

Safety Insurance for Farmers

<Nonghyup Life Insurance>



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<Education Background>

- Nihon University, Bachelor's degree in Business Administration
- Nihon University, Master's degree in Business Administration
- Nihon University, Ph. D. Candidate

<Major Work Experience>

- Senior Assistant to Lawmaker

■ Business Purpose

- The purpose of this business is to protect persons engaged in agriculture and to contribute to the stabilization of business management in agriculture and the improvement of productivity by providing for matters necessary for safety insurance for indemnifying farmers from harm caused by injuries, diseases, disabilities.

■ Related Laws

- Act On Safety Insurance For Farmers And Fishers And Prevention of Work Accidents

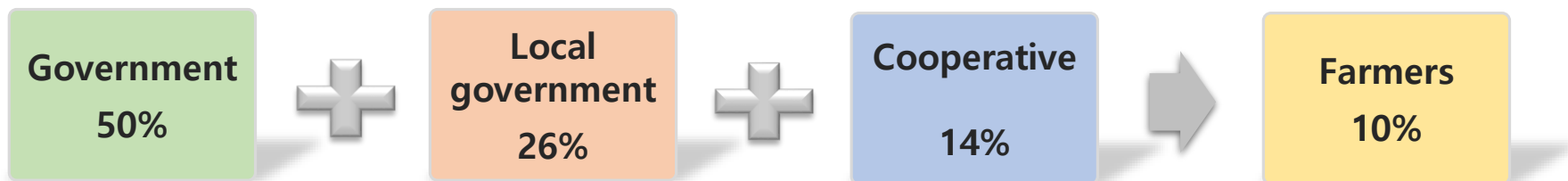
■ Business Operation

- Managing Department : Ministry of Agriculture, Food and Rural Affairs
- Sales Organization : NH Life Insurance (with member cooperatives)

■ Type of Insurance

Classification	Main Contents
Safety Insurance for Farmers	Insurance that indemnifies a farmer, agricultural worker from damage caused by a work accident in agriculture
Insurance for Agricultural workers	Insurance that indemnifies short-term workers(employees) from damage caused by a work accident in agriculture

■ Insurance Premium (Subsidy)



※ Based on the average insurance premium in 2020
 (Local government subsidies vary from 10% to 40%)

■ Safety Insurance for farmers

Year	Main Contents	Related Laws
1989	<ul style="list-style-type: none"> National Agricultural Cooperative Federation (NACF), "Agricultural Accident fraternal insurance" 	Agricultural Cooperatives Act
1996	<ul style="list-style-type: none"> Introduction of "Fraternal insurance for safety of farmers" with government support * 50% insurance premium subsidy (presidential election pledge) 	Framework Act On Agriculture, Rural Community And Food Industry
2012	<ul style="list-style-type: none"> Name Change ("Safety Insurance for farmers") Insurance company Change ("NH Life Insurance") 	Act On Safety Insurance For Farmers And Fishers And Prevention Of Work Accidents

■ Insurance for Agricultural Workers

Year	Main Contents
2009	<ul style="list-style-type: none"> Test operation (9 cities and counties)
2014	<ul style="list-style-type: none"> Spreading nationwide

Type of Insurance

Category	Safety Insurance for Farmers	Insurance for Agricultural worker																																							
Insurance period	1Year	1day ~ 89day																																							
Age	15Year ~ 87Year	15Year ~ 87Year																																							
Policyholder	Farmers	Short-term agricultural worker (employee)																																							
Gov's subsidy	Agricultural Company registrant	Agricultural Company registrant																																							
Insurance product / Exmample of insurance premium	<table border="1"> <thead> <tr> <th>Type</th> <th colspan="3">General</th> <th rowspan="2">Industrial Accident</th> </tr> <tr> <th>status</th> <th>Type 1</th> <th>Type 2</th> <th>Type 3</th> </tr> </thead> <tbody> <tr> <td>Premium (KRW)</td> <td>101,000</td> <td>134,100</td> <td>98,600</td> <td>194,900</td> </tr> <tr> <td>Age</td> <td>~ 87year</td> <td colspan="3">~ 84year</td> </tr> </tbody> </table>	Type	General			Industrial Accident	status	Type 1	Type 2	Type 3	Premium (KRW)	101,000	134,100	98,600	194,900	Age	~ 87year	~ 84year			<table border="1"> <thead> <tr> <th>Insurance Period</th> <th>Premium(KRW)</th> <th>Insurance Period</th> <th>Premium(KRW)</th> </tr> </thead> <tbody> <tr> <td>~ 2day</td> <td>3,100</td> <td>~ 21day</td> <td>12,300</td> </tr> <tr> <td>~ 5day</td> <td>6,100</td> <td>~ 27day</td> <td>14,600</td> </tr> <tr> <td>~ 10day</td> <td>8,400</td> <td>~ 45day</td> <td>18,400</td> </tr> <tr> <td>~ 17day</td> <td>10,700</td> <td>~ 85day</td> <td>30,600</td> </tr> </tbody> </table>	Insurance Period	Premium(KRW)	Insurance Period	Premium(KRW)	~ 2day	3,100	~ 21day	12,300	~ 5day	6,100	~ 27day	14,600	~ 10day	8,400	~ 45day	18,400	~ 17day	10,700	~ 85day	30,600
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Etc.	Necessary qualification of the Agricultural Company registrant : ① Cultivated area 1,000m ² ↑, ② Farming period 120days ↑ ③ Annul sales performance 1,200,000 KRW ↑																																								

[Safety Insurance for farmers]

(Unit : KRW)

Insurance benefit	General Type 1	General Type 2	General Type 3	Industrial Accident
Survivors' benefit	60,000,000	90,000,000	75,000,000	120,000,000
Funeral Service expense	1,000,000	1,000,000	1,000,000	10,000,000
Total Disablement benefit	50,000,000	50,000,000	75,000,000	120,000,000
Including 11 insurance benefit				
Total premium	101,000	134,100	98,600	194,900

[Insurance for Agricultural worker]

(Unit : KRW)

Insurance benefit	Amount
Survivors' benefit	10,000,000
Funeral Service expense	1,000,000
Total Disablement benefit	10,000,000
Including 11 insurance benefit	
Total premium	3,100 ~ 30,600

“Safety insurance for farmers” dedicated to injured workers

(Newly released in October 2021)

Type	General Type 1	All-day Guarantee	Holiday Guarantee
Insurance Benefit	Same as “General Type 1”		
Premium	101,000 KRW	96,000 KRW	15,500 KRW

No Government subsidies

■ Number of Insured people (by year)

(Unit : 1,000 person, %)

Category	2017	2018	2019	2020
Agricultural Economically active population	1,307	1,274	1,305	1,305
Insured people	710(15)	807(22)	845(22)	875(16)
Insurance purchase rate	54.3	63.3	64.8	67.0

■ Number of Insured Foreigner (by year)

(Unit : person)

Category	2017	2018	2019	2020
Insured people	359(107)	468(172)	567(212)	587(217)

■ Number of Insured people (by age)

(Unit : person, %)

Category	40Y ↓	50Y~59Y	60Y~69Y	70Y~79Y	80Y~89Y	Total Sum
Insured people	62,835	161,327	616,104	255,615	78,700	874,581
rate	7.2	18.4	36.1	29.2	9.0	100.0

