

Thursday, 22 May 2025

Life Insurance Business in an Ageing Society



LIAJ

About the LIAJ

Who We Are



- ✓ A unique industry body
 - The LIAJ represents all 41 life insurance companies operating in Japan
- ✓ A voluntary group
 - Life insurers are not mandated to join the LIAJ
 - The LIAJ is funded by member contributions
- ✓ A business association with over 115 years of history (established in 1908)
 - The LIAJ is not mandated to regulate/supervise members
 - The LIAJ serves as a platform for member cooperation



About the LIAJ

Our Goal



- ✓ The LIAJ aims to promote the industry's sound development and maintain its reliability, thereby contributing to improving the quality of people's lives
- ✓ To this end, the LIAJ focuses its activities on areas such as
 - public policy discussion
 - compliance (conduct of business, anti-money laundering/combating the financing of terrorism)
 - sales education
 - disclosures/consumer confidence
 - dispute resolution
- ✓ The LIAJ's activities reflect emerging issues for the industry

Contents

- Demographic Change / Ageing
- How Life Insurers Are Addressing Ageing
- How the LIAJ Is Addressing Ageing



Demographic Change / Ageing

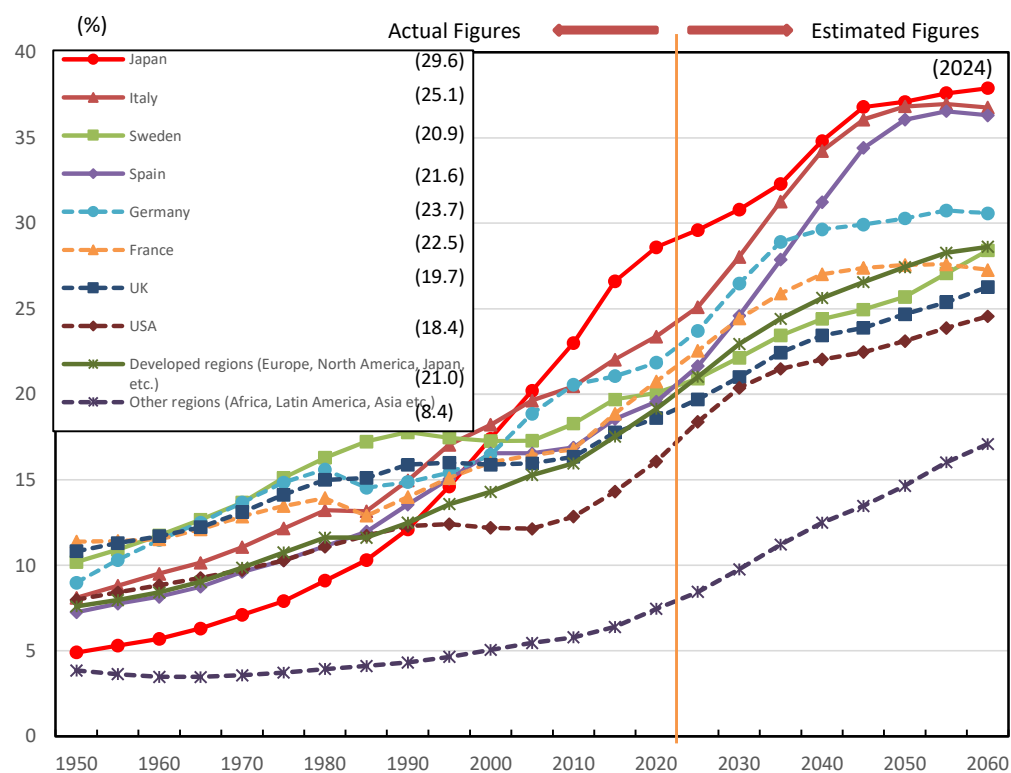
Is it a challenge?

Or is it an opportunity for potential growth?

