



2014



HYUNDAI
INSURANCE



HYUNDAI INSURANCE AT A GLANCE

 Hyundai Insurance

CEO Message



CEO
Cheol-Young Lee

CEO
Chan-Jong Park

I am pleased to be able to present the management results for FY2013 to you all.

The amount of direct premiums in FY2013 stood at USD 7,309 million, a 5.5% y-o-y increase. The long-term insurance grew by 7.1% on the back of the stable inflow of recurring premiums. As for auto insurance, it recorded 2.9% growth due to improved renewal rates. The general insurance recorded negative growth by 1.0% due to the effects of economic recession.

We recorded USD 190 million in net income on a consolidation basis, representing a 29.4% y-o-y decrease. It is attributable to an increase in the loss ratio in auto insurance and the occurrence of excess amortization of the long-term insurance acquisition cost, which resulted in combined ratio of 102.8%, i.e. a 1.6%p y-o-y increase.

Looking at the financial results, total assets and invested assets stood at USD 22,112 million and USD 17,643 million, an 11.8% and 14.3% y-o-y increase, respectively. Total shareholders' equities stood at USD 1,877 million, which was a 5.8% y-o-y decrease. This was due to a decreased appraisal profit of debentures. The RBC ratio fell by 24.6%p y-o-y to 182.6% due to the impact of there being a reduction in total shareholders' equities.

Although we exhibited a favorable sales increase in comparison to our competitors, 2013 was a difficult year overall in terms of loss ratio and profits, due to the exacerbation of the general management environment.

We expect to see diverse changes in 2014.

Variability in the financial market is expanding due to reduced quantitative easing in the United States and the unstable economy in China. Also, requirements for strengthened financial soundness and policies for consumer protection continue to prevail, and more demands have been made for improving customer privacy protection. In particular, 2014 is expected to present a different competitive environment due to reorganization of finance/insurance industry that resulted from M&A among financial institutions.

Leading Korea Non-life Insurance Industry

To deal with such changes, we will adopt three management guidelines in 2014. They are as described below.

First, we will carry out business based on principles and ethics. As the management environment becomes more difficult, we will overcome the crisis by conducting business based on the company's principles.

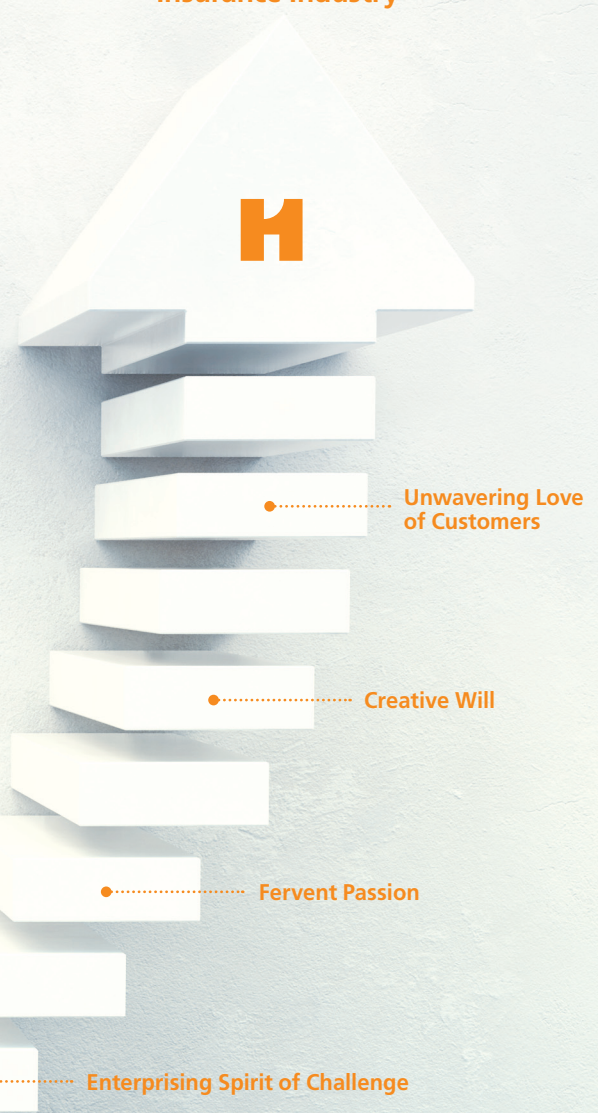
Second, we will lead the company's growth with by improving our management efficiency. We will maximize the productivity of all of our staff and executives through strengthening our control of our loss ratio and business costs, by achieving our goals, and by improving our various efficiency indexes.

