

Insurance Business Act

(Act No. 105 of June 7, 1995)

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(Purpose)

Article 1 The purpose of this Act is, in view of the public nature of the insurance business, to protect policyholders, etc. by ensuring sound and appropriate management of persons carrying on insurance business and fairness of insurance solicitation, and thereby to contribute to the stability of the lives of the citizens and to the sound development of the national economy.

(Definitions)

Article 2 (1) The term "Insurance Business" as used in this Act means the business of underwriting the risks listed in the items of Article 3, paragraph (4) or the items of Article 3, paragraph (5) through insurance where insurance premiums are received under contracts to pay a fixed amount of insurance claims in connection with the life or death of individuals or through insurance where insurance premiums are received under contracts to compensate for damage caused by a certain fortuitous accident, or through any other class of insurance (except what is listed in the following items).

(i) Those provided in other Acts.

(ii) The following businesses:

- (a) Business transacted by the local government with its residents as the other Party;
- (b) Business transacted by a company, etc. (referring to a company (including a foreign company; hereinafter the same shall apply in this item) or any other business operator (excluding any of the business operators specified by a Cabinet Order)) or an organization comprised of its officers or employees (including former officers or employees; hereinafter the same shall apply in this item) with its officers or employees, or their relatives (limited to those specified by a Cabinet Order; hereinafter the same shall apply in this item) as the other Party;
- (c) Business transacted by a labor union with its union members (including former union members) or their relatives as the other Party;
- (d) Business transacted by a company with another company that belongs to

- its group (meaning the group of a company and its Subsidiary Companies) as the other Party;
- (e) Business transacted by a school (meaning schools prescribed in Article 1 of the School Education Act (Act No. 26 of 1947)) or an organization comprised of its students with students or school children as the other Party;
 - (f) Business transacted by a territorial organization (meaning territorial organizations prescribed in Article 260-2, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947) and fall under the requirements listed in the items of paragraph (2) of that Article) with its members as the other Party; and
 - (g) Business specified by a Cabinet Order as those equivalent to those listed from (a) to (f) inclusive.
- (iii) Business transacted with persons as the other Party whose number does not exceed the number specified by a Cabinet Order (except those specified by a Cabinet Order).
- (2) The term "Insurance Company" as used in this Act means a person who operates Insurance Business under the license of the Prime Minister prescribed in Article 3, paragraph (1).
 - (3) The term "Life Insurance Company" as used in this Act means an Insurance Company which has obtained the life insurance business license set forth in Article 3, paragraph (4).
 - (4) The term "Non-Life Insurance Company" as used in this Act means an Insurance Company which has obtained the non-life insurance business license set forth in Article 3, paragraph (5).
 - (5) The term "Mutual Company" as used in this Act means an association which was established pursuant to this Act and whose members are its policyholders for the purpose of transacting Insurance Business.
 - (6) The term "Foreign Insurer" as used in this Act means a person carrying on Insurance Business in a foreign state in accordance with the laws and regulations of the foreign state (excluding Insurance Companies).
 - (7) The term "Foreign Insurance Company, etc." as used in this Act means a Foreign Insurer which has obtained the license from the Prime Minister set forth in Article 185, paragraph (1).
 - (8) The term "Foreign Life Insurance Company, etc." as used in this Act means a Foreign Insurance Company, etc. which has obtained the foreign life insurance business license set forth in Article 185, paragraph (4).
 - (9) The term "Foreign Non-Life Insurance Company, etc." as used in this Act means a Foreign Insurance Company, etc. which has obtained the foreign non-life insurance business license set forth in Article 185, paragraph (5).
 - (10) The term "Foreign Mutual Company" as used in this Act means a foreign

juridical person akin to a Mutual Company, or a similar foreign juridical person, which was established in accordance with the laws and regulations of the foreign state.

- (11) The term "Voting Rights of All Shareholders, etc." as used in this Act means voting rights of all shareholders or investors (in the case of a Stock Company, excluding voting rights relating to shares which do not allow exercising voting rights for any of the matters which may be resolved at a shareholders' meeting, but including voting rights relating to shares of which holders are deemed to have voting rights pursuant to the provision of Article 879, paragraph (3) (Jurisdiction Over Special Liquidation Cases) of the Companies Act (Act No. 86 of 2005); the same shall apply hereinafter in this Article, the following Article, Article 106, Article 107, Article 127, Article 260, Part II, Chapters XI and XII and Article 333).
- (12) The term "Subsidiary Company" as used in this Act means a company of which voting rights exceeding fifty hundredths of the Voting Rights of all the Shareholders, etc. are held by another company. In such case, if the company and one or more of its Subsidiary Companies own, or one or more of the Subsidiary Companies of such company own, more than fifty hundredths of the Voting Rights Held by All Shareholders, etc. of another company, such another company shall be deemed to be the Subsidiary Company of the company first set forth above.
- (13) The term "Major Shareholder Threshold" as used in this Act means twenty hundredths (fifteen hundredths in the case where the voting rights of the company are held by a person who satisfies the requirements specified by a Cabinet Office Ordinance for the existence of the presumed fact that is expected to have a material effect on decisions of financial and business policies of the company) of the Voting Rights Held by All Shareholders, etc.
- (14) The term "Major Shareholder of Insurance Company" as used in this Act means a person who holds voting rights of an Insurance Company which amounts to the Major Shareholder Threshold or more (including a person who holds such number of voting rights in the name of another person (or under a fictitious name); the same shall apply hereinafter), and is established under the authorization set forth in Article 271-10, paragraph (1) or has obtained the authorization prescribed in Article 271-10, paragraph (1) or the proviso to Article 271-10, paragraph (2).
- (15) In the case prescribed in paragraph (12) and the preceding paragraph, the voting rights held by a company or a person who holds voting rights shall not include any voting rights pertaining to shares or equity interests held in the form of trust property pertaining to a monetary or securities trust (limited to cases where the settlor or the beneficiary may exercise the voting rights or may instruct the company or the holder of the voting rights on the exercise of such

voting rights) or any of the voting rights specified by a Cabinet Office Ordinance, but shall include voting rights of the Shares or equity interests which are held as trust property and of which the other company or the person holding voting rights of the Insurance Company may, as a settlor or beneficiary, make exercise or may give instructions on the exercise(excluding those specified by a Cabinet Office Ordinance) and any voting rights of the shares which cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001).

(16) The term "Insurance Holding Company" as used in this Act means a Holding Company (meaning a holding company prescribed in Article 9, paragraph (5), item (i) (Holding Company) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947); the same shall apply hereinafter) which has a Insurance Company as its Subsidiary Company and is established under the authorization set forth in Article 271-18, paragraph (1) or obtains authorization prescribed in Article 271-18, paragraph (1) or the proviso to paragraph (3).

(17) The term "Small Amount and Short Term Insurance Business" as used in this Act means the Insurance Business of underwriting insurance limited to that whose insurance period is within the period specified by a Cabinet Order within the limit of two years, and whose insurance amount is not more than the amount specified by a Cabinet Order within an amount not exceeding ten million yen (except those specified by a Cabinet Order).

(18) The term "Small Amount and Short Term Insurance Provider" as used in this Act means a person who has obtained the registration set forth in Article 272, paragraph (1) and carries on Small Amount and Short Term Insurance Business.

(19) The term "Life Insurance Solicitor" as used in this Act means the officers (excluding officers with authority of representation and company auditors and members of audit committees (hereinafter referred to as "Audit Committee Members"); hereinafter the same shall apply in this Article) or employees of a Life Insurance Company (including Foreign Life Insurance Companies, etc.; hereinafter the same shall apply in this paragraph) or their employees or a person who has been entrusted by a Life Insurance Company (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators) or their officers or employees that act as an agent or intermediary for conclusion of an insurance contract on behalf of the Life Insurance Company.

(20) The term "Non-Life Insurance Solicitor" as used in this Act means the officers or employees of a Non-Life Insurance Company (including Foreign Non-Life Insurance Companies, etc.; the same shall apply in the following

paragraph), non-life insurance agents or their officers or employees.

- (21) The term "Non-Life Insurance Agent" as used in this Act means a person who acts as an agent or intermediary for conclusion of an insurance contract on behalf of a Non-Life Insurance Company upon entrustment by the Non-Life Insurance Company (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators), and is not an officer or employee of the Non-Life Insurance Company.
- (22) The term "Small Amount and Short Term Insurance Solicitor" as used in this Act means the officers or employees of Small Amount and Short Term Insurance Providers, or a person who has been entrusted by Small Amount and Short Term Insurance Providers (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators) or their officers or employees that act as an agent or intermediary for conclusion of an insurance contract on behalf of the Small Amount and Short Term Insurance Providers.
- (23) The term "Insurance Solicitor" as used in this Act means a Life Insurance Solicitor, a Non-Life Insurance Solicitor, or a Small Amount and Short Term Insurance Solicitor.
- (24) The term "Entrusting Insurance Company, etc." as used in this Act means the Insurance Company (including foreign insurance companies, etc.) or the Small Amount and Short Term Insurance Providers, which shall be the insurer of the insurance contract solicited by Life Insurance Solicitors, Non-Life Insurance Solicitors, or Small Amount and Short Term Insurance Solicitors.
- (25) The term "Insurance Broker" as used in this Act means a person who acts as an intermediary for conclusion of an insurance contract and engages in activities other than acting as an intermediary for conclusion of an insurance contract on behalf of the Entrusting Insurance Company, etc. carried out by Life Insurance Solicitors, Non-Life Insurance Solicitors, and Small Amount and Short Term Insurance Solicitors (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators).
- (26) The term "Insurance Solicitation" as used in this Act means the act of acting as an agent or intermediary for conclusion of an insurance contract.
- (27) The term "Method of Public Notice" as used in this Act means the Method of Public Notice prescribed in Article 2, item (xxxiii) (Definitions) of the Companies Act with regard to stock companies and foreign insurance companies, etc. which are foreign companies, and the method of making public notices by mutual companies and foreign insurance companies, etc. (excluding foreign companies; hereinafter the same shall apply in this paragraph) with regard to mutual companies and foreign insurance companies, etc. (except

cases where provisions of this Act or other Acts prescribe that a method listed in the official gazette shall be used).

Article 2-2 (1) Any person listed in the following items shall be deemed to be a holder of the Insurance Company's voting rights, etc. (meaning Insurance Companies or Small Amount and Short Term Insurance Providers; the same shall apply hereinafter) amounting to the number specified by the items, and the provisions of Part II, Chapter XI, Sections 1 and 2, Chapters XII and XIII, and Parts IV and V shall apply to such person:

- (i) An organization that is not a juridical person (limited to an organization specified by a Cabinet Office Ordinance as those equivalent to a juridical person): the number of the Insurance Company's, etc. voting rights which are held in the name of the organization;
- (ii) A company required to prepare its financial statements and other documents on a consolidated basis pursuant to the provisions of a Cabinet Office Ordinance (referred to as "Company Subject to Standards for Consolidation" in the following item), for which the companies and other juridical persons to be consolidated (including organizations that are not juridical persons listed in the preceding item; and hereinafter referred to as "Companies, etc." in this paragraph) include an Insurance Company, etc., and which is not consolidated in any other company's financial statements or other documents: the number calculated pursuant to the provisions of a Cabinet Office Ordinance as representing the company's substantial influence on the Insurance Company, etc.;
- (iii) Where a Company, etc. (excluding that which is consolidated in the financial statements and other documents of a company falling under the type of company listed in the preceding item, limited to that which holds voting rights of an Insurance Company, etc.) which is not a Company Subject to Standards for Consolidation belongs to a Group of Companies, etc. (referring to a group of that Company, etc. or a group of another Company, etc. specified by a Cabinet Office Ordinance as a Company, etc. with which the Company, etc. first set forth in this item has a close relationship including through the holding of majority voting rights; hereinafter the same shall apply in this paragraph), and where the total number of voting rights held in an Insurance Company, etc. by all of the Companies etc. belonging to the Group of Companies, etc. (hereinafter referred to as the "Number of Voting Rights Held by the Group of Companies, etc." in this item and the next item) is equal to or more than the Major Shareholder Threshold of the Insurance Company, etc. (such Group of Companies, etc. are hereinafter referred to as "Specified Group of Companies, etc." in this item and the next item), a Company, etc. in the Specified Group of Companies, etc. whose

- majority voting rights are held by no other Company, etc.: the Number of Voting Rights Held by the Group of Companies, etc. in the Specified Group of Companies, etc.;
- (iv) Where no Company, etc. in a Specified Group of Companies, etc. falls under the type of Company, etc. listed in the preceding item, a Company, etc. whose assets in the balance sheet are the largest among the Companies, etc. belonging to the Specified Group of Companies, etc.: the Number of Voting Rights Held by the Group of Companies, etc. in the Specified Group of Companies, etc.
- (v) An individual who, by virtue of holding majority voting rights in Companies, etc. that hold voting rights in an Insurance Company, etc. (including any of the persons listed from item (ii) to the preceding item inclusive; hereinafter the same shall apply in this item), is deemed to hold at least twenty hundredths of all shareholders' voting rights in the Insurance Company, etc., in terms of the number of voting rights held in the Insurance Company, etc. by such Companies, etc. (for those falling under any of the categories listed in the preceding items, the number specified in the relevant item), taken together (counting in any voting rights held by said individual in the Insurance Company, etc.; the number thus calculated is hereinafter referred to as the "Grand Total Number of Voting Rights" in this item): the Grand Total Number of Voting Rights for the individual.
- (vi) A person who holds voting rights in an Insurance Company, etc. (including a person falling under any of the categories listed in the preceding items; hereinafter the same shall apply in this item) who is deemed to hold at least twenty hundredths of all shareholders' voting rights in the Insurance Company, etc., in terms of the number of voting rights held by said person in the Insurance Company, etc. (for a person falling under any of the categories listed in the preceding items, the number specified in the relevant item) and the number of voting rights held in the same Insurance Company, etc. by his/her Joint Holder(s) (referring to any other holder(s) of voting rights in the Insurance Company, etc. (including those falling under any of the categories listed in the preceding times) who has (have) agreed with said person on concerted action in acquiring or transferring the shares pertaining to the voting rights, or in exercising the voting and other rights as shareholders of that Insurance Company, etc. (excluding, where the person who holds the voting rights is a company falling under the category listed in item (ii), any Company, etc. to be consolidated in the financial statements and other documents of said company; excluding, where the person who holds the voting rights is a Company, etc. falling under the category prescribed in item (iii) or (iv), any other Company, etc. in the Group of Companies, etc. to which said Company, etc. belongs; and excluding, where the person who holds the

- voting rights is an individual falling under the category listed in the preceding item, any Company, etc. in which the individual has majority voting rights; but including any person who has a special relationship as specified by a Cabinet Order with the person who holds the voting rights)) (for a Joint Holder falling under any of the categories listed in the preceding items, the number prescribed in the relevant item), taken together (the total number thus calculated is hereinafter referred to as the "Number of Voting Rights Jointly Held" in this item): the Number of Voting Rights Jointly Held.
- (vii) A person specified by a Cabinet Office Ordinance as being equivalent to a person listed in any of the preceding items: the number calculated pursuant to the provisions of a Cabinet Office Ordinance as representing the person's substantive influence on the Insurance Companies, etc.
- (2) In the case referred to in the items of the preceding paragraph, the provision of paragraph (15) of the preceding Article, shall apply mutatis mutandis to voting rights to be deemed as held by a person listed in any of items of that paragraph and voting rights held by the holder of the voting rights.

Part II Insurance Company, etc.

Chapter I General Rules

(License)

- Article 3 (1) No Insurance Business shall be operated without having obtained a license from the Prime Minister.
- (2) The license set forth in the preceding paragraph consists of two types: the life insurance business license and the non-life insurance business license.
- (3) The same person cannot obtain both the life insurance business license and the non-life insurance business license.
- (4) The life insurance business license shall be a license pertaining to the business of underwriting the classes of insurance listed in item (i) or, in addition, underwriting the classes of insurance listed in item (ii) or (iii).
- (i) Insurance where insurance premiums are received under contracts to pay a fixed amount of insurance claims in connection with the survival or death of individuals (including the physical state of the individual whom a doctor has diagnosed that the life expectancy is no more than a certain period; hereinafter the same shall apply in this paragraph and the following paragraph) (excluding insurance pertaining to only death in the following sub-item (c) below).
- (ii) Insurance where insurance premiums are received under contracts to pay a fixed amount of insurance claims in connection with the following reasons or to compensate for damage to the individual caused by such reasons:
- (a) An individual contracted a disease;

- (b) State of an individual caused by an injury or disease;
 - (c) Death of an individual directly caused by injury;
 - (d) Cases specified by a Cabinet Office Ordinance as those similar to what is listed in (a) or (b) (except death of an individual); and
 - (e) Treatment (including those specified by a Cabinet Office Ordinance as acts similar to treatment) concerning those listed in (a), (b), or (d).
- (iii) Under the classes of insurance listed in item (i) of the following paragraph, reinsurance pertaining to the classes of insurance listed in the preceding two items.
- (5) The non-life insurance business license shall be a license pertaining to the business of underwriting the classes of insurance listed in item (i) or, in addition, underwriting the classes of insurance listed in item (ii) or (iii).
- (i) Insurance by means of which insurance premiums are received under contracts to compensate for damage caused by a certain fortuitous accident (excluding the classes of insurance listed in the following item).
 - (ii) Classes of insurance listed in item (ii) of the preceding paragraph.
 - (iii) Among the classes of insurance listed in item (i) of the preceding paragraph, insurance related to the death of an individual between the time he/she leaves his/her residence for overseas travel and the time he/she returns to his/her residence (hereinafter referred to in this item as "Overseas Travel Period") or the death of an individual directly caused by disease contracted during the Overseas Travel Period.
- (6) The surety by the surety bond business (referring to, among the businesses to guarantee the performance of contractual obligations or legal and regulatory obligations, and receive the consideration, those carried out by setting the amount of consideration, establishing a reserve, and distributing the risks by reinsurance, based on actuarial science, or by using any other methods inherent to insurance) shall be deemed as the underwriting of the classes of insurance listed in item (i) of the preceding paragraph, and the consideration pertaining to the surety shall be deemed as the insurance premium pertaining to the classes of insurance set forth in that item.

(Application Procedures for a License)

Article 4 (1) A person who intends to obtain a license set forth in paragraph (1) of the preceding Article shall submit to the Prime Minister a written application for the license stating the following matters:

- (i) Trade name or company name;
- (ii) Amount of capital or total amount of funds;
- (iii) Name of director and company auditor (director and executive officer in the case of a company with committees (meaning Stock Company or Mutual Company with a nominating committee, audit committee, and compensation

- committee (hereinafter referred to as "Committees" except for Chapter X); the same shall apply hereinafter)).
- (iv) Types of license desired; and
 - (v) Location of head office or principal office.
- (2) The following documents and other documents specified by a Cabinet Office Ordinance shall be attached to the written application for a license set forth in the preceding paragraph:
- (i) Articles of incorporation;
 - (ii) Statement of business procedures;
 - (iii) General policy conditions; and
 - (iv) Statement of calculation procedures for insurance premiums and policy reserves.
- (3) In the case referred to in the preceding paragraph, if the articles of incorporation of item (i) of the paragraph are created as an electromagnetic record (referring to a record that is created by an electronic method, magnetic method or any other method which does not allow recognition by human sensory perception and is specified by a Cabinet Office Ordinance as suitable for use in information processing conducted by a computer; the same shall apply hereinafter), the electromagnetic record may be attached in place of the documents.
- (4) The documents listed in paragraph (2), items (ii) to (iv) inclusive shall state the matters specified by a Cabinet Office Ordinance.

(Examination Requirement for a License)

Article 5 (1) When an application for license set forth in Article 3, paragraph (1) is filed, the Prime Minister shall examine whether the following requirements are satisfied:

- (i) The person who has filed an application for license of Insurance Company business (hereinafter referred to as "Applicant" in this paragraph) shall have financial basis to conduct the business of an Insurance Company soundly and efficiently and shall have good prospects for income and expenditure pertaining to the business; and
- (ii) In light of such matters as personnel structure, etc., the Applicant shall have: the knowledge and experience necessary to be able to carry out the business of an Insurance Company appropriately, fairly and efficiently; and sufficient social credibility.
- (iii) The matters stated in the documents listed in paragraph (2), items (ii) and (iii) of the preceding Article shall conform to the following requirement:
 - (a) The contents of the insurance contract have no risk of lacking in the protection of policyholders, those insured, beneficiaries of insurance claims, and other relevant persons (hereinafter referred to as "Policyholders, etc.");

- (b) No specific persons will be subject to unfair discriminatory treatment under the contents of the insurance contract;
 - (c) The contents of an insurance contract pose no risk of encouraging or inducing acts harmful to public policy and good morals;
 - (d) The rights and obligations of Policyholders, etc. and other contents of the insurance contract are specified clearly and simply for the Policyholders, etc.; and
 - (e) Other requirement specified by a Cabinet Office Ordinance.
- (iv) The matters stated in the documents listed in paragraph (2), item (iv) of the preceding Article shall conform to the following requirements:
- (a) The calculation procedures for insurance premiums and policy reserves are reasonable and proper based on actuarial science;
 - (b) No specific persons will be subject to unfair discriminatory treatment with regard to insurance premiums; and
 - (c) Other requirement specified by a Cabinet Office Ordinance.
- (2) The Prime Minister may, when and to the extent that he/she finds it necessary for the public interest in light of requirements for examination prescribed in the preceding paragraph, impose conditions on the license referred to in Article 3, paragraph (1) or change them.

(Organ)

Article 5-2 An Insurance Company shall be a Stock Company or a Mutual Company which have set up the following organs:

- (i) Board of directors;
- (ii) Board of company auditors or committee; and
- (iii) Accounting auditor.

(Amount of Capital or Total Amount of Funds)

Article 6 (1) The amount of capital or total amount of funds (including the reserve for redemption of funds set forth in Article 56) of an Insurance Company shall be equal to or more than the amount specified by a Cabinet Order.

- (2) The amount specified by a Cabinet Order under the preceding paragraph shall not be less than one billion yen.

(Trade Name or Name)

Article 7 (1) An Insurance Company shall, in the trade name or name, use terms specified by a Cabinet Office Ordinance for indicating that it is a Life Insurance Company or a Non-Life Insurance Company.

- (2) No person other than an Insurance Company shall use, in its trade name or name, any term which would indicate that the person is an Insurance Company.

(Prohibition of Name Lending)

Article 7-2 An Insurance Company shall not have another person engaging in Insurance Business in the name of the Insurance Company.

(Prohibition, etc. of the Concurrent Holding of Positions by Directors, etc.)

Article 8 (1) A director, executive officer, accounting advisor or a member who shall carry out its duties and company auditor of an Insurance Company shall not concurrently serve as the director, executive officer, accounting advisor or a member who shall carry out its duties or company auditor (including director, auditor or any other equivalent person) or employee of a bank (meaning a bank prescribed in Article 2, paragraph (1) (Definitions, etc.) of the Banking Act (Act No. 59 of 1981); the same shall apply hereinafter) or any other financial institution specified by a Cabinet Order, or a Financial Instruments Business Operator prescribed in Article 2, paragraph (9) (Definitions) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (limited to an operator that engages in a securities-related business (referring to any of the securities-related businesses prescribed in Article 28, paragraph (8) (Definitions) of the same Act); the same shall apply hereinafter), if such institution or operator is deemed as a specified person concerned (referring to a person that has a special relationship as specified by a Cabinet Order with the Insurance Company, such as a Subsidiary Company of the Insurance Company or a Subsidiary Company of the Insurance Holding Company of which the Insurance Company is a Subsidiary Company (excluding said Insurance Company)).

(2) Except the cases when the provisions of the preceding paragraph are applied, directors engaging in the ordinary business of an Insurance Company (in the case of a company with committees, executive officer) shall not engage in the ordinary business of any other company, except for the cases authorized by the Prime Minister.

(3) When an application for authorization referred to in the preceding paragraph is filed, the Prime Minister shall not grant the authorization unless he/she finds that matters pertaining to the application are not likely to interfere with the sound and appropriate management of the Insurance Company.

(Eligibility of Directors, etc.)

Article 8-2 (1) Directors engaging in the ordinary business of an Insurance Company (in the case of a company with committees, executive officer) shall have the knowledge and experience to carry out business management of an Insurance Company appropriately, fairly and efficiently and have sufficient social credibility.

(2) No person who has become subject to the ruling of the commencement of bankruptcy proceedings and has not had restored his/her rights, or a person who is treated the same as such a person under the laws and regulations of a foreign state, shall be appointed as a director, executive officer or auditor of an Insurance Company.

Chapter II Stock Company and Mutual Company Carrying on Insurance Business

Section 1 Special Provisions on Stock Company Carrying on Insurance Business

(Method of Public Notice)

Article 9 (1) A Stock Company carrying on Insurance Business (hereinafter referred to as "Stock Company" in this Section) shall specify any of the following methods as the Method of Public Notice in its articles of incorporation:

(i) Publication in a daily newspaper that publishes matters on current events;
or

(ii) Electronic Public Notice (for a Stock Company and a Foreign Insurance Company, etc. which is a foreign company, referring to the Electronic Public Notice provided for in Article 2, item (xxxiv) (Definitions) of the Companies Act, and for a Mutual Company and a Foreign Insurance Company, etc. (other than a foreign company), any of those Method of Public Notice meeting the definition provided in that item which allow many and unspecified persons to access the information to be published by electromagnetic means (referring to the electromagnetic means defined in that item); the same shall apply hereinafter).

(2) The provisions of Article 940, paragraph (1) (excluding item (ii)) and paragraph (3) (Period of Public Notice, etc. for Electronic Public Notice) of Companies Act shall apply mutatis mutandis to the cases where a Stock Company gives public notice under this Act in the form of electronic public notice. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Offer for Shares for Subscription, etc.)

Article 10 A Stock Company shall, when it gives a notice pursuant to the provision of Article 59, paragraph (1) (Subscription for Shares Solicited at Incorporation), Article 203, paragraph (1) (Applications for Shares for Subscription) or Article 242, paragraph (1) (Application for Share Options for Subscription) of the Companies Act, notify the matters listed in the items of Article 59, paragraph (1), the items of Article 203, paragraph (1) or the items of

Article 242, paragraph (1), respectively, as well as any provision in its articles of incorporation set forth in the second sentence of Article 113 (including the cases where it is applied mutatis mutandis pursuant to Article 272-18).

(Reference Date)

Article 11 For the purpose of applying to a Stock Company the provision of Article 124, paragraph (2) (Record Date) of the Companies Act, the term "three months" in that paragraph shall be deemed to be replaced with "three months (or four months for the right to exercise a voting right in an annual shareholder meeting and any other right specified by a Cabinet Office Ordinance."

(Qualifications, etc. of directors, etc.)

Article 12 (1) For the purpose of applying the provisions of Article 331, paragraph (1), item (iii) (Qualifications of Directors) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) and Article 402, paragraph (4) (Election of Executive Officers) of that Act) to a Stock Company, the term "this Act" in that item shall be deemed to be replaced with "the Insurance Business Act, this Act."

(2) The provisions of the proviso to Article 331, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) of the Companies Act), Article 332, paragraph (2) (Directors' Terms of Office) (including the cases where it is applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting advisors' terms of office), Article 336, paragraph (2) (Company Auditors' Terms of Office), Article 389, paragraph (1) (Limitation of Scope of Audit by Provisions of Articles of Incorporation), and the proviso to Article 402, paragraph (5) of the Companies Act shall not apply to a Stock Company.

(Reference Documents for Shareholders Meeting and Voting Forms, etc.)

Article 13 For the purpose of applying the provisions of Article 301, paragraph (1) (Giving of Reference Documents for Shareholders Meeting and Voting Forms), Article 432, paragraph (1) (Preparation and Retention of Account Books), Article 435, paragraphs (1) and (2) (Preparation and Retention of Financial Statements, etc.), Article 436, paragraphs (1) and (2) (Audit of Financial Statements, etc.), Article 439 (Special Provision on Companies with Accounting Auditors), and Article 440, paragraph (1) (Public Notice of Financial Statements) of the Companies Act to a Stock Company, the term "Ordinance of the Ministry of Justice" in said provisions shall be deemed to be replaced with "Cabinet Office Ordinance."

(Exclusion from Application, etc. of the Provision Regarding Request for Inspection, etc. of Account Books)

Article 14 (1) The provision of Article 433 (Request to Inspect Account Books) of the Companies Act shall not apply to account books of a Stock Company and materials relating thereto.

(2) For the purpose of applying the provision of Article 442, paragraph (3) (Keeping and Inspection of Financial Statements, etc.) of the Companies Act to a Stock Company, the term "and creditors" in that paragraph shall be deemed to be replaced with ", Policyholders, beneficiaries of insurance claims, and other creditors and insurers."

(Reserves)

Article 15 Notwithstanding the provision of Article 445, paragraph (4) (Amounts of Capital and Amounts of Reserves) of the Companies Act, in the case where a Stock Company pays dividends of surplus, it shall record the amount equivalent to one-fifth of the amount of the deduction from surplus as a result of the payments of such dividends of surplus as capital Reserves or retained earnings Reserves (hereinafter referred to as "Reserves"), pursuant to the provisions of a Cabinet Office Ordinance.

(Keeping and Inspection, etc. of Documents, etc. Pertaining to Reduction of Capital, etc.)

Article 16 (1) A Stock Company shall keep at each of its business offices a document or electromagnetic record that describes or records any proposal regarding the reduction (excluding the cases where the whole of the amount by which the Reserves are reduced is appropriated to the capital) of the capital or Reserves (hereinafter referred to as "capital, etc." in this Section) as well as any other matter specified by a Cabinet Office Ordinance, for a period ranging from two weeks before the date of the shareholders meeting pertaining to the resolution on the reduction (or, the date of the board of directors meeting where Article 447, paragraph (3) (Reductions in Amount of Capital) or Article 448, paragraph (3) (Reductions in Amount of Reserves) of the Companies Act Applies) to six months from the Effective Date of the reduction of the capital, etc.; provided, however, that this shall not apply to the cases where only the amount of the Reserves is reduced and all of the following are met:

(i) An annual shareholders meeting has decided on the matters listed in the items of Article 448, paragraph (1) inclusive of the Companies Act; and

(ii) The amount set forth in Article 448, paragraph (1), item (i) of the Companies Act does not exceed the amount calculated in the manner specified by a Cabinet Office Ordinance as the amount of the deficit as at the

date of the annual shareholders meeting referred to in the preceding item (or, in the cases provided for in the first sentence of Article 439 (Special Provision on Companies with Accounting Auditors) of that Act, the date of authorization under Article 436, paragraph (3) (Audit of Financial Statements, etc.).

- (2) Shareholders, Policyholders and other creditors of a Stock Company may make the following requests at any time during the operating hours of the company; provided, however, that they pay the fees determined by the Stock Company when making a request falling under item (ii) or (iv):
- (i) A request to inspect the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request to inspect anything that displays the matter recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request that the matters recorded on the electromagnetic record set forth in the preceding paragraph be provided by electromagnetic means (referring to any of the methods using an electronic data processing system or any other information and communication technology and specified by a Cabinet Office Ordinance; the same shall apply hereinafter) designated by the Stock Company, or request for any document that contains such matters.
- (3) For the purpose of applying the provision of paragraph (1), item (i) to the cases where the articles of incorporation include a provision set forth in Article 459, paragraph (1) (Provisions of Articles of Incorporation that Board of Directors Determines Dividends of Surplus) of the Companies Act, the term "annual shareholders meeting" in that item shall be deemed to be replaced with "annual shareholders meeting or the board of directors under Article 436, paragraph (3) of the Companies Act."

(Objection of Creditors)

- Article 17 (1) Where a Stock Company reduces the amount of its capital, etc. (excluding the cases where the whole of the amount by which the Reserves are reduced is appropriated to the capital), Policyholders or other creditors of such Stock Company may raise their objections to the reduction in the amount of the capital, etc. to the Stock Company; provided, however, that this shall not apply to the cases where only the amount of the Reserves is reduced and all items of paragraph (1) of the preceding Article are met.
- (2) Where Policyholders or other creditors of a Stock Company may raise their objections pursuant to the provision of the preceding paragraph, said Stock Company shall give public notice of the following matters below in the official gazette and by the Method of Public Notice stipulated in the company's articles

of incorporation; provided, however, that the period under item (iii) may not be less than one month:

- (i) The details of such reduction in the amount of the capital, etc.;
 - (ii) The matters specified by a Cabinet Office Ordinance regarding the financial statements of such Stock Company;
 - (iii) That Policyholders or other creditors may raise their objections within a certain period of time; and
 - (iv) In addition to what is listed in the preceding three items, any matter specified by a Cabinet Office Ordinance.
- (3) Where Policyholders or other creditors do not raise any objections within the period under item (iii) of the preceding paragraph, such Policyholders or other creditors shall be deemed to have approved such reduction in the amount of the capital, etc.
- (4) Where Policyholders or other creditors raise objections within the period under paragraph (2), item (iii), the Stock Company in paragraph (1) shall make payment or provide equivalent security to such policyholders or other creditors, or entrust equivalent property to a trust company, etc. (referring to a trust company as defined in Article 2, paragraph (2) (Definitions) of the Trust Business Act (Act No. 154 of 2004); the same shall apply hereinafter) or financial institution carrying on trust business (referring to a financial institution approved under Article 1, paragraph (1) (Authorization of Trust Business) of the Act on Provision, etc. of Trust Business by Financial Institutions (Act No. 43 of 1943)); the same shall apply hereinafter) for the purpose of ensuring that such Policyholders or other creditors receive the payment; provided, however, that this shall not apply to the cases where the reduction of the capital, etc. poses no risk of harming the interest of such Policyholders or other creditors.
- (5) The provision of the preceding paragraph shall not apply to the Policyholders or to any rights held by other persons pertaining to insurance contracts (excluding insurance claims that have already arisen at the time of public notice under paragraph (2) due to the occurrence of insured events or for other reasons, and any other right specified by a Cabinet Order (referred to as "Insurance Claims, etc." hereinafter in this Section, as well as in Section 3 and Chapter VIII, Sections 2 and 3)).
- (6) Any resolution pertaining to the reduction of the capital, etc. under Article 447, paragraph (1) (Reductions in Amount of Capital) or Article 448, paragraph (1) (Reductions in Amount of Reserves) of the Companies Act shall be invalid if the number of Policyholders who have raised their objections within the period set forth in paragraph (2), item (iii) (excluding the holders of policies under which Insurance Claims, etc. had already arisen at the time of public notice under that paragraph (but limited to those policies that would be terminated

with the payment of the Insurance Claims, etc.); hereinafter the same shall apply in this paragraph, as well as in paragraph (4) of the following Article) exceeds one fifth of the total number of Policyholders, and the amount specified by a Cabinet Office Ordinance as the credits (excluding Insurance Claims, etc.) belonging to the insurance contracts of the Policyholders who have stated such objections exceeds one fifth of the total amount of credits belonging to the Policyholders.

- (7) In addition to what is provided for in the preceding paragraphs, any necessary matter for the application of those provisions shall be specified by a Cabinet Order.

(Effectuation)

Article 17-2 (1) The reduction of the amounts listed in the following items takes effect on the dates specified by the items, respectively; provided, however, that this shall not apply to the cases where the procedure under the preceding Article has not been completed, or when and if a resolution pertaining to the reduction of the capital, etc. under Article 447, paragraph (1) (Reductions in Amount of Capital) or Article 448, paragraph (1) (Reductions in Amount of Reserves) of the Companies Act becomes null or void pursuant to the provision of Article 17, paragraph (6):

- (i) Reduction of the capital: the date specified in Article 447, paragraph (1), item (iii) of the Companies Act; and
- (ii) Reduction of Reserves: the date specified in Article 448, paragraph (1), item (iii) of the Companies Act.

- (2) A Stock Company may change the dates specified in items (i) and (ii) of the preceding paragraph at any time before the relevant dates.
- (3) Notwithstanding the provision of paragraph (1), any reduction of the capital of a Stock Company shall not be effective unless it is approved by the Prime Minister.
- (4) Any reduction of the capital, etc. pursuant to the provision of the preceding Article (or, pursuant to the provisions of that Article and the preceding paragraph for any reduction of the capital) shall also be effective against the Policyholders who have stated their objections under that Article, paragraph (6) and other persons who hold any right (other than Insurance Claims, etc.) pertaining to insurance contracts involving the Policyholders.

(Special Provision for Registration)

Article 17-3 (1) The following documents shall be attached to a written application for registration of change due to a reduction of the capital of a Stock Company, in addition to the documents specified in Articles 18, Article 19 (Documents Attached to Written Application) and Article 46 (General Rules

on Attached Documents) of the Commercial Registration Act (Act No. 125 of 1963):

- (i) A document certifying that the public notice under Article 17, paragraph (2) has been given;
 - (ii) Where any Policyholder or other creditor has stated objection under Article 17, paragraph (4), a document certifying that the company has made payment or provided equivalent security to such Policyholder or other creditor, or has entrusted equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment, or that the reduction of the capital poses no risk of harming the interest of such Policyholder or other creditor; and
 - (iii) A document certifying that the number of Policyholders who stated their objections under Article 17, paragraph (6) has not exceeded one fifth of the total number of Policyholders as indicated in that paragraph, or a document certifying that the amount specified by a Cabinet Office Ordinance as belonging to such Policyholders as indicated in that paragraph has not exceeded one fifth of the total amount as indicated in that paragraph.
- (2) The provision of Article 70 (Registration of Change Due to Reduction of Capital) of the Commercial Registration Act shall not apply to a registration of change due to a reduction of the capital of a Stock Company.

(Keeping and Inspection, etc. of Documents, etc. Concerning Reduction of Capital, etc.)

Article 17-4 (1) A Stock Company shall keep at each of its business offices a document or electromagnetic record that describes or records the matters specified by a Cabinet Office Ordinance as related to the progress of the procedure provided for in Article 17 or to any other reduction of the capital, etc. for six months from the Effective Date of the reduction of the capital, etc.

- (2) Shareholders, Policyholders and other creditors of a Stock Company may make the following requests at any time during the operating hours of the company; provided, however, that they pay the fees determined by the Stock Company when making a request falling under item (ii) or (iv):
- (i) A request to inspect the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request to inspect anything that displays the matter recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request that the matters recorded on the electromagnetic record set forth in the preceding paragraph be provided by electromagnetic means designated by the Stock Company, or a request for any document that contains such

matters.

(Exclusion from Application, etc.)

Article 17-5 (1) The provision of Article 449 (Objection of Creditors) of the Companies Act shall not apply to the reduction of the capital, etc. of a stock company.

(2) For the purpose of applying to a Stock Company the provision of Article 740, paragraph (1) (Special Provisions on Objection Procedures for Creditors) of the Companies Act, the following text shall be inserted after the term "Article 810" in that paragraph:" , or Article 17, Article 70, Article 165-7 (including the cases where it is applied mutatis mutandis pursuant to Article 165-12 of the Insurance Business Act), Article 165-24 or Article 173-4 of the Insurance Business Act."

(Restriction, etc. on Dividends of Surplus to Shareholders, etc.)

Article 17-6 (1) Where any amount is credited to assets in the balance sheet pursuant to the provision of the first sentence of Article 113 (including the cases where it is applied mutatis mutandis pursuant to Article 272-18), a Stock Company shall not carry out any of the following activities unless such amount has been fully amortized.

(i) Purchase of any share of the Stock Company at a request made under Article 138, item (i), (c) or item (ii), (c) (Method for Requests for Authorization of Transfer) of the Companies Act;

(ii) Acquisition of any share of the Stock Company based on a decision under Article 156, paragraph (1) (Determination of Matters Regarding Acquisition of Shares) of the Companies Act (but limited to acquisition of any share of the Stock Company where Article 163 (Acquisition of Shares from Subsidiaries) or Article 165, paragraph (1) (Acquisition of Shares by Market Transactions) of that Act applies);

(iii) Acquisition of any share of the Stock Company based on a decision under Article 157, paragraph (1) (Determination of Acquisition Price) of the Companies Act;

(iv) Acquisition of any share of the Stock Company under Article 173, paragraph (1) (Effectuation) of the Companies Act (excluding the cases where no money or other property is delivered);

(v) Purchase of any share of the Stock Company at a request made under Article 176, paragraph (1) (Demand for Sale) of the Companies Act;

(vi) Purchase of any share of the Stock Company under Article 197, paragraph (3) (Auction of Shares) of the Companies Act;

(vii) Purchase of any share of the Stock Company under Article 234, paragraph (4) (Treatment of Fractions) of the Companies Act (including the cases where

- it is applied mutatis mutandis pursuant to Article 235, paragraph (2) (Treatment of Fractions) of that Act); and
- (viii) Dividend of surplus.
- (2) The provision of Article 463, paragraph (2) (Restrictions on Remedy Over Against Shareholders) of the Companies Act shall apply mutatis mutandis to the cases where a Stock Company, in violation of the provision of the preceding paragraph, has carried out any of the activities listed in the items of that Article. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (3) For the purpose of applying to a Stock Company the provision of Article 446, item (vii) (Amounts of Surplus) of the Companies Act, the term "Ordinance of the Ministry of Justice" in that item shall be deemed to be replaced with "Cabinet Office Ordinance."
- (4) For the purpose of applying to a Stock Company the provision of Article 461, paragraph (2), item (vi) (Restriction on Dividends) of the Companies Act, the term "the sum of the amounts recorded in each account title specified by a Ordinance of the Ministry of Justice" shall be deemed to be replaced with "the amount of entity conversion surplus under Article 91, paragraph (1) of the Insurance Business Act, the amount of merger surplus under Article 91, paragraph (1) of that Act, as applied mutatis mutandis with relevant changes in interpretation pursuant to Article 164, paragraph (4) and Article 165, paragraph (6) of that Act, or the sum of the amounts recorded in each account title specified by a Cabinet Office Ordinance."

(Matters to be Recorded in Registering Incorporation)

- Article 17-7 (1) In registering the incorporation of a Stock Company, the matters listed in the items of Article 911, paragraph (3) (Registering the Incorporation of a Stock Company) of the Companies Act shall be recorded, along with any provision in its articles of incorporation in the second sentence of Article 113 (including the cases where it is applied mutatis mutandis pursuant to Article 272-18).
- (2) Where any change has occurred in the matters prescribed in the preceding paragraph, the Stock Company shall complete registration of such change within two weeks at the location of its head office.

Section 2 Mutual Company
Subsection 1 General Rules

(Juridical Personality)

- Article 18 A Mutual Company shall be a juridical person.

(Address)

Article 19 The address of a Mutual Company shall be at the location of its principal office.

(Name)

Article 20 A Mutual Company shall use the term "Sogo-Kaisha" (which means "Mutual Company") in its name.

(Application mutatis mutandis of Companies Act)

Article 21 (1) The provision of Article 8 (No Use of Name, etc. Which is Likely to be Mistaken for a Company) of the Companies Act shall apply mutatis mutandis to the use of a misleading trade name or any other name that might evoke a Mutual Company; the provision of Article 9 (Liability of Company Permitting Others to Use its Trade Name) of that Act shall apply mutatis mutandis to a Mutual Company; the provisions of Part I, Chapter III, Section 1 (Employees of a Company) of that Act shall apply mutatis mutandis to the employees of a Mutual Company; the provisions of Section 2 of said Chapter (excluding Article 18) (Commercial Agents of the Companies) shall apply mutatis mutandis to a person acting as an agent or intermediary in transactions for a Mutual Company; and the provisions of Chapter IV of said Part (excluding Article 24) (Non Competition after Assignment of Business) shall apply mutatis mutandis to the cases where a Mutual Company either assigns its business, or takes over any business or operation, respectively. In this case, the term "Company (including a Foreign Company, hereinafter the same shall apply in this Part)" in Article 10 (Manager) of that Act shall be deemed to be replaced with "Mutual Company;" any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(2) The provisions of Part II, Chapter I (excluding Article 501 to 503 inclusive and Article 523) (General Provisions) of the Commercial Code (Act No. 48 of 1899) shall apply mutatis mutandis to the activities carried out by a Mutual Company; the provisions of Chapter II of said Part (Buying or Selling) shall apply mutatis mutandis to the buying or selling carried out by a Mutual Company with a merchant or another Mutual Company (including any Foreign Mutual Company); the provisions of Chapter III of said Part (Current Account) shall apply mutatis mutandis to the contracts pertaining to set-offs carried out by a Mutual Company with its usual counter Parties; the provisions of Chapter V of said Part (excluding Article 545) (Brokerage Business) shall apply mutatis mutandis to the acting as an intermediary by a Mutual Company with regard to commercial transactions between third Parties; and the provisions of Chapter VI of said Part (excluding Article 558) (Commission Agent Business) and Article 593 (Deposit) of said Code shall apply mutatis mutandis to a

Mutual Company, respectively. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(3) For the purpose of applying mutatis mutandis the provisions of the Companies Act to the provisions of this Part (excluding the preceding Section, paragraph (1), Article 67-2 and Article 217, paragraph (3)) and Part V (excluding Article 332-2), the term "electromagnetic record" in the provisions of that Act (including other provisions of that Act as applied mutatis mutandis pursuant to the relevant provisions) shall be deemed to be replaced with "electromagnetic record (referring to the electromagnetic record prescribed in Article 4, paragraph (3) of the Insurance Business Act);" the term "electromagnetic means" in that Act shall be deemed to be replaced with "electromagnetic means (referring to the electromagnetic means defined in Article 16, paragraph (2), item (iv) of the Insurance Business Act);" and the term "Ordinance of the Ministry of Justice" in that Act shall be deemed to be replaced with "Cabinet Office Ordinance," respectively.

(4) For the purpose of applying mutatis mutandis the provisions of the Companies Act to the provisions of this Section (excluding paragraph (1), Divisions 1 and 2 of Subsection 4, and Article 67-2) and Chapter VIII, Section 4, the terms "Stock Company" and "Company with Board of Directors" in the provisions of that Act (including other provisions of that Act as applied mutatis mutandis pursuant to the relevant provisions) shall be deemed to be replaced with "Mutual Company;" the term "shareholder" in that Act shall be deemed to be replaced with "member;" the term "Subsidiary Company" in that Act shall be deemed to be replaced with "de facto Subsidiary Company (referring to de facto Subsidiary Company as defined in Article 33-2, paragraph (1) of the Insurance Business Act);" the term "head office" in that Act shall be deemed to be replaced with "principal office;" the term "branch office" in that Act shall be deemed to be replaced with "secondary office;" the term "operating hours" in that Act shall be deemed to be replaced with "business hours;" the term "shareholders meeting" in that Act shall be deemed to be replaced with "general meeting of members (or, general meeting where the company has such meeting);" and the term "annual shareholders meeting" in that Act shall be deemed to be replaced with "annual general meeting of members (or, annual general meeting where the company has such meeting)," respectively, unless provided otherwise.

Subsection 2 Incorporation

(Articles of Incorporation)

Article 22 (1) In order to incorporate a Mutual Company, the incorporators shall prepare its articles of incorporation, and all incorporators shall sign or affix

the names and seals to it.

- (2) The articles of incorporation set forth in the preceding paragraph may be prepared in the form of electromagnetic record. In this case, actions specified by a Cabinet Office Ordinance shall be taken in lieu of the signing or the affixing of the names and seals, with respect to the data recorded on such electromagnetic record.

(Matters to be Described or Recorded in Articles of Incorporation)

Article 23 (1) The articles of incorporation of a Mutual Company shall describe or record the following matters:

- (i) Purpose(s);
 - (ii) Name;
 - (iii) Location of the principal office;
 - (iv) Total amount of funds (including the reserve for redemption of funds under Article 56);
 - (v) Provisions on the rights of fund contributors;
 - (vi) Method of redemption of funds;
 - (vii) Method of distributing dividends of surplus;
 - (viii) Method of Public Notice; and
 - (ix) Name and address of the incorporator.
- (2) The Method of Public Notice listed in item (viii) of the preceding paragraph shall be either:
- (i) Publication in a daily newspaper that publishes matters on current events;
or
 - (ii) Electronic public notice.
- (3) A provision in the articles of incorporation to the effect that electronic public notice shall be the Method of Public Notice shall suffice for a Mutual Company to designate the method listed in item (ii) of the preceding paragraph as its Method of Public Notice in its articles of incorporation. In this case, the company may designate the method listed in item (i) of the preceding paragraph as the Method of Public Notice in case the electronic means is not available for public notice due to an accident or for any other compelling reason.
- (4) The provision of Article 30 (Certification of Articles of Incorporation) of the Companies Act shall apply mutatis mutandis to certification of the articles of incorporation set forth in paragraph (1) of the preceding Article. In this case, the term "Article 33, paragraph (7) or (9), or Article 37, paragraph (1) or (2)" in Article 30, paragraph (2) of that Act shall be deemed to be replaced with "Article 33, paragraph (7) or (9) as applied mutatis mutandis pursuant to Article 24, paragraph (2) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Article 24 (1) In order for a Mutual Company is to be incorporated, the following matters shall not become effective unless they are described or recorded in the articles of incorporation referred to in Article 22, paragraph (1):

- (i) Property that is agreed to be assigned to the Mutual Company after the establishment thereof, the value thereof, and the name of the assignor;
- (ii) Compensation or any other special benefit which the incorporators are to obtain by establishing the Mutual Company, and the names of such incorporators; and
- (iii) Expenses regarding the incorporation that are borne by the Mutual Company (excluding the fees for the certification of the articles of incorporation and the other expenses specified by a Cabinet Office Ordinance as posing no risk of harming the interest of the Mutual Company).

(2) The provisions of Article 33 (Election of Inspector of Matters Described or Recorded in the Articles of Incorporation), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to items (ii) and (v)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedure of Non-contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to investigation by an inspector on any of the matters listed in the items of the preceding paragraph where the Article of incorporation of a Mutual Company include any description or record on the matter. In this case, the term "rescind his/her manifestation of intention relating to subscription for the relevant Shares Issued at Incorporation" in Article 33, paragraph (8) of that Act shall be deemed to be replaced with "resign from his/her office;" the term "Article 28, items (i) and (ii)" in paragraph (10), item (i) and the term "Article 28, item (i) or (ii)" in items (ii) and (iii) of that Article shall be deemed to be replaced with "Article 24, paragraph (1), item (i) of the Insurance Business Act," the term "items (i) and (ii) of that Article" in Article 33, paragraph (10), item (i) of that Act shall be deemed to be replaced with "that item," and the terms "Article 38, paragraph (1)" and "paragraph (2), item (ii) of the same Article" in Article 33, paragraph (11), item (iii) of that Act shall be deemed to be replaced with "Article 30-10, paragraph (1) of the Insurance Business Act" and "that paragraph," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Article 25 In addition to the matters listed in the items of Article 23, paragraph (1) and the items of paragraph (1) of the preceding Article, the articles of

incorporation of a Mutual Company may describe or record any matters, including those which, pursuant to the provisions of this Act, shall not take effect unless prescribed in the articles of incorporation, so long as they do not violate the provisions of this Act.

(Keeping and Inspection, etc. of Articles of Incorporation)

Article 26 (1) The incorporators (or the Mutual Company after the establishment of such Mutual Company) shall keep the articles of incorporation at the place designated by the incorporators (or each office of the Mutual Company after the establishment of such Mutual Company).

(2) The incorporators (after the establishment of the Mutual Company, the members and creditors of such Mutual Company) may make the following requests at any time during the hours designated by the incorporators (after the establishment of such Mutual Company, during its business hours); provided, however, that they pay the fees determined by the incorporators (after the establishment of the Mutual Company, such Mutual Company) when making a request falling under item (ii) or (iv):

(i) Where the articles of incorporation are prepared in writing, a request to inspect it;

(ii) A request for a transcript or extract of the articles of incorporation referred to in the preceding item;

(iii) Where the articles of incorporation are prepared in the form of electromagnetic record, a request to inspect anything that displays the matter recorded in such electromagnetic record in a manner specified by a Cabinet Office Ordinance; or

(iv) A request that the matters recorded on the electromagnetic record set forth in the preceding item be provided by the electromagnetic means designated by the incorporators (after the establishment of the Mutual Company, such Mutual Company), or a request for any document that contains such matters.

(3) Where the articles of incorporation are prepared in the form of electromagnetic record, for the purpose of applying the provision of paragraph (1) to a Mutual Company that adopts the measures specified by a Cabinet Office Ordinance as the measures that enable its secondary offices to respond to the requests listed in items (iii) and (iv) of the preceding paragraph, the term "each office" shall be deemed to be replaced with "principal office."

(Solicitation of Funds at Incorporation of Mutual Company)

Article 27 The incorporators shall solicit contribution to the total amount of funds in incorporating a Mutual Company pursuant to the provision of this Subsection.

(Offer of Contribution to Funds)

Article 28 (1) The incorporators shall notify the following matters to those who intend to offer contribution to funds in response to the solicitation under the preceding Article:

- (i) Date of the articles of incorporation and the name of the notary who certified them;
 - (ii) Matters listed in the items of Article 23, paragraph (1) and the items of Article 24, paragraph (1);
 - (iii) Location of the bank(s), etc. (referring to any bank or trust company, or any other institution specified by a Cabinet Office Ordinance as equivalent to a bank or trust company; hereinafter the same shall apply in this Part) where the payment of contribution to the funds is handled; and
 - (iv) In addition to what is listed in the preceding three items, any other matter specified by a Cabinet Office Ordinance.
- (2) A person who offers to contribute to funds in response to the solicitation under the preceding Article shall submit to the incorporators a document indicating the following matters:
- (i) Name and address of the person who makes the offer; and
 - (ii) Planned amount of contribution to the funds.
- (3) A person who makes an offer under the preceding paragraph may, in lieu of submitting the document prescribed in that paragraph, and pursuant to the provisions of a Cabinet Order, provide the matters to be indicated in such document by electromagnetic means, with the consent of the incorporators. In this case, the person who has made the offer shall be deemed to have submitted the document prescribed in that paragraph.
- (4) The incorporators shall immediately notify a person who has made an offer under paragraph (2) (hereinafter referred to as "Offeror" in this Subsection) of any change in the matters listed in the items of paragraph (1) and the matter affected by the change.
- (5) It shall be sufficient for a notice or demand to an Offeror to be sent by the incorporators to the address specified under paragraph (2), item (i) (where the Offeror notifies the incorporators of a different place or contact address for the receipt of notices or demands, to such place or contact address).
- (6) The notice or demand in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should normally have arrived.

(Allocation of Funds)

Article 29 (1) The incorporators shall select among the Offerors the persons who should contribute to the funds and determine the amount of contribution to be allocated to each of them. In this case, the incorporators may reduce the amount of contribution to the funds to be made by such Offerors from the

amount prescribed in paragraph (2), item (ii) of the preceding Article.

- (2) The incorporators shall, without delay following any decision under the preceding paragraph, notify the Offerors of the amount of contribution to the funds to be made by each of them.

(Special Provision on Offer and Allocation of Contribution to Funds Solicited at Incorporation)

Article 30 The provisions of the preceding two Articles shall not apply to the cases where a person who intends to contribute to the funds solicited at incorporation concludes a contract stipulating the contribution of the total amount of such funds.

(Subscription for Funds)

Article 30-2 The persons listed in the following items shall be subscribers for funds solicited at incorporation for the amount specified in the items:

- (i) Offerors: the amount of contribution to the funds allocated by the incorporators; and
(ii) A person who, under the contract set forth in the previous Article, has subscribed for the total amount of funds solicited at incorporation: the amount of funds subscribed for.

(Payment into Funds)

Article 30-3 (1) Each subscriber for the funds solicited at incorporation shall, without delay following the receipt of the notice under Article 29, paragraph (2), pay the full amount of money pertaining to their contribution to the funds solicited at incorporation, at the place of payment listed in Article 28, paragraph (1), item (iii).

- (2) The incorporators shall notify any subscriber for the funds solicited at incorporation who has not made the payment set forth in the preceding paragraph to the effect that such payment shall be made by a date designated by them.
(3) The notice under the preceding paragraph shall be given no later than two weeks before the date prescribed in the preceding paragraph.
(4) No assignment of the right to become a subscriber for the funds of a Mutual Company at its incorporation by making the payment pursuant to the provision of paragraph (1) may be duly asserted against the Mutual Company thus established.
(5) A subscriber for the funds solicited at incorporation who has received the notice under paragraph (2) shall, unless he/she makes the payment by the date prescribed in that paragraph, lose his/her right to become a contributor to the funds of a Mutual Company at incorporation by making such payment.

(Certificate of Deposit of Paid Money)

Article 30-4 (1) The incorporators may request the bank, etc. that handled the payment pursuant to the provision of paragraph (1) of the preceding Article to issue a certificate of deposit of the money equivalent to the amount paid in pursuant to the provision of that paragraph.

(2) The bank, etc. that issued the certificate referred to in the preceding paragraph may not assert against the Mutual Company after its establishment any misstatement in such certificate or the existence of restrictions regarding the return of money paid in pursuant to the provision of paragraph (1) of the preceding Article.

(Restrictions, etc. on Nullification or Recession of Subscription)

Article 30-5 (1) Subscribers for the funds solicited at incorporation may make the requests listed in the items of Article 26, paragraph (2) at any time during the hours designated by the incorporators; provided, however, that they pay the fees determined by the incorporators when making a request falling under item (ii) or (iv) of that paragraph.

(2) The proviso to Article 93 (Concealment of True Intention) and the provision of Article 94, paragraph (1) (Fictitious Manifestation of Intention) of the Civil Code (Act No. 89 of 1896) shall not apply to the manifestation of intention relating to the offer for, and allocation of, contribution to the funds solicited at incorporation, and a contract under Article 30.

(3) After the establishment of the Mutual Company, a subscriber for the funds solicited at incorporation may neither assert the nullity of his/her contribution to the funds solicited at incorporation on the grounds of mistake, nor cancel his/her contribution to the funds solicited at incorporation on the grounds of fraud or duress.

(Solicitation of Members)

Article 30-6 (1) The incorporators shall, pursuant to the provisions of this Subsection, solicit members in incorporating a Mutual Company.

(2) One hundred or more members shall be required for incorporating a Mutual Company.

(Application for membership)

Article 30-7 (1) The incorporators shall notify the following matters to those who are willing to apply for membership in response to the solicitation under paragraph (1) of the preceding Article:

(i) Date of the articles of incorporation and the name(s) of the notary (or notaries) who certified them;

- (ii) Matters listed in the items of Article 23, paragraph (1) and the items of Article 24, paragraph (1);
 - (iii) Names and addresses of the fund contributors (including the fund subscribers), and the amount of contribution (including the amount to be contributed) by each of the contributors;
 - (iv) Number of the members to be solicited at incorporation;
 - (v) Any provision in the articles of incorporation under the second sentence of Article 113 (including the cases where it is applied mutatis mutandis pursuant to Article 272-18); and
 - (vi) In addition to what is listed in the preceding five items, any other matter specified by a Cabinet Office Ordinance.
- (2) A person who applies for membership in response to the solicitation under paragraph (1) of the preceding Article shall prepare and submit to the incorporators two pieces of the signed document describing the following matters:
- (i) Name and address of the person who applies for membership; and
 - (ii) Kind of insurance to which belongs the insurance contract that the person is willing to conclude with the Mutual Company.
- (3) A person who makes an application under the preceding paragraph may, in lieu of submitting the document prescribed in that paragraph, and pursuant to the provisions of a Cabinet Order, provide the matters to be indicated in such document by electromagnetic means, with the consent of the incorporators. In this case, the person who has made the application shall be deemed to have submitted the document prescribed in that paragraph.
- (4) The provision of Article 30-5, paragraph (2) shall apply mutatis mutandis to the manifestation of intention pertaining to an application for membership prior to the establishment of a Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Organizational Meeting)

- Article 30-8 (1) When all payments of contribution for the total amount of funds have been completed and the number of persons who submitted to the incorporators the document set forth in paragraph (2) of the preceding Article has reached the number set forth in paragraph (1), item (iv) of the same Article (referred to as "The Completion of Payments, etc." in the following paragraph), the incorporators shall, without delay, convene a meeting of prospective members of the Mutual Company (hereinafter referred to as "Organizational Meeting" in this Section).
- (2) After the Completion of Payments, etc., the incorporators may convene an Organizational Meeting whenever they find it necessary.

- (3) The Organizational Meeting may adopt resolutions only on the matters provided for in this Section, the discontinuation of the incorporation of the Mutual Company, the conclusion of the Organizational Meeting, and other matters regarding the incorporation of the Mutual Company.
- (4) Each prospective member shall be entitled to one vote at the Organizational Meeting.
- (5) Resolutions of the Organizational Meeting shall be adopted by a majority of three quarters of the votes, provided that at least half of the prospective members are present.
- (6) The provisions of Article 67 (Determinations to Call Organizational Meetings), Article 68 (excluding items in paragraph (2)) (Notices of Calling of Organizational Meetings), Articles 70 and Article 71 (Giving of Organizational Meeting Reference Documents and Voting Forms), Article 73, paragraph (4) (Resolutions of Organizational Meetings), Article 74 to 76 inclusive (Proxy Voting, Voting in Writing, Voting by Electromagnetic Means), Article 78 to 80 inclusive (Accountability of Incorporators, Authority of Chairperson, Resolution for Postponement or Adjournment), and Article 81 (excluding paragraph (4)) (Minutes) of the Companies Act shall apply mutatis mutandis to the Organizational Meeting of a Mutual Company; and the provisions of Article 830 (Action for Declaratory Judgment on Nonexistence or Nullity of Resolution of Shareholders Meeting, etc.), Article 831 (Lawsuit for Rescission of Resolution of Shareholders Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii)) (Defendant), Article 835, paragraph (1) (Jurisdiction of Claim), Article 836, paragraphs (1) and (3) (Order to Furnish Security), Article 837 (Compulsory Consolidation of Oral Arguments, etc.), Article 838 (Scope of Effect of Judgment in Favor of Claim), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (g)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to an action for a declaratory judgment on nonexistence or nullity of, or rescission of a resolution of a Mutual Company's Organizational Meeting, respectively. In this case, the terms "Shareholders at Incorporation" in those provisions (excluding Article 67, paragraph (2) and Article 831, paragraph (1) of that Act), and "Shareholders at Incorporation (excluding Shareholders at Incorporation who may not exercise votes on all matters which may be resolved at Organizational Meetings. The same shall apply in the following Article to Article 71 inclusive.)" in Article 67, paragraph (2) of that Act shall be deemed to be replaced with "prospective members;" the term "two weeks (or one week if the Stock Company to be incorporated is not a Public Company, except in cases where the matters listed in paragraph (1), item (iii) or (iv) of the preceding Article are decided, (or if a shorter period of time is provided for in the articles

of incorporation in cases where the Stock Company to be incorporated is a Stock Company other than a Company with Board of Directors, such shorter period of time))" in Article 68, paragraph (1) of that Act shall be deemed to be replaced with "two weeks;" the term "shall be in writing in the following cases" in Article 68, paragraph (2) shall be deemed to be replaced with "shall be in writing;" the term "Article 27, item (v), or Article 59, paragraph (3), item (i)" in Article 68, paragraph (5) shall be deemed to be replaced with "Article 30-7, paragraph (2), item (i) of the Insurance Business Act;" the term "shareholders, etc. (or, shareholders, etc., shareholders at incorporation, directors at incorporation or company auditors at incorporation where the shareholder meeting, etc. set forth in the relevant item is an Organizational Meeting or class Organizational Meeting" in Article 831, paragraph (1) shall be deemed to be replaced with "members, directors, auditors or liquidators (or, members, directors, executive officers or liquidators in a company with Committees), or prospective members, directors at incorporation (referring to the directors at incorporation set forth in Article 30-10, paragraph (1) of the Insurance Business Act; hereinafter the same shall apply in this paragraph) or company auditors at incorporation (referring to the company auditors at incorporation set forth in paragraph (1) of that Article; hereinafter the same shall apply in this paragraph) of a Mutual Company;" and the term" directors, company auditors or liquidators (including a person who has the rights and obligations of a director, company auditor or liquidator pursuant to the provision of Article 346, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 479, paragraph (4)) where the resolution is a resolution of the shareholders meeting or class meeting, and including directors at incorporation or company auditors at incorporation where the resolution is a resolution of the Organizational Meeting or class Organizational Meeting" in the same paragraph of the Companies Act shall be deemed to be replaced with "directors, company auditors, liquidators, directors at incorporation or company auditors at incorporation;", and any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Reporting of Matters Regarding Incorporation)

- Article 30-9 (1) The incorporators shall report matters regarding the incorporation of a Mutual Company to the Organizational Meeting.
- (2) In the cases listed in the following items, the incorporators shall submit or provide to the Organizational Meeting the document or electromagnetic record that describes or records the matters specified in the items:
- (i) Where the articles of incorporation provide for the matters listed in the items of Article 24, paragraph (1) (excluding the matters specified in the items of Article 33, paragraph (10) of the Companies Act in the cases listed

in such items as applied mutatis mutandis pursuant to Article 24, paragraph (2)): the content of the report set forth in Article 33, paragraph (4) as applied mutatis mutandis pursuant to Article 24, paragraph (2) which is to be submitted by the inspector under Article 33, paragraph (2) as applied mutatis mutandis pursuant to Article 24, paragraph (2); and

(ii) In the case listed in Article 33, paragraph (10), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2): the content of the verification provided in Article 33, paragraph (10), item (iii) of that Act as applied mutatis mutandis pursuant to Article 24, paragraph (2).

(Election, etc. of Directors at Incorporation, etc.)

Article 30-10 (1) The election of the directors at incorporation (referring to the persons who become directors at the incorporation of a Mutual Company; the same shall apply hereinafter), accounting advisors at incorporation (referring to the persons who become accounting advisors at the incorporation of a Mutual Company; the same shall apply hereinafter), auditors at incorporation (referring to the persons who become company auditors at the incorporation of a Mutual Company; the same shall apply hereinafter) and accounting auditors at incorporation (referring to the persons who become accounting auditors at the incorporation of a Mutual Company; the same shall apply hereinafter) shall be made by a resolution of the Organizational Meeting.

(2) Three or more persons shall be elected as directors at incorporation.

(3) Three or more persons shall be elected as auditors at incorporation where the Mutual Company to be incorporated is a company with a board of company auditors (referring to a Stock Company or Mutual Company which has a board of company auditors; the same shall apply hereinafter).

(4) A person who is precluded from being a director, accounting advisor, company auditor or accounting auditor of the Mutual Company after its establishment, pursuant to the provision of Article 8-2, paragraph (2), Article 53-2, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 53-5, paragraph (1)), Article 333, paragraph (1) or (3) of the Companies Act as applied mutatis mutandis pursuant to Article 53-4, or Article 337, paragraph (1) or (3) of that Act as applied mutatis mutandis pursuant to Article 53-7 may not be elected as director at incorporation, accounting advisor at incorporation, auditor at incorporation or accounting auditor at incorporation, respectively.

(5) Directors at incorporation, accounting advisors at incorporation, auditors at incorporation or accounting auditors at incorporation who are elected pursuant to the provision of paragraph (1) may be dismissed by a resolution of the Organizational Meeting at any time prior to the establishment of the Mutual Company.

(6) The provision of Article 47 (Appointment, etc. of Representative Directors at Incorporation) of the Companies Act shall apply mutatis mutandis to the appointment and removal of the representative director at incorporation (referring to the person who becomes representative director at the incorporation of a Mutual Company; the same shall apply hereinafter) of a Mutual Company (other than a company with Committees); and the provision of Article 48 (Appointment of Committee Members at Incorporation) of that Act shall apply mutatis mutandis to the appointment of committee members at incorporation (referring to the persons who become committee members at the incorporation of a Mutual Company; the same shall apply hereinafter) of a Mutual Company (limited to a company with Committees), the election of its executive officers at incorporation (referring to the persons who become executive officers at the incorporation of a Mutual Company; the same shall apply hereinafter) and the appointment of its representative executive officer at incorporation (referring to the person who becomes representative executive officer at the incorporation of a Mutual Company; the same shall apply hereinafter), and the removal and dismissal of those persons, respectively. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Investigation by Directors at Incorporation, etc.)

Article 30-11 (1) The directors at incorporation (referring to the directors at incorporation and auditors at incorporation where the Mutual Company to be incorporated is a company with auditors (referring to a Stock Company or Mutual Company that has company auditors; the same shall apply hereinafter)) shall investigate the following matters without delay after their election:

- (i) That, with respect to the properties contributed in kind, etc. in the cases listed in Article 33, paragraph (10), item (i) or (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2) (if listed in Article 33, paragraph (10), item (ii) as applied mutatis mutandis pursuant to Article 24, paragraph (2), limited to the securities under such item), the value indicated or recorded in the articles of incorporation is reasonable;
- (ii) That the verification provided for in Article 33, paragraph (10), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2) is appropriate;
- (iii) That the funds solicited at the incorporation of the Mutual Company have been fully subscribed for;
- (iv) That the payments pursuant to the provision of Article 30-3, paragraph (1) have been completed;
- (v) That the number of prospective members is no less than one hundred (100);

and

- (vi) That, in addition to the matters listed in the preceding five items, the procedures for the incorporation of the Mutual Company do not violate applicable laws and regulations or the articles of incorporation.
- (2) The provisions of Article 93, paragraphs (2) and (3) (Investigation by Directors at Incorporation), and Article 94 (Special Provisions in Case Directors at Incorporation are Incorporators) of the Companies Act shall apply mutatis mutandis to the investigation under the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Amendment, etc. in the Articles of Incorporation at Incorporation)

- Article 30-12 (1) The incorporators may not effect any amendment in the articles of incorporation once the notice under Article 29, paragraph (2) is given, notwithstanding the provision of Article 33, paragraph (9) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2).
- (2) Notwithstanding the provision of Article 30, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 23, paragraph (4), the articles of incorporation may be amended by a resolution of the Organizational Meeting.
- (3) Where the Organizational Meeting has adopted a resolution to amend the articles of incorporation in a manner that modifies any of the matters listed in the items of Article 24, paragraph (1), the incorporators may resign from their offices, provided that they do so within two weeks of the adoption of the resolution.

(Timing of Establishment)

- Article 30-13 (1) A Mutual Company shall be established by making a registration of incorporation at the location of its principal office.
- (2) A person who has submitted the document set forth in Article 30-7, paragraph (2) shall, without delay following the establishment of the Mutual Company and after the Mutual Company has received the license prescribed in Article 3, paragraph (1) or made a registration under Article 272, paragraph (1), apply for an insurance contract with the Mutual Company.

(Application mutatis mutandis of the Companies Act)

- Article 30-14 The provisions of Part II, Chapter I, Section 8 (excluding Article 52, paragraph (2), item (ii)) (Liability of Incorporators) and Article 103, paragraph (2) (Liabilities of Incorporators) of the Companies Act shall apply mutatis mutandis to the liabilities of incorporators, directors at incorporation or auditors at incorporation of a Mutual Company. In this case, the term "(in this

paragraph and in item (ii) excluding those who contributed in kind under Article 28, item (i) or the assignor of the properties under item (ii) of the same Article)" in Article 52, paragraph (2) (Liability for Insufficiency of Value of Properties Contributed) of that Act shall be deemed to be replaced with "(excluding the assignor of the properties under Article 24, paragraph (1), item (i) of the Insurance Business Act)"; the term "Article 28, item (i) or (ii)" in Article 52, paragraph (2), item (i) shall be deemed to be replaced with "Article 24, paragraph (1), item (i) of the Insurance Business Act;" the term "Article 33, paragraph (10), item (iii)" in Article 52, paragraph (3) shall be deemed to be replaced with "Article 33, paragraph (10), item (iii) as applied mutatis mutandis pursuant to Article 24, paragraph (2) of the Insurance Business Act;" and in Article 103, paragraph (2) of that Act, the term "In cases where the solicitation under Article 57, paragraph (1) is carried out," shall be deemed to be deleted, and the terms "such solicitation" and "the preceding paragraph" shall be deemed to be replaced with "solicitation under Article 27 or Article 30-6, paragraph (1) of the Insurance Business Act" and "Article 52, paragraph (2) (excluding item (ii))," respectively; any technical change in interpretation shall be specified by a Cabinet Order.

(Claim Seeking Nullification of Incorporation)

Article 30-15 The provisions of Article 828, paragraph (1) (limited to the segment pertaining to item (i)) and paragraph (2) (limited to the segment pertaining to item (i) (Claim Seeking Nullification of Acts Related to Organization of Company), Article 834 (limited to the segment pertaining to item (i)) (Defendant), Article 835, paragraph (1) (Jurisdiction of claim), Article 836, paragraphs (1) and (3) (Order to Furnish Security), Articles 837 to 839 inclusive (Compulsory Consolidation of Oral Arguments, Scope of Effect of Judgment in Favor of Claim, Effect of Judgment of Nullity or Recession), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (a)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to a claim seeking nullification of the incorporation of a Mutual Company. In this case, the term "shareholders, etc. (referring to shareholders, directors or liquidators (or, shareholders, directors, auditors or liquidators in a company with auditors, or shareholders, directors, executive officers or liquidators in a company with Committees); hereinafter the same shall apply in this Section)" in Article 828, paragraph (2), item (i) of that Act shall be deemed to be replaced with "members, directors, company auditors or liquidators (or members, directors, executive officers, or liquidators in a company with Committees)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Subsection 3 Rights and Obligations of Members

(Obligations of Members)

Article 31 The obligations of a member shall be limited to the amount of his/her insurance premium payments.

(Notice and Demand)

Article 32 (1) It shall be sufficient for a notice or demand to an Applicant for membership, or member of a Mutual Company to be sent to the place or contact address notified by the Applicant or member to the incorporators or Mutual Company; provided, however, that this shall not apply to a notice or demand on any matter pertaining to the insurance relationship.

(2) The notice or demand in the main clause of the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should normally have arrived.

(3) The provisions of the main clause of paragraph (1) and the preceding paragraph shall apply mutatis mutandis to the cases where a document is delivered to the members in giving a notice under Article 299, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1) or where the matters to be described in such document are provided by electromagnetic means. In this case, the term "to have arrived" in the preceding paragraph shall be deemed to be replaced with "to have been effected by delivery of such document or provision of such matters by electromagnetic means"; and any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Members List)

Article 32-2 (1) A Mutual Company shall, pursuant to the provisions of a Cabinet Office Ordinance, prepare a members list and describe therein or record thereon the matters specified by a Cabinet Office Ordinance as matters required for such members list.

(2) A Mutual Company shall keep its members list at its principal office.

(3) A member or creditor may make the following requests at any time during the business hours of the Mutual Company. In this case, however, the member or creditor shall disclose the reason for his/her request:

(i) Where the members list is prepared in writing, a request to investigate or copy the written document; or

(ii) Where the members list is prepared in the form of electromagnetic record, a request to investigate or copy anything that displays the matters recorded on such electromagnetic record in a manner specified by a Cabinet Office

Ordinance.

- (4) A Mutual Company may not reject any request made under the preceding paragraph unless:
- (i) The member or creditor making such request (hereinafter referred to as "Requestor" in this paragraph) does so with any other intent than to inspect matters regarding the protection or exercise his/her rights;
 - (ii) The Requestor makes a request with the intent to preclude the Mutual Company from carrying out its business activities or to harm the common interest of the members;
 - (iii) The Requestor carries on, or engages in, any business that is substantially in a competitive relationship with the business of the Mutual Company;
 - (iv) The Requestor makes a request with the intent to inform a third Party of any fact obtained by investigating or copying the members list for material gain; or
 - (v) The Requestor has, within the past two years, informed a third Party of any fact obtained by investigating or copying the members list for material gain.

(Reference Date)

- Article 33 (1) For the purpose of identifying the persons who shall exercise their rights as members, a Mutual Company may deem the persons who enjoy its membership on a certain date within four months prior to the date of exercising such rights as the members who shall exercise said rights.
- (2) A Mutual Company that has fixed the "certain date" set forth in the preceding paragraph shall give public notice of such date no later than two weeks before the date; provided, however, that this shall not apply to the cases where said date is fixed by the articles of incorporation.
- (3) The rights set forth in paragraph (1) shall not include any right provided for otherwise in this Act or the rights specified by a Cabinet Order such as the right to distribution of surplus.

(Giving Benefits on Exercise of Member's Rights or General Representative's Rights)

- Article 33-2 (1) A Mutual Company shall not give property benefits to a person regarding the exercise of his/her member's rights or general representative's rights (limited to benefits given on the account of the Mutual Company or its de facto Subsidiary Company (referring to a juridical person whose management is deemed to be controlled by the Mutual Company pursuant to the provisions of a Cabinet Office Ordinance, such as a Stock Company in which the Mutual Company holds a majority of the voting rights of all shareholders; the same shall apply hereinafter).
- (2) The provisions of Article 120, paragraphs (2) to (5) inclusive (Giving Benefits

on Exercise of Shareholder's Right) of the Companies Act shall apply mutatis mutandis to the case set forth in the preceding paragraph; and the provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) (Lawsuit for Responsibility, etc. in Stock Company) of that Act shall apply mutatis mutandis to a lawsuit for the return of benefits under Article 120, paragraph (3) of that Act as applied mutatis mutandis pursuant to this paragraph, respectively. In this case, the term "paragraph (1)" in Article 120, paragraphs (3) and (4) of that Act shall be deemed to be replaced with "Article 33-2, paragraph (1) of the Insurance Business Act"; the term "all shareholders" in Article 120, paragraph (5) shall be deemed to be replaced with "all members"; the term "shareholder who has been holding shares (other than a holder of share less than one unit who may not exercise his/her rights pursuant to the provision of the articles of incorporation under Article 189, paragraph (2))" in Article 847, paragraph (1) (Lawsuit for Responsibility, etc.) of that Act shall be deemed to be replaced with "person who has been a member"; and the term "shareholder" in Article 847, paragraphs (3) to (5) inclusive and (7) shall be deemed to be replaced with "member"; and any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Grounds for Withdrawal)

Article 34 (1) A member shall withdraw on any of the following grounds:

- (i) Termination of insurance relationship; or
 - (ii) Occurrence of an event specified in the articles of incorporation.
- (2) In case of a member's death (excluding the cases where the death falls under the items of the preceding paragraph) or a member's extinction due to merger, the heir or any other general successor to the member shall assume the rights and obligations of the member.
- (3) Where two or more general successors (referring to general successors by inheritance and limited to those who have not effected the payment of insurance premiums in whole or in part; hereinafter the same shall apply in this paragraph) exist to the deceased or extinct member set forth in the previous paragraph, the general successors shall assume the obligation of effecting the insurance premium payments jointly and severally.
- (4) When two or more general successors (limited to general successors by inheritance; hereinafter the same shall apply in this paragraph), exist for the deceased or extinct member, the general successors may not exercise the member's rights that they have assumed, unless they appoint one person who exercises such rights.

(Claim for Refund)

Article 35 A withdrawn member may, pursuant to the terms of the articles of incorporation or insurance contract, claim refund of the money associated with his/her rights; provided, however, that this shall not apply to the cases where the withdrawn member is replaced by another person.

(Prescription)

Article 36 The claim for refund set forth in the preceding Article shall lapse by prescription, unless exercised within two years.

Subsection 4 Organs

Division 1 General Meeting of Members

(Voting Right)

Article 37 Each member shall be entitled to one vote in the general meeting of members.

(Authority of General Meeting of Members)

Article 37-2 The general meeting of members may resolve only the matters provided for in this Act and the matters provided for in the articles of incorporation.

(Resolution of General Meeting of Members)

Article 37-3 (1) Unless otherwise provided for in this Act or the articles of incorporation, a resolution of the general meeting of members shall be adopted by a majority of the votes held by the attending members in a session where half or more of the members are present.

(2) The general meeting of members may not adopt a resolution on any other matter than matters listed in Article 298, paragraph (1), item (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1); provided, however, that this shall not apply to a request for the appointment of a person set forth in Article 316, paragraph (1) or (2) of that Act as applied mutatis mutandis pursuant to Article 41, paragraph (1), or for the attendance of the accounting auditors set forth in Article 398, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 53-23.

(Right to Demand Convocation of General Meeting of Members)

Article 38 (1) Members having consecutively for the preceding six months or more (or, in cases where shorter period is prescribed in the articles of incorporation, such period) not less than three thousandths (or in cases where lesser proportion is prescribed in the articles of incorporation, such proportion) of the total membership, or three thousand (or in cases where smaller number

is prescribed in the articles of incorporation) or more members of a Mutual Company (or, in mutual Small Amount and Short Term Insurance Providers specified by a Cabinet Order (hereinafter referred to as "Specified Mutual Company"), members equal to or exceeding the number specified by a Cabinet Order), who have been members of the Mutual Company, may demand the directors by showing the matters which shall be the purpose of the shareholders meeting (limited to matters on which the general meeting of members may adopt a resolution; hereinafter the same shall apply in this Division) and the reason of the calling, that they call the shareholders meeting.

(2) In the following cases, the members who made the demand pursuant to the provisions of the preceding paragraph may call the general meeting of members with the permission of the court.

(i) In cases where the calling procedure is not effected without delay after the demand pursuant to the provisions of the preceding paragraph; or

(ii) In cases where the notice for the calling of the general meeting of members which designates, as the date of the general meeting of members, a date falling within the period of eight weeks (or in cases where any period less than that is provided for in the articles of incorporation, such period) from the day of a demand pursuant to the provision of the preceding paragraph, is not given.

(3) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 871 (Supplementary Note of Reasons), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the previous paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Right to Submit Proposal)

Article 39 (1) Members having consecutively for the preceding six months or more (or, in cases where shorter period is prescribed in the articles of incorporation, such period) no less than one thousandth (or in cases where lesser proportion is prescribed in the articles of incorporation, such proportion) of the total membership, or one thousand (or in case where smaller number is prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number prescribed by a Cabinet Order), who have been members of the Mutual Company, may demand the directors to include certain items (limited to matters on which the general meeting of members may adopt a resolution) in the agenda for the general meeting of members. In this case, the demand shall

be submitted no later than eight weeks (or any shorter period prescribed by the articles of incorporation) prior to the date of the general meeting of members.

(2) A member may submit a proposal at the general meeting of members with respect to any agenda item for the meeting; provided, however, that this shall not apply to the cases where the proposal is in violation of any applicable law or regulation or the articles of incorporation, or where three years have not elapsed since the day on which an essentially identical proposal was not approved by at least one tenth (1/10) of the membership (or any smaller proportion prescribed by the articles of incorporation) in the general meeting of members.

(3) Members representing at least one thousandth (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or one thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in paragraph (1)), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation), may demand the directors that, no later than eight weeks (or any shorter period prescribed by the articles of incorporation) prior to the date of the general meeting of members, members be notified of the outline of any proposal to be submitted by said member with respect to an agenda item of the meeting (or, where a notice is to be given under Article 299, paragraph (2) (excluding the items (i) and (ii)) or (3) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1), such outline be described in, or recorded on, that notice); provided, however, that this shall not apply to the cases where the proposal is in violation of any applicable law or regulation or the articles of incorporation, or where three years have not elapsed since the day on which an essentially identical proposal was not approved by at least one tenth of the membership (or any smaller proportion prescribed by the articles of incorporation) in the general meeting of members.

(Right to Demand Election of Inspector of General Meeting of Members)

Article 40 (1) A Mutual Company or members representing at least one thousandth (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or one thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in paragraph (1) of the preceding Article), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period

prescribed by the articles of incorporation), may file a petition with the court, prior to the session of the general meeting of members, for the election of an inspector who shall be retained to investigate the convocation procedures and method of resolution relating to such meeting.

- (2) The provisions of Article 306, paragraphs (3) to (7) inclusive (Election of Inspector on Calling Procedures of Shareholders Meeting) and Article 307 (Determination by The Court of the Calling of Shareholders Meeting) of the Companies Act shall apply mutatis mutandis to the preceding paragraph. In this case, the term "preceding two paragraphs" in Article 306, paragraph (3) of that Act shall be deemed to be replaced with "Article 40, paragraph (1) of the Insurance Business Act"; the term "Stock Company" in Article 306, paragraphs (4) and (7) shall be deemed to be replaced with "Mutual Company"; the term "shareholders meeting" in Article 307 of that Act shall be deemed to be replaced with "general meeting of members"; and the term "shareholders" in Article 307, paragraph (1), item (ii) of that Act shall be deemed to be replaced with "members"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (3) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the preceding two paragraphs. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application mutatis mutandis of Companies Act)

Article 41 (1) The provisions of Article 296 (Calling of Shareholders Meeting), Article 298 (excluding the proviso to paragraphs (2) and (3)) (Determination to Call Shareholders Meeting), Article 299 (excluding items of paragraph (2)) (Notice of Calling of Shareholders' Meetings), Article 300 to 302 inclusive (Omission of Calling Procedures, Giving of Reference Documents for Shareholders Meeting and Voting Forms), Article 310 to 312 inclusive (Proxy Voting, Voting in Writing, Voting by Electromagnetic Method), Article 314 to 317 inclusive (Accountability of Directors, etc., Authority of Chairperson, Investigation of Materials Submitted to the Shareholders Meeting, Resolution for Postponement or Adjournment), Article 318 (excluding paragraph (5)) (Minutes), Article 319 (excluding paragraph (4)) (Omission of Resolution of Shareholders Meetings) and Article 320 (Omission of Reports to Shareholders

Meetings) of the Companies Act shall apply mutatis mutandis to the general meeting of members of a Mutual Company. In this case, the terms "Stock Company" and "company with board of directors" in those provisions shall be deemed to be replaced with "Mutual Company"; the term "head office" in those provisions shall be deemed to be replaced with "principal office"; the term "operating hours" in those provisions shall be deemed to be replaced with "business hours"; the term "Annual shareholders meeting" in Article 296, paragraph (1) of that Act shall be deemed to be replaced with "Annual general meeting of members"; the term "paragraph (4) of the following Article" in Article 296, paragraph (3), and the term "paragraph (4) of the preceding Article" in Article 298, paragraphs (1) and (4) of that Act shall be deemed to be replaced with "Article 38, paragraph (2) and Article 50, paragraph (2) of the Insurance Business Act"; the term "(excluding shareholders who may not exercise their votes on all matters which may be resolved at a shareholders meetings. The same shall apply in the following Article to Article 302 inclusive)" in Article 298, paragraph (2) shall be deemed to be deleted; the term "two weeks (or one week if the Stock Company is not a Public Company, except in cases where the matters listed in paragraph (1), item (iii) or (iv) of the preceding Article are decided, (or if a shorter period of time is provided for in the articles of incorporation in cases where the Stock Company is a Stock Company other than the Company with Board of Directors, such shorter period of time))" in Article 299, paragraph (1) of that Act shall be deemed to be replaced with "two weeks"; the term "in the following cases" in Article 299, paragraph (2) shall be deemed to be deleted; the term "Reference Document for Shareholders Meeting" in Articles 301 and 302 of that Act shall be deemed to be replaced with "reference document for general meeting of members"; the term "shareholders (excluding the shareholders who may not exercise their votes on all matters which may be resolved at the shareholders meeting under the preceding paragraph. The same shall apply hereinafter in paragraph (4) of the following Article and in Article 312, paragraph (5))" in Article 310, paragraph (7) of that Act shall be deemed to be replaced with "members"; the term "Article 297" in Article 316, paragraph (2) of that Act shall be deemed to be replaced with "Article 38 of the Insurance Business Act"; the term "branch offices" in Article 318, paragraph (3) of that Act shall be deemed to be replaced with "secondary offices"; and the term "all shareholders (limited to those who may exercise their votes with respect to such matter)" in Article 319, paragraph (1) of that Act shall be deemed to be replaced with "all members"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (2) The provisions of Article 830 (Action for Declaratory Judgment on Nonexistence or Nullity of Resolution of Shareholders Meeting, etc.), Article

831 (Lawsuit for Rescission of Resolution of Shareholders Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii)) (Defendant), Article 835, paragraph (1) (Jurisdiction of Claim), Articles 836, paragraphs (1) and (3) (Order to Furnish Security), Article 837 (Compulsory Consolidation of Oral Arguments), Article 838 (Scope of Effect of Judgment in Favor of Claim), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (g)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action for declaratory judgment on nonexistence or nullity, or a lawsuit for rescission, of a resolution of the general meeting of members of a Mutual Company. In this case, the term "shareholders, etc. (or shareholders, etc., shareholders at incorporation, directors at incorporation or company auditors at incorporation, where the shareholders meeting, etc. set forth in the relevant item is the Organizational Meeting or class organizational meeting)" in Article 831, paragraph (1) of that Act shall be deemed to be replaced with "members, directors, company auditors or liquidators of a Mutual Company (or, in a company with Committees, members, directors, executive officers or liquidators)"; and the term "directors, company auditors or liquidators (including a person who assumes the rights and obligations of a director, company auditor or liquidator pursuant to the provision of Article 346, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 479, paragraph (4)), where the relevant resolution is that of the shareholders meeting or class meeting, or including directors at incorporation or company auditors at incorporation, where the relevant resolution is that of the Organizational Meeting or class organizational meeting)" in Article 831, paragraph (1) of that Act shall be deemed to be replaced with "directors, company auditors or liquidators (including a person who assumes the rights and obligations of a director, company auditor or liquidator pursuant to the provision of Article 53-12, paragraph (1) of the Insurance Business Act (including the cases where it is applied mutatis mutandis pursuant to Article 180-5, paragraph (4) of that Act)"; any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Division 2 General Meeting

(Establishment of General Meeting and General Representative's Term of Office, etc.)

Article 42 (1) A Mutual Company may, pursuant to the provisions of its articles of incorporation, establish an organ composed of the general representatives elected from among its members (hereinafter referred to as "General Meeting"),

in lieu of the general meeting of members.

- (2) The articles of incorporation set forth in the preceding paragraph shall specify the matters prescribed by a Cabinet Office Ordinance, such as the number, term of office, and method of election of general representatives.
- (3) The term of office of a general representative shall not exceed four years.

(Voting Right of General Representative)

Article 43 Each general representative shall be entitled to one vote in the General Meeting.

(Authority of General Meeting)

Article 43-2 (1) The General Meeting may resolve only the matters provided for in this Act and the matters provided for in the articles of incorporation.

- (2) Any provision in the articles of incorporation to the effect that the directors, executive officers, board of directors or any other organ than the General Meeting of members or General Meeting may decide on a matter which requires a resolution of the General Meeting of members (or General Meeting, where the company has such meeting) pursuant to the provisions of this Act shall be null and void.

(Method of Adopting, etc. Resolution of General Meeting)

Article 44 (1) Unless otherwise provided for in this Act or the articles of incorporation, a resolution of the General Meeting shall be adopted by a majority of the votes held by the attending general representatives in a session where half or more of the general representatives are present; provided, however, the number of the general representatives required to attend the General Meeting shall not be less than one-third of the total number of general representatives, notwithstanding the provision of the articles of incorporation.

- (2) The General Meeting may not adopt a resolution on any other matter than matters listed in Article 298, paragraph (1), item (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 49, paragraph (1); provided, however, that this shall not apply to electing the person set forth in Article 316, paragraph (1) or (2) of that Act as applied mutatis mutandis pursuant to Article 49, paragraph (1), or to requiring the attendance of accounting auditors under Article 398, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 53-23.

(Proxy Voting)

Article 44-2 (1) A general representative may exercise his/her voting right by proxy, where the articles of incorporation include any provision to that effect. In this case, such general representative shall designate only one proxy, and

the general representative or proxy shall submit to the Mutual Company a document certifying the authority of proxy.

(2) Any proxy under the preceding paragraph shall be a general representative.

(3) The provision of Article 310 (excluding paragraphs (1) and (5)) (Proxy Voting) of the Companies Act shall apply mutatis mutandis to paragraph (1). In this case, the term "preceding paragraph" in paragraph (2) of that Article and the term "paragraph (1)" in paragraph (3) of that Article shall be deemed to be replaced with "Article 44-2, paragraph (1) of the Insurance Business Act"; the term "Stock Company" in Article 310, paragraphs (3), (4), (6) and (7) shall be deemed to be replaced with "Mutual Company"; the term "Article 299, paragraph (3)" in Article 310, paragraph (4) shall be deemed to be replaced with "Article 299, paragraph (3) as applied mutatis mutandis pursuant to Article 49, paragraph (1) of the Insurance Business Act"; and the term "shareholders (excluding the shareholders who may not exercise their votes on all matters which may be resolved at the shareholders meeting under the preceding paragraph. The same shall apply in paragraph (4) of the following Article and in Article 312, paragraph (5))" in Article 310, paragraph (7) shall be deemed to be replaced with "members"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Right to Demand Convocation of General Meeting)

Article 45 (1) Members representing at least three thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or three thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 38, paragraph (1)), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation), or nine (or any smaller number prescribed by the articles of incorporation) or more general representatives may demand the directors to convene a General Meeting by indicating the proposed agenda for the meeting (limited to matters on which the General Meeting may adopt a resolution; hereinafter the same shall apply in this Division) and the reason for the convocation.

(2) In the following cases, a member or a general representative who made a demand pursuant to the provision of the preceding paragraph may convene the General Meeting with the permission of the court.

(i) Where the convening procedure is not effected without delay after a demand pursuant to the provisions of the preceding paragraph; or

(ii) Where a notice for the convocation of the General Meeting which designates, as the date of the General Meeting, a date falling within the period of eight

weeks (or any shorter period prescribed by the articles of incorporation) from the day of a demand pursuant to the provision of the preceding paragraph, is not given.

- (3) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 871 (Supplementary Note of Reasons), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Right to Submit Proposal)

Article 46 (1) Members representing at least one thousandth (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or one thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 39, paragraph (1)), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation), or three (or any smaller number prescribed by the articles of incorporation) or more general representatives may demand the directors to include certain items (limited to matters on which the General Meeting may adopt a resolution) in the agenda for the General Meeting. In this case, the demand shall be submitted no later than eight weeks (or any shorter period prescribed by the articles of incorporation) prior to the date of the General Meeting.

- (2) General representatives may submit a proposal at the General Meeting with respect to any agenda item for the meeting; provided, however, that this shall not apply to the cases where the proposal is in violation of any applicable law or regulation or the articles of incorporation, or where three years have not elapsed since the day on which an essentially identical proposal was not approved by at least one tenth of the general representatives (or any smaller proportion prescribed by the articles of incorporation) in the General Meeting.
- (3) Members representing at least one thousandth (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or one thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 39, paragraph (1)), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter

period prescribed by the articles of incorporation), or three (or any smaller number prescribed by the articles of incorporation) or more general representatives may demand the directors that, no later than eight weeks (or any shorter period prescribed by the articles of incorporation) prior to the date of the General Meeting, members be notified of the outline of any proposal to be submitted with respect to an agenda item of the meeting (or, where a notice is to be given under Article 299, paragraph (2) (excluding the items) or (3) of the Companies Act as applied mutatis mutandis pursuant to Article 49, paragraph (1), such outline be described in, or recorded on, that notice); provided, however, that this shall not apply to the cases where the proposal is in violation of any applicable law or regulation or the articles of incorporation, or where three years have not elapsed since the day on which an essentially identical proposal was not approved by at least one tenth of the general representatives (or any smaller proportion prescribed by the articles of incorporation) in the General Meeting.

