

# VIETNAM INSURANCE MARKET

## *Turning opportunities into growth*

*1st National Reinsurers Summit*  
*Moscow – September 20-21, 2018*

# NUMBER OF COMPANIES IN THE MARKET



	2012	2013	2014	2015	2016	2017
<b>No. of companies</b>	<b>57</b>	<b>59</b>	<b>61</b>	<b>61</b>	<b>63</b>	<b>64</b>
Non-life insurance	29	29	30	30	30	30
Life insurance	14	16	17	17	18	18
Reinsurance	2	2	2	2	2	2
Insurance broker	12	12	12	12	13	14

<b>Year 2017</b>	<b>Domestic</b>	<b>Joint venture</b>	<b>Foreign-owned</b>	<b>Total</b>
<b>No. of companies</b>	<b>29</b>	<b>5</b>	<b>20</b>	<b>64</b>
Non-life insurance	17	3	10	30
Life insurance	1	2	15	18
Reinsurance	2	0	0	2
Insurance broker	9	0	5	14

Source: Insurance Supervisory Authority

# MARKET SIZE

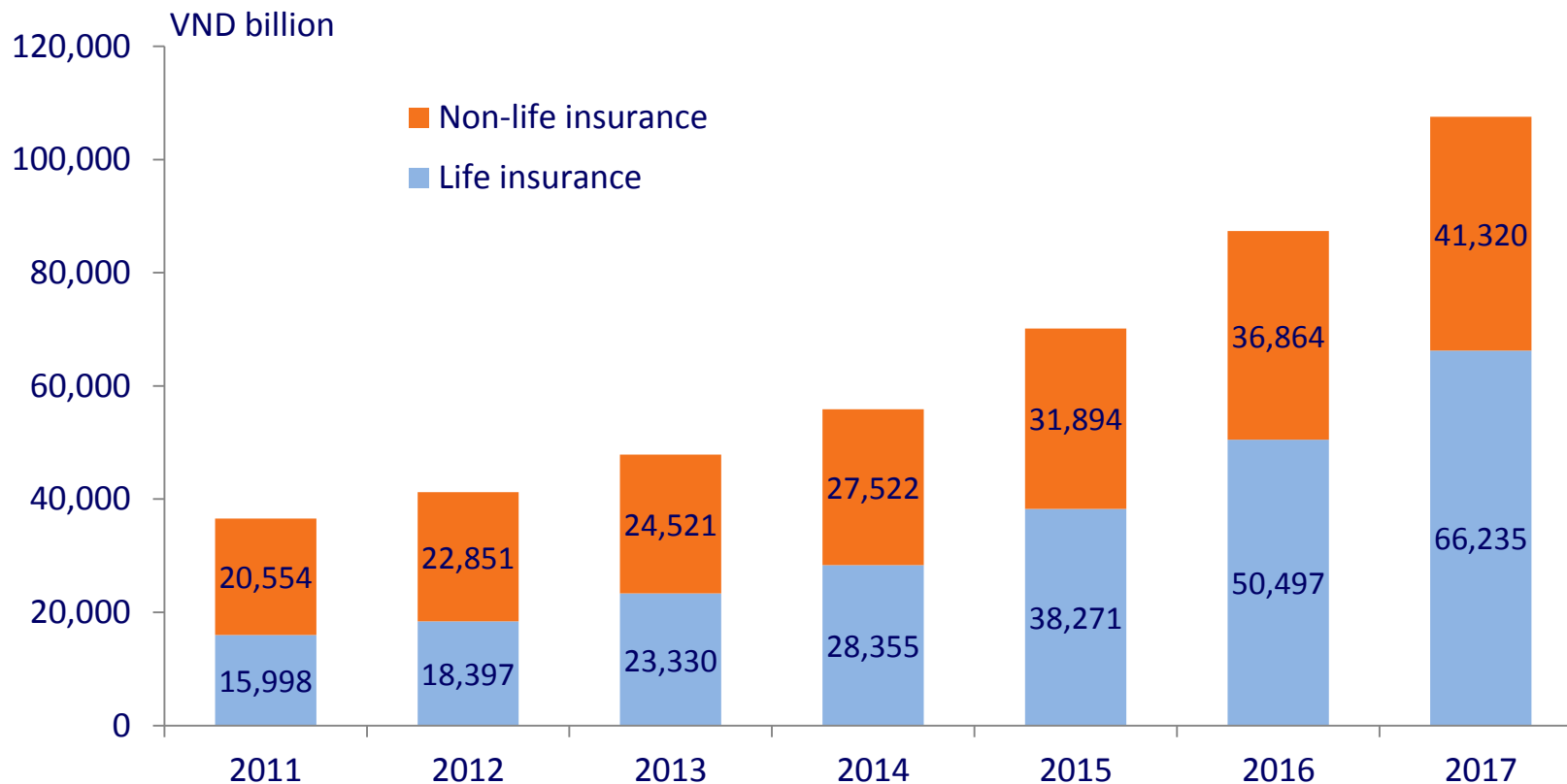


Unit: VND billion

	2011	2012	2013	2014	2015	2016	2017
<b>Premium</b>	<b>36,552</b>	<b>41,248</b>	<b>47,851</b>	<b>55,877</b>	<b>70,165</b>	<b>87,361</b>	<b>107,555</b>
