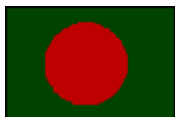


TOP LIFE INSURANCE
JOB LIFE INSURANCE

NEWS STORIES OF 2016
NEWS STORIES OF 2016

Bangladesh



1. World Bank Allocated USD 65 Million For the Development of Insurance Industry in Bangladesh:

World Bank sanctioned a loan of USD 65 Million for the development of Insurance Industry in Bangladesh. Bangladesh Government already prepared a draft paper for the project entitled "Bangladesh Insurance Development Project". The main objective of the project are organizational development, skilled ness, monitoring capability enhancement of Insurance Development & Regulatory Authority (IDRA), Two public Life & Non-Life Insurance Corporation and to increase the number of policy holders. To reform Bangladesh Insurance Academy to enhance the quality of insurance education and training would be done relatedly.

2. Insurance Fair Held First Time in Bangladesh for Building Public Awareness:

Insurance Development and Regulatory Authority (IDRA) arranged a historical Insurance Fair from 23-25 March, 2016 for the first time in Bangladesh to build up public awareness. Maximum Life and Non-Life insurance companies out of 77 operators participated in the fair. On spot, online policy selling, open discussion, seminars were held on the fair.

3. Life Insurance Companies in Bangladesh is in Solvency Crisis:

Except 5-6 most of the Life Insurance companies are in solvency crisis. As a result companies are fail to settle maturity claims in due time, policies are bonus less year after year and above all the public interest hampered seriously. Because most of the Life insurance companies do not have sufficient reserve to meet up the liability and the Insurance Development and Regulatory Authority (IDARA) is still to develop the solvency guideline. By the by the Insurance Act 2010 already adopted instead of Insurance Act 1938 and many reforms are going on to overcome the situation.

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Actuarial Society of Bangladesh

China



1. Announcement of the Outline of the 13th Five-Year Plan for the Development of China's Insurance Industry.

The “13th Five-Year Plan” period is not only a runoff stage for China to build a moderately prosperous society but also a critical period to march from a big insurance country towards a powerful one. On August 31, 2016, CIRC announced the *Outline of the 13th Five-Year Plan for the Development of China's Insurance Industry*, which defines the guiding ideology, development goals, key tasks and policy measures during the “13th Five-Year Plan” period. The Outline is formulated in accordance with the *13th Five-Year Plan for National Economic and Social Development of the People's Republic of China* and *Opinions of the State Council on Accelerating the Development of Modern Insurance Service Industry*. It is a blueprint for the scientific development in the next five years and a guideline for the reform and innovation of the insurance industry. And furthermore, it is an important basis for insurance regulatory departments to perform their duties.

2. CIRC Strengthens the Supervision of Personal Insurance Products.

Recently, CIRC issued the *Notice of the China Insurance Regulatory Commission on Strengthening the Supervision of Personal Insurance Products* and the *Notice of the China Insurance Regulatory Commission on Issues concerning Further Improving the Actuarial System of Personal Insurance*. It has once again enhanced the risk protection level of personal insurance products and promoted the industry to further adjust and optimize its business structure to produce stable and long-term cash flow which can provide stable and long-term financial support for the capital market, the real economy and the state key infrastructure construction.

3. CIRC Continues to Strengthen Universal Insurance Supervision and Resolutely Curb Irregularities.

In December 2016, CIRC issued a letter of supervision, suspending Foresea Life, a unit of financial conglomerate Baoneng Group, from selling universal life insurance products because it had failed to make adequate changes to the problems of its universal insurance business. At the meantime, CIRC has urged Foresea Life to rectify and reform regarding the problems of its management of product development and prohibited it from declaring new products within the next three months. For other companies with similar problems in the operation of universal insurance business, CIRC is paying close attention to the progress of their rectification and

reform and will take further regulatory measures as appropriate.

Insurance Association of China

Indonesia



1. Forums in AAJI

AAJI has increased the number of regular Forums to support the needs of its members to communicate, share knowledge and build the industry. AAJI's regular Forum currently consist of: Chief Financial Officer Forum, Legal and Compliance Forum, HRD Forum, Chief Operational Officer Forum, Marketing and Communication Forum and Chief Risk Officer Forum.

2. Regulations

Within 2016 the regulator has released 11 regulations as follows:

POJK Nomor 73/POJK.05/2016 - Concerning Good Corporate Governance For Insurance Companies

POJK Nomor 72/POJK.05/2016 - Concerning Financial Soundness of Insurance and Reinsurance Companies With The Principles of Sharia

POJK Nomor 71/POJK.05/2016 - Concerning Financial Soundness of Insurance and Reinsurance Companies

POJK Nomor 70/POJK.05/2016 - Concerning Business Conduct of Insurance Brokers Companies, Reinsurance Brokers Companies and Insurance Adjusters Companies.

