

## Insurance Industry Outlook and Agenda in 2021

In the first half of 2020, the insurance industry grew rapidly thanks to policy effects after the spread of COVID-19, but it is questionable whether its growth potential will continue in the future, and concerns about deteriorating profitability remain. In 2021, the insurance industry (excluding retirement pensions) is expected to return to a low growth trend due to the disappearance of COVID-19 related policy effects and a limited economic recovery.

In 2021, life insurance premiums excluding retirement pensions are expected to decrease by 0.4%. Protection-type insurance is projected to grow only 2.9% due to continued deterioration in the face-to-face channel business environment and strengthened sales regulations. General savings-type insurance is expected to decline 2.6% on the continuing decline in annuities and the base effect of savings insurance. Annuities are expected to continue declining premiums in 2021. Savings insurance is expected to continue to inflow of short-term liquidity, but it is unlikely to expand further due to concerns over the expansion of negative interest rate margins. In the case of variable savings-type insurance, initial premiums are expected to increase due to the stabilization of the financial market following the economic recovery in 2021, but premiums are expected to decrease by 6.0% due to the continued decline in subsequent premiums. Meanwhile, life insurance retirement pension premiums are forecast to increase 17.6% YoY.

In 2021, premiums for non-life insurance, excluding retirement pensions, are expected to increase by 4.0%. Among long-term insurance, the growth of disease and accident insurance is expected to slow slightly to 8.0%. Long-term savings-type insurance premiums are expected to decline 21.3%, depending on non-life insurance companies' portfolio strategy focused on protection-type

insurance. Auto insurance is projected to grow only 2.9% due to the disappearance of premium adjustment effects and a slower growth in the number of registered vehicles. General insurance is projected to grow 5.1%, despite the sluggish maritime and guarantee insurance, thanks to the high growth of special insurance. Meanwhile, premiums from non-life insurance retirement pensions are expected to increase 8.4% YoY.

The insurance industry is facing a corona economy and an aging society. The insurance industry needs to strengthen the coverage of various disaster risks such as corona infectious diseases and climate change in a non face-to-face and digital environment. In addition, the insurance industry should reinforce the role of the social safety net as a health and income security provider for the aged society. Meanwhile, the insurance industry needs to establish a market infrastructure to promote innovation for the use of big data and fair competition, induce preemptive risk management, and promote stakeholder management.