

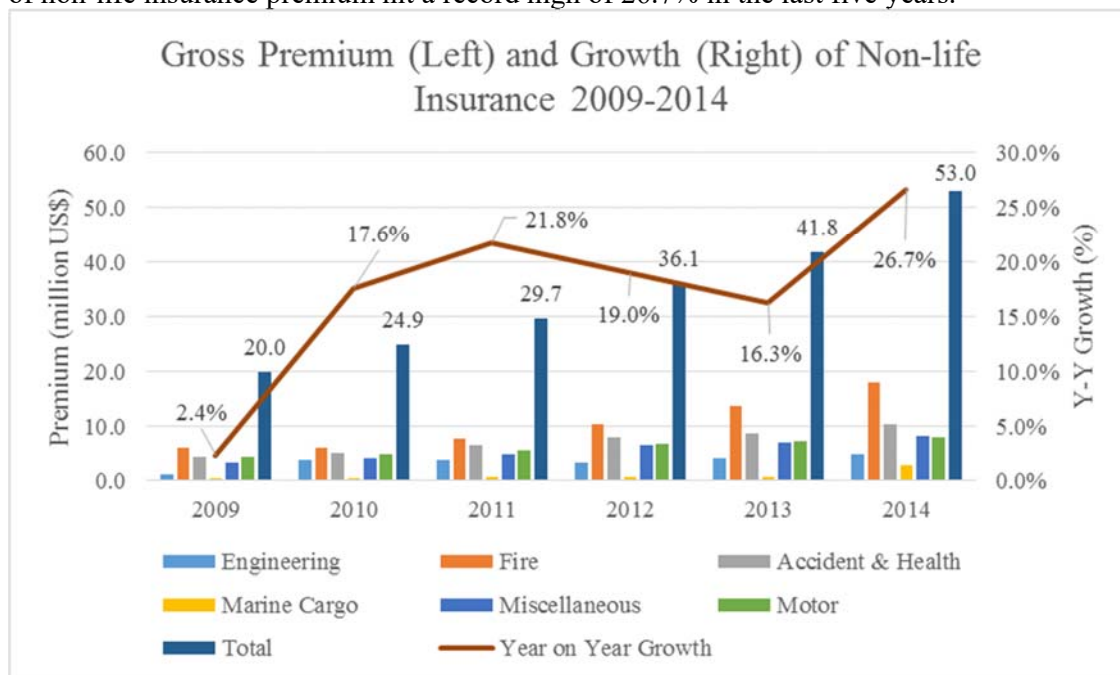


Cambodia Insurance Market at a Glance

The development of insurance sector in Cambodia has actually started in 1956, but it was disrupted in 1975 due to the Khmer Rouge Regime. The sector development resumed in early 1990s with few necessary regulations to serve the need at that time for contributing to social and economic development and to compensation of the victims against losses caused by natural catastrophes, accidents and other mishaps. However, the full functions of insurance, namely general insurance, only started with the Insurance Law in 2000 and the regulations in the subsequent years. Life insurance just started its presence in the Cambodia market in 2012.

Cambodia's insurance market is still at early stage of development but becomes more and more active with more market players coming into the market year-over-year. As at the end of 2014, there were 11 licensed insurance companies, comprising of 6 general insurers, 3 life insurers and 2 micro-insurers, operating in the market. Before, ones could see the market driven more by premium from one-off projects rather than by annually renewable business. In addition, most commercial lines premiums were derived from businesses with a foreign interest. However, this trend has been gradually changing.

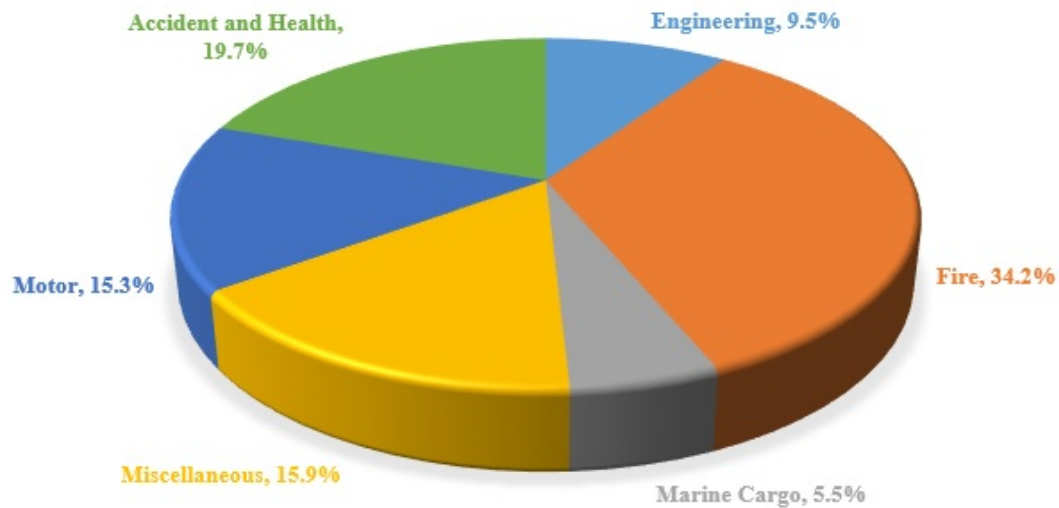
The non-life insurance market has so far experienced robust growth and has been operating without catastrophic loss with an overall loss ratio in the last 5 years standing around 30% to 40%, except that in 2011 when there was a big claim on fire which made claim ratio hit 73%. In the last ten years, the premium for general insurance grew at an average annual growth rate of 19.7%, increasing from US\$ 8.8 million in 2005 to US\$ 53 million in 2014. The growth slowed down during the global financial crisis in 2008 – 2009. In 2009, the general insurance premium could grow at only 2.4%. However, the market has recovered very quickly similar to the recovery of Cambodian economy in V-shape after 2009. The general insurance premium annual growth between 2009 and 2014 was averaged at 20.2%. The 2014 year on year growth of non-life insurance premium hit a record high of 26.7% in the last five years.



In terms of growth by business lines during the last five years, health and accident grew 35.7% per annum, followed by engineering 32.5%, and fire 24.5%. Exception is for marine line where average growth of 43.7% caused by exceptional increase of premium in 2014 which hit USD 2.9 million as compared to USD 0.69 million in 2013.

Of the total gross premium for non-life insurance in 2014, fire insurance was the biggest portion representing 34.2%, followed by health and accident insurance 19.7%, and motor vehicle insurance 15.3%.

Non-life Gross Premium by Business Lines 2014



Looking back in the past few years, life and micro insurance started to exist in Cambodia insurance market only in 2012. By including the latter two insurance, the total market premium in 2014 reached USD 60 million.

With the introduction of life and micro-insurance, insurance companies are now reaching out to the general, largely uninsured, public with dynamic tailor-made products to make individuals less vulnerable to personal catastrophes such as disease or the loss of the main breadwinner in a family.

The untapped life insurance in Cambodia has substantial potential for growth due to young population and robust economic development. Cambodia’s GDP in the last two decades grew at an annual average rate of 7.7 percent, which is the sixth-fastest in the world during the period of 1993-2013, making its GDP per capita hit US\$ 1,035 in 2013. This has reflected the fast growing and large number of Cambodian middle class.

Based on a UNDP’s study in 2013, micro-insurance is also of high potential demand for the low-income people, especially health, accident, and crop insurance. While the vast majority of low-income people under study are vulnerably exposed to risks, most of them recognized the necessity of transferring such risks to a third-party insurer. Presently, two licensed micro-insurers provide health, life, and personal accident insurance.

