



# VIETNAM INSURANCE SECTOR UPDATE Q2.2021

*September, 2021*

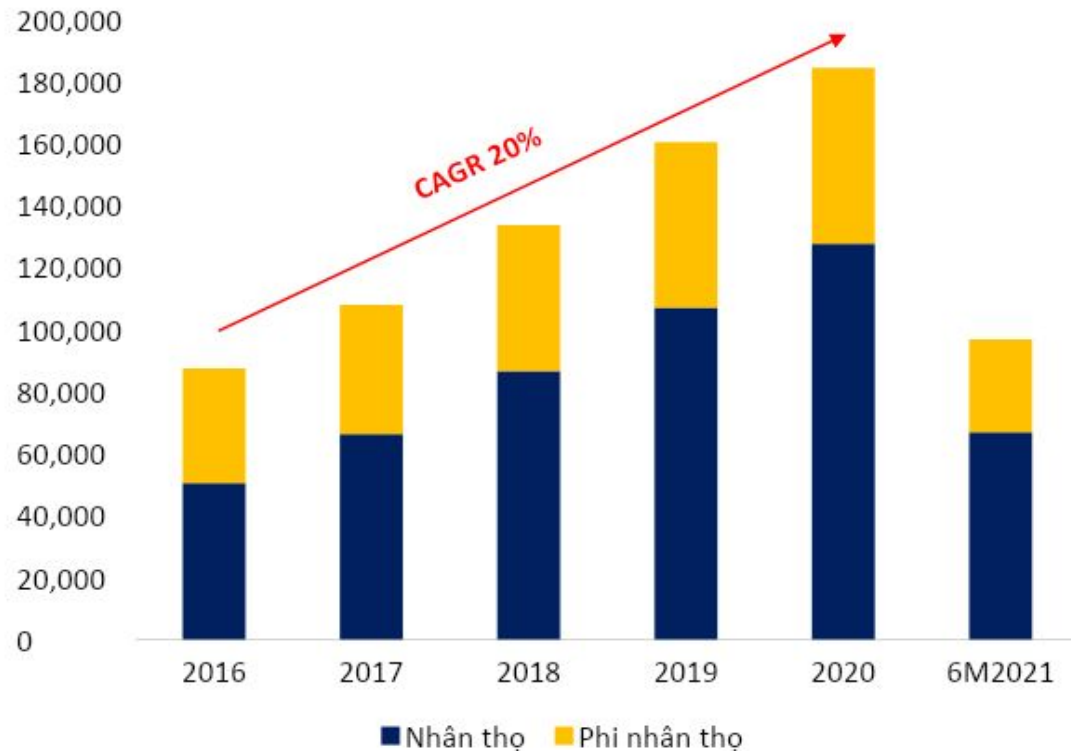


# SECTOR HIGHLIGHTS

## Ongoing growth of insurance revenue.

- Total 6M2021 life insurance premium revenue reached VND 66,818 billion (+19.4% yoy)
- Non-life insurance grew over 10% in 6M2021, with total premium revenue reaching VND29,981 billion.

