Japan & Korea Allocator Intelligence

Weekly GP Intelligence

Edition **#004** Covering **2026-08-31 to 2026-09-07** Article **5** of 11

Korean Insurers Split: Samsung's War Chest vs. the Sub-50% Floor

Korea's insurers now carry two solvency numbers, and from 2027 the second one — basic capital alone against required capital — decides who can add illiquid assets. Samsung Life and Samsung Fire sit above 150% on it; six insurers sit below the 50% floor and are managing to a nine-year glide path. Qualify every Korean insurer on the basic ratio before pitching.

K-ICS in brief. K-ICS (Korea Insurance Capital Standard) is Korea's economic-value solvency regime, in force since January 2023, when it replaced the old risk-based-capital rules. It marks assets and liabilities to market. Required capital is the loss an insurer could suffer in a one-in-200-year shock (99.5% confidence) across insurance, market, credit and operational risk. The headline ratio is available capital divided by required capital. The legal minimum is 100%; the supervisors' recommended level is 130%, cut from 150% in June 2025.

Available capital has two layers. Basic capital is common equity, capital surplus, retained earnings, other comprehensive income and, within limits, perpetual hybrid securities. Supplementary capital is mainly subordinated debt. Many insurers also report their ratio with transitional measures that phase new risks in over up to ten years, so Kyobo Life's 220.8% for 2025 was 164.2% without them.

The 50% rule. From 1 January 2027 the basic ratio — basic capital divided by required capital — must be at least 50%. Between 0% and 50% the FSC issues a management-improvement recommendation; below 0%, a management-improvement requirement. An insurer under 50% at end-March 2027 is not shut out. It receives quarterly targets rising in a straight line to 50% by end-March 2036, and corrective action follows only if it misses its own target and has not recovered a year later. A second marker sits at 80%: the level an insurer must hold to redeem early any capital securities that count as basic capital, which regulators describe as the recommended level.

How illiquid and alternative assets are charged. K-ICS applies a price shock by asset type, and the shock is the required capital.

Asset type	K-ICS price shock
Listed equity, developed markets (Korean shares included)	35%
Listed equity, emerging markets	48%

Asset type	K-ICS price shock
Infrastructure equity	20%
Equity held ten years or more under a documented plan	20%
Real estate	25%
"Other equity": unlisted shares and fund units the insurer cannot look through	49%

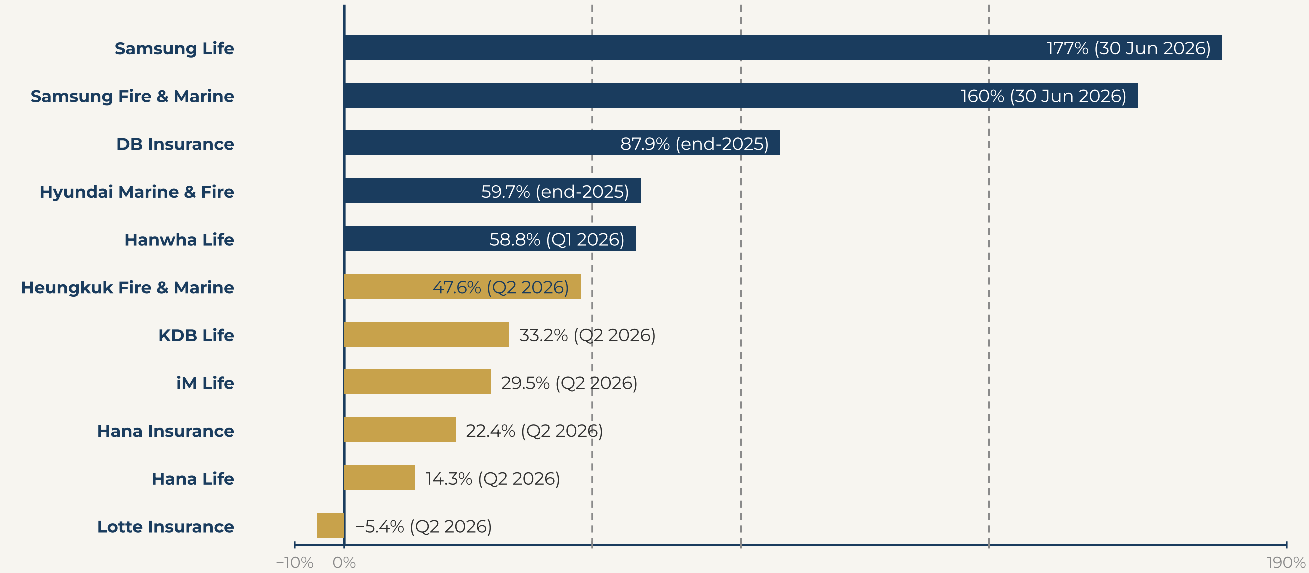
Foreign-currency assets carry a further exchange-rate shock per currency unless hedged. Loans and bonds fall under credit risk, charged by rating. So ₩100bn in an unlisted fund without look-through needs about ₩49bn of required capital before diversification, and ₩24.5bn of basic capital just to hold the basic ratio at 50%. Subordinated debt cannot fill that gap; only equity, retained earnings or hybrids can. A rated senior loan or an infrastructure equity stake costs a fraction of it.

