

## History

Japan Post Insurance Co., Ltd. was established as “Kampo Co., Ltd.” on September 1, 2006 under the Postal Service Privatization Act enacted in October 2005. During the period up to September 30, 2007, the Company prepared to launch operations as a life insurance

company. On October 1, 2007, the Company changed its trade name to “JAPAN POST INSURANCE Co., Ltd.”

We currently engage in the life insurance business and Postal Life Insurance management business under commission from the Management Network.

September 2006	Established Kampo Co., Ltd. under the Postal Service Privatization Act
October 2007	Changed trade name to JAPAN POST INSURANCE Co., Ltd. in line with the commencement of the life insurance business Started Postal Life Insurance management operations under commission from the Management Network
December 2007	Obtained approval for new operations (liberalization of investment products)
June 2008	Commenced commissioned sales of life insurance products for corporate clients
July 2008	Launched <i>Sono hi kara</i> , a new hospitalization rider
July 2009	Established branches in all prefectures through the opening of the Nara Branch and Wakayama Branch
October 2011	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary
April 2014	Launched <i>Hajime no Kampo</i> , an educational endowment insurance
July 2014	Commenced handling commissioned sales of cancer insurance products for American Family Life Assurance Company of Columbus <sup>(Note 1)</sup>
October 2015	Launched <i>Shin Free Plan</i> (short-term premium payment), an endowment insurance
November 2015	Listed common stock on the First Section of the Tokyo Stock Exchange Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)
March 2016	Obtained approval for new operations (underwriting of reinsurance and related services) Business alliance with The Dai-ichi Life Insurance Company, Limited <sup>(Note 2)</sup>
October 2017	Launched <i>Sono hi kara Plus</i> , a new medical rider Launched <i>Shin Nagaiki Kun Low Cash Value Plan</i> , a new whole life insurance (low cash value) Launched <i>Choju no Shiawase</i> , a longevity support insurance (low cash value)
December 2018	Obtained approval for new operations (underwriting of ordinary whole life insurance, special whole life insurance, ordinary endowment insurance and comprehensive medical rider, with relaxed underwriting criteria; and underwriting of advanced medical rider)

Notes: 1. The Japan branch of the U.S. corporation was established as a Japanese corporation and the business conducted by the Japan branch was succeeded to the Japanese corporation. As a result, our contract partner at the date of publication of this report is Aflac Life Insurance Japan Ltd.  
2. Due to an internal transfer of management within the group of our business partner, our business alliance is with Dai-ichi Life Holdings, Inc. at the date of publication of this report.

## [Reference] History of Postal Life Insurance

October 1916	Foundation of postal life insurance business by the Ministry of Communications
October 1926	Foundation of postal annuity business by the Ministry of Communications
June 1949	Establishment of the Ministry of Posts and Telecommunications
January 2001	Creation of Postal Services Agency as part of realignment of government ministries
April 2003	Establishment of Japan Post

### New Operations after Privatization

(As of July 1, 2019)

- Approval for the liberalization of investment products (including derivative transactions)  
Pursuant to Article 138, Paragraph 2 of the Postal Service Privatization Act, application for approval was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on October 4, 2007. Accordingly, business operations including syndicated loans (participation loans) and the acquisition of trust beneficiary interests, etc. were approved on December 19, 2007.
- Approval for the commencement of commissioned sales of life insurance products for corporate clients (term insurance for managers) and the review on the hospitalization rider  
Pursuant to Article 138, Paragraph 1 and Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on November 26, 2007 and approved on April 18, 2008.

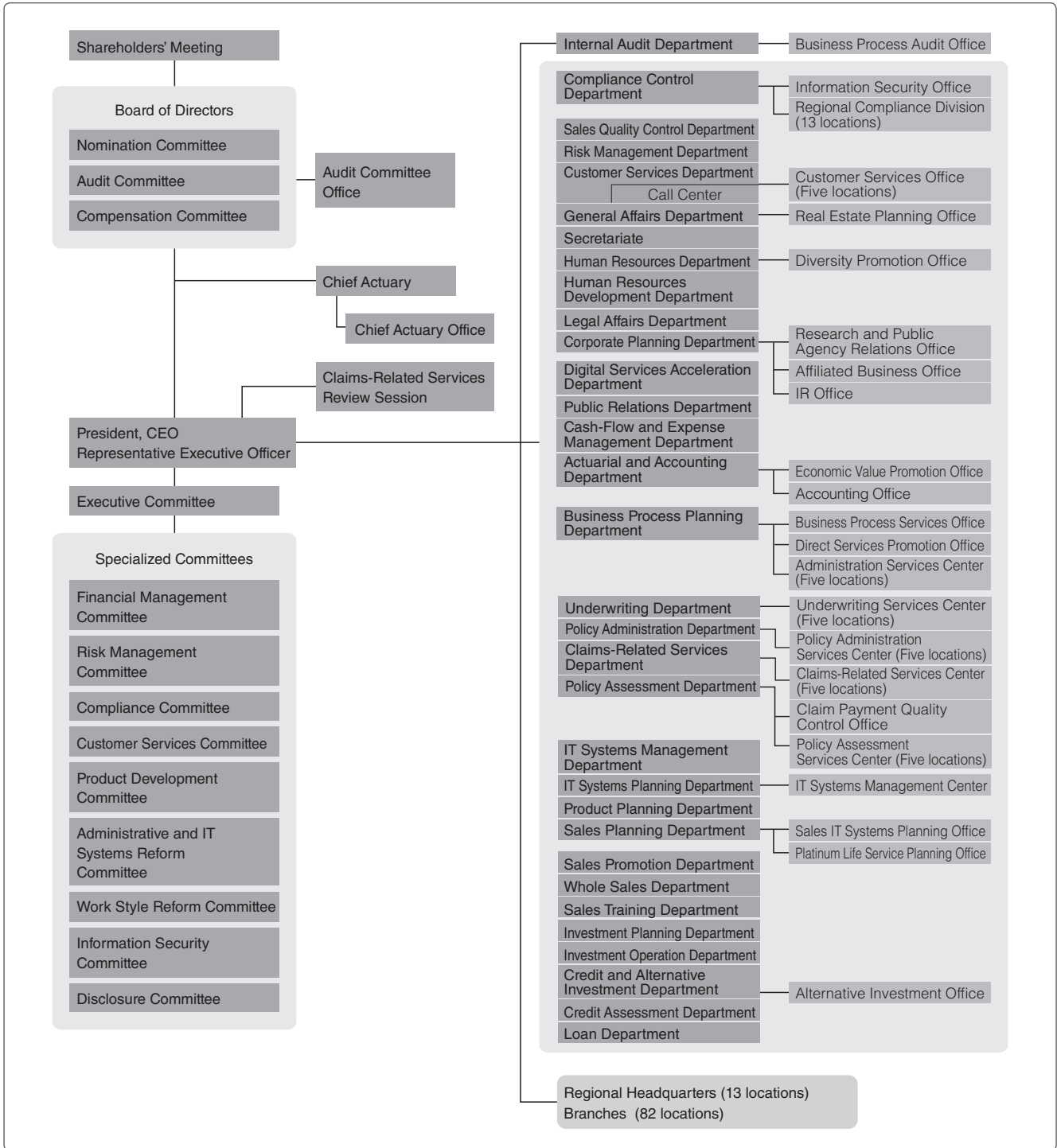
- 3) Approval for the revision on the educational endowment insurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on September 3, 2012 and conditional approval was acquired on November 30, 2012 according to said Act. Accordingly, the revision was approved on January 24, 2014.
- 4) Approval for the sales of short-term premium payment endowment insurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on February 19, 2015 and approved on April 15, 2015.
- 5) Approval for commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)  
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on July 1, 2015 and approved on September 30, 2015.
- 6) Approval for the underwriting of reinsurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.
- 7) Approval for the commencement of related services  
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.
- 8) Approval for the revision of the whole life insurance, etc.  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.
- 9) Approval for commissioned sales of life insurance products for corporate clients (term insurance with nursing care compensation for managers)  
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.
- 10) Approval for the underwriting of new insurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on October 16, 2018 and approved on December 25, 2018.