### Total insurance premium earned (billion VND)



### Non-life insurance growth over 10% in 6M2021



Source: General Statistics Office

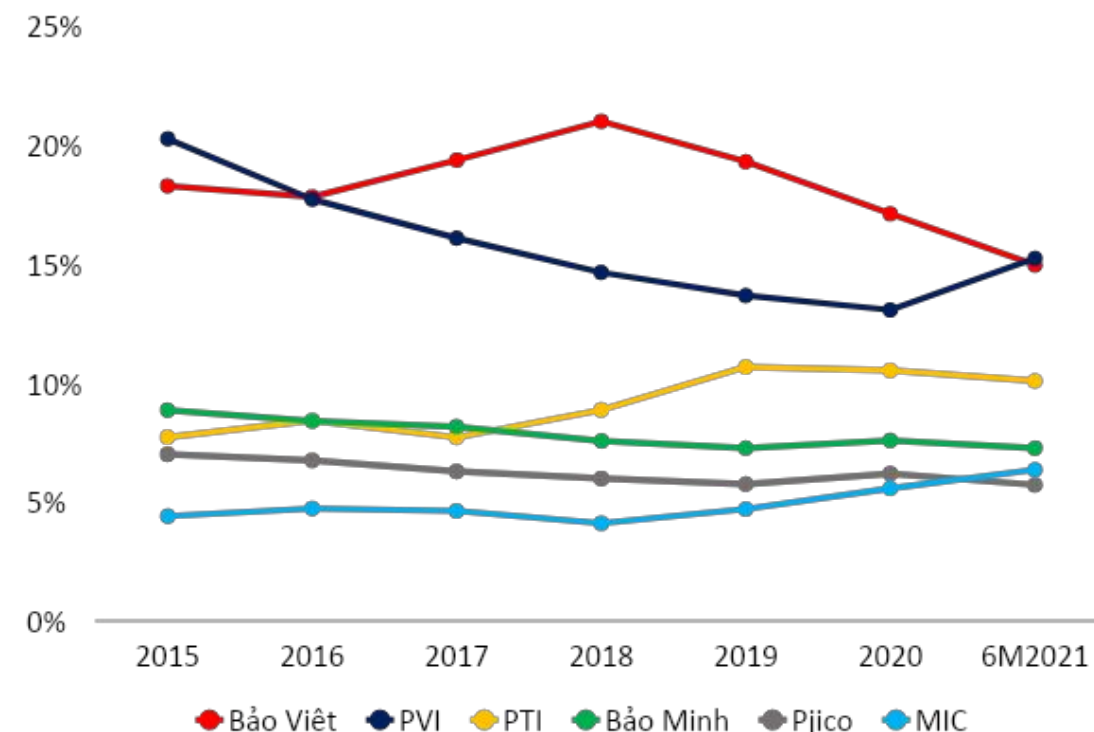
# SECTOR HIGHLIGHTS

**Intense competition on market share among both life and non-life insurance companies.**

**Foreign insurance companies are gradually dominating the life insurance market**

	6M2021	5Y change	YTD
AIA	10.8%	1.5%	-0.3%
AVIVA	1.9%	0.5%	-0.5%
BaoViet Life	20.8%	-6.0%	-0.9%
BIDV Metlife	0.7%	0.2%	-0.3%
Cathay Life	1.5%	0.9%	0.3%
Chubb Life	2.9%	-1.2%	-0.3%
Dai-ichi Life	12.1%	1.6%	0.0%
Fubon Life	0.1%	0.0%	0.0%
FWD	2.4%	2.3%	0.5%
Generali	2.6%	0.0%	-0.3%
Hanwha Life	2.6%	0.5%	0.0%
Manulife	19.0%	6.9%	3.5%
MB Ageas	3.1%	3.1%	0.4%
Phu Hung Life	0.4%	0.3%	0.1%
Prudential	16.0%	-10.7%	-3.5%
Sun Life	2.5%	0.8%	1.5%

