

10_{Years} PeakRe >



Emerging Asia's rising middle class

About Peak Re

Peak Reinsurance Company Limited ("Peak Re" or "the Company") is a Hong Kong-based global reinsurance company. Since commencing its operations in 2012, the Company has grown steadily to rank 27th among global reinsurance groups in terms of net reinsurance premiums written⁽¹⁾. In the year ending 31 December 2021, Peak Re reported gross and net written premiums of USD2,145 million and USD1,794 million, respectively. With total equity of USD1,470 million as of 31 December 2021, Peak Re enjoys an "A-" rating by AM Best.

Peak Re is authorised by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41). The Company offers both Property & Casualty ("P&C") and Life & Health ("L&H") reinsurance. It strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions.

Fosun International Limited (00656.HK) and Prudential Financial, Inc. hold approximately 87% and 13% of Peak Re via Peak Reinsurance Holdings Limited, respectively.

PeakRe >

What makes us special?

1 Culture

Our culture encourages entrepreneurial spirit and values open and curious mindsets that feed fresh thinking and innovation.

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Foreword

With inflation firmly on a rising trajectory amid looming recession threats, with multiple heatwaves ravaging the world, and with geopolitical tensions remaining elevated, there is no denying that the enormity of these challenges can be a serious and tangible concern for governments as well as corporations. This is even more relevant for the insurance industry, which is intimately impacted by the shifting risk landscape. What inflation will mean for insurance claims, or how climate change is increasing the frequency of heatwaves, are key elements in managing sustainable insurance operations. An additional critical element is the understanding of the fundamentals of insurance demand.

Without a doubt, Asia, particularly emerging Asia, will remain a powerhouse of insurance growth and demand in the coming decades. Despite cyclical economic challenges, emerging Asia is expected to remain the fastest growing region in the world in the next decade. Alongside rising income and more people moving into the middle-class rank, we will see significant opportunities for insurers to offer risk mitigation and protection.

But how much do we know about the Emerging Asian middle-class? This is not a rhetorical question, but a pragmatic one, hinging on reliable and actionable information. With this in mind, Peak Re has embarked on a comprehensive survey to explore the attitude and behaviours of the

emerging Asia middle-class, covering 6,500 consumers from seven emerging markets in the region and three more mature markets as benchmarks. A wide selection of topics, including aspirations, healthcare, work life, children and education, mobility, technology, leisure and entertainment, were covered by the survey, in order to put together an up-to-date, broad, and intuitive picture of the middle-class in the region.

Given the region's diversity and the changing identity of the middle-class, more effort will be needed to better understand this segment of society. However, we hope this publication will provide you with some food for thought and generate a quality dialogue so we as an industry can collectively better serve this important segment. Ultimately, this market segment will need our support in the future to close its existing protection gaps.

I hope you will enjoy this data compilation, and please get in touch with your Peak Re contact, if you have any questions, feedback or suggestions.



Franz Josef Hahn

CEO, Peak Re

Introduction

Emerging Asian markets accounted for less than 5% of global output in 1990, which has since risen to 26% in 2022. The outlook is sanguine, despite cyclical challenges. This, in turn, supports the rise of an ever-growing middle class in the region. According to a study by McKinsey & Company, Asia could drive half of the future global consumption growth to 2030, with a key contributor being the region's emerging middle-class.

Understanding the usage, behaviour and attitude of middle-class Asians is thus of paramount importance to the successful tapping of this vital market segment. These aspiring consumers direly need insurance protection as they begin to accumulate wealth and assets and make plans for their children's education and retirement.

In partnership with Intuit Research, Peak Re conducted a regional survey in March-April 2022 to gauge the unique features of the Emerging Asian middle-class (see Background & methodology section). The results are intended to facilitate a better understanding of this important segment's needs and preferences, and stimulate dialogues among stakeholders to serve these consumers better. The results are presented in a data compendium, as we believe open-mindedness is important to foster informed decisions. Wherever appropriate, we draw comparisons with the middle-class in Mature Asia to highlight key differences.

