



June 28th, 2005

Insurance Planning Office,
Planning Division,
General Planning Bureau,
Financial Services Agency

European Business Council

Dear Sirs,

Thank you for your ongoing support of the EBC and its activities.

Please find attached our comments and requests for clarification concerning the draft revision of the Insurance Business Law released for public comment on June 10th.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Susie Dale'.

Susie Dale, Chair
EBC Insurance Committee
(Credit Suisse Life Insurance Co. Ltd.)

Contact:

Susie Dale
Actuarial Department
Credit Suisse Life Insurance Co., Ltd.
Shinjuku First West 10F
1-23-7 Nishi-Shinjuku, Shinjuku-ku,
Tokyo 160-8335
Tel. +81 3 6911 9377
Fax +81 3 6911 9220

About the EBC:

The European Business Council (EBC) is the trade policy arm of the 18 European national chambers of commerce and business associations in Japan. Established in 1972, the EBC works to improve the trade and investment environment for European companies in Japan. The EBC currently represents more than 3,000 local European companies and individuals who are members of their national chambers of commerce. Some 350 of these companies participate directly in the EBC's 28 sector-based committees

Attachment

1. General comments

The EBC has long advocated the complete deregulation of sales of insurance products through banks. The EBC is pleased to note that the intention to fully deregulate the bank-channel has been written into the draft revisions of the IBL, which the EBC supports strongly.

We are disappointed, however, with the process leading to full deregulation. According to the draft revisions, the Japanese Government will continue to restrict product offerings for at least two years following promulgation of the law, and introduce a number of counter-measures against pressure sales that will apply only to newly deregulated product classes. From a consumer-access point of view, we feel the bank-channel should be deregulated immediately.

We also feel that the complete prohibition on sales of newly deregulated products to a bank's corporate-loan customers (& their representatives), and directors / employees of SMEs, goes against the main purpose of bancassurance deregulation, namely to expand access to insurance products for all consumers. As such, we recommend this restriction be abolished.

2. Clarification concerning treatment of whole life acts (riders) for annuity products

(1) We would like to clarify that “whole life acts” (acts or riders that allow, after maturity of the annuity, for the investment period to be extended for the whole life of the annuitant) will be treated under enforcement 211-1-2.

Reasoning:

In principle, the main intention of a whole life act is to meet the needs of policyholders who are unhappy with the account value at maturity and want to extend the investment period. Such acts were developed to meet the needs of senior policyholders who desire more control over the timing of the cash-out of their account, based on their life-style and the account value, and not necessarily on age. Whole life acts also guarantee return-of-principal in case of the death of the insured, regardless of the status of account value, and for this reason have been considered whole-life insurance products by Japanese authorities, which until now have been excluded from bank-sales.

Given that a whole life act is more a “contract of which the major purpose is to pay benefit on condition of the survival of the insured” defined in enforcement 122-1-2 than a “contract that intends to pay benefit on the death of the insured” defined in enforcement 211-1-4, and the death benefit based on this act also should be reasonably construed as applying to the definition prescribed in 122-1-2. Thus, we would like to confirm that individual annuities with a whole life act (rider) would be treated the same as other individual annuity products current on offer through the bank channel, and not be subject to new measures designed to counter pressure sales that will apply to new products to be deregulated.

If this interpretation is incorrect, this may harm the interest of existing policyholders of individual annuities who would like to take advantage of the benefits provided by whole life acts or riders, and impose heavier restrictions on products that are already available through banks. It is also likely to cause confusion in the frontline of bank distributors.

(2) In case the above interpretation is incorrect, we would like to confirm that Whole Life Rider is regarded as one of the riders that can be attached with the products currently available at banks, in light of its nature, defined in 211-6.

3. Clarification concerning allowable riders on the new category of Whole Life & Endowment Assurance products

We would like to clarify that riders giving closely correlated benefits to the base products will be allowed in the next stage of deregulation. That is, riders where the premiums are substantially less than those for the base product, & which do not change the nature of the underlying policy.

Examples include Waiver of Premium, Total or Partial Disability, & Accidental Death Benefit.

Reasoning:

These riders are an important part of Whole Life or Endowment products being sold through existing channels. They are designed to give additional protection to policyholders in adverse circumstances, & not including them would discriminate against consumers in the Bancassurance channel.

4. Clarification concerning treatment of life annuity with cash refund

We would like to clarify that annuity products where the following option is offered 'life annuity with cash refund' (An annuity that provides a lifetime income, and a cash refund in the event of the insured's death. This cash refund being the remaining balance between the annuity fund at the beginning of the payout period, and the total income paid to date.), will be treated under enforcement 211-1-2.

Reasoning:

In our understanding, the amount of the aforesaid cash refunds is regarded as 'reasonable' (based on the definition under the article 211-1-2) if compared with the total amount of premiums or the fund for insured.