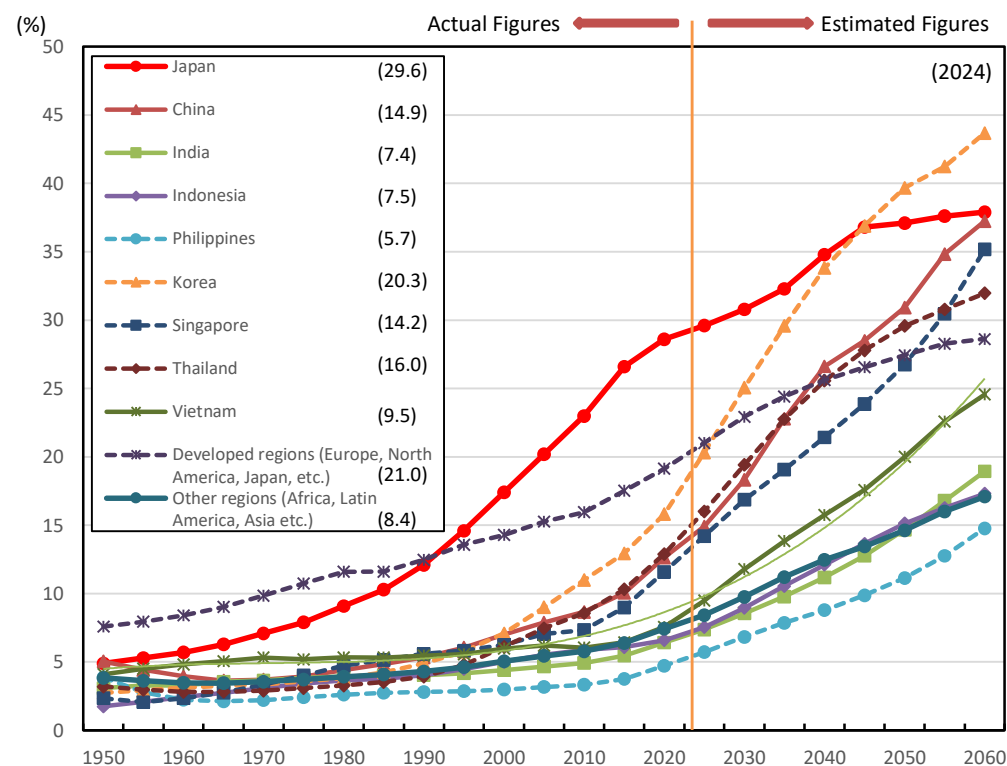
Demographic Change / Ageing

Comparison of Ageing Population Around the World

< Japan, Europe and North America >



< Japan and other Asian countries >



Demographic Change / Ageing

Ageing - less younger population, more elder population

< Population pyramid >



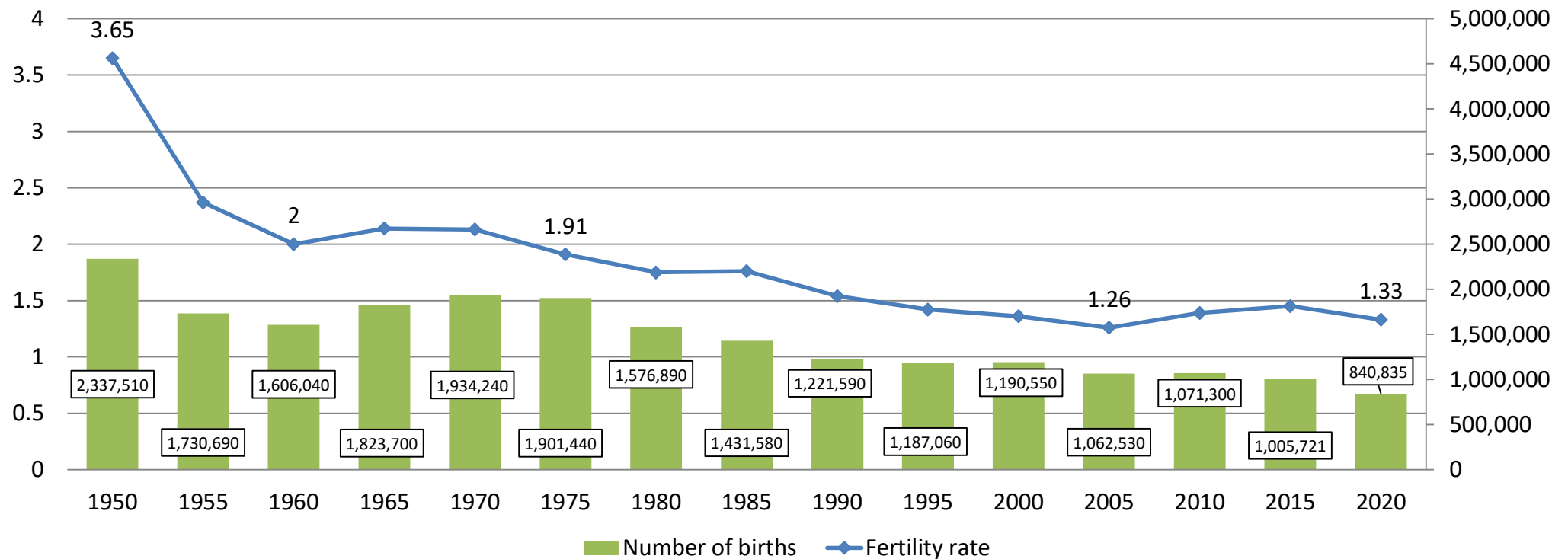
Source : For the figure of 1980, "Population Census", The Ministry of Internal Affairs and Communications

