

OLIS Seminar

# Recent life insurance products in Japan

October 24<sup>th</sup>, 2023

Tohru Okayasu

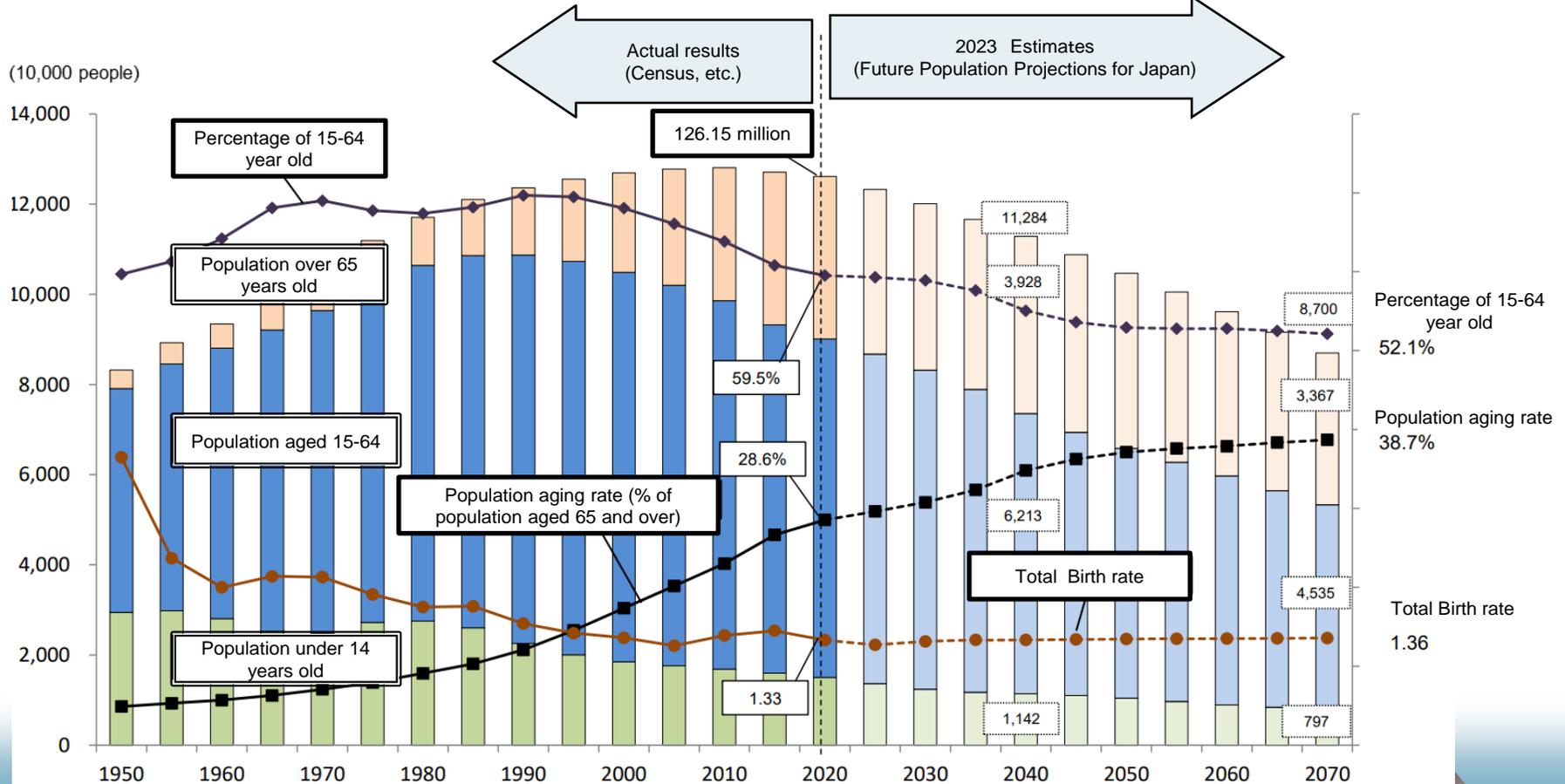
- ◆ Changes in Japan's Life Insurance Market
- ◆ Life insurance companies in Japan
- ◆ Recent life insurance products in Japan
- ◆ Considerations of recent life insurance products - Operation related
- ◆ Other - Recent topic, COVID-19 related product

# ◆ Changes in Japan's Life Insurance Market

- Demographic changes in Japan
- Number of household changes in Japan
- Interest rate changes in Japan
- Regulation changes in Japan