Non-life insurance	20,554	22,851	24,521	27,522	31,894	36,864	41,320
Life insurance	15,998	18,397	23,330	28,355	38,271	50,497	66,235
<b>Premium/ GDP (%)</b>	<b>1.44%</b>	<b>1.42%</b>	<b>1.30%</b>	<b>1.42%</b>	<b>1.67%</b>	<b>1.94%</b>	<b>2.15%</b>
Non-life insurance	0.81%	0.79%	0.70%	0.70%	0.76%	0.82%	0.83%
Life insurance	0.63%	0.63%	0.60%	0.72%	0.91%	1.12%	1.32%
<b>Equity</b>	<b>31,675</b>	<b>32,842</b>	<b>36,784</b>	<b>41,937</b>	<b>45,346</b>	<b>52,720</b>	<b>66,035</b>
Non-life insurance	16,430	17,250	17,380	18,539	21,633	23,567	25,314
Life insurance	15,245	15,592	19,404	23,398	23,713	29,153	40,721
<b>Technical reserve</b>	<b>61,878</b>	<b>69,393</b>	<b>79,289</b>	<b>95,222</b>	<b>119,540</b>	<b>144,817</b>	<b>190,555</b>
Non-life insurance	11,770	12,000	12,090	13,309	15,680	18,959	23,367
Life insurance	50,108	57,393	67,199	81,913	103,860	125,858	167,188

