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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 ¹
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 ²
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)
April 2019	Launched <i>Kampo ni Omakase</i> , products with relaxed underwriting criteria; and an advanced medical rider Secondary offering of common stock of the Company

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, 2020)

- 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.

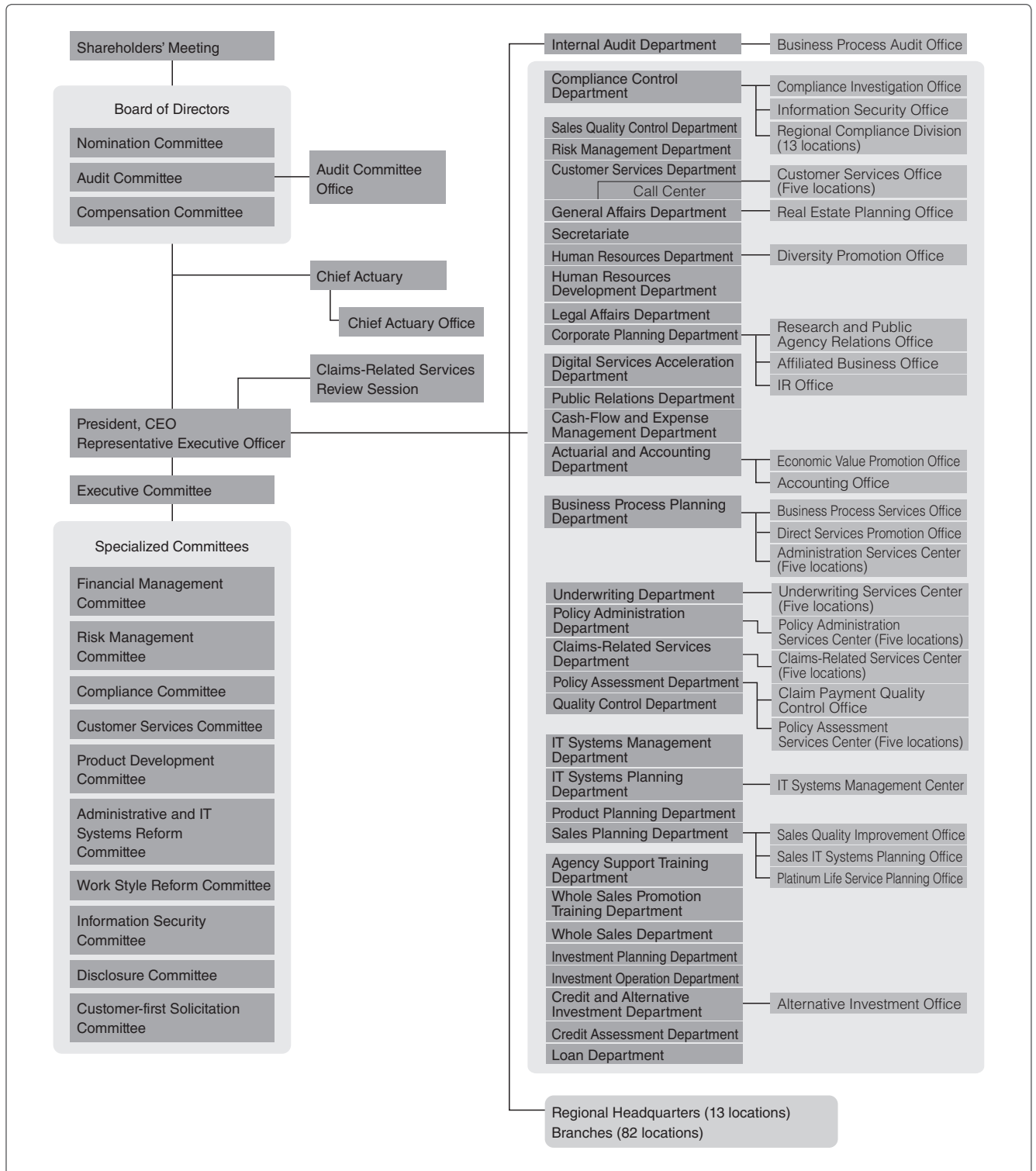
- 3) Approval for the revision on the educational endowment insurance
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on September 3, 2012 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, 2020)



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	562,600,000
Current period shareholders	213,286

Condition of Stocks

(1) Class of stocks issued

Issued stocks	Class	Number of issued stocks	Contents
	Common stock	562,600,000	The number of shares composing one share unit is 100.

