

A faint, light blue world map is visible in the background of the slide, centered behind the text.

Insurance Statistics Information

in Financial Supervisory System of Korea

26 – 27 January 2012

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KLIA

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I. Outlook of the Korean Insurance Industry

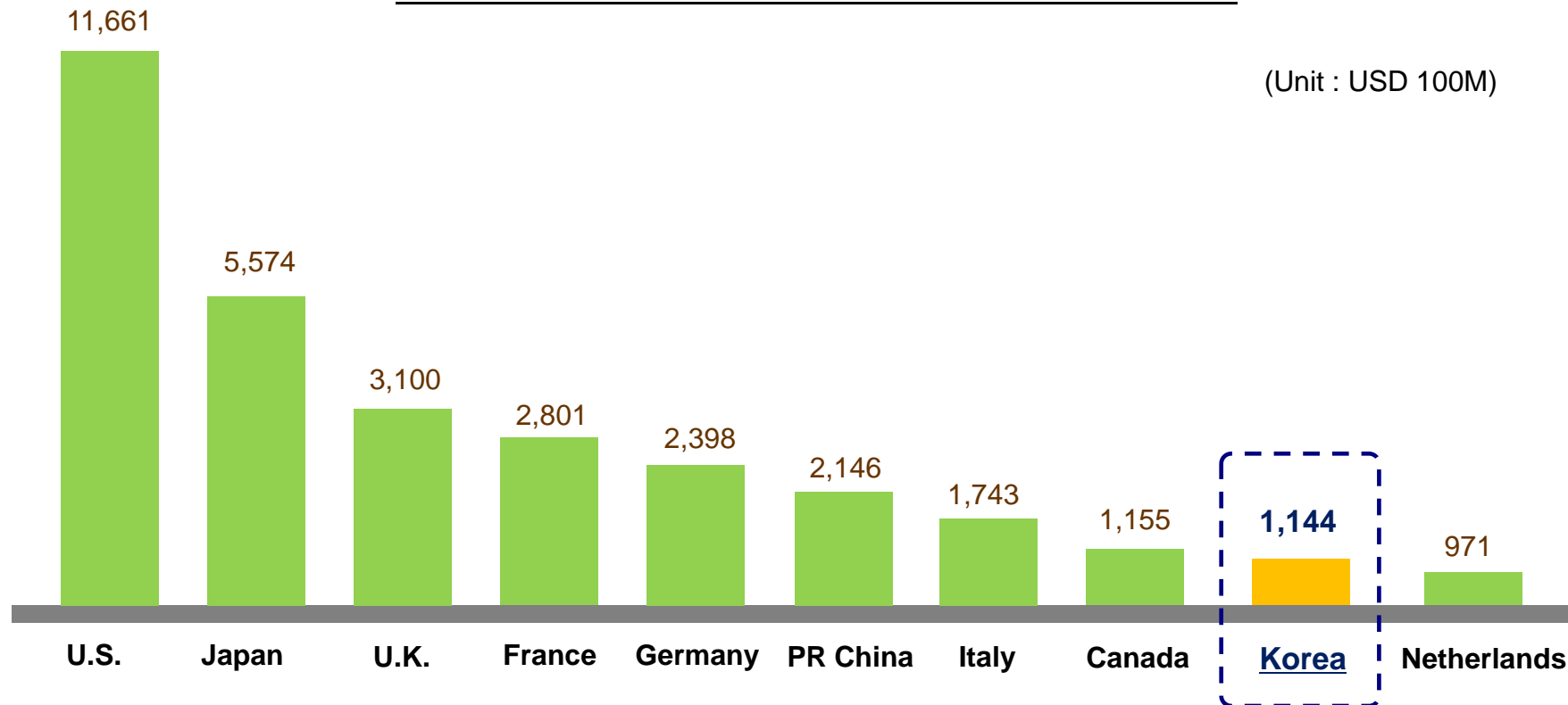
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I-1. Status in World Market (1)

- In terms of premium income, the 2010 Korean insurance industry was the **9th largest in the global market** while life insurance was no. 8 and non-life was no. 10

(Swiss Re 『Sigma』 , 2011. No.2)

< FY2010 Insurance Premium Income >



I-1. Status in World Market (2)

- Insurance penetration rate ranked no.6 at 11.2% while insurance density was no. 23 with USD 2,339

Year	Insurance Premium Income (\$1B)		Insurance Penetration (%)		Insurance Density (\$)	
	Rank	Amount	Rank	Proportion	Rank	Amount
2006	7	101	4	11.1	21	2,071.3
2007	7	116	5	11.8	21	2,384.0
2008	10	91	6	10.8	26	1,866.5
2009	10	92	6	10.4	25	1,890.3
2010	9	114	6	11.2	23	2,339.4