## Major Businesses

- (1) Life insurance businesses
- (2) Agency or administration services for other insurance companies (including foreign insurance companies) and other financial services companies; loan guarantees and other businesses supplemental to previously mentioned businesses
- (3) Trading of Japanese government bonds, local government bonds and government-guaranteed bonds; accepting subscriptions for local government bonds, corporate bonds and other bonds; commissioned management and other businesses provided for under the Insurance Business Act; and other life insurance businesses not covered by the Insurance Business Act but legally permissible
- (4) Management of Postal Life Insurance Policies under contract
- (5) Other business supplemental or related to previously mentioned businesses

# Organization Chart

(As of April 1, 2019)



## Paid-in Capital

Date	Gain (loss) on investments	Gain (loss) on capital after contribution	Outline
October 1, 2007	¥499,950 million	¥500,000 million	Capital increase by privatization

## Total Number of Stocks

Total number of issuable stocks	2,400,000,000
Total number of issued stocks	600,000,000
Current period shareholders	160,437

Note: The total number of issued stocks decreased by 37,400,000 shares due to the cancellation of shares on May 31, 2019, pursuant to a resolution at a meeting of the Board of Directors held on May 15, 2019.

## Condition of Stocks

### (1) Class of stocks issued

Issued stocks	Class	Number of issued stocks	Contents
	Common stock	600,000,000	The number of shares composing one share unit is 100.

Note: The total number of issued stocks decreased by 37,400,000 shares due to the cancellation of shares on May 31, 2019, pursuant to a resolution at a meeting of the Board of Directors held on May 15, 2019.

### (2) Major shareholders

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held	Percentage of shares held
Japan Post Holdings Co., Ltd.	534,000,000	89.00%
THE BANK OF NEW YORK - JASDECNON - TREATY ACCOUNT	4,483,478	0.75%
Japan Trustee Services Bank, Ltd. (Trust Account)	3,585,700	0.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,579,200	0.60%
Japan Post Insurance Employee Shareholding Association	2,252,000	0.38%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,787,200	0.30%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,460,900	0.24%
JP MORGAN CHASE BANK 385151	993,780	0.17%
Japan Trustee Services Bank, Ltd. (Trust Account 1)	970,000	0.16%
Japan Trustee Services Bank, Ltd. (Trust Account 2)	913,100	0.15%

Notes: 1. Percentage of shares held is rounded to two decimal places.

2. The ratio of the shares held by Japan Post Holdings Co., Ltd. to the total number of issued stocks (excluding treasury stock) of the Company declined from the previous 89% to around 64% due to the secondary offering of stocks and the acquisition of treasury stock (April 2019).

## Principal Shareholder

Name	Address of main place of business or sales	Paid-in capital or investment	Business outline	Date of establishment	Percentage of owned shares included in the total number of shares
Japan Post Holdings Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Strategy formulation of Group management	January 23, 2006	89.00%

Note: The ratio of the shares held by Japan Post Holdings Co., Ltd. to the total number of issued stocks (excluding treasury stock) of the Company decreased from the previous 89% to around 64% due to the secondary offering of stocks and the acquisition of treasury stock (April 2019).

## Accounting Advisor

Not applicable.

