Summary of Social Security and Private Employee Benefits

KOREA

2013
Samsung Life Insurance Company, Ltd. was established in Korea in 1957 and, since that time, has grown to become the largest and most successful life insurance company in the country. As a market leader, Samsung has played a significant role in the growth and development of the Korean economy and improved the financial welfare of millions of Koreans.

In 2012, Samsung Life achieved KRW 984 billion (USD 867 million) in net income and KRW 186 trillion (USD 164 billion) in total assets. The Samsung Life brand, which is synonymous with trust, reliability, and stability, has been the most valuable brand within the life insurance category, ranking 1st for 15 consecutive years according to the 2012 Korea Management Association’s Korea Brand Power Index.

Samsung Life was ranked by Fortune Global 500 in 2013 as the world’s 427th largest corporation in the world. Samsung’s ultimate goal is to rank among the world’s most prominent providers of financial services. At the same time, Samsung Life remains committed to sharing its success by continuing to support community services, the arts and cultural activities, sports and social welfare programs.

Samsung was the first insurance company in Korea to receive ISO 9001 and 9002 certification based on the quality and reliability of its services. Samsung Life was also the first company in Korea to establish an internet site for providing customers with information about its products and services and is a leader in the use of e-Business infrastructure to enhance customer service. In addition, Samsung received the BS7799 certification, an international information security certificate awarded by the British Standards Institution.

Samsung offers both individual and group life products and insures approximately one-third of the population of Korea through a network of approximately 41,052 sales agents and over 5,975 employees. Samsung is also the leading underwriter of group life insurance and severance benefits plans in Korea.

Samsung has been a member of the International Group Program since 1980.

**Key Products**

**Life**
- Life
- Dependent Life
- Optional Supplemental Life

**Disability**
- Accidental Dismemberment (PTD)
- Accident-Related Hospital Benefits
- Traffic Accident-Related Benefits
- Waiver of Premium

**Medical**
- Cancer-Related Benefits
- Hospital Expense Benefits
- In-Patient Benefits
- Nursing Care Benefits
- Out-Patient Benefits

Samsung is located on the internet at: [http://www.samsunglife.com](http://www.samsunglife.com)

*(Information available in English.)*
Social Security

National Pension Plan:

Eligibility: All residents in Korea, both workplace-based and individually insured persons, from 18 to less than 60 years of age, regardless of their income, are subject to mandatory participation in the plan. The following individuals may participate on a voluntary basis:

- Residents who are non-income-earning spouses of those covered under public pension schemes
- Non-income earners less than 27 years of age who have not made any pension contributions
- Anyone protected under the National Basic Living Security Act
- Retired government employees who have received a retirement pension

Contribution: A total of 9% of the salary is contributed monthly. For workplace-based insured persons, the contribution rate is shared equally between the employer and the employee, each contributing 4.5% of the salary. Individually insured persons have to make the full contribution on their own.

Benefit: The benefit is based on the level of contributions and the number of years of contributions. At least 20 years of contributions are required to receive the full benefit. For a period of less than 20 years, the benefit amount will be calculated using the payment rate based on the period of contributions. To receive the benefit as a lifetime annuity, a minimum 10 years of participation is required. If the participation period is less than 10 years, the benefit will be paid as a lump-sum.

National Health Insurance:

Eligibility: The National Health Insurance, a compulsory social insurance program that became effective on July 1, 1989, covers the entire population living in the country.

The insured are divided into two groups: those insured via an employer and the self-employed.

Contribution:

**Employee Insured:**

- Employees and employers in all workplaces, public officials, and private school employees.
- Contribution is shared equally between the employer and the employee.
- Contribution = Employee’s Monthly Wage x Insurance Rate
  (Current Insurance Rate is 5.98%)

**Self-Employed Insured:**

- An insured other than an employee-insured and his or her dependents (e.g., self-employed, farmers, etc.)
- Contribution = Contribution Score x Unit Price by Score
  (Current Unit Price by Score is KRW 172.7)
- Contribution score is calculated based on a household’s income (interest, dividend, business, annuity, etc.), wealth (property, land, rental income, etc.), automobile(s), and economic activity rate.
Benefit: Insureds who receive health care treatments pay certain portions of the health care costs as co-payments. For insured coverage, there is a 20% co-payment on total inpatient medical expenses and a 30% to 60% co-payment on outpatient medical expenses. Medical expenses relating to pregnancy and childbirth are also covered.