I-2. Proportion in Korean Financial Market

■ Proportion in financial savings market by total assets:

Life Insurance : 15.3% / *Non-Life Insurance* : 4.2%

< Status of Total Assets by Financial Industry >

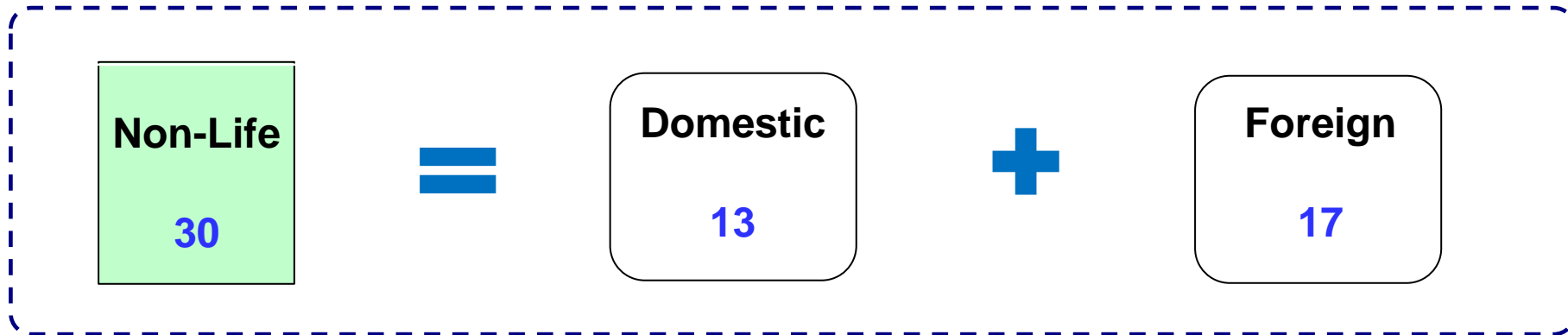
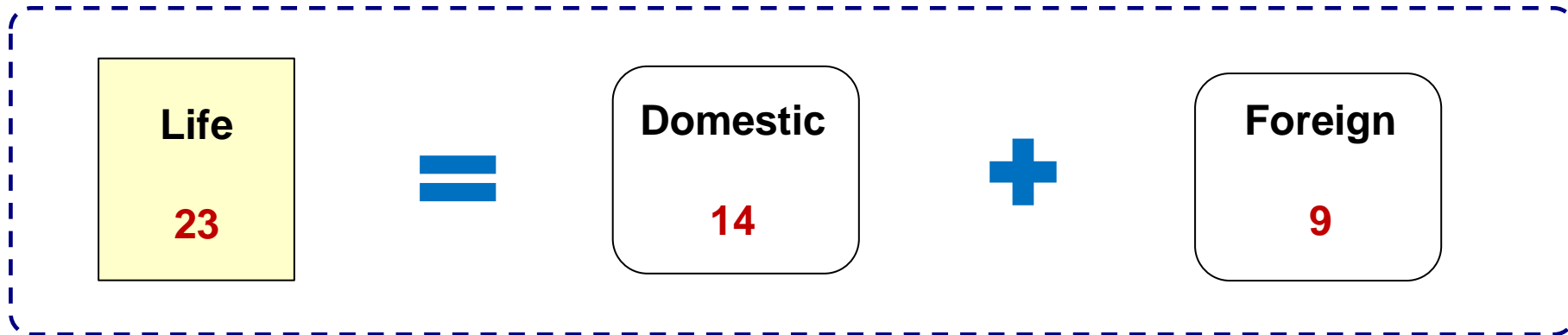
(Unit : USD billion, %)

Type	'06.12	'08.12	'10.12	'11.09
Bank	1,500(77.1)	1,487(77.9)	1,617(72.7)	1,721(71.2)
Securities	99(5.1)	111(5.8)	163(7.3)	224(7.1)
Life Insurance	286(14.7)	254(13.3)	358(16.1)	370(15.3)
Non-Life Insurance	60(3.1)	56(2.9)	87(3.9)	101(4.2)
Total	1,945(100)	1,908(100)	2,225(100)	2,355(100)

* Figures in parenthesis are ratio to total financial savings market

I-3. Insurers in Korea

- As of January 2012, there are **23** life insurance companies and **30** non-life insurance companies operating in the Republic of Korea