**The top 6 enterprises accounted for about 60% of the non-life insurance market share**

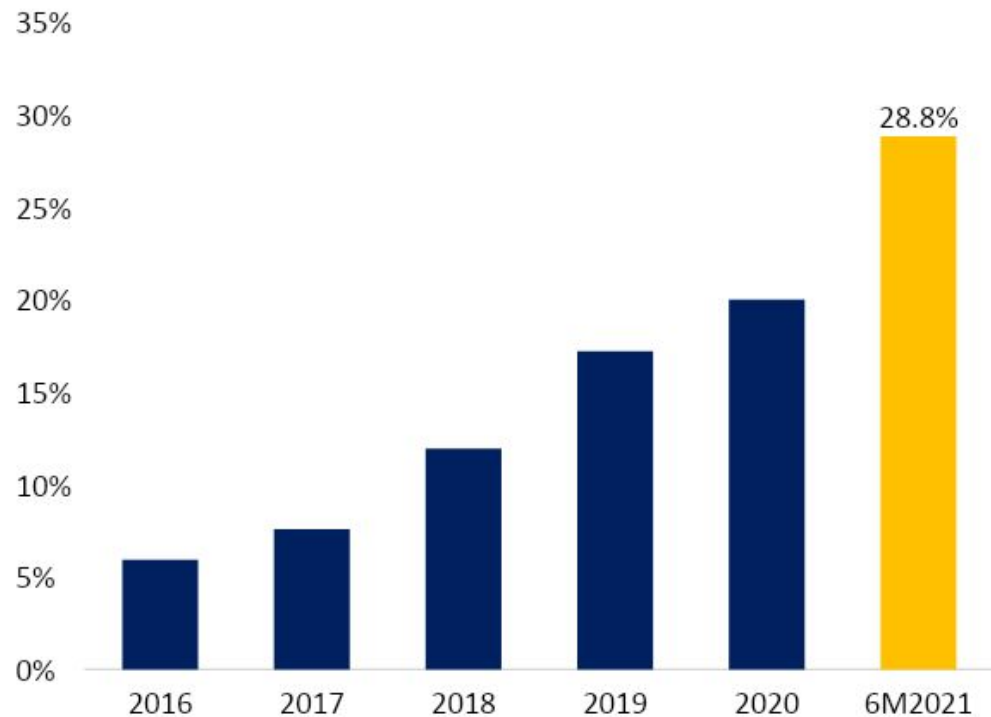


Source: AVI, General Statistics Office

# SECTOR HIGHLIGHTS

*Bancassurance has contributed an important part in the business activities of insurance companies.*

