

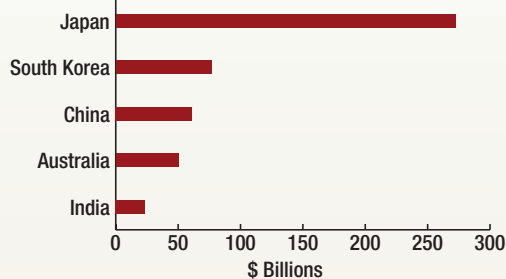
**Asia-Pacific Life & Non-Life –
Review & Preview**

December 1, 2008

Sector
Multiline

Asia-Pacific Life – Premiums

Most recent 12-month figures for
selected countries
(USD Billions)



12 months through March 31, 2008, except China,
calendar year 2007.

Sources: National regulatory agencies

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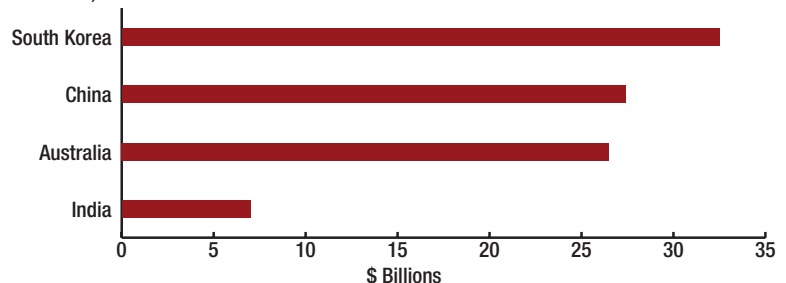
**Asia’s Insurers Avoid Liquidity
Woes, but Pressures Mount**

Asia’s insurance companies are expected to avoid major liquidity problems stemming from the global financial crisis, but investment income will decrease as interest rates fall in the medium term, and companies will focus on underwriting profit. Many insurers still have positive cash flow, and for the most part, the durations of assets are shorter than the liabilities. Controlling expenses will become very important, and this also may lead to some consolidation.

- A.M. Best expects companies to improve their risk management practices, pursue a stable level of solvency and further strengthen their capitalization.
- Companies with stronger ratings, superior brand power and greater financial strength will benefit and gain more market share in coming years.
- Asian life insurers have seen consumers turn cautious on the investment-linked products that helped fuel regional companies’ growth in recent years, but low penetration in developing markets still affords significant opportunities.
- In China, life insurance premiums jumped by 24.2% in 2007 as buoyant local stock markets boosted sales of unit-linked insurance, but the sharp selloff in 2008 made such products less attractive to customers.
- Through most of 2008, many non-life insurance markets in the Asia-Pacific region remained vibrant, albeit highly competitive in lines such as motor, fire and marine.
- Cross-border investments – within, into and out of the region – continued at a brisk pace as non-life insurers sought to extend their reach and tap new markets.

Asia-Pacific Non-Life – Premiums

Most recent 12-month figures for selected countries.
(USD Billions)



South Korea, India premiums for 12 months through March 31, 2008; China, Australia premiums for calendar year 2007.

Sources: National regulatory agencies



Scorched but Not Burned

The global financial crisis is not expected to raise major liquidity issues for insurance companies in Asia, but in the medium term, investment income will decrease as interest rates fall, and companies will focus on underwriting profit. As it was not common to issue bonds across much of Asia, and many insurers still have positive cash flow, liquidity is not a major concern. And for the most part, the durations of the assets are shorter than the liabilities. The slowing economy, however, will affect the insurance industry as it affects others, and controlling expenses will become very important, potentially leading to some market consolidation.

In general, many companies are experiencing lower unrealized capital gains in their capital and surplus. If this is happening in their bond holdings, the problem may be alleviated by the fact that bonds are held to maturity. But if stock holdings caused the problem, restoring the capital and surplus to its original level may take some time. This will raise the issue of the quality of capital as well as the volatility of capitalization.

A.M. Best expects companies to improve their risk management practices. Stability of solvency will be as important as the level of solvency. Companies may change their investment risk appetite and may experience a shift in demand for insurance products toward more stability. Insurers will move to further strengthen their capitalization.

Various issues may lead to some contraction of (re)insurance capacity for a few major players. Premium rates may begin to harden but will be limited by the slowdown of the expected growth in the insurance industry. There also may be a flight to quality in the Asian market. Companies with stronger ratings, superior brand power and greater financial strength will benefit and gain more market share in coming years.

While the global economy poses near-term dangers, insurers in the Asia-Pacific region also face longer term issues with the region's developing economies. At the

recent annual seminar of the International Insurance Society in Taiwan, discussion focused on the promise and perils of rapid growth. Among the challenges: recruiting qualified staff to keep pace with growth, and developing reliable distribution systems.

A.M. Best Company

Special Report

December 1, 2008

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Credit Woes, Equity Slide Challenge Asia's Life Market

Asian life insurers' strong growth in recent years now seems a distant memory. The global financial crisis has taken such a toll on the region's stock and bond markets that life insurers' investment results are suffering. Declining asset values, too, suggest that some life insurers' capitalization levels could deteriorate.

With the sharp spike in financial markets' volatility, consumers also have turned cautious on the investment-linked products that have helped fuel growth in regional insurers' premiums in recent years. Nevertheless, low penetration in developing markets still affords significant opportunities to insurers operating in the region. Retirement business in the region's developed and mature markets continues to grow, though inflows into some insurers' asset management businesses have fallen.

On the economic front, central banks in Australia, China, India, Japan and South Korea all have cut interest rates in recent weeks, determined to head off significant slowdowns in their respective economies. The crisis, though, could contribute to China's economic growth falling by as much as two percentage points in 2008, and by about 1.3 percentage points in India, according to estimates by the International Monetary Fund (IMF). The IMF also forecasts slower economic growth in Australia, Japan and South Korea. Several countries in the region also have had to shore up confidence in their banking systems through measures such as guaranteeing retail bank deposits and interbank loans.

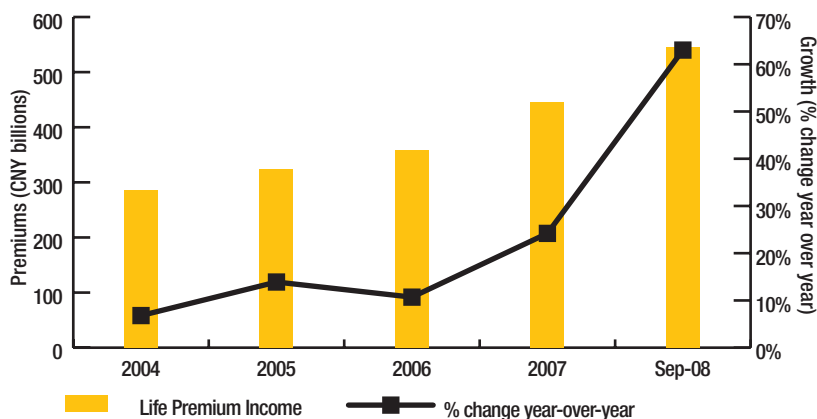
The current financial crisis, along with capital injections for leading global financial players such as ING Group N.V. of the Netherlands and Fortis Bank (which has dual headquarters in Belgium and the Netherlands), already has influenced the Asian life market. In addition, American International Group Inc.'s significant life businesses in Asia have attracted interest from regional and global players, should the U.S.-based insurer decide to sell them in its efforts to pay off loans associated with the U.S. government's financial support.

In late October, Taiwan's Fubon Financial Holding Co. Ltd. agreed to acquire ING's life insurance unit in Taiwan in a \$600 million deal. For China's second-largest life insurer – Ping An Insurance (Group) Co. – the declining value of its investment in Fortis' stock resulted in a third-quarter loss. Ping An, which had been keen to deploy capital overseas, also canceled a planned acquisition of a 50% stake in Fortis' asset management unit.

The Japanese life market also has experienced some turmoil. Yamato Life Insurance Co., a medium-sized insurer suffering from investment losses and high operating expenses, collapsed in October and filed for bankruptcy when it was unable to raise outside capital. The Financial Services Agency, the country's regulator, noted that Yamato Life's riskier investment strategy wasn't typical for Japan's insurance sector.