# Demographic changes in Japan

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

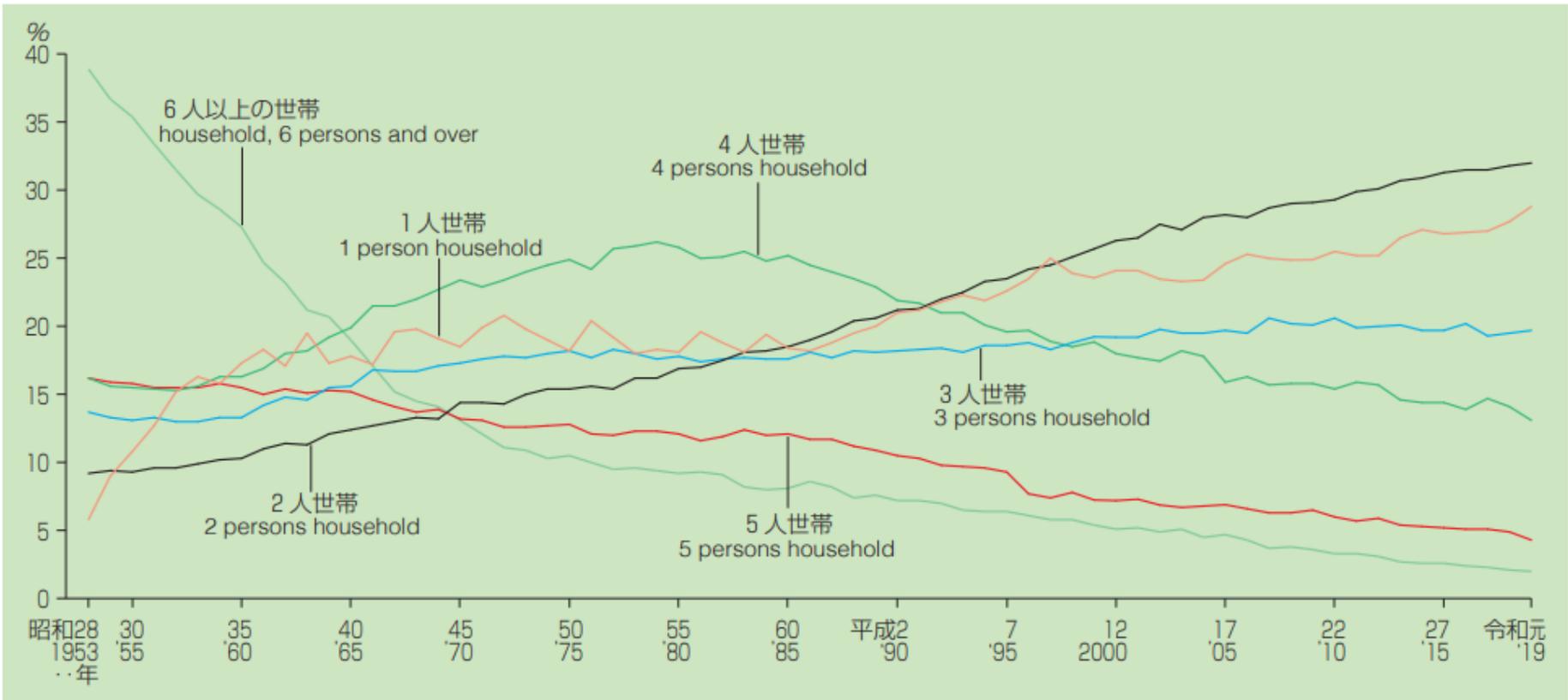


Source: "Actual results" is from the Population Census by Ministry of Internal Affairs and Communications, and "Total Birth rate" is from the Vital Statistics of the Ministry of Health, Labour and Welfare  
 "Population Projections for 2023" by the National Institute of Population and Social Security Research for the years 2025 and thereafter (births (deaths) medium level).

# Number of household changes in Japan

## 世帯人員別にみた世帯数の構成割合の年次推移

Trends in percent distribution of households by number of household members, 1953-2019



Source: Ministry of Health, Labour and Welfare

# ◆ Changes in Japan's Life Insurance Market

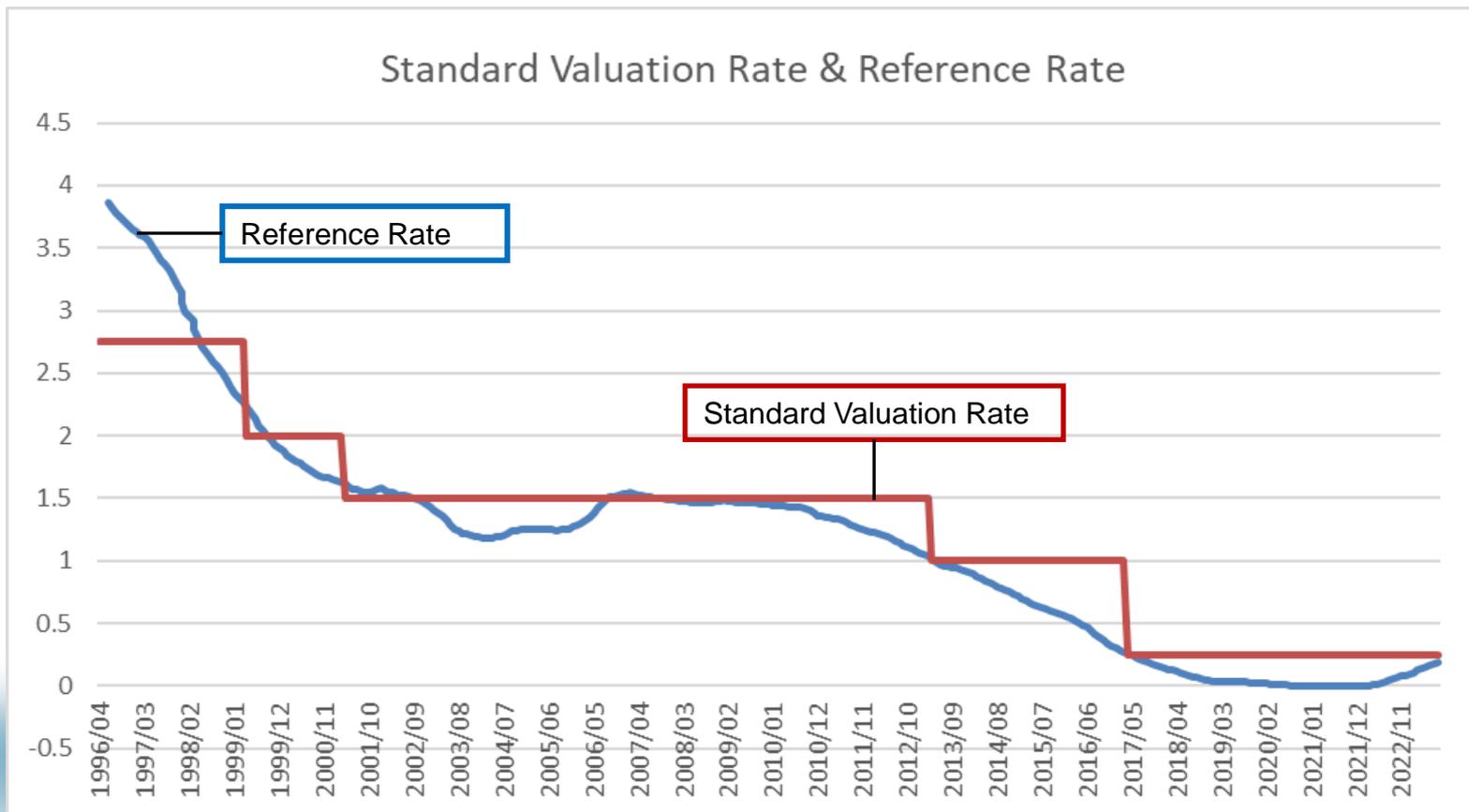
- Demographic changes in Japan
- Number of household changes in Japan
  - ✓ Increasing the elder person
  - ✓ Increasing the 1 person and 2 persons household



What type of life insurance product meet the customer's needs?

# Interest rate changes in Japan

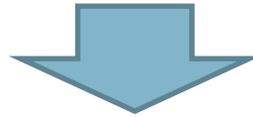
- ◆ Historical data for Standard Valuation Rate and Reference Rate



# ◆ Changes in Japan's Life Insurance Market

## ➤ Interest rate changes in Japan

- ✓ Lower interest rate



What kind of life insurance products can insurance companies create?

# ◆ Changes in Japan's Life Insurance Market

- Regulation changes in Japan

# Regulation changes in Japan

---

## ◆ New regulation

- FSA announced to introduce new solvency regime, economic value based solvency in FY2025

# ◆ Changes in Japan's Life Insurance Market

## ➤ Regulation changes in Japan

- ✓ Company must consider new solvency regime



What kind of life insurance products are friendly for new solvency regime?

# ◆ Changes in Japan's Life Insurance Market

- Demographic changes in Japan
- Number of household changes in Japan
- Interest rate changes in Japan
- Regulation changes in Japan



What new life insurance products will the insurance company launch?

