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CONSUMERISM AND INSURANCE BUSINESS IN JAPAN

by

Noriaki Niwata

I. Image of Insurance and Consumerism; II. Commodity Theory and Institution Theory of Insurance in Relation with Consumerism; III. Evolution of Consumerism against Insurance; IV. Characteristics of Consumerism against Insurance and Countermeasures; V. Policy or Company, Which Should Be Given Priority of Selection on Consumerism?

I. Image of Insurance and Consumerism

Surveying business principles of insurance enterprises of Japan, one will see that in most of them mutual aid or relief and accomplishment of their tasks for public benefit and welfare are mentioned. Almost everywhere contribution to policyholders, sound management as well as united prosperity of society, company and employee are being pursued. Then it is quite unimaginable that insurance and its enterprises should be received by people with bad image persistently and extensively. Yet the reality is so; it will not be too much to say rather contrary to expectation. There must lie some reasons in the deep. Presumably this fact tells presence of an inherent element of insurance which makes it unacceptable to the society and exposure of the effects of wrong policies taken by enterprises in the past.

The fact that the scheme named insurance has long history and achieved developments respectively in all advanced countries can be taken as proof of social consent of its utility. Allowing for any discount possible, it would be impossible to deny that the benefit of insurance is indispensable to people's living. On the side of insurance, however, it should not be allowed simply to be content with this. For, as the recognition of utility is old and widespread, so are prevalent arguments of its evils, not only among the general public but also among scholars and intellectuals. Even today it is said that unexpectedly numerous ones of the so-called cultural-people or intelligentsia hold disfavor or antipathy to insurance. We cannot, however, readily agree with such antagonism of theirs because generally their behavior makes us feel some sense of irresponsible grand stand play, and further these high-class people may have other means to

rely upon than insurance. True criticisms on insurance must be such as, on recognizing the utility, search out its harmful effects, deficiencies, drawbacks or evils, while on another hand orienting to the solution of these. Consumerism of the modern age should go along this line.

What are conceived as the utility or merits of insurance are they very part liable to turn to evils. Since the evils are already described by many books, articles and materials, it is not fair to say that insurance has never been exposed to criticism. Most of these criticisms, however, were those directed to insurance of typical capitalist society, say, insurance of old style lacking in foresight of times. There, while the utility is socially approved, the evils relevant to utility are generally a matter of possibility. They are never sure to emerge in building and carrying insurance. What has been pointed out is fear of emergence. And the evils are possible to overcome and remove if appropriate deliberation is provided, while the merits are almost definitely feasible. The criticisms being as such, actual cases of evil in the past are not hard to find, which must have been great regret to the insurance-related circles. For the evils may be taken as not those of insurance itself but those born from defects installed within its system into which insurance and insurance-men are apt to fall.

The utility insurance can afford is attainment of economic security. It does not directly bring about increases of income, improvement of production or enrichment of nation's wealth, if indirectly could do. Although people are always afraid of contingent disasters and misfortunes, customarily they have provided for these broadly with primitive and insufficient countermeasures, and allocated the rest of economic resources to productive activities. So at an earlier stage of economic development accomplishment of economic security, e.g. utilization of insurance, was neglected. At such period it must have been a very difficult task to build, provide, sell and popularize insurance. Hence it was rather natural that insurance was hated and related enterprises and men were kept at a distance. Such relation was the basic condition of the unwelcome insurance.

It is very easy to speak ill of insurance. Well aware of this, neither students nor businessmen of insurance attempt repulsion against slanders, unless for some particular reasons. They persuade themselves saying "Insurance is disfavored Goddess." However, the state of today is that such passive attitude has become incapable of meeting changes in social circumstances. To be washed by the waves of consumerism is a best chance for insurance to become clear of passive pose and to take active actions toward social desires. The cruelest criticism is said neglect and oblivion. Today insurance is doubtless an object of social concern at least. It is only a matter of second phase whether remarks around insurance are the pros or the cons. In this sense it is delightful that insurance has become an object of consumerism.

Insurance is said disfavored Goddess. If disfavored, it is still a being comparable with Goddess for people's living. Goddess tenderly guards the weak or children against outside dangers and disasters. In terms of economics this

is economic security. Indeed economic security is intended to protect individuals' certain economic status, both present and future, from impairment, destruction, infringement, deterioration or ruin, and to preserve these. Of course its means may be varietiful, in a wide sense involving prevention and suppression of contingent disasters or misfortunes, but correctly it denotes what are generally called after-care measures. Some theorists include into it bank deposits, *mujin* or *tanomoshikō* (mutual finance group), mutual relief, self-insurance and even charity, lottery and gamble, but reasonable security systems of modern age must be insurance and social security, the two pillars. No one could deny that insurance makes the most important institution and Goddess in the security of daily life, however hateful he looks it.

We have another popular comment on insurance. "The level of development of insurance shows the level of civilization of a nation." True it was born in civilized countries and most remarkably developed there. In Japan with her postwar economic reconstruction and cultural advance, popularization and growth of insurance are appreciable, yet why is the extensive survival of such criticisms, akin to simple rumours but intense and persistent? Of course faults and shortcomings on the side of insurance must be acknowledged, but overmuch apprehension and misconception seem to exist among people. Isn't there repulsive response to insurance of distorted form?

To speak of life insurance, that it is susceptible to bad reputation is almost a destiny. People who have received insurance money by death of the insured—and that, at a substantial amount by generally small premium—are sure to praise insurance. However, since they are far smaller in numbers than those who have not received, their voices are buried into those of the latter (the dead insured make no remarks). The words of recipients who are glad, if in a sorrow, to receive insurance money are extinguished by those who have not yet experienced insurance accidents and are entertaining some discontent in losing premiums. If a vulgar expression is allowed, "Only in the next world insurance will be supported with great appraisal and gratitude." Similarly as regards nonlife insurance, those who have received insurance money to cover damages will become decisively partisans of insurance but their number is too small. Thus insurance sits on a fate of agony between the gratitude of a small number of people and the feeling of lost money of a large number.

