



**FALIA Invitational Seminar**  
**“Channel & Sales Strategy**  
**for Individual Life Insurance Course”**

# **Overview of Life Insurance Industry in Japan**

**September 4th, 2019**  
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**The Life Insurance Association of Japan**

# Intro

Approx.

90%

# Contents

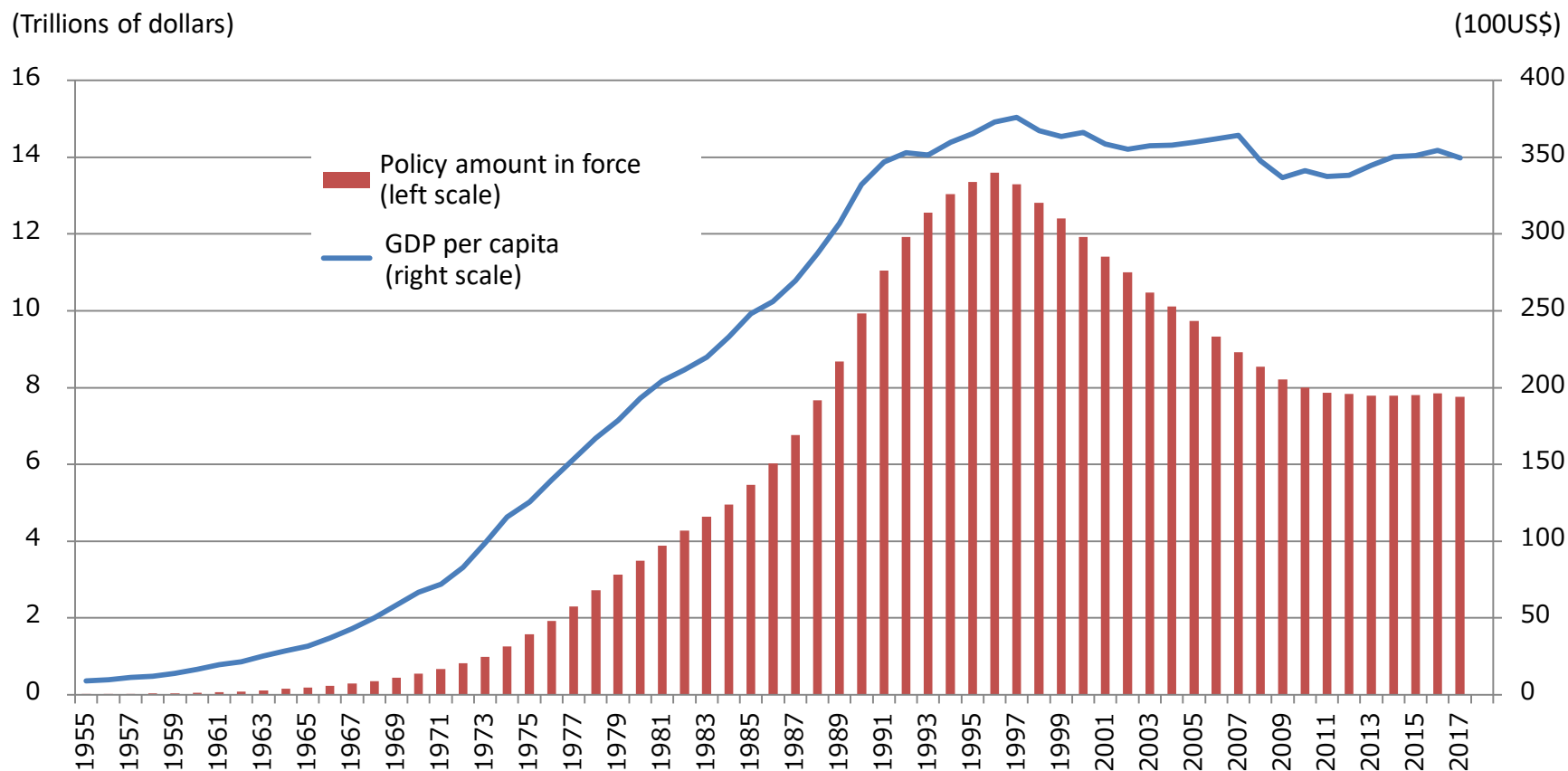
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- ❑ Brief History of Market Development
- ❑ Demographic Change / Ageing
- ❑ About LIAJ

# Brief History of Market Development

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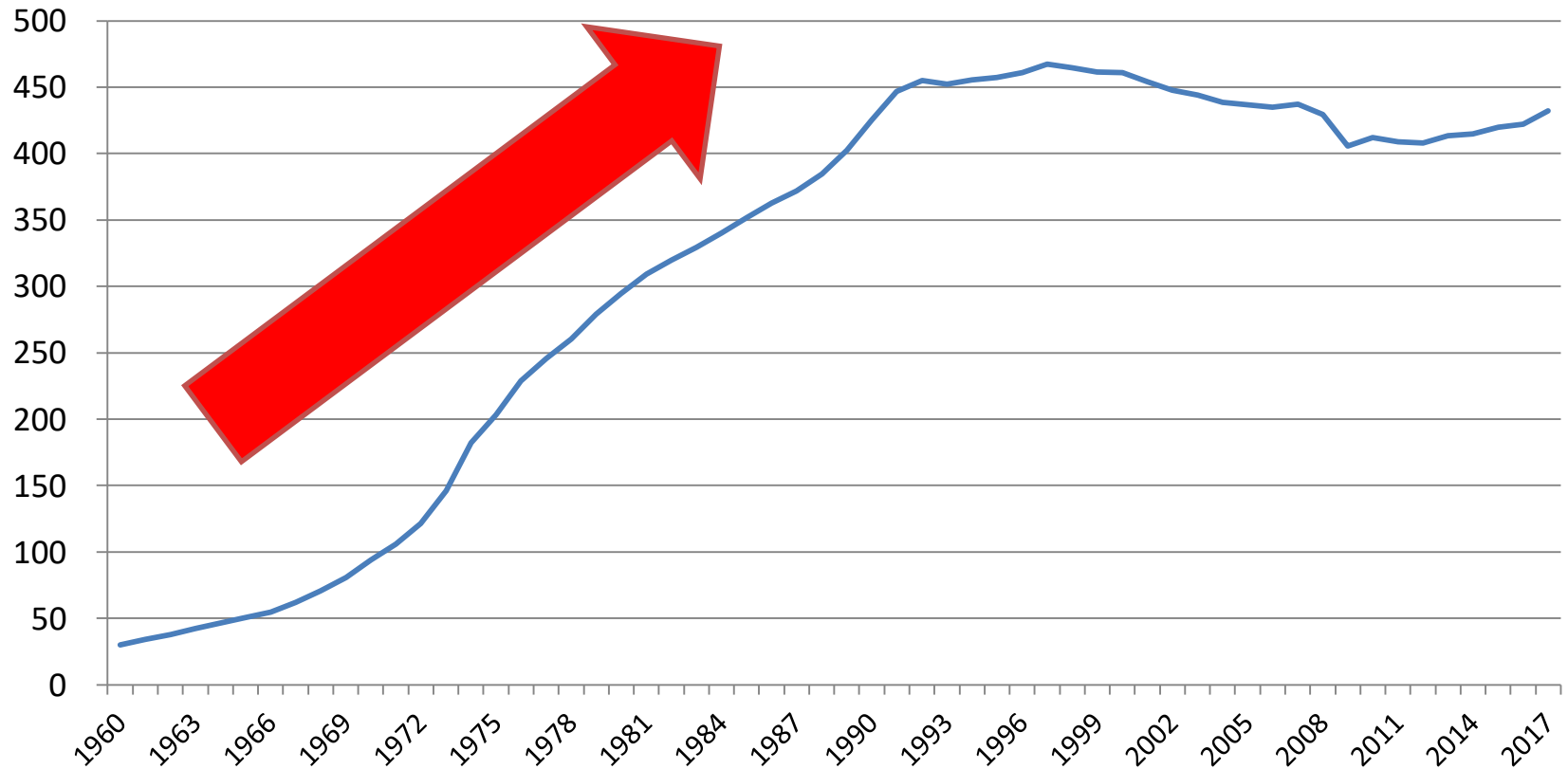
## Policies in Force and GDP per Capita



