

FSC ANNOUNCES REVISIONS TO THE SUPERVISORY REGULATION ON INSURANCE BUSINESS

The FSC announced revisions to the supervisory regulation on insurance business on March 11 to prepare for the implementation of the revised Insurance Business Act which is expected to take effect on June 9, 2021. The revised regulation will go into effect in the first half of this year.

KEY REVISIONS

I. DISCLOSURE RULES REGARDING LITIGATION INFORMATION

Currently, insurers are required to disclose information about the number of litigations on insurance claims and the rate of claims payments vis-à-vis litigations. In order to prevent insurers from misusing the litigation process against the underaged or financially vulnerable customers, the revised regulation will expand their disclosure requirements to include information about how many times they have convened litigation control committee meetings as well as their decisions.

II. INSURANCE COVERAGE PERIOD ON SMALL-SUM & SHORT-TERM INSURANCE POLICIES

As small-sum and short-term insurance products are still at an early stage of being introduced, their coverage period will be limited to one year to ensure consumer protection.

III. EXTERNAL EVALUATION ON POLICY RESERVES

Under the revised Enforcement Decree, insurance firms are required to have external actuaries approve the appropriateness of their policy reserves.¹ In this regard, the result of external evaluation should be submitted to the Financial Supervisory Service, which may in turn request a re-evaluation.

IV. FOREIGN EXCHANGE POSITION LIMIT

Currently, the foreign exchange position limit of insurance companies is set at twenty percent of the total adjusted capital. The revised regulation will increase this to thirty percent of the total adjusted capital as the foreign exchange position limit of insurance companies has remained low compared to other financial sectors, such as banks and financial investment businesses.

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

¹ Please click [here](#) to see the press release dated February 5, 2021.