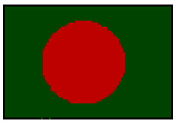
TOP LIFE INSURANCE NEWS STORIES OF 2019

Bangladesh



1. Bangladesh Adopted International Financial Reporting Standard (IFRS):

The Government of the People's Republic Bangladesh adopted International Financial Reporting Standard (IFRS) officially in 2019. Actuarial Society of Bangladesh cooperated in-general and technical issues to the newly formed Financial Reporting Council (FRC) of Bangladesh. Bangladesh Accounting Standard (BAS) is following in all Financial Reporting since 1972 after becoming independent in 1971. It will take few years to execute the IFRS in Bangladesh.

2. Premium Calculator is Mandatory in Insurance Company's Web Site:

Insurance Development and Regulatory Authority (IDRA) issued an obligatory circular on the last week of 2019 to the insurance company in Bangladesh to create premium calculator within February 2020. Bangladesh Insurance marketing system is ordinary till today in the digital world. Only 3-6 company have digital Apps to sale online policy out of 89 insurance company and most of the company don't have premium calculator, product details and benefit in their web site. This new initiative may play a vital role to build Digital Bangladesh with vibrant economy.

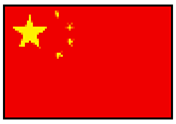
3. Life Insurance Gross Premium Collection Growth Rate Increased 7% in 2019:

The total premium collection in Life Insurance industry was BDT 9608,22,00, 000 (USD 113.48 million). In 2019, the amount was BDT 8912,13,00,000 (USD 105.26 million) in 2018.

As a result, life insurance premium gross collection growth rate increased by 7 percent.

Actuarial Society of Bangladesh

China



1. CBIRC Issues New Policy on Life Insurance Liability Reserve Rate.

In August 2019, the China Banking Regulatory Commission issued a new policy on liability reserve rate for life insurance and to lower the up limit of the liability reserve rate for some life insurance product, in order to better cope with the low interest rate market environment and prevent the risk of interest loss.

2. China's State Council Revises China's "Foreign-Invested Insurance Company" Regulations.

In September 2019, the State Council formally approved the revision of the Regulations of Foreign-Invested Insurance Company, relaxing the restrictions on market access by foreign-funded insurance companies. In November 2019, Allianz (China) Insurance Holdings Limited started business as the first foreign insurance holding company in China.

3. CBIRC Issues Newly-revised Health Insurance Regulations.

In November 2019, the China Banking Regulatory Commission released a newly-revised Health Insurance Regulations, covering the definition of "Health Insurance", product and operation. These new guidelines will further encourage differentiation and product innovation in the industry's health product offerings.

Insurance Association of China

Indonesia

1. DIGITAL AND RISK MANAGEMENT (DRIM)

On September, 26^{th}, 2019 implemented Digital & Risk Management in Insurance (DRIM) located in Bali, Indonesia. It is one of the AAJI working programs to increase the penetration of life insurance and financial inclusion for the community. The market potential of the life insurance industry should be immediately optimized. Ease of technology, can push the market penetration acceleration especially millennials.

2. TOP AGENT AWARDS

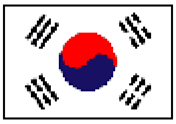
The 32^{th} Top Agent Award was held on August, 8-9^{th}, 2019 in Solo City, Central Java. AAJI with the member do Industry Social Responsibility (ISR) by establishing a life insurance park at the Manahan Stadium of Solo. In education, there is the exhibition of life insurance companies and the importance of life insurance. The event aims to motivate life insurance agents through public figure success stories and awarding new agents.

3. INDONESIA MORTALITY TABLE (IMT) IV

On October 27^{th}, 2017, has signed a cooperation agreement between the Indonesian Life Insurance Association (AAJI) with the Indonesian Actuary Association (PAI) witnessed the Financial Services Authority (OJK) at the Indonesian Actuarial Conference event in Bali. Based on IMT IV, the mortality rate for infants aged <1 year has decreased from IMT 2011. In line with Indonesian health profiles 2017, where the mortality rate of infants in 2017 decreased from 2011.

Indonesia Life Insurance Association

Korea



□ Limit on First year commission for protection-type policies to no more than 1,200% of monthly premium

The Financial Services Commission of Korea (FSC) has decided to put a limit on commissions to be paid to insurance agents in the first year for selling protection-type policies to no more than 1,200% of monthly premium.

In last August, the financial authority announced measures to reform the insurance operating expenses and commission payment system. According to the measures, the first year commission for selling protection-type insurance will be restricted within the amount of premiums policyholders have paid, aiming to constrain mis-selling and prevent insurance agents from selling policies which is maintained only for a short term in pursuit of more commissions.

In addition, level commission payment will be run in parallel with upfront commission payment, which is pointed out as a major indictment of the insurance industry. Distribution channels will be allowed to choose a method of payment between upfront commission and level commission. In case of the level commission payment, the total amount of commissions to be paid to insurance agents will be higher by 5% or above than the upfront commission payment.

The reform measures for the insurance commission payment system are set to go live from 2021.