For the figure of 2010 and 2040, The result of the medium variant projection under "Population Projection for Japan (as of January 2012)", National Institute of Population and Social Security Research

Demographic Change / Ageing

Ageing - less younger population, more elder population

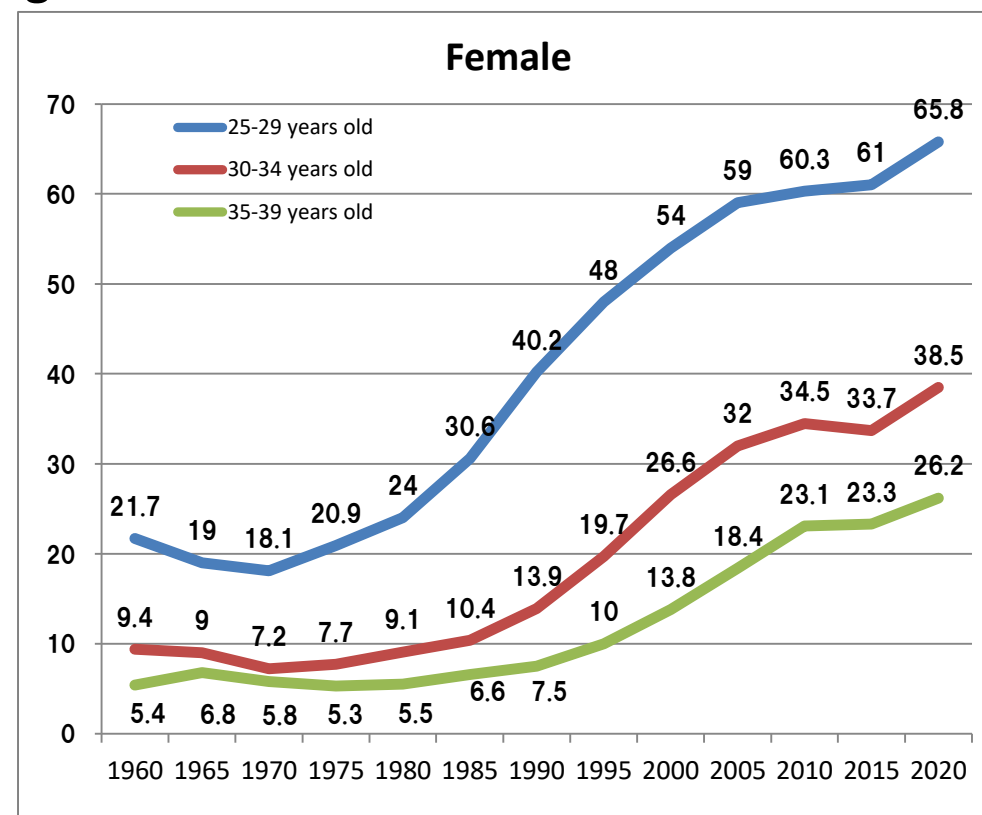
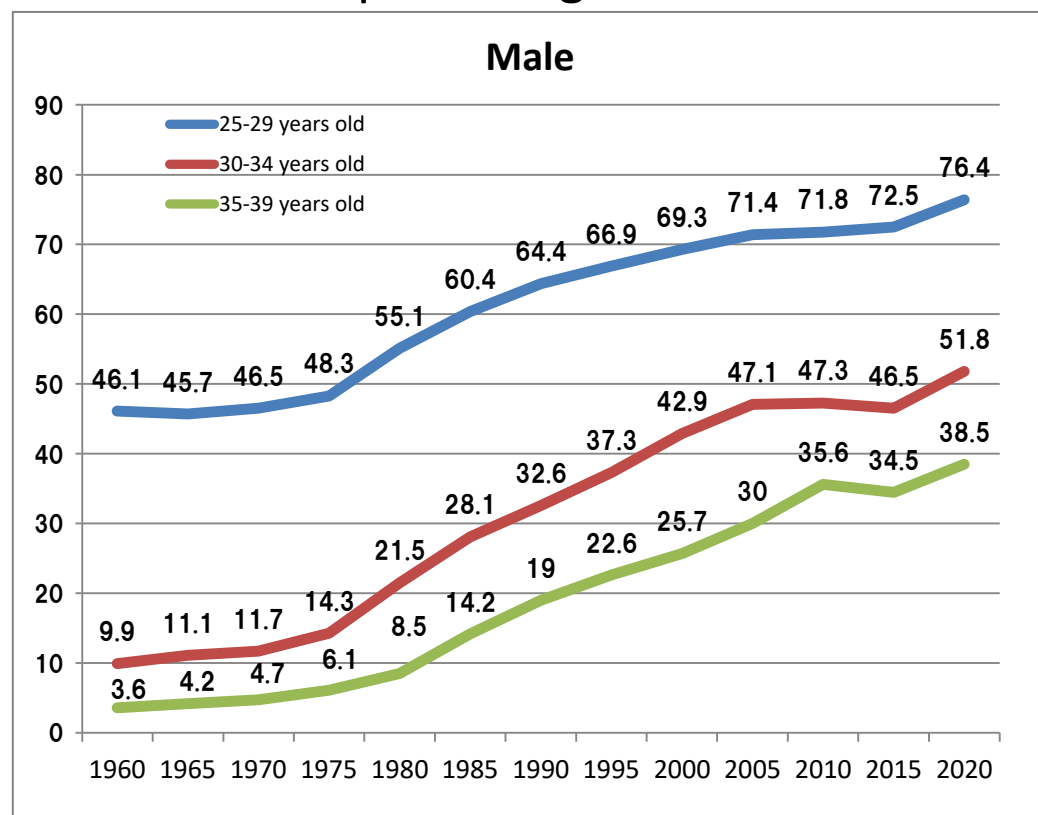
< Fertility rate and number of births >



