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Press Release

New business surge leads to double-digit embedded value growth in Asia

HONG KONG – August 13, 2017 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the findings of its study on reported year-end 2016 embedded value (EV) results for 34 major insurance companies operating in Asia, excluding Japan. The report highlights trends among companies reporting EVs and reveals a growth in reported 2016 EV of 15.3% by Asian insurance companies. This was primarily driven by a 40% growth over 2015 in Value of New Business (VNB) across the region in 2016.

The Milliman 2016 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 the long-awaited IFRS 17 reporting regime.

“The China and Hong Kong markets were the main drivers of the VNB explosion in the region; both having mainland consumers to thank for these results,” said Milliman principal and consulting actuary Paul Sinnott. “Although we have some longer term concerns about the sustainability of profit margins in the region, recent yield curve rises are relieving some margin pressure in the short term.”

A few key insights from the Asian report include:

- In 2016, total reported Asian EV grew by 15.3%, on a comparable basis, to USD 339 billion from USD 294 billion.
- While some European multinationals reduced their Asian EV reporting last year, there were three companies disclosing EV results for the first time in India, along with the first comprehensive IEV disclosure associated with ICICI Prudential’s IPO in September 2016.
- Life insurance sales continued to rise strongly in the region during 2016, with gross written premium (GWP) estimated to have increased by 28%, with China’s 43% growth being a major contributor.
- VIF increased for all markets. South Korea recorded the largest VIF growth of 31%, mainly from margin-driven growth in VNB across all companies; Hong Kong also posted strong VIF growth of 20%, driven by large volumes of business sold to 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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