

OLIS Seminar

Life insurance products in senior market in Japan

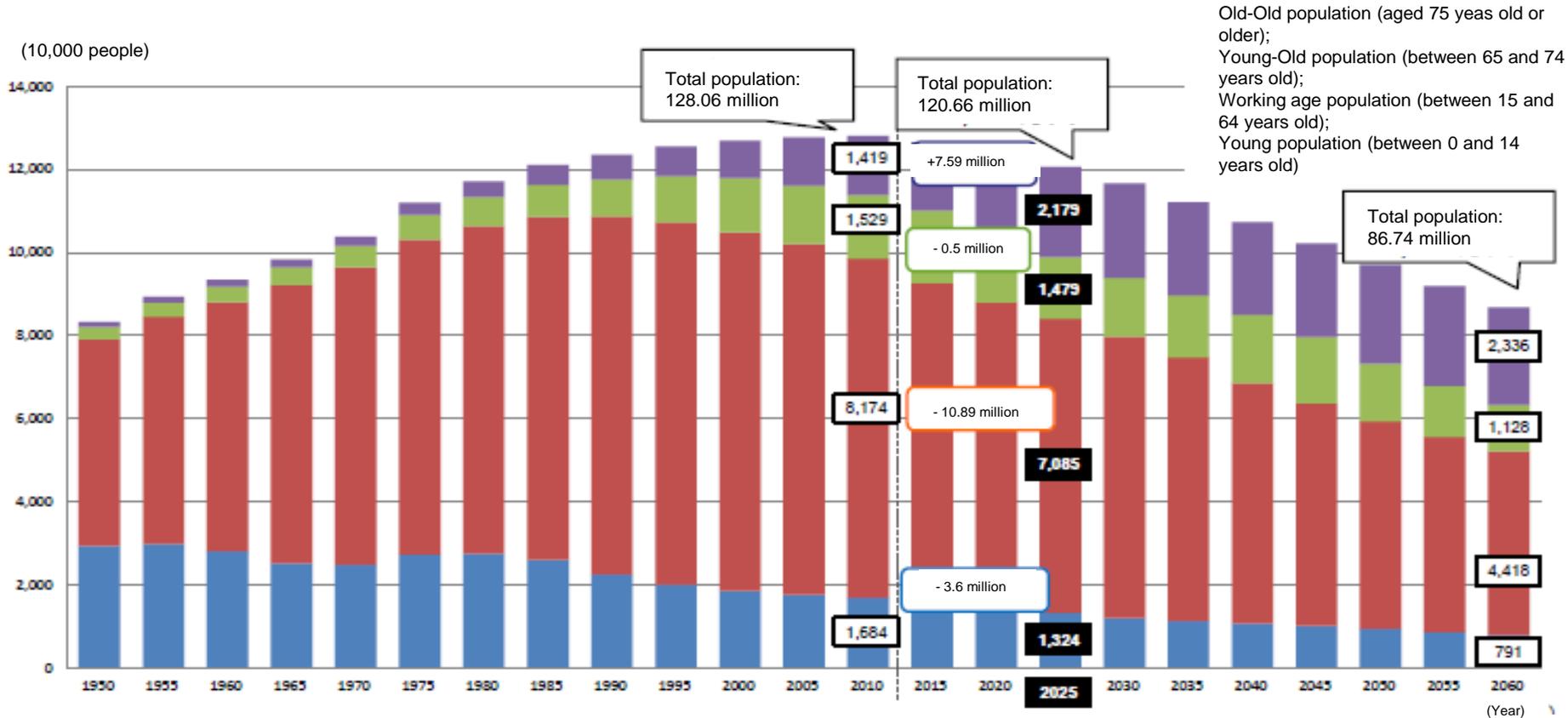
October 28th, 2019

Tohru Okayasu

- ◆ Demographic changes in Japan
- ◆ Status of life insurance in Japan
- ◆ Recent status of the insured elderly population in Japan
- ◆ Recent products for the elderly in Japan
- ◆ Risks

Demographic changes in Japan

◆ Changes in population in the past and estimated changes (by age group)



(Note 1) "Young population" means those between 0 and 14 years old; "Working population" 15 and 64; "Young-Old population" between 65 and 74; and "Old-Old population" 75 years old or older.
 (Note 2) Populations between 1950 and 1969 and in 1971 does not include those in Okinawa.

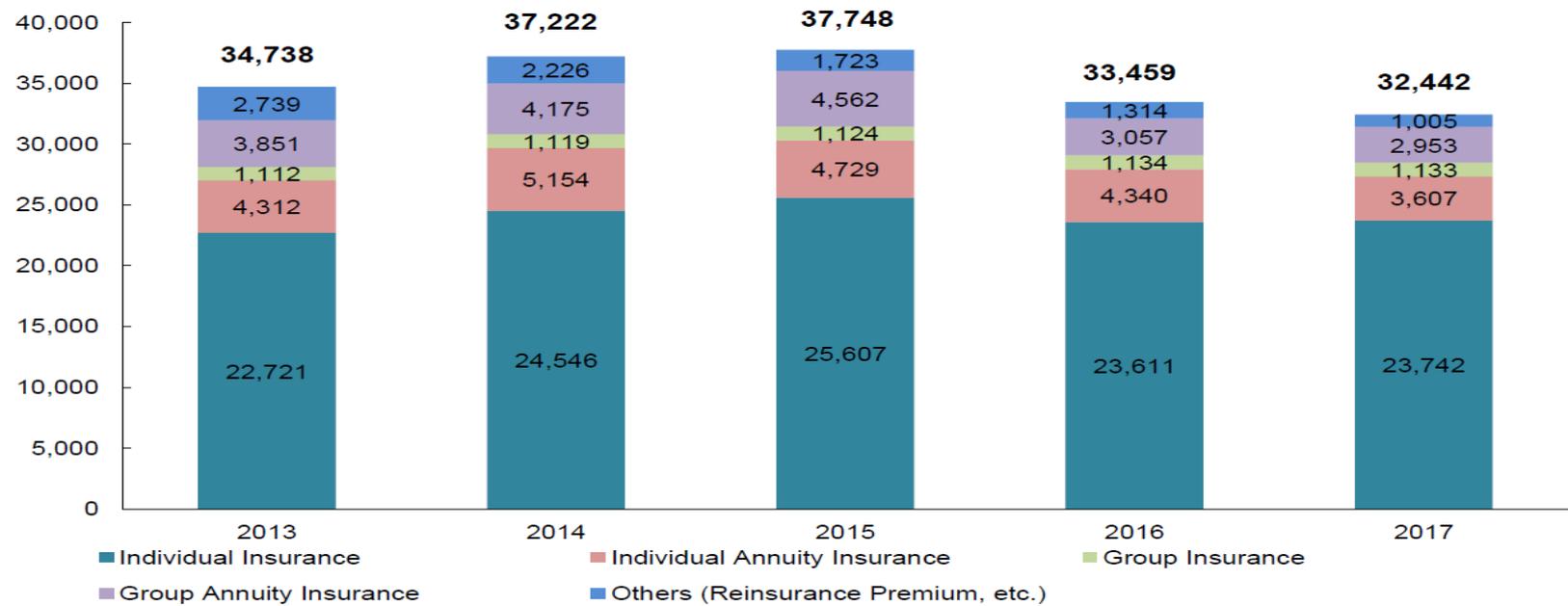
Source: "Population Census by" Ministry of Internal Affairs and Communications
 "Future population in Japan" (estimated in January 2012) by the National Institute of Social Security and Population Research

Status of life insurance in Japan

- ◆ Majority of premium income is from individual insurance.