Third, we will qualitatively improve our customer service. All business processes will be reformed to a customer-centered basis. Furthermore, we will strive to strengthen our pro-social management structure in order to fulfill our role as an insurance company. We will do so in order to create a social safety net by enthusiastically conducting social contribution activities.

Dear Respected Clients and Investors,
2014 is expected to present a difficult management environment, but please be rest assured that we will do our best to obtain better management results and customer satisfaction by carrying out the aforementioned management guidelines thoroughly. Thank you again for your support.

Thank you very much.

CEOs Cheol-Young Lee and Chan-Jong Park



Business & Financial Summary

Due to the change in fiscal year-end under the Article No. 118 of the Insurance Business Act, FY2013 figures are based on nine month results (Apr. - Dec. 2013) in comparison with the same period from the previous year (Apr. - Dec. 2012).

In FY2013, the non-life insurance industry collected direct premium of approximately KRW 49 trillion, increased about 4% from a year ago. Commercial insurance grew 4% amid economic slowdown affecting products such as marine, engineering, etc. Auto insurance remained similar to last year's. The growth rate of overall long-term insurance slowed to around 8% stemming from a 25% drop in new business premium (monthly converted) largely due to weak in savings type premiums.





In 2013, we posted USD 7,309 million in direct premiums, showing a 5.5% y-o-y increase, with long-term insurance still playing a central role. By line, commercial insurance decreased by 1.0% as a result of high base effect from last year, while auto insurance showed 2.9% y-o-y growth. Long-term new business premium was KRW 12.7 billion in monthly converted basis, plunged by 18.8% over the preceding year. Long-term healthcare new business, a highly profitable product, slid by 3.6% y-o-y, yet its proportion in our long-term portfolio was increased as savings type insurance fell further.

Total loss ratio was 84.4% in FY2013, 1.3%p higher than previous year. This is underpinned by that both long-term and auto insurance loss ratio climbed up while commercial insurance loss ratio stood at 65.2%, i.e. a 5.3%p y-o-y decrease. For long-term insurance, loss ratio inched up by 0.9%p y-o-y followed by increase of risk loss ratio which resulted from a slowdown of risk premium inflow and an increase of claims for medical indemnity coverage. In auto insurance, loss ratio was 86.9%, i.e. a 4.1%p increase, mainly due to a decrease in per-unit earned premiums associated with increase of claims.

On investment allocation, the proportion of interest-bearing asset is around 77% of total investment asset. We maintain the investment strategy of putting priority on risk management through approaching conservatively on risky assets. As of December 2013, the investment asset stood at USD 17,643 million, i.e. an increase of USD 2,206 million, year to date. For investment income, we posted USD 443 million, 2.1% y-o-y increase. The investment yield was 3.8%, fell by 0.7%p y-o-y largely due to continued low-interest rate environment.

We posted USD 174 million in net profit on a stand-alone basis and 13.1% in ROE on the back of higher loss ratio and lower investment yield. The total shareholders' equities stood at USD 1,877 million, i.e. a decrease of 5.8% over the end of the previous year, which was attributable to a decrease of unrealized gains due to market interest rate fluctuations. The solvency ratio (RBC base) was 182.6%, i.e. a 24.6%p drop, resulted from a decrease of unrealized gains of available-for-sale financial assets, tightening statutory RBC scheme and weakened earnings uptrend.

In 2014, non-life insurance industry faces a difficult situation such as the RBC regime change, fall-off in customer complaints, and personal information protection, etc. In addition, low-interest rate environment as well as weak revenue growth due to a slowdown of new business in long-term insurance will be maintained. Under such circumstances, we at Hyundai Marine & Fire Insurance will continue to maintain enthusiastic attitude and differentiated competitiveness, and strive to boost profitability and growth at the same time.

