



# **CAMBODIA INSURANCE INDUSTRY**

## **AT A GLANCE**

### **NICHOLAS ACTUARIAL SOLUTIONS**

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This report sets out to provide an overview about the Cambodian Insurance Industry. The growth prospects of this industry are highlighted. This is a succinct summary. We welcome discussions and collaborations.

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## OVERVIEW

Cambodia is a rapidly developing insurance market. The insurance industry only started in the 1990s. At present, there are 28 insurance companies in the market consisting of 12 general insurers, 7 life insurers, 8 micro insurers and 1 national reinsurer. The insurance industry in Cambodia wrote \$46.8 million premiums in the first quarter of 2018.

**Macroeconomics.** The Kingdom of Cambodia is an independent country in South-east Asia and has a population of about 16 million with an average age of 24 years. The most populous city being Phnom Penh with 1.6 million people. Cambodia is a lower-middle income economy, with GDP of \$20.9 billion and GDP per capita of \$1,307.50 in 2017.

**Insurance Industry.** All licensed insurance companies are members of the Insurance Association of Cambodia (IAC). Licensed direct insurers are listed in Figure 1 below.

Figure 1: Direct General, Life and Micro Insurance Companies in Cambodia

General Insurance	Life Insurance	Micro Insurance
<ul style="list-style-type: none"><li>• Asia Insurance Plc</li><li>• Cambodia - Vietnam Insurance Plc (CVI)</li><li>• Cambodian National Insurance Company (CAMINCO)</li><li>• Campu Lonpac Insurance Plc</li><li>• Forte Insurance Company</li><li>• Infinity General Insurance Plc</li><li>• People &amp; Partner Insurance Plc</li><li>• EverCare Insurance Plc</li><li>• East Insurance Plc</li><li>• Ly Hour Insurance Plc</li><li>• Phillip General Insurance (Cambodia) Plc (PGI)</li><li>• Newa Insurance Plc</li></ul>	<ul style="list-style-type: none"><li>• Cambodia Life Insurance Plc</li><li>• The Manufacturers Life Insurance Company - Manulife Cambodia</li><li>• Prudential (Cambodia) Life Assurance PLC (Prudential Cambodia)</li><li>• Sovannaphum Life Assurance Plc (SVL)</li><li>• Bangkok Life Assurance (Cambodia) Plc</li><li>• AIA (Cambodia) Life Insurance Plc</li><li>• Grand China Life Insurance Plc</li></ul>	<ul style="list-style-type: none"><li>• BIMA Cambodia</li><li>• Cambodian People Micro Insurance Plc (CPMI)</li><li>• Forte Micro Insurance</li><li>• H.I Micro Insurance Plc</li><li>• Meada Rabrong Plc</li><li>• Mekong Micro Insurance Plc</li><li>• Prevoir (KAMPUCHEA) Micro Life Insurance Plc (PKMI)</li><li>• Prosur Micro Insurance Plc</li></ul>

**Reinsurance.** Cambodian Reinsurance Company is a state-owned domestic reinsurance company, established in 2002. Cambodian insurers also reinsure their risks with reinsurers abroad.

**Regulatory Environment.** The Insurance and Pension Division of The General Department of Financial Industry, being a division of the Ministry of Economy and Finance (MEF) is the insurance regulator. 100% foreign direct investment is permitted. Insurance companies, agents, brokers and loss adjusters require license from the MEF to operate in Cambodia.

## BACKGROUND

“Cambodia Insurance Industry at a Glance” provides an overview about the Cambodian Insurance market. Our objective of issuing succinct white papers is to enable our thought leadership to reach a wider audience, and make a larger positive impact. Our white papers are publicly available and we do not claim any proprietary intellectual property on the contents.

## ABOUT US

Nicholas Actuarial Solutions is founded as a platform to collaborate with like-minded businesses and individuals to make a difference. Our interests are wide and varied, with our core focus being the actuarial field.

Our mission is to develop and implement novel and cutting edge solutions to make our clients more successful.

It is our vision to achieve global recognition of our thought leadership and innovative solutions in the actuarial field.

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Information are obtained from publicly available sources including from the Insurance Association of Cambodia (IAC) website.

## LIFE INSURANCE

**Overview.** Life Insurance started in Cambodia in the 2012. In 2017, more than 86,000 new life insurance policies were issued in Cambodia with a total first year premiums of \$32 million and total sum assured of \$2.5 billion. Figure 2 shows the key performance indicators for the life insurance industry.

**Figure 2: Key Life Insurance Indicators**

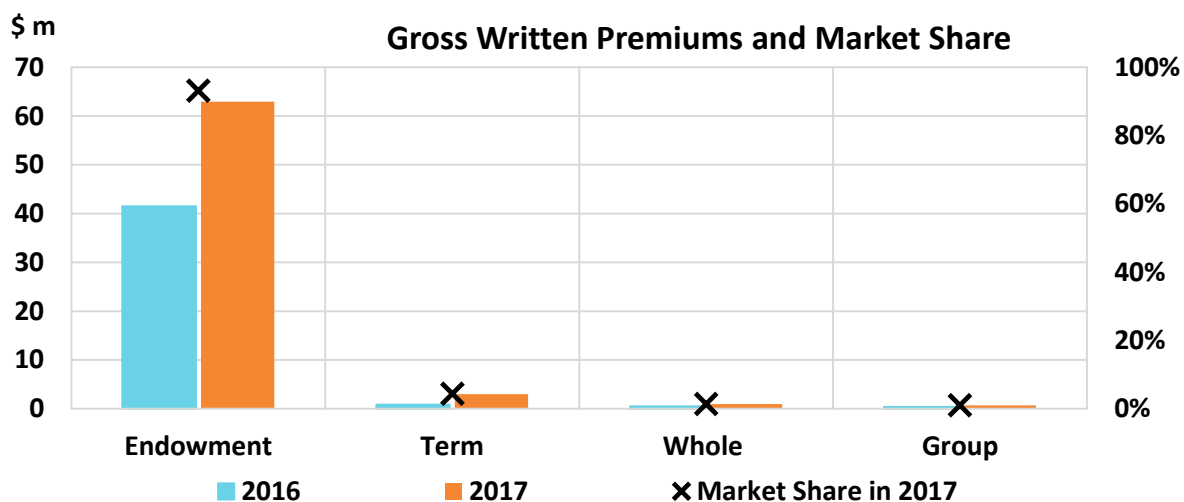
Key Indicators	2016	2017
Policies Inforce (000)	74.0	129.7
Growth		75% p.a.
Total Gross Written Premiums (\$m)	43.1	67.5
Growth		57% p.a.
Population (in Millions)	15.8	16.0
GDP (\$b)	19.3	20.9
Life Insurance Penetration (in %)	0.22%	0.32%
Insurance Density (in \$)	2.7	4.2

