

# **Gibraltar Life's Response to the Great Eastern Japan Earthquake**

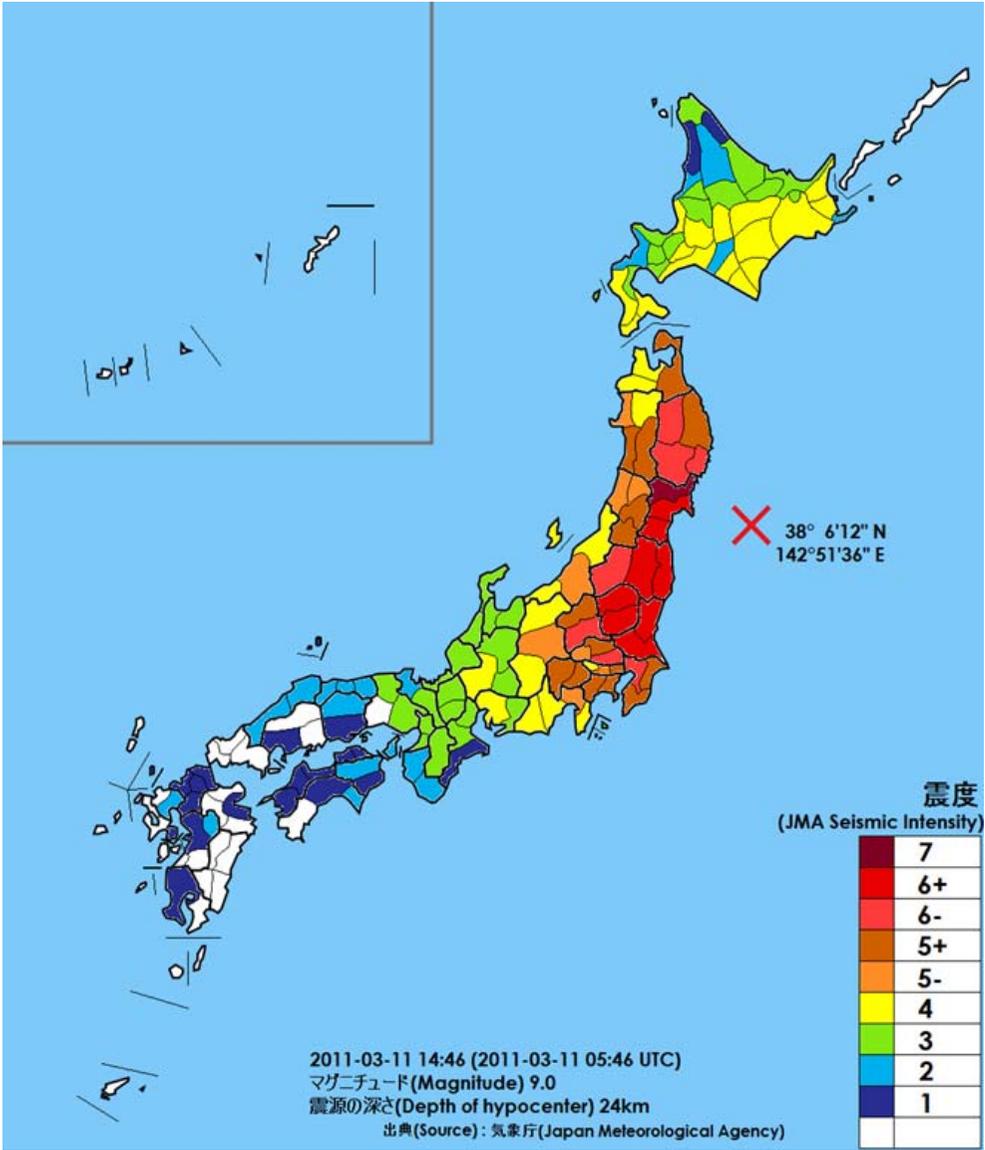
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# Table of Contents

1. The Great East Japan Earthquake
2. Significant Past Natural Catastrophes
3. Basic Concept of Our Action for the Disaster
4. Initial Response to the Disaster
5. Safety Confirmation of Customers
6. Quick Payment of Death Benefits
7. Supportive Measures for Policyholders
8. Why Japanese Insurers Focus on Claim Payment
9. Lessons Learned