■ Insurance benefit

(Unit : 1million KRW, Person, %)

Category	2017	2018	2019	2020
Payment amount	53,021	67,992	81,910	83,185
Number of people paid (death)	39,075 (280)	47,332 (241)	52,960 (244)	52,811 (280)
Number of payments	69,278	81,941	89,093	87,831

■ Non-Payment rate

(Unit : %)

Category	2017	2018	2019	2020
Safety insurance for farmers	2.4	2.1	2.1	1.8
Insurance for Agricultural worker	10.5	8.5	9.0	9.3

■ Annual Profit & Loss

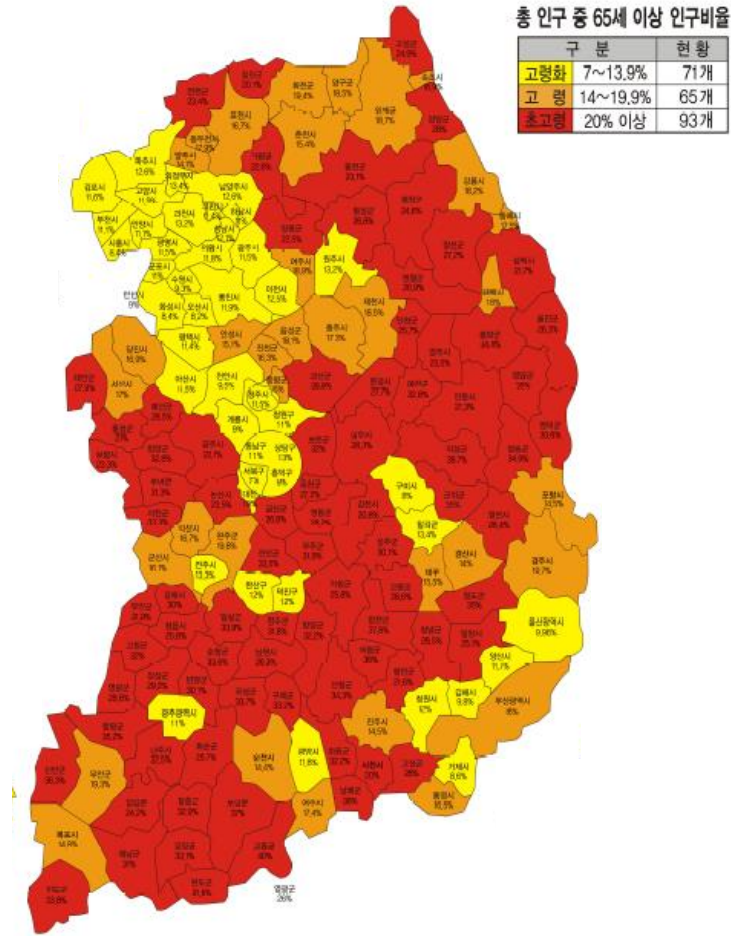
(단위 : 1million KRW, %)

Category	2017	2018	2019	2020
Loss Ratio	80.15	95.04	104.3	95.7
Operating Profit	7,859	△243	△4,296	△3,163
Operating margin	10.1	△0.28	△4.57	△3.02

(Unit : Person, %, 1million KRW)

Category		2017 Year	2018 Year	2019 Year	2020 Year		
					Number of people paid	rate	Amount paid
Falling Accident	Death	46	46	43	64	22.9	4,691(73)
	Injury	15,679	18,035	19,217	19,298	36.7	26,996(1.4)
	Total	15,725	18,081	19,260	19,362	36.7	31,687
Agricultural Machinery	Death	147	128	127	148	52.9	10,337(70)
	Injury	7,948	9,312	9,888	9,681	18.4	14,124(1.4)
	Total	8,095	9,440	10,015	9,829	18.6	24,461
Animal	Death	10	8	6	7	2.5	516(74)
	Injury	989	1,152	1,057	1,020	1.9	941(1)
	Total	999	1,160	1,063	1,027	1.9	1,457
Carriage	Death	14	19	17	11	3.9	628(57)
	Injury	467	557	233	283	0.5	640(2.3)
	Total	481	576	250	294	0.6	1,268
Disease	Death	16	16	20	13	4.6	1,256(97)
	Injury	7,676	11,001	14,236	16,071	30.6	11,298(0.7)
	Total	7,692	11,017	14,256	16,084	30.5	12,554
ETC	Death	47	24	31	37	13.2	2,388(65)
	Injury	6,036	7,034	8,085	6,178	11.8	6,458(1.2)
	Total	6,083	7,058	8,116	6,215	11.8	8,846
Total Sum	Death	280	241	244	280	100	19,815(71)
	Injury	38,795	47,091	52,716	52,531	100	60,458(1.2)
	Total	39,075	47,332	52,960	52,811	100	80,273

The current status of the nation's elderly population



『Safety Insurance for farmers』

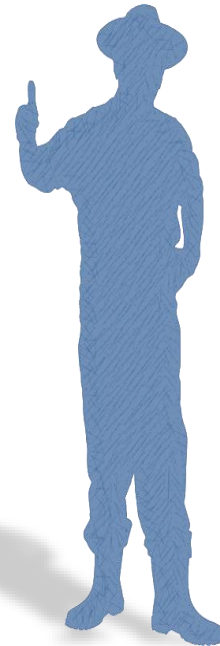
Is not a general insurance policy

“Safety Insurance for farmers”
differs from the **goals** and **values pursued**

[Other Insurance]

**Pursuing
Profit First**

**Lots of obstacles
to signing up**

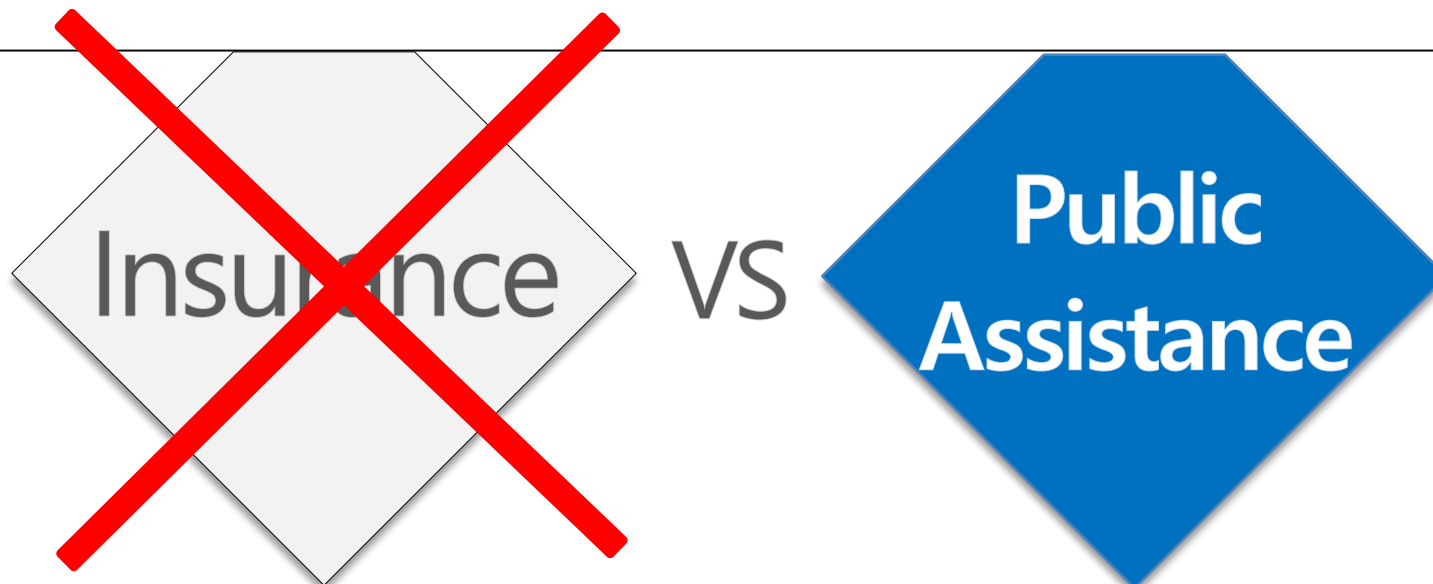


[Safety Insurance for farmers]

