



INSIGHTS INTO CAMBODIA'S INSURANCE MARKETS – GENERAL AND LIFE

25TH NOV 21, SINGAPORE ACTUARIAL CONFERENCE

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AGENDA

1. Key economic factors
2. Brief summary of the Covid-19's situation
3. Overview of the insurance market in Cambodia
4. Life Insurance
5. General Insurance
6. Impact of Covid-19

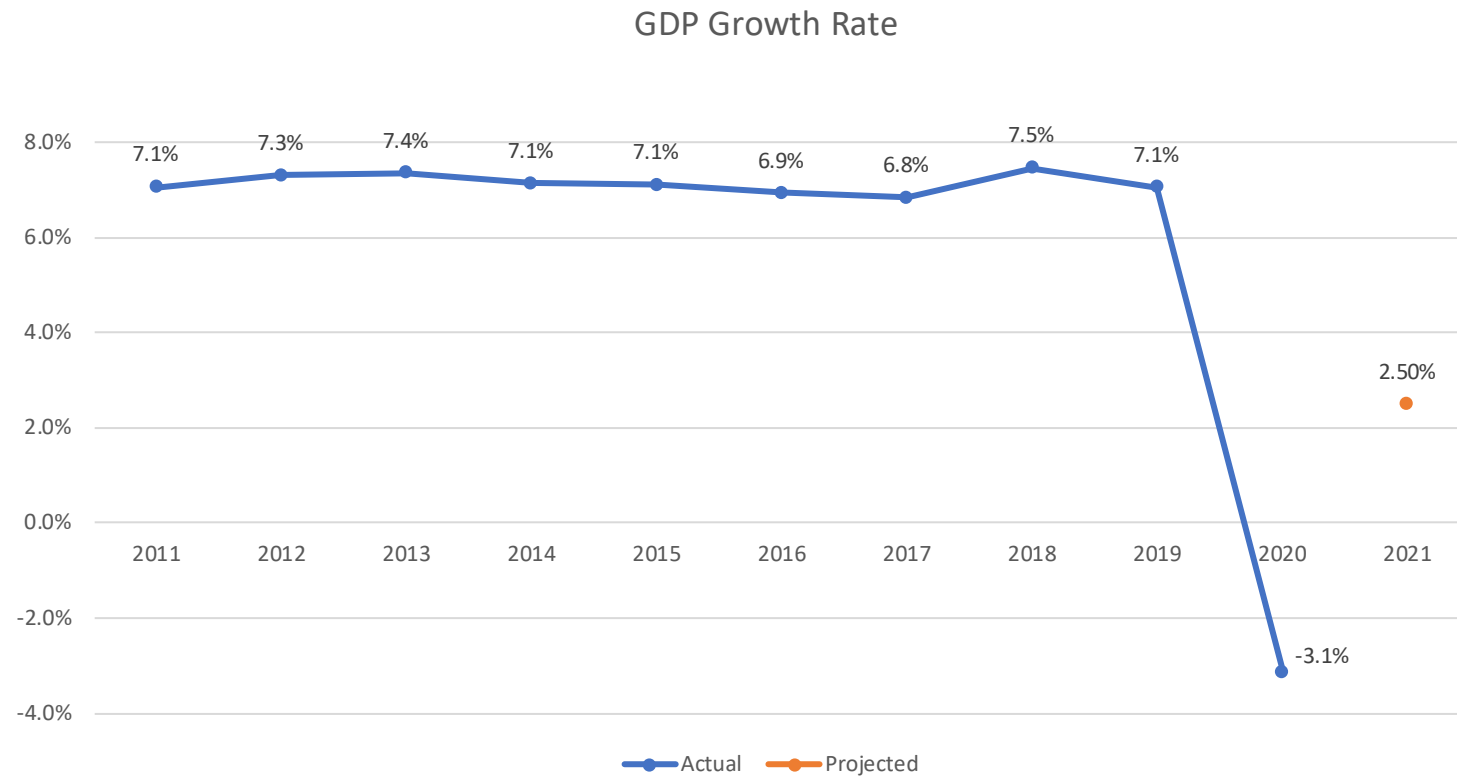
KEY ECONOMIC FACTORS

| | |
|----------------------------|------------|
| GDP | \$25.29 b |
| GDP Per Capita | \$1,512.73 |
| Population | 16.72 m |
| Insurance Penetration Rate | 1.10% |

