

Insurance

Non-rated

February results: Exciting from the beginning

Life insurance: Brisk growth momentum persists

- According to Insurance Association of Viet Nam (IAV), 2M21 total life premium was pegged at VND21,888bn (+17.2% yoy). In detail, the premium of renewal contract led the industry growth with VND15,829bn (32%yoy), offset by the tepid premium of new placement contract with VND6,059bn (-9.5% yoy).
- In terms of proportion, universal life insurance accounted for 53.4% of total premium. The followers were mixed insurance (17.5%), unit-linked insurance (17.1%), and insurance riders (10.3%).
- The life insurance companies paid VND5,419bn for reimbursement.

Non-life insurance: Visible organic growth continues

- Accumulated 2M21 non-life insurance premium surged to VND11,248bn (+15.3% yoy). Health insurance occupied the largest proportion in structure, with 30.4% share, +15.3% yoy. Motor vehicle insurance made up 28.2%, 10.1% yoy. Property & Casualty (P&C) insurance constituted 15.1%, +15.1% yoy.
- Paid claim in 2M21 totaled VND2,709bn. Loss ratio amounted to 24.1%, which was still lower than 33.4% in 2021.
- All three insurance products with the largest weights experienced moderate loss ratios. Loss ratios for health insurance, motor vehicle insurance and P&C insurance were 25%, 31% and 15%, respectively.

Deposit rate hike propels investment income

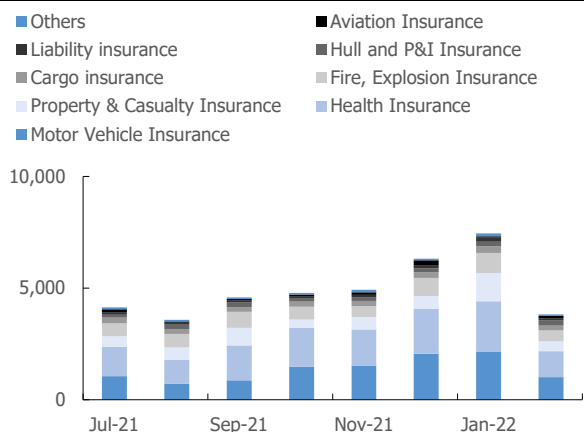
- The upward trend of deposit rates is confirmed after Lunar new year 2022. Furthermore, bond markets are also surging. In the first two weeks of April, the yield curve jumped sharply in all terms. In which, short-term and medium-term yields exceeded pre-pandemic levels.
- The increasing trend of both deposit rates and bond yields will secure the investment income of insurance companies as the majority of insurance companies' financial assets are in the form of bank term deposits and bond (both government and corporate).

Divestment plans could be possible in 2022F

- SCIC missed the deadline to divest its stakes in BVH and BMI last year. But, the story could be promising in 2022 when there is no foreign limit ownership from Aug 2021 and companies have more time for negotiation. We expect some updates about divestment plans in BVH and BMI will be disclosed in the upcoming Annual Shareholders' Meetings.

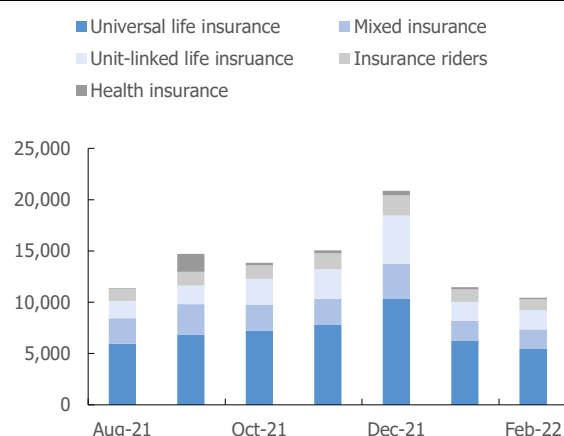
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Figure 1. Non-life insurance premium



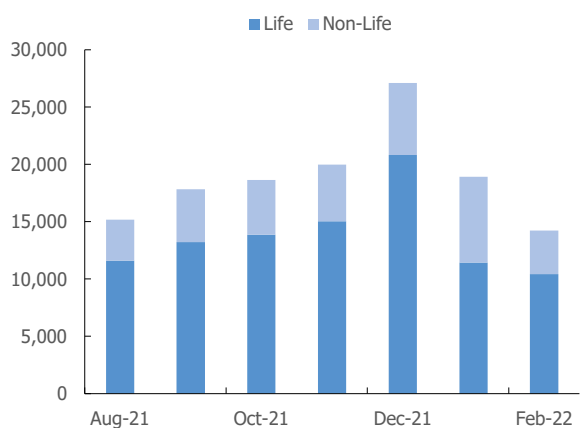
Source: Insurance Association of Viet Nam, Korea Investment & Securities

Figure 2. Life insurance premium



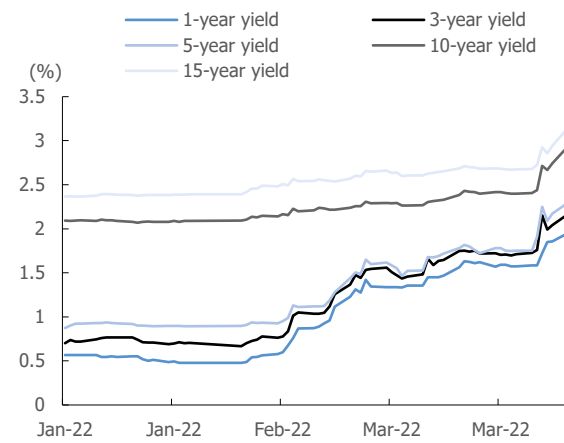
Source: Insurance Association of Viet Nam, Korea Investment & Securities

Figure 3. Insurance premium (Life and Non-life products)



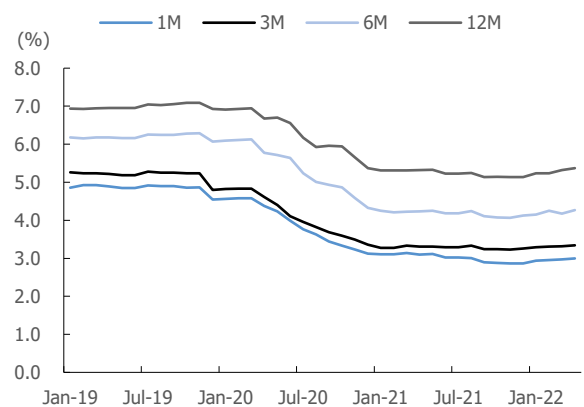
Source: Insurance Association of Viet Nam, Korea Investment & Securities

Figure 4. Bond yields are surging in April



Source: VBMA, Korea Investment & Securities

Figure 5. Deposit rates bounced back from Feb 2022



Source: Respective company data, Korea Investment & Securities

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