## Independent Auditor

The Independent Auditor in the fiscal year ended March 31, 2019 was as follows.  
KPMG AZSA LLC

(Designated Limited Liability Partners, Engagement Partners)

Certified Public Accountant Yukihisa Tatsumi

Certified Public Accountant Noriyuki Akiyama

Certified Public Accountant Takahiro Toyama

## Total Number of Employees and Conditions of Employment

(Unit: persons, years)

Category	As of the end of FY2018/3	As of the end of FY2019/3	FY2018/3	FY2019/3	As of the end of FY2018/3		As of the end of FY2019/3	
	Total	Total	Staff employed	Staff employed	Average age	Average years of service	Average age	Average years of service
In-house employees	6,342	6,463	303	355	38.7	14.6	39.0	14.7
(Male)	3,320	3,324	124	131	41.9	17.9	42.3	18.0
(Female)	3,022	3,139	179	224	35.3	11.0	35.6	11.2
Sales employees	1,148	1,154	47	41	39.2	14.7	38.9	14.4
(Male)	981	983	39	35	40.8	16.3	40.4	15.9
(Female)	167	171	8	6	30.0	5.6	30.3	6.0

- Notes: 1. The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd. but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system).
2. Average number of years of service represents the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.
3. Average age and average years of service are based on attained ages as of March 31, 2019, and truncated to the first decimal place.

## Average Monthly Salary (In-house employees)

(Thousands of yen)

Category	March 2018	March 2019
In-house employees	353	356

Note: Average monthly salary represents the pre-tax regular salary for March 2019, which excludes bonuses and overtime allowances.

## Average Monthly Salary (Sales employees)

(Thousands of yen)

Category	March 2018	March 2019
Sales employees	297	299

Note: Average monthly salary represents the pre-tax regular salary for March 2019, which excludes bonuses and overtime allowances.

## Summary of the Subsidiaries

### (1) Major Businesses and the Organizational Structure

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Number of consolidated subsidiaries: One

### (2) Subsidiaries

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Name	Location	Amount of capital stock	Description of business	Date of establishment	Ratio of the voting rights in the subsidiary held by the Company against the voting rights held by all shareholders or equity holders	Ratio of the voting rights in the subsidiary held by the subsidiaries of the Company against the voting rights held by all shareholders or equity holders
JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.	Shinagawa-ku, Tokyo	¥500 million	Commissioning of design, development, maintenance and operation of information systems	March 8, 1985 (Date of share acquisition: October 3, 2011)	100 %	—

### (3) Outline of Business in the Most Recent Fiscal Year

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JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. is mainly engaged in the design, development and maintenance of software for systems that support the Company's business activities. In the fiscal year ended March 31, 2019, the subsidiary worked together with the Company to steadily promote projects such as developing the next-generation open systems as well as to make efforts to increase personnel and pursue optimal costs, among others.

## Major Insurance Products for Individuals

(As of April 1, 2019)

	Purpose of Policy	Nickname / Product Name
Whole life insurance	For lifetime coverage	<i>Shin Nagaiki Kun</i> (flat-type) (fixed amount type whole life insurance), <i>Shin Nagaiki Kun</i> (flat-type) (low cash value) (fixed amount type whole life insurance (low cash value))
	For balanced lifetime coverage	<i>Shin Nagaiki Kun</i> (balance-type, double) (double-type whole life insurance), <i>Shin Nagaiki Kun</i> (balance-type, double) (low cash value) (double-type whole life insurance (low cash value)), <i>Shin Nagaiki Kun</i> (balance-type, fivefold) (fivefold-type whole life insurance), <i>Shin Nagaiki Kun</i> (balance-type, fivefold) (low cash value) (fivefold-type whole life insurance (low cash value))
	For lifetime coverage with perks	<i>Shin Nagaiki Kun</i> (special-type) (special whole life insurance), <i>Shin Nagaiki Kun</i> (special-type) (low cash value) (special whole life insurance (low cash value))
	For lifetime coverage for those with chronic diseases	<i>Kampo ni Omakase</i> (whole life type) (ordinary whole life insurance with relaxed underwriting criteria), <i>Kampo ni Omakase</i> (whole life type) (low cash value) (ordinary whole life insurance with relaxed underwriting criteria (low cash value))
Educational endowment insurance	For preparing for educational funds	<i>Hajime no Kampo</i> educational (endowment insurance (H24))
Endowment insurance	For coverage and benefits at maturity	<i>Shin Free Plan</i> , <i>Shin Free Plan</i> (short-term premium payment) (ordinary endowment insurance)
	For full coverage and benefits at maturity	<i>Shin Free Plan</i> (double benefit) (double-type special endowment insurance), <i>Shin Free Plan</i> (fivefold benefit) (fivefold-type special endowment insurance), <i>Shin Free Plan</i> (tenfold benefit) (tenfold-type special endowment insurance)
	For coverage and benefits at maturity for those with chronic diseases	<i>Kampo ni Omakase</i> (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)
Term insurance	For large coverage with lower burden	<i>Shin Ordinary Term Insurance</i> (ordinary term insurance)
Longevity support insurance	For preparing for longevity risk with surplus funds	<i>Choju no Shiawase</i> (longevity support insurance (low cash value))
Asset-formation insurance	For asset formation by workers	Asset-formation savings insurance, asset-formation housing funding insurance, asset-formation whole life annuities

