

Insurance market posts agreeable growth

The local insurance market generated total premium revenue of nearly VND40.6 trillion last year, up an encouraging 11% compared to 2011 despite the protracted economic woes.

Although this figure fell short of the target of 17% set up by the Ministry of Finance, it was considered as a robust growth rate amid difficulties of the economy, especially problems in the banking and financial sectors. In 2011, the insurance market obtained a growth rate of around 18% in premium revenue.

According to a representative of the Vietnam Insurance Association, non-life insurance premium revenue totaled an estimated VND22.6 trillion, a 10.2% year-on-year increase, while life insurance premiums rose 12% to VND17.9 trillion. The insurance sector invested nearly VND91 trillion in the economy, down from VND96 trillion in 2011.

The Ministry of Finance has chosen Bao Viet, Bao Minh and Vinare to pilot agricultural insurance in 20 provinces and cities. Around 200,000 farming households have joined this program so far with the total premium of over VND220 billion.

Besides, seven insurers, Bao Viet, Bao Minh, PVI, UIC, QBE, Chartis and Bao Viet Tokio Marine, have been chosen to pilot export credit insurance. In the first nine months of 2012, over VND5.3 trillion worth of export goods was insured with the total premium of VND15.8 billion. Some VND9.6 billion was compensated to customers.

Notably, insurance firms since last year have been restructuring to secure solvency and efficient portfolio. The enterprises have also tackled bad debts, including insurance premium debts, and restructured equities while State-owned enterprises and groups' ownership in insurers has declined gradually.

A number of insurers have restructured the governance model by reviewing tasks assigned to branches and affiliates and narrowing down scale of ineffective units, the representative said.

Insurance enterprises also rearranged insurance products to meet demands of people and enterprises, focusing on individual asset insurance, liability insurance products and products in the fields of health, voluntary pension, agriculture and export credit.

The association is building up database for life and non-life insurance agent management. The organization has also studied to build basic fees and risk warning system to help the Ministry of Finance fight unhealthy competition on the market.

According to the ministry, the insurance industry has obtained a strong and stable growth rate over the past 10 years, averaging out at 18.5% each year.

This year, the ministry targets a growth rate of 10-12% in non-life insurance premium revenue and 12-14% in life insurance revenue. The sector is expected to invest around VND100 trillion in the economy.

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