



ASIAN INDEX- LINKED INSURANCE: **ENTERING A NEW ERA OF DIVERSIFICATION AND CUSTOMISATION**

In an increasingly competitive and complex investment landscape, innovation in index design is becoming a critical driver of growth for Asia's life insurers. Across the region, firms are entering a new phase of product development as they look to deliver more differentiated, outcome-oriented solutions.

This survey captures insights from Asian insurers and distributors, highlighting the key opportunities and challenges shaping this fast-changing market.

In collaboration with:

**FTSE
RUSSELL**

An LSEG Business

AsianInvestor

ABOUT THE SURVEY

A joint survey by AsianInvestor and FTSE Russell, incorporating insights from senior executives at insurers and distributors across Hong Kong, Japan, Singapore, Malaysia and Thailand, highlights strong demand for diversified, multi-asset and risk-managed index-linked strategies that can provide smoother returns and greater resilience across market cycles.

Such findings point to a market ripe for innovation, where insurers that leverage global and regional index capabilities to broaden their offerings can gain a competitive edge and capture evolving investor demand.

“The market is evolving, with demand for products that offer broader indices and different types of exposures.”

said Philippe Jacson, head of sell-side sales for Asia & Middle East at FTSE Russell.

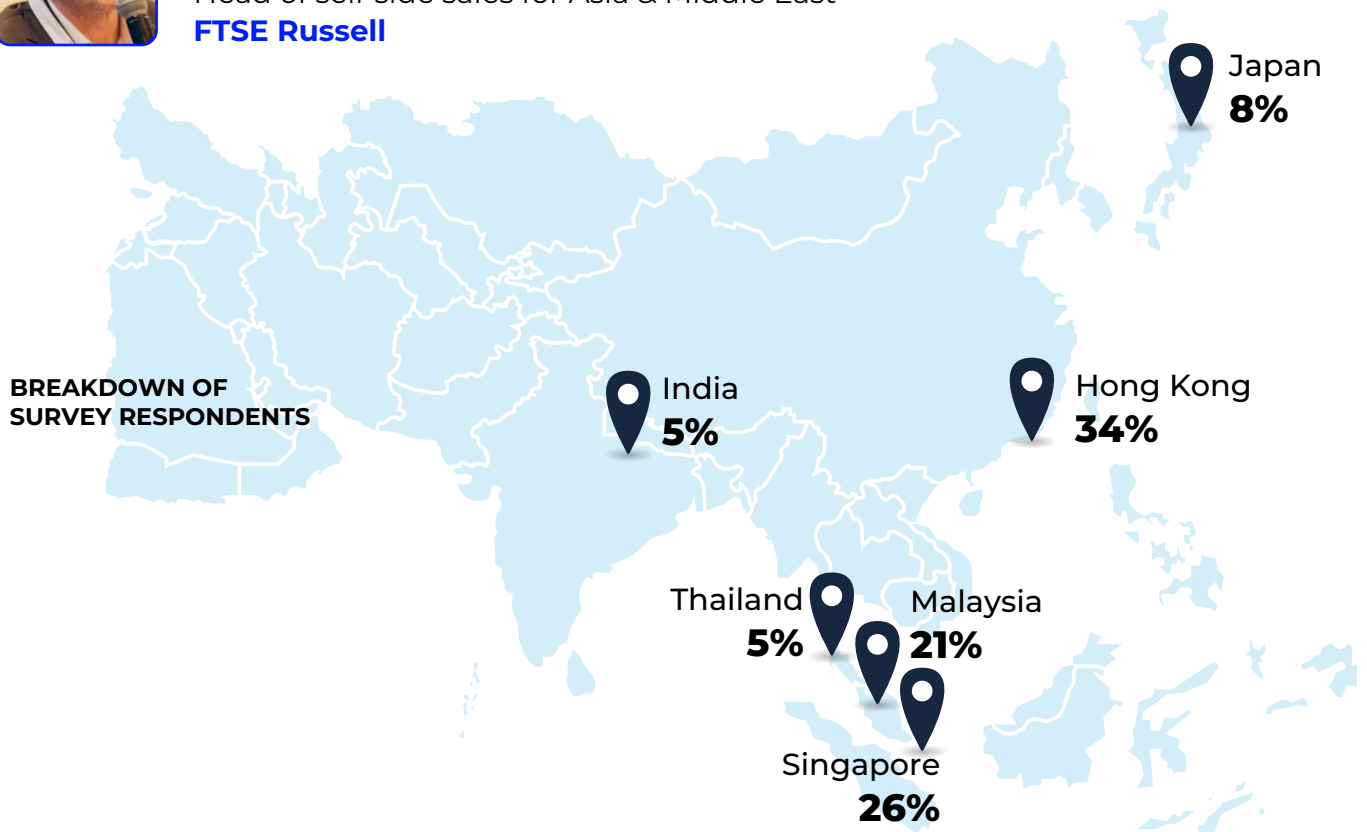
“Insurers in Hong Kong and Singapore, for example, are looking for product design and support, and need to work with index providers with a brand that will help them distribute the product and make it successful.”