**Protecting
Farmers First**

If I were a farmer

So, "Safety Insurance for farmers" is..



『Safety Insurance for farmers』 is..
“Public Assistance Project”
Supported by “Government”
and “Local governments”

“Safety Insurance for farmers”

is a **social safety net** that helps farmers stabilize their lives and contributes to creating sustainable agriculture and rural areas by guaranteeing various accidents and diseases that occur during agricultural work

농업이 대우받고
농촌이 희망이며
농업인이 존경받는

함께하는 100년 농협

Thank you!

The understanding of Crop Insurance in Korea



Professor/Lecturers



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<Education Background>

- Catholic Univ of Daegu, Bachelor's degree in Business Administration
- Mississippi State Univ, Bachelor's degree in Business Administration



Contents

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II . Insurance Program

III . Business Performance

IV . Loss Assessment

V . Reinsurance

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I. Crop Insurance Program Overview



■ HISTORY

(Unit : KRW)

('01) Kickoff of pilot program (Apple, Pear)

('02) Typhoon Rusa (L/R 433%)

- Premium 8,008 mill., Incurred Loss 34,709 mill.

('03) Typhoon Maemi (L/R 290%)

- Reinsurer decided not to participate after typhoon Rusa
- NH P&C operated the program without reinsurance support
- Premium 17,202 mill., Incurred Loss 50,018 mill.

('05) Government reinsurance program was newly introduced

- Domestic insurance companies returned to the program

('12) Typhoon Bolaven (L/R 357%)

- Premium 137,477 mill., Incurred Loss 490,978 mill.

('14) New Government reinsurance program was introduced



■ DISTINCT CHARACTERISTICS

1. Asymmetric Information

- Absolute predominance about the information of property insured(farmland)
 - Frequency and severity of accident, Production history, farmer's ability of cultivation and etc.
- Adverse selection of insured

2. Loss Adjusting

- Burden of loss adjustment (focused on short harvest season)
- Shortage of the manpower when catastrophic disaster occurred



3. High possibility of program failure

- Threat of catastrophic disaster such as typhoon
 - High volatility of L/R
 - Effective risk pooling program is required

4. Government subsidy

- Premium subsidy
 - Risk Premium(Central Gov. : 50%, Local Gov. : Approximately 30%)
 - Loading cost : Central Gov. 100%
- USA, Canada, Spain, Japan and almost all country running crop insurance program support the premium in order to mitigate the burden of farmer



■ Others

- Government reinsurance
 - Combination of Quota share, Stop loss
 - Similar with USA program (SRA)
- Organization

Classification	Contents
Government (MOAFRA)	Program supervision, Premium subsidy Government reinsurance
NH P&C	Planning, Education, Claim assessment & Payment
Local & Global reinsurer	Reinsurance

* MOAFRA : Ministry of Agriculture, Food and Rural Affairs



II. Insurance Program



■ PRE-ASSESSED INSURANCE

- Guaranteed yield
 - The actual yields and standard yields of farms in the past 5 years are calculated by weighted averages according to the number of subscriptions
 - ※ standard yields : Calculated based on yield statistics by crop
 - Why is it necessary
 - The yields of insured farmland are different from standard yields under various condition(location, soil, and etc.)

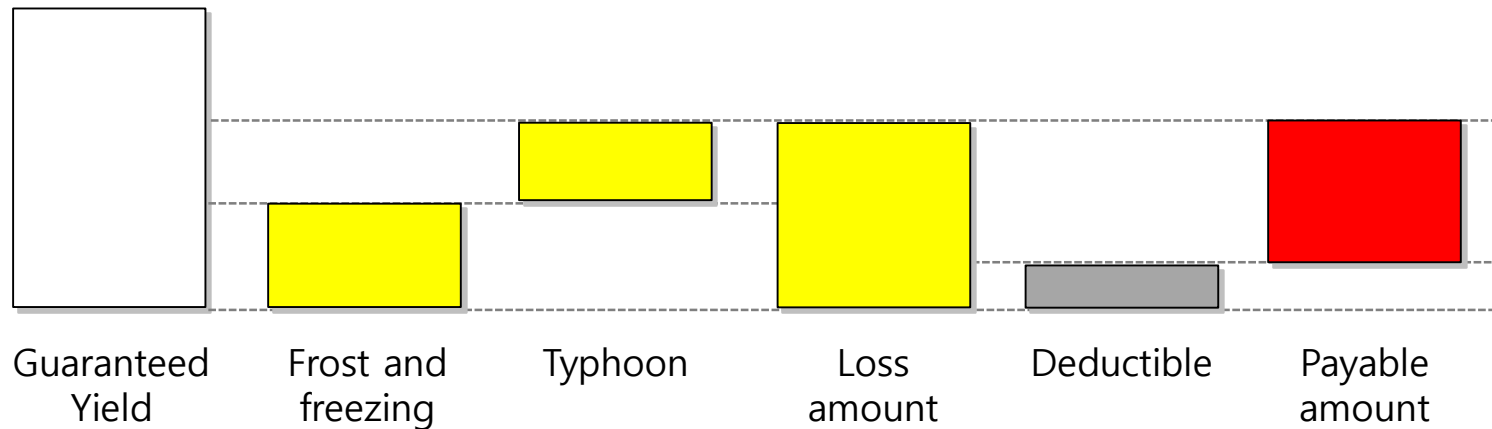
■ DEDUCTIBLE

- Straight deductible
 - Direct deduction from damage
 - (Ex) 10%, 15%, 20%, 30%, 40% of insured amount