Vision & Management Strategy



Vision Hi 2015

“The leading insurance company creating best service for customers”

We have established a new mid and long-term vision dubbed “Vision Hi 2015,” proclaiming it both internally and externally in April 2011 to proactively cope with the upcoming environmental changes and to continuously grow as a company. Under the company’s vision, namely, “the leading insurance company creating best service for customers”, we will provide high-quality insurance products and services, faithfully holding on to our role of contributing to customers’ happiness and social security as an insurance business, and continuing to grow accordingly.

To that end, we have set the following mid-and long-term management strategies: **strengthening core business competitiveness, improving business infrastructure, maximizing customer value, and preparing new growth engines.**

Under these strategies, we will strive to remain at the top in terms of overall sales, profitability, and competitiveness, push forward with business more efficiently, and continue to provide services in a way that will enhance the quality of our customers’ lives. We will also strive to continue to grow by strengthening the basis for new growth and overcoming the limitations of the insurance market.

Vision Hi 2015 : The Leading Insurance Company Creating Best Service for Customers

Best Service

- Best quality insurance product
- Distinguished primary insurance service
- Diverse additional services to improve the quality of life

Growing with Customers

- Growing with business partners
- Enhanced role as a social safety net
- Management with enhanced social responsibility

Growing Insurance Company

- Growth with a focus on regular trade
- Seeking new opportunities to grow

12 Key Strategies to Realize 4 Major Mid- And Long-Term Management Strategy Directions

01. Development of products leading the market and consolidation of UW/contract management competence
02. Bolstering sales competitiveness in the open-type, multi-channel structure
03. Maintaining top-level claims services competitiveness in the industry
04. Consolidation of assets management competence to realize long-term, stable investment returns
05. Establishment of Hyundai Insurance's own new culture and nurturing of talented people
06. Risk management competence strengthening suitable for business portfolio and assets increase
07. IT infrastructure enhancement to make the business process efficient
08. Consolidation of brand image to enhance customer trust and loyalty
09. Enhancing of total customer services to offer values beyond risk security
10. Reinforcing of social responsibility management as the leading insurer
11. Boosting of global business on a step-by-step basis to overcome the domestic market limitations
12. Consolidation of response to secure new growth opportunities





for a better
tomorrow

Social Contribution Activities

Challenge for tomorrow

We at Hyundai Marine & Fire Insurance pursue sustainable and shared growth and do our best to fulfill our social responsibilities. We make a point of returning a given percentage of our profits to society so that all people may live a happier life.

Support for Children and Youth to Follow the Path of Virtue

We work together with experts to assist children and youth so that they can grow up to become healthy members of society. We do so by addressing virtuous physical, mind, culture, and social issues.

Social Innovation/Change

We actively support social innovation and change and strive to create better social values.

Traffic/Safety Accident Prevention Activities

We carry out activities aimed at protecting people from the kinds of accidents that can occur in everyday life.

Sharing Hope with Neighbors

We do our best to deliver sincere love and care to help neglected people and to become a hopeful company that contributes to regional communities.

Environmental Management

Enhancement of the company's image as an eco-friendly business as corporate that fulfills its social responsibilities, we make concerted efforts to draw attention to environmental issues, enhance our image as an eco-friendly business, and establish our status as a business engaging in sustainable activities. We operate the eco-Friendly Management Committee and the Hyundai Insurance Research Center to carry out eco-friendly management positively and be better prepared against environmental risks relating to climate change.

In July 2010, Hyundai Insurance Research Center has established for the first time in the insurance industry to proactively cope with climate change and to promote the sustainable growth of the insurance industry through research on climate change. We also strive to contribute to society by developing diverse products and services that are designed to reduce carbon emissions.

In 2005, we became the first Korean insurance company to announce its support for the Carbon Disclosure Project (CDP) and have since participated in the relevant activities. In 2013, we were named the CDP Carbon Disclosure Sector Leader-Financials in recognition of our eco-friendly management corresponding climate change.