With premium growth and in-force business in decline at home, Japanese life insurers have stepped up their overseas expansion in recent months. In July, Nippon Life Insurance Co., Japan's largest life insurer, acquired a 5% stake in U.S. investment manager Russell Investments as part of a cooperation agreement with Northwestern Mutual Life Insurance Co. In February, Nippon Life raised its stake

Exhibit 1
China Life – Premium Income (2004-September 2008)



Figures do not include health and personal accident premiums.

Sources: China Insurance Regulatory Commission, National Bureau of Statistics of China

in Principal Financial Group Inc. to 7.0%, up from 4.3%.

In October, Dai-ichi Mutual Life Insurance Co. raised its stake in Taiwan's Shin Kong Financial Holding to nearly 15%, up from nearly 6%, through an investment of TWD8 billion (USD1 = TWD33.20 at Nov. 14, 2008). Shin Kong Life Insurance Co., the holding company's life unit, has been hurt by investment losses and currency fluctuations. It posted a net loss of TWD12.8 billion for the six months through June 2008.

Dai-ichi, Japan's second-largest life insurer, also completed in October the AUD376 million (USD1 = AUD1.53 as of Nov. 14, 2008) acquisition of a 29.7% stake in Tower Australia Group Ltd. As part of its initiative to further expand into other Asian markets, Dai-ichi took a 24% stake in July in Ocean Life Insurance Co. of Thailand.

Chinese Market's Robust Growth Continues

In China, life insurance premiums jumped by 24.2% to RMB446.4 billion (USD1 = RMB7.29 at Dec. 31, 2007) in 2007, according to the National Bureau of Statistics of China and the China Insurance Regulatory Commission (CIRC), the country's insurance regulator (see **Exhibit 1**). China Life

Insurance Co. Ltd., the country's largest life insurer, reported a 12.9% year-over-year jump in gross premiums written. At Ping An., the country's second-largest life insurer, gross premiums written and policy fees increased by 11.7% in 2007.

The buoyant returns from the country's local stock exchanges boosted sales of unit-linked insurance products during 2007. However, the sharp selloff of stocks during 2008 has led to slower sales of unit-linked products, albeit compared with explosive growth since mid-2007.

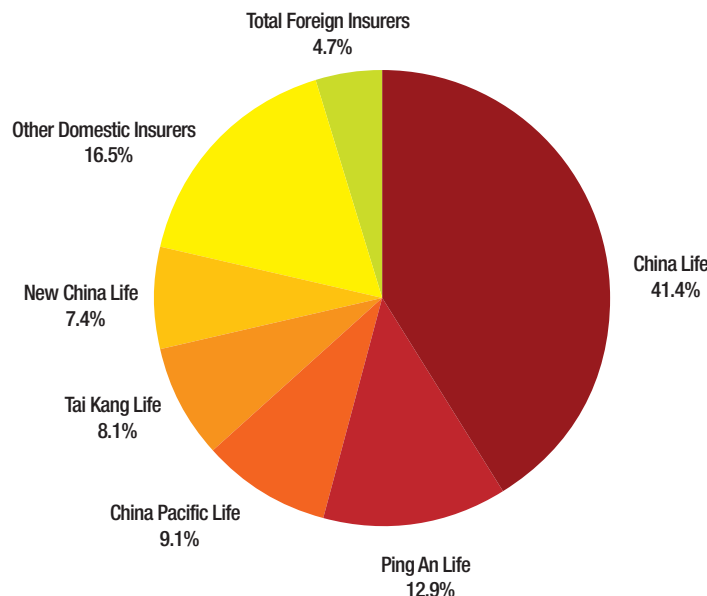
Declining share prices have pulled down the investment results of China's life insurers, too. Investment results and profits for the country's major life insurers blossomed in 2007 because of the surge in share prices. Those fortunes, however, have been reversed thus far in 2008. The CSI 300 Index, a benchmark stock index that tracks stocks listed on the country's exchanges in Shanghai and Shenzhen, gained more than 160% in 2007 but declined by nearly 70% through October 2008.

The recent results of China's largest life insurers have tracked somewhat the rise and fall in domestic share prices. Although fixed-income assets typically have retained the bigger share of Chinese life insurers' investments, equity investments represented a substantial portion of assets in 2007. Life insurers gradually have been reducing their equity investments during 2008, though, as investment returns have worsened.

For China Life, net investment income increased 76.5% in 2007, primarily because of growth in invested assets and a 1.49 percentage point increase in the net investment yield. With China's equity markets booming in 2007, China Life's net realized gain on financial assets soared year over year by more than eightfold. Similarly, Ping An reported a 23.7% jump in net investment income for its life business in 2007, while total investment income – including realized and unrealized gains – surged by more than 120%.

The most recent results for both insurers represent a reversal of fortunes. China Life's net investment income fell by 16.3%

Exhibit 2
China Life – Market Share (3Q 2008)
Based on total premium income.



Percentages do not add up to 100% due to rounding.
Source: China Insurance Regulatory Commission

for the nine months through September 2008. Ping An's results declined sharply too, primarily because of a RMB15.7 billion impairment related to its 4.9% stake in Fortis, the Dutch/Belgian bank that received a EUR11.2 billion (USD1 = EUR0.71 at Sept. 30, 2008) lifeline in late September from the governments of Belgium, Luxembourg and the Netherlands.

Ping An reported a RMB7.9 billion loss for the third quarter ended September 2008, as its investment results swung to a loss of nearly RMB12.4 billion, reflecting the Fortis impairment. In October, Ping An also canceled its planned EUR2.15 billion purchase of a 50% stake in Fortis Investment Management, Fortis' asset management unit.

Despite turmoil in 2008 throughout global financial markets, China's life market continued its rapid ascent. Premium income jumped by 63% year on year through September 2008, according to CIRC. Gross written premiums at China Life increased by 56.7% for the nine months ended September 2008, the company said. At Ping An, gross written premiums and policy fees increased by 22.5%, according to financial statements. Both companies retained their dominant market share (see **Exhibit 2**).

A.M. Best believes high growth will exert further pressure on the solvency requirements of some locally established insurers, leading to more financing activities. The profitability of life insurers in China will depend on insurers' ability to use effective asset-liability management; to enhance product development; and to strengthen distribution channels.

Bancassurance, Unit-Linked Business Under Scrutiny

The rapid growth of China's life market has been aided by the bancassurance distribution channel, which has led to significant growth in unit-linked sales. Since 1999, China's life insurers have operated with a cap of 2.5% on life products with guaranteed rates of return. That has made guaranteed products less competitive than bank deposits, which were able to adjust higher when China's central bank was raising interest rates in 2007.

Consumer preferences, then, had been gravitating toward the higher returns potentially available from unit-linked products. Figures from CIRC published by China Life show a more than fivefold increase in unit-linked premium growth during 2007. But as consumer preferences also are swayed by volatility in investment markets, the share of unit-linked business within overall premiums was flat through June 2008 compared with year-end 2007.

And although China's life insurers benefited from new unit-linked business and sales through the bancassurance channel, the industry's expenses have increased because agents' commissions for unit-linked and universal life products are higher. Growth of these products and other life products with low or no guaranteed rates of return, though, has allowed some life insurers to reduce the negative spread associated with the high guaranteed rates of return, typically exceeding 5%, for guaranteed products sold before the 2.5% cap was imposed in 1999.

Nevertheless, the explosive growth of life sales through the bancassurance distribution channel during 2008 has attracted the attention of CIRC. Overall, the nation's insurance regulator has become concerned that sales of investment-linked products through banking channels and the industry's focus on short-term investment services have hampered development of protective products and more long-term, traditional savings products.

The regulator also has ordered insurers to slow down their bancassurance sales and has said that solvency standards within the industry must be improved. The concern, in part, is that declining investment income or investment losses could impact solvency ratios.

Expectations that economic growth will slow, partly because of the global financial crisis, may result in slower premium growth for China's life industry. Nevertheless, penetration in China's life market remains well below global standards. Insurers also likely will realize premium growth from a sales push toward expansion in the rural and agricultural markets.