POJK Nomor 69/POJK.05/2016 - Concerning Business Conduct of Insurance Companies, Insurance Companies with The Principles of Sharia, Reinsurance Companies and Reinsurance Companies with The Principles of Sharia.

POJK Nomor 68/POJK.05/2016 - Concerning Business Licensing and Institutional Aspect of Insurance Brokers Companies, Reinsurance Brokers Companies and Insurance Adjusters Companies

POJK Nomor 67/POJK.05/2016 - Concerning Business Licensing and Institutional Aspect of Insurance Companies, Insurance Companies with The Principles of Sharia, Reinsurance Companies and Reinsurance Companies with The Principles of Sharia

POJK Nomor 63/POJK.05/2016 - Concerning the amendment of POJK Nomor 11/POJK.05/2016 Concerning on Site Examination of Non-Bank Financial Services Institutions

POJK Nomor 36/POJK.05/2016 - Concerning Regulation Changes of Treasury Bill Investment for Non-Bank Financial Services Institutions

POJK Nomor 35/POJK.05/2016 - Concerning conduct of written command procedures for Insurance Industries.

POJK Nomor 1/POJK.05/2016 - Concerning Treasury Bill Investment for Non-Bank Financial Services Institutions

3. The 29th Top Agent Awards

The 29th Top Agent Awards was held on August 10-11 at Medan, North Sumatera. With theme Young, New and Different more than 1000 agents gather to celebrate this annual awards occasion. Indonesia life Insurance Association (AAJI) engage the agents and life insurance companies constantly to have young soul, generates new achievements with the various innovation. As per 3rd Quarter 2016, total licensed agents are 520.281 persons, and it's increased 16.3% than previous year. The agents growth per year above 10%, and with Top Agents Awards will motivate the agents to achieve more and to introduce the agent profession to public which will inspiring them to become an agent.

Indonesia Life Insurance Association

Korea



1. Liberalization of Product Development

As a follow-up measure to the Roadmap to Enhance the Competitiveness of the Insurance Industry, which was announced by the Financial Services Commission in October, 2015, the Korean Life Insurance Association initiated a project in 2016 to promote product liberalization. The purpose of the project was to create a level playing field that can foster development of innovative products.

As a result, the Agreement to Protect Development Interests of New Life Insurance Products was revised and the effective periods for the exclusive rights to sell life insurance products were extended from six months to a maximum of one year. A product deliberation committee, run by industry associations, was also established which will collect feedback and input from various stakeholders to develop and revise the standard terms and conditions.

2. Introduction of Special Act on Insurance Fraud Prevention

The Special Act on Insurance Fraud Prevention was introduced to make the insurance market more healthy and orderly, to prevent insurance fraud, and thereby to reduce social costs. Insurers may file a police report or request an investigation if there is plausible reason to consider the acts of a policyholder or others as insurance fraud.

If the investigative authorities decide that the investigation into insurance fraud requires an assessment of suitability for hospitalization, they may ask the Health Insurance Review and Assessment Service to carry this out.

The Act was enacted on March 29th, and put into force on September 30th, 2016.

3. Development of Happy Life Years Index

In cooperation with the Transitional Gerontology and Retirement Research Center at Seoul National University, the Life Insurance Social Contribution Committee created and announced a “Happy Life Years Index” on October 10th, 2016. It offers a way to evaluate how well one is prepared for one’s retirement based on the various factors needed to become happier in one’s later years.

Unlike the existing old age preparation indexes that measure how well you are prepared for retirement using scores, the Happy Life Years Index shows the gap between their expected life span and the preparedness to help people realize the need to prepare for their old age. It also shows that you can increase your happy life years as much as you want if you work hard to fill the gap.

Malaysia



1. Moving towards digital transformation, Fintech and online channel

The significant changes which currently taking place in the insurance industry are in tandem with the transformation of life insurance business in Malaysia following the implementation of LIFE Framework which came into force on 23 October 2015.

These include:

- Introduction of Balance Scorecard for agents and bank staff to improve productivity and professionalism;
- Public Enquiry facility via online and sms to facilitate customers to ascertain whether individuals they are dealing with to purchase life insurance products are registered with LIAM as an authorised agent;
- A Service Guide highlighting on the value-added services that policyholders can enjoy for insurance purchase through agents;
- Online customer portal for easy access to information on policy details, forms and documents, e-payment options and updated data;
- Diversified distribution channels via introduction of online products and / or direct marketing channels, providing more access for people to purchase life insurance while increasing the reach and penetration of insurance among the new generation of consumers and
- Development of a product comparator/financial calculator to guide consumers to choose suitable life insurance products available in the market.

