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RELATIVE TO RISKS AND INSURANCE ISSUES**

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Consumer's Awareness in Korean Insurance Market

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Consumer's Awareness in Korean Insurance Market

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1. Introduction(1)

▪ Why is consumer's awareness important ?

1. Dissatisfaction about insurance products is mainly caused by the purchase without correct information.
Therefore, promoting satisfaction will decrease misselling.
2. Market competition will be based more on correct and open information.
It will stimulate more sound market competition

▪ This presentation focuses on

1. Is Awareness important factor for Korean insurance market?
2. Which sources do consumers gather information about insurance product from
3. Which sources are effective for consumers other than distribution channel

1. Introduction(2)

- Survey results come from

Survey

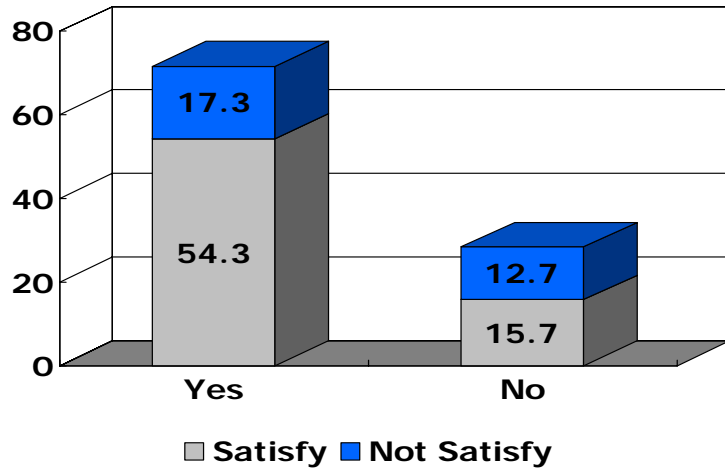
- ① 2005 Survey on Insurance Consumer, KIDI
- ② 2006 Survey on Insurance Consumer, KIDI
 - 1,200 Randomly chosen household, Visiting survey

Papers

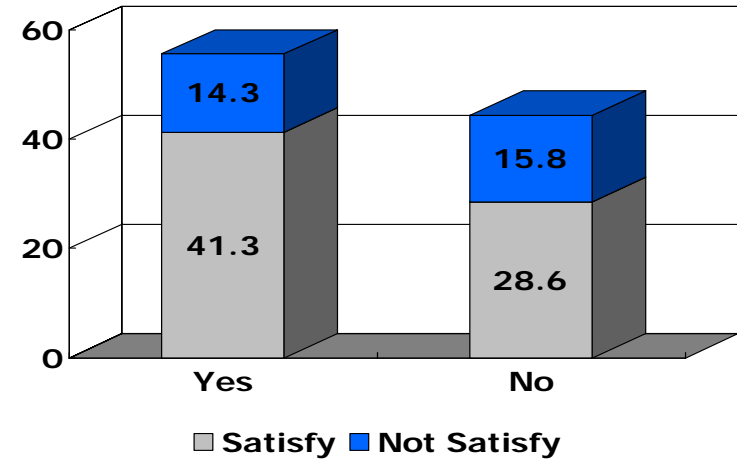
- ③ Kim, J. and Kim H., “An Empirical Study on Consumers’ Product Information Gathering Characteristics and Satisfaction in Health Insurance Consumption”, *Journal of Insurance Studies*, 2006
 - 566 Private health insurance policyholders, Telephone survey
- ④ Kim, K., “Consumers’ Perception and Consumer Affairs on the Home Shopping Insurance Ads”, *Journal of Insurance Studies*, 2005
 - 270 Consumers who watched home shopping insurance ads, Visiting survey

2-1. Awareness at the Time of Purchase ㉓

Did you understand about the product ?



Did you compare with other products ?

