

Allianz seeks to grow Asian P&C mid-market presence

DECEMBER 5 2022

by Mithun Varkey

Allianz is keen on growing its Asian P&C business, especially in the mid-market commercial and SME segments to reflect the broader makeup of the market and as a diversification strategy, according to Chris Townsend, member of the Allianz SE Board of Management, in charge of its global insurance businesses, reinsurance, Anglo markets, as well as Africa and the Middle East.

“Asia Pacific business for us is about three-quarters life and health, so we are predominantly an L&H carrier here. We are underweight on P&C in the region and want to grow through investments both in terms of people and capabilities,” said Townsend.



On the P&C side in Asia, Allianz has four main businesses – the large corporate business where it operates as Allianz Global Corporate & Specialty (AGCS), “MidCorp” commercial business, trade credit insurance called Allianz Trade, and assumed reinsurance business.

“We see great growth opportunities for all those businesses. MidCorp is where we anticipate growth in this part of the world. We really need to flesh it out in terms of MidCorp and SME businesses, so you get more diversification. Furthermore, these sectors largely make up the economies here,” he said.

In the large corporate segment, which is predominantly catering to multinational corporations, the growth comes mainly from the transition to renewable energy as well as an area Allianz calls ART – alternative risk transfer, according to Townsend.

ARTs are multi-line, multi-year structured products across a variety of lines of business, usually over three to five years with risk-sharing mechanisms.

“As for the other businesses, Allianz Trade will continue to grow in both the trade credit and the surety space,” he said.

“We have over a trillion euros of notional exposure on the Allianz Trade balance sheets, in terms of supporting trade at a micro level in 70 countries around the world. It’s a really good business”.

And in the assumed reinsurance business, about 50% of Allianz’s business globally is in Asia.

“We’ve got deep partnerships here, which have lasted for many decades. We’ll continue to support a number of our cedents in this part of the world,” Townsend said.

Country specific

Allianz, regionally headquartered in Singapore, has a presence in 15 countries in Asia Pacific across its three main businesses – life and health, asset management and P&C businesses.

“In life and health, all of the macro factors continue to support growth in the sector. The main driver will be the government’s inability to support all of the pension and health needs of their citizens. So that will transition into the private sector,” he said.

Apart from China, where it has a number of different entities, including a 100% owned life company, asset management, P&C, a real estate business; and India, where it has strong businesses in the Allianz Bajaj brand, Townsend said: “We’ve got a modest participation in Japan, big life business in Taiwan, big life business in Indonesia, big P&C business in Malaysia, and a very strong P&C business in Australia”.

“I would expect growth in all these markets, but above-the-market value growth in Australia and Southeast Asia and we will continue at pace in India,” he said.

In 2021, Allianz in Asia reported a gross written premium of €8.4 billion (US\$8.87 billion), which was a 14% year-on-year increase. Its total regional operating profit rose 9% to €574 million. While its P&C business in Asia had total revenues of €1.5 billion, which was 10% higher year-on-year, and its operating profit rose 11% to €131 million.

Retro capital

Given the constraints around capacity as reinsurers prepare for the all-important January renewals, Townsend said that Allianz would consider providing retro capacity opportunistically.

“We also have capital to deploy and are very open to looking at appropriately priced retro deals on a net line basis,” he said. “If the structure is appropriate in terms of how far out on the curve it is, and how well-priced it is, we’ve got capital to deploy.”

Allianz will be opportunistic in the market and have zero top-line targets, he noted.

“If we deploy nothing, we will be happy. If we end up deploying some net capacity, and it’s well priced with a good modelled return, we’ll be happy as well,” he said.

“We’ll be very clear to people we trade with that it’s an opportunistic play. We’ve spoken to a number of people in terms of potential capacity we can deploy for the appropriate programme“ he added.

While it is a challenging market, especially in terms of renewals, Townsend said Allianz is optimistic about the medium to long-term prospects of the industry.

However, he said that they recognise some of the challenges that reinsurers face and take that into account in terms of the way they structure.

“Obviously, some of the aggregate protection has been more challenged on both the risk and the cat side. And we expect that pressure to continue through this renewal cycle. So we’re making the appropriate changes in terms of our structure to reflect that. And it’s all about a balance between risk and reward between the cedent and the reinsurer.”

“We just keep resilience in the balance sheet, keep our powder dry to fight another day and make sure that we deliver on an operational perspective, – we just deliver quarter on quarter in terms of what we said we’re going to do,” said Townsend.



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Chris Townsend, Allianz