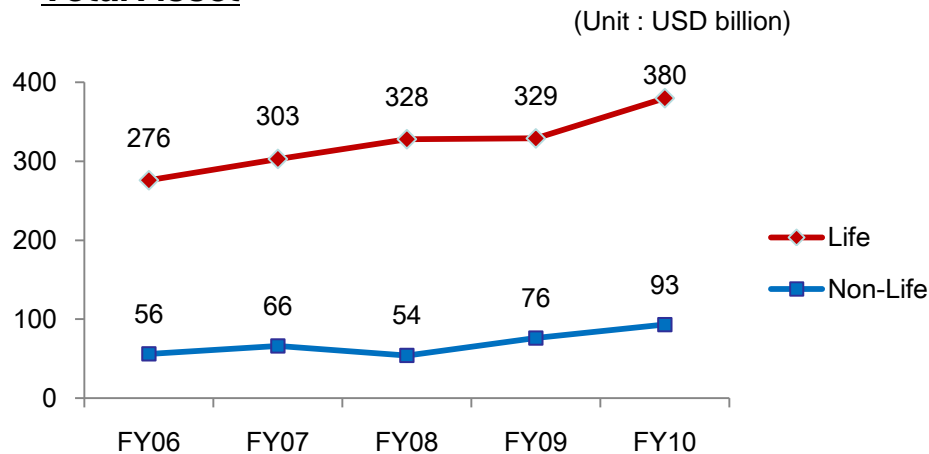
I-4. Major Business Performances

- The insurance industry showed signs of recovery in FY2010 from the global financial crisis and recession-hit in 2008

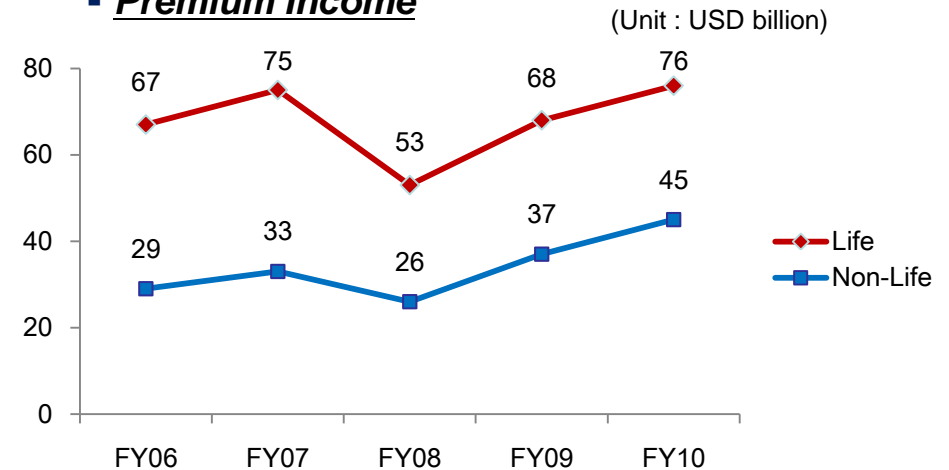
(Unit : USD billion)

Category		FY'07	FY'08	FY'09	FY'10
Premium Income	Life	75	53	68	76
	Non-Life	33	26	37	45
Total Asset	Life	303	328	329	380
	Non-Life	66	54	76	93
Net Income	Life	2.1	0.4	2.2	3.7
	Non-Life	1.7	0.9	1.3	1.9

