

Vietnam Motor Insurance Market Segmented, By Insurance Type (Third Party Liability, Comprehensive), By Distribution Channel (Agents/Broker, Bank, Online, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F

Market Report | 2025-01-24 | 82 pages | TechSci Research

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Report description:

The Vietnam Motor Insurance market was valued at USD 0.83 Billion in 2024 and is expected to grow to USD 1.02 Billion by 2030 with a CAGR of 4.52% during the forecast period. The Vietnam Motor Insurance market is driven by increasing vehicle ownership, rising urbanization, and improving economic conditions. As more individuals and businesses acquire vehicles, the demand for motor insurance grows, particularly with the rising middle class and improved disposable incomes. Government regulations mandating third-party liability insurance further propel market growth. Also, greater awareness of road safety and the importance of insurance coverage is encouraging consumers to seek comprehensive protection. The ongoing infrastructure development and expansion of urban areas also contribute to higher vehicle usage, increasing the need for both personal and commercial motor insurance policies in Vietnam.

Key Market Drivers

Surge In Vehicle Ownership

A significant driver of the Vietnam motor insurance market is the surge in vehicle ownership, which is fueled by rising disposable incomes, economic growth, and increased urbanization. As a part of this, as of September 2024, according to the Ministry of Industry and Trade, car ownership has tripled in 13 years, reaching 63 vehicles per 1,000 inhabitants last year. Last year, 408,500 new vehicles were registered. The ministry forecasts yearly sales to reach one million by 2030 and five million by 2045. Over the past few years, Vietnam has experienced a rapid increase in the number of cars and motorcycles on the road. As the country's middle class expands and more people have access to financing options, vehicle ownership has become more affordable and accessible. This surge in vehicle ownership directly correlates with an increased demand for motor insurance, as more vehicle owners seek coverage to protect themselves from potential risks such as accidents, theft, and damage.

In addition to rising incomes, Vietnam's expanding urbanization and infrastructure development have contributed to the growth in vehicle ownership. As more people move to urban areas for employment and better living conditions, the need for personal

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transportation has surged, further driving the demand for vehicles and, consequently, insurance. Also, as Vietnam continues to industrialize and urbanize, the number of businesses requiring fleet insurance for commercial vehicles also increases, providing a significant opportunity for insurers in the motor insurance sector. As vehicle ownership continues to rise, motor insurance will remain a vital component of the transportation and financial landscape in Vietnam, contributing to the market's sustained growth.

Implementation of Government Regulation for the Adoption of Auto-Insurance

The implementation of government regulations mandating auto-insurance adoption is a key driver of the Vietnam motor insurance market. In recent years, the Vietnamese government has introduced and enforced regulations that require all motor vehicles to have at least third-party liability insurance. These regulations aim to protect both vehicle owners and the public by ensuring financial compensation in the event of an accident, which is particularly important in a country with rising vehicle ownership and increasing road accidents. As a part of this, as of November 2023, in Vietnam, connecting to the ACMI system is a necessary condition for motor vehicles to execute Decree No.67/2023/ND-CP, which regulates motor vehicle owners' compulsory civil liability insurance. The government published this decree, replacing Decree No.03/2021/ND-CP. Specifically, motor vehicle owners in Vietnam are required to register for compulsory civil liability insurance.

This mandatory insurance requirement has significantly increased the number of insured vehicles, as vehicle owners must comply with the law to register and operate their vehicles. The government's regulatory efforts not only raise awareness about the importance of insurance but also encourage greater adoption of comprehensive policies that cover a wider range of risks, such as collision, theft, and damage. Hence, the government's regulatory initiatives are playing a crucial role in driving the Vietnam motor insurance market, encouraging higher insurance adoption and contributing to the overall growth of the sector.

