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INSURANCE MARKET REPORT

MYANMAR: LIFE & BENEFITS

Country Map



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Map of the Area



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Market Developments

- In preparation for the entry of new foreign joint venture partners for various existing local insurers, those formerly constituted as composites were in 2019 in the process of separating life and non-life companies under a regulatory directive.
- Although the market leader, state-owned Myanmar Insurance, was not entering a joint venture in the first half of 2019, it was also understood to be preparing to separate its life and non-life operations into two companies.
- Because the Myanmar life market is less developed than that for general insurances, it was decided - against some opposition from local players - to allow 100% participation of foreign companies in the life sector, compared to a maximum shareholding of 35% in non-life insurers. Despite an announcement in January 2019 that three life companies would be allowed to operate 100% subsidiaries, in April of that year five were given the green light: Chubb, Prudential, AIA out of Hong Kong, Japan's Dai-ichi and Canada's Manulife.
- Other international players were still free to apply to operate as joint ventures with local companies up to a maximum foreign shareholding of 35%, with the following deals in process by May 2019:

Thai Life with Citizen Business (CBI)

- Taiyo Life (Japan) with Capital Life (CL)
- Muang Thai Life with First National
- DB Insurance (formerly Dongbu, from Korea) with Global World.

According to local market sources, the last two deals mentioned above fell through. The first two were formally approved by the Ministry of Finance and Planning on 31 July 2019, as was one involving Nippon Life from Japan. That company had in June announced subject to regulatory approval it would acquire 35% of composite Grand Guardian's life operation, to be renamed Grand Guardian Nippon Life Insurance Co.

- A high level of activity from foreign entrants on the 35% maximum basis was also taking place in the local non-life market, as detailed in the separate Axco report. Foreign brokers with representative offices were also expected eventually to be able to operate locally, by informal accounts with a shareholding of up to 65%, although in their case there were in May 2019 still no local brokers with which to partner.
- Amendments to existing insurance legislation were expected by the end of 2019, to reflect the changing circumstances of the market. There had already been some new products in the life market, with an improved endowment policy replacing the existing one from August 2018 and stand-alone critical illness cover being offered by 2019.
- The financial year for insurers was amended to 1 October to 30 September from 2018 to follow a change in the country's fiscal year. IFRS was being introduced so that 2018 - 2019 company returns would be in that format.

Key Facts

Premium development in the non-life, life, and personal accident (PA) and healthcare markets is shown below.



Source: Axco Global Statistics / Industry Associations and Regulatory Bodies / Market Sources

New statistical information may have been included in the appendices.

- The last full market figures published in Myanmar at the time of preparing this report were for 2016-17 (April through March, the market's financial year at that time, though Axco presents them as calendar year 2017). With major input from local sources including the Myanmar Insurance Association (MIA) and Myanmar Insurance, Axco estimates for 2017-18 published in this report show life premiums of MMK 27.7bn (USD 19.4mn) and a very limited healthcare market of less than USD 250,000.
- The current rate of exchange is MMK 1,542 : USD 1. Further details are provided within the Currency and Exchange Control subsection in the Politics and the Economy section of this report.
- Myanmar is the largest country in mainland south-east Asia with a land area of 261,228 square miles (676,577 square kilometres). The country shares borders with Bangladesh and India in the north-west, China in the north-east, Laos in the east and Thailand in the south-east. The population in 2018 was estimated at 53.9 million.
- Three parallel mountain ranges run from north to south, which divide the country into three river systems. The country has seven major topographic regions: the northern hills, the western hills, the Shan plateau, the central belt, the lower Myanmar delta, the Rakhine coastal region and the Tanintharyi coastal strip.
- Following the Third Anglo-Burmese War, Britain made Burma a province of India in 1886. It was granted independence in 1948. A coup d'etat in 1962 led to the establishment of a military government which ruled for the next 48 years until the State Peace and Development Council (SPDC) formally transferred power to an elected, quasi-civilian government in 2011.

Key Facts

- Aung San Suu Kyi's National League for Democracy (NLD) won a clear majority in the 2015 general election, but the army are guaranteed 25% of all parliamentary seats, thereby effectively still controlling the constitution and any proposed amendments which require more than a 75/25 majority of votes. The president since 2018, Win Myint, is an NLD member and considered a proxy for Aung San Suu Kyi, who is constitutionally ineligible to hold the presidency but retains powerful ministerial portfolios, including foreign affairs.
- Myanmar's economy is based on agriculture, fishing and forestry. The country had depended on sales of oil, natural gas, and precious stones to Thailand and China to sustain economic growth. Since 2011, the economy has increasingly opened to international markets as the military-dominated government permitted limited economic and political liberalisation, with real GDP growth averaging 7.37% from 2012 through 2016. In 2018 GDP growth was 7.1% with inflation at 6.9%, driven by continued currency depreciation, while for 2019 the corresponding figures were projected at 6.7% and 6.5% respectively.
- Until 2013 the state-owned Myanma Insurance had a monopoly. Twelve private insurers were subsequently licensed, three for life business only and nine as composite licences. Although the *Insurance Business Law 1996* technically permits foreign insurers to operate in Myanmar, only from 2019 were five foreign companies allowed to open 100% subsidiary companies dedicated to life insurance and four more foreign life players to enter into joint ventures with existing local companies. This should have a transformative effect on the market, with new legislation required and expected to reflect the changes.
- Non-admitted insurance is not permitted, although special exemption may be given in certain circumstances by the Financial Regulatory Department (FRD) which governs insurance.
- Distribution is via agents or directly with customers. There are no insurance brokers as such (though proposals are advancing to allow foreign ones to operate in joint ventures with local partners), but rules introduced in 2015 allow the authorised agents to deal with all companies, as opposed to the previous rule of a maximum of two companies plus Myanma Insurance. Some of the private insurance companies are part of the same business groups as banks or have customer-referral agreements with a number of them.
- The *Social Security Law 2012* took effect from 1 April 2014, paving the way for funding of health and social care, family assistance, disability and survivor benefits. The law also provides for unemployment and pension benefits, neither of which have yet been implemented. There are no private pensions.

General Country Information

Country Indicators

Demographic and economic data are shown below, with projections for the final two years.

Indicator	2016	2017	2018	2019	2020
Total population (mn)	52.89	53.37	53.86	54.34	54.81
Total GDP (USD mn)	64,595.43	67,096.24	72,686.90	76,093.74	81,612.07
Real GDP growth (%)	5.89	6.84	7.10	6.70	6.90
Inflation (%)	6.96	4.57	6.87	6.50	6.20

Source: IMF and IHS Markit

History

Early History

- 11th c The first Myanmar empire was founded. Its culture was based on Buddhism and Hinduism, and characterised by great temples similar to those in Cambodia and elsewhere in the region.
- 13th c Attacks by Mongols and then the Shan resulted in the southern part of the country falling under the control of the Mons and the north coming under the control of the Burmese.
- 16th c The second Myanmar empire was founded by King Alaungpaya. After losing control of Thailand the empire tried to expand westward bringing it into conflict with the British.
- 1824 to 1826 The first Anglo-Burmese war resulted in territorial losses.
- 1852 The Second Anglo-Burmese War ended in the British annexation of Pegu province, renamed Lower Burma. The war resulted in a palace revolution, with King Pagan Min being replaced by his half-brother, Mindon Min.
- 1885 The British declared war once again, conquering the remainder of the country in the Third Anglo-Burmese War resulting in the total annexation of Burma.
- 1886 Britain made Burma a province of India, with the capital at Rangoon, and ushered in a new period of economic growth.

20th/21st Century

- 1930s The rising power of Japan and its invasion of China led to Burma becoming a supply route for the Chinese nationalists led by Chiang Kai-shek.
- 1939 General Bogyoke Aung San, along with other Thakins, founded the Communist Party of Burma (CPB) in August.
- 1942 During World War 2, Japan invaded Burma and nominally declared it independent on 1 August 1943.
- 1945 On 27 March the Burma National Army switched sides and rose up in a country-wide rebellion against the Japanese, aiding US and British forces in their drive to Rangoon. General Aung San and others subsequently began negotiations with Lord Mountbatten, the allied commander, and officially joined the Allies as the Patriotic Burmese Forces (PBF).
- 1948 Burma was granted independence from Great Britain on 4 January and declared the Union of Burma.

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- 1962 Sixteen army officers staged a coup d'etat and established a military government which would rule Burma for the next 48 years. Protests against the coup were brutally suppressed.
- 1988 Burma's constitution, which had been introduced in 1974, was suspended, and the State Law and Order Restoration Council (SLORC) assumed power of government. The country was placed under martial law.
- 1989 Burma was renamed the Union of Myanmar.
- 1990 The military regime arranged free elections, which the National League for Democracy led by Aung San Suu Kyi won with 59% of the vote. The military subsequently annulled the result and remained in power.
- 1992 Emergency powers were removed and a number of concessions made such as the lifting of the four-year old curfew.
- 1997 The State Peace and Development Council (SPDC) was formed replacing the SLORC. Most of the former SLORC members were appointed members of the SPDC.
A 40-member cabinet was set up chaired by the chairman of the SPDC.
Myanmar became a full member of the Association of Southeast Asian Nations (ASEAN).
- 1998 A multi-tiered court system was replaced by the Supreme Court, a chief justice and an attorney general.
- 2003 US and other Western governments imposed sanctions as a response to the suppression of the opposition.
The SPDC instituted a "road map" to democracy with the immediate aim of completing the draft constitution.
- 2005 Myanmar dropped its chairmanship of ASEAN, due to begin in 2006, to ease the pressure for political reforms.
- 2007 In late September, thousands of Buddhist monks were joined by the general public in what have been described as the largest protest marches in almost 20 years. Some 30 protesters and one Japanese journalist were killed, and thousands of people were arrested as the junta brutally cracked down on the demonstrations.
- 2008 Cyclone Nargis in May 2008 and its subsequent tidal surge killed around 138,000 people in the Irrawaddy (Ayeyarwady) Delta region, and caused extensive damage to housing, crops and livestock.
- 2009 The Post-Nargis Recovery and Preparedness Plan called for some USD 700mn for a three-year reconstruction programme running from January 2009 to December 2011.
In May 2009 opposition leader Aung San Suu Kyi was imprisoned, accused of violating her house arrest after an uninvited American intruder swam to her home. Critics saw the actions of the military as a bid to keep the charismatic leader locked up during multi-party elections in 2010.
- 2010 In November Myanmar held its first elections for two decades. The electoral laws were heavily slanted to favour pro-military parties, which won 80% of the vote. Aung San Suu Kyi and the National League for Democracy (NLD) boycotted the elections.
Following the elections, on 13 November Aung San Suu Kyi was released from house arrest but was placed on probation and under observation.
- 2011 On 31 January parliament was convened ending 48 years of direct military rule.
In March the SPDC formally transferred power to parliament. Former General Thein Sein was elected president by parliament, signalling the intent of the military to retain power under the new system.
In August Aung San Suu Kyi met with President Sein beginning a dialogue and agreeing to work towards greater democratic reform within the system.
- 2012 In April the NLD entered the political process winning 43 seats in a series of by-elections. Aung San Suu Kyi was elected to parliament.

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The 35-year official fixed exchange rate was abolished and the kyat was allowed to float freely against the US dollar.

In recognition of the pace of democratic reforms, in November US president Barack Obama became the first sitting US head of state to visit Myanmar.

A landmark new foreign investment law was approved by parliament.

2013 In May the EU lifted sanctions against Myanmar except for the sale of weapons or other equipment that could be used for internal repression. Although the US extended its sanctions for another year, visa restrictions on Burmese officials were relaxed resulting in President Thein Sein's official visit to Washington on 21 May.

2015 In November parliamentary elections produced a landslide victory for the NLD, which secured majorities in both houses.

2016 In March Htin Kyaw was elected president, who was expected to allow Aung San Suu Kyi to rule by proxy.

In April the new position of State Counsellor was created for Aung San Suu Kyi.

2017 Militant attacks on security stations in the border state of Rakhine in August provided an impetus to displace the Rohingya minority, triggering mass internal and external migration. Over 700,000 Rohingya fled to Bangladesh.

2018 Htin Kyaw resigned as president in March, citing health concerns. He was succeeded by Win Myint later that month.

Geographic Description

Country Name

Union of Myanmar.

The country is referred to as Myanmar.

The name of Myanmar was adopted by the military government in 1989 under the *Adaptation of Expressions Law*. The country had previously been known as Burma since the period of British colonial rule. The US and some other countries do not recognise the change in name, and the use of "Burma" has remained widespread, largely based on the question of whether the military regime, not democratically elected, has the legitimacy to change the country's name, particularly without a referendum.

It should be noted that the military regime did not change the official name of the country in Burmese but merely changed the name of the country in English.

Frontiers and Coastline

Myanmar is the largest country in mainland south-east Asia.

The country is bounded on the north-east by China, on the east and south-east by Laos and Thailand respectively, on the west and south by the Bay of Bengal and Andaman Sea, and on the north-west by Bangladesh and India.

The eastern extremity of the Himalayan mountain range runs through the far north of the country. The western coastline is 1,760 miles (2,832 kilometres) bordering the Andaman Sea and Bay of Bengal.

General Country Information

Land Area

The land area is 261,228 sq miles (676,577 sq km). From north to south the country stretches some 1,243 miles (2,000 km) and it is 575 miles (925 km) from east to west at its widest point. There are also some low-lying islands in the Andaman Sea.

Administration

Myanmar is administered as seven states, seven regions and the Naypyidaw Union Territory, the latter under direct control of the president. The states and regions are divided as follows:

States	Regions
Kachin	Sagaing
Kayah	Tenasserim
Karen	Pegu
Chin	Magwe
Rakhine	Mandalay
Shan	Yangon
Mon	Irrawaddy

Topography

Three parallel mountain ranges run from north to south: the western Yoma or Arakan Yoma, the Bago Yoma and the Shan plateau.

The snow-capped peak of the Hkakabo Razi at 19,295 feet (5,881 metres) is the highest in south-east Asia.

These mountain ranges divide the country into three river systems, the Irrawaddy (Ayeyarwady), the Sittoung and the Thanlwin, of which the Irrawaddy is the most important being approximately 1,349 miles (2,170 km) long. Its major tributary, the Chindwin, is 597 miles (960 km) long.

The country can be divided into seven major topographic regions: the northern hills, the western hills, the Shan plateau, the central belt, the lower Myanmar delta, the Rakhine coastal region and the Tanintharyi coastal strip.

Climate

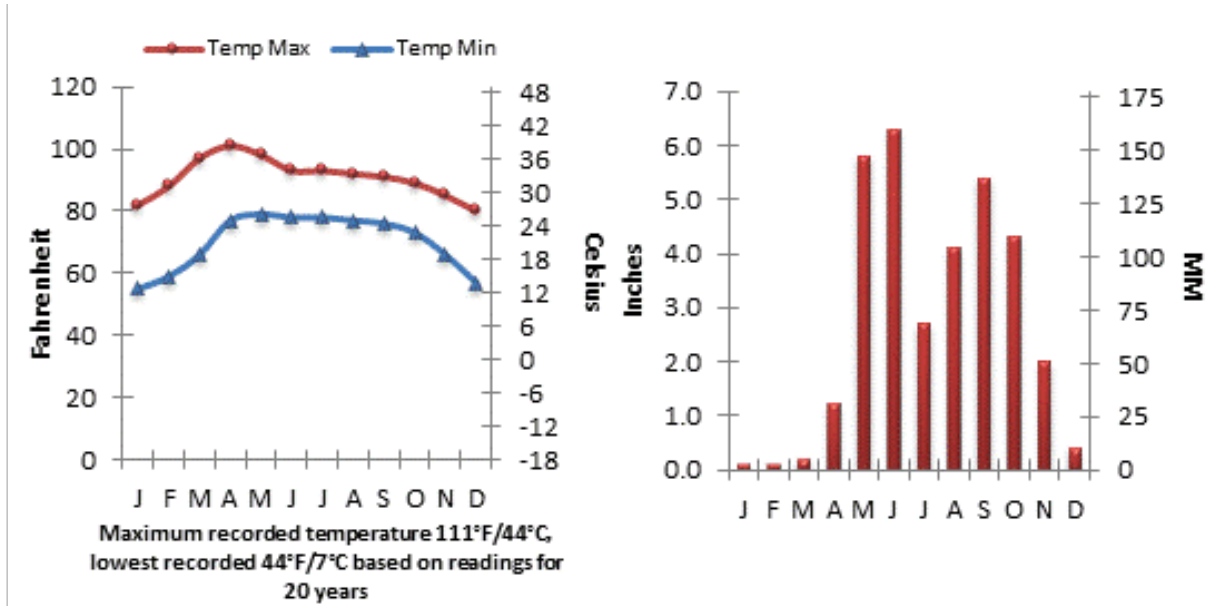
Myanmar has a tropical monsoon climate and three seasons: the hot season from February to May, a rainy season from mid-May to mid-October and a cooler season from late October to early February. Annual rainfall varies from 197 inches (500 centimetres) in the coastal regions to 30 in (76 cm) and less in the central dry zone.

Mean temperatures range from 90°F (32°C) in the coastal and delta areas to 70°F (21°C) in the northern lowlands. During the hot season temperatures can run considerably higher in the central dry zone. Humidity is highest during the rainy season.

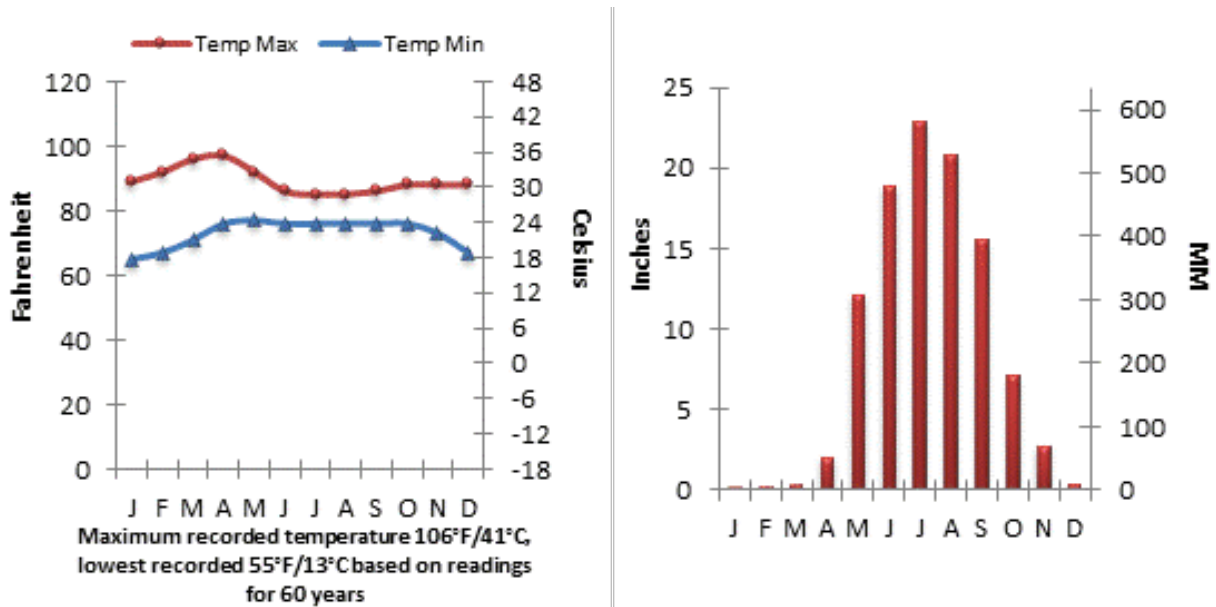
General Country Information

The following average monthly temperatures and rainfall are for Mandalay at 252 ft (77 m) and 21°59'N, 96°06'E and Yangon at 18 ft (6 m) and 16°46'N, 96°11'E.

Mandalay



Yangon



Population and Demographic Trends

Population

The population was estimated to total 53.86 million in 2018, trending in line with national estimates.

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The last official census was in 2014, and recorded a population of 51.40 million, up from 35.44 million at the previous 1983 census, but lower than the previous government estimates of 60 million in 2013. It is unclear how the census was affected by the government's inability to access parts of the country controlled by insurgent groups. Estimates vary due to uncertainty over the number of migrant workers both entering and leaving Myanmar and the status of refugees. External analysts estimate that close to five million Burmese live outside Myanmar, mostly in Thailand or other south-east Asian countries, operating as migrant workers.

In 2017 the World Bank estimated that 31.3% of Myanmar's population lived in urban areas, while 69.7% lived in rural areas.

There are some 100 indigenous tribes and sub-tribes. The Bamar/Burman (69%), Shan (8.5%) and Karen (6.2%) are the largest groups within the indigenous population.

Total population figures are shown below.

Year	Population (mn)
2018	53.86
2017	53.37
2016	52.89
2010	50.16
2000	46.10
1990	40.63
1980	33.37
1970	26.38
1960	20.99

Source: United Nations

Projected total population figures are shown below.

Year	Population (mn)
2050	62.36
2040	61.49
2030	58.92
2020	54.81

Source: United Nations

Birth and death rates per '000 are shown below.

Year	Birth rate	Death rate	Rate of natural increase
2015 to 2020	17.6	8.2	9.3
2010 to 2015	18.7	8.1	10.6
2005 to 2010	21.3	8.5	12.7
2000 to 2005	24.3	8.9	15.4
1995 to 2000	24.5	9.3	15.2
1990 to 1995	25.7	9.9	15.8
1985 to 1990	29.4	10.8	18.5

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Year	Birth rate	Death rate	Rate of natural increase
1980 to 1985	34.3	12.1	22.1
1975 to 1980	36.5	13.4	23.1

Source: United Nations

Infant mortality rates per '000 live births are shown below.

Year	Infant mortality rate
2015 to 2020	41.9
2010 to 2015	45.0
2005 to 2010	52.2
2000 to 2005	57.9
1995 to 2000	65.2
1990 to 1995	72.8
1985 to 1990	81.3
1980 to 1985	90.5
1975 to 1980	100.5

Source: United Nations

The age structure of the population is shown below, with projections for 2025 and 2050.

Age group	1970	1980	1990	2000	2010	2015	2025	2050
To 14 (%)	42.1	40.9	37.6	32.1	30.0	27.9	23.5	19.1
15 to 59 (%)	51.8	52.7	55.6	60.8	62.5	63.2	64.8	62.4
60 and above (%)	6.1	6.4	6.8	7.0	7.5	8.9	11.6	18.5

Note: due to rounding the breakdown above may not equal 100%.

Source: United Nations

The age structure of the population aged 65 and above and 80 and above is shown below, with projections for 2025 and 2050.

Age group	1970	1980	1990	2000	2010	2015	2025	2050
65 and above (%)	3.8	4.0	4.4	4.8	4.9	5.3	7.6	13.1
80 and above (%)	0.3	0.4	0.5	0.6	0.7	0.8	0.8	2.0

Source: United Nations

Life Expectancy

Life expectancy at birth is shown below.

Year	Males	Females
2015 to 2020	64.4	69.1
2010 to 2015	63.7	68.3
2005 to 2010	62.2	66.3
2000 to 2005	60.9	65.0
1995 to 2000	59.2	63.4
1990 to 1995	57.4	61.8
1985 to 1990	55.6	60.1
1980 to 1985	53.6	58.3

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Year	Males	Females
1975 to 1980	51.6	56.4

Source: United Nations

Life expectancy at various ages is shown below.

Present age	2010 to 2015	
	Males	Females
At Birth	64.38	69.11
5	63.55	67.26
10	58.91	62.52
20	49.59	53.00
30	40.63	43.76
40	31.70	34.65
50	23.25	25.90
60	15.79	17.82
70	9.72	10.90
80	5.34	5.88
90	2.78	3.07
100+	1.62	1.77

Source: United Nations

Major Causes of Death

The following table shows the leading causes of death as a percentage of all deaths in 2016.

Cause of death	Percentage
Cardiovascular diseases	25.16
Infectious and parasitic diseases	13.28
Tumours	12.55
Injuries	8.62
Respiratory diseases	8.31
Digestive diseases	8.14
Respiratory infectious	4.73
Neonatal conditions	4.65
Diabetes mellitus	3.93
Genitourinary diseases	3.52
Other causes	7.11
Total	100.00

Source: United Nations

The information and tables shown above must be considered with caution in the context of local data collection as explained by the WHO statistical publication, *WHO methods and data sources for country-level causes of death 2000-2016*. Much of the modelling used is based on the data for surrounding countries, as Myanmar death registration data is classified as unavailable or unusable.

Language

The official language, Burmese, is spoken by 80% of the population. English, Japanese and Chinese are also spoken. Burmese names do not include surnames and are often stated in full, with or without a preceding honorific.

General Country Information

Religion

According to the 2014 Census, 89.8% of the population were Buddhists. Christians constituted 6.3% and Muslims 2.3%, with the remainder mostly made up of Hindus and animists. The Christian population consists mainly of Kayins, Kachins and Chins. Analysts believe that over half of the Muslim population recorded in 2014 fled the country following the campaign against the Rohingya minority, which is overwhelmingly Muslim.

