

TOP LIFE INSURANCE
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NEWS STORIES OF 2017
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Bangladesh



1. Government is planning for a General Contributory Pension Fund for all employees:

Government of the people's republic of Bangladesh is planning for a General Contributory Pension Fund for all government and non-government employees in Bangladesh. Presently only the government employees are entitled for pension after retirement. Ministry of Finance formed a working team to implement the General Contributory Pension Fund Scheme for all employees. As reported by the Ministry of Finance that all government employees, non-government employees and employers could be participated voluntary basis in this General Contributory Pension Fund Scheme. The non-government employer would be entitled for tax benefit as well as pension facilities. Government would be invested the fund to a profitable business and the profit would be distributed among all employees.

2. Government Approved Foreign Employees Welfare Insurance:

Government of the people's republic of Bangladesh approved foreign employees welfare insurance Scheme. This scheme would be covered BDT 750000 (USD9375) for death and permanent disability of a foreign employee, BDT 50000 (USD625) for death body carrying, BDT 1000 (USD12.5) per day up to 30 days for hospitalization claim for accidental case. The steering committee of the parliament for foreign employment and employee welfare proposed to form a specialized insurance company in this regard.

3. Regional Seminar on Microinsurance 2017 held Successfully:

A regional seminar on micro-insurance titled "Protecting the poor: Emerging microinsurance in South

Asia" was held successfully by Bangladesh Insurance Association (BIA) recently. The seminar was

presided over by BIA president Sheikh Kabir Hossain, Finance Minister Abul Maal Abdul Muhith was

the chief guest and the Secretary-General of the Insurance Institute of India P

Venugopal was the

special guest.

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Korea



□ Achieved total assets of 800 trillion in life insurance industry

In April 2017, the total assets of the life insurance industry in Korea reached KRW 800 trillion, one year and seven months after recording KRW 700 trillion in September 2015. The industry has become the second largest financial sector in Korea after the banking industry.

If the industry continues to grow at this pace it is expected that the total assets will reach KRW 1 quadrillion by 2020. With the total assets increasing, invested assets surpassed KRW 650 trillion. Variable insurance exceeded KRW 100 trillion in net worth for the first time in 16 years after its introduction .

□ Fourth Industrial Revolution in Life Insurance Industry

In 2017, as part of the effort to search for a new growth engine, the life insurance industry attempted to reestablish its management strategies by learning about the Fourth Industrial Revolution and implementing related technologies.

The KLIA and KIRI jointly invited speakers from Fukuoku Life, RGA and LIMRA and held the 'Fourth Industrial Revolution and InsurTech' seminar in June 2017, which attracted over 600 employees from the insurance industry, reflecting the enthusiasm of the industry.

(* KLIA : Korea Life Insurance Association / KIRI : Korea Insurance Research Institute)

Meanwhile, the Financial Services Commission (FSC) issued a guideline in November that clarified the ambiguity of product development in healthcare services, which made it possible for insurers to develop insurance products linked to wearable devices. As a result, the utilization of InsurTech by life insurers is expected to increase.

□ Capital expansion of insurers ahead of introduction of IFRS 17

Prior to the introduction of the new international accounting standard (IFRS 17) in 2021, Korean insurers began to preemptively increase their capital. With IFRS 17 in place, which estimates insurance liabilities on a fair value basis rather than costs, the RBC ratios of insurance companies, which is an indicator of financial soundness, will inevitably decrease as liabilities of insurance companies surge.

While insurance companies have used subordinated debt as a means of increasing their capital, they have been active in issuing hybrid capital securities recently. Hanwha Life and Heungkuk Life have issued 500 billion won and 35 billion won of hybrid capital securities respectively, and Hyundai and DB Life have issued 40 billion and 30 billion hybrid securities each.

Especially, Kyobo Life and Heungkuk Life have succeeded in issuing new capital stocks of USD 500 million each from overseas. NH Nonghyup Life issued subordinated debt of KRW 500 million to raise capital.

