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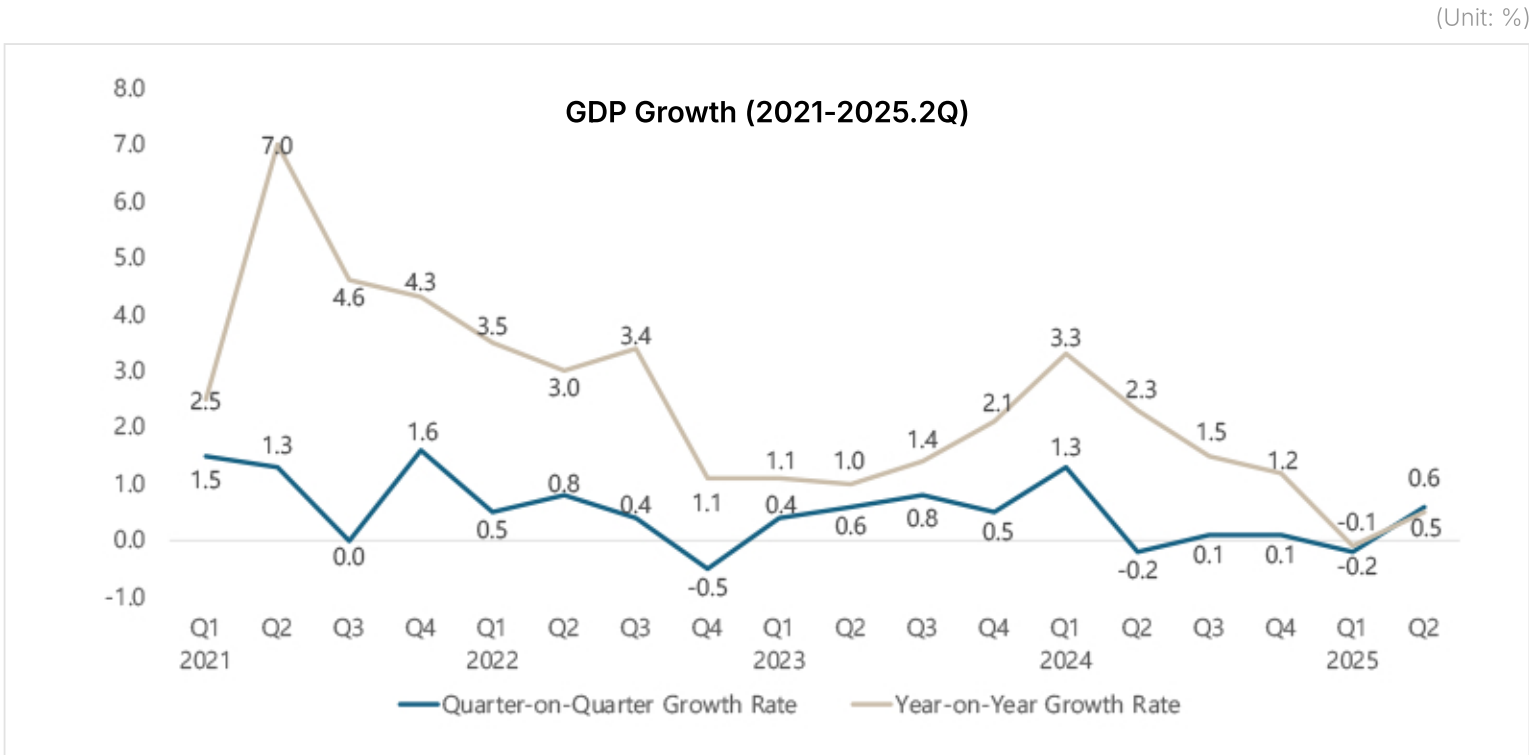
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Korean Economy

- Korea's GDP Growth in the Second Quarter of 2025
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Korea's GDP Growth in the Second Quarter of 2025

In the second quarter of 2025, real gross domestic product (GDP) grew by 0.6% quarter-on-quarter and by 0.5% year-on-year.



(Source: Bank of Korea, July 24, 2025)

Private consumption rose 0.5%, driven by increases in goods such as passenger vehicles and services such as leisure and cultural activities. Government consumption expanded by 1.2%, largely reflecting higher National Health Insurance benefit payments.

Construction investment fell 1.5% as both building and civil engineering works declined. Facility investment also dropped 1.5%, weighed down by reduced spending on machinery, including semiconductor manufacturing equipment, and on transportation equipment, including vessels.

< Quarterly Economic Growth >

(Unit: %)

	2023				2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP	0.4 (1.3)	0.7 (1.2)	0.8 (1.5)	0.5 (2.2)	1.2 (3.4)	-0.2 (2.2)	0.1 (1.4)	0.1 (1.1)	-0.2 (0.0)	0.6 (0.5)
Consumer Spending	0.6	0.0	0.1	0.3	0.5	0.0	0.4	0.2	-0.1	0.5 (0.9)
Government Spending	0.9	-1.9	0.6	0.3	0.9	0.8	0.9	0.4	0.0	1.2 (2.6)
Construction Investment	-0.2	-0.5	1.5	-3.9	4.5	-3.3	-3.6	-4.1	-3.1	-1.5 (-11.7)
Equipment Investment	-1.7	0.5	-3.6	2.2	-1.0	0.0	5.4	0.8	-0.4	-1.5 (4.0)
Intellectual Property Investment	-1.3	0.7	0.7	-0.5	1.9	-1.3	-0.2	0.9	1.5	-0.4 (1.8)
Exports	3.6	1.3	2.5	3.4	1.3	1.5	0.0	0.6	-0.6	4.2 (4.1)
Imports	4.0	-2.5	0.1	1.9	-0.3	1.6	1.3	0.2	-1.1	3.8 (4.1)

*Figures in () refer to year-on-year growth rates.
(Source: Bank of Korea, July 24, 2025)

Exports climbed 4.2% on higher shipments of semiconductors and petroleum and chemical products. Imports rose 3.8%, led by energy products such as crude oil and natural gas.

In the second quarter of 2025, real gross domestic income (GDI) increased 1.3% quarter-on-quarter and 1.4% year-on-year, exceeding real GDP growth of 0.6%.

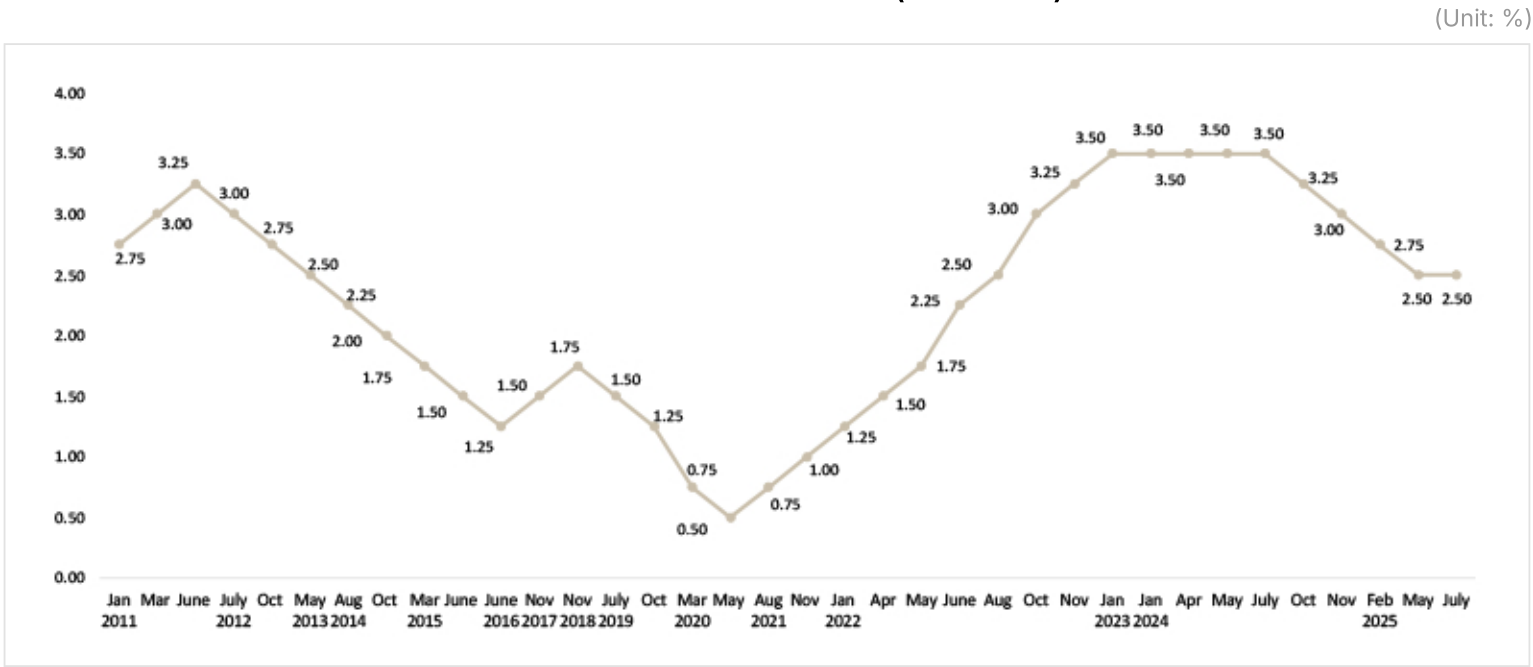
As of the end of June 2025, Korea’s foreign exchange reserves stood at USD 410.2 billion, up USD 5.6 billion from USD 404.6 billion at the end of last month, due to an increase in the U.S. dollar conversion value of non-dollar foreign assets from dollar depreciation as well as higher investment income.