□ System reform for innovative growth

In recent years, low interest rates and market saturation have driven the business landscape of the Korean insurance industry into difficulties. In the midst of the industry of making ceaseless effort to seek out new growth engines, the Financial Services Commission (FSC) pushed forward system reforms for innovative growth of the insurance industry in 2019.

The FSC revised the Enforcement Decree of the Insurance Business Act to allow an insurer to have a fintech subsidiary in June, 2019. The Insurance Business Act used to strictly limit types of business an insurer can carry on in a form of subsidiary and prohibited an insurer from investing more than 15% of its holdings in fintech companies. The revised Enforcement Decree of the Insurance Business Act permits an insurer to have its fintech subsidiary upon approval of the FSC, provided that such subsidiary shall perform tasks acknowledged as necessary for the effective management of the insurer's business.

Moreover, the authority allowed insurers to provide policyholders with devices designed for healthcare and proved to be effective in mitigating insurance risks in last December, aiming to facilitate the provision of insurance plans and services that promote wellness. Meanwhile, the value of such devices shall be whichever is less of KRW 100,000 or 50% of loading premium to prevent any disruption to soliciting orders. In addition, the FSC announced that it will allow insurers to own a healthcare subsidiary.

In line with a series of the substantial improvement in the systems, a wide variety of wellness-promoting-type insurance policies and innovative services is anticipated to be developed and launched in 2020.

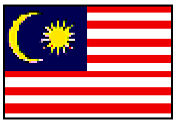
□System reform for a soft landing of K-ICS and LAT

Korea is set to introduce a new solvency regime named "K-ICS" to enhance convergence with international standards such as IFRS 17, Solvency Ⅱ and the ICS. However, unfavorable conditions including sharply declining government bonds yields and increasing costs for issuing corporate bonds continuously posed challenges to the implementation of the K-ICS. In response to the industry's mounting concerns, the Financial Services Commission (FSC) announced that it will remain in support of a soft landing of K-ICS 2.0, a revised version of K-ICS, by granting insurers a sufficient transitional period in consideration of multiple aspects including the development of the global insurance capital standards, the domestic capital and foreign currency market landscapes and insurers' capabilities. Accordingly, the Financial Supervisory Service (FSS) revealed the revised version of the new solvency regime followed by a quantitative impact study (QIS).

Liability Adequacy Test (LAT) was scheduled to be improved to ensure that assessment and accumulation of insurance liability is close to what is required under IFRS 17. However, as the industry raised concerns that the volume of policy reserves insurers need to further accumulate will dramatically rise in the rapidly falling interest rate environment, the financial authority announced measures to put off implementing a roadmap for improving the LAT in October and to address an issue of current loss occurring as a result of accumulating an excessive amount of policy reserves. Moreover, the FSC will allow insurers to accumulate statutory reserve in a form of "reserves for financial stability" to enable insurers to increase their capital in preparation for IFRS 17.

Korea Life Insurance Association

Malaysia



1. Consumer Education & Awareness Campaign on Investment-Linked Plans (ILP) for Insurance and Takaful Industry

During the year, LIAM embarked on a consumer education and awareness campaign on investment-linked plans (ILP) following the issuance of a policy document on Investment-Linked Business by Central Bank (Bank Negara Malaysia) in January 2019.

The Campaign aimed to educate consumers on their policy, to improve transparency and ensure consumers are provided with sufficient and timely information to ensure the sustainability of their policies.

The Campaign mechanics include the development of a standard communication template in three languages namely English, Bahasa Malaysia and Mandarin. The template explains the sustainability of ILPs; how the policies work, what could reduce fund value and what customers need to do to ensure the continued coverage of their policy until the end of their contract term.

A series of exclusive interviews were arranged with the print and electronic media between the months of May to June 2019. Subsequently, ILP advertorials were featured in the English, Bahasa Malaysia and Mandarin newspapers in July and December. Special write-ups and info graphics were also published by financial bloggers and financial portals as well as a series of five vector videos to educate Malaysians on ILP.

To view the vector videos, click http://www.liam.org.my/news/videos.aspx?ct=3

2. LIAM launches a newly-revamped website

During the year, LIAM revamped its corporate website www.liam.org.my with mobile-friendly features and tablet responsive to cater to the younger generation.

Based on a magazine style concept, the website has more security features, mobile/tablet friendly, flexible, and easy to maintain and update in the long run to support LIAM's ongoing and future activities. Using windows platform, the website also has social media module - likes, share and send features.

The new website was launched to the media on 6 December 2019 at the Media Appreciation Lunch hosted by LIAM at the Sheraton Imperial Hotel Kuala Lumpur.

3. Nationwide Blood Donation Campaign 2019

In conjunction with Malaysia's 62nd Independence and Malaysia Day celebration 2019, life insurance industry joined hands with NAMLIFA and Pusat Darah Negara to organise a month-long campaign at over 40 strategic locations nationwide from 1 to 30 September 2019.