(Right to Demand Election of Inspector of General Meeting)

- Article 47 (1) A Mutual Company, members representing at least one thousandth (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or one thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 39, paragraph (1)), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation), or three (or any smaller number prescribed by the articles of incorporation) or more general representatives may file a petition with the court, prior to the session of the General Meeting, for the election of an inspector who shall be retained to investigate the convocation procedures and method of resolution relating to such meeting.
- (2) The provisions of Article 306, paragraphs (3) to (7) inclusive (Election of Inspector on Calling Procedures of Shareholders Meeting) and Article 307 (Determination by the Court of the Calling of Shareholders Meeting) of the Companies Act shall apply mutatis mutandis to the preceding paragraph. In this case, the term "preceding two paragraphs" in Article 306, paragraph (3) of that Act shall be deemed to be replaced with "Article 40, paragraph (1) of the Insurance Business Act"; the term "Stock Company" in Article 306, paragraphs (4) and (7) shall be deemed to be replaced with "Mutual Company"; the term "shareholders meeting" in Article 307 of that Act shall be deemed to be replaced with "General Meeting"; and the term "shareholders" in paragraph (1), item (ii) of that Article shall be deemed to be replaced with "general

representatives"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (3) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the preceding two paragraphs. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Giving, etc. of Reference Documents and Voting Forms for General Meeting)

- Article 48 (1) The directors (or, where members or general representatives convene the General Meeting pursuant to the provision of Article 45, paragraph (2), such members or general representatives; hereinafter the same shall apply in this Article) shall, when dispatching a notice under Article 299, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article with relevant changes in interpretation, give the general representatives documents stating matters of reference for the exercise of votes pursuant to the provisions of a Cabinet Office Ordinance.
- (2) If the directors dispatch notices by electromagnetic means referred to in Article 299, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article with relevant changes in interpretation to the general representatives who have given consent under the same paragraph, the directors may provide, in lieu of the giving of documents pursuant to the provision of the preceding paragraph, the matters to be described in such document by electromagnetic means; provided, however, that, if requested by any general representative, they shall give these documents to such general representative.
- (3) Where the matters listed in Article 298, paragraph (1), item (iii) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article with relevant changes in interpretation are decided, the directors shall, when giving a notice under Article 299, paragraph (1) of that Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article, provide the general representatives with documents to be used by the general representatives to exercise their voting rights (hereinafter referred to as "Voting Forms" in this Article) pursuant to the provisions of a Cabinet Office Ordinance.
- (4) If the directors give a notice by electromagnetic means referred to in Article

299, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article with relevant changes in interpretation to the general representatives who have given consent under the same paragraph, the directors may provide, in lieu of the giving of Voting Forms pursuant to the provision of the preceding paragraph, the matters to be described in such documents by electromagnetic means; provided, however, that, if requested by any general representative, the directors shall give their voting form to such general representative.

(5) Where the matters listed in Article 298, paragraph (1), item (iv) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article with relevant changes in interpretation are decided, the directors shall, when giving a notice to the general representatives who have given consent under Article 299, paragraph (3) of the Companies Act by electromagnetic means referred to in the same paragraph, provide the general representatives with the matters to be indicated in the Voting Forms by such electromagnetic means pursuant to the provisions of a Cabinet Office Ordinance.

(6) In the cases prescribed in the preceding paragraph, if any general representative who has not given consent under Article 299, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article with relevant changes in interpretation requests, no later than one week prior to the date of the General Meeting, for the provision of the matters to be described in the Voting Form by electromagnetic means, the directors shall, immediately, provide such matters to such general representative by electromagnetic means pursuant to the provisions of a Cabinet Office Ordinance.

(Application mutatis mutandis of Companies Act)

Article 49 (1) The provisions of Article 296 (Calling of Shareholders Meeting), Article 298 (excluding paragraphs (2) and (3)) (Determination to Call Shareholders Meeting), Article 299 (excluding paragraph (2), items (i) and (ii)) (Notice of Calling of Shareholders' Meetings), Article 300 (Omission of Calling Procedures), Article 311 (Voting in Writing), Article 312 (Voting by Electromagnetic Method), Article 314 to 317 inclusive (Accountability of Directors, etc., Authority of Chairperson, Investigation of Materials Submitted to the Shareholders Meeting, Resolution for Postponement or Adjournment) and Article 318 (excluding paragraph (5)) (Minutes) of the Companies Act shall apply mutatis mutandis to the General Meeting of a Mutual Company. In this case, the terms "Stock Company" and "company with board of directors" in those provisions shall be deemed to be replaced with "Mutual Company"; the term "head office" in those provisions shall be deemed to be replaced with

"principal office"; the term "operating hours" in those provisions shall be deemed to be replaced with "business hours"; the term "shareholder" in those provisions (excluding Article 298, paragraph (1) (excluding items), Article 298, paragraph (4), Article 311, paragraph (4), Article 312, paragraph (5), Article 314 and Article 318, paragraph (4)) shall be deemed to be replaced with "general representative"; the term "Annual shareholders meeting" in Article 296, paragraph (1) of that Act shall be deemed to be replaced with "Annual general meeting"; the term "paragraph (4) of the following Article" in Article 296, paragraph (3) shall be deemed to be replaced with "Article 45, paragraph (2) of the Insurance Business Act"; the terms "paragraph (4) of the preceding Article" and "shareholder" in Article 298, paragraph (1) (excluding the items) and Article 298, paragraph (4) of that Act shall be deemed to be replaced with "Article 45, paragraph (2) of the Insurance Business Act" and "member or general representative," respectively; the term "two weeks (or one week if the Stock Company is not a Public Company, except in cases where the matters listed in paragraph (1), items (iii) and (iv) of the preceding Article are decided, (or if a shorter period of time is provided for in the articles of incorporation in cases where the Stock Company is a Stock Company other than the Company with Board of Directors, such shorter period of time))" in Article 299, paragraph (1) of that Act shall be deemed to be replaced with "two weeks"; the term "in the following cases" in Article 299, paragraph (2) shall be deemed to be deleted; the term "shareholders" in Article 311, paragraph (4) and Article 312, paragraph (5) of that Act shall be deemed to be replaced with "members"; the terms "by the shareholders" and "common interest of the shareholders" in Article 314 of that Act shall be deemed to be replaced with "by the general representatives" and "common interest of the general representatives," respectively; the term "Article 297" in Article 316, paragraph (2) of that Act shall be deemed to be replaced with "Article 45 of the Insurance Business Act"; the term "branch offices" in Article 318, paragraph (3) of that Act shall be deemed to be replaced with "secondary offices"; and the term "shareholders" in Article 318, paragraph (4) of that Act shall be deemed to be replaced with "members"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (2) The provisions of Article 830 (Lawsuit for Declaratory Judgment on Nonexistence or Nullity of Resolution of Shareholders Meeting, etc.), Article 831 (Lawsuit for Rescission of Resolution of Shareholders Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii)) (Defendant), Article 835, paragraph (1) (Jurisdiction of Claim), Article 836, paragraphs (1) and (3) (Order to Furnish Security), Article 837 (Compulsory Consolidation of Oral Arguments, etc.), Article 838 (Scope of Effect of Judgment in Favor of Claim), Article 846 (Liability for Damages in Case of

Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (g)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action for declaratory judgment on nonexistence or nullity, or a lawsuit for rescission, of a resolution of the General Meeting of a Mutual Company. In this case, the term "shareholders, etc. (or, shareholders, etc., shareholders at incorporation, directors at incorporation or company auditors at incorporation, where the shareholders meeting, etc. set forth in the relevant item is the Organizational Meeting or class organizational meeting)" in Article 831, paragraph (1) of that Act shall be deemed to be replaced with "members, directors, company auditors or liquidators of a Mutual Company (or, in a company with Committees, members, directors, executive officers or liquidators)"; and the term "directors, company auditors or liquidators (including a person who assumes the rights and obligations of a director, company auditor or liquidator pursuant to the provision of Article 346, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 479, paragraph (4)), where the relevant resolution is that of the shareholders meeting or class meeting, or including directors at incorporation or company auditors at incorporation, where the relevant resolution is that of the Organizational Meeting or class organizational meeting)" in the same Article shall be deemed to be replaced with "directors, company auditors or liquidators (including a person who assumes the rights and obligations of a director, executive officer or liquidator pursuant to the provision of Article 53-12, paragraph (1) of the Insurance Business Act (including the cases where it is applied mutatis mutandis pursuant to Article 180-5, paragraph (4) of that Act)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Right to Demand Convocation of General Meeting of Members)

Article 50 (1) Even where a Mutual Company has established a General Meeting pursuant to the provision of Article 42, paragraph (1), members representing at least five thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation), may demand the directors to convene the General Meeting of members with the purpose of abolishing the General Meeting or modifying any matter prescribed by the articles of incorporation pursuant to the provision of paragraph (2) in that Article, by indicating the proposed agenda for the meeting and the reason for the convocation.

(2) In the following cases, the members who made a demand pursuant to the

provision of the preceding paragraph may convene the General Meeting of members with the permission of the court.

- (i) Where the convening procedure is not effected without delay after a demand pursuant to the provisions of the preceding paragraph; or
 - (ii) Where a notice for the convocation of the General Meeting of members which designates, as the date of the General Meeting of members, a date falling within the period of eight weeks (or any shorter period provided for in the articles of incorporation) from the day of a demand pursuant to the provision of the preceding paragraph, is not given.
- (3) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 871 (Supplementary Note of Reasons), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (4) Where a resolution modifying any matter prescribed by the articles of incorporation pursuant to the provision of Article 42, paragraph (2) is adopted by the General Meeting of members convened pursuant to the provision of the preceding three paragraphs, the General Meeting may not adopt a resolution amending the articles of incorporation regarding the matter thus modified, unless three years have elapsed since the day on which the amendment of the articles of incorporation came into effect regarding such matter.

Division 3 Establishment of Organs Other than General Meeting of Members and General Meeting, etc.

(Organs)

Article 51 (1) A Mutual Company shall set up the following organs:

- (i) Board of directors; and
 - (ii) Company auditors or Committees.
- (2) A Mutual Company may set up accounting advisors, a board of company auditors or accounting auditors pursuant to the provisions of the articles of incorporation.
- (3) A Mutual Company that is an Insurance Company and a Mutual Company listed in Article 272-4, paragraph (1), item (i), (b) (other than a company with Committees) shall set up a board of company auditors and an accounting auditor.
- (4) A company with Committees shall not set up any company auditor.
- (5) A company with Committees shall set up accounting auditors.

(Election)

Article 52 (1) Officers (referring to directors, accounting advisors and company auditors; hereinafter the same shall apply in this Division) and accounting auditors shall be elected by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting; hereinafter the same shall apply in this Subsection).

(2) In adopting a resolution under the preceding paragraph, substitute officers may be elected as prescribed by a Cabinet Office Ordinance by way of precaution against the cases where there are no officers in office or where there is a vacancy which results in a shortfall in the number of officers prescribed by this Act or the articles of incorporation.

(Relationship between Mutual Company and Officers, etc.)

Article 53 The relationship held by a Mutual Company with its officers and accounting auditors shall be governed by the provisions on mandate.

(Qualifications, etc. of Directors)

Article 53-2 (1) Any of the following persons may not act as a director:

(i) A juridical person;

(ii) An adult ward, a person under curatorship, or a person who is similarly treated under foreign laws and regulations;

(iii) A person who has been sentenced to a penalty for having violated the provisions of this Act, the Companies Act or the Act on General Incorporated Association and General Incorporated Foundation (Act No. 48 of 2006), or for having committed: a crime under Article 197 (Crime of False Statement in Securities Registration Report, etc.), Article 197-2, items (i) to (x) inclusive or (xiii) (Crime of Solicitation of Securities by Unregistered Agents, etc.), Article 198, item (viii) (Crime of Violating Prohibition Order or Order for Suspension by Court), Article 199 (Crime of Refusal of Reporting, etc.), Article 200, items (i) to (xii) inclusive or item (xxi) (Crime of Non-Submission of Correction Report, etc.), Article 203, paragraph (3) (Bribery of Officer or Staff of Financial Instruments Business Operators, etc.) or Article 205, items (i) to (vi) inclusive, item (xvi) or (xx) (Crime of Non-Submission of Written Notice, etc. on Specified Solicitation, etc.) of the Financial Instruments and Exchange Act; a crime under Article 549 (Crime of Fraudulent Reorganization), Article 550 (Crime of Giving Security, etc. to Specific Creditor, etc.), Article 552 to 555 inclusive (Crime of Refusal to Report or Undergo Investigation, etc., Crime of Destruction of Materials Regarding Conditions of Business and Property, etc., Crime of Obstruction of Duties Against Trustee in Bankruptcy, etc.) or Article 557 (Bribery) of the Act on

Special Measures, etc. concerning Reorganization Proceedings for Financial Institutions, etc. (Act No. 95 of 1996); a crime under Article 255 (Crime of Fraudulent Rehabilitation), Article 256 (Crime of Giving Security to Specific Creditor, etc.), Article 258 to 260 inclusive (Crime of Refusal to Report or Undergo Investigation, etc., Crime of Destruction of Materials Regarding Conditions of Business and Property, etc., Crime of Obstruction of Duties Against Supervising Commissioner, etc.) or Article 262 (Bribery) of the Civil Rehabilitation Act (Act No. 225 of 1999); a crime under Article 65 (Crime of Refusal of Reporting or Investigation, etc.), Article 66 (Crime of Obstruction of Duties Against Recognition Trustee, etc.), Article 68 (Bribery) or Article 69 (Crime of Disposition or Export of Property without Permission) of the Act on Recognition and Assistance for Foreign Insolvency Procedures (Act No. 129 of 2000); a crime under Article 265 (Crime of Fraudulent Bankruptcy), Article 266 (Crime of Giving Security to Specific Creditor, etc.), Article 268 to 272 inclusive (Crime of Refusal of Explanation or Investigation, etc., Crime of Refusing to Disclose Important Property, etc., Crime of Destruction of Materials Regarding Conditions of Business and Property, etc., Crime of Refusal of Explanation in Hearing, etc., Crime of Obstruction of Duties Against Bankruptcy Trustee, etc.), or Article 274 (Bribery) of the Bankruptcy Act (Act No. 75 of 2004), for whom two years have not elapsed since the day on which the execution of the sentence was completed or the sentence ceased to be applied; or

- (iv) A person who was sentenced to imprisonment or severer punishment for violating the provisions of laws and regulations other than those provided for in the preceding item, and who has not completed the execution of the sentence or to whom the sentence still applies (excluding persons for whom the execution of the sentence is suspended).
- (2) A director of a company with Committees may not concurrently act as a manager or any other employee of such company with Committees.
- (3) A Mutual Company shall have three or more directors.

(Directors' Terms of Office)

Article 53-3 (1) Directors' terms of office shall continue until the conclusion of the annual general meeting of members (or annual general meeting, where the company has such meeting; hereinafter the same shall apply in this Subsection) for the last business year which ends within two years from the time of their election; provided, however, that this shall not preclude the shortening of the their terms of office by the articles of incorporation or by a resolution of the General Meeting of members.

- (2) For the purpose of applying the provision of the preceding paragraph to the directors of a company with Committees, the term "two years" in that

paragraph shall be deemed to be replaced with "one year."

- (3) The provision of Article 332, paragraph (4) (excluding item (iii)) (Directors' terms of office) of the Companies Act shall apply mutatis mutandis to the terms of office of the directors of a Mutual Company. In this case, the term "preceding three paragraphs" in that paragraph shall be deemed to be replaced with "Article 53-3, paragraphs (1) and (2) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Qualifications, etc. of Accounting Advisors)

Article 53-4 The provisions of Articles 333 (Qualifications of Accounting Advisors) and Article 334 (excluding Article 332, paragraph (2) and Article 332, paragraph (4), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 334, paragraph (1)) (Accounting Advisors' Terms of Office) of the Companies Act shall apply mutatis mutandis to the accounting advisors of a Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Qualifications, etc. of Company Auditors)

Article 53-5 (1) The provision of Article 53-2, paragraph (1) shall apply mutatis mutandis to the company auditors of a Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(2) A company auditor of a Mutual Company may concurrently act neither as a director, or manager or any other employee of that Mutual Company or its de facto Subsidiary Company, nor as an executive officer or accounting advisor (or, where the accounting advisor is a juridical person, any member of that juridical person who is supposed to carry out relevant duties) of such de facto Subsidiary Company.

(3) A company with a board of company auditors shall have three or more company auditors, of whom half or more shall be outside company auditors (referring to those company auditors of a Mutual Company who have never been a director, executive officer or accounting advisor (or, if the accounting advisor is a juridical person, any member of that juridical person who is supposed to carry out relevant duties), or manager or any other employee of the Mutual Company or its de facto Subsidiary Company; the same shall apply hereinafter).

(Company Auditors' Terms of Office)

Article 53-6 (1) Company auditors' terms of office shall continue until the conclusion of the annual general meeting of members for the last business year

which ends within four years from the time of their election.

- (2) The provisions of Article 336, paragraphs (3) and (4) (limited to the segment pertaining to item (ii) (Company Auditors' Terms of Office) of the Companies Act shall apply mutatis mutandis to the company auditors of a Mutual Company. In this case, the term "paragraph (1)" in paragraph (3) of that Article shall be deemed to be replaced with "Article 53-6, paragraph (1) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Qualifications, etc. of Accounting Auditors)

Article 53-7 The provisions of Article 337 (Qualifications of Accounting Auditors) and Article 338, paragraphs (1) and (2) (Accounting Auditors' Terms of Office) of the Companies Act shall apply mutatis mutandis to the accounting auditors of a Mutual Company; and the provision of Article 338, paragraph (3) of that Act shall apply mutatis mutandis to the accounting auditors of a Mutual Company other than that set forth in Article 53-14, paragraph (5), respectively. In this case, the term "Article 435, paragraph (2)" in Article 337, paragraph (3), item (i) of that Act shall be deemed to be replaced with "Article 54-3, paragraph (2) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Dismissal)

- Article 53-8 (1) Officers and accounting auditors of a Mutual Company may be dismissed at any time by a resolution of the General Meeting of members.
- (2) A person dismissed pursuant to the provision of the preceding paragraph shall be entitled to demand from the Mutual Company compensation for damages arising from the dismissal, except in cases where there are justifiable reasons for such dismissal.

(Dismissal of Accounting Auditors by Company Auditors, etc.)

- Article 53-9 (1) The company auditor may dismiss an accounting auditor if that accounting auditor:
- (i) has breached his/her professional obligations or neglected his/her duties.
 - (ii) has engaged in misconduct inappropriate for an accounting auditor; or
 - (iii) has difficulty in, or is unable to cope with the execution of his/her duties due to a mental or physical disorder.
- (2) Any dismissal pursuant to the provision of the preceding paragraph shall be effected by the unanimous consent of all company auditors, where the company has two or more company auditors.
- (3) If an accounting auditor is dismissed pursuant to the provision of paragraph (1), the company auditor (or, where the company has two or more company

auditors, a company auditor appointed from among themselves) shall report such fact and the reason for dismissal to the first General Meeting of members convened after the dismissal.

- (4) For the purpose of applying the provisions of the preceding three paragraphs to a company with a board of company auditors, the term "company auditor" in paragraph (1) shall be deemed to be replaced with "board of company auditors"; the term "company auditors, where the company has two or more company auditors" in paragraph (2) shall be deemed to be replaced with "company auditors"; and the term "company auditor (or, where the company has two or more company auditors, a company auditor appointed from among themselves)" in the preceding paragraph shall be deemed to be replaced with "company auditor appointed by the board of company auditors."
- (5) For the purpose of applying the provisions of paragraphs (1) to (3) inclusive to a company with Committees, the term "company auditor" in paragraph (1) shall be deemed to be replaced with "audit committee"; the term "company auditors, where the company has two or more company auditors" in paragraph (2) shall be deemed to be replaced with "Audit Committee Members"; and the term "company auditor (or, where the company has two or more company auditors, a company auditor appointed from among themselves)" in paragraph (3) shall be deemed to be replaced with "audit committee member appointed by the committee."

(Method of Adopting Resolution for Election, etc. of Officers)

Article 53-10 Notwithstanding the provisions of Articles 37, paragraph (1) and Article 44, paragraph (1), resolutions of the General Meeting of members for the election or dismissal of officers shall be adopted by a majority (or any larger proportion prescribed by the articles of incorporation) of the votes held by the attending members (or, where the company has a General Meeting, general representatives) in a session where half (or any other proportion larger than one third prescribed by the articles of incorporation) or more of the members (or general representatives) are present.

(Application mutatis mutandis of Companies Act)

Article 53-11 The provision of Article 343 (Consent of Company Auditors to Election of Company Auditors) of the Companies Act shall apply mutatis mutandis to the election of the company auditors of a Mutual Company; the provision of Article 344 (Consent of Company Auditors to the Election of Accounting Auditors) of that Act shall apply mutatis mutandis to the election of the accounting auditors of a Mutual Company; and the provision of Article 345 (Statement of Opinions on Election of Accounting Advisors, etc.) of that Act shall apply mutatis mutandis to the statement of opinions regarding the

election or dismissal, or resignation of the accounting advisors, company auditors or accounting auditors of a Mutual Company. In this case, the term "Article 341" in Article 343, paragraph (4) of that Act shall be deemed to be replaced with "Article 53-10 of the Insurance Business Act"; and the term "Article 298, paragraph (1), item (i)" in Article 345, paragraph (3) of that Act shall be deemed to be replaced with "Article 298, paragraph (1), item (i) as applied mutatis mutandis pursuant to Article 41, paragraph (1) or Article 49, paragraph (1) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Measures when Vacancies Arise among Officers, etc.)

- Article 53-12 (1) If and when a Mutual Company has no officers or any vacancy which results in a shortfall in the number of officers prescribed by this Act or the articles of incorporation, an officer who retired from office due to expiration of his/her term of office or resignation shall retain the rights and obligations of an officer until a newly elected officer (including a person who is to temporarily carry out the duties of an officer under the following paragraph) assumes his/her office.
- (2) In the case prescribed in the preceding paragraph, the court may, when it finds necessary, appoint a person to temporarily carry out the duties of an officer, in response to a petition filed by any interested person.
- (3) The court may, when it has appointed a person to temporarily carry out the duties of an officer under the preceding paragraph, specify the amount of the remuneration to be paid by the Mutual Company to said person.
- (4) If and when a Mutual Company has no accounting auditors or any vacancy which results in a shortfall in the number of accounting auditors prescribed by the articles of incorporation, and an accounting auditor is not elected without delay, the company auditor shall appoint a person to temporarily carry out the duties of an accounting auditor.
- (5) The provision of Article 337 of the Companies Act as applied mutatis mutandis pursuant to Article 53-7 and the provision of Article 53-9 shall apply mutatis mutandis to the person who is to temporarily carry out the duties of an accounting auditor under the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (6) For the purpose of applying the provision of paragraph (4) to a company with a board of company auditors, the term "company auditor" in that paragraph shall be deemed to be replaced with "board of company auditors."
- (7) For the purpose of applying the provision of paragraph (4) to a company with Committees, the term "company auditor" in that paragraph shall be deemed to be replaced with "audit committee."

(8) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases), Article 876 (Supreme Court Rules) and Article 937, paragraph (1) (limited to the segment pertaining to item (ii), (a) and (c)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to paragraphs (2) and (3). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 4 Directors and Board of Directors

(Authority of Directors)

Article 53-13 (1) The following directors execute the business of the Mutual Company:

- (i) A representative director; and
- (ii) A director other than a representative director, who is appointed by resolution of the board of directors as the director who is to execute the business of the Mutual Company.

(2) The directors listed in the items of the preceding paragraph shall report the status of the execution of his/her duties to the board of directors at least once in every three months.

(Authority, etc. of Board of Directors)

Article 53-14 (1) Board of directors shall be composed of all directors.

(2) Board of directors shall carry out the following duties:

- (i) Deciding the execution of the business of the Mutual Company;
- (ii) Supervising the execution of duties by directors; and
- (iii) Appointing and removing representative directors.

(3) Board of directors shall appoint the representative director from among the directors.

(4) Board of directors may not delegate the decision on the execution of important business such as the following matters to directors.:

- (i) The appropriation of and acceptance of assignment of important assets;
- (ii) Borrowing in a significant large amounts;
- (iii) The election and dismissal of an important employee including a manager;
- (iv) The establishment, modification or abolition of secondary offices and other important structures;

- (v) The matters specified by a Cabinet Office Ordinance as important matters regarding the solicitation of persons who subscribe for bonds (referring to the bonds as defined in that Article), such as the matter listed in Article 61, item (i);
 - (vi) Revision of a system necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and of any other system specified by a Cabinet Office Ordinance as a system necessary to ensure proper activities of a Mutual Company; or
 - (vii) Exemption from liability under Article 53-33, paragraph (1) pursuant to the provisions of the articles of incorporation under Article 426, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-36 with relevant changes in interpretation.
- (5) In a Mutual Company that is an Insurance Company and a Mutual Company listed in Article 272-4, paragraph (1), item (i), (b), the board of directors shall decide on the matters listed in item (vi) of the preceding paragraph.

(Application mutatis mutandis of Companies Act)

Article 53-15 The provisions of Article 350 (Liability for Damages Caused by Acts of Directors), Article 352 (Authority of Persons Who Perform Duties on Behalf of Directors), Article 354 to 357 inclusive (Apparent Representative Directors, Duty of Loyalty, Restrictions on Competition and Conflict of Interest Transactions, Director's Duty to Report), Article 358 (excluding paragraph (1), item (ii)) (Election of Inspector of Execution of Operation), Article 359 (Decision by Court to Call Shareholders Meeting), Article 360, paragraph (1) (Enjoinder of Acts of Directors by Shareholders), Article 361 (Remuneration for Directors) and Article 365, paragraph (2) (Restrictions on Competition and Transactions with Companies with a Board of Directors) of the Companies Act shall apply mutatis mutandis to the directors of a Mutual Company; the provisions of Article 349, paragraphs (4) and (5) (Representatives of Companies), and Article 351 (Measures When Vacancy Arises in Office of Representative Director) of that Act shall apply mutatis mutandis to the representative director of a Mutual Company; the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to the directors or representative director of a Mutual Company; and the provision of

Article 937, paragraph (1) (limited to the segment pertaining to item (ii), (a) and (c)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to the representative director of a Mutual Company. In this case, the term "shareholders meeting" in Article 356, paragraph (1) of that Act shall be deemed to be replaced with "board of directors"; the term "shareholders" in Article 358, paragraph (1) of that Act shall be deemed to be replaced with "members or general representatives"; the term "Shareholders who hold not less than three hundredths of the votes (or, in cases where a lesser proportion is prescribed in the articles of incorporation, such proportion) of all shareholders (excluding shareholders who may not exercise their votes on all matters which may be resolved at shareholders meetings)" in Article 358, paragraph (1), item (i) of that Act shall be deemed to be replaced with "Members representing at least three thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or three thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 38, paragraph (1) of the Insurance Business Act), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation) (or, where the company has a General Meeting, those persons, or nine (or any other smaller number prescribed by the articles of incorporation) or more general representatives)"; the term "shareholders" in Article 358, paragraph (7) shall be deemed to be replaced with "members or general representatives"; the term "shareholders" in Article 359, paragraph (1), item (ii) of that Act shall be deemed to be replaced with "members (or, where the company has a General Meeting, general representatives)"; and the terms "shareholders having the shares" and "substantial detriment" in Article 360, paragraph (1) of that Act shall be deemed to be replaced with "persons who have been members" and "irreparable damages," respectively; any other necessary technical change in interpretation shall be prescribed by a Cabinet Order.

(Operation of Board of Directors)

Article 53-16 The provisions of Part II, Chapter IV, Section 5, Subsection 2 (excluding Article 367, and Article 371, paragraphs (3) and (5)) (Operations) of the Companies Act shall apply mutatis mutandis to the operation of the board of directors of a Mutual Company; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv))

(Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to an application for permission under Article 371, paragraph (2) or (4) of that Act as applied mutatis mutandis pursuant to this Article with relevant changes in interpretation. In this case, the terms "shareholder" and "at any time during the business hours of a Stock Company" in Article 371, paragraph (2) (Minutes) of that Act shall be deemed to be replaced with "member (or, where the company has a General Meeting, general representative)" and "with the permission of the court," respectively; the term "Parent Company or Subsidiary" in Article 371, paragraph (6) shall be deemed to be replaced with "de facto Subsidiary Company as defined in Article 33-2, paragraph (1) of the Insurance Business Act"; the term "Article 363, paragraph (2)" in Article 372, paragraphs (2) and (3) (Omission of Report to Board of Directors) of that Act shall be deemed to be replaced with "Article 53-13, paragraph (2) of the Insurance Business Act"; the term "Article 417, paragraph (4)" in Article 372, paragraph (3) shall be deemed to be replaced with "Article 417, paragraph (4) as applied mutatis mutandis pursuant to Article 53-30, paragraph (5) of the Insurance Business Act"; and the term "Article 362, paragraph (4), items (i) and (ii)" in Article 373, paragraphs (1) and (2) (Resolution of board of directors by special directors) of that Act shall be deemed to be replaced with "Article 53-14, paragraph (4), items (i) and (ii) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 5 Accounting Advisors

(Authority, etc. of Accounting Advisors)

Article 53-17 The provisions of Part II, Chapter IV, Section 6 (excluding Article 378, paragraph (1), item (ii) and Article 378, paragraph (3)) (Accounting Advisors) of the Companies Act shall apply mutatis mutandis to the accounting advisors of a Mutual Company. In this case, the terms "Article 435, paragraph (2)," "supplementary schedules thereof, the Temporary Financial Statements (referring to the Temporary Financial Statements provided for in Article 441, paragraph (1), hereinafter the same shall apply in this Chapter)" and "Article 444, paragraph (1)" in Article 374, paragraph (1) (Authority of Accounting Advisors) of that Act shall be deemed to be replaced with "Article 54-3, paragraph (2) of the Insurance Business Act," "annex detailed statement thereto" and "Article 54-10, paragraph (1) of the Insurance Business Act," respectively; the term "Article 333, paragraph (3), item (ii) or (iii)" in Article

374, paragraph (5) shall be deemed to be replaced with "Article 333, paragraph (3), item (ii) or (iii) as applied mutatis mutandis pursuant to Article 53-4 of the Insurance Business Act"; the term "Article 436, paragraph (3), Article 441, paragraph (3) or Article 444, paragraph (5)" in Article 376, paragraph (1) (Attendance at board of directors meetings) of that Act shall be deemed to be replaced with "Article 54-4, paragraph (3) or Article 54-10, paragraph (5) of the Insurance Business Act"; the term "Article 368, paragraph (2)" in Article 376, paragraph (3) of that Act shall be deemed to be replaced with "Article 368, paragraph (2) as applied mutatis mutandis pursuant to Article 53-16 of the Insurance Business Act"; and the term "Article 319, paragraph (1)" in Article 378, paragraph (1), item (i) (Keeping and Inspection of Financial Statements by Accounting Advisors) of that Act shall be deemed to be replaced with "Article 319, paragraph (1) as applied mutatis mutandis pursuant to Article 41, paragraph (1) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 6 Company Auditors and Board of Company Auditors

(Authority of Company Auditors)

Article 53-18 (1) The company auditors shall audit the execution of duties by directors (or, in a company with accounting advisors (referring to a Stock Company or Mutual Company which has accounting advisors; the same shall apply hereinafter), directors and accounting advisors). In this case, the company auditors shall prepare audit reports pursuant to the provisions of a Cabinet Office Ordinance.

- (2) The company auditors may at any time request a business report from the directors and accounting advisors, and managers and other employees, or investigate the status of the activities and property of the Mutual Company.
- (3) The company auditors may, if it is necessary for the purpose of carrying out their duties, request a business report from a de facto Subsidiary Company of the Mutual Company, or investigate the status of the activities and property of such de facto Subsidiary Company.
- (4) The de facto Subsidiary Company set forth in the preceding paragraph may refuse to submit reports or undergo investigation as set forth in that paragraph if it has justifiable grounds.

(Authority of Board of Company Auditors)

Article 53-19 (1) The board of company auditors shall be composed of all company auditors.

- (2) The board of company auditors shall carry out the following duties; provided, however, that a decision under item (iii) may not preclude company auditors

from exercising their authority:

- (i) Preparing audit reports;
 - (ii) Appointing and removing full-time company auditors; and
 - (iii) Deciding on the matters regarding the execution of the duties of company auditors, such as audit policy and method of investigating the status of the business and property of the company with board of company auditors.
- (3) The board of company auditors shall appoint full-time company auditors from among the company auditors.
- (4) The company auditors shall report the status of the execution of their duties to the board of company auditors whenever the latter so requests.

(Application mutatis mutandis of Companies Act)

Article 53-20 The provisions of Article 382 to 388 inclusive (Duty to Report to Directors, Duty to Attend Board of Directors Meetings, Duty to Report to Shareholders Meetings, Enjoinment of Acts of Directors by Company Auditors, Representation of Company in Actions between Company with Auditors and Directors, Remunerations for Company Auditors, Requests for Indemnification of Expenses) of the Companies Act shall apply mutatis mutandis to the company auditors of a Mutual Company. In this case, the term "Article 373, paragraph (1)" in Article 383, paragraph (1) of that Act shall be deemed to be replaced with "Article 373, paragraph (1) as applied mutatis mutandis pursuant to Article 53-16 of the Insurance Business Act"; the term "proviso to Article 366, paragraph (1)" in Article 383, paragraph (2) shall be deemed to be replaced with "proviso to Article 366, paragraph (1) as applied mutatis mutandis pursuant to Article 53-16 of the Insurance Business Act"; the term "Article 373, paragraph (2)" in Article 383, paragraph (4) shall be deemed to be replaced with "Article 373, paragraph (2) as applied mutatis mutandis pursuant to Article 53-16 of the Insurance Business Act"; the term "Article 349, paragraph (4), Article 353 and Article 364" in Article 386, paragraph (1) of that Act and the term "Article 349, paragraph (4)" in Article 386, paragraph (2) shall be deemed to be replaced with "Article 349, paragraph (4) as applied mutatis mutandis pursuant to Article 53-15 of the Insurance Business Act"; the term "Article 847, paragraph (1)" in Article 386, paragraph (2), item (i) of that Act shall be deemed to be replaced with "Article 847, paragraph (1) as applied mutatis mutandis pursuant to Article 53-37 of the Insurance Business Act"; and the terms "Article 849, paragraph (3)" and "Article 850, paragraph (2)" in Article 386, paragraph (2), item (ii) of that Act shall be deemed to be replaced with "Article 849, paragraph (3) as applied mutatis mutandis pursuant to Article 53-37 of the Insurance Business Act" and "Article 850, paragraph (2) as applied mutatis mutandis pursuant to Article 53-37 of the Insurance Business Act," respectively; any other necessary technical change in interpretation shall

be specified by a Cabinet Order.

(Operation of Board of Company Auditors)

Article 53-21 The provisions of Part II, Chapter IV, Section 8, Subsection 2 (Operations) of the Companies Act shall apply mutatis mutandis to the operation of the board of company auditors of a Mutual Company; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to the application for permission under Article 394, paragraph (2) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 394, paragraph (3); hereinafter the same shall apply in this Article) as applied mutatis mutandis pursuant to this Article. In this case, the term "shareholder" in Article 394, paragraph (2) (Minutes) of that Act shall be deemed to be replaced with "member (or, where the company has a General Meeting, general representative)"; the term "and to the cases where it is necessary for the purpose of exercising the rights of a Member of the Parent Company" in Article 394, paragraph (3) shall be deemed to be deleted; and the term "Parent Company or Subsidiary" in Article 394, paragraph (4) shall be deemed to be replaced with "de facto Subsidiary Company as defined in Article 33-2, paragraph (1) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 7 Accounting Auditors

(Authority, etc. of Accounting Auditors)

Article 53-22 (1) The accounting auditors shall audit the financial statements (referring to the financial statements as defined in Article 54-3, paragraph (2); hereinafter the same shall apply in this Subsection), annexed detailed statements thereto and consolidated financial statements (referring to the consolidated financial statements as defined in Article 54-10, paragraph (1)) of the Mutual Company pursuant to the provisions of the following Subsection. In this case, the accounting auditors shall prepare accounting audit reports pursuant to the provisions of a Cabinet Office Ordinance.

(2) The accounting auditors may at any time inspect and copy the following

materials or request reports on accounting from the directors and accounting advisors and managers or other employees:

- (i) Any account book (referring to the accounting book as defined in Article 54-2, paragraph (1); hereinafter the same shall apply in this Subsection) or related material prepared in writing; and
 - (ii) Where account books or related materials are prepared in the form of electromagnetic record, anything that displays the data recorded on such electromagnetic record in a manner specified by a Cabinet Office Ordinance.
- (3) The accounting auditors may, if it is necessary for the purpose of carrying out their duties, request a report on accounting from a de facto Subsidiary Company of the company with accounting auditors, or investigate the status of the business and property of the company with accounting auditors or such de facto Subsidiary Company.
- (4) The de facto Subsidiary Company set forth in the preceding paragraph may refuse to submit a report or undergo investigation as set forth in that paragraph, if it has justifiable grounds.
- (5) The accounting auditors shall not employ a person falling under any of the following items in carrying out their duties:
- (i) A person listed in Article 337, paragraph (3), item (i) or (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 53-7;
 - (ii) A person who is a director, executive officer, accounting advisor or company auditor, or manager or any other employee of the company with accounting auditors or its de facto Subsidiary Company; or
 - (iii) A person who is in continuous receipt of remuneration from the company with accounting auditors or its de facto Subsidiary Company for any business other than those carried out as a certified public accountant or audit firm.
- (6) For the purpose of applying the provision of paragraph (2) to a Mutual Company that is a company with Committees, the term "directors" in that paragraph shall be deemed to be replaced with "directors, executive officers."

(Application mutatis mutandis of Companies Act)

Article 53-23 The provisions of Article 397 to 399 inclusive (Report to Company Auditors, Statement of Opinions at Annual Shareholders Meeting, Involvement of Company Auditors in Decision on Remunerations for Accounting Auditors) of the Companies Act shall apply mutatis mutandis to the accounting auditors of a Mutual Company. In this case, the term "Article 396, paragraph (1)" in Article 398, paragraph (1) of that Act shall be deemed to be replaced with "Article 53-22, paragraph (1) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 8 Committees and Executive Officers

(Appointment, etc. of Committee Members)

- Article 53-24 (1) Each Committee shall be composed of three or more committee members.
- (2) The members of each Committee shall be appointed from among the directors by a resolution of the board of directors.
- (3) The majority of the membership of each Committee shall be outside directors (referring to those directors of a Mutual Company who are neither an executive director (referring to a director of a Mutual Company listed in Article 53-13, paragraph (1), item (i) or (ii) or any other director who has executed the business of the Mutual Company; the same shall apply hereinafter) or executive officer, nor a manager or any other employee of the Mutual Company or its de facto Subsidiary Company, and have never acted as an executive director or executive officer, or as a manager or any other employee of the Mutual Company or its de facto Subsidiary Company; the same shall apply hereinafter).
- (4) An audit committee member may not concurrently act as an executive officer or executive director of the company with Committees or its de facto Subsidiary Company, or as an accounting advisor (or, where the accounting advisor is a juridical person, any member of that juridical person who is supposed to carry out relevant duties) or manager or any other employee of a de facto Subsidiary Company of the company with Committees.

(Removal, etc. of Committee Members)

- Article 53-25 (1) A committee member may be removed at any time by a resolution of the board of directors.
- (2) The provisions of Article 401, paragraphs (2) to (4) inclusive (Removal of Committee Members), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases), Article 876 (Supreme Court Rules) and Article 937, paragraph (1) (limited to the segment pertaining to item (ii), (a) and (c)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to the committee members of a company with Committees. In this case, the term "paragraph (1) of the preceding Article" in Article 401, paragraph (2) of that Act shall be deemed to be replaced with "Article 53-24, paragraph (1) of the Insurance Business Act"; any other

necessary technical change in interpretation shall be specified by a Cabinet Order.

(Election, etc. of Executive Officers)

Article 53-26 (1) A company with Committees shall have one or more executive officers.

(2) An executive officer shall be elected by a resolution of the board of directors.

(3) The relationship between a company with Committees and its executive officers shall be governed by the provisions on mandate.

(4) The provision of Article 53-2, paragraph (1) shall apply mutatis mutandis to an executive officer.

(5) An executive officer may act concurrently as a director.

(6) An executive officer's term of office shall continue until the conclusion of the first board of directors meeting convened after the conclusion of the annual general meeting of members for the last business year ending within one year from the time of their election; provided, however, that this shall not preclude the shortening of his/her term of office by the articles of incorporation.

(7) The provision of Article 402, paragraph (8) (Election of Executive Officers) of the Companies Act shall apply mutatis mutandis to the terms of office of the executive officers of a Mutual Company. In this case, the term "the preceding paragraph" in that paragraph shall be deemed to be replaced with "Article 53-26, paragraph (6) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Dismissal, etc. of Executive Officers)

Article 53-27 (1) An executive officer may be dismissed at any time by a resolution of the board of directors.

(2) An executive officer dismissed pursuant to the provision of the preceding paragraph may demand from the company with Committees compensation for damages arising from the dismissal, unless the company has justifiable grounds for his/her dismissal.

(3) The provisions of Article 401, paragraphs (2) to (4) inclusive of the Companies Act as applied mutatis mutandis pursuant to Article 53-25, paragraph (2), and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases), Article 876 (Supreme Court Rules) and Article 937, paragraph (1) (limited to the segment pertaining to item (ii)), (a)

and (c)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to the cases where a Mutual Company has no executive officer or any vacancy in the number of executive officers prescribed by the articles of incorporation. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Authority, etc. of Committees)

Article 53-28 (1) The nominating Committee shall determine the contents of proposals to be submitted to the General Meeting of members regarding the election and dismissal of directors (or, in a company with accounting advisors, directors and accounting advisors).

(2) The audit Committee shall carry out the following duties:

(i) Auditing the execution of duties by executive officers, etc. (referring to executive officers and directors, or, in a company with accounting advisors, executive officers, directors and accounting advisors; hereinafter the same shall apply in this Division) and preparing audit reports; and

(ii) Determining the contents of proposals to be submitted to the General Meeting of members regarding the election and dismissal of accounting auditors, and the non-reappointment of accounting auditors.

(3) Notwithstanding the provision of Article 361, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-15, and the provisions of Article 379, paragraphs (1) and (2) of that Act as applied mutatis mutandis pursuant to Article 53-17, the compensation committee shall determine the contents of remunerations, etc. (referring to the property considerations received from the Mutual Company in exchange for execution of duties, such as remunerations and bonuses; hereinafter the same shall apply in this paragraph) for individual executive officers, etc. Where an executive officer acts concurrently as a manager or any other employee of the company with Committees, the same shall apply to the contents of remunerations, etc. for such manager or other employee.

(4) A company with Committees may not refuse any of the following requests made to it by a committee member with respect to the execution of his/her duties (limited to a request regarding the execution of the duties of the committee to which he/she belongs; hereinafter the same shall apply in this paragraph), unless the company proves that the expenses or obligations pertaining to the request are not necessary for the execution of the duties of such committee member:

(i) A request for advance payment of expenses;

(ii) A request for reimbursement of paid expenses and any interest incurred thereon from the date of payment; or

(iii) A request for payment of any obligation incurred (or, where the obligation

- is not yet due, furnishing of reasonable security) to the creditor.
- (5) The provisions of Article 405 to 409 inclusive (Investigations by Audit Committees, Duty to Report to Board of Directors, Enjoinment of Acts of Executive Officers, etc. by Audit Committee Members, Representation of Company in Actions between Company with Committees and Executive Officers or Directors, Methods for Decisions on Remuneration by Compensation Committee) of the Companies Act shall apply mutatis mutandis to the Committees or committee members of a company with Committees. In this case, the term "provisions of Article 349, paragraph (4) applied mutatis mutandis under Article 420, paragraph (3), and the provisions of Article 353 and Article 364" in Article 408, paragraph (1) of that Act shall be deemed to be replaced with "provision of Article 349, paragraph (4) as applied mutatis mutandis pursuant to Article 420, paragraph (3) as applied mutatis mutandis pursuant to Article 53-32 of the Insurance Business Act"; the term "Article 349, paragraph (4) applied mutatis mutandis under Article 420, paragraph (3)" in Article 408, paragraph (3) shall be deemed to be replaced with "Article 349, paragraph (4) as applied mutatis mutandis pursuant to Article 420, paragraph (3) as applied mutatis mutandis pursuant to Article 53-32 of the Insurance Business Act"; the term "Article 847, paragraph (1)" in Article 408, paragraph (3), item (i) of that Act shall be deemed to be replaced with "Article 847, paragraph (1) as applied mutatis mutandis pursuant to Article 53-37 of the Insurance Business Act"; the terms "Article 849, paragraph (3)" and "Article 850, paragraph (2)" in Article 408, paragraph (3), item (ii) of that Act shall be deemed to be replaced with "Article 849, paragraph (3) as applied mutatis mutandis pursuant to Article 53-37 of the Insurance Business Act" and "Article 850, paragraph (2) as applied mutatis mutandis pursuant to Article 53-37 of the Insurance Business Act," respectively; and the term "Article 404, paragraph (3)" in Article 409, paragraph (2) of that Act shall be deemed to be replaced with "Article 53-28, paragraph (3) of the Insurance Business Act;" any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (6) The provisions of Part II, Chapter IV, Section 10, Subsection 3 (Operation of Committees) of the Companies Act shall apply mutatis mutandis to the operation of the Committees of a company with Committees; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases)

and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to the application for permission under Article 413, paragraph (3) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 413, paragraph (4); hereinafter the same shall apply in this paragraph) as applied mutatis mutandis pursuant to this Article. In this case, the term "shareholder" in Article 413, paragraph (3) (Minutes) shall be deemed to be replaced with "member (or, where the company has a General Meeting, general representative"; the term "and where it is necessary for the purpose of exercising the rights of a Member of the Parent Company" in Article 413, paragraph (4) shall be deemed to be deleted;" and the term "or its Parent Company or Subsidiary" in Article 413, paragraph (5) of that Act shall be deemed to be replaced with "or its de facto Subsidiary Company as defined in Article 33-2, paragraph (1) of the Insurance Business Act; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Authority of Directors of Companies with Committees)

Article 53-29 The directors of a company with Committees may not execute the business of the company with Committees unless otherwise provided for in this Act or any order pursuant to this Act.

(Authority of Board of Directors of Company with Committees)

Article 53-30 (1) Notwithstanding the provision of Article 53-14, the board of directors of a company with Committees shall carry out the following duties:

- (i) Making decisions on the following matters and any other decision on the execution of the business of the company with Committees:
 - (a) Basic management policy;
 - (b) Matters specified by a Cabinet Office Ordinance as requirements for the execution of the duties of the audit committee;
 - (c) In a Mutual Company with two or more executive officers, matters regarding the interrelationship between executive officers, such as allocation of duties and line of control among executive officers;
 - (d) The directors to receive requests for the convocation of a board of directors meeting under Article 417, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to paragraph (5); and
 - (e) Establishment of a system to ensure that the execution of duties by executive officers conforms to the applicable laws and regulations and the articles of incorporation, as well as any other system required by a Cabinet Office Ordinance to ensure the properness of the Mutual Company's business: and
- (ii) Supervising the execution of duties by executive officers, etc.

(2) The board of directors of a company with Committees shall decide on the

- matters listed in item (i), (a) to (e) inclusive of the preceding paragraph.
- (3) The board of directors of a company with Committees may not delegate to a director the execution of duties listed in paragraph (1), item (i) or (ii).
- (4) The board of directors of a company with Committees may, by adopting a resolution, delegate to an executive officer decisions on the execution of the company's business; provided, however, that this shall not apply to the following matters:
- (i) Decisions on the matters listed in the items of Article 298, paragraph (1) of the Companies Act as applied mutatis mutandis to Article 41, paragraph (1) or Article 49, paragraph (1);
 - (ii) Decisions on the contents of proposals to be submitted to the General Meeting of members (excluding those regarding the election and dismissal of directors, accounting advisors and accounting auditors, and the non-reappointment of accounting auditors);
 - (iii) Authorization under Article 356, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-15 (including the cases where it is applied mutatis mutandis pursuant to the first sentence of Article 419, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 53-32);
 - (iv) Designation of the directors to convene a board of directors meetings under the proviso to Article 366, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-16;
 - (v) Appointment of committee members under Article 53-24, paragraph (2) and removal of committee members under Article 53-25, paragraph (1);
 - (vi) Election of executive officers under Article 53-26, paragraph (2) and dismissal of executive officers under Article 53-27, paragraph (1);
 - (vii) Designation of persons to represent the company with Committees under Article 408, paragraph (1), item (i) of the Companies Act as applied mutatis mutandis pursuant to Article 53-28, paragraph (5);
 - (viii) Appointment of the representative executive officer under the first sentence of Article 420, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-32 and removal of the representative executive officer under Article 420, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 53-32;
 - (ix) Exemption from liability under Article 53-33, paragraph (1) pursuant to the provisions of the articles of incorporation under Article 426, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-36 with relevant changes in interpretation;
 - (x) Authorization under Article 54-4, paragraph (3) and Article 54-10, paragraph (5);
 - (xi) Decisions on the contents of any contract pertaining to the acts listed in

- the items of Article 62-2, paragraph (1);
 - (xii) Decisions on the contents of any entity conversion plan; and
 - (xiii) Decisions on the contents of any merger agreement.
- (5) The provision of Article 417 (Operations of Board of Directors of Company With Committees) of the Companies Act shall apply mutatis mutandis to the operation of the board of directors of a company with Committees. In this case, the term "paragraph (1), item (i)-2 of the preceding Article" in paragraph (2) of that Article shall be deemed to be replaced with "Article 53-30, paragraph (1), item (i), (d) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Authority of Executive Officers)

Article 53-31 The executive officers shall carry out the following duties:

- (i) Making decisions on the execution of the operations of the company with Committees as delegated by a resolution of the board of directors under paragraph (4) of the preceding Article; and
- (ii) Executing the business of the company with Committees.

(Application mutatis mutandis of Companies Act)

Article 53-32 The provisions of Article 419 (excluding the second sentence of paragraph (2)) (Executive Officer's Duty to Report to Audit Committee Members), Article 421 (Apparent Representative Executive Officers) and Article 422, paragraph (1) (Enjoinment of Acts of Executive Officers by Shareholders) of the Companies Act shall apply mutatis mutandis to the executive officers of a company with Committees; the provision of Article 420 (Representative Executive Officers) shall apply mutatis mutandis to the representative executive officer of a company with Committees; the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to the executive officers or representative executive officer of a company with Committees; and the provision of Article 937, paragraph (1) (limited to the segment pertaining to item (ii), (a) and (c)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to the representative executive officer of a company with Committees. In this case, the term "Article 355, Article 356 and Article 365, paragraph (2)" in the first

sentence of Article 419, paragraph (2) of that Act shall be deemed to be replaced with "Article 355, Article 356 and Article 365, paragraph (2) as applied mutatis mutandis pursuant to Article 53-15 of the Insurance Business Act"; the term "Article 357" in Article 419, paragraph (3) shall be deemed to be replaced with "Article 357 as applied mutatis mutandis pursuant to Article 53-15 of the Insurance Business Act"; the terms "Article 349, paragraphs (4) and (5)," "Article 352" and "Article 401, paragraphs (2) to (4) inclusive" in Article 420, paragraph (3) of that Act shall be deemed to be replaced with "Article 349, paragraphs (4) and (5) as applied mutatis mutandis pursuant to Article 53-15 of the Insurance Business Act," "Article 352 as applied mutatis mutandis pursuant to Article 53-15 of that Act" and "Article 401, paragraphs (2) to (4) inclusive as applied mutatis mutandis pursuant to Article 53-25 of the Insurance Business Act," respectively; and the term "shareholders having the shares" in Article 422, paragraph (1) of that Act shall be deemed to be replaced with "persons who have been members"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 9 Liability for Damages of Officers, etc.

(Liability of Damages of Officers, etc. to Mutual Company)

- Article 53-33 (1) Directors, executive officers, accounting advisors, company auditors or accounting auditors (hereinafter referred to as "Officers, etc." in this Division) who have neglected their duties shall be liable to the Mutual Company for any damage resulting from such neglect.
- (2) Where a director or executive officer has engaged in the transaction set forth in Article 356, paragraph (1), item (i) (Restrictions on Competition and Conflict of Interest Transactions) of the Companies Act in violation of the provision of Article 356, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 53-15 (including the cases where it is applied mutatis mutandis pursuant to the first sentence of Article 419, paragraph (2) of that Act as applied mutatis mutandis pursuant to the preceding Article; hereinafter the same shall apply in this paragraph), the amount of the profits obtained by the director, executive officer or a third Party as a result of such transaction shall be presumed to be the amount of the damage set forth in the preceding paragraph.
- (3) Where a Mutual Company incurs any damage as a result of the transaction set forth in Article 356, paragraph (1), item (ii) or (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 53-15 (including the cases where it is applied mutatis mutandis pursuant to the first sentence of Article 419, paragraph (2) of that Act as applied mutatis mutandis pursuant to the preceding Article), the following directors or executive officers shall be

presumed to have neglected their duties:

- (i) The directors or executive officers set forth in Article 356, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-15 (including the cases where it is applied mutatis mutandis pursuant to the first sentence of Article 419, paragraph (2) of that Act as applied mutatis mutandis pursuant to the preceding Article);
- (ii) The directors or executive officers who have decided that the Mutual Company carry out such transaction; or
- (iii) The directors who have agreed to the board of directors' resolution approving such transaction (in a company with Committees, limited to the cases where such transaction is carried out between the company with Committees and the directors or gives rise to a conflict of interest between the company with Committees and the directors).

(Exemption from Liability for Damages to Mutual Company)

Article 53-34 Officers, etc. may not be exempted from the liability under paragraph (1) of the preceding Article without the consent of all members.

(Liability for Damages of Officers, etc. to Third Parties)

Article 53-35 (1) Officers, etc. shall be liable for any damage incurred by a third Party as a result of their bad faith or gross negligence in carrying out their duties.

(2) The provision of the preceding paragraph shall also apply where the persons listed in the following items have carried out the acts provided for in the relevant items; provided, however, that this shall not apply to the cases where such persons prove that they did not fail to exercise due care in carrying out their duties:

- (i) Directors and executive officers: the following acts:
 - (a) False notice with respect to important matters which shall be notified in soliciting funds or subscribers for company bonds (referring to the company bonds as defined in Article 61), or false statement or record with respect to a material used in explaining the business or any other matter of the Mutual Company for the purpose of such solicitation;
 - (b) False statement or record with respect to an important matter to be described in, or recorded on financial statements and business reports, and annexed detailed statements thereto;
 - (c) False registration; and
 - (d) False public notice (including the measures provided for in Article 54-7, paragraph (3));
- (ii) Accounting advisors: false statement or record with respect to an important matter to be described in, or recorded on financial statements and annexed

- detailed statements thereto, and accounting advisors' reports:
- (iii) Auditors and Audit Committee Members: false statement or record with respect to an important matter to be described in, or recorded on audit reports: and
 - (iv) Accounting auditors: false statement or record with respect to an important matter to be described in, or recorded on accounting audit reports.

(Application mutatis mutandis of Companies Act)

Article 53-36 The provisions of Article 425 (excluding paragraph (1), item (ii), the second sentence of paragraphs (4) and (5)) (Partial Exemption from Liability), Article 426 (excluding paragraph (4)) (Provisions of Articles of Incorporation on Exemption by Directors), Article 427 (Contracts for Limitation of Liability), Article 428 (Special Provision on Transactions Carried Out by Director for Himself/Herself) and Article 430 (Joint and Several Liabilities of Officers, etc.) of the Companies Act shall apply mutatis mutandis to the liability for damages of the Officers, etc. of a Mutual Company. In this case, the terms "Article 423, paragraph (1)" and "Article 424" in those provisions shall be deemed to be replaced with "Article 53-33, paragraph (1) of the Insurance Business Act" and "Article 53-34 of the Insurance Business Act," respectively; the term "resolution" in Article 425, paragraph (1) of that Act shall be deemed to be replaced with "the resolution set forth in Article 62, paragraph (2) of the Insurance Business Act"; the term "the consent of directors with respect to exemption from liability under the provisions of the articles of incorporation pursuant to the provisions of that paragraph (limited to exemption from liability of directors (excluding those who are Audit Committee Members) and executive officers) is to be obtained, and to the cases where a proposal regarding such exemption from liability" in Article 426, paragraph (2) of that Act shall be deemed to be replaced with "a proposal regarding the exemption of liability pursuant to the provisions of the articles of incorporation under that paragraph (limited to the exemption from liability of directors (excluding those who are Audit Committee Members) and executive officers)"; the term "shareholders having not less than three hundredths (or, in cases where lesser proportion is prescribed in the articles of incorporation, such proportion) of the votes of all shareholders (excluding Officers, etc. subject to the liability referred to in paragraph (3))" in Article 426, paragraph (5) shall be deemed to be replaced with "members representing at least three thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership (excluding the number of members who are Officers, etc. subject to the liability referred to in paragraph (3)) of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 38,

paragraph (1) of the Insurance Business Act"); and the term "Article 425, paragraphs (4) and (5)" in Article 427, paragraph (5) of that Act shall be deemed to be replaced with "the first sentence of Article 425, paragraph (4)"; any other necessary technical change in interpretation shall be prescribed by a Cabinet Order.

(Lawsuit for Accountability, etc. in Mutual Company)

Article 53-37 The provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (5), Article 851, paragraph (1), item (i) and Article 851, paragraph (2)) (Lawsuit for Accountability, etc. in Stock Company) of the Companies Act shall apply mutatis mutandis to a lawsuit for accountability in a Mutual Company; and the provisions of Section 3 of said Chapter (excluding Article 854, paragraph (1), item (i), (a) and Article 854, paragraphs (2) to (4) inclusive) (Lawsuit for Dismissal of Officer in Stock Company) and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (j)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to a lawsuit for dismissal of an officer in a Mutual Company. In this case, the terms "shareholders having the shares (excluding the holders of shares less than one unit who may not exercise their rights pursuant to the provisions of the articles of incorporation under Article 189, paragraph (2)" and "Article 423, paragraph (1)" in Article 847, paragraph (1) (Lawsuit for Accountability, etc.) of that Act shall be deemed to be replaced with "persons who have been members" and "Article 53-33, paragraph (1) of Insurance Business Act," respectively; the term "shareholder" in Article 847, paragraphs (3) to (5) inclusive and (7) shall be deemed to be replaced with "member"; and the provision of Article 854, paragraph (1), item (i) of that Act shall be deemed to be replaced with "members representing at least three thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or three thousand (or any smaller number prescribed by the articles of incorporation) or more members of a Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 38, paragraph (1) of the Insurance Business Act), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation) (or, where the company has a General Meeting, those members or nine (or any smaller number prescribed by the articles of incorporation) or more general representatives"; any other necessary technical change in interpretation shall be prescribed by a Cabinet Order.

Subsection 5 Accounting, etc. for Mutual Company

Division 1 Accounting Principles

Article 54 Accounting for a Mutual Company shall be subject to such business accounting practices that are generally accepted as fair and adequate.

Division 2 Financial Statements, etc.

(Preparation and Retention, etc. of Accounting Books)

Article 54-2 (1) A Mutual Company must prepare accurate account books in a timely manner pursuant to the provisions of a Cabinet Office Ordinance.

(2) A Mutual Company shall retain its account books and important materials regarding its business for ten years from the time of the closing of the account books.

(3) The court may, on application or by its own authority, order a Party in a lawsuit to submit the accounting books in whole or in Part.

(Preparation and Retention of Financial Statements, etc.)

Article 54-3 (1) A Mutual Company shall prepare a balance sheet as at the date of its establishment pursuant to the provisions of a Cabinet Office Ordinance.

(2) A Mutual Company shall, pursuant to the provisions of a Cabinet Office Ordinance, prepare financial statements (referring to the balance sheet, profit and loss statement, proposal on appropriation of surplus or disposal of losses and any other statement specified by a Cabinet Office Ordinance as necessary and appropriate in order to indicate the status of the Mutual Company's property and profits or losses; hereinafter the same shall apply in this Division) and a business report for each business year, and annexed detailed statements thereto.

(3) The financial statements and business report, and annexed detailed statements thereto may be prepared in the form of electromagnetic record.

(4) A Mutual Company shall retain its financial statements and annexed detailed statements thereto for ten years from the time of preparation of the financial statements.

(Audit, etc. of Financial Statements, etc.)

Article 54-4 (1) In a Mutual Company (other than a company with accounting auditors), the financial statements and business report, and annexed detailed statements thereto under paragraph (2) of the preceding Article, shall be audited by the company auditors pursuant to the provisions of a Cabinet Office Ordinance.

(2) In a company with accounting auditors, the documents listed in the following items shall be audited by the persons listed in the relevant items pursuant to

the provisions of a Cabinet Office Ordinance:

- (i) The financial statements and annexed detailed statements thereto set forth in paragraph (2) of the preceding Article: the company auditors (or, in a company with Committees, the audit committee) and accounting auditors; and
 - (ii) The business report and annexed detailed statements thereto set forth in paragraph (2) of the preceding Article: the company auditors (or, in a company with Committees, the audit committee).
- (3) The financial statements and business report, and annexed detailed statements thereto audited under the preceding two paragraphs shall be approved by the board of directors.

(Provision of Financial Statements, etc. to Members)

Article 54-5 In giving a notice of convocation of the annual general meeting of members (or, where the company has a General Meeting, annual general meeting; hereinafter the same shall apply in this Subsection), the directors shall, pursuant to the provisions of a Cabinet Office Ordinance, provide the members (or, in a Mutual Company with a General Meeting, general representatives; hereinafter the same shall apply in this Subsection) with the financial statements and business report (including any audit report or accounting audit report) that have been approved under paragraph (3) of the preceding Article.

(Submission, etc. of Financial Statements, etc. to Annual General Meeting of Members)

- Article 54-6 (1) The directors shall submit or provide the financial statements and business report approved under Article 54-4, paragraph (3) to the annual general meeting of members.
- (2) The financial statements submitted or provided pursuant to the provision of the preceding paragraph shall be approved by the annual general meeting of members.
 - (3) The directors shall report the contents of the business report submitted or provided pursuant to the provision of paragraph (1) to the annual general meeting of members.
 - (4) In a company with accounting auditors, for the purpose of applying the provisions of the preceding two paragraphs to the cases where the financial statements approved under Article 54-4, paragraph (3) satisfy the requirements specified by a Cabinet Office Ordinance for accurate indication of the status of a Mutual Company's property and profits or losses in compliance with the applicable laws and regulations and the articles of incorporation, the term "financial statements" in paragraph (2) shall be deemed to be replaced

with "proposal on appropriation of surplus or disposal of losses"; and the term "business report" in the preceding paragraph shall be deemed to be replaced with "financial statements (excluding the proposal on appropriation of surplus or disposal of losses) and business report."

(Public Notice of Financial Statements)

Article 54-7 (1) A Mutual Company shall, pursuant to the provisions of a Cabinet Office Ordinance, give public notice of its balance sheet (or, in a Mutual Company set forth in Article 53-14, paragraph (5), its balance sheet and profit and loss statement) without delay after the conclusion of the annual general meeting of members.

(2) Notwithstanding the provision of the preceding paragraph, it shall be sufficient for a Mutual Company which adopts, as its Method of Public Notice, publication in a daily newspaper that publishes matters on current events, to give public notice of the gist of the balance sheet set forth in that paragraph.

(3) Pursuant to the provisions of a Cabinet Office Ordinance, the Mutual Company set forth in the preceding paragraph may, without delay after the conclusion of the annual general meeting of members, take measures to make the information contained in the balance sheet provided for in paragraph (1) constantly available to many and unspecified persons by electromagnetic means for a period of five years from the date on which the annual general meeting of members was concluded. The provisions of the preceding two paragraphs shall not apply in this case.

(4) The provisions of the preceding three paragraphs shall not apply to a Mutual Company which shall submit its securities report to the Prime Minister pursuant to the provision of Article 24, paragraph (1) (Submission of Securities Report) of the Financial Instruments and Exchange Act.

(Keeping and Inspection, etc. of Financial Statements, etc.)

Article 54-8 (1) A Mutual Company shall keep its financial statements and business report for each business year, and annexed detailed statements thereto (including the audit report or accounting audit report; hereinafter referred to as "Financial Statements, etc." in this Article) at its principal office for a period of five years from the day which is two weeks before the date of the annual general meeting of members (or, in the case of Article 319, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1), the date of the proposal set forth in that paragraph).

(2) A Mutual Company shall keep the copies of its Financial Statements, etc. for each business year at its secondary offices for a period of three years from the day which is two weeks before the date of the annual general meeting of members (or, in the case of Article 319, paragraph (1) of the Companies Act as

applied mutatis mutandis pursuant to Article 41, paragraph (1), the date of the proposal set forth in that paragraph); provided, however, that this shall not apply to the cases where the Financial Statements, etc. are prepared in the form of electromagnetic record, if the Mutual Company adopts the measures specified by a Cabinet Office Ordinance in order to enable its secondary offices to meet the requests listed in items (iii) and (iv) of the following paragraph.

- (3) The creditors and insured of a Mutual Company, such as Policyholders and beneficiaries of insurance claims may make the following requests at any time during the business hours of the Mutual Company; provided, however, that they pay the fees determined by the Mutual Company in making a request falling under item (ii) or (iv):
- (i) Where the Financial Statements, etc. are prepared in writing, a request for inspection of such documents or copies of such documents;
 - (ii) A request for a transcript or extract of the documents referred to in the preceding item;
 - (iii) Where the Financial Statements, etc. are prepared in the form of electromagnetic record, a request for inspection of anything that displays the matters recorded on the electromagnetic record in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding item by the electromagnetic means determined by the Mutual Company, or for any document that describes such matters.

(Order to Submit Financial Statements, etc.)

Article 54-9 The court may, on application or by its own authority, order a Party in a lawsuit to submit in whole or in Part the financial statements and annexed detailed statements thereto.

(Consolidated Financial Statements)

- Article 54-10 (1) A company with accounting auditors may, pursuant to the provisions of a Cabinet Office Ordinance, prepare consolidated financial statements (referring to those statements specified by a Cabinet Office Ordinance as necessary and appropriate in order to indicate the status of the property and profits or losses of a corporate group comprised of the company with accounting auditors and its de facto Subsidiary Companies; hereinafter the same shall apply in this Article) for each business year.
- (2) Consolidated financial statements may be prepared in the form of electromagnetic record.
- (3) An entity that is a Mutual Company set forth in Article 53-14, paragraph (5) as at the last day of a business year shall submit a securities report to the

Prime Minister pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act and shall prepare consolidated financial statements for the business year.

- (4) Consolidated financial statements shall be audited by the company auditors (or, in a company with Committees, the audit committee) and accounting auditors pursuant to the provisions of a Cabinet Office Ordinance.
- (5) The consolidated financial statements audited under the preceding paragraph shall be approved by the board of directors.
- (6) The provisions of Article 54-5 and Article 54-6, paragraphs (1) and (3) shall apply mutatis mutandis to consolidated financial statements. In this case, the term "contents of the business report" in Article 54-6, paragraph (3) shall be deemed to be replaced with "contents of the consolidated financial statements and the result of audit under Article 54-10, paragraph (4)"; any technical change in interpretation shall be specified by a Cabinet Order.

Division 3 Payment of Interest on Funds, Redemption of Funds and Distribution of Surplus

(Restrictions on Payment of Interest on Funds, etc.)

Article 55 (1) Payment of interest on funds may be made in an amount not exceeding the amount of net assets on the balance sheet after deducting the sum total of the following amounts (referred to as "maximum limit of interest payment" in Article 55-3, paragraph (3), item (i)):

- (i) The total amount of funds;
 - (ii) The deficiency reserve and the reserve for redemption of funds set forth in Article 56 (including the total amount of any reduction of the reserve for redemption of funds pursuant to the provision of Article 59, paragraph (2); the same shall apply in the following paragraph); and
 - (iii) Other amounts specified by a Cabinet Office Ordinance.
- (2) Redemption of funds or distribution of surplus may be made in an amount not exceeding the amount of net assets on the balance sheet after deducting the sum total of the following amounts (referred to as "maximum limit of redemption, etc." in Article 55-3, paragraph (3), item (ii)); provided, however, that such redemption or distribution may only be effected after the amount credited to assets in the balance sheet pursuant to the provision of the first sentence of Article 113 (including the cases where it is applied mutatis mutandis pursuant to Article 272-18) has been amortized in full:
- (i) The total amount of funds;
 - (ii) The deficiency reserve and the reserve for redemption of funds set forth in Article 56;
 - (iii) The amount of interest on funds paid under the preceding paragraph;

- (iv) The deficiency reserve to be set aside for the accounting period; and
 - (v) Other amounts specified by a Cabinet Office Ordinance.
- (3) Where a Mutual Company has made any payment of interest on funds, or redemption of funds or distribution of surplus in violation of the provisions of the preceding two paragraphs, a creditor of the Mutual Company may cause it to refund the money thus expended.

(Distribution of Surplus)

Article 55-2 (1) Any distribution of surplus shall be made in compliance with the requirements specified by a Cabinet Office Ordinance for fair and equitable distribution.

- (2) A Mutual Company shall, as the matters listed in Article 23, paragraph (1), item (vii), prescribe in its articles of incorporation that, where the company makes an appropriation of surplus for each accounting period, it shall set aside at least the amount obtained by multiplying the appropriable amount specified by a Cabinet Office Ordinance by a certain proportion as the reserve for distributing surplus to members pursuant to the provisions of a Cabinet Office Ordinance.
- (3) The certain proportion set forth in the preceding paragraph shall not be less than the proportion specified by a Cabinet Office Ordinance.
- (4) Notwithstanding the provisions of the preceding two paragraphs, a Mutual Company may, where it faces unavoidable circumstances in light of the status of its settlement of account, prescribe in its articles of incorporation that, so far as the appropriation of surplus for the accounting period is concerned, the company shall set aside as the Reserves specified by a Cabinet Office Ordinance under paragraph (2) the amount obtained by multiplying the amount prescribed by a Cabinet Office Ordinance under paragraph (2) by a ratio which is smaller than that prescribed by a Cabinet Office Ordinance under the preceding paragraph.
- (5) Any provision in the articles of incorporation under the preceding paragraph shall not take effect unless it is approved by the Prime Minister.

(Liability for Payment of Interest on Funds, etc.)

Article 55-3 (1) Where a Mutual Company has paid any interest on funds in violation of the provision of Article 55, paragraph (1), or made any redemption of funds or distribution of surplus in violation of the provision of paragraph (2) of the same Article, the persons who were granted any money due to such act (referred to as "payment of interest on funds, etc." hereinafter in this Article as well as in the following Article) and the persons listed in the following items shall jointly and severally assume the obligation to pay to the Mutual Company the exact amount of money that those recipients have been granted:

- (i) The executing person who has carried out any duty related to the payment of interest on funds, etc. (referring to the executive director (or, in a company with Committees, executive officer) or any other person specified by a Cabinet Office Ordinance as having participated, in the course of functions, in the execution of duties to be carried out by the executive director); and
 - (ii) Where the annual general meeting of members has adopted a resolution pertaining to a proposal related to the appropriation of surplus or disposal of losses (limited to the cases where the contents of the proposal approved by the resolution are in violation of the provision of Article 55, paragraph (1) or (2)), the person specified by a Cabinet Office Ordinance as the director who has presented the proposal to the annual general meeting of members.
- (2) Notwithstanding the provision of the preceding paragraph, a person listed in item (i) or (ii) of that paragraph shall not assume the obligation under that paragraph, if the person proves that he/she did not fail to exercise due care in carrying out his/her duties.
- (3) A person listed in the items of paragraph (1) may not be exempted from the obligation under that paragraph; provided, however, that this shall not apply to the whole membership consents to exempt the person from the obligation to the amount prescribed in the relevant items in the cases listed in the following items:
- (i) In the case of a payment of interest on funds: maximum limit of interest payment; or
 - (ii) In the case of a redemption of funds or distribution of surplus (excluding the cases set forth in the proviso to Article 55, paragraph (2)): maximum limit of redemption, etc.

(Restrictions, etc. on Right to Obtain Reimbursement from Members)

Article 55-4 Where a Mutual Company has made any payment of interest on funds, etc. in violation of the provision of Article 55, paragraph (1) or (2), a member without knowledge of such violation shall not be obliged to meet any request for reimbursement made by a person listed in the items of paragraph (1) of the preceding Article who has paid the money prescribed in that paragraph.

Division 4 Reserve for Redemption of Funds and Deficiency Reserve

(Establishment of Reserve for Redemption of Funds)

- Article 56 (1) A Mutual Company shall, in redeeming its funds, set aside the amount of money to be redeemed as the reserve for redemption of funds.
- (2) A Mutual Company shall, when it is released from any debt pertaining to its funds, deduct the amount of debt thus relieved from the total amount of its

funds and set it aside as the reserve for redemption of funds.

(Reduction of Reserve for Redemption of Funds)

- Article 57 (1) A Mutual Company may reduce the amount of the reserve for redemption of funds by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting).
- (2) The resolution set forth in the preceding paragraph shall be a resolution under Article 62, paragraph (2).
- (3) The documents prescribed in Articles 18, 19 and 46 of the Commercial Registration Act as well as the following documents shall be attached to a written application for registration of change due to any reduction of the reserve for redemption of funds pursuant to the provision of paragraph (1):
- (i) A written statement certifying that the company has given a public notice under Article 17, paragraph (2) as applied mutatis mutandis pursuant to the following paragraph with relevant changes in interpretation;
 - (ii) Where any Policyholder or other creditor has stated his/her objection under Article 17, paragraph (4) as applied mutatis mutandis pursuant to the following paragraph with relevant changes in interpretation, a written statement certifying that the company has made payment or provided equivalent security to such Policyholder or other creditor or entrusted equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment, or that the reduction of the reserve for redemption of funds poses no risk of harming the interest of such Policyholder or other creditor; and
 - (iii) A written statement certifying that the number of the Policyholders who have stated their objections under Article 17, paragraph (6) as applied mutatis mutandis pursuant to the following paragraph with relevant changes in interpretation has not exceeded one fifth of the total number of Policyholders set forth in that paragraph, or a written statement certifying that the amount specified by a Cabinet Office Ordinance as belonging to such Policyholders has not exceeded one fifth of the total amount set forth in that paragraph.
- (4) The provisions of Article 16, paragraph (1) (excluding the proviso thereto) and (2), Article 17 (excluding the proviso to paragraph (1)), Article 17-2, paragraph (4), and Article 17-4 shall apply mutatis mutandis to a reduction of the reserve for redemption of funds under paragraph (1). In this case, the term "reduction of the capital, etc." in those provisions shall be deemed to be replaced with "reduction of the reserve for redemption of funds"; the terms "A Stock Company" and "ranging from two weeks before the date of the shareholders meeting pertaining to the resolution on the reduction of the capital, etc. (or, the date of the board of directors meeting where Article 447, paragraph (3)

(Reductions in Amount of Capital) or Article 448, paragraph (3) (Reductions in Amount of Reserves) of the Companies Act Applies) to six months from the Effective Date of the reduction of the capital, etc." in Article 16, paragraph (1) shall be deemed to be replaced with "In the case of Article 57, paragraph (1), a Mutual Company" and "ranging from two weeks before the date of the General Meeting of members (or General Meeting, where the company has such meeting) pertaining to the resolution under that paragraph to six months from the date of the reduction of the reserve for redemption of funds" respectively; the term "Where a Stock Company reduces the amount of its capital, etc. (excluding the cases where the whole of the amount by which the Reserves are reduced is appropriated to the capital)" in Article 17, paragraph (1) shall be deemed to be replaced with "In the case of Article 57, paragraph (1)"; and the term "Article 447, paragraph (1) (Reductions in amount of the Capital) or Article 448, paragraph (1) (Reductions in amount of Reserves) of the Companies Act" in Article 17, paragraph (6) shall be deemed to be replaced with "Article 57, paragraph (1)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (5) Any reduction of the reserve for redemption of funds under paragraph (1) shall not take effect unless it is approved by the Prime Minister.
- (6) The provisions of Article 828, paragraph (1) (limited to the segment pertaining to item (v)) and (2) (limited to the segment pertaining to item (v)) (Claim Seeking Nullification of Acts Related to Organization of Company), Article 834 (limited to the segment pertaining to item (v)) (Defendant), Article 835, paragraph (1) (Jurisdiction of Claim), Article 836 to 839 inclusive (Order to Furnish Security, Compulsory Consolidation of Oral Arguments, etc., Scope of Effect of Judgment in Favor of Claim, Effect of Judgment of Nullity or Rescission), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (d)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to a claim for the nullification of a reduction of the reserve for redemption of funds. In this case, the term "shareholders, etc." in Article 828, paragraph (2), item (v) of that Act shall be deemed to be replaced with "members, directors, company auditors or liquidators (or, in a company with Committees, members, directors, executive officers or liquidators) of a Mutual Company"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Deficiency Reserve)

Article 58 A Mutual Company shall set aside at least three thousandths of the amount expended in each accounting period for appropriation of surplus (including that Part of the reserve set forth in Article 55-2, paragraph (2)

which is to be set aside pursuant to the provisions of a Cabinet Office Ordinance) as the deficiency reserve, until such time as its funds (including the reserve for redemption of funds set forth in Article 56) reach their full amount (or any larger amount prescribed by the articles of incorporation).

(Reduction of Deficiency Reserve, etc. to Compensate Losses)

Article 59 (1) The loss compensation reserve may not be reduced, except in the case of allocating it to loss compensation.

(2) By derogation from Article 57, the reserve for redemption of funds may be reduced to compensate for the losses, where the deficiency reserve is not sufficient to cover the whole losses.

Subsection 6 Solicitation of Additional Funds

(Solicitation of Additional Funds)

Article 60 (1) A Mutual Company may, even after its establishment, solicit additional funds by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting; hereinafter the same shall apply in this paragraph). In this case, the Mutual Company shall determine the amount of such additional funds by a resolution of the General Meeting of members.

(2) The resolution specified in the preceding paragraph shall be a resolution under Article 62, paragraph (2).

(Offer of Contribution to Funds)

Article 60-2 (1) A Mutual Company shall notify the following matters to the persons who intend to offer a contribution to its funds in response to a solicitation under paragraph (1) of the preceding Article:

(i) Matters listed in Article 23, paragraph (1), item (ii) and items (iv) to (vi) inclusive;

(ii) The amount of the additional funds to be solicited, the rights enjoyed by the contributors to the funds and the method of redemption of the funds;

(iii) Payment date; and

(iv) The banks, etc. and other places where the payment of contribution to the funds is to be handled.

(2) A person who offers to contribute to funds in response to the solicitation under paragraph (1) of the preceding Article shall submit to the Mutual Company a document specifying the following matters:

(i) Name and address of the person who makes the offer; and

(ii) Planned amount of contribution to the funds.

(3) In addition to the documents specified in Articles 18 and 46 of the

Commercial Registration Act as applied mutatis mutandis pursuant to Article 67, the following documents shall be attached to the written application for registration of change due to any solicitation of additional funds under paragraph (1) of the preceding Article:

(i) A document certifying the offer of contribution to the funds or a contract under Article 30 as applied mutatis mutandis pursuant to the following paragraph; and

(ii) A document certifying that payment has been made to the funds under Article 30-3, paragraph (1) as applied mutatis mutandis pursuant to the following paragraph.

(4) The provisions of Article 28, paragraphs (3) to (6) inclusive, Article 29 to 30-2 inclusive, Article 30-3 (excluding paragraphs (2) and (3)), and Article 30-5, paragraphs (2) and (3) shall apply mutatis mutandis to the solicitation of additional funds under paragraph (1) of the preceding Article. In this case, the term "incorporators" in those provisions shall be deemed to be replaced with "Mutual Company"; the term "preceding paragraph" in Article 28, paragraph (3) shall be deemed to be replaced with "Article 60-2, paragraph (2)"; the terms "the items of paragraph (1)" and "paragraph (2)" in Article 28, paragraph (4) shall be deemed to be replaced with "Article 60-2 the items of paragraph (1)" and "paragraph (2) of the same Article," respectively; the term "paragraph (2), item (i)" in Article 28, paragraph (5) shall be deemed to be replaced with "Article 60-2, paragraph (2), item (i)"; the term "paragraph (2), item (ii) of the preceding Article" in Article 29, paragraph (1) shall be deemed to be replaced with "Article 60-2, paragraph (2), item (ii)"; the term "the preceding two Articles" in Article 30 shall be deemed to be replaced with "Article 60-2, paragraph (1) (excluding item (iii)), and Article 28, paragraphs (3) to (6) inclusive and the preceding Article as applied mutatis mutandis pursuant to paragraph (4) of the same Article"; the terms "without delay" and "Article 28, paragraph (1), item (iii)" in Article 30-3, paragraph (1) shall be deemed to be replaced with "on the date set forth in Article 60-2, paragraph (1), item (iii)" and "Article 60-2, paragraph (1), item (iv)," respectively; the term "solicited at incorporation who has received the notice under paragraph (2) shall, unless he/she makes the payment by the date set forth in that paragraph" in Article 28, paragraph (5) be deemed to be replaced with ", unless he/she makes the payment by the date set forth in paragraph (1);" and the term "After the establishment of the Mutual Company" in Article 30-5, paragraph (3) shall be deemed to be replaced with "After a year has elapsed since the date of registration of change due to a solicitation of additional funds under Article 60, paragraph (1)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(5) The provisions of Article 828, paragraph (1) (limited to the segment

pertaining to item (ii)) and (2) (limited to the segment pertaining to item (ii)) (Claim Seeking Nullification of Acts Related to Organization of Company), Article 834 (limited to the segment pertaining to item (ii)) (Defendant), Article 835, paragraph (1) (Jurisdiction of Claim), Article 836, paragraphs (1) and (3) (Order to Furnish Security), Article 837 to 840 inclusive (Compulsory Consolidation of Oral Arguments, etc., Scope of Effect of Judgment in Favor of Claim, Effect of Judgment of Nullity or Rescission, Effect of Judgment of Nullity on Issue of New Shares), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (b)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to a claim for the nullification of a solicitation of additional funds under paragraph (1) of the preceding Article; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious cases), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (ii)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 to 877 inclusive (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases, Supreme Court Rules, Compulsory Consolidation of Hearings, etc.) and Article 878, paragraph (1) (Effect of Judicial Decision) of that Act shall apply mutatis mutandis to an application under Article 840, paragraph (2) of that Act as applied mutatis mutandis pursuant to this paragraph. In this case, the term "shareholders, etc." in Article 828, paragraph (2), item (ii) of that Act shall be deemed to be replaced with "members, directors, company auditors or liquidators (or, in a company with Committees, members, directors, executive officers or liquidators) of a Mutual Company;" any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Subsection 7 Solicitation of Subscribers for Bonds Issued by Mutual Company

(Determination of Matters on Bonds for Subscription)

Article 61 Whenever a Mutual Company intends to solicit persons who subscribe for the bonds (referring to the monetary claims against the Mutual Company which accrue as a result of any allocation made by the Mutual Company pursuant to the provisions of this Act and which are to be redeemed under fixed conditions regarding the following matters; hereinafter the same shall apply in this Subsection) that it issues, the company shall determine the following matters with respect to the bonds for subscription (referring to the bonds that will be allocated to the persons who have subscribed for such bonds in response to the solicitation; hereinafter the same shall apply in this

Subsection):

- (i) The total amount of the bonds for subscription;
- (ii) The amount of each bond for subscription;
- (iii) Interest rate on the bonds for subscription;
- (iv) The method and due date of redemption of the bonds for subscription;
- (v) The method and due date of interest payment;
- (vi) Where bond certificates are to be issued, a statement to that effect;
- (vii) Where it is to be arranged that bondholders may not make, in whole or in Part, a demand under Article 698 of the Companies Act as applied mutatis mutandis pursuant to Article 61-5, a statement to that effect;
- (viii) Where it is to be arranged that the bond administrator may perform the act listed in Article 61-7, paragraph (4), item (ii) in the absence of a resolution of the bondholders meeting, a statement to that effect;
- (ix) The amount to be paid in for each bond for subscription (referring to the amount of money to be paid in exchange for each bond for subscription: hereinafter the same shall apply in this Subsection) or the minimum amount thereof, or the method of calculating such amount;
- (x) Due date for payment of the money in exchange for the bonds for subscription;
- (xi) Where it is to be arranged that the bonds for subscription shall not be issued in their entirety unless the persons to whom the bonds for subscription will be allocated are not prescribed for the total amount of the bonds by a certain date, a statement to that effect and that certain date; and
- (xii) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.

(Offer of Subscription for Bonds)

Article 61-2 (1) A Mutual Company shall notify the following matters to the persons who intend to offer a subscription for bonds in response to a solicitation under the preceding Article:

- (i) Name of the Mutual Company;
 - (ii) Matters listed in the items of the preceding Article pertaining to such solicitation; and
 - (iii) In addition to what is listed in the preceding two items, matters specified by a Cabinet Office Ordinance.
- (2) A person who offers to subscribe for bonds in response to the solicitation under the preceding Article shall submit to the Mutual Company a document specifying the following matters:
- (i) Name and address of the person who makes the offer;
 - (ii) The total par value of the bonds for which he/she intends to subscribe and the number of bonds by par value; and

- (iii) Where the Mutual Company has prescribed the minimum amount under item (ix) of the preceding Article, the preferred amount to be paid in.
- (3) A person who makes an offer under the preceding paragraph may, in lieu of submitting the document prescribed in that paragraph, and pursuant to the provisions of a Cabinet Order, provide the matters to be indicated in such document by electromagnetic means, with the consent of the Mutual Company. In this case, the person who has made the offer shall be deemed to have submitted the document prescribed in that paragraph.
- (4) The provision of paragraph (1) shall not apply to the cases where the Mutual Company has issued to the person who intends to make an offer under paragraph (1) the prospectus prescribed in Article 2, paragraph (10) (Definitions) of the Financial Instruments and Exchange Act that describes the matters listed in the items of paragraph (1), or to any other case specified by a Cabinet Office Ordinance as posing no risk to the protection of persons who intend to offer a subscription for bonds.
- (5) The Mutual Company shall immediately notify a person who has made an offer under paragraph (2) (hereinafter referred to as "Offeror" in this Subsection) of any change in the matters listed in the items of paragraph (1) and the matter affected by the change.
- (6) It shall be sufficient for a notice or demand to an Offeror to be sent by the Mutual Company to the address specified under paragraph (2), item (i) (or to any other place or contact address notified by the Offeror to the Mutual Company for the receipt of notices or demands).
- (7) The notice or demand in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should normally have arrived.

(Allocation of Bonds for Subscription)

- Article 61-3 (1) The Mutual Company shall select from among the Offerors the persons to receive allocation of the bonds for subscription, and determine the par value, and the number by name, of the bonds for subscription to be allocated to each of such persons. In this case, the Mutual Company may reduce the number of the bonds for subscription to be allocated to each Offeror for each name from the number prescribed in paragraph (2), item (ii) of the preceding Article.
- (2) The Mutual Company shall notify the Offerors, no later than the day immediately preceding the date referred to in Article 61, item (x) of the par value, and the number by name, of the bonds for subscription that will be allocated to each Offeror.

(Special Provision on Offer for, and Allocation of, Bonds for Subscription)

- Article 61-4 The provisions of the preceding two Articles shall not apply to the

cases where a person who intends to subscribe for bonds concludes a contract for the subscription for the total amount of those bonds.

(Application mutatis mutandis, of Companies Act)

Article 61-5 The provisions of Article 680 to 683 inclusive (Bondholders of Bonds for Subscription, Bond Registry, Delivery of Document Stating Matters to Be Stated in Bond Registry, Management of Bond Registry), Article 684 (excluding paragraphs (4) and (5)) (Keeping and Making Available for Inspection of Bond Registry) and Article 685 to 701 inclusive (Notices to Bondholders, Exercise of Rights by Co-owners, Assignment of Bonds with Issued Certificates, Perfection of Assignment of Bonds, Presumption of Rights, Stating or Recording Matters to Be Stated in Bond Registry Without Request from Bondholders, Stating or Recording Matters to Be Stated in Bond Registry as Requested by Bondholders, Pledges of Bonds with Issued Certificates, Perfection of Pledge of Bonds, Entries in Bond Registry Regarding Pledges, Delivery of Documents Stating Matters to Be Stated in Bond Registry Regarding Pledges, Perfection Requirements for Bonds Belonging to Trust Property, etc., Issuing of Bond Certificates, Matters to Be Stated on Bond Certificates, Conversions between Registered Bonds and Bearer Bonds, Loss of Bond Certificates, Redemption of Bonds where Coupons Missing, Extinctive Prescription of Right to Claim Redemption of Bonds) of the Companies Act shall apply mutatis mutandis to the cases where a Mutual Company issues bonds. In this case, the term "bond-issuing Company" in those provisions shall be deemed to be replaced with "bond-issuing mutual company"; the term "the preceding Article" in Article 680, item (ii) of that Act shall be deemed to be replaced with "Article 61-4 of the Insurance Business Act"; the term "Article 676, items (iii) through (viii)" in Article 681, item (i) of that Act shall be deemed to be replaced with "Article 61, items (iii) to (viii) inclusive of the Insurance Business Act"; the term "Article 720, paragraph (1)" in Article 685, paragraph (5) of that Act shall be deemed to be replaced with "Article 720, paragraph (1) as applied mutatis mutandis pursuant to Article 61-8, paragraph (2) of the Insurance Business Act"; and the term "Article 676, item (vii)" in Article 698 of that Act shall be deemed to be replaced with "Article 61, item (vii) of the Insurance Business Act"; any technical change in interpretation shall be specified by a Cabinet Order.

(Designation of Bond Administrator)

Article 61-6 In issuing bonds, a Mutual Company shall designate a bond administrator to be entrusted with the receipt of payments, preservation of claims and other bond administration activities on behalf of the bondholders; provided, however, that this shall not apply to the cases where the par value of each bond is one hundred million yen or more, or any other case specified by a

Cabinet Office Ordinance as posing no risk to the protection of bondholders.

(Authority, etc. of Bond Administrator)

- Article 61-7 (1) The bond administrator shall have the authority to carry out any judicial or non-judicial act to receive payments of claims pertaining to the bonds on behalf of the bondholders, or to secure the realization of claims pertaining to the bonds.
- (2) Where the bond administrator has received any payment under the preceding paragraph, the bondholders may demand the payment of the redeemed amount of bonds and interest thereon from the bond administrator. In this case, the bondholders shall demand the payment of such redeemed amount in exchange for bond certificates, and the payment of such interest in exchange for coupons, if the issue of bond certificates is stipulated.
- (3) Any claim under the first sentence of the preceding paragraph shall lapse by prescription if not exercised within ten years.
- (4) The bond administrator shall not carry out the following acts without a resolution of the bondholders meeting; provided, however, that this shall not apply to the act listed in item (ii), if there is a stipulation with respect to the matters listed in Article 61, item (viii):
- (i) Grace of his/her payment for the entirety of the bonds, exemption from any liability resulting from a default on his/her debt, or settlement (excluding the act listed in the following item);
 - (ii) Procedural acts with respect to the entirety of the bonds, or any act belonging to the bankruptcy procedure, rehabilitation procedure, corporate reorganization procedure or procedure regarding special liquidation (excluding the act set forth in paragraph (1)).
- (5) The bond administrator shall, when he/she has carried out the act listed in item (ii) of the preceding paragraph without a resolution of the bondholders meeting pursuant to the proviso to that paragraph, give public notice of that effect without delay, and notify each of the known bondholders thereof.
- (6) A public notice under the preceding paragraph shall be made in accordance with the Method of Public Notice adopted by the bond-issuing mutual company; provided, however, that such public notice shall be given by way of publication in the Official Gazette, where that method is electronic public notice.
- (7) The bond administrator may, when it is necessary for carrying out the act listed in paragraph (1) or the items of paragraph (4) with respect to the bonds that he/she has been entrusted to administer, investigate with the permission of the court the status of the business and property of the bond-issuing mutual company.
- (8) The provisions of Article 703 (Qualifications of Bond Managers), Article 704 (Obligations of Bond Managers), Article 707 to 714 inclusive (Appointment of

Special Agent, Method of Acts of Bond Managers, Special Provisions for Multiple Bond Managers, Liability of Bond Manager, Resignation of Bond Managers, Liability of Bond Managers after Resignation, Dismissal of Bond Managers, Succession to Bond Manager's Administration of Bonds), Article 868, paragraph (3) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima facie Evidence), Article 870 (limited to the segment pertaining to item (iii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a bond administrator. In this case, the term "bond-issuing company" in those provisions shall be deemed to be replaced with "bond-issuing mutual company"; the term "this Act" in Article 710, paragraph (1) of that Act shall be deemed to be replaced with "the Insurance Business Act"; and the term "Article 702" in Article 711, paragraph (2) of that Act shall be deemed to be replaced with "Article 61-6 of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Bondholders Meeting)

- Article 61-8 (1) The bondholders shall form a bondholders meeting for each class of bond (referring to the class of bond set forth in Article 681, item (i) of the Companies Act as applied mutatis mutandis pursuant to Article 61-5).
- (2) The provisions of Part IV, Chapter III (excluding Article 715 and Article 740, paragraph (3)) (Bondholders' Meeting), Part VII, Chapter II, Section 7 (Lawsuit for Rescission of Payment, etc by Bond-Issuing Company.), Article 868, paragraph (3) (Jurisdiction of Non-Contentious cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to items (x) to (xii) inclusive) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 873 (Stay of Execution of Original Sentence), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the cases where a Mutual Company issues bonds. In this case, the term "bond-issuing company" in those provisions shall be deemed to be replaced with "bond-issuing mutual company"; the term "under Article 705, paragraphs (1) to (3) inclusive, and under Articles 708 and 709" in Article 737, paragraph (2) (Execution of Resolutions of Bondholders' Meetings) of that Act shall be deemed to be

replaced with "of Article 61-7, paragraphs (1) to (3) inclusive of the Insurance Business Act, and the provisions of Articles 708 and 709 as applied mutatis mutandis pursuant to Article 61-7, paragraph (8) of that Act"; and the term "the provisions of Article 449, Article 627, Article 635, Article 670, Article 779 (including the cases where applied mutatis mutandis pursuant to paragraph (2) of Article 781), Article 789 (including the cases where applied mutatis mutandis pursuant to paragraph (2) of Article 793), Article 799 (including the cases where applied mutatis mutandis pursuant to paragraph (2) of Article 802) or Article 810 (including the cases where applied mutatis mutandis pursuant to paragraph (2) of Article 813)" in Article 740, paragraph (1) (Special provisions on objection procedures for creditors) of that Act shall be deemed to be replaced with "Article 17 (excluding the proviso to paragraph (1)) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 57, paragraph (4) of that Act, and Articles 88 and 165-17 (including the cases where it is applied mutatis mutandis pursuant to Article 165-20 of that Act) of that Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application of Secured Bond Trust Act, etc.)

Article 61-9 For the purpose of applying the Secured Bond Trust Act (Act No. 52 of 1905) and other laws and regulations specified by a Cabinet Order, the bonds shall, pursuant to the provisions of a Cabinet Order, be deemed to be bonds as defined in Article 2, item (xxiii) (Definitions) of the Companies Act.

(Special Provision on Short-Term Bonds)

Article 61-10 (1) A bond registry shall not be required for the bonds which meet all of the following requirements (referred to as "Short-Term Bonds" in the following paragraph):

- (i) The par value of each bond is not less than one hundred million yen;
- (ii) The due date for redemption of the principal is fixed on a day within one year from the payment date of the total amount of the bonds, and no judgment has been made authorizing installment payments;
- (iii) The due date for interest payment is fixed on the same day as the due date for redemption under the preceding item; and
- (iv) No security is furnished pursuant to the provisions of the Secured Bond Trust Act.

