



Smaller General Insurance Markets In Asia

Cambodia, Myanmar and Laos

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Agenda

- Key macroeconomic factors
- The comparison of the insurance industry size
- The insurance market in Cambodia, Myanmar, Laos
- The challenges
- What can actuaries do in these markets?
- Questions ?

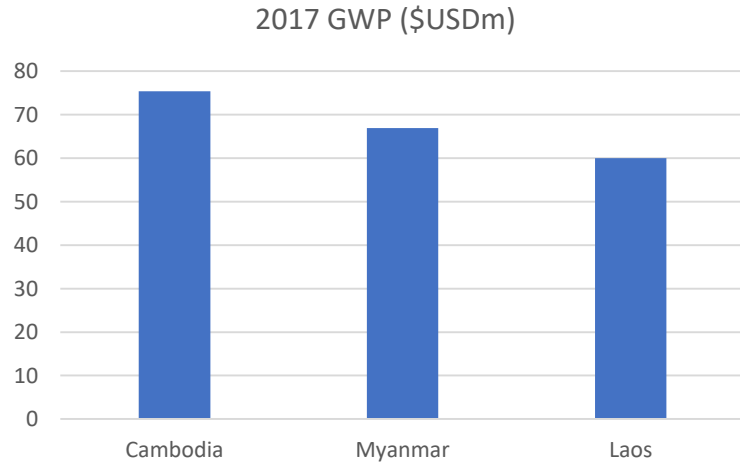
The Macroeconomic Factors

	Cambodia	Myanmar	Lao
Population (m)	16.3	53.7	7.1
GDP (\$USDb)	25	69	18
GDP Per Capita (\$USD)	1,512	1,277	2,568
GDP Growth Rate - 2017	7.00%	6.80%	6.80%
GDP Growth Rate	7.50%	2.10%	6.50%

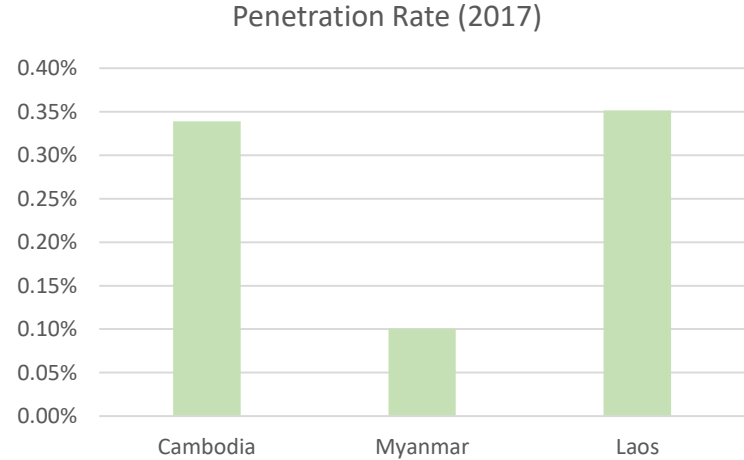
Sources: www.countryeconomy.com, data.aseanstats.org

Note: All figures are from year 2018, unless specified otherwise

The Industry Size

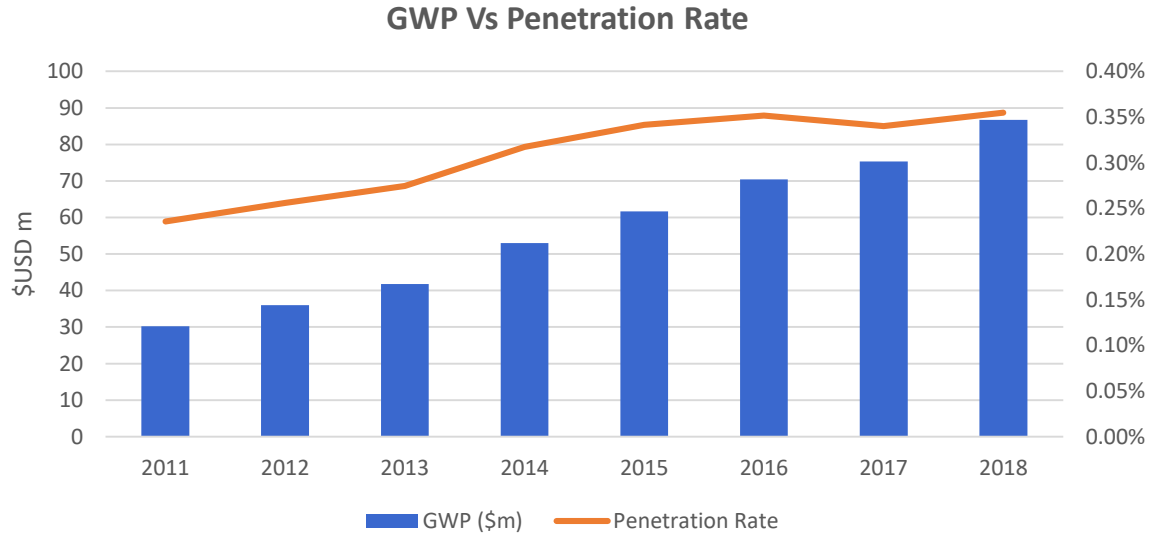


Sources: Insurance Association of Cambodia, Myanmar 2017 Statistical Yearbook
Note: GWP for Laos is estimated