Largest Cities

Capital

Naypyidaw - population 500,218 (2018 UN estimate). In 2005 the government announced that it had constructed a new capital 200 miles (322 km) to the north of Yangon. Naypyidaw means "The Seat of Kings", and is the country's new administrative centre. The planned city is divided into disjointed zones, including those for hotels, military compounds, government ministries and official residences. Its population is mostly composed of administrative officials who were moved, often at very short notice, to their new quarters. Foreign correspondents report that the city often appears deserted and that some new government buildings remain empty.

Other Major Areas/Cities

The population estimates shown below are UN estimates for 2018 unless otherwise specified.

Yangon (formerly Rangoon) - 5.15 million. The 1983 census (the last undertaken) reported that the city had a population of 2.46 million. Yangon remains the commercial capital. The city also hosts the country's main port, which handles around 90% of the Myanmar's sea-borne trade. Yangon has direct air links with Singapore, Kuala Lumpur, Bangkok, Hong Kong, India, Kunming and Vientiane. Since the relaxation of international sanctions, over 22 international airlines have opened routes into Myanmar.

Mandalay - population 1.37 million. Myanmar's second city is 400 miles (644 km) north of Yangon. The city was established in 1857 and was the last capital of the independent Burmese kingdom before the British colonial era began in 1886. It is situated on the Irrawaddy (Ayeyarwady) and is a staging point for river traffic as well as a hub for the northern region. It hosts an international airport and is also an important tourist centre with an expanding immigrant population made up of ethnic Chinese.

Bago (formerly Pegu) - population 491,130 (2014 Census). Bago is situated 62 miles (100 km) north-east of Yangon. The city has rice and saw mills, and has long been a centre of Buddhist culture.

Taunggyi - population 380,665 (2014 Census). Taunggyi is the country's fourth largest city and an important centre in Shan State in eastern Myanmar. Its picturesque Inle Lake is a tourist attraction.

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Monywa - population 371,963 (2014 Census). This city is a transport hub situated on the Chindwin River to the east of Mandalay. It is a major centre for trade and commerce and for agricultural produce from the surrounding Chindwin valley. Local industry also includes mills for the production of cotton, flour, noodles and edible oils.

Mawlamyaing (formerly Moulmein) - population 288,120 (2014 Census). Mawlamyaing is a commercial centre and port near the south-eastern border with Thailand.

Patheingyi (formerly Bassein) - population 286,684 (2014 Census). Patheingyi is a rice-milling and export centre some 100 miles (161 km) due west of Yangon. It is the most important delta port outside of Yangon and is also the terminus of a branch of the main railway line.

Sittwe (formerly Akyab) - population 222,813 (2014 Census). Sittwe is a port city on the Bay of Bengal close to the border with Bangladesh.

Government Structure

Constitution

Myanmar's constitution, introduced in 1974, was suspended in 1988 when the 489-member People's Assembly and associated organisations were abolished, and the State Law and Order Restoration Council (SLORC) assumed the powers of government.

The People's Assembly was reconvened in 2004. It has the duty of approving legislation but takes no part in the decision-making process.

In May 2008 the government held a referendum on a new constitution, which was approved by 92% of the voters according to official figures. Many in the country were unable to vote following the devastation of Cyclone Nargis.

The new constitution was adopted in March 2011, following the establishment of a new parliament. Under the document the military has 25% of seats reserved for itself in both houses of parliament. The remaining seats can be filled by qualified candidates. Critics have claimed, however, that the constitution will not lead to a democratically elected, independent government due to a number of qualifications in the document, most notably the barring of Nobel Peace Prize laureate Aung San Suu Kyi, the leader of the country's pro-democracy movement, from holding the office of the presidency.

In 2013 the government established a commission to conduct a constitutional review that could result in changes regarding the role of the military, the protection of minorities and a relaxation of regulations concerning the presidency. The proposed reforms were eventually submitted, in early 2015, and were subsequently rejected by parliament. Another commission was established in January 2019.

Executive/Legislature

Until 2011 the highest body of authority in Myanmar was the State Peace and Development Council (SPDC). It was dissolved following the election of a new president in March 2011.

Following the elections of 2010, Myanmar established a parliamentary system, although the military retains considerable formal and informal power. This system is known as "Disciplined Democracy". The basis is a bicameral parliament with a 443-seat lower house, the People's Assembly (Pyithu Hluttaw) and a 280-seat upper house, the Nationalities Assembly (Amyotha Hluttaw). The military dominates selected ministries such as defence and home affairs, and also maintains its right to declare a state of emergency and seize power whenever deemed necessary.

The president is elected by a collection of parliamentary committees, one from each house. Parliament must be convened at least once a year, though the constitution does not provide any clarity as to how long its annual session must last.

Outside observers suspect all important decisions are made by the National Defence and Security Council (NDSC) of which all, save one, are members of the former military junta.

Electoral System

Myanmar has a parliamentary system in which candidates contest 330 single-member constituencies for the People's Assembly and 168 multi-member constituencies for the Nationalities Assembly. If one candidate does not achieve over 50% of the vote, a run-off is held. All citizens of 18 years or older are permitted to vote in both national and state or regional elections. Those who are imprisoned at the time of the vote, insolvent, mentally unfit or a member of a religious order are prevented from voting or standing for office.

The last national elections in Myanmar were held in November 2015 and the next are due in November 2020.

Local Government

The 2008 constitution makes no reference to local authorities, although state and regional assemblies were established after the 2015 general election. The armed forces are guaranteed 25% of seats in each assembly. Municipal elections were held in Yangon in March 2019.

Current Political Situation

Present Government

Myanmar has been ruled by a junta of military generals, in one form or another, since 1962. The 2008 constitution, which authorised elections, outlined a more devolved power structure. A description of these political power centres is provided below.

The president

According to the 2008 constitution the president, though elected by parliament, wields supreme power and appoints cabinet ministers. He is also the chair of the National Defence and Security Council (NDSC) and controls the military budget, though his de facto influence with the military may be limited.

Win Myint, a member of the of the National League for Democracy (NLD) party, was elected by parliament in March 2018. Mr Myint is considered a proxy for NLD leader Aung San Suu Kyi, who is constitutionally ineligible to hold the presidency.

The military

Though the military, also known as the Tatmadaw, has ruled Myanmar since 1962, the retirement of Than Shwe has somewhat diminished its influence. Nevertheless, the 2008 constitution ensured the military retained influence, including a quota of 25% of the seats in parliament and regional assemblies. This parliamentary bloc is made up of lower ranking officers, largely captains and majors, who attend sessions in uniform. Given its representation, the military will be able to block proposed constitutional reforms at will for the foreseeable future. It also dominates the NDSC through control of six out of 11 votes. In the case of a serious threat such as external aggression or the disintegration of the Union, the commander-in-chief may declare a state of emergency, allowing the NDSC to govern until new elections are held and a new president selected.

Senior General Min Aung Hlaing was appointed as Commander in Chief of the Tatmadaw in 2011.

Parliament

The parliament was first convened in 2011 and is made up of 664 legislators, 34 of whom are members of the cabinet. The ministers of defence and the security services are military appointees. The constitution does not specify how long the parliament must sit in its annual sessions. Following the landslide victory of the NLD in the 2015 elections, legislature has assumed a more active role in framing national policy.

The State Counsellor

The position of State Counsellor of Myanmar was first created especially for Aung San Suu Kyi in 2016 to provide Ms Suu Kyi with a national office and placate her followers in the NLD after she was prevented from standing for the presidency. The role is similar to that of prime minister and affords de jure authority within the government of Myanmar. Ms Suu Kyi also holds the positions of Minister of Foreign Affairs and Minister of the President's Office.

The senior general

Senior General Than Shwe, former chairman of the State Peace and Development Council and former commander-in-chief of the armed forces was the dominant figure in Myanmar's political landscape before his retirement in 2011. Although General Shwe resigned his senior political and military roles, he is thought to continue to exercise power informally. However, at over 85 years of age, there have been persistent rumours his health is failing, and he had not appeared in public in several years when this report was being prepared.

The composition of the People's Assembly (Pyithu Hluttaw) following the elections of November 2015 is provided below.

Politics and the Economy

Party name	Acronym	Seats
National League for Democracy	NLD	255
Union Solidarity and Development Party	USDP	30
Shan Nationalities League for Democracy	SNLD	12
Arakan National Party	ANP	12
Pa-O National Organisation	Pa O NO	3
Ta'ang National Party	Ta'ang NP	3
Lisu National Development Party	Lisu NDP	2
Zomi Congress for Democracy	Zomi CD	2
Kokang Democracy and Unity Party	Kokang DUP	1
Kachin State Democracy Party	Kachin SDP	1
Wa Democratic Party	Wa DP	1
Independents	n/a	1
Seats reserved for the military	n/a	110
Total	n/a	433

Source: Interparliamentary Union/Union/local sources

The composition of the Nationalities Assembly (Amyotha Hluttaw) following the elections of November 2015 is provided below.

Party name	Acronym	Seats
National League for Democracy	NLD	135
Union Solidarity and Development Party	USDP	12
Arakan National Party	ANP	10
Shan Nationalities League for Democracy	SNLD	3
Zomi Congress for Democracy	Zomi CD	2
Pa-O National Organisation	Pa O NO	1
Ta'ang National Party	Ta'ang NP	1
Mon National Party	Mon NP	1
National Unity Party	NUP	1
Independents	N/A	2
Total	-	224

Note: the remaining 56 seats are appointed.

Source: Interparliamentary Union/local news sources

Political Situation

The National League for Democracy (NLD) has established a stable government based on its overwhelming electoral mandate and an emerging relationship with the powerful military, which remains beyond civilian oversight. The government's limited progress in addressing ethnic conflicts, including the campaign against the Rohingya minority in Rakhine state, has undermined its support beyond its core constituencies.

Politics and the Economy

Until 2011 Myanmar's military, known as the Tatmadaw, tightly controlled political power. Despite decades of international sanctions, the military claimed legitimacy based on the United Nations' recognition of the country. A gradual process of liberalisation, initially announced in 2003, culminated with the elections of 2010. These had little initial impact but later ushered in the country's most profound political transition in two generations, as the NLD, led by former political prisoner Aung San Suu Kyi, dominated Myanmar's first genuinely free elections in over 20 years in 2015. In 2016 the party elected Htin Kyaw as president, ending the military's monopoly on power for the first time since 1990. However, the military retained a high degree of independence and control of institutions, secured by provisions in the 2008 constitution. The document excluded Ms Suu Kyi from the presidency, Mr Kyaw acted as an interlocutor for her before his resignation on health grounds in March 2018. He was succeeded by Win Myint, another supporter. In 2016 the NLD also created a new role of State Counsellor, akin to prime minister, for Ms Suu Kyi against the military's opposition.

The NLD's greatest challenges are negotiating power sharing with the military and holdovers from the previous government, and managing enduring racial tensions fomented by right-wing Buddhists who support the majority Bamar ethnic group. These objectives are sometimes in conflict, as democratic solidarity against the old regime does not extend to all minorities, who can attract the suspicion of both illiberal and reformist Bamars. Myanmar has 135 ethnic groups, but only eight recognised citizen nationalities. The remainder claim varying degrees of civil rights, with some groups considered stateless. This status is confirmed by the military, which is dominated by Bamars and retains control of the Ministry of Home Affairs, the Ministry of Defence, border administration, and the civil service. The military's privileged status within the government and legal impunity is a constraint on the government's legitimacy among ethnic minorities concentrated in more peripheral regions, where the military has fought multiple insurgencies since independence.

Myanmar continues to suffer from ethnic violence in the north, south and west. The most powerful ethnic militias include the Karen National Union (KNU), which has been fighting government forces since 1948 through its armed wing, the Karen National Liberation Army (KNLA). The conflict represents the longest-running battle for independence in the world. Meanwhile, the Kachin Independence Organization (KIO) also favours an indigenous homeland for the Kachin people in the north of the country. Both indigenous and government parties are accused of extrajudicial killings, torture, enforced disappearances, arbitrary arrests, use of anti-personnel mines and the destruction of villages. A tentative agreement, although not an outright cease-fire, was reached with the KIO in 2013, but clashes with the military continue. Although a cease fire was signed between the former USDP government and several of Myanmar's armed groups in 2015, most large groups, including the KIO nor the ARSA, were not signatories. The NLD-led Panglong Peace Conference held in 2017 and 2018 did not produce progress, and further talks were postponed the following year. The KNU suspended its participation in October, and the army began an offensive against the expanded Arakan Army (AA) insurgency in January 2019.

Politics and the Economy

In recent years conflict with the Karen and Rohingya nationalities have been among the most prominent challenges for the central government. In 2016 it announced that the term "Rohingya" would no longer be used to describe the ethnic minority in the western part of the country. Mainstream public opinion claims that the Rohingya are not native citizens, but indistinguishable from more recent Bengali immigrants and that using the aforementioned term affirms their rights to residency. In August 2017, the government launched what has been described by the UN as "a textbook example of ethnic cleansing" against the Rohingya after the Arakan Rohingya Solidarity Army (ARSA), an indigenous militant group, attacked police stations in Rakhine state. According to the UN, the army razed multiple villages, and targeted Rohingya with widespread murder, assault and looting, spurring mass migration of over 700,000 people across the adjacent Bangladeshi border. The government denies systematic misconduct by Tatmadaw forces during the campaign, which it maintains are counterinsurgency "clearance operations". Meanwhile, media and humanitarian access to the area and the displaced population interned in government camps in Rakhine is limited. Those who fled to neighbouring Bangladesh faced limited sanitation, space, food and security, with many refusing to return without papers confirming their citizenship. Bangladesh and Myanmar agreed to repatriate the displaced over two years in January 2018, subject to sufficient guarantees for their safety, delaying its implementation.

Although the NLD is thought to retain deep popular support in urban areas, particularly for Ms Suu Kyi, the government's maintenance of restrictions on civil liberties and the NLD's conciliatory approach to the military has attracted criticism from previously supportive groups. The NLD has moved to amend the constitution to reduce the military's influence, after several years without progress towards a central NLD electoral pledge. In January 2019, parliament voted to establish a committee to propose amendments, in a vote which was boycotted by the representatives of the military. The scope of the proposals was not yet defined, although the manoeuvre risks provoking broader obstruction by the military, although analysts believe that the establishment of the committee is aimed at consolidating the NLD's support ahead of the 2020 elections. Fears of reprisals against NLD members and sympathisers may be more widespread following the assassination of Ko Ni, a legal adviser to Ms Suu Kyi who proposed constitutional revisions, in 2017.

Ongoing insecurity presents an obstacle to the NLD's economic agenda of opening sectors to foreign investment and developing infrastructure. The implementation of legislation was delayed, reflecting the enduring influence of vested interests. Separately, Myanmar's developmental needs remain daunting, and modest political reforms have not been followed by improved living standards. International condemnation of the campaign against the Rohingya could discourage external investment due to human rights concerns or related sanctions over the medium term. However, investment from China, Thailand and other Asian countries, largely routed through Singapore, reportedly continued to grow in 2018.

International Relations

Following the elections of 2010 and 2015, relations with established democracies improved compared to the previous era of total military rule. However, warming ties with the West have been derailed by the army's campaign against the stateless Rohingya minority and subsequent humanitarian crisis. China emerged as the country's preeminent bilateral relationship during its previous period of isolation, based on increasing investment and trade.

As the economy has opened, China and India have expressed interest in deepening trade ties with Myanmar due to its natural resources. China is Myanmar's largest trading partner. It is building major oil and gas pipelines to tap Myanmar's large hydrocarbon reserves, which will be controlled by the Chinese National Petroleum Company, and a USD 60bn deep-water port in Dawei. The scale of Chinese investment has prompted a backlash from some Burmese, however, specifically over the destruction and relocation of villages in order to expand mining operations. This has exacerbated existing conflicts over contested land, especially in indigenous areas. Analysts have also suggested that China may look unfavourably upon the decision to readmit Aung San Suu Kyi to political life, given her status as an icon of democratic empowerment and her late husband's professed support for Tibetan independence. However, Ms Suu Kyi chairs the Steering Committee for Implementation of the Belt and Road Initiative, formed after the countries signed a memorandum of understanding to advance the China-Myanmar Economic Corridor (CMEC) in September 2018.

Relations with the US and the EU remain fragile because of their criticism of the government's record on human and labour rights. State Councillor and leader of the ruling civilian party Aung San Suu Kyi has attracted international criticism for her ambivalence regarding the status and treatment of the Rohingya minority within the country.

The US has had sanctions in place against Myanmar since 1997. The US continues to resist lifting all sanctions on Myanmar, as an incentive to encourage further reform, but the country was readmitted to the international clearing system in 2013 and travel bans against senior officials were dropped. However, the US curtailed engagement in response to the Rohingya crisis. In 2017, the US announced that it was ending military assistance to the Myanmar armed forces, and the US Congress prohibited funding to the military for four years in January 2019.

The EU sanctions against investment in Burmese gems, timber and precious stones were suspended in 2013, although the ban on the sale of military equipment to Myanmar was left in place. The EU also supports rural economic development. In 2014 it announced an investment programme worth EUR 688mn (USD 917mn) through 2020. In response to the Rohingya crisis, the bloc extended a ban on arms exports and sanctions on military officials. The EU was also reportedly considering trade sanctions against Myanmar's garment exports when this report was being prepared.

Although Bangladesh and Myanmar have a well established intelligence sharing relationship, recent relations have been degraded by the Rohingya crisis. Bangladesh does not recognise the Rohingya who first fled to Bangladesh in 1992, as refugees, barring them from employment. From late 2017, Bangladesh absorbed over 700,000 refugees fleeing a military campaign that a UN fact-finding mission labelled genocide in September 2018. The majority of the Rohingya refugees are held in the Cox's Bazar area in Chittagong province, and Bangladesh has been forced to rely heavily on foreign donors to meet their needs. In January 2018, China brokered an agreement for voluntary repatriation of refugees to Myanmar, although the vague deal was unimplemented and later indefinitely suspended due to concerns over humanitarian access and the continued threat of violence in Rakhine state. Further cooperation over the issue was threatened after Bangladesh announced that it would stop accepting refugees in March 2019.

India has attempted to build better relations with Myanmar, partly due to counter Chinese influence but also aiming to curb opium smuggling and the associated social problems that accompany it. Indian investment in Myanmar includes the USD 3bn Tamanthi dam, and a project to link the Indian port of Kolkata with the Burmese port of Sittwe. India also aims to explore oil and gas reserves in the Bay of Bengal.

Myanmar is a member of the Asian Development Bank, ASEAN, the UN and the World Bank.

Economy

Economic Performance

Myanmar's economy is based on agriculture, fishing and forestry. This sector accounted for 25.26% of GDP and employs an estimated 70% of the total labour force in 2017. Due to its subsistence nature, however, the country depends on exports of oil, natural gas, timber and precious stones to Thailand and China, and to a lesser extent garments to western markets. Since 2011, the economy has increasingly opened to international markets as the military-dominated government permitted limited economic and political liberalisation. However, state owned enterprises continue to dominate certain sectors and rent-seeking practices remains common. According to the World Bank, Foreign Direct Investment (FDI) averaged 5.02% from 2013 through 2017.

Reforms permitting access to the economy to more stakeholders encouraged the expansion of real GDP averaging 7.2% from 2013 through 2017. Investors were drawn to Myanmar by its large untapped reserves of natural gas, oil, timber and precious metals, its young and relatively inexpensive labour force and an important geographic position on the periphery of Asia's developing markets. In recent years, growth has also been supported by increased exports, notably in the garment sector, and rebounding agricultural performance. In 2018, however, the depreciation of the MMK currency accelerated due to low inflows of foreign exchange, contributing to inflation and suppressing domestic demand.

Politics and the Economy

Until 2011 Myanmar's economic policy placed little emphasis on long-term planning. Major industries were managed by regime insiders and members of the military apparatus, even after apparent privatisations. Additionally rent-seeking behaviour, a legacy of the military-controlled economy, persists across all sectors, and civil servants regularly accept bribes in order to supplement their meagre salaries. Off-budget spending in favour of the military also supports continued deficits, projected at 4.38% of GDP in 2018. In 2018 Transparency International rated Myanmar 132nd out of 180 countries in its annual Corruption Perceptions Index.

In the near term growth will be driven by agricultural reform, large-scale infrastructure projects, hydrocarbon extraction and electricity production. Following recent investment, 75% of the country is expected to have mobile coverage by 2016, encouraging the spread of information and financial services to the broader population. Official hopes that special economic zones, at Thilava and Kyaukphyu, would boost growth appear unsubstantiated however, due to infrastructure shortcomings and poor connections to the broader market.

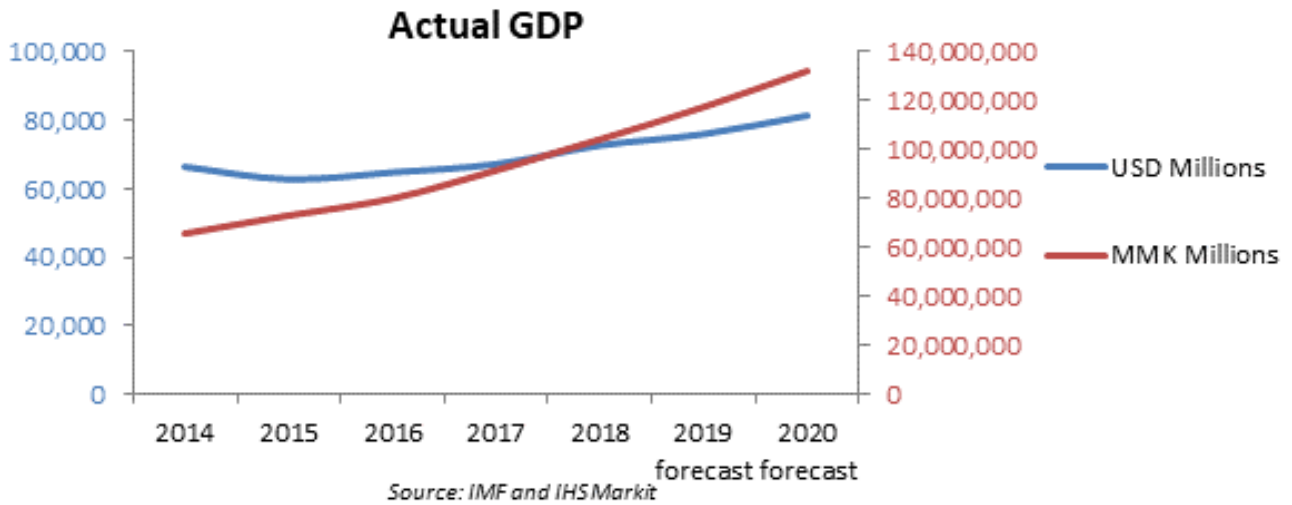
Economic policy continues to focus on opening the economy to foreign investment and reforming business regulations. The most significant legislation includes the Myanmar Companies Law, allowing foreign investors to hold minority stakes in local companies, which was implemented in late 2018. In 2018, the government published a long term strategy, the Myanmar Sustainable Development Plan, which includes targets to expand access to electricity, privatising state owned industries and develop infrastructure.

As further investment regulations are enacted and as Myanmar becomes more fully integrated with regional supply chains, investment in tourism, textiles, manufacturing and food processing will rise, in addition to Chinese state support for investment in infrastructure and energy. Real GDP growth was forecast to increase by 6.7% in 2019 and 6.9% in 2020. Inflation was forecast to average 6.5% in 2019 and 6.2% in 2020, driven by continued currency depreciation.

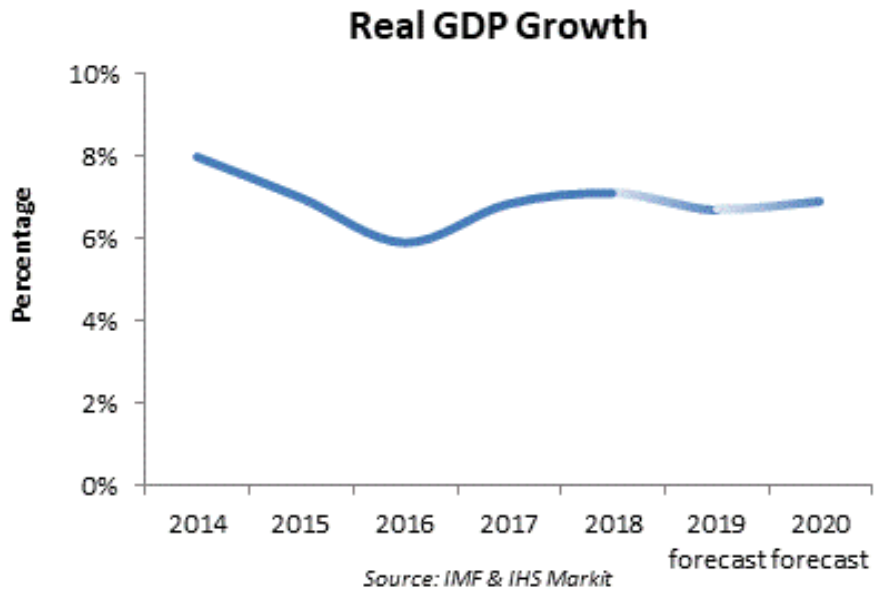
Major credit rating agencies do not issue ratings for Myanmar. In June 2018, IHS Markit rated Myanmar's medium term sovereign debt as "B-", indicating very high payments risk, with a stable outlook.

