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South Korea: opening an office when borders close

It is early 2020 and Caarea, a French automotive affinity insurance SME, is finally ready to open its office in Korea ... when the pandemic brings travel to an abrupt end. No question of giving up. In the midst of a health crisis, from Paris, the company opened its Korean office and recruited its first local employee.

Opening an office in Korea is a well-considered decision. Caarea has been in the country for 5 years on behalf of its partner Scor Global P&C. So, when the pandemic breaks out, the company has no intention to disrupt its plans. Just, perhaps, its calendar.

"We had been preparing the opening of our subsidiary for two years. It was really important to do this, because we didn't want to succumb to success and take on business that we weren't yet allowed to handle, because of local regulations. The outcome is fatal: a ban on doing business", emphasizes Bruno Labuzan, founder and president of Caarea.

Local contacts, the key to regulatory compliance

Caarea has a major asset up its sleeve: solid local contacts. The result of a journey full of pitfalls, which finally bore fruit at the right time. The beginnings of the subsidiary project were indeed complex, and the entrepreneur recounts the difficulty of finding the right information and advice. *"To set up locally, it is essential to surround yourself with the best specialists, in order to avoid the maximum legal, financial and commercial risks."* Things pick up speed when Caarea changes lawyers to the French-Korean firm Shin & Kim, which identifies the subsidiary legal structure best suited to the carefully crafted business plan, while being scalable.

When travel restrictions and the quarantine imposed on foreigners fall, the impact is ultimately limited, as Caarea has the necessary local relays. *"The remote legal relationship is easy, because everything is done in writing"*, confirms Bruno Labuzan. The subsidiary's opening file then follows the required procedure with the commercial court in France, then with the Korean embassy in Paris. It is then sent to the Korean authorities via the lawyer, who registers the company with the local trade register. *"We have also delegated power to him for banking formalities, as a capital deposit is required."*

Another crucial partner is the French-Korean Chamber of Commerce. *"To create a company in Korea, you need a local address. Even before the crisis, we had started the process to be domiciled in the offices that the Chamber of Commerce makes available to French companies. Their help has been invaluable"*, insists Bruno Labuzan.

It must be said that the Korean market is promising for the French company, which offers technical assistance to car manufacturers and insurers as part of their development of affinity car insurance. In Asia, it is difficult to miss the Korean giants. Not to mention the acceleration of clean vehicles sales, which Caarea sees as an opportunity. But seizing this opportunity involved a local presence, explains the CEO: *"I use the expression "not seen, not taken". If you are not on the spot, with local employees, if you don't know the context and the behavior of your customers, you will be passed over. Either because you will no longer be in tune with the market, or because you will be exposed to risks that you have not seen."*

So all that's missing is local collaborators. The first Korean employee is also recruited in the middle of the pandemic. *"Video interviews work very well. Then it was our lawyer who took over the drafting of the employment contract."* Despite the health crisis, the establishment in Korea was not delayed too much and, above all, was carried out in compliance with strict regulations. A system so effective that Caarea has already found the law firm that will support the development of its activities in China.



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