



We will devote ourselves entirely to truly putting our customers first and regaining their trust as quickly as possible.

I would like to express my sincere gratitude for your kind support of JAPAN POST INSURANCE Co., Ltd.

I would also like to extend my deepest sympathies and condolences to those who have been affected by the outbreak of coronavirus disease (COVID-19).

We received orders to partially suspend business (from January 1, 2020 to March 31, 2020) and improve business based on the Insurance Business Act from the Financial Services Agency of Japan on December 27, 2019 due to inappropriate insurance solicitation for our products, and we submitted a business improvement plan to the Financial Services Agency on January 31, 2020.

We deeply apologize to all of our customers and other stakeholders for the substantial concern caused by this situation.

We take these administrative dispositions very seriously and place top priority on the task of carrying out the business improvement plan as we work to establish customer-first business operations.

As President and CEO, I would like to set an example for all employees so as to encourage all-out efforts to build a new JAPAN POST INSURANCE that will implement customer-first business operations thoroughly in order to regain the trust of customers and other stakeholders.

We sincerely appreciate your continued support.

T. Senda Director and President, CEO,
Representative Executive Officer

Solicitation Quality Issues at the Company

Overview and Circumstances of the Issues

Following an internal investigation into the handling of customers' revisions of insurance coverage for products of Japan Post Insurance Co., Ltd., it was discovered that in some cases, revisions were carried out in a manner that might have been disadvantageous to customers, and not in line with their intentions.

We take this incident very seriously and have been working Company-wide to investigate and reinstate policies to improve solicitation quality.

In connection with these issues, together with Japan Post Holdings Co., Ltd. and Japan Post Co., Ltd., we established a Special Investigation Committee comprised only of disinterested external experts in July 2019. The Committee thoroughly investigated the facts and underlying causes and made recommendations for improvement. Meanwhile, we reported the results of the investigations and future activities of the Japan Post Group.

In addition, we received orders from the Financial Services Agency of Japan to suspend business and improve business operations based on Article 132-1 of the Insurance Business Act on December 27, 2019, and during the period from January 1, 2020 to March 31, 2020, we suspended policy solicitations and entering into new insurance policies, except in response to voluntary requests from our customers, while we established a business improvement plan aimed at ensuring proper business operations and protecting policyholders, which was submitted to the Financial Services Agency on January 31, 2020. Since then, we regularly report on the progress of improvement to the Financial Services Agency.

We take these administrative dispositions very seriously, and position the implementation of the business improvement plan as our most important management issue as we will make Company-wide efforts to regain customers' trust. Rather than limiting ourselves to this business improvement plan, we will thoroughly implement the initiatives necessary to restore trust in the Japan Post Group and achieve customer-first business operations by seeking advice from outside experts and subjecting ourselves to stringent evaluation from a fair and neutral standpoint.

Administrative Dispositions by the Financial Services Agency against Japan Post Insurance

The Company received administrative dispositions (orders to suspend business and improve business operations) based on Article 132-1 of the Insurance Business Act from the Financial Services Agency on December 27, 2019. The overview of the administrative dispositions is as follows.

Overview of the administrative dispositions

Administrative dispositions (orders to suspend business and improve business operations) based on Article 132-1 of the Insurance Business Act

- (1) Suspend solicitation activities (for the purposes hereof, including consignments to insurance agents) and underwriting of Japan Post Insurance products from Wednesday, January 1, 2020 to Tuesday, March 31, 2020. (Excludes solicitation activities and underwriting upon voluntary application from customers. Also excludes activities that the Financial Services Agency approves separately as necessary operations from the perspective of policyholder protection.)
- (2) Implement initiatives as follows in order to ensure appropriate business operations and policyholder protection.
 1. Clarification of the responsibilities of management based on the dispositions
 2. Appropriate responses to customers such as identification of policies that may involve disadvantages to customers, investigations and reinstatement of policies
 3. Appropriate actions toward sales personnel found to have engaged in improper solicitation based on the investigations in 2. above (Includes increasing the strictness of criteria for fact-finding and for disciplinary action against sales personnel, and applying them thoroughly)
 4. Establish an appropriate sales promotion scheme (Includes setting sales targets based on actual sales to avoid encouraging rewriting of policies)
 5. Create a healthy corporate culture that puts a priority on compliance and policyholder protection (Includes creating an appropriate solicitation policy that is well understood by employees, and training for employees and sales personnel)
 6. Establish an appropriate solicitation quality control scheme (Includes the establishment of an effective control scheme for insurance agents)
 7. Strengthen governance drastically to implement and ensure the success of the initiatives above

Investigation of Policies Aimed at Restoring the Trust of Customers

Overview of the investigations of policies

With respect to the categories of cases for which we were able to identify potential disadvantages to customers that are not in line with their intentions after rewriting policies at the time of insurance terms review, we have conducted investigations to confirm the circumstances of the solicitation process in writing and through telephone calls and home visits (the investigations of specified rewriting cases). In addition, we conducted written surveys for all of our policies to confirm whether there were cases involving potential disadvantages to customers because customers' policies are not in line with their intentions (the investigation of all insurance policies).

