



Current Situation and Future Perspective of Korean Insurance Industry

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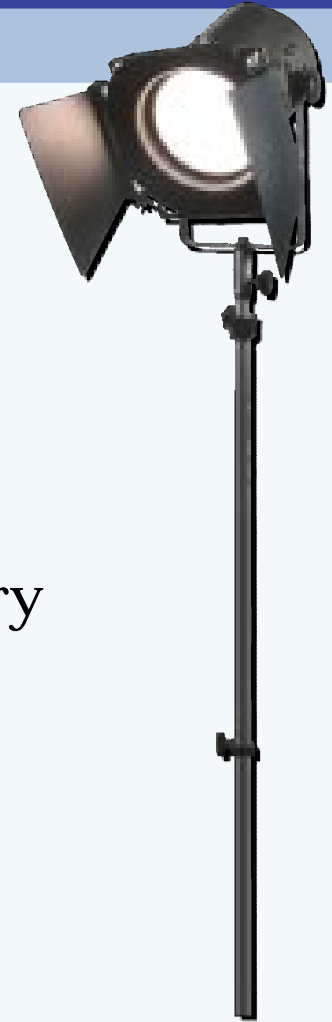




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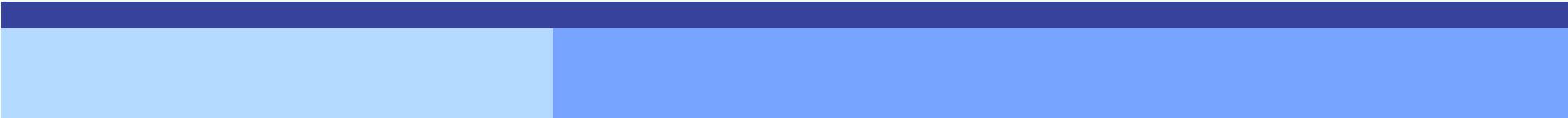
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II . **F**uture **P**erspective of Korean Insurance Industry





Current Situation of Korean Insurance Industry





Current Situation of Korean Insurance Industry

■ Korean Insurance Market in the World

•Growth of Korean Insurance Market

- Total Insurance Premiums : \$91.9 billion(2009)

Total premium volume by country

(Units: \$ billion, %)

Ranking	Country	Premium volume		Changes, 2009		Share of world market, 2009
		2008	2009	Nominal	Inflation-adjusted	
1	United States	1,239.7	1,139.7	-8.07	-7.77	28.03
2	Japan*	483.1	505.9	4.73	-1.06	12.44
3	UK	395.6	309.2	-21.84	-9.43	7.61
4	France	275.8	283.1	2.61	6.20	6.98
5	Germany	241.9	238.3	-1.48	3.64	5.66
6	Italy	140.7	169.4	20.38	26.07	4.17
7	PR China	140.5	163.0	15.79	14.63	4.01
8	Netherlands	114.5	108.1	-5.57	-1.51	2.66
10	Korea*	90.6	91.9	1.48	0.81	2.26

*: Fiscal year (Apr. 1, 2009–Mar.31, 2010)
Source: Swiss Re, Sigma, No 2, 2010.



Current Situation of Korean Insurance Industry

■ Korean Insurance Market in the World

• Insurance Penetration

- Premiums in % of GDP : 10.4%

Insurance Penetration : Premiums in % of GDP

(Unit:%)

	2007			2008			2009		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
Korea	8.2	3.6	11.8	8	3.7	11.8	6.5	3.9	10.4
World	4.4	3.1	7.5	4.1	2.9	7.1	4.0	3.0	7.0



Current Situation of Korean Insurance Industry

■ Korean Insurance Market in the World

• Insurance density

- Premiums per capita : \$ 1,890.3(- 4.0%)

Insurance density : Premiums per capita

(Unit: \$)

	2007			2008			2009		
	Life	Non-Life	Total	Life	Non- Life	Total	Life	Non- Life	Total
Korea	1,656.6	727.3	2,384.0	1,347.7	621.0	1,968.7	1,180.6	709.7	1,890.3
World	358.1	249.6	607.7	369.7	264.2	633.9	341.2	253.9	595.1



Current Situation of Korean Insurance Industry

■ Korean Insurance Market in the World

- Life insurance subscription ratio per household
 - Private life insurance subscription ratio per household has sharply increased since the 1980s.

