

TOP LIFE INSURANCE
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NEWS STORIES OF 2023
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China



1. Life insurance achieved double-digit growth in premium income.

According to the data released by the regulatory authorities, in 2023, life insurance companies achieved a total of 3.54 trillion yuan in original insurance premium income, a year-on-year increase of 10.28%.

2. The life insurance industry has taken active measures to prevent the risk of interest rate spread loss.

In 2023, against the backdrop of the downward trend in interest rates, the life insurance industry has taken initiatives to reduce the interest rate of product bookings, with a maximum adjustment of 0.5 percentage points. At the same time, the policy of "unity of reporting and acting" has been fully implemented in bancassurance business, aiming to strengthen the operation efficiency, to promote cost reduction and the healthy development of the business.

3. The Measures for the Administration of Insurance Sales Practices have been issued to better protect the legitimate rights and interests of consumers.

In 2023, the regulatory authorities issued the Measures for the Administration of Insurance Sales Practices to regulate insurance sales practices, to unify the regulatory requirements for insurance sales practices, and to protect the legitimate rights and interests of policyholders, insureds and beneficiaries. The measures will come into force on March 1, 2024.

Insurance Association of China

Indonesia



1. OJK Launches Roadmap to Reform and Strengthen the Insurance Sector

The Financial Services Authority (OJK) of Indonesia launched the Indonesia Insurance Industry Development and Strengthening Roadmap 2023-2027 on October 23, 2023, with the theme “Restoring Confidence through Industrial Reform”. The roadmap aims to guide the OJK, the associations, and the insurance industry in strategizing development and strengthening for the next five years.

The roadmap responds to several strategic issues and challenges in the insurance sector, such as low penetration rate, weak governance, limited innovation, and low public trust. This roadmap outlines four main pillars: strengthening supervision and regulation, enhancing industry resilience and governance, fostering market development and innovation, and improving consumer protection and education.

OJK will form a task force with the insurance associations and industry to execute the roadmap and report the progress to the public and stakeholders. This roadmap is aligned with the OJK's Destination Statement 2022-2027 and the Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector.

2. Indonesian Government to Accelerate Policy Guarantee Agency

Indonesia's Financial Services Authority (OJK) is mandating Deposit Insurance Corporation (LPS) to form a Policy Guarantee Agency (LPP) to provide protection for policyholders in the event an insurance company has its license revoked or is in default.

The establishment of the Policy Guarantee Agency (LPP) is still in process by the Financial Services Authority (OJK). The LPP aims to protect policyholders in case of sudden closure of insurance companies. OJK emphasizes that consumer protection in the insurance industry still needs to be improved, considering the high number of complaints from the public.

Currently, OJK is collaborating with the Fiscal Policy Agency to design the institutional form of the policy guarantee agency. The establishment of the LPP is mandated by Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (UU P2SK).

3. OJK Raises Minimum Capital for Insurance and Reinsurance Companies

The Financial Services Authority (OJK) of Indonesia issued POJK 23 Tahun 2023, which regulates the business licensing and institutionalization of insurance companies, sharia insurance companies, reinsurance companies, and sharia reinsurance companies. The regulation aims to strengthen the capacity of the insurance industry in Indonesia, as well as to align the existing regulation with the

development of the insurance industry in Indonesia.

The policy regulates the minimum equity or capital of insurance and reinsurance companies that will gradually increase. The increase in minimum equity is divided into two stages.

In the first stage, each insurance company must have a minimum equity of Rp 250 billion, sharia insurance companies Rp 100 billion, reinsurance companies Rp 500 billion, and sharia reinsurance companies Rp 200 billion. This minimum equity must be fulfilled by each entity no later than December 31, 2026.

In the second stage, the regulator will classify or group insurance companies based on their equity. This will be implemented no later than December 31, 2028. The classification of insurance companies is divided into two groups: the Group of Insurance Companies Based on Equity (KPPE) 1 and KPPE 2.

For insurance companies classified in KPPE 1, they must have a minimum equity of Rp 500 billion, sharia insurance companies Rp 200 billion, reinsurance companies Rp 1 trillion, and sharia reinsurance companies Rp 400 billion.

Meanwhile, for insurance companies classified in KPPE 2, they must have a minimum equity of Rp 1 trillion, sharia insurance companies Rp 500 billion, reinsurance companies Rp 2 trillion, and sharia reinsurance companies Rp 1 trillion.

In addition, the regulator in the POJK will also form the Business Group of Insurance Companies (KUPA), where there will be one company that will become the parent company with adequate equity. The minimum equity that must be fulfilled by the parent company KUPA follows the minimum equity in KPPE 2 mentioned above.

Indonesia Life Insurance Association

Malaysia



1. Customer Satisfaction Survey Unveils Industry's Positive Trends in Malaysia

The insurance and takaful industry in collaboration with Bank Negara Malaysia (BNM), have released the findings of the Customer Satisfaction Survey 2022 (CSS 2022). Overall, the survey shown encouraging trends in the industry, with a notable increase in the Customer Satisfaction Index (CSI) score rising from 80 points in 2018 to 85 points in 2022.

