

October 5, 2007

Inspection results of additional payment of claims and benefits

Nippon Life (President: Kunie Okamoto) today submitted a "Status of claim payments report" as ordered by the Financial Services Agency on February 1, 2007. The following pages contain a summary of that report.

Nippon Life has treated the inspection as a top-priority management issue, investing the most management resources possible and involving the entire company organization.

As a result, additional claims and benefits have been paid to numerous policyholders. Nippon Life deeply apologizes for the many inconveniences and concerns caused by this issue. Nippon Life is working to restore customer confidence by taking thorough measures to prevent recurrence.

An exclusive call center, described below, will handle inquiries on this issue.

【 Call center exclusively for customers starting October 6 (Saturday) 】

0 1 2 0 - 9 4 5 - 5 6 1 (toll free)

[operating hours] Monday to Friday (closed on holidays) 9am to 5pm

1. Summary of inspection results regarding claims and benefits

(1) Inspection targets

- Nippon Life inspected all policies for which claims or benefits were paid during the period from April 1, 2001 to March 31, 2006.
 - Number of claims and benefits payments requested: 3,690,000
 - Number of requests according to type of insurance: 5,530,000 (Individual insurance: 5,370,000, group insurance: 160,000)

(2) Inspection content and results

① Cases where payment of claims or benefits was insufficient

- Nippon Life conducted a voluntary inspection using its Policy Inspection Center (organization of about 1,200 staff at peak) after April 2006 to confirm the appropriateness of underwriting, focusing on the information from medical certificates submitted by customers.
- The results are shown in **【Table 1】** below. Also, specific examples of cases are shown on the [Attachment](#).

【 Table 1: Number and amount of claims and benefits where payment was insufficient 】

	Confirmed cases where additional payment was paid				
	Cases where payment was completed		Cases where payment was completed		
	Number [A]	Amount (¥10,000)	Number [B]	Completion rate [B/A]	Amount (¥10,000)
Benefits	14,022	¥123,245	13,954	99.5%	¥122,772
(Hospitalization)	(3,444)	(¥28,321)	(3,417)	(99.2%)	(¥28,162)
(Surgical)	(8,732)	(¥70,799)	(8,700)	(99.6%)	(¥70,502)
Claims	9	¥3,935	9	100.0%	¥3,935
(Accident)	(5)	(¥3,200)	(5)	(100.0%)	(¥3,200)
Group insurance	142	¥5,944	142	100.0%	¥5,944
Total	14,173	¥133,125	14,105	99.5%	¥132,652

②Cases where guidance should be given for requests of claims and benefits

- Having received an order to report, Nippon Life implemented special inspections using approximately 4,600 staff in branches throughout Japan and in organizations newly established within the Policy General Affairs Dept., including the “Special Inspection Promotion Team,” “Head Office Inspection Center,” “Marunouchi Inspection Center,” and the “Urayasu Inspection Center.” From the perspective of determining the necessity of providing guidance to customers for requesting further payments in addition to the already paid claims and benefits, the special inspections again look at the content of medical certificates in light of the attachment of riders.
- As a result of the special inspections, guidance on requesting claims and benefits was provided to customers in 116,898 cases. Requests were assessed, and swift payment was made upon confirmation of additional payment amount.
- Guidance on requests was thoroughly provided not only through documents delivered by post, but also through telephone calls and visits by sales representatives and branch staff throughout Japan. The results of additional payment confirmed after guidance is shown in Table 2. Specific cases are shown in the [Attachment](#).

[Table 2: Number and amount of additional payments confirmed through guidance]

	Cases where it was confirmed that additional payment was necessary				
	Number [C]	Amount (¥10,000)	Completed payments		
			Number [D]	Completion rate [D/C]	Amount (¥10,000)
Benefits	68,312	¥111,970	62,016	90.7 %	¥102,460
(Hospital visit)	(66,645)	(¥94,254)	(60,447)	(90.6 %)	(¥85,488)
Claims	1,524	¥530,223	1,443	94.6 %	¥503,357
Dread disease	(1,290)	(¥488,713)	(1,219)	(94.4 %)	(¥462,963)
Group insurance	866	¥28,210	786	90.7 %	¥26,782
Total	70,702	¥670,404	64,245	90.8 %	¥632,600

■ Nippon Life is doing its utmost to thoroughly prevent recurrence of this issue, and will continue to swiftly handle all customer inquiries and requests regardless of period of limitation.

2. Summary of inspection results regarding items other than claims and benefits

(1) Cases where it was confirmed that additional payment of interest arrears was necessary

- As a result of an overall inspection of all 40,000 items in the payment administration process, such as appropriateness of calculation date for interest arrears on claims and benefits, Nippon Life confirmed 41,581 cases totaling ¥83,740,000 where additional payments were necessary.
- Among those cases, payment has been completed for 41,274 cases for a total of ¥81,850,000. (Completion rate 99.2% [Based on number of cases])

(2) Cases where it was confirmed that payment of surrender value was necessary for lapsed policies

- Nippon Life again provided guidance for procedure of reinstatement or cancellation regarding policies that were lapsed as of February 1, 2007, from among policies that lapsed between April 1 2001 to March 31, 2006. As a result, in 301,299 cases there were additional payments of surrender benefits totaling approximately ¥5,290,240,000.
- Nippon Life has already paid ¥4,994,830,000 for 273,274 of those cases. (Payment completion rate of 90.6% [Based on number of cases])

■ Nippon Life is doing its utmost to thoroughly prevent recurrence of this issue, and will continue to swiftly handle all customer inquiries and requests regardless of period of limitation.