(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.	362,732,400	64.48%
Japan Trustee Services Bank, Ltd. (Trust Account)	8,273,200	1.47%
THE BANK OF NEW YORK - JASDECTREATY ACCOUNT	4,982,113	0.89%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,042,800	0.72%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,436,800	0.61%
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	3,351,000	0.60%
STATE STREET BANK WEST CLIENT - TREATY 505234	3,227,300	0.57%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,112,760	0.55%
STATE STREET BANK AND TRUST COMPANY 505001	3,060,900	0.54%
JP MORGAN CHASE BANK 385151	2,918,527	0.52%

Note: Percentage of shares held is calculated excluding treasury stock (11,100 shares) and rounded to two decimal places.
 Treasury stock does not include the 166,900 shares of the Company's stock held in the Board Benefit Trust (BBT).

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	64.48%

Note: Percentage of owned shares included in the total number of shares is calculated excluding treasury stock (11,100 shares) and rounded to two decimal places. Treasury stock does not include the 166,900 shares of the Company's stock held in the Board Benefit Trust (BBT).

Accounting Advisor

Not applicable.

Independent Auditor

The Independent Auditor in the fiscal year ended March 31, 2020 was as follows.
KPMG AZSA LLC

(Designated Limited Liability Partners, Engagement Partners)

Certified Public Accountant TATSUMI Yukihisa

Certified Public Accountant KANNO Masako

Certified Public Accountant SATO Eihiro

Total Number of Employees and Conditions of Employment

(Unit: persons, years)

Category	As of the end of FY2019/3	As of the end of FY2020/3	FY2019/3	FY2020/3	As of the end of FY2019/3		As of the end of FY2020/3	
	Total	Total	Staff employed	Staff employed	Average age	Average years of service	Average age	Average years of service
In-house employees	6,463	6,534	355	209	39.0	14.7	39.5	15.1
(Male)	3,324	3,341	131	72	42.3	18.0	42.6	18.4
(Female)	3,139	3,193	224	137	35.6	11.2	36.3	11.8
Sales employees	1,154	1,104	41	94	38.9	14.4	38.5	14.1
(Male)	983	929	35	51	40.4	15.9	40.2	15.7
(Female)	171	175	6	43	30.3	6.0	29.3	5.7

- 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, 2020, and truncated to the first decimal place.
4. The number of sales employees in the Total column represents those serving at the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel).
5. The number of sales employees in the Staff employed column represents those assigned to the Whole Sales Division at branches or a specific section in the Head Office Whole Sales Department at employment.

Average Monthly Salary (In-house employees)

(Thousands of yen)

Category	March 2019	March 2020
In-house employees	356	362

Note: Average monthly salary represents the pre-tax regular salary for March 2020, which excludes bonuses and overtime allowances.

Average Monthly Salary (Sales employees)

(Thousands of yen)

Category	March 2019	March 2020
Sales employees	299	312

Notes: 1. Average monthly salary represents the pre-tax regular salary for March 2020, which excludes bonuses and overtime allowances.

2. Sales employees refer to those serving in the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel).

Summary of the Subsidiaries

(1) Major Businesses and the Organizational Structure

Number of consolidated subsidiaries: One

(2) Subsidiaries

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

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, 2020, the subsidiary worked together with the Company to steadily promote projects such as developing next-generation open systems, as well as initiatives including the business improvement plan regarding solicitation quality at the Company, while making efforts to increase personnel and pursue cost optimization, among other efforts.

