The growth rate of the Korean insurance industry has plunged. Life insurance premium growth rate is projected -4.5% in 2018 and expected to inch up to -3.8% in 2019 while non life insurance premium is expected to grow 3.0% in 2018 and 2.7% in 2019. Return on equity of insurance industry is going down from 12.7% in 2007 to 7.7% in 2017.

Demographic change seems to be the main reason for declining growth rate and profitability. In addition to that, low growth of GDP and low interest rates, adoption of the IFRS 17 and resulting implementation of the K-ICS, sales fee restructuring, and change in tax benefits for savings type insurance products are the other factors influencing insurance industry. Based on these factors, forecasting results show that life insurance premium continues to decrease at the rate of 1.7% and, non life insurance premium is expected to merely increase annually 0.4%.

In order to overcome decreasing trend of growth rate and shrinking profitability, Korea insurers and regulatory authorities should find ways to maintain profitability and to enhance growth potential based on consumer confidence. We suggest cost management including asset liability management and to manage insurance policies in force, and to expand growth potential in response to technology, qualitative demographic, and public social expenditures change. Details on these agenda are described in this report.