

Life Insurance Overview



Nepal



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Topics :

- **Life Business Overview**
- **Micro Insurance Overview**
- **Background & Developments of Micro Insurance**
- **Opportunities and Challenges**

Life Business Overview



Insurance Companies :

	Life	Non Life	Re Insurance
Foreign Branches	1	2	
Joint Venture	1	1	-
Government owned	1	1	1
Privately Owned Merged (10)	11 (5)	10 (5)	1
Total	14	14	2
Micro Insurance – Privately Owned	3	4	

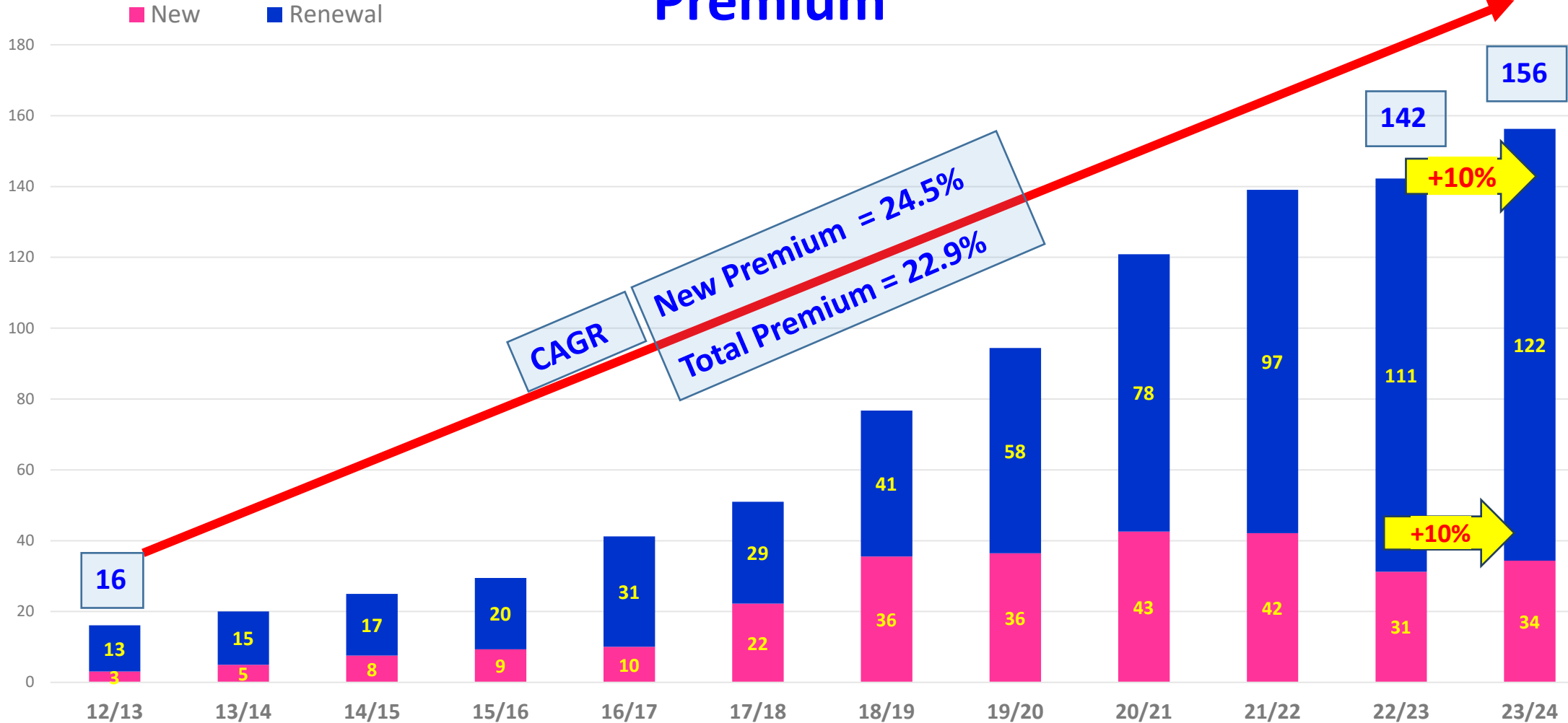
Life Industry Business Growth



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Premium

Amount ' NPR- Bn



Overview of Life Insurance

Amount ‘ NPR- Bn

