

Safeguarding Emerging Asia's Middle Class From Emerging Risks

PeakRe >

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*. The Company reported a net profit after tax of USD160 million against reinsurance revenue of USD750 million in the first half of 2023 (six months ended 30 June 2023). With a total equity of USD1,260 million as of 30 June 2023, 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.

Foreword

A lot has happened since we last surveyed emerging Asia's middle class in 2022. For instance, all markets in the region have exited from previous pandemic lockdowns. Economic growth has largely rebounded, albeit at different speeds. The earlier shocks from sharply higher energy and food prices have receded, but monetary tightening remains a key constraint, alongside continuing geopolitical tensions. I would also add that the impacts of climate change are becoming more apparent, impacting governments, societies and our industry alike.

Amid these various challenges, emerging Asia's consumers have demonstrated strong resilience and continue to drive the region's economic growth. Indeed, according to IMF estimates, over half of global growth in the next few years is likely to come from Asia. Rising incomes and asset ownership are fundamental drivers for insurance demand. Yet, in order to tap into these opportunities, it is necessary to have a clear understanding of this consumer segment in terms of their attitudes, behaviours and preferences.

In this second edition of the emerging Asia's middle-class consumer survey, we delve into key topics including healthcare needs beyond medical costs, the changing attitudes and demands towards mental wellbeing and the consumer experiences with cybersecurity and cybercrimes. We surveyed 5,500 consumers across five emerging markets in the region, including India, Indonesia, Malaysia, Thailand, and the Philippines.

I hope this study can provide a rich data source on these emerging topics and foster quality dialogue about the upcoming trends and needs in emerging Asia. By sharing ideas, we can collectively better serve this segment and contribute to the closing of protection gaps.

I trust you will find this data compilation as thought-provoking as I did, and please get in touch with your Peak Re contact if you have any questions, feedback or suggestions.



Franz-Josef Hahn
CEO, Peak Re

Background, objective and methodology



In October 2022, Peak Re accomplished a successful launch of the **"emerging Asia's rising middle class"** report, aiming to establish Peak Re as a prominent authority on the Asian middle-class consumer landscape.



In 2023, Peak Re aims to sustain the dialogue on the emerging Asia's middle class with a specific emphasis on a number of key topics such as **health insurance, mental health and cybersecurity issues**.



Research Coverage

- 1 Usage, behavior and attitude towards health and health insurance, including critical illness insurance
- 2 Perception towards mental health issues and cybersecurity issues
- 3 Benchmarking with 2022 on key parameters to understand key trends

Methodology

Online surveys via online access panels



Target Group

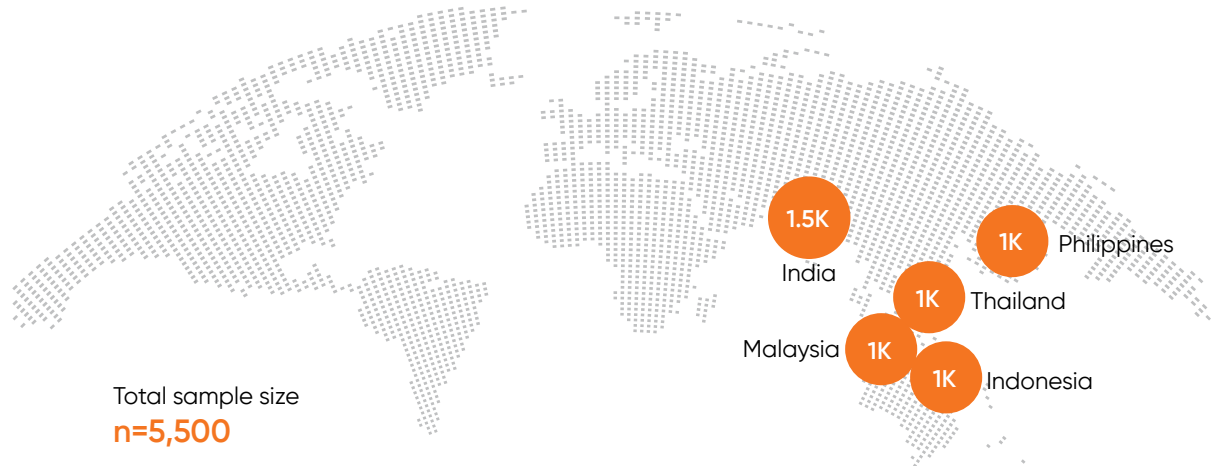


Middle-class consumers aged **25-50** years old

The middle-class was defined for this study as any household with an income between 2/3 and 3x the local median household income*

Fieldwork

30 August to 6 September, 2023



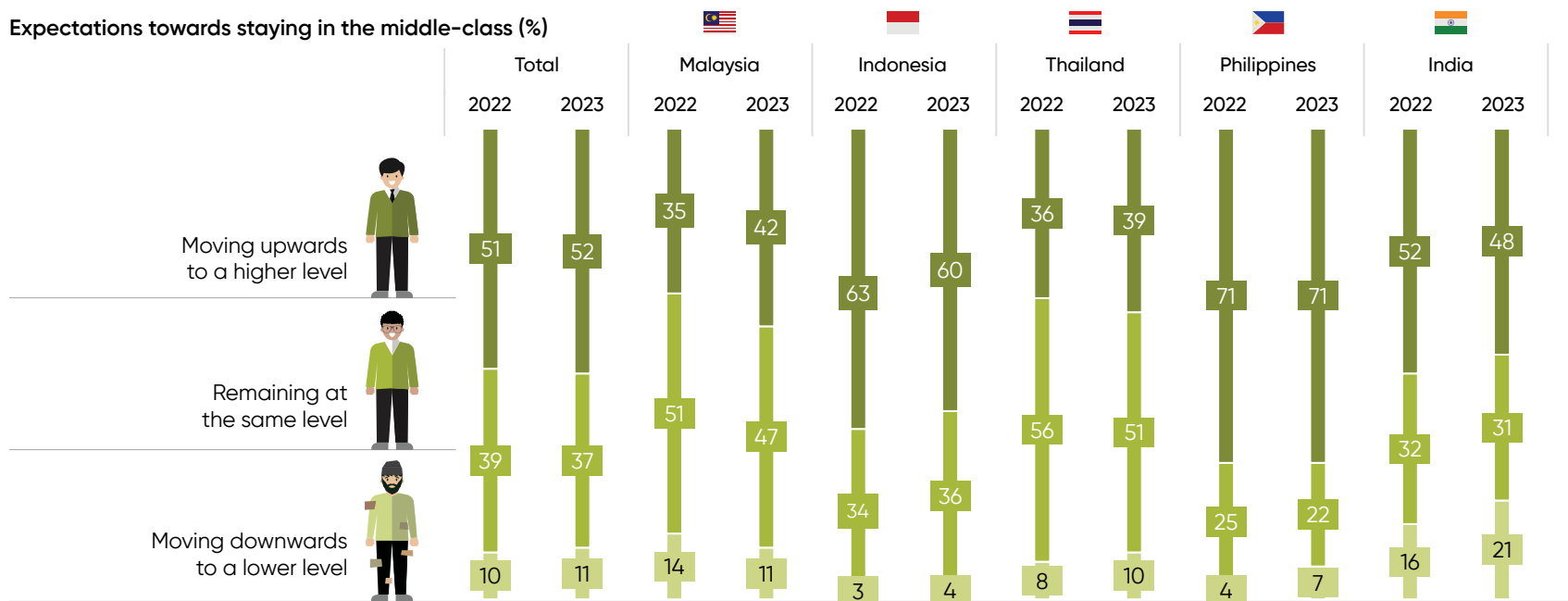
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ASIA'S EMERGING MIDDLE CLASS: 1 YEAR LATER

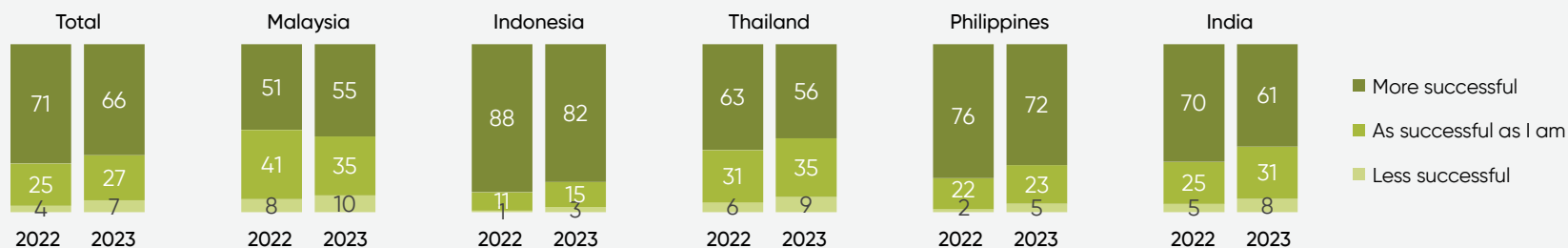
Emerging Asia's middle-class remains optimistic about seeing themselves and their children move upward.

Expectations of oneself improved most in Malaysia.

Expectations towards staying in the middle-class (%)



Expectations towards children's success (%)



Post pandemic, over 50% returned to their place of work in all markets except the Philippines.

However, hybrid and work from home working patterns are still sizable.

Work situation in the past 6 months (%)

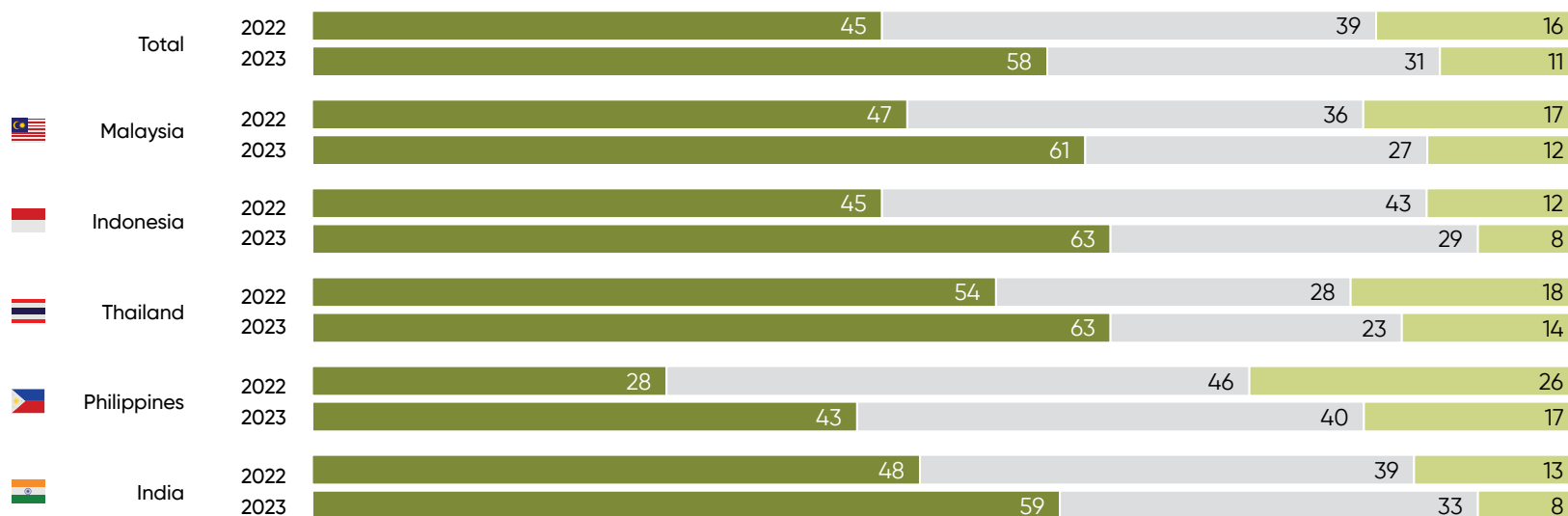
Work mainly from
place of work



Mix of work from home
and from place of work








Mainly work from
home



A rise in all activities as emerging Asia's consumers rediscover hobbies post pandemic.

While it's no surprise that outdoor pursuits have increased with more social freedom post-COVID, digital entertainment and online interests have also seen a slight increase.

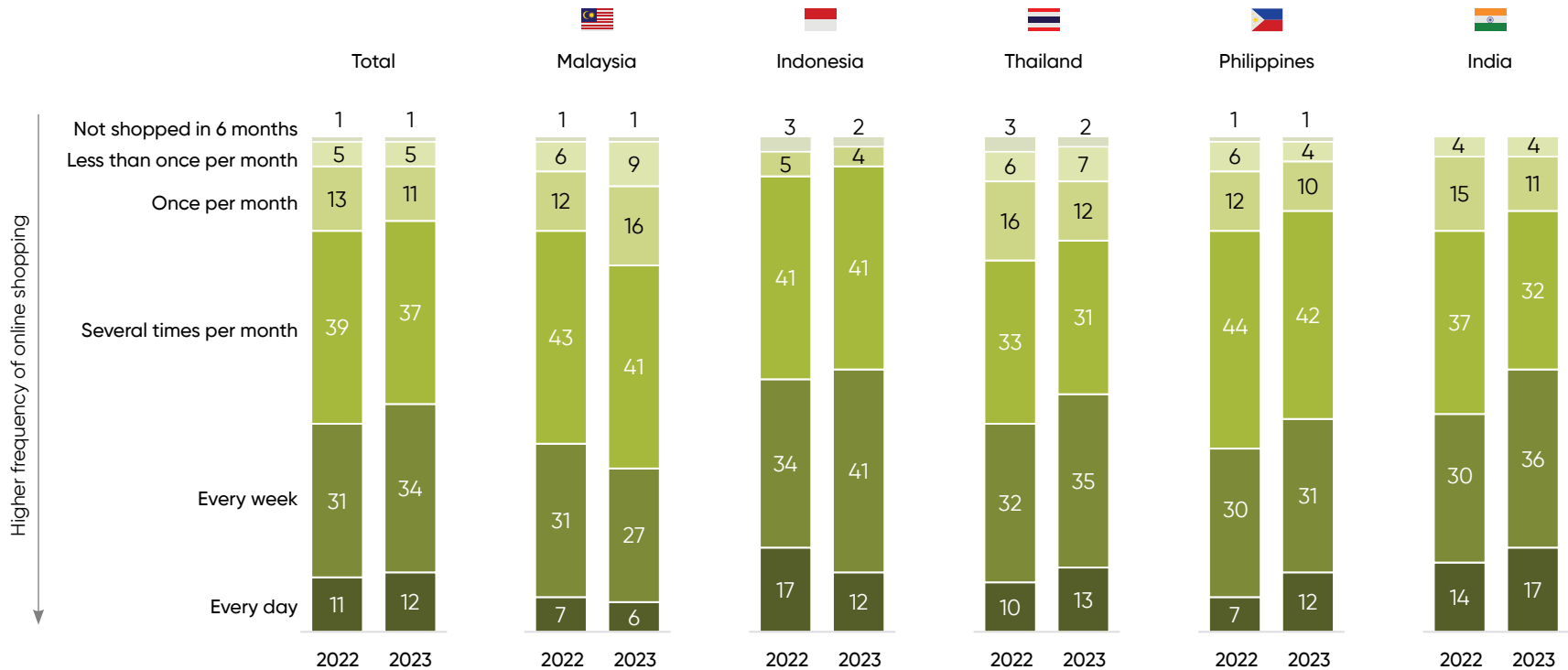
Changes in leisure activities engaged in 2022 vs. 2023 (%)

												
	Total		Malaysia		Indonesia		Thailand		Philippines		India	
Malls	74	▲ 9 pts	78	▲ 14 pts	74	▲ 14 pts	65	▲ 5 pts	81	▲ 3 pts	72	▲ 8 pts
Fast food restaurants	71	▲ 9 pts	74	▲ 9 pts	76	▲ 11 pts	49	▲ 5 pts	81	▲ 7 pts	72	▲ 10 pts
Watching TV	70	▲ 2 pts	71	▲ 6 pts	71	▲ 1 pt	62	▲ 6 pts	70	▲ 2 pts	75	▲ 4 pts
Browsing social media	69	▲ 7 pts	75	▲ 15 pts	77	▲ 2 pts	60	▲ 2 pts	70	▲ 3 pts	66	▲ 9 pts
Coffeeshops, cafes	64	▲ 13 pts	69	▲ 18 pts	72	▲ 13 pts	53	▲ 7 pts	68	▲ 14 pts	59	▲ 12 pts
Web browsing	61	▲ 5 pts	65	▲ 7 pts	64	▲ 6 pts	55	▲ 2 pts	58	▲ 1 pt	61	▲ 7 pts
Domestic travel	60	▲ 12 pts	61	▲ 16 pts	73	▲ 18 pts	39	▲ 11 pts	55	▲ 16 pts	70	▲ 6 pts
Cinema	56	▲ 17 pts	51	▲ 18 pts	69	▲ 31 pts	34	▲ 7 pts	51	▲ 24 pts	69	▲ 12 pts
Gaming	52	▲ 6 pts	42	▲ 5 pts	65	-	50	▲ 3 pts	49	▲ 4 pts	52	▲ 11 pts
Reading books	44	▲ 3 pts	44	▲ 7 pts	48	▲ 7 pts	29	▼ 4 pts	41	▲ 2 pts	53	▲ 5 pts
Sports	39	▲ 8 pts	31	▲ 9 pts	65	▲ 4 pts	19	▲ 5 pts	30	▲ 6 pts	47	▲ 14 pts
Fine dining restaurants	35	▲ 6 pts	28	-	28	▲ 6 pts	17	▲ 4 pts	45	▲ 13 pts	52	▲ 11 pts
Watching sport events	35	▲ 10 pts	27	▲ 10 pts	50	▲ 11 pts	18	▲ 5 pts	27	▲ 7 pts	48	▲ 18 pts
Taking part in sports activities	27	▲ 7 pts	26	▲ 9 pts	39	▲ 6 pts	15	▲ 1 pt	23	▲ 8 pts	33	▲ 13 pts
Overseas travel	27	▲ 11 pts	27	▲ 15 pts	34	▲ 14 pts	17	▲ 8 pts	20	▲ 9 pts	34	▲ 12 pts
Theater	23	▲ 6 pts	13	▲ 2 pts	13	▲ 2 pts	8	▲ 3 pts	17	▲ 8 pts	52	▲ 15 pts
Visiting bars	23	▲ 7 pts	14	▲ 3 pts	18	▲ 6 pts	20	▲ 7 pts	19	▲ 7 pts	38	▲ 11 pts
Hiking	15	▲ 4 pts	18	▼ 4 pts	12	▲ 2 pts	9	▲ 1 pt	19	▲ 6 pts	16	▲ 5 pts

Online shopping is here to stay.

