



# 2020 Financial Results & 2021 Business Strategy

**February 19, 2021**

# Disclaimer

This material was prepared for the convenience of investors and based on the figures herein have not yet completed full review by external auditors. Therefore, please note that some of the information herein may vary depending on the audit results.

The business outlook of 2021 and some information are written depending on projections analyzed from external and our own materials. This forward-looking information may vary due to various risks, uncertainties, and external forces surrounding the company. Therefore, some figures in this presentation used explicitly are subjected to change.

Certain of the statements contained herein are statements of future expectations and projections. These expectations and projections involve risks and uncertainties that are known or unknown based on current time and assumptions. Actual results, performance or events may differ materially from those in such statements due to various risks and future uncertainties. The reasons for the difference include overall economic conditions, financial market performance, frequency, depth of insurance incidents, mortality, trends, contract retention rates, interest rates, market competition, changes in laws and regulations, changes in government, regulatory policy and so on.

We have no obligation to update any forward-looking statements or forecasts contained in this document. No obligation or liability is assumed for investment results based on this document.

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# I . 2020 Key Performance

1. 2020 Key Financials

2. 2020 Key Results

- Auto
- Long-term
- Investment & ALM
- Capital

# I. 2020 Key Financials

[unit: KRW bn, %, %p]

	2019	2020	YoY
Direct Premium Written <sup>1)</sup>	13,027	<b>14,070</b>	<b>8.0%</b> ↑
Loss Ratio	86.3	<b>83.9</b>	<b>2.4%p</b> ↓
Expense Ratio	20.9	<b>20.8</b>	<b>0.1%p</b> ↓
Combined Ratio	107.2	<b>104.7</b>	<b>2.5%p</b> ↓
Investment Yield	3.91	<b>3.41</b>	<b>0.50%p</b> ↓
Net Profit before Tax	505.1	<b>678.6</b>	<b>34.3%</b> ↑
Net Profit	372.7	<b>502.2</b>	<b>34.7%</b> ↑
Total Asset	43,667	<b>47,124</b>	<b>7.9%</b> ↑
Shareholder's Equity	5,721	<b>6,064</b>	<b>6.0%</b> ↑
RBC(separate) <sup>2)</sup>	251.0	<b>234.0</b>	<b>17.0%p</b> ↓
RBC(consolidated) <sup>2)</sup>	223.8	<b>205.7</b>	<b>18.1%p</b> ↓