## Major Insurance Products for Corporate Clients

	Nickname / Product Name
Own products	<p><b><i>Shin Free Plan (ordinary endowment insurance)</i></b>  <b><i>Shin Free Plan (double, fivefold and tenfold benefits) (special endowment insurance)</i></b>  <b><i>Kampo ni Omakase (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)</i></b></p>
	<p><b><i>Shin Ordinary Term Insurance (ordinary term insurance)</i></b></p>
Products sold on commission (Term insurance)	<p><b>NN Life Insurance Company, Ltd.</b>  Quality (term insurance), Smart Term (no cash value term insurance) and Term insurance/Increasing term insurance</p>
	<p><b>SUMITOMO LIFE INSURANCE COMPANY</b>  Term life insurance Emblem YOU Premium (low cash value term insurance without a dividend)</p>
	<p><b>The Dai-ichi Life Insurance Company, Limited</b>  Success (long-term life insurance 2018), Just (no cash value term insurance 2018), Majesty (increasing term life insurance 2018) and Exceed (term insurance for disability with periodical fixed benefit 2018)</p>
	<p><b>Tokio Marine &amp; Nichido Life Insurance Co., Ltd.</b>  Term Life Insurance [without dividend], Nagawari Teiki (Term Life Insurance with special provisions for lower surrender benefits [without dividend]), Increasing Term Life Insurance with lower surrender benefits [without dividend] and Term Life Insurance with Disaster Coverage Period [without dividend]</p>
	<p><b>Nippon Life Insurance Company</b>  Nissay Long-Term Term Insurance, Nissay Increasing Term Insurance, Nissay Long-Term Insurance with Low Surrender Benefits, Nissay Term Life Insurance, Long-term life coverage with period of extensive coverage for accidents insurance</p>
	<p><b>The Neo First Life Insurance Company, Limited</b>  Limited term security for fulfilling of accidental death term insurance</p>
	<p><b>Mitsui Sumitomo Aioi Life Insurance Company, Limited</b>  Term Life Insurance, Term Life Insurance (No Surrender Value) and Increasing Term Life Insurance</p>
	<p><b>Meiji Yasuda Life Insurance Company</b>  New term life insurance E (New term life insurance with interest dividends every five years), New increasing term life insurance and Increasing term life insurance with three-year disaster coverage with dividends every five years (low cash value)</p>
	<p><b>MetLife Insurance K. K.</b>  Long-term Level term insurance (H19) and Non Participation Level term insurance</p>
	<p><b>Products sold on commission (Cancer insurance)</b></p>
<p><b>Products sold on commission (General welfare group term insurance)</b></p>	<p><b>MetLife Insurance K. K.</b>  General welfare group term insurance and nonparticipating group insurance (general welfare group term insurance without a dividend)</p>

Notes: 1. The company names are listed in the order of the Japanese syllabary.

2. The riders that can be added to the above products are limited.

\*As of March 31, 2019, we have stopped handling products sold on commission (term insurance). The products we offer may change in the future.



## Major Riders

Name	Outline
Non-participating accidental rider	Offers provision for death or disability due to an unexpected accident
Non-participating injury medical care rider	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to an unexpected accident
Non-participating general medical care rider	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to illness or an unexpected accident
Non-participating general medical care rider with relaxed underwriting criteria	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to illness or an unexpected accident with relaxed underwriting criteria
Non-participating advanced medical care rider	Offers provision for treatment that falls under advanced medical care received due to illness or an unexpected accident

Note: For details, please be sure to see the Product Leaflet, the Insurance Design Document (Contract Outline), Precautions about Insurance Contracts (Information Calling for Attention), and Contract Guidelines and Policy Conditions.

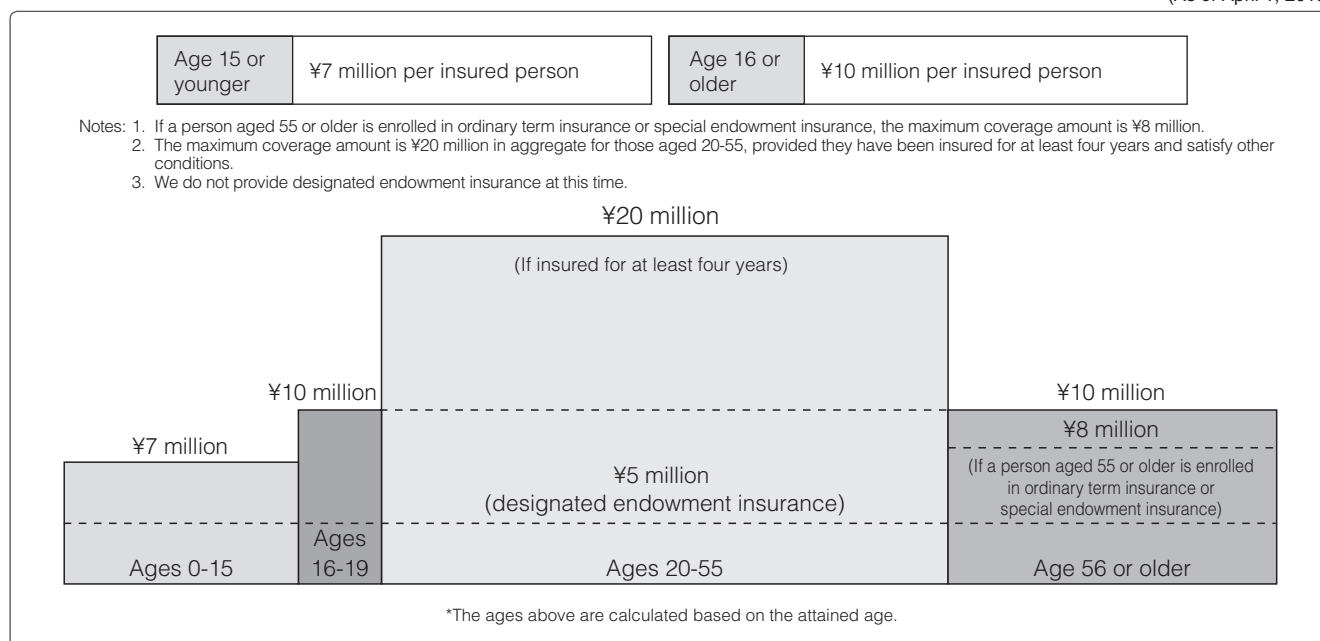
## Maximum Amount of Insurance Coverage

For the insurance policies we offer, the maximum amount of insurance coverage per insured person is stipulated by Article 137 of the Postal Service Privatization Act and other regulations. Any application for insurance coverage exceeding the maximum amount shall be declined. If such excess in coverage is found after the insurance policy or rider is signed, such contract shall be cancelled.

