



**KOREAN
INSURANCE
INDUSTRY**

2020



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Foreword



In 2019, the global real GDP slowed with the trade dispute between China and the United States and a slowdown in domestic investment. The uncertainty in the financial market has expanded.

Korean economy grew by 2.0% in 2019, which is 0.9%p lower than 2.9% in 2018. As private consumption and exports weakened amid the current downturn in investment. The Bank of Korea (BOK) cut the base rate by 25 basis points two times, in both July and October 2019 in order to support economic recovery and moderate the downward pressure on prices. Financial market uncertainty has increased as the KRW/USD exchange rate rose and the stock market fell.

In 2019, premiums in the insurance industry increased by 5.0%. The life insurance premium in 2019 increased by 5.8% mainly due to pension plans premiums' sharp increase. However, the premiums in private life insurance have been shrinking for five consecutive years. The non-life insurance premium in 2019 increased by 5.0% mainly in pension plans, long-term insurance, Casualty, Automobile. Despite the growth in premiums, the insurance industry's profitability deteriorated due to continued negative margins, intensifying competition, and worsening loss ratio.

The environment surrounding the insurance industry, such as low economic growth, deepening low interest rates, and an aging population is unfavorable to the insurance industry. In addition, changes in accounting standards and solvency regulation, which are scheduled to be introduced in 2023, are also expected to act as a burden on the insurance industry. In this report, we suggest four key issues which Korean insurers and regulators should consider for business strategies and policies in response to business environment changes: i) Insurance products and sales channels, ii) Risk management, iii) Customer protection, and iv) Digital strategy.

Korean Insurance Industry 2020 is intended to provide references for recent developments in the Korean insurance industry, the global and domestic real economies, as well as financial markets. We hope that this book brings the best for readers to understand the Korean insurance industry.

I appreciate the effort and hard work of the members of the Department of Insurance Trends Analysis to put together this publication.

Chulkyung Ahn
President
Korea Insurance Research Institute



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KOREAN INSURANCE INDUSTRY

Economic trends

2020

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Global economy



World GDP¹⁾ increased by 2.9% in 2019 from 3.6% in 2018. The global economic growth slowed during 2019 with the trade dispute between China and the United States.

Real GDP in advanced economies increased by 1.7% in 2019. The growth rate of major advanced economies fell, while Japan's growth rate rose. Real GDP in emerging economies increased by 3.7% in 2019 from 4.5% in 2018.

The US economy grew by 2.3% in 2019, led by stable domestic demand. However, due to the US-China trade dispute, the manufacturing industry and investment were sluggish, the growth rate fell by 0.6%p from 2018. Euro zone²⁾ real GDP increased 1.3% in 2019, from 1.9% in 2018.

Japan's real GDP increased 0.7% in 2019 from 0.3% in 2018. Chinese economy grew by 6.1% in 2019, the lowest annual growth rate since 1990.

Table 1. Global real GDP growth rates

(Unit: %, y.o.y)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|------|------|------|------|------|
| World | 3.4 | 3.3 | 3.8 | 3.6 | 2.9 |
| Advanced | 2.2 | 1.7 | 2.4 | 2.2 | 1.7 |
| Emerging | 4.3 | 4.4 | 4.8 | 4.5 | 3.7 |
| United States | 2.9 | 1.6 | 2.2 | 2.9 | 2.3 |
| Euro zone | 2.1 | 1.9 | 2.4 | 1.9 | 1.3 |
| Japan | 1.4 | 0.6 | 1.9 | 0.3 | 0.7 |
| China | 6.9 | 6.7 | 6.9 | 6.7 | 6.1 |

Source: IMF

1) All figures are in real terms

2) The Eurozone is composed of 19 countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, and Spain



National accounts



The real GDP³⁾ in Korea increased 2.0% in 2019, which is 0.9%p lower than 2.9% in 2018. As private consumption and exports weakened amid the current downturn in investment in both construction and equipment investment. (see below for the details).

In 2019, private consumption grew to 1.7% compared to 2018. The growth rate of fixed investment⁴⁾ was -2.8% in 2019, which fell by 0.6%p from -2.2% in 2018 with a decline in both equipment and construction investment. Construction investment in 2019 increased -2.5% from the previous years led by building construction. Equipment investment decreased -7.5% in 2019, with the expansion of the slump in the machinery sector, mainly the IT sector, and a decrease in transportation equipment.

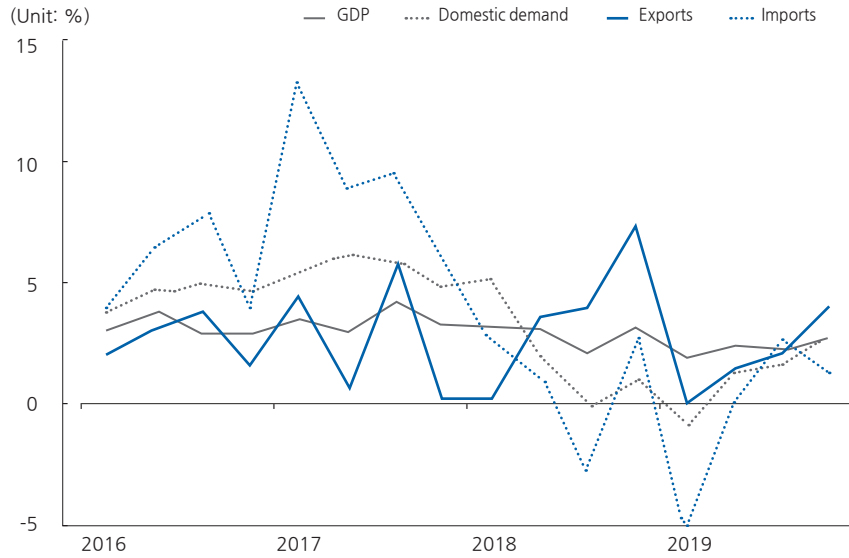
Exports of goods and services increased 1.7% in 2019 from 4.0% in 2018, as the escalation of global uncertainty including the US-China trade dispute and the Korea-Japan trade dispute. Exports of services turned positive, mainly in travel service, particularly in tourism, with the growth in the number of Chinese tourists after the plunge due to a confrontation over the deployment of the THAAD system in South Korea.

Import of goods and services decreased in 2019, due to the decline in imports of capital goods in line with an adjustment in equipment investment.

3) Chained volume measure of GDP

4) Fixed investment can be composed of construction investment, equipment investment, intellectual property product investment, etc

Figure 1. Economic growth trends



Note: Domestic demand excluded inventories
 All growth rates were calculated on a year-on-year basis
 Source: Bank of Korea

Table 2. Economic growth trends

(Unit: %, y.o.y.)

| | 2018 | 2019 | | | | |
|---|------|------|------------|-----------|-----------|-----------|
| | | year | Q1 | Q2 | Q3 | Q4 |
| GDP (q.o.q) | 2.9 | 2.0 | 1.8 (-8.2) | 2.1 (5.5) | 2.0 (0.4) | 2.3 (5.3) |
| Private consumption | 3.2 | 1.7 | 1.4 | 1.8 | 1.6 | 1.9 |
| Fixed investment | -2.2 | -2.8 | -9.0 | -2.9 | -1.4 | 1.4 |
| Construction investment | -4.6 | -2.5 | -8.1 | -3.0 | -2.7 | 2.6 |
| Equipment investment | -2.3 | -7.5 | -17.4 | -7.0 | -2.3 | -2.0 |
| Intellectual property products investment | 4.4 | 3.0 | 3.1 | 3.2 | 2.8 | 3.0 |
| Exports | 4.0 | 1.7 | 0.2 | 1.2 | 1.6 | 3.7 |
| Imports | 1.7 | -0.6 | -5.1 | -0.2 | 1.8 | 1.2 |

Note: 1) BOK implemented the 2008 SNA (System of National Accounts) and used the reference year 2015
 2) All figures are on a year-on-year basis
 Source: Bank of Korea

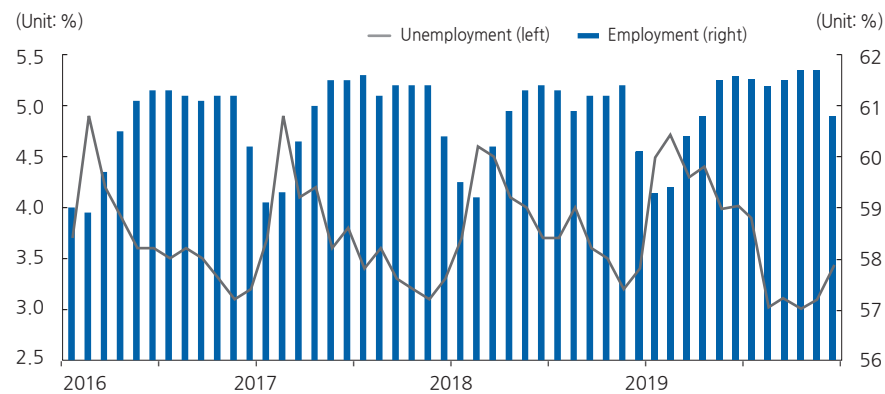
Employment



The total number of employed persons in 2019 increased to 28.2 million from 27.9 million in 2018. The number of workers in the health and welfare, and food and accommodation, boosted by job creation policies by government and an increase in the number of foreign tourists. However, the number of workers in the manufacturing sectors decreased due to poor performance in electric and electronic equipment.

In 2019, the employment rate inched up to 60.9% from 60.7% in 2018; the unemployment rate remained at 3.8%, same as the previous year, which is the highest level since 2001.

Figure 2. Unemployment and employment rates



Source: Statistics Korea

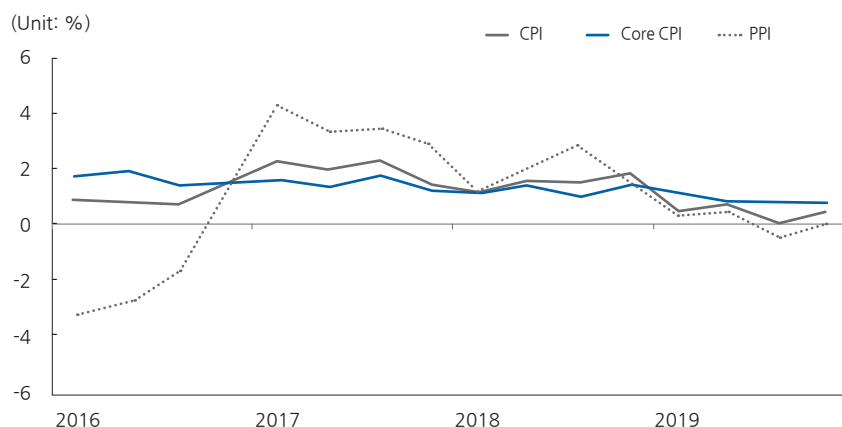
Inflation



CPI (consumer price index) inflation was 0.4% in 2019, significantly fell from 1.5% in 2018. Quarter by quarter, the CPI inflation recorded 0.3% in the first quarter of 2019, and 0.4% in the second quarter. In the first half year, due to the favorable weather conditions, the prices of agricultural, livestock, and fisheries products declined. In the third and fourth quarters, the CPI inflation recorded -0.6%, -0.1%, respectively. It plummeted due to the base effect of soaring price in the previous year. Among industrial products, petroleum product prices turned negative on the impact of lower international oil prices and a reduction in the fuel tax.

Core CPI⁵⁾ inflation recorded 0.9% and PPI (producer price index) inflation was 0.0% in 2019, which fell from 1.9% in 2018.

Figure 3. Inflation by CPI and PPI



Note: All growth rates were based on a year-on-year basis. CPI is consumer price Index, PPI is producer price Index.
Source: Statistics Korea, Bank of Korea

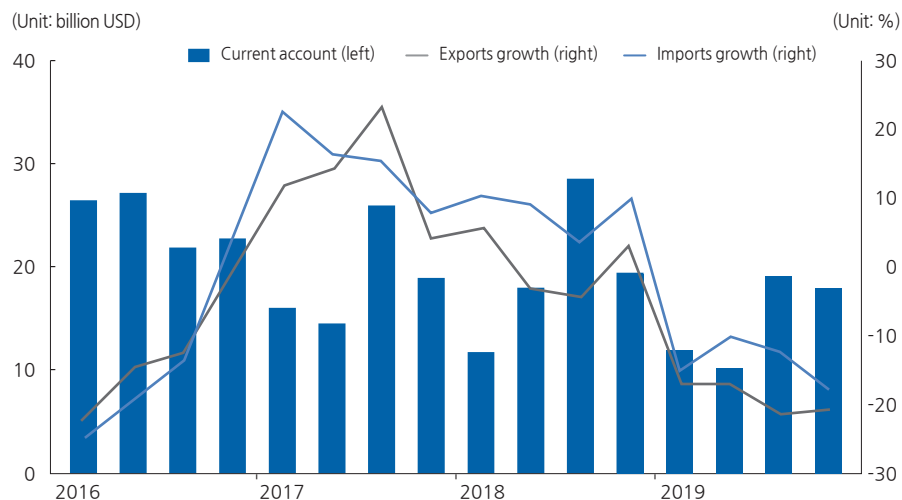
5) CPI without agricultural and petroleum products

Current account balance



The current account surplus in 2019 decreased to 60.0 billion USD from 77.5 billion USD in the previous year, mainly due to a cutback in the goods account surplus. By component, the surplus of the goods account recorded 76.9 billion USD in 2019, down from the previous year when it was 110.1 billion USD, and the deficit in service account decreased to 23.0 billion USD in 2019 from 29.4 billion USD in 2018.

Figure 4. Current account balance



Note: All growth rates were based on a year-on-year basis
 Source: Bank of Korea

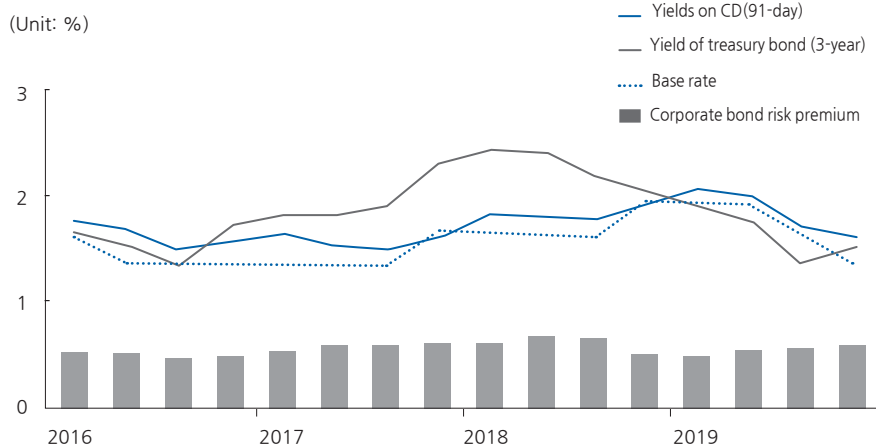
Interest rates



The Bank of Korea (BOK) cut the base rate by 25 basis point, in both July and October 2019, and maintained at 1.25% until March 2020. BOK took account of the escalation of the US-China trade dispute and the delayed recovery of the semiconductor industry.