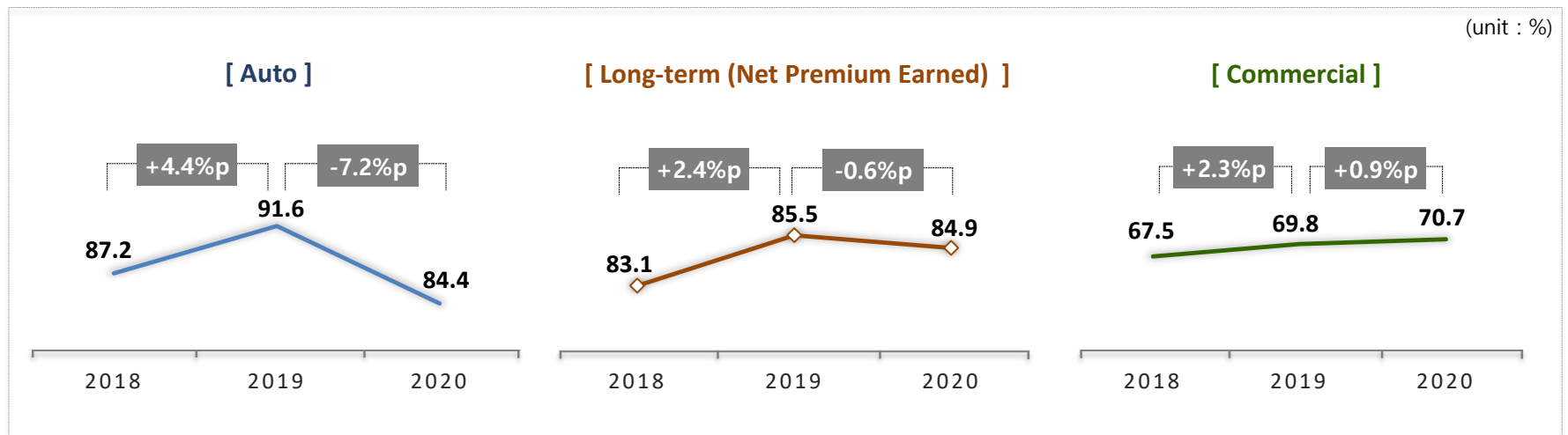
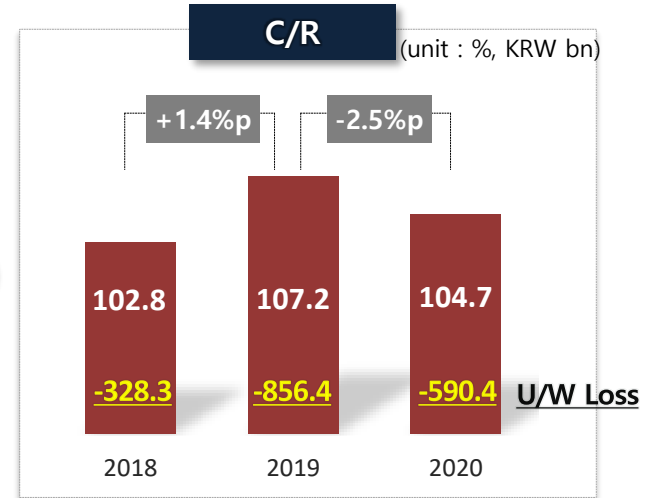
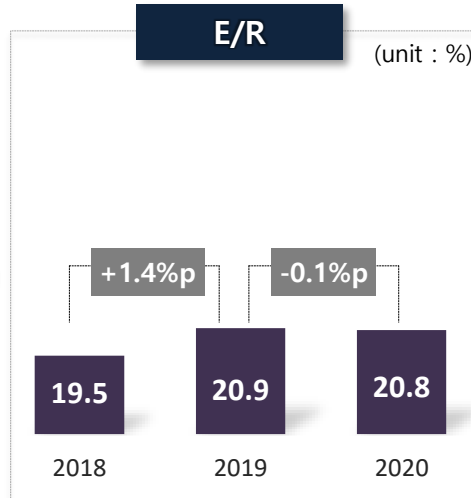
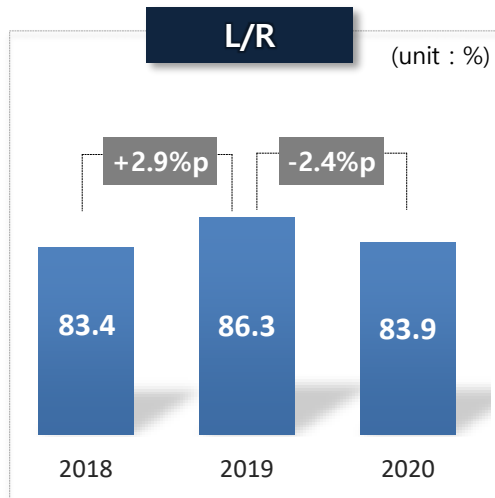
1) Including lump-sum premium

2) RBC ratios(stand alone/consolidated) as of Dec. 2020 are the figures after dividend payment and subject to change after an audit

## II. 2020 Key Results

Net profit

Improved underwriting profit due to decreased Auto loss ratio and stable expenses ratio (-31.1% YoY)