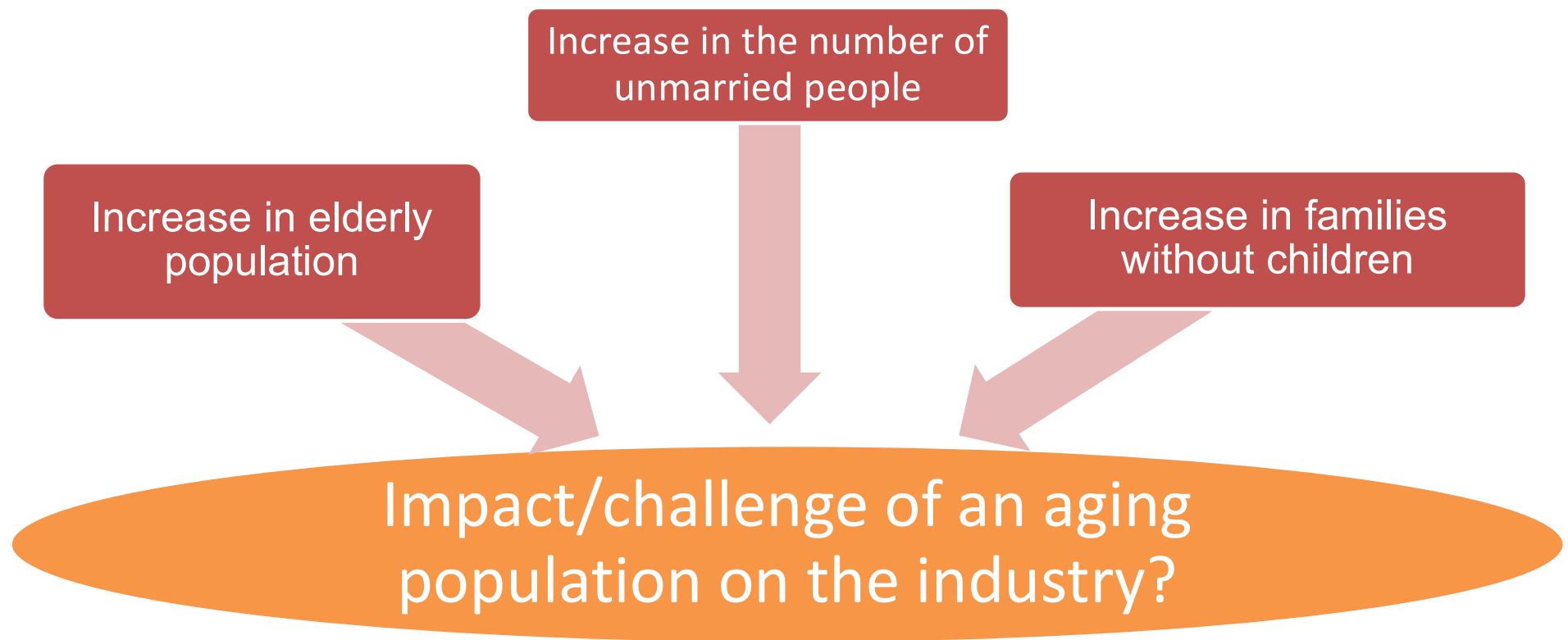
Demographic Change / Ageing

Ageing - less younger population, more elder population

< Trend in the percentage of the unmarried by age bracket >



Demographic Change / Ageing

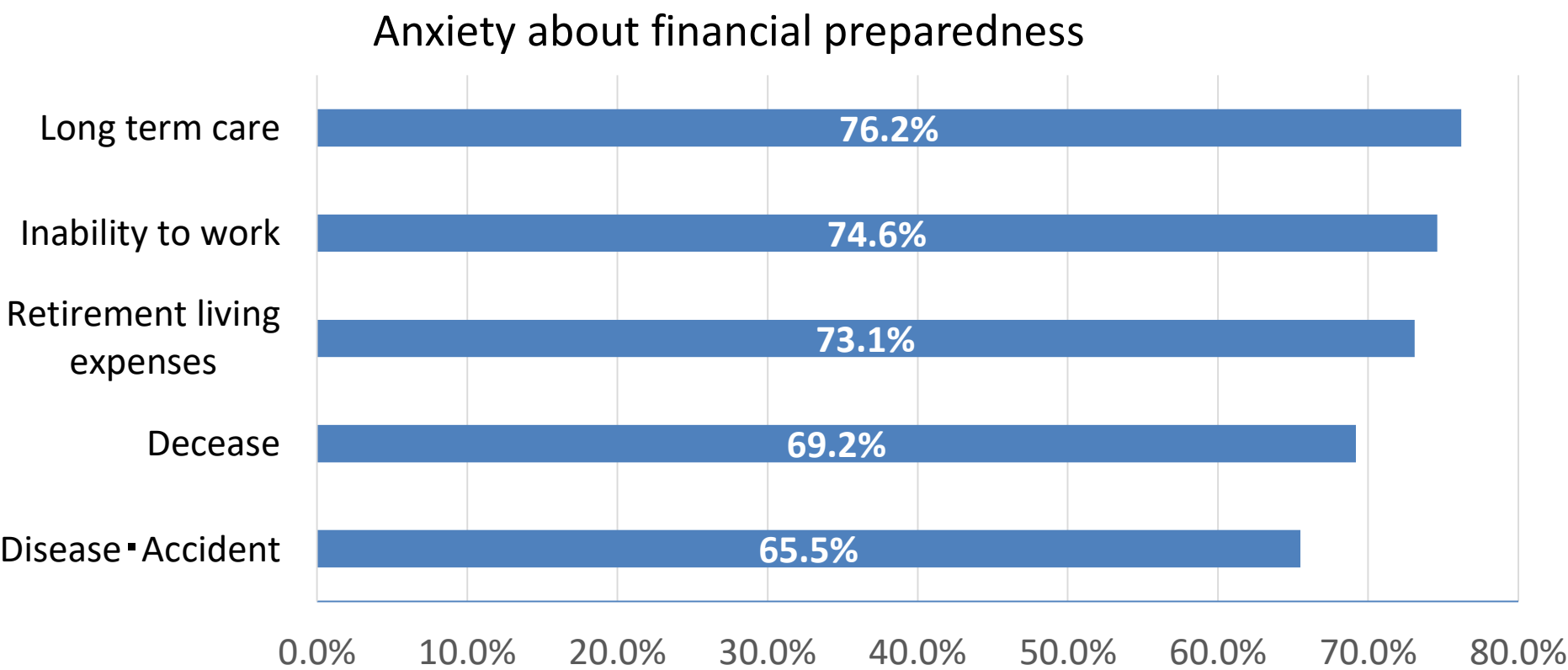


How Life Insurers Are Addressing Ageing



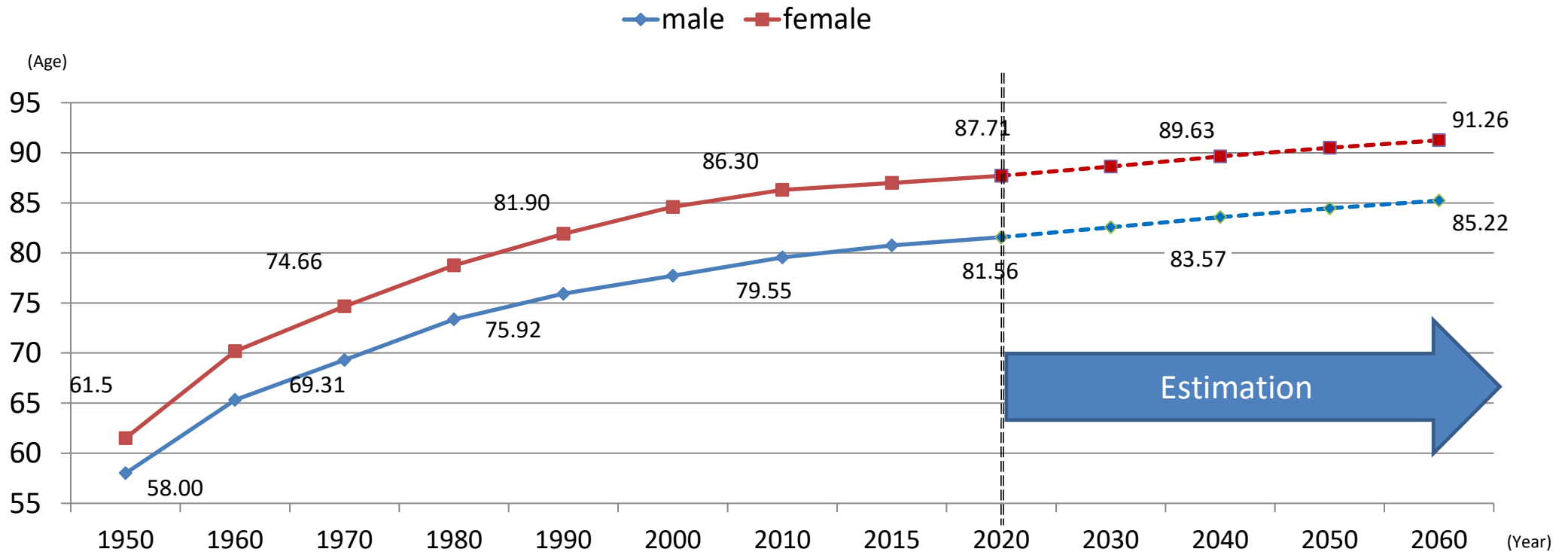
How Life Insurers Are Addressing Ageing -Part 1-