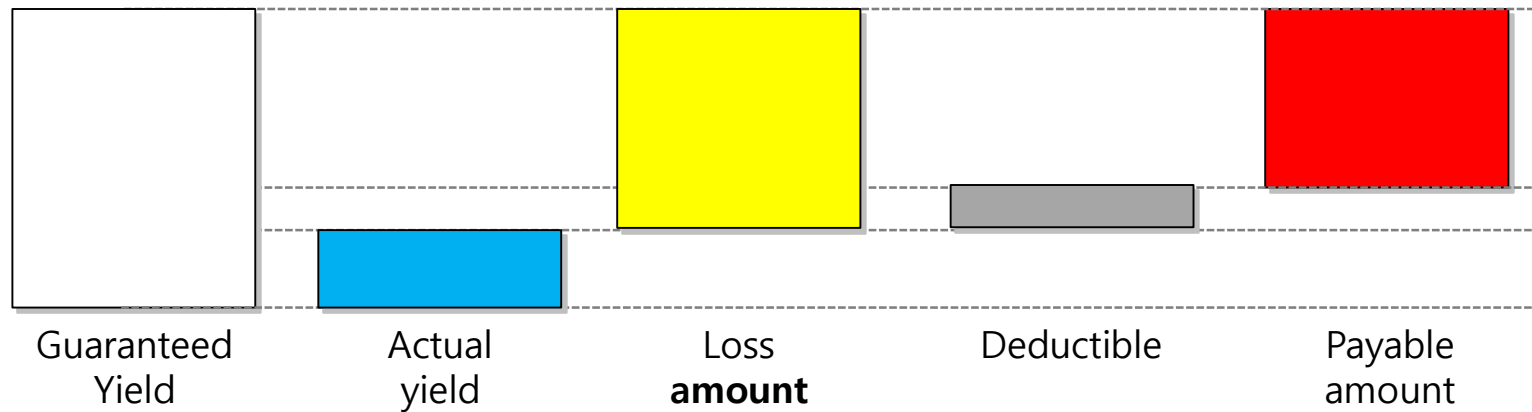
■ CROP INSURANCE_Named Peril

- Named Peril Policy
 - Covers the loss occurred by the named peril on the policy
 - Perform the loss adjusting every time a disaster occurs
(Ex) Typhoon, Strong wind(Over 14m/sec), hail



■ CROP INSURANCE_Open Peril

- Open Peril Policy
 - Provides coverage on loss from all kinds of natural disaster
 - A method to guarantee the amount of loss in cases when the actual yield is less than the guaranteed yield
 - (Ex) Typhoon, hail, frost & freezing, drought and other damages caused by natural disaster

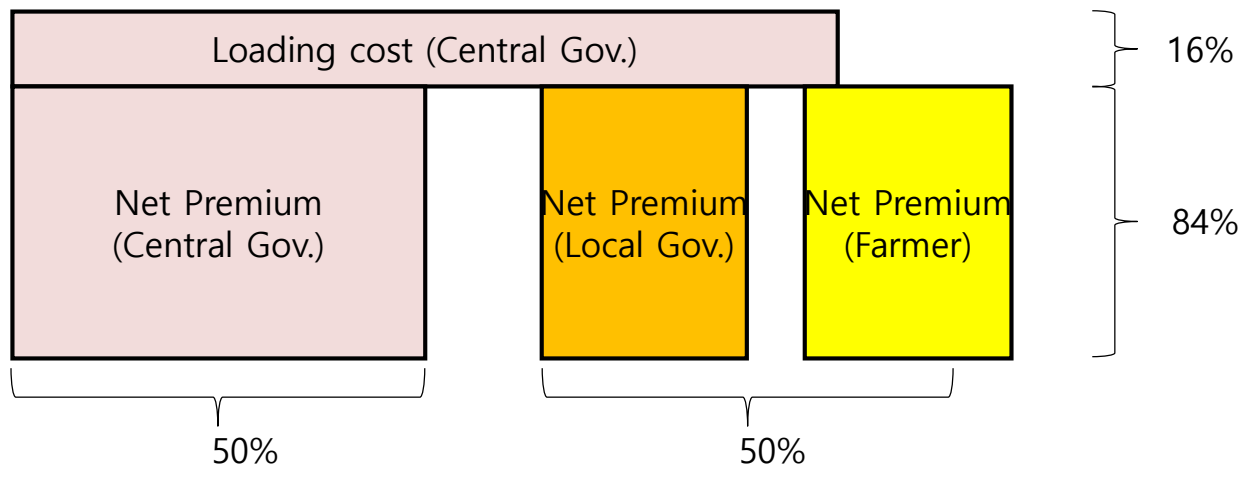


■ PREMIUM RATE

- Calculation method
 - New crop is calculated based on 'Pure Premium Method'
 - When experience statistics are accumulated through the insurance business, rate adjustments are made to reflect those statistics by 'Loss Ratio Method'
 - Premium rates are revised every year
- Calculation unit
 - State-Province / Deductible / Coverage level
- Premium
 - = Insured amount x Premium rate x Discount & Surcharge rate



- Composition of insurance premium
 - Gross premium = Net premium + loading cost
 - Net premium = Risk premium + Loss adjusting cost
- Premium subsidy



III. Business Performance



■ ANNUAL PERFORMANCE

- Penetration ratio is steadily rised
- Last 3 years, we have high loss ratio due to natural disaster (typhoon)

(Unit : ha, person, 100 mill.)

Category	'16	'17	'18	'19	'20
Cultivated Area	1,082,060	1,068,540	1,145,263	1,175,525	1,222,003
Insured Area	297,494	321,331	378,714	457,231	551,735
Penetration Ration	27.5%	30.1%	33.1%	38.9%	45.2%
Insured Farmer	180,899	195,804	277,112	341,225	442,179
Gross Premium	328,005	338,530	524,542	488,107	680,924
Insured Loss	111,464	287,349	584,213	908,960	1,019,278
Loss Ratio	34.0%	84.9%	111.4%	186.2%	149.7%



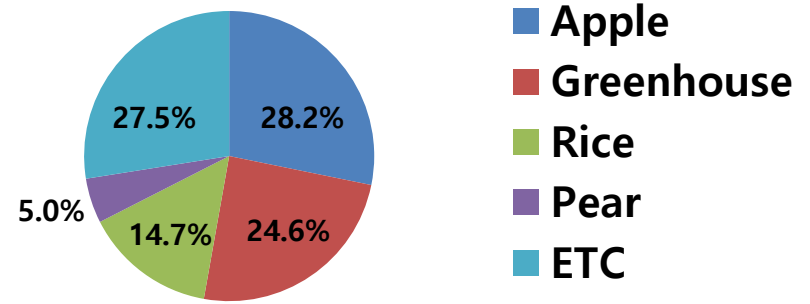
■ GROSS PERMIUM

- Gross premium is 868 billion in 2020
 - Major 4 crops dominates 72.5%

(Unit : mill., %)

Item	Premium	Ratio
Apple	191,716	28.2
Green House	167,780	24.6
Rice	100,368	14.7
Pear	33,846	5.0
ETC	187,214	27.5
Total	867,730	100.0

<Gross Premium Written>



IV. Loss Assessment



Insurance Subscription – Named peril Fruit Crops

- Insured Crops:** Apple, Pear, Sweet Persimmon, Astringent Persimmon
- Insured Risks:** Typhoon, Hail, Spring Frost, Autumn Frost, Heavy rain, Tree Damage, Fire and Earthquake
- Sum Insured Ratio:** Between 50% to 100% of Whole yield
- Insured Area:** Nationwide
- Qualification:** Individuals or Corporations which is officially registered as Agricultural Enterprise through **NAQS*** (Sum Insured: over KRW 2 Mil)
- Sales Period:** From 21st February to 30th March (Before spring frost season)
- Insured Period:** From Inception to Harvest (no later than 30th Nov.)
- Premium Subsidy:** 50% from Central Gov., 20~30% from local Gov.
- Deductible level:** 10, 15, 20, 30%
(10%: Insureds with no loss for 3 years, 15%: Insureds with no loss for 2 years)