Going forward, we will continue to do our utmost to regain the trust of customers.

1 Investigations of specified rewriting cases

For the categories of cases (categories A-F) for which we were able to identify potential disadvantages to customers that are not in line with their intentions, we extracted all cases from the data of past policy rewrites matching the relevant category (approximately 156 thousand customers in the five years prior to March 2019). We furthermore confirmed with the applicable customers the circumstances of the solicitation process and their intentions to reinstate the policies, and proceeded with procedures while putting the priority on compensating disadvantages experienced by affected customers. In addition, we conducted an investigation into the sales personnel concerned based on the results of the confirmation of circumstances of the solicitation process.

Category	Outline of specified cases to be investigated	Number of policyholders in scope of investigation
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting was declined	Approx. 18,000
B	Rewriting cases in which subsequent benefit payments were declined as a result of cancellation of the new policy due to breach of the duty to disclose important matters	Approx. 2,000
C	Rewriting cases in which sales personnel could have made more reasonable proposal such as switching riders or decreasing insurance amounts	Approx. 23,000
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	Approx. 13,000
E	Cases of overlapping insurance because the previous policy was cancelled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy)	Approx. 66,000
F	Cases in which the previous policy was cancelled during the period four to six months before the date of writing new policy	Approx. 35,000
	Total	Approx. 156,000

2 Investigation of all insurance policies

For all policies besides those that were subject to the investigation of specified rewriting cases (approximately 30 million policies including cancelled policies for the past five years, and approximately 19 million customers), we investigated whether the policies enrolled in were in line with the intentions of customers via letters including reply postcards. We took necessary action and conducted investigations according to customer requests and opinions received from consultations through Call Centers, and the postcards that were sent back.

3 Additional investigations of all insurance policies

From February 2020, we began further investigations of all insurance policies to confirm customer dissatisfaction and opinions. We furthermore investigated the status of solicitation at the time and worked to compensate for any disadvantages to customers that have occurred.

A Investigation of multiple policies

Category	Scope of investigation (definition)	Number of policyholders in scope of investigation
Multiple policies	Cases in which a customer has enrolled in 10 or more new policies in the past five years, and 30% or more of them have been terminated (Indicates a cancellation, lapse, reduction or conversion to a fully paid insurance policy; the same applies in the table below.)	Approx. 6,000

B Investigation of policies except multiple policies

Category	Scope of investigation (definition)	Number of policyholders in scope of investigation
High insurance premium policies	Cases in which policyholders 65 years of age or older as of December 2019, who have paid monthly premiums of ¥100,000 or more, and have had at least one policy that was terminated a short period thereafter during the period from April 2014 to December 2019	Approx. 19,000
Policy rewriting involving a change of the insured	Cases in which a new policy with the same policyholder and a new insured person was entered into in the past five years, and the policy was terminated a short period thereafter	Approx. 27,000
Policy rewriting involving a change of the insurance type	Cases in which a policy was rewritten from an annuity to insurance in the past five years, or for which there has been repeated rewriting between annuity and insurance	Approx. 4,000
Policy rewriting using a system to shorten the maturities of existing contracts	Cases in the past five years in which the maturity has been shortened for an existing policy while applying for a new policy, but the underwriting of the new policy was declined	Approx. 4,000

Progress of investigation of policies

In regard to the investigations of specified rewriting cases and the investigations of all insurance policies, we have largely finished responding to customers as of the end of March 2020, except for cases that cannot be finished due to reasons attributable to customers. In addition, we are conducting additional investigations of all insurance policies mainly related to the circumstances of the solicitation process. (Please refer to our website for the status of the policy investigations. (<https://www.jp-life.japanpost.jp/IR/en/>))

In the course of our investigations of specified rewriting cases, we have confirmed with the applicable customers the circumstances of the solicitation process and their intentions to reinstate the policies or not. We have furthermore proceeded with procedures while putting priority on compensating disadvantages experienced by affected customers. In addition, we conducted an investigation into the sales personnel who accepted these policies, and largely completed it as of the end of April 2020. In the investigation of all insurance policies, we have been conducting sales personnel investigations and compensating customers for their disadvantages, for policies confirmed to have possibly violated laws and regulations or internal rules.