# Brief History of Market Development

## Trend in the average annual salary of private sector workers

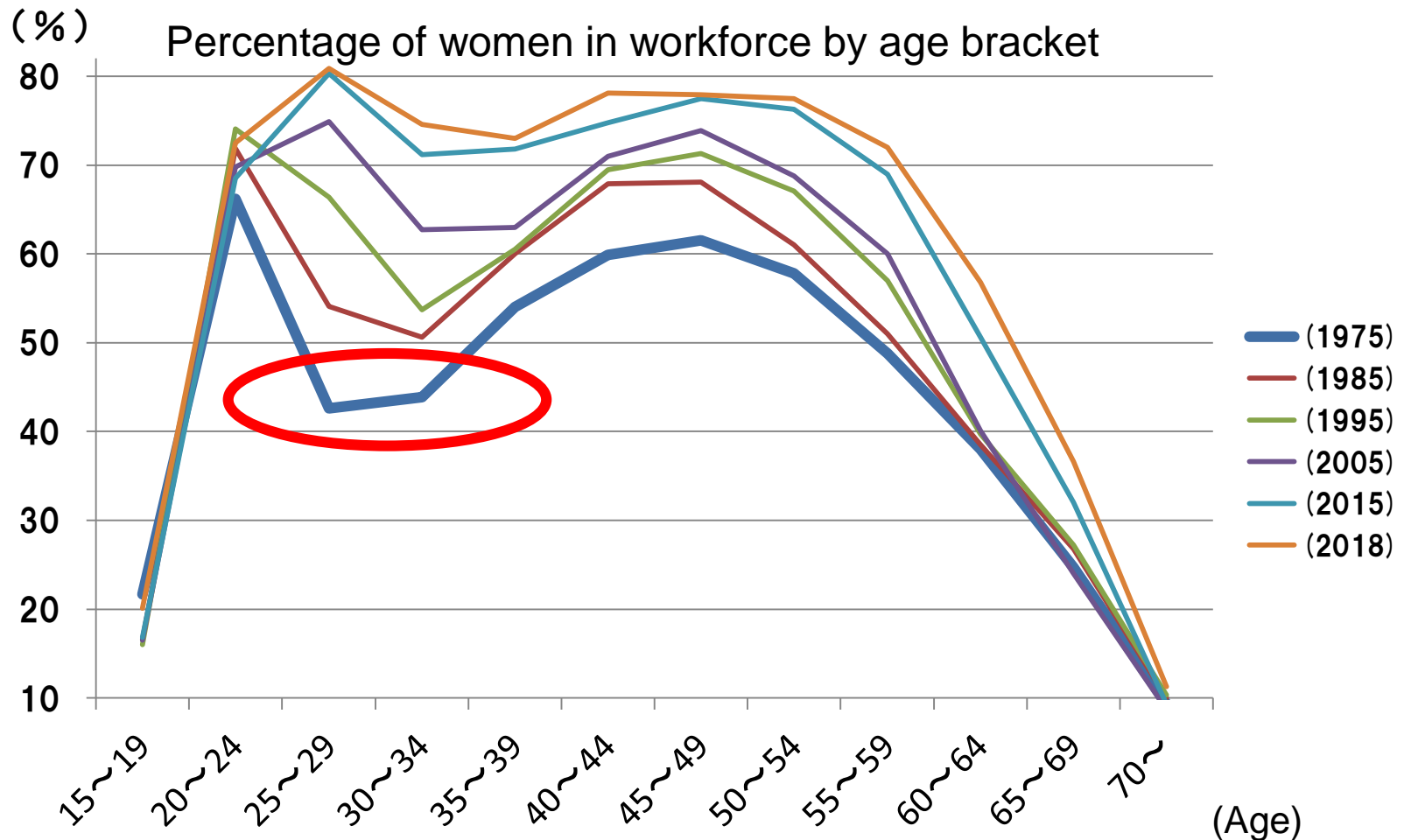
(10 thousand yen)



Source: Results of the Statistical Survey of Actual status by the National Tax Agency