(2) The provisions of Article 61-6 to 61-8 inclusive shall not apply to Short-Term Bonds.

Subsection 8 Amendment in the Articles of Incorporation

Article 62 (1) Any amendment to the articles of incorporation shall require a resolution of the General Meeting of members (or General Meeting, where the company has such meeting).

(2) Notwithstanding the provisions of Article 37-3, paragraph (1) and Article 44, paragraph (1), the resolution set forth in the preceding paragraph shall be adopted by a three quarter majority of the votes held by the attending members in a session where half or more of the members are present (or by the three quarter majority of the votes held by the attending general representatives in a session where half or more of the general representatives are present).

Subsection 9 Assignment, etc. of Business

Article 62-2 (1) A Mutual Company shall, when it intends to carry out any of the following acts, obtain authorization of a contract pertaining to the relevant act by a resolution of the General Meeting of members no later than the day immediately preceding the Effective Date of the act:

(i) Assignment of the entire business;

(ii) Assignment of any important Part of the business (excluding the cases where the book value of the assets to be transferred by such assignment does not exceed one fifth (or any smaller proportion prescribed by the articles of incorporation) of the amount of the total assets of the Mutual Company as calculated by the method specified by a Cabinet Office Ordinance);

(iii) Acquisition of the entire business of another company (including a Mutual Company, foreign company or any other juridical person); or

(iv) Acquisition at any time within two years after the establishment of the Mutual Company (limited to the cases where it was incorporated pursuant to the provisions of Subsection 2; hereinafter the same shall apply in this item) of any asset that has existed since before its establishment and is to be used constantly for carrying on its business; provided, however, that this shall not apply to the cases where the ratio of the amount listed in (a) to that listed in (b) does not exceed one fifth (or any smaller proportion prescribed by the articles of incorporation):

(a) The total book value of the property to be delivered in exchange for the asset;

(b) The amount of the net assets of the Mutual Company as calculated by the method specified by a Cabinet Office Ordinance.

(2) The resolution set forth in the preceding paragraph shall be a resolution under paragraph (2) of the preceding Article.

Subsection 10 Miscellaneous Provisions

(Non-Member Contract)

- Article 63 (1) A Mutual Company may, by a provision in its articles of incorporation, exclude from its membership the holders of non-participating policies or any other class of insurance policy specified by a Cabinet Office Ordinance.
- (2) The articles of incorporation set forth in the preceding paragraph shall specify the class of insurance policy to which that paragraph applies, as well as other matters specified by a Cabinet Office Ordinance.
- (3) A Mutual Company shall not underwrite the insurance policies set forth in paragraph (1) over the limit specified by a Cabinet Office Ordinance.
- (4) Pursuant to the provisions of a Cabinet Office Ordinance, a Mutual Company shall, when it underwrites any of the insurance policies set forth in paragraph (1), separate the accounting for such insurance policies from that for the insurance policies held by the members.
- (5) The provisions of Part II, Chapter X (excluding Article 664 (including the cases where it is applied mutatis mutandis pursuant to Article 683, paragraph (1)) (Insurance) and Part III, Chapter VI (Marine Insurance) of the Commercial Code shall apply mutatis mutandis to the insurance policies set forth in paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (6) In addition to what is prescribed in the preceding paragraphs, necessary matters regarding the insurance policies set forth in paragraph (1) shall be specified by a Cabinet Office Ordinance.

(Registration of Incorporation)

- Article 64 (1) A Mutual Company shall complete its registration of incorporation at the location of its principal office within two weeks from the date of conclusion of the Organizational Meeting (or from the date of resignation of the incorporators pursuant to the provision of Article 30-12, paragraph (3)).
- (2) The following matters shall be registered in completing the registration set forth in the preceding paragraph:
- (i) Matters listed in Article 23, paragraph (1), items (i), (ii) and (iv) to (vii) inclusive;
 - (ii) Location of its offices;
 - (iii) Names of its directors;
 - (iv) Name and address of the representative director (excluding the cases set forth in item (xi));
 - (v) Where the company is a company with accounting advisors, a statement to that effect, and the names of the accounting advisors and the place set forth in Article 378, paragraph (1) of the Companies Act as applied mutatis

- mutandis pursuant to Article 53-17;
- (vi) Where the company is a company with auditors, a statement to that effect and the names of the company auditors;
 - (vii) Where the company is a company with a board of company auditors, a statement to that effect, and a statement identifying the outside company auditors among its company auditors;
 - (viii) Where the company is a company with accounting auditors, a statement to that effect and the names of the accounting auditors;
 - (ix) Name of a person appointed pursuant to the provision of Article 53-12, paragraph (4) temporarily to carry out the duties of an accounting auditor;
 - (x) Where it is stipulated that the special directors (referring to the special directors as defined in Article 373, paragraph (1) of the Companies Act; the same shall apply hereinafter) may adopt a resolution under that paragraph as applied mutatis mutandis pursuant to Article 53-16, the following matters:
 - (a) A statement to the effect that it is stipulated that the special directors may adopt a resolution under Article 373, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-16,
 - (b) Names of the special directors, and
 - (c) A statement identifying the outside directors among its directors;
 - (xi) Where the company is a company with Committees, a statement to that effect and the following matters:
 - (a) A statement identifying the outside directors among its directors,
 - (b) Names of the members of each committee and its executive officers, and
 - (c) Name and address of its representative executive officer;
 - (xii) Any provision in the articles of incorporation for the exemption from liabilities of directors, executive officers, accounting advisors, company auditors or accounting auditors under Article 426, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-36;
 - (xiii) Any provision in the articles of incorporation for the conclusion of contracts regarding the limit of the liabilities to be assumed by outside directors, accounting advisors, outside company auditors or accounting auditors under Article 427, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-36;
 - (xiv) Where the provision of the articles of incorporation set forth in the preceding item concerns outside directors, a statement identifying the outside directors among its directors;
 - (xv) Where the provision in the articles of incorporation set forth in item (xiii) concerns outside company auditors, a statement identifying the outside company auditors among its company auditors;
 - (xvi) When it intends to take measures referred to in Article 54-7, paragraph

- (3), among matters necessary for allowing many and unspecified persons to receive the information contained in the balance sheet set forth in paragraph (1) of that Article, those specified by a Cabinet Office Ordinance;
- (xvii) Provision in the articles of incorporation for the Method of Public Notice under Article 23, paragraph (1), item (viii);
- (xviii) Where the provision in the articles of incorporation set forth in the preceding item specifies electronic public notice as the Method of Public Notice, the following matters:
- (a) Those matters prescribed in Article 911, paragraph (3), item (xxix), (a) (Registration of incorporation of Stock Company) of the Companies Act which are necessary to ensure that the information to be published by electronic public notice is available to many and unspecified persons; and
- (b) Any provision in the articles of incorporation under the second sentence of Article 23, paragraph (3); and
- (xix) Any provision in the articles of incorporation under the second sentence of Article 113 (including the cases where it is applied mutatis mutandis pursuant to Article 272-18).
- (3) The provisions of Article 915, paragraph (1) (Registration of Change), Article 916 (limited to the segment pertaining to item (i)) (Registration of Relocation of Head Office to Jurisdictional District of Another Registry Office), Article 918 (Registration of Managers) and Part VII, Chapter IV, Section 2, Subsection 2 (excluding Article 932) (Registration at Location of Branch Offices) of the Companies Act shall apply mutatis mutandis to a Mutual Company; and the provision of Article 917 (limited to the segment pertaining to item (i)) (Registration of Provisional Disposition, etc. For Suspension of Execution of Duty) of that Act shall apply mutatis mutandis to the directors, executive officers, accounting advisors, company auditors, representative director, committee members or representative executive officer of a Mutual Company. In this case, the term "the items of Article 911, paragraph (3) and the items of the three preceding Articles" in Article 915, paragraph (1) of that Act shall be deemed to be replaced with "the items of Article 64, paragraph (2) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application for Registration of Incorporation)

- Article 65 The following documents shall be attached to a written application under paragraph (1) of the preceding Article, in addition to the documents set forth in Article 18, Article 46 and Article 47, paragraph (3) of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 67:
- (i) Articles of incorporation;
- (ii) A document certifying the offer of contribution to funds or the contract set

- forth in Article 30;
- (iii) List of prospective members;
 - (iv) In the case of a solicitation of members, a document certifying each prospective member's application for membership;
 - (v) Where the articles of incorporation include any description or record on the matters listed in the items of Article 24, paragraph (1), the following documents:
 - (a) A document containing the investigative report of the inspector or the directors at incorporation (or the directors at incorporation and company auditors at incorporation, where the Mutual Company to be incorporated is a company with auditors) and annexed documents thereto;
 - (b) In the case listed in Article 33, paragraph (10), item (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2), a document certifying the market value of the securities set forth in that item; and
 - (c) In the case listed in Article 33, paragraph (10), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2), a document containing the verification set forth in that item and attached documents thereto;
 - (vi) A transcript of any juridical decision on the report of the inspector;
 - (vii) A certificate of deposit of money under Article 30-4, paragraph (1);
 - (viii) A document regarding the appointment of the representative director at incorporation by the directors at incorporation;
 - (ix) Where the Mutual Company to be incorporated is a company with Committees, a document regarding the election of the executive officers at incorporation, and the appointment of the committee members at incorporation and representative executive officer at incorporation;
 - (x) Minutes of the Organizational Meeting;
 - (xi) A document certifying that the directors at incorporation, company auditors at incorporation and representative director at incorporation (or the directors at incorporation, committee members at incorporation, executive officers at incorporation and representative executive officer at incorporation, where the Mutual Company to be incorporated is a company with Committees) elected or appointed pursuant to the provisions of this Act have accepted the assumption of office;
 - (xii) Where accounting advisors at incorporation or accounting auditors at incorporation have been elected, the following documents:
 - (a) A document certifying that they have accepted the assumption of office;
 - (b) Where they are juridical persons, certificates of the matters registered for such juridical persons, provided, however, that this shall not apply to the cases where the principal offices of such juridical persons are located

- within the jurisdictional district of the relevant registry office; and
- (c) Where they are not juridical persons, a document certifying that the accounting advisors at incorporation meet the requirement of Article 333, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-4, or that the accounting auditors at incorporation meet the requirement of Article 337, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 53-7; and
- (xiii) Where it is stipulated that the special directors may adopt a resolution under Article 373, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-16, a document certifying the appointment of the special directors and their acceptance of the assumption of office.

(Registry)

Article 66 A registry office shall keep a registry of mutual companies.

(Application mutatis mutandis, of Companies Act and Commercial Registration Act to registration of mutual companies)

Article 67 The provisions of Part VII, Chapter IV, Section 1 (excluding Article 907) (General provisions) of the Companies Act, and the provisions of Article 1-3 to 5 inclusive (Registry Office, Delegation of Duties, Suspension of Duties, Registrar, Disqualification of Registrar), Article 7 to 15 inclusive (Prohibition of Taking out Registry, etc., Loss and Restoration of Registry, Prevention of Loss of Registry, etc., Delivery, etc. of Certificate of Registered Matters,, Delivery of Document Containing Description of Registered Matters, Inspection of Annexed Documents, Seal Registration Certificate, Certification of Necessary Matters, etc. for Checking Measures to Indicate Preparer of Electromagnetic Record, Fees, Principle of Application by Party Concerned, Registration by Commission), Article 17 to 27 inclusive (Method of Application for Registration, Documents to Be Attached to Written Application, Electromagnetic Record to be Attached to Written Application, Submission of Seal, Reception, Receipt, Order of Registration, Identification by Registrar, Dismissal of Application, Registration After Expiration of Period for Filing Complaint, Modification of Administrative Boundaries, etc., Prohibition of Registration of Same Trade Name at Same Location), Article 31 (Registration of Discharge in Assigning Operation or business), Article 33 (Deletion of Registration of Trade Name), Article 44 to 46 inclusive (Registration of Company Managers, General Rules for Attached Documents), Article 47, paragraphs (1) and (3) (Registration of Incorporation), Article 48 to 55 inclusive (Registration at Location of Branch Offices, Registration of Relocation of Head Office, Registration of Change of Directors, etc., Registration of Change of Persons to Temporarily Carry Out Duties of Accounting Auditor),

and Article 132 to 148 inclusive (Correction, Application for Deletion, Deletion Without any Party's Request, Exclusion from Application of Administrative Procedure Act, Exclusion from Application of Act on Access to Information Held by Administrative Organs, Exclusion from Application of Act on Protection of Personal Information Held by Administrative Organs, Application for Examination, Treatment of Cases of Application for Examination, Exclusion from Application from Administrative Appeal Act, Delegation to Ordinance of the Ministry) of the Commercial Registration Act shall apply mutatis mutandis to a registration regarding a Mutual Company. In this case, the terms "trade name," "business office (or, in a company, head office; hereinafter the same shall apply in this Article)" and "business office pertaining to" in Article 27 of the latter Act shall be deemed to be replaced with "trade name or name," "principal office" and "principal office pertaining to," respectively; the term "shareholders meeting or class shareholders meeting" in Article 46, paragraph (2) of that Act shall be deemed to be replaced with "General Meeting of members (or General Meeting, where the company has such meeting)"; the terms "Article 319, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 325 of the Companies Act) or Article 370 (including the cases where it is applied mutatis mutandis pursuant to Article 490, paragraph (5) of that Act) of the Companies Act" and "shareholders meeting or class shareholder meeting" in Article 46, paragraph (3) of that Act shall be deemed to be replaced with "Article 319, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1) of the Insurance Business Act, or Article 370 of the Companies Act as applied mutatis mutandis pursuant to Article 53-16 or 180-15 of the Insurance Business Act" and "General Meeting of members", respectively; the term "Article 416, paragraph (4) of the Companies Act" in Article 46, paragraph (4) shall be deemed to be replaced with "Article 53-30, paragraph (4) of the Insurance Business Act"; and the terms "head office" and "branch offices" in the provisions of Article 48 to 53 inclusive of that Act shall be deemed to be replaced with "principal office" and "secondary offices," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application mutatis mutandis of Companies Act on Electronic Public Notice)
Article 67-2 The provisions of Article 940, paragraphs (1) and (3) (Period of Public Notice, etc. for Electronic Public Notice, etc.), Article 941 (Investigation on Electronic Public Notice), Article 946 (Obligation of Investigation, etc.), Article 947 (Cases Where Investigation on Electronic Public Notice May Not Be Carried Out), Article 951, paragraph (2) (Keeping and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement), and Article

955 (Entries, etc. in Investigation Registry, etc.) of the Companies Act shall apply mutatis mutandis to the cases where a Mutual Company gives public notice under this Act or any other Act in the form of electronic public notice. In this case, the terms "Article 440, paragraph (1)" and "annual shareholders meeting" in Article 940, paragraph (1), item (ii) of that Act shall be deemed to be replaced with "Article 54-7, paragraph (1) of the Insurance Business Act" and "annual general meeting of members (or annual general meeting, where the company has such meeting)," respectively; the term "the preceding two paragraphs" in Article 940, paragraph (3) of that Act shall be deemed to be replaced with "paragraph (1)"; and the term "public notice under this Act or any other Act (excluding the public notice under Article 440, paragraph (1))" in Article 941 of that Act shall be deemed to be replaced with "public notice under the Insurance Business Act (excluding the public notice under Article 54-7, paragraph (1) of that Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Section 3 Entity Conversion

Subsection 1 Entity Conversion from Stock Company to Mutual Company

(Entity Conversion)

Article 68 (1) A stock Insurance Company may convert to a mutual Insurance Company.

(2) A Stock Company that is a Small Amount and Short Term Insurance Provider may convert to a Mutual Company that is a Small Amount and Short Term Insurance Provide.

(3) Any entity conversion under the preceding two paragraphs (hereinafter referred to as "Entity Conversion" in this Subsection) shall require a solicitation of funds in order to raise the total amount of the funds of the Mutual Company after the Entity Conversion to or over the amount specified in one of the following items depending on the case:

(i) Entity Conversion under paragraph (1): the amount specified by a Cabinet Order set forth in Article 6, paragraph (1); or

(ii) Entity Conversion under the preceding paragraph: the amount specified by a Cabinet Order set forth in Article 272-4, paragraph (1), item (ii).

(4) The total amount of the funds set forth in the preceding paragraph may be comprised in whole or in Part of a Reserves set aside at the time of Entity Conversion. In this case, the converting company shall not be required to solicit funds under that paragraph to the extent covered by the reserve.

(5) The Reserves set forth in the preceding paragraph shall be deemed as the reserve for redemption of funds, to which the provisions of this Act (excluding

Article 56) shall apply.

- (6) In the case of an Entity Conversion, the converting company may set aside a deficiency reserve in addition to the reserve set forth in paragraph (4).

(Authorization of Entity Conversion Plan)

Article 69 (1) A Stock Company shall, when it intends to convert to a Mutual Company, prepare an Entity Conversion plan to be approved by a resolution of the shareholders meeting.

- (2) The resolution set forth in the preceding paragraph shall be a resolution under Article 309, paragraph (2) (Resolution of shareholders meetings) of the Companies Act.
- (3) A Stock Company, when it intends to adopt a resolution under paragraph (1), shall provide an outline of the Entity Conversion plan in the notice to be given pursuant to Article 299, paragraph (1) (Notice of calling of shareholders' meetings) of the Companies Act.
- (4) A Stock Company shall describe the following matters in its Entity Conversion plan:
- (i) The total amount of funds of the Mutual Company to be established by the Entity Conversion (hereinafter referred to as "Converted Mutual Company" in this Subsection);
 - (ii) The amounts of the reserve set forth in paragraph (4) of the preceding Article and of the deficiency reserve set forth in paragraph (6) of that Article;
 - (iii) Matters concerning compensation to shareholders and holders of share options;
 - (iv) Matters related to the rights of Policyholders after the Entity Conversion; and
 - (v) The day on which the Entity Conversion takes effect (hereinafter referred to as "Effective Date" in this Subsection) and other matters specified by a Cabinet Office Ordinance.
- (5) A Stock Company which has adopted a resolution under paragraph (1) shall, within two weeks from the date of the resolution, notify each of the registered pledgees of shares and registered pledgees of share options of the planned Entity Conversion.
- (6) The provisions of Article 219, paragraph (1) (limited to the segment pertaining to item (v)), (2) and (3) (Public notice in relation to submission of share certificate), Article 220 (Cases where share certificates cannot be submitted), and Article 293, paragraph (1) (limited to the segment pertaining to item (ii)) (Public notice in relation to submission of share option certificate) of the Companies Act shall apply mutatis mutandis to a converting Stock Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Keeping and Inspection, etc. of Document Related to Entity Conversion Plan, etc.)

- Article 69-2 (1) A converting Stock Company shall, for the period ranging from the commencement date for the keeping of Entity Conversion plan to the Effective Date, keep at each of its business offices a document or electromagnetic record describing or recording the contents of the Entity Conversion plan and other matters specified by a Cabinet Office Ordinance.
- (2) The term "the commencement date for the keeping of Entity Conversion plan" in the preceding paragraph refers to the date listed in one of the following items, whichever comes earliest:
- (i) The day which is two weeks before the date of the shareholders meeting set forth in paragraph (1) of the preceding Article (or, in the case of Article 319, paragraph (1) (Omission of Resolution of Shareholders Meetings) of the Companies Act, the date of proposal under that paragraph);
 - (ii) Where the converting Stock Company has issued share options, the date of notice under Article 777, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 71 or the date of public notice set forth in Article 777, paragraph (4) of that Act as applied mutatis mutandis pursuant to Article 71, whichever is earlier; or
 - (iii) The date of public notice under paragraph (2) of the following Article.
- (3) The creditors of a converting Stock Company, such as shareholders and Policyholders, may make the following requests to the company at any time during its operating hours; provided, however, that they pay the fees determined by the Stock Company in making a request falling under item (ii) or (iv):
- (i) A request for inspection of the document set forth in paragraph (1);
 - (ii) A request for a transcript or extract of the document set forth in paragraph (1);
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in paragraph (1) in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in paragraph (1) by the electromagnetic means determined by the converting Stock Company, or for any document that describes such matters.
- (4) The Converted Mutual Company shall, for six months from the Effective Date, keep at each of its offices a document or electromagnetic record describing or recording the contents of the Entity Conversion plan and any other matter specified by a Cabinet Office Ordinance.
- (5) Policyholders or other creditors of a Converted Mutual Company may make

the following requests to the company at any time during its business hours; provided, however, that they pay the fees determined by the Converted Mutual Company in making a request falling under item (ii) or (iv):

- (i) A request for inspection of the document set forth in the preceding paragraph;
- (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
- (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
- (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Converted Mutual Company, or for any document that describes such matters.

(Objections of Creditors)

Article 70 (1) Policyholders or other creditors of a converting Stock Company may state to the company their objections to the Entity Conversion.

(2) A converting Stock Company shall publish the following matters in the Official Gazette and by the Method of Public Notice prescribed by its articles of incorporation; provided, however, that the period for item (iv) may not be shorter than one month:

- (i) A statement to the effect that an Entity Conversion will be carried out;
- (ii) The name and address of the Converted Mutual Company;
- (iii) Matters specified by a Cabinet Office Ordinance as pertaining to the financial statements of the converting Stock Company;
- (iv) A statement to the effect that Policyholders or other creditors of the converting Stock Company may state their objections within a certain period of time; and
- (v) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.

(3) Where no Policyholders or other creditors have stated their objections within the period set forth in item (iv) of the preceding paragraph, such Policyholders or creditors shall be deemed to have approved the Entity Conversion.

(4) Where any Policyholder or other creditor has stated his/her objection under paragraph (2), item (iv), the converting Stock Company shall make payment or provide equivalent security to such Policyholder or other creditor, or entrust equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment; provided, however, that this shall not apply to the cases where the Entity Conversion poses no risk of harming the interest of such Policyholder or other creditor;

- (5) The provision of the preceding paragraph shall not apply to the Policyholders or any rights held by other persons pertaining to insurance contracts (other than Insurance Claims, etc.).
- (6) Any resolution of authorization under Article 69, paragraph (1) shall be null and void if the number of the Policyholders who have stated their objections within the period set forth in paragraph (2), item (iv) (excluding the holders of policies under which Insurance Claims, etc. had already arisen at the time of public notice under the paragraph (2) (but limited to those policies that would be terminated with the payment of the Insurance Claims, etc.); hereinafter the same shall apply in this paragraph and the following paragraph) exceeds one fifth of the total number of Policyholders, and the amount specified by a Cabinet Office Ordinance as the credits (other than Insurance Claims, etc.) belonging to the insurance contracts of the Policyholders who have stated such objections exceeds one fifth of the total amount of credits belonging to the Policyholders.
- (7) An Entity Conversion carried out pursuant to the provisions of the preceding paragraphs shall also be effective against the Policyholders who have stated their objections under the preceding paragraph and other persons who hold any right (other than Insurance Claims, etc.) pertaining to the insurance contracts involving the Policyholders.
- (8) In addition to what is provided for in the preceding paragraphs, necessary matters for the application of those provisions shall be specified by a Cabinet Order.

(Demand for Purchase of Share Options, etc.)

Article 71 The provisions of Article 777 (Demand for Purchase of Share Options), Article 778 (Determination on Value of Share Options, etc.), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the cases where the converting Stock Company has issued share options. In this case, the term "converted membership company" in Article 778, paragraph (1), Article 778, paragraph (2), and Article 778, paragraph (4) of that Act shall be deemed to be replaced with "Converted Mutual Company (referring to a Converted Mutual Company as defined in Article 69, paragraph (4), item (i) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a

Cabinet Order.

(Contract during Procedure of Entity Conversion)

Article 72 (1) A converting Stock Company shall, when it intends to conclude an insurance contract on or after the day following the date of public notice under Article 70, paragraph (2), notify the prospective Policyholder to the effect that the company is going through the procedure of Entity Conversion to obtain his/her consent.

(2) A Policyholder who has given his/her consent under the preceding paragraph shall not be deemed as a Policyholder for the purpose of applying the following Article to Article 77 inclusive.

(Policyholders Meeting)

Article 73 Where the number of the Policyholders who have stated their objections within the period set forth in Article 70, paragraph (2), item (iv) or the amount of their credits as specified by a Cabinet Office Ordinance set forth in paragraph (6) of the same Article has not exceeded the proportion specified in that paragraph, the directors of the converting Stock Company shall convene a Policyholders meeting without delay following the completion of the procedure prescribed in the same Article.

(Method of Adopting Resolution, etc.)

Article 74 (1) Each Policyholder shall be entitled to one vote in the Policyholders meeting.

(2) A resolution of the policyholders meeting shall be adopted by a three quarter majority of the votes held by the attending Policyholders in a session where half or more of the Policyholders are present.

(3) The provisions of Article 67, paragraph (1) (Determination to Call Organizational Meetings), Article 68 (excluding the items in paragraph (2) and paragraphs (5) to (7) inclusive) (Notices of Calling of Organizational Meetings), Articles 70 and 71 (Giving of Organizational Meeting Reference Documents and Voting Forms), Article 74 to 76 inclusive (Proxy Voting, Voting in Writing, Voting by Electromagnetic Method), Article 78 to 80 inclusive (Accountability of Incorporators, Authority of Chairperson, Resolution for Postponement or Adjournment), Article 81, paragraphs (1) to (3) inclusive (Minutes) and Article 316, paragraph (1) (Investigation of Materials Submitted to the Shareholders Meeting) of the Companies Act shall apply mutatis mutandis to the policyholders meeting; and the provisions of Article 830 (Action for Declaratory Judgment on Nonexistence or Nullity of Resolution of Shareholders Meeting, etc.), Article 831 (Lawsuit for Rescission of Resolution of Shareholders Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii))

(Defendant), Article 835, paragraph (1) (Jurisdiction of Claim), Article 836, paragraphs (1) and (3) (Order to Furnish Security), Article 837 (Compulsory Consolidation of Oral Arguments, etc.), Article 838 (Scope of Effect of Judgment in Favor of Claim), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), (g)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to an action for a declaratory judgment on nonexistence or nullity of, or rescission of a resolution of the policyholders meeting. In this case, the terms "incorporators", "shareholders at incorporation" and "Stock Company" in those provisions shall be deemed to be replaced with "converting Stock Company," "policyholders" and "Mutual Company," respectively; the term "in the following cases" in Article 68, paragraph (2) of that Act shall be deemed to be deleted; the term "head office" in Article 74, paragraph (6) of that Act shall be deemed to be replaced with "principal office"; the term "shareholders" in Article 74, paragraph (7) of that Act shall be deemed to be replaced with "members"; and the terms "shareholders, etc. (or shareholders, etc., shareholders at incorporation, directors at incorporation or company auditors at incorporation, where the shareholders meeting, etc. in the relevant item is the Organizational Meeting or class organizational meeting)" and "directors, company auditors or liquidators (including, where the resolution is a resolution of the shareholders meeting or class meeting, a person assuming the rights and obligations of a director, company auditor or liquidator pursuant to the provision of Article 346, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 479, paragraph (4)), or, where the resolution is a resolution of the Organizational Meeting or class organizational meeting, directors at incorporation or company auditors at incorporation)" in Article 831, paragraph (1) of that Act shall be deemed to be replaced with "policyholders, directors, company auditors or liquidators (or, in a company with Committees, Policyholders, directors, executive officers or liquidators" and "directors, company auditors or liquidators," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (4) It shall be sufficient for a notice or demand to a Policyholder to be sent by the converting Stock Company to the place or address which the Policyholder has notified to the Stock Company for the receipt of notices or demands.
- (5) The notice or demand set forth in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should normally have arrived.
- (6) The provisions of the preceding two paragraphs shall apply mutatis mutandis to the delivery of documents to Policyholders in giving a notice under Article 68, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to

paragraph (3), or the provision by electromagnetic means of the matters to be described in such documents. In this case, the term "to have arrived" in the preceding paragraph shall be deemed to be replaced with "to have been effected by delivery of such document or provision of such matters by electromagnetic means"; and any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Report of Directors)

Article 75 The directors shall report to the policyholders meeting the matters related to an Entity Conversion.

(Resolution of Policyholders Meeting)

Article 76 (1) The policyholders meeting shall, in its resolutions, adopt the articles of incorporation of the Converted Mutual Company and other matters required for the organization of the Converted Mutual Company, and elect the persons to serve as directors of the Converted Mutual Company.

(2) In the following cases, the policyholders meeting shall elect the persons set forth in the relevant items:

(i) Where the Converted Mutual Company is a company with accounting advisors, the persons to serve as accounting advisors of the Converted Mutual Company;

(ii) Where the Converted Mutual Company is a company with auditors, the persons to serve as company auditors of the Converted Mutual Company; and

(iii) Where the Converted Mutual Company is a company with accounting auditors, the persons to serve as accounting auditors of the Converted Mutual Company.

(3) The resolution set forth in Article 69, paragraph (1) may be amended by a resolution under paragraph (1); provided, however, that such amendment may not harm the interest of the creditors of the converting Stock Company.

(4) Any amendment under the preceding paragraph that poses the risk of causing any damage to the interest of shareholders shall be subject to the authorization of the shareholders meeting. In this case, the provision of Article 69, paragraph (2) shall apply mutatis mutandis.

(5) The resolution of authorization set forth in Article 69, paragraph (1) shall lose its effect without the authorization of the shareholders meeting set forth in the preceding paragraph.

(6) The policyholders meeting may not adopt a resolution on any other matter than that listed in Article 67, paragraph (1), item (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 74, paragraph (3); provided, however, that this shall not apply to a decision on the articles of incorporation of the Converted Mutual Company or on any other matter required for the

organization of the Converted Mutual Company, and the election of the persons specified in paragraphs (1) and (2).

(General Meeting of Policyholders)

- Article 77 (1) The converting Stock Company may, by a resolution under Article 69, paragraph (1), establish an organ composed of general representatives elected from among the Policyholders (hereinafter referred to as "General Meeting of Policyholders") in lieu of the policyholders meeting.
- (2) The resolution set forth in the preceding paragraph shall specify the matters specified by a Cabinet Office Ordinance, such as the number and election method of general representatives.
- (3) Policyholders of a converting Stock Company (excluding the holders of the policies for which Insurance Claims, etc. had already arisen at the time of public notice under the following paragraph (but limited to those policies that would be terminated with the payment of the Insurance Claims, etc.); the same shall apply in that paragraph and paragraph (5)) may state to the converting Stock Company their objections to the resolution set forth in paragraph (1).
- (4) A converting Stock Company shall give public notice of the following matters within two weeks from the date of the resolution set forth in paragraph (1); provided, however, that such period for item (ii) may not be shorter than one month:
- (i) Contents of the resolution set forth in paragraph (1);
 - (ii) A statement to the effect that Policyholders of the converting Stock Company may state their objections within a certain period of time; and
 - (iii) In addition to what is listed in the preceding two items, matters specified by a Cabinet Office Ordinance.
- (5) Any resolution under paragraph (1) shall be null and void if the number of Policyholders who have stated their objections within the period set forth in item (ii) of the preceding paragraph exceeds one fifth of the total number of Policyholders, and the amount specified by a Cabinet Office Ordinance as the credits (other than Insurance Claims, etc.) belonging to the insurance contracts of the Policyholders who have stated such objections exceeds one fifth of the total amount of credits belonging to the Policyholders.
- (6) The provisions of Article 44-2 (excluding the second sentence of paragraph (3)) and Article 73 to the preceding Article inclusive shall apply mutatis mutandis to the General Meeting of Policyholders. In this case, the term "the preceding paragraph" in Article 310, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to the first sentence of Article 44-2, paragraph (3) and the term "paragraph (1)" in Article 310, paragraph (3) shall be deemed to be replaced with "Article 44-2, paragraph (1) of the Insurance Business Act"; the term "Article 299, paragraph (3)" in Article 310, paragraph

(4) shall be deemed to be replaced with "Article 68, paragraph (3) as applied mutatis mutandis pursuant to Article 74, paragraph (3) of the Insurance Business Act"; the term "shareholders (excluding the shareholders who may not exercise their votes on all matters which may be resolved at the shareholders meeting under the preceding paragraph. The same shall apply hereinafter in paragraph (4) of the following Article and in Article 312, paragraph (5))" in Article 310, paragraph (7) shall be deemed to be replaced with "Policyholders or members"; the term "Article 74 to 76 inclusive" in Article 74, paragraph (3) shall be deemed to be replaced with "Articles 75 and 76"; the term "Policyholder" in Article 74, paragraph (4) shall be deemed to be replaced with "general representative"; and the terms "shareholders, etc. (or shareholders, etc., shareholders at incorporation, directors at incorporation or company auditors at incorporation, where the shareholders meeting, etc. in the relevant item is the Organizational Meeting or class organizational meeting)" and "directors, company auditors or liquidators (including, where the resolution is a resolution of the shareholders meeting or class meeting, a person assuming the rights and obligations of a director, company auditor or liquidator pursuant to the provision of Article 346, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 479, paragraph (4)), or, where the resolution is a resolution of the Organizational Meeting or class organizational meeting, directors at incorporation or company auditors at incorporation)" in Article 831, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 74, paragraph (3) shall be deemed to be replaced with "general representatives, directors, company auditors or liquidators (or, in a company with Committees, general representatives, directors, executive officers or liquidators" and "directors, company auditors or liquidators," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Solicitation of Funds in Entity Conversion)

- Article 78 (1) A converting Stock Company shall, when it intends to solicit additional funds for the Converted Mutual Company, solicit the required amount of such funds without delay following the conclusion of the policyholders meeting or General Meeting of Policyholders (or, in the case of Article 76, paragraph (4), following the authorization of the shareholders meeting set forth in that paragraph).
- (2) A converting Stock Company shall notify the following matters to the persons who intend to offer contribution to its funds in response to a solicitation under the preceding paragraph:
- (i) Matters listed in Article 23, paragraph (1), item (ii) and items (iv) to (vi) inclusive;

- (ii) Amount of the additional funds to be solicited, the rights enjoyed by the contributors to the funds and the method of redemption of the funds;
 - (iii) Payment date; and
 - (iv) Location of the banks, etc. where the payment of contribution to the funds is handled.
- (3) The provisions of Article 28, paragraphs (2) to (6) inclusive, Article 29 to 30-2 inclusive, Article 30-3 (excluding paragraphs (2) and (3)), and Article 30-5, paragraphs (2) and (3) shall apply mutatis mutandis to a solicitation under (1). In this case, the term "incorporators" in those provisions shall be deemed to be replaced with "converting Stock Company"; the terms "funds solicited at incorporation" and "funds of a Mutual Company at incorporation" in those provisions shall be deemed to be replaced with "funds solicited under Article 78, paragraph (1)"; the term "the items in paragraph (1)" in Article 28, paragraph (4) shall be deemed to be replaced with "the items of Article 78, paragraph (2)"; the term "the preceding two Articles" in Article 30 shall be deemed to be replaced with "Article 78, paragraph (2) (excluding item (iii)) and Article 28, paragraphs (2) to (6) inclusive as applied mutatis mutandis pursuant to Article 30, paragraph (3)"; the term "Mutual Company thus established" in Article 30-4, paragraph (4) shall be deemed to be replaced with "Converted Mutual Company"; and the term "After the establishment of the Mutual Company" in Article 30-5, paragraph (3) shall be deemed to be replaced with "After the Entity Conversion"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (4) The amount of costs required for the solicitation of funds under paragraph (1) may be credited to assets in the balance sheet. In this case, such amount shall be amortized pursuant to the provisions of a Cabinet Office Ordinance.

(Policyholders Meeting after Solicitation of Funds)

- Article 79 (1) In the case of paragraph (1) of the preceding Article, the directors of the converting Stock Company shall, without delay after the total amount of the funds solicited under that paragraph has been paid in, convene a second policyholders meeting or General Meeting of Policyholders.
- (2) The persons to serve as directors (or directors and company auditors, where the Converted Mutual Company is a company with auditors) of the Converted Mutual Company shall investigate whether the total amount of the funds solicited under paragraph (1) of the preceding Article has been subscribed for and paid in, and report the result to the policyholders meeting or General Meeting of Policyholders set forth in the preceding paragraph.
- (3) The provision of Article 94 (Special provisions in case directors at incorporation are incorporators) of the Companies Act shall apply mutatis mutandis to the policyholders meeting or General Meeting of Policyholders set

forth in paragraph (1), where all or some of the persons to serve as directors of the Converted Mutual Company are directors or executive officers of the converting Stock Company. In this case, the term "the matters listed in the items of paragraph (1) of the preceding Article" in paragraph (1) of the same Article shall be deemed to be replaced with "whether the total amount of the funds solicited under Article 78, paragraph (1) of the Insurance Business Act has been subscribed for and paid in"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Authorization of Entity Conversion)

Article 80 (1) An Entity Conversion shall not take effect without the authorization of the Prime Minister.

(2) The Prime Minister shall, on application for the authorization set forth in the preceding paragraph, examine whether the application meets the following requirement:

(i) The Converted Mutual Company has a sufficient financial basis to carry on the business of an Insurance Company, etc. in a sound and efficient manner;

(ii) The Entity Conversion poses no risk of harming the rights of Policyholders; and

(iii) In addition to what is listed in the preceding two items, the Entity Conversion poses no risk of precluding the sound management of the business of an Insurance Company, etc.

(Effectuation, etc. of Entity Conversion)

Article 81 (1) A converting Stock Company shall become a Mutual Company on the Effective Date.

(2) The shares and share options of a converting Stock Company shall become null and void on the Effective Date.

(3) The Policyholders of a converting Stock Company shall become members of the Converted Mutual Company on the Effective Date.

(4) The provisions of the preceding three paragraphs shall not apply to the cases where a procedure under Article 70 has not been completed or where the Entity Conversion has been voluntarily abandoned.

(Public Notice, etc. of Entity Conversion)

Article 82 (1) A Converted Mutual Company shall, without delay following the Entity Conversion, give public notice of the effect that an Entity Conversion has been carried out and publish the matters specified by a Cabinet Office Ordinance. The same shall apply to the cases where a converting Stock Company has voluntarily abandoned the planned Entity Conversion after giving a public notice under Article 70, paragraph (2).

- (2) A Converted Mutual Company shall, for six months following the Effective Date, keep at each of its offices a document or electromagnetic record describing or recording the matters specified by a Cabinet Office Ordinance as pertaining to the Entity Conversion, such as the progress of the procedure under Article 70.
- (3) Policyholders or other creditors of a Converted Mutual Company may make the following requests to the company at any time during its business hours; provided, however, that they pay the fees determined by the Mutual Company in making a request falling under item (ii) or (iv):
- (i) A request for inspection of the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Converted Mutual Company, or for any document that describes such matters.

(Pledge on Former Shares)

Article 83 The provisions of Article 151 (excluding the items) and Article 154 (Effect of pledge of shares) of the Companies Act shall apply mutatis mutandis to the monies which the shareholders are entitled to receive as a result of any Entity Conversion of a Stock Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Registration)

- Article 84 (1) Where a Stock Company has carried out an Entity Conversion, the converting Stock Company shall make a registration of dissolution within two weeks from the date of Entity Conversion at the location of its head office and within three weeks from said date at the location of its branch offices; and the Converted Mutual Company shall complete registration of incorporation within two weeks from the date of Entity Conversion at the location of its principal office and within three weeks from said date at the location of its secondary offices.
- (2) The following documents shall be attached to a written application for the registration of incorporation of a Mutual Company under the preceding paragraph, in addition to those specified in Articles 18, 19 and 46 of the Commercial Registration Act as applied mutatis mutandis pursuant to Article

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- (i) Entity Conversion plan;
- (ii) Articles of incorporation;
- (iii) A document certifying that a public notice under Article 70, paragraph (2) has been given;
- (iv) The minutes of the shareholders meeting and policyholders meeting (or General Meeting of Policyholders, where the company has such meeting);
- (v) Where any Policyholder or other creditor has stated his/her objection under Article 70, paragraph (4), a document certifying that the company has made payment or provided equivalent security to such Policyholder or other creditor, or entrusted equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment, or a document certifying that the Entity Conversion poses no risk of harming the interest of such Policyholder or other creditor;
- (vi) A document certifying that the number of Policyholders who have stated their objections under Article 70, paragraph (6) has not exceeded one fifth of the total number of Policyholders, or a document certifying that the amount specified by a Cabinet Office Ordinance set forth in that paragraph as the credits belonging to such Policyholders has not exceeded one fifth of the total amount set forth in that paragraph;
- (vii) Where the converting Stock Company is a company issuing share certificates, a document certifying that a public notice has been given under the main clause of Article 219, paragraph (1) of the Companies Act as applied *mutatis mutandis* pursuant to Article 69, paragraph (6), or a document certifying that the company has not issued share certificates for all of the shares.
- (viii) Where the converting Stock Company has issued share options, a document certifying that a public notice has been given under Article 293, paragraph (1) of the Companies Act as applied *mutatis mutandis* pursuant to Article 69, paragraph (6), or a document certifying that the company has not issued any stock option certificate under that paragraph.
- (ix) A document certifying that the directors (or directors and company auditors, where the Converted Mutual Company is a company with auditors) of the Converted Mutual Company have accepted the assumption of office;
- (x) Where accounting advisors or accounting auditors have been elected for the Converted Mutual Company, the following documents:
 - (a) A document certifying that they have accepted the assumption of office,
 - (b) Where they are juridical persons, certificates of the matters registered for such juridical persons, provided, however, that this shall not apply to the cases where the principal offices of such juridical persons are located within the jurisdictional district of the relevant registry office, and

- (c) Where they are not juridical persons, a document certifying that the accounting advisors meet the requirement of Article 333, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-4, or that the accounting auditors meet the requirement of Article 337, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 53-7;
 - (xi) Where funds have been solicited, a document certifying the offer of contribution to the funds or a contract under Article 30 as applied mutatis mutandis pursuant to Article 78, paragraph (3); and
 - (xii) Where funds have been solicited, a document certifying that payment has been made to the funds under Article 30-3, paragraph (1) as applied mutatis mutandis pursuant to Article 78, paragraph (3).
- (3) Articles 76 and 78 (Registration of Entity Conversion) of the Commercial Registration Act shall apply mutatis mutandis to the case of paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Lawsuit for Nullification of Entity Conversion)

- Article 84-2 (1) The nullity of an Entity Conversion may only be asserted in a lawsuit filed within six months from the Effective Date.
- (2) A lawsuit for nullification of an Entity Conversion may only be filed by a person who was a shareholder, etc. (referring to a person who was a shareholder, director, company auditor or liquidator (or, in a company with Committees, a shareholder, director, executive officer or liquidator); hereinafter the same shall apply in this Section) of the converting Stock Company on the Effective Date, or a member, etc. (referring to a member, director, company auditor or liquidator (or, in a company with Committees, a member, director, executive officer or liquidator); hereinafter the same shall apply in this Section) or bankruptcy trustee of the Converted Mutual Company or a creditor of the Converted Mutual Company who has not approved of the Entity Conversion.
 - (3) A lawsuit for the nullification of an Entity Conversion shall be filed against the Converted Mutual Company.
 - (4) The provisions of Article 835, paragraph (1) (Jurisdiction of Claim), Article 836 to 839 inclusive (Order to Furnish Security, Compulsory Consolidation of Oral Arguments, etc., Scope of Effect of Judgment in Favor of Claim, Effect of Judgment of Nullity or Rescission), Article 846 (Liability for Damages in Case of Defeat of Plaintiff) and Article 937, paragraph (3) (limited to the segment pertaining to item (i)) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to a lawsuit for nullification of an Entity Conversion; the provision of Article 840 (Effect of Judgment of Nullity of

Issue of New Shares) of that Act shall apply mutatis mutandis to a judgment of nullity of an Entity Conversion accompanied by the solicitation of funds set forth in Article 78, paragraph (1); and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (ii)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 to 877 inclusive (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases, Supreme Court Rules, Compulsory Consolidation of Hearings, etc.) and Article 878, paragraph (1) (Effect of Judicial Decision) of that Act shall apply mutatis mutandis to an application under Article 840, paragraph (2) of that Act as applied mutatis mutandis pursuant to this paragraph. In this case, the term "shareholder" in Article 878, paragraph (1) shall be deemed to be replaced with "shareholder or member"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Subsection 2 Entity Conversion from Mutual Company to Stock Company

(Entity Conversion)

Article 85 (1) A mutual Insurance Company may convert to a stock Insurance Company.

(2) A Mutual Company that is a Small Amount and Short Term Insurance Provider may convert to a Stock Company that is a Small Amount and Short Term Insurance Provider.

(Authorization of Entity Conversion Plan)

Article 86 (1) A Mutual Company shall, when it intends to carry out an Entity Conversion under the preceding Article (hereinafter referred to as "Entity Conversion" in this Subsection), prepare an Entity Conversion plan to be approved by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting; hereinafter the same shall apply in this Subsection).

(2) The resolution set forth in the preceding paragraph shall be a resolution under Article 62, paragraph (2).

(3) A Mutual Company, when it intends to adopt a resolution under paragraph (1), shall provide an outline of the Entity Conversion plan in the notice to be given pursuant to Article 299, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1) or Article 49, paragraph (1).

- (4) A Mutual Company shall prescribe the following matters in its Entity Conversion plan:
- (i) The purpose, trade name, location of the head office and total number of authorized shares of the Stock Company to be established by the Entity Conversion (hereinafter referred to as "Converted Stock Company" in this Subsection);
 - (ii) In addition to what is listed in the preceding item, matters specified by the articles of incorporation of the Converted Stock Company;
 - (iii) Names of the directors of the Converted Stock Company;
 - (iv) The following matters depending on the case:
 - (a) Where the Converted Stock Company is a company with accounting advisors, the names of the persons to serve as accounting advisors of the Converted Stock Company,
 - (b) Where the Converted Stock Company is a company with auditors, the names of the company auditors of the Converted Stock Company, or
 - (c) Where the Converted Stock Company is a company with accounting auditors, the names of the accounting auditors of the Converted Stock Company;
 - (v) The number of shares (or the classes of share and the number of shares by class, where the Converted Stock Company is a company with class shares) to be acquired by the members of the converting Mutual Company or the method of calculating such number, and matters related to the capital and Reserves of the Converted Stock Company;
 - (vi) Matters related to the allocation of the shares set forth in the preceding item to the members of the converting Mutual Company;
 - (vii) The amount of, and calculation method for, any money granted to the members of the converting Mutual Company;
 - (viii) Matters related to the allocation of the money set forth in the preceding item to the members of the converting Mutual Company;
 - (ix) The method of selling any additional fraction of shares to be issued as a result of the allocation of shares to the members of the converting Mutual Company and any other matter specified by a Cabinet Office Ordinance regarding such sale.
 - (x) The method of purchasing any fraction of shares arising under the preceding item and any other matter specified by a Cabinet Office Ordinance regarding such purchase;
 - (xi) Matters related to the rights of Policyholders after the Entity Conversion; and
 - (xii) The day on which the Entity Conversion takes effect (hereinafter referred to as "Effective Date" in this Subsection) and any other matter specified by a Cabinet Office Ordinance.

(5) A Mutual Company shall, as a matter to be prescribed by the articles of incorporation pursuant to the provision of item (ii) of the preceding paragraph, include in the Converted Stock Company's articles of incorporation a principle pertaining to the policy dividends set forth in Article 114, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-18).

(Keeping and Inspection, etc. of Document Related to Entity Conversion Plan, etc.)

Article 87 (1) A converting Mutual Company shall, for the period ranging from the commencement date for the keeping of an Entity Conversion plan to the Effective Date, keep at each of its offices a document or electromagnetic record describing or recording the contents of the Entity Conversion plan and any other matter specified by a Cabinet Office Ordinance.

(2) The term "the commencement date for the keeping of an Entity Conversion plan" in the preceding paragraph refers to the date listed in any of the following items, whichever is earlier:

(i) The day which is two weeks before the date of the General Meeting of members set forth in paragraph (1) of the preceding Article (or, in the case of Article 319, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1), the date of proposal under that paragraph); or

(ii) The date of public notice under paragraph (2) of the following Article.

(3) Policyholders or other creditors of a converting Mutual Company may make the following requests to the company at any time during its business hours; provided, however, that they pay the fees determined by the Mutual Company in making a request falling under item (ii) or (iv):

(i) A request for inspection of the document set forth in paragraph (1);

(ii) A request for a transcript or extract of the document set forth in paragraph (1);

(iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in paragraph (1) in a manner specified by a Cabinet Office Ordinance; or

(iv) A request for the provision of the matters recorded on the electromagnetic record set forth in paragraph (1) by the electromagnetic means determined by the converting Mutual Company, or for any document that describes such matters.

(4) The Converted Stock Company shall, for six months from the Effective Date, keep at each of its business offices a document or electromagnetic record describing or recording the contents of the Entity Conversion plan and any other matter specified by a Cabinet Office Ordinance.

- (5) The creditors of a Converted Stock Company, such as Shareholders and Policyholders, may make the following requests to the company at any time during its operating hours; provided, however, that they pay the fees determined by the Converted Stock Company in making a request falling under item (ii) or (iv):
- (i) A request for inspection of the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Converted Stock Company, or for any document that describes such matters.

(Objections of Creditors)

- Article 88 (1) Policyholders or other creditors of a converting Mutual Company may state to the company their objections to the Entity Conversion.
- (2) A converting Mutual Company shall give public notice of the following matters in the Official Gazette and by the Method of Public Notice prescribed by its articles of incorporation; provided, however, that the period for item (iii) may not be shorter than one month:
- (i) A statement to the effect that an Entity Conversion will be carried out;
 - (ii) The trade name and address of the Converted Stock Company;
 - (iii) A statement to the effect that Policyholders or other creditors of the converting Mutual Company may state their objections within a certain period of time; and
 - (iv) In addition to what is listed in the preceding three items, matters specified by a Cabinet Office Ordinance.
- (3) Where no Policyholders or other creditors have stated their objections within the period set forth in item (iii) of the preceding paragraph, such Policyholders or creditors shall be deemed to have approved the Entity Conversion.
- (4) Where any Policyholder or other creditor has stated his/her objection under paragraph (2), item (iii), the converting Mutual Company shall make payment or provide equivalent security to such Policyholder or other creditor, or entrust equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment; provided, however, that this shall not apply to the cases where the Entity Conversion poses no risk of harming the interest of such Policyholder or other creditor;

- (5) The provision of the preceding paragraph shall not apply to the Policyholders or any rights held by other persons pertaining to insurance contracts (other than Insurance Claims, etc.).
- (6) Any resolution of authorization under Article 86, paragraph (1) shall be null and void if the number of the Policyholders who have stated their objections within the period set forth in paragraph (2), item (iii) (excluding the holders of policies under which Insurance Claims, etc. had already arisen at the time of public notice under the paragraph (2) (but limited to those policies that would be terminated with the payment of the Insurance Claims, etc.); the same shall apply hereinafter in this paragraph and in the following paragraph) exceeds one fifth of the total number of Policyholders, and the amount specified by a Cabinet Office Ordinance as the credits (other than Insurance Claims, etc.) belonging to the insurance contracts of the Policyholders who have stated such objections exceeds one fifth of the total amount of credits belonging to the Policyholders.
- (7) An Entity Conversion carried out pursuant to the provisions of the preceding paragraphs shall also be effective against the Policyholders who have stated their objections under the preceding paragraph and other persons who hold any right (other than Insurance Claims, etc.) pertaining to the insurance contracts involving the Policyholders.
- (8) A converting Mutual Company shall, when it intends to conclude an insurance contract on or after the day following the date of public notice under paragraph (2), notify the prospective Policyholder to the effect that the company is going through the procedure of Entity Conversion.
- (9) In addition to what is provided for in the preceding paragraphs, necessary matters for the application of those provisions shall be specified by a Cabinet Order.

(Redemption of Funds, etc.)

Article 89 (1) A converting Mutual Company shall, where it has any amount of unredeemed funds, redeem the full amount of its funds as stipulated in the Entity Conversion plan; provided, however, that this shall not apply to any amount of credits pertaining to the funds delivered for the purpose of contribution in kind in issuing shares under Article 92.

- (2) The provisions of Article 55, paragraph (2) and Article 56 shall not apply to an Entity Conversion from a Mutual Company to a Stock Company.

(Allocation of Shares or Monies to Members)

Article 90 (1) The members of a converting Mutual Company shall receive allocation of the Converted Stock Company's shares or monies as stipulated in the Entity Conversion plan.

- (2) The allocation of shares or monies set forth in the preceding paragraph shall be made in accordance with the amount of contribution of each member (referring to the amount calculated pursuant to the provisions of a Cabinet Office Ordinance as equivalent to the balance of the amount paid by a member as the insurance premiums and the profits obtained by investing the money received as such insurance premiums which have neither been allocated to the payment of benefits such as insurance claims or refunds, nor to business or other expenditures, after deducting the amount of assets to be retained for the performance of obligations under the insurance contract with the member).
- (3) The provisions of Article 234, paragraph (1) (excluding all items) and (2) to (5) inclusive (Treatment of Fractions), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 871 (Supplementary Note of Reasons), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the allocation of shares to the members of a converting Mutual Company pursuant to the provisions of the preceding two paragraphs. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (4) In addition to what is provided for in the preceding three paragraphs, matters required for the allocation of shares or monies in the case of an Entity Conversion shall be specified by a Cabinet Order.

(Amount of Surplus in Entity Conversion, etc.)

- Article 91 (1) A converting Mutual Company shall, as a matter to be prescribed by the articles of incorporation pursuant to the provision of Article 86, paragraph (4), item (ii), determine the amount of surplus in Entity Conversion.
- (2) The amount of surplus in Entity Conversion shall be the total amount calculated for all withdrawn members as specified by a Cabinet Office Ordinance in accordance with a Cabinet Office Ordinance set forth in paragraph (2) of the preceding Article.
 - (3) In addition to what is provided for in the preceding two paragraphs, the amount to be set aside as capital reserve on Entity Conversion, the reduction of surplus in Entity Conversion and other matters required for calculations on Entity Conversion shall be specified by a Cabinet Office Ordinance.

(Issue of Shares in Entity Conversion)

Article 92 A converting Mutual Company may, in carrying out the Entity Conversion, issue shares of the Converted Stock Company, in addition to the allocation of shares under Article 90, paragraph (1). In this case, the Entity

Conversion plan shall stipulate the following matters:

- (i) The number of the shares to be issued pursuant to the provision of this Article (hereinafter referred to as "Shares Issued on Entity Conversion" in this Subsection) (or, in a company with class shares, the classes and number of the Shares Issued on Entity Conversion; hereinafter the same shall apply in this Subsection);
- (ii) The amount to be paid in for the Shares Issued on Entity Conversion (referring to the amount of money to be paid, or of non-monetary properties to be delivered, in exchange for a share issued on Entity Conversion; hereinafter the same shall apply in this Subsection);
- (iii) Where contribution is to be made in the form of non-monetary property, a statement to that effect and the description and value of such property;
- (iv) The date of the payment of money in exchange for the Shares Issued on Entity Conversion or the delivery of the property set forth in the preceding item;
- (v) Matters regarding the capital and capital reserves to be increased.

(Offer of Subscription, etc. for Shares Issued on Entity Conversion)

Article 93 (1) A converting Mutual Company shall notify the following matters to the persons who intend to offer a subscription for Shares Issued on Entity Conversion:

- (i) The trade name of the Converted Stock Company;
 - (ii) Matters listed in the items of the preceding Article;
 - (iii) Places where any payment of money is to be handled; and
 - (iv) In addition to what is listed in the preceding three items, matters specified by a Cabinet Office Ordinance.
- (2) A person who offers to subscribe for Shares Issued on Entity Conversion shall submit to the converting Mutual Company a document specifying the following matters:
- (i) The name and address of the person who makes the offer; and
 - (ii) The number of Shares Issued on Entity Conversion for which the person intends to subscribe.
- (3) A person who makes an offer under the preceding paragraph may, in lieu of submitting the document prescribed in that paragraph, and pursuant to the provisions of a Cabinet Order, provide the matters to be indicated in such document by electromagnetic means, with the consent of the converting Mutual Company. In this case, the person who has made the offer shall be deemed to have submitted the document prescribed in that paragraph.
- (4) The converting Mutual Company shall immediately notify a person who has made an offer under paragraph (2) (hereinafter referred to as "Offeror" in this Subsection) of any change in the matters listed in the items of paragraph (1)

and the matter affected by the change.

- (5) It shall be sufficient for a notice or demand to an Offeror to be sent by the converting Mutual Company to the address specified under paragraph (2), item (i) (or to any other place or contact address notified by the Offeror to the Mutual Company for the receipt of notices or demands).
- (6) The notice or demand set forth in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should normally have arrived.
- (7) The provision of Article 10 shall apply mutatis mutandis to a notice given by the converting Mutual Company under paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Allocation of Shares Issued on Entity Conversion)

- Article 94 (1) The converting Mutual Company shall select from among the Offerors the persons to receive allocation of the Shares Issued on Entity Conversion, and determine the number of the Shares Issued on Entity Conversion to be allocated to each of such persons. In this case, the Mutual Company may reduce the number of the Shares Issued on Entity Conversion to be allocated to each Offeror from the number prescribed in paragraph (2), item (ii) of the preceding Article.
- (2) The converting Mutual Company shall notify the Offerors, no later than the day immediately preceding the date referred to in Article 92, item (iv) of the number of the Shares Issued on Entity Conversion that will be allocated to each Offeror.

(Subscription for Shares Issued on Entity Conversion)

- Article 95 An Offeror shall be a subscriber for Shares Issued on Entity Conversion for the number of such shares allocated by the converting Mutual Company.

(Performance of Contribution)

- Article 96 (1) Subscribers for Shares Issued on Entity Conversion (other than those who deliver properties under Article 92, item (iii) (hereinafter referred to as "Properties Contributed in Kind" in this Subsection)) shall, by the date set forth in item (iv) of the same Article, pay the full amount to be paid in for the Shares Issued on Entity Conversion allocated to each of them at any of the places where such payment is to be handled under Article 93, paragraph (1), item (iii).
- (2) Subscribers for Shares Issued on Entity Conversion (limited to those who deliver Properties Contributed in Kind) shall, by the date set forth in Article

92, item (iv), deliver the Properties Contributed in Kind equivalent to the full amount to be paid in for the Shares Issued on Entity Conversion allocated to each of them.

- (3) A subscriber for Shares Issued on Entity Conversion may not set off his/her obligation of payment under paragraph (1) or delivery under the preceding paragraph (hereinafter referred to as "Performance of Contribution" in this Subsection) against any claim against the converting Mutual Company.
- (4) Any assignment of the right to become a holder of Shares Issued on Entity Conversion by Performance of Contribution may not be duly asserted against the Converted Stock Company.
- (5) A subscriber for Shares Issued on Entity Conversion who fails to perform contribution shall lose his/her right to become a holder of Shares Issued on Entity Conversion by the Performance of Contribution.

(Timing of Obtaining Shareholder Status)

Article 96-2 A subscriber for Shares Issued on Entity Conversion shall, on the Effective Date, become the holder of the Shares Issued on Entity Conversion for which he/she has performed contribution.

(Restrictions on Nullification or Rescission of Subscription)

Article 96-3 (1) The proviso to Article 93 (Concealment of True Intention) and the provision of Article 94, paragraph (1) (Fictitious Manifestation of Intention) of the Civil Code shall not apply to the manifestation of intention pertaining to the offer of subscription for, or allocation of, Shares Issued on Entity Conversion.

- (2) A subscriber for Shares Issued on Entity Conversion may neither claim for nullification of his/her subscription for Shares Issued on Entity Conversion on the grounds of mistake, nor rescind his/her subscription for Shares Issued on Entity Conversion on the grounds of fraud or duress, after one year has lapsed since the Effective Date or he/she has exercised any right regarding his/her shares.

(Contribution of Non-Monetary Property)

Article 96-4 The provisions of Article 207 (Contribution of Property Other than Monies), Article 212 (excluding paragraph (1), item (i)) (Liabilities of Persons Who Subscribed for Shares with Unfair Amount to Be Paid in), Article 213 (excluding paragraph (1), items (i) and (iii)) (Liabilities of Directors in Case of Shortfall in Value of Property contributed), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to items (ii) and (vii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment

pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to any stipulation for the matters listed in Article 92, item (iii); and the provisions of Part VII, Chapter II, Section 2 (Lawsuit for Accountability, etc. in Stock Company) of that Act shall apply mutatis mutandis to a lawsuit for payment under Article 212 (excluding paragraph (1), item (i)) of that Act as applied mutatis mutandis pursuant to this Article. In this case, the term "director" in Article 207, paragraph (10), item (i) of that Act shall be deemed to be replaced with "director of the converting Mutual Company set forth in Article 86, paragraph (1) of the Insurance Business Act"; the terms "Article 209" and "Article 199, paragraph (1), item (iii)" in Article 207, paragraph (2) shall be deemed to be replaced with "Article 96-2 of the Insurance Business Act" and "Article 92, item (iii) of that Act," respectively; the terms "Article 199, paragraph (1), item (iii)" and "application for subscription for shares for subscription or his/her manifestation of intention relating to the contract provided for in Article 205" in Article 212, paragraph (2) of that Act shall be deemed to be replaced with "Article 92, item (iii) of the Insurance Business Act" and "application," respectively; and the term "shareholders having the shares" in Article 847, paragraph (1) of that Act shall be deemed to be replaced with "shareholders having the shares (or, where six months (or any shorter period prescribed by the articles of incorporation; hereinafter the same shall apply in this paragraph) have not lapsed since the Effective Date of an Entity Conversion, persons who had been members from six months prior until the Effective Date of the Entity Conversion and have been holding the shares without interruption since the Effective Date of the Entity Conversion)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Share Exchange on Entity Conversion)

- Article 96-5 (1) A converting Mutual Company may, at the time of Entity Conversion, carry out a share exchange on Entity Conversion (referring to an exchange of shares whereby a converting Mutual Company causes all of the shares of the Converted Stock Company to be acquired by another Stock Company (hereinafter referred to as "Wholly Owning Parent Company for Share Exchange on Entity Conversion" in this Subsection) at the time of the Entity Conversion; hereinafter the same shall apply in this Subsection).
- (2) A converting Mutual Company shall, in carrying out a share exchange on Entity Conversion, conclude a contract for share exchange on Entity

Conversion with the Wholly Owing Parent Company for Share Exchange on Entity Conversion.

- (3) The provision of Article 791 (excluding paragraph (1), item (i) and paragraph (3)) (Keeping and Inspection, etc. of Documents, etc. Related to Absorption-Type Split or Share Exchange) of the Companies Act shall apply mutatis mutandis to a converting Mutual Company carrying out a share exchange on Entity Conversion; the provisions of Article 309, paragraph (2) (excluding all items) (Resolution of Shareholders Meetings), Article 324, paragraph (2) (excluding all items (Resolution of Class Meetings) and Part V, Chapter V, Section 2, Subsection 2, Division 1 (excluding Article 795, paragraph (4), items (i) and (ii), Article 796, paragraph (3), item (i), (b), Article 799, paragraph (1), items (i) and (ii), Article 800, Article 801, paragraphs (1) and (2), Article 801, paragraph (3), items (i) and (ii), and Article 801, paragraph (5)) (Procedures for Stock Company) of that Act shall apply mutatis mutandis to a Wholly Owing Parent Company for Share Exchange on Entity Conversion; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to an application under Article 798, paragraph (2) of that Act as applied mutatis mutandis pursuant to this paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Allocation, etc. of Shares of Wholly Owing Parent Company for Share Exchange to Members)

Article 96-6 (1) Notwithstanding the provision of Article 90, paragraph (1), the members of a converting Mutual Company carrying out a share exchange on Entity Conversion shall, pursuant to the provisions of the Entity Conversion plan, receive allocation of shares issued, or monies granted, at the time of the share exchange by the Wholly Owing Parent Company for Share Exchange on Entity Conversion.

- (2) The provisions of Article 90, paragraphs (2) to (4) inclusive shall apply mutatis mutandis to the case set forth in the preceding paragraph. In this case, the term "the preceding paragraph" in paragraph (2) of the same Article shall be deemed to be replaced with "Article 96-6, paragraph (1)"; the term "the preceding two paragraphs" in Article 90, paragraph (3) shall be deemed to be replaced with "Article 96-6, paragraph (1) and the preceding paragraph"; and

the term "the preceding three paragraphs" in Article 90, paragraph (4) shall be deemed to be replaced with "Article 96-6, paragraph (1) and the preceding two paragraphs"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (3) Where a converting Mutual Company issuing shares pursuant to the provision of Article 92 carries out a share exchange on Entity Conversion, the subscribers for shares who have made payments or delivered contributions in kind for their shares shall, pursuant to the provisions of the Entity Conversion plan, receive allocation of shares issued, or monies delivered, at the time of the share exchange by the Wholly Owing Parent Company for Share Exchange on Entity Conversion.

(Matters Regarding Share Exchange on Entity Conversion to be Prescribed by Entity Conversion Plan, etc.)

Article 96-7 In the case of a share exchange on Entity Conversion, the Entity Conversion plan and the contract for share exchange on Entity Conversion shall prescribe the following matters:

- (i) The names, trade names and addresses of the converting Mutual Company and the Wholly Owing Parent Company for Share Exchange on Entity Conversion;
- (ii) The following matters regarding any Shares, etc. (referring to shares or monies; hereinafter the same shall apply in this Section) issued or granted by the Wholly Owing Parent Company for Share Exchange on Entity Conversion to the members of the converting Mutual Company (including the subscribers for the shares issued pursuant to the provision of Article 92; hereinafter the same shall apply in this Article) in carrying out the share exchange on Entity Conversion:
 - (a) Where the Shares, etc. are the shares of the Wholly Owing Parent Company for Share Exchange on Entity Conversion, the number of such shares (or, in a company with class shares, the classes of share and the numbers of shares by class) or the method of its calculation, and matters regarding the amounts of the capital and Reserves of the Wholly Owing Parent Company for Share Exchange on Entity Conversion, or
 - (b) Where the Shares, etc. are monies, the amount of such monies or the method of its calculation;
- (iii) In the case of the preceding item, matters regarding the allocation of the Shares, etc. set forth in that item to the members of the converting Mutual Company (excluding the Wholly Owing Parent Company for Share Exchange on Entity Conversion);
- (iv) The method of selling any additional fraction of shares to be issued as a result of the allocation of shares to the members of the converting Mutual

Company and any other matter specified by a Cabinet Office Ordinance regarding such sale.

- (v) The method of purchasing any additional fraction of shares arising under the preceding item and any other matter specified by a Cabinet Office Ordinance regarding such purchase; and
- (vi) The day on which the Entity Conversion and share exchange on Entity Conversion take effect.

(Share Transfer on Entity Conversion)

Article 96-8 (1) A converting Mutual Company may, at the time of Entity Conversion, carry out a share transfer on Entity Conversion (referring to a transfer whereby a converting Mutual Company or two or more converting mutual companies cause(s) all of the shares of the Converted Stock Company (including, in the case set forth in paragraph (1), item (ix) of the following Article, the Stock Company set forth in that item) to be acquired by a new Stock Company to be incorporated (hereinafter referred to as "Wholly Owing parent Company Formed by Share Transfer on Entity Conversion" in this Subsection) at the time of the Entity Conversion).

- (2) The provision of Article 96-6 shall apply mutatis mutandis to a share transfer on Entity Conversion. In this case, the term "Wholly Owing Parent Company for Share Exchange on Entity Conversion" in paragraph (1) of the same Article shall be deemed to be replaced with "Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion"; the term "Article 96-6, paragraph (1)" in Article 96-6, paragraph (2) shall be deemed to be replaced with "Article 96-6, paragraph (1) as applied mutatis mutandis pursuant to Article 96-8, paragraph (2)"; and the term "Wholly Owing Parent Company for Share Exchange on Entity Conversion" in Article 96-6, paragraph (3) shall be deemed to be replaced with "Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Matters Regarding Share Transfer on Entity Conversion to be Prescribed by Entity Conversion Plan, etc.)

Article 96-9 (1) In the case of a share transfer on Entity Conversion, the Entity Conversion plan shall prescribe the following matters:

- (i) The purpose of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion, the trade name, the location of its head office, and the total number of authorized shares;
- (ii) In addition to what is listed in the preceding item, matters specified by the articles of incorporation of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion;

- (iii) The names of the persons to serve as directors at the incorporation of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion;
 - (iv) Any of the following matters depending on the case:
 - (a) Where the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion is a company with accounting advisors, the names of the persons to serve as accounting advisors at the incorporation of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion,
 - (b) Where the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion is a company with auditors, the names of the persons to serve as company auditors at the incorporation of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion, or
 - (c) Where the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion is a company with accounting auditors, the names of the persons to serve as accounting auditors at the incorporation of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion;
 - (v) The number of the shares (or, in a company with class shares, the classes of share and the numbers of shares by class) to be issued by the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion to the members of the converting Mutual Company (including the subscribers for shares issued pursuant to the provision of Article 92; hereinafter the same shall apply in this Article) in carrying out the share transfer on Entity Conversion or the method of calculating such number, and matters regarding the amounts of the capital and Reserves of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion;
 - (vi) Matters regarding the allocation of the shares set forth in the preceding item to the members of the converting Mutual Company;
 - (vii) The amount of any money to be granted by the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion to the members of the converting Mutual Company in carrying out the share transfer on Entity Conversion or the method of calculating such amount;
 - (viii) In the case of the preceding item, matters regarding the allocation of the money set forth in that item to the members of the converting Mutual Company; and
 - (ix) In jointly incorporating a Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion with another converting Mutual Company or a Stock Company, a statement to that effect, and the matters listed in Article 773, paragraph (1), items (ix) and (x) (Share Transfer Plan) of the Companies Act regarding the share options of the Stock Company.
- (2) The provisions of Part II, Chapter I (excluding Article 27 (excluding items (iv) and (v)), Article 29, Article 31, Article 39, Section 6 and Article 49)

(Incorporation) of the Companies Act shall not apply to the incorporation of a Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion.

- (3) The articles of incorporation of a Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion shall be drafted by the converting Mutual Company carrying out the share transfer on Entity Conversion (or, in the case of paragraph (1), item (ix), the converting Mutual Company carrying out the share transfer on Entity Conversion and the Stock Company set forth in that item).
- (4) The provision of Article 811 (excluding paragraph (1), item (i)) (Keeping and Inspection , etc. of Documents, etc. Regarding Incorporation-Type Company Split or Share Transfer) of the Companies Act shall apply mutatis mutandis to a converting Mutual Company carrying out a share transfer on Entity Conversion; the provisions of Article 219, paragraph (1) (limited to the segment pertaining to item (viii)), (2) and (3) (Public Notice in Relation to Submission of Share Certificate), Article 220 (Cases Where Share Certificates Cannot be Submitted), Article 293, paragraph (1) (limited to the segment pertaining to item (vii)) and (2) to (4) inclusive (Public Notice in Relation to Submission of Share Option Certificate), Article 309, paragraph (2) (excluding the items) and (3) (limited to the segment pertaining to item (iii)) (Resolution of Shareholders Meetings), Article 324, paragraph (2) (excluding the items) and (3) (limited to the segment pertaining to item (ii)) (Resolution of Class Meetings), and Part V, Chapter V, Section 3, Subsection 1, Division 1 (excluding Article 803, paragraph (1), items (i) and (ii), Article 805, Article 808, paragraph (1), items (i) and (ii), Article 808, paragraph (3), items (i) and (ii), Article 810, paragraph (1), items (i) and (ii), Article 811, paragraph (1), item (i), Article 811, paragraph (3), and Article 812) (Procedures for Stock Company) of that Act shall apply mutatis mutandis to a Stock Company set forth in paragraph (1), item (ix); and the provisions of Article 815, paragraph (3) (limited to the segment pertaining to item (iii)), (4) and (6) (Keeping and Inspection, etc. of Documents, etc. Regarding Consolidation-Type Merger Agreement, etc.) of that Act shall apply mutatis mutandis to a Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Authorization of Entity Conversion)

- Article 96-10 (1) An Entity Conversion shall not take effect without the authorization of the Prime Minister.
- (2) The Prime Minister shall, on application for the authorization set forth in the preceding paragraph, examine whether the application meets the following requirement:

- (i) The Converted Stock Company has a sufficient financial basis to carry on its business in a sound and efficient manner;
- (ii) The Entity Conversion poses no risk of harming the rights of Policyholders;
- (iii) The allocation of shares or money under Article 90 or 96-6 (including the cases where it is applied mutatis mutandis pursuant to Article 96-8, paragraph (2)) has been carried out appropriately; and
- (iv) In addition to what is listed in the preceding three items, the Entity Conversion poses no risk of precluding the sound management of its business.

(Effectuation, etc. of Entity Conversion)

Article 96-11 (1) A converting Mutual Company shall become a Stock Company on the Effective Date (or, in the case of a share transfer on Entity Conversion, the date of the establishment of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion).

- (2) The members of a converting Mutual Company shall, on the Effective Date, become holders of the shares set forth in Article 86, paragraph (4), item (v) pursuant to the provision on the matters listed in Article 86, paragraph (4), item (vi).
- (3) The provisions of the preceding two paragraphs shall not apply to the cases where a procedure under Article 88 has not been completed or where the Entity Conversion has been voluntarily abandoned.

Article 96-12 (1) Notwithstanding the provisions of paragraph (2) of the preceding Article and Article 96-2, the Wholly Owing Parent Company for Share Exchange on Entity Conversion shall acquire all of the issued shares of a Converted Stock Company (excluding the shares of the Converted Stock Company held by the Wholly Owing Parent Company for Share Exchange on Entity Conversion) on the Effective Date, where the converting Mutual Company carries out a share exchange on Entity Conversion.

- (2) Notwithstanding the provisions of paragraph (2) of the preceding Article and Article 96-2, the members of a converting Mutual Company (including the subscribers for the shares issued pursuant to the provision of Article 92) shall become holders of the shares set forth in Article 96-7, item (ii), (a) on the Effective Date pursuant to the provision on the matters listed in item (iii) of the same Article, where the converting Mutual Company carries out a share exchange on Entity Conversion.
- (3) The provisions of the preceding two paragraphs shall not apply to the cases where a procedure under Article 88 has not been completed or where the Entity Conversion has been voluntarily abandoned.

Article 96-13 (1) Notwithstanding the provisions of Article 96-11, paragraph (2)

and Article 96-2, the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion shall, on the date of its establishment, acquire all of the shares to be allocated to members pursuant to the provision of Article 90, paragraph (1) (including the shares issued pursuant to the provision of Article 92 and the shares issued by the Stock Company set forth in Article 96-9, paragraph (1), item (ix)), where the converting Mutual Company carries out a share transfer on Entity Conversion.

- (2) Notwithstanding the provisions of Article 96-11, paragraph (2) and Article 96-2, the members of a converting Mutual Company (including the subscribers for the shares issued pursuant to the provision of Article 92 and the shareholders of the Stock Company set forth in Article 96-9, paragraph (1), item (ix)) shall, on the date of the establishment of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion, become holders of the shares set forth in Article 96-9, paragraph (1), item (v) pursuant to the provision on the matters listed in Article 96-9, paragraph (1), item (vi), where the converting Mutual Company carries out a share exchange on Entity Conversion.
- (3) The provisions of Article 774, paragraphs (4) and (5) (Effectuation, etc. of Share Transfer) of the Companies Act shall apply mutatis mutandis to the case of Article 96-9, paragraph (1), item (ix). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Registration)

Article 96-14 (1) Where a Mutual Company has carried out an Entity Conversion, the converting Mutual Company shall complete registration of dissolution within two weeks from the date of Entity Conversion at the location of its principal office and within three weeks from said date at the location of its secondary offices; and the Converted Stock Company shall make a registration of incorporation within two weeks from the date of Entity Conversion at the location of its head office and within three weeks from said date at the location of its branch offices.

- (2) The provision of Article 89 (limited to the segment pertaining to items (i) to (iv) inclusive) (Registration of Share Exchange) of the Commercial Registration Act shall apply mutatis mutandis to a share exchange on Entity Conversion carried out by a converting Mutual Company; and the provisions of Article 925 (excluding items (ii) and (iv)) (Registration of Share Transfer) and Article 930, paragraph (1) (limited to the segment pertaining to item (iv)) (Registration at Location of Branch Offices) of the Companies Act, and the provision of Article 90 (Registration of Share Transfer) of the Commercial Registration Act shall apply mutatis mutandis to a share transfer on Entity Conversion carried out by a converting Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (3) The following documents shall be attached to a written application for registration of incorporation under paragraph (1), in addition to those specified in Articles 18, 19 and 46 of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 67:
- (i) Entity Conversion plan;
 - (ii) articles of incorporation;
 - (iii) The minutes of the Mutual Company's General Meeting of members;
 - (iv) A document certifying that the directors (or directors and company auditors, where the Converted Stock Company is a company with auditors) of the Converted Stock Company have accepted the assumption of office;
 - (v) Where accounting advisors or accounting auditors have been appointed for the Converted Stock Company, the following documents:
 - (a) A document certifying that they have accepted the assumption of office,
 - (b) Where they are juridical persons, certificates of the matters registered for such juridical persons, provided, however, that this shall not apply to the cases where the principal offices of such juridical persons are located within the jurisdictional district of the relevant registry office, and
 - (c) Where they are not juridical persons, a document certifying that the accounting advisors meet the requirement of Article 333, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-4, or that the accounting auditors meet the requirement of Article 337, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 53-7;
 - (vi) A document certifying a contract with any administrator of the shareholder registry;
 - (vii) A document certifying that a public notice under Article 88, paragraph (2) has been given;
 - (viii) Where any Policyholder or other creditor has stated his/her objection under Article 88, paragraph (4), a document certifying that the company has made payment or provided equivalent security to such Policyholder or other creditor, or entrusted equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment, or a document certifying that the Entity Conversion poses no risk of harming the interest of such Policyholder or other creditor;
 - (ix) A document certifying that the number of Policyholders who have stated their objections under Article 88, paragraph (6) has not exceeded one fifth of the total number of Policyholders, or a document certifying that the amount specified by a Cabinet Office Ordinance set forth in that paragraph as the credits belonging to such Policyholders has not exceeded one fifth of the total amount set forth in that paragraph; and
 - (x) Where shares have been issued on the Entity Conversion pursuant to the

provision of Article 92, the following documents:

- (a) A document certifying the offers of subscription for the shares;
 - (b) Where contribution is to be made in the form of money, a document certifying that payments have been made under Article 96, paragraph (1);
 - (c) Where contribution is to be made in the form of non-monetary property, the following documents:
 - 1. Where an inspector has been elected, a document containing the investigative report of the inspector and annexed documents thereto,
 - 2. In the cases listed in Article 207, paragraph (9), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 96-4, a document certifying the market value of the securities,
 - 3. In the cases listed in Article 207, paragraph (9), item (iv) of the Companies Act as applied mutatis mutandis pursuant to Article 96-4, a document containing the verification set forth in that item and annexed documents thereto, and
 - 4. In the cases listed in Article 207, paragraph (9), item (v) of the Companies Act as applied mutatis mutandis pursuant to Article 96-4, the accounting books carrying the monetary claim set forth in that item; and
 - (d) Transcript of any judicial decision on the report of the inspector.
- (4) In addition to the documents set forth in Articles 18, 19 (Documents to be Attached to Written Application) and 46 (General Rules for Attached Documents) of the Commercial Registration Act, and Article 89 (limited to the segment pertaining to items (i) to (iv) inclusive) of that Act as applied mutatis mutandis pursuant to paragraph (2), and the documents listed in the items of the preceding paragraph, a certificate of matters registered for the Mutual Company (except when the principal office of the Mutual Company is located within the jurisdictional district of the relevant registry office) shall be attached to a written application for registration of change due to any share exchange on Entity Conversion carried out by a Wholly Owning Parent Company for Share Exchange on Entity Conversion.
- (5) In addition to the documents set forth in Articles 18, 19 and 46 of the Commercial Registration Act, and Article 90 of that Act as applied mutatis mutandis pursuant to paragraph (2), and the documents listed in the items of paragraph (3), a certificate of matters registered for the Mutual Company (except when the principal office of the Mutual Company is located within the jurisdictional district of the relevant registry office) shall be attached to a written application for incorporation due to any share transfer on Entity Conversion.
- (6) The provisions of Articles 76 and 78 (Registration of Entity Conversion) of the Commercial Registration Act shall apply mutatis mutandis to the cases of

paragraph (1); and the provision of Article 46, paragraph (3) of that Act as applied mutatis mutandis pursuant to Article 67 shall apply mutatis mutandis to the cases of Article 3, item (iii), paragraph (4) and the preceding paragraph (limited to the segment pertaining to the documents listed in Article 3, item (iii)). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application mutatis mutandis of Provisions on Entity Conversion from Stock Company to Mutual Company)

Article 96-15 The provision of Article 82 shall apply mutatis mutandis to an Entity Conversion from a Mutual Company to a Stock Company. In this case, the term "Article 70, paragraph (2)" in paragraph (1) of the same Article shall be deemed to be replaced with "Article 88, paragraph (2)"; and the term "Article 70" in Article 82, paragraph (2) shall be deemed to be replaced with "Article 88"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Lawsuit for Nullification of Entity Conversion)

Article 96-16 (1) The nullity of an Entity Conversion may only be asserted in a lawsuit filed within six months from the Effective Date (or, in the case of a share transfer on Entity Conversion, the date of the establishment of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion; the same shall apply in the following paragraph).

(2) A lawsuit for nullification of an Entity Conversion may only be filed by any of the persons listed in the following items depending on the case:

(i) In the case of an Entity Conversion accompanied by a share exchange on Entity Conversion, a person who was a member, etc. of the converting Mutual Company or a shareholder, etc. of the Wholly Owing Parent Company for Share Exchange on Entity Conversion as of the Effective Date, or a shareholder, etc. or bankruptcy trustee of the Converted Stock Company or a creditor of the Converted Stock Company who has not approved of the Entity Conversion or a shareholder, etc. or bankruptcy trustee of the Wholly Owing Parent Company for Share Exchange on Entity Conversion;

(ii) In the case of an Entity Conversion accompanied by a share transfer on Entity Conversion, a person who was a member, etc. of the converting Mutual Company as of the Effective Date, or a shareholder, etc. or bankruptcy trustee of the Converted Stock Company or the Stock Company set forth in Article 96-9, paragraph (1), item (ix) or a creditor of such Stock Company who has not approved of the Entity Conversion or a shareholder, etc. or bankruptcy trustee of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion; or

- (iii) In any other case than those listed in the preceding two paragraphs, a person who was a member, etc. of the converting Mutual Company as of the Effective Date, or a shareholder, etc. or bankruptcy trustee of the Converted Stock Company or a creditor of the Converted Stock Company who has not approved of the Entity Conversion.
- (3) A lawsuit for the nullification of an Entity Conversion shall be filed against any of the persons listed in the following items depending on the case:
- (i) In the case of item (i) of the preceding paragraph, the Converted Stock Company and the Wholly Owning Parent Company for Share Exchange on Entity Conversion;
 - (ii) In the case of item (ii) of the preceding paragraph, the Converted Stock Company and the Wholly Owning Parent Company Formed by Share Transfer on Entity Conversion; or
 - (iii) In the case of item (iii) of the preceding paragraph, the Converted Stock Company.
- (4) The provisions of Article 835, paragraph (1) (Jurisdiction of Claim), Article 836 to 839 inclusive (Order to Furnish Security, Compulsory Consolidation of Oral Arguments, etc., Scope of Effect of Judgment in Favor of Claim, Effect of Judgment of Nullity or Rescission), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (3) (limited to the segment pertaining to item (i)) and (4) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to a lawsuit for the nullification of an Entity Conversion; the provision of Article 840 (Effect of Judgment of Nullity of Issue of New Shares) of that Act shall apply mutatis mutandis to a judgment of nullity of an Entity Conversion accompanied by the issue of shares on Entity Conversion under Article 92; the provision of Article 844 (Effect of Judgment of Nullity of Share Exchange or Share Transfer) of that Act shall apply mutatis mutandis to a judgment of nullity of an Entity Conversion accompanied by a share exchange on Entity Conversion or share transfer on Entity Conversion; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (ii)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Article 875 to 877 inclusive (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases, Supreme Court Rules, Compulsory Consolidation of Hearings, etc.) and Article 878, paragraph (1) (Effect of Judicial Decision) of that Act shall apply mutatis mutandis to an application under Article 840, paragraph (2) of that Act as applied mutatis mutandis pursuant to this paragraph. In this case, the term "shareholder" in Article 878, paragraph (1) shall be deemed to be replaced with "shareholder or member"; any other

necessary technical change in interpretation shall be specified by a Cabinet Order.

- (5) For the purpose of applying the provision of Article 475 (Causes of Commencement of Liquidation) of the Companies Act to a Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion, the term "in the cases listed below" in that Article shall be deemed to be replaced with "in the cases listed below or the cases where a judgment in favor of any claim in a lawsuit for the nullification of an Entity Conversion accompanied by a share transfer on Entity Conversion under Article 96-8, paragraph (1) of the Insurance Business Act has become final and binding."

Chapter III Business

(Scope of Business, etc.)

Article 97 (1) An Insurance Company may, in accordance with the types of licenses provided by Article 3, paragraph (2), underwrite insurance.

- (2) An Insurance Company shall invest assets such as money received as insurance premiums by any of the methods specified by a Cabinet Office Ordinance, such as acquisition of securities.

Article 97-2 (1) An Insurance Company shall not invest assets specified by a Cabinet Office Ordinance, that exceed the amount calculated pursuant to the provisions of a Cabinet Office Ordinance.

- (2) In addition to the provisions under the preceding paragraph, the amount of assets as specified by a Cabinet Office Ordinance to be invested by an Insurance Company regarding one person (including persons or entities in a special relationship, specified by a Cabinet Office Ordinance, with said person; the same shall apply in the following paragraph) shall not exceed the amount calculated pursuant to the provisions of a Cabinet Office Ordinance.
- (3) In the case where an Insurance Company possesses any persons with which it shares a special relationship as specified by a Cabinet Office Ordinance, such Subsidiary Companies (hereinafter referred to in this Article as "Subsidiary Companies, etc."), the total amount of assets as specified by a Cabinet Office Ordinance to be invested in any one person by the Insurance Company and its Subsidiary Companies, etc., or by such Subsidiary Companies, etc. shall not exceed the amount calculated pursuant to the provisions of a Cabinet Office Ordinance.

Article 98 (1) An Insurance Company may, in addition to the businesses it carries out pursuant to the provision of Article 97, carry out the following and other businesses incidental thereto:

- (i) Representing the businesses or carrying out services (limited to those specified by a Cabinet Office Ordinance) on behalf of other insurance companies (including Foreign Insurers), Small Amount and Short Term Insurance Providers, shipowners mutual insurance associations (meaning shipowners mutual insurance associations prescribed in Article 2, paragraph (1) (Definition) of the Shipowners Mutual Insurance Association Act (Act No. 177 of 1950)), and other persons carrying out financial businesses;
- (ii) Guarantee of obligation;
- (iii) Underwriting (excluding that carried out for the purpose of secondary distribution) of National Government Bonds, local government bonds or Government-Guaranteed Bonds (hereinafter referred to as "National Government Bonds, etc." in this Article) or handling of public offerings of the National Government Bonds, etc. pertaining to that underwriting;
- (iv) Acquisition or transfer (not for the purpose of asset investment) of monetary claims (including those indicated in any of the certificates specified by a Cabinet Office Ordinance, such as certificates of negotiable deposits);
- (iv)-2 Underwriting (excluding that carried out for the purpose of secondary distribution) of Specified Company Bonds issued by Special Purpose Companies (excluding Specified Short-Term Company Bonds and limited to those where only nominative monetary claims or rights of beneficiary of trust into which nominative monetary claims are placed are acquired using the money gained through the issuance of that Specified Company Bonds under Asset Securitization Plans) and any other securities specified by a Cabinet Office Ordinance as those equivalent thereto (hereinafter referred to as "Specified Company Bonds, etc." in this item) or handling of public offering of the Specified Company Bonds, etc. pertaining to that underwriting;
- (iv)-3 Acquisition or transfer of short-term Company bonds, etc. (except those for the investment of assets);
- (v) Handling of a private placement of securities (except those that fall under monetary claims indicated on the certificates prescribed in item (iv) and Short-Term Bonds, etc.);
- (vi) Derivative Transactions (excluding those which are carried out for the investment of assets and those which fall under the category of Transactions of Securities-Related Derivatives; the same shall apply in the following item) that are specified by a Cabinet Office Ordinance (excluding those that fall under the category of the business listed in item (iv));
- (vii) Intermediary, introducing brokerage or agency service of Derivative Transactions (limited to those specified by a Cabinet Office Ordinance);
- (viii) Transactions where the relevant parties promise to give and receive money calculated based on the difference between the reference value that they have determined in advance, in terms of an indicator such as interest

- rate, currency value or commodity price, on the one hand, and the actual numerical value of that indicator at a fixed point of time in the future, on the other, or any equivalent transactions thereto, that are specified by a Cabinet Office Ordinance (referred to as "Financial Derivative Transactions" in the next item) (excluding those which are carried out for the purpose of asset investment and those falling under any of the businesses listed in items (iv) and (vi));
- (ix) Intermediary, introducing brokerage or agency service of Financial Derivative Transactions. (excluding such business that falls under the category of business specified in item (vii) and those specified by a Cabinet Office Ordinance);
- (x) Over-the-Counter Transactions of Securities-Related Derivatives (limited to those that are settled through giving and receiving the difference in the case where the securities pertaining to that Over-the-Counter Transactions of Securities-Related Derivatives fall under the category of monetary claims that are indicated in the form of certificates as prescribed in item (iv) and are not Short-Term Company Bonds, etc.; the same shall apply in the following item) (except those which are carried out for the investment of assets); and
- (xi) Intermediary, introducing brokerage or agency service of Over-the-Counter Transactions of Securities-Related Derivatives.
- (2) An Insurance Company shall, when carrying out the businesses listed in the preceding paragraph, item (i), specify its content and obtain the authorization from the Prime Minister.
- (3) The term "Government-Guaranteed Bonds" in paragraph (1), item (iii) means bonds, such as company bonds, for which redemption of the principal and payment of interest are guaranteed by the government.
- (4) The business listed in paragraph (1), item (iv) concerning the monetary claims indicated on the certificates prescribed in the same item which fall under securities and the business listed in the same paragraph, item (iv)-3 concerning Short-Term Bonds, etc. shall include the business of carrying out acts listed in Article 2, paragraph (8), items (i) to (vi) inclusive and items (viii) to (x) inclusive (Definitions) of the Financial Instruments and Exchange Act.
- (5) The terms "special purpose company," "asset securitization program" or "specified company bond" in paragraph (1), item (iv)-2 mean the special purpose company, asset securitization program, or specified company bond prescribed in Article 2, paragraph (3), (4), or (7) (Definitions) of the Act on the Liquidation of Assets (Act No. 105 of 1998), respectively, and the term "specified short-term bond" means the specified short-term bond prescribed in Article 2, paragraph (8) of the same Act.
- (6) The term "Short-Term Bonds, etc." set forth in paragraph (1), items (iv)-3, (v),

- and (x), and paragraph (4) means the following bonds:
- (i) Short-Term Bonds prescribed in Article 66, item (i) (Ownership of Rights) of the Act on Transfer of Bonds, Shares, etc.;
 - (ii) Deleted
 - (iii) Short-term investment corporation bonds prescribed in Article 139-12, paragraph (1) (Special Provisions Pertaining to Short-term Investment Corporation Bonds) of the Act on Investment Trust and Investment Corporation (Act No. 198 of 1951);
 - (iv) Short-Term Bonds prescribed in Article 54-4, paragraph (1) (Issuance of Short-Term Bonds) of the Shinkin Bank Act (Act No. 238 of 1951);
 - (v) Short-Term Bonds prescribed in Article 61-10, paragraph (1);
 - (vi) Specified Short-Term Bonds prescribed in the preceding paragraph;
 - (vii) Short-term Norinchukin Bank debentures prescribed in Article 62-2, paragraph (1) (Issuance of Short-Term Norinchukin Bank Debentures) of the Norinchukin Bank Act (Act No. 93 of 2001); and
 - (viii) Of the rights to be indicated in bonds issued by foreign juridical persons for which ownership of the rights is to be decided based on the entry or record in the transfer account registry pursuant to the provisions of the Act on Transfer of Bonds, Shares, etc. (excluding bonds having a nature of company bonds with share warrant), those that satisfy all of the following requirements:
 - (a) The amount of each right is not below hundred million yen;
 - (b) There are provisions on a fixed due date for redemption of the principal that is within one year from the day on which the total amount of the rights has been paid, and there is no provision on an installment plan; and
 - (c) There are provisions to make the due date for the payment of interest the same date as the due date for the redemption of the principal set forth in (b).
- (7) The "Handling of Private Placement of Securities" set forth in paragraph (1), item (v) means to handle the Private Placement of Securities (meaning the private placement of securities prescribed in Article 2, paragraph (3) (Definitions) of the Financial Instruments and Exchange Act).
- (8) The term "Derivative Transactions" or "Transactions of Securities-Related Derivatives" set forth in paragraph (1), item (vi) or (vii) respectively means the Derivative Transactions prescribed in Article 2, paragraph (20) (Definitions) of the Financial Instruments and Exchange Act or the Transactions of Securities-Related Derivatives prescribed in Article 28, paragraph (8), item (vi) (Definitions) of that Act.
- (9) The term "Over-the-Counter Transactions of Securities-Related Derivatives" in paragraph (1), item (x) or (xi) means the acts listed in Article 28, paragraph (8), item (iv) (Definitions) of the Financial Instruments and Exchange Act

- Article 99 (1) An Insurance Company may, in addition to the businesses it carries out pursuant to the provision of Article 97 and the preceding Article, carry out, with regard to the securities or transactions listed in the items of Article 33, paragraph (2) of the Financial Instruments and Exchange Act (Restriction, etc. on Security-related Businesses of Financial Institutions), the businesses to perform any of the acts listed in the items of the same paragraph (excluding businesses carried out pursuant to the provision of the preceding Article, paragraph (1)) and any of those businesses specified by a Cabinet Office Ordinance as incidental thereto, within a limit so as not to preclude the execution of the businesses in Article 97.
- (2) In addition to the businesses it carries out pursuant to the provision of Article 97 and the preceding Article, an Insurance Company may conduct the following businesses, within a limit so as not to preclude the execution of the businesses in Article 97:
- (i) Subscription or commissioning the administration of bonds such as local government bonds or company bonds; and
 - (ii) Trust business concerning secured bonds that is carried out pursuant to the Secured Bond Trust Act.
- (3) A Life Insurance Company may, in addition to the businesses it carries out pursuant to the provision of Article 97 and the preceding Article, carry out the business of underwriting trusts concerning the insurance claims paid (hereinafter referred to as "Insurance Claim Trust Business"), within a limit so as not to preclude the execution of the businesses in Article 97, notwithstanding the provision of the Trust Business Act.
- (4) An Insurance Company shall, if it intends to carry out the business prescribed in paragraph (1) pursuant to the provision of the same paragraph, set forth the contents and method of that business whose other Parties are many and unspecified, and obtain the authorization from the Prime Minister. The same shall apply when an Insurance Company intends to modify the contents and method of the business that obtained said authorization.
- (5) An Insurance Company shall obtain the authorization from the Prime Minister when it intends to carry out the businesses listed in the items of paragraph (2) pursuant to the provision of the same paragraph.
- (6) An Insurance Company shall, with regard to the businesses listed in the items of paragraph (2), be deemed to be a bank (a company or bank prescribed by laws and regulations in the case of a Mutual Company) pursuant to the provisions of a Cabinet Order, for the purpose of the application of the laws and regulations specified by a Cabinet Order, such as the Commercial Code, Secured Bond Trust Act, and Companies Act. In this case, the provision of the proviso (Trade Name) of Article 14, paragraph (2) of the Trust Business Act

shall not apply.

