VIET NAM INSURANCE MARKET IN 2022

INSURANCE SUPERVISORY AUTHORITY

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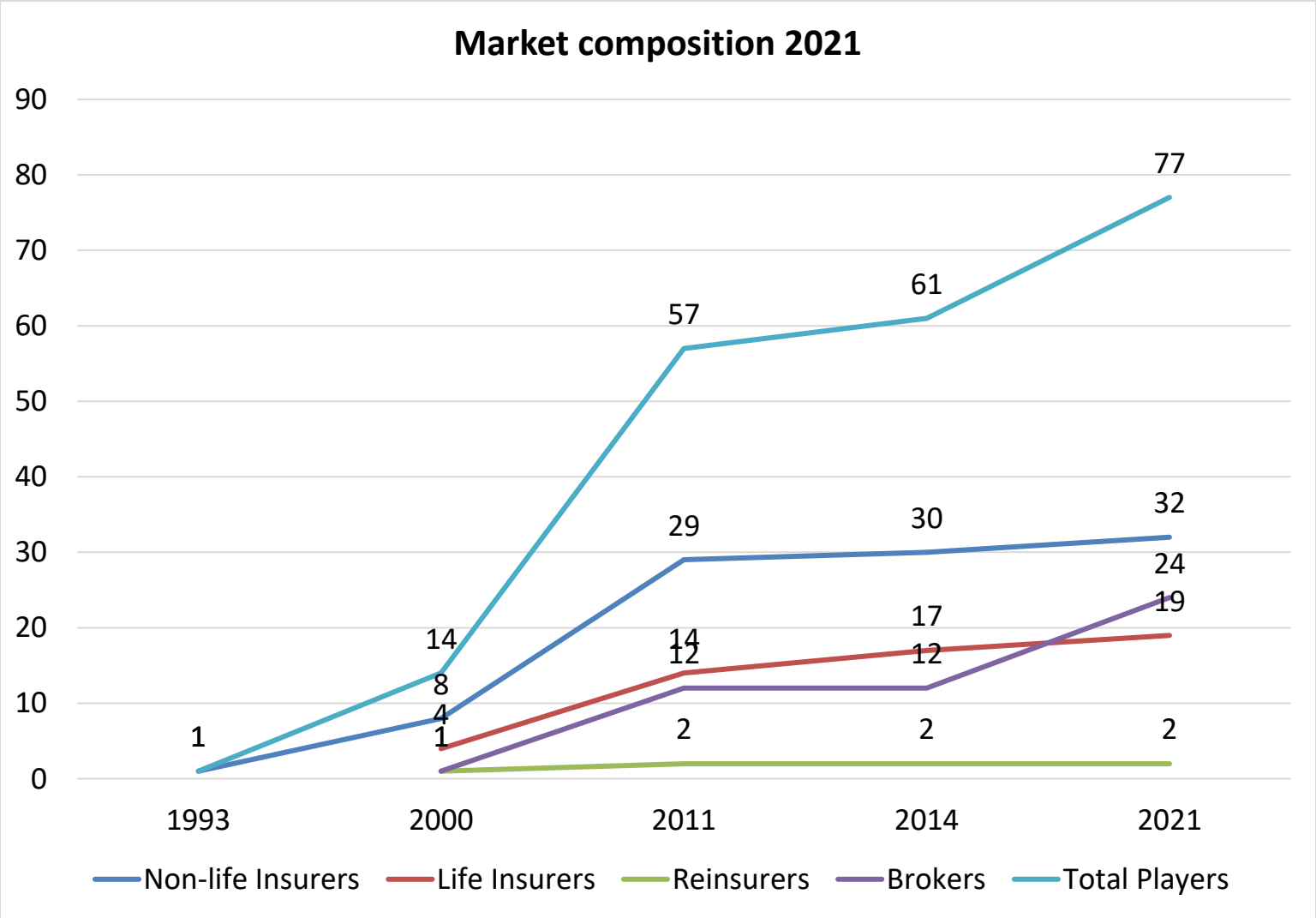
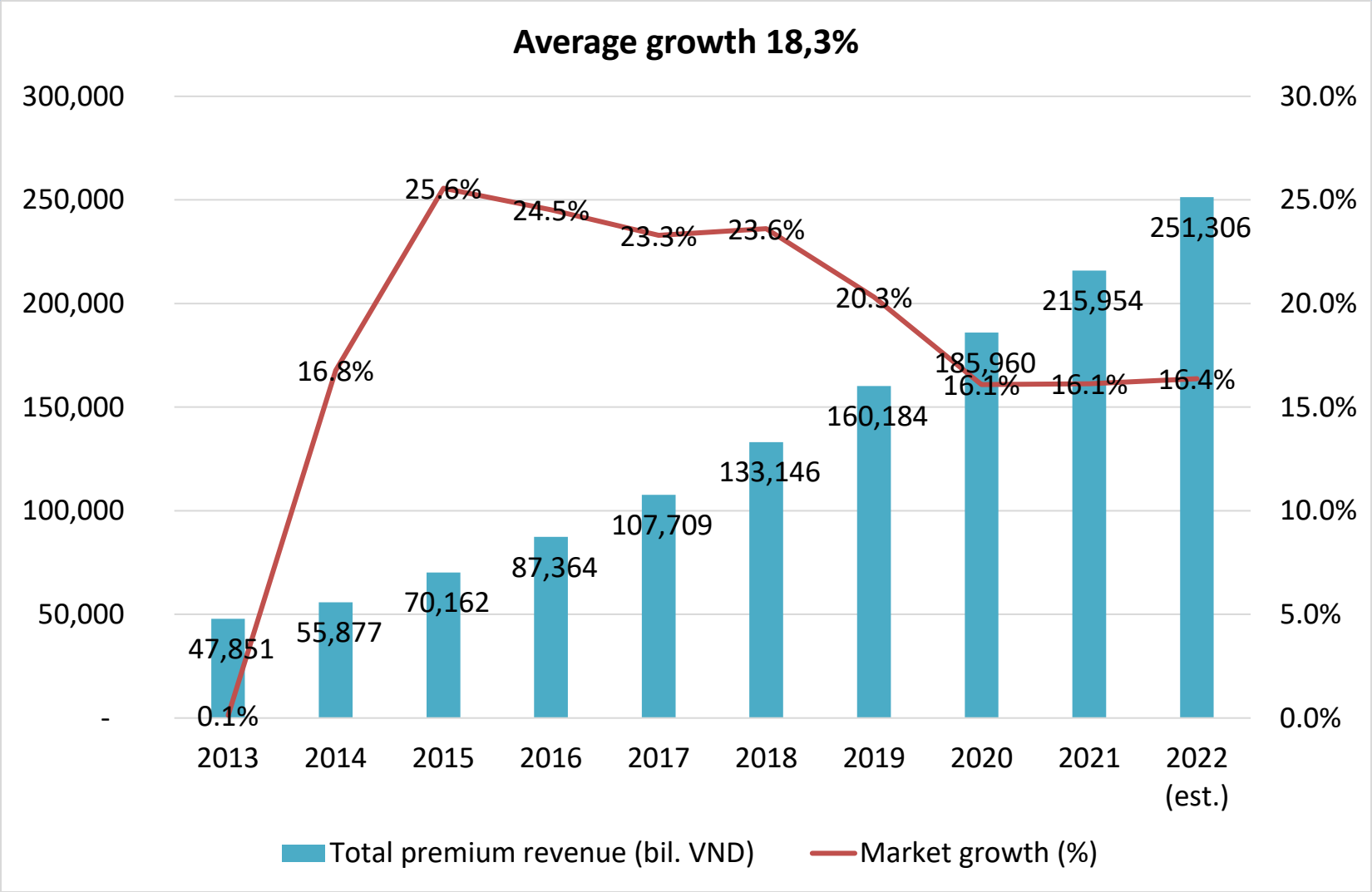
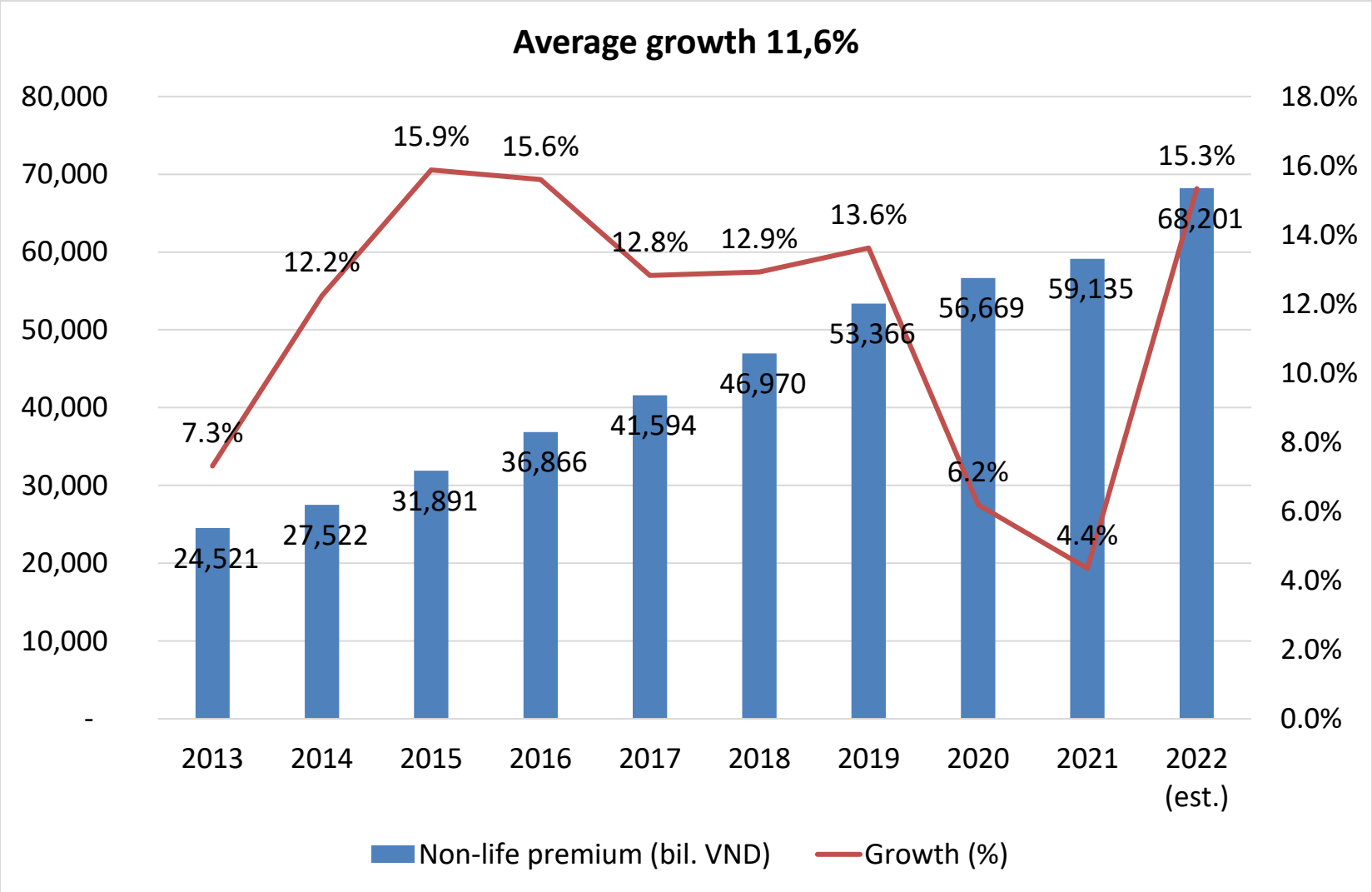
I. MARKET OVERVIEW