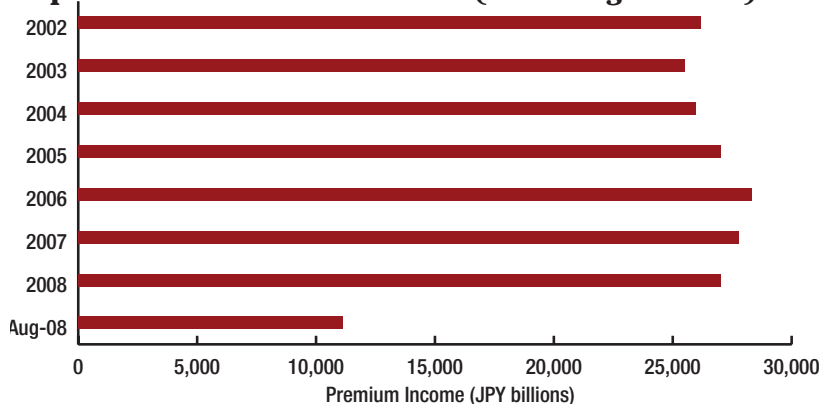
Weak Sales Climate Persists in Japan

Japanese life insurers have sought growth abroad to offset the domestic market's perennial challenge: Slow to negative premium and sales growth, mainly associated with the country's aging population and declining birth rates. The amount of in-force individual insurance business peaked at JPY1,495.6 trillion for the year ended March 31, 1997. But that figure has fallen each fiscal year since then, declining to JPY981.1 trillion (USD1 = JPY99.85 at March 31, 2008) for the year ended March 2008, according to the Life Insurance Association of Japan (LIAJ).

For the fiscal year ended March 2008, premium income for Japanese life insurers fell by 2.7% to JPY27.0 trillion, according to the LIAJ (see **Exhibit 3**). Sales of individual insurance policies declined by 3.1%, while individual annuity sales fell by 8.0%. Including premium figures for Japan Post Insurance Co. Ltd., premium income for the Japanese life market totaled JPY30.9 trillion. Japan Post Insurance is the insurance unit of Japan Post Group, the country's postal system that was privatized in October 2007.

Similar sales and premium trends continued for the first four months of the current fiscal year through August 2008. Premium income declined year on year by 1.7%, though sales of individual insurance policies were up by 4.0%. The amount of individual business in force, however, fell 4.4% compared with the same period in 2007.

**Exhibit 3
Japan Life – Premium Income (2002-August 2008)**



Figures are for the year ending in March; August 2008 figures are for April through August.
Source: Life Insurance Association of Japan

Insurers have attempted to offset some of the decline in premium income through aggressive sales and marketing of products in the “third sector” such as medical life insurance policies, including products that cover cancer and nursing care costs. Sales enjoyed an initial growth spurt following the lifting of a regulatory ban on sales of these products in 2002. In recent years, however, sales of third-sector products have declined, particularly since late 2005 when a claims-paying scandal engulfed life and non-life insurers. In addition to consumers' concerns over industry practices, the claims-payment issue has shifted the industry's focus from generating new business. It also has added to expense margins as insurers have had to review claims procedures.

The Financial Services Agency (FSA) ordered 38 life insurers in early 2007 to internally review and investigate their claims-paying procedures, mostly tied to third-sector products. Among other issues, nonpayment or insufficient payment of claims revolved around insurers' failure to adequately assess policyholders' medical certificates or hospitalization records, or to advise policyholders that they may have been eligible for other claims on their policies based on submitted medical records.

As of early August 2008, nonpayment of claims over the five years through March 2006 totaled nearly JPY96.5 billion, involving roughly 1.3 million cases. The FSA, which had banned some insurers from selling third-sector products in 2006 and 2007, issued business improvement orders to 10 insurers in early July 2008. Life insurers have been introducing various measures to gain back consumers' confidence and address the regulators' concerns in the years since the scandal first emerged. These include improved communications with policyholders in sales and marketing materials, and insurers' broader reviews of their own internal claims procedures and sales practices.

Investment Results Hurt by Volatility
Aggregate investment results for Japan's life insurers were mixed for the year ended March 2008. Overall, investment income fell by 12%, partly due to lower interest

and dividend income. Japanese insurers' balance sheets were affected negatively by their holdings of domestic stocks. The Tokyo Stock Exchange's Topix 1000 index fell by nearly 30% in the year ended March 2008. Overseas investments have suffered somewhat from a stronger yen. In addition, several Japanese life insurers took losses on securities backed by mortgages originated in the United States and on other securitized products.

Falling asset values pose a potential threat to the Japanese life industry's capital base. The industry, however, has benefited in recent years from a resurgence in the country's economy, which has lifted the corporate sector and resulted in higher dividend payments. And although Japan's interest rates have remained low by global standards, insurers have been able to eke out slightly higher investment yields on their general account portfolios each fiscal year since the year ended March 2003, according to LIAJ figures. In part, insurers had been reinvesting the proceeds from maturing bonds into higher yielding, fixed-income securities. Dividend and interest income, for example, jumped year over year by 6.1% in fiscal 2007. That followed an increase of 8.3% in fiscal 2006. Bonds continue to represent the highest allocation of life insurers' investments (see **Exhibit 4**).

With steady cash flows from their stock and bond holdings, some insurers have been strengthening their reserves, particularly since 2006, to reduce the so-called negative spread problem. A negative spread refers to the gap between rates guaranteed on older products, generally sold in the 1980s and 1990s when prevailing interest rates were higher, and the lower rates that insurers have been able to earn on policyholders' assets. Insurers also are setting aside extra reserves in preparation for International Financial Reporting Standards (IFRS).

Based on company financial reports, Nippon Life, Dai-ichi Mutual and Daido Life Insurance Co. did not have negative spreads for the year ended March 2008, largely because interest and dividend income increased. Nippon Life continues to set aside reserves for individual annuities to amortize

current negative spreads on those products in advance. The insurer began doing so in fiscal 2006 as part of a five-year plan to accumulate policy reserves to pay future claims.

Other Japanese life insurers are putting aside more reserves to reduce their negative spreads. Nevertheless, some of these companies have indicated they plan to raise policyholder dividends to remain competitive and retain business.

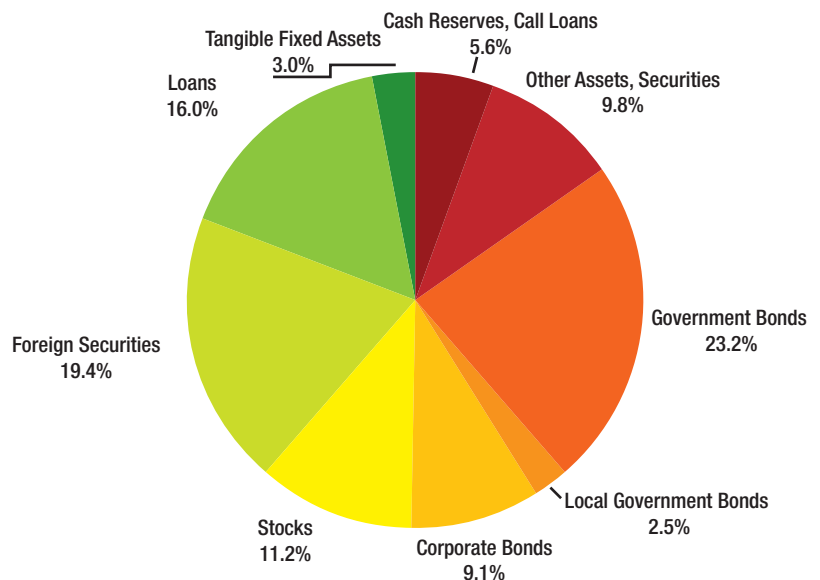
Competition Heightened

Japan Post Insurance Co. Ltd. represents another competitive force within the Japanese life market. As discussed above, the insurance unit of Japan Post Group was privatized in October 2007. The insurer controls nearly 35% of the life industry's assets. Based on fiscal year 2007 figures, Japan Post Insurance represented about 12.5% of premium income.