# 1. The Great East Japan Earthquake



Time : 14:46PM  
 March 11, 2011

Epicenter : Off the  
 Coast  
 of Sendai

Depth: 24km

Seismic Degree : M9.0

Loss: (As of 3/11/2012)

Dead: 15,854

Missing: 3,155

## 2. Significant Past Catastrophes around the Globe

(\$ billion)

Disaster (year)	Area	Losses	Fatalities
Great East Japan Earthquake (2011)	Japan	240	15,854 (Missing) 3,155
Haiti Earthquake (2010)	Haiti	8	222,570
Sichuan Earthquake (2008)	China	85	84,000
Hurricane Katrina (2005)	US	125	1,322
Indian Ocean Earthquake (2004)	Indonesia, Thai, Malaysia etc	1	220,000
Chuetsu Earthquake (2004)	Japan	28	46
Izmit Earthquake (1999)	Turkey	12	17,127
921 Earthquake (1999)	Taiwan	14	2,400
Great Hanshin Earthquake (1995)	Japan	100	6,430

Source: Cabinet Office, Munich Re

### 3. Basic Concept of Our Action for the Disaster

**Fundamental Policy**  
Immediate(expedited) response/action regarding safety confirmation of all customers and payout of life insurance death/medical benefits, providing financial relief and peace of mind as soon as possible

#### < Pillar of Action >

< Initial Action > Disaster management program initiated

Safety confirmation of employees (mobility check for contacting/visiting customers, communications enhancement)

① Safety confirmation of customers / Communication Enhancement

② Quick and heartfelt death benefit payout (simplified measures)

③ Implementation of supportive measures for affected policyholders

# 4. Initial Response to the Disaster

## Gibraltar Life Case

Start	Contents	Detail
Mar.11	Earthquake occurred	At 2.46 PM on Friday, March 11, 2011
	Disaster Recovery (BCP) plan activated	President as head of committee pulled together all major area senior management together at the home office to enact the disaster recovery plan.
Mar.12	Announcement of non-application of earthquake-related exemption clause	Made announcement that they will not apply earthquake-related exemption clause on their website (full payment of accident-related death benefits and accident-related hospitalization benefits)
	Special Toll-Free Number for evacuees	Established special toll-free phone number for evacuees and extended hours of operation to Sundays and national holidays
Mar.14	Search for policyholders by Head Office & Field Agents	Head office made research throughout policyholders database based on information on casualties provided by newspapers and internet. In case the home office detected potential policyholders, they contacted the branch offices in charge and notify the related parties as soon as possible.

## 5. Safety Confirmation of Customers

The number residents subject to safety confirmation  
= 2.93 million (as of October, 2011)



Gibraltar customers subject to safety  
confirmation = 230,000 policies



## 5. Safety Confirmation of Customers

Gibraltar Life took following actions for safety confirmation of more than **230,000 policies**, over **150,000 customers**.

Start	Contents	Detail
Mar.11	Earthquake occurred	At 2.46 PM on Friday, March 11, 2011
Mar.14	Safety confirmation Started	On policies with assigned agents, agents either visited or called customers to confirm safety.
Mar.29	Started to make confirmation on orphan policy	On policies without assigned agents (Orphan policies), agents called customers from their Call Center to confirm safety.
Apr.22	Letters of sympathy	Gibraltar sent out letters of sympathy to those with whom they could not establish contact.
July.11	Repetition of safety confirmation calls	Gibraltar made calls to those whose safety they could not confirm either by visiting or phone calls.

## **5. Safety Confirmation of Customers**

- 1. Telephone contact by Life Plan Consultant**
- 2. Out-bound call from the Home Office**
- 3. Home/Refuge Shelter Visitation**
- 4. Policyholder expedited notice mailing**
- 5. Dispatch of Investigation Specialists**
- 6. Outreach to Local Government Agencies**

## 5. Safety Confirmation of Customers

### ➤ Telephone contact by Life Plan Consultant

On March 11<sup>th</sup>, soon after evacuating from the tsunami themselves, Gibraltar's Life Plan Consultants didn't waste time.



Although having difficulty with the mobile phone network, they started contacting all their customers.

## 5. Safety Confirmation of Customers

### ➤ Out-bound call from the Home Office

On March 29<sup>th</sup> (and in July), all of the home office employees worked together to make out-bound calls to all orphan policyholders in the affected area.