Changes in Premium Income by Type

(billion yen)



Source: The Life Insurance Association of Japan

Status of life insurance in Japan (continued)

- ◆ Assumed interest rate was lowered in FY2017 due to decrease in the standard valuation rate; sales of annuity insurance in particular has decreased.
- ◆ Sales of medical insurance have increased.

Changes in Annualized Premium

New Policies

(billion yen)

	Individual Insurance	Individual Annuity	Total	
				"Third-Sector"
2013	2,052	766	2,819	532
2014	2,222	883	3,106	560
2015	2,404	914	3,318	616
2016	2,415	889	3,304	673
2017	2,226	423	2,650	695

Policies in Force

(billion yen)

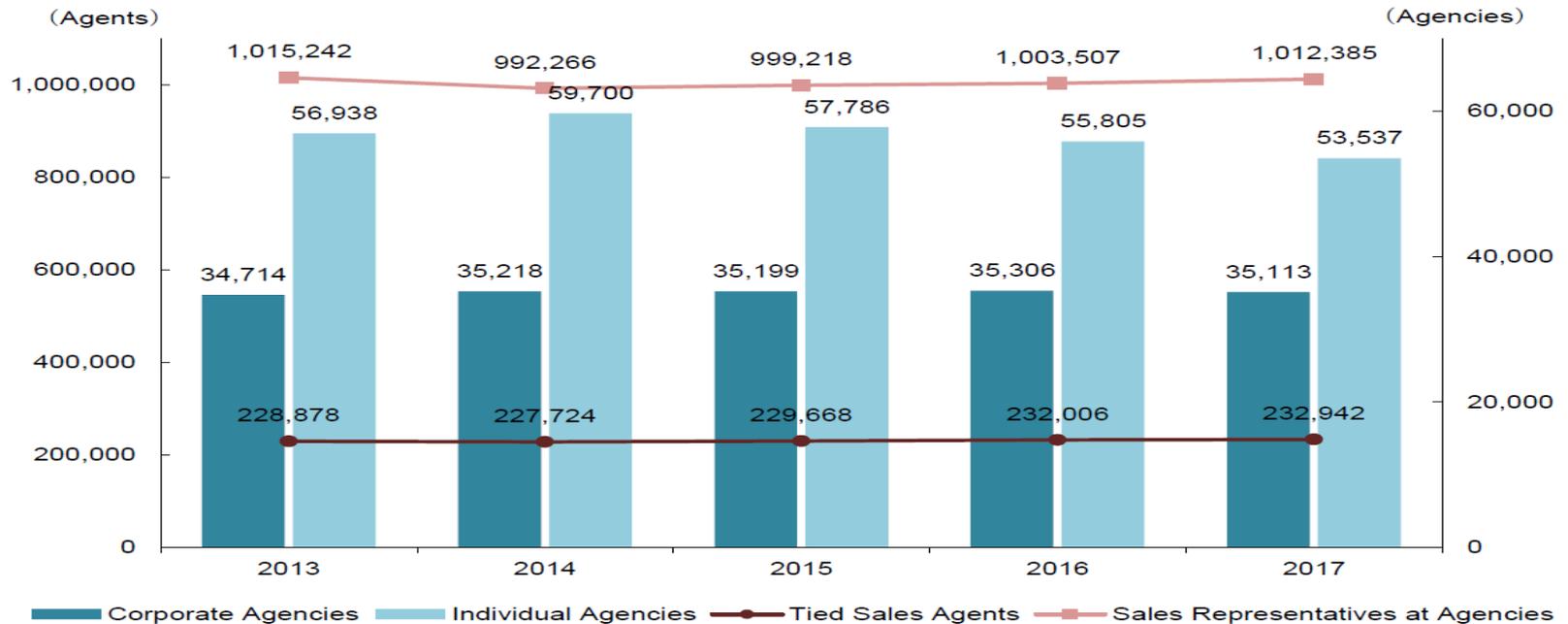
	Individual Insurance	Individual Annuity	Total	
				"Third Sector"
2013	17,694	6,752	24,447	5,538
2014	18,645	6,577	25,222	5,704
2015	19,676	6,518	26,195	5,937
2016	20,777	6,705	27,483	6,228
2017	21,503	6,371	27,875	6,531

Source: The Life Insurance Association of Japan

Status of life insurance in Japan (continued)

◆ Mainly sold by Tied Sales Agents

Number of Tied Sales Agents, Agencies and Sales Representatives at Agencies at the End of Fiscal 2017



Note: The number of sales representatives at agencies includes the total of corporate agencies and individual agencies.

Status of life insurance in Japan – individual insurance

- ◆ Recent trend – individual insurance
 - ◆ The face amount of in-force policies remains almost flat.

New Policies and Policies in Force for Individual Insurance

(Number: million, Amount: billion yen, Y/Y: %)

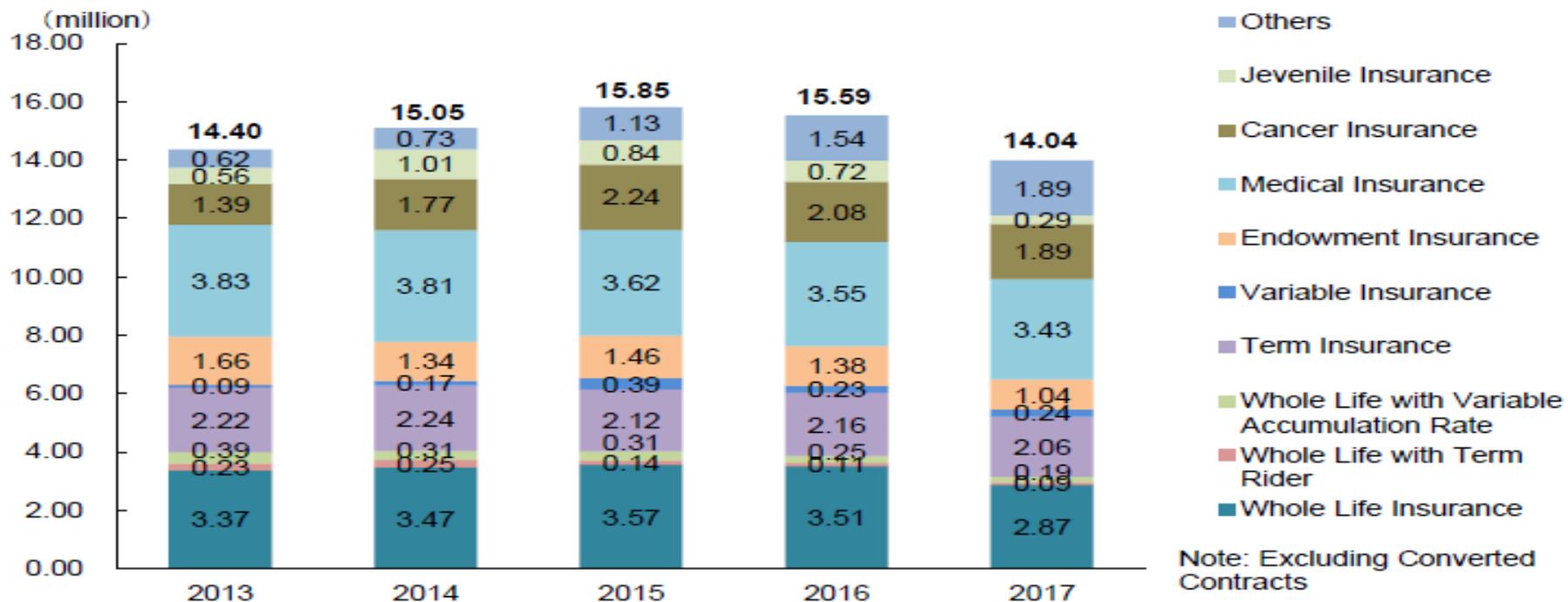
	New Policies				Policies in Force			
	Number		Amount		Number		Amount	
		Y/Y		Y/Y		Y/Y		Y/Y
2013	18.99	96.5	66,836	93.7	143.88	105.8	857,540	99.5
2014	19.39	102.1	67,431	100.9	151.73	105.5	857,432	100.0
2015	19.88	102.5	69,333	102.8	160.11	105.5	858,604	100.1
2016	19.30	97.1	68,478	98.8	167.72	104.8	862,905	100.5
2017	17.27	89.5	57,353	83.8	173.02	103.2	852,962	98.8

Source: The Life Insurance Association of Japan

Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual insurance
 - ◆ Whole Life and medical insurance are main products

Changes in Individual Insurance by Type (Number of New Policies)



Status of life insurance in Japan – individual insurance (continued)

◆ Recent trend - annuity insurance

- ◆ The face amount of in-force policies remains almost flat.
- ◆ Sales decreased in FY2017 due to the decrease in assumed interest rate.

