

**TOP LIFE INSURANCE**  
JOB FEE INSURANCE

**NEWS STORIES OF 2014**  
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## Bangladesh



### **1. Proposed Health Insurance Scheme for the Govt. Employee:**

The National Pay Commission of Bangladesh proposed Health Insurance Scheme for 1.4 million government employees. It may be implemented from 1<sup>st</sup> July 2015 if the proposal would approve. The proposal is under process in the cabinet to finalize within 31<sup>st</sup> December 2014. Now the government employees are getting the medical allowance as cash value with their salary instead of health insurance.

### **2. Mr. M. Shefaque Ahmed – FIA reappointed the Chairman of IDRA:**

The government of People's Republic of Bangladesh reappointed Mr. M. Shefaque Ahmed – FIA as the chairman of Insurance Development and Regulatory Authority (IDRA) for the next three years. He was also the first the chairman of newly formed IDRA under the insurance act 2010. By the by there are three qualified actuaries in Bangladesh insurance industry. The other two are Associate of the Institute of Actuaries (AIA).

### **3. Newly Licensed 13 New Life Insurance and 2 Non-Life Insurance Companies Started operating:**

Government approved license 16 new insurance companies in 2013 out of which 14 Life Insurance and 2 Non-Life Insurance companies. Out of 16 new insurance companies 15 companies started operating insurance business in Bangladesh. Taiyo Summit Life Insurance the joint venture of Japan-Bangladesh failed to operates the business due to limitations. Now there are total 77 insurance operators out of which 31 Life Insurance and 46 Non-Life Insurance. Jiban Bima Corporation (Life Insurance) and Sadharan Bima Corporation (Non-Life Insurance) are public operators. MetLife ALICO is the only foreign operator in Bangladesh.

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Actuarial Society of Bangladesh

## **Cambodia**



### **1. Worker insurance near**

The government's long-pledged health insurance scheme for private sector employees, including factory workers, is just around the corner, officials promised yesterday while refusing to name a more specific date. The Ministry of Labour held a public forum on the insurance plan, which is expected to cover some 800,000 employees.

Currently, the fund covers only workplace-related illnesses and injuries, and takes a 0.8 per cent tax from workers' salaries for the service, according to the ministry. The new health insurance scheme is set to operate similarly, splitting a tax between employer and employee.

### **2. Social Security Fund Starts New Insurance Scheme**

The National Social Security Fund (NSSF) on Monday launched an initiative to provide health insurance to the nation's workforce, a plan that the country's largest employers' associations said was premature. NSSF director Ouk Samvithya said that:

- by the middle of this year, enterprises in the country with more than seven employees will be required to pay into the fund to support the health care initiative. The NSSF counts more than 880,000 employees at 6,107 firms as members.
- he hopes 900,000 will be part of the health care scheme.
- we have been processing workers' compensation claims for five years in 24 provinces and Phnom Penh, and now we are moving to stage two: health insurance.
- Phase two of the NSSF's plan to raise social welfare standards through compulsory health insurance would hypothetically see staff covered by the fund, without limit, for all ailments that prevent them from carrying out their duties at work. The cost of insurance would be shared evenly between companies and workers.

In phase one of the social security plan, the NSSF dictated that employers pay 1.7 percent of workers' salary in return for full coverage, effectively taking on all responsibility in the event of injury at work. This figure was later revised down to 0.8 percent after lobbying from GMAC and the Cambodian Federation of Employees and Business Associations (CAMFEBA) in 2008.

The NSSF's workers' compensation plan pays out between 5 and 6 million riel, or about \$1,250 to \$1,500, in the event that an individual's working capacity is reduced by 20 percent or more, and guarantees lifelong support should a member become completely

incapacitated.

But according to Dave Welsh, country director of the Solidarity Center, a U.S.-based labor rights group, actually getting NSSF to compensate injured workers is a struggle. When a section of the Taiwanese-owned Wing Star shoe factory in Kompong Speu province collapsed in May, killing two workers and hospitalizing nine, the NSSF was less than accommodating to its members, he said.