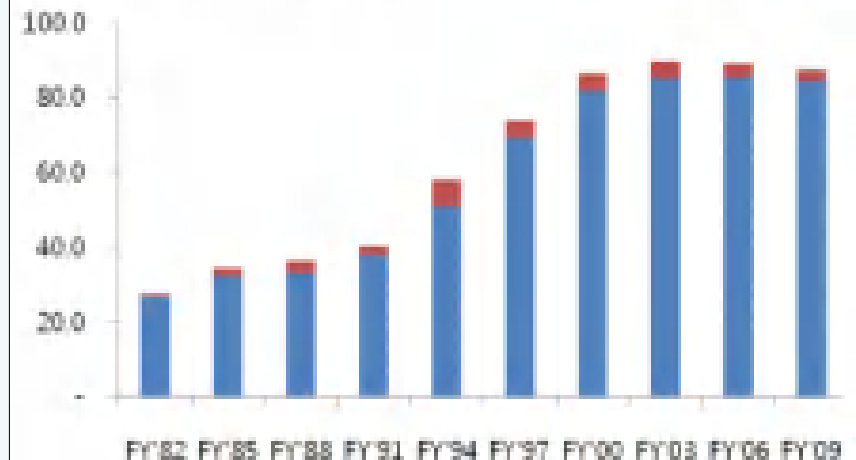
Life insurance subscription ratios per household

(Unit: %)

	FY03	FY01	FY04	FY07	FY02	FY05	FY08	FY09
Private life insurance	32.8	37.8	50.9	59.2	61.6	65.4	69.7	64.3
Mutual, Post office	2.8	3.2	2.9	4.1	4.4	13.4	19.8	13.1
Mutual, Agricultural association	2.0	2.4	7.2	7.6	6.6	10.2	9.0	9.0
Total	38.4	43.3	57.8	71.7	74.2	89.9	98.2	87.3

Source: Korea Life Insurance Association, Consumers' survey, 2010.

Subscription rates per household (Life insurance)





Current Situation of Korean Insurance Industry

■ Premium Volumes and Total Assets

- Total Premium : 120,789 billion won(+ 8.8%)

Premium volume

(Units: billion Won, %)

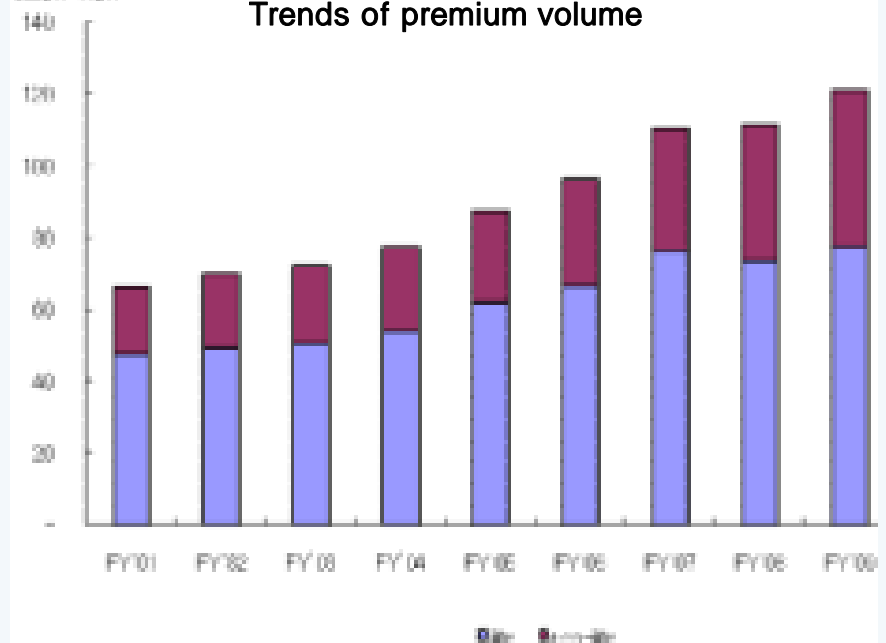
	FY'03	FY'04	FY'05	FY'06	FY'07	FY'08	FY'09
Life	50,393 (2.7)	53,751 (6.7)	61,472 (14.4)	66,455 (8.1)	75,956 (13.0)	73,561 (-2.0)	76,957 (4.6)
Non-life	21,374 (3.7)	23,219 (8.6)	29,724 (10.6)	29,583 (15.0)	33,982 (14.9)	37,496 (10.3)	43,832 (16.9)
Total	71,767 (3.0)	76,970 (7.2)	87,196 (13.3)	96,038 (10.1)	109,077 (13.6)	111,057 (-1.8)	120,789 (8.8)

Note: Figures in parenthesis indicate year-on-year growth rates.

Source: KIDI, Monthly insurance report, various issues.

billion Won

Trends of premium volume



Source: KIDI, Monthly insurance report, various issues.