Environmental Management System (ISO 14001) Certification

Contents Certification established by the International Organization for the Standardization (ISO) Technical Committee to evaluate and certify eco-friendly management system in overall business operations with international standards.

Provider Korea Productivity Center Quality Assurance

Validity of certification June 10, 2013 – June 9, 2016 (for three years)

Weather Management Certification

Contents Certification concerning the creation of added value through diverse use of weather information by a business (or institution) and ensuring safety from adverse weather disasters.

Provider KMA(Korea Meteorological Administration)

Validity of certification October 26, 2012 - October 25, 2015 (for three years)

FY2013 Financial Results Detail

Financial Highlight

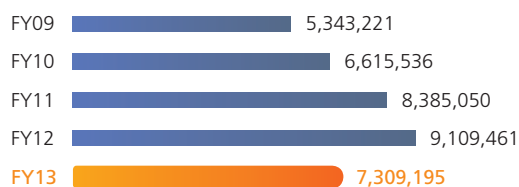
(Unit : USD 1,000)

Classification	FY2011	FY2012	FY2013 (9 months)
Direct Premium	8,385,050	9,109,461	7,309,195
Net Premium	7,579,558	8,279,498	6,647,197
Earned Premium	7,522,123	8,262,144	6,601,352
Underwriting Income	27,418	-190,726	-183,462
Investment Income	476,832	614,209	443,023
Total Operating Income	504,251	423,483	259,561
Net Income	359,227	298,979	174,360
Total Assets	15,443,173	18,714,345	22,111,766
Invested Assets	11,796,643	14,609,534	17,642,955
Total Shareholders' Equities	1,532,988	1,885,019	1,876,811

• Prepared in accordance with K-IFRS, on a non-consolidated basis.

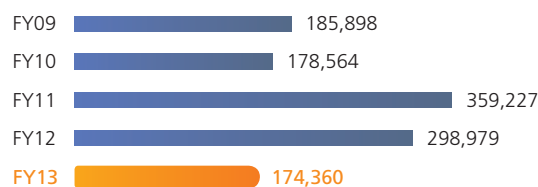
Direct Premium

(Unit : USD 1,000)



(Adj.) Net Income

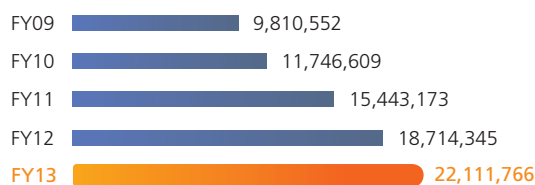
(Unit : USD 1,000)



• Figures refer to adjusted net income until FY2010, and to net income for FY2011 and after.
(Adjusted net income = Net income + Increase of catastrophe reserves)

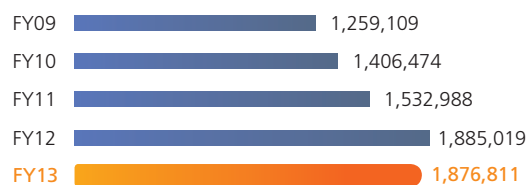
Total Assets

(Unit : USD 1,000)



(Adj.) Total Shareholders' Equities

(Unit : USD 1,000)



• Figures refer to adjusted shareholders' equities until FY2010, and to total shareholders' equities for FY2011 and after.
(Adjusted shareholders' equities: Total shareholders' equities + Catastrophe reserves)

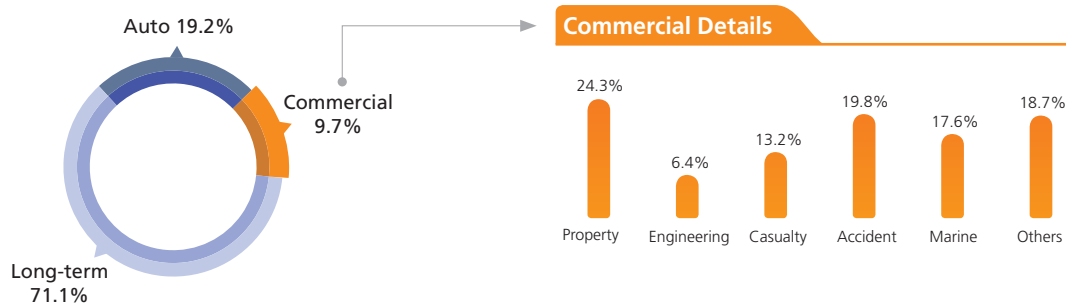
Note · Rate of Exchange : PL - The average rate of each year (FY2013 : ₩ 1,098.4 to U\$ 1)
BS - The basic rate of the end of Fiscal Year (FY2013 : ₩ 1,055.3 to U\$ 1)

