

## Market Access issues for European insurers in Japan

Our reference: IAR-13-280		Date:	31 October 2013
Referring to:			
Related documents:			
Contact person:	Hannah Grant, Head Jesus Cisneros, Policy Advisor, International Affairs & Reinsurance	E-mail:	grant@insurancееurope.eu cisneros@insurancееurope.eu
Pages:	2	Transparency Register ID no.:	33213703459-54

### Market Access issues for European insurers in Japan

With this paper Insurance Europe, the European insurance and reinsurance association, would like to highlight its key market access issues with respect to **Japan**. This country represents an important market to the European insurance industry; however, the trading relationships could be further enhanced with the removal of certain trading barriers.

- **Japan Post Holding (JPH) preferential treatment** - JPH is not only a post office but the world's biggest bank ("postal savings scheme") and has a life insurance unit, which controls 40% of the market. It was privatised in 2007; however the Japanese government still holds 100% of shares today and will continue to retain a stake of more than one-third. JPH entities enjoy favourable treatment from the Japanese Government. The benefits granted to JPH are inconsistent with Japan's World Trade Organisation General Agreement on Trade in Services (GATS) commitments.

The Japanese Diet approved in April 2012 new amendments to the Postal Privatisation Law which eliminate the previous privatisation deadline of JPH (2017) and enlarge its discriminatory benefits (e.g. making easier for JPH to issue new products, restricting the access of private insurers to the JPH network). However, despite JPH applying for a licence to offer modified cancer insurance and/or stand-alone medical products, it is yet to be approved.

This follows the LDP Japanese Government committing to the establishment of a level playing field in Japan's insurance market; and therefore not to approve JPH's new products until (1) equivalent conditions of competition with private sector insurance suppliers have been established; and (2) JPH has a properly functioning business management system in place.

- **Discriminatory advantages for mutual aid cooperatives** – In Japan, the *Kyosai* or mutual aid cooperatives are major players in the insurance market. However, the *Kyosai* are not subject to the same regulation as licensed insurance companies, which are regulated by the Japanese Financial Services Agency (FSA).

The *kyosai* are treated differently than private-sector insurers in terms of taxation (generally lower than for commercial companies), the protection they provide to their policy holders in the event of bankruptcy (no obligation to pay into industry “policy holder protection funds”), the rules and regulations they must abide by (not regulated by the Insurance Business Law), and how they are supervised (not supervised by the Financial Services Agency, the main financial regulator in Japan).

*Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe’s economic growth and development. European insurers generate premium income of more than €1 100bn, employ almost one million people and invest almost €8 400bn in the economy.*

[www.insuranceeurope.eu](http://www.insuranceeurope.eu)