Heading	FY 22/23	FY 23/24	Growth
Gross Premium	142 bn	156 bn	9.8%
Paid Up Capital+	42.4 bn	47.5 bn	12.0%
Population Penetration (with FE)	44.4%	43.2%	-1.2% Points
In-force Policy count	14,137,321	13,881,492	- 1.8%

Distribution Mix : New Business



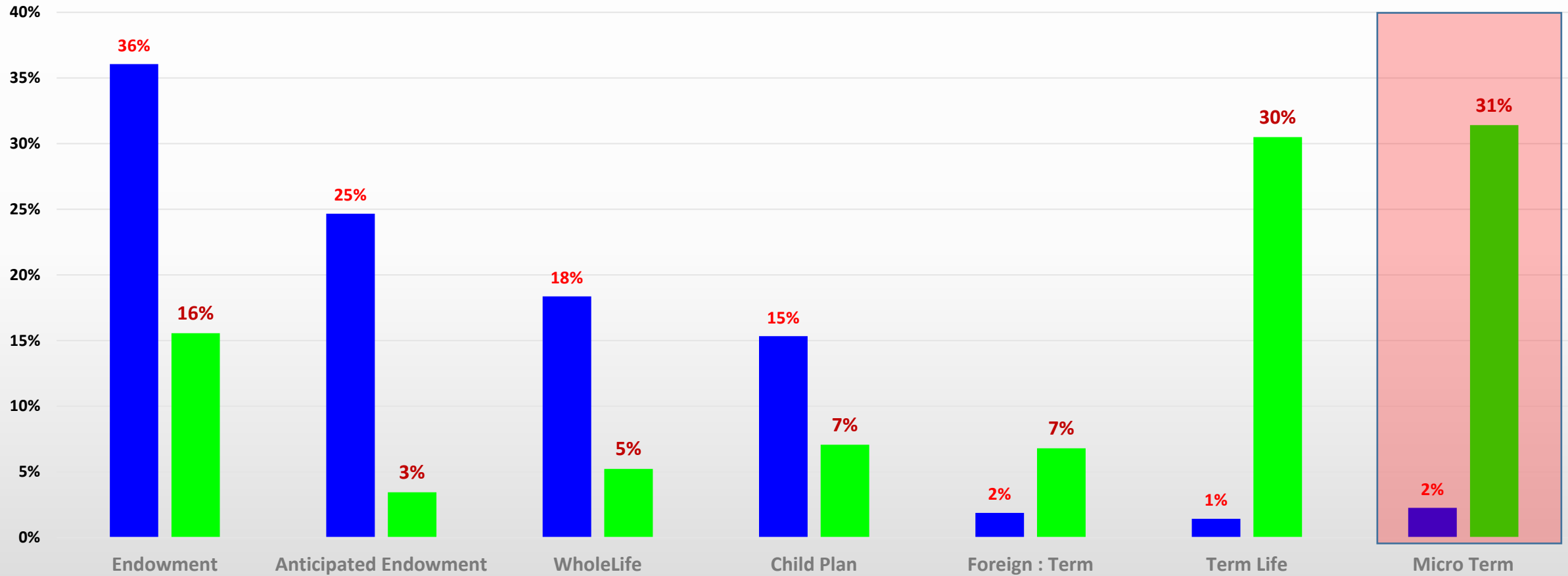
Amount ' NPR Bn

Channels	Approx %	FYP	LOB – (Mostly)
Individual Agency	83%	28.57	Ordinary Life & Similar types mostly Par
Corporate Agency	8%	2.65	Micro Term Life (mostly Inclusive nature)
Banca		-	Currently Stopped.
DSF :			
Direst Sales	9%	3.12	Foreign Employment Term +
Online Sales	-	-	Development stage
Tele marketing	-	-	Development stage
Brokerage	-	-	Yet to Introduce
Total	100%	34.34	