(7) A Life Insurance Company shall, if it intends to carry out the Insurance Claim Trust Business, set forth the method and obtain the authorization from the Prime Minister. The same shall apply when a Life Insurance Company intends to modify the method of the business that obtained said authorization.

(8) The provisions of Article 11 (Business Deposit), Articles 22 to 31 inclusive (Entrustment of Trust Business, Liability of Trust Company Pertaining to Entrustment of Trust Business, Conduct Rules Pertaining to Underwriting of Trust, Application mutatis mutandis of the Financial Instruments and Exchange Act, Explanation of Contents of Trust Contract, Written Issuance at Conclusion of Trust Contract, Issuance of Report on Trust Property Situation, Duty of Loyalty of Trust Company, etc., Conduct Rules Pertaining to Trust Property, Change of Important Trust, etc., Explanation of Reimbursement of Costs, etc. or Scope of Advance Payment, etc., Special Measures for Public Notice of Trusts, and Debt Set-off Pertaining to Trust Property), Article 42 (Inspection, etc.), and Article 49 (Dismissal Procedure in the Case of Rescission, etc. of License, etc.) of the Trust Business Act and Article 6 (Conclusion of Trust Contract on Loss Compensation, etc.) of the Act on Provision, etc. of Trust Business by Financial Institutions shall apply mutatis mutandis to cases where a Life Insurance Company carries out the Insurance Claim Trust Business pursuant to the provision of paragraph (3). In this case, the phrases listed in the middle column of the following table in the provisions of the Trust Business Act listed in the left column of the table shall be deemed to be replaced with the phrases listed in the right column of the table.

Article 11, paragraph (10)	In the case where the registration of Article 7, paragraph (3) is not renewed, in the case where the license of Article 3 is rescinded pursuant to the provision of Article 44, paragraph (1), in the case where the registration of Article 7, paragraph (1) is rescinded pursuant to the provision of Article 45, paragraph (1), or the license of Article 3 or registration of Article 7, paragraph (1) pursuant to the provision of Article 46, paragraph (1)	In the case where the license of Article 3, paragraph (1) of the Insurance Business Act is rescinded pursuant to the provision of Articles 133 or 134 of the same Act, or the license of Article 3, paragraph (1) of the same Act pursuant to the provision of Article 273 of the same Act
Article 42, paragraph (2)	Notification or measures of Article 17 to 19 inclusive or said	Said

Article 49, paragraph (1)	In the case where the registration of Article 7, paragraph (3) is not renewed, in the case where the license of Article 3 is rescinded pursuant to the provision of Article 44, paragraph (1), or the registration of Article 7, paragraph (1) pursuant to the provision of Article 45, paragraph (1)	License of Article 3, paragraph (1) of the Insurance Business Act pursuant to the provision of Article 133 or 134 of the same Act
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(9) In the case where a Life Insurance Company entrusts a third Party to act as an agent or intermediary for the conclusion of a trust contract underwritten pursuant to the provision of paragraph (3), the Life Insurance Company shall be deemed to be a trust company and the provisions of Article 2, paragraph (8) (Definitions) and Chapter V (including penal provisions pertaining to these provisions) of the Trust Business Act shall apply. In this case, the term "affiliated trust company" in the same Chapter means "affiliated Life Insurance Company" and "Article 34, paragraph (1)" in Article 78, paragraph (1) of the same Act means "Article 111, paragraphs (1) and (2) of the Insurance Business Act."

(10) A Life Insurance Company that carries out the Insurance Claim Trust Business pursuant to the provision of paragraph (3) shall be deemed to be a trust company pursuant to the provisions of a Cabinet Order, with regard to the application of what is specified by a Cabinet Order in the laws and regulations on taxation with regard to said Insurance Claim Trust Business.

(Restriction on Other Businesses)

Article 100 An Insurance Company may not conduct business other than the business conducted pursuant to the provision of Article 97 and the preceding two Articles and business conducted pursuant to other Acts.

(Measures Concerning Business Operation)

Article 100-2 Unless provided otherwise in this Act or any other Act, an Insurance Company shall, pursuant to the provisions of a Cabinet Office Ordinance, take measures to ensure sound and appropriate management, such as explanation of important matters pertaining to its business to customers, appropriate handling of customer information acquired in relation to its business, and proper execution of any business entrusted to a third party.

(Trade with Specified Person Concerned, etc.)

Article 100-3 An Insurance Company shall not carry out the following transactions or acts with any of its specified persons concerned (referring to the persons with whom the Insurance Company has a special relationship as

specified by a Cabinet Order with the Insurance Company, such as a Subsidiary Company of said Insurance Company, a Major Shareholder of said Insurance Company, the Insurance Holding Company of which said Insurance Company is a Subsidiary Company, a Subsidiary Company of said Insurance Holding Company (except said Insurance Company); hereinafter the same shall apply in this Article), or with any customers of its specified persons concerned; provided, however, that this shall not apply to the cases where the authorization to carry out such transactions or acts is obtained from the Prime Minister is obtained for any of the compelling reasons specified by a Cabinet Office Ordinance:

- (i) Any transaction with the specified person concerned, such as the purchase and sales of assets, carried out on significantly different terms and conditions from those applied to normal transactions of said Insurance Company; and
- (ii) Any transaction or activity carried out with the specified person concerned or a customer of the specified person concerned that is equivalent to the transaction listed in the preceding item and are specified by a Cabinet Office Ordinance as posing a risk to the sound and appropriate management of the business of said Insurance Company.

(Restriction on Becoming a Member with Unlimited Liability, etc.)

Article 100-4 An Insurance Company may not become an unlimited partner or partners who execute the business of a membership company.

(Exclusion from Application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade)

Article 101 (1) The provisions set forth in the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade shall not apply to the following acts, which are carried out with the authorization set forth in the following Article, paragraph (1); provided, however, that this shall not apply to the cases where any unfair trade practice is used, where substantial restraint of competition in certain fields of trade unjustly harms the interest of Policyholders or those insured, or where one month has passed from the day of the public notice that was given under the provision of Article 105, paragraph (4) (except when the Prime Minister renders any disposition under the provision of Article 103 in response to the request in Article 105, paragraph (3)):

- (i) Concerted business carried out by a Non-Life Insurance Company with another Non-Life Insurance Company (including foreign non-life insurance companies, etc.) with regard to businesses which are specific to the aviation Insurance Business (meaning the business of underwriting insurance of

which the purpose is to insure aircraft (including rockets; hereinafter the same shall apply in this item) or cargo transported by aircraft, or insurance concerning liability for the compensation of damage caused by an aircraft accident; including the business pertaining to the underwriting of insurance concerning the injuries of those on board the aircraft), nuclear Insurance Business (meaning the business of underwriting insurance of which the purpose is to insure a nuclear facility, or insurance concerning liability for the compensation of damage caused by an accident at a nuclear facility), automobile damage liability Insurance Business pursuant to the Automobile Liability Security Act (Act No. 97 of 1955), or the business related to the earthquake insurance contract prescribed in the Act on Earthquake Insurance (Act No. 73 of 1966); and

- (ii) Concerted business carried out by a Non-Life Insurance Company with another Non-Life Insurance Company (including foreign non-life insurance companies, etc.) concerning all or Part of the following acts related to a reinsurance contract or insurance contract pertaining to reinsurance, when it is found that there is a risk of extreme disadvantage to a Policyholder or those insured unless a Non-Life Insurance Company and another Non-Life Insurance Company (including foreign non-life insurance companies, etc.) jointly provide for reinsurance in advance to carry out risk distribution or equalization with regard to the businesses pertaining to the underwriting of insurance not listed in the preceding item:
 - (a) Ruling on contents of insurance contracts (except those pertaining to the insurance rate);
 - (b) Ruling on the method of damage assessment;
 - (c) Ruling on a other Party or amount concerning reinsurance trade; and
 - (d) Ruling on the reinsurance rate and reinsurance fee.
- (2) When a request under the provision of Article 105, paragraph (3) is made concerning a Section of the contents of a concerted business, the provision of the main clause of the preceding paragraph shall be deemed applicable notwithstanding the provision of the proviso of the preceding paragraph (limited to the Parts pertaining to the public notice that was given under the provision of paragraph (4) of the same Article) for Sections of the contents of the concerted business which do not pertain to the request.

(Authorization of Concerted Business)

- Article 102 (1) When a Non-Life Insurance Company intends to carry out a concerted business under the provisions of the items of paragraph (1) of the preceding Article or modify its contents, it shall obtain the authorization from the Prime Minister.
- (2) The Prime Minister shall not grant the authorization of the preceding

paragraph unless he/she finds that the contents of the concerted business pertaining to the application for authorization of the same paragraph conform to the following items:

- (i) There is no unjust harm to the interest of Policyholders or those insured;
- (ii) The business is not unfairly discriminatory;
- (iii) There is no unreasonable restraint of enrollment and withdrawal; and
- (iv) It stays within the minimum necessary level in light of risk distribution or equalization, or any other purpose of the concerted business.

(Order to Change of Concerted Business and Rescission of Authorization)

Article 103 The Prime Minister shall, when he/she finds that the contents of the concerted business pertaining to the authorization of the preceding Article, paragraph (1) no longer conform to the items of the same Article, paragraph (2), order the Non-Life Insurance Company to modify the contents of the concerted business or rescind the authorization.

(Notification of Abolition of Concerted Business)

Article 104 A Non-Life Insurance Company shall, upon abolishing a concerted business, give notification thereof to the Prime Minister without delay.

(Relationship with the Fair Trade Commission)

Article 105 (1) When the Prime Minister intends to grant the authorization set forth in Article 102, paragraph (1), he/she shall, in advance, obtain the consent of the Fair Trade Commission.

(2) The Prime Minister shall, upon rendering a disposition under the provision of Article 103 or accepting a notification under the provision of the preceding Article, give notice thereof to the Fair Trade Commission without delay.

(3) The Fair Trade Commission may, when it finds that the contents of the concerted business which obtained the authorization set forth in Article 102, paragraph (1) no longer conform to the items of the same Article, paragraph (2), request the Prime Minister to render a disposition under the provision of Article 103.

(4) The Fair Trade Commission shall, upon making a request under the provision of the preceding paragraph, give public notice thereof in the official gazette.

Chapter IV Subsidiary, etc.

(Scope of Subsidiary Company of Insurance Company, etc.)

Article 106 (1) An Insurance Company shall not have any Subsidiary Company other than companies which falls under any of the categories specified in the following items (hereinafter such companies shall be referred to as "Companies

Eligible for Subsidiary Companies" in this Article):

- (i) A Life Insurance Company;
- (ii) A Non-Life Insurance Company;
- (ii)-2 A Small Amount and Short Term Insurance Provider;
- (iii) A bank;
- (iv) A long term credit bank as defined in Article 2 (Definitions) of the Long Term Credit Bank Act (Act No. 187 of 1952) (hereinafter referred to as "Long Term Credit Bank");
- (v) A Financial Instruments Business Operator (referring to a Financial Instruments Business Operator, etc. as defined in Article 2, paragraph (9) (Definitions) of the Financial Instruments and Exchange Act; the same shall apply in Article 271-5, paragraph (1) and Article 333, paragraph (1), item (i) that, apart from the securities-related businesses, exclusively engages in any of the businesses specified by a Cabinet Office Ordinance, such as the business of carrying out any of the acts listed in Article 35, paragraph (1), items (i) to (viii) inclusive (Scope of Business of Persons Who Engage in Type 1 Financial Instruments Transaction Business or Investment Management Business) of that Act (hereinafter referred to as "Company Specialized in Securities Business");
- (vi) A Financial Instruments Intermediary Service Provider as defined in Article 2, paragraph (12) (Definitions) of the Financial Instruments and Exchange Act that, apart from the Financial Instruments Intermediary Service (referring to the Financial Instruments Intermediary Service defined in Article 2, paragraph (11) (Definitions) of that Act and limited to the business of carrying out any of the following acts on a regular basis; hereinafter the same shall apply in this item), exclusively engages in any of the businesses specified by a Cabinet Office Ordinance, such as a business incidental to the Financial Instruments Intermediary Service (hereinafter referred to as "Company Specialized in Securities Intermediary Service");
 - (a) Acts listed in Article 2, paragraph (11), item (i) (Definitions) of the Financial Instruments and Exchange Act;
 - (b) Intermediary for the entrustment of sales and purchase of securities on Financial Instruments Exchange Markets prescribed in Article 2, paragraph (17) (Definitions) of the Financial Instruments and Exchange Act or Foreign Financial Instruments Markets prescribed in Article 2, paragraph (8), item (iii), (b) (Definitions) of that Act (excluding acts listed in (c));
 - (c) Intermediary for the entrustment of acts listed in item (iii) or (v) of Article 28, paragraph (8) (Definitions) of the Financial Instruments and Exchange Act; and
 - (d) Acts listed in Article 2, paragraph (11), item (iii) of the Financial

Instruments and Exchange Act.

- (vii) A trust company specialized in the trust business (referring to the trust business defined in Article 1, paragraph (1) of the Act on Provision, etc. of Trust Business by Financial Institutions; the same shall apply in item (viii), (a) of the following paragraph) (hereinafter referred to as "Companies Specialized in Trust Business");
- (viii) Foreign companies which engage in Insurance Business;
- (ix) Foreign companies which engage in Banking Business (means Banking Business prescribed in Article 2, paragraph (2) (Definitions, etc.) of the Banking Act; the same shall apply hereinafter) (excluding those that fall under the category of companies specified in preceding item);
- (x) Foreign companies which engage in Securities-Related Business (excluding those that fall under the category of companies specified in item (viii));
- (xi) Foreign Companies which engage in Trust Business (means Trust Business prescribed in Article 2, paragraph (1) (Definitions) of the Trust Business Act; the same shall apply hereinafter) (excluding those that fall under the category of companies specified in item (viii));
- (xii) Companies which exclusively engage in Dependent Business or Finance-Related Business (limited, in case of those which engage in Dependent Business, to companies that engage in the Dependent Business mainly for business operated by the Insurance Company, its Subsidiary Companies (limited to those that fall under any of the categories in item (i), (ii) or (viii)); the same shall apply in paragraph (7)) or other entities specified by a Cabinet Office Ordinance as being similar to the Insurance Company and its Subsidiary Companies, and in case of those which engage in Finance-Related Business and fall under any of the following business categories, to the cases specified in for the respective categories):
 - (a) Companies which conduct Specialized Banking-Related Business, Specialized Securities-Related Business and a Specialized Trust-Related Business: limited to the case where, among all voting rights of the company, the total voting rights held by the banking Subsidiary Companies, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Company (excluding Banking Subsidiary Company, etc. Securities Subsidiary Company, etc. and Trust Subsidiary Company, etc.), and the total voting rights held by the Securities Subsidiary Company, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Company (excluding Banking Subsidiary Company, etc., Securities Subsidiary Company, etc. and Trust Subsidiary Company, etc.), and the total voting rights held by the Trust Subsidiary Company, etc. of the Insurance Company exceeds the total voting rights held by the Insurance

- Company or its Subsidiary Company (excluding Banking Subsidiary Company, etc., Securities Subsidiary Company, etc. and Trust Subsidiary Company, etc.);
- (b) Companies which conduct Specialized Banking-Related Business and Specialized Securities-Related Business (excluding those falling under the category listed in (a)): limited to the case where, among all voting rights of the company, the total voting rights held by the Banking Subsidiary Company, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Company (excluding Banking Subsidiary Company, etc. and Securities Subsidiary Company, etc.), and the total voting rights held by the Securities Subsidiary Company, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Company (excluding Banking Subsidiary Company, etc. and Securities Subsidiary Company, etc.);
- (c) Companies which operate Specialized Banking-Related Business and a Specialized Trust-Related Business (excluding those falling under the category listed in (a)): limited to the case where, among all voting rights of the company, the total voting rights held by the Banking Subsidiary Companies, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Companies (excluding Banking Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and the total voting rights held by the Trust Subsidiary Companies, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Companies (excluding Banking Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
- (d) Companies which conduct Specialized Securities-Related Business and a Specialized Trust-Related Business (excluding those falling under the category listed in (a)): limited to the case where, among all voting rights of the company, the total voting rights held by the Securities Subsidiary Company, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Company (excluding Securities Subsidiary Company, etc. and Trust Subsidiary Company, etc.), and the total voting rights held by the Trust Subsidiary Company, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiary Companies (excluding Securities Subsidiaries, etc. and Trust Subsidiaries, etc.);
- (e) Companies which conduct Specialized Banking-Related Business (excluding those falling under the category listed in (a), (b) or (c)): limited to the case where, among all voting rights of the company, the total voting rights held by the Banking Subsidiaries, etc. of the Insurance Company

- exceeds the total voting rights held by the Insurance Company or its Subsidiaries (excluding Banking Subsidiaries, etc.);
- (f) Companies which conduct Specialized Securities-Related Business (other than a company falling under (a), (b) or (d)): limited to the case where among all voting rights of the company, the total voting rights held by the Securities Subsidiaries, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiaries (excluding Securities Subsidiaries, etc.); and
 - (g) Companies which conduct Specialized Trust-Related Business (excluding those falling under the category listed in (a), (c) or (d)); limited to the case where, among all voting rights of the company, the total voting rights held by the Trust Subsidiaries, etc. of the Insurance Company exceeds the total voting rights held by the Insurance Company or its Subsidiaries (excluding Trust Subsidiaries, etc.);
 - (xiii) Companies specified by a Cabinet Office Ordinance as those exploring new business fields (limited to the case where, among all voting rights of the company, the total voting rights held by the Insurance Company and its Subsidiary Companies other than those falling under the categories listed in the preceding item and specified by a Cabinet Office Ordinance (such excluded companies shall be referred to as "Specified Subsidiary Company" in paragraph (7) of the following Article) does not exceed the Voting Right Holding Threshold prescribed in paragraph (1) of the same Article); and
 - (xiv) Among Holding Companies whose Subsidiary Companies consist exclusively of companies falling under any of the categories specified in the preceding items, those specified by a Cabinet Office Ordinance (including those which are scheduled to become such a Holding Company).
- (2) In the preceding paragraph, the meanings of the terms listed in the following items shall be prescribed respectively in those items:
- (i) Dependent Business: Business specified by a Cabinet Office Ordinance as those being dependent on business of an Insurance Company or a company falling under any of items (ii)-2 to (xi) inclusive of the preceding paragraph;
 - (ii) Finance-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related to the Insurance Business, Banking Business, Securities-Related Business or Trust Business;
 - (iii) Specialized Banking-Related Business: Business specified by a Cabinet Office Ordinance as incidental or related exclusively to the banking business;
 - (iv) Specialized Securities-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related exclusively to the Securities-Related Business;
 - (v) Specialized Trust-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related exclusively to the Trust

Business.

- (vi) Banking Subsidiary Company, etc.: An Insurance Company's Subsidiary Company which falls under any of the following categories:
 - (a) A Bank (including a Long Term Credit Bank; hereinafter the same shall apply in this item) or a foreign company carrying on the banking business;
 - (b) A holding company falling under item (xiv) of the preceding paragraph whose subsidiaries include a company falling under (a); or
 - (c) Any other company which is a subsidiary of a bank that is itself a subsidiary of the Insurance Company and specified by a Cabinet Office Ordinance;
 - (vii) Securities Subsidiary, etc.: An Insurance Company's Subsidiary Company which falls under any of the following categories:
 - (a) A Company Specialized in Securities Business, Company Specialized in Securities Intermediary Services or foreign company which engages in Securities-Related Business;
 - (b) A Holding Company which falls under the category listed in item (xiv) of the preceding paragraph and which has a Subsidiary Company that falls under the category listed in (a) above; and
 - (c) Any other company which is a Subsidiary Company of a Company Specialized in Securities Business, or Specialized in Securities Intermediary Services that is a Subsidiary Company of that Insurance Company, and is specified by a Cabinet Office Ordinance; and
 - (viii) Trust Subsidiary, etc.: An Insurance Company's Subsidiary Company which falls under any of the following categories:
 - (a) A Bank which engages in Trust Business under the authorization set forth in Article 1, paragraph (1) (Authorization of Trust Business) of the Act on Provision, etc. of Trust Business by Financial Institutions (hereinafter referred to as "Trust Bank" in this item);
 - (b) A Company Specialized in Trust Business or foreign company which engages in Trust Business;
 - (c) A Holding Company which falls under the category listed in item (xiv) of the preceding paragraph and which has a Subsidiary Company that falls under the category listed in (a) or (b) above; and
 - (d) Any other company which is a Subsidiary Company of a Trust Bank or Company Specialized in Trust Business that is a Subsidiary Company of that Insurance Company, and is specified by a Cabinet Office Ordinance.
- (3) The provision of paragraph (1) shall not apply where a company other than Companies Eligible for Subsidiary Company became a Subsidiary Company of that Insurance Company following any of the events specified by a Cabinet Office Ordinance, such as the acquisition of shares or equity interests as a result of the exercise of security rights by the Insurance Company or its

Subsidiaries; provided, however, that the Insurance Company shall take necessary measures for making the company, which became to its Subsidiary Company in a manner as described as above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that event arose.

- (4) An Insurance Company shall, when it intends to have as its subsidiary any of the Company Eligible for Subsidiary Company listed in paragraph (1), items (i) to (xii) inclusive or (xiv) (other than a company specialized in a Dependent Business (referring to a Dependent Business falling under paragraph (2), item (i); hereinafter the same shall apply in this paragraph and paragraph (7)) or in any business specified by a Cabinet Office Ordinance as ancillary or related to the Insurance Business (for a company carrying on a Dependent Business, limited to that engages in it mainly for business operated by the Insurance Company); referred to as "Insurance Company, etc. Eligible for Subsidiary Company" hereinafter in this Article as well as in paragraph (4), item (i) of the following Article), obtain in advance the authorization from the Prime Minister, unless it receives an authorization for business acquisition, merger or company split under Article 142, Article 167, paragraph (1) or Article 173-6, paragraph (1).
- (5) The provision of the preceding paragraph shall not apply where an Insurance Company, etc. Eligible for Subsidiary Company became a Subsidiary of an Insurance Company by acquisition of its shares or equity interests as a result of the exercise of security rights by the Insurance Company or its subsidiaries, or any other justifiable event specified by a Cabinet Office Ordinance; provided, however, that the Insurance Company shall take necessary measures for making the Insurance Company, etc. Eligible for Subsidiary Company, cease to be its Subsidiary Company, by the day on which one year has elapsed from the date on which the cause arose, except when the Insurance Company has obtained an authorization from the Prime Minister for having the Insurance Company etc. Eligible for Subsidiary Company, which became to its Subsidiary Company, continue to be its Subsidiary Company.
- (6) The provision of paragraph (4) shall apply mutatis mutandis to the cases where an Insurance Company intends to change a company falling under any of the categories prescribed in the items of paragraph (1) as its Subsidiary Company into its Subsidiary Company falling under any of the categories prescribed in the items of that paragraph (limited to an Insurance Company, etc. Eligible for Subsidiary Company).
- (7) In a case falling under paragraph (1), item (xii) or paragraph (4), the Prime Minister shall provide for criteria for regarding a company as engaging in Dependent Business mainly for business operated by the Insurance Company, its Subsidiary Companies, any other similar company specified by a Cabinet

Office Ordinance or operated by the Insurance Company.

(Restrictions on Acquisition of Voting Rights, etc. by Insurance Company, etc.)

Article 107 (1) An Insurance Company or its Subsidiary Companies shall not acquire or hold voting rights of a Domestic Company (excluding companies falling under the category listed in paragraph (1), items (i) to (vii) inclusive of the preceding Article, (xii) or (xiv) ; hereinafter the same shall apply in this Article), if the total number of such voting rights held by the Insurance Company and/or Subsidiary Companies exceeds the Voting Right Threshold (meaning the five hundredths of the number of Voting Rights Held by All of the Shareholders, etc. of the Domestic Company; the same shall apply in this Article).

(2) The provision of the preceding paragraph shall not apply to the cases where an Insurance Company and/or its Subsidiary Companies, following any of the events specified by a Cabinet Office Ordinance such as the acquisition of shares or equity interests through exercise of security rights, comes to acquire or hold voting rights of a Domestic Company if the total number of the voting right held by the Insurance Company and/or its Subsidiary Companies exceeds the Voting Right Holding Threshold; provided, however, that the Insurance Company and/or the Subsidiary Companies shall not continue to hold the part of the voting rights which it came to acquire or hold in excess of the Voting Right Holding Threshold after one year from the day on which it came to acquire or hold the voting rights, except when the Insurance Company has in advance obtained approval for holding such portion of the voting rights from the Prime Minister.

(3) In the case referred to in the proviso in the preceding paragraph, when the total number of voting rights acquired or hold by the Insurance Company and/or its Subsidiary Companies exceeds fifty hundredths of Voting Rights Held by All of the Shareholders, etc. that Domestic Company, the Prime Minister's approval given under that paragraph shall not cover the part of the voting rights which the Insurance Company and/or its Subsidiary Companies came to acquire or hold in excess of fifty hundredths; and the approval of the Prime Minister shall be given on the condition that the Insurance Company and/or the Subsidiary Companies will dispose of the part of the voting rights which it came to acquire or hold in excess of the Voting Right Holding Threshold promptly.

(4) Notwithstanding the provision of paragraph (1), in the case listed in any of the following items, even if the total number of voting rights of a Domestic Company to be held by an Insurance Company and its subsidiary companies on the day prescribed in the respective items exceeds the Voting Right Holding Threshold, the Insurance Company and/or its Subsidiary Companies may hold

the voting rights in excess of the Voting Right Holding Threshold after that day; provided, however, that the Prime Minister shall not grant an authorization (or the license in the case of item (vi); the same shall apply in the next paragraph) referred to in the following items, if the total number of the Domestic Company's voting rights to be held by the Insurance Company and the Subsidiary Companies in the case referred to in the respective items exceeds fifty hundredths of Voting Rights Held by All of the Shareholders, etc. of that Domestic Company:

- (i) In the case where the Insurance Company makes a Subsidiary Insurance Company, etc. Eligible for Subsidiary Company under the authorization set forth in paragraph (4) of the preceding Article (limited to the cases specified by a Cabinet Office Ordinance): the day when the subsidiary Insurance Company, etc. became its subsidiary;
 - (ii) In the case where that Insurance Company receives transfer of any other party's business under the authorization set forth in Article 142 (limited to the cases specified by a Cabinet Office Ordinance); the day when the transfer is carried out;
 - (iii) In the case where a company which has been established by Joint Incorporation-Type Split under the authorization set forth in Article 173-6, paragraph (1) obtains a license under Article 3, paragraph (1) and became an Insurance Company:: the day when the company obtains the license;
 - (iv) In the case where the Insurance Company has succeeds any other party's business through absorption-type split under the authorization set forth in Article 173-6, paragraph (1) (limited to the cases specified by a Cabinet Office Ordinance): the day when the absorption-type split is carried out;
 - (v) In the case where the Insurance Company is established by the Merger under the authorization set forth in Article 167, paragraph (1): the day when the Insurance Company is established; and
 - (vi) In the case where that Insurance Company carries out a Merger under the authorization set forth in Article 167, paragraph (1) (limited to the cases where the Insurance Company survives the merger), the day when the Merger is carried out;
- (5) The Prime Minister's authorization set forth in the items of the preceding paragraph shall be given on the condition that, among the voting rights of the Domestic Company which will be held by the Insurance Company and its Subsidiary Companies and of which the total number will exceed the Voting Right Holding Threshold on the day specified in the respective items, the part of the voting rights to be held in excess of the Voting Right Holding Threshold shall be disposed in accordance with requirements set by the Prime Minister and by the day on which five years has elapsed from the day.
- (6) In the case where an Insurance Company and its Subsidiary Companies come

to hold voting rights of a Domestic Company of which the total number exceeds the Voting Right Holding Threshold, the part of the voting rights held by that Insurance Company and its Subsidiary Companies in excess of the Voting Right Holding Threshold shall be deemed to be acquired or held by that Insurance Company.

- (7) In the cases of the referred to in the preceding paragraphs, with respect to acquisition or holding of voting rights of a company specified by a Cabinet Office Ordinance as that exploring new business fields, a Specified Subsidiary Company shall be deemed not to be a Subsidiary Company of the Insurance Company.
- (8) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights acquired or held by an Insurance Company or its Subsidiaries under any of the preceding paragraphs.

Article 108 Deleted

Chapter V Accounting

(Business Year)

Article 109 The Business Year of an Insurance Company shall run from 1 April to 31 March of the next year.

(Business Report, etc.)

- Article 110 (1) An Insurance Company shall, for each business year, prepare an interim business report and business report describing the status of its business and property for submission to the Prime Minister.
- (2) Where an Insurance Company has any company with which it has a special relationship as specified by a Cabinet Office Ordinance, such as a Subsidiary Company (referred to as "Subsidiary Company, etc." hereinafter in this Chapter as well as in the following Chapter), the Insurance Company shall, for each business year, prepare in addition to the report set forth in the preceding paragraph an interim business report and business report describing the status of the business and property of the Insurance Company and the Subsidiary Company, etc. in a consolidated manner for submission to the Prime Minister.
- (3) The matters to be described in the reports set forth in the preceding two paragraphs, their submission dates and other necessary matters regarding those reports shall be specified by a Cabinet Office Ordinance.

(Public Inspection, etc. of Explanatory Documents on Business and Property Status)

Article 111 (1) An Insurance Company shall, for each business year, prepare

explanatory documents describing the matters specified by a Cabinet Office Ordinance as pertaining to the status of its business and property, and keep them for public inspection at its head office or principal office and branch offices or secondary offices, or any other equivalent place specified by a Cabinet Office Ordinance.

- (2) In the case where an Insurance Company has a Subsidiary Company, etc., the Insurance Company shall, for each business year, prepare in addition to the explanatory documents set forth in the preceding paragraph explanatory documents describing, with regard to the Insurance Company and the Subsidiary Company, etc., the matters specified by a Cabinet Office Ordinance as pertaining to the status of the business and property of the Insurance Company and the Subsidiary, etc. in a consolidated manner, and keep them for public inspection at the Insurance Company's head office or principal office and its branch offices or secondary offices, or any other equivalent place specified by a Cabinet Office Ordinance.
- (3) The matters to be stated in the reports set forth in the preceding two paragraphs, may be prepared in the form of electromagnetic record.
- (4) Where the explanatory documents set forth in paragraph (1) or (2) are prepared in the form of electromagnetic record, the Insurance Company may take the measures specified by a Cabinet Office Ordinance as measures to ensure that the information recorded on the electromagnetic record is available to many and unspecified persons at its head office or principal office and its branch offices or secondary offices, or any other equivalent place specified by a Cabinet Office Ordinance. In this case, the explanatory documents set forth in paragraph (1) or (2) shall be deemed to be kept for public inspection pursuant to the provision of paragraph (1) or (2).
- (5) In addition to what is provided for in the preceding paragraphs, the period for making the documents set forth in paragraph (1) or (2) available for public inspection and any other matter required for applying the provisions of the preceding paragraphs shall be specified by a Cabinet Office Ordinance.
- (6) An Insurance Company shall endeavor to disclose, in addition to the matters set forth in paragraph (1) or (2), any matter that should serve as reference for Policyholders and other customers in knowing the status of the business and property of the Insurance Company and its Subsidiary Company, etc.

(Special Provisions on Valuation of Shares)

Article 112 (1) An Insurance Company may, when the current value of the quoted shares that it owns (excluding those shares which are accounted for under the Special Account set forth in Article 118, paragraph (1); hereinafter the same shall apply in this paragraph) exceeds the acquisition value of such shares, attach to the shares any value that exceeds their acquisition value but

does not exceed their current value with the authorization of the Prime Minister, pursuant to the provisions of a Cabinet Office Ordinance.

- (2) Any profit recorded as a result of revaluation under the preceding paragraph shall be set aside as a Reserve specified by a Cabinet Office Ordinance.

(Amortization of Business Expenditures, etc.)

Article 113 An Insurance Company may credit to the assets on the balance sheet an amount pertaining to its business expenditures for the first five years following the establishment of the Insurance Company as well as any other amount specified by a Cabinet Office Ordinance. In this case, the Insurance Company shall, pursuant to the provisions of its articles of incorporation, amortize the amount thus credited within ten years from the establishment of the Insurance Company.

(Policy Dividend)

Article 114 (1) Any policy dividend (referring to the distribution to Policyholders, in whole or in Part, of those profits obtained by investing insurance premiums and the money received as insurance premiums which have neither been allocated to any payments such as insurance claims or refunds, nor to any business or other expenditures, where such distribution is stipulated in the insurance contracts, the same shall apply hereinafter) distributed by a stock Insurance Company shall meet the requirements specified by a Cabinet Office Ordinance as requirements for fair and equitable distribution.

- (2) A Cabinet Office Ordinance shall specified how to fund the reserve for policy dividends as well as any other necessary matter pertaining to Policyholder dividends.

(Price Fluctuation Reserve)

Article 115 (1) An Insurance Company shall, with regard to the assets specified by a Cabinet Office Ordinance as susceptible to losses due to price fluctuation, such as shares (referred to as "Shares, etc." in the following paragraph), within its portfolio, set aside as a price fluctuation reserve the amount calculated pursuant to the provisions of a Cabinet Office Ordinance; provided, however, that this shall not apply to any amount exempted from this funding requirement by virtue of an authorization granted by the Prime Minister to relieve the Insurance Company of the requirement in whole or in part.

- (2) The Reserves set forth in the preceding paragraph shall not be reduced except when it is allocated to compensation for any excess amount of the losses due to buying and selling, etc. of Shares, etc. (referring to losses due to buying and selling, revaluation and fluctuation in foreign exchange rates, and losses on redemption) over the profits due to buying and selling, etc. of Shares, etc.

(referring to profits due to buying and selling, revaluation and fluctuation in foreign exchange rates (excluding any profit credited as a result of revaluation under Article 112, paragraph (1)), and gains on redemption); provided, however, that this shall not apply to the cases where the Prime Minister has approved such reduction.

(Policy Reserve)

Article 116 (1) An Insurance Company shall, for each accounting period, set aside a certain amount of money as a policy reserve to prepare for future performance of obligations under its insurance contracts.

(2) The Prime Minister may set necessary requirements for the method of funding the policy reserve pertaining to the long-term insurance contracts specified by a Cabinet Office Ordinance, as well as for the levels of the coefficients that should constitute the basis for calculating the amount of the policy reserve, such as expected mortality.

(3) In addition to what is provided for in the preceding two paragraphs, the method of funding the policy reserve pertaining to any reinsured insurance contract and any other matter required for funding the policy reserves shall be specified by a Cabinet Office Ordinance.

(Reserve for Outstanding Claims)

Article 117 (1) For each business year, an Insurance Company shall set aside a certain amount of money as reserve for outstanding claims, where it has any payments due, such as insurance claims or refunds (hereinafter referred to as "Insurance Claims, etc." in this paragraph), under its insurance contracts, or any other equivalent payment specified by a Cabinet Office Ordinance that has not been recorded as an expenditure for Insurance Claims, etc.

(2) A Cabinet Office Ordinance shall specify matters required for funding the reserve for outstanding claims set forth in the preceding paragraph.

(Statutory Lien for Policyholders, etc. in Life Insurance Company)

Article 117-2 (1) In a Life Insurance Company, the Policyholders (excluding the holders of reinsurance policies) and the persons who have any of the following rights (excluding the rights pertaining to reinsurance) shall enjoy a statutory lien against the whole assets of the Life Insurance Company for the total amount of money paid for the insurers and for the amount of the relevant right, respectively:

(i) Insurance claims;

(ii) The right to demand compensation for losses (other than the right listed in the preceding item); or

(iii) The right to demand a payment, such as refund, dividend of surplus or

- policy dividend (other than insurance claim).
- (2) The statutory lien set forth in the preceding paragraph shall be ranked next in priority to the statutory lien set forth in Article 306, item (i) of the Civil Code (Statutory lien for expenses for common interest).

(Special Account)

Article 118 (1) An Insurance Company shall, as regards performance-linked insurance contracts (referring to the insurance contracts stipulating that insurance claims, refunds or other benefits shall be paid to the Policyholders in accordance with the performance of investment of the money received as insurance premiums) and any other class of insurance contract specified by a Cabinet Office Ordinance, create a Special Account to separate the property managed under such insurance contracts from other properties (hereinafter referred to as "Special Account" in this Article).

- (2) Unless provided otherwise in a Cabinet Office Ordinance, an Insurance Company shall not commit any of the following acts:
- (i) Transfer any property to be accounted for under a Special Account to a Non-Special Account or to another Special Account; or
 - (ii) Transfer to a Special Account any property other than a property to be accounted for under the Special Account.
- (3) A Cabinet Office Ordinance shall specify how to manage the property belonging to a Special Account and any other necessary matter pertaining to Special Accounts.

Article 119 Deleted

(Appointment of Actuary, etc.)

Article 120 (1) The board of directors of an Insurance Company (limited to a Life Insurance Company or a Non-Life Insurance Company meeting the requirements specified by a Cabinet Office Ordinance. The same shall apply in the paragraph (3) and in Article 122) shall appoint an actuary to Participate in the matters specified by a Cabinet Office Ordinance as actuarial matters pertaining, among others, to the method of calculating insurance premiums.

- (2) The actuary shall be a person with necessary knowledge and experience with regard to actuarial science who meets the requirements specified by a Cabinet Office Ordinance.
- (3) An Insurance Company shall, when it has appointed an actuary or when its actuary has left his/her office, notify the Prime Minister thereof without delay, pursuant to the provisions of a Cabinet Office Ordinance.

(Actuary's Duties)

Article 121 (1) The actuary shall, for each accounting period, check the following matters pursuant to the provisions of a Cabinet Office Ordinance and submit to the board of directors a written opinion describing his/her findings:

- (i) Whether the policy reserve pertaining to the insurance contracts specified by a Cabinet Office Ordinance has been funded according to sound actuarial practice;
 - (ii) Whether policy dividends or dividends of surplus to members have been distributed in a fair and equitable manner; and
 - (iii) Any other matter specified by a Cabinet Office Ordinance.
- (2) The actuary shall, without delay following the submission to the board of directors of the written opinion set forth in the preceding paragraph, submit a copy of the written opinion to the Prime Minister.
- (3) The Prime Minister may request the actuary to provide explanations about the copy of his/her written opinion set forth in the preceding paragraph and to present an opinion on any other matter in the scope of his/her duties.
- (4) In addition to what is provided for in the preceding three paragraphs, any necessary matter regarding the written opinion set forth in paragraph (1) shall be specified by a Cabinet Office Ordinance.

(Dismissal of Actuary)

Article 122 The Prime Minister may order an Insurance Company to dismiss its actuary, when the latter has violated any provision of this Act or any dispositions of the Prime Minister under this Act.

(Designation, etc.)

Article 122-2 (1) The Prime Minister may, on application, designate a general incorporated association that he/she considers to meet the following requirement regarding the businesses set forth in the following paragraph as a person to carry on such businesses:

- (i) The incorporated association is found to have sufficient accounting and technical expertise to ensure proper execution of its business; and
 - (ii) In addition to the requirement set forth in the preceding item, the incorporated association has the ability to carry on its business in a fair and appropriate manner.
- (2) An incorporated association designated pursuant to the provision of the preceding paragraph (hereinafter referred to as "Designated Association" in this Article) shall carry on any of the following businesses:
- (i) Developing and training persons with expert knowledge and skills on actuarial science;
 - (ii) Conducting necessary research and study, preparing statistics, collecting data, or providing information regarding actuarial science;

- (iii) Any of the businesses entrusted by the Prime Minister pertaining to the levels of coefficients that should constitute the basis for calculating the amount of the policy reserve set forth in Article 116, paragraph (2) or pertaining to any other actuarial matter; or
 - (iv) A business that is incidental to any of the businesses listed in the preceding three items.
- (3) The Prime Minister may, when he/she finds that an improvement is required in the management of any of the businesses set forth in the preceding paragraph, order the Designated Association to take necessary measures for such improvement.
- (4) The Prime Minister may, when he/she finds it necessary for ensuring proper management of any of the businesses specified in paragraph (2), request the Designated Association to submit as necessary a report concerning its business carried on under that paragraph or its property, or cause his/her staff members to enter the Designated Association's offices, ask questions on its business carried on under that paragraph or its property or inspect its books and documents and other related materials.
- (5) The Prime Minister may rescind a designation under paragraph (1) (referred to as "Designation" in item (ii) and the following paragraph), when the Designated Association:
- (i) is found to be unable to carry on its businesses under paragraph (2) in a fair and appropriate manner;
 - (ii) has committed any wrongful act in relation to the Designation; or
 - (iii) has violated an order under paragraph (3).
- (6) In addition to what is provided for in the preceding paragraphs, the procedure of Designation and any other necessary matter with regard to Designated Associations shall be specified by a Cabinet Office Ordinance.

Chapter VI Supervision

(Change of Matters Prescribed in Statement of Business Procedures, etc.)

- Article 123 (1) An Insurance Company shall obtain the authorization from the Prime Minister when it intends to modify the matters prescribed in the documents listed in Article 4, paragraph (2), items (ii) to (iv) inclusive (except matters specified by a Cabinet Office Ordinance as being not very likely to impair the protection of Policyholders, etc.).
- (2) An Insurance Company shall, when it intends to modify the matters specified by a Cabinet Office Ordinance set forth in the preceding paragraph in the case where it intends to modify the matters prescribed in the documents prescribed in the same paragraph, give advance notification thereof to the Prime Minister.

(Authorization of Change of Matters Prescribed in Statement of Business Procedures, etc.)

Article 124 The Prime Minister shall, when an application for the authorization set forth in the preceding Article, paragraph (1) is made, examine whether or not the matters listed in each of the following items conform to the requirement prescribed in each of that items respectively:

- (i) Matters prescribed in the documents listed in Article 4, paragraph (2), items (ii) and (iii); Requirement listed in Article 5, paragraph (1), item (iii), (a) to (e) inclusive; and
- (ii) Matters prescribed in the documents listed in Article 4, paragraph (2), item (iv); Requirement listed in Article 5, paragraph (1), item (iv), (a) to (c) inclusive.

(Notification, etc. of Change of Matters Prescribed in Statement of Business Procedures, etc.)

Article 125 (1) In the case where a notification under the provision of Article 123, paragraph (2) is made, it shall be deemed that the change pertaining to said notification was made on the day when ninety days have passed since the day immediately following the date on which the Prime Minister received said notification.

- (2) The Prime Minister may, when he/she finds that the matters pertaining to the notification under the provision of Article 123, paragraph (2) conform to the requirement listed in Article 5, paragraph (1), item (iii), (a) to (e) inclusive of or item (iv), (a) to (c) inclusive, shorten the period of time prescribed in the preceding paragraph to a period of time found to be reasonable. In this case, the Prime Minister shall, without delay, give notice of the shortened period of time to the person that made said notification.
- (3) The Prime Minister may, when there is a reasonable ground that a reasonable period of time is required to examine whether the matters pertaining to the notification under the provision of Article 123, paragraph (2) conform to the requirement listed in Article 5, paragraph (1), item (iii), (a) to (e) inclusive or item (iv), (a) to (c) inclusive and it is found that said examination will not terminate within the period of time prescribed in paragraph (1), extend the period of time to a period found to be reasonable. In this case, the Prime Minister shall, without delay, give notice of the extended period of time and the reasons for the extension to the person that made said notification.
- (4) The Prime Minister may, when he/she finds that the matters pertaining to the notification under the provision of Article 123, paragraph (2) do not conform to the requirement listed in Article 5, paragraph (1), item (iii), (a) to (e) inclusive or item (iv), (a) to (c) inclusive, order the person that made said notification to modify the matters pertaining to said notification for a limited

period or revoke said notification, limited to within a period of time until the day when ninety days have passed since the day following the date on which said notification was received (the extended period of time in the case where the period of time is extended pursuant to the provision of the preceding paragraph).

(Authorization of an amendment in the articles of incorporation)

Article 126 Any resolutions of the shareholders meeting or the General Meeting of members or the General Meeting concerning any amendment in the articles of incorporation pertaining to the following matters of an Insurance Company shall not come into effect without obtaining the authorization of the Prime Minister:

- (i) Trade name or name;
- (ii) Matters concerning the redemption of funds;
- (iii) Reasons for the withdrawal of members;
- (iv) Matters concerning the number and selection method of general representatives;
- (v) Matters concerning the contract set forth in Article 63, paragraph (1);
- (vi) Matters concerning the policy pertaining to Policyholders' dividends of a Converted Stock Company set forth in Article 86, paragraph (5);
- (vii) Matters concerning the appropriation of residual assets set forth in Article 182;
- (viii) Matters concerning the policy set forth in Article 240-5, paragraph (5).

(Matters to be Notified)

Article 127 (1) An Insurance Company shall, when it falls under any of the following items, notify thereof to the Prime Minister pursuant to the provision of a Cabinet Office Ordinance:

- (i) When it has commenced an Insurance Business;
- (ii) When it intends to have a company falling under the category specified in Article 106, paragraph (1), item (xii) or (xiii) (excluding that for which paragraph (4) provides that in order to have such a company as its Subsidiary Company, an Insurance Company shall obtain authorization) become its Subsidiary Company (excluding the case where it intends to accept a business, merge, or demerge upon obtaining authorization pursuant to the provision of Article 142, Article 167, paragraph (1) or Article 173-6, paragraph (1));
- (iii) When such Subsidiary Company ceases to be its Subsidiary Company (excluding the case where it accepted a business or demerged upon obtaining authorization under the provision of Article 142 or Article 173-6, paragraph (1)), or when a Subsidiary Company that falls under an Insurance Company,

- etc. Eligible for Subsidiary Company prescribed in Article 106, paragraph (4) becomes a Subsidiary Company that does not fall under said subsidiary Insurance Company, etc.;
- (iv) When it intends to increase the amount of capital or the total amount of funds;
 - (v) When it modifies the articles of incorporation pertaining to matters other than those provided for otherwise;
 - (vi) When it intends to establish a branch office or secondary office or representative office in a foreign state;
 - (vii) When the holder's voting rights that exceed five hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or;
 - (viii) When it falls under any of the other cases specified by a Cabinet Office Ordinance (Cabinet Office Ordinance or Ordinance of the Ministry of Finance for those pertaining to the financial bankruptcy processing system and financial crisis management).
- (2) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights of an Insurance Company to be acquired or possessed by one shareholder prescribed in the preceding paragraph, item (vii).

(Submission of Reports or Materials)

- Article 128 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of an Insurance Company, require the Insurance Company to submit reports or materials concerning the status of its business or property.
- (2) The Prime Minister may, when and to the extent that he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of an Insurance Company, require a Subsidiary, etc. of said Insurance Company (meaning a Subsidiary Company or any other insurance companies that is specified by a Cabinet Office Ordinance as a juridical person of which management is controlled by that Insurance Company; the same shall apply in the following paragraph and the following Article, paragraphs (2) and (3)) or subcontractor of the Insurance Company, to submit reports or materials that would helpful to understand the status of the business or property of the Insurance Company.
- (3) A Subsidiary, etc. of an Insurance Company or a person to whom business has been entrusted by that Insurance Company may, if there are justifiable grounds, refuse to submit reports or materials required under the provision of the preceding paragraph.

(Inspection)

Article 129 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of an Insurance Company, have his/her officials enter a facility of the Insurance Company, such as a business or other office, ask questions on the status of its business or property, or inspect relevant objects such as books and documents.

(2) The Prime Minister may, when he/she finds it particularly necessary in the case of entering a site, asking questions, or conducting an inspection under the preceding paragraph, have his/her officials enter a facility of a Subsidiary, etc. of the Insurance Company or that of a person to whom business has been entrusted by that Insurance Company, have them ask questions on matters that are necessary for questioning or inspecting the Insurance Company, or have them inspect relevant objects such as books and documents, within the limit necessary.

(3) A Subsidiary, etc. of an Insurance Company or a person to whom business has been entrusted by that Insurance Company may, if there are justifiable grounds, refuse the questions and inspections under the provision of the preceding paragraph.

(Standard of Soundness)

Article 130 The Prime Minister may prescribe standards for determining the soundness in management of an Insurance Company regarding whether or not the situation of the enhancement of the ability to pay for Insurance Claims, etc. is appropriate, using the following amounts pertaining to an Insurance Company:

- (i) Total amount of the items specified by a Cabinet Office Ordinance such as capital, funds and reserves; and
- (ii) Amount calculated pursuant to the provisions of a Cabinet Office Ordinance as the amount for coping with possible risks exceeding standard predictions that may occur due to any events pertaining to the insurance being underwritten, such as insured events.

(Order to Change Regarding Matters Prescribed in Statement of Business Procedures, etc.)

Article 131 The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of an Insurance Company in light of the situation of the business or property of the Insurance Company or a change in the circumstances, order the Insurance Company to modify the matters prescribed in the documents listed in Article 4, paragraph (2), items (ii) to (iv) inclusive, within the limit necessary.

(Suspension of Business, etc.)

Article 132 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring soundness in management of an Insurance Company in light of the situation of the business or property of the Insurance Company or the situation of the assets of the Insurance Company and its Subsidiary Company, etc., request the Insurance Company to submit an improvement program for ensuring the soundness of management by identifying matters for which measures shall be taken as well as due dates or order changes to the submitted improvement program, or, within the limit necessary, order the full or Partial suspension of the business of the Insurance Company with due dates, or order the deposit of property of the Insurance Company or other necessary measures for supervision.

(2) When it shall be deemed that the orders under the provision of the preceding paragraph (including the request for submission of an improvement program) are necessary in light of the situation of the enhancement of the ability to pay for Insurance Claims, etc. of an Insurance Company, the orders shall be those specified by a Cabinet Office Ordinance and an Ordinance of the Ministry of Finance in accordance with the categories pertaining to the situation of the enhancement of the ability to pay for Insurance Claims, etc. of the Insurance Company.

(Rescission of License, etc.)

Article 133 The Prime Minister may, when an Insurance Company shall fall under any of the following items, order the full or Partial suspension of the business of the Insurance Company or the dismissal of the director, executive officer, accounting advisor, or company auditor, or rescind the license set forth in Article 3, paragraph (1):

- (i) When it is in violation of laws and regulations, disposition of the Prime Minister pursuant to laws and regulations, or particularly vital matters among those prescribed in the documents listed in the items of Article 4, paragraph (2);
- (ii) When it is in violation of the conditions attached to said license; and
- (iii) When it commits acts prejudicial to the public interest.

Article 134 The Prime Minister may, when he/she finds that the situation of the property of an Insurance Company is significantly worsening and that it is not appropriate to continue the Insurance Business from the viewpoint of protecting Policyholders, etc., rescind the license of the Insurance Company set forth in Article 3, paragraph (1).

Chapter VII Comprehensive Transfer of Insurance Contracts, Assignment

**or Acquisition of Business, and Entrustment of Business and Property
Administration**

Section 1 Comprehensive Transfer of Insurance Contracts

(Comprehensive Transfer of Insurance Contracts)

- Article 135 (1) An Insurance Company may, pursuant to the provisions of this Act, transfer insurance contracts to another Insurance Company (including a Foreign Insurance Company, etc.; hereinafter the same shall apply in this paragraph) under an Agreement with such other Insurance Company (hereinafter referred to as "Transferee Company" in this Section).
- (2) A transfer of insurance contracts shall cover the whole insurance contracts for which the policy reserve is calculated on the same basis (excluding the insurance contracts specified by a Cabinet Office Ordinance, such as those for which an insured event had occurred by the time of public notice under Article 137, paragraph (1) (limited to those contracts which would be terminated with the payment of insurance claims pertaining to the insured event)).
- (3) An Agreement under paragraph (1) shall provide for the matters related to the transfer of the Insurance Company's property which accompanies the transfer of insurance contracts. In this case, the Insurance Company which intends to transfer insurance contracts (hereinafter referred to as "Transferor Company" in this Section) shall retain the property deemed necessary to protect the interest of the Transferor Company's creditors other than the Policyholders to which pertains the insurance contracts to be transferred under the Agreement (hereinafter referred to as "Affected Policyholders" in this Section).
- (4) In an Agreement under paragraph (1), the Transferor Company may stipulate minor changes to the clauses of the insurance contracts to be transferred under the Agreement, so long as such changes are not disadvantageous to the Policyholders.

(Resolution on Transfer of Insurance Contracts)

- Article 136 (1) Any transfer of insurance contracts under paragraph (1) of the preceding Article shall require a resolution of the shareholders meeting or the General Meeting of members (or the General Meeting, where the company has such meeting) (referred to as "Shareholders Meeting, etc." hereinafter in this Chapter, as well as in Chapters VIII and X) in both the Transferor Company and the Transferee Company (other than a Foreign Insurance Company, etc.).
- (2) The resolution set forth in the preceding paragraph shall be a resolution under Article 309, paragraph (2) (Resolution of shareholders meetings) of the Companies Act or under Article 62, paragraph (2) above.
- (3) In adopting a resolution under paragraph (1), the Transferor Company and

the Transferee Company shall describe the gist of the Agreement set forth in paragraph (1) of the preceding Article in the notice to be given under Article 299, paragraph (1) (Notice of Calling of Shareholders' Meetings) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 41, paragraph (1) and Article 49, paragraph (1)).

(Keeping, etc. of Documents pertaining to Transfer of Insurance Contracts)
Article 136-2 (1) The directors (or, in a company with Committees, executive officers) of the Transferor Company shall keep at each of its business offices or offices the documents specified by a Cabinet Office Ordinance, such as the written Agreement concluded under paragraph (1) of the preceding Article, for a period ranging from two weeks before the date of the Shareholders Meeting, etc. set forth in Article 136, paragraph (1) to the end of the period specified pursuant to the provision of paragraph (2) of the following Article in a supplementary note to the public notice set forth in paragraph (1) of the following Article.

(2) A shareholder or a Policyholder of the Transferor Company may, within the company's operating hours or business hours, make a request for inspection of the documents set forth in the preceding paragraph, or for a transcript or extract of such documents in exchange for the fees determined by the Transferor Company.

(Public Notice of, and Filing of Objection to, Transfer of Insurance Contracts)
Article 137 (1) The Transferor Company shall, within two weeks from the date of the resolution set forth in Article 136, paragraph (1), give public notice of the gist of the Agreement concluded under Article 135, paragraph (1), and the balance sheets of the Transferor Company and the Transferee Company (for a Foreign Insurance Company, etc., the balance sheet pertaining to its Insurance Business in Japan), as well as other matters specified by a Cabinet Office Ordinance.

(2) The public notice set forth in the preceding paragraph shall include a supplementary note to the effect that any affected Policyholder who is opposed to the transfer should state his/her objection within a certain period of time.
(3) The period under the preceding paragraph cannot be less than one month.
(4) A transfer of insurance contracts shall not be carried out where the number of the Affected Policyholders who have stated their objections within the period set forth in paragraph (2) exceeds one fifth of all Affected Policyholders, and the amount specified by a Cabinet Office Ordinance as the credits belonging to the insurance contracts of the Affected Policyholders who have thus stated their objections (excluding any insurance claim, etc. (referring to the Insurance Claims, etc. set forth in Article 17, paragraph (5)) that had arisen with regard

to such insurance contracts by the time of public notice under paragraph (1)) exceeds one fifth of the amount prescribed as the credits belonging to all Affected Policyholders.

- (5) Where the number of the Affected Policyholders who have stated their objections within the period set forth in paragraph (2) or the amount of credits specified by a Cabinet Office Ordinance set forth in the preceding paragraph for such Policyholders does not exceed the proportion specified in that paragraph, all of the Affected Policyholders shall be deemed to have approved the transfer of insurance contracts.

(Suspension of Conclusion of Insurance Contracts)

Article 138 The Transferor Company shall not conclude any insurance contract that belongs to the same class as the insurance contracts to be transferred, for the period ranging from the time of the adoption of the resolution under Article 136, paragraph (1) to the time of execution or renunciation of the transfer of insurance contracts.

(Authorization of Transfer of Insurance Contracts)

Article 139 (1) Any transfer of insurance contracts shall be not become effective without the authorization of the Prime Minister.

- (2) The Prime Minister shall, when an application for the authorization set forth in the preceding paragraph is made, examine whether the application meets the following requirement:

- (i) The transfer of insurance contracts is appropriate in light of the protection of Policyholders, etc.;
- (ii) It is certain that the Transferee Company will carry on its business in an appropriate, fair and efficient manner following the transfer of insurance contracts; and
- (iii) The transfer poses no risk of unduly harming the interest of the creditors of the Transferor Company other than the Affected Policyholders.

(Public Notice, etc. of Transfer of Insurance Contracts)

Article 140 (1) The Transferor Company shall, following the transfer of insurance contracts, give public notice of without delay the fact that a transfer of insurance contracts has been carried out and other matters specified by a Cabinet Office Ordinance. The same shall apply where the company has renounced the transfer of insurance contracts.

- (2) The Transferee Company shall, when it has received any transfer of insurance contracts, notify thereof (or, where any minor change to the transferred insurance contracts under Article 135, paragraph (4) is stipulated in the Agreement set forth in paragraph (1) of the same Article, of the fact that

it has received a transfer of insurance contracts and the contents of such minor change) to the Policyholders affected by the transfer of insurance contracts within three months from such transfer.

(3) Where the Transferor Company has outstanding loans or other claims against Policyholders, and such claims are to be assigned to the Transferee Company under the Agreement on the transfer of insurance contracts set forth in Article 135, paragraph (1), a notice in the form of an instrument carrying a fixed date under Article 467 (Requirement for Assertion of Assignment of Nominative Claims Against Third Parties) of the Civil Code shall be deemed to have been given to the Policyholders when a public notice under the first sentence of paragraph (1) has been given, in accordance with the Method of Public Notice specified by the company, by way of publication in a daily newspaper that publishes matters on current events. In this case, the date of the public notice shall be deemed as the fixed date.

(Membership due to Transfer of Insurance Contracts)

Article 141 Where insurance contracts are transferred to a Mutual Company, the Policyholders affected by the transfer become members of the Mutual Company; provided, however, that this shall not apply to the cases where the articles of incorporation of the Transferee Company do not grant membership to the Policyholders taking out the same class of insurance contracts as those covered by the transfer agreement.

Section 2 Assignment or Acquisition of Business

(Authorization of Assignment or Acquisition of Business)

Article 142 Unless otherwise specified by a Cabinet Office Ordinance, any assignment or acquisition of business involving Insurance Company or insurance companies shall be not become effective without the authorization of the Prime Minister.

(Special Provisions for Insurance Company Carrying out Insurance Premium Trust Business)

Article 143 (1) Where a Mutual Company carrying out the insurance premium trust business has adopted a resolution on the transfer of all insurance contracts, and the General Meeting of members (or the General Meeting, where the company has such meeting) or the meeting of the board of directors has adopted a resolution on the assignment of a business including the insurance premium trust business, the Mutual Company shall, within two weeks from the date of the latter resolution, give public notice of the effect that any beneficiary of a monetary trust (hereinafter referred to as "Beneficiary" in this Article)

who is opposed to the gist of the resolution and the assignment of the business should state their objections within a certain period of time.

- (2) The period under the preceding paragraph cannot be less than one month.
- (3) Where no beneficiaries have stated their objections during the period set forth in paragraph (1), the beneficiaries shall be deemed to have approved the assignment of the business.

Section 3 Entrustment of Business and Property Administration

(Entrustment of Business and Property Administration)

- Article 144 (1) An Insurance Company may, pursuant to the provisions of this Act, entrust another Insurance Company (including a Foreign Insurance Company, etc. (unless otherwise p specified by a Cabinet Office Ordinance); hereinafter the same shall apply in this paragraph) with the administration of its business and property under an Agreement with such other Insurance Company (hereinafter referred to as "Entrusted Company" in this Section).
- (2) Any entrustment of the administration business set forth in the preceding paragraph shall require a resolution of the Shareholders Meeting, etc. in both the Insurance Company entrusting the administration business (hereinafter referred to as "Entrusting Company" in this Section) and the Entrusted Company (other than a Foreign Insurance Company, etc.).
 - (3) The resolution set forth in the preceding paragraph shall be a resolution under Article 309, paragraph (2) (Resolution of shareholders meetings) of the Companies Act or under Article 62, paragraph (2) above.
 - (4) The provision of Article 136, paragraph (3) shall apply mutatis mutandis to the adoption of a resolution under paragraph (2).

(Authorization of Entrustment of Business and Property Administration)

- Article 145 (1) Any entrustment of business and property administration under paragraph (1) of the preceding Article shall be not become effective without the authorization of the Prime Minister.
- (2) The Prime Minister shall, when an application for the authorization set forth in the preceding paragraph is made, examine whether the application meets the following requirement:
 - (i) The entrustment of the administration business is necessary and appropriate in light of the protection of Policyholders, etc.; and
 - (ii) It is certain that the Entrusted Company will carry on its business pertaining to the entrustment of the administration business in an appropriate, fair and efficient manner.

(Public Notice and Registration)

Article 146 (1) The Entrusting Company shall, without delay following the authorization set forth in paragraph (1) of the preceding Article, give public notice of the gist of the Agreement set forth in Article 144, paragraph (1) (hereinafter referred to as "Administration Entrustment Agreement" in this Section) and register the entrustment of the administration business, and the Entrusted Company's trade name, name and its head office or principal office, or its principal branch in Japan (referring to the principal branch in Japan set forth in Article 187, paragraph (1), item (iv)).

(2) The registration set forth in the preceding paragraph shall be made at the location of the Entrusted Company's head office or principal office.

(3) The following documents shall be attached to a written application for the registration set forth in paragraph (1), in addition to the documents set forth in Articles 18 and 19 (Documents to be Attached to Written Application) and Article 46 (General Rules on Attached Documents) of the Commercial Registration Act (including the cases where it is applied mutatis mutandis pursuant to Article 67):

(i) A copy of the Administration Entrustment Agreement; and

(ii) The minutes of the Shareholders Meeting, etc. of the Entrusted Company (other than a Foreign Insurance Company, etc.).

(Internal Relationship)

Article 147 Unless provided otherwise in this Act, the relationship between the Entrusting Company and the Entrusted Company shall be governed by the provisions on mandate.

(External Relationship)

Article 148 (1) The Entrusted Company shall, in carrying out any act on behalf of the Entrusting Company, such as the conclusion of an insurance contract, indicate that the business is carried out on behalf of the Entrusting Company.

(2) Any business carried out without the indication set forth in the preceding paragraph shall be deemed to have been carried out on the Entrusted Company's own account.

(3) The provisions of Article 11, paragraphs (1) and (3) (Manager's Authority of Representation) of the Companies Act shall apply mutatis mutandis to an Entrusted Company. In this case, the terms "a Company" and "business" in paragraph (1) of the same Article shall be deemed to be replaced with "the Entrusting Company set forth in Article 144, paragraph (2) of the Insurance Business Act" and "business and properties," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(4) The provision of Article 78 (Liability for Damages Pertaining to Act of Representative Person) of the Act on General Incorporated Association and

General Incorporated Foundation shall apply mutatis mutandis to an Entrusting Company. In this case, the term "representative director or any other representative person" in that Article shall be deemed to be replaced with "Entrusted Company set forth in Article 144, paragraph (1) of the Insurance Business Act."

(Amendment or Cancellation of Administration Entrustment Agreement)

- Article 149 (1) Any amendment to an Administration Entrustment Agreement or cancellation of an Administration Entrustment Agreement shall require a resolution of the Shareholders Meeting, etc. in both the Entrusting Company and the Entrusted Company (other than a Foreign Insurance Company, etc.).
- (2) The amendment or cancellation set forth in the preceding paragraph shall be not become effective without the authorization of the Prime Minister.
- (3) The provisions of Article 144, paragraphs (3) and (4) shall apply mutatis mutandis to the adoption of a resolution under paragraph (1).

(Public Notice, etc. of Amendment or Termination of Administration Entrustment Agreement)

- Article 150 (1) The Entrusting Company shall give public notice of that effect without delay any where it has obtained an authorization under paragraph (2) of the preceding Article. The same shall apply where an Administration Entrustment Agreement has been terminated due to any other cause than the cancellation set forth in paragraph (1) of the same Article.
- (2) The provision of Article 146, paragraph (3) shall apply mutatis mutandis to the registration of any amendment to an Administration Entrustment Agreement or cancellation of an Administration Entrustment Agreement. In this case, the term "following documents" in that paragraph shall be deemed to be replaced with "following documents (or, in the case of termination due to any other cause than cancellation, the document listed in item (i) and a document certifying the occurrence of the cause of termination)"; and the term "Administration Entrustment Agreement" in Article 146, paragraph (3), item (i) shall be deemed to be replaced with "Administration Entrustment Agreement (or, in the case of any amendment, Administration Entrustment Agreement thus amended)."

Article 151 Deleted

Chapter VIII Dissolution, Merger, Company Split and Liquidation

Section 1 Dissolution

(Causes of Dissolution)

Article 152 (1) For the purpose of applying the provision of Article 471 (Grounds for dissolution) of the Companies Act to a Stock Company carrying on the Insurance Business, the term "below" in that Article shall be deemed to be replaced with "in items (iii) to (vi) inclusive."

(2) The provision of Article 471 of the Companies Act as applied with the change in interpretation set forth in the preceding paragraph shall apply mutatis mutandis to a Mutual Company. In this case, the term "a shareholders meeting" in item (iii) of that Article shall be deemed to be replaced with "the General Meeting of members (or the General Meeting, where the company has such meeting)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(3) An Insurance Company, etc. shall dissolve due to the following causes (or, for a Stock Company carrying on the Insurance Business, the cause listed in item (ii)), in addition to the causes listed in Article 471, items (iii) to (vi) inclusive of the Companies Act as applied with the change in interpretation set forth in paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to the preceding paragraph):

- (i) Transfer of all insurance contracts; or
- (ii) Cancellation of a license under Article 3, paragraph (1) or a registration under Article 272, paragraph (1).

(Authorization of Dissolution, etc.)

Article 153 (1) None of the following matters shall be effective without authorization of the Prime Minister:

- (i) A resolution of the Shareholders Meeting, etc. that approves dissolution of the Insurance Company, etc.;
- (ii) A resolution of the shareholders meeting that approves abolition of Insurance Business; and
- (iii) A merger of which parties solely consist of stock companies or include a Stock Company or stock companies carrying on the Insurance Business (excluding a merger under Article 167, paragraph (1); the same shall apply in the following paragraph).

(2) When an application for the authorization set forth in the preceding Article is filed, the Prime Minister shall whether or not the following requirements are satisfied:

- (i) Where the Applicant for the authorization is made by an Insurance Company, the dissolution or abolition of Insurance Business by the resolution, or said merger must be inevitable in light of the status of business and property of said the Insurance Company; or
- (ii) The dissolution or abolition of Insurance Business envisaged by the resolution, or the planned merger poses no risk to the protection of

Policyholders, etc.

(3) The Prime Minister shall not grant an authorization referred to d in paragraph (1), where the Insurance Company, etc. which has submitted an application under paragraph (1) (limited to a Stock Company or a Mutual Company whose articles of incorporation include the provision set forth in Article 63, paragraph (1)) remains the insurer in any of the insurance contracts in force (excluding the insurance contracts specified by a Cabinet Order, such as those for which an insured event had occurred by the date of the application (limited to those contracts which would be terminated with the payment of insurance claims pertaining to the insured event)).

(Public Notice of Dissolution, etc.)

Article 154 Upon obtaining the authorization set forth in paragraph (1) the Insurance Company, etc., of the preceding Article shall, without delay, give public notice of that effect and details of the matters for which the authorization is granted pursuant to the provisions of a Cabinet Office Ordinance.

(Registration of Dissolution due to Transfer of Insurance Contracts)

Article 155 The following documents shall be attached to a written application for registration of dissolution due to the cause listed in Article 152, paragraph (3), item (i), in addition to the documents set forth in Articles 18, 19 and 46 of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 67, and in Article 71, paragraph (3) of that Act as applied mutatis mutandis pursuant to Article 158:

- (i) The minutes of the Shareholders Meeting, etc. of the Transferee Company (other than a Foreign Insurance Company, etc.) set forth in Article 135, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-29);
- (ii) A document certifying that a public notice has been given under Article 137, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-29);
- (iii) A document certifying that the number of those Affected Policyholders set forth in Article 137, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 272-29) who have stated their objections within the period set forth in that paragraph, or the amount of credits specified by a Cabinet Office Ordinance set forth in Article 137, paragraph (4) (including the cases where it is applied with relevant changes in interpretation pursuant to the provision of Article 251, paragraph (2) and where it is applied mutatis mutandis pursuant to Article 272-29; hereinafter the same shall apply in this item) as belonging to such Affected Policyholders

has not exceeded the proportion set forth in Article 137, paragraph (4); and
(iv) A document certifying any public notice given under Article 250, paragraph (4).

(Procedure, etc. of Dissolution for Mutual Company)

Article 156 Any resolution on the dissolution of a Mutual Company shall be a resolution under Article 62, paragraph (2).

(Keeping, etc. of Document pertaining to Dissolution)

Article 156-2 (1) A Mutual Company shall, for the period ranging from two weeks before the date of the General Meeting of members (or General Meeting, where the company has such meeting) pertaining to the resolution on its dissolution to the date of such resolution (or, where the resolution is adopted by the General Meeting, the day which is one month after the date of public notice under paragraph (1) of the following Article), keep at each of its offices a document or electromagnetic record describing or recording the matters specified by a Cabinet Office Ordinance, such as the proposal on dissolution.
(2) Members of a Mutual Company may make the following requests to the company at any time during its business hours; provided, however, that they pay the fees determined by the Mutual Company in making a request falling under item (ii) or (iv):
(i) A request for inspection of the document set forth in the preceding paragraph;
(ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
(iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
(iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Mutual Company, or for any document that describes such matters.

Article 157 (1) Where the General Meeting has adopted a resolution on dissolution, the Mutual Company shall, within two weeks from the date of such resolution, give public notice of the gist of the resolution and its balance sheet, as well as any other matter specified by a Cabinet Office Ordinance.
(2) In the case set forth in the preceding paragraph, members representing at least five thousandths (or, in a Specified Mutual Company, members equal to or exceeding the number specified by the Cabinet Order set forth in Article 50, paragraph (1)), who have been members of the Mutual Company without

interruption for the preceding six months may demand the directors to convene the General Meeting of members with the purpose of discussing matters pertaining to the resolution, by indicating the proposed agenda for the meeting and the reason for the convocation. In this case, the demand shall be made within one month from the date of public notice under that paragraph.

- (3) In the case referred to in the preceding paragraph, the resolution of the General Meeting shall lose its effect, unless the General Meeting of members adopts a resolution approving the General Meeting's resolution on dissolution within six weeks from the date of demand under that paragraph.
- (4) The provision of Article 156 shall apply mutatis mutandis to the resolution of the General Meeting of members set forth in the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Article 158 The provisions of Article 926 (Registration of Dissolution) of the Companies Act, and Article 71, paragraphs (1) and (3) (Registration of Dissolution) of the Commercial Registration Act shall apply mutatis mutandis to a Mutual Company. In this case, the term "Article 478, paragraph (1), item (i) of the Companies Act" in Article 71, paragraph (3) of the Commercial Registration Act shall be deemed to be replaced with "Article 180-4, paragraph (1), item (i) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Section 2 Merger

Subsection 1 General Rules

Article 159 (1) A Mutual Company may merge with another Mutual Company or a Stock Company carrying on the Insurance Business. In this case, a merger agreement shall be concluded between the mutual companies or between the Mutual Company and the Stock Company.

- (2) In the case referred to in the preceding paragraph, the company surviving the merger or the company incorporated by the merger shall be a company falling under one of the following items as the case may be:
- (i) Where a Mutual Company merges with another Mutual Company: a Mutual Company; or
- (ii) Where a Mutual Company merges with a Stock Company carrying on the Insurance Business: a Mutual Company or a Stock Company carrying on the Insurance Business.

Subsection 2 Merger Agreement

(Absorption-Type Merger Agreement between Mutual Companies)

Article 160 Where mutual companies carry out an absorption-type merger (referring to any merger that a Mutual Company effects with another Mutual Company or a Stock Company, whereby the surviving mutual or Stock Company succeeds to any and all rights and obligations of the absorbed mutual or Stock Company; the same shall apply hereinafter), the absorption-type merger agreement shall provide for the following matters:

- (i) The names and addresses of the Mutual Company surviving the absorption-type merger (hereinafter referred to as "Absorbing Mutual Company" in this Section) and the Mutual Company that becomes extinct following the merger (hereinafter referred to as "Absorbed Mutual Company" in this Section);
- (ii) The amount of any money to be granted to the members of the Absorbed Mutual Company;
- (iii) Matters regarding the rights of the Policyholders of the Absorbed Mutual Company following the merger;
- (iv) The date on which the Merger takes effect; and
- (v) Any other matter specified by a Cabinet Office Ordinance.

(Consolidation-Type Merger Agreement between Mutual Companies)

Article 161 Where mutual companies carry out a consolidation-type merger (referring to any merger effected by two or more mutual companies or by two or more mutual and stock companies, whereby the new mutual or Stock Company incorporated by the merger succeeds to any and all rights and obligations of the mutual or stock companies consolidated by the merger; the same shall apply hereinafter), the consolidation-type merger agreement shall provide for the following matters:

- (i) The names and addresses of the Mutual Companies that become extinct following the merger (hereinafter referred to as "Consolidated Mutual Companies" in this Section);
- (ii) The purpose and name of the Mutual Company to be incorporated by the merger (hereinafter referred to as "Formed Mutual Company" in this Section) and the address of its principal office;
- (iii) In addition to what is listed in the preceding item, matters specified by the articles of incorporation of the Formed Mutual Company;
- (iv) The names of the directors at incorporation of the Formed Mutual Company;
- (v) Any of the following matters as the case may be:
 - (a) Where the Formed Mutual Company is a company with accounting advisors: the names of the accounting advisors at incorporation of the Formed Mutual Company;
 - (b) Where the Formed Mutual Company is a company with auditors: the

- names of the company auditors at incorporation of the Formed Mutual Company; or
- (c) Where the Formed Mutual Company is a company with accounting auditors: the names of the accounting auditors at incorporation of the Formed Mutual Company;
- (vi) The amount of any money to be granted to the members of the Consolidated Mutual Companies;
- (vii) Matters regarding the rights of Policyholders following the merger; and
- (viii) Any other matter specified by a Cabinet Office Ordinance.

(Absorption-Type Merger Agreement between Stock and Mutual Companies Survived by Mutual Company)

- Article 162 (1) In an absorption-type merger between a Stock Company and a Mutual Company where the surviving Insurance Company, etc. is the Mutual Company, the merger agreement shall provide for the following matters:
- (i) The trade names, names and addresses of the Stock Company that becomes extinct following the merger (hereinafter referred to as "Absorbed Stock Company" in this Section) and the Absorbing Mutual Company;
 - (ii) The method of compensation for the shareholders and holders of share options of the Absorbed Stock Company;
 - (iii) Matters regarding the Reserves of the Absorbing Mutual Company;
 - (iv) Matters regarding the rights of the Policyholders of the Absorbed Stock Company following the merger;
 - (v) The date on which the merger takes effect; and
 - (vi) Any other matter specified by a Cabinet Office Ordinance.
- (2) The provision of Article 68, paragraph (6) shall apply mutatis mutandis to the absorption-type merger set forth in the preceding paragraph. In this case, the term "deficiency reserve in addition to the reserve set forth in paragraph (4)" in that paragraph shall be deemed to be replaced with "deficiency reserve"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (3) The provision of Article 72, paragraph (1) shall apply mutatis mutandis to the Absorbed Stock Company set forth in paragraph (1), item (i). In this case, the terms "Article 70, paragraph (2)" and "Entity Conversion" in that paragraph shall be deemed to be replaced with "Article 165-7, paragraph (2)" and "absorption-type merger," respectively; and the term "to obtain his/her consent" shall be deemed to be deleted; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (4) The provision of Article 83 shall apply mutatis mutandis to the absorption-type merger set forth in paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Consolidation-Type Merger between Stock and Mutual Companies
Incorporating Mutual Company)

Article 163 (1) In a consolidation-type merger between a Stock Company (or stock companies) and a Mutual Company where the Insurance Company, etc. to be incorporated is a Mutual Company, the merger agreement shall provide for the following matters:

- (i) The trade names, names and addresses of the Stock Company (or stock companies) that become(s) extinct following the merger (hereinafter referred to as "Consolidated Stock Company" in this Section) and the consolidated mutual company;
 - (ii) The purpose and name of the Formed Mutual Company and the address of its principal office;
 - (iii) In addition to what is listed in the preceding item, matters specified by the articles of incorporation of the Formed Mutual Company;
 - (iv) The names of the directors at incorporation of the Formed Mutual Company;
 - (v) Any of the following matters as the case may be:
 - (a) Where the Formed Mutual Company is a company with accounting advisors: the names of the accounting advisors at incorporation of the Formed Mutual Company;
 - (b) Where the Formed Mutual Company is a company with auditors: the names of the company auditors at incorporation of the Formed Mutual Company; or
 - (c) Where the Formed Mutual Company is a company with accounting auditors: the names of the accounting auditors at incorporation of the Formed Mutual Company;
 - (vi) The method of compensation for the shareholders and holders of share options of the Consolidated Stock Company;
 - (vii) The amount of any money to be granted to the members of the consolidated mutual company;
 - (viii) Matters regarding the Reserves of the Formed Mutual Company;
 - (ix) Matters regarding the rights of Policyholders following the merger; and
 - (x) Any other matter specified by a Cabinet Office Ordinance.
- (2) The provision of paragraph (2) of the preceding Article shall apply mutatis mutandis to the consolidation-type merger set forth in the preceding paragraph; and the provision of paragraph (3) of that Article shall apply mutatis mutandis to a Consolidated Stock Company. In this case, the term "absorption-type merger" in Article 162, paragraph (3) shall be deemed to be replaced with "consolidation-type merger"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (3) The provision of Article 83 shall apply mutatis mutandis to the consolidation-type merger set forth in paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Absorption-Type Merger Agreement between Stock and Mutual Companies Survived by Stock Company)

Article 164 (1) In an absorption-type merger between a Stock Company and a Mutual Company where the surviving Insurance Company, etc. is the Stock Company, the merger agreement shall provide for the following matters:

- (i) The trade names, names and addresses of the Stock Company surviving the merger (hereinafter referred to as "Absorbing Stock Company" in this Section) and the Absorbed Mutual Company;
 - (ii) The following matters regarding any share, etc. (referring to any share or money; hereinafter the same shall apply in this Section) to be granted to the members of the Absorbed Mutual Company by the Absorbing Stock Company in carrying out the merger:
 - (a) Where the share, etc. is the shares of the Absorbing Stock Company, the number of such shares (or, in a company with class shares, the classes of such shares and the number of shares by class) or the method of calculating such number, and matters regarding the amounts of the capital and Reserves of the Absorbing Stock Company; or
 - (b) Where the share, etc. is money, the amount of such money or the method of calculating the amount;
 - (iii) Where the preceding item applies, matters regarding the allocation of Shares, etc. to the members of the Absorbed Mutual Company (excluding the Absorbing Stock Company) under that item;
 - (iv) The method of sale for the new shares to be issued for fractional lots generated by the allocation of shares to the members of the Absorbed Mutual Company, and any other matter specified by a Cabinet Office Ordinance regarding such sale;
 - (v) Where the shares set forth in the preceding item are purchased, the method of the purchase and any other matter specified by a Cabinet Office Ordinance regarding such purchase;
 - (vi) The amount of any money to be granted to the contributors to the funds of the Absorbed Mutual Company;
 - (vii) Matters regarding the rights of the Policyholders of the Absorbed Mutual Company following the merger;
 - (viii) Matters regarding the amount of surplus from consolidation;
 - (ix) The date on which the merger takes effect; and
 - (x) Any other matter specified by a Cabinet Office Ordinance.
- (2) The provisions of the main clause of Article 89, paragraph (1) and Article 89,

paragraph (2) shall apply mutatis mutandis to the absorption-type merger set forth in the preceding paragraph. In this case, the terms "converting Mutual Company," "Effective Date" and "entity conversion plan" in paragraph (1) of the same Article shall be deemed to be replaced with "Absorbed Mutual Company," "date set forth in Article 164, paragraph (1), item (ix)" and "absorption-type merger agreement set forth in Article 164, paragraph (1)," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(3) The provision of Article 90 shall apply mutatis mutandis to the absorption-type merger set forth in paragraph (1); and the provision of Article 162, paragraph (3) shall apply mutatis mutandis to an Absorbed Mutual Company. In this case, the terms "members of a converting mutual company," "Converted Stock Company" and "entity conversion plan" in Article 90, paragraph (1) shall be deemed to be replaced with "members of an Absorbed Mutual Company," "Absorbing Stock Company" and "absorption-type merger agreement set forth in Article 164, paragraph (1)" respectively; and the term "Article 165-7, paragraph (2)" in Article 162, paragraph (3) shall be deemed to be replaced with "Article 165-17, paragraph (2)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(4) The provision of Article 91 shall apply mutatis mutandis to an Absorbing Stock Company. In this case, the term "amount of surplus in Entity Conversion" in that Article shall be deemed to be replaced with "amount of merger surplus"; the term "as a matter to be specified by the articles of incorporation pursuant to the provision of Article 86, paragraph (4), item (ii)" in Article 91, paragraph (1) shall be deemed to be replaced with "in its articles of incorporation"; the term "paragraph (2) of the preceding Article" in Article 91, paragraph (2) shall be deemed to be replaced with "paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to Article 164, paragraph (3)"; and the terms "capital Reserve on Entity Conversion" and "calculations on Entity Conversion" in Article 91, paragraph (3) shall be deemed to be replaced with "capital Reserve on an absorption-type merger under Article 164, paragraph (1)" and "calculations on such absorption-type merger," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Consolidation-Type Merger Agreement between Stock and Mutual Companies
Incorporating Stock Company)

Article 165 (1) In a consolidation-type merger between a Stock Company (or stock companies) and a Mutual Company where the Insurance Company, etc. to be incorporated is a Stock Company, the merger agreement shall provide for the following matters:

- (i) The trade names, names and addresses of the consolidated companies (referring to the Consolidated Stock Company and the consolidated mutual company; hereinafter the same shall apply in this Section);
- (ii) The purpose, trade name, address of the head office, and total number of authorized shares of the Stock Company to be incorporated following the merger (hereinafter referred to as "Formed Stock Company" in this Section);
- (iii) In addition to what is listed in the preceding item, matters specified by the articles of incorporation of the Formed Stock Company;
- (iv) The names of the persons to serve as directors at the incorporation of the Formed Stock Company;
- (v) Any of the following matters, as the case may be:
 - (a) Where the Formed Stock Company is a company with accounting advisors: the names of the persons to serve as accounting advisors at the incorporation of the Formed Stock Company;
 - (b) Where the Formed Stock Company is a company with auditors: the names of the persons to serve as company auditors at the incorporation of the Formed Stock Company; or
 - (c) Where the Formed Stock Company is a company with accounting auditors: the names of the persons to serve as accounting auditors at the incorporation of the Formed Stock Company;
- (vi) The number of the Formed Stock Company's shares (or, in a company with class shares, the classes of share and the number of shares by class) to be granted by the company in carrying out the merger to the shareholders of the Consolidated Stock Company in lieu of the latter company's shares, or the method of calculating such number;
- (vii) The number of the Formed Stock Company's shares (or, in a company with class shares, the classes of shares and the number of shares by class) to be granted by the company in carrying out the merger to the members of the consolidated mutual company;
- (viii) Matters regarding the amounts of the capital and reserves of the Formed Stock Company;
- (ix) Matters regarding the allocation of shares under item (vi) or (vii) to the shareholders of the Consolidated Stock Company (excluding any Consolidated Stock Company or consolidated mutual company) or the members of the consolidated mutual company (excluding any Consolidated Stock Company or consolidated mutual company);
- (x) The method of sale for the new shares to be issued for fractional lots generated by the allocation of shares to the members of the consolidated mutual company, and any other matter specified by a Cabinet Office Ordinance regarding such sale;
- (xi) Where the shares set forth in the preceding item are purchased, the

- method of the purchase and any other matter specified by a Cabinet Office Ordinance regarding such purchase;
- (xii) Where a Consolidated Stock Company has issued share options, the following matters regarding the Formed Stock Company's share options or money to be granted by the latter company in carrying out the merger to the holders of share options of the Consolidated Stock Company in lieu of such share options:
- (a) Where share options of the Formed Stock Company are granted to the holders of stock options of the Consolidated Stock Company, the contents and number of the share options thus granted and the method of calculating such number;
- (b) In the case prescribed in (a), and the share options of the Consolidated Stock Company set forth in (a) are share options attached to bonds, a statement to the effect that the Formed Stock Company shall assume the obligations pertaining to the bonds (referring to bonds as defined in Article 2, item (xxiii) of the Companies Act; the same shall apply in this sub-item) with stock options, and the classes of bonds covered by such assumption and the total value of the bonds by class or the method of calculating such amount; or
- (c) Where any money is granted to the holders of stock options of a Consolidated Stock Company other than that set forth in (a), the amount of such money or the method of calculating such amount;
- (xiii) Where the preceding item applies, matters concerning the allocation of Formed Stock Company's share options or money to the holders of share options of the Consolidated Stock Company set forth in that item;
- (xiv) The amount of any money to be granted to the shareholders of the Consolidated Stock Company, or the contributors to the funds and the members of the consolidated mutual company;
- (xv) Matters regarding the rights of Policyholders following the merger;
- (xvi) Matters regarding the amount of surplus from consolidation; and
- (xvii) Any other matter specified by a Cabinet Office Ordinance.
- (2) In the case prescribed in the preceding paragraph, the consolidated companies may, where all or any of the consolidated stock company is a company with class shares, prescribe the following matters as matters listed in item (vi) of that paragraph, depending on the class structure of the shares issued by the Consolidated Stock Company:
- (i) Where they do not allocate shares of the Formed Stock Company to any specific class of shareholder, a statement to that effect and the relevant class of share; and
- (ii) In addition to what is listed in the preceding item, where they treat each class of share in a different manner in allocating shares of the Formed Stock

Company, a statement to that effect and the description of such different treatment.

- (3) Where paragraph (1) applies, the provision for the matters listed in item (vi) of that paragraph shall include a clause that the shares of the Formed Stock Company shall be allocated in accordance with the number of shares (or, where the articles of incorporation include a provision for the matters listed in item (ii) of the preceding paragraph, the number of shares by class) held by each shareholder of the Consolidated Stock Company (excluding any Consolidated Stock Company, consolidated mutual company or holder of the class of share set forth in item (i) of the preceding paragraph).
- (4) The provision of the main clause of Article 89, paragraph (1) and Article 89, paragraph (2) shall apply mutatis mutandis to the consolidation-type merger set forth in paragraph (1). In this case, the terms "converting Mutual Company," "Effective Date" and "entity conversion plan" in paragraph (1) of the same Article shall be deemed to be replaced with "consolidated mutual company," "date of the establishment of the Formed Stock Company" and "consolidation-type merger agreement set forth in Article 165, paragraph (1)," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (5) The provision of Article 90 shall apply mutatis mutandis to the consolidation-type merger set forth in paragraph (1); and the provision of Article 162, paragraph (3) shall apply mutatis mutandis to a consolidated mutual company. In this case, the terms "members of a converting Mutual Company," "Converted Stock Company" and "entity conversion plan" in Article 90, paragraph (1) shall be deemed to be replaced with "members of a consolidated mutual company," "Formed Stock Company" and "consolidation-type merger agreement set forth in Article 165, paragraph (1)" respectively; and the term "Article 165-7, paragraph (2)" in Article 162, paragraph (3) shall be deemed to be replaced with "Article 165-17, paragraph (2)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (6) The provision of Article 91 shall apply mutatis mutandis to a Formed Stock Company. In this case, the term "amount of surplus in Entity Conversion" in that Article shall be deemed to be replaced with "amount of surplus from consolidation"; the term "Article 86, paragraph (4), item (ii)" in Article 91, paragraph (1) shall be deemed to be replaced with "Article 165, paragraph (1), item (iii)"; the term "paragraph (2) of the preceding Article" in Article 91, paragraph (2) shall be deemed to be replaced with "paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to Article 165, paragraph (5)"; and the terms "capital Reserve on Entity Conversion" and "calculations on Entity Conversion" in Article 91, paragraph (3) shall be deemed to be replaced with "capital reserve on a consolidation-type merger

under Article 165, paragraph (1)" and "calculations on such consolidation-type merger," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Subsection 3 Procedure of Merger
Division 1 Procedure for Extinct Stock Company

(Keeping and Inspection, etc. of Document Related to Merger Agreement, etc.)

Article 165-2 (1) An extinct stock company (referring to an Absorbed Stock Company or a Consolidated Stock Company; hereinafter the same shall apply in this Section) shall, for the period ranging from any of the following dates, whichever is the earliest, to the date on which the merger takes effect (hereinafter referred to as "Effective Date" in this Section), keep at each of its business offices a document or electromagnetic record describing or recording the contents of the merger agreement and other matters specified by a Cabinet Office Ordinance.

- (i) The day which is two weeks before the date of the shareholders meeting set forth in paragraph (1) of the following Article or the class meeting set forth in paragraph (5) of the same Article;
 - (ii) The date of notice under Article 165-4, paragraph (1) or the date of public notice under paragraph (2) of the same Article, whichever is earlier; or
 - (iii) The date of public notice under Article 165-7, paragraph (2).
- (2) The creditors of an extinct stock company, such as shareholders and Policyholders, may make the following requests to the company at any time during its operating hours; provided, however, that they pay the fees determined by the extinct stock company in making a request falling under item (ii) or (iv):
- (i) A request for inspection of the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the extinct stock company, or for any document that describes such matters.

(Authorization of Merger Agreement)

Article 165-3 (1) An extinct stock company shall have its merger agreement

approved by a resolution of the shareholders meeting by the day before the Effective Date.

- (2) The resolution set forth in the preceding paragraph to be adopted by an extinct stock company shall be a resolution under Article 309, paragraph (2) (Resolution of shareholders meetings) of the Companies Act.
- (3) An extinct stock company, when it intends to adopt a resolution under paragraph (1), shall provide an outline of the merger agreement in the notice to be given pursuant to Article 299, paragraph (1) (Notice of Calling of Shareholders' Meetings) of the Companies Act.
- (4) Notwithstanding the provision of paragraph (2), where the merger involves an extinct stock company that is a public company (referring to a public company as defined in Article 2, item (v) (Definitions) of the Companies Act; hereinafter the same shall apply in this Section), and all or Part of the Shares, etc. to be distributed to the shareholders of the extinct stock company are shares with restriction on transfer, the resolution set forth in paragraph (1) shall be a resolution under Article 309, paragraph (3) of that Act; provided, however, that this shall not apply to the cases where the extinct stock company is a company with class shares.
- (5) In a consolidation-type merger involving a Consolidated Stock Company that is a company with class shares, where all or Part of the shares of the Formed Stock Company to be distributed to the shareholders of the Consolidated Stock Company are shares with restriction on transfer, the merger shall be null and void unless approved by a resolution of the class meeting composed of the holders of the class of share (excluding shares with restriction on transfer) for which the shares with restriction on transfer are to be distributed (or, where the shares with restriction on transfer are to be distributed to the holders of two or more classes of share, the class meetings each composed of the holders of one of such classes of share); provided, however, that this shall not apply to the cases where no shareholders can exercise their voting rights in the relevant class meeting.
- (6) Any resolution by a Consolidated Stock Company under the preceding paragraph shall be a resolution under Article 324, paragraph (3) (Resolution of Class Meetings) of the Companies Act.

(Notice, etc. to Shareholders, etc.)

Article 165-4 (1) An extinct stock company shall, no later than twenty days before the Effective Date, notify its shareholders and the registered pledgees of its shares, and the holders of its share options and the registered pledgees of its share options of the planned merger, and of the trade name or name and address of the Absorbing Mutual Company, or the Stock Company carrying on the Insurance Business or Mutual Company to be incorporated by the merger

(hereinafter referred to as "Formed Company" in this Section).

(2) A notice under the preceding paragraph may be replaced with a public notice.

(3) The provisions of Article 219, paragraph (1) (limited to the segment pertaining to item (vi)), (2) and (3) (Public Notice in Relation to Submission of Share Certificate), Article 220 (Cases Where Share Certificates Cannot be Submitted), and Article 293, paragraph (1) (limited to the segment pertaining to item (iii) (Public Notice in Relation to Submission of Share Option Certificate) of the Companies Act shall apply mutatis mutandis to an extinct stock company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Right to Request Purchase of Shares)

Article 165-5 (1) The following shareholders may request the extinct stock company to purchase the shares that they hold at a fair price:

(i) A shareholder who, prior to the shareholders meeting to approve the merger agreement (including the class meeting; hereinafter the same shall apply in this item), has given notice to the extinct stock company of his/her intent to oppose the merger, and has actually opposed the merger at the shareholders meeting (limited to a shareholder who can exercise his/her voting rights at the shareholders meeting); and

(ii) A shareholder who cannot exercise his/her voting rights at the shareholders meeting.

(2) The provisions of Article 785, paragraphs (5) to (7) inclusive (Right of Opposing Shareholders to Request Purchase of Shares), Article 786 (Determination of Value of Shares, etc.), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a request made under the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Right to Request Purchase of Share Options)

Article 165-6 (1) A holder of share options of an extinct stock company may request the company to purchase the share options that he/she holds at a fair price:

(2) The provisions of Article 787, paragraphs (5) to (7) inclusive (Right to Request

Purchase of Share Options), Article 788 (Determination of Value of Share Options, etc.), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a request made under the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Objections of Creditors)

- Article 165-7 (1) Policyholders or other creditors of an extinct stock company may state to the company their objections to the merger.
- (2) An extinct stock company shall give public notice of the following matters in the Official Gazette and by the Method of Public Notice prescribed by its articles of incorporation; provided, however, that the period for item (iv) may not be shorter than one month:
- (i) A statement to the effect that a merger will be carried out;
 - (ii) The trade names or names and addresses of the Absorbing Mutual Company or other consolidated companies (referring to consolidated stock companies and Consolidated Mutual Companies; the same shall apply in Article 165-17, paragraph (2)) and the Formed Company;
 - (iii) The matters specified by a Cabinet Office Ordinance as pertaining to the financial statements of an extinct stock company;
 - (iv) A statement to the effect that Policyholders or other creditors of the extinct stock company may state their objections within a certain period of time; and
 - (v) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (3) Where no Policyholders or other creditors have stated their objections within the period set forth in item (iv) of the preceding paragraph, such Policyholders or other creditors shall be deemed to have approved the merger.
- (4) The provisions of Article 70, paragraphs (4) to (8) inclusive shall apply mutatis mutandis to objections of creditors under paragraph (1). In this case, the term "paragraph (2), item (iv)" in paragraphs (5) and (6) of the same Article shall be deemed to be replaced with "Article 165-7, paragraph (2), item (iv)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Change in Effective Date of Absorption-type Merger)

Article 165-8 (1) An Absorbed Stock Company may change the Effective Date in an agreement with the Absorbing Mutual Company.