Although it already commands a substantial portion of the country's life market, insurers have been concerned that a privatized Japan Post would be able to use its substantial customer information to generate new business. Since its privatization, Japan Post has been implementing a strategic plan tied to the possible launch of an initial public offering within three to four years. The insurer has sought to

Exhibit 4

Japan Life – Investments (2008)



Figures are for the year ending in March. Percentages do not add up to 100% due to rounding. Source: Life Insurance Association of Japan

develop new products, including third-sector products, and to expand investment options offered through its products.

In February 2008, Japan Post and Nippon Life announced a business partnership. The agreement includes Nippon Life providing products for sale at the country's post offices, as well as system and administration support.

South Korean Market Grows Despite Turmoil

Premium income in South Korea totaled KRW75.1 trillion (USD1 = KRW988.6 at March 31, 2008) for the year ended March 2008. That represented a 13% increase from the prior year, according to the Korean Financial Statistics Information System, which is the data arm of the Financial Supervisory Service (FSS), the country's financial services regulator (see **Exhibit 5**).

The strong performance of Korea's benchmark KOSPI index, which rose above 2,000 in July 2007 for the first time, helped drive sales of variable annuities for the year ended March 2008. Some insurers' marketing efforts toward protection-type products such as whole life and term life contributed to premium growth for traditional products.

Like many life insurance markets across the globe, premium growth in South Korea has benefited from significant demand for

investment products such as unit-linked insurance and variable annuities. Premium income from separate accounts jumped by 39% in the year ended March 2008. Fierce competition among smaller and medium-sized companies, along with a higher percentage of sales in the bancassurance channel favored by foreign insurers, also fueled growth in the industry's separate account business. The separate accounts portion of total life premiums represented roughly 30% of overall life premiums in fiscal 2007, up from about 10% five years ago.

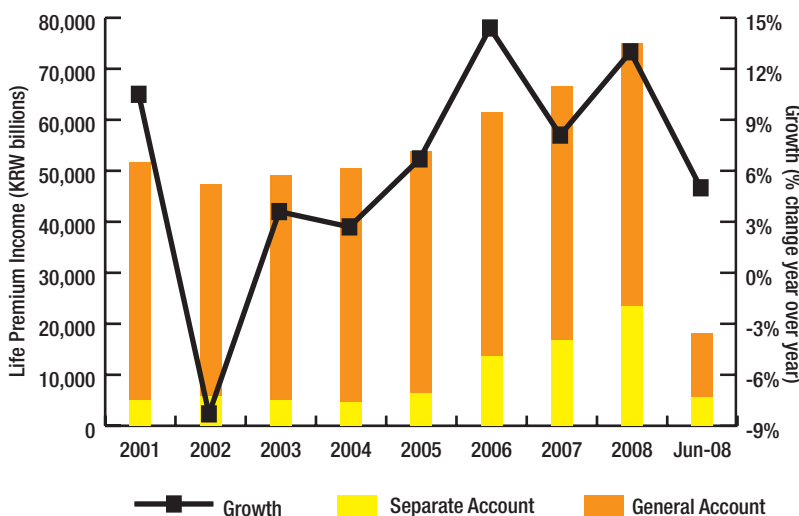
In the traditional life market, premium income for death benefit insurance, which includes whole life and variable life policies, increased by 4.2% in the year ended March 2008. Pure endowment premiums increased by 8.6%. However, premiums for other endowment products fell by 2.8% and continue to represent a smaller portion of premium revenues that Korean insurers generate from their general business.

Investment income was strong for the year ended in March 2008 and contributed to healthy industry profits. Figures from the FSS's data arm show that life insurers posted a 17.2% year-over-year rise in investment income to KRW15.3 trillion. The industry posted net income of nearly KRW21.1 trillion, up 8.1% from the year ended in March 2007.

Sales trends in recent years away from savings-type products such as endowment and pure endowment policies have helped partially ease the negative interest-rate spreads the industry has experienced from products sold prior to the onslaught of the Asian financial crisis in 1997. Funds set aside for excess crediting and excess policyholder participation dividends fell year over year for the industry's larger domestic insurers. However, the industry remains exposed to interest-rate risk related to the negative spread issue.

The shift on an industrywide level toward less profitable savings and investment products has had somewhat of an impact on Korean life insurers' return on equity (ROE). The industry's ROE fell to 10.13% through March 2008, down from 10.66% through March 2007. In the recent past, life insurers' ROE had been as high as 13.68% as of March 2005.

Exhibit 5
South Korea – Life Premium Income (2001-June 2008)



Figures are for the year ending in March; July 2008 figures are for April through July.
Source: Korean Financial Statistics Information System.

According to the most recent statistics available, premium income for 22 domestic and foreign life insurers rose year-on-year by 3.5% for the six month period through September 2008, the FSS said. Premium income from separate accounts rose by 12.6%, with variable insurance premium income up by 15.8%, according to the FSS.

But the volatility in financial markets resulted in a decline of 45.7% in the industry's net income compared with the same period a year ago. The FSS said that 7 of the 22 life insurers reported losses. With the deteriorating profit picture, ROE fell year-on-year by 6.3 percentage points to 7.4%.

Several life companies were planning initial public offerings (IPOs) or additional capital raising. With the turmoil in equity and credit markets, these efforts will become more difficult, and capitalization may deteriorate for some life insurers. This may create opportunities for well capitalized companies in the medium term.

Australian Life Market Aided By Retirement Business

In Australia, premium income surged for the year through March 2008, partly because of tax changes introduced in July 2007 that benefited purchases of life insurance products through the country's compulsory retirement savings system known as superannuation. The 32 life insurance companies in Australia posted premium income of AUD54.6 billion (USD1 = AUD1.10 at March 31, 2008) for the year ended March 2008, up by 35.2%, according to preliminary figures from the Australian Prudential Regulation Authority (APRA).

The country's superannuation system requires employers to put aside 9% of workers' salaries, while workers also make additional contributions. Superannuation also provides contributors with the ability to buy life insurance products through their superannuation funds, including income protection, term and disability products.

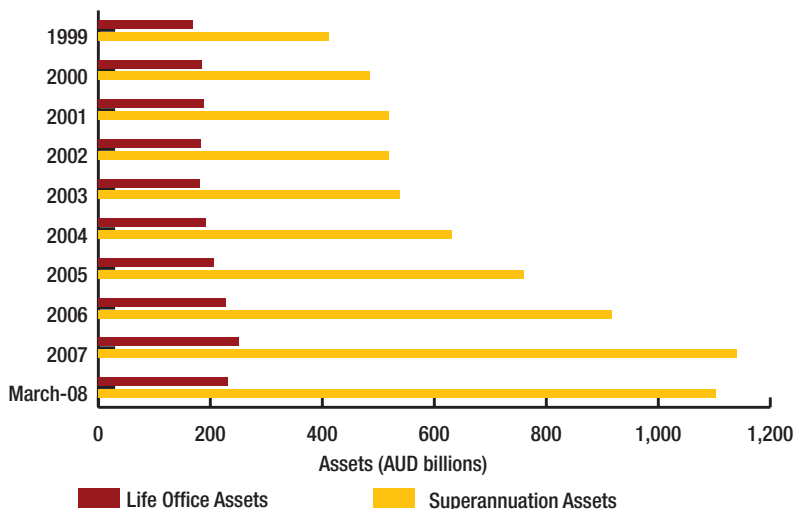
For the Australian life industry, superannuation business represented slightly more than 91% of premiums for the year through

March, or AUD49.7 billion. Premiums from ordinary life business at AUD4.9 billion comprised the remainder, according to APRA figures. Growth in premium income for the industry's ordinary life business fell by 3.6% compared with the year ended March 2007.

In recent years, life insurers have launched campaigns to help increase the share of life products sold outside of the superannuation system. Some of the campaigns have sought to raise awareness of the benefits of life products. An emphasis within these campaigns has highlighted life insurance's role as protection from loss of income. That has become increasingly important in a nation where the share of household income that services debt such as mortgage loans has increased substantially in the past decade. Industry groups also have lobbied for tax changes that would promote sales of life products within their ordinary business.