### **3. New laws ensure better insurance**

*Cambodia's insurance industry began in 1990 with just one state-owned insurer and has since grown to 11 insurers. The country's regulator is attempting to keep up with the sector with the introduction of new rules. The Council of Ministers last week approved changes to the country's insurance laws. Youk Chamroeunrith, general manager of Forte Insurance, which holds 39 per cent of the Cambodia's market share, sat down with the Post's Chan Muyhong this week to discuss the new laws.*

#### **What impact will the new laws have on the industry?**

This draft law helps insurance companies build a stronger stand in the market as well as offering consumer protection. This new draft law, I think, has opened up the flexibility for the regulator [the Ministry of Economy and Finance] to intervene when the industry is considered not healthy by releasing a subdecree or announcement in addition to the existing law.

There are other changes; for example, we have a glossary of technical terms which makes it easier to comprehend and translate. The process of financial auditing is also clearer, making it easier for operators to follow. Minimum investment capital remains at \$5 million. The new draft law has also included the basic six principles of insurance industry applied globally.

#### **What will the new laws cover?**

The law is also about consumer protection. Consumers are now aware of the rights they have and how they can act upon those rights. The new draft laws also propose a new department under the Ministry of Economy and Finance to act as mediator to solve complaints from customers towards any insurers who are not willing to pay claims. The purpose is to cut costs and make the insurance companies be responsible to their customers.

Others might think this as more restrictive regulation, but I see it as an advantage for the industry as this draft law will help build more public confidence in the industry.

**Article 2 of the draft law is aimed at improving transparency and ensuring fair competition. Have these been problems in the sector before?**

Actually, the industry is already transparent because almost all of the insurance companies in Cambodia are audited by an international auditing firm. This industry is almost the second most transparent industry after banking. Companies that are not transparent about their financial reporting will not be able to get reinsured by companies abroad.

Regarding the fair competition, it happened that some companies said they could cover the same insurance product with a lower standard premium, but when problems occur they made excuses, saying the claim could be paid only under some conditions. This frustrated customers.

**Article 8 says contracts and agreements should be written in Khmer. Will this be a challenge for the industry?**

Normally, the law in any country would prioritize their native language. However, it is a challenge for the industry because we lack words to identify certain terminology used in the industry. We have based our agreement sample on those from the UK and other countries that are more advanced in the insurance industry. [This is where] the glossary is very helpful.

**How is the sector changing?**

We've seen life insurers entering the market and attracting middle-income clients. People now have more understanding of the benefits of insurance. We can't project a certain time for the industry to reach its peak since it really depends on the economy.

Cambodia Life Insurance Company Plc.

## **China**



### **1. Issuance of Opinions of the State Council on Accelerating the Development of Modern Insurance Industry**

On August 10th, 2014, the State Council of People's Republic of China issued Opinions of the State Council on Accelerating the Development of Modern Insurance Industry, which defined the overall requirements, major tasks, policies and measures for a long period about the development of China's insurance industry. It has been put forward that by 2020, a modern, compliant, trustworthy, stable, innovative and internationally competitive insurance industry is to be in place to provide comprehensive protection and exert functions needed in economic development and social progress. China, at that time, will not only have a big insurance industry but also a strong one.

### **2. Issuance of Opinions on Accelerating the Development of Commercial Health Insurance**

On October 27th, 2014, the General Office of the State Council of the People's Republic of China issued Opinions on Accelerating the Development of Commercial Health Insurance. The State Council aims to set up a modern and compliant commercial health insurance industry with a comprehensive market mechanism and various types of products by 2020. Detailed measures have been listed, such as improving the operation of the insurance industry and the quality of its service to significantly increase the number of people choosing the insurance and the amount of health expenses reimbursed, and making great efforts to develop commercial health insurance programs that cover health expenses not covered by basic health insurance.

### **3. Launch of China Life Insurance Product Database**

By the guidance of China Insurance Regulatory Commission (CIRC), Insurance Association of China (IAC) launched China Life Insurance Product Database on its website in early October of 2014

(<http://www.iachina.cn/product.php?action=company&ttype=1>).