This yields many interesting observations. For example, there are clear signs of optimism for Emerging Asia middle-class regarding their financial well-being, social mobility and success of their children compared to their counterparts in Mature Asia. They are also more health conscious and more inclined to adopt healthy actions, yet they are acutely aware of the severe financial stress from medical events. Similarly, in personal finance, Emerging Asia middle-class are more confident about their financial literacy and are more disciplined in spending and saving. This optimism is reflected in more of them having the ambition to become an entrepreneur or expecting better work-life balance offers from employers.

To summarise the vast troves of information and insights in a few paragraphs is almost mission impossible. More importantly, the connection to business and informed decisions will primarily be firm-specific. To this end, Peak Re will follow up with a more granular digest of each of the thematic topics covered in this compendium.



Background and methodology

Background & methodology

Background

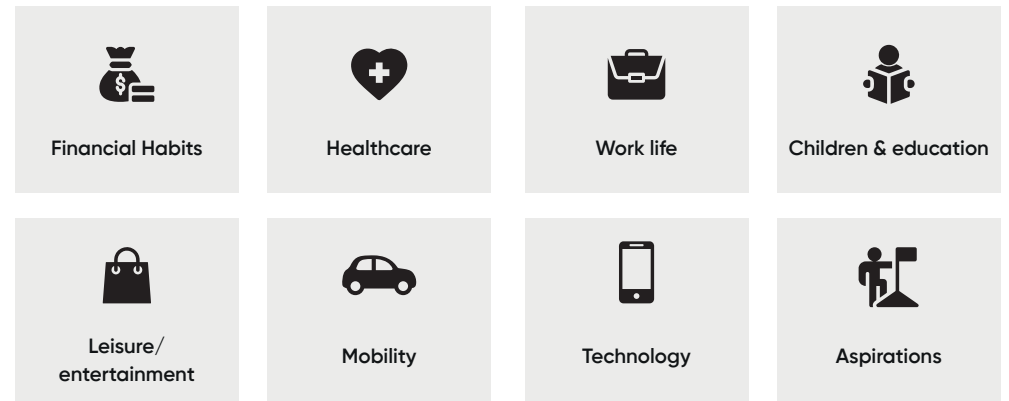
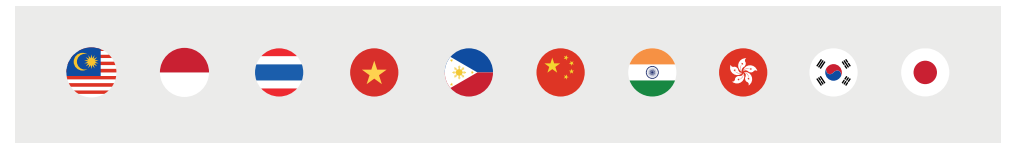
- ✓ Peak Re's mission is to support the needs of communities and emerging middle-class consumers in Asia and around the globe.
- ✓ To this aim, Peak Re decided to create original thought leadership focused on the emerging Asian middle-class. It invested in conducting an original, primary research study, interviewing thousands of consumers across emerging Asia.

Research coverage

- ✓ Usage, behaviour and attitude of middle-class Asians towards financial habits, healthcare, work life, children & education, mobility, technology, leisure/entertainment and aspirations.