Life insurers have had to become proactive as Australia's asset and wealth management industry has retained a greater share of superannuation assets in recent years. As of March 2008, life insurers' share of the country's AUD1.1 trillion of superannuation assets had fallen to 18.8%, down from a 30.1% share of AUD503.7 billion of assets as of March 2003, according to APRA figures (see Exhibit 6).

Exhibit 6
Australia Life – Total Life Assets and Superannuation Assets (June 1999-March 2008)



Year figures are for the year ending in June. March 2008 figures are preliminary.
 Source: Australian Prudential Regulation Authority

The Australian economy is showing signs of weakening amid the global financial crisis. Life insurers operating in the country face reduced profits, as funds under management are expected to decline with the selloff in global equity markets and weaker investment inflows. Investment results also are likely to suffer from falling share prices, widening credit spreads on fixed-income holdings, and falling property values.

Life insurers and other asset management companies in Australia already have been hit with market dislocation resulting from the government's plan to revive confidence in the nation's banking system. Similar to other European countries and a handful of Asian countries, the Australian government announced in October that it would guarantee retail bank deposits.

The guarantee, though, had unintended consequences. Investors rushed to pull money out of mortgage income funds that pay regular income to invest in government-backed deposits. Life insurers manage several of these funds. The flood of redemptions forced asset managers and insurers – including the local units of Europe's Axa and ING Group – to cap and even defer redemptions for as long as six months.

Growth Slows in India

Following two strong years in which new premiums in India's life insurance market increased by nearly 48% and 95% in the fiscal years ending in March 2006 and March 2007, respectively, first-year premium growth

slowed in the most recent fiscal year (see **Exhibit 7**). The 20 life insurers operating in the Indian market posted new premium growth of 23.3% to INR930 billion (USD1 = INR40.02 at March 31, 2008) in the year ended March 2008, according to India's Insurance Regulatory & Development Authority (IRDA).

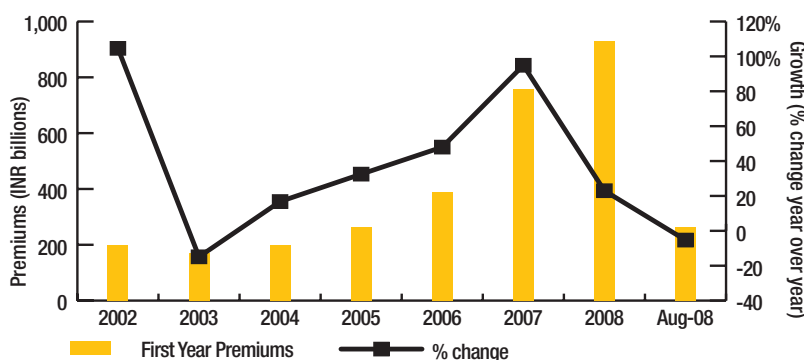
The slumping Indian stock market and slowing global economy have cut into the country's exports. That has raised the potential of significant job losses within India's steel, construction, cement and financial services industries. Falling real estate prices also have taken a toll on the country's economy.

For the life insurance industry, consumers have pulled back from the unit-linked products that were among the main drivers of growth during the past four years. That pullback has occurred amid a nearly 52% decline this year through October 2008 in the BSE Sensex, a benchmark stock index of 30 companies listed on the Bombay Stock Exchange. Through August 2008 – the first four months of the current fiscal year – new premium growth in India's life market declined by 5.3%, according to IRDA.

India's life insurance market continues to be dominated by Life Insurance Corporation of India (LIC), which is state owned. The remaining 19 private insurers – most of which are joint ventures between foreign insurers and local companies – continue to gain market share, however. LIC's market share of new premiums was about 55% in the five-month period through August 2008, down from nearly 65% in the fiscal year that ended March 2007. Among the largest foreign joint-venture insurers are ICICI Prudential and Bajaj Allianz, which had market shares of 10.7% and 6.0%, respectively, in the five-month period through August 2008.

Since it was first opened to competition in 2000, the Indian life market has displayed average annual growth of nearly 30% (based on total premium income, according to the IRDA). Foreign insurers have been able to offer life products only through ventures with local companies, and their ownership in India's insurance market has been capped at 26%.

Exhibit 7
India Life – First-Year Premiums (2002-August 2008)



Figures are for the year ending in March; August 2008 figures are for April through August. Source: Insurance Regulatory and Development Authority of India

In late October 2008, however, India's cabinet approved a comprehensive insurance bill that would increase the cap on foreign direct investment in India's private insurance sector to 49%. The package is expected to be introduced in India's parliament in December 2008. Foreign life insurers likely would lift their stakes in their Indian joint ventures, given the low penetration rate for life insurance in India.

Other regulatory changes may be introduced. IRDA is expected to move toward new risk-based capital requirements for the life industry by March 2009. The industry currently operates with a solvency margin of 150% across all products. A risk-based capital system, however, would require lower reserves for less capital-intensive unit-linked products, but higher requirements for products with guaranteed rates of return.

Asia's Non-Life Market Grows Amid Turbulence

The global financial crisis holds the potential to draw a line between past and future performance in many sectors of the world's economy, but through most of 2008, many non-life insurance markets in the Asia-Pacific region remained vibrant, albeit highly competitive in lines such as motor, fire and marine. Cross-border investments – within, into and out of the region – continued at a brisk pace as insurers sought to extend their reach and tap new markets.

China Insurers Stumble On Investments

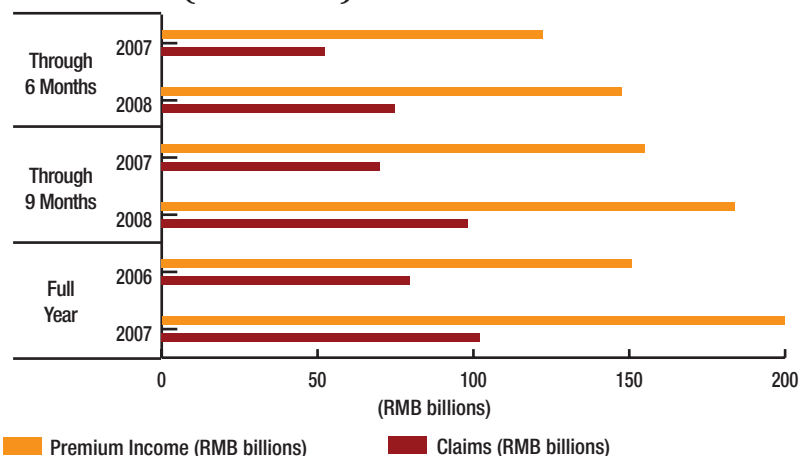
The financial market turmoil began to show its effects as Chinese insurers reported third-quarter results that were driven sharply downward by investment losses. Ping An Insurance (Group) Company of China Ltd. posted a net loss of RMB7.9 billion (USD1 = RMB6.79 at Sept. 30, 2008), citing the downturn in international financial markets and an impairment loss of RMB15.7 billion on its investment in Fortis, the troubled Dutch-Belgian financial services conglomerate. The result compared with a net profit of RMB5.4 billion in the third quarter of 2007. For the first nine months of the year, the net loss was RMB705 million, compared with a nine-month net profit of RMB11.7 billion in 2007.

China Pacific Insurance Group Co. Ltd., meanwhile, posted a third-quarter net loss of more than RMB1.6 billion, compared with a profit of about RMB2 billion a year earlier. Investment results swung to a loss of RMB1.5 billion from a gain of RMB8.2 billion in the third quarter of 2007. Nine-month net profit was down 32.75% to about RMB4 billion, while investment returns through the first three quarters fell 31.4% to about RMB14.8 billion.

Premiums continued to increase, however. Ping An Property & Casualty posted gross premiums written of RMB20.96 billion, up 27.2% from a year earlier. Market leader PICC Property & Casualty Co. Ltd. more than doubled its agricultural insurance premiums through the first nine months of 2008, reaching RMB4.76 billion. These increases come amid continued economic growth, with gross domestic product (GDP) rising at annual rates within a point or two of 10% for several years running. That growth appears headed for a slowdown when 2008 figures are tallied, however, with GDP projected to rise 9.7% for 2008, down from 11.9% in 2007.