Meanwhile, Tongyang Life and ABL Life made capital increase of KRW 528.3 billion and KRW 208 billion respectively through their major Chinese shareholder, Anbang Insurance Group.

Korea Life Insurance Association

Malaysia



1. Insurance and takaful industry roll out 10 affordable protection plans for Malaysians

The insurance and takaful industry together with the support of Bank Negara Malaysia created historic milestone recently with the launch of 10 affordable protection plans under *Perlindungan Tenang*, a national initiative to serve the needs of all Malaysians.

The launch was officiated by the Chief Minister of Sarawak, Y.A.B. Datuk Patinggi (Dr) Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg and witnessed by the Governor of Bank Negara Malaysia, YBhg. Tan Sri Muhammad bin Ibrahim on 24 November 2017 at the Karnival Kewangan Sarawak in Kuching.

Aimed at enhancing the accessibility and affordability of insurance and takaful protection among Malaysians, particularly the bottom 40% of household (B40), the industry is committing to develop a sustainable market where insurers and takaful operators offer product choice through various distribution channels, good protection value, and administrative ease during the purchase and claims process.

Through the basic protection provided under *Perlindungan Tenang* initiative, Malaysians can now protect themselves and families (against key risks in life) with premiums or contribution from only a few ringgit per month. In addition, it also offers easy claims processes where it will be paid out within five working days upon full documentation.

2. Diversification of Insurance Distribution channels make it more convenient to access to insurance products in Malaysia

Following the implementation of LIFE Framework which came into force on 23 October 2015, the Malaysian insurance industry has diversified its distribution channels via the introduction of online products and direct marketing channels, providing more access for people to purchase life insurance, hence increasing the reach and penetration of insurance among the new generation of consumers.

Simple life insurance products can now be purchased via the internet from the websites of insurance companies. With wider access of insurance sold through online channels coupled with affordable pricing, the industry will capture more consumers who are IT savvy and the younger generation who find this mode of purchase an interesting option.

Currently, other than through agencies, banks, telemarketers and financial advisers, insurance products are also easily available for the people on the streets where they can purchase insurance products at post offices and bank branches throughout the country via collaboration with Pos Malaysia. Financial Services Officers are also stationed at Post Malaysia's outlets nationwide to provide professional advice on insurance products.

The industry is also currently developing a financial education website, named *My Coverage* to guide consumers to choose suitable life insurance products available in the market.

3. One Belt One Road (OBOR): Malaysia-China Fintech Innovation Mission to Shanghai and Hangzhou

From 13 -17 November 2017, the Life Insurance Association of Malaysia led a delegation of 30 industry's captains and officials from Bank Negara Malaysia (Central Bank of Malaysia) for a 5-day study visit to China innovation labs in Shanghai and Hangzhou. The objective of the visit was to explore new ideas and technologies from the fintech companies in China, which are well-known for their remarkable advancement in the field of digitisation.

The industry was honoured with the presence of Yang Berhormat Dato' Seri Ong Ka Chuan, Minister of International Trade and Industry Malaysia who officiated the OBOR: Malaysia Shanghai Innovation Business Forum in Shanghai on 14 November 2017 in conjunction with the study visit.

Among the places covered during the study visit were +InnoSpace, Shanghai Government Incubator, ZhongAn Online Innovation Lab, SIG/ Blockchain/ WeChat Innovation Labs and Alibaba (China) Co. Ltd's Ant Financial Lab.

Life Insurance Association of Malaysia

Taiwan



1. The merger between Nan Shan Life Insurance and Chaoyang Life Insurance

On January 16, 2017, Nan Shan Life Insurance won the bid for the assets, liabilities, and operations of Chaoyang Life Insurance. Under the direction and assistance of the Taiwan Insurance Guaranty Fund, the settlement procedure was completed on May 2, 2017. From that day on, Nan Shan Life Insurance assumed all assets, liabilities, and operations of Chaoyang Life Insurance. After the merger, according to the insurance contract, none of the policyholders from either of the two companies were affected by the change in any way.