Research design

- ✓ Sample size: Emerging Asia n=5,000, Mature Asia=1,500 (for comparative purposes)
- ✓ Emerging Asia: Malaysia, Indonesia, Thailand, Vietnam, Philippines, China, India; Mature Asia: Hong Kong, Japan, Korea
- ✓ Online surveys using consumer access panels
- ✓ Surveys conducted from 28 March to 22 April 2022



Target group

- ✓ Middle-class consumers aged 25-50 year old
- ✓ The middle-class was defined for this study as any household with an income between 2/3 and 3x the local median household income*

*For India the upper limit was put at 4x median income and for China at 5x median income to avoid excluding too many consumers

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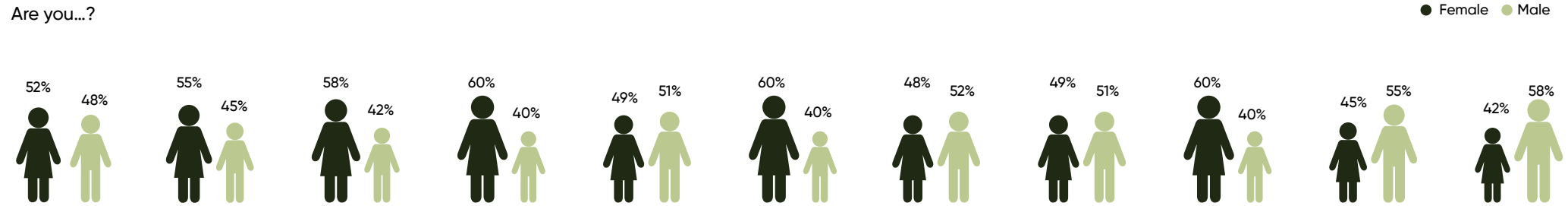
Demographics



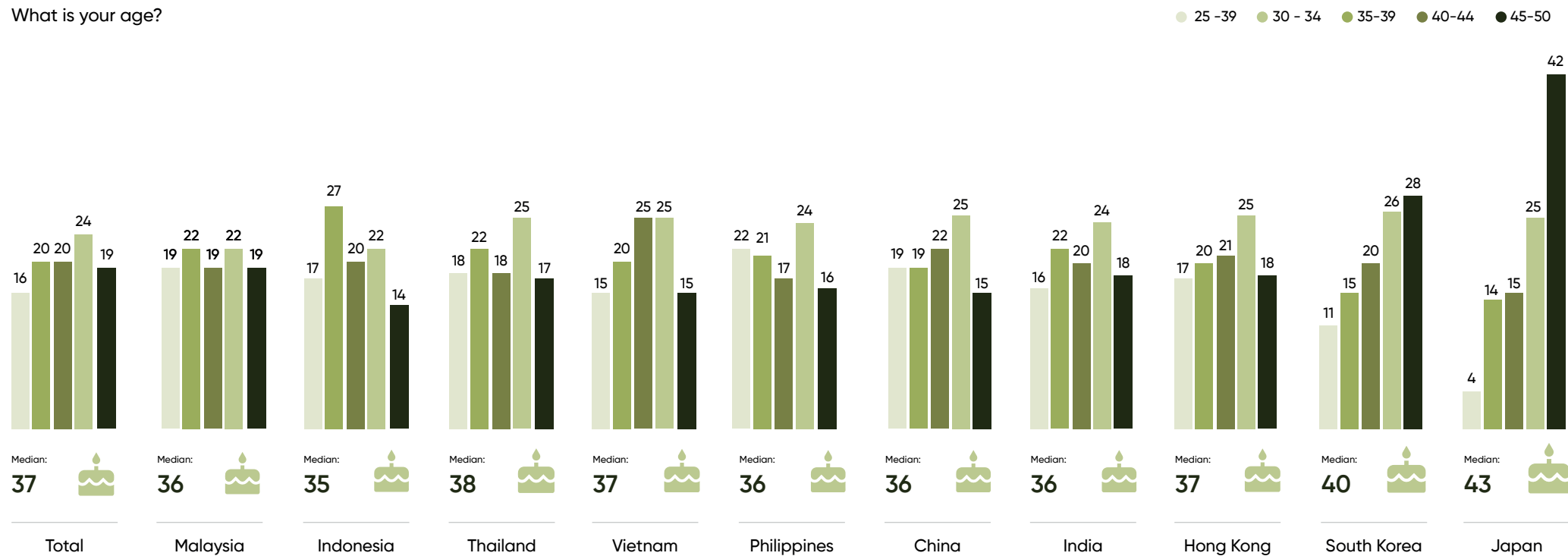
Gender and Age

The median age of Japanese middle-class is older than rest of the markets, with the largest difference being 8 years, when compared to Indonesia.