# Brief History of Market Development

## Low rate (in the past) of women in workforce

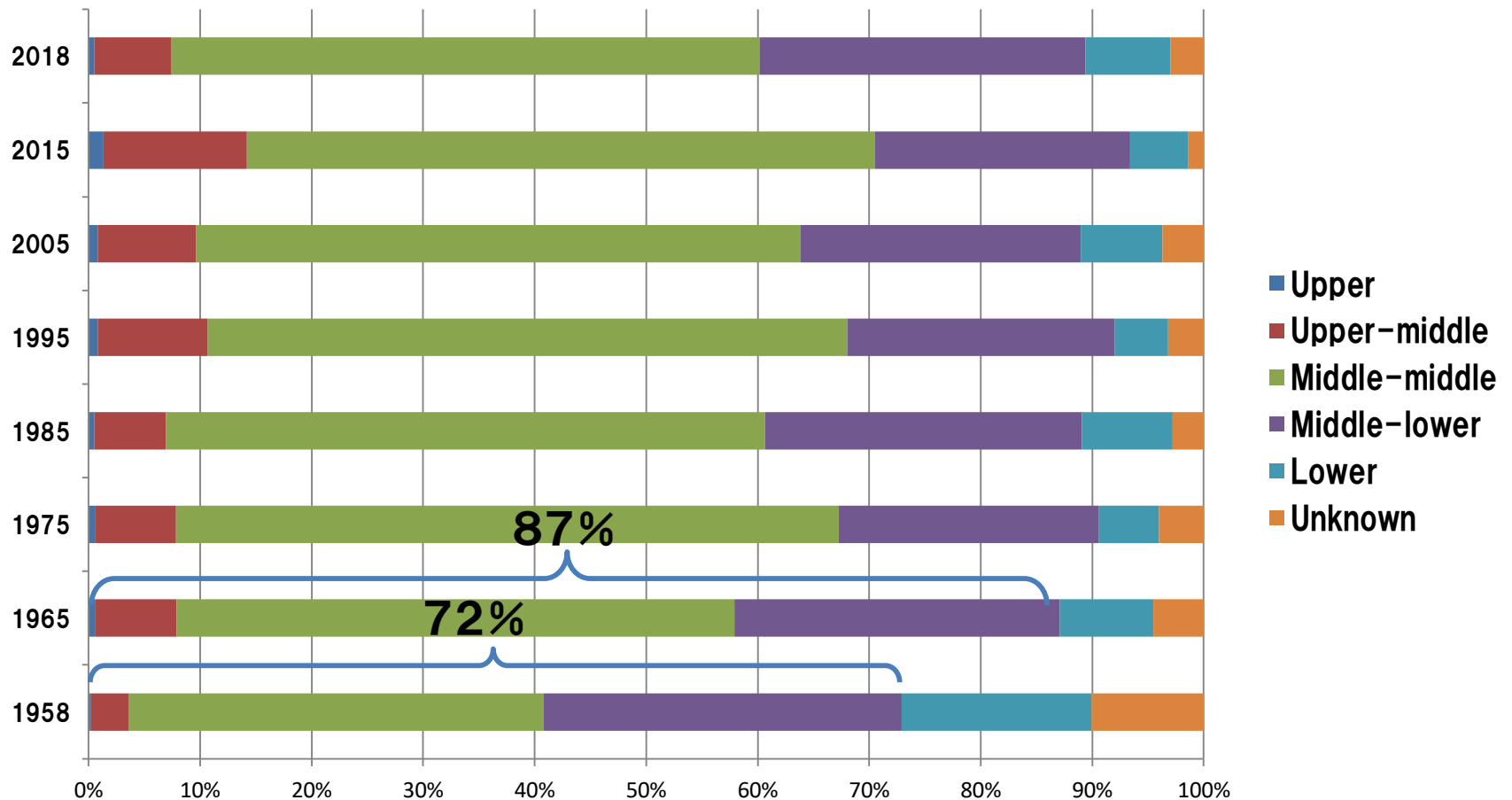


Source: Research results of labor force by the Bureau of Statistics, the Ministry of Internal Affairs and Communications

# Brief History of Market Development

## Formation of feeling of “all-middle-class society”

Trend in “level of life” answer in public opinion polls on people's lives





# Brief History of Market Development

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## Measures against moral risk

- Many crimes that use life insurance occurred since around 1975 (during the recession period after the oil crisis)
  - ✓ Each company put in place stricter checks on whether policies are adequate in view of social conventions, set the maximum insurable amounts and took other measures.
  - ✓ Established an information exchange system (“Policy Data Registration System”)
  - ✓ To handle those who subscribe to insurance policies with multiple insures and make fraudulent claims.

# Brief History of Market Development

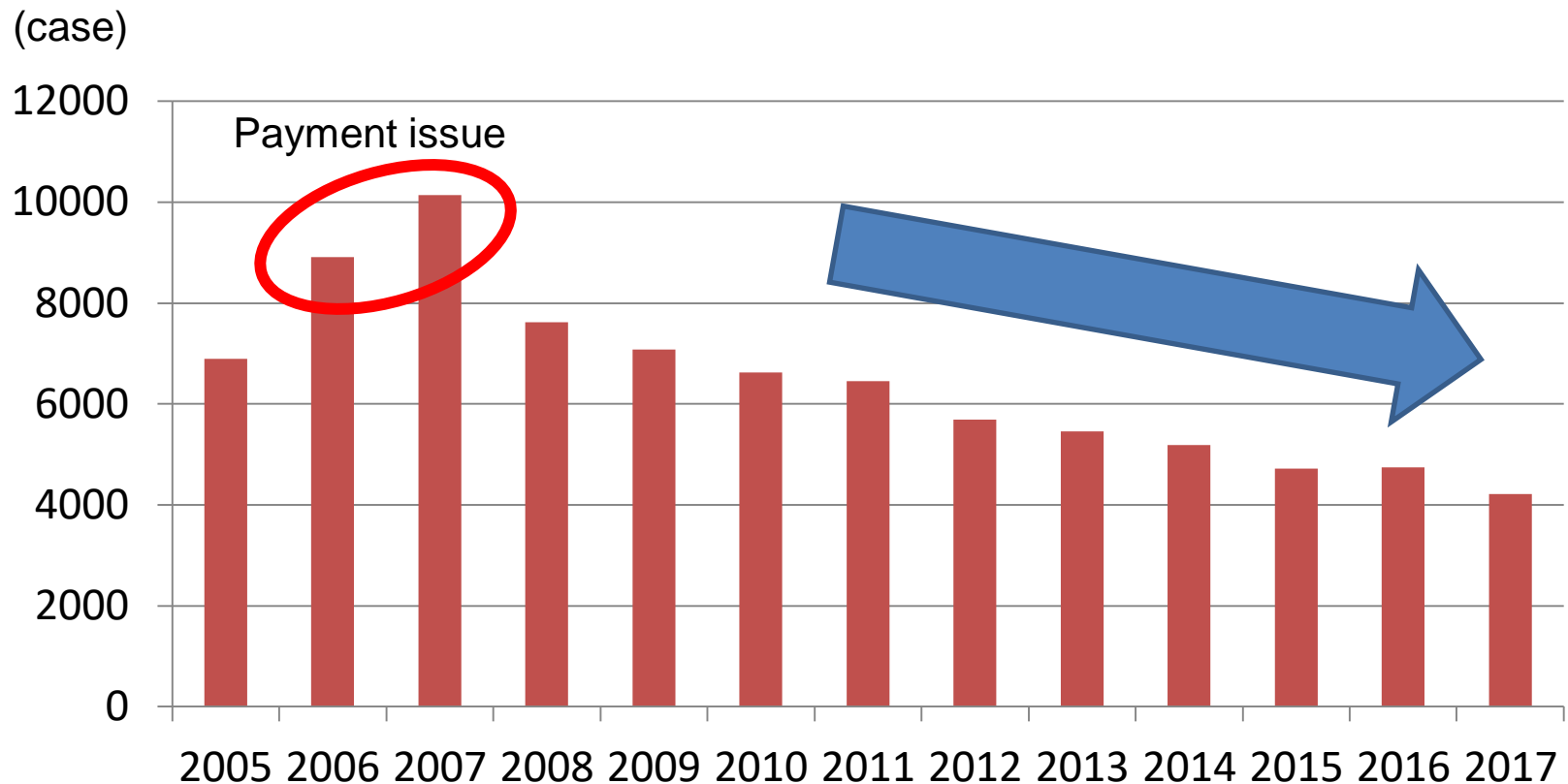
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## Payment issues

