

Life Insurance Industry's Response to the Great East Japan Earthquake

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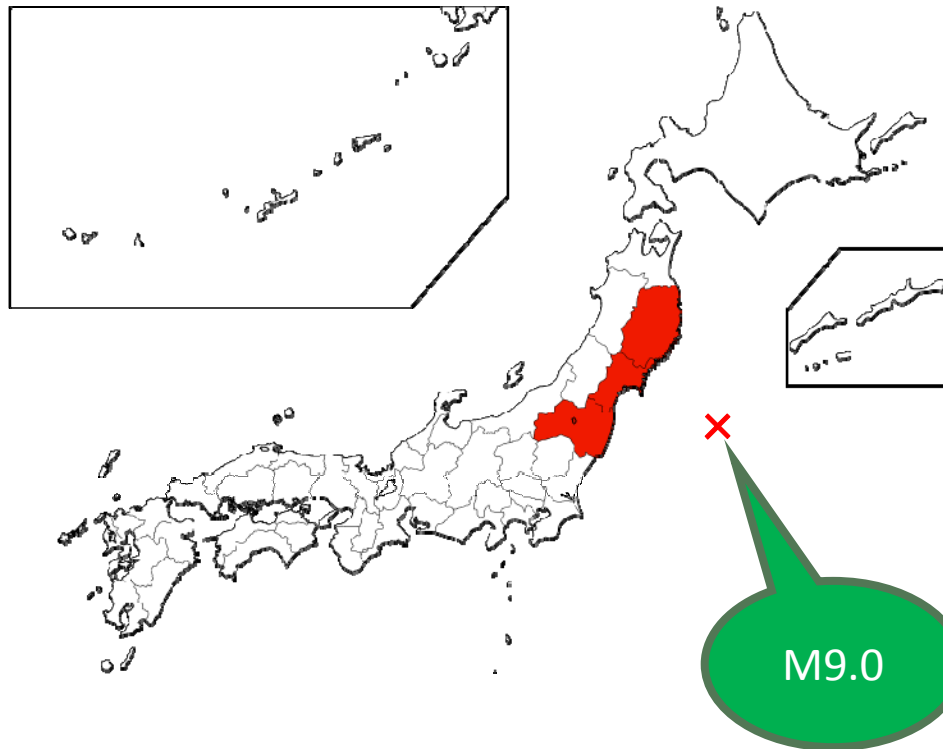
The Life Insurance Association of Japan

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1. The Great East Japan Earthquake

Great East Japan Earthquake [March 11, 2011]



Damage

[As of August 26, 2011]

Dead	15,731
Missing	4,532
Evacuees	91,552

Source: National Police Agency, Cabinet Office

- Extensive damage (3 pref.)
 - Severe damage by tsunami
- ⇒ Many missing
- Fukushima nuclear power plants

2. Significant Past Natural Catastrophes

(\$ billion)

Disaster (year)	Losses	Fatalities
Great East Japan Earthquake (2011)	200	15,467 7,482 (Missing)
Haiti Earthquake (2010)	8	222,570
Sichuan Earthquake (2008)	85	84,000
Hurricane Katrina (2005)	125	1,322
Indian Ocean Earthquake (2004)	1	220,000
Chuetsu Earthquake (2004)	28	46
Izmit Earthquake (1999)	12	17,127
921 Earthquake (1999)	14	2,400
Great Hanshin Earthquake (1995)	100	6,430

Source: Cabinet Office, Munich Re

3. Basic Concept of Our Action for the Disaster

Fundamental Policy

Taking actions giving utmost consideration to affected people to provide them peace of mind as soon as possible