In addition to the above cases to be investigated, we will continue to carry out activities to regain customers' trust through follow-up activities, including confirmation of policy coverage of customers by listening carefully to customers' opinions and requests through home visits, and by aiming to sincerely compensate customers for disadvantages not in line with their intentions.

Overview of Key Measures of the Business Improvement Plan

We will make sure to implement the following preventive measures, which are set forth in the business improvement plan, based on findings in the business improvement order and recommendations from the Special Investigation Committee.

1. Establishing an appropriate sales promotion scheme	
The following measures will be implemented to foster customer-first mindset throughout the Company, and to build a system in which the practice of insurance policy solicitation based on this mindset is appropriately evaluated.	
(1) Creation and penetration of an appropriate solicitation policy	<p>In order to thoroughly implement basic actions based on the principle of providing insurance coverage founded on high ethical standards which take the original roles and mission of life insurance into account, we set a solicitation policy that reflects the customer-first philosophy in February 2020, and we announced this solicitation policy to customers in April 2020.</p> <p>In addition, we have defined our sales action principles, as the Standard of Japan Post Insurance Sales, based on the solicitation policy above, and we are providing ongoing training to sales personnel to instill this standard and to ensure an understanding of the code of conduct based on our customer-first philosophy.</p>
(2) Revision of the system of sales targets, etc.	<p>We do not to set sales targets for the fiscal year ending March 31, 2021, and when setting sales targets for the fiscal year ending March 31, 2022 and beyond, sales targets will be calculated based on the prospects for the life insurance market, etc., through discussion among the sales, corporate planning, and solicitation management departments by checking whether expected on-site sales capability potential include improper solicitation, and calculating by incorporating the impact of changes in the number of offsite sales personnel in the variables involved in setting various measures for the current and following fiscal years.</p> <p>In regard to the allocation of sales targets to branches of Japan Post Co., Ltd. and post offices, together with the optimization of the level of sales targets, we will check if the efforts of Japan Post Co., Ltd. are implemented appropriately. We have decided to revise our previous sales targets, which have heretofore overemphasized the monthly premium amounts for new contracts, and shift to sales targets that focus on recording the results on a stock basis, equally considering the monthly premium for new policies and cancelled policies to evaluate both new policies and policies in force. In addition, we have decided to abolish the recording of sales results for policy rewriting and to abolish the incentive payments for policy rewriting that are currently paid (at 50% of the allowances for normal new contract). Personnel evaluations will be also reviewed, including increasing the weight of evaluation criteria attributed to solicitation quality.</p>
(3) Improvement in the mechanisms for reviewing coverage	<p>In January 2020, we introduced a conditional cancellation system*¹ as a system to enable the adjustment of insurance policy content or products from a customer-first point of view. We are also proceeding with system development etc., for a policy conversion system*² to enable transitions to new policies without the cancellation of existing policies.</p> <p>*1 The conditional cancellation system is a system to prevent disadvantages to the customer by having the cancellation of an existing policy take effect on the condition that a new policy is validly executed.</p> <p>*2 The policy conversion system is a reviewing system in which the policy reserve for existing contracts is transferred to the policy reserve for new contracts.</p>

(4) Other measures	<p>In addition to (1) to (3) above, we will implement the following measures to instill customer-first sales.</p> <p>a. Measures for solicitation of elderly customers Solicitations from sales personnel to customers aged 70 or older are suspended in principle. When accepting an application from such customers, we require a family member to be present upon application or to give prior explanation to a family member, and we have strengthened our handling of applications by obtaining prior consent from the insured person at the time of application.</p> <p>b. Product development We will consider the development of new products that meet our customers' insurance needs, including those of young adults and working age customers.</p> <p>c. Hearing the voices of our employees We have introduced a system that allows employees to directly make suggestions to the President, and started Dialogue with Management events, in which the management team of Japan Post Insurance visits branches and directly listens to the voices of front-line employees.</p>
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2. Strengthening of the appropriate solicitation quality control scheme
We will implement the following checks and controls to prevent the occurrence of policies that are not in line with the intentions of customers.