Consumers have retained the habit of buying things online. It continues to increase in most markets, especially in Indonesia.

Online shopping frequency in 2022 vs. 2023 (%)



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OPPORTUNITIES FOR 2023 AND BEYOND

Our study among emerging Asia's middle-class in the areas of improving health diagnostics, mental health, and cybersecurity revealed three key opportunities for mitigating risks.



Coverage for
second medical
opinion



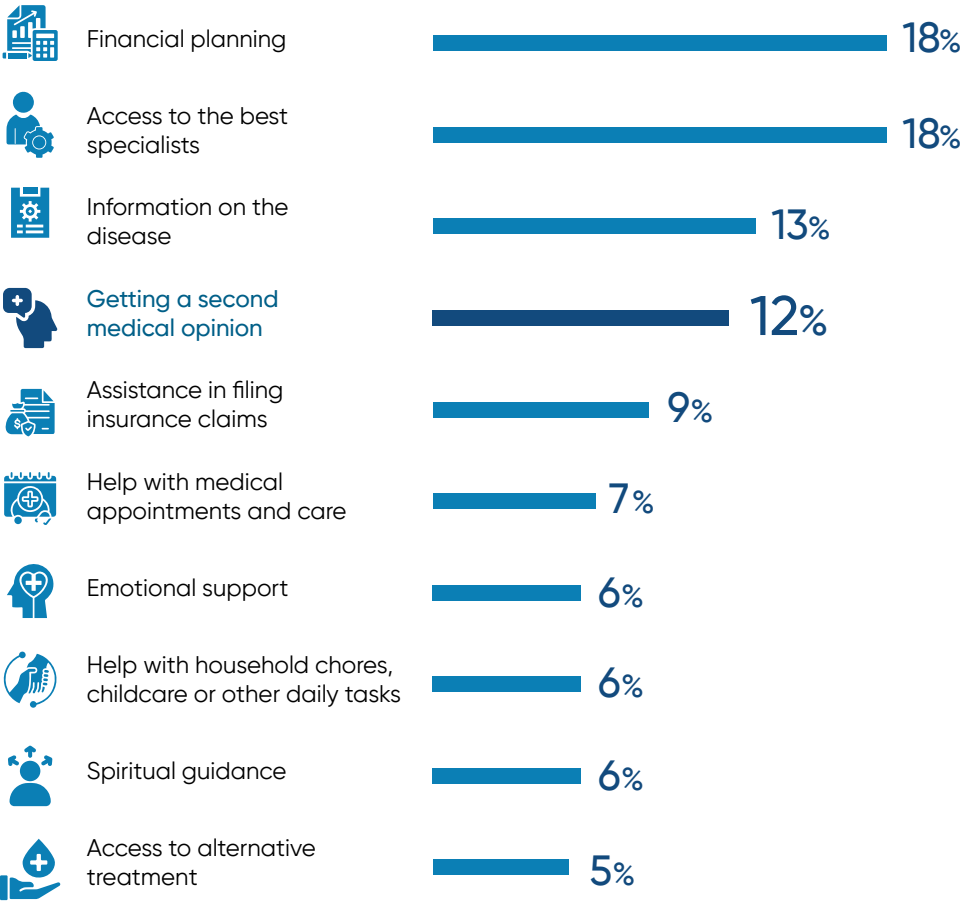
Coverage for
mental illness
treatment



Coverage for
cybersecurity
protection

Opportunity for coverage of second medical opinion for the emerging Asian consumer.

Top needs when it comes to serious disease diagnosis



had problems with medical diagnoses or treatments in the last 2 years

Because of their past experiences with diagnosis or treatment issues, emerging Asian consumers have a high interest in obtaining second medical opinions covered by health insurance.

Assuming you had a serious medical diagnosis and health insurance that covered second medical opinions as a benefit, how open would you be to utilizing this option?



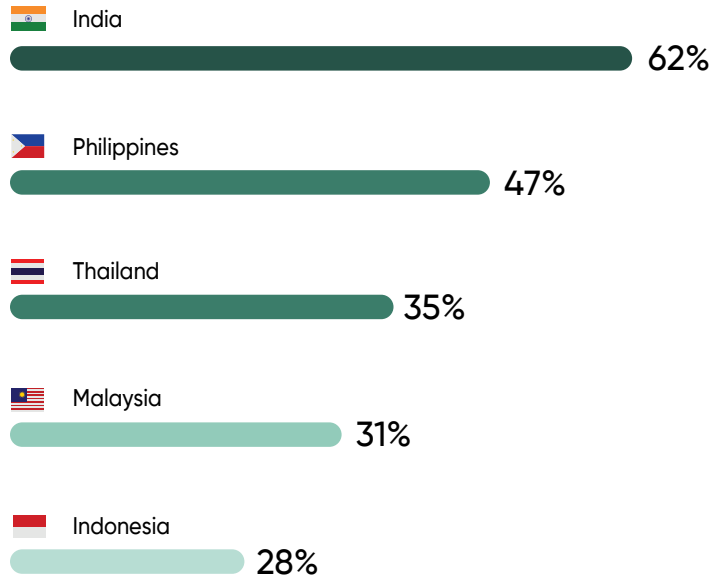
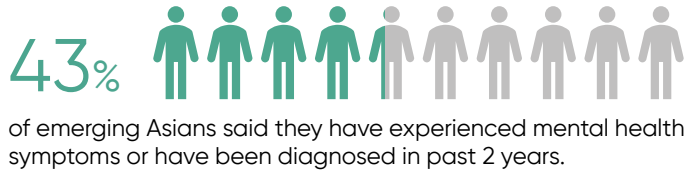
39% rated 10 out of 10 in terms of openness
39% rated 8-9 out of 10 in terms of openness

If you had to look for a second medical opinion service for an ailment that you or your family members have, which of these would you put most trust in?

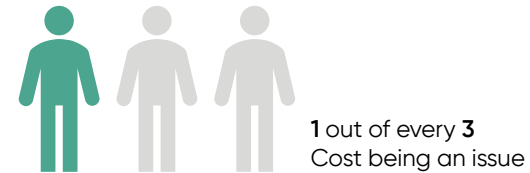


63% preferred local doctors to conduct the second medical opinion

Many in emerging Asia struggle with mental health. They are concerned with high treatment costs and there is uncertainty about mental health treatment being covered in insurance policies.

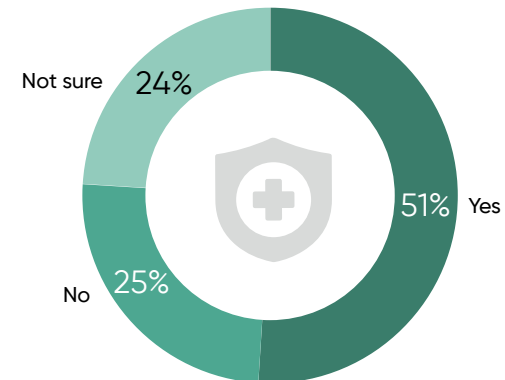


Out of those who have not taken active steps to manage their symptoms



Only around half in emerging Asia indicated that mental health-related expenses are covered in their insurance plan.

Is medication prescribed for mental health issues covered in your health insurance plan?

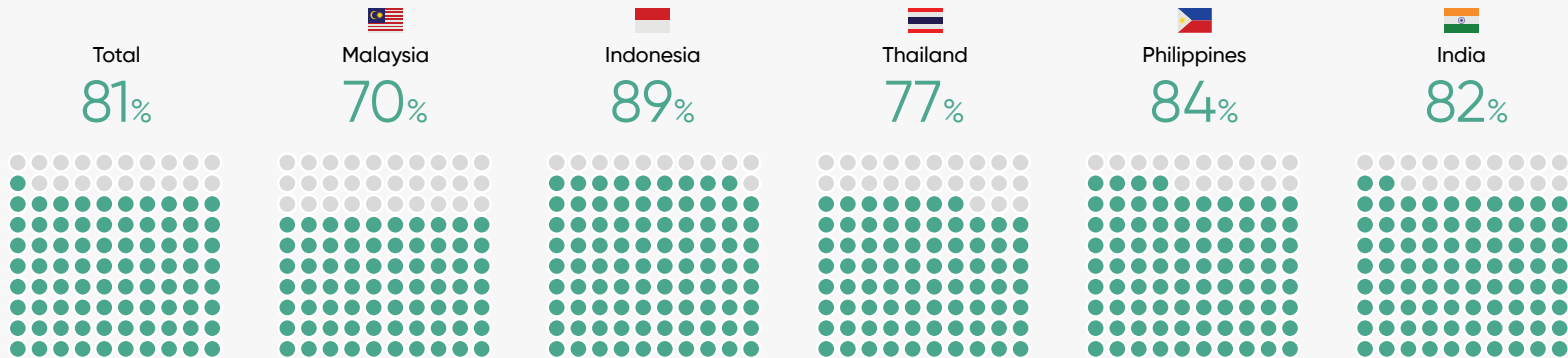


There is high interest in obtaining coverage for financial support and treatment costs for mental health issues.

How interested would you be to obtain insurance coverage for the below issues? (8-10 – Very interested)



How open would you be to obtain a second medical opinion from another qualified doctor if you have been diagnosed with mental illness?



Cybersecurity is a big issue in emerging Asia.



Types of cybersecurity issues faced



Top worry for all cybersecurity issues except cyberbullying

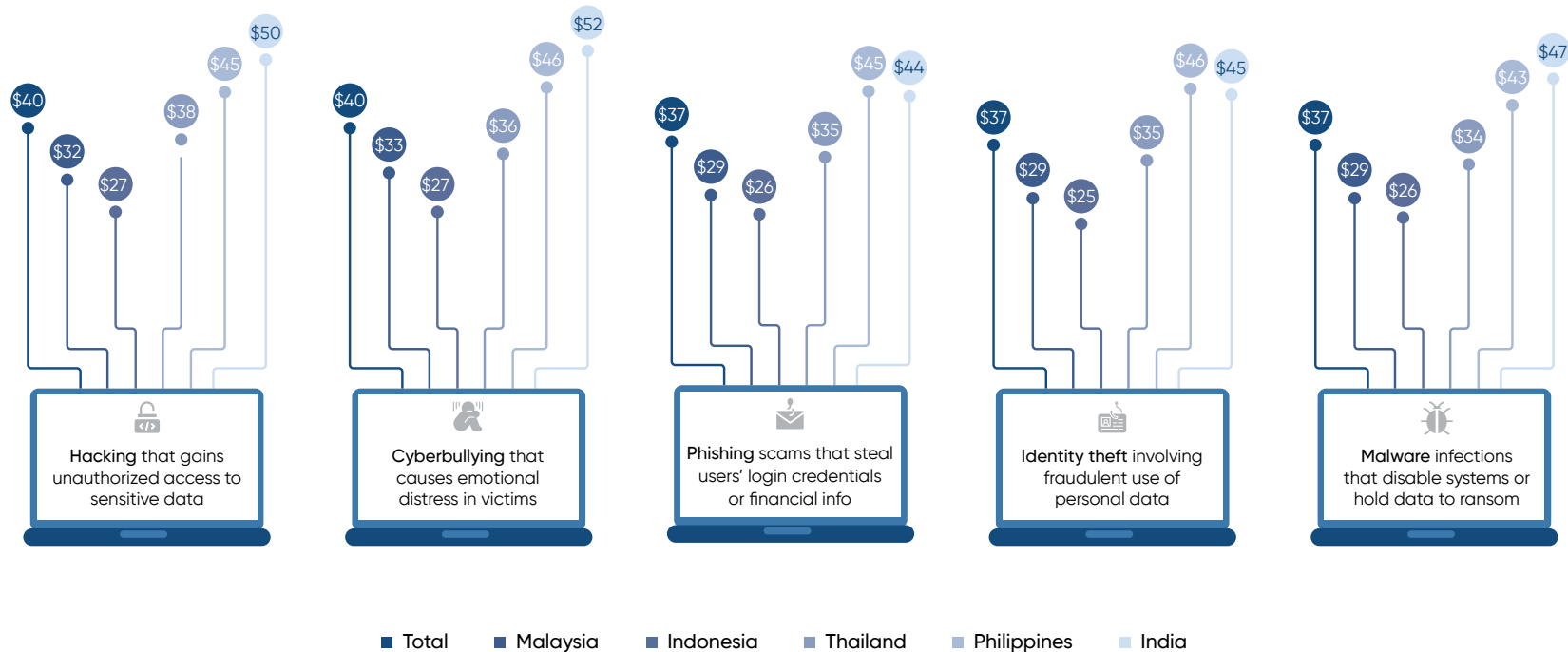


Financial loss

Interest in protection against cybercrime is high. Countries with the most cybersecurity problems, e.g. India, are willing to pay the most for protection.

Average amount willing to pay for cybersecurity protection

What is the maximum amount you are willing to pay for an annual insurance cover of USD 1,000 for protection against these cybercrimes?



4.1

HEALTHCARE AND DIAGNOSTIC ACCURACY

Physical and mental health are being prioritised in emerging Asia.

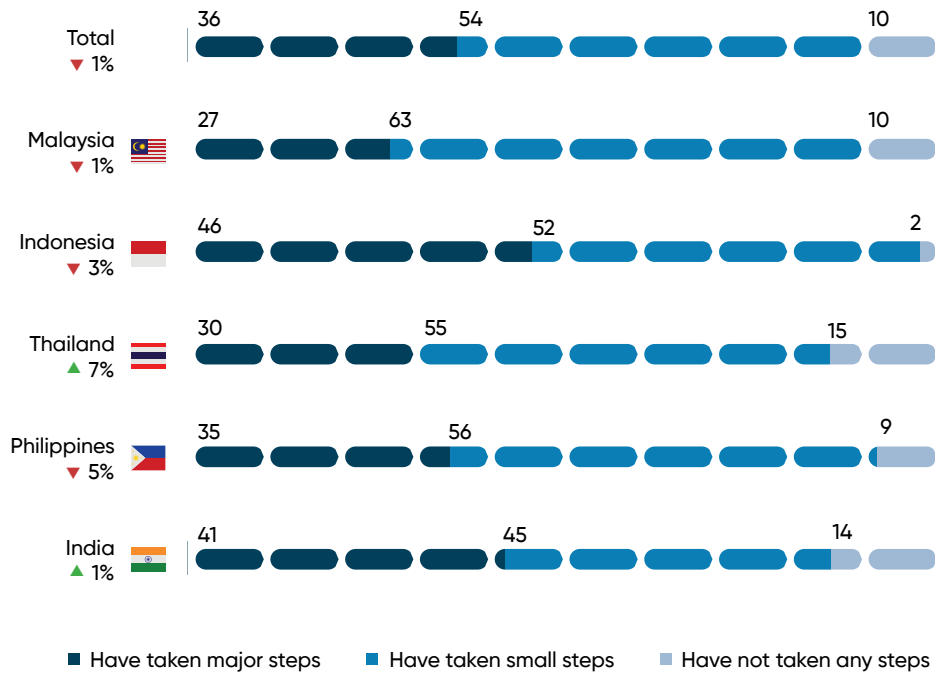
Physical health has a slightly higher priority compared to mental health, but other areas (finance, work, career) rank even lower.

Importance of physical health, mental health Vs other aspects (average out of 10)



Whether taken any steps to improve health (%)

Compared to 2022, % of people taking major steps to improve their health increased the most among Thais.