Source: Insurance Supervisory Authority

# GROSS WRITTEN PREMIUM



Average growth (2011-2017): 20% p.a

Life insurance: 27% p.a

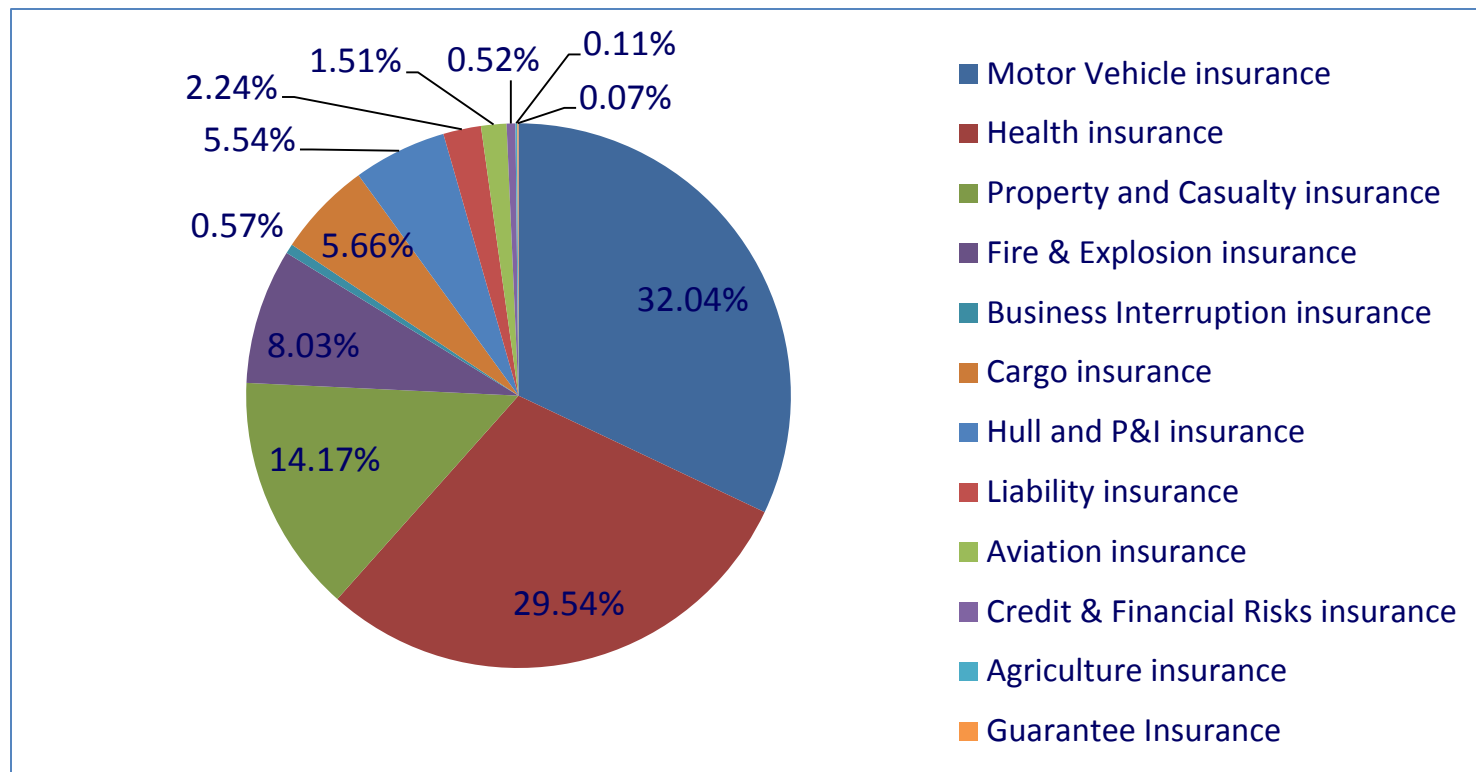
Non-life insurance: 12% p.a

