United States General Accounting Office

GAO

Briefing Report to the Chairman, Subcommittee on International Finance, Committee on Banking, Housing, and Urban Affairs, U.S. Senate

December 1996

U.S.-JAPAN TRADE

U.S. Company Views on the Implementation of the 1994 Insurance Agreement

GAO 75 years 1921 - 1996

GAO/NSIAD/GGD-97-64BR

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-275741

December 20, 1996

The Honorable Christopher S. Bond
Chairman, Subcommittee on International Finance
Committee on Banking, Housing, and Urban Affairs
United States Senate

Dear Mr. Chairman:

Japan is the second largest insurance market in the world, and in fiscal year 1995 Japanese firms received 96.4 percent of the $400 billion in annual risk insurance premiums.[1] On October 11, 1994, the United States and Japan signed an agreement designed to reduce barriers that impede market access for competitive foreign insurance providers in the Japanese market. The Office of the U.S. Trade Representative (USTR) has primary responsibility for negotiating and monitoring the implementation of the 1994 agreement. In response to your request, we are currently reviewing the implementation of this agreement.

This interim report responds to your specific request for the results of our survey of U.S. company views on the 1994 insurance agreement. You asked for this report to be issued as soon as possible after December 15, 1996—a deadline set by the United States and Japan to resolve their dispute on how to carry out a key "mutual entry" provision in the 1994 agreement that deals with the scope and timing of insurance deregulation. On December 15, 1996, the two countries reached an agreement on the implementation of this provision, specifying time frames for deregulating specific insurance product lines.

Our questionnaire was designed to elicit the views of U.S. insurance providers on (1) actions taken by the government of Japan to implement key provisions of the 1994 agreement and (2) the impact of these actions on the company's ability to compete in the Japanese market. These provisions included commitments to increase transparency (openness), deregulation, and competition. There were 15 U.S. insurance providers operating in Japan in 1996 that were either wholly or majority U.S. owned, consisting of four life insurance companies, seven non-life insurance companies, and four insurance brokers. All 15 insurance providers completed their questionnaires before the United States and Japan

[1]Fiscal year 1995 refers to a Japanese fiscal year, beginning April 1, 1995, and ending March 31, 1996. Japanese market data are from the Foreign Non-life Insurance Association, a foreign trade association in Japan.

reached an agreement in December 1996 on how to implement the provision on mutual entry.

On December 2, 1996, we briefed your staff on the results of our questionnaire survey. This report summarizes information presented in that briefing and does not include information on the new commitments made by the government of Japan in December 1996. As agreed with your office, a more comprehensive report on the implementation of the 1994 agreement will be issued at a later date.

Background

In fiscal year 1995, foreign firms, primarily U.S. insurance providers, received about 3.6 percent of total risk premium value of Japan's insurance market, according to statistics provided by the Foreign Non-life Insurance Association (FNLIA). This foreign share is small compared to the foreign share of the U.S. insurance market. While comparable data are not available for the United States for 1995, the U.S. Department of Commerce reported that foreign firms in 1994 had a 10.2 percent share of the direct U.S. insurance market. In 1994, FNLIA reported that the foreign share of the Japanese market was 3.3 percent. The U.S. data are for the calendar year and the Japanese data are for a fiscal year. However, these data are the best available comparisons and are closely comparable.

The Japanese Insurance Market

The Japanese insurance market has been strictly regulated by the Ministry of Finance (MOF). For example, MOF oversees the rating bureaus that set the rates and the type of coverage for many types of insurance products—giving insurance providers little opportunity to differentiate their products, according to USTR officials. Further, "keiretsu"—groups of Japanese firms that maintain close ties through the cross-holding of shares and exchange of personnel—are active players in the Japanese insurance market. With these close corporate links, Japanese businesses buy insurance from firms within their keiretsu—limiting the ability of foreign insurance providers to distribute their products. In addition, insurance brokers in Japan operate as insurance agents who sell insurance policies for insurance companies, whereas brokers in the United States work for buyers of insurance policies and can create unique policies tailored to the buyer's needs by combining coverage from several insurance companies that are able to offer a variety of rates and types of coverage.

The insurance market in Japan is divided into three sectors. The first sector consists of standard life insurance products, and the second sector

consists of standard non-life insurance products (mostly auto and fire policies). These two sectors combined are called the "primary" sectors; they represented about 95.2 percent of total insurance risk premiums collected in fiscal year 1995. Foreign firms captured only 1.8 percent of the primary sectors in fiscal year 1995, according to FNLIA data.

In addition to the primary sectors, a "third" sector of the Japanese insurance market includes niche products such as cancer insurance and personal accident insurance. The third sector represented 4.8 percent of total Japanese insurance risk premiums in fiscal year 1995. Foreign companies have been more successful in the third sector than in the primary sectors, underwriting approximately 39.6 percent of the third sector risk premium value.

The 1994 Insurance Agreement

As the Japanese government prepared for the first major reform of its insurance law in 50 years, the United States and Japan reached an agreement in 1994 on market access in the insurance sector, entitled "Measures by the Government of the United States and the Government of Japan Regarding Insurance." A principal U.S. goal of the agreement was to ensure that Japanese insurance reform was not carried out in a way that would discriminate against the interests of foreign insurance providers in Japan. The agreement includes measures to provide greater regulatory transparency and foster and protect product innovation and price competition in Japan. The agreement also commits the Japanese government to encourage five public corporations[2] to permit foreign insurance providers access to their insurance programs and ensure the allocation of premium shares according to fair, transparent, nondiscriminatory, and competitive criteria. In addition, the Japanese government also committed to address issues of competition policy and market structure that may give rise to anticompetitive business practices.

An important provision in the 1994 agreement, often referred to as the mutual entry provision,[3] addresses the scope and timing of deregulating the primary and third sectors. Since the agreement was signed, the United

[2]The Government Housing Loan Corporation, the Pension Welfare Service Public Corporation, the Housing and Urban Development Corporation, the Okinawa Development Corporation, and the Employment Promotion Corporation.

[3]Mutual entry was defined in the 1994 agreement as "the ability of life insurance companies to introduce existing, new or modified rates, products, or riders in the third sector currently allowed to non-life insurance companies, and the ability of non-life insurance companies to introduce existing, new or modified rates, products, or riders in the third sector currently allowed to life insurance companies."

States and Japan have differed in their views on how this provision should be implemented, resulting in numerous consultations between U.S. and Japanese leaders and negotiators. In December 1996, the two governments agreed on when and how the Japanese government would deregulate specific products in the primary sectors. According to USTR, very limited entry into the third sector is permitted, but deregulation of the third sector is dependent upon the deregulation of the primary sectors. Once that objective is achieved through legislative and regulatory action, then foreign and smaller insurers will have a 2-1/2 year period to gain a competitive foothold before the third sector is further opened.