The average 3-year Treasury bond yield in 2019 was 1.53%, fell by 0.57%p than in the previous year. The secondary market yield on corporate bonds (AA-, 3-years) marked 2.03% in 2019 fell by 0.63%p from 2018. The risk premium on corporate bonds⁶⁾ was 0.50% in 2019, also fell by 0.06%p from 2018.

Figure 5. Interest rates



Source: Bank of Korea

6) Corporate bond risk premium was calculated as the difference between secondary market yields on 3-year AA-corporate bonds and those on 3-year Korea treasury bonds

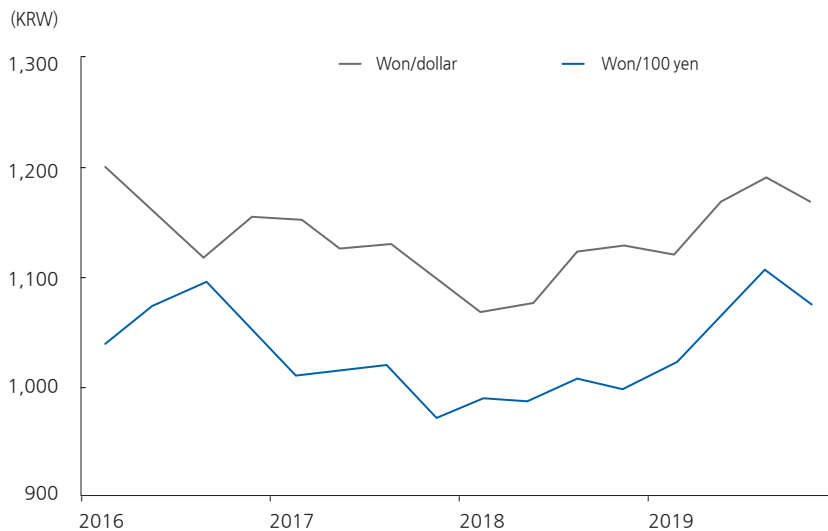
Exchange rates⁷⁾



The average KRW/USD exchange rate in 2019 rose to 1,165.0 KRW from 1,100.0 KRW in 2018 due to the effects of the US-China trade dispute and concerns about a global economic slowdown.

In 2019, the average KRW/JPY exchange rate was 1,069.0 KRW per 100 JPY which sharply rose by 7.3% from 996.2 KRW per 100 JPY in the previous year, mainly due to the growing preference for safe assets in the uncertainty over the US-China trade dispute.

Figure 6. Foreign exchange rates



Source: Bank of Korea

⁷⁾ In this section, rate changes are calculated on a quarter-on-quarter basis

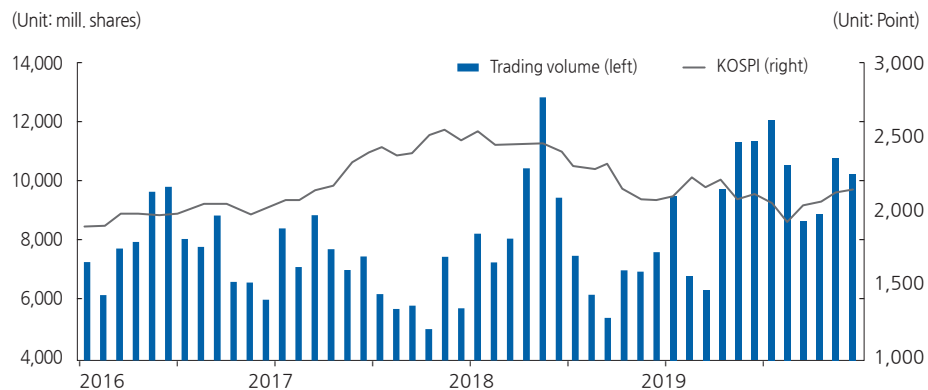
Stock price



The average Korean Composite Stock Price Index (KOSPI), one of the benchmark stock prices of Korea, was 2,107 in 2019. It rose at the beginning of the year due to the US Federal Reserve's suggestion of an adjustment of the pace of interest rate hikes and expectations of progress in the US-China trade negotiations.

However, it sharply decreased from late April with the breakdown of the US-China trade negotiations, mutual tariffs on each other's imports, and Japanese export restrictions on primary semiconductor materials, combined with sluggish domestic economic indicators. It eventually reached its lowest point since early 2016 at 1,910 on August 7th.

Figure 7. KOSPI and trading volume



Source: Korea Exchange

KOREAN INSURANCE INDUSTRY

Insurance market environment

2020

Overview

Premium volumes and
total assets

Market landscape

Status of foreign
insurers

Market concentration

Overview

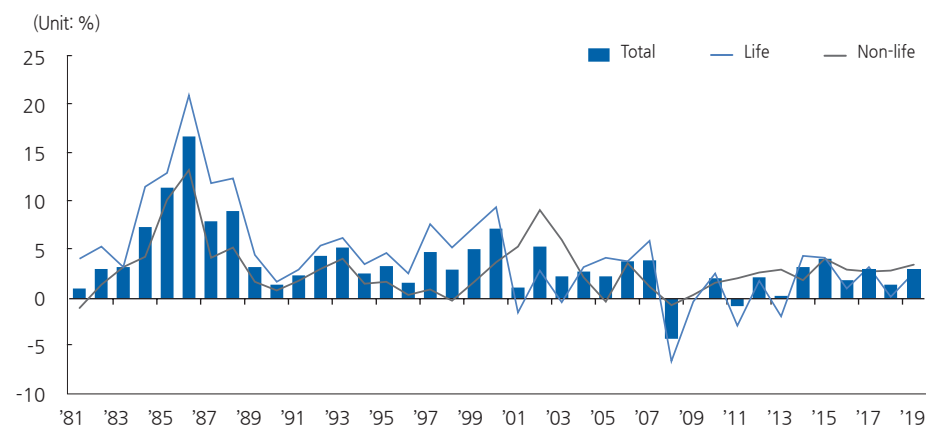


The global real insurance premium growth rate was 2.9% in 2019. Global premiums grew in real terms to 6.3 trillion dollars in 2019.

The global real life insurance premiums increased by 2.2% over 2018 to 2.9 trillion dollars in 2019. Real life premiums in advanced markets increased by 1.3% in 2019. Life premiums in emerging markets grew by 5.6% in 2019.

The global real non-life insurance premiums increased by 3.5% in 2019. The advanced markets growth rate remained steady at 2.7% in 2019 over the last year. On the other hand, the premium growth rate in emerging markets recorded to 7.7% in 2019.

Figure 8. World real premium growth rate since 1981



Source: Swiss Re(2020), Sigma, No 4

Table 3. World real premium growth rate

(Unit: %)

| Classification | Life | | Non-life | | Total | |
|-------------------------------------|------|------|----------|------|-------|------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| World | 0.2 | 2.2 | 3.0 | 3.5 | 1.5 | 2.9 |
| Advanced markets ¹⁾ | 0.8 | 1.3 | 1.9 | 2.7 | 1.3 | 2.1 |
| Emerging markets ²⁾ | -2.0 | 5.6 | 7.1 | 7.7 | 2.1 | 6.6 |
| North America ³⁾ | 2.3 | 1.2 | 2.7 | 2.4 | 2.6 | 2.1 |
| Advanced EMEA ⁴⁾ | -0.6 | 2.1 | 1.1 | 2.9 | 0.1 | 2.4 |
| Advanced Asia-Pacific ⁵⁾ | 1.4 | 0.1 | 1.2 | 4.1 | 1.3 | 1.3 |

Note: 1) Advanced markets: US and Canada, advanced EMEA, advanced Asia-Pacific

2) Emerging markets: Latin America and Caribbean, Emerging Europe and Central Asia, Emerging Middle East, Africa, Emerging Asia

3) North America: US and Canada

4) Advanced EMEA: UK, France, Germany, Italy, Netherlands, Spain, Ireland, Switzerland, Belgium, Sweden, Denmark, Luxembourg, Finland, Norway, Austria, Israel, Portugal, Liechtenstein, Malta, Greece, and Cyprus

5) Advanced Asia-Pacific: South Korea, Hong Kong, Singapore, and Taiwan

Source: Swiss Re (2020), Sigma, No 4

The insurance premiums in Korea was 174 billion dollars⁸⁾ in 2019, which was increased by 2.4% over the previous year in inflation-adjusted terms. The share of Korean insurance market was 2.77% of the world market, and the Korean insurance market ranked the seventh in total premiums in the world. The US market maintained the top rank with the total premiums of 2.5 trillion dollars in 2019. China was the second in volume with a market share of 9.81% in 2019.

Table 4. Total premium volume by country

(Unit: billion USD, %)

| Ranking | Country | Premium volume | | Changes, 2019 | | Share of world market, 2019 |
|---------|---------------|----------------|-------------------|-----------------------|--------------------|-----------------------------|
| | | 2018 | 2019 | Nominal ²⁾ | Inflation-adjusted | |
| 1 | United States | 2,368 | 2,460 | 3.9 | 2.0 | 39.10 |
| 2 | PR China | 574 | 617 | 7.4 | 9.0 | 9.81 |
| 3 | Japan | 438 | 459 | 4.8 | 2.1 | 7.30 |
| 4 | UK | 380 | 366 | -3.8 | -1.2 | 5.82 |
| 5 | France | 266 | 262 | -1.5 | 2.8 | 4.17 |
| 6 | Germany | 244 | 243 | -0.4 | 3.7 | 3.88 |
| 7 | Korea | 180 | 174 ¹⁾ | -3.3 | 2.4 | 2.77 |
| 8 | Italy | 170 | 168 | -1.4 | 3.4 | 2.67 |
| 9 | Canada | 129 | 133 | 2.9 | 3.4 | 2.12 |
| 10 | Taiwan | 121 | 117 | -3.4 | -1.5 | 1.87 |

Note: 1) It is an estimated value.

2) Nominal growth rates adjusted for exchange rates and inflation.

Source: Swiss Re (2020), Sigma, No 4

8) Sigma, No 4, 2020, Swiss Re

Korea's insurance penetration ratio, premiums as a percentage of GDP, was 10.8% in 2019. Korea ranked the 6th in the world. Life insurance penetration ratio fell to 5.8% in 2019 from 6.1% in 2018. Non-life insurance penetration ratio fell to 5.0% in 2019 from 5.1% in 2018.

Table 5. Insurance penetration

(Unit: %)

| | 2017 | | | 2018 | | | 2019 | | |
|-------|------|----------|-------|------|----------|-------|------|----------|-------|
| | Life | Non-life | Total | Life | Non-life | Total | Life | Non-life | Total |
| Korea | 6.6 | 5.0 | 11.6 | 6.1 | 5.1 | 11.2 | 5.8 | 5.0 | 10.8 |
| World | 3.3 | 2.8 | 6.1 | 3.3 | 2.8 | 6.1 | 3.4 | 3.9 | 7.2 |

Source: Swiss Re (2020), Sigma, No 4

Insurance density, which is defined to be premiums per capita, reached 3,366 dollars in 2019, ranked the 19th in the world. Life insurance density in Korea decreased to 1,822 dollars, and non-life insurance density decreased to 1,544 dollars.

Table 6. Insurance density

(Unit: USD)

| | 2017 | | | 2018 | | | 2019 | | |
|-------|-------|----------|-------|-------|----------|-------|-------|----------|-------|
| | Life | Non-life | Total | Life | Non-life | Total | Life | Non-life | Total |
| Korea | 1,999 | 1,523 | 3,522 | 1,898 | 1,567 | 3,465 | 1,822 | 1,544 | 3,366 |
| World | 353 | 297 | 650 | 370 | 312 | 682 | 379 | 439 | 818 |

Source: Swiss Re (2020), Sigma, No 4

Premium volumes and total assets



The total insurance premium in 2019 was 212.8 trillion KRW, which increased by 5.4% compared to the previous year. The premiums of life insurance increased by 5.8% to 117.3 trillion KRW and those of the non-life insurance increased by 5.0% to 95.6 trillion KRW. The improvement of protection type insurance⁹⁾ and pension plans led to the increase of life insurance premiums. The growth of long-term insurance¹⁰⁾ and automobile insurance increased the non-life insurance premiums.

Table 7. Premium volume of Korea

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------|------------------|------------------|-------------------|-------------------|------------------|
| Life | 117,214 (6.0) | 119,811 (2.2) | 113,973 (-4.9) | 110,843 (-2.7) | 117,262 (5.8) |
| Non-life | 80,247 (4.8) | 84,497 (5.3) | 88,333 (4.5) | 91,065 (3.1) | 95,586 (5.0) |
| Total | 197,461 (5.5) | 204,308 (3.5) | 202,306 (-1.0) | 201,908 (-0.2) | 212,849 (5.4) |

Note: Figures in parentheses indicate year-on-year growth rates
Source: KIDI, Monthly Insurance Report, Issues

9) Protection type insurance is comprised of whole life, critical illness, term life, health insurance, and variable whole life insurance

10) Long-term insurance includes savings type products with the maturity of 5~15 years combined with health insurance to cover medical expenses

The total assets of insurers increased by 7.2% to 1,238.9 trillion KRW in 2019. The total assets of life insurance increased by 7.1% to 918.2 trillion KRW in 2019, while non-life insurance increased by 7.6% to 320.8 trillion KRW in 2019.

Table 8. Total assets of Korean insurers

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| Life | 724,901 (9.5) | 782,162 (7.9) | 832,837 (6.5) | 857,198 (2.9) | 918,166 (7.1) |
| Non-life | 225,935 (12.8) | 252,005 (11.5) | 277,100 (10.0) | 297,041 (7.6) | 320,751 (7.6) |
| Total | 950,836 (10.3) | 1,034,167 (8.8) | 1,109,937 (7.3) | 1,155,239 (4.1) | 1,238,917 (7.2) |

Note: Figures in parentheses indicate year-on-year growth rates
Source: KIDI, Monthly Insurance Report, Issues

Market landscape



There exist 54 insurers in Korean market: 24 life insurers (15 domestic and 9 foreign insurers) and 30 non-life insurers (13 domestic and 17 foreign insurers).

The number of life insurers and non-life insurers remained unchanged during 2019, but Orange Life Insurance was incorporated as a subsidiary of Shinhan Life Insurance. Carrot Non-Life Insurance was approved by the Financial Services Commission although it was not counted in the number of non-life insurers in 2019.

Table 9. Number of insurance companies in Korea

| Classification | Domestic | Foreign | Sub total |
|--------------------|----------|---------|-----------|
| Life Insurance | 15 | 9 | 24 |
| Primary | 12 | 8 | 20 |
| Non-Life Insurance | 1 | 9 | 10 |
| Reinsurer | 1 | 9 | 10 |
| Sub total | 13 | 17 | 30 |
| Total | 28 | 26 | 54 |

Note: 1) All figures are as of December 31, 2019

2) Foreign subsidiaries, branches, and joint ventures, in which foreign shareholders account for more than 50% of company shares, are regarded as foreign insurance companies

Sources: Financial Supervisory Service, KIDI

In 2019, there are 12 listed insurance companies in Korea. The number of listed life insurance companies is four, and that of listed non-life companies is eight. The number of listed life insurance companies decreased by one compared to 2018 as Orange Life Insurance was incorporated as a subsidiary of Shinhan Life Insurance.