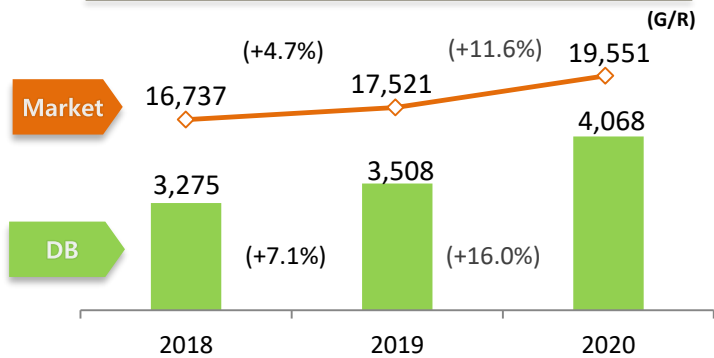


## II. 2020 Key Results

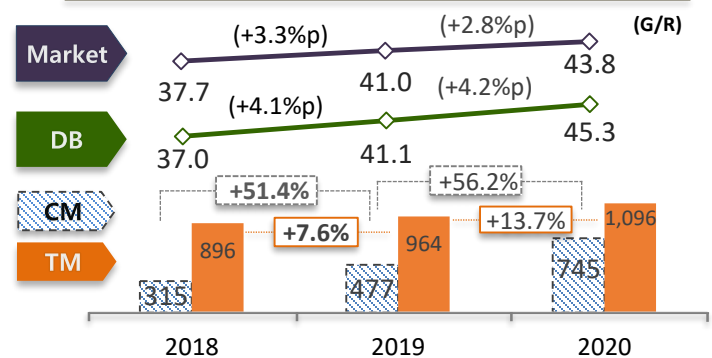
Auto

Top Line Higher premium growth focused on online channels(TM/CM)\*

### ● Direct Premium Written (unit : KRW bn)



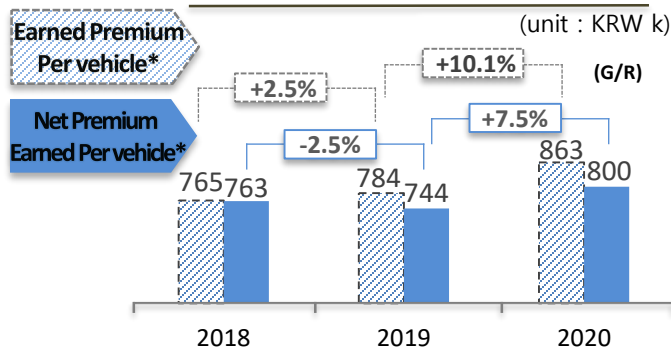
### ● (Online) Percentage & Direct Premium Written (unit : KRW bn)



\* CM: Cyber Marketing, TM: Tele Marketing

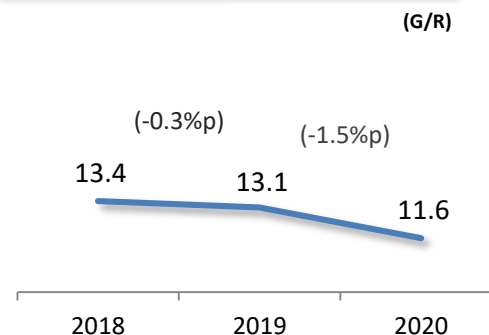
L/R Despite rising insurance costs, improved frequency due to adequate pricing and reduced traffic volume

