

## EL802. Automobile insurance

[EL802-2012/1/2012-36]



### 1. Scope

This standard shall be applied to automobile insurances that promise to compensate for any damages caused by accidents that are related to ownership, usage and maintenance of an automobile and receive rewards. Those automobile insurances are subject to 「Regulations on Supervision of Insurance Business」

### 2. Definition

For the purpose of this standard,

#### 2.1

The term "Environmental Policy" means an overall intention and direction in regards to an environmental performance which is formally presented by a chief executive officer.

#### 2.2

The term "Sustainability Report" means a report which measures and reveals to public organizational achievements intended for sustainable development and promises corresponding responsibilities to internal/external associates. It is prepared according to GRI (Global Reporting Initiative) guideline and verified by a third party.

#### 2.3

The term "Environmental report" means a report published to give useful information that can cause influence on the associates' judgement by delivering information about general environmental management plans, including environmental strategy, organization and system, and achievement of an enterprise. It also promotes environmental communication. It is prepared according to the Ministry of Environment's guideline and verified by a third party.

#### 2.4

The term "Eco-Driving" means driving methods that can reduce pollutants

(including greenhouse gases) and save energy.

#### 2.5

The term "automobile insurance bonus-malus system" means a system which determines and applies a bonus-malus grade of insurance premium depending on whether the insurance holder has any car accidents and details of the accidents.

#### 2.6

The term "special contract terms" means separate terms on special conditions in addition to general terms, which are signed separately by a policyholder and an insurance company.

#### 2.7

The term "low emission vehicle" means vehicles which do not emit any air pollutants in accordance with Clause 6 of Article 2 "Special Act on the Improvement of Air Quality in Seoul Metropolitan Area", and vehicles which emit air pollutants lesser than emission limit set for the manufactured vehicles in accordance with Article 46 "Clean Air Conservation Act".

#### 2.8

The term "used parts" means parts picked from wasted automobiles which can be reused as their original forms through simple repair and washing.

#### 2.9

The term "remanufactured parts" means remanufactured parts which are qualified according to Article 22 "Acts on the Promotion of the Conversion into Environment-Friendly Industrial Structure"

#### 2.10

The term "Insurance contract materials" means documents that are provided to a policyholder by an insurance company, including insurance policy, insurance terms and maturity/installment premium.

#### 2.11

The term "green products" means products which are defined as a green product by "Acts on Encouragement of Purchase of Green Products". They include products with an eco label certification according to "Support For Environmental

Technology and Environmental Industry Acts" and good recycled products that follow "Acts on the Promotion Of Saving and Recycling Of Resources" and "Industrial Technology Innovation Promotion Acts".

### **3. Certification Criteria**

#### **3.1 Environmental**

The total score for environmental criteria is 100. To meet the criteria, full 24 points from four essential criteria and 70 or more points in total including selective criteria shall be obtained. In each item, one essential criterion and two or more selective criteria shall be met.

##### **3.1.1**

The following shall be applied to the environmental management of insurance company (total 21 points).

##### **3.1.1.1**

The company has documented environmental policies that include commitment to continuous improvement in insurance operation and reduction in environmental loads (essential, 6 points)

##### **3.1.1.2**

The company has a task force who establishes environmental policies or supervises environmental management (3 point).

##### **3.1.1.3**

The company has been publishing reports regarding sustainability or environmental reports that include its social/environmental achievements at least one time in the past 3 years (3 points).

##### **3.1.1.4**

The company conducts an environmental education or seminar for their executives at least one time a year (3 points)

##### **3.1.1.5**

The company calculates and releases to the public a data about carbon dioxide emission which is related to their insurance operation at least one time a year (3 points)

#### 3.1.1.6

The company is conducting contribution activities to environmental organizations (3 points)

#### 3.1.2

The following shall be applied in order to prevent accidents that are caused by vehicles and inculcate importance of safety driving (total 20 point).

##### 3.1.2.1

The company provides safety driving education or related information to their policyholders or the public to reduce the vehicle accidents (essential, 6 points).

##### 3.1.2.2

The company provides eco friendly driving education or related information to their policyholders or the public to promote eco friendly driving methods (4 points).