Current Situation of Korean Insurance Industry

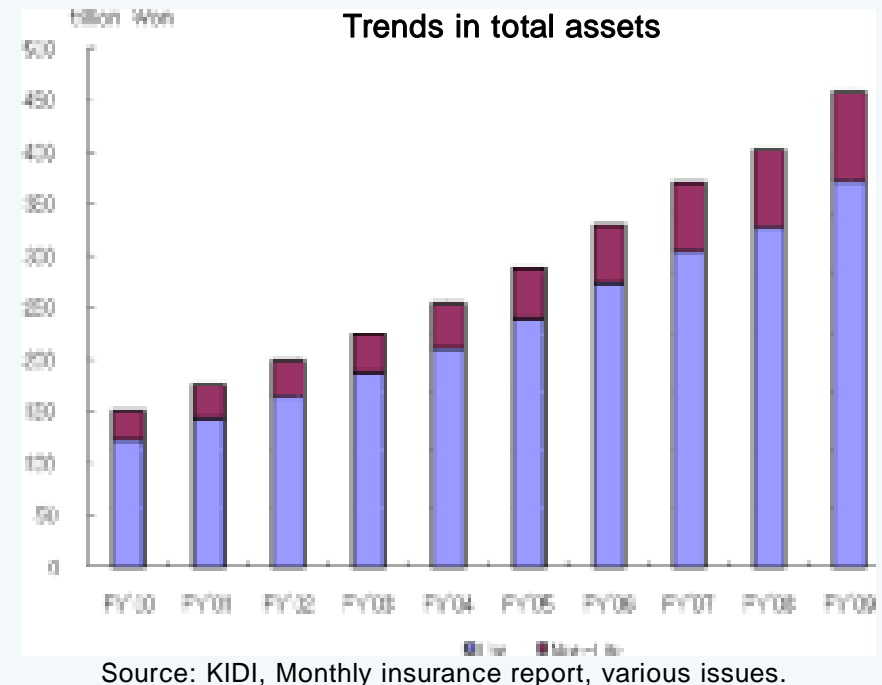
■ Premium Volumes and Total Assets

- Total assets : 458,647 billion won(+ 14.2%)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Life	197,362 (14.1)	211,810 (12.8)	239,362 (13.1)	273,132 (14.1)	305,400 (11.8)	328,332 (7.5)	372,525 (13.5)
Non-life	38,823 (9.8)	43,472 (15.0)	49,277 (13.4)	58,971 (15.6)	66,015 (15.9)	73,990 (12.1)	80,122 (16.4)
Total	226,184 (13.3)	256,082 (12.8)	288,639 (13.2)	330,103 (14.4)	371,415 (12.5)	402,322 (8.3)	458,647 (14.2)

Note: Figures in parenthesis indicate year-on-year growth rates

Source: KIDI, Monthly insurance report, various issues.





Current Situation of Korean Insurance Industry

■ Number of insurance company : 52 (Mar.31, 2010)

Insurance companies in Korea

Classification		Domestic	Foreign	Sub total
Life Insurance		13	9	22
Non-Life Insurance	Primary	13	10	23
	Reinsurer	1	6	7
	Sub total	14	16	30
Total		27	25	52

Note: 1) All figures are on Mar.31, 2010

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

Sources: Financial Supervisory Service; KIDI.



Current Situation of Korean Insurance Industry

■ Market Share of Foreign Insurance companies

- Life Insurance : 21.2%
- Non- Life Insurance : 3.2%

Premium income and market share for foreign insurers

(Units: billion Won, %)

	FY'05		FY'06		FY'07		FY'08		FY'09	
	Life	Non-life	Life	Non-life	Life	Non-life	Life	Non-life	Life	Non-life
Foreign insurers	11,107	328	13,150	409	16,924	1,278	15,816	1,387	16,238	1,403
	(18.07)	(1.33)	(19.79)	(1.42)	(22.54)	(3.1)	(21.5)	(3.7)	(21.1)	(3.2)

Note: Each figure in a parenthesis indicates market share of life or non-life insurance industry.

Source: KIDI, Monthly insurance report, various issues.



