

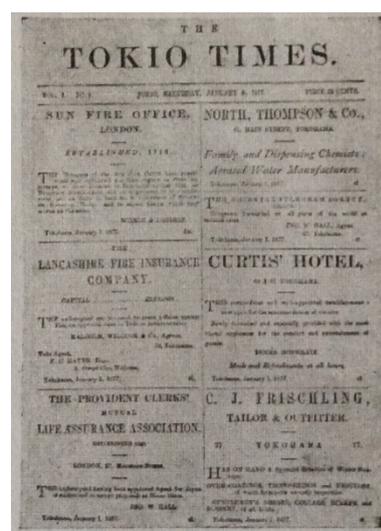
Business of Foreign Life Insurance in Japan

--- Series 1: The Emergence ---

The first appearance of foreign insurance companies in Japan can be traced back to 1859 when foreign settlements started to appear in the designated ports for foreign trade such as Yokohama Port and Nagasaki Port following the conclusion of the Treaty of Amity and Commerce between the United States and Japan. By 1900 when the Insurance Business Act came into force, all the companies conducted their business via agency channels, which basically consisted of foreign merchants in the settlements and a few domestic trading companies since the mid-1870s. As regards business line, most companies were specialized in nonlife insurance and a few companies had been selling both life insurance and nonlife insurance. There were very few companies specialized in life insurance business.

For instance, according to *The Daily Japan Herald* and *The Japan Mail Daily Advertiser* - both advertisement-oriented newspapers founded in Oct 1863 and September 1865 respectively - there were 5 companies selling both life insurance and nonlife insurance, and only one company specialized in life insurance among more than 40 companies during 1874-1875.¹ However, it is difficult to ascertain the exact number of companies and their business performance in each line in these early years due to lack of reliable official statistical data that. Such information only became available from 1906 onwards when *The Insurance Year Book* edited by the then Department of Agriculture & Commerce and published by the then Association of Japanese Life Insurers was launched.

Moreover, life insurance provided by those



The first advertisement towards Japanese citizens by Provident Clerks' Mutual Life Assurance Association in *TOKIO TIMES*: "The undersigned having been appointed Agent for Japan / is authorized to accept Proposals at Home Rates / Jno. W. Hall Yokohama, January 1877." For more information, see *History of Japanese Life Insurance Industry*, p.24.

¹ The five companies are Royal Exchange Assurance Corporation, Northern Fire and Life Assurance Company, Guardian Fire and Life Assurance Company, North British and Mercantile Insurance Company of London and Edinburgh, Scottish Imperial Insurance Company London (Fire, Life and Annuities). The company specialized in life insurance is New England Mutual Life Insurance Company, an American company established in 1835. For more information, see *History of Japanese Life Insurance Industry*, pp.22-23.

foreign companies had been only available for foreigners living in the settlements at least until 1877 when Provident Clerks' Mutual Life Assurance Association, a British company established in 1840, started advertising to Japanese customers in newspapers such as *Tokio Times*, *Yomiuri Shimbun* and *Tokyo Nichi Nichi Shimbun*. However, foreign companies' interest in developing Japanese domestic life insurance market was not likely to be so strong at the time. Most of them set up their base camps in the settlements especially in Yokohama and were reluctant to develop a nationwide business until 1888, when New York Life Insurance Company, an American company established in 1841, started advertising aggressively after appointing Mitsui Bussan as its agency for the domestic business in January of that year. In order to gain the credibility of potential Japanese customers, the company declared in its advertisement that its premium income would be invested in Japanese government bonds and deposited with the Bank of Japan.

On the other hand, to Japanese entrepreneurs, life insurance business seemed to lack attractiveness. Only four domestic life insurance companies had been established till the end of the 1880s.² Yet in the 1890s with the development of capitalism in Japan, an investment boom in life insurance business occurred. In response to the boom, the government began to strengthen the supervision and regulation of insurance business. Such changes in regulatory policies had enormous impact on the foreign insurance companies. In our next report, we will discuss this issue in more detail.

To be continued...

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² The four companies are Meiji Life established in 1881, Teikoku Life (1888), Nippon Life and Dainippon Life (1889).