PHILIPPE JACSON

Head of sell-side sales for Asia & Middle East

FTSE Russell



THE 10 TOP SURVEY TAKEAWAYS

01



Expected performance across market cycles is the most important consideration when insurers look at new product development opportunities today (37%), followed by choice of product provider (24%) and then risk vs return (21%).

02



According to **34% of respondents**, US policies will have the biggest impact on the investment landscape in 2026.

03



Around **40% of respondents** have already developed an index-linked product or are currently working on one, while 29% are considering it.

04



For those insurers focused on index-linked products, cash value growth is the key investment objective for their customers, followed by estate planning and life insurance coverage.

05



Equities (first) and multi-asset (second) are by far the **preferred asset classes** for underlying indices.

06



For most respondents, **complexity is the biggest hurdle when developing an index-linked product**, in terms of the difficulty for agents to sell it and/or customers to understand it. This is followed by the lack of guaranteed returns and regulatory restrictions.

07



For insurers which don't intend to launch any related index-linked products, **regulatory restrictions represent the biggest deterrent**, followed by customer demand or awareness, and then complexity.

08



The most important factor for insurers when selecting the index and provider for an index-linked product, is index historical performance, followed by participation rates.

09



In terms of performance and risk considerations, meanwhile, the most important for **46% of insurers when designing an index-linked product**, is how the index performs in different market cycles.

10



A combination of ongoing product maintenance and index updates, as well as client and policyholder communication, is most significant for insurance companies in terms of support from index providers during the commercialisation of an index-linked product.

Diversity and risk controls shaping appetite

The survey data and follow-up conversations reflect a desire among many insurers across Asia to further develop their offerings.

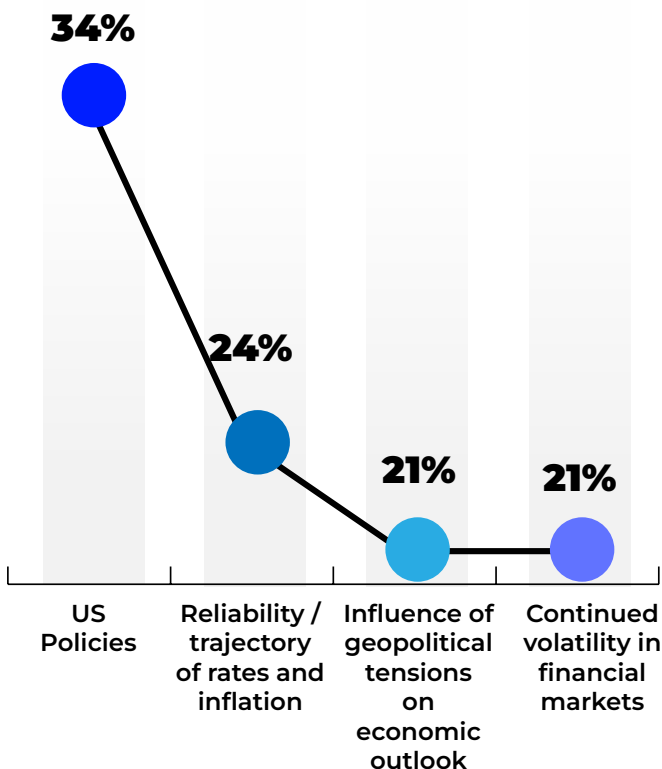
Many are no longer content with one-size-fits-all solutions, and instead are ready to move beyond the traditional benchmarks used for brand familiarity and client comfort in current index-linked insurance products in Asia.

