

## **Myanmar To Be Opened To Foreign Insurers**

28 September 2016

There have been eye-catching developments in Myanmar indicating the insurance market will be opened to foreign participation in early 2017, while remaining U.S. sanctions on the country will be entirely lifted.

### **Sector Liberalisation**

On 29 July 2016, the new Myanmar government announced an economic policy. It made a general reference to liberalising the financial sector and allowing more foreign insurers into the country.

On 23 September, it was publicly reported by a reliable source that a senior official in the Financial Regulation Department had stated the government plans to open the insurance sector to foreign participation “early next year”.

### **Sanctions**

On 14 September, the U.S. Department of State announced that all remaining U.S. sanctions on Myanmar will be lifted. This is significant because the persons on the current U.S. blacklist hold a substantial amount of Myanmar’s assets & commercial interests. The announcement heralds a clear commercial opportunity. This is particularly true for U.S. insurance groups as, coupled with sector liberalisation, it will be possible to deal with certain domestic insurers that are on or owned by people on the current blacklist.

### **The remaining questions**

The criteria under which foreign insurers will be allowed to enter the market and the regulatory framework for foreign participation not been set. The following issues remain unresolved:

**Ownership:** Will 100% foreign-owned insurers be permitted, or will joint ventures with local partners be required?

**Sectors:** Will liberalisation be absolute, or limited to certain lines of business?

**Capitalisation:** The current minimum capital requirements for life and non-life are approximately US\$4.7 million and US\$31.3 million, respectively. Many consider these unattractive for a nascent sector. Will these be revised?

**Brokerage:** Will international brokerage groups be able to “piggy-back” on sector liberalisation and also conduct full operations in the market?

We understand the government is currently working on new insurance regulations and also a liberalisation roadmap, which should provide answers when announced.

## Recommendations

Myanmar has a record of only inviting licence applications from international operators with a presence in the country. This happened as regards licences to insure in the Thilawa Special Economic Zone, and also for two rounds of banking licences in 2014 and 2016.

Any insurance or brokerage organisation without a Myanmar presence and looking to benefit from sector liberalisation should establish a Myanmar representative office as a priority. These can be formed promptly and inexpensively.

A Myanmar insurance industry association will also be created shortly. It will be consulted on liberalisation and international insurance groups should look to join and participate.

If you have any questions or require any further advice, please contact:



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