

South Korea Insurance Market Intelligence: 2011 Edition

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Abstracts

The South Korean insurance market has undergone several changes since the deregulation of life insurance sector in 1987. The deregulation of market led to the entry of foreign insurers in the South Korean market in the form of joint ventures with local companies or the acquisition of domestic players. Life insurance market accounts for a larger share of the South Korean insurance business. The domestic consumer's slow uptake in general insurance products has restricted non-life insurance business growth.

Despite the global economic slowdown, annual insurance premiums maintained a high growth trend in 2009 due to changes in the financial environment as well as diversifying consumer needs. The on-going demand for after-retirement protection-type products as well as health insurance products, including accident and illness, and medical expense coverage products are expected to drive this growth. In life insurance sector, sales of both annuities and savings insurance products are in high demand among consumers. Non-life insurance premiums growth was mainly driven by growing demand for long term insurance and automobile insurance.

Samsung Life, Korea Life and Kyobo Life dominate the South Korean life insurance market, accounting for more than half of all life-insurance premiums in 2009 whereas Samsung Fire and Marine is the largest non-life insurer. Moreover adoption of IFRS (International Financial Reporting Standards) in 2011 and introduction of risk based capital system (RBC) are expected to strengthen risk management and improve financial prudence of insurers. It is expected that South Korean Insurance sector will grow in coming years on account of demand for new retirement pension scheme, health insurance policies and introduction of new products/policies with more benefits as well as protection.

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