Table 10. Listed insurance companies in Korea

| Classification | Company | Listed date |
|---------------------------|----------------------------------|-------------|
| Life Insurance (4) | Tong Yang Life insurance | 2009.10.08 |
| | Hanwha Life Insurance | 2010.03.17 |
| | Samsung Life Insurance | 2010.05.12 |
| | Mirae Asset Life Insurance | 2015.07.08 |
| Non-Life Insurance (8) | Meritz Fire & Marine Insurance | 1956.09.02 |
| | Korean Reinsurance | 1969.12.22 |
| | Lotte Non-life Insurance | 1972.04.16 |
| | DB Insurance | 1973.06.28 |
| | Heungkuk Fire & Marine Insurance | 1974.12.05 |
| | Hanwha General Insurance | 1975.06.30 |
| | Samsung Fire & Marine Insurance | 1975.06.26 |
| | Hyundai Marine & Fire Insurance | 1989.08.25 |

Note: All figures are as of December 31 2019
Sources: Korea Listed Companies Association

Status of foreign insurers



In 2019, the market share of foreign life insurers rose to 20.9%. Hyundai Life has changed its name to Fubon Hyundai Life Insurance, following the change in the majority shareholders. Therefore, Fubon Hyundai was included in foreign insurers group as of September 2018. And the market share of Fubon Hyundai Life Insurance in 2019 rose to 4.7% from 2.7% in 2018, mainly due to the increase of the premiums from pension plans.

The share of foreign insurers in the non-life insurance market in 2019 was 2.1%, the same as the previous year.

Table 11. Premium income and market share of foreign insurers

(Unit: billion KRW, %)

| Classification | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|----------------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|
| | Life | Non-life | Life | Non-life | Life | Non-life | Life | Non-life | Life | Non-life |
| Premium income | 18,627 | 1,685 | 19,891 | 1,646 | 20,629 | 1,767 | 21,346 | 1,912 | 24,477 | 2,030 |
| Market share | 15.9 | 2.1 | 16.6 | 2.0 | 18.1 | 2.0 | 19.3 | 2.1 | 20.9 | 2.1 |

Source: KIDI, Monthly Insurance Report, Issues

Market concentration



The market share of the top three life insurers (Samsung, Hanwha, Kyobo) in 2019 slightly rose to 46.6%, while the top four non-life insurers (Samsung, Hyundai, DB, KB) slightly fell to 67.2%.

Table 12. Market concentration

(Unit: %)

| | Ranking | Company | Market share | | | | |
|-----------|---------|-----------------------|--------------|------|------|------|------|
| | | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Life | 1 | Samsung Life | 23.4 | 23.3 | 23.1 | 22.7 | 24.1 |
| | 2 | Hanwha Life | 12.8 | 12.7 | 12.1 | 12.8 | 12.0 |
| | 3 | Kyobo Life | 10.8 | 10.2 | 10.2 | 11.0 | 10.6 |
| | 4 | Mirea Asset Life | 5.3 | 4.9 | 4.9 | 5.3 | 6.2 |
| | 5 | Nong Hyup Life | 9.0 | 7.9 | 7.1 | 6.8 | 5.7 |
| | 6 | Fubon Hyundai Life | 1.9 | 3.4 | 3.6 | 2.8 | 4.7 |
| | 7 | Tong Yang Life | 3.6 | 5.6 | 5.2 | 4.6 | 4.7 |
| | | Top 3 | | 46.9 | 46.2 | 45.4 | 46.5 |
| | Ranking | Company | Market | | | | |
| | | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Non- life | 1 | Samsung Fire & Marine | 24.1 | 23.6 | 25.5 | 23.7 | 23.9 |
| | 2 | Hyundai Marine & Fire | 16.4 | 17.0 | 16.2 | 16.7 | 15.7 |
| | 3 | DB Insurance | 15.1 | 15.5 | 14.9 | 14.7 | 15.5 |
| | 4 | KB Insurance | 13.2 | 12.7 | 12.2 | 12.4 | 12.1 |
| | 5 | Meritz Fire & Marine | 7.1 | 7.1 | 7.2 | 7.8 | 8.4 |
| | 6 | Hanwha Non-Life | 5.7 | 5.9 | 6.0 | 6.2 | 6.2 |
| | 7 | Lotte Non-Life | 4.8 | 5.2 | 5.0 | 5.7 | 5.8 |
| | | Top 4 | | 68.9 | 68.7 | 68.8 | 67.5 |

Source: KIDI, Monthly Insurance Report, Issues

KOREAN INSURANCE INDUSTRY

Life
insurance
industry

2020

Statement of financial position

Income statement

Investment rate of return

Premium income

Expenditures

Management efficiency

Distribution

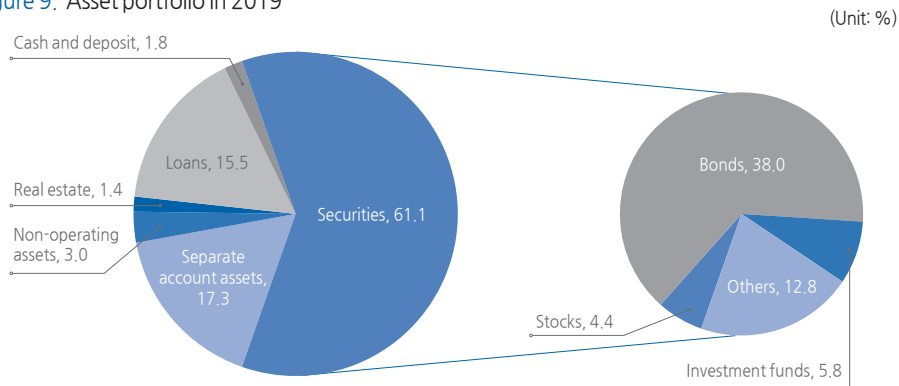
Statement of financial position¹¹⁾



Among the total assets of life insurers in 2019, general account assets¹²⁾ increased by 6.4%. In addition to separate account assets increased by 10.5% over 2018, as premium income of pension plans increased despite that of variable insurance decreased. The total assets of life insurers in 2019 increased by 7.1% from 2018.

In 2019, the share of securities of the total asset took 61.1%, which was rose by 0.3%p over 2018. Life insurers' securities consist of bonds, stocks, investment funds, and others. Bonds accounted for 38.0% of the total assets, fell by 1.1%p over 2018. The share of investment funds and stocks recorded 5.8% and 4.4%, which rose by 0.7%p and 0.6%p over 2018, respectively. The share of other assets rose by 0.1%p over 2018.

Figure 9. Asset portfolio in 2019



Note: Others include overseas securities
Source: Financial Supervisory Service

11) As of December 31, 2019

12) General account assets are total assets excluding separate account assets

Table 13. Summary of statement of financial position

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | | |
| Cash and deposit | 15,347 (2.1) | 15,152 (1.9) | 13,839 (1.7) | 15,648 (1.8) | 16,745 (1.8) |
| Securities | 437,107 (60.3) | 474,826 (60.7) | 501,173 (60.2) | 520,811 (60.8) | 560,664 (61.1) |
| Stocks | 23,444 (3.2) | 31,705 (4.1) | 39,687 (4.8) | 32,309 (3.8) | 40,565 (4.4) |
| Bonds | 325,054 (44.8) | 325,878 (41.7) | 328,359 (39.4) | 335,563 (39.1) | 349,219 (38.0) |
| Investment funds | 30,555 (4.2) | 30,390 (3.9) | 35,868 (4.3) | 43,697 (5.1) | 53,259 (5.8) |
| Others | 58,054 (8.0) | 86,853 (11.1) | 97,259 (11.7) | 109,242 (12.7) | 117,621 (12.8) |
| Loans | 106,122 (14.6) | 117,733 (15.1) | 127,497 (15.3) | 137,818 (16.1) | 141,995 (15.5) |
| Real estate | 14,874 (2.1) | 14,421 (1.8) | 13,702 (1.6) | 12,816 (1.5) | 12,579 (1.4) |
| Non-operating assets | 27,681 (3.8) | 27,607 (3.5) | 31,007 (3.7) | 26,309 (3.1) | 27,302 (3.0) |
| Separate account assets | 123,770 (17.1) | 132,423 (16.9) | 145,609 (17.5) | 143,797 (16.8) | 158,881 (17.3) |
| Total asset | 724,901 | 782,162 | 832,827 | 857,198 | 918,166 |
| Liabilities | | | | | |
| Policy reserves | 505,723 | 548,167 | 581,719 | 606,089 | 626,462 |
| Policyholder equity adjustments | 9,466 | 10,120 | 11,504 | 10,217 | 14,877 |
| Other liabilities | 17,771 | 19,522 | 17,195 | 18,281 | 23,443 |
| Separate account liabilities | 127,931 | 138,560 | 150,963 | 148,614 | 166,012 |
| Total liabilities | 660,891 | 716,370 | 761,380 | 783,202 | 830,794 |
| Shareholders' equity | | | | | |
| Capital stock | 10,390 | 10,406 | 10,269 | 11,138 | 11,173 |
| Capital surplus | 5,986 | 6,059 | 7,021 | 7,757 | 7,627 |
| Retained earnings | 27,879 | 29,192 | 31,453 | 32,657 | 34,713 |
| Capital adjustment | -2,574 | -3,117 | -3,119 | -3,143 | -3,194 |
| Other cumulative comprehensive income | 22,330 | 23,252 | 24,117 | 22,549 | 33,515 |
| Total shareholders' equity | 64,010 | 65,792 | 71,447 | 73,997 | 87,372 |
| Total liabilities and shareholders' equity | 724,901 | 782,162 | 832,827 | 857,198 | 918,166 |

Note: Figures in parentheses indicate percentage share of the total assets
Source: Financial Supervisory Service

Separate account assets took 17.3% (up by 0.5%p over 2018) of the total assets while cash and deposit and real estate accounted for 1.8% (same as 2018), 1.4% (down by 0.1%p over 2018) respectively. The share of the loan and non-operating assets¹³⁾ was 15.5%, and 3.0% of the total assets, respectively.

In 2019, the total liabilities of life insurers increased to 830.8 trillion KRW from 783.2 trillion KRW in 2018, due to an increase in premium reserve and guarantee reserve in low interest rate environment.

The total shareholders' equity increased to 87.4 trillion KRW in 2019 from 74.0 trillion KRW in 2018. Notably, accumulated other comprehensive income increased to 33.5 trillion KRW in 2019(up by 48.6% over 2018), due to an increase in gains on the valuation of the bond.

13) It includes the unamortized deferred acquisition cost

Income statement



The net income of life insurers in 2019 was 3.1 trillion KRW, which was sharply decreased by 22.7% compared to the previous year. The main reason for the decrease in net income was the increase in deficits from underwriting income and the decrease in investment income. The deficits of net underwriting income increased to 24.4 trillion KRW from 23.6 trillion KRW due to the increase in a claim paid and operating expense. Net investment income in 2019 decreased to 23.9 trillion KRW from 24.1 trillion KRW in 2018, inching down 0.2%p, due to the base effect of stock disposal profit in 2018. Other gains in 2019 decreased to 4.4 trillion KRW down by 8.3% compared to 2018, as the income from commissions of separate account decreased.

Table 14. Summary of income statement

(Unit: billion KRW, %)

| Classification | 2014 | 2015 | 2016 | 2018 | 2019 | |
|-------------------|----------------------------|---------|---------|---------|---------|---------|
| Income | Underwriting | 84,205 | 85,204 | 81,081 | 76,906 | 76,822 |
| | Investment | 27,830 | 29,325 | 35,763 | 32,412 | 33,633 |
| | Other | 4,630 | 4,960 | 5,393 | 5,642 | 5,177 |
| | Total | 116,665 | 119,489 | 122,237 | 114,959 | 115,633 |
| Expenditure | Underwriting | 105,129 | 107,592 | 102,575 | 100,543 | 101,242 |
| | Investment | 6,415 | 7,949 | 13,769 | 8,299 | 9,726 |
| | Other | 758 | 820 | 734 | 768 | 707 |
| | Total | 68,942 | 74,485 | 85,113 | 86,308 | 91,806 |
| Net balance | Underwriting ¹⁾ | -20,924 | -22,389 | -21,493 | -23,638 | -24,420 |
| | Investment | 21,415 | 21,376 | 21,995 | 24,113 | 23,907 |
| | Other | 3,872 | 4,140 | 4,659 | 4,873 | 4,471 |
| | Total | 4,362 | 3,127 | 5,160 | 5,349 | 3,958 |
| Tax | 770 | 667 | 1,245 | 1,316 | 839 | |
| Net income (loss) | 3,592 | 2,461 | 3,915 | 4,032 | 3,118 | |

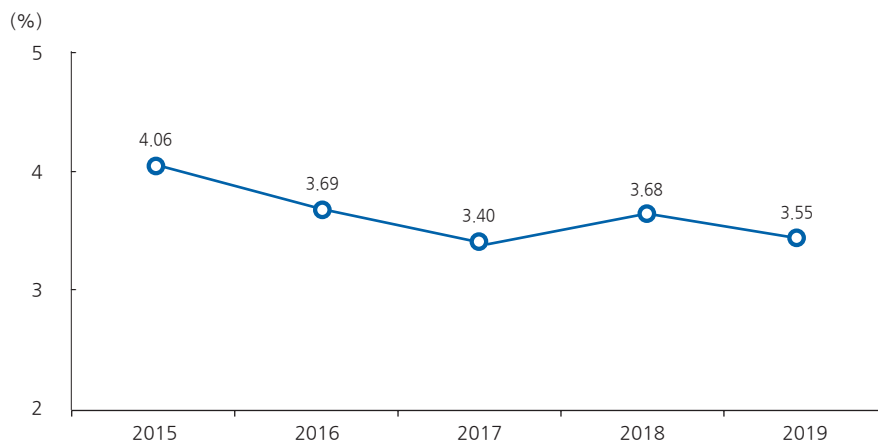
Note: 1) The figure includes the net balance of policy reserve
Source: Financial Supervisory Service

Investment rate of return



In 2019, the rate of return on the investment of life insurers dropped to 3.55% from 3.68% in 2018. The decrease in the rate of return on the investment in 2019 resulted from one-off gains on the disposition of marketable securities and real estate in 2018.

Figure 10. Yield on asset management



Note: The figure of 2018 was corrected from 3.33 to 3.68.
Source: KIDI, Monthly Insurance Report, various issues

Premium income



1. Trends in insurance contracts

The amount of new business contracts in 2019 recorded 300.3 trillion KRW, inching down 0.8% over 2018. The decrease in new business contracts remarkably resulted from the decline of savings type insurance. On the other hand, the amounts of lapses and surrenders were 249.9 trillion KRW, which was up by 2.6% compare to 2018. Hence, business in force in 2019, which includes existing and new policies, but excludes those terminated with maturities as well as lapses and surrenders, decreased by 1.0% to 2,449.7 trillion KRW from 2,473.5 trillion KRW in 2018.