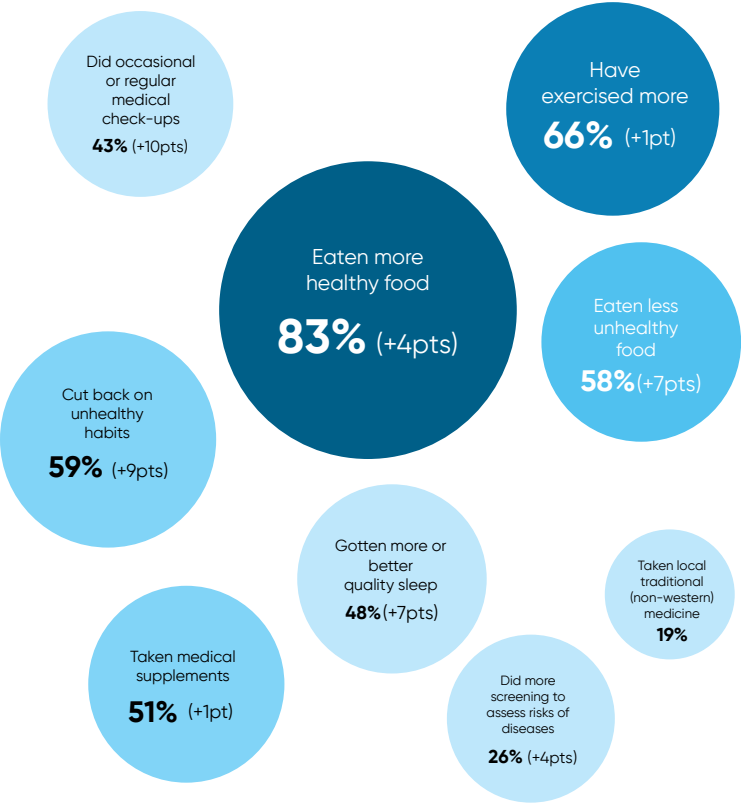


Note: ▲/▼ indicate comparison with 2022 figures (have taken major steps)
B1. How important do you consider each of the following aspects to your health and wellbeing?
AB6. Which of the following statements best describes you when it comes to maintaining or improving your health? | Base: All respondents

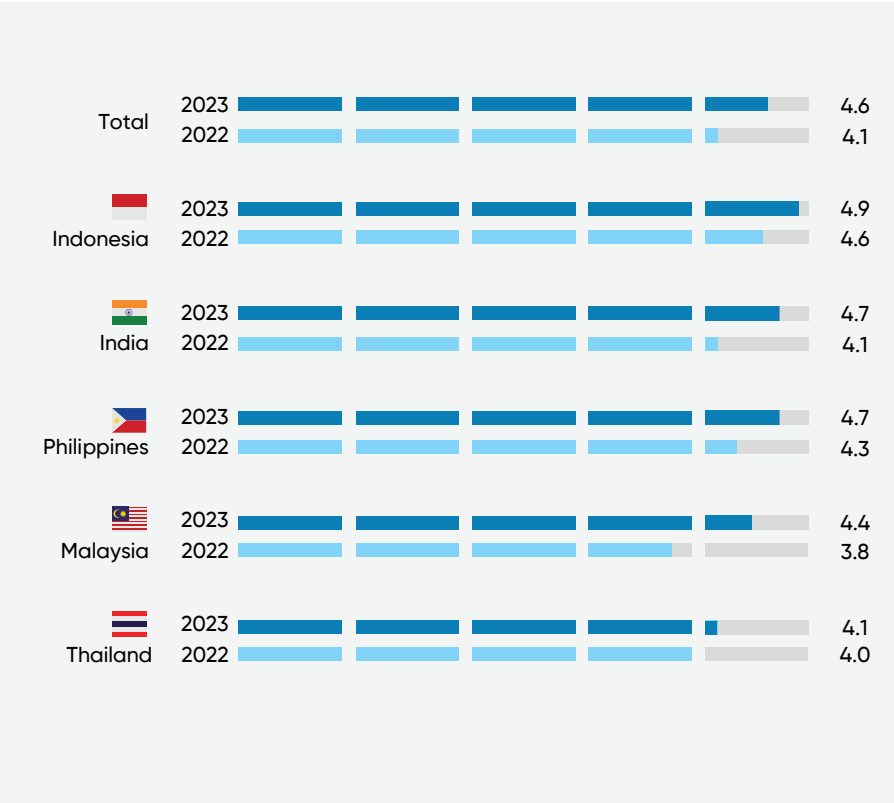
Emerging middle-class Asians reported making positive changes in their diet, exercise and healthy habits.

Indonesia continues to lead in the number of reported healthy actions taken in the past 3 years. There is an improvement in the number of healthy actions compared to 2022. However, more evidence-based preventions, such as medical check-ups and screening tests remain under-utilised.

Actions done in the past 3 years to improve health (%)



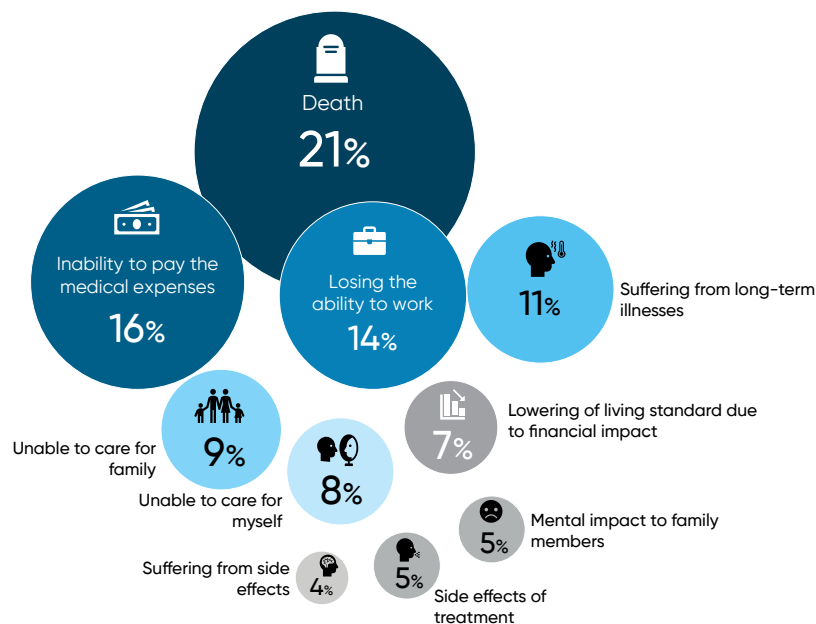
Average number of healthy actions selected (out of 9 total)



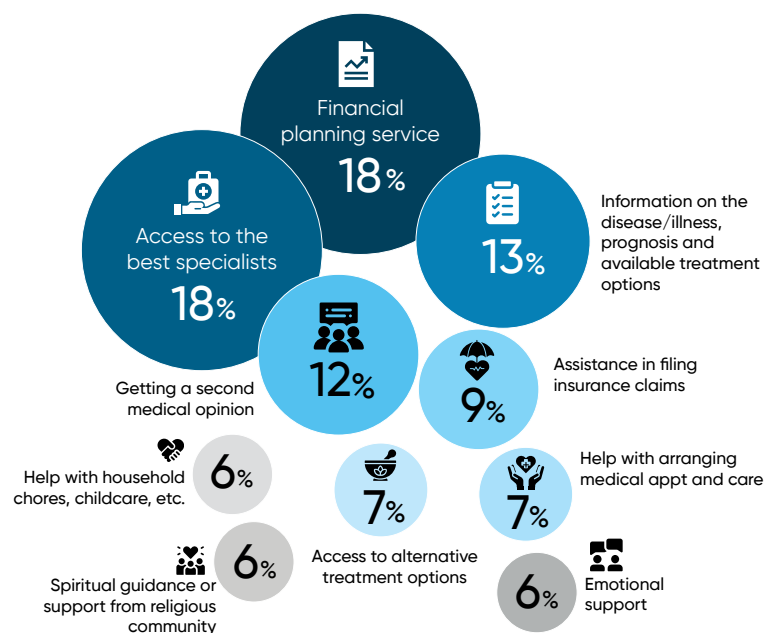
The second most-cited concern around serious illnesses is finances.

As death and financial concerns are top worries, needs following serious disease diagnosis involve financial planning and access to top specialists for optimal treatment. Getting a second medical opinion is the 4th most often mentioned need in case of serious illnesses.

Top worry around serious disease



Top need in case of a serious disease



	Malaysia	Indonesia	Thailand	Philippines	India
1					
2					
3					
4					
5					

	Malaysia	Indonesia	Thailand	Philippines	India
1					
2					
3					
4					
5					

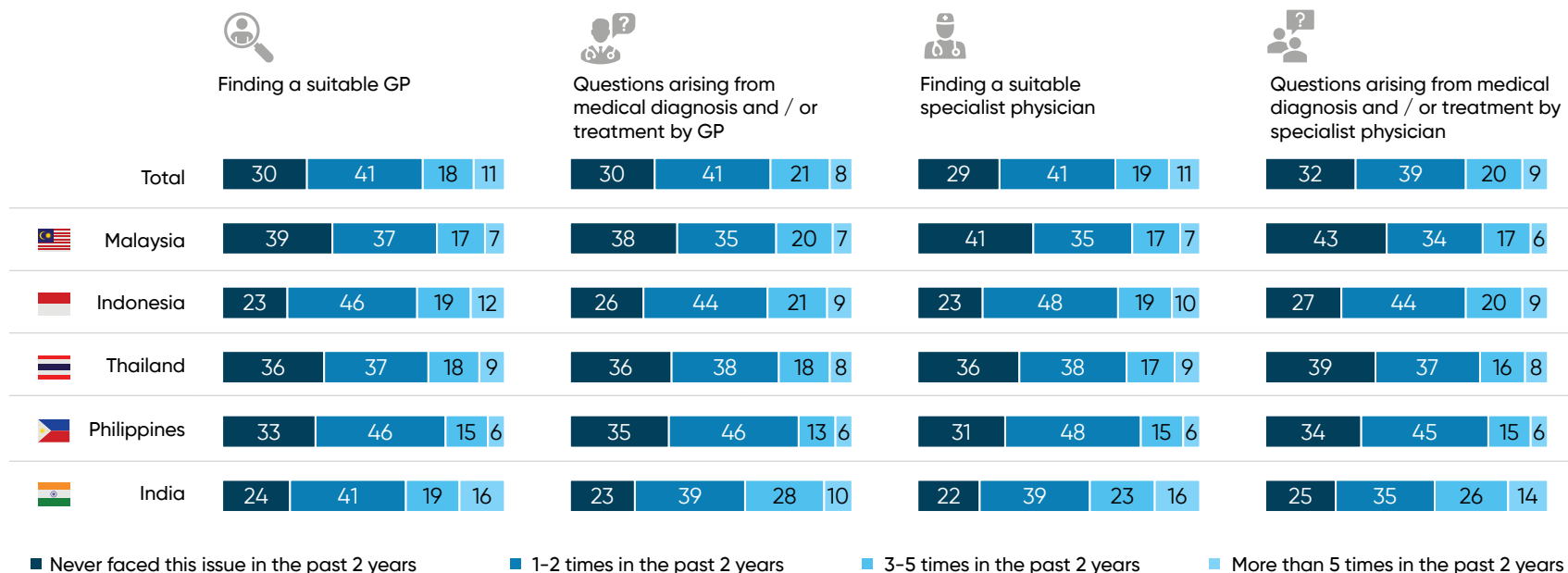
AB5. What are the main risks or worries about the health issues that you are concerned of? Please select the top 5. | Base: All respondents

A3. Imagine if you were diagnosed with a serious illness like cancer, what would be your most urgent needs? Please select up to 5 that you think are most important to you.

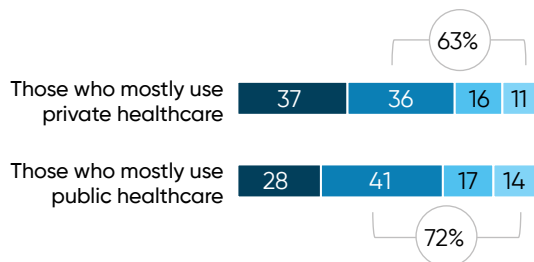
Base: All respondents

Around 70% experienced issues in arranging medical treatment in the past 2 years.

Frequency of facing issues concerning different aspects of healthcare services in the past 2 years (%)



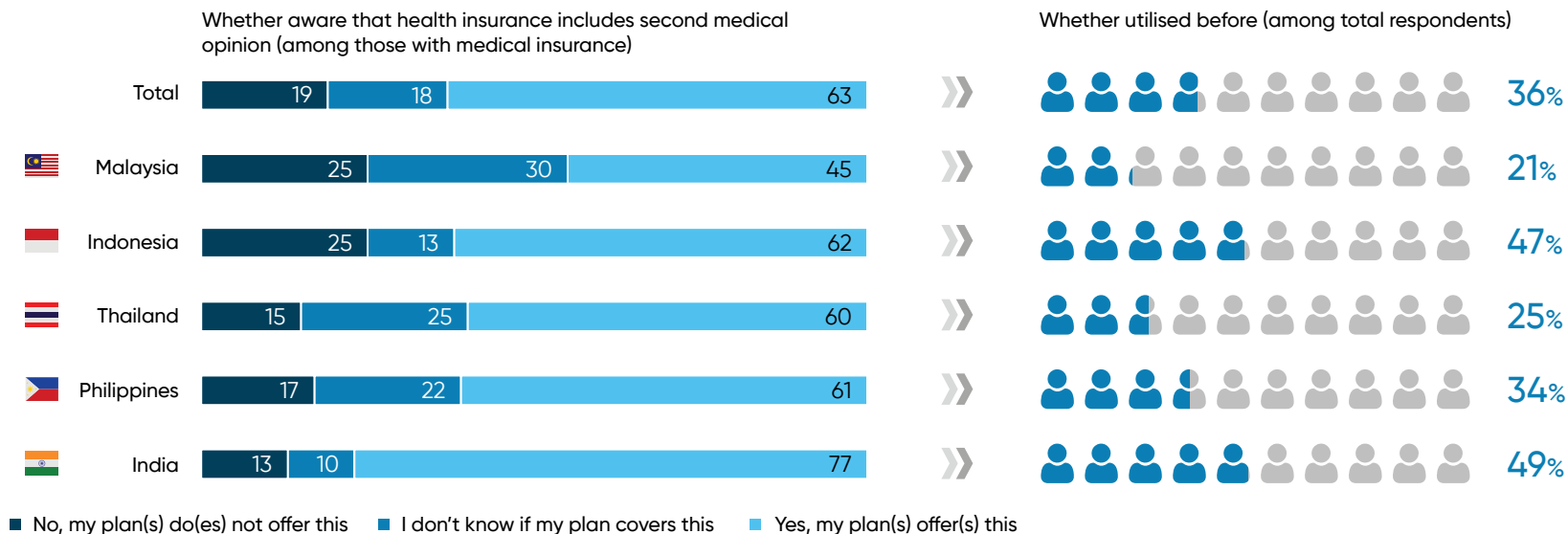
Aside from market differences, those relying mainly on private healthcare tend to face problems less often.



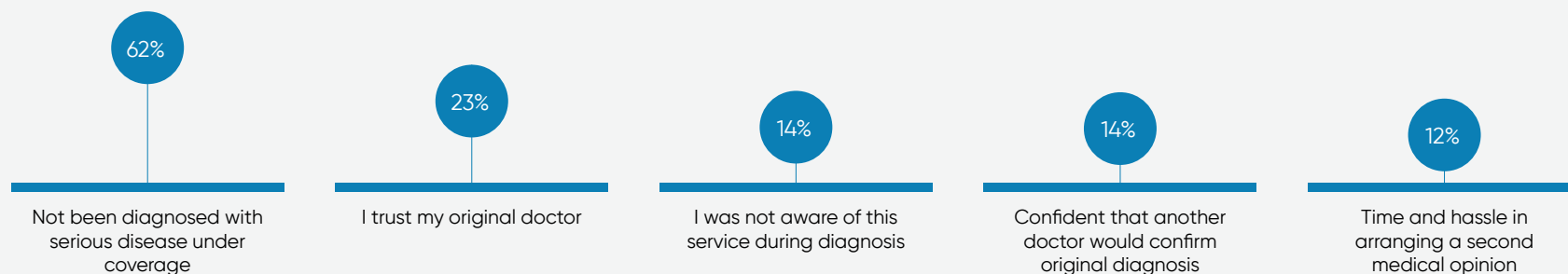
A majority indicated their health policies include second medical opinion service (except in Malaysia).

There are differences in utilisation rates across markets, between 20%-50%.