##### 3.1.2.3

The company conducts zero vehicle accident campaigns and the likes to their policyholders or the public to reduce the vehicle accidents (4 points).

##### 3.1.2.4

The company investigates policyholders who have many car accidents and provide additional consulting and education by experts for accident prevention (3 points)

##### 3.1.2.5

Apart from automobile insurance bonus-malus system, the company gives benefits, including premium discount or other services to policyholders who have a zero accident record (3 points).

#### 3.1.3

The following shall be applied in order to reduce environmental loads that are caused by vehicle uses and encourage eco-friendly behaviors to policyholders (total 32 points).

##### 3.1.3.1

The company is operating automobile insurance products that allows to reduce driving counts or milage of insured vehicles (essential, 6 points).

### 3.1.3.2

The following scores shall be applied according to operation performance of the automobile insurance products that allow to reduce driving counts or milage of insured vehicles (maximum 5 points).

$$\text{Insurance product operation performance} = \text{special contract insured vehicle score} + \text{special contract performance vehicle score}$$

<special contract insured vehicle score>

contract performance (%)	1 or higher but lower than 5	5 or higher but lower than 10	10 or higher but lower than 15	15 or higher
score	0.5	1	1.5	2

Insurance performance(%) = number of special contract insured vehicles/number of contract target vehicles x 100

<special contract performance vehicle score>

operation performance(%)	1 or higher but lower than 30	30 or higher but lower than 60	60 or higher
score	1	2	3

Operation performance(%) = number of special contract performance vehicles/number of special contract insured vehicles x 100

### 3.1.3.3

The company is operating an automobile insurance product which encourages use of used or remanufactured parts Note for repairing an insured vehicle that had an accident (5 points).

Note) Using used or remanufactured parts means getting supplied with and repairing an vehicle with the parts designated by Korea Insurance Development Institute.

### 3.1.3.4

The following scores shall be applied according to the contract performance of the automobile insurance products which encourage use of used or remanufactured parts for repairing an insured vehicle that had an accident (maximum 5 points).

contract performance (%)	1 or higher but lower than 5	5 or higher but lower than 10	10 or higher but lower than 15	15 or higher
score	2.5	3	4.5	5

contract performance(%) = number of eco-friendly parts special contract insured vehicles/number of contract target vehicles x 100

### 3.1.3.5

The company developed and is operating an automobile insurance product that does not apply to 1) ~ 4) above but has effects of improving environment (4 points).

Note: Adequacy of the automobile insurance products shall be determined by a review of the eco mark certification council.

### 3.1.3.6

The following score shall be applied according to operation performance of the automobile insurance products that correspond to 5) above (maximum 4 points).

<product insured vehicle score>

$\text{Insurance product operation performance} = \text{product insured vehicle score} + \text{product performance vehicle score}$
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contract performance (%)	1 or higher but lower than 5	5 or higher but lower than 10	10 or higher but lower than 15	15 or higher
score	0.5	1	1.5	2

contract performance(%) = number of vehicles that contracted an insurance product that has environment improving effects/number of contract target vehicles x 100

<product performance vehicle score>

operation performance (%)	1 or higher but lower than 5	5 or higher but lower than 10	10 or higher
score	1	1.5	2

operation performance(%) = number of contracts of the insurance products with environment improving effects/number of insured vehicles in the insurance products with environment improving effects x 100

3.1.3.7

The company provides benefits including premium discount and the likes in case an insured vehicle applies to Clause 1 ~ 3 of Article 3 of the Enforcement Ordinance of the Special Acts on the Improvement of Air Quality in Seoul Metropolitan Area. (3 points).

3.1.4

The following shall be applied in order to revitalize saving resource and green purchase (total 27 points).

3.1.4.1

The company operates an insurance product or system which is effective in saving papers, for example, by providing benefits to policyholders who choose to receive an insurance contract document in an electronic form instead of in paper to save papers that are used in insurance contract (essential, 6 points).

3.1.4.2

The following scores shall be applied according to usage performance of the insurance products or systems which provide benefits to policyholders who receive insurance contract documents in an electronic form instead of paper (maximum 5 points).

usage performance (%)	10 or higher but lower than 30	30 or higher but lower than 60	60 or higher
score	3	4	5

usage performance(%) = electronic terms special contract insured vehicles/total insured vehicles x 100

3.1.4.3

The company is operating or has a concrete plan for an insurance product or system which provides benefits to policyholders who choose to receive insurance

contract documents in an electronic form instead of paper (4 points).

