

### 3. Our Activities

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#### a) Further Promotion of Customer-Oriented Management

Life insurance companies and the LIAJ have been implementing customer-oriented management initiatives. To gain customers' trust, life insurance companies are making various efforts to develop a better system covering all steps related to customer services ranging from the offering and providing contracts to claims payment. Furthermore, we are undertaking various activities to improve services for policyholders and the efficiency of business management. Specific examples are as follows:

##### 1) Development of Voluntary Guidelines

To provide appropriate handling and best services by life insurers for policyholders from the offering and providing contracts to claims payment, the LIAJ has prepared voluntary guidelines which include practical transactions and points to consider. These guidelines are to be referred to by each member company and its executives/regular employees. The LIAJ is also encouraging life insurers to observe the guidelines. These guidelines are periodically reviewed by the LIAJ. (Refer to Appendix 1, page 42.)

##### 2) Collection and Sharing of Best Practices

The LIAJ follows up how the voluntary guideline is being reflected in the management of life insurance companies. To promote the guidelines further, the LIAJ is also collecting examples of best practices adopted by member companies to improve customer services. The information will be shared among all member companies.

##### 3) Operating the Secretariat of Customers' Opinions

In fiscal 2005, when the inappropriate handling of claims came to light, the LIAJ received various opinions from customers. Therefore, in fiscal 2006, the LIAJ established the secretariat of "Customers' Opinions" as a system to reflect customers' opinions in the management of member companies. The secretariat collects and analyzes information such as counseling or complaints as well as opinions or requests at the LIAJ, and then encourages the member companies' management to reflect the results through information exchanges of best practices that will be informative to other member companies. This is based on information-sharing among the member companies.

##### 4) Disclosing Complaint Information

In an attempt to gain customers' understanding about member companies' efforts to address their complaints, the LIAJ discloses information including the number and details of complaints as well as of payment/non-payment for insurance claims on the LIAJ's and member companies' home pages.

##### 5) Exchanging Opinions with Consumer Related Organizations

The LIAJ periodically visits consumer related organizations to provide information or to receive their opinions on the life insurance industry and the LIAJ's activities. Moreover, the LIAJ headquarters and its 54 local offices actively hold meetings with consumer bodies and the press in order to reflect consumers' opinions on the management of life insurance companies. In fiscal 2008, the LIAJ held 112 meetings in total.

##### 6) Quick Search for Life Insurance Products

The LIAJ has been operating "Quick Search for Life Insurance Products" since July 2008 on its homepage so that consumers can gather necessary information related to life insurance products. On this homepage, consumers can search for products using three ways: "Coverage needed (purpose of joining)", "Category of insurance (type of insurance)" and "Insurance Company". In addition, this is linked to product explanations of life insurance companies on their homepages so that consumers can find more detailed information on the products. We added a function to search for "medical coverage for the elderly" in February 2009.

### 7) Disclosure

The Insurance Business Law and other related laws stipulate detailed items to be disclosed by life insurance companies. The LIAJ also prepared a set of common-to-industry “Standards for Disclosure” with more items that it has judged should be voluntarily added. The LIAJ reviews this every year for possible improvement. In addition, it has prepared a guidebook for disclosure by life insurers to help consumers understand, because the financial statements of life insurance companies vary significantly from those of other general entities.

### 8) Promotion of Computer Printing of Medical Certificates

Regarding payment of insurance money or benefits, the LIAJ is promoting “Electric Printout of Medical Certificates” in order to prevent failures or errors in reading medical certificates by life insurance companies. As a part of this effort, the LIAJ subsidizes medical institutions for up to 1.2 million yen to cover part of the cost of installing such software approved by the LIAJ.