New Policies and Policies in Force for Individual Annuity Insurance

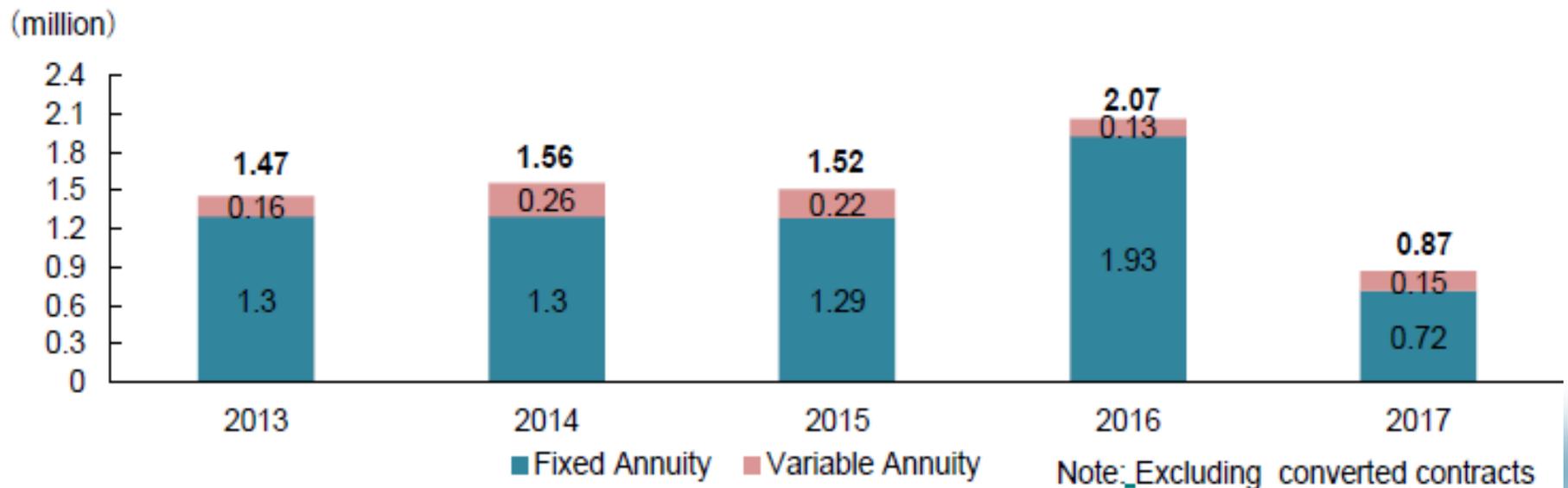
(Number: million, Amount: billion yen, Y/Y: %)

	New Policies				Policies in Force			
	Number		Amount		Number		Amount	
		Y/Y		Y/Y		Y/Y		Y/Y
2013	1.50	91.4	8,003	93.5	20.47	100.2	103,788	100.3
2014	1.59	106.0	8,632	107.9	20.50	100.1	104,131	100.3
2015	1.53	96.3	8,326	96.5	20.75	101.3	103,595	99.5
2016	2.08	135.7	11,064	132.9	21.75	104.8	107,872	104.1
2017	0.88	42.5	4,803	43.4	21.48	98.7	105,484	97.8

Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual annuity insurance
 - ◆ Fixed Annuity is the mainstream.

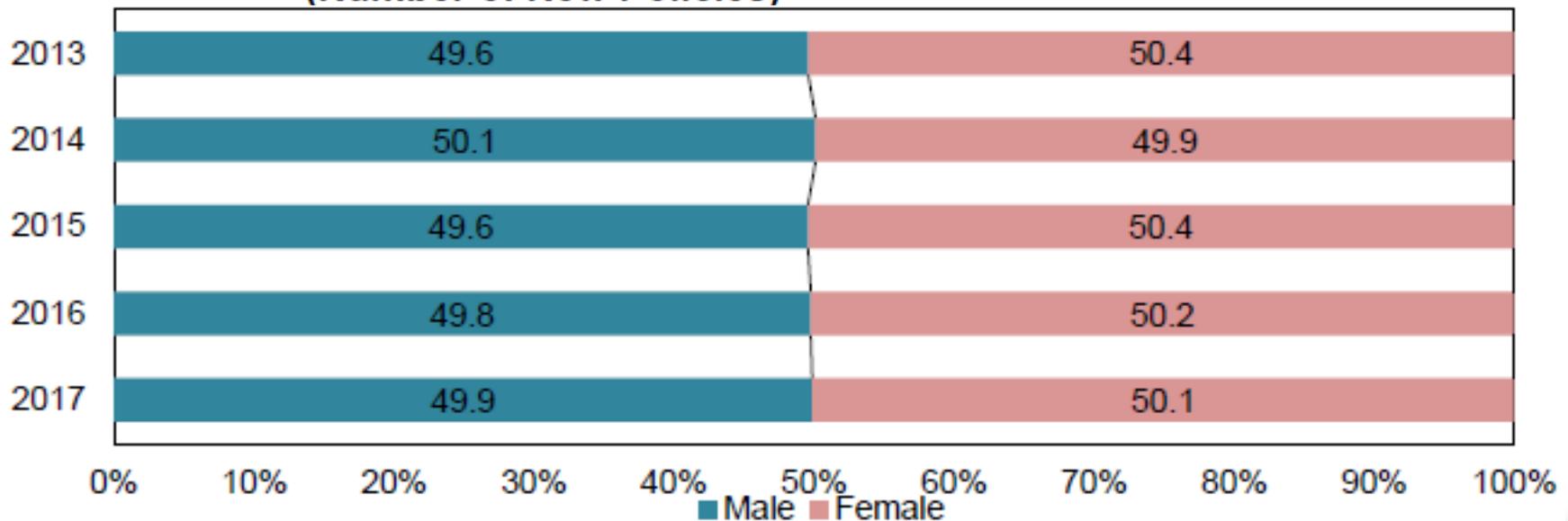
Changes in Individual Annuity Insurance by Type (Number of New Policies)



Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual insurance
 - ◆ Almost the same between male and female