Product Mix % by LOB

■ Total Premium ■ # Inforce Policy

Data : July 2022



Insurance & Protection Market :



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Amount ' NPR-bn

Insurance & Related Providers	TPI Written Premium (Aprox)	Under
Life Insurance	156.0	Nepal Insurance Authority
Non-Life	41.4	
Social Security Fund	14.2	Nepal Government Entities.
Health Insurance Board	12.6	
Citizen Investment Trust & PF	8.4	
Deposit & Credit Guarantee Fund	2.2	
Life & Other Insurance	Good Amount	Out of Country

Micro Life Business Overview



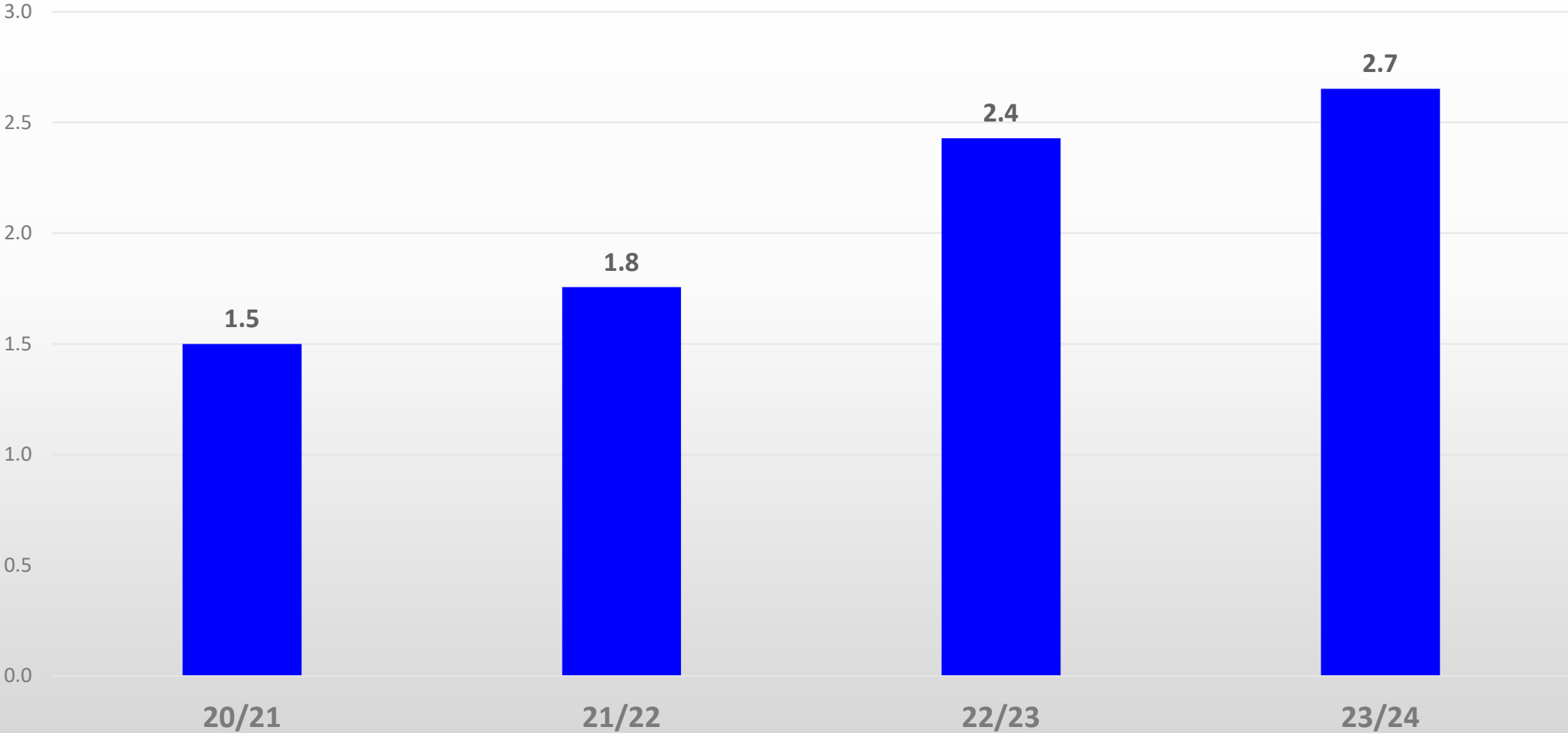
Background & Developments of Micro Insurance