< Pillar of Action >

< Initial motion > Providing livelihood supports and reliefs

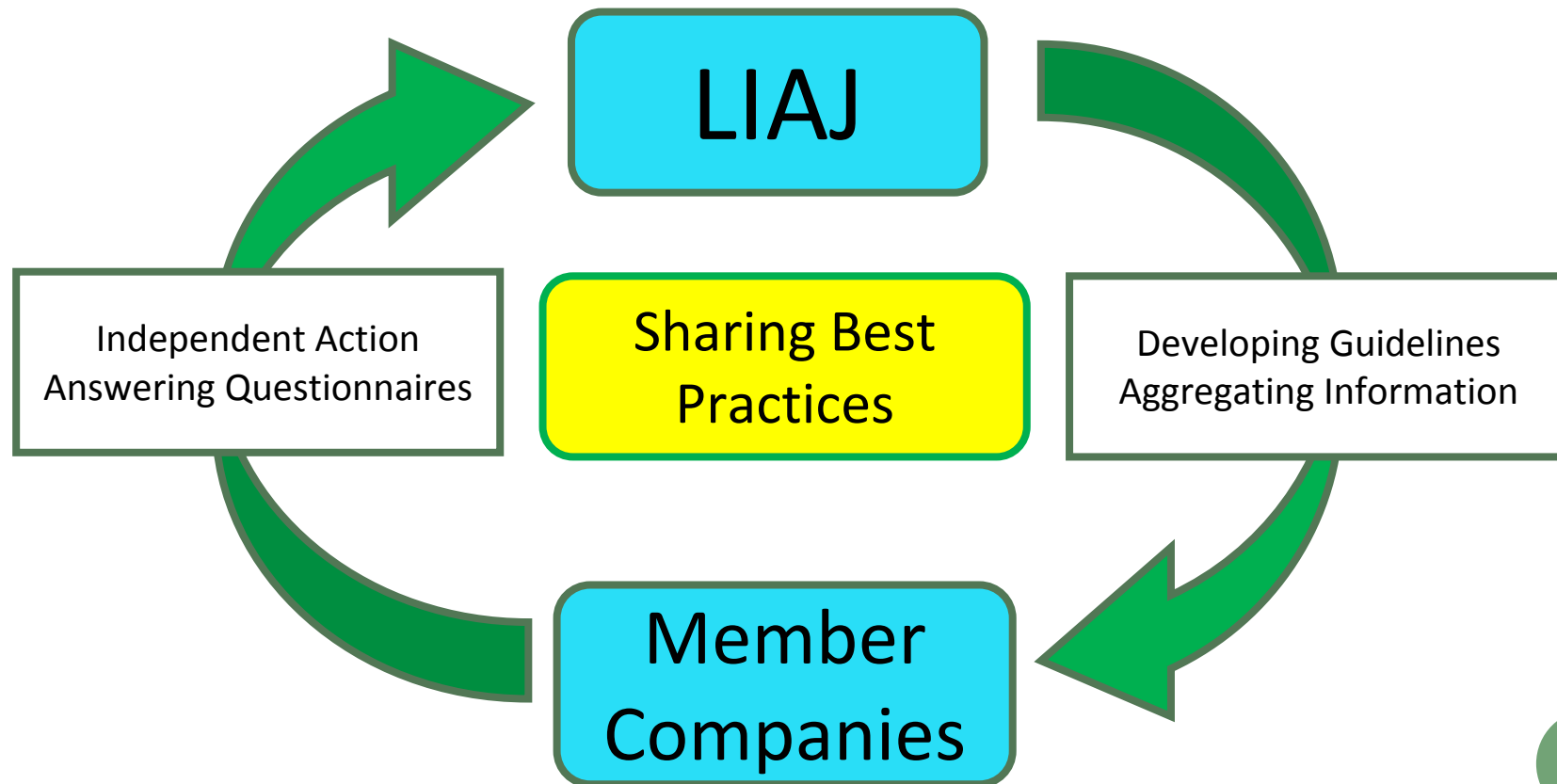
< Inquiries & claim procedures > Responses to inquiries and claim procedures given the characteristics of the disaster

