

4. Establishing the Appropriate Insurance Payout System

In February 2007, the Financial Services Agency demanded that all life insurance companies submit reports concerning the additional payout of insurance benefits, under Article 128 of the Insurance Business Law. In response, the Life Insurance Association of Japan, at the Board of Directors meeting held in February 2007, confirmed its commitment to redouble efforts toward the establishment of the appropriate insurance payout control system.

**Redoubled Efforts toward
the Appropriate Insurance Payout
Control System**
Agreed Items (Draft)

- (1) The payout of insurance benefits is the most fundamental and important function of life insurance business, and the establishment of an appropriate system for the payout of insurance benefits is the social responsibility of life insurance business as an infrastructure industry to support a bright and affluent longevity-based society.
- (2) All member companies of the Life Insurance Association of Japan (LIAJ), in line with the voluntary guideline formulated in January 2006 and the “Comprehensive Guideline for Supervision of Insurance Companies” as revised in June 2006, are to ascertain that their payout procedures are indeed customer-oriented, and the top management of all member companies reaffirms that they will strengthen company-wide efforts concerning the following matters in order to enhance accountability to their customers:
 - (a) Strive to develop and reinforce a system to help insurance beneficiaries fully understand insured events covered by insurance policies so that they can easily recognize the occurrence of such events and to ensure that all insurance claims are duly made.
 - (b) When notified of the occurrence of insured events, advise customers on the processing of insurance claims, decide whether insurance claims are payable, and respond to customers on the basis of decisions in a prompt and appropriate manner from the standpoint of customer protection; and
 - (c) Throughout the process of insurance payout, pay the closest attention to the handling of customer information as the procedures involve a multitude of sensitive information.
- (3) The LIAJ will consider the review of various voluntary guidelines concerning the payout of insurance benefits with a view to restoring public confidence in the life insurance industry.

To this end, the LIAJ is taking the following actions:

- (1) Formulate guidelines to ensure the appropriate payout of insurance benefits;
- (2) Establish systems for better handling of complaints and insurance consultation services;
- (3) Enhance the function of the Arbitration Council; and
- (4) Improve educational systems (introducing an examination system for life insurance claims assessors, strengthening education programs for insurance solicitors)