Motor is the predominant business line in China's domestic market, capturing more than 70% of total premium income in 2007. Auto compulsory third-party liability was a key driver of growth. The over-

Exhibit 8
China Non-Life – Premium Income And Claims (2006-2008)



Source: China Insurance Regulatory Commission

all growth rate for this line is expected to slow because of the revision of premium rates in early 2008, although the number of policies for the industry as whole may continue to grow as domestic consumer spending on vehicles increases.

The credit crunch in the United States has greatly magnified the volatility of capital markets in the Asia-Pacific region. Given the growth of invested assets and the change in some asset management rules by the China Insurance Regulatory Commission, some insurance companies started to strengthen their asset management capabilities by forming partnerships overseas with international asset managers. Regardless of the degree of continued investment control stipulated by the China Insurance Regulatory Commission, A.M. Best believes the interest-rate movement, the capability to manage asset risk and the degree of diversification could become predominant drivers for insurers' investment results.

Despite the gathering economic storm, investment in China's growing non-life insurance market continued via a number of avenues in the past year, including direct forays by foreign players; strategic investments and partnerships with indigenous Chinese insurers; and capital-raising efforts by domestic companies. Foreign insurance and reinsurance

companies setting up non-life businesses or new branches in China since the fourth quarter of 2007 have included:

- U.S.-based American International Group Inc. and Liberty Mutual.
- French reinsurer Scor.
- Japan's Nipponkoa Insurance Co. Ltd., Tokio Marine & Nichido Fire Insurance Co. and Mitsui Sumitomo Insurance Co. Ltd.
- U.K.-based Royal & Sun Alliance Insurance plc.
- Taiwan's Cathay Century Insurance Co. Ltd. and Cathay Life, as well as Fubon Life Assurance Co. Ltd. and Fubon Insurance Co. Ltd.
- Germany's Hannover Re.
- Italy's Assicurazioni Generali SpA.

Meanwhile, major Chinese insurers have invited foreign investment, including PICC, China Life Property & Casualty Insurance Co. Ltd. and China United Property Insurance Co. Ltd. But Chinese regulators moved to restrain the tide of foreign investment with a draft regulation prohibiting foreign companies from investing in more than one domestic insurer in the same line of business.

Exhibit 9

China Non-Life – Leading Writers (2006-2008)

Ranked by premium income.

(RMB billions)

Rank	9 Months 2008	Premium Income 2007	Premium Income 2006	Premium Income
1	PICC Property & Casualty Co. Ltd.	81.9	PICC Property & Casualty Co. Ltd.	71.3
2	China Pacific Property Insurance Co. Ltd.	22.1	China Pacific Property Insurance Co. Ltd.	18.1
3	Ping An Property & Casualty Insurance Co. of China, Ltd.	20.8	Ping An Property & Casualty Insurance Co. of China, Ltd.	16.9
4	China United Property Insurance Co. Ltd.	15.5	China United Property Insurance Co. Ltd.	15.1
5	China Continent Property & Casualty Insurance Co. Ltd.	7.4	China Continent Property & Casualty Insurance Co. Ltd.	6.4

Source: China Insurance Regulatory Commission

Chinese non-life insurers also were in line for capital infusions by other means:

- PICC gained approval in February for a RMB10 billion bond issue as it looked to diversify into life insurance and prepared for a domestic initial public offering.
- China Life planned to inject RMB1.2 billion into its mainland joint-venture property/casualty insurer.
- China Reinsurance (Group) Co. was to invest RMB3 billion into China Continent Property & Casualty Insurance Co. Ltd. and RMB5 billion into two other subsidiaries, including China Property & Casualty Reinsurance Co. Ltd.
- Anbang Property Insurance Co. increased its registered capital to RMB4.6 billion from RMB3.8 billion.

Chinese insurers' outward expansion and investments were more limited and less successful. Ping An's purchase of a 4.2% stake in Fortis a year ago marked what some expected to be an entrance onto the global stage for China's domestic insurers. Chinese regulators had moved during 2007 to expand insurers' ability to invest in equities and overseas.

Within months, however, increasingly turbulent global financial markets had Chinese insurers in retreat, slashing equity holdings and booking losses. PICC by the end of the first quarter had cut equity holdings by 40%, from 20.8% of its portfolio to 13%. Ping An's plan to raise RMB150 billion through an issue of new shares to fund overseas investments was put on hold by CIRC as financial markets became unstable.

Catastrophe losses during the year added to the pain, in particular the earthquake that struck Sichuan province May 12 and snowstorms earlier in the year. By late August, insured losses from the quake were approaching RMB1 billion.

Amid the mounting investment and catastrophe losses, CIRC implemented China's first-ever capital adequacy rules for insurers. The system assigns a solvency ratio to each insurer, with a ratio below 100 indicating insolvency, and two solvency tiers

– one for ratios between 100 and 150, and the other for ratios exceeding 150. Based on the new measure, PICC reportedly had a solvency ratio of 189 at year-end 2007.

Currently, the Chinese market is still dominated by the locally established and state-owned players. Nevertheless, A.M. Best expects the continued increase in participants to further reduce the market concentration in China. Further expansion of the non-life market due to continuing economic development in China is expected to absorb the new capacity over the medium to long term.

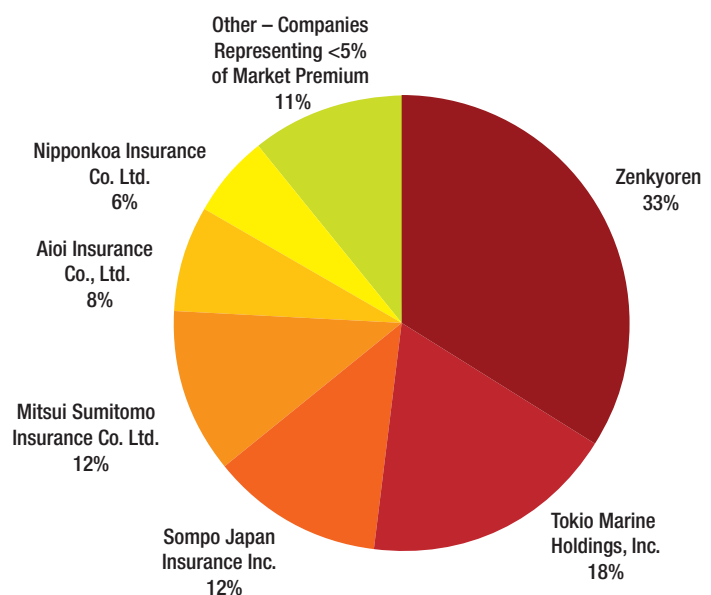
Japan Insurers Reach Abroad to Grow

Japan's non-life insurers have faced a flat overall insurance market and upheaval in the financial markets in the past year, while the national economy has been stagnant, showing little growth. Companies have been active abroad, reaching beyond their mature domestic market to seize opportunities around the world.

Fuji Fire & Marine Co. Ltd., for example, saw overall net premiums written hold steady at JPY73.2 billion (USD1 = JPY106.17 at June 30, 2008) for the quarter ended June 30, 2008, although growth was uneven

Exhibit 10

Japan Non-Life – Market Share Of Gross Premiums Written (2007)



Source: A.M. Best's BestLink

– ranging from 0.1% on automobile business to 9.7% on marine. The net loss for the quarter was JPY835 million, and the combined ratio deteriorated to a break-even 100 from 96.6 a year earlier. For the fiscal year ending March 31, 2009, Fuji projected a modest increase in profit to JPY7.5 billion from JPY7.3 billion.

For the fiscal year ended March 31, 2008, Sompo Japan's net profit fell 3.7% to JPY59.6 billion, and the company booked JPY100 million in impairment losses for global collateralized debt obligations. Net premiums written were down slightly for the year to JPY1.37 billion.