**Products.** Endowment is the most popular product in the market, comprising of 93.2% of the market share in terms of gross premium in 2017. Figure 3 below shows the distribution of the gross premiums by types of product.

**Figure 3: Life Insurance Products**

### Gross Written Premiums in \$m

		Endowment	Term Life	Whole Life	Group Life	Total
2016	Premiums	41.5	0.8	0.5	0.3	43.1
	% Share	96%	2%	1%	1%	100%
2017	Premiums	62.9	3.0	0.9	0.7	67.5
	% Share	93%	4%	1%	1%	100%



**Outlook.** Growing at 7.2% p.a. real GDP growth rate, life insurance amounts to 0.3% of the country's GDP, giving Cambodia the lowest insurance penetration among the ASEAN countries. With economic growth and a rising middle-class population, life insurers are increasingly taking an interest in Cambodia.

## GENERAL INSURANCE

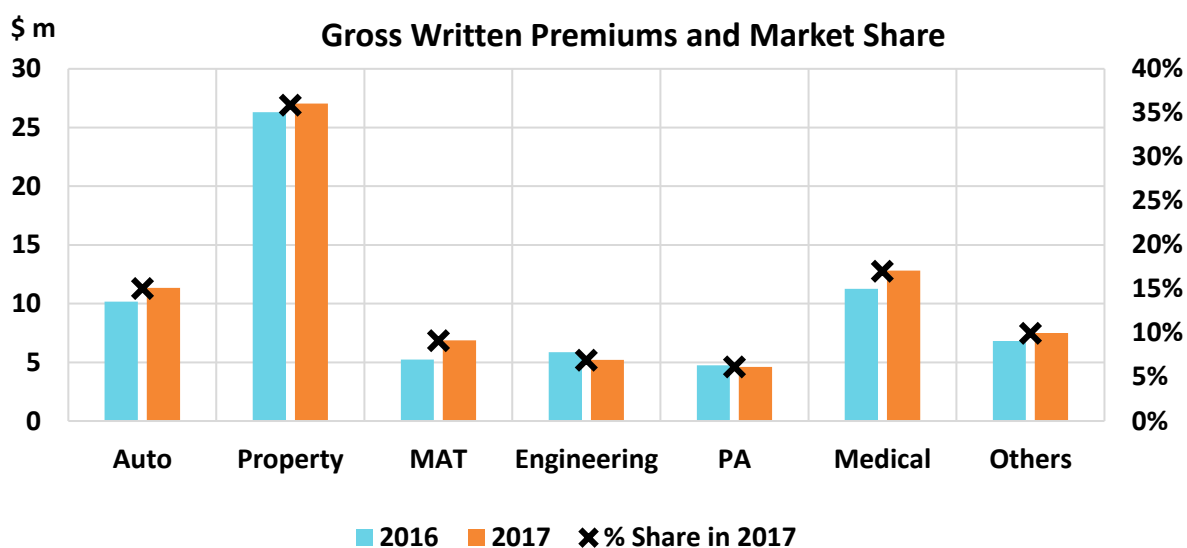
**Overview:** General Insurance started in Cambodia in the early 1990s. In 2017, the gross premium increased by 7% as compared to 2016 amounting to \$75 million. Over the last five years, gross premiums grew from \$36 million to \$75.3 million resulting in annual growth rate at 16% p.a.

**Products:** Property is the largest class of business comprising of 36% of market share in terms of gross premiums in Cambodia, followed by Medical with 17% and Auto with 15%. Figure 4 shows the gross written premiums and loss ratio by class of business

Figure 4: Gross Written Premiums and Loss Ratios by Class of Business

### Gross Written Premiums in \$m

		Auto	Property	MAT	Engine- ering	PA	Medical	Others	Total
2016	Premiums	10.2	26.3	5.2	5.9	4.8	11.3	6.8	70.4
	% Share	14%	37%	7%	8%	7%	16%	10%	100%
2017	Premiums	11.3	27.0	6.9	5.2	4.6	12.8	7.5	75.4
	% Share	15%	36%	9%	7%	6%	17%	10%	100%



### Loss Ratio by Class of Business

		Auto	Property	MAT	Engine- ering	PA	Medical	Others	Overall
Loss Ratio	2016	47.0%	12.0%	15.9%	207.8%	27.8%	40.2%	40.8%	42.0%
	2017	47.2%	13.8%	1.3%	32.7%	36.7%	51.9%	19.0%	27.4%

**Outlook.** Growth in the industry was supported by rising demand for fire and motor insurance, rising per capita income, expanding GDP and a large young population. The insurance penetration is 0.4% of the country's GDP while insurance density is \$4.7 indicating a large untapped market.