

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.