Safety confirmation of customers

System to ensure insurance payouts

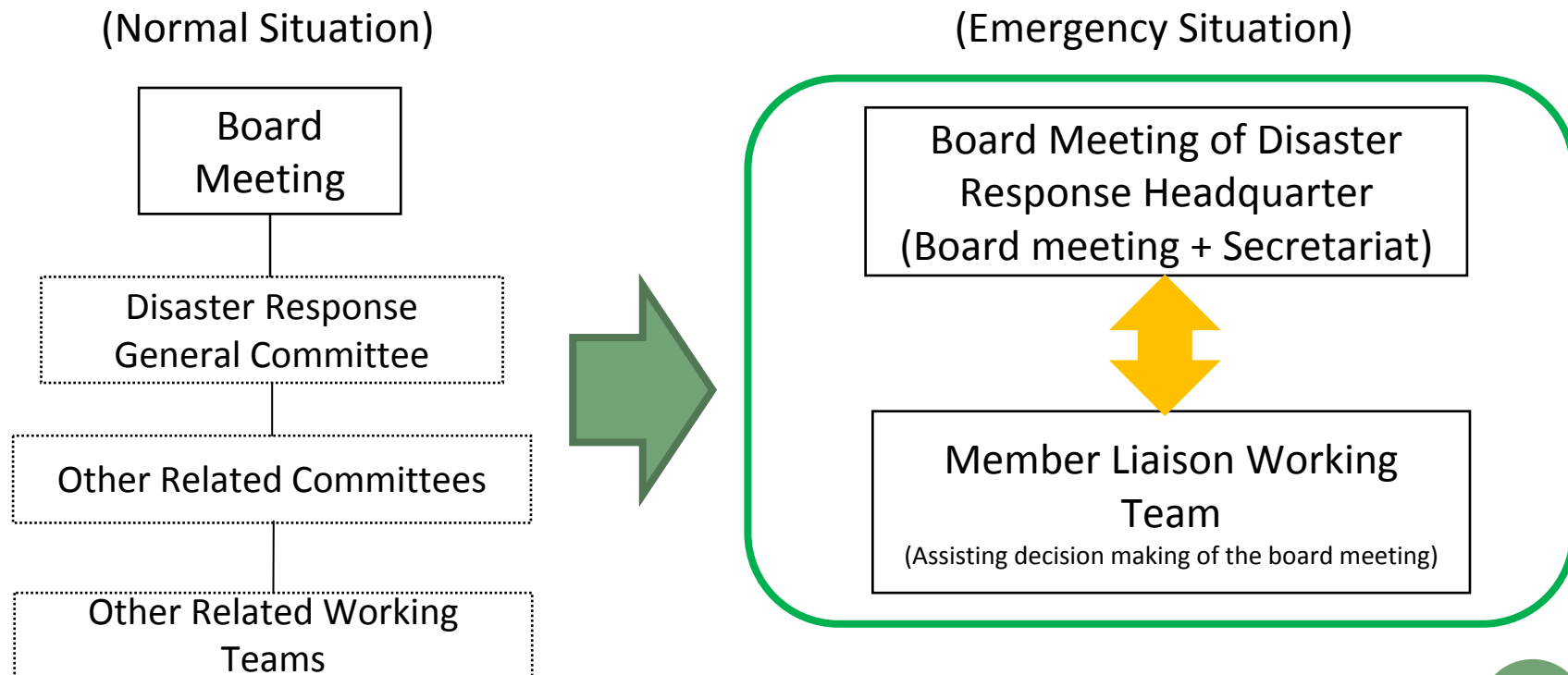
4. LIAJ's role in the Disaster Event

< LIAJ as the platform of the industry >



4. LIAJ's role in the Disaster Event

< Establishment of the Disaster Response Headquarter >



5. Providing Livelihood Supports and Reliefs

< Life Supports for the disaster areas >

(1) Financial Assistance

- Contributing donation
 - LIAJ (\$ 3.5 million)
 - Member companies (Total sum of \$29.4 million)
(*Including donation as a group)



(2) Material Support

- Dietary items, Clothes, Hygiene products, Electric appliances, etc.

(3) Physical Support

- Sending backup staff from a headquarter
- Establishing the office of earthquake disaster reconstruction at the disaster areas
- Volunteer activities



5. Providing Livelihood Supports and Reliefs

< Measures on life insurance contracts (1) >

Non-application of Exemption Clause

(Full payment of accident-related insurance money and benefits)



Policy conditions of life insurance generally states that accident-related insurance money and benefits will be reduced or not be paid in case of earthquakes. However, the LIAJ confirmed that all life insurers in Japan do not apply this clause and make full payment of accident-related insurance money and benefits at this time.

5. Providing Livelihood Supports and Reliefs

< Measures on life insurance contracts (2) >

Extension of the Grace Period for Paying Premiums

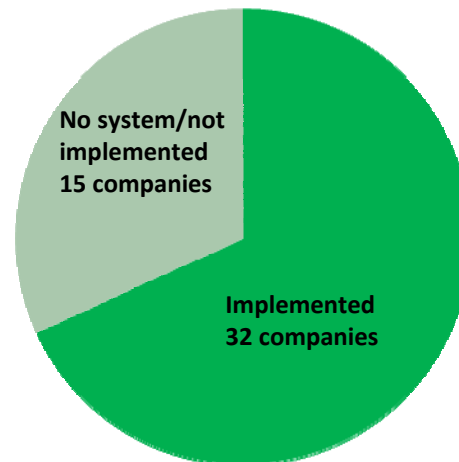
- Life Insurers extend the grace period for paying premiums up to nine months (until the end of December 2011) upon the request of the customer.
- Given the policyholder continuously pays the premiums from January 2012, the paying period of premiums for the grace period can be extended until the end of October 2012 in case paying the full amount of premiums is difficult at once.
- The number of contracts in the grace period is 128,676 as of August 25.