(2) In the case set forth in the preceding paragraph, the Absorbed Stock Company shall give public notice of the Effective Date thus changed by the day before the original Effective Date (or, where the changed Effective Date falls before the original Effective Date, the changed Effective Date).

(3) Where the Effective Date has been changed pursuant to the provision of paragraph (1), the changed Effective Date shall be deemed as the Effective Date for the purpose of applying the provisions of this Section.

Division 2 Procedure for Absorbing Stock Company

(Keeping and Inspection, etc. of Document Related to Absorption-Type Merger Agreement, etc.)

Article 165-9 (1) An Absorbing Stock Company shall, for the period ranging from any of the following dates, whichever is the earliest, to the day which is six months after the Effective Date, keep at each of its business offices a document or electromagnetic record describing or recording the contents of the absorption-type merger agreement and other matters specified by a Cabinet Office Ordinance.

(i) Where the merger agreement needs to be approved by a resolution of the shareholders meeting (including the class meeting), the day which is two weeks before the date of the shareholders meeting;

(ii) The date of notice under Article 165-4, paragraph (1) as applied mutatis mutandis pursuant to Article 165-12 or the date of public notice under Article 165-4, paragraph (2) as applied mutatis mutandis pursuant to Article 165-12, whichever is earlier; or

(iii) The date of public notice under Article 165-7, paragraph (2) as applied mutatis mutandis pursuant to Article 165-12.

(2) The creditors of an Absorbing Stock Company, such as Shareholders and Policyholders, may make the following requests to the company at any time during its operating hours; provided, however, that they pay the fees determined by the Absorbing Stock Company in making a request falling under item (ii) or (iv):

(i) A request for inspection of the document set forth in the preceding paragraph;

(ii) A request for a transcript or extract of the document set forth in the preceding paragraph;

(iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or

(iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Absorbing Stock Company, or for any document that describes such matters.

(Authorization of Absorption-Type Merger Agreement, etc.)

Article 165-10 (1) An Absorbing Stock Company shall have its merger agreement approved by a resolution of the shareholders meeting by the day before the Effective Date.

(2) The resolution set forth in the preceding paragraph to be adopted by an Absorbing Stock Company shall be a resolution under Article 309, paragraph (2) (Resolution of Shareholders Meetings) of the Companies Act.

(3) An Absorbing Stock Company, when it intends to adopt a resolution under paragraph (1), shall provide an outline of the absorption-type merger agreement in the notice to be given pursuant to Article 299, paragraph (1) (Notice of Calling of Shareholders' Meetings) of the Companies Act.

(4) Where an Absorbing Stock Company succeeds to the assets of the Absorbed Mutual Company including its own shares, its directors shall explain matters regarding such shares in the shareholders meeting set forth in paragraph (1).

(5) In an absorption-type merger involving an absorbing company that is a company with class shares, where the Shares, etc. to be granted to the members of the Absorbed Mutual Company are shares of the Absorbing Stock Company, the merger shall be null and void unless approved by a resolution of the class meeting composed of the holders of the class of share set forth in Article 164, paragraph (1), item (ii), (a) (limited to the shares with restriction on transfer which are not covered by the provision in the articles of incorporation set forth in Article 199, paragraph (4) (Determination of Subscription Requirements) of the Companies Act) (or, where the shares are to be granted to the holders of two or more classes of share, the class meetings each composed of the holders of one of such classes of share); provided, however, that this shall not apply to the cases where no shareholders can exercise their voting rights in the relevant class meeting.

(6) Any resolution by an Absorbing Stock Company under the preceding paragraph shall be a resolution under Article 324, paragraph (3) (Resolution of Class Meetings) of the Companies Act.

(Cases where Authorization of Absorption-Type Merger Agreement is not Required, etc.)

Article 165-11 (1) The provisions of the preceding Article paragraphs (1) to (4) inclusive shall not apply where the amount set forth in item (i) does not exceed one fifth (or any smaller proportion prescribed by the articles of incorporation

of the Absorbing Stock Company) of the amount set forth in item (ii); provided, however, that this shall not apply to a nonpublic company with class shares falling under the main clause of paragraph (5) of the same Article:

(i) The total of the following amounts:

(a) The amount obtained by multiplying the number of Absorbing Stock Company's shares to be distributed to the members of the Absorbed Mutual Company by the amount of net assets per share (referring to the amount of net assets per share set forth in Article 141, paragraph (2) (Notice of purchases by Stock Company) of the Companies Act); and

(b) The amount of money to be granted to the members of the Absorbed Mutual Company;

(ii) The amount of net assets of the Absorbing Stock Company as calculated by the method specified by a Cabinet Office Ordinance.

(2) In the case prescribed in the main clause of the preceding paragraph, an absorption-type merger agreement shall be approved by a resolution of the shareholders meeting by the day before the Effective Date, where the holders of the number of shares specified by a Cabinet Office Ordinance (limited to those who can exercise their voting rights at the shareholders meeting set forth in paragraph (1) of the preceding Article) have notified to the Absorbing Stock Company of their intention to oppose to the merger within two weeks from the date of notice under Article 165-4, paragraph (1) as applied mutatis mutandis pursuant to the following Article or the date of public notice under Article 165-4, paragraph (2) as applied mutatis mutandis pursuant to the following Article.

(Provision on Application mutatis mutandis)

Article 165-12 The provisions of Articles 165-4, 165-5 and 165-7 shall apply mutatis mutandis to an Absorbing Stock Company. In this case, the term "and address" in Article 165-4, paragraph (1) shall be deemed to be replaced with ", address and, where Article 165-10, paragraph (4) applies, matters regarding the shares set forth in that paragraph"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Keeping and Inspection, etc. of Document Related to Absorption-Type Merger, etc.)

Article 165-13 (1) An Absorbing Stock Company shall, without delay following the Effective Date, prepare a document or electromagnetic record describing or recording the matters specified by a Cabinet Office Ordinance as pertaining to an absorption-type merger, such as the rights and obligations of the Absorbed Mutual Company assumed by the Absorbing Stock Company as a result of the absorption-type merger.

(2) An Absorbing Stock Company shall, for six months from the Effective Date,

keep at each of its business offices a document or electromagnetic record set forth in the preceding paragraph.

- (3) The creditors of an Absorbing Stock Company, such as Shareholders and Policyholders, may make the following requests to the company at any time during its operating hours; provided, however, that they pay the fees determined by the Absorbing Stock Company in making a request falling under item (ii) or (iv):
- (i) A request for inspection of the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Absorbing Stock Company, or for any document that describes such matters.

Division 3 Procedure for Formed Stock Company

Article 165-14 (1) The provisions of Part II, Chapter I (excluding Article 27 (excluding items (iv) and (v)), Article 29, Article 31, Article 39, Section 6 and Article 49) (Incorporation) of the Companies Act shall not apply to the incorporation of a Formed Stock Company.

- (2) The articles of incorporation of a Formed Stock Company shall be drafted by the consolidated companies.
- (3) The provision of the preceding Article shall apply mutatis mutandis to a Formed Stock Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 4 Procedure for Extinct Mutual Company

(Keeping and Inspection, etc. of Document Related to Merger Agreement, etc.)

Article 165-15 (1) An extinct mutual company (referring to an Absorbed Mutual Company or a consolidated mutual company; hereinafter the same shall apply in this Section) shall, for the period ranging from any of the following dates, whichever is earlier, to the Effective Date, keep at each of its offices a document or electromagnetic record describing or recording the contents of the merger agreement and other matters specified by a Cabinet Office Ordinance.

(i) The day which is two weeks before the date of the General Meeting of

members (or General Meeting, where the company has such meeting; hereinafter the same shall apply in this Subsection) set forth in paragraph (1) of the following Article; or

(ii) The date of public notice under Article 165-17, paragraph (2).

(2) Policyholders or other creditors of an extinct mutual company may make the following requests to the company at any time during its business hours; provided, however, that they pay the fees determined by the extinct mutual company in making a request falling under item (ii) or (iv):

(i) A request for inspection of the document set forth in the preceding paragraph;

(ii) A request for a transcript or extract of the document set forth in the preceding paragraph;

(iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or

(iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the extinct mutual company, or for any document that describes such matters.

(Authorization of Merger Agreement)

Article 165-16 (1) An extinct mutual company shall have its merger agreement approved by a resolution of the General Meeting of members by the day before the Effective Date.

(2) The resolution set forth in the preceding paragraph to be adopted by an extinct mutual company shall be a resolution under Article 62, paragraph (2).

(Objections of Creditors)

Article 165-17 (1) Policyholders or other creditors of an extinct mutual company may state to the company their objections to the merger.

(2) An extinct mutual company shall give public notice of the following matters in the Official Gazette and by the Method of Public Notice prescribed by its articles of incorporation; provided, however, that the period for item (iii) may not be shorter than one month:

(i) A statement to the effect that a merger will be carried out;

(ii) The trade names or names and addresses of the absorbing company (referring to the Absorbing Mutual Company or Absorbing Stock Company; hereinafter the same shall apply in this Section) or other consolidated companies and the Formed Company;

(iii) A statement to the effect that Policyholders or other creditors of the extinct mutual company may state their objections within a certain period of

time; and

- (iv) In addition to what is listed in the preceding items, any matter specified by a Cabinet Office Ordinance.
- (3) Where no Policyholders or other creditors have stated their objections within the period set forth in item (iii) of the preceding paragraph, such Policyholders or other creditors shall be deemed to have approved the merger.
- (4) The provisions of Article 88, paragraphs (4) to (6) inclusive shall apply mutatis mutandis to objections of creditors under paragraph (1). In this case, the term "paragraph (2), item (iii)" in paragraphs (4) and (6) of the same Article shall be deemed to be replaced with "Article 165-17, paragraph (2), item (iii)"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Change in Effective Date of Absorption-type Merger, etc.)

- Article 165-18 (1) An Absorbed Mutual Company may change the Effective Date in an agreement with the absorbing company.
- (2) In the case set forth in the preceding paragraph, the Absorbed Mutual Company shall give public notice of the Effective Date thus changed by the day before the original Effective Date (or, where the changed Effective Date falls before the original Effective Date, the changed Effective Date).
 - (3) Where the Effective Date has been changed pursuant to the provision of paragraph (1), the changed Effective Date shall be deemed as the Effective Date for the purpose of applying the provisions of this Section.

Division 5 Procedure for Absorbing Mutual Company

(Keeping and Inspection, etc. of Document Related to Absorption-Type Merger Agreement, etc.)

- Article 165-19 (1) An Absorbing Mutual Company shall, for the period ranging from any of the following dates, whichever is earlier, to the day which is six months after the Effective Date, keep at each of its offices a document or electromagnetic record describing or recording the contents of the absorption-type merger agreement and other matters specified by a Cabinet Office Ordinance.
- (i) The day which is two weeks before the date of the General Meeting of members set forth in Article 165-16, paragraph (1) as applied mutatis mutandis pursuant to the following Article; or
 - (ii) The date of public notice under Article 165-17, paragraph (2) as applied mutatis mutandis pursuant to the following Article.
- (2) Policyholders or other creditors of an Absorbing Mutual Company may make the following requests to the company at any time during its business hours;

provided, however, that they pay the fees determined by the Absorbing Mutual Company in making a request falling under item (ii) or (iv):

- (i) A request for inspection of the document set forth in the preceding paragraph;
- (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
- (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
- (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Absorbing Mutual Company, or for any document that describes such matters.

(Provision on Application *mutatis mutandis*)

Article 165-20 The provisions of Articles 165-16 and 165-17 shall apply *mutatis mutandis* to an Absorbing Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Keeping and Inspection, etc. of Document Related to Absorption-Type Merger, etc.)

Article 165-21 (1) An Absorbing Mutual Company shall, without delay following the Effective Date, prepare a document or electromagnetic record describing or recording the matters specified by a Cabinet Office Ordinance as pertaining to an absorption-type merger, such as the rights and obligations of the Absorbed Mutual Company or Absorbed Stock Company assumed by the Absorbing Mutual Company as a result of the absorption-type merger.

(2) An Absorbing Mutual Company shall, for six months from the Effective Date, keep at each of its offices a document or electromagnetic record set forth in the preceding paragraph.

(3) Policyholders or other creditors of an Absorbing Mutual Company may make the following requests to the company at any time during its business hours; provided, however, that they pay the fees determined by the Absorbing Stock Company in making a request falling under item (ii) or (iv):

- (i) A request for inspection of the document set forth in the preceding paragraph;
- (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
- (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or

- (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Absorbing Mutual Company, or for any document that describes such matters.

Division 6 Procedure for Formed Mutual Company

- Article 165-22 (1) The provisions of Chapter II, Section 2, Subsection 2 (excluding Article 23 (excluding paragraph (1), item (ix) and paragraph (4)), Article 25, Article 26, Article 30-10, paragraphs (2) to (4) inclusive and (6), and Article 30-13, paragraph (1)) shall not apply to the incorporation of a Formed Mutual Company.
- (2) The articles of incorporation of a Formed Mutual Company shall be drafted by the Consolidated Mutual Companies.
- (3) The provision of the preceding Article shall apply mutatis mutandis to a Formed Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Division 7 Special Provisions for Merger of Stock Companies

(Special Provisions for Keeping and Inspection, etc. of Document Related to Merger Agreement, etc.)

- Article 165-23 For the purpose of applying the provisions of Article 782, paragraph (1), Article 794, paragraph (1) (Keeping and Inspection, etc. of Document, etc. Related to Absorption-Type Merger Agreement, etc.) and Article 803, paragraph (1) (Keeping and Inspection, etc. of Document, etc. Related to Consolidation-Type Merger Agreement, etc.) of the Companies Act to a merger of stock companies carrying on the Insurance Business under Article 748 (Conclusion of Merger Agreement) of that Act, the terms "Ordinance of the Ministry of Justice" and "its head office" in those provisions shall be deemed to be replaced with "Ordinance of the Ministry of Justice or a Cabinet Office Ordinance" and "each of its business offices," respectively.

(Special Provisions for Objections of Creditors)

- Article 165-24 (1) Policyholders or other creditors of a stock company carrying on the Insurance Business that intends to carry out a merger under Article 748 (Conclusion of Merger Agreement) of the Companies Act (limited to the cases where the company to survive the merger or to be incorporated by the merger is a stock company carrying on the Insurance Business) (hereinafter referred to as "Merging Company under the Companies Act" in this Section) may state to the company their objections to the merger.

- (2) In the case set forth in the preceding paragraph, a Merging Company under the Companies Act shall give public notice of the following matters in the Official Gazette and by the Method of Public Notice prescribed by its articles of incorporation; provided, however, that the period for item (iv) may not be shorter than one month:
- (i) A statement to the effect that a merger will be carried out;
 - (ii) The trade names and addresses of the merging companies and the company to survive the merger or the company to be incorporated by the merger;
 - (iii) The matters specified by a Cabinet Office Ordinance as pertaining to the financial statements of the companies set forth in the preceding item;
 - (iv) A statement to the effect that Policyholders or other creditors of the Merging Company under the Companies Act may state their objections within a certain period of time; and
 - (v) In addition to what is listed in the preceding items, any matter specified by a Cabinet Office Ordinance.
- (3) Where no Policyholders or other creditors have stated their objections within the period set forth in item (iv) of the preceding paragraph, such Policyholders or other creditors shall be deemed to have approved the merger.
- (4) Where any Policyholder or other creditor has stated his/her objection under paragraph (2), item (iv), the merging company under the Company Act shall make payment or provide equivalent security to such Policyholder or other creditor, or entrust equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment; provided, however, that this shall not apply to the cases where the merger poses no risk of harming the interest of such Policyholder or other creditor;
- (5) The provision of the preceding paragraph shall not apply to the Policyholders or any rights held by other persons pertaining to insurance contracts (other than Insurance Claims, etc.).
- (6) Any resolution approving the merger under shall be null and void if the number of the Policyholders who have stated their objections within the period set forth in paragraph (2), item (iv) (excluding the holders of policies under which Insurance Claims, etc. had arisen by the time of public notice under paragraph (2) (but limited to those policies that would be terminated with the payment of the Insurance Claims, etc.); hereinafter the same shall apply in this paragraph and the following paragraph) exceeds one fifth of the total number of Policyholders, and the amount specified by a Cabinet Office Ordinance as the credits (other than Insurance Claims, etc.) belonging to the insurance contracts of the Policyholders who have stated such objections exceeds one fifth of the total amount of credits belonging to the Policyholders.
- (7) A merger carried out pursuant to the provisions of the preceding paragraphs shall also be effective against the Policyholders who have stated their

objections under the preceding paragraph and other persons who hold any right (other than Insurance Claims, etc.) pertaining to the insurance contracts involving the Policyholders.

- (8) In addition to what is provided for in the preceding paragraphs, necessary matters for the application of those provisions shall be specified by a Cabinet Order.
- (9) The provisions of Articles 789, 799 and 810 (Objections of creditors) of the Companies Act shall not apply to a Merging Company under the Companies Act.

Division 8 Public Notice, etc. after Merger

Article 166 (1) An Insurance Company, etc. surviving a merger or an Insurance Company, etc. incorporated by a merger shall, without delay following the merger, give public notice of the fact that the merger has been carried out and the matters specified by a Cabinet Office Ordinance. The same shall apply where an Insurance Company, etc. that has given public notice under paragraph (2) of the preceding Article (including the cases where it is applied mutatis mutandis pursuant to Article 165-12), Article 165-17, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20) or paragraph (2) of the preceding Article has renounced the planned merger.

(2) An Insurance Company, etc. surviving a merger or an Insurance Company, etc. incorporated by a merger shall, for six months from the date of the merger, keep at each of its business offices or offices a document or electromagnetic record describing or recording the matters specified by a Cabinet Office Ordinance as pertaining to a merger, such as the progress of the procedure provided for in Article 165-7 (including the cases where it is applied mutatis mutandis pursuant to Article 165-20), Article 165-17 (including the cases where it is applied mutatis mutandis pursuant to Article 165-20).

(3) The creditors, such as Shareholders and Policyholders, of an Insurance Company, etc. surviving a merger or an Insurance Company, etc. incorporated by a merger may make the following requests at any time during its operating hours or business hours; provided, however, that they pay the fees determined by the Insurance Company, etc. in making a request falling under item (ii) or (iv):

- (i) A request for inspection of the document set forth in the preceding paragraph;
- (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
- (iii) A request for inspection of anything that displays the matters recorded on

- the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance; or
- (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by the Insurance Company, etc. surviving a merger or the Insurance Company, etc. incorporated by a merger or for any document that describes such matters.

Subsection 4 Effectuation, etc. of Merger

(Authorization of Merger)

- Article 167 (1) Any merger involving an Insurance Company, etc. (limited to the cases where the Insurance Company, etc. survives the merger or where an Insurance Company, etc. is established by the merger) shall be null and void without the authorization of the Prime Minister.
- (2) The Prime Minister shall, when an application for the authorization set forth in the preceding paragraph is made, examine whether the following requirements are satisfied:
- (i) The merger is appropriate in light of the protection of Policyholders, etc.;
 - (ii) Where the Applicant is an Insurance Company, the merger poses no risk of impeding the appropriate competitive relationships among insurance companies; and
 - (iii) It is certain that the Insurance Company, etc. surviving the merger or the Insurance Company, etc. established by the merger will carry on its business in an appropriate, fair and efficient manner following the merger.
- (3) The Prime Minister shall not give the authorization set forth in paragraph (1) for any application made under that paragraph for a merger between an Insurance Company and a Small Amount and Short Term Insurance Provider, unless the company surviving the merger or the company established by the merger is an Insurance Company.

(Deemed License, etc.)

- Article 168 (1) A Stock Company or Mutual Company established by a merger with the authorization set forth in paragraph (1) of the preceding Article shall, at the time of its establishment, be deemed to obtain the license from the Prime Minister set forth in Article 3, paragraph (1) where the merger involves an Insurance Company, or the registration set forth in Article 272, paragraph (1) where the merger does not involve any Insurance Company.
- (2) The license set forth in the preceding paragraph shall be either of the two types of license listed in Article 3, paragraph (2), whichever was obtained under paragraph (1) of the same Article by the Insurance Company that

becomes extinct following the merger.

(Effectuation, etc. of Merger)

Article 169 (1) An Absorbing Mutual Company shall, on the Effective Date, succeed to the rights and obligations of the absorbed company (referring to the Absorbed Mutual Company or Absorbed Stock Company; hereinafter the same shall apply in this Section).

(2) The dissolution of an absorbed company following a merger may not be duly asserted against a third Party prior to the registration of the merger.

(3) The shares and share options of an Absorbed Stock Company shall expire on the Effective Date.

(4) The Policyholders of an absorbed company shall obtain the membership of the Absorbing Mutual Company on the Effective Date; provided, however, that this shall not apply to the cases where the Absorbing Mutual Company's articles of incorporation do not grant membership to the Policyholders taking out the same class of insurance contracts as those covered by the merger agreement.

(5) The provisions of the preceding paragraphs shall not apply where the procedure set forth in Article 165-7 or 165-17 (including the cases where it is applied mutatis mutandis pursuant to Article 165-20) has not been completed, or where the absorption-type merger has been voluntarily abandoned.

Article 169-2 (1) A Formed Mutual Company shall, on the date of its establishment, succeed to the rights and obligations of the consolidated companies.

(2) The Policyholders of a consolidated company shall obtain the membership of the Formed Mutual Company on the date of the latter's establishment; provided, however, that this shall not apply to the cases where the Formed Mutual Company's articles of incorporation do not grant membership to the Policyholders taking out the same class of insurance contracts as those covered by the merger agreement.

(3) The shares and share options of a Consolidated Stock Company shall expire on the date of the establishment of the Formed Mutual Company.

Article 169-3 (1) An Absorbing Stock Company shall succeed to the rights and obligations of the absorbed company on the Effective Date.

(2) The dissolution of an absorbed company following a merger may not be duly asserted against a third Party prior to the registration of the merger.

(3) Where the merger agreement provides for the matters listed in Article 164, paragraph (1), item (ii), (a), the members of an Absorbed Mutual Company shall, on the Effective Date, become holders of the shares set forth in said sub-item pursuant to the provision of the merger agreement on the matters listed

in Article 164, paragraph (1), item (iii).

- (4) The provisions of the preceding three paragraphs shall not apply where the procedure set forth in Article 165-7 as applied mutatis mutandis pursuant to Article 165-12 or in Article 165-17 has not been completed, or where the absorption-type merger has been voluntarily abandoned.

Article 169-4 (1) A Formed Stock Company shall, on the date of its establishment, succeed to the rights and obligations of the consolidated companies.

- (2) The shareholders or members of a consolidated company shall, on the date of the establishment of the Formed Stock Company, become the holders of the shares set forth in Article 165, paragraph (1), item (vi) or (vii) pursuant to the provision of the merger agreement on the matters listed in Article 165, paragraph (1), item (ix).
- (3) The share options of a Consolidated Stock Company shall expire on the date of the establishment of the Formed Stock Company.
- (4) In the case prescribed in Article 165, paragraph (1), item (xii), (a), the holders of share options of a Consolidated Stock Company shall, on the date of the establishment of the Formed Stock Company, become holders of the latter company's share options as set forth in said sub-item, pursuant to the provision of the merger agreement on the matters listed in Article 165, paragraph (1), item (xiii).

(Registration of Merger)

Article 169-5 (1) Where a Mutual Company or stock company has carried out an absorption-type merger, it shall make, at the location of its principal office or head office, a registration of dissolution for the absorbed company and a registration of change for the absorbing company, within two weeks from the date on which the merger took effect.

- (2) Where two or more Mutual Companies or Stock Companies are involved in a consolidation-type merger, they shall complete, at the location of their principal offices or head offices, registrations of dissolution for the consolidated companies and a registration of incorporation for the Formed Company, within two weeks from the date specified in any of the following items as the case may be:
- (i) Where the consolidated companies only include stock companies, any of the following dates, whichever is the latest:
- (a) The date of the resolution of the shareholders meeting set forth in Article 165-3, paragraph (1);
- (b) Where a resolution of the class meeting is required for the merger, the date of such resolution;

- (c) The day on which twenty days have elapsed since a notice under Article 165-4, paragraph (1) or a public notice under paragraph (2) of the same Article was given;
 - (d) The date of completion of the procedure set forth in Article 165-7; or
 - (e) Any date fixed by the consolidated companies in an agreement;
 - (ii) Where the consolidated companies only include Mutual Companies, any of the following dates, whichever is the latest:
 - (a) The date of the resolution of the General Meeting of members set forth in Article 165-16, paragraph (1);
 - (b) The date of completion of the procedure set forth in Article 165-17; or
 - (c) Any date fixed by the consolidated companies in an agreement; or
 - (iii) Where the consolidated companies include a Stock Company (or stock companies) and a Mutual Company, any of the dates specified in the preceding two items, whichever is the latest.
- (3) In the cases prescribed in the preceding two paragraphs, the Mutual Company or Stock Company shall also complete the registration(s) set forth in the applicable provision at the location of its (their) branch offices or secondary offices, within three weeks from the date specified in the applicable provision; provided, however, that a registration of change under paragraph (1) shall only be made where the change affects any of the matters listed in the items of Article 930, paragraph (2) (Registration at Location of Branch Offices) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 64, paragraph (3)).

(Application for Registration of Merger, etc.)

Article 170 (1) The following documents shall be attached to a written application for registration of change due to a merger under Article 159, paragraph (1) and Article 165-23, in addition to the documents set forth in Articles 18 and 19 (Documents to be Attached to Written Application) and Article 46 (General Rules on Attached Documents) of the Commercial Registration Act (including the cases where they are applied mutatis mutandis pursuant to Article 67), and Article 80 (Registration of Absorption-Type Merger) of that Act (including the cases where it is applied mutatis mutandis pursuant to paragraph (3)):

- (i) A document certifying that a public notice has been given under Article 165-7, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12), Article 165-17, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20) or Article 165-24, paragraph (2);
- (ii) For an extinct stock company or Absorbing Stock Company, a document certifying that the number of the Policyholders who raised their objections

within the period set forth in Article 165-7, paragraph (2), item (iv) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12) has not exceeded one fifth of the total number of Policyholders set forth in Article 70, paragraph (6) (including the cases where it is applied with relevant changes in interpretation pursuant to the provision of Article 255, paragraph (2) (hereinafter referred to as "The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2)" in this item); hereinafter the same shall apply in this item) as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12; hereinafter the same shall apply in this item) (or, in The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2), one tenth of such total number), or a document certifying that the amount of credits specified by a Cabinet Office Ordinance set forth in Article 70, paragraph (6) as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) as belonging to such Policyholders has not exceeded one fifth (or, in The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2), one tenth) of the total amount set forth in Article 70, paragraph (6) as applied mutatis mutandis pursuant to Article 165-7, paragraph (4);

- (iii) For an extinct Mutual Company or Absorbing Mutual Company, a document certifying that the number of the Policyholders who raised their objections within the period set forth in Article 165-17, paragraph (2), item (iii) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20) has not exceeded one fifth of the total number of Policyholders set forth in Article 88, paragraph (6) (including the cases where it is applied with relevant changes in interpretation pursuant to the provision of Article 255, paragraph (2) (hereinafter referred to as "The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2)" in this item); hereinafter the same shall apply in this item) as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20; hereinafter the same shall apply in this item) (or, in The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2), one tenth of such total number), or a document certifying that the amount of credits specified by a Cabinet Office Ordinance set forth in Article 88, paragraph (6) as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) as belonging to such Policyholders has not exceeded one fifth (or, in The Cases of Application with Relevant Changes in Interpretation

- Pursuant to the Provision of Article 255, paragraph (2), one tenth) of the total amount set forth in Article 88, paragraph (6) as applied mutatis mutandis pursuant to Article 165-17, paragraph (4);
- (iv) For a Merging Company under the Companies Act, a document certifying that the number of the Policyholders who raised their objections within the period set forth in Article 165-24, paragraph (2), item (iv) has not exceeded one fifth of the total number of Policyholders set forth in paragraph (6) of the same Article (including the cases where it is applied with relevant changes in interpretation pursuant to the provision of Article 255, paragraph (2) (hereinafter referred to as "The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2)" in this item); hereinafter the same shall apply in this item) (or, in The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2), one tenth of such total number), or a document certifying that the amount of credits specified by a Cabinet Office Ordinance set forth in Article 165-24, paragraph (6) as belonging to such Policyholders has not exceeded one fifth (or, in The Cases of Application with Relevant Changes in Interpretation Pursuant to the Provision of Article 255, paragraph (2), one tenth) of the total amount set forth in that paragraph; and
- (v) A document certifying any public notice made under Article 254, paragraph (3).
- (2) The documents listed in the items of the preceding paragraph shall be attached to a written application for registration of incorporation due to a merger under Article 159, paragraph (1) and Article 165-23, in addition to the documents set forth in Articles 18, 19 and 46 of the Commercial Registration Act (including the cases where they are applied mutatis mutandis pursuant to Article 67), and Article 81 (Registration of Consolidation-Type Merger) of that Act (including the cases where it is applied mutatis mutandis pursuant to the following paragraph).
- (3) The provisions of Article 79 to 83 inclusive (Registration of Merger) of the Commercial Registration Act shall apply mutatis mutandis to a registration pertaining to a Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Claim Seeking Nullification of Merger)

Article 171 The provisions of Article 828, paragraph (1) (limited to the segment pertaining to items (vii) and (viii)) and (2) (limited to the segment pertaining to items (vii) and (viii)) (Claim Seeking Nullification of Acts Related to Organization of Company), Article 834 (limited to the segment pertaining to items (vii) and (viii)) (Defendant), Article 835, paragraph (1) (Jurisdiction of

Claim), Article 836 to 839 inclusive (Order to Furnish Security, Compulsory Consolidation of Oral Arguments, etc., Scope of Effect of Judgment in Favor of claim, Effect of Judgment of Nullity or Rescission), Article 843 (excluding paragraph (1), items (iii) and (iv), and the proviso to paragraph (2)) (Effect of Judgment Nullifying Merger), Article 846 (Liability for Damages in Case of Defeat of Plaintiff), and Article 937, paragraph (3) (limited to the segment pertaining to items (ii) and (iii)) and (4) (Commission of Registration by Judicial Decision) of the Companies Act shall apply mutatis mutandis to a lawsuit for the nullification of a merger under Article 159, paragraph (1); and the provisions of Article 868, paragraph (5) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (xv)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), the main clause of Article 873 (Stay of Execution of Original Sentence), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to an application under Article 843, paragraph (4) of that Act as applied mutatis mutandis pursuant to this Article. In this case, the term "members, etc." in Article 828, paragraph (2), items (vii) and (viii) of that Act shall be deemed to be replaced with "members, directors, company auditors or liquidator(s) (or, in a company with Committees, members, directors, executive officers or liquidator(s)) of a Mutual Company"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Article 172 Deleted

Article 173 Deleted

Section 3 Company Split

(Split of Stock Company Carrying on Insurance Business)

Article 173-2 (1) Where a Stock Company carrying on the Insurance Business (hereinafter referred to as "Stock Insurance Company" in this Section) transfers its insurance contracts in a company split (hereinafter referred to as "Split" in this Section), the transfer shall cover the whole insurance contracts for which the policy reserve is calculated on the same basis (excluding the insurance contracts specified by a Cabinet Order, such as those for which an insured event had occurred by the time of public notice under Article 173-4, paragraph (2) (limited to those contracts which would be terminated with the payment of insurance claims pertaining to the insured event)).

(2) A Stock Insurance Company that transfers its insurance contracts in a Split may, in the relevant incorporation-type company split plan or absorption-type split agreement (hereinafter referred to as "Split Plan, etc."), stipulate minor changes to the clauses of the insurance contracts to be transferred in the Split, so long as such changes are not disadvantageous to the Policyholders.

(Keeping and Inspection, etc. of Documents pertaining to Split, etc.)

Article 173-3 For the purpose of applying the provisions of Article 782, paragraph (1) (Keeping and Inspection, etc. of Documents, etc. Pertaining to Absorption-Type Merger Agreement, etc.), Article 794, paragraph (1) (Keeping and Inspection, etc. of Documents, etc. Pertaining to Absorption-Type Merger Agreement, etc.) and Article 803, paragraph (1) (Keeping and Inspection, etc. of Documents, etc. Pertaining to Consolidation-Type Merger Agreement, etc.) of the Companies Act to a Stock Insurance Company involved in a Split, the terms "matters prescribed by the Ordinance of the Ministry of Justice" and "head office" in those provisions shall be deemed to be replaced with "matters prescribed by a Ordinance of the Ministry of Justice and matters specified by a Cabinet Office Ordinance" and "business offices," respectively.

(Objections of Creditors)

Article 173-4 (1) Where a Stock Insurance Company is involved in a Split, the persons listed in the following items may state to the relevant Stock Insurance Company their objections to the Split, as the case may be:

- (i) Policyholders or other creditors (limited to the creditors set forth in Article 789, paragraph (1), item (ii) (Objections of Creditors) of the Companies Act) of a splitting company in an absorption-type split (referring to a Stock Company or limited liability company carrying out an absorption-type split; hereinafter the same shall apply in this Article) that is a Stock Insurance Company: the splitting company in an absorption-type split;
- (ii) Policyholders or other creditors of a succeeding company in an absorption-type split (referring to a Stock Company, general Partnership company, limited Partnership company or limited liability company assuming, in whole or in Part, the rights and obligations of the splitting company in an absorption-type split with regard to its business; the same shall apply hereinafter) that is a Stock Insurance Company: the succeeding company in an absorption-type split; and
- (iii) Policyholders or other creditors (limited to the creditors set forth in Article 810, paragraph (1), item (ii) (Objections of Creditors) of the Companies Act) of a splitting company in an incorporation-type company split (referring to a Stock Company or limited liability company carrying out an incorporation-type company split; hereinafter the same shall apply in this Article) that is a

Stock Insurance Company: the splitting company in an incorporation-type company split.

- (2) In the case set forth in the preceding paragraph, a Stock Insurance Company falling under any of the items of that paragraph (hereinafter referred to as "Split-Involved Company" in this Article) shall give public notice of the following matters in the Official Gazette and by the Method of Public Notice prescribed by the Split-Involved Company in its articles of incorporation, and notify such matters to each of the known creditors (limited to the creditors set forth in Article 789, paragraph (3) or Article 810, paragraph (3) of the Companies Act); provided, however, that the period set forth in item (iv) may not be shorter than one month:
- (i) A statement to the effect that a Split will be carried out;
 - (ii) The trade name and address of the companies listed in (a) or (b), as the case may be:
 - (a) In the case of an absorption-type split: the splitting company in an absorption-type split and the succeeding company in an absorption-type split; or
 - (b) In the case of an incorporation-type split: the splitting company in an incorporation-type company split and the Stock Company, general Partnership company, limited Partnership company or limited liability company to be incorporated by the Split.
 - (iii) The matters specified by a Cabinet Office Ordinance as pertaining to the financial statements of a Stock Company falling under (a) or (b) of the preceding item;
 - (iv) A statement to the effect that Policyholders or other creditors of the Split-Involved Company may raise their objections within a certain period of time; and
 - (v) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (3) Where no Policyholders or other creditors have raised their objections within the period set forth in item (iv) of the preceding paragraph, such Policyholders or other creditors shall be deemed to have approved the merger.
- (4) Where any Policyholder or other creditor has raised his/her objection under paragraph (2), item (iv), the Split-Involved Company shall make payment or provide equivalent security to such Policyholder or other creditor, or entrust equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment; provided, however, that this shall not apply to the cases where the Split poses no risk of harming the interest of such Policyholder or other creditor.
- (5) The provision of the preceding paragraph shall not apply to the Policyholders or any rights held by other persons pertaining to insurance contracts (other

- than Insurance Claims, etc.).
- (6) Any Split shall be invalid if the number of the Policyholders who have raised their objections within the period set forth in paragraph (2), item (iv) (excluding the holders of policies under which Insurance Claims, etc. had already arisen at the time of public notice under the paragraph (2) (but limited to those policies that would be terminated with the payment of the Insurance Claims, etc.); hereinafter the same shall apply in this paragraph and the following paragraph) exceeds one fifth of the total number of Policyholders (limited to those who may raise their objections pursuant to the provision of paragraph (1)), and the amount specified by a Cabinet Office Ordinance as the credits (other than Insurance Claims, etc.) belonging to the insurance contracts of the Policyholders who have raised such objections exceeds one fifth of the total amount of credits belonging to the Policyholders (limited to those who may raise their objections pursuant to the provision of paragraph (1)).
- (7) A Split carried out pursuant to the provisions of the preceding paragraphs shall also be effective against the Policyholders who have raised their objections under the preceding paragraph and other persons who hold any right (other than Insurance Claims, etc.) pertaining to the insurance contracts involving the Policyholders.
- (8) In addition to what is provided for in the preceding paragraphs, necessary matters for the application of those provisions shall be specified by a Cabinet Order.
- (9) The provisions of Articles 789 and 799 (Objections of creditors) and Article 810 of the Companies Act shall not apply to a Stock Insurance Company falling under paragraph (1), item (i) or (ii).
- (10) For the purpose of applying to the cases set forth in paragraph (1) the provisions of Article 759, paragraphs (2) and (3) (Effectuation, etc. of Absorption-Type Split Transferring Rights and Obligations to Stock Company), Article 761, paragraphs (2) and (3) (Effectuation, etc. of Absorption-Type Split Transferring Rights and Obligations to Membership Company), Article 764, paragraphs (2) and (3) (Effectuation, etc. of Incorporation-Type Split Forming Stock Company), and Article 766, paragraphs (2) and (3) (Effectuation, etc. of Incorporation-Type Split Forming Membership Company) of the Companies Act, the term "objections pursuant to the provision of Article 789, paragraph (1), item (ii) (including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2); the same shall apply in the following paragraph)" in Article 759, paragraph (2) and Article 761, paragraph (2) of that Act shall be deemed to be replaced with "objections pursuant to the provision of Article 789, paragraph (1), item (ii) (including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2); the same shall apply in the following paragraph) or the provision of Article 173-4, paragraph (1) of the

Insurance Business Act"; the term "individual notification under Article 789, paragraph (2) (excluding item (iii) and including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2); the same shall apply hereinafter in this paragraph as well as in the following paragraph)" in Article 759, paragraph (2) and Article 761, paragraph (2) of that Act shall be deemed to be replaced with "individual notification under Article 789, paragraph (2) (excluding item (iii) and including the cases where it is applied mutatis mutandis pursuant to Article 793, paragraph (2); the same shall apply hereinafter in this paragraph as well as in the following paragraph) or under Article 173-4, paragraph (2) of the Insurance Business Act"; the term "objections pursuant to the provision of Article 810, paragraph (1), item (ii) (including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2); the same shall apply in the following paragraph)" in Article 764, paragraph (2) and Article 766, paragraph (2) of that Act shall be deemed to be replaced with "objections pursuant to the provision of Article 810, paragraph (1), item (ii) (including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2); the same shall apply in the following paragraph) or the provision of Article 173-4, paragraph (1) of the Insurance Business Act"; the term "individual notification under Article 810, paragraph (2) (excluding item (iii) and including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2); the same shall apply hereinafter in this paragraph as well as in the following paragraph)" in Article 764, paragraph (2) and Article 766, paragraph (2) of that Act shall be deemed to be replaced with "individual notification under Article 810, paragraph (2) (excluding item (iii) and including the cases where it is applied mutatis mutandis pursuant to Article 813, paragraph (2); the same shall apply hereinafter in this paragraph as well as in the following paragraph) or under Article 173-4, paragraph (2) of the Insurance Business Act"; the term "individual notification under Article 789, paragraph (2)" in Article 759, paragraph (2) and Article 761, paragraph (2) of that Act shall be deemed to be replaced with "individual notification under Article 789, paragraph (2) or under Article 173-4, paragraph (2) of the Insurance Business Act"; the term "individual notification under Article 810, paragraph (2)" in Article 764, paragraph (2) and Article 766, paragraph (2) of that Act shall be deemed to be replaced with "individual notification under Article 810, paragraph (2) or under Article 173-4, paragraph (2) of the Insurance Business Act"; the terms "Article 789, paragraph (1), item (ii)" and "paragraph (2) of the same Article" in Article 759, paragraph (3) and Article 761, paragraph (3) of that Act shall be deemed to be replaced with "Article 789, paragraph (1), item (ii) or Article 173-4, paragraph (1) of the Insurance Business Act" and "Article 789, paragraph (2) or Article 173-4, paragraph (2) of that Act," respectively; and the terms "Article

810, paragraph (1), item (ii)" and "Article 810, paragraph (2)" in Article 764, paragraph (3) and Article 766, paragraph (3) of that Act shall be deemed to be replaced with "Article 810, paragraph (1), item (ii) or Article 173-4, paragraph (1) of the Insurance Business Act" and "Article 810, paragraph (2) or Article 173-4, paragraph (2) of that Act," respectively.

(11) The provisions of Article 759, paragraphs (2) and (3), Article 761, paragraphs (2) and (3), Article 764, paragraphs (2) and (3), and Article 766, paragraphs (2) and (3) of the Companies Act shall not apply to the creditor specified by a Cabinet Order, such as a person holding any right pertaining to an insurance contract, a Beneficiary of money trust pertaining to the Insurance Claim Trust Business set forth in Article 99, paragraph (3).

(Suspension of Conclusion of Insurance Contracts)

Article 173-5 A Stock Insurance Company that transfers its insurance contracts in a Split shall not conclude any insurance contract that belongs to the same type as the insurance contracts to be transferred, for the period ranging from the time of adoption of the resolution on the Split to the time of execution or renunciation of the Split.

(Authorization of Split of Stock Insurance Company)

Article 173-6 (1) Any Split of a Stock Insurance Company shall be null and void without the authorization of the Prime Minister.

(2) The Prime Minister shall, when an application for the authorization set forth in the preceding paragraph is made, examine whether the application meets the following requirement:

- (i) The Split is appropriate in light of the protection of Policyholders, etc.;
- (ii) Where the Applicant is an Insurance Company, the Split poses no risk of impeding the appropriate competitive relationships among Insurance Companies; and
- (iii) It is certain that the Stock Insurance Company applying for the authorization will carry on its business in an appropriate, fair and efficient manner following the Split.

(3) The Prime Minister shall not approve any application made under paragraph (1) pertaining to a Split that involves the transfer of insurance contracts of an Insurance Company, unless the company that acquires the insurance contracts is an Insurance Company.

(Public Notice, etc. of Split)

Article 173-7 (1) A Stock Insurance Company that transfers its insurance contracts in a Split shall, following the Split, give public notice of without delay the fact that its insurance contracts have been transferred in the Split

and other matters specified by a Cabinet Office Ordinance. The same shall apply where the company has renounced the Split.

- (2) A Stock Insurance Company that has acquired insurance contracts in a Split shall, within three months from the date of the Split, notify thereof (or, where any minor change under Article 173-2, paragraph (2) is stipulated in the Split Plan, etc. with regard to the insurance contracts transferred in the Split, of the fact that it has acquired the insurance contracts in the Split and the contents of such minor change) to the Policyholders affected by the transfer of insurance contracts in the Split.
- (3) Where a Stock Insurance Company that transfers its insurance contracts in a Split has outstanding loans or other claims against Policyholders, and such claims are to be assigned to the Stock Insurance Company that acquires the insurance contracts under the Split Plan, etc., a notice in the form of an instrument carrying a fixed date under Article 467 (Requirement for Assertion of Assignment of Nominative Claims Against Third Parties) of the Civil Code shall be deemed to have been given to the Policyholders when a public notice under the first sentence of paragraph (1) has been given by way of publication in a daily newspaper that publishes matters on current events. In this case, the date of the public notice shall be deemed as the fixed date.

(Registration of Split)

Article 173-8 (1) The following documents shall be attached to a written application for registration of incorporation due to an incorporation-type split, in addition to the documents specified in Articles 18 and 19 (Documents to be Attached to Written Application), Article 46 (General Rules on Attached Documents), Article 86 (excluding item (viii)) (Registration of Company Split) and Article 109, paragraph (2) (excluding that segment in item (iii) pertaining to the documents listed in Article 86, item (viii) of that Act and including the cases where it is applied *mutatis mutandis* pursuant to Article 116, paragraph (1) and Article 125 of that Act) (Registration of Company Split) of the Commercial Registration Act:

- (i) A document certifying that a public notice under Article 173-4, paragraph (2) has been given;
- (ii) Where any Policyholder or other creditor has raised his/her objection under Article 173-4, paragraph (4), a document certifying that the company has made payment or provided equivalent security to such Policyholder or other creditor, or entrusted equivalent property to a trust company, etc. for the purpose of ensuring that such Policyholder or other creditor receive the payment, or a document certifying that the Split poses no risk of harming the interest of such Policyholder or other creditor;
- (iii) A document certifying that the number of Policyholders who raised their

objections under Article 173-4, paragraph (6) has not exceeded one fifth of the total number of Policyholders, or a document certifying that the amount specified by a Cabinet Office Ordinance set forth in that paragraph as the credits belonging to such Policyholders has not exceeded one fifth of the total amount set forth in that paragraph;

- (2) The documents listed in the items of the preceding paragraph shall be attached to a written application for registration of change due to an absorption-type split carried out by a Stock Company, general Partnership company, limited Partnership company or limited liability company that is the succeeding company in an absorption-type split, in addition to the documents set forth in the following provisions of the Commercial Registration Act: Article 18, Article 19, Article 46, Article 85 (excluding the segment pertaining to the documents listed in item (iii) or (viii) of the same Article with regard to a Stock Insurance Company) (Registration of Company Split), Article 93 (General Rules on Attached Documents) (including the cases where it is applied mutatis mutandis pursuant to Articles 111 and 118 of that Act) and Article 109, paragraph (1) (excluding that segment in item (ii) pertaining to the documents listed in Article 85, item (viii) of that Act and including the cases where it is applied mutatis mutandis pursuant to Article 106, paragraph (1) and Article 125 of that Act).

Section 4 Liquidation

(Appointment and Dismissal of Liquidators by Prime Minister)

- Article 174 (1) The Prime Minister shall appoint liquidators, at the request of interested persons or the Minister of Justice, or without any Party's request, where an Insurance Company, etc. has dissolved on the grounds listed in Article 471, item (vi) (Grounds for Dissolution) of the Companies Act as applied with relevant changes in interpretation pursuant to the provision of Article 152, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 152, paragraph (2)), or at the request of interested persons or without any Party's request where no one is entitled to become a liquidator pursuant to the provision of Article 180-4, paragraph (1) or under Article 478, paragraph (1) (Assumption of Office of Liquidators) of that Act or where an Insurance Company, etc. falls under Article 180, item (ii) or under Article 475, item (ii) (Causes of Commencement of Liquidation) of that Act.
- (2) For the purpose of applying the provision of Article 477, paragraph (4) (Establishment of Structures Other than Shareholders Meetings) of the Companies Act to a Stock Company carrying on the Insurance Business, the term "Large Company" in that paragraph shall be deemed to be replaced with "Insurance Company or a Stock Company listed in Article 272-4, paragraph (1),

- item (i), (b) of the Insurance Business Act."
- (3) The provisions of Article 478, paragraphs (2) to (4) inclusive of the Companies Act shall not apply to a Stock Company carrying on the Insurance Business.
- (4) Notwithstanding the provision of Article 180-4, paragraph (1) or Article 478, paragraph (1) of the Companies Act, the Prime Minister shall appoint liquidators where an Insurance Company, etc. has dissolved due to the cancellation of a license under Article 3, paragraph (1) or a registration under Article 272, paragraph (1).
- (5) The provision of Article 8-2, paragraph (2) shall apply mutatis mutandis to the liquidator(s) of a Stock Company carrying on the Insurance Business.
- (6) For the purpose of applying to a Stock Company carrying on the Insurance Business the provision of Article 331, paragraph (1), item (iii) (Qualifications of Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 478, paragraph (6) of that Act, the term "this Act" in that item shall be deemed to be replaced with "the Insurance Business Act, this Act."
- (7) The Prime Minister may, when he/she appoints liquidators pursuant to the provision of paragraph (1), (4) or (9), designate from among them a liquidator (hereinafter referred to as "Representative Liquidator" in this Section) who represents the Stock Company or Mutual Company to be liquidated (hereinafter referred to as "Liquidating Insurance Company, etc." in this Section).
- (8) The liquidator(s) (excluding the persons appointed by the Prime Minister and the liquidator(s) in the case of special liquidation) shall, within two weeks from the date of their assumption of office, notify the Prime Minister of the following matters; provided, however, that this shall not apply to the cases where special liquidation has commenced in the meantime.
- (i) Grounds for the dissolution (or, for a Liquidating Insurance Company, etc. falling under Article 180, item (ii) or under Article 475, item (ii) of the Companies Act, a statement to that effect) and the date of dissolution; and
- (ii) The name(s) and address(es) of the liquidator(s).
- (9) In the case of the liquidation of an Insurance Company, etc. (other than a special liquidation), the Prime Minister may dismiss a liquidator, when he/she finds material grounds for such dismissal. In this case, the Prime Minister may appoint another liquidator.
- (10) For the purpose of applying the provision of Article 479 (Dismissal of Liquidators) of the Companies Act to the liquidation of a Stock Company carrying on the Insurance Business, the term "court pursuant to the provisions of paragraphs (2) to (4) inclusive of the preceding Article" in paragraph (1) of that Article shall be deemed to be replaced with "Prime Minister"; and the term "liquidator" in paragraph (2) of that Article shall be deemed to be replaced with "liquidator (other than a person appointed by the Prime

Minister)."

(11) The provisions of Article 73, paragraphs (1) and (3) (Registration of Liquidators), and Article 74, paragraph (1) (Registration of Change with Regard to Liquidators) of the Commercial Registration Act (including the cases where it is applied mutatis mutandis pursuant to Article 183, paragraph (2)) shall apply mutatis mutandis to a liquidator appointed by the Prime Minister. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(12) The Prime Minister shall, where he/she dismisses a liquidator pursuant to the provision of paragraph (9), commission a registration to that effect to the registry office with jurisdiction over the head office or principal office of the Liquidating Insurance Company, etc.

(Remuneration for Liquidators Appointed by Prime Minister)

Article 175 (1) A liquidator appointed pursuant to the provision of paragraphs (1), (4) or (9) of the preceding Article may receive remuneration from the Liquidating Insurance Company, etc.

(2) The amount of the remuneration set forth in the preceding paragraph shall be determined by the Prime Minister.

(Submission of Closing Financial Statements, etc.)

Article 176 The liquidator(s) of a Liquidating Insurance Company, etc. (other than the liquidator(s) in the case of a special liquidation) shall, when the Shareholders Meeting, etc. has approved the material set forth in Article 492, paragraph (3) (Preparation of Inventory of Property) or Article 497, paragraph (2) (Provision of Balance Sheet to Annual Shareholders Meeting) (including the cases where they are applied mutatis mutandis pursuant to Article 180-17), or Article 507, paragraph (3) (Conclusion of Liquidation) (including the cases where it is applied mutatis mutandis pursuant to Article 183, paragraph (1)) of the Companies Act, submit such material (or, where such material is prepared in the form of electromagnetic record or where an electromagnetic record is prepared in lieu of such material, the electromagnetic record specified by a Cabinet Office Ordinance or a document describing the information contained in the electromagnetic record) without delay to the Prime Minister.

(Cancellation of Insurance Contracts after Dissolution)

Article 177 (1) Where an Insurance Company, etc. has dissolved on the grounds listed in Article 471, item (iii) or (vi) (Grounds for Dissolution) of the Companies Act as applied with relevant changes in interpretation pursuant to the provision of Article 152, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 152, paragraph (2)) or in Article

152, paragraph (3), item (ii), a Policyholder may cancel his/her insurance contract prospectively.

- (2) In the case referred to in the preceding paragraph, any insurance contract that is not cancelled by the Policyholder pursuant to the provision of that paragraph shall lose its effect on the day which is three months after the date of dissolution.
- (3) In the cases set forth in the preceding two paragraphs, the Liquidating Insurance Company, etc. shall refund to the Policyholder the amount of money reserved for the insured, any unearned premium (referring to the insurance premium paid for that Part of the period of insurance stipulated in an insurance contract which had not lapsed by the time when the insurance contract was cancelled or lost its effect) and any other amount of money specified by a Cabinet Office Ordinance.

(Permission of Performance during Period for Stating Claims)

Article 178 For the purpose of applying the provision of Article 500 (Restrictions on Performance of Obligations) of the Companies Act to the liquidation of a Stock Company carrying on the Insurance Business, the term "court" in paragraph (2) of that Article shall be deemed to be replaced with "Prime Minister."

(Order for Supervision of Liquidation)

- Article 179 (1) In the case of the liquidation of an Insurance Company, etc. (other than a special liquidation), the Prime Minister may, when he/she finds it necessary, order the Liquidating Insurance Company, etc. to deposit its properties or to take any other necessary measure for supervising the liquidation.
- (2) The provisions of Article 128, paragraph (1), Article 129, paragraph (1), Article 272-22, paragraph (1) and Article 272-23, paragraph (1) shall apply mutatis mutandis to the case referred to in the preceding paragraph, when the Prime Minister finds it necessary for supervising the liquidation of a Liquidating Insurance Company, etc.

(Causes of Commencement of Mutual Company's Liquidation)

Article 180 A Mutual Company shall go into liquidation in the following cases, pursuant to the provisions of this Section:

- (i) Where the company has dissolved (excluding the cases where it has dissolved on the grounds listed in Article 471, item (iv) of the Companies Act as applied mutatis mutandis pursuant to Article 152, paragraph (2) and where it has dissolved as a result of a ruling to commence bankruptcy proceedings and such bankruptcy proceedings have not ended); or

- (ii) Where a judgment allowing a claim seeking nullification of the company's incorporation has become final and binding.

(Capacity of Liquidation Mutual Company)

Article 180-2 A Mutual Company that goes into liquidation pursuant to the provision of the preceding Article (hereinafter referred to as "Liquidation Mutual Company" in this Section) shall be deemed to remain in existence until the liquidation is completed, to the extent of the purpose of the liquidation.

(Organs of Liquidation Mutual Company Other than General Meeting of Members and General Meeting)

- Article 180-3 (1) A Liquidation Mutual Company shall have one or more liquidator(s) and company auditor(s).
- (2) A Liquidation Mutual Company may have a board of liquidators or a board of company auditors as prescribed by its articles of incorporation.
 - (3) A Liquidation Mutual Company whose articles of incorporation provide for the establishment of a board of company auditors shall also have a board of liquidators.
 - (4) In a Liquidation Mutual Company that was a company with Committees when it fell under Article 180, item (i) or (ii), the Audit Committee Members shall become the company auditors.
 - (5) The provision of Article 51 shall not apply to a Liquidation Mutual Company.

(Assumption of Office of Liquidators)

Article 180-4 (1) The following persons shall become the liquidators of a Liquidation Mutual Company:

- (i) Directors (unless the company has a person falling under the following item or item (iii));
 - (ii) Person(s) prescribed by the articles of incorporation; and
 - (iii) Person(s) elected by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting).
- (2) For the purpose of applying the provisions of item (i) of the preceding paragraph and Article 53-5, paragraph (3) to a Liquidation Mutual Company that was a company with Committees when it fell under Article 180, item (i) or (ii), the term "Directors" in item (i) of the preceding paragraph shall be deemed to be replaced with "Directors other than Audit Committee Members"; and the term "outside company auditors (referring to those company auditors of a Mutual Company who have never been a director, executive officer or accounting advisor (or, if the accounting advisor is a juridical person, any member of that juridical person who is supposed to carry out relevant duties), or manager or any other employee of the Mutual Company or any of its de facto

Subsidiary Companies; the same shall apply hereinafter)" in Article 180, paragraph (3) shall be deemed to be replaced with "persons who have never been a director, executive officer or accounting advisor (or, if the accounting advisor is a juridical person, any member of that juridical person who is supposed to carry out relevant duties), or manager or any other employee of the company with a board of auditors or any of its de facto Subsidiary Companies."

- (3) The provisions of Article 8-2, paragraph (2), Article 53 and Article 53-2, paragraph (1) shall apply mutatis mutandis to the liquidator(s) of a Liquidation Mutual Company; and the provision of Article 53-2, paragraph (3) shall apply mutatis mutandis to the liquidators of a Mutual Company with a board of liquidators (referring to a mutual liquidating company that has a board of liquidators; hereinafter the same shall apply in this Section). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Dismissal of Liquidators)

- Article 180-5 (1) A liquidator (other than a person appointed by the Prime Minister pursuant to the provision of Article 174, paragraph (1), (4) or (9)) may be dismissed at any time by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting).
- (2) The court may, when it finds any material grounds, dismiss a liquidator under the preceding paragraph in response to a petition filed by members representing at least three thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or three thousand (or any smaller number prescribed by the articles of incorporation) or more members of the Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by the Cabinet Order set forth in Article 38, paragraph (1)), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation) (or, in a company with a General Meeting, those members or nine (or any smaller number prescribed by the articles of incorporation) or more general representatives).
- (3) The provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iii)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a petition under the preceding paragraph; and the provision of Article 937, paragraph (1) (limited to

the segment pertaining to item (ii), (e) and item (iii), (a) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to a judicial decision on the dismissal of a liquidator under paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (4) The provisions of Article 53-12, paragraphs (1) to (3) inclusive, and the provisions of Article 868, paragraph (1), Article 870 (limited to the segment pertaining to item (ii), Article 871, Article 872 (limited to the segment pertaining to item (iv)), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on appeal), Article 875, Article 876 and Article 937, paragraph (1) (limited to the segment pertaining to item (ii), (b) and (c)) of the Companies Act shall apply mutatis mutandis to the liquidator set forth in paragraph (1). In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Company Auditor's Term of Office)

Article 180-6 The provision of Article 53-6 shall not apply to the company auditors of a Liquidation Mutual Company.

(Liquidator's Duties)

Article 180-7 The liquidator(s) of a Liquidation Mutual Company shall carry out the following duties:

- (i) Completion of pending transactions;
- (ii) Collection of debts and performance of obligations; and
- (iii) Distribution of residual assets.

(Execution of Business)

Article 180-8 (1) The liquidator(s) shall execute the business of the Liquidation Mutual Company (other than a Mutual Company with a board of liquidators; hereinafter the same shall apply in this Article).

(2) Where a Liquidation Mutual Company has two or more liquidators, the business of the company shall be decided upon by a majority of the liquidators, unless otherwise provided for in the articles of incorporation.

(3) In the case set forth in the preceding paragraph, the liquidators may not delegate to any liquidator a decision regarding any of the following matters:

- (i) Appointment or dismissal of a manager;
- (ii) Establishment, relocation or abolition of a secondary office;
- (iii) Matters listed in the items of Article 298, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 41, paragraph (1) or Article 49, paragraph (1); or
- (iv) Revision of a system to ensure that the liquidators carry out their duties in

compliance with applicable laws and regulations and the articles of incorporation, and any other system required by a Cabinet Office Ordinance for ensuring that the business of a Liquidation Mutual Company is executed in an appropriate manner.

- (4) The provisions of Article 353 to 357 inclusive (Representation of Companies in Actions Between Stock Company and Directors, Apparent Representative Directors, Duty of Loyalty, Restrictions on Competition and Conflicting Interest Transactions, Director's Duty to Report), Article 360, paragraph (1) (Enjoinder of Acts of Directors by Shareholders) and Article 361 (Remuneration for Directors) of the Companies Act shall apply mutatis mutandis to a liquidator (with regard to the provision of Article 361 of that Act, other than a liquidator appointed by the Prime Minister pursuant to the provision of Article 174, paragraph (1), (4) or (9)). In this case, the term "Article 349, paragraph (4)" in Article 353 of that Act shall be deemed to be replaced with "Article 349, paragraph (4) as applied mutatis mutandis pursuant to Article 180-9, paragraph (5) of the Insurance Business Act"; the term "a Representative Director" in Article 354 of that Act shall be deemed to be replaced with "the Representative Liquidator"; and the terms "shareholders having the shares" and "substantial detriment" in Article 360, paragraph (1) of that Act shall be deemed to be replaced with "persons who have been members of the company" and "irreparable damage," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Representative of Liquidation Mutual Company)

- Article 180-9 (1) The liquidator(s) shall represent the Liquidation Mutual Company; provided, however, that this shall not apply to the cases where the liquidating Insurance Company appoints a Representative Liquidator or any other person to act as its representative.
- (2) Where a Liquidation Mutual Company has two or more liquidators, each of the liquidators shall represent the company for the purpose of the main clause of the preceding paragraph.
- (3) A Liquidation Mutual Company (other than a Mutual Company with a board of liquidators) may appoint a Representative Liquidator from among its liquidators (excluding a person appointed by the Prime Minister pursuant to the provision of Article 174, paragraph (1), (4) or (9); hereinafter the same shall apply in this paragraph) in accordance with its articles of incorporation, by mutual vote of the liquidators pursuant to the provisions of its articles of incorporation, or by a resolution of the General Meeting of members (or General Meeting, where the company has such meeting).
- (4) Where a representative director has been appointed, the representative director shall act as the Representative Liquidator when the directors become

the liquidators pursuant to the provision of Article 180-4, paragraph (1), item (i).

- (5) The provisions of Article 349, paragraphs (4) and (5) (Representatives of Companies) and Article 351 (Measures when Vacancy Arises in Office of Representative Director) of the Companies Act shall apply mutatis mutandis to the Representative Liquidator of a Liquidation Mutual Company; the provision of Article 352 (Authority of Persons Who Perform Duties on Behalf of Directors) of that Act shall apply mutatis mutandis to a person appointed by a provisional disposition order under Article 56 (Commission of Registration of Provisional Disposition for Stay of Execution of Duties by Representative of Juridical Person, etc.) of the Civil Provisional Relief Act to act for a liquidator or the Representative Liquidator of a Liquidation Mutual Company; the provisions of Article 868, paragraph (1) (Jurisdiction of Non-contentious cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Supplementary Note of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal Against Ruling), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the liquidator(s) or Representative Liquidator of a Liquidation Mutual Company; and the provision of Article 937, paragraph (1) (limited to the segment pertaining to item (ii), (b) and (c)) (Commission of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to a person who should carry out the duties of the temporary Representative Liquidator of a Liquidation Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Commencement of Bankruptcy Proceedings for Liquidation Mutual Company)

- Article 180-10 (1) The liquidators shall, when it has become clear that the assets of the Liquidation Mutual Company are not sufficient to fully discharge its debts, immediately file a petition for commencement of bankruptcy proceedings.
- (2) Where a Liquidation Mutual Company was given a ruling for commencement of bankruptcy proceedings, the liquidator(s) shall be deemed to have accomplished their duties when they have transferred their tasks to the bankruptcy trustee.
- (3) In the case prescribed in the preceding paragraph, the bankruptcy trustee may recover any payment made to creditors by the Liquidation Mutual Company.

(Liquidator's Liability for Damages to Liquidation Mutual Company)

- Article 180-11 (1) A liquidator shall be liable to the Liquidation Mutual Company for any damage caused by the failure to carry out his/her (their) duties.
- (2) Where a liquidator has carried out the transaction listed in Article 356, paragraph (1), item (i) of the Companies Act in violation of Article 356, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 180-8, paragraph (4), the amount of the profit gained by the liquidator or any third Party from such transaction shall be presumed to be the amount of the damage set forth in the preceding paragraph.
- (3) Any of the following liquidators shall be presumed to have failed to carry out his/her duties when the Liquidation Mutual Company has suffered any damage from the transaction set forth in Article 356, paragraph (1), item (ii) or (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 180-8, paragraph (4):
- (i) A liquidator falling under Article 356, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 180-8, paragraph (4);
 - (ii) A liquidator who decided that the Liquidation Mutual Company carry out such transaction; or
 - (iii) A liquidator who agreed to the board of liquidators' resolution to approve such transaction.
- (4) The provision of Article 53-34 and the provision of Article 428, paragraph (1) (Special Provision on Transactions Carried out by Director for Himself/Herself) of the Companies Act shall apply mutatis mutandis to the liability of a liquidator under paragraph (1). In this case, the term "Article 356, paragraph (1), item (ii) (including the cases where it is applied mutatis mutandis pursuant to Article 419, paragraph (2))" in Article 428, paragraph (1) of that Act shall be deemed to be replaced with "Article 356, paragraph (1), item (ii) as applied mutatis mutandis pursuant to Article 180-8, paragraph (4) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Liquidator's Liability for Damages to Third Party)

- Article 180-12 (1) A liquidator of a Liquidation Mutual Company shall be liable to a third Party for any damage caused by his/her bad faith or gross negligence in carrying out his/her duties.
- (2) The provision of the preceding paragraph shall also apply where the liquidator set forth in that paragraph has committed any of the following acts; provided, however, that this shall not apply to the cases where the liquidator has proven that he/she did not fail to exercise due care in carrying out the act:
- (i) A false notice with respect to any important matter to be notified in

- soliciting subscribers for bonds (referring to the bonds set forth in Article 61), or a false statement or record with respect to any material used for the explanation of the Liquidation Mutual Company's business or other matter for the purpose of such solicitation;
- (ii) A false statement or record with respect to any important matter to be described or recorded in the inventory of property, etc. set forth in Article 492, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 or the balance sheet and administrative report set forth in Article 494, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 180-17, or in the annexed detailed statements thereto;
 - (iii) A false registration; or
 - (iv) A false public notice.

(Joint and Several Liability of Liquidators and Company Auditors)

- Article 180-13 (1) Where a liquidator or company auditor is liable for any damage caused to the Liquidation Mutual Company or a third Party, the other liquidator(s) or company auditor(s) shall be his/her joint and several obligors when the latter is (are) also liable for that damage.
- (2) The provision of Article 430 of the Companies Act as applied mutatis mutandis pursuant to Article 53-36 shall not apply to the case set forth in the preceding paragraph.

(Authority, etc. of Board of Liquidators)

- Article 180-14 (1) The board of liquidators of a Liquidation Mutual Company shall be composed of all of its liquidators.
- (2) The board of liquidators shall carry out the following duties:
- (i) Decision on the execution of business of the Mutual Company with a board of liquidators;
 - (ii) Supervision of the execution of duties by the liquidators; and
 - (iii) Appointment and removal of the Representative Liquidator.
- (3) The board of liquidators shall appoint the Representative Liquidator from among the liquidators; provided, however, that this shall not apply to the cases where the Representative Liquidator has been appointed otherwise.
- (4) The board of liquidators may remove the Representative Liquidator that it has appointed or the person who has become the Representative Liquidator pursuant to the provision of Article 180-9, paragraph (4).
- (5) Where the Prime Minister has appointed the Representative Liquidator of a Liquidation Mutual Company pursuant to the provision of Article 174, paragraph (7), the board of liquidators may not appoint or remove the Representative Liquidator.
- (6) The board of liquidators may not delegate to any liquidator an important

decision on the execution of business, including on any of the following matters:

- (i) The appropriation of and acceptance of assignment of important assets ;
 - (ii) Contracting of a large amount of debt;
 - (iii) Appointment or removal of a manager or any other important employee;
 - (iv) Establishment, change or abolition of a secondary office or any other important structure;
 - (v) The matters specified by a Cabinet Office Ordinance as an important matter regarding the solicitation of subscribers for bonds (referring to the bonds set forth in Article 61), such as the matter listed in Article 61, item (i);
or
 - (vi) Revision of a system to ensure that the liquidators carry out their duties in compliance with applicable laws and regulations and the articles of incorporation, and any other system required by a Cabinet Office Ordinance for ensuring that the business of a Liquidation Mutual Company is executed in an appropriate manner.
- (7) The business of a Mutual Company with a board of liquidators shall be executed by:
- (i) The Representative Liquidator in a Liquidation Mutual Company; or
 - (ii) A liquidator other than the Representative Liquidator appointed by a resolution of the board of liquidators to execute the business of the Mutual Company with a board of directors.
- (8) A liquidator listed in the items of the preceding paragraph shall report, at least once in every three months, the status of execution of his/her duties to the board of liquidators.
- (9) The provisions of Article 364 (Representation of Company in Actions between Companies with Board of Directors and Directors) and Article 365 (Restrictions on Competition and Transactions with Companies with Board of Directors) of the Companies Act shall apply mutatis mutandis to a Mutual Company with a board of liquidators. In this case, the term "Article 353" in Article 364 of that Act shall be deemed to be replaced with "Article 353 as applied mutatis mutandis pursuant to Article 180-8, paragraph (4) of the Insurance Business Act"; the term "Article 356" in Article 365, paragraph (1) of that Act shall be deemed to be replaced with "Article 356 as applied mutatis mutandis pursuant to Article 180-8, paragraph (4) of the Insurance Business Act"; and the term "the items of Article 356, paragraph (1)" in Article 365, paragraph (2) of that Act shall be deemed to be replaced with "the items of Article 356, paragraph (1) as applied mutatis mutandis pursuant to Article 180-8, paragraph (4) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Operations of Board of Liquidators)

Article 180-15 The provisions of Part II, Chapter IV, Section 5, Subsection 2 (excluding Article 367, Article 371, paragraphs (3) and (5), Article 372, paragraph (3), and Article 373) (Operations) of the Companies Act shall apply mutatis mutandis to the operations of the board of liquidators of a Mutual Company with a board of liquidators; and the provisions of Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 869 (Showing of Prima Facie Evidence), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Supplementary Note of Reasons), the main clause of Article 873 (Stay of Execution of Original Sentence), Articles 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of that Act shall apply mutatis mutandis to an application for permission under Article 371, paragraph (2) or (4) of that Act as applied mutatis mutandis pursuant to this Article. In this case, the terms "shareholder" and "at any time during the business hours of a Stock Company" in Article 371, paragraph (2) (Minutes) of that Act shall be deemed to be replaced with "member (or general representative, where the company has a General Meeting)" and "with the permission of the court," respectively; the term "Parent Company or Subsidiary" in Article 371, paragraph (6) of that Act shall be deemed to be replaced with "de facto Subsidiary Company as set forth in Article 33-2, paragraph (1) of the Insurance Business Act"; and the term "Article 363, paragraph (2)" in Article 372, paragraph (2) (Omission of report to board of directors) of that Act shall be deemed to be replaced with "Article 180-14, paragraph (8) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application of Provisions on Directors, etc.)

Article 180-16 For the purpose of applying to a Liquidation Mutual Company the provisions of Chapter II, Section 2, Subsection 3; Chapter II, Section 2, Subsection 4, Divisions 1 and 2; Article 53-5, paragraph (2); Article 343, paragraphs (1) and (2) of the Companies Act as applied mutatis mutandis pursuant to Article 53-11; Article 345, paragraph (3) of that Act as applied mutatis mutandis pursuant to Article 345, paragraph (4) of that Act as applied mutatis mutandis pursuant to Article 53-11; Article 359 of that Act as applied mutatis mutandis pursuant to Article 53-15; Chapter II, Section 2, Subsection 4, Division 6; and Article 62-2, the provisions pertaining to a director, representative director, board of directors or Mutual Company shall be deemed as provisions applicable to a liquidator, Representative Liquidator, board of liquidators or Mutual Company with board of liquidators, respectively, and shall apply as such to the liquidator(s), Representative Liquidator, board of

liquidators or Mutual Company with a board of liquidators as the case may be.

(Inventory of Property, etc.)

Article 180-17 The provisions of Part II, Chapter IX, Section 1, Subsection 3 (excluding Article 496, paragraph (3) and Article 497, paragraph (1), item (iii)) (Property Inventories) of the Companies Act shall apply mutatis mutandis to a Liquidation Mutual Company. In this case, the terms "the items of Article 489, paragraph (7)" and "the items of Article 475" in Article 492, paragraph (1) (Preparation of Inventory of Property) of that Act shall be deemed to be replaced with "Article 180-14, paragraph (7), item (i) or (ii) of the Insurance Business Act" and "Article 180, item (i) or (ii) of that Act," respectively; and the term "the items of Article 475" in Article 494, paragraph (1) (Preparation and Retention of Balance Sheet) of that Act shall be deemed to be replaced with "Article 180, item (i) or (ii) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Order of Appropriation of Property)

Article 181 (1) The liquidator(s) of a Liquidation Mutual Company shall perform the obligations, and redeem the funds of the Mutual Company.
(2) In the case referred to in the preceding paragraph, the funds shall not be redeemed prior to the performance of the Mutual Company's obligations.

(Performance of Obligations, etc.)

Article 181-2 The provisions of Part II, Chapter IX, Section 1, Subsection 4 (Performance of Obligations), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 871 (Supplementary Note of Reasons), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a Liquidation Mutual Company. In this case, the term "the items of Article 475" in Article 499, paragraph (1) (Public Notices to Creditors) of that Act shall be deemed to be replaced with "Article 180, item (i) or (ii) of the Insurance Business Act"; and the term "court" in Article 500, paragraph (2) of that Act shall be deemed to be replaced with "Prime Minister"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Distribution of Residual Assets)

Article 182 (1) Unless otherwise provided in the articles of incorporation, any appropriation of the residual assets of a Liquidation Mutual Company shall be made by a resolution of the General Meeting of members (or General Meeting,

where the company has such meeting).

- (2) The residual assets of a Liquidation Mutual Company shall be distributed to its members or disposed of in a manner that contributes to the protection of Policyholders, etc.
- (3) Any distribution of the residual assets of a Liquidation Mutual Company to its members shall be made in accordance with the members' amount of contribution (referring to the amount calculated pursuant to the provisions of a Cabinet Office Ordinance as that part of the profits obtained by investing the insurance premiums paid by the members and the amount of money received as such insurance premiums which have neither been allocated to any payments such as insurance claims or refunds, nor to any business or other expenditures (including any refund under Article 177, paragraph (3)).
- (4) Any measures of the residual assets of a Liquidation Mutual Company in a manner that contributes to the protection of Policyholders, etc. under paragraph (2) shall be made in an amount not exceeding the total amount calculated in accordance with a Cabinet Office Ordinance set forth in the preceding paragraph for all withdrawing members, pursuant to the provisions of a Cabinet Office Ordinance.
- (5) The resolution set forth in paragraph (1) shall be a resolution under Article 62, paragraph (2).
- (6) Any resolution under paragraph (1) shall be null and void without the authorization of the Prime Minister.

(Completion of Liquidation Process, etc.)

- Article 183 (1) The provisions of Article 507 (Conclusion of Liquidation), Article 508 (Retention of Accounting Materials), Article 868, paragraph (1) (Jurisdiction of Non-Contentious Cases), Article 871 (Supplementary Note of Reasons), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of Provisions of Act on Procedures for Non-Contentious Cases) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a Liquidation Mutual Company. In this case, the term "the items of Article 489, paragraph (7)" in Article 508, paragraph (1) of that Act shall be deemed to be replaced with "Article 180-14, paragraph (7), item (i) or (ii) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (2) The provisions of Article 928 (excluding paragraph (2)) (Registration, etc. of Liquidators), Article 929 (limited to the segment pertaining to item (i)) (Registration of Completion of Liquidation) and the main clause of Article 932 (Registration of Change in Branch Offices) of the Companies Act, and Article 73 to 75 inclusive (Registration of Liquidators, Registration of Change

Regarding Liquidators, Registration of Completion of Liquidation) of the Commercial Registration Act shall apply mutatis mutandis to a registration regarding the liquidation of a Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application mutatis mutandis, of Companies Act to Special Liquidation of Mutual Company)

Article 184 The provisions of Part II, Chapter IX, Section 2 (excluding Article 522, paragraph (3) and Article 541) (Special Liquidations), Part VII, Chapter II, Section 4 (Lawsuits over Special Liquidations), Part VII, Chapter III, Sections 1 (excluding Article 868, paragraphs (2) to (5) inclusive and Article 870 to 874 inclusive) (General Provisions) and 3 (excluding Article 879, Article 880, and Article 898, paragraphs (1), (2) and (5)) (Special Provisions on Special Liquidation Procedure), and Article 938, paragraphs (1) to (5) inclusive (Commissioned Registration by Judgment Concerning Special Liquidations) of the Companies Act shall apply mutatis mutandis to a Liquidation Mutual Company. In this case, the term "shareholders who have held, for the consecutive period of the past six months or more (or, in cases where a shorter period is provided for in the articles of incorporation, such period), not less than three hundredths of the voting rights held by all of the shareholders (excluding the shareholders that cannot exercise voting rights on all matters on which resolutions can be passed at the shareholders meeting; or, in cases where any proportion less than that is provided for in the articles of incorporation, such proportion) or shareholders who have held, for the consecutive period of the past six months or more (or, in cases where a shorter period is provided for in the articles of incorporation, such period), not less than three hundredths of the issued shares (excluding treasury shares; or, in cases where a lower proportion is provided for in the articles of incorporation, such proportion)" in Article 522, paragraph (1) (Order to investigate) of that Act shall be deemed to be replaced with "members representing at least three thousandths (or any smaller proportion prescribed by the articles of incorporation) of the total membership, or three thousand (or any smaller number prescribed by the articles of incorporation) or more members of the Mutual Company (or, in a Specified Mutual Company, members equal to or exceeding the number specified by a Cabinet Order set forth in Article 38, paragraph (1) of the Insurance Business Act), who have been members of the Mutual Company without interruption for the preceding six months (or any shorter period prescribed by the articles of incorporation)"; the term "assigned claims owed by the Liquidating Stock Company or shares in" in Article 532, paragraph (2) (Remunerations of Supervisors) of that Act shall be deemed to be

replaced with "acquire any claim against"; the term "Chapter VII (excluding Article 467, paragraph (1), item (v))" in Article 536, paragraph (3) (Restrictions on Assignment of Business) of that Act shall be deemed to be replaced with "Article 62-2 of the Insurance Business Act"; and the term "Article 492, paragraph (1)" in Article 562 (Report to Creditors' Meeting of Outcome of Investigations by Liquidators) of that Act shall be deemed to be replaced with "Article 492, paragraph (1) as applied mutatis mutandis pursuant to Article 180-17 of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Chapter IX Foreign Insurer

Section 1 General Rules

(License)

- Article 185 (1) A Foreign Insurer may, only in cases where it established a branch office, etc. in Japan (referring to an office in Japan, such as a branch office or secondary office, of the Foreign Insurer, or the office of those entrusted by the Foreign Insurer to act as an agent for the underwriting of insurance pertaining to the Insurance Business in Japan of the Foreign Insurer; the same shall apply hereinafter in this Section to Section 5 inclusive) and obtained a license of the Prime Minister, transact Insurance Business pertaining to that license at said branch office, etc., notwithstanding the provision of Article 3, paragraph (1).
- (2) The license set forth in the preceding paragraph refers to two types of licenses: the foreign life insurance business license and the foreign non-life insurance business license.
- (3) The same person cannot obtain both the foreign life insurance business license and the foreign non-life insurance business license.
- (4) The foreign life insurance business license shall be a license pertaining to the business of underwriting the classes of insurance listed in Article 3, paragraph (4), item (i) or, in addition, underwriting the classes of insurance listed in the same paragraph, items (ii) or (iii).
- (5) The foreign non-life insurance business license shall be a license pertaining to the business of underwriting the classes of insurance listed in Article 3, paragraph (5), item (i) or, in addition, underwriting the classes of insurance listed in the same paragraph, item (ii) or (iii).
- (6) A Foreign Insurance Company, etc. shall, except as otherwise specified by a Cabinet Office Ordinance, conclude, in Japan, an insurance contract pertaining to any persons with an address or residence in Japan or property located in Japan, or vessels or aircraft with Japanese nationality.

(Foreign Insurers, etc. Without Branch Offices, etc. in Japan)

Article 186 (1) A Foreign Insurer without a branch office, etc. in Japan shall not conclude an insurance contract pertaining to any persons with an address or residence in Japan or property located in Japan, or vessels or aircrafts with Japanese nationality (except for insurance contracts specified by a Cabinet Order; the same shall apply in the following paragraph); provided, however, that this shall not apply to insurance contracts pertaining to the permission set forth in the same paragraph.

(2) A person that intends to apply to a Foreign Insurers without a branch office, etc. in Japan for an insurance contract pertaining to any persons with an address or residence in Japan or property located in Japan, or vessels or aircrafts with Japanese nationality, shall obtain the permission of the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance before the application is made.

(3) The Prime Minister shall not grant the permission set forth in the preceding paragraph in the case where the insurance contract is found to fall under any of the following items:

- (i) The contents of that insurance contract are in violation of laws and regulations or are unfair;
- (ii) In place of concluding that insurance contract, it is easy to conclude an insurance contract between insurance companies or foreign insurance companies, etc. which have equivalent or favorable conditions relative to that insurance contract;
- (iii) The conditions of that insurance contract are significantly less balanced compared to the conditions that shall normally be attached in the case of concluding an insurance contract similar to that contract between insurance companies or foreign insurance companies, etc.;
- (iv) There is a risk of unjustifiable infringement to the interests of the insured and other relevant persons due to the conclusion of that insurance contract; and
- (v) There is a risk of adverse effect to the sound development of the Insurance Business in Japan or harm to the public interest due to the conclusion of that insurance contract.

(Application Procedures for a License, etc.)

Article 187 (1) A Foreign Insurer that intends to obtain the license set forth in Article 185, paragraph (1) shall submit to the Prime Minister a written application for a license stating the following matters:

- (i) The name of the home country of that Foreign Insurer (meaning the country where that Foreign Insurer started the Insurance Business or the country that enacted laws and regulations in relation to the establishment of a

- juridical person pertaining to that Foreign Insurer; hereinafter the same shall apply in this Section to Section 4 inclusive) and the name or trade name or denomination of that Foreign Insurer, address or location of the head office or principal office, and date of commencement or establishment of the Insurance Business;
- (ii) Name and address of the representative person in Japan;
 - (iii) Types of license desired; and
 - (iv) Principal branch in Japan (meaning the branch office, etc. which the Foreign Insurer has prescribed as the headquarters of its Insurance Business in Japan; hereinafter the same shall apply in this Section to Section 4 inclusive).
- (2) A certificate from an organization with jurisdiction of the home country which proves the following matters shall be attached to the written application for a license set forth in the preceding paragraph:
- (i) That the commencement of the Insurance Business of that Foreign Insurer or the establishment of a juridical person pertaining to that Foreign Insurer was done lawfully; and
 - (ii) That the Foreign Insurer is lawfully transacting an Insurance Business in its home country that is similar to the Insurance Business it intends to transact in Japan after obtaining that license.
- (3) In addition to what is prescribed in the preceding paragraph, the following documents and other documents specified by a Cabinet Office Ordinance shall be attached to the written application for a license set forth in paragraph (1):
- (i) Articles of incorporation or equivalent documents;
 - (ii) Statement of business procedures in Japan;
 - (iii) General policy conditions of the insurance contract concluded in Japan; and
 - (iv) Statement of calculation procedures for insurance premiums and policy reserve pertaining to the insurance contract concluded in Japan.
- (4) The documents listed in items (ii) to (iv) inclusive of the preceding paragraph shall state the matters specified by a Cabinet Office Ordinance.
- (5) The provision of Article 5 shall apply mutatis mutandis to cases where an application is made for the license set forth in Article 185, paragraph (1). In this case, the term "business of an Insurance Company" in Article 5, paragraph (1), items (i) and (ii) shall be deemed to be replaced with "business in Japan of a Foreign Insurance Company, etc.", the term "the preceding Article, paragraph (2), items (ii) and (iii)" in the same paragraph, item (iii) shall be deemed to be replaced with "Article 187, paragraph (3), items (ii) and (iii)", and the term "the preceding Article, paragraph (2), item (iv)" in the same paragraph, item (iv) shall be deemed to be replaced with "Article 187, paragraph (3), item (iv)".

(Conditions for a License)

- Article 188 (1) The Prime Minister may, in the case where the Insurance Business intended to be transacted in Japan by a Foreign Insurer, which applied for a foreign life insurance business license, only pertains to the underwriting of an insurance contract in which the insurance amount is indicated in foreign currency and for which the counter parties are those specified by a Cabinet Order, grant a license set forth in Article 185, paragraph (1) attached with conditions to the effect that the Foreign Insurer may carry out only the businesses pertaining to that insurance contract.
- (2) The provisions specified by a Cabinet Order, such as Article 196, shall not apply to Foreign Life Insurance Companies, etc., which obtained the license set forth in Article 185, paragraph (1) attached with conditions set forth in the preceding paragraph; any necessary special measures concerning the application of this Act may be specified by a Cabinet Order.
- (3) Special measures regarding the application procedures for a license set forth in Article 185, paragraph (1) of a Foreign Insurer in the case prescribed in paragraph (1) and other necessary matters concerning the application of the provision of paragraph (1) shall be specified by a Cabinet Order.

(Public Notice of Prime Minister)

- Article 189 The Prime Minister shall, when he/she grants the license set forth in Article 185, paragraph (1), give public notice thereof and the matters listed in the items of Article 187, paragraph (1) in the official gazette without delay. The same shall apply when a notification is made under the provision of Article 209 on the change of matters listed in the same paragraph, items (i), (ii) or (iv).

(Deposit)

- Article 190 (1) A Foreign Insurance Company, etc. shall deposit money to the deposit office closest to the principal branch in Japan in the amount specified by a Cabinet Order deemed to be necessary and appropriate to protect Policyholders, etc. in Japan.
- (2) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan, order a Foreign Insurance Company, etc. to deposit money in the amount found to be reasonable, in addition to the amount specified by a Cabinet Order of the preceding paragraph, prior to commencing an Insurance Business in Japan.
- (3) A Foreign Insurance Company, etc. may, pursuant to the provisions of a Cabinet Order, when it concludes a contract by which the required deposit would be deposited for that Foreign Insurance Company, etc. in response to the order of the Prime Minister and notifies the Prime Minister thereof, choose not

to deposit all or part of the deposit set forth in the preceding two paragraphs concerning the amount deemed to be deposited under that contract while the contract is in effect (hereinafter referred to in this Article as "Contract Amount").

- (4) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan, order any persons who have concluded the contract set forth in the preceding paragraph with a Foreign Insurance Company, etc. or that Foreign Insurance Company, etc. to deposit all or part of the amount corresponding to the Contract Amount.
- (5) A Foreign Insurance Company, etc. shall not commence the Insurance Business pertaining to its license unless it has deposited (including the conclusion of the contract set forth in paragraph (3); the same shall apply in paragraph (8)) the deposit set forth in paragraph (1) (including the following deposit in the case where a company is ordered to deposit the money set forth in paragraph (2) pursuant to the provision of the same paragraph) and notified thereof to the Prime Minister.
- (6) Policyholders pertaining to insurance contracts in Japan, the insured, or any persons who shall receive insurance amounts have the right to receive payment ahead of other obligees with regard to the deposit pertaining to that Foreign Insurance Company, etc. concerning claims resulting from an insurance contract.
- (7) The necessary matters concerning the execution of the rights set forth in the preceding paragraph shall be specified by a Cabinet Order.
- (8) A Foreign Insurance Company, etc. shall, when the deposit amount (including Contract Amount) is deemed to be short of the amount specified by a Cabinet Order of paragraph (1) for any reason such as the execution of the rights set forth in paragraph (6), deposit the deficit within two weeks from the date specified by a Cabinet Office Ordinance and notify thereof to the Prime Minister without delay.
- (9) A Foreign Insurance Company, etc. may replace the deposit set forth in paragraph (1), paragraph (2), or the preceding paragraph with national government bond certificates, local government bond certificates, or other securities specified by a Cabinet Office Ordinance (including transfer bonds specified by Article 278, paragraph (1) of the Act on Transfer of Bonds, Shares, etc.; the same shall apply in Article 223, paragraph (10), Article 272-5, paragraph (9) and Article 291, paragraph (9)).
- (10) The deposit which was deposited pursuant to the provision of paragraph (1), (2), (4), or (8) may be reclaimed pursuant to the provisions of a Cabinet Order if it falls under any of the following items:
 - (i) When the license set forth in Article 185, paragraph (1) pertaining to that Foreign Insurance Company, etc. is revoked pursuant to the provision of

Articles 205 or 206; and

(ii) When the license set forth in Article 185, paragraph (1) pertaining to that Foreign Insurance Company, etc. loses its validity pursuant to the provision of Article 273.

(11) In addition to the matters specified by the preceding paragraphs, the necessary matters concerning the deposit shall be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Justice.

(Trade Name or Denomination of a Foreign Insurance Company, etc.)

Article 191 The provision of Article 7, paragraph (2) shall not apply to a Foreign Insurance Company, etc.

(Representative Person in Japan)

Article 192 (1) Representative persons in Japan of a Foreign Insurance Company, etc. (except for foreign companies prescribed in Article 2, item (ii) (Definitions) of the Companies Act; hereinafter the same shall apply in this paragraph to paragraph (3) inclusive) shall have the authority to take all judicial and non-judicial action in connection with the business in Japan of that Foreign Insurance Company, etc.

(2) Restrictions on the right set forth in the preceding paragraph may not be asserted against a third party without knowledge of such restrictions.

(3) A Foreign Insurance Company, etc. shall bear responsibility for the compensation of damage caused to a third party in connection with representative persons in Japan carrying out their duties.

(4) Representative persons in Japan of a Foreign Insurance Company, etc. shall, even after retiring from their posts, have rights and duties as representative persons in Japan until the registration of Article 22 (Registration of Manager) of the Commercial Code or Article 933, paragraph (2) (Registration of Foreign Company) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 215) regarding the name and address and other locations of representative persons who shall act in their place or public notice under the provision of the second sentence of Article 189 is made.

(5) Representative persons in Japan of a Foreign Insurance Company, etc. shall not engage in the daily affairs of other company, except when authorized by the Prime Minister.

(6) When an application for authorization referred to in the preceding paragraph is filed, the Prime Minister shall not grant the authorization unless he/she finds that the matters pertaining to the application are not likely to interfere with the sound and appropriate business in Japan of the Foreign Insurance Company, etc.

(Foreign Mutual Company)

Article 193 (1) A Foreign Mutual Company shall prescribe representative persons in Japan when it intends to continue trading in Japan. In this case, at least one of the representative persons in Japan shall be persons with an address in Japan.

(2) The provision of Article 818 (Prohibition of Continuous Trading Prior to Registration, etc.) and Article 819 (Public Notice of Matters Corresponding to the Balance Sheet) of the Companies Act shall apply mutatis mutandis to a Foreign Mutual Company. In this case, the term "foreign company registered as a foreign company (limited to those where similar companies or their closest equivalents in Japan are stock companies)" in the same Article, paragraph (1) shall be deemed to be replaced with "Foreign Mutual Company registered as a Foreign Mutual Company", the term "Article 438, paragraph (2)" in the same Article, paragraph (1) shall be deemed to be replaced with "Article 54-6, paragraph (2) of the Insurance Business Act," and the term "Article 939, paragraph (1), item (i) or (ii)" in the same Article, paragraph (2) shall be deemed to be replaced with "Article 217, paragraph (1), item (i) of the Insurance Business Act." In addition, the necessary technical change in interpretation shall be specified by a Cabinet Order.

Section 2 Business, Accounting, etc.

(Transaction with Special Person Concerned, etc.)

Article 194 A Foreign Insurance Company, etc. shall not carry out any of the following transactions or activities with a person who has a special relationship as specified by a Cabinet Order with the Foreign Insurance Company, etc. (hereinafter referred to as "Special Person Concerned" in this Article) or a customer related to any Special Person Concerned; provided, however, this shall not apply where the Prime Minister has approved such transaction or activity for any of the compelling reasons specified by a Cabinet Office Ordinance:

- (i) Any transaction, such as the purchase and sale of assets, carried out with a Special Person Concerned in a branch office, etc. of the Foreign Insurance Company, etc. on significantly different terms and conditions from those applied to normal transactions of the Foreign Insurance Company, etc.; or
- (ii) Any transaction or activity carried out with a Special Person Concerned or a customer related to a Special Person Concerned in a branch office, etc. of the Foreign Insurance Company, etc. that is equivalent to the transaction listed in the preceding item and specified by a Cabinet Office Ordinance as posing a risk to the sound and appropriate management of the Insurance Business carried on by the Foreign Insurance Company, etc. in Japan.

(Submission of Closing Financial Statements of Head Office or Principal Office)

Article 195 A Foreign Insurance Company, etc. shall, for each business year, submit to the Prime Minister an inventory of property, balance sheet, profit and loss statement and business report prepared in its head office or principal office, pursuant to the provisions of a Cabinet Office Ordinance, within a reasonable period of time following the end of the business year.

(Keeping and Inspection, etc. of Articles of Incorporation, etc.)

Article 196 (1) The representative person of a Foreign Insurance Company, etc. in Japan shall keep in its principal branch in Japan its articles of incorporation or any other equivalent document (or, for a Foreign Mutual Company, such document and its members list in Japan), or a electromagnetic record thereof.

(2) The representative person of a Foreign Insurance Company, etc. in Japan shall, pursuant to the provisions of a Cabinet Office Ordinance, keep in its principal branch in Japan the document or electromagnetic record set forth in the preceding Article for five years from the day following the date of its submission pursuant to the provision of that Article.

(3) The representative person of a Foreign Insurance Company, etc. in Japan shall, pursuant to the provisions of a Cabinet Office Ordinance, prepare the following documents and annex detailed statements thereto for each accounting period of the business year in Japan and keep them in its principal branch in Japan for five years from the day following the date of the end of the business year in Japan covered by such accounting.

(i) Balance sheet for the Insurance Business carried on in Japan;

(ii) Profit and loss statement for the Insurance Business carried on in Japan;
and

(iii) Business report for the Insurance Business carried on in Japan.

(4) The documents set forth in the preceding paragraph may be prepared in the form of electromagnetic record.

(5) The creditors and insured of a Foreign Insurance Company, etc., such as Policyholders and beneficiaries of insurance benefits, may make the following requests at any time during the hours in which the Foreign Insurance Company, etc. should be in business; provided, however, that they pay the fees determined by the Foreign Insurance Company, etc. in making a request falling under item (ii) or (iv):

(i) Where the documents set forth in paragraphs (1) to (3) inclusive are prepared in writing, a request for inspection of such documents;

(ii) A request for a transcript or extract of the documents referred to in the preceding item;

- (iii) Where the documents set forth in paragraphs (1) to (3) inclusive are prepared in the form of electromagnetic record, a request for inspection of anything that displays the matters recorded on the electromagnetic record in a manner specified by a Cabinet Office Ordinance; or
- (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding item by the electromagnetic means determined by the Foreign Insurance Company, etc., or for any document that describes such matters.

(Obligation to Hold Assets in Japan)

Article 197 A Foreign Insurance Company, etc. shall, pursuant to the provisions of a Cabinet Office Ordinance, hold in Japan the assets equivalent to the sum total of the amount calculated pursuant to the provisions of a Cabinet Office Ordinance on the basis of the policy reserve and reserve for outstanding claims set aside in Japan pursuant to the provisions of Article 116, paragraph (1) and Article 117, paragraph (1) as applied *mutatis mutandis* pursuant to Article 199, and the amount specified by a Cabinet Office Ordinance as equivalent to equity capital, such as the deposit set forth in Article 190.

(Application *mutatis mutandis*, of Companies Act, etc.)