Table 15. Insurance contracts

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| New business | 395,249 (1.5) | 365,290 (-7.6) | 322,305 (-11.8) | 302,770 (-6.1) | 300,287 (-0.8) |
| Lapses & surrenders | 232,010 (1.5) | 236,401 (1.9) | 238,032 (0.7) | 243,658 (2.4) | 249,939 (2.6) |
| Business in force | 2,404,224 (4.3) | 2,470,850 (2.8) | 2,488,756 (0.7) | 2,473,417 (-0.6) | 2,449,696 (-1.0) |

Note: Figures in parentheses indicate growth rates
Source: KIDI, Monthly Insurance Report, various issues

2. Premium income by product type¹⁴⁾

The life insurance premium in 2019 increased by 5.8% over 2018 and recorded 117.3 trillion KRW. While pure endowment, endowment, and variable insurance premiums decreased, protection type insurance premiums slightly increased, and pension plans premiums also increased sharply. This is mainly due to the insurers' marketing policy to sell protection type insurance, which is evaluated less costly to insurers in terms of capital volatility under for IFRS 17 that is scheduled to take effect in 2023, compared to other products.

Pure endowment insurance¹⁵⁾

Premium income from pure endowment insurance recorded 23.4 trillion KRW in 2019, which decreased by 4.4% compared to 2018.

Protection type insurance¹⁶⁾

The premium income from protection type insurance in 2019 expanded to 44.4 trillion KRW, which increased by 3.9% year on year.

Endowment insurance¹⁷⁾

The endowment insurance premium income decreased by 7.4% over 2018 and recorded 24.1 trillion KRW in 2019.

14) Life insurance is classified as pure endowment, protection type, endowment, and group insurance. The variable insurance such as variable whole life, variable annuity, and variable universal life insurance came under each product type, according to the risk covered

15) Pure endowment insurance consists of annuity and variable annuity

16) Protection type insurance is comprised of whole life, critical illness, term life, health insurance, and variable whole life insurance

17) Endowment insurance consists of tax-favored savings type insurance and variable universal life insurance

Group insurance¹⁸⁾

The group insurance premium income in 2019 sharply increased to 25.4 trillion KRW (44.1%, y-o-y), mainly resulted from the increase in premiums from pension plans by some insurers' marketing policy and IRP market's expansion.

Variable insurance¹⁹⁾

As the KOSPI volatility has been expanded, the premium income from variable insurance products decreased by 6.1% in 2019 compared to 2018 and it recorded 17.7 trillion KRW. The premiums from variable whole life increased compared to 2018, while the premiums from variable annuity and variable universal life decreased.

Table 16. Premium income by product type

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------|------------------|-------------------|-------------------|-------------------|------------------|
| Individual total | 102,741 (4.9) | 102,324 (-0.4) | 98,302 (-3.9) | 93,209 (-5.2) | 91,858 (-1.4) |
| Pure endowment | 32,756 (0.3) | 28,848 (-11.9) | 26,980 (-6.5) | 24,444 (-9.4) | 23,359 (-4.4) |
| Protection type | 37,779 (9.2) | 40,289 (6.6) | 41,759 (3.6) | 42,786 (2.5) | 44,447 (3.9) |
| Endowment | 32,206 (5.0) | 33,187 (3.0) | 29,563 (-10.9) | 25,980 (-12.1) | 24,052 (-7.4) |
| Variable | 20,643 (-0.1) | 19,406 (-6.0) | 19,624 (1.1) | 18,835 (-4.0) | 17,687 (-6.1) |
| Group | 14,472 (14.5) | 17,487 (20.8) | 15,671 (-10.4) | 17,634 (12.5) | 25,405 (44.1) |
| Total | 117,214 (6.0) | 119,811 (2.2) | 113,973 (-4.9) | 110,843 (-2.7) | 117,262 (5.8) |

Note: 1) Figures in parentheses indicate growth rates respectively

2) Pure endowment insurance, protection type insurance, and endowment insurance include variable annuity, variable whole life insurance, and variable universal life insurance, respectively

Source: KIDI, Monthly Insurance Report, various issues

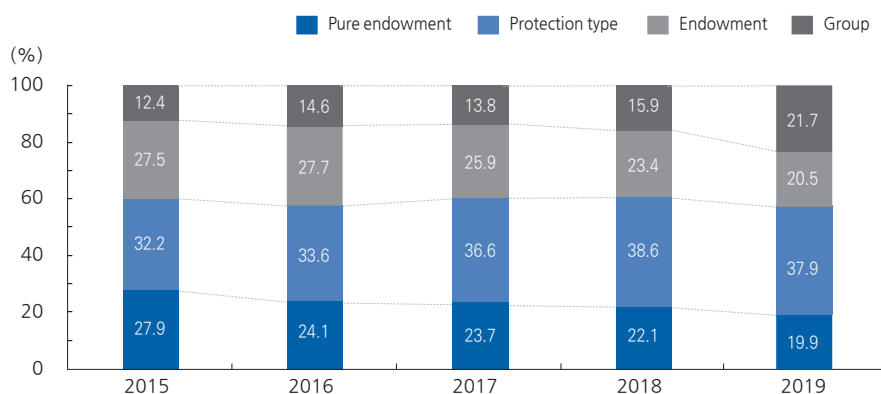
18) Group insurance are comprised of pension plans and general group insurance

19) Variable insurance consists of variable whole life, variable annuity and others

3. The market shares of premium income by product type

The share of group insurance in 2019 increased by 5.8%p, while the shares of pure endowment, protection type and endowment insurance in life insurance decreased by 2.1%p, 0.7%p and 2.9%p, respectively, over 2018. The portion of protection type insurance was 37.9%, that of pure endowment was 19.9%, and the share of endowment insurance took 20.5% in 2019. The share of group insurance in 2019 increased to 21.7% from 15.9% in 2018, as premiums of pension plans increased.

Figure 11. Market share by insurance product type



Source: KIDI, Monthly Insurance Report, various issues

4. Premium income by company group

In 2019, the life insurance market shares of the top three insurers, other domestic insurers, and foreign insurers were 46.6%, 32.5%, and 20.9%, respectively. The market shares of the top three insurers increased by 0.1%p, and foreign insurers' market share maintained its upward trend that rose up 1.6%p in 2019. Meanwhile, the market share of other domestic insurers fell by 1.7%p over 2018.

The premium income of foreign insurers increased due to expansion in sales of pension plans by some insurers and sales of low to medium priced health insurance product. However, that of other domestic insurers decreased due to reduced sales in saving type insurance products.

Table 17. Premium income by company group

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|------------------|------------------|-------------------|-------------------|------------------|
| Top three companies | 55,026 (46.9) | 55,307 (46.2) | 51,756 (45.4) | 51,566 (46.5) | 54,698 (46.6) |
| Other domestic companies | 43,560 (37.2) | 44,613 (37.2) | 41,539 (36.4) | 37,930 (34.2) | 38,088 (32.5) |
| Foreign companies | 18,627 (15.9) | 19,891 (16.6) | 20,679 (18.1) | 21,346 (19.3) | 24,477 (20.9) |
| Total | 117,214 [6.0] | 119,811 [2.2] | 113,973 [-4.9] | 110,843 [-2.7] | 117,262 [5.8] |

Note: The figures in parentheses and brackets indicate percentage shares and growth rates, respectively.
Source: KIDI, Monthly Insurance Report, various issues

Expenditures



The amount of claims paid by life insurers in 2019 was 92.1 trillion KRW, up by 7.0% from 2018 with claims paid of all product type increased, except pure endowment insurance.

The operating expenses of life insurers, comprised of acquisition costs, administration expenses, and deferred acquisition costs, summed up to 9.6 trillion KRW in 2019. While acquisition costs increased, administration expenses and deferred acquisition costs decreased over 2018.

Table 18. Claims paid and operating expenses

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Claims paid | 66,972 (7.6) | 71,683 (7.0) | 79,437 (10.8) | 86,071 (8.4) | 92,069 (7.0) |
| Operating expenses | 8,041 (-0.1) | 8,317 (3.4) | 8,677 (4.3) | 9,443 (8.8) | 9,626 (1.9) |

Note: Figures in parentheses indicate annual growth rates
Source: KIDI, Monthly Insurance Report, various issues

Management efficiency



The ratio of claims paid, which is defined to be claim paid per premium income, continues to increase since 2014. In 2019, this ratio recorded 78.5%, inched up by 0.8%p over 2018.

The ratio of lapses and surrenders, which is calculated as contracts amount of lapses and surrenders divided by contracts amount of business in force at the beginning of the fiscal year and premium income, was 9.0% for 2019. This ratio increased by 0.2%p over 2018. The ratio of operating expenses in 2019 decreased to 13.1% from 13.6% in 2018.

Table 19. Management efficiency

(Unit: %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|------|------|------|------|------|
| Ratio of claims paid | 57.1 | 59.8 | 69.7 | 77.7 | 78.5 |
| Ratio of lapses and surrenders | 8.6 | 8.5 | 8.5 | 8.8 | 9.0 |
| Ratio of operating expenses | 13.3 | 12.9 | 13.5 | 13.6 | 13.1 |

Source: KIDI, Monthly Insurance Report, various issues



Distribution



1. The market shares by distribution channel

The market share of bancassurance in 2019 took 44.8% of the total initial premium income. It is fell by 1.0%p over 2018 due to the decrease of savings type insurance sales, which took the largest share of total initial premium income in life insurance. The market share of direct writers in 2019 rose by 3.8%p over 2018, which was driven by increased sales of pension plans and premium income of direct writers' channel accounted for 37.8% of the total premium income of life insurers.

The market share of solicitors in 2019 fell to 11.1% of the total initial premium income of life insurance from 13.7% in 2018. The market share of agents in 2019 rose by 0.2%p and accounted for 6.1%.

Table 20. Market shares by distribution channel (initial premium income)

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Direct writers | 3,943 (21.5) | 3,166 (20.5) | 2,960 (24.3) | 3,709 (34.0) | 4,686 (37.8) |
| Solicitors | 3,658 (20.0) | 2,532 (16.4) | 2,237 (18.4) | 1,494 (13.7) | 1,379 (11.1) |
| Agents | 1,127 (6.2) | 978 (6.3) | 873 (7.2) | 646 (5.9) | 753 (6.1) |
| Brokers | 9 (0.1) | 11 (0.1) | 14 (0.1) | 17 (0.2) | 22 (0.2) |
| Bancassurance | 9,525 (52.0) | 8,749 (56.6) | 6,061 (49.7) | 4,992 (45.8) | 5,548 (44.8) |
| Others | 56 (0.3) | 35 (0.2) | 40 (0.3) | 45 (0.4) | 8 (0.1) |
| Total | 18,319 (100.0) | 15,470 (100.0) | 12,185 (100.0) | 10,903 (100.0) | 12,395 (100.0) |

Note: Figures in parentheses indicate percentage market shares
Source: KIDI, Monthly Insurance Report, various issues

2. Numbers of solicitors and insurance agents

The number of solicitors has decreased since 2013. Many solicitors have moved to GA(General Agency) from their insurers. The number of direct writers was 25,362, which decreased by 0.3% over 2018. The number of solicitors was 92,286 in 2019, decreased by 3.5% over 2018. The number of agents in 2019 was 6,429, slightly increased by 3.3% from 2018, because both individual agents and juridical person increased.

Table 21. Numbers of direct writers, solicitors, and agents

(Unit: persons, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Direct writers | 27,312 (-2.8) | 26,890 (-1.5) | 25,391 (-5.6) | 25,450 (0.2) | 25,362 (-0.3) |
| Solicitors ²⁾ | 117,311 (-4.6) | 111,813 (-4.7) | 107,037 (-4.3) | 95,679 (-10.6) | 92,286 (-3.5) |
| Agents | 6,010 (-12.5) | 6,324 (5.2) | 6,450 (2.0) | 6,224 (-3.5) | 6,429 (3.3) |

Note: 1) Figures in parentheses indicate annual growth rates
2) The figures of solicitors exclude cross-selling solicitors
Source: KIDI, Monthly Insurance Report, various issues

KOREAN INSURANCE INDUSTRY

**Non-life
insurance
industry**

2020

Statement of financial position

Income statement

Investment rate of return

Direct premiums written

Expenditures

Management efficiency

Distribution

Statement of financial position²⁰⁾

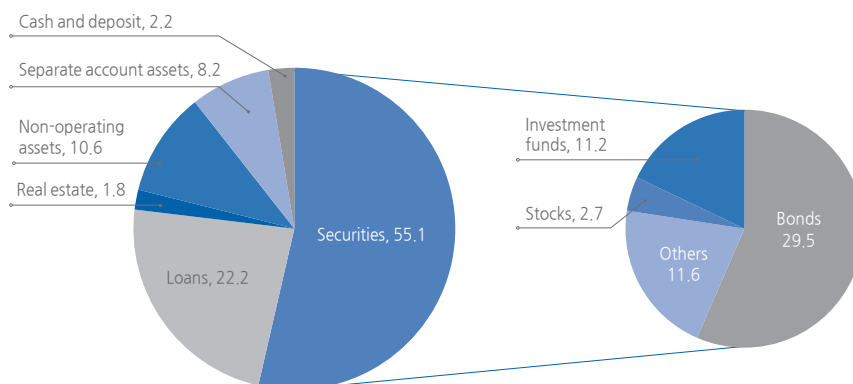


The total assets of non-life insurers in 2019 recorded 320.7 trillion KRW, which increased by 7.6% over 2018. General account assets, which excluded separate account assets from the total assets, grew by 7.4% over 2018. Separate account assets increased by 10.2% over 2018 because of the robust growth in pension plans.

In 2019, the share of securities rose by 1.5%p over 2018 to 55.1%, taking the largest share of the total assets of non-life insurers. The share of loans fell by 1.1%p over 2018 and took 22.2%. The share of cash and deposits and real estate in 2019 recorded 2.2%, 1.8%, which decreased by 0.4%p, 0.2%p over 2018, respectively. The shares of non-operating assets rose to 10.6% in 2019 from 10.5% in 2018.

Figure 12. Asset portfolio in 2019

(Unit: %)



Note: Others include overseas securities Source: Financial Supervisory Service
Source: Financial Supervisory Service

20) As of December 31, 2019

Table 22. Summary of statement of financial position

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | | |
| Cash and deposits | 9,219 (4.1) | 6,925 (2.7) | 6,817 (2.5) | 7,691 (2.6) | 6,943 (2.2) |
| Securities | 118,597 (52.5) | 134,350 (53.3) | 147,149 (53.1) | 159,841 (53.6) | 176,614 (55.1) |
| Stocks | 7,162 (3.2) | 7,540 (3.0) | 9,268 (3.3) | 7,358 (2.5) | 8,754 (2.7) |
| Bonds | 70,715 (31.3) | 76,328 (30.3) | 82,643 (29.8) | 90,246 (30.3) | 94,638 (29.5) |
| Investment funds | 18,862 (8.3) | 21,601 (8.6) | 24,800 (8.9) | 28,753 (9.6) | 36,023 (11.2) |
| Others | 21,859 (9.7) | 28,881 (11.5) | 30,439 (11.0) | 33,485 (11.2) | 37,226 (11.6) |
| Loans | 49,052 (21.7) | 57,939 (23.0) | 65,309 (23.6) | 69,378 (23.3) | 71,042 (22.2) |
| Real estate | 6,496 (2.9) | 6,501 (2.6) | 6,017 (2.2) | 5,987 (2.0) | 5,930 (1.8) |
| Non-operating assets | 29,256 (12.9) | 29,121 (11.6) | 31,141 (11.2) | 31,425 (10.5) | 33,961 (10.6) |
| Separate account assets | 13,441 (5.9) | 17,171 (6.8) | 20,664 (7.5) | 23,718 (8.0) | 26,134 (8.2) |
| Total assets | 226,061 | 252,005 | 277,097 | 298,041 | 220,652 |
| Liabilities | | | | | |
| Policy reserves | 168,956 | 186,891 | 203,264 | 217,151 | 230,908 |
| Other liabilities | 13,306 | 14,422 | 15,550 | 17,457 | 20,595 |
| Separate account liabilities | 14,380 | 18,233 | 23,085 | 25,232 | 26,292 |
| Total liabilities | 196,642 | 219,546 | 241,898 | 259,840 | 277,796 |
| Shareholders' equity | | | | | |
| Capital stock | 2,542 | 2,779 | 2,994 | 2,689 | 3,108 |
| Capital surplus | 2,714 | 3,113 | 3,037 | 3,074 | 3,412 |
| Retained earnings | 19,464 | 22,096 | 24,771 | 26,912 | 27,822 |
| Capital adjustment | -1,275 | -1,373 | -1,608 | -1,622 | -1,657 |
| Other cumulative comprehensive income | 5,975 | 5,845 | 6,005 | 7,147 | 10,170 |
| Total shareholders' equity | 29,419 | 32,460 | 35,199 | 38,201 | 42,856 |
| Total liabilities and shareholders' equity | 226,061 | 252,005 | 277,097 | 298,041 | 320,652 |

Note: Figures in parentheses indicate percentage share of total assets
Source: Financial Supervisory Service

While the share of stock in securities and investment funds rose to 2.7%, 11.2% in 2019 from 2.5%, 9.6% in 2018, respectively. The shares of bonds fell to 29.5% in 2019 from 30.3% in 2018, respectively.