## ◆ Life insurance companies in Japan

- Member company of The Life Insurance Association of Japan
- Sales channel in Japan

# Member company of The Life Insurance Association of Japan

---

Nippon Life Group

Nippon

Taiju

Nippon Wealth

Hanasaku

Dai-ichi Life Group

Dai-ichi

Dai-ichi Frontier

Neo First

Sumitomo Life Group

Sumitomo

Medicare

Meiji Yasuda

T&D Group

Daido

Taiyo

T&D Financial

Asahi Life Group

Asahi

Nanairo

Fukoku Life Group

Fukoku

Fukokushinrai

Japan Post

SONY

Prudential Group

Prudential

Gibraltar

Prudential Gibraltar Financial

MetLife

Aflac

AXA Group

AXA

AXA Direct

NN

Manulife

Zurich

Credit Agricole

Cardif

AEON Allianz

FWD

Tokio Marine Nichido Anshin

MS&AD Group

Mitsui Sumitomo Aioi

Mitsui Sumitomo Primary

Sompo Himawari

Orix

Lifenet

Rakuten

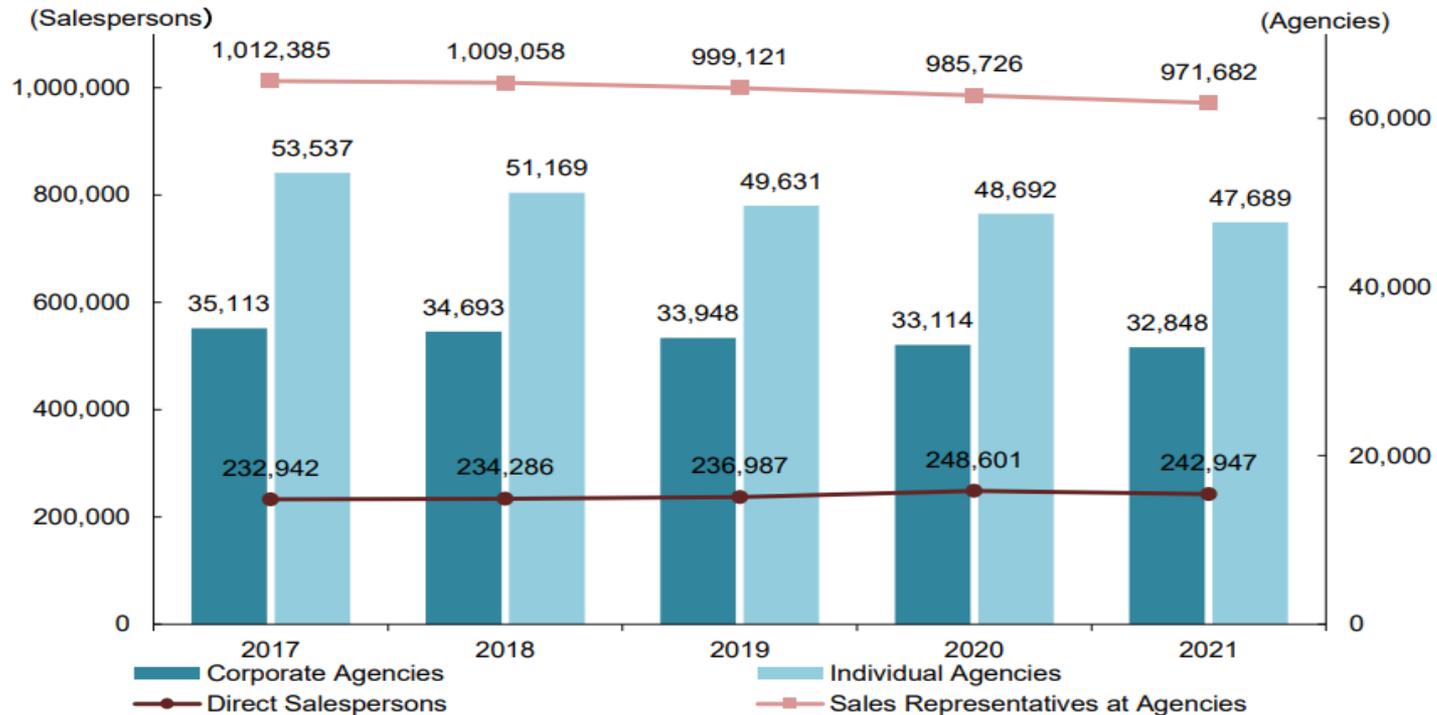
SBI

Midori

# Sales channel in Japan

## ◆ Mainly sold by Direct Salespersons

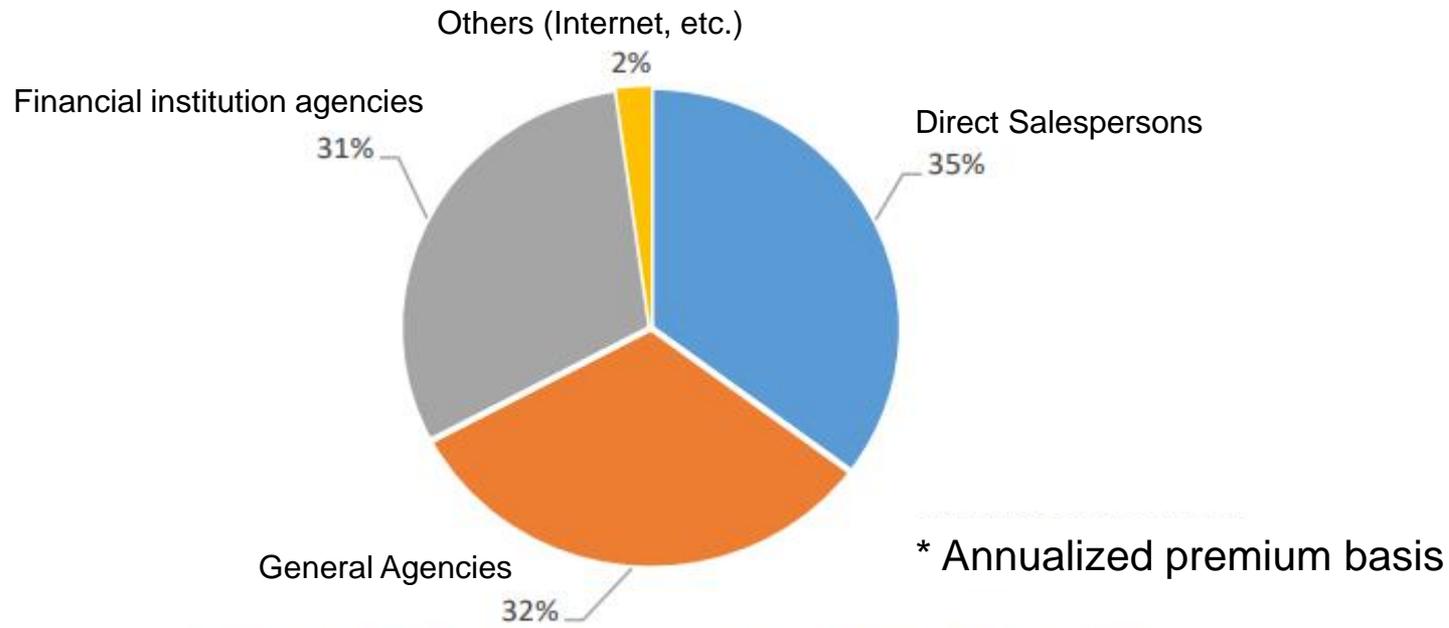
Number of Direct Salespersons, Agencies and Sales Representatives at Agencies at the End of FY 2021



Note: The number of sales representative at agencies is the sum of corporate agencies and individual agencies.