Their preferred and likely approach can be summarised in several ways:

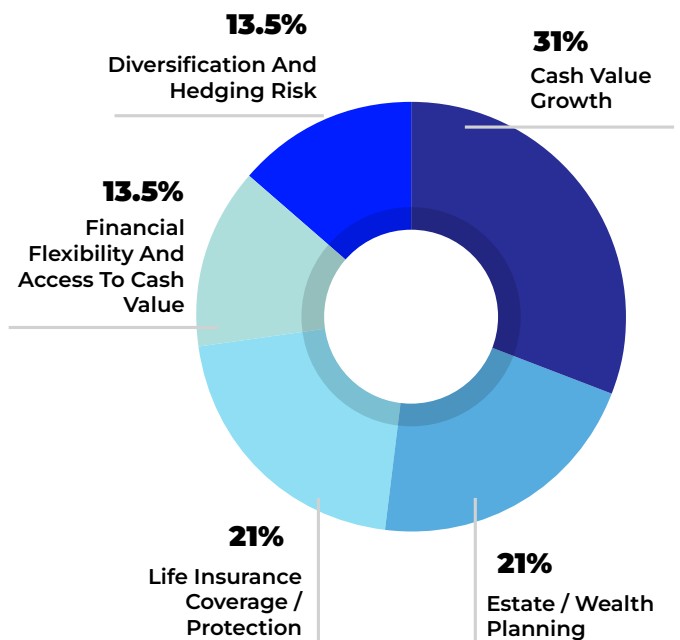
<p>Diversification is key multi-asset solutions and diversified exposures that provide alternatives to US indices are gaining traction. Also of growing interest for underlyings are equity, fixed income, commodities, and even allocations like gold or Asia-focused tech.</p>	<p>Risk management is non-negotiable sophisticated risk controls are essential to emphasise volatility control, consistent option pricing and flexibility in participation rates and caps. Further, intraday rebalancing and end-of-day adjustments can maintain stability and investor confidence.</p>
<p>Local bias matters for example, insurers in Hong Kong see value in incorporating domestic or Taiwanese equities to align with client familiarity. Knowledge of home markets can also help manage regulatory compliance and education.</p>	<p>Customised indices offer an edge insurers are looking to appeal to investors with products that offer transparent, hedgeable and replicable exposures designed to outperform traditional benchmarks.</p>

As insurers explore new options, the goal is clear: create products that deliver stable performance, high participation rates and attractive risk-adjusted returns across economic cycles.

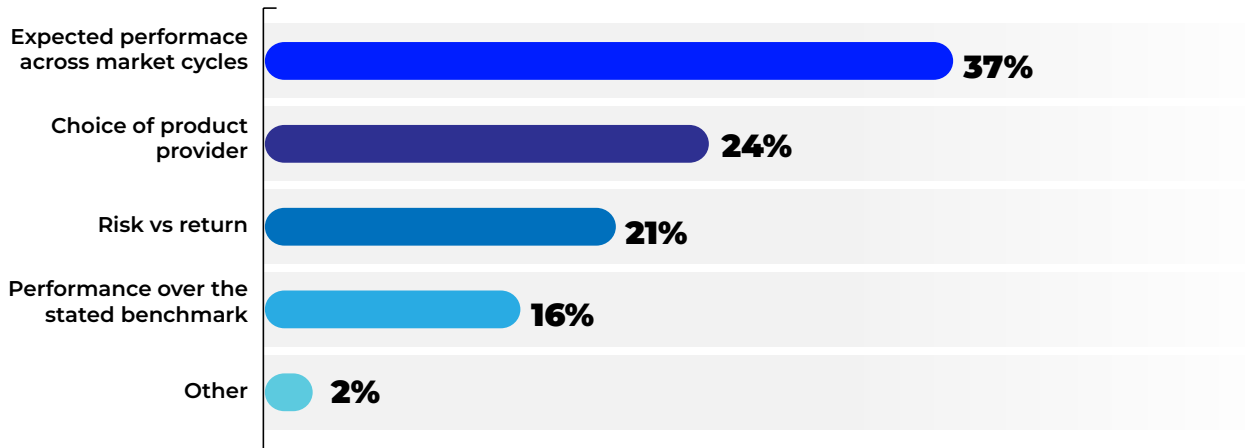
MARKET OUTLOOK – OVER THE NEXT 12 MONTHS, WHAT DO YOU THINK WILL HAVE THE BIGGEST IMPACT ON THE INVESTMENT LANDSCAPE?