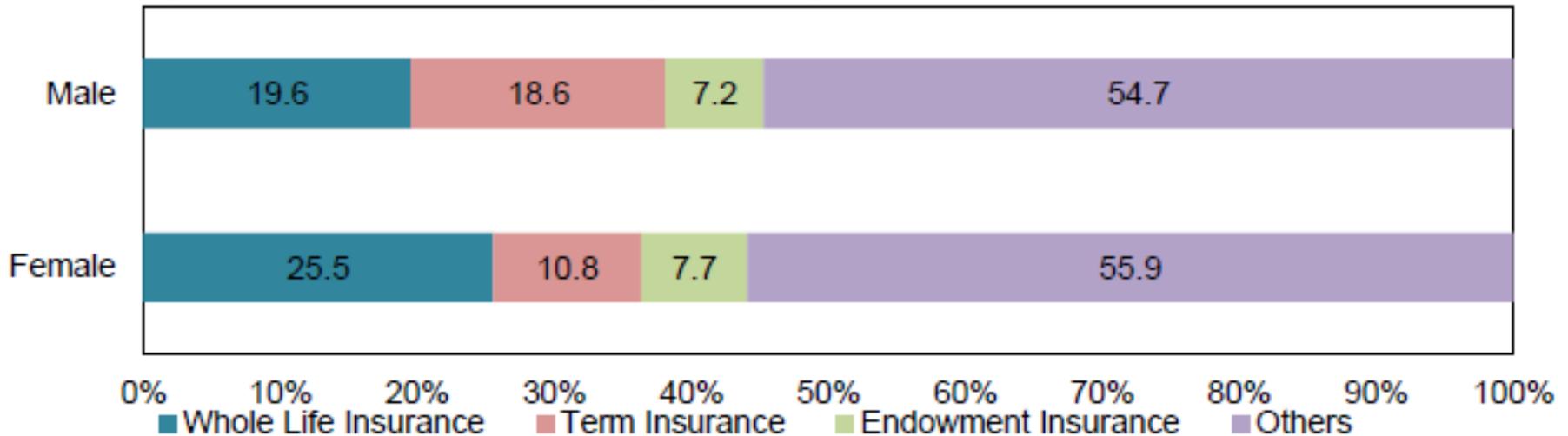
**Changes in Composition Ratio of Individual Insurance by Gender
(Number of New Policies)**



Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual insurance
 - ◆ Male customers purchase Term Insurance and female Whole Life slightly more than other types of products.

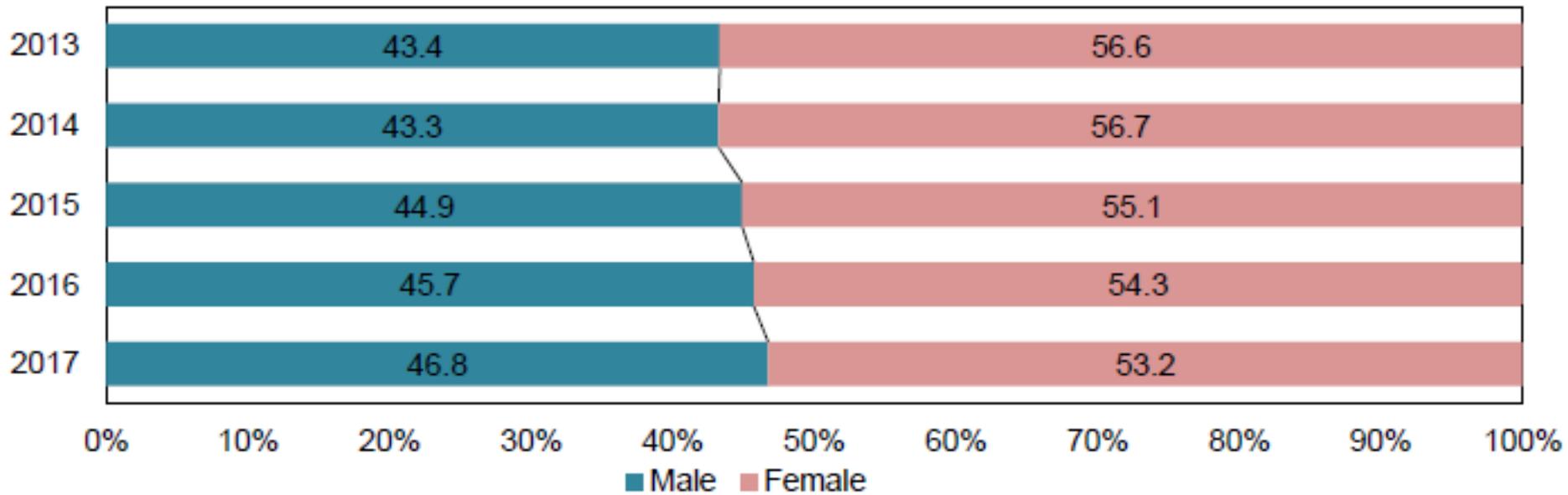
**Composition Ratio of Individual Insurance by Type in FY2014
(Number of New Policies by Gender)**



Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual annuity insurance
 - ◆ Female customers purchase annuity products slightly more than male customers.

**Changes in Composition Ratio of Individual Annuity by Gender
(Number of New Policies)**

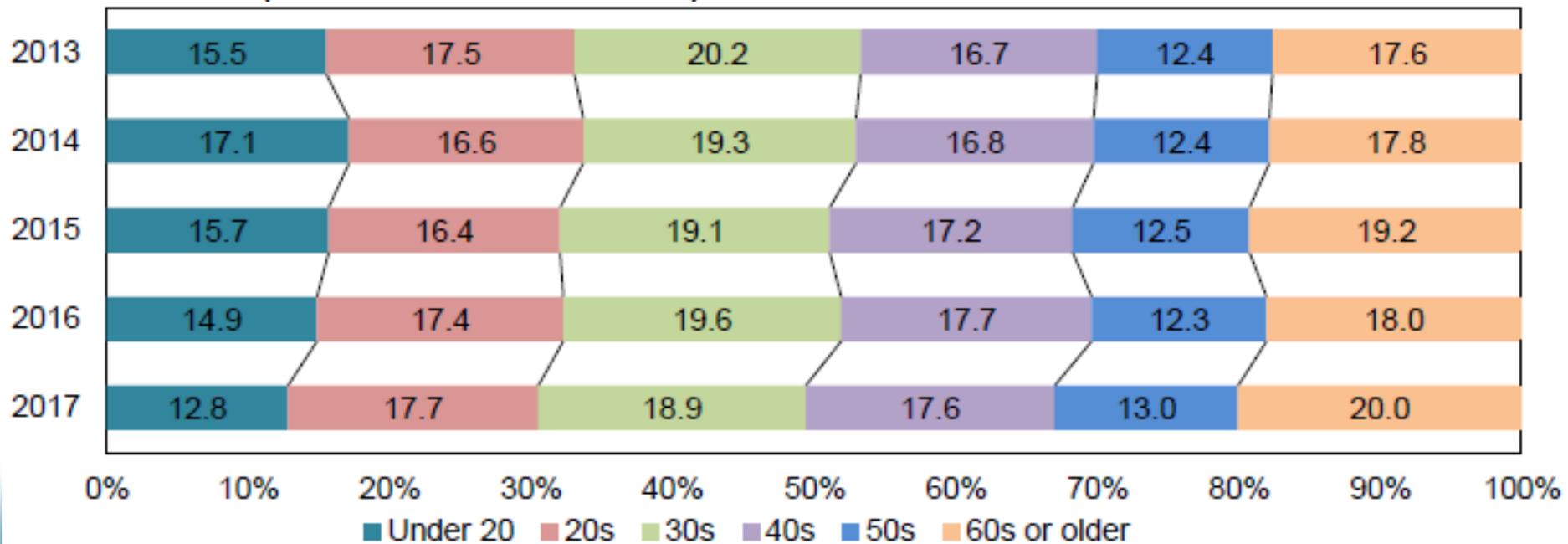


Status of life insurance in Japan – individual insurance (continued)

◆ Recent trend – new business of individual insurance

- ◆ The proportion of young policyholders decreased; the proportion of the elderly is on the increase.