Major Insurance Products for Individuals

(As of April 1, 2020)

	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><i>Shin Free Plan (ordinary endowment insurance)</i> <i>Shin Free Plan (double, fivefold and tenfold benefits) (special endowment insurance)</i> <i>Kampo ni Omakase (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)</i></p>
	<p><i>Shin Ordinary Term Insurance (ordinary term insurance)</i></p>
Products sold on commission (Term insurance)	<p>NN Life Insurance Company, Ltd. Quality (term insurance), Smart Term (no cash value term insurance) and Term insurance/Increasing term insurance</p>
	<p>SUMITOMO LIFE INSURANCE COMPANY Term life insurance Emblem YOU Premium (low cash value term insurance without a dividend)</p>
	<p>The Dai-ichi Life Insurance Company, Limited Success (long-term life insurance 2018), Just (no cash value term insurance 2018), and Majesty (increasing term life insurance 2018)</p>
	<p>Tokio Marine & Nichido Life Insurance Co., Ltd. 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>Nippon Life Insurance Company Nissay Long-Term Term Insurance, Long-term life coverage with period of extensive coverage for accidents insurance, Nissay Term Life Insurance, and Nissay Increasing Term Insurance</p>
	<p>The Neo First Life Insurance Company, Limited Limited term security for fulfilling of accidental death term insurance</p>
	<p>Mitsui Sumitomo Aoi Life Insurance Company, Limited Term Life Insurance without Dividend, Term Life Insurance (No Surrender Value) without Dividend, and Increasing Term Life Insurance without dividend</p>
	<p>Meiji Yasuda Life Insurance Company 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>MetLife Insurance K. K. Long-term Level term insurance (H19) and Non Participation Level term insurance</p>
	<p>Products sold on commission (General welfare group term insurance)</p>
<p>Products sold on commission (Cancer insurance)</p>	<p>Aflac Life Insurance Japan Ltd. Days 1—Cancer insurance for daily living (cancer insurance with low or no cash value 2018), Days supporting you—Cancer insurance for daily living (special cancer insurance with no cash value)</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, 2020, we have stopped handling products sold on commission (term insurance). The products we offer could change in the future.

Major Riders

Name	Outline
Non-participating accidental rider	Offers provision for death or disability due to injuries from an unexpected accident
Non-participating injury medical care rider	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to injuries from 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 injuries from 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 injuries from 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 injuries from an unexpected accident