Catastrophe losses have been light, but insurers – and the foreign reinsurers that protect them – still have been active in addressing their considerable risk. Munich Re engineered the transfer of USD300 million in Japanese earthquake risk for mutual insurer Zenkyoren to the capital markets through notes issued by Muteki Ltd., a special-purpose vehicle based in the Cayman Islands. French reinsurer Scor offloaded EUR160 million of its own risk, encompassing European windstorm and Japanese earthquake, through a catastrophe bond that provides retrocessional coverage. And Bermuda-based Catlin Group Ltd. securitized USD150 million of property treaty catastrophe risk for earthquakes or windstorms in the United States, Europe or Japan.

Earthquake insurance reportedly has gained in popularity, with 44% of new fire insurance contracts now including quake coverage.

Such growth has been the exception in the domestic market, however, and Japanese non-life insurers have looked abroad for

continued expansion, from nearby South Korea to Moscow and London. Some recent moves have included:

- Aioi Insurance Co. Ltd. plans to acquire a 9.9% stake in South Korea's Lotte Insurance Co. Ltd. for JPY2.8 billion.
- Mitsui Sumitomo Insurance moved to establish a wholly owned subsidiary in Vietnam, capitalized at JPY1.9 billion, and is withdrawing from its existing joint venture there.
- Tokio Marine Holdings, formerly Millea Holdings, acquired Lloyd's insurer Kiln Ltd. for GBP442 million and U.S.-based Philadelphia Consolidated Holdings Corp. for USD4.7 billion.
- Tokio Marine also received approval from Chinese regulators to launch a wholly owned subsidiary in Shanghai.
- Sompo received permission to launch a non-life joint venture in India with Allahabad Bank and a branch in China's Guangdong province, while also considering an entry into the Russian market.
- Nipponkoa Insurance Co. is opening a representative office in Moscow.

South Korean Insurers Reap Underwriting Gains

Non-life insurers in South Korea have enjoyed generally increasing net income for the past several years, most recently a 55% increase from fiscal year 2006 to 2007. Net premiums written were up 16% to KRW31.9 trillion (USD1 = KRW988.6 at March 31, 2008), while the combined ratio improved to 99.3 from 101.5. The ratio

Exhibit 11

South Korea Non-Life – Key Ratios (2004-2008)

(%)

Year	Direct Loss Ratio	Earned Incurred Loss Ratio	Ratio of Net Operating Expenses	Combined Loss Ratio	Increase Ratio of Earned Premiums	Return on Assets	Return on Equity
2004	46.5	77.5	24.6	102.0	5.5	1.5	11.1
2005	42.0	77.3	22.7	100.0	6.8	2.8	18.0
2006	40.5	77.5	22.9	100.4	10.9	2.6	16.7
2007	38.6	78.3	23.3	101.5	14.9	2.0	13.5
2008	36.7	76.0	23.2	99.3	17.2	2.7	18.3

Source: Financial Supervisory Service

continued to creep downward through the current fiscal year, reaching as low as 96.9 in May 2008. Taken by line of business, the dominant motor line recorded loss ratios of 72.4 for compulsory and 73.2 for voluntary coverages, outperforming the total industry figure of 76.0. The best-performing major line was fire with a loss ratio of 44.2, up from 39.6 in 2006. Operating income on investments was KRW2.7 trillion, up from KRW2.2 trillion a year earlier.

Korea's economic outlook points to slowing growth, with the increase in GDP variously projected in the range of 2% to 4% for 2008, compared with a 5.0% increase in 2007. Consumer inflation is projected to spike upward at about 4.8% for the year, compared with 2.5% a year earlier.

There was some merger and acquisition activity in the sector during the year, as Lotte Group purchased a controlling stake in Daehan Fire & Marine. Less successful was Meritz Fire & Marine Insurance Co.'s bid for First Fire & Marine Insurance Co. The offer was rebuffed, despite Meritz's purchase of a 4.21% stake in First Fire. Hanwha Non-Life and Hanwha group companies blocked the deal by purchasing a sizable stake in First Fire.

Korean regulators, meanwhile, urged domestic insurers to look abroad for expansion and to increase their capital. Cross-border ventures included LIG Insurance Co. Ltd.'s establishment of a subsidiary in China, joining Samsung Fire & Marine Insurance Co. and Hyundai Fire & Marine Insurance Co. Ltd. there. Also, Lotte Non-Life Insurance Ltd. Co. reached a cooperation agreement with Vietnam's Bao Viet Insurance Group that calls for Lotte to act as a liaison between Bao Viet and Korean companies operating in Vietnam.

Regulators took a firm hand with the industry during the year. The Financial Supervisory Service reportedly placed restrictions on insurers' ability to reject applicants for motor coverage, except for those with the worst driving records. Insurers objected to the measure, arguing that it would compromise their underwriting.

Also, the Fair Trade Commission fined a group of insurers and the National Agricultural

Exhibit 12 South Korea Non-Life – Key Figures (2004-Q12008) (KRW billions)

Year	NPW	Operating Income on Investment	Net Income
2004	KRW21,473.2	KRW1,948.7	KRW1,146.7
2005	23,651.4	2,089.8	1,199.3
2006	27,411.1	2,239.9	1,067.8
2007	31,874.4	2,669.8	1,658.8
Q1 2008	8,594.5	784.5	646.6

Source: Financial Supervisory Service

Cooperative Federation KRW26.5 billion for alleged price-fixing and other improper practices with respect to corporate insurance products. Life insurers bore the heaviest fines, but non-life companies also were involved.

The competitive environment grew tougher during the year as the government expanded banks' ability to sell insurance through their branches – a move bitterly opposed by insurers. The industry argued that the growth of bancassurance would hurt both the traditional insurance sales force and consumers, who might feel coerced into buying insurance from banks in exchange for receiving credit.

Australian Insurers Rocked by Catastrophes

Non-life insurers in Australia posted a 42% drop in net profit for the fiscal year ended June 30, 2008, as natural disasters drove

Exhibit 13 Australia Non-Life – Key Statistics (2003-2007) (AUD millions)

	Dec 2003**	Dec 2004	Dec 2005	Dec 2006	Dec 2007
Gross Premium Revenue	A\$28,270	A\$27,957	A\$28,394	A\$28,862	A\$30,202
Net Premium Revenue	19,987	20,358	21,316	21,300	22,450
Gross Incurred Claims	17,542	17,923	18,388	18,381	22,370
Net Incurred Claims	11,977	12,334	12,991	12,181	13,203
Underwriting Result	3,069	3,141	2,894	3,469	3,250
Investment Income	2,248	4,028	4,431	4,272	4,660
Net Profit/Loss	3,397	4,774	5,093	5,364	5,414
Gross Loss Ratio	62.05%	64.11%	64.76%	63.69%	74.07%
Net Loss Ratio	59.92%	60.59%	60.94%	57.19%	58.81%
Total Assets	77,091	78,736	81,536	83,605	92,017
Shareholders' Equity	21,291	24,007	24,938	24,786	25,984
Return on Assets	4.62%	6.10%	6.40%	6.42%	5.88%
Return on Equity	17.07%	21.10%	20.80%	21.64%	20.84%
Solvency Coverage	2.14	2.19	2.44	2.08	2.04

Key Statistics and class of business data for December 2003 are drawn from quarterly returns submitted over the 12 months to Dec. 31, 2003.

Source: Australian Prudential Regulation Authority

the combined ratio upward to 92 from 84, and investment returns dipped sharply to 5.4% from 7.3% a year earlier. Investment income was down to AUD3.2 billion from AUD4.2 billion (USD1 = AUD1.05 at June 30, 2008), according to figures from the Australian Prudential Regulation Authority. Meanwhile, the nation's economy is slowing, with GDP expected to grow 2.5% for the year, down from 4.2% in 2007. Inflation also is on the upswing and is at a projected 4.6%, compared with 2.3% a year earlier.

Catastrophe losses, including hailstorms in Sydney in December 2007 and flooding in February 2008, cost insurers more than AUD1.15 billion, according to a KPMG survey. The Sydney storms alone generated AUD400 million in claims. Meanwhile, insurers had uneven success in increasing rates in line with their risks, faring better in personal lines than in commercial lines.