Article 198 (1) The provision of Article 8 (No Use of Name, etc. which is likely to be mistaken for a company) of the Companies Act shall apply *mutatis mutandis* to the use of a trade name or name which is likely to be mistaken for a Foreign Mutual Company; the provision of Article 9 (Liability of Company Permitting Others to Use Its Trade Name) of that Act shall apply *mutatis mutandis* to the name of a Foreign Mutual Company; the provisions of Part I, Chapter III, Section 1 (Employees of a Company) of that Act shall apply *mutatis mutandis* to the employees of a Foreign Mutual Company; the provisions of Part I, Chapter III, Section 2 (excluding Article 18) (Commercial Agents of the Companies) of that Act shall apply *mutatis mutandis* to a person acting as an agent or intermediary in a transaction for a Foreign Mutual Company; the provisions of Part I, Chapter IV (excluding Article 24) (Non Competition after Assignment of Business) of that Act shall apply *mutatis mutandis* to the cases where a Foreign Mutual Company has assigned its business or acquired any business or operation; and the provisions of Article 54, Article 54-2 and Article 54-3, paragraphs (1) and (4) shall apply *mutatis mutandis* to the books and other materials of a Foreign Mutual Company. In this case, any technical change in interpretation required shall be specified by a Cabinet Order.

(2) The provisions of Part II, Chapter I (excluding Article 501 to 503 inclusive and Article 523) (General Provisions) of the Commercial Code shall apply *mutatis mutandis* to the activities carried out by a Foreign Mutual Company;

the provisions of Part II, Chapter II (Buying or Selling) of said Code shall apply mutatis mutandis to buying or selling between a Foreign Mutual Company and a merchant or Mutual Company (including a Foreign Mutual Company); the provisions of Part II, Chapter III (Current Account) of said Code shall apply mutatis mutandis to a contract pertaining to set-offs between a Foreign Mutual Company and its usual trading partner; the provisions of Part II, Chapter V (excluding Article 545) (Brokerage Business) of said Code shall apply mutatis mutandis to the acting as an intermediary by a Foreign Mutual Company in a commercial transaction between third parties; and the provisions of Part II, Chapter VI (excluding Article 558) (Commission Agent Business) and Article 593 (Deposit) of said Code shall apply mutatis mutandis to a Foreign Mutual Company.

(Application mutatis mutandis, of Provisions on Business, etc.)

Article 199 The provisions of Article 97, Article 97-2, paragraphs (1) and (2), Article 98, Article 99, paragraphs (1), (2) and (4) to (6), Article 100 and Article 100-2 shall apply mutatis mutandis to the business of the branch offices, etc. of a Foreign Insurance Company, etc.; the provisions of Article 99, paragraphs (3) and (7) to (10) inclusive shall apply mutatis mutandis to the business of the branch offices, etc. of a Foreign Life Insurance Company, etc.; the provisions of Article 101 to 105 inclusive shall apply mutatis mutandis to a concerted activity carried out by a Foreign Non-Life Insurance Company, etc. with another Non-Life Insurance Company (including a Foreign Non-Life Insurance Company, etc.); and the provisions of Article 7-2, Article 109, Article 110, paragraphs (1) and (3), Article 111, paragraph (1) and paragraphs (3) to (6) inclusive, Article 112, Article 114 to 118 inclusive, and Article 120 to 122 inclusive shall apply mutatis mutandis to a Foreign Insurance Company, etc. In this case, the term "Article 3, paragraph (2)" in Article 97, paragraph (1) shall be deemed to be replaced with "Article 185, paragraph (2)"; the term "Mutual Company" in Article 99, paragraph (6) shall be deemed to be replaced with "Foreign Mutual Company"; the term "In the case where the license of Article 3, paragraph (1) of the Insurance Business Act is cancelled pursuant to the provision of Article 133 or 134 of that Act, or in the case where the license of Article 3, paragraph (1) of that Act loses its effect pursuant to the provision of Article 273 of that Act" in Article 99, paragraph (8) shall be deemed to be replaced with "In the case where the license of Article 185, paragraph (1) of the Insurance Business Act is cancelled pursuant to the provision of Article 205 or 206 of that Act, or in the case where the license of Article 185, paragraph (1) of that Act loses its effect pursuant to the provision of Article 273 of that Act"; the term "Article 3, paragraph (1) of the Insurance Business Act pursuant to the provision of Article 133 or 134 of that Act" in Article 99, paragraph (8) shall be

deemed to be replaced with "Article 185, paragraph (1) of the Insurance Business Act pursuant to the provision of Article 205 or 206 of that Act"; the term "Article 111, paragraphs (1) and (2)" in Article 99, paragraph (9) shall be deemed to be replaced with "Article 111, paragraph (1) as applied mutatis mutandis pursuant to Article 199"; the term "business year" in Article 109 shall be deemed to be replaced with "business year in Japan"; the term "for each business year, prepare an interim business report and business report describing the status of its business and property" in Article 110, paragraph (1) shall be deemed to be replaced with "for each business year in Japan, prepare an interim business report and business report describing the status of its business and property in Japan"; the term "for each business year, prepare explanatory documents describing the matters specified by a Cabinet Office Ordinance as pertaining to the status of its business and property" in Article 111, paragraph (1) shall be deemed to be replaced with "for each business year in Japan, prepare explanatory documents describing the matters specified by a Cabinet Office Ordinance as pertaining to the status of its business and property in Japan"; the term "its head office or principal office and its branch offices or secondary offices, or any other equivalent place specified by a Cabinet Office Ordinance" in Article 111, paragraphs (1) and (4) shall be deemed to be replaced with "the branch office of the Foreign Insurance Company, etc. in Japan or any other equivalent place specified by a Cabinet Office Ordinance"; the term "business and property of the Insurance Company and its Subsidiary Company, etc." in Article 111, paragraph (6) shall be deemed to be replaced with "business and property of the Foreign Insurance Company, etc. in Japan"; the term "owns" in Article 112, paragraph (1) shall be deemed to be replaced with "owns in Japan"; the term ", pursuant to the provisions of a Cabinet Office Ordinance" in Article 112, paragraph (1) shall be deemed to be deleted; the term "set aside as a reserve" in Article 112, paragraph (2) shall be deemed to be replaced with "set aside in Japan as a reserve;" the term "Policyholders" in Article 114, paragraph (1) shall be deemed to be replaced with "Policyholders in Japan"; the terms "within its portfolio" and "set aside as price fluctuation reserve" in Article 115, paragraph (1) shall be deemed to be replaced with "within its portfolio in Japan" and "set aside in Japan as price fluctuation reserve," respectively; the term "Shares, etc." in Article 115, paragraph (2) shall be deemed to be replaced with "Shares, etc. in Japan"; the terms "each accounting period," "insurance contracts" and "set aside a certain amount of money" in Article 116, paragraph (1) shall be deemed to be replaced with "each accounting period of the business year in Japan," "insurance contracts in Japan" and "set aside in Japan a certain amount of money," respectively; the term "funding the policy reserve" in Article 116, paragraph (2) shall be deemed to be replaced with "funding in Japan the policy reserve"; the term "insurance

contract" in Article 116, paragraph (3) shall be deemed to be replaced with "insurance contract in Japan"; the terms "each accounting period," "insurance contracts," "as expenditure" and "reserve for outstanding claims" in Article 117, paragraph (1) shall be deemed to be replaced with "each accounting period of the business year in Japan," "insurance contracts in Japan," "in Japan as expenditure" and "reserve for outstanding claims in Japan," respectively; the terms "insurance contract specified by a Cabinet Office Ordinance" and "create" in Article 118, paragraph (1) shall be deemed to be replaced with "insurance contract in Japan specified by a Cabinet Office Ordinance" and "create in Japan," respectively; the terms "board of directors," "Life Insurance Company or a Non-Life Insurance Company meeting the requirements specified by a Cabinet Office Ordinance," "actuary" and "method of calculating insurance premiums" in Article 120, paragraph (1) shall be deemed to be replaced with "representative person," "Foreign Life Insurance Company, etc. or a Foreign Non-Life Insurance Company, etc. meeting the requirements specified by a Cabinet Office Ordinance," "actuary of the Foreign Insurance Company, etc. in Japan" and "method of calculating the insurance premiums applicable to the insurance contracts concluded in Japan," respectively; the term "actuary" in Article 120, paragraph (2) shall be deemed to be replaced with "actuary of a Foreign Insurance Company, etc. in Japan"; the terms "Insurance Company" and "actuary" in Article 120, paragraph (3) shall be deemed to be replaced with "Foreign Insurance Company, etc." and "actuary in Japan" respectively; the terms "actuary," "each accounting period," and "board of directors" in Article 121 shall be deemed to be replaced with "actuary of a Foreign Insurance Company, etc. in Japan," "each accounting period of the business year in Japan" and "representative person of the Foreign Insurance Company, etc. in Japan," respectively; and the terms "Insurance Company" and "actuary" in Article 122 shall be deemed to be replaced with "Foreign Insurance Company, etc." and "actuary in Japan", respectively.

Section 3 Supervision

(Submission of Reports or Materials)

- Article 200 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management in Japan of a Foreign Insurance Company, etc., request the Foreign Insurance Company, etc. or a person acting as an agent for the underwriting of insurance prescribed in Article 185, paragraph (1) to submit reports or materials concerning the status of its business in Japan or property of the Foreign Insurance Company, etc.
- (2) The Prime Minister may, when he/she finds it particularly necessary to

protect Policyholders, etc. in Japan by ensuring the sound and appropriate management in Japan of a Foreign Insurance Company, etc., request any Special Person Concerned of the Foreign Insurance Company, etc. (meaning the Special Person Concerned prescribed in Article 194; the same shall apply in the following paragraph and the following Article) or subcontractor in Japan from the Foreign Insurance Company, etc. (except for the person acting as an agent for the underwriting of insurance set forth in the preceding paragraph; the same shall apply in the next paragraph), to submit reports or materials that would be helpful to understand the status of the business in Japan or property of the Foreign Insurance Company, etc., within the limit necessary.

- (3) Any Special Person Concerned of a Foreign Insurance Company, etc. or subcontractor in Japan from the Foreign Insurance Company, etc. may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

(On-Site Inspection)

Article 201 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management in Japan of a Foreign Insurance Company, etc., have his/her officials enter a branch office, etc. of the Foreign Insurance Company, etc., ask questions on the status of its business in Japan or property of the Foreign Insurance Company, etc., or inspect relevant items such as books and documents.

- (2) The Prime Minister may, when and to the extent that he/she finds it particularly necessary in the case of entering a site, asking questions, or conducting inspection under the preceding paragraph, have his/her officials enter a facility of any Special Person Concerned of the Foreign Insurance Company, etc. or that of a person to whom business has been entrusted by that Foreign Insurance Company in Japan, etc., have them ask questions on matters that are necessary for questioning or inspecting the Foreign Insurance Company, or have them inspect relevant items such as books and documents.

- (3) Any Special Person Concerned of a Foreign Insurance Company, etc. or subcontractor in Japan from the Foreign Insurance Company, etc. may, when there are justifiable grounds, refuse the questions and inspections under the provision of the preceding paragraph.

(Standard of Soundness)

Article 202 The Prime Minister may prescribe standards for determining the soundness of the management in Japan of a Foreign Insurance Company, etc. regarding whether or not the situation of the enhancement of the ability to pay for Insurance Claims, etc. is appropriate, using the following amounts

pertaining to a Foreign Insurance Company, etc.:

- (i) Total amount of the items specified by a Cabinet Office Ordinance, such as the deposit set forth in Article 190; and
- (ii) Amount calculated pursuant to the provisions of a Cabinet Office Ordinance as the amount for coping with possible risks exceeding standard predictions that may occur due to any events pertaining to the insurance being underwritten in Japan, such as insured events.

(Order to Change Regarding Matters Prescribed in Statement of Business Procedures, etc.)

Article 203 The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management in Japan of a Foreign Insurance Company, etc. in light of the situation of the business or property of the Foreign Insurance Company, etc. or a change in the circumstances, order the Foreign Insurance Company, etc. to modify the matters prescribed in the documents listed in Article 187, paragraph (3), items (ii) to (iv) inclusive within the limit necessary.

(Suspension of Business, etc.)

Article 204 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring sound and appropriate management in Japan of a Foreign Insurance Company, etc. in light of the situation of the business or property of the Foreign Insurance Company, etc., request that Foreign Insurance Company, etc. to submit an improvement plan for ensuring soundness in management in Japan of that Foreign Insurance Company, etc. or order a change to the submitted improvement plan by designating the matters and the time limit for which measures should be taken, or, to the extent necessary, order suspension of the whole or part of business of that Foreign Insurance Company by setting a limit or order deposit of property of that Foreign Insurance Company or other measures necessary for the purpose of supervision.

(2) An order under the preceding paragraph (including the request of submission of an improvement plan) that is given when it is found necessary in light of the adequacy. When it shall be deemed that the orders under the provision of the preceding paragraph (including the request for submission of an improvement program) are necessary in light of the situation of the enhancement of the ability to pay for Insurance Claims, etc. of a Foreign Insurance Company, etc., the orders shall be one of those that are specified by a Cabinet Office Ordinance and an Ordinance of the Ministry of Finance for the categories of the adequacy of the ability to pay for Insurance Claims, etc. of the Foreign Insurance Company, etc.

(Rescission of License, etc.)

Article 205 The Prime Minister may, when a Foreign Insurance Company, etc. shall fall under any of the following items, order the full or Partial suspension of the business in Japan of the Foreign Insurance Company, etc. or the dismissal of the representative person in Japan, or rescind the license set forth in Article 185, paragraph (1):

- (i) When it is in violation of laws and regulations (including foreign laws and regulations), the measures of the Prime Minister pursuant to laws and regulations, or particularly vital matters among those prescribed in the documents listed in the items of Article 187, paragraph (3)
- (ii) When it is in violation of the conditions attached to the license set forth in Article 185, paragraph (1) or the license obtained in its country which pertains to the Insurance Business (including any administrative measures similar to said license, such as permission or registration; the same shall apply in Article 209, item (vii)); and
- (iii) When it commits acts prejudicial to the public interest.

Article 206 The Prime Minister may, when he/she finds that the situation of the property of a Foreign Insurance Company, etc. is significantly worsening and that it is not appropriate to continue the Insurance Business in Japan from the viewpoint of protecting Policyholders, etc. in Japan, rescind the license of the Foreign Insurance Company, etc. set forth in Article 185, paragraph (1).

(Application mutatis mutandis of Provisions Concerning Supervision)

Article 207 The provisions in Article 123 to 125 inclusive shall apply mutatis mutandis to a Foreign Insurance Company, etc. In this case, the term "Article 4, paragraph (2), items (ii) to (iv) inclusive" in Article 123, paragraph (1) shall be deemed to be replaced with "Article 187, paragraph (3), items (ii) to (iv) inclusive," the term "Article 4, paragraph (2), items (ii) and (iii)" in Article 124, paragraph (1) shall be deemed to be replaced with "Article 187, paragraph (3), items (ii) and (iii)," the term "Article 5, paragraph (1), item (iii), (a) to (e) inclusive" in Article 124, paragraph (1) shall be deemed to be replaced with "Article 5, paragraph (1), item (iii), (a) to (e) inclusive as applied mutatis mutandis pursuant to Article 187, paragraph (5)," the term "Article 4, paragraph (2), item (iv)" in the same Article, item (ii) shall be deemed to be replaced with "Article 187, paragraph (3), item (iv)," the term "Article 5, paragraph (1), item (iv), (a) to (c) inclusive" in the same Article, item (ii) shall be deemed to be replaced with "Article 5, paragraph (1), item (iv), (a) to (c) inclusive as applied mutatis mutandis pursuant to Article 187, paragraph (5)," and the term "Article 5, paragraph (1), item (iii), (a) to (e) inclusive or item (iv),

(a) to (c) inclusive" in Article 125 shall be deemed to be replaced with "Article 5, paragraph (1), item (iii), (a) to (e) inclusive or item (iv), (a) to (c) inclusive as applied mutatis mutandis pursuant to Article 187, paragraph (5)."

Section 4 Abolition of Insurance Business, etc.

(Abolition of Insurance Business in Japan)

Article 208 A Foreign Insurance Company, etc. shall, when it intends to abolish its Insurance Business in Japan (excluding the cases falling under paragraph (6) of the following Article), obtain the authorization from the Prime Minister.

(Notification by Foreign Insurance Company, etc.)

Article 209 A Foreign Insurance Company, etc. shall, when it falls under any of the following items, notify the Prime Minister without delay pursuant to the provisions of a Cabinet Office Ordinance, when it:

- (i) has started its Insurance Business in Japan;
- (ii) has modified any of the matters listed in Article 187, paragraph (1), item (i), (ii) or (iv), or any of the matters prescribed by the document listed in Article 187, paragraph (3), item (i);
- (iii) has modified the amount of its capital or contribution, or the total amount of its funds;
- (iv) has carried out an Entity Conversion;
- (v) has merged, transferred or succeeded to a business through a company split, or assigned or acquired the whole or an important Part of a business (other than a business that only pertains to branch offices, etc.);
- (vi) has dissolved (for any other reason than a merger) or abolished its Insurance Business;
- (vii) has had its license pertaining to the Insurance Business canceled in its home country;
- (viii) has been subject to a ruling for the commencement of bankruptcy proceedings; or
- (ix) When the holder falls under any of the other cases specified by a Cabinet Office Ordinance.

(Application mutatis mutandis, of Provisions on Comprehensive Transfer of Insurance Contracts)

Article 210 (1) The provisions of Chapter VII, Section 1 shall apply mutatis mutandis to the comprehensive transfer of insurance contracts in Japan by a Foreign Insurance Company, etc. In this case, the term "creditors" in Article 135, paragraph (3) shall be deemed to be replaced with "creditors of branch offices, etc. set forth in Article 185, paragraph (1);" the term "Transferor

Company and the Transferee Company" in Article 136, paragraphs (1) and (3) shall be deemed to be replaced with "Transferee Company;" the terms "two weeks before the date of the Shareholders Meeting, etc. set forth in paragraph (1) of the preceding Article," "written agreement concluded under Article 135, paragraph (1)" and "business offices or offices" in Article 136-2, paragraph (1) shall be deemed to be replaced with "the date of preparation of the written agreement concluded under Article 135, paragraph (1) (hereinafter referred to as "Transfer Agreement" in this Section)," "Transfer Agreement" and "branch offices, etc.," respectively; the term "shareholder or Policyholder of the Transferor Company" in Article 136-2, paragraph (2) shall be deemed to be replaced with "affected Policyholder;" the term "resolution set forth in Article 136, paragraph (1)" in Article 137, paragraph (1) shall be deemed to be replaced with "preparation of the Transfer Agreement;" the terms "the time of the adoption of resolution under Article 136, paragraph (1)" and "shall not conclude" in Article 138 shall be deemed to be replaced with "the time of preparation of the Transfer Agreement" and "shall not conclude in Japan," respectively; and the term "creditors" in Article 139, paragraph (2), item (iii) shall be deemed to be replaced with "creditors of branch offices, etc. set forth in Article 185, paragraph (1)."

- (2) Any Foreign Insurance Company, etc. that has transferred all of its insurance contracts in Japan shall be deemed to have abolished its Insurance Business in Japan. The provision of Article 208 shall not apply in this case.

(Application mutatis mutandis, of Provisions on Assignment or Acquisition of Business, and Entrustment of Business and Property Administration)

Article 211 The provision of Article 142 shall apply mutatis mutandis to a transfer or acquisition of business in Japan involving a Foreign Insurance Company, etc. or foreign insurance companies, etc.; and the provisions of Chapter VII, Section 3 shall apply mutatis mutandis where a Foreign Insurance Company, etc. has entrusted the administration of its business and property in Japan. In this case, the term "both the Insurance Company entrusting the administration business (hereinafter referred to as "Entrusting Company" in this Section) and the Entrusted Company" in Article 144, paragraph (2) shall be deemed to be replaced with "the Entrusted Company"; the term "head office or principal office" in Article 146, paragraph (2) shall be deemed to be replaced with "principal branch in Japan set forth in that paragraph"; the term ", Article 19" in item (iii) of that paragraph shall be deemed to be replaced with "and Article 19," the term "and Article 46 (General Rules on Attached Documents) of the Commercial Registration Act (including the cases where they are applied mutatis mutandis pursuant to Article 67)" in Article 146, paragraph (3) shall be deemed to be replaced with "(including the

cases where they are applied mutatis mutandis pursuant to Article 216, paragraph (1)"; the term "Entrusting Company set forth in Article 144, paragraph (2) of the Insurance Business Act" in Article 148, paragraph (3) shall be deemed to be replaced with "Foreign Insurance Company, etc. as defined in Article 2, paragraph (7) of the Insurance Business Act that has entrusted the administration of its business and property in Japan"; the term "Article 144, paragraph (1) of the Insurance Business Act" in Article 148, paragraph (4) shall be deemed to be replaced with "Article 144, paragraph (1) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 211 of that Act;" and the term "both the Entrusting Company and the Entrusted Company" in Article 149, paragraph (1) shall be deemed to be replaced with "the Entrusted Company"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Liquidation of Foreign Insurance Company, etc.)

- Article 212 (1) A Foreign Insurance Company, etc. shall, when it falls under any of the following items, liquidate the whole of its property in Japan when:
- (i) the license under Article 185, paragraph (1) pertaining to the Foreign Insurance Company, etc. has been cancelled pursuant to the provision of Article 205 or 206; or
 - (ii) the license under Article 185, paragraph (1) pertaining to the Foreign Insurance Company, etc. has lost its effect pursuant to the provision of Article 273.
- (2) Where a Foreign Insurance Company, etc. goes into liquidation pursuant to the provision of the preceding paragraph, the Prime Minister shall appoint (a) liquidator(s) at the request of any interested person or without any Party's request. The same shall apply where he/she dismisses the liquidator(s).
- (3) The Prime Minister shall, where he/she dismisses a liquidator pursuant to the provision of the preceding paragraph, commission the registry office with jurisdiction over the principal branch of the liquidating Foreign Insurance Company, etc. in Japan to make a registration to that effect.
- (4) The provision of Article 500 (Restrictions on Performance of Obligations) of the Companies Act as applied with relevant changes in interpretation pursuant to the provision of Article 178, and the provisions of Article 476 (Capacity of Liquidating Stock Companies), Part II, Chapter IX, Section 1, Subsection 2 (Structures for Liquidating Stock Companies), Article 492 (Preparation of Inventory of Property), Part II, Chapter IX, Section 1, Subsection 4 (excluding Article 500) (Performance of Obligations), Article 508 (Retention of Accounting Materials), Part II, Chapter IX, Section 2 (excluding Articles 510, 511 and 514) (Special Liquidations), Part VII, Chapter III, Sections 1 (General Provisions) and 3 (Special Provisions on Special Liquidation Procedure) and Article 938,

paragraphs (1) to (5) inclusive (Commissioned Registration by Judgment Concerning Special Liquidations) of that Act shall apply mutatis mutandis to the liquidation of the property of a Foreign Insurance Company, etc. in Japan under paragraph (1), unless their specific characters forbid such application. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (5) The provision of Article 177 shall apply mutatis mutandis to the liquidation of a Foreign Insurance Company, etc. under paragraph (1); the provisions of Article 175 and Article 179, paragraph (1) shall apply mutatis mutandis to the liquidation of a Foreign Insurance Company, etc. under paragraph (1) (excluding the cases to which apply the provisions of Part II, Chapter IX, Section 2 (excluding Articles 510, 511 and 514), Part VII, Chapter III, Sections 1 and 3, and Article 938, paragraphs (1) to (5) inclusive of the Companies Act as applied mutatis mutandis pursuant to the preceding paragraph; hereinafter the same shall apply in this paragraph); and the provisions of Article 200, paragraph (1) and Article 201, paragraph (1) shall apply mutatis mutandis to the liquidation of a Foreign Insurance Company, etc. under paragraph (1) where the Prime Minister finds it necessary for supervising the liquidation of the liquidating Foreign Insurance Company, etc. In this case, the term "date of dissolution" in Article 177, paragraph (2) shall be deemed to be replaced with "date of cancellation or expiration of the license issued to the Foreign Insurance Company, etc. under Article 185, paragraph (1)"; the term "Liquidating Insurance Company, etc." in Article 177, paragraph (3) shall be deemed to be replaced with "liquidating Foreign Insurance Company, etc."; the terms "paragraph (1), (4) or (9) of the preceding Article" and "Liquidating Insurance Company, etc." in Article 175 shall be deemed to be replaced with "Article 212, paragraph (2)" and "liquidating Foreign Insurance Company, etc.," respectively; and the term "Liquidating Insurance Company, etc." in Article 179, paragraph (1) shall be deemed to be replaced with "liquidating Foreign Insurance Company, etc.;" any other necessary technical change in interpretation shall be specified by a Cabinet Order.
- (6) The provision of Article 812 (Retirement of Representative Person in Japan Who Has Address in Japan) of the Companies Act shall not apply to a Foreign Insurance Company, etc. (other than a Foreign Mutual Company) that has obtained a license from the Prime Minister set forth in Article 185, paragraph (1).

(Application mutatis mutandis, of Companies Act)

- Article 213 The provisions of Article 822, paragraphs (1) to (3) inclusive (Liquidation of Property of Foreign Company in Japan), Part VII, Chapter I, Section 2 (Order for Prohibition of Continuous Transactions or Closure of

Business Offices of Foreign Company), Part VII, Chapter III, Sections 1 (General Provisions), 4 (Special Provisions on Liquidation Proceedings for Foreign Company) and 5 (Special Provisions on Procedure for Order of Dissolution of Company, etc.), Article 937, paragraph (2) (Commission of Registration by Judicial decision), and Article 938, paragraph (6) (Commissioned Registration by Judgment Concerning Special Liquidations) of the Companies Act shall apply mutatis mutandis where a Foreign Mutual Company has established a secondary office or other office in Japan. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

Section 5 Miscellaneous Provisions

(Registry)

Article 214 A registry office shall keep a registry of foreign mutual companies.

(Application mutatis mutandis of Companies Act)

Article 215 The provisions of Part VII, Chapter IV, Section 1 (excluding Article 907) (General Provisions), and Article 933 (excluding paragraph (1), item (i) and paragraph (2), item (vii)) (Registration of Foreign Company), Article 934, paragraph (2) (Registration of Appointment of Representative Person in Japan, etc.), Article 935, paragraph (2) (Registration of Relocation of Domicile of Representative Person in Japan, etc.) and Article 936, paragraph (2) (Registration of Establishment of Business Office in Japan, etc.) of the Companies Act shall apply mutatis mutandis to the registration of a Foreign Mutual Company. In this case, the term "this Act" in Part VII, Chapter IV, Section 1 (excluding Article 907) of that Act shall be deemed to be replaced with "the Insurance Business Act and this Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Application mutatis mutandis, of Commercial Registration Act)

Article 216 The provisions of Article 1-3 to 5 inclusive (Registry Office, Delegation of Duties, Suspension of Duties, Registrar, Disqualification of Registrar), Article 7 to 15 inclusive (Prohibition of Taking out Registry, Loss and Restoration of Registry, Prevention of Loss of Registry, Delivery of Certificate of Registered Matters, etc., Delivery of Document Containing Description of Registered Matters, Inspection of Annexed Documents, Seal Registration Certificate, Certification of Necessary Matters for Checking Measures to Indicate Preparer of Electromagnetic Record, Fees, Principle of Application by Party concerned, Registration by Commission), Article 17, paragraphs (1), (2) and (4) (Method of Application for Registration), Article 18

to 19-2 inclusive (Documents to be Attached to Written Application, Electromagnetic Record to be Attached to Written Application), Article 20, paragraphs (1) and (2) (Submission of Seal), Article 21 to 23-2 inclusive (Reception, Receipt, Order of Registration, Identification by Registrar), Article 24 (excluding items (xi) and (xii)) (Dismissal of Application), Article 25 to 27 inclusive (Registration after Expiration of Period for Filing Complaint, Modification of Administrative Boundaries, etc., Prohibition of Registration of Same Trade Name at Same Location), Article 33 (Deletion of Registration of Trade Name), Articles 44 and 45 (Registration of Company Managers), Articles 51 and 52 (Registration of Relocation of Head Office), Article 128 (Applicant), Article 129 (Registration of Foreign Company), Article 130, paragraphs (1) and (3) (Registration of Change), and Article 132 to 148 inclusive (Correction, Application for Deletion, Deletion without any Party's Request, Exclusion from Application of Administrative Procedure Act, Exclusion from Application of Act on Access to Information Held by Administrative Organs, Application for Examination, Treatment of Cases of Application for Examination, Exclusion from Application from Administrative Appeal Act, Delegation to Ordinance of the Ministry) of the Commercial Registration Act shall apply mutatis mutandis to a registration regarding a Foreign Mutual Company. In this case, the term "or the matters to be described in a written application pursuant to the provision of the preceding paragraph" in Article 17, paragraph (4) of that Act shall be deemed to be deleted; the term "preceding two paragraphs" in Article 17, paragraph (4) of that Act shall be deemed to be replaced with "that paragraph"; the term "head office" in Article 51, paragraph (1) of that Act shall be deemed to be replaced with "office in Japan"; the term "a foreign company under Article 933, paragraph (1) of the Companies Act" in Article 129, paragraph (1) of that Act shall be deemed to be replaced with "the establishment of an office of a Foreign Mutual Company"; the term "the company has designated its representative person in Japan or established a business office in Japan" in Article 129, paragraph (3) of that Act shall be deemed to be replaced with "the company has established an office in Japan"; and the terms "for registration under the preceding two paragraphs," "registration has been made under the preceding two paragraphs" and "documents set forth in the preceding two paragraphs" in Article 130, paragraph (3) of that Act shall be deemed to be replaced with "for registration under the preceding paragraph," "registration has been made under that paragraph" and "document set forth in that paragraph," respectively; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Method of Public Notice of Foreign Insurance Company, etc.)

Article 217 (1) A Foreign Insurance Company, etc. (limited to a foreign company or Foreign Mutual Company; the same shall apply in the following paragraph and paragraph (3)) shall designate as its Method of Public Notice:

(i) Publication in a daily newspaper that publishes matters on current events;
or

(ii) Electronic public notice.

(2) Where a Foreign Insurance Company, etc. designates the method listed in item (ii) of the preceding paragraph as its Method of Public Notice, it shall be sufficient for the company to prescribe that electronic public notice shall be its Method of Public Notice. In this case, the company may designate the method listed in item (i) of that paragraph as the Method of Public Notice to be adopted where it is unable to give an electronic public notice due to an accident or any other unavoidable circumstances.

(3) The provisions of Article 940, paragraph (1) (excluding item (i)) and (3) (Period of Public Notice for Electronic Public Notice, etc.), Article 941 (Investigation of Electronic Public Notice), Article 946 (Obligation of Investigation, etc.), Article 947 (Cases Where Investigation on Electronic Public Notice may not be Carried out), Article 951, paragraph (2) (Keeping and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement), and Article 955 (Entries, etc. in Investigation Registry, etc.) of the Companies Act shall apply mutatis mutandis where a Foreign Insurance Company, etc. gives public notice under this Act or any other Act in the form of electronic public notice. In this case, the terms "Article 440, paragraph (1)" and "annual shareholders meeting" in Article 940, paragraph (1), item (ii) of that Act shall be deemed to be replaced with "Article 819, paragraph (1) as applied mutatis mutandis pursuant to Article 193, paragraph (2) of the Insurance Business Act" and "procedure" respectively; the term "the preceding two paragraphs" in Article 940, paragraph (3) of that Act shall be deemed to be replaced with "paragraph (1)"; and the term "public notice under this Act or any other Act (excluding the public notice under Article 440, paragraph (1))" in Article 941 of that Act shall be deemed to be replaced with "public notice under the Insurance Business Act (excluding the public notice under Article 819, paragraph (1) as applied mutatis mutandis pursuant to Article 193, paragraph (2) of that Act"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(4) The Method of Public Notice of a Foreign Insurance Company, etc. (other than a foreign company or Foreign Mutual Company) shall be publication in a daily newspaper that publishes matters on current events.

(Notification of Establishment of representative office in a foreign state, etc.)

Article 218 (1) A Foreign Insurer falling under any of the following items

without the license set forth in Article 185, paragraph (1) shall, where item (i) applies, notify it, and the content of the relevant business, the location of the offices carrying on such business and any other matter specified by a Cabinet Office Ordinance or, where item (ii), (iii) or (iv) applies, notify without delay of that fact, to the Prime Minister without delay:

- (i) The insurer intends to establish a resident office in a foreign state or any other office in Japan to carry on any of the following businesses (including the cases where it intends to carry on the business in an office that has been established for any other purpose):
 - (a) Collection or provision of information regarding the Insurance Business;
or
 - (b) Any other business related to the Insurance Business;
 - (ii) The insurer has abolished the office set forth in the preceding item;
 - (iii) The insurer has abolished the business listed in item (i), (a) or (b) that was carried on in the office set forth in that item; or
 - (iv) The insurer has modified any matter notified under item (i).
- (2) The Prime Minister may, when he/she finds it necessary for the public interest, request the Foreign Insurer set forth in the preceding paragraph to submit a report or materials concerning the business listed in item (i), (a) or (b) of that paragraph that is carried on in the office set forth in that item.

Section 6 Special Provisions for Specified Juridical Persons

(License)

Article 219 (1) A juridical person falling under both of the following items (hereinafter referred to as "Specified Juridical Person" in this Section) may designate a person (hereinafter referred to as "General Agent" in this Section) to act as an underwriting agent for those members of the Specified Juridical Person who carry out insurance underwriting business (hereinafter referred to as "Underwriting Members") pertaining to the juridical person's Insurance Business in Japan, or as a business agent for the Specified Juridical Person and its Underwriting Members pertaining to such Insurance Business in Japan, and obtain a license from the Prime Minister for its Underwriting Members to carry on the Insurance Business in Japan:

- (i) It was incorporated under a special foreign law or regulation; and
 - (ii) Pursuant to a special provision of a foreign law or regulation, its members are allowed to carry on the Insurance Business in the relevant foreign state without obtaining a license for the Insurance Business (including any administrative measure similar to such license, such as permission or registration);
- (2) The license set forth in the preceding paragraph shall be in two types: the

specified life insurance business license and the specified non-life insurance business license.

- (3) The same Specified Juridical Person may not obtain both the specified life insurance business license and the specified non-life insurance business license.
- (4) The specified life insurance business license shall be a license pertaining to the underwriting of the type of insurance listed in Article 3, paragraph (4), item (i) to be carried out by Underwriting Members as a business in Japan or, in addition, the underwriting of the type of insurance listed in Article 3, paragraph (4), item (ii) or (iii).
- (5) The specified non-life insurance business license shall be a license pertaining to the underwriting of the type of insurance listed in Article 3, paragraph (5), item (i) to be carried out by Underwriting Members as a business in Japan or, in addition, the underwriting of the type of insurance listed in Article 3, paragraph (5), item (ii) or (iii).
- (6) The Underwriting Members of a Specified Juridical Person that has obtained a license under paragraph (1) may, notwithstanding the provisions of Article 3, paragraph (1) and Article 185, paragraph (1), carry on the Insurance Business in Japan in the offices of their general agency in accordance with the type of license issued under paragraph (2).

(Application Procedure for License)

Article 220 (1) Any Specified Juridical Person who intends to obtain the license set forth in paragraph (1) of the preceding Article shall submit to the Prime Minister a written application for a license stating the following matters:

- (i) The trade name or name, address of the head office or principal office, and date of the incorporation of the Specified Juridical Person;
 - (ii) The name of the country that enacted the law or regulation under which the Specified Juridical Person was incorporated (hereinafter referred to as "Country with Jurisdiction over Incorporation" in this Section);
 - (iii) The name and address of the person who represents the Specified Juridical Person and its Underwriting Members in Japan (hereinafter referred to as "Representative Person in Japan" in this Section);
 - (iv) The type of license desired; and
 - (v) The principal branch of the Specified Juridical Person and its Underwriting Members in Japan (referring to the head office of the General Agent; hereinafter the same shall apply in this Section).
- (2) A certificate issued by the competent authorities of the Country with Jurisdiction over Incorporation shall be attached to the written application for a license set forth in the preceding paragraph, certifying that the Specified Juridical Person was incorporated legally and that its Underwriting Members are legally carrying on in the Country with Jurisdiction over Incorporation the

same type of Insurance Business as that which they intend to carry on in Japan.

- (3) In addition to what is listed in the preceding paragraph, the following documents and other documents specified by a Cabinet Office Ordinance shall be attached to the written application for the license set forth in paragraph (1):
- (i) The articles of incorporation of the Specified Juridical Person or any other equivalent document;
 - (ii) The statement of business procedures pertaining to the business of the Underwriting Members in Japan;
 - (iii) The general policy conditions pertaining to the insurance contracts to be concluded by the Underwriting Members in Japan;
 - (iv) The statement of calculation procedures for the insurance premiums and policy reserve pertaining to the insurance contracts to be concluded by the Underwriting Members in Japan; and
 - (v) A document indicating the name or trade name, and address or location of the head office of the person specified by a Cabinet Office Ordinance with whom the Underwriting Members may consult for the purpose of confirming the contents of insurance contracts in connection with the insurance underwriting business that they carry out in Japan.
- (4) The documents listed in items (ii) to (iv) inclusive of the preceding paragraph shall describe the matters specified by a Cabinet Office Ordinance.

(Examination Requirement for License)

Article 221 (1) When an application for the license set forth in Article 219, paragraph (1) is filed, the Prime Minister shall examine whether the following requirements are satisfied:

- (i) The person that made the application (hereinafter referred to as "Applicant" in this paragraph) has, in light of its human resource structure, etc., the necessary knowledge and experience to carry out the business of the Underwriting Members in an appropriate, fair and efficient manner, and must have sufficient social credibility;
- (ii) The Applicant possesses the property to ensure the performance of the insurance contract obligations of the Underwriting Members pursuant to the laws and regulations of the Country with Jurisdiction over Incorporation or the bylaws of the juridical person, and has taken other measures for the protection of Policyholders, etc. in a sufficient manner;
- (iii) The prospects of revenues and expenditures pertaining to the Insurance Business to be carried on by the Underwriting Members in Japan are satisfactory
- (iv) The matters described in the documents listed in paragraph (3), items (ii) and (iii) of the preceding Article conform to the requirement listed in Article

- 5, paragraph (1), item (iii), (a) to (e) inclusive; and
- (v) The matters described in the documents listed in paragraph (3), item (iv) of the preceding Article conform to the requirement listed in Article 5, paragraph (1), item (iv), (a) to (c) inclusive.
- (2) The Prime Minister may, when and to the extent that he/she finds it necessary for the public interest in light of requirements for examination prescribed in the preceding paragraph, impose conditions on the license referred to in Article 219, paragraph (1) or change them.

(Public Notice by Prime Minister)

Article 222 The Prime Minister shall, when he/she has granted a license under Article 219, paragraph (1), publish that fact and the matters listed in the items of Article 220, paragraph (1) without delay in the Official Gazette. The same shall apply where the modification of any matter listed in Article 220, paragraph (1), item (i), (ii), (iii) or (v) has been notified under Article 234.

(Deposit)

- Article 223 (1) A Specified Juridical Person that has obtained a license under Article 219, paragraph (1) (hereinafter referred to as "Licensed Specified Juridical Person") shall deposit the amount of money specified by a Cabinet Order as necessary and appropriate for the protection of Policyholders, etc. in Japan with the deposit office located nearest to its principal branch in Japan.
- (2) The Prime Minister may, when he/she finds it necessary for the protection of Policyholders, etc. in Japan, order a Licensed Specified Juridical Person to deposit, in addition to the amount of money specified by the Cabinet Order set forth in the preceding paragraph, the amount of money that he/she finds appropriate prior to the commencement of the Insurance Business in Japan by its Underwriting Members.
- (3) A Licensed Specified Juridical Person may, when it has concluded an agreement stipulating that a required amount of deposit be lodged for the Licensed Specified Juridical Person by order of the Prime Minister pursuant to the provisions of a Cabinet Order and has notified the Prime Minister thereof, withhold in whole or in Part the deposit under the preceding two paragraphs regarding the amount to be deposited under said agreement (hereinafter referred to as the "Agreed Amount" in this Article), so long as the agreement remains in effect.
- (4) The Prime Minister may, when he/she finds it necessary for the protection of Policyholders, etc. in Japan, order a person who has concluded with a Licensed Specified Juridical Person an agreement as set forth in the preceding paragraph or the Licensed Specified Juridical Person concerned to lodge a deposit in an amount corresponding to the whole or Part of the Agreed Amount.

- (5) The Underwriting Members shall not commence the Insurance Business pertaining to the license under Article 219, paragraph (1), unless the Licensed Specified Juridical Person has lodged the deposit under paragraph (1) (including any deposit lodged following an order for deposit of money under paragraph (2) pursuant to the provision of that paragraph) (including the conclusion of an agreement under paragraph (3); the same shall apply in paragraph (9)) and has notified the Prime Minister thereof.
- (6) The Policyholders, insurers or beneficiaries pertaining to the insurance contracts concluded by the Underwriting Members in Japan shall, with regard to any credit arising out of the insurance contracts, have a priority claim over other creditors on the deposit pertaining to the Licensed Specified Juridical Person.
- (7) For the purpose of applying the provision of the preceding paragraph, a Licensed Specified Juridical Person shall be deemed to have jointly and severally guaranteed the obligations of its Underwriting Members under the insurance contracts that they have concluded in Japan.
- (8) Any necessary matter in enforcing a claim under paragraph (6) shall be specified by a Cabinet Order.
- (9) A Licensed Specified Juridical Person shall, if and when the amount of its deposit (including the Agreed Amount) falls below the amount specified by a Cabinet Order set forth in paragraph (1) for reasons such as the enforcement of a claim under paragraph (6), compensate for the shortfall within two weeks from the date specified by a Cabinet Office Ordinance, and notify it to the Prime Minister without delay.
- (10) A Licensed Specified Juridical Person may lodge any of the securities specified by a Cabinet Office Ordinance, such as a national government bond or local government bond, in lieu of the deposit set forth in paragraph (1), (2) or the preceding paragraph.
- (11) The deposit lodged pursuant to the provision of paragraph (1), (2), (4) or (9) may be recovered pursuant to the provisions of a Cabinet Order, if and when:
- (i) The license granted to the Licensed Specified Juridical Person under Article 219, paragraph (1) is cancelled pursuant to the provision of Article 231 or 232; or
 - (ii) The license granted to the Licensed Specified Juridical Person under Article 219, paragraph (1) loses its effect pursuant to the provision of Article 236.
- (12) In addition to what is provided for in the preceding paragraphs, any necessary matter relating to the deposit shall be specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Justice.

(Notification regarding Underwriting Members Carrying on Insurance

Business in Japan, etc.)

Article 224 (1) A Representative Person in Japan shall notify it to the Prime Minister in advance of the names and addresses of the Underwriting Members carrying on the Insurance Business in Japan, as well as the name or trade name, and address or location of the head office of the person specified by a Cabinet Office Ordinance set forth in Article 220, paragraph (3), item (v). The same shall apply to any change in the matters thus notified.

(2) A Representative Person in Japan shall keep in its principal branch in Japan the list of the Underwriting Members carrying on the Insurance Business in Japan.

(3) The creditors and insured pertaining to the business of the Underwriting Members in Japan, such as Policyholders and beneficiaries of insurance claims, may make any of the following requests to the General Agent at any time during the hours in which it should be in business; provided, however, that they pay the fees determined by the General Agent in making a request falling under item (ii) or (iv):

(i) Where the list set forth in the preceding paragraph is prepared in writing, a request for inspection of such document;

(ii) A request for a transcript or extract of the documents referred to in the preceding item;

(iii) Where the list set forth in the preceding paragraph is prepared in the form of electromagnetic record, a request for inspection of anything that displays the matters recorded on the electromagnetic record in a manner specified by a Cabinet Office Ordinance; or

(iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding item by the electromagnetic means determined by the General Agent, or for any document that describes such matters.

(Modification of Matters Prescribed in Statement of Business Procedures, etc.)

Article 225 (1) A Licensed Specified Juridical Person shall obtain the authorization from the Prime Minister when it intends to modify any of the matters prescribed in the documents listed in Article 220, paragraph (3), items (ii) to (iv) inclusive (excluding the matters specified by a Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc. in Japan).

(2) A Licensed Specified Juridical Person shall, when it intends to modify any of the matters that are prescribed in the preceding paragraph and are specified by a Cabinet Office Ordinance set forth in that paragraph, notify it in advance to the Prime Minister.

(3) The provisions of Articles 124 and 125 shall apply mutatis mutandis to the authorization under paragraph (1) and the notification set forth in the

preceding paragraph. In this case, the term "Article 4, paragraph (2), items (ii) and (iii)" in Article 124, item (i) shall be deemed to be replaced with "Article 220, paragraph (3), items (ii) and (iii)"; and the term "Article 4, paragraph (2), item (iv)" in Article 124, item (ii) shall be deemed to be replaced with "Article 220, paragraph (3), item (iv)."

(Submission of Report or Materials)

- Article 226 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management of Underwriting Members in Japan, request the Licensed Specified Juridical Person, Underwriting Members or General Agent to submit a report or materials concerning the situation of the business or property of the Licensed Specified Juridical Person or its Underwriting Members in Japan.
- (2) The Prime Minister may, when he/she finds it Particularly necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management of Underwriting Members in Japan, request the Licensed Specified Juridical Person to which the Underwriting Members belong or subcontractor of the Underwriting Members with their business in Japan (other than the Underwriting Members or General Agent; referred to as "Subcontractor of Licensed Specified Juridical Person, etc." in the following paragraph, and paragraphs (2) and (3) of the following Article) to submit a report or materials that should serve as a reference concerning the situation of the business or property of the Licensed Specified Juridical Person or Underwriting Members in Japan, within the limit necessary.
- (3) A subcontractor of licensed specified juridical person, etc. may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

(On-site Inspection)

- Article 227 (1) The Prime Minister may, when he/she finds it necessary to ensure the sound and appropriate management of Underwriting Members and protect Policyholders, etc. in Japan, direct the personnel in charge, within the limit necessary, to enter an office of the General Agent to ask questions on the condition of the business or property of the Licensed Specified Juridical Person or its Underwriting Members, or inspect relevant items such as books and documents.
- (2) The Prime Minister may, when he/she finds it Particularly necessary in making an entry, asking questions or conducting inspection pursuant to the provision of the preceding paragraph, direct the personnel in charge, within the limit necessary, to enter an office of the subcontractor of licensed juridical person, etc. to ask questions of the Licensed Specified Juridical Person or its

Underwriting Members or on necessary matters for inspection, or inspect relevant materials such as books and documents.

- (3) A subcontractor of licensed specified juridical person, etc. may, when there are justifiable grounds, refuse the questioning and inspection under the preceding paragraph.

(Standard of Soundness)

Article 228 The Prime Minister may prescribe as requirement for determining the soundness of the business of Underwriting Members a set of requirements for the capital adequacy of Underwriting Members to support the payment of Insurance Claims, etc., using the following amounts pertaining to the Licensed Specified Juridical Person:

- (i) The sum total of the amounts specified by a Cabinet Office Ordinance, such as the deposit under Article 223; and
- (ii) An amount calculated pursuant to the provisions of a Cabinet Office Ordinance as the amount corresponding to that part of risks which might materialize beyond normal expectations for any reasons pertaining to the insurance underwritten in Japan by the Underwriting members, such as the occurrence of insured events.

(Order to Change Regarding Matters Prescribed in Statement of Business Procedures, etc.)

Article 229 The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management in Japan of Underwriting Members in light of the situation of the business or property of the Licensed Specified Juridical Person and Underwriting Members or any change in the circumstances, order the Licensed Specified Juridical Person to modify the matters prescribed in the documents listed in Article 220, paragraph (3), items (ii) to (iv) inclusive, within the limit necessary.

(Suspension of Business, etc.)

Article 230 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate management in Japan of Underwriting Members in light of the situation of the business or property of the Licensed Specified Juridical Person or Underwriting Members, request the Licensed Specified Juridical Person or Underwriting Members to submit an improvement program to ensure the soundness of the business of the Underwriting Members in Japan by identifying matters for which measures should be taken as well as a time limit or order the modification of the submitted improvement program, or, within

the limit necessary, order the full or Partial suspension of the business in Japan with a time limit or order the deposit of property or other measures necessary for supervision.

- (2) Any order under the preceding paragraph (including the request for submission of an improvement program) that is deemed necessary in light of the conditions regarding the capital adequacy of Underwriting Members to support the payment of Insurance Claims, etc., shall be the order specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Finance according to the categories pertaining to the conditions regarding the capital adequacy of Underwriting Members to support the payment of Insurance Claims, etc.

(Rescission of License, etc.)

Article 231 The Prime Minister may order the full or Partial suspension of the business in Japan of the Underwriting Members or the dismissal of the Representative Person in Japan, or rescind the license set forth in Article 219, paragraph (1), if and when a Licensed Specified Juridical Person or its Underwriting Members:

- (i) violate(s) a law or regulation (including foreign law or regulation), any measures of the Prime Minister pursuant to a law or regulation, or any of the Particularly important matters prescribed in the documents listed in Article 220, paragraph (3), items (i) to (iv) inclusive;
- (ii) violate(s) any of the conditions attached to the license; or
- (iii) commit(s) any act that harms public interest.

Article 232 The Prime Minister may, when he/she finds that the situation of the property of a Licensed Specified Juridical Person or its Underwriting Members has deteriorated so significantly that it is not appropriate for the Underwriting Members to carry on the Insurance Business in Japan from the viewpoint of protecting Policyholders, etc. in Japan, cancel the license issued to the Licensed Specified Juridical Person under Article 219, paragraph (1).

(Authorization of Abolition of General Agent)

Article 233 A Licensed Specified Juridical Person shall, when it intends to abolish its General Agent, obtain the authorization from the Prime Minister.

(Notification by Licensed Specified Juridical Person)

Article 234 A Licensed Specified Juridical Person shall, when it falls under any of the following items, notify it to the Prime Minister without delay when:

- (i) its Underwriting Members have started their Insurance Business in Japan;
- (ii) it has modified any of the matters listed in Article 220, paragraph (1), item (i), (ii), (iii) or (v), or any of the matters provided for in the document listed

- in Article 220, paragraph (3), item (i);
- (iii) it has carried out an Entity Conversion;
- (iv) it has assigned the whole of its business;
- (v) it has dissolved (for any other reason than a merger);
- (vi) it has been subject to a ruling for the commencement of bankruptcy proceedings;
- (vii) its Underwriting Members carrying on the Insurance Business in Japan has been subject to a ruling for the commencement of bankruptcy proceedings; or
- (viii) When it falls under any other case specified by a Cabinet Office Ordinance.

(Liquidation of Licensed Specified Juridical Person and Underwriting Members)

- Article 235 (1) A Licensed Specified Juridical Person and its Underwriting Members shall, when it falls under any of the following items, liquidate the whole of their property in Japan when:
- (i) the license issued to the Licensed Specified Juridical Person under Article 219, paragraph (1) has been canceled pursuant to the provision of Article 231 or 232; or
 - (ii) the license issued to the Licensed Specified Juridical Person under Article 219, paragraph (1) has lost its effect pursuant to the provision of the following Article.
- (2) The Prime Minister shall appoint (a) liquidator(s) at the request of interested persons or without any Party's request, where a Licensed Specified Juridical Person and its Underwriting Members go into liquidation pursuant to the provision of the preceding paragraph. The same shall apply to the dismissal of such liquidator(s).
- (3) The Prime Minister shall, where he/she dismisses a liquidator pursuant to the provision of the preceding paragraph, commission a registration to that effect to the registry office with jurisdiction over the principal branch of the liquidating Licensed Specified Juridical Person and its Underwriting Members in Japan.
- (4) The provision of Article 500 (Restrictions on Performance of Obligations) of the Companies Act as applied with relevant changes in interpretation pursuant to the provision of Article 178, and the provisions of Article 476 (Capacity of Liquidating Stock Companies), Part II, Chapter IX, Section 1, Subsection 2 (Structures for Liquidating Stock Companies), Article 492 (Preparation of Inventory of Property), Part II, Chapter IX, Section 1, Subsection 4 (excluding Article 500) (Performance of Obligations), Article 508 (Retention of Accounting Materials), Part II, Chapter IX, Section 2 (excluding Articles 510, 511 and 514)

(Special Liquidations), Part VII, Chapter III, Sections 1 (General Provisions) and 3 (Special Provisions on Special Liquidation Procedure) and Article 938, paragraphs (1) to (5) inclusive (Commissioned Registration by Judgment Concerning Special Liquidations) of that Act shall apply mutatis mutandis to the liquidation of the property of a Licensed Specified Juridical Person and its Underwriting Members under paragraph (1), unless their specific characters forbid such application. In this case, any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(5) The provision of Article 177 shall apply mutatis mutandis to the liquidation of a Licensed Specified Juridical Person and its Underwriting Members under paragraph (1); the provisions of Article 175 and Article 179, paragraph (1) shall apply mutatis mutandis to the liquidation of a Licensed Specified Juridical Person and its Underwriting Members under paragraph (1) (excluding the cases to which apply the provisions of Part II, Chapter IX, Section 2 (excluding Articles 510, 511 and 514), Part VII, Chapter III, Sections 1 and 3, and Article 938, paragraphs (1) to (5) inclusive of the Companies Act as applied mutatis mutandis pursuant to the preceding paragraph; hereinafter the same shall apply in this paragraph); and the provisions of Article 226, paragraph (1) and Article 227, paragraph (1) shall apply mutatis mutandis to the liquidation of a Licensed Specified Juridical Person and its Underwriting Members under paragraph (1) where the Prime Minister finds it necessary for supervising the liquidation of the liquidating Licensed Specified Juridical Person and its Underwriting Members. In this case, the term "date of dissolution" in Article 177, paragraph (2) shall be deemed to be replaced with "date of cancellation or expiration of the license issued to the Licensed Specified Juridical Person under Article 219, paragraph (1)"; the term "Liquidating Insurance Company, etc." in Article 177, paragraph (3) shall be deemed to be replaced with "liquidating Underwriting Members"; the terms "paragraph (1), (4) or (9) of the preceding Article" and "Liquidating Insurance Company, etc." in Article 175 shall be deemed to be replaced with "Article 235, paragraph (2)" and "liquidating Licensed Specified Juridical Person and its Underwriting Members," respectively; and the term "Liquidating Insurance Company, etc." in Article 179, paragraph (1) shall be deemed to be replaced with "liquidating Licensed Specified Juridical Person and its Underwriting Members"; any other necessary technical change in interpretation shall be specified by a Cabinet Order.

(Expiration of License)

Article 236 (1) The license from the Prime Minister to a Licensed Specified Juridical Person set forth in Article 219, paragraph (1) shall, when it falls under any of the following items, lose its effect when:

- (i) all of its Underwriting Members have abolished their Insurance Business in Japan; or
 - (ii) no Underwriting Members start their Insurance Business in Japan within six months from the date of obtaining such license (excluding the cases where the Licensed Specified Juridical Person has received in advance the authorization of the Prime Minister for any compelling reason).
- (2) Where any of Article 234, items (iv) to (vi) inclusive applies and the notification under Article 234 has been made, the license from the Prime Minister to the Licensed Specified Juridical Person that has made such notification shall lose its effect.

(Public Notice by Prime Minister)

Article 237 In the following cases, the Prime Minister shall give public notice in the Official Gazette thereof:

- (i) When he/she orders suspension of the whole or part of Underwriting Members' business in Japan under Article 230, paragraph (1) or Article 231, or under Article 240, paragraph (1) as applied pursuant to the provision of Article 240;
- (ii) When he/she rescinds the license set forth in Article 219, paragraph (1) canceled pursuant to the provision of Article 231 or 232;
- (iii) any measures ordering the administration of business and property by an insurance administrator under Article 241, paragraph (1) as applied pursuant to the provision of Article 240, or any order under Article 258, paragraph (1) as applied pursuant to the provision of Article 240; and
- (iv) When the license granted under Article 219, paragraph (1) loses its effect pursuant to the provision of the preceding Article.

(Public Notice)

Article 238 Any public notice given by a Licensed Specified Juridical Person or its Underwriting Members pursuant to the provisions of this Act shall be published in a daily newspaper that publishes matters on current events.

(Notification by General Agent, etc.)

Article 239 A person who intends to act as General Agent for a Specified Juridical Person that intends to obtain the license set forth in Article 219, paragraph (1) or the Underwriting Members of the Specified Juridical Person shall, by the time of application for such license, shall notify the Prime Minister of the matters specified by a Cabinet Office Ordinance, such as the relevant fact, the contents of its business and the method of managing the property of the Underwriting Members in Japan. The same shall apply to any change in the matters thus notified.

(Application of this Act, etc.)

Article 240 (1) This Act shall apply as follows where a Specified Juridical Person has obtained the license set forth in Article 219, paragraph (1):

- (i) For the purpose of applying the provisions of Article 185, paragraph (6); Article 186, paragraph (3); Article 191; Article 197; Article 97, Article 97-2, paragraphs (1) and (2), Article 98 to 100-2 inclusive, Article 112, and Article 114 to 122 inclusive as applied mutatis mutandis pursuant to Article 199; Article 210; Part II, Chapter X (excluding Articles 262, 265-2, 265-3, 265-6 and 265-42); Part III; and Part IV (including the penal provisions pertaining thereto), the Underwriting Members of a Licensed Specified Juridical Person shall be deemed as a Foreign Insurance Company, etc., or a Foreign Life Insurance Company, etc. or Foreign Non-Life Insurance Company, etc. in accordance with the type of license issued under Article 219, paragraph (2). In this case, the term "Article 190" in Article 197 shall be deemed to be replaced with "Article 223"; the term "Article 185, paragraph (2)" in Article 97, paragraph (1) as applied mutatis mutandis pursuant to Article 199 shall be deemed to be replaced with "Article 219, paragraph (2)"; and the terms "In the case where the license of Article 185, paragraph (1) of the Insurance Business Act is canceled pursuant to the provision of Article 205 or 206 of that Act, or in the case where the license of Article 185, paragraph (1) of that Act loses its effect pursuant to the provision of Article 273 of that Act" and "Article 185, paragraph (1) of the Insurance Business Act pursuant to the provision of Article 205 or 206 of that Act" in Article 99, paragraph (8) as applied mutatis mutandis pursuant to Article 199 shall be deemed to be replaced with "In the case where the license of Article 219, paragraph (1) of the Insurance Business Act is canceled pursuant to the provision of Article 231 or 232 of that Act, or in the case where the license of Article 219, paragraph (1) of that Act loses its effect pursuant to the provision of Article 236 of that Act" and "Article 219, paragraph (1) of the Insurance Business Act pursuant to the provision of Article 231 or 232 of that Act," respectively.
- (ii) For the purpose of applying the provisions of Article 101 to 105 inclusive (including the penal provisions pertaining thereto) as applied mutatis mutandis pursuant to Article 199, those Underwriting Members of a Specified Juridical Person with the specified non-life insurance business license who carry on the Insurance Business in Japan shall be deemed as a Foreign Non-Life Insurance Company, etc.
- (iii) For the purpose of applying the provisions of Article 195; Article 7-2, Article 110, paragraphs (1) and (3), and Article 111, paragraph (1) and paragraphs (3) to (6) inclusive as applied mutatis mutandis pursuant to Article 199; Article 262; Article 265-2; Article 265-3; Article 265-6; and

Article 265-42 (including the penal provisions pertaining thereto), a Licensed Specified Juridical Person shall be deemed as a Foreign Insurance Company, etc. In this case, the term "inventory of property, balance sheet" in Article 195 shall be deemed to be replaced with "balance sheet of the Licensed Specified Juridical Person and its Underwriting Members"; the term "its business and property in Japan" in Article 110, paragraph (1) as applied mutatis mutandis pursuant to Article 199 shall be deemed to be replaced with "the business and property of the Licensed Specified Juridical Person and its Underwriting Members in Japan"; the term "its business and property in Japan" in Article 111, paragraph (1) as applied mutatis mutandis pursuant to Article 119 shall be deemed to be replaced with "the business and property of the Licensed Specified Juridical Person and its Underwriting Members in Japan"; the term "the branch office of the Foreign Insurance Company, etc. in Japan or any other equivalent place specified by a Cabinet Office Ordinance" in Article 111, paragraphs (1) and (4) as applied mutatis mutandis pursuant to Article 119 shall be deemed to be replaced with "the head office and branch offices of the General Agent set forth in Article 219, paragraph (1) or any other equivalent place specified by a Cabinet Office Ordinance"; and the term "business and property of the Foreign Insurance Company, etc. in Japan" in Article 111, paragraph (6) as applied mutatis mutandis pursuant to Article 119 shall be deemed to be replaced with "business and property of the Licensed Specified Juridical Person and its Underwriting Members in Japan."

- (iv) For the purpose of applying the provisions of Articles 192 and 196 (including the penal provisions pertaining thereto), a Representative Person in Japan shall be deemed as the representative person of a Foreign Insurance Company, etc. in Japan. In this case, the terms "Policyholders, beneficiaries of insurance benefits, other creditors and insurers of a Foreign Insurance Company, etc.," "Foreign Insurance Company, etc. should be in business" and "determined by the Foreign Insurance Company, etc." in Article 196, paragraph (5) shall be deemed to be replaced with "Policyholders, beneficiaries of insurance benefits, other creditors and insurers of Underwriting Members," "General Agent should be in business" and "determined by the General Agent," respectively.
- (v) For the purpose of applying the provisions of Article 109 as applied mutatis mutandis pursuant to Article 199, and Article 142 and Chapter VII, Section 3 as applied mutatis mutandis pursuant to Article 211 (including the penal provisions pertaining thereto), a Licensed Specified Juridical Person and its Underwriting Members shall be deemed as a Foreign Insurance Company, etc.
- (vi) The provision of Article 218 shall not apply to the Underwriting Members

of a Licensed Specified Juridical Person.

- (2) For the purpose of applying the laws and regulations specified by a Cabinet Order, such as the Act on Compensation for Nuclear Damage (Act No. 147 of 1961), the Underwriting Members of a Licensed Specified Juridical Person shall be deemed, pursuant to the provisions of a Cabinet Order, as a Foreign Insurance Company, etc., or a Foreign Life Insurance Company, etc. or Foreign Non-Life Insurance Company, etc. in accordance with the type of license issued under Article 219, paragraph (2).

Chapter X Special Measures, etc. for Protection of Policyholders, etc.

Section 1 Modification of Contract Conditions

(Reporting of Modification of Contract Conditions)

Article 240-2 (1) An Insurance Company (including a Foreign Insurance Company, etc.; hereinafter the same shall apply in this Section, excluding Article 240-5 and Article 240-6) may report to the Prime Minister to the effect that it will modify the clause of its contract (hereinafter referred to as a "Modification of Contract Conditions" in this Section), such as a reduction in the amount of insurance claims and other modifications to contract clauses with regard to insurance contracts pertaining to that Insurance Company (excluding Contracts Exempt from Modification) in the case that there is a probability that the continuation of that Insurance Company's Insurance Business (In the case of Foreign Insurance Companies, etc., Insurance Business in Japan. Hereinafter the same shall apply in this Article, Article 240-11, Article 241 and Article 262) will be difficult in the light of the state of its business or property.

- (2) In the case that an Insurance Company reports as set forth in the preceding paragraph, that Insurance Company shall show that there is a probability that the continuation of its Insurance Business will be difficult unless it makes a Modification of Contract Conditions, and that a Modification of Contract Conditions is inevitable for the protection of Insurance Policyholders, etc. (in the case of Foreign Insurance Companies, etc., Policyholders, etc. in Japan. Hereinafter the same shall apply in this Chapter), and the reason in writing.
- (3) The Prime Minister shall, when he/she recognizes that there is a reason in the report set forth in paragraph (1), approve the report.
- (4) The term "Contracts Exempt from Modification," as prescribed in paragraph (1), refers to the insurance contracts specified by a Cabinet Order, such as those for which an insured event has already occurred by the date of reference of the Modification of Contract Conditions (limited to those contracts which would be terminated with the payment of insurance claims pertaining to the insured event).

(Suspension of Business, etc.)

Article 240-3 The Prime Minister may, when he/she finds it necessary for the protection of Insurance Policyholders, etc., in cases approved in paragraph (3) of the preceding Article, order that Insurance Company to suspend its business pertaining to the cancellation of said Insurance Company's insurance contracts and other necessary measures with a time limit.

(Limitations on Modification of Contract Conditions)

Article 240-4 (1) A Modification of Contract Conditions shall not affect the rights pertaining to an insurance contract corresponding to the policy reserve that should be accumulated by the date of reference of said Modification of Contract Conditions.

(2) Concerning the assumed interest rate that shall become the basis of calculation for the payments that are modified by the Modification of Contract Conditions, such as insurance claims and refunds, from the standpoint of the protection of Insurance Policyholders, etc., the assumed interest rate shall not be less than the rate specified by a Cabinet Order, taking into account the Insurance Company's property operating situation and other circumstances.

(Resolution of Modification of Contract Conditions)

Article 240-5 (1) An Insurance Company, when it intends to carry out a Modification of Contract Conditions, shall obtain approval as set forth in Article 240-2, paragraph (3), and after that, a resolution mandating the Modification of Contract Conditions shall be passed by the Shareholders Meeting, etc. of the Insurance Company.

(2) Cases described in the preceding paragraph shall be resolved as set forth in Article 309, paragraph (2) (Resolutions of a Shareholders Meeting) or under Article 62, paragraph (2) of the Companies Act.

(3) An Insurance Company, in cases where a resolution is carried out as set forth in paragraph (1), shall, in a notice pursuant to the provisions of Article 299, paragraph (1) of the Companies Act (Notice of calling of shareholders' meetings) (including the cases where it is applied mutatis mutandis pursuant to Article 41, paragraph (1) and Article 49, paragraph (1)), show the matters specified by a Cabinet Office Ordinance, such as the reason why the Modification of Contract Conditions is inevitable, the details of the Modification of Contract Conditions, a forecast of the business and property situation after the Modification of Contract Conditions is effected, matters regarding funding and the handling of debts against creditors apart from Insurance Policyholders, etc. and matters regarding management responsibility.

- (4) In cases where a resolution is carried out as set forth in paragraph (1), where there is a policy on monetary payments concerning the insurance contracts pertaining to the Modification of Contract Conditions, such as policy dividend and the distribution of the surplus, the Insurance Company shall show the details in the notice set forth in the preceding paragraph.
- (5) Concerning the policy set forth in the preceding paragraph, the Insurance Company shall describe or record the policy in its articles of incorporation.

(Special Provisions concerning Extraordinary Resolutions, etc. of Shareholders Meeting, etc., pertaining to Modification of Contract Conditions)

Article 240-6 (1) Resolutions set forth in paragraph (1) of the preceding Article of an Insurance Company that is a Stock Company, or resolutions listed in Article 309, paragraph (2), item (iv), (v), (ix), (xi), or (xii) of the Companies Act (Resolution of Shareholders Meetings), or listed in Article 324, paragraph (2), item (i) or (iv) of that Act (Resolution of Class Meetings), or resolutions pursuant to the provisions of Article 69, paragraph (2), Article 136, paragraph (2), Article 144, paragraph (3), Article 165-3, paragraph (2), or Article 165-10, paragraph (2) of that Act that are to be decided together with said resolutions, may be made provisionally by two-thirds or more of the votes held by the shareholders present, notwithstanding these provisions.

(2) Resolutions of a Shareholders Meeting or a class meeting listed in the items of Article 309, paragraph (3) or in Articles 324, paragraph (3), items (i) and (ii) of the Companies Act, or resolutions pursuant to the provisions of Article 323 of that Act (in the case that the provisions require a resolution of a class meeting), or in Article 165-3, paragraph (4) and Article 165-3, paragraph (6), or Article 165-10, paragraph (6) of that Act that are to be decided together with resolutions as set forth in paragraph (1) of the preceding Article of an Insurance Company that is a Stock Company may be made provisionally by two-thirds or more of the votes held by the shareholders present, where a majority of shareholders are present, notwithstanding these provisions.

(3) Resolutions as set forth in paragraph (1) of the preceding Article of an Insurance Company that is a Mutual Company, or resolutions pursuant to the provisions of Article 57, paragraph (2), Article 60, paragraph (2), Article 62, paragraph (2), Article 62-2, paragraph (2), Article 86, paragraph (2), Article 136, paragraph (2), Article 144, paragraph (3), Article 156, or Article 165-16, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20) that are to be decided together with said resolutions may be made provisionally by a majority of three-quarters or more of the voting rights of the members present (or, where the company has a General Meeting, General Representatives present).

(4) In the case that a resolution is made provisionally pursuant to the provisions

- of paragraph (1) (hereinafter referred to as "Provisional Resolution" in this Article), the Insurance Company shall notify the purpose of said Provisional Resolution to its shareholders and shall call a subsequent Shareholders Meeting within one month of the date of adoption of the Provisional Resolution.
- (5) In the case where a Provisional Resolution is approved by a majority as prescribed in paragraph (1) at the Shareholders Meeting set forth in the preceding paragraph, a resolution pertaining to the matters of said Provisional Resolution shall be deemed to have existed when said approval was given.
- (6) The provisions of the preceding two paragraphs shall apply mutatis mutandis to cases where a resolution is made provisionally pursuant to the provisions of paragraph (2). In these cases, the term "paragraph (1)" in the preceding paragraph shall be deemed to be replaced with the term "paragraph (2)."
- (7) The provisions of paragraph (4) and paragraph (5) shall apply mutatis mutandis to cases where a resolution is made provisionally pursuant to the provisions of paragraph (3). In these cases, the term "shareholders" in paragraph (4) shall be deemed to be replaced with the term "Members" (in cases where a General Meeting is established, "General Representatives"), the term "Shareholders Meeting" in that paragraph and in paragraph (5) shall be deemed to be replaced with the term "General Meeting of Members" (or "General Meeting," where the company has such meeting), and the term "paragraph (1)" in that paragraph shall be deemed to be replaced with the term "paragraph (3)."

(Keeping, etc. of Documents pertaining to Modification of Contract Conditions)
Article 240-7 (1) From two weeks prior to the date the resolution shall be made as set forth in Article 240-5, paragraph (1) (in the case of Foreign Insurance Companies, etc., the date the decision was made concerning the Modification of Contract Conditions) until the date of issue of the public notice pursuant to the provisions of Article 240-13, paragraph (1), the Insurance Company shall keep a document or electromagnetic records describing or recording the matters specified by a Cabinet Office Ordinance, such as the reason why the Modification of Contract Conditions is inevitable, the details of the Modification of Contract Conditions, a forecast of the business and property situation after the Modification of Contract Conditions is effected, matters regarding funding and the handling of debts against creditors apart from Insurance Policyholders, etc., and matters regarding management responsibility (in cases where there is a policy pursuant to the provisions of Article 240-5, paragraph (4), including the contents of the policy), at the company's business offices and other offices (in the case of Foreign Insurance Companies, etc., branch offices, etc. pursuant to the provisions of Article 185, paragraph (1)).

- (2) Shareholders or Insurance Policyholders of the Insurance Company (in the case of Foreign Insurance Companies, etc., Insurance Policyholders in Japan) may make the following listed requests to that Insurance Company at any time during its operating hours or business hours; however, that they shall pay the fees determined by the Insurance Company in making a request falling under item (ii) or (iv);
- (i) A request for inspection of the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic record set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance;
 - (iv) A request for the provision of the matters recorded on the electromagnetic record set forth in the preceding paragraph by the electromagnetic means determined by that Insurance Company, or for any document that describes such matters.

(Insurance Inspector)

- Article 240-8 (1) The Prime Minister may, when he/she finds it necessary, in cases approved as set forth in Article 240-2, paragraph (3), appoint an Insurance Inspector and cause that Insurance Inspector to investigate relevant matters such as the content of the Modification of Contract Conditions.
- (2) In the case referred to in the preceding paragraph, the Prime Minister shall specify the matters that should be investigated by the Insurance Inspector and the deadline by which he/she should report the investigation findings to the Prime Minister.
- (3) The Prime Minister may, when he/she finds that the Insurance Inspector is not carrying out the investigation appropriately, dismiss the Insurance Inspector.
- (4) The provisions of Article 80 and Article 81, paragraph (1) (Duty of Care and Advance Payment of Costs and Compensation of Trustees) of the Corporate Rehabilitation Act (Act No. 154 of 2002) shall apply mutatis mutandis to the Insurance Inspector. In this case, the term "court" in that paragraph shall be deemed to be replaced with "the Prime Minister," and any technical change in interpretation required shall be specified by a Cabinet Order.
- (5) The costs and compensation prescribed in Article 81, paragraph (1) of the Corporate Rehabilitation Act, as applied mutatis mutandis pursuant to the preceding paragraph, shall be borne by an Insurance Company (referred to as the "Company Being Investigated" in the following Article and in Article 318-2) as provided in Article 240-2, paragraph (1).

(Investigation, etc., of Insurance Inspector)

- Article 240-9 (1) The Insurance Inspector may request directors, executive officers, accounting advisors, company auditors, accounting auditors, and managers or any other employee of the Company Being Investigated, and any person who has resigned from these positions, to make a report on the situation of the business and property of the Company Being Investigated (with regard to any person who has resigned from these positions, limited to those items pertaining to matters that could have been known by said person during the period when he/she was engaged in the business of that Company Being Investigated), or inspect relevant items such as the books and documents of the Company Being Investigated.
- (2) The Insurance Inspector may, when it is necessary to carry out his/her duty, inquire with, or request the cooperation of, relevant persons such as government agencies, public entities.

(Confidentiality Obligation of Insurance Inspector)

- Article 240-10 (1) The Insurance Inspector shall not divulge any secret learned in the course of his/her duties. The same shall apply after the Insurance Inspector resigns from office.
- (2) When the Insurance Inspector is a juridical person, its officers and employees who are engaged in the duty of the Insurance Inspector shall not divulge any secret learned in the course of his/her duties. The same shall apply after said officers or employees are no longer engaged in the duty of the Insurance Inspector.

(Approval pertaining to Modification of Contract Conditions)

- Article 240-11 (1) In cases where a resolution (in the case of Foreign Insurance Companies, etc., a decision concerning the Modification of Contract Conditions; hereinafter the same shall apply in this Section.) pursuant to the provisions of Article 240-5, paragraph (1) (including cases where it is deemed that there was a resolution as set forth in Article 240-5, paragraph (1) pursuant to the provisions of Article 240-6, paragraph (5) (including the cases where it is applied mutatis mutandis to paragraph (6) and paragraph (7) of that Article)), after that resolution, the Insurance Company shall, without delay, seek the approval of the Prime Minister concerning the Modification of Contract Conditions pertaining to that resolution.
- (2) The Prime Minister shall not grant approval set forth in the preceding paragraph except in cases where measures necessary for the continuation of Insurance Business have been undertaken by that Insurance Company, and the Modification of Contract Conditions pertaining to the resolution as set

forth in Article 240-5, paragraph (1) is found necessary for the continuation of Insurance Business of that Insurance Company, and appropriate from the standpoint of the protection of Insurance Policyholders, etc.

(Notice of Modification of Contract Conditions and Raising of Objections, etc.)

Article 240-12 (1) In cases where approval is granted as set forth in paragraph (1) of the preceding Article, within two weeks of the date of said approval being granted, the Insurance Company shall make a public notice of the main contents of the Modification of Contract Conditions pertaining to the resolution set forth in Article 240-5, paragraph (1), and shall also notify in writing the contents of the Modification of Contract Conditions pertaining to the resolution set forth in that paragraph to the Insurance Policyholders pertaining to the Modification of Contract Conditions (hereinafter referred to as "Policyholders Subject to Modify" in this Article).

(2) In the case referred to in the preceding paragraph, the Insurance Company shall attach the documents specified by a Cabinet Office Ordinance, such as documents showing the reason why the Modification of Contract Conditions is inevitable, documents showing a forecast of the business and property situation after the Modification of Contract Conditions is effected, documents showing matters regarding funding and the handling of debts against creditors other than Insurance Policyholders, etc., and documents showing matters related to management responsibility (in cases where there is a policy pursuant to the provisions set forth in Article 240-5, paragraph (4), including documents showing the content of the policy). Moreover, the Insurance Company shall attach a supplementary note to the effect said persons who are Policyholders Subject to Modify who have an objection should raise their objections within a set period of time.

(3) The period under the preceding paragraph cannot be less than a month.

(4) Contract conditions shall not be modified when the number of Policyholders Subject to Modify who have raised objections within the period of time set forth in paragraph (2) exceeds one tenth of the total number of Policyholders Subject to Modify and the amount specified by a Cabinet Office Ordinance as an amount equivalent to the sum of the claims pertaining to the insurance contracts of Policyholders Subject to Modify who have raised such objections exceeds one tenth of the total amount of that amount of Policyholders Subject to Modify.

(5) When the number of Policyholders Subject to Modify who have raised their objections within the period of time set forth in paragraph (2) or the amount specified by a Cabinet Office Ordinance belonging to those Policyholders as set forth in the preceding paragraph does not exceed the percentage specified in that paragraph, all of said Policyholders Subject to Modify shall be deemed to

have approved said Modification of Contract Conditions.

(Public Notice, etc. of Modification of Contract Conditions)

Article 240-13 (1) An Insurance Company shall, without delay after the Modification of Contract Conditions, make a public notice of the fact a Modification of Contract Conditions has been made and any other matters specified by a Cabinet Office Ordinance. The same shall apply even when a Modification of Contract Conditions is not made.

(2) An Insurance Company shall, within three months after the Modification of Contract Conditions, notify the Insurance Policyholders pertaining to said Modification of Contract Conditions of the content of the rights and duties of Insurance Policyholders after said Modification of Contract Conditions.

Section 2 Disposition, etc., of Prime Minister Related to Business and Property Management, etc.

Subsection 1 Suspension of Business, Order for Consultation on Merger, etc., and Business and Property Management

(Order for Suspension of Business and Consultation on Merger, etc., and Business and Property Management)

Article 241 (1) The Prime Minister may, when he/she finds that the continuation of an Insurance Business will be difficult in light of the state of the business or property of an Insurance Company, etc., or Foreign Insurance Company, etc., or when he/she finds that the operation of that business (In the case of Foreign Insurance Companies, etc., business in Japan; hereinafter the same shall apply in this Article to Article 255-2 inclusive) is extremely inappropriate and that there is a risk that the continuation of that Insurance Business could bring about a situation that lacks protection for Insurance Policyholders, etc., order the whole or partial suspension of business, a merger, a transfer of insurance contracts (In the case of Foreign Insurance Companies, etc., the transfer of insurance contracts in Japan) or agreement for the acquisition of the shares of that Insurance Company, etc., or Foreign Insurance Company, etc., by another Insurance Company, etc., Foreign Insurance Company, etc., or Insurance Holding Company, etc. (referred to as "Merger, etc." in Article 247, paragraph (1); Article 256 to Article 258 inclusive; Article 270-3-2, paragraph (4) and Article 270-3-2, paragraph (5); and Article 270-4, Article 270-4, paragraph (4) and Article 270-4, paragraph (5)) or any other necessary measure against that Insurance Company, etc., or Foreign Insurance Company, etc., or make a disposition ordering the business and property management (In the case of Foreign Insurance Companies, etc., property located in Japan. The same shall apply in the following Article and Article 246-2 to Article 247-2 inclusive.) by

an Insurance Administrator.

- (2) The term "Insurance Holding Company, etc." as used in this Chapter means the following:
- (i) An Insurance Holding Company;
 - (ii) A Small Amount and Short Term Insurance Holding Company prescribed in Article 272-37, paragraph (2);
 - (iii) A company that has received approval, as set forth in Article 271-18, paragraph (1), to become a Holding Company that has an Insurance Company as a Subsidiary Company through the acquisition of shares;
 - (iv) A company that has received approval, as set forth in Article 272-35, paragraph (1), to become a Holding Company that has a Small Amount and Short Term Insurance Provider as a Subsidiary Company through the acquisition of shares;
 - (v) A company, other than the companies listed in the preceding items (excluding an Insurance Company, etc., and Foreign Insurance Company, etc.), that has an Insurance Company, etc., or Foreign Insurance Company, etc., as a Subsidiary Company or is attempting to make into a Subsidiary Company.
- (3) An Insurance Company, etc., or Foreign Insurance Company, etc., shall, when the continuation of its Insurance Business will be difficult in light of the state of its business or property, notify the Prime Minister to that effect and of the reason in writing.

Subsection 2 Business and Property Management

(Appointment, etc., of Insurance Administrator)

Article 242 (1) When a disposition ordering the business and property management by an Insurance Administrator has been issued under the provision of paragraph (1) of the preceding Article (hereinafter referred to as "Disposition Ordering Management" in this Subsection and Article 258, paragraph (2)), the right to represent an Insurance Company, etc., or Foreign Insurance Company, etc., that has received that disposition (hereinafter referred to as a "Company Being Managed"), execute its business, and manage and dispose of its property (in the case of the right to represent a Foreign Insurance Company, etc., limited to the scope pertaining to Insurance Business in Japan) shall be vested exclusively in an Insurance Administrator. The same shall apply to the rights of the directors and executive officers under the provisions of Article 828, paragraph (1) and Article 828, paragraph (2) (Action for the Nullity of Acts Concerning Company Organization) (including the cases where it is applied mutatis mutandis pursuant to Article 30-15; Article 57, paragraph (6); Article 60-2, paragraph (5); and Article 171) and Article 831,

paragraph (1) (Action to Rescind a Resolution of the Shareholders Meeting, etc.) (including the cases where it is applied mutatis mutandis pursuant to Article 41, paragraph (2) and Article 49, paragraph (2)) and the provisions of Article 84-2, paragraph (2) and Article 96-16, paragraph (2) of the Companies Act.

- (2) The Prime Minister shall, together with the Disposition Ordering Management, appoint one or several Insurance Administrators.
- (3) The Prime Minister may order the Insurance Administrators to take necessary measures regarding the business and property management of the Company Being Managed.
- (4) The Prime Minister may, when he/she finds it necessary, appoint further Insurance Administrators after appointing Insurance Administrators pursuant to the provisions of paragraph (2), or when he/she finds that the Insurance Administrators are not appropriately managing the business and property of the Company Being Managed, dismiss the Insurance Administrators.
- (5) The Prime Minister shall, when he/she has appointed Insurance Administrators pursuant to the provisions of paragraph (2) or the preceding paragraph or when he/she has dismissed Insurance Administrators pursuant to that paragraph, notify the Company Being Managed to that effect and make a public notice of this fact in the Official Gazette.
- (6) The provisions of Article 69, Article 70, Article 80, and Article 81, paragraph (1) and Article 81, paragraph (5) (Execution of Duty by Several Trustees, Appointment of Trustee Representatives, Duty of Care, and Advance Payment of Costs and Compensation of a Trustee) of the Corporate Rehabilitation Act and the provisions of Article 78 (Liability for Damages with regard to Acts of Representative Persons) of the Act on General Incorporated Association and General Incorporated Foundation shall apply mutatis mutandis to Insurance Administrators and the Company Being Managed, respectively. In this case, the term "permission of a court" in Article 69, paragraph (1) of the Corporate Rehabilitation Act shall be deemed to be replaced with "approval of the Prime Minister," the term "trustee representatives" in Article 70 of that Act shall be deemed to be replaced with "Insurance Administrator Representatives," the term "permission of a court" in paragraph (2) in that Article shall be deemed to be replaced with "Approval of the Prime Minister," the term "court" in Article 81, paragraph (1) of that Act shall be deemed to be replaced with "the Prime Minister," the term "trustee representatives" in paragraph (5) in that Article shall be deemed to be replaced with "Insurance Administrator Representatives," and the term "representative directors and other representative persons" in Article 78 of the Act on General Incorporated Association and General Incorporated Foundation shall be deemed to be replaced with "Insurance Administrators."

Article 243 (1) An Insurance Company, etc., may become an Insurance Administrator or an Insurance Administrator Representative.

(2) An Insurance Company, etc., if requested by the Prime Minister to become an Insurance Administrator, shall not refuse in the absence of justifiable grounds.

(3) A Policyholders Protection Corporation may become an Insurance Administrator or an Insurance Administrator Representative and undertake the business of such.

(Notice and Registration)

Article 244 (1) The Prime Minister shall, when he/she issues a Disposition Ordering Management, immediately notify the district court with jurisdiction over the location of the head office or principal office of the Company Being Managed to that effect, and, attach a transcript of the written order to a written commission and commission its registration in the registry of the head office or principal office of the Company Being Managed (in the case of a Foreign Insurance Company, etc., the location of a branch office, etc. as prescribed in Article 185, paragraph (1)).

(2) The name and address of the Insurance Administrator shall also be registered in the registration of the preceding paragraph.

(3) The provision of paragraph (1) shall apply mutatis mutandis when modifications occur to matters listed in the preceding paragraph.

(Suspension of Business)

Article 245 When a Disposition Ordering Management has been issued, the Company Being Managed shall suspend its business, except for the following listed business; provided, however, that this shall not apply to a portion of that business when the Prime Minister finds it necessary that a portion of that business is not suspended pursuant to a report of the Insurance Administrator.

(i) When a contract has been concluded under the provision of Article 270-6-7, paragraph (3) with a joined organization prescribed in Article 266, paragraph (1), based on the claim by the creditor of the right to insurance claim, etc. pertaining to a Covered Insurance Contract (hereinafter referred to as "Covered Insurance Contracts" in this Article) prescribed in Article 270-3, paragraph (2), item (i) and any other right specified by a Cabinet Order, the business of paying said insurance claims of a Covered Insurance Contracts or any other benefit (limited to the amount obtained by multiplying the amount of said insurance claims of a Covered Insurance Contracts or any other benefit by the rate specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance by taking into consideration the type of said Covered Insurance Contracts, the assumed interest rate, any other content, and the

timing that the insured accident pertaining to said claim occurred, etc. ; hereinafter referred to as "Covered Insurance Claims.") (hereinafter referred to as "The Business of Paying Covered Insurance Claims").

- (ii) Business pertaining to the cancellation of specified Covered Insurance Contracts (referring to those Covered Insurance Contracts specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as contracts having little necessity to maintain in order to protect Insurance Policyholders, etc.; the same shall apply hereinafter) within the period of time specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance (excluding business pertaining to the payment of cancellation refunds or any other similar benefits; hereinafter referred to as "Business Pertaining to the Cancellation of Specified Covered Insurance Contracts").

(Prohibition on Entry of Name Change of Shareholders)

Article 246 When a Company Being Managed (excluding a Foreign Insurance Company, etc.) is a Stock Company, the Prime Minister may, when he/she finds it necessary, prohibit the entry of a name change of shareholders.

(Insurance Administrator's Duty to Report)

Article 246-2 An Insurance Administrator shall, without delay after taking office, investigate and report the following matters to the Prime Minister:

- (i) The course of events that lead to the circumstances under which the Company Being Managed received a Disposition Ordering Management;
- (ii) The situation of the business and property of the Company Being Managed;
- (iii) Any other necessary matter.

(Approval of Plan)

Article 247 (1) The Prime Minister may, when he/she finds it necessary for the protection of Insurance Policyholders, etc., that the maintenance of insurance contracts pertaining to the Company Being Managed (in the case of Foreign Insurance Companies, etc., insurance contracts in Japan; hereinafter the same shall apply in this Chapter, excluding Article 254 and Article 270-7, paragraph (1)) or the business relating to the cancellation of specified Covered Insurance Contracts or any other business be conducted smoothly, order the Insurance Administrator to prepare a plan, including the following matters, relating to the business and property management:

- (i) A policy relating to the liquidation and rationalization of the business of the Company Being Managed; and
- (ii) Measures to carry out smoothly a Merger, etc., pertaining to the Company Being Managed.

(2) An Insurance Administrator shall obtain the approval of the Prime Minister

when he/she has prepared the plan set forth in the preceding paragraph.

- (3) An Insurance Administrator shall, without delay, when he/she has the approval set forth in the preceding paragraph, move on to the implementation of the plan set forth in paragraph (1) pertaining to said approval.
- (4) An Insurance Administrator may, when unavoidable circumstances arise, receive approval from the Prime Minister and change or abolish the plan set forth in paragraph (1).
- (5) The Prime Minister may, when he/she finds it necessary for the protection of Insurance Policyholders, etc., order the Insurance Administrator to change or abolish the plan set forth in paragraph (1).

(Investigation, etc., by Insurance Administrator)

- Article 247-2 (1) The Insurance Administrator may request directors, executive officers, accounting advisors, company auditors, accounting auditors, and managers or any other employee of the Company Being Managed, and any person who has resigned from these positions, to make a report on the situation of the business and property of the Company Being Managed (with regard to any person who has resigned from these positions, limited to those items pertaining to matters that could have been known by said person during the period when he/she was engaged in the business of that Company Being Managed), or inspect the books, documents, or any other items of the Company Being Managed.
- (2) The Insurance Administrator may, when it is necessary to carry out his/her duty, inquire with, or request the cooperation of, government agencies, public entities, or any other person.

(Confidentiality Obligation of Insurance Administrator, etc.)

- Article 247-3 (1) The Insurance Administrator and Insurance Administrator Representative (hereinafter referred to as "Insurance Administrator, etc." in this Article) shall not divulge any secret learned in the course of his/her duties. The same shall apply after the Insurance Administrator, etc., resigns from office.
- (2) When the Insurance Administrator, etc., is a juridical person, its officers and employees who are engaged in the duty of the Insurance Administrator, etc., shall not divulge any secret learned in the course of his/her duties. The same shall apply after said officers or employees are no longer engaged in the duty of the Insurance Administrator, etc.

(Measures to Clarify the Responsibility for Bankruptcy of Managers of the Company Being Managed)

- Article 247-4 (1) The Insurance Administrator shall, in order to have directors,

executive officers, accounting advisers, company auditors or accounting auditors of the Company Being Managed, or any person who has resigned from these positions perform the civil responsibility based on the breach of professional obligations, appeal to the court or take other necessary measures.

(2) The Insurance Administrator shall, when by carrying out his/her duty he/she considers that a crime has been committed, take the necessary measures toward accusation.

(Transactions between the Insurance Administrator and the Company Being Managed)

Article 247-5 (1) The Insurance Administrator shall obtain the approval of the Prime Minister when carrying out, for himself/herself or for a third party, any transaction with the Company Being Managed. In this case, the provisions of Article 108 (Self-Contract and Representation of Both Parties) of the Civil Code shall not apply.

(2) An act shall be null and void if the approval set forth in the preceding paragraph has not been obtained; provided, however, that it may not be duly asserted against a third party without knowledge.

(Rescission of Disposition Ordering Management by Insurance Administrator)

Article 248 (1) The Prime Minister shall, when he/she finds that there is no longer any need for a Disposition Ordering Management, rescind that Disposition Ordering Management.

(2) The provision of Article 244, paragraph (1) shall apply mutatis mutandis to the case set forth in the preceding paragraph.

(Special Provisions on Extraordinary Resolutions, etc., of Shareholders Meeting, etc.)

Article 249 (1) In a Company Being Managed that is a Stock Company (excluding a Foreign Insurance Company, etc.; hereinafter the same shall apply in this Article and the following Article), resolutions of a Shareholders Meeting or class meeting listed in Articles 309, paragraph (2), item (iv), (v), (ix), (xi), or (xii) (Resolutions of Shareholders Meeting) or Articles 324, paragraph (2), item (i) or (iv) (Resolutions of Class Meeting) of the Companies Act, or resolutions pursuant to the provisions of Article 69, paragraph (2), Article 136, paragraph (2), Article 144, paragraph (3), Article 165-3, paragraph (2), or Article 165-10, paragraph (2), may be made provisionally by two-thirds or more of the votes held by the shareholders present, notwithstanding these provisions.

(2) In a Company Being Managed that is a Stock Company, resolutions of a Shareholders Meeting or class meeting listed in the items of Article 309, paragraph (3) or in Articles 234, paragraph (3), items (i) and (ii) of the

Companies Act or resolutions pursuant to the provisions of Article 323 (Cases of Provision Requiring Resolution of Class Meeting) of that Act or Article 165-3, paragraph (4) or Article 165-3, paragraph (6), or Article 165-10, paragraph (6) may be made provisionally by two-thirds or more of the votes held by the shareholders present, where a majority of shareholders are present, notwithstanding these provisions.

- (3) In a Company Being Managed that is a Mutual Company, resolutions pursuant to the provisions of Article 57, paragraph (2), Article 60, paragraph (2), Article 62, paragraph (2), Article 62-2, paragraph (2), Article 86, paragraph (2), Article 136, paragraph (2), Article 144, paragraph (3), Article 156 or Article 165-16, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20) may be made provisionally by three-quarters or more of the votes held by the members present (or, where the company has a General Meeting, General Representatives present), notwithstanding these provisions.
- (4) In the case where a resolution is made provisionally pursuant to the provisions of paragraph (1) (hereinafter referred to as a "Provisional Resolution" in this Article), the Company Being Managed shall notify its shareholders of the purpose of said Provisional Resolution and shall call a subsequent Shareholders Meeting within one month of the date of adoption of said Provisional Resolution.
- (5) In the case where a Provisional Resolution is approved by a majority as prescribed in paragraph (1) at the Shareholders Meeting set forth in the preceding paragraph, a resolution pertaining to the matters of said Provisional Resolution shall be deemed to have existed when said approval was given.
- (6) The provisions of the preceding two paragraphs shall apply mutatis mutandis to cases where a resolution is made provisionally pursuant to the provisions of paragraph (2). In this case, the term "paragraph (1)" in the preceding paragraph shall be deemed to be replaced with the term "paragraph (2)."
- (7) The provisions of paragraph (4) and paragraph (5) shall apply mutatis mutandis to cases where a resolution is made provisionally pursuant to the provisions of paragraph (3). In this case, the term "shareholders" in paragraph (4) shall be deemed to be replaced with the term "Members (or, where the company has a General Meeting, "General Representatives")," the term "Shareholders Meeting" in that paragraph and in paragraph (5) shall be deemed to be replaced with the term "General Meeting of Members" (or "General Meeting," where the company has such meeting), and the term "paragraph (1)" in that paragraph shall be deemed to be replaced with the term "paragraph (3)."

(Permission in lieu of Extraordinary Resolution of Shareholders Meeting, etc.)

Article 249-2 (1) In the case where a Company Being Managed that is a Stock Company is unable to satisfy its obligations with its property, that Company Being Managed may obtain permission of a court and carry out the following matters, notwithstanding the provisions of Article 447, paragraph (1) (Reductions in Amount of capital), Article 467, paragraph (1), items (i) and (ii) (Approvals of Assignment of Business), and Article 471, item (iii) (Grounds for Dissolution) of the Companies Act and the provisions of Article 136 (including the cases where it is applied mutatis mutandis pursuant to Article 272-29; the same shall apply in the following paragraph):

- (i) Assignment of all or a material portion of business;
- (ii) Reduction in the amount of capital;
- (iii) Dissolution;
- (iv) Transfer of insurance contracts.

(2) In the case where a Company Being Managed that is a Mutual Company is unable to satisfy its obligations with its property, that Company Being Managed may obtain permission of a court and carry out the following matters, notwithstanding the provisions of Article 62-2, paragraph (1), items (i) and (ii), Article 136, and Article 156:

- (i) Assignment of all or a material portion of business;
- (ii) Transfer of insurance contracts;
- (iii) Dissolution.