5. Providing Livelihood Supports and Reliefs

< Measures on life insurance contracts (3) >

Reduction or Exemption of Interest (Each member company)

- Establishment of Special Interest Rate for Policy Loans



As of April 8, 2011



- Modification of grace period or conditions of repayment for entities in the affected area

5. Providing Livelihood Supports and Reliefs

< Measures on life insurance contracts (4) >

Simple and quick payment of insurance money and benefits

Escape with only the barest necessities

Do not have documents necessary for insurance claims and procedures
(Insurance certificate and personal seal)



Implement the simple and quick payment of insurance money and benefits without some of generally required documents

5. Providing Livelihood Supports and Reliefs

< Measures on life insurance contracts (5) >

Developing the Guidelines on Insurance Payouts

Local government offices are affected

Hospitals are affected

Development of LIAJ guidelines

Simple treatment in insurance payouts
Special treatment of hospitalization (deemed hospitalization)

6. Responses to Inquiries and Claims Procedures

<Center for Searching for Life Insurance Contracts in Disaster Areas>

Housing was either washed away or burned

Escape with only the barest necessities

Policyholder, Insured and beneficiaries went missing or died at the same time



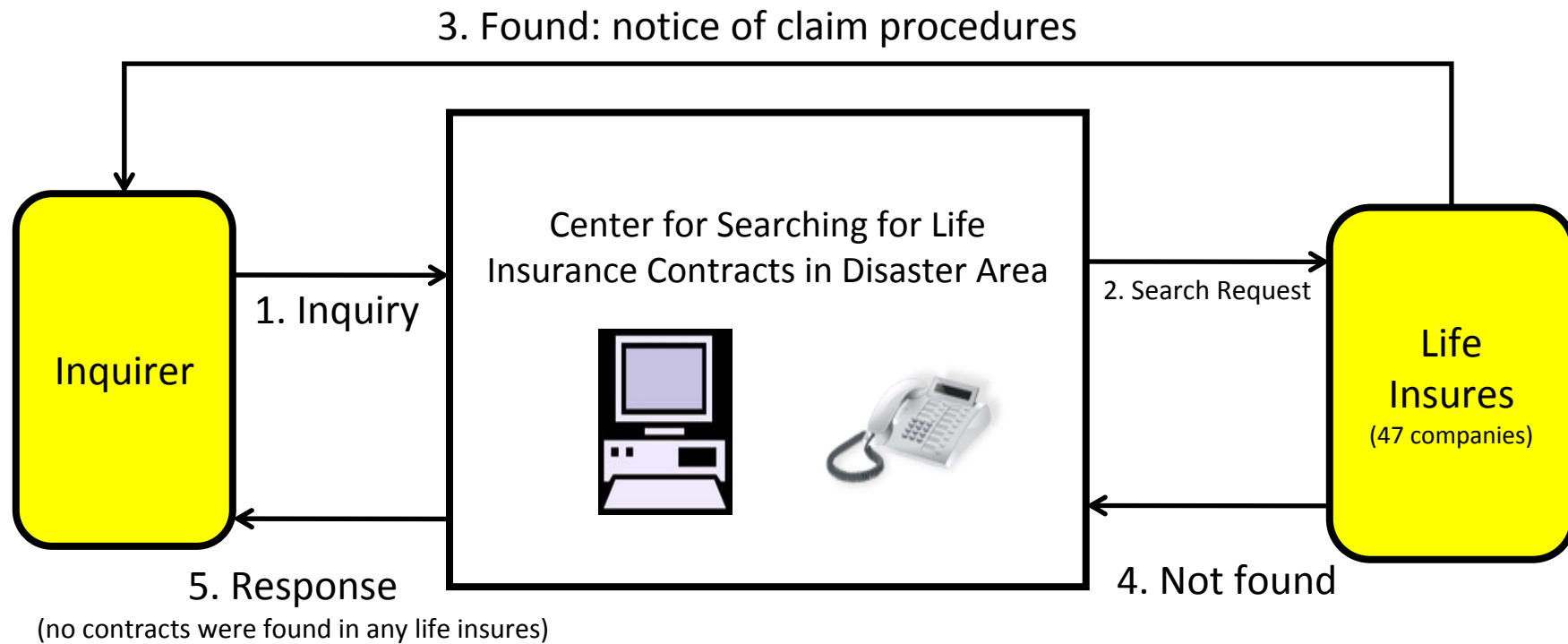
Do not have any evidence of insurance contracts