Gross Domestic Product

Total GDP figures are shown below in local currency and US dollars (USD) converted at the average annual rate of exchange.



Growth in real GDP in local currency is shown below.



The main contributors to GDP are shown below.

Industry	2017
	Percentage of total
Services	39.80
Manufacturing	28.58
Agriculture	25.26
Industry	6.36
Total	100.00

Politics and the Economy

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

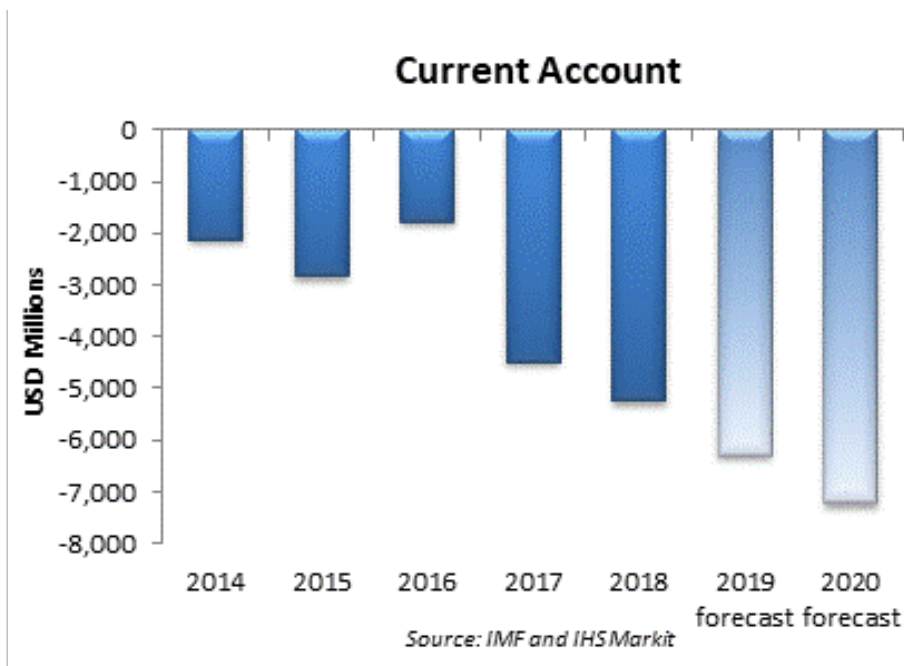
GDP per capita in US dollars (USD) and in comparable economies is shown below.

Country	2018
	GDP per capita
Thailand	7,284.32
Vietnam	2,553.57
Cambodia	1,496.69
Myanmar	1,349.66

Source: IMF

Current Account Balance

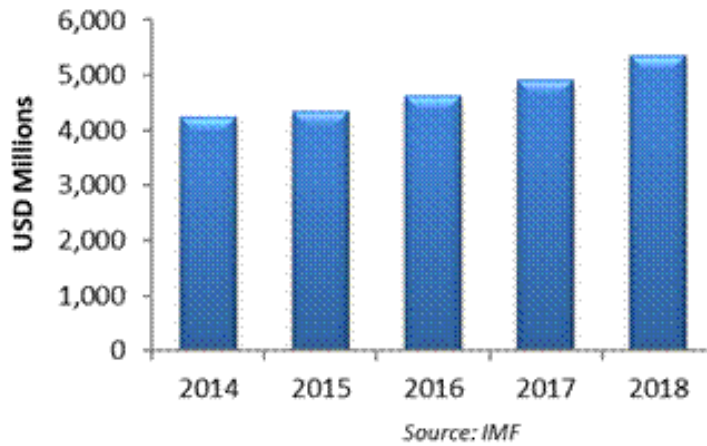
The current account balance in US dollars (USD) is shown below.



Foreign Exchange Reserves

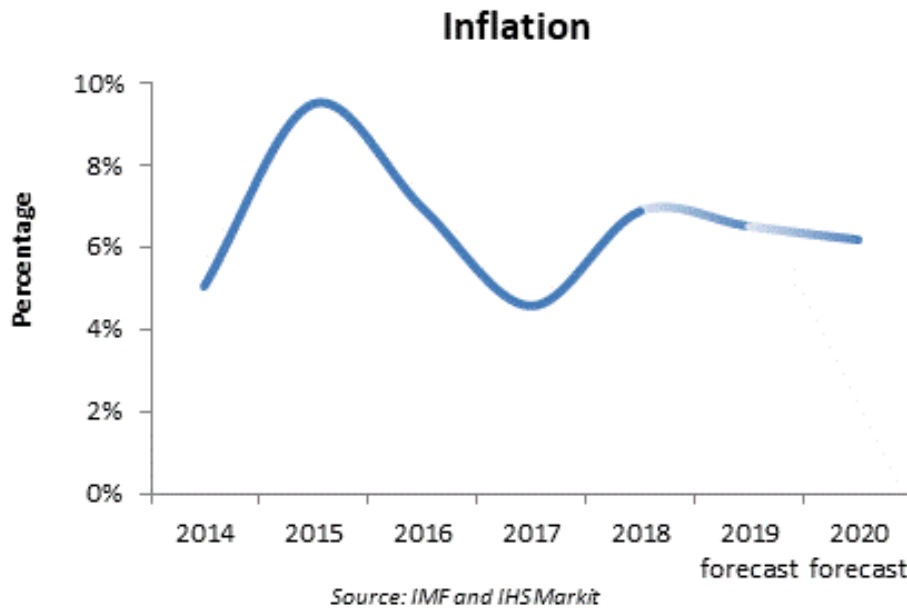
Foreign exchange reserves, excluding gold, are quoted in US dollars (USD) below.

Foreign Exchange Reserves



Inflation

Annual consumer price inflation is shown below.



Interest Rates

Key interest rates are shown below.

Investment type	2014	2015	2016	2017	2018
Discount Rate	10.00	10.00	10.00	10.00	10.00
Deposit Rate	8.00	8.00	8.00	8.00	n/a
Lending Rate	13.00	13.00	13.00	13.00	13.00

Employment

In 2016 (last available data) the official labour force was 22.26 million, representing 65.63% participation by Burmese over the age of 15 years. Unemployment was reported at 0.8%. It is unclear if this figure relates only to those officially registered or includes Burmese working in subsistence agriculture. Real unemployment trends higher than official figures, and considerable underemployment exists, especially in Yangon. Over 75% of the national employed population have informal work.

A large number of men (estimated 1.4 million) and women (estimated 1.8 million) living as Buddhist monks in monasteries also affect the actual unemployment rate.

Workers are not allowed to organise, negotiate or in any other legal way exercise control over their working conditions, and although government regulations set a minimum employment age and maximum work hours, managers do not uniformly observe these regulations, especially those in the private sector. The government often uses forced labour in its construction and commercial enterprises, and for portage and military building.

The number of government employees is estimated to be over two million. The decision to relocate the civil service from Yangon to the new capital at Naypyidaw remains incomplete.

Burmese over the age of 40, and particularly those over 65, are generally well-educated, but the lack of investment in education by the military regime and the repeated closing of Burmese universities over the past 20 years have affected human capital. Most in the 15 to 39-year-old demographic group lack technical skills and English proficiency, and illiteracy in rural areas is twice as common as it was in the era when the country was a British colony. Only a quarter of children complete primary school and secondary school has become the preserve of children from relatively affluent families. Universities, when allowed to open, almost exclusively cater to well-connected elites.

The distribution of employment in 2015 (latest available information) is shown below.

Occupation	Percentage
Agriculture, forestry and fishing	54.7
Trade and repairs	13.7
Manufacturing	10.5
Transport and storage	4.2
Other services	4.0
Construction	3.4
Administrative and support services	2.2
Other employment	7.3
Total	100.0

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

Earnings

Wages and salaries are agreed between employers and workers. A 48-hour week is the norm except for miners, who work a 40-hour week. Private sector workers are entitled to six days of casual leave, 30 days of medical leave and 10 days of earned leave plus 21 public holidays with pay.

In May 2018, the government increased the general minimum wage MMK 4,800 (USD 3.52) or MMK 600 (0.44) per hour for an eight hour day. The wage applies to all businesses with 15 workers or more. The average monthly wage for all workers was MMK 134,480 (USD 99 - historic) in 2015.

According to the World Bank, the remittances of Myanmar migrant workers increased from USD 127.1mn in 2011 to USD 2.6bn, or 3.8% of GDP, in 2017, as reforms eased the official transfer of currency. Myanmar nationals are thought to make up approximately 2.5% of crew members in the global shipping industry.

Average gross monthly earnings in 2015 (latest available information) for selected jobs and industry types are shown below.

Industry type	MMK '000	USD
Information and communication	165.5	142.43
Financial intermediation	158	135.97
Construction	154.8	133.22
Transport and storage	142.1	122.29
Mining and quarrying	137.6	118.42
Other services	116.1	99.91
Public administration, defence and social security	112.8	97.07
Administrative and support services	109.4	94.15
Manufacturing	105.9	91.14
Trade and repairs	105.4	90.71
Health and social work	103.8	89.33
Professional, scientific and technical services	102.1	87.87
Education	101	86.92
Accommodation and catering	90.8	78.14
Agriculture, forestry and fishing	89.6	77.11

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

In 2015 (last available information) 32.1% of the population lived below the national poverty line, with rural poverty rates almost double those of urban areas. In that year, the UN reported that 6.4% of the population lived below the international poverty line of USD 1.90 per day at purchasing power parity (PPP). The percentage of those earning under USD 1.90 at PPP per day in other regional economies, is shown below.

Country	Percentage
Laos	22.7
Myanmar	6.4
Vietnam	2.0
Cambodia	2.2

Source: World Bank, Axco Global Statistics/Industry Associations and Regulatory Bodies

Key Industries

Agriculture

Myanmar's economy is chiefly agricultural, including fisheries, livestock and forestry, and the sector accounts for an estimated 27.46% of GDP and employs an estimated 70% of the total labour force, including informal workers. The major agricultural product is rice, which covers about 60% of the country's total cultivated land area. Exports of rice totalled 2.3 million tons in 2017, triple the volume exported in 2012, when a package of stringent policies limiting exports were abolished. In 2013 (last available data), the World Bank estimated that informal border trade with China accounted for 58% of these exports. From January 2019, the EU imposed tariffs on Cambodian rice after a European Commission determined that imports were damaging European producers, prompting China to quadruple its formal import quota to 400,000 tonnes.

Manufacturing

Manufacturing accounted for 13.47% of GDP in 2015. There are over 50 industrial zones and parks, about half of which are located around Yangon. A variety of goods are manufactured and/or assembled ranging from agricultural machinery and equipment to consumer products such as textiles and garments, foodstuffs and drinks, pharmaceuticals, toiletries and light industrial products such as cement, marble and porcelain ware, rubber goods, leather, packing materials, pulp and paper, and paint. Much of this is exported through Yangon port, which is said to be one of the world's least efficient ports.

Mining

Myanmar produces more than 90% of the world's rubies and fine-quality jade. The gem industry is controlled by the state, but since the 1990s, the government has allowed private investment through joint venture enterprises, although licences are only granted to people connected to the ruling generals. Thailand and China are the main buyers of Burmese gems.

Energy

Politics and the Economy

The state-owned Myanmar Oil and Gas Enterprise (MOGE) is responsible for oil and gas exploration and production, as well as domestic gas transmission through a 1,200 mile (1,930 km) onshore pipeline grid. With five offshore oil and gas fields and 31 onshore ones, Myanmar has proven reserves of 10 trn cubic feet of offshore and onshore gas, along with 5 bn barrels of recoverable crude oil reserves. The natural gas sector is expected to eclipse the oil industry, following the discovery of over 15 trillion cubic feet (trn cu ft) of offshore gas since 2014. China also holds a 30-year deal from the government for natural gas tapped off the Burmese coast. The SPDC allowed China to build a large transshipment port at Kyaukpyu in Arakan state on the Rakhine coast, which effectively gives it access to the Indian Ocean, allowing it to transfer Middle East and African oil and gas through the country into China. Oil and gas pipelines from Kyaukpyu through Myanmar to south-west China were completed in 2014.

Power

Myanmar's current electric power installed capacity is reported to be in the region of 4,800 megawatts (MW), of which hydroelectric power accounts for just over 50%, provided by 29 generating stations, although the identified realisable hydropower generation potential of the country is currently put at 38,000 MW. China heads a list of countries with companies engaged in building 40 hydroelectric dams on Myanmar's rivers, followed by Thailand and India. The government's Myanmar Energy Master Plan (MEMP) plans investments to exceed average growth in demand of 19% per year, including investments in grid infrastructure, solar projects and coal generation. In the short term, imported Liquefied Natural Gas (LNG) is expected to meet demand, following the approval of three generation projects by foreign companies with a combined capacity of 2,945 MW.

Tourism

In recent years Myanmar has been making significant efforts and investments to boost its tourism industry. According to the World Travel and Tourism Council (WTTC), tourism contributed 2.8% of GDP and directly supported 615,600 jobs in 2018. Tourists are drawn by Myanmar's natural beauty and rich cultural heritage, including Buddhist temple complexes, as well as its developing eco-tourism industry. Despite fewer tourism arrivals from western countries following condemnation of the military's campaign against the Rohingya, overall international arrivals continued to increase to 3.5 million visitors in 2018.

Exports and Imports

Exports are shown below, with leading commodities reported as percentages of total exports and in US dollars (USD).

Commodity	2017	
	Percentage	USD bn
Gas, natural and manufactured	23.82	3,273.23
Articles of apparel & clothing accessories	17.72	2,434.99
Cereals and cereal preparations	9.76	1,340.87
Vegetables and fruits	8.78	1,206.20

Politics and the Economy

Commodity	2017	
	Percentage	USD bn
Other	39.92	5,566.45
Total	100.00	13,821.74

Note: due to rounding some totals may not equal the breakdown above.
Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

The most important export destinations are shown below.

Destination	2017	
	Percentage	USD bn
China	38.91	5,378.53
Thailand	19.38	2,679.09
Japan	6.53	902.95
Singapore	5.32	734.73
Other	29.85	4,126.44
Total	100.00	13,821.74

Note: due to rounding some totals may not equal the breakdown above.
Source: IMF

Imports are shown below, with leading commodities reported as percentages of total imports and in US dollars (USD).

Commodity	2017	
	Percentage	USD bn
Petroleum, petroleum products and related materials	15.97	2,594.02
Road vehicles	10.34	1,679.77
Textile yarn and related products	7.65	1,243.39
Iron and steel	6.05	982.88
Other	59.98	9,999.93
Total	100.00	16,500.00

Note: due to rounding some totals may not equal the breakdown above.
Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

The most important sources of imports are shown below.

Source	2017	
	Percentage	USD bn
China	33.71	5,562.25
Thailand	13.68	2,256.58
Singapore	13.19	2,176.89
Malaysia	4.88	804.66
Other	34.54	5,699.62
Total	100.00	16,500.00

Note: due to rounding some totals may not equal the breakdown above.
Source: IMF

Currency and Exchange Control

Currency and Exchange Rate

The Myanmar currency is the kyat (MMK) which comprises 100 pyas.

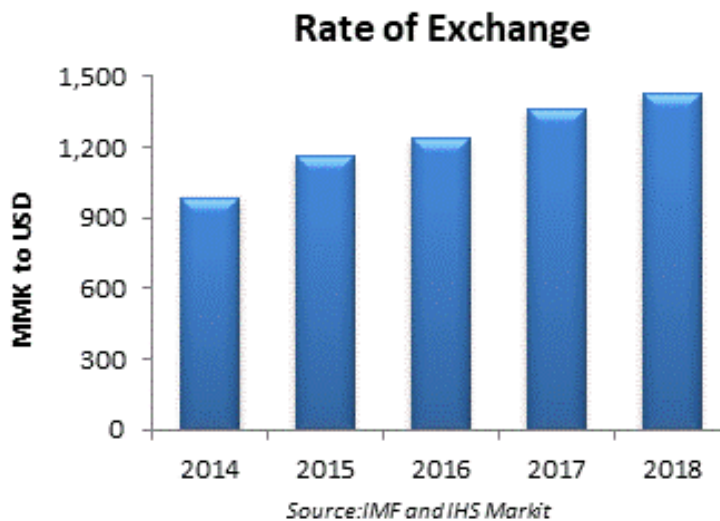
Politics and the Economy

Until 2012 Myanmar had two exchange rates, an official rate set by the Central Bank of Myanmar of MMK 6.40 : USD 1 and a black-market rate, which encouraged massive corruption. On 2 April 2012 this system was abolished and the kyat was allowed to float freely against other international currencies in an effort to make the country more attractive to foreign investors.

Foreign Exchange Certificates (FEC) were initially introduced by the military regime at an equal value to the dollar to stem the demand for foreign currencies, but came to serve little purpose other than as a mechanism of government control over international transactions, varying from trade to aid. This system was abolished in March 2013.

The informal "hundi" system of exchange is widely used for settling payments for unrecorded trade, repatriation of profits, and for US dollar cash remittances. The hundi exchange rate is closely related to the parallel USD rate but at a deduction of about 1% for commissions.

The average annual exchange rate against the US dollar (USD) is shown below.



The exchange rate when this report was in preparation has been used for all current conversions and is shown in the Key Facts section of this report. For previous years, the average annual rate for the year in question has been used.

Exchange Control

Exchange control is managed by the Central Bank of Myanmar (CBM) in accordance with instructions from the Ministry of Finance under the *Foreign Exchange Management Law* of 10 August 2012, which repealed and replaced the *Foreign Exchange Regulation Act 1947*. Other relevant current regulations are *Notification 40/2011* and the *Foreign Exchange Management Regulations* of 30 September 2014 which implemented the detail of the 2012 law.

Politics and the Economy

Preceded by currency reform and the introduction of a managed floating exchange rate, the current legislation removed most of the burdensome foreign exchange regulations previously in force. No restrictions are now imposed on current transactions, though capital ones still require CBM approval. The ability of registered foreign investors to repatriate funds, subject to meeting certain requirements, is guaranteed under the *Myanmar Investment Law* (MIL) of 18 October 2016, which repealed and replaced the 2012 *Foreign Investment Law*.

Legislation

Life Insurance Legislation Legislative Overview

Under the previous military regime, insurance was handled by Myanmar Insurance effectively as a department of the Ministry of Finance, under the provisions of the *Insurance Business Law, Law No 10* of 1975. This was repealed and replaced by the *Myanmar Insurance Law 1993*, which established Myanmar Insurance as a legal entity capable of suing and being sued in its own name.

The *Insurance Business Law 1996* was passed in June of that year. It neither repealed nor amended the 1993 law. Supported by the *Insurance Business Rules* introduced in June 1997, it concentrated on the participation of private companies in insurance business and their licensing procedures. The law also provided for the establishment of an insurance business supervisory board (currently known as the Financial Regulatory Department (FRD)) under the Ministry of Finance.

In spite of the provisions of the *Insurance Business Law 1996*, Myanmar Insurance remained the sole insurer in the market until 2013, when 12 locally owned independent companies were allowed to operate under restricted conditions. Company law governs the establishment of these, rather than insurance legislation.

The *Special Economic Zones Law* of 23 January 2014 enabled business emanating from such zones to be insured by companies other than Myanmar Insurance. Only one zone currently operates, mainly populated by Japanese companies. The three Japanese insurers' representative offices in Yangon effectively operated as branch offices by writing their business, under certain restrictive conditions.

Those Japanese companies were among others from outside Myanmar authorised in 2019 in further liberalisation of the market, somewhat delayed, either to form joint ventures with local companies or - for life classes only - to operate through wholly foreign-owned subsidiaries. Updating and rationalisation of existing insurance legislation are recognised as necessary and are hoped for by the end of 2019.

Current Legislation

The main legislation and related items governing the insurance market are set out in chronological order in the table below.

Legislation	Date	Purpose
<i>State-Owned Economic Enterprises Law</i>	31 March 1989	Made insurance a monopoly of the state. A proviso in the law however, said that, in a monopolised field, the state could, with the appropriate approvals, arrange a joint venture with any other enterprise or allow another enterprise to operate on its own.

Supervision and Control

Legislation	Date	Purpose
<i>Myanmar Insurance Law 1993</i>	23 July 1993	Created Myanma Insurance as a company in its own right with the power in <i>Article 12(k)</i> to permit private companies otherwise qualified under the <i>State-Owned Economic Enterprises Law</i> to write insurance business, with the exception of compulsory motor third party insurance and reinsurance, which remained exclusive to Myanma Insurance.
<i>Insurance Business Law 1996</i>	24 June 1996	Supported by the <i>Insurance Business Rules</i> introduced in June 1997, it concentrates on the participation of private companies in insurance business and their licensing procedures. The <i>Insurance Business Law 1996</i> neither repealed nor amended the <i>Myanmar Insurance Law 1993</i> .
		The 1996 law also provided for the establishment of an insurance business supervisory board under the Ministry of Finance. The Board is currently known as the Financial Regulatory Department (FRD).
<i>Special Economic Zones Law</i>	23 January 2014	<i>Chapter 13, paragraph 59</i> , states that foreign insurance companies and insurance companies set up as a joint venture with a foreign partner are able to operate their agency offices and insurance business within the special economic zones.

Life Insurance - Legislative Update

There have been no recent changes in legislation.

Life Insurance - Projected Legislation

Updating and rationalisation of existing insurance legislation are recognised as necessary and are hoped for by the end of 2019. There were no guarantees on this, however, as earlier steps in the process of opening up the market took considerably longer than expected.

Social Security Legislation

Legislative Overview

The social security scheme started on 1 January 1956 following the enactment of the *Social Security Act 1954*, which created the Social Security Board to administer the scheme.

Supervision and Control

The *Social Security Law 2012* of 31 August 2012 and the *Social Security Rules (Notification No 41/2014* of 2 April 2014) came into effect on 1 April 2014, replacing the *Social Security Act 1954* and its 1955 rules and regulations. The 2012 law extended the scope of the social security scheme which now provides health and social care insurance, family assistance insurance, invalidity benefit and survivor benefit insurance. The law also provides for unemployment and pension benefits, neither of which have yet been implemented. The law also established a new Social Security Board to manage the scheme.

Current Legislation

The main legislation and related items governing social security are set out in chronological order in the table below.

Legislation	Effective Date	Purpose
<i>Social Security Law 2012</i> and <i>Social Security Rules (Notification No 41/2014)</i>	1 April 2014	Replaced earlier social security legislation, providing for a new Social Security Board to manage the following social security systems: health and social care insurance, family assistance insurance, disability benefit, old age pension benefit and survivor benefit insurance, and unemployment benefit insurance.

Social Security - Legislative Update

There have been no recent changes in legislation.

Social Security - Projected Legislation

No projected legislation affecting social security was known of when this report was in preparation.

Pensions Legislation

Legislation Overview

Myanmar does not have mandatory and/or company pensions. Special systems exist for civil servants, permanent employees of state boards, corporations and municipal authorities, and armed forces personnel.

The *Political Pension Law* governs pensions payable to retired politicians.

Pensions - Legislative Update

There have been no recent changes in legislation.

Pensions - Projected Legislation

No projected legislation affecting pensions was known of when this report was in preparation.

Healthcare Legislation

Legislative Overview

The *Union of Myanmar Public Health Law 1972* makes legal provision for public healthcare and is supported by numerous other acts relating to narcotic drugs, traditional medicine, dental and oral health, and food.

The *Myanmar Medical Council Law 2000* established a Medical Council and set out minimum standards and qualifications for healthcare practitioners.

The *Private Healthcare Services Law 2007* provides for private healthcare services to be carried out systematically as an integrated part of the national healthcare system.

The *Social Security Law 2012* and the *Social Security Rules (Notification No 41/2014)* came into effect on 1 April 2014. Their terms provide for a social security board to manage various social security systems, including health and social care insurance.

Current insurance legislation does not address private healthcare insurance, which is therefore restricted to hospital cash covers with death benefits. This situation may change following further liberalisation of the market from 2019.

Current Legislation

The main legislation and related items governing healthcare are set out in chronological order in the table below.

Legislation	Date	Purpose
<i>Union of Myanmar Public Health Law 1972</i>	1972	Makes legal provision for public healthcare and is supported by numerous other acts relating to narcotic drugs, traditional medicine, dental and oral health, and food.
<i>Private Healthcare Services Law 2007</i>	5 April 2007	Provides for private healthcare services to be carried out systematically as an integrated part of the national healthcare system.
<i>Social Security Law 2012 and Social Security Rules (Notification No 41/2014)</i>	1 April 2014	Provide for a social security board to manage social security systems, including health and social care insurance.

Healthcare - Legislative Update

There has been no recent new legislation affecting healthcare.

Healthcare - Projected Legislation

No projected legislation affecting healthcare was known of when this report was in preparation.