Out-bound calling continued 7 days a week for 2 weeks. Many employees received words of appreciation from customers.

## 5. Safety Confirmation of Customers

### ➤ Home/Refuge Shelter Visitation

Life Plan Consultants and home office support/assistance team specially pulled together across all areas, began visitation of customer homes and refuge shelters in hope of confirming the safety of every last customer and their family.



## 5. Safety Confirmation of Customers

### ➤ Policyholder expedited notices/ mailing

In April over 100,000 safety confirmation and letter of sympathy mailings were sent out.



Letters informed customers of Gibraltar's monetary, policy conservation support details in addition to a reply postcard confirming policyholder safety and contact information.

## 5. Safety Confirmation of Customers

### ➤ Dispatch of Investigation Specialists

In August, we contracted with a special investigation company to help our search for missing policyholders.



#### **【Comment from one investigator in filed report】**

“... West Kaitsu was in horrible condition leaving me at lost for adequate words. I went to the ward office and was told the policyholder’s address is still valid. I had to walk through neck-high snow and mountainous terrains. Even such areas had been cleared of snow with many signs of reference for those evacuating from the quake and Tsunami. I could clearly see the determination of many people and the local government to do all that they can to help.

I was relieved to finally reach the policyholders temporary housing(a tent) and confirm his safety as well as inform him that Gibraltar is here to help in any way.”

## 5. Safety Confirmation of Customers

### ➤ Outreach to Local Government Agencies

At Gibraltar, we reached out to almost anybody (government agencies, local newspaper, local TV networks, etc.) in search of our missing policyholders



#### **【Comment from staff in charge of policyholder search】**

“... we constantly brainstormed of different ways to locate and track down any surviving policyholder. It was extremely heartwarming when calling and asking local wards for their support in searching for our policyholders, although many of themselves just lost their homes and families, they were extremely helpful and kind. Some even when through a list of a hundred or so policyholder names with me over the phone since she said it may take a few weeks to process via mail.”

## 5. Safety Confirmation of Customers

### 【 What ALL Life Insurance Companies Did 】

- For policies with agent assigned, agent visitation/contact to all customers

### 【 What SOME Life Insurance Companies Did 】

- For orphan policies, made out-bound calls of safety confirmation from home office/call center (roughly 18,000 customers safety was confirmed)
- For all customers unable to be reached, sent out letters with free return post-card to confirm safety and inform customer about special support measures.

### 【 What ONLY Gibraltar Did 】

- Searched online refuge shelter name lists for possibility of contacting missing customers. Any possibility info. was shared with field for direct confirmation.
- For all customers on coast-line, contacted local government ward for support in finding/contacting our customers (confirmed 408 customers safety).
- Contracted with investigation specialist vendor to visit affected area and research via neighbors, phone book, refuge name list, etc. to find/contact our missing customers (confirmed 106 customer safety)

## 5. Safety Confirmation of Customers

As of 5/23/2012:

49

policyholders  
still missing

## 6. Quick and Complete Payment of Death Benefits

Our mission is to provide financial protection & peace of mind – that is exactly what we intended to do, Fast and with Passion.

Start	Contents	Detail
Mar.11	Earthquake occurred	At 2.46 PM on Friday, March 11, 2011
Mar.12	Began constructing customer deaths	National newspapers, TV news, Japan Police website monitoring for names deaths due to the Earthquake and Tsunami.
Mar.14	Life Plan Consultants began claims process	Many customers were in need of money(cash) after losing their homes and everything. FNB claim and early/partial payout claims via telephone helped expedite our response to customer needs.
Dec.	Home office support team visitation of customer homes	A special home office team was sent out to visit/help claims process of customers having trouble collecting necessary documents,etc..

## 6. Quick and Complete Payment of Death Benefits

As of 5/23/2012:

**280** Policyholders

**¥1.47 billion**

of Death Benefits

Payable

## 6. Quick and Complete Payment of Death Benefits

There are still over 1,000 missing people whose safety or death remain unconfirmed.



In law, presumption of death involving a catastrophic event or disaster shall be for not less than 1 year.



Since Japanese government started to simplify the procedure for registering death, life insurance companies decided to pay insurance money in accordance with this new procedure, without removal of family register.