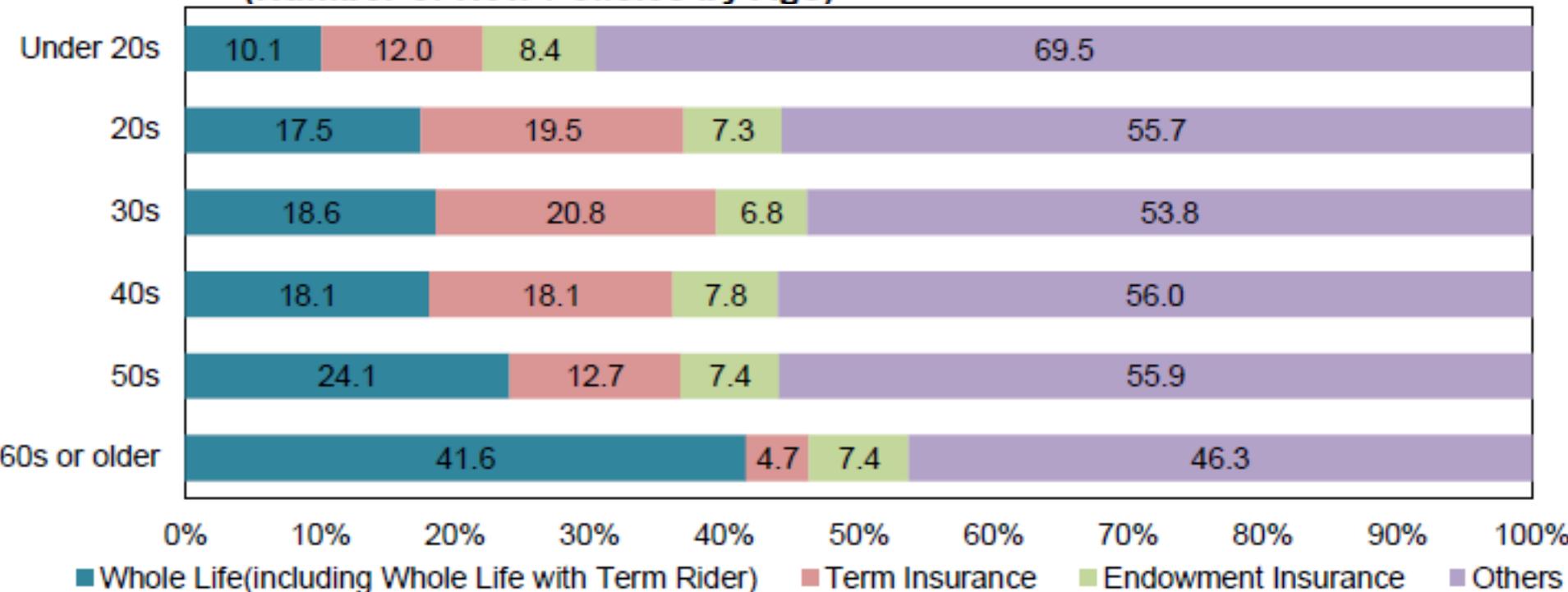
Changes in Composition Ratio of Individual Insurance by Age (Number of New Policies)



Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual insurance
 - ◆ The proportion of Whole Life (saving type) increases as the age of policyholders goes up.

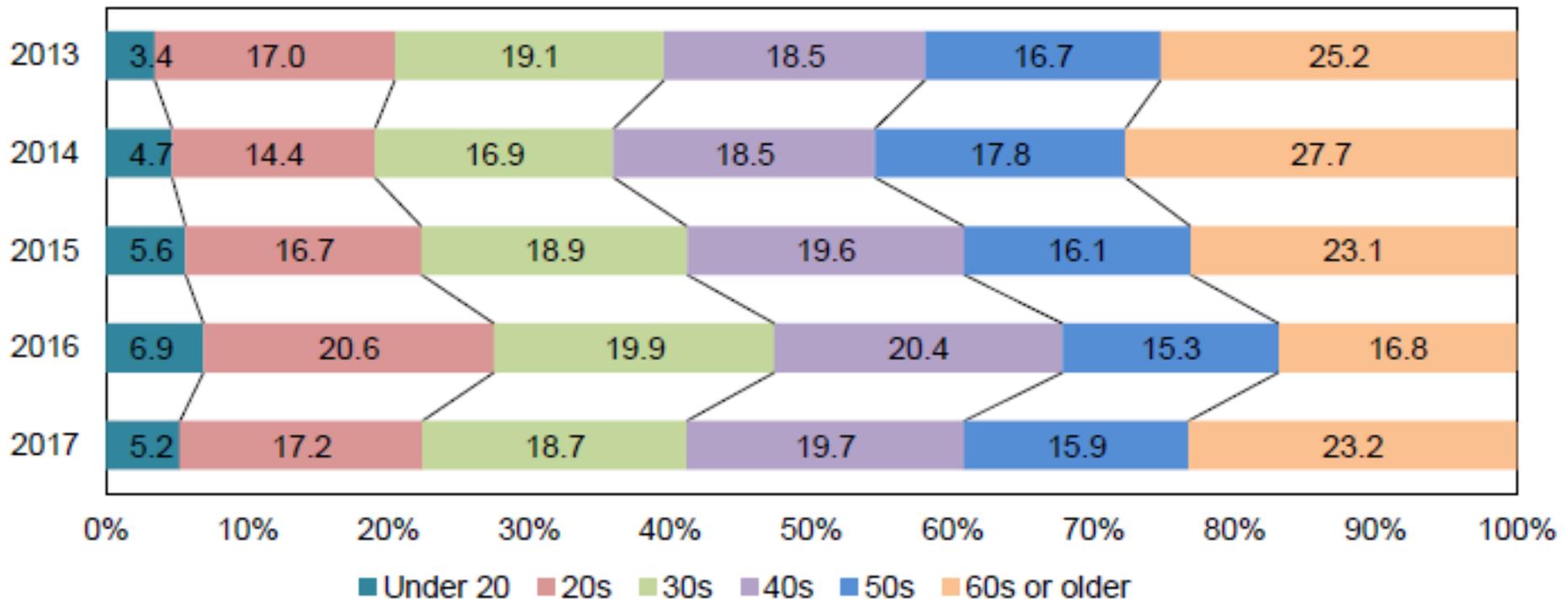
**Composition Ratio of Individual Insurance by Type in FY2017
(Number of New Policies by Age)**



Status of life insurance in Japan – individual insurance (continued)

- ◆ Recent trend – new business of individual annuity insurance
 - ◆ The age group of 60's or older accounts for a highest share.

Changes in Composition Ratio of Individual Annuity by Age (Number of New Policies)



Recent status of the insured elderly population in Japan

◆ By age and by product

Insurance type of most recently purchased policy (private insurance)