Legislative Process

Following the electoral success of the NLD in the 2015 general elections, the new government installed in April 2016 was under pressure from all sides of society and the business community to introduce new liberalisation legislation. This has proved a daunting task, despite much outside help in drafting legislation, especially in respect of the financial services industry by the World Bank. Although important moves were made in 2019 to liberalise the insurance industry, they were based on previous legislation rather than any new legislation, which was still expected at the time this report was in preparation.

The Myanmar parliament or Pyidaungsu Hluttaw is bicameral, comprising the Pyithu Hluttaw and Amyotha Hluttaw which may be translated as People's Assembly and Nationalities' Assembly respectively and are roughly equivalent to a house of representatives and a senate. If a bill is agreed by both houses it is automatically considered approved by parliament as a whole, which must however discuss and resolve any cases where there are differences between the two.

Bills are submitted from parliament to the president, who has 14 days to approve or comment on it. Presidential inaction means it can be promulgated on the 15th day. Presidential comments may be accepted or rejected by parliament, which returns the bill in either case with a further seven days allowed for presidential signature. If no signature is forthcoming the bill is considered passed from the final day of the prescribed period. Official gazetting is a further requirement for legislation whether signed or deemed to be signed, with the publication date generally the effective date though parliament has the power both to postpone implementation and make it retrospective.

Compulsory Insurances

Under *Article 13* of the *Myanmar Insurance Law 1993* life insurance must be taken out with Myanma Insurance by all public servants.

Social insurances provided by the state are reported on separately in the Social Security and Healthcare sections of this report.

Statutory Tariffs

Myanmar is hypothetically a free-rated market and there are no statutory tariffs, but all rating systems must be submitted to the FRD. Myanma Insurance (MI) uses its own long-established rates, understood to be widely based on those of New India Insurance Company when it still operated in the country.

The business which the private insurers are allowed to write is limited and their rates must be approved by the FRD. As they do not currently differ from MI's rates, these effectively constitute a tariff, to all intents and purposes.

Supervision

Life Insurance Supervisory Authority

The *Insurance Business Law 1996* provided for the establishment of an insurance business supervisory board under the Ministry of Finance and stipulated that Myanma Insurance be represented on the board. The board has since been renamed a few times and is currently known as the Financial Regulatory Department (FRD), which oversees the entire financial services sector, not only insurance.

The FRD head office is in the capital Naypyidaw with some 15 state or regional offices. Four directors, of which one is in charge of the Insurance Regulation and Supervision Division, and two deputy directors report through a deputy director general to the director general of FRD, in 2019 Mr Zaw Naing.

The FRD is responsible for a range of activities including:

- screening and approving application for business licences
- setting the amount of paid-up capital
- setting the criteria by which the value of the assets and liabilities are to be determined
- setting the limit of investment for any insurance fund
- establishing the deposit, licensing fee and annual fees
- allowing direct insurance to be effected abroad for insurance businesses which are not accepted by insurers within Myanmar
- employing any local or foreign expert with the permission of the ministry for assistance in carrying out its work.

Pensions Supervisory Authority

Myanmar does not have a pensions supervisory authority, although the Ministry of Finance is responsible for the public servants' pension scheme.

Healthcare Insurance Supervisory Authority

Healthcare insurance or PMI falls like any other insurance class under the jurisdiction of the FRD. Until 2019 it was not listed as a specific class of business in any insurance legislation, with the only covers written and advertised as healthcare in the local market mainly covering hospital cash and more recently critical illness, with death benefits.

Statutory Returns

Audited financial reports must be submitted to the FRD within four months of the end of the underwriting year, which was 31 March until 2018. During that year an adjustment was made to follow a change in the country's fiscal year, which after the six-month period from 1 April through 30 September 2018 changed to 1 October through 30 September. *Article 32* of the *Myanmar Insurance Law 1993* requires Myanmar Insurance's financial year to be the same as that of the state.

Myanmar Insurance does not appear to publish an annual report. *Articles 33* and *34* of the *Myanmar Insurance Law 1993* require it to undergo audit by the Auditor General's Office of its accounts. The company must submit duly audited annual accounts and balance sheets to the government within six months after the close of each financial year. Along with these an annual report must be submitted, which according to *Article 34c*) of the law is to be published as prescribed by the Ministry of Finance for the information of the public.

Under the *Auditor General Law 1988*, the auditor general is empowered to inspect whether or not the activities of ministries and government departments (as Myanmar Insurance in many ways remains) "prove beneficial to the interests of the public,whether the receipts as provided in budget estimates have been realised in full, and to examine whether the funds provided for expenditure in the budget estimates are utilised effectively".

It is not known to what extent the audit requirements are complied with by Myanmar Insurance, as state-owned entities tend not to publish details.

New accounting standards drafted by the Myanmar Accountancy Council were implemented on 1 April 2004 and are said to be based on IASC standards. International Financial Reporting Standards were due to be implemented in 2019, including publication in that format of 2018 figures to allow previous year comparisons to be made.

Insolvency Regulation

Article 17 of the *Insurance Business Law 1996* allows the FRD to cancel a business licence where an insurance company is adjudged insolvent, operating in a manner detrimental to the interests of the policyholders or unable to continue to meet its liabilities. *Articles 18* to *20* set out the procedures for liquidation essentially to follow those embodied in the *Myanmar Companies Act*, which in 1996 dated back to 1914 with Burmese insolvency laws of similar vintage. Despite the passing of a comprehensive new *Myanmar Companies Law* of 6 December 2017, with provisions on winding up of companies in *Division 26* (*Articles 292* through *412*) there were continuing plans in 2018, supported by the Asian Development Bank (ADB), to produce new insolvency laws in line with current best international practice. Hopes that draft legislation would be passed to parliament in 2018 and enacted the following year had not been realised by mid-2019.

Supervision and Control

The 1997 *Insurance Business Rules* mention a life assurance policyholders' protection fund (*Article 12 (b) and (c)*), but there is no specific reference to the establishment of a similar fund for non-life policyholders, except one in *Article 12 (d)* to the setting up of a "main general insurance fund". There thus appears to be no provision for a non-life policyholders' protection fund, though if a company has a composite licence it is required to establish a protection fund for life insurance policyholders and must open an account with the Myanmar Economic Bank.

Insofar as Myanmar Insurance is concerned, *Chapter VII* of the *Myanmar Insurance Law 1993* provides for the establishment of non-life and life insurance funds. *Article 27* provides that "in the event a deficit occurs in the operation of the insurance business in respect of a class of insurance business Myanmar Insurance shall, in the first instance, utilise the Insurance Fund of that class. If the fund is insufficient, it shall draw upon the Reserve Fund and if the Reserve Fund is still insufficient, the state shall be responsible for settlement of the outstanding claims".

Since the law contains no provisions for winding up of the state-owned insurer, it would appear implicit that the state would bail out the company in case of need.

Consumer Dispute Resolution

There is no consumer dispute resolution process nor an insurance ombudsman.

Non-Admitted Insurance Regulatory Position

Definition

Non-admitted insurance refers to the placing of insurance outside the regulatory system of the country in which the risk is located. A non-admitted insurance policy may be one that is issued abroad or one in which the risk(s) may be included in a global master policy by an insurer that is unauthorised in the country in which the risk is located. An authorised insurer is one that has been granted permission to do business in a country (or region) by the local supervisory authority. The text below describes the regulations that apply to non-admitted insurance for this country.

Summary

Non-admitted insurance is not permitted because the law provides that insurance must be purchased from locally authorised insurers. There are no exceptions specified in the legislation to the general prohibition on non-admitted placements, other than that permission may be sought from the regulator to effect such a placement.

Legislation

Supervision and Control

The legal provisions setting out the requirement for insurers to be authorised are contained in *Article 8* of the *Insurance Business Law* which states that: "a company desirous of writing one or more of the following insurance classes shall apply for business licence to the Supervisory Board". *Article 15* of the *Insurance Business Rules* states that: "any person desirous of transacting insurance business, underwriting agency business or insurance broking business shall have a company incorporated and registered in accordance with the *Myanmar Companies Act* or the *Special Companies Act 1950*".

Article 25 of the *Insurance Business Law* makes it an offence to operate as an insurer or underwriting agent without a business licence.

Article 7 (f) of the law grants the regulator the power to allow insurance to be effected abroad for businesses which are not accepted by local insurers, suggesting that non-admitted cover is not allowed without the prior approval of the regulator.

Freedom of Services (FOS) under Free Trade Agreement(s)

As a member of the World Trade Organization (WTO), Myanmar is a signatory to the **General Agreement on Trade in Services (GATS)**, which forms part of the trade liberalisation arena of the WTO.

The aim of GATS is to remove barriers to trade, but members are free to choose which sectors are to be progressively liberalised, which mode of supply would apply to a particular sector, and to what extent liberalisation will occur over a given period of time. Insurance is a service within the scope of GATS but, so far, liberalisation of the sector has been limited.

For Myanmar the question of open borders in respect of financial services in general and insurance in particular has arisen more in connection with its membership of the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) established in December 2015.

ASEAN Trade in Services Agreement (ATISA)

The AEC Blueprint 2025 confirms that one of its aims is to create a highly integrated and cohesive economy with the following key elements: trade in goods; trade in services; investment environment; financial integration, inclusion and stability; facilitating the movement of skilled labour and business visitors; enhancing the participation in global value chains.

Supervision and Control

The ASEAN Trade in Services Agreement (ATISA), which will replace the ASEAN Framework Agreement on Services (AFAS), was signed by ASEAN member states in April 2019. ATISA provides that restrictions to the provision of financial services between member states will be removed progressively until 2025. Member states, however, may set out which sectors will not be liberalised or will be only partially liberalised.

The *Myanmar Companies Law* of 6 December 2017 was an important step in general market liberalisation, not just insurance, paving the way for overseas corporations to operate subject to registration under the terms of the law's *Articles 43 through 56*. A foreign company is defined in *Article 1* as one incorporated in Myanmar in which overseas corporations or individuals own or control more than 35%.

Insurers

No specific class of business exceptions are stated in the law in respect of the general prohibition on non-admitted placements. The only exception is where prior approval has been obtained from the regulator.

Local risk definition

No definition of a local risk is available.

Exchange controls

Currency exchange control is not an issue because non-admitted insurance is not generally permitted. For any approved non-admitted placements, this could be an issue as there are severe foreign exchange problems and hard currency is scarce.

Tax

Premiums paid for approved non-admitted placements would presumably be tax deductible for the buyer (to the extent that they are domestically). In practice, rather than the policyholder opting for non-admitted cover, it is more likely that Myanmar Insurance would issue a local policy and front the risk, reinsuring 100% to the overseas insurers/reinsurers.

Insurer responsibilities

Overseas insurers involved in any approved non-admitted placements would not have to inform buyers that they are not subject to local supervision, as any such arrangement may only be effected with the permission of the FRD. Local insurers would not become involved with non-admitted placements.

Premium taxes

The premium taxes and stamp duty set out in the Taxation section of this report would be payable on any approved non-admitted placements.

Buyers

Buyers cannot place their business with non-admitted insurers abroad unless specific approval is obtained from the regulator, in accordance with *Article 8* of the *Insurance Business Law*.

Intermediaries

Intermediaries (ie brokers or agents) must be authorised to transact insurance business. *Article 15* of the *Insurance Business Rules* states: "any person desirous of transacting insurance business, underwriting agency business or insurance broking business shall have a company incorporated and registered in accordance with the *Myanmar Companies Act* or the *Special Companies Act 1950*".

Article 9 of the *Insurance Business Law* states that: "a company desirous of acting as an underwriting agent or insurance broker shall apply for business licence to the Supervisory Board ...".

There are no brokers licensed currently in Myanmar. Following the entry of foreign insurers on a 100% or 35% basis in the first half of 2019 proposals were understood to be advancing to allow foreign brokers - with those already having local representative offices likely to be at the front of the line - to operate in joint ventures with local partners, at shareholding levels to be determined.

Intermediaries are not allowed to place business with non-admitted insurers.

Market Practice

The lack of locally registered brokers means that any broker activity is outside the market and relates to large commercial accounts with the need for reinsurance placements. According to local sources, a number of larger companies in Myanmar use the services of international brokers to arrange their insurance protection with overseas markets. Myanma Insurance can then front the arrangements and reinsure to overseas underwriters, as the only local company allowed to buy external reinsurance.

For global companies with interests in Myanmar, the broker for the parent will usually arrange fronting facilities with Myanma Insurance. This is especially so now that there are various brokers with representative offices in Myanmar servicing their local client base, ensuring that all the rules are strictly adhered to for their own internal compliance reasons and not wanting to prejudice their chances of eventually obtaining a full operating licence. Although perhaps mainly focused on non-life, these brokers will also look at group life and healthcare programmes for their clients given the somewhat limited range of options locally.

Fines/Penalties

Under the *Insurance Business Law 1996* anyone transacting insurance without a business licence is liable on conviction to a fine or imprisonment as follows:

- an insurer or underwriting agent - up to five years imprisonment or a fine of MMK 500,000 (USD 324) or both (*Article 25* of the law)
- an insurance broker - up to three years imprisonment or a fine of MMK 300,000 (USD 195) or both (*Article 26*).

Company Registration and Operating Requirements

Establishing A Local Company

The *Insurance Business Law 1996* outlines the procedures for licence applications together with the duties of an insurer, underwriting agent or broker. The 1997 *Insurance Business Rules* state that:

- any person wishing to conduct insurance business or operate an underwriting agency or insurance broker must have a company which is incorporated and registered in accordance with the *Myanmar Companies Act* or the *Special Companies Act 1950 (Article 15)*. All companies or legal entities registered under either were starting from August 2018 required to be re-registered under the *Myanmar Companies Law* of 6 December 2017.
- an insurer, underwriting agent or insurance broker shall apply to the FRD for a business licence by submitting a completed application form together with necessary supporting documents (*Article 16*).

The FRD, for its part:

- will scrutinise the information presented in the business licence application form and the documents submitted to ensure they are complete and correct
- may interview the applicant, if necessary, in connection with the information contained in the application
- will decide whether the relevant business licence is to be granted or not and notify the applicant in writing of their decision.

Insurers or underwriting agents on advice of being granted a licence must within 30 days meet relevant capital requirements and pay a licence fee of MMK 3mn (USD 1,950), with MMK 1mn (USD 650) as an annual fee thereafter (*Article 22*). Under *Article 19* insurance brokers granted a licence must also pay a fee as directed by the FRD.

Once the requirements above have been met, the FRD should grant the relevant business licence within 15 days (*Article 21*).

The FRD is required to specify in the business licence the terms and conditions to be complied with by the insurer, underwriting agent or insurance broker who holds such a licence.

Types of Insurance Organisation

Article 2 (e) of the *Insurance Business Law 1996* required insurers to be companies constituted under either the *Myanmar Companies Act* dating from 2014 or the *Special Companies Act 1950*. All companies or legal entities registered under either were starting from August 2018 required to be re-registered under the *Myanmar Companies Law* of 6 December 2017.

The 2017 law was an important step in general market liberalisation, not just insurance, paving the way for overseas corporations to operate subject to registration under the terms of the law's *Articles 43* through *56*. A foreign company is defined in *Article 1* as one incorporated in Myanmar in which overseas corporations or individuals own or control more than 35%.

Supervision and Control

Holding companies are defined in *Article 1* of the 2017 *Companies Law* and specifically allowed to operate, incorporating and holding shares in any number of subsidiaries, under *Article 5 (c)*. This provision may come to the fore in the insurance sector with composite companies splitting into separate life and non-life operations from 2019 onwards.

Neither insurance legislation nor the 2014 *Myanmar Companies Act* covers the issue of cross-shareholding between banks and insurers. *Article 61 (a)* of the *Financial Institutions Law* of 25 January 2016 prohibits banks from holding more than a 5% shareholding in other banks, or other non-banking financial institutions. These would not appear to include insurers under the terms of the law, though insurers' relationship with banks would presumably be addressed in specific legislation on bancassurance which was said to be in prospect in 2019.

Foreign Ownership

The *Myanmar Companies Law* of 6 December 2017 was an important step in general market liberalisation, not just insurance, paving the way for overseas corporations to operate subject to registration under the terms of the law's *Articles 43* through *56*. A foreign company is defined in *Article 1* as one incorporated in Myanmar in which overseas corporations or individuals own or control more than 35%.

The *Special Economic Zones Law* of 23 January 2014 was designed to provide tax and other incentives for export orientated companies and provide foreign investors with the confidence to make long-term investments. As such, it was a development of the 2012 *Foreign Investment Law*, since repealed and replaced by the *Myanmar Investment Law (MIL)* of 18 October 2016.

The 2014 law states, in *Chapter 13, Paragraph 59*, that foreign insurance companies (and insurance companies set up as a joint venture with a foreign partner, although none existed at that time) are able to operate an insurance business for risks situated within the special economic zones (SEZs). This exemption was used by the three Japanese insurers with representative offices in Yangon to service their locally based international clients, effectively to operate as a branch, subject to 10% coinsurance with Myanmar Insurance. It is unlikely to be necessary once the same companies have formed the joint ventures with local players authorised in 2019.

Types of Licence

Insurers were formerly allowed to have non-life, life or corporate licences with the capital requirements for a composite a straight sum of those for life and non-life companies. There was a regulatory directive in late 2018 to facilitate the opening of the market to foreign players, under which all former composites - including Myanmar Insurance - were by mid-2019 already in the process of separating into two separate companies, or with advanced plans to do so.

Article 8 of the *Insurance Business Law 1996* permits companies to apply for licences for the following classes of business:

- life assurance
- fire

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- comprehensive motor
- cash-in-transit
- cash-in-safe
- fidelity
- other classes as permitted from time to time.

Whilst healthcare is not mentioned, the regulator ultimately approved the introduction in 2015 of what they referred to as "health" insurance, in fact a hospital cash cover only, which all companies can write.

Amongst the other classes authorised from 2017 were apparently personal accident, marine hull and cargo, inland marine and travel for incoming tourists. Hybrid life/PA/health contracts are issued in the life account, focusing as regards health on hospital cash as mentioned and more recently critical illness.

It is understood the regulations were further relaxed by 2019 with companies essentially allowed to apply to operate in any line of business, though their degree of success in obtaining authorisations was not known when this report was in preparation.

Article 2 of the Insurance Business Rules defines general insurance as all classes other than life assurance as mentioned in *Article 8* of the law.

Under *Article 11* of the 1993 *Myanmar Insurance Law*, Myanmar Insurance was given a more extensive list of classes to transact:

- life assurance
- third party liability (motor)
- general liability
- fire
- marine cargo
- marine hull
- aviation
- engineering
- comprehensive motor
- oil and gas
- cash-in-transit
- cash-in-safe
- fidelity

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- travel
- bodily injury (likely to mean workers' compensation and/or personal accident)
- other classes
- insurances as determined by the Ministry of Finance.

Until 2019 Myanmar Insurance was still the only writer of various classes, a situation which may change with increasing liberalisation of the market implied as the already authorised entry of new foreign players and partners for local companies takes place.

Myanmar Insurance is currently the only company with the right to place reinsurance locally and abroad under *Article 12 (c)* of the *Myanmar Insurance Law 1993*. *Article 13 (a)* of the *Insurance Business Law 1996* requires companies to submit reinsurance programmes to the FRD for approval, while *Article 14 (e)* of the *Insurance Business Rules* requires it to direct them to effect reinsurance. In practice it appears none of them have been directed or allowed to do so, working rather with local coinsurance where required at least until 2019. There are no stipulations in the law on acceptance of inwards reinsurance.

Capital Requirements

Article 21 (a) of the *Myanmar Insurance Law 1993* set the authorised capital of Myanmar Insurance at MMK 300mn (currently some USD 195,000), of which 50% must be fully paid up by the state.

Paid-up capital to write non-life insurance is MMK 40bn (USD 25.9mn) as set out in *Article 6* of the *Insurance Business Rules 1997*. MMK 6bn (USD 3.9mn) applied to life assurance and it is understood these remained the amounts required for separate non-life and life companies in 2019 when composites with a former minimum requirement of MMK 46bn began to split into the two.

Under *Article 7* of the rules, the FRD would direct the insurer or underwriting agent to invest part of the paid-up capital as follows:

- 10% to be deposited with the Myanmar Economic Bank
- 30% to be used to purchase government treasury bonds.

The law makes no reference to minimum operating requirements or capital for local reinsurers, of which none are currently registered.

Solvency Margins

Article 11 (a) of the *Insurance Business Rules* relates solvency to net-worth and state it is 10% of the net life assurance premium generated in the closed underwriting year immediately preceding the current year. No other criteria are established.

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The FRD is empowered to change these regulations. In addition, under *Article 12* a life assurance fund and a (separate) life assurance policyholders' protection fund must be established. Amounts are not established, though the article also requires an actuary to carry out an evaluation of life assurance business at least once every four years.

In the absence of specific directions, the FRD may be looking for similar arrangements as those applying for Myanmar Insurance, which under the *Myanmar Insurance Law 1993* include:

- a sum equivalent to 10% of the profits allocated after actuarial valuation of the life assurance business to a general reserve fund (there is a separate fund relating to general insurance) under Article 23(b),

and to a specific life assurance fund

- initial subscription by the state of MMK 600mn (USD 390,000)
- the surplus after deducting expenditure from annual life insurance income.

Should a deficit occur, Myanmar Insurance would in the first instance use the insurance fund of that class and, if that proves insufficient, draw upon the general reserve fund. If the fund is also insufficient, the state is responsible for the settlement of outstanding claims. In that sense, Myanmar Insurance's solvency is guaranteed by the government.

Reserve Requirements

Apart from the requirement to maintain funds for both life and non-life business as well as an overarching one for the whole company, as detailed under the heading Solvency Margins in this section, insurance law does not enter into any detail on matters such as technical reserves.

Article 11(d) of the *Insurance Business Law 1996* only requires an insurer to maintain account books and records, which "enable systematic and easy auditing", which appears to place the responsibility for ensuring the adequacy of technical provisions on auditors. *Article 12 (c)* of the law requires an actuary to carry out an evaluation of life assurance business at least once every four years.

Published accounts from one of the private composite insurers for 2018 referenced instructions from the FRD to explain its transfer to the life assurance fund of the lower amount between premium income and excess of income over expenses.

There are no precise requirements under the *Myanmar Insurance Law 1993* for Myanmar Insurance to establish reserves other than those mentioned under the heading Solvency Margins.

Investment Regulations

Article 13 (d) of the *Insurance Business Law 1996* and *Article 10 (b)* of the *Insurance Business Rules* state that the investment policy of an insurer shall be scrutinised and approved by the regulator, the implication being that insurance companies can recommend a programme of investment but that it must be approved.

Under *Article 7* of the rules, the FRD would direct the insurer or underwriting agent to invest part of the paid-up capital as follows:

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- 10% to be deposited with the Myanmar Economic Bank
- 30% to be used to purchase government treasury bonds.

Beyond these investment requirements the law and the rules are silent.

Myanmar Insurance is simply permitted to effect "... suitable investments in and outside the state, with the approval of the ministry" (*Article 12(a) of the Myanmar Insurance Law 1993*).

Policy Terms and Conditions

Under *Article 29 of the Insurance Business Rules*, proposal forms, policy wordings and premium rates must be submitted to the FRD, thereafter using only items approved and submitting also any proposed changes for approval. While *Article 35 of the Insurance Business Law 1996*, in support of which the rules were issued, declares the law is not applicable to Myanmar Insurance, it is understood that company broadly follows the same rules as the private ones in the market. There does not appear to have been any problem in it accepting for fronting wordings from international insurers.

Policies are usually written in MMK, but may be arranged in foreign currency where a policyholder holds a foreign currency account. USD policies are permitted. Where policies are written in foreign currency, premiums must be paid in that currency.

Current insurance legislation does not appear to stipulate that policies must be in Burmese, which is the normal practice though translations are allowed for reference purposes. The local wording prevails in the case of a dispute. For international clients, policies are invariably in English and no translation into Burmese is required.

Market sources suggest that there are no notable exclusions, other than suicide during the first year of the policy and cover limited to surrender value if death is due to the use of drugs or involvement in criminal activity.

There are provisions for surrender of endowment policies after they have been in force for two years.

In order to become a qualifying policy for tax deductibility, the contract must simply be issued in the name of the taxpayer.

Legal System

Introduction

The country has a substantial, solid and strongly rooted legal system with many years of sound legal history. Criminal and civil laws are modelled largely on British law introduced during Myanmar's colonial period, which ended in 1948, and the principles of common law are put into practice through statutes.

Supervision and Control

The Attorney-General of the Union and the Supreme Court of the Union of Myanmar, under the chief justice ostensibly control the legal system, but despite the assertion of independence from government, that does not seem to have yet been achieved.

The Supreme Court is the highest court with the power to supervise the lower courts, which comprise in descending order of status high, district and township courts.

The people of Myanmar are not litigious. They prefer to negotiate an out-of-court settlement, which may be brokered by prominent figures in the community at no charge and without reference to the courts.

Alternative Dispute Resolution

Policies have an arbitration clause but otherwise there is no alternative dispute resolution procedure.

Compromise and out-of-court settlements are made in all but the most serious civil cases for damages. In 2019 the Supreme Court, after collaboration in the project from the Japan International Cooperation Agency (JICA), was ready to launch in selected township and district courts a pilot scheme for court-led mediation.