Survey on Livelihood Security



How Life Insurers Are Addressing Ageing -Part 1-

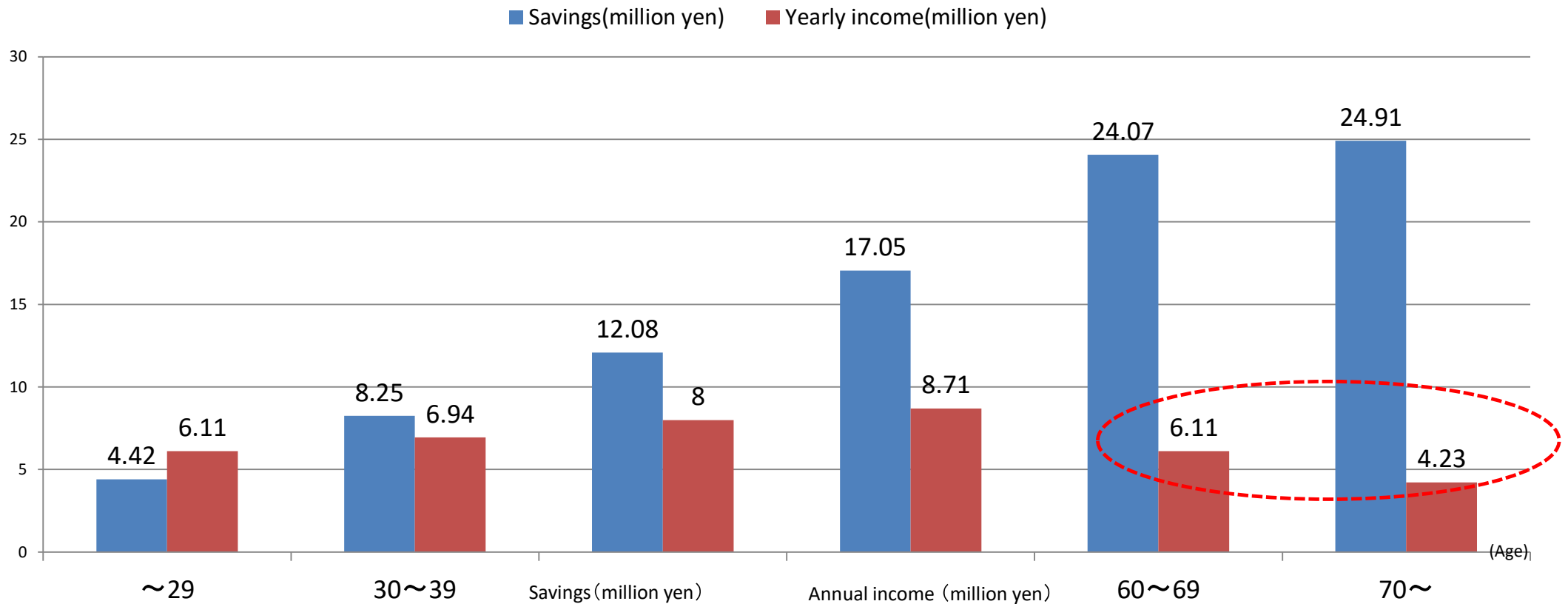
Average Life Expectancy



How Life Insurers Are Addressing Ageing -Part 1-

Amounts of Savings per Household

(Million yen)



LIAJ

Source: Ministry of Internal Affairs and Communications (2023)

How Life Insurers Are Addressing Ageing -Part 1-

Examples of products that address declining income in retirement

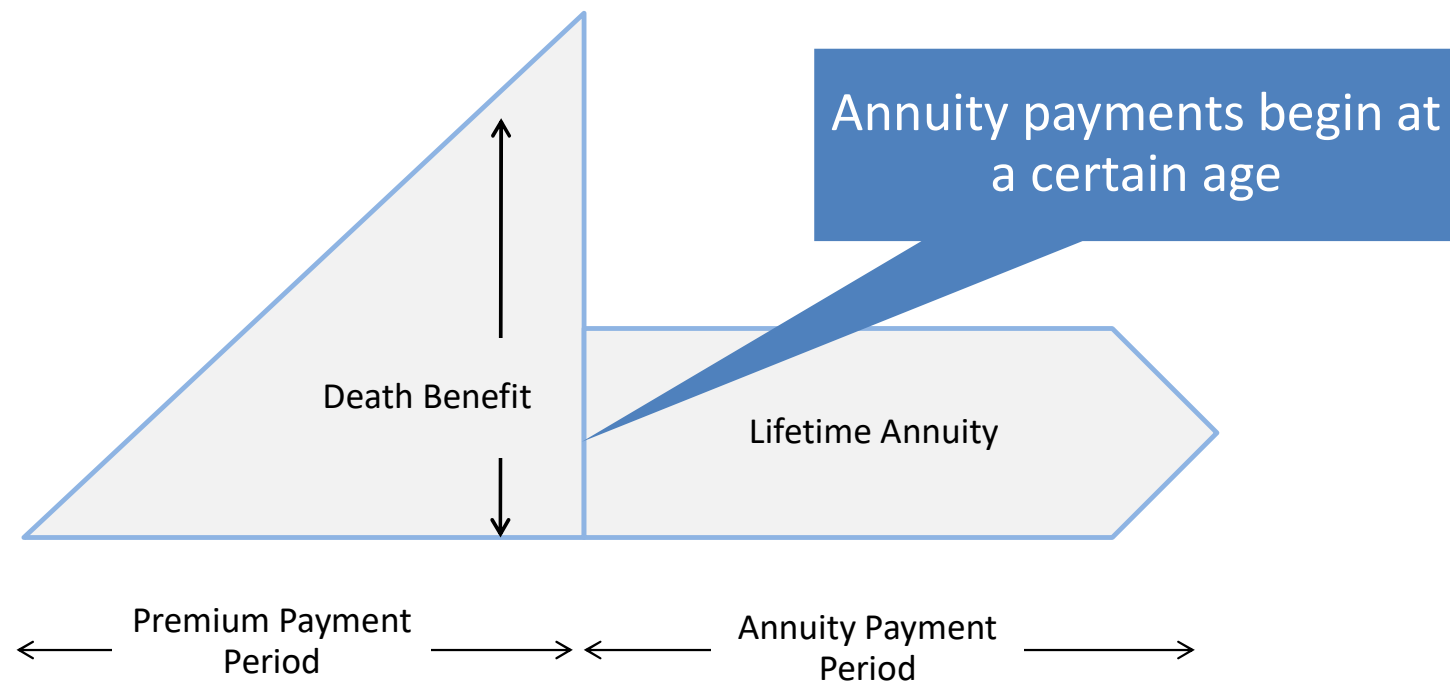
- ✓ An individual annuity insurance that minimizes death benefits during the premium payment period and provides periodic annuity payments.
- ✓ A variable (unit-linked) annuity insurance where the benefit amount is determined based on investment performance.



How Life Insurers Are Addressing Ageing -Part 1-

Lifetime Annuity

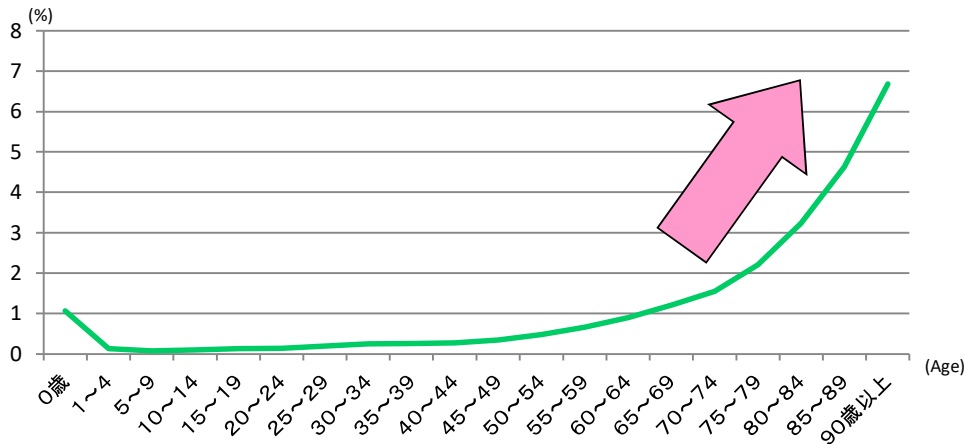
- ✓ Insurance that pays an annuity from a certain age with premiums as the source of funds
- ✓ Types: Lifetime Annuity, Fixed Term Annuity, Defined Annuity



