

## **4. Efforts of the Life Insurance Industry to Restore Consumers' Confidence**

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Facing recent troubles related to insurance payout, the life insurance industry embarked on reviewing the "Code of Conduct" and the voluntary guidelines for the purpose of managerial improvement to implement customer-oriented management initiatives. Life insurance companies are also trying hard to develop a better system covering all steps related to customer services ranging from offering and provision of products to claims payment. In concrete terms, they include the following:

### **a) Follow-up on the Voluntary Guidelines**

The LIAJ is now encouraging member companies' observance of the voluntary guidelines so that the purpose of such guidelines may be well reflected in their business activities. The LIAJ is also collecting examples of best practices adopted by member companies to improve customer services. The information will be shared among all members.

### **b) Implementation of Examination for Life Insurance Claims Assessors**

The LIAJ supports member companies' efforts for human resources development designed to train staff engaged in insurance payout activities. It initiated the examination system to qualify "Life Insurance Claims Assessors" and held its first examination in October 2007 in order to cultivate staff members' basic knowledge and skills as required in this type of work.

### **c) Enhancement of Training for Agents and Agencies**

In order to further enhance "customer-oriented education programs", the LIAJ now proceeds to review contents of education related to accountability, compliance and after-sales services. We intend to set up a continuing education system and produce special textbooks for this system.

### **d) Utilization of Complaint Information**

The LIAJ regularly provides member companies with information regarding various complaints and requests posed by customers. We consider that the customers' opinions given directly to the LIAJ, or to its members, should be used for developing the life insurance business. At the same time, we are disclosing both, information of such complaints, and each company's improvement plan, on LIAJ's and members' home pages in an attempt to make customers gain an understanding about our efforts. We are also planning on disclosing information relating to insurance money and benefit payment/non-payment cases. This information will be disclosed from June 2009.

### **e) Guidebook for Insurance Payout Procedure**

The Japan Institute of Life Insurance (JILI) has published a guidebook for customers intending to claim insurance moneys or benefits for the first time, so that they can understand the coverage and how to file an insurance claim. The guidebook describes contacts for claims, steps from claims to payment of insurance moneys or benefits, concrete examples when the claim is paid or not paid, and instructions of how to ensure that all insurance claims are duly made.

### **f) Promotion of Computer Printing of Medical Certificate**

Most troubles over a shortfall in payment of insurance moneys or benefits in the past were caused by mistakes and failures on the part of insurers' staff when they read hand-written medical certificates. To improve this situation, and with the collaboration of the Japan Medical Association, the LIAJ has embarked on the promotion of electronic medical certificates to be submitted by the doctors concerned. In this promotion campaign, the LIAJ authorizes computer programs meeting certain requirements to print out medical certificates. The LIAJ also subsidizes medical institutions procuring such programs. As of November 2008, a total of 604 hospitals have already introduced, or promised to introduce, the said software.

##### **g) Qualification Improvement of Insurance Solicitors**

It is scheduled that each life insurer shall start a continuing education system for its solicitors from April 2009. The standard contents of the program are as follows:

- Concept of compliance and its significance, and outline of laws and regulations to be observed by insurance solicitors
- Legal knowledge and know-how for making proper insurance solicitation
- After-sales activities including insurance payout
- Rules and regulations regarding insurance solicitation at agencies and banks

##### **h) Information Sharing of Best Practices and Development of the Voluntary Guidelines** (concerning how to advise customers on the processing of insurance claims)

On 3 July 2008, the Financial Services Agency (FSA) requested the LIAJ to consider a better way for insurance payout procedures, including compilation of best practices of life insurance companies (which should be feed-back to each company) and development of the voluntary guidelines, if necessary, or revision or enhancement of such guidelines.

On 18 July 2008, the LIAJ Board of Directors agreed to make further efforts to improve payout procedures and address other relevant issues identified by member companies.

On 19 December 2008, a LIAJ committee submitted its "Guidelines for Advising Customers on How to File a Claim" and its "Best Practices for Dealing with Insurance Claims" to the LIAJ Board of Directors.

The above-mentioned Guideline roughly divides the processing of insurance claims into the following two categories:

- A) The customer recognizes the occurrence of an insured event and notifies the insurance company about it.
- B) Though the customer is not aware of any insured event, the insurance company recognizes the possibility of its occurrence.

The basic idea of how to handle each category of insurance claims is clearly stated in the Guidelines. In the case of B) in particular, it describes how to advise customers not aware of the possibility of the occurrence of an insured event on how to file a claim.