Results in Brief

U.S. company responses to our questionnaire and discussions with their representatives operating in the Japanese insurance market indicated that the Japanese government has implemented, to varying degrees, many of the transparency, deregulation, and competition provisions contained in the 1994 agreement. However, most U.S. insurance providers reported that these actions did not result in significant liberalization and have had no effect on their ability to compete in the Japanese insurance market. For example, most companies reported that their ability to compete in the major product categories of the primary sectors was limited because of (1) their continued inability to differentiate the types of coverage they can offer and the rates they can charge and (2) distribution systems in Japan that impede their ability to distribute their products.

As the United States and Japan continued to negotiate the implementation of the mutual entry provision, 9 of the 11 U.S. insurance companies reported that there would be a negative impact on their ability to compete in the third sector if subsidiaries of Japanese firms were allowed full access to sell products in that sector. Only one insurance company reported that allowing these subsidiaries full access to sell third sector products would have a very positive impact, and another insurance company reported no effect.

Six of the eight U.S. insurance companies who participate in the insurance programs of Japanese public corporations reported that despite the terms of the agreement, fair, transparent, nondiscriminatory, and competitive criteria were not being used to allocate premium shares. According to U.S. companies, only one of the five public corporations has disclosed its allocation formula. Since the signing of the 1994 agreement, foreign companies have not significantly increased their small share of this large market (over $1.2 billion in annual premiums); the foreign share of the

insurance premiums generated from these five public corporations ranged from 0.02 percent to 1.3 percent in fiscal year 1995, according to FNLIA statistics.

The enclosed briefing sections provide (1) a list of U.S. insurance companies and brokers operating in Japan in 1996 and the premiums earned by U.S. insurance companies in fiscal year 1995; (2) a summary of U.S. insurance provider responses to our survey questions on the implementation of provisions on transparency, deregulation, competition, and government corporations; and (3) a copy of the questionnaire with the frequency rates indicating how companies responded to each question.

Agency Comments

In commenting on a draft of this report, USTR agreed with the information presented.

Scope and Methodology

We reviewed the 1994 U.S.-Japan agreement on insurance and met with representatives from USTR, U.S. insurance associations, and U.S. insurance providers to identify key provisions. To obtain U.S. company views on Japan's implementation of the 1994 agreement, we distributed a questionnaire to the 15 U.S. insurance providers (insurance companies and brokers) operating in Japan that are either wholly or majority U.S. owned.[4] Insurance brokers received a shorter version of the questionnaire, as some of the provisions did not directly apply to brokers.[5] Our universe did not include three joint venture companies in which the U.S. partner has a 50 percent or less interest. In requesting company participation in our survey, we pledged that company responses would be reported in aggregate form and that we would not link specific responses with the individual companies.

The questionnaire asked U.S. insurance providers for their views on the implementation of those provisions for which the companies would have had first-hand experience. All questions in the questionnaire are referenced back to their related provision in the agreement. Since the United States and Japan were still negotiating how Japan would implement the provision on mutual entry, we asked companies for their views on the potential impact if the third sector were to be completely deregulated. After receiving the completed questionnaires, we traveled to

[4]Out of this universe of 15 insurance providers, 8 are branches, 6 are wholly owned subsidiaries, and 1 is a subsidiary in which a U.S. company has a majority interest.

[5]Brokers did not answer questions 13-17 and 19-35 of the questionnaire.

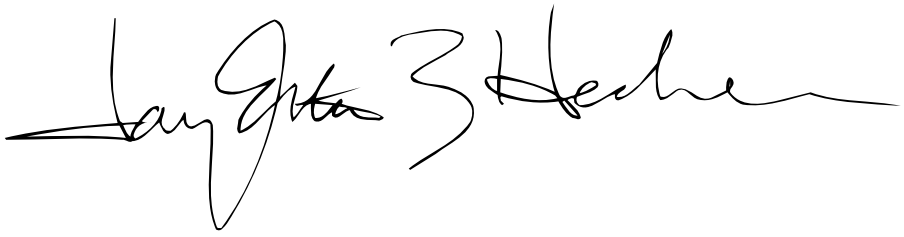
Japan and met with company representatives to obtain further information about implementation issues. In some cases, companies revised their questionnaire responses, based on explanations provided at our meetings. While in Japan, we also met with representatives from the Japanese Fair Trade Commission and foreign trade associations in Japan (FNLIA, American Chamber of Commerce-Committee on Insurance, and European Business Community-Insurance Committee). We also collected statistics on the Japanese insurance market. For fiscal year 1995, we used an exchange rate of 96.44 yen per U.S. dollar.

We conducted our review between February and December 1996 in accordance with generally accepted government auditing standards.

As we agreed with your office, unless you publicly announce this letter's contents earlier, we plan no further distribution of the letter until 21 days after the date of issuance. We will then send copies to other interested congressional committees, USTR, the Secretaries of State and Commerce, the Chairman of the International Trade Commission, and those firms that participated in the survey. We will also make copies available to others on request.

The major contributors to this report were Elizabeth Sirois, Christine Broderick, Leslie Holen, and Emil Friberg. If you or your staff have any questions about this report, please contact me at (202) 512-8984.

Sincerely yours,



JayEtta Z. Hecker
Associate Director
International Relations and Trade Issues

Contents

Abbreviations

AMA	Anti-Monopoly Act
FNLIA	Foreign Non-Life Insurance Association
GOJ	Government of Japan
MOF	Japanese Ministry of Finance
USTR	Office of the U.S. Trade Representative

List of U.S. Insurance Providers Operating in Japan in 1996

Table I.1: U.S. Insurance Companies and Premium Revenue Collected in Japanese Fiscal Year 1995

Dollars in millions

U.S. insurance companies and units	Premiums[a]
American Family Life Assurance Co.[b]	$5,192.7
American International Group Companies AIU Insurance Co.[c] American Home Assurance Co.[c] American Life Insurance Co.[b] JI Accident & Fire Insur. Co. (50% U.S. owned)[c]*	4,610.2
CIGNA CIGNA Insurance Co.[c] INA Life Insurance Co., Ltd. (90% U.S. owned)[b]	1,113.5
Prudential Life Insurance Co., Ltd.[b]	800.0
Allstate Allstate Auto. & Fire Ins. Co. (50% U.S. owned)[c]* Saison Life Insurance Co. (50% U.S. owned)[b]*	580.0
Kemper Insurance Co. Limited Lumbermens Mutual Casualty Co.[c]	19.6
Chubb Group of Insurance Companies Federal Insurance Company-Japan[c]	8.0
Unum Japan Accident Insurance Co. (new co. in FY94)[c]	0.6
Liberty Mutual Insurance Co. (new co. in FY95)[c]	0.1
Total U.S. premiums	**$12,324.7**

Legend

FY=fiscal year
*=Insurance companies that did not participate in the GAO survey.

Note 1: Japan's 1995 insurance fiscal year begins April 1, 1995, and ends March 31, 1996.

Note 2: Yen premiums were converted to U.S. dollars using an exchange rate of 96.4425 yen per U.S. dollar based on the International Monetary Fund average market exchange rate for the second quarter of 1995 through the first quarter of 1996.

Note 3: In cases of partial U.S. ownership of a Japanese insurance operation, GAO calculated a prorated U.S. share of total company premiums.

