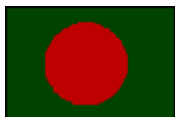


TOP LIFE INSURANCE
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NEWS STORIES OF 2018
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Bangladesh



1. Life Insurance Companies are Facing Massive Liquidity Crisis:

Life Insurance Companies in Bangladesh are facing massive liquidity crisis. Most of the 2nd generation company fails to settle claims in time due to shortage of reserve. As a result insurance market becomes looser day by day. Insurance Act was modified and Insurance Development Regulatory Authority (IDRA) was established in 2010. Solvency Margin criteria did not adopted yet in Bangladesh Life insurance industry.

2. Insurance Penetration Rate in Bangladesh shows decreasing Trend in GDP:

The insurance penetration rate to the GDP in Bangladesh is 0.55% in 2017 as reported by the Insurance Development and Regulatory Authority (IDRA). Insurance Penetration Rate never achieved 1% to the GDP history ever after getting independence in 1971. The highest rate was achieved 0.96% in 2010 and since after it seems continuous decreasing trend.

3. Premium Collection Rate in Bangladesh decreased 17%:

As per the report of IDRA Bangladesh on 11 December 2018, the gross premium collection rate decreased about 17% compared to 1st, 2nd, 3rd quarter of 2017. The gross premium income was BDT 11,150 crore (USD 1,327.4 million) in the same quarter of 2017 whereas the figure was BDT 9,179.42 crore (USD 1,092.8 million) in 2018 which was 82.33%.

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China



1. The China Banking and Insurance Regulatory Commission was established.

On March 13th, 2018, the 13th National People's Congress approved the establishment of the China Banking and Insurance Regulatory Commission (CBIRC), in replacement of the former China Banking Regulatory Commission and the China Insurance Regulatory Commission. The merged CBIRC cleaned up and rectified the chaotic phenomenon in the insurance industry like invalid product design, sales misleading and vicious competition, standardized market order and optimized the industry environment, thus preventing potential risks and promoting the comprehensive transformation and upgrading of the insurance industry.

2. Individual tax-deferred commercial pension insurance was piloted on May 1st, 2018.

On May 1st, 2018, a pilot tax-deferred commercial pension insurance project has been launched in Shanghai, Fujian province (including Xiamen) and Suzhou Industrial Park respectively with a tentative period of one year. During the pilot period, the expenditure on the purchase of individual commercial pension insurance products that meet the requirements shall be deducted before tax within a certain standard; the investment income included in the individual commercial pension account shall not be levied individual income tax; individuals shall be levied individual income tax when receiving their commercial pension. The tax-deferred pension policy is beneficial both for the insurance industry and the consumers.

3. The insurance industry is further opening up to the world.

In order to follow and implement the spirit of the Party Central Committee and the State Council on further expanding the opening-up to the outside world, in 2018, CBIRC approved 10 market access applications, such as authorizing ICBC-AXA Life Insurance Co., Ltd. to establish ICBC-AXA Asset Management Co., Ltd., and Korean Reinsurance Company to establish branch offices; on November 25th, the Allianz Group of Germany was authorized to establish Allianz (China) Insurance Holding Co., Ltd., the first foreign-invested insurance holding company in China.

Insurance Association of China

Korea



One-year delay to the effective date of IFRS 17 and K-ICS

As the International Accounting Standards Board (IASB) has decided to put off the effective date of the new international accounting standard (IFRS 17) by a year from 2021 to 2022 in November, Korean insurers now have an additional time to prepare for the introduction.

The Financial Services Commission (FSC) has also put off the enforcement of the new statutory accounting principles (K-ICS) for a year to 2022 in line with IASB delaying IFRS 17. As a result, Korean insurers struggling with capitalization are now given more time.

However, we do not expect to see any relaxation of any of the projects. All insurance players in Korea need to establish an accounting system to apply IFRS 17, while the financial authorities will continue on prescribing and sophisticating the statutory accounting principles.

Financial Authorities Tighten Regulation concerning General Agency (GA)

In 2018, the financial authorities reined in the regulations regarding GA in earnest as GA increases in size. Such move aimed to improve the market order since insurance solicitors' changing their employment to GA results in poor policy management, and their focus on selling insurance products that provide a large amount of sales commissions leads to mis-selling, hence arousing consumer complaints.

The financial authorities will newly develop regulations on indemnity against large GAs with over 500 insurance solicitors and implement a set of regulations such as imposing a cap on commissions and incentives. It is expected that such regulations will bring positive impact on the industry and will somehow improve shady practices.

In addition, the financial authorities are also pushing ahead with revising the supervisory regulations of the Insurance Business Act with tightening rules regarding commissions and incentives at its main contents. This is a part of efforts by the financial authorities to protect consumers as the large gap in commissions between captive and independent solicitors and the differences in commission system by GA are the basis of a high turnover, leading to the poor management of insurance policies and mis-selling, which ultimately damage consumers.