## 6. Quick and Complete Payment of Death Benefits

### ➤ Gibraltar always finds a way to go Above & Beyond

- ◆ Policyholders do not have documents necessary for insurance claims (Ins. certificate, personal seal, bank stmt, etc.)
- ◆ Local government offices are affected
- ◆ Hospitals are affected



## 6. Quick and Complete Payment of Death Benefits

### ➤ Simplicity is key

Most customers lost their homes and everything inside (bank card, family seal, cash, identification, etc.).

Simple and quick payment of insurance money and benefits **without requiring some usual necessary documents.**

Special treatment of hospitalization (**deemed hospitalization**)



## 6. Quick and Complete Payment of Death Benefits

### ➤ We will always find a way to deliver on our promises

#### 【Funeral Needs Benefit(FNB) Payment】

Miyagi Prefecture, Sendai Area

The policyholder/insured worked at Japan's self defense force. His body was unfortunately found on March 16<sup>th</sup> by a rescue team.

Moritani LC was contacted by the beneficiary(wife) same day the body was recovered, requesting payout of the funeral needs benefit, in order to provide her husband with a proper funeral.

However, the wife had no documentation of death, proper family seal, or any identification documents since she lost her home by the Tsunami.

Moritani LC took initiative to contact our Claims Team directly (not usual procedure) to look for any way to help her customer (bypass regular procedures).

Claims Team staff looked through local newspaper obituaries and police website and was able to confirm the policyholder's death – hence, bypass death documentation amongst other usually necessary documentation.

3 million yen of funeral needs benefit was delivered to the wife on March 22<sup>nd</sup>, and a proper burial/funeral was carried out.

## 6. Quick and Complete Payment of Death Benefits

### ➤ We will always find a way to deliver on our promises

#### 【Policyholder & entire family's death】

Iwate Prefecture, Morioka Area

Both the policyholder(husband) and beneficiary(wife) were killed in the Tsunami. Both bodies have not been recovered but death was confirmed by local government.

Gibraltar's LC searched for the children (4 year old girl) but unfortunately confirmed her death as well.

Next legal line of inheritance was the policyholder's parents. After rigorous search, unfortunately, both parents (of both policyholder and beneficiary) had also deceased due to the Tsunami.

Gibraltar LC did not give up. Working together with the home office and local government, we were able to find and contact the child of the beneficiary with ex-husband living in Ibaragi Prefecture.

However, the prior marriage child did not want to claim such a benefit not originally meant for himself. Hence the search for the next-in-line inheritance beneficiary continued for another 7 months. Finally, we tracked down the beneficiary and were able to deliver on our promise with the policyholder.

## 6. Quick and Complete Payment of Death Benefits

### ➤ We will always find a way to deliver on our promises

#### 【Rigorous Search for Beneficiary】

Miyagi Prefecture, Sendai Area

Initial death of policyholder was confirmed via search through the life insurance association. However, due to privacy law, beneficiary and family information was not shared.

Takahashi LC contacted the home office Claims Team for support in finding the beneficiary. Through the home office, Takahashi LC contacted the local government(ward) office and was able to confirm that the beneficiary survived the Tsunami and was living. However, once again, due to privacy law, was unable to obtain contact information.

Takahashi LC searched every refuge shelter knocking on each door for more information, and was finally able to get in contact with the beneficiary.

The beneficiary was surprised of the visit, in addition to Takahashi LC's determination to search her out and deliver on his promise to the policyholder.

After working through various challenges with documentation, we were able to deliver the death benefits to the policyholder's family.

## 6. Quick and Complete Payment of Death Benefits

As of 5/23/2012:

# 9

# Death benefits left to be claimed

***BREAK***



## 7. Supportive Measures for Policyholders

### 1. Non-application of Exemption Clause

Full payment of accident-related insurance money and benefits

### 2. Extension of the Grace Period for Paying Premiums

### 3. Reduction or Exemption of Loan Interest

## 7. Supportive Measures for Policyholders

### ➤ Non-application of Exemption Clause

#### Full payment of accident-related insurance money and benefits

Policy conditions of life insurance generally states that **accident-related insurance money and benefits will be reduced or not be paid in case of earthquakes.** However, all life insurers in Japan announced through LIAJ that **they do not apply this clause and make full payment** of accident-related insurance money and benefits at this time.