[a]Premiums: for non-life insurance companies these are net direct premiums, including risk plus savings premiums. Net direct premiums are the total premium received from policy holders. They do not include net reinsurance premium and are net of cancellations and other returns. For life insurance companies these are premium income.

[b]Life insurance company.

[c]Non-life insurance company.

Sources: Statistics of Life Insurance Business in Japan, 1995, ed. Hoken-kenkyujo (Tokyo, Japan: Insurance Research Institute) and The Statistics of Japanese Non-Life Insurance Business, 1995, Annual Special Issue, ed. Hoken-kenkyujo (Tokyo, Japan: Insurance Research Institute).

Table I.2: U.S. Insurance Brokers

Alexander & Alexander of Japan, Inc.
AON Risk Services Companies, Inc.
Johnson & Higgins Japan
Marsh & McLennan Japan, Ltd.

Note: All four insurance brokers participated in the GAO survey.

Questionnaire Highlights

GAO Summary Observations

- The government of Japan (GOJ) has implemented, to varying degrees, transparency, deregulation, and competition provisions; however most U.S. companies reported that GOJ actions did not result in significant liberalization and had no effect on their ability to compete in the Japanese insurance market.
- U.S. companies reported that their ability to compete remained limited primarily due to (1) inability to differentiate product rate and type for major lines and (2) distribution issues.
- Since our survey, the United States and Japan reached an agreement in December 1996 on how to implement the key mutual entry provision, deciding what/when deregulation of primary and third sectors will occur.

GAO Transparency

- **Key provisions:** increase access to standards, the Ministry of Finance (MOF), and trade associations; eliminate information-sharing with competitors (questions 1-18).
- **GOJ actions:** U.S. companies generally reported improvements in access such as increased publication of standards and less GOJ pressure to coordinate product applications with other companies.
- **Impact:** U.S. companies reported improvements in the operating environment; however, little or no improvement in ability to compete.

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Deregulation

- **Key provisions:** expedite application approval for certain non-life products (questions 19-23).
- **GOJ actions:** U.S. companies reported that three systems to expedite applications had been implemented/expanded for eligible products; two of the systems had been tested, with mixed results.
- **Impact:** U.S. companies reported limited impact on ability to compete because a small number of products were eligible.

GAO Deregulation

- **Key provisions:** apply flexible rates for certain non-life products (questions 24-35, 43-44).
- **GOJ actions:** U.S. companies reported that GOJ established new rate categories for eligible products and lowered threshold for commercial fire policies that can be offered at different rates.
- **Impact:** U.S. companies reported a limited impact on ability to compete because (1) companies already had some flexibility to set rates for certain products prior to agreement; (2) no flexibility had been introduced for major lines such as life, property/casualty (including auto); and (3) threshold for commercial fire was still too high. Results of recent negotiations on mutual entry include the application of flexible rates to major product lines.

GAO

Deregulation

- **Key provision:** establish a broker system (question 42).
- **GOJ actions:** framework for broker system established, but U.S. companies viewed some operating requirements as onerous (e.g., establishing separate facilities/computer systems for agents and brokers).
- **Impact:** U.S. companies reported no effect to date. Some insurance agents took broker exam, but none had registered as brokers primarily because of an inability to differentiate product rate and type. Some insurance companies would like to distribute products through brokers; others view brokers as competitors.

GAO

Deregulation

- **Key provision:** "mutual entry" provision, sets goals for deregulating the primary and third sectors to allow for greater competition (questions 45-48).
- **GOJ actions:** GOJ has allowed life and non-life companies to set up subsidiaries that may expand Japanese presence in the third sector; since our survey, the ongoing dispute on what/when deregulation will occur in the primary and third sectors was resolved in December 1996.
- **Impact:** 17 Japanese companies established subsidiaries; in our survey, 9 of 11 U.S. insurance companies reported that there would be a negative impact on their ability to compete in the third sector if subsidiaries were granted full access to that sector.

GAO

Competition

- **Key provisions:** enforce antitrust laws; private sector will complete a study of keiretsu relationships by April 1995 (questions 51-55).
- **GOJ actions:** U.S. companies reported that GOJ had improved its enforcement of the Anti-Monopoly Act (AMA); keiretsu study just beginning.
- **Impact:** U.S. companies reported little impact on ability to compete, despite improved AMA enforcement; companies had low expectations for impact of keiretsu study, though most recognized keiretsu as a major structural barrier to competition.

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Government Corporations

- **Key provision:** encourage foreign participation in insurance programs of five public corporations and allocate premiums according to fair/transparent criteria (questions 49-50).
- **GOJ actions:** one public corporation disclosed its allocation formula:
- **Impact:** most companies that participated in programs reported that premiums are still not allocated fairly; foreign companies have not significantly increased their small share of this large market (over $1.2 billion annual gross premiums); foreign share of premiums generated from these five public corporations ranged from 0.02 percent to 1.3 percent in fiscal year 1995.

U.S. Insurance Provider Responses to Questionnaire

GAO

U.S. General Accounting Office

Questionnaire Assessing the Status of the Implementation of the U.S.-Japan Insurance Agreement

Introduction

The U.S. General Accounting Office, an independent agency of the U.S. Congress, is assessing the status of Japan's implementation of the October 11, 1994 bilateral agreement on insurance-- Measures by the Government of the United States and the Government of Japan Regarding Insurance. Congress has asked GAO to: (1) determine what actions the Government of Japan has taken to implement the provisions of the agreement; and (2) describe its impact on the ability of U.S. insurance companies and brokers to compete in the Japanese market. We are sending this questionnaire to your company, as well as to other U.S. insurance companies and brokers, in order to obtain information on your experiences since the agreement was signed.

The questionnaire should be answered by the person most familiar with your company's operations in Japan. Some questions are of a detailed nature and may require you to contact staff in Japan to obtain information on actions taken by the Government of Japan to implement the agreement.

Most of the questions in this survey can be answered by checking boxes or filling in blanks. A few questions request a short narrative answer. Along with the questionnaire we are also sending a copy of the agreement for your reference as you complete the questionnaire. Please refer to the agreement when necessary as you complete the questionnaire. The various sections and subsections of the agreement are indicated at various points in the questionnaire headings and in many of the individual questions.

Please base your responses on your direct experience. If you are uncertain about the response to a question, please check the "No basis to judge" box. While space has been provided for additional comments at the end of the questionnaire, feel free to add comments or explanations when answering individual questions by writing on the questionnaire in the adjacent white space. We may be contacting you at a later time to ask you to elaborate on some of your responses.

Your responses will be treated confidentially and will not be used in any way that will identify you or your company. Please return the completed questionnaire to GAO by August 28, 1996. To return the questionnaire, you may mail it to the following address.

U.S. General Accounting Office
301 Howard Street, Suite 1200
San Francisco, CA 94105-2252

A return envelope is provided for your convenience but can only be used if you are returning the completed questionnaire via the U.S. Postal Service. If you are returning the completed questionnaire from an overseas office, please fax it to Christine Broderick at (415) 904-2111. If you have any questions, please call Christine Broderick at (415) 904-2240 or Leslie Holen at (415) 904-2277.