* Excluding Japan Post Insurance

	Number of samples	Life insurance (total)	Whole Life insurance	Term insurance	Whole Life with term	Interest Sensitive Whole Life insurance	Endowment insurance	Medical insurance	Cancer insurance	Nursing care insurance	Juvenile insurance	Variable insurance	Living disability and long term disability protection insurance	Other life insurance	Annuity insurance (total)	Annuity insurance	Variable annuity insurance	Unknown
Total	1,200	94.5	35.3	9.2	5.0	2.1	4.6	23.3	7.3	0.8	2.3	1.1	1.5	2.0	4.3	3.7	0.6	1.3
[By householder's age]																		
29 years old or younger	38	94.7	31.6	21.1	5.3	7.9	0.0	7.9	5.3	0.0	7.9	2.6	2.6	2.6	5.3	5.3	0.0	0.0
30 - 34 years old	62	91.9	41.9	6.5	3.2	4.8	4.8	21.0	1.6	0.0	3.2	0.0	4.8	0.0	3.2	3.2	0.0	4.8
35 - 39 years old	103	95.1	29.1	13.6	4.9	1.9	4.9	21.4	6.8	0.0	5.8	1.0	3.9	1.9	3.9	1.9	1.9	1.0
40 - 44 years old	102	95.1	31.4	14.7	3.9	0.0	2.0	23.5	5.9	1.0	8.8	0.0	1.0	2.9	2.0	2.0	0.0	2.9
45 - 49 years old	169	96.4	32.0	9.5	7.1	3.0	4.1	24.3	8.3	1.2	1.8	0.6	1.8	3.0	2.4	2.4	0.0	1.2
50 - 54 years old	93	94.6	33.3	12.9	2.2	3.2	3.2	23.7	9.7	2.2	1.1	1.1	0.0	2.2	4.3	3.2	1.1	1.1
55 - 59 years old	157	93.6	32.5	7.6	8.9	1.9	3.8	19.1	9.6	1.3	0.6	2.5	1.9	3.8	6.4	5.7	0.6	0.0
60 - 64 years old	115	96.5	37.4	8.7	4.3	0.0	7.8	27.0	6.1	0.9	1.7	1.7	0.9	0.0	3.5	2.6	0.9	0.0
65 - 69 years old	132	93.2	41.7	6.1	6.1	1.5	3.0	23.5	6.8	1.5	0.8	0.0	1.5	0.8	4.5	3.8	0.8	2.3
70 - 74 years old	104	94.2	32.7	7.7	3.8	1.0	7.7	29.8	8.7	0.0	0.0	1.0	0.0	1.9	5.8	5.8	0.0	0.0
75 - 79 years old	69	94.2	33.3	2.9	2.9	4.3	7.2	31.9	10.1	0.0	0.0	0.0	0.0	1.4	2.9	2.9	0.0	2.9
80 - 84 years old	34	88.2	55.9	2.9	0.0	0.0	5.9	17.6	2.9	0.0	0.0	0.0	0.0	2.9	11.8	8.8	2.9	0.0
85 - 89 years old	16	93.8	50.0	0.0	0.0	0.0	6.3	18.8	6.3	0.0	0.0	12.5	0.0	0.0	6.3	6.3	0.0	0.0
90 years old or older	6	100.0	83.3	0.0	0.0	0.0	0.0	16.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Recent status of the insured elderly population in Japan (continued)

◆ By age and by product

- ◆ The elderly customers purchase more Whole Life insurance.
- ◆ Those in their 60's and 70's also purchase more medical insurance.

Type of most recently purchased policy (private insurance)

	Number of samples	Life insurance (total)		
		Whole Life insurance	Medical insurance	
Total	1,200	94.5	35.3	23.3
[By householder's age]				
5 0 - 5 4 years old	93	94.6	33.3	23.7
5 5 - 5 9 years old	157	93.6	32.5	19.1
6 0 - 6 4 years old	115	96.5	37.4	27.0
6 5 - 6 9 years old	132	93.2	41.7	23.5
7 0 - 7 4 years old	104	94.2	32.7	29.8
7 5 - 7 9 years old	69	94.2	33.3	31.9
8 0 - 8 4 years old	34	88.2	55.9	17.6
8 5 - 8 9 years old	16	93.8	50.0	18.8
9 0 years old or older	6	100.0	83.3	16.7

Recent status of the insured elderly population in Japan (continued)

◆ Purpose of purchasing insurance by age

Purpose of purchasing the recently issued policies
(more than one answers can be selected)

* Excluding Japan Post Insurance

	Number of samples	To secure livelihood of family for unexpected event	To finance funeral for unexpected event	To finance medical/hospitalization expenses	To repay loans etc. for unexpected event	In preparation for disaster, traffic accident etc.	To finance the livelihood in later stages of life	To finance nursing care expenses	To finance education and marriage expenses of a child.	To finance inheritance and inheritance tax	To build assets	To acquire land/house or to renovate a house	For saving	To save taxes	Others	Unknown
Total	1,200	49.5	15.4	57.1	2.1	8.3	10.8	3.8	7.4	2.8	2.4	0.1	8.6	1.7	1.3	0.4
[By householder's age]																
29 years old or younger	38	71.1	13.2	42.1	5.3	7.9	13.2	0.0	21.1	0.0	5.3	0.0	13.2	0.0	2.6	0.0
30-34 years old	62	62.9	9.7	38.7	3.2	8.1	11.3	3.2	21.0	0.0	4.8	0.0	22.6	0.0	1.6	0.0
35-39 years old	103	62.1	5.8	48.5	4.9	5.8	6.8	1.9	18.4	0.0	3.9	1.0	10.7	2.9	0.0	0.0
40-44 years old	102	58.8	6.9	53.9	3.9	8.8	5.9	1.0	18.6	0.0	2.0	0.0	8.8	2.0	1.0	1.0
45-49 years old	169	50.3	10.1	62.1	2.4	5.9	8.9	3.0	7.1	0.6	1.8	0.0	8.9	0.0	2.4	0.0
50-54 years old	93	58.1	9.7	54.8	3.2	11.8	6.5	5.4	4.3	1.1	1.1	0.0	4.3	1.1	2.2	0.0
55-59 years old	157	40.8	16.6	59.2	1.3	7.6	12.7	5.1	1.9	2.5	1.3	0.0	7.0	1.9	2.5	0.0
60-64 years old	115	43.5	16.5	63.5	0.9	10.4	17.4	2.6	2.6	2.6	3.5	0.0	7.8	0.9	0.9	0.0
65-69 years old	132	45.5	24.2	60.6	0.8	7.6	16.7	7.6	2.3	4.5	3.8	0.0	6.8	2.3	0.0	1.5
70-74 years old	104	38.5	24.0	65.4	1.0	11.5	11.5	5.8	1.0	4.8	1.9	0.0	5.8	1.9	1.0	1.0
75-79 years old	69	37.7	26.1	69.6	0.0	11.6	5.8	0.0	2.9	7.2	0.0	0.0	7.2	5.8	0.0	0.0
80-84 years old	34	41.2	23.5	38.2	0.0	0.0	8.8	2.9	5.9	14.7	0.0	0.0	8.8	0.0	2.9	2.9
85-89 years old	16	50.0	18.8	43.8	0.0	0.0	12.5	6.3	0.0	18.8	0.0	0.0	0.0	6.3	0.0	0.0
90 years old or older	6	50.0	66.7	33.3	0.0	16.7	16.7	16.7	0.0	16.7	16.7	0.0	33.3	0.0	0.0	0.0

Recent status of the insured elderly population in Japan (continued)

◆ Purpose of purchasing insurance by age

- ◆ From 65 years old, more people purchase insurance for inheritance-purposes.

Purpose of purchasing the recently issued policy
(more than one answers can be selected)

	Number of samples	To secure livelihood of family for unexpected event	To finance funeral for unexpected event	To finance medical/hospitalization expenses	To finance the livelihood in later stages of life	To finance inheritance and inheritance tax
Total	1,200	49.5	15.4	57.1	10.8	2.8
[By householder's age]						
5 0 - 5 4 years old	93	58.1	9.7	54.8	6.5	1.1
5 5 - 5 9 years old	157	40.8	16.6	59.2	12.7	2.5
6 0 - 6 4 years old	115	43.5	16.5	63.5	17.4	2.6
6 5 - 6 9 years old	132	45.5	24.2	60.6	16.7	4.5
7 0 - 7 4 years old	104	38.5	24.0	65.4	11.5	4.8
7 5 - 7 9 years old	69	37.7	26.1	69.6	5.8	7.2
8 0 - 8 4 years old	34	41.2	23.5	38.2	8.8	14.7
8 5 - 8 9 years old	16	50.0	18.8	43.8	12.5	18.8
9 0 years old or older	6	50.0	66.7	33.3	16.7	16.7

Recent status of the insured elderly population in Japan (continued)

◆ Payment mode by age

Premium of most recently purchased policy (private insurance)

Payment mode of premium for most recently purchased policy (private insurance)

