

Introductory Presentation

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Presenter: VAR Vichea

**Director of Licensing and Legal Affairs Department
Insurance Regulator of Cambodia**



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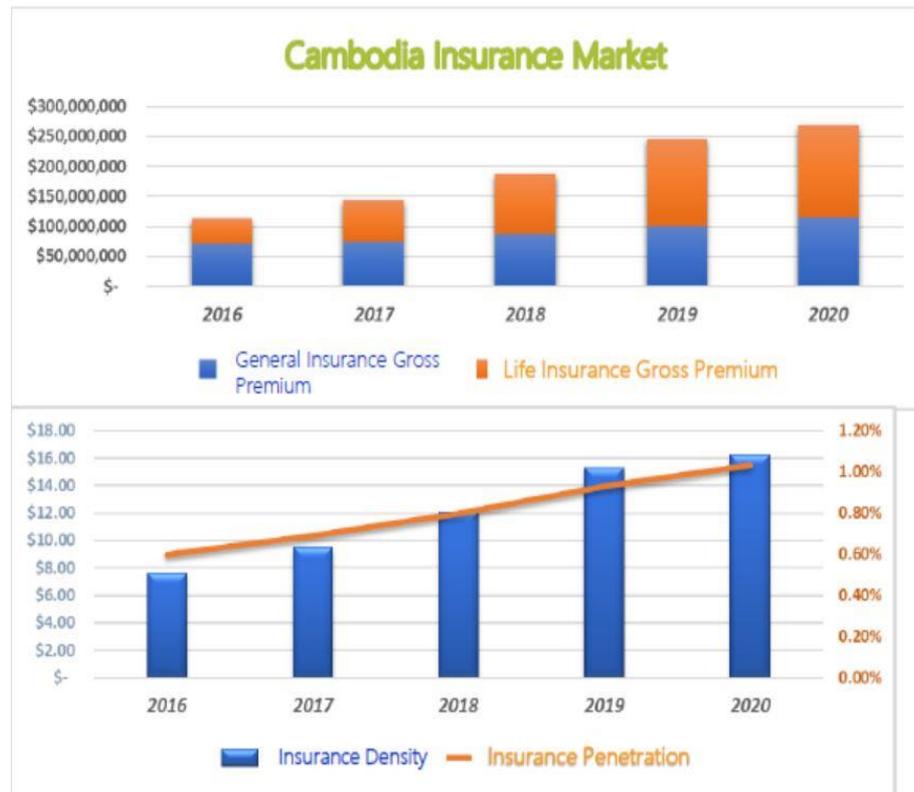
1. Overview of Insurance Market in Cambodia

- The insurance sector in Cambodia has started in 1956. However, the Khmer rouge regime has erupted and distracted the insurance sector development since 1975.
- In 1990s, the insurance sector has returned to fulfil the needs of social and economical development. The government established a state-owned company, the National Insurance Company (CAMINCO), which acted as both operator and regulator for the purpose of trade facilitation.
- The general insurance was introduced via the law on insurance in 2000 while the life insurance entered the market in 2012.

1. Overview of Insurance Market in Cambodia

Insurance market in 2020:

- Total Gross Premium: 272,893,356 USD
- Number of Policies: 952,759
- Total Asset: 741,403,240 USD
- Total Equity: 342,374,526 USD
- Premium growth: 8%
- Claim Ratio: 44.48%
- Insurance Penetration rate: 1.04%
- Insurance Density: 16.32 USD
- Sum Insured: 237 billions USD
- Return on Equity Ratio: -3.03%
- Total Employees: 3,414



1. Overview of Insurance Market in Cambodia

Insurance Institutions

- Direct Insurance Companies: 39
 - ❖ General Insurance Companies: 18
 - ❖ Life Insurance Companies: 14
 - ❖ Micro Insurance Companies: 7
- Reinsurance Company: 1
- Intermediaries:
 - ❖ Insurance Brokers: 16
 - ❖ Corporate Insurance Agent Companies 5,
Bancassurance: 20, Individual Agent: 5000

2. Non-bank Financial Services Authority

- The Non-bank Financial Services Authority (NBFSA) was established by the Law on Organization and Functioning of Non-Bank Financial Services Authority promulgated on 16th January 2021.
- The NBFSA's purpose is to regulate and supervise the non-bank financial sector in Cambodia. The non-bank financial sector in the law includes Insurance Regulator of Cambodia, the Securities and Exchange Regulator, the Social Security Regulator, the Trust Regulator, the Accounting and Auditing Regulator, the Real Estate and Pawnshop Business Regulator and the Internal Audit Unit.

