

QUESTIONS & ANSWERS



I didn't manage to speak to Sergio Di Caro, who currently leads Generali Asia and will lead GEB, till late evening Hong Kong time – he was straight off a plane having finalized an acquisition in Malaysia and secured an exclusive bancassurance distribution deal in Thailand and I felt lucky to be able to interview him for our valedictory issue.

Q. "You are about to leave Asia and I understand that you are soon to be based in Brussels. What is the plan?"

A. "I am close to celebrating my 30th anniversary with Generali and my 25th in Asia. I began my time in Asia by spending 12 years in employee benefits and then in 2002 began investing for Generali in Asia Pacific. However, employee benefits was my first love and Elio Moccia was, and still is, my mentor, so to lead GEB is a dream come true."

Q. "Having been based in Asia for 25-odd years, how do you view EB prospects in China?"

A. "Medical and pension reforms have moved up the political agenda as regulators cope with such factors as the ageing population and the spread of chronic diseases. The unfolding health-care reform has already led to significant achievements, with over 90% of its 1.4 billion population covered by basic health insurance. However, the coverage provided is so limited that individuals feel inadequately protected, in particular against serious or even dread diseases. While citizens are haunted by pollution and deteriorating health conditions – from the cancer mortality rate, which has increased by 80% over the past 30 years, to the spread of non-communicable diseases (which in 2009 accounted for more than 80% of all deaths) – it is easy to imagine why this 'wide but low-level' approach is increasingly under scrutiny. Urban employees, especially those of foreign enterprises, have access

to a higher standard of benefits. Workers of domestic enterprises and the self-employed are left lagging behind. Central action is needed to tackle striking inequalities, equally evident in pension provision, where, again, urban employees in large companies have access to much larger protection and benefits than the rest of the population. Relaxing the one-child policy and increasing the retirement age are necessary steps together with policies to help overcome severe local fragmentation and promote labour mobility – and with incentives for employers and new investment vehicles."

Q. "Which other Asian countries do you expect to concentrate on medical benefits?"

A. "In Japan, South Korea, Hong Kong and Singapore, employers have long been focused on providing high-quality medical benefits for their employees, with core in-patient and out-patient benefits down to primary care level, plus maternity and wellness benefits being part of a standard package. However, countries such as Indonesia, Malaysia and Thailand are catching up to ensure access to centres of excellence. Employers in India are beginning to focus more on higher levels of medical benefits for executives and high-value technical staff, and are thinking about out-patient treatment, wellness and maternity benefits for the wider workforce. Another emerging trend across most Asian countries is the need to control rising costs. Diabetes and obesity are of great concern."

Q. "Which emerging markets is GEB most focused on now?"

A. "I believe Asia represents a huge opportunity for growing our portfolio and we are committed to investing there. GEB covers 14 countries in Asia and we have also stepped up our presence in the Middle East and Africa, where we cover over 30 countries."

Q. "What about Europe?"

A. "Europe needs to address a particularly acute challenge in its pension systems, with an ageing population, a declining growth rate and high youth unemployment. There is greater awareness all over Europe of the need for reform towards more sustainable solutions and companies recognize the need to step in to offer their employees more security. We expect to see a range of solutions. Countries like Finland, the Netherlands and the UK have more experience in private pension systems and are experiencing strong growth in pension fund assets compared with GDP. CEE countries are taking important steps in this direction, with assets growing and mandatory personal plans having recently been introduced, while others are not moving in this direction. The key challenge for multinational companies is to co-ordinate their approach at country level and ensure they keep in touch with local developments on the ground."

Q. "Latin America has come into its own in the last five years. Does GEB have particular plans there?"

A. "We have a long-standing commitment to Latin America, co-ordinated by the GEB regional office in Miami, where over time we have been able to identify and partner with the best local providers, all with exclusive network agreements."

GEB should continue to go from strength to strength on Sergio Di Caro's watch.

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