- **Mostly Own Insurance Model by MFI & Cooperatives**
- **Company approach & Doner Agency insist to transfer the risk**
- **2070 – Micro Insurance Directive issued, (Two Life Products) , Limit : 150 K**
- **Budget : 2017/018 : 5% Limit for micro-Insurance Business Portfolio to Maintain**
- **Budget : 2018/019 :**
 - **300K Limit - Deposit Insurance**
 - **10% Limit for micro-Insurance**
 - **1,000k Limit - Credit Insurance**
- **2023: 7 New Micro Companies License Issued.**
- **2023 : New Micro Insurance Directive Issued.**
 - **Life Limit : 500,000**
 - **FE Limit: 15,00,000**

Micro Business Growth : Premium



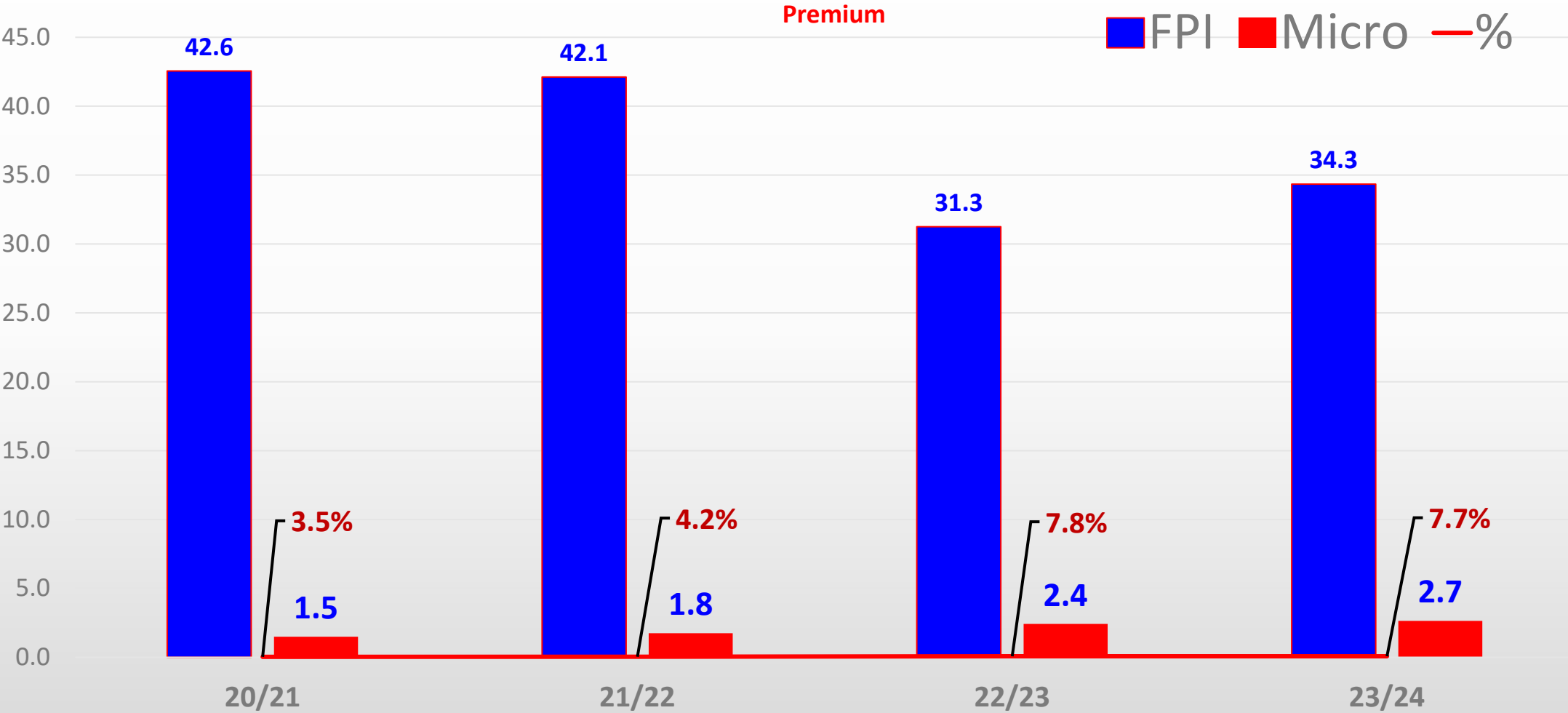
Amount Bil



Micro & Total Life Growth: New Business



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Overview of Micro Life Insurance