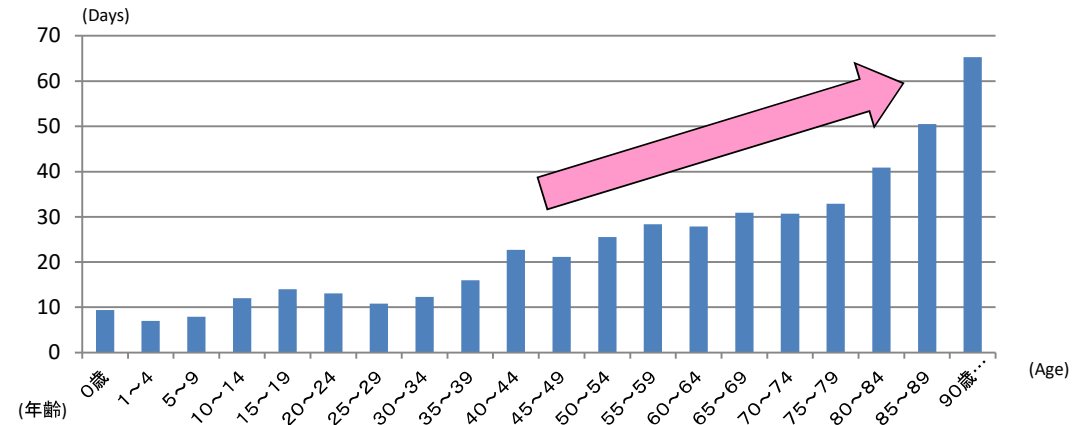
How Life Insurers are Addressing Ageing -Part 2-

Increase in Medical Expenses

(a) Hospitalisation Rate by Age Group

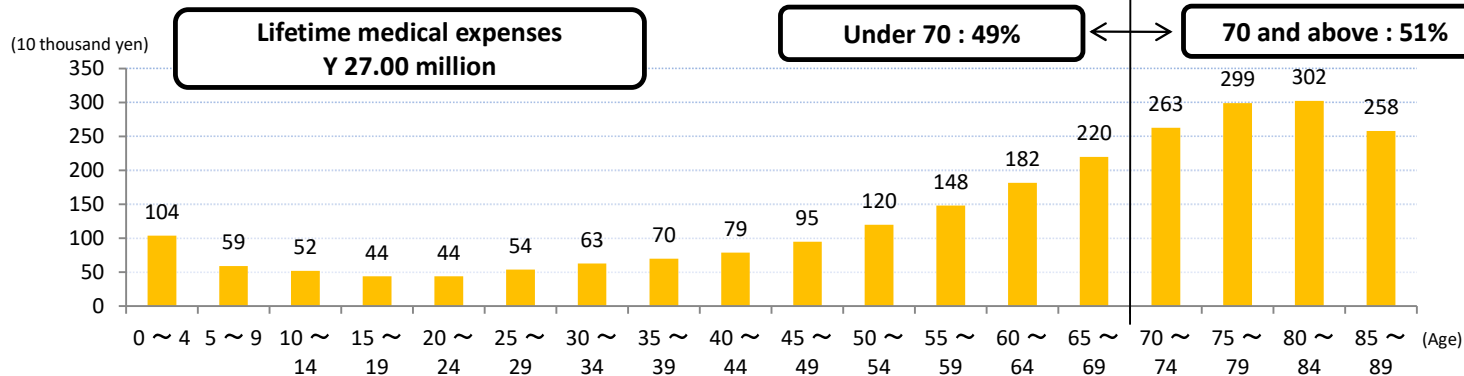


(b) Average Hospitalization Days by Age Group



Source: Ministry of Health, Labour and Welfare (2020)

(c) Lifetime Medical Expenses



Source: Ministry of Health, Labour and Welfare (2020)

How Life Insurers Are Addressing Ageing -Part 2-

Increase in Long Term Care Expenses

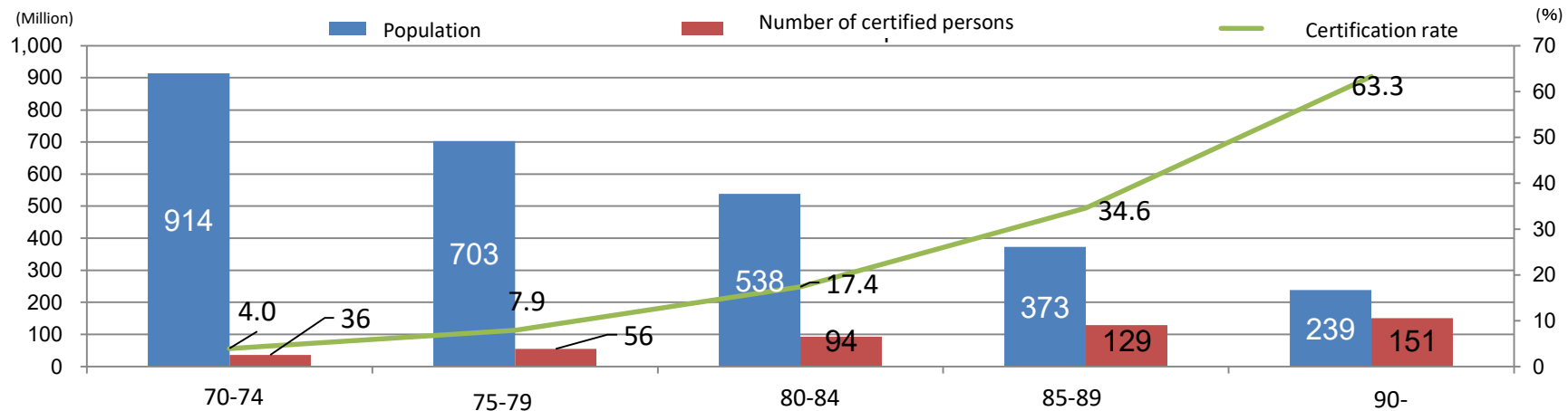
(a) Period of Unhealthy Condition = Average Life Expectancy at Birth – Healthy Life Expectancy

Year	Male			Female		
	Average period of a life WITHOUT physical limitations	Average period of a life WITH physical limitations	Average life expectancy	Average period of a life WITHOUT physical limitations	Average period of a life WITH physical limitations	Average life expectancy
2019	72.7	8.7	81.4	75.4	12.0	87.4

(Years)