Source: Insurance Supervisory Authority

# NON-LIFE INSURANCE



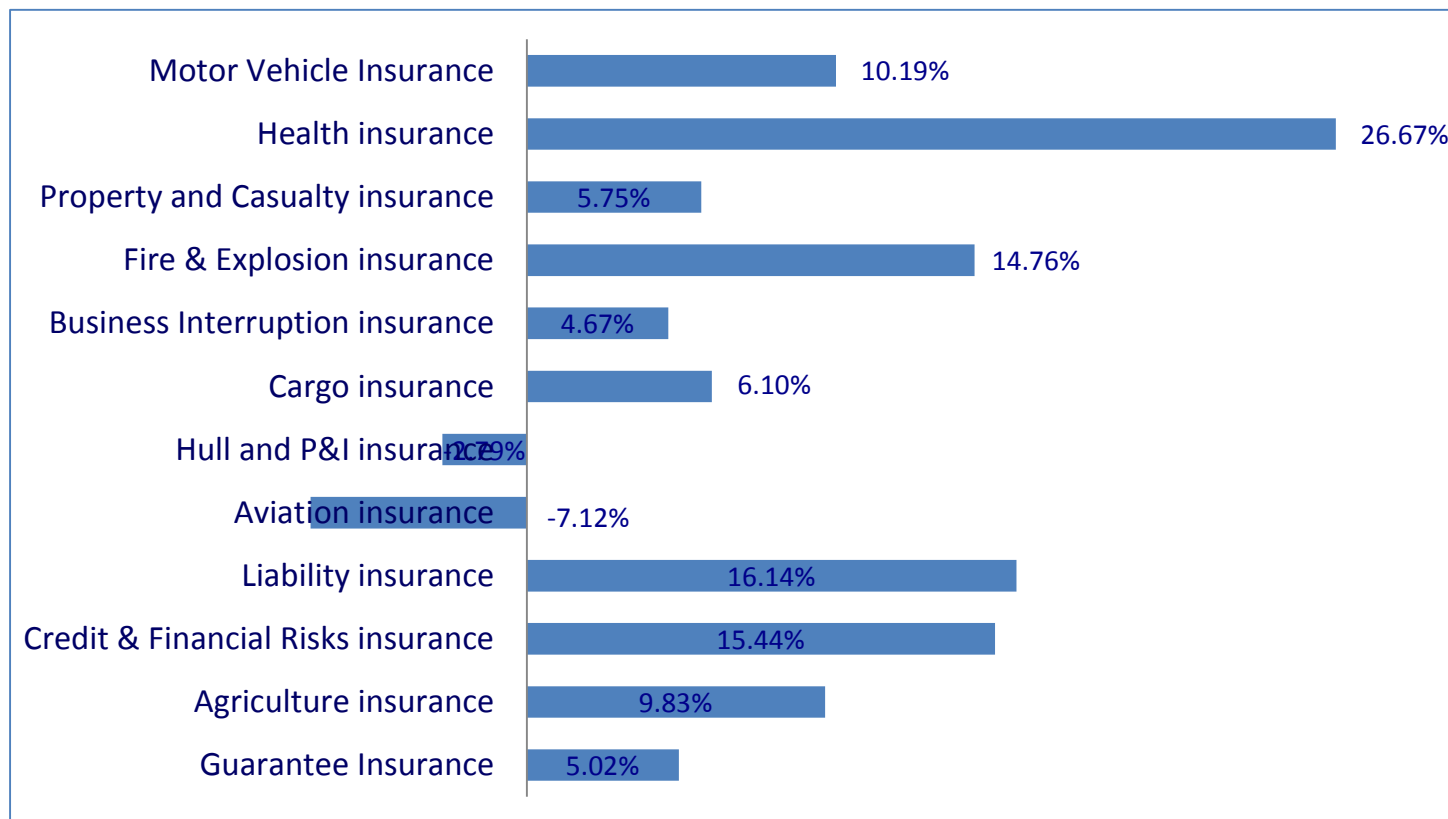
## Distribution of Gross Insurance Premium by Line of Business 2017