Direct Premium

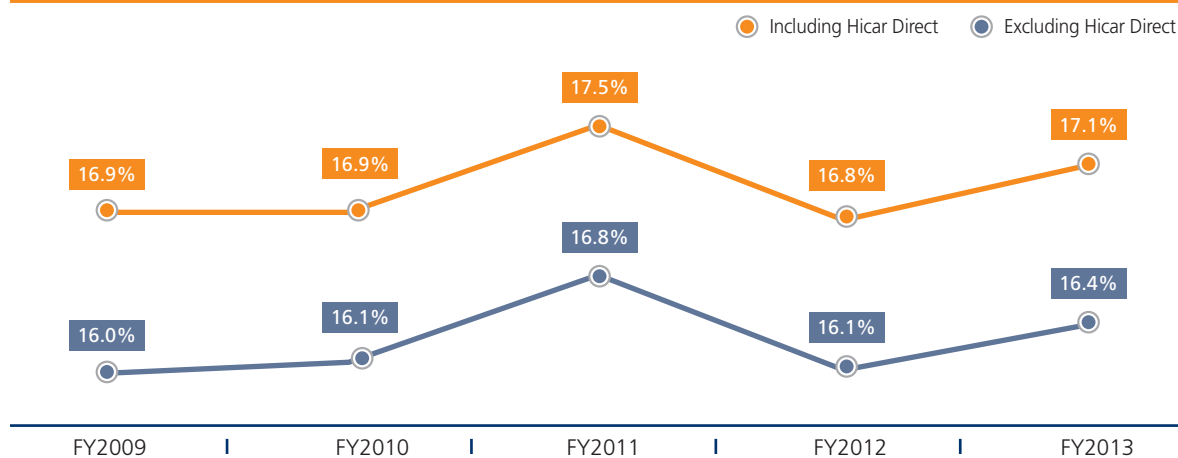
(Unit : USD 1,000)

Classification	FY2011	FY2012	FY2013 (9 months)
Commercial	819,779	884,404	707,117
Long-term	5,332,760	6,322,846	5,127,031
Auto	1,836,829	1,782,995	1,405,395
Sub-total	7,989,369	8,990,245	7,239,543
Single payment	395,682	119,217	69,651
Total	8,385,050	9,109,461	7,309,195

Direct Premium (Diagram)



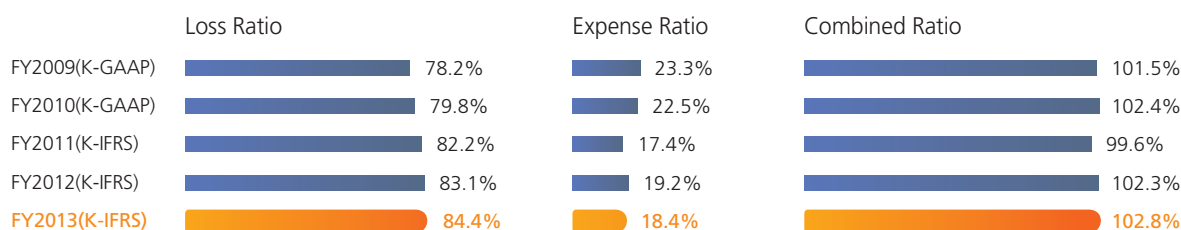
Market Share



- Hicar Direct : wholly owned subsidiary of Hyundai Insurance
- NongHyup Property & Casualty Insurance is included for FY2012 and after.