2. In order to enhance the public's awareness on health management, the Financial Supervisory Commission encouraged the life insurance industry to research and develop health management-type insurance products (Discovery Vitality), study the "Directions for the Review of Life Insurance Products", and update the regulations governing the review of health management policies.

The Financial Supervisory Commission has already passed a portion of the amendments of regulations in "Directions for the Review of Life Insurance Products" and updated the regulations governing the review of health management policies. Through the union of the autonomous health management of the policy holders and the insurance products, the insurance company reduced insurance premiums or provided services for the aforementioned insurance products to encourage the insureds to continue exercise or healthy eating, thus reducing the risk of disease and achieving the benefits of prevention. Furthermore, besides improving citizens' health and indirectly reducing the medical treatment expenditure and insurance claims of society, the development of relevant industries could also be stimulated.

3. In order to confront the issue of Taiwan’s aging society, the Financial Supervisory Commission formulated the “Guidelines for Micro-Whole-Life Insurance Products” to promote micro-whole-life insurance and implement financial inclusion.

In order to confront the trend of Taiwan’s aging society and strengthen social security mechanisms, the Financial Supervisory Commission formulated the “Guidelines for Micro-Whole-Life Insurance Products” to encourage insurance companies to develop, design, and promote micro-whole-life insurance products and implement financial inclusion. The unique characteristics of these insurance products lies in their “low threshold for insureds” (eligible insureds range between ages 0 to 84, and in principle, physical examinations are not required), low premiums (may be up to 30% cheaper than permanent insurances on the market), and concept of “one policy per person” (the limitation mechanism attracts client purchase). This fulfills the demand for basic protection for the elderly, giving the elderly lifetime service and reinforcing the social safety net in response to the aging population structure.

The Life Insurance Association of the Republic of China

Thailand



1. The International Financial Reporting Standard 9 : Financial Instruments (IFRS9) and The International Financial Reporting Standard 17 : Insurance Contracts (IFRS17)

The International Financial Reporting Standard 9: Financial Instruments (IFRS9) is effective for annual period beginning on or after January 1, 2019 in Thailand (January 1, 2018 for foreign countries); For the International Financial Reporting Standard 17: Insurance Contracts (IFRS17) is effective January 1, 2022 in Thailand (January 1, 2021 for foreign countries). As the result of changing IFRS9 before IFRS17 around 3 years, life insurance business will has impact from “Accounting Mismatch” between assets (IFRS9) and debts (IFRS17) such as the changing of financial statement, financial credit and operation in the company of life insurance. The Thai Life Assurance Association (TLAA) must study the impact from those of 2 the International Financial Reporting Standard and coordinating with the Office of Insurance Commission (OIC), Federation of Accounting Professions and the Revenue Department to discuss this issue continuously. Moreover, the seminar and workshop should be given the knowledge to the people for applying in life insurance business.

2. TMO 2017

The Office of Insurance Commission (OIC), The Thai Life Assurance Association (TLAA) and Munich Re participated to improve the Thai mortality table based on suitable present which changed rapidly in the structure of Thai population which is long-lived. The OIC has order notification to use the new Thai mortality table 2017 and cancel Thai mortality table 2008. The result of this the new TMO, people can purchase life insurance policy of ordinary and industrial cheaper than former times.

3. The Measure of Tax Deduction for Health Premium

Thai cabinet has approved tax measures to promote health insurance for deducing actual premium but not exceeding 15,000 Baht and combining with life insurance premium not more than 100,000 baht in each year, the health insurance premium which has been paid since January 1, 2017. From these measures, TLAA projected that the people has more motivation in saving and finance planning. In addition, this business sector also has more premium income especially health rider. Meanwhile, they have guaranteed for themselves and also reduce cabinet burden.

Vietnam



1.High growth rate, with the bold growth of universal (investment linked) products.