In 2019, the total liabilities increased to 277.8 trillion KRW from 259.8 trillion KRW in 2018. The reason for the increase was the steady growth in long-term policy reserves.

The total equity of shareholders in 2019 increased to 42.9 trillion KRW from 38.2 trillion KRW in 2018, which resulted from the increase in retained earnings and gains on the valuation of AFS(Available-for-Sale Security) financial assets (accumulated other comprehensive income) due to lower interest rates.

Income statement



Net income of non-life insurers in 2019 decreased by 31.4% over 2018 and recorded 2.2 trillion KRW. The amount of deficit from underwriting sharply increased to 6.0 trillion KRW in 2019 from 3.1 trillion KRW in 2018 as the loss ratio of automobile insurance and the expense ratio of long-term insurance rose. The amount of surplus from investment expanded to 9.1 trillion KRW in 2019 from 7.7 trillion KRW in 2018, mainly due to the increase of gains on interest and dividend income, disposition of financial assets due to lower interest rates.

Table 23. Summary of income statement

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 | |
|-------------------|--------------|--------|--------|--------|--------|--------|
| Income | Underwriting | 71,562 | 74,598 | 76,755 | 78,876 | 81,761 |
| | Investment | 9,040 | 9,781 | 11,770 | 10,844 | 12,665 |
| | Other | 538 | 349 | 369 | 380 | 460 |
| | Total | 81,139 | 84,728 | 88,893 | 90,100 | 94,886 |
| Expenditure | Underwriting | 74,397 | 76,644 | 78,596 | 82,008 | 87,772 |
| | Investment | 2,693 | 3,027 | 4,584 | 3,108 | 3,536 |
| | Other | 484 | 557 | 550 | 573 | 554 |
| | Total | 77,574 | 80,228 | 83,730 | 85,689 | 91,862 |
| Net balance | Underwriting | -2,835 | -2,046 | -1,841 | -3,132 | -6,011 |
| | Investment | 6,347 | 6,754 | 7,186 | 7,736 | 9,129 |
| | Other | 54 | -208 | -181 | -193 | -94 |
| | Total | 3,565 | 4,500 | 5,163 | 4,411 | 3,023 |
| Tax | 872 | 1,031 | 1,310 | 1,157 | 790 | |
| Net income (loss) | 2,694 | 3,469 | 3,853 | 3,254 | 2,233 | |

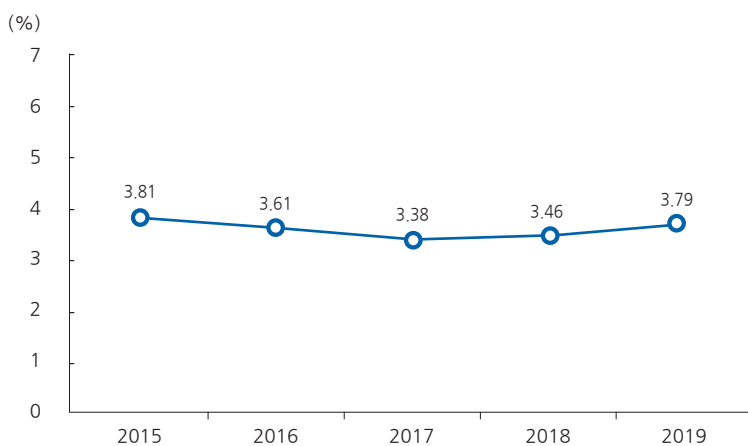
Source: Financial Supervisory Service

Investment rate of return



In 2019, the rate of return on the investment of non-life insurers rose to 3.79% from 3.46% in 2018. The drop in market interest rates as global economic slowdown decreased investment profit, however, gains on the disposition of the bond of non-life insurers increased and offset the decrease in investment profit.

Figure 13. Yield on asset management



Source: KIDI, Monthly Insurance Report, various issues



Direct premiums written



The total premium income²¹⁾ of non-life insurance²²⁾ in 2019 amounted to 95.6 trillion KRW. The growth rate rose to 5.0% in 2019 from 3.1% in 2018. The premiums from marine insurance, automobile insurance, casualty insurance, long-term insurance, and pension plans in 2019 increased by 0.8%, 5.1%, 5.1%, 5.0%, and 9.3% over 2018, respectively. However, the premiums from guarantee insurance in 2019 decreased by 1.0% over 2018. Also, the premiums from fire insurance (-1.2%) and individual annuity²³⁾ (-6.4%) continued to decline over the years.

21) Direct premiums written

22) Non-life insurance consists of fire, marine, automobile, guarantee, casualty insurances, and non-traditional business, such as long-term insurance, annuities, and retirement pension plans

23) Non-life insurers could sell annuities qualified for tax breaks

Table 24. Direct premiums written by line

(Unit: billion KRW, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------|------------------|-----------------|-----------------|------------------|-----------------|
| Fire | 304 (-2.1) | 301 (-1.0) | 297 (-1.5) | 275 (-7.2) | 272 (-1.2) |
| Marine | 709 (-3.4) | 608 (-14.3) | 644 (5.9) | 595 (-7.6) | 600 (0.8) |
| Automobile | 14,991 (10.7) | 16,405 (9.4) | 16,857 (2.8) | 16,720 (-0.8) | 17,568 (5.1) |
| Guarantee | 1,582 (4.4) | 1,591 (0.6) | 1,744 (9.6) | 1,954 (12.1) | 1,934 (-1.0) |
| Casualty | 5,162 (3.3) | 5,468 (5.9) | 5,783 (5.8) | 6,198 (7.2) | 6,517 (5.1) |
| Long-term | 46,580 (4.9) | 47,773 (2.6) | 49,088 (2.8) | 50,574 (3.0) | 53,099 (5.0) |
| Annuities | 4,021 (-2.1) | 3,877 (-3.6) | 3,701 (-4.5) | 3,516 (-5.0) | 3,291 (-6.4) |
| Pension plans ²⁾ | 6,367 (0.0) | 7,939 (24.7) | 9,778 (23.1) | 10,778 (10.2) | 11,778 (9.3) |
| Overseas direct | 531 (-0.9) | 536 (0.9) | 445 (-16.9) | 454 (2.1) | 528 (16.1) |
| Total | 80,247 (4.8) | 84,497 (5.3) | 88,333 (4.5) | 91,065 (3.1) | 95,586 (5.0) |

Note: 1) The figures in parentheses indicate growth rates

2) Pension plans include retirement insurance

Source: KIDI, Monthly Insurance Report, various issues

1. Lines of business

Fire insurance

The growth rate of premium income from fire insurance in 2019 recorded -1.2%, and the volume of premium income was 272 billion KRW. The reduction mainly resulted from rate concession by a low level of loss ratio and sluggish construction business.

Marine insurance

In 2019 marine insurance premium income recorded 600 billion KRW, which grew up by 0.8% over 2018, due to the slight increase in cargo insurance and hull insurance. Container volume demand increased slightly, supported by increased cargo insurance and hull insurance.

Automobile insurance

The premium income from automobile insurance amounted to 17.6 trillion KRW in 2019, which increased by 5.1% over 2018. It was mainly led by insurer's increasing premium rate in January and June. The rate change was to compensate operating losses in automobile insurance. But the decrease of automobile insurance premium affected by increased price sensitivity by expanding online channels and stagnant increments of the registered vehicle number.

Guarantee insurance

In 2019 guarantee insurance premium income recorded 2.0 trillion KRW which decreased by 1.0% over 2018, due to the slowdown of construction investment and corporate restructuring.

Casualty insurance²⁴⁾

The premium income from casualty insurance in 2019 recorded 6.5 trillion KRW, which grew up by 5.1% over 2018. The increase in premiums for casualty insurance in 2019 was attributed to liability insurance. Notably, the reason for the increase in liability insurance was the expansion of compulsory insurance.

Long-term insurance²⁵⁾

In 2019, the growth rate of premium income from long-term insurance recorded 5.0% over 2018, and the volume of premium income was 53.1 trillion KRW. The main reason for the increase was the intensified sales competition of accident and sickness insurance. On the other hand, the plummet of saving type insurance has continued for sales portfolio strategy focusing on protection type products of non-life insurers and low interest rate. The premiums for savings type insurance decreased by 23.7% over 2018 but the initial premiums of saving type insurance in 2019, slightly decreased by 3.7% in 2018. Driver insurance premium income in 2019 increased by 8.0% over 2018 as the law related to children's safety has been strengthened.

24) Casualty insurance consists of various insurances, which covers the risks such as liability, accident, theft, damage of objects and so forth

25) Long-term insurance includes savings type products with the maturity of 5~15 years combined with health insurance to cover medical expenses

Annuities²⁶⁾

In 2019 the premium income from individual annuity decreased by 6.4% over 2018 to 3.3 trillion KRW, which resulted from reduced tax benefits and low-interest rates. The initial premium growth rate was -15.8% over 2018. This decline has been shown for the last several years, and these trends expected to continue for a while.

Pension plan²⁷⁾

The premiums from retirement pension plans in 2019 increased by 9.3% over 2018 to 11.8 trillion KRW because of rising wage rate and the regulation change, which increased the expansion of individual retirement pension plans.

2. The share of direct premiums written by line

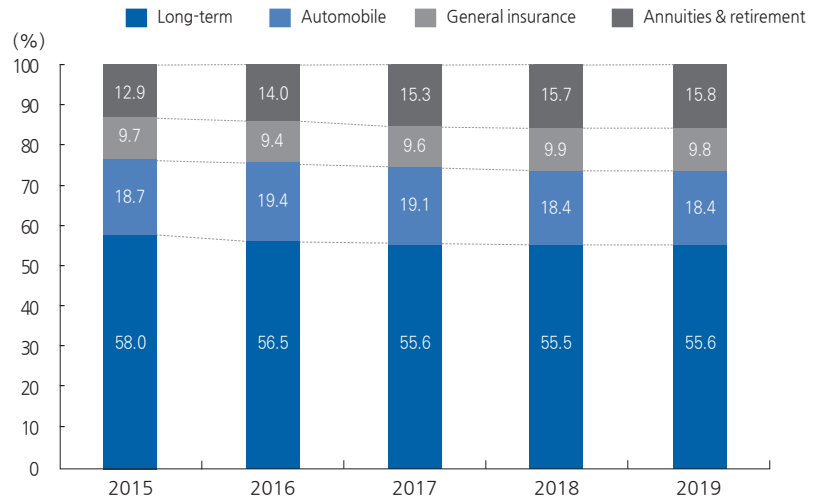
While the shares of the direct premiums in general insurance decreased, the shares of long-term insurance and pension plans²⁸⁾ increased in the non-life insurance market in 2019. The shares of general insurance declined to 9.8% in 2019 from 9.9% in 2018. However, the shares of long-term insurance and retirement products took 55.6% and 15.8% in 2019, which increased by 0.1%p over 2018, respectively.

26) Non-life insurers are permitted to sell annuities qualified for tax breaks. Also, the premium income of annuities is usually associated with regulation changes for tax breaks

27) Pension plans include retirement insurance that has been discontinued since FY2011

28) The retirement products include Annuities and Pension plans

Figure 14. Market share by line



Note: General insurance includes fire, marine, guarantee, casualty, and overseas direct insurance
 Source: KIDI, Monthly Insurance Report, various issues

Expenditures



1. Incurred losses by line

The incurred losses of non-life insurers increased to 63.1 trillion KRW in 2019 from 58.9 trillion KRW in 2018. The incurred losses increased in all lines of business. Automobile insurance incurred losses grew to 14.8 trillion KRW in 2019 from 13.5 trillion KRW in 2018. The incurred losses from guarantee insurance, casualty insurance, and long-term insurance in 2019 increased to 0.9 trillion KRW, 4.4 trillion KRW, and 42.7 trillion KRW from 0.7 trillion KRW, 4.1 trillion KRW, and 40.3 trillion KRW in 2018, respectively. In 2019, incurred losses from fire insurance and marine insurance increased to 155 billion KRW and 198 billion KRW from 132 billion KRW and 189 billion KRW in 2018, respectively.

Table 25. Incurred losses by line

(Unit: billion KRW)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------|--------|--------|--------|--------|--------|
| Fire | 136 | 155 | 122 | 132 | 155 |
| Marine | 232 | 220 | 164 | 189 | 198 |
| Automobile | 11,749 | 12,356 | 12,661 | 13,545 | 14,771 |
| Guarantee | 656 | 548 | 592 | 666 | 911 |
| Casualty | 3,024 | 3,210 | 3,625 | 4,076 | 4,402 |
| Long-term | 38,840 | 39,542 | 39,722 | 40,273 | 42,673 |
| Total ¹⁾ | 54,636 | 56,031 | 56,886 | 58,880 | 63,110 |

Note: 1) Overseas direct insurance, reinsurance assumed overseas, annuities and pension plans are excluded
Source: KIDI, Monthly Insurance Report, various issues

2. Net operating expenses by line

In 2019, net operating expenses of non-life insurance increased to 17.3 trillion KRW from 15.8 trillion KRW in 2018. For long-term insurance and casualty insurance, net operating expenses in 2019 increased to 12.8 trillion KRW and 1.2 trillion KRW from 11.3 trillion KRW and 1.1 trillion KRW in 2018, respectively. Especially, increase of long-term net operating expenses affected from the sales competition of accident and sickness insurance. The net operating expenses of automobile insurance in 2019 decreased to 2.8 trillion KRW from 2.9 trillion KRW in 2018. On the other hand, those of fire insurance and marine insurance recorded 113 billion KRW and 101 billion KRW, respectively, in 2019.