There is no insurance ombudsman.

Court Cases

There appear to have been no court cases of relevance to life or healthcare insurance.

Insurance Premium or Policy Taxes and Charges

The taxes and charges applicable to life, personal accident (PA) and healthcare insurance are listed below:

Insurance class	Description of tax	% (unless otherwise stated)	To be paid by
Life insurance where sum insured does not exceed MMK 25,000	Stamp duty	MMK 10	Insured
Life insurance where sum insured exceeds MMK 25,000, but does not exceed MMK 50,000	Stamp duty	MMK 20	Insured
Life insurance where sum insured exceeds MMK 50,000, but does not exceed MMK 100,000	Stamp duty	MMK 30	Insured
Life insurance where sum insured exceeds MMK 100,000	Stamp duty	MMK 30 per each MMK 100,000 sum insured or part thereof	Insured
PA and healthcare insurance	Premium tax	5.0	Insurer
Accident and sickness	Stamp Duty	Railway accident MMK 10 per single journey. All others MMK 30 per each MMK 100,000 sum insured or part thereof.	Insured

Source: Market sources

The *State Budget Law 2001* amended the *Commercial Tax Act 1990* by extending taxable services under *Schedule VII* to include a 5% tax on non-life insurance premiums, which would include PA and healthcare insurance.

There are no supervisory levies.

Legislative Update

There has been no recent legislation relevant to taxation.

Withholding Taxes on Premiums Paid Overseas

There is no withholding tax either on direct premiums (where declared and approved) or reinsurance placed overseas.

Corporation Tax

The corporation tax rate is 25%, as per *Notification No 111*, for Myanmar companies, companies operating under permission of the Myanmar Investment Commission, ie foreign-owned resident companies, and non-resident foreign companies engaged in special state-sponsored projects. This same rate has also been applied to state economic enterprises, as per *Notification No 112*.

Branches of foreign companies are taxed at 35%, unless a branch has been granted an investment permit by the Myanmar Investment Commission, in which case it is taxed at 25%.

Taxation

Various tax incentives may be available under the *Myanmar Investment Law* of 18 October 2016 and the *Special Economic Zones Law* of 23 January 2014.

The Myanmar fiscal year was changed in 2018 to end 30 September rather than 31 March as formerly. The main reason given was to help in budgeting of infrastructure and other construction developments to run throughout the main dry season between November and May.

There are no provisions in insurance law for establishment of technical reserves. Some of the provisions outlined under the headings Solvency Margins and Reserve Requirements in the Company Registration and Operating Requirements section of this report are established from pre-tax and others from post-tax surpluses.

Personal Taxation

The following table shows the latest personal tax rates

Taxable income band (MMK)	Tax rate (%)
1 to 2,000,000	0
2,000,001 to 5,000,000	5
5,000,001 to 10,000,000	10
10,000,001 to 20,000,000	15
20,000,001 to 30,000,000	20
30,000,001 and above	25

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

Historical Development

History

- 1826 The first European insurance companies set up in the country to offer insurance to resident Europeans.
- 1852 Following the annexation of Lower Burma by the British, a local insurance market was established to serve the insurance needs of the foreign soldiers, merchants and missionaries stationed in Burma.
- 1948 By independence, more than 100 foreign insurance companies were established along with two Burmese companies, one of which, the Burma National Insurance Company, was nationalised.
- 1952 The Burma National Insurance Company was reconstituted as the Union Insurance Board. The Union was the forerunner of Myanma Insurance.
- 1959 Insurance companies, other than Union Insurance Board, were prohibited from writing life insurance.
- 1961 The *Compulsory Reinsurance Act* required all companies to arrange reinsurance with the Union Insurance Board.
- 1963 All 78 foreign insurance companies registered in Myanmar were nationalised on 1 March.
- 1989 The *State-Owned Economic Enterprises Law* made insurance a monopoly of the state.
- 1993 The *Myanmar Insurance Law 1993* maintained the state monopoly but made Myanma Insurance a company in its own right rather than a government department.
- 1996 The *Insurance Business Law 1996* set up the Supervisory Board and concentrated on the participation of private companies in insurance business and licensing procedures. Mitsui and Yasuda Fire & Marine opened offices in Yangon.
- 1997 A second insurer, Myanmar International Insurance Corporation, was granted a licence. Tokio Marine & Fire opened an office. The *Insurance Business Rules* were introduced to complement the *Insurance Business Law 1996*.
- 2002 Myanmar International Insurance Corporation's main local shareholder, the Myanmar Economic Corporation, decided to liquidate the company.
- 2012 The *Social Security Law 2012* replaced earlier social security legislation, providing for a new Social Security Board to manage the system.
- 2013 Twelve new private insurance companies were granted licences to operate. ACE (now Chubb), AIA, MetLife and Prudential received permission to open representative offices.
- 2014 The Insurance Business Supervisory Board changed its name to the Insurance Business Regulatory Board (IBRB). Willis (now Willis Towers Watson) became the first broker to open a representative office.
- 2015 A total of 22 representative offices of international brokers, general and life insurers were recorded as present in Myanmar. The remit of registered agents was extended to allow them to represent all companies, rather than only two plus Myanma Insurance.
- 2016 The Financial Regulatory Department (FRD) of the Ministry of Finance took over supervision of the industry from the IBRB.
- 2017 The number of representative offices of foreign insurers (including life), reinsurers and brokers reached 27.
- 2018 The Myanmar Insurance Association was launched in January. The state and insurance industry financial year was amended to October through September instead of April through March.
- 2019 Five foreign life insurers - AIA, Chubb, Dai-ichi, Manulife and Prudential - were authorised to enter the market through 100% subsidiaries, and four local insurers to form life joint ventures with foreign partners, whose shareholding was limited to 35%.

The Market Today

Summary and Trends - Life Insurance

Myanmar's insurance market is still relatively small and under-developed, with much of the population living below the poverty line. For 2017 it ranked 150 of 181 countries on the worldwide list of premium income produced by Axco Global Statistics. Its life market ranked 141, between Madagascar and Sudan.

It is worth noting on the figures above that Myanmar's life ranking had progressed from 160 in 2013. The country is rich in natural resources and has vast potential for economic growth. The insurance market has been developing strongly, with statistics increasingly available following formation of the Myanmar Insurance Association (MIA) in 2018. In that year, apart from state-owned Myanma Insurance there were 10 private insurers writing life business. Of estimated life market total premiums of MMK 27.7bn (USD 19.4mn), showing growth of 66% on prior year, over 90% related to group or affinity business and the balance to individual life.

The bulk of life business currently relates to compulsory life insurances for government employees, with most of that covering military personnel and written by Aung Myint Moh Min Insurance Co Ltd, a life insurer which is part of the military-controlled conglomerate MEC. Myanma Insurance is currently the only other player writing compulsory insurances and products for the military, which may continue to be the case even after the market liberalisation taking place in 2019. Nevertheless, a number of foreign insurers showed themselves keen to take part in that liberalisation.

Because the Myanmar life market is less developed than the non-life it was decided - against some opposition from local players - to allow 100% participation of foreign companies in the life sector, compared to a maximum shareholding of 35% in non-life insurers. In April of that year five were given the green light: Chubb, Prudential, AIA out of Hong Kong, Japan's Dai-ichi and Canada's Manulife.

Other international composite or life players were still free to apply to operate as joint ventures with local companies up to a maximum foreign shareholding of 35%, with the following partnerships announced by May 2019: Thai Life with Citizen Business (CBI); Taiyo Life (Japan) with Capital Life (CB); Muang Thai Life with First National; and DB Insurance (formerly Dongbu, from Korea) with Global World. By July 2019 it was reported that the last two deals mentioned had fallen through. On the other hand the first two deals were formally approved by the Ministry of Finance and Planning on 31 July 2019, as was one involving Nippon Life from Japan. That company had in June announced subject to regulatory approval it would acquire 35% of composite Grand Guardian's life operation, to be renamed Grand Guardian Nippon Life Insurance Co.

Insurance Market Overview

If all the deals mentioned above had come to fruition, the only significant local players remaining without a foreign partner would have been the state-owned Myanma Insurance, the aforementioned Aung Myint Moh Min Insurance Co Ltd and Aung Thitsa Oo Insurance, another company within the MEC group but stronger in non-life than life business.

Amendments to existing insurance legislation were expected by the end of 2019, to reflect the changing circumstances of the market. There had already been some new products in the life market, with an improved endowment policy replacing the existing one from August 2018 and a stand-alone critical illness cover introduced in 2019.

Summary and Trends - Pensions

The *Social Security Law 2012* and the accompanying *Social Security Rules* took effect from 1 April 2014. Their terms provide for a social security board to manage the social security system, which includes an old age pension benefit (not yet implemented) and survivor benefit insurance.

The concept of private pensions and other types of employee benefit, remain undeveloped, largely because of the informality of much of the labour market and the abundant and low-cost workforce which is available.

Summary and Trends - Healthcare

In April 2015, Myanma Insurance launched a trial of a new health insurance product, which turned out to be a simple hospital cash type product. It was subsequently announced that from July 2015 all insurers would be able to offer the cover, details of which can be found in the Healthcare section of this report.

Local insurers did not transact any comprehensive private medical insurance (PMI) at the time this report was in preparation, though health is now listed as a class of business in MIA statistics. Its estimated premiums in 2018 were MMK 310.7mn (USD 220,000), just 0.2% of total market premium income.

These premiums relate to the hospital cash scheme mentioned above and critical illness cover which has become available more recently. These are the only types of healthcare currently available, and could almost be viewed as life riders since they are often sold in policies which also have a death benefit. They are in fact offered by life insurers as well as composites including Myanma Insurance. It remains to be seen whether the incoming foreign insurers from 2019 will find a way to launch and maintain a broader PMI market.

Healthcare is the responsibility of the government, while private healthcare is still under-developed and limited in scope. For the echelon of society who can afford it, and would form the sales target for PMI, such facilities are sought outside of the country currently, in neighbouring south-east Asian destinations, such as Bangkok, Kuala Lumpur or Singapore. Foreign property developers, specifically the Malaysian SunCo, have targeted Myanmar to expand their private medical facilities.

Insurance Market Overview

Market Size

Myanmar's total insurance market ranked 150 of 181 countries on the worldwide list of premium income for 2017 produced by Axco Global Statistics. Its life market ranked 141, between Madagascar and Sudan, while for PA and healthcare it was at 151.

The total market size in 2018 was broken down as follows:

	Life	Non-Life	Personal Accident & Health	Total Market
Premium in MMK mn	27,714.71	105,111.20	5,724.35	138,550.26
Premium in USD mn	20.37	77.26	4.21	101.84
% of total market	20.00	75.87	4.13	100.00

Note: due to rounding some totals may not equal the breakdown above.

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

New statistical information may have been included in the appendices.

The following table compares the annual growth rates of life premium income in local currency with the nominal GDP growth and inflation rates over the last available five years. Premium growth is impressive in percentage terms, albeit from a low monetary base.

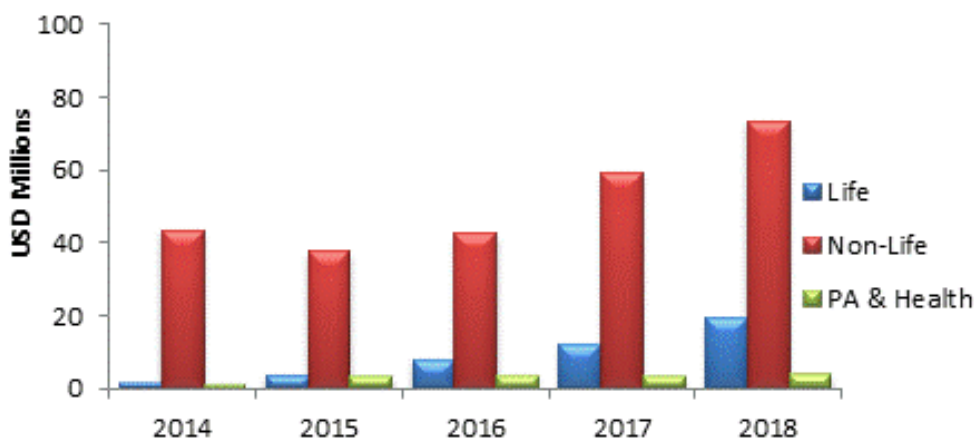
	2014	2015	2016	2017	2018
Premium growth (%)	n/a	202.37	77.80	47.73	57.69
Nominal GDP growth (%)	12.50	11.42	9.64	14.50	13.90
Inflation rate (%)	5.05	9.49	6.96	4.57	6.87

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

New statistical information may have been included in the appendices.

Premium development in the non-life, life, and personal accident (PA) and healthcare markets is shown below.

Market Growth



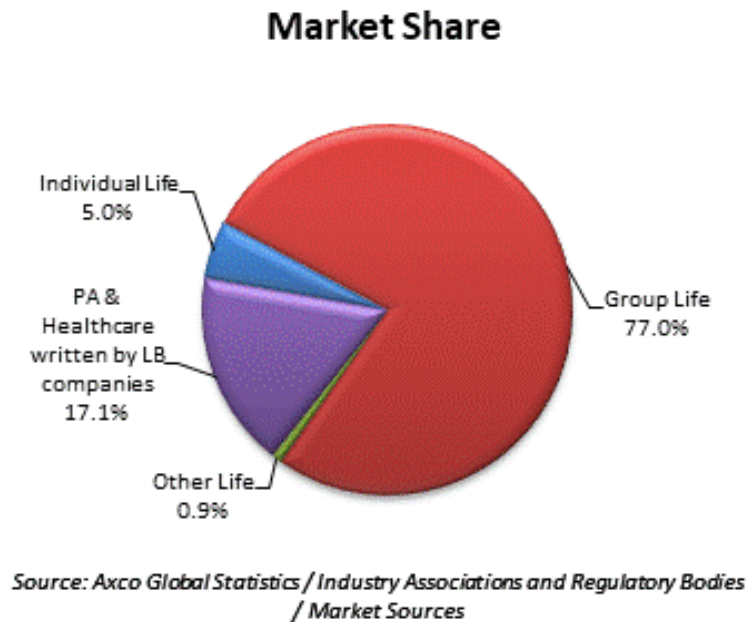
Source: Axco Global Statistics / Industry Associations and Regulatory Bodies / Market Sources

Insurance Market Overview

New statistical information may have been included in the appendices.

The last full market figures published in Myanmar at the time of preparing this report were for 2016-17 (April through March, the market's financial year at that time, though Axco presents them as calendar year 2017). With major input from local sources including the Myanmar Insurance Association (MIA) and Myanma Insurance, Axco estimates for 2017-18 published in this report show life premiums of MMK 27.7bn (USD 19.4mn) and a very limited healthcare market of less than USD 250,000.

The division of the market in 2018 is shown below.



*Note: due to rounding the breakdown above may not equal 100%.
New statistical information may have been included in the appendices.*

Sums Assured

No details appear to have been published on life sums assured since 2010.

New Premiums Written

No information is available on new premiums written in the life market.

Market Penetration

Market premium as a percentage of GDP and expenditure on a per capita basis expressed in USD are shown below for the year 2018; comparisons are made with Laos, Thailand and Vietnam.

Insurance Market Overview

	Life including riders		Non-life (P&C)		Personal Accident & Healthcare*		Total	
	%	per capita	%	per capita	%	per capita	%	per capita
Myanmar	0.03	0.36	0.10	1.36	0.01	0.07	0.13	1.80
Laos**	0.02	0.56	0.34	8.28	n/a	n/a	0.36	8.85
Thailand	4.26	279.53	1.30	85.54	0.31	20.53	5.87	385.61
Vietnam**	1.32	30.98	0.59	13.74	0.24	5.72	2.15	50.45

Note: * PA & Healthcare data represents PA & Healthcare business other than life riders, whether written by life, non-life or specialist healthcare insurers. Details of the split of such business (where available) are included in Appendix 1.

** Figures refer to 2017.

Due to rounding some totals may not equal the breakdown above.

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies/Market Sources

As Myanmar's economy develops and more local people join the formal labour market and receive a regular income, there is the opportunity for life insurance penetration to increase amongst the perceived burgeoning middle classes, although outside the main urban areas growth is likely to remain minimal in the foreseeable future. There should also be some impulse to sales from the market liberalisation taking place from 2019 with the entry of a number of new foreign players, either setting up new operations in their own right or with local companies as joint venture partners.

Market Participants

Summary and Trends

Until 2019 the market consisted of the state-owned Myanma Insurance - the overall market leader - and 12 private locally owned companies granted licences in 2013 to underwrite a limited range of products. Nine of those licences were composite and three life, but under regulatory directive all the composites (including Myanma Insurance) were in 2019 converting to separate life and non-life companies to facilitate liberalisation of the market with the entry of foreign partners.

If all the deals announced during the first half of 2019 had come to fruition, the only significant local life players remaining without a foreign partner would be Myanma Insurance, Aung Thitsa Oo Insurance, a composite stronger in non-life than life business within the MEC conglomerate run by the military, and the life market leader Aung Myint Moh Min Insurance. Also part of the MEC group, it holds the leadership writing a suite of life products only for the military, including the compulsory life all government employees must hold and which accounts for the greater part of the country's life premiums.

Because the life market is less developed than the non-life it was decided - against some opposition from local players - to allow 100% participation of foreign companies in it, compared to a maximum shareholding of 35% in non-life insurers. Despite an announcement in January 2019 that three life companies would be allowed to operate 100% subsidiaries, in April of that year five were given the green light: Chubb, Prudential, AIA out of Hong Kong, Japan's Dai-ichi and Canada's Manulife. The companies were still required to conform to the pre-licensing conditions stipulated by the Ministry of Planning and Finance (MoPF) before being granted the Preferred Applicants Foreign Life Insurance Licences. These included an irrevocable USD 400,000 bid bond.

Insurance Market Overview

Other international composite or life players were still free to apply to operate as joint ventures with local companies up to a maximum foreign shareholding of 35%, with the following deals in process by May 2019: Thai Life with Citizen Business (CBI); Taiyo Life (Japan) with Capital Life (CB); Muang Thai Life with First National; and DB Insurance (formerly Dongbu, from Korea) with Global World. By July it was reported that the last two deals mentioned had fallen through. The first two were formally approved by the Ministry of Finance and Planning on 31 July 2019, as was one involving Nippon Life from Japan. That company had in June announced subject to regulatory approval it would acquire 35% of composite Grand Guardian's life operation, to be renamed Grand Guardian Nippon Life Insurance Co.

A number of foreign companies have established representative offices, both insurers and brokers, which look after the local interests of their global clients. The numbers of these are now likely to reduce as some at least become authorised to operate either in their own right or as part of joint ventures.

Privatisation/Deregulation

Although in 2019 it planned to split into separate life and non-life insurers like all the private insurance composites, state-owned insurer and non-life market leader Myanma Insurance remains to date without any joint venture partner. Its managing director announced in October 2017 that plans had been agreed to privatise the company as one way to promote the business and expand the market generally. The current insurance law would, however, need amendment to allow for privatisation.

State Life Insurance Companies

Myanma Insurance began life as the Union Insurance Board under the *Union Insurance Board Act 1950*, the core of which was the nationalised Burma National Insurance Company, one of just two insurance companies at that time owned by Myanmar nationals. Its role became significant in 1959 when all other insurance companies were prohibited from writing life insurance and again in 1961 under the *Compulsory Reinsurance Act*, which required all other companies to arrange reinsurance only with the Union Insurance Board.

Myanma Insurance in its current form was established under the *Myanmar Insurance Law 1993* with the state as the sole shareholder. The authorised capital was set at MMK 300mn (currently USD 195,000), of which 50% must be fully paid up by the state. The company is a composite insurer, though like all the private sector composites it was in 2019 planning to separate into separate life and non-life companies.

Until the licensing of private insurers from 2013, Myanma Insurance had a monopoly of the local market. It retains a number of monopoly privileges written into the 1993 law including:

- compulsory life assurance for government servants (and some compulsory non-life classes)
- insurance of state organisations and enterprises which have 50% and above of their capital subscribed by the state
- reinsurance.

Insurance Market Overview

In addition, Myanmar Insurance remains the only insurer able to offer cover for risks and classes of insurance which the private insurers have not yet been authorised to write, mainly on the non-life side.

Myanmar Insurance's managing director announced in October 2017 that plans had been agreed to privatise the company as one way to promote the business and expand the market generally. The current insurance law would, however, need amendment to allow for privatisation.

Market Structure

Apart from state-owned Myanmar Insurance, all the other players in the market are part of a locally owned wider group of companies or conglomerate. The composites, including Myanmar Insurance, were at the time this report was in preparation splitting or preparing to split into separate life and non-life companies under regulatory directive to facilitate the process of establishing joint ventures with foreign partners.

Groups with insurers writing a significant share of life market premiums in 2018 are shown in the table below.

Group	Member companies		
	Life insurers	Non-life insurers	Significant other group businesses
Capital Diamond Star Group	Capital Life	N/A	Various (including retail and auto dealerships)
Co-Operative Bank	Citizen Business	N/A	Banking
KBZ Group	IKBZ*	IKBZ*	Various (including banking)
Max Myanmar Holding	Ayeyar Myanmar (AMI)*	Ayeyar Myanmar (AMI)*	Various (including banking)
Myanmar Economic Corporation (MEC)	Aung Thitsa Oo*, Aung Myint Moh Min	Aung Thitsa Oo*	Various (including banking)
Shwe Taung Group	Grand Guardian*	Grand Guardian*	Various

Note: * composite company

Source: Market sources

Although full market statistics by line of business are not published, the life market leader in 2018 was understood to be **Aung Myint Moh Min Insurance**, part of the MEC conglomerate run by the military. It owes its predominance to the life products it writes solely for military personnel, including their compulsory cover as government servants which accounts for the greater part of the country's life premiums. Its sister composite company Aung Thitsa Oo, also without as yet a proposed joint venture partner, has a very limited role in the life market, where **Myanmar Insurance** is the second player well ahead of all the private sector insurers.

Insurance Market Overview

Because the Myanmar life market is less developed than that for general insurances, it was decided - against some opposition from local players - to allow 100% participation of foreign companies in the life sector, compared to a maximum shareholding of 35% in non-life insurers. Despite an announcement in January 2019 that three life companies would be allowed to operate 100% subsidiaries, in April of that year five were given the green light: **Chubb**, **Prudential**, **AIA** out of Hong Kong, Japan's **Dai-ichi** and Canada's **Manulife**.

Other international players were still free to apply to operate as joint ventures with local companies up to a maximum foreign shareholding of 35%. The successful applicants, in some cases building on previous technical collaboration agreements, were confirmed by the Ministry of Finance and Planning on 31 July 2019 as shown with their respective local partners below, listed in what is understood to be descending order of 2018 life premium income:

- Mitsui Sumitomo with **IKBZ**, though it was not clear at the time of preparing this report whether the deal would be for both non-life and life or limited to the former, in which case IKBZ might seek eventually a different partner for its life business
- Thai Life with local life insurer **Citizen Business (CBI)**. Japanese Meiji Yasuda Life is indirectly also involved in this deal in that it has a 15% holding in Thai Life
- Taiyo Life (Japan) with **Capital Life**
- Sampo with **AYA Myanmar (AMI)**, where again the deal may be for non-life classes only leaving the local player potentially seeking a different partner on the life side.

Also approved on 31 July 2019 was a deal involving Nippon Life from Japan. That company had in June announced subject to regulatory approval it would acquire 35% of composite Grand Guardian's life operation, to be renamed Grand Guardian Nippon Life Insurance Co.

Amongst the smaller composites which are stronger in non-life than life classes, **Global World** was close to a deal with DB Insurance (formerly Dongbu, from Korea), while **First National** was in a similar position with sister companies Muang Thai and Muang Thai Life. These were well-advanced but, according to market sources, have fallen through.

Market Concentration

While no formal statistics are published on individual companies' market shares, it is understood that the two leaders Aung Myint Moh Min and Myanma Insurance accounted for over 85% of the life market in 2018.

Company Changes

Although there had been no changes amongst the local companies at the time of preparing this report, except that the composites amongst them were establishing separate life and non-life insurers, in May 2019 a number of new foreign participants were authorised as summarised under the heading Market Structure in this section and repeated below for easy reference.

Insurance Market Overview

Five foreign companies were given the green light to establish life assurance subsidiaries: Chubb, Prudential, AIA out of Hong Kong, Japan's Dai-Ichi and Canada's Manulife.

Other international composite or life players were still free to apply to operate as joint ventures with local companies up to a maximum foreign shareholding of 35%, with the following partnerships announced by May 2019: Thai Life with Citizen Business (CBI); Taiyo Life (Japan) with Capital Life (CB); Muang Thai Life with First National; and DB Insurance (formerly Dongbu, from Korea) with Global World.

By July 2019 it was reported that the last two deals mentioned above had fallen through. The first two were formally approved by the Ministry of Finance and Planning on 31 July 2019, as was one involving Nippon Life from Japan. That company had in June announced subject to regulatory approval it would acquire 35% of composite Grand Guardian's life operation, to be renamed Grand Guardian Nippon Life Insurance Co.