We thank you for your assistance, your participation is important to our study.

Please enter the following information:

Name of company: _____

Name of person completing the questionnaire: _____

Title: _____

Telephone: _____ Fax: _____

Types of companies responding to survey: 4 life companies; 7 non-life companies; 4 brokers.

Note: Numbers entered represent the number of companies selecting a specific response.

PART 1

TRANSPARENCY AND PROCEDURAL PROTECTIONS [Section III]

Compilation, Publication, and Standardization of Measures of General Application [Section III (2)]

1. To what extent, if at all, has the Government of Japan published and/or made publicly available licensing, product, and rate approval standards both before and after the agreement was signed on October 11, 1994? [Section III(2)a(i)] *(Check one box in each column.)*

Extent to which the Government of Japan published and/or made publicly available licensing, product, and rate approval standards. . .	
Before the agreement was signed.	After the agreement was signed.
To a very great extent 0	To a very great extent 0
To a great extent 0	To a great extent 1
To a moderate extent 1	To a moderate extent 6
To some or little extent 7	To some or little extent 6
To no extent 4	To no extent 1
---	---
No basis to judge 1	No basis to judge 0
Not applicable 2	Not applicable 1

2. For those standards that have been published since the agreement was signed, to what extent, if at all, have these standards provided your company with meaningful (e.g., clear, useful) guidance? *(Check one.)*

To a very great extent	0
To a great extent	1
To a moderate extent	2
To some or little extent	5
To no extent	4

No basis to judge	2
Not applicable	1

3. Since the agreement was signed, please approximate the number of times your company has received oral administrative guidance from the Government of Japan related to the provision of insurance. [Section III(2)a(ii)] *(Check one.)*

0 times	6
1 to 9 times	7
10 to 24 times	0
25 to 49 times	0
50 to 74 times	1
75 to 99 times	0
100 or more times	0

No basis to judge	1

4. Since the signing date, how many times has your company requested oral administrative guidance to be delivered in writing? [Section III(2)a(ii)] *(Enter number or "DK" if unknown.)*

   2 companies @ 1 time
   2 companies @ 4 times

   _____ Times → → → → → If you entered 1 or greater, how many times did the Government of Japan deliver the administrative guidance in writing?

   1 company @ 2 times

   _____ Times

   If, when requested, the Government of Japan did not deliver the guidance in writing, what reason, if any, was given?

   _____

   _____

5. Based on your experience, since the signing date, to what extent, if at all, has the Government of Japan stipulated and made public those administrative guidances that are applicable to other companies with the same set of conditions? [Section III(2)a(iii)] *(Check one.)*

To a very great extent	0
To a great extent	1
To a moderate extent	1
To some or little extent	6
To no extent	3

No basis to judge	2
Not applicable	2

Advisory Groups [Section III(6)]

6. Since the agreement was signed in October 1994, when the Government of Japan establishes or regularly seeks recommendations from any Japanese group (i.e., council, association, or other group) related to the provision of insurance, to what extent, if at all, has a representative from your company attended any of the group's meetings and/or submitted statements to the group? [Section III(6)] *(Check one box in each column.)*

Extent to which a representative from your company has:	
attended any of the group's meetings.	submitted statements to the group.
To a very great extent 0	To a very great extent 0
To a great extent 4	To a great extent 3
To a moderate extent 5	To a moderate extent 6
To some or little extent 3	To some or little extent 3
To no extent 2	To no extent 2
---	---
No basis to judge 0	No basis to judge 0
Not applicable 1	Not applicable 1

7. Since the agreement was signed, when the Government of Japan establishes or regularly seeks recommendations from any group (i.e., council, association, or other group) related to the provision of insurance, what impact has your company's input (either through attending group meetings or submitting statements to the group) had on the group's decisions? [Section III(6)] *(Check one.)*

Very great impact 0
Great impact 1
Moderate impact 2
Some or little impact 9
No impact 0

No basis to judge 1
Not applicable 2

Please explain your response: _____

_____

Participation in Industry Groups [Section III(7)]

8. For each Japanese trade and rating association listed below, please indicate the membership status of your company or company representatives. [Section III(7)a] *(Check one box in each row.)*

Response categories

1 = We were a member before the agreement was signed and are still a member
2 = We became a member after the agreement was signed and are still a member
3 = We are in the process of applying for membership
4 = We are interested in becoming a member, but the industry group will not permit it
5 = We are not a member
6 = Not applicable

a. The Life Insurance Association of Japan (JLIA) . . . . . 4 life companies responded #1

b. The Marine & Fire Insurance Assn. of Japan, Inc. (JNLIA) . . . . . 2 non-life companies responded #2

c. The Fire & Marine Insurance Rating Association of Japan . . . 3 non-life companies responded #1 & 3 non-life companies responded #2

d. The Automobile Insurance Rating Association of Japan . . . 3 non-life companies responded #1 & 2 non-life companies responded #2

e. The Japanese Hull Insurers' Union . . . . . No companies belong

f. Japan Institute of Life Insurance . . . . . 3 life companies responded #1 & 1 life company responded #2

g. Life Insurance Underwriters Association of Japan . . . . . 1 life company responded #1

h. The Research Institute of Life Insurance Welfare . . . . . No companies belong

i. Independent Insurance Agents of Japan . . . . . 1 non-life company responded #2

j. The Non-Life Insurance Institute of Japan . . . . . 1 non-life company responded #2

k. The Institute of Actuaries of Japan . . . . . 4 life and 2 non-life companies responded #1 & 1 non-life company responded #2

l. Union of Machinery Insurers of Japan . . . . . 1 non-life company responded #1

m. The Japan Atomic Energy Insurance Pool . . . . . 3 non-life companies responded #1 and 1 non-life company responded #2

n. The Japanese Aviation Insurance Pool . . . . . No companies belong

o. Other-Specify: _____ . . . . . No company indicated “other”

Note: No brokers belong to any of these industry groups.

9. For each trade and rating association listed below, please indicate the extent to which, if at all, your company is accorded privileges and opportunities equal to those accorded to Japanese member firms? [Section III(7)b]
(Check one box in each row.)

	To a very great extent	To a great extent	To a moderate extent	To some or little extent	To no extent	Not applicable, not a member
a. The Life Insurance Association of Japan (JLIA)	2	1	1			
b. The Marine & Fire Insurance Association of Japan, Inc. (JNLIA)			1	1		
c. The Fire and Marine Insurance Rating Association of Japan			5	1		
d. The Automobile Insurance Rating Association of Japan			4	1		
e. The Japanese Hull Insurers' Union						
f. Japan Institute of Life Insurance	2	1	1			
g. Life Insurance Underwriters Assn. of Japan			1			
h. The Research Institute of Life Insurance Welfare						
i. Independent Insurance Agents of Japan			1			
j. The Non-Life Insurance Institute of Japan	1					
k. The Institute of Actuaries of Japan (Note: 1 member company did not respond.)	1	1	4			
l. Union of Machinery Insurers of Japan				1		
m. The Japan Atomic Energy Insurance Pool		1	2	1		
n. The Japanese Aviation Insurance Pool						
o. Other-Specify: _____						

Any comments regarding membership and privileges in Japanese trade and rating associations?

