

Conference Report

Insurance CFOs are at a crossroads of navigating tomorrow's challenges today



L-R: Messrs Martin Noble, Joseph H L Chan, Ellick Tsui, Francesco Nagariand Ms Laura Blainey

Speakers at the 18th Asia Insurance CFO Summit highlighted that the role of the insurance CFO has evolved beyond accounting, budgeting and compliance to encompass strategic foresight, risk mitigation and digital transformation.

The 18th Asia Insurance CFO Summit, with the theme 'Navigating Tomorrow's Challenges Today – The Future of Insurance Finance Leadership', highlighted how the CFO of today must not only safeguard financial health but also steer their organisations towards long-term profitability in an increasingly volatile environment.

Zurich Insurance Hong Kong CFO Martin Noble said that these are truly unprecedented times and the challenges and expectations that a modern finance function needs to meet have increased beyond compare. "We need to be on the top of our game and need to continually keep learning to stay ahead," he said.

Hong Kong: A leading international financial centre

The government of Hong Kong SAR, Under-secretary for Financial Services and the Treasury Joseph H L Chan spoke of the pillars on which Hong Kong was being positioned as an international financial centre. These included the free flow of capital and information, a resilient banking system, a common law system and independent judiciary and a rich pool of professionals and robust regulatory regime. Mr Chan said that the major advantage for businesses was in leveraging the country's unique advantages as a major gateway connecting mainland China with the rest of the world.

Hong Kong Federation of Insurers Chairman and CTF Life Insurance Deputy CEO & CFO Ellick Tsui said that the insurance industry stands at a crossroads. "As a CFO and investment leaders, you are not just a steward of capital but the architect of resilience," he said. He called on insurance company CFOs to utilise advanced analytics to improve risk modelling and to consider current geopolitical risks and market conditions. Further, he urged them to expand their portfolio to include a mix of assets and geographic regions to mitigate the risks associated with specific markets.

Mastering insurance reporting for strategic growth

A joint presentation by Deloitte Global Lead, IFRS insurance and AP IFRS17/finance and actuarial transformation leader Francesco Nagari and Deloitte Financial Services finance transformation partner Laura Blainey focused on how life insurance CFOs can leverage on the company's four corners of insurance reporting, to build a more effective steering framework, enabling them to maximise investments and improve reporting capabilities.

The framework focuses on integrating key performance indicators, particularly profit and capital measurement, to enhance business planning, forecasting and overall financial performance. "It's a framework, both logically and operationally, that we believe can guide, particularly the life insurance CFO, to drive the business to new heights in terms of growth and profitability," said Mr Nagari. The goal of this would be to maximise the return on capital. "In our opinion, the return on capital is really the key



Ms Emma Sturgess and Mr Steve Cheung

performance indicator for the insurance industry, which is even more capital intensive," he said.

Ms Blainey spoke on the unique opportunities for finance teams and actuarial teams to elevate the business contribution and enable them to drive more growth and profitability across the insurance business. These opportunities were in: data consistency and integration, risk sensitivity and capital allocation, shareholder returns and operational complexity and system integration. "There is a need to harmonise all the different systems that are used across actuarial, finance and risk management," she said.

Beyond IFRS 17 compliance

A joint presentation by Ernst & Young Advisory Services' partner – Financial Services Consulting Steve Cheung and Partner – Financial Services Consulting Emma Sturgess showcased the next wave of financial and management reporting beyond IFRS compliance.

They recommended the following key finance focus areas for insurers going forward: Do not wait until your new IFRS 17 operations has fully stabilised to address these key focus areas, as they all require some lead time to implement; leverage prior investments in

your new IFRS 17 systems and data lakes and build on your existing capabilities to exploit them for these new focus areas; do not rush into developing new tools to address these new focus areas, instead do a proper PoC first to ensure it really works and the business case is solid; implement with agility by following a phased journey of continuous improvements that addresses each focus area, with some quick wins along the way.

