

8. Fair Advertising

Developing the “Guidelines for Appropriate Presentation of Life Insurance Products”

In response to the observations by the Fair Trade Commission about appropriate advertising of life insurance products, the Life Insurance Association of Japan has undertaken efforts to ensure the appropriateness of advertising. In October 2003, the LIAJ compiled the “Guidelines for Appropriate Presentation of Life Insurance Products” (available on the Association’s website). Using this Guideline as reference, life insurance companies are moving to secure fair presentation by revising criteria for drafting their solicitation materials and taking relevant measures.

1. Purpose of the Guideline

Ensure that information in documents and materials used for solicitation is appropriately presented, and in particular, prevent any misconception of an insurance product as if it were significantly favorable and advantageous to general consumers.

2. Scope of the Guideline

Media, documents and materials used for solicitation (including advertising tools) are subject to this Guideline, but materials with no description of insurance products themselves, and which contain only product names and insurance company names are excluded.

3. Information required to be presented

- a) When the superiority of insurance coverage (including riders) is mentioned
 - (1) Uninsured periods, if any, shall be clearly described
 - (2) Possible decrease in, or extinction of the right to, insurance benefits etc. under certain conditions shall be clearly described
 - (3) When eligibility for insurance benefits (or waiver of insurance premium) are mentioned:
 - Whether requirements for insurance benefits or ineligible events are clearly presented; and
 - Whether eligibility for benefits is clearly described if there are certain conditions for the eligibility that the insured should meet during designated periods.
- b) The following information should also be provided where data on insurance premiums is provided.

Conditions for applying certain insurance premiums need to be presented clearly, taking into consideration the characteristics of the type of advertising tool.

 - (1) When sample cases regarding premium are presented individually, the following items need to be presented:
 - (i) Name of the insurance product; (ii) age at entering the contract and the sex of the insured; (iii) policy period; (iv) premium paid-in period; (v) modes and means of paying in premiums (monthly, etc.), payment channel (account transfers, etc.); (vi) principal requirements for eligible insurance benefits; and (vii) the amounts of insurance benefits if principal requirements are satisfied, etc.
 - (2) When a lower premium rate or other advantages applicable under specified conditions are presented, such conditions should be presented clearly in order to avoid false recognition that the insurance premium being offered is remarkably lower compared to the premium which would be generally applicable.
 - Insurance premiums applicable only to people of specific health conditions should not be presented as if they were premiums generally applicable, regardless of one’s condition of health.
 - (3) In presenting the refund (discount) rates of already paid-in insurance premiums, if these rates vary according to the age at entry, insured amounts, etc., they should be presented clearly as such.

4. Attentions to be paid in presenting the advantages in conditions for enrollment

In presenting the advantages in conditions for enrolling in insurance, the presentation needs to be based on objective facts.

- a) When there are some limits for enrolling in certain insurance, such restrictive conditions should be presented clearly so as to avoid giving an impression that anybody can take out those insurance products unconditionally.
- b) However, presenting all restrictive conditions exhaustively would confuse policyholders with the flood of information. Therefore, to assist them in understanding the essential points of the conditions, it is more reader-friendly to make an extract by selecting the most important points out of a lengthy list of conditions. Also, insurers would be allowed to advise potential policyholders to ascertain other restrictive conditions by providing such information in policy summary, policy provisions, pamphlets, sales illustrations, and so forth.

5. Criteria for the use of specific terms

- a) When using terms that directly mean the highest grade or rank of a product, etc., it is required to demonstrate that such claims can be presented objectively (e.g. "first-rate," "the best in Japan," etc.).
- b) When using terms that directly mean the one-and-only uniqueness, it is necessary to demonstrate that such claims can be presented objectively (e.g. "the first in the industry," etc.).

6. Criteria for the presentation of information

- a) In presenting necessary information, it is required to provide the general consumers with accurate information in plain, understandable and yet clear terms to the maximum extent possible.
 - Any item of information should be printed using 8-point or larger fonts in accordance with the prescription in the Japanese Industrial Standards (JIS) Z8305 (1962). When fonts used are smaller than 8 points, it should be presented in a way that can show letters as clearly visible as possible, paying due attention to the layout as well.
- b) When the superiority or advantages are mentioned, necessary information should be provided on the same page and as close as possible to them.
 - If it is technically difficult to lay out such information as close as possible to the presentation of the superiority, insurers should try to present information as close as possible that there are certain restrictions for enrolling in some insurance policies as well as for receiving the insurance benefits and that customers are also advised to refer to the reverse side or other pages of the same solicitation documents for more detailed explanations.
It is also allowed to present that potential policyholders are advised to refer also to the policy summary with policy provisions, pamphlets, sales illustration and so forth.
 - When superiority of a product is represented via broadcast media (TV or radio, etc.), necessary information should also be displayed or mentioned together.
If necessary information is not provided, it should be clearly stated that there are certain restrictions for enrolling in insurance policies as well as for receiving insurance benefits and that customers are advised to refer to the policy summary with policy provisions, pamphlets, sales illustration and so forth for more detailed information.