

TOP LIFE INSURANCE
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NEWS STORIES OF 2022
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Indonesia



1. **INDONESIAN LIFE INSURANCE INDUSTRY ROADMAP**

Indonesian Life Insurance Industry Association (AAJI) released a Life Insurance Industry Roadmap on April 20th, 2022. It is the first life insurance industry roadmap in Indonesia. This roadmap is expected to be a reference for the life insurance industry in determining its business strategy in the short, medium, and long term. In addition, AAJI hopes that this roadmap can provide input to regulators in preparing insurance regulations that align with business developments. In this way, we hope that in the future, the life insurance industry can be at par with other financial sectors and compete at the Regional and global business level.

2. **INSURANCE FORUM 2022**

AAJI is now a member of the Global Federation of Insurance Associations (GFIA). Since 2018, GFIA has initiated an annual international forum organized by the local insurance association, which has been held during G20 presidencies, inviting international speakers from around the world to discuss the priority issues of G20 relating to insurance. Therefore, AAJI held Insurance Forum on October 17th-18th, 2022, in conjunction with DRiM Seminar 2022. The theme for the Insurance Forum 2022 is "Supporting a Strong, Inclusive and Sustainable Recovery", which is aligned with the theme of the Indonesian G20 Presidency "Recover Together, Recover Stronger." Many international speakers joined this event, such as Jonathan Dixon from GFIA, Yuji Yamashita from Japan Financial Services, Yoshi Kawai from Chair of OECD IPPC and other professional speakers. Through this event, we want to support human resources quality improvement to take a role in transforming the insurance industry.

3. **The Indonesian House of Representative Has Approved the Law on Financial Sector Development & Strengthening (PPSK)**

Indonesian House of Representatives has ratified the law on Financial Sector Development & Strengthening (PPSK) at the 13th Indonesian Plenary Session for the second session of 2022-2023 on December 15th, 2022. The PPSK law is one of the omnibus-shaped laws that establish new provisions and revises several regulations in the financial sector, such as The Indonesian Central Bank Law, Indonesia Financial Services Authority, Insurance Law, etcetera. In the insurance section, PPSK Law regulates:

- The implementation of a Policy Holder Guarantee Program (LPPP) through the Indonesian Deposit Insurance Corporation (LPS)
- Separation of insurance and pension oversight at the Financial Services Authority (OJK) so that the insurance and pension industries have their respective heads of supervisor
- The establishment of a supervisory institution for LPS and the Financial Service

Authority (OJK).

- Strengthening insurance education
- Regulations of mutual insurance operations

Indonesia Life Insurance Association

Malaysia



1. Financial Sector Blueprint 2022-2026

In January 2022, Bank Negara Malaysia launched the Financial Sector Blueprint 2022-2026, setting the strategy for the development of the financial sector in Malaysia over the next five years.

In support of the Blueprint, LIAM has outlined a 5-year roadmap and strategies to achieve the desired targets set for the industry. Among the key priorities include proactive strategies to increase the market penetration of life insurance ownership in Malaysia especially among the B40 market segment; to address the long-term sustainability and affordability of private medical and health insurance; to enhance the development of an open data ecosystem to support digital transformation; to enhance the industry's skills development, professionalism and distribution; to review climate change impact, risk management and disclosures; to increase product transparency and disclosure to improve and enhance customer experience; to increase consumer education through proactive engagement with the Financial Education Network platform and to enhance public and private partnerships for catastrophic risk (e.g.: COVID-19).

The industry will be engaging proactively with BNM and other key stakeholders to seek further guidance and input as we work towards materializing the desired outcomes and targets set for 2026.

2. Study on Turnover of Agents

LIAM conducted a study on "Turnover of agents", as part of the industry's ongoing efforts to formulate best practices and focus on key areas to improve the recruitment and retention of quality and productive agents.

The study was aimed to establish the reasons for agents leaving the profession, the relationship between product knowledge and the retention of agents and to establish whether demographics, working experience, support at work and training and development have influence on the agents' retention.

An online survey was sent to over 30,000 former life insurance agents and had received over 400 responses. The data received from the online survey was used as a basis for Focus Group sessions. Among the main factors influencing an agent's decision to leave were remuneration, sales leads, support, and leadership.

Based on the survey findings, the industry will review remuneration structure for agents, conduct regular exit interviews, provide structured support namely comprehensive sales skills, process and soft skills training and perform robust recruitment process.