■ Total Asset



■ Premium Income

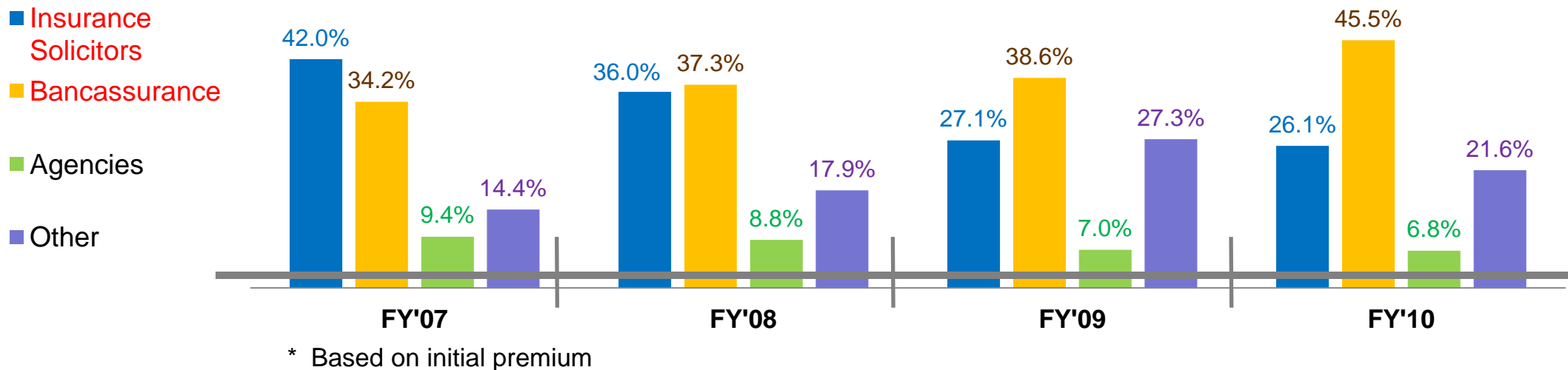


I-5. M/S by Sales Channel (Life)

- Two-pillar system centered around insurance solicitors and bancassurance

☞ Bancassurance accounted for 45.5% of total initial premium, overtaking insurance solicitors in FY2008

< M/S by Sales Channel >

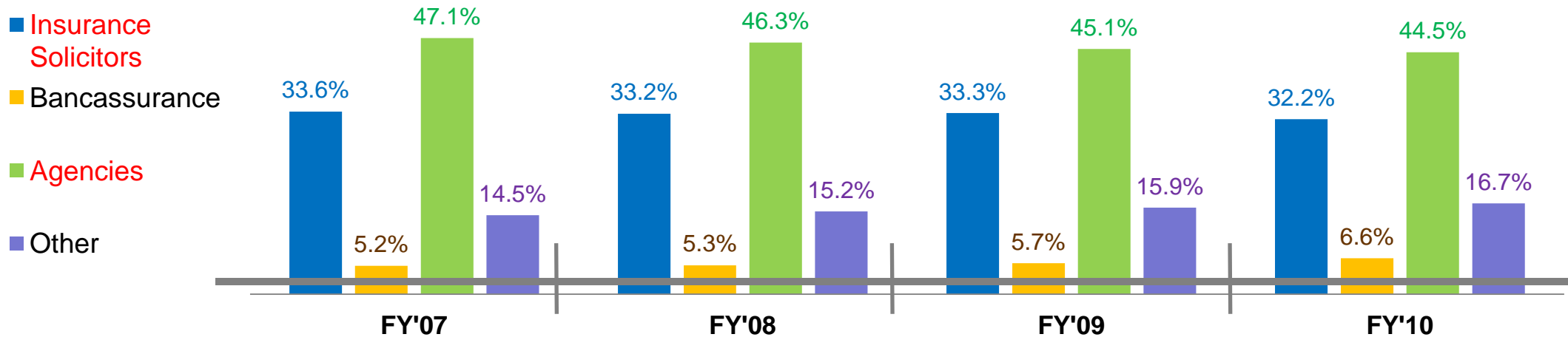


I-5. M/S by Sales Channel (Non-Life)