## 7. Supportive Measures for Policyholders

### ➤ Extension of the Grace Period for Paying Premiums

- ◆ Life Insurers extend the grace period for paying premiums up to **nine months** (until the end of December 2011) upon the request of the customer.
- ◆ Given the policyholder continuously pays the premiums from January 2012, the paying period of premiums for the **grace period can be extended until the end of October 2012** in case paying the full amount of premiums at once is difficult.
- ◆ The number of contracts in the grace period is 130,818 as of October 20.

## 7. Supportive Measures for Policyholders

### ➤ Reduction or Exemption of Interest

Response to customer's immediate need for cash to evacuate from disaster area.

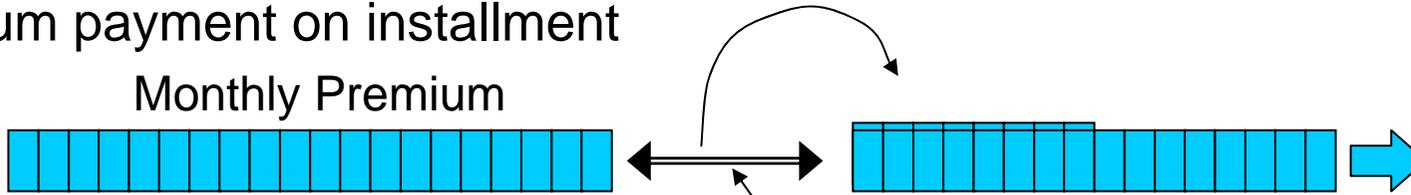
◆ Establishment of **Special Interest Rate** for Policy Loans.

e.g. 2.75% => **1.50%**

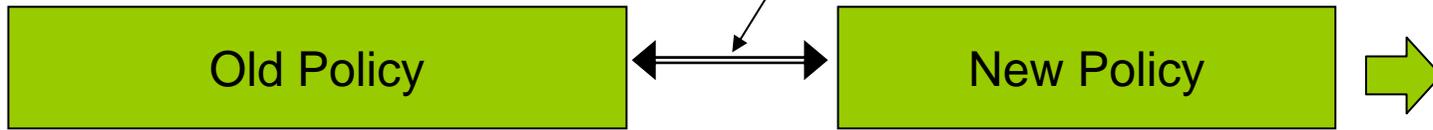
◆ Modification of **grace period** or conditions of repayment for entities in the affected area.

# 7. Supportive Measures for Policyholders

1. Premium payment on installment

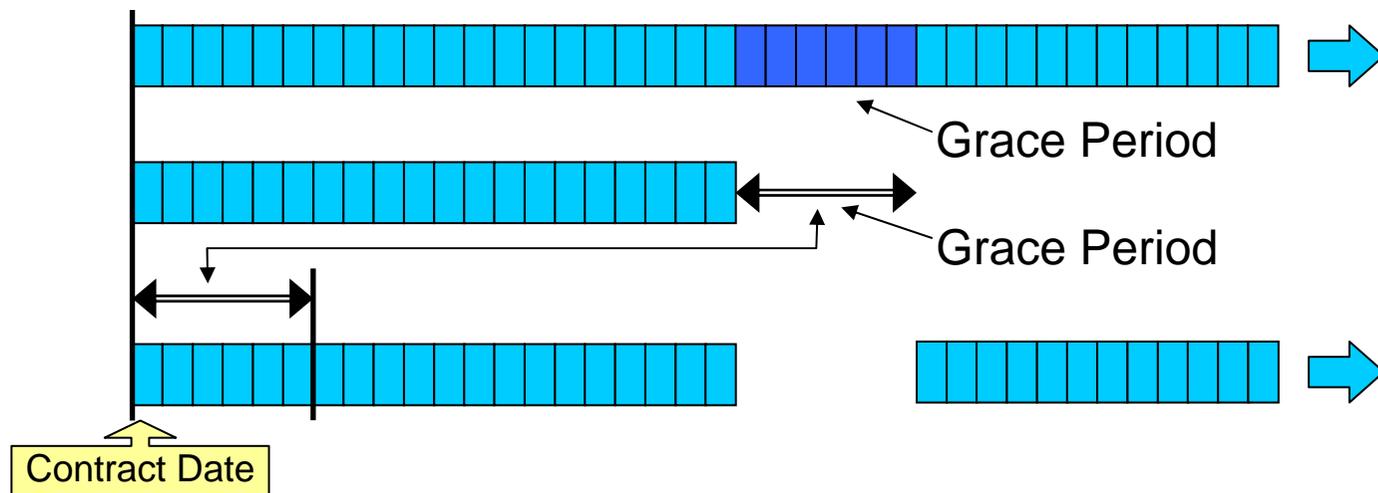


2. New contracts on non-selective basis



New contract w/o health check. Old policies cancelled upon new policies.

