



38, Yeoui-Daero, Youngdeungpo-Gu,
Seoul, 150-743, Korea
www.fnhubkorea.kr

For inquiries on banking, financial investment and insurance transactions,
please contact our Financial Help Desk at 02-3145-7167 or e-mail us at
financialhub@fss.or.kr.



FINANCIAL SUPERVISORY SERVICE



Insurance Guide for Foreigners in Korea

November 2011



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Foreword

With the rising global status and wider opening of the Korean economy, the number of foreign residents in Korea reached 1.41 million in September 2011, and is expected to go up further. The growing presence of foreigners in the country has led to more inquiries on financial transactions, but Korea unfortunately lacks a structured system to respond to such needs.

To solve this problem, Fn Hub Korea is proud to publish the Guide to Insurance Transactions for Foreigners in cooperation with Korean insurers. This publication is part of our efforts to improve the financial transaction environment for foreign residents with a view of creating a financial center in Korea.

This guide provides information on insurance laws and regulations in Korea, insurance products such as life, non-life, and accident insurance, subscription methods and considerations when subscribing to a policy. It also includes information on insurance claim procedures and dispute settlement.

We sincerely hope that this guide is helpful and makes insurance transactions in Korea easier. We sincerely thank Dongbu Insurance, Hyundai Marine & Fire Insurance, Korea Life Insurance, Kyobo Life, Samsung Fire & Marine Insurance, and Samsung Life Insurance for their valuable assistance in publishing this guide.

For inquiries or difficulties in conducting financial transactions, please contact Fn Hub Korea at any time. We promise to do our best to improve the financial transaction environment for foreign residents in Korea.

November 2011
Soo-Hyun Choi
First Senior Deputy Governor of FSS
& Head of Fn Hub Korea

Amendment history

Date	Version	Amended by
June 2011	1.0	Fn Hub Korea

Document scope

This guide is published by Fn Hub Korea to provide information and better convenience to expats in Korea with the help of Dongbu Insurance, Hyundai Marine & Fire Insurance, Korea Life Insurance, Kyobo Life, Samsung Fire & Marine Insurance and Samsung Life Insurance.

Please ask individual financial institutions for more specific information on products and services explained in this guide. Details can differ by company.

The information provided in this guide is accurate as of June 2011, and changes are possible following revision of relevant systems or statutes.

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Insurance System and Statutes

I. Life & Non-life Insurance Policies

1. Life

- A life insurance policy is a contract between an insurer¹⁾ and a policyholder. The company receives insurance premiums from the policyholder and pays insurance proceeds as determined by the contract in the event that the insured experiences an accident related to his or her survival or death.
- The life insurance policy is a fixed return insurance that prescribes life or death of a person as an insured event and pays an amount prescribed in the insurance policy if an insured event occurs.

2. Non-life

- A non-life insurance policy is a contract between an insurer and policyholder that stipulates that the latter pay premiums in return for coverage of property in the event of an insured event.

1) Under the Commercial Law, the “insurer” is the contracting party of an insurance policy, and under the Insurance Business Act, there is an “insurance company” “Insurer” refers to an entity that underwrites insurance risk and “insurance company” refers to an entity that conducts insurance business with a license obtained from undergoing a procedure stipulated under the Insurance Business Act. In Korea, an insurer generally refers to an insurance company.

- A non-life insurance policy applies the principle of real loss indemnity, which bears responsibility only for any loss of property incurred within the stipulated insured amount limit. In this sense, non-life insurance is also known as a real loss indemnity contract.

3. Type 3

- In May 2003, the Insurance Business Act was wholly amended to include a new type of insurance other than life and non-life. Type 3 insurance offers characteristics of fixed return and real loss indemnity at the same time, encompassing the characteristics of both life and non-life insurance.
- The Insurance Business Act classifies injury, disease and long-term care insurance as type 3 insurance.

※ Comparison of life, non-life and type 3 insurance

Type	Life	Type 3	Non-life
Subject covered	Survival or death of a person	Injury, disease, care	Loss of property
Indemnity type	Fixed return indemnity	Fixed return and real loss indemnity	Real loss indemnity
Insurer	Life insurer	Life/non-life insurer	Non-life insurer

II. Factors of Insurance Policy

1. Related parties of insurance policy

(1) Life insurance

1) Insurance policyholder

- A person who signs a contract with an insurer under his or her name and must pay insurance premiums once the contract is concluded.
- No restrictions govern the qualification of an insurance policyholder. The policyholder can either be an individual, a corporate or one or more persons.
- Those under age 20 require consent from a person with parental rights or from their legal guardian.

2) Insured (the assured)

- The insured refers to a person whose life or death is insured against accident or casualty. That is, conditions such as death, disability, disease or survival of the insured are the subjects of the insurance policy.
- The number of insured can be more than one. The policyholder can be the insured or he or she can designate a third party as the insured.
- In the event of designating a third party as the insured, however, written consent must be obtained among other requirements.

3) Beneficiary (party receiving insurance proceeds)

- A person designated by a policyholder to have the right to claim insurance money and who receives the proceeds when a reason to pay the money arises. The beneficiary can be more than one person and no restrictions govern the qualifications of the beneficiary.

4) Insurance company

- An insurance company concludes an insurance contract with a policyholder as the contracting party of the insurance policy, and must pay compensation if an accident or incident insured against occurs.
- The insurance business needs to be efficiently managed as it is closely related to the public good and underwrites insurance policies for numerous policyholders. Therefore, insurers must fulfill certain requirements to obtain a license to conduct the insurance business.

(2) Non-life insurance**1) Policyholder: same as life insurance.****2) Insurer: same as life insurance.****3) Insured: Refers to those who can file a claim with the insurer for compensation for damage caused by an accident insured against. Those without insurable interest for the purpose of an insurance contract cannot become insured.****2. Contents of insurance policy****(1) Life insurance****1) Accident insured against**

- An accident that the insurance company promised to pay compensation if it occurs.
- Survival or death of the insured is considered accident insured against in case of a life insurance policy.
- Accident that generates obligation for the insurance company to pay a certain amount of compensation. This is also known as reasons for payment claim.

2) Insured period

- The period from the start to the end of the guarantee by the insurer. It is also called guaranteed period or risk period.

3) Premium payment period

- The insurance premium payment period is a span of time during which the policyholder pays the insurance premium. This period does not necessarily match the insured period.
- If the periods of the insured and premium payment are the same, it is called a “whole period payment”. If the premium payment period is shorter than the insured period, it is called a “short-term period payment”.

4) Insured amount

- The maximum amount promised to be paid by an insurer if an accident insured against occurs over the insured period.
- The insured amount can be determined through agreement between the insurer and policyholder when concluding the insurance contract.

※ Insurance money/proceeds: The amount the insurer pays to the beneficiary if an accident insured against occurs.

5) Insurance premium

- The amount paid by a policyholder to the insurer in return for an agreement to receive compensation.

(2) Non-life insurance

- 1) **Accident insured against²⁾**: A non-life insurance policy consists of policies that offer security or policies against a single accident specifically stated in laws or agreement or multiple accidents.

- 2) **Insurance money**: In case of non-life insurance, the insurance money in principle is usually the loss amount caused within the limit of insurable value. For total loss, the insurance money is the sum insured, while for partial loss, if it is “full insurance” where the sum insured and insurable value are the same or “over insurance” where the sum insured exceeds insurable value, the full amount of loss is covered. On the other hand, for “under insurance” where the insured sum is less than the insurable value, the insurance proceeds are decided according to the proportion of sum insured against insurable value, and within the limit of sum insured.

- 3) **Insurable value**: This is the monetary value of insurable interest and also known as the value of the purpose of an insurance policy. The insurance proceeds paid by the insurer due to an accident insured against cannot exceed the insurable value. So the insured sum is determined within the limits of insurable value.

- 4) **Insurable interest**: Refers to the loss or damage an insured object or property has that can be protected by taking out an insurance policy.

2) For example, fire insurance for dwelling houses cover single homes or multi-unit buildings and defines fire in the buildings that use each and every room or units as residential space to be accidents insured against. On the other hand, personal liability insurance covers a variety of compensatory obligations caused by individual activity (i.e. a dog owned by the insured individual bites another person and causes bodily injury leading to liability, or if an underage child injures another causing liability by the person with parental rights for not fulfilling his or her responsibility to protect and oversee the child).

III. Relevant Statutes – Commercial Act

1. Overview

- Part 4 of the Commercial Act includes rules on insurance policy and stipulates the significance and effectuation of an insurance contract, and the rights and obligations of an insurance policyholder and the insurer. It also stipulates matters on non-life insurance³⁾ and personal insurance⁴⁾.

2. Main contents

(1) Significance of insurance contract

- The contract becomes effective as a contracting party (policyholder) pays an agreed premium in return for the counterpart (insurer) agreeing to pay a certain amount in case of accident to the property, life or body of the insured.

(2) Effectuation of insurance contract

- If the insurer has received the whole or part of the amount equivalent to the insurance premium from the insurance policyholder as well as an application for an insurance contract, the insurer, barring no other agreement, must send notification of acceptance or rejection to the policyholder within 30 days of receipt.

3) Insurance subscribed by the insured for the purpose of compensating damage that can occur from accidents. The Commercial Act only stipulates regulations on insurance covering fire, transport, marine and cars.

