

3. Deregulation and Liberalization of the Japanese Life Insurance Market

The fifty-six year history of regulatory reform since the enforcement of the Insurance Business Law, which was revised thoroughly in April 1996, is outlined below in chronological order.

April 1996	<p>The Revised Insurance Business Law was enforced.</p> <ul style="list-style-type: none">*Mutual entry into life and non-life insurance business by subsidiaries*Conversion of a mutual company into a stock company*Introduction of the brokerage system*Introduction of Solvency Margin Ratio, etc.
December 1997	<p>The Revised Insurance Business Law corresponding to the Maintenance Law for Insurance Holding Company, etc, was enforced.</p> <ul style="list-style-type: none">*Lifting of the ban on insurance holding companies
December 1998	<p>The Revised Insurance Business Law corresponding to the Financial System Reform was enforced.</p> <ul style="list-style-type: none">*Introduction of early warning measure*Establishment of the Policyholders Protection Corporation*Mutual entry beyond the firewall among banks, securities companies, insurance companies.
August 1999	<p>The Revised Enforcement Regulations of the Insurance Business Law were enforced.</p> <ul style="list-style-type: none">*The kind of insurance product to which the notification system applies was expanded
June 2000	<p>The Revised Insurance Business Law and the Special Law concerning Reorganization Proceedings of Financial Institutions were enforced.</p> <ul style="list-style-type: none">*Facilitation of the conversion of a mutual company to a stock company (improving the procedure for reorganizing a mutual company to a stock company)*Amended the Insolvency Law (created public fund allotment of ¥400 billion)
January 2001	<p>Lifting of the ban on mutual entry of life and non-life insurance companies into the third sector by their subsidiaries</p>
April 2001	<p>The Enforcement Regulations of the Insurance Business Law and other related Laws were revised</p>

	<p>*Partial lifting of the ban on over-the-counter sales by banks of long-term fire insurance associated with housing loans, credit life insurance, and overseas travelers' personal accident insurance</p>
July 2001	<p>Lifting of the ban on mutual entry of life and non-life insurance companies into the third sector</p>
March 2002	<p>The Enforcement Regulations of the Insurance Business Law were revised.</p> <p>*The lower end of the dividend rate applied to the surplus of a mutual insurance company was brought down from 80% to 20%.</p>
October 2002	<p>The Enforcement Regulations of the Insurance Business Law and other related Laws were revised.</p> <p>*By this revision, the following insurance products were added to the products to be sold over-the-counter by banks:</p> <ul style="list-style-type: none"> -Individual annuity -Zaiki savings (i.e. asset formation) insurance -Individual annuity and accident insurance -Zaiki savings personal accident insurance
June 2003	<p>The Revised Insurance Business Law was enforced.</p> <p>*The life insurance safety net was rebuilt (¥400 billion public fund to be secured, which will be carried forward to March 2006, and ¥100 billion contribution by the insurance industry to be secured).</p> <p>*The scope of insurers' activities (subordinate activities) were partially expanded, thus making it possible for insurers to act as an agent or intermediary on behalf of other financial institutions.</p>
August 2003	<p>The Revised Insurance Business Law was enforced.</p> <p>*Streamlined the system for changing contract terms by a voluntary procedure between an insurance company and policyholders. The government ordinance determined that the assumed interest rate should not fall below 3%.</p>