Long-Term Care Insurance: A long-term care benefit provided to elderly persons who are having difficulty taking care of themselves for a period of at least six months due to old age or geriatric disease. It provides various types of long-term care benefits to support the insured, including: home care, institutional care and day/evening care.

Contribution = National Health Insurance Contribution x Insurance Rate
(Current Insurance Rate is 6.55%)

Eligibility: Step 1: Senior citizens of at least 65 years of age or under 65 years who have geriatric diseases may apply for the long-term care benefit.

Step 2: Senior citizens who receive “Long-Term Care” ratings qualify for the benefit if they have been evaluated as having difficulty taking care of themselves for at least six months.

Co-Payment of Expenses: Qualified beneficiary makes a 15% co-payment on in-home service benefits and 20% co-payment on long-term care facility benefits.

Insurance Payment:

- In-Home Service Benefit
  A care-taker or a medical doctor/nurse visits the homes of beneficiaries and provides services, or beneficiaries visit facilities that offer the services, e.g., day care.

- Care Facility Benefit
  Care and services are provided by a Long-Term Care facility.

- Special Cash Benefit
  Cash benefits can be provided in exceptional circumstances, e.g., if the insured lives in a specific district or remote area with limited services available or if the insured is mentally ill.

Worker’s Compensation: (Industrial Accident Compensation Plan)

Eligibility: All workplaces with at least one full-time employee are subject to mandatory coverage.

Contribution: Contributions are paid by the employer. Contribution rates range from 0.6% to 34% of the total annual wage with 1.8% contribution on average. Premium rating is determined based on each business type and its occupational accident risks.

Benefits:

- Temporary disability
- Permanent disability
- Nursing benefit
- Survivor benefit & funeral expenses
### Employment Insurance:

**Eligibility:**
All workplaces with at least one full-time employee are subject to mandatory coverage.

**Contribution:**
Employees pay 0.65% of monthly base salary, and employer pays from 0.9% up to 1.5% depending on the size of the company.

**Benefits:**
50% of normal monthly base salary for 90 to 240 days depending on the age and number of premium payment years.

### Private Employee Benefits

**General:**
Group Term Life and Retirement Insurance are basic and standard employee benefits in Korea. The vast majority of Korean companies stipulate the provisions concerning the Retirement Allowance System in the bylaws of the organization.

**Group Term Life Insurance:**
This is provided in the form of one-year, automatically renewable term insurance with optional riders such as accidental death, accidental injury, or accidental hospitalization. The rates for such riders may be a flat amount for all employees or determined by salary, age, and gender. The minimum number of participants is thirty. For groups with less than thirty lives, Samsung can, on an exceptional basis, write a group contract for renewals and/or subsidiary spin-offs.

The employer generally pays all the premiums, which are tax deductible. Company contributions in excess of KRW 700,000 per insured per year are considered taxable income to the employee.

**Retirement Benefits (Retirement Insurance):**

**Eligibility:**
Generally, a company must have a minimum of five employees. Samsung can offer a plan for companies with fewer than five employees.

**Benefits:**
Approximately 70% of companies provide the minimum required (30 days per year of service) under the Labor Standard Law. Others provide gradually increasing rates.

**Funding & Taxation:**
Employers are allowed to set up a "qualified reserve retained" and deduct from their taxes the lesser of:

1. One-tenth of total salaries, wages, etc. paid in each fiscal year to employees, or
2. An aggregate maximum of 40% of the total estimated amount of severance pay payable to all employees as of the end of each fiscal year.

In order to receive a tax deduction for retirement allowance liabilities not recognized in the "qualified reserve retained", many companies fund the remainder of these liabilities through an insured plan.