(3) The Insurance Administrator may obtain permission of a court and dismiss directors, executive officers, accounting advisers, company auditors, or accounting auditors of the Company Being Managed, notwithstanding the provisions of Article 339, paragraph (1) (Dismissal), Article 347, paragraph (1) (Election of Directors or Company Auditors at Class Meetings), or Article 403, paragraph (1) (Dismissal of Executive Officers) of the Companies Act or the provisions of Article 53-8, paragraph (1) or Article 53-27, paragraph (1).

(4) In the case where the Insurance Administrator intends to dismiss directors, executive officers, accounting advisers, company auditors, or accounting auditors of the Company Being Managed pursuant to the provisions of the preceding paragraph, when the number of directors, executive officers, accounting advisers, company auditors, or accounting auditors will fail to meet the number prescribed by an Act or by the articles of incorporation by carrying out the dismissals, the Insurance Administrator may obtain permission of a court and appoint directors, executive officers, accounting advisers, company auditors, or accounting auditors of the Company Being Managed, notwithstanding the provisions of Article 329, paragraph (1) (Election), Article 347, paragraph (1) or Article 402, paragraph (2) (Election of Executive Officers) of the Companies Act or the provisions of Article 52, paragraph (1) or Article 53-26, paragraph (2).

- (5) The directors, accounting advisers, company auditors, or accounting auditors of the Company Being Managed who have been elected pursuant to the provision of the preceding paragraph shall retire from their posts at the conclusion of the first annual Shareholders Meeting or annual General Meeting of Members (in cases where a General Meeting is established, "Annual General Meeting") convened after the end of the business year during which they were appointed, and executive officers shall retire from their posts at the conclusion of the first meeting of the board of directors held after the conclusion of the first Annual Shareholders Meeting convened after the end of the business year during which they were appointed.
- (6) When the permissions prescribed in paragraph (1) to paragraph (4) inclusive (hereinafter referred to as "Replacement Permissions" in this Article and the following Article) have been obtained, it shall be deemed that a resolution of the Shareholders Meeting, etc., class meeting, or board of directors has been made concerning matters pertaining to said Replacement Permissions. With regard to the application of the provisions in Article 16, paragraph (1), Article 136-2, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-29), and Article 250, paragraphs (3) and (5) in this case, the term "two weeks before the date of the Shareholders Meeting pertaining to the resolution on the reduction (excluding the cases where the whole of the amount by which the reserves are reduced is appropriated to the capital) of the capital or reserves (hereinafter referred to as "capital, etc." in this Section) (or, the date of the board of directors meeting where Article 447, paragraph (3) (Reductions in Amount of Capital) or Article 448, paragraph (3) (Reductions in Amount of Reserves) of the Companies Act applies)" in Article 60, paragraph (1) shall be deemed to be replaced with "a date within two weeks from the date of receipt of the permission set forth in Article 249-2, paragraph (1) pertaining to the reduction (excluding the cases where the whole of the amount by which the reserves are reduced is appropriated to the capital) of the capital or reserves," the term "two weeks before the date of the Shareholders Meeting, etc. set forth in Article 136, paragraph (1) in the preceding Article" in Article 136-2 shall be deemed to be replaced with "a date within two weeks from the date of receipt of the permission set forth in Article 249-2, paragraph (1) or (2) pertaining to the transfer of insurance contracts," and the terms "the public notice set forth in the following paragraph" in Article 250, paragraph (3) and "the public notice set forth in the preceding paragraph" in paragraph (5) in that Article shall be deemed to be replaced with "the public notice set forth in Article 249-2, paragraph (8)"; and the provisions of Article 156-2 and Article 250, paragraph (4) shall not apply.
- (7) The district court with jurisdiction over the location of the head office or principle office of that Company Being Managed shall have jurisdiction over

matters pertaining to Replacement Permissions.

- (8) The court shall, when it has made a decision on Replacement Permissions, serve that written decision on the Company Being Managed and make a public notice as to the gist of that decision.
- (9) The public notice made pursuant to the provision of the preceding paragraph shall be published in the Official Gazette.
- (10) The decision on Replacement Permissions shall take effect as from the time it has been served on the Company Being Managed under the provision of paragraph (8).
- (11) Shareholders or members may make an immediate appeal against the decision on Replacement Permissions within an unextendable period of one week from the date of the public notice set forth in paragraph (8). In this case, when the immediate appeal is against a decision on Replacement Permissions pertaining to dissolution, it shall have the effect of a stay of execution.
- (12) The provisions of Article 2 to Article 4 inclusive (Court with Jurisdiction, Priority Jurisdiction and Transfer, Designations of Courts with Jurisdiction), Article 15 (Statements and Attendance of a Public Prosecutor), Article 16 (Obligation to Notify a Public Prosecutor), Article 18, paragraphs (1) and (2) (Effect of Decisions), and Article 20 (Appeals) of the Act on Procedures in Non-Contentious Cases (Act No. 14 of 1898) shall not apply concerning matters pertaining to Replacement Permissions.

(Special Provisions on Registration Pertaining to Replacement Permissions)

Article 249-3 The cases where Replacement Permissions pertaining to matters listed in paragraph (1), item (ii) or (iii) or paragraph (2), item (iii) in the preceding Article or matters specified in paragraph (3) or (4) in that Article, a transcript or extract of the written decision of said Replacement Permissions shall be attached to the written application for registration pertaining to said matters.

Subsection 3 Modification of Contract Conditions in Merger, etc.

(Modification of Contract Conditions in Transfer of Insurance Contracts)

Article 250 (1) In addition to the minor modifications prescribed in Article 135, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1) and Article 272-29) made to the contract set forth in Article 135, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1) and Article 272-29), an Insurance Company, etc., or Foreign Insurance Company, etc., may, in the cases that fall under the following listed cases, prescribe a reduction in the amount of insurance claims and any other modifications to contract clauses

with regard to insurance contracts (excluding specified contracts) that will be transferred pursuant to that contract (excluding said minor modifications, that reduce the policy reserves that should be reserved from Insurance Premiums received after the time of the public notice, etc., prescribed in paragraph (3), item (i) with regard to Covered Insurance Contracts other than specified Covered Insurance Contracts (referred to as Covered Insurance Contracts prescribed in Article 270, paragraph (3), item (i)), and modifications that will establish disadvantageous content relating to cancellation refunds or any other similar benefits specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance that accrue after the time of the public notice, etc., prescribed in that item with regard to specified Covered Insurance Contracts compared to other insurance claims or any other benefits pertaining to said specified Covered Insurance Contracts; hereinafter referred to in this Subsection as "Modifications to Contract Conditions"):

- (i) In the case where agreement to a transfer of insurance contracts pertaining to all insurance contracts has been ordered pursuant to the provision of Article 241, paragraph (1), when said insurance contracts are to be transferred;
 - (ii) In the case where the company is a Company Being Managed, when a transfer of insurance contracts pertaining to all or some insurance contracts is to be made in accordance with a plan as set forth in Article 247, paragraph (1) that has received approval as set forth in paragraph (2) in that Article (including the approval of modification as set forth in paragraph (4) in that Article);
 - (iii) In the case where the company is a Bankrupt Insurance Company as prescribed in Article 260, paragraph (2) that has received the recognition of the Prime Minister as set forth in Article 268, paragraph (1) or Article 270, paragraph (1), when insurance contracts pertaining to all its insurance contracts are to be transferred to a Relief Insurance Company as prescribed in Article 260, paragraph (3) (excluding the case given in the preceding two items).
- (2) In the case where insurance contracts are to be transferred as set forth in the item (i) or (iii) in the preceding paragraph, all the insurance contracts pertaining to that Insurance Company, etc., or Foreign Insurance Company, etc., (including insurance contracts pertaining to business related to the cancellation of specified Covered Insurance Contracts), other than specified contracts, shall be transferred collectively.
- (3) The term "Specified Contracts" prescribed in the preceding two paragraphs refers to the following:
- (i) Insurance contracts for which an insured event (limited to insurance contracts which would be terminated with the payment of insurance claims

pertaining to the insured event) has already occurred at the Time of the Public Notice set forth in the following paragraph (when payment pertaining to said insurance contracts has already been suspended at the time of said public notice in the case where a whole or partial suspension of business has been ordered pursuant to the provision of Article 241, paragraph (1) and payment pertaining to insurance contracts has been suspended or in the case where business has been suspended pursuant to the provision of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2)), paragraph (5) in this Article, Article 254, paragraph (4), or Article 255-2, paragraph (3), and payment pertaining to insurance contracts has been suspended; referred to as "Time of Public Notice, etc." in the following item);

- (ii) Insurance contracts for which the insured period has already terminated at the Time of Public Notice, etc. (including those that, at the Time of Public Notice, etc., were cancelled during the insured period and any others for which a cause of termination of insurance contracts has occurred (excluding those for which payment pertaining to insurance contracts has been suspended pursuant to an order under the provision of Article 240-3), and excluding those given in the preceding item).
- (4) In the case set forth in paragraph (1), an Insurance Company, etc., shall, on the date of mailing convocation notices for the Shareholders Meeting, etc., set forth in Article 136, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-29), make public notice to the effect that said Shareholders Meeting, etc., will be held and that a resolution to transfer insurance contracts that include said Modifications of Contract Conditions is the purpose of the meeting; a Foreign Insurance Company, etc., shall, on the date of issue of contracts pertaining to the contracts set forth in Article 135, paragraph (1), make public notice to the effect that contracts that contain said Modifications of Contract Conditions have been issued.
- (5) The Insurance Company, etc., or Foreign Insurance Company, etc., set forth in paragraph (1) shall suspend all of its business (excluding the business of payment of Covered Insurance Claims and business related to the cancellation of Specified Contracts subject to compensation) from the Time of Public Notice as set forth in the preceding paragraph, excluding the case where, already at the Time of Public Notice, the suspension of all of its business has been ordered pursuant to the provision of Article 241, paragraph (1) or all of its business has been suspended pursuant to the provisions of the main clause of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2)), the main clause of this paragraph, the main clause of Article 254, paragraph (4), or the main clause of Article 255-2, paragraph (3); provided, however, that this shall not apply to a portion of its business in the

case that the Prime Minister has found it necessary that the portion of business not be suspended pursuant to a report from that Insurance Company, etc., or Foreign Insurance Company, etc.

(Special Provisions on Public Notice of Transfer of Insurance Contracts and Raising of Objections)

Article 251 (1) In the case where insurance contracts are to be transferred as set forth in the paragraph (1) in the preceding Article, the public notice set forth in Article 137, paragraph (1) (including the cases where it is applied *mutatis mutandis* pursuant to Article 210, paragraph (1) and Article 272-29) shall include a supplementary note on the main content of modifications in the rights and duties of Insurance Policyholders caused by a Modification of Contract Conditions and any other matters specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(2) With regard to the application of the provisions of Article 135, paragraph (2) and Article 137, paragraph (4) (including the cases where it is applied *mutatis mutandis* pursuant to Article 210, paragraph (1) and Article 272-29; hereinafter the same shall apply in this paragraph) in the case where insurance contracts are to be transferred as set forth in the paragraph (1) in the preceding Article, "insurance contracts for which an insured event has already occurred at the Time of Public Notice set forth in Article 137, paragraph (1) (limited to insurance contracts which would be terminated with the payment of insurance claims pertaining to the insured event) and any other insurance contracts specified by a Cabinet Order" in Article 135, paragraph (2) shall be deemed to be replaced with "Specified Contracts prescribed in Article 250, paragraph (3)," and the terms "one fifth" and "at the Time of Public Notice under the provision of paragraph (1) with regard to said insurance contracts" in Article 137, paragraph (4) shall be deemed to be replaced with "one tenth" and "for said insurance contracts, in the case that said insurance contracts are Specified Contracts as prescribed in Article 250, paragraph (3)," respectively.

(Effect of Transfer of Insurance Contracts Accompanied by Modification in Contract Conditions)

Article 252 When a transfer of insurance contracts has taken place as set forth in Article 250, paragraph (1), the Transferee Company prescribed in Article 135, paragraph (1) shall assume the claims and obligations pertaining to insurance contracts pertaining to the transfer of insurance contracts under the conditions set forth after the Modifications to Contract Conditions specified in the contract set forth in Article 135, paragraph (1) (including the cases where it is applied *mutatis mutandis* pursuant to Article 210, paragraph (1) and Article 272-29; hereinafter the same shall apply in this Article) have been

made with regard to said insurance contracts.

(Notice of Modification of Contract Conditions)

Article 253 With regard to the application of the provision of Article 140, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1) and Article 272-29; hereinafter the same shall apply in this Article) in the case where a transfer of insurance contracts has taken place as set forth in Article 250, paragraph (1), the term "the fact that a transfer of insurance contracts has been received and the content of said minor modifications when the minor modifications prescribed in the paragraph (4) in that Article have been established" in Article 140, paragraph (2) shall be deemed to be replaced with "the fact that a transfer of insurance contracts has been received and the content of the rights and duties of Insurance Policyholders after said Modification of Contract Conditions when the Modification of Contract Conditions prescribed in Article 250, paragraph (1) (including the minor modifications prescribed in Article 135, paragraph (4), hereinafter the same shall apply in this paragraph) has been established."

(Modification of Contract Conditions in Merger Agreement)

Article 254 (1) An Insurance Company, etc., may, in the cases that fall under the following listed cases, specify Modifications of Contract Conditions with regard to insurance contracts (excluding Specified Contracts) pertaining to that Insurance Company, etc., in merger agreements:

- (i) In the case where agreement to a merger has been ordered pursuant to the provision of Article 241, paragraph (1), when a merger is intended;
 - (ii) In the case where the company is a Company Being Managed, when a merger is to be made in accordance with a plan as set forth in Article 247, paragraph (1) that has received approval as set forth in paragraph (2) in that Article (including the approval of modifications as set forth in paragraph (4) in that Article);
 - (iii) In the case where the company is a Bankrupt Insurance Company as prescribed in Article 260, paragraph (2) that has received the recognition of the Prime Minister as set forth in Article 268, paragraph (1) or Article 270, paragraph (1), when a merger is to be made that will result in the survival of a Relief Insurance Company as prescribed in Article 260, paragraph (3) (excluding the case given in the preceding two items).
- (2) The provision of Article 250, paragraph (3) shall apply mutatis mutandis to the Specified Contracts prescribed in the preceding paragraph. In this case, the term "the following paragraph" shall be deemed to be replaced with "Article 254, paragraph (3)."
- (3) The Insurance Company, etc., set forth in paragraph (1) shall, on the date of

mailing convocation notices for the Shareholders Meeting, etc., at which a resolution will be made on the approval set forth in Article 783, paragraph (1) (Approval, etc., of Absorption-Type Merger Agreements, etc.), Article 795, paragraph (1) (Approval, etc., of Absorption-Type Merger Agreements, etc.), or Article 804, paragraph (1) (Approval of Consolidation-Type Merger Agreements, etc.) of the Companies Act, or Article 165-3, paragraph (1), Article 165-10, paragraph (1), or Article 165-16, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20), make public notice to the effect that said Shareholders Meeting, etc., will be held and that a resolution on the approval of a merger agreement is the purpose of the meeting.

(4) The Insurance Company, etc., set forth in paragraph (1) shall suspend all of its business (excluding the business of payment of Covered Insurance Claims and business related to the cancellation of specified Covered Insurance Contracts) from the Time of Public Notice as set forth in the preceding paragraph, excluding the case where, already at the Time of Public Notice, the suspension of all of its business has been ordered pursuant to the provision of Article 241, paragraph (1) or all of its business has been suspended pursuant to the provisions of the main clause of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2)), the main clause of Article 250, paragraph (5), the main clause of this paragraph, or the main clause of Article 255-2, paragraph (3); provided, however, that this shall not apply to a portion of its business in the case that the Prime Minister has found it necessary that the portion of business not be suspended pursuant to a report from that Insurance Company, etc.

(Special Provisions on Public Notice of Merger and Raising of Objections)

Article 255 (1) The Insurance Company, etc., set forth in paragraph (1) in the preceding Article, shall attach a supplementary note to the public notice under the provisions of Article 165-7, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12), Article 165-17, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20), or Article 165-24, paragraph (2) on the main content of modifications in the rights and duties of Insurance Policyholders caused by a Modification of Contract Conditions and any other matters specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(2) With regard to the application of the provision of Article 70, paragraph (6), as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12), Article 88, paragraph (6), as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) (including the cases where it is applied mutatis mutandis

pursuant to Article 165-20), or Article 165-24, paragraph (6) in the case where a merger is to be made as set forth in paragraph (1) in the preceding Article, in these provisions, the term "insurance contracts under which the right to Insurance Claims, etc., had already arisen at the Time of Public Notice under the provision of that paragraph (limited to those contracts that would be terminated with payment pertaining to said right to Insurance Claims, etc.)" shall be deemed to be replaced with "insurance contracts prescribed in Article 250, paragraph (3), as applied mutatis mutandis pursuant to Article 254, paragraph (2)," the term "one fifth" shall be deemed to be replaced with "one tenth," the term "Right to Insurance Claims, etc." shall be deemed to be replaced with "insurance claims pertaining to the Specified Contracts prescribed in Article 250, paragraph (3), as applied mutatis mutandis pursuant to Article 254, paragraph (2), and any other rights specified by a Cabinet Order."

- (3) In the case of a merger as set forth in paragraph (1) in the preceding Article, the Insurance Company, etc., that survives after the merger or the Insurance Company, etc., that is incorporated by the merger shall, within three months after the merger, notify the Insurance Policyholders of the Insurance Company, etc., of that paragraph to that effect and of the content of the rights and duties of Insurance Policyholders after the Modification of Contract Conditions.

(Modification of Contract Conditions in Acquisition of Shares)

Article 255-2 (1) An Insurance Company, etc., or Foreign Insurance Company, etc., may, in the cases that fall under the following listed cases (limited to cases in which shares are acquired to execute matters specified by the Prime Minister and the Minister of Finance as necessary to ensure the sound and appropriate operation of the business of said Insurance Company, etc., or Foreign Insurance Company, etc., and protect Insurance Policyholders, etc.), prepare a plan to modify contract conditions and modify contract conditions of insurance contracts (excluding Specified Contracts) pertaining to that Insurance Company, etc., or Foreign Insurance Company, etc. In this case, the main content of changes in the rights and duties of Insurance Policyholders caused by the Modification of Contract Conditions and any other matters specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance shall be specified in the plan to modify contract conditions:

- (i) In the case where agreement to become a Subsidiary Company of another Insurance Company, etc., Foreign Insurance Company, etc., or Insurance Holding Company, etc., pursuant to the provision of Article 241, paragraph (1) by the acquisition of shares has been ordered, when the company becomes a subsidiary of another Insurance Company, etc., Foreign Insurance Company, etc., or Insurance Holding Company, etc., by the acquisition of

said shares;

- (ii) In the case where the company is a Company Being Managed, when that company becomes a subsidiary of another Insurance Company, etc., Foreign Insurance Company, etc., or Insurance Holding Company, etc., by the acquisition of shares in accordance with a plan as set forth in Article 247, paragraph (1) that has received the approval set forth in the paragraph (2) in that Article (including the approval of the modifications set forth in the paragraph (4) in that Article);
 - (iii) In the case where the company is a Bankrupt Insurance Company as prescribed in Article 260, paragraph (2) that has received the recognition of the Prime Minister as set forth in Article 268, paragraph (1), when that company becomes a subsidiary of a Relief Insurance Company or Relief Insurance Holding Company, etc., as prescribed in Article 260, paragraph (3) by the acquisition of shares (excluding the case given in the preceding two items).
- (2) The provision of Article 250, paragraph (3) shall apply mutatis mutandis to the Specified Contracts prescribed in the preceding paragraph. In this case, the term "the following paragraph" in paragraph (3), item (i) in that Article shall be deemed to be replaced with "Article 255-4, paragraph (1)."
- (3) An Insurance Company, etc., or Foreign Insurance Company, etc., that intends to make the Modification of Contract Conditions set forth in paragraph (1) (hereinafter referred to as "Modified Company" in this Subsection) shall suspend all of its business (excluding the business of payment of Covered Insurance Claims and business related to the cancellation of specified Covered Insurance Contracts) from the Time of Public Notice as set forth in Article 255-4, paragraph (1), excluding the case where, already at the time of public notice, the suspension of all of its business has been ordered pursuant to the provision of Article 241, paragraph (1) or all of its business has been suspended pursuant to the provisions of the main clause of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2)), the main clause of Article 250, paragraph (5), the main clause of Article 254, paragraph (4), or the main clause of this paragraph; provided, however, that this shall not apply to a portion of its business in the case that the Prime Minister has found it necessary that the portion of business not be suspended pursuant to a report from that Insurance Company, etc., or Foreign Insurance Company, etc.

(Keeping, etc. of Documents pertaining to Modification of Contract Conditions,) Article 255-3 (1) A Modified Company shall, from the date of public notice under the provision of the paragraph (1) in the following Article until the last day of the period of the supplementary note attached to the public notice of the paragraph (1) in that Article pursuant to the provision of the paragraph (2) in

that Article, keep a document or electromagnetic record stating or recording the content of a plan to modify contract conditions and any other matter specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance at the company's business offices or other offices.

- (2) Insurance Policyholders pertaining to an insurance contract that is to be modified pursuant to a plan to modify contract conditions (referred to as "Policyholders Subject to Modify" in the following Article) may make the following listed requests to the Modified Company during its operating hours or business hours; provided, however, that they pay the expenses determined by that Modified Company in making a request falling under item (ii) or (iv):
- (i) A request for inspection of the document set forth in the preceding paragraph;
 - (ii) A request for a transcript or extract of the document set forth in the preceding paragraph;
 - (iii) A request for inspection of anything that displays the matters recorded on the electromagnetic records set forth in the preceding paragraph by a manner specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance;
 - (iv) A request for the provision of the matters recorded on the electromagnetic records set forth in the preceding paragraph by electromagnetic means determined by that Modified Company or for any document that describes such matters.

(Public Notice of Modification of Contract Conditions and Raising of Objections)

Article 255-4 (1) A Modified Company shall, on the day of preparation of a plan to modify contract conditions, make a public notice on the gist of the plan to modify contract conditions and the balance sheet and any other matter specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

- (2) The public notice set forth in the preceding paragraph shall include a supplementary note to the effect said persons who are Policyholders Subject to Modify who have an objection should raise their objections within a set period of time.
- (3) The period under the preceding paragraph cannot be less than one month.
- (4) Contract conditions shall not be modified when the number of Policyholders Subject to Modify who have raised objections within the period of time set forth in paragraph (2) exceeds one tenth of the total number of Policyholders Subject to Modify and the amount specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as an amount equivalent to the sum of the claims pertaining to the insurance contracts of Policyholders Subject to

Modify who have raised such objections exceeds one tenth of the total amount of that amount of Policyholders Subject to Modify.

- (5) When the number of Policyholders Subject to Modify who have raised their objections within the period of time set forth in paragraph (2) or the amount specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance belonging to those Policyholders as set forth in the preceding paragraph does not exceed the percentage specified in that paragraph, all of said Policyholders Subject to Modify shall be deemed to have approved said Modification of Contract Conditions.

(Public Notice, etc., of Modification of Contract Conditions)

Article 255-5 (1) A Modified Company shall, without delay after the Modification of Contract Conditions, make a public notice of the fact a Modification of Contract Conditions has been made and of matters specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance. The same shall apply even when a Modification of Contract Conditions is not made.

- (2) A Modified Company shall, within three months after the Modification of Contract Conditions, notify the Insurance Policyholders pertaining to said Modification of Contract Conditions of the content of the rights and duties of Insurance Policyholders after said Modification of Contract Conditions.

Section 3 Order, etc. for Implementation of Procedure of Merger, etc.

(Designation of the Other Party in Consultation of Merger, etc.)

Article 256 (1) The Prime Minister may, when an Insurance Company (including a Foreign Insurance Company, etc.; hereinafter the same shall apply in this Chapter, except in Article 260, paragraph (1), item (ii), Article 260, paragraph (6), and Article 260, paragraph (8), item (ii), and Article 270-6) falls under the category of a Bankrupt Insurance Company (referring to a Bankrupt Insurance Company as prescribed in Article 260, paragraph (2); hereinafter the same shall apply in this Section) and he/she finds it necessary, designate another Insurance Company or Insurance Holding Company, etc., as the other party with which that Bankrupt Insurance Company shall hold a consultation pertaining to a Merger, etc., and recommend that other Insurance Company or Insurance Holding Company, etc. to agree to participate in the consultation.

- (2) The Prime Minister may, when he/she finds it necessary for making the recommendation set forth in the preceding paragraph, within the limit of that necessity, deliver material related to the status of the business or property of a Bankrupt Insurance Company or an Insurance Company recognized as having a high probability of becoming a Bankrupt Insurance Company to another Insurance Company or Insurance Holding Company, etc., and make any other

necessary preparations for said recommendation.

- (3) The Prime Minister may, request necessary cooperation, concerning the recommendation set forth in the paragraph (1) or the preparations set forth in the preceding paragraph, from the Policyholders Protection Corporation to which the Bankrupt Insurance Company or the Insurance Company recognized as having a high probability of becoming a Bankrupt Insurance Company has entered as a member.

(Mediation of the Conditions of Merger, etc.)

Article 257 (1) The Prime Minister may, when no agreement is reached in the case set forth in paragraph (1) of the preceding Article, hear in advance the opinions of the Bankrupt Insurance Company pertaining to the recommendation set forth in that paragraph and the opinions of the other Insurance Company or Insurance Holding Company, etc., that received the recommendation set forth in that paragraph, indicate the conditions and conduct necessary mediation.

- (2) The provisions of paragraph (2) and paragraph (3) of the preceding Article, shall apply mutatis mutandis to the mediation set forth in the preceding paragraph. In this case, the term "Bankrupt Insurance Company or an Insurance Company recognized as having a high probability of becoming a Bankrupt Insurance Company" in paragraph (2) in that Article shall be deemed to be replaced with "Bankrupt Insurance Company."

(Order to Implement Proceedings of Merger, etc.)

Article 258 (1) The Prime Minister may, in the case set forth in paragraph (1) of the preceding Article, when the other Insurance Company or Insurance Holding Company, etc., of that paragraph has consented to the conditions pertaining to the mediation, order the Bankrupt Insurance Company pertaining to the mediation set forth in that paragraph to conduct the proceedings necessary to execute the Merger, etc., in accordance with said conditions.

- (2) The provisions of Article 245 shall apply mutatis mutandis in the case set forth in the preceding paragraph (excluding the case where a Disposition Ordering Management has been received). In this case, the term "Insurance Administrator" in the proviso of that Article shall be deemed to be replaced with "said Bankrupt Insurance Company."

Section 4 Financial Assistance, etc., Provided by Policyholders Protection Corporation

Subsection 1 Policyholders Protection Corporation

Division 1 General Rules

(Purpose)

Article 259 The purpose of a Policyholders protection corporation (hereinafter referred to as "Corporation" in this Section, the following Section, Part IV, and Part V) is to protect Insurance Policyholders, etc., by providing financial assistance in the transfer, etc., of insurance contracts pertaining to a Bankrupt Insurance Company, providing executive management for the succeeding Insurance Company, underwriting insurance contracts, providing financial assistance pertaining to the payment of Covered Insurance Claims, and purchasing the Right to Insurance Claims, etc., thereby maintaining credibility in the Insurance Business.

(Definitions)

Article 260 (1) The term "Transfer, etc., of Insurance Contracts" as used in this Section refers to the following:

- (i) The transfer, between a Bankrupt Insurance Company and another Insurance Company, of insurance contracts pertaining to all or some of the insurance contracts pertaining to a Bankrupt Insurance Company;
 - (ii) The survival, by a merger of a Bankrupt Insurance Company (excluding a Foreign Insurance Company, etc.) and another Insurance Company, of that other Insurance Company;
 - (iii) That which is performed in order to execute matters specified by the Prime Minister and the Minister of Finance as necessary to ensure the sound and appropriate operation of the business of a Bankrupt Insurance Company (in the case of Foreign Insurance Companies, etc., business in Japan; hereinafter the same shall apply in the following paragraph and the following Subsection) and protect Insurance Policyholders, etc., by the acquisition of the shares of that Bankrupt Insurance Company under another Insurance Company or Insurance Holding Company, etc.
- (2) The term "Bankrupt Insurance Company" as used in this Section means the following:
- (i) A company that will likely suspend the payment of insurance claims or that has suspended the payment of insurance claims in the light of the status of its business or property (in the case of Foreign Insurance Companies, etc., property located in Japan; hereinafter the same shall apply in the following item);
 - (ii) A company that is unable to satisfy its obligations with its property or a company at which a situation will likely arise in which it is unable to satisfy its obligations with its property.
- (3) The term "Relief Insurance Company" as used in this Section means a company that is not a Bankrupt Insurance Company among Insurance

- Companies that conduct a Transfer, etc., of Insurance Contracts; the term "Relief Insurance Holding Company, etc." means an Insurance Holding Company, etc. that acquires the shares specified in paragraph (1), item (iii).
- (4) The term "Financial Assistance" as used in this Section means the donation of money, the purchase of assets, or the Securing of Damage.
- (5) The term "Securing of Damage" as used in this Section means, in the case where a loss is caused by the collection of the assets specified in the following items at amounts that fall below their book value or by any other reason, the making up of all or part of the amount of said loss to the company specified in each of the items based on a contract that was concluded in advance:
- (i) Assets assumed by a Relief Insurance Company, a Reassuming Insurance Company (refers to an Insurance Company that reassumes insurance contracts and is not an Succeeding Insurance Company; the same shall apply hereinafter), or a Re-transferee Company (refers to an Insurance Company to which insurance contracts will be re-transferred; the same shall apply hereinafter) by the transfer of insurance contracts as prescribed in paragraph (1), item (i), paragraph (8), item (i), or paragraph (11) or by a merger as prescribed in paragraph (1), item (ii) or paragraph (8), item (ii): That Relief Insurance Company, Reassuming Insurance Company, or Re-transferee Company.
- (ii) The assets of an Insurance Company whose shares were acquired as prescribed in paragraph (1), item (iii) or paragraph (8), item (iii): That Insurance Company.
- (6) The term "Succeeding Insurance Company" as used in this Section refers to an Insurance Company, the main purpose of which is to take over the insurance contracts of a Bankrupt Insurance Company by a transfer of insurance contracts or merger and to manage and dispose of said taken over insurance contracts, that is formed as a Subsidiary Company of a Corporation (referring to a company of which the Corporation holds voting rights exceeding fifty hundredths of the voting rights of all shareholders; the same shall apply hereinafter).
- (7) The term "Succession of Insurance Contracts" as used in this Section means the taking over, by an Succeeding Insurance Company, of the insurance contracts of a Bankrupt Insurance Company by a transfer of insurance contracts or merger and the management and disposition of said taken over insurance contracts.
- (8) The term "Reassumption of Insurance Contracts" as used in this Section refers to the following:
- (i) The transfer, between an Succeeding Insurance Company and another Insurance Company, of insurance contracts pertaining to all or part of the insurance contracts pertaining to the Succeeding Insurance Company;

- (ii) The survival, by a merger between an Succeeding Insurance Company and another Insurance Company, of that other Insurance Company;
 - (iii) That which is performed in order to execute matters specified by the Prime Minister and the Minister of Finance as necessary to ensure the sound and appropriate operation of the business of an Succeeding Insurance Company and protect Insurance Policyholders, etc., by the acquisition of the shares of that Succeeding Insurance Company under another Insurance Company or Insurance Holding Company, etc.
- (9) The term "Underwriting Insurance Contracts" as used in this Section refers to the receiving of a transfer of insurance contracts pertaining to all or a part of the insurance contracts of a Bankrupt Insurance Company pursuant to a contract between a Corporation and that Bankrupt Insurance Company.
- (10) The term "Management and Disposition of Insurance Contracts" as used in this Section refers to the acceptance of Insurance Premiums and the payment of insurance claims, refunds, or any other benefit based on insurance contracts, the utilization of money accepted as Insurance Premiums under insurance contracts and any other assets, the conclusion of reinsured insurance contracts pertaining to insurance contracts, the transfer of insurance contracts to Insurance Companies, and any other matter specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as pertaining to insurance contracts.
- (11) The term "Re-transfer of Insurance Contracts" as used in this Section refers to, the transfer, between a Corporation that has underwritten insurance contracts and an Insurance Company, of insurance contracts pertaining to all or part of the insurance contracts taken over by the underwriting of said insurance contracts.

(Juridical Personality)

Article 261 A protection Corporation shall be a juridical person.

(Kinds of Corporations)

Article 262 (1) A Corporation shall, for each kind of license pertaining to the Insurance Business, accept as membership insurance companies that have received a license that falls under that Kind of License.

- (2) The Kinds of Licenses set forth in the preceding paragraph shall be the following two kinds:
- (i) Life insurance business license, foreign life insurance business license, and specified life insurance business license;
 - (ii) Non-life insurance business license, foreign non-life insurance business license, and specified non-life insurance business license.

(Name)

Article 263 (1) A Corporation shall use the term "Hoken Keiyakusha Hogo Kiko" (which means "Policyholders Protection Corporation") in its name.

(2) No person other than a Corporation shall use any term "Policyholders Protection Corporation" in its name.

(Registration)

Article 264 (1) A Corporation must complete its registration pursuant to the provisions of a Cabinet Order.

(2) No matters that should be registered pursuant to the provisions of the preceding paragraph may be duly asserted against a third party prior to the registration.

(Application mutatis mutandis, of the Act on General Incorporated Association and General Incorporated Foundation)

Article 265 The provisions of Article 4 (Address) and Article 78 (Liability for damages as to the acts of representative persons) of the Act on General Incorporated Association and General Incorporated Foundation shall apply mutatis mutandis to a Corporation.

Division 2 Membership

(Qualification, etc., of Membership)

Article 265-2 (1) Those holding the qualification for membership in a Corporation shall be limited to Insurance Companies (excluding Insurance Companies specified by a Cabinet Order; hereinafter the same shall apply in the following Article).

(2) A Corporation shall not refuse entry to those who hold the qualification for membership nor set unreasonable conditions with respect to that entry.

(Entry Obligations, etc.)

Article 265-3 (1) An Insurance Company shall enter as a member one Corporation that accepts as memberships insurance companies that have received the license falling under the kind of license prescribed in Article 262, paragraph (2) (hereinafter referred to as "Kind of License" in the following paragraph) that is the same as its license.

(2) Those who intend to receive a license set forth in Article 3, paragraph (1), Article 185, paragraph (1), or Article 219, paragraph (1) (excluding those specified by a Cabinet Order) shall, at the time of application for that license, undertake the procedure to enter one Corporation that accepts as memberships insurance companies that are to receive the license falling under the Kind of

License that is the same as that license, pursuant to the provision of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

- (3) Those who have undertaken the procedure to enter a Corporation pursuant to the provision of the preceding paragraph will become a membership of said Corporation upon receiving the license set forth in that paragraph.
- (4) A Corporation shall, when an Insurance Company has become a membership of said Corporation pursuant to the provision of the preceding paragraph, promptly report that fact to the Prime Minister and the Minister of Finance.

(Withdrawal, etc.)

Article 265-4 (1) A membership shall withdraw for the following reasons:

- (i) Rescission of license;
 - (ii) Expiration of license.
- (2) A membership may not withdraw from a Corporation, except in the cases occurring under the reasons listed in the items of the preceding paragraph or in the case where the membership receives approval from the Prime Minister and Minister of Finance and becomes a membership of another Corporation.
 - (3) In the case where a membership withdraws from a Corporation, when there are expenses incurred by said Corporation to perform obligations pertaining to the following listed borrowing of funds, the membership shall assume the obligation to pay as an assessment an amount calculated by said Corporation pursuant to the provision of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as an expense amount that should be borne by the membership:
 - (i) The borrowing of funds performed pursuant to the provision of Article 265-42 in order to implement the business listed in Article 265-28, paragraph (1), items (iii) to (vii) inclusive and Article 265-28, paragraph (2), items (i) to (iii) inclusive that said Corporation has decided to carry out by the day of that withdrawal;
 - (ii) The borrowing of funds that will be performed pursuant to the provision of Article 265-42 in order to implement the business listed in Article 265-28, paragraph (1), items (iii) to (vii) inclusive and Article 265-28, paragraph (2), items (i) to (iii) inclusive that said Corporation has decided to carry out by the day of that withdrawal.
 - (4) When an application for the approval set forth in paragraph (2) has been submitted, the Prime Minister and Minister of Finance shall not give that approval unless the membership pertaining to the application meets the following requirements:
 - (i) Said membership has satisfied the obligations it bears as a membership of the Corporation it intends to withdraw from;
 - (ii) Said membership appears certain to perform the obligation to pay as a

assessment the amount calculated as prescribed in the preceding paragraph pursuant to the provision of that paragraph;

(iii) Said membership has undertaken the procedure to enter another Corporation as a member.

(Fine for Default of Membership)

Article 265-5 A Corporation may, pursuant to the provisions specified by the articles of incorporation, impose a fine for default on a membership that has violated a provision of this Section or the Corporation's articles of incorporation or any other rules.

Division 3 Establishment

(Founders)

Article 265-6 In order to form a Corporation, ten or more insurance companies that intend to become its memberships must become the founders.

(Organizational Meeting)

Article 265-7 (1) The founders shall, after preparing articles of incorporation and a business plan, invite those who intend to become memberships, make a public notice of these together with the time and location at least two weeks before the date the meeting shall be held, and hold an Organizational Meeting.

(2) Approval of the articles of incorporation and business plan and the decision on any other matters necessary for the incorporation of a corporation shall depend on a resolution of the Organizational Meeting.

(3) The business of the Organizational Meeting set forth in the preceding paragraph shall be decided by two-thirds or more of the votes held by those in attendance, where one half or more of the founders and those who have the qualification for membership and have notified the founders in writing by the date of the Organizational Meeting of their intention to become memberships are present.

(4) The following matters and any other matters necessary for the management of business in the business year including the date of incorporation of the Corporation may be decided by the resolution of the Organizational Meeting, notwithstanding the provisions of Article 265-25 and Article 265-34, paragraph (3):

(i) The preparation of business rules;

(ii) The decision of the budget and financial plan for the business year including the date of incorporation of the Corporation;

(iii) The decision of the assessment rate prescribed in Articles 265-34, paragraph (1), items (i) and (ii).

- (5) The provision of Article 265-26, paragraph (2) shall apply mutatis mutandis in the case where the matters prescribed in the preceding paragraph are made the business of the Organizational Meeting pursuant to the provision of that paragraph. In this case, the term "items (i), (iii), and (v) of the preceding Article," shall be deemed to be replaced with "Article 265-7, paragraph (4), item (i)."
- (6) The provisions of Article 265-27-4 and Article 265-27-5 shall apply mutatis mutandis to the resolutions of the Organizational Meeting.

(Application for Authorization for Establishment)

Article 265-8 (1) The founders shall, without delay after the end of the Organizational Meeting, apply for approval for incorporation by submitting to the Prime Minister and Minister of Finance an approval application that states the following matters:

- (i) Name;
 - (ii) Office address;
 - (iii) Names of the officers and memberships.
- (2) Documents that state the articles of incorporation, business plan, and any other matters specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance shall be attached to the application for approval set forth in the preceding paragraph.

(Approval for Establishment)

Article 265-9 (1) The Prime Minister and Minister of Finance shall, in the case where an application for approval has been submitted under the provision in paragraph (1) of the preceding Article, examine whether that application conforms to the following criteria:

- (i) The procedure of incorporation and the content of the articles of incorporation and business plan conform to the provisions of laws and regulations;
 - (ii) There are no false statements in the articles of incorporation and business plan.
 - (iii) There are no persons among the officers who fall under any of the items listed in Article 265-16;
 - (iv) It is deemed certain that the management of business will be undertaken appropriately;
 - (v) The organization of the Corporation pertaining to the application conforms to the provisions of this Act.
- (2) The Prime Minister and Minister of Finance shall, when they find as a result of the examination pursuant to the provision of the preceding paragraph that the application conforms to the criteria of that paragraph, authorize the

incorporation.

(Succession of Affairs)

Article 265-10 When an approval for incorporation has been granted, the founders shall, without delay, hand over the affairs to the president of the Corporation.

(Period of Establishment, etc.)

Article 265-11 (1) The Corporation shall be established upon completing the registration of its incorporation at the location of its principal office.

(2) The Corporation shall, when it has completed the registration of its incorporation as set forth in the preceding paragraph, notify the Prime Minister and Minister of Finance to that effect without delay.

Division 4 Management

(Articles of Incorporation)

Article 265-12 (1) The Corporation's articles of incorporation shall state the following matters:

(i) Purpose;

(ii) Name;

(iii) Office address;

(iv) Matters related to memberships;

(v) Matters related to officers;

(vi) Matters related to the management committee and the evaluation examination board;

(vii) Matters related to the General Meeting;

(viii) Matters related to business and its execution;

(ix) Matters related to assessments;

(x) Matters related to finances and accounting;

(xi) Matters related to dissolution;

(xii) Matters related to an amendment in the articles of incorporation;

(xiii) Method of Public Notices.

(2) Modifications to the Corporation's articles of incorporation shall be null and void without the approval of the Prime Minister and Minister of Finance.

(Decision of Officers and Business)

Article 265-13 (1) The Corporation shall have one president, two or more directors, and one or more auditors as officers.

(2) The business of the Corporation shall be decided by a majority of the president and directors, unless otherwise provided for in the articles of

incorporation.

(Duties and Authority of Officers)

Article 265-14 (1) The president shall represent the Corporation and preside over its business.

- (2) The directors shall, as determined by the president, represent the Corporation, assist the president in administering the business of the Corporation, act on behalf of the president when he/she has had an accident, and perform the duties of the president when his/her position is vacant.
- (3) The auditors shall audit the state of the Corporation's business and accounting, and report the results of those audits to the General Meeting.
- (4) The auditors may, when it is found necessary based on the results of audits, submit opinions to the president or to the Prime Minister and Minister of Finance.

(Appointment, Dismissal, and Term of Office of Officers)

Article 265-15 (1) Officers shall be appointed or dismissed at General Meetings pursuant to the provisions of the articles of incorporation; provided, however, that the officers at the time of incorporation shall be appointed at the Organizational Meeting.

- (2) The appointment and dismissal of officers under the provision of the preceding paragraph shall be null and void without the approval of the Prime Minister and Minister of Finance,
- (3) The term of office of officers shall be a period of time within two years as specified by the articles of incorporation; provided, however, that the term of office of officers at the time of incorporation shall be a period of time within two years as specified at the Organizational Meeting.
- (4) Officers may be reappointed.

(Grounds for Disqualification of Officers)

Article 265-16 Persons who fall under any of the following items may not become officers:

- (i) In the case where a Corporation had its approval for incorporation rescinded pursuant to the provision of Article 265-47, a person who was an officer within the 30 days prior to the date of that rescission, where five years have not elapsed from the date of that rescission;
- (ii) An adult ward or a person under curatorship or a bankrupt who has not obtained a restoration of rights;
- (iii) A person who has been sentenced to imprisonment without work or severer punishment, where five years have not elapsed from the date that execution finished or the date he/she became no longer subject to that execution;

(iv) A person who has been sentenced to punishment by fine pursuant to the provision of this Act, where five years have not elapsed from the date that execution finished or the date he/she became no longer subject to that execution.

(Prohibition of Concurrent Holding of Posts by Auditors)

Article 265-17 No auditor shall concurrently hold the post of president, director, management committee member, evaluation examination board member, or employee of the Corporation.

(Restrictions on Authority of Representation)

Article 265-18 With regard to matters in which there exists conflict of interests between the Corporation and the president or directors, these persons shall not have authority of representation. In this case, the auditor shall represent the Corporation, pursuant to the provisions specified by the articles of incorporation.

Article 265-18-2 The president may appoint, from among the employees of the Corporation, an agent who has the authority to undertake all judicial or non-judicial acts relating to a portion of the business of the Corporation.

(Management Committee)

Article 265-19 (1) The Corporation shall have a management committee (hereinafter referred to as "Committee" in this Chapter).

(2) The Committee shall respond to consultation by the president and deliberate important matters relating to the management of the business of the Corporation (excluding matters relating to the evaluation of the property of a Bankrupt Insurance Company as prescribed in paragraph (2) of the following Article) in addition to dealing with the matters belonging to its authority pursuant to this Act.

(3) The Committee may state its opinion to the president as to the management of the business of the Corporation.

(4) Members of the Committee shall be appointed by the president, having received the approval of the Prime Minister and Minister of Finance, from among persons with relevant knowledge and experience needed for appropriate operation of the business of the Corporation.

(5) In addition to what is provided for in the preceding paragraphs, necessary matters regarding the organization and management of the Committee shall be specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Evaluation Examination Board)

Article 265-20 (1) The Corporation shall have an evaluation examination board (hereinafter referred to as "Examination Board").

(2) The Examination Board shall respond to consultation by the president and deliberate necessary matters relating to the evaluation of the property of a Bankrupt Insurance Company (in the case of Foreign Insurance Companies, etc., property located in Japan) that is a membership of the Corporation in addition to dealing with the matters belonging to its authority pursuant to the provisions of the following Subsection.

(3) Members of the Examination Board shall be appointed by the president, having received the approval of the Prime Minister and Minister of Finance, from among persons with relevant knowledge and experience or expert knowledge regarding insurance or evaluation of property.

(4) In addition to what is provided for in the preceding three paragraphs, necessary matters regarding the organization and management of the Examination Board shall be specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Confidentiality Obligation, etc., of Officers, etc.)

Article 265-21 The Corporation's officers (referring to officers as set forth in Article 265-13, paragraph (1); hereinafter the same shall apply) or employees, members of the Committee, members of the Examination Board, or those who held these positions, shall not divulge or misappropriate any secret learned regarding their duties.

(Status of Officers, etc., as Public Officers)

Article 265-21-2 With regard to the application of the Penal Code (Act No. 45 of 1907) and any other penal provisions, the Corporation's officers and employees, members of the Committee, and members of the Examination Board shall be deemed employees engaged in public service pursuant to laws and regulations.

(Public Inspection, etc., of the List of Membership)

Article 265-22 The Corporation shall, pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance, prepare a list of memberships, submit this to the Prime Minister and Minister of Finance, and make it available for public inspection.

Division 5 General Meeting

(Calling of General Meeting)

Article 265-23 (1) The president shall, pursuant to the provisions of the articles

of incorporation, call an ordinary General Meeting once every business year.
(2) The president may, when he/she finds it necessary, call an extraordinary General Meeting.

(Attendance of Designated Employees at General Meeting)

Article 265-24 Employees designated by the Prime Minister and Minister of Finance, respectively, may attend a General Meeting and state their opinions.

(Matters to be Decided at General Meeting)

Article 265-25 In addition to matters specified elsewhere in this Act, the following matters shall be subject to resolution of the General Meeting:

- (i) an amendment in the articles of incorporation;
- (ii) Decisions on or modifications to the budget and financial plan;
- (iii) Preparation of or modifications to business rules;
- (iv) Settlement of accounts;
- (v) Dissolution;
- (vi) Any other matters specified by the articles of incorporation.

(Business of General Meeting)

Article 265-26 (1) A General Meeting may not open a meeting and make a decision without the attendance of one half or more of the total memberships.
(2) Decisions of a General Meeting shall be made by majority of the voting rights of those present, and the chairperson shall make decisions in the event of a tie; provided, however, that decisions pertaining to matters listed in items (i), (iii), and (v) of the preceding Article, are decided by two thirds or more of the voting rights of those present.
(3) The chairperson shall be governed by the provisions specified in the articles of incorporation.

(Extraordinary General Meeting)

Article 265-27 The president shall call an extraordinary General Meeting when a demand indicating the matters that are the purpose of the meeting is presented from one fifth or more of the total memberships; provided, however, that a percentage that differs with the percentage of one fifth of the total memberships can be specified by the articles of incorporation.

(Calling of General Meeting)

Article 265-27-2 A notice of calling of a General Meeting shall be made in accordance with the method specified by the articles of incorporation at least five days prior to the day of the General Meeting, and shall indicate the matters that are the purpose of that General Meeting.

(Matters to be Resolved at General Meeting)

Article 265-27-3 Only the matters for which notice was given in advance pursuant to the provision of the preceding Article may be resolved at a General Meeting; provided, however, that this shall not apply when otherwise provided for in the articles of incorporation.

(Voting Rights of Membership)

Article 265-27-4 (1) The voting rights of memberships shall be equal.

(2) Members who do not attend a General Meeting may vote in writing or through a proxy.

(3) The provisions of the preceding two paragraphs shall not apply in the case where they are otherwise provided for in the articles of incorporation.

(Case of No Voting Rights)

Article 265-27-5 When a decision is to be made regarding the relationship between the Corporation and a certain membership, that membership shall have no voting rights.

Division 6 Business

(Business)

Article 265-28 (1) The Corporation shall conduct the following business in order to accomplish the purpose specified in Article 259:

(i) The business of an Insurance Administrator or Insurance Administrator Representative under the provision of Article 243, paragraph (3);

(ii) The receipt and management of assessments under the provisions of the following Division;

(iii) Financial Assistance in the Transfer, etc., of Insurance Contracts, the Succession of Insurance Contracts, the Reassumption of Insurance Contracts, and the Re-Transfer of Insurance Contracts under the provisions of the following Subsection;

(iv) Business pertaining to the provision of executive management for the Succeeding Insurance Company and any other Succession of Insurance Contracts under the provisions of the following Subsection;

(v) The Underwriting of Insurance Contracts pertaining to a Bankrupt Insurance Company and the Management and Disposition of Insurance Contracts pertaining to the Underwriting of Insurance Contracts under the provisions of the following Subsection;

(vi) Financial Assistance pertaining to the payment of Covered Insurance Claims under the provisions of the following Subsection;

- (vii) Purchasing the Right to Insurance Claims, etc. under the provisions of Subsection 3;
 - (viii) The submission of a list of Insurance Policyholders under the provisions of Chapter IV, Section 6 (Authority, etc., of Policyholders Protection Corporations) and Chapter VI, Section 4 (Authority of Policyholders Protection Corporations) of the Act on Special Treatment of Corporate Reorganization Proceedings, etc. and Other Insolvency Proceedings of Financial Institutions, etc., and any other business under these provisions;
 - (ix) Business incidental to the business listed in the preceding items.
- (2) In addition to the business listed in the items of the preceding paragraph, the Corporation may conduct the following business within the limit that it does not interfere with the performance of the business listed in items (iii) to (vii) inclusive of that paragraph:
- (i) Loan of funds to its memberships;
 - (ii) Loan of funds to Insurance Policyholders, etc., of a Bankrupt Insurance Company;
 - (iii) Purchase of the property of Liquidating Insurance Companies (referring to Insurance Companies pertaining to liquidation; hereinafter the same shall apply in Article 270-8-2 and Article 270-8-3) under the provisions of Subsection 4;
 - (iv) Business incidental to the business listed in the preceding three items.

(Entrustment of Business)

Article 265-29 (1) The Corporation may not entrust its business to another party, except in the following cases:

- (i) The case where the Corporation entrusts the acceptance of Insurance Premiums and any other business specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance among the business pertaining to the Management and Disposition of Insurance Contracts (hereinafter referred to as the "Business of Insurance Premiums Acceptance, etc." in this Article) to an Insurance Company or any other party;
 - (ii) The case where the Corporation receives the approval of the Prime Minister and Minister of Finance in advance and entrusts business other than the Business of Insurance Premiums Acceptance, etc., to an Insurance Company or any other party.
- (2) An Insurance Company, having received entrustment from the Corporation of the Business of Insurance Premiums Acceptance, etc., or business that has received the approval set forth in item (ii) of the preceding paragraph, may conduct these businesses, notwithstanding the provisions of Article 100 (including the cases where it is applied mutatis mutandis pursuant to Article 199).

(Business Rules)

- Article 265-30 (1) With regard to the business listed in each of the items of Article 265-28, paragraph (1) and Article 265-28, paragraph (2) (hereinafter referred to as "Business of Financial Assistance, etc."), the Corporation shall prepare business rules related to the implementation of the Business of Financial Assistance, etc., and receive the approval of the Prime Minister and Minister of Finance before beginning that Business of Financial Assistance, etc. The same shall apply when the organization intends to modify these rules.
- (2) The business rules set forth in the preceding paragraph shall specify matters related to Financial Assistance, matters related to the Succession of Insurance Contracts, matters related to the Underwriting of Insurance Contracts, matters related to the receipt of assessments, matters related to purchasing the Right to Insurance Claims, etc. and any other matters specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.
- (3) The Prime Minister and Minister of Finance may, when they find that the business rules approved as set forth in paragraph (1) are inappropriate in the proper and reliable operation of the Business of Financial Assistance, etc., order their modification.

(Request for Submission of Material, etc.)

- Article 265-31 (1) The Corporation may request its memberships to submit material when it is necessary for it to conduct its business, except in the cases where the submission of material is requested pursuant to other provisions of this Section.
- (2) Memberships who have been requested to submit material pursuant to the provision of the preceding paragraph shall submit that material without delay.
- (3) The Prime Minister may, when he/she finds it to be particularly necessary for the execution of the Corporation's business, in the case where there has been a request from the Corporation, deliver material to the Corporation or have the Corporation inspect that material.

Division 7 Assessment

(Insurance Policyholders Protection Funds)

- Article 265-32 (1) The organization shall establish Insurance Policyholders Protection Funds as funds to be allocated for covering expenses incurred in implementing the Business of Financial Assistance, etc.
- (2) The Insurance Policyholders Protection Funds may not be used except in the case where it is allocated for covering expenses incurred in implementing the Business of Financial Assistance, etc.

(Payment of Contribution)

Article 265-33 (1) Memberships shall pay a assessment to the Corporation, pursuant to the provisions of the articles of incorporation, during each of the Corporation's business years, to be allocated for covering expenses incurred in implementing the Business of Financial Assistance, etc.; provided, however, that this shall not apply with regard to the next business year after a business year in which the balance of Insurance Policyholders Protection Funds at the end of that business year of the Corporation reaches an amount calculated pursuant to the provisions of the articles of incorporation as a sufficient amount in light of the estimated amount of expenses the Corporation will incur in implementing the Business of Financial Assistance, etc.

- (2) The Corporation may, in the cases listed in the following items, exempt from assessments memberships corresponding to the Insurance Companies specified in each of the items pursuant to the provisions of the articles of incorporation, notwithstanding the provisions of the main clause of the preceding paragraph:
- (i) When authorization has been granted by the Prime Minister as set forth in Article 268, paragraph (1): the Bankrupt Insurance Company pertaining to said authorization;
 - (ii) When a supplementary note has been included by the Prime Minister as set forth in Article 269, paragraph (1): the Bankrupt Insurance Company pertaining to said supplementary note;
 - (iii) When authorization has been granted by the Prime Minister as set forth in Article 270, paragraph (1): the Bankrupt Insurance Company pertaining to said authorization;
 - (iv) When a Succeeding Insurance Company has been formed: that Succeeding Insurance Company.

(Amount of Assessment)

Article 265-34 (1) The amount of the assessments that memberships should pay during each of the Corporation's business years shall be the total amount of the following amounts (in the case where a minimum amount for the contributions has been set by the articles of incorporation, an amount equivalent to that minimum amount when that total amount is less than that minimum amount; hereinafter referred to as "Annual Contribution Amount" in this paragraph) for each membership; provided, however, that the amount of the assessment that should be paid by memberships in the business year including the day of incorporation of the Corporation shall be an amount obtained by dividing the Annual Contribution Amount by 12 and multiplying this by the number of months in the business year including the day of incorporation of the Corporation:

- (i) An amount obtained by multiplying a assessment rate by an amount calculated pursuant to the provision of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as the amount of Insurance Premiums received over the year by each membership;
- (ii) An amount obtained by multiplying a assessment rate by an amount calculated pursuant to the provision of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as the amount of liabilities that should be reserved to be allocated to the payment of policy reserve and any other Insurance Claims, etc., by each membership at the end of the business year.
- (2) The number of months set forth in the provision of the proviso to the preceding paragraph shall be one month when a fraction of less than one month results when calculated according to the calendar.
- (3) The assessment rates set forth in the items of paragraph (1) shall be established by the Corporation after resolution by General Meeting.
- (4) The Corporation shall obtain the approval of the Prime Minister and Minister of Finance when it establishes the assessment rates set forth in the items of paragraph (1) or when it intends to modify these rates.
- (5) The assessment rates set forth in the items of paragraph (1) shall be established such that they conform to the following criteria:
 - (i) The rate is such that the Corporation's long-term finances will be balanced in light of the estimated amount of expenses the Corporation will incur in implementing the Business of Financial Assistance, etc.;
 - (ii) The rate is such that certain memberships are not subject to discriminatory treatment (excluding what is done according to the soundness of the memberships' operation).
- (6) When the soundness of a membership's operation becomes unable to be maintained due to the payment of assessments under the case where the assessment rate is established such that it conforms to the criteria listed in item (i) of the preceding paragraph, the provisions of that paragraph shall not be interpreted as preventing the temporary incorporation of a assessment that does not conform to said criteria.

(Late Payment Charge)

- Article 265-35 (1) Members shall pay a late payment charge to the Corporation in the case where they do not pay a assessment by the deadline established in the articles of incorporation.
- (2) The amount of the late payment charge shall be an amount calculated by multiplying the unpaid assessment by 14.5% a year in accordance with the number of days from the day after the deadline to the day of payment inclusive.

Division 8 Finance and Accounting

(Business Year)

Article 265-36 The Corporation's business year shall be from 1 April to 31 March of the following year inclusive; provided, however, that the business year including the day of incorporation of the Corporation shall be from the day of that incorporation to the first March 31 thereafter inclusive.

(Budget, etc.)

Article 265-37 (1) A Corporation that accepts as memberships Insurance Companies that have received a license that falls under the Kind of License described in Article 262, paragraph (2), item (i) (hereinafter referred to as "Life Insurance Policyholders Protection Corporation" in this paragraph and in Article 265-42-2) shall, every business year, prepare a budget and financial plan and receive the approval of the Prime Minister and Minister of Finance before the start of that business year (in the business year that includes the day of incorporation of the Life Insurance Policyholders Protection Corporation, without delay after incorporation). The same shall apply when the Corporation intends to modify these.

(2) A Corporation that accepts as memberships Insurance Companies that have received a license that falls under the Kind of License described in Article 262, paragraph (2), item (ii) (hereinafter referred to as "Non-Life Insurance Policyholders Protection Corporation" in this paragraph) shall, every business year, prepare a budget and financial plan and submit these to the Prime Minister and Minister of Finance before the start of that business year (in the business year that includes the day of incorporation of the Non-Life Insurance Policyholders Protection Corporation, without delay after incorporation). The same shall apply when the Corporation has modified these.

(Approval, etc., of Financial Statements, etc.)

Article 265-38 (1) Every business year, the president shall prepare an inventory of property, balance sheet, and profit and loss statement, and a business report and statement of accounts according to the budget classifications for that business year (referred to as "Financial Statements, etc." in the following paragraph and following Article) and submit these to the auditor at least four weeks prior to the first ordinary General Meeting to be called after the end of that business year.

(2) The president shall attach the written opinion of the auditor to the Financial Statements, etc., set forth in the preceding paragraph, submit these to the ordinary General Meeting set forth in that paragraph, and request its approval.

Article 265-39 (1) Every business year, the Corporation shall, within three

months of the end of that business year, submit the Financial Statements, etc., that received the approval of the ordinary General Meeting set forth in paragraph (2) of the preceding Article, to the Prime Minister and Minister of Finance and receive their approval.

- (2) The Corporation shall, when it submits Financial Statements, etc., to the Prime Minister and Minister of Finance pursuant to the provision of the preceding paragraph, attach to these the written opinion of the auditor on the Financial Statements, etc.
- (3) The Corporation shall without delay, when it has received the approval of the Prime Minister and Minister of Finance under the provision of paragraph (1), give public notice of the inventory of property, balance sheet, and profit and loss statement in the Official Gazette, and shall keep the Financial Statements, etc., annexed detailed statement, and the written opinion of the auditor set forth in the preceding paragraph at each office, and provide these for public inspection for a period of time specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Separate Accounting)

Article 265-40 With regard to accounting related to business pertaining to the Management and Disposition of Insurance Contracts pertaining to the Underwriting of Insurance Contracts (including business incidental to this), the Corporation shall arrange Special Accounts, separate from other accounting (hereinafter referred to as "Special Insurance Accounts") for each Bankrupt Insurance Company pertaining to the Underwriting of Insurance Contracts.

(Abolition of Special Insurance Accounts)

Article 265-41 (1) The Corporation shall, in the case where it has underwritten insurance contracts pertaining to a Bankrupt Insurance Company that is its membership, abolish the Special Insurance Account established for said Bankrupt Insurance Company when there is no longer a need to manage any of the insurance contracts pertaining to the Underwriting of Insurance Contracts due to termination, transfer, or any other reason.

- (2) The Corporation shall, when it has abolished a Special Insurance Account under the provision of the preceding paragraph, vest the property and debt belonging to said Special Insurance Account to a general account (referring to accounts other than the Corporation's Special Insurance Accounts (including Special Accounts prescribed in Article 118, paragraph (1) as applied by deeming the Corporation as an Insurance Company pursuant to the provision of Article 270-6, paragraph (2)); the same shall apply in Article 270-5)).

(Borrowings)

Article 265-42 The Corporation may, when it finds it necessary for conducting the Business of Financial Assistance, etc., receive the approval of the Prime Minister and Minister of Finance and borrow funds (including refinancing), within the amount specified by a Cabinet Order, from an Insurance Company or financial institution specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Government Guarantee)

Article 265-42-2 The government may guarantee an obligation pertaining to the borrowing set forth in the preceding Article of a Life Insurance Policyholders Protection Corporation within the amount approved by a Diet resolution, notwithstanding the provision of Article 3 of the Act on Limitations of Government Financial Assistance to Juridical Persons (Act No. 24 of 1946).

(Investment of Surplus Funds)

Article 265-43 Surplus funds occurring in the course of business of the Corporation, excluding those belonging to Special Insurance Accounts, shall be invested by the following methods:

- (i) Retention in national government bonds or any other securities designated by the Prime Minister and Minister of Finance;
- (ii) Deposit in financial institutions designated by the Prime Minister and Minister of Finance;
- (iii) Any other method specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Delegation to Cabinet Office Ordinance or Ordinance of the Ministry of Finance)

Article 265-44 Necessary matters related to the Corporation's finances and accounting, in addition to what is provided for in Article 265-36 to the preceding Article inclusive, shall be specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

Division 9 Supervision

(Supervision)

Article 265-45 (1) The Corporation shall be supervised by the Prime Minister and Minister of Finance.

(2) The Prime Minister and Minister of Finance may, when they find it necessary for the enforcement of the provisions of this Section, issue orders necessary for supervision to the Corporation.

(3) The Prime Minister and Minister of Finance may, when an officer of the Corporation commits an act that violates this Act, orders based on this Act or dispositions based on these, or the articles of incorporation or business rules, order said Corporation to dismiss that officer. In this case, when the Corporation has dismissed said officer after obtaining a resolution of the General Meeting, that dismissal shall take effect when there has been a resolution of the General Meeting, notwithstanding the provision of Article 265-15, paragraph (2).

(Report and On-Site Inspections)

Article 265-46 The Prime Minister and Minister of Finance may, within the limit necessary for the enforcement of the provisions of this Section, order the Corporation to submit a report or material related to its business or property, or have a relevant employee enter the Corporation's office and inspect the state of its business or property or its books and documents or any other objects, or have him/her question relevant persons.

(Rescission of Establishment Approval)

Article 265-47 The Prime Minister and Minister of Finance may, when the Corporation falls under any of the following items, rescind the approval of incorporation set forth in Article 265-9, paragraph (2):

- (i) When it has violated this Act, orders based on this Act or the articles of incorporation or business rules of said Corporation;
- (ii) When it has violated dispositions under the provisions of Article 265-30, paragraph (3) or Article 265-45, paragraph (2) or the first sentence of paragraph (3);
- (iii) When it is found that the continuation of its business would be difficult due to the state of its business or property;
- (iv) When it has committed an act that harms public interest.

Division 10 Miscellaneous Provision

(Dissolution)

Article 265-48 (1) The Corporation shall dissolve due to the following reasons:

- (i) Resolution of a General Meeting;
 - (ii) Rescission of approval of incorporation under the provision of the preceding Article.
- (2) Dissolution under the reason given in item (i) of the preceding paragraph shall be null and void without the approval of the Prime Minister and Minister of Finance.
- (3) The Corporation shall, when there are residual assets after it has performed

its obligations in the case of dissolution, vest said residual assets, pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance, in the other Corporations that its memberships join.

- (4) Requisite measures related to the dissolution of the Corporation, in addition to what is provided for in the preceding paragraph, may be specified by a Cabinet Order, within the scope deemed reasonably necessary.

Subsection 2 Financial Assistance, etc.

Division 1 Offer for Financial Assistance, etc.

(Offer for Financial Assistance pertaining to Transfer, etc. of Insurance Contracts)

Article 266 (1) The Relief Insurance Company or the Relief Insurance Holding Company, etc. may, in conjunction with the Bankrupt Insurance Company, make an offer to the Corporation of which that Bankrupt Insurance Company is a member (hereinafter referred to as "Participating Corporation" in this and the following Subsections) that said Participating Corporation extend Financial Assistance with regard to the transfer, etc. of insurance contracts.

- (2) The Participating Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Relief Insurance Company or the Relief Insurance Holding Company, etc. that made the offer in that paragraph, and the Bankrupt Insurance Company or other relevant persons, for the submission of materials.

- (3) Within the Financial Assistance prescribed in paragraph (1), the purchase of the property shall be conducted pertaining to the property of the Bankrupt Insurance Company pertaining to the transfer, etc. of insurance contracts.

(Offer for Succession, etc. of Insurance Contracts)

Article 267 (1) The Bankrupt Insurance Company may, if the transfer, etc. of insurance contracts is specified as difficult by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance because, among other reasons, there is no prospect to find a Relief Insurance Company or Relief Insurance Holding Company, etc., make an offer for the Succession of Insurance Contracts or Underwriting of Insurance Contracts (hereinafter referred to as "Succession, etc. of Insurance Contracts"), to the Participating Corporation.

- (2) The Bankrupt Insurance Company shall, in the case of making the offer of the preceding paragraph, submit, to the Participating Corporation, materials which illustrate the content of the negotiation with the other Insurance Company or Insurance Holding Company, etc. on the transfer, etc. of insurance contracts, and other materials specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance.

- (3) The Bankrupt Insurance Company may, when making an offer for the Succession of Insurance Contracts under the provision of paragraph (1), also make an offer to the Participating Corporation that said Participating Corporation extend Financial Assistance with regard to the Succession of Insurance Contracts (limited to donation of money or purchase of property).
- (4) The provisions of paragraphs (2) and (3) of the preceding Article shall apply mutatis mutandis to the Financial Assistance of the preceding paragraph. In this case, the term "the Relief Insurance Company or the Relief Insurance Holding Company, etc. that made the application in that paragraph, and the Bankrupt Insurance Company" in paragraph (2) of that Article shall be deemed to be replaced with "the Bankrupt Insurance Company."

(Authorization of Eligibility for Transfer, etc. of Insurance Contracts)

Article 268 (1) In the case referred to in Article 266, paragraph (1), the Bankrupt Insurance Company and Relief Insurance Company, or the Bankrupt Insurance Company and Relief Insurance Holding Company, etc. which carry out the transfer, etc. of insurance contracts shall obtain the authorization of the Prime Minister for the transfer, etc. of insurance contracts by the time that the offer of that paragraph is made.

- (2) The offer for authorization of the preceding paragraph shall jointly be made among the Bankrupt Insurance Company and Relief Insurance Company or Bankrupt Insurance Company and Relief Insurance Holding Company, etc. of that paragraph.
- (3) The Prime Minister may give the authorization of paragraph (1), only in cases that fall under all of the following requirements:
- (i) The transfer, etc. of insurance contracts contributes to the protection of Policyholders, etc.;
 - (ii) The extension of Financial Assistance by the Participating Corporation is indispensable to the smooth conduct of the transfer, etc. of insurance contracts; and
 - (iii) There is a risk of loss of credibility in the Insurance Business in the case that all of the business of the Bankrupt Insurance Company pertaining to the transfer, etc. of insurance contracts is abolished or the Bankrupt Insurance Company is dissolved, without a transfer of insurance contracts, etc.
- (4) The Prime Minister shall, when he/she has given the authorization of paragraph (1), notify the Participating Corporation to that effect.
- (5) The Participating Corporation shall, when it receives the notice under the provision of the preceding paragraph, promptly report to the Minister of Finance to that effect.
- (6) The Prime Minister may not, if the company attempting to acquire shares of

the Bankrupt Insurance Company is making an offer for the approval under Article 271-18, paragraph (1) to become a Holding Company with the Insurance Company being made its Subsidiary Company by the acquisition of shares (hereinafter referred to as "Holding Company Approval" in this paragraph), give the authorization under the provision of paragraph (1) until after the Holding Company Approval has been given for that company.

(Special Provisions on Authorization of Eligibility for Transfer, etc. of Insurance Contracts)

Article 269 (1) The Prime Minister may, only in cases that fall under all of the following requirements, make a supplementary note in the recommendation of Article 256, paragraph (1), notwithstanding the provision of paragraph (1) of the preceding Article, that the offer of Article 266, paragraph (1) may be made:

- (i) The abolition of all business of the Bankrupt Insurance Company or the dissolution of the Bankrupt Insurance Company pertaining to the recommendation of Article 256, paragraph (1) falls under the requirements listed in paragraph (3), item (iii) of the preceding Article; and
- (ii) The extension of Financial Assistance by the Participating Corporation is indispensable to the transfer, etc. of insurance contracts pertaining to said recommendation.

(2) The provision of paragraphs (4) and (5) of the preceding Article shall apply mutatis mutandis to cases in which the supplementary note of the preceding paragraph was made.

(Authorization of Eligibility for Succession, etc. of Insurance Contracts)

Article 270 (1) In the case referred to in Article 267, paragraph (1), the Bankrupt Insurance Company shall obtain the authorization of the Prime Minister for the Succession, etc. of Insurance Contracts of that paragraph by the time that the offer of that paragraph is made.

(2) The Prime Minister may give the authorization of the preceding paragraph, only in cases that fall under all of the following requirements:

- (i) The Succession, etc. of Insurance Contracts contributes to the protection of Policyholders, etc.;
- (ii) There is a risk of loss of credibility in the Insurance Business in the case that all of the business of the Bankrupt Insurance Company that is making an offer to the Participating Corporation for the Succession, etc. of Insurance Contracts is abolished or the Bankrupt Insurance Company is dissolved, without the Succession, etc. of Insurance Contracts; and
- (iii) In the case that an offer is made for Financial Assistance under the provision of Article 267, paragraph (3), the extension of said Financial Assistance is indispensable to the smooth conduct of the Succession of

Insurance Contracts.

- (3) The Prime Minister shall, when he/she has given the authorization of paragraph (1), notify the Participating Corporation to that effect.
- (4) The Participating Corporation shall, when it receives the notice under the provision of the preceding paragraph, promptly report to the Minister of Finance to that effect.

(Evaluation of Property of Bankrupt Insurance Company)

- Article 270-2 (1) The Bankrupt Insurance Company making the offer of Article 266, paragraph (1) or Article 267, paragraph (1) shall seek the confirmation of the Participating Corporation regarding the appropriateness of the evaluation the company made of its property (for a Foreign Insurance Company, etc., property in Japan; hereinafter the same shall apply in this Subsection) without delay at the same time that the offer was made or after the offer was made (referred to as "Property Self-Evaluation" in the next paragraph and paragraph (4)).
- (2) The Participating Corporation shall, when it determines upon discussions of the Examination Board that the Property Self-Evaluation of which confirmation of the preceding paragraph was sought is appropriate, notify the Bankrupt Insurance Company which made said offer that the Property Self-valuation was confirmed to be appropriate.
 - (3) The Participating Corporation may, when it finds it necessary for making the determination of the preceding paragraph, conduct a study to evaluate the property of the Bankrupt Insurance Company that made said offer.
 - (4) The Participating Corporation shall, when it determines upon discussions of the Examination Board that the Property Self-Evaluation of which confirmation of paragraph (1) was sought is not appropriate, notify the Bankrupt Insurance Company which made said offer, as well as conduct a study to evaluate the property of that Bankrupt Insurance Company.
 - (5) The Participating Corporation shall, after confirming upon discussions of the Examination Board that the evaluation based on the study under the provision of the preceding paragraph is appropriate, notify the content of the evaluation to the Bankrupt Insurance Company which made said offer.
 - (6) The Participating Corporation shall, when it makes the notification of paragraph (2) or the preceding paragraph, immediately report the matters pertaining to the notification to the Prime Minister and Minister of Finance.

(Financial Assistance pertaining to Transfer, etc. of Insurance Contracts)

- Article 270-3 (1) The Participating Corporation shall, after making the notification of paragraph (2) or paragraph (5) of the preceding Article to the Bankrupt Insurance Company which made the offer of Article 266, paragraph

- (1), without delay make a ruling, upon discussions of the Committee, on whether to extend the Financial Assistance pertaining to said offer.
- (2) The amount of the Financial Assistance under the provision of the preceding paragraph (limited to donation of money) shall be an amount equivalent to the amount obtained by adding the amount listed in item (iii) to the amount remaining after the deduction of the amount listed in item (ii) from the amount listed in item (i) with regard to the Bankrupt Insurance Company pertaining to said Financial Assistance:
- (i) The amount specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the amount of liabilities that should be reserved to be allocated to the payment of policy reserve and any other insurance claim, etc. (referred to as the "Specified Policy Reserve, etc." in the following item and Article 270-5, paragraph (2)) pertaining to the insurance contracts pertaining to that Bankrupt Insurance Company, which falls under the insurance contract specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance (hereinafter referred to as "Covered Insurance Contract"), multiplied by the rate specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance by taking into consideration the kind of Covered Insurance Contract, expected interest rate, other content, etc.;
- (ii) The amount of the asset value of that Bankrupt Insurance Company--based on the evaluation of property confirmed under the provision of paragraph (2) or paragraph (5) of the preceding Article (referred to as "Confirmed Evaluation of Property" in Article 270-5, paragraph (2))--which has been calculated as per Cabinet Office Ordinance and Ordinance of the Ministry of Finance as being the amount which corresponds to the Specified Policy Reserve, etc. pertaining to the Covered Insurance Contract; and
- (iii) The amount of expense, which has been approved by the Participating Corporation as being necessary for the smooth transfer, etc. of the insurance contracts pertaining to said Financial Assistance, among the expenses that fall under those specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as expenses which are deemed necessary for the transfer, etc. of insurance contracts pertaining to that Bankrupt Insurance Company.
- (3) The Participating Corporation shall, when it has made the ruling of paragraph (1), immediately report the matters specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance, as pertaining to the ruling, to the Prime Minister and Minister of Finance.
- (4) The Participating Corporation shall, when it makes a ruling to extend Financial Assistance under the provision of paragraph (1), conclude a contract concerning said Financial Assistance with the Insurance Company or Insurance Holding Company, etc. which made the offer for said Financial Assistance that becomes the party of said Financial Assistance.

- (5) When damage security is included in the Financial Assistance pertaining to the contract of the preceding paragraph, the Relief Insurance Company or the Relief Insurance Holding Company, etc. pertaining to that contract, under that contract, shall, if profits are accrued from the assets pertaining to said damage security, commit in that contract that it shall pay all or part of said profits to the Participating Corporation pertaining to that contract, or, as one that will possess said assets from the transfer, etc. of insurance contracts, to take measures for making payment to the Participating Corporation pertaining to that contract.

Division 2 Succession of Insurance Contracts

(Succession of Insurance Contracts)

- Article 270-3-2 (1) The Participating Corporation may, when it finds it necessary in the case of receiving an offer for the Succession of Insurance Contracts under the provision of Article 267, paragraph (1), make a request to the Prime Minister that the measures under the provision of Article 256, paragraph (1) are taken before making the rulings listed in items (i) and (ii) of paragraph (6) pertaining to said offer.
- (2) The Prime Minister shall, without delay, notify the Participating Corporation, when the measures under the provision of Article 256, paragraph (1) pursuant to the provision of the preceding paragraph are requested, of whether said measures may be taken, and, in the case that said measures shall be taken, of the content of the measures which shall be taken.
- (3) The Participating Corporation shall, when the content of the notification of the Prime Minister under the provision of the preceding paragraph is to the effect that the measures under the provision of Article 256, paragraph (1) shall be taken, stay the implementation of the procedure pertaining to the ruling listed in paragraph (6), items (i) and (ii); provided, however, that this shall not apply to the confirmation procedure under the provision of Article 270-2.
- (4) In the case that the Prime Minister takes the measures under the provision of Article 256, paragraph (1) under the provision of paragraph (1), the Bankrupt Insurance Company which applied for the Succession of Insurance Contracts under the provision of Article 267, paragraph (1) shall, when that Bankrupt Insurance Company has reached an agreement pertaining to Merger, etc., without delay, withdraw said offer.
- (5) In the case prescribed in the preceding paragraph, when no agreement pertaining to Merger, etc. is reached, the Bankrupt Insurance Company of that paragraph shall, without delay, notify the Participating Corporation to that effect.
- (6) The Participating Corporation shall, when it finds it unnecessary to make the

request under the provision of paragraph (1) to the Prime Minister, when the content of the notification of the Prime Minister under the provision of paragraph (2) is to the effect that the measures under the provision of Article 256, paragraph (1) cannot be taken, or when the notification under the provision of the preceding paragraph is made, promptly, upon discussions of the Committee, make the ruling listed in items (i) and (ii) pertaining to the offer of paragraph (1) or the ruling listed in item (ii):

- (i) Ruling to the effect that the Participating Corporation will incorporate, as its Subsidiary Company, the Succeeding Insurance Company, which will carry out a transfer of insurance contracts from the Bankrupt Insurance Company or merge with that company to take over the insurance contracts from that company; and
 - (ii) Ruling to the effect that the Succeeding Insurance Company shall carry out a transfer of insurance contracts from the Bankrupt Insurance Company or merge with that company to take over the insurance contracts from that company.
- (7) The Participating Corporation shall, when making a ruling of the preceding paragraph on the Succession of Insurance Contracts pertaining to an offer in the case of receiving the offer of Article 267, paragraph (3), also make a ruling, upon discussions of the Committee, on whether to extend the Financial Assistance pertaining to said offer.
- (8) The provision of paragraph (2) of the preceding Article shall apply mutatis mutandis to the amount of Financial Assistance under the provision of the preceding paragraph (limited to donation of money), the provision of paragraph (3) of that Article shall apply mutatis mutandis in the case that the Participating Corporation makes a ruling of the preceding two paragraphs, and the provision of paragraph (4) of that Article shall apply mutatis mutandis in the case that the Participating Corporation makes a ruling to extend Financial Assistance pursuant to the provision of the preceding paragraph. In this case, the term "transfer, etc. of insurance contracts" in paragraph (2) of that Article shall be deemed to be replaced with "Succession of Insurance Contracts," and the term "Insurance Company or Insurance Holding Company, etc. which made the application for said Financial Assistance that becomes the party of said Financial Assistance" in paragraph (4) of that Article shall be deemed to be replaced with "Bankrupt Insurance Company which made the application for said Financial Assistance."
- (9) The Bankrupt Insurance Company pertaining to the offer of paragraph (1) may, when the Participating Corporation makes a ruling listed in paragraph (6), items (i) and (ii), carry out a transfer of insurance contracts pertaining to all or part of the insurance contracts from the Succeeding Insurance Company pertaining to the ruling, or a merge with that company.

(Incorporation of Succeeding Insurance Company, etc.)

Article 270-3-3 (1) The Participating Corporation shall, when it makes a ruling listed in paragraph (6), item (i) of the preceding Article, upon discussions of the Committee on the content of the contribution pertaining to the ruling, become the incorporator for the incorporation of the Stock Company which will be the Succeeding Insurance Company, and make a contribution for the incorporation of the Stock Company, of which it became the incorporator for said incorporation, as its Subsidiary Company.

(2) In addition to the case prescribed in the preceding paragraph, the Participating Corporation shall, when it intends to make a contribution to the Succeeding Insurance Company, go through the discussions of the Committee.

(3) The Participating Corporation shall, when it makes the contribution prescribed in the preceding two paragraphs, promptly report the content of the contribution to the Prime Minister and Minister of Finance about the content.

(Managing the Succeeding Insurance Company)

Article 270-3-4 (1) The corporation shall manage the Succeeding Insurance Company (limited to those incorporated by said corporation; hereinafter the same shall apply in this Article, Article 270-3-6, and Article 270-3-10) to enable its optimal implementation of the following matters:

(i) When the ruling listed in Article 270-3-2, paragraph (6), item (ii) is made, the transfer of insurance contracts or merger shall be carried out to take over the insurance contracts from the Bankrupt Insurance Company that was the subject of the ruling; and

(ii) In managing and disposing the insurance contracts or in implementing other business, the guideline of the following paragraph shall be adhered.

(2) The corporation shall create a guideline on the management and disposition of the insurance contracts of the Succeeding Insurance Company and other business, and, upon obtaining the approval of the Prime Minister, make the guideline public.

(3) The corporation may, to the Succeeding Insurance Company, offer guidance and advice necessary for its management.

(4) The corporation shall, when it assigns the shares of the Succeeding Insurance Company or makes other dispositions, promptly report to the Prime Minister and Minister of Finance to that effect.

(Non-Offer of Article 467 of the Companies Act)

Article 270-3-5 The provision of Article 467, paragraph (1), item (v) of the Companies Act (Approvals of Assignment of Business) shall not apply to the property confirmed under the provision of Article 270-2, paragraph (2) or

Article 270-2, paragraph (5), in the case that the corporation owns all of the issued shares of the Succeeding Insurance Company.

(Succession Agreement)

Article 270-3-6 (1) The corporation shall conclude an agreement with the Succeeding Insurance Company that will include the following matters (hereinafter referred to as "Succession Agreement"):

- (i) The Succeeding Insurance Company that concludes the Succession Agreement (hereinafter referred to as "Agreement-Succeeding Insurance Company") shall implement the matters listed in Article 270-3-4, paragraph (1), items (i) and (ii);
 - (ii) The Agreement-Succeeding Insurance Company may make an offer to the corporation that the corporation purchase the assets of that Agreement-Succeeding Insurance Company; and
 - (iii) The Agreement-Succeeding Insurance Company shall, when it intends to conclude a contract concerning the borrowing of the funds that fall under the guaranteed obligation prescribed in Article 270-3-8, paragraph (1), obtain the approval of the corporation on the content of that contract to be concluded.
- (2) The corporation shall, when it concludes a Succession Agreement, immediately report the content of the agreement to the Prime Minister and Minister of Finance.

(Purchase of Property)

Article 270-3-7 (1) The corporation shall, when it receives the offer of paragraph (1), item (ii) of the preceding Article, without delay make a ruling, upon discussions of the Examination Board and the Committee, on whether to purchase the property pertaining to said offer.

- (2) The corporation shall, when it makes a ruling under the provision of the preceding paragraph, immediately report to the Prime Minister and Minister of Finance the matters pertaining to the ruling.
- (3) The corporation shall, when it makes a ruling to purchase the property under the provision of paragraph (1), conclude a contract concerning the purchase of the property with the Agreement-Succeeding Insurance Company which offered the purchase of the property.

(Loan of Funds and Obligation Guarantee)

Article 270-3-8 (1) The corporation may, when it finds it necessary in the case of receiving an offer from the Agreement-Succeeding Insurance Company for an obligation guarantee pertaining to the loan of funds deemed necessary for the smooth implementation of the business of the Agreement-Succeeding Insurance Company or the borrowing of the funds by the Agreement-Succeeding

Insurance Company, extend, upon the discussions of the Committee, said loan or obligation guarantee.

- (2) The corporation shall, when it concludes a contract pertaining to the loan or obligation guarantee of the preceding paragraph with the Agreement-Succeeding Insurance Company pursuant to the provision of that paragraph, immediately report to the Prime Minister and Minister of Finance the content of the contract.

(Compensation for Loss)

Article 270-3-9 The corporation may, when an amount has been accounted pursuant to what is specified by a Cabinet Order for the amount of loss accrued by the Agreement-Succeeding Insurance Company by the implementation of the businesses under the specifications of the Succession Agreement, give compensation for said loss, upon the discussions of the Committee, within the scope of that amount.

(Request for Report)

Article 270-3-10 The corporation may, when it is necessary for the implementation of the businesses under the provisions of this Division, request the Succeeding Insurance Company to report on the status of the implementation of the Succession Agreement or the finance.

(Offer for Financial Assistance pertaining to Re-succession of Insurance Contracts)

Article 270-3-11 (1) The Re-succeeding Insurance Company or Re-succeeding Insurance Holding Company, etc. (referring to Insurance Holding Companies, etc. that carry out the Re-succession of Insurance Contracts; the same shall apply hereinafter) may make an offer to the corporation which incorporated the Succeeding Insurance Company pertaining to the insurance contracts to be re-succeeded (hereinafter referred to as "Incorporating Corporation") that said Incorporating Corporation jointly extend Financial Assistance for the Re-succession of Insurance Contracts (limited to damage security) with the Succeeding Insurance Company.

- (2) The Incorporating Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Re-succeeding Insurance Company or Re-succeeding Insurance Holding Company, etc., which made the offer of that paragraph, and the Succeeding Insurance Company and other relevant persons to submit materials.

(Authorization, etc. of Eligibility for Re-Succession of Insurance Contracts)

Article 270-3-12 (1) In the case referred to in paragraph (1) of the preceding

Article, the Succeeding Insurance Company and Re-succeeding Insurance Company, which carry out the Re-succession of Insurance Contracts, or Succeeding Insurance Company and Re-succeeding Insurance Holding Company, etc., shall obtain the authorization of the Prime Minister for the Re-succession of Insurance Contracts by the time that the offer of that paragraph is made.

- (2) The provisions of Article 268, paragraph (2) to Article 268, paragraph (6) inclusive (except for paragraph (3), item (iii)) shall apply mutatis mutandis to the authorization of the preceding paragraph. In this case, the term "Bankrupt Insurance Company and Relief Insurance Company or Bankrupt Insurance Company and Relief Insurance Holding Company, etc." in paragraph (2) of that Article shall be deemed to be replaced with "Succeeding Insurance Company and Re-succeeding Insurance Company or Succeeding Insurance Company and Re-succeeding Insurance Holding Company, etc.," the term "transfer, etc. of insurance contract" in paragraph (3) of that Article shall be deemed to be replaced with "Re-Succession of Insurance Contracts," the term "Participating Corporation" shall be deemed to be replaced with "Incorporating Corporation," the term "Participating Corporation" in paragraphs (4) and (5) of that Article shall be deemed to be replaced with "Incorporating Corporation," and the term "Bankrupt Insurance Company" in paragraph (6) of that Article shall be deemed to be replaced with "Succeeding Insurance Company."
- (3) The provision of Article 270-2 shall apply mutatis mutandis to the case that the offer of paragraph (1) of the preceding Article is made. In this case, the term "Bankrupt Insurance Company" in Article 270-2 shall be deemed to be replaced with "Succeeding Insurance Company" the term "Participating Corporation" shall be deemed to be replaced with "Incorporating Corporation," and the term "its property (for a Foreign Insurance Company, etc., property in Japan; hereinafter the same shall apply in this Subsection)" in paragraph (1) of that Article shall be deemed to be replaced with "its property."

(Designation of Other Party of Consultation on Re-Succession of Insurance Contracts, etc.)

- Article 270-3-13 (1) The Prime Minister may designate another Insurance Company or Insurance Holding Company, etc. as the other party with which the Succeeding Insurance Company shall hold a consultation pertaining to the Re-succession of Insurance Contracts and recommend that other Insurance Company or Insurance Holding Company, etc. to participate in the consultation.
- (2) The provisions of Article 256, paragraphs (2) and (3) and Article 257 shall apply mutatis mutandis to the recommendation of the preceding paragraph. In this case, the term "Bankrupt Insurance Company or an Insurance Company recognized as having a high probability of becoming a Bankrupt Insurance

Company" in Article 256, paragraph (2) shall be deemed to be replaced with "Succeeding Insurance Company of that paragraph," the term "Policyholders Protection Corporation to which the Bankrupt Insurance Company or the Insurance Company recognized as having a high probability of becoming a Bankrupt Insurance Company has entered as a membership" in Article 256, paragraph (3) shall be deemed to be replaced with "Policyholders Protection Corporation which incorporated the Succeeding Insurance Company of Article 270-3-13, paragraph (1)," and the term "Bankrupt Insurance Company" in Article 257, paragraph (1) shall be deemed to be replaced with "Succeeding Insurance Company."

- (3) The Prime Minister may, only when he/she finds that the extension of Financial Assistance by the Incorporating Corporation is indispensable for the Re-succession of Insurance Contracts pertaining to the recommendation of paragraph (1), make a supplementary note in said recommendation, notwithstanding the provision of paragraph (1) of the preceding Article, that the offer of Article 270-3-11, paragraph (1) may be made.
- (4) The provision of Article 268, paragraph (4) and Article 268, paragraph (5) shall apply mutatis mutandis to the case that the supplementary note of the preceding paragraph is made.

(Financial Assistance pertaining to Re-Succession of Insurance Contracts)
Article 270-3-14 (1) The Incorporating Corporation shall, without delay after making the notification of Article 270-2, paragraph (2) or (5), as applied mutatis mutandis pursuant to Article 270-3-12, paragraph (3) to the Succeeding Insurance Company which made the offer of Article 270-3-11, paragraph (1), make a ruling, upon discussions of the Committee, on whether to extend the Financial Assistance pertaining to said offer.

- (2) The provision of Article 270-3, paragraph (3) shall apply mutatis mutandis in the case that the Incorporating Corporation makes the ruling of the preceding paragraph, the provision of paragraph (4) of that Article shall apply mutatis mutandis in the case that the Incorporating Corporation makes a ruling to extend Financial Assistance pursuant to the provision of the preceding paragraph, and the provision of paragraph (5) of that Article shall apply mutatis mutandis to the Re-succeeding Insurance Company or Re-succeeding Insurance Holding Company, etc. which concludes the contract of paragraph (4) of that Article, as applied mutatis mutandis pursuant to this paragraph. In this case, the term "transfer, etc. of insurance contracts" in paragraph (5) of that Article shall be deemed to be replaced with "Re-succession of Insurance Contracts," and the term "Participating Corporation" shall be deemed to be replaced with "Incorporating Corporation."

Division 3 Underwriting of Insurance Contract

(Underwriting of Insurance Contracts)

- Article 270-4 (1) The Participating Corporation may, when it finds it necessary in the case of receiving an underwriting offer for the insurance contracts under the provision of Article 267, paragraph (1), make a request to the Prime Minister that the measures under the provision of Article 256, paragraph (1) are taken before underwriting the insurance contracts pertaining to said offer.
- (2) The Prime Minister shall, without delay, notify the Participating Corporation, when the measures under the provision of Article 256, paragraph (1) pursuant to the provision of the preceding paragraph are requested, of whether said measures may be taken, and, in the case that said measures shall be taken, of the content of the measures which shall be taken.
- (3) The Participating Corporation shall, when the content of the notification of the Prime Minister under the provision of the preceding paragraph is to the effect that the measures under the provision of Article 256, paragraph (1) shall be taken, stay the implementation of the procedure pertaining to the Underwriting of Insurance Contracts; provided, however, that this shall not apply to the confirmation procedure under the provision of Article 270-2.
- (4) In the case that the Prime Minister takes the measures under the provision of Article 256, paragraph (1) under the provision of paragraph (1), the Bankrupt Insurance Company which applied for the Underwriting of Insurance Contracts under the provision of Article 267, paragraph (1) shall, when that Bankrupt Insurance Company has reached an agreement pertaining to Merger, etc., without delay, withdraw said offer.
- (5) In the case prescribed in the preceding paragraph, when no agreement pertaining to Merger, etc. is reached, the Bankrupt Insurance Company of that paragraph shall, without delay, notify the Participating Corporation to that effect.
- (6) The Participating Corporation shall, when it finds it unnecessary to make the request under the provision of paragraph (1) to the Prime Minister, when the content of the notification of the Prime Minister under the provision of paragraph (2) is to the effect that the measures under the provision of Article 256, paragraph (1) cannot be taken, or when the notification under the provision of the preceding paragraph is made, promptly, upon discussions of the Committee, make a ruling listed in items (i) and (ii) pertaining to the offer of paragraph (1) or the ruling listed in item (ii).
- (7) The provision of Article 270-3, paragraph (3) shall apply mutatis mutandis to the case that the Participating Corporation makes the ruling of the preceding paragraph.
- (8) The Bankrupt Insurance Company pertaining to the offer of paragraph (1)

may, when the Participating Corporation makes a ruling under the provision of paragraph (6), transfer the insurance contracts pertaining to all or part of the insurance contracts to said Participating Corporation pursuant to the contract with the Participating Corporation concerning the Underwriting of Insurance Contracts.

- (9) The provisions of Article 135, paragraphs (2) to (4) inclusive, Article 136 to 140 inclusive, Article 155, Article 210, and Article 250 to 253 inclusive shall apply mutatis mutandis to the transfer of insurance contracts from the Bankrupt Insurance Company pertaining to the Underwriting of Insurance Contracts to the Participating Corporation. In this case, the term "paragraph (1)" in Article 135, paragraphs (3) and (4) shall be deemed to be replaced with "Article 270-4, paragraph (8)," the term "paragraph (1) of the preceding Article" "Transferor Company and the Transferee Company (other than a Foreign Insurance Company, etc.)," and "hereinafter in this Chapter, as well as in Chapter VIII and X" in Article 136, paragraph (1) shall be deemed to be replaced with "Article 270-4, paragraph (8)," "Transferor Company," and "Article 250, paragraph (4)," respectively. The term "Transferor Company and the Transferee Company" and "paragraph (1) of the preceding Article," in Article 136, paragraph (3) shall be deemed to be replaced with "Transferor Company" and "Article 270-4, paragraph (8)," respectively. The term "Article 135, paragraph (1)" and "Transferee Company" in Article 137, paragraph (1) shall be deemed to be replaced with "Article 270-4, paragraph (8)" and "Policyholders Protection Corporation of which that Insurance Company is a member (referred to as "Participating Corporation" in Articles 140, 155 and 252)," respectively. The term "the following criteria" in Article 139, paragraph (2) shall be deemed to be replaced with "criteria listed in items (i) and (iii)." The terms "Transferee Company," "Article 135, paragraph (1)," and "Article 135, paragraph (4)" in Article 140, paragraph (2) shall be deemed to be replaced with "Participating Corporation," "Article 270-4, paragraph (8)," and "Article 135, paragraph (4) as applied mutatis mutandis pursuant to paragraph (9) of that Article," respectively. The terms "Article 135, paragraph (1)" and "Transferee Company" in Article 140, paragraph (3) shall be deemed to be replaced with "Article 270-4, paragraph (8)" and "Participating Corporation," respectively. The term "minutes of the Shareholders Meeting, etc. of the Transferee Company (other than a Foreign Insurance Company, etc.) set forth in Article 135, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-29)" in Article 155, item (i) shall be deemed to be replaced with "minutes of the General Meeting of Participating Corporation." The term "written agreement concluded under Article 135, paragraph (1) (hereinafter referred to as "Transfer Agreement" in this Section)" in Article 210, paragraph (1) shall be deemed to be replaced with "contract

concluded under Article 270-4, paragraph (8) (hereinafter referred to as "Transfer Contract" in this Section)." The term "Article 135, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1) and Article 272-29)," "Article 268, paragraph (1) or Article 270, paragraph (1)," and "Relief Insurance Company as prescribed in Article 260, paragraph (3)" in Article 250, paragraph (1) shall be deemed to be replaced with "Article 270-4, paragraph (8)," "Article 270, paragraph (1)," and "Policyholders Protection Corporation of which that Bankrupt Insurance Company is a member," respectively. The term "Article 135, paragraph (1)" in Article 250, paragraph (4) shall be deemed to be replaced with "Article 270-4, paragraph (8)." The terms "Article 135, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1) and Article 272-29; hereinafter the same shall apply in this Article)" and "Transferee Company prescribed in Article 135, paragraph (1)" in Article 252 shall be deemed to be replaced with "Article 270-4, paragraph (8)" and "Participating Corporation," respectively. Any other technical change in interpretation required shall be specified by a Cabinet Order.