## Bancassurance penetration rate



Source: AVI, BSC Research

## Recent prominent bancassurance deals

04/2021



03/2021



12/2020



11/2020



11/2019

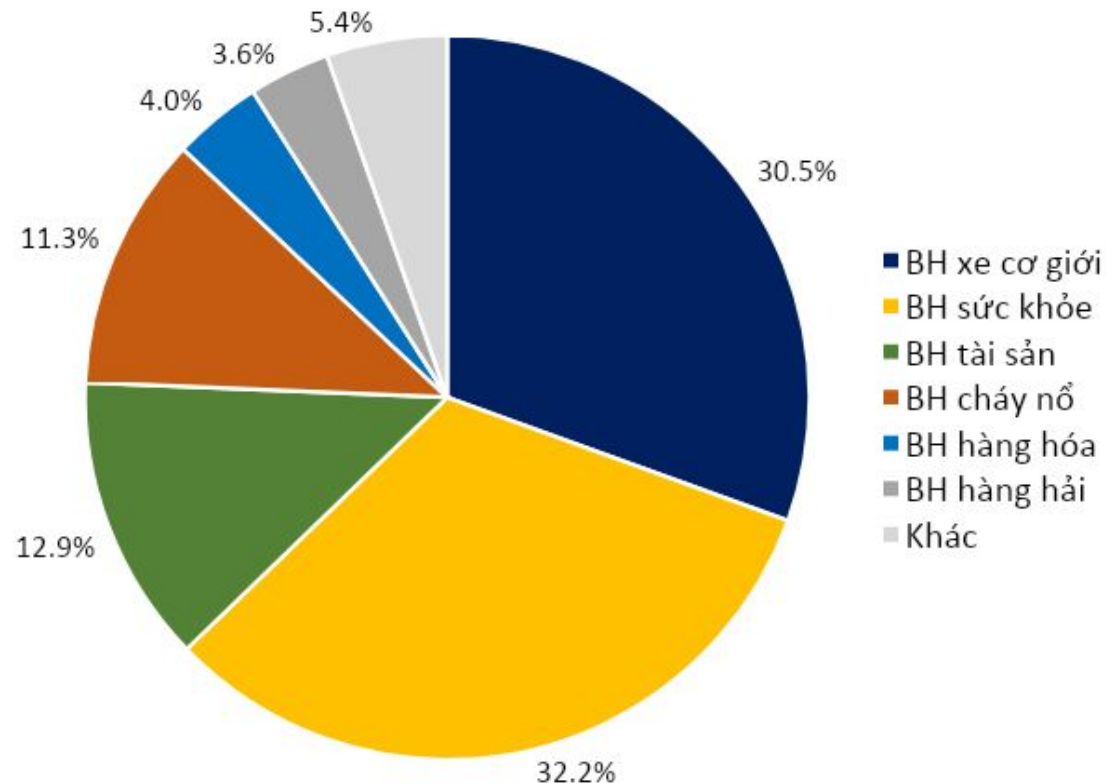




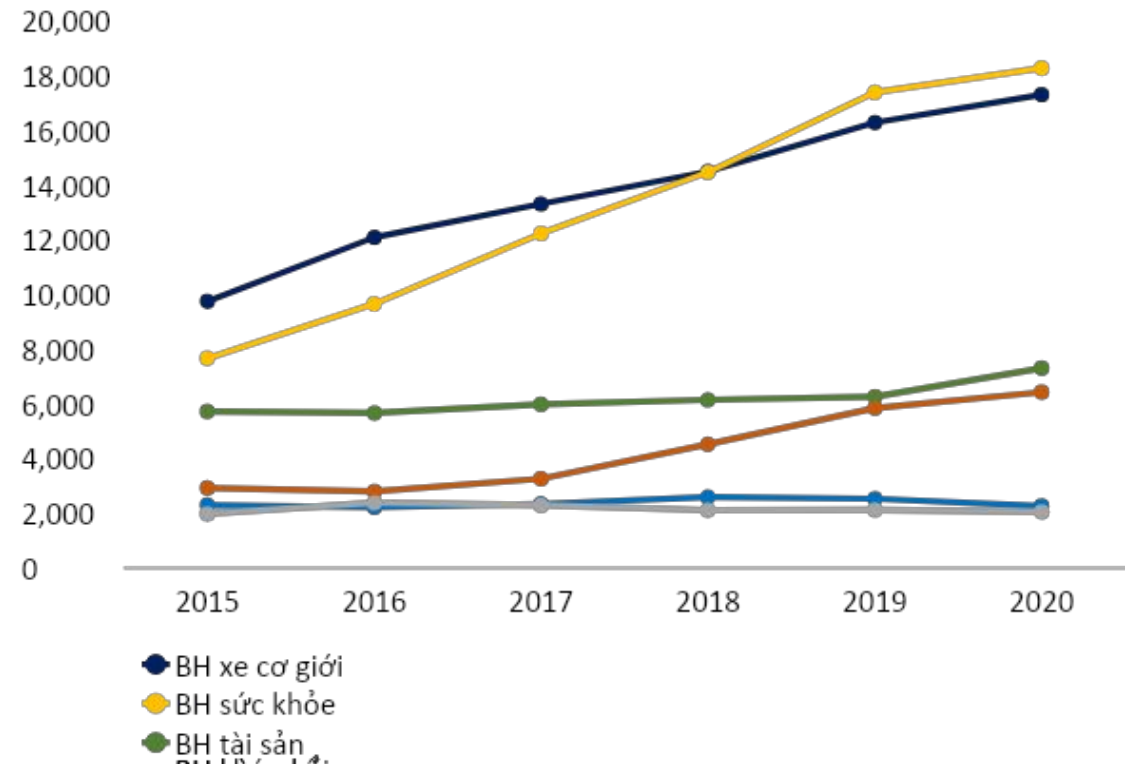
# SECTOR HIGHLIGHTS

- Motor vehicle insurance and health insurance still account for the highest proportion in the revenue structure of non-life insurance.
- Premium revenue from health insurance products tends to increase sharply over the years.

