

FOREIGN CURRENCY ASSET LIMITS RAISED FOR INSURANCE COMPANIES

The revisions to the Insurance Business Act passed the National Assembly on April 29, which increase the cap on foreign currency assets for insurance businesses. The revisions will go into effect six months after promulgation.

KEY REVISIONS

- ▶ **FOREIGN CURRENCY ASSET MANAGEMENT:** The current cap on insurance companies' management of foreign currency assets will be increased from 20~30 percent¹ to 50 percent for both general and special accounts in order to grant more autonomy in asset management.
- ▶ **ADEQUATE UNDERSTANDING BY CONSUMERS:** Under the current law, insurance policies are the only document subject to evaluation to see how well consumers understand the documents. The revised law will also include pre-contractual information package to ensure more adequate understanding of insurance policies by consumers.
- ▶ **PENALTY RULES:** For the failure of notifying consumers the right to request a lowering of interest rates, the revised law will impose a fine on the insurance company, not on the board members of the company to make the penalty rules more equitable with those of savings banks and credit finance businesses.

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¹ 30% for general account and 20% for special account