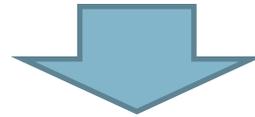
# Sales channel in Japan (continued)

## ◆ Sales Ratio by Channel, FY2022



## ◆ Life insurance companies in Japan

- Member company of The Life Insurance Association of Japan
- Sales channel in Japan



What new life insurance products are acceptable to the sales channel?

# ◆ Recent life insurance products in Japan

- New business of individual insurance
- Recent life insurance products
  - ✓ Medical product
  - ✓ Variable product
  - ✓ Foreign currency denominated single payment product
- Trend of new life insurance products
  - ✓ Preferred insurance
  - ✓ Eased underwriting standards, No disclosure
  - ✓ Health support
  - ✓ Additional services, medical service

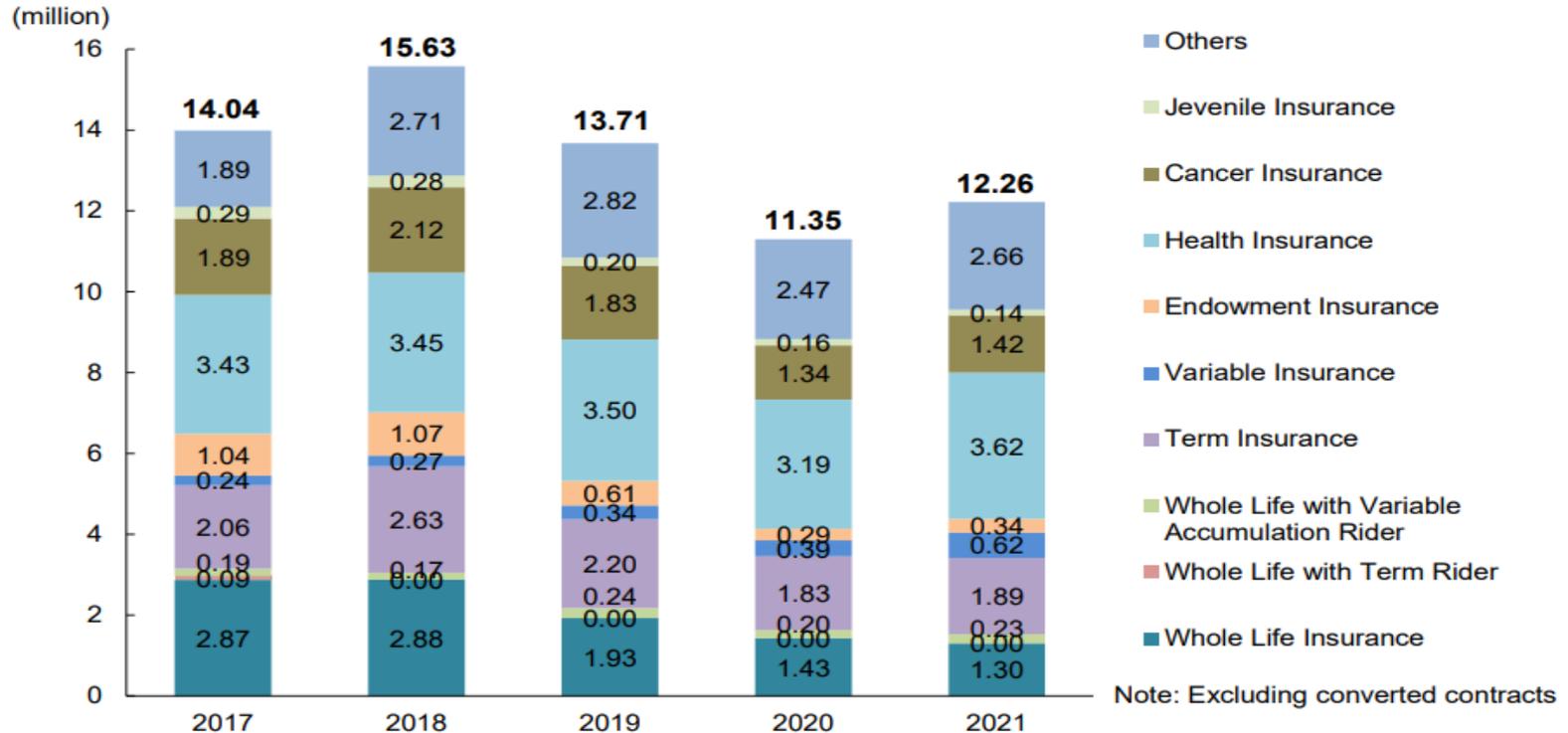
# ◆ Recent life insurance products in Japan

- New business of individual insurance
- Recent life insurance products
  - ✓ Medical product
  - ✓ Variable product
  - ✓ Foreign currency denominated single payment product

# New business of individual insurance

- ◆ Recent trend – new business of individual insurance
  - ◆ Medical insurance is main product

Number of New Policies for Individual Insurance by Type



# Medical product

## ◆ Cancer Diagnosis Insurance with Eased underwriting standards



### Features of Cancer Diagnosis Insurance with Eased underwriting standards

1

Easy to apply even for those who have experienced cancer or have a pre-existing condition!

Those who have been treated for cancer in the past or have other pre-existing conditions and are currently undergoing treatment can also apply, as long as they do not fall under the categories of "Disclosure".

2

Lump-sum benefit for cancer concerns!

Lump-sum payments ranging from 200,000 yen to 10 million yen can be provided according to the customer's wishes!

Payment will not be made for cancers and epithelial cancers that are diagnosed and confirmed within 90 days of the policy date.

In addition, early-stage cancers such as epithelial cancer are also covered! If you are diagnosed with early-stage cancer such as epithelial cancer or non-invasive cancer, we will pay the diagnosis benefit for epithelial cancer.

In the case of intraepithelial neoplasia, 10% of the payment will be made under the Cancer Diagnosis Insurance with Relaxed Disclosure.

3

You can prepare for cancer from 500 yen per month!

Depending on age, gender, amount of insurance, etc., you may be able to apply for coverage for as little as ¥500 per month!