QBE Insurance Group Ltd. provided an early glimpse of the effects from the troubled financial markets as net investment income fell by one-third through the first six months of 2008. The group's six-month after-tax profit showed a less drastic decrease of 7% to AUD859 million, as underwriting operations remained profitable. Premiums and pretax insurance profits both increased, and the combined ratio improved compared with the first half of 2007. The group said high catastrophe losses were more than offset by a continued low rate of smaller claims.

Suncorp-Metway Ltd. had a steep drop in profit for the fiscal year through June 30,

down to AUD556 million from AUD1.06 billion. General insurance operations contributed to the decline, with profit down to AUD307 million from AUD1.22 billion.

Insurance Australia Group Ltd. saw the insurance profit from its domestic business fall about 31%, citing catastrophe losses and rising claims costs. Overall, IAG posted a net loss of AUD261 million for the year ended June 30, breaking a long string of profitable years.

Allianz Australia saw premiums grow about 4% to AUD2.5 billion in 2007, outperforming the overall market, according to the company. Allianz expected the trend to continue through 2008, with commercial rates in particular beginning to recover from the soft market.

Early in 2008, IAG was the target of a merger proposed by QBE, but the companies were unable to agree on terms, and QBE dropped its bid. QBE had more success with its USD 920 million purchase of the Australian operations of U.S.-based private mortgage insurer PMI Group Inc., which closed in October. On the domestic front, Royal Automobile Club of Western Australia agreed to buy the remaining stake in RAC Insurance Pty Ltd., a personal lines insurer, from Suncorp-Metway for AUD250 million.

Looking abroad, QBE also purchased U.S.-based North Pointe Holdings Corp. for USD146 million. Meanwhile, IAG moved to form a joint venture in general insurance in India with State Bank of India, taking the maximum 26% stake allowed for foreign investors under Indian law.

On the regulatory front, APRA completed a set of changes to the prudential framework for general insurers. Key elements are:

- Establishing five categories of insurers based on risk profile, with a prudential framework tailored to each category.
- Changing capital factors related to reinsurance placed with foreign companies, with the factor depending on the reinsurer's counterparty rating.
- Changing capital factors related to holdings of listed and unlisted equities and real property.

Exhibit 14

Australia Non-Life – Top Business Lines (2003-2007)

Ranked by 2007 Gross Premiums
(AUD millions)

	2003*	2004	2005	2006	2007
Direct Business	A\$21,985	A\$22,229	A\$22,978	A\$23,745	A\$24,501
Domestic Motor Vehicle	4,672	4,705	4,985	5,150	5,402
Other Direct Classes	3,322	3,451	3,645	4,026	4,374
Houseowners/Householders	3,214	3,165	3,326	3,620	3,933
Fire & Industrial Special Risks	2,734	2,738	2,812	2,738	2,752
Motor Vehicle Bodily Injury	2,400	2,478	2,427	2,398	2,188
Public and Product Liability	2,067	2,057	1,969	2,009	1,916
Commercial Motor Vehicle	1,305	1,326	1,356	1,351	1,472
Professional Indemnity	1,294	1,308	1,281	1,264	1,282
Employers' Liability	977	1,001	1,177	1,189	1,182
Inwards Reinsurance	6,232	5,726	5,416	5,117	5,701

* Key Statistics and class of business data for December 2003 are drawn from quarterly returns submitted over the 12 months to Dec. 31, 2003.
Source: Australian Prudential Regulation Authority

India's Insurers Navigate A Deregulated Market

Non-life insurance premiums in India were up 13% to about INR28.1 billion (USD1 = INR40.02 at March 31, 2008) in the fiscal year ended March 31, 2008 for the 14 insurers tracked by the Insurance Regulatory and Development Authority. The increase was led by surges of 49% in motor third-party insurance – which included an increase in third-party liability premium rates of 75% in fiscal year 2007-08 – and 55% in health insurance, which is grouped with non-life business in India. Declines included a 28% drop in aviation premiums and a 15% decrease in fire premiums.

After the abolition the premium rate tariff regime (insurance contract wordings remain subject to regulatory approval), price competition, especially in commercial lines, seems to have stabilized. While pricing is still important, the focus is increasingly on service. The phenomenal growth rates of premium income achieved by private insurers in the past few years have slowed. Insurers are expanding into new lines of business such as health and micro-insurance to achieve growth.

India's fast-growing economy is projected to produce a 7.9% boost in GDP for 2008, down from 9.3% a year earlier. But inflation also is expected to approach 8%.

The Indian market continued to attract new entrants during the 2008 fiscal year, including Universal Sampo, a joint venture between Allahabad Bank and Japan's Sampo Insurance, and Future Generali, a joint venture of Future Group and Italy's Assicurazioni Generali SpA. Other joint ventures announced in recent months include:

- Dabur Liberty General Insurance Co., formed by Dabur Group and U.S.-based Liberty Mutual.
- Bharti Axa General Insurance, formed by Bharti Enterprise and France's Axa with a planned INR6.5 billion of capital over five years.
- Shriram General Insurance Co., a venture of Shriram Financial Services & Holdings

and South Africa's Sanlam Group with initial capital of INR1.05 billion.

- A venture between State Bank of India and Insurance Australia Group.
- HDFC Ergo General Insurance, formed by Housing Development Finance Corp. with Germany's Ergo, a unit of Munich Re, and initially capitalized at USD30 million.

Foreign companies currently are limited to 26% stakes in Indian insurers, but the industry has been agitating to increase that limit to 49% in hopes of attracting still more capital to the fast-growing sector. The government is backing such a move, and legislation may come before Parliament in December. Foreign direct investment in India's insurance market is expected to double in the next two years – even more if the limit is increased – according to the Associated Chambers of Commerce and Industry of India.

Insurers have myriad opportunities for growth in a largely unpenetrated market. Some general insurers reportedly are shifting their attention from commercial lines to retail business, especially health insurance, amid deregulation of rates that has caused premiums to drop sharply.

Cholamandalam General Insurance Co., a joint venture of Murugappa Group and Japan's Mitsui Sumitomo Insurance,

Exhibit 15

India Non-Life – Premium Income

(INR millions)

Company	12 Mos. 3/31/08	12 Mos. 3/31/07	Change (%)
Royal Sundaram	INR6,951.6	INR6,005.8	15.7
TATA-AIG	8,133.9	7,415.6	9.7
Reliance	19,464.2	9,123.1	113.4
IFFCO Tokio	12,358.3	11,503.2	7.4
ICICI Lombard	33,446.9	30,034.5	11.4
Bajaj Allianz	24,043.4	18,033.4	33.3
HDFC ERGO	2,165.8	1,901.6	13.9
Cholamandalam	5,636.7	3,145.9	79.2
Future Generali ¹	106.4	0.0	N/C
Universal Sampo ²	4.8	0.0	N/C
New India	52,773.5	50,172.0	5.2
National	40,308.0	38,144.2	5.7
United India	37,395.6	35,099.5	6.5
Oriental	38,479.9	39,405.3	-2.3
Total	INR281,264.1	INR249,984.1	12.5%

¹ Began operations in November 2007.

² Began operations in February 2008.

Source: Insurance Regulatory and Development Authority

planned to launch as many as eight new products this year in motor, fire and engineering lines; to target the India-based operations of Japanese and Korean companies; and to join with the Council of NGOs in Rural India to pursue business in the rural market

Iffco-Tokio General Insurance Co. launched a “micro” insurance policy to provide property and critical illness coverage in selected states. Reliance General Insurance Co. Ltd. meanwhile announced plans to expand to another 500 cities.

India has four state-owned general insurance companies that together hold a shrinking but still dominant 60% share of the market. A.M. Best believes the state-owned general insurers are strongly capitalized. Comments from insurers point to capital requirements as being of greater concern to life companies than to non-life insurers. State-owned general insurers continue to record growth, although this is slower than that of private insurers. At the same time, General Insurance Corp., India’s national reinsurer, has been looking abroad for growth, opening a branch office in London and also setting its sights on Brazil.



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