Advances in financial technology (fintech) in Malaysia have led to the introduction of new business models and solutions that have contributed to improvements in customer value and experience as well as financial institutions' efficiency and risk management.

In line with the revolution in business brought about by technological advancements, on 18 October 2016, BNM introduced the Financial Technology Regulatory Sandbox Framework (Framework) to provide a regulatory environment that is conducive for the deployment of fintech and to enable innovation of fintech to be deployed and tested in a live environment, within specified parameters and timeframes. With the framework, financial institutions and fintech companies will now be able to pilot innovations in a controlled, live-test environment with appropriate flexibilities accorded.

The experience from the sandbox will provide input into formulating more proportionate regulations that will spur the orderly growth of new innovations in the insurance industry and see the significant potential for positive disruptions to transform the business of insurance in Malaysia – from the way insurance is consumed, to opportunities for addressing leakages to drive insurance costs lower.

2. LIAM attracts young talents through LIAM Structured Internship Programme

LIAM in collaboration with Ministry of Higher Education (MOHE) and the Malaysian Insurance Institute (MII) launched its first intake of students under the LIAM Structured Internship Programme (LIAM SIP) with some 30 undergraduates/graduates from universities in Malaysia on 29 November 2016.

In conjunction with the launch, interns were trained to develop good leadership, communication and presentation skills at a 2-day motivational workshop. The students were also briefed on industry's landscape, regulatory environment and key issues during the workshop.

The LIAM SIP is part of the industry's contribution towards human capital development under the Insurans Hayat Cares' community platform. The industry is providing opportunities to young undergraduates to gain real-life work experience and put theories they learnt in universities into practice in a 3-month internship programme with any 16 life insurance and reinsurance companies in the country.

3. “Dream to Fly” Wins Big at the 2nd season of Youth Video Awards 2016

“Dream to Fly”, produced by Dreamers of UiTM Puncak Perdana an adaptation of a true story of a poor boy from a small village, Kampung Muhibbah in Sandakan Sabah captured the hearts of the jury and won the Grand Prize of the second season Youth Video Awards 2016 to bring home RM8,000 cash, a winning trophy, best actor award, best lecturer award and best university award.

The 1st Runner up went to Chanceux Productions of Universiti Malaysia Sarawak with their winning entry “Samat”, and walked away with RM5,000 cash, a trophy and 1st Runner Up Lecturer Award.

Meanwhile the 2nd runner up went to Group 5 of UiTM Puncak Perdana with their winning entry, “Kalbu Bonda” and 3rd runner up went to Sendu Production of UiTM Puncak Perdana with “Maaf Ayah”. Both production teams walked away with a trophy and RM2,000 and RM1,000 cash respectively. 'Kalbu Bonda' also bagged the

Best Actress Award through the character “Sarah” in the video. 7 other consolation winners received a plaque and RM500 cash each.

The Deputy Governor of Bank Negara Malaysia, Encik Abdul Rasheed bin Abdul Ghaffour presented the prizes to all winners.

The Youth Video Awards is a productive and creative collaboration with the Malaysian Youth Community, Ministry of Higher Education (MOHE) and National Film Development Corporation Malaysia; to share the message that life is precious, with a campaign mission, “Value Life, Capture Life and Share Life”. The theme is all about **You Only Live Once (YOLO)** which aims to create awareness to Gen-Y on the importance of appreciating life and how short life is, as you only can live once.

Click here to view the winning videos <http://bit.ly/YVA2016> .

Life Insurance Association of Malaysia

Taiwan



1. Chaoyang Life Taken Over

The FSA designated Taiwan Insurance Guaranty Fund (TIGF) to take over Chaoyang Life on January 26th of 2016, and then the sale of Chaoyang Life's assets, liabilities and business was taken by Nanshan Life on the premise that TIGF pays NT\$ 200million on January 16th of 2017. The insurance bureau stated that such is an important milestone, since after Chaoyang Life's transaction completed, there is no life insurer of negative net value, hence, the industry moves towards stable and steady market.

2. The Life Insurance Association of R.O.C. Re-elected the 7th Session of the Board of Directors and Mr. Tiao Kuei Huang , the Vice Chairman of Cathay Life Insurance, as Chairman of the Board

The Life Insurance Association of R.O.C. held the 7th session of the board of directors, and re-elected Mr. Tiao Kuei Huang, the Vice Chairman of Cathay Life, as chairman of the Board, on August 31st, 2016. The Life Insurance Association designated Mr. Lin Jin shu, the Deputy General Manager of Cathay Life, as secretary general by resolution of the board of directors on October 6th, 2016.