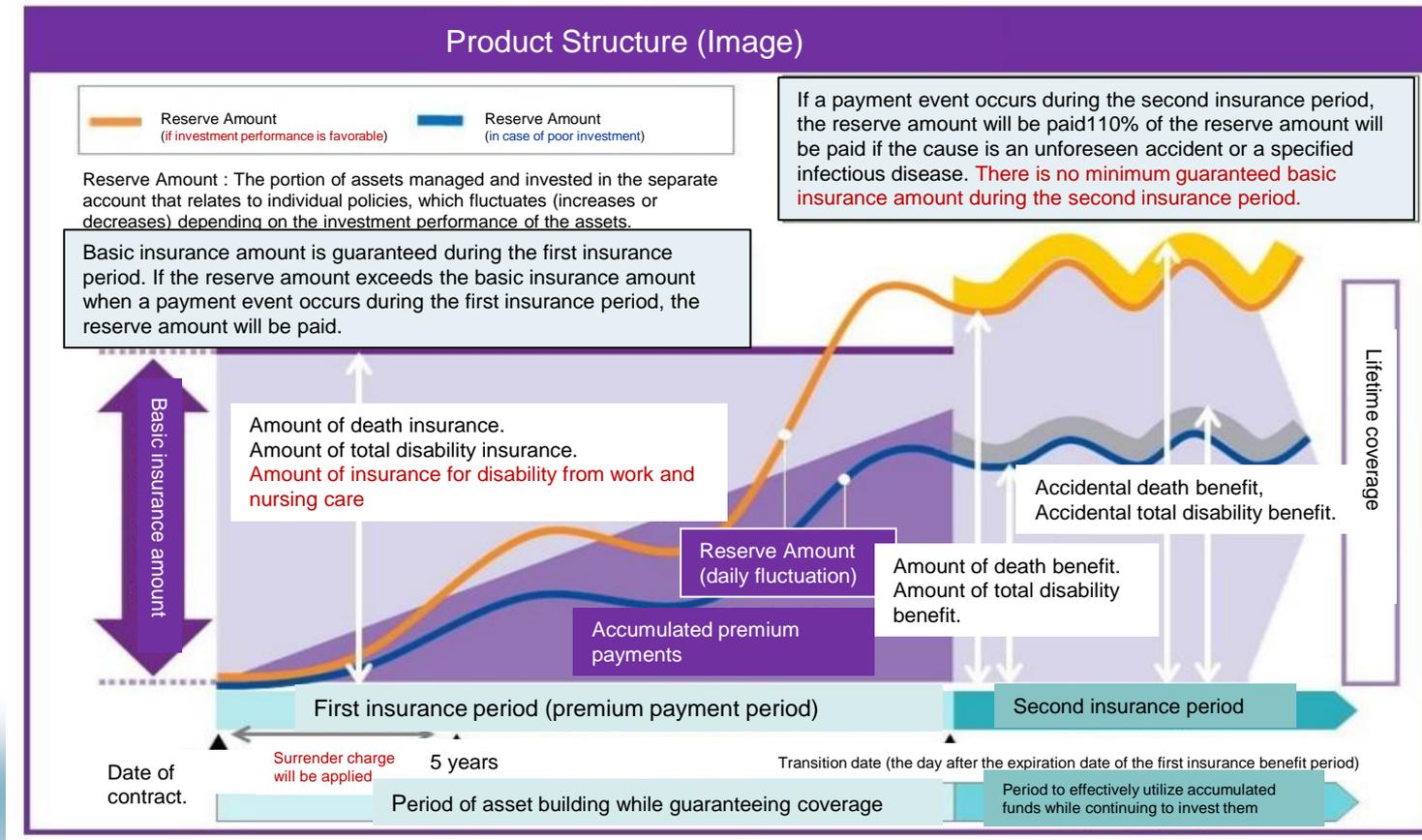
4

You can choose the insurance period!

Customers can choose "10-year or whole life" insurance term according to their preference.

# Variable product

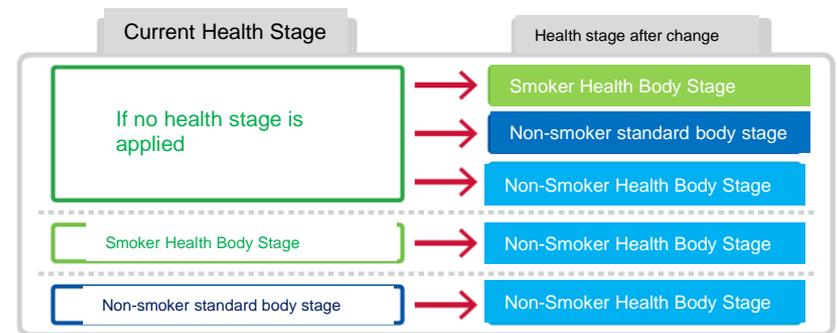
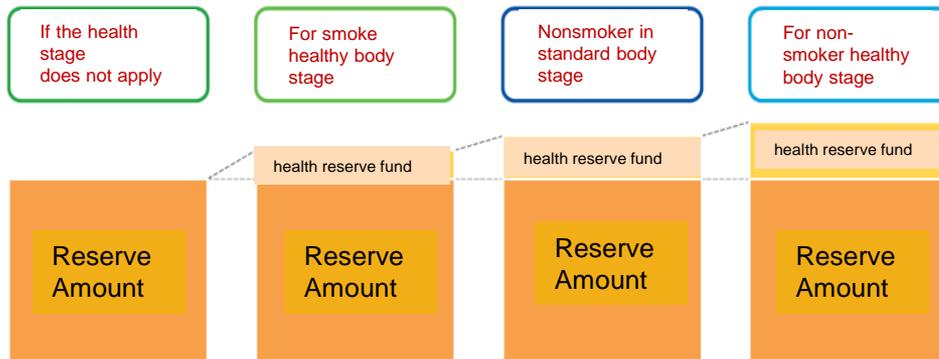
## ◆ Variable Life insurance



# Variable product (continued)

## ◆ Variable Life insurance – Health support

Image of monthly health reserve addition (for monthly payment)



# Foreign currency denominated single payment product

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

Illustration(Image)