With the theme, "**Donate Blood and Save up to three lives"**, the campaign covered five regions namely Central, Northern, Southern, East Coast and East Malaysia. It recorded 3,000 registered donors and collected a total of 2,500 bags of blood.

At the Secretariat level, a 7-day blood donation activities were carried out at three locations in Kuala Lumpur and Selangor to encourage more people in the Klang Valley to participate in the campaign.

The launching ceremony was held at Tesco Kepong Village Mall, Kuala Lumpur, on 20 September 2019. To coincide with the launch, LIAM collaborated with the National Heart Institute and KPJ Healthcare to offer Complimentary Health screenings and Consultation, Flexibility Test and Anti-Smoking Clinic for patrons at the Mall.

Life Insurance Association of Malaysia

Taiwan

1. Taiwan earns “regular follow-up” rating in the APG Third Round Mutual Evaluation

Taiwan received the Third Round Mutual Evaluation of Asia/Pacific Group on Money Laundering (APG) at the end of 2018. Taiwan Life and Cathay Life represented the life insurance sector in the APG onsite evaluation. The preliminary report on the evaluation was released in June 2019, putting Taiwan in the “regular follow-up” category. In the 22^{nd} AGP annual meeting (in which 41 member countries from Asia Pacific attended) held in Canberra, Australia during August 18 – 23, 2019, members agreed to adopt the mutual evaluation report on Taiwan after hearing the presentations of people from Taiwan’s Anti-Money Laundering Office and ministries. In the evaluation report, Taiwan was rated “compliant” or “largely compliant” in 36 areas of technical compliance ratings and in 7 areas of effectiveness ratings, and received an overall rating in “regular follow-up” category, suggesting Taiwan’s efforts in AML are highly recognized by other countries in the world.

2. To keep policy reserve ratios for new contracts in line with market interest rates, the FSC lowers the 2020 policy reserve ratios for new life insurance contracts in various currencies

Currently cash discount rate used for setting aside life insurance policy reserve is the rate prescribed by the competent authority at the time the policy is underwritten, which is locked in for the duration of the policy. In a move to assure the stable operations of life insurers and reflect the downward trends of market interest rates, the competent authority decides to lower the 2020 policy reserve ratios for new contracts in NTD, USD, RMB, AUD and Euro by 0.25% ~ 0.5%. This change will increase the premium burden of policyholders and produce significant impact on the business and finance of insurance companies when they may face premium income cliff after premium hike.

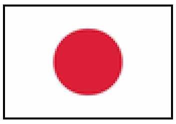
3.To strengthen the financial structure of insurance companies and bolster their risk bearing ability, the FSC amends the “Regulations Governing Capital Adequacy of Insurance Companies” by including shareholder equity ratio into supervisory indicators, and setting the principles for determining adjusted net capital for the calculation of capital adequacy ratio (RBC) when investing in capital-based bonds or debt-based

preferred stocks issued by insurance companies

In light that shareholder equity ratio is a better measure of an insurance company's ability to bear market risk when there is significant volatility in the international politico-economic situation in a short period of time, the FSC amends the "Regulations Governing Capital Adequacy of Insurance Companies", adding a new criterion – the shareholder equity ratio in the most recent two periods to the existing criterion of ratio of adjusted net capital to risk-based capital (capital adequacy ratio RBC). In addition, in consideration that debt-based preferred stocks or capital-based bonds issued by insurance companies are predominately subscribed by financial enterprises and to reduce systemic risk brought about by major financial crisis, the FSC sets the principles for determining adjusted net capital when an insurance company invests in capital-based bonds or debt-based preferred stocks issued by a "domestic insurance company" or a "domestic financial holding company" to enhance the quality of debt-based preferred stocks or capital-based bonds issued by insurance companies; the principles start to apply on November 1, 2019.

The Life Insurance Association of the Republic of China

Japan



1. Revision of tax treatments of key person insurance products.

Amidst the strong sales of key person insurance, of which all premiums can be written off, the National Tax Agency reviewed its tax treatment toward this type of insurance products. Under the new tax treatment, the percentage and duration of premiums which can be included in deductible expenses are determined in accordance with the maximum surrender value rates, and it made such products extremely difficult to use as tax-saving measures.

2. Inappropriate sales conducted by a major life insurance company.

A major life insurance company was suspected of engaging in over 12,800 cases of inappropriate sales violating regulations and company rules. Customers were forced to have both new and old policies and pay premiums for both in some cases, or in other cases, customers unexpectedly fell into an uninsured situation temporarily while switching products such that the contracts that brought disadvantages to customers became a huge problem.

It is expected that administrative sanctions will be imposed as there were serious problems in the internal management systems of the insurance company and the group companies.

3. Expansion of health promotion insurance products and dementia insurance products.

There appears to be some potential in health promotion and dementia insurance products in the recent years. The former was launched by one company in January 2019, and the latter will be released by one company in February 2020.

The products feature various additional services such as a service that provides easy-to-understand advices for health improvement according to current health conditions through mobile phone app or a service that supports early detection of dementia or prevention of aggravation of dementia.

Oriental Life Insurance Cultural Development Center