- Administrative sanctions and became a social problem
  - ✓ In 2005, cases where claims were unfairly unpaid by life insurance companies were found.
- The measures were taken in accordance with the business model and size of each company
  - ✓ Enhanced systems, establishment of multilayered validation practices, reviews by a claim review committee etc.

# Brief History of Market Development

## Changes in the number of complaints received at the life insurance consultation desk of LIAJ



Source: Report of the consultation desk,  
The Life Insurance Association of Japan

# Brief History of Market Development

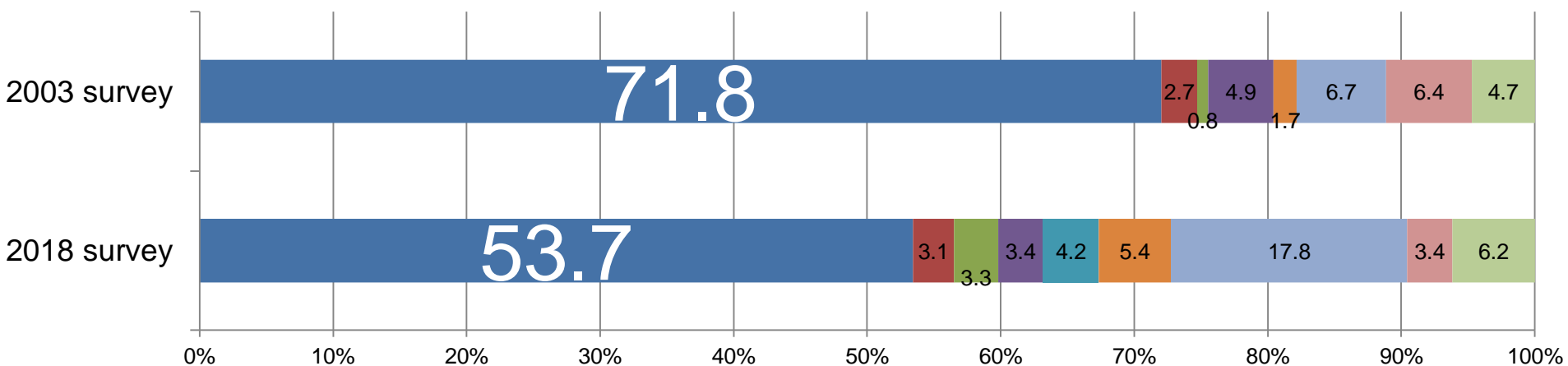
## Diversification of distribution channel

Number of working sales staff

1955	1970	1992	2015
64,035 persons	302,852 persons	416,429 persons	188,766 persons

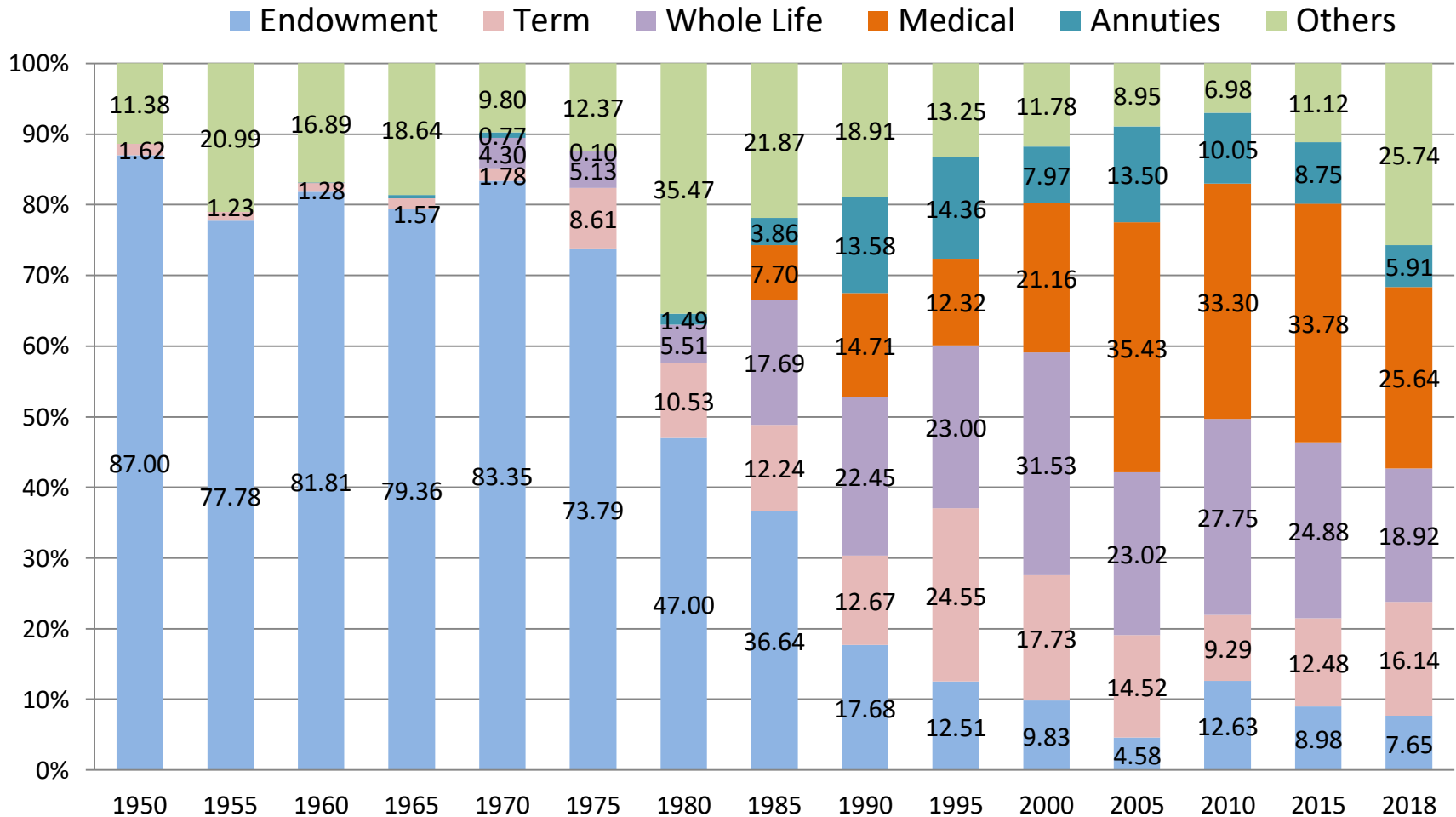
Subscription channel of recently sold policies (FY2018survey)