3. Correction of contract date



## 7. Supportive Measures for Policyholders

### 【 What ALL Life Insurance Companies Did 】

- Extension of grace period for premium payment (up through 12/31/2011)
- Non application of exemption clause for death & medical payments
- Reduction of policy load interest rate (1.50%)

### 【 What SOME Life Insurance Companies Did 】

- Monitoring of newspaper obituary and policyholder check. If there is a hit of name/age, send information to field office to confirm.
- Premium payment by installment, non-selection for new contracts, correction of contract date to maintain coverage but lessen premium burden.
- Simplification/reduction of necessary documentation for claims processing

### 【 What ONLY Gibraltar Did 】

- Flexibility on premium payment methods/alternatives per customer
- Funeral Needs Benefit (FNB) payout period extension (usually 2 weeks)
- Flexible safety confirmation and policy inquiry from family members

## 8. Why Japanese Insurers Focus on Claim Payment

Why did Japanese insurers become so determined to pay for the claims?



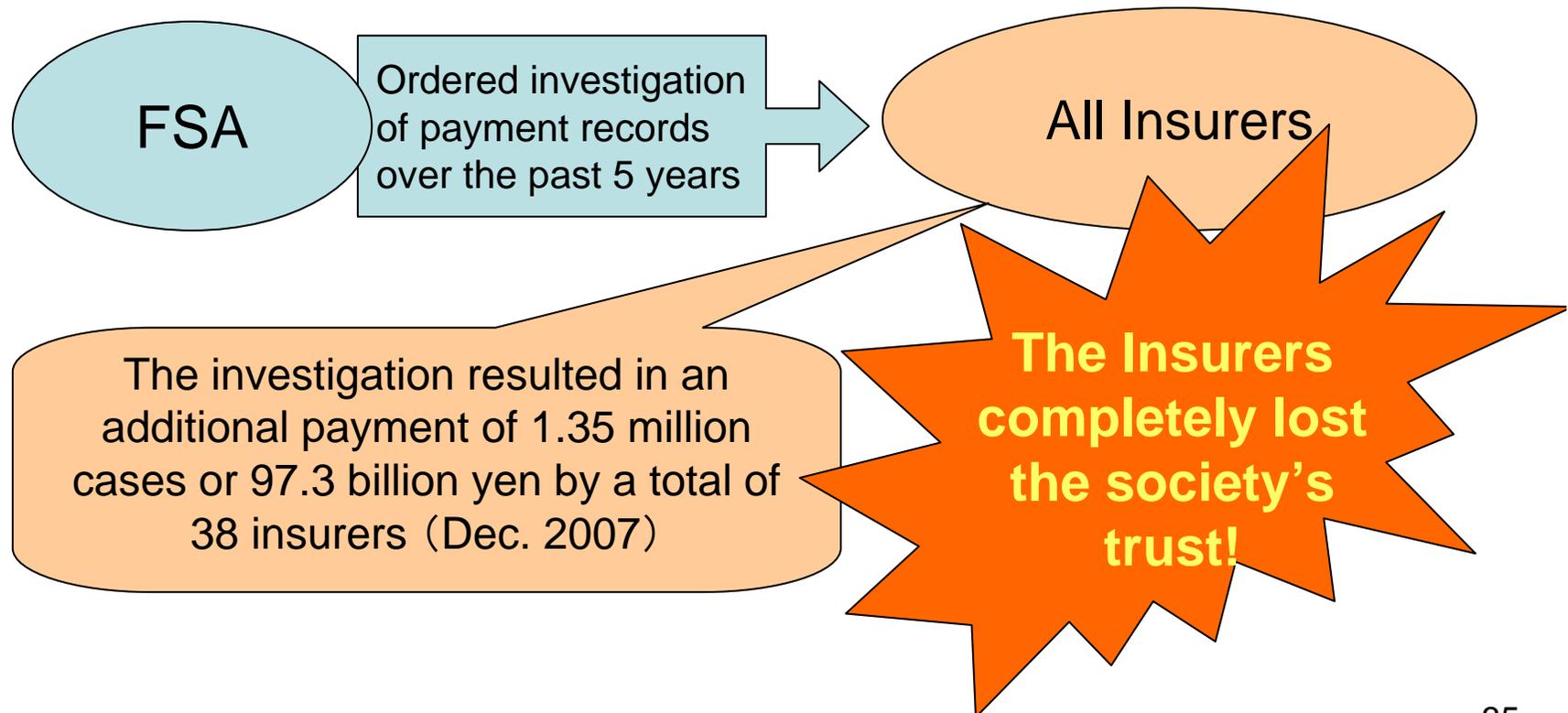
It stems from the notorious "non payment problem", to be discussed in a moment, happened in 2005.