The CFOs toolkit for resilience

According to Mr Noble, market volatility and uncertainty can be navigated by leveraging scenario planning and stress testing to mitigate future disruptions. He stressed on balancing risk management with growth opportunities during unpredictable times as the implications of financial volatility and uncertainty can be wide reaching. "Financial forecasting is nothing new and if we extend this to scenario planning for unexpected events, the insights gained can be powerful," he said.

Speaking on how CFOs can drive the green agenda, Prudential Group Chief Financial and Sustainability Risk Officer Sanchit Maini said that



Mr Sanchit Maini

sustainability is a business driver for long term return on investment and stakeholder value. "Strategic sustainability initiatives are value accretive that enhance long-term company value. This, in turn, enables reinvestment into further sustainability strategies, thereby creating a circular model of sustainable growth for the business," he said.

DLI Asia Pacific

Regional CFO Junichi Yoshii highlighted the key challenges and strategic opportunities for regional



Mr Junichi Yoshii

CFOs in driving performance. The challenges were: sustainable growth amid market volatility, capital efficiency and allocation, regulatory complexity across jurisdictions, operational scalability and digital transformation and talent development and succession planning. The strategic opportunities were in leveraging regional synergies, M&A and market expansion, data, AI and digital finance, brand and cultural leadership and thought leadership and industry influence.

Agentic AI for CFOs

Speaking on how CFOs can leverage agentic AI, the Hong

Kong Polytechnic University Professor of Practice, department of computing, Professor Andy Chun said that agentic AI has the potential to revolutionise the insurance industry by automating complex decision making, improving risk assessment and enhancing customer experiences. "CFOs must adapt a multi-pronged approach to safeguard financial resilience, capitalise on opportunities and ensure long term sustainability," he said. He advised CFOs to move into the next level by leveraging the AI advantage and for this they must invest in data infrastructure and AI readiness, develop AI governance and regulatory frameworks, plot AI powered risks and fraud detection models and upskill finance and insurance teams for AI collaboration.



Professor Andy Chun

CFO's as strategic growth architects

A panel discussion on the role of CFOs as strategic growth architects expanding beyond traditional finance, was moderated by EY Asia-Pacific Insurance Consulting Leader Tze Ping Chng. The panel discussed on how the CFO's role needs to be redefined, as a business growth enabler and strategic

advisor and the need for CEOs and boards to collaborate to shape corporate vision and profitability.

Manulife Asia segment CFO Adrienne O'Neill said that as a CFO you must take decisions, especially with non-negotiable implementation timelines. "That may not be the most efficient, and so the vast majority of what we did was optimised and improved," she said, on the post IFRS17 implementation journey of CFOs.

She mentioned how in this journey the leadership needs the management teams, to truly understand the deep nuances of these standards so that they can make the best decisions possible for the business. Another critical area, she said was to continue working with the industrial community and the analyst community to really make sure that they, too, are taking the most out of the standard possible with IFRS17.

Speaking on their experience with IFR17 implementation, Chubb Life, Hong Kong & North Asia CFO Rockson Leung said that they are looking at ways to improve the process and try to get an understanding of what those numbers mean to be able to deep insight as the finance community. "So, this journey will continue for quite some time, but I feel as we start going forward, we will see the market



L-R: Mr Tze Ping Chng, Ms Adrienne O'Neill Mr Rockson Leung and Mr Nigel Knowles

moving in certain ways," he said.

RGA Senior Vice President and Chief Pricing Actuary, AP Financial Solutions Nigel Knowles said that a lot of the insight that they gained from the IFRS17 implementation process meant that it was less painful to adopt things like RBC in Hong Kong, although IFRS17 presented its own problems. "I think nobody is going to make dramatic changes to what they do and the focus is now shifting more to cash and capital discussions, notwithstanding the fact that we do not really understand how IFRS17 worked in all circumstances," he said.