Structure of premium revenue by product



Health insurance premium revenue tends to increase sharply

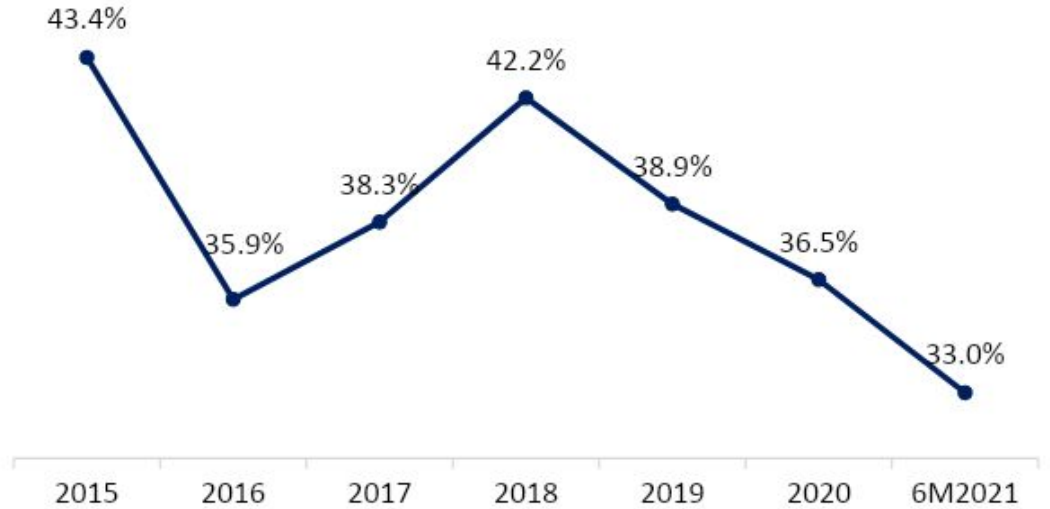


Source: General Statistics Office

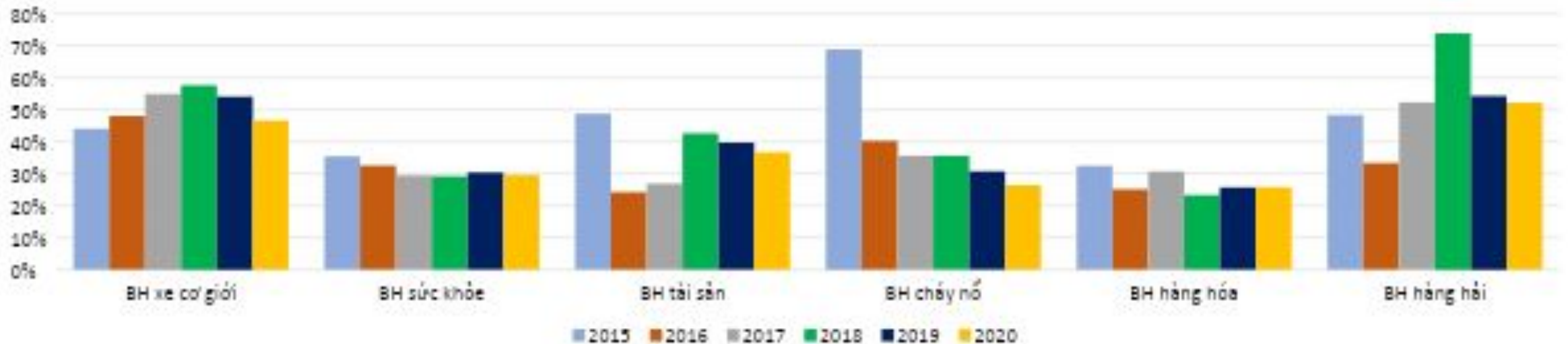
# SECTOR HIGHLIGHTS

- The rate of compensation has tended to decrease recently.
- Health insurance products have significantly lower claims rates than auto insurance products.

Non-life insurance claim ratio / original fee revenue \*



Compensation rate on each non-life insurance product



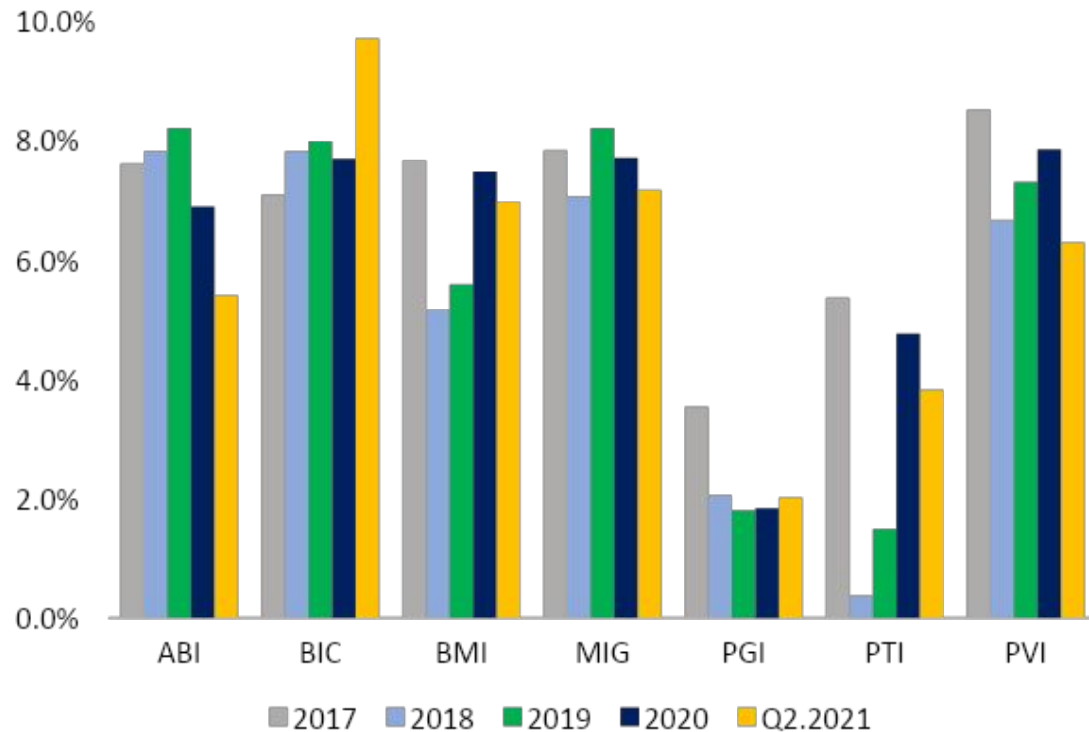
\* Companies included in the statistics: ABI, BIC, BMI, BVH, MIG, PGI, PTI, PVI