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

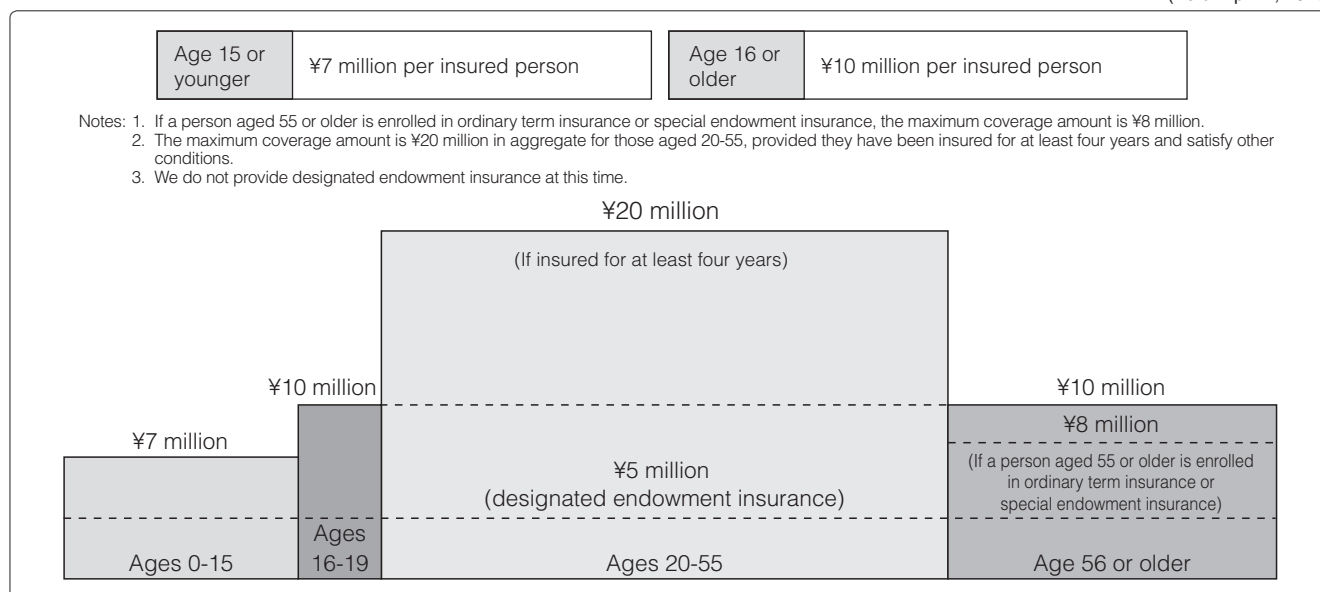
Maximum Amount of Insurance Coverage

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 (The ages in the chart below are calculated based on the attained age.)

(As of April 1, 2020)



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 Coverage Amount of the Basic Annuity Policy

- First-year basic annuity amount of ¥0.9 million per insured person

Includes the annuity amount under longevity support insurance.

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"> 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.
Non-participating accidental rider		
(Nursing care rider)		
(Accident hospitalization rider)	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> The accidental rider, non-participating accidental rider and nursing care rider are under a separate heading. 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.
(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 the riders above in parentheses at this time.

Maximum Amount of Total Insurance Premiums Payable

- ¥5.5 million on a combined basis for asset-formation savings insurance and asset-formation housing funding insurance

Apart from the above, asset-formation insurance products are subject to restrictions under relevant laws and regulations such as the limitation of total amount of insurance premiums payable.

Briefing on Important Matters/Provision of Literature about Disadvantageous Information

We will present proposals that are beneficial and thus satisfactory to each customer, based on their individual circumstances including income and asset status, participation in other insurance policies, and life plans identified through the process of understanding individual needs and intention.

To prevent customers from suffering disadvantages due to not being informed adequately about insurance products and systems, we will provide careful explanations to ensure full understanding of our insurance policies, in consideration of each customer's age, knowledge and experience, while also providing documents 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 (Certificate for Life Insurance Deduction),” 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.

Quantity and Content of Customer Feedback

The number of complaints received from customers during the period from April 1, 2019 to March 31, 2020 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, 2020		Key examples
	Number of complaints	%	
New policies (Enrollment in insurance policies)	318,359	72.6%	<ul style="list-style-type: none"> · Dissatisfaction with explanation at time of enrollment · Dissatisfaction with underwriting examination
Collection of premiums (Payments of premiums, etc.)	8,140	1.9%	<ul style="list-style-type: none"> · Dissatisfaction with bank account transfers and deposits
Policy maintenance (Procedures, dividends and other issues following enrollment in a policy)	54,113	12.3%	<ul style="list-style-type: none"> · Dissatisfaction with surrender procedures · Dissatisfaction with change of name or address
Insurance benefits (Payments of insurance benefits)	34,969	8.0%	<ul style="list-style-type: none"> · Dissatisfaction with benefit payment procedures · Dissatisfaction with payment procedures for maturity benefits
Other (Attitude and manners)	22,819	5.2%	<ul style="list-style-type: none"> · Dissatisfaction with attitude and manners of sales personnel · Dissatisfaction with after-sales service
Total	438,400	100.0%	

Compliments and Positive Comments

During the period from April 1, 2019 to March 31, 2020, we received a total of 148,615 compliments and positive comments from our customers.

Sample of customer comments

- I had some trouble in the past in submitting claims for hospitalization benefit, as I had to fill in so many fields on the claim form. Now I need to fill in only the date of making the claim and my signature, so the process is much easier, thanks to the introduction of the insurance procedure support system. It was very helpful indeed.
- Upon the maturity of the educational endowment insurance, the maturity benefit was automatically paid into my designated account without my having to make additional claims. The process of receiving the maturity was smooth, and I was able to utilize the benefit straight away for my child to advance to higher education, which I do appreciate.