- Sales staff
- Insurance company desk
- Internet
- TV, newspaper, magazine, etc.
- Post office
- Bank, securities firm
- Insurance agency
- Workplace, labor, union etc.
- Other, unknown



# Brief History of Market Development

## Changes in product portfolio (the number of new policies)

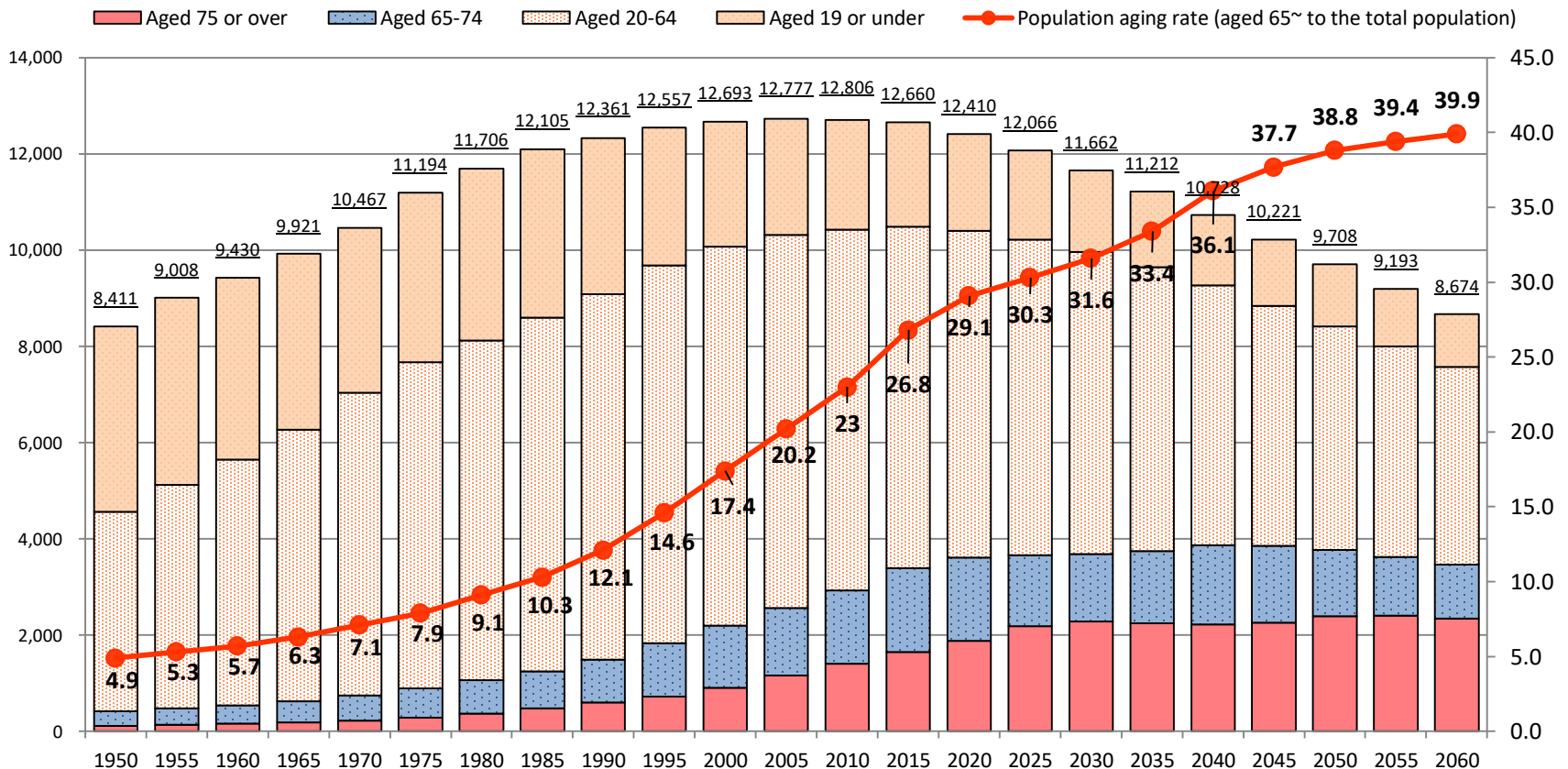


# Demographic Change / Ageing

# Demographic Change / Ageing

## Ageing - less younger population, more elder population

< Population demographics >

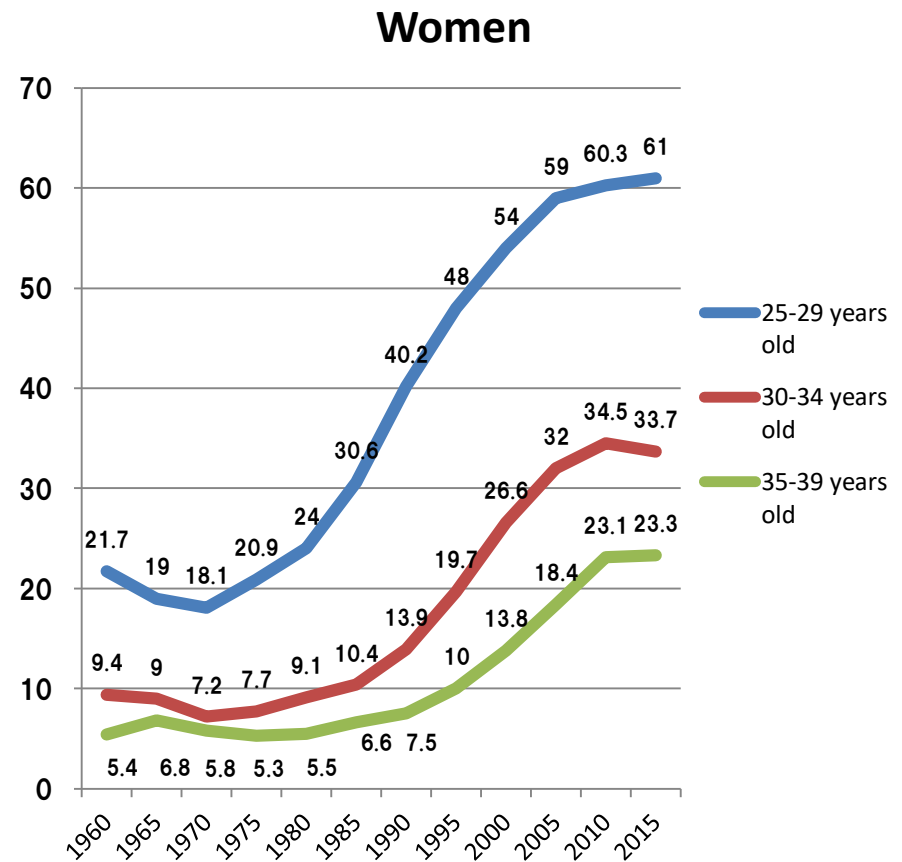
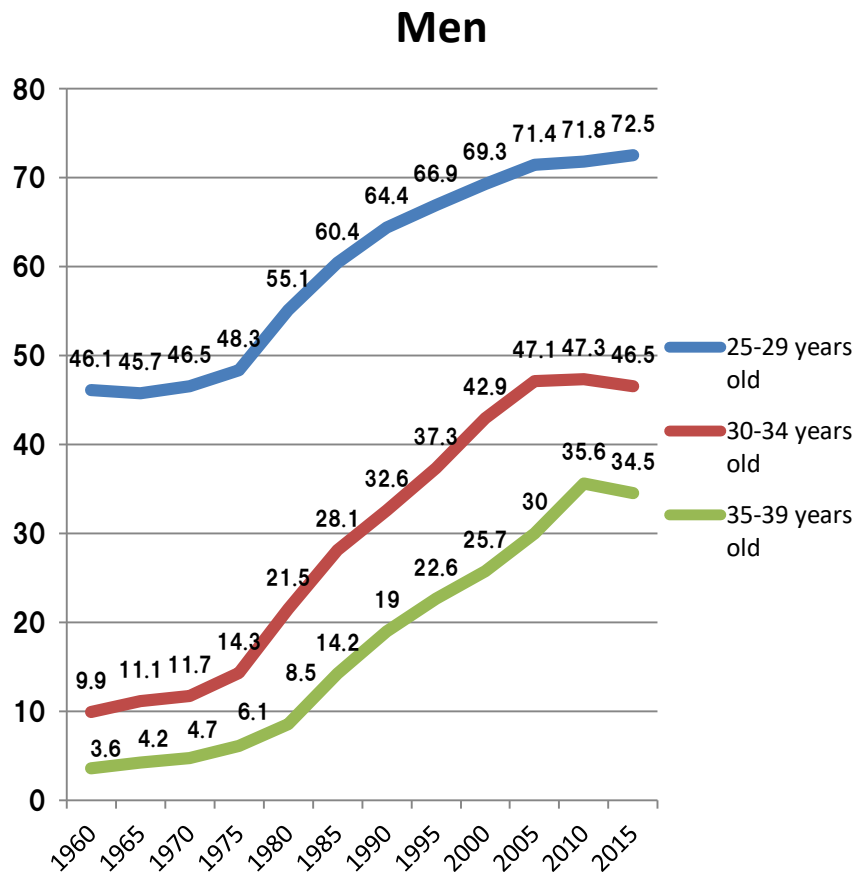


