In the new solvency system, which will be introduced in 2022, the capital requirements will be reflected in the insurer’s retirement pension products. Insurers need to strengthen the risk management of retirement pension products in response to the burden of capital requirements.

It was estimated that the total required capital of the insurers would increase by 6% for life insurers and 9% for non-life insurers if credit risk and market risk (including interest rate risk) were reflected. Excluding three insurance companies which focused heavily on retirement pension products, life and non-life insurers’s required capitals are expected to increase by approximately 5% and 7%, respectively. However, in the process of calculating the required capital, the actual method was not applied. Therefore, the analysis results cannot be exact.

This report suggests four measures to strengthen the risk management of retirement pension products. One is the insurers’ capital injection and diversification of insurance products. Two is the relief of the required capital burden through asset management. Three is the changes in the portfolio within the principal guaranteed retirement pension products. Four is the performance-based retirement pension products and trust business expansion.