Designated Currency

USD  AUD  Yen

Death benefit plan

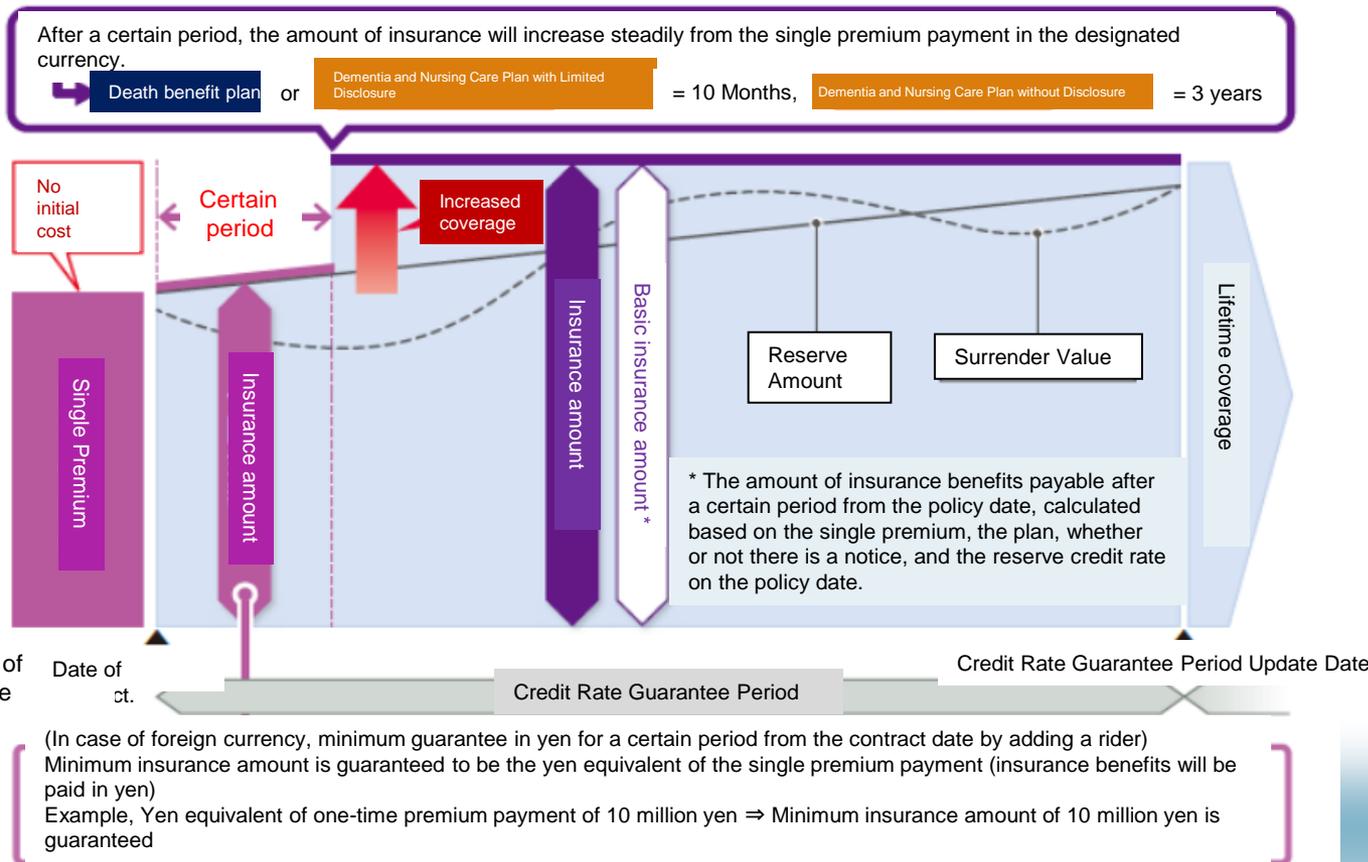
No disclosure

Dementia and Nursing Care Plan

You can choose between limited disclosure, and no disclosure

Limited Disclosure **3 limited items to disclose**

No disclosure **No disclosure**



The above diagram is an illustration of the structure and does not guarantee the future insurance amount.

# ◆ Recent life insurance products in Japan

## ➤ Trend of new life insurance products

- ✓ Preferred insurance
- ✓ Eased underwriting standards, No disclosure
  
- ✓ Health support
- ✓ Additional services, medical service

# ◆ Considerations of recent life insurance products - Operation related

- Preferred insurance
- Eased underwriting standards, No disclosure
- Issues of non-payment of insurance claims in Japan
  - ✓ Recommendation for Insurance Claim
  - ✓ Non-application of Statute of Limitations
  - ✓ Registration of Designated Family member

- ◆ Considerations of recent life insurance products - Operation related
  - Preferred insurance
  - Eased underwriting standards, No disclosure

# Considerations of recent life insurance products - Operation related

---

- Preferred insurance
- Eased underwriting standards, No disclosure



- Do these underwriting meet the risks?
- Does operation team consider these claim benefits?

## ◆ Considerations of recent life insurance products - Operation related

- Issues of non-payment of insurance claims in Japan
  - ✓ Recommendation for Insurance Claim
  - ✓ Non-application of Statute of Limitations
  - ✓ Registration of Designated Family member

# Considerations of recent life insurance products - Operation related

---

- Issues of non-payment of insurance claims in Japan
  - ✓ Recommendation for Insurance Claim
  - ✓ Non-application of Statute of Limitations
  - ✓ Registration of Designated Family member



- The operations team must be in contact with policyholders on a regular basis
- Does the operations team understand the cause for payment of benefits?

# Considerations of recent life insurance products - Operation related (continued)

---

- New Products



- Do these underwriting meet the risks?
- Does operation team consider these claim benefits?

# Considerations of recent life insurance products - Operation related (continued)

## ◆ Cancer Diagnosis Insurance with Eased underwriting standards



### Features of Cancer Diagnosis Insurance with Eased underwriting standards

1

Easy to apply even for those who have experienced cancer or have a pre-existing condition!

Those who have been treated for cancer in the past or have other pre-existing conditions and are currently undergoing treatment can also apply, as long as they do not fall under the categories of "Disclosure".

2

Lump-sum benefit for cancer concerns!

Lump-sum payments ranging from 200,000 yen to 10 million yen can be provided according to the customer's wishes!

Payment will not be made for cancers and epithelial cancers that are diagnosed and confirmed within 90 days of the policy date.

In addition, early-stage cancers such as epithelial cancer are also covered! If you are diagnosed with early-stage cancer such as epithelial cancer or non-invasive cancer, we will pay the diagnosis benefit for epithelial cancer.

In the case of intraepithelial neoplasia, 10% of the payment will be made under the Cancer Diagnosis Insurance with Relaxed Disclosure.

3

You can prepare for cancer from 500 yen per month!

Depending on age, gender, amount of insurance, etc., you may be able to apply for coverage for as little as ¥500 per month!