Persons insured under Postal Life Insurance, which was succeeded by the Management Network from Japan Post, can be insured by our policy up to the amount calculated by deducting the insured amount of the Postal Life Insurance from the maximum amount of insurance coverage.

### Maximum Coverage Amount of the Basic Insurance Policy

(As of April 1, 2019)



Note: In addition to the maximum coverage amounts stipulated by the above-mentioned law, there is a certain range of limitation on the maximum insurance coverage according to the age of the insured person or type of insurance, such as a limitation on the insurance amount if the attained age of the insured person is less than 15 years of age.

## Maximum Amount of Insurance Coverage for Riders

Type of rider	Maximum amount of insurance coverage	Notes
(Accidental rider)	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> <li>In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.</li> </ul>
Non-participating accidental rider		
(Nursing care rider)		
(Accident hospitalization rider)	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> <li>The accidental rider, non-participating accidental rider, and nursing care rider are under a separate heading.</li> <li>In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.</li> </ul>
(Illness hospitalization rider)		
(Illness and accident hospitalization rider)		
(Non-participating accident hospitalization rider)		
(Non-participating illness and accident hospitalization rider)		
Non-participating injury medical care rider		
Non-participating general medical care rider		
Non-participating general medical care rider with relaxed underwriting criteria		
Non-participating advanced medical care rider		

We do not provide riders at this time.

## Briefing on Important Matters/Provision of Literature about Disadvantageous Information

We will suggest policies upon understanding the will of the customer regarding coverage expected in insurance products. To prevent customers from suffering disadvantages due to not being informed adequately about insurance products and systems, we provide a prior briefing on the content of an insurance policy, including the policy coverage, the limitations on benefit payments, amount of insurance coverage and the duty of declaration. To that end, we deliver the summaries that explain items we would especially like

customers to confirm, including an “Insurance Design Document (Contract Outline)” and “Precautions about Insurance Contracts (Information Calling for Attention),” while making explanations.

Please be sure to review the “Insurance Design Document (Contract Outline)” and the “Precautions about the Insurance Contract (Information Calling for Attention),” and confirm that you understand the content, as well as that of the “Contract Guidelines and Policy Conditions,” before applying for enrollment.

## Notice of Policy Details

Japan Post Insurance sends the “Notice of Policy Details” to each policyholder in October every year, together with the “Certificate of Premium Payment,” so that policyholders can reconfirm their policies’ details and update the information therein if necessary. This Notice serves as information to ensure that policyholders can feel secure about continuing their policy contracts and that insurance benefits can be received without fail.

The Notice contains information such as the bank account for the receipt of insurance benefits and other benefits, the designation of the beneficiary of insurance benefits and registered family members, the coverage of the insurance policy held, the premiums paid, the policyholder dividend and the status of loans to the policyholder, so customers can confirm the content of the policy.

## Education for Sales Personnel and Insurance Solicitation Agents

We state in our Solicitation Policy that we will make efforts to raise product knowledge and the consulting capabilities of all executives and employees. Accordingly, we are making efforts to raise consulting-based sales

skills in accordance with the life plan of each and every individual customer by providing training and education for sales personnel and agents.

### Sales Personnel

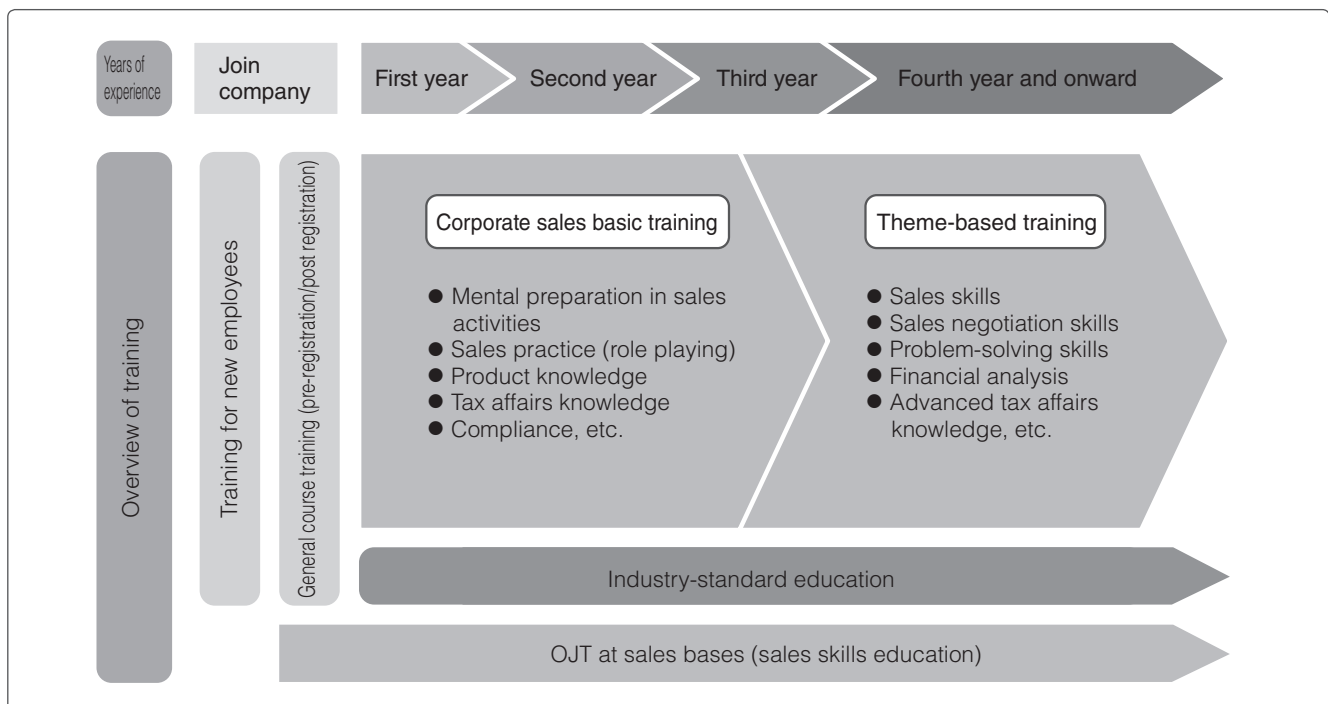
Sales personnel at directly-managed offices undertake insurance solicitations mainly targeting the corporate and worksite markets.

