



COMPASS* for the Future of Myanmar's Insurance Sector

*Comprehensive Mapping of Proactive Assistance



Provisional translation

June 7, 2018

FSA, JICA, GIAJ, GIROJ, LIAJ, FALIA

Japanese insurers with
representative offices in Myanmar*

Background

- **High potential market**
The Myanmar economy is growing rapidly. Its insurance market is a high potential even compared to neighboring ASEAN markets.
- **Urgent need for building market infrastructures**
Establishing proper market infrastructures is essential to fully get benefit from the insurance market liberalization (including foreign participation)

Recent developments

- **Myanmar and Japan have build trust based on the cooperative relationship in the insurance sector that dates back to the 1990s.**
Since Japanese insurers set a representative office in 1995 and later, the Japanese insurance industry has been providing training and technical assistance for Myanmar.
 - **Based on the long lasting trust for more than 20 years, the FSA, JICA, and the industry have upgraded support** following the recent liberalization in Myanmar.
- <Recent developments on the Myanmar insurance market liberalization>
- The Myanmar government approved the establishment of private insurers in 2012, in addition to Myanmar Insurance that had been the only insurer in the country since the 1960s.
- <Upgraded support from Japan>
- **The FSA dispatched an insurance expert as an Advisor to the Minister for Planning and Finance since August 2017 (JICA expert).**
 - **Japan and Myanmar launched the JICA Technical Cooperation Project on the Development of Insurance Sector in Myanmar.** The JICA plans to dispatch two more experts, a government actuary for life insurance and a general insurance expert, to the Myanmar insurance authority in fall 2018.

Objectives

- **Developing the sound insurance sector in Myanmar and the upgrading the win-win Myanmar-Japan relationship**

The FSA, JICA and the Japanese private sector jointly delivers this COMPASS as a comprehensive strategic plan** based on the intensive and focused discussions on the priority challenges faced by the Myanmar insurance sector.

** This plan is to follow up the action item in the [Myanmar-Japan Cooperation Program](#), announced at the summit between the heads of both counties in November 2016, to establish a "support program to develop private financial sector."

Main challenges and action points

1. Financial soundness of insurance companies

- Providing support for updating rules on liability reserves for future payment of claims.
- Providing support for implementation of solvency regulations (ie the Risk-Based Capital).

2. Development of insurance products

- Providing support for data collection for rate verification and the review of policy documents on motor insurance. The motor insurance market is growing along with motorization, but the premium rate and the insurance policy have not been updated and a gap with the market conditions became large.
- Providing support for the development of new life products (including endowment with living benefits)

3. Revisions of insurance laws and regulations

- Providing support for revisions of the Insurance Business Law that has not been updated since its establishment in 1996.

4. Capacity building of insurance authorities and the industry

- Training provided by FSA, JICA, GIAJ, GIROJ, and Japanese insurers
- Opportunities for staff of the Myanmar authorities to participate in the fellowship program at FSA's Global Financial Partnership Center (GLOPAC)
- Daily on-the-job training by JICA residential experts

Framework for progress management

- In Myanmar, JICA experts will follow up the progress with the Myanmar authorities, the Myanmar Insurance Association, the Japanese embassy, and the Japanese insurers.
- In Tokyo, Japanese stakeholders will follow up progress and exchange information on assistance for Myanmar.
- Senior officials (of two countries) will meet and discuss progress and challenges when there is an opportunity of a visit to Myanmar or Japan.

* Financial Services Agency (FSA), Japan International Cooperation Agency (JICA), General Insurance Association of Japan (GIAJ), General Insurance Rating Organization of Japan (GIROJ), Life Insurance Association of Japan (LIAJ), Foundation for the Advancement of Life & Insurance Around the world (FALIA), Mitsui Sumitomo Insurance, Sampo Japan Nipponkoa Insurance, Tokio Marine & Nichido Fire Insurance, Dai-ichi Life Group, Nippon Life Insurance, and Taiyo Life Insurance.