3. FSC Lowered down floor of Personal-injury Insurance Risk Rate

Due to the fact that the actual mortality rate of personal -injury insurance remains steady during recent years, the FSC managed to reduce the lower limit of risk rate of master and rider contract to 2.4543 per 10 thousand (i.e., 30% of 8.181 per 10 thousand) since January 1st of 2017 for fair market rate; in accordance with the aforementioned, FSC set upper limit of risk rate at 6.5448 per 10 thousand (i.e., 80% of 8.181 per 10 thousand) as fair interval in product design. Also, FSC permitted

insurers, with agreement from policyholders, may increase insurance amount under the circumstance that premium sum remains the same.

Such revisions in personal-injury insurance rate are expected to provide alternatives (premium decrease or amount increase)for policyholders with adequate protection.

The Life Insurance Association of the Republic of China

Thailand



1. Overview of Life Insurance in Thailand for 2016

The Thai life insurance industry continued to grow in the year 2016. The grand total premium from January 1, 2016 – October 30, 2016 was 458,825.23 million baht with a growth rate of 5.78%. The total premium was composed of New Business Premium (130,624.12 million baht) and Renewal Premiums (328,201.11 million baht), the persistency rate was 83%. The premium income comprises New Business Premiums were (1) the first year premium was 90,542.44 million baht and (2) the single premium was 40,081.67 million baht. Most importantly, the growth of life insurance business in Thailand is due to the help and support from the Office of Insurance Commission (OIC).

2. The International Financial Reporting Standard (IFRS4 Phase 1 : Insurance Contract)

Insurance Business in Thailand has started “IFRS4 Phase 1: Insurance Contract” since 1 January 2559 for record the accounting to international standards. The contract will be divided into two parts (1) Insurance Contract (2) Investment Contract and has specified to Liability Adequacy Test. Due to the interest rate in market has low rate, therefore it have effect for discount rate in business sector to used Liability Adequacy Test and make business sector has setting more the debt. Also, business sector has established a working group to study the impact and propose the measures to support this case including specify discount rate for Liability Adequacy Test with the government sector as follow:

- LAT discount rate = GPV blended yield curve (RBC Yield) + Illiquidity premium calculated risk – free yield curve with the current interest rate which refer from discount rate method of RBC
- Used Illiquidity premium = Min (150 bps, Max [40% spread, 20 bps]) which refer from Credit spread of private debenture which has level of reliability A at the date of assessment.

3. Supporting for Digital Insurance

Nowadays, consumers have tendency changing behavior to use more communication channels and more searched data from digital. Thus, life insurance business has seen a channel to communicate to get quickly information with consumers including reduction procedure to be modern and convenient for lifestyle of people today. Therefore, The Thai Life Assurance Association (TLAA) has established a working

group to study and develop in business sector through electronics channel. The project “Fintech” (Financial and Technology) is technology of accounting to develop and push life insurance industry to digital insurance in concrete with support for the preparation of an integrated approach in collaboration with government such as the department of provincial administration, Bank of Thailand, the Stock Exchange and private sector which focus to create value and making potential in international competition.

The Thai Life Assurance Association

Japan



1. Enforcement of the Revised Insurance Business Act

Amid the rapid development of the diversification of the distribution channels which include internet sales and insurance shops, the revised Insurance Business Act was implemented on May 29, 2016 to adjust the existing regulation suited to the actual situation.

There are two main revisions made to the act: Ascertainment of Customer's Intention and Obligation of Provision of Information.

Ascertainment of Customer's Intention refers to the obligation that any insurance sales person has to ascertain customer's needs and in line with this he/she has to propose products which meet such needs. Customer's confirmation that the customer's intention is in accord with the product proposed by the sales person is required ultimately.

Obligation of Provision of Information is that providing the information on products which considered as a base for customers decision on the purchase of insurance products became mandatory. Such necessary information includes insurance premium, policy term, policy amount, and payment conditions for insurance claims. Providing information has become required practice in order to actively help customers decision more than ever.

2. Succession of Suspending the Sales of Saving-type Products due to Difficulty in Asset Management

As can be seen in the Bank of Japan's negative interest rate policy introduced earlier this year, historical low interest rates hit hard life insurance companies' asset management. Since Japanese Government Bond is the main choice of the investment for single premium whole life insurance, which guarantees a certain yield to policyholders, many companies stop selling such products or lower the assumed interest rates.

3. Disclosure of Bancassurance Fees/Commissions

With the negative interest rate policy implemented by the Bank of Japan putting pressure on banks' business, FSA was concerned that more banks would try to sell insurance products that skewed to high profit margin on sales rather than customer needs. As a result of the FSA's persistent request to banks, most banks agreed to disclose their sales commissions received from life insurance companies from October.