- Two-pillar system centered around insurance solicitors and agencies

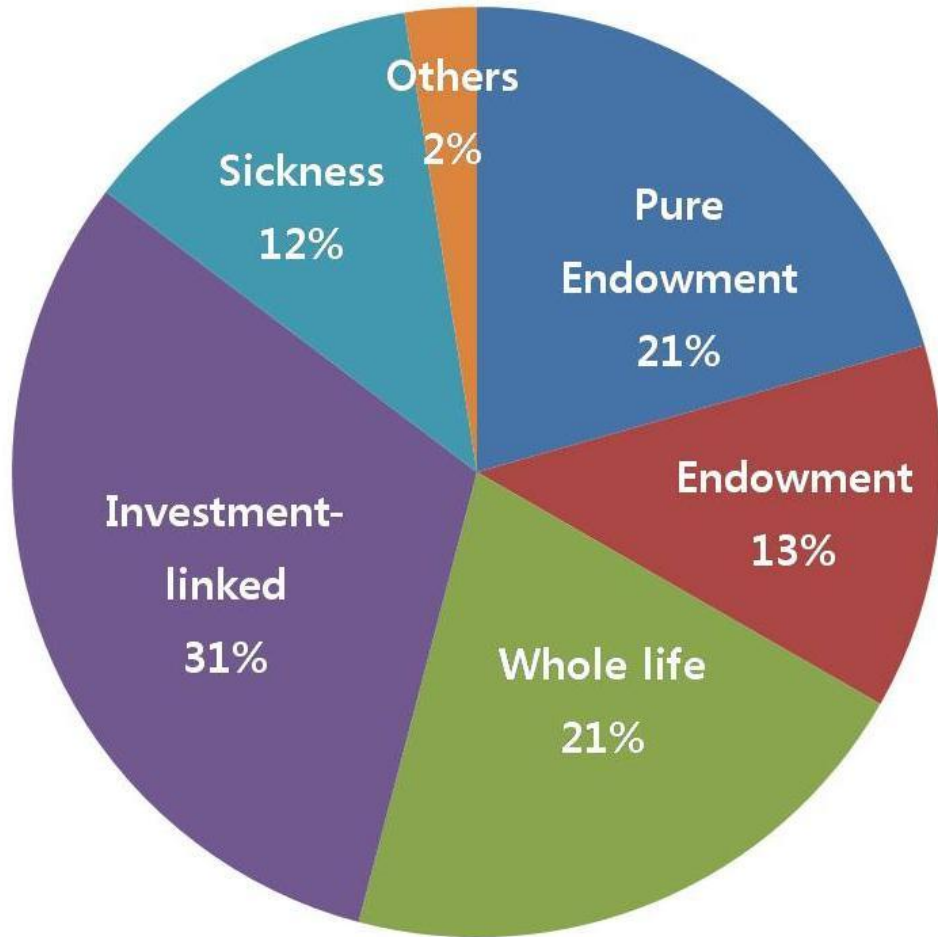
While the traditional two-pillar system with insurance solicitors and agencies at the center continues, M/S of bancassurance and other channels gradually increases

< M/S by Sales Channel >



* Based on initial premium

I-6. M/S by Product Type (Life)