_____

_____

Access to Insurance Regulatory Information [Section III(8)]

10. To what extent, if at all, do you believe the Government of Japan has accorded your company meaningful and fair opportunities to be informed of, comment on, and/or exchange views with Japanese officials regarding insurance laws, ordinances and/or regulations both before and after the agreement was signed on October 11, 1994? [Section III(8)b] *(Check one.)*

Extent to which the Government of Japan has accorded your company meaningful and fair opportunities to be informed of, comment on, and/or exchange views with Japanese officials regarding insurance laws, ordinances, and/or regulations. . .	
Before the agreement was signed.	After the agreement was signed.
To a very great extent 0	To a very great extent 0
To a great extent 1	To a great extent 2
To a moderate extent 6	To a moderate extent 8
To some or little extent 2	To some or little extent 4
To no extent 5	To no extent 0
---	---
No basis to judge 0	No basis to judge 1
Not applicable 1	Not applicable 0

Any comments regarding this issue? _____

11. Before the agreement was signed on October 11, 1994, how would you characterize the level of access to information on regulatory changes in the insurance sector accorded to your company by the Government of Japan in comparison to that accorded to Japanese companies? [Section III(8)c] *(Check one.)*

Before the agreement was signed our company's level of access to information on regulatory changes in the insurance sector was. . .

Much better than that accorded to Japanese companies	0
Somewhat better than that accorded to Japanese companies	0
About the same as that accorded to Japanese companies	6
Somewhat worse than that accorded to Japanese companies	2
Much worse than that accorded to Japanese companies	6

No basis to judge	0
Not applicable	1

12. Would you say that your company's level of access to information on regulatory changes in the insurance sector compared to that accorded to Japanese companies got better, worse, or stayed about the same after the agreement was signed? [Section III(8)c] *(Check one.)*

After the agreement was signed our company's level of access to information on regulatory changes in the insurance sector became. . .

Much better than that accorded to Japanese companies	0
Somewhat better than that accorded to Japanese companies	0
About the same as that accorded to Japanese companies	8
Somewhat worse than that accorded to Japanese companies	4
Much worse than that accorded to Japanese companies	3

No basis to judge	0
Not applicable	0

Any comments regarding this issue? _____

Procedural Protection for Notifications and Applications [Section III(9)] [1]

13. [2]Since the agreement was signed on October 11, 1994, how many times have you filed notifications and/or applications with the Government of Japan to: *(Enter numbers. If none, enter 0. If all zeros entered, skip to question 18.)*

license a new business			2	applications filed
sell a new-to-market product			35	applications filed
revise a company exclusive product form	0	notifications filed	6	applications filed
revise a company exclusive product rate	2	notifications filed	5	applications filed
sell an industry standard product	0	notifications filed	30	applications filed
revise an industry standard product form	7	notifications filed	63	applications filed
revise an industry standard product rate	35	notifications filed	73	applications filed

Remember, if "0" entered for all above categories, skip to question 18.

[1] Note: Questions 13 through 17 were not included in the broker questionnaire.

[2] These numbers represent aggregate data. Most applications/notifications were filed by non-life companies, except for new-to-market product applications.

14. To what extent, if at all, do you believe the Government of Japan has improperly revealed information considered to be secret (i.e., information not generally available to the public) in connection with your company's applications or notifications for insurance licenses, products, or rates both before and after the agreement was signed on October 11, 1994? [Section III(9)a] *(Check one box in each column.)*

Extent to which the Government of Japan has improperly revealed information considered to be secret in connection with your company's applications or notifications for insurance licenses, products, or rates . . .	
Before the agreement was signed.	After the agreement was signed.
To a very great extent 0	To a very great extent 0
To a great extent 1	To a great extent 0
To a moderate extent 1	To a moderate extent 0
To some or little extent 0	To some or little extent 0
To no extent 4	To no extent 5
---	---
No basis to judge 4	No basis to judge 6
Not applicable 1	Not applicable 0

Please explain your response: _____

_____

15. Since the agreement was signed has your company attempted to apply for more than one license or product approval (e.g., rate and form) at the same time? [Section III(9)b] *(Check one.)*

Yes 8 → → → → → → Did the government of Japan accept your multiple applications for license or product approval? *(Check one.)*
Yes 6
No 1

No basis to judge 1

No 3

No basis to judge 0

16. To what extent, if at all, do you believe the Government of Japan encouraged your company to coordinate or consult with any other insurance providers, insurance associations, or other third parties regarding your notification and/or applications (including product, rate, or license approvals) both before and after the agreement was signed? [Section III(9)c] *(Check one box in each column.)*

Extent to which you believe the Government of Japan encouraged your company to coordinate or consult with any other insurance providers, insurance associations, or other third parties regarding your notification and/or applications (including product, rate, or license approvals) . . .	
Before the agreement was signed.	After the agreement was signed.
To a very great extent 2	To a very great extent 0
To a great extent 2	To a great extent 0
To a moderate extent 0	To a moderate extent 1
To some or little extent 3	To some or little extent 3
To no extent 3	To no extent 6
---	---
No basis to judge 0	No basis to judge 1
Not applicable 1	Not applicable 0

17. To what extent, if at all, do you believe the Government of Japan conditioned or delayed the acceptance, processing, or approval of your company's notification or application (including product, rate, or license approval) based on whether you consulted or coordinated with other insurance providers, insurance associations, or third parties both before and after the agreement was signed? [Section III(9)c] *(Check one box in each column.)*

Extent to which you believe the Government of Japan conditioned or delayed the acceptance, processing, or approval of your company's notification or application (including product, rate, or license approval) based on whether you consulted or coordinated with other insurance providers, insurance associations, or third parties . . .	
Before the agreement was signed.	After the agreement was signed.
To a very great extent 2	To a very great extent 0
To a great extent 2	To a great extent 0
To a moderate extent 0	To a moderate extent 1
To some or little extent 3	To some or little extent 2
To no extent 3	To no extent 7
---	---
No basis to judge 0	No basis to judge 1
Not applicable 1	Not applicable 0

Transparency and Procedural Protections Summary [Section III]

18. Overall, to what extent, if at all, do you believe the actions taken by the Government of Japan to improve transparency and procedural protections for notifications and applications have increased your company's ability to compete in the Japanese insurance sector? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	2
To some or little extent	0
To no extent	9

No basis to judge	1
Too soon to tell	3

Please explain your response: _____

_____

DEREGULATION MEASURES [Section IV]

Product and Rate Approval [Section IV(1)] [1]

19 a. [2] Does your company offer any of the following types of insurance? [Section IV(1)c] (*Check one box in each row)*

	Yes	No
Credit card burglary/theft insurance	5	2
Boiler/machinery insurance	4	3
Computer comprehensive insurance	3	4
Movable comprehensive insurance	6	1
Directors and officers liability insurance	5	2

[1] Note: Questions 19 through 35 were not included in the broker questionnaire.