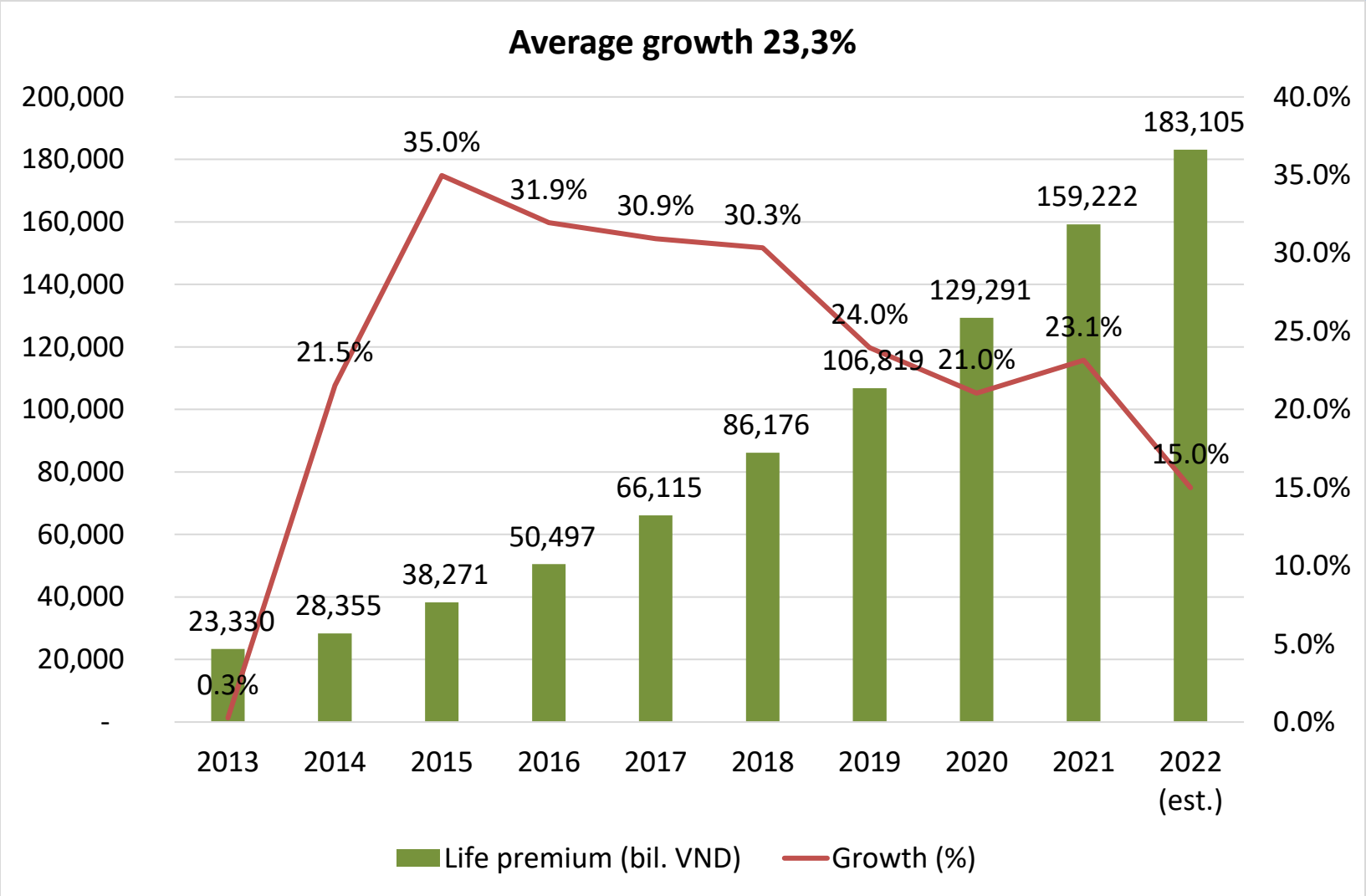

Market composition 2021
90
80
70
60
50
40
30
20
10
0
1993
2000
2011
2014
2021
1
14
8
4
1
57
29
14
12
2
61
30
17
12
2
77
32
24
19
2
Non-life Insurers
Life Insurers
Reinsurers
Brokers
Total Players

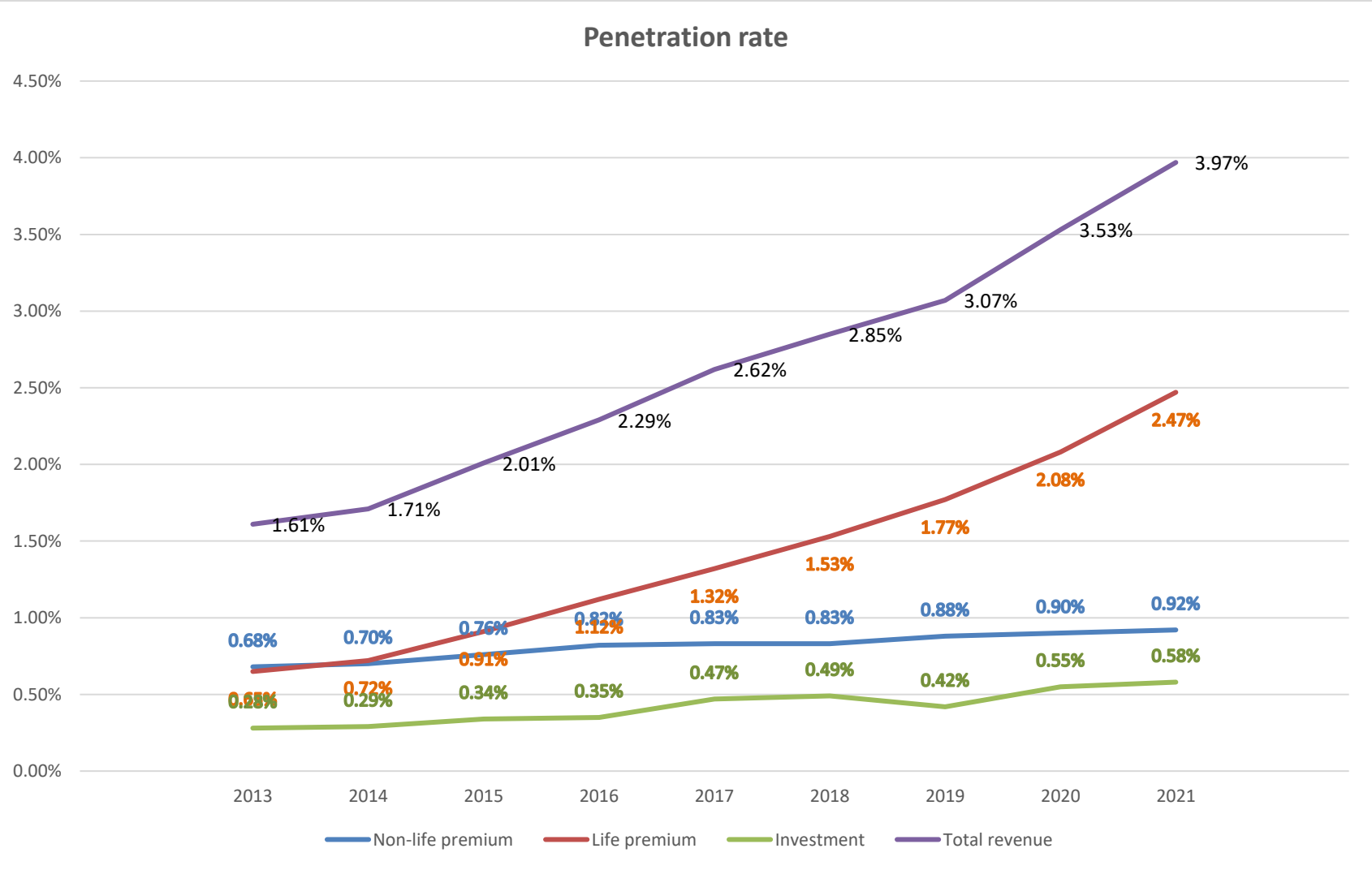
Market composition 2021 (cont'd)