IAC built a unified national coding system for personal insurance clauses and a product information database by May. Under the system, insurance companies have to assign

uniform codes to their personal insurance clauses and print them on insurance policies. With the codes, customers will be able to visit the IAC website to check on personal insurance products and clauses like premiums, yield, tenor, surrender value and other terms, using parameters like product name, product category and insurance company's name. They can check on whether the insurance policy they intend to purchase, or have purchased, is authentic.

The objective of the system is to protect customers as well as combat fraud and mis-selling. This is because of complaints by customers that they have been mis-sold products, such as in situations when they had thought they were buying savings products when in fact they were sold insurance policies. In several other instances, customers have bought wealth management products purportedly backed by insurance companies when in actual fact; the insurers had nothing to do with the products purchased.

Insurance Association of China

## **Korea**



### **1. Revision of Regulations on Supervision of Insurance Business**

The Regulations on Supervision of Insurance Business were revised to improve the system of charging business expenses. The aim of this measure is to help insurance companies maintain and manage in-force policies and enhance refund rates in case of early rescission. The new regulations relax asset management rules associated with entering overseas markets and making investments in order to respond to low interest rate environment and diversify ways for insurers to make profits. Main features include increasing the deferred payment rate of commission paid to solicitors after signing insurance contracts, reducing commissions for banks and online channels, and making it possible to invest in more kinds of foreign currency securities.

### **2. FSC Announced its Plan for Financial Regulatory Reform**

The FSC announced its plan for financial regulatory reform to create new opportunities and growth drivers for Korea's financial industry and economy. The FSC identified both statutory and implicit regulations which constrained the growth of the financial industry. Out of 3,100 financial regulations, 700 regulations were finally chosen to be reformed. Detailed action plan to facilitate competition and innovation of the insurance industry include expanding the autonomy of insurance premium pricing, easing regulations on asset management, and abolishing implicit regulations existing in forms of industry practice or administrative guidance. One of the main features is expanding the adjustment range of the standard rate for calculating the interest rate that applies to the floating rate products from 10 percent to 20 percent.

### **3. Comprehensive Measures to Protect Personal Data in the Financial Sector**

The FSC and relevant ministries jointly announced a package of measures to prevent a recurrence of personal data leaks in the financial sector. The measures were drawn up based on the following basic principles, further developing a series of measures previously announced since the data leakage from the three credit card companies were revealed last January:

1. Financial firms will be asked a greater responsibility in handling their customers' personal data at each stage that they collect, retain, use and discard such



information

2. Financial consumers' right to their personal information will be ensured so that they can decide for what, when and how their own personal data are being used.
3. Financial firms will be held more accountable for personal protection and strictly punished in the event of personal data security breach.
4. Cyber security measures will be strengthened across the financial sector.
5. The government will make sure financial consumers' personal data previously provided or illegally-circulated not to be misused by scammers.

Korea Life Insurance Association

## Malaysia



### 1. Addressing the Life Insurance Protection Gap in Malaysia

LIAM has commissioned Universiti Kebangsaan Malaysia to study the “Protection Gap in Malaysia” as part of the industry’s effort to fulfil the Government’s aspiration of ensuring that 75% of the population is insured.

The Study uncovered that Malaysian households are substantially underinsured. The average protection gap for families (2 adults and 3 children) whose primary wage earner has both life and medical insurance was RM553,000 per family. Families whose primary wage earner was covered by a life policy only and not a medical policy had a slightly higher gap, at RM642,000 per family. The average protection gap for the group headed by a breadwinner who was not covered by either life or medical insurance was largest, at about RM723,000 per family. The results of this study also indicated the need for insurers to develop low premium products that have a wide reach to consumers at large.

### 2. How LIAM responded to MH Tragedies

LIAM had played proactive roles in responding to two incidents involving two Malaysia Airlines aircrafts, the MH370 and MH17 which happened in March and July 2014.

LIAM had set up a hotline to handle all queries with regards to the claims procedures for family members to smoothen the claims process and speed up claims payment. LIAM member companies came out with a consensus to waive the requirement of death certificates and made special consideration to waive the exclusion clause under the extraordinary circumstances.