Source : The Ministry of Internal Affairs and Communications; National Institute of Population and Social Security Research  
 Note: The total population from 1950 to 2010 includes the population of uncertain age.

# Demographic Change / Ageing

## Ageing - less younger population, more elder population

< Trend in the percentage of unmarried by age bracket >





# Demographic Change / Ageing

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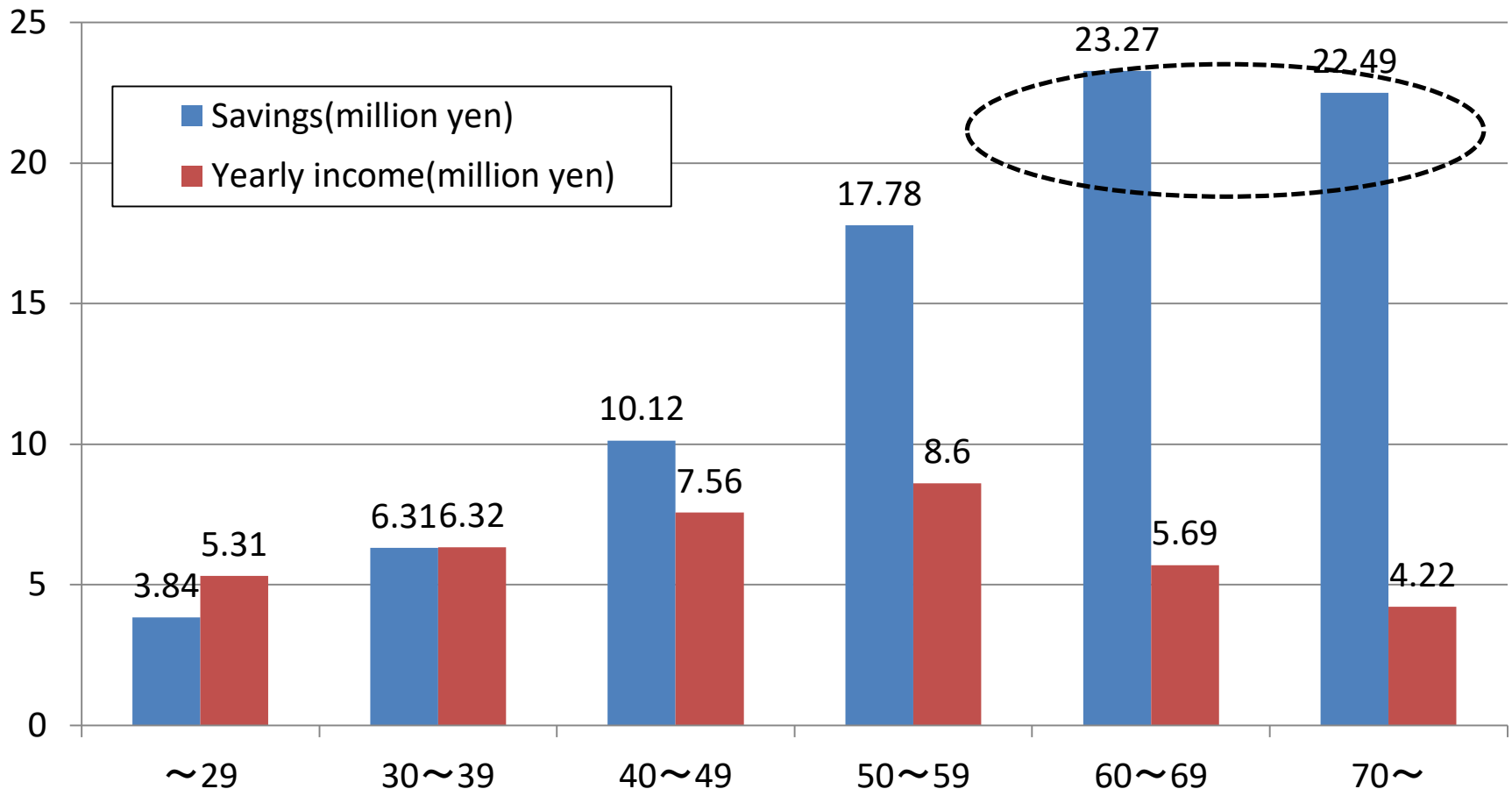
## What does ageing mean to the industry?

