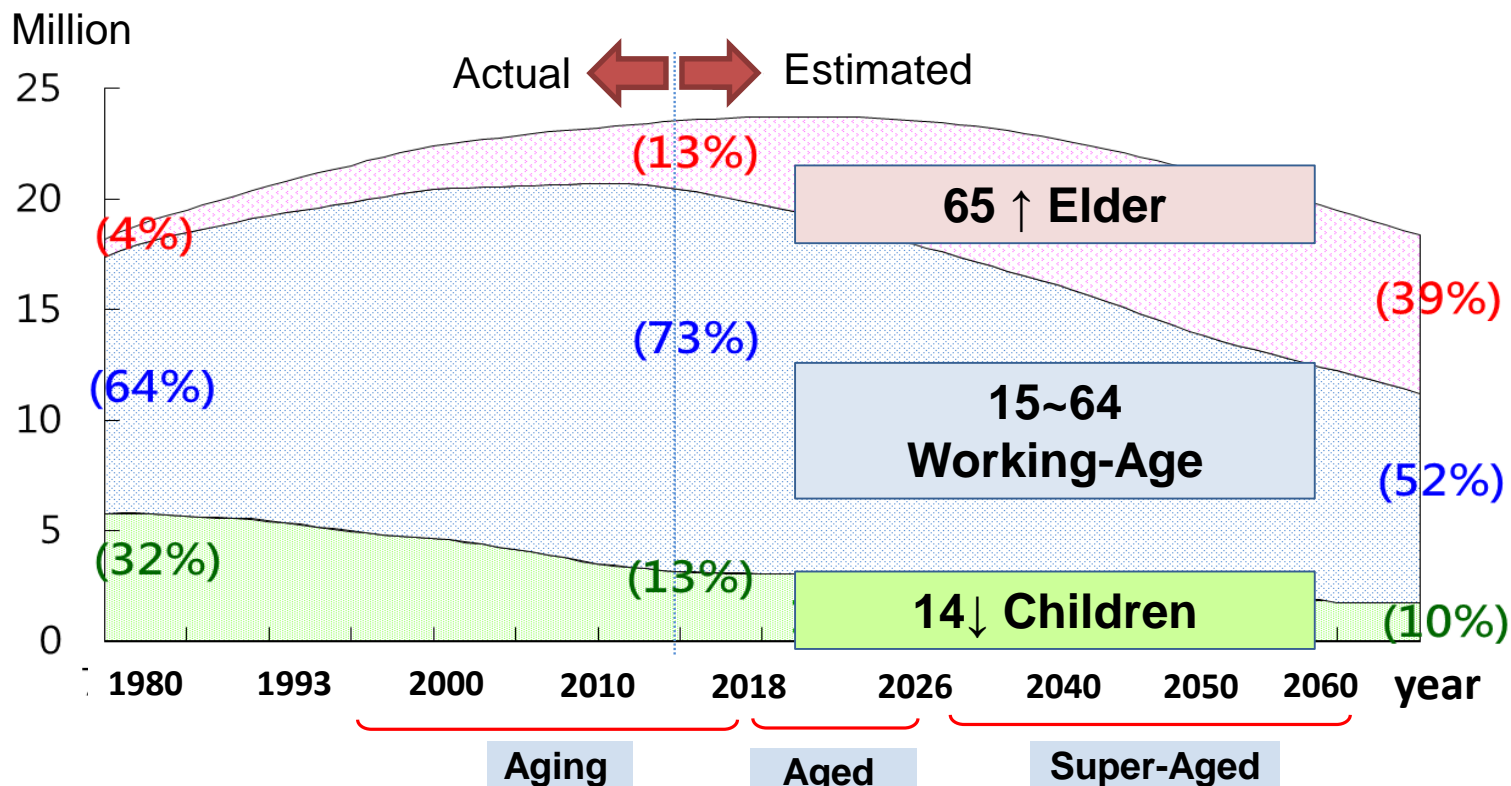
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# Low Total Fertility Rate (TFR)