Year 2020

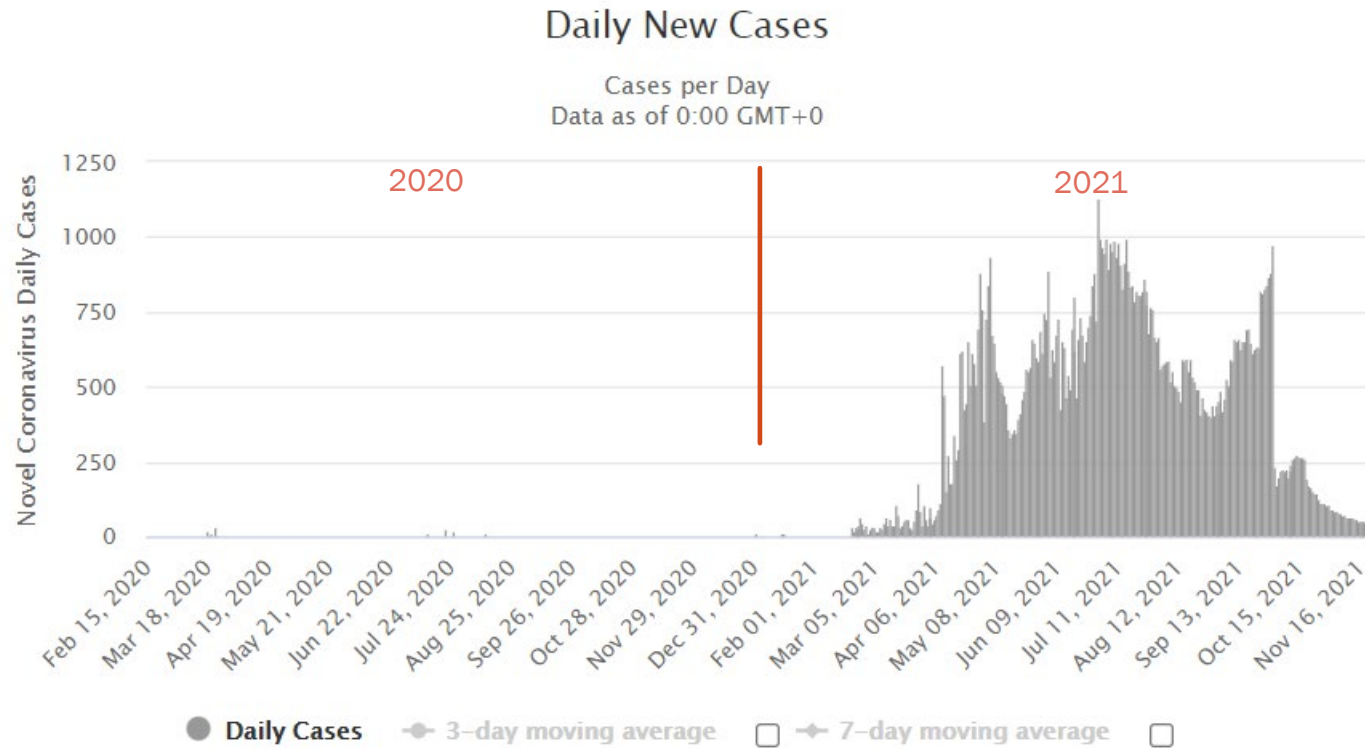
Sources: Worldbank.org, Insurance Association of Cambodia

KEY ECONOMIC FACTORS



Source: Worldbank.org

COVID-19'S SITUATION



Source: [Worldmeters.info](https://www.worldmeters.info)

COVID-19'S SITUATION

| | 2020 | 2021 |
|--------------------|------|-----------|
| Total Cases | 364 | 119,826 * |
| Total Active Cases | 5 | 723 * |
| Death | 0 | 2,896 * |
| Vaccination Rate | 0 | 79% ** |

Sources: [Worldmeters.info](https://www.worldometers.info/), [Ourworldindata.org](https://ourworldindata.org/)

* As at 20th Nov 2021

** As at 17th Nov 2021

COVID-19'S SITUATION

Covid-19 Treatment

- Free treatment by the Government

Measures taken

- Various including some curfews, restrictions on the operation of certain high risk businesses such as Club and KTV.
- Compulsory 2 weeks quarantine for travellers was implemented since April 2020
- A **lockdown** lasted 2 weeks in April 2021
- **November 2021**
 - All businesses have been allowed to operate
 - No more quarantine for vaccinated travellers

OVERVIEW OF THE INSURANCE MARKET

Market Size and Number of Players

| | Number* | Gross Premium (\$m) 2020 - Full year | Gross Premium (\$m) 2021 - 3 Qtrs |
|------------------|---------|-----------------------------------------|--------------------------------------|
| General Insurers | 17 | \$113.8 | \$94.1 |
| Life Insurers | 12 | \$151.1 | \$126.5 |
| Micro Insurers | 5 | \$5.4 | \$3.2 |
| Reinsurer | 1 | | |
| Total | 35 | \$270.3 | \$223.8 |

Source: Insurance Association of Cambodia

OVERVIEW OF THE INSURANCE MARKET

Client Type

- Life: almost 90% of the market relates to **individual** clients
- General: mainly **corporate** (rough estimate: 75% of the market)