A point requiring special attention about consumerism against insurance is that it ought not to remain at simple blame or accusation. True there are many cases of counter-attacks by the unions of sufferers to enterprises, in whose process, however, education to people on insurance and active proposals toward future must be conducted. It should be desired that something leading to improvement and advance of insurance is implied. Here consumerism is not destructoin but construction matching to the age of insurance and the desires of people in the end. Insurance and its enterprises as the answerer should, instead of excuse and apology, take opportunity of it for self-reflection and enlightening of the society.

Consumerism has appeared only because of widespread consent of insurance as a social being, and hence should provide a chance to clear up the destiny of disfavor.

Insurance is a scheme that can be utilized in accordance with the spare part of livelihood. At such levels as "mere subsistence" or "tiding over hardship" purchase of insurance is inaccessible, even if its merits are recognized. If risks attendant to occupation or job are squarely reflected in higher level of earnings, some portion of them may be used to take insurance, but in the present society the relation between risk and pay is not so proportionate. Larger need of insurance does not make its utilization easier.

All in all, level-up of national income and equal and balanced distribution can increase demand for insurance and its purchase. People of excessive poverty refuse insurance because of inability of paying premiums. Men of excessive richness do not need insurance because they do not rely on its. Overall and equal affluence is just desirable to insurance. In order that insurance may become free from hate and be welcome, living of people must be ripe in affluence.

"It is those who have no insurance that become its salesmen." This phrase is very meaningful. It means that when some disaster or misfortune has attacked a family who have refused insurance to the loss of every means of livelihood, the family-head becomes an insurance salesman, a job that requires few experience, qualification and capital. So long as sale of insurance has to depend on such salesmen it is natural that it is not favorably accepted by the society. Insurance, a commodity most difficult to sell, is being entrusted to people whose level-up of quality is almost unexpected. Disfavor is rather a matter of course. It would not be easy to judge whether disfavor is to insurance or to salesmen.

Instead of making efforts to find the best way of selling unwelcome insurance, enterprises relied a "mass-men" tactic, that is, to introduce manpower, low in quality but ready to mobilize, and to acquire contracts by subscription of their relatives and by repetitive, persistent and often coercive canvassing. The result was the mass-dropping of salesmen and consequent swell of subscription expenses, and at the same the worsened image of insurance and its enterprises. Even though such personnel management and sales policy were inevitable at that stage, subsequent consideration was too poor. Now amid the general manpower shortage and rising personal costs on one hand and the criticisms by consumerism, changing of management policy and sales tactic are being required. Logically an image change of insurance business must be hastened.

II. Commodity Theory and Institution Theory of Insurance in Relation with Consumerism

Today Japan's insurance enterprises regard insurance as a commodity, use this word usually, frame up themselves as insurance traders, and take insurance marketing as their task to be executed. This is not a framework of thinking

deriving from deep consideration on the property and function of insurance, but thinking of much commonsense-type for the sake of convenience of business and easy explanation to people. Indeed the logic of insurance commodity has uncomparable practical advantage, though little theoretical significance, and is widely being accepted by the public. And consumerism is evolving sharp criticisms along this line of commodity and commodity trading.

Now that insurance is regarded as a commodity, of what character is it? Firstly it is conceived as a commodity, invisible, of service or of insurance benefits. The contents as commodity are explained as insurance policy, sense of safety leading to compensation feasible for the insured and policyholder, or protection of insurance. Or else, the commodity is grasped as claim to insurance money and obligation on specified terms. However, this insurance-commodity theory has a pain in that a "peculiar commodity" must be mentioned.

Being a commodity, insurance has to be confronted with consumerism sooner or later. Waves of attack are unescapable, which may be made from various angles: its contents as a commodity, differences and errors between appearance and substance (e.g. changes in real value between contract time and benefit time), comparability between one policy and another, conformity with real need, quality, service and reception attitude at sale, efficiency of sale and relevant costs, mood and climate to customers, balance between price and content, and so on. On this theory the insurer (=insurance companies) is connection-less with the insured and policyholder except the sale of commodity or the exchange of commodity and money. The avowed mutual help or the relation of "one for all, all for one" is wiped away, and hence attacks of consumerism will be all the more serious. Again this theory cannot fully touch people's sentiment on insurance and enliven mild and warm emotion inherent in it. All is understood within the bounds of mere commercial relation, and means a backward step of insurance as countermeasure to consumerism.

Insurance is unique as a commodity, and so consumerism has to take a particular form against it.

Insurance is:

- ① Untangible commodity—weak demand. Visible explanation is difficult and so people are unable to comprehend generally.
- ② Future goods—weak demand. The character of deposit is always attached.
- ③ Goods of long duration—weak demand. Problems of invalidation and surrender arise.
- ④ Goods of long-term price calculation. Calculation must be made not on the short-term but on the entire term of contract, involving abnormal risks. Commodity of stabilized-price type.
- ⑤ Tertiary goods. Not necessities of living. Visiting sale often with coercive canvassing. Welfare goods.
- ⑥ Goods of "sale is production" type. An insurance commodity is really

born only after sale, contract, formation of insured group and actuarial calculation. Each one is produced after sale of numerous ones.

⑦ Goods of "mass-production equals effectiveness." The law of large numbers can work only on a large mass of contracts, and only then the commodity becomes really secured one. Commodity of sale priority.

⑧ Goods of diminishing demand. Demand decreases because utility decreases. So cultivation of new markets is always necessary.

As against the above-described commodity theory, if insurance is grasped as a sort of economic scheme or institution, the insurer or insurance company is the proxy executor of its business, and the insured and policyholder becomes another partner to constitute it. Then the idea of consumerism, at least by the latter, is unadaptable, and could be said a movement of mutual criticism by the both partners. And since this institution is open to free-will participation the general public have right of choosing yes or no on specified conditions. Accordingly consumerism in the relation of "producer vs. consumer" or "merchant vs. consumer" is unsuitable, although attacks in the sense of self-criticism could exist. This will be all the more so in the case of mutual company system. The institution theory of insurance is strong against consumerism. In addition consumerism is not pertinent to compulsory insurance.

