

Building the ASEAN Community

Insurance Sector Integration

Supporting Growth through Better Risk Management



Insurance is one of the financial services sectors being liberalised by ASEAN Member States (AMS) under the ASEAN Framework Agreement on Services (AFAS). A well-developed, open and integrated insurance sector signifies competitive markets with more, better-quality, and lower-cost services for the customers to choose from. In an integrated market, insurers' capacity to underwrite also improves, with stronger balance sheets and more consistent legal and regulatory frameworks. These will encourage individuals and firms to obtain insurance, enabling them to mitigate risks

to their day-to-day lives and operations. This can include catastrophe insurance which will help ASEAN citizens become more resilient to losses from natural disasters. In turn, higher insurance take-up will boost trade, investment, and economic activity as a whole.

AMS agreed on the ASEAN Insurance Integration Framework which guides them on how to proceed with liberalising and integrating their insurance sectors. They are starting with the cross-border supply of marine, aviation and goods in international transit (MAT) insurance and exploring more sub-sectors to liberalise. ASEAN insurance regulators are complementing this with stronger supervision, among others, by observing the core principles of the International Association of Insurance Supervisors (IAIS).

ASEAN has also accorded higher priority to disaster risk financing and insurance through the ASEAN Disaster Risk Financing and Insurance (DRFI) initiative. Some AMS are prone to natural disasters and recovery is often slow especially among those with limited fiscal resources. As a start, the ASEAN DRFI programme will strengthen AMS' capacity to implement DRFI strategies in the areas of risk information, assessment and modeling, public policy development, and knowledge management.

Other collective initiatives on insurance help augment intra-regional trade. One key example is the ASEAN Scheme of Compulsory Motor Vehicle Insurance which enables transit transport operators and road transit transport vehicles to be adequately insured against death or bodily injuries and/or property damages arising from road traffic accidents across the participating AMS.

TO LEARN MORE

1. [Joint Statement of the 1st ASEAN Finance Ministers' and Central Bank Governors' Meeting \(AFMGM\) Kuala Lumpur, Malaysia, 21 March 2015 Theme: Our People, Our Community, Our Vision](#)
2. [Summary of Achievements of ASEAN Financial Integration](#)
3. [Protocol 5: ASEAN Scheme of Compulsory Motor Vehicle Insurance](#)
4. [ASEAN Insurance Council](#)

For more information, please visit <http://www.asean.org/communities/asean-economic-community> or send an email to aimo@asean.org.