Options for Investment

- Predominantly fixed term deposit
- Very limited supply of corporate bonds

Capital and Solvency

- Minimum Capital: \$USD 7m
- Minimum solvency margin: Simple rule based on net premium

OVERVIEW OF THE INSURANCE MARKET

Actuarial Requirement

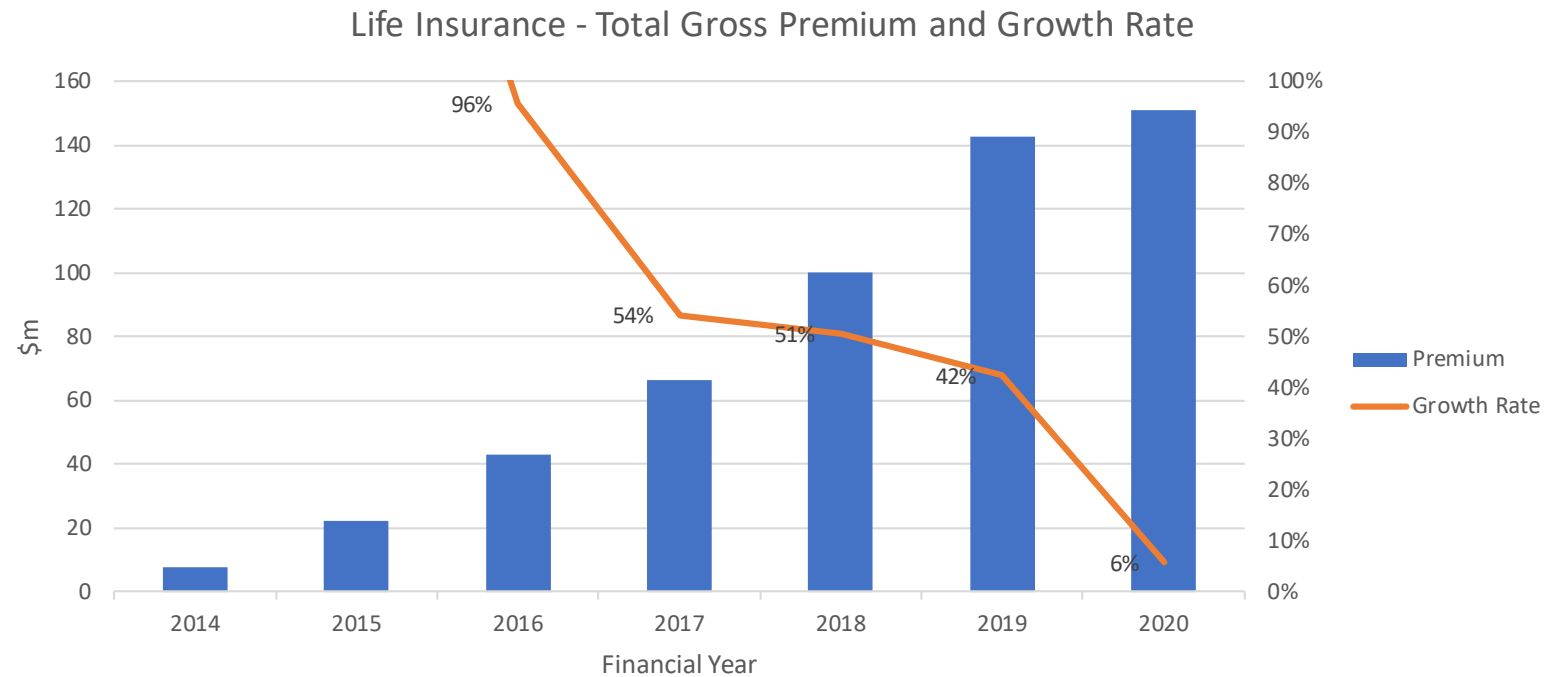
- Life: Appointed Actuary is required
- General: No requirement for an Appointed Actuary
- Compliance to IFRS 4 implies actuarial input

Insurance Regulation

- Sub-Decree on Insurance is being revised
- The first Prakas on the reserving might be available soon