### 9) LINC (The Life Insurance Network Center)

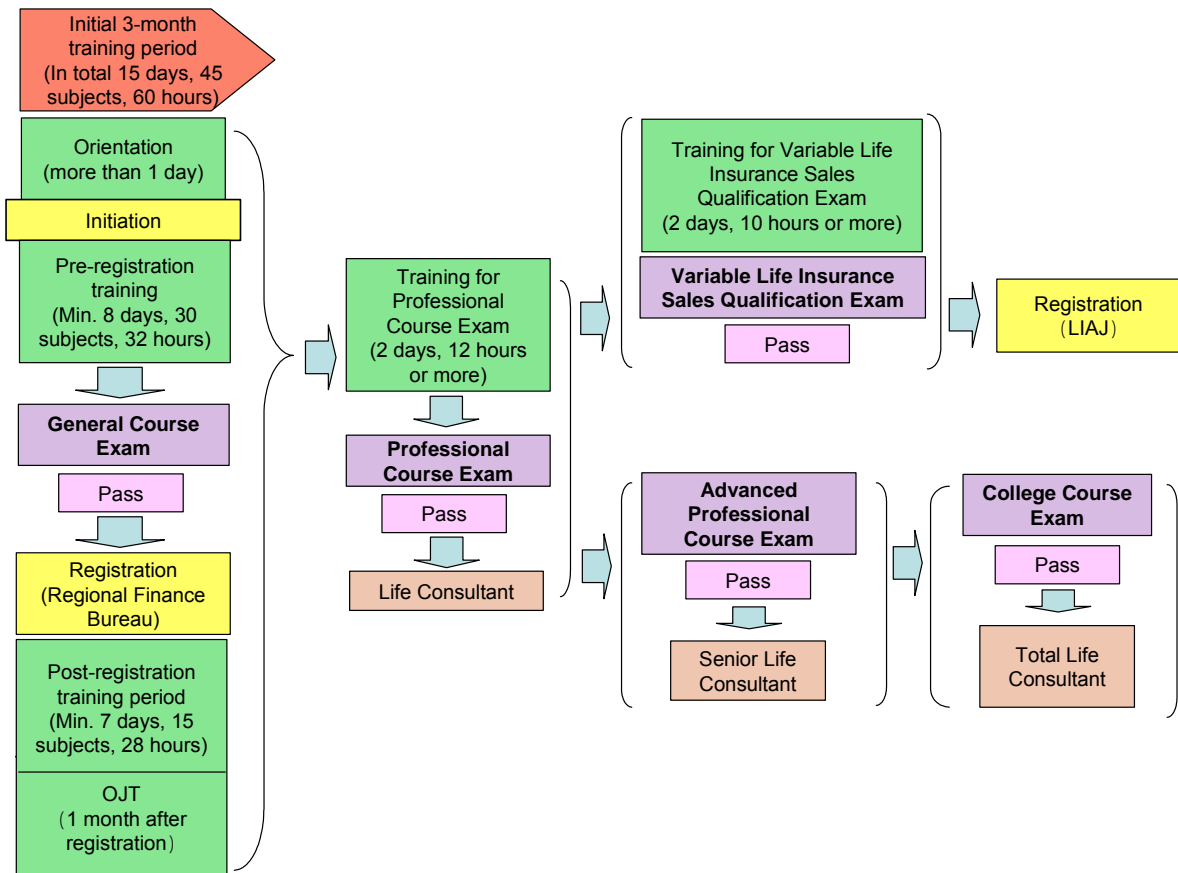
The life insurance industry established the common-to-industry network called LINC. This system reduces the burden of clerical work at a client company and enables insurers to provide more efficient services. The main functions of LINC are: (1) Accounting settlement of corporate pension and group term policies which are jointly insured by companies, (2) Checking of medical life insurance, (3) Registration and provision of information on contract contents to prevent moral hazard, (4) Registration of licensed life insurance solicitors, (5) Data exchange of individual policies whose monthly premiums are collected through payrolls, (6) Data exchange of asset-formation insurance, (7) Data distribution of national pension fund insurance, (8) Data collection system regarding life insurance business statistics, (9) Data exchange of joint Employee's Pension Fund Insurance Report, (10) Cross Reference System for Assessing Insurance Claims, (11) Data exchange of corporate pension plans among principal companies, and (12) Statistics on incidence rates including mortality.