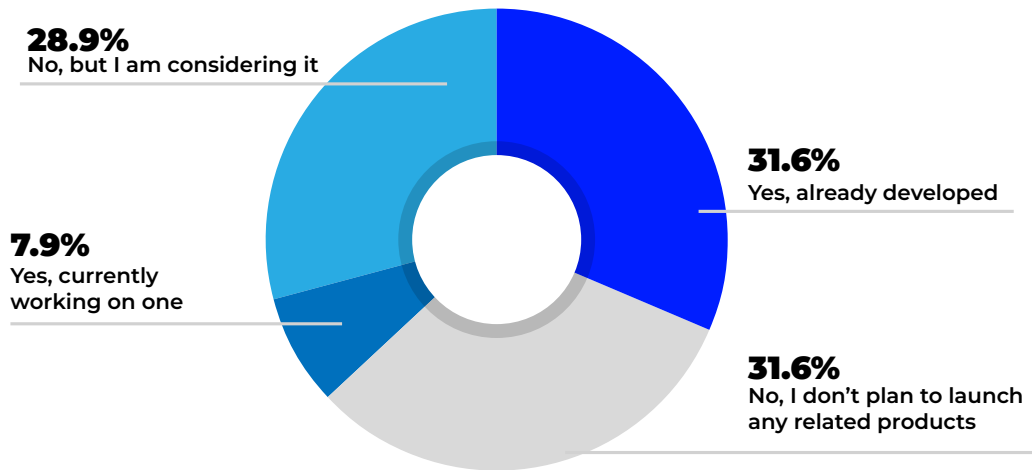
WHAT IS THE KEY INVESTMENT OBJECTIVE OF YOUR INDEX LINKED INSURANCE PRODUCT FOR CUSTOMERS?



WHAT IS THE MOST IMPORTANT CONSIDERATION WHEN LOOKING AT NEW OPPORTUNITIES TODAY?

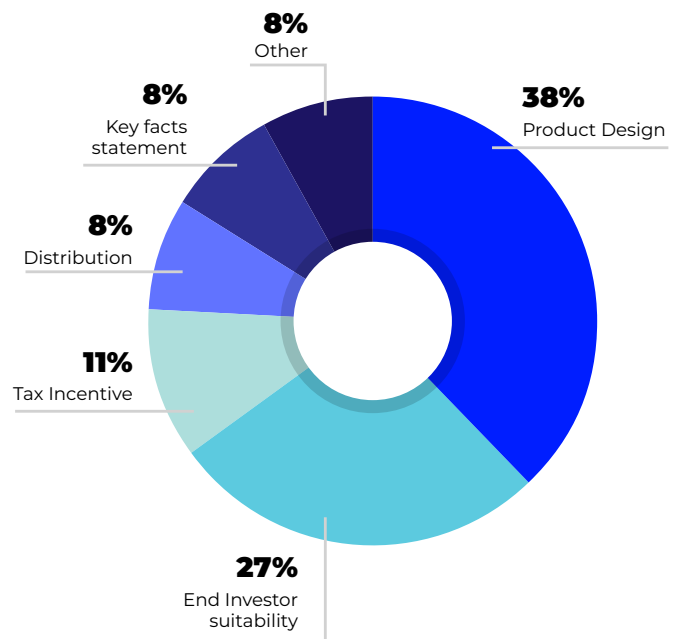
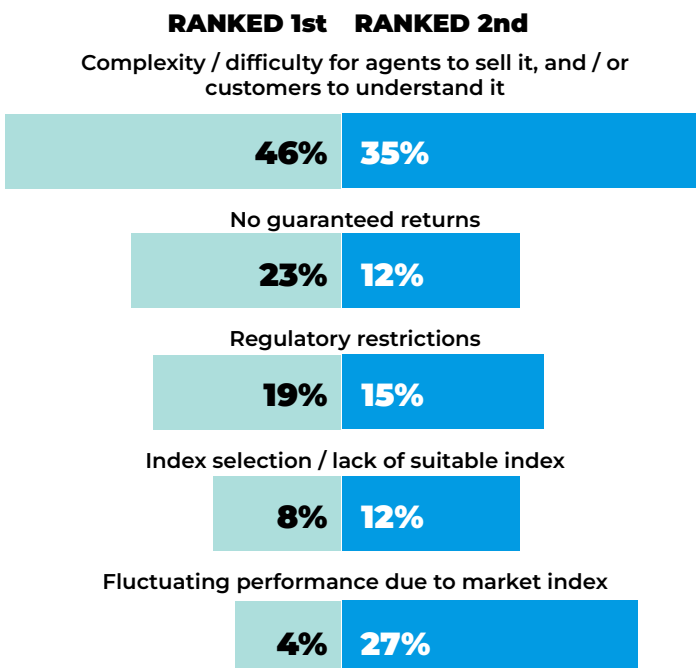


