

TOP LIFE INSURANCE
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NEWS STORIES OF 2020
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Bangladesh



1. Celebrating National Insurance Day for the First Time in Bangladesh:

National Insurance day on March 1 to commemorate the day joining date of Sheikh Mujibur Rahman the greatest leader, founding president of Bangladesh in the insurance profession same day in 1960. Prime minister Sheikh Hasina inaugurated the day.

2. The Highest Revenue Income from Insurance Sector:

The Highest Revenue Income from Insurance Sector in the Government Treasury within the history of 50 years independence in 1971. Revenue amount about BDT2000 crore (USD 235.30 Million; USD 1 = BDT 85) was collected combinedly from life and non-life insurance.

3. Insurance Sector Development Project (BISDP):

Government Peoples Republic of Bangladesh inaugurated 5 years long Insurance Sector Development Project (BISDP). The main objective of the BISDP is to strengthen the Insurance Development and Regulatory Authority (IDRA), institutionally as well as Bangladesh Insurance Academy (BIA), Jiban Bima Corporation (Life Insurance Corporation) and Sadharan Bima Corporation (Non-Life Insurance Corporation).

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Actuarial Society of Bangladesh

China



1. Further opening up of Life Insurance Sector.

The CBIRC has announced that with effect from 1 January 2020, restrictions on the stake of foreign investors in life insurance joint ventures will be officially lifted, and the foreign shareholding can reach 100%. In June 2020, AIA was approved as the First Foreign Company with a Wholly-owned Life Insurance Subsidiary in Mainland China.

2. Release of revised definitions of critical illnesses.

Revised definitions of critical illnesses were released in November by the Insurance Association of China and Chinese Medical Doctor Association, with a three-month period granted for the transition between the old and new definitions.

There are 3 major changes in this issue. One is the establishment of the critical illness classification system, second is the expanding of the protection scope and the last one is the scope expanding and optimization of illness definition.

3. Outlines of Chinese life insurance business.

The Chinese life insurance industry posted premium income totaling CNY3.1tn (\$474bn) in the first 11 months of 2020, accounting for 74.1% of the overall insurance industry, and representing an increase of 7.4% year-on-year.

Korea



□ Life insurers relying more on the non-contact sales channel after COVID-19

In the aftermath of coronavirus (COVID-19), one of the biggest challenges faced by the life insurance industry in Korea was limited opportunity to meet customers face-to-face. The Korean government has ordered its people to keep a social distance - meaning keeping at least 2 meters distance between yourself and others, avoiding face-to-face interaction as much as possible - in a bid to cope with the pandemic, and this has significantly changed the way life insurers run their business, with agencies closed down and employees working from home. And not only that, it has put a restraint on life insurance agents' activity to meet their customers in person.

As "contactless"- which often referred to as 'untact' in Korea- culture has taken root in Korea life insurers have decided to implement an online platform through which they can sell products and communicate with customers instead of the traditional channel. To make sure that life insurers find a way to survive during the pandemic era, Korea Life Insurance Association (KLIA) organized a task force to provide support, particularly in bridging the gap between online and offline channels (so-called 'hybrid marketing') and establishing a simplified mobile subscription system as well as lobbying lawmakers to allow using AI to explain products and give a happy call - as a tool for monitoring complete sales - to customers.

Korean life insurers have also built online distribution channels and developed micro insurance plans. Experts say that there is a growing interest in the online or direct channel due to the COVID-19, which will lower customers' reliance on the face-to-face channel in the long run.

□ Insurers expanding healthcare services to meet the growing interest in health and disease prevention

Another noticeable trend of the insurance industry in 2020 was the expansion of healthcare services. As the pandemic has increased the interest in health life insurers in Korea came up with a healthcare platform or service to help customers maintain their health. Samsung Life, Hanwha Life, and Kyobo Life rolled out their healthcare service called "S-Walking", "Hello" and "Kare" respectively. Shinhan Life has become the first insurance company that can provide health management service not only to its customers but also to the general public. After registering the health-related service as its secondary business, Shinhan recently released the beta version of a digital healthcare platform named "How-FIT."