For MH370, a total of RM16.8 million were paid to the next-of-kin involving 187 policies while RM13.7 million were paid for MH17 for 98 policies.

### 3. Celebrating 40 years of LIFE in a memorable way

LIAM achieved another milestone this year when it celebrated its 40th Anniversary in a memorable way – promoting camaraderie within the industry’s community and paid special tributes to its past Presidents who had served the industry for the past four decades.

The historic celebration dinner was graced by the Deputy Governor of Bank Negara Malaysia, YBhg. Dato’ Muhammad bin Ibrahim on 21 November 2014 at the Grand Hyatt Hotel Kuala Lumpur. It was witnessed by 400 current and former industry’s captains,

practitioners, stakeholders and regulators from three different generations – baby boomers, Gen X and Gen Y who have contributed to the development of the industry.

#### **4. Celebrating 40 years of LIFE – Caring for the community through Insurans Hayat Cares**

In conjunction with its 40th anniversary, LIAM has brought its community service program to the next level by launching Insurans Hayat Cares – a community service platform for the life insurance industry with the objective to be more effective in engaging with the community.

At the anniversary dinner celebration on 21 November 2014, the Deputy Governor of Bank Negara Malaysia, YBhg. Dato' Muhammad bin Ibrahim unveiled the Insurans Hayat Cares' "Be Frank" Cancer Booklet, as part of its cancer research and awareness program for the community, a collaborative effort with the Cancer Research Initiatives Foundation (CARIF). A grant of RM50,000 was also presented to the Chief Executive of CARIF, Professor Dr. Teo Soo Hwang to signify LIAM's commitment in cancer education.

Life Insurance Association of Malaysia

## Pakistan



### Overview of Recent Initiatives to Enhance The Regulatory and Supervisory Framework Of Insurance Industry

#### (1) **SEC (Microinsurance) Rules, 2014:**

These rules have been issued in February 2014 for the development of Microinsurance sector in Pakistan. The rules prescribe the standards for conduct of micro insurance business while keeping strong focus on consumer protection, transparency, and disclosure requirements. Micro insurance is a small-scale insurance protection for low-income people against specific risks in exchange for a premium payment proportionate to the risks involved. In order to serve the low-income population, which is mostly ignored by mainstream commercial insurance businesses, there is a need for small ticket-sized micro insurance products to protect crops, livestock, health, life, and domestic households. Various developing countries have prescribed specific regulatory frameworks for micro insurance. In order to achieve consensus and to take all stakeholders on board, the SECP had formed a working group on micro insurance to propose a regulatory framework. The consultations were done with all relevant stakeholders, including the Insurance Association of Pakistan (IAP), Pakistan Microfinance Network (PMN), Pakistan Poverty Alleviation Fund (PPAF), State Bank of Pakistan (SBP), microfinance banks and donor organizations. There are more than 4 million micro insurance policyholders in Pakistan. The SECP, in coordination with the World Bank published a research report on 'Micro insurance in Pakistan' in October 2012.

(2) **Third Party Administrators (TPA) for Health Insurance Regulations, 2014:** The SECP has issued the Third Party Administrators (TPA) for Health Insurance Regulations, 2014 to develop the health insurance market in Pakistan. The TPA Regulations provide a legal framework addressing the registration, eligibility requirements, code of conduct and operational model for TPAs, fit and proper criteria for the senior management and the written agreement between a TPA and an insurer. The new TPA Regulations have addressed consumer protection as well as market development aspects. The consumer protection aspects have been addressed through various requirements, for example, these regulations require that the compensation structure of TPA can't be linked with the claim loss ratio. Similarly, introduction of a code of conduct for TPAs will ensure that TPAs will be functioning

within the role envisioned in the new regulatory framework. The market development aspects have been addressed through requiring an online health benefit system and not imposing a regulatory cap on the compensation of TPAs. The newly introduced regulations also clarify the role of TPA as an administrative service provider and not a risk carrier.