Examples of Improvement Based on Customer Comments


Customer comment	Improvement
After I applied for an insurance policy, I was requested to submit an additional declaration on my health status. As it takes time and effort, Could you please ask for all necessities when the application is made?	From April 2017, we are able to ask all the questions necessary for deciding whether to accept an insurance application by displaying them on-screen on the mobile devices for sales, with respect to some injuries and illnesses that are likely to require additional questions at the time of paperless application. On this occasion, we have extended the scope of injuries and illnesses covered under this procedure.
While I want to change the contract party to my policy, I am not sure about the documents necessary for this procedure, or the tax implications involved. Do you have any documents that cover all the procedures and points to be noted?	In April 2020, we reviewed the documents handed out to policyholders when they request to change contract parties to their insurance policies, to include notes concerning the taxation associated with the changes in contract parties to the insurance policy in addition to necessary documents. The guidance enables customers to check most matters of note for the procedure to change contract parties to their insurance policies.

Management of Conflicts of Interest

To prevent our customers' interests from being unduly harmed in conjunction with conflicts of interest transactions between our customers and Japan Post Insurance, we have released the "Conflicts of Interest Management Regulations" in light of the Insurance Business Act and Financial Instruments and Exchange Act, and other laws and regulations. In accordance with these regulations, we engage in appropriate

business conduct that complies with laws and regulations, internal rules and ethical standards.

Japan Post Group has released the "Japan Post Group Conflicts of Interest Management Policy." This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers' interests from being unduly harmed.

 [Japan Post Group Conflicts of Interest Management Policy](https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_conflicts.html)

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_conflicts.html

Life Insurance Policyholders Protection Corporation of Japan

Unlike the Postal Life Insurance Policies before privatization, the life insurance policies of Japan Post Insurance after privatization do not involve government guarantees for payment of insurance claims. The policyholders' protection scheme applies to 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 ^{(*)1} for performance-linked insurance contracts), in which the limits of indemnity are set to be equivalent to 90% of the relevant policy reserve, etc. ^{(*)2}, except for the high assumed interest rate

policies ^{(*)3} (which does not mean that the policyholder protection scheme provides 90% of the level of protection provided by the original insurance claims or annuities ^{(*)4}).

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 ^(Note 1) in the five years prior to the default ^(Note 2). 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.

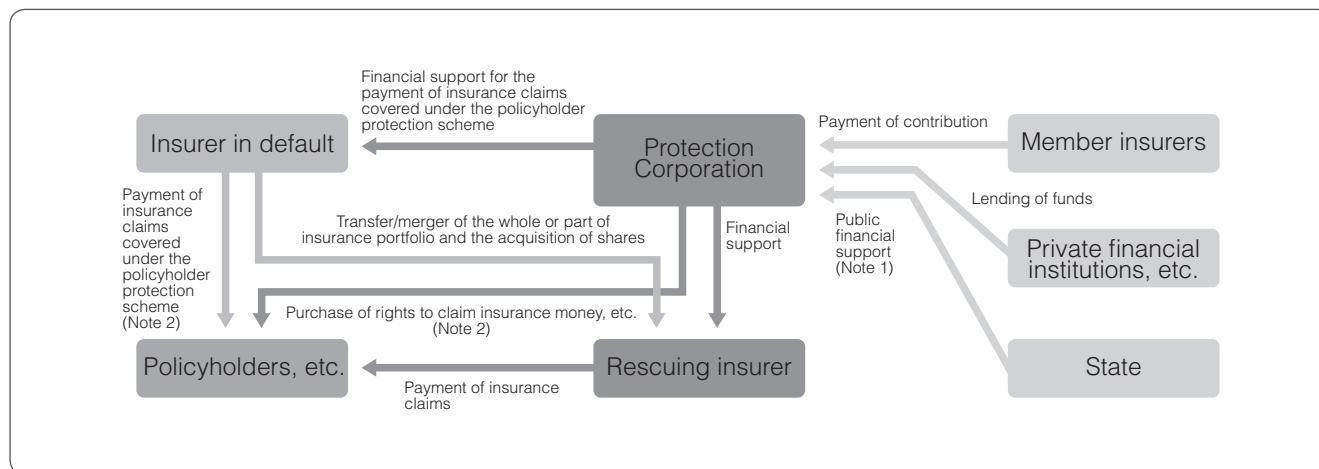
$$\text{Indemnity ratio in the high assumed interest rate policies} = 90\% - \frac{\text{[aggregate of (assumed interest rate less basic interest rate in each year in the past 5 years)]}}{2}$$

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).