While the global healthcare market has shown rapid growth over the recent years, the

Korean one is yet in the beginning stage, meaning it can serve as a future growth engine for the life insurance industry that has reached the maturity stage. The life insurance industry says that interest in healthcare services and individual health has been at an all-time high during the COVID-19 pandemic. And life insurers are taking this crisis as an opportunity to offer new healthcare services and products based on the health data they have collected. As the Financial Services Commission (FSC) has relieved regulations on launching healthcare services for the general public and owning such healthcare companies, life insurers are more likely to seek to enter the healthcare market in the near future.

□A pending bill on simplifying medical indemnity insurance claims

The revised bill of simplifying medical indemnity insurance claims failed to pass the 21st National Assembly held in 2020, making it pending over 11 years since the Anti-Corruption & Civil Rights Commission recommended reforming the relevant system in 2009.

Under the current system, a policyholder must submit his/her medical statement issued by hospitals to an insurer, who will then type in all contents in the document into its system, which is quite cumbersome and complicated for all stakeholders. That is why the bill suggests simplifying the process by allowing hospitals to send the medical record directly to insurers with no need to issue paper documents. Insurers say this will save much time and effort for their customers as well.

The subcommittee under the National Policy Committee was held to deliberate the bill in December 2020 but failed to come to an agreement among the committee members. The Korean Medical Association has opposed the bill arguing that digitalized medical statement runs a risk of leaking personal information. Moreover, they say, it is unfair to require medical institutions to handle insurance claims of patients.

Sources in the insurance industry indicate that there are some hidden reasons behind the objection of medical professionals. It seems they are afraid that the proposed bill might disclose the non-reimbursable treatment practices that have been a lucrative source of income, and thereby making medical fees come under the control of the government or insurers. Even NGOs say that streamlining the claim process is essential and inures to the benefit of policyholders. As the bill did not go through the National Assembly this year again following rejection last year despite the hope for the amendment in and out of the insurance industry, discussions have once again stalled.

Malaysia



1. 90 days deferment period/no-lapse guarantee for 3 months for policyholders impacted by COVID-19 pandemic

In support of the Malaysian Government's measures to assist the people in coping with the COVID-19 pandemic, the life insurance industry implemented a 3-month or 90 days deferment period for payment of premiums for all policyholders who are impacted by the pandemic.

Insurance companies continued to provide insurance protection to affected policyholders if they were not able to pay for their premiums. They must apply to their insurance companies to get approval before they could benefit from this relief measure which was available from 1 April 2020 until 31 December 2020. In fact, life insurers are now extending this facility to June 2021.

As at December 2020, the deferment of policy premiums has benefitted over 1 million policyholders with premium valued at over RM1.6 billion. In addition to the industry-wide efforts, individual life insurers have also rolled out various schemes to aid policyholders throughout 2020.

Visit https://www.liam.org.my/news/press_statement.aspx?ct=3

2. RM8 Million COVID-19 Test Fund

A RM8 million COVID-19 Test Fund was set up in March 2020, as an urgent response by the industry in support of the Ministry of Health's efforts in conducting more COVID-19 tests on Malaysians. LIAM contributed RM5 million towards the fund which is open to Individual and Group Medical and Health Insurance policyholders who were at risks or exposed to the pandemic. Policyholders are eligible to claim for a COVID-19 test up to RM300 through a dedicated portal www.MyCTF.my.

During the third wave of the pandemic, the CTF eligibility criteria was expanded to encourage policyholders to go for their tests voluntarily as part of the industry's efforts to curb the spread of the pandemic. The eligibility includes emergency and semi emergency surgeries, asymptomatic patients and hospital admissions.

The industry also engaged with private labs and public screening facilities for discounted prices of COVID-19 tests. Visit www.MyCTF.my

3. #BUKANEXTRA Campaign targeting young generation on Social Media

LIAM together with its 16 member companies launched its inaugural consumer awareness program on social media called #BUKANEXTRA.

Targeting the youth, single professionals, newly-married couples and young families, the #BUKANEXTRA campaign which commenced from 9 September to 6 October 2020 aimed to educate consumers on the importance of life insurance protection; to encourage financial planning among the younger generation and to create a sense of urgency to act early.

The campaign consists of a contest on Instagram, an interactive game on #Bukan Extra microsite which allows visitors to create their own drama using very 'extra' scenarios from the campaign videos, shout outs by Social Media Influencers and social media engagements

The industry hopes that the engagement with key opinion leaders on social media would drive positive messages to their followers, changing their mindset about life insurance and bring values to the lives of the young generation. Visit www.bukanextra.com

Life Insurance Association of Malaysia

Taiwan



1. The FSC promulgates the “Rules for Minimum Percentage of Life Insurance Death Benefits over Policy Value Reserve (Policy Value)” to steer insurance products back to the original purpose of protection.