Gender (%)



Age (%)



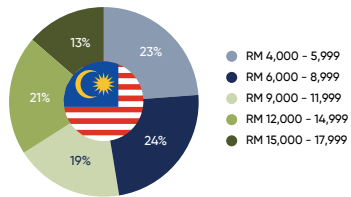
Base: All Respondent n=6500, Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Hong Kong n=500, South Korea n=500, Japan n=500

Household income

Household income

What is your current monthly/ [KR/JP annual] household income (before tax)? This includes income from employment and/or investment income for all household members. Your best estimate is fine.

Malaysia (MHI)

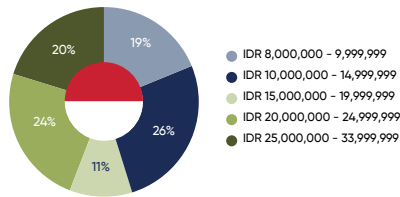


Median:

RM 7,862



Indonesia (MHI)

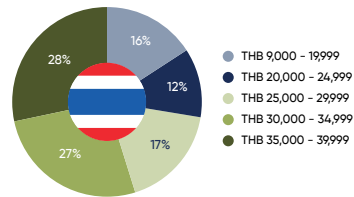


Median:

IDR 14,852,900



Thailand (MHI)

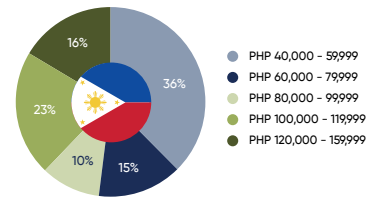


Median:

THB 28,506



Philippines (MHI)

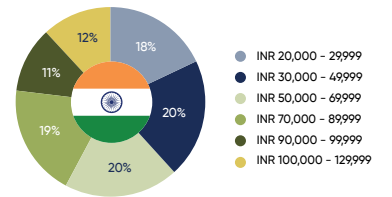


Median:

PHP 67,500



India (MHI)

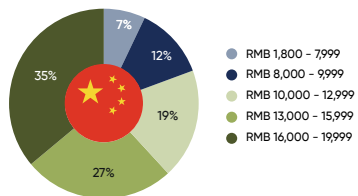


Median:

INR 57,679



China (MHI)

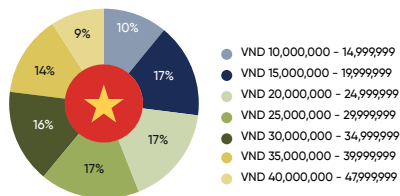


Median:

RMB 12,901



Vietnam (MHI)

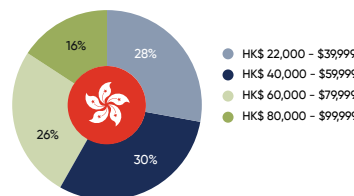


Median:

VND 24,181,820



Hong Kong (MHI)

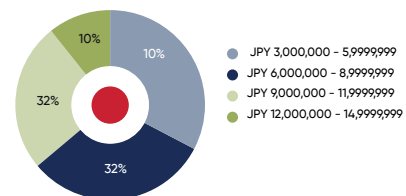


Median:

HK\$ 44,729



Japan (AHI)

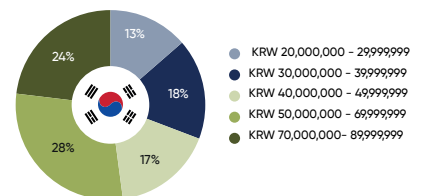


Median:

