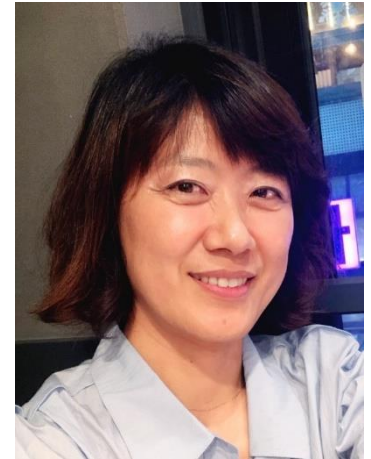

Life Insurance of Korea

Hana Life
2020710832 권정아

Profile of Jungah(Jane) Kwon

< Work Experience >

- 2010 ~ Now : Hana Life, Sales and Marketing Dept.
 - Product Marketing Planning
 - Corporate Strategy and Planning
- 2007~ 2008 Motors, Interpreter
- 2005~ 2007 US Embassy, Interpreter



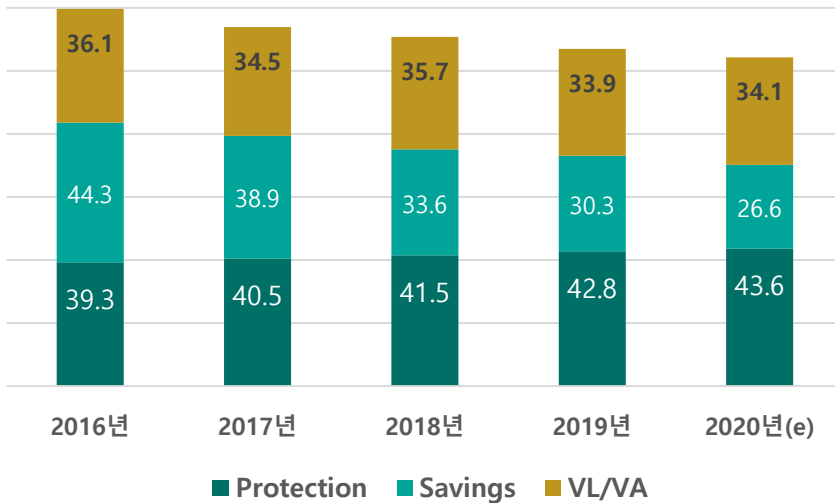
<Academic Experience >

- 2020 SKKU Ph.D Coursework of Trade (Insurance)
- 2019 SKKU Graduate School of Global Insurance and Pension
- 2015 SKKU EMBA
- 2005 Ewha Women's University Graduate School of Interpretation
- 2007 Seoul National University Graduate School of English Literature
- 2004 Seoul National University Bachelor of English Literature

Product and Channel Portfolio (Life Insurance)

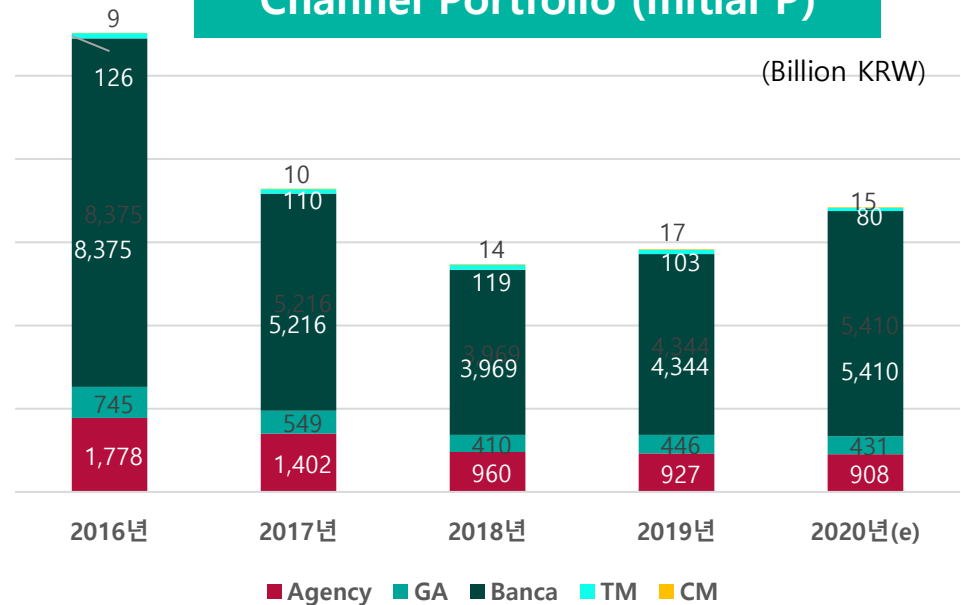
Product Portfolio (GWP)