Insurance of mutual company system cannot be conceived except by institutional consideration. And in Japan most life insurance policies are being formed and sold by mutual companies. Should the meetings of representatives of member policyholders carry out full functions, most problems would be solved. Yet at present they are mostly only nominal and hence consumerism is necessary also here. Consumerism is regarded as indispensable to insurance lacking in ability of self-criticism, and rather to be welcome in the case of mutual companies which are prone to easy-going management. Where the idea of mutual aid is being set forth for management, inversely inefficiency and overmuch conservatism are being looked over in the name of this word, to which again correct criticisms by consumerism are to be required.

III. Evolution of Consumerism against Insurance

Insurance has been incessantly exposed to severe criticisms and blames by people since its birth. These were never of such nature as petition or appeal by the weak consumer to the strong enterprise, but indeed malevolence, ignorance, misconception, abuse to face, simply antipathy or repulsion by temperament. Isn't this because insurance was a "weak" industry? Was it essentially different from today's consumerism which implies a united uprising of the weak? But the circumstances around insurance have changed. Although insurance still retains some element of the weak, it is steadily going on the road to the strong. So the position and character of insurance as against consumerism today delicately contain two implications of the weak and strong.

Insurance is the weak against consumer (the latter is the strong) on the aspect of sale and the strong (the latter is the weak) on the legal aspect. Up to the step of receiving premium it is the weak and turns to the strong at payment of insurance money (vice versa). It is generally the weak in connection with insurance business and the strong in the management of funds. Again it is the weak in the maintenance of insurance relation but the strong in its suspension, e.g. invalidation and surrender of contract.

With the advance of market domination by big enterprises, consumers have united on the sense of solidarity and common interests and developed consumerism through actions of accusation and studies by themselves. Truly speaking, the more concentrated the power of monopoly becomes, the more definitely becomes the target of consumerism. Insurance is suitable to attack since oligopoly in it is already long. Of course bloody struggles are unimaginable because no dangers harmful to human life or health are involved. In place of them, however, consumerism from misconception can arise.

With the distortions born from economic growth and the consequent criticisms by people being reflected in the choice of politics and political parties, within the government and administration there has been intensified orientation to welfare policies leading to the so-called welfare age (or welfare-wanted age). Policies of consumer protection and consumerism promotion have been deployed by a group of government officials who are deemed as neutral-minded and enlightened, which have been supported by jurist circles and mass-communication to grow up to a big movement of consumerism. It can play influentially about insurance on which government's leadership and supervision are primarily strong, with various regulations being put along with protection. Consumerism is often backed up by administration. Aiming at safety and security of living, it can be readily connected with insurance. It places emphasis on the problems of living, which in turn provides a base to the growth of insurance.

Consumerism is a kind of people's movement. As labor movements confront capital and enterprises about labor conditions, so consumerism faces capitalists and capitalistic constitution about living from a national viewpoint and on a national scale. It is not a movement of politics but that of people's living. It is originally within the frame of mild democracy, although sometimes severe poses or steps have been taken. The matter is not "poverty amid poverty" but "poverty amid affluency." Consumerism conforms with the line of progressive reform of insurance, and the latter is placed in a position best suitable to understand the former. Through solution of consumerism directed to it, insurance can float on its waves and can walk with people. As insurance takes poverty and inflation as the largest enemy of people and avoids heavy fluctuations in economy and society, it primarily sits on the side of people who hate these. Since insurance wishes to evade increases of risk rate, in case of its move to a worse direction it shifts itself to the side of consumerism.

Policies on Insurance

- I. Policies for growth
- II. Policies for stability
- III. Policies for fairness

I. Policies for growth

1. Policies for growth of insurance itself

A. Direct policies

- To the insured
 - Tax reduction
 - On premium
 - On insurance money
 - Compulsion of insurance
- To the insurer
 - Tax reduction
 - Accommodation of state organs and establishments
 - Bearing by state of office and other expenses
 - Supply of funds
 - Subsidy
 - Technical instruction
 - Nationalization of insurance
 - Liberalization of insurance, principle of free competition

B. Indirect policies (=accomplishment of outer conditions)

- Environmental adjustment
 - On currency, finance and banking
 - On education and research
 - On transport, communication and mass-communication
 - On actuarial statistics and surveying
- Promotion of related industries

2. Policies in line with general economic policies

- Active finance by insurance
- Promotion of industries by insurance (=casualty and surety insurance)
- Manpower preservation and cultivation by insurance (=welfare insurance, social insurance)
- Reserves making and capital formation by insurance
- Investment of insurance funds in growth industries and enterprises

II. Policies for stability

1. Policies for stability of insurance itself

A. Direct policies

- To the insured
 - For premium payment (=principle of equal benefit and counter-benefit)
 - Punishment of invalidation and surrender
 - Prevention of inverse selection
 - Strict duty of information
 - Strict examination at contracting
- To the insurer
 - Approval of insurance business
 - Annex of basic documents on management and plans
 - Regulation on capital or funds
 - Restriction of multiple business
 - Prohibition of combined business of life and nonlife
 - Regulation against side business of managerial staff
 - Restriction of business abroad
 - Control on management of assets
 - Regulation on share issue and capital increase
 - Reinsurance by state
 - Closing compensation at collapse of insurance by state
 - Set-up of insurance association
 - Set-up of advisory council of insurance
 - Permission and promotion of insurance cartel (=exemption of premium rate from the Anti-Monopoly Law)
 - Disapproval of new foundation of foreign enterprise
 - Ditto, domestic enterprise
 - Nationalization and quasi-nationalization of insurance
 - Strict audit on accounting (=principle of equal receipt and outlay)