# NON-LIFE INSURANCE

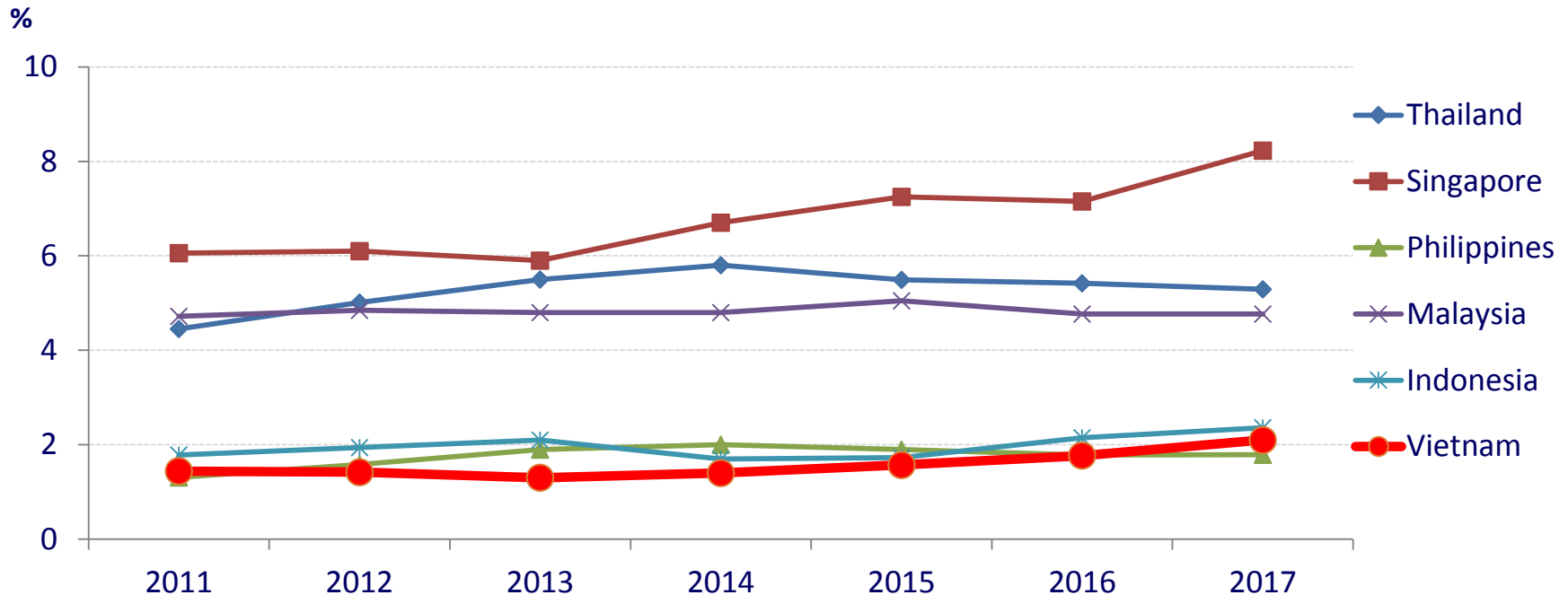


## Growth by Line of Business 2017



# INSURANCE PENETRATION

## Vietnam vs. other countries in the region



- Vietnam is among the countries with low insurance penetration rate.
- Market potential is regarded as considerable for life insurance sector (population size, improvement in quality of life) and non-life sector (positive outlook for economic development, state investment and foreign investment, etc.)

# OPPORTUNITIES & CHALLENGES



## Opportunities

- Vietnam socio-economic conditions remain favorable – steadily growing economy and stable political environment.
- Global integration through free trade agreements.
- The regulatory environment is continually improving.
- More government supported schemes are promoted and deployed.
- High potential market with great demand for re/insurance products, above average insurance growth rate and still relatively low market penetration.
- Significant protection gap
  - Lots of opportunities for new product development (e.g. Credit insurance, Liability insurance, Inherent Defects insurance, etc.)
  - The most prominent protection gaps in Vietnam are related to Agriculture and to Natural Catastrophe.

## Challenges

- Unhealthy competition in the market (e.g. widening terms and conditions, undercutting premium rate, etc.)
- Lack of awareness of insurance products
- Emerging risks such as social unrest and more unknown
- Lack of efficient tools for Natural Catastrophe risks



# MARKET OUTLOOK 2018



- Economic outlook
  - World economy is forecast to grow by 3.1%\*
  - Vietnam's GDP growth target in 2018: 6.7%, inflation: 4%\*\*
- Vietnam insurance market growth forecast: 20%\*\*\*
- Economic growth will continue to drive the development of insurance industry.
- Government-supported insurance schemes are further deployed and expected to be one of the major drivers for the non-life market growth.
  - Fishing Boat Insurance Scheme to be extended to 2020, new Decree on Agriculture Insurance to take effect from mid 2018, schemes related to Public Assets insurance and Nat Cat insurance to be further promoted, etc.
- The burst of M&A activities is expected to continue through 2018.
- Bancassurance continues to be the main distribution channel of almost all insurers, not only for retail products but also for commercial insurance such as Property and Engineering.
- IT improvement will be focused to enhance customer service management.