The popularity of savings-oriented insurance products has helped life insurers sell many new policies and new contract premiums accumulate rapidly. The phenomenon however gave rise to a number of problems for life insurers, such as mismatch of assets and liabilities, the guaranteed interest rate being higher than the return on investment, the pressure to invest excess cash flows, higher proportion of foreign investment, and exchange rate risk. In a move to steer insurance products back to the original purpose of protection, the competent authority implemented the “Rules for Minimum Percentage of Life Insurance Death Benefits over Policy Value Reserve (Policy Value)” on July 1, 2020. Under these Rules, the death benefits of life insurance policies sold to different age groups divided by policy value reserve (policy value) must reach a certain percentage (ex.: For 0~30 age group, not below 190%, for 31~40 age group, not below 160%), which should rectify the past phenomenon of over-emphasis on savings-oriented insurance products.

2. Insurance solicitors are required to take 6 hours of common compliance courses online every year starting 2020

To make sure registered insurance solicitors continue to keep abreast of applicable regulations and professional knowledge, they are required to take at least 6 hours of common compliance courses offered by external institutions online every year starting 2020. The online courses contain subject-based teaching and discussions that are supplemented with important regulatory requirements. The courses are presented by analyzing commonly seen negligence or breach cases involving insurance solicitors and insurance regulations violated. Other important regulations not mentioned in case discussions are also summarily explained. This continuing education requirement will enable insurance solicitors to learn more and develop legal concepts.

3. New era of insurance services – one-stop service offered by insurance conservation/claim alliance chain

In a move to enable policyholders to experience the convenience brought by insurance

technology (InsurTech) and reducing the operating costs of manual operation and investment duplication for life insurance companies, the FSC has constructed an “Insurance Technology Sharing Platform”, in which the “Conservation/Claim Alliance Chain” operation offers some frequently used after-sale policy related services and medical reimbursement benefits claim services. The Alliance Chain operation went online on July 1, 2020 and was officially launched in January 2021 after six months of pilot run and FSC approval. Currently there are 18 life insurance companies participating in the alliance, including 11 companies that have participated in the pilot run and 7 new participants. Policyholders of those companies can apply for claim or policy change services on company website, APP or mobile service. With policyholder’s authorization, the system will notify other insurers of the policyholder to initiate relevant services and the policyholder’s application process record is saved using blockchain technology. The Alliance Chain saves policyholders the hassle and inconvenience of applying for policy related services in person. On the other hand, it reduces the operating costs of insurance companies incurred in manual operation and investment duplication, thereby creating a win-win situation for both consumers and insurers.

The Life Insurance Association of the Republic of China

Japan



1. Adopting an online-based remote system to sell life insurance products.

Responding to the COVID-19 outbreak, life insurance companies developed a system to sell life insurance products through online to avoid direct contacts between their sales agents and clients. One foreign affiliated life insurance company successfully launched the online application system, and thereby all the sales process, from hearing customer intentions to proposing insurance plans and concluding insurance contracts, can be done remotely through online. It resulted in the better performance such as improving customer convenience and shortening the time to conclude a contract.

2. Decline in business performance of life insurance companies due to the COVID-19 pandemic

In the first half of 2020 (from April to September), the annualized new premiums of 14 major life insurance companies were about 500 billion yen, 42% down from the same period last year. Following the first half of 2019, during which the industry experienced the sharp decline in sales of foreign currency denominated products and products for business owners because of falling interest rates and tax revisions, it marked the second consecutive year of the significant drop in sales.

3. Launch of a new product with extended coverage for COVID-19 infection.

One life insurance company launched a life insurance product that provides a lump-sum payment of JPY400,000, which is the industry's highest level, for even a hospitalization less than 24 hours if the insured is hospitalized for certain infectious diseases including COVID-19. Customers can receive the benefit by adding it to the regular insurance products and by so doing, it, for example, doubles the coverage amount of the base policies. It will support a policyholder's daily life and ease his/her concern over the financial impact caused by unexpected costs relating to medical treatments or hospitalization, and/or income loss.