### ● Net Premium Earned per vehicle

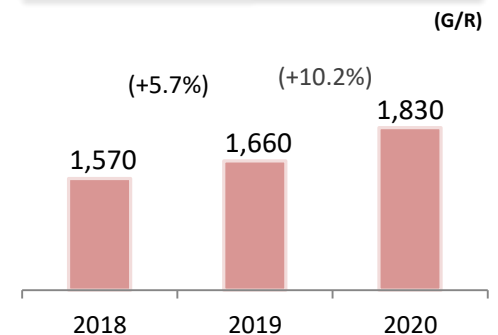


\*Installment premium is exchanged to annual payment

### ● Accident Rate per policy (unit : %)



### ● Loss Amount per accident (unit : KRW k)



## II. 2020 Key Results

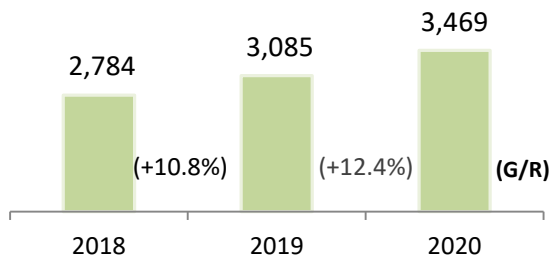
Long-Term

### Top Line

Despite COVID-19 impact, risk premium growth widened through product competency and improved persistency ratio

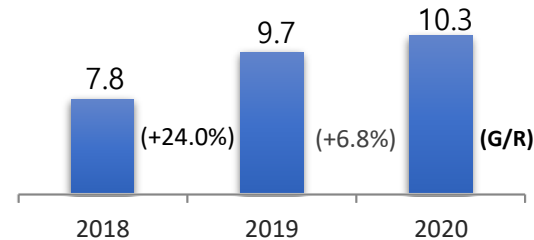
#### ● Risk Premium

(unit : KRW bn)



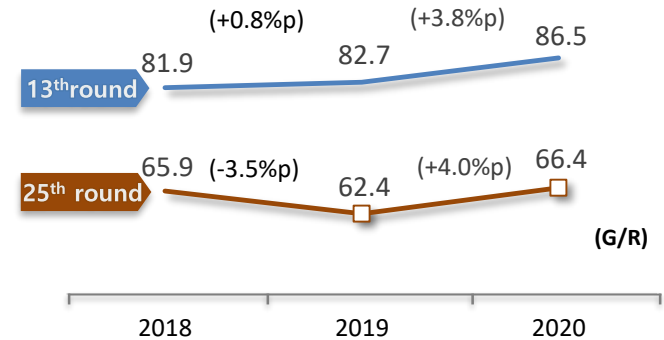
#### ● New monthly premium of Protection

(unit : KRW bn)



#### ● Persistency Rate

(unit : %)

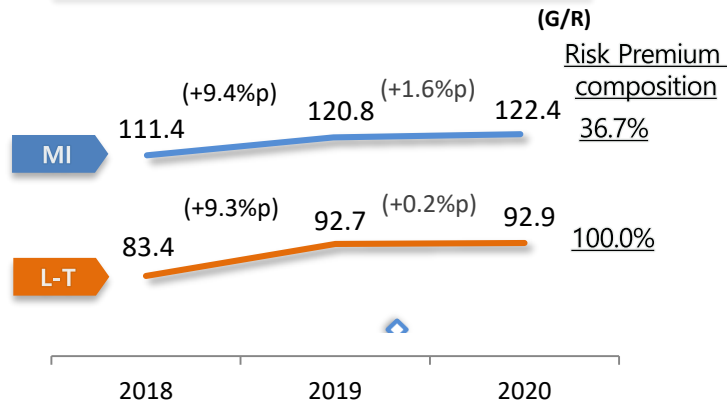


### L/R

Increasing risk loss ratio trend slowing down in spite of continued high loss ratio of medical indemnity

#### ● L-T Risk/ MI Loss Ratio

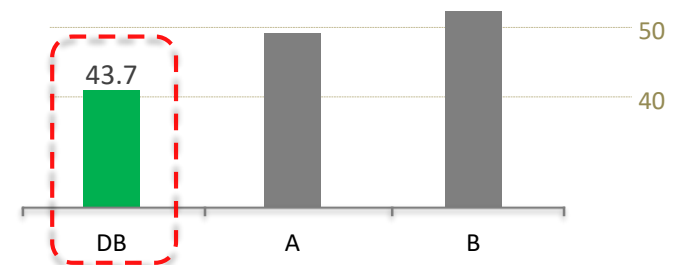
(unit : %)