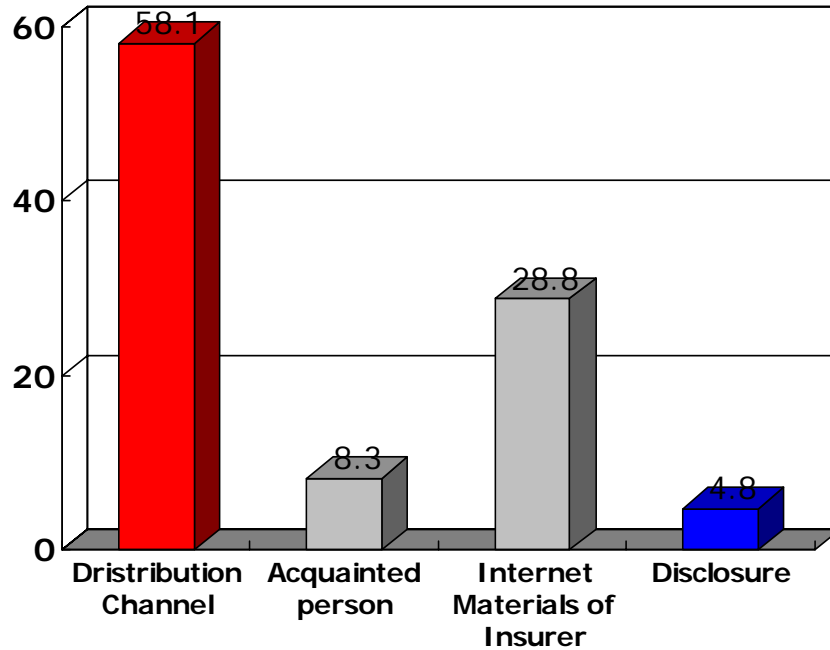


- Consumers with better understanding tend to be satisfied with the insurance product they purchased.

- This comparison among insurance products leads better satisfaction about the purchase

→ The awareness stimulates the satisfaction about the product.

2-2. The Source of Information ©

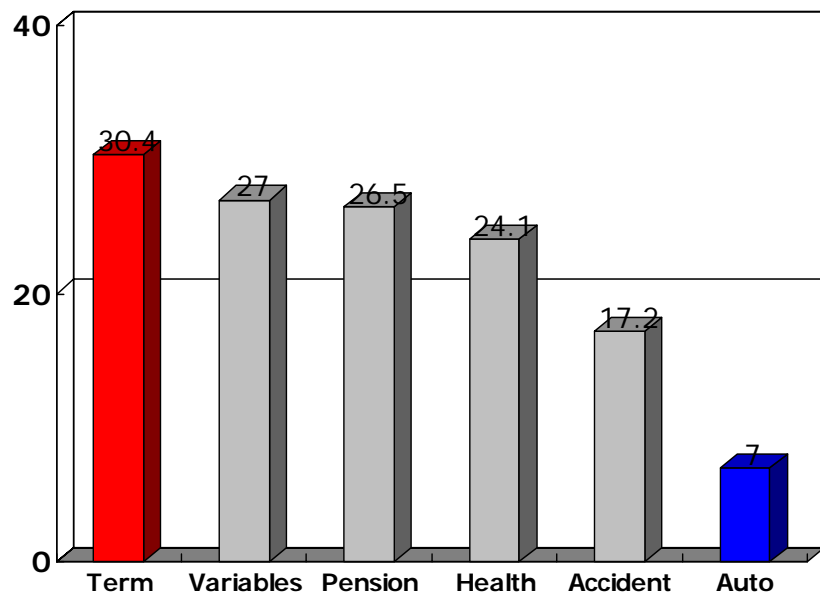


AGE GROUP	% who answer "internet..."
20's	51.4
30's	29.4
40's	23.1
50's	25.0
60's over	10.0

- Consumers got information about products mainly from the distribution channel
- Voluntary search such as internet and disclosure is more common for younger age and higher education

