

GOVERNMENT APPROVES REVISED RULES TO INTRODUCE SMALL-SUM & SHORT-TERM INSURANCE

The government approved the revisions to the Enforcement Decree of the Insurance Business Act at a cabinet meeting on May 25, aiming to introduce a small-sum, short-term specialized insurance business with a variety of insurance coverage such as pet, leisure and travel insurance.

KEY REVISIONS

(SMALL-SUM & SHORT-TERM INSURANCE BUSINESS)¹ The minimum capital requirement for a small-sum, short-term specialized insurance business will be set at KRW2 billion. They are allowed to provide various types of insurance coverage – e.g. pet insurance, leisure & travel insurance, weather insurance, etc – with a one-year renewable term and premiums of up to KRW50 million. The insurers' annual gross premium revenue will be capped at KRW50 billion.

(SCOPE OF INSURERS' SUBSIDIARIES) To promote digital transition in the insurance sector, the revision permits insurers to own more than a 15% stake in a healthcare or MyData service provider as subsidiaries.

(ACCESS TO ADMINISTRATIVE INFORMATION) Currently, insurance policy holders are required to submit required administrative documents such as a copy of residence registration, family relation certificate, driver's license, etc, to insurers. To ease such a burden, the revision will allow insurers to access to administrative information upon policy holders' consent.

(EXTERNAL EVALUATION OF POLICY RESERVES) Insurance businesses with total assets of KRW1 trillion or more will be required to have external actuaries approve the appropriateness of their policy reserve.

SCHEDULE

The revisions will take effect from June 9, 2021. The FSC will complete revisions to subordinate rules including the Regulation on Supervision of Insurance Business in accordance with the revised Enforcement Decree.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

¹ The financial authorities will conduct a preliminary review of potential applicants for small-sum, short-term insurance business from May 25 to June 30. Potential candidates are required to submit their business plans to the FSC and FSS.