Note: Australia: 3.5%, Thailand: 1.7%, Singapore: 1.6% (Sigma Re No 3/2018)

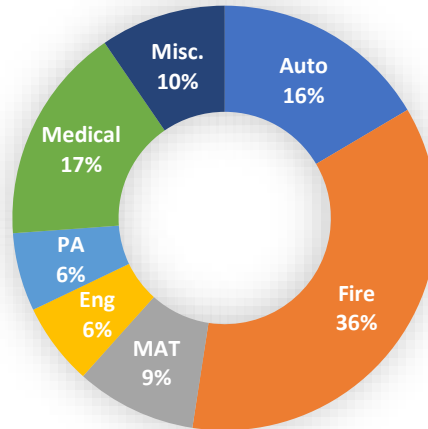
Cambodia – Market Size



Source: Insurance Association of Cambodia

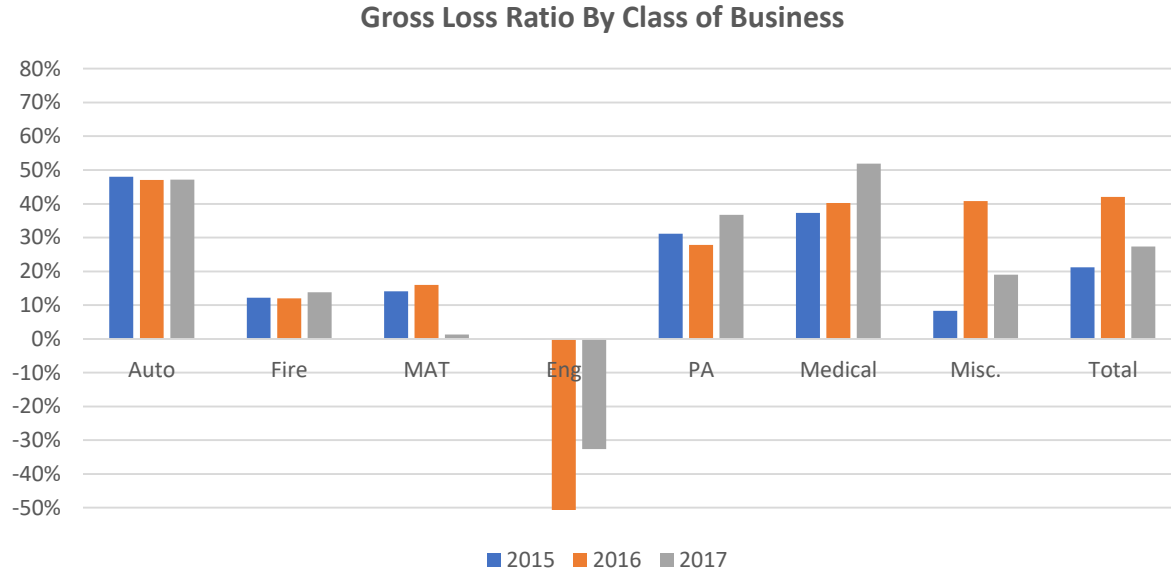
Cambodia – Mix of Business

Mix of Business (2018)



Source: Insurance Association of Cambodia
Note: MAT - Marine, Aviation and Transportation