HAVE YOU ALREADY DEVELOPED A PRODUCT OR CURRENTLY WORKING ON ONE?



WHAT IS THE BIGGEST HURDLE WHEN DEVELOPING INDEX LINKED INSURANCE PRODUCTS?

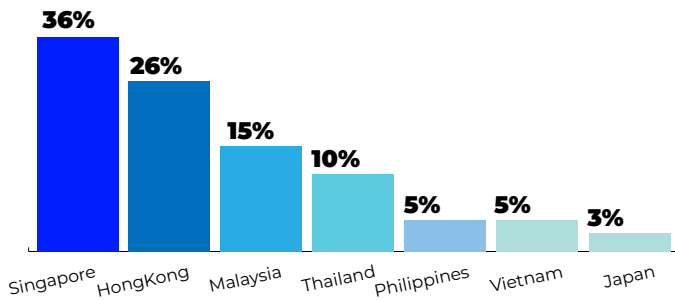
WHICH REGULATORY CHANGES WOULD MOST ENCOURAGE GROWTH IN INDEX LINKED INSURANCE PRODUCTS?



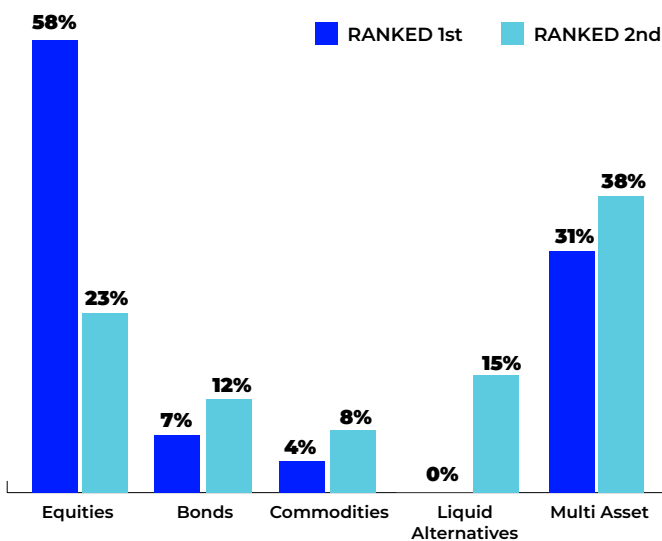
Getting set for product evolution

Asia’s index-linked insurance market is active but uneven. While it is vibrant in Japan, it is just gaining traction in Singapore and Hong Kong, and is poised to launch in Taiwan.

WHICH MARKET(S) HAVE YOU LAUNCHED A PRODUCT IN?



WHICH ASSET CLASS DO YOU PRIORITISE IN THE DEVELOPMENT OF INDEX LINKED INSURANCE PRODUCTS?