LIFE INSURANCE

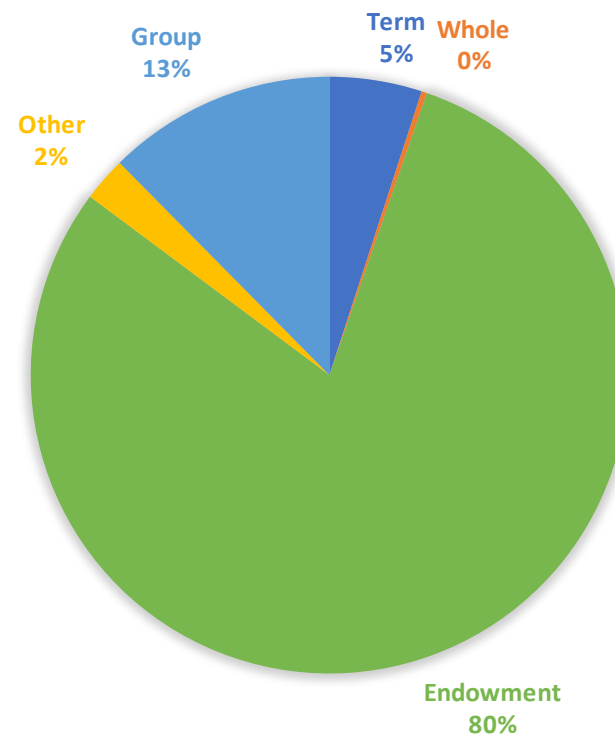
Market Size Development



Source: Insurance Association of Cambodia

LIFE INSURANCE

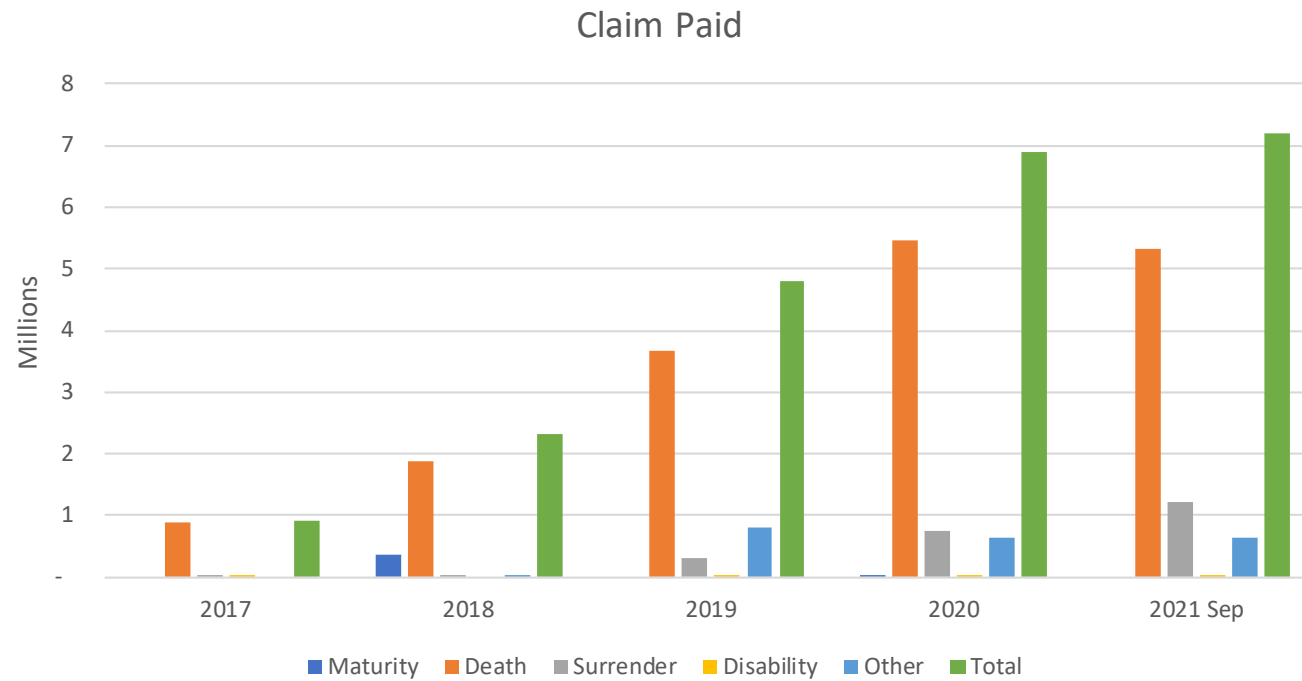
Mix of Business



Source: Insurance Association of Cambodia