B. Indirect policies (accomplishment of outer conditions)

- Environmental adjustment
 - On education and research
 - On statistics and surveying
 - Prevention and suppression of disaster
 - Sanitation and welfare
- Prevention of inflation
- Subjugation of economic crisis

2. Policies in line with general economic policies

- Favorable economic activities and planning
 - Subjugation of economic collapse and misfortune by accidental disaster
 - Measures of prevention and suppression of disaster (=motivation of duty of prevention)
- Balanced international payments by export of insurance (=re-insurance)
- Participation-cooperation to anti-inflation policy
- Cooperation to removal of economic fluctuation and social unrestness (=built-in stabilizer)
- Participation-cooperation to finance normalization
- Participation-cooperation to removal of social unrestness by stable living of workers and labor-management coordination
- Participation-cooperation to dissolving dual structure of Japan's economy (=insurance for agriculture-fishery and small enterprise)

III. Policies for fairness

1. Policies for fairness in insurance itself

A. Direct policies

- To the insured
 - Protection as the weak
 - Respect of people's will on insurance
 - Principle of favored position of the insured in interpreting insurance clause
 - Burden of proof on the insurer at law suit
 - Set-up of machine to deal with complaint
 - Set-up of office for consultation
 - Nationalization of insurance for low-income classes (=equity on utility of insurance)
 - Regulation against vicious act of the insured
 - Regulation on false statement, offence of duty of information and unfair act
 - Prevention of disaster by intention or heavy fault (moral risk)
 - Prohibition of over-value and duplicate insurance (principle of non-prifiting by insurance)
 - Duty of prevention and decreasing of damage
 - Promotion and aid to insurance mass-communication
- To the insurer

- Annex of basic documents and contract matters at application for licence of insurance business
- Regulation on changing of basic documents
 - Approval of change
 - Order of change
 - Retrogressive treatment
- Regulation on business title and name
- Regulation on accounting of company
- Administrative direction on outlay, e.g. increase of remuneration of managerial staff
- Control on premium
 - On determination
 - On change
- Control on stockholder's dividend
 - On resources
 - On rate
- Control on partner member's dividend in mutual company
- Control on stockholder's dividend in joint-stock company
- Competence in the hands of Minister in charge
 - Request of report
 - Inspection
 - Supervision and order
 - Punishment of offence
- Measures to inferior company
 - Autonomous reconstruction
 - Administrative measures for reconstruction
- Regulation on canvassing
 - On salesman of life insurance
 - On agent of nonlife insurance
- Supervision on foreign enterprise
- Legal reserve
 - On calculation
 - On accumulation
- Control on insurance accountant
- Regulation against vicious act of the insurer
- Free competition in insurance market
 - Adjustment of high premium by rationalization
 - Improvement of service

B. Indirect policies (=accomplishment of outer conditions)

- Environmental adjustment
 - Accomplishment of legal provision
 - Fulfilment of police and court
 - On education and research
 - On actuarial statistics and surveying
 - On accounting
- Adjustment of relation between consumerism and insurance
- Bring-up of competitors of insurance such as mutual relief organization

2. Policies in line with general economic policies

- On investment of insurance funds
 - Public investment
 - Investment as return-back of profits
- Fulfilment of social security and its adjustment to insurance
- Income redistribution through insurance
- Equality of luckiness (or unluckiness) relevant to accident in economic life

Popularization of education, level-up of knowledges and the arrival of the information age make the prerequisites of consumerism, and just these will derive easier development of insurance. Insurance is a brain commodity and a knowledge industry, and may hold the fate and task to become an information enterprise. And popularization is said that secret key to its success. Consumerism suggests advances in these conditions and is a movement to bring about further completion of them. Insurance must cooperate to it and conditions for this are provided. A collective framework of the whole circles is being completed through organization of salesmen and agents, collection and deal of data on the insured and policyholder at both steps of enterprise and industry, probability calculation and the reinsurance system. This helps establish a better posture to meet consumers than by individual enterprises. These conditions, conforming with the concept of social significance and responsibility of insurance, renders insurance possible to place itself on the side of cooperation instead of the accused against consumerism. Insurance must set itself as a consultant on living. It is a nation's industry because it is linked with consumers on a nation-wide scale, and is called a life industry because the link concerns with living.

Self-consciousness on social responsibility will intensify orientation to public business from private. Commodities with strong public character will gradually appear, according to whose grades the connection with consumerism will become closer. In addition, recent extensive business and mass transaction render possible to suppose that an age of mass production and consumption has come to insurance, which may naturally result in a full-scale relation with consumerism. In short, in the direct connection between insurance and people consumerism of modern

sense will start.

In the modern consumerism some noteworthy shifts of principle are observed.

① Shift of responsibility from buyer to seller. Where commodities have become of better quality and shorter life cycle, it is impossible to charge entire responsibility about the selection and use of them on the general people=buyers. Sellers must strive for supply of complete knowledge on commodities and bear some (and growing) responsibility even after sale. This is similar as to insurance. Perfect explanation must be made, correct information must be provided, and enterprises are responsible for misconducts of salesmen and agents (a difference lies with variable products which charge the risk of investment on policyholder).

② Shift of protection of enterprise to that of consumer. In line with the rise of consumerism the administrative authorities have been obliged to transfer policies from enterprise protection to consumer protection. This is because of the presence of the masses behind consumerism. Another reason is that enterprises have already grown up to require no more protection. Again in insurance, amid the process of liberalization the customary protectionism is being forced to make a turn to the line of efficiency and rationalization from a national standpoint.

③ Shift from confrontation of "enterprise vs. individual" to that of "enterprise vs. consumer organization." Any balance of power is hopeless between strong enterprises and weak individual consumers. Consumers must confront enterprises uniting themselves. Further confrontation will be made by the unit of populace of an area, or on the ground of industry vs. whole nation. In insurance the pose of confrontation is between the insurance circles and the whole nation (including policyholder, would-be policyholder and non-policyholder) rather than between an individual enterprise and its policyholders -insureds.