(Trillion KRW)



Channel Portfolio (Initial P)

(Billion KRW)

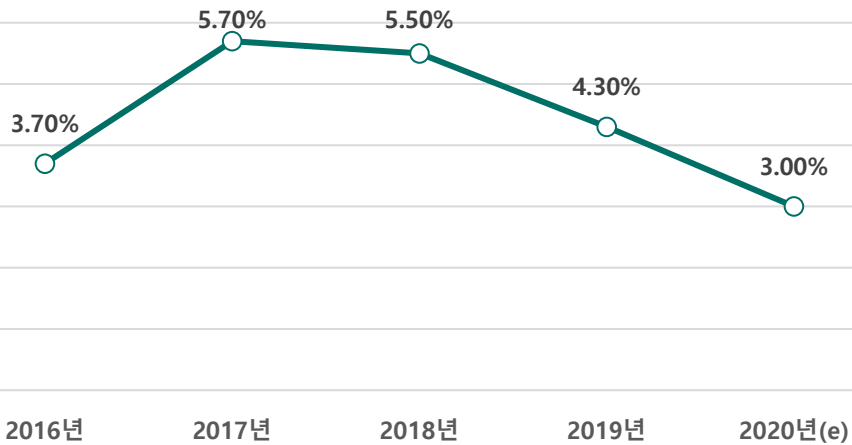


• **Low economic growth and low interest rate are driving sales of cheap protection product, causing premium income to slump.**

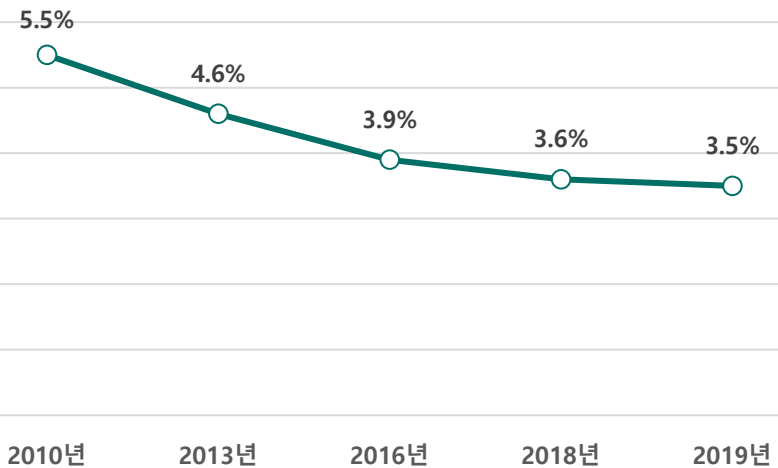
- ① Protection ↑ : cheap protection with customer needs is growing big
 - ② Savings ↓ : This segment losing merit due to lowering credit rate + IFRS17 due to be introduced in 2022
 - ③ VL/VA ↑ : Variable (universal) Life is growing slightly or flat
- ※ Agency channel : agency channel is shrinking while bancassurance is growing back up on VUL and protection.