Table 26. Net operating expenses by line

(Unit: billion KRW)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------|--------|--------|--------|--------|--------|
| Fire | 139 | 119 | 123 | 119 | 113 |
| Marine | 93 | 97 | 98 | 105 | 101 |
| Automobile | 2,753 | 2,875 | 2,998 | 2,868 | 2,807 |
| Guarantee | 304 | 243 | 262 | 299 | 244 |
| Casualty | 903 | 905 | 1,035 | 1,098 | 1,246 |
| Long-term | 8,543 | 9,144 | 10,169 | 11,299 | 12,821 |
| Total ¹⁾ | 12,733 | 13,384 | 14,685 | 15,788 | 17,331 |

Note: 1) Overseas direct insurance, reinsurance assumed overseas, annuities and pension plans are excluded
Source: KIDI, Monthly Insurance Report, various issues

Management efficiency



1. Loss ratios by line

The loss ratio of non-life insurers recorded 83.5% in 2019, which was 2.5%p higher than 81.0% in 2018. The loss ratios of all insurance product lines increased slightly over 2018. Notably, automobile insurance loss ratio exceeded 90% and those of guarantee insurance and fire insurance in 2019 increased by 14.1%p and 13.4%p over 2018, to 60.7% and 64.4%, respectively.

Table 27. Earned-incurred loss ratio by line

(Unit: %)

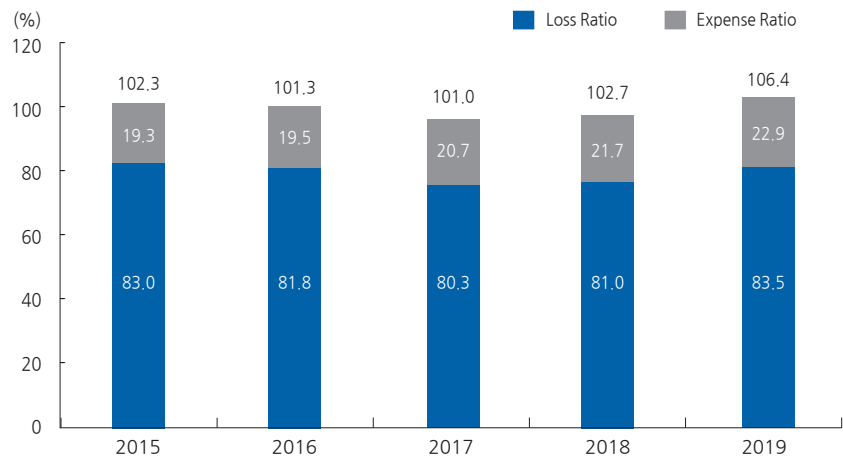
| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------|------|------|------|------|------|
| Fire | 49.8 | 56.5 | 48.0 | 51.0 | 64.4 |
| Marine | 73.1 | 73.2 | 55.5 | 65.6 | 71.6 |
| Automobile | 87.7 | 83.0 | 80.9 | 86.4 | 92.8 |
| Guarantee | 52.9 | 41.9 | 44.1 | 46.6 | 60.7 |
| Casualty | 63.2 | 67.3 | 69.7 | 72.4 | 73.3 |
| Long-term | 84.8 | 84.3 | 82.7 | 81.6 | 82.7 |
| Total ¹⁾ | 83.0 | 81.8 | 80.3 | 81.0 | 83.5 |

Note: 1) Overseas direct insurance, reinsurance assumed overseas, annuities and pension plans are excluded
Source: KIDI, Monthly Insurance Report, various issues

2. Expense and combined ratios

The loss ratio and the expense ratio of non-life insurers in 2019 increased by 2.5%p and 1.2%p over 2018, respectively. Consequently, the combined ratio of non-life insurers recorded 106.4% in 2019, which was 3.7%p higher than 102.7% in 2018.

Figure 15. Combined ratios



Note: Overseas direct insurance, reinsurance assumed overseas, annuities and pension plans are excluded
Source: KIDI, Monthly Insurance Report, various issues

Distribution



1. Market shares by distribution channel

The market share of direct writers in 2019 recorded 24.5%, which increased by 1.2%p over 2018 for pension plans. The share of premium income from solicitors in 2019 was 23.7%, which decreased by 0.8%p over 2018. The agents took 44.3% share in 2019, 0.5%p higher than 43.8% in 2018, which is the largest market share in 2019. The market share of brokers in 2019 recorded 1.3%, inched up by 0.1%p over 2018. The market share of bancassurance in 2019 recorded 6.0%, 0.9%p lower than 2018, which had shown a decreasing trend for four consecutive years. Insurance pool's share recorded 0.3%, 0.1%p higher than its share in 2018.

Table 28. Market shares by distribution channel (total premium income) (Unit: billion KRW, %)

| Classification | 2016 | 2017 | 2018 | 2018 | 2019 |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Direct writers | 14,461 (18.0) | 16,713 (19.8) | 19,495 (22.1) | 21,183 (23.3) | 23,357 (24.5) |
| Solicitors | 21,762 (27.1) | 22,020 (26.1) | 23,013 (26.1) | 22,320 (24.5) | 22,602 (23.7) |
| Agents | 34,138 (42.5) | 36,550 (43.3) | 37,512 (42.5) | 39,919 (43.8) | 42,348 (44.3) |
| Brokers | 659 (0.8) | 805 (1.0) | 978 (1.1) | 1,127 (1.2) | 1,234 (1.3) |
| Bancassurance | 9,019 (11.2) | 8,088 (9.6) | 7,090 (8.0) | 6,299 (6.9) | 5,718 (6.0) |
| Insurance pool | 209 (0.3) | 323 (0.4) | 245 (0.3) | 216 (0.2) | 240 (0.3) |
| Total | 80,249 (100.0) | 84,499 (100.0) | 88,335 (100.0) | 91,066 (100.0) | 95,498 (100.0) |

Note: 1) The premium income of pension plans is included

2) Company employees include telemarketing (TM) and computer marketing (CM)

Source: KIDI, Monthly Insurance Report, various issues

2. Numbers of solicitors and insurance agents

The number of direct writers in the non-life insurance market was 32,715 in 2019, which increased by 0.1% over 2018. The number of solicitors increased by 15.1% over 2018 and recorded 92,193 in 2019 from 80,096 in 2018. The number of agents was 27,769 in 2019, increased by 0.5% over 2018, which is turned positive in 10 years.

Table 29. Numbers of direct writers, solicitors, and insurance agents

(Unit: persons, %)

| Classification | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| Direct writers | 32,343 (-2.1) | 31,943 (-1.2) | 32,446 (1.6) | 32,688 (0.7) | 27,642 (-5.6) |
| Solicitors ²⁾ | 81,148 (-1.4) | 81,331 (0.2) | 79,647 (-2.1) | 80,096 (0.6) | 92,193 (15.1) |
| Agents | 30,850 (-6.5) | 29,769 (-3.5) | 29,277 (-1.7) | 27,642 (-5.6) | 27,769 (0.5) |

Note: 1) Figures in parentheses indicate annual percent changes

2) The figures of solicitors exclude cross-selling solicitors

Source: KIDI, Monthly Insurance Report, various issues

KOREAN INSURANCE INDUSTRY

**Insurance
regulation and
supervision**

2020

Insurance regulation

Supervision of insurance
companies

Changes in supervisory
regulations of
insurance business
in 2019



Insurance regulation²⁹⁾



1. Insurance business law and related laws

The 『Insurance Business Law』 and its relevant enforcement regulations constitute the Korean legal system for insurance. Since its promulgation on January 15, 1962, the 『Insurance Business Law』 has been revised numerous times to reflect the changes in the financial environment and international regulatory trends.

In 2010, the 『Insurance Business Law』 was amended to strengthen consumer protection. The explanation about the key provisions of insurance contracts and the consumers' acknowledgment became mandatory. Also, the amended law led insurers to be informed of their consumers' financial situation and to recommend appropriate products which suited consumers' interests best. Besides, the product development process was made simplified, so that insurers were allowed not to have regulatory filing (use without file) for certain products that meet certain regulatory requirements.

In August 2010, as a preparatory measure to introduce the risk-based capital (RBC) for insurers, the Financial Supervisory Service (FSS)³⁰⁾ began to conduct a pre-assessment of internal models of several insurance companies. As of April 2011, the RBC regime was fully implemented. And in 2011, the enforcement decree of the 『Insurance Business Law』 was revised to enhance risk management abilities of insurers.

In 2012, the enforcement decree of the 『Insurance Business Law』 was revised to reflect the change in 『Agricultural Co-operative Law』. As 『Agricultural Co-operative Law』 was revised to

29) This section is extracted from the publications of Financial Supervisory Service (FSS)

30) A branch established in Korea by a foreign insurer is deemed a foreign insurer for regulatory purposes

split the whole organization into farming business and financial service, a financial holding company was formed with banking, investment, and life and non-life insurance subsidiaries³¹⁾.

The insurance section of the 『Korean Commercial Code』 or the insurance contract law was amended on March 11, 2014, and the amendment took into effect on March 12, 2015. The amendment added new provisions on guaranty and health insurance, as well as clarification of the requirements for group insurance. Also, to protect the disabled and the family members of a decedent, subrogation against family members were prohibited. The amendment required for an obligatory explanation on the terms of the insurance contract and indicated the responsibility of insurance agents.

2. Financial Investment Services and Capital Market Act

The 『Financial Investment Services and Capital Market Act』 (FSCMA) was initially enacted by the National Assembly in July 2007 and took into effect as of February 4, 2009. The act aimed to reformulate the legal framework of the Korean capital market, on which 『Securities and Exchange Act』 of 1962, had been the main legislation.

The major changes for legislation:

- Shifting to functional regulation
- Introducing a comprehensive system
- Expanding business scope
- Upgrading the investor protection mechanism

Shifting to functional regulation left financial products or services with the same function to become subject to the same regulatory treatment regardless of financial sectors the products are provided. Financial investment companies can engage in multiple areas of business such as dealing, brokerage, and asset management provided some of information barrier requirements are satisfied.

The act provided the measures to enhance investor protection by classifying investors into two groups, ordinary and professional; and the measures were more inclined to protect the former.

31) The insurance subsidiaries are called NongHyup Life Insurance Co., Ltd., and NongHyup Property & Casualty Insurance Co., Ltd.

In addition, the rules; such as the prohibition of unsolicited calls, the prohibition of misleading investors with uncertain matters, the adoption of a cooling-off period and the duty to manage conflicts of interest; were both applicable to ordinary and professional investors.

On November 5, 2012, the Financial Services Commission (FSC) announced that the regulations on financial investment business would be amended as there had been ongoing concerns regarding the practice of fund distribution.

The amendment included the provisions that prohibit insurance companies from outsourcing more than 50% of their variable insurance assets to affiliated asset managers within the same business group. The restriction on outsourcing to affiliated fund managers became effective as of January 1, 2014.

3. Entry Regulation

Only stock corporations, mutual companies, and licensed foreign insurers are permitted to enter into insurance market with appropriate regulatory permission granted by the FSC. There are three different insurance licenses for life, non-life, and the so-called 'third insurance'.³²⁾

(a) Capital requirement

The minimum capital required for the insurance business is 30 billion KRW. Given that, when an insurer intends to engage in a single-line insurance business, the amount of the paid-in capital or funds should be no less than 5 billion KRW.

- Life insurance: 20 billion KRW
- Annuity (including pension): 20 billion KRW
- Fire insurance: 10 billion KRW
- Marine insurance³³⁾: 15 billion KRW
- Automobile insurance: 20 billion KRW
- Guaranty insurance: 30 billion KRW
- Reinsurance: 30 billion KRW
- Liability insurance: 10 billion KRW

32) The term the 'third insurance' refers to the gray zone of insurance business with characteristics and features of both life and non-life insurance policies

33) Including aviation and transportation insurance

- Engineering insurance: 5 billion KRW
- Real-estate right insurance: 5 billion KRW
- Accident insurance: 10 billion KRW
- Sickness insurance: 10 billion KRW
- Long-term care insurance: 10 billion KRW
- Other insurance business: 5 billion KRW

However, if insurers subscribe more than 90% of total contracts or premiums using telephone, mail, or electronic communications, they can enter into an insurance market with two-thirds of the paid-in capital or funds amount above.

(b) Business funds to be paid by foreign insurers

When foreign insurers aim to engage in the insurance business in Korea, the amount of paid-in funds should be no less than 3 billion KRW.

(c) Other requirements for permission

Insurers are required to have adequate professional manpower and physical facilities, including computer equipment to carry on the intended insurance business.

Insurer's business plan is required to be feasible and sound.

Significant owners are required to possess a financial capability to carry on the business and have financial soundness and social credit.

(d) Maintenance of manpower and physical facilities

Insurers should maintain adequate professional manpower and physical facilities, which can be waived only by the approval of the FSC with proper measures to protect policyholders and maintain the financial soundness of insurers.

4. Product Regulation

Insurance companies may offer certain types of insurance products without presupervisory review (“discretionary insurance products”) if the product complies with the basic documentation and the contract provision requirements are met for an insurance product. If any of the documentation or contract provision requirements is subject to reporting for supervisory review, the product is deemed nondiscretionary (“nondiscretionary insurance product”) and subject to reporting.

Supervisory review of an insurance product consists of an ex ante pre-sale review for nondiscretionary insurance products and an ex post after-sale review for discretionary insurance products. Documentation for the sale of a nondiscretionary insurance product must be submitted to the FSS for supervisory review at least 30 days prior to the expected date of the sale.

Discretionary insurance products may be offered to consumers without FSS supervisory review in principle. To mitigate the risk of consumer harm from discretionary insurance products, the FSS conducts each quarter ex post supervisory review to focus on defective discretionary insurance products. Under the intensive review regime, insurance companies submit a list of insurance products sold until the last day of the following months from the end of each quarter.

5. Distribution Regulation

Solicitation is the act of soliciting, negotiating, or procuring the purchase of an insurance product from consumers. For consumer protection, the Insurance Business Act limits individuals and entities that may engage in insurance solicitation to the following:

- (a) Insurance company employees (excluding the company's chief executive officer, outside directors, auditor, and members of the board's audit committee);
- (b) Insurance agents who are registered and employed by an insurance company; an insurance agent for a life insurance company may solicit a buyer for a non-life insurance company (and vice versa);
- (c) Independent insurance agents (also called insurance agencies) that sell insurance products from multiple insurance companies; and (d) Insurance brokers who are FSS-registered independent intermediaries for insurance buyers and sellers; insurance brokers may conclude an insurance contract on behalf an insurance company.

Bancassurance enabling banks, FISPs, and other authorized financial services companies to sell insurance products as independent insurance agents was introduced in May 2003. The authorized bancassurance sellers may solicit insurance buyers from their Internet homepage or face-to-face within designated spaces within their branches.



Supervision of insurance companies³⁴⁾



1. Prudential regulation

All insurers must uphold a solvency ratio of 100% or higher to ensure that they have adequate capital to support the risks they undertake and to meet the insurers' obligations to policyholders. They must also classify their assets according to their soundness and set up mandatory allowances for bad assets to provide for a capital buffer to prepare for adverse losses such as the decline in value of assets.

(a) Risk based capital (RBC)

Risk-based capital (RBC)³⁵⁾ replaced solvency regime for insurance companies in April 2009 and took effect in April 2011 following a two-year grace period that had been given to ensure a smooth transition to the new capital regime. The Insurance Business Act, the governing legislation for insurance business, has set the minimum RBC ratio of 100 percent. RBC functions as a minimum regulatory capital for insurance companies to be determined on the basis of the risks to which an insurance company is exposed. It is expressed as a ratio of available capital to required capital. For insurance supervision, the RBC ratio provides the basis for the supervisory rating of insurance companies and any follow-up prompt correction action needed.