### Overview of Training

Through the Kampo Instruction College, an education and training program for Japan Post Insurance's sales personnel, we work to develop sales personnel who possess advanced knowledge and a sense of ethics to ensure that personnel accurately respond to the needs of corporate customers.

We have positioned the three years after new employees join the Company as the period for basic training. During this time, through mass training and

industry-standard education held at the head office, sales personnel acquire the knowledge and skills needed to undertake insurance solicitations in the corporate and worksite markets. From the fourth year onward, we implement various types of training based on specific themes with the aim of developing human resources who are able to demonstrate high-quality consulting-sales abilities.



### Insurance Solicitation Agents

We conclude life insurance sales and maintenance agreements with Japan Post Co. and the operators of contracted post offices and carry out insurance

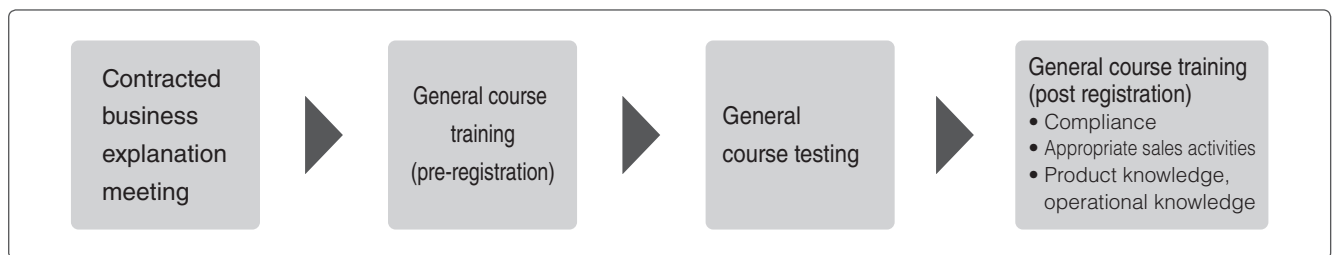
soliciting via the nationwide network of post offices, primarily targeting the individual market for households and small- and mid-sized companies.

### Overview of Training

Employees of Japan Post Co. who involve in insurance solicitation are provided with training aimed at ensuring thoroughgoing compliance, appropriate sales activities and enhanced operational knowledge.

In addition, we provide support that includes

dispatching our employees as instructors for training and other activities implemented by Japan Post Co.



# Life Insurance Policyholders Protection Corporation of Japan

Unlike the Postal Life Insurance Policies before the privatization, the life insurance policies of Japan Post Insurance after the privatization do not involve government guarantees for the payment of insurance claims. The policyholders' protection scheme applies to the life insurance policies in the same way as other life insurance companies.

## ● Life Insurance Policyholders Protection Corporation of Japan

Life Insurance Policyholders Protection Corporation of Japan ("Protection Corporation") is a corporation established pursuant to the Insurance Business Act. It serves as a mutual assistance mechanism for the purpose of life insurance policyholder protection in the event of the default of a member life insurance company. The Protection Corporation engages in processes and measures including financial support for facilitating the transfer of the insurance portfolio from the insurer in default, along with the succeeding insurer's general business administration, underwriting of the transferred portfolio and financial support for the payment of insurance claims covered under the policyholder protection scheme, as well as the purchase of rights of claim for insurance concerned, in an effort to ensure policyholder protection, thereby sustaining the credibility of the life insurance industry.

Because of the nature of life insurance policies, taking out a new insurance policy under the same conditions as the insurer in default could involve some difficulty due to the policyholder's age and health status. Therefore, in the event of the default of an insurance company, the Protection Corporation provides financial support for the transfer of the insurance portfolio, thereby ensuring continuous insurance coverage for the policyholder.

The portfolio subject to transfer covered under the policyholder protection scheme must, according to the provisions of the Insurance Business Act, etc., comprise life insurance policies originally written in Japan (excluding those associated with the specified special account <sup>(1)</sup> for performance-linked insurance contracts), in which the limits of indemnity are set to be equivalent to 90% of the relevant policy reserve, etc. <sup>(2)</sup>, except for the high assumed interest rate

policies <sup>(3)</sup> (which does not mean that the policyholder protection scheme provides 90% of the level of protection provided by the original insurance claims or annuities <sup>(4)</sup>).

The transfer of the insurance portfolio might involve, apart from the reduction in policy reserve, etc., changes in experience assumptions (including assumed interest rate, assumed rate of mortality and assumed rate of expenses) that serve as the basis of calculating policy terms and conditions, in order to ensure adequate maintenance of the insurance portfolio with reasonable security on a continuous basis, which could entail a reduction in the level of protection provided by the original insurance policies or annuities. Furthermore, special early surrender loading (involving a special surrender charge apart from the normal surrender charge for a certain period of time, for the purpose of sustaining a group of insured parties and the insurance policies associated therewith) might be established.

\*1 This refers to a special account for the insurance policies that do not involve minimum guarantees (such as guaranteed minimum death benefit and guaranteed minimum maturity benefit) of the insurance policies involving the establishment of a special account. Corporate reorganization procedures for the insurer in default might be based on the preparation of a reorganization plan without involving a reduction in the policy reserve, etc., for the insurance policies concerned (whether implementing such reduction or not shall be determined in the course of an individual reorganization procedure).

