

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

January 19, 2016

Company Name: JAPAN POST INSURANCE Co., Ltd.
Representative: Masami Ishii, Director and President, CEO, Representative Executive Officer
Stock exchange listing: Tokyo Stock Exchange (Code Number: 7181)

Application for Approval of Underwriting of Reinsurance

JAPAN POST INSURANCE Co., Ltd. (Chiyoda-ku, Tokyo; Masami Ishii, Director and President, CEO, Representative Executive Officer; hereinafter the “Company”) hereby announces that the Company has submitted an application for approval of underwriting of reinsurance today to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications, pursuant to provisions of Article 138, Paragraph 1 of the Postal Service Privatization Act (Act No. 97 of 2005).

- Application for approval submitted this time
 - Underwriting of reinsurance (Appendix)

- Description of business that requires approval
 - The following types of insurance policies that fall under the types of insurance policies which require approval pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act (Act No. 97 of 2005)
 - Reinsurance set forth in Article 3, Paragraph 4, Item 3 of the Insurance Business Act (Act No.105 of 1995)which meets the conditions provided for in 1. (1), (2) and (3) of the Appendix

The Company believes that the underwriting of reinsurance is essential to enhancing convenience of customers, to ensure the stability of the Company’s business, to strengthen cooperation, etc. with other financial institutions. The Company appreciates the understanding of parties concerned and will strive to obtain an approval early.

Outline of the Application for Approval

1. Operations for which approval has been applied

The following types of insurance policies that fall under the types of insurance policies which require approval pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act (Act No. 97 of 2005) in order to enhance convenience of customers as well as to ensure the stability of the Company's business by securing revenue.

Reinsurance set forth in Article 3, Paragraph 4, Item 3 of the Insurance Business Act (Act No.105 of 1995) which meets the following conditions:

(1) Subjects of underwriting of reinsurance (primary insurance policies)

The following insurance policies which fall under insurance policies provided in Article 3, Paragraph 4, Item 1 or 2 of the Insurance Business Act which are concluded by life insurance companies (including foreign life insurance companies, etc.; the same shall apply hereinafter):

- 1) Insurance policies concluded through agency services related to life insurance business provided by the Company which have been entrusted from other life insurance companies
- 2) Insurance policies concluded through insurance solicitation related to life insurance business carried out by Japan Post Co., Ltd., which has been outsourced to it from life insurance companies other than the Company

(2) Type of reinsurance

Proportional reinsurance (risk premium reinsurance, reinsurance by coinsurance basis and reinsurance by modified coinsurance basis) under a quota share arrangement

(3) Amount of reinsurance

- 1) For risk premium reinsurance, less than 50% of the amount at risk of primary insurance policies
- 2) For reinsurance by coinsurance and modified coinsurance basis, less than 50% of the insurance benefits of primary insurance policies

2. Reason

The Company has submitted an application for approval of the underwriting of new insurance in order to enhance convenience of customers as well as to ensure the stability of its business by securing revenue as described below.

(1) Enhancement of customer convenience

The Company believes that underwriting reinsurance of other life insurance companies will contribute to improving the soundness of financial conditions of the Company and other life insurance companies, and will allow customers to feel ensured about usage of life insurances. We also believe that provision of diversified and quality products and services that utilize reinsurance by the Company and other life insurance companies will lead to enhancement of customer convenience.

(2) Stabilizing business by securing revenue

We believe that stabilization of our business by realizing diversification of revenue sources and improvement of our risk portfolio through underwriting of reinsurance of other reinsurance companies are essential to enhancing corporate value.

3. Outline of products

New provisions relating to underwriting of reinsurance regarding policies other than the former Postal Life Insurance Contracts provided for in Article 3, Paragraph 4, Item 3 of the Insurance Business Act will be added to the document (Statement of Business Procedures) provided for in Article 4, Paragraph 2, Item 2 of the Insurance Business Act and the document (Statement of Calculation Procedures for Insurance Premiums And Policy Reserves) provided for in Article 4, Paragraph 2, Item 4 of the said Act.

4. Business management structure

The Company has established the following business management structure to ensure and further reinforce the soundness of its business.

(1) Corporate governance

With respect to corporate governance, the Company has established three statutory committees consisting of the Nomination Committee, the

Audit Committee and the Compensation Committee to accelerate decision-making and enhance the transparency of its management wherein the board of directors and the three committees can certainly supervise our business operations.

President, CEO, Representative Executive Officer shall make decisions on important business execution matters regarding the overall corporate management. In addition, an Executive Committee has been established as the advisory body, comprising executive officers in charge of each business operation, etc., wherein matters delegated to the authority of President, CEO, Representative Executive Officer and important business matters are deliberated. Nine specialized committees, namely, the Financial Management Committee, the Risk Management Committee, the Compliance Committee, the CS Committee, the Product Development Committee, the Administrative and IT Systems Reform Committee, the Human Rights Enlightenment Committee, the Information Security Committee and the Disclosure Committee, have been established under the Executive Committee.

(2) Compliance structure

The social responsibility of providing insurance products to customers is a crucial element to life insurance companies, and implementation of measures for ensuring compliance regarding sales of financial products and protection of personal information, etc. is a key factor to enhancing a company's credibility. The Company aims to be the "No. 1 Japanese insurance company selected by customers" by conducting business operations accorded to compliance with the highest priority.