Note · Rate of Exchange : PL - The average rate of each year (FY2013 : ₩ 1,098.4 to US\$ 1)
 BS - The basic rate of the end of Fiscal Year (FY2013 : ₩ 1,055.3 to US\$ 1)

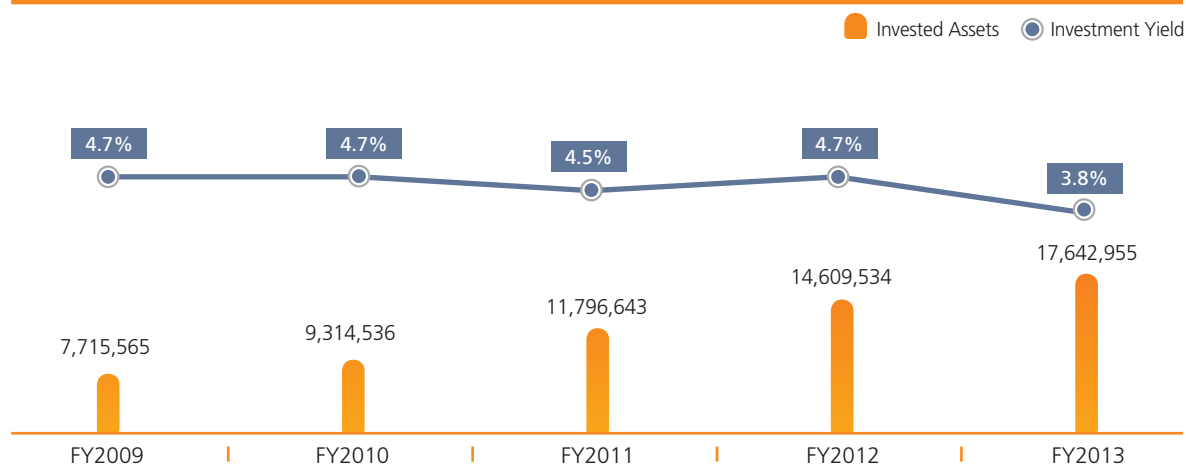
Combined Ratio



• Prepared in accordance with K-IFRS, on a non-consolidated basis.

Invested Assets & Investment Yield

(Unit : USD 1,000)



Capital

(Unit : USD 1,000)

Classification	Mar. 2012	Mar. 2013	Dec. 2013
Total shareholders' equities	1,532,988	1,890,049	1,876,811
Required solvency	1,665,264	1,930,392	1,978,789
Available capital	795,242	931,811	1,083,879
Solvency ratio(RBC based)	209.4%	207.2%	182.6%

Ratings



A [Excellent]



A- Stable

Note · Rate of Exchange : PL - The average rate of each year (FY2013 : ₩ 1,098.4 to U\$ 1)
BS - The basic rate of the end of Fiscal Year (FY2013 : ₩ 1,055.3 to U\$ 1)

Organization

Standing Auditor

Compliance Officer

Corporate Planning & Management Group

- Corporate Planning Division
- Management Support Division
- CIO [Chief Information Officer]

Personnel, General Administration Group

CCO [Chief Customer Officer]

Asset Management Group

- Investment Division
- Loan Business Division

Commercial Insurance Group

- Overseas Business Division
- General Insurance Division
- Corporate Marketing Strategy Division
- Commercial Insurance Marketing Division 1
- Commercial Insurance Marketing Division 2
- Commercial Insurance Marketing Division 3
- Commercial Insurance Marketing Division 4
- Corporate Marketing Division

Personal Line Group

- Marketing Division
- New-Channel Division
- Bancassurance Division
- Agency Management Headquarter
- 8 Regional Headquarters

Long-Term Insurance Group

- Long-Term Insurance Division
- Long-Term Ins. Claims Division

Automobile Insurance Group

- Automobile Insurance Division
- Automobile Claims Division
- Capital Region Automobile Claims Division
- Regional Automobile Claims Division
- SIU [Special Investigation Unit]

Certified Senior Actuary

Subsidiary Companies

Hyundai C&R Co., Ltd.