Other deals thought to have more relevance to non-life classes are touched on in the Market Structure section.

Total Assets

No information about total assets was available when this report was in preparation.

Investments

No information about investments was available when this report was in preparation.

Expense Ratios

No information about expense ratios was available when this report was in preparation.

Profitability

No information about profitability was available when this report was in preparation. While there is no reason to believe claims experience has been worse than expected in any of the classes covered by this report, for life assurance profitability is particularly dependent on the level of reserves established, of which again no market information is available.

Retentions

Myanma Insurance was in 2019 the only company in the market able to purchase reinsurance, but the maximum limits it offered of MMK 30mn (USD 19,500) for individual and MMK 5mn (USD 3,240) for group life policies were understood to be within its own retention, and those of the private insurers writing such covers, which would not do so for any higher amounts.

Insurance Market Overview

Even the short-term endowment product introduced in the market in 2017 with a maximum sum assured of MMK 50mn (USD 32,400) is likely to be retained by local insurers without the need for any risk-sharing. In fact if higher sums are required these could reportedly also be accommodated, whether by issuing more than one policy on the same life or using coinsurance with friendly competitors.

In the case of fronted policies of any class, Myanmar Insurance would not retain any more than USD 2.5mn per risk.

Insurance Associations

The Myanmar Insurance Association (MIA) was formed in January 2018, chaired by Dr Sandar Oo, managing director of Myanmar Insurance and formerly director general of the FRD. All the local insurers are represented, and participate in the (currently) six committees, covering the following areas:

- life assurance
- general (non-life) insurance
- reinsurance
- intermediaries
- compliance
- training, research and development.

The MIA is also now preparing market-level statistics using data from its members, which form the basis for most of the market figures in this report.

While the various representative offices form a loose and unofficial group, with some funding from local chambers of commerce, there is no formal association. In the list of such offices maintained by the FRD there were 32 such companies in June 2019 from 15 different countries, including composite, life and non-life insurers, brokers, reinsurers, reinsurance brokers and one loss adjuster.

Investment Environment

Summary and Trends

Article 7 of the Insurance Business Rules requires insurers to deposit an amount equal to 10% of paid-up capital with the Myanmar Economic Bank and to purchase government treasury bonds to a value equal to 30% of the paid-up capital. Beyond these investment requirements the law and the rules are silent.

Insurance Market Overview

Myanmar has no true equity or debt markets, other than the nascent stock market opened in 2016 with only five listed companies by mid-2019. The average citizen does not have a portfolio of investments. Private companies traditionally raise capital by taking loans from banks, which has become somewhat easier in recent years with significant changes in the banking landscape.

There were 26 private domestic banks in 2019 as well as 13 foreign banks with branches and 49 more with representative offices. Just as for insurance, joint ventures between local and foreign banks with the latter taking a maximum 35% share were authorised in principle in January 2019.

In addition, there are four state banks governed by the Central Bank, namely Myanma Economic Bank, Myanma Foreign Trade Bank, Myanma Investment and Commercial Bank and Myanma Agricultural Development Bank.

In 2017 there were almost 47,000 industries registered at the Ministry of Industries, and an estimated 9,000 SMEs with the Central Department of Small and Medium Enterprises Development (CDSME). That department made recommendations on loans for 1,000 registered SMEs to local banks at interest rates of 8.5%, though the take-up rate was said to have been quite low. Collateral may still be required and a business track record which makes things harder for start-up operations.

Myanmar does not have a capital market and there are very limited investment options available. Apart from savings deposit accounts, bank fixed-term deposits, and government treasury bills and bonds there are no other opportunities unless investment managers are prepared to venture into corporate lending.

Stock Market

The *Securities Exchange Law* of 31 July 2013 outlined how the proposed Yangon stock exchange would operate. It opened on 9 December 2015, began operating in March 2016, but by mid-2019 only five companies were listed.

The companies listed to date on the stock exchange comprise two banks, investment and telecommunications companies and the holding company for the Thilawa Special Enterprise Zone (SEZ).

There has been little activity on the stock exchange to date, with no general index of movements published. The *Myanmar Companies Law* of 6 December 2017 was, however, an important step in general market liberalisation, paving the way for overseas corporations to operate subject to registration under the terms of the law. There were some hopes that this would also give a fillip to the stock exchange from 2019 onwards once the formalities of allowing such companies to trade on it were completed.

Bonds

Article 7 of the *Insurance Business Rules* requires insurers to purchase government treasury bonds to a value equal to 30% of the paid-up capital.

Insurance Market Overview

In late 2017 the Central Bank, after making loans to the government to fund its fiscal deficit, issued treasury bonds for varying terms, for example:

- MMK 200bn (USD 150mn) for periods of 84 and 186 days at coupon rates of 7.28% and 8.55% respectively
- MMK 410bn (USD 300mn) for periods of two to four years with a coupon rate of 9.5%.

In May 2019 MMK 700bn (USD 450mn) were issued in five-year bonds with a coupon rate of 9.75%.

A few local companies reportedly sell bonds privately on a very small scale.

Interest Rates

Key interest rates are shown below.

	2014	2015	2016	2017	2018
Discount rate	10.00	10.00	10.00	10.00	10.00
Deposit rate	8.00	8.00	8.00	8.00	n/a
Lending rate	13.00	13.00	13.00	13.00	13.00

Source: IMF

Other Investments

Apart from treasury bills, savings accounts and real estate there is little else in the way of investment instruments available to individuals or businesses.

Direct Investments

The average citizen does not have a portfolio of investments and, in most cases, is unlikely to have any money to invest. Only in recent years have banks begun to offer home loans, under various plans including ones for first-time buyers, at rates advertised in 2019 as between 11% and 13% with minimum loan values of MMK 15mn (USD 10,000).

There are no unit trusts.

Local Reinsurance Market

Summary and Trends

There is no local reinsurance market.

Myanma Insurance is currently the only company with the right to place reinsurance locally and abroad under *Article 12 (c)* of the *Myanmar Insurance Law 1993*. While it may do so on a few group life or health cases fronted for international or foreign-invested insureds, retaining up to 30% with a maximum of USD 2.5mn for its own account, for local business the limits written up to 2019 in those classes were low enough to be retained without the need for reinsurance either by Myanma Insurance or the local private sector insurers.

The Ministry of Finance had announced when authorising private insurers for the first time from 2013 that it was planning to establish a state-owned reinsurance company, with compulsory cessions of 30%, to provide them with capacity. With 100% foreign subsidiaries and foreign joint venture partners with local players entering the market from 2019, new legislation was expected to rationalise and update the current insurance law. This may address the issue of reinsurance, though no concrete proposals had been publicised when this report was in preparation.

Local Reinsurance Operating Requirements

Article 12 of the *Myanmar Insurance Law 1993* states that outwards reinsurance may only be transacted by Myanma Insurance. There appears to be no mention of inwards reinsurance in local insurance law.

While it might be assumed that the same minimum operating requirements would apply to a local reinsurance company as are stipulated for direct insurers (see the *Company Registration and Operating Requirements* section of this report), the law is silent on the matter. There are at present no locally registered reinsurers.

State Reinsurance

There is no state reinsurance company.

The Ministry of Finance had announced when authorising private insurers for the first time from 2013 that it was planning to establish a state-owned reinsurance company, with compulsory cessions of 30%, to provide them with capacity. At the time this report was in preparation, no progress had been made, nor was it ever made clear whether any such reinsurer would be involved in life or health business.

Local Reinsurance Companies

There are no local reinsurance companies.

Company Changes

There have been no recent company changes.

Local Reinsurance Arrangements

Summary and Trends

It is understood that no reinsurance is purchased for life insurance business in view of the low sums assured provided by local policies. The same is true of healthcare, which until 2019 was limited to hospital cash and some critical illness cover with death benefits.

Regulatory Considerations

Myanma Insurance is currently the only company with the right to place reinsurance locally and abroad under *Article 12 (c)* of the *Myanmar Insurance Law 1993*. It would be prepared to front for international or foreign-invested local companies requiring cover beyond that available in the local market, reserving the right to retain up to 30% of the risk up to a maximum of USD 2.5mn.

Article 13 (a) of the *Insurance Business Law 1996* requires companies to submit reinsurance programmes to the FRD for approval, while *Article 14 (e)* of the *Insurance Business Rules* requires it to direct them to effect reinsurance. In practice it appears none of them have been directed or allowed to do so, though in the case of life and healthcare insurance there are understood to have been no programmes to approve.

Non-admitted

There are no regulations on registration, licensing, deposit or rating requirements for any reinsurer wishing to accept business from Myanmar, which until 2019 at least meant from Myanma Insurance. In theory, reinsurance placed by that company can be with any reinsurer, although it is assumed that a minimum security rating is applied.

Insurance legislation is silent on whether companies can take credit for reinsurance in accounting or solvency margin calculations.

Reinsurance Statistics

There are no reinsurance statistics available, but it is understood no reinsurance is placed on local life and healthcare business.

Retentions

Myanma Insurance was in 2019 the only company in the market able to purchase reinsurance, but the maximum limits it offered of MMK 30mn (USD 19,500) for individual and MMK 5mn (USD 3,240) for group life policies were understood to be within its own retention, and those of the private insurers writing such covers, which would not do so for any higher amounts.

Reinsurance

Even the short-term endowment product introduced in the market in 2017 with a maximum sum assured of MMK 50mn (USD 32,400) is likely to be retained by local insurers without the need for any risk-sharing. In fact if higher sums are required these could reportedly also be accommodated, whether by issuing more than one policy on the same life or using coinsurance with friendly competitors.

In the case of fronted policies of any class, Myanmar Insurance would not retain any more than USD 2.5mn per risk.

Treaty Reinsurance

It is understood that no reinsurance is purchased for life or healthcare insurance business in view of the low sums assured provided by local policies.

Facultative Reinsurance

It seems most unlikely that facultative reinsurance would be needed in the life sector in view of the low sums assured provided by local life policies.

Other Types of Reinsurance

It is unlikely that any reinsurance is purchased in the life or health sector, other than perhaps on a few group life or health cases fronted for international or foreign-invested insureds, where Myanmar Insurance would front and reserve the right to retain up to 30% with a maximum of USD 2.5mn for its own account.

Distribution

Myanmar Insurance uses international reinsurance brokers based in Singapore to arrange its non-life protections, but is understood not to buy any life or healthcare reinsurance for its own account.

Summary and Trends

Agents constitute an important distribution channel. It is said nowadays there are no corporate agents as such, with banks and other companies which can provide business to the market working through individual ones or directly. There were reportedly some 1,000 individual agents, of which however only a small percentage were active. All of these need to be registered and authorised by Myanmar Insurance, as well as passing its requisite examinations; although it is understood that there is no formal training programme for new agents.

With the licensing of the 12 private insurers in 2013, agents were allowed to deal with up to three insurance companies, one of which had to be Myanmar Insurance. From August 2015 this was relaxed and agents may deal with all insurers, as would a broker, although still acting as an agent of the insurer rather than the insured.

Myanmar Insurance also sells direct to clients through branch offices located throughout the country. Some of the private insurers also have branches in regional cities, sometimes in conjunction with bank branches owned by their sister or associated banks. Insurance products would be targeted at the banks' client base on a referral basis, as bancassurance does not legally exist in the absence of a definition in the current insurance legislation. In 2019 there was said to be a new law on bancassurance amongst pending legislation.

Local legislation permits the licensing of insurance brokers, but currently there are none. As at June 2019 there were seven foreign brokers with local representative offices, which based on the precedent of insurers could be an essential step towards eventually being allowed to operate in their own right or as joint venture partners with local interests. One of the problems foreign brokers face in this regard is precisely that there are as yet no local brokers with which to partner. The current representative offices may not act as brokers but service international client accounts, while also targeting other foreign interest groups locally.

With no published figures which break down income between distribution channels, nor even a fully detailed split of premiums by insurer or line of business, it is not yet possible to provide a reliable and detailed split of life income by channel. The majority of life business, whether written for military personnel by Aung Myint Moh Min Insurance or those and other public servants by Myanmar Insurance, is compulsory and probably handled by salary deduction, but it is not known whether agents are involved. For other companies, which in total may currently account for less than 15% of the market, direct business, agents and banks are the main sources of business though their relative importance varies by individual company.

Direct Marketing

With a number of the private life insurers owned by groups which also own or are affiliated to banks, their products are targeted directly at the banks' client base on a referral basis. Some of the private insurers also have sales desks in their offices to handle walk-in business.

Telesales do not appear to form part of Myanmar Insurance's marketing strategy but some of the private insurance companies have developed telesales operations.

The full range of each company's limited product portfolio can be sold directly to customers.

E-Commerce

E-commerce does not exist currently in the Myanmar market, although some of the new insurance companies do plan to develop this capability.

In the past, the government limited and controlled internet access through software-based censorship, infrastructure and technical constraints, and laws and regulations with large fines and lengthy prison sentences for violators. Internet usage was estimated at just 1,000 people at the turn of the century. By 2019 it was reported to have risen to around a third of the population or 18 million people, though the penetration rate through mobile phones may be higher. While largely standardised pricing throughout the life market may seem to lend itself to online sales, and pricing indications are already widely available online, some observers feel the development of new products is a more pressing issue than that of optimising the use of non-traditional sales channels.

Laws regulating the internet include the *Computer Science Development Law 1996*, the *Wide Area Network Order 2002* and the *Electronic Transactions Law 2004*, which provided for penalties of up to 15 years in prison for "any act detrimental to", or "receiving or sending and distributing any information relating to" state security, law and order, community peace and tranquillity, national solidarity, the national economy or national culture. Changes to the *Electronic Transactions Law 2004* are considered necessary as a sign of the country's progress towards a less authoritarian state. A new law was reportedly being drafted in 2013, but nothing appears to have yet resulted by way of new or revised legislation.

Bancassurance

The banking landscape has changed significantly in recent years, with 26 private domestic banks in 2019 as well as 13 foreign banks with branches and 49 more with representative offices. Just as for insurance, joint ventures between local and foreign banks with the latter taking a maximum 35% share were authorised in principle in January 2019.

In addition there are four state banks, which are all governed by the government's Central Bank, namely Myanmar Economic Bank, Myanmar Foreign Trade Bank, Myanmar Investment and Commercial Bank, and Myanmar Agricultural Development Bank.

Neither insurance legislation nor the 2014 *Myanmar Companies Act* covers the issue of cross-shareholding between banks and insurers. *Article 61 (a)* of the *Financial Institutions Law* of 25 January 2016 prohibits banks from holding more than a 5% shareholding in other banks, or other non-banking financial institutions. These would not appear to include insurers under the terms of the law, though insurers' relationship with banks would presumably be addressed in specific legislation on bancassurance which was said to be in prospect in 2019.

Distribution Channels

Of the 12 private insurance companies licensed in 2013, six are owned by groups which also operate banks. These insurers naturally aim to sell their products to the customer bases of their parents and some have placed their staff in bank branches. The business is placed on a referral basis, pending any legislative definition of bancassurance. Although there are no statistics, bank-related business is understood to form a significant distribution channel in the current market, along with agents and direct sales.

While many standard products are available for low limits and correspondingly low premiums, few are targeted or branded directly as microinsurance. One exception is a micro health policy advertised by CB Insurance for groups or individuals, providing hospitalisation benefits from MMK 5,000 (USD 3.24) a day for up to 60 days and accidental death benefit of MMK 500,000 (USD 324) for premiums starting at MMK 5,000. Micro-finance is an important feature of the emerging financial services sector.

Direct Sales Force

Myanmar Insurance has a direct sales team which is commission driven but it is not known what proportion of the company's premium income is generated through direct sales.

The private life insurers appear to work rather with an in-house sales force, or tied agents. The sales teams are salaried, which means they do not have to qualify as agents via the Myanmar Insurance system, but are remunerated and motivated by production bonuses.

Agencies

Myanmar Insurance, having reintroduced the concept of the insurance agency in 1990-91, in 1997-98 restructured the system by creating legal entities to act as its agents. It is said nowadays there are no corporate agents as such, with banks and other companies which can provide business to the market working through individual ones or directly. There were reportedly some 1,000 individual agents in 2019, of which however only a small percentage were active.

With the licensing of the 12 private insurers in 2013, agents were allowed to deal with up to three insurance companies, one of which had to be Myanmar Insurance. From August 2015 this was relaxed and agents may deal with all insurers, as would a broker, while still acting as an agent of the insurer rather than the insured. Agents may not collect premiums, but are paid commissions on premiums received by the company direct from the insured.

Agents must be certified and registered by Myanmar Insurance and are required to pass a test, although it is understood that there is no formal training programme for new agents.

The product range of the local market is not very wide, between basic term life and simple endowment policies, and all could probably be sold by well-trained agents.

Insurance Brokers

While the *Myanmar Insurance Law 1993* permits the registration of insurance brokers, none have so far been approved. Since 2014 a number of international brokers have established local representative offices, 10 as at June 2019 including Marsh and Willis Towers Watson.

Distribution Channels

The *Insurance Business Law 1996* and its supporting rules require brokers to register and be approved by the regulator, paying a licence fee set out in (*Article 22*) of the rules at MMK 3mn (USD 1,950), with MMK 1mn (USD 650) as an annual fee thereafter.

Article 13 of the 1997 *Insurance Business Rules* states that the regulator can direct an insurance broker to effect professional indemnity insurance in local or foreign currency exchange to the value as determined by it from time to time. No amount appears to have been stipulated to date, and indeed the requirement remains academic unless and until any local insurance brokers are licensed.

Employee Benefit and/or Actuarial Consultants

The Myanmar life insurance market does not as yet have employee benefit or actuarial consultants.

It is thought that actuarial consultants from neighbouring countries would be used when required, although some of the representative offices of foreign insurers may also offer consultancy services to the local subsidiaries of their group clients.

Specialist Independent Financial Advisers

There are no specialist independent financial advisers in Myanmar.

Other Distribution Channels

There are no other distribution channels for life or health insurance products.

Consumer Protection

There are no statutory or voluntary codes of conduct for selling life and health insurance products in Myanmar.

Expatriates

There are relatively few expatriates in Myanmar and they tend to make their own arrangements for insurance or are provided with cover under their employer's group policies.

Intermediaries' Commissions

Intermediaries' (agents in this case as there are currently no locally registered insurance brokers) are shown in the table below.

Line of business	First year commission (%)	Renewal commission (%)
Group Life	15	15
Individual Life	20	15*
Snakebite Life	8	8
Health	10	10

Note: * subsequent years after first

Source: Market sources

Company Changes

There have been no company changes as such.

Summary and Trends

The *Social Security Law 2012* and the *Social Security Rules* took effect from 1 April 2014. Their terms provide for a social security board to manage the following social security funds:

- health and social care
- family assistance
- invalidity benefit, old age pension benefit (not yet implemented) and survivor benefit
- unemployment benefit (not yet implemented).

The contribution required under the updated system was regarded as likely to be inadequate to achieve the stated aims of the legislation, especially those regarding the introduction of new or higher benefits and given the estimated growth in the proportion of the population over the age of 65. *Article 214* of the *Social Security Rules* provides for review of contributions every three years or as necessary by the Ministry of Labour, but at the time of preparing this report the ones from 2014 were still applicable.

Under current legislation (*Articles 11 and 12* of the *Social Security Law 2012*), all establishments which employ workers must be registered with the Social Security Office and provide the benefits stipulated, apart from:

- government departments or organisations (but those which carry out business must register)
- international organisations, embassies or consulates of foreign governments
- seasonal farming or fishery facilities
- non-profit entities
- temporary establishments working for less than three months
- businesses employing only family members
- domestic services which are not for business purposes
- certain regions or establishments which may be exempted by the president of the country under *Article 99* of the law.

Historic figures for the number of individual affiliates registered to the social security system were of some 700,000 (2014), but recent data was not available at the time of preparing this report. In 2017 there were said to be around 27,800 registered companies or establishments, when there were almost 47,000 industries registered at the Ministry of Industries,

The 1923 *Workmen's Compensation Act* continues to impose a strict liability on employers for occupational injuries or illness to workers not registered under the social security system, which if not self-insured is nowadays normally covered by personal accident rather than workers' compensation or employers' liability insurance.

The age structure of the population is shown below, with projections for 2025 and 2050.

Social Security

Age group	1970	1980	1990	2000	2010	2015	2025	2050
To 14 (%)	42.1	40.9	37.6	32.1	30.0	27.9	23.5	19.1
15 to 59 (%)	51.8	52.7	55.6	60.8	62.5	63.2	64.8	62.4
60 and above (%)	6.1	6.4	6.8	7.0	7.5	8.9	11.6	18.5

Note: due to rounding the breakdown above may not equal 100%.

Source: United Nations

The age structure of the population aged 65 and above and 80 and above is shown below, with projections for 2025 and 2050.

Age group	1970	1980	1990	2000	2010	2015	2025	2050
65 and above (%)	3.8	4.0	4.4	4.8	4.9	5.3	7.6	13.1
80 and above (%)	0.3	0.4	0.5	0.6	0.7	0.8	0.8	2.0

Source: United Nations

The old age (over 65) dependency ratio based on the figures above is projected to rise from 7.4% in 2015 to 11% in 2025 and 19.3% in 2050, which would put a strain on the system even if the population of working age were all contributing to it, which is far from the case.

Free medical care is provided to those insured under the social security scheme.

Social Security Financing

Social security funding is from contributions paid by employers and employees as shown under the heading Contributions in this section. The government withdrew its contribution in 1991 although it continues to contribute in the form of capital investment. No figures are available on social security spending as a percentage of GDP but it is understood to be very small.

Scope of Cover

The *Social Security Law 2012* provides (*Articles 11 and 47*) for a social security board to manage the following funds and benefits:

Health and social care

- medical care and cash benefits for sickness
- medical care and cash benefits for maternity and confinement
- continued medical care for insured persons after retirement
- funeral benefit for death due to any cause

Family assistance

- education allowance benefit for the children of insured persons who earn below the specified amount of income
- healthcare and aid benefit during a natural disaster

Social Security

- benefits for dependent family members

Invalidity, old age pension and survivor benefits

- invalidity benefit
- old age pension benefit (not yet implemented)
- survivor benefit arising out of death not resulting from employment

Employment injury (or illness) benefits

- medical treatment
- temporary disability benefit
- permanent disability benefit
- survivors' benefit for death arising from occupational accident or illness

Unemployment benefit insurance (not yet implemented)

- medical care to persons who are entitled to unemployment benefit
- cash benefit for unemployment.

Expatriates

Expatriate workers who hold an employment permit are treated in the same manner as nationals.

Myanmar nationals working outside the country are not covered.

Privatisation

There has been no suggestion that any aspect of the social security systems will be privatised.

Contributions

The following table shows the split of total contributions payable for the different types of benefit funds, as set out in *Articles 55 and 58 of the Social Security Rules*.

Type of benefit fund	Employee (%)	Employer (%)	Total (%)	Self-employed (%)
Health and social care	2.0*	2.0*	4.0	4.0
Old age, disability and survivors	3.0	3.0	6.0	6.0
Work injury	n/a	1.0 or 1.5**	1.0 or 1.5**	n/a
Unemployment	1.0	1.0	2.0	2.0
Total (%)	6.0	7.0 or 7.5	13.0 or 13.5	12.0

Note: * 2.5% applies in respect of workers aged over 60

** 1.5% applies to establishments with more than defined numbers of workers collecting employment injury benefits.

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

Old Age Pension

Article 145 of the Social Security Law 2012 provides for an old age pension at age 60, with benefits as follows (Article 35 of the Social Security Rules):

Social Security

- up to 12 months' contributions - a return to the employee of contributions made
- between 12 and 180 months' contributions - 40% of the employee's contributions, plus 40% of the employer's contributions, plus interest
- 180 months' contributions or more - a lump sum or instalment payment of 15 times the average monthly wage during the period of contribution.

When the worker takes a pension benefit, employers are also entitled to a benefit, a return of 25% of their contributions of more than 12 months plus interest.

Pension benefits have not yet been implemented.

Survivors' Benefits

Article 36 of the Social Security Rules provides for a survivor's pension, following a death which does not occur as a consequence of employment, with benefits as follows:

- up to 12 months' contributions - a return to the employee of the contributions made
- between 12 and 180 months' contributions - 40% of the employee's contributions, plus 40% of the employer's contributions, plus interest
- 180 months' contributions or more - a lump sum or instalment payment of 15% of the average monthly wage during the period of contribution.

This is to be paid to the nominated survivor, or, if there is no nominee, the spouse, children or parents of the deceased person, in that order of precedence.

In addition, under *Article 30* of the rules, a funeral grant of up to five times the deceased's average wage in the last four months of their life is payable.

Permanent Disability Benefit

Article 33 of the Social Security Rules provides for permanent disability benefits as follows:

- up to 12 months' contributions - a return to the employee of the contributions made
- between 12 and 180 months' contributions - 40% of the employee's contributions, plus 40% of the employer's contributions, plus interest
- 180 months' contributions or more - a lump sum or instalment payment of 15% of the average monthly wage during the period of contribution.

Short-Term Sickness Benefit

Articles 22 and 23 of the Social Security Rules provide for short-term sickness benefits.

