

Amendments to the Insurance Business Law proposed at the 20th National Assembly

ABSTRACT

A total of 61 bills for the Insurance Business Law were proposed at the 20th National Assembly, and 51 of which are still pending. A number of bills have been focused on strengthening consumer protection, which include simplifying claim procedures for indemnity health insurance, strengthening insurer's duty of explanation, and enhancing consumer rights with respect to medical advice sought by insurers. Also, several bills related to claim adjuster have been proposed. The bills that have not been passed will be automatically abandoned when the 20th National Assembly ends. However, there would be a possibility that the same or similar bills are also proposed at the next National Assembly.

1. Status of proposed amendments to the Insurance Business Law

A total of 61 bills for the Insurance Business Law were proposed at the 20th National Assembly,¹⁾ 10 of which have been passed at the plenary session of the National Assembly and the remaining 51 are still pending.

Bills passed by the 20th National Assembly²⁾ include, for example, a bill to raise the maximum amount of administrative fines and surcharges, a bill to establish consumer's right to request interest rate cuts, and a bill to stipulate the duty of claim adjuster to provide claim adjustment statement to policyholders.

1) The term of the 20th National Assembly began from May 30, 2016.

2) It includes bills that have been abandoned as reflected in alternatives, as well as passed in the plenary session and promulgated.

2. Contents of major pending bills

A number of bills have been initiated to enhance consumer protection. Among these, the major pending bills are as follows. First of all, a bill was proposed to simplify the claim procedures for indemnity health insurance, which requires medical institutions to directly send medical expenses related documents to the insurers in electronic form when requested by consumers. Other bill purports to strengthen insurer's duty of explanation. (e.g., by adding the status of insurance payment by insurers to the list of duty of explanation) There is also a bill related to medical advice sought by insurers during the claim review process, which provides that, in order for the insurers to reduce or refuse to pay a claim on the basis of medical advice received from a medical advisory institution, such institution should have conducted a face-to-face review of the consumer, or insurers should inform the consumers of the names of the medical advisors, and the medical institutions they work for. In addition, there is a bill to introduce sanctions such as administrative fines and surcharges in case of violation of the duty to confirm duplicate contract by the insurers, and to broaden the scope of such duty to the contract held by insured of group insurance. Moreover, there is a bill which provides that insurers should not unfairly discriminate against consumers on the terms of their insurance contracts without reasonable reasons on the basis of age, gender, or social status, etc.

Apart from the bills that relates to consumer protection, a number of bills concerning claim adjuster have been proposed and are still pending. For example, a bill requires insurers to bear the claim adjustment costs if the assessment result by the insurer is unfavorable to the consumer than that by the consumer. There is also a bill to expand the scope of claim adjuster's business by adding the activities of exchanging opinions with the insurer regarding the amount of damages and claims, and explaining the contents thereof to the consumers. Further, there is a bill that prohibits insurers from employing claim adjuster to handle the claim adjustment or entrusting it to its subsidiary and allows self-assessment only in exceptional cases where security and urgency are recognized. Some bills are initiated to prohibit insurers from unfair practices to claim adjuster. (e.g., unpaid or delayed payment of fees without reasonable reasons)

Other major pending bills include the direct imposition of liability for damages concerning insurance solicitation to large GAs, introduction of applicable provisions to payment of insurance premium by credit card, deregulation of asset management limits on foreign currency assets, and the introduction of applicable provisions for the short-term small insurance businesses.

Pending bills described above will be automatically abandoned when the 20th National Assembly ends, but would require continuous monitoring as the 21st National Assembly is likely to initiate the same or similar bills again.

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