That is why the sector is splitting. Samsung Life and Samsung Fire are capital-rich enough to be reviewing what would each be the largest outbound M&A deal in Korean financial history. Samsung Life is weighing a mid-teens-percent stake in US retirement platform Principal Financial Group, worth an estimated ₩5–6tn. Samsung Fire is weighing full control of UK specialty (re)insurer Canopius, worth an estimated ₩2.8–3tn. The prior record is ₩2.31tn, set by DB Insurance's Fortegra acquisition. Both filed clarifying disclosures saying nothing is finalised and committed to update the market by early October. These are platform acquisitions, not fund commitments; read them as evidence of scale and appetite, not fresh demand for commingled funds.

Insurer	Basic K-ICS ratio	Trend	Floor status
Samsung Life	177% (30 June 2026)	Headline K-ICS 208%	Far above 50%; headroom for new risk assets
Samsung Fire & Marine	160% (30 June 2026)	—	Far above
DB Insurance	87.9% (end-2025)	—	Above
Hyundai Marine & Fire	59.7% (end-2025)	—	Above, thin
Hanwha Life	58.8% (Q1 2026)	Targeting 60%+ by year-end via loss-experience management and coinsurance	Above, thin
Heungkuk Fire & Marine	47.6% (Q2 2026)	Up from 40.1% in Q1	Below; on the glide path
KDB Life	33.2% (Q2 2026)	Down from 41.9%	Below
iM Life	29.5% (Q2 2026)	Up from 14.8%	Below
Hana Insurance	22.4% (Q2 2026)	Down from 28.6%	Below

Insurer	Basic K-ICS ratio	Trend	Floor status
Hana Life	14.3% (Q2 2026)	Down from 20.9%	Below
Lotte Insurance	−5.4% (Q2 2026)	Up from −21.4%	Below zero: the "requirement" band once the rule bites

Korea's insurers on the basic K-ICS ratio: who clears the 2027 floor



Dashed lines mark three thresholds: 50% is the floor from 1 January 2027;
80% is the level needed to redeem basic-capital securities early;
130% is the supervisors' recommended level (headline ratio; cut from 150% in June 2025).

Insurers under 50% at end-March 2027 get quarterly targets rising in a straight line to 50% by end-March 2036.

Two insurers sit far above the 2027 floor, three clear it but thinly, and six sit below it on a glide path running to 2036. Samsung Life (177%) and Samsung Fire & Marine (160%) have room to spare; DB Insurance (87.9%), Hyundai Marine & Fire (59.7%) and Hanwha Life (58.8%) clear the 50% floor but not by much; Heungkuk Fire & Marine, KDB Life, iM Life, Hana Insurance, Hana Life and Lotte Insurance are all below 50% and work to quarterly targets reaching 50% by end-March 2036.

All six insurers under 50% still clear the 130% recommended level on the headline ratio, which is exactly the point: the total ratio can be filled with subordinated debt, the basic ratio cannot. Sector profits do not contradict the split. Insurers' H1 net income rose 13.0% to ₩9.0138tn, but life insurers' 17.7% gain came entirely from investment income, up 51.6%, while insurance income fell 26.2%.

Market Entry Implication: Qualify every Korean insurer prospect on its basic K-ICS ratio before spending time on the relationship. Above roughly 130% on the basic ratio, an insurer has genuine headroom for new K-ICS-charged risk assets. Between 50% and 130%, lead with the capital charge — a rated senior loan, infrastructure equity at 20%, or a fund with full look-through — rather than headline IRR.

Below 50%, the insurer can buy only what barely moves its required capital. Hanwha Life's use of coinsurance is a live, named example of the levers such boards are pulling. A rated, short-duration, low-charge product is the only plausible entry point until two quarters of progress against the insurer's own target are visible. Do not treat 2027 as an urgent trigger for the six: the glide path runs to 2036, and they are already managing to it.

Which GPs Have Opportunities:

GP profile	Why this fits	What they'd need
Global buyout sponsors with a US or UK retirement, asset-management or specialty-insurance platform for sale	Samsung Life and Samsung Fire have signalled they are sourcing exactly this kind of asset, with the balance sheet to fund it without touching fund commitments	A platform with retirement recordkeeping, alternatives distribution or specialty underwriting, not a plain PE fund seeking an LP
Capital-efficient private credit managers (senior secured, floating-rate, rated-note structures) targeting Samsung Life, Samsung Fire or DB Insurance	These three carry basic-capital headroom to add risk assets without threatening either ratio	A structure whose K-ICS charge — credit risk by rating, not 49% "other equity" — is the pitch
GPs with capital-relief or reinsurance-adjacent structures (funded reinsurance, quota-share, capital-efficient sidecars)	Hanwha Life is using coinsurance as one of three named levers to lift its ratio; the six below 50% need required capital down, not assets up	K-ICS mechanics fluency and a track record with other Asian life insurers

Sources: note 5.

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From Japan & Korea Allocator Intelligence, edition #004 (2026-09-07). All articles in this edition