



ASEAN: Myanmar behind Cambodia in attracting foreign investors

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Myanmar is behind Cambodia and Malaysia in attracting foreign investments, according to Mr Chai Sophonpanich, chairman of Bangkok Insurance, who gave his views on investment prospects in different ASEAN markets.

Myanmar requires foreign insurers to show capital of US\$50 million if they want to do business there. The cost is considered too high by some parties. On the other hand, Cambodia requires registered capital of US\$7 million from foreign insurers, while Malaysia requires US\$10 million from foreign insurers that want to form a company there, according to a report in The Nation newspaper.

Bangkok Insurance, which is a leading non-life insurer in Thailand, is still waiting and looking at the insurance business in Myanmar even though its major shareholder Bangkok Bank recently received a preliminary banking licence from Myanmar, said Mr Chai.

Myanmar's Deputy Finance Minister, Dr Maung Maung Thein, in a speech at the 1st Myanmar Insurance Summit in Yangon organised by Asia Insurance Review last month, had said that local and foreign companies wanting to enter Myanmar's insurance market would need to be patient. He said that the market would most certainly be opened up but it would take time.

In ASEAN, Bangkok Insurance and its allies from Hong Kong and Indonesia formed Asia Insurance to operate insurance business in Laos, Cambodia and the Philippines. Bangkok Insurance holds 22% of Asia Insurance (Cambodia) and 19% of PCT Asia Insurance in Laos.

Bangkok Insurance will increase its stake in PCT Asia Insurance to 25-30% this year, but Cambodia is likely to present more opportunities, compared to Laos which has a small population and small factories. However, Laos has a draw in hydropower dams, which helps support the insurance business.

In Malaysia, Asia Insurance plans to acquire an insurance company at an estimated cost of about THB200 million (US\$6.2 million) to THB250 million. Bangkok Insurance will keep its stake in Asia Insurance at 20% in Malaysia.

The group might re-enter Vietnam since the economic slowdown there might see some insurers offering acquisition deals to foreign investors. Five years ago, Bangkok Insurance had ventured into Vietnam by collaborating with a local insurer but it decided to pull out because each side had different goals.