**(3) Centralized Information Sharing Solution for the Life Insurance Industry**

**(CISSII):** The SECP, as a part of its ongoing insurance reforms, has issued a regulatory directive through S.R.O No. 162(I)/2014 to direct the life insurance companies and family takaful operators to participate in the Centralized Information Sharing Solution for Life Insurance Industry (CISSII). The objective of the directive is to promote a formal information sharing mechanism by making membership mandatory for life insurance companies and family takaful operators.

The Centralized Information Sharing Solution for Insurance Industry (CISSII) is an information technology based formal mechanism through which insurers can share specified critical information on real time basis. The CISSII has four components namely— a centralized agent's register including s-register, centralized register for postponed and declined life risks, centralized claim register and centralized group life claim experience register. Centralized agent register including s-reference register shall contain the agreed information in respect of all codified agents of the insurer. The s-component shall contain codified adverse information relating to the misconduct of agents. The centralized register for postponed and declined life risks shall contain the name and CNIC of the potential customer, proposal date, codified medical and non-medical information, source of medical information and effective date of underwriting decision etc.

Securities & Exchange Commission of Pakistan Insurance Division

## Philippines



### **1. Philippines leads East Asia in microinsurance.**

The Philippines had the highest microinsurance penetration ratio and the second highest penetration, based on a 2013 study commissioned by the Munich Re Foundation.

Roughly 27.96 million Filipinos had microinsurance coverage in 2013, among the highest in the East Asian region.

At the start of 2013, there were 80 microinsurance products – 54 are classified as life products and 26 as non-life products – approved by the Insurance Commission.

The Philippines recorded a 20.6-percent penetration ratio or the highest among the top 10 nations covered by the study.

It was followed by the 13.9 percent in Thailand, nine percent for India, 6.1 percent for Bangladesh, and 3.7 percent for Malaysia. The rest of the countries based on ranking are Pakistan, Cambodia, East Timor, Jordan and Nepal.

### **2. Tapping microinsurance to help address health, disaster risks.**

To provide products that specifically address health and disaster risks, the Department of Finance, Insurance Commission and Department of Health in partnership with the private sector draft a framework for health microinsurance and promote a more elusive health insurance system.

Disaster-related insurance, on the other hand, is also gaining ground as more financial institutions participate to protect the most vulnerable.

While microinsurance is not the silver bullet to poverty eradication, it gives individuals the chance to quickly recover from a financial loss.

### **3. Local insurers should not fear ASEAN integration.**

The upcoming financial integration of the 10 members of the ASEAN should prove more beneficial to local insurers because then, the industry would be able to tap into the larger markets of the country's ASEAN neighbors, says Insurance Commissioner Emmanuel F. Dooc, to dispel fears of some insurance companies that the country's commitment to open up the insurance sector to foreign competitors will lead to their own demise.

"One of those efforts to strengthen [the industry] is the raising of the capital requirements," he added, referring to the new capital requirements needed to establish new insurance

companies or continue operating as such.

Another initiative that the Insurance Commission is pushing to improve the competitiveness of insurance companies is the bill that will lower the tax rates on premiums paid for nonlife insurance policies currently at 25 percent for property insurance and 27 percent for fire insurance.

The Commissioner said that the new Insurance Code, which was passed last year, also helps the insurance companies prepare for possible competition with foreign insurance companies when the Asean financial integration starts by 2015.

Philippines Insurance Commission

## Taiwan



### 1. The amendments to the Insurance Act

In order to strengthen the independence of the board of directors of the insurance industry and the implementation of corporate governance, strengthen the insurance industry to exercise the right of shareholders to be invested by the investment companies and securities commodity propriety rights, promotion of the insurance industry in order to invest in the domestic stock market elasticity of foreign currency-denominated commodities, assist insurers in Asia layout, strengthen the insurance industry and related supervision measures exit mechanism, the Legislative Yuan amended by certain provisions of insurance law, to maintain the stability of the insurance market, insurance policyholders' rights and sound development of the market has a positive benefit.

### 2. Global Life and Singfor Life took over matters

Both of Global Life and Singfor Life their financial condition deteriorated remarkably in recent years due to poor management resulting in the capital adequacy ratio below the legal standard. The competent authority assigned the Insurance Stabilization Fund as receiver to take over of the two companies. After being taken over, Global Life and Singfor Life will still continue operating. The interests of policyholders in accordance with the contents of the insurance contract cannot affected, the future of Global Life and Singfor Life will adopt auction manner.