3. Main measures to prevent recurrence

(1) Improvement of system for providing explanations to customers

① Improvement of training and revision of sales representative system [March 2007]

- To improve training for after-service of policies, Nippon Life will thoroughly promote its value system based on the belief that the duty of sales representatives is “to strive to serve customers by taking responsibility from the time of entry until payment of benefits.”
- Nippon Life has implemented system revisions so that evaluation standards are based on “fundamental duties” such as contract completion process and after-sales service.

②Improvement of explanations regarding payments 【August 2007】

- Nippon Life will improve explanations on payment reasons/amounts and payment request procedures by distributing “Receiving claim payments” and “Consistent protection. Superior services.” pamphlets, etc., to all policyholders.

③Improvement of information provision to customers 【July 2007】

- Nippon Life included notifications with the “Policy content announcements,” which is delivered once a year to all policyholders, in order to deepen understanding of representative cases where claims and benefits can be requested.
- Also, from December 2007, Nippon Life will provide a pamphlet entitled “How to fully make use of your policy” to prepare for future payment requests.

(2) Reconstruction of the administrative system from the customer perspective

①New establishment of rules for guidance to customers based on “Self-check sheet” 【September 2007】

- Nippon Life introduced a “Self-check sheet” to allow customers themselves to confirm if other payments are possible when claims and benefits requests are received or during consultations.

②Review of internal coordination rules 【March 2007】

- Nippon Life is strengthening its system for coordinating between assessment specialists in order to ensure adequate guidance to customers for requesting hospitalization benefit and dread disease benefit, etc.

③Establishment of “Claims-related Services Department” 【July 2007】

- To provide accurate, swift, and easy-to-understand payment of claims and benefits, etc., Nippon Life established a “Claims-related Services Department” as an organization to plan and promote customer service.

④Improvement of customer handling regarding lapsed policies 【August 2007】

- Nippon Life thoroughly promoted sufficient explanations on “reinstatement” and “cancellation” upon policy lapse to improve guidance and explanations by sales representatives to customers when premium payments are in arrears.

- Specifically, Nippon Life increased notifications to customers after policy lapse to three times, including ①Upon lapse (all cases), ②1 year after lapse (for policies with surrender benefit of ¥1 or more), ③2 years and 6 months after lapse (for policies with surrender benefit of ¥1 or more). Also, Nippon Life changed from sending a postcard notification to sending a cancellation request form for policies that have surrender benefit.
- Also, sales representatives and branch staff are carrying out explanation activities 1 year and 2 years and 6 months after lapse of policies with a certain amount of surrender benefit.

(3) Development of infrastructure that supports customer service

①Revision of medical certificate forms [December 2007]

- Most cases of insufficient claim or benefit payment are due to assessment staff's misreading or misunderstanding medical certificates forms or making errors related to medical procedure codes. According to the guidelines of the Life Insurance Association of Japan (an incorporated association), Nippon Life is changing the format of medical certificate forms to make them easier for doctors to fill in and to meet the needs of payment assessment administration (i.e., improve space for entering medical procedure codes, add comments, etc.)

②Promotion of computerization of medical certificate forms

- In the inspection, it became clear that various problems were originating in medical certificate forms. Nippon Life is promoting computerization of medical certificate forms to keep in step with the Life Insurance Association of Japan while obtaining the cooperation of medical institutions.

③Promotion of large-scale system development

- To further support customers in making all possible payment requests, Nippon Life is earmarking ¥150 billion for investment in its "Next Generation Underwriting System." Also, Nippon Life is developing a "New Integrated System" with completion scheduled for fiscal year 2011.

Major examples of additional payments

① Cases where payment of claims and benefits was insufficient

		Specific examples
Claims	Accident	Accident was entered as the cause of death on the death certificate, but this was overlooked, and ordinary death claim was paid when a claim for death due to accident should have been paid.
Benefits	Hospitalization	Hospitalization information was entered on the medical certificate in a place other than "hospitalization term column" and was overlooked, so hospitalization benefit was not paid although surgical benefit was paid.
		Hospitalized and released date on the medical certificate was overlooked, and hospitalization benefit was insufficient.
	Surgery	Surgery information was entered on the medical certificate in a place other than the "surgery column" and was overlooked, so surgical benefit was not paid although hospitalization benefit was paid.
		Confirmation was inadequate regarding surgery with different payment, so the multiplier for surgical benefit was mistaken and payment was insufficient.

② Cases where it was found during payment request guidance that additional payment should be made for claims and benefits

		Specific examples
Claims	Specified illness (Dread diseases)	Cancer was entered on the medical certificate upon submittal of request for hospitalization benefit, but no guidance was provided for requesting payment of dread diseases insurance.
Benefits	Hospital visit	Possibility of hospital visit was listed on the medical certificate date upon submittal of request for hospitalization benefit, but no guidance was provided for requesting hospital visit benefit.