

FSC ANNOUNCES PLAN TO PROMOTE THE USE OF DIGITAL AND CONTACTLESS INSURANCE SALES MECHANISMS

The FSC announced a plan to improve rules on insurance business in order to promote the use of digital, AI-based and contactless insurance sales mechanisms as part of the broader aim to boost consumer confidence and promote innovation in the insurance industry.¹

Insurance sales channels face structure changes amid an expansion of contactless services and digital technologies, increasing number of platform businesses entering the market and the growth of general agencies (GAs). To improve the effectiveness of consumer protection while removing some of the inefficiencies observed in the current insurance sales practices, the authorities have prepared the following plan for changing the rules on insurance sales mechanisms.

KEY DETAILS

A. FACE-TO-FACE SALES

- Previously, insurance agents and brokers were required to meet customers face-to-face at least once to explain coverage details. However, with the telemarketing safeguard measures in place, such as the requirements for recording and confirmation by insurers, sellers are allowed to provide explanations via telephone calls. *(rule change completed on Mar 25, 2021)*
- When subscribing for an insurance coverage using a mobile phone, customers faced the inconvenience of having to put their signature multiple times throughout the process. This electronic signature requirement will be reduced down to only once at the beginning of the subscription process to improve convenience. *(further improvements expected within May 2021)*

B. TELEMARKETING

- With the use of the text-to-speech AI-based technology, insurance agents and brokers will no longer have to read the entire sales script that usually took about thirty minutes to finish. With the AI-based voicebot, the salesperson is able to instead focus on answering questions from the customer and providing supplemental information. *(implementation expected in Q3 2021)*
- Previously, telemarketing and mobile sales mechanisms remained two distinct sales channels. However, a hybrid sales mechanism mixing the two will be allowed to improve convenience for both sellers and consumers. *(Q3 2021)*

¹ Please click [here](#) to see the comprehensive plan announced on March 2, 2021.

C. QUALITY ASSURANCE

- After the sales process, insurance companies make quality assurance calls or send out relevant emails or text messages to their customers to check whether the sales process was appropriate or not. To improve the effectiveness of quality assurance, the use of AI-based voicebot will be allowed with an exception for quality assurance calls made out to elderly customers (aged 65 and above). (Q3 2021)

D. OTHERS

- The authorities are also considering to allow the use of video calls for selling insurance policies with adequate consumer protection measures. (H1 2021)
- Some of the insurers and fintechs have also submitted requests for turning the current telemarketing-only sales requirements into mobile mechanisms. After considering its potential, innovativeness as well as the level of consumer protection it guarantees, the authorities will decide whether to include this service into the financial regulatory sandbox program. (H1 2021)
- The authorities will also consider drawing up a guideline on the standardized insurance sales script with an aim to ensure consumer protection and improve convenience.

FURTHER PLAN

The authorities will work to swiftly implement the measures through amendments to the relevant laws and take immediate actions on measures that require no legislative change. The FSC will closely monitor the implementation across the industry and ensure consumer protection.

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