LIFE INSURANCE

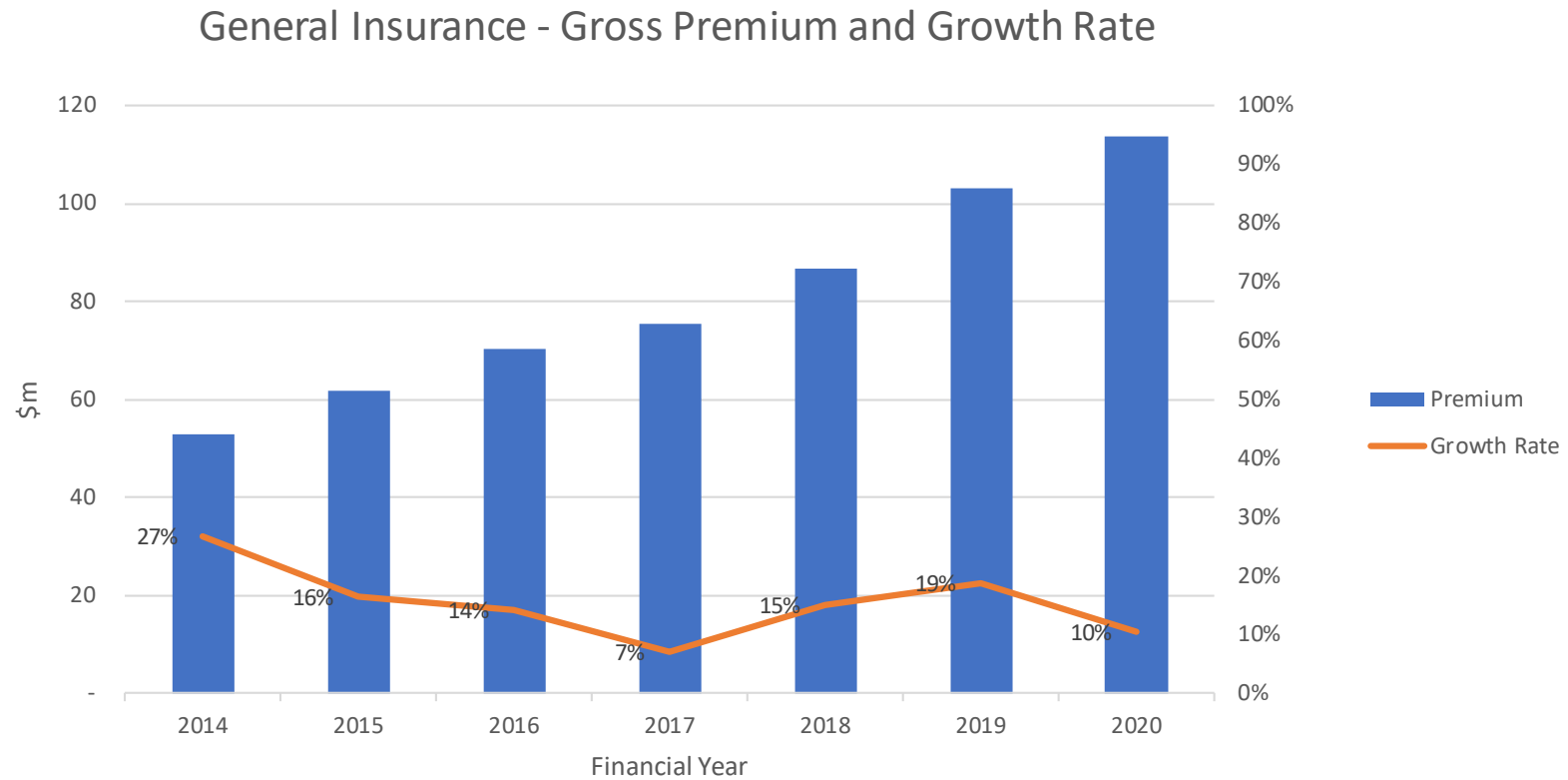
Claim Paid



Source: Insurance Association of Cambodia

GENERAL INSURANCE

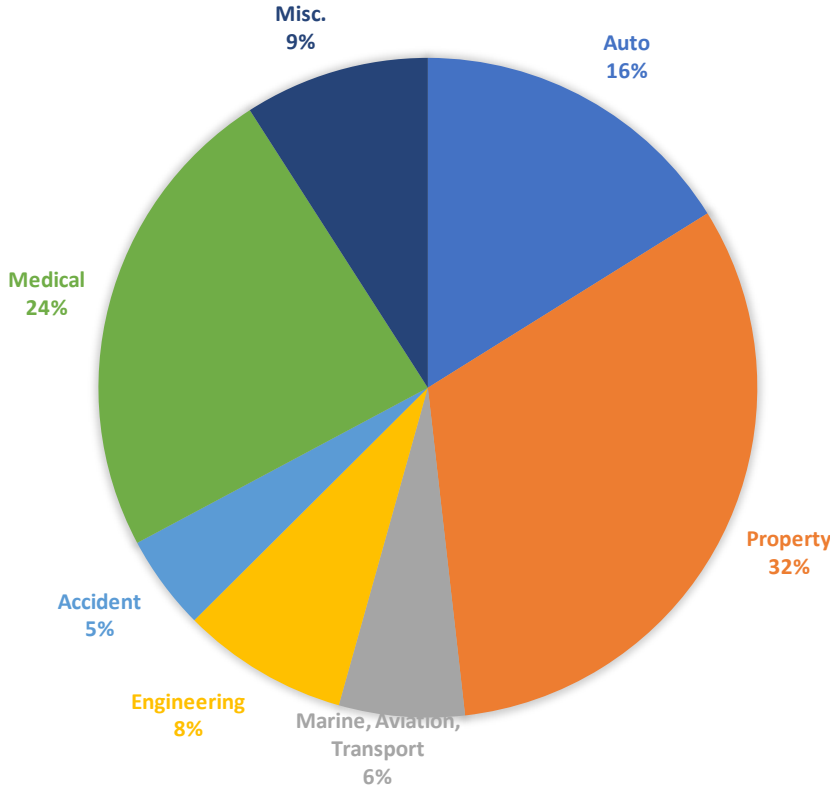
Market Size Development



Source: Insurance Association of Cambodia