4) Insurance where a person is the subject of coverage or occurrence of a dangerous event. The Insurance Business Act classifies personal insurance as life and type 3 insurance.

(3) Rights & obligations of policyholder, etc.

1) Rights

Right	Contents
Voluntary termination of contract	<ul style="list-style-type: none"> - The policyholder may terminate all or part of the contract at any time before the insured event occurs. Provided, in case of a life insurance contract for benefit of a third party, the policyholder shall not terminate the contract without obtaining the consent of the third party or carrying the insurance policy. - In case of an insurance policy by which the insured amount is not reduced despite that the insurer has paid compensation for the insured event, the policyholder may terminate the insurance contract even after the occurrence of the insured event.
Designate or change beneficiary	<ul style="list-style-type: none"> - In case of personal insurance, the policyholder has the right to designate or change the beneficiary. Provided, in case of a life insurance contract for a third party a written consent by the third party must be obtained. And the designation or change of the beneficiary must be notified to the insurer.
Demand insurance money	<ul style="list-style-type: none"> - The insured (non-life insurance) or the beneficiary (personal insurance) can demand the insurance money prescribed under the insurance contract if an insured event occurs.
Demand return of premium	<ul style="list-style-type: none"> - If the whole or part of the insurance contract becomes null and void and the policyholder and the insured are in good faith and without gross negligence, the policyholder has the right to demand a refund of the whole or part of the premium from the insurer.

2) Obligations

Obligation	Contents
Payment of premium	-The policyholder shall pay the whole premium or the first installment without delay after the conclusion of the contract, and continue to pay the premium installment at an agreed time.
Disclosure of material facts	-The policyholder or the insured shall release material facts (same applies if the contract is reinstated). -Questions asked in written form by the insurer shall be presumed to be material. If the material facts are not disclosed or misrepresented, the insurer may terminate the contract within one month from the date of knowing the fact or within three years after the contract was made.
Notification of alteration or increased risks	-If, during the insured period, the policyholder or the insured becomes aware that the possibility of occurrence of the insured events has been substantially altered or increased, he or she shall give notice thereof to the insurer without delay. If the policyholder or the insured has neglected to do so, the insurer may terminate the contract within one month after it becomes aware of the fact.
Notification of occurrence of insured event	-When the policyholder, insured or beneficiary becomes aware of the occurrence of insured events, he or she shall notify the insurer without delay.

(4) Rights and obligations of the insurer**1) Rights**

Rights	Contents
Termination of contract	-If the insurance policyholder, etc. breaches his or her obligation to disclose material facts, the insurer may terminate the contract within one month after it becomes aware of the non-disclosure or within three years after the contract was made. -If the obligation of the insurance policyholder, etc. to notify of increased risk is breached, the insurer may terminate the contract within one month after it becomes aware of this fact. -If the obligation to notify or disclose is breached, the insurer may demand return of the insurance amount already paid.
Termination of contract or demand for higher premium due to increased risk	-If, during the insured period, the chances of the insured events occurring have been substantially altered or increased on purpose or caused by gross negligence by the policyholder, of the insured, or of the beneficiary, the insurer may request a raise of the premium or terminate the contract within one month after it becomes aware of this.

2) Obligations

Obligation	Contents
Deliver and specify standard insurance terms	-When an insurer enters into an insurance contract, it shall deliver the standard insurance terms to the policyholder and inform him or her of their important contents. -If the insurer violates the above, the policyholder may terminate the contract within one month after the contract is made.
Delivering insurance policy	-When the insurance contract is made, the insurer shall prepare an insurance policy and deliver it to the policyholder without delay except if the policyholder fails to pay the whole or the first installment of the premium.
Payout of insurance amount	-The insurer of a personal insurance contract shall be liable for the payment of the insured amount and other benefits per the contract to the beneficiary if an insured event occurs in respect to life or body. -The insurer of the non-life insurance contract must compensate loss of property of the insured that could occur due to the insured event.

(5) Life insurance for a third person

- An insurance contract covering the death of a third person as an insured event shall require the written consent of the third person at the time of the contract's conclusion.

(6) Extinctive prescription

- Two years of absence of the exercise of the right to demand the payment of the insured amount or the return of the premium of the reserve, or one year's absence of the exercise of the rights to demand the payment of the premium, shall extinguish those rights.

(7) Prohibition of insurance contract for those under age 15, etc.

- An insurance contract that designates the death of a person under age 15 or a person deemed insane or mentally incompetent as an insured event shall be null and void.

IV. Relevant Statutes – Insurance Business Act**1. Overview**

- The act stipulates provisions to ensure the sound management of insurance business in line with the public and technical considerations of the insurance industry and to protect policyholders, etc.

2. Key contents

- (1) The contents of the Insurance Business Act can largely be divided into administrative supervisory regulations on the insurance business, regulations on the organization of the party that runs the insurance

business, and regulations to protect policyholders if the insurance provider experiences a crisis⁵⁾.

(2) Persons eligible to engage in insurance solicitation

Insurance solicitors, agencies, brokers, officers (excluding the representative director, outside directors, auditors or members of audit committee) or employees of an insurer, and insurance agencies of a financial institution⁶⁾

(3) Prohibition on provisions of special interests

No person engaged in the conclusion or solicitation of an insurance contract shall or promise to provide a policyholder or the insured with any of the following special profits in connection with the conclusion or solicitation thereof:

- Money and goods (excluding those not exceeding the lesser amount between 10% of the premium submitted in the first year since the conclusion of the insurance contract and thirty thousand won);
- The discount on premiums and the payment of commissions not based on the grounds prescribed in the basic documents (such as on standard insurance terms, etc.);
- The promise of paying insurance proceeds greater in amount than that prescribed in the basic documents (such as those on standard insurance terms, etc.);
- The payment of premiums for the policyholder or the insured;

- The payment of interest on loans the policyholder or the insured has received from the relevant insurer for the policyholder or the insured;
- The renunciation of the exercise of the subrogating claim against the third party under the provisions of Article 682 of the Commercial Act.

(4) Rights of policyholders

- The insurer shall assume responsibility for indemnifying damage caused to a policyholder by its officers, employees and insurance solicitors as well as its insurance agencies when they perform the insurance solicitation.
- Provided, the above rule shall not apply to the case where any insurance company has entrusted insurance solicitors or insurance agencies with the insurance solicitation with great care and has labored to prevent them from causing damage to policyholders when they have performed the insurance solicitation.

V. Relevant Statutes – Act on Guarantee of Compensation for Loss Caused by Automobile

1. Overview

- The purpose of this act is to establish a system by which compensation for the death or injury of any person and the destruction or damage of any property caused by the operation of automobiles is guaranteed to protect victims and promote the sound development of automotive transportation.

5) This guide only explains certain provisions having a direct impact on policyholders, etc.

6) Banks, investment dealers or brokers, mutual savings banks, credit card companies, etc.

2. Key contents

- (1) The act establishes the mandatory car liability insurance system that requires any person operating a car or motor vehicle to bear strict responsibilities for any damage compensation liabilities for traffic accidents caused by a person who operates an automobile for himself/herself. The owner of a car is required to subscribe to liability insurance or mutual aid for death or injury caused to another person from vehicular operation or destruction or damage of another person's property (current statutes prescribe compensation of up to one hundred million won in case of death and up to ten million won in case of property damage⁷⁾)
- (2) Cars or motor vehicles not covered by mandatory insurance shall not be operated on roads. Violators of this rule shall face up to one year in prison or a fine not exceeding five million won.
- (3) If the vehicle's owner cannot be identified as in the case of a hit-and-run accident, a Guarantee Business of Compensation for Loss Caused by Automobile protects victims of car accidents, etc.

7) In case of other coverage (bodily injury to another person of 100 million won or over, property damage of another person of 10 million won or over, bodily injury, non-insured vehicle injury, damage to own vehicle), the policyholder can decide whether to subscribe.

VI. Relevant statutes – Act on the Employment, etc. of Foreign Workers

1. Overview

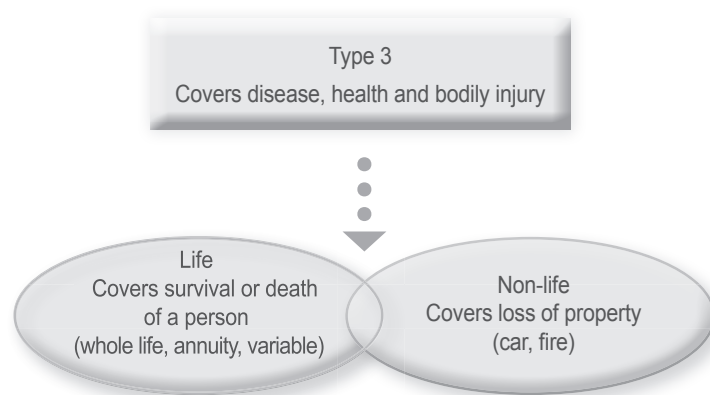
- The purpose of this act is to achieve the smooth supply and demand of workers and the balanced development of the national economy by systematically introducing and managing foreign workers.

2. Key contents

- (1) The act governs employment procedures, management and protection of foreign workers.
- (2) Includes details on insurance and trust for departure guarantee insurance and trust, return cost insurance and trust, guarantee insurance, health insurance, etc.