④ Shift from accusation of enterprise and commodity to reflection of wishes and constraint on management. This shift is necessary if consumerism is to have fertility for the sake of its duration. Now that consumerism, which at first developed with high spirits of accusation, has reached a certain level it is required to work a function to reflect people's needs and put constraint to overmuch emphasis of enterprises' standpoint and pursuit of excessive profits. All in all, consumers and people must be benefited by placing management on the right road of public benefit. By experiencing consumerism the road of justifiable management is opened to insurance. If overmuch intervention and control by administration are to be evaded, in place of them consumerism must be accepted.

Consumerism around insurance gives advantages to both enterprise and consumer. And a correct solution of it is just connected with the cultivation of insurance markets. At the same time consumerism may stand for insurance in presenting criticisms and desires to government and administration which it could not dare to do, so long as these are proper ones. And it can play the part of good teacher regarding management, commodity and sale of insurance.

The social responsibility of insurance is to provide good and cheap insurance conforming to the needs of insurance markets. Since the needs of consumers to insurance are generally shallow, comprehensive, lacking in concreteness, and exists as if a drifting concept, on the side of enterprise it is necessary to provide knowledge and information actively, in order to consolidate into prominent ones. In this sense leadership lies with the side of insurance, and hence it must have exact recognition of people's wishes and will through complete market surveys. Sometimes it will be necessary to be opposed to consumers' intention but ultimately it has to invite them to the proper way and function of insurance.

The so-called consumer power or movement is today making great concern of entrepreneurs. The more the thought on insurance is advanced and popularized, the easier will be its development, but on the other hand criticisms by consumers will rise higher. This rise is a factor not to be ignored, and only by overcoming them insurance can develop. For this end democratic and progressive attitudes of management are desirable. Insurance should welcome that it has been taken up for the target of consumer power or movement as the consent of its social significance, and make progresses always in close connection with the times.

To speak frankly, insurance can conduct market surveys through contact with consumerism. And by answering to it education on insurance can be effected. In short, it can be utilized either better or worse according to postures to meet it. Again as for consumerism long-run duration would be impossible unless its movements are advanced on correct recognition of the utility of insurance. The movements must be such as are related to reasonable and proper utilization of insurance in order to get its ultimate fruits. Should the movements be denial of insurance or united on simple sufferer-sense, they could not grow to strong ones amid the variation of individuals' value-sense and thinking. Consumerism around insurance reflects rising concerns to it, which is to lead to further awakening of demand. Criticisms to insurance means neither its stagnation nor retreat.

IV. Characteristics of Consumerism against Insurance and Countermeasures

Insurance is primarily a commodity and an industry with strong appeal to the masses. So there was, say, a prototype or primitive type of consumerism. The history of insurance is in a sense that of image-up of it and its salesmen, contact point with people, and the pioneer pattern of consumerism was always directed to this point. And since consumerism is essentially a social activity of women, and customers of insurance are mainly women, further growth of consumerism against insurance are to be foreseen.

Because consumerism has developed with an aspect of "right to know," one aiming at educational effects on consumers (=educational consumerism) will be commenced. Insurance is hard to understand for its legal, mathematical and

long-run characters, and hence moves of those who wish to know better are natural, appearing as insurance consumerism. Beside this, calculation of premium (price) and its propriety pose questions which people want to cast on insurance through consumerism. Consumerism of "right to know" may give a benefit to insurance because knowledges on it are popularized.

Insurance is a nation-wide industry and a commodity attached to living. So consumerism of "living movement" type will develop. Because outlay for insurance swells and increases weight within household economy in accompany with rising levels of living, it seems to be a natural course that such consumerism takes up insurance. Consumerism of this sense has little possibility of unification with labor movements or political campaigns. And in view of recent trend of its development as community or national movement, surpassing that of consumers alone, also in insurance consumerism tends to be nation-wide since the insured and policyholder are extended over the country. With its scale being thus large, however, its character will generally remain to be mild and of good sense.

Because of the feature of long-term, discrepancies between the exhibited content and the value at actual use (delivery of insurance money at accident) are often born by the effects of social and economic surroundings which cause unluckiness and complaint. This is a decline in the real worth of economic security by inflation. Primarily contents of a policy are not fully understood and its sale is conducted through salesman or agent with peculiar status and disposition. Thus consumerism of "compliant deal" type becomes all the more brisk. Or it becomes consumerism of "request of sustained quality and property."

Sorts of insurance commodity are not so small. A problem is that they exist in kindred forms with only a little difference. And they are not presented in forms easy to compare. Once purchased, a policy is of long term in principle impossible to exchange with another. Here arises consumerism of "request of information" at purchase. True in the past there were methods of sale devoid of explanation of contents, which promoted antipathy to insurance to an unmeasurable extent. It is an important task of insurance-men to modernize sentences, words, letters and printing of clauses more familiar to people. Since institutions alternative to insurance are not unthinkable, insurance must improve its constitution by presenting correct information.

Many insurance companies are of mutual company system. As the image of these companies is difficult to connect with such words as capital or profit, consumerism cannot be so vigorous against them. Yet vague dissatisfaction becomes prevalent because of an impression of self-will disposal of things, making undistinct and wrapping with veil, seen in a number of companies. And since insurance is a rare case of exemption from the Anti-Monopoly Law, consumerism of "antipathy mood" type is born, if not so serious as "sparks against monopoly capital." Because insurance enterprises are irrelevant to public nuisances or such evil practices as buy-up and sales-withholding of commodities, they may not be exposed to direct and violent repulsive actions, but face consumerism of

unmanageable mood such as "very distasteful," "anyhow unpleasant," "somehow queer," "something of fraud" and so on.