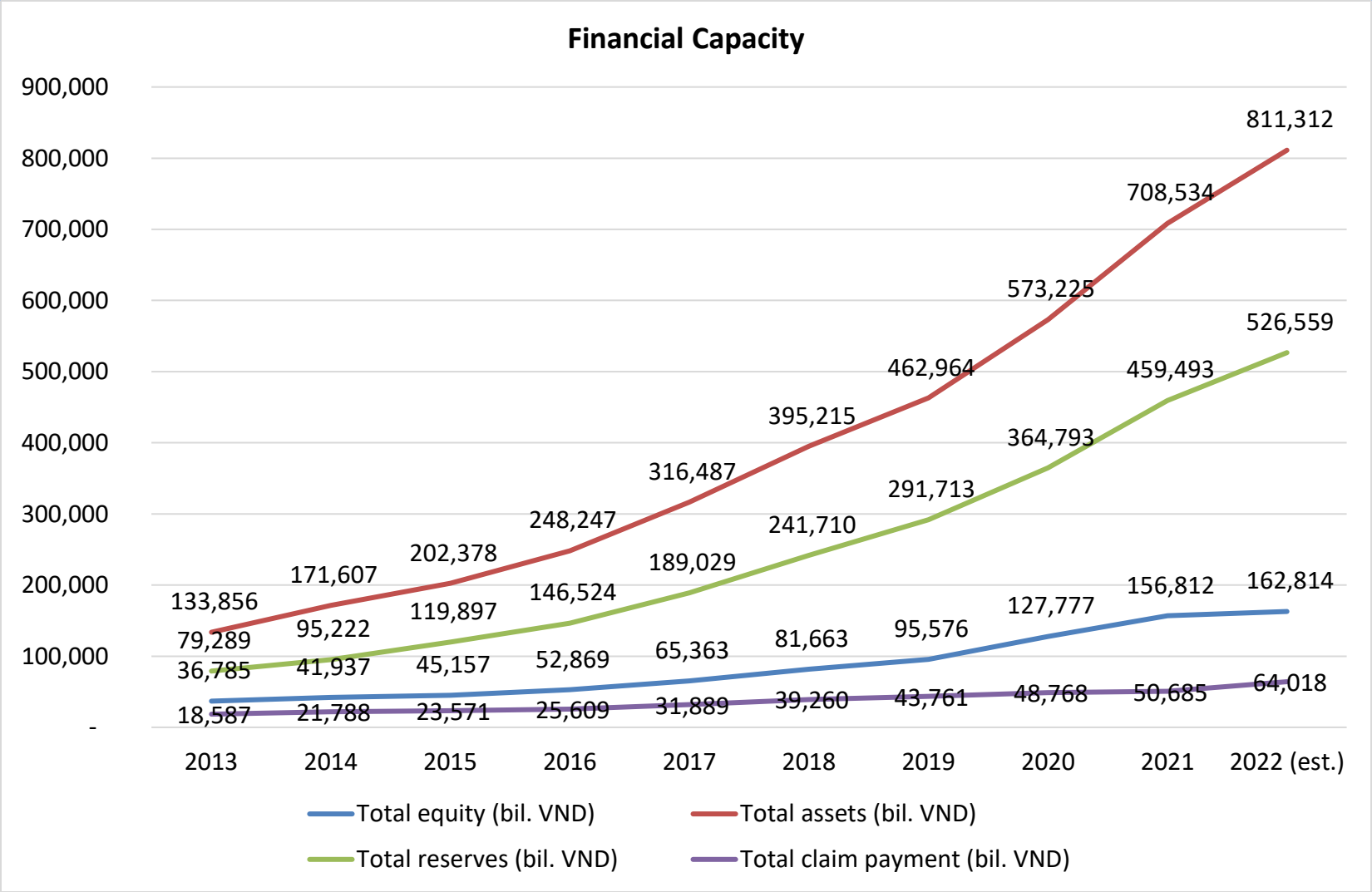
Legal forms	One member Ltd	2 and more members Ltd	Joint-stock	Branch	Total
Non-life sector	10	4	17	1	**32**
Life sector	16	3	1	0	**19**
Reinsurance	0	0	2	0	**2**
Brokerage	6	4	14	0	**24**
Total	**30**	**9**	**31**	**1**	**77**


Average growth 18,3%
300,000
250,000
200,000
150,000
100,000
50,000
-
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
47,851
55,877
70,162
87,364
107,709
133,146
160,184
185,960
215,954
251,306
0.1%
16.8%
25.6%
24.5%
23.3%
23.6%
20.3%
16.1%
16.1%
16.4%
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 (est.)
Total premium revenue (bil. VND)
Market growth (%)


Average growth 11,6%
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
7.3%
12.2%
15.9%
15.6%
12.8%
12.9%
13.6%
6.2%
4.4%
15.3%
24,521
27,522
31,891
36,866
41,594
46,970
53,366
56,669
59,135
68,201
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 (est.)
Non-life premium (bil. VND)
Growth (%)

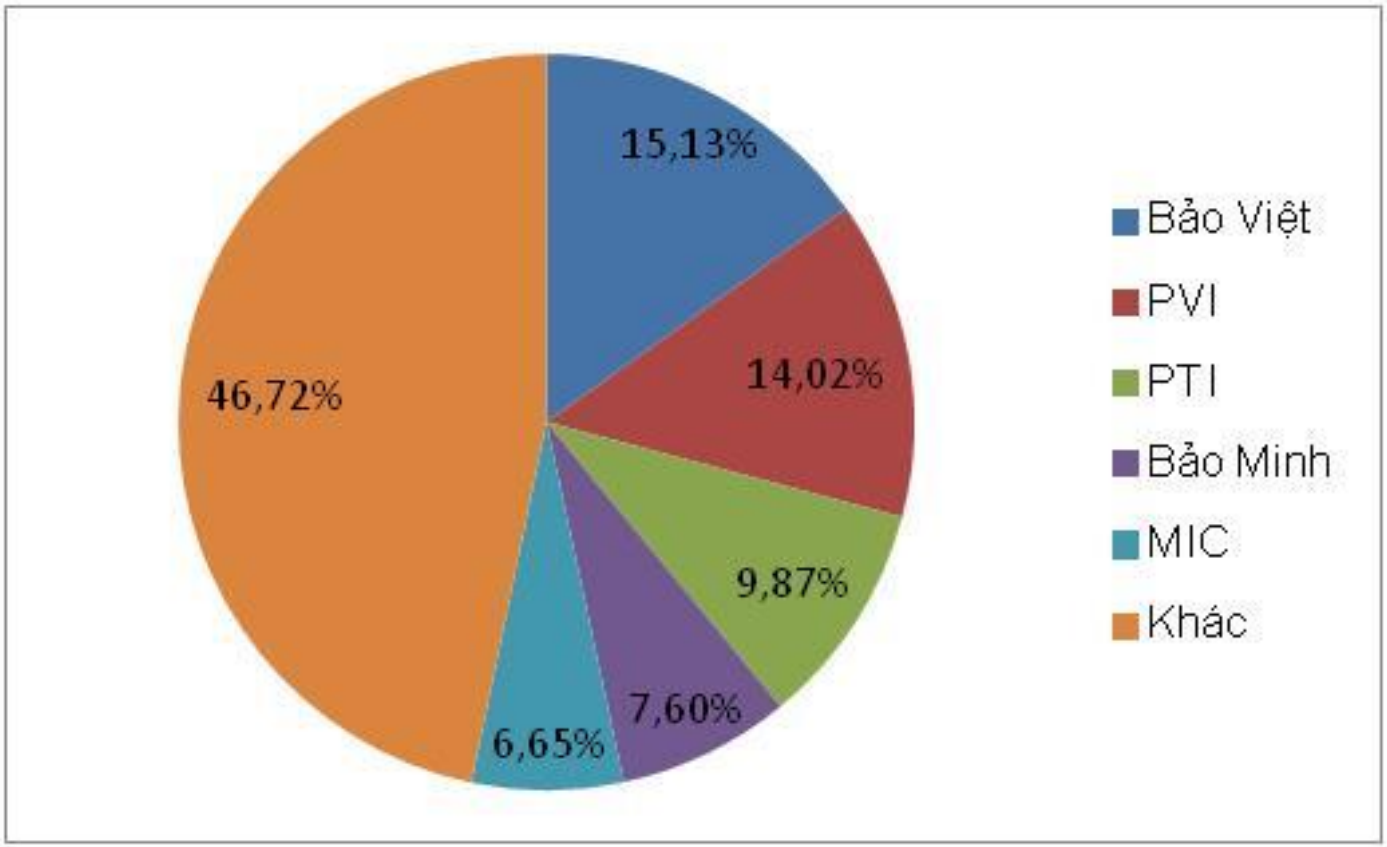

Average growth 23,3%
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
23,330
28,355
38,271
50,497
66,115
86,176
106,819
129,291
159,222
183,105
0.3%
21.5%
35.0%
31.9%
30.9%
30.3%
24.0%
21.0%
23.1%
15.0%
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 (est.)
Life premium (bil. VND)
Growth (%)