Types of Insurance Products

Under the Insurance Business Act, the three types of insurance are life, non-life and type 3. Life and non-life have their own unique areas.



I. Life insurance

1. Classification

Coverage type — death — disease, injury, long-term care, whole life, term insurance, etc.

Saving type — survival — annuity, education insurance, etc.
— endowment — universal, savings insurance, etc.

- (1) Insurance against death pays death proceeds when the insured dies during the insured period.
- (2) Survival insurance pays compensation only if the insured is alive at the termination of the insured period.
- (3) Endowment insurance combines both term insurance, in which death proceeds are paid if the insured dies during the insured period, and survival insurance, in which compensation is paid if the insured survives the covered period.

2. Types

(1) Whole life

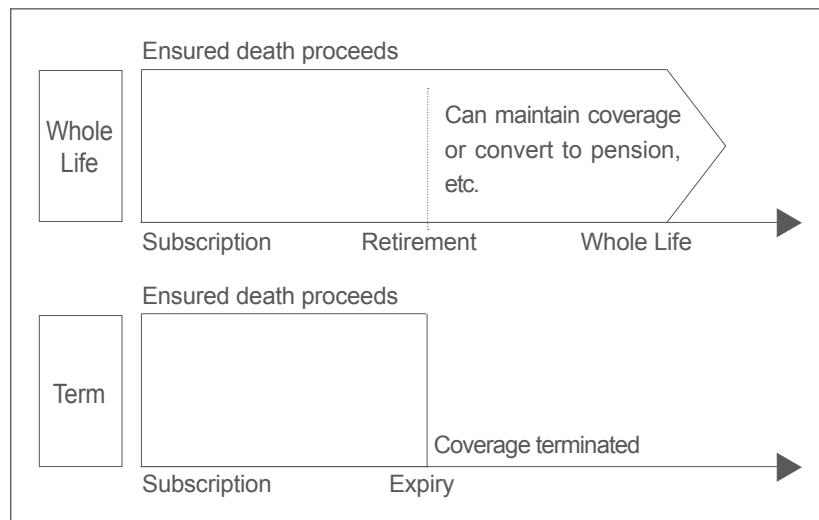
- This is the most representative insurance against death that remains in force for the duration of the insured's life. It pays the promised compensation whenever the insured dies for whatever reason.
- This policy entitles the family of the deceased to financial support (living, housing and educational expenses, etc.) if the insured dies.

(2) Term

- Term insurance also covers death just like whole life but unlike the latter, which remains in force for the life of the insured, the term specifies the coverage period when concluding the contract and can only be insured over this period.

- This policy enables the policyholder to have similar coverage at a premium cost relatively cheaper than a whole life policy.

※ Whole life and term insurance

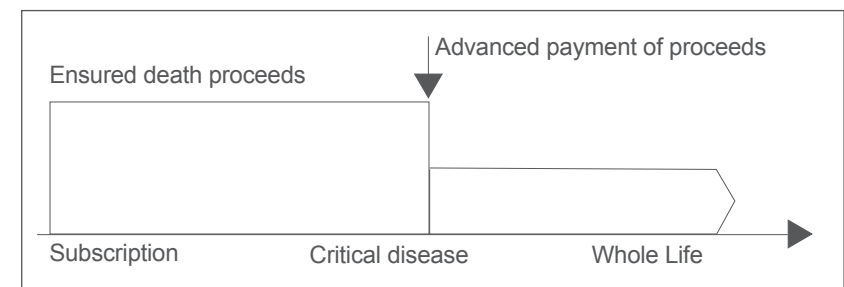


(3) CI (Critical Illness) insurance

- This policy combines the advantages of health and whole life insurance. If the insured is confirmed to suffer from a serious disease such as cancer, myocardial infarction, cardiocerebral apoplexy or end-stage renal failure, the insured receives proceeds of 50% to 80% in advance for sufficient treatment and receives the remaining proceeds after death.

- That is, the policy guarantees high-priced treatment expenses, nursing fees for treating physical disabilities, and other medical costs as well as the necessary living and treatment costs for the insured and his or her family as well as death proceeds when the insured dies to contribute to the livelihood of the deceased's family.

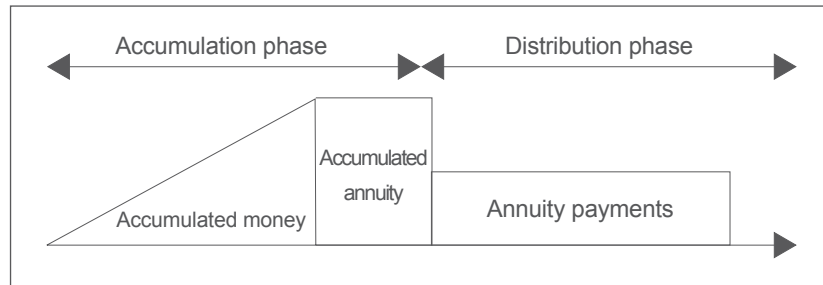
※ Diagram of CI insurance policy



(4) Annuity

- This policy enables the policyholder to accumulate a certain amount of his or her income from early years of life, when the annuity recipient is economically viable, in old age as annuity when he or she retires.
- Method of annuity payment can be divided into "whole life annuity type", in which the beneficiary receives an annuity for the duration of his or her life, and "annuity certain type", in which the annuity is paid only for the specified period, and "inheritance annuity type", in which only the interest is received while the beneficiary lives while lump sum proceeds are paid once the insured dies. The combined annuity type involves two or more types of the above combined.

※ Diagram of annuity policy



(5) Education insurance

- This policy guarantees education funds from kindergarten to graduate school. It provides money for various school expenses while the parents survive, and if the latter die, the policy pays education and child rearing expenses to ensure the education and care of the child.

(6) Variable insurance

- This contract has insurance money that fluctuates according to asset management performance. A fund is formed with the submitted premiums of clients to be invested in securities such as bonds. This is a performance-based distribution type insurance in which the invested profits are distributed to clients.

※ Types of variable insurance

Types	Main features
Variable annuity	The annuity reserve varies according to the fund's investment return. Even if the investment return rate falls, the annuity reserve amount at the annuity's launch is the minimum payment guarantee.
Variable universal whole life	Death proceeds or refund for termination vary according to investment performance. Minimum death proceeds are guaranteed even if investment performance falls.
Variable universal life	Long-term investment products where investment functions and free deposit and withdrawal are combined

- ※ Universal function: This enables withdrawal for emergency funding, additional premium payment in the event of excessive funds, and temporary suspension of premium payments when in financial difficulty according to the life cycle of clients. Therefore, it enhances the flexibility of a life insurance product that requires long-term premium payment while enabling the use of accumulated funds.
(Provided, the insurance contract can be terminated early due to unpaid premiums, fund withdrawal, etc.)

※ Comparison of general vs. variable products

Types	General product	Variable product
Proceed	Insured amount	Varied according to investment performance
Depositor protection	Those subject to Depositor Protection Act	Depositor Protection Act not applicable
Investment risk	Company	Policyholder
Asset management	General account	Special account
Applied rate	Assumed interest rate (disclosed rate)	Performance distribution rate

II. Non-life insurance

1. Classification

- Non-life insurance indemnifies the insured for property loss caused by the occurrence of insured events. All insurance types except that for life are classified as non-life.

- Non-life insurance includes those that indemnify property loss such as fire and marine insurance as well as insurance covering various risks such as guarantee, liability and cars, etc. Listing all types of non-life insurance is difficult and tedious but they can largely be divided into the following types.

<Types of non-life insurance>

Fire, marine, car, guaranty, casualty (engineering, workmen's compensation, liability, etc.), long-term policy, reinsurance.

2. Key non-life insurance policies

(1) Insurance for foreign workers

1) Departure guarantee insurance

- Reason for adoption: to secure retirement funds for foreign workers. If subscribed to an insurance policy for departure guarantee, the retirement fund system under the Guarantee of Worker's Retirement Benefits Act⁸⁾ applies.
- Legal basis: Article 13 of the Act on the Employment, etc. of Foreign Workers and Article 21 of the Enforcement Decree of the same act.

8) In case the retirement benefits fall short of the conditions set forth by the Guarantee of Worker's Retirement Benefits Act, the employer must directly pay the difference to the foreign worker separate from the departure guaranty insurance.

- Applicant: Employer
 - Employer with five or more full-time workers at a place of business.
 - Employer who has hired a foreign worker with the remaining period of employment activities to be one or more years.
- Place of business not applicable
 - Construction business or place applicable to special cases for employing foreign workers
- Purchase period and penalty provisions
 - Employers employing foreign workers must purchase the policy within 15 days of the effective date of the employment contract.
 - A fine of up to five million won will be charged if the policy is not purchased.
 - A penalty of eight hundred thousand won will be charged if the premium is not paid three or more times.
- Premium: 8.3% of the monthly wage of the foreign worker per month
Pay to the insurance business provider exclusively for foreign workers (Samsung Fire & Marine Insurance Co., Ltd. Consortium)
- Reasons for payment claim
 - Departure after expiration of employment contract (including cases where the departure period comes after the termination of insured period)
 - Change of place of business
 - Cancellation or termination of employment contract
 - Death

※ Provided, in case of the following, the insurance proceeds are paid to the employer

- Foreign worker deserts workplace or place of business.
- Foreign worker whose employment period has been less than a year changes business or workplace or departs the country (excluding temporary departure).