Procedure of Insurance Subscription

1. Consult about Insurance Subscription

- Farmers should visit the local NH office and check their own qualification and conditions of Insurance (Crop Type, Sum Insured etc)



2. Pre-Field Survey for Insurance Subscription

- Employee of NH visit each field to check the exact insured amount including area and number of fruit trees



3. Explanation of main terms of Insurance product

- Guide of Insured risks, Premium, Procedure of Claim Payment



Insured Risks (Ex: Named-peril Fruit Crops)

Category		Risks	Insured Period (From)	Insured Period (To)
Fruit Harvest Cover	Basic Coverage	Typhoon, Hail, Fire, Earthquake	Bud Burst Period	Harvest
	Additional Coverage	Spring Frost		31 st May
		Autumn Frost	1 st Sep.	5 th ~10 th Nov.
		Heavy Rain	Bud Burst Period	Harvest
		Sun Burn*		
Tree Damage	Typhoon, Fire, Earthquake etc			

※ 'Sun burn' cover for fruit crops is newly added in 2017



Related Organization and Roles

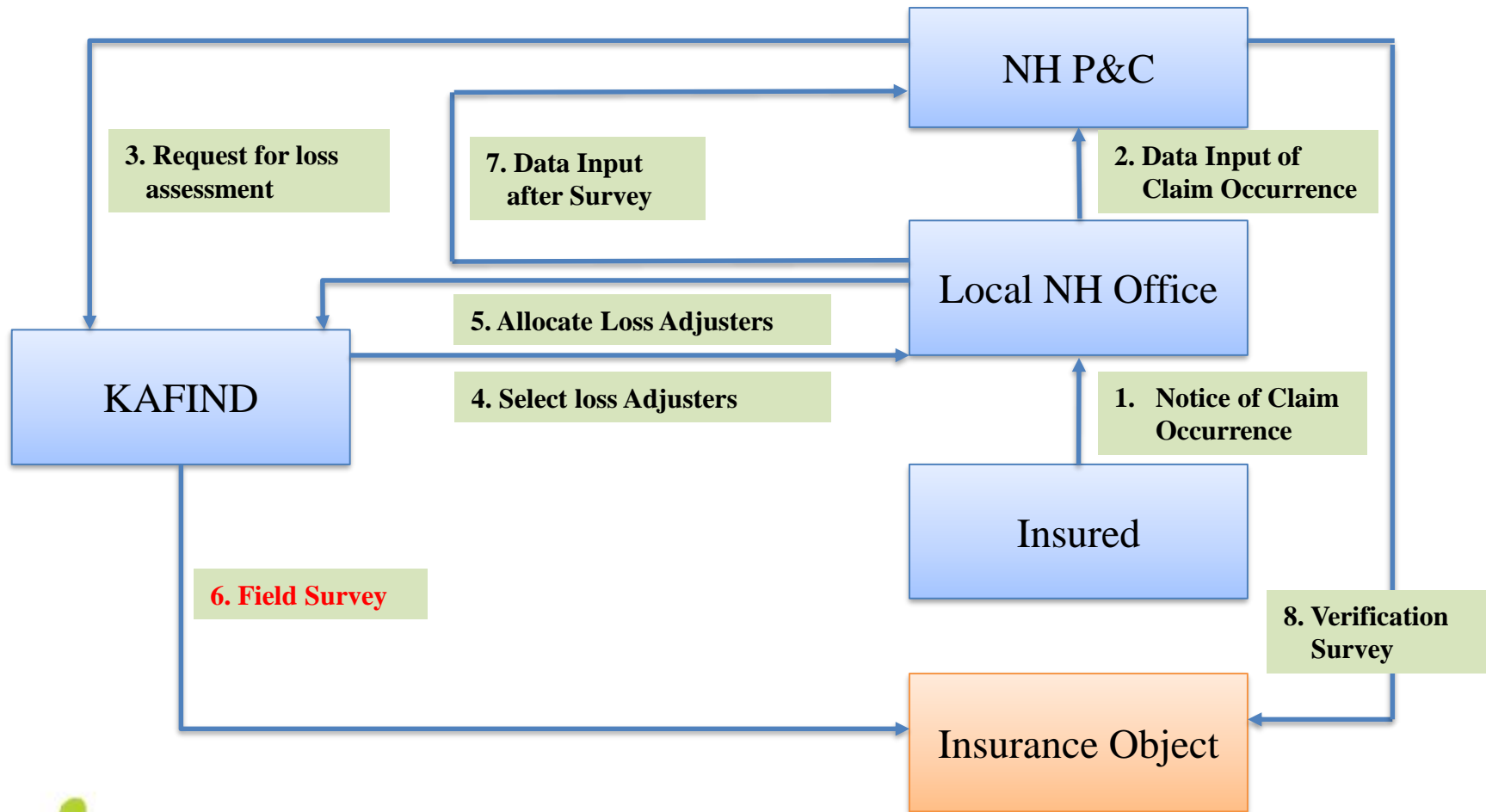
Related Organization	Roles
NH P&C	<ul style="list-style-type: none"> ○ Field Loss Assessment (General Loss Adjusters) ○ Education of Loss Adjuster ○ Claim Payment ○ Estimation of Loss Ratio and Claim Amount
Local NH Branch Office	<ul style="list-style-type: none"> ○ Assignment of Loss Adjusters of each claim ○ Data Processing of each Claim ○ Field Loss Assessment
Private Loss Assessment Company	<ul style="list-style-type: none"> ○ Field Loss Assessment
KAFIND	<ul style="list-style-type: none"> ○ Field Loss Assessment (Certified Loss Adjusters) ○ Management and Education of Loss Adjusters
APFS	<ul style="list-style-type: none"> ○ Management of Loss Adjustment Qualification System ○ R&D of Loss Assessment

Category of Loss Adjusters

Classification	No. of Adjusters*	Contents
Certified Loss Adjusters	857	<ul style="list-style-type: none"> ○ Government Certification by the Law ○ Management of Certificate Exam under control of APFS ○ In purpose of manpower cultivation and motivating loss adjusters ○ Introduction of Certification system in 2016
Private Loss Adjustment Company	480	<ul style="list-style-type: none"> ○ Business Consignment by the ‘Insurance Business Act’ ○ Engaged since introduction of Crop Insurance in 2001 ○ Participate in the process which require professional skill
General Loss Adjusters	(E)12,000	<ul style="list-style-type: none"> ○ Farmers and Employee of NH ○ Loss Adjusters Group required from the occurrence concentration of Claim ○ Qualification <ul style="list-style-type: none"> - Farmers with farming experience over 5 years - NH employees with experience of insurance over 3 years

※ No. of Loss Adjusters as of 2017

Procedure of Loss Assessment



Criteria of Loss Assessment

Contents	Remarks
<p>Allocate Loss adjusters by each Local NH Office & each Crop type</p>	<p>○ Local NH Branch office assign specialized Loss adjusters of Private Loss Assessment company for unusual claim or verification loss assessment survey</p>
<p>Consistent Criteria by each Crop and Province</p>	<p>○ Inconsistent Criteria brings unfair loss assessment which can results conflict on the assessment results</p>
<p>Complete Enumeration Survey or Sampling Survey</p>	<p>○ Complete Enumeration Survey: Thorough investigation for all the sum insured in each farm</p> <p>○ Sampling Survey: Sample investigation for certain sample which represents the character and average claim status in each farm</p>