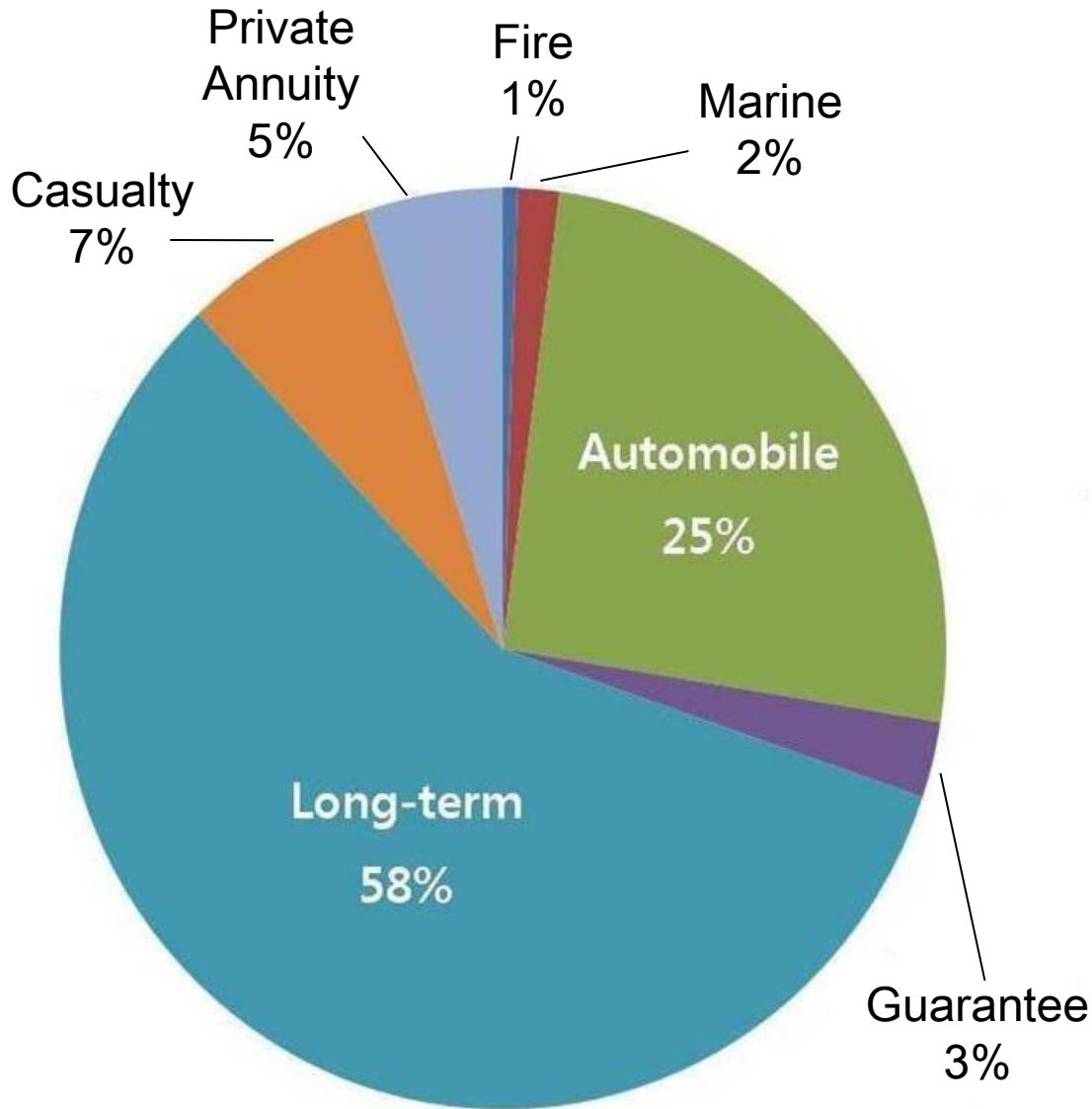


Distribution of Life Insurance

Premium Income by Product Type (FY2010)

Product Type	Premium Income (USD/million)	M/S
Investment-linked	22,804	31.2%
Whole Life	15,202	20.8%
Pure Endowment	15,070	20.6%
Endowment	9,278	12.7%
Sickness	8,858	12.1%
Others	1,991	2.7%
Total	73,199	100.0%

I-6. M/S by Product Type (Non-Life)



Distribution of Non-Life Insurance
Direct Premiums by Product Type (FY2010)

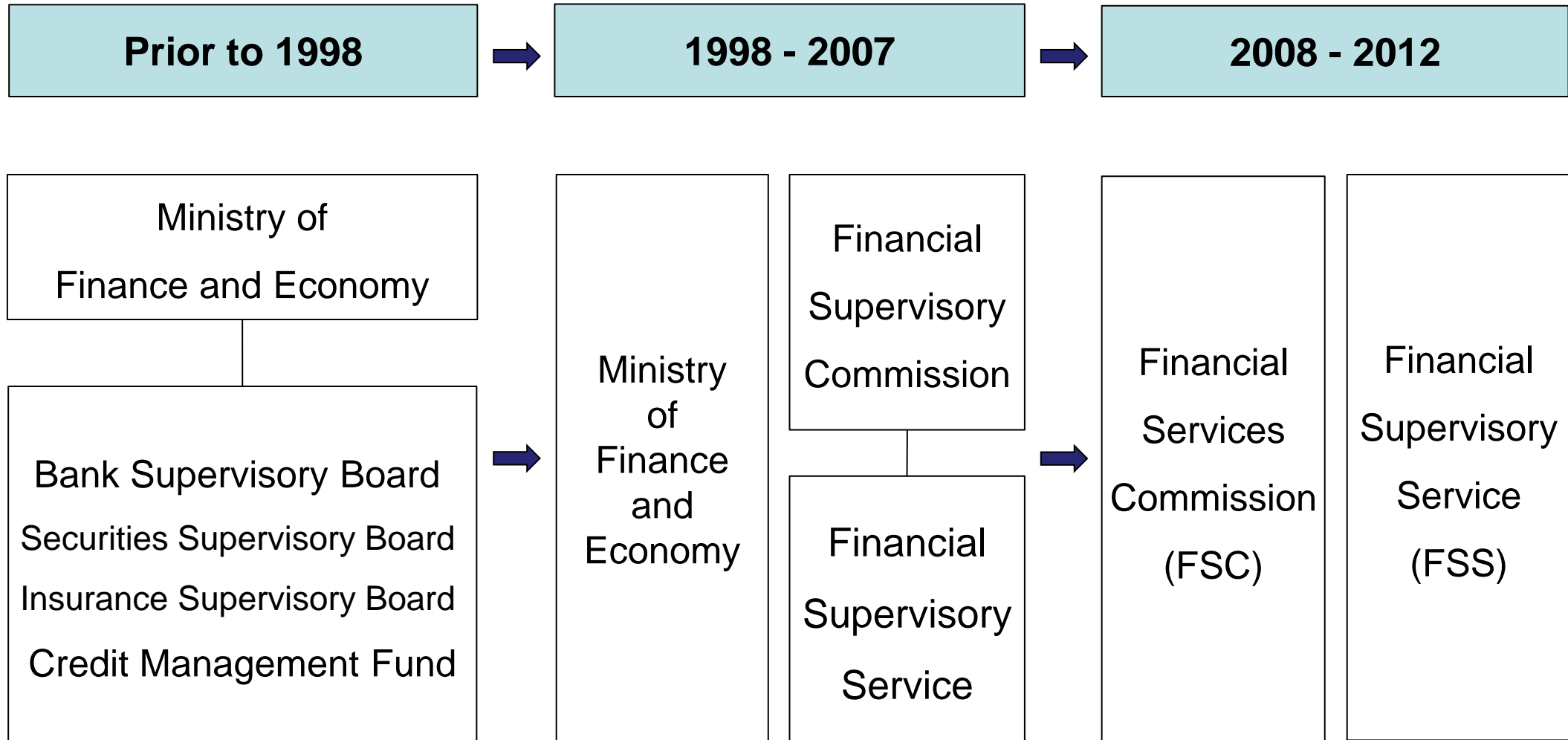
Product Type	Direct Premiums (USD/million)	M/S
Long-term	24,779	57.7%
Automobile	10,941	25.4%
Casualty	3,003	7.0%
Private Annuity	2,178	5.1%
Guarantee	1,153	2.7%
Marine	653	1.5%
Fire	229	0.5%
Total	42,936	100.0%