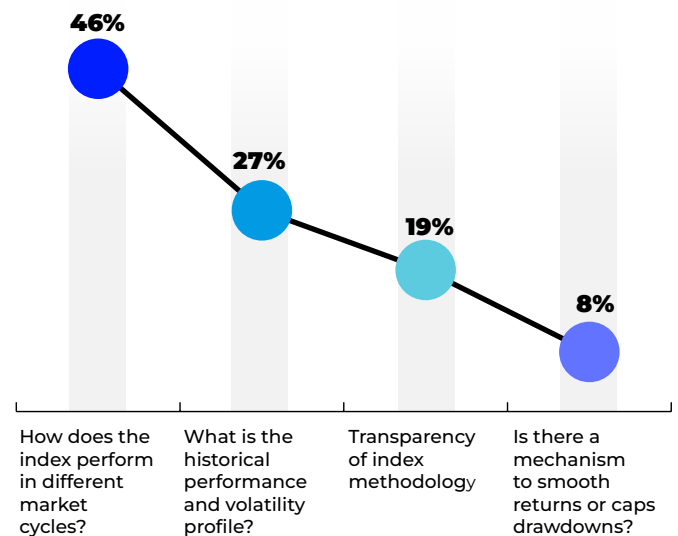
Yet across the region, insurers increasingly recognise the importance of diversifying product exposure to meet evolving client expectations. Put simply, insurers seek indices that offer:

- **Brand recognition**
trusted indices that resonate with clients.
- **An established ecosystem**
liquid futures and options markets for efficient hedging.
- **Robust back-testing**
historical performance data to guide product design and distribution.

Support required from index providers spans multi-asset capabilities, risk management overlays and customisation tools to align with client objectives.

Notably, risk management is front and centre. Asian investors, it seems, are receptive to complexity. This creates potential for advanced structures such as long-short allocations, risk control overlays, or volatility-target mechanisms – allowing insurers to design products with higher participation rates and, in some cases, more generous caps. Such features can protect investors during market volatility.

WHICH OF THESE PERFORMANCE AND RISK CONSIDERATIONS IS MOST IMPORTANT TO YOU WHEN DESIGNING AN INDEX LINKED INSURANCE PRODUCT?



This mirrors trends in global insurance markets, explained Guillaume Flinois, head of engineered products and indices at FTSE Russell, with product design prioritising stability and capital efficiency.

The result: sophisticated solutions that appeal to HNW clients while maintaining regulatory compliance and operational efficiency.

This reinforces the trend towards hyper-customisation. According to Flinois, annuity providers in the US might now deploy up to 5 to 10 bespoke indices across several annuity contracts.

“ Insurance companies are becoming more sophisticated to meet client demands in changing markets. Insurers want multiple custom indices targeting different allocations and mechanisms.”

Asia is likely to follow, with insurers eyeing exclusive indices tailored to multi-asset, regional, or thematic exposures, such as Asia tech or digital assets.



GUILLAUME FLINOIS
Head of engineered products and indices
FTSE Russell

Global alignment: lessons from US and European markets

The US insurance industry, for example, has already been evolving with investors willing to consider more comprehensive and innovative solutions.

Given the retail nature of the US market, large-cap indices have traditionally seen strong adoption.

However, as products evolve and market conditions shift, we see increasing demand from end-investors for mid- and small cap exposure – areas where the Russell Indexes remain the market leader.

In addition, the US annuity market is showing greater interest in international equities, multi-asset solutions and even cryptocurrencies.

“Our FTSE indices provide broad international exposure, and we have robust index capabilities in commodities and digital assets, which allow us to support the full spectrum of market interest with our index solutions”,

explained Bennett Gerli, director of index sales at FTSE Russell.



BENNETT GERLI
Director of index sales
FTSE Russell

In general market trends in the US are showing insurers seeking indices that meet certain criteria:

- Provide transparent, hedgeable and replicable exposure to targeted asset classes or multi-asset strategies.
- Deliver superior outcomes compared with traditional benchmarks.
- Offer stability across economic cycles, often via risk control techniques such as volatility targeting.

These objectives are operationalised through options on custom indices, making stable option pricing a critical factor for product design, explained Flinois. Consistent pricing via stable premiums ensures insurers can offer competitive participation rates, higher caps, or full capital protection. Such features ultimately translate into products that are attractive to investors, he added.