**b) Educational System**

1) Examination for Life Insurance Solicitors

Under the laws and regulations, tied sales agents and sales representatives at agencies need to be registered with the FSA to sell life insurance products as life insurance solicitors. The LIAJ administers the General Course Exam to check the knowledge, quality and capacity of examinees required for their registration. The LIAJ also operates the examination system for the “Professional Course”, “Advanced Professional Course” and “College Course” in order to better meet policyholders’ needs. In addition, the LIAJ administers the Variable Life Insurance Sales Qualification Course Exam for insurance solicitors to sell variable life insurance/annuities.

➤ Chart of Common-to-industry Educational System



➤ Purpose and Description of Each Course

Course	Purpose	Description	Number of successful candidates (FY 2008)
General Course	To gain a basic knowledge on life insurance required by a tied sales agent/sales rep at an agency.	<ul style="list-style-type: none"> <li>• Compliance at the time of soliciting insurance</li> <li>• Importance of maintenance and services after sales</li> </ul>	206,862
Professional Course	To acquire more extensive expertise and related knowledge on insurance solicitation based on the core knowledge gained in the General Course.	<ul style="list-style-type: none"> <li>• Knowledge about other financial sectors</li> <li>• Social security and corporate benefit system</li> </ul>	120,610
Advanced Professional Course	To acquire applicable and practical knowledge essential for financial planning services	<ul style="list-style-type: none"> <li>• Categories of tax and its calculation</li> <li>• Public pension program</li> </ul>	33,064
College Course	To acquire further expertise on life insurance and related knowledge at a professional level. This course is the highest course in the common-to-industry educational system.	<ul style="list-style-type: none"> <li>• Financial planning</li> <li>• Study on corporate insurance products</li> </ul>	51,019
Variable Life Insurance Sales Qualification Course	To acquire knowledge on the characteristics and mechanism of variable products.	<ul style="list-style-type: none"> <li>• Types of variable life insurance and its mechanism</li> <li>• Prohibited matters and issues in variable products solicitation</li> </ul>	81,904

## 2) Continuing Educational System

The LIAJ established a new mechanism in April 2009 to educate all life insurance solicitors repeatedly and continuously once a year in principle, centering on “compliance”, “accountability” and “services after the sales such as claims payment.” This system was established as the roles of insurance solicitors have become more important in explanation of insurance products and their services after the sales including procedures on insurance claims, reflecting the mounting consciousness to protect consumers and the revised related laws and regulations in the recent years.

## 3) Others

### (a) Life Insurance Course

This course is for staff who are engaged in the life insurance business. The purpose is to acquire the basic knowledge required as a worker in the life insurance industry. The course consists of eight subjects: “Introduction to Life Insurance”, “Life Insurance Actuarial Science”, “Risk Selection”, “Contractual Provision and Law”, “Life Insurance Product and Sales”, “Life Insurance Accounting”, “Asset Management” and “Life Insurance and Tax Law”. The LIAJ publishes the text and operates the exam for each subject.

### (b) Examination for Life Insurance Interviewers

When an applicant applies for a contract, the conclusion of the contract is judged by the declaration form or a doctor’s assessment. As a way of judging contracts, the life insurance interviewer interviews the insured and checks their health. The LIAJ administers its approved examination.

### (c) Examination for Life Insurance Claims Assessors

The LIAJ has been conducting the “Exam for Life Insurance Claims Assessors” since fiscal 2007. This exam encourages applicants to acquire basic knowledge and good judgment, which is necessary for the person in charge of examining claims at life insurers. This exam helps to foster these persons as human resources and to maintain and improve their abilities. There were 3,860 successful applicants in fiscal 2008.

**c) Life Insurance Consultation Center**

1) Overview

The Life Insurance Consultation Center is located at the LIAJ and its 53 corresponding local offices have also been set up. The center and its offices provide consultation and receive inquiries or complaints from policyholders or consumers. Also, the LIAJ is credited as the certified body for investor protection defined in the Financial Instruments and Exchange Law. The Association strives to resolve complaints and mediate in disputes related to variable insurance, variable annuity, foreign-currency denominated insurance/annuity, life insurance with variable cash value and other specified insurance contracts.