Source: General Statistics Office, BSC Research

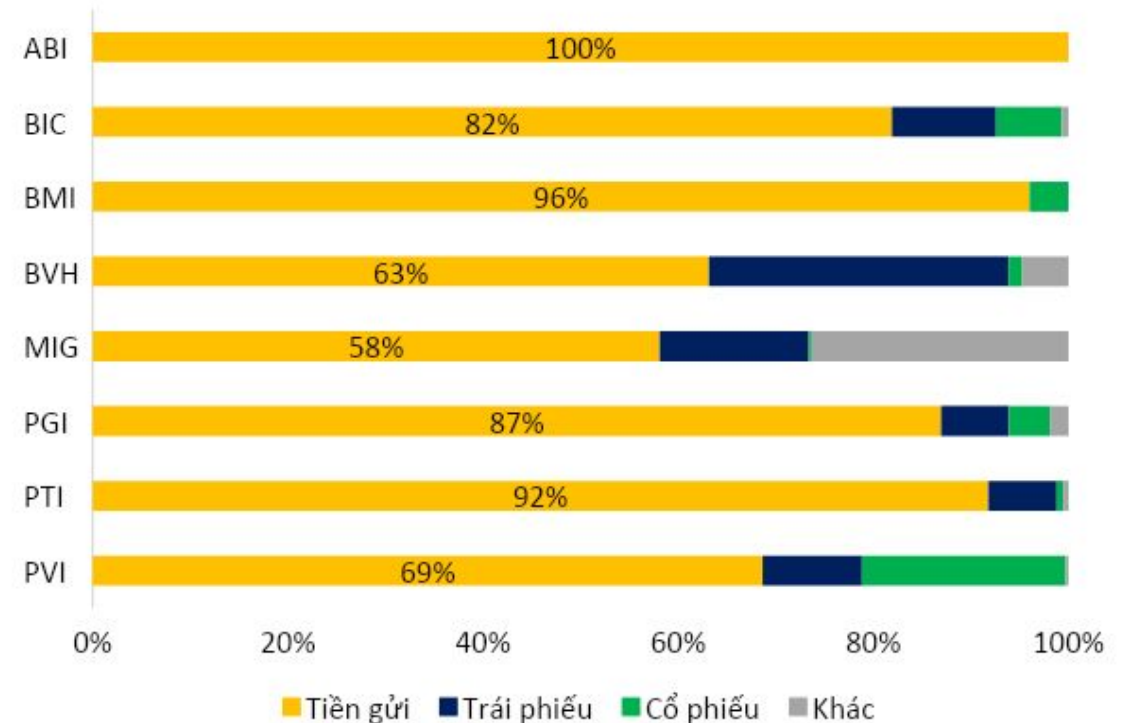
# SECTOR HIGHLIGHTS

- Along with the upward trend of stock market, insurance industry is still maintaining high growth rates over the same period.
- Low interest rates reduce the financial returns of deposit-focused insurers.