Awareness and utilization of second medical opinion service in health insurance (%)



Reason for not utilising



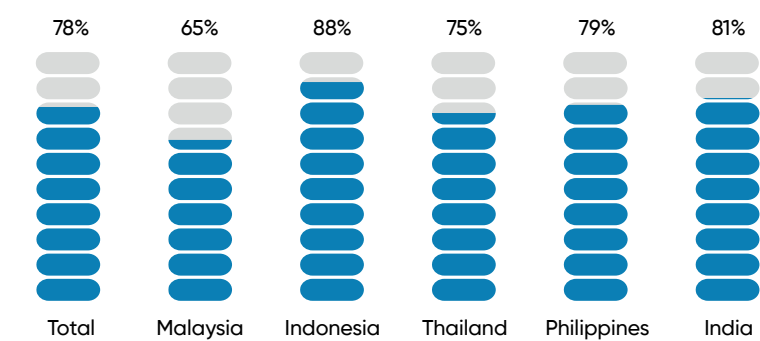
Indonesia and India are top markets open to second medical opinions.

Openness is also stronger among those taking major steps to improve health. Locally-based doctors remain most trusted for second opinions, except in Indonesia.

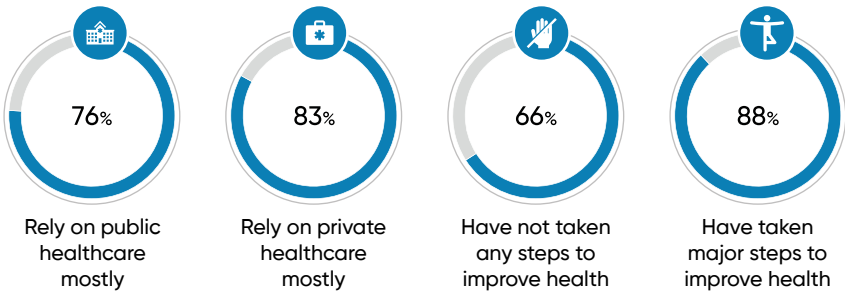
Openness towards second medical opinion (%)

Assuming you had a serious medical diagnosis and health insurance that covered second medical opinions as a benefit, how open would you be to utilizing this option?

Those who rated 8-10 out of 10

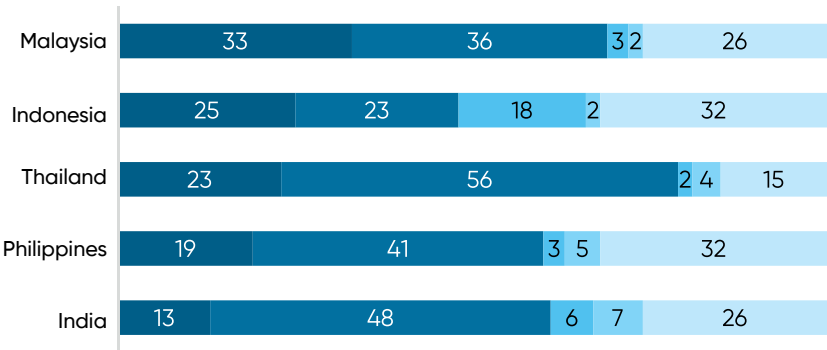
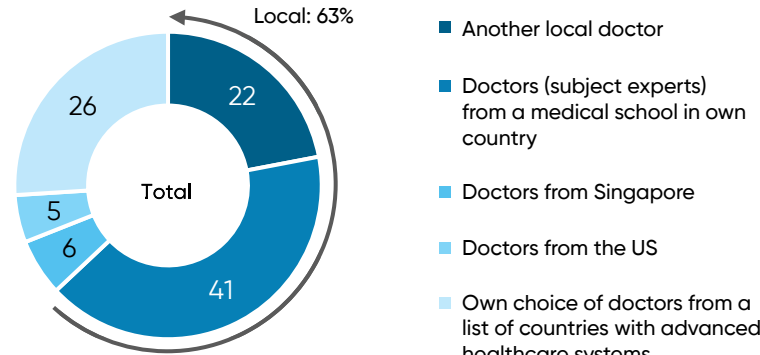


Those who rated 8-10 out of 10 based on



Trust in types of second medical opinion (%)

If you had to look for a second medical opinion service for an ailment you or your family members have, which of these would you put most trust in?



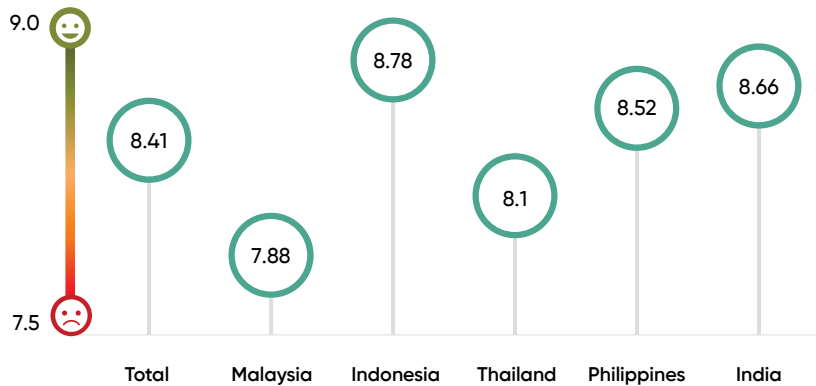
4.2

MANAGING AND INSURING FOR MENTAL HEALTH

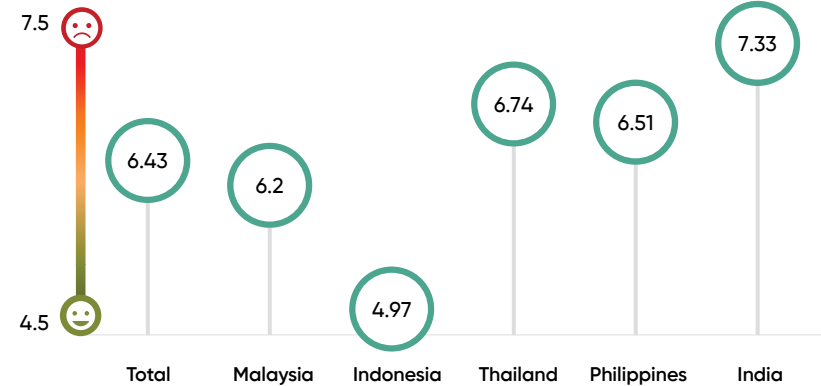
Work, household finances and managing family needs are the main sources of stress.

Indonesians experience the least amount of stress and they also rate themselves high in terms of mental health. Meanwhile, Indians described facing considerably greater strain, despite similarly positive personal evaluations of mental health.

Self rated mental health score (out of 10 - average)

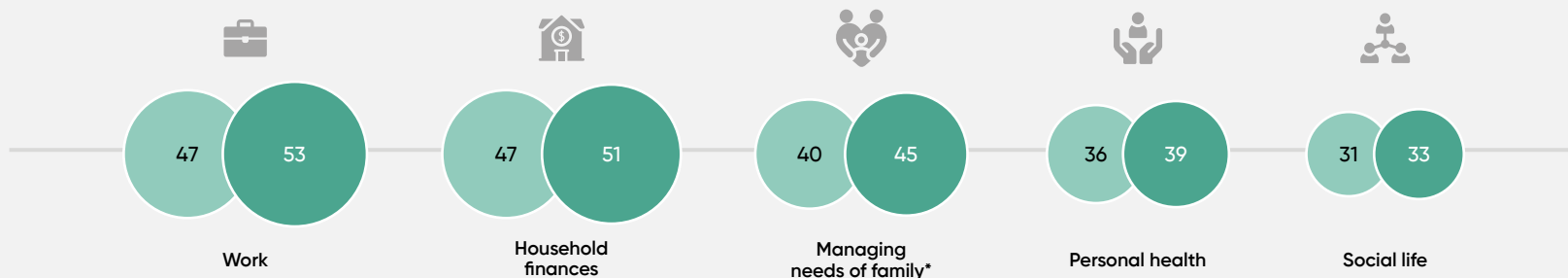


Self rated stress level (out of 10 - average)



Source of stress (% of those rated 8, 9 or 10)

2022
2023




*Outside of financial needs

Depression, anxiety disorders and mood swings are the top issues that emerging middle-class Asians consider to be mental health issues.

Overall, emerging Asia consumers tend to consider broader emotional and psychological states as issues, rather than strict medical definitions of disorders.

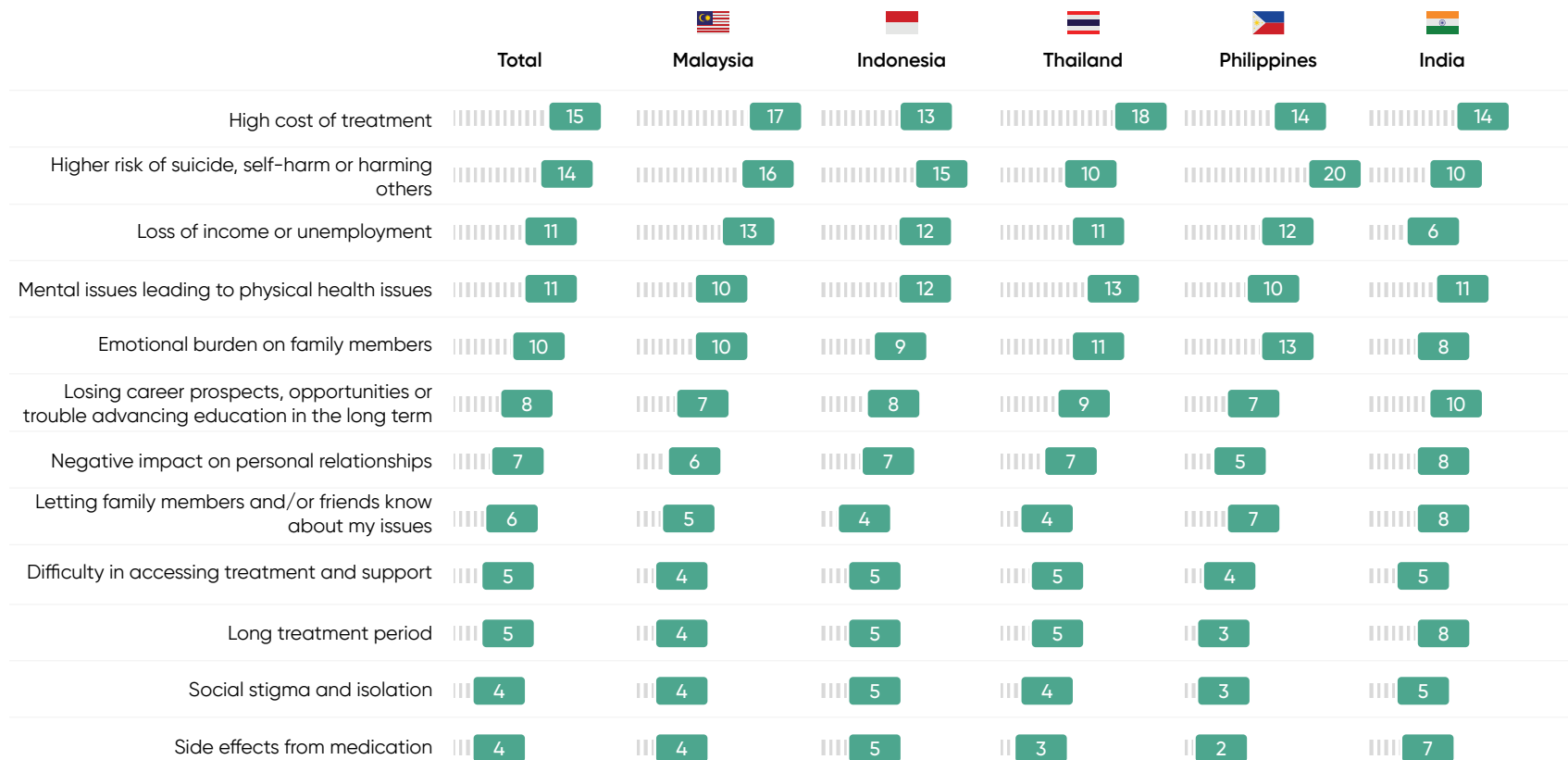
Awareness of mental health issues (%)

						
	Total	Malaysia	Indonesia	Thailand	Philippines	India
Depression	57	64	51	45	71	56
Anxiety disorders	51	50	53	49	65	43
Mood swings	49	49	46	43	49	53
Feeling stressful at work/school	40	46	36	29	46	43
Panic attacks	38	46	37	23	52	33
Insomnia	37	35	41	44	41	27
Having suicidal thoughts	35	42	30	29	46	30
Feeling loss of drive / lacking motivation	34	39	36	25	41	30
Bipolar Disorder	29	33	27	28	39	21
Showing aggressiveness to others	29	33	20	24	30	34
Post Traumatic Stress Disorder (PTSD)	28	33	27	21	40	21
Eating disorder	27	26	26	12	37	32
Feeling nervous at work/school	27	28	23	14	29	34
Anti-social Personality Disorder	26	30	27	20	33	21
Obsessive Compulsive Disorder (OCD)	25	28	23	25	29	23
Schizophrenia	23	26	20	24	33	16
Attention Deficit Hyperactivity Disorder (ADHD)	22	23	20	18	27	20
Autism Spectrum Disorder	16	17	12	9	24	18

Cost of treatment tops concerns around mental health issues, followed by higher risk of suicide/self-harm.

Loss of income, mental issues leading to physical health issues are also top worries.

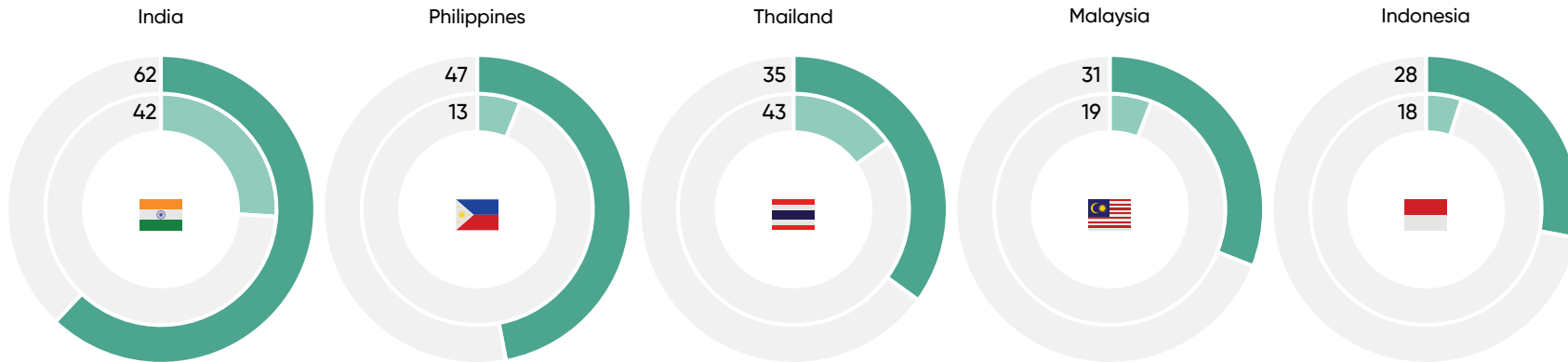
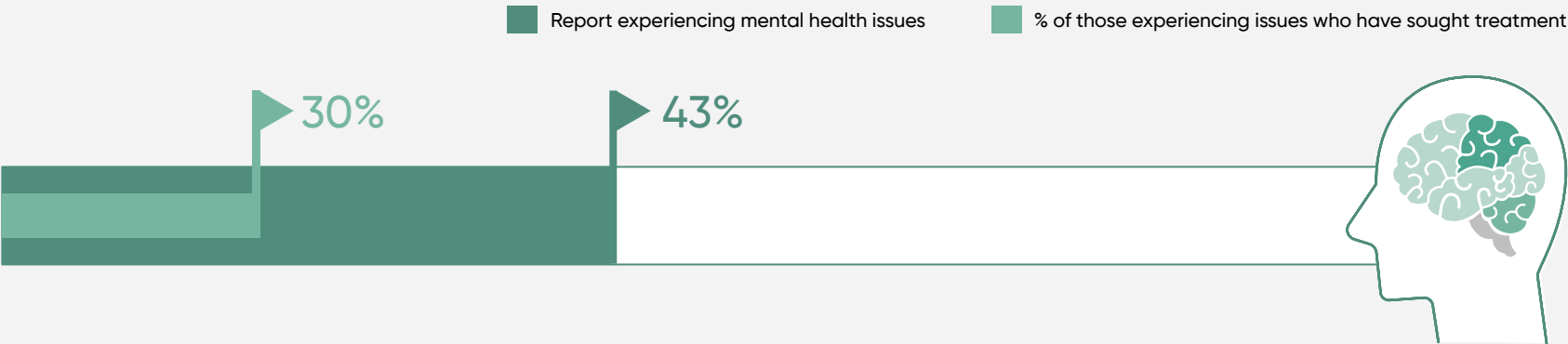
Consequences of mental health issues that concern them the most (%)



28% to 62% of middle-class Asians report experience with mental health issues.

The figure is highest in India. Majority of them have not sought medical advice.