※ Amount of insurance proceeds paid

Employed for one year or more and from the first premium payment date	Paid amount
Under 350 days	100% (of paid premium)
350 days or more	100.5%
fourth year	102%
fifth year	104%

※ Method of applying for insurance proceeds

Reasons of payment	Beneficiary	Employment stability center	Human Resource Development Service of Korea
Departure	Worker	Report expected departure date	Apply for insurance proceeds
Change of place of business	Employer	Apply for change of place of business	
Desertion of workplace Worked for under a year		Report change in employment	

2) Guaranty insurance against overdue wage

- Reason for adoption: Help foreign workers receive overdue or back pay
- Legal basis: Article 23 of the Act on the Employment, etc. of Foreign Workers and Article 27 of the Enforcement Decree of the same act.
- Applicant: Employer
 - Employer not covered by the Wage Claim Guarantee Act
 - Employer employing less than 300 full-time workers
- Ineligible place of business: Construction business or place applicable to special case for employing foreign workers
- Purchase period and penalty provisions
 - Workplaces employing foreign workers must purchase the policy within 15 days of the effective date of the employment contract.
 - A fine of up to five million won will be charged if the policy is not purchased.
- Method of subscription: Employers can purchase the policy through a foreign worker employment training institution or any branch of Seoul Guarantee Insurance nationwide.
- Premium: Fifteen thousand won a year per foreign worker / one-time lump sum payment

※ Reasons for payment claim and amount of payment

Reasons for proceeds payment	Proceeds amount
Employer fails to pay wages	Amount specified by Employment and Labor Minister Maximum of 2 million won
Termination of employment permit due to desertion of workplace, departure (excluding temporary departure)	Unearned premium

3) Return cost insurance

- Reason for adoption: Secure cost of foreign workers returning to their home countries
- Legal basis: Article 15 of the Act on the Employment, etc. of Foreign Workers and Article 22 of the Enforcement Decree of the same act.
- Applicant: foreign workers
- Purchase period and penalty provisions
 - Within 80 days of the effective date of the employment contract.
 - A fine of eight hundred thousand won will be charged if the policy is not purchased.
- Reasons for payment claim
 - Departure due to expiration of sojourn period (including cases where the departure period comes after the insured period)
 - Departure prior to expiration of sojourn period (excluding temporary leave)

- Voluntary leave or deportation by the Korean government by a foreign worker who deserts his or her workplace
- Death

※ Amount of payment

Duration from first premium payment	Amount
Under 30 months	100% of paid premium
30 months or more	101%
42 months or more	103%
54 months or more	105%

- Reasons for refunding premium
 - Change of sojourn status by acquiring Korean nationality or marriage to a Korean national
- Paid premium
 - 400,000 won (China, Philippines, Indonesia, Thailand, Vietnam) 500,000 won (Mongolia & other countries), 600,000 won (Sri Lanka)/ single payment

4) Casualty insurance

- Reason for adoption
 - To cover foreign workers against death, disability and diseases other than job-related accidents

- Legal basis: Article 23 of the Act on the Employment, etc. of Foreign Workers and Article 28 of the Enforcement Decree of the same act.
- Applicant: Employers

◦ Purchase period and penalty provisions

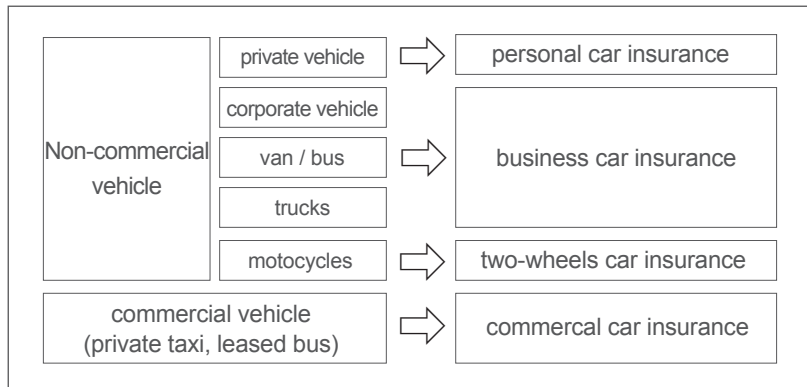
- Within 15 days of the effective date of the employment contract.
- A fine of up to five million won will be charged if the policy is not purchased (Employer also applied of penalty).
- Method of application: Employers can purchase the policy through a foreign worker employment training institution or any branch of Seoul Guarantee Insurance nationwide.

◦ Paid premium

- Approximately 20,000 won per year (differs by gender and age) / single payment

◦ Reasons for payment claim and amount of payment

Type	Reasons for payment claim	Amount
Death or disability	Accident caused by injury other than work	<ul style="list-style-type: none"> ▪ Death insured amount (30 million won) ▪ Disability insured amount × payment rate
Wounded or killed for a just cause	Injured while trying to rescue another person's life, body or property during activities other than work and judged to be wounded or killed for a just cause	
Death by disease	Disease caused by something other than work	Insured amount (15 million won)

(2) Car insurance**1) Available policies**






In the Republic of Korea, the car insurance policy available is determined by the type and usage of the vehicle.

Ex.) Vehicle owned by A: apply for personal car insurance

One ton truck owned by A: apply for business car insurance

Corporate vehicle owned by company B: apply for business car insurance

[Reference] Distinguishing vehicle types

Type	Criteria
Sedan/ SUV	<ul style="list-style-type: none"> ○ Main purpose to transport people / maximum of 10 people  
Van/ Minibus	<ul style="list-style-type: none"> ○ Main purpose to transport people / 11 people or more  
Truck	<ul style="list-style-type: none"> ○ Main purpose to transport goods 

2) Eligible for coverage

Once the insurance policy to be taken out is decided, the applicant must decide on the coverage

Coverage	Contents
Bodily injury liability	<ul style="list-style-type: none"> ○ Coverage for damage if another person dies or is injured <ul style="list-style-type: none"> · If dead: funeral expenses, compensation, lost earnings · If injured: treatment expenses, compensation, lost earnings · If disabled: compensation, long-term care expenses (housing and nursing expenses), lost earnings
Property damage liability	<ul style="list-style-type: none"> ○ Compensates for car or property of another person if damaged <ul style="list-style-type: none"> · Compensate not only the vehicle repair costs but also the rental cost and loss for not operating the vehicle
Own bodily injury	<ul style="list-style-type: none"> ○ Compensation in the event that the policyholder or family is injured in a car accident <ul style="list-style-type: none"> · Dead or disabled: insured amount · Injured: Medical treatment expenses within the limit of the insured amount by rating
Injury by uninsured vehicle	<ul style="list-style-type: none"> ○ Compensate if the policyholder or family is injured in hit-and-run accident or uninsured vehicle
Own vehicle damage	<ul style="list-style-type: none"> ○ Compensate loss to client's vehicle from car accident (including theft) ○ Certain charges to be borne by the policyholder if an accident occurs (No charges in case of "total loss")

※ Mandatory subscription of insurance coverage (failure to do so punishable by fine)

- Under the Guarantee of Automobile Accident Compensation Act, vehicle owners must have car insurance or mutual aid that compensates another person's losses if the vehicle owner injures or causes the death of that person or destroys or damages the property of that person from his or her operation of the vehicle (within 100 million won if the other person dies, within 10 million won if property loss results).
- For others, the policyholder can decide at his or her own discretion.

3) Foreign currency-denominated car insurance

- Characteristics
 - Similar to U.S. car insurance with general terms and instruments of subscription in English and insured amount and premium marked in US\$.
 - Main vehicles subject to subscription: those owned by foreign residents in Korea or companies established with foreign capital.
 - Main coverage

Type	Covered subject	Compensation
Liability coverage	Bodily injury liability	Bodily damage to another person
	Property damage	Damage to another person's property
Auto damage coverage	Comprehensive	Damage to vehicle due to fire, theft, natural disaster, etc. (\$50 deductible)
	Collision	Vehicular damage due to collision or contact with another object (\$100 deductible)
Medical coverage	Medical payment	Injury or death of a person in the insured vehicle

(3) Fire insurance for homes/ homeowner's insurance

1) **Eligibility:** Owner or leaser of a residential housing unit (excluding store, office space and multipurpose buildings)

2) Damage subject to compensation

- Only the residential building itself and furniture inside can be covered for damage caused by fire (including lightning), explosion or rupture.

3) Unique features

- Insured period: ranges from one to three years
- Purely a guarantee-type product that pays no refund when policy expires
- Allows tax deduction for premium payment of up to one million won per year.

(4) Domestic travel insurance

1) Coverage

- Injury or death, death by disease, compensation liability, damage to mobile goods, verified medical costs (hospitalization and treatment) generated in the course of traveling within the Republic of Korea over the insured period by the insured.

- ※ Anyone regardless of nationality can apply for domestic travel insurance as long as he or she travels within the Republic of Korea.
- ※ If subscribed to national health insurance, medical expenses to be compensated will be 40% of the amount first borne by the policyholder minus a certain amount.

2) Special characteristics

- Insured period: Up to two months, minimum one month
- No refund after expiration as a purely guarantee-type product
- Tax deduction for premium payment possible as a purely guarantee-type product (up to one million won per year)

(5) Overseas travel insurance**1) Coverage**

- Injury or death, death by disease, compensation liability, damage to mobile goods, verified medical costs (hospitalization and treatment) generated in the course of traveling to countries other than the Republic of Korea over the insured period by the insured.