## Yield investment of non-life insurers \*



## Deposits account for more than 80% of investment portfolios of insurers



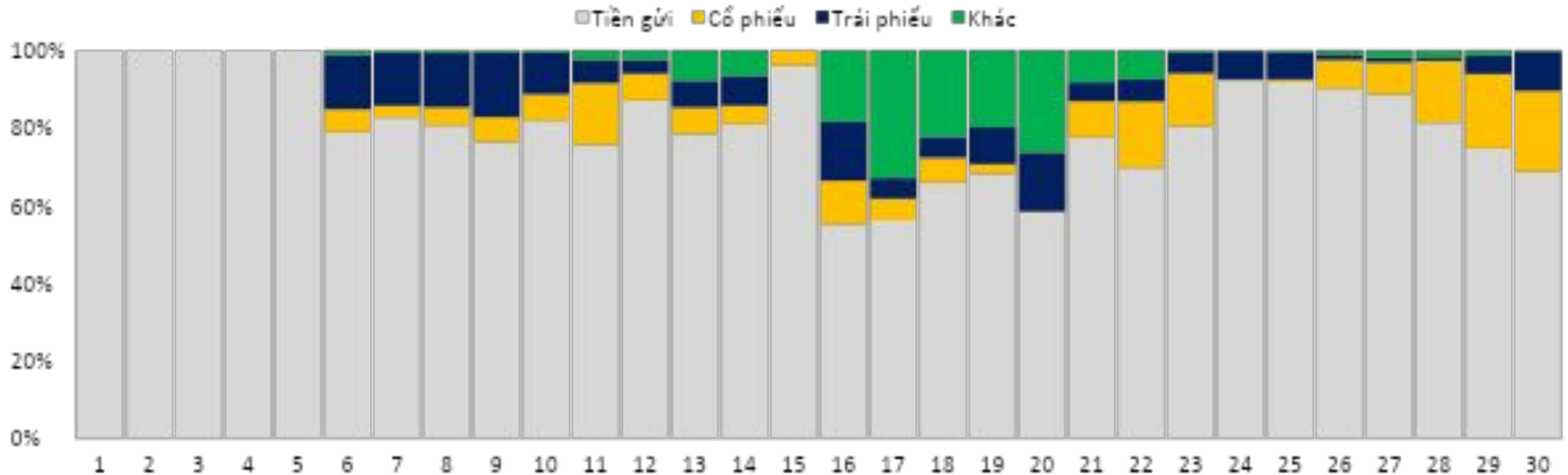
Source: Insurers' Financial Statements, BSC Research

\* Yield investment = financial profit / original value of financial investments at the beginning of the year

# SECTOR HIGHLIGHTS

- ABI focuses entirely on deposits, BIC focuses on bonds, while MIG diversify through investment trusts at MB Capital.
- PVI tends to gradually increase the proportion of investment in stocks & bonds.

## Structure of investment portfolio of insurers



Source: Insurers' Financial Statements, BSC Research



# INVESTMENT OUTLOOK – 2021

- Most insurers have set negative or low growth targets in 2021 due to the low interest rate environment.
- Opening up the “room” for foreign investors can help insurance companies be revalued.
- Stocks with divestment potential: BMI, MIG.

Business Performance 6M2021										2021 Forecast		Valuation	
	Fee revenue	% YoY	Operating profit	% YoY	NPAT	% YoY	Compensation rate	Combination rate	ROE	Fee revenue growth	EBT	PB	PE
ABI	910	6%	146	5%	167	1%	30%	83%	28.3%	8%	-18%	2.0	7.8
BIC	1,420	18%	33	-42%	179	13%	32%	97%	12.9%	6%	-22%	1.4	10.8
BMI	2,302	-2%	41	56%	120	32%	33%	98%	10.2%	-3%	19%	1.9	18.9
MIG	1,694	35%	31	746%	79	53%	33%	98%	16.1%	35%	40%	2.2	16.0
PGI	1,850	13%	166	53%	163	49%	38%	89%	14.8%	2%	-7%	1.5	10.1
PTI	2,748	-5%	30	-36%	120	-18%	35%	99%	11.1%	9%	-15%	1.4	13.5
PVI	5,107	15%	211	7%	462	2%	31%	91%	11.5%	5%	-17%	1.3	12.2
VNR	1,193	-6%	37	75%	179	53%	20%	95%	12.3%	-18%	6%	2.0	16.5
PRE	883	7%	33	-26%	65	-12%	31%	93%	14.8%	-7%	-6%	1.6	10.7