Rapid Commercial Vehicles Sales

Rising commercial vehicle sales are a key driving factor in the growth of Vietnam's motor insurance market. As the country's economy continues to expand, industries such as logistics, transportation, retail, and e-commerce have seen significant growth, leading to an increased demand for commercial vehicles. As a part of this, according to a recent study, in Vietnam, the commercial vehicles market is expected to sell 60.41k vehicles by 2025. This market is forecast to grow at a compound annual rate (CAGR 2025-2030) of 0.32%, with a projected market volume of 61.39k vehicles by 2030. With the rise of businesses needing transportation for goods and services, there has been a surge in vehicle purchases, particularly in sectors that require fleets for deliveries and operations. This increase in commercial vehicle sales directly drives the demand for motor insurance, as businesses seek coverage for their fleets to mitigate risks associated with accidents, damage, and theft.

Also, the growth of e-commerce has amplified the need for delivery vehicles, further propelling the sales of commercial vehicles. To manage the associated risks, businesses are increasingly opting for fleet insurance policies that offer comprehensive coverage for multiple vehicles under a single contract, providing cost-effective solutions. The expansion of road networks and urban infrastructure in Vietnam also plays a role in facilitating the growth of transportation services, which leads to more commercial vehicles on the roads. As the commercial vehicle market continues to expand, so does the need for insurance coverage, making rising commercial vehicle sales a critical factor driving the motor insurance market in Vietnam.

Key Market Challenges

Lack of Awareness Among Consumers

Lack of awareness among consumers is a significant challenge in the Vietnam motor insurance market. Despite the growing number of vehicles on the road, a large segment of the population remains uninformed about the importance and benefits of motor insurance. Many individuals, particularly in rural areas or among lower-income groups, either do not understand the full scope of coverage or believe that insurance is an unnecessary expense. This lack of awareness leads to a lower uptake of comprehensive insurance policies, with many vehicle owners opting for the minimum required coverage or no insurance at all. The perception that insurance is an optional, costly service rather than a necessary safeguard further exacerbates the challenge. Also, misinformation and confusion about policy terms, claims processes, and coverage options often deter consumers from making informed decisions. As a result, many vehicle owners are underinsured or uninsured, which not only leaves them financially vulnerable but also limits the growth potential of the motor insurance market.

Intense Competition Among Key Players

Intense competition among key players is a significant challenge in the Vietnam motor insurance market. The market has seen an influx of both domestic and international insurers, all vying for a share of the growing customer base. This heightened competition

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has led to price wars, where companies aggressively lower premiums to attract customers. While this strategy may boost short-term market penetration, it also results in lower profit margins for insurers and can lead to a race to the bottom in terms of pricing, potentially compromising the quality of coverage and customer service.

Also, with a wide range of policy options available, consumers may find it overwhelming to choose the best insurance product that suits their needs. While competition can drive innovation and improvements in services, it can also create confusion among consumers and lead to difficulty in differentiating between insurers. For insurers, maintaining profitability while competing on price is a delicate balance. They must continuously innovate by offering value-added services, personalized coverage, and leveraging digital platforms to stay ahead of the competition. Insurers who fail to adapt to these pressures may struggle to sustain long-term success in such a competitive market.

Key Market Trends

Rising Adoption of Online Platform

The rising adoption of online platforms is a significant trend in the Vietnam motor insurance market. As internet penetration increases and digital literacy improves across the country, consumers are increasingly turning to online platforms to research, compare, and purchase motor insurance policies. The convenience of accessing insurance products through websites and mobile applications is driving this shift, offering consumers the ability to complete transactions quickly and efficiently from the comfort of their homes.

Insurers are adapting to this trend by investing in digital infrastructure, such as user-friendly websites, mobile apps, and AI-powered chatbots, which enhance customer engagement and streamline the buying process. These platforms allow customers to easily compare premium rates, understand policy details, and select coverage based on their specific needs, promoting transparency and informed decision-making.

Also, the growing preference for online platforms is enabling insurers to collect and analyse customer data more effectively, allowing for personalized marketing and tailored product offerings. The shift towards digitalization also improves operational efficiency, reduces administrative costs, and accelerates claims processing, enhancing the overall customer experience. As online insurance platforms continue to grow in popularity, they are expected to become a dominant force in Vietnam's motor insurance market, reshaping how consumers interact with insurers and driving further market expansion.