(1) Strengthening systems at post offices, call centers, service centers, etc.	<p>a. Multi-layered check system from policy applications to the conclusion of a contract In addition to expanding the pre-checking function for underwriting that detects applications for which there are doubts about solicitation quality, customers' intentions are confirmed in a multilayered manner by post office managers as well as the dedicated call center of Japan Post Insurance. At the time of the underwriting process, our service centers confirm whether or not the customer's intentions are met based on the application documents and the confirmation results of customer intentions.</p> <p>In addition, the system has been updated to display alert messages for policies that are in close proximity to the policy rewriting qualifying period, and a mechanism has been developed to prevent circumvention of required periods for policy rewriting.</p> <p>Moreover, we will set up a system that will enable us to easily confirm the customers' past policy enrollment and cancellation histories on our systems, and to develop a framework for utilizing customer information for solicitation quality control.</p> <p>b. Check system for receiving cancellation requests In additions to explanations and verifications by off-site sales personnel of post offices, the dedicated call center of Japan Post Insurance will confirm customers' intentions, items disadvantageous to customers, and whether an explanation has been provided.</p>
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<p>(2) Strengthen the systems of Head Office, etc.</p>	<p>a. Strengthen the system for appropriate solicitation quality control</p> <p>(a) Review of functions of Head Office and branches, etc. We have transferred planning and guidance operations of the Head Office aimed at realizing appropriate solicitation activities, that have been so far conducted by the second line (compliance and solicitation management departments), to the first line (sales department). This transfer will hold the first line departments more accountable for sales activities focusing on the maintenance of the solicitation quality, while the second line departments focus on the verification of measures taken by the first line. Through this reorganization, we have established a system that will enable us to develop measures based on the customer-first philosophy under an appropriate check and balance mechanism. In addition, we have established a Compliance Investigation Office to integrate command functions over the investigation of improper solicitation activities and strengthened investigation functions. For branches, etc., in light of the fact that the focus has been on sales promotion in agency support, we will shift to agency support and guidance based on securing solicitation quality, and strengthen the system for investigation of the state of solicitation and appropriate solicitation guidance.</p> <p>(b) Detection of complaints We have begun various studies to establish a framework in which we will provide follow-up support responsibly from start to finish, by increasing our risk sensitivity to detect complaints potentially involving problems with the circumstance of solicitation, and by clarifying the roles of the relevant departments.</p> <p>b. Controls through increasing the strictness of criteria for fact-finding and disciplinary action We will conduct fact-finding that does not rely on confession, and started recording and keeping a voice record of the solicitation process on a trial basis in an effort to ensure transparency of the solicitation process. Furthermore, suspension of solicitation and warning have been added to the disciplinary actions against sales personnel, the strictness of criteria for disciplinary action has been increased to correspond with the degree of improper solicitation, and Japan Post Co., Ltd. has been requested to take rigorous disciplinary actions against the managers of sales personnel. Through these measures, we will strengthen control against improper solicitation.</p>
<p>(3) Strengthen the Internal Audit Department</p>	<p>We will strengthen internal audit personnel, systems, and risk assessments, and enhance cooperation with the Audit Committee regarding internal audits.</p>

3. Strengthening governance based on an accurate understanding of information

The management will appropriately understand risks and strengthen governance based on an accurate understanding of information, and we will establish a framework for thorough implementation of the PDCA cycle and steadily carry out and instill improvement measures to prevent recurrence.

<p>(1) Strengthen the understanding of circumstances of the solicitation process and thoroughly implement the PDCA cycle</p>	<p>We have decided to verify the effectiveness of improvement measures by increasing our risk sensitivity and gathering, analyzing and holding in-depth discussions on a variety of information, such as complaints from customers.</p>
<p>(2) Strengthen the functions of the Board of Directors and the Audit Committee</p>	<p>We reviewed the scope of matters to be resolved by the Board of Directors and also newly established “deliberation” which will leverage the expertise of Outside Directors from the resolution drafting stage as well as the existing “resolution” and “report.” Furthermore, in addition to holding the extraordinary meetings of the Board of Directors as necessary, we have established opportunities to enhance the exchange of opinions among Directors, such as by holding meetings of Outside Directors. We have made the advance agreement of the Audit Committee mandatory for the decision and amendment of the internal audit plan and important personnel appointments for the Internal Audit Department, and established a scheme that the Audit Committee would order an investigation on the verification of the actual state of the solicitation process and provide necessary advice to the executive officer in charge.</p>

Establishment of the JP Reform Execution Committee

Four Japan Post Group companies, Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. established the JP Reform Execution Committee on April 2, 2020 to seek advice from external experts from a fair and neutral standpoint in order to restore public confidence in the Japan Post Group.

The committee consists of the following five external experts who are disinterested in all companies of the Japan Post Group.

Chairperson	YAMAUCHI Hirotaka	Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University
	KAJIKAWA Toru	Chairman, Grant Thornton Taiyo LLC
	NOMURA Shuya	Professor of Law, Chuo Law School
	MASUDA Etsuko	President, Japan Association of Consumer Affairs Specialists
	YOKOTA Tomoyuki	Attorney at law, Seiryō Law Office (Former Justice of the Supreme Court, Former Deputy Prosecutor-General of the Supreme Public Prosecutors Office)

The Committee will review the progress per recommendations from the Special Investigation Committee, and verify the effectiveness and adequacy of various measures taken by the Japan Post Group to restore trust.