A cash benefit is payable only where the worker has made at least four months' contributions in the last 26-week period immediately prior to the sickness. The amount of benefit is 60% of a worker's wage and is payable from the first day of incapacity for up to 26 weeks in respect of any one illness. Medical treatment is available free of charge at government clinics.

Occupational Accident and Disease

In accordance with the *Social Security Law 2012* and the *Social Security Rules* the limits of indemnity for work-related accidents or specified diseases are noted below.

- Death (*Article 62 of the Social Security Law 2012*) - a funeral grant of five times the average monthly wage of the deceased person in the last four months of their employment is provided. Survivors are entitled to a pension or lump sum based on the length of time the employee was covered by the scheme. This ranges from 30x the average monthly wage for up to 60 months' participation to 80x the average wage for more than 240 months' participation.
- Temporary disability (*Article 181 of the Social Security Rules*) - 70% of the worker's wages can be paid in the form of a temporary benefit for as long as the disability lasts, or up to 52 weeks.
- Permanent disability (*Article 191 of the Social Security Rules*) - 70% of the worker's wages commencing from the date on which temporary disability benefit is terminated, or 52 weeks after the date of the accident or injury, whichever occurs earlier.

Unemployment

Article 37 of the Social Security Rules provides for unemployment benefits, though they have not yet been implemented.

Benefits would be payable once a worker has made 36 months of contributions to the scheme. They would then be entitled to 50% of the average wage for two months. This increases by a factor of one extra month's wages for each additional year of contributions up to a maximum of four months.

Other Benefits

Articles 26 through 28 of the Social Security Rules detail maternity and paternity benefits as follows, available in both cases only after a minimum of one year's employment at the relevant establishment with at least six months of paid contributions:

- 70% of the average wage during the period of maternity leave
- 50% of the average wage as maternity expenses, increasing to 75% for twins and 100% for triplets or more
- paternity leave of 15 days at 70% of average wages.

Taxation

Social security benefits are tax exempt and employer contributions are allowed as a business expense. An employee's social security contributions fall within the individual's basic exempt allowance.

Overall Healthcare

Summary and Trends

Myanmar has a population of almost 54 million, of which nearly 70% live in rural areas. The remote ones bordering China, Thailand, India and Bangladesh contain some of the most vulnerable populations, who also tend to be impacted adversely by seasonal calamities including floods, landslides, cyclones and crop losses.

The Ministry of Health (MOH), the focal point for the provision of healthcare, plays an important role in its planning, organising, co-ordinating, financing and regulation. Some other ministries also provide healthcare, mainly curative, for their employees and families, including the Ministries of Defence, Rail Transportation, Mines, Industry, Energy, Home Affairs and Transport. Other providers include consumers' co-operatives, voluntary organisations and NGOs. The Ministry of Industry runs the Myanmar Pharmaceutical Factory.

According to the MOH, over 23 million people attended public health clinics at townships and lower levels in 2016, a number steadily increasing from 20.7 million in 2014. In 2016 there were 1,115 government hospitals and 187 private hospitals reporting statistics to the MOH. Patients are required to pay for drugs and medicine, whilst the state pays doctors' fees, although elderly people, especially the poor, are usually treated free of charge, as also by NGOs and religious bodies. The major sources of finance for healthcare services are the government, private households, the social security system, community contributions and external aid.

The country's longer term goal is set out in the Myanmar Health Vision 2030. This aims, among other things, to increase average life expectancy to 75 years, reduce infant mortality to 22 per 1,000 live births and maternal mortality to 0.9 per 1,000 live births. The current working document towards this is the Myanmar National Health Plan 2017-2021. As a step towards universal health coverage this sought to make by 2020 a basic Essential Package of Health Services (EPHS) available to the whole population, while recognising the budgetary and other challenges this implies.

The National Health Plan fully accepts the need for engagement by the private sector, which may give some encouragement to the incipient healthcare insurance (PMI) market. There were hopes that market liberalisation from 2019, with the entry of a number of foreign insurers in their own right or as joint venture partners with local players, might lead to increased penetration and product development in all classes. In 2019 the only covers available were hospital cash and limited critical illness cover, which could almost be viewed as life riders since they are often sold in policies which also have a death benefit.

Health Indicators

Health indicators for the latest five years available are shown below.

	2011	2012	2013	2014	2015
Total healthcare cost per capita in USD	19.32	23.28	23.85	62.39	59.12
Total healthcare cost per capita in USD on PPP* basis	65.76	82.20	91.11	245.53	267.23
Total healthcare spending as % of GDP	1.69	1.95	1.97	4.89	4.95
Public healthcare spending as a % of total healthcare spending	12.57	20.50	29.08	19.91	23.00
Private healthcare spending as % of total healthcare spending	81.73	69.26	64.07	74.14	73.91
External healthcare spending as % of total healthcare spending**	5.70	10.24	6.85	5.95	3.09
Physicians (per 100,000 population)	55.98	59.48	62.89	65.52	n/a
Hospital beds (per 100,000 population)	89.70	91.77	93.42	93.83	n/a

Note: * PPP is purchasing power parity.

** External healthcare spending is development aid and direct foreign transfer.

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

In 2016 the leading causes of death were cardiovascular disease, infectious and parasitic diseases and tumours, between them accounting for over 50% of all deaths. The fourth cause was injuries, within which road traffic accidents continues to be a major cause of injuries and deaths. Amongst 11,282 deaths from injuries 40% related to such accidents, 25% to drowning and 12.5% suicide.

The leading causes of sickness as a percentage of sickness for the latest year available are shown below.

Cause of sickness	Percentage of sickness 2016
Pregnancy, childbirth and the puerperium	18.8
Infectious and parasitic diseases	15.0
Poisoning	13.3
Diseases of the digestive system	9.4
Diseases of the respiratory system	7.9
Diseases of the circulatory system	5.7
Diseases of the genitourinary system	4.3
Conditions originating in the perinatal period	3.8
Neoplasms	3.6
Mental, behavioural and Neurodevelopmental disorders	3.2
Other	15.0
Total	100.0

The above relates to hospitalised patients, with a summary relating to them in a different way for the same year that in 2016 communicable diseases accounted for almost 45%, including maternal, perinatal and nutritional conditions. Cardiovascular illness was the single largest item amongst non-communicable diseases (NCDs) at nearly 6% of the total, while cancer and respiratory diseases were each between 2% and 3%. Other NCDs were around 30%, and once again injuries were an important item at over 13%.

Although diabetes remained at just below 1% in the morbidity statistics cited above, official sources and local insurance market ones agree that diabetes mellitus and other NCDs such as cardiovascular diseases (including hypertension) and cancers, are emerging as more important health problems as a result of various risk factors, including changes to traditional diets.

Healthcare Philosophy

Communicating knowledge about health through the media has been shown to be effective but there are also negative aspects such as the promotion of tobacco smoking. Smoking is prohibited in public places such as schools, hospitals and cinemas and mass media are also being used to combat smoking by highlighting its health hazards.

Other areas being promoted by the Ministry of Health include:

- environmental sanitation and safe water
- healthy work places
- nutrition promotion
- food and drug safety.

The Myanmar National Health Plan 2017 - 2021 has a general strategy of advancement of programmes already in place, to make available minimum healthcare standards (Essential Package of Healthcare Services - EPHS) to all the population by 2020, while increasing financial protection.

State Healthcare

Legislation

The Ministry of Health is responsible for administering the national health policy and consists of the Department of Health, Department of Health Planning, Department of Medical Science, Department of Traditional Medicine and the Department of Medical Research, which has three organisations covering Upper, Central and Lower Myanmar.

The *Union of Myanmar Public Health Law 1972* makes legal provision for public healthcare and is supported by numerous other acts relating to narcotic drugs, traditional medicine, dental and oral health, and food.

The *Myanmar Medical Council Law 2000* established a Medical Council and set out minimum standards and qualifications for healthcare practitioners.

The *Private Healthcare Services Law 2007* provides for private healthcare services to be carried out systematically as an integrated part of the national healthcare system.

The *Social Security Law 2012* and the *Social Security Rules (Notification No 41/2014)* came into effect on 1 April 2014. Their terms provide for a social security board to manage various social security systems, including health and social care insurance.

Current insurance legislation does not address private healthcare insurance, which is therefore restricted to hospital cash covers with death benefits. This situation may change following further liberalisation of the market from 2019.

Coverage

Although there is no national health insurance in Myanmar, all public hospitals offer a medical cost-sharing plan (first introduced in 1993) whereby patients pay for medicine, drugs and laboratory fees and the state pays doctors' fees. Soldiers treated in military hospitals are exempt from paying for medicine or laboratory tests and TB patients are not required to pay for drugs at a public hospital. Out of pocket expenses are the largest contributor to healthcare costs, at 75%.

Elderly people, especially the poor, are usually treated free of charge; in some cases treatment costs are funded from public hospital trust funds. Some hospitals reportedly ask their wealthier patients to purchase extra medication or medical supplies, such as syringes, to donate to the poor. In an effort to overcome such shortcomings the MOH works in close collaboration with the UN and international agencies as well as NGOs such as Myanmar Maternal and Child Welfare Association, Myanmar Women's Affairs Federation and the Myanmar Red Cross Society.

Other providers include consumers' co-operatives, which offer services through more than 500 co-operative clinics throughout the country, and religious organisations such as Jivitadana Sangha Hospital and Muslim Free Hospital amongst others. The Department of Social Welfare under the Ministry of Social Welfare, Relief and Resettlement also provides financial and technical assistance to the elderly.

According to the MOH there were 1,115 public hospitals in 2016, providing almost 56,000 beds. In addition there were 1,825 health centres in rural areas, where most of the population still lives. Patients may still have to travel for hours, or in some hilly regions nearly an entire day, to reach hospitals or clinics.

Free medical care is provided to workers covered under the social security scheme through more than 90 social security board clinics, 40 departmental enterprise clinics and three workers' hospitals in Yangon, Mandalay and Htantabin.

Expatriates

Expatriates are entitled to the same services as the people of Myanmar. In cases of serious illness or injury, however, they are more than likely to seek treatment in neighbouring countries such as Thailand, Malaysia and Singapore, having already secured international healthcare cover before local secondment.

Health Service Financing

Myanmar's health sector is financed by the government's annual budget, external assistance, social security, trust funds and community contributions and fees paid by users of public health services.

The MOH acknowledges many years of neglect of the health sector under the military regime, with government spending in 2009 apparently the lowest in the world at 0.2% of GDP. While according to the MOH this had improved to just over 1% in 2014 and 3.65% of total budget in 2016, it remains low by both regional and worldwide standards. The MOH recognises the importance of private sector spending in helping it meet the goal of providing even its planned basic Essential Package of Healthcare Services (EPHS) to all the population by 2020,

Healthcare spending as a percentage of GDP and public spending as a percentage of total health spending for the latest five years available are shown below.

	2011	2012	2013	2014	2015
Total healthcare spending as % of GDP	1.69	1.95	1.97	4.89	4.95
Public healthcare spending as a % of total healthcare spending	12.57	20.50	29.08	19.91	23.00

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

A breakdown of medical expenditure on a per capita basis is shown below.

	2011	2012	2013	2014	2015
Total expenditure per capita in USD on PPP* basis	65.76	82.20	91.11	245.53	267.23
Growth (%)	(2.81)	24.99	10.85	169.48	8.84

Note: * PPP is purchasing power parity.

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

Private Healthcare

Private Healthcare Facilities

Wealthy local citizens, as well as expatriates, will often seek treatment in neighbouring countries such as Thailand, Malaysia and Singapore. The private healthcare sector in Myanmar provides mainly ambulatory care, although a growing number of institutional care facilities have been established in Yangon, Mandalay and other large cities in recent years. The *Private Healthcare Services Law 2007* provides for private healthcare services to be carried out systematically as an integrated part of the national healthcare system.

Healthcare

According to the MOH there were 187 private hospitals reporting statistics to it in 2016, of which 47 were in Yangon. Figures from the previous year indicated there were also 201 private specialist clinics, 3,911 private general clinics and 776 private dental clinics.

There is no market for any inward medical tourism to Myanmar.

Private Healthcare Costs

Private healthcare costs are not published but they are said to be very low by international standards. Ordinary consultation fees are in the region of MMK 3,000 (USD 2) to MMK 5,000 (USD 3.24), whilst for specialist consultations the fee can be MMK 30,000 (USD 20) or more. Hospital rooms can cost from the equivalent of USD 25 per day to say USD 70.

Specimen costs for procedures mentioned by market sources in 2019 were as follows:

- appendectomy - USD 1,000 to USD 1,500
- removal of uterus - USD 2,000 to USD 3,000
- spinal surgery to change disc - USD 10,000
- hip replacement - USD 10,000.

Complex procedures like heart transplants would be more frequently carried out in cities such as Bangkok, Kuala Lumpur or Singapore than Yangon.

Despite some adverse publicity about private doctors and unnecessarily incurred costs for tests, x-rays and drugs, some private consultants reportedly provide free or low-cost consultations to poor patients and provide medicines without charge.

Statistics

Healthcare financing for the last five available years is shown below.

	2011	2012	2013	2014	2015
Public healthcare spending as a % of total healthcare spending	12.57	20.50	29.08	19.91	23.00
Private healthcare spending as a % of total healthcare spending	81.73	69.26	64.07	74.14	73.91
External healthcare spending as % of total healthcare spending*	5.70	10.24	6.85	5.95	3.09
Out-of-pocket expenditure as a % of private healthcare spending	93.72	93.72	93.72	93.72	n/a

Note: * External healthcare spending is development aid and direct foreign transfer.

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

According to the statistics above there was no funding from private insurance plans, which is consistent with the understanding that private medical insurance (PMI) is not sold other than on a limited basis to some NGOs.

Private Medical Insurance (PMI)

Summary and Trends

Health or PMI is not a line of business mentioned amongst those to be written either by Myanmar Insurance (in the *Myanmar Insurance Law 1993*) or the private insurers in the *Insurance Business Law 1996*. It would be classified as non-life business, since the definition of that is everything but life assurance, but in practice the limited products offered to date come from life insurers as well as composites including Myanmar Insurance.

Health is now listed as a separate class of business under the life heading in MIA statistics, with estimated premiums in 2018 written by eight insurers of MMK 310.7mn (USD 220,000), just 0.2% of total market premium income. There is no split of income between group and individual premiums, though the former is thought to predominate, with the same covers and essentially the same rating as for individual cases.

Premiums relate to what is essentially a hospital cash cover available since 2015, and critical illness from around 2017, both including death benefit. It remains to be seen whether the influx of foreign insurers from 2019, whether operating in their own right as life insurers or as joint venture partners with local players, will offer a broader range of covers and if so with what success.

Apart from the local covers mentioned above and not included in the premiums but rather under the miscellaneous heading, Myanmar Insurance is prepared to front for any foreign-owned or invested company which may wish to place group health coverage overseas, reserving the right to retain up to 30% with a maximum per risk retention equivalent to USD 2.5mn.

The Singapore-based insurer, United Overseas Insurance (UOI) has developed a basic low-cost accident/medical expenses insurance, available to around 20,000 lower level employees of the various NGOs, embassies and other agencies operating in Myanmar. The insurance is fronted by Myanmar Insurance but effectively handled out of Singapore, with premiums and claims payable in Singapore dollars.

Legislation

The *Union of Myanmar Public Health Law 1972* makes legal provision for public healthcare and is supported by numerous other acts relating to narcotic drugs, traditional medicine, dental and oral health, and food.

Healthcare

The *Myanmar Medical Council Law 2000* established a Medical Council and set out minimum standards and qualifications for healthcare practitioners.

The *Private Healthcare Services Law 2007* provides for private healthcare services to be carried out systematically as an integrated part of the national healthcare system.

The *Social Security Law 2012* and the *Social Security Rules (Notification No 41/2014)* came into effect on 1 April 2014. Their terms provide for a social security board to manage various social security systems, including health and social care insurance.

Current insurance legislation does not address private healthcare insurance, which is therefore restricted to hospital cash covers with death benefits. This situation may change following further liberalisation of the market from 2019.

Healthcare Insurance Supervisory Authority

Healthcare insurance or PMI falls like any other insurance class under the jurisdiction of the FRD. Until 2019 it was not listed as a specific class of business in any insurance legislation, with the only covers written and advertised as healthcare in the local market mainly covering hospital cash and more recently critical illness, with death benefits.

Taxation

Employers would be able to charge the cost of PMI as a business expense. Individuals would not receive any tax relief on individual policy premiums.

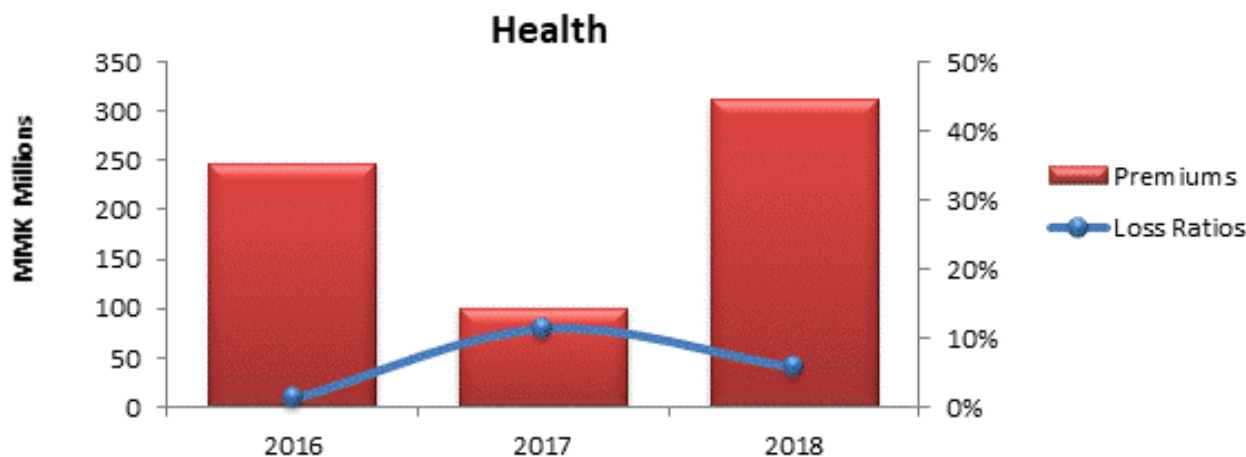
Benefits are understood not to be taxable.

Expatriates

Expatriates would not be expected to not buy their PMI in Myanmar. Most expatriate contracts include free medical and dental treatment. Those expatriates who are not provided with such fringe benefits are likely arrange PMI on a non-admitted basis.

Statistics

Gross written premiums and loss ratios (gross paid claims to gross written premiums) for the last available three years are shown below.



Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

New statistical information may have been included in the appendices.

The reduction in premiums in 2017 appears to be mainly due to a drop in premiums that year by one of the private insurers, but as statistics have only been produced for the three years shown above this may be as a result of reclassification between different lines of business rather than any decline in production.

PMI Providers

As far as could be ascertained, no organisations other than insurers were involved in the provision of PMI in 2019, and insurers themselves did not offer a comprehensive range of products.

General PMI Coverage

Annual health coverage offered since 2017 by Myanmar Insurance is essentially the one followed by the private insurers with only minor modifications and simplifications. Available for both groups and individuals, it is split into basic, additional and optional covers sold in units, as described below.

The unit of basic cover, without which the other two cannot be purchased, is for a hospital cash benefit of MMK 20,000 (USD 13) for a maximum of 60 days, with MMK 2mn (USD 1,300) of cover for accidental death and MMK 1mn (USD 650) for death by illness or permanent total disability.

After purchasing the unit of basic cover, up to eight units of additional coverage are available, each one granting an extra MMK 10,000 in hospital cash and MMK 1mn in death and disability benefits.

Again subject to purchase of the basic cover, up to 10 units of two optional covers may be added:

- (1) MMK 500,000 (USD 325) towards the actual cost of surgery, with MMK 300,000 in cases of miscarriage or MMK 500,000 if surgical intervention is required.
- (2) MMK 1mn per unit is also available for the critical illnesses of heart failure, malign tumours and paralysis.

Healthcare

CB Insurance, part of the Co-operative Bank group, offers a product for groups and individuals aged six to 75 billed as micro health with hospitalisation benefits of MMK 5,000 per day for up to 60 days and accidental death cover of MMK 500,000.

In 2019 these were the only PMI covers transacted in the local market. Coverage and limits for policies fronted by Myanmar Insurance could be tailored according to the wishes of the international clients and underwriters.

Group PMI

The plan outlined under the heading General PMI Coverage, with its various coverage options, is all that is available locally, to both groups and individuals, on an annual basis for those aged six to 65. The only difference may be in terms of payment offered by some insurers, with (for example groups offered monthly or quarterly terms as well as the semi-annual or single payment options available to individuals.

Coverage is available to local citizens or foreign nationals with residential status in Myanmar.

Individual PMI

The plan outlined under the heading General PMI Coverage, with its various coverage options, is all that is available locally, to both groups and individuals, on an annual basis for those aged six to 65. The only difference may be in terms of payment, with groups offered monthly or quarterly terms as well as the semi-annual or single payment options available to individuals.

Coverage is available to local citizens or foreign nationals with residential status in Myanmar.

PMI Group Rating

Specimen monthly premium costs per unit for the plan outlined under the heading General PMI Coverage, which is available to both groups and individuals, are shown in the table below. There is no differentiation by gender except for critical illness (optional coverage 2).

Age at inception	Basic unit premium (MMK)	Additional unit premium (MMK)	Optional (1) unit premium (MMK)	Optional (2) unit premium MMK	Total (MMK)	Total (USD)
20	4,000	2,000	2,000	1,500*	9,500	6.20
30	4,000	2,000	2,000	1,500*	9,500	6.20
40	4,000	2,000	2,000	1,500*	9,500	6.20
50	4,500	3,000	2,000	2,000*	11,500	7.50

Note: * these figures are for males. For females in each case the premium is MMK 500 higher.

Source: Market sources

Premiums for the micro health product described under the heading General PMI Coverage begin at MMK 5,000 for those aged from six to 30 years, rising to 13,000 for those aged between 61 and 75.

PMI Individual Rating

Specimen monthly premium costs per unit for the plan outlined under the heading General PMI Coverage, which is available to both groups and individuals, are shown in the table below. There is no differentiation by gender except for critical illness (optional coverage 2).

Age at inception	Basic unit premium (MMK)	Additional unit premium (MMK)	Optional (1) unit premium (MMK)	Optional (2) unit premium (MMK)	Total (MMK)	Total (USD)
20	4,000	2,000	2,000	1,500*	9,500	6.20
30	4,000	2,000	2,000	1,500*	9,500	6.20
40	4,000	2,000	2,000	1,500*	9,500	6.20
50	4,500	3,000	2,000	2,000*	11,500	7.50

Note: * these figures are for males. For females in each case the premium is MMK 500 higher.

Source: Market sources

Managed Healthcare

There is no system of managed healthcare in Myanmar.

PMI Claims Experience

Few details of claims experience are available, beyond the fact that loss ratios for the small account in the three years through 2018 averaged only 6.2%.

Major Insurers

Healthcare is still a very small line of business in the overall market, amounting to only 0.2% of estimated total premiums in 2018. Of the eight insurers writing the business, the leaders in that year appear to have been Grand Guardian, AML and CB insurance, with Myanma Insurance not much engaged.

Reinsurance

Local health premiums would be retained for net account by Myanma Insurance and the private insurers. For cases where it fronts cover to international markets, Myanma Insurance reserves the right to retain up to 30% with a monetary limit of USD 2.5mn, but whether it exercises this for health policies is not known and may depend on the individual cases.

Distribution

This business is likely to be sold mainly by agents.

Commission

Agents' commission on health business is a standard 10%.

Long-Term Care Insurance

Summary and Trends

It is still common in Myanmar for households to consist of three or more generations and children are expected to take care of their aged parents. Such provision accounts for by far the greatest part of care for the aged.

The Ministry of Social Welfare recognised in 2016 some 70 homes for the aged established by NGOs and other bodies in various communities, looking after more than 3,000 vulnerable older persons and providing shelter, healthcare, social care and protection.

A programme called Houses for the Aged was established to provide care for those in need. These homes accept persons above 65 years of age facing social problems and difficulties in their activities of daily life without family support in their respective local community. All such services are funded by these communities, although the Department of Social Welfare also provides financial and technical assistance and distributes food and clothing.

There are no other long-term care facilities and the concept of long-term care insurance would be entirely alien and impractical, given the country's current structure.

A volunteer home care programme is said to offer assistance to around 30,000 elderly people.

Other Healthcare Products

Hospital Cash Benefit Plans

Hospital cash is the main healthcare cover on offer in the Myanmar market, up to a maximum limit of MMK 100,000 (USD 65) per day for 60 days, as discussed in more detail under the heading General PMI Coverage.

Critical Illness Insurance

Critical illness insurance has been available in the market since 2017 as an optional add-on coverage to hospital cash, on a limited basis by both amount and illnesses covered, as outlined under the heading General PMI Coverage.