GENERAL INSURANCE

Mix of Business

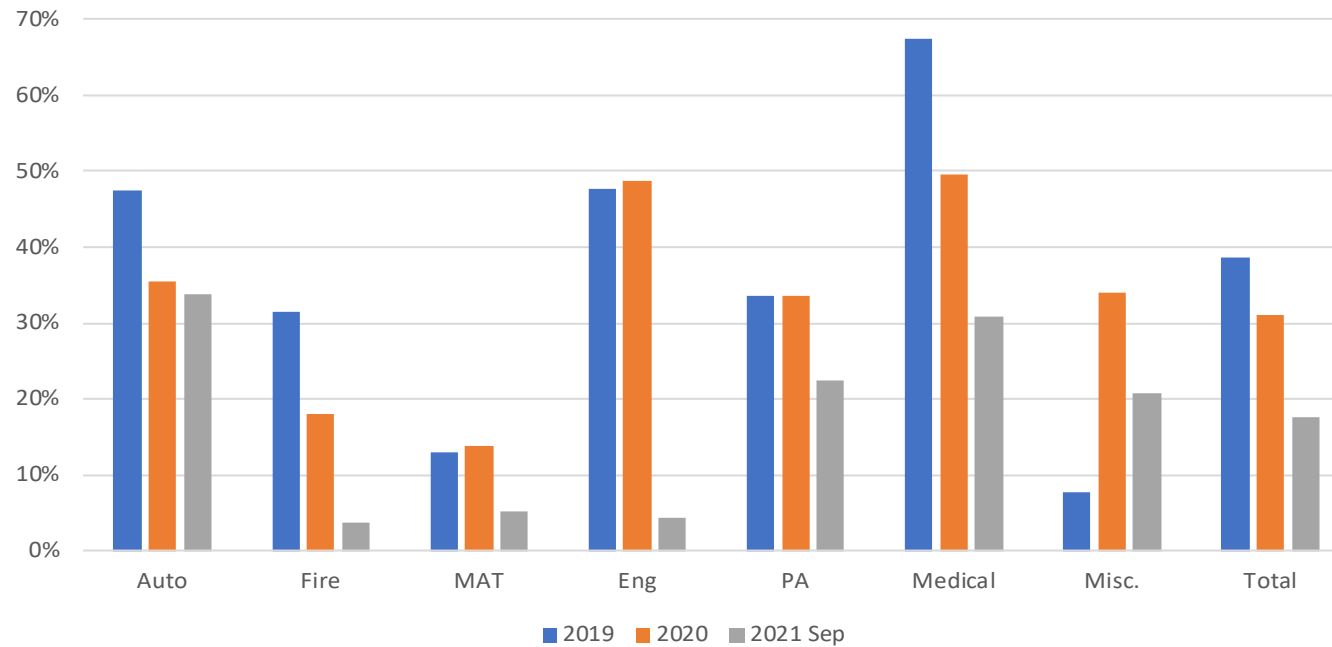


Source: Insurance Association of Cambodia

GENERAL INSURANCE

Gross Loss Ratio

Gross Loss Ratio By Class of Business