Benchmark Interest Rate Outlook

The Bank of Korea’s Monetary Policy Board decided to keep the base rate unchanged at 2.50% per annum, marking the first hold decision following a series of rate cuts (as of July 10). The base rate had been lowered from 3.50% to 3.25% in October 2024, from 3.25% to 3.00% in November 2024, to 2.75% in February 2025, and to 2.50% in May 2025.

The Korean economy is projected to remain on a modest growth path, with inflation showing signs of stability amid heightened uncertainty related to trade negotiations. At the same time, given the pronounced increase in housing prices in the Seoul metropolitan area and the continued accumulation of household debt, as well as the need to assess the impact of recently strengthened household debt measures, the decision was made to maintain the current policy rate.

BOK Benchmark Interest Rate (2011-2025)



(Source: Bank of Korea, July 10, 2025)

The Monetary Policy Board will continue to conduct monetary policy with a view to ensuring that inflation remains stable at the target level over the medium term, while also paying due attention to financial stability as it monitors the growth trajectory. The Korean economy is expected to remain on a low-growth path for the time being, with inflation staying stable amid considerable uncertainty related to trade negotiations. From a financial stability perspective, as risks in the Seoul metropolitan housing market and household debt have increased, it is important to assess the effectiveness of macroprudential policies while remaining vigilant against potential volatility in the foreign exchange market. Accordingly, monetary policy going forward will maintain an easing stance aimed at mitigating downside risks to growth, while carefully assessing changes in domestic and external policy conditions, inflation developments, and financial stability in determining the timing and pace of any further policy rate reductions.

Economic Landscape for 2025

The Korean economy saw a continued decline in construction investment, but growth weakness eased somewhat as consumption improved, supported by the easing of domestic political uncertainty and other conditions, and as export growth continued. Employment expanded in terms of total jobs, although key sectors such as manufacturing continued to decline. Looking ahead, consumption is expected to gradually recover supported by improved economic sentiment, a supplementary budget, and other measures, while exports are projected to slow due to U.S. tariff actions and related developments. However, the future growth path remains highly uncertain, reflecting risks stemming from U.S. trade negotiations and the pace of domestic demand recovery.

In June, the Korean consumer price inflation rate rose to 2.2%, driven by continued increases in processed food prices and base effects from agricultural and petroleum product prices. However, the core inflation rate (excluding food and energy) remained at 2.0%, the same as the previous month, while short-term inflation expectations fell to 2.4% from 2.6% in the prior month. Looking ahead, consumer price inflation is expected to remain around 2%, reflecting low demand-side pressures, stable international oil prices, and other contributing conditions. Accordingly, consumer price and core inflation for the year are projected to be broadly in line with the May forecasts (1.9% each). The future inflation path is likely to be influenced by domestic and global economic conditions, movements in the exchange rate and international oil prices, and government measures aimed at price stability.

The current account surplus for 2025 is expected to exceed the USD 82 billion projected in April 2025. In the second quarter, the surplus is assessed to have significantly exceeded the previous forecast, reflecting robust semiconductor exports supported by stronger-than-expected AI investment and front-loaded demand in anticipation of potential item-specific tariff impositions. However, in the second half of the year, the surplus is projected to narrow compared with the first half as the impact of U.S. tariff policies gradually takes full effect.

In the global economy, growth momentum is expected to gradually slow as the impact of elevated tariff rates takes hold amid continued uncertainty in the trade environment, with inflation paths likely to diverge across countries. In international financial markets, easing tensions in the Middle East and partial progress in U.S.–China trade negotiations have reduced risk aversion, leading to a sharp rise in major equity markets. U.S. long-term Treasury yields edged lower on renewed expectations of Federal Reserve rate cuts, while the U.S. dollar continued its weakening trend. Going forward, the global economy and international financial markets are expected to be influenced by the outcomes of tariff negotiations between the United States and major economies, as well as changes in the monetary policies of key countries.

Korean Insurance Market

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Preliminary Business Results of Insurers in Korea for Q1 2025

In the first quarter of 2025, total premium income for all insurers in Korea, comprising 22 life insurers and 31 non-life insurers, amounted to KRW 62.73 trillion, up KRW 4.06 trillion (+6.9%) from the same period a year earlier.

In the first quarter of 2025, premium income in the life insurance sector amounted to KRW 31.11 trillion, up KRW 3.07 trillion (+11.0%) from the same period a year earlier. This was due to increases in premium income from protection type insurance (+12.5%), variable insurance (+8.8%), and retirement annuities (+69.7%), which offset the decline in savings type insurance (-13.4%).

In the first quarter of 2025, premium income in the non-life insurance sector amounted to KRW 31.62 trillion, up KRW 0.99 trillion (+3.2%) from the same period a year earlier. This was due to increases in premiums from long term insurance (+6.6%) and general insurance (+4.4%), while premiums from motor insurance (-2.9%) and retirement annuities and related products (-3.3%) declined.

< Premium Income >

(Unit: KRW billion)

	2024.1Q	2025.1Q	Change (%)
Life Insurers	28,039.3	31,112.1	11.0
- Protection	13,248.9	14,903.8	12.5
- Savings	8,442.6	7,310.3	-13.4
- Variable	3,079.3	3,350.7	8.8
- Retirement Annuity, etc.	3,268.5	5,547.3	69.7
Non-Life Insurers*	30,630.0	31,619.0	3.2
- Long-term	16,788.4	17,903.7	6.6
- Motor	5,263.1	5,109.7	-2.9
- General P&C	3,997.0	4,174.8	4.4
- Retirement Annuity, etc.	4,581.5	4,430.8	-3.3
Total	58,669.3	62,731.1	6.9

* Based on direct premiums
(Source: Financial Supervisory Service, May 27, 2025)

In the first quarter of 2025, the total net income of all insurers in Korea amounted to KRW 4.10 trillion, a decrease of KRW 0.77 trillion (-15.8%) compared to the same period a year earlier. Life insurers recorded net income of KRW 1.70 trillion, down KRW 0.21 trillion (-10.9%) year-on-year, as both underwriting results (-KRW 0.12 trillion) and investment results (-KRW 0.16 trillion) deteriorated, due to higher loss-related expenses and a decline in gains on disposal and valuation of financial assets.

Non-life insurers posted net income of KRW 2.40 trillion, a decrease of KRW 0.56 trillion (-19.0%) from the same period in the previous year. While investment results improved by KRW 0.42 trillion, supported by bond valuation gains from falling interest rates, underwriting results worsened by KRW 1.09 trillion due to higher loss ratios and other factors.

< Net Income >

(Unit: KRW billion)

	2024.1Q	2025.1Q	Change (%)
Life Insurers	1,903.9	1,695.6	-10.9
- Premium income or expenses	1,280.2	1,157.2	-9.6
- Investment income or expenses	1,172.9	1,013.0	-13.6
- Other income or expenses	-59.2	-66.4	-
Non-Life Insurers	2,962.7	2,401.1	-19.0
- Premium income or expenses	3,036.1	1,949.8	-35.8
- Investment income or expenses	909.0	1,327.3	46.0
- Other income or expenses	-14.3	-17.9	-
Total	4,866.6	4,096.7	-15.8

(Source: Financial Supervisory Service, May 27, 2025)

In the first quarter of 2025, the return on assets (ROA) of all insurers in Korea stood at 1.27%, down 0.32%p from the same period a year earlier, while the return on equity (ROE) was 11.94%, up 0.06%p year-on-year.

< ROA and ROE >

(Unit: %)

		2024.1Q	2025.1Q	Change (%p)
ROA	Life Insurers	0.86	0.74	-0.12
	Non-Life Insurers	3.45	2.59	-0.86
	Total	1.59	1.27	-0.32
ROE	Life Insurers	7.47	8.58	1.11
	Non-Life Insurers	19.13	16.49	-2.64
	Total	11.88	11.94	0.06

(Source: Financial Supervisory Service, May 27, 2025)

At the end of March 2025, the total assets and total liabilities of insurers in Korea were KRW 1,300.6 trillion and KRW 1,168.1 trillion, respectively, up KRW 31.6 trillion (+2.5%) and KRW 41.3 trillion (+3.7%) from the end of 2024. Meanwhile, shareholders' equity was KRW 132.5 trillion, down KRW 9.8 trillion (-6.9%) as total liabilities increased by more than total assets.