# Working-age people will take more Responsibility

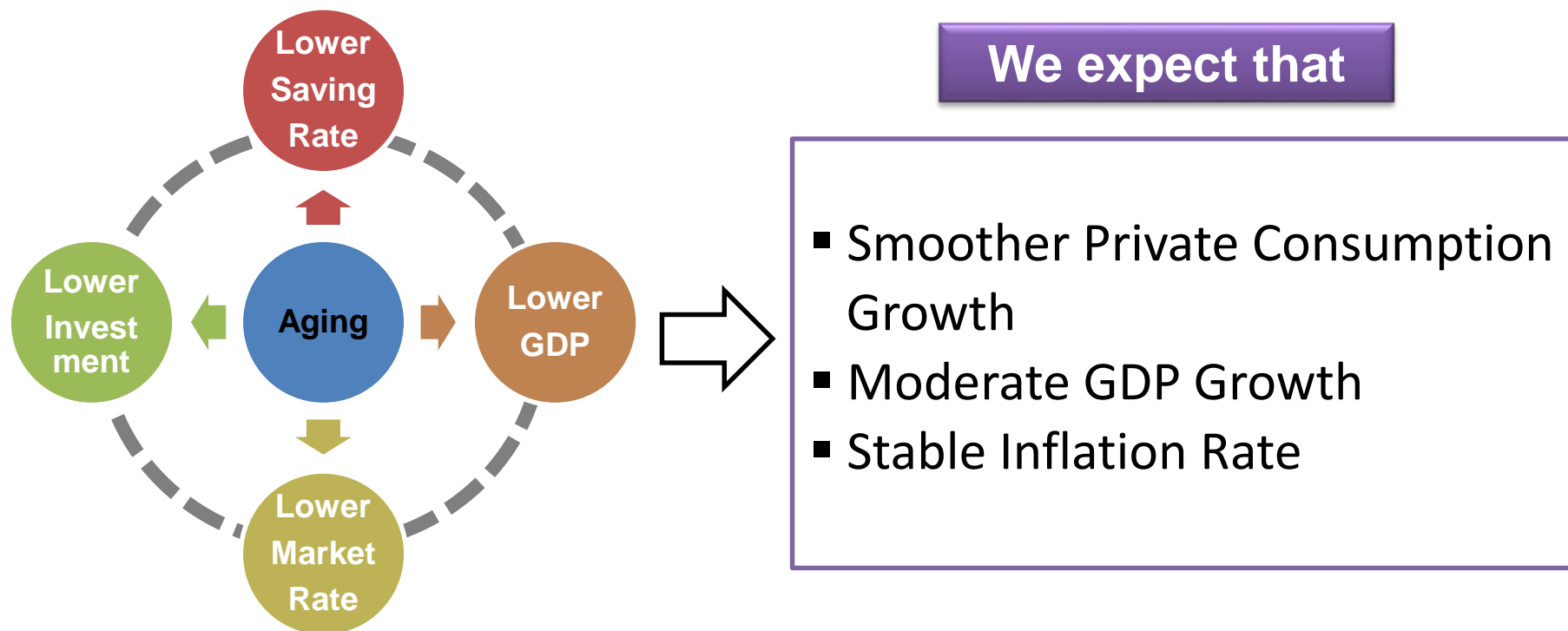


	2016	2061
Dependency Ratio	36.2%	94.2%
Potential Support Ratio	5.6	1.3



# The Effects of Demographic change

- ❑ If the share of elder in the population rises, aggregate savings would fall, lead to lower investment growth, and lower GDP growth. (Fed, Sep/2016)
- ❑ Central Bank of Taiwan may keep the policy rate low due to smooth private consumption and mild inflation



3.