### 3.The opening of overseas real property investment

In order to enable the use of the funds of the insurance industry more efficient, taking into account the principles of supervision and management differences, the FSC revised related laws and regulations, so that meet certain eligibility conditions of the insurance industry, it is ready to "specific purpose real property investment enterprise" and " trust "



two ways to buy each case of foreign and the mainland real property, alternative the way to advance case by case basis recordation sent to the FSC for approval of the way investment, which will be able to expand the investment target selection of insurance industry, and it is positive benefit to improve the insurance industry income and reduce investment risks.

The Life Insurance Association of the Republic of China

## Thailand



### 1. Overview of Life insurance in Thailand for 2014

The life insurance business in Thailand has been growing continuously in the year 2014, with a total direct premium income of 412,043 million Baht and an overall business growth of 14.56% (statistics from January- October 2014). The growth of life insurance business is due to many factors such as improvements of life insurance products, technology advancements, various distribution channels, public relations, and human resource development. Most importantly, the growth of Life insurance business in Thailand is due to the help and support from the Office of Insurance Commission (OIC).

### 2. Technology Advancements for Faster and Convenient Agency Examination.

Thailand has been keeping up with the latest technology advancements and using it to make the Life insurance agency license examinations faster and more convenient. These examinations can be taken online in the city (Bangkok) and in other provinces throughout Thailand. With the examinations being done online, the examiners can find out their examination results immediately. Examinations can be taken at Thai Life Assurance Association (TLAA) or Thailand Insurance Institute (TII). At TLAA, from January-November 2013, there were 122,750 people who registered for the examination (70%) as compared to 52,397 people that registered for the examination at TII (30%). For the year 2014 (January-November), at TLAA, there have been 179,998 people who registered for the test (84%), as compared to 33,085 people who registered for the examination at TII (16%). From 2013-2014, at TLAA alone, we can see a 56.24% increase in the people who registered for the Life insurance agency license examination. We are hoping to see these numbers increase in the next year.

### 3. Regulators are continuing to better Life insurance business

In the past year, Regulators have continued to find new ways to satisfy Life insurance companies and to overall better Life insurance business in Thailand. Since August 2013-present, Regulators have been working on the Risk-Based Capital Phase 2 (RBC 2). The RBC 2 will be an improved RBC framework that will be implemented in accordance with the roadmap. As of October 2015, the RBC 2 is in its final stage. Also, Thai Life Assurance Association in cooperation with Office of Insurance Commission is in the development stage for the Insurance Bureau System (IBS) project to create a strategic plan to promote and regulate Life insurance business for better efficiency. The objectives of this project are to upgrade the insurance industry operations, increase the potential to compete internationally, and to give everyone the chance to access information. Phase 1 of this project should be ready to use by the second quarter of 2015 (2/2015).

The Thai Life Assurance Association

## Uzbekistan



### 1. **OLIS on-site seminar was hosted in Tashkent**

In the continuation of activities for the life insurance development State Insurance Supervisory Board under the Ministry of Finance of the Republic of Uzbekistan and OLICD Center hosted seminar “Life insurance: products, sales channels and asset management” in April 24, 2014.

The aim of this seminar is increasing knowledge and sharing of experience with specialists of Uzbek life insurance companies.

Mr. Shigeaki Terada, President of OLICD Center delivered a welcome speech. He briefly introduced the history, mission and activity of the Center. Mr. Makoto Okubo – Chief Manager of international relations department of Nippon Life insurance company representative in New York was invited as a lecturer. The lecturer shared his many years’ experience in risk management of life insurance company and told a case study of problems that life insurance companies meet.

### 2. **Changes in legislation stimulating the expansion of life insurance**

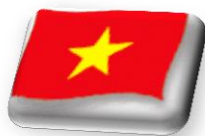
To stimulate widening the activity of life insurance companies there have been made changes to the Insurance and Reinsurance Companies’ Solvency Regulation in November 11, 2014, which give insurance companies an opportunity to create affiliated life insurance companies.