< Total Assets and Shareholders' Equity >

(Unit: KRW trillion)

As of Period End		Dec 2024	March 2025	Change (%)
Total Assets	Life Insurers	905.5	926.4	2.3
	Non-Life Insurers	363.5	374.1	2.9
	Total	1,269.0	1,300.6	2.5
Total Liabilities	Life Insurers	823.5	850.4	3.3
	Non-Life Insurers	303.3	317.6	4.7
	Total	1,126.8	1,168.1	3.7
Shareholders' Equity	Life Insurers	82.1	76.0	-7.4
	Non-Life Insurers	60.1	56.5	-6.1
	Total	142.2	132.5	-6.9

(Source: Financial Supervisory Service, May 27, 2025)

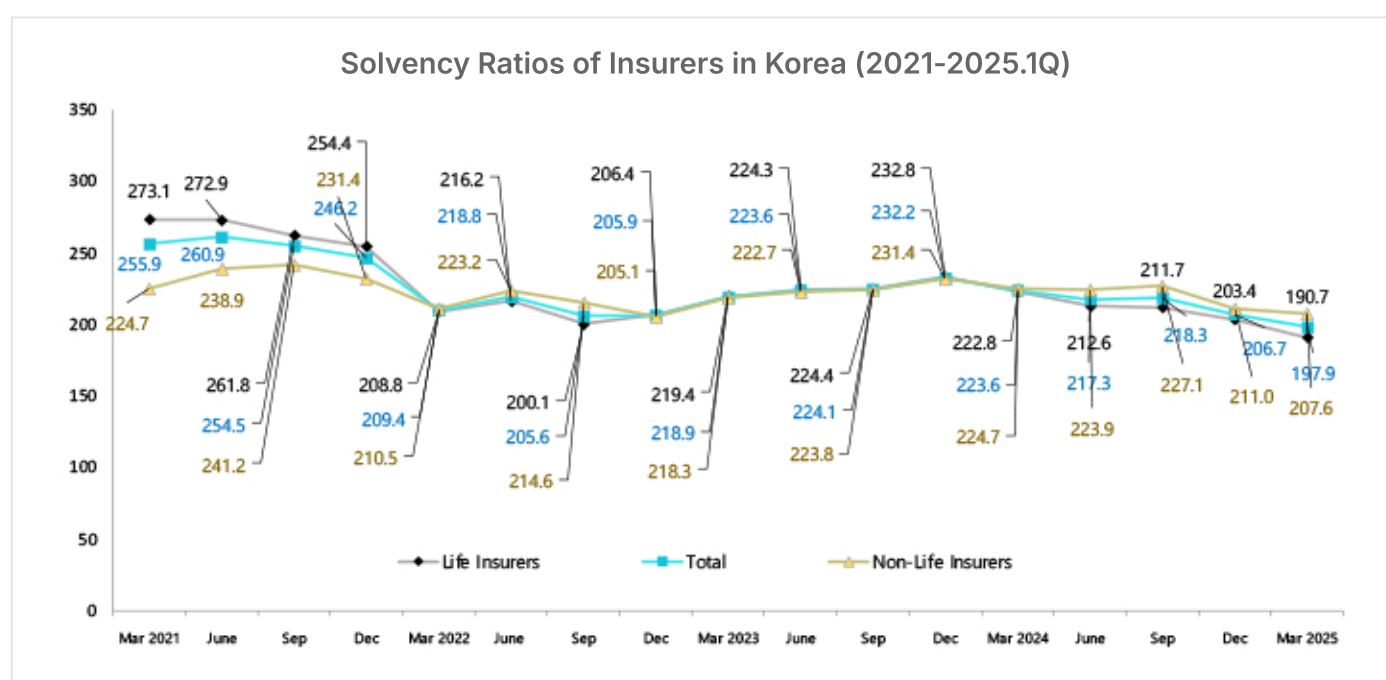
In summary, insurers' net income in the first quarter of 2025 declined year on year, as underwriting results worsened due to higher loss-related expenses and rising loss ratios, despite an increase in investment income. Shareholders' equity also decreased as insurance liabilities grew due to falling interest rates and the realignment of discount rates to more realistic levels.

Going forward, as uncertainty in financial markets is expected to increase with regard to equity prices, interest rates, and exchange rates, insurers need to closely manage their financial soundness. The supervisory authority announced that it will closely monitor insurers' earnings and financial soundness and take preemptive action against potential risks.

K-ICS Ratios of the Korean Insurance Industry as of the First Quarter of 2025

By the end of March 2025, after applying transitional measures, the K-ICS ratio for all insurers in Korea was 197.9%, down 8.7%p from 206.7% in the previous quarter. By sector, the ratio for life insurers was 190.7%, down 12.7%p, while the ratio for non-life insurers was 207.6%, down 3.4%p.

(Unit: %)



* The 2025 ratios refer to K-ICS ratios after the application of transitional measures.

(Source: Financial Supervisory Service, Press Release on June 18, 2025)

The main driver of the decline in the risk-based capital ratio was that the increase in required capital (+KRW 5.9 trillion) outweighed the increase in available capital (+KRW 1.3 trillion).

As of end-March 2025, available capital under the K-ICS framework, after the application of transitional measures, stood at KRW 249.3 trillion, up KRW 1.3 trillion from the previous quarter. This was because, despite falling interest rates and the realignment of discount rates to more realistic levels¹⁾, available capital increased slightly due to the recognition of net income and the issuance of new capital securities, among other factors.

As of end-March 2025, required capital under the K-ICS framework, after the application of transitional measures, amounted to KRW 126.0 trillion, an increase of KRW 5.9 trillion from the end of the previous quarter. This was due to a KRW 3.0 trillion increase in disability and disease risk from greater sales of long-term protection-type insurance, and a KRW 1.7 trillion increase in interest rate risk from a widening asset–liability management (ALM) mismatch, among other factors.

< K-ICS Ratios and Impacts from Transitional Measures (as of Late March 2025) >

	Before Transitional Measures			After Transitional Measures		
As of Period End	Q4 2024	Q1 2025	Change	Q4 2024	Q1 2025	Change
Available Capital (KRW trillion)	245.2	245.6	+0.5	248.1	249.3	+1.3
Required Capital (KRW trillion)	128.2	133.4	+5.2	120.0	126.0	+5.9
K-ICS Ratio (% , %p)	191.3	184.2	-7.1	206.7	197.9	-8.7

(Source: Financial Supervisory Service, Insurance Companies' Capital Adequacy Ratios under K-ICS, March 2025, Press Release dated June 18, 2025)

Given the recent base rate cuts and the outlook for a continued low-interest rate environment, insurers will need to maintain efforts to manage asset–liability management (ALM) in preparation for potential further declines in interest rates. This will require not only extending asset duration but also shortening the duration of liabilities. Accordingly, the supervisory authority announced plans to strictly supervise insurers, particularly those with insufficient ALM practices, in order to strengthen risk management.

1) Change in Ultimate Observation Period (20 years → 23 years) and Long-term Forward Rate (4.55% → 4.30%)

The Role of Insurance in Future Korean Society

This report summarizes the key findings of the CEO Report, "The Role of Insurance in Future Korean Society," published by the Korea Insurance Research Institute in July 2025.

1. Background: The New Administration's Vision and the Strategic Role of Insurance

The new administration, inaugurated in June 2025, has adopted "Recovery, Growth, and Happiness" as its three major visions, with plans to intensively foster future strategic industries including artificial intelligence, bio healthcare, content and culture, defense and aerospace, and energy. However, given the limitations of relying solely on government finances, investment participation from the private sector will be essential.

The insurance industry, with its dual functions of risk protection and capital provision, can serve as an institutional foundation for sustainable growth and the development of strategic industries. In particular, high risk industries and long investment horizons will require insurers to provide stable funding and effective risk management. This, in turn, calls for appropriate incentive structures and institutional reforms.

Moreover, the insurance sector must address structural risks arising from demographic aging, the climate crisis, and technological diffusion, while playing a central role as a social safety net to close protection gaps.

Strengthening the role of the insurance industry will be essential to effectively support the government's policy agenda, and this report offers proposals for the necessary institutional improvements and policy directions.

2. Policy Recommendations: Strengthening the Role of the Insurance Industry

(1) Supporting Growth through Innovation

• Regulatory Reform to Foster Financial Innovation

The current rigid financial regulatory framework constrains autonomous, private sector-led innovation. By shifting toward a principles-based and flexible regulatory system suited to the digital financial environment, it will be possible to achieve a balance between consumer protection and financial innovation, while also promoting bottom-up financial innovation.

• Enhancing the Role of Insurers as Long-Term Institutional Investors

Government finances alone are insufficient to fully support future strategic industries. To encourage the participation of long-term institutional investors, including insurers, it will be essential to develop long-term investment markets and implement regulatory reforms. Such measures can contribute to the efficient allocation of resources and help close protection gaps.

• Establishing an AI Insurance Framework

The rapid spread of artificial intelligence (AI) technologies has heightened emerging risks such as malfunctions, hacking, and bias. There is a need to proactively establish an insurance system to compensate for damages arising from incidents involving physical AI, including robots, autonomous machines, and other AI systems that operate in the physical environment and interact directly with humans. Establishing such a system can enhance national competitiveness in the AI era, ensure public safety, and pioneer new markets for the insurance industry.

- **Improving the Insurer Resolution Regime**

The current resolution framework has limitations in addressing insolvency and protecting policyholders. Beyond existing measures such as third-party sales and compulsory portfolio transfers, a broader range of practical resolution options should be developed to prevent moral hazard while ensuring market stability.

(2) Strengthening Everyday Risk Management and Disaster Response

- **Inspection of Vulnerable Facilities and Expansion of Insurance Coverage**

Mandatory disaster liability insurance is a key component of the national disaster management framework. However, small facilities such as religious establishments and retail outlets are excluded, creating blind spots in protection. For example, private academies, restaurants with less than 100m², and martial arts training centers often lack adequate insurance protection. To address these gaps, the introduction of group liability insurance supported by the national or local government should be considered. This would close coverage gaps, minimize disaster related losses through enhanced inspections and expanded insurance enrollment for vulnerable facilities, and support the prompt business recovery of small business owners.

- **Introduction of Dementia-Related Liability Insurance by Local Governments**

With nearly 4 million people in Korea living with cognitive impairments, accidents involving elderly individuals with dementia are rising, heightening public concern and increasing the caregiving burden on families. Drawing on Japan's example, local governments should consider introducing liability insurance to cover damages caused by dementia patients to third parties. Such insurance would provide compensation to victims, ease the financial burden on families, and ultimately help build safer, more inclusive communities where dementia patients and other residents can coexist.