Source: Ministry of Health, Labour and Welfare

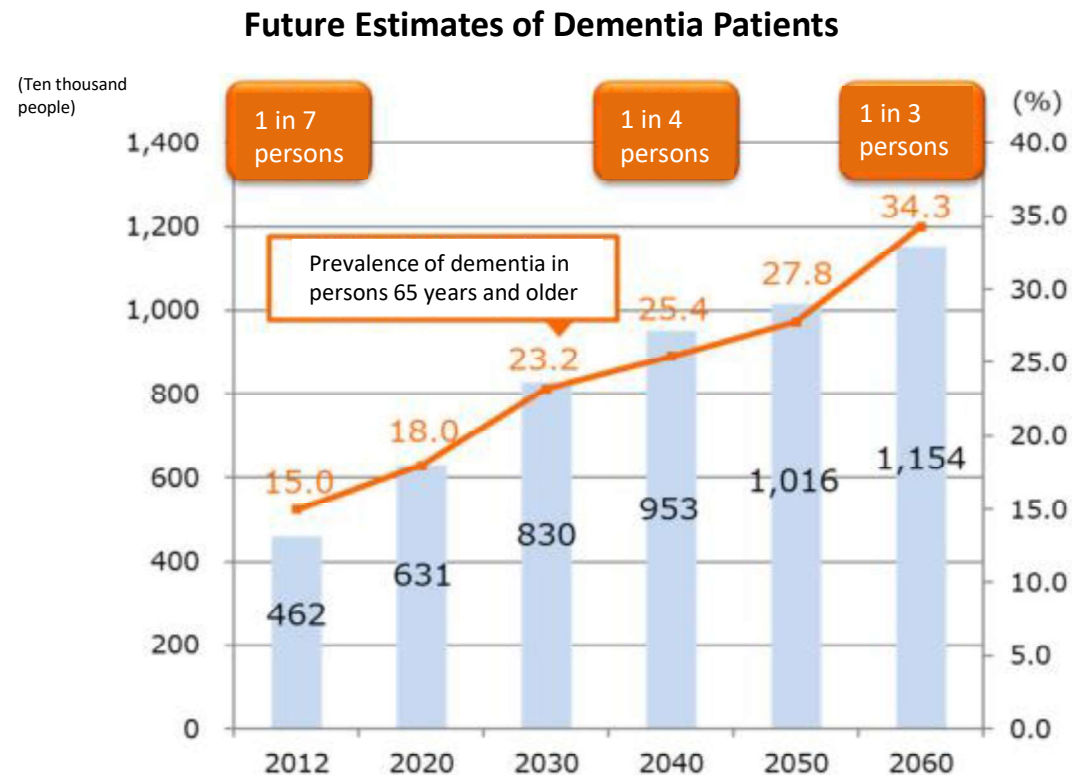
(b) Certification Rate of Needed Long-Term Care in 2017 by Age Group



Source: Ministry of Health, Labour and Welfare

How Life Insurers Are Addressing Ageing -Part 2-

Increase in the Number of Dementia Patients



How Life Insurers Are Addressing Ageing -Part 2-

Products that Meet Medical and Nursing Needs due to Aging

- ✓ **Life insurance products with living benefits that meet personal needs**
 - Medical insurance that pays living benefits equal to the amount of a death benefit in the event of “cancer”, “acute myocardial infarction”, or “stroke”.
- ✓ **Medical insurance responding to the growing needs of preparing for an increase in medical expenses**
 - Products that provide multiple payments in the case of recurrence of a disease or provide greater coverage for female-specific cancers.
 - Health promotion products, etc. with insurance premiums discounted according to the state of health.
- ✓ **Long-term care insurance that meets the needs to supplement the public long-term care insurance system**
 - Products that pay benefits according to the assessment of public standard for long term care.

How Life Insurers Are Addressing Ageing -Part 2-

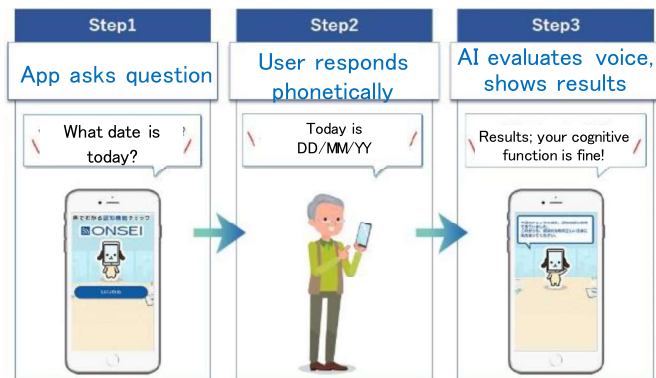
Leveraging Digital Technologies

Cognitive function checking app

<Meiji Yasuda's App to check cognitive function>

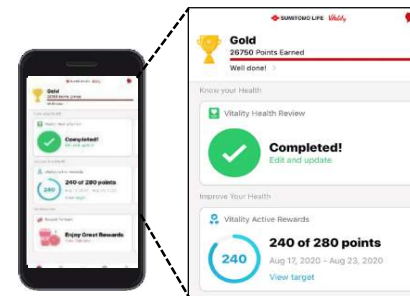


<Nippon Life's App "ONSEI">



Health management app

<Sumitomo Life's App "Vitality">



<Dai-ichi Life's App "Kenko Daiichi">



How Life Insurers Are Addressing Ageing -Part 2-

Services to Support Customers' Health Promotion



How the LIAJ Is Addressing Ageing



How the LIAJ Is Addressing Ageing

Response to Situations Involving Elderly Policyholders

Examples of Difficulties in Standard Procedures for the Elderly:

✓ **Inability to Complete Procedures**

There are cases where it is impossible to confirm the intent of the policyholder or beneficiary or to contact either party.

✓ **Prolonged Procedures**

Even if the service process is initiated correctly, the policyholder or beneficiary may not have the capacity to facilitate a swift processing of services.

✓ **Increase in Procedures**

In a super-aged society, various payments and procedures increase significantly (e.g., benefit claims, policy maturities, and various maintenance procedures).



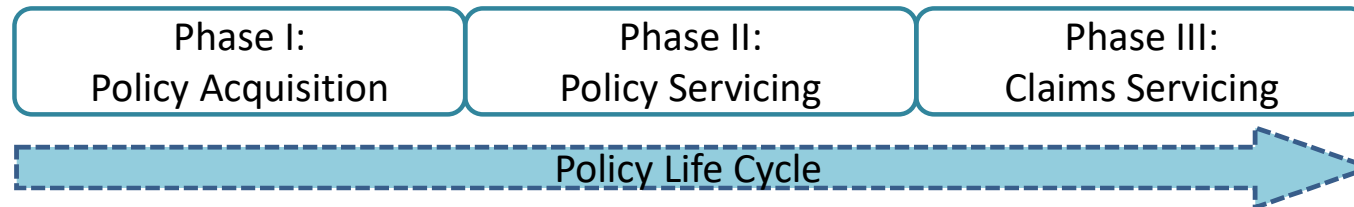
How the LIAJ Is Addressing Ageing

Voluntary Guidelines

- ✓ The LIAJ developed guidelines addressing key challenges in servicing the elderly.