※ Anyone regardless of nationality can apply for overseas travel insurance as long as the insured is a resident of the Republic of Korea who travels to countries other than the Republic of Korea.

2. Special characteristics

- Insured period: From one day to one year
- No refund after expiration as a purely guarantee-type product
- Tax deduction for premium payment possible as a purely guarantee-type product (up to one million won per year)

III. Type 3 Insurance

Type 3 insurance refers to insurance that cannot be classified as either life nor non-life insurance. It insures the policyholder against disease, injury from disaster, and treatment from disease or injury.

1. Types**(1) Injury insurance**

- Covers expenses for treating injuries caused by accidents and death from injuries.
- Includes general disaster guarantee-type, traffic accident, various leisure and sports accidents.

※ General coverage of injury insurance

Type	Coverage
Accidental death benefit	Death due to accident
Accidental disability benefit	Disabled due to accident and falls under one of the categories under the disability classification table
Surgery expenses due to accidents	Surgery required due to accident
Hospitalization expenses due to accidents	Hospitalized due to accident
Maturity refund	Pays maturity refund at termination of contract

(2) Disease insurance

- Covers expenses for treating cancer, cardiovascular disease, cardiac disorders, gynecological disease and chronic women's diseases.
- Types differ depending on what they cover (cancer or adult, gynecological and specific diseases).

※ General coverage of disease insurance

Type	Coverage
Coverage of diagnosis fees	Costs for being diagnosed with insured diseases
Coverage of hospital fees	Costs related to being hospitalized for insured diseases
Coverage of surgery fees	Costs for surgery due to insured diseases
Maturity refund	Refund paid if the insured period reaches termination

(3) Cancer insurance

- Cancer insurance mainly covers treatment costs for cancer.
- The product covers all cancer-related costs such as treatment and surgery expenses if diagnosed with cancer as well as recuperation expenses and death proceeds.

※ General coverage of cancer insurance

Type	Coverage
Coverage of cancer diagnosis fees	When diagnosed with cancer
Coverage of fees for cancer surgery	When requires surgery due to cancer
Coverage of hospital fees for cancer	When hospitalized due to cancer (paid if hospitalized for 4 days or more)
Coverage of cancer treatment fees	When visiting a hospital for cancer treatment
Maturity refund	Refund paid if the insured period reaches termination

- 20% to 40% of cancer-related insurance proceeds paid in case of remission (CIS, carcinoma in situ, stage 0)

(4) Long-term care insurance

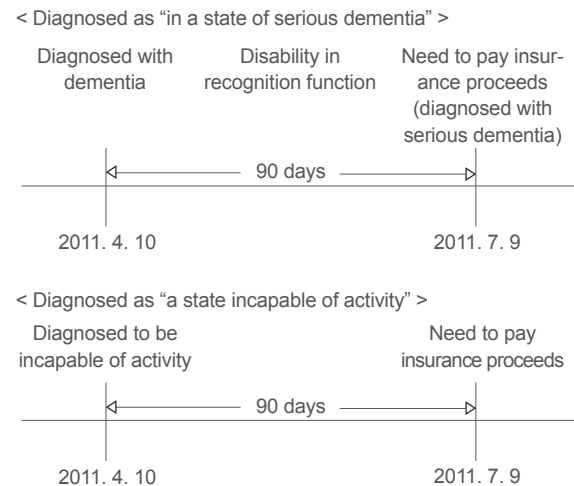
- Covers long-term care costs of the insured to be of “a state requiring care by another,” in which the insured is deemed to be incapable of activity or in a state of dementia and can no longer perform daily activities due to disease or injury.
- The policy can be divided into actual loss or fixed amount compensation types according to the method of insurance payment. The type sold in the Republic of Korea is the fixed amount compensation type.

※ Example of fixed amount compensation-type long-term care insurance

◆ Reasons for payment claim and amount paid

Reasons for payment claim	Amount paid
Diagnosed to be “in a state of serious dementia” or “a state incapable of activity” for 90 days or more	20% of annual insured amount for five years

◆ Example when diagnosed as “in a state of serious dementia” or “a state incapable of activity”

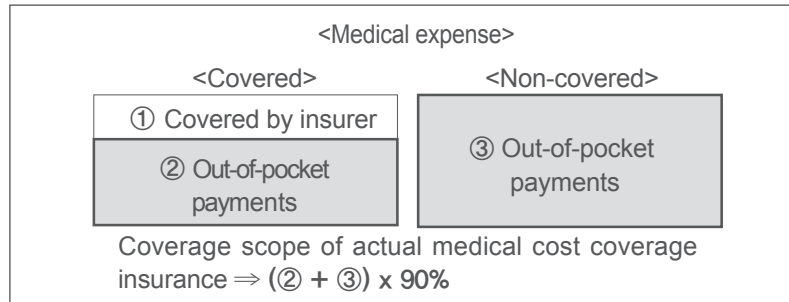


※ Definition of “a state incapable of activity” and “a state of serious dementia”

State	Definition
Serious dementia	A state defined to be dementia according to the Korean Standard Classification of Diseases and that which leads to disability of recognition function. Dementia has various causes but can largely be divided into dementia from Alzheimer's, vascular dementia and dementia from other diseases or unexplicable dementia.
Incapable of activity	A state of lying down all day due to disease or bodily injury and falls under subparagraph 1 while at the same time falling under any point of subparagraph 2 below. 1. A state requiring constant care of another person as he or she cannot “move (walk)” by his or herself. 2. A state requiring constant care of another person for any of the following: a. Eating b. Taking care of oneself after excretion c. Bathing c. Wearing and taking off clothes

(5) Medical expenses insurance

- Covers medical expenses borne by the insured for treating or being hospitalized for injury or disease.
- Supplements national health insurance by compensating non-covered items and parts borne by the insured excluding parts covered by insurance corporation.



◦ Medical expenses insurance comprises the following six special contracts:

Type	Coverage
Inpatient for injury	Expenses for being hospitalized and treated due to injury
Outpatient for injury (compounding prescription)	Treatment and prescription costs for visiting the hospital due to injury
Inpatient for disease	Expenses for being hospitalized and treated due to disease
Outpatient for disease (compounding prescription)	Treatment and prescription costs for visiting the hospital due to disease
Comprehensive inpatient treatments	Expenses generated for being hospitalized and treated due to injury or disease

(6) Children's insurance

- Covers disease or injuries from infancy to adolescence.
- Offers diverse coverage from not only the safety accidents of childhood and crime risk of adolescence but also fractures, burns and other accidents that can easily occur during the insured period.

I. Purchasing an Insurance Policy

1. Overview

- There are various contact points to purchase an insurance policy.
- Insurance can be purchased by directly contacting an insurer (or insurance agent), by phone or the Internet.

2. Before purchasing insurance

- (1) Select and research your desired insurance through insurers' websites, Korea Life Insurance Association or General Insurance Association of Korea before making a decision.
 - To find more information about your insurance product, check the product disclosure section on an insurer's website to download the insurance policy agreement, product summary of insurance, or other documents regarding on the insurance.
 - You can also compare various insurance products through Korea Life Insurance Association or General Insurance Association of Korea website.

(2) Understand types and characteristics of insurance products and choose a product that meets your particular needs.

- Customer call center or insurer's website (See Chapter 5)
- Customer support or disclosure page at KLIA website (www.klia.or.kr)
- Customer support page at KNIA website (www.knia.or.kr)

(3) Check purchased insurance policy details

- For efficient planning when consulting purchased policy details with insurer.
- Customer call center or insurer's website (See Chapter 5)
- Korea Life Insurance Association (www.klia.or.kr)
- General Insurance Association of Korea (www.knia.or.kr)

※ Comparison with products of other insurers

- Comparison disclosure of KLIA (<http://pub.insure.or.kr>)
- Comparison disclosure of KNIA (<http://www.knia.or.kr/public/>)

3. Purchasing an Insurance Policy

(1) Purchasing Directly with Insurers or Agents

1) Insurers or agents

- You may buy an insurance through consulting with an employee or insurance planner affiliated with an insurer, insurance agency or general agency, or visiting a branch office of an insurance company.
- Find an insurer's nearest branch office by calling the call center.
- Check that the insurance consultant is qualified.

- Make sure that the consultant is qualified*; otherwise problems can arise later and no legal recourse is possible.

* Additional qualifications required for variable insurance.

◦ Documents received when buying an insurance policy

- During solicitation: Insurance plan
- Before submission: Product description, general policy conditions, operation manual (of variable insurance)
- After submission: Operation manual (if insurance kept for more than one year)

2) Financial institution (ie. bank, securities company)

- Visit a bank or a securities company to purchase a bancassurance product.

(2) Through Internet or home shopping

1) TM center

- Select an insurance product that best meets your needs through media like home shopping and newspaper ads. Call the insurance company to purchase a policy.

2) Internet

- Visit an insurance company's website and buy insurance over the Internet.
- Identity certification is needed to submit, so make sure to have an authenticated certificate read.

