

*Joint Statement on Japanese Postal Privatization*  
*By The*

**Association of British Insurers**  
**The American Chamber of Commerce in Japan**  
**American Council of Life Insurers**  
**American Insurance Association**  
**Canadian Life and Health Insurance Association**  
**Coalition of Service Industries**  
**Comité Européen des Assurances**  
**Council of the European Business Community in Japan**  
**U.S. Chamber of Commerce**  
**U.S. Japan Business Council**

The task of privatizing Japan Post's insurance operations has now arrived at a critical stage. An essential part of this process involves crafting key laws which will determine the shape of Japan's life insurance marketplace for the future. We are here today to urge that these important efforts actually result in "equal footing" for all competitors—a concept already approved by the Japanese Cabinet in the Basic Policy on Postal Privatization.

During this process it is essential that Japan Post maintain a standstill on new products that compete with the private sector—including modified products—until the successor to postal insurance giant Kampo operates under the same rules as those that are applied to its private sector competitors.

It is our strong belief that if conditions are equal for all competitors, consumers will benefit. Moreover, interest and investment in Japan's life insurance market will grow as new participants see the opportunities. While we applaud the Basic Policy's references to "equal footing", we are nonetheless concerned, among other things, about its provisions dealing with reversion of profits from old, advantaged products to the new insurance entity; the nature of the regulatory scheme the new entity will come under; the affect on taxes paid under the proposed holding company structure; and the question of the postal insurance entity's massive size relative to the rest of the industry.

Policymakers have very important decisions to make in the coming weeks and months involving Kampo's enormous market presence, the specifics of how, and by whom, its successor will be regulated, what taxes it will pay, its participation in policyholder protection arrangements, and whether it will meet Japan's international trade commitments. We are prepared to be a constructive participant in this very important effort.

Private industry is an indispensable reservoir of information and experience. We hope those assets will be brought to bear on the complex practical issues involved. We realize significant differences exist over the course that privatization efforts should follow. We know that achieving a level playing field, while fundamental, will be challenging. 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.