In 2019 companies were authorised to sell stand-alone CI for the first time, for limits up to MMK 10mn (USD 6,500) with the standard market policy covering 10 conditions plus a death benefit, as follows:

- heart attack
- stroke
- cancer (life-threatening)
- renal failure
- major organ transplant
- heart valve replacement or repair
- heart bypass surgery
- severe burns
- coma (excluding those induced medically, by alcohol or drugs, or diagnoses of brain death)

Healthcare

- bacterial meningitis.

The product is available for ages six to 60, to both groups and individuals, with initial demand reportedly stronger from the former.

Medical Evacuation Insurance

Medical evacuation insurance is not offered under local policies, but would be available under plans fronted overseas by Myanma Insurance.

State Pensions

Summary and Trends

A full account of state pension provision may be found in the Social Security section of this report.

Mandatory and/or Company Pensions

Summary and Trends

Government employees, public servants and the military receive a retirement pension.

Pensions are divided into three types:

- an old age pension paid to civil servants who must retire, regardless of years served, when they reach the age of 60
- a service pension available to civil servants who serve over 30 years, and who do not have to retire due to age
- a "medical pension" is payable to those who work a minimum of 10 years but are forced to retire early.

Companies in the private sector do not provide private pension schemes for their employees since there is an abundance of low-cost labour available and employee benefits are not a feature of the local employment market.

While expatriates legally resident in Myanmar are eligible for both social security and private insurance plans, their principals will often provide pensions, healthcare and group life insurance under the terms of their overseas contracts.

There are more than 800,000 government retirees and about 40,000 pensioners who have performed political duties. It is understood that all such employees with more than four years' service are entitled to a non-contributory defined benefits pension based on 50% of final salary at age 60 with 35 years of service, and including survivor benefits. In the case of politicians, the law provides for the age limit to be relaxed in the case of a person who has not attained 60 but has a blemish-free history of service.

Indexation of the pension occurs in the form of periodic adjustments, as determined by the government from time to time, rather than at pre-set intervals. The public sector scheme is funded out of the government budget.

Legislation

There are no mandatory and/or company pensions. Special systems exist for civil servants, permanent employees of state boards, corporations and municipal authorities, and armed forces personnel.

The *Political Pension Law* governs pensions payable to retired politicians.

Pension and Employee Benefits

Historical Development

There is as yet no private pension market to allow discussion of an historical development. Even the social security system does not yet have a functioning system for old age pensions, though the relevant legislation does provide for them.

Statistics

No statistics are available.

Taxation

It is believed that the government employee pensions are payable free of tax.

Pension Fund Investments

It is thought most likely that the civil service and other government pensions are unfunded, with obligations being met from the state budget.

Pension Market Structure

Government employees, public servants and the military receive a retirement pension.

Provisions in the *Social Security Law 2012* for an old age pension for employees registered with the social security board have not yet been implemented.

There are no private pension schemes in the local market.

Membership

There are understood to be more than 800,000 government retirees and about 40,000 pensioners who have performed political duties.

Benefit Basis

The government employees' pension plans are on a non-contributory defined benefits basis.

Benefit Calculation

The government pension formula is understood to take into account a worker's last salary and his or her years of service with 50% of final salary payable with 35 years service at age 60.

Indexation of the pension occurs in the form of periodic adjustments, as determined by the government from time to time rather, than at pre-set intervals.

Premiums and Funding Methods

The existing schemes are funded by the government.

Contributions From Employers and Employees

The existing schemes are reportedly non-contributory.

Major Pension Providers

The existing schemes are funded by the government; there are no private pension providers.

Pension and Employee Benefits

Distribution

There is no intermediation involved.

Other Employee Benefits

Summary and Trends

Employee benefit schemes are still the exception rather than the rule, although Myanma Insurance and the private life insurers all offer group life products they believe will increase in popularity.

Surplus labour conditions, a poor economy and lack of employee protection continue to mean that conditions for most workers are of a lower standard that one would expect compared to those in the west. The *Law on Fundamental Workers' Rights 1964* and the *Factories Act 1951* regulate working conditions. In practice, however, such provisions benefit only a small portion of the country's labour force, which is mostly engaged in agriculture.

Foreign direct investors, numbers of which have increased significantly in recent years, do tend to offer some form of employee benefits.

Locally provided employee "benefits" may include work-related clothing and personal protective equipment, staff transportation and, where appropriate, meals and accommodation.

Taxation

Employers may deduct the cost of employee benefits insurance in full as a business expense.

Employees are exempt from tax on employer-paid contributions to retirement benefit funds and employer-paid expenses related to employment. It is assumed the latter includes employee benefits.

Expatriate employees may be subject to income tax in Myanmar either as resident foreigners or non-residents. An expatriate working for a foreign-invested enterprise in Myanmar (under the *Myanmar Investment Law*) is deemed to be a tax resident, regardless of the actual period of presence in the country.

The term "salary" includes salary, wages, annuity, pension, gratuity and any fees, commissions or amounts received in lieu of or in addition to any salary and wages. In other words, benefits are included in the definition of taxable salary.

Survivors' Pensions

The *Social Security Law 2012* and the *Social Security Rules* provide for survivors' pensions, following a death which does not occur as a consequence of employment.

Special pension systems exist for civil servants, permanent employees of state boards, corporations and municipal authorities, and armed forces personnel, which are also understood to pay survivors' pensions.

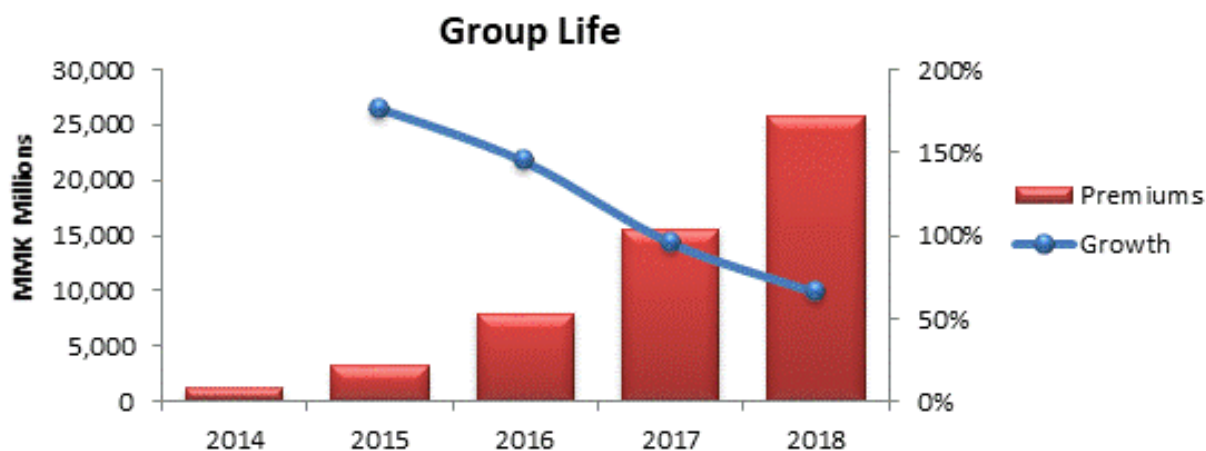
Pension and Employee Benefits

Group Life Assurance

Within the overall group life account of MMK 25.7bn (USD 18mn) in 2018, which accounted for almost 93% of the total life market, the major component (87.3%) was insurance for military personnel written mainly by Aung Myint Moh Min Insurance, part of the military-owned MEC conglomerate. Myanmar Insurance (MI), the only other insurer to write any life business for the military, was also by far the major player in insurance for government employees, for whom like the military life assurance is compulsory under *Article 13* of the *Myanmar Insurance Law 1993*. While individual policies may be issued, covers written for those sectors are treated as group business in this report because they are in effect sold to the affinity group of government servants mentioned in the legislation.

Insurance for government employees accounted for 2.3% of group life premiums in 2018, with the balance of 10.4% in conventional annual group life policies, mainly sold to private sector employers for their staff. The leading insurers in this segment are understood to be life specialists CB Insurance and Capital Life, followed by composite IKBZ.

Gross written premiums and growth rates for group life assurance as defined above for the last available five years are shown below.



Source: Axco Global Statistics / Industry Associations and Regulatory Bodies / Market sources

New statistical information may have been included in the appendices.

While as mentioned Aung Myint Moh Min Insurance appears to write exclusively for the military, no split of premiums between the suite of products it offers was available at the time of preparing this report, so it was not clear whether annual group life (as described below) or what is classified as endowment formed the bulk of the account. Its endowment policies with terms of at least five years offer a maturity benefit equivalent to the policy sum assured. MI advertises as compulsory insurance for military personnel aged from 18 to 55 term covers of five, 10 or 15 years with limits up to MMK 30mn (USD 19,500).

Pension and Employee Benefits

The same maximum limit of cover applies to MI's policies for government employees aged 18 to 57 with terms of three, five or 10 years. As with military covers, for sums assured below MMK 2mn (USD 1,300) no medical check-up is required. An illustration is given of a 10-year term policy purchased at age 30 providing a maturity benefit of 120% of the sum assured.

Group life assurance sold as such to the general public is for annual terms with a minimum number of five people in the group. The leaders in this sub-class are life insurers CB Insurance and Capital Life, though most of the composite insurers also offer cover. Limits are from 18 to 60 in age and MMK 10,000 to MMK 5mn (USD 6.50 to USD 3,240) in sum assured per group member, including permanent total disability as well as death. For sums assured below MMK 1mn (USD 650) and ages between 18 and 45, no medical check-up is required.

Rates for annual group life are 1% of the sum assured. For a minimum sum assured of MMK 10,000 under a military five-year term policy the monthly premium would range from MMK 166 to MMK 177 (USD 0.11) depending on age. For government employees, premiums would also vary according to term and age, subject to a maximum of 15% of monthly salary.

Long-Term Disability

The insurance market does not at present offer cover for long-term disability or permanent health insurance. Limited coverage is provided under the state social security and workers' compensation provisions, and group life policies include permanent total disability alongside their death benefits.

Medical Benefits

Detailed information on medical benefits is provided under the Private Medical Insurance heading in the Healthcare section of this report.

Medical Underwriting Considerations

For annual group life policies the employer or sponsor is required to vouch that the group members are all in good health, and insurers may exclude pre-existing conditions while still offering cover for other causes of death. A medical check-up by a specialist is required for all members except those aged between 18 and 45 with a sum assured of less than MMK 1mn (USD 650).

Under compulsory life covers sold to government employees including the military, only for sums assured below MMK 2mn (USD 1,300) is no medical check-up required. For the medical check-ups by a specialist, tests required may include x-rays, ultra-sound, ECG, diabetes and hepatitis B and C.

Savings Plans

Savings plans are not offered under group life policies written under that name since there is limited scope to invest funds and no bonuses are paid on such policies. Share incentive schemes are unknown.

The requirement for government servants to have life assurance is often met by endowment policies for up to 15 years, which may offer maturity benefits equivalent to the sum assured or up to 120% of it.

Pension and Employee Benefits

Additional Employee Benefits

Employee benefits are virtually unknown in Myanmar. There is, for example, no system of termination benefits, no laws relating to wrongful dismissal and the like.

PA cover may be purchased as an employee benefit by employers or to cover their strict liability for occupational risks rather than buying workers' compensation or employers' liability policies. Death by accident is of course included in the group life policies in the market.

Flexible Employee Benefit Arrangements

Flexible employee benefit arrangements are not a feature of the local market.

Major Employee Benefit Providers

Almost all the local insurers provide simple life and accident insurance products but do not offer employee benefits policies as such.

Distribution

There is no specialist market for employee benefits advisers in Myanmar.

Multinational Pooling

Summary and Trends

The insurance companies representing various multinational pools are shown below.

Pool name	Local member
Generali	Generali Life

Source: Axco Global Statistics / Industry Associations and Regulatory Bodies

None of the local companies in Myanmar is part of any multinational pooling facility.

Individual Pensions

Summary and Trends

Individual pension plans are not available in Myanmar and there is no demand for them.

Summary and Trends

Within this report compulsory life policies for government servants, including the military, which form the greater part of life premiums written, are dealt with under the heading group life even though individual policies may be issued with premiums deducted from salaries.

The premiums shown for individual life amounted to MMK 1.97bn (USD 1.3mn). Apart from niche products such as farmers' life and snake-bite insurance, some 85% was under the local heading of "public life", which essentially means members of the public excluding those mentioned above to whom compulsory requirements apply.

As the figures above suggest, the market for individual life insurance is limited and penetration is very low, with fewer than 10,000 public life policies estimated to have been written across the whole market in 2018.

Public life assurance policies offered by Myanma Insurance are five, 10 or 15-year term while those from private insurers are offered from five to 50 years. Sums assured are the same in both cases, ranging from MMK 50,000 to MMK 30mn (USD 32 to USD 19,500), but the policies offered by private insurers also offer loan, surrender and maturity benefits as well as permanent total disability cover.

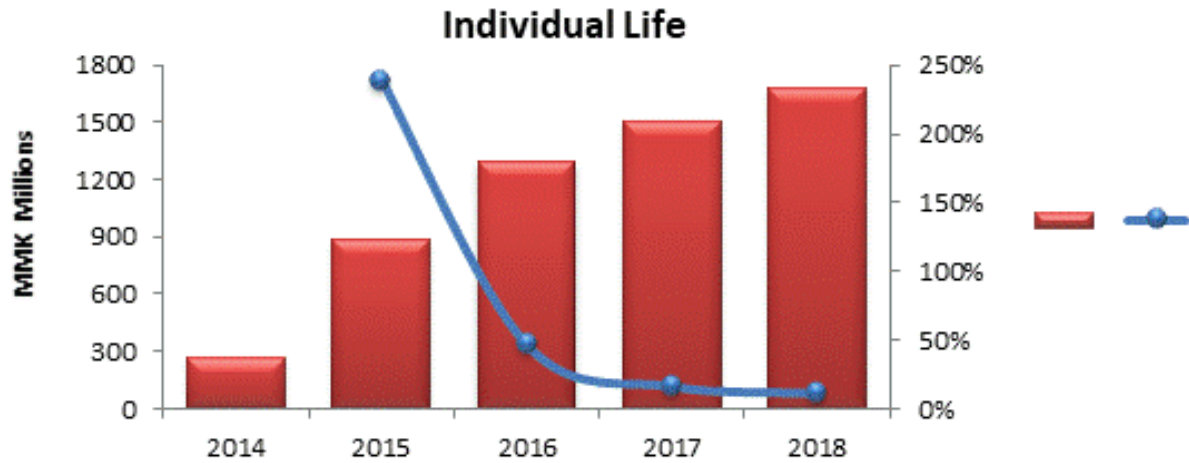
From August 2018 companies were authorised to sell short-term - five, seven and 10-year - endowment policies. Sums assured range from MMK 1mn to MMK 50mn (USD 650 to USD 32,400), with a 4% to 6% pa accrual rate depending on the sum assured. Policies are available to persons aged between 10 and 60 years at inception, and include benefits for permanent total disability.

It remains to be seen how popular the new short-term endowment product will prove (though early indications were that it might well be more so than public life covers), as also the extent to which new entrants to the life insurance market, whether 100% subsidiaries of foreign companies or joint ventures with local players, will be able to drive forward individual life sales and product development.

Statistics

Gross written premiums and growth rates for the last available five years are shown below.

Individual Life Assurance



Source: Axco Global Statistics / Industry Associations and Regulatory Bodies / Market sources

New statistical information may have been included in the appendices.

Taxation

Individuals may deduct from their taxable income life insurance premiums paid on their own life or on the life of their spouse without limit.

The law on taxation does not mention the treatment of benefits paid from a life insurance policy but it is believed that proceeds from such a policy do not attract tax. In order to become a qualifying policy for tax deductibility, the contract must simply be issued in the name of the taxpayer.

Information on personal income tax rates is provided within the Personal Taxation subsection in the Taxation section of this report.

Expatriates

Expatriates legally resident in the country should have no trouble buying local cover, but in practice would tend to arrange insurance in their country of domicile or on a non-admitted basis with offshore underwriters.

Premiums

Annual premium illustrations from one of the private insurers in 2019 for 10-year public life cover of MMK 1mn (USD 650) at different ages - there is no differentiation by gender - were:

Age at inception	Premium (MMK)
30	102,940
40	105,750
50	113,820

Source: Market sources

Premiums for the same term of 10 years and same sum assured of MMK 1mn on the short-term endowment product introduced to the market in 2018 were as shown below:

Individual Life Assurance

Age at inception	Premium (MMK)
30	86,400
40	87,600
50	92,400

Source: Market sources

Premiums for limited critical illness cover as an optional extra within health policies may be found under the heading PMI Individual Rating in the Healthcare section of this report. Specimen annual premiums for the stand-alone product introduced to the market in 2019 are shown in the table below, for a limit of MMK 1mn.

Age at inception	Premium MMK (individual)	Premium MMK (group)
30	8,800	8,400
40	15,400	14,600
50	24,200	23,000

Source: Market sources

Premiums for the special snake-bite insurance policy are charged at a rate of 0.1% of the sum insured.

There are no mortality tables for Myanmar. It is believed that the rating system all companies use is based on previous Indian mortality tables in use prior to nationalisation.

Premiums are payable annually or monthly, with no discounting for annual premiums.

Bonuses

Although there is no provision for bonuses on the policies it offers the general public, Myanmar Insurance gives an illustration for public servants of a 10-year term policy purchased at age 30 providing a maturity benefit of 120% of the sum assured. Policies with a term of five years or more offered to the military by Aung Myint Moh Min Insurance have a maturity benefit equal to the sum assured, and the same is understood to be true on endowment policies sold by other private insurers to the general public.

From August 2018 companies were authorised to sell short-term - five, seven and 10-year - endowment policies. Sums assured range from MMK 1mn to MMK 50mn (USD 650 to USD 32,400), with a 4% to 6% pa accrual rate depending on the sum assured. Policies are available to persons aged between 10 and 60 years at inception, and include benefits for permanent total disability.

Surrenders and Lapses

The endowment policies offered by the private insurers are eligible for surrender values after two years. Also after two years premium payment, policyholders may take a loan against the surrender value.

No details were available of surrender and lapse ratios when this report was in preparation.

Product Summary

Myanma Insurance offers mainly term life insurance products, ranging from three to 15 years for the general public, the military and other public servants, with the only element of savings apparently in the public servants' policies where up to 120% of the sum assured is payable as a maturity benefit. It also has annual term policies for certain sectors of the working population, including farmers, seamen and shore workers, and for specific risks such as snake-bite. Some of these covers are arguably closer to personal accident than life, and indeed the athletes' or sportspeople's policy offered by private insurers as well as Myanma Insurance is covered in the separate Axco report on the Myanmar non-life insurance market under that heading.

Although the government and military policies are largely tied to Myanma Insurance and the private insurer owned by the military conglomerate MEC, Aung Myint Moh Min Insurance, others may advertise them. In other products offered to the general public the private insurers take the leading role, and offer maturity benefits under their public life policies.

The endowment policies offered by the private insurance companies are available for periods from five to 50 years and may include permanent total disability as well as death cover. Lives assured can be from age 10 to 55 and the policy can be converted to paid-up after a minimum of two years. Sums assured of up to MMK 30mn (USD 19,500) are available, subject to normal underwriting criteria.

From August 2018 companies were authorised to sell short-term - five, seven and 10-year - endowment policies. Sums assured range from MMK 1mn to MMK 50mn (USD 650 to USD 32,400), with a 4% to 6% pa accrual rate depending on the sum assured. Policies are available to persons aged between 10 and 60 years at inception, and include benefits for permanent total disability.

Companies were allowed to introduce in 2019 stand-alone critical illness policies offering both groups and individuals a wider range of covers than formerly available as an option under health policies, of 10 conditions plus death benefits.

Term Life

Only Myanma Insurance offers individual term life, whether to the general public for terms from five, 10 or 15 years or annual covers to certain sectors of the working population.

Since 2017 farmers and their family members aged 16 to 60 may buy annual term cover at a rate of 1% on death and permanent total disability benefits between MMK 100,000 and MMK 5mn (USD 65 and USD 3,240) with a reduced benefit for permanent partial disability depending on its degree. There is also cover for hospitalisation cash benefits based on the capital sums assured, for example MMK 2,000 (USD 1.30) per day for up to five days, on three occasions at most during the currency of a policy with death sum assured of MMK 100,000.

Individual Life Assurance

Seamen aged 18 to 60 working on ocean-going ships can buy death only cover for limits between MMK 5mn and MMK 20mn (USD 3,240 and USD 13,000) at a premium rate of 0.5%, while for those in shore jobs the rate is 0.6%.

The covers offered to the public by private insurers for terms of five to 50 years share characteristics such as sum assured limits with those of Myanmar Insurance, but also have features more usually found in endowment products, such as loan, surrender and maturity benefit provisions.

Critical Illness

Critical illness (CI) insurance has been available in the market since 2017 as an optional add-on coverage to hospital cash, on a limited basis by both amount and illnesses covered, as outlined under the heading General PMI Coverage.

In 2019 companies were authorised to sell stand-alone CI for the first time, for limits up to MMK 10mn (USD 6,500) with the standard market policy covering 10 conditions plus a death benefit, as follows:

- heart attack
- stroke
- cancer (life-threatening)
- renal failure
- major organ transplant
- heart valve replacement or repair
- heart bypass surgery
- severe burns
- coma (excluding those induced medically, by alcohol or drugs, or diagnoses of brain death)
- bacterial meningitis.

The annual policy is available for ages six to 60, to both groups and individuals, with initial demand reportedly stronger from the former.

Group Credit Life

Group credit life is not available in the market.

Endowment

The endowment policies offered to the general public are available for periods from five to 50 years and may include permanent total disability as well as death cover. Lives assured can be from age 10 to 55 and the policy can be converted to paid-up after a minimum of two years. Sums assured of up to MMK 30mn (USD 19,500) are available, subject to normal underwriting criteria.

Individual Life Assurance

From August 2018 companies were authorised to sell short-term - five, seven and 10-year - endowment policies. Sums assured range from MMK 1mn to MMK 50mn (USD 650 to USD 32,400), with a 4% to 6% pa accrual rate depending on the sum assured. Policies are available to persons aged between 10 and 60 years at inception, and include benefits for permanent total disability.

At least one endowment cover on offer in the market is billed as an education policy, offering insurance terms of nine, 11 and 14 years to people aged from 18 to 56, with premiums payable up to two years before the end of each term. Maturity benefits are then paid at the rate of 20% per annum, so that the eventual maturity benefit is 100% of premiums paid, with life cover in place during the term for sums assured ranging from MMK 5mn to MMK 100mn (USD 3,240 to USD 65,000). Policies include loan, premium waiver and surrender options.

Unit-Linked

Unit-linked products are not available in the market.

Universal Life

Universal life is not available in the market.

Whole Life

Whole life is not available in the market.

Annuities

Annuities are not available in the market.

Other Policy Types

The offer by all insurers of a specific "snake bite insurance" might seem unusual, but is a low-cost product offered mainly to farmers in a country with over 50 poisonous snakes and one of the world's highest snake-bite mortality ratios. Cover is for death, injury and medical expenses following a snake-bite. The limit for death ranges from MMK 500,000 (USD 324) to MMK 5mn (USD 3,240), with sub-limits up to 50% of the basic sum assured for various kinds of disability and 16% for medical expenses.

Medical Underwriting

Under compulsory life covers sold to government employees including the military, only for sums assured below MMK 2mn (USD 1,300) is no medical check-up required. For the medical check-ups by a specialist, tests required may include x-rays, ultra-sound, ECG, diabetes and hepatitis B and C. Public sector employees are subject to pre-employment medical examinations. No further medical evidence is required when arranging life insurance cover.

Individual Life Assurance

As regards life assurance for the general public, insurers' stated position is that a medical report by a specialist who may be recommended by the insurer or a full check-up as outlined above is required from all applicants. In practice it is understood questionnaires may be used to meet most of insurers' needs, with one leading life underwriter stating in 2019 that only around 1% of its clients had to go through the full medical check-ups.

Medical examinations are usually carried out at a medical centre selected by the insurer, but ones chosen by the applicant may be used if they are deemed acceptable to the insurer.

Local insurers have also reported that they have to offer full cover or decline the application, as they are not allowed to customise their policies to exclude pre-existing conditions as they may for group covers.

There has been no use to date of genetic testing and preferred-life underwriting.

Financial Underwriting

Most policies are sold for relatively low limits which would not require financial underwriting. It is not known at what level insurers typically start to assess the financial situation of the proposer, or in what manner they do so.

Other Underwriting Considerations

There are no specific underwriting considerations other than those which would normally be taken into account by life underwriters. Due account should, however, be taken of the generally rather low standards of health and healthcare in a predominantly poor and rural country.

There is no gender differentiation in premium rates, and discounts are not allowed for non-smokers.

Major Insurers

Although no statistics by company are published, the clear leader in terms of individual life covers to the general public is understood to be specialist life assurer CB Insurance, followed by composite Grand Guardian and Capital Life.

Distribution

Distribution is both direct and through agents.

Commission

Commission for agents on life plans sold to the general public is 20% for first and 15% for subsequent years. For snake-bite insurance it is 8%.