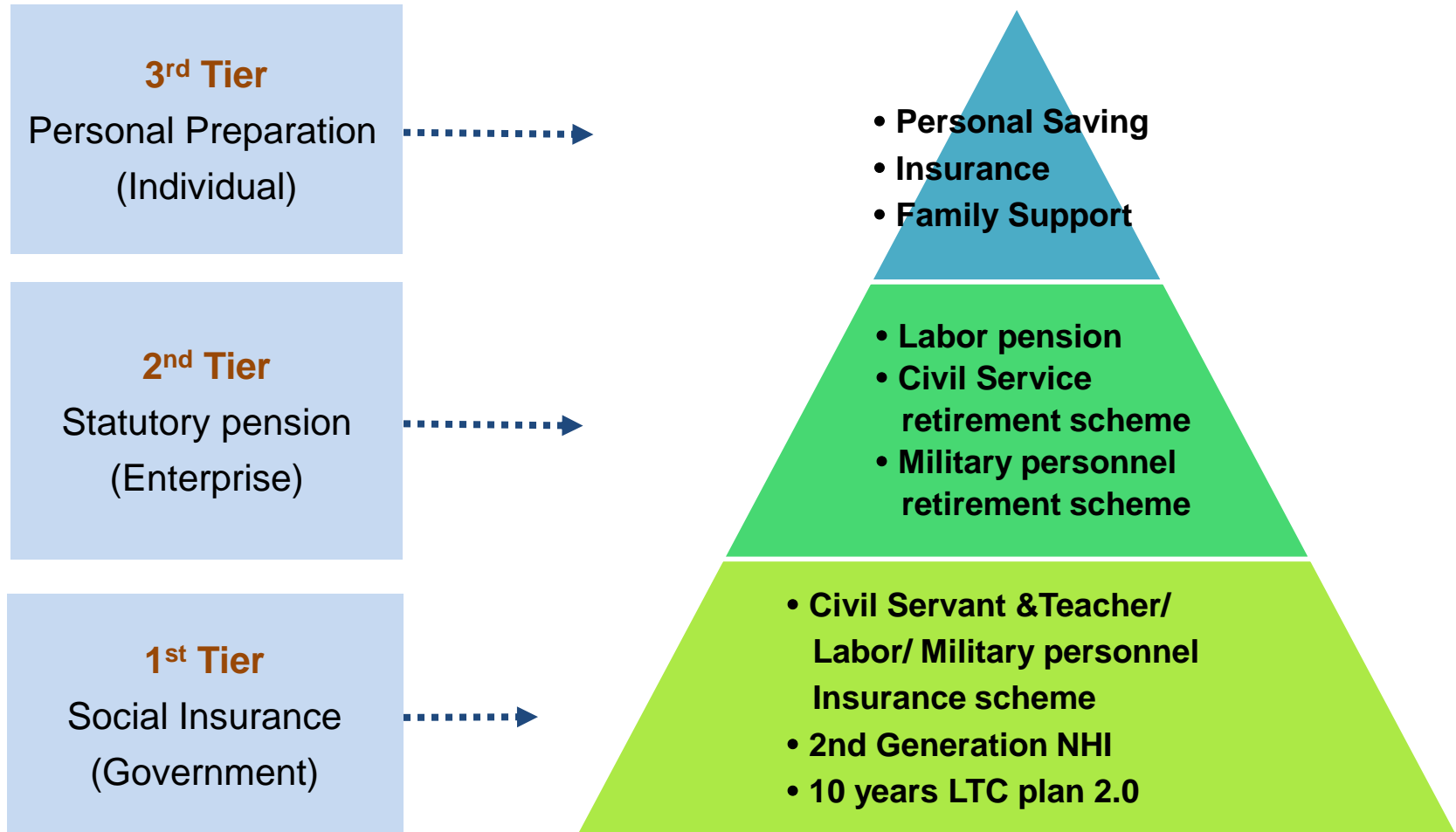
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## **Solutions and Opportunity**

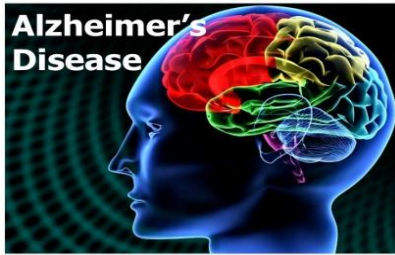
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# Three Tiers Protection for the Elder



# Products Innovation in Taiwan



## Specified diseases

- Alzheimer's disease
- Parkinson's disease



## Substandard

- Type 2 diabetes
- Hyperglycemia/ Hypertension
- /Hyperlipidemia



## Database



## Benefits-in-kind

- Nursing/Medical services
- Health management services
- Funeral service



## Wellness program

- Physical examination
- Fitness center/walking steps



# Risk is Opportunity

## Risk

v.s

## Opportunity

- Longevity has limited impact to the Taiwan Insurers.
- The prolonged period of low interest rate environment driven by demographic changes will be the major risk to Taiwan Insurers.

- Demand for retirement and medical care related insurance products will increase.
- Consciousness of the need for long-term care product will rise from both government and private demand.
- Possibility for developing the New Market will rise.





# Thanks for your Attention



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