



# AROUND THE GLOBE

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## Then and Now: How Life Insurance Has Evolved Around the World

Following World War II, Japan's life insurance industry was in rough shape. The country's life insurance companies had lost not only their markets, but also their salespeople — who had moved out of the cities during war time to the perceived safety of the countryside. Instead of selling insurance, they were peddling fish, rice, and vegetables to the remaining city dwellers.

Inflation was ramping up, with prices for daily necessities increasing by leaps and bounds. Also, due to the high rate of inflation, companies were dealing with soaring operational costs.

And similar to what U.S. companies had done, Japanese insurers had invested in their country's armament programs. With these businesses no longer thriving, Japan's insurers lost a great deal of money, since they had made large investments in these programs.

Japan's insurers took steps to stem this downward trend and put the industry on a positive course. These initially included putting limits on policy proceeds and raising insurance premiums. Then they took action in hopes of revamping the sale of new insurance policies, to encourage agents to return to the business of selling insurance.

Japan instituted a conversion program whereby policyowners would use their existing policy's cash value to purchase a new policy with a higher face value. They also raised agent commission rates to motivate agents to make these conversions.

**“Companies were drawn to develop new policies with higher face amounts and reasonable premiums. This, in turn, helped jumpstart a recovery period for Japan's life insurance industry.”**

The momentum of all these new sales proved to be very effective. Companies were drawn to develop new policies with higher face amounts and reasonable premiums. This, in turn, helped jumpstart a recovery period for Japan's life insurance industry.<sup>1</sup>

Today, there is a marked difference in this market. For example, we see Japan's Meiji Yasuda Life Insurance Company preparing to deploy 100 humanoid robots to help sell insurance! The robots will be positioned within branch office customer service booths. Agents also will use them when they are traveling “on the road” to explain simpler insurance products and services as they meet with clients and prospective customers. The robots also will be used at insurance seminars and brought on company visits with Meiji Yasuda salespeople to encourage the sale of insurance products.<sup>2</sup>

There is evidence of other industry innovation around the world.

For instance:

- AXA Singapore will be the first insurer in Singapore to introduce live doctor consultations via live chat or video call through MyAXAHealth, a mobile health application.<sup>3</sup>
- In the Philippines, a website called GoBear helps consumers find the best deals in travel insurance, credit cards, and personal loans.<sup>4</sup>

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- Germany's Community Life launched a digital portal that offers simple, transparent disability and term life products.<sup>5</sup>
- AIG Thailand Group is preparing to launch the country's first cyber-insurance policy to help protect companies' big data warehouses from online attacks.<sup>6</sup>

Looking to the future, what other factors will affect the world of life insurance?

- For one, Millennials are arguably the most significant market for life insurers to focus on over the next quarter-century.
- Second, the move toward customer centricity can't be ignored. With more and more consumers saying they are willing to purchase life insurance online, the industry needs to be prepared to deliver electronically.
- And finally, we are in the big data era. With data now available from so many different sources, insurers need to know how to mine it to ensure success in sales.<sup>7</sup>

As we reflect on LIMRA's 100 years of industry service, who knows what the next 100 years will bring? Perhaps by then, we will need space insurance for trips to Mars and beyond! 🌐

<sup>1</sup> "Report from Japan," *District Management Magazine*, LIMRA, February 1955.

<sup>2</sup> "Meiji Yasuda to Deploy 100 Robots in Japan Selling Life Insurance," [www.lifeinsuranceinternational.com](http://www.lifeinsuranceinternational.com), July 25, 2016.

<sup>3</sup> "AXA Singapore's Mobile Health App Offers Live Doctor Consultations," [www.lifeinsuranceinternational.com](http://www.lifeinsuranceinternational.com), August 5, 2016

<sup>4</sup> "How GoBear Helps Filipinos Discover Best Loans, Insurance," <http://thestandard.com/ph>, July 23, 2016.

<sup>5</sup> Presutti, Daniele, "Life Insurance Innovation: Four Powerful Examples," <http://insuranceblog.accenture.com>, October 28, 2015.

<sup>6</sup> "AIG to Launch Thailand's First Cyber Insurance Policy," [www.nationmultimedia.com](http://www.nationmultimedia.com), July 19, 2016,

<sup>7</sup> Ben-Zvi, Yaron, "Three Macro Trends Reshaping Life Insurance," <http://iireporter.com>, July 14, 2015.

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