TYPE OF BUSINESS | Educational Business, Facility Management, Call center Management

CAPITAL STOCK | KRW 1,000 million

OWNERSHIP STAKE | No. of stocks owned - 200,000 shares (100%)

Hyundai Hicar Claims Service Co., Ltd.

TYPE OF BUSINESS | Automobile Claims Service, Emergency Road Service

CAPITAL STOCK | KRW 1,000 million

OWNERSHIP STAKE | No. of stocks owned - 200,000 shares (100%)

Hyundai Investments Co., Ltd.

TYPE OF BUSINESS | Asset Management

CAPITAL STOCK | KRW 30,000 million

OWNERSHIP STAKE | No. of stocks owned - 6,000,000 shares (100%)

Hyundai Hilife Claims Service Co., Ltd.

TYPE OF BUSINESS | Long-term & Commercial Claims Service, Risk Management Service

CAPITAL STOCK | KRW 2,500 million

OWNERSHIP STAKE | No. of stocks owned- 500,000 shares (100%)

Hyundai Hicardirect Insurance Co., Ltd.

TYPE OF BUSINESS | Auto Insurance, Driver Insurance

CAPITAL STOCK | KRW 170,000 million

OWNERSHIP STAKE | No. of stocks owned - 34,000,000 shares (100%)

Hyundai Investment (America), Ltd.

TYPE OF BUSINESS | Investment

CAPITAL STOCK | USD 25,000,000

OWNERSHIP STAKE | (100%)

Hyundai Insurance (China) Co., Ltd.

TYPE OF BUSINESS | Insurance

CAPITAL STOCK | RMB 300,000,000

OWNERSHIP STAKE | (100%)

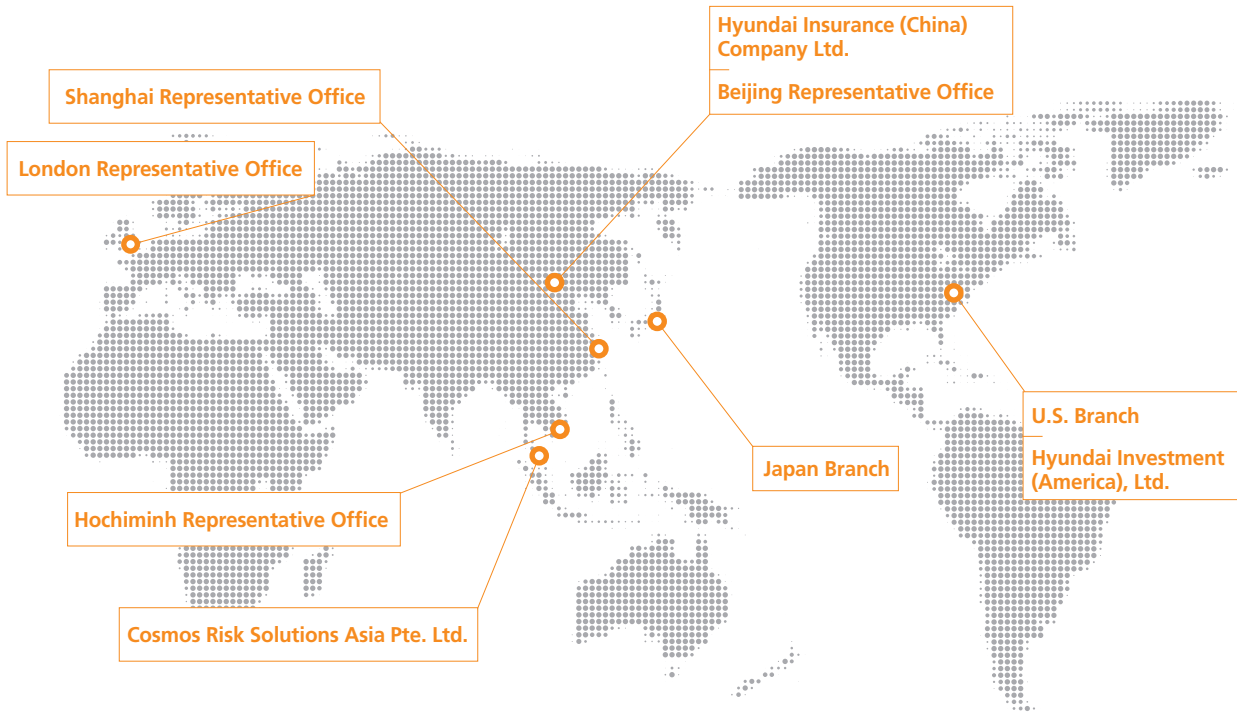
Cosmos Risk Solutions Asia Pte. Ltd.