II. Submission procedures and premium payment

- Submission to an insurance plan generally occurs in the following order:
 - ① Selection of plan through agent or direct sales channel
 - ② Filling out an application form
 - ③ Payment of premium
 - ④ Issue and receipt of insurance policy

1. Product selection

- To satisfy the different needs of insurance customers, insurers offer various types of insurance plans.
- Before taking out a policy, the following should be considered:

(1) Why do you want to purchase an insurance policy?

- Clarify the purpose of purchasing an insurance policy (i.e. to cover risks to property or risks of injury, sickness or accident, or to increase assets or secure retirement funds).

(2) Is the insurance amount enough to cover the risks?

- Determine the size of the insurance amount based on the size of expenses (living, medical, etc) to be incurred by your family when you lose economic ability due to an accident.

- Since there are various guaranteed benefits, ensure that the insurance amount is reasonable for each type of guaranteed benefit rather than for the whole contract so that you can complement guaranteed benefits that are insufficient.
- The larger the insurance amount, the larger the premium. Thus, consider any changes in your income now or in the near future so that the insurance amount is reasonable.

(3) When comparing the premium and insurance amount of several insurance products, note that the premium can vary based on the following factors:

- The length of a term insured and how often premiums are paid
- Reason for paying insurance claims (bodily injury, property damage, etc), insurance claim payment criteria and method (fixed amount compensation, actual cost compensation, etc)
- Size of refund (maturity or cancellation refunds) that the insurer promised to pay during or after a term insured.
- Premiums also vary by insurer and changes in market rates.

2. Filling out an insurance application form

(1) Overview

- The application form contains questions on personal matters: Name, date of birth, address, occupation, hobbies, height, weight, physical handicap or defect, medical history, current sickness, etc
- The questions on the application form are crucial to the insurer to determine eligibility of a person for the insurance plan and calculate the premiums.

(2) Items to fill out

1) Insurance details

- Items related to the contract such as standard or special clause, premium, payment period, and payment method; policyholder, insurance beneficiary (main insured, additional insured, children, etc), name/resident registration number/age/ address/relation to insurance beneficiary

2) Employment details

- Place of work, company name, position, detailed description of policyholder's duty (in general, insured person)
- If there are two or more jobs, enter all.

3) Handwritten signature

- Anyone related to an insurance contract must directly enter his/her own name and sign on the insurance application form.
- The form must be signed by the policyholder, the insured, or a person who is the parent or guardian if the policyholder or the insured is a minor.

4) Consent to provide personal credit information

- According to Article 32 and Article 33 of the Use and Protection of Credit Information Act, insurance companies must obtain consent from policyholders to provide credit information and allow the use of such information at the time of contract.
- Consent shall be given separately for matters related to the signing, maintenance and management of contract and those related to introduction of financial products.

5) Performance of identity check on clients

- This form must be filled out for transactions with a financial institution in accordance with the Act on the Reporting and Use of Information on Specific Financial Transactions. Use for any purpose* other than that stated in the Act is strictly forbidden.

* For prevention of money laundering

- If the policyholder or beneficiary upon maturity or survival is a minor, this form need not be filled out.

6) Mandatory declaration

- The mandatory declaration consists of the section where the medical history, driving record, and hobbies of the insured must be shared with the insurance company and the section where his/her side job, scheduled overseas trips, insurance held with other insurers, smoking and drinking status, physical condition, and monthly income must be notified.
- If the mandatory declaration obligation prior to the signing of the contract is violated, the insurer can cancel the contract or limit its coverage.

3. Premium payment

- Premium payment can be made by bank wire transfer, cash or credit card

(1) Bank wire transfer (automatic transfer)

- Premium (usually referring to the first premium) is withdrawn and paid from a savings account of a partner bank.
- In principle, bank wire transfer is possible if the policyholder and bank account holder are the same; it can also be made from the account of the policyholder or main insured.

(2) Cash

- For cash payment of premium at the time of contract signing, cash is given to the insurance consultant for remittance to the insurer's account.
- A receipt must be obtained from the insurer.

(3) Credit card

- The first premium payment can also be made with a credit card that has a partnership with the insurer.
- Insurance companies might have different partner credit cards, so check that your credit card is accepted by the insurer in advance.

4. Issue & receipt of insurance policy

- After completing the application form, obtaining approval from the insurer and paying the premium, an insurance contract is concluded.
- The insurance plan is effective from this time for the term of the policy.
- Failure to make subsequent premium payments can invalidate a policy, so make sure to read the general policy conditions.
- Once the contract is concluded, the insurance company delivers the general policy conditions, a copy of the application form, and the insurance policy to the policyholder.
 - For submitting over the Internet, the documents may be delivered by email or by postal mail.

III. Considerations when Submitting

1. Basic information on application form

- When applying for an insurance plan, make sure to check the following basic information on the contract.
 - Check the name of the insurance product, term of insurance, insurance amount in standard clause, special clause, premium, premium payment term, and the insured, and ask the agent about any other content of the insurance product.

2. Handwritten signature of a policyholder

- (1) The policyholder must fill out the application form him or herself and put his or her handwritten signature or seal.
- (2) Providing information about the questions on the application form orally to the insurance planner may result in denial of compensation payment by the insurer. All questions on the application form must be filled out directly by the policyholder, and the signature section must also be signed directly or stamped by the policyholder and the insured.
- (3) When submitting over the phone, however, a handwritten signature may be replaced with recording if certain conditions are met. When submitting over the Internet, the handwritten signature may be replaced with an electronic signature using an authenticated certificate.

3. Policyholder Protection

(1) Trial period to cancel policy

- A policyholder can cancel the policy within 15 days from the time of submission (except for insurance with medical exams, group contract, or contracts whose insurance period is less than a year; mail-order insurance can be canceled within 30 days from the time of submitting), and receive a refund of the premium within three days from the time the policy was canceled.

(2) Quality Guarantee

- When submitting, if a policyholder has not received the general policy conditions or his or her copy of the application form, fails to receive an explanation about any key information on the insurance conditions, or has not put his or her handwritten signature on the application form (including electronic signature), a policyholder may cancel the contract within three months from the time of submission (for group contracts, one month from the time of submission).
- Policyholders may receive a refund for all premiums paid plus a pre-determined interest for the period the premiums were paid.

(3) Premium payment notification (reminder) and cancellation of contract

- For contracts with monthly premium payments, an insurer may set a period of no less than 14 days (if the last day of the reminder period is a Saturday or a holiday, then the next business day) to remind a policyholder of premium payment if the cancellation refund (amount where any loan principal and interest are deducted and excluding the cancellation refund for riders) is not enough to cover the monthly commuted premium* (risk premium, cost of insurance, additional premium for special clause, etc) even if the base premium payment period (24 premium payments) has elapsed⁹⁾.

* Monthly commuted premium only applies to products with universal features.

9) The general policy conditions of past products may have different term, so if you signed an insurance contract in the past, check the relevant clause in the general policy conditions.

- Failure to pay premiums within that period can result in the cancellation of the contract.
- For single-premium contracts, the reminder period is no less than 14 days (if the last day of the reminder period is a Saturday or a holiday, then the next business day) if, due to reasons such as withdrawal, the cancellation refund (amount where any loan principal and interest are deducted and excluding the cancellation refund for special clause) is not enough to cover the monthly commuted premium (risk premium, cost of insurance, additional premium for special clause, etc). Failure to pay premiums within that period can result in cancellation of the contract.

(4) Notes when filling out an application form

- When subscribing to an insurance plan, make sure to truthfully answer all questions.
- When subscribing to a non-life insurance policy, in particular, make sure to notify the insurer of any changes in occupation or job function or any notable increase in risks.

1) When submitting

- All questions on the application form are important information for calculating premiums or undertaking an insurance contract. Any false or incomplete answers given by the policyholder on the application form may result in refusal of the insurer to compensate for an accident and, if a violation is of critical importance, then the contract may be canceled.

※ Matters of critical importance: Matters that would have affected the undertaking of a contract such as rejection of application, limit on insurance amount, exclusion of certain cover, cut in insurance money, and additional charge in premium had the insurer known the truth.

2) After submission

- If any of the following occurs after submission, a policyholder shall promptly notify the insurer in writing and obtain verification on the insurance policy (for non-life insurance).
 - The insured person has changed his/her job or job function
 - The type of job or work performed in a building has changed
 - For fire insurance, the place of residence has changed
 - For auto insurance, the car or the driver's age group has changed
 - For auto insurance, a policyholder wants to add a new driver(an insured person) to an existing insurance policy
 - Any other notable rise in risks

※ Please read the terms of insurance for cases other than the above that require extra attention or in which payment of insurance claims could be refused.

(5) Change of address

- If the address or contact information of the policyholder has changed, the new address or contact information must be notified promptly to the insurer.
- If the changes are not notified to the insurance company, any information that the insurer sends to the policyholder by registered mail to the most recently notified address or contact information is generally deemed to have reached the policyholder after the usually required time for the mail to reach the recipient.

(6) Cancellation of insurance for non-payment of premiums

- If the policyholder fails to pay the second and subsequent premiums by the due date agreed on at the time of submission and is delinquent on premium payments, the insurer sets a reminder period of not less than 14 days and sends a notification to the policyholder.
- If premiums are not paid by the last date of the reminder period, the contract is canceled.