Further, as client expectations evolve, insurers want a mix of elements represented in their product range:

- Diversified asset allocation across equity, fixed income, commodities and emerging exposures.
- Transparent and rule-based methodologies compliant with IOSCO and BMR standards.
- Scalable exposure capable of supporting multi-billion-dollar product launches.

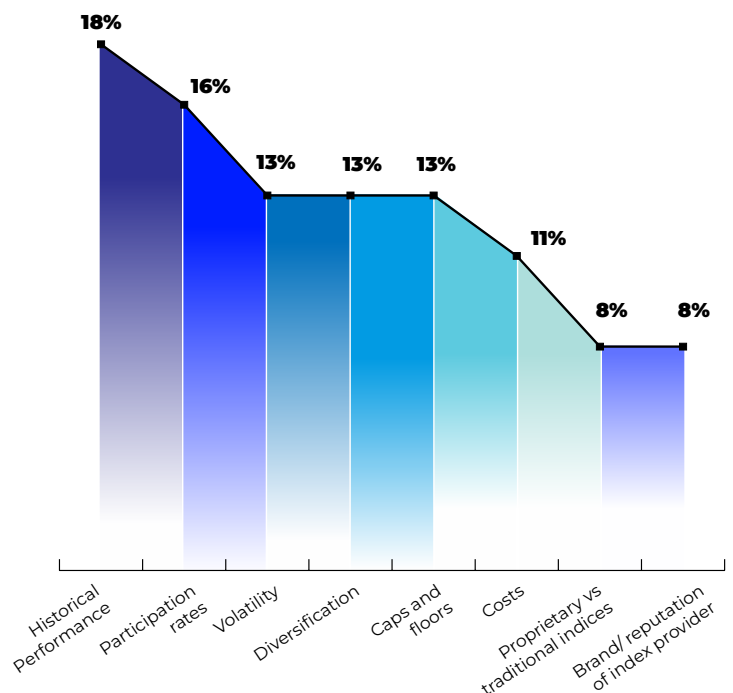
The needs of Asian insurers align closely with global peers, perhaps even accepting more complexity in their products, with more sophisticated mathematical approaches and risk premium concepts.

Capabilities insurers now require from index partners

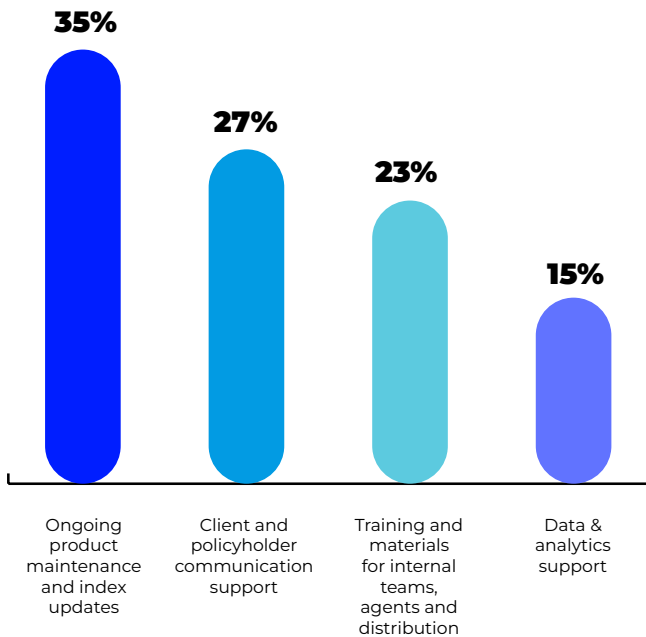
In line with diversified exposure for index-linked products, providers can stand out with a suite of indices and risk management solutions that can deliver equities and multi-asset exposure via differentiated benchmarks in Asia and globally.

“It makes sense to have more local exposure compared with just the US market,” added Jacson. “There is always a domestic bias... people are usually more comfortable investing in something they know.”

WHAT IS THE MOST IMPORTANT FACTOR WHEN SELECTING THE INDEX AND PROVIDER FOR AN INDEX LINKED INSURANCE PRODUCT?