II. Financial Supervisory System of Korea

1. *Changes in Financial Supervisory System of Korea*
2. *Financial Supervisory System of Korea*

II-1. Changes in Financial Supervisory System of Korea



II-2. Financial Supervisory System of Korea

FSC

- Financial Policies (Domestic)
- Legislation
- Entry/Operation Permission for Financial Institutions
- Capital Market Management, Supervision and Surveillance
- Regulation on Supervision
- Examination, Restriction

Report Inspection
Results and Measures



Guide,
Order Supervision,
Cancel and Suspend
Execution



FSS

- Regular Inspection and Regulation
- Support FSC and Related Bodies
- Organization

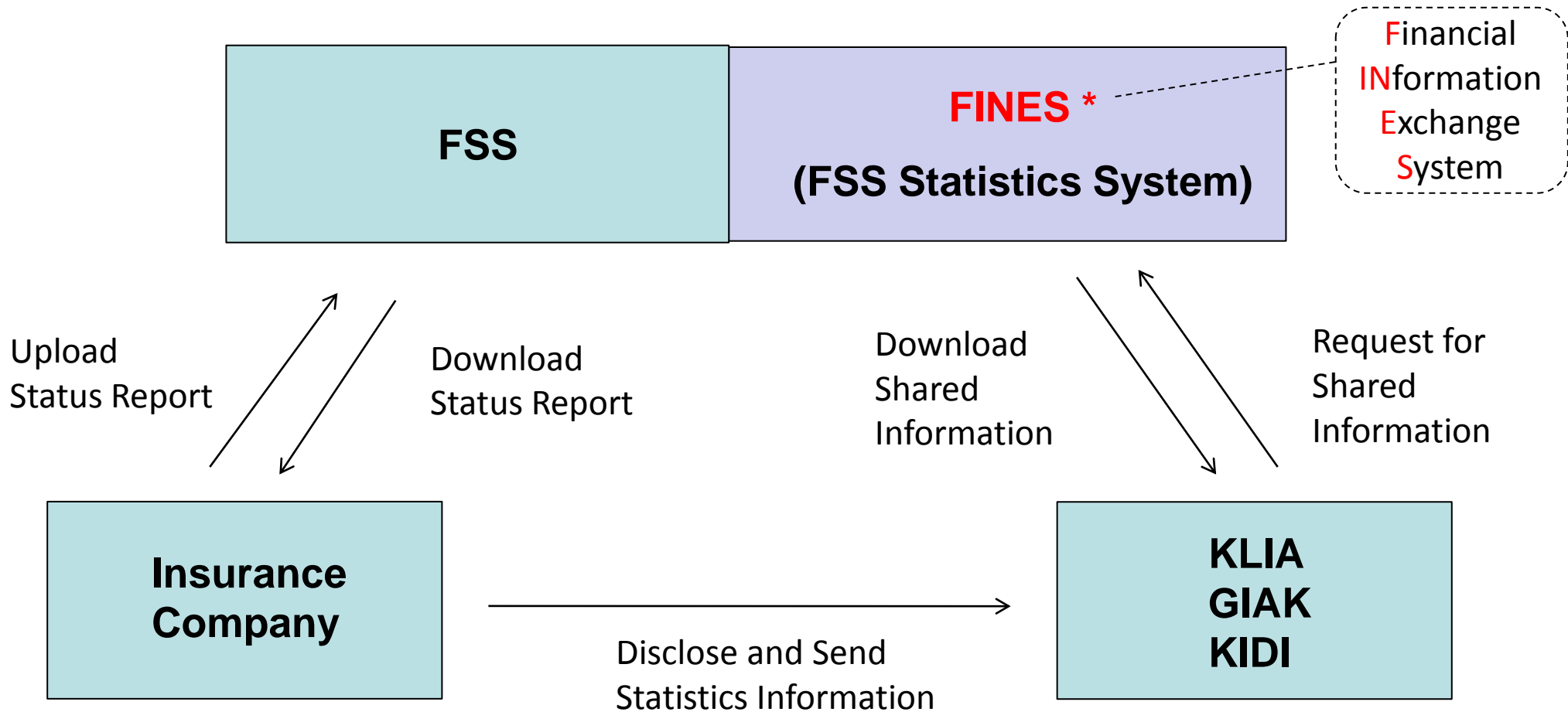
Consumer & Insurance	Banking & Non-Banking	Capital Market
Planning	Bank	Investment
Consumer	Savings Bank	Disclosure
Insurance		Accounting