3-1. The Choice of Channel & Information ②

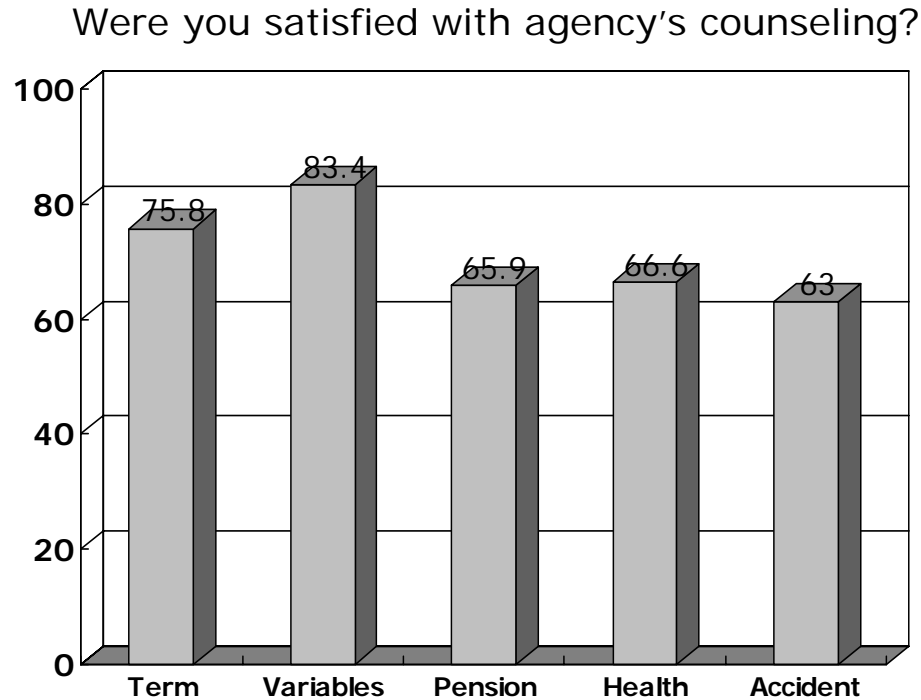
Which factor is the most important to choose distribution channel?



	Term	Auto
Information	30.4	7.0
Convenience	31.2	42.0
Low Price	11.2	15.0
Other	27.2	36.0

- Information is very important factor for consumers to choose distribution channel
- Influential power of information is strong for term insurance but negligible for auto insurance.

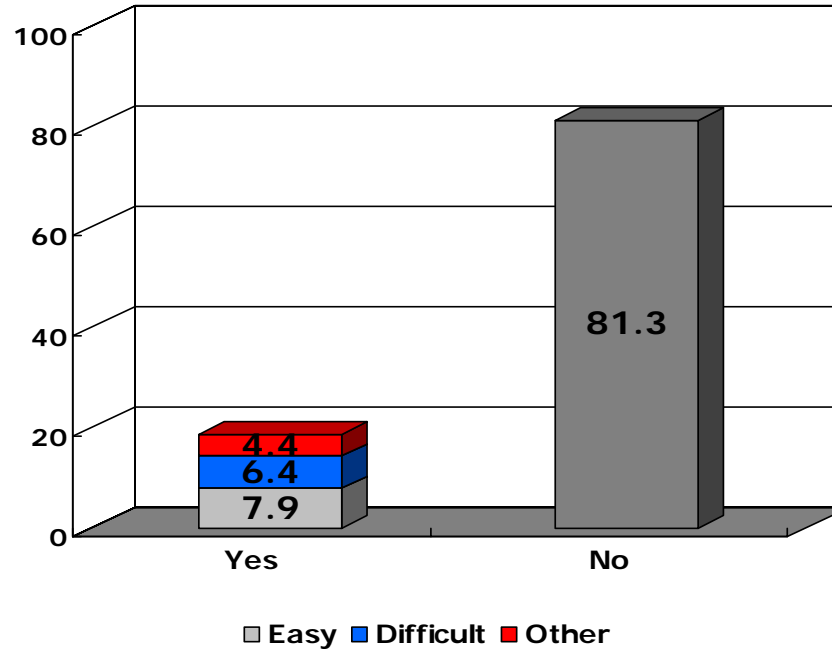
3-2. The Satisfaction about Agency's Counseling ①



- Consumers are generally satisfied with agency's counseling.
- A survey result implies that consumers generally gather information from distribution channel and also are satisfied with it.