(7) Nullification of contract

- If an event to be covered by insurance (body in the case of bodily injury, car under auto insurance, property covered under fire insurance, etc) has already occurred at the time of submission, the insurance contract is null and void.
- A contract is null and void if it designates the death of a person under age 15, of an insane or of a mentally incompetent person as an insured event.

(8) Things to consider when cancelling a contract

- Part of the premiums paid by policyholders is used to pay out insurance claims to those experiencing an unexpected event and another part is used to cover costs necessary to conclude, maintain and manage insurance contracts. Thus cancellation of a contract could result in a cancellation refund smaller than the premiums paid or no refund.
- If a new contract is signed after canceling an existing contract, the premium can go up due to age and health factors or acceptance might be difficult.

(9) Insurance fraud

- Causing physical harm to oneself or other people for insurance collection purposes is a crime subject to strict investigation by judicial authorities for punishment. In such events, insurance claims will be denied.
- An insurer may cancel an insurance contract if the reason for an insurance claim payment was intentionally caused, false information was intentionally entered in an insurance claims document, or documents or proof were forged or altered.

Insurance Claim Process & Dispute Settlement

I. Insurance Claim Process

1. Personal insurance (life, long-term non-life, accident, travel accident, etc)

- The following insurance claims process applies to life, long-term non-life, accident, travel accident, and other types of insurance covering bodily harm.

(1) Application process

- The procedure for making an insurance claim for compensation when an incident (accident, disease, etc) occurs is as follows:

Flow	Description
Check contract	Check the content of the contract online or call the company's call center.
Check coverage (terms)	
Check claim documents	Check the coverage on the insurance clauses received during submission or in the product disclosure on the insurer's website.
visit customer center(branch)	
File a claim	Check which documents are needed for your specific claim (Refer to (2) insurance claims documents)
Review by insurer	
Decision and payment	Insurer reviews whether to pay claim and conducts investigation

(2) Insurance claims documents

Reason for claim	Documents
Common	1. Claim form
	2. Copy of bank account of claimant (beneficiary)
	3. Copy of ID card of claimant (beneficiary)
	4. Document verifying relationship (if required) : Resident registration or Certificate of family relations
	5. Letter of attorney (if required) : Letter of attorney for insurance claim, certificate of seal impression of mandator
Accident (Traffic)	Document as proof of accident (traffic) - Certificate of accident Record of industrial accident handling, application for medical treatment of industrial accident Certificate of official accident(military) Other accident : Certificate of public institution (police, fire, etc.) accident - Accidents for which issue of certificate is impossible: first medical examination chart from hospital, etc Enter type of accident on insurance claim form and certificate of accident
Death	1. Documents as proof of death : Death certificate (postmortem examination form) or letter of guarantee by neighbors or relatives
	2. If beneficiary is designated: standard certificate of the insured
	3. If beneficiary is not designated : Standard certificate of the insured, certificate of removal from register, documents verifying relationship such as family relation certificate of the insured

Disability	Medical certificate of disability
Diagnosis (Treatment)	1. Diagnosis of cancer (CIS, borderline tumor), cerebral apoplexy, acute myocardial infarction : Medical certificate, definitive diagnosis result
	2. Diagnosis of fracture : Medical certificate or certificate of hospitalization and discharge
	3. Other diagnosis or treatment - Anti-cancer drug treatment: medical : certificate or certificate of hospitalization and discharge - Radiation treatment : medical certificate or certificate of hospitalization and discharge - Plaster cast : medical certificate or certificate of hospitalization and discharge
Surgery	Medical certificate, certificate of hospitalization and discharge, or certificate of surgery
Hospitaliza tion	1. Hospital expense benefits: medical certificate or certificate of hospitalization and discharge
	2. Hospital charges (nursing charges): receipt of charges
Outpatient treatment	Medical certificate or certificate of outpatient treatment
Medical indemnity	1. Cost of hospitalized treatment : medical certificate or certificate of hospitalization and discharge with name of illness, detailed statement and receipt of medical charges
	2. Outpatient treatment cost : Document showing name of illness, receipts of medical charges by date of hospital visit
	3. Prescription cost (cost of drugs) : Prescription, receipts by prescription

※ All documents shall be original copies carrying the seal of the issuing institution.
 ※ The above is merely basic information about insurance claims documents; each case may require additional supporting documents for review.

2. Insurance for Foreign Workers

(1) Departure Guarantee Insurance

1) Claim

Reason for payment	Recipient	Employment Center	Human Resources Development Service
Departure	Worker	Report date of departure	Claim insurance
Change of employer	Employer	Apply for change of workplace	
Left workplace and worked for less than a year		Report change in employment	

2) Required documents

- One copy of business registration certificate (for worker, one copy of identification card)
- One copy of insurance claim application form
- One copy of bank account (not required if receiving insurance money in the bank account from which the premium is automatically remitted)

(2) Return Cost Insurance

- Send the following documents by fax to Samsung Fire & Marine Insurance (Fax: 0505-161-1421, Tel: 02-2219-2400) and the insurance money will be paid to the bank account from which the premium was remitted.

Reason for payment	Required documents	Relevant institution
Departure	Certificate of scheduled departure	Employment Center of Ministry of Employment and Labor
Naturalization	Official letter notifying authorization of naturalization, ID card	Ministry of Justice
Marriage	Copy of ID card showing change of status	
Death	Death certificate, ID card	Hospital

※ Samsung Fire & Marine Insurance, team in charge of foreign

- 1) **Products:** Accident insurance, return cost insurance, departure guarantee insurance
- 2) **Tel:** 02-2219-2400
- 3) **Fax**
 - Contract-related documents: 0505-161-1420
 - Payment-related documents: 0505-161-1421
 - Other cash payment-related documents: 0505-161-1422
- 4) **Website for foreign workers' insurance**
 - http://www.samsungfire.com/product/foreign/foreign_main.html
- 5) **Information by country**
 - http://www.samsungfire.com/product/foreign/info/info_04.html

3. Auto Insurance

(1) Insurance payment procedure

Flow	Description
Accident	<ul style="list-style-type: none">◦Report accident to police and insurance company call center◦Report key information (date and place of accident, cause of accident, extent of damage, and name and address of driver) to insurance company's call center.◦Check if other car is insured.◦Company provides information on accident handling procedure.◦Decision made on whether there is responsibility for coverage.◦Payment guarantee to hospital/repair shop (hospital or repair costs)
Report accident	
Check terms of contract Information on accident handling procedure	
Accident investigation and payment guarantee of hospital costs (repair costs)	
Insurance claim	
Agreement on insurance payment	
Decision and payment	
Information on payment details and changes during renewal of contract	

4. Fire Insurance

(1) Insurance payment procedure

Flow	Description
Accident	◦Report accident to fire station and police
Report accident	◦Notify insurance company of accident by Internet or phone.
On-site investigation	◦Insurance company and damage assessment entity performs on-site investigation.
Submission of insurance claim documents	◦Submit insurance claims documents.
Evaluation of damage	◦Cause of accident, amount of damage, and insurance value are evaluated.
Receipt of insurance money	◦Claim money is paid to bank account. ◦The length of damage evaluation could determine how long it takes for the claim to be paid.

(2) Documents required for insurance claim

Type	Required documents
All	- Certificate of fire accident (in case of fire) - Copy of business registration certificate - Certificate of theft report (in case of theft) - Certificate of accident (in case of other accidents)

Building	- Transcript of building register (Registry) - Building management register - Repair cost estimate, receipt - Copy of lease contract
Machinery & fixtures	- Detailed list of machinery and apparatuses - Purchase receipt - Cost estimate of new item - Repair cost estimate, receipt - Statement of appraisal - Lease contract (for leased items)
Movables	- Inventory and damage statement - Book Inventory - Cost statement - Transaction statement - Processing contract, job order - In/out register
Household goods	- Detailed list of household goods(with purchase date) - Cost estimate of new item (with place of purchase) - Repair cost estimate, receipt

(3) What to know about insurance payment (Proportional compensation for certain types of insurance)

- If the amount insured is less than the insurance value for damage from fire or collapse or special clauses on tenant liability, the following proportional compensation applies.
- For special clauses on actual cost compensation, the full amount of actual cost is compensated within the limit of the amount insured regardless of the proportion between the insurance value and the insurance amount.
- If the insurance amount for buildings and household goods is less than 80% of the insurance value:

$$\text{Amount of damage} \times \frac{\text{Amount insured}}{80\% \text{ of insurance value}}$$

- If the insurance amount on the special clauses of tenant liability insurance is less than the insurance value

$$\text{Amount of damage} \times \frac{\text{Amount insured}}{\text{insurance value}}$$

5. Liability Insurance

(1) Compensation payment procedure

Flow	Descri
Accident	◦ Report accident to fire station or police
Notification of accident	◦ Notify insurance company of accident by Internet or phone.
Accident investigation	◦ In certain cases, submission of documents can be done in lieu of accident investigation.
Review of compensation	◦ Possibility of compensation is reviewed.
Submission of claims documents	◦ Submit insurance claims documents.
Accident investigation	◦ Documents are reviewed and compensation is computed.
	◦ If the victim sues, the company takes action. (however, certain accidents are excluded such as those without liability.)
	<div><div>합의 (계약자 & 피해자)</div><div>합의결정</div><div>소송제기</div><div>소송서류 안내</div><div>서류 제출</div><div>판결</div><div>소송</div><div>보험금 지급</div></div>

(2) Documents required for insurance claim

Classification	Required documents
Documents prepared by the insured (customer)	<ul style="list-style-type: none">- Copy of business registration certificate of the insured- Accident report (written under principle of 5W+1H)- Photos of accident site- Accident guarantee (Certificate of traffic accident, etc)- Agreement letter, certificate of seal impression- Insurance claim application (Letter requesting payment)
Documents for appraising damage	<ul style="list-style-type: none">- Detailed list of damaged items- Invoice, receipt (tax invoice)- Photo of damaged items- Copy of vehicle registration card- Receipt of medical treatment costs- Doctor's medical certificate (doctor's letter of opinion)- Certificate of disability (in case of disability)- Employment contract, proof of employment- Wage ledger, certificate of income tax payment- Death certificate or postmortem report (in case of death)
Documents for verifying victim's identity	<ul style="list-style-type: none">- Copy of victim's ID card (or business registration certificate)- Copy of building register (if building is damaged)- Copy of vehicle registration card (if vehicle is damaged)- Copy of construction machinery registration card (if heavy machinery is damaged)

(3) What to know about compensation (proportional compensation for multiple insurances)

- Where a policyholder of a liability insurance that covers a certain risk holds another contract (including mutual aid contract) for the same risk, and if the sum of the compensation amount for each contract, calculated under the assumption that the other contract does not exist, exceeds the amount of damage, the compensation shall be made proportionately by each contract.