\*2 Policy reserve, etc. refers to the reserve funded based on insurance premiums and investment proceeds for the future payment of insurance claims, annuities and benefits.

\*3 This refers to the policies with an assumed interest rate constantly beyond a basic interest rate <sup>(Note 1)</sup> in the five years prior to the default <sup>(Note 2)</sup>. For such policies, the limit of indemnity for the policy reserve, etc. shall be as follows, provided, however, that such limit shall not go below the limit of reimbursement in the case where no financial support is provided to the insurer in default.

\*4 Likewise, it does not mean that the Protection Corporation provides 90% of the level of the guaranteed minimum maturity benefit originally provided under the individual variable annuity.

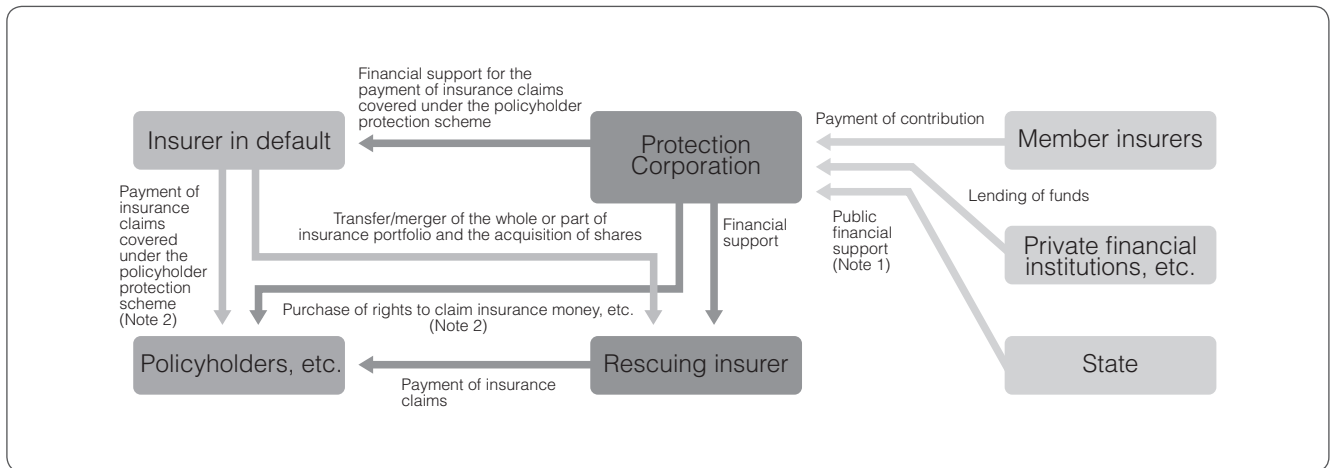
$$\text{Indemnity ratio in the high assumed interest rate policies} = 90\% - \frac{\text{[aggregate of (assumed interest rate less basic interest rate in each year in the past 5 years)]}}{2}$$

Notes: 1. The basic interest rate shall be determined by the Commissioner of the Financial Services Agency and the Minister of Finance, based on the average rate of investment returns in the past five years at life insurance companies. The current basic interest rate is 3% (information about the current basic interest rate is provided on our website).

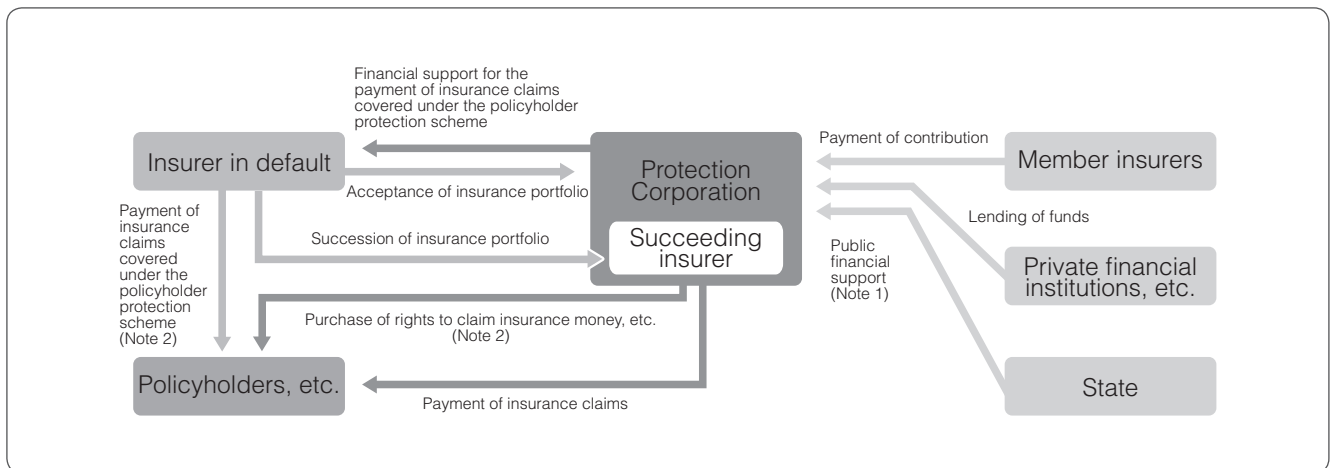
2. In the case where different assumed interest rates apply to the basic coverage and riders under one policy, each such basic coverage and rider applied by a different assumed interest rate shall be regarded as an independent insurance policy, and subject to the evaluation to determine whether it constitutes a high assumed interest rate policy. Meanwhile, in the case of a collective insurance policy such as a group insurance policy where a premium is paid by each insured individual to whom a different assumed interest rate applies, each such insured individual is considered to have taken out an independent insurance policy individually, and is subject to the evaluation regarding whether or not such independent individual policy constitutes a high assumed interest rate policy. However, in the case of defined contribution plan products, each insured individual is subject to the evaluation regarding whether or not he/she is a holder of a high assumed interest rate policy, regardless of whether he/she pays the premium.