□'Health Improvement' Insurance Plans on the Rise

In 2018, the Korean insurance market saw 'health improvement' insurance policies being launched in a stream, which benefit both insurers and the insureds. Such type of policies were at a standstill due to the regulation that prohibits offering monetary benefits over KRW30,000 to a policyholder.

In last December, the insurance industry and the financial authorities developed guidelines for the development and sales of 'Health Improvement Insurance Plans' that provide monetary incentives for efforts taken by the insureds to improve their health in order to promote the development of a various type of innovative insurance plans in line with the fourth industrial revolution. Against this backdrop, insurers began selling those policies from the first half of this year.

Many life insurers offer health improvement insurance policies, attracting consumers. Insurers not only measure subscribers' exercise habits such as walking and running, also check dietary habits, blood sugar and physical fitness by tapping into wearable devices. It is expected that such insurance plans will take the lead in the market in the year ahead.

Korea Life Insurance Association

Taiwan



1. Third round of mutual evaluations done by Asia/Pacific Group on Money Laundering (APG)

On-site review for the third round of mutual evaluations led by Asia/Pacific Group on Money Laundering was conducted from November 5 to 16 in 2018. The evaluation team showed the positive reviews on the clear progress Taiwan made over the past two years such that the cooperative framework is well laid out among relevant ministries and agencies and the newly established Anti-Money Laundering Office (AMLO) fulfills its role as a coordinator in this area, and that the financial information center and the counter measures against money laundering and terrorism financing are both effectively functioning. APG cited, however, that the penalties imposed for violations of financial institutions are too light and that there is the possibility that the low conviction rates of money laundering cases contribute to the effectiveness of committing such crimes. APG also pointed out that the tighter risk monitoring system for overseas accounts of OBU or OSU should be placed, and so should the system which improves transparency of organizations and takes control of actual beneficiaries.

2. Corporate Governance Roadmap (2018~2020) issued by Financial Supervisory Commission

Financial Supervisory Commission (FSC) officially launched the Corporate Governance Roadmap (2018-2020) in April 2018 for the next three years with the goal of making corporate governance deep-rooted, creating a friendly investment environment, and making Taiwan an internationally competitive financial market. There are five action plans being proposed in the roadmap: deepening corporate governance culture, enhancing board functions, strengthening information transparency, encouraging participation of external shareholders, and augmenting regulatory enforcement. A full commitment from both corporates and investors is expected.

3. International Financial Reporting Standard No. 9 (IFRS 9) Financial Instruments fully adopted on January 1, 2018

IFRS9 Financial Instruments should apply to general industries as well, not to mention financial holding companies, banks, insurance companies and securities companies.

Uzbekistan



1. Regional seminar on “Risk Management” organized by the Ministry of Finance of the Republic of Uzbekistan jointly with The Foundation for the Advancement of Life & Insurance around the world (FALIA) was held in Tashkent

On October 5, 2018 the Ministry of Finance of the Republic of Uzbekistan jointly with the FALIA (Japan) held the seminar on the theme “Risk Management”. Risk management is one of the most relevant areas for the comprehensive and accelerated development of the insurance sector in Uzbekistan. Consistent use of the structural elements of risk management by insurers has been the subject of special attention during the seminar.

In this workshop representatives of Japanese insurance market shared their experience in life insurance sphere. The workshop was attended by Executive director of FALIA Mr. Toru Nagashima, General manager of FALIA Mr. Tomoki Sugizaki, General manager of Dai-ichi Life Insurance Company Mr. Kazihiko Ibuki, representatives of the insurance market and journalists of the leading mass media of the Republic of Uzbekistan.

The event was held in the form of separate presentations and interactive dialogue. The general manager of Dai-ichi Life Insurance Company presented answers to the questions of the insurance industry. Problems requiring separate study were recorded for further resolution based on the results of detailed consideration.

2. «KAFOLAT HAYOT» and «EUROASIA - LIFE» received the license to carry out voluntary insurance in the life insurance industry of the Republic of Uzbekistan

In 2018, two new life insurance companies “KAFOLAT HAYOT” and “EUROASIA – LIFE” started their activities in the insurance market of Uzbekistan.

In accordance with the order of the Ministry of Finance of the Republic of Uzbekistan dated November 9, 2018, No. 8-SF, the insurance limited liability company “KAFOLAT HAYOT” issued the license series SF No. 00237 dated November 22, 2018 in order to implement voluntary insurance in the life insurance industry in classes I, II, III, IV and in the general insurance industry in classes 1 and 2.

Also, in accordance with the order of the Ministry of Finance of the Republic of Uzbekistan dated October 29, 2018, No. 6-SF, the limited liability company “EUROASIA-LIFE” issued a license series No. 00235 dated November 5, 2018 for the implementation of voluntary insurance in the life insurance industry in classes I, II, III, IV and in the general insurance industry in classes 1 and 2.