\* IBNR included

#### ● 1st UY loss ratio for '20

(unit : %)





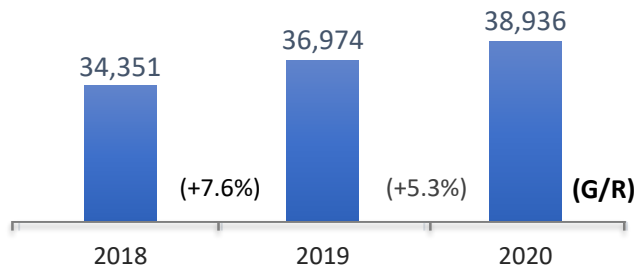
## II. 2020 Key Results

## Investment & ALM

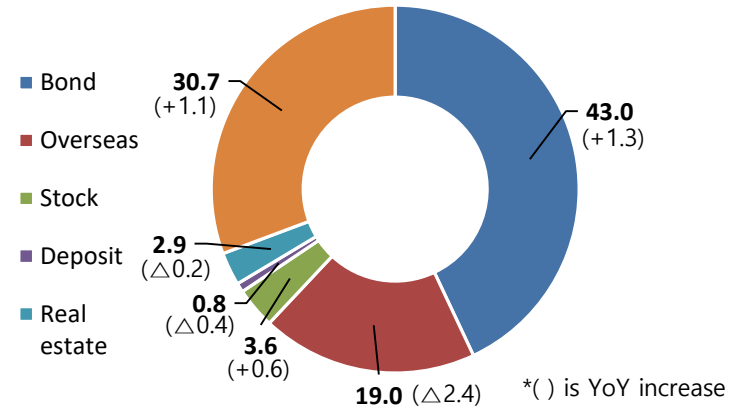
### Investment

Efficient asset management through proper asset allocation

#### ● Invested asset G/R (unit : KRW bn)



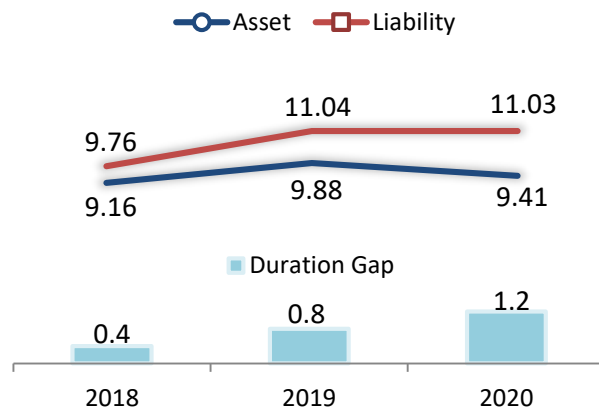
#### ● Invested asset portfolio (unit : %, %p)



