

# Postal Life Insurance Service

## I. Postal Life Insurance Service

### 1. Features of the Postal Life Insurance Service (Kampo)

The Postal Life Insurance Service (Kampo) is a state-run service that aims to provide people living in Japan with easily accessible life insurance and annuities at the lowest possible premiums, realized as a result of efficient operations. It is intended to help stabilize the economic livelihood of people and secure their welfare.

A nonprofit, government-run service, Kampo has the following features:

- Applicants are not required to undergo a medical examination.
- Applicants are not limited by occupation.
- Services are conveniently offered at post offices throughout Japan.
- There are limits on the insured amounts of both insurance and annuities that each policyholder is eligible to apply for.

Since inception in 1916, these features have made Kampo very popular with people in Japan, due to sales promotion at post offices nationwide.

However, the socioeconomic environment in Japan is changing dramatically, with the rapid aging of the population and a serious decline in the birthrate, progress in computerization and services, as well as deregulation and globalization in the financial sector. Along with these changes, life insurance and annuities are expected to become increasingly sophisticated and diverse. MPT is thus striving to develop and put into place new services every year to respond to the diversifying needs for Kampo services.

As of March 31, 2000, the number

of life insurance policies totaled some 88.13 million and that of annuity policies about 6.84 million, for a total insured amount of ¥208,000.4 billion for insurance and ¥2,171.2 billion for annuities, respectively. The balance of Kampo Funds, a reserve made up of premiums paid by policyholders, was ¥116 trillion.

### 2. Types of Kampo Policy

Kampo has various types of insurance policies that are tailored to meet every specific need in the people's life cycles, such as for welfare of a family befallen with misfortune, for welfare in old age, for education of a child and for savings toward marriage and so forth.

As of April 2000, there are 11 types of Kampo (Whole Life Insurance, Term Insurance, Endowment Insurance, Family Insurance, Asset Accumulation Savings Insurance, Whole Life Annuity, Term Annuity, Husband-and-Wife Annuity, Whole Life Insurance with Whole Life Annuity, Endowment Insurance with Term Annuity and Family Insurance with Husband-and-Wife Annuity) which are divided into 27 policies by purpose:

- Whole Life Insurance: Ordinary Whole Life Insurance, Special Whole Life Insurance, Whole Life Insurance with Nursing Subsidy
- Term Insurance: Ordinary Term Insurance, Workplace Insurance
- Endowment Insurance: Ordinary Endowment Insurance, Endowment Insurance with Living Benefit, Special Endowment Insurance, Designated Endowment Insurance, Educational Endowment Insurance, Adult Insurance, Asset Accumulation Annuity En-

- dowment Insurance
- Family Insurance: Husband-and-Wife Insurance
- Asset Accumulation Savings Insurance: Asset Accumulation Deposit Savings Insurance, Asset Accumulation House Savings Insurance
- Whole Life Annuity: Immediate Whole Life Annuity, Deferred Whole Life Annuity, Whole Life Annuity with Additional Nursing Annuity, Whole Life Annuity, Asset Accumulation Whole Life Annuity
- Term Annuity: Immediate Term Annuity, Deferred Term Annuity
- Husband-and-Wife Annuity: Immediate Husband-and-Wife Annuity, Deferred Husband-and-Wife Annuity, Special Husband-and-Wife Annuity
- Whole Life Insurance with Whole Life Annuity: Whole Life Insurance with Whole Life Annuity
- Endowment Insurance with Term

Annuity: Educational Endowment Insurance with Scholarship Annuity

- Family Insurance with Husband-and-Wife Annuity: Husband-and-Wife Insurance with Husband-and-Wife Annuity

Riders are available on request. Kampo has seven riders covering hospitalization resulting from illness or accident, surgery, hospital visits, convalescence or accidental death. The Nursing Rider provides coverage for the care of the bedridden.

- Casualty Rider
- Nursing Rider
- Accident Hospitalization Rider
- Illness Hospitalization Rider
- Illness and Accident Hospitalization Rider
- Illness Hospitalization Rider with Health Benefit
- Illness and Accident Hospitalization Rider with Health Benefit

Note: Policyholders may add up to three riders to their basic policy.

ums paid by policyholders throughout the country.

## 2. State of Kampo Funds Operation

The instruments of Kampo Funds are government bonds, municipal bonds, government agency bonds, bank debentures, corporate bonds and foreign government bonds, as well as loans to policyholders, the government, local municipalities and government agencies.

By the end of FY 1999, Funds investments reached ¥115,593.0 billion. About 60% of the balance was invested in securities including Japanese government bonds, bank debentures, corporate bonds and foreign government bonds, and some 30% was loaned to policyholders and public entities including the Postal Life Insurance Welfare Corporation. In addition, about 10% of the balance was entrusted to the Postal Life Insurance Welfare Corporation and deposited with the Trust Fund Bureau of the Ministry of Finance and financial institutions.

A total of ¥4,557.9 billion was invested in foreign bonds, with U.S. Treasury bonds accounting for the largest share ( 32.7%), followed by German bonds ( 17.5%), international organizations (13.5%), Canadian bonds (7.6%) and French bonds (6.9%).

The Funds, for serving the public interest, are used to finance public projects including roads, schools and housing. Kampo Funds help develop social infrastructure and improve the quality of life in Japan.

## II. Kampo Funds

### 1. What are Kampo Funds?

Premiums paid by policyholders are in part used to cover insurance and annuity payments and necessary operating expenses every fiscal year. Most of the premiums, however, are held in reserve for future insurance and annuity claims. This reserve comprises the Kampo Funds.

Because fund management is deemed, in general, to be the core operation of the life insurance service along with the gaining of new contracts and the maintenance of existing policies, Kampo Funds, unlike other government funds, have been managed and invested directly by MPT since inception.

Kampo Funds are entrusted to MPT by policyholders as a result of their voluntarily subscribing to insurance policies. Thus, the Funds are shared assets of all policyholders to

be apportioned for future insurance claims. At the same time, the Funds are characterized as a kind of public fund collected through the state-run insurance service.

Kampo Funds are therefore managed and invested by MPT in secure and profitable instruments for the benefit of policyholders and for the public interest. MPT chooses instruments that are closely related to the lives of policyholders, taking into due consideration the fact that the Kampo Funds are a pool of premi-

## III. Serving the International Community

### 1. International Workshop for Government-related Institutions

The Postal Life Insurance Bureau's International Workshop for Govern-

ment-related Institutions was held in Tokyo from February 29 to March 9, 2000.

In recent years, MPT has been asked to provide training assistance by foreign public institutions that

have recently introduced life insurance services or are considering introduction as a means of developing social infrastructure and providing a stable living standard for their citizenry. In response to this, a workshop has been held since 1996 in order to contribute to the penetration

and development of life insurance services in those countries.

The 2000 workshop brought together six participants from five institutions in five different countries: Malaysia, Romania, Tanzania, Thailand and Vietnam.

*Photo III-1 Participants at the 4th International Workshop*



*The 4th International Workshop agenda was as follows:*

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| Opening day: | Lectures providing an overview of Kampo services and organization                                 |
| Second day:  | Lectures on the history of Japanese life insurance services and the operational flow of Kampo     |
| Third day:   | Technical visits to Tokyo Business Center of Postal Life Insurance                                |
| Fourth day:  | Lectures on the Kampo system, products and insurance rate calculation methods                     |
| Fifth day:   | Lectures on the sales systems   |
| Sixth day:   | Lectures on the Kampo accounting system, technical visits to a Regional Bureau of Postal Services |
| Seventh day: | Technical visits to post offices  |
| Final day:   | Lectures on fund management   |