

C. Deregulation and Liberalization of the Japanese Life Insurance Market

The following outlines chronologically a series of regulatory reforms that have been carried out to date since the amendment to the Insurance Business Law was implemented in April 1996, which marked a drastic revision for the first time in 56 years in its history of more than 100 years.

April 1996	The Revised Insurance Business Law was enforced. <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	The Revised Insurance Business Law corresponding to the Maintenance Law for Insurance Holding Company, etc, was enforced. <ul style="list-style-type: none">- Lifting of the ban on insurance holding companies
December 1998	The Revised Insurance Business Law corresponding to the Financial System Reform was enforced. <ul style="list-style-type: none">- Introduction of early warning measures- Establishment of the Policyholders Protection Corporation- Mutual entry beyond the segmentation among banks, securities companies, and insurance companies.
August 1999	The Revised Enforcement Regulations of the Insurance Business Law were enforced. <ul style="list-style-type: none">- Expansion of the scope of insurance products to which the notification system applies
June 2000	The Revised Insurance Business Law and the Special Law concerning Reorganization Proceedings of Financial Institutions were enforced. <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)- Amendment to the Insolvency Law (created public fund allotment of ¥400 billion)
January 2001	Lifting of the ban on mutual entry of life and non-life insurance companies into the third sector by their subsidiaries
April 2001	The Enforcement Regulations of the Insurance Business Law and other related Laws were revised. <ul style="list-style-type: none">- 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
July 2001	Lifting of the ban on mutual entry of life and non-life insurance companies into the third sector

March 2002	<p>The Enforcement Regulations of the Insurance Business Law were revised.</p> <ul style="list-style-type: none"> - The lower end of the dividend rate applied to the surplus of a mutual insurance company was brought down from 80% to 20%.
October 2002	<p>The Enforcement Regulations of the Insurance Business Law and other related Laws were revised.</p> <ul style="list-style-type: none"> - By this revision, the following insurance products were added to the products to be sold over-the-counter by banks. <ul style="list-style-type: none"> * Individual annuity * Individual annuity and accident insurance * Zaikei savings personal accident insurance
June 2003	<p>The Revised Insurance Business Law was enforced.</p> <ul style="list-style-type: none"> - 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). - The scope of insurers' activities (subordinate activities) was partially expanded, thus making it possible for insurers to act as an agent or intermediary on behalf of other financial institutions.
August 2003	<p>The Revised Insurance Business Law was enforced.</p> <ul style="list-style-type: none"> - 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%.
May 2005	<p>The Revised Insurance Business Law was promulgated.</p> <p>With regard to the introduction of policyholders protection rules for unauthorized Kyosai:</p> <ul style="list-style-type: none"> - Review of the scope of Kyosai to which the Insurance Business Law applies from the viewpoint of policyholders' protection and application of the Insurance Business Law in principle to businesses that underwrite insurance "vis-à-vis specified persons" - Introduction and creation of the "small-amount short-term insurance providers" scheme as a new legal framework - Transitional measures to be provided for existing Kyosai to deal with the new law <p>With regard to the review of the life insurance safety net:</p> <ul style="list-style-type: none"> - Review of compensation rate upon the failure of an insurer considering the type, assumed interest rate, and contents of the contract - Prolongation of the validity period of government support provisions for another three years reviewing the way in which the insurers bear the financial burden to be used by the Life Insurance Policyholders Protection Corporation