[2] Responses represent non-life insurers only.

19b.[1] Since October 1994, has your company attempted to use a file and use system[2] put into place by the Government of Japan? [Section IV(1)c] *(Check one.)*

3 No, company has not attempted to use a file and use system ➔ ***Skip to question 20.***

4 Yes ➔➔➔ For those specific types of insurance where your company attempted to use a file and use system, regardless of whether the product was disapproved by the MOF, please indicate whether MOF adhered to the process. *(Check all that apply.)*

MOF adhered to process		**MOF did not adhere to process**	
Credit card burglary/theft insurance	2	Credit card burglary/theft insurance	0
Boiler/machinery insurance	2	Boiler/machinery insurance	0
Computer comprehensive insurance	0	Computer comprehensive insurance	1
Movable comprehensive insurance	0	Movable comprehensive insurance	1
Directors and officers liability insurance	2	Directors and officers liability insurance	0
Other: _____	2	Other: _____	0

To what extent, if at all, do you believe the file and use system has improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	0
To some or little extent	1
To no extent	1

No basis to judge	0
Too soon to tell	2

[1] Responses represent non-life insurers only.

[2] Under file and use, the Government of Japan approves a product as eligible for file and use. Subsequently, any company approved by the Government of Japan to write that product may introduce changes to the profuct and begin using the changed product after a certain short time period unless the Government of Japan disapproves.

20. Since October 1994, has your company applied for a product where the Government of Japan expedited the review of your application for product approval because the product was essentially the same as a product already approved by another insurance provider? [Section IV(1)c] *(Check all that apply)*

5 No, my company never applied for the approval of a product that was essentially the same as a product already approved by another insurance provider. --> ***Go to question 21.***

4 Yes, my company applied for the approval of a product that was essentially the same as a product already approved by another insurance provider, but the application was not expedited . → Please indicate the types of insurance products:

_____

_____

3 Yes, my company applied for the approval of a product that was essentially the same as a product already approved by another insurance provider, and my company's product approval application was expedited . →→→→→→→→→→ Please indicate the types of insurance products:

_____

_____

To what extent, if at all, do you believe the expedited approval system has improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	1
To some or little extent	1
To no extent	1

No basis to judge	0
Too soon to tell	0

21.[1] Does your company offer insurance for certain large commercial risks, including hull, cargo, and/or aviation insurance that are eligible to use a notification system of approval? [Section IV(1)c(iv)] *(Check one box in each row.)*

	Yes [2]	No
Hull insurance	2	5
Cargo insurance	2	5
Aviation insurance	1	6
Other large commercial risk insurance Specify: _____	2	5

If all "No" responses, skip to question 23.

22.[1] Since October 1994, has your company attempted to use a notification approval system for certain large commercial risks, including hull, cargo, and/or aviation insurance? [Section IV(1)c(iv)] *(Check one.)*

2 No, my company has not attempted to use a notification approval system for large commercial risks ➔ ***Skip to question 23.***

0 Yes ➔ For those specific types of insurance where your company attempted to use a notification approval system, regardless of whether the product was disapproved by the MOF, please indicate whether MOF adhered to the process. *(Check all that apply.)*

MOF adhered to the process	**MOF did not adhere to the process**
Hull insurance Cargo insurance Aviation insurance Other: _____	Hull insurance Cargo insurance Aviation insurance Other: _____

To what extent, if at all, do you believe the notification approval system for certain large commercial risks, including hull, cargo, and/or aviation has improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent
To a great extent
To a moderate extent
To some or little extent
To no extent

No basis to judge
Too soon to tell

[1] Responses represent non-life insurers only.

[2] Only 2 companies offer these products.

23. Overall, to what extent, if at all, do you believe that the Government of Japan has implemented steps to expedite and simplify the application and notification process for the approval of insurance products and rates (questions 19-22) since the agreement was signed? [Section IV(1)b(i)] *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	2
To some or little extent	5
To no extent	3

No basis to judge	1

24.[1] Does your company offer bankers blanket insurance or earthquake riders written on industrial fire insurance? (Check one.)

5 Yes ➔ ***Continue with question 25.***
2 No ➔ ***Skip to question 26.***

25.[1] Since October 1994, has your company used the rate flexibility provided by benchmark rates for bankers blanket insurance or earthquake riders written on industrial fire insurance? [Section IV(1)c] *(Check all boxes that apply.)*

Used rate flexibility provided by benchmark rates on:

a. bankers blanket insurance . . .	No	4
	Yes	1
b. earthquake riders on industrial fire insurance . . .	No	2
	Yes	3

26.[1] Does your company offer windstorm and flood riders written on industrial fire insurance or travellers check comprehensive insurance? (Check one.)

5 Yes ➔ ***Continue with question 27.***
2 No ➔ ***Skip to question 28.***

27.[1] Since October 1994, has your company used free rates for windstorm and flood riders written on industrial fire insurance or travellers check comprehensive insurance?[Section IV(1)c] *(Check all boxes that apply.)*

Used free rates on:

a. windstorm and flood riders written on industrial fire insurance	No	2
	Yes	3
b. travellers check comprehensive insurance	No	5
	Yes	0

[1] Responses represent non-life insurers only.

28.[1] Overall, to what extent, if at all, do you believe that the Government of Japan has expanded the types of non-life products that your company can offer using the flexibility provided by benchmark or free rates since the agreement was signed? [Section IV(1)b(ii)] *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	2
To some or little extent	3
To no extent	1

No basis to judge	1
Not applicable	0

29.[1] Does your company offer fire insurance for commercial risk in Japan? *(Check one.)*

5 Yes → ***Continue with question 30.***
2 No → ***Skip to question 35.***

30.[1] Before the agreement was signed, when the discount rate eligibility threshold was higher, did your company offer large commercial fire insurance that was eligible to use a discount rate? [Section IV(1)c] *(Check one.)*

Yes	3
No	1

Note: 1 company that offers fire insurance for commercial risk was not operating in Japan before the agreement was signed.

31.[1] Since the agreement was signed and the threshold was lowered, does your company offer large commercial fire insurance that is eligible to use a discount rate? [SectionIV(1)c] *(Check one.)*

1 No
4 Yes → To what extent, if at all, has this change improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	0
To some or little extent	2
To no extent	2

No basis to judge	0
Too soon to tell	0

Has your company used an expanded discount rate? (*Check one)*

Yes	3
No	1

[1] Responses represent non-life insurers only.

32.[1] Before the agreement was signed, did your company offer a deductibles rider to a large commercial fire insurance policy? [Section IV(1)c] *(Check one.)*

Yes	3
No	1

Note: 1 company that offers fire insurance for commercial risk was not operating in Japan before the agreement was signed.