2) Complaints received in fiscal 2008

The total number of general consultations and complaints received by the Life Insurance Consultation Center in fiscal 2008 was 17,716, down 2,421 (12.0% y/y) from the previous year.

In July 2008, the Financial Services Agency issued business improvement orders concerning the inappropriate handling of insurance claims to 10 life insurance companies. The LIAJ received many complaints related to insurance claims in the same month. In addition, following reports on the injection of public funds into insurance groups in the U.S. in September and on the bankruptcy of Yamato Life in October, the Center received many general inquiries about the management situation at life insurance companies and policyholder protection in September and October.

The number of general consultations slightly increased while the number of complaints decreased from the previous year.

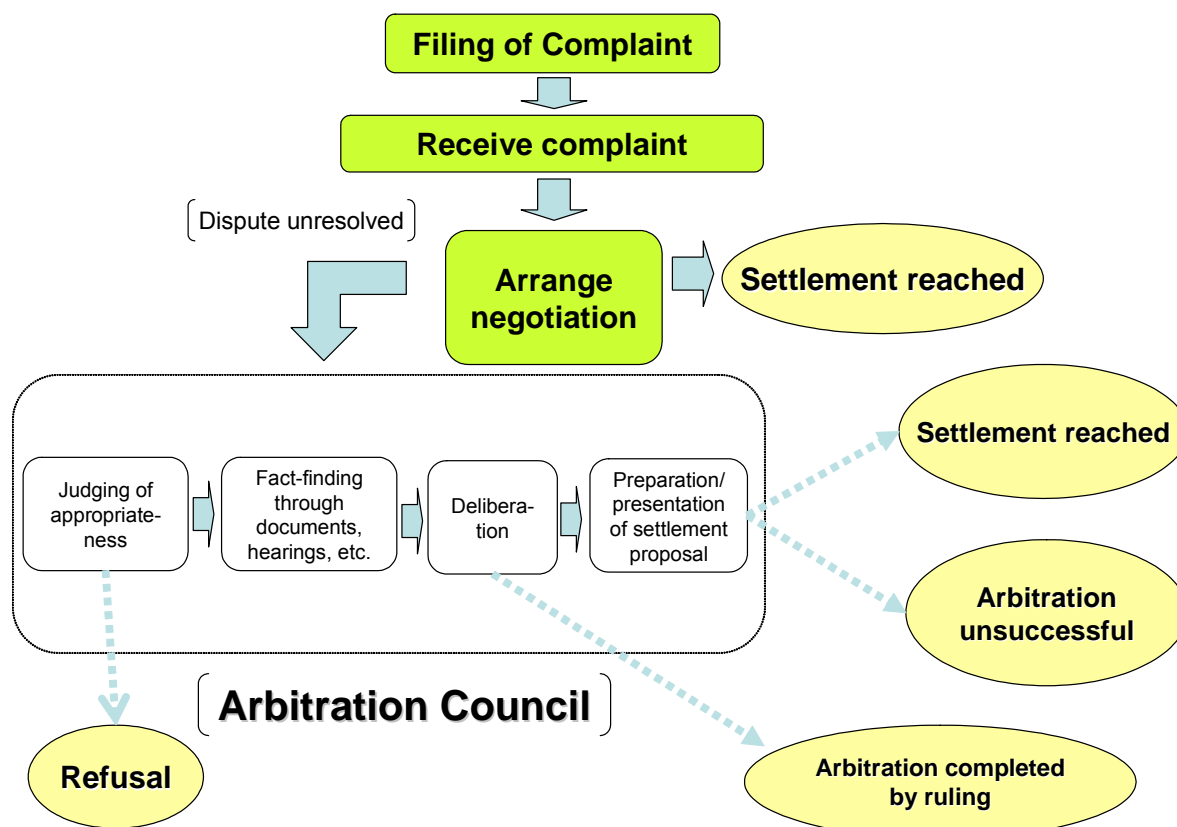
➤ The number of consultations and complaints by item in fiscal 2008

