

Changing face of insurance

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Mr. Nguyen Hoang Nam, Deputy General Director of Assurance Services at PwC Vietnam, discusses the state of Vietnam's insurance market



As at December 31, 2014 there were 17 life insurers, 29 non-life insurers, one branch of a foreign non-life insurer, two reinsurers, and 12 insurance brokers operating in Vietnam. The total value of insurance premiums in 2014 increased by 17.4 per cent for life insurance and 12.5 per cent for non-life insurance.

In aggregate, the 2014 growth rate for the industry was 14.9 per cent. This outperformance of the country's GDP was a remarkable result for 2014 and led to high growth of 12 per cent in total assets, 11.2 per cent in total capital, and 15.8 per cent in total investments.

The non-life insurance segment is still dominated by local players while life insurance is seeing a significant contribution from foreign companies.

Insurance in Vietnam is still seen as a promising market in the medium and long terms. There are also a number of challenges that insurance players are facing.

As a result of the focus from supervisory bodies on restructuring it can be foreseen that there will be significant changes in Vietnam's insurance market over the next couple of years. In addition to stricter regulatory adaptation and compliance, each insurer will have to back its own survival and play to its strengths by building trust and quality of service to the customer.

On June 19 PwC released its "Insurance 2020 and Beyond: Necessity is the Mother of Reinvention" report. It concluded that the pace of change in the global insurance industry is occurring more rapidly than could have been envisaged. The report also concludes that the industry is at a pivotal juncture as it grapples with changing customer behavior, new technologies, and new distribution and business models.



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