JPY 40,272,150



South Korea (AHI)



Median:

KRW 46,079,140

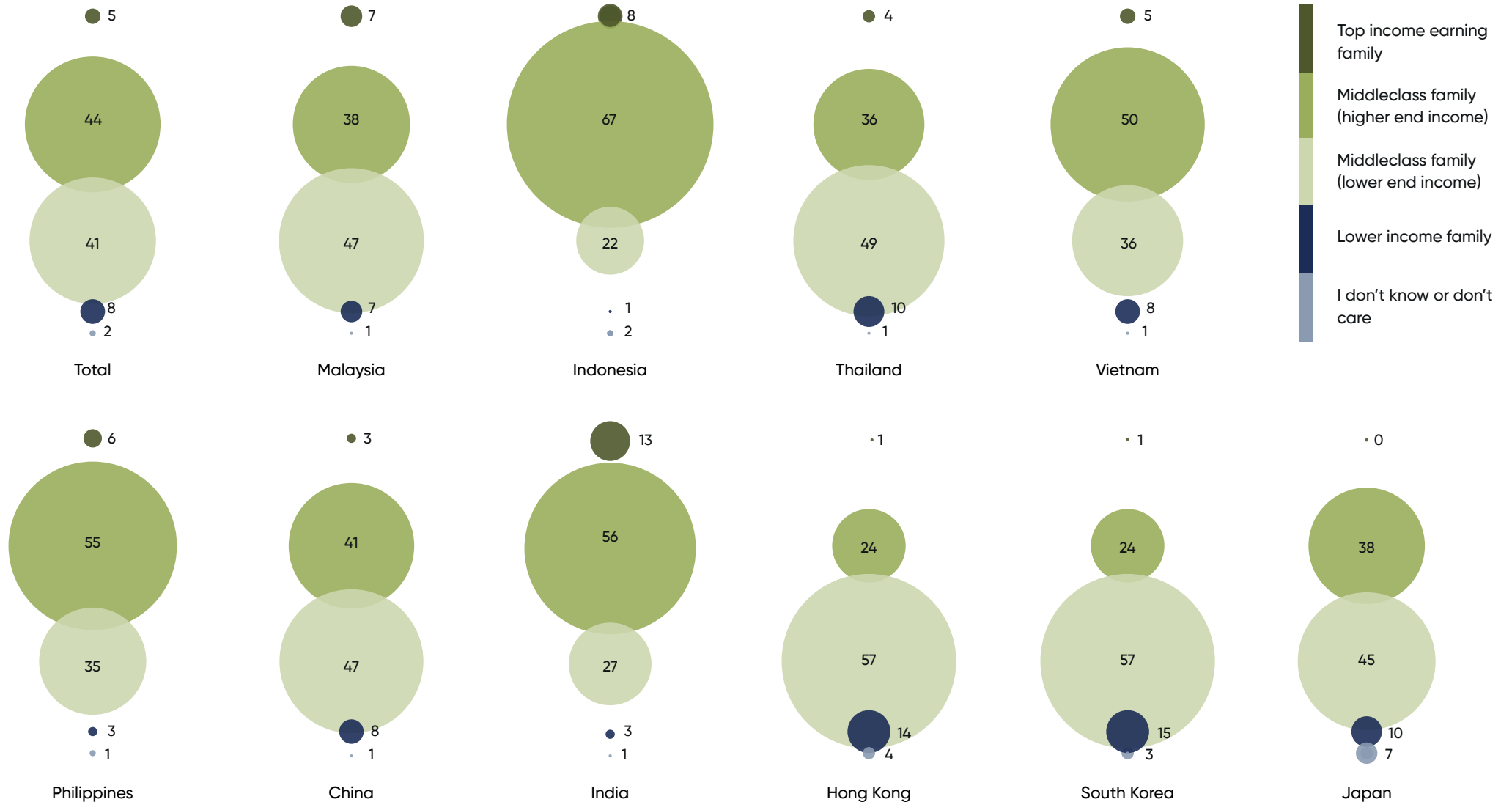


Base: All Respondent n=6500, Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Hong Kong n=500, South Korea n=500, Japan n=500

Self-assessment of income groups

Self-assessment of income groups (%)

Where would you classify yourself across these four groups of income earners in your country?