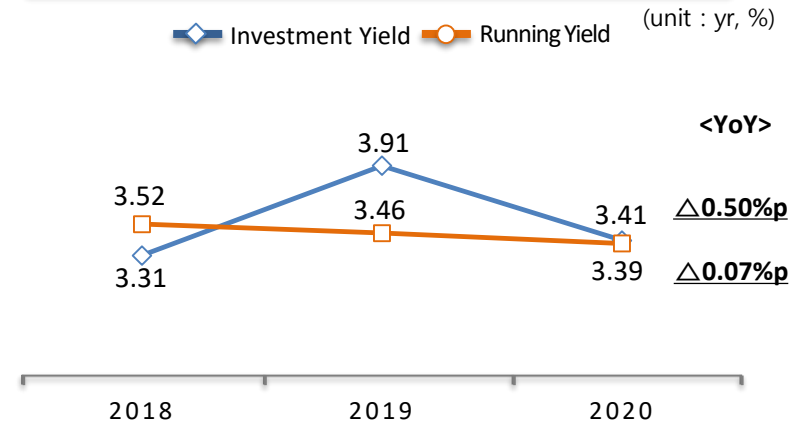
### ALM

Limited decrease of running yield under strengthened ALM strategy

#### ● Duration (unit : yr)



#### ● Duration & Running Yield on Interest-bearing assets (unit : yr, %)

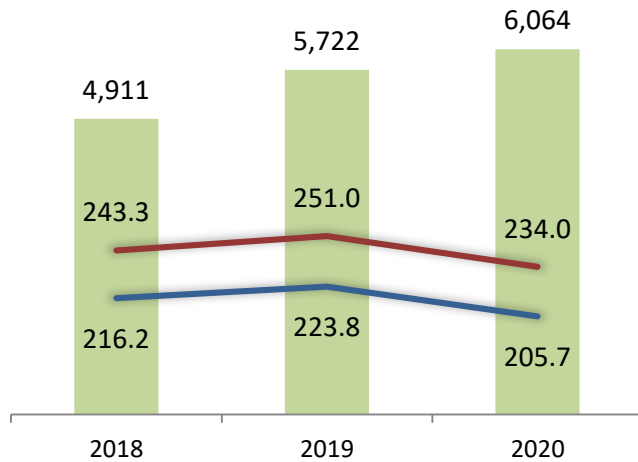


**Capital** Increased shareholder's return under strong capital adequacy

### RBC Ratio

(unit : KRW bn, %)

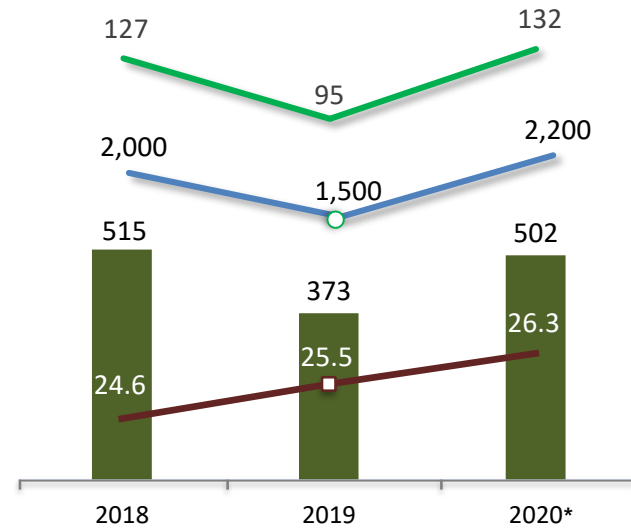
Shareholder's Equity RBC(separate) RBC(consolidated)



### Payout Ratio

(unit : KRW bn, %)

Net Profit Total dividend DPS DPR



\* Buyback of KRW 123 bil(4.6% of total number of share issued) as shareholder-friendly policy and support for reduced DPS in '19

## II . 2021 Business Outlook

1. Business Environment and Strategic Direction
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# 1. Business Environment and Strategic Direction



## Business Environment

“Increased business uncertainty amid expanding financial market volatility”

### Economic Environment

- COVID 19-related uncertainties (vaccines, mutations, etc.) continue
- Digital-related rapid environmental change expected

### Regulatory Environment

- Visualization of consumer protection-oriented regulations
- Strengthened overall supervision of the financial sector regarding capital adequacy

### Insurance Industry Environment

- Increased needs to improve long-term profit structure
- Deteriorating investment environment due to increased volatility in interest rates



## Strategic Direction

Securing differentiated business competitiveness based on management efficiency



1

**Promotion of Digital Transformation to secure future growth engines**

2

**Profitability-oriented growth through channel competency**

3

**Promote qualitative products based on New Contract Value (NCV)**

4

**Strengthening preemptive management for competitive advantage in loss ratio**

5

**Continuous investment profit expansion through efficient management of running yields**

### Promotion of Digital Transformation to secure growth engines

#### Business Plan

##### Digital System

#### ■ Building the foundation for securing digital competency

- Build data governance to expand data-related business areas
- Enhancement of digital customer experience at customer contact points