The trouble led to the Japanese life insurance industry to reaffirm that "the mission of an insurance company is to pay claims."

## 8. Why Japanese Insurers Focus on Claim Payment

### ➤ Non-Payment Problem in Japan

Huge social issue triggered by M Life's "unfair insurance payments" revealed in Feb. 2005



### 8. Why Japanese Insurers Focus on Claim Payment

➤ What we mean by “Non-Payment” here is:

#### 1. Intentional and malicious non-payments

Identified only in the **M Life** where the problem was revealed for the first time

- ◆ Refusal to pay claims on the ground of fraud or invalidity even after the period when the insurers are allowed to rescind policies due to violation of declaration had passed.
- ◆ Refusal to pay claims on the ground of violation of declaration duty while advising customers not to declare at time of solicitation.

**M Life** tried to boost profits by withholding payments !

# 8. Why Japanese Insurers Focus on Claim Payment

➤ What we mean by “Non-Payment” here is:

## 2. Non-Payments due to the Insurer’s Mistake or Negligence

All other insurers  
fell under this  
category of non-  
payments

- ◆ Insurers failed to provide enough guidance regarding claim request.
- ◆ Insurers failed to check medical certificates sufficiently.

### 8. Why Japanese Insurers Focus on Claim Payment

#### ➤ Reflection on Non-Payment Problem #1

What is the most fundamental and essential responsibility of an insurance company?

