

Cease and Desist Order against American Life Insurance Company

October 19, 2007

Japan Fair Trade Commission

The Japan Fair Trade Commission had investigated representations about a life insurance product called “Wide Coverage Insurance for Healthy People (Genki ni Yokubari Hoken)” (hereinafter referred to as “Wide Coverage Insurance for Healthy People”) sold by American Life Insurance Company (hereinafter referred to as “ALICO”) and found that the company was in breach of Article 4, Section 1, Paragraph 1, (Misleading representation about quality) under the Act against Unjustifiable Premiums and Misleading Representations. It issued a cease and desist order to ALICO today, pursuant to the provision of Article 6, Section 1, under the Act (See the Cease and Desist Order attached).

1. Outline of the party concerned

Company	America Life Insurance Company
Address	One ALICO Plaza, 600 King Street, Wilmington, Delaware, United States of America
Branch office in Japan	1-3, 1-chome, Marunouchi, Chiyoda-ku, Tokyo
Representative in Japan	Kazuyuki Takahashi

2. Outline of the cease and desist order

(1) Outline of violation

ALICO, when selling “Wide Coverage Insurance for Healthy People” to consumers in general through mail order, made the following representations in an advertisement in general daily newspapers and a pamphlet distributed to consumers in general who had requested information material in response to said newspaper advertisement during the period from around December 2006 to January 2007, as listed in the attached table. The advertisement and pamphlet concerned were found to be misleading representations because they could be interpreted to imply that someone who took out “Wide Coverage Insurance for Healthy People” may receive a lump-sum payment of ¥600,000 when he/she is diagnosed with intraepithelial neoplasia, in reality, the relevant lump-sum payment is made only when a policyholder is diagnosed with intraepithelial neoplasia and has undergone the prescribed surgery at a hospital to treat the illness; and therefore, the payment is not be payable if a policyholder is only diagnosed with intraepithelial neoplasia.

(2) Outline of the cease and desist measures

- a. ALICO shall publicly announce that the above representations misled consumers in general, giving them the impression that its product is much better than it actually is.
- b. ALICO shall take measures to prevent recurrence and ensure that its officers and employees are thoroughly informed of these measures.
- c. ALICO shall not make similar representations any more.

	Representations	Fact
Newspaper Advertisement	<p>It states that “Cancerous malignant neoplasia lump-sum ¥3,000,000 payment at the time of diagnosis of cancer, ¥2,500,000 + lump-sum payment for lifestyle-related disease ¥500,000 (lump-sum of ¥600,00 in the case of intraepithelial neoplasia)”</p>	
Pamphlet	<p>1. Left-hand page of the opening spread It states that “Wide Coverage Insurance for Healthy People” provided by ALICO covers lifestyle-related disease Cancer (malignant neoplasia) Lump-sum ¥3,000,000 (intraepithelial neoplasia ¥600,000)”</p> <p>2. Left-hand page of the next spread It states that “In the case of cancer (malignant neoplasia), you can receive a lump-sum payment of ¥3,000,000”, and then as “The premium scheme is designed for cancer (malignant neoplasia) among lifestyle-related diseases (in the case of intraepithelial neoplasia, ¥600,000). Lump-sum payment is made each time a diagnosis of cancer is made with a maximum frequency of every two years, and insurance payment for cancer care as part of the lump-sum payment for lifestyle-related disease is made up to a maximum of 10 times, including the lump-sum payments for other lifestyle-related diseases.”</p>	<p>The relevant lump-sum payment is made only when a policyholder is diagnosed with intraepithelial neoplasia and has undergone the prescribed surgery at a hospital to treat the illness; and therefore, the payment will not be payable if a policyholder is only diagnosed with intraepithelial neoplasia.</p>