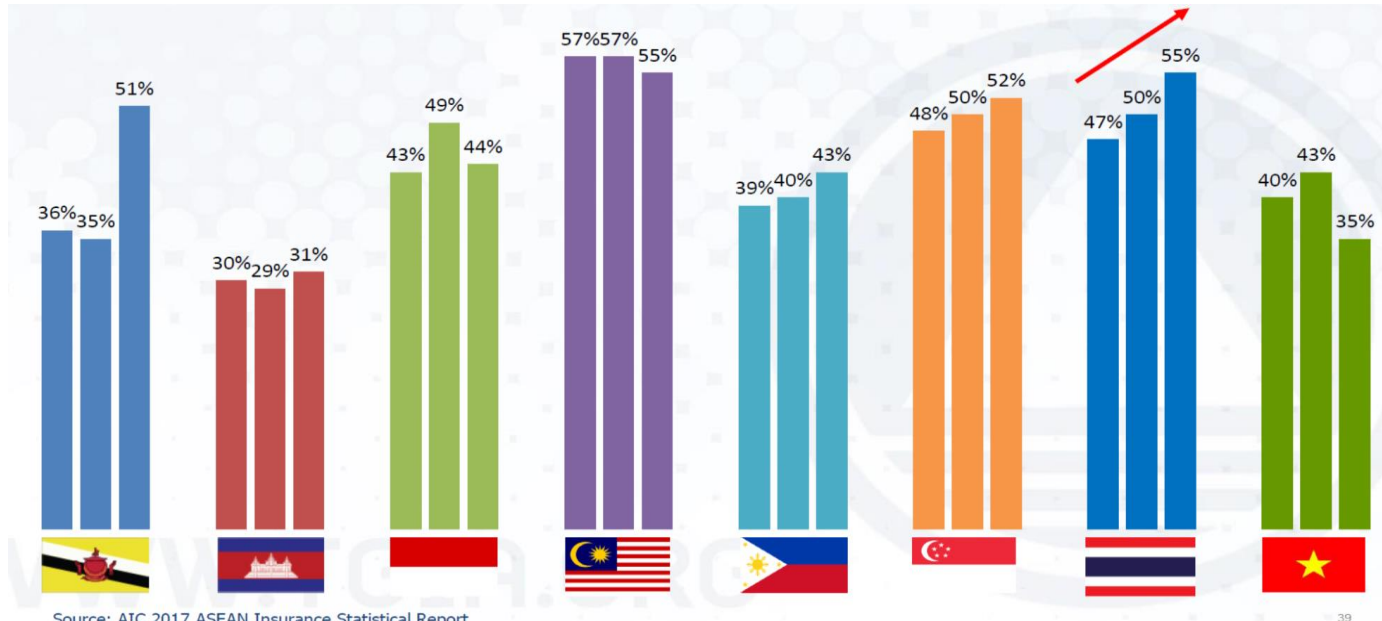
Cambodia – Loss Ratio



Source: Insurance Association of Cambodia

Cambodia – Loss Ratio

Gross Incurred Loss Ratio 2014-2016



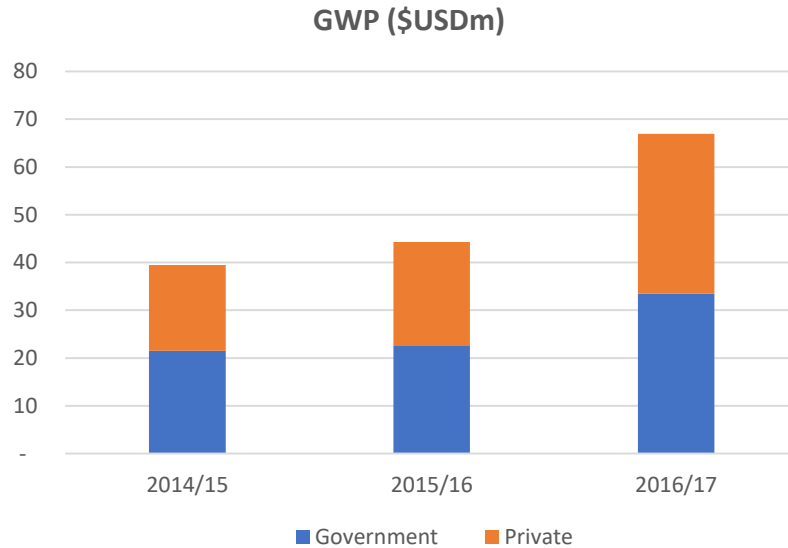
Cambodia – Market Features

- Number of Insurers
 - 13
 - No restriction on foreign ownership
- Distribution Channel
 - The main source of business is Direct
 - Brokers are growing
 - Still working on bancassurance model
- Capital and Solvency
 - Minimum Capital: \$USD 7m
 - Minimum solvency margin: Simple rule based on net premium

Cambodia – Market Features

- Actuarial Requirement
 - Not required
 - Compliance to IFRS 4 does require actuarial input
- Insurance Regulation
 - Being reviewed
 - Working on compulsory motor third party liability insurance

Myanmar – Market Size



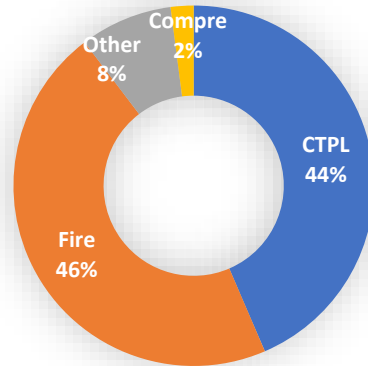
Source: Myanmar 2017 Statistical Yearbook