6. Travel Insurance

(1) What to do in case of accident

- If an injury or illness occurs, the procedure is the same as that provided for under “1. Personal insurance (life, long-term non-life, accident, travel accident, etc)”.
- If a mobile phone is stolen, report it to the nearest police station.
- If luggage is stolen at an airport, report it to the airport information center.
- If theft occurs in a hotel, report it to the front desk and get confirmation.
- If unable to file a report to police, notify the embassy and attach documents issued by the embassy.
- Before making an insurance claim, call the insurance company's call center for information on how to handle an accident

II. Dispute Settlement

- For consultation or dispute about insurance, call the call center of the insurance company first. If unsatisfied with the result, file a civil complaint or apply for dispute settlement with the Financial Supervisory Service.
- Relevant institutions

Institution	Tel	Website
FSS Customer Protection Center	1332	http://english.fss.or.kr
General Insurance Association of Korea, Insurance Consultation Center	(02) 3702-8629~3	http://www.knia.or.kr
Korea Life Insurance Association Customer Protection Center	(02) 2262-6565	http://www.klia.or.kr
Korea Consumer Agency Customer Consultation Team	(02) 3460-3000	http://www.kca.go.kr

- In accordance with the Depositor Protection Act, insurances held by individuals are protected for up to 50 million won per person and per insurer.
- In general, the court having jurisdiction over the policyholder's address settles a lawsuit or civil action on an insurance contract
 - This does not apply to certain insurance products and can be determined otherwise based on an agreement between the insurer and policyholder.

Name	Website	Telephone
ACE Life Insurance	http://www.ancelife.co.kr	1599-4600
AIA Korea	http://www.aia.co.kr	080-500-4949
Allianz Life Insurance	http://www.allianzlife.co.kr	1588-6500
Cardif Life Insurance	http://www.cardif.co.kr	1688-1118 1688-2004
Dongbu Life Insurance	http://www.dongbulife.co.kr http://www.dongbulife.com/eng/ Ⓜ	1588-3131
Green Cross Life Insurance	http://www.healthcare.co.kr	1577-3311
Hana HSBC Life Insurance	http://www.hanahsbclife.co.kr	080-3488-7000
Heungkuk Life Insurance	http://www.hungkuk.co.kr	1588-2288
IBK Insurance	http://www.ibki.co.kr http://www.ibki.co.kr/english Ⓜ	1577-4117
ING Life Insurance	http://www.inglife.co.kr http://www.inglife.co.kr/jsps/MH/english Ⓜ	1588-5005
KB Life Insurance Company	http://www.kbli.co.kr	1588-9922

KDB Life Insurance	http://www.kdblfe.co.kr	1588-4040
Korea Life Insurance	http://www.korealife.com http://www.korealife.com/english ⓐ http://ebook.korealife.com/www/company/ebook/chi/default1.asp ⓒ	1588-6363
Kyobo Life Insurance	http://www.kyobo.co.kr http://www.kyobo.co.kr/KBLCM/in/in/ininenIntroViw.do ⓐ http://www.kyobo.co.kr/KBLCM/in/in/inincnIntroViw.do ⓑ http://www.kyobo.co.kr/KBLCM/in/in/ininjpIntroViw.do ⓒ	1588-1001
Lina Korea	http://www.lina.co	1588-0058
Metlife Life insurance	http://www.metlife.co.kr	1588-9600
Mirae Asset Life Insurance	http://www.miraeasset-life.com http://life.miraeasset.com/eng ⓐ	1588-0220
PCA Life Insurance	http://www.pcakorea.co.kr	1588-4300
Prudential Life Insurance	http://www.prudential.co.kr	02-2144-2600
Samsung Life Insurance	http://www.samsunglife.com http://www.samsunglife.com/company_en/submain.html ⓐ	1588-3114
Shinhan Life Insurance	http://www.shinhanlife.co.kr	1588-5580
Tong Yang Life Insurance	http://www.myangel.co.kr http://www.myangel.co.kr/process/main ⓐ	1577-1004
WOORIAVIVA Life Insurance	http://www.wooriaviva.com	1588-4770

ⓐ : English / ⓑ : Japanese / ⓒ : Chinese available

■ Non-life Insurance Companies

Name	Website	Telephone
ACE American Fire & Marine Insurance, Korea Branch	http://www.aceinsurance.co.kr ⓐ/ⓑ	1566-5800
AIG United Guaranty	http://www.aigug.co.kr	02-6322-6300
Axa General Insurance	http://www.axa.co.kr	1566-1566
Chartis (American Home Assurance, Korea Branch)	http://www.chartis.co.kr http://www.chartisinsurance.com/home_804_200211.html ⓐ	02-2260-6800
DAS Legal Expenses Insurance	http://www.dongbulife.co.kr http://www.dongbulife.com/eng ⓐ	1588-6249
Green Cross Life Insurance	http://www.das.co.kr	1588-9249
Dongbu Fire & Marine Insurance	http://www.idongbu.com http://www.idongbu.com/Index.jsp?url=/EnMain.do?lang=eng ⓐ	1588-0100
ERGO Daum Direct General Insurance	http://www.ergodaumdirect.co.kr	1544-2580
FEDERAL Insurance, Korea Branch	http://www.chubbgroup.com	02-566-5380
First American Title Insurance, Korea Branch	http://www.firstam.co.kr	02-3144-2460
Geneworth Mortgage Insurance, Korea Branch	http://www.greeninsu.com	1588-5959

Hanwha General Insurance	http://www. hwgeneralins.com	1566-8000
Heungkuk Fire & Marine Insurance	http://www.heungkukfire.co.kr	1688-1688
Hyundai Hicar Direct Auto Insurance	http://www.hicardirec.com	1577-1001
Hyundai Marine & Fire Insurance	http://www.hi.co.kr	1588-5656
LIG Non-Life Insurance	http://www.lig.co.kr	1544-0114
Lotte Non-Life Insurance	http://www.lotteins.co.kr http://www.lotteins.co.kr/eng ㉠	1588-3344
Meritz fire & marine insurance	http://www.merizfire.com	1566-7711
Mitsui Sumitomo Insurance, Korea Branch	http://www.ms-ins.co.kr	02-3702-5800
Samsung Fire & Marine Insurance	http://www.samsungfire.com http://ir.samsungfire.com ㉠	1588-5114
Seoul Guarantee Insurance	http://www.sgic.co.kr ㉠	02-3671-7000
The-K Non-Life Insurance	http://www.educar.co.kr	1566-3000
Tokio Marine & Nichido Fire Insurance, Seoul Branch	http://www.tokimarine.seoul.kr	02-752-0858

㉠ : English / ㉡ : Japanese / ㉢ : Chinese available

■ Related Organizations

Name	Website	Telephone
Financial Services Commission	www.fsc.go.kr	02-2165-8000
Financial Supervisory Service	www.fss.or.kr	02-3145-5114
General Insurance Association of Korea	www.knia.or.kr	02-3702-8500
Human Resources Development Service of Korea	www.hrdkorea.or.kr	1644-8000
Korea Employment Information Service	www.work.go.kr/jobcenter	-
Korea Life Insurance Association	www.klia.or.kr	02-2262-6600



Insurance Guide For Foreigners in Korea

Draft written by

DONGBU INSURANCE	Chang Gyu Jin / Assistant Manager
HYUNDAI MARINE&FIRE INSURANCE	Kim Hyo Soon / Manager
HYUNDAI MARINE&FIRE INSURANCE	Kim Myeong Gon / Assistant Manager
HYUNDAI MARINE&FIRE INSURANCE	Kyung Sang Hyun / Assistant Manager
KOREA LIFE INSURANCE	Yoon Bong Soo / Manager
KYOBO LIFE INSURANCE	Lee Jo Hoon / Assistant Manager
SAMSUNG FIRE&MARINE INSURANCE	Kim Mi Kyung / Junior Professional
SAMSUNG LIFE INSURANCE	Park Jong Beom / Manager