2. Non-bank Financial Services Authority

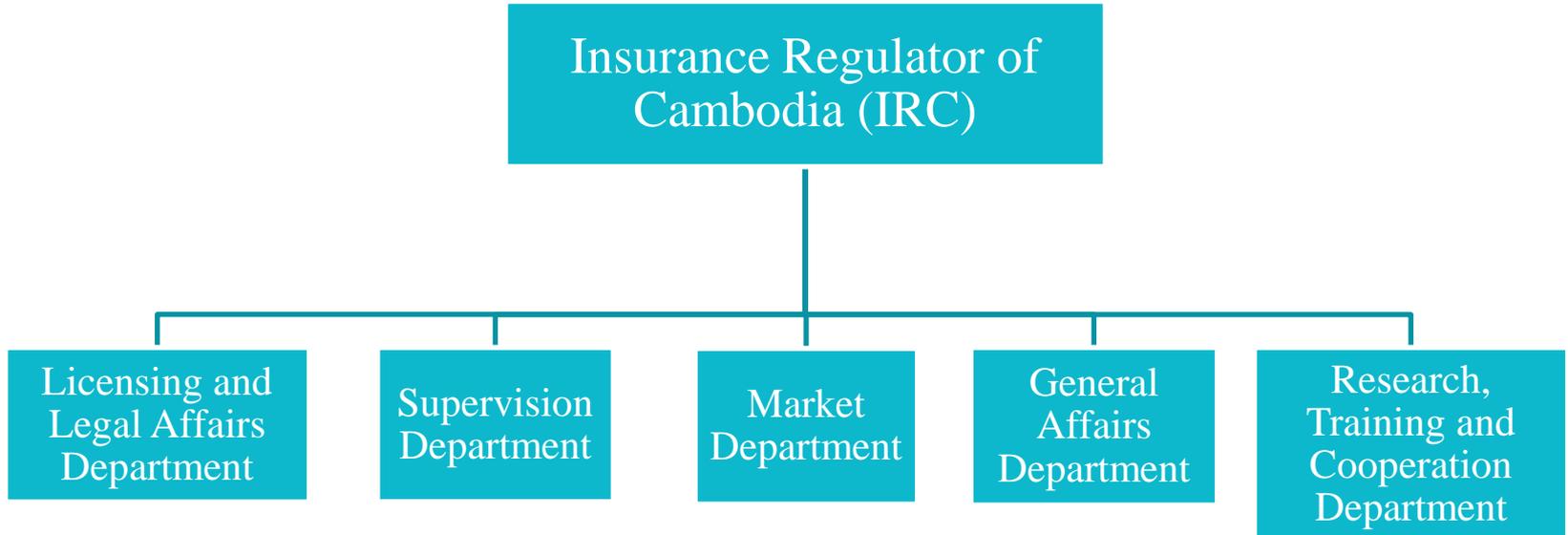
និយ័តករស្ថិតក្រោមអាជ្ញាធរសេវាហិរញ្ញវត្ថុមិនមែនធនាគារ



- និយ័តករនាវាវ៉ាប់ខេត្តបូជា
- និយ័តករមូលបត្រកម្ពុជា
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3. Insurance Regulator of Cambodia



3. Insurance Regulator of Cambodia

Insurance Regulator

- **Institutional Framework**

 - ✓ Institutional Structure (Insurance Regulator of Cambodia)

- **Technical Framework** →

- **Co-operational Framework**

Technical Framework

Prudential Supervision

Market Conduct Supervision

Consumer Protection

Public Awareness and Education

3. Insurance Regulator of Cambodia

Technical Framework

1. Prudential Supervision

- Staff: limited in both quantity and capacity.
- Supervision method: Rule-Based Supervision, Off-site Inspection and On-site Inspection
- Regulations: Not enough regulations and some regulations have to be updated to the development of the market.

2. Market Conduct Supervision

- Staff: limited in both capacity and quantity
- Supervision method: no Market Conduct Examination Procedure Manual and no on-site inspection
- Regulations: insufficient regulation related to market conduct

3. Consumer protection

- No implementing regulation on insurance mediation
- No clear insurance dispute settlement mechanism

4. Public Awareness and Education

- Awareness and education on the concepts and benefits of insurance for the public have not been conducted precisely, still limited.
- Course on insurance has not been efficiently included in the curriculum at the university level.

5. Compulsory Insurance

- Compulsory insurance on Motor Vehicle or Third-Party Liability Insurance
- Compulsory Insurance on Passenger Transports
- Compulsory Insurance on Construction Site

4. Swot Analysis

Strengths

- › Peace and political stability as driving force for growth
- › Open-market investment policy
- › High growth of middle-income households

Weaknesses

- › Low level of public awareness
- › Lack of recognized insurance professional training system
- › Institutional capacity of insurance regulator is limited
- › No clear role takers between insurance regulator and insurance policymaker
- › Lack of cooperation and willingness of relevant institutions

Opportunities

- › Optimism of economic growth in 2021
- › High potential growth of Cambodia's insurance market
- › Newly established regulator, an independent institution
- › Innovations of financial technology

Threats

- › Some insurance products are severely affected by Covid-19
- › The increasing demand of cross-border supply in insurance sector
- › Number of insurance professionals don't meet the insurance market's demand

5. Short-term Strategic Plan (2021-2023)

Insurance Product

- Compulsory insurance products for all types of vehicles
- Women-oriented micro-insurance products
- Agricultural insurance products

Distribution Channels

- Classis intermediaries: brokers, agents (individuals or corporate)
- Bancassurance in the form of referral and direct sale models
- Digital distribution (online sales)

Professional Training

- Develop formal training courses for the insurance profession
- Study the establishment of a "National School/ Institute of Insurance"

Associations of Insurance Professionals

- Life Insurance Association
- General Insurance or Micro-insurance Association
- Insurance Broker Associations

Thank You!