(Transfer to Insurance Special Account pertaining to Underwriting of Insurance Contracts, etc.)

Article 270-5 (1) The Participating Corporation shall, when it underwrites the insurance contracts pursuant to the provision of the preceding Article, incorporate the property of the Bankrupt Insurance Company pertaining to the Underwriting of Insurance Contracts, which it inherited with the transfer of insurance contracts pertaining to the Underwriting of Insurance Contracts, into the insurance Special Account created for the purpose of that Bankrupt Insurance Company.

(2) The Participating Corporation shall, when it underwrites the insurance contracts pursuant to the provision of the preceding Article, transfer, from the general account to the insurance Special Account created for the purpose of that Bankrupt Insurance Company, the amount equivalent to the amount remaining after the deduction of the amount listed in item (ii) from the amount listed in item (i) with regard to the Bankrupt Insurance Company pertaining to said assumption of insurance contracts:

- (i) The amount of Specified Policy Reserve, etc. pertaining to the Covered Insurance Contract pertaining to that Bankrupt Insurance Company, multiplied by the rate specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance by taking into consideration the kind of that Covered Insurance Contract, expected interest rate, other content, etc.; and
- (ii) The amount of the asset value of that Bankrupt Insurance Company, based on the Confirmed Evaluation of Property, which has been calculated as per

Cabinet Office Ordinance and Ordinance of the Ministry of Finance as being the amount which corresponds to the Specified Policy Reserve, etc. pertaining to the Covered Insurance Contract.

- (3) The Participating Corporation shall, when it underwrites the insurance contracts pursuant to the provision of the preceding Article, take over the documents of the Bankrupt Insurance Company pertaining to said assumption of insurance contracts listed in Article 4, paragraph (2), items (ii) to (iv) inclusive.
- (4) The Participating Corporation may, when an amount has been accounted pursuant to what is specified by a Cabinet Order for the amount of loss accrued by the insurance Special Account by the implementation of the businesses pertaining to the Management and Disposition of Insurance Contracts pertaining to the assumption of insurance contracts under the provision of the preceding Article (including incidental businesses), transfer the amount from the general account to that insurance Special Account, upon the discussions of the Committee, within the scope of that amount.

(Application of this Act in the Case of Corporation Carrying On Insurance Business)

Article 270-6 (1) The corporation may, notwithstanding the provision of Article 3, paragraph (1), carry on Insurance Business to the extent necessary for the Management and Disposition of Insurance Contracts which were transferred pursuant to the contract concerning the Underwriting of Insurance Contracts concluded under the provision of Article 270-4, paragraph (8).

(2) The application of this Act in the case that the corporation carries on Insurance Business pursuant to the provision of the preceding paragraph shall be prescribed as follows:

- (i) For the purpose of applying the provisions of Article 9, paragraph (1) (limited to the sections pertaining to item (i)), Article 97, Article 97-2, paragraphs (1) and (2), Article 98, Chapter V of Part II (except for Articles 109, 113, and 114), Article 123 to 125 inclusive, Article 131, Sections 1 and 3 of Chapter VII of that part, and Article 309 (including the penal provisions pertaining to the provisions), the corporation shall be deemed to be the Insurance Company. In this case, the term "Article 3, paragraph (2)" in Article 97, paragraph (1) shall be deemed to be replaced with "Bankrupt Insurance Company prescribed in Article 260, paragraph (2) pertaining to the assumption of insurance contracts prescribed in paragraph (9) of that Article," the term "the following businesses and other businesses" in Article 98, paragraph (1) shall be deemed to be replaced with "businesses listed in items (i) and (ii)," the term "board of directors" in Article 120, paragraph (1) and Article 121, paragraphs (1) and (2) shall be deemed to be replaced with

"president of the Policyholders Protection Corporation," the term "or General Meeting of Members (or General Meeting, where the company has such meeting) (referred to as "Shareholders Meeting, etc." hereinafter in this Chapter, as well as in Chapter VIII and X)" in Article 136, paragraph (1) shall be deemed to be replaced with ", General Meeting of Members (or General Meeting, where the company has such meeting) or General Meeting of the Policyholders Protection Corporation (referred to as "Shareholders Meeting, etc." in Article 144, paragraph (2) and Article 149, paragraph (1)," the terms "director (or, in a company with Committees, executive officers) of the Transferor Company" and "from two weeks before the date of the Shareholders Meeting, etc. set forth in paragraph (1) of the preceding Article" in Article 136-2, paragraph (1) shall be deemed to be replaced with "director of the Policyholders Protection Corporation," and "from the date of the General Meeting of the Policyholders Protection Corporation of paragraph (1) of the preceding Article as applied with relevant changes in interpretation pursuant to the provision of Article 270-6, paragraph (2), item (i)," respectively.

- (ii) For the purpose of applying the provisions of Article 101 to 105 inclusive (including the penal provisions pertaining to the provisions), the corporation shall be deemed to be the Non-Life Insurance Company in the case that the license which had been received by the Bankrupt Insurance Company pertaining to the Underwriting of Insurance Contracts which was a membership of said corporation falls under the Kinds of Licenses listed in Article 262, paragraph (2), item (ii); and
 - (iii) For the purpose of applying the provision of Article 114, the corporation shall be deemed to be the Stock Company that is the Insurance Company.
- (3) In the case that the corporation carries on Insurance Business pursuant to the provision of paragraph (1), said corporation shall, with regard to the application of the Automobile Liability Security Act and other laws and regulations specified by a Cabinet Order, be deemed to be the Insurance Company, or, according to the kind of membership license, the Life Insurance Company or Non-Life Insurance Company pursuant to the provisions of a Cabinet Order.

(Offer for Financial Assistance pertaining to Re-Transfer of Insurance Contracts)

Article 270-6-2 (1) The Insurance Company to which the re-transfer is being made may make an offer to the corporation which underwrote the insurance contracts pertaining to the Re-Transfer of Insurance Contracts (hereinafter referred to as "Underwriting Corporation") that the Underwriting Corporation extend Financial Assistance with regard to the Re-Transfer of Insurance

Contracts (limited to damage security).

- (2) The Underwriting Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Insurance Company to which the re-transfer is being made that made the offer in that paragraph and other relevant persons to submit materials.

(Authorization of Eligibility for Re-Transfer of Insurance Contracts)

Article 270-6-3 (1) In the case referred to in paragraph (1) of the preceding Article, the Underwriting Corporation and the Insurance Company to which the re-transfer is being made, which carry out the Re-Transfer of Insurance Contracts, shall obtain the authorization of the Prime Minister for the Re-Transfer of Insurance Contracts by the time that the offer of that paragraph is made.

- (2) The provisions of Article 268, paragraphs (2) to (5) inclusive (except for paragraph (3), item (iii)) shall apply mutatis mutandis to the authorization of the preceding paragraph. In this case, the term "Bankrupt Insurance Company and Relief Insurance Company or Bankrupt Insurance Company and Relief Insurance Holding Company, etc." in paragraph (2) of that Article shall be deemed to be replaced with "Underwriting Corporation and Insurance Company to which the re-transfer is being made," the term "transfer, etc. of insurance contracts" in paragraph (3) of that Article shall be deemed to be replaced with "Re-Transfer of Insurance Contracts," the term "Participating Corporation" shall be deemed to be replaced with "Underwriting Corporation," and the term "Participating Corporation" in paragraphs (4) and (5) of that Article shall be deemed to be replaced with "Underwriting Corporation."

(Designation of Other Party of Consultation on Re-Transfer of Insurance Contracts, etc.)

Article 270-6-4 (1) The Prime Minister may designate an Insurance Company as the other party with which the assumption corporation shall hold a consultation pertaining to the Re-Transfer of Insurance Contracts and recommend that that Insurance Company participate in the consultation.

- (2) The provisions of Article 256, paragraphs (2) and (3) and Article 257 shall apply mutatis mutandis to the recommendation of the preceding paragraph. In this case, the term "Bankrupt Insurance Company or Insurance Company recognized as having a high probability of becoming a Bankrupt Insurance Company" in Article 256, paragraph (2) shall be deemed to be replaced with "Underwriting Corporation of that paragraph," the term "another Insurance Company or Insurance Holding Company, etc." shall be deemed to be replaced with "Insurance Company," the term "Bankrupt Insurance Company or Policyholders Protection Corporation of which the Insurance Company

recognized as having a high probability of becoming a Bankrupt Insurance Company has entered as a membership" in Article 256, paragraph (3) shall be deemed to be replaced with "Underwriting Corporation of Article 270-6-4, paragraph (1)," the term "Bankrupt Insurance Company" in Article 257, paragraph (1) shall be deemed to be replaced with "Underwriting Corporation," and the term "other Insurance Company or Insurance Holding Company, etc." shall be deemed to be replaced with "Insurance Company."

- (3) The Prime Minister may, only when he/she finds that the extension of Financial Assistance by the Underwriting Corporation is indispensable for the Re-Transfer of Insurance Contracts pertaining to the recommendation of paragraph (1), make a supplementary note in said recommendation, notwithstanding the provision of paragraph (1) of the preceding Article, that the offer of Article 270-6-2, paragraph (1) may be made.
- (4) The provision of Article 268, paragraph (4) and Article 268, paragraph (5) shall apply mutatis mutandis to the case that the supplementary note of the preceding paragraph is made.

(Financial Assistance pertaining to Re-Transfer of Insurance Contracts)

- Article 270-6-5 (1) The Underwriting Corporation shall, when it receives the offer under the provision of Article 270-6-2, paragraph (1), without delay make a ruling, upon discussions of the Examination Board and the Committee, on whether to extend the Financial Assistance pertaining to said offer.
- (2) The provision of Article 270-3, paragraph (3) shall apply mutatis mutandis to the case that the Underwriting Corporation makes a ruling of the preceding paragraph, and the provision of paragraph (4) of that Article shall apply mutatis mutandis in the case that the Underwriting Corporation makes a ruling to extend Financial Assistance pursuant to the provision of the preceding paragraph. In this case, the term "Insurance Company or Insurance Holding Company, etc. which made the offer for said Financial Assistance that becomes the party of said Financial Assistance" in paragraph (4) of that Article shall be deemed to be replaced with "Insurance Company for re-transfer."
 - (3) The Insurance Company for re-transfer which concludes the contract of Article 270-3, paragraph (4), as applied mutatis mutandis pursuant to the preceding paragraph, shall, if profits are accrued from the assets pertaining to said damage security pertaining to that contract, commit in that contract that it shall pay all or part of said profits to the Underwriting Corporation pertaining to that contract.

Division 4 Financial Assistance for Payment of Covered Insurance Claims

(Offer for Financial Assistance pertaining to Payment of Covered Insurance Claims)

Article 270-6-6 (1) The following Insurance Companies (referred to as "Specified Insurance Company" under Subsection 4) may make an offer to the Participating Corporation that said Participating Corporation extend Financial Assistance pertaining to the payment of Covered Insurance Claims (limited to gifts of money):

- (i) An Insurance Company which has been ordered to suspend all or part of its business pursuant to the provision of Article 241, paragraph (1), or which has suspended its business and is suspending its payments pertaining to the insurance contract pursuant to the provisions of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2)), Article 250, paragraph (5) (including the cases where it is applied mutatis mutandis pursuant to Article 270-4, paragraph (9)), Article 254, paragraph (4) or Article 255-2, paragraph (3); and
- (ii) An Insurance Company whose bankruptcy proceedings or reorganization proceedings are pending before the court and which is suspending its payments pertaining to the insurance contract.

(2) The Participating Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Specified Insurance Company that made the offer in that paragraph and other relevant persons to submit materials.

(Financial Assistance pertaining to Payment of Covered Insurance Claims)

Article 270-6-7 (1) The Participating Corporation shall, when it receives the offer of paragraph (1) of the preceding Article, without delay make a ruling, upon discussions of the Committee, on whether to extend the Financial Assistance pertaining to the payment of the Covered Insurance Claims pertaining to said offer.

- (2) The Participating Corporation shall, when it has made the ruling of the preceding paragraph, immediately report on the matters pertaining to the ruling to the Prime Minister and Minister of Finance.
- (3) The Participating Corporation shall, when it has made the ruling to extend Financial Assistance pertaining to the payment of the Covered Insurance Claims pursuant to the provision of paragraph (1), conclude a contract concerning the Financial Assistance pertaining to the payment of the Covered Insurance Claims with the Specified Insurance Company which made said offer.

Subsection 3 Purchase of Right to Insurance Claim, etc.

(Purchase of Right to Insurance Claim, etc.)

Article 270-6-8 (1) The Participating Corporation may, in the case that the Specified Insurance Company has suspended all of its payments pertaining to the insurance contract, make a ruling, upon discussions of the Committee, to purchase Right to Insurance Claims pertaining to the Covered Insurance Contract and other rights specified by a Cabinet Order (limited to those whose purpose is not security interest; hereinafter referred to as "Right to Insurance Claim, etc." in this Subsection).

(2) The purchase under the preceding paragraph shall be made in such a way that the Right to Insurance Claim, etc. under the preceding paragraph is purchased based on the request of the creditor pertaining to the Right to Insurance Claim, etc., within the period during which all payments pertaining to the insurance contract are suspended, at the amount of the insurance claim of the Covered Insurance Contract and of other benefits, multiplied by the rate specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance by taking into consideration what is the kind of that Covered Insurance Contract, the expected interest rate, other content, the time when the insured event pertaining to that request took place, etc. (hereinafter referred to as "Purchase Amount"); provided, however, that the Participating Corporation shall, in the case that it called for the Right to Insurance Claim, etc. pertaining to the purchase and when the amount which was collected from the calling deducted by the amount specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the cost of said purchase exceeds the Purchase Amount pertaining to said purchase, pay this excess amount to the creditor pertaining to said Right to Insurance Claim, etc.

(3) The Participating Corporation shall, when it has made the ruling under paragraph (1), immediately report on the matters pertaining to the ruling to the Prime Minister and Minister of Finance.

(Public Notice, etc. of Purchase)

Article 270-6-9 (1) The Participating Corporation shall, when it has made the ruling under paragraph (1) of the preceding Article, promptly provide for the purchase location pertaining to the purchase of the Right to Insurance Claim, etc. of that paragraph, the payment method for the Purchase Amount, and other matters specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and give public notice thereof.

(2) The Participating Corporation shall, when it makes the payment under the provision of the proviso of paragraph (2) of the preceding Article, in advance, upon discussions of the Committee, provide for the payment amount, payment period, and other matters specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and give public notice thereof.

(3) The provision of paragraph (3) of the preceding Article shall apply mutatis

mutandis to cases in which the matters prescribed in the preceding paragraph are provided.

(Concerning Taxation)

Article 270-6-10 (1) In the case that a person entitled to the Right to Insurance Claim, etc. receives payment of the Purchase Amount pertaining to the purchase under the provision of Article 270-6-8, paragraph (2) with regard to said Right to Insurance Claim, etc., said payment of Purchase Amount received (in the case that the person who received the payment of that Purchase Amount receives payment for the Right to Insurance Claim, etc. pertaining to that Purchase Amount under the provision of the proviso of that paragraph, that amount of payment received is included) shall be deemed to be the amount of the insurance claim and of other benefits based on the Covered Insurance Contract pertaining to said Right to Insurance Claim, etc., and the provisions of the Income Tax Act (Act No. 33 of 1965) and other laws and regulations concerning income tax shall apply.

(2) In the case that the provision of the preceding paragraph shall apply, necessary matters concerning the application of the special provisions of the proviso of Article 4-2 and Article 4-3 of the Act on Special Measures concerning Taxation (Act No. 26 of 1957) and other provisions of that paragraph shall be specified by a Cabinet Order.

(3) For the purpose of applying the provisions of the Inheritance Tax Act (Act No. 73 of 1950) and other laws and regulations concerning inheritance tax or gift tax pertaining to the payment of the Purchase Amount received in the case that payment of the Purchase Amount pertaining to the purchase of the Right to Insurance Claim, etc. under the provision of Article 270-6-8, paragraph (2) (in the case that the payment of said Right to Insurance Claim, etc. pertaining to the Purchase Amount is received within three years of the occurrence of the insured event pertaining to said Right to Insurance Claim, etc. under the provision of the proviso of that paragraph, that amount of payment received is included; hereinafter the same shall apply in this paragraph) is received, the term "insurance claim (mutual aid money)" in Article 3, paragraph (1), item (i) of that Act shall be deemed to be "insurance claim (the Purchase Amount prescribed in Article 270-6-10, paragraph (2) of the Insurance Business Act (Act No. 105 of 1995); referred to as "Purchase Amount" in Article 5, paragraph (2)) and mutual aid money," the term "said insurance claim recipient" shall be deemed to be "said insurance claim recipient (any person who received payment of said Purchase Amount and," and the term "its equivalent" in Article 5, paragraph (2) of that Act shall be deemed to be "its equivalent (including the Purchase Amount; hereinafter the same shall apply)."

Subsection 4 Miscellaneous Provision

(Loans to Memberships)

Article 270-7 (1) The loan of funds of Article 265-28, paragraph (2), item (i), within the extent of the amount it is found necessary, may be made in the following cases, based on the application thereof, limited to those in which it is found that the loan is necessary and appropriate for the smooth payment of insurance claims and other benefits by the membership of the corporation (for a Foreign Insurance Company, etc., insurance claim and other benefits pertaining to the insurance contract in Japan; hereinafter the same shall apply in this paragraph):

(i) In the case that the membership of the corporation delays payment of the insurance claim or other benefits, or there is a risk of the membership delaying payment, due to a temporary financial circumstance; and

(ii) In the case that the membership of the corporation that is the Specified Insurance Company concluded a contract under the provision of Article 270-6-7, paragraph (3) with said corporation.

(2) The loan of funds of item (i) of the preceding paragraph shall comply with the requirement that the calling of loan claims pertaining to the loan of funds is found to be certain and with other requirements specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance.

(3) The corporation shall, if an offer is made for a loan of assets under the provision of paragraph (1), make a ruling, upon discussions of the Committee, on whether to extend the loan of funds.

(4) The corporation shall, when it has made a ruling to loan the funds of paragraph (1) pursuant to the provision of the preceding paragraph, immediately report on the matters pertaining to the ruling to the Prime Minister and Minister of Finance.

(Loans to Policyholders, etc.)

Article 270-8 (1) Limited to cases in which the membership of the corporation is a Specified Insurance Company, the loan of funds of Article 265-28, paragraph (2), item (ii) may be made to any person who is a Policyholder, etc. pertaining to the insurance contract specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance of the membership, etc. and who is a person entitled to the Right to Insurance Claims and other rights specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance (hereinafter referred to as "Qualified Person" in this Article), within the extent of the amount specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the amount which they deem said Qualified Person will receive based on said rights, based on the application of said Qualified Person.

- (2) The loan of funds of the preceding paragraph shall comply with the finding that the Qualified Person will certainly pay the debt pertaining to the loan of funds through payments of insurance claims and other benefits it will receive based on the rights of that paragraph, and with other requirements specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance.
- (3) The corporation shall, when its memberships become a Specified Insurance Company, make a ruling, upon discussions of the committee, on whether to extend a loan of funds to the Qualified Person of the member.
- (4) The corporation shall, when it has made the ruling to loan the funds of paragraph (1) pursuant to the provision of the preceding paragraph, immediately report on the matters pertaining to the ruling to the Prime Minister and Minister of Finance, and promptly, upon discussions of the Committee, provide for the enquiry location pertaining to the loan of said funds, loan method, and other matters specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and give public notice thereof.

(Offer for Purchase of Assets of Liquidating Insurance Company)

Article 270-8-2 (1) The Liquidating Insurance Company may make an offer to the corporation (limited to that of which that Liquidating Insurance Company was a membership) that said corporation purchases the assets of that Liquidating Insurance Company.

- (2) The corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Liquidating Insurance Company that made the offer in that paragraph and other relevant persons to submit materials.

(Purchase of Assets of Liquidating Insurance Company)

Article 270-8-3 (1) The corporation shall, when it receives the offer under paragraph (1) of the preceding Article, without delay make a ruling, upon discussions of the Examination Board and the committee, on whether to purchase the assets pertaining to said offer.

- (2) The corporation shall, when it has made the ruling under the provision of the preceding paragraph, immediately report on the matters pertaining to the ruling to the Prime Minister and Minister of Finance.
- (3) The corporation shall, when it has made the ruling to purchase the assets pursuant to the provision of paragraph (1), conclude a contract concerning the purchase of said assets with the Liquidating Insurance Company which made an offer to purchase said assets.

(Special Provisions on Taxation)

Article 270-9 (1) The registration and license tax shall not be imposed for the registration under the provision of Article 244 (including the cases where it is

applied mutatis mutandis pursuant to Article 248, paragraph (2)).

- (2) The corporation, in the case that it has accepted insurance contracts pertaining to a membership Bankrupt Insurance Company pursuant to the provision of Article 270-4, when it has acquired the right to real estate or movables from the transfer of property of that Bankrupt Insurance Company that accompanies the acceptance of that insurance contract prescribed in the contract concerning the acceptance of insurance contracts concluded pursuant to the provision of Article 270-4, paragraph (8), the registration and license tax shall not be imposed for the registration of the transfer of said right to real estate or movables, limited to those which will be registered within one year after the acquisition pursuant to the provision of the Ordinance of the Ministry of Finance.
- (3) The Succeeding Insurance Company, in the case that it has acquired the right to real estate pursuant to the transfer of insurance contracts of the Bankrupt Insurance Company or a merger with that Bankrupt Insurance Company (referred to as "Transfer, etc. of Insurance Contracts Based on Ruling" in the following paragraph) that had been recognized as being qualified under the provision of Article 270, paragraph (1) based on the ruling listed in Article 270-3-2, paragraph (6), item (ii) under the provision of Article 270-3-2, paragraph (6), the registration and license tax shall not be imposed for the registration of the transfer of said right to real estate, limited to that which will be registered within one year after the acquisition pursuant to the provision of the Ordinance of the Ministry of Finance.
- (4) The assignment of land or rights attached to the land, which the Succeeding Insurance Company acquired by the transfer of insurance contracts based on the ruling, etc. (the assignment prescribed in Article 62-3, paragraph (2), item (i), (a) of the Act on Special Measures concerning Taxation), shall not fall under the assignment of land, etc. prescribed in Article 62-3, paragraph (2), item (i) of that Act, with regard to the application of the provisions of that Article and Articles 63, 68-68, and 68-69 of that Act pertaining to the Succeeding Insurance Company.

Section 5 Miscellaneous Provision

(Opinion of Prime Minister, etc. on Liquidation Procedure, etc.)

- Article 271 (1) The court may seek the opinion of or request an inspection or investigation from the Prime Minister regarding the liquidation procedure, bankruptcy procedure, rehabilitation procedure, reorganization procedure or approval assistance procedure of an Insurance Company, etc. or Foreign Insurance Company, etc.
- (2) The Prime Minister may, when he/she finds it necessary, state his/her opinion

to the court on the procedures prescribed in the preceding paragraph.

- (3) The provisions of Article 129, paragraph (1), Article 201, paragraph (1), Article 227, paragraph (1) and Article 272-23, paragraph (1) shall apply mutatis mutandis to cases where the Prime Minister has received a request for inspection or investigation from court pursuant to the provision of paragraph (1).

(Special Provisions pertaining to Assignment of Revolving Mortgage)

Article 271-2 (1) When the Company Being Managed intends to assign a revolving mortgage together with all of the claims it shall guarantee before the principal is established, through the assigning of property which will be carried out in conjunction with the assignment of insurance contracts to the Succeeding Insurance Company (referring to the Succeeding Insurance Company prescribed in Article 260, paragraph (6); the same shall apply in paragraph (5) and Article 271-2-3, paragraph (1), item (iii)), other insurance companies, or the corporation that will underwrite (referring to the Underwriting of Insurance Contract prescribed in Article 260, paragraph (9); the same shall apply in paragraph (5)) the insurance contracts of that Company Being Managed (hereinafter referred to as "Succeeding Insurance Company, etc." in this Article), that Company Being Managed and that Succeeding Insurance Company, etc. may give public notice to the effect that the revolving mortgagor with an objection shall raise its objections to that Company Being Managed with regard to the following matters within a certain period, or make the demand thereof:

- (i) The fact that the revolving mortgage shall be assigned from that Company Being Managed to that Succeeding Insurance Company, etc. and the date thereof; and
- (ii) The fact that the revolving mortgage shall guarantee said claim even after the revolving mortgage is assigned.
- (2) The period referred to in the preceding paragraph shall not be less than two weeks.
- (3) When the revolving mortgagor pertaining to the public notice or demand of paragraph (1) does not raise its objections to the matters listed in the items of that paragraph within the period referred to in that paragraph, it shall be deemed that the revolving mortgagor consents to the matter listed in item (i) of that paragraph and that the revolving mortgagor and the Succeeding Insurance Company, etc. pertaining to the public notice or demand of that paragraph agree on the matter listed in item (ii) of that paragraph, respectively.
- (4) When the revolving mortgagor raises its objections to part of the matters listed in the items of paragraph (1), it shall be deemed that it has raised

objections to all of the matters listed in the items of that paragraph.

- (5) The provisions of all preceding paragraphs shall apply mutatis mutandis to the case that the Succeeding Insurance Company or corporation that underwrote the insurance contracts intends to assign the revolving mortgage together with all of the claims it shall guarantee before the principal is established, through the assigning of property which will be carried out in conjunction with the assignment of insurance contracts to another Insurance Company.

(Special Provisions on Application Procedure for Registration, etc. of Revolving Mortgage Transfer)

Article 271-2-2 (1) To apply for the registration of the revolving mortgage transfer in the case referred to in paragraph (3) of the preceding Article (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article), information proving that public notice or demand was given and that the revolving mortgagor did not raise its objections within the period referred to in paragraph (1) of that Article (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) shall be provided with the application information.

- (2) The registration of a change in the revolving mortgage to the effect of adding claims pertaining to the assignment to the scope of claims which shall be guaranteed by the revolving mortgage in the case set forth in paragraph (3) of the preceding Article (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) may be applied for only by the revolving mortgagor when the information prescribed in the preceding paragraph is provided along with the application information.

(Special Provisions on Continuation of Business)

Article 271-2-3 (1) Any person listed in the following items may, in the case that it succeeded, through the transfer of an insurance contract or merger prescribed in the items, the rights and duties pertaining to a contract referring to businesses it cannot engage in pursuant to the laws and regulations concerning their operations or a contract restricting its engagement in these businesses, continue the businesses that concern these contracts until the expiration date for those contracts which prescribe a period, and, for those which do not prescribe a period, for a period limited to within two years from the date of succession:

- (i) An Insurance Company which has received the recommendation set forth in Article 256, paragraph (1), Article 270-3-13, paragraph (1), or Article 270-6-4, paragraph (1): transfer of insurance contract pertaining to said recommendation or merger;

- (ii) A Relief Insurance Company, Re-succeeding Insurance Company, or Insurance Company for re-transfer, which has received the authorization set forth in Article 268, paragraph (1), Article 270-3-12, paragraph (1), or Article 270-6-3, paragraph (1) : transfer of insurance contract pertaining to said authorization or merger; and
 - (iii) A Succeeding Insurance Company or corporation, which carries out the transfer of insurance contracts pertaining to the authorization set forth in Article 270, paragraph (1) from, or the merge with, the Bankrupt Insurance Company which has received said authorization (referring to the Bankrupt Insurance Company prescribed in Article 260, paragraph (2)): transfer of that insurance contract or merger.
- (2) Persons prescribed in the preceding paragraph may, in the case that there is a special circumstance in light of the convenience, etc. of the user of the businesses concerning the contracts prescribed in that paragraph, create a plan for managing said businesses for a specified period, and when said plan is approved by the Prime Minister, continue said businesses within the extent that the total amount of that contract of the day of the transfer of the insurance contract or merger is not exceeded, and, in accordance with said plan, renew the contract whose period set forth in that paragraph has expired or by exceeding the period set forth in that paragraph.

Chapter XI Shareholder
Section 1 General Rules

(Submission of Written Notice Pertaining to Holding of Voting Rights of Insurance Company, etc.)

Article 271-3 (1) A person who holds voting rights that exceed five hundredths of the Voting Rights by All of the Shareholders of a single Insurance Company or voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders of a single Insurance Holding Company (such person shall exclude the State, local public entity, or any juridical person specified by a Cabinet Order as one equivalent thereto (referred to as the "State, etc." in Article 271-10) shall, pursuant to the provisions of a Cabinet Office Ordinance, submit a written notice containing the following matters (hereinafter referred to in this Chapter as "Written Notice of Holding the Insurance's Voting Rights") to the Prime Minister within five days (Sundays and other holidays specified by a Cabinet Order shall not included in the number of days ; the same shall apply in paragraph (1) of the next Article) from the day on which he/she became a Major Holder of the Insurance Voting Rights (within the number of days specified by a Cabinet Office Ordinance in the where the number of voting rights held has not increased or in any other case specified by

a Cabinet Office Ordinance):

- (i) Matters concerning the Proportion of Voting Rights Held (meaning the proportion obtained by dividing the number of voting rights of the Insurance Company or Insurance Holding Company held by the Major Holder of the Insurance Company's Voting Rights, where that Major Holder of the Insurance Company's Voting Rights holds voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders, by the number of Voting Rights Held by All of the Shareholders of that Insurance Company or Insurance Holding Company; hereinafter the same shall apply in this Chapter), matters concerning funds for the acquisition, the purpose of holding the voting rights, and any other matters specified by a Cabinet Office Ordinance as important matters concerning the holding of voting rights of an Insurance Company or Insurance Holding Company:
 - (ii) The trade name or name and address;
 - (iii) In the case of a juridical person, the amount of its capital (including the total amount of contribution) and the name of its representative person; and
 - (iv) In the case where the person engages in business, the name and location of the business office and the type of the business.
- (2) The provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by a Major Holder of Insurance Voting Rights in the case referred to in the preceding paragraph.

(Submission of Change Report Concerning Written Notice of Holding the Insurance Company's Voting Rights)

Article 271-4 (1) A Major Holder of the Insurance Company's Voting Rights shall, in the case where any matters listed in the items of paragraph (1) of the preceding Article have been changed (in the case of a change in the Proportion of Voting Rights Held, it shall be limited to a case where the proportion has increased or decreased by one hundredth or more) after the day on which he/she became a holder of voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders of a single Insurance Company or voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders of a single Insurance Holding Company, he/she shall, pursuant to the provisions of a Cabinet Office Ordinance, submit a report pertaining to that change (hereinafter referred to as a "Change Report" in this Article and the next Article) to the Prime Minister within five days from that day (within the number of days specified by a Cabinet Office Ordinance in the case where the number of voting rights held has not increased or in any other case specified by a Cabinet Office Ordinance); provided, however, that this shall not apply to the case where a Change Report has already been submitted based on a decrease in the Proportion of Voting Rights Held by one hundredth

or more and the Proportion of Voting Rights Held stated in that Change Report is five hundredths or less, or to any other case specified by a Cabinet Office Ordinance.

- (2) A person submitting a Change Report based on a decrease in the Proportion of Voting Rights Held shall, in a case that satisfies the requirements specified by a Cabinet Order for a case where a large number of voting rights have been transferred within a short period, also state matters concerning the party to whom the voting rights were transferred and the Consideration received in that Change Report, pursuant to the provisions of a Cabinet Office Ordinance.
- (3) When circumstances that compel a person to submit another Change Report have arisen by the day preceding the day of submission of a Written Notice of Holding the Insurance Company's Voting Rights or a Change Report (hereinafter referred to as "Documents Required" in this Section), that Change Report shall be submitted to the Prime Minister at the same time as the submission of that Documents Required that have yet to be submitted, notwithstanding the provisions of the main clause of paragraph (1).
- (4) A person who has submitted Documents Required shall, when he/she finds that the contents stated in that Documents Required differ from the actual fact or that the statement of the matters to be stated or facts necessary for avoiding misunderstanding is insufficient or lacking, submit a correction report to the Prime Minister.
- (5) The provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by a Major Holder of Insurance Voting Rights in the case referred to in paragraphs (1) and (2).

(Special Provisions on Written Notice, etc. of Insurance Holding Company's Voting Rights)

Article 271-5 (1) Notwithstanding the provisions of Article 271-3, paragraph (1), A Written Notice of Holding the Bank's Voting Rights pertaining to voting rights held by a Bank, Financial Instruments Business Operator (limited to one that conducts Securities-Related Business), trust company, or any other person specified by a Cabinet Office Ordinance who has notified the Prime Minister of a Reference date, where the purpose of holding such voting rights is not for controlling the business activities of the Insurance Company or Insurance Holding Company that has issued the shares relating to that voting rights (excluding the case where the Proportion of Voting Rights Held has exceeded the number specified by a Cabinet Office Ordinance and any case specified by a Cabinet Office Ordinance by taking into consideration the manner in which they are held and other circumstances; hereinafter referred to as "Voting Rights Subject to Special Provisions" in this Act) shall be submitted to the Prime Minister by stating matters that relate to the status of holding

that voting rights as of the Reference Date on which the Proportion of Voting Rights Held exceeded five hundredths for the first time and that are specified by a Cabinet Office Ordinance, by the fifteenth day of the month following the month containing said Reference Date, pursuant to the provisions of a Cabinet Office Ordinance.

- (2) A Change Report pertaining to Voting Rights Subject to Special Provisions (excluding one pertaining to a change where that voting rights become those that are not Voting Rights Subject to Special Provisions) shall be submitted to the Prime Minister by the days respectively prescribed in the following items for the categories of cases listed in those items, pursuant to the provisions of a Cabinet Office Ordinance:
 - (i) A case where the Proportion of Voting Rights Held on a Reference Date that comes after the Reference Date pertaining to the Written Notice of Holding the Insurance Company's Voting Rights set forth in the preceding paragraph increased or decreased by one hundredth or more from the Proportion of Voting Rights Held that was stated in that Written Notice of Holding the Insurance Company's Voting Rights or any other case where there was an important change to matters specified by a Cabinet Office Order prescribed in that paragraph: The fifteenth day of the month following the month containing said later Reference Date;
 - (ii) A case where the circumstances came to satisfy the requirements specified by a Cabinet Office Ordinance for a case in which the Proportion of Voting Rights Held considerably increased or decreased by the last day of any month after the month containing the Reference Date pertaining to Written Notice of Holding the Insurance Company's Voting Rights: The fifteenth day of the month following the month containing said last day;
 - (iii) A case where the Proportion of Voting Rights Held on a Reference Date that comes after the Reference Date pertaining to the Change Report increased or decreased by one hundredth or more from the Proportion of Voting Rights Held that was stated in that Change Report or any other case where there was an important change to matters specified by a Cabinet Office Order prescribed in the preceding paragraph: The fifteenth day of the month following the month containing that later reference date; and
 - (iv) A case specified by a Cabinet Office Ordinance as a case equivalent to any of the preceding three items: The day specified by a Cabinet Office Ordinance.
- (3) The Reference Date set forth in the preceding two paragraphs means the last day of the month in which a person specified by a Cabinet Office Ordinance prescribed in paragraph (1) notified the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance and that of every three months thereafter.
- (4) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the

Voting Rights Subject to Special Provisions held by a Major Holder of the Insurance Company's Voting Rights in the case referred to in paragraphs (1) and (2).

(Order to Submit Correction Report)

Article 271-6 In the case where Documents Required have been submitted pursuant to the provisions of Article 271-3, paragraph (1), Article 271-4, paragraph (1) or (3), or paragraph (1) or (2) of the preceding Article, the Prime Minister may, when he/she finds that there is a formal deficiency in that Documents Required or that the statement of the important matters among the matters that should be stated in that Documents Required is insufficient, order the person who has submitted that Documents Required to submit a correction report. In this case, a hearing shall be carried out irrespective of the categories of procedures for hearing statements under Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act (Act No. 88 of 1993).

Article 271-7 The Prime Minister may, when he/she has discovered that there is a false statement with regard to an important matter or a lack of statement of any important matter among the matters that should be stated or any facts necessary for avoiding misunderstanding in the Documents Required, order the person who has submitted that Documents Required, at any time, to submit a correction report. In this case, a hearing shall be carried out irrespective of the categories of procedures for hearing statements under Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act.

(Submission of Reports or Materials by Major Holder of Insurance Voting Rights)

Article 271-8 The Prime Minister may, when he/she finds a possibility that there is a false statement with regard to an important matter or a lack of statement of any important matter among the matters that should be stated or any facts necessary for avoiding misunderstanding in the Documents Required, order the Major Holder of the Insurance Company's Voting Rights who has submitted that Documents Required to submit reports or materials that would be helpful concerning the matters that should be stated in that Documents Required or facts necessary for avoiding misunderstanding.

(On-site Inspection of Major Holder of Insurance Voting Rights)

Article 271-9 (1) The Prime Minister may, when he/she finds a possibility that there is a false statement with regard to an important matter or a lack of

statement of any important matter among the matters that should be stated or any facts necessary for avoiding misunderstanding in the Documents Required, have his/her officials enter an office or any other facility of the Major Holder of the Insurance Company's Voting Rights who has submitted that Documents Required, ask questions concerning the matters that should be stated in that Documents Required or facts necessary for avoiding misunderstanding, or inspect books and documents or other objects of that Major Holder of the Insurance Company's Voting Rights.

- (2) The official that carries out the entry, questioning, or inspection under the provision of the preceding paragraph shall indicate the reason for the entry, questioning, or inspection to the other Party.

**Section 2 Special Provisions Pertaining to Major Shareholder of
Insurance Company
Subsection 1 General Rules**

(Authorization, etc. to Be Obtained by Major Shareholder of Insurance
Company of Insurance)

Article 271-10 (1) A person who intends to become a holder of voting rights of an Insurance Company which amounts to the Major Shareholder Threshold or more or a person who intends to establish a company or any other juridical person that is a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more (excluding the State, etc., a company that intends to become a Holding company as prescribed in Article 271-18, paragraph (1), the person prescribed in that paragraph, and an Insurance Holding Company that intends to make the Insurance Company its Subsidiary Company) through any of the following transactions or acts shall obtain authorization from the Prime Minister in advance:

- (i) Acquisition of voting rights of the Insurance Company by the person who intends to become the holder of such voting rights (excluding acquisition of shares through exercise of security rights or acquisition of voting rights by any other cause specified by a Cabinet Office Ordinance);
 - (ii) Acquisition of license set forth in Article 3, paragraph (1) by a company whose voting rights amounting to the Major Shareholder Threshold or more are held by the person who intends to become a holder of said voting rights;
or
 - (iii) Any other transactions or acts specified by a Cabinet Order.
- (2) A person who became a Holder of Voting Rights of a Insurance Company which amounts to the Major Shareholder Threshold or more by a cause other than the transactions or acts listed in the items of the preceding paragraph (excluding the State, etc., a Insurance Holding Company, and a Specified

Holding Company prescribed in Article 271-18, paragraph (2); hereinafter referred to "Specified Major Shareholder" in this Article and Article 333) shall take necessary measures for becoming a person who is no longer a Holder of Voting Rights of the Insurance Company which amounts to the Major Shareholder Threshold or more by the day on which one year has elapsed from the end of the Business Year of that Insurance Company including the date on which said cause arose (hereinafter referred to as the "Last Day of the Grace Period" in this paragraph and paragraph (4)); provided, however, that this shall not apply to the cases where that Specified Major Shareholder has obtained authorization from the Prime Minister to remain as a Holder of Voting Rights of a Insurance Company which amounts to the Major Shareholder Threshold or more even after the Last Day of the Grace Period.

(3) A Specified Major Shareholder shall, when he/she becomes a person who is no longer a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more by a measure required under the preceding paragraph, notify it to the Prime Minister to that effect without delay. The same shall apply in the case where a Specified Major Shareholder becomes a person who is no longer a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more without taking said measure.

(4) The Prime Minister may order a person who became a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more or a company or any other juridical person established as a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more through any of the transactions or acts listed in the items of paragraph (1) without obtaining the authorization set forth in that paragraph or a person who remains as a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more even after the Last Day of the Grace Period without obtaining the authorization set forth in the proviso to paragraph (2), to take necessary measures for becoming a person who is no longer a Holder of Voting Rights of the Insurance Company which amounts to the Major Shareholder Threshold or more.

Article 271-11 When an application for the authorization set forth in paragraph (1) of the preceding Article or the proviso to paragraph (2) of the preceding Article is filed, the Prime Minister shall examine whether the following requirements are satisfied:

(i) In the case where the person who applied for the authorization (hereinafter referred to in this Article as "Applicant") is a company or any other juridical person, or in the case where a company or any other juridical person is to be

established under the authorization, the following requirements shall be satisfied:

- (a) In light of the matters concerning funds for the acquisition, the purpose of holding the voting rights, or any other matters concerning the Holding of Voting Rights of the Insurance Company which amounts to the Major Shareholder Threshold or more by that Applicant or the company or any other juridical person to be established under the authorization (hereinafter referred to as the "Juridical Person Applicant, etc." in this item), there shall be no risk of impairment of sound and appropriate management of the business of the Insurance Company for which that Juridical Person Applicant, etc. is or will become a holder of the voting rights which amounts to the Major Shareholder Threshold or more;
 - (b) In light of the status of property and income and expenditure of the Juridical Person Applicant, etc. and its Subsidiary Companies (including any company that will become a Subsidiary Company), there shall be no risk of impairment of sound and appropriate management of the business of the Insurance Company for which that Juridical Person Applicant, etc. is or will become a Holder of the Voting Rights which amounts to the Major Shareholder Threshold or more;
 - (c) In light of such matters as its personnel structure, etc., the Juridical Person Applicant, etc. must have sufficient understanding concerning the public nature of the Insurance Business and must have sufficient social credibility; and
- (ii) In cases other than the cases listed in the preceding items, the following requirement shall be satisfied:
- (a) In light of the matters concerning funds for the acquisition, the purpose of holding the voting rights, or any other matters concerning the Holding of Voting Rights of the Insurance Company which amounts to the Major Shareholder Threshold or more by that Applicant, there shall be no risk of impairment of sound and appropriate management of the business of the Insurance Company for which that Applicant is or will become a holder of the voting rights which amounts to the Major Shareholder Threshold or more
 - (b) In light of the status of the property of the Applicant (including the status of income and expenditure in the case where that Applicant is a person engaging in business), there shall be no risk of impairment of sound and appropriate management of the business of the Insurance Company for which that Applicant is or will become a holder of the voting rights which amounts to the Major Shareholder Threshold or more; and
 - (c) That Applicant has sufficient understanding of the public nature of the Insurance Business and holds sufficient social credibility.

Subsection 2 Supervision

(Submission of Reports or Materials by Major Shareholder of Insurance Company)

Article 271-12 The Prime Minister may, when he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of an Insurance Company in the case where he/she requests the Insurance Company to submit reports or materials pursuant to the provision of Article 128, paragraph (1), request an Major Shareholder of Insurance Company, who is a person holding the voting rights of the Insurance Company which amounts to the Major Shareholder Threshold or more, to, upon indicating the reason, submit reports or materials that shall be helpful concerning the status of the business or property of that Insurance Company, within the limit necessary.

(On-site Inspection of Major Shareholder of Insurance Company)

Article 271-13 (1) The Prime Minister may, when and to the extent that he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of an Insurance Company in the case of carrying out the entry, questioning, or inspection of the Insurance Company under the provision of Article 129, paragraph (1), assign an official to enter an office or any other facility of a Major Shareholder of that Insurance Company who is a Holder of Voting Rights of that Insurance Company which amounts to the Major Shareholder Threshold or more, ask questions concerning the status of the business or property of the Insurance Company or Major Shareholder of Insurance Company, or inspect books and documents and other items of the Major Shareholder of Insurance Company.

(2) The official that carries out the entry, questioning, or inspection pursuant to the provision of the preceding paragraph shall indicate the reason for the entry, questioning, or inspection to the other Party.

(Order for Major Shareholder of Insurance Company to Take Measures)

Article 271-14 The Prime Minister may, when an Major Shareholder of Insurance Company no longer satisfies the requirement listed in the items of Article 271-11 (in the case where conditions are imposed on the authorization set forth in Article 271, paragraph (1) or the proviso to Article 271, paragraph (2) pertaining to that Major Shareholder of Insurance Company, based on the provisions of Article 310, paragraph (1), such criteria shall include that conditions), order that Major Shareholder of Insurance Company to take necessary measures for satisfying that requirements by designating the time

limit for taking the measures.

(Request for Submission of Improvement Plan by Major Shareholder of Insurance Company, etc.)

Article 271-15 (1) The Prime Minister may, when and to the extent that he/she finds it particularly necessary to protect Policyholders, etc. by ensuring sound and appropriate management of the business of a Insurance Company in light of the status of business or property (in the case that the Major Shareholder of Insurance Company is a company or any other juridical person, it shall include the status of property of Subsidiary Companies of that Major Shareholder of the Insurance Company or any other companies that have a special relationship as specified by a Cabinet Office Ordinance with that Major Shareholder of Insurance Company) of the Major Shareholder of Insurance Company (limited to a person who holds more than five hundredths of the Voting Rights Held by All of the Shareholders of the Insurance Company; hereinafter the same shall apply in this Article), request the Major Shareholder of Insurance Company to submit an improvement plan for securing the soundness in management of the Insurance Company or order amendment of the submitted improvement plan by designating matters for which measures should be taken and the time limit therefore, or may order, to the extent necessary, measures necessary for the purpose of supervision.

(2) Where the Prime Minister has given the Major Shareholder of Insurance Company an order under the preceding paragraph, if he/she finds it necessary in light of the state of implementation of the measures under that order, he/she may order the Insurance Company for which the Major Shareholder of the Insurance Company holds more than fifty hundredths of the Voting Rights Held by All of its Shareholders to take measures necessary for ensuring sound and appropriate management of the business of the Insurance Company.

(Rescission of Authorization Granted to Major Shareholder of Insurance Company, etc.)

Article 271-16 (1) The Prime Minister may, when a Major Shareholder of Insurance Company has violated any laws and regulations or a disposition given by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order that Major Shareholder of the Insurance Company to take necessary measures for the purpose of supervision, or rescind the authorization set forth in Article 271-10, paragraph (1) or the proviso to Article 271-10, paragraph (2) for that Major Shareholder of the Insurance Company. In this case, the authorization set forth in paragraph (1) of that Article that pertains to establishment shall be deemed to be granted to the Major Shareholder of Insurance Companies, which is the company or any

other juridical person that has been established under the authorization.

(2) A Major Shareholder of Insurance Company shall, when authorization set forth in Article 271-10, paragraph (1) or the proviso to Article 271-10, paragraph (2) has been rescinded pursuant to the provisions of the preceding paragraph, take necessary measures for becoming a person who is no longer a Holder of Voting Rights of the Insurance Company which amounts to the Major Shareholder Threshold or more within a period designated by the Prime Minister.

Subsection 3 Miscellaneous Provision

(Application of this Act to Foreign Insurance Major Shareholder)

Article 271-17 Any special provisions and technical replacement of terms for applying this Act to a Holder of Voting Rights of an Insurance Company which amounts to the Major Shareholder Threshold or more that is a foreign national or a foreign juridical person (hereinafter referred to as a "Foreign Insurance Major Shareholder" in this Article) and any other necessary matters concerning application of the provisions of this Act to Foreign Major Shareholder of a Insurance Company shall be specified by a Cabinet Order.

Section 3 Special Provisions Pertaining to Insurance Holding Company

Subsection 1 General Rules

(Authorization to be Obtained by Insurance Holding Company, etc.)

Article 271-18 (1) A company which intends to become a Holding Company having an Insurance Company as its Subsidiary Company, or a person who intends to establish such a Holding Company through any of the following transactions or acts shall obtain the authorization from the Prime Minister in advance:

(i) Acquisition of Voting Rights of the Insurance Company by the company or its Subsidiary Companies(excluding acquisition of shares through exercise of security rights or acquisition of voting rights by any other cause specified by a Cabinet Office Ordinance);

(ii) Acquisition of the license set forth in Article 3, paragraph (1) by its Subsidiary Company; or

(iii) Any other transaction or acts specified by a Cabinet Order.

(2) When a company becomes a Holding Company having an Insurance Company as its Subsidiary Company by a cause other than the transactions or acts listed in the items of the preceding paragraph (hereinafter referred to as "Specified Holding Company") it shall notify the Prime Minister of the fact that it has become a Holding Company having an Insurance Company as its Subsidiary

Company and of other matters specified by a Cabinet Office Ordinance, within three months after the end of the relevant Business Year including the day on which said cause arose.

- (3) A Specified Holding Company shall take necessary measures for becoming a company which is no longer a Holding Company having an Insurance Company as its Subsidiary Company by the day on which one year has elapsed from the end of the Business Year including the day on which the cause referred to in the preceding paragraph arose (hereinafter referred to as the "Last Day of the Grace Period" in this paragraph and paragraph (5)); provided, however, that this shall not apply to the cases where said Specified Holding Company has obtained authorization from the Prime Minister to remain as a Holding Company having an Insurance Company as its Subsidiary Company even after the Last Day of the Grace Period.
- (4) A Specified Holding Company shall, when it becomes a company which is no longer a Holding Company having an Insurance Company as its Subsidiary Company by the measures required under the preceding paragraph, notify the Prime Minister to that effect without delay. The same shall in the case where a Specified Holding Company becomes a company which is no longer a Holding Company having an Insurance Company as its Subsidiary Company not as a result of such measures.
- (5) The Prime Minister may order a company which became a Holding Company having an Insurance Company as its Subsidiary Company or a person who established such a Holding Company following any of the transactions or acts listed in the items of paragraph (1) without obtaining the authorization set forth in that paragraph, or a company which remains as a Holding Company having an Insurance Company as its Subsidiary Company even after the Last Day of the Grace Period without obtaining the authorization set forth in the proviso to paragraph (3), to take necessary measures for becoming a company which is no longer a Holding Company having an Insurance Company as its Subsidiary Company.

Article 271-19 (1) When an application for the authorization set forth in paragraph (1) or the proviso to paragraph (3) of the preceding Article is filed, the Prime Minister shall examine whether the following the requirements are satisfied:

- (i) The company which files an application for the authorization or which is to be established under the authorization (hereinafter referred to as the "Applicant, etc." in this Article) and its Subsidiary Companies (including companies scheduled to become its Subsidiary Companies; hereinafter the same shall apply in the following item.) must have good prospects for income and expenditure of the business;

- (ii) In light of such matters as its personnel structure, etc., the Applicant, etc. must have the knowledge and experience that will enable the Applicant, etc. to carry out the business management of its subsidiary Insurance Company or an Insurance Company intended to become its Subsidiary Company appropriately and fairly and must have sufficient social credibility.
 - (iii) The business content of the Subsidiary Company of the Applicant, etc. does not fall under Article 271-22, paragraph (3), item (i) or (ii).
- (2) An Insurance Holding Company (excluding one established in accordance with the laws and regulations of the foreign state) shall be a stock company shall have the following organs:
- (i) Board of directors;
 - (ii) Board of company auditors or committees; and
 - (iii) Accounting auditors.

(Qualification, etc. for Directors, etc. of Insurance Holding Company)

- Article 271-19-2 (1) A person who has become subject to the ruling of the commencement of bankruptcy proceedings and has not had restored his/her rights, or a person who is treated the same as such a person under the laws and regulations of a foreign state, may not be appointed as a director, executive officer or auditor of an Insurance Holding Company.
- (2) The following provisions of the Companies Act shall not apply to an Insurance Holding Company: the proviso to Article 331, paragraph (2) (Qualifications of Directors) (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) of that Act), Article 332, paragraph (2) (Directors' Terms of Office) (including the cases where it is applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting Advisors' Terms of Office) of that Act), Article 336, paragraph (2) (Company Auditors' Terms of Office) and the proviso to Article 402, paragraph (5) (Election of Executive Officers).
- (3) An Insurance Holding Company may not become an unlimited partner or partners who execute the business of a membership company.

(Application mutatis mutandis, of Provision Pertaining to Major Shareholder of Insurance Company)

Article 271-20 The provision of Article 271-17 shall apply mutatis mutandis to a Holding Company which has an Insurance Company as its Subsidiary Company and was established in accordance with the laws and regulations of a foreign state.

Subsection 2 Business and Subsidiary Company

(Scope of Business of Insurance Holding Company, etc.)

Article 271-21 (1) An Insurance Holding Company may not conduct business other than managing the operation of its subsidiary Insurance Company and any of the companies listed in the following Article, paragraph (1), items (ii)-2 to (xiv) inclusive, and any other company that has become its Subsidiary Company with the approval of the Prime Minister under Article 271-22, paragraph (1) or the proviso to Article 271-22, paragraph (4), or any other business incidental thereto.

(2) An Insurance Holding Company shall endeavor to ensure sound and appropriate management of its subsidiary Insurance Company's business.

(Scope of Subsidiaries of Insurance Holding Company, etc.)

Article 271-22 (1) An Insurance Holding Company shall receive in advance the approval of the Prime Minister, when it intends to include in its subsidiary companies any company other than:

(i) a Life Insurance Company;

(ii) a Non-Life Insurance Company;

(ii)-2 Small Amount and Short Term Insurance Provider;

(iii) a bank;

(iv) a Long Term Credit Bank;

(v) a Company Specialized in Securities Business;

(vi) a Company Specialized in Securities Intermediary Services;

(vii) a Company Specialized in Trust Business;

(viii) a foreign company which engages in the Insurance Business;

(ix) Foreign companies which engage in Banking Business (other than a company falling under the preceding item);

(x) a foreign company which engages in any securities-related business (other than a company falling under either of the preceding two items);

(xi) Foreign companies which engage in the trust business (other than a company falling under any of the preceding three items);

(xii) Companies which exclusively engage in the following business (limited, in case of those engaging in the business specified in (a) below, to companies that engage in such business mainly for business conducted by the Insurance Holding Company, its Subsidiary Companies (limited to companies carrying on such business principally for the business of the Insurance Holding Company that fall under any of the categories in items (i), (ii) and (viii); the same shall apply in paragraph (5)) or other entities specified by a Cabinet Office Ordinance as being similar to those):

(a) Business specified by a Cabinet Office Ordinance as those being dependent on the business of an Insurance Company or any of the companies listed in item (iii) to the preceding item inclusive (referred to as

- "Dependent Business" in paragraph (5)); or
- (b) the finance-related business listed in Article 106, paragraph (2), item (ii);
 - (xiii) Companies specified by a Cabinet Office Ordinance as those exploring new business fields (limited to a company in which the total votes held by the company listed in the preceding item and to be specified by a Cabinet Office Ordinance exceed the number obtained by multiplying the Voting Rights of All Shareholders, etc. in the company by a proportion to be specified by a Cabinet Office Ordinance); or
 - (xiv) a Holding Company whose Subsidiary Companies only include companies listed in the preceding items and to be specified by a Cabinet Office Ordinance (including a company which is scheduled to become such Holding Company).
- (2) An Insurance Holding Company that intends to receive the approval set forth in the preceding paragraph shall submit to the Prime Minister a written application describing the business content, amount of capital and human resource structure of the company covered by the application for approval, as well as other matters to be specified by a Cabinet Office Ordinance.
- (3) The Prime Minister shall, when an application was made for the approval set forth in paragraph (1), give such approval, unless the content of the business carried on or to be carried on by the company covered by the application:
- (i) poses the risk of undermining the social credibility of the subsidiary Insurance Company of the applying Insurance Holding Company because:
 - (a) may harm the public policy and good morals; or
 - (b) may preclude the stable lives of the citizenry or sound development of the national economy; or
 - (ii) is likely to damage the soundness in management of the company covered by the application in light of the amount of capital, human resource structure, etc. of the company, and any such damage to its managerial soundness in turn poses the risk of damaging the soundness in the management of the subsidiary Insurance Company of the applying Insurance Holding Company.
- (4) The provision of paragraph (1) shall not apply where a company other than those listed in the items of the same paragraph becomes a Subsidiary Company of the Insurance Holding Company as a result of the acquisition of shares or equity interests through the exercise of a security rights by the Insurance Holding Company or any of its Subsidiary Companies, or any other justifiable event to be specified by a Cabinet Office Ordinance; provided, however, that the Insurance Holding Company shall, unless the Prime Minister approves that such company continue to be its Subsidiary Company, take necessary measures for ensuring that the company will cease to be its Subsidiary Company within one year from the date of such event.
- (5) In the case referred to in paragraph (1), item (xii), the Prime Minister shall

set the criteria to determine whether a company primarily carries on a Dependent Business to the business carried on by the Insurance Holding Company, any of its subsidiary companies or any other similar company to be specified by a Cabinet Office Ordinance.

- (6) The relevant provisions of the Banking Act or the Long Term Credit Bank Act shall apply in lieu of the provisions of the preceding paragraphs to any Insurance Holding Company that intends to become a bank holding company (referring to a Bank Holding Company as defined in Article 2, paragraph (13) (Definitions, etc.) of the Banking Act; the same shall apply hereafter in this paragraph as well as in Article 272-39, paragraph (6)) or a Long Term Credit Bank holding company (referring to a Long Term Credit Bank holding company as defined in Article 16-4, paragraph (1) (Scope of Subsidiary Companies, etc.) of the Long Term Credit Bank Act; the same shall apply hereafter in this paragraph as well as in Article 272-39, paragraph (6)) by making a bank or Long Term Credit Bank its Subsidiary Company, or that already is a Bank Holding Company or Long Term Credit Bank holding company.

Subsection 3 Accounting

(Business Year of Insurance Holding Company)

Article 271-23 The business year of an Insurance Holding Company shall run from 1 April to 31 March of the next year.

(Business Report, etc. of Insurance Holding Company)

Article 271-24 (1) An Insurance Holding Company shall, for each business year, prepare for submission to the Prime Minister an interim business report and business report describing in a consolidated manner the status of business or property of the Insurance Holding Company, and its Subsidiary Companies and any other company to be specified by a Cabinet Office Ordinance as having a special relationship with the Insurance Holding Company (referred to as "Subsidiary Companies, etc." hereafter in this Subsection as well as in the following Subsection)

- (2) The matters to be described in the interim business report and business report, their submission dates and other necessary matters regarding those reports shall be specified by a Cabinet Office Ordinance.

(Public Inspection, etc. of Explanatory Documents on the Status of Business and Property Pertaining to Insurance Holding Company)

Article 271-25 (1) An Insurance Holding Company shall, for each business year, prepare explanatory documents describing, with regard to the Insurance Holding Company and its Subsidiary Companies, etc., the matters to be

specified by a Cabinet Office Ordinance as pertaining to the status of the business and property of the Insurance Company and the Subsidiary Companies, etc. in a consolidated manner, and keep them for public inspection in the head office and branch offices of the subsidiary Insurance Company of the Insurance Holding Company or any other equivalent place to be specified by a Cabinet Office Ordinance.

- (2) The explanatory documents set forth in the preceding paragraph may be prepared in the form of electromagnetic record.
- (3) Where the explanatory documents set forth in paragraph (1) are prepared in the form of electromagnetic record, the Insurance Holding Company may take the measures to be specified by a Cabinet Office Ordinance as measures to ensure that the information recorded on the electromagnetic record is available to many and unspecified persons by electromagnetic means at the head office and branch offices of its subsidiary Insurance Company or any other equivalent place to be specified by a Cabinet Office Ordinance. In this case, the explanatory documents set forth in that paragraph shall be deemed to be kept for public inspection pursuant to the provision of that paragraph.
- (4) In addition to what is provided in the preceding three paragraphs, the period for making the documents set forth in paragraph (1) available for public inspection and any other necessary matters concerning the application of these provisions of preceding paragraphs shall be specified by a Cabinet Office Ordinance.
- (5) An Insurance Holding Company shall endeavor to disclose, in addition to the matters set forth in paragraph (1), any matter that would be helpful for the Policyholders and other customers of the Insurance Holding Company's subsidiary Insurance Company to know the status of the business and property of the Insurance Holding Company and its Subsidiary Companies, etc.

(Matters to Be Described in Business Report, etc. of Insurance Holding Company)

Article 271-26 A Cabinet Office Ordinance shall prescribe the matters to be described in the business report and supplementary schedules prepared by an Insurance Holding Company pursuant to the provision of Article 435, paragraph (2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act.

Subsection 4 Supervision

(Submission of Reports or Materials by Insurance Holding Company, etc.)

Article 271-27 (1) In requesting an Insurance Company to submit a report or materials pursuant to the provision of Article 128, paragraph (1), the Prime

Minister may, when he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of the Insurance Company, request the Insurance Holding Company of which the Insurance Company is a Subsidiary Company, any Subsidiary, etc. of the Insurance Holding Company (referring to a subsidiary of the Insurance Holding Company or any other person to be specified by a Cabinet Office Ordinance as a juridical person whose management is controlled by the Insurance Holding Company; the same shall apply in the following paragraph, and paragraphs (2) and (4) of the following Article), or any subcontractor of the Insurance Holding Company, to submit a report or materials that should serve as reference regarding the status of the business or property of the Insurance Company, by indicating the reason therefore.

- (2) Any Subsidiary, etc. or subcontractor of an Insurance Holding Company, may refuse to submit reports or materials under the preceding paragraph if there are justifiable grounds.

(On-Site Inspection of Insurance Holding Company, etc.)

Article 271-28 (1) In making an entry, asking questions, or conducting inspection in an Insurance Company pursuant to the provision of Article 129, paragraph (1), the Prime Minister may, when he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of the Insurance Company, direct the personnel in charge, within the limit necessary, to enter an office or any other facility of the Insurance Holding Company of which the Insurance Company is a subsidiary to ask questions on the status of the business or property of the Insurance Company or Insurance Holding Company, or inspect the books and documents and other materials of the Insurance Holding Company.

- (2) In making an entry, asking questions, or conducting inspection in an Insurance Company pursuant to the provision of Article 129, paragraph (1), the Prime Minister may, when he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of the Insurance Company, direct the personnel in charge, within the limit necessary, to enter a business office or any other facility of a Subsidiary, etc. of the Insurance Holding Company of which the Insurance Company is a subsidiary or a business office or any other facility of a subcontractor of the Insurance Holding Company to ask questions of the Insurance Company or on necessary matters for inspection, or inspect books and documents and other materials.
- (3) The personnel who make an entry, ask questions or conduct inspection under the preceding two paragraphs shall indicate to the other party the reason for such entry, questioning or inspection.
- (4) The provision of paragraph (2) of the preceding Article shall apply mutatis

mutandis to the questioning and inspection of a Subsidiary, etc. or subcontractor of an Insurance Holding Company under paragraph (2).

(Request for Submission of Improvement Plan, etc. by Insurance Holding Company, etc.)

Article 271-29 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring the soundness in management of the subsidiary Insurance Company of an Insurance Holding Company in light of the condition of the business or property of the Insurance Holding Company and its Subsidiary, etc., request the Insurance Holding Company to submit an improvement plan for securing soundness in management of the Insurance Company by designating matters for which measures should be taken and the time limit thereof, or may order, to the extent necessary, measures necessary for the purpose of supervision.

(2) In giving an order to an Insurance Holding Company under the preceding paragraph (including the request for submission of an improvement plan), the Prime Minister may, when he/she finds it particularly necessary in light of conditions regarding the implementation of the ordered measures, order the subsidiary Insurance Company of the Insurance Holding Company to take necessary measures for ensuring the sound and appropriate management of its business.

(Rescission of Authorization Pertaining to Insurance Holding Company, etc.)

Article 271-30 (1) The Prime Minister may, when an Insurance Holding Company has violated a law or regulation, its articles of incorporation or any disposition of the Prime Minister pursuant to a law or regulation, or has committed any act that harms the public interest, order the Insurance Holding Company to dismiss its directors, executive officers, accounting advisors or company auditors or to take necessary measures for the purpose of supervision, rescind the authorization given to the Insurance Holding Company under Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3), or order the subsidiary Insurance Company of the Insurance Holding Company to suspend its business in whole or in part. In this case, the authorization set forth in paragraph (1) of that Article that was granted for establishment of the Insurance Holding Company shall be deemed to be granted to the Insurance Holding Company established under the authorization.

(2) An Insurance Holding Company shall, when the authorization set forth in Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) is rescinded pursuant to the provision of the preceding paragraph, take necessary measures for ensuring that it will cease to be a Holding Company having an Insurance Company as its Subsidiary Company within a period designated by

the Prime Minister.

- (3) When the measures prescribed in the preceding paragraph have been taken, the day on which such measures were taken shall be deemed as the date of occurrence of the event set forth in Article 171-10, paragraph (2) for the purpose of applying the provision of the preceding paragraph where the company that has taken such measures continues to hold a number of votes that amounts to the Major Shareholder Threshold or more, in the Insurance Company.
- (4) The Prime Minister may, when he/she finds it necessary, order an Insurance Company that is a subsidiary of a Holding Company to suspend its business in whole or in part, where the Holding Company having an Insurance Company as its Subsidiary Company:
- (i) has become a Holding Company with an Insurance Company as its Subsidiary Company through any of the transactions or acts listed in the items of that paragraph without the authorization required in Article 271-18, paragraph (1);
 - (ii) was established as a Holding Company with an Insurance Company as its Subsidiary Company without the authorization required in Article 271-18, paragraph (1);
 - (iii) continues to be a Holding Company with an Insurance Company as its Subsidiary Company even after the Last Day of the Grace Period set forth in Article 271-18, paragraph (3) without the authorization set forth in the proviso thereto; or
 - (iv) has had the authorization under Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) rescinded pursuant to the provision of paragraph (1), and continues to be a Holding Company with an Insurance Company as its Subsidiary Company after expiration of the period designated by the Prime Minister under paragraph (2) without taking the measures set forth in that paragraph.

Subsection 5 Miscellaneous Provision

(Authorization of Merger, Company Split, or Transfer of Business Involving Insurance Holding Company)

- Article 271-31 (1) Any Merger involving an Insurance Holding Company or Insurance Holding Companies (limited to a merger as a result of which a company that was an Insurance Holding Company before the merger survives as an Insurance Holding Company) shall not be effective without authorization of the Prime Minister.
- (2) No company split of which an Insurance Holding Company is party (limited to the case where the Insurance Holding Company which had its business

succeeded by another party through the company split or the Insurance Holding Company which succeeded to another party's business through the company split continues to exist as a Insurance Holding Company even after the company split) shall be effective without authorization of the Prime Minister, except for the cases specified by a Cabinet Order.

- (3) No transfer of business where an Insurance Holding Company transfers or receives the whole or part of its or any other party's business (limited to the case where the Insurance Holding Company which transferred or received transfer of its or any other party's business continues to exist as an Insurance Holding Company even after the transfer or the receipt) shall be effective without authorization of the Prime Minister, except for the cases specified by a Cabinet Order.
- (4) The provision of Article 271-19, paragraph (1) shall when an application for the authorization set forth in the preceding three paragraphs is filed.

Section 4 Miscellaneous Provisions

(Matters to Be Notified)

Article 271-32 (1) An Major Shareholder of Insurance Company (including a former Major Shareholder of Insurance Company) shall, when it falls under any of the following items, notify the Prime Minister of the relevant fact pursuant to the provisions of a Cabinet Office Ordinance if and when:

- (i) When the holder becomes a Major Shareholder of Insurance Company under the authorization set forth in Article 271-10, paragraph (1) or is formed as a Major Shareholder of Insurance Company subject to such authorization;
- (ii) it comes to hold a number of votes exceeding fifty hundredths of the voting rights of all shareholders in an Insurance Company;
- (iii) When the holder ceases to hold voting rights that equals or exceeds the Major Shareholder Threshold in an Insurance Company (excluding the case referred to in item (v));
- (iv) When the holder ceases to hold voting rights exceeding fifty hundredths of the voting rights of all shareholders in an Insurance Company (excluding the cases referred to in the preceding and following items);
- (v) it dissolves (including when a judgment nullifying its formation, share transfer, merger (limited to a merger for forming a company or any other juridical person that holds a number of votes equaling or exceeding the Major Shareholder Threshold in an Insurance Company) or incorporation-type split has become final and binding);
- (vi) When the holder's voting rights that exceed five hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or

- (vii) When the holder falls under any other case specified by a Cabinet Office Ordinance.
- (2) An Insurance Holding Company (including a former Insurance Holding Company) shall, when it falls under any of the following items, notify the Prime Minister of the relevant fact pursuant to the provisions of a Cabinet Office Ordinance if and when:
 - (i) it becomes an Insurance Holding Company subject to the authorization set forth in Article 271-18, paragraph (1) or is established as an Insurance Holding Company subject to such authorization;
 - (ii) When it ceases to be a Holding Company having an Insurance Company as its Subsidiary Company (excluding the case referred to in item (v));
 - (iii) it intends to make any of the companies listed in the items of Article 271-22, paragraph (1) (except when it intends to merge, Split or acquire a business with the authorization set forth in Article 271-31, paragraph (1), (2) or (3)) its Subsidiary Company;
 - (iv) When such Subsidiary Company ceases to be its Subsidiary Company (except when it splits or assigns a business with the authorization set forth in Article 271-31, paragraph (2) or (3), and the case referred to in item (ii));
 - (v) it dissolves (including when a judgment nullifying its incorporation, share transfer, merger (limited to a merger for incorporating a Holding Company with subsidiaries including an Insurance Company) or incorporation-type split has become final and binding);
 - (vi) it intends to modify the amount of capital;
 - (vii) When the holder's voting rights that exceed five percent of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or
 - (viii) When the holder falls under any other case specified by a Cabinet Office Ordinance.
- (3) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to those voting rights in an Major Shareholder of Insurance Company or Insurance Holding Company which were acquired or have come to be held by the single shareholder set forth in paragraph (1), item (vi) or the preceding paragraph, item (vii).

(Expiration of Authorization)

- Article 271-33 (1) The authorization set forth in Article 271-10, paragraph (1) shall lose its effect when it falls under any of the following items; and the authorization set forth in the proviso to Article 271-10, paragraph (2) shall lose its effect when it falls under item (ii) or (iii):
- (i) The matters covered by the authorization were not implemented within six months from the date of such authorization (except when the Prime Minister

- had given approval thereto for any compelling reason);
- (ii) An insurance major shareholder subject to the authorization, ceases to hold voting rights equaling or exceeding the Major Shareholder Threshold in an Insurance Company; or
 - (iii) An Major Shareholder of Insurance Company subject to the authorization has received the authorization set forth in Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) to make the Insurance Company subject to the authorization of its Subsidiary Company.
- (2) The authorization set forth in Article 271-18, paragraph (1) shall lose its effect when it falls under any of the following items; and the authorization set forth in the proviso to Article 271-18, paragraph (3) shall lose its effect when it falls under item (ii):
- (i) The matters covered by the authorization were not implemented within six months from the date of such authorization (except when the Prime Minister had given approval thereto for any compelling reason); or
 - (ii) An Insurance Holding Company subject to the authorization has ceased to be a Holding Company with subsidiary companies including an Insurance Company.

**Chapter XII Special Provisions for Small Amount and Short Term
Insurance Provider
Section 1 General Rules**

(Registration)

- Article 272 (1) A person registered with the Prime Minister may, notwithstanding the provision of Article 3, paragraph (1), carry on the Small Amount and Short Term Insurance Business.
- (2) A Small Amount and Short Term Insurance Provider shall be a small-scale entrepreneur (referring to an entrepreneur receiving insurance premiums in an amount not exceeding the relevant threshold to be specified by a Cabinet Office Ordinance; the same shall apply in Article 272-26, paragraph (1), item (iii)).

(Application Procedure for Registration)

- Article 272-2 (1) An Applicant for the registration set forth in paragraph (1) of the preceding Article shall submit to the Prime Minister a written application for registration describing:
- (i) its trade name or name;
 - (ii) the amount of capital or the total amount of funds;
 - (iii) the names of directors and company auditors (or, in a company with Committees, directors and executive officers);
 - (iv) in a company with accounting advisors, the names of accounting advisors;

- (v) when it carries on any other business than Small Amount and Short Term Insurance, the content of such business; and
 - (vi) the addresses of its head office and other offices.
- (2) The following documents, as well as other documents to be specified by a Cabinet Office Ordinance, shall be attached to the written application set forth in the preceding paragraph:
- (i) Articles of incorporation;
 - (ii) Statement of business procedures;
 - (iii) General policy conditions; and
 - (iv) Statement of calculation procedures for insurance premiums and policy reserve.
- (3) The provision of Article 4, paragraph (3) shall apply mutatis mutandis to the attachment of the articles of incorporation set forth in paragraph (2), item (i) pursuant to the provision of the preceding paragraph.
- (4) The documents listed in paragraph (2), items (ii) to (iv) inclusive shall describe the matters to be specified by a Cabinet Office Ordinance.

(Registration to Registry)

- Article 272-3 (1) The Prime Minister shall, when an application for registration was made under Article 272, paragraph (1), register the following matters to the registry of Small Amount and Short Term Insurance Providers, except when he/she refuses such registration pursuant to the provision of paragraph (1) of the following Article:
- (i) The matters listed in the items of paragraph (1) of the preceding Article; and
 - (ii) The date and number of registration.
- (2) The Prime Minister shall make the registry of Small Amount and Short Term Insurance Providers available for public inspection.

(Refusal of Registration)

- Article 272-4 (1) The Prime Minister shall refuse an application for registration if the Applicant falls under any of the following items, or if the written application or a document attached thereto includes any misrepresentation or non-disclosure of a material fact:
- (i) A person that is not a Stock Company or Mutual Company (limited to a company that falls under any of the following sub-items as the case may be):
 - (a) A Stock Company or Mutual Company (hereinafter referred to as "Stock Company, etc." in this paragraph) whose capital or total funds (including the reserve for redemption of funds set forth in Article 56; the same shall apply in the following item) is less than the amount to be specified by a Cabinet Order: a company with a board of directors and company auditors

- or Committees; or
- (b) Any other Stock Company, etc. than the Stock Company, etc. listed in (a):
a company with a board of directors and board of company auditors or
Committees, and accounting auditors;
 - (ii) A Stock Company, etc. whose capital or total funds is less than the amount
to be specified by a Cabinet Order as necessary and appropriate for the
protection of Policyholders, etc.;
 - (iii) A Stock Company, etc. whose net assets are less than the amount set forth
in the preceding item to be specified by a Cabinet Order;
 - (iv) A Stock Company, etc. whose articles of incorporation include any
provision that does not conform to laws and regulations.
 - (v) A Stock Company, etc., whose documents listed in Article 272-2, paragraph
(2), items (ii) and (iii) include any matter that does not conform to the
following requirements:
 - (a) Its insurance contracts do not include any stipulation that poses a risk to
the protection of Policyholders, etc.;
 - (b) Its insurance contracts do not include any stipulation that constitutes
undue discriminatory treatment against specific persons;
 - (c) Its insurance contracts do not include any stipulation that poses the risk
of facilitating or inducing an act with prejudice to the public policy and
good morals;
 - (d) Its insurance contracts do not include any stipulation that entails
acceptance of excessive risk in light of the solvency of the Stock Company,
etc.; and
 - (e) The stipulations of its insurance contracts, including on the rights and
obligations of Policyholders, etc., are clear and plain to Policyholders, etc.;
 - (vi) A Stock Company, etc. whose calculation procedures for insurance
premiums and policy reserve as described in the document listed in Article
272-2, paragraph (2), item (iv) have not been confirmed by the actuary as
reasonable and appropriate based on actuarial science.
 - (vii) A Stock Company, etc. whose license under Article 3, paragraph (1) was
rescinded pursuant to the provision of Article 133 or 134, whose registration
under Article 272, paragraph (1) was canceled pursuant to the provision of
Article 272-26, paragraph (1) or Article 272-27 or whose registration under
Article 276 or 286 was canceled pursuant to the provision of Article 307,
paragraph (1), or against which a similar type of license or registration
under the relevant provision of a foreign law or regulation equivalent to this
Act (including any permission or other administrative disposition similar to
such license or registration) was canceled in the foreign state concerned,
without five years having elapsed since the date of such cancellation;
 - (viii) A Stock Company, etc. sentenced to a fine (including any equivalent

- punishment under a foreign law or regulation) for violating the provision of this Act, the Act concerning Regulation, etc. of Receiving of Capital Subscription, Deposits, Interest on Deposits, etc. (Act No. 195 of 1954) or an equivalent foreign law or regulation, without five years having elapsed since the execution of the sentence was terminated or since it was no longer subject to the execution of the sentence;
- (ix) A Stock Company, etc. that carries on any other business than the businesses set forth in the proviso to Article 272-11, paragraph (2) to be specified by a Cabinet Office Ordinance, or is found to pose the risk of obstructing the appropriate and secure operation of its Small Amount and Short Term Insurance Business;
- (x) A Stock Company, etc. whose directors, executive officers, accounting advisors or company auditors include any person:
- (a) who was subject to a ruling for the commencement of bankruptcy proceedings and whose rights have not been restored, or who is receiving any similar treatment under a foreign law or regulation;
- (b) who was sentenced to imprisonment without work or severer punishment (including any equivalent punishment under a foreign law or regulation), without five years having elapsed since the execution of the sentence was terminated or since he/she was no longer subject to the execution of the sentence;
- (c) whose license under Article 3, paragraph (1) was rescinded pursuant to the provision of Article 133 or 134, whose license under Article 185, paragraph (1) was canceled pursuant to the provision of Article 205 or 206, whose license under Article 219, paragraph (1) was canceled pursuant to the provision of Article 231 or 232, whose registration under Article 272, paragraph (1) was canceled pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27 or whose registration under Article 276 or 286 was canceled pursuant to the provision of Article 307, paragraph (1), or against whom a similar type of license or registration under the relevant provision of a foreign law or regulation equivalent to this Act (including any permission or other administrative disposition similar to such license or registration) was canceled in the foreign state concerned, and who had been a director, executive officer, accounting advisor or company auditor, or the Representative Person in Japan (including any similar post) of the company at any time during the 30 (thirty) days prior to the date of the cancellation, without five years having elapsed since the date of such cancellation;
- (d) whose registration under Article 276 or 286 was rescinded pursuant to the provision of Article 307, paragraph (1) or against whom a similar type of registration under the relevant provision of a foreign law or regulation

- equivalent to this Act (including any permission or other administrative disposition similar to such registration) was canceled, without five years having elapsed since the date of such cancellation;
- (e) who was subject to an order for dismissal as director, executive officer, accounting advisor or company auditor pursuant to the provision of Article 133, an order for dismissal as Representative Person in Japan pursuant to the provision of Article 205 or 231, an order for dismissal as director, executive officer, accounting advisor or company auditor pursuant to the provision of Article 272-26, paragraph (2), or order for dismissal as director, executive officer, accounting advisor or company auditor or Representative Person in Japan (including any similar post) under the relevant provision of a foreign law or regulation equivalent to this Act, without five years having elapsed since the date of such disposition; or
 - (f) who was sentenced to a fine (including any equivalent punishment under a foreign law or regulation) for violating a provision of any of the Acts set forth in item (viii) or the Act to Prevent Unjust Acts by Organized Crime Group Members, etc. (Act No. 77 of 1991), or a provision of any foreign law or regulation equivalent to those Acts, or for committing a crime under the Penal Code or the Act on Punishment of Physical Violence and Other Related Matters (Act No. 60 of 1926), without five years having elapsed since the execution of the sentence was terminated or since he/she was no longer subject to the execution of the sentence;
 - (xi) A Stock Company, etc. without sufficient human resource structure to carry on the Small Amount and Short Term Insurance Business in an appropriate manner; or
 - (xii) An Insurance Company.
- (2) The amount of net assets set forth in item (iii) of the preceding paragraph shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.

(Deposit)

- Article 272-5 (1) A Small Amount and Short Term Insurance Provider shall deposit the amount of money to be specified by a Cabinet Order as necessary and appropriate for the protection of Policyholders, etc. with the deposit office located nearest to its head office or principal office.
- (2) The Prime Minister may, when he/she finds it necessary for the protection of Policyholders, etc., order a Small Amount and Short Term Insurance Provider to deposit, in addition to the amount of money set forth in the preceding paragraph to be specified by a Cabinet Order, the amount of money that he/she finds appropriate prior to the commencement of its Small Amount and Short Term Insurance Business operation.
- (3) A Small Amount and Short Term Insurance Provider may, when it has

concluded an agreement stipulating that a required amount of deposit be lodged for the Small Amount and Short Term Insurance Provider by order of the Prime Minister pursuant to the provisions of a Cabinet Order and has notified the Prime Minister thereof, withhold in whole or in part the deposit under the preceding two paragraphs regarding the amount to be deposited under said agreement (hereinafter referred to as the "Agreed Amount" in this Article), so long as the agreement remains in effect.

- (4) The Prime Minister may, when he/she finds it necessary for the protection of Policyholders, etc., order a person who has concluded with a Small Amount and Short Term Insurance Provider the agreement set forth in the preceding paragraph or the Small Amount and Short Term Insurance Provider concerned to lodge a deposit in an amount corresponding to the whole or part of the Agreed Amount.
- (5) A Small Amount and Short Term Insurance Provider shall not commence the Small Amount and Short Term Insurance Business operation, unless it has lodged the deposit under paragraph (1) (including any deposit lodged pursuant to the provision of paragraph (2) following an order for deposit of money under that paragraph) or concluded the agreement set forth in paragraph (3), and has notified the Prime Minister thereof.
- (6) The Policyholders, insured or beneficiaries pertaining to insurance contracts shall, with regard to any credit arising out of the insurance contracts, have a priority claim over other creditors on the deposit pertaining to the Small Amount and Short Term Insurance Provider.
- (7) Any necessary matter in enforcing a claim under the preceding paragraph shall be specified by a Cabinet Order.
- (8) A Small Amount and Short Term Insurance Provider shall, if and when the amount of its deposit (including the Agreed Amount) falls below the amount set forth in paragraph (1) to be specified by a Cabinet Order for reasons such as the enforcement of a claim under paragraph (6), compensate for the shortfall or conclude the agreement set forth in paragraph (3) (simply referred to as "Make a Deposit" in Article 319, item (xi)) within two weeks from the date specified by a Cabinet Office Ordinance, and notify the Prime Minister thereof without delay.
- (9) A national government bond, local government bond or any other securities to be specified by a Cabinet Office Ordinance may be lodged in lieu of the deposit set forth in paragraph (1), (2) or the preceding paragraph.
- (10) The deposit lodged pursuant to the provision of paragraph (1), (2), (4) or (8) may be recovered pursuant to the provisions of a Cabinet Order, if and when:
 - (i) the registration made under Article 272, paragraph (1) is canceled pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27; or
 - (ii) the registration made under Article 272, paragraph (1) loses its effect

pursuant to the provision of Article 273, paragraph (1) or (3).

- (11) In addition to what is specified for in the preceding paragraphs, any necessary matter relating to the deposit shall be prescribed by a Cabinet Office Ordinance/Ordinance of the Ministry of Justice.

(Small Amount and Short Term Insurance Providers Liability Insurance Contract)

Article 272-6 (1) A Small Amount and Short Term Insurance Provider that has concluded a Small Amount and Short Term Insurance Provider's liability insurance contract pursuant to the provisions of a Cabinet Order may, with the Prime Minister's approval, withhold part of the deposit to be lodged under the preceding Article, paragraph (1), (2) or (8), or choose not to conclude the agreement set forth in paragraph (3) of the same Article, depending on the amount insured by the contract, so long as the contract remains in effect.

(2) The Prime Minister may, when he/she finds it necessary for the protection of Policyholders, etc., order a Small Amount and Short Term Insurance Provider that has concluded the Small Amount and Short Term Insurance Provider's liability insurance contract set forth in the preceding paragraph to lodge in whole or in part that part of the deposit under the preceding Article, paragraph (1), (2) or (8) which the insurer may withhold or for which it may choose not to conclude the agreement set forth in paragraph (3) of the same Article.

(3) In addition to what is prescribed in the preceding two paragraphs, any necessary matter relating to Small Amount and Short Term Insurance Provider's liability insurance contracts shall be specified by a Cabinet Office Ordinance.

(Notification of Change)

Article 272-7 (1) If the case of any change in the matters listed in any of the items of Article 272-2, paragraph (1), The Small Amount and Short Term Insurance Provider shall notify the Prime Minister of the change within two weeks from the day when the change occurs.

(2) The Prime Minister shall register any notification received under the preceding paragraph to the registry of Small Amount and Short Term Insurance Providers.

(Posting of Sign, etc.)

Article 272-8 (1) A Small Amount and Short Term Insurance Provider shall, at a conspicuous location in each of its offices, post a sign in the form to be specified by a Cabinet Office Ordinance.

(2) Any person other than a Small Amount and Short Term Insurance Provider shall not post the sign set forth in the preceding paragraph or any similar sign

thereto.

- (3) For the purpose of applying the provision of Article 7, paragraph (2) to a Small Amount and Short Term Insurance Provider, the term "letters that run the risk of mistaking the entity for an Insurance Company" shall be deemed to be replaced with "letters that run the risk of mistaking the entity for an Insurance Company (excluding the letters to be specified by a Cabinet Office Ordinance as indicating that the entity is a Small Amount and Short Term Insurance Provider)."

(Prohibition of Name Lending)

Article 272-9 A Small Amount and Short Term Insurance Provider shall not have another person engage in the Small Amount and Short Term Insurance Business in the name of the Small Amount and Short Term Insurance Provider.

(Restriction on Concurrent Holding of Posts by Director, etc.)

- Article 272-10 (1) A director (in the case of a company with committees, executive officer) engaging in the ordinary business of a Small Amount and Short Term Insurance Provider shall not engage in the ordinary business of another company, except when authorized by the Prime Minister.
- (2) The Prime Minister shall authorize any application for the authorization set forth in the preceding paragraph, unless he/she finds that the matters pertaining to the application pose the risk of interfering with the sound and appropriate management of the Small Amount and Short Term Insurance Provider.

Section 2 Business, etc.

(Scope of Business)

- Article 272-11 (1) A Small Amount and Short Term Insurance Provider may carry on the Small Amount and Short Term Insurance Business and any other business incidental thereto.
- (2) A Small Amount and Short Term Insurance Provider may not carry on any other business than that carried on pursuant to the provision of the preceding paragraph; provided however, that this shall not apply when the Small Amount and Short Term Insurance Provider has received the approval of the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance for any of those businesses to be specified by a Cabinet Office Ordinance as related to the Small Amount and Short Term Insurance Business which are found to pose no risk to the insurer in carrying on its Small Amount and Short Term Insurance Business in an appropriate and secure manner.
- (3) Where a written application for the registration set forth in Article 272,

paragraph (1) contains a statement to the effect that the Applicant intends to carry on any other business than that carried on pursuant to the provision of paragraph (1), the Applicant shall be deemed to have received the approval set forth in the proviso to the preceding paragraph for carrying on such business if its application for registration is accepted.

(Method of Investment)

Article 272-12 A Small Amount and Short Term Insurance Provider shall invest money received as insurance premiums and other assets by any of the following methods:

- (i) Deposit with any of the banks or financial institutions specified by a Cabinet Office Ordinance;
- (ii) Acquisition of national government bonds or any other securities specified by a Cabinet Office Ordinance as equivalent thereto; or
- (iii) Any other method specified by a Cabinet Office Ordinance as equivalent to the methods listed in the preceding two items.

(Insurance Amount Pertaining to One Policyholder, etc.)

Article 272-13 (1) A Small Amount and Short Term Insurance Provider shall not, with regard to any one single Policyholder, underwrite policies whose total amount of insurance exceeds the amount specified by a Cabinet Order.

- (2) The provisions of Article 100-2 to 100-4 inclusive shall apply mutatis mutandis to a Small Amount and Short Term Insurance Provider. In this case, the terms "Major Shareholder of Insurance Company" and "Insurance Holding Company" in Article 100-3 shall be deemed to be replaced with "Small Amount and Short Term Insurance Major Shareholder as defined in Article 272-34, paragraph (1)" and "Small Amount and Short Term Insurance Holding Company as defined in Article 272-37, paragraph (2)," respectively.

(Scope of Small Amount and Short Term Insurance Provider Subsidiary Companies, etc.)

Article 272-14 (1) A Small Amount and Short Term Insurance Provider shall not have any Subsidiary Company other than a company carrying on any business subservient to its own business, or any other businesses specified by a Cabinet Office Ordinance as incidental or related thereto.

- (2) A Small Amount and Short Term Insurance Provider shall, when it intends to have as its subsidiary a company specialized in any of the businesses set forth in the preceding paragraph specified by a Cabinet Office Ordinance, receive in advance the approval of the Prime Minister, unless it receives the authorization for business acquisition, merger or company split set forth in Article 142 as applied mutatis mutandis pursuant to Article 272-30, paragraph

(1), or in Article 167, paragraph (1) or Article 173-6, paragraph (1).

Section 3 Accounting

(Business Year)

Article 272-15 The business year of a Small Amount and Short Term Insurance Provider shall run from 1 April to 31 March of the next year.

(Business Report, etc.)

Article 272-16 (1) A Small Amount and Short Term Insurance Provider shall, for each business year, prepare a business report describing the status of its business and property for submission to the Prime Minister.

(2) A Small Amount and Short Term Insurance Provider that is also a Stock Company, etc. falling under Article 272-4, paragraph (1), item (i), (b) (referred to as "Specified Small Amount and Short Term Insurance Provider" in the following paragraph and the following Article) shall, in addition to the business report set forth in the preceding paragraph, prepare an interim business report for submission to the Prime Minister.

(3) The provision of Article 110, paragraph (2) shall apply mutatis mutandis where a Specified Small Amount and Short Term Insurance Provider has any Subsidiary Company or any other person specified by a Cabinet Office Ordinance as having a special relationship with the Specified Small Amount and Short Term Insurance Provider (referred to as "Subsidiary Company, etc." in the following Article and Article 272-25, paragraph (1)); and the provision of Article 110, paragraph (3) shall apply mutatis mutandis to a Small Amount and Short Term Insurance Provider. In this case, the term "the preceding two paragraphs" in Article 110, paragraph (3) shall be deemed to be replaced with "Article 272-16, paragraphs (1) and (2), and the preceding paragraph."

(Explanatory Documents on Business and Property Status)

Article 272-17 The provisions of Article 111, paragraph (1) and paragraphs (3) to (6) inclusive shall apply mutatis mutandis to a Small Amount and Short Term Insurance Provider; and the provision of Article 111, paragraph (2) shall apply mutatis mutandis to a Specified Small Amount and Short Term Insurance Provider with any Subsidiary Company, etc.

(Application mutatis mutandis, of Provisions on Amortization of Business Expenditures, etc.)

Article 272-18 The provisions of Article 113, Article 115, Article 116, paragraphs (1) and (3), Article 117, and Article 120 to 122 inclusive shall apply mutatis mutandis to a Small Amount and Short Term Insurance Provider; and the

provision of Article 114 shall apply mutatis mutandis to a Stock Company that is also a Small Amount and Short Term Insurance Provider. In this case, the term "the preceding two paragraphs" in Article 116, paragraph (3) shall be deemed to be replaced with "paragraph (1)"; and the term "policy reserve pertaining to the insurance contracts specified by a Cabinet Office Ordinance has been funded according to a sound actuarial practice" in Article 121, paragraph (1), item (i) shall be deemed to be replaced with "insurance premiums pertaining to the insurance contracts specified by a Cabinet Office Ordinance are calculated using a reasonable and relevant method based on actuarial science, and whether the policy reserve pertaining thereto has been funded using a reasonable and relevant method based on actuarial science."

Section 4 Supervision

(Modification of Matters Prescribed in Statement of Business Procedures, etc.)

Article 272-19 (1) A Small Amount and Short Term Insurance Provider shall, when it intends to modify any of the matters prescribed in the documents listed in Article 272-2, paragraph (2), items (ii) to (iv) inclusive, give advance notification thereof to the Prime Minister.

(2) Where the notification prescribed in the preceding paragraph pertains to the modification of any matter prescribed in the document listed in Article 272-2, paragraph (2), item (iv), the Small Amount and Short Term Insurance Provider shall submit a written opinion confirming the actuary's finding that the method of calculating the insurance premiums and policy reserve prescribed in the document is reasonable and relevant based on actuarial science.

(3) The necessary matters regarding the written opinion set forth in the preceding paragraph shall be specified by a Cabinet Office Ordinance.

(Notification, etc. of Modification in Matters Prescribed in Statement of Business Procedures, etc.)

Article 272-20 (1) Where a notification was made under the preceding Article, the modification pertaining to such notification shall be deemed as made on the day when sixty days have passed since the day following the date of receipt by the Prime Minister of the notification (or, on the day following the date of receipt of such notification, where the notification solely pertains to a modification in any of the matters prescribed in the document listed in Article 272-2, paragraph (2), item (iv)).

(2) The Prime Minister may, when he/she finds that the matters pertaining to a notification under the preceding Article (other than a notification solely pertaining to a modification in any of the matters prescribed in the document listed in Article 272, paragraph (2), item (iv)) conform to the criterion listed in

Article 272-4, paragraph (1), item (v), shorten the period prescribed in the preceding paragraph to any period of time that he/she finds reasonable. In this case, the Prime Minister shall, without delay, give notice of the shortened period of time to the person that made the notification.

- (3) The Prime Minister may, when there is reasonable ground to believe that a reasonable period of time is required to examine whether the matters pertaining to a notification under the preceding Article conform to the criterion listed in Article 272-4, paragraph (1), item (v), and that such examination will not be completed within the period of time prescribed in paragraph (1), extend the period of time to any period that he/she finds reasonable. In this case, the Prime Minister shall, without delay, give notice of the extended period of time and the reason for the extension to the person that made the notification.
- (4) The Prime Minister may, when he/she finds that the matters pertaining to a notification under the preceding Article do not conform to the criterion listed in Article 272-4, paragraph (1), item (v), order the person that made the notification to modify any of the matters pertaining to the notification within a specified period time, or to revoke the notification, provided that such order be issued within sixty days from the day following the date of receipt of such notification (or within any extended period of time pursuant to the provision of the preceding paragraph).

(Matters to Be Notified)

- Article 272-21 (1) A Small Amount and Short Term Insurance Provider shall, when it falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance if and when:
- (i) it starts its Small Amount and Short Term Insurance Business operation;
 - (ii) When such Subsidiary Companies ceases to be its Subsidiary Company (except when it assigns its business or splits with the authorization set forth in Article 142 as applied mutatis mutandis pursuant to Article 272-30, paragraph (1), or Article 173-6, paragraph (1));
 - (iii) it intends to increase the amount of capital or the total amount of funds;
 - (iv) it modifies its articles of incorporation;
 - (v) When the holder's voting