In order to fulfill mission and achieve their goals, insurance companies of Uzbekistan are guided by the number of operating principles, such as:

- openness, responsibility and honesty;
- focusing on long-term and mutually beneficial relationships with customers;
- adherence to business ethics.

3. Life Insurance Growth in the Republic of Uzbekistan

Currently, in the Republic of Uzbekistan six insurance companies -O'zbekinvest Hayot, Alfa Life, New Life Insurance, Agros Hayot, KAFOLAT HAYOT and EUROASIA – LIFE operate in the life insurance market.

The collection of insurance premiums by insurers specializing in the life insurance industry in 2017 amounted to 138.6 billion sums. The increase of premium collection by 2018 was 134.6%. The growth of the insurance premium over the past three years was about 544.6%. For the first half of 2018, growth was recorded at 134% compared to the same period in 2017, which is a good foundation for significant growth for the whole year.

At the end of 2017, the volume of investments of insurers specializing in the life insurance industry amounted to 148.8 billion sums. In 2018 the growth amounted to 131.8%, which was secured mainly through long-term life insurance contracts, including annuity insurance, as well as an increase in the authorized capital of insurers. The share of money resources invested in the investment environment by insurers specializing in the life insurance industry in the total market volume was 10%. Today, there are more than 20 types of life insurance products, such as savings, annuity insurance and long-term life insurance. Also, noteworthy is the appearance on the market of new life insurance products, which include periodic payments.

State Insurance Supervisory Board
Ministry of Finance of the Republic of Uzbekistan

Vietnam



1. Vietnam life insurance market continues its remarkable growth rate.

Vietnam life insurance market continues its remarkable growth rate in 2018 at around 32.8% (in total collected premium). Regarding new business premium, Daiichi Life Vietnam comes has exceeded its rivals to reach No 2 in the market (only after BaoViet Life). As well as the growth in collected premium, many life insurance companies applied to increased chartered capital to assure liquidity, which is forecasted to increase 136% in comparison with 2017.

2. Legal framework in insurance improved.

The legal framework in insurance has been improved with newly issued legal documents, including:

- Government's Decree No 48/2018/ND-CP supplementing Decree No 98/2013/ND-CP relating to sanction on administration violation in insurance business: This Decree regulates more clearly some administration violations in doing insurance business, increases the pecuniary penalties.
- Government's Decree 151/2018/ND-CP regulating the conditions for investment and doing business in financial sector : Regarding insurance business, this Decree terminates 19 conditions, simplifies 7 conditions. Regarding life insurance, this Decree terminates some requirements for insurance agents selling investment products.
- Government's Decree 165/2018/ND-CP regulating electronic transaction in financial sector (including insurance business).
- MOF's Circular No 125/2018/TT-BTC regulating the issue of certificate for insurance agents.

These new legal documents make clear issues which insurers were facing or create more favorable conditions for the insurance market development.

3. Judgements relating to life insurance are declared to be judicial precedents.

It is the first time 2 judgments relating to life insurance are declared to be judicial precedents (law cases) by the Judges Council of the Supreme Court. This helps the judges in local level courts in unanimously considering and judging similar cases.

Japan



1. Revision of the standard mortality table.

The standard mortality table, a basis for life insurance premium rates, was revised for the first time in 11 years. With the longevity of Japanese people, many life insurance companies lowered risk premiums. As for medical insurance premiums, on the other hand, some life insurance companies decided to leave them unchanged contrary to all expectations that the increase is most likely due to the rise in the risk of developing diseases.

2. Release of the health-promotion type medical insurance by Japanese major life insurance companies.

One of Japan's leading life insurance companies started selling a rider whereby the base policy and most of the attached riders' premiums are discounted according to reward points clients earn by taking various medical checkups and screenings or engaging in health promoting activities such as running or walking. By adding the rider, clients will get a 15 percent discount on premiums upon signing the policy, and will receive up to a 30 percent discount based on the points they are rewarded.

Other life insurance companies are expected to follow suit to launch this type of insurance products since the increase in health awareness will result in the decrease in the risk of developing diseases.

3. Successive introduction of dementia related insurance products.

A new product type of "Dementia Insurance" was introduced to the market. "Dementia Insurance" is the insurance to reduce the financial burden when clients become demented. New products emphasize on prevention and early detection.

Although the main feature of the product is a lump-sum payment upon diagnosis of dementia, one life insurance company added another feature to the product. If clients can spend time without becoming demented, they will receive "Prevention Benefit" in every two years starting a year after the policy issuance.

Another life insurance company introduced a product covering mild cognitive impairment (MCI), which is a preliminary stage of dementia. By including MCI in a scope of insurance protection, clients will be urged and encouraged early consultation with specialists, rather than ignoring symptoms, and hence early detection.