Source: \*World Bank press release – 5 June 2018

\*\*VnEconomy

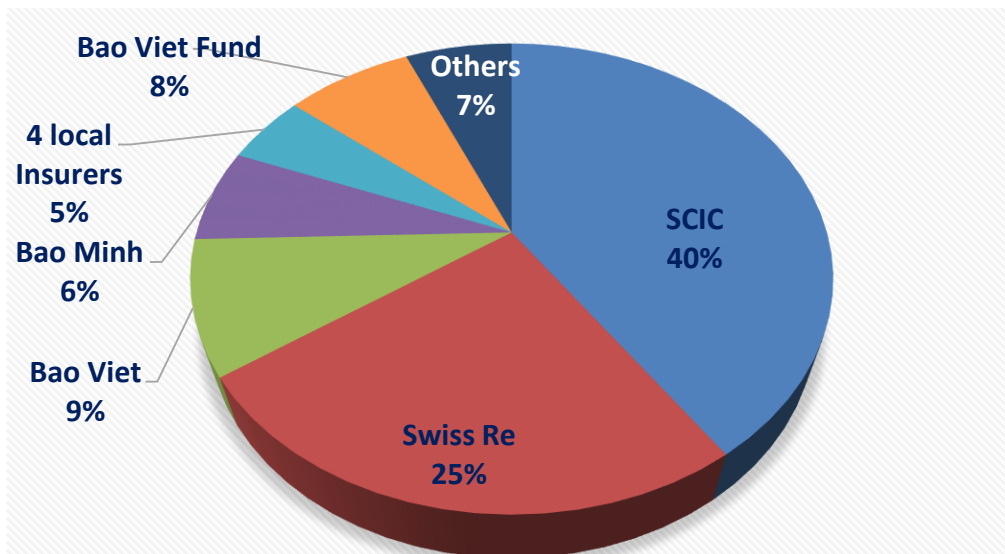
\*\*\* Insurance Supervisory Authority – Ministry of Finance

*We, Vietnam National Reinsurance Corporation (VINARE) suit ourselves best to that encouraging but challenging environment,*

# VINARE – IN BRIEF



- VINARE was established in 1994 as the leading reinsurer in the domestic market.
- VINARE's head office is in Hanoi and a branch in HCMC with nearly 100 employees.
- VINARE has been listed on Hanoi Stock Trading Centre since 2006 as one of the first state-owned enterprises.
- Rating: Financial Strength Rating of B++ (Good) and Issuer Credit Rating of "bbb+" assigned by A.M. Best.



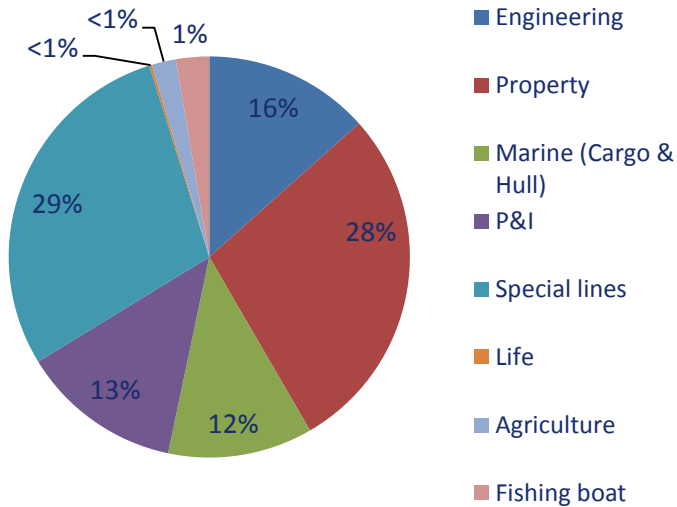
- VINARE's two largest shareholders are State Capital Investment Corporation (SCIC) - an investment arm of the government and Swiss Re, strategic partner since 2008.
- Total assets as at 30/06/2018: VND 6,736bn (USD289mn)
- Equity as at 30/06/2018: VND 2,826bn (USD121mn)