Consumerism against insurance may be called "official leadership" type. Since insurance is subject to strong administrative regulation, which should be executed from the viewpoint of people's welfare, the administrative authorities respect people's will, follow their wishes, in other words, sit on the current of consumerism, and thereby produce and bring it up by themselves. Sometimes it is administration proxy type. The authorities give birth to consumerism to utilize it for reinforcing their leadership and control. This pertains to most cases of consumerism in which success is unexpected without cooperation of politics, government, administration and officials. Insurance makes no exception of this. It is rather more distinct for insurance.

Insurance is weak against mass-communication media. It is natural that mass-communication stands on the side of consumers and masses intending to strengthen its force in the society. It must be said a well-timed act that it selected insurance for the aim. Here we can speak consumerism of "mass-communication favored" type. That is to say, mass-communication could raise its social position through quarrel with insurance probably without suffering a fatal blow by the latter. To take a cynical viewpoint, I cannot but feel that some part of recent consumerism against insurance is based on "artificial mood."

Various enterprises exist that deal commodities akin to insurance, as an industry aiming at economic security. Their business is mutual relief. In order to cover its disadvantage by later appearance than insurance, to advocate particularity of their business little different from insurance, and to express some resentment against cool treatment given by insurance at the first appearance, these enterprises often joint consumerism against insurance. So to speak this is consumerism of "fellow trader's campaign" type. Where mutual relief associations, either weak or growing speedily, are competing with insurance for market and share, these fellow traders (or kindred traders) are combined with consumerism in attacking insurance.

The presence and growth of social security may be always threatening to insurance. Whether the relation between the two is cooperative-complementary or competitive-alternative poses sometimes a problem. Recently the latter-said relation is more apparent in accompany with the level-up of social security. Since social security is under complete or partial management by state, and hence finance is secured in the ultimate, it can fulfill its substance or introduce new types of security. Representative ones are the adoption of inflation-slided annuity, automative resurrection of insurance value and ceiling-free benefit. Being aware of this, consumers ask insurance to carry the same matters. Thus this consumerism is "kindred commodity" type. To observe the relation between social security and insurance, social insurance, which once worked to dissipate bad image of insurance, has now fallen to image-down of its own because of inefficiency, expensiveness and abuse, which is threatening to deteriorate confidence

of insurance business as a whole. Social security, while giving stimulus to consumerism against insurance through introduction of new devices without being cautious to finance, is working to lessen supports by people to insurance by reason of its points of degradation.

Those who blame insurance are unexpectedly found among scholars and intellectuals. Especially severe blames are made by scholars of social security theory. Even more astonishing is the presence of some students of insurance theory who abuse insurance. This may derive from the wrong policies of the insurance circles to treat them and the neglect of putting them on the right road. Supposedly the circles have been keeping themselves within the particular shell of insurance amid "my own" self-satisfaction on simple mutual comprehension. On the other hand, intellectuals are not free from impression of self-satisfaction on their sharpness in attacking insurance. This is consumerism of "intellectuals leadership" type, that is, intellectuals represent the masses in exhibiting antipathy to insurance.

Also there is seen consumerism of "antipathy to insurance companies' personnel affairs," though not directly related with insurance itself. This is a sort of opposition to the somewhat hereditary personnel administration. In insurance companies too drastic personal turning is impossible because the business is one that requires plain and incessant efforts. Since "single-shot success" is almost unthinkable, changing in top management is apt to be hereditary or that by talk or concert. This invites a blame of "tactful deal" by some people, which may burn up to consumerism.

A large mass of salesmen have been introduced into insurance and cut off themselves from it. Most of them came to hold dark and deep-rooted discontent, complaint, antipathy and repulsion against sales policies and salesman administration. Not only this, not a few of retired clerical employees feel blame and criticism against their former places of job. This arouses consumerism of "retired clerical and sales employee's discontent" type. Especially when retired salesmen, who amount to an appreciable number every year and are accumulated in the society, begin to speak ill of insurance as general people, its effects would be unignorable. Their moves of antipathy, say "hard work on flattery," may be all the more strong and deep-rooted because they know weak points of insurance.

Countermeasures of insurance enterprises to consumerism are basically to re-educate it to sympathizer. What must be avoided is the attitude of "ready to flee from" and "cover-up by talk." As consumerism is turning from accusation to correct comprehension and better utilization, so on the side of insurance adequate measures should be contemplated correspondingly.

① Administration leadership consumerism—aims at stimulus to the industry, sleeping, indolent and of passive attitude.

② Mass-communication consumerism—engages in accusation mainly.

③ Fellow trader's consumerism—intends to take an advantageous position, even a little, in competition, and asserts particularities of the fellow traders.

④ Kindred commodity consumerism—asks for cultivation and carrying of new ideas.

⑤ Intellectuals consumerism—inherently or constitutionally dislike insurance, though understanding it.

⑥ Salesman consumerism—most difficult to find countermeasures; supposedly there is no other way than to reform administration of salesmen.

The combined body of these factors represent the charact-feature of consumerism against insurance. So the countermeasures must be unified and comprehensive ones. Neglection should never be allowed. Since here consumerism is not attacks by some particular people, countermeasures must be framed on reasonable allocation of labor and money. They should aim at equally-distributed effects.

① To set up a machine and to appoint a director exclusively responsible for consumerism, as a special window and joint-point with consumerism.

② To found a machine for the whole industry to deal complaints and strive to dissipate vague antipathy to insurance.

③ To conduct investment and finance in the sense of return-back of profits.

④ To afford guides to consumers' living as indirect touch with consumerism, and to place insurance-sense and insurance itself squarely within living.

⑤ To strive for organization of consumers, for example, "friend society of insurance," "insurance knowledge day," or "friendly meeting of insurance and consumers."

⑥ To creat a system of insurance monitor to hear directly consumers' voices and wishes.

⑦ To utilize informed and experienced people in order to obtain consumers' assent by their power of social and cultural leadership.

⑧ To be earnest in the activities of PR at large, unique policies of the company as well as image on it.