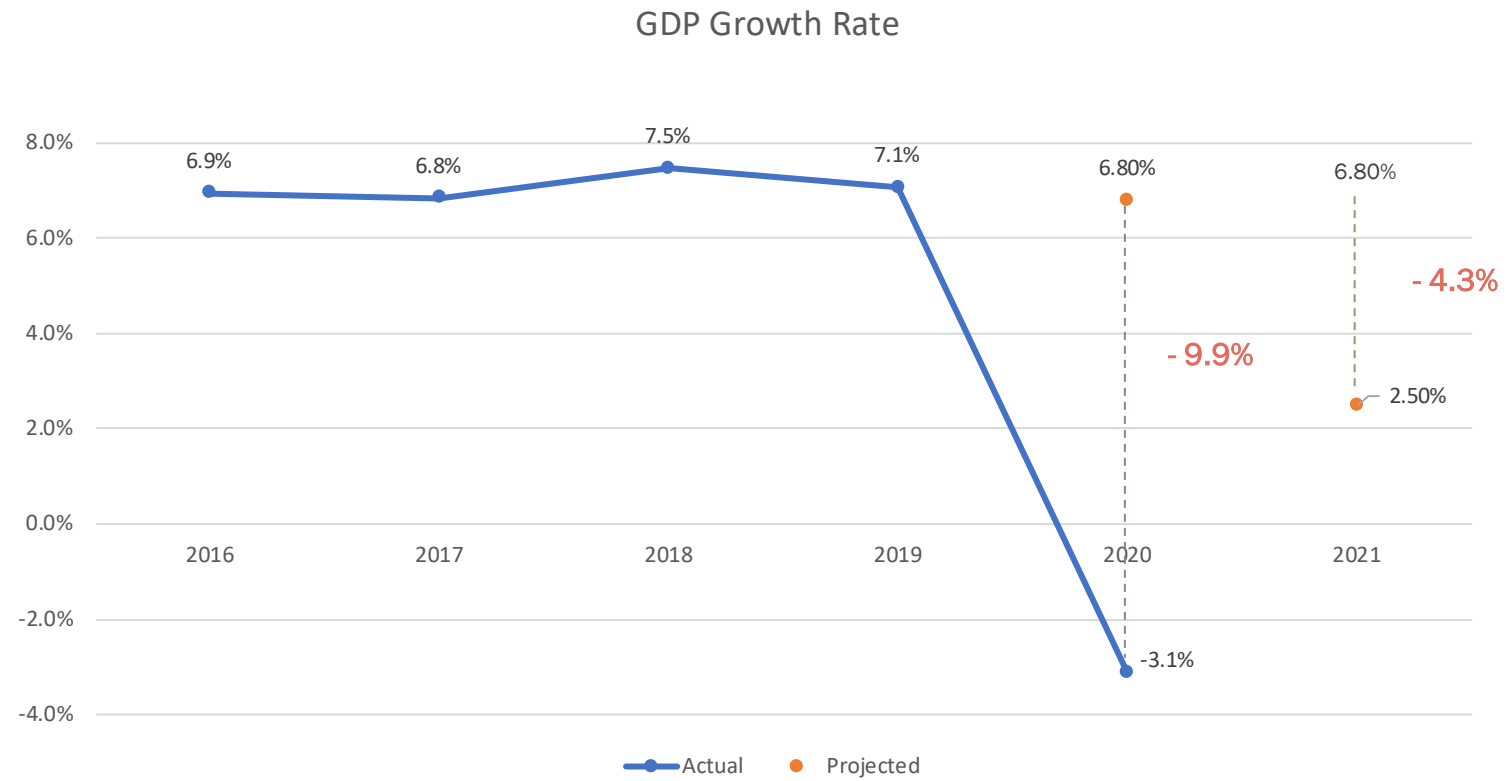


Source: Insurance Association of Cambodia

Note: Gross Loss Ratio= Incurred Costs/Written Premium

IMPACT OF COVID-19

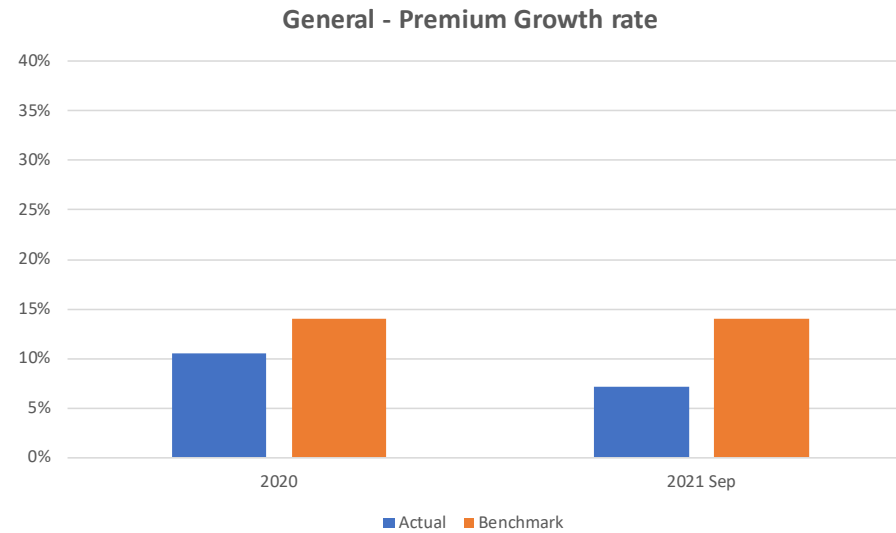
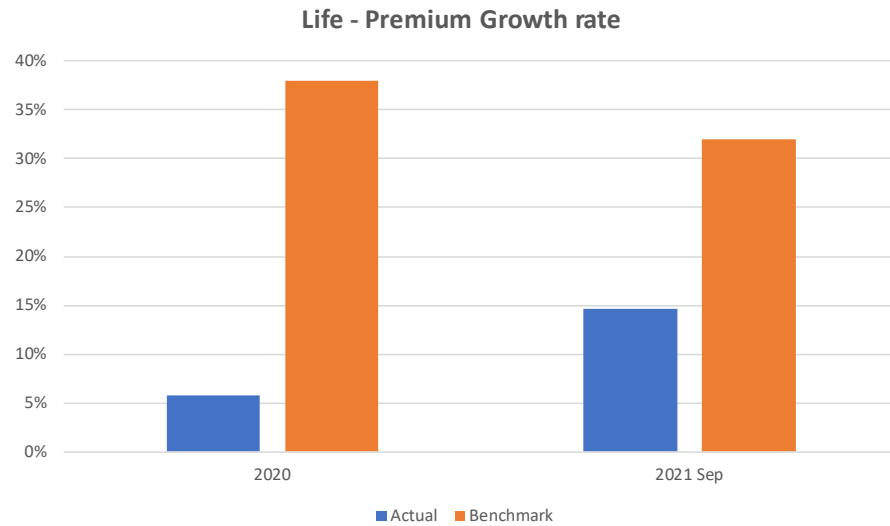
Economy