Sampling Survey – Named Peril Fruit Crops

o Fruit Damaged level

Category	Contents
50% Loss	Damaged Fruits which the expected price reduction is around 50% in the common market
80% Loss	Damaged Fruits which can be sold as only processed food(juice or jam etc) not the fruit as is to the common market
100% Loss	Damaged Fruits which cannot be sold even for processed food

O Calculation of Damage Ratio

(example)

o No. of sample Trees: 100

o No Loss: 30 / 50% Loss: 20 / 80% loss: 10 / 100% loss: 40

Total Damage ratio = $(50\%*20+80\%*10+100\%*40) / 100$ trees = $58 / 100 = 58\%$

Sampling Survey – Named Peril Fruit Crops

o No. of sample trees according to the insured amount

Insured	~49	50-99	100-149	150-199	200-299	300-399	400-499	500-599	600-699	700-799	1000-
Sample	10	12	14	16	17	18	19	20	21	22	25



Sampling Survey – Named Peril Fruit Crops

< Example >

: 490 insured trees (Sample trees: 19) → $490 / 19 =$ Between every 26 trees



Education for Loss Adjusters

Classification	Contents
<p>Compulsory Education</p> <p>: NH P&C manages education for loss assessment</p>	<ul style="list-style-type: none"> O All loss adjusters ought to receive refresher training for 4 hours every 3 years O Newly selected loss adjusters needs to get education before first dispatch for field loss assessment
<p>Education Curriculum</p> <p>: General information of Loss Assessment and practical know-how for each crops</p>	<ul style="list-style-type: none"> O Overview of Loss Assessment, Related Laws, Basic Way and Method of Loss Assessment O Detail of Loss Assessment for each Crops O Precautions and Current Changes of Loss Assessment O Calculation and Payment of Loss Assessment Labor Cost



Calculation of Claim Amount (Fruit Crops)

<Calculation of Claim Amount>

$$\text{Total Sum Insured} * [(\text{Accumulated Loss} / \text{Standard Yield} - \text{Deductible Ratio})]$$

- **TSI** : The final Total Sum Insured after the fruit thinning in the spring season
- **Accumulated Loss** : Accumulated Loss Amount at the end of insured period after typhoon, hail, spring frost and other perils
- **Standard Yield** : Insured yield amount of each sample trees
- **Deductible Ratio** : The percentage of the Claim amount which the insured bears among the total original claim amount
 - Basic Deductible Option : 20%, 30%, 40%
 - Conditional Deductible Option : 10%(No Loss for 3 years), 15%(No Loss for 2 years)

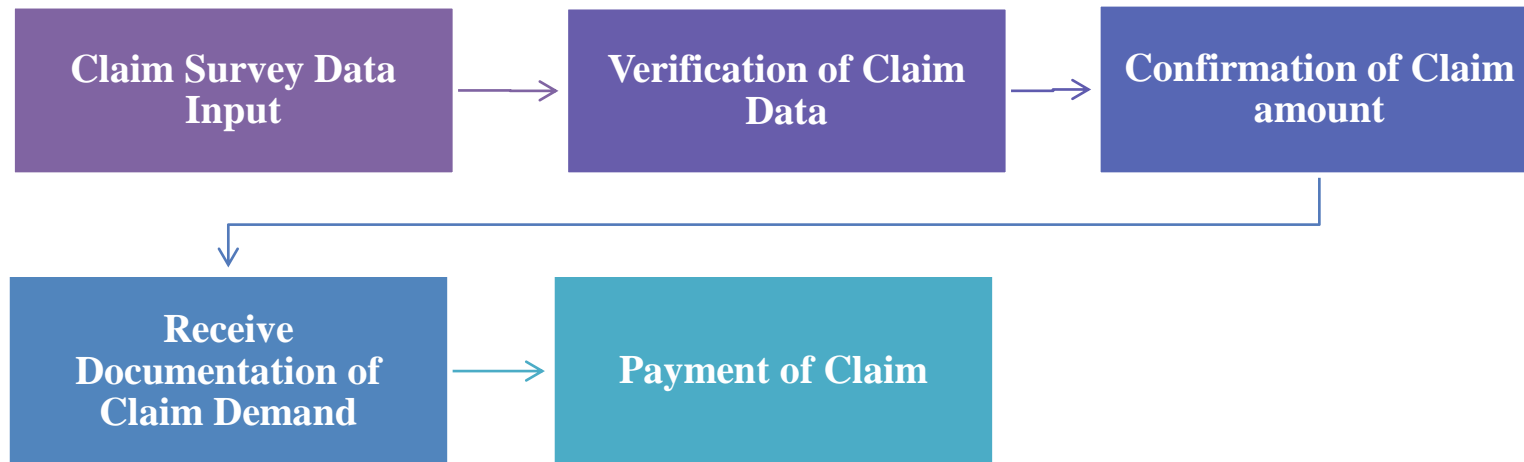
Claim Payment

O Time of Claim Payment

: Payment should be done within **7 days** from the confirmation of claim amount after harvest season

※ 50% of expected insurance money can be paid in case the insured requests before the confirmation of claim amount.

O Procedure of Claim Payment



V. Reinsurance

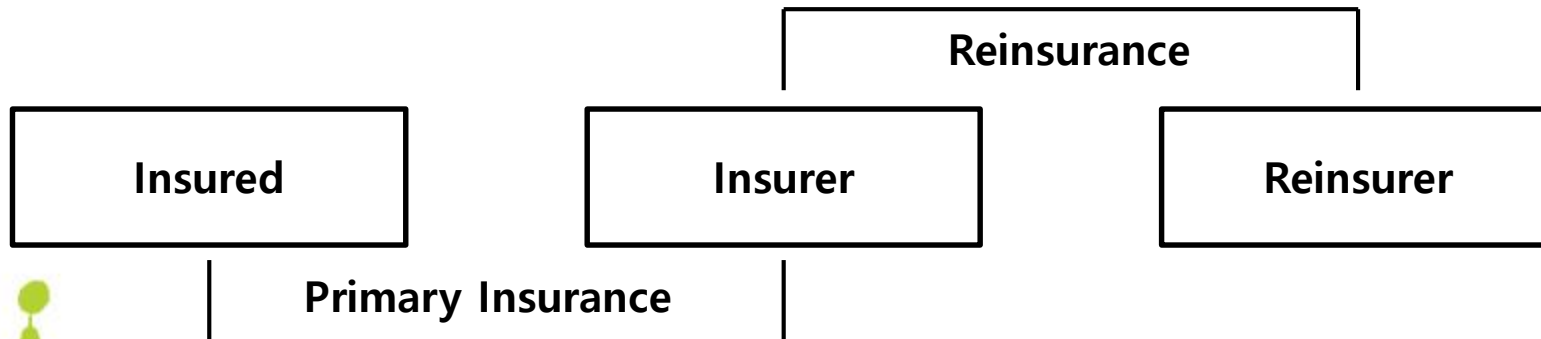


■ Summary on Reinsurance

- Primary insurer : NH Property & Casualty Insurance Company
- Reinsurer
 - Government
 - Domestic Reinsurer
- Government Reinsurance Structure
 - Profit and Loss Sharing with Insurer (including reinsurer)

☞ What is Reinsurance?

