A Study on Enhancing Consumers' Confidence in the Korean Insurance Industry

The Korean insurance industry seems to have been constantly criticized from consumers. However, it is true that such criticisms have been done unilaterally, without considering its own characteristics inherent in insurance and/or the Korean society. Nonetheless, there have been few studies that dealt with evaluating the Korean insurance industry involving consumers' confidence from a more neutral point of view. In this context, we re-evaluate such confidence with some statistics and surveys, and then suggest some ways to make it higher.

In this report, we argue that consumers' negative feeling about the insurance industry is more evident than other financial industries, as the push marketing is unavoidable in insurance, and the insurance products and contract procedures are a little complicated. Clearly, it is hard for the insurance industry to get around this problem native to insurance, which implies that it is required to persuade people into considering it adequately in establishing insurance polices. In addition, the excessive sales competition among insurance companies would be one of the causes to decrease consumers' confidence. Indeed, it would lead to compete for securing insurance distribution channels rather than striving for developing various products meeting customer needs. On the other hand, we can find that another cause would involve government regulations. Specifically, the top-down regulations of the Korean financial supervisory authorities would hinder their effectiveness as well as the efforts of insurance companies to self-regulate. Furthermore, the government policies to activate insurance agencies would have made the business conducts more uncontrolled by increasing distributions channels that do not take any