Source: Worldbank.org

IMPACT OF COVID-19

Insurance Market



Note: Benchmark growth rate is estimated by a simple extrapolation from the growth rate in 2017 to 2019

IMPACT OF COVID-19

Claim Experience

| Life | General |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">- No obvious impact on death claim- Some evidence of higher policy surrender | Favourable claim experience in <ul style="list-style-type: none">- Motor- Medical- Accident |

IMPACT OF COVID-19

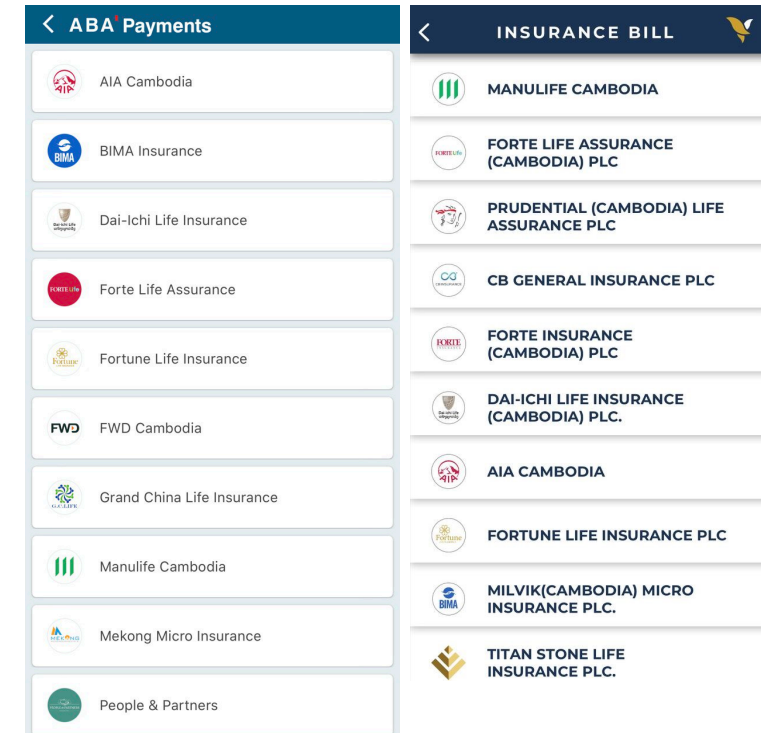
Moving to “Work From Home”

- Some practical challenges
 - Availability of laptop
 - Suitability of employee’s home to have a comfortable home office
 - Availability of home’s wifi, and also internet/wifi speed
 - Slower processing speed, especially for companies who still manually process claims and policies (affect general insurers more than life insurers)

IMPACT OF COVID-19

Digital Transformation

- Life: there was an urgent move to
 - Making premium payment available via bank app
 - E-submission for proposal form
- Increased utilisation of online communication channels
 - Team and Zoom
 - **Telegram** (similar to Whatsapp)
- Digital products introduced
 - Covid-19 Insurance Consortium
 - Some simple products have been offered by some life insurers
- Claim Payment Mode
 - There has been some flexibility on payment being made via bank transfer instead of cheque



IMPACT OF COVID-19

Digital Transformation

- Other notable changes
 - **Bakong**, an all-in-one mobile payment and banking app was introduced in Oct 2020. It also enables interbank transfers.
 - Substantial increase in utilization of QR code payment and online bank transfer (mobile app)
 - Food Delivery Apps; a booming business
 - More online shopping including via Facebook/Instagram

What is the implication on insurance market ??



IMPACT OF COVID-19

Actuaries

- Travel restrictions
 - All actuaries based in Cambodia are from overseas (except for myself)
- Holding the actuarial team together in the WFH environment
- Pricing Covid-19 related products
- Challenges with recruiting foreign staff where required



Q & A