- **Standardization of the Citizen Safety Insurance System**

As evidenced by the recent wildfire in North Gyeongsang Province, variations in coverage levels of citizen safety insurance across local governments have raised concerns over regional equity and the consistency of the public safety net. To address this, it is necessary to standardize basic covered risks and coverage levels, thereby establishing citizen safety insurance as a foundational disaster protection scheme. A standardized system would facilitate the prompt recovery of disaster victims, enhance the predictability of government fiscal expenditures, and contribute to the development of a systematic disaster response framework.

- **Expansion of Policy Insurance for Climate Crisis Response**

Public-private partnership policy insurance programs, such as crop disaster insurance, currently play a role in stabilizing the incomes of those engaged in agriculture, forestry, and fisheries. However, as the climate crisis intensifies, the frequency and scale of natural disasters are increasing, and existing schemes alone have limitations in addressing these risks. It is therefore necessary to close coverage gaps in policy insurance and enhance benefit levels, expanding the system to encompass not only key primary industries such as agriculture, forestry, and fisheries, but also climate-vulnerable populations. Such reforms would help protect workers in primary industries, ensure balanced policy support across sectors, and establish an inclusive disaster response framework.

(3) Measures to Address Future Protection Gaps

- **Pension Reform and Strengthening of Retirement Income Security**

Although a pension reform bill has recently passed the National Assembly, fiscal instability in the public pension system and limitations in ensuring adequate retirement income remain unresolved challenges. Building a sustainable pension system will require measures such as further increases in the National Pension contribution rate, closing coverage gaps, unifying the retirement pension system and strengthening its payout structure, and expanding private pensions. These steps would reinforce the robustness of the public pension system, enhance the complementary role of private pensions, ensure stable retirement income for citizens, and reduce the fiscal burden on the state.

• **Strengthening the Management of Non-Covered Medical Services**

The excessive use of, and overcompensation for, non-covered medical services has increased the financial burden of healthcare on the public, worsened loss ratios in indemnity health insurance, and contributed to distortions across the healthcare system, including the avoidance of essential medical services. Addressing these issues will require expanding the disclosure of price and effectiveness information for non-covered services, as well as strengthening evaluation and review mechanisms. Enhanced management of non-covered services would encourage responsible utilization by both medical institutions and consumers, and support the restoration of a balanced healthcare system.

• **Introduction of Retirement Medical Savings Accounts**

As population aging accelerates, the prevalence of chronic illnesses and the length of unhealthy life years are increasing. This trend is likely to significantly raise not only individual medical expenses but also the overall healthcare cost burden on society. To prepare for this, a “Retirement Medical Savings Account” should be introduced during the pre-retirement period, with tax incentives to encourage voluntary contributions. Through such pre-funding, older adults would be able to secure access to medical services while reducing their economic burden in retirement.

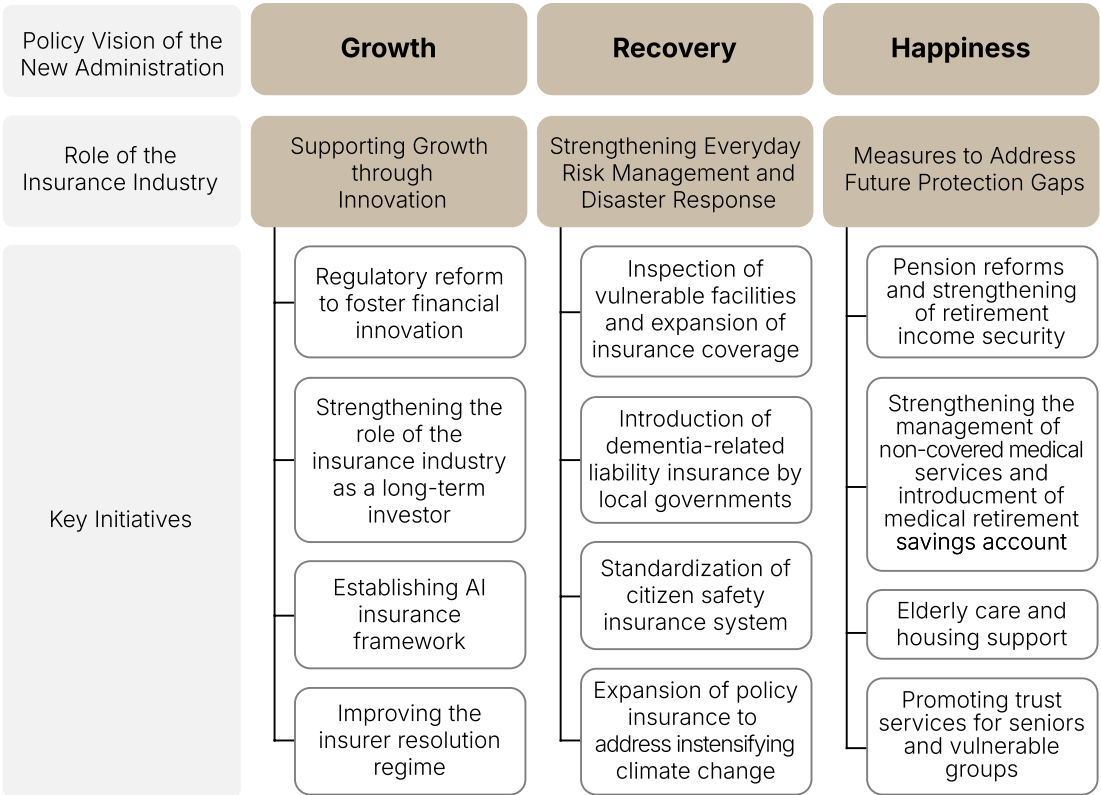
• **Expansion of Elderly Care and Housing Support**

Korea’s long term care market is largely run by small business owners, which restricts participation by private capital. At the same time, demand continues to grow for service led homes, a model that combines residential facilities with essential care services. In response, legal and regulatory frameworks should be refined to encourage private sector participation in the supply of care facilities and to introduce institutional measures that ease housing costs for older adults. In particular, tailored housing options should be provided for middle income seniors, aligned with their financial capacity and preferences, and offering integrated welfare services including healthcare, care provision, and leisure to enhance their quality of life.

• **Promoting Trust Services for Seniors and Vulnerable Groups**

With the growing number of elderly individuals with dementia, people with developmental disabilities, and others with cognitive impairments, there is a pressing need for institutional mechanisms to safeguard and manage their assets. To this end, diverse trust mechanisms such as insurance claim trusts and welfare trusts should be advanced, alongside revisions to the relevant legal and regulatory framework. The institutionalization of trust systems would help mitigate the risk of asset freezes and disputes, prevent misuse, and ultimately enhance the economic security and rights protection of those with cognitive vulnerabilities.

Figure. Role of Insurance in Korea’s Future Society



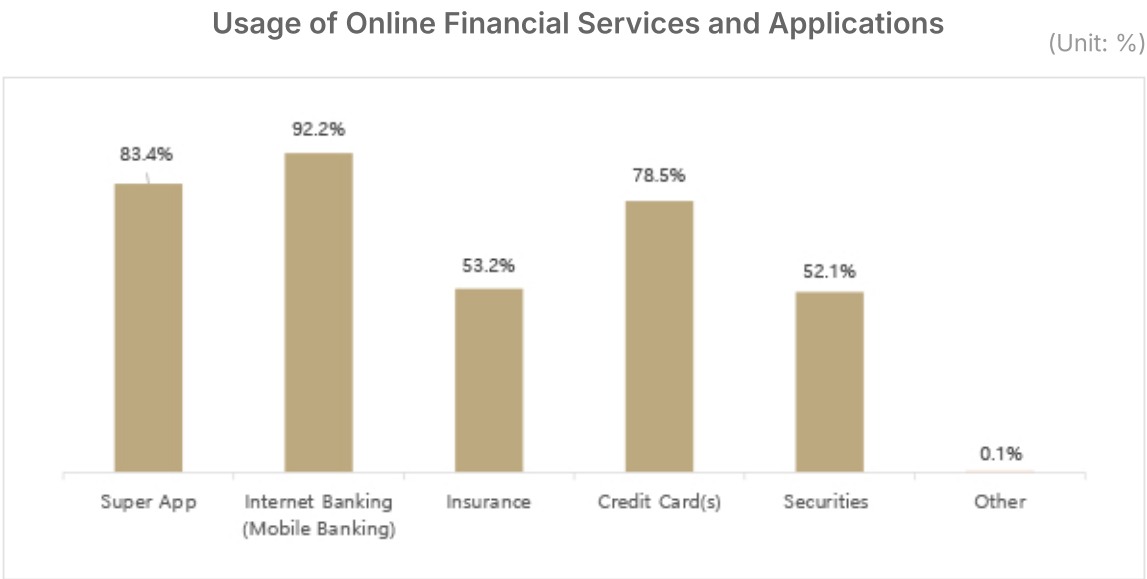
2024 Insurance Consumer Behavior Survey: Digital Financial Services and Personal Data

Digital financial services provide substantial benefits to consumers by offering greater speed and convenience, while also fostering innovation and competition that enhance overall welfare. However, these advances have also introduced new consumer risks: expanding cyber vulnerabilities, indiscriminate collection and use of personal data, errors or misuse in AI and big data analytics, the emergence of novel financial fraud schemes, excessive borrowing and investment, and the digital exclusion of older consumers. To mitigate these challenges, institutional discussions are underway and targeted countermeasures are being developed.

An examination of consumer behavior provides important implications for insurers’ digital innovation and new business planning. This includes attitudes toward consent to data collection and use, concerns over data protection, and willingness to adopt new data-driven services. From a policy perspective, such an analysis also helps identify areas vulnerable to consumer risks and highlights the need for institutional reforms to ensure the safe and reliable use of digital financial services.