33.[1] Since the agreement was signed, and the minimum insured amount for attaching deductibles riders was decreased, does your company offer a deductibles rider to a large commercial fire insurance policy? *[Section IV(1)c] (Check one.)*

2 No
3 Yes ➔ To what extent, if at all, has this change improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	0
To some or little extent	1
To no extent	2

No basis to judge	0
Too soon to tell	0

34.[1] Since October 11, 1994, has your company used an "advisory rate" system to set the price of large commercial fire insurance ? [Section IV(1)c] *(Check one.)*

4 No ➔ Please list the reason(s) why your company has not used an "advisory rate" system

_____

_____

1 Yes ➔ To what extent, if at all, has the advisory rate system improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	0
To some or little extent	1
To no extent	0

No basis to judge	0
Too soon to tell	0

[1] Responses represent non-life insurers only.

35. Has your company submitted an application for product approval using data collected outside of Japan? [Section IV(1)c] *(Check one.)*

6 No ➔ ***Go to question 36.***

4 Yes, data submitted and accepted ➔ Please indicate the type(s) of insurance.

_____

To what extent, if at all, has this improved your company's ability to compete in Japan? *(Check one.)*

To a very great extent	0
To a great extent	0
To a moderate extent	3
To some or little extent	0
To no extent	0

No basis to judge	0
Too soon to tell	1

1 Yes, data submitted but not accepted ➔ Please indicate the type(s) of insurance.

Note: Application is pending.

_____

_____

Licensing of Insurance Providers and Intermediaries - [Section IV(2)]

36. Has the Government of Japan set forth in laws and regulations the standards regarding licenses to sell insurance, including the requirements regarding the applicant's financial base and the qualifications of its management? [Section IV(2)e] *(Check one.)*

Yes	13
No	2
No basis to judge	0

37. Has the Government of Japan stipulated and made public the standard review period concerning applications for licenses to sell insurance? [Section IV(2)b] *(Check one.)*

Yes	12
No	1
No basis to judge	2

38. Has your company applied to the Government of Japan for a license to sell insurance since October 1994? *(Check one.)*

2 Yes ---> ***Continue with question 39.***

13 No ---> ***Skip to question 42.***

39.[1] Did the Government of Japan require your company to introduce an insurance product not yet offered in Japan as a condition for the approval of your company's application to provide insurance? [Section IV(2)f] *(Check one.)*

Yes	0
No	2

[1] This question was not included in the broker questionnaire.

40. Please estimate the number of weeks that passed between the date your company began the pre-application negotiation process with MOF for a license and MOF's application receipt date? [Section IV(2)c] *(Enter number of weeks and the type of insurance application.)*

Number of weeks: _____ . . . 1 company @ 30 weeks, 1 company @ 36 weeks

Type of insurance application: _____

41. Please estimate the number of weeks that passed between MOF's application receipt date and the date that MOF provided your company with a decision to approve or disapprove your license? [Section IV(2)c] *(Enter number of weeks and the type of insurance application.)*

Number of weeks: _____ . . . 1 company @ 9 weeks, 1 company @ 2 weeks

Type of insurance application: _____

Insurance Brokers [Section IV(3)]

42. Overall, has the Government of Japan's decision to recognize and license brokers had a positive effect, a negative effect, or no effect on your company's ability to distribute insurance? [Section IV(3)b]
(Check one and explain your response.)

Very positive effect	0
Generally positive effect	0
No effect	8
Generally negative effect	0
Very negative effect	0

No basis to judge	1
Too soon to tell	6

Please explain your response. _____

_____

42b.[1] Since the agreement was signed, has your company applied for a brokers license in Japan? *(Check one.)*

Yes	0
No	4

[1] This question asked of brokers only.

Deregulation Measures Summary [Section IV]

43. To what extent, if at all, have the deregulatory actions taken by the Government of Japan increased your company's ability to differentiate your product rates, differentiate your product forms, and distribute insurance products?
(Check one box in each row.)

Extent to which the deregulatory actions taken by the Government of Japan increased your company's ability to . . .	To a very great extent	To a great extent	To a moderate extent	To some or little extent	To no extent	No basis to judge	Too soon to tell
differentiate product rates			1	4	6	2	2
differentiate product forms			1	5	4	3	2
distribute insurance products				2	9	1	3

44. Overall, do you believe the deregulatory actions taken by the Government of Japan to implement the agreement (excluding those actions related to mutual and cross entry) have had a positive effect, a negative effect, or no effect on your company's ability to compete in Japan? *(Check one.)*

Very positive effect	0
Generally positive effect	0
No effect	10
Generally negative effect	1
Very negative effect	0

No basis to judge	0
Too soon to tell	4

Please explain your response: _____

_____

MUTUAL AND CROSS ENTRY PROVISIONS [Section IV(1)d]

GAO recognizes that there are ongoing negotiations between the governments of the United States and Japan regarding the mutual and cross entry provisions of the bilateral agreement. Nevertheless, GAO would like to collect your company's views on actions taken by the Government of Japan to date regarding deregulation (not including negotiation proposals that have been under consideration) .

45. In your opinion, to what extent, if at all, do you believe that a substantial portion of the primary sectors (life and non-life) has NOT been deregulated? [Section IV(1)d] *(Check one box in each column.)*

Primary Life		Primary Non-life	
To a very great extent	4	To a very great extent	8
To a great extent	2	To a great extent	3
To a moderate extent	0	To a moderate extent	0
To some or little extent	0	To some or little extent	0
To no extent	1	To no extent	0
---		---	
No basis to judge	0	No basis to judge	0
Too soon to tell	0	Too soon to tell	0
Not involved in sector	8	Not involved in sector	4

Any comments regarding this issue? _____

_____

46. Since the agreement was signed, in your opinion, to what extent, if at all, has your company been able to compete on equal terms in major product categories in the primary sectors (life and non-life) through the flexibility to differentiate, on the basis of risk insured, the rates, forms, and distribution of products? [Section IV(1)d]
(Check one box in each column.)

Primary Life		**Primary Non-life**	
To a very great extent	0	To a very great extent	0
To a great extent	0	To a great extent	0
To a moderate extent	0	To a moderate extent	0
To some or little extent	2	To some or little extent	1
To no extent	3	To no extent	9
---		---	
No basis to judge	1	No basis to judge	1
Too soon to tell	1	Too soon to tell	0
Not involved in sector	8	Not involved in sector	4

Any comments regarding this issue? _____

_____

47. In your opinion, would allowing non-life subsidiaries of life insurance companies full access to sell products in the non-life third sector have a positive effect, a negative effect, or no effect on your company's ability to compete in the third sector? *(Check one.)*

Very positive effect	1
Generally positive effect	1
No effect	4
Generally negative effect	2
Very negative effect	5

No basis to judge	2

Please explain _____

48.[1] In your opinion, would allowing life subsidiaries of non-life insurance companies full access to sell products in the life third sector have a positive effect, a negative effect, or no effect on your company's ability to compete in the third sector? *(Check one.)*

Very positive effect	0
Generally positive effect	0
No effect	6
Generally negative effect	3
Very negative effect	3

No basis to judge	2

Please explain _____

[1] One non-life company did not respond to this question.