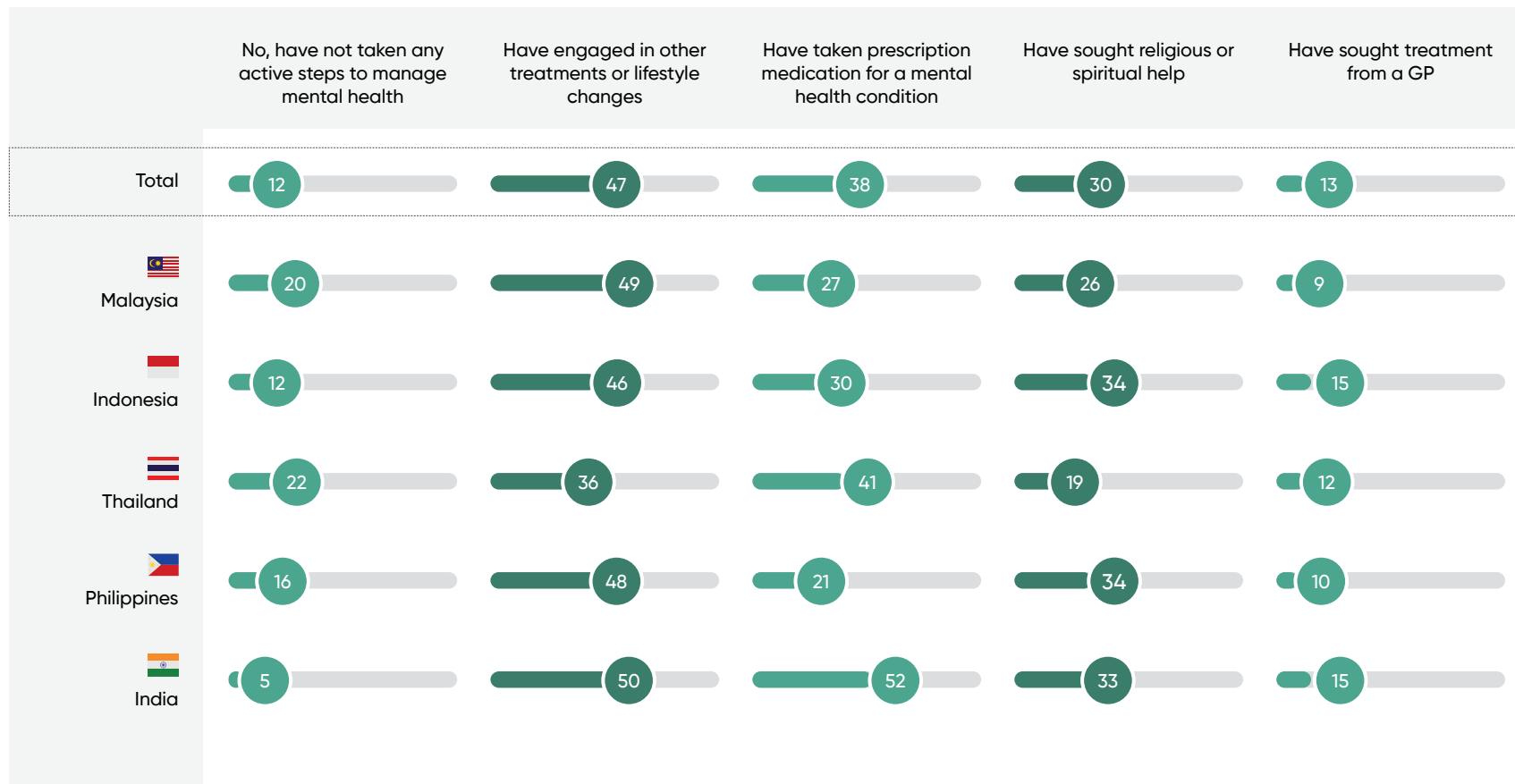
% of people who reported experiencing mental health issues (%)



Majority of those who suffer from mental health issues did take steps to improve their situation.

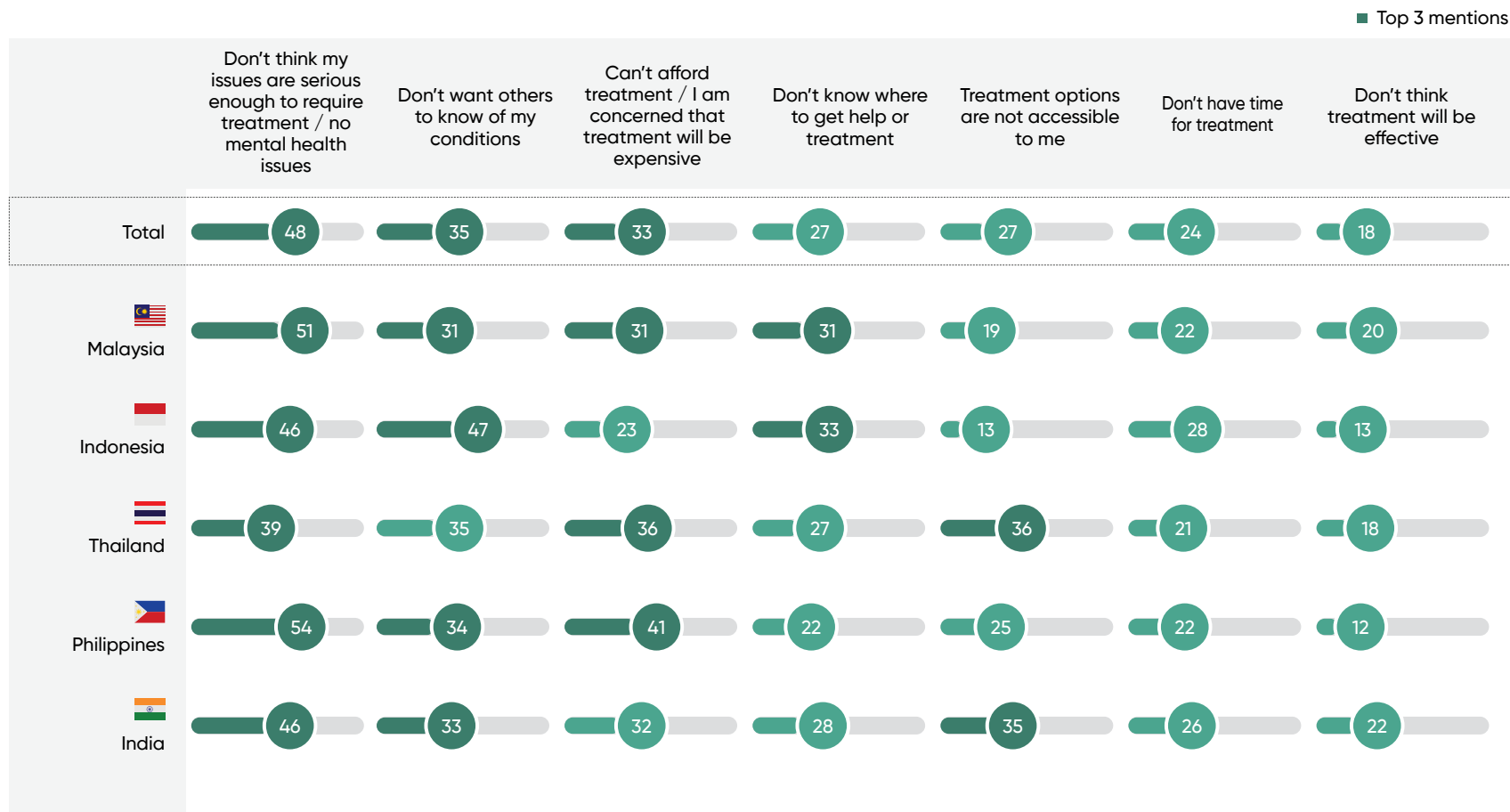
About half have consulted with mental health professionals. Many have made lifestyle changes themselves, and some sought religious help.

Taken any steps to improve own mental health issues (among those diagnosed and exhibit symptoms - %)



For those who have not sought any treatment, the primary reasons cited include not feeling that their issues warranted intervention and social concerns.

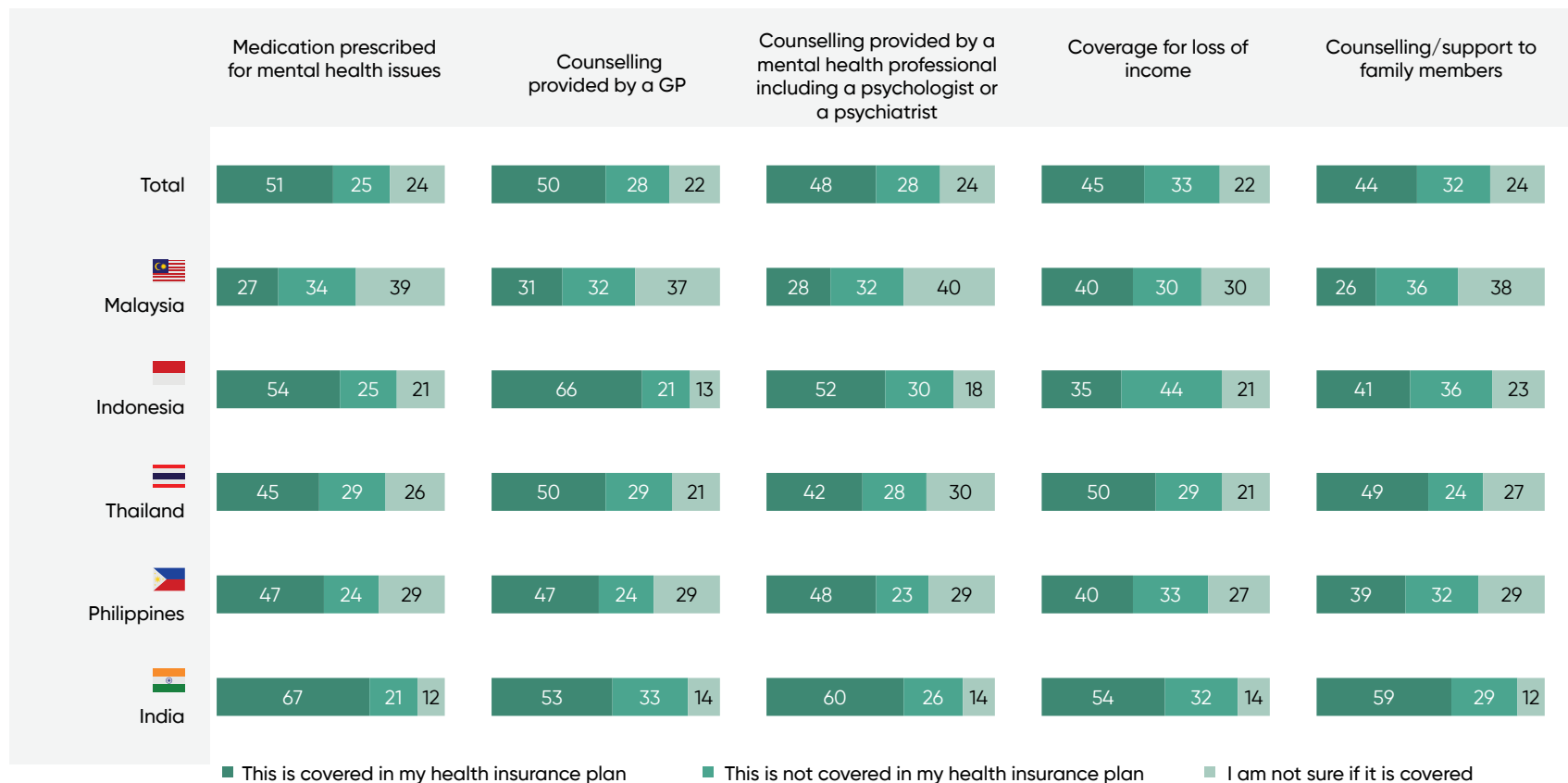
Reason for not taking any remedies (among those not taken any active steps + those exhibiting symptoms but not been diagnosed - %)



Awareness of whether mental health expenses are covered by insurance vary across markets.

Indians and Indonesians exhibit higher level of awareness of coverage of mental health-related costs.

Awareness of whether mental health expenses are covered by own health insurance (among those with health insurance - %)

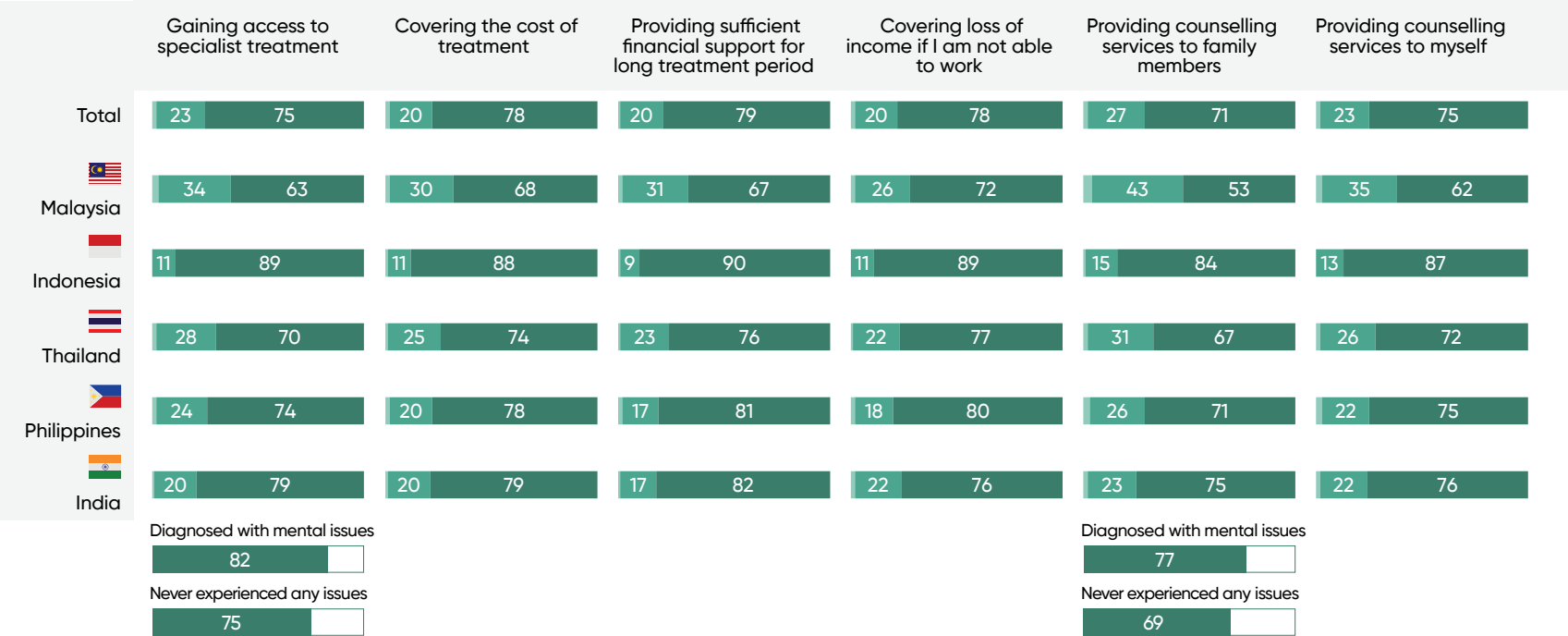


Emerging middle-class Asians are most receptive to benefits that cover financial support (e.g. cost of treatment, loss of income).

Those who are diagnosed with mental health issues showed more interest in coverage for “getting access to specialist treatment” versus those who had never experienced any issues.

Interest in obtaining insurance coverage for mental illness (out of 10 - %)

How interested would you be to obtain insurance coverage for the below issues? 1-3 4-7 8-10 (most interested)



How open would you be to obtain a second medical opinion from another qualified doctor if you have been diagnosed with mental illness?