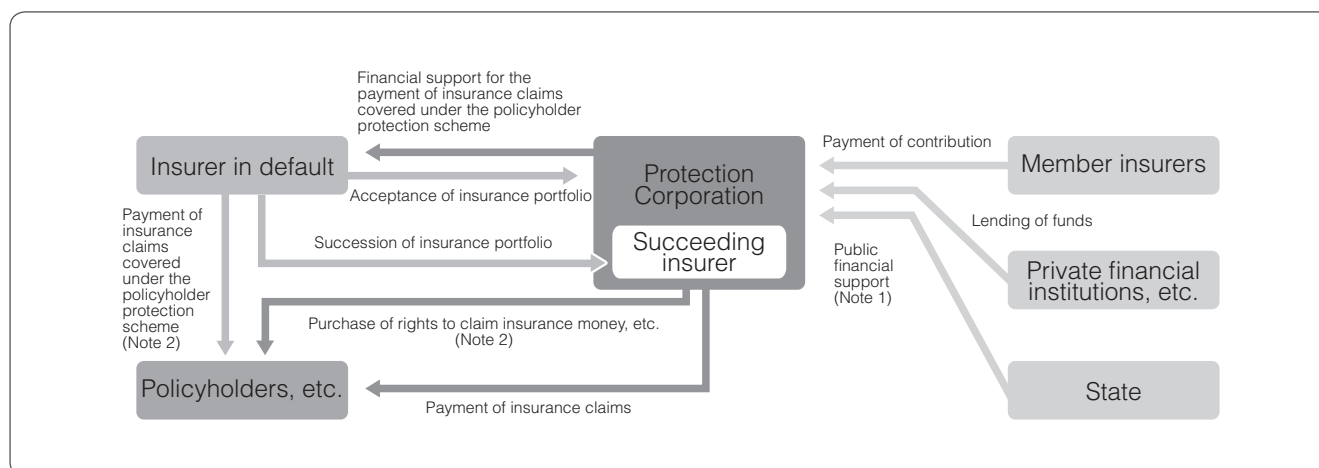
2. In the case where different assumed interest rates apply to the basic coverage and riders under one policy, each such basic coverage and rider applied by a different assumed interest rate shall be regarded as an independent insurance policy, and subject to the evaluation to determine whether it constitutes 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 of the Postal Life Insurance Policies taken out before 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.

Principal Risk Categories and Definitions

We manage risk by designating risk management sections in respective risk categories. The Risk Management Department, which is in charge of the overall control of risk management, verifies the status of respective risk management sections based on their reports, while periodically reporting on relevant matters to the Risk Management Committee.

Risk management in each risk category is described in the sections below.

Insurance Underwriting Risk

Life insurance policies are contracts that provide long-term coverage to policyholders against the risk of death, illness or injury. When underwriting, we need to make an accurate assessment and analysis of potential risks and appropriately reflect identified risks in the corresponding premiums.

Accordingly, we undertake such activities as verifying our setting of premium rates and assessing and analyzing the occurrence of insured events.

The Economic Value Promotion Office, Actuarial and Accounting Department, which is the section that manages underwriting risk, conducts risk management appropriately by measuring the amount

of insurance underwriting risk, evaluating the profitability of each product sold and verifying the appropriateness of our underwriting standards from a medical perspective.

As required in managing insurance underwriting risk, we cede reinsurance upon fully studying the financial status of reinsurers. On the other hand, when underwriting reinsurance, we secure the required information, study the profitability and risk characteristics and verify whether the underwriting risk is limited so as to cause no serious impact on management.

Investment Risk

To provide for anticipated payment of insurance claims and other benefits, we need to carefully manage funds entrusted to us from customers under life insurance policies.

