

DB Insurance

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DB Insurance is now formulating plans to address undervaluation. This is encouraging. It also plans to announce action plans, in line with the spirit of the “Value Up” plan

Robert van den Barselaar, Portfolio Manager

Engagement rationale

We are engaging with DB Insurance Group as we believe there is room for improvement in capital allocation. Over the last years, the growth in the Korean insurance market has been slowing down. With lower growth, there is less capital needed to fund the business. DBI must be encouraged to spend the free cash flows and excess capital in a shareholder-friendly way. We are convinced that DBI will be able to increase shareholder returns while maintaining its strong market position and its strong capital position.

Background

The top insurance companies in Korea trade at a significant discounts to global peers. Aside from historic concerns about slowing growth and modest profitability, we believe that an important point of concern is the low shareholder payout ratio these companies have. We believe that the low payout ratio made sense during the period that the insurance companies needed to fund their growth trajectory, but this is no longer required.

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Theme for engagement
Governance

Development

Positive

Milestone



Engagement objectives

- Cancel the treasury shares
- Start a buyback and cancellation program
- Increase the dividend payout to 50%
- Bring forward the planned 35% payout ratio
- Start publishing an annual report in English
- Create conference calls in English
- Establish an elaborate plan on how to deal with Value Up.

Engagement results

- The expected new Capital Markets Act will likely make the cancelation of treasury shares mandatory.
- DBI acknowledges our views on further buybacks and cancellations. It will be a topic of discussion within the board.
- Company committed to go to 35% payout ratio within 5 years, and higher than 35 once that 35% target is reached.
- DBI will start translating conference calls in English.
- Value Up plan: will set up an elaborate plan. However, due to the political upheaval in Korea early December, this has been delayed to approximately the last quarter of 2025.

Next steps

- Follow up on the cancellation of the treasury shares.
- Follow up with respect to the excess capital position that the company has after strong financial results.
- Follow up with the company once the new plan in relation to the Korea Value up program is announced to discuss whether this covers the asks that we have.



Company

DB insurance Group

Country

South Korea

Sector

Insurance

Market cap

Mid Cap

Materiality

High

ESG Research

MSCI ESG Rating: AA
Sustainalytics: 22.1

Engagement initiated

Q4 2024

Latest update

Q2 2025

Kempen Fund

Kempen Global High Dividend Fund
Kempen Sustainable Global High Dividend Fund
Kempen Global Value Fund