Insurance Marketing for Increasing Consumer Confidence
- Focusing on Products and Commissions -

In the insurance industry, regulatory improvements to reduce mis-selling and increase consumer confidence have been ongoing since 2000, but consumer confidence in insurance remains low. The reason for this is that the design of the system has been focused on the insurance companies only. In order to realize the real effect of increasing trust, reform of the system that focuses on the products and commissions that consumers can realize is necessary.

In the advanced countries, there have been many recent changes in products and remuneration to improve the level of trust. Strict measures have recently been made with regard to mis-selling and remuneration reform has been enforced by policy authorities in the UK and Australia. The following implications were derived from the study of overseas cases focusing on the marketing factors such as products and commissions.

With regard to the insurance products sold in Korea, it is necessary to simplify them because the probability of mis-selling is high due to many endorsement and complexity.

In terms of commissions, the appropriateness of commissions should be secured to increase consumer confidence. After the introduction of bancassurance, the mis-selling ratio was reduced in 2014 and 2015 due to the direct regulation of reducing commissions. Direct regulation of commissions by supervisory authorities is needed in the light of commission regulation in the US and Germany, especially the prohibition of conflicted remuneration in Australia. The regulation of commission should be capped, as in the case of New York, and practically regulated through prohibition of bonuses and soft-dollar benefits, as in Australia.