Competition Strategies of Insurance Companies in the Individual Retirement Pension Market

It is anticipated that the individual retirement account (IRA) is replaced with the individual retirement pension (IRP) soon. After IRP is introduced, all individuals except for housewives are able to join IRP and are allowed to put more than the required amount of money in their own IRP account.

Since the implications of phenomenon that size of IRA and defined contribution pension market overwhelmed that of defined benefit pension market in the United State’s retirement pension plan cannot be dismissed, it is not early for the business enterprises in Korea’s IRP market to prepare their competition strategies. This research is purposed to suggest differentiated competition strategies for business enterprises in IRP market, especially insurance companies. In order to set up differentiated competition strategies for insurance companies in IRP market, we first grasp current competition strategies and drawbacks of each financial sector. Second, we survey potential members of IRP and perform various empirical analyses.

We suggest that insurance companies are able to enjoy competitive advantages in IRP as the marketing strategies which are valuable in the IRP market are analogous to those for insurance products in a sense that the marketing targets in both markets are individuals. We also propose a various practical strategies to attract and maintain potential members of IRP and also maximize profit. Especially, it is applicable for insurance companies to utilize insurance products as the products of the retirement pension and insurance solicitors to enlarge their market shares in IRP market.