WHICH TYPE OF SUPPORT FROM INDEX PROVIDERS IS MOST IMPORTANT DURING THE COMMERCIALISATION OF AN INDEX LINKED INSURANCE PRODUCT



FTSE Russell, for example, has key equities capabilities to deliver on market changes:

- The Russell US Indexes (1000 and 2000), from mega cap to microcap US stocks, for credible alternatives to current benchmarks with a modular index construction that allows investors to track current and historical market performance by specific market segments or investment styles.
- Asia-focused indices, including FTSE China 50 Index, FTSE TWSE Taiwan Index, FTSE Asia Tech Index with attractive valuation profiles.
- Risk and volatility control overlays using end-of-day and intraday rebalancing to stabilise performance and option pricing, and enable higher participation rates.
- Techniques such as the Russell US Futures Tracker TWAP rebalancing to enhance liquidity and allow indices to be efficiently replicated in derivative markets.

“Across equities, we can leverage the Russell and FTSE brand indices, customising them with innovative risk management techniques, particularly risk control or volatility target mechanisms,”

added Flinois.

“Recent innovations include risk control indices linked to listed future contracts or quantitative investment strategy (QIS) indices, usage of intraday data to design improved allocation signals, rebalance more reactively or source intraday liquidity through TWAP or VWAP techniques.”

For multi-asset solutions, expected to be the next step for index-linked insurance products in Asia, FTSE Russell can deliver:

- Broad coverage across global equities, bonds, commodities, digital assets and private markets (via a partnership with Stepstone).
- Flexibility to include gold, fixed income or alternative exposures in line with insurer and market demand.
- Customisable portfolios with risk control mechanisms to achieve stable, diversified and risk-adjusted returns.
- Enhanced liquidity via innovative rebalancing techniques such as TWAP, enabling efficient hedging and execution.

Survey insights confirm that insurers in Asia value this combination of building blocks – brand strength, product flexibility and technical sophistication – to design bespoke products that align with client demand, market trends and regulatory requirements.

In particular, Jacson said FTSE Russell's indices can accommodate both standardised and hyper-customised offerings, ensuring insurers can scale solutions while maintaining competitive differentiation.

In addition, with a strong and established presence in derivatives markets across China, Taiwan and the US, insurers can efficiently reference indices via futures and options, in turn supporting large-scale product launches.

This infrastructure underpins scalable, liquid and compliant insurance products suitable for markets across Asia – achievable via the Russell 1000 and 2000 for US equities, FTSE China 50 and Taiwan indices for Asia-focused exposure, and multi-asset constructs that blend equities, bonds and commodities.

New solutions for a new investment era

In short, survey insights and conversations in key Asian markets confirm a pivotal moment for insurers in the region: a move away from one-size-fits-all offerings toward innovative indices, robust risk management and flexible structures that result in bespoke, diversified, multi-asset and risk-controlled products.

As appetite for index-linked insurance products accelerates, insurers are actively exploring solutions that appeal to increasingly sophisticated HNW clients.

Ultimately, insurance and investor sentiment alike suggest success in this evolving landscape will depend on three main factors:

1. **Access to diverse and credible indices** including multi-asset and regional exposures.
2. **Advanced risk management tools** in the form of volatility control overlays, intraday rebalancing and consistent option pricing.
3. **Capability and engagement from forward-thinking index providers** to co-create, back-test and support customised products while ensuring regulatory alignment.

According to Jacson, for FTSE Russell, with a deep footprint in Asia, and combined with index capabilities spanning equity, multi-asset and alternative exposures, plus advanced risk control overlays, it has the potential to be a key partner for insurers seeking to capitalise on this next phase of product evolution.

“ We have the right ready-to-use building blocks to help insurers design and distribute successful products, and we have now the capabilities to run some of the specific indices they’re looking for,”

he said.

By accessing these along with customisation tools, insurers have the potential to launch products that are not only innovative, but also aligned with clients’ needs and market realities.

With a new generation of index-linked insurance products that combine diversification, customisation and performance, the increasingly competitive Asian wealth market can expect to see the next phase of growth.

SCAN TO FIND OUT MORE

Discover how FTSE Russell is innovating to support index-linked product development