The Company has established the "Compliance Control Department" as the department responsible for supervising compliance at our head office wherein planning and coordination of compliance-related matters are carried out. In addition, the Company has established 13 "Regional Compliance Divisions" nationwide which operate under direct control of the Compliance Control Department at the head office. Within their respective geographical areas of responsibility, these divisions oversee guidance on compliance, and investigate and identify any violations of compliance. The Company has designated Senior General Manager of the Compliance Control Department at the head office and General Managers

of Regional Compliance Divisions as Compliance Officers in its efforts to develop the compliance system, monitor the status of implementation of compliance measures and compliance with laws and regulations, define and implement compliance training plans for officers and employees, provide consultation on compliance and make responses to any violations of compliance. In addition, the Company has established a company-wide system to promote compliance by appointing a “Compliance Manager” at our head office and “Compliance Administrators” at regional headquarters and branch offices who are responsible for promoting compliance.

In order to strengthen the compliance system, the Company has also established the Sales Quality Control Department as the specialized department responsible for insurance solicitation management, and Information Security Office under the Compliance Control Department as the specialized department responsible for personal information protection and information security.

(3) Personal information protection

The Company recognizes that appropriate protection and handling of personal information is important to provide services that can achieve a high degree of customer satisfaction. Accordingly, the Company has established and announced the fundamental policy for protecting personal information (“Japan Post Insurance Privacy Policy”). The Company has also set forth the “Personal Information Protection Regulations” based on contents of the “Guidelines for Personal Information Protection in the Financial Field” established by the Financial Services Agency, the “Procedural Guidelines for Personal Information Protection in the Life Insurance Business” established by the Life Insurance Association of Japan, and other guidelines. In addition, the Company has created and hence utilized the “Personal Information Protection and Information Security Manual,” etc. based on the Personal Information Protection Regulations to enable employees, etc. to handle and manage personal information appropriately and is striving for thorough awareness of the Regulations.

(4) Risk management structure

(i) Management of organizational risk

We have established the Risk Management Committee as a specialized committee, and established the Risk Management Department at our head office.

The Risk Management Department conducts comprehensive risk management including verifying risk management standards formulated by each department and reporting the status of risk management of the Company to the management team in order to ensure the soundness of business operations.

Departments responsible for business execution and departments responsible for business management shall improve the system for management of their departmental business operations to identify operational risks and reduce such risks, by creating regulations, and conducting education and enlightenment activities, etc.

(ii) Management of insurance underwriting risk

In managing insurance underwriting risk, considering the long-term nature of life insurance policy, the Actuarial and Accounting Department, as a department responsible for risk management, manages risk by verifying the appropriateness of operation of departments responsible for business execution. Such risks to be managed include the risk of incurring losses due to inappropriate insurance premium rate and terms and conditions of reinsurance, the risk of incurring losses due to inappropriate underwriting of insurance policies or payment of insurance benefits, etc. and the risk of incurring losses due to inappropriate outwards reinsurance and inward reinsurance.

In order to manage the risk of incurring losses due to inappropriate insurance premium rate and terms and conditions of reinsurance, the Company regularly verifies and manages the adequacy of insurance premiums and monitoring of operating expenses. When the Company sets or changes insurance premium rate and policyholder value, etc. of insurance products, the Company evaluates the profitability of such insurance products.

The Company manages the risk of incurring losses due to inappropriate underwriting of insurance policies by setting and changing medical underwriting standards, etc. and verifying the regular validation results, etc. of the status of compliance with the medical underwriting standards. With

regard to inward reinsurance, the Company includes a provision allowing it to perform audits on primary insurers whenever necessary in an inward reinsurance policy.

The Company manages the risk of incurring losses due to inappropriate outwards and inward reinsurance by verifying the results of confirmation of the status of compliance with policies of outwards and inward reinsurance and the results of the status of income and expenditure of outwards and inward reinsurance policies, as well as confirming that the amount of credit for outwards and inward reinsurance is within the credit limit.

With regard to risks unique to inward reinsurance, the Company manages the insurance underwriting risk by obtaining sufficient information on primary insurers and taking into account other sources of information obtained by the Company.

By limiting the subject of reinsurance underwriting to insurance policies described in 1. (1) 1) and 2) above, we will be able to properly estimate the volume of new insurance policies and customer base, etc. of insurance policies subject to reinsurance based not only on information on setting of reinsurance premium rate, etc. obtained from primary insurers, but also on sales results of Japan Post Co., Ltd. of products that are subject to reinsurance underwriting and of the Company's products as well as data for which we can obtain cooperation from Japan Post Co., Ltd. Accordingly, the Company will be able to set reinsurance premium rate more appropriately (ensuring appropriate pricing) based on more accurate risk estimation, etc.

(5) Internal audit structure

The purpose of internal audit is to contribute to the sound and appropriate operation of the Company's businesses by assessing and evaluating the status of execution of various business activities as well as internal control structure, etc. of the Company in view of adequacy and effectiveness.

The Company has established the Internal Audit Department at our head office as an organization independent of departments subject to audit, secured a structure which ensures the effective control over the departments subject to audit, and established a structure which enables internal audit without interference from the departments subject to audit.

Internal audit staff members are granted access to all places and materials as well as authority such as to attend meetings, etc. and express their opinions.

Results of internal audit are reported to the President, CEO, Representative Executive Officer and the Audit Committee.

In the event matters that are deemed to have possibility of inflicting material impact on management are discovered during the course of internal audit, the Internal Audit Department shall promptly report such matters to the President, CEO, Representative Executive Officer and the Audit Committee.

As for matters that require correction or improvement that were discovered during the course of internal audit, the Internal Audit Department shall summarize the status of implementation of response measures by departments subject to audit, report the overview to President, CEO, Representative Executive Officer and the Audit Committee periodically, and conduct follow-up of improvement measures.