ROE and Investment Return (Life Insurance)

ROE



Investment Return



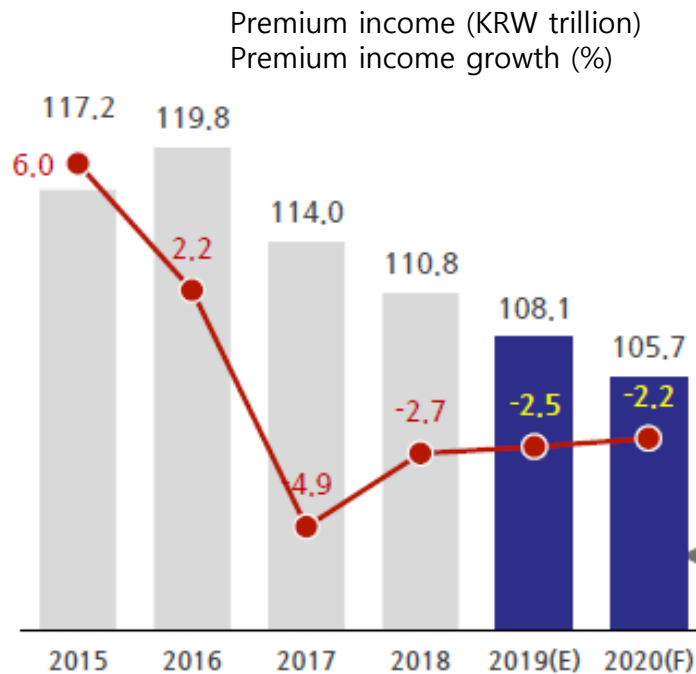
• Economic slump and low interest rate are driving profitability (from insurance and investment business) down

- ① ROE ↓ : Profitability of Insurance business is gradually falling
- ② Investment return ↓ : investment return goes down, causing protection product to get more expensive and savings to be less attractive (due to decreasing credit rate and minimum guaranteed interest rate)

Product Sales (Overview)

- From 2018 to 2020 premium income (life insurance) experiences minus growth

Premium Income (amount & growth)



VUL/VA sales growing flat

- Stock market fluctuations

Savings Decrease continuing

- Minimum guaranteed rate and credited rate falling

Protection Growth easing

- Surrender increases
- Market saturated

Protection Product

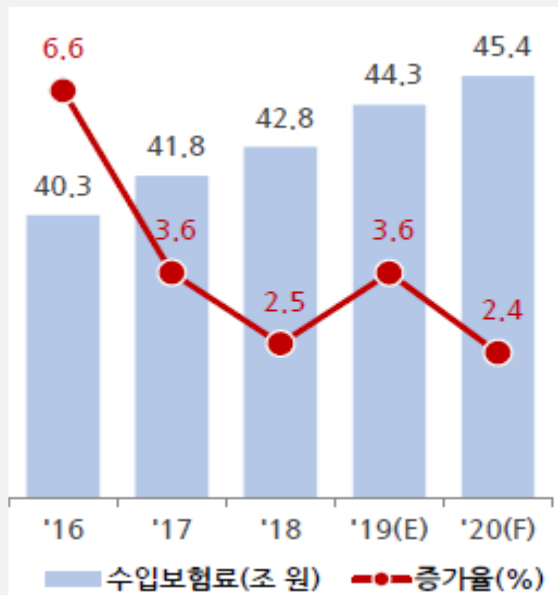
- Premium income of protection is growing, but growth rate is getting flat.

Premium Income

▲ Upside Factors

▼ Downside Factors

1 Protection



- With life expectancy expanding, health needs are getting stronger
- Low-&mid-priced illness protection products are being launched to the market

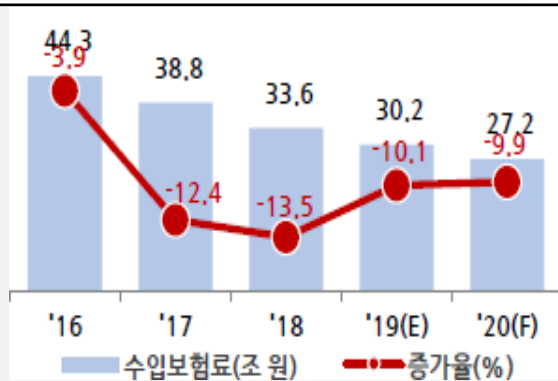
- Market saturated
- Expanding life expectancy and growing single-person households affects death needs.
- Expected interest rate falling
- Surrender increases due to economic downturn.