This report presents a summary of survey responses collected by the Korea Insurance Research Institute from 4,000 adults aged 16 to 69, designed to serve the objectives outlined above. (Demographic details are omitted.)

First, both the frequency of use (multiple responses allowed) and the satisfaction levels with online services or mobile applications in the insurance sector were significantly lower compared to other areas of financial services. Internet and mobile banking recorded the highest usage rate at 92.2 percent, followed by super apps such as Toss, KakaoPay, NaverPay, and Monimo at 83.4 percent, and credit cards at 78.5 percent, while insurance services stood at 53.2 percent and securities at 52.1 percent. On a six-point scale, satisfaction scores were highest for super apps (4.74), followed by internet and mobile banking (4.68), credit cards (4.53), securities (4.33), and insurance (4.22).



(Source: Korea Insurance Research Institute, March 2025)

Satisfaction Levels for Online Financial Services and Applications

(Unit: respondent, 6-point scale)

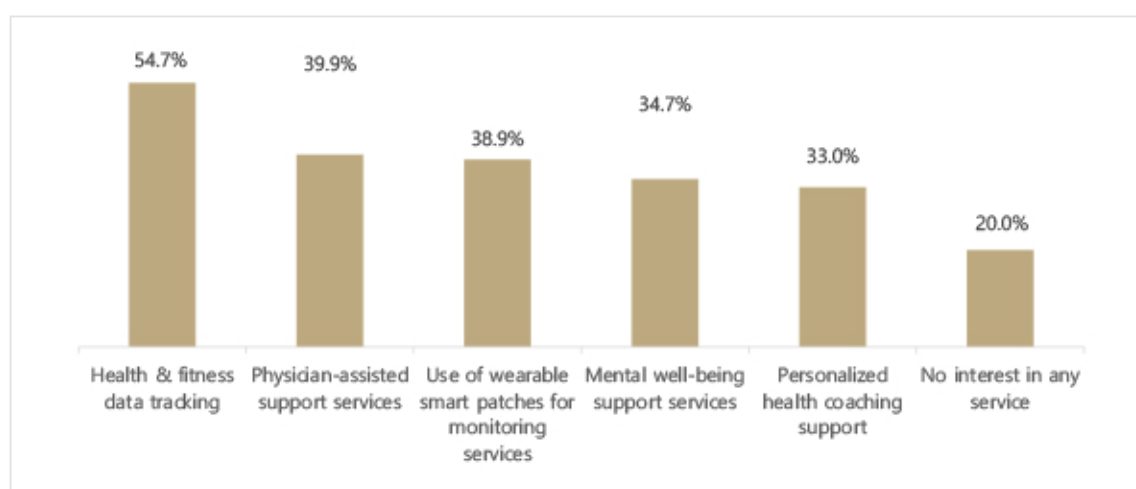
Category	Number of Users	Usefulness	Convenience	Design	Reliability	Overall Satisfaction
Super-apps	(3,194)	4.81	4.84	4.63	4.41	4.74
Internet Banking (Mobile Banking)	(3,532)	4.78	4.65	4.48	4.57	4.68
Insurance	(2,040)	4.29	4.12	4.07	4.20	4.22
Credit Cards	(3,008)	4.59	4.49	4.40	4.44	4.53
Securities	(1,996)	4.49	4.17	4.08	4.32	4.33

(Source: Korea Insurance Research Institute, March 2025)

Second, the survey examined respondents' priority of intended use (multiple responses allowed) for personalized health management services offered by financial institutions, as well as their reasons for not using such services. The findings revealed a negative attitude toward digital health management services provided by insurers. This unfavorable perception was largely driven by concerns that collected information might be misused to consumers' detriment, as well as doubts regarding insurers' capabilities in handling sensitive data. These results point to the need for improvements in transparency of communication, ease of providing partial consent, and the ability to readily withdraw consent for the collection and use of personal data.

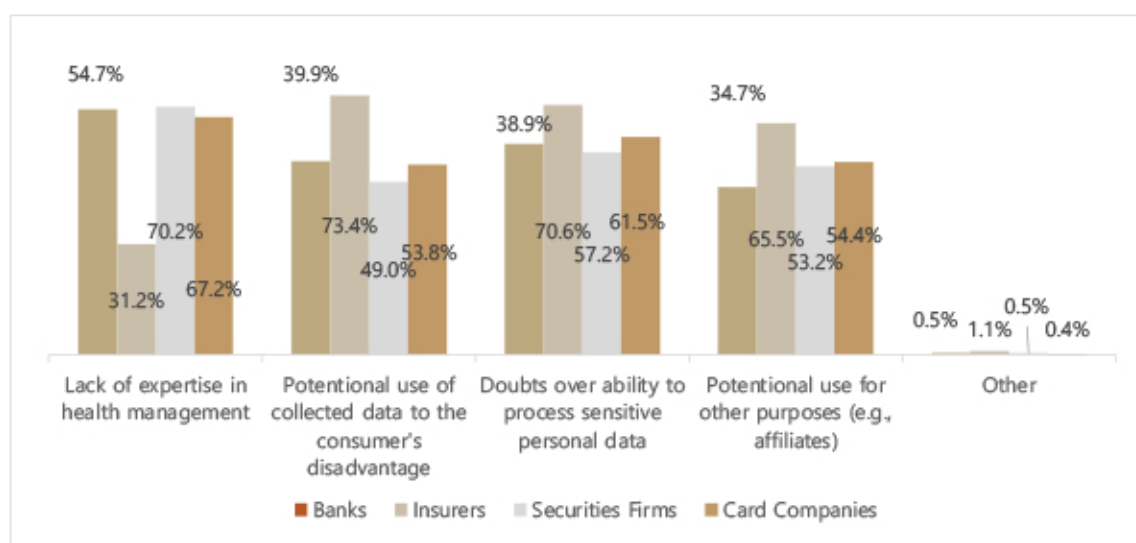
Future Consumer Interest in Health Management Services

(Unit : %)



Reasons for Perceived Unsuitability as a Health Management Service Provider

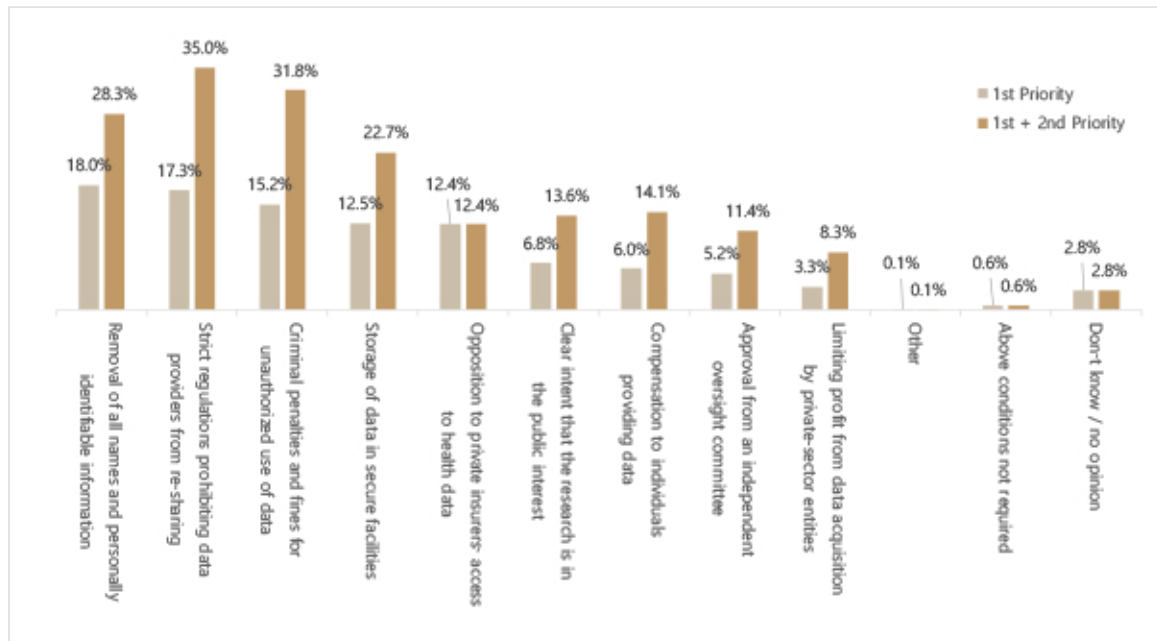
(Unit : %)



Third, within the insurance services domain, when insurers provided clarity on the tangible benefits derived from the use of healthcare data, coupled with assurances regarding the rigor of data handling and processing, consumers were significantly more likely to adopt a favorable view of insurers' use of such data.