- ✓ More elder population
  - : do they still have purchasing power?
  - If yes, how can we encourage their purchase?
- ✓ More un-married population
- ✓ More families with less children
  - : do they have less risks to be insured than married?
  - do they have someone who will take care of them in their old-age?
  - If not, how can we raise their awareness?

# Demographic Change / Ageing

## Amounts of savings per household

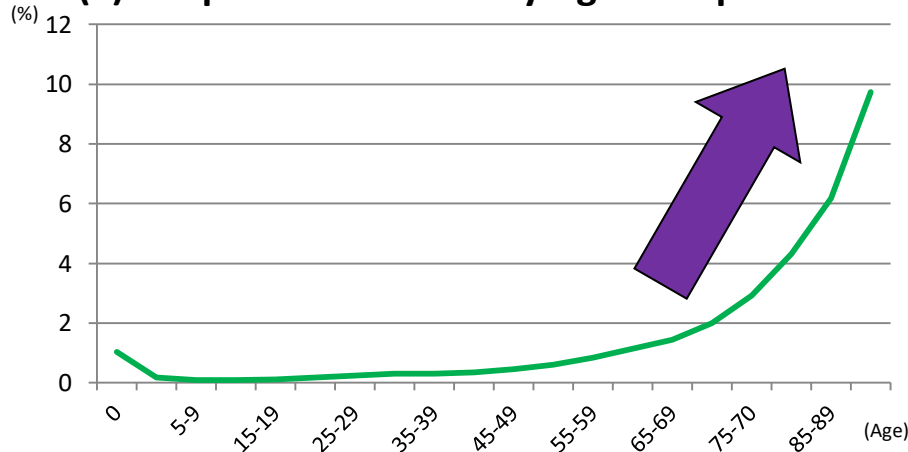
(million yen)