LIAM will work closely with stakeholders to review the programmes for the development and up skilling of agents through new programmes and programmes which are in demand by the industry.

3. LIAM #NoFOMO Social Wellness Challenge

LIAM embarks on another Youth Engagement Programme called #NoFOMO Social Wellness Challenge 2022/23. Riding on a tagline, Live Well, No Fear of Missing Out, the programme invites youth to create a short video content using humour, memes, tragedy, or drama based on three elements of wellness namely physical, emotional, and financial.

The campaign aims to inculcate wellness habit among the youth, inspires and nurtures them to be creative and innovative as well as promote the importance of financial planning and protection.

Targeting tertiary students nationwide, the program is focusing on three key objectives namely Awareness on the need for insuring life and reduce risk, Bring #NoFOMO (No Fear of Missing Out) into the (Financial Education Gap) lifestyle via Curriculum partnership with universities/colleges as well as Connect with the youth via social media platforms and on-ground activities.

The #NoFOMO campaign which offers over RM42,000 worth of prizes, kicked off with the first roadshow on 1 December 2022 and the campaign will run until 8 May 2023.

The programme encompasses nationwide roadshows at 40 Universities, 12 classroom workshops, engagement with students' clubs, campaign microsite at www.nofomo.my, video postings on TikTok and Instagram, social media postings by KOLs and to conclude with a grand finale Youth Festival 2023 in May 2023. The media launch is scheduled to be held on 8 February 2023 at the Asia Pacific University, Kuala Lumpur.

Taiwan



1. Launch of online insurance passbook

Currently insurance contracts are mostly provided to policyholders in hardcopy. Those policies, in particular life policies that are predominantly long-term contracts, may be lost or damaged while in the possession of the policyholders. Those paper documents also take space. In the efforts to offer policyholders convenience brought about by insurance technology and enable them to continue receiving insurance services with minimum physical contact or even zero contact under the new normal, an insurance passbook platform has been constructed on the basis of existing “Insurance Technology Sharing Platform” to provide policyholders ready access to their insurance information anytime anywhere, thereby unfolding a new chapter on policy on-hand.

Through the Insurance Passbook Platform, consumers can check the status of their life insurance policies, whether they are the applicant or the insured without having to keep their policies at hand.

2. Launch of “Claim Alliance Chain 2.0 / Digital ID Verification for Online Claim Applications” trial project

In the efforts to offer contactless financial services in the post-pandemic era and fulfill the United Nation’s sustainable development goals (SDGs), the Life Insurance Association (“LIA”) launches the “Claim Alliance Chain 2.0 / Digital ID Verification for Online Claim Applications” project.

For this service, the LIA has established an Insurance Industry Identity Verification Center. Through digital identity verification, it will make public access to insurance claim service more convenient and enable policyholders to use online claim and mobile claim services in an entirely paperless process. The service also uses the secure and convenient blockchain technology. Policyholders only need to file a claim with any insurance company in the alliance chain and consent that the company may send push notification through the “Insurance Blockchain Alliance Technology Sharing Platform” to other insurance companies in the alliance that also provide insurance coverage to the policyholder. As such, policyholders can file claims with all of their insurers at the same time. In addition, through the “Medical Records for Insurance Claims” service, insurers can obtain relevant medical records from hospitals for the claim adjusting

process. It saves the policyholders the inconvenience of filing claims with different insurers and going to the hospital to apply for medical records for the claims.

3. The Accounting Research and Development Foundation (ARDF) provides reference guide on “questions on financial assets reclassification by insurance companies due to a change in business model for the management of financial assets amid drastically changing international economic situations” and the Financial Supervisory Commissions (FSC) instructs insurance companies to follow IFRS9 and ARFD reference guide when undergoing financial assets reclassification

Many central banks opted to increase interest rates to address inflation pressure in 2022, and the magnitude of rate hikes has reached a level that should be considered an extreme scenario defined by the Insurance Capital Standard (ICS). In addition, as our accounting standards have not officially adopted IFRS17, while the financial reporting by insurers would reflect decline in the prices of bonds held by them on the capital side, the liabilities on the other hand have not been measured by fair value, which means the effects of rate hikes cannot be fully reflected in both assets and liabilities. Hence some insurers plan to undergo financial asset reclassification by changing the business model for the management of financial assets.

