



Article from
Reinsurance News
March 2020



Interview With Jong-Gyu Won, President and CEO of Korean Reinsurance Company

By Mark Swanson

The largest reinsurer you might not have heard of? Korean Re has quietly become the 10th largest reinsurer in the world by gross premium. Its CEO sat down for a conversation with Reinsurance News.

Jong-Gyu Won joined Korean Re in 1986 in the marine department. Since then, he has taken on various positions, beginning with representing the New York liaison office, as head of accounting, and as managing director supervising the accounting, marine, and claims and survey departments. From 2011 to 2013, he worked as the executive managing director. In 2013, Mr. Won was named president and chief executive officer.

Mark Swanson (MS): Mr. Won, could you tell us about your personal interests?

JGW: I am a huge fan of classical music. Korean Re is a corporate sponsor of the Seoul Philharmonic Orchestra (SPO). To share the joy of music with all of the employees, families and partners of Korean Re, we hold the SPO/Korean Re New Year's Concert as an annual event. I hope that by enjoying live music, employees and their families get to relieve stress and get refreshed.

MS: Please tell us about your company.

JGW: Korean Re has led our nation's reinsurance industry since its establishment in 1963. It was originally a state-owned corporation, which was privatized in 1978. Starting from only non-life business, we have since diversified our portfolio to life and to overseas markets. Korean Re has grown significantly over the past decade while maintaining a solid position in our domestic market.



Future prospects in Korea are not as bright as before since the local reinsurance market is fully saturated and competition is increasing. Under these circumstances, we believe the future lies in going global. In order to enhance our competitiveness, we have continued to raise our profile worldwide by actively entering overseas markets.

MS: Could you expand on these efforts to grow your business outside Korea?

JGW: Korean Re is currently operating in 11 locations in Asia, North America and Europe, our Zurich subsidiary being the newest. Shanghai is next, followed by our first Latin American office in Colombia.

MS: Tell us more about the life and health business of Korean Re and its activities around the world.

JGW: Life and health (L&H) business has been an important growth engine for Korean Re. Currently, the L&H business represents over a third of the entire portfolio, and we aim to bring the percentage up to 50 percent. In our current L&H portfolio, over two-thirds of our gross premium is from outside Korea. Our overseas L&H business, with customers in North America, Latin America, China, Japan and other countries, is growing rapidly and contributing to the company's overall strategy.

MS: Currently, what is the biggest challenge regarding the Korean life and health market?

JGW: The domestic life and health insurance market is facing regulatory change. The newly revised Korean solvency regime (K-Insurance Capital Standard, or K-ICS) and the new international financial reporting standard (IFRS 17) are expected to be implemented in 2022, which will require insurers to raise additional capital. We expect to encounter diverse reinsurance needs as a result of these changes. Of course, we are ready for these changes and will solidify our leadership position in the domestic market by developing and providing tailored services for our clients.

I believe one of the most important tasks of a CEO is to motivate his or her people to build their skills and capabilities and realize their potential to the fullest so they can feel proud of what they do at work. As CEO, your job is not just about making decisions and executing what needs to be done.

MS: Could you please briefly describe the position of North American life and health business?

JGW: North America is the world's largest life and health insurance market and it comprises a significant amount of our overseas L&H portfolio already—in fact, 2020 is our 10th year being a reinsurance provider in both U.S. and Canadian markets. We are actively pursuing new clients, new partnerships and new opportunities. We not only support yearly renewable term (YRT) mortality reinsurance, but support specific needs on retaining certain aggregated risks and provide facultative service, as well.

MS: Compared to peers, what makes Korean Re special as a L&H reinsurer in the U.S. and Canadian markets?

JGW: Even though we are a reinsurer domiciled outside of North America, we are flexible and easy to do business with. Since the beginning, we have had a strong partnership with RMA of Toronto, Canada, who represents us in the U.S. and Canadian markets. RMA helps insurance companies and Korean Re to conduct reinsurance business with each other, just as easily as if Korean Re were a U.S. or Canadian reinsurer. However, in the end, Korean Re is the party that provides the capacity, retains the risk, and makes all the decisions regarding pricing, terms and conditions.

Though we are under the strict supervision of the insurance regulator of Korea, there could be regulatory or accounting differences we can utilize when we do business in North America. Recently, the introduction of principle-based reserving (PBR) in the U.S. has raised questions about reinsurance strategies—we may have much more flexibility on designing solutions than on-shore reinsurers. For instance, we may be able to provide multi-year rate guarantees at a lower cost. In all cases, we provide the same reinsurance credit as on-shore reinsurers.

MS: Can you comment on your company's future strategies?

JGW: Since our entry into North American markets, our appetite has been for mortality risk using YRT structures. To date, this emphasis has served us well; however, we are seeing demand for newer forms of risk transfer because of new types of risk coming into the market. We also see some companies seeking additional reinsurance in situations like concentrations on single sites, certain employer groups or households.

Larger U.S. reinsurers often have little or no capacity available in such situations, while, without a legacy portfolio, we are able to provide our full capacity of up to US\$ 10 million per person. In response to market needs, in the longer term, we are planning to increase per person capacity and raise net retention level, bringing even more capacity to companies who need it.

Another way of responding to new demands would be expanding our scope to various reinsurance structures other than traditional ones. It includes facultative for individual and group life, and non-proportional coverage of individual or group. Moreover, as a reinsurer having long-standing business relationships with life insurance companies not only in Korea but in other Asian countries, we have extensive expertise in morbidity risks, which are more commonly insured in Asia than in North America. I believe our expertise can help us provide unique and competitive solutions for these types of risks.

In terms of underwriting, more and more U.S. and Canadian companies are interested in accelerated underwriting—we see a similar trend here in Korea. As the largest Korean reinsurer, we are providing not only reinsurance solutions but comprehensive packaged solutions for products applying new underwriting

methods. When proposing reinsurance solutions, I believe our expertise in the Korean market can be helpful.

MS: What makes a good chief executive?

JGW: I believe one of the most important tasks of a CEO is to motivate his or her people to build their skills and capabilities and realize their potential to the fullest so they can feel proud of what they do at work. As CEO, your job is not just about making decisions and executing what needs to be done. You should also know about how to motivate your people to do their best on the job because they are the ones who actually do the work! They should be allowed and encouraged to maximize their potential to do their job in the best way possible. That encouragement should come from the CEO possibly by means of an effective reward system that gives proper credit to those who deserve it. I believe the success of an organization depends on each and every member of the organization doing their best in their respective capacity.

MS: What do you think is an essential part in guiding your organization?

JGW: In running an organization, caring for company culture is essential. I always have “true communication” on top of my list. Hoping for active communication within our workplace, I myself try to reach out to employees first. Recently I started one-on-one talks with our employees to have a direct conversation with every one of them. This would take a few years to complete, but it is worth a try. I believe communication among employees, including myself, will bring better teamwork leading to increased satisfaction and productivity. ■



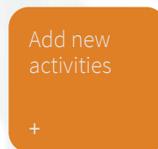
Mark Swanson, FSA, MAAA, is executive vice president, business development at RMA Inc. He can be contacted at mwanson@rmaacn.com.



CPD Tracker

A Free and Convenient Way to Track Your CPD Credits

- Track multiple Professional Development standards
- Download data conveniently to Microsoft Excel
- Load credits automatically from SOA orders
- Offers catalog of Professional Development offerings



Track now at SOA.org/CPDTracker