- the practice whereby insurer transfer it's portion of risk to other (re)insurer for reducing it's risk



*** Changes of Government Protection Cover by year**

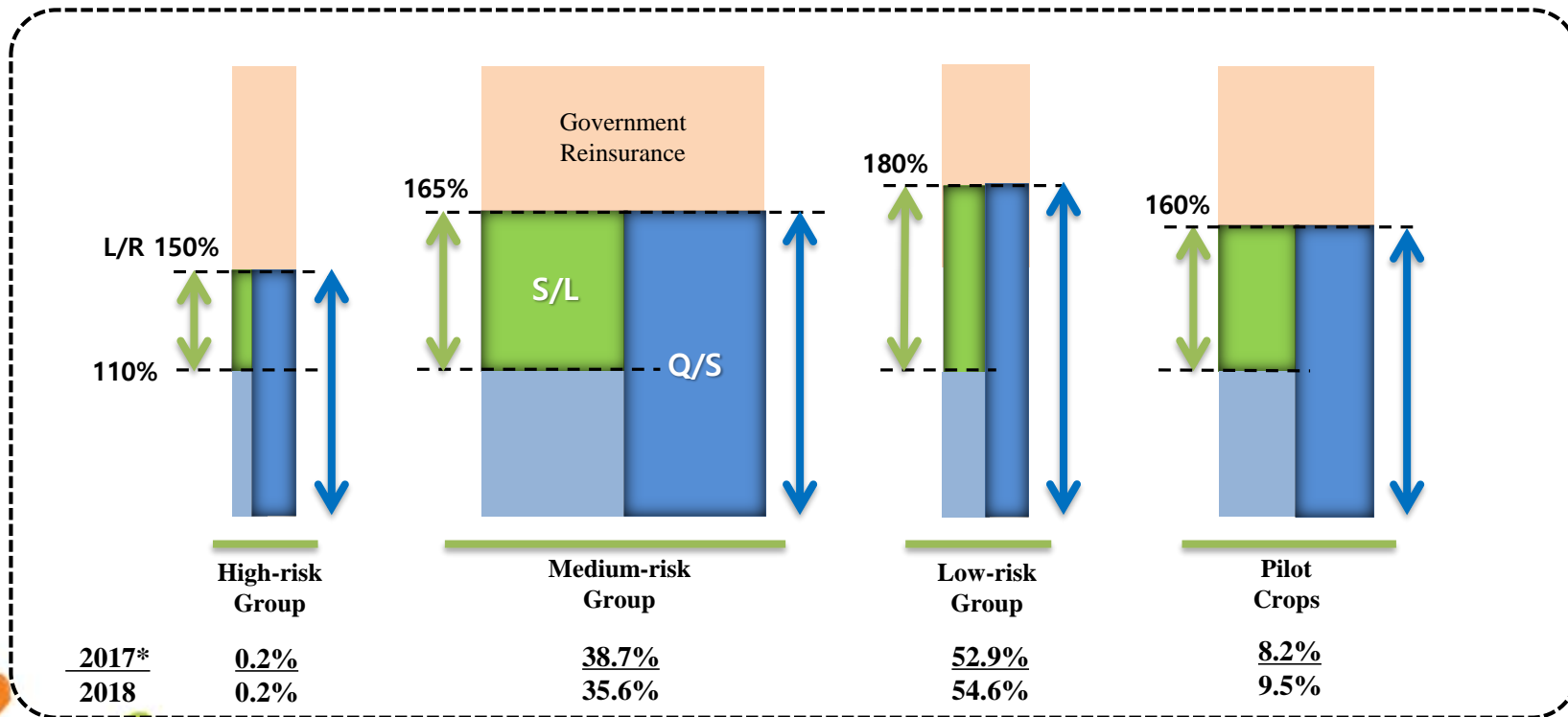
Year	Government Protection Scheme(Loss Cap)	Remarks
2001~2004	N/A	-
2005~2012	180% of Original Gross Risk Premium Income(OGRPI)	-
2013	150% of OGRPI	L/R for 2012: 359.0%
2014~2016	150% of OGRPI for High Risk Group 165% of OGRPI for Medium Risk Group 180% of OGRPI for Low Risk Group 160% of OGRPI for Pilot Crops	L/R for 2013: 14.6%
2017~2018	Sec. A) 150% of OGRPI for High Risk Group 165% of OGRPI for Medium Risk Group 180% of OGRPI for Low Risk Group 160% of OGRPI for Pilot Crops Sec. B) 500% for OGRPI	Introduction of Sec. B
2019~	Only Sec. B (Profit and Loss Sharing Scheme)	Abolition of Sec. A



* Government Reinsurance Section A

- The Government Reinsurance Structure has been operated on a risk category basis
: triggers vary from 150% to 180% according to each insured crop's past underwriting result

■ : Transferred to international reinsurance market
■ : Transferred to international reinsurance market



※ Percentage of each Risk group of whole p/f

* Government Reinsurance Section B

- **1st Step** : Proportional reinsurance participation of Government

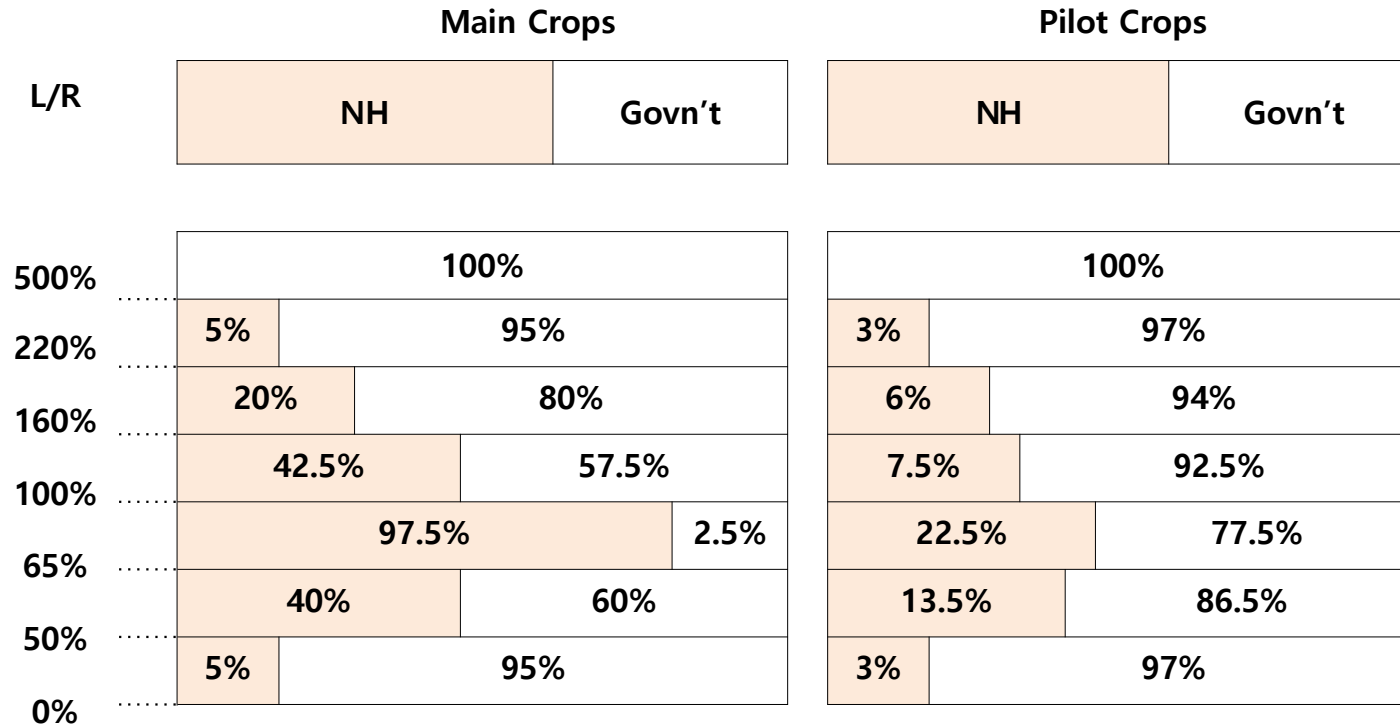
Risk Group	Government	NH	Remark
Main	50%	50%	Ceded to reinsurance market (as expiring)
Pilot Crops & Revenue Product	80%	20%	Newly ceded to QS program