Future Perspective of Korean Insurance Industry

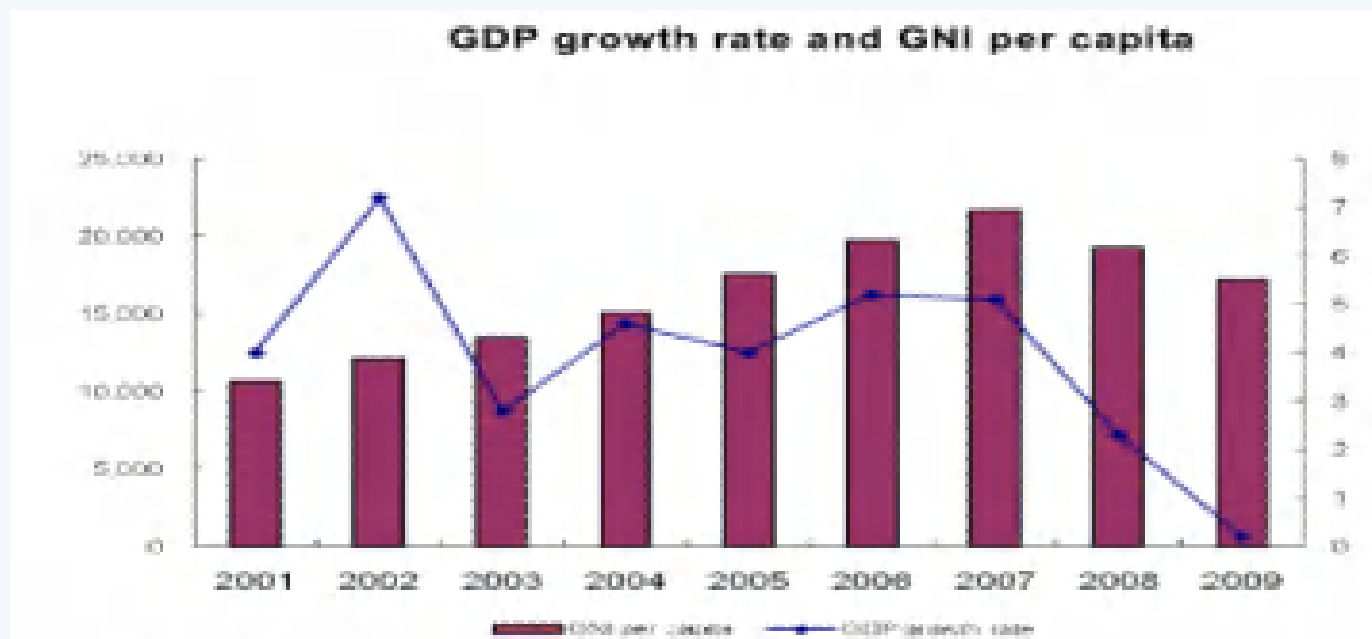




Future Perspective of Korean Insurance Industry

■ Slowdown in Growth Rate of Korean Insurance Business

- The growth rate of Korean insurance business is expected to be less than 5%



Source: the Bank of Korea.



Future Perspective of Korean Insurance Industry

▣ Advancing Abroad Korean Insurers

- Korean insurance companies are now establishing the strategy of being global leading company.
 - Total foreign office : 41
 - Corporate and branch with business license : 16



Future Perspective of Korean Insurance Industry

■ Strengthening supervision on Financial soundness of insurers

- FSC and FSS would inspect operation and financial status based on RBC and risk assessment.

Asset classification and provisioning

Classification of Asset Soundness	Provisioning Standards
Normal	More than 0.5%
Precautionary	More than 2%
Substandard	More than 20%
Doubtful	More than 50%
Estimated Loss	100%

Source: Financial Supervisory Service



Future Perspective of Korean Insurance Industry

- ▣ Cooperation between private insurance sector and public insurance sector
 - Health Insurance
 - Pension Insurance etc.



Future Perspective of Korean Insurance Industry

- ▣ Increasing of the mutual- aid associations
(fraternal insurance)
 - Protecting the risks of the specific groups
 - Planning the savings and retirement annuity
 - Conflicts between insurance companies and mutual- aid associations



Future Perspective of Korean Insurance Industry

▣ Diversification of Marketing Channels

- Decreasing of the traditional marketing channel
- Increasing of the new channels (Direct writer, Bancassurance)



Future Perspective of Korean Insurance Industry

- ▣ Conflicts among the marketing channels
 - Commission,
 - Training and Education Support
 - Insurance Information Systems



Future Perspective of Korean Insurance Industry

- ▣ Developing the Products Related to Longevity Risk
 - Development of the new products (pension, retirement insurance, and long-term care insurance)



Future Perspective of Korean Insurance Industry

- ▣ Increasing Demand of Insurance Consumers
 - Improve the readability of insurance contracts
 - A better understanding of insurance products



Future Perspective of Korean Insurance Industry

- Direction for Sustainable Development
 - Promoting fair competition
 - Revising laws related to insurance



Thank you for listening to me
and I will finish my presentation.