III. Insurance Statistics Information

1. *Statistics Information Gathering Process*
2. *Gathering Information*
3. *Purpose of Statistics Information Gathering*

III-1. Statistics Information Gathering Process



KLIA : Korea Life Insurance Association
GIAK : General Insurance Association of Korea
KIDI : Korea Insurance Development Institute

III-2. Gathering Information (1)

Financial Status	Financial Statement	- Balance Sheet - Income Statement
	Capital Adequacy	- RBC - RBC Capital Requirement
	Asset Quality	- Trouble Asset Ratio - Securities Adequacy, Coverage Ratio
	Liquidity	- Balance - Liquidity Ratio
	Insurance Sales	- Premium Income - Claims and Dividends Paid
Regulation Observance	<ul style="list-style-type: none"> - Inspect regulation observance related to business with person with a special relationship (Bonds and shares, granting of credit) - New business and surrender (Report the rate of surrender per each channel & causes of surrender) 	
General Status and Corporate Internal Control	<ul style="list-style-type: none"> - Overview, Executive bodies and branch offices - Corporate Internal Control System 	

III-2. Gathering Information (2)

Annually

- Dividend Reserve

Semi-Annually

- Observance of Fair Competition

Quarterly

- Consolidated Financial Statements, Derivatives, Reinsurance Transaction
- Profitability Index, Risk Related Detailed Index

Monthly

- Financial Statements
- Major Financial Status (Asset Quality, Analysis on Capital Adequacy)
- Insurance Sales (Premium Income, Claims Paid)
- Regulation Observance and Complaints

III-3. Purpose of Statistics Information Gathering (1)

[Information]

Financial Statement, Regulation to Specially Related Person, General Status

Utilize
Information

Monitor Overall Condition and Corporate Governance of Insurers

- Size of Insurers (eg. total asset), Profitability (ROA, ROE)
- Corporate Governance (stake of major shareholders, etc.)
- Executive Bodies, Branch Offices

III-3. Purpose of Statistics Information Gathering (2)

[Information]

Financial Status (*Financial Statement, RBC, Trouble Asset Ratio, Premium Income, etc.*)

Corporate Internal Control

Utilize
Information

Evaluate and Monitor the Soundness of Insurers

- Assess Solvency and Analyze Profits & Losses
 - *Evaluate asset adequacy*
 - *If asset is insufficient, recapitalization would be requested*
- Monitoring has been strengthened recently by adopting a new assessment which subdivides and measures underlying risks and evaluates the overall ability of insurers for management and control

III-3. Purpose of Statistics Information Gathering (3)

[Information]

Regulation Observance

Utilize
Information

Monitor Business Practices of Insurers

- Collect information on new business & surrender based on insurance type, distribution channel and agency to assess the adequacy of business practices of insurers
 - *Calculate indexes using the rate of mis-selling and surrender, etc.*
- Utilize such figures to monitor business practices of insurers and as selection criteria when finding mis-selling, etc.



IV. Closing Remarks

IV. Closing Remarks

**Promote sustainable development of the insurance industry
by ensuring soundness and stability**

Reinforce Risk Management

Produce the detailed index to be used for subdividing underlying risk, calculating correction of risks and evaluating risk exposure (*Insurance risk, Market risk, Interest rate risk, Credit risk, Operational risk*)

Consumer Protection

Protect consumer rights by provide various statistics and information on management and products of insurers

Enhance Orderly Market

Provide data on complaints, sanctions and lawsuits of insurers regularly; Apply such data to business management evaluation; connect with examination and ensure transparency

Thank you !!