The survey, conducted by NielsenIQ Malaysia, aimed to measure customer experiences, and assess the impact of the pandemic on the quality of customer services offered by the Insurers and Takaful Operators (ITOs). The CSS 2022 aimed at evaluating customer engagement, service delivery in accordance with the Customer Service Charter (CSC), trust levels between customers and the industry, and customer satisfaction with products and services purchased. A total of 10,206 customers participated in the survey, involving 48 ITOs.

Key findings from the survey include improved customer satisfaction across all sectors, with a notable increase in the Customer Service Index (CSI) score rising from 80 points in 2018 to 85 points in 2022. 74% of customers expressed a positive sentiment regarding their insurance and takaful experience. The Net Promoter Score which measures the loyalty of customers to a company show significant improvement increasing from -4 points in 2018 to +20 points in 2022.

Click [here](#) for the report Customer Satisfaction Survey 2022.

2. LIAM Youth Festival Finale wraps up #NoFOMO Social Wellness Challenge

#NoFOMO Social Wellness Challenge (#NoFOMO Challenge) wrapped up with the unveiling of the grand prize winner who walked away with RM10,000 cash and a brand-new iPhone 14 Pro and 10 Consolation prize winners of RM2,000 cash each at the Youth Festival Finale held on 22 June 2023.

As an industry-wide initiative, the #NoFOMO Challenge was aimed to inspire and nurture the young generation to be creative and innovative as well as raise insurance awareness against unforeseen risks in life. Riding on a tagline, Live Well, No Fear of Missing Out, LIAM invited youths to participate in the #NoFOMO Challenge by creating a short video content using humour, memes, tragedy, or drama based on the three key elements of wellness - physical, emotional, and financial wellness.

The 6-month campaign encompassed nationwide roadshows at 40 universities, 15 classroom workshops, engagement with students' clubs and societies at universities, informative campaign microsite at www.nofomo.my, short video postings on social media platforms and social media postings by Key Opinion Leaders /Influencers.

The campaign, which kicked off on 1 December 2022 and ended on 31 May 2023, received over 2,000 entries and garnered over 30 million reach on various platforms. Online engagements attracted over 1.2 million people on social media.

3. LIAM and AKPK join forces to empower Malaysian youths with financial expertise via Jelajah Bijak Wang

LIAM and Agensi Kaunseling dan Pengurusan Kredit (AKPK) in collaboration with Universiti Putra Malaysia and 16 LIAM member companies launched “Jelajah Bijak Wang (JBW)”, an initiative designed to empower young individuals with essential financial skills. The launch marked by the signing of a Memorandum of Understanding (MOU) between LIAM and AKPK, underscoring their unwavering commitment to enhancing financial literacy among the youth and all Malaysians.

LIAM believes that continuous financial literacy programmes for the youth are the way forward. JBW focus on empowering Malaysian youth with the knowledge, skills, and tools to navigate the increasingly complex financial world before they enter the work force and set targets to reach 6,000 higher learning students nationwide.

This initiative is part of the industry's support in the Financial Sector Blueprint (FSBP) 2022 - 2026 agenda, which aims to elevate the financial wellbeing of households and businesses.

Riding on the tagline, “*Prosper Today, Thrive Tomorrow,*” LIAM hopes the JBW will have a positive impact on young people in the country, nurturing holistic well-being, fostering positive financial behaviour, and elevating the financial well-being of all Malaysians.

The program covers seven dimensions of wellness, offering students an enriching mix of classroom sessions, gamification, online learning, and culminates in an exciting Treasure Hunt in 2024. Adding a futuristic touch, students will be guided by Mat Awang, a robot from the future, imparting the values we wish to see in our youth.

For more information on JBW, click [here](#).

Taiwan



1. The Life Insurance Association partnered with top hospitals including NTU, Taipei Veterans General Hospital, Chang Gung, Tri-Service General Hospital, and Tzu Chi Hospital to expand one-stop claim services

The scope of services of "Medical Records for Insurance Claims" was expanded to top hospitals in Taiwan including NTU, Taipei Veterans General Hospital, Chang Gung, Tri-Service General Hospital, and Tzu Chi Hospital, which joined in 2023. They now provide more convenient services so that patients do not have to worry about complicated insurance claim procedures during their recovery from illnesses.

It fulfills the corporate social responsibility of insurance enterprises and provides people with financial coverage for medical expenses so that people can make the best medical decisions. The successful partnership demonstrates the resolve of life insurance enterprises for continuously building social trust while ensuring sustainability and profitability. It also provides people with more comprehensive health and financial coverage.

2. Announcement of local and transitional measures for the New Generation Insurance Solvency Regime to help businesses adopt international systems in an orderly fashion

To reasonably address the business risks of insurance enterprises and increase international competitiveness, the competent authority of Taiwan referenced the Insurance Capital Standard (ICS) established by the International Association of Insurance Supervisors (IAIS) and established the New Generation Insurance Solvency Regime (TW-ICS) which is expected to be implemented in 2026.