8-10 (out of 10)	TOTAL: 81%	MY: 70%	ID: 89%	TH: 77%	PH: 84%	IN: 82%
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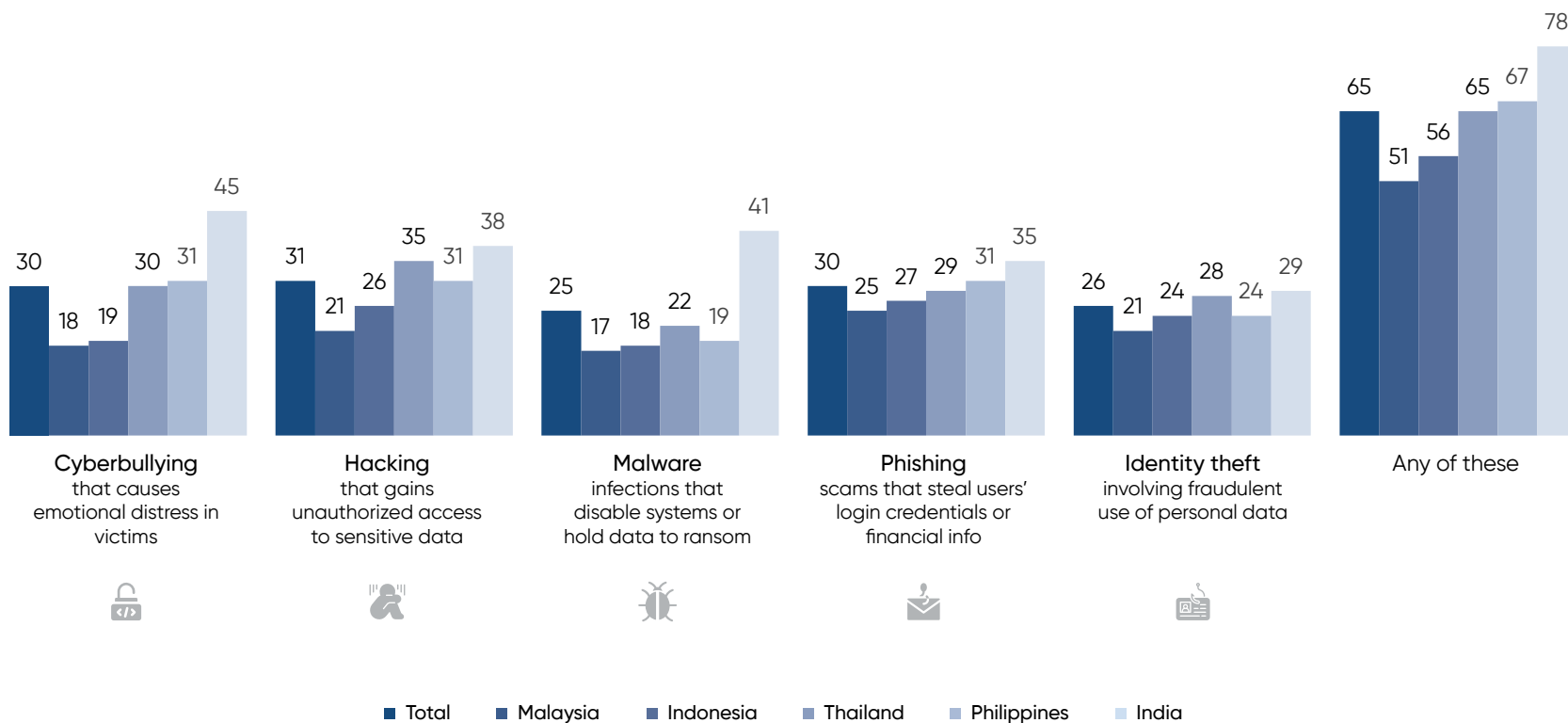
4.3

SHIELDING DIGITAL LIVES

65% of emerging middle-class Asians have faced cybersecurity issues.

The figure is highest in India, where 78% reported experiencing cybersecurity problems. Hacking, cyberbullying, and phishing scams were cited as the most common types of issues reported.

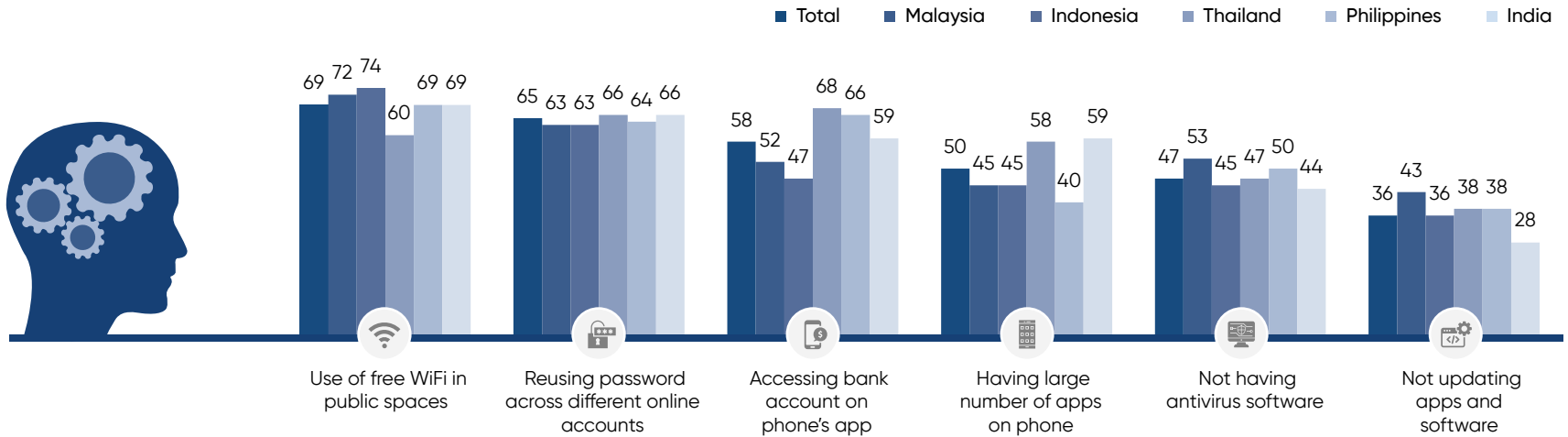
Incidence of experiencing cybersecurity issues (%)



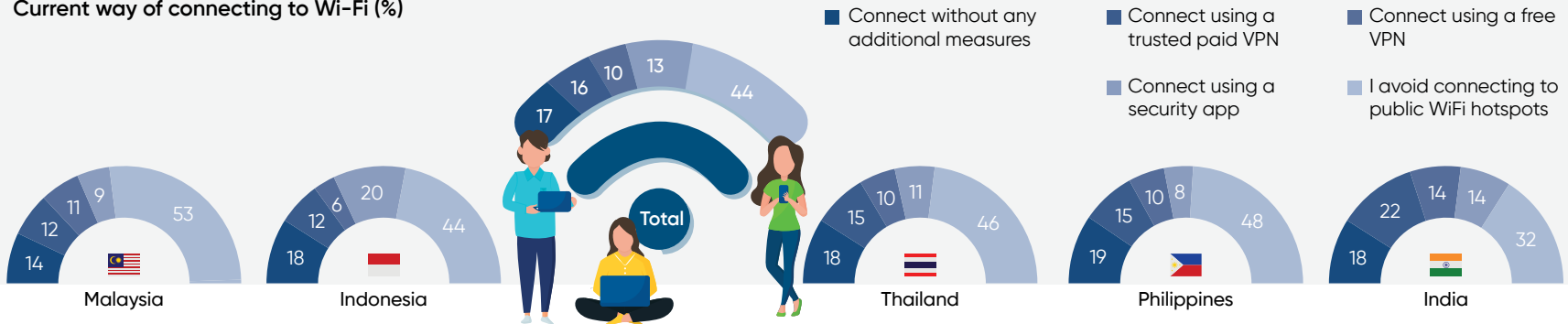
A majority believes that using public Wi-Fi, reusing passwords, and accessing bank accounts through phone apps can pose cybersecurity risks.

As a result, surveys show less than 20% of people in the region connect to public Wi-Fi without taking additional security precautions.

Knowledge of behaviour that pose cybersecurity risks (%)



Current way of connecting to Wi-Fi (%)

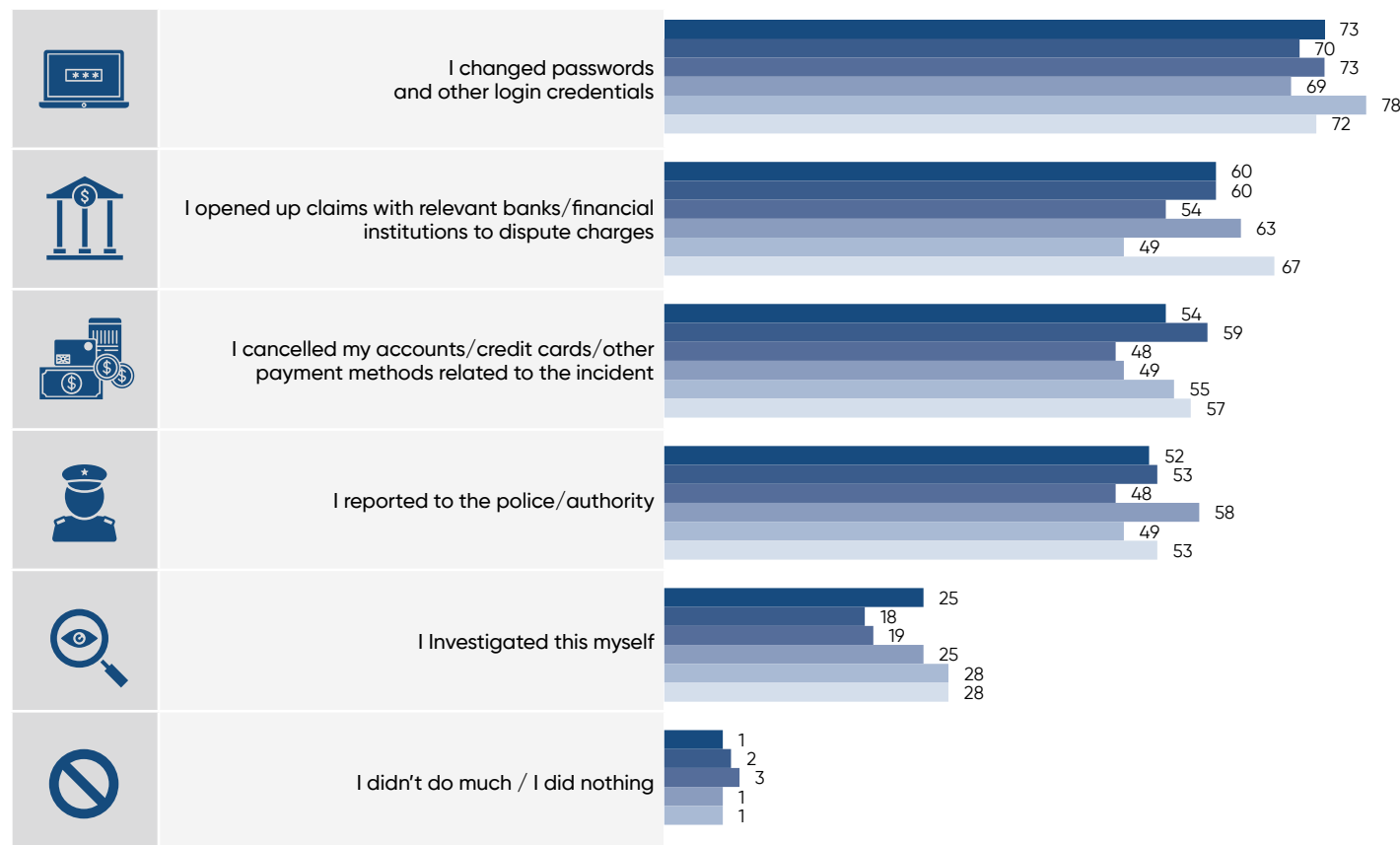


Changing passwords, opening up claims and cancelling accounts related to incident are some of the top actions emerging middle-class Asians took in response to cybersecurity incidents.

Almost no one did nothing in response to an incident.

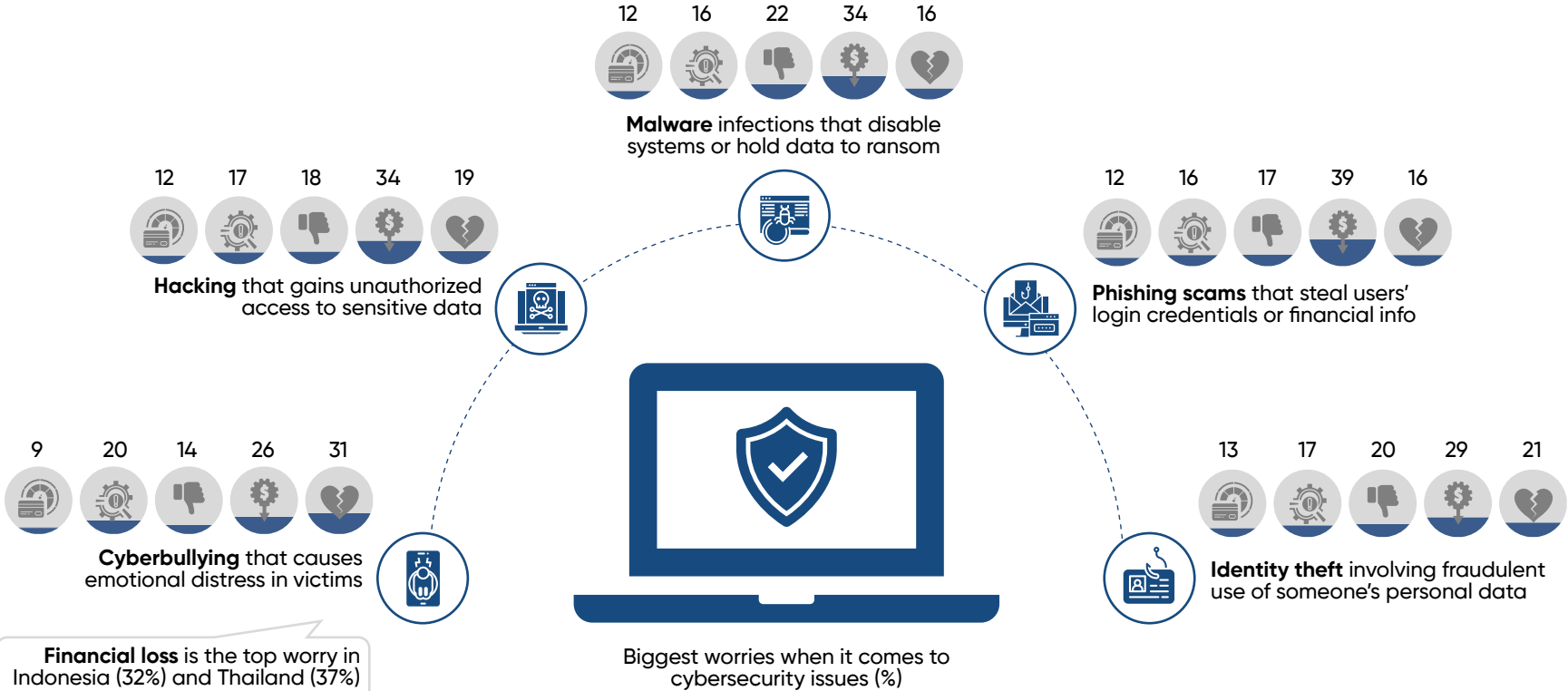
Action taken in response to incident (among those who reported - %)

■ Total ■ Malaysia ■ Indonesia ■ Thailand ■ Philippines ■ India



Across different cybersecurity issues, financial loss is one of the top worries.

Biggest worries when it comes to cybersecurity issues (%)



Among those who experienced cybersecurity issues, 1/5 reported severe damages.

Damages are reportedly highest in India. In terms of monetary impact, average reported loss is USD 500.

Actual consequence of cybersecurity issues (among those who reported having experienced cybercrimes - %)


■ No damages ■ Light damages ■ Considerable damages ■ Severe damages



Overall, countries with most self-reported cybercrimes, e.g. India, are willing to pay the most for the protection.

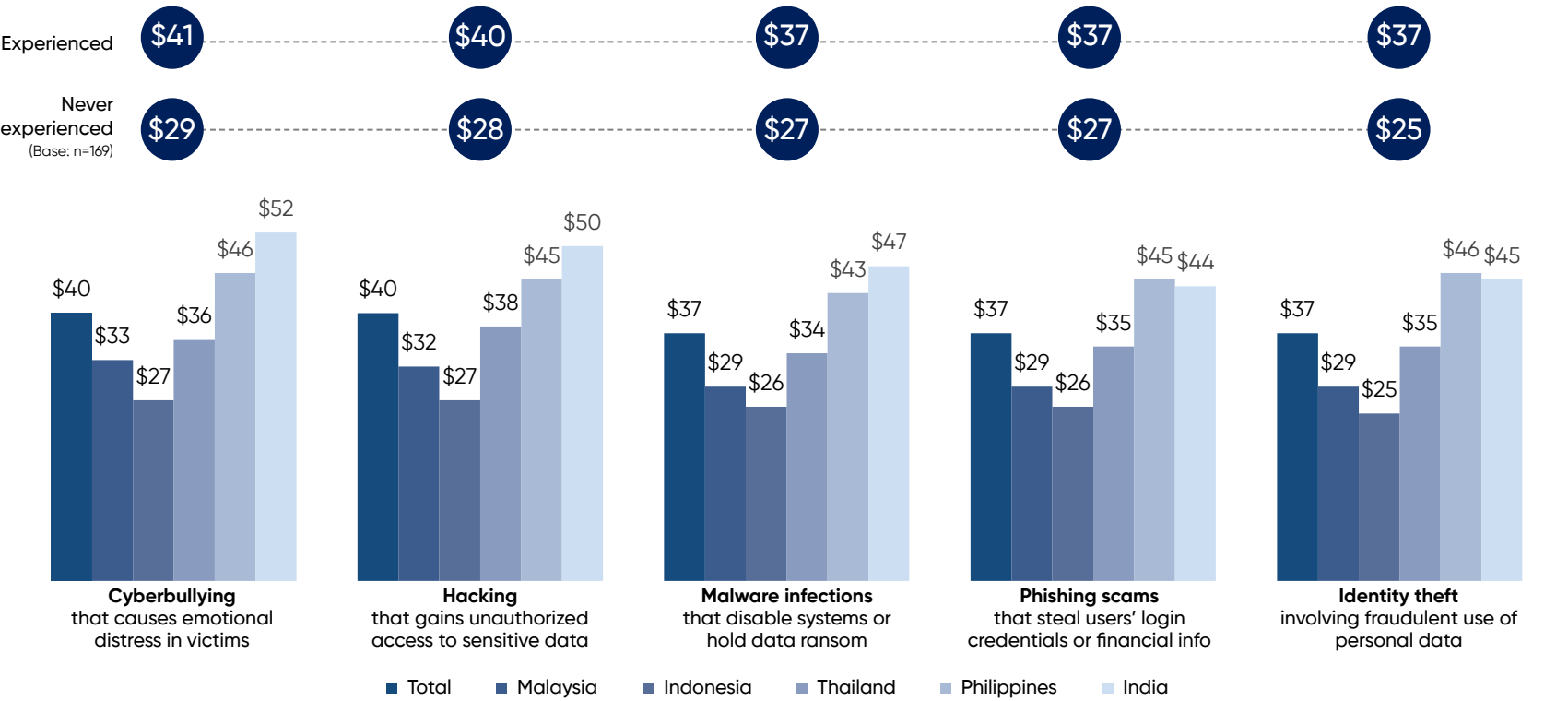
Those that had experienced cybersecurity issues in the past were willing to pay more for protection

Average amount willing to pay for cybersecurity protection



What is the maximum amount that you are willing to pay to subscribe to an annual insurance cover of USD 1,000 to protect against these cybercrimes?