Prerequisites for Insurers' Access to Healthcare Data

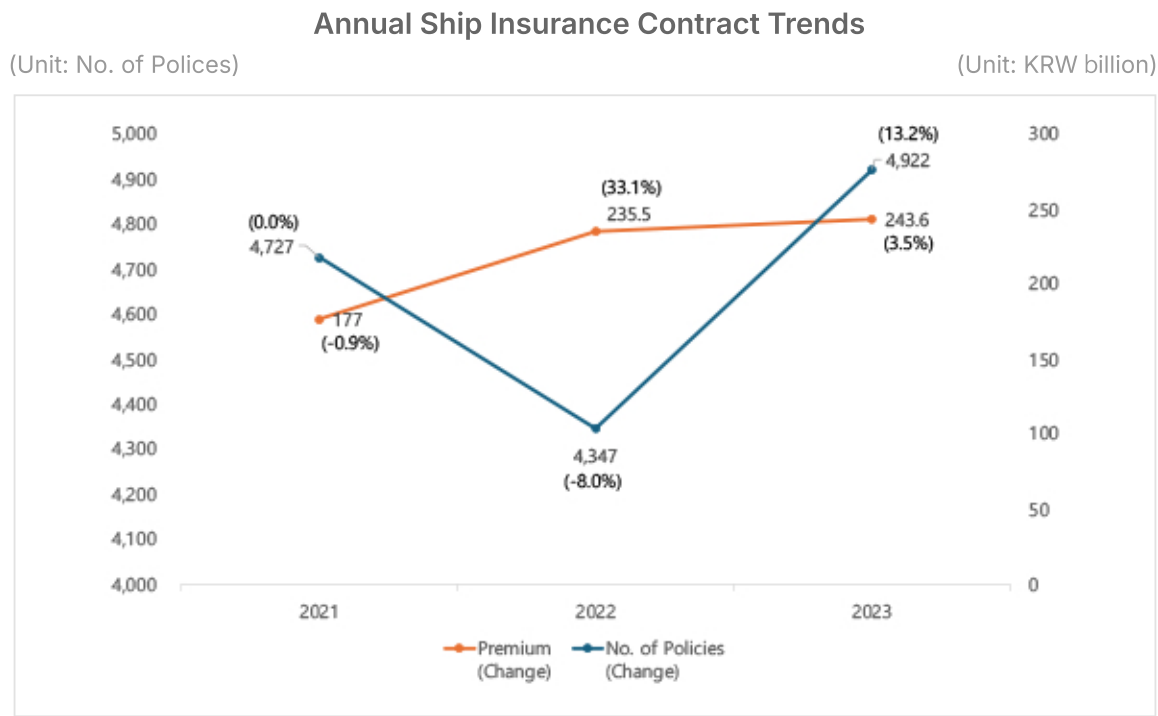
(Unit : %)



Ultimately, insurers' credibility is critical not only for driving innovation in core insurance services but also for expanding into adjacent non-insurance domains. To reinforce this trust, insurers should enhance online service offerings and strengthen consent procedures and governance for personal data collection and use, supported by robust cybersecurity safeguards. At the same time, improving consumer understanding of the tangible benefits that healthcare data can deliver, and demonstrating the rigor with which such data is managed and protected, will be essential to fostering greater acceptance of insurers' use of healthcare information.

Korea Ship Insurance Market Overview

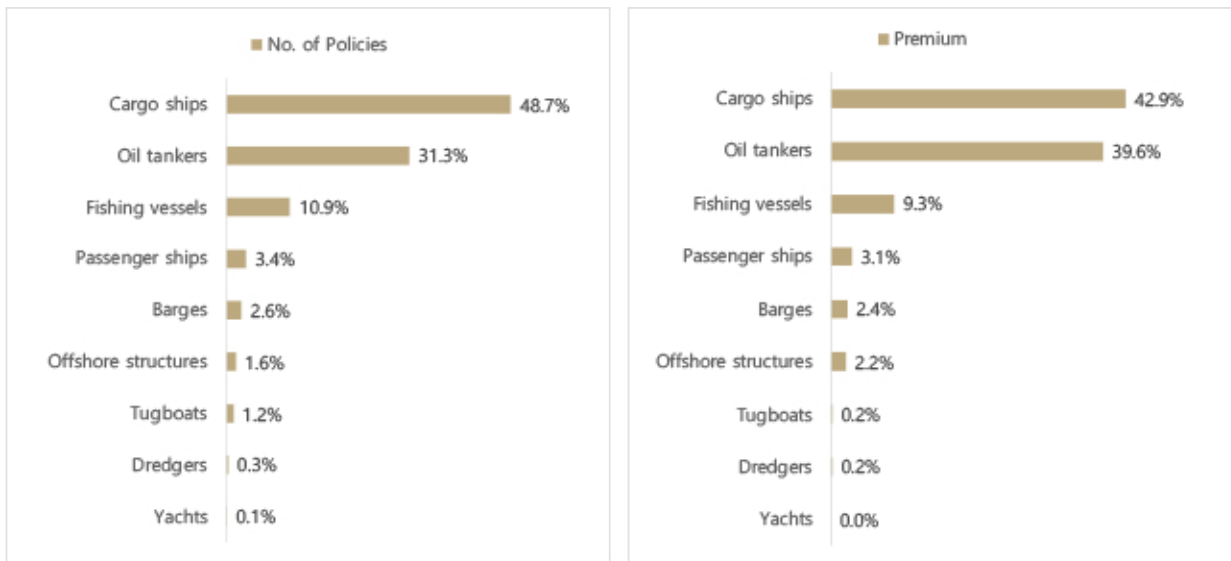
In 2023, ship insurance recorded 4,922 contracts²⁾, a 13.2 percent increase from the previous year, while gross written premiums rose 3.5 percent to KRW 243.6 billion. Over the past three years (2021–2023), contract volumes initially declined before recovering, while premium income maintained a steady upward trajectory, underscoring the sector’s resilience and sustained growth momentum.



(Source: Korea Insurance Development Institute, June 2025)

By vessel type, cargo ships and oil tankers accounted for 48.7% and 31.3% of total contracts, and 42.9% and 39.6% of total premiums, respectively, underscoring their dominant share in the ship insurance market.

Share of Key Vessel Types in Marine Insurance Contracts (Three-Year Average)

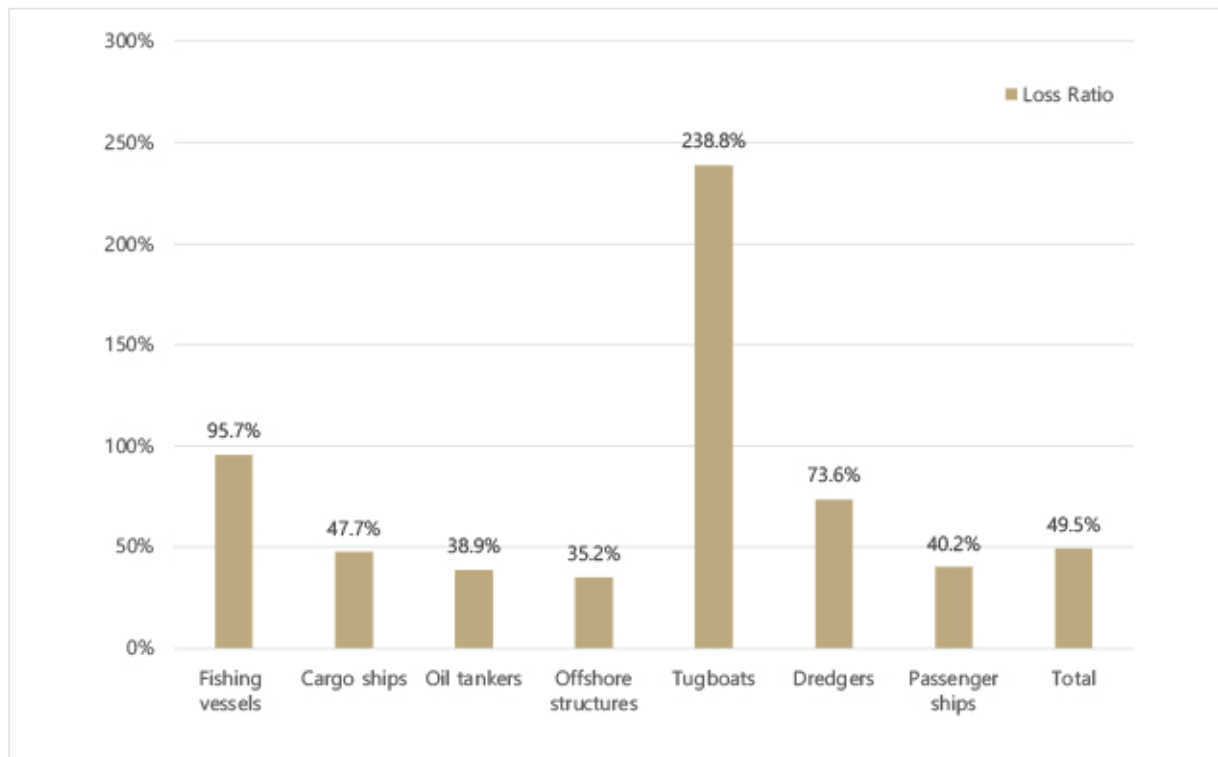


Over the past three years, the loss ratio for marine hull insurance has averaged 49.5 percent, remaining at a relatively low level overall despite a clear upward trend, rising from 42.1 percent in 2021 to 49.2 percent in 2022 and 55.1 percent in 2023.

Within cargo insurance, a review of loss ratios by vessel type for the 2021–2023 period shows that tugboats recorded the highest loss ratio at 238.8%, while oil tankers-benefiting from sound operational performance and higher premiums per vessel-posted the lowest at 38.9%.

2) The analysis covers hull, freight, berth, voyage, war, and construction insurance across vessel types including fishing vessels, cargo ships, oil tankers, passenger ships, dredgers, barges, tugboats, yachts, and offshore structures. Performance data for other categories—such as vessels with a gross tonnage of zero, non-operating loss insurance, and miscellaneous vessel types (e.g., survey ships, hospital ships)—were excluded.