Savings

- In 2020 savings premium income expected to be down 9%
- VUL also experiences minus growth several years due to stock market volatility

2 Savings

Premium Income



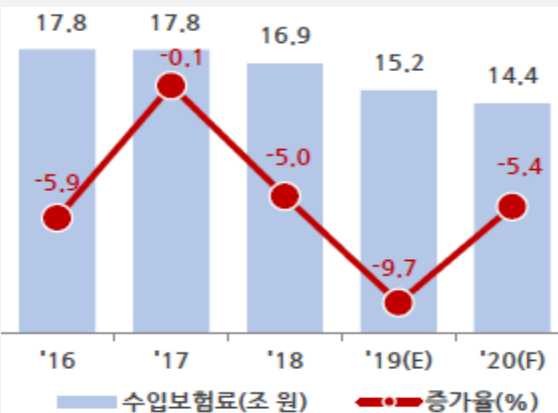
▲ Upside Factors

- Population aging strengthens demand for retirement income

▼ Downside Factors

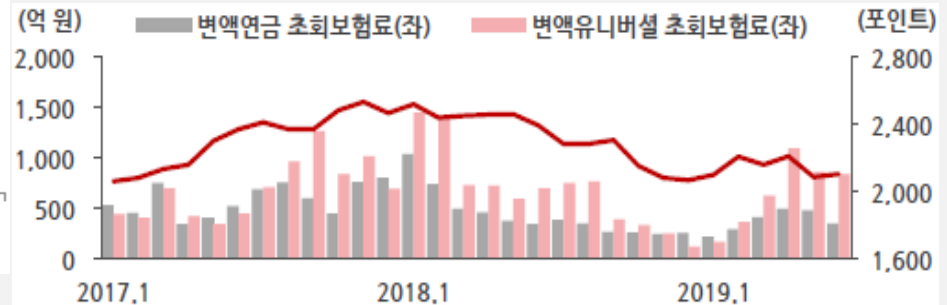
- Negative impact on liabilities and RBC
- Guaranteed rate and Credit rate falling

3 VUL



- Low capital burden & interest rate burden

- Stock market slumps

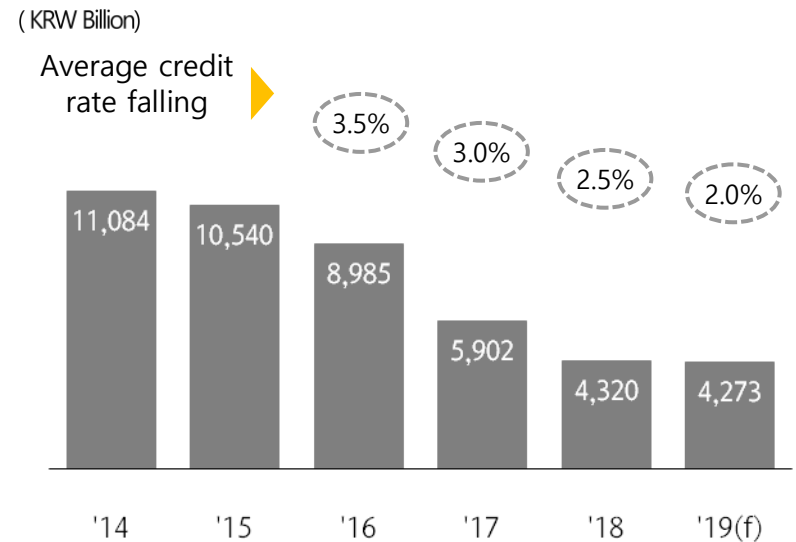
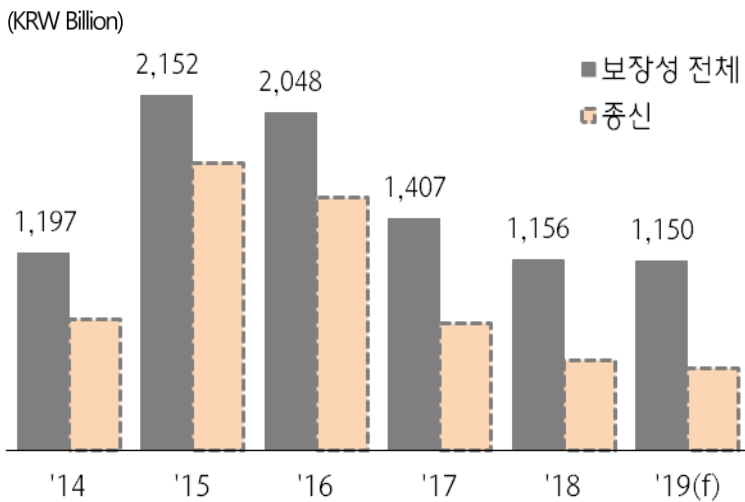