### 3. **One more life insurance company began operations in 2014**

On August 21, 2014 The Ministry of Finance of the Republic of Uzbekistan gave the license to Temiryo’l-Life insurance company to operate in the life insurance sector.

For now 3 life insurance companies operate in Uzbekistan insurance market. As a result of created conditions in insurance market and improvement of legislation 2 more life insurance companies are planned to be founded in 2015.

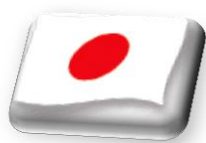
## Viet Nam



Vietnam life insurance market maintains stable growth in 9 months of 2014 at 25% (in total collected premium) and it forecasts a growth rate of 22% at the end of 2014. This is the second year growth rate of life insurance market is over 20% which raise the penetration rate of life insurance to 0.73% in 9 months of 2014. Listed bellowed are the top news of Vietnam life insurance market in 2014.

1. By the end of 2014, Ministry of Finance will issue a circular guiding accounting scheme of life insurance companies. This is the first and most comprehensive Circular as a guideline in accounting system for life insurance companies to follow which is composed basing on the particular characteristics of life insurance industry.
2. Ministry of Finance and State Bank issued Joint Circular No 86/2014/TTLT-BTC-NHNNVN guiding the operation of credit institutions and branches of foreign banks as agents of life insurers in Vietnam. The circular regulates the activities that credit institutions and branches of foreign banks are authorized to do; rights and duties of credit institutions and branches of foreign banks and life insurance companies as well as reporting responsibility of credit institutions and branches of foreign banks.
3. The government issued legal documents to solve the difficulties of insurance agents, in which there are significant incentive regulations for life insurance industry:
  - Insurance agent whose payable amount of PIT (personal income tax) is withheld by insurance companies doesn't have to make final PIT settlement on that income (Decree No 91/2014/NĐ-CP and circular No 151/2014/TT-BTC).
  - The tax rate for insurance agent is 5% of the amount of income over VND 100 million/year (about USD 4.651) generated from insurance agent activities (Law No 71/2014/QH13 amending and supplementing a number of articles of the Law on Taxes).

## Japan



### **1. Japanese life insurance companies are proceeding for the development of overseas markets at a rapid pace.**

As the aging population with a falling birthrate is further advancing, Japanese life insurance companies are rapidly developing the markets in Asian countries where the expansion of economic growth and middle-income class is expected.

Examples are:

- India: Dai-ichi Life and Nippon Life
- Thailand: Dai-ichi Life, Nippon Life and Meiji Yasuda Life
- Vietnam: Dai-ichi Life and Sumitomo Life
- Indonesia: Meiji Yasuda Life, Dai-ichi Life and Sumitomo Life.

Each company brought its own know-how or adopted local customs to establish a sales technique, and has been challenging to an advancement in growing markets. In addition, Dai-ichi Life also succeeded in huge acquisition of the US midsize insurer, Protective Life Corporation in August 2014, adding a surprise to the industry.

### **2. In order to prevent the insurance non-payment problem, Life Insurance Association of Japan will announce the guidelines by next summer**

Life Insurance Association of Japan, or LIAJ, is preparing the guidelines that summarize the measures and points to be considered in elderly policyholders. This is because the number of non-payment cases caused by the unawareness of the contracts when policyholders deceased is increasing. The proportion of elderly in the total policyholders is on the raise every year, and 17% of the policyholders of new contracts in 2012 was over 60 years of age. Because life insurance is a long-term contract, detailed corresponding should be required especially to the elderly.

Based on these facts, LIAJ plans to provide with its member companies the guidelines by next summer.

### **3. Signs of price competition in the life insurance industry**

It is likely that the competition of premium reduction will become more intense in

the life insurance industry. The rise of on-line insurance companies that sell affordable products through the Internet and the advancement of insurance shops where customers are able to compare various products of different companies are accounted for behind this competition. Nippon Life, the leading life insurance company in Japan, executed the remarkable premium reduction for the younger generation in this April, and other insurers are expected to follow suit.

Oriental Life Insurance Cultural Development Center