##### Platform Model

#### ■ Expansion of platform-based sales model

- (Affiliate) Launching partnership business models optimized for platform operators
- (Direct) Development of our own program to provide personalized plans

##### Integrated Marketing

#### ■ Strengthening integrated marketing for online channels

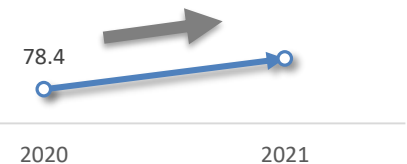
- Powering synergy through organized database acquisition and database utilization in online business
- Enhancement of customer value by strengthening AI analysis of “auto ins-experienced customer” database

#### Major Indicator

#### ● # of CM Auto Customers incoming (unit : mil.)



#### ● Growth of CM Protection Insurance (unit : %)



### Secured sustainable competitiveness through U/W policy operation profit-oriented pricing

#### Business Plan

##### Product

#### ■ Proper Premium adjustment and product expansion to increase profitability

- Timely securing of appropriate premiums through segmentation
- Maximizing efficiency and developing high-covered products for target markets

##### U/W

#### ■ Preemptive U/W for competitive advantage in loss ratio

- U/W operation by scenario according to accident rate change
- Collaboration by channels and discovering new U/W elements using internal and external information

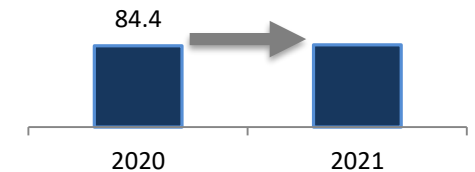
##### Loss Management

#### ■ Establish a loss management system based on profit creating perspective

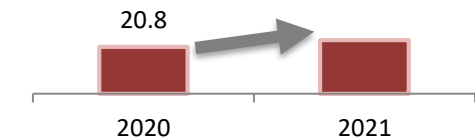
- Establish a performance management system reflecting profit & loss and differentiate in loss management
- Establish a digital claim compensation system to respond to changes in the claim environment

#### Major indicator

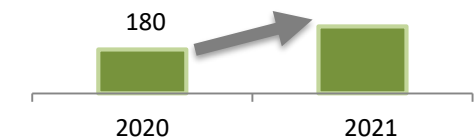
##### ● Loss Ratio (unit : %)



##### ● Auto M/S (unit : %)



##### ● Amount of insurance fraud detection (unit : KRW bn)



## Promote loss ratio stabilization through qualitative growth based on New Contract Value (NCV) & refined U/W

### Business Plan

#### ■ Profit-oriented product P/F operation and increase in NCV

##### Product

- Profitability-oriented product operation and advancement of premium strategy
- New product development for leading market trend
- Enhancement of contained contract management system by using digital tools

#### ■ Promote sustainable growth by securing channel competitiveness

##### Channel

- (Tied) Sales support\* system improvement based on New technology
  - \*Big data-based marketing tool and app development
- (GA) Preemptive response to market changes by strengthening the competitiveness

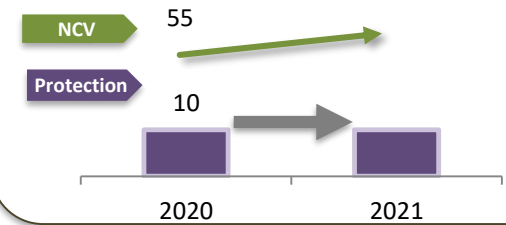
#### ■ Stabilization of loss ratio through U/W operation from comprehensive perspective