Based on this perspective, in order to maintain sound management and offer assurance to customers, we have a basic investment policy to ensure stable asset management by investing in and financing yen-denominated interest-bearing assets, such as Japanese public and corporate bonds and loans, matched to the long-term and fixed interest rate characteristics of our liabilities. With a view to improving profitability, we also promote diversification of our asset portfolio to the extent allowed in managing investment risk.

The Risk Management Department, which is the section in charge of investment risk management, the Credit Department and the General Affairs Department are assigned the task of managing investment risk. These sections monitor investment risk and enforce appropriate management under a checks and balances system with departments of the head office in charge of business execution. The Risk Management Department provides comprehensive management of investment risk, working in collaboration with the Credit Department and General Affairs Department. Meanwhile, we strive to develop adequate risk management systems according to the risk profiles of our diversifying asset portfolio.

Funding Risk

The life insurance business involves making and receiving payments to and from customers and business partners as we pay insurance claims and other benefits and conduct fund management. Any trouble in the settlement of these funds will not just cause inconvenience to the parties concerned but will also lead to situations that preclude the continued operation of the business itself.

To avoid such situations and ensure smooth cash flows, we enforce rigorous fund management by monitoring incoming and outgoing cash flows, including the receipt of premiums and payment of insurance claims, on a daily basis.

The Cash-Flow and Expense Management Department, which is the section responsible for funding risk management, has defined categories corresponding to cash flow tightness and established risk management standards in each category. The section implements appropriate management of funding risk by performing management and verification in accordance with these standards. Moreover, we carry out stress tests related to funding risks, assuming a large amount of policy surrenders and lapses, in an effort to improve cash flow management.

Market Liquidity Risk

We might sell assets in which we have made investments using funds entrusted to us from customers, and could incur losses when we are forced to execute such transactions at extremely unfavorable prices compared to normal or are unable to execute such transactions at all because of market turmoil.

Accordingly, we make investments primarily in assets with high liquidity.

The Risk Management Department, which is the section in charge of market liquidity risk management, has established management standards to limit the holding of securities with low liquidity, etc. The section implements the appropriate management of market liquidity risk by performing management and verification in accordance with these standards.

Operational Risk

Our executives and employees strive to prevent operational risks that could cause inconvenience to our customers or corporate losses, and to appropriately respond when such risks occur. We have designated risk management sections in each detailed subcategory of operational risk, thereby identifying and assessing the location, scale and

nature of company-wide operational risk and managing the risk according to severity. In this way, we prevent operational risk from materializing and minimize losses in the event it does. The Risk Management Department works in collaboration with these risk management sections and provides comprehensive management of operational risk.

1) Processing Risk

Errors in business processing will cause considerable inconvenience to customers and result in the loss of our credibility. Departments of the head office and branches autonomously assess and address accidents that have occurred in the past and those that could foreseeably occur. This information is used to formulate and develop rules and standards to facilitate prompt and accurate administrative

processing, as well as to supervise and educate employees.

The Business Process Planning Department, which is the section in charge of processing risk management, evaluates and verifies whether risk management is appropriately conducted in each organization and makes efforts to suppress and minimize processing risk.

2) Computer System Risk

Under the current situation where an extensive scope of our business processing relies on information systems, major system failures or delays in system development could cause considerable inconvenience to customers and result in the loss of our credibility. Therefore, as the section responsible for computer system risk management, the IT Systems Planning Department strives to reduce computer system risk by verifying and supervising that the risk is appropriately managed by system administration personnel in the departments that maintain information systems. The occurrence of a system failure prompts the section to survey the effects on

customers, identify the causes and implement adequate countermeasures for the prevention of a recurrence.

We have formulated a manual to respond to a major system failure and set up a structure to take immediate action. For the overall information systems for Japan Post Insurance, our main systems, we operate main computer centers as well as backup centers in order to respond to risk resulting from a system failure. In case of a system failure, we investigate the impact on customers, analyze the causes and implement appropriate countermeasures in order to prevent recurrence.

3) Other Operational Risk Subcategories

Other detailed subcategories of operational risk are legal risk, human risk, reputational risk, tangible asset risk and outsourcing risk. For each subcategory, we

designate a section to handle risk management, undertake relevant activities and implement initiatives to enhance our risk management systems.