

D. 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 enacted in April 1996, which marked a drastic revision for the first time in fifty-six years in its history of more than a hundred years.

1996	April	The Revised Insurance Business Law was enforced enabling the following: <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.
1997	December	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
1998	December	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(PPC) - Promotion of mutual entry beyond the segmentation among banks, securities companies, and insurance companies.
1999	August	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
2000	June	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 procedures for reorganizing a mutual company to a stock company) - Amendment to the Insolvency Law (the public fund allotment of Y400 billion was created)
2001	January	Lifting of the ban on mutual entry of life and non-life insurance companies into the third sector through their subsidiaries
	April	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	Lifting of the ban on mutual entry of life and non-life insurance companies into the third sector
2002	March	The Enforcement Regulations of the Insurance Business Law were revised. <ul style="list-style-type: none"> - The floor rate of the dividend applied to the surplus of a mutual insurance company was brought down from 80% to 20%.

2002	October	<p>The Enforcement Regulations of the Insurance Business Law and other related Laws were revised.</p> <ul style="list-style-type: none"> - This revision enabled banks to sell over-the-counter the following products. <ul style="list-style-type: none"> * Individual annuity * “Zaikei” savings insurance * Individual annuity and accident insurance * “Zaikei” savings personal accident insurance
2003	June	<p>The Revised Insurance Business Law was enforced.</p> <ul style="list-style-type: none"> - The life insurance safety net was reorganized (Y400 billion public fund to be secured, which will be carried forward to March 2006, and Y100 billion contribution to be secured by the insurance industry). - 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	<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%.
2005	May	<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 provide the financial contribution for the Life Insurance Policyholders Protection Corporation of Japan
	July	<p>Promulgation of the Cabinet Office Ordinance concerning the partial amendment to the Enforcement Regulations of the Insurance Business Law and other related Laws (enacted on the 22nd December 2005)</p> <ul style="list-style-type: none"> - Expansion of the range of products available through financial institutions such as banks and strengthening of anti-pressure sales measures <p>Products that now solicitors can sell at banks are:</p> <ul style="list-style-type: none"> * Single-premium whole life insurance * Level premium endowment with up to 10 years duration * Single-premium endowment * Saving-type accident insurance