Note:

- GWP is converted to USD by assuming an exchange rate of 1,300
- GWP for Private Market in 14/15 is assumed to be \$USD18m

Myanmar – Mix of Business

Mix of Business (16/17) - Government

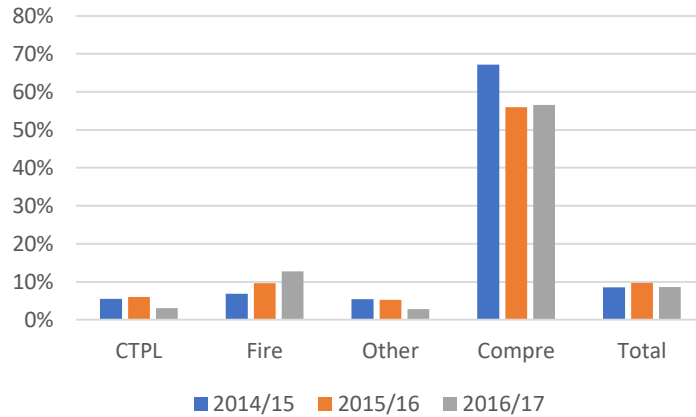


Source: Myanmar 2017 Statistical Yearbook

Note: CTPL - Motor Compulsory Third Party Liability

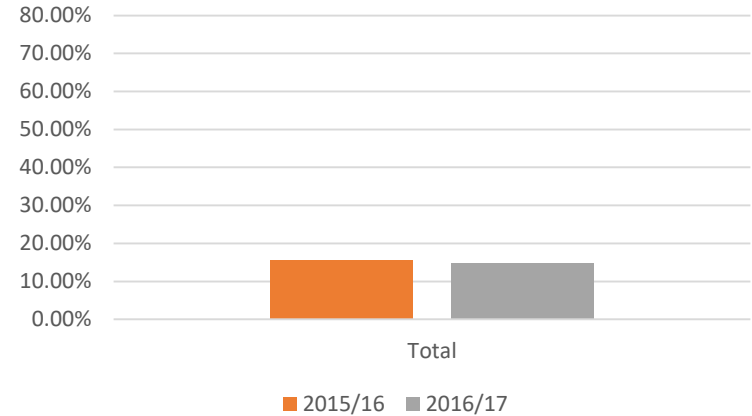
Myanmar – Loss Ratio

Gross Loss Ratio - Government



Source: Myanmar 2017 Statistical Yearbook

Gross Loss Ratio - Private



Source: Myanmar 2017 Statistical Yearbook

Myanmar – Market Features

- Penetration Rate: 0.10% (16/17)
- Number of Insurers:
 - Government
 - 1 State owned composite
 - Private (from June 13):
 - 7 Composite
 - 3 GI
 - 3 foreign owned GI are allowed to operate in the Special Economic Zone only
- **There is control over products sold, coverage, and premium**

Myanmar – Market Features

- Distribution Channel: Direct and agents
- Capital Requirement
 - A minimum capital of MMK40 billion (about USD30 million)
- Actuarial Requirement: No
- Insurance Regulation
 - Basic at the moment

Myanmar – Market Liberation

- Aimed to achieve a competitive market
- 3 local insurers have been approved to set up a JV with foreign insurers
- There is flexibility on product approval
- Insurance regulation is undergoing review

Lao PDR – Market Features

GWP 2017: \$USD60m est.
Penetration rate 2017: 0.33%

- Mix of Business:
 - At least half is from motor insurance, followed by Fire insurance
 - Opportunity for growth in medical insurance
- Motor Third Party Liability is compulsory
- Number of Insurers:
 - 6 GI, and 8 Composite
 - No restriction on foreign ownership
- Distribution Channel: dominated by agents

Lao PDR – Market Features

- Capital and Solvency requirement
 - Minimum capital: \$USD1.8m
 - Insurance reserves: simple % rule on based on premium volume
- Actuarial requirement
 - Only if Additional Risk Reserves (ARR) is required
- Insurance law is being revised
 - Minimum capital is to increase to 30 billion kip
 - Actuarial report is required and is to be prepared by an actuary

The Challenges

- Low insurance awareness and low level of insurance understanding
 - Trust?
- Lack human resources
 - Insurance professionals
 - Technical expertise
 - Attract talent?
- Small market - higher reinsurance rate
- Availability of industry statistics
- Data collection and quality

What can actuaries assist with?

- Product development and pricing
- Provide advice on data collection
- Provide feedback to underwriter and claim manager
 - Performance, portfolio and claim analysis
- Assist the regulator with the regulation changes

Questions?