##### U/W Loss Management

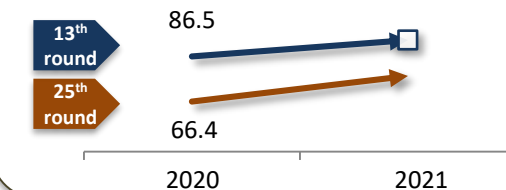
- Enhancement of contract quality management through elaboration of U/W prediction model
- U/W strategy differentiation reflecting the characteristics of each channel
- Elaborate monitoring of non-benefit items and strengthen response to areas of high damages

### Major indicator

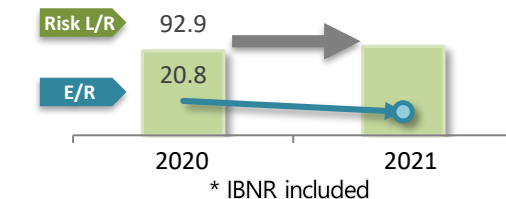
#### ● Protection(new) & NCV (unit : KRW bn)



#### ● Persistency rate (unit : %)



#### ● Risk\* L/R & E/R (unit : %)



### Maintain qualitative growth focused on profit-driven strategies

#### Business Plan

##### Domestic

#### Expand market share based on profitability and secure stable revenue

- Increasing market share by strengthening core competencies (pricing & judgement rates)
- Improve reinsurance revenue by optimizing retention and reinsurance

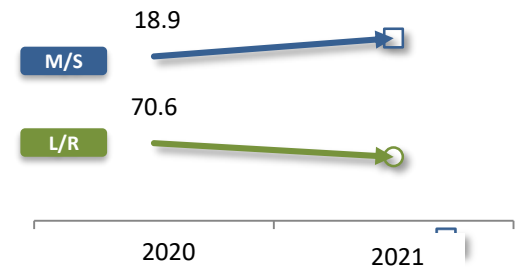
##### Overseas

#### Lay the foundation for sustainable growth in the midst of stable expanding business

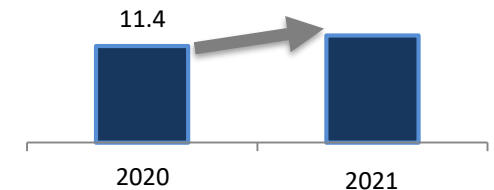
- (US) Strengthen US business capabilities through localization strategies
- (ASEAN) Improve competitiveness of local subsidiaries and pursue new business model

#### Major indicator

##### M/S & L/R (unit : %)



##### Profit (unit : KRW bn)





### Build reliable and higher return investment strategy preparing for IFRS17

#### Business Plan

#### Investment

##### Defend against deteriorating running yield through efficient asset allocation

- Increase risk-return efficiency
- Strengthen monitoring of market/credit cycle changes and refine overseas investment

##### Generate additional profits and enhance investment expertise

- Find valued investment & expand strategic alliance operators
- Mid/long-term development of experts in asset management area

#### ALM

##### Strengthen asset management systems to respond to regulation changes

- Build a new ALM System in response to interest rate risks and expansion of capital volatility
- Reinforce efficiency-focused asset rebalancing and liquidity management

#### Major indicator

##### Investment Yields (unit : %)

3.41

2020

2021

##### Running Yield on Interest-bearing assets (unit : %)

3.39

2020

2021

##### Asset Duration (unit : yr)

9.44

2020

2021

# Dream Big DB

## 신뢰



**Diversity**

다양성

**Respect**

존중

상대방에 대한  
차이를 인정해주고 배려와  
존중을 바탕으로 상하간  
소통하고, 부서간 협업하는  
믿음과 신뢰의 문화

## 실천



**Engagement**

몰입

**Action**

실천

**Motivation**

동기부여

자기주도적으로  
업무에 몰입하고  
성과를 창출하는  
실천의 문화

## 도전



**Background**

팀워크

**Innovation**

새로움 추구

**Growth**

함께 성장

새로움을 추구하는 창의적  
사고를 바탕으로  
동료들과 함께  
개인과 조직의 성장을  
추구하는 도전의 문화