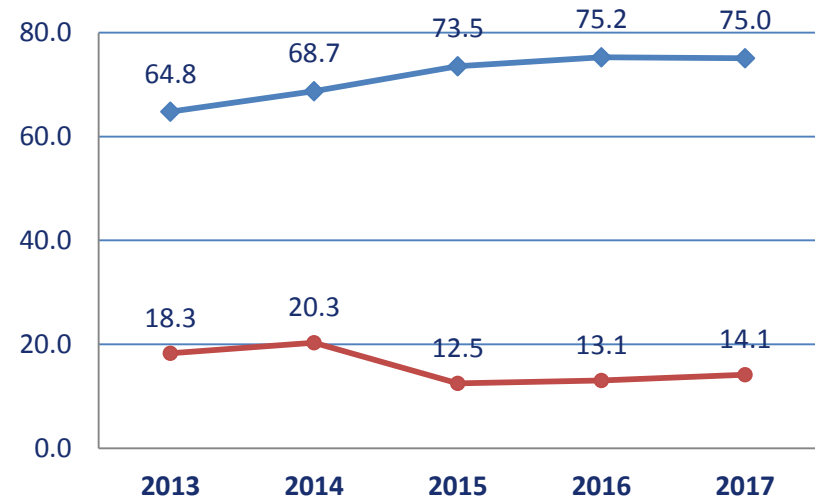
# VINARE - HIGHLIGHTS



### GWP 2017 by lines



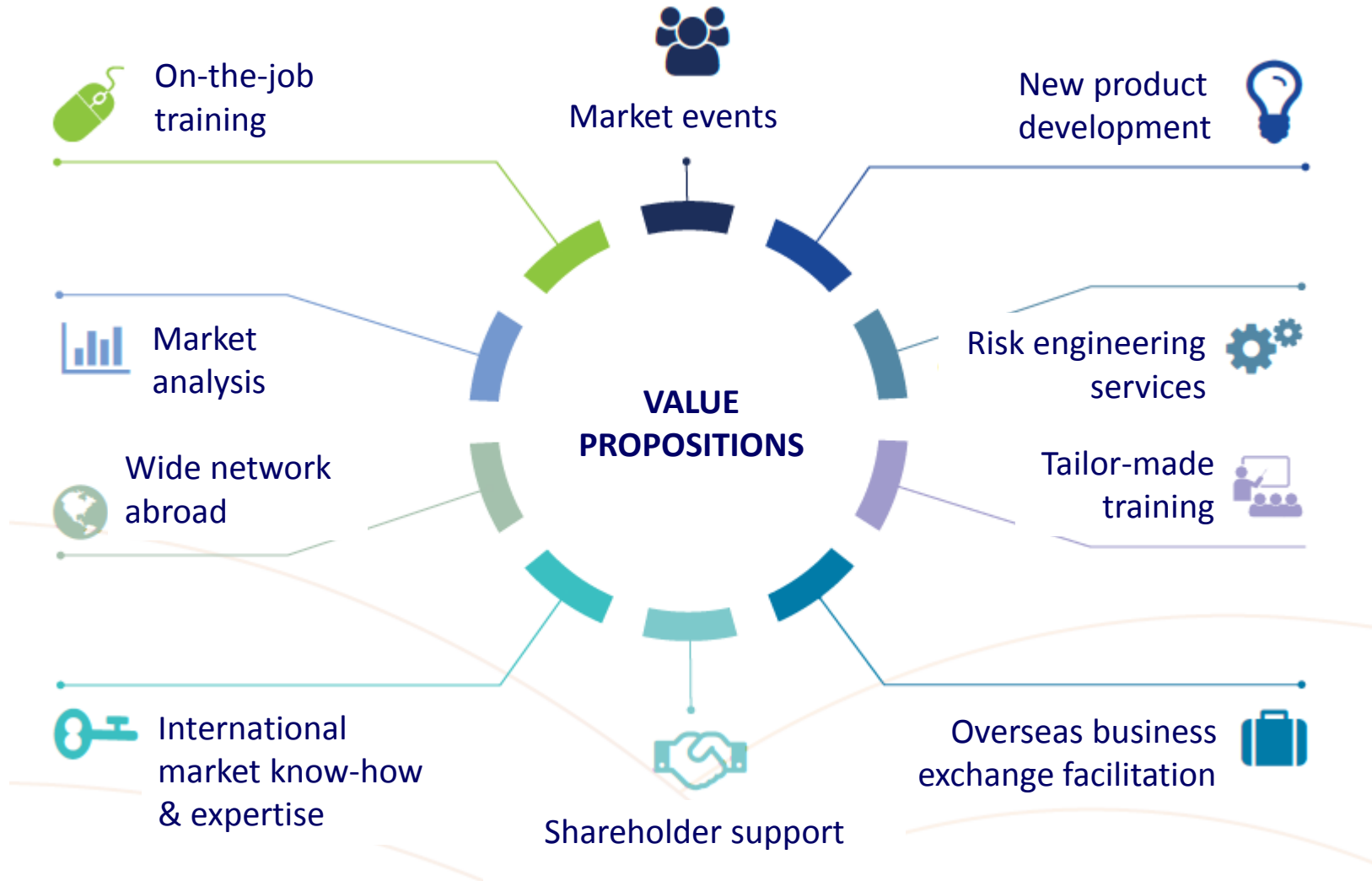
### GWP and Pre-tax profit (Unit: USD mn)