Penetration rate
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
2013
2014
2015
2016
2017
2018
2019
2020
2021
1.61%
1.71%
2.01%
2.29%
2.62%
2.85%
3.07%
3.53%
3.97%
0.68%
0.70%
0.76%
0.82%
0.83%
0.83%
0.88%
0.90%
0.92%
0.72%
0.91%
1.12%
1.32%
1.53%
1.77%
2.08%
2.47%
0.29%
0.34%
0.35%
0.47%
0.49%
0.42%
0.55%
0.58%
Non-life premium
Life premium
Investment
Total revenue

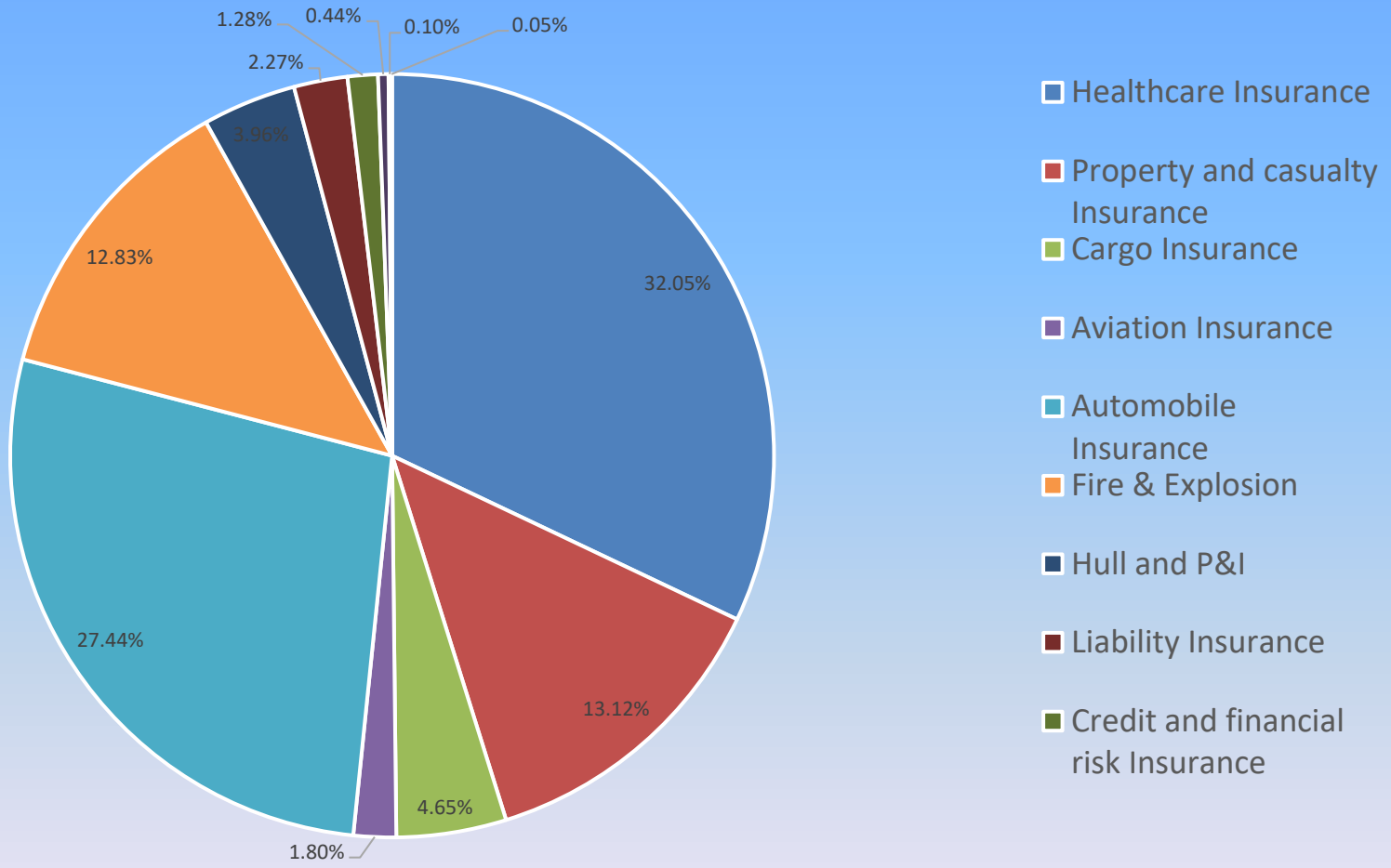

Financial Capacity
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
133,856
171,607
202,378
248,247
316,487
395,215
462,964
573,225
708,534
811,312
79,289
95,222
119,897
146,524
189,029
241,710
291,713
364,793
459,493
526,559
36,785
41,937
45,157
52,869
65,363
81,663
95,576
127,777
156,812
162,814
18,587
21,788
23,571
25,609
31,889
39,260
43,761
48,768
50,685
64,018
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 (est.)
Total equity (bil. VND)
Total assets (bil. VND)
Total reserves (bil. VND)
Total claim payment (bil. VND)