- **2nd Step** : Profit/Loss Sharing according to each loss ratio range by risk group shown as attached table
- **3rd Step** : Net Profit/Loss Sharing at the rate of 6.5% to/from Government for all risk groups



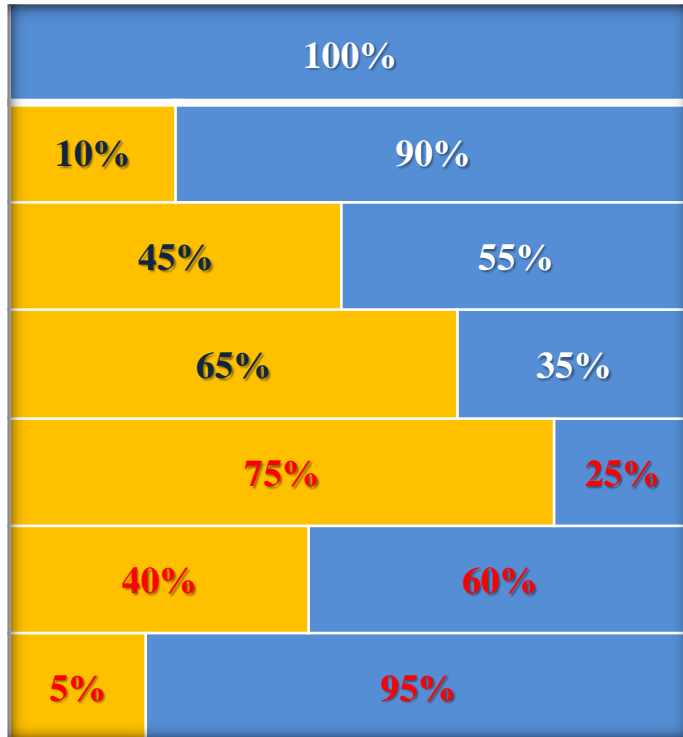
* Government Reinsurance Section B

▪ Step 2 - Profit & Loss Distribution Table



* Government Reinsurance Section B

<Main Risk Groups>



1) A group : Premium KRW10,000Million

o Assume NH takes 90%, Government 10%(Step 1) and L/R 45%

- NH(Premium KRW9,000Million, Claim 4,050Million), Government(Premium KRW1,000Million, Claim 450Million)

o Profit of NH (KRW4,950Million) should be reallocated by the table (Step 2)

o Profit between L/R 45%~50% (KRW450Million)

- NH: $KRW450\text{Million} * 5\% = KRW22.5\text{Million}$

- Government : $KRW450\text{Million} * 95\% = KRW427.5\text{Million}$

o Profit between L/R 50%~65% (KRW1,350Million)

- NH: $KRW1,350\text{Million} * 40\% = KRW540\text{Million}$

- Government : $KRW1,350\text{Million} * 60\% = KRW810\text{Million}$

o Profit between L/R 65%~100% (KRW3,150Million)

- NH: $KRW3,150\text{Million} * 75\% = KRW2,362.5\text{Million}$

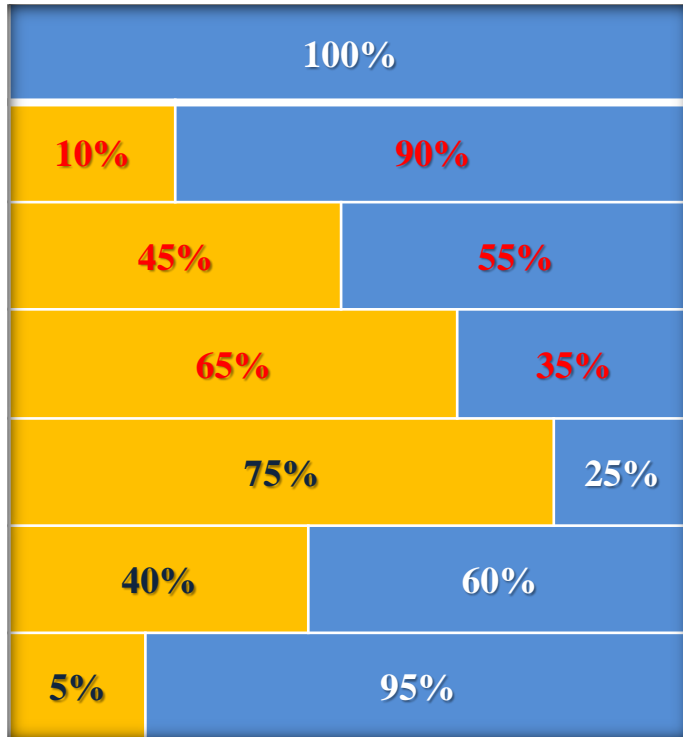
- Government : $KRW3,150\text{Million} * 25\% = KRW787.5\text{Million}$

Under the case of L/R 45%, NH's profit: KRW2,925Million, Government's profit : KRW2,025Million



* Government Reinsurance Section B

<Main Risk Groups>



2) B group : Premium KRW10,000Million

- o Assume NH takes 100%, Government 0%(Step 1) and L/R 200%
- o NH(Premium KRW10,000Million, Claim 20,000Million), Government(Premium & Claim : Nil)
- o Loss of NH (KRW10,000Million) should be reallocated by the table (Step 2)
- o Loss between L/R 100%~160% (KRW6,000Million)
 - NH: $KRW6,000\text{Million} * 65\% = KRW3,900\text{Million}$
 - Government : $KRW6,000\text{Million} * 35\% = KRW2,100\text{Million}$
- o Loss between L/R 160%~200% (KRW4,000Million)
 - NH: $KRW4,000\text{Million} * 45\% = KRW1,800\text{Million}$
 - Government : $KRW4,000\text{Million} * 55\% = KRW2,200\text{Million}$

Under the case of L/R 200%, NH's loss: KRW5,700Million, Government's loss: KRW4,300Million

Step 3 : NH's profit/loss (1+2) → Loss KRW2,775Million

- Government should recover 6.5% of KRW2,775Million for NH



VI. Q&A



THANK YOU!