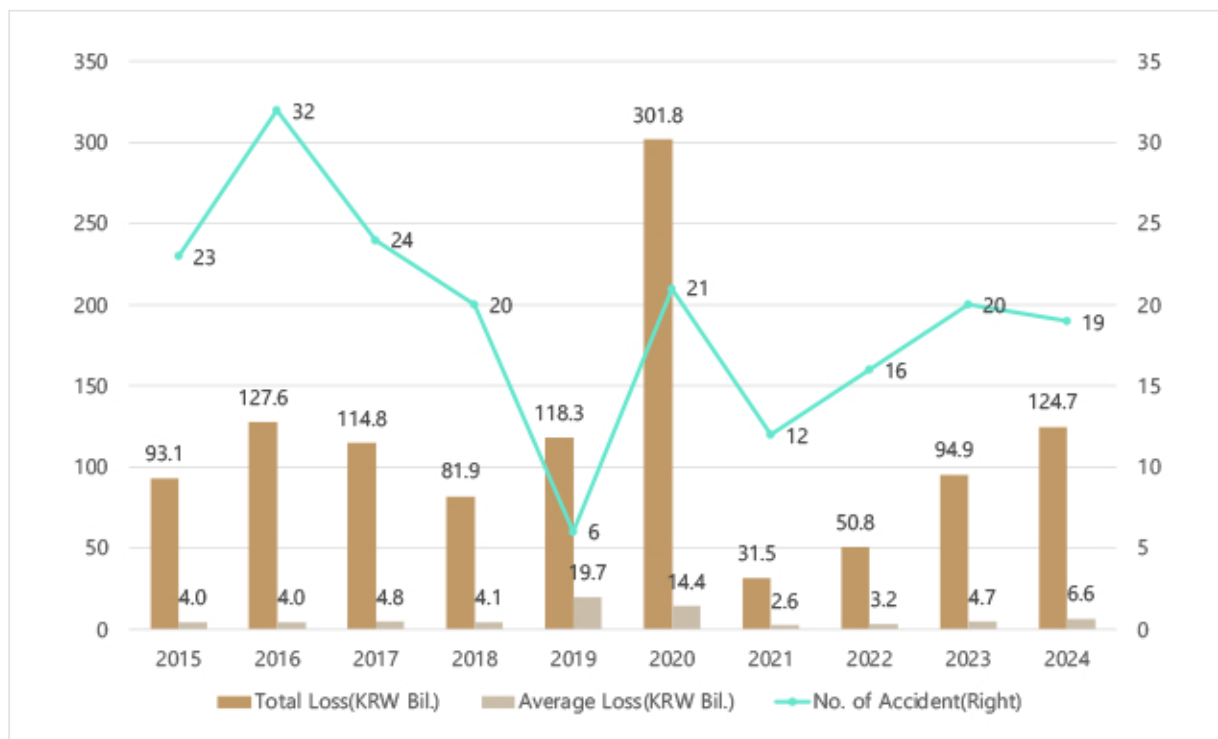
Loss Ratios by Major Cargo Category



Analysis of Large-Loss Marine Casualties in Korea over the Past Decade

Over the past decade (2015 to 2024), large loss claims in the Korean marine insurance market, defined as individual cases exceeding KRW 1 billion, averaged KRW 113.9 billion per year. Annual losses peaked in 2020 at KRW 301.8 billion and reached their lowest level in 2021 at KRW 31.5 billion. The average loss per case was KRW 5.9 billion.

Large-Loss Claims and Incident Frequency in Marine Insurance Over the Past Decade



In total, 193 large-loss incidents occurred (excluding RVI and LOH³⁾ claims), with 2016 registering the highest number at 32 cases and 2019 the fewest at six.

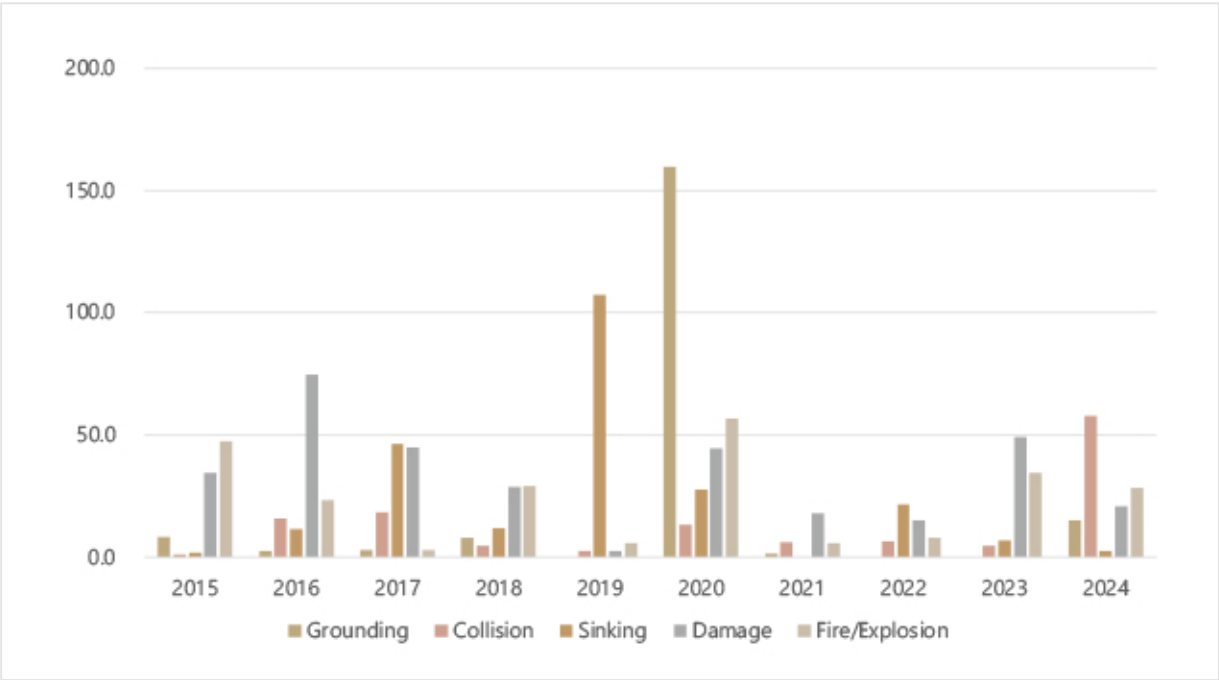
By incident type, damage accounted for the largest share of total losses at 29.2%, followed by fire/explosion (21.2%), sinking (20.7%), grounding (17.4%), and collision (11.5%). In terms of incident frequency, damage again led at 49.2%, followed by fire/explosion (20.2%), collision (17.1%), sinking (7.3%), and grounding (6.2%). Average loss per incident was highest for sinking at KRW 16.9 billion, followed by grounding (KRW 16.5 billion), fire/explosion (KRW 6.2 billion), collision (KRW 4.0 billion), and damage (KRW 3.5 billion). Although damage had the highest frequency, its severity was the lowest. Nevertheless, its sizable shares in both incident count and total losses highlight the need for focused loss management.

Large-Loss Marine Insurance Claims by Type over the Past Decade
(Unit: KRW billion)

Category	Total	Grounding	Collision	Sinking	Damage	Fire/Explosion
Total Loss Amount	1,139.4	197.8 (17.4%)	130.6 (11.5%)	236.4 (20.7%)	332.5 (29.2%)	242.0 (21.2%)
Number of Incidents	193	12 (6.2%)	33 (17.1%)	14 (7.3%)	95 (49.2%)	39 (20.2%)
Average Loss per Incident	5.9	16.5	4.0	16.9	3.5	6.2

An analysis of annual loss amount trends by incident type reveals distinct patterns. Grounding incidents saw a major loss in 2020 (KRW 159.8 billion), while no such incidents occurred in 2019, 2022, or 2023. Collisions occurred steadily every year, with a significant spike in 2024 (KRW 57.9 billion). Sinking incidents recorded substantial losses in 2017 (KRW 46.2 billion), 2019 (KRW 107.4 billion), 2020 (KRW 27.5 billion), and 2022 (KRW 21.4 billion). Damage incidents occurred consistently each year, with loss amounts ranging from KRW 15.1 billion in 2022 to KRW 74.6 billion in 2016, excluding 2019. Fire and explosion incidents also occurred regularly, with major losses in 2015 (KRW 47.5 billion) and 2020 (KRW 56.8 billion).

Large-Loss Amounts by incident Type in Marine Insurance Over the Past Decade
(Unit: KRW billion)

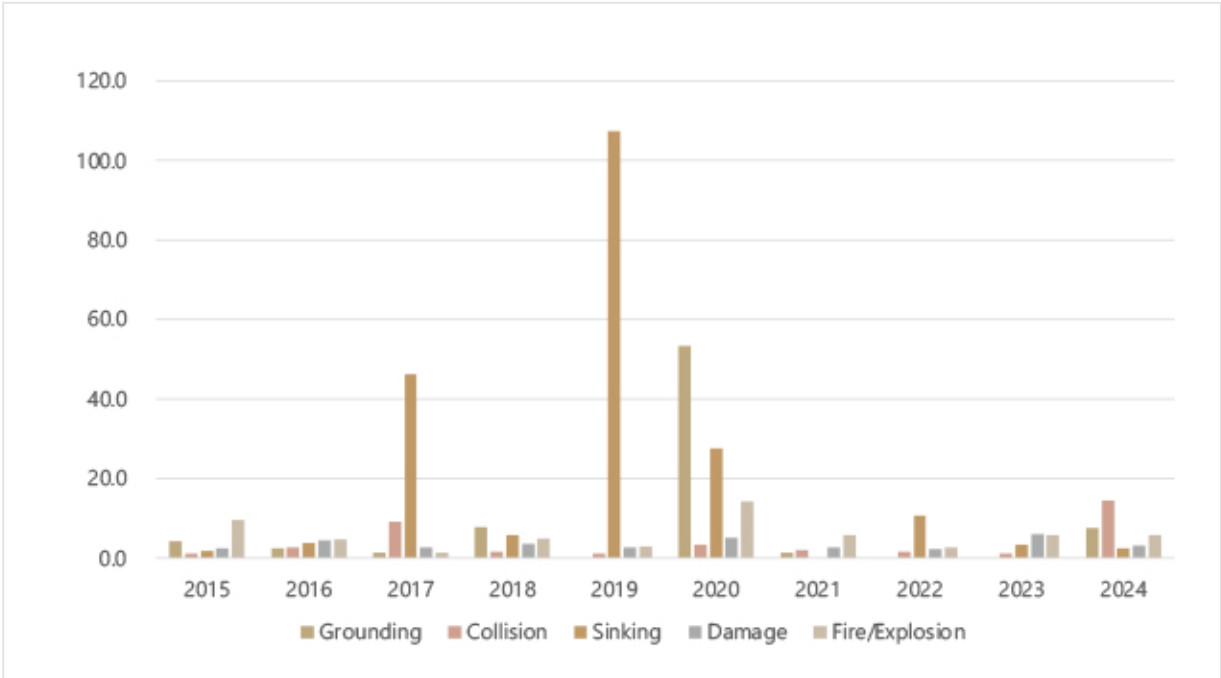


3) RVI (Residual Value Insurance) — insurance that guarantees the residual value of an asset, protecting against depreciation risk.