NON-LIFE INSURANCE MARKET

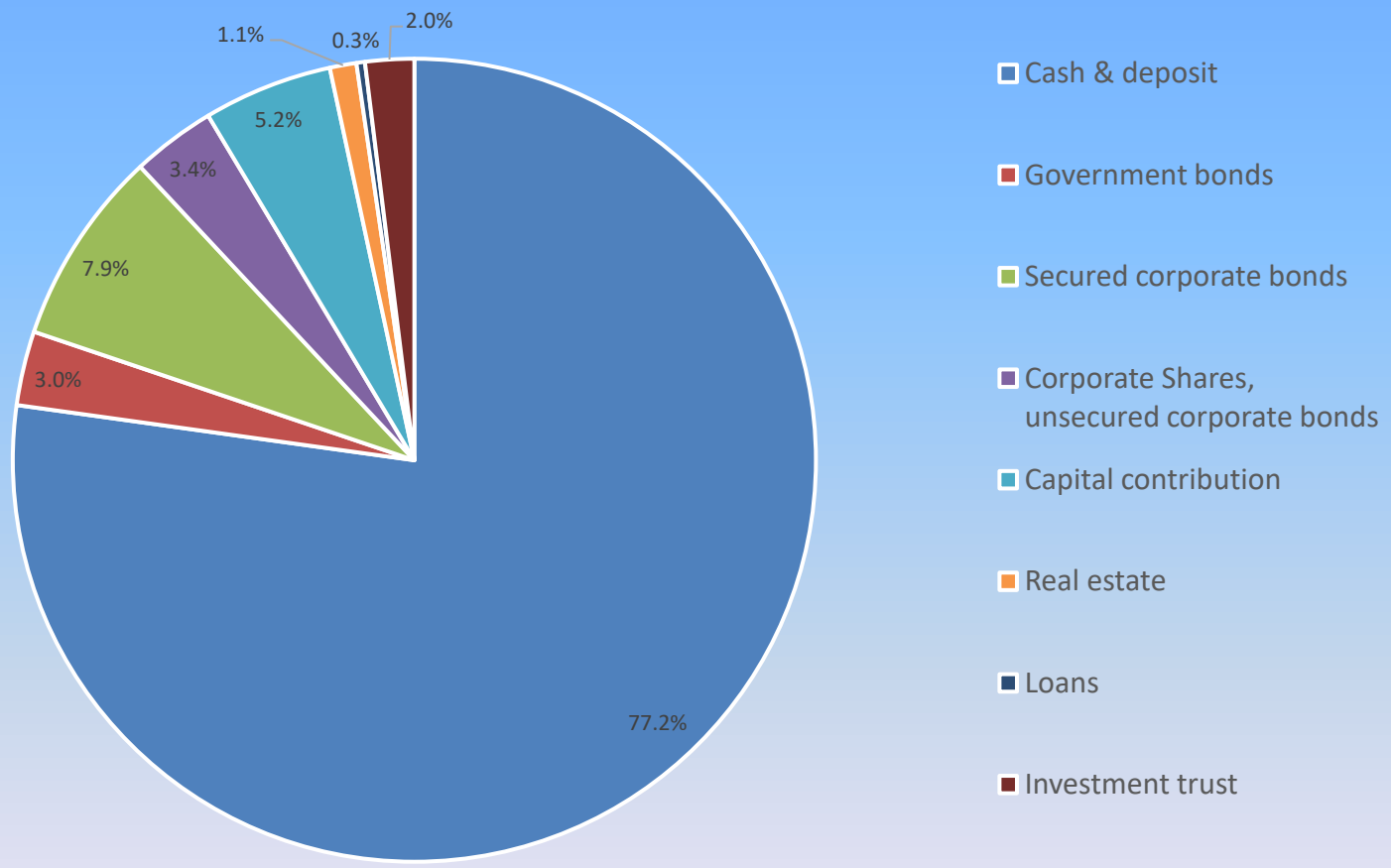
Market share by Insurers 2021



Market share by line of business 2021

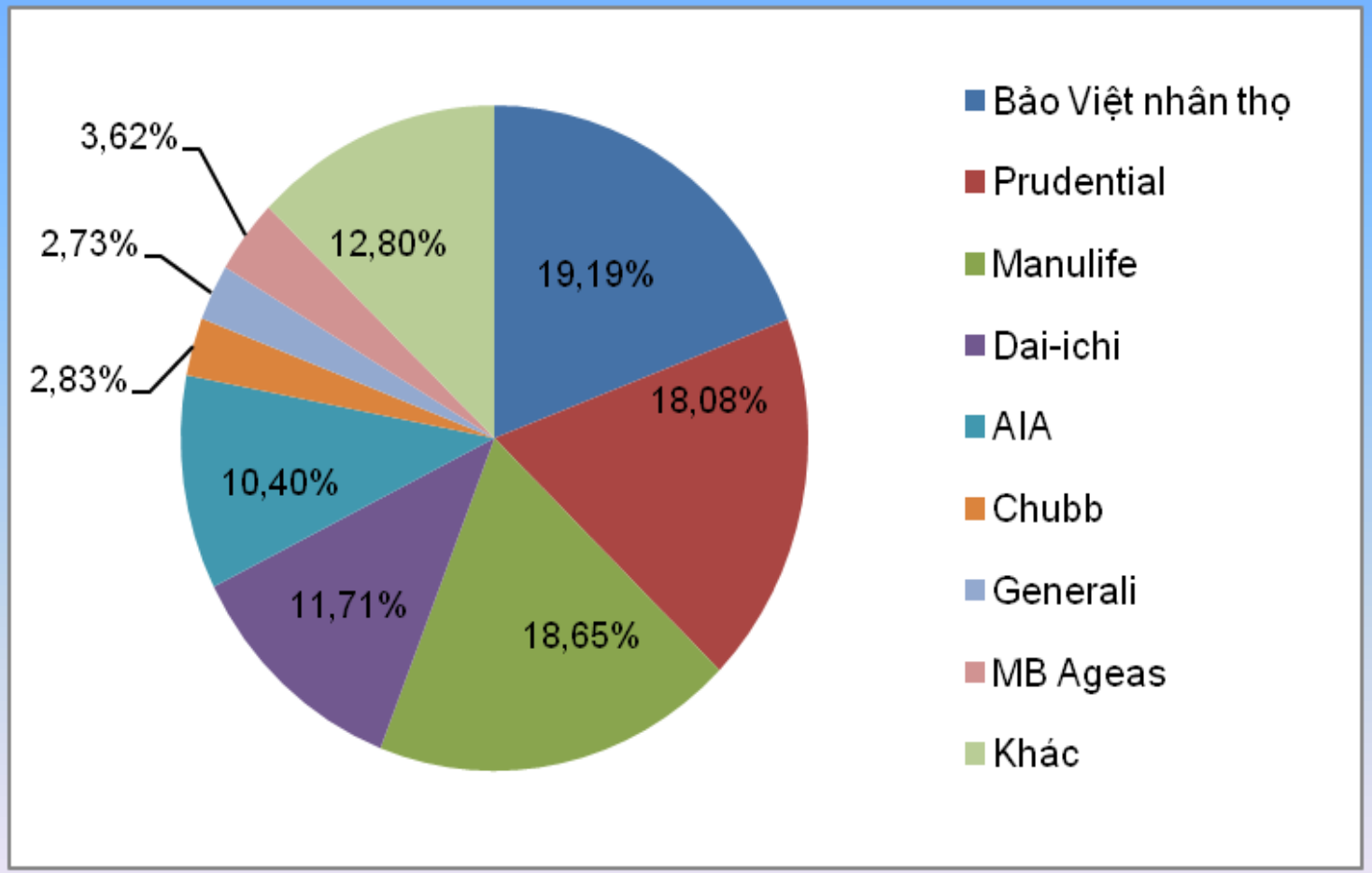


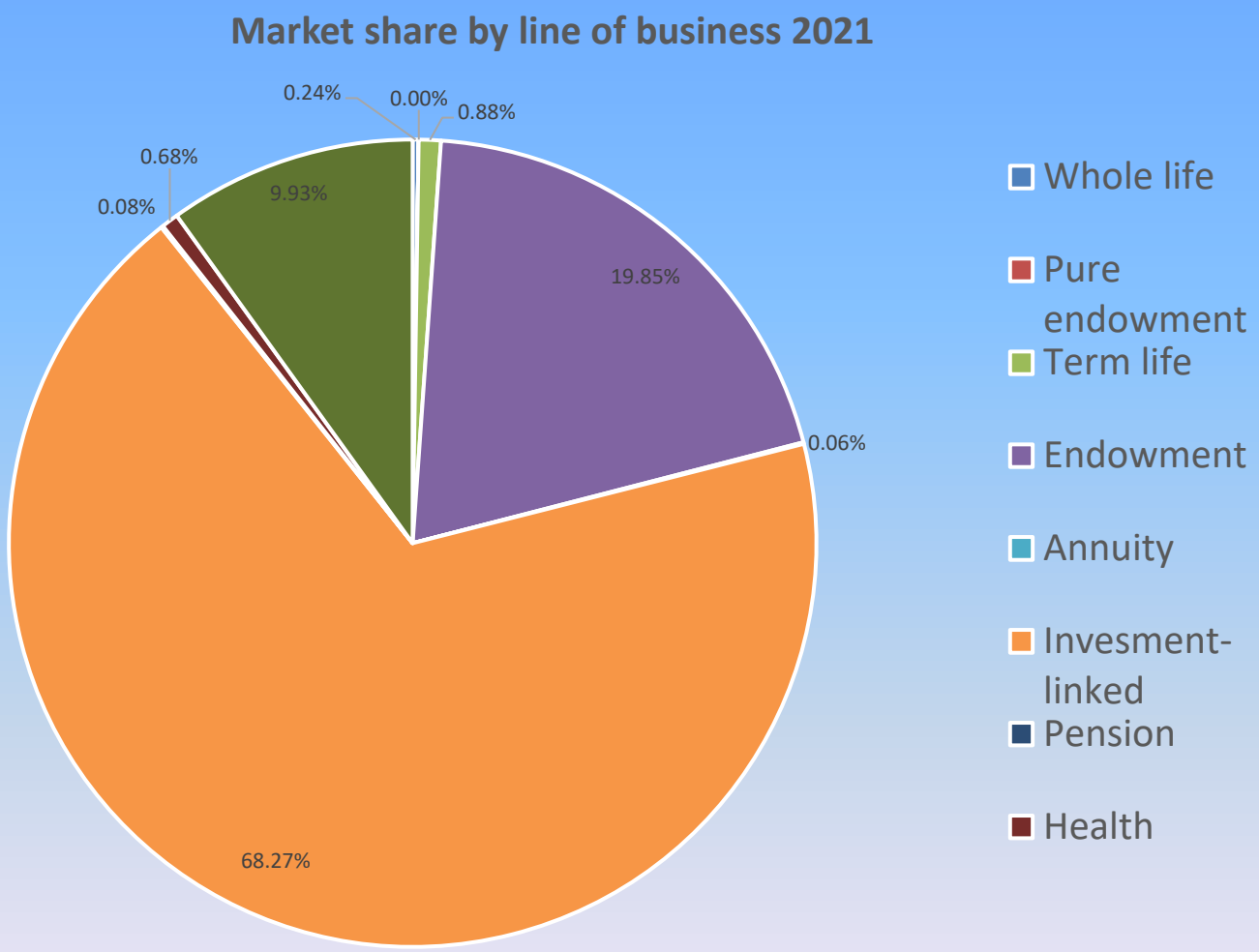
Asset portfolio 2021

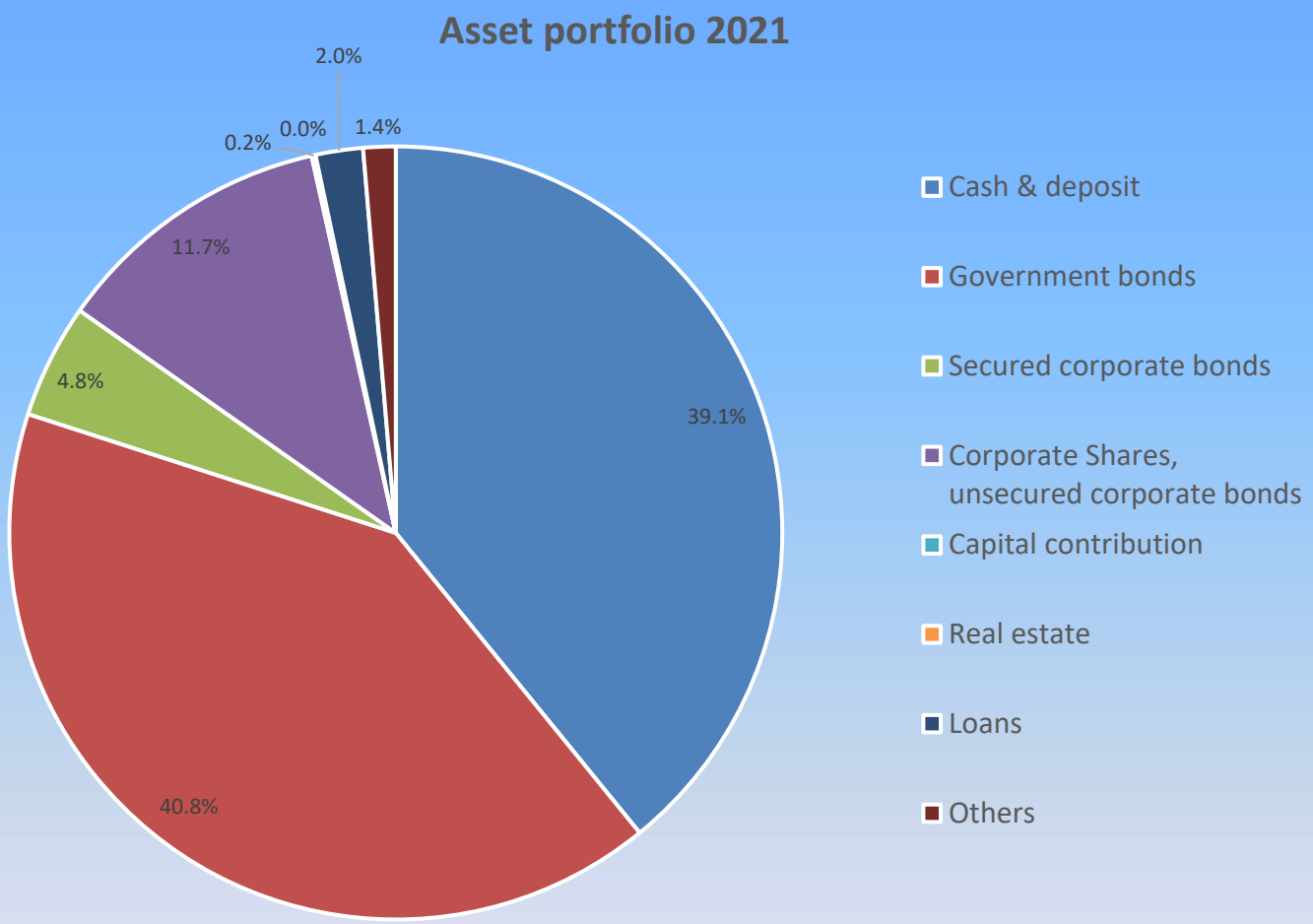


LIFE INSURANCE MARKET

Market share by Insurers 2021




Market share by line of business 2021
0.24%
0.00%
0.88%
0.68%
0.08%
9.93%
19.85%
0.06%
68.27%
Whole life
Pure endowment
Term life
Endowment
Annuity
Invesment-linked
Pension
Health


Asset portfolio 2021
2.0%
0.2%
0.0%
1.4%
11.7%
4.8%
39.1%
40.8%
Cash & deposit
Government bonds
Secured corporate bonds
Corporate Shares, unsecured corporate bonds
Capital contribution
Real estate
Loans
Others

Insurance agents (31.12.2021)

Insurers	Individual agents	Institutional agents		Total individual agents
		Num-ber	Individuals of agents	
Life	668.744	574	243.345	912.089
Non-life	141.806	3.231	65.976	207.782
Total	**810.550**	**3.805**	**309.321**	**1.119.871**

II. LAW ON INSURANCE BUSINESS 2022

CONTENTS

I
- GENERNAL PROVISIONS

II
- INSURANCE POLICY

III
- INSURANCE ENTERPRISES AND FOREIGN BRANCHES

IV
- MICROINSURANCE

V
- FINANCE REQUIREMENTS

I. GENERAL PROVISIONS

1. Scope of provisions: insurance business
2. Application objects: insurance enterprises, brokerages, foreign branches, mutual organizations and other related persons, organizations.
3. Main contents: insuarance policies, market conduct, finance, solvency and measures.
4. Insurance development policy: support from State on serveral products like argriculture insurance product, complusory products.
5. Insurance business data;
6. Compulsory insurance: Insurance liabilities of the vehicle owner's on third parties, fire insurance, construction insurance.
7. Forbiden activities: undertake insurance business without liences and insurance fraud .