(b) Available capital

Available capital—the numerator of the RBC ratio—is the risk buffer available to cover any unpredicted losses that insurance companies may sustain; it is similar to solvency margin under

³⁴⁾ Source: Financial Supervisory Service (FSS), FSS Handbook 2014; 2019

³⁵⁾ The RBC regime is in line with the international trend and enables a proper measurement of insurance risk, market risk, interest rate risk, credit risk, and operating risk

the solvency margin regime. Available capital is calculated by first aggregating an insurance company's core capital, which primarily consists of capital stock (paid-in capital and capital surplus), retained earnings, and accumulated other comprehensive income, and supplementary capital such as subordinated debt and loan loss reserves. Then deducting from the aggregate capital items including prepaid expenses, deferred acquisition cost, and goodwill, and any capital shortfalls of the insurance company's subsidiaries.

(c) Required capital

Required capital—the denominator of the RBC ratio measuring the insurance company's total risk—is capital calculated from the insurance company's underlying exposures to insurance risk, interest rate risk, market risk, credit risk, and operational risk.

2. Management evaluation system

The supervisory evaluation and rating regime were changed from CAMEL to RAAS—short for risk assessment and application system—in September 2012 for the transition to risk-based supervisory evaluation and rating. Under RAAS, each insurance company receives from the FSS a composite rating on the basis of evaluation and rating of seven components of the insurance company's overall financial soundness and business operations.

The seven components are: (1) management risk; (2) insurance risk; (3) interest rate risk; (4) investment risk; (5) liquidity risk; (6) capital adequacy; and (7) earnings. For each of the seven components, quantitative and non-quantitative factors comprising the component are analyzed for a component rating on a 1 to 5 numerical scale (1 the highest rating and 5 the lowest). The component ratings are then aggregated for the insurance company's composite rating on a 1 to 5 numerical scale with three levels (+, 0, or -) for each numerical scale, meaning a total of 15 possible level assignments.

Composite rating is used as the basis for prompt corrective action, which can vary from MIR and MID to MIO. MIR is the least adverse supervisory action and MIO the most adverse. MIR is issued when (1) the composite rating is 3, 2, or 1, and (2) the capital adequacy component rating is 4 or 5, or at least two of the ratings for insurance risk, interest rate risk, and investment risk are 4 or 5. MIO is made for insurance companies that are assigned a composite rating of 4 or 5.

3. Restrictions on investments of insurers

Premiums paid by the policyholders make up the bulk of insurers' assets, which are mostly appropriated as reserves to meet the insurers' future liabilities and benefit obligations. Prudent and sound management of insurers' assets is essential to protect the policyholders. Asset management is important to ensure the safety, liquidity, profitability, and public interest of the assets. According to the insurance-related laws and regulations, the regulations on the asset management of insurance companies prohibit certain types of asset operation.

Insurance companies are restricted from the following activities:

- Acquisition of non-business-purpose real estate holdings
- Lending intended for speculation in securities
- Lending intended for acquisition of its own shares
- Lending intended to fund political activities
- Lending to the officers or employees
- Any activity that undermines the safety and soundness of the company assets

In order to prevent the extension of disproportionate support by an insurer to its own business group and the spread of investment risks, there are investment limit and its investment categories of insurance companies (see Table 30). On the other hand, amendments to the Insurance Business Act to enhance the autonomy of asset management in the insurance industry has passed the Cabinet Council on 2nd May 2017. While the purpose of amendments is to abolish items for real estate holdings, foreign currency holdings, and a sum of security deposits, the amendment has not yet been legislated.

Table 30. Restriction ratios of asset management

| Items | Limits - General account | Limits - Separate account |
|--|--|------------------------------------|
| Credit extension to a single person or company | 3% of total assets | 5% of each separate asset account |
| Stock and bond investment in any single company | 7% of total assets | 10% of each separate asset account |
| Credit extension or stocks and bond investments to a person or a company (including related persons or companies) | 12% of total assets | 15% of each separate asset account |
| Sum of credit extension and stocks and bond investments in excess of 1/100 of the insurer's total assets (applicable to the same person, company, or principal shareholders) | 20% of total assets | 20% of each separate asset account |
| Credit extension to a principal shareholder or a subsidiary of the insurance company under the Presidential enforcement decree | Lower of either (1) 2% of the total assets or (2) 40% of the capital | 2% of each separate asset account |
| Stock and bond investments to a principal shareholder or a subsidiary of the insurance company under the Presidential enforcement decree | Lower of either (1) 3% of the total assets or (2) 60% of the capital | 3% of each separate asset account |
| Credit extension to the same subsidiary of the insurance company | 10% of the capital | 4% of each separate asset account |
| Real estate holdings | 25% of total assets | 15% of each separate asset account |
| Foreign currency holdings or real estate holdings overseas in accordance with the 'Foreign Exchange Transactions Act ₃ | 30% of total assets | 20% of each separate asset account |
| Sum of security deposits for domestic and overseas futures trading | 6% of total assets | 6% of each separate asset account |

Note: Total assets are those of general account or those of separate account.
Source: Financial Supervisory Service (FSS), FSS HANDBOOK 2014

4. Corporate governance

Outside directors

The board of directors of insurance companies whose assets exceed 5 trillion KRW must appoint three or more outside directors, and more than half the number of board members must be outside directors. The board of directors of insurance companies whose assets do not exceed 5 trillion KRW but exceed 300 billion KRW must appoint at least one-fourth of outside directors.³⁶⁾

36) By the 'Korean Commercial Code', a listed company should appoint at least one-fourth of its board members as outside directors and a listed company with assets exceeding 2 trillion KRW should appoint three or more outside directors, and more than a half the number of board members must be outside directors

Audit committee

Insurance companies whose assets exceed 5 trillion KRW must establish an audit committee. The audit committee must comprise at least three directors, and at least two-thirds of the number of its members must be outside directors. And at least one of the members should possess expertise in accounting or finance.

Compliance officer & risk manager

Insurance companies must appoint a compliance officer and a risk manager who possess the knowledge and expertise to fulfill their duties. The board must approve the appointment and dismissal of the compliance officer and risk manager of directors, and dismissal requires at least two-thirds votes of board members in order to ensure independence from the management of the company.



Changes in supervisory regulations of insurance business in 2019



1. Reinforcement of financial consumer protection

- A Conversion system of the disabled insurance³⁷⁾

Financial Supervisory Service (FSS) established a system to protect the tax benefits of disability insurance without surrender of their protection type insurance.

- Expansion of disputes with fault ratio in car accidents³⁸⁾

It is possible to dispute with fault ratio in two cases; car accidents of policyholder who do not have the coverage of owned vehicle damage, and accidents among the same insurers' policyholders.

- Information leakage liability insurance mandatory³⁹⁾

The information and communication providers, such as an internet portal etc., must purchase information leakage liability insurance according to the revision of 「Information and Network Act」.

37) Financial Services Commission (2018.11.26)

38) Financial Services Commission (2019.5.27)

39) 「Information and Network Act」

- Expansion of storm and flood Insurance for small business⁴⁰⁾

The area targeted for storm and flood Insurance for small business was expanded to 37 areas in 2019 from 22 areas in 2018. And it will be expanded nationwide in 2020.

- Providing of the information about the solicitors' reliability⁴¹⁾

The "E-clean insurance service" was established and the consumers can directly check the information about the solicitors' reliability such as the incomplete sales ratio etc..

2. The regulatory system of agents

- Imposing a fine on the agents which are not fulfilled the disclosure obligation⁴²⁾

It is possible to impose a fine on the agents which are not fulfilled the disclosure obligation for reinforcement of consumer protection and improving the effectiveness of the disclosure system.

- Reinforcement of work standards for agents⁴³⁾

The agents with more than 100 solicitors are prohibited from requesting or receiving for subsidies from insurer, such as rent, as a condition of a level of new business.

40) 『Storm and Flood Insurance Law』

41) 『Insurance Business Supervisory Regulations』

42) 『Insurance Business Law』

43) 『Insurance Business Supervisory Regulations』

3. Korea Insurance Capital Standard (K-ICS)

- Progress of K-ICS

Financial Supervisory Service (FSS) and the preparation committee of IFRS 17 discussed improvement plans for financial reporting standards that will apply to insurance supervision, after the implementation of IFRS 17.

In addition, On April 10, 2018, they prepared criteria for evaluating profit and loss of insurance contracts held at the time of the adoption of IFRS 17 and the allocation of business expenses (K-ICS 1.0⁴⁴). And they conducted an impact assessment to facilitate the practical application of the improvement plans (QIS 1⁴⁵).

Meanwhile, on July 10, 2019, FSS and the preparation committee prepared K-ICS 2.0⁴⁶), which revised from K-ICS 1.0, and conducted the second impact assessment (QIS 2). And on June 22, 2020, they released K-ICS 3.0 and will conduct the third impact assessment (QIS 3).

- A revised solvency system in line with IFRS 17, K-ICS 1.0⁴⁷)

By introducing K-ICS, it is possible to improve the quality of insurance companies' capital and intensify risk management by calculating the available capital and required capital corresponding to the real economic conditions, moreover, secure consistency with the global insurance capital standard and ensure reliability.

44) Financial Services Commission (2019.4.5), Press releases

45) The initials QIS stand for Quantitative Impact Assessment

46) Financial Services Commission (2019.7.10)

47) Financial Services Commission (2020.6.22)

Table 31. Comparison of solvency systems

| | | Current RBC System | K-ICS |
|-------------------|--|--|---|
| Available Capital | Asset Valuation | Fair value and Lock-In (Loan, financial instrument held to maturity) | Fair Value |
| | Liability Valuation | Lock-In(Liability Aptitude Test) | |
| Demanded Capital | Types of Risk | ① Insurance Risk | ① Life and Long-Term Non-Life Insurance Risk |
| | | ② Interest rates Risk | ② General Insurance Risk |
| | | ③ Market Risk | ③ Market Risk (including Interest rate risk) |
| | | ④ Credit Risk | ④ Credit Risk |
| | | ⑤ Operational Risk | ⑤ Operational Risk |
| | Risk Assessment | Risk Parameter Method (Parameter x Risk Exposure) | Shock and Scenario method and Risk parameter method for ②, ④, ⑤ |
| Confidence Level | 99% | 99.5% | |
| Solvency | Percent of Available to Demanded Capital is more than 100% | | |

• Major changes of K-ICS 2.0⁴⁸⁾

The long-term target interest rates have to be recalculated annually and the calculation method of volatility adjustment was improved by under K-ICS 2.0. Also, the level of the shock scenario in life insurance risk and long-term non-life insurance risk changed as it is available to use statistics for all insurers and the calculation methods become sophisticated. Available capital is divided into basic capital (Tier 1) and supplementary capital (Tier 2), and the limit of recognition of supplementary capital changed to 50% of the required capital.

• Announcement of K-ICS 3.0

On June 22, 2020, FSS and the preparation committee announced K-ICS 3.0 which revised K-ICS 2.0. They revised risk margin, which is one of the items that make up the insurance liability. And they changed judgment criteria about the boundaries of contracts.

48) Noh, Geonyoup (2019. 9. 23), Main contents and tasks of K-ICS 2.0, KIRI

KOREAN INSURANCE INDUSTRY

**Insurance
industry
issues**

2020

Insurance products and
sales channels

Risk Management

Customer protection

Digital strategy



Insurance industry issues⁴⁹⁾



In recent years, the business environment of the insurance industry is structurally changing, such as global protectionism, aging population, slowing economic growth, and steadily falling interest rates. Therefore, it is necessary for insurance companies to respond to these changes in the structural management environment from various angles.

We suggest four key issues which Korean insurers and regulators should consider for business strategies and policies in 2020 in response to business environment changes: i) insurance products and sales channels, ii) risk management, iii) customer protection, and iv) digital strategy.

1. Insurance products and sales channels

(a) Cost management

Most insurance companies in Korea are reducing the supply of savings insurance and expanding indemnity protection type in response to changes in the accounting system planned in the future. There is an increase in developing no(or low) surrender value type insurance, simplified issue insurance, and expanded coverage insurance due to intensifying competition in protection insurance.

As a result, there is a concern that the loss rate will deteriorate, and complaints related to those insurance products will increase in the future.

In preparation for the upcoming accounting system change, insurers should develop insurance product considering long-term profitability and risk.

49) Source: KIRI(2019), Insurance industry outlook and agenda in 2020

(b) Product development based on changing consumer needs

Insurers should actively respond to changes in consumer preferences and composition due to the changes in the economic environment and the aging population.

At the same time, it is possible to consider the supply of foreign currency insurance in response to the expansion of preference over safe assets due to low-interest rates.

To respond to the increase in the proportion of elderly consumers and changes in the main consumer groups, it is necessary to understand the characteristics and needs of each generation more closely.

An example of a new product that reflects the need for long-term risk management is the longevity insurance(Korea Tontine Annuity⁵⁰⁾).

(c) Efficient response to changes in the insurance business ecosystem

As the General Agency(referred to as a GA) channel has grown rapidly since 2006 in Korea, problems such as incomplete sales and orphan policy have arisen due to the turnover of insurance salespeople.

To respond to these problems, insurers should improve the management of the sales channel portfolio, and form a balanced partnership between GA and the insurance company, and make the organization of the exclusive salespeople efficient.

2. Risk Management

(a) Establishment of long-term value based management

A strategy that focuses on increasing sales is likely to increase risk. Therefore, insurance companies should exit from the external expansion strategy and establish long-term value based management .

In order to establish value based management, it is necessary to improve CEO performance evaluation standards in addition to building the system.

50) Longevity insurance has a structure in which annuity payments begin at the age of 80 and the reserves which policyholders paid before die are used as reserves for survivors.

(b) Debt management

Insurers should actively prepare for low-interest rates, IFRS 17, and K-ICS by changing their debt structure and transferring or hedging interest rate risk.

Besides, it is possible to transfer or hedge the interest rate risk by using the reinsurance and interest rate derivatives in terms of portfolio transfer or buy-back.

The relevant authorities should come up with a policy so that related rules can be activated.

(c) Enhancement of medical indemnity insurance sustainability

Recently, the loss ratio of the medical insurance has risen significantly, raising concerns about the sustainability of the medical insurance.

Factors that hinder the sustainability of the medical insurance include reverse selection, moral risk, and characteristic of long-term policy.

Measures to improve the sustainability of the medical insurance are the differential premium system, the product development of the non-coverage of public health insurance, and the policy support of rewriting.

In addition, it is necessary to promote the simplification of the claim process for the convenience and trust of consumers.

3. Customer protection

(a) Strengthening sales regulations and maintenance

The supervisory authority has strengthened regulations so that the incomplete sales rate improved, but consumer confidence in the insurance industry is still low, and the orphan policy is increasing due to frequent turnover of salespeople, making it difficult to earn consumer confidence.

Thus, insurance companies need to establish measures such as switching from seller-based channels to inbound or consulting channels, establishing a customer-based maintenance service system, operating an orphan policy management organization, and expanding incentives to maintain insurance contracts.