Establishment of search system by all life insurers

6. Responses to Inquiries and Claims Procedures

<Center for Searching for Life Insurance Contracts in Disaster Areas>



6. Responses to Inquiries and Claims Procedures

<Center for Searching for Life Insurance Contracts in Disaster Areas>

As of August 25, 2011

	Persons subject to the inquiry system (Research is done by 47 companies)		
		Found	Not Found
No.	5,926	3,847	2,079
Ratio	100%	64.9%	35.1%



6. Responses to Inquiries and Claims Procedures

< Response for consultation from customers >

- Receiving consultation at call center (member companies)
- Receiving consultation at the Life Insurance Consultation Center and its corresponding local offices (LIAJ)
- Establishing temporary consultation center at evacuation centers



7. Safety Confirmation of Customers

The number of customers subject to
safety confirmation
Total of 2.94 million (as of August, 2011)



Implementing safety confirmation by using
resources of each company

- ✓ Individual visitation
- ✓ Outbound call
- ✓ Sending direct mail

7. Safety Confirmation of Customers

<Sharing Best Practices of Safety Confirmation>

- Keep tracks of member companies' activity status (periodic survey by LIAJ)
 - Providing information on top companies' safety confirmation progress rate
 - Sharing safety confirmation practices of member companies



7. Safety Confirmation of Customers



8. System to Ensure Insurance Payouts

< Establishment of Industry-Shared Database >

Collecting information on persons died in the disaster

- (1) The list of fatalities disclosed by police
- (2) Information acquired by member companies
- (3) Information acquired by the Center for Searching for Life Insurance Contracts in Disaster Areas



Identifying the contracts ⇒ Notice of claim procedures

8. System to Ensure Insurance Payouts

< Request for disclosing family registration and residence certificates >

- Beneficiaries = Persons who are registered in the life insurance company
- The life insurers need to identify the person who has a rights to receive insurance benefits (generally legal successor)



LIAJ requested the disclosure of family registration and residence certificates for local governments



- Granted the request for a direct issue of family registration to insurers
- Granted the request for a direct issue of residence certificates to insurers



Identifying the persons who have a claim right and notifying them of a claim procedure

9. Payment of Insurance Money and Benefits

Insurance Money Payments

(\$ billion)

Date	No.	Amount (death benefits)	
			Accident death benefits
Total (estimates)	-	2.35	-
8/25	15,623	1.42	0.44

[Reference]

Insurance money of the Great Hanshin-Awaji Earthquake
(at the end of March 1995)

(¥ billion)

Common death + Accident death	Insurance money paid	
	No.	Amount
	8,396	0.56

Solvency Margin of Life Insurers (the end of March 2011)

<Assets> (\$ billion)

Item	Amount
Liquid assets	282.4
Illiquid assets	3,490.4
Total	3,772.8

(Liquid Assets) (\$ billion)

Item	Amount
Cash/Deposits	66.5
Call loans	23.6
Securities-trading	192.3

<Insurance Reserves> (\$ billion)

Item	Amount
Reserve for outstanding claims	28.5
Policy reserves	3,383.7
(Risk reserves)	(69.4)
Reserves for policyholder dividend	62.7
Total	3,475

10. Response to Missing People

< Challenges >

Both processes of confirmation of missing person's death below take some time, and may hinder prompt insurance payouts.

- Confirmation by the National Police Agency and the Japan Coast Guard (Family Registration Law)
- Declaration of death under the Civil Code following an adjudication of disappearance, one year after a person disappears due to disaster



*Certified death: a system to legally treat missing people (whose bodies have not been found) as deceased. Similar to the adjudication of disappearance.