TYPE OF BUSINESS | Reinsurance Broker

CAPITAL STOCK | USD 1,000,000

OWNERSHIP STAKE | (49%)

Global Networks



Hyundai Insurance (China) Company Ltd.

Room No.508, Hyundai Motor Tower, 38 Xiaoyun Road, Chaoyang District, Beijing, China
Tel : 86-10-8442-8100 / Fax : 86-10-8453-9103

Hyundai Investment (America), Ltd.

300 Sylvan Avenue, Englewood Cliffs, NJ 07632, U.S.A.
Tel : 1-201-871-8881 / Fax : 1-201-871-8890

Cosmos Risk Solutions Asia Pte. Ltd.

#40-01, 9 Raffles Place, Republic Plaza, Singapore 048619
Tel : 65-6317-0320 / Fax : 65-6317-0329

U.S. Branch

300 Sylvan Avenue, Englewood Cliffs, NJ 07632, U.S.A.
Tel : 1-201-816-4084 / Fax : 1-201-816-4086

Japan Branch

8F, NBF Hibiya Bldg. 1-1-7, Uchisaiwai-Cho, Chiyoda-Ku, Tokyo, Japan 100-0011
Tel : 81-3-5511-6565 / Fax : 81-3-5511-6566

London Representative Office

7F, 37-39 Lime Street, London EC3M 7AY, United Kingdom
Tel : 44-207-929-3822 / Fax : 44-207-929-3826

Hochiminh Representative Office

Room 710, 7F, Sun Wah Tower, 115 Nguyen Hue Blvd., Dist.1, Ho Chi Minh City, Vietnam
Tel : 84-8-3827-8214 / Fax : 84-8-3827-8212

Beijing Representative Office

Room No.518, Hyundai Motor Tower, 38 Xiaoyun Road, Chaoyang District, Beijing, China
Tel : 86-10-8453-9071 / Fax : 86-10-8453-9082

Shanghai Representative Office

Room No.1402 Part(C) Orient International Plaza, 85 Lou Shan Guan Road, Shanghai, China
Tel : 86-21-6278-7740 / Fax : 86-21-6278-7741

Company History

- 1955. 03** **Korea's first marine insurance company established**
(Company name: Eastern Marine & Fire Insurance Co., Ltd.)
- 1985. 10** **Changed the company name to Hyundai Marine & Fire Insurance Co., Ltd.**
- 1992. 12** Acquired business authorization in the state of California, US as the first company in Korea's insurance industry to do so
- 1996. 12** Selected as the 40th standing non-life insurer by S&P
- 1997. 01** Acquired ISO 9002 certification for the first time ever in Korea's non-life insurance industry
- 1999. 01** Declared new CI (Corporate Identity)
- 2000. 10** **Designated as the official insurer of the 2002 FIFA World Cup**
- 2006. 09** Established US investment corporation [Hyundai Investment(America), Ltd.]
- 2009. 09** Total assets surpassed KRW 10 trillion
- 2010. 02** Selected as a formal non-life insurer for the Expo 2012 Yeosu Korea
- 2010. 07** Established the Hyundai Insurance Research Center
- 2011. 04** Declared Vision Hi 2015
- 2012. 10** **Rated A [Excellent] by A.M. Best**
- 2012. 12** **Total assets exceeded KRW 20 trillion**
- 2013. 06** **Rated A- stable by S&P**
- 2013. 06** Acquired Environmental Management System certification, ISO 14001

Hyundai Insurance

Hyundai Marine & Fire Insurance Co., Ltd.
163 Sejong-daero, Jongno-gu, Seoul, Korea
Tel: (82)1588-5656 / www.hi.co.kr