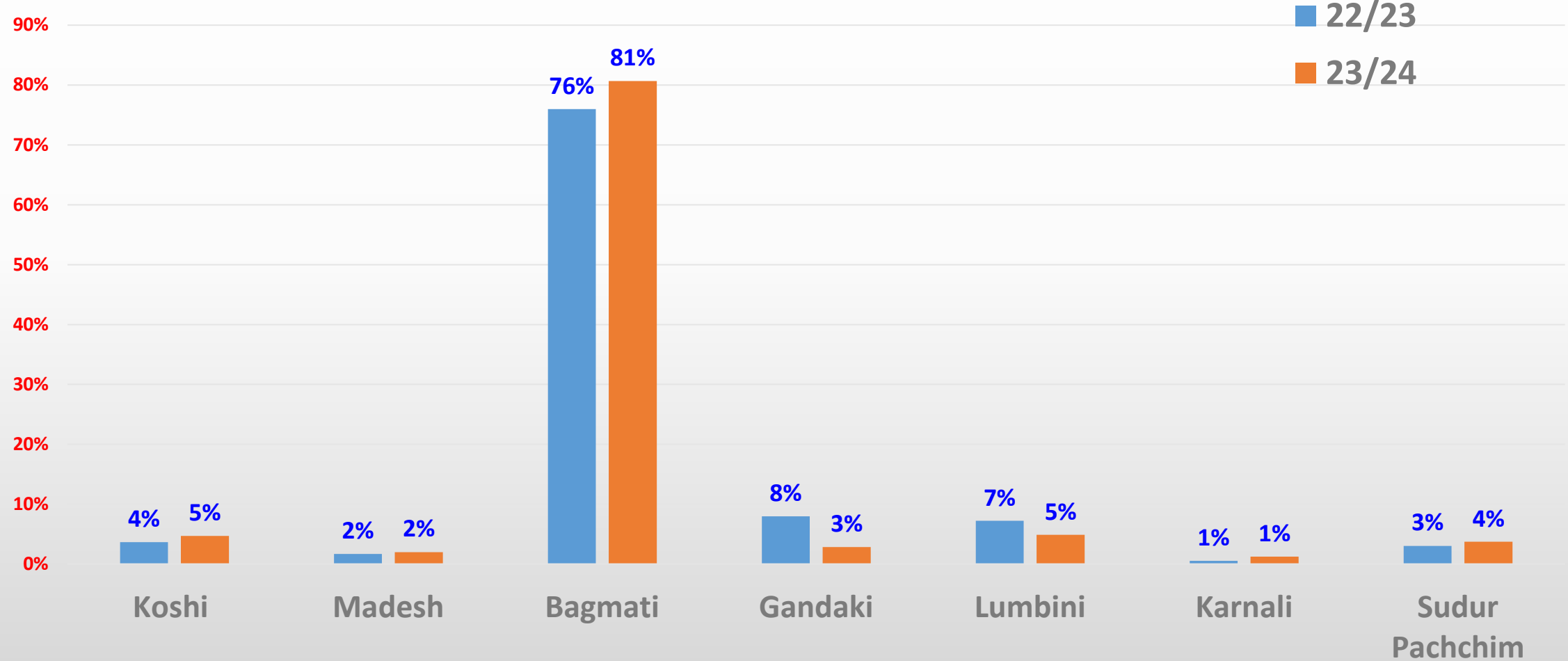
Amount ‘ NPR- Bn

Heading	FY 22/23	FY 23/24	Growth
# Issued Policies	3,195,078	2,849,830	-11%
Total Premium	24,399	28,368	16%
# Gross Claim Paid	15,352	11,513	-25%
Claim Paid Rs.	16,095	14,318	-11%