Item (Content)		Number	Share (%)	Y/Y (%)
General Consultation	New contract	1,318	13	87.4
	Premium	242	2.4	106.6
	Policy maintenance	1,279	12.7	86
	Claims and Benefits	1,040	10.3	78.3
	Others	6,221	61.6	114.4
	Subtotal	10,100	100	101.1
Complaint	New contract	1,929	25.3	95.1
	Premium	628	8.2	83.5
	Policy maintenance	2,049	26.9	74.2
	Claims and Benefits	2,513	33	63
	Others	497	6.5	80.7
	Subtotal	7,616	100	75
Total		17,716		88

## 3) Arbitration Council

In preparation for cases in which a problem persists for one month or longer after the Life Insurance Consultation Center received the complaint, the Arbitration Council, which is in charge of the Alternative Dispute Resolution, was formed under the Center in March 2001. The Council consists of nine members including four lawyers, four consumer life consultants and one staff from the Life Insurance Consultation Office. The Council judges the case from a fair and unbiased standpoint in order to reach an appropriate solution.

➤ Flow of procedures to apply for Arbitration Council



#### d) Social Service Activities

The LIAJ conducts the following projects to contribute to society with an aim to improve the daily lives of people and social welfare centering on the life insurance industry's ideal of "Spirit of Social Assistance".

##### 1) Scholarship Program for Education of Care Workers

Care workers play a crucial role in caring for the elderly in today's ageing society. In order to support them, the "scholarship program for education of care workers" has been run since fiscal 1989. So far, 3,286 scholarship recipients have been sent out into society and many of them are playing leading roles as care workers across the country.

##### 2) Financial Aid for Child-rearing Support Organization

As the birthrate falls and the number of nuclear families increases, the number of parents who are struggling to raise children is rising. In order to help improve the child-rearing environment, the LIAJ has been subsidizing funds for non-profit organizations or groups which support those who have preschool children in the community (including expectant mothers) since fiscal 2005. Subsidies totaling approximately Y54 million have been given to 266 groups over the past four years, and the total subsidy was about Y14 million for 66 groups in fiscal 2008.

##### 3) Scholarship Program for Privately-funded International Students in Japan

In the midst of ongoing internationalization, this scholarship has been provided to 298 international students from Southeast Asia and East Asia as an international contribution in assisting human exchanges. The LIAJ is also promoting their understanding of Japan through social events.

##### 4) Highlighting the Importance of "Family Bonds"

The LIAJ has engaged in "Activities to Enhance Family Bonds by Reading Picture Books to Children" since fiscal 2008 and held a "Picture Book Contest to Enhance Family Bonds." The contest received applications of 343 picture books from both home and abroad and gave awards to seven books. The book that won the grand prize was printed and donated as an "Original Picture Story Book" to libraries.

### e) Anti-Moral Hazard Measures

In order to promote sound management of a life insurance system, the industry is making efforts to prevent moral hazards such as fraud related to hospital benefits and fraudulent procurement of insurance money. Main countermeasures are as follows.

#### 1) Policy Data Registration System

A policy data registration system was established to help detect those trying to receive insurance claims illegally by enrolling in several insurance policies for short periods. When life insurance companies receive an insurance policy (including riders like death benefit and hospital benefit), the relevant data of policyholders may be stored at the registration center within the LIAJ. Life insurance companies refer to the registered details to judge whether to accept the contract or whether to pay claims for death or hospital benefits.

#### 2) Cross Reference System for Assessing Insurance Claims

Upon receiving insurance claims, participating insurance companies and three co-operatives (National Mutual Insurance Federation of Agricultural Cooperatives, National Federation of Workers and Consumers Insurance Cooperatives and Japanese Consumers' Co-operative Union) cross-reference other organizations' data on policyholders. They then use the information when deciding whether to accept a claim from a policyholder or to terminate or cancel an existing contract.

#### 3) Liaison Conference between Life Insurers and the Police

In order to prevent the crime of abusing life insurance, the LIAJ holds liaison meetings with the National Police Agency. The "Liaison Conference between Life Insurers and the Police" is held between the LIAJ's 54 local offices and municipal police headquarters to exchange information on organized crime groups and the prevention of moral hazard.