Rising Demand for Customized Policies

The rising demand for customized policies is a notable trend in the United Arab Emirates (UAE) motor insurance market. Consumers are increasingly seeking tailored insurance solutions that meet their specific needs, preferences, and lifestyles. This trend is being driven by a combination of factors, including the growing awareness of the importance of insurance and the desire for more flexibility in coverage. In response, insurers are offering more personalized motor insurance products, allowing customers to select coverage based on their driving habits, vehicle type, and specific risks. For example, policies are becoming more flexible with options to add or remove coverage for specific risks like natural disasters, vehicle theft, or damage. Also, insurers are introducing usage-based insurance (UBI), where premiums are determined by the distance driven, driving behaviour, and even vehicle type, providing more affordable and relevant coverage for consumers.

The rise of digital platforms also supports this trend, enabling customers to easily customize their policies and receive instant quotes based on their specific requirements. As customer preferences continue to evolve, insurers in the UAE are adapting by offering innovative, flexible policies that cater to individual needs, ultimately driving customer satisfaction and market growth.

Rising Trend of Bundled Policies

The rising trend of bundled policies is a notable development in the Vietnam motor insurance market. Consumers are increasingly opting for bundled insurance packages that combine motor insurance with other types of coverage, such as home, health, or life insurance. This trend is driven by the growing preference for convenience and cost savings, as bundled policies typically offer discounts and comprehensive coverage compared to purchasing separate policies for each insurance type.

Insurers are responding to this demand by offering customized bundles tailored to the specific needs of individual customers or families. These packages are designed to provide added value, covering a wider range of risks under one plan. For example, a motor insurance policy can be bundled with personal accident coverage, theft protection, or roadside assistance, providing consumers with a more holistic approach to managing their insurance needs. Bundled policies are particularly attractive to families and individuals seeking comprehensive protection across different aspects of their lives, all in one easy-to-manage

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package. Also, insurers benefit from the ability to cross-sell multiple products, increasing customer retention and improving overall revenue. As this trend continues, bundled policies are expected to play a key role in the growth of the Vietnamese motor insurance market, offering both convenience and affordability to a wide customer base.

Segmental Insights

Distribution Channel Insights

Agents/Brokers dominated the Vietnam Motor Insurance market, serving as the primary channel for customers to purchase policies. These intermediaries play a crucial role in educating consumers about the benefits of insurance, helping them navigate through various policy options, and providing personalized advice on coverage. Many customers in Vietnam still prefer working with agents or brokers due to their in-depth knowledge of the market and ability to offer tailored solutions. Brokers have the advantage of representing multiple insurance companies, allowing them to offer a range of products to meet diverse customer needs. As a result, agents and brokers continue to hold significant market share in Vietnam's motor insurance sector.

Regional Insights

Southern dominated the Vietnam Motor Insurance market, due to its economic significance and high vehicle ownership. As the commercial and industrial hub of the country, the South sees many vehicles, both personal and commercial, on the road. The increasing urbanization, coupled with rising disposable incomes in this region, has contributed to a higher demand for motor insurance. Also, the presence of numerous businesses, including those in the transportation and logistics sectors, has led to a growing need for fleet insurance. Consequently, Southern Vietnam continues to lead the motor insurance market in the country.

Key Market Players

- BIDV Insurance Corporation
- Insurance in Asia
- HSBC Group
- United Insurance Company of Vietnam
- Shinhan Bank (Vietnam) Ltd,
- Baoviet Bank
- The New India Assurance Co. Ltd.
- Mashreqbank PSC
- Yalla Compare
- Etiqa

Report Scope:

In this report, the Vietnam Motor Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

□□ Vietnam Motor Insurance Market, By Insurance Type:

- o Third Party Liability
- o Comprehensive

□□ Vietnam Motor Insurance Market, By Distribution Channel:

- o Agents/Brokers
- o Bank
- o Online
- o Others

□□ Vietnam Motor Insurance Market, By Region:

- o Southern
- o Northern
- o Central

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Vietnam Motor Insurance Market.

Available Customizations:

Vietnam Motor Insurance Market report with the given market data, TechSci Research offers customizations according to a

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company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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