% Paid Claim/Premium	50%	66%	- 23%
% # Claim/ # Policies	0.5%	0.5%	- 0.3%

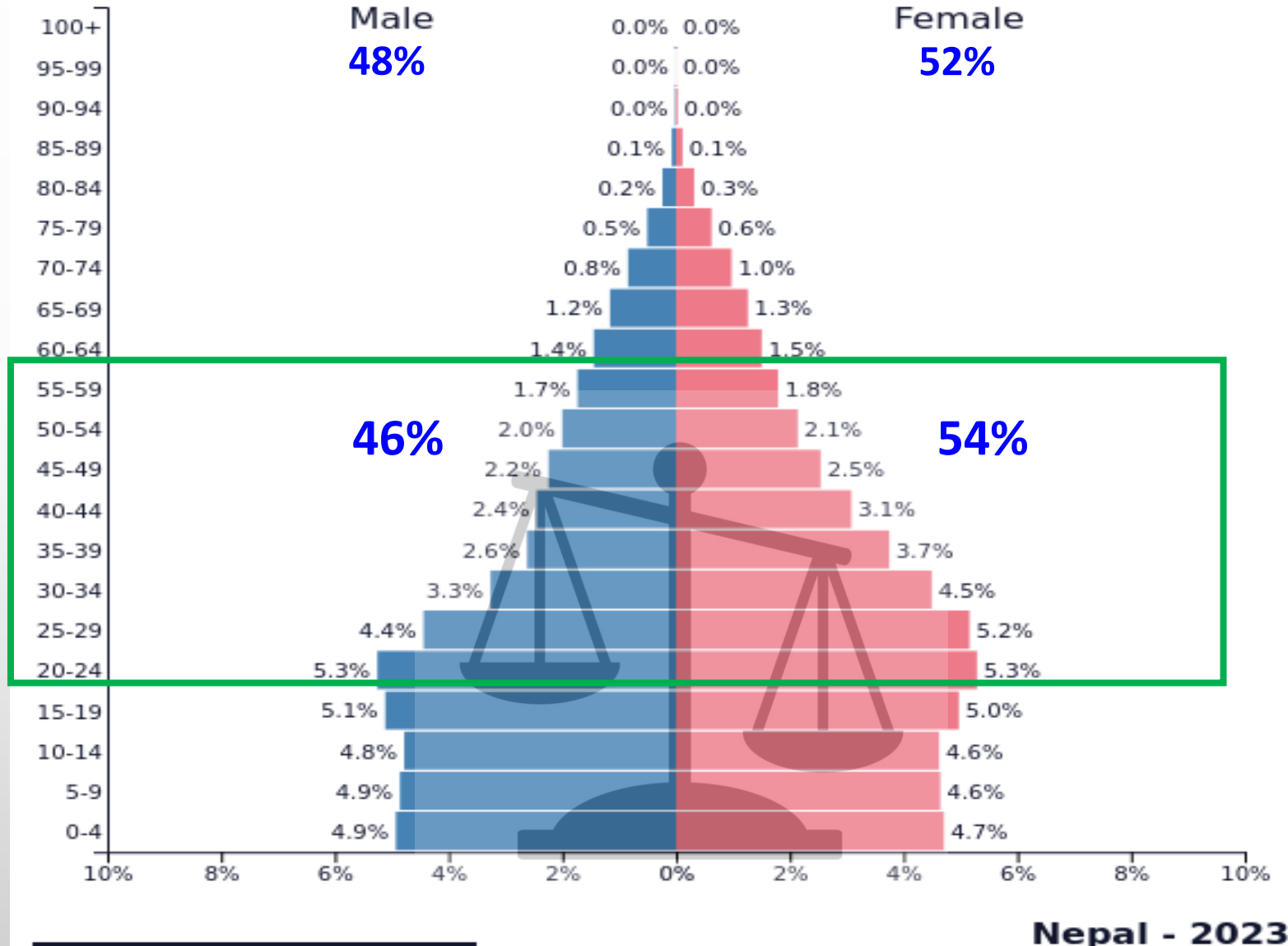
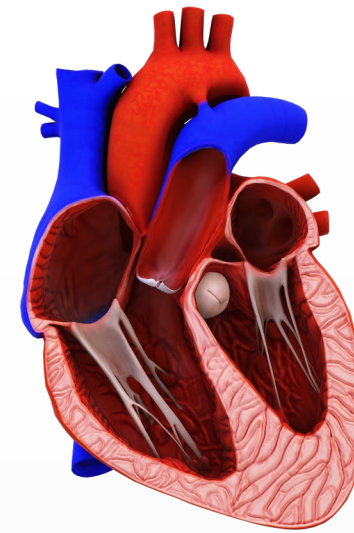
Province Wise : Micro Business