On this issue, the ADRF has provided a reference guide on October 7, 2022. The FSC has also issued a press release on October 11, 2022, which states: “IFRS 9 has set out principles-based guidelines on asset reclassification. The ADRF has also issued reference guide on the subject. As to whether a company can undergo asset reclassification, it should be determined by the company management and its CPA in consideration of the company’s financial assets management model and factual evidences. The management should be able to show explicitly that changing the business model is reasonable and save the supporting evidences. The related procedures and information disclosure should also follow the relevant provisions of the Insurance Act and the Securities and Exchange Act.” Moreover, to ensure that insurance companies maintain stable capital positions, the FSC requires companies that undergo financial assets reclassification to set aside special reserve to prevent increase in dividend distribution as a result of reclassification.

Vietnam



1. New Law on insurance business

The National Assembly of Vietnam passed the new Insurance Business Law (“New Law”) on 16 June 2022 at the meeting of the National Assembly. The New Law has provided significant changes to the Current Law and will have a major impact on the development of Vietnam’s insurance market. The New law will come into effect from 1 January 2023, except for certain provisions on risk-based capital and intervention measures that will take effect from 1 January 2028.

2. Slowdown of Growth rate in life insurance

In 2022, the market has seen the slowdown of the growth rate in life insurance. The total life insurance premium reached about 179,000 billion VND (7.64 billion USD), increased by 14,27% against 2021 (the growth rate of total premium in 2021 was 20,98%). The new business premium reached about 52,000 billion VND (2.22 billion USD), increased by 6,31% against 2021 (the new business premium growth rate of 2021 was 16,92%). After 4 - 5 years of strong annual growth rate in life insurance (which was normally 25 - 30% annually), the growth rate in life insurance tends to slow down since 2021.

3. Code of Actuarial Professional Conduct

On 31/10/2022, Insurance Association of Vietnam issued The Code of Actuarial Professional Conduct (“Code”), aiming to build and promote confidence in the work of Actuaries and in the actuarial profession.

All Actuaries, who provide any Actuarial Services within the jurisdiction of Vietnam, are required to adhere to the standards of conduct, practice, and qualifications of the actuarial profession, thereby supporting the actuarial profession in fulfilling the responsibility to its stakeholders.

The Precepts of the Code identify the professional and ethical standards with which an Actuary must comply in order to fulfill the Actuary’s responsibility to the public, their stakeholders and to the actuarial profession.

Japan



1. Administrative decision against life insurance developed for tax-saving

Financial Services Agency issued business improvement orders to the life insurance company that developed products and sales promotion which deviated from the primary objective of life insurance. FSA has provided guidelines for life insurance companies to prevent developing products or promoting plans particularly seek after tax-savings (tax-deferral) prior to the incident. However, the former management of the life insurance company in question led the development and promotion of the scheme to save taxes with its name change plan*, changing a policyholder from a company to an individual.

*Name change plan was developed by taking advantage of the possibility of reducing tax burden on companies and individuals, usually its executives, by changing a name of a policyholder from a company to an individual (transferring asset) with particular products such as low cash value term insurance. It is also a scheme carried out through the insurance sales with the premise that the policyholder is changed to a company to an individual during the low cash/surrender value period, which is the beginning of insurance period, then the policy will be surrendered after this period.

2. Narrowed down the scope of eligibility of COVID-19 related hospitalization benefits.

Life insurance companies has started to limit the scope of the eligibility for COVID-19 related hospitalization benefits to those who have high risks of developing severe symptoms.

Many of COVID-19 infected patients were asked to stay home or stay in the designated facilities other than hospitals in order to keep hospitals from getting overwhelmed with those patients. The special measure was implemented among life insurance companies from April 2020 such that those patients were eligible for hospitalization benefits even though they were not hospitalized. However, with the COVID-19 infected cases these days, few people are developing severe symptoms and many are with light or without any symptoms so that the life insurance industry decided to review and adjust themselves to the situation.

3. Business results for the first half of FY2022 (April to September)

Premiums and other income of 14 major life insurance companies during the first half of FY 2022 increased by 18% year on year to JPY16,093.7 billion, thanks to the high

sales of foreign currency denominated product. That being said, however, the basic profits, or the profits from core business operations, decreased by 23% year on year to JPY1,374.4 billion.

The decrease in the basic profits is mainly due to the increase in the hospitalization benefits paid out to COVID-19 patients.

Oriental Life Insurance Cultural Development Center