Purpose led innovation and growth in Asia

QBE Asia CEO Rob Kosova spoke on purpose led innovation and sustainable growth. This, he said, is more complicated and trickier to execute at the moment than it has been before, but Asia also offers the most amount of hope. "Insurers are looking for growth and the easiest way to do that is around pricing as whenever pricing comes down, you pick up growth. The challenge that we then have is around profitability and quite often we see that the profitability suffers and the remedy is then



Mr Rob Kosova

remediation or price increases, which there's no surefire way to annoy distribution partners and customers," he said.

Highlighting the role of technology, he said that it offers solutions that allows us to be faster, more consistent and deliver better customer outcomes. "The insurance industry must demonstrate its value, again, in helping people navigate uncertainty and deliver solutions for the world, which require insurance," he said.

RBC influencing Hong Kong insurers risk appetite

A panel discussion on the impact of Hong Kong's Risk-Based Capital (RBC) regime on insurance product strategies risk appetite and product design, was moderated by Blackstone Senior Advisor Mark Saunders who in his opening statement said that the insurance industry is extremely important to the success of the Hong Kong economy and that a collaborative approach was the key to the success of the insurance industry and the implementation of the RBC regimen.

Gen Re General Manager, Strategy & CI Research, Asia Life/Health Orchis Li said that they faced a very different experience in Hong Kong during the RBC implementation process. "A lot of the other

jurisdictions where it is solvency two or risk type of regime, you would see that after the launch of such regimes, a lot of the products moved from traditional participating type of products into more of investment type of products," she said.

She emphasised that insurance companies in Hong Kong are still relying heavily on what they call the class eight, which is the traditional business and therefore they need to have rules and regulations that on the one hand, look at adequate capital for that block of business, but on the other hand, they must protect the business for growth in the Hong Kong market.

Fitch Ratings Senior Director, Head of Asia-Pacific Insurance Jeffrey Liew said that the RBC implementation in Hong Kong is a quantum leap, as it is more aligned with risk and in terms of the risk itself and provides more insights in each of the individual risks. "RBC will have a more direct impact on medium sized companies and small companies because in the past they might not be subject to the stringent capital requirements," he said.

Speaking on how they conduct rating of insurance companies in Hong Kong he said that they investigate how they manage their own liabilities as well as the impact on the risk management.

"So, from the rating agency



L-R: Messrs Mark Saunders, Mark Kai, Jeffrey Liew and Ms Orchis Li

perspective, although we do have our internal capital models, because we rate the company across regions that we use to compare capital strengths, we also consider a local solvency regime and how strong it is, whether it actually reflects the true risk of the company itself,” he said. He also highlighted the pillar three method that they use for rating RBC enabled companies.

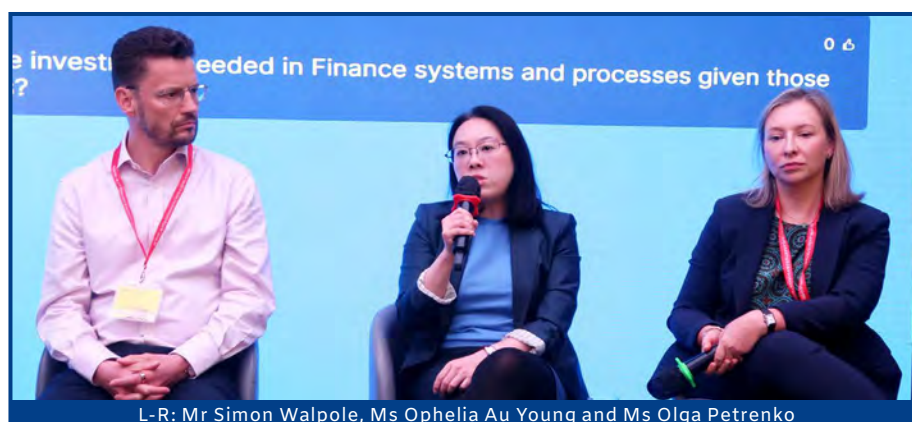
“The pillar three will be our disclosures and how the information influences the assumptions, because those will actually provide more light into how RBC moved,” he said.