1) Low Interest Rate → Negative Impact on Insurance



Initial Premium of Protection(including WOL) decreases

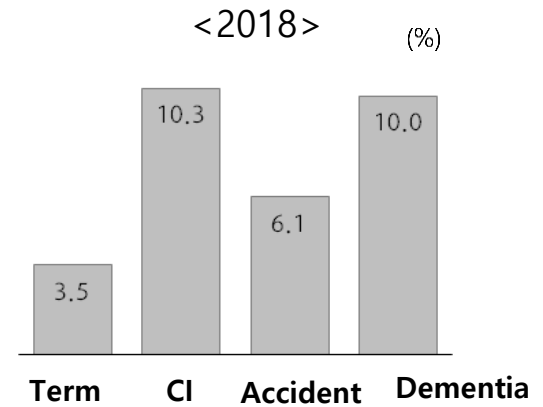
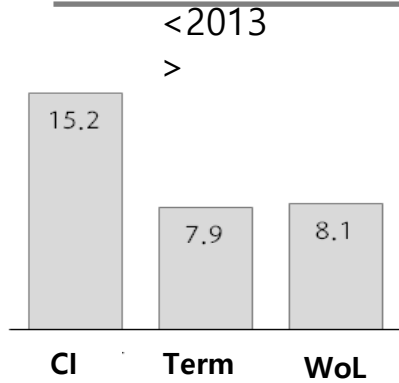
Initial Premium of Savings decreases due to credit rate drops



2) Population Aging → Drives Sales of Cheap Protection

Mini& cheap protection products sales booming, limiting premium income growth

Protection Needs Moves from Death to Living(illness & Accident)



주 : 보험소비자설문조사 자료 인용
 협연구원

자료 : 보

Before

The Insured	Spouse, children and the dependents
Benefits	Death/CI etc. Jumbo Protection benefits
Insurance Period	Whole of Life/20years Payment period and longer term maturity



Now

Me and Myself
Illness/ Accident etc. Mini & Cheap protection benefits
Short-term health protection

(Summary) Challenges_Low Interest Rate, Aging, IFRS17

Challenges

Market

- Market interest rate falling
- Stock market volatility
- Economic slump leads to smaller disposable income

Customers

- Aging changes protection needs from death to living
 - Mortality risk(WL) → Longevity (annuity, illness)

Tech & Regulations

- IFRS17 to be Introduced in 2020, changing the way insurance business is done
- Insur-tech and mobile channels booming

Expected Impact on the Industry

1

New Business Sales decrease
(Savings) credit rate falls / (Protection) premium increases

2

Lapse and surrender increase
→ In-force Business decreases

3

Aging and low birth rate hurts
New business and growth of insurance industry

4

New accounting rules forces insurers to sell protection more and savings less

5

Insurance market saturated, driving insurers to find new income source like health care services