Cybersecurity issues



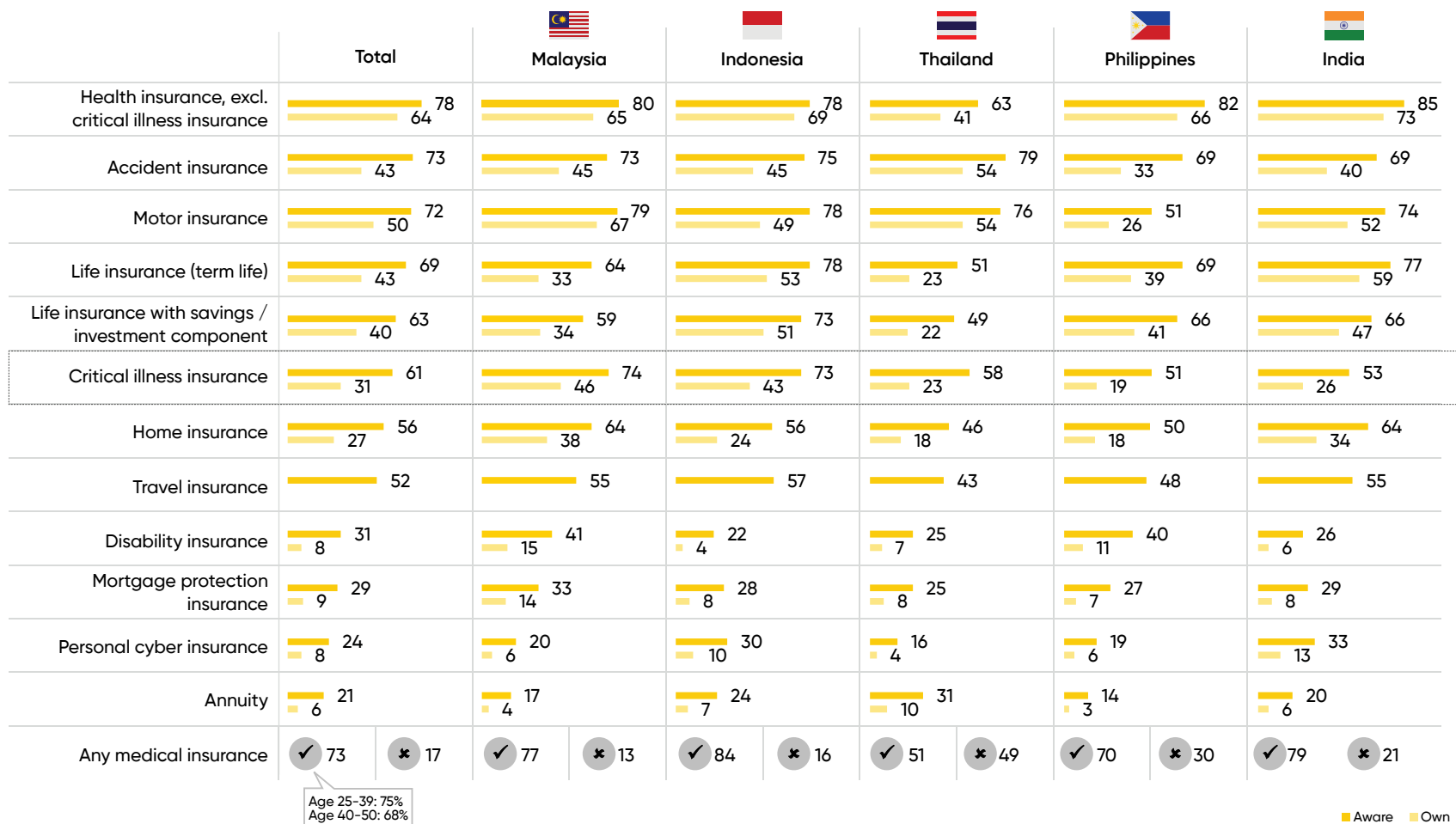
05

CRITICAL ILLNESS INSURANCE AND THE CUSTOMER JOURNEY

Awareness of critical illness insurance is reasonably high in the region.

Between 50–75% in the region reported awareness of critical illness insurance. Ownership was lowest in the Philippines.

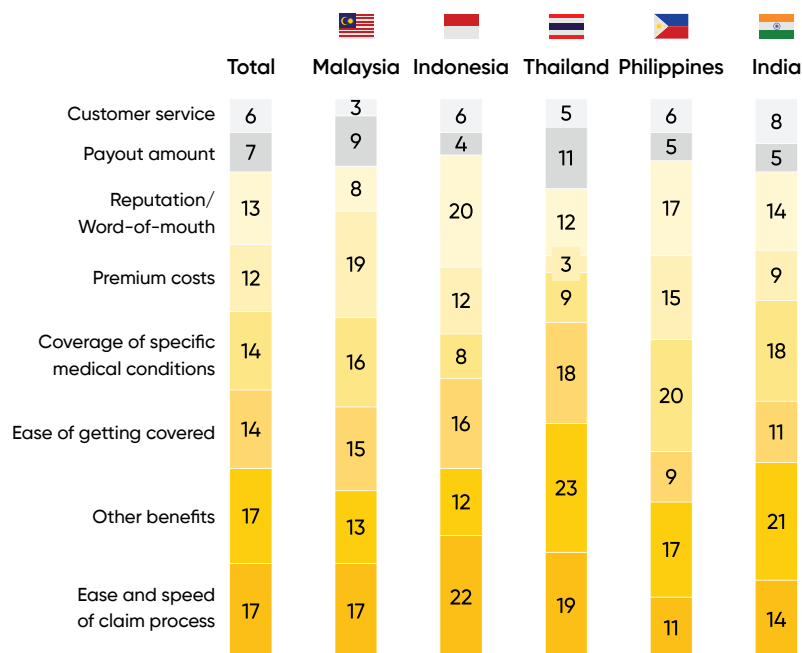
Awareness and ownership of various types of insurance (total base) %



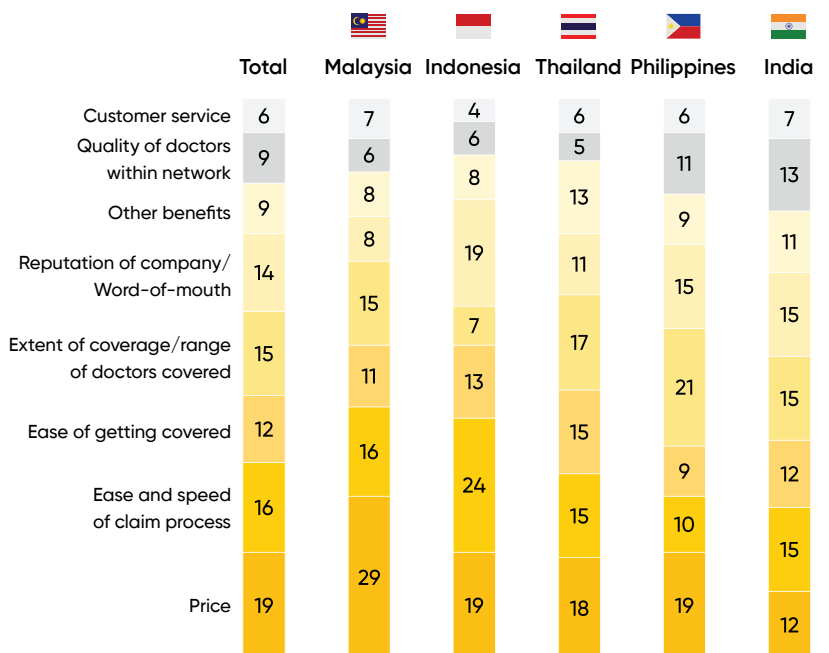
Claims process and ensuring the right benefits were the most important factors when considering critical illness plans

When it comes to choosing health insurance, price is the top consideration for all markets except in Indonesia where ease and speed of claim process is more valued. Reputation is also important.

Considerations when choosing critical illness insurance (top factor - %)

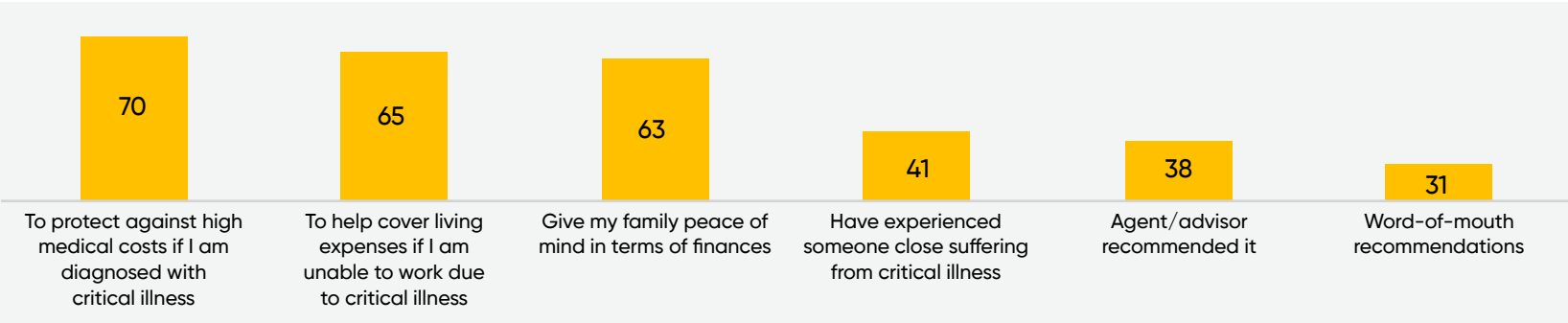


Considerations when choosing health insurance (top factor - %)

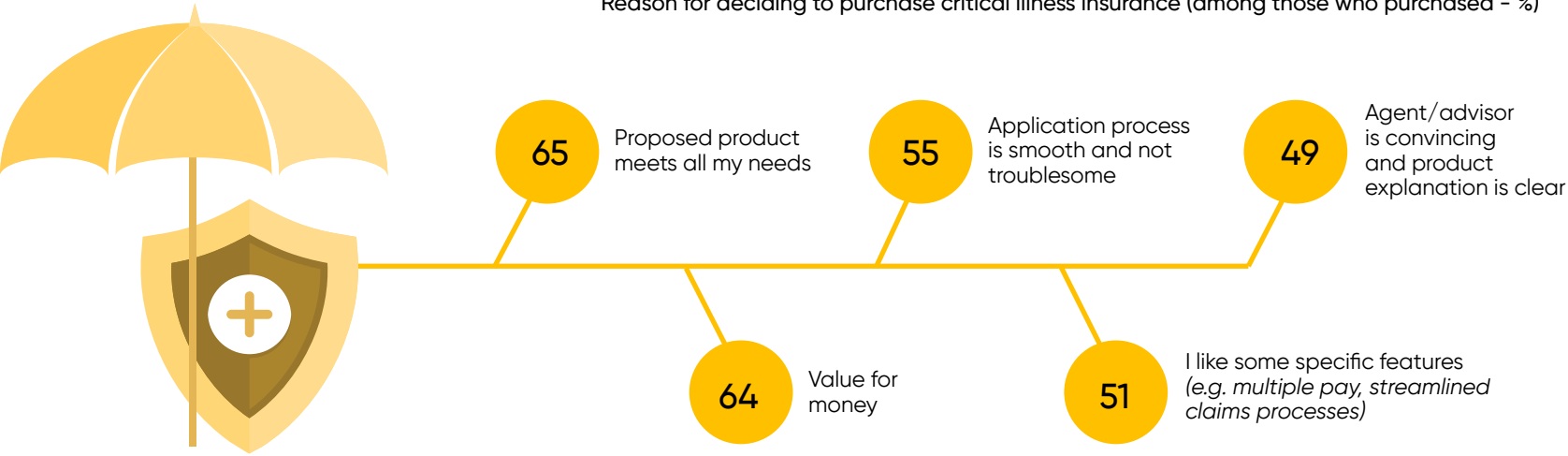


Among those who purchased a critical illness plan, the primary decision-making factors are finding a product that met all their needs and one that is value-for-money.

Reason for interest in critical illness (among those who have tried/purchased - %)



Reason for deciding to purchase critical illness insurance (among those who purchased - %)



Affordability is a key reason for not considering critical illness insurance.

Additionally, some have knowledge gaps and misperceptions about options like public services or existing insurance coverage being sufficient to cover their critical illness treatment costs.

Reasons for not considering critical illness insurance (among those aware but have not purchased before - %)

Total		Malaysia		Indonesia		Thailand		Philippines		India	
Won't be able to afford	39	Won't be able to afford	58	Sufficiently covered other health insurance	39	Won't be able to afford	42	Won't be able to afford	41	Don't think I'm at high risk	37
Don't think I'm at high risk	36	Don't think I'm at high risk	31	Don't think I'm at high risk	36	Free/affordable treatment from public/govt. hospitals	39	Was not offered / recommended	41	Don't understand what it covers	35
Don't understand what it covers	29	Free/affordable treatment from public/govt. hospitals	31	Don't understand what it covers	36	Don't think I'm at high risk	38	Don't think I'm at high risk	34	Won't be able to afford	30
Free/affordable treatment from public/govt. hospitals	28	Don't understand what it covers	26	Free/affordable treatment from public/govt. hospitals	28	Terms & conditions were complicated	22	Don't understand what it covers	30	Was not offered / recommended	30
Sufficiently covered other health insurance	25	Sufficiently covered other health insurance	20	Won't be able to afford	26	Don't understand what it covers	21	Terms & conditions were complicated	21	Sufficiently covered other health insurance	27
Was not offered / recommended	22	Terms & conditions were complicated	20	Busy & will consider later	26	Sufficiently covered other health insurance	20	Sufficiently covered other health insurance	20	Terms & conditions were complicated	26

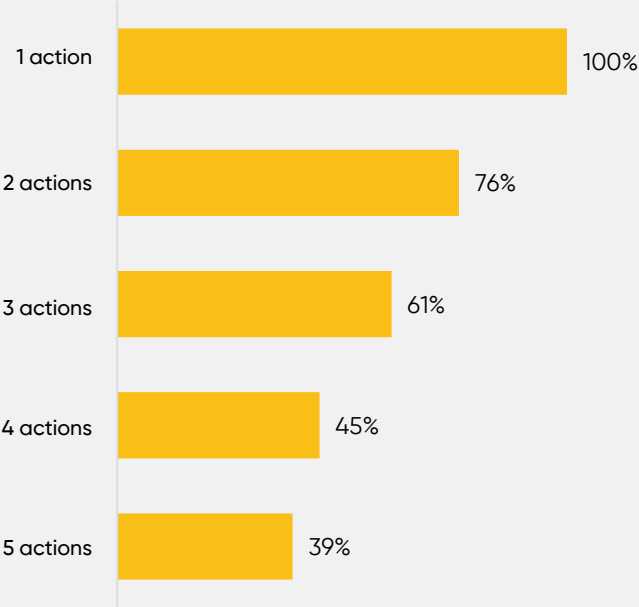
About 1 in 10 consumers drop out of a critical illness insurance purchase journey

Out of these, 76% took more than 1 action towards the purchase. Most did do at least some initial online research, or spoke with an insurance agent. Far less actually received quotations or went through the underwriting process.

