

LEAD THE WAY THROUGH INNOVATION

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11.3%

NET INCOME GROWTH

Dongbu Insurance aims to secure an 11.3% increase in net income during FY2006 which ends March 31, 2007, to total KRW137 billion. Direct premiums written are projected to rise by a higher margin of 16% in the fiscal year.



DONGBU INSURANCE
AIMS TO ACCELERATE
INNOVATION AND ENHANCE
EFFICIENCY ACROSS ALL
BUSINESS SEGMENTS

IN ORDER TO FULFILL OUR PRIMARY OBJECTIVE OF BECOMING
THE NO. 1 NON-LIFE INSURER IN KOREA.

Strategic Initiatives

DONGBU INSURANCE'S VIGOROUS PURSUIT OF MANAGEMENT TRANSPARENCY WAS REWARDED BY RECEIPT OF ETHICAL MANAGEMENT AWARDS. THE COMPANY HAS RECEIVED ETHICAL AND TRANSPARENT MANAGEMENT AWARDS FROM ETHICAL AND ECONOMIC ENTITIES.



ETHICAL AND TRANSPARENT MANAGEMENT

- Dongbu Insurance is truly a leader of the non-life insurance industry in terms of its commitment to ethical management. Indeed, the Company has received award after award in recognition of its strong commitment to management reforms rooted in ethical business principles.



- On February 14, 2006, Dongbu Insurance received the Korea Business Ethics Award during an international forum on business ethics, which was sponsored by the Korea Academy of Business and the Korean Chamber of Commerce and Industry. For this, the Company scored the highest marks in three key areas: corporate management, commitment to social responsibility, and professionalism of senior management.

- Of note, Dongbu Insurance President & CEO Kim Soon-Hwan has been at the forefront of this wave of management renovation. Since his inauguration in April 2004, he has steadfastly promoted management transparency under the Company motto of "Change and Challenge No. 1."

- His philosophy is that in order to realize sustainable growth, an enterprise must constantly adopt innovation, based on principles of ethical management. An enterprise, which falls short in this regard, is doomed to failure. President & CEO Kim notes that Enron Corporation of the U.S. collapsed because it failed to implement needed change and innovation, even though it was widely respected as an enterprise that contributed generously to charitable and social causes.

- In addition, the Company's Intranet system features an "ethical standards site," which provides instruction on employee compliance with ethical guidelines and internal controls, as well as a process for reporting any suspected irregularities. Since taking office, the reform-minded CEO has launched a campaign to eliminate "improper practices and systems," which might have become institutionalized. In particular, he has called on the Company's sales personnel to "adhere to strict ethical standards," while stressing that he would not tolerate any fraudulent practices, such as inflating sales records or falsifying contracts. These kinds of actions, he said, are futile in the end, like trying to build a house on sand.

- In August 2005, the Company has implemented a "self-regulating ethical conduct" program, in which employees can themselves determine whether their conduct complies with applicable ethical standards. In 2005, the number of Company employees, who have been subject to disciplinary action, has dramatically declined, from a year earlier, thus proving the effectiveness of the ethical management efforts.

CUSTOMER-DRIVEN MANAGEMENT

- Dongbu Insurance has made significant strides in its efforts to improve customer services. Along with a stream of innovative new products tailored to meet the unique needs of our customers, Dongbu Insurance is pursuing service innovation. These initiatives are in line with the Company's primary objective of becoming the country's No. 1 non-life insurer in the near future.

Dongbu: The most trusted insurer

- Dongbu Insurance received the "2006 Trustworthy Company Awards" in recognition of its trustworthiness among consumers. The Company was selected in a nationwide consumer survey commissioned by the Korea Consumers' Forum and Korea Economic Daily News. From March 16 to 25, 2006, nearly 190,000 consumers across the nation were asked about various aspects of each company, including product quality, public image, social commitment and financial disclosure.

- In March 2006, Korea's Financial Supervisory Service (FSS) announced that Dongbu Insurance ranked first among domestic non-life insurers for its peerless handling of customer grievances. This assessment was made based on data gathered in the first half of 2005.

PROMY LIFE & CAR

Dongbu Insurance introduced the two representative brand, "Promy Life" line of long-term insurance and the "Promy Car" line of auto coverage. The name "Promy Life" represents the addition of "life" to Dongbu Insurance's representative brand, Promy. The tree which appears together with Promy Life symbolizes life, its abundance and fruition.

The Promy Life brand name will cover all of Dongbu's long-term insurance products.

Meanwhile, Promy Car features the additional symbol of a road in the existing Promy logo. This brand signifies "quick" services to customers.

Promy, the representative brand of Dongbu Insurance, embodies the Company's dedication to the protection of people's welfare. In the past, Promy was the brand of Dongbu Insurance's popular auto insurance line.





Mobile Office

- Dongbu Insurance, which already has in place an integrated customer-oriented claims handling system, has built a “mobile office” platform which allows our staff to promptly handle various needs of our customers in the field. The Company is the nation’s first non-life insurer to put the mobile office concept into practice. The Mobile Office enables compensation staff to gather various information and offer estimates of losses in the field using a mobile communications system featuring wireless modems and mobile phones.

- Through the Mobile Office, field staffers handle customers’ requests on the spot in a rapid and fair manner, thus improving customer satisfaction.

Location-based System (LBS)

- Dongbu Insurance has developed a location-based system (LBS), under which whenever a customer calls the Company’s incident-handling center, with a mobile phone, to request an emergency dispatch, the customer’s geographical location is automatically determined.

- The location accuracy is within a range of about 100 meters. The center then identifies one of its response-team members, in the vicinity of the incident, who is promptly dispatched to the emergency site.

PIONEERING ALTERNATIVE CHANNELS ▬▬▬

Bancassurance

- The bancassurance sector’s increasingly fiercer competition resulted in a contraction of Dongbu Insurance’s market share. In FY2005, the Company’s market share of bancassurance sales declined to 22.1%, from 30.6% a year earlier. Dongbu Insurance thus intends to regain its competitive standing through the provision of differentiated products tailored to the varied and evolving needs of consumers. As of October 2006, commercial banks will be authorized to sell solely protection-type insurance products, which are redeemable upon maturity, under the third phase of the bancassurance implementation schedule.

Direct auto insurance

- In FY2005, the Company’s online sales of auto insurance products accounted for 4.7% of its overall auto coverage, up from 1.0% in the previous year. The market share of Dongbu Insurance’s online auto sales stood at 6.4% in FY2005. However, widening discounts for direct auto insurance coverage, along with cutthroat competition, are likely to deter management from taking steps to actively expand its direct sales of auto insurance.

BANCASSURANCE (UNIT: KRW IN BILLIONS)