As there are significant differences between the New Generation Insurance Solvency Regime and the existing risk-based capital (RBC) regime, the competent authority referenced its implementation in other countries, the current state of the insurance industry in Taiwan, and potential impact to set local risk factors for stocks, real estate, and public construction projects, and provide a 15-year transition period. The competent authority also considered the low liquidity of insurance enterprises' insurance policy liabilities that have high interest rates and allowed an additional increase of 50 basis points (bps) for calculating the liquidity premium. The net effect of the recognition of assets and liabilities at fair value was also given a 15-year transition

period, and the provision for interest rate risks was increased linearly from 50% to 100% over 15 years.

The competent authority will continue to focus on emerging risks such as the capital allocation for long-term life insurance and lapse, establish localization and transitional measures suitable for conditions in Taiwan, and help businesses adopt international systems.

3. Compulsory Enforcement for Life Insurance Contracts - Supreme Court 2019 Tai-Kang-Da No. 897 Civil Judgment

Can the enforcement court seize the rights of debtors in life insurance contracts, terminate the insurance contract on their behalf, and order the insurer to pay the surrender value to pay compensation to creditors? The issue has been disputed for years and the Supreme Court affirmed that the surrender value of life insurance policies are liability properties of the proposer and the enforcement court may render an affirmative opinion for enforcement on behalf of creditors. However, insurance companies must still clarify several compliance issues in terms of the format and details in the actual implementation of compulsory enforcement for insurance contracts.

The Life Insurance Association of the Republic of China

Vietnam



1. Life insurance market faced negative growth

In 2023, first time in the history of life insurance in Vietnam, the life insurance market suffered negative growth. The number of new life insurance contracts underwritten in 2023 dropped by 44% against 2022, new business premium dropped by nearly 45% against 2022. These bad results are mostly due to the media crisis in life insurance that has led to the negative attitude of the public towards life insurance. The crisis originated from some main stream articles reporting that banks customers were forced by the bank staff to buy inappropriate insurance products (for example, unit linked investment products) when applying for loans. The crisis was exacerbated with a livestream of a celebrity talking about unclear advice from an insurance agent when she bought insurance, leading her to misunderstanding her life insurance contract.

2. New stipulations come into effect

After the New Insurance Law had been approved by the National Assembly in June 2022, in 2023 the Government issued Decree No 46 instructing the implementation of the Insurance Law and the Ministry of Finance issued Circular No 67 instructing the implementation of some articles of the Insurance Law and Decree No 46. New legal stipulations aim to tighten insurance business activities, enhance the responsibilities and obligations of insurance companies, protect the rights of customers.

3. The change in life insurance product structure and the crisis of bancassurance

In 2023, the unit linked investment product – the products which had been the key driving force for the fast growth of Vietnam life insurance market in recent year – has been dramatically dropped. Unit linked investment products dropped by 65,6% in terms of new business contracts and by 70% in terms of new business premium. It is good that protection products although being badly affected by the media crisis but not so strongly affected. Regarding the distribution channel, Bancassurance has been badly affected and it is expected that this channel will still be further affected with the new legal stipulations (new requirements on the qualifications of the staff selling insurance, separate insurance desk/counter, not permitted to sell investment products clients during 60 days before and after the loan disbursement date...)

Japan



1. Wage hike trend spreading among life insurance companies

Major life insurance companies are raising wages in order to respond to inflation and to provide their employees with a stable working environment. During FY 2023, the wages of both sales and office staff were raised by the average of 5% and this trend most likely continues in FY 2024. The same goes to starting salaries. The three major life insurance companies will raise the initial salary for their general workers who would join the company in FY 2024 by more than 10%, compared to FY 2022.

2. Increase in assumed interest rates for savings type products (Reduction in insurance premium rates)

The hike in long-term interest rates leads many life insurance companies to increase assumed interest rates for savings type products.

S life insurance company increased its assumed interest rate for yen-denominated single premium whole life insurance policies issued on and after November 1, 2023 to 1.0% from 0.9%. N life insurance company also decided to increase its assumed interest rate for the same type of product issued on and after January 1, 2024 to 1.0% from 0.6%.

On the other hand, M life insurance company started to lower its premium rates for yen-denominated educational endowment insurance, a type of insurance product with the purpose of securing educational funds for children, and at the same time it also boosted policyholders' accessibility to the product by expanding the age limit of them to enroll.

In this phase of increasing interest rates, the competition among life insurance companies over assumed interest rates would be getting more intensified.

3. Utilization of Generative AI

Life insurance companies are making efforts to increase operational efficiency by utilizing generative AI technology. Generative AI is used for office work such as preparing business proposals and related materials or assisting programing. By so doing, daily-work productivity is expected to increase.

However, it is necessary to establish an environment and rules including security control of information to use such AI technology safely.