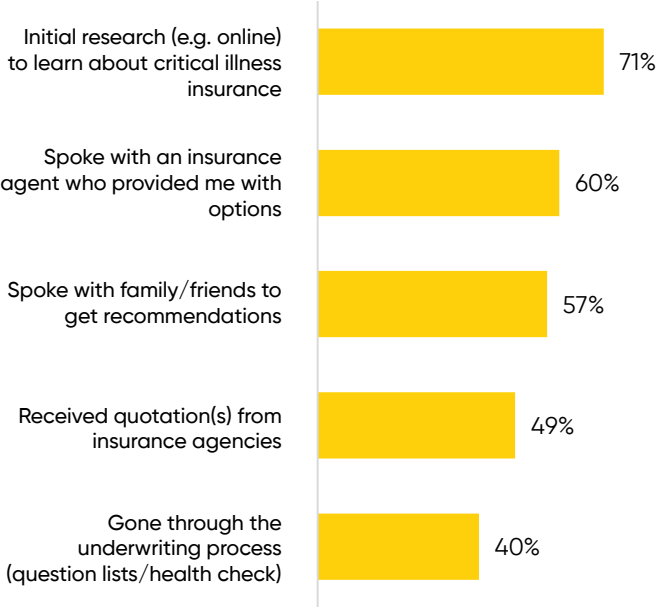


of consumers aware of critical illness insurance say they have tried but failed to purchase the insurance.

Potential buyers by number of actions they took



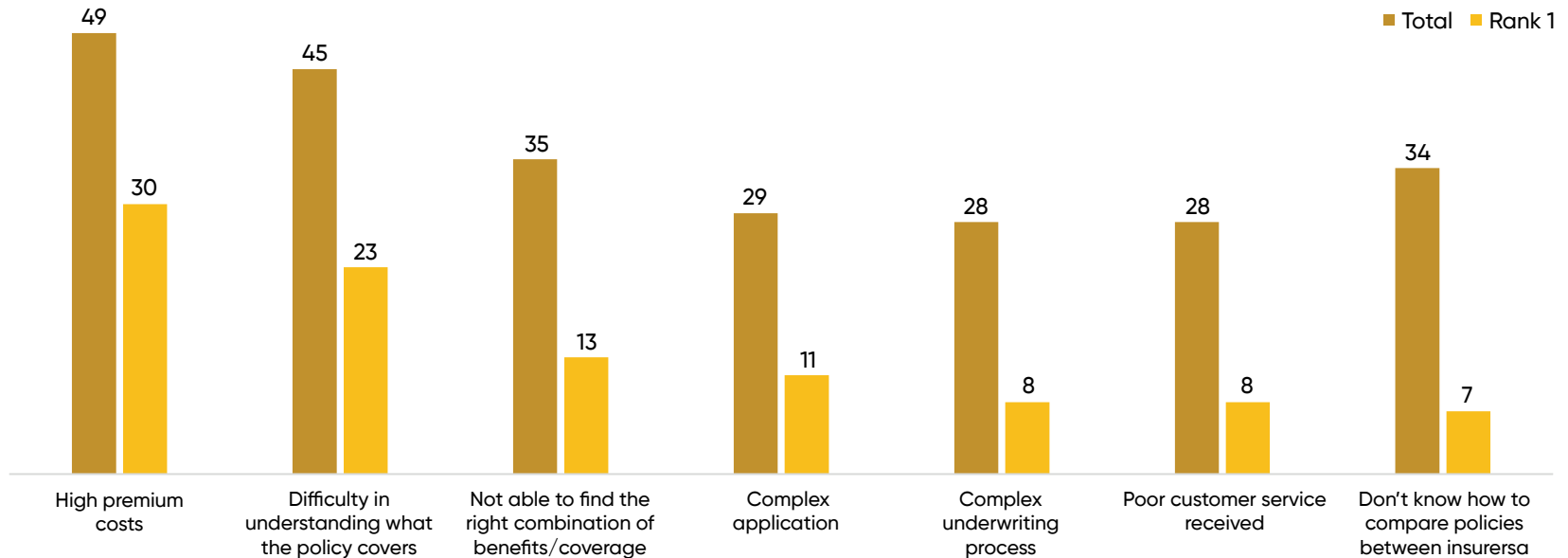
Type of actions done during purchase journey



Complexity and lack of clarity in critical illness policy terms are key pain points

Insurers can make improvements in these areas in the critical illness purchase journey (besides addressing premium costs).

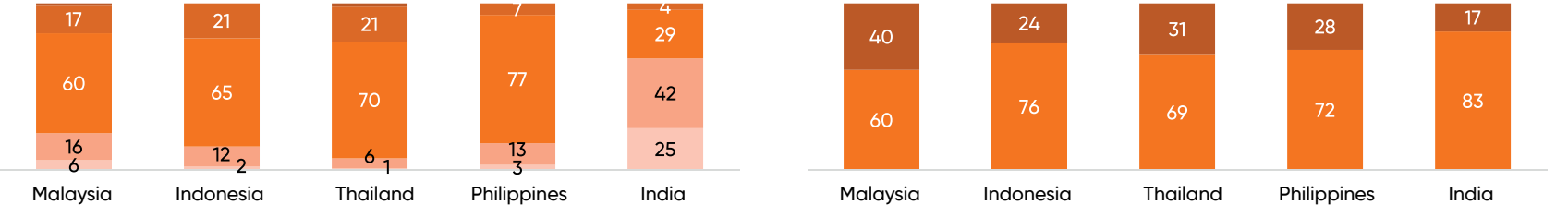
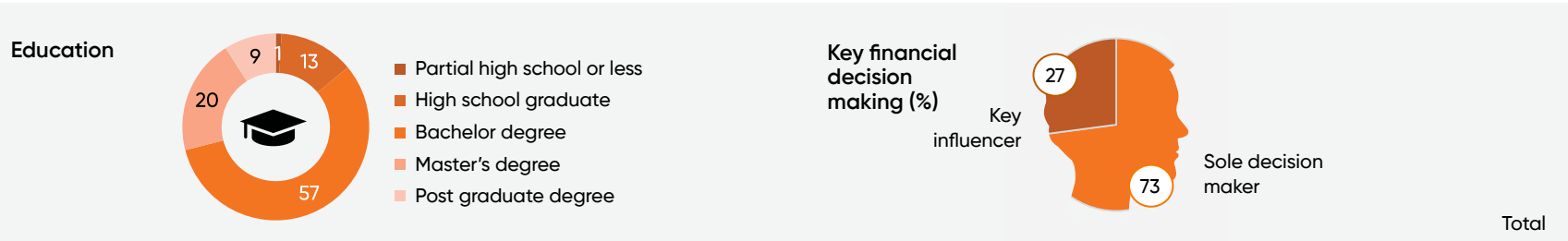
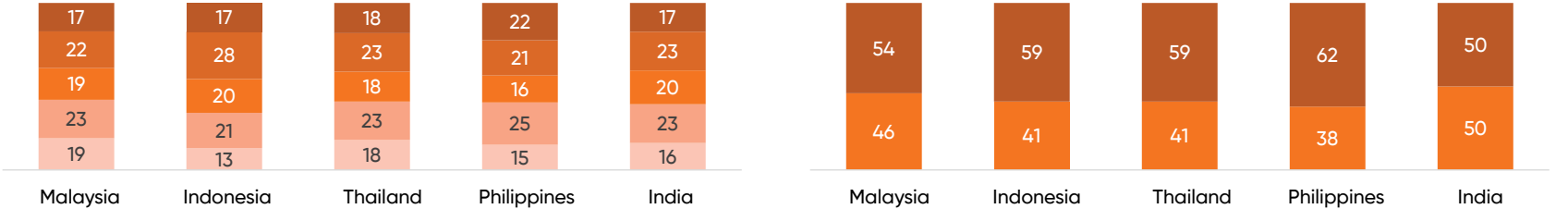
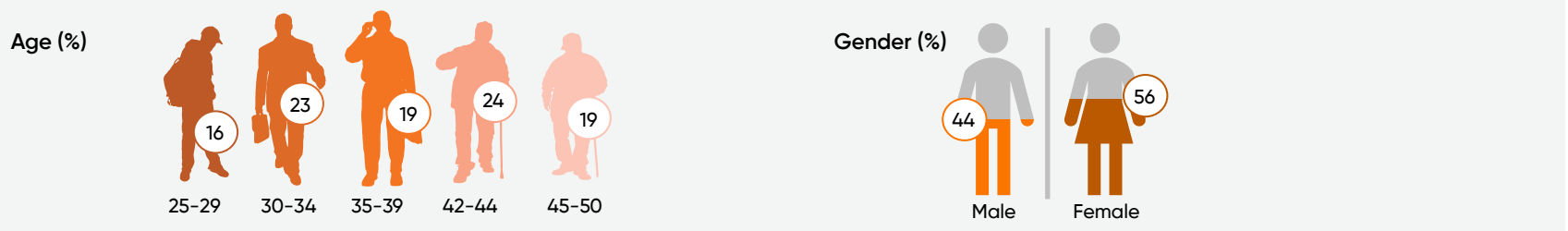
Pain points and issues experienced in the purchase journey (among those who have tried/purchase - %)



06

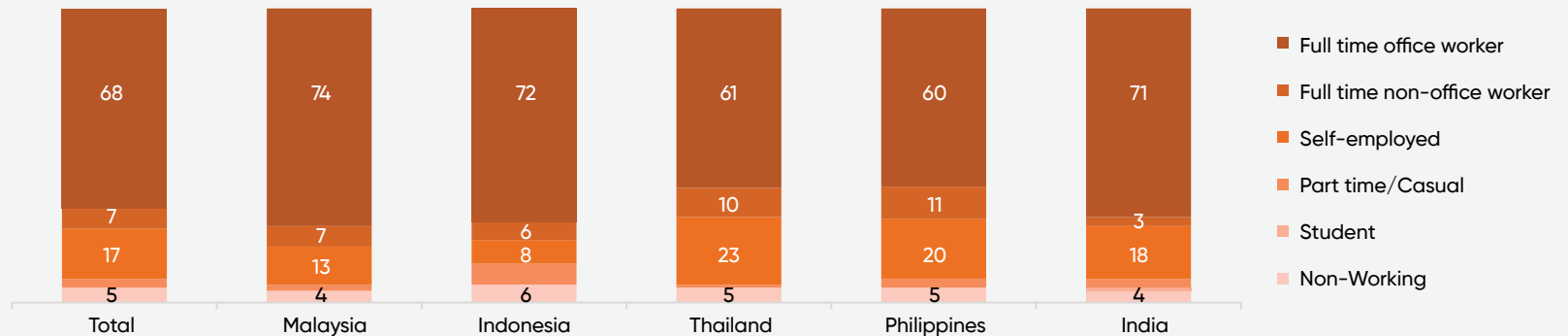
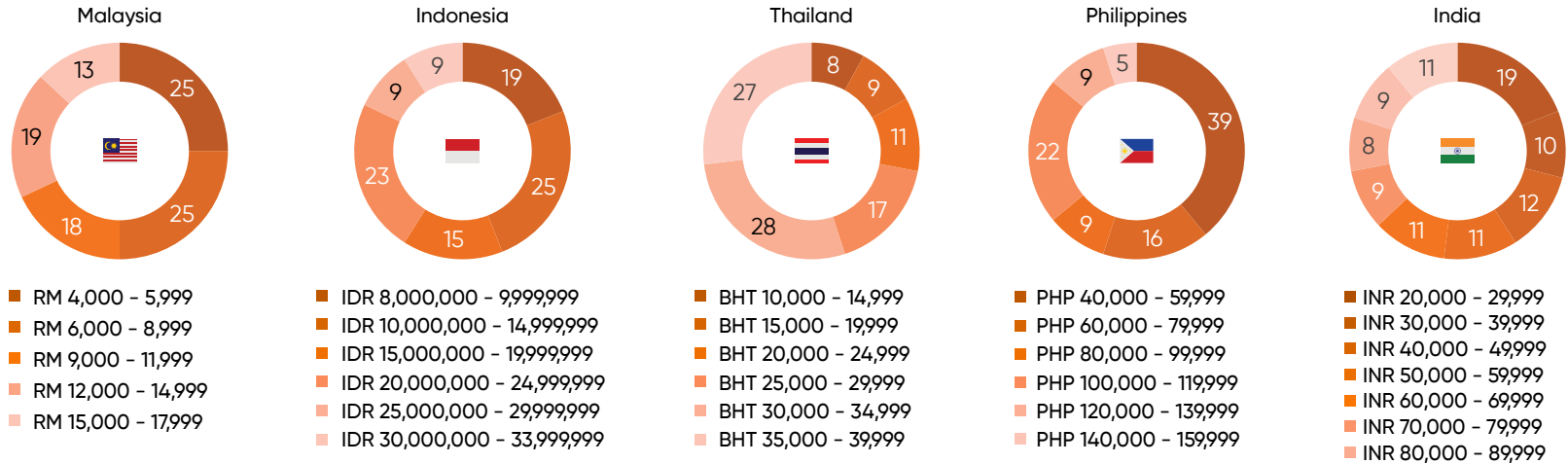
DEMOGRAPHICS

Survey demographics

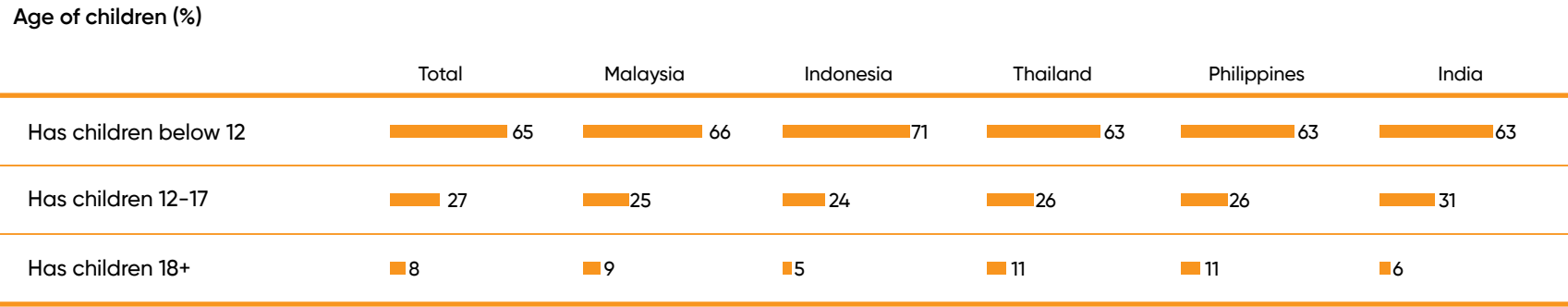
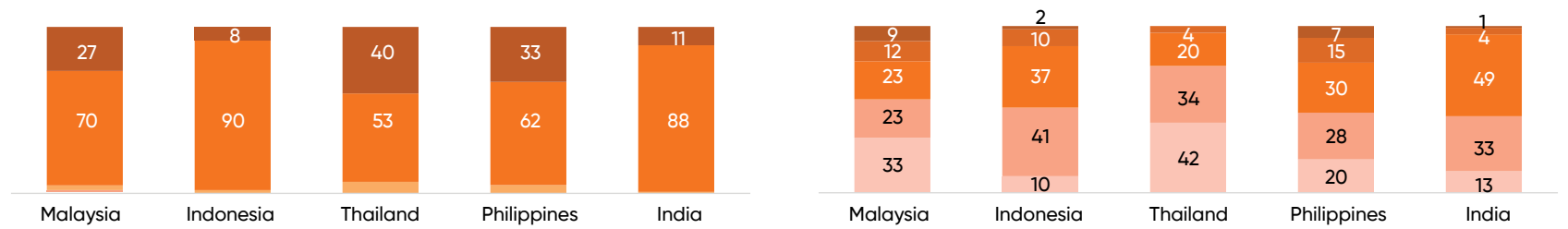
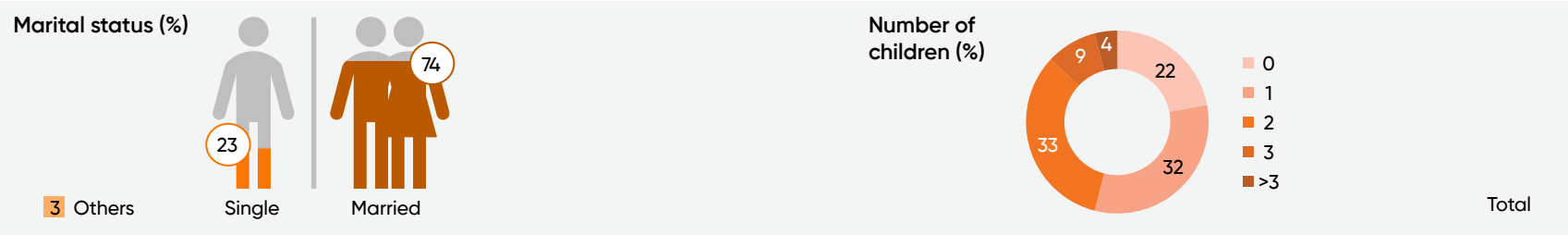


Survey demographics

Household income (%)



Survey demographics



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