Premium %



Nepal's Demography : Young Population



Opportunities & Challenges



Challenges & Opportunities

	Challenges	Opportunity
Distribution	<ul style="list-style-type: none"> ▪ Agency Concentrated ▪ Professional Agency & Retention ▪ Weak Infra for Insurance business 	<ul style="list-style-type: none"> ▪ Captive Agency (OAOC) & Exam for Agency : Quality ▪ Un-employment / Carrier Agency – 3 tier system. ▪ Diversification Channels : Brokerage / Banca/ TM/ DM
Demographic	<ul style="list-style-type: none"> ▪ Outgoing Expats & Young Graduates. ▪ Health & Healthcare access. ▪ 20% around – Below Poverty Level 	<ul style="list-style-type: none"> ▪ Growing Middle Class: Wealth spreading to small Cities ▪ Urbanization and Concentration ▪ Changing Customers Preference /Choices
Economic	<ul style="list-style-type: none"> ▪ Economic Volatility & Slow down. ▪ Huge Informal Economy. ▪ Poor Industrialization / Employment. 	<ul style="list-style-type: none"> ▪ Expanding micro finance activities ▪ 100%+ Penetration : Mobile Phone & Bank A/c Users. ▪ Potential, Emerging & Growing Economy
Regulation	<ul style="list-style-type: none"> ▪ Increasing regulations & Compliance (IFRS-17, RBC, ORSA, AML/CFT) ▪ Other Gov Entities are selling Protections ▪ Historical Industry data gap. 	<ul style="list-style-type: none"> ▪ New Insurance Act / Regulations. ▪ Strong Capital Base & Synergy from Merger ▪ Insurance Development fund & Activities from NIA
Industry	<ul style="list-style-type: none"> ▪ Awareness & Trust Gap ▪ Pricing Risk for Climate & Other risks. ▪ Assets liabilities Mismatch. 	<ul style="list-style-type: none"> ▪ Increasing Risk/Uncertainties. : Foundation for insurance ▪ Social Security Gaps ▪ Automation & Scale

Distribution

Demographic

Economic

Regulation

Industry



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Thank You