



# GLOBEX UPDATE

*Events, developments, and opportunities in the international marketplace*

## Myanmar.

The government will allow international companies to enter the insurance market this year, according to the Finance Ministry's Financial Regulation Department. A liberalization roadmap will lay out how foreign insurers should be allowed into the market. Representatives from international firms will sit on a new Myanmar insurance association which could be in place next month. The regulator has already invited local and foreign insurance companies to provide their views on how best to liberalize the sector. A White Paper published last July argued that the Myanmar insurance sector is constrained by product restrictions, a shortage of experienced professionals, as well as inadequate IT systems and standards on reserves. At present, there are 12 local insurers operating in the domestic market, over 20 foreign insurers with representative offices and three Japanese insurers operating in the Thilawa special economic zone. While senior executives at local insurers recognize the weaknesses in the industry, they remain cautious about allowing international firms unfettered access to the nascent market. Progress will likely be made by engaging in joint ventures by partnering with international firms as well as establishing reinsurance arrangements with international brokers and underwriters.

## Vietnam.

The insurance market in Vietnam is poised for robust double-digit growth this year, expected at more than 20%, bolstered by an improved economic outlook, along with government policies promoting the services sector. There is much room for growth in the insurance market with demand for insurance products continuing to rise amid the country's rapid international integration, coupled with improved awareness about the role of insurance. The Vietnamese economy is forecast to continue to post high economic growth of around 6.5% this year. In addition, the government plans to focus resources on boosting the services sector, including the insurance market. Insurance companies expect that government policies would create a framework for the development of new products. The insurance market is poised for strong growth, with increases expected at more than 25% for life insurance and 14% for non-life insurance. Statistics from the Insurance Supervisory Authority show that insurance premiums totaled around VND86 trillion (US\$3.8 billion) last year, representing a rise of 22% over 2015. The total revenue in non-life insurance was VND36.4 trillion, up nearly 15%, and the revenue in life insurance was over VND49.2 trillion, an increase of 28%. Analysts suggest however, that the shortage of quality manpower, such as actuarial expertise, remains a challenge to the development of the insurance market.

## China

China has now completed and is fully implementing its Value Added Tax (VAT) system to all industries. For many years China's tax system had two distinct branches with VAT broadly applying to the goods sector and Business Tax applying to the services sector. Although value added in financial services can be difficult to measure and is the reason why most countries exempt them from this tax, China's VAT system covers virtually all financial services, including insurance and reinsurance. While the Business Tax had been imposed on companies, consistent with the essential nature of VAT, the 6% tax of insurance is imposed on the insured. Term life and term health insurance that exceeds a period of one year and insurance covering export risks and export credit insurance are exempt.

### RECENT SUCCESSES

- Bound UK Employers' Liability for a one person office in the UK for a provider of research services to Biopharmaceutical, Device and Clinical Research Organizations.
- Placed General Liability policy in Puerto Rico for a 3 day special event hosted by a US based animal protection organization.
- Bound local Property policy in China on behalf of a US based real estate company.
- Placed Property & Liability policies in Malaysia for a leading manufacturer and supplier of consumer branded health, wellness and self-care products.



**GLOBEX INTERNATIONAL GROUP – PO Box 776 – Chester, New Jersey – 07930**

**Phone: (908) 879-1150**

**E-mail: [globex@globexintl.com](mailto:globex@globexintl.com)**

**Fax: (908) 879-1160**