➤ **Guidelines for Life Insurance Services for the Elderly (2014, updated in 2019)**

- ✓ The guidelines recognize three phases of the life cycle of life insurance contracts



- ✓ The guidelines try to identify key factors that should be considered when serving elderly customers in order to improve consumer outcomes

How the LIAJ Is Addressing Ageing

Guidelines for Life Insurance Services for the Elderly

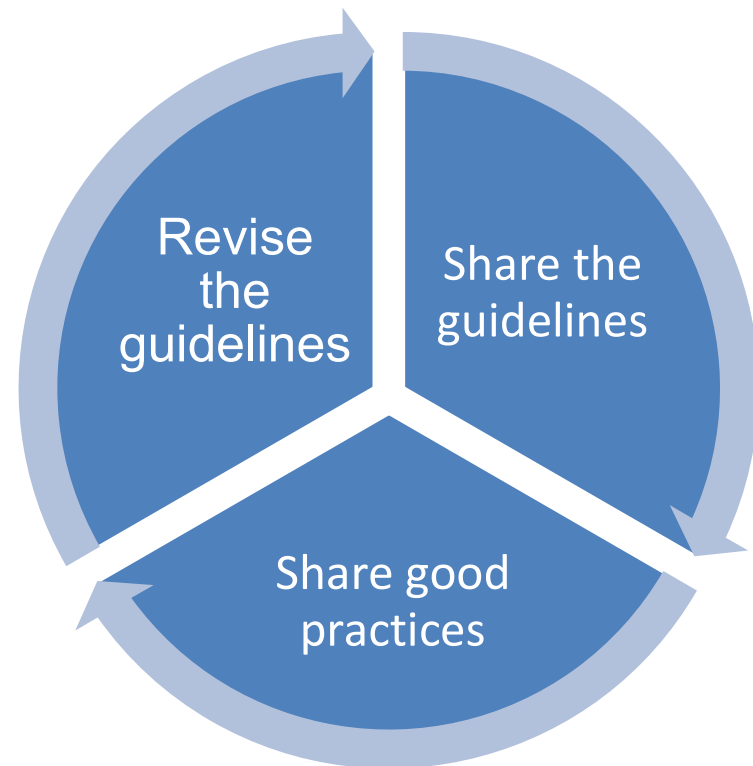
- ✓ Response at the stage of sales of new contracts
 - Accompanying by family members
 - Solicitation by multiple salespersons
 - Setting multiple opportunities for solicitation
 - Confirmation whether products meet elderly customers' needs/intentions
- ✓ Response during the contract period
 - Notifying on a regular basis
 - Description by large and readable letters with concise sentences
- ✓ Response before or during the procedures
 - Simplification of certificates
 - Procedures by designated third-party claim agents or any heir



How the LIAJ Is Addressing Ageing

Collection and Sharing of Good Practices

- ✓ The LIAJ conducts the annual "Value-Up Survey" to monitor the measures taken by member companies in accordance with the voluntary guidelines on a regular basis.
- ✓ The LIAJ shares good practices from the survey with member companies.



How the LIAJ Is Addressing Ageing

Preparing Family Members for Dementia



Contents

1. Why is it necessary to prepare for dementia?

Preparation in life and life insurance procedures

Average life and healthy life expectancy

Ageing of the population and increasing numbers of dementia patients

2. How can people prepare for dementia?

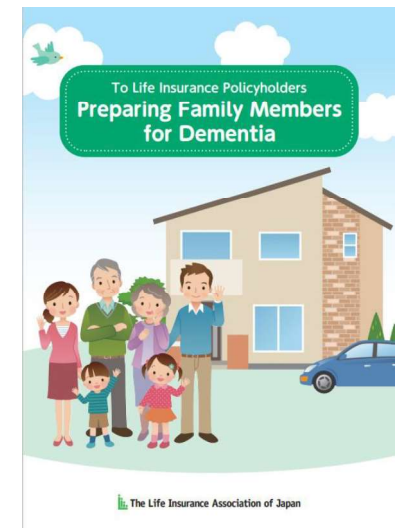
Difficulties experienced by family members when policyholder develops dementia

Preparations to make with family members before developing dementia

3. What kinds of systems and mechanisms are in place?

Adult guardianship system

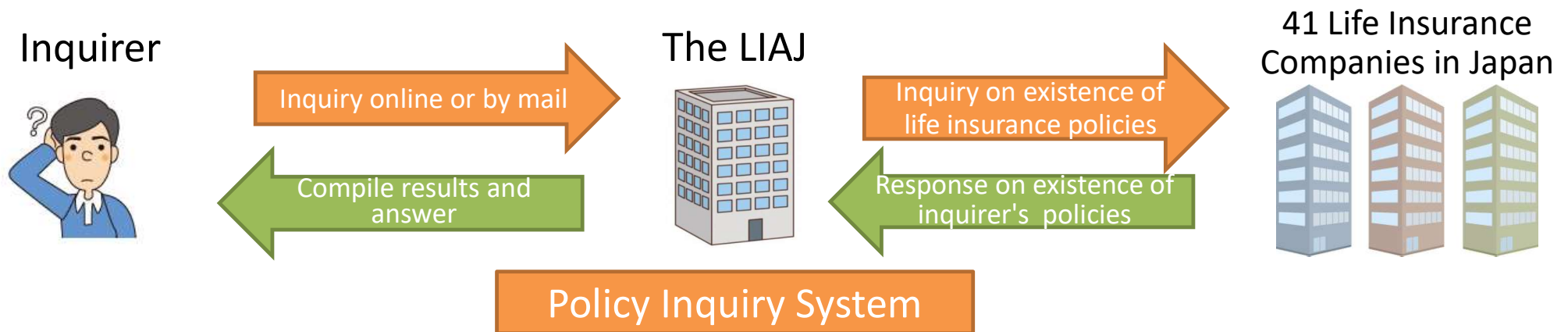
Family trusts



How the LIAJ Is Addressing Ageing

Industry-Wide Policy Inquiry System

- ✓ Established in July 2021, in response to the increasing number of elderly people dying alone and dementia patients
- ✓ Used to help people find their loved one's life insurance policies
- ✓ Approximately 400 inquiries per month



Conclusion



Conclusion

3Ps Concept

Customers		Life Insurance Companies
Preparing and being ready for the lifestyle changes that will occur in The 100-Year Life Era (Improvement of insurance literacy)	P reparedness	Enhancing the quality of insurance policies through providing appropriate information and advice to customers
Extending healthy life expectancy through development of health promoting insurance and smartphone applications	P revention	Early dementia detection and prevention / maintain a healthy living through development of health promoting insurance and smartphone applications
Insurance coverage protects individual from unexpected unfortunate events and provides peace of mind for families	P rotection	Product development accommodating customer needs (from life protection to medical care, and long-term care)



Thank You!

For more information about the life insurance industry in Japan,
please refer to “The Life Insurance Fact Book” and to our X account.

