

【平成 23 年度大会】

招待報告

報告要旨：Dr. Dong-Han Chang

Current Situation and Future Perspective of Korean Insurance Industry

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I. Current Situation of Korean Insurance Industry

1. Korean Insurance Market in the World

The total insurance premiums of fiscal 2009 in Korea were \$91.9billion and increased by 0.81% over the previous year. Its rank in the world market was 10th position by 2.25%. Korean insurance industry in recent years has slowly being improved due to a widespread global recovery and restoration of domestic economy. The insurance penetration, or premiums as a percentage of GDP, reached 10.4% in 2009

2. Premium Volumes and Total Assets

The total premium in 2009 grew by 8.8% to 120,789 trillion Won. The premium growth rate in 2009 was by 7.0% points higher than 1.8 of 2008. For life and non-life insurance in 2009, the premium growth rates recorded 4.6% and 16.9% respectively. The total assets of the insurance industry in 2009 increased by 14.2% to 458,647 billion won: 13.5% with life insurance and 16.4% with non-life insurance.

3. Number of Insurance Companies

As the entry barriers into Korea insurance market have been lowered during the liberalization in 1990 and 1991 local companies, joint ventures and foreign companies entered, and the number of insurance reached as many as fifty. Especially Korea Insurance Market has been restructured due to the financial crisis in 1997. As of March 31, 2010 life insurance market consists of 13 domestic companies and 9 foreign companies. Non-life insurance companies consist of 13 primary non-life insurance companies, 10 foreign primary non-life insurance companies, 1 reinsurer, and 6 foreign reinsurers.

4. Market Share of Foreign Insurance Companies

Owing to the deregulation and liberalization of the Korean Insurance Industry, many foreign insurers entered the Korean insurance market, As a result, the foreign life insurers' market share led to 21.2% of the total life insurance market. However, in non-life insurance aspect, the market share of foreign insurers remained less than 5% of the total non-life market in 2009. AIG turmoil in 2008 resulted in the decrease of the foreign insurers' market share.

II. Future Perspective of Korean Insurance Industry

1. Slowdown in Growth Rate of Korean Insurance Business

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Korean insurance industry has made progress by two-digit in 1970s and 1980s. In the late of 1990, Korean economy has been slowing down due to the financial crisis and the recession of global economy. The growth rate of Korean insurance business is expected to be less than 5%.

2. Advancing Abroad of Korean Insurers

At present many foreign insurers are extensively doing business in Korea. However, Volume of which Korean insurance companies do business overseas is insignificant. Also, there is no one that plays role as a global leader in insurance segment, comparing with computer, manufacturing aspects. Korean insurance companies are now establishing the strategy of being global leading company.

3, Strengthening Supervision on Financial Soundness of insurers

Several insurance companies were sold off, and lost the business because of financial unsoundness. Korean insurance authority watches and evaluates financial soundness of insurers in order to prevent insurers from insolvency and to ensure their sound management... FSC and FSS would inspect operations and financial status based on RBC and risk assessment.

4. Diversification of Marketing Channels

In Korean insurance market, distribution channels are comprised of bancassurance, direct marketing by internet etc., cross selling solicitors, general agents. In future, Korean distribution channels are more diversified. The market share of the traditional channel such as solicitor is decreasing, while market share of direct writer and bancassurance will rise remarkably.

5. Developing the Products Related to Longevity Risk

Japan and Korea are becoming aging society. Korea is supposed to suffer from exposure to longevity risks. Insurance companies try to develop products such as pension, retirement insurance, and long-term care insurance.

6. Increasing Demand of Insurance Consumers

Insurance consumers require that insurers improve the readability of insurance contracts, and help consumers better understand insurance products. Therefore insurance authorities take measures to meet increasing demand of insurance consumers. They will develop disclosure programs, and solve consumer complaints.

7. Promoting Fair Competition and. Revising Laws related to Insurance