II. INSURANCE POLICY

1. Classifying insurance policy into line of business; princple of insurance
2. Void policy
3. Free look and temporary insurance
4. Group insurance
5. Insurable interest of insurance policy
6. Reporting claims to insurers
7. Dublicate insurance
8. Loss prevention and limitation, ...

III. INSURANCE ENTERPRISE, REINSURANCE ENTERPRISE, FOREIGN BRANCHES

1. Widen scope of actitives of insurers
2. Legalize the conditions for grant licence
3. Shareholder of foreign captial up to 100%
4. Changes subject to approval or inform
5. Structure of management organization
6. Internal control, internal audit, risk management
7. Release life product approval
8. Outsourcing
9. Financial requirement ; corrective measures and early prevention mesures
10. Public information
11. Informatic technology appliction in insurance

IV. MICROINSURANCE

1. Characteristic of products
2. Product review
3. Microinsurance providers and condition for grant the licence
4. Priciples of providng microinsurance of mutual organization

V. FINANCE REQUIREMENT

1. Capital: Chartered capital, equity, qualified capital, and risk based captial;

2. Captial adequacy = $\frac{\text{Qualified Capital}}{\text{Risk based capital}}$

3. Reserves
4. Policyholder protection fund: Stop collecting.
5. Investiment
6. Fund splitting and profit sharing;
7. External audit

CHANGES IN LAW ON INSURANCE BUSINESS 2022

Establishment of Insurer

- Permit foreign financial corporates to establish insurance company
- Permit foreign reinsurer to establish branch in Vietnam
- Affirm foreign investors can own up to 100% chartered capital of insurance, reinsurance company

Corporate governance of Insurer

- Structure of management organization for insurers, reinsurers, foreign branch;
- MOF can suspend Chairman of Board, CEO, Appointed Actuary

Operation of Insurer

- Widen scope of activites of insurer: Non-life insurer and health insurer can provide up to 1 year term life product; Non-life insurer can provide up to 1 year health product
- Releasing file and use of life insurance product; Insurer only register with MOF method and basis pricing of life insurance product, health insurance product, mobile insurance product
- Oursorcing: Allow for all activities of insurer, except internal control, internal audit, risk management, insurancesolicitation; service provider must carry out at least 75% value contract

Insurance Contract

- Amend the principles of conclusion and perform insurance contract; free look and temporary insurance; group insurance
- Increased responsibility of Insurer, policy holder, insured … in information disclosure
- Amend cases Insurer can terminate or void insurance contract
- Classifying insurance policy into line of business: Life, non-life, health insurance
- Amend dispute resolution through reconcile, arbitration or court

Financial management of Insurer

- Change the supervisory approach from solvency I to RBC (2028)
- Loosen investment regulations: allow offshore investment for some Unit links products and foreign consumers, valuation assets (2028)
- Internal control, internal audit, risk management according international best practice
- Disclosure of periodic and unusual information of Insurer

Fintech, Insurtech, online insurance

- Sandbox guideline: Government
- Product for online distribution: microinsurance, health, term life, automobile, tourist, simple product (no need to direct, in person underwriting)
- Amend principles, request, object and forms to provide online insurance

Microinsurance

- Features of product
- File and use procedures
- Microinsurance providers and condition for grant the license
- Priciples of providing microinsurance of mutual organization

Enhance supervisory capacity, others issues

- 3 levels actions of supervisory authority in case of insolvent insurer: Insurer implement measures to improve capital adequacy ratio; MOF require the insurer to take intervenient measures; MOF put the insurer under supervisory
- Amend regulation in term of inspection action: Insurance Authority can hide independent audit, consulting firm, expert to evaluate reserves, solvency, reinsurance, investment, fund split, surplus distribution,… of Insurer if nessecary
- Establish the data base for insurance market
- MOF co-operate with foreign insurance authority to supervise branch of foreign insurer in Viet Nam

III. CHALLENGES AND OPPORTUNITIES

Opportunities

The Viet Nam economy is expected to continue growing at a high rate *(GDP growth rate at 7% per year, GDP per capita growing from $2,700 to $4,500 (2025) and $7,500 (2030))*

The Viet Nam insurance market has much potential to grow *(in 2020, insurance premium/GDP ratio in Viet Nam is 3,97%, lower than the average level of emerging economies of 4.1% and the world of 7,3%)*

Viet Nam's growing economic integration

Information technology revolution 4.0

Challenges

- Unpreditable changes in environment, weather and climate
- Vietnam's unsustainable economic growth
- The people's awareness of insurance is still limited
- Insurance products lots of quantity but lack of variety
- Certain level of unfair competition in insurance market
- Weak risk management capability by insurance companies
- Some regulations are still lag behind socio-economic development

Challenges (cont.)

There are quality problems regarding insurance agents' consultancy, especially those related to investment link products, which lead to misselling

Bancassurance has been rapidly growing, however there are a number of issues which need to be resolved. For examples, banks force customers to buy insurance, bank staffs/agents give unclear advice which leads to misunderstanding that insurance products are bank products, etc.

Insurance Market Development Strategy to 2030

Overall objectives to 2030	Completing a sufficient insurance regulation system towards international standards and practice
	Improving the safety, sustainability and efficiency of the insurance market. Developing insurance companies to be financially sustainable, efficient, competitive in local and regional markets, encouraging them to apply international standards in corporate management
	Accelerating digital transformation, encouraging insurance companies to apply information technology in insurance business; diversifying insurance products; professionalizing distribution channels; improving risk management, cyber security and busisness actitivities on internet
	Promoting the management and supervision of the insurance market; strengthening international cooperation and intergration in insurance industry

Specific objectives to 2030	Total premium revenue: 3.3-3.5% GDP 18% of total population hold life insurance policies

Solutions

1. Completing legal system on insurance business

- Guidelines on risk-based capital, risk management, internal control, intervention measures
- Collecting and managing database on insurance business
- Reviewing and completing regulations on special insurance products as compulsory insurance, micro insurance, agriculture insurance, voluntary retirement insurance, catastrophe insurance, linkage between voluntary healthcare insurance and compulsory health insurance
- Continuing administration reform

2. Strengthening insurance companies' financial capability, risk management, corporate management, customer service quality and transparency

Solutions (cont.)

3. Developing and diversifying insurance products

- Encouraging insurance companies to develop new products to meet customers' demands:

+ Life insurance: old-age insurance

+ Non-life insurance: agriculture insurance, catastrophe insurance, green insurance

- Promoting products related to social security: micro insurance, healthcare insurance, voluntary retirement insurance, etc.

4. Diversifying and professionalizing distribution channels; standardizing distribution channel via institutional agents, bancassurance

5. Human resource development

Solutions (cont.)	6. Promoting progapandization and dissemination on the role and necessity of insurance
	7. Accelerating the application of information technology in insurance business and insurance supervision
	8. Enhancing the effectiveness of government management, the efficiency of the insurance examination, inspection, supervision and sanction.
	9. Enhancing the role of socio-professional organizatons
	10. Promoting international cooperation and ingration

Thank you!