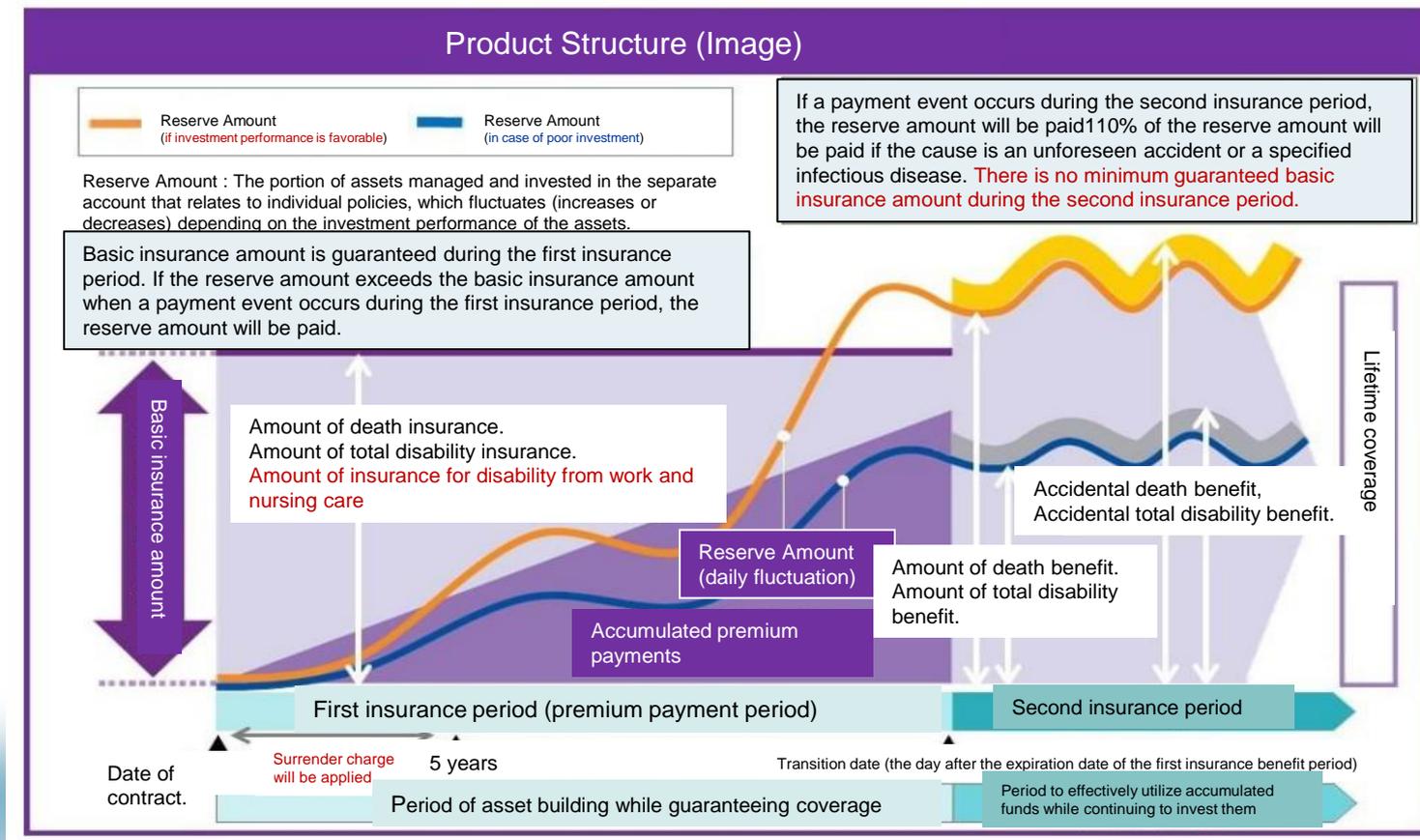
4

You can choose the insurance period!

Customers can choose "10-year or whole life" insurance term according to their preference.

# Considerations of recent life insurance products - Operation related (continued)

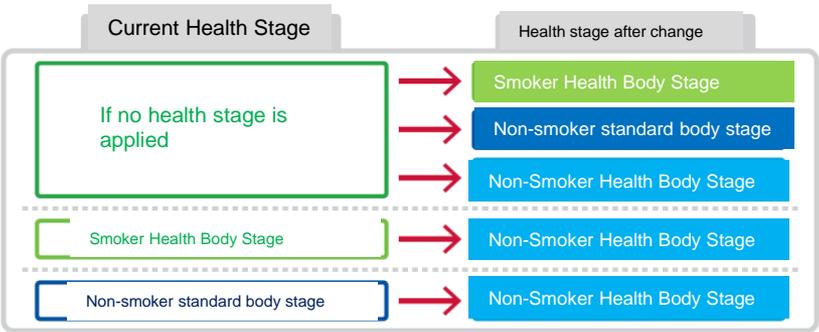
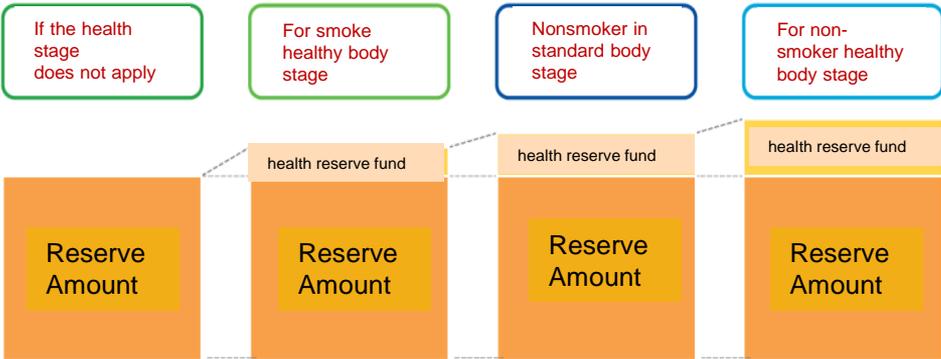
## ◆ Variable Life insurance



# Considerations of recent life insurance products - Operation related (continued)

## ◆ Variable Life insurance – Health support

Image of monthly health reserve addition (for monthly payment)



# Considerations of recent life insurance products - Operation related (continued)

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

Illustration(Image)