⑨ To employ a system of self-check of insurance accidents in order to make partners themselves to have concern on consumerism.

⑩ To set up a check system by salesmen to effect countermeasures at the step of salesmen.

⑪ To form a mixed system of salesmen comprising better and common ones, and thus by pull of the better-higher class to establish attitudes of all salesmen to meet consumerism.

⑫ To form various chains between company and consumer to draw consumerism nearer to the former.

V. Policy or Company, Which Should Be Given Priority of Selection on Consumerism?

Materials for good selection of insurance could easily be found by a little attention. And by inquiring at insurance companies or relevant institutions,

explanation will be given to an necessary extent and in a range of commonsense. On these knowledges, however, selection of a good and adequate commodity would be still difficult. Between commodities of the same kind being sold by various companies differences of quality are not so large. Rather more important is selection among companies. Selection of a company likely to accord with one's temperature and needs precedes selection of a policy and is more essential. Troubles around sale may be avoided by caution and good sense of consumer, as is the case with other commodities. Unless a consumer himself holds bad intention which vicious salesmen or agents may utilize, usual quality of selection is expectable.

1. Purchase of insurance on selecting a big company is confidential and anxiety-less, but sometimes the sale is too business-like and of officialism.

2. Life insurance companies growing at a high pace are full of spirits and willingful. Commodities of new sort and type are actively placed on sale. Yet fear of trouble is greater than in other companies. It is really seen that in these companies the rates of invalidation and surrender are higher.

3. Companies with long history and stable growth are elegant, calm and kind-hearted. However, where the length of history is producing conservative mood, sometimes lag in developing new commodity is seen.

4. Even of small scale, some companies are completely free of fear of business failure. Activities for new commodity and nice management of assets are observed.

Desires of consumers and those of insurance enterprises encounter at the insurance market, and through transaction based on calculation by both sides are settled at a point of balance. Requests of both sides, including premium=price and service, agree each other. As a matter of the short-run occasionally consumer's wishes are strongly reflected. That is to say, the point of balance=agreement is decided on consumer's demand in the meaning of "by" while in the long-run company's demand is more significant in the meaning of "at." To speak of it, economic effects of consumerism are generally of the short-run, less fruitful in the long-run. Herein lies the limit of consumerism, which may be more remarkable for insurance which stands on the relation of long-run contract.

Contents and Features of Life Insurance Commodities of Japan

1. Old-age security of the insured
 - 1) Benefit of fixed amount
 - (1) Maturity insurance money
 - (2) Annuity
 - a. Life annuity (lifetime after a certain period)
 - b. Fixed annuity (for a certain period)
 - c. Life annuity with a secured term (combined a and b)
 - (3) Disability insurance money and annuity
 - 2) Benefit variable according to life cycle
 - (1) Maturity insurance money and annuity of automative increase system (increase by additional purchase on policyholder's dividend)
 - (2) Maturity insurance and annuity capable of additional purchase according to need
 - 3) Benefit variable according to circumstances
 - (1) Variable insurance and annuity (distribution of fruits of economic growth, extent of uncertain variation)
 - (2) Lesser value payment under specified conditions (reduction of insurance money for non-medical examination, deduction of unpaid premium from insurance money)
2. Security of survivor's living after death of the insured
 - 1) Benefit of fixed amount
 - (1) Death insurance money (amount equal with maturity insurance)
 - (2) Big security type (term portion of maturity insurance with them, x -times benefit of maturity insurance money at death)
 - (3) Special clause of security for accident (payment of fixed amount at death by accident, y -times benefit of maturity insurance benefit at death, $y > x$)
 - (4) Special clause for traffic accident (fixed amount at death by traffic accident, y -times benefit of maturity insurance money at death, $y > x$)
 - (5) Specified amount at death by statutory or designated disease (y -times benefit of maturity insurance money at death, $y > x$)
 - (6) Annuity
 - a. Annuity of common type and survivor annuity
 - b. Nurture annuity (lifetime and term)
 - (7) Combination of lump-sum death benefit and annuity
 - 2) Benefit variable according to life cycle
 - (1) Maturity insurance and annuity of automative increase system
 - (2) Maturity insurance and annuity capable of additional purchase according to need
 - 3) Benefit variable according to circumstances

- (1) Variable insurance and annuity
- (2) Lesser value payment under specified conditions
3. Additional benefit and clause
 - 1) Benefit for hospital care
 - (1) For the insured
 - (2) For family member
 - (3) Both 1 and 2
 - 2) Benefit to traffic accident
 - (1) For the insured
 - (2) For family member
 - (3) Both 1 and 2
 - (4) Benefit to lasting shock disease (special clause)
 - 3) Benefit for special disease (evil new germ, occupational disease, public-nuisance disease)
 - 4) Condolence money for operation
 - 5) Remission of premium at death or disability of policyholder
 - 6) Redemption and benefit for death or disability of the insured
 - 7) Benefit for accident of family member
 - 8) Benefit for death or disability of family member by accident
 - 9) Condolence money of specified amount at death or disability of policyholder
 - 10) Accident benefit or annuity
 - 11) Periodical health examination
 - 12) Benefit for health care
 - 13) Provision of measures for old-age disease
 - 14) Invitation to hospital health examination
 - 15) Congratulatory money for long life
 - 16) Payment of fixed amount at certain time after contract (congratulatory money by dividend)
 - 17) Pre-term or advance payment of maturity insurance money, benefit for living
 - 18) Mid-way benefit to wife (congratulatory money seen in joint life policy)
 - 19) Benefit of insurance money by special clause at death or disability of wife by accident (special clause for wife in family clause)
 - 20) Fixed benefit for death, disability, injury or physical harm of child by accident (special clause for child in family clause)
 - 21) Congratulatory money for school entrance (fixed dividend)
 - 22) Money lending for travel expense
 - 23) Special treatment at natural disaster or political accident (grace of premium payment, payment of insurance money on the spot, enforced in all insurance)
 - 24) Maturity redemption money
 - 25) Presentation of scholarship