(b) Improving claim adjustment system

The insurance company's claim adjustment is for 'insurance products that compensate for actual damages' and is operated in terms of direct employment, business entrustment, and appointment by an insurance contractor.

Insurers should seek ways to enhance fairness and consumer's right of choice through increase independence of claim adjustment.

4. Digital strategy

(a) Responding to changes in the mobility industry

The mobility industry is rapidly changing, such as autonomous vehicles, personal mobility, and carsharing, and related accidents are increasing, but associated regulations are not fully equipped.

In the event of an autonomous vehicle accident, the system for clarifying who the responsible side is and who should assure is being improved. Furthermore, to handle these kinds of accidents, the insurers must be able to access information related to the autonomous vehicle accident.

Besides, regulations on personal mobility are underway, and plans to improve and establish the rule are expected to be announced in 2020.

Lastly, since various types of vehicle sharing such as carsharing and ride sharing are spreading, the protection gap can be resolved through revision of the insurance terms or development of special policy condition that reflects the characteristics of vehicle sharing.

KOREAN INSURANCE INDUSTRY

Appendix

2020

Standards for classification
of types of insurance
products

Profiles of insurance
companies

Websites



Standards for classification of types of insurance products



1. Life insurance

| Types of insurance products | Standards for classification |
|--|---|
| Life insurance | Insurance receiving the price by commitment of payment of money and other benefits agreed concerning survival or death of a man: provided that annuity insurance and retirement insurance shall be excluded |
| Annuity insurance (including retirement insurance) | Insurance receiving the price by commitment of payment of money and other benefits agreed concerning survival or retirement of a man by annuity or lump sum allowance (only applicable to a retirement insurance) |

2. Non-life insurances

| Types of insurance products | Standards for classification |
|--|--|
| Fire insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by fire |
| Marine insurance (including aviation, transport insurance) | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by an accident concerning marine business. In such cases, aviation, transport insurance compensating for damage incurred by an accident concerning airplane, land transported goods, artificial satellite, etc. shall be deemed a marine insurance |
| Automobile liability insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by an accident in connection with possession, use and management of an automobile. Commitment of payment of money and other benefits concerning damage incurred by an accident in connection with possession, use and management of an automobile |
| Guarantee insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by failure to pay one's financial debt under the contract or failure in duty under the Acts and subordinate statutes |
| Reinsurance | Insurance by which an insurance company transfers the whole or part of liabilities for other benefits, such as payment of insurance proceeds, etc. under the insurance contract that it has underwritten to another insurer |
| Liability insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by an insured person's taking the responsibility for compensation to a third party owing to an accident |
| Technical insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by an accident related to machinery and equipment, electronic appliances, erection work, construction work and other objects similar thereto |
| Right insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by defects in the rights to movable property or real estate |
| Theft insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by theft |
| Glass insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by breakage of glass |
| Animal insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by an accident to animal |
| Nuclear insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by taking the responsibility for compensation under the Nuclear Damage Compensation Act |
| Expense Insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by an accident generating prize money, prize, expenses for litigation, other expenses. In such cases, legal expense insurance compensating damage incurred by an accident generating legal service or expenses for legal service |
| Weather insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning damage incurred by weather |

3. Third insurance

| Types of insurance products | Standards for classification |
|-----------------------------|--|
| Casualty insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning risks, such as expenses incurred in treatment on bodily injury of a man and death, etc. resulting from injury |
| Disease insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning risks (excluding death owing to a disease), such as a disease of a man or hospitalization, operation, etc. owing to a disease |
| Nursing insurance | Insurance receiving the price by commitment of payment of money and other benefits concerning a state requiring other's tending or risks of treatment, etc. resulting there from, such as dementia or disability in daily life, etc. |

Profiles of insurance companies



1. Life insurance companies

(Unit: billion KRW, persons)

| Company | Date of establishment | Paid-in capital | Premiums | Total assets | Number of employees |
|-------------------|-----------------------|-----------------|----------|--------------|---------------------|
| Hanwha | Sep. 1946 | 4,343 | 14,014 | 121,757 | 4,004 |
| ABL | Dec. 1954 | 16 | 2,339 | 19,887 | 892 |
| Samsung | May. 1957 | 100 | 28,248 | 287,358 | 5,232 |
| Heungkuk | Jan. 1950 | 68 | 4,424 | 29,406 | 624 |
| Kyobo | Aug. 1958 | 103 | 12,436 | 107,893 | 3,822 |
| LINA | Apr. 1987 | 35 | 2,507 | 4,764 | 819 |
| DGB | Feb. 1988 | 174 | 811 | 6,302 | 241 |
| Mirae Asset | Mar. 1988 | 991 | 7,247 | 37,924 | 1,050 |
| KDB | Apr. 1988 | 474 | 2,724 | 19,436 | 682 |
| DB Life | Apr. 1989 | 193 | 1,946 | 11,583 | 590 |
| Tong Yang | Apr. 1989 | 807 | 5,472 | 33,948 | 1,005 |
| MetLife | Jun. 1989 | 142 | 3,108 | 21,614 | 596 |
| Prudential | Jun. 1989 | 150 | 2,479 | 21,085 | 564 |
| Chubb Life | Jul. 1990 | 285 | 325 | 1,897 | 168 |
| Shinhan | Jan. 1990 | 200 | 5,264 | 34,179 | 1,254 |
| Orange Life | Sep. 1991 | 82 | 4,178 | 33,871 | 778 |
| Hana | Nov. 1991 | 169 | 764 | 4,796 | 173 |
| AIA | Mar. 1997 | 603 | 2,427 | 17,200 | 618 |
| BNP Paribas Cadif | Oct. 2002 | 201 | 301 | 3,865 | 207 |
| Fubon Hyundai | Jul. 2003 | 675 | 5,518 | 16,257 | 374 |
| KB | Apr. 2004 | 456 | 1,412 | 9,829 | 343 |
| IBK | Jul. 2010 | 190 | 2,487 | 8,187 | 176 |
| NongHyup | Mar. 2012 | 574 | 6,686 | 64,815 | 1,050 |
| Kyobo Life Planet | Sep. 2013 | 144 | 146 | 311 | 100 |

Note: The insurance companies are listed in order of establishment date, and the figures in entries are as of December 31, 2019

Source: Financial Supervisory Service, Korea Life Insurance Association

2. Non-life insurance companies

(Unit: billion KRW, persons)

| Company | Date of establishment | Paid-in capital | Direct premiums | Total assets | Number of employees |
|---|-----------------------|-----------------|-----------------|--------------|---------------------|
| Meritz | Oct. 1922 | 56.8 | 8,032 | 23,048 | 2,982 |
| Hanwha | Apr. 1946 | 583.7 | 5,966 | 18,210 | 3,371 |
| Lotte | May. 1946 | 310.3 | 5,569 | 16,280 | 1,685 |
| MG | Feb. 1947 | 92.3 | 1,092 | 3,920 | 694 |
| Heungkuk | Mar. 1948 | 325.8 | 3,031 | 12,649 | 1,216 |
| Samsung | Jan. 1952 | 26.5 | 22,856 | 84,437 | 6,081 |
| Hyundai | Mar. 1955 | 44.7 | 14,981 | 45,826 | 4,212 |
| KB | Jan. 1959 | 33.3 | 11,596 | 35,344 | 3,240 |
| DB | Mar. 1962 | 35.4 | 14,772 | 43,667 | 4,595 |
| AIG | Apr. 1968 | 61.8 | 590 | 852 | 375 |
| Seoul Guarantee | Feb. 1969 | 174.6 | 1,928 | 8,356 | 1,467 |
| ACE American K.B. | Nov. 1999 | 31.1 | 627 | 713 | 324 |
| First American K.B. | Jul. 2001 | 5.0 | 12 | 18 | 19 |
| Axa | Sep. 2001 | 250.9 | 755 | 1,007 | 1,818 |
| Mitshui Sumitomo K.B. | Oct. 2002 | 35.5 | 18 | 112 | 49 |
| The-K | Nov. 2003 | 160.0 | 500 | 898 | 729 |
| BNP Paribas Cardif | Dec. 2003 | 155.2 | 15 | 63 | 74 |
| DAS | May. 2009 | 15.8 | 0 | 2 | 9 |
| NongHyup | Mar. 2012 | 100.9 | 3,229 | 10,647 | 750 |
| Allianz Global Corporate & Specialty SE, K.B. | Jan. 2017 | 26.0 | 13 | 82 | 18 |

Note: The insurance companies are listed in order of establishment date, and the figures in entries are as of December 31, 2019

Source: Financial Supervisory Service

3. Reinsurance companies

(Unit: billion KRW, persons)

| Company | Date of establishment | Paid-in capital | Assumed R/I Premium | Total assets | Number of employees |
|----------------------------------|-----------------------|-----------------|---------------------|--------------|---------------------|
| Korean Re | Mar. 1963 | 60.2 | 8,188 | 11,709 | 363 |
| Munich Re K.B. | Nov. 1988 | 48.0 | 423 | 423 | 43 |
| Swiss Re K.B. | May. 1995 | 251.0 | 727 | 1,062 | 43 |
| Gen Re K.B. | Dec. 1996 | 17.0 | 84 | 115 | 14 |
| Scor Re K.B. | Apr. 2004 | 57.9 | 566 | 481 | 39 |
| RGA Re K.B. | Mar. 2005 | 52.0 | 380 | 446 | 68 |
| Hannover Re K.B. | May. 2008 | 25.0 | 64 | 87 | 9 |
| Pacific Life Re K.B. | Mar. 2016 | 34.9 | 41 | 40 | 9 |
| Asia Capital Re K.B. | Sep. 2016 | 33.4 | 40 | 96 | 8 |
| Tokio Marine & Nichido Fire K.B. | Dec. 2004 | 3.0 | 27 | 72 | 10 |

Note: The insurance companies are listed in order of establishment date, and the figures in entries are as of December 31, 2019

Source: Financial Supervisory Service

Websites



1. Life insurance companies

| Company | Homepage |
|---|--|
| Hanwha Life Insurance Co., Ltd. | www.hanwhalife.com |
| ABL Life Insurance Co., Ltd. | www.abllife.co.kr |
| Samsung Life Insurance Co., Ltd. | www.samsunglife.com |
| Heungkuk Life Insurance Co., Ltd. | www.hungkuk.co.kr |
| Kyobo Life Insurance Co., Ltd. | www.kyobo.co.kr |
| LINA Life Insurance Company of Korea, Ltd. | www.lina.co.kr |
| Mirae Asset Life Insurance Co., Ltd. | www.miraeassetlife.com |
| DGB Life Insurance Co., Ltd. | www.dgbfnlife.com |
| KDB Life Insurance Co., Ltd. | www.kdblifeco.kr |
| DB Life Insurance Co., Ltd. | www.idblife.com |
| TONGYANG Life Insurance Co., Ltd. | www.myangel.co.kr |
| MetLife Insurance Company of Korea, Ltd. | www.metlife.co.kr |
| The Prudential Life Insurance Company of Korea Ltd. | www.prudential.co.kr |
| Chubb life Korea Co. Ltd. | www.chubblife.co.kr |
| Shinhan Life Insurance Co., Ltd. | www.shinhanlife.co.kr |
| Orange Life Insurance Co., Ltd. | www.orangelife.co.kr |
| Hana Life | www.hanalife.co.kr |
| AIA Life Insurance Co., Ltd | www.aia.co.kr |
| BNP Paribas Cardif Life Insurance | www.cardif.co.kr |
| Fubon Hyundai Life Insurance Co., Ltd | www.fubonhyundai.com |
| KB Life Insurance Co., Ltd. | www.kbli.co.kr |
| IBK Insurance Co., Ltd. | www.ibki.co.kr |
| NongHyup Life Insurance Co., Ltd. | www.nhlife.co.kr |
| Kyobo Life Planet Life Insurance Company | www.lifeplanet.co.k |

2. Non-life insurance companies

| Company | Homepage |
|---|--|
| Meritz Fire & Marine Insurance Co., Ltd. | www.meritzfire.com |
| Hanwha General Insurance Co., Ltd. | www.hwgeneralins.com |
| Lotte Insurance Co., Ltd. | www.lotteins.co.kr |
| MG Non-Life Insurance Co., Ltd. | www.mggeneralins.com |
| Hungkuk Fire & Marine Insurance Co., Ltd. | www.heungkukfire.co.kr |
| Samsung Fire & Marine Insurance Co., Ltd. | www.samsungfire.co.kr |
| Hyundai Marine & Fire Insurance Co., Ltd. | www.hi.co.kr |
| KB Insurance Co., Ltd. | www.kbinsure.co.kr |
| DB Insurance Co., Ltd. | www.idbins.com |
| Seoul Guarantee Insurance Co., Ltd. | www.sgico.co.kr |
| American International Group, Inc. | www.aig.co.kr |
| ACE American Insurance Company K.B. | www.chubb.com |
| First American Title Insurance Company K.B. | www.firstam.co.kr |
| AXA General Insurance Co., Ltd. | www.axa.co.kr |
| Mitsui Sumitomo Insurance Co., Ltd. K.B. | www.ms-ins.co.kr |
| Hana Insurance Co., Ltd. | www.educar.co.kr |
| BNP Paribas Cardif | www.cardifcare.co.kr |
| DAS Legal Expenses Insurance Co., Ltd. | www.das.co.kr |
| NongHyup Property & Casualty Co., Ltd. | www.nhfire.co.kr |
| Allianz Global Corporate & Specialty SE, K.B. | www.agcs.allianz.com |

3. Reinsurance companies

| Company | Homepage |
|--|--|
| Korean Re | www.koreanre.co.kr |
| Munich Re K.B. | www.munichrekorea.com |
| Swiss Re Asia Pte, Ltd, K.B. | www.swissrekorea.com |
| Gen Re K.B. | www.genre.com |
| Scor Reinsurance Asia Pacific Pre. Ltd. K.B. | www.scor.com |
| RGA Reinsurance Company K.B. | www.rgare.com |
| Hannover Re K.B. | www.hannover-re.com |
| Pacific Life Re K.B. | www.pacificlifere.com |
| Asia Capital Re K.B. | asiacapitalre.com |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. K.B. | www.tokiomarine.seoul.kr |

4. Related organizations

| Organization | Homepage |
|--|--|
| Ministry of Economy and Finance | www.mosf.go.kr |
| Financial Supervisory Commission | www.fsc.go.kr |
| Financial Supervisory Service | www.fss.or.kr |
| Korea Deposit Insurance Corporation | www.kdic.or.kr |
| Korea Trade Insurance Corporation | www.keic.or.kr |
| Korean Fire Protection Association | www.kfpa.or.kr |
| Korea Life Insurance Association | www.klia.or.kr |
| General Insurance Association of Korea | www.knia.or.kr |
| Korea Insurance Development Institute | www.kidi.or.kr |
| Korea Insurance Institute | www.in.or.kr |
| Korean Insurance Academic Society | www.kinsurance.or.kr |
| The Institute of Actuaries of Korea | www.actuary.or.kr |
| Korea Risk Management Society | www.krms.org |
| Korea Federation of Banks | www.kfb.or.kr |
| Korean Insurance Brokers Association | www.ikiba.or.kr |
| Korea Financial Investment Association | www.kofia.or.kr |
| Credit Counseling and Recovery Service | www.crss.or.kr |

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