*Adjudication of disappearance (in case of a disaster): Statement made by a civil court one year after someone's disappearance following a disaster

10. Response to Missing People

<The Ministry of Justice>

Simple treatment of death notification based on the Family Registration Law
⇒ Simplifying “documentation which witnesses the fact of death”



<LIAJ>

- Practice of insurance payouts based on the decision of the Ministry of Justice
- Establishment of Special Working Group on Missing People

11. Response to Disaster Orphans

< Challenges >

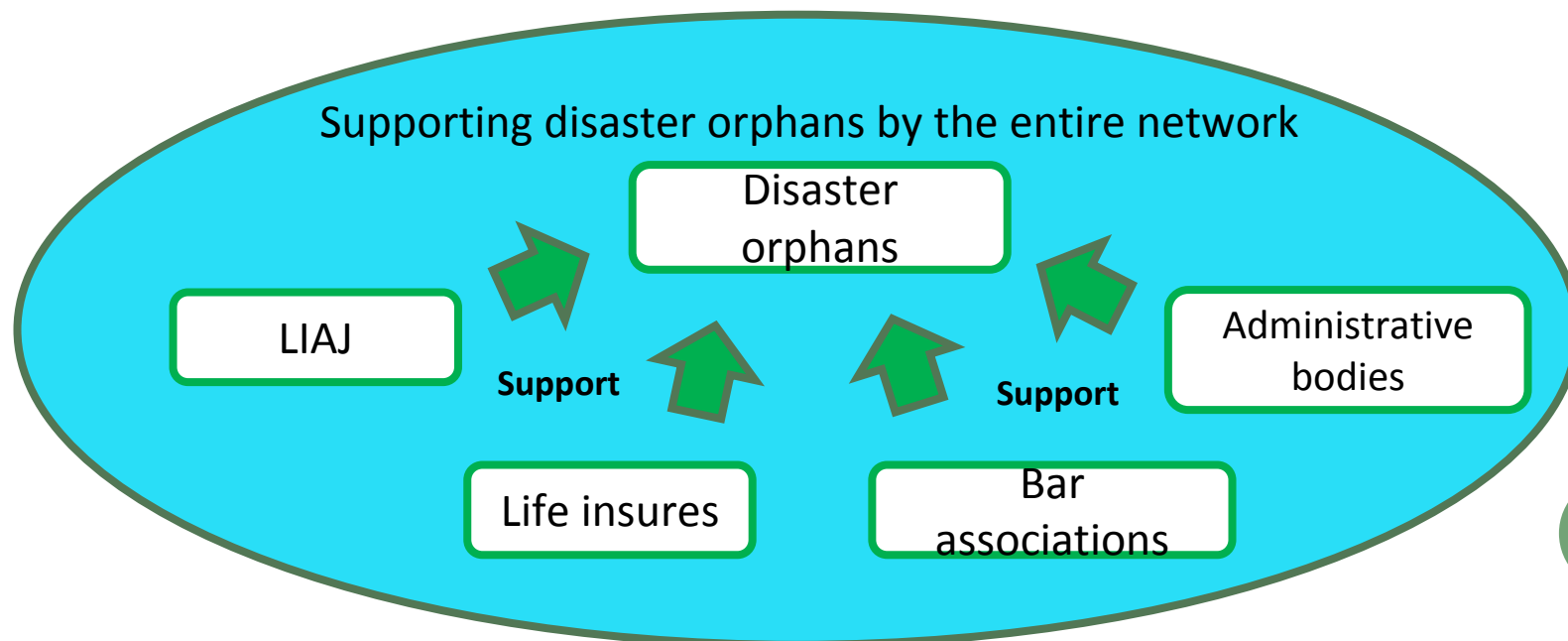
- Some disaster orphans may not know that their parents or other family members were covered by insurance contracts. Insurers should inform them of their claimable contracts properly.
- A guardian of the orphans should be selected to claim benefits; however, an appointing procedure may be difficult due to the sequence of the disaster.
- Sensitive cares are required for disaster orphans who cannot easily accept their parents' death.
- Insurance money should be used for the benefit of disaster orphans.



11. Response to Disaster Orphans

<Establishment of the Life Insurance Support Network for the Orphaned Minors>

- Life Insurers will make appropriate insurance payouts for minors who lost all of their parents by the disaster.
- Parties concerned such as local bar associations, administrative bodies and LIAJ (including member companies) establish the information exchange network and support the disaster orphans.



Thank you for your attention