	Number of samples	Selected single-premium	Premium is paid monthly, semiannually or annually	Monthly, semiannual or annually premium payment has been completed.	Unknown
Total	1,200	11.2	79.6	3.7	5.6
[By householder's age]					
2 9 years old or younger	38	2.6	89.5	0.0	7.9
3 0 - 3 4 years old	62	1.6	95.2	1.6	1.6
3 5 - 3 9 years old	103	5.8	83.5	3.9	6.8
4 0 - 4 4 years old	102	8.8	83.3	4.9	2.9
4 5 - 4 9 years old	169	4.1	88.8	2.4	4.7
5 0 - 5 4 years old	93	9.7	82.8	3.2	4.3
5 5 - 5 9 years old	157	10.2	82.2	5.1	2.5
6 0 - 6 4 years old	115	13.0	77.4	5.2	4.3
6 5 - 6 9 years old	132	15.2	70.5	2.3	12.1
7 0 - 7 4 years old	104	15.4	70.2	4.8	9.6
7 5 - 7 9 years old	69	21.7	68.1	2.9	7.2
8 0 - 8 4 years old	34	29.4	64.7	5.9	0.0
8 5 - 8 9 years old	16	43.8	50.0	6.3	0.0
9 0 years old or older	6	33.3	50.0	0.0	16.7

* Excluding Japan Post Insurance

Recent status of the insured elderly population in Japan (continued)

◆ Payment mode by age

- ◆ From 60 years old, more people select single-premium.

Premium of most recently purchased policy (private insurance)

Payment mode of premium for most recently purchased policy (private insurance)

	Number of samples	Selected single-premium
Total	1,200	11.2
[By householder's age]		
5 0 - 5 4 years old	93	9.7
5 5 - 5 9 years old	157	10.2
6 0 - 6 4 years old	115	13.0
6 5 - 6 9 years old	132	15.2
7 0 - 7 4 years old	104	15.4
7 5 - 7 9 years old	69	21.7
8 0 - 8 4 years old	34	29.4
8 5 - 8 9 years old	16	43.8
9 0 years old or older	6	33.3

Recent status of the insured elderly population in Japan (continued)

◆ Purchasing channel by age

Purchasing channel of most recently purchased policy (private insurance)

Purchasing channel

* Excluding Japan Post Insurance

	Number of samples	Sales person of life insurance company	Sales person who visits home	Sales person who visits work place	Direct sales	Via internet	Via TV, newspaper, magazine etc.	Counter of life insurance company	Counter or sales person at post office	Via banks/securities companies	Via banks	Counter or banker of city bank (including Japanese Post Bank)	Counter or banker of regional bank, Shinkin bank and credit cooperative	Counter or banker of trust bank	Counter or sales person of securities company banker of city bank	Counter or sales person of insurance agency	Counter of insurance agency (e.g. walk-in insurance shop excluding financial institutions)	Sales person of insurance agency (excluding financial institutions)	Via place of work or labor union etc.	Others	Unknown
Total	1,200	53.7	43.2	10.5	6.5	3.3	3.3	2.9	4.2	5.4	4.9	2.7	1.8	0.4	0.5	17.8	7.8	9.9	3.4	5.6	0.6
[By householder's age]																					
29 years old or younger	38	42.1	36.8	5.3	5.3	5.3	0.0	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.9	13.2	15.8	5.3	7.9	0.0
30-34 years old	62	43.5	37.1	6.5	6.5	6.5	0.0	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.5	22.6	12.9	1.6	3.2	0.0
35-39 years old	103	45.6	35.9	9.7	5.8	4.9	1.0	3.9	2.9	3.9	3.9	1.9	1.9	0.0	0.0	28.2	17.5	10.7	4.9	4.9	0.0
40-44 years old	102	39.2	26.5	12.7	9.8	8.8	1.0	2.9	4.9	2.9	2.9	0.0	2.9	0.0	0.0	23.5	14.7	8.8	6.9	8.8	1.0
45-49 years old	169	53.8	40.8	13.0	3.0	1.8	1.2	2.4	2.4	4.7	4.7	4.1	0.6	0.0	0.0	21.3	8.9	12.4	4.1	8.3	0.0
50-54 years old	93	60.2	45.2	15.1	4.3	3.2	1.1	3.2	6.5	4.3	4.3	1.1	3.2	0.0	0.0	12.9	5.4	7.5	3.2	5.4	0.0
55-59 years old	157	58.6	46.5	12.1	8.9	5.1	3.8	0.6	4.5	5.1	4.5	0.6	3.8	0.0	0.6	16.6	3.8	12.7	2.5	3.2	0.0
60-64 years old	115	62.6	46.1	16.5	6.1	1.7	4.3	2.6	5.2	3.5	3.5	3.5	0.0	0.0	0.0	9.6	3.5	6.1	5.2	5.2	0.0
65-69 years old	132	59.1	51.5	7.6	8.3	0.8	7.6	2.3	4.5	3.8	3.8	3.0	0.0	0.8	0.0	12.9	5.3	7.6	1.5	5.3	2.3
70-74 years old	104	57.7	50.0	7.7	3.8	1.0	2.9	1.9	6.7	9.6	8.7	5.8	2.9	0.0	1.0	9.6	3.8	5.8	3.8	6.7	0.0
75-79 years old	69	56.5	50.7	5.8	5.8	0.0	5.8	1.4	7.2	7.2	5.8	1.4	1.4	2.9	1.4	13.0	1.4	11.6	0.0	5.8	2.9
80-84 years old	34	41.2	41.2	0.0	17.6	2.9	14.7	2.9	2.9	23.5	23.5	11.8	8.8	2.9	0.0	8.8	0.0	8.8	0.0	0.0	2.9
85-89 years old	16	56.3	50.0	6.3	6.3	0.0	6.3	0.0	0.0	25.0	18.8	12.5	0.0	6.3	6.3	12.5	0.0	12.5	0.0	0.0	0.0
90 years old or older	6	50.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	33.3	0.0	0.0	0.0	0.0	33.3	16.7	0.0	16.7	0.0	0.0	0.0

Source: Japan Institute of Life Insurance

Recent status of the insured elderly population in Japan (continued)

◆ Purchasing channel by age

- ◆ Many customers purchase insurance via direct sales.
- ◆ Many of those over 70 years old purchase from financial institutions including banks

Purchasing channel of most recently purchased policy (private insurance)

Purchasing channel

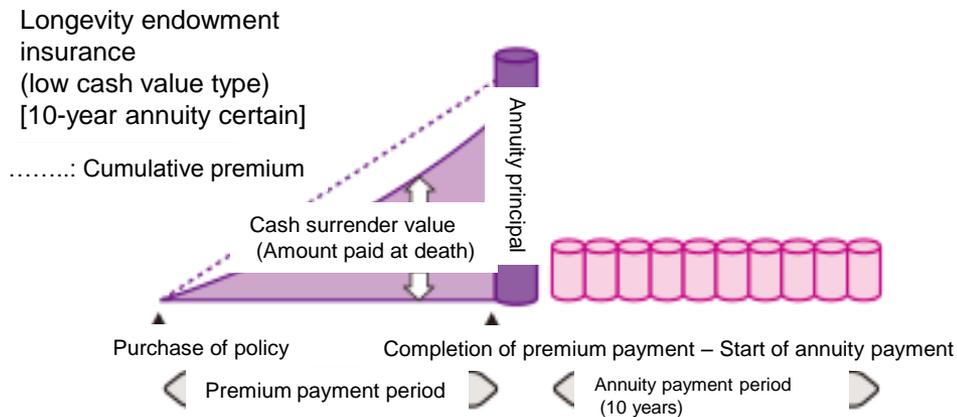
	Number of samples	Sales person of life insurance company	Direct sales	Via banks/securities companies
Total	1,200	53.7	6.5	5.4
[By householder's age]				
5 0 - 5 4 years old	93	60.2	4.3	4.3
5 5 - 5 9 years old	157	58.6	8.9	5.1
6 0 - 6 4 years old	115	62.6	6.1	3.5
6 5 - 6 9 years old	132	59.1	8.3	3.8
7 0 - 7 4 years old	104	57.7	3.8	9.6
7 5 - 7 9 years old	69	56.5	5.8	7.2
8 0 - 8 4 years old	34	41.2	17.6	23.5
8 5 - 8 9 years old	16	56.3	6.3	25.0
9 0 years old or older	6	50.0	0.0	33.3

