

Principal Financial's Sorensen Bullish on Emerging Life Insurance Markets

For life insurance and retirement services, 2011 could see a transition from night to day in terms of global business prospects, thanks in large part to strong expected growth in emerging markets.

Norman Sorensen, chairman of the International Insurance Society, said insurers in both the property/casualty and life segments are seeing improvement in business conditions following two years of financial turmoil and catastrophe losses.

For nonlife insurers, a series of severe natural catastrophes has helped harden prices, he said. Life insurers are also seeing improving pricing related to the shock and recovery of global financial markets from the past two years. The improving market conditions should continue over the next 18 to 24 months, according to Sorensen.

Sorensen expects a lot of discussion about emerging markets among delegates to the IIS annual seminar the week of June 19 in Toronto. "Insurers on both the P&C and life side are looking at emerging markets with an increasingly aggressive position," he said.

Pointing to recent moves by large U.S. life insurers into emerging Asian markets and Japan, Sorensen expects life insurers to take a growing interest in developing new markets.

Sorensen, who is also chairman of Principal International for U.S.-based Principal Financial Group, added that markets in Asia and Latin America show promise with a "critically important" growing middle class. He cited International Monetary Fund and World Bank studies that show 60 million to 65 million people are joining the middle class in emerging markets every year.

"This is a very important fact for life insurers and asset managers," he said.

Even in developed markets like the United States, Sorensen said insurers will be able to find efficient niche markets to exploit in the wake of the financial crisis and through the use of technology.

Among the current concerns for life insurers, Sorensen identifies persistently low interest rates, which he says are "not particularly helpful" for annuity and retirement products. Some life products may become a burden for life insurers should the current economic situation persist, he added.

Listen to the entire interview with Norman Sorensen at <http://www.ambest.com/media/media.asp?RC=188235> (Published: BestWire - 06/20/2011).

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