## As the leading local reinsurer in Vietnam

- VINARE provides long-term solutions and services of international quality domestically and regionally.
- VINARE supports the insurance industry for sustainable market growth with enhanced and stable profitability.
- VINARE assumes social responsibility to support the socio-economic development and international competitiveness of Vietnam.
- Besides traditional business, VINARE is driving initiatives in cooperation with partners to develop new products (e.g. Cancer insurance) and new areas (e.g. Nat Cat insurance) for the whole market.

# VINARE IN VIETNAM INSURANCE MARKET



# VINARE'S ROLE IN GOVERNMENT SUPPORTED INSURANCE SCHEMES



VINARE assists the Insurance Supervisory Authority, Ministry of Finance (MOF) in developing an efficient regulatory framework for the sustainable development of the industry and the society. In this context, VINARE was mandated to lead the implementation of national insurance schemes sponsored by the government including:

- **Agriculture insurance**
  - The government subsidized Agriculture Insurance Pilot program was deployed from 2011 to 2013. In 3 years, the program was deployed in 20 provinces with the participation of 304,017 farmer households and agriculture production organizations. VINARE was mandated as the reinsurer for the program (with retrocession support from our strategic partner Swiss Re).
  - The government has reviewed the pilot results and decided to expand the program by promulgating a new Decree on Agriculture insurance which takes effect from 05/06/2018.
- **Fishing Boat insurance**
  - The government supported scheme of fishing boat insurance was officially launched in October 2014 with the participation of 4 largest local insurers. VINARE had 20% share in each and every issued policies.
  - The scheme was expired end of 2016 and then extended to 2020.
- **Nat Cat insurance**
  - VINARE is now in close contact with the international organizations (ADB, World Bank..) to promote the Natural Catastrophe insurance solutions to the market.
- **Public Assets insurance**
  - VINARE is actively working with Insurance Supervisory Authority, MOF to promote public assets insurance and to best position ourselves as major partners for upcoming schemes.

# OPPORTUNITIES FOR COOPERATION AMONG NATIONAL REINSURERS



- Reciprocal business exchange
- Market information and know-how exchange (e.g. workshop, conference, staff training etc..)
- Cooperation in developing natural disaster financing and insurance solutions
  - Promotion of Nat Cat risk pooling arrangements among local insurers on voluntary basis and with international reinsurance support
- Cooperation in developing new products which would facilitate an improvement of insurance industry in each country and create bigger role for national reinsurers to contribute to economic development.
- Cooperation for technical assistance, capacity building and international retrocession arrangement.

**THANK YOU**