

## Startup business in the life insurance industry in Japan

Let's look at the startup business in the life insurance industry in Japan.

### The development of health-promotion type insurance

A health-promotion type insurance is an insurance product which offers discounts on premiums, premium refunds or increase in insurance money by the insureds performance fulfilling the health requirement set forth in the policy. In Japan, this type of insurance is found mainly among medical insurance products and they are developed with the concept of early detection of disease through routine and medical checkups, or reduction of medical costs by improving lifestyle.

Typical product examples are listed below.

- *Aruku Hoken* (Tokio Marine & Nichido Life Insurance Co., Ltd.)  
This is medical insurance that returns a portion of insurance premiums to policyholders corresponding to the count of steps. The more period of time during which the average steps per day exceeds certain numbers, the more refund (cashback).
- *Vitality* (Sumitomo Life Insurance Company)  
This is medical insurance incorporated *Vitality*, a wellness program developed by a South African company Discovery Limited, which evaluates and gives points to activities such as medical checkups or physical exercises.

Moreover, some products were developed with the concept of prevention of worsening diseases.

- *Supporting the prevention of serious symptoms rider* (Meiji Yasuda Life Insurance Company)  
This is a rider that pays the insurance money for the prevention of serious symptoms when the symptoms of any seven specified lifestyle-related diseases (heart disease, cerebrovascular disease, diabetes, hypertensive disease, renal disease, liver disease, pancreatic disease) show the prescribed condition.
- Counseling services to prevent aggravation and relapse (ORIX Life Insurance

Corporation)

This is a service provided to policyholders who have received insurance money for the specific diseases such as acute myocardial infarction and cerebral infarction to prevent aggravation and reduce the risk of relapse.

Upon completing hearing a customer's medical history and condition after surgery in details over the phone, qualified staff, such as public health nurses or registered nurses, give some advices over his/her lifestyle including diet, exercise and smoking habit and continuously support him/her.

### **Policy purchasing (viatical and life settlements) business**

In a viatical settlement, life insurance policies are purchased from policyholders who are severely ill such as becoming cancer and in need of substantial amount of money to cover medical and living expenses. They might have a difficulty to pay for premiums at the same time.

Purchase amount is more than a cash surrender value and less than death benefit. Generally speaking, it is the four times the cash surrender value amount in Western countries, including contracts of healthy policyholders. Purchasing amount will be higher if a seller's medical condition is severe. After selling insurance policies, in principle, policyholders owe nothing to either life insurance companies or policy purchasing companies.

These settlements require consents from stakeholders such as families or current beneficiaries.

When a life insurance company received an offer to purchase a life insurance policy for the first time in Japan, the company didn't agree with it, raising moral issues and sought a judicial determination. The court ruled in favor of the life insurance company and concluded "If we left the transferring life insurance policies to take its own course, without interference, there will be concerns that purchasing companies will purchase policies from financially struggling policyholders and the elderly at unreasonably low prices. There are also concerns over fraudulent transactions and the risk of becoming funds for organized-crime groups."

When the insurance law was amended, any unclear part of purchasing life insurance policies was improved and it became legally allowed in Japan finally.

## Utilizing Health Insurance Claim data

Japan's social insurance system was developed under the principle of universal coverage. As for the national health insurance, which covers medical expenses for injuries and diseases, there are the following schemes depending on the insurers and the age of the insured.

Scheme	Insurer	Insured
Health Insurance Union	Company	Employees and their families 64 y/o and under in principle
National Health Insurance	Municipality	Self-employed 74 y/o and under in principle
Advanced Elderly Medical Service System	Prefecture	Over 75 y/o in principle

*Health insurance claim data* is personal information data issued by medical institutions to insurers to claim medical expenses covered by insurance. The companies processing and anonymizing the data and providing it to the third parties, such as life insurance companies, with the permission for the secondary use of data have been established. Life insurance companies utilizes this data for underwriting or product developments.

*Oriental Life Insurance Development Center bears sole responsibility for the contents of this article.*