

Historical Overview of Life Insurance Distribution System in Japan

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Main Topics for Today's Lecture

- ◆ How the sales personnel channel became the major channel of Japanese life insurance business?
- ◆ Is this channel already out of date?
- ◆ What is new in the distribution channels of Japanese life insurance business?

Three Major Periods

- ◆ Pre-war Period: 1881 ~ 1937
- ◆ Stringent Regulation Period : 1945 ~ 1996
- ◆ Financial Liberalization and Deregulation Period: 1996 ~

Corporate Forms in Prewar Life Insurance Business

- ◆ **Conscription Life insurance Lines**
 - ◆ 3 Stock Companies
 - ◆ 1 Mutual Company

- ◆ **Ordinary Life Insurance Lines**
 - ◆ 27 Stock Companies
 - ◆ 7 Mutual Companies

- ◆ **Government-owned Industrial Life Insurance**

Major Distribution Channels

- ◆ Monopoly Era of Stock Form: 1881 ~1902
 - ✓ Agency Channel was most preferred.
- ◆ Emergence and Growth of Mutual Form: 1902 ~
 - ✓ Sales Personnel Channel started being developed by the mutual companies.
- ◆ Prevalence of Sales Personnel Channel: 1920 ~
 - ✓ Adopted by Meiji Life* as a major distribution channel in 1920.

Marketing Strategy by Mutual Insurers

- ◆ Promotion of Mutuality

- ◆ Dai-ichi Life

Sales Personnel Channel Only

- ◆ Chiyoda Life

Sales Personnel Channel + Agency Channel

Life Insurance Industry aftermath of World War II

- ◆ 13 Stock Life Insurance Companies Mutualized



- 16 Mutual Life Insurance Companies
- 4 Stock Life Insurance Companies

- ◆ Stringent Price Regulation

Prevalence of Installment Insurance by Private Company

- ◆ Deregulation on Industrial Life Insurance: 1946
October
- ◆ First Launch of Installment Insurance by Private
Company
e.g. Meiji Life in 1948 Nov.
Nippon, Sumitomo, Asahi Life in 1949 etc.

Emergence of Female Sales Representatives

- ◆ War Widow Hypothesis
- ◆ Gender Advantages Hypothesis
- ◆ Labor Shortage Hypothesis

Limits and Problems of Sales Representatives

- ◆ Limits of GNP
 - ◆ About the G-N-P
 - *Giri*
 - *Ninjyo*
 - *Present*
- ◆ High Turnover Rate

Financial Liberalization and Deregulation Period: 1996 ~

- ◆ Revision of Insurance Business Act (1996 April)
- ◆ Deregulations Regarding Insurance Solicitation
- ◆ Diversifying Consumer Needs
- ◆ Progress of IT Technology
- ◆ Emergence of New Generation Life Insurer

Financial Liberalization and Deregulation

Period: 1996~

◆ Diversifying Sales Channels

- Agents of Life Insurance Company
- Agents of Non-life Insurance Company
- Banks, Securities Company
- Internet-Direct Selling

Thanks for your attention!

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