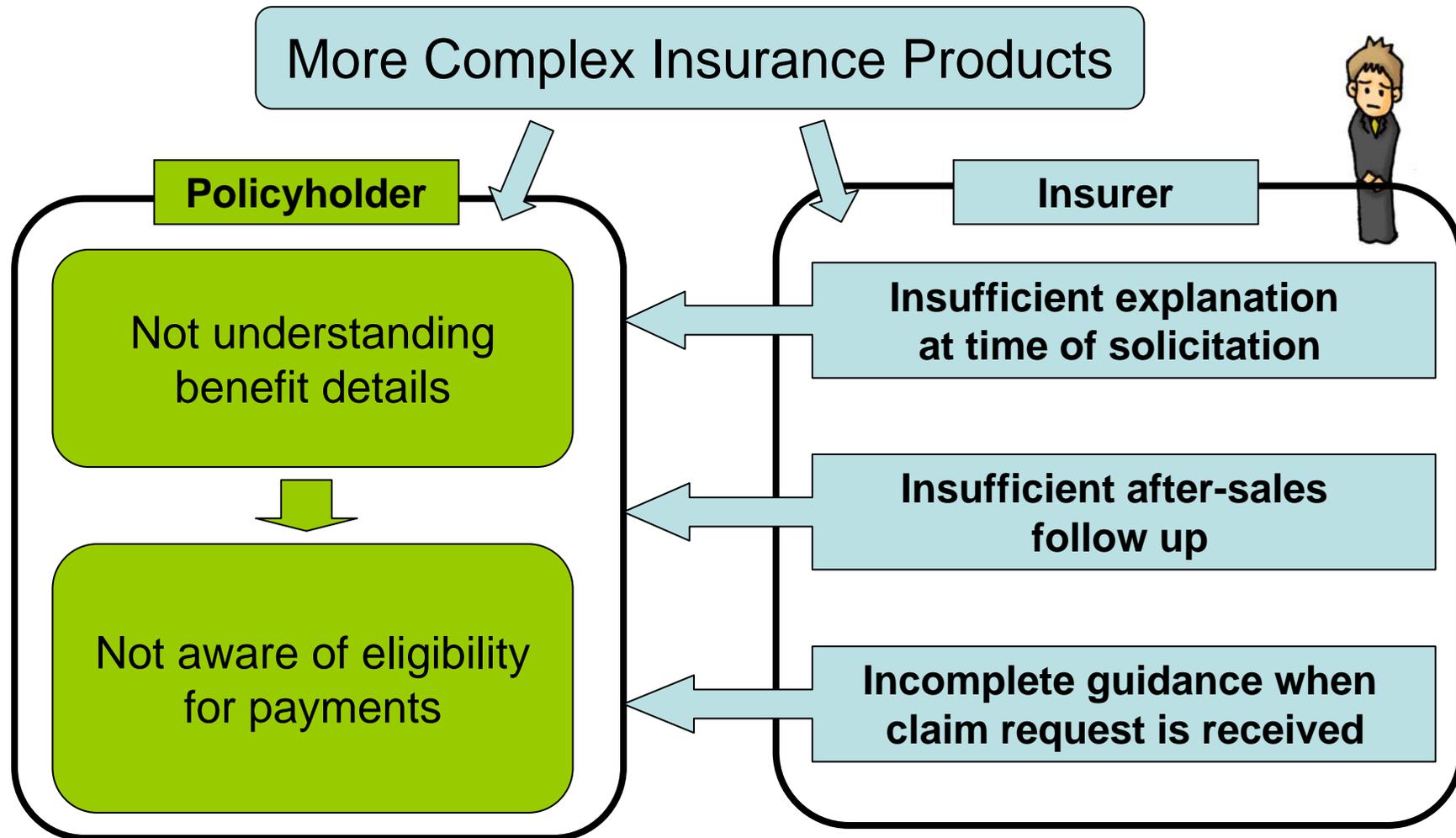
Payment of Claims

The Insurers lacked this recognition



## 8. Why Japanese Insurers Focus on Claim Payment

### ➤ Reflection on Non-Payment Problem #2

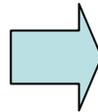


## 8. Why Japanese Insurers Focus on Claim Payment

### ➤ Reflection on Non-Payment Problem #3

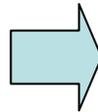
Need to move away from the habit of placing the policy provisions above anything else

~~Description in the policy provisions is enough~~



Make sure the customer fully understands contract details

~~Claims are paid out when it is requested~~



If there is even the slightest possibility of insured event, ask the customer about the fact for making payment request



# 8. Why Japanese Insurers Focus on Claim Payment

## ➤ Preventive Measures #1

### Develop Easy-to-understand Products

- Simple and straightforward products for prevention of missed claim requests or overlooked payments

### Call on Existing Policyholder

- Provide an explanation of product details again including benefits
- Confirm if there have been any event eligible for payments such as hospitalization

### Enhance Services and Simplify Procedures for Claim Payment

- Expand contents of brochures regarding claim payment
- Create an environment for an easier claim request, such as insurers shouldering the costs of obtaining medical certificates

# 8. Why Japanese Insurers Focus on Claim Payment

## ➤ Preventive Measures #2

### Employee Training

- Training of personnel responsible for claim examination for prevention of a misreading or an oversight of medical certificates
- Training of sales agents so as to provide sufficient explanation to customers

### Computerization of Medical Certificates

Computerization of medical certificates created by doctors is underway being led by Life Insurance Association

## 8. Why Japanese Insurers Focus on Claim Payment

### ➤ Preventive Measures #3

#### Establishment of Payment Examination Committee

When a customer complaint is filed, the Payment Examination Committee, an objective entity, verifies the result of claim examination performed by the Company

Consisting of external experts such as doctors and lawyers

# 8. Why Japanese Insurers Focus on Claim Payment

## ➤ Positive/Negative Effects of Non-Payment Problem

### Negative Effects

- Insurers lost all at once the society's trust that had been fostered over a long period of time
- Failure to pay out claims caused many customers inconveniences

### Positive Effects

- The problem took out in the open all related issues that had been hidden
- **The problem allowed the insurers to go back to the principle that it is their mission to pay out claims and benefits to the customers.**
- A series of reforms for better customer usability and policyholder protection have been carried out

## 9. Lessons Learned

- **Importance of periodic contact with all customers, including orphan policies**
- **In situations of large-scale natural disasters, the importance of field & home office communication**
- ◆ **The importance of Life Insurance and needs-based sales**  
(average death benefit paid = ¥6 mil)

The End

THANK  
YOU