GOVERNMENT CORPORATIONS [Section V]

49.[1] Does your company participate in the insurance programs of the following Public Corporations? *(Check all that apply.)*

The Government Housing Loan Corporation	8
The Pension Welfare Service Public Corporation	5
The Housing and Urban Development Corporation	7
The Okinawa Development Corporation	5
The Employment Promotion Corporation	5

None of the above ---> ***Skip to question 51.***	7

50. Both before and after the agreement was signed, to what extent, if at all, do you believe the allocation of premium shares under public corporation insurance programs were being made using fair, transparent, non-discriminatory, and competitive criteria? [Section V(1)] *(Check one box in each column.)*

Extent to which the allocation of premium shares under public corporation insurance programs were being made using fair, transparent, non-discriminatory, and competitive criteria. . .			
Before the agreement was signed.		After the agreement was signed.	
To a very great extent	0	To a very great extent	0
To a great extent	1	To a great extent	1
To a moderate extent	0	To a moderate extent	0
To some or little extent	1	To some or little extent	1
To no extent	5	To no extent	6
----------		----------	
No basis to judge	1	No basis to judge	0

[1] No brokers participate in these programs.

COMPETITION [Section VI]

51. Both before and after the agreement was signed, to what extent, if at all, do you believe the Government of Japan has vigorously enforced its antitrust laws in the insurance sector? [Section VI(3)a] *(Check one box in each column.)*

Extent to which the Government of Japan vigorously enforced its antitrust laws in the insurance sector . . .			
Before the agreement was signed.		After the agreement was signed.	
To a very great extent	0	To a very great extent	0
To a great extent	0	To a great extent	2
To a moderate extent	0	To a moderate extent	4
To some or little extent	5	To some or little extent	5
To no extent	7	To no extent	2
No basis to judge	2	No basis to judge	2
Not applicable	1	Not applicable	0

52. Both before and after the agreement was signed, to what extent, if at all, do you believe the JFTC has vigorously enforced the Anti-Monopoly Act (AMA) with respect to trade associations, including self-regulatory organizations (such as the Life Insurance Association and the Marine and Fire Association)? [Section III(10)b] *(Check one box in each column.)*

Extent to which the JFTC has vigorously enforced the AMA with respect to trade associations . . .			
Before the agreement was signed.		After the agreement was signed.	
To a very great extent	0	To a very great extent	1
To a great extent	0	To a great extent	2
To a moderate extent	1	To a moderate extent	6
To some or little extent	5	To some or little extent	4
To no extent	5	To no extent	0
No basis to judge	3	No basis to judge	2
Not applicable	1	Not applicable	0

53. Since the agreement was signed, do you believe the antitrust enforcement actions taken by the Government of Japan have had a positive effect, a negative effect, or no effect on your company's ability to compete in Japan? *[Section VI(3)a] (Check one.)*

Very positive effect	1
Generally positive effect	2
No effect	11
Generally negative effect	0
Very negative effect	1

No basis to judge	0

Please explain your response: _____

_____

54. Before the agreement was signed, to what extent, if at all, do you believe Keiretsu practices and case agents limited your company's ability to compete in the Japanese insurance market? [Section VI(1)a] *(Check one box in each row.)*

	To a very great extent	To a great extent	To a moderate extent	To some or little extent	To no extent	No basis to judge
Keiretsu practices	6	2	3	0	3	1
Case agents	7	2	1	0	4	1

55. After the agreement was signed, to what extent, if at all, do you believe Keiretsu practices and case agents limit your company's ability to compete in the Japanese insurance market? *[Section VI(1)a] (Check one box in each row.)*

	To a very great extent	To a great extent	To a moderate extent	To some or little extent	To no extent	No basis to judge
Keiretsu practices	5	4	3	0	3	0
Case agents	6	4	1	0	4	0

OVERALL IMPACT OF THE AGREEMENT

56. Overall, do you believe that the U.S.-Japan bilateral agreement on insurance has had a positive effect, a negative effect, or no effect on your company's ability to compete in the Japanese insurance market? *(Check one.)*

Very positive effect	0
Generally positive effect	2
No effect	8
Generally negative effect	1
Very negative effect	0

No basis to judge	0
Too soon to tell	4

Please explain your response: _____

_____

PART 2

COMPANY PROFILE QUESTIONS

57. What year did your company become licensed to sell insurance in Japan? - - Range from 1947-1995

58. How is your company organized in Japan? *(Check one.)*

8 Branch
6 Subsidiary -- wholly-owned
1 Subsidiary -- joint venture → Please enter the percent owned by your company - - This 1 subsidiary is U.S. majority owned
0 Agency -- sponsored by _____
0 Other - Specify: _____

59. How many tied and/or independent agents does your company use in Japan to sell insurance products? *(Enter numbers. If none, enter 0)*

Insurance Companies

Tied agents - 4 companies @ 0; 1 company each at 6, 12, 110, 934, 1000, 1469, & 1695.

Independent agents - 2 companies @ 0; 1 company each @ 110, 111, 120, 130, 2310, 5500, 7500, 8766, & 15,698

Brokers

Agents - 1 company each @ 15, 18, 25, 34

Brokers - 4 companies @ 0

60. Other than through agents, what methods does your company use to distribute insurance products in Japan? *(If no other methods are used, enter "None".)*

"Direct marketing" (mentioned by 4 insurance companies)

_____

_____

61.[1] Which insurance products does your company offer in Japan? *(Check all that apply.)*

First sector life insurance classes: 6 Term Life 5 Whole Life 1 Pension 4 Other: Specify: _____	Second sector non-life insurance classes: 10 Fire 10 Voluntary automobile 9 Compulsory automobile liability 9 Marine and transit 11 Other casualty excluding personal accident 3 Other - Specify: _____
Third sector life insurance classes: 7 Hospitalization 4 Cancer 4 Nursing 3 Other - medical _____ 0 Other - Specify: _____	Third sector non-life insurance classes: 11 Personal accident 2 Nursing care 9 Overseas travel 4 Other - Specify: _____

62. For each class of insurance product, what was the volume of direct and net risk premiums collected in MOF's fiscal year 1995 in Japan (provide figures in U.S. dollars).

Note: GAO is not reporting company premiums/revenue data collected for this question.

63.[2] Your company's net risk premiums collected in Japan in your company's fiscal year 1995 accounted for what percent of the following: *(provide percentage for both blanks)*

% of total company worldwide net risk premiums[3] collected - Range from .2% to 87%

% of total company foreign (i.e. non-U.S.) net risk premiums[3] collected - Range from .6% to 99.9%

---

[1] Responses to question 61 include products placed by U.S. brokers currently operating as agents in Japan.

[2] Twelve companies responded to the first part of question 63 and eleven companies responded to the second part of question 63.

[3] Brokers collect commissions rather than premiums.

COMMENTS

64. If you have any other concerns or comments about any topic covered in this survey, please use the space below. If necessary, you may add sheets.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Thank you for your assistance.

Please fax the completed questionnaire to Christine Broderick at (415)904-2111 or mail it to the following address:

U.S. General Accounting Office
301 Howard Street, Suite 1200
San Francisco, CA 94105-2252

Attention: Christine Broderick

A return envelope is provided for your convenience but can only be used if you are returning the completed questionnaire via the U.S. Postal Service.

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