BOC Group Life Assurance Company Limited CFO Mark Kai said that RBC penalise products for any improper investment strategy. “They use some relatively risky investment strategy for taking extensive risk to support the pricing of some short-term products,” he said. Highlighting the popularity of universal life products in Hong Kong around a decade back due to the very low short-term interest but the product failed due to the political environment during that period.

“It is difficult to illustrate a rather tragic way for a general account or universal life type approach, unless you take a more aggressive investment strategy, which is also our understanding., and so we have no long term guarantee, a relatively high proportion of on guarantee components, which is which can be backed by relatively risky investment strategy to generate a more competitive illustrated return,” he said, on the role that RBC plays in this situation.

Unlocking financial foresight

On how to embark on a journey to unlock financial foresight,



Deloitte Global Actuarial Leader Simon Walpole and Deloitte Actuarial Practice Leader, HK and Mainland China Ophelia Au Young in a joint presentation mentioned that given the complexity of existing processes, an incremental approach is typically more manageable and sustainable for most insurers. However, targeting a critical pain point, like data integration or reporting for a mini big bang can also be effective to demonstrate early value.

Companies need to start with data and build or modernise the data platform to support integration, governance and scalability. This, they said, will provide a strong foundation for all other transformation efforts. They also mentioned the need to leverage cloud platforms for scalability and flexibility and adopt AI/GenAI and analytics tools to automate processes, enhance accuracy and deliver actionable insights.

The Evolving Risk Landscape

Allianz SE Reinsurance regional CFO Olga Petrenko speaking on managing capital amidst global risk highlighted the role of capital allocation and management to navigate the risk landscape. “Capital is a very scarce resource which is essential for any insurance company and it ties them to

their risk strategy and there is a clear movement in Asia to a risk-based capital regime,” she said.

She further stated that insurers would like to have a capital base which gives them resilience and helps them to minimise volatility.

HSBC Life Managing Director, Head of Business Finance reporting, global insurance Carrie Yip spoke on how finance teams are evolving from compliance-led to insight-driven functions, with a focus on value creation post-IFRS 17. “

The objective of IFRS 17 is to ensure that an entity provides relevant information that represents insurance contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance and cash flows,” she said. She called on finance teams to remain agile, adapt to market dynamics and industry trends and forecast the future with confidence.

Redefining growth and resilience in Asia

In a candid conversation with Blackstone Senior Advisor Mark Saunders, AXA Greater China CEO Sally Wan shared her vision for the future of insurance in



Asia. "The growth opportunity is already very good in Asia, especially in the life and health business and the growth is going to be there for the next 5 to 10 years," she said. Asian companies, she said, need to do a bit more innovation and have the right inclusive products for the aging population.

Speaking on alternative risk transfer for financial resilience in a climate driven world, Insurance Authority, Hong Kong, Senior Manager, Policy and Legislation Division Luke Liang spoke on the role of catastrophe bonds and insurance-linked securities (ILS) in diversifying risk and enhancing capital efficiency.

"The evolving capital management landscape will balance traditional reinsurance with innovative financial instruments to optimise risk mitigation and regulatory



Mr Mark Saunders and Ms Sally Wan

compliance," he said. He spoke of how Hong Kong has today become a preferred ILS hub due to its unique positioning and facilitative regime

Gen Re General Manager, Strategy and CI research, Asia Life/Health Orchis Li in her presentation focused on how advanced analytics and InsurTech are influencing risk pricing, operational efficiency

and strategic decisions. She mentioned how AI can be useful for insurers in possible areas like communications, business intelligence and audit on expenses.

The 18th Asia Insurance CFO Summit, organised by *Asia Insurance Review* was held on the 27-28 May in Hong Kong and sponsored by Deloitte, EY and Fitch Ratings. 