Recent products for the elderly in Japan (continued)

- ◆ Annuity insurance – Tontine annuity
- ◆ Medical insurance – nursing care, dementia
- ◆ Whole Life insurance – single-premium (including foreign currency denominated insurance)
- ◆ Others – simplified, non-disclosure type

Recent products for the elderly in Japan (continued)

◆ Annuity insurance - Tontine Annuity (Nippon Life Insurance)



* When the insured passes away on or after the start date of annuity payment (1st annuity payment reference date) and before or on the last annuity payment reference date during the insurance period, lump-sum death benefit (the amount equivalent to the current value of future annuity) is paid. When the insured passes away after the last annuity payment reference date during the insurance period, annuity or lump-sum death benefit after that day is not paid.

Example of proposal (details of proposal)

- 10-year annuity certain -- amount of annuity 600,000yen

Example of premium (for the above proposal)

- Monthly payment, bank account deduction
- Age at the time of purchase: 50 years old; premium payment completed and annuity payment starts at the age of 70

【Premium for male】

23,424 yen

【Premium for female】

23,652 yen

Recent products for the elderly in Japan (continued)

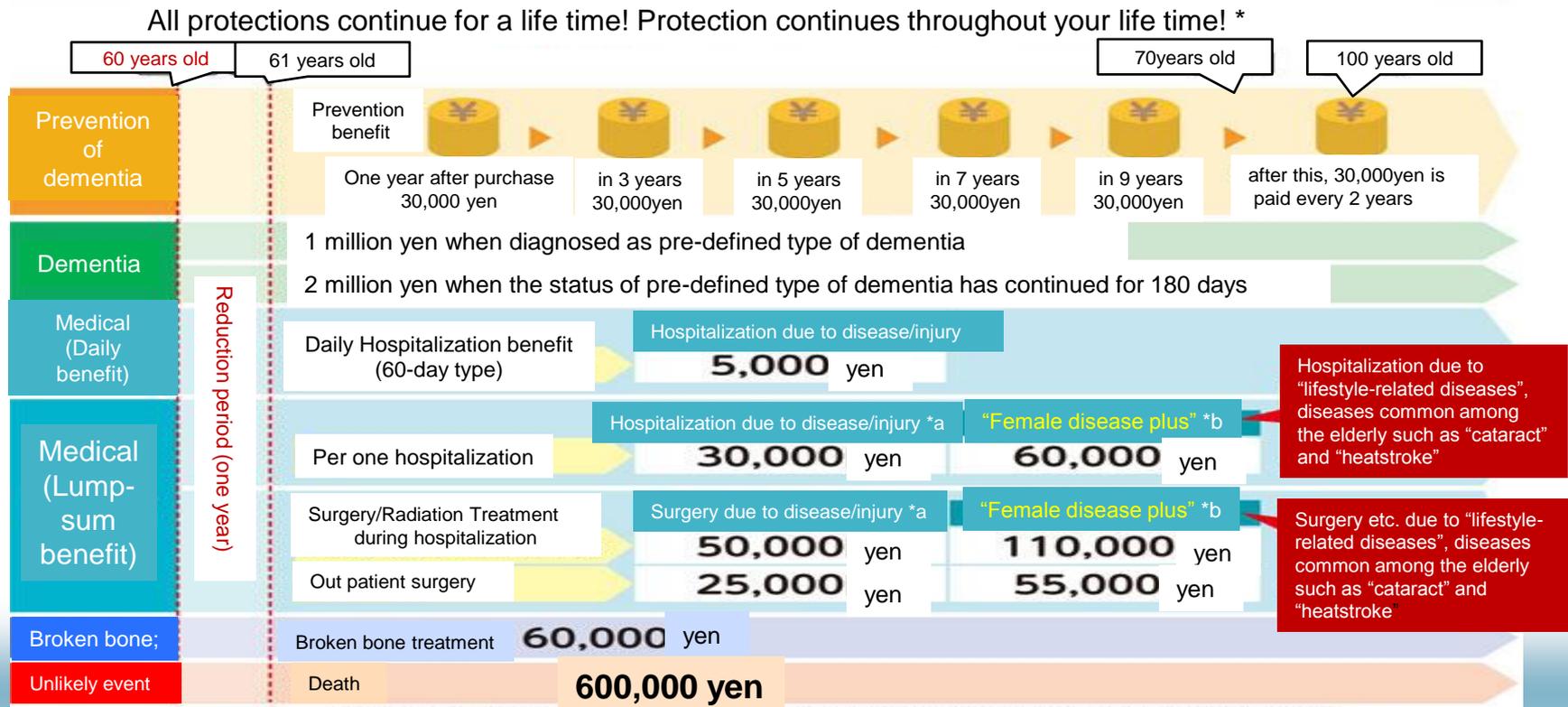
◆ Annuity insurance – Tontine annuity

- Non-disclosure type
- Low cash value type – to increase the annuity amount; the age at entry shall be 50 years old or older (up to 87 years old)

Recent products for the elderly in Japan (continued)

◆ Medical insurance – dementia (Taiyo Life)

■ Example (Female at 60 years old) (Whole Life plan) Premium (bank account deduction): **18,660yen**



Benefit/proceeds paid during the reduction period shall be a half of the indicated amount except for events caused by unforeseeable accident after the liability commencement date. (The amount of proceeds for dementia during the reduction period shall be a half of the amount regardless of event.)

Recent products for the elderly in Japan (continued)

◆ Medical insurance - dementia

- Simplified issue type – easy to purchase for the elderly customers (with reduction period, can be purchased by those aged 85 or younger)
- Supplementary service such as periodical visit
- Claim by designated claimant
- Family Member Registration System

Recent products for the elderly in Japan (continued)

- ◆ Whole Life insurance – single-premium (including those denominated in foreign currencies)



Recent products for the elderly in Japan (continued)

- ◆ Whole Life insurance – single-premium (including those denominated in foreign currencies)
 - Non-disclosure - easy to purchase for the elderly customers (initial death benefit is reserve, can be purchased by those aged around 90 or younger)
 - Inheritance tax – entitled to tax saving
 - MVA—Market Value Adjustment for surrender value
 - Credited Rate Renewal type – Credited rate is renewed about every 10 years
 - Bank distributors – commission and real yield are disclosed (comparison against investment trust etc.)

Risks

- ◆ Low cash value/no cash value products
 - Higher-than-expected persistency rate

Risks (continued)

- ◆ Simplified-disclosure products
 - Anti selection
 - Selection method of competitors

Risks (continued)

- ◆ Medical insurance and nursing care insurance
 - Increase in occurrence ratio
 - ✓ Changes in public system
 - ✓ Changes in family structure – nursing care insurance
 - ✓ Advancement in medical care – especially cancer insurance
 - Increase in longevity

Risks (continued)

- ◆ Single-premium products
 - Liquidity risk when interest rates rise
 - Easy to compare; fierce competition

Risks (continued)

- ◆ Single-premium products – denominated in foreign currencies
 - Understanding of currency exchange risks
 - Points to be noted when selling insurance to the elderly customers

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