Marital status

Marital Status (%)

Which of the following best describes your family status?

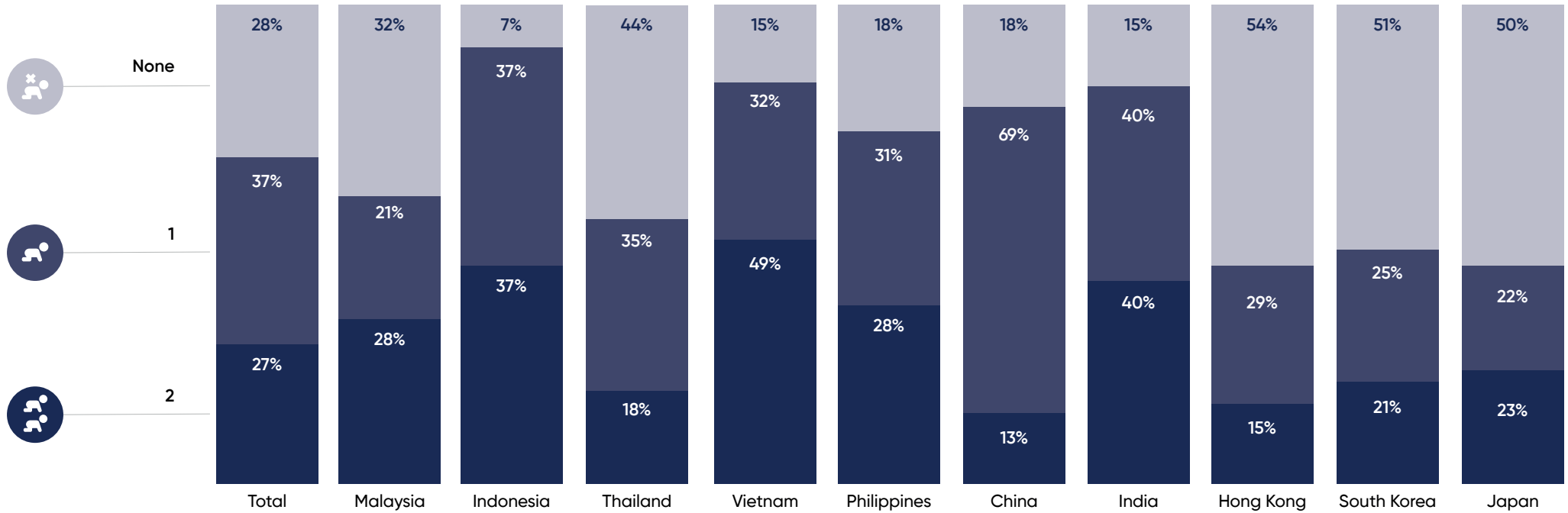
 Single
  Married
  Divorced/widowed/other



Number of children and age of children

of kids (%)

How many child(ren) do you have? S9. How old are your children?/How old is your child?



Age of Children (%)

How old are your children?

Age Group	Total	Malaysia	Indonesia	Thailand	Vietnam	Philippines	China	India	Hong Kong	South Korea	Japan
No children	28%	33%	7%	44%	15%	18%	18%	15%	54%	51%	50%
Below 12	54%	56%	78%	37%	71%	65%	56%	59%	39%	30%	32%
12-17	28%	27%	34%	23%	30%	31%	26%	39%	11%	23%	20%
18+	8%	6%	8%	8%	8%	16%	8%	9%	1%	6%	11%

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Thank you

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