Life insurance market has a high growth rate of 3 consecutive years (in 2015 , 2016, the growth rates were 31%, 32% respectively. In 2017, the growth rate is expected to be 29%). The total life insurance premium of 2017 reaches VND 65,050 billion (or USD 2,94 billion). The total assets of life insurers reach VND 229,350 billion (USD 10,1 billion). Total technical reserves reach VND 167,910 billion (USD 7,4 billion). Total equities funds of life insurers reach VND 38,270 billion (USSD 1,67 billion). This reflects continuing good development potentials of current Vietnam life insurance market, with the moderate penetration life insurance rate of around 1,1%.

The universal insurance products have contributed much in the market growth, with the growth rate of more than 32%, whereas the traditional protection products tend to lower growthrate or even decrease (example, term life, pure endowment...).

2.The promulgation of Circular 50/2017/TT-BTC to instruct the new Decree on Insurance Law.

The ministry of Finance promulgated Circular No 50/2017/TT-BTC dated May 15, 2017 to instruct the implementation of Decree No 73/2016 dated July 1, 2016 of the Government providing instructions on Insurance Law. The new Circular amends some existing regulations and adds some more regulations. Regarding life insurance, one of the main amendments is the change in the regulations on minimum statutory valuation basis to calculate the reserves. For example, with old regulation, the maximum limit of technical interest rate set at 80% of averaging interest rates of Government bonds with 10 year term over last 6 months before the time of making reserves. With new regulations, the maximum limit of technical interest rate is amended to maximum 70% of averaging interest rates of Government bonds with term from 10 years on. This new regulation will strengthen the financial health of life insurers, however it also may strongly affect the financial reports and profit of life insurers in 2017.

3.M&A activities continue

In April 2017, AVIVA insurance Group (UK) bought all shares of the Bank of Industry and Commerce of Vietnam (VIETINBANK) in the life insurance joint venture VIETIN-AVIVA (which accounts for 50% shares of the joint venture). The joint venture was established in 2011. After the deal, the joint venture becomes 100% foreign life insurance company, with AVIVA 100% ownership. In early 2017, PVI Sunlife (a life joint venture between Sunlife Group and a local non life insurance company PVI) also changed its name to Sunlife after Sun Life had bought all PVI's shares in the joint venture. Mirae Asset Life (South Korea) has a plan to buy newly issued shares of Prevoir Vietnam to get 50% ownership of Prevoir Vietnam.

Association of Vietnamese Insurers

Japan



① Insurers raising life insurance premiums due to low interest rates

Life insurers, one after another, lowered assumed interest rates on savings type products such as whole life insurance, and increased premiums of those products sold after April, 2017. Behind this series of premium increases, there is Financial Services Agency's massive cut on the standard rate, from 1% to 0.25%. The standard rate is basically determined based on the 10-year JGB (Japanese Government Bond) yield over the past three years and is used as the benchmark for insurers to determine their policy's assumed interest rates. Setting assumed interest rates on life insurance products depends on each insurer's own discretion, however, considering Japan's low interest rates, which doesn't seem to turn upward anytime soon, it is expected that the difference in premiums among insurers will increase because of the financial strength and the sales strategy of each company.

② Movement of developing medical insurance that promotes wellness.

Insurers are active in developing medical insurance products which promote health improvement by utilizing digital technology. One company launched a new medical insurance product which prompts the refund if the policy holder's average number of steps per day exceeds 8000 steps. In this product, the policy holder's daily step count is measured by a wearable device specified by the insurer. Based on the result, refund is paid as a reward for health improvement. The mechanism is that a policy holder's effort on wellness is to be reflected to premiums and with the increased health consciousness and the advanced digital technology by utilizing big data and so on, the product competition on this kind of product line is expected to be intensified.

③ OLIS 50th Anniversary Life Insurance Symposium was held.

Oriental Life Insurance Cultural Development Center, also known as OLIS, held a two-day symposium to commemorate its 50th anniversary on October 25 and 26. About 140 people from 14 countries and areas in Asia, who work for life insurance associations, regulatory agencies and life insurance companies, participated in the symposium. With the symposium theme, Further Development of Life Insurance, the history of the life insurance industry in Japan and the future prospects of life insurance business were widely discussed. The participants enthusiastically listened to the lectures and the panel discussion.

Oriental Life Insurance Cultural Development Center