Designated Currency

USD    AUD    Yen

Death benefit plan

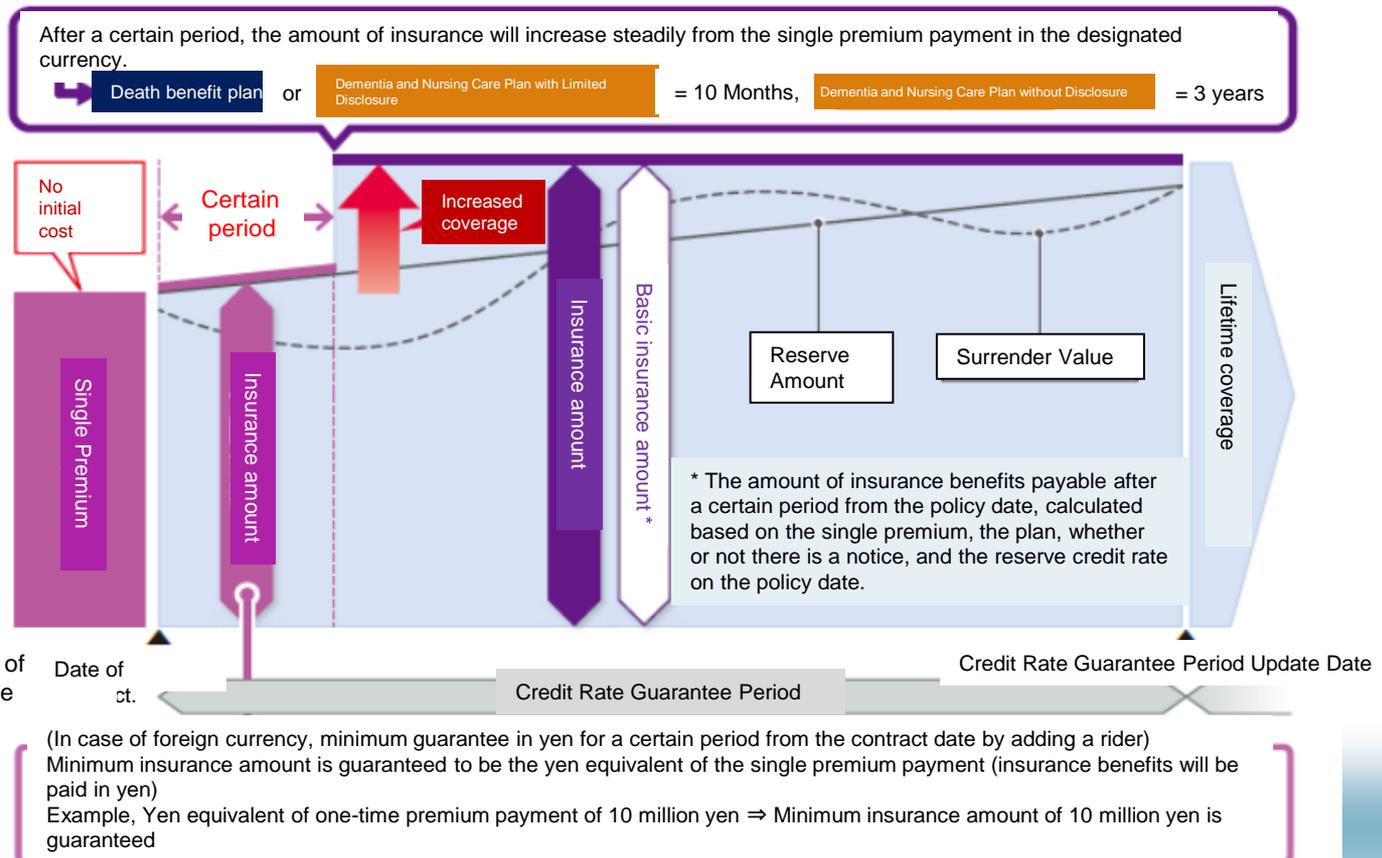
No disclosure

Dementia and Nursing Care Plan

You can choose between limited disclosure and no disclosure..

Limited Disclosure    3 limited items to disclose

No Disclosure    No disclosure



The above diagram is an illustration of the structure and does not guarantee the future insurance amount.

- ◆ Other - Recent topic, COVID-19 related product

- Small Amount and Short Term Insurance Providers

# COVID-19 related product

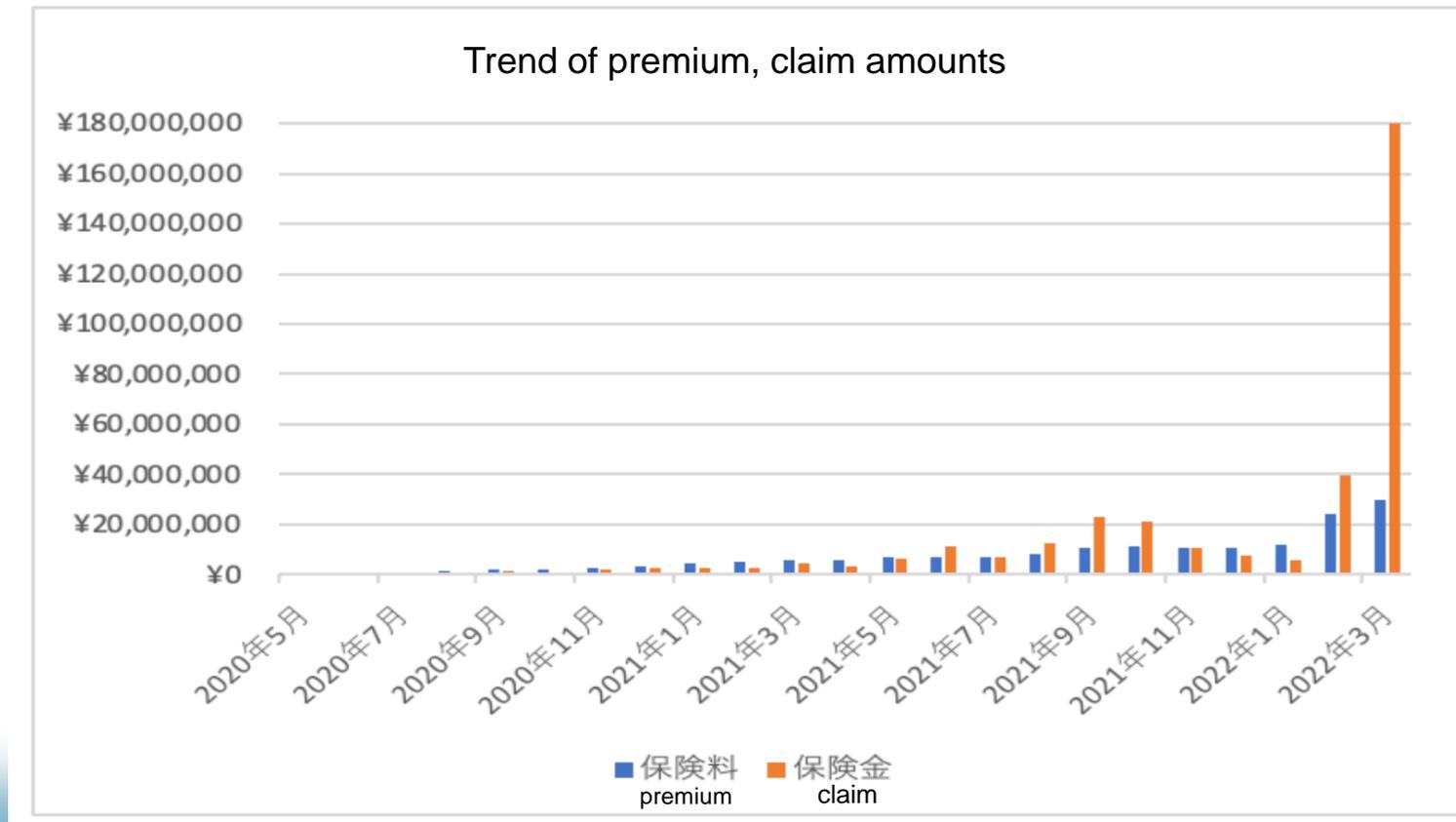
---

## ➤ Small Amount and Short Term Insurance Providers

May/2020      Launch new product for COVID-19  
100,000yen benefit, only monthly premium payment

# COVID-19 related product (continued)

Trend of premium, claim amounts from May/2020 to March/2022



Source: announcement of JustInCase

# COVID-19 related product (continued)

---

## ➤ Small Amount and Short Term Insurance Providers

March/2022      Introduce the waiting period, 14days

April/2022      Stop the new business and Reduce benefits for deemed hospitalization on existing policies by 90%

June/2022      Receive administrative sanction

# Disclaimer

- ◆ The information contained in this presentation is for general information purposes only. The information is provided by the speaker and while he endeavors to keep the information up to date and correct, he makes no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the presentation or the information, products, services, or related graphics contained in this presentation for any purpose. Any reliance you place on such information is therefore strictly at your own risk.
- ◆ In no event will the speaker be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from loss of profits arising out of, or in connection with, the use of this presentation.

**Thank you**