

OLIS 2010 Spring – Seminar Report

Monday, June 21

Impact of Regulatory Changes on the Insurance Industry (Shohei Ueda, Director, Nippon Life)

After 1995 when the Insurance Business Law was drastically revised the trends to deregulation led to diversification of products and sales channels. Along with such diversification as background, Mr. Ueda talked about the impact of regulatory changes on the insurance industry from the standpoints of rise in consumer protection and strict supervisory regulations.

He took up issues on unpaid claims and revisions of Insurance Law from the standpoint of rise in consumer protection and emphasized the importance to surpass policy-provisions principle and pay-on-demand principle as concrete measures for improvement.

Along with the trends to diversification of products and sales channels environmental risks surrounding life insurance companies have changed and the regulatory authorities have continued to strengthen supervisory regulations after the revisions of the Insurance Business Law. Mr. Ueda mentioned that standard policy reserves and early warning measures based on solvency margin ratios are regarded as a couple of pillars among measures for financial soundness. He also introduced ongoing movement to international unification of accounting standard and supervisory standard.

He summed up by emphasizing the importance of cordial service from customers' standpoint and operations paying a particular attention to financial soundness.

Participants asked a lot of questions about a review of medical insurance, why products do not shift to VLI or unit-linked insurance, etc.