4. Disclosure ㉔

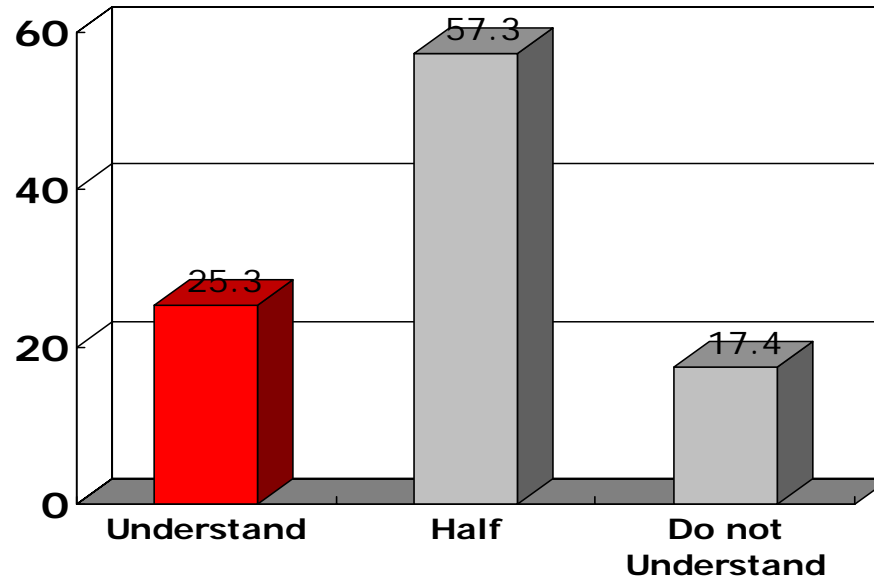
Do you know the existence of disclosure?



- Consumers generally do not know the existence of disclosure.
- Many consumers who used disclosure do not agree that it is understandable.

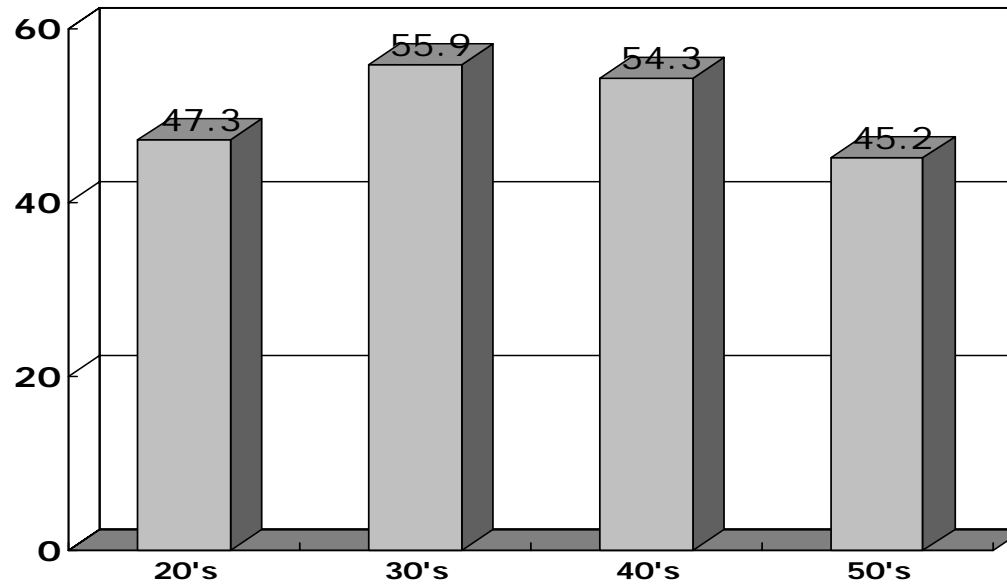
5. The Terminology of Insurance ④

Did you understand the terminology of home shopping insurance ads ?



- The small portion of consumers could sufficiently understand the terminology of home shopping insurance ads.

6. Insurance Fraud ⑥



- About half of consumers recognize the fact that insurance fraud finally causes higher premium rate.

6. Implications

- The distribution channel is popular and effective source of awareness.
→ Education and transparent regulation on agency is very important.
- There are huge differences in information source among age groups and education levels.
→ Gov't program should be differentiated reflecting the characteristics of groups
- Information sources other than the distribution channel are neither popular nor effective.
→ More efforts will be needed to make disclosure and other materials about insurance products easier.