- 26) Dividend for living (fixed dividend)
- 27) Payment of insurance money for suicide
- 28) Convertibility of the insured from the then unmarried woman to her new husband at marriage on specified conditions
- 29) Design of living by computer
- 30) Benefit for remnant injury
- 31) Repayment for non-disease and non-accident (a certain portion of premium)
4. Policy with child as the insured
 - 1) Payment of maturity insurance money
 - 2) Payment of death insurance money
 - 3) Benefit of school education expense
 - 4) Benefit for independent livelihood
 - 5) Benefit of nurture expense
 - 6) Benefit of annuity (for education, living, nurture)
 - 7) Special clause of contract prior to child's birth
 - 8) Benefit of marriage expense
 - 9) Benefit for livelihood at early period after marriage
5. Benefit mainly for young woman (for education, marriage, travel abroad, livelihood at early period after marriage, primarily comes under 1 and 2 respectively)
6. Security of living of sub-standard person
 - 1) System eligible to specified patient and specified-build man (include man of especially bad health, hereditary and specified past disease)
 - 2) System feasible to employee of special risk
7. Weight of security by ages
 - 1) Mainly for low-ager (child) (security for education or marriage expense, etc.)
 - 2) Mainly for youth (suitable to stratum with strong need of security for death and injury)
 - 3) Mainly for middle-ager (with a larger factor of deposit to provide for the so-called risk of long life)
 - 4) Feasible to old-ager (deposit insurance, e.g., settles premium irrelevantly to ages)
8. Security for combined specified persons (joint insurance and annuity)
 - 1) With wife or husband
 - 2) With child
 - 3) With brother or sister (proxy parental authority)
 - 4) Parent (father or mother)
9. Deliberation on premium payment
 - 1) Payment for once
 - 2) Annual payment
 - 3) Semi-annual payment

- 4) Monthly payment
- 5) Payment in group (reduction from monthly income) (premium discount for group)
 - (1) Repayment of collection fee (for group of more than ten policyholders)
 - (2) Repayment of collection fee plus premium reduction (for group of more than twenty policyholders)
- 6) Discount for high-value policy
- 7) Special rule of age calculation for woman (e.g., premium rate applicable to man three-year younger)
- 8) Payment of fixed (larger) amount at times of bonus pay
10. System of changeable contents of contract (mainly to provide for invalidation and surrender)
 - 1) Change to paid-up policy
 - 2) Treatment as extended term insurance (purchase of term insurance with surrender redemption money)
 - 3) Change to insurance of different contents (specified sort)
 - 4) Selective method of payment of insurance money
 - 5) Variable sum insured
 - 6) Divided payment of insurance money (annuity payment) and deferred payment
 - 7) Selective combination of different methods of insurance money payment
 - 8) Dissolvable special clause
 - 9) Policy admissible to succession under specified circumstances
 - 10) Term of insurance capable of shortening
 - 11) Term of insurance capable of prolongation (only on clause, exceptional)
 - 12) Permissible return to former contract after a change on specified conditions
 - 13) Change of method of premium payment
 - (1) From annual to semi-annual or monthly
 - (2) From semi-annual to annual
 - (3) From monthly to annual or semi-annual
 - (4) Decreasing premium by decreasing sum insured (automotive or forcible)
11. Length of term of insurance
 - 1) Term of lifetime
 - 2) Term of long period
 - 3) Term of short period
 - 4) For duration of a travel abroad
12. Number of the insured, small or group
 - 1) Usual (called individual's insurance)
 - (1) Single person or a very small
 - (2) Group treatment (on specified conditions)

- 2) Group insurance (oriented to group of employees of company, factory, shop, etc.)
- 13. About policyholder's dividend
 - 1) Unredeemed
 - 2) Additional purchase of policy
 - 3) Cash payment
 - 4) Offset with premium
 - 5) Dividend-less (non-dividend policy, low premium)
- 14. On medical examination by doctor
 - 1) Necessary
 - (1) By doctor
 - (2) By alternative method (e.g. by medical certificate)
 - 2) Unnecessary (by information table)
- 15. Tax privilege on insurance
 - 1) Deduction of life insurance premium (for income tax, local tax), insurance money (for inheritance tax)
 - 2) Non-tax on premium, permissible to count as loss (where enterprise is policyholder and bears premium)
- 16. Policy with loan provision (limit of surrender value)
 - 1) Automatic transfer loan
 - 2) Loan on security of policy
- 17. Insurance for special aims
 - 1) Aim of deposit
 - 2) Contracted in relation with loan
 - (1) At purchase of house or land (mainly term policy of decreasing insurance money)
 - (2) At other purchases
 - 3) Aims for business management
 - (1) Security of living of employee and family
 - a. At death
 - i. During employment (death insurance money or annuity)
 - ii. Extending to post-retirement (death insurance money or annuity)
 - b. During life
 - i. Maturity insurance money
 - ii. Annuity (company annuity, life or term)
 - iii. Combination of a and b.
 - (2) For business stability or confidence
 - a. Compensation of loss due to entrepreneur's death (premium on loss account)
 - b. To provide for indemnity of injury
 - i. Employee's labor accident (special clause of group insurance)

- ii. Employee's traffic accident (special clause of group insurance)
 - (3) For employee's welfare work (referring to occupational or public-nuisance disease, generally on study)
 - 4) Benefit for death, injury, etc. during travel abroad
- 18. Major image on commodity (proper or kindred)
 - 1) Living, livelihood, home, family, couple
 - 2) Stability, safety, security, ease, soundness, preparation
 - 3) Love peace, flower, happiness, light, freedom
 - 4) Prosperity growth, affluency, success, gold, development
 - 5) Long life, old-age life
 - 6) Saving, accumulation
 - 7) Enterprise, profit
 - 8) Speciality, uniqueness, comprehensive, advantageous