#### 3.1.4.4

The following scores shall be applied according to a ratio of purchase quantity(cost) of office papers that are green product to a total purchase cost of office papers used in the insurance company for 1 year. In case the company has a thorough replacement plan ready to take effect within a certification period, a partial score (maximum 50 % of corresponding score) can be applied (maximum 3 points).

ratio of green product purchase cost for (%)	10 or higher but lower than 30	30 or higher but lower than 60	60 or higher
score	1	2	3

purchase cost ratio(%) = purchase cost of office papers in green product/total purchase cost of office papers x 100

#### 3.1.4.5

The following scores shall be applied according to a ratio of purchase cost of office papers in green product to a total annual purchase cost of insurance contract materials that are provided to consumers. In case the company has a thorough replacement plan ready to take effect within a certification period, a partial score (maximum 50 % of corresponding score) can be applied (maximum 3 points).

ratio of green product purchase cost for (%)	15 or higher but lower than 30	30 or higher but lower than 60	60 or higher
score	1	2	3

purchase cost ratio(%) = purchase cost (won) of products that are printed on green product print sheets/total purchase cost of insurance contract materials x 100

#### 3.1.4.6

Designation criteria for good contract maintenance firms includes an usage ratio



of used or remanufactured parts or green products (3 points).

#### 3.1.4.7

The company allows to recycle and distribute vehicle remnants generated from insurance accidents and periodically monitors contract firms, if any (3 points).

### 3.2 Quality

According to 「Insurance Business Law」, this shall be only applied to automobile damage insurance products which are sold by insurance companies.

### 3.3 Consumer information

#### 3.3.1

It shall include information about eco-friendly automobile insurance and special contract terms that are provided to consumers by the insurance company.

#### 3.3.2

It shall provide a customer with information about any environmental contributions made by an automobile insurance that the consumer uses.

## 4. Test Method

Certification Criteria Components	Test and Verification Methods
Environmental	review of submitted documents and field verification
Quality	review of submitted documents
Consumer information	review of submitted documents

## 5. Grounds for Certification : "providing eco-friendly services"

## **Common Criteria, Notice No. 2012-36, the Ministry of Environment**

1. Eco-label products must follow the following provisions with regard to the proper treatment of environmental pollution substances, such as air and water wastes and noxious chemical substances emitted in the process of manufacturing or service operation.

A. When first applying for certification, the product manufacturer should observe the environment related laws and agreements pertaining to the region where the production factory or the place of service operation is located for a period of one year prior to the date of application. Any case of violation of the penalty clause will be verified by confirming documents involved during a period of one year to the date of application. Regarding any violation not related to the penalty clause, confirmation will be made on the completion of appropriate measures.

B. A person who has received a certification of eco-labeling shall observe the environment related laws and agreements pertaining to the region where the production factory or the place of service operation is located during the period of certification. However, regarding any violation besides a penalty, confirmation will be made on the completion of appropriate measures.

2. As a general rule, information for consumers shall be indicated on the surface of the product in such a way not to be easily erased. However, in case that indication on the surface of the product is impossible or undesirable, it can be indicated on the appropriate part such as product packaging, product guidebook and user's manual that consumers can recognize. However, the service information should be indicated inside and outside of the place of service operation. In case that indication inside and outside of the place of service operation is impossible or undesirable, it can be indicated on the appropriate part such as an agreement, letter of delivery, letter of guarantee, and PR materials that consumers can recognize.

3. In order to establish fair trade and to protect consumer, the applicant for eco-label and the holder of eco-label license shall observe the Act on the Fairness of Indication and Advertisement with respect to the environmental aspects of the product.

4. For Various standards referred in the certification criteria by target product, the latest revised edition applies at the date of application, if not specified otherwise.

5. In applying the quality related criteria for each target product, if no standard is available that can be applied as the quality criteria, the president of Korea Environmental Industry & Technology Institute (KEITI) (hereafter referred to as "president of KEITI") may establish and operate the quality criteria for the product involved after review by a competent committee.