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Title	<i>ACLI Joins Coalition to Seek Input in Japan's Kampo Privatization</i>

The American Council of Life Insurers, which has for the past year weighed in on the privatization of Japan Post and its mammoth insurance segment, Kampo, has now joined a coalition of insurance and business groups in the United States, Europe and Japan to press its case further.

The ACLI and the rest of the coalition, in a joint statement, said they approve of the general drift of the privatization efforts, but still have concerns about how Kampo will behave in the marketplace as it transitions from a public entity to a private one. The groups are concerned about Kampo's huge size, compared to its competitors, as well as uncertainty over how the new, private insurance entity will be taxed and regulated.

In addition to the ACLI, signatories to the letter included the American Insurance Association, the Canadian Life and Health Insurance Association, the Coalition of Service Industries, the Comité Européen des Assurances, the Council of the European Business Community in Japan, the U.S. Chamber of Commerce, and the U.S. Japan Business Council. Essentially, the coalition wants the Japanese government to establish "a level playing field" between Kampo and its private-sector competitors.

The ACLI had earlier lobbied the U.S. Trade Representative to talk to officials in Tokyo about preventing Kampo from issuing new products while it still enjoyed its competitive advantage (BestWire, Aug. 23, 2004). Founded as the Postal Life Insurance Service in 1916 to serve rural and poor Japanese, Kampo has since become the world's largest life insurer and controls some 40% of the Japanese market.

"We join our colleagues in respectfully urging Japan to be mindful of its world-leading stature. This whole notion of having a huge government-operated company with a different regulatory system and all kinds of benefits other companies do not get sends the wrong signal to developing countries that it is acceptable to do the same thing," the AIA's general counsel, David Snyder, said in a statement.

Japanese Prime Minister Junichiro Koizumi has announced he will release his cabinet's multiyear plan to privatize Japan Post and split off its insurance segment sometime during December.

Privatization is now in a crucial stage, the groups wrote, with the cabinet still working out such key matters as how Kampo will be taxed and regulated, as well as where profits from Kampo products sold under the old, government-protected regime will be placed. "During this process it is essential that Japan Post maintain a standstill on new products that compete with the private sector -- including modified products," the coalition wrote.

The groups also said they want a hand in shaping how Koizumi and his cabinet privatize Kampo: "It is our hope that as this important initiative proceeds we will be afforded real-time opportunities to react to drafts, make suggestions, and enter into a regular dialogue with responsible officials."