LOH (Loss of Hire Insurance) — insurance covering loss of income due to vessel downtime, typically following damage or an insured event.

An analysis of annual average loss amounts exceeding KRW 10 billion by incident type shows that grounding recorded KRW 53.3 billion in 2020, while collision reached KRW 14.5 billion in 2024. Sinking posted KRW 46.2 billion in 2017, KRW 107.4 billion in 2019, KRW 27.5 billion in 2020, and KRW 10.7 billion in 2022. Fire and explosion incidents recorded KRW 49.2 billion in 2020.

Average Large-Loss Amounts by Incident Type in Marine Insurance Over the Past Decade
(Unit: KRW billion)



Average Large-Loss Amounts by Incident Type in Marine Insurance (10-Year Overview)

(Unit: KRW billion)

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-year Average
Total	Number of Incidents	23	32	24	20	6	21	12	16	20	19	19.3
	Average Loss	4.0	4.0	4.8	4.1	19.7	14.4	2.6	3.2	4.7	6.6	5.9
Grounding	Number of Incidents	2	1	2	1	0	3	1	0	0	2	1.2
	Average Loss	4.2	2.4	1.4	7.8	0	53.3	1.3	0	0	7.6	16.5
Collision	Number of Incidents	1	6	2	3	2	4	3	4	4	4	3.3
	Average Loss	1.2	2.6	9.1	1.6	1.2	3.3	2.1	1.6	1.1	14.5	4.0
Sinking	Number of Incidents	1	3	1	2	1	1	0	2	2	1	1.4
	Average Loss	1.8	3.8	46.2	5.8	107.4	27.5	0	10.7	3.3	2.4	16.9
Damage	Number of Incidents	14	17	17	8	1	9	7	7	8	7	9.5
	Average Loss	2.4	4.4	2.6	3.6	2.6	5.0	2.6	2.2	6.1	3.0	3.5
Fire/ Explosion	Number of Incidents	5	5	2	6	2	4	1	3	6	5	3.9
	Average Loss	9.5	4.7	1.4	4.8	2.9	14.2	5.8	2.6	5.7	5.7	6.2

The trend toward larger vessels and higher asset values is raising the likelihood of ultra-large loss incidents, with potential gross incurred losses exceeding KRW 100 billion. In addition, greater repair complexity-stemming from difficulties in securing shipyards, prolonged repair timelines, and rising labor costs-is expected to further escalate loss severity. Against this backdrop, robust underwriting controls are becoming increasingly critical.

Korean Re News

- Korean Re Secures Upgrade to 'A+' Credit Rating from S&P, Enhancing Global Reinsurance Market Credibility
- Korean Re Hosts International Client Marketing Events
- Korean Re Participates in Population Awareness Relay Campaign
- Korean Re Supports Mobile Housing for Self-Reliant Youth, Continuing 13 Years of Partnership with Habitat for Humanity
- Korean Re Launches Junior Board to Strengthen Internal Dialogue

Korean Re Secures Upgrade to 'A+' Credit Rating from S&P, Enhancing Global Reinsurance Market Credibility

Korean Re has achieved a milestone with Standard & Poor's (S&P) upgrading its rating from 'A' to 'A+ (Stable)'. The rating of Korean Reinsurance Switzerland AG was also raised to 'A+ (Stable)'.

In its July 28 press release, S&P cited strengthened capital adequacy, robust underwriting profitability, and growth in overseas business as the key drivers. It further noted that the 'A+' rating signifies Korean Re's evolution into a truly global reinsurer, beyond its traditional Asia-focused market presence.

Since obtaining an 'A' rating in 2014, Korean Re has maintained it for 11 consecutive years, aspiring to an upgrade. In March 2024, the credit outlook improved from 'Stable' to 'Positive', raising expectations that have now been realized.

The company has reinforced capital strength under K-IFRS 17 and reshaped its portfolio with a focus on profitability, delivering both earnings growth and sustainability. In reinsurance—where cross-border transactions are the norm—credit ratings serve as a core trust indicator in global dealings. The 'A+' rating validates these strategic efforts.

To mark the occasion, Korean Re held an "S&P Credit Rating Upgrade Celebration" on July 31 in its fourth-floor lounge. The event featured a briefing by the Corporate Planning Office on the upgrade process, followed by remarks from President & CEO Jong-Gyu Won, who expressed gratitude to employees and urged them to "cherish this pride and move forward with greater creativity." Chairman Jong-Ik Won concluded with a toast expressing hopes for the future.



Korean Re Hosts International Client Marketing Events

From June 16 to 20, the "International Treaty Team I" hosted the inaugural "Korean Re Asia Valued Client Seminar." Eight (re)insurance professionals from across Asia visited Korean Re to participate in sessions covering a broad range of topics, including the company's underwriting policies, pricing tools, catastrophe (CAT) modeling, and an overview of the Korean insurance market. The program also featured cultural experiences such as on-site underwriting visits, a Bukchon city tour, the Nanta performance, and a kimchi-making workshop.

Separately, on June 3, the "International Fac Team II" organized the "Korean Re K-Pub" event in London, inviting local industry partners. The event concluded on a high note in a vibrant 'K-Pub' setting, where lively K-Pop music created an upbeat and festive atmosphere.



Korean Re Participates in Population Awareness Relay Campaign

On June 18, Korean Re took part in the "Population Awareness Relay Campaign," jointly organized by the Ministry of Health and Welfare and the Korea Human Resource Development Institute for Health and Welfare.

Under the slogan, "A nation where children are happy, youth can nurture hope, and the elderly can live with fulfillment," the campaign seeks to raise public awareness of demographic challenges such as low birth rates and population aging, and to encourage active participation from both public institutions and private enterprises through a relay format. President & CEO Jong Gyu Won joined the initiative at the nomination of Byung-Rae Lee, Chairman of the General Insurance Association of Korea.

Korean Re recognizes the structural risks of demographic change and has sought to address the low birth rate by implementing family-friendly policies that support work-life balance.

The company offers various leave, sabbatical, and flexible work arrangements tailored to different stages of employees' lives—including marriage, childbirth, childcare, and family care. Korean Re also provides financial support for childbirth-related medical expenses, fertility treatments, egg freezing procedures, and incentives for families with multiple children.

CEO Won stated, "The population issue is not only a matter of sustainability for the insurance industry but also a challenge directly linked to our collective survival. I hope that, through this campaign, the insurance sector can play a more active role in addressing low birth rates and aging society."



Korean Re Supports Mobile Housing for Self-Reliant Youth, Continuing 13 Years of Partnership with Habitat for Humanity

From May 22 to 23, Korean Re employees participated in volunteer activities at the Habitat Builders School in Cheonan, Chungcheongnam-do, as part of the "Mobile Housing Support Project for Self-Reliant Youth."

This initiative forms part of the company's corporate social responsibility efforts in collaboration with Habitat for Humanity Korea. The Korean Re Volunteer Corps took part in building Haeihome, a Korean abbreviation for "Habitat Mobile Home," which is designed to provide emergency shelter for disaster victims and to improve housing conditions for vulnerable populations.

The homes built by the Korean Re Volunteer Corps will be relocated to Yeonggwang, Jeollanam-do, where they will be provided to self-reliant youth and young people returning to farming communities. The initiative aims to support settlement in areas facing population decline, while fostering independence and social networks among young residents.

Since 2013, Korean Re has partnered with Habitat for Humanity for 13 consecutive years to provide financial support and volunteer services for housing-vulnerable communities. With the exception of the COVID-19 pandemic, employees have consistently participated in person each year, thereby enhancing the significance of the initiative. In the first half of this year alone, more than 40 employees joined three on-site volunteer activities.



Korean Re Launches Junior Board to Strengthen Internal Dialogue

Korean Re has launched a “Junior Board” as part of its efforts to foster stronger internal communication and engagement.

Comprising staff- to assistant manager-level employees who represent the company's future talent, the Junior Board serves as a communication channel to discuss key corporate issues openly and bridge opinion gaps that are increasingly evident across job grades.

On July 31, 13 members of the Junior Board held a kickoff meeting to share the significance of its launch and to commit to serving as a catalyst for stronger internal dialogue.

The inaugural Junior Board will be active through October.



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