● **Illustrated Outline of the Scheme**

In the case where a rescuing insurer appears



In the case where no rescuing insurer appears



Notes: 1. The aforementioned "public financial support" is provided in the form of a government measure against the default of a life insurance company in the period up to the end of March 2022, approved through deliberation in the Diet, in the case where contributions by the member insurers fail to cover the cost for the financial support.

2. This refers to the payment of insurance claims, covered under the policyholder protection scheme based on insurable events during the default proceedings, as well as the Protection Corporation's purchase of rights to claim insurance money, etc. associated with the insurance policies covered under the policyholder protection scheme. In such instances, the payment ratio and purchase ratio are the same as the ratio of the limit of indemnity for policy reserve, etc. (The ratios in the case of high assumed interest rate policies are as described in (\*).)

\* All descriptions of the scheme, including the scope and the limit of indemnity of the policies covered under the policyholder protection scheme, are based on current laws and regulations, and could be subject to change in the future in accordance with revisions of relevant laws and regulations.

**[Reference] Government guarantee for the Postal Life Insurance Policies**

The administration for the Postal Life Insurance Policies taken out before the privatization will be succeeded and managed by the Management Network until expiry. The government guarantee for the payment of insurance claims associated with them will continue until those policies expire.

Unlike the Postal Life Insurance Policies, the life insurance policies of Japan Post Insurance do not involve a government guarantee for the payment of insurance claims. The policyholders' protection scheme applies to the life insurance policies in the same way as other life insurance companies.

## Quantity and Content of Customer Feedback

The number of complaints received from customers during the period from April 1, 2018 to March 31, 2019 was as follows.

Note: We define all expressions of customer dissatisfaction as "complaints." The number of complaints includes complaints related to Postal Life Insurance management operations.

Content	Fiscal year ended March 31, 2019		Major examples
	Number of complaints	%	
New policies (Enrollment in insurance policies)	24,928	25.1%	<ul style="list-style-type: none"> <li>· Dissatisfaction with explanation at time of enrollment</li> <li>· Dissatisfaction with underwriting examination</li> </ul>
Collection of premiums (Payments of premiums, etc.)	8,340	8.4%	<ul style="list-style-type: none"> <li>· Dissatisfaction with bank account transfers and deposits</li> </ul>
Policy maintenance (Procedures, dividends and other issues following enrollment in a policy)	21,041	21.2%	<ul style="list-style-type: none"> <li>· Dissatisfaction with surrender procedures</li> <li>· Dissatisfaction with change of name or address</li> </ul>
Insurance benefits (Payments of insurance benefits)	31,889	32.1%	<ul style="list-style-type: none"> <li>· Dissatisfaction with benefit payment procedures</li> <li>· Dissatisfaction with payment procedures for maturity benefits</li> </ul>
Other (Attitude and manners)	13,135	13.2%	<ul style="list-style-type: none"> <li>· Dissatisfaction with attitude and manners of sales personnel</li> <li>· Dissatisfaction with after-sales service</li> </ul>
Total	99,333	100.0%	

## Compliments and Positive Comments

During the period from April 1, 2018 to March 31, 2019, we received a total of 35,229 compliments and positive comments from our customers.

### Sample of customer comments

- When applying for insurance, I was informed about the Family Registration Scheme. It was explained to me that if the policyholder could not be contacted due to an accident or if various notifications did not reach him or her, a registered family member would be contacted. I felt that this system would provide a peace of mind in unexpected circumstances, and completed the registration procedures.
- Thank you for visiting my house as part of "Feel Secure with Kampo" activities. The salesperson explained my current insurance coverage and I was able to refresh my understanding of the policy. The salesperson took care of my business kindly while we chatted, and I felt that this was someone I could really rely on. I look forward to dealing with Japan Post Insurance in the future.

## Examples of Improvement Based on Our Customers' Comments

Customer comment	Improvement
<p>I applied for an insurance policy but was declined. I would like you to sell insurance that is easily accessible to people who have previously been ill.</p>	<p>In April 2019, we launched <i>Kampo ni Omakase</i>, products with relaxed underwriting criteria that makes it easier to enroll for those with health concerns. We set declaration items that allow as many people as possible to enroll, including those who have chronic diseases such as diabetes or past illness. In some cases, partial coverage may be available for illnesses that occurred before enrollment in the insurance policy and worsened or recurred after enrollment.</p> <p>Note: Insurance premiums are higher than our other insurance products and some coverage is reduced.</p>
<p>I would feel more secure if there were products that covered advanced medical treatment that involves high costs.</p>	<p>In April 2019, we launched a non-participation advanced medical rider (no cash value), which pays an amount (up to ¥3 million in total) equivalent to the fully self-paid amount not covered by public health insurance system benefits, and the technical fees for advanced medical treatment* that can be very expensive, in the case of receiving medical treatment that falls under the scope of advanced medical treatment.</p> <p>*Medical technologies specified by the Minister of Health, Labour and Welfare from among new treatment or therapies being studied and developed, and that are at the stage of being evaluated to determine whether they should be covered by public health insurance in the future.</p> <p>Note: Subject to conditions, including that the advanced medical rider can be added only to basic insurance policies to which the comprehensive medical rider has been added.</p>
<p>I designated a bank account for insurance, but there were so many items that I had to fill in, which was tedious. Can something be done about that?</p>	<p>We expanded the scope of the insurance procedure support system introduced in October 2018, and improved the procedures so that bank accounts for insurance can be designated or changed simply by filling in the date of notification and a signature (or signing and seal).</p> <p>Note: The insurance procedure support system was introduced in October 2018 to allow procedures to be carried out smoothly. Employees enter information obtained from customers into a mobile device, which outputs a payment claim form with the required items already filled in. In principle, customers only have to fill out the date of the claim and their signature (or signing and seal).</p>