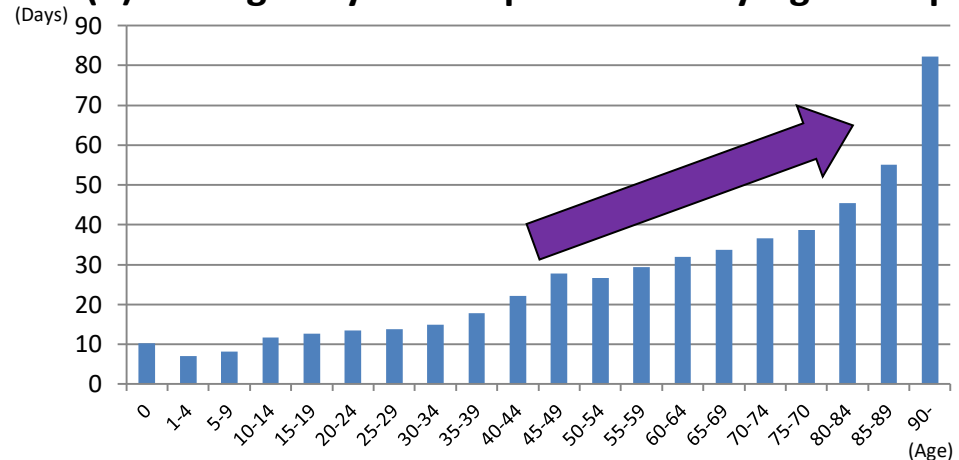
# Demographic Change / Ageing

## Medical expenses

(a) Hospitalization Rate by Age Group

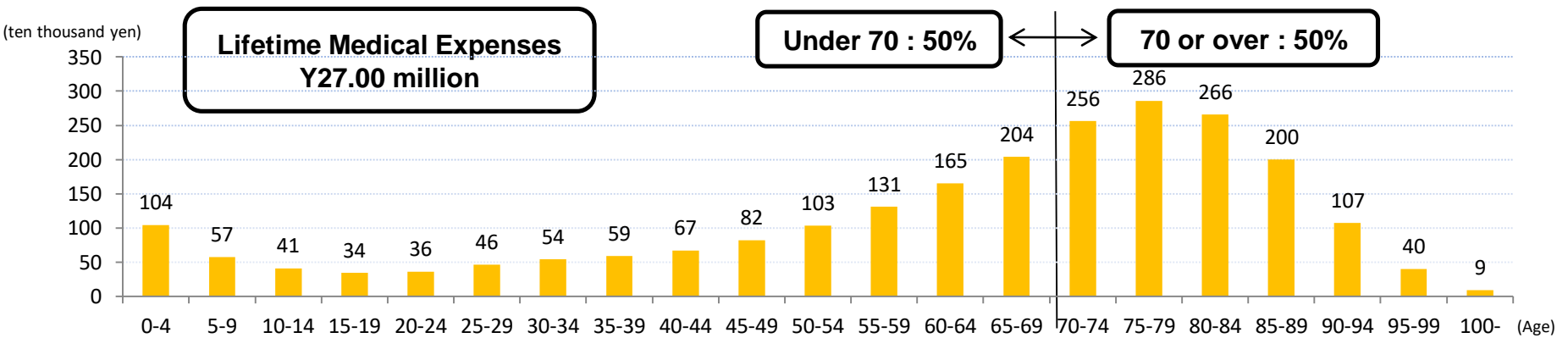


(b) Average Days of Hospitalization by Age Group



Source: "Patient Survey (2011)", Ministry of Health, Labour and Welfare

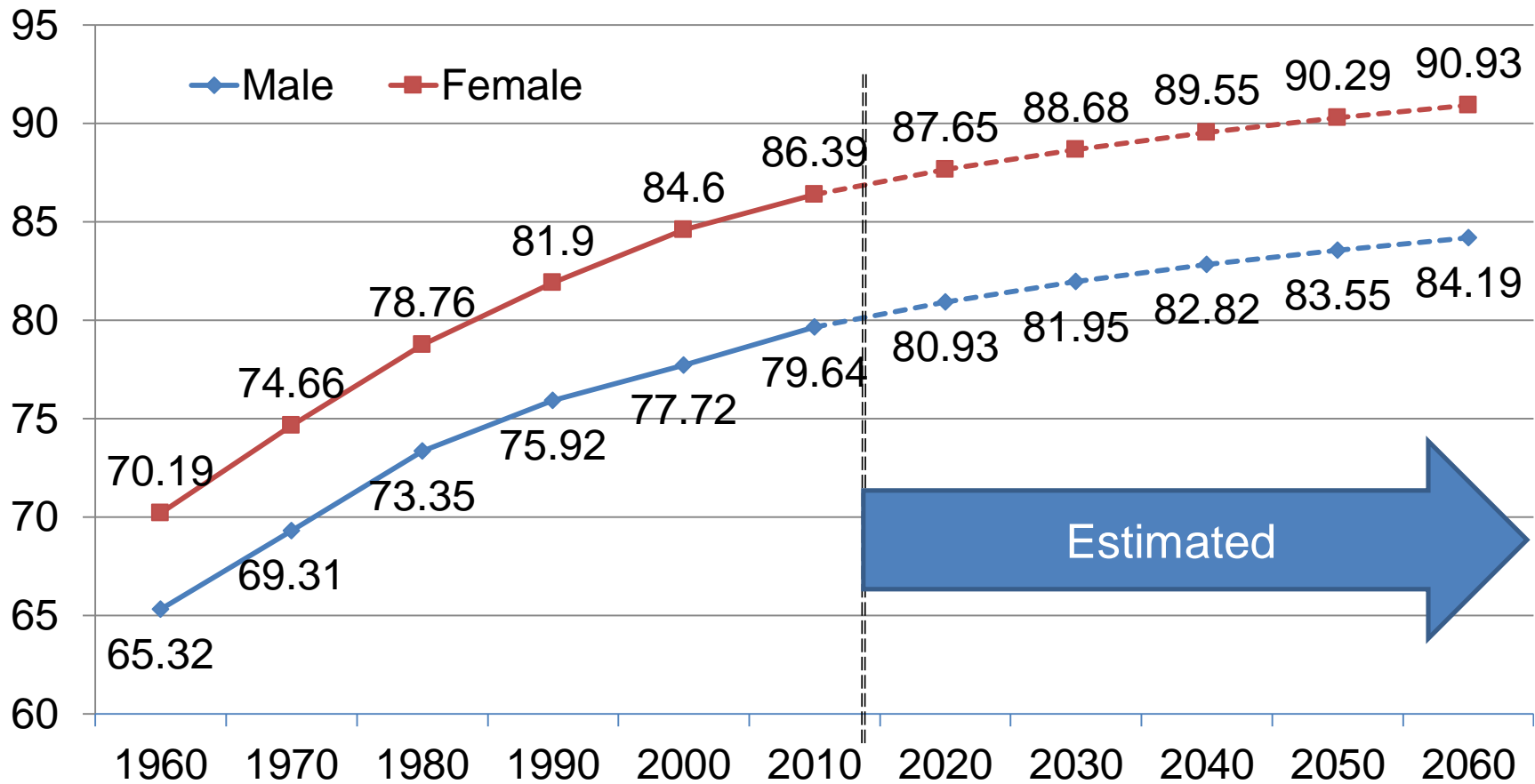
(c) Lifetime Medical Expenses (Estimates in Fiscal 2015)



Source: Ministry of Health, Labour and Welfare

# Demographic Change / Ageing

## Average life expectancy - longer after-retirement years



# About LIAJ

# About LIAJ

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## Who we are:

- ✓ An unique industry body
  - : LIAJ represents all operating insurers in Japan
- ✓ A voluntary group
  - : Life insurers are not mandated to join LIAJ
  - LIAJ is funded by member contributions
- ✓ A business association with over 100 years of history
  - : LIAJ is not mandated to regulate/supervise members
  - LIAJ serves as a platform for member cooperation

# About LIAJ

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## Our goal:

- ✓ LIAJ aims to promote the industry's sound development and maintain its reliability, thereby contributing to improving quality of national life
- ✓ To this end, LIAJ focus its activities on areas such as
  - public policy discussion
  - compliance (conduct of business, AML/CTF, etc)
  - solicitor education
  - disclosures/consumer confidence
  - dispute resolution
- ✓ LIAJ's activities reflect hot issues for the industry

# About LIAJ

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## What we do:

- ✓ Recommendations on public policy discussion
- ✓ Inputs to standard setters
- ✓ Development of voluntary guidelines
- ✓ Administration of common-to-industry education programme
- ✓ Development of voluntary public disclosure model
- ✓ Anti Moral Hazard measures
- ✓ Social Service Activities
- ✓ ADR (Alternative Dispute Resolution)



# LIAJ's Activities

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## Development of voluntary guidelines

- ✓ the LIAJ has developed voluntary guidelines which suggest practical transactions and points to consider for insurers.

## Common-to-industry education programme

- ✓ LIAJ administers several exams to check the knowledge, quality and capacity of candidates seeking registration.

# LIAJ's Activities

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## Measures to prevent abuse of life insurance

- ✓ Policy Data Registration System
- ✓ Cross Reference System for Assessing Insurance Claims

## Life Insurance Consultation Center

- ✓ LIAJ is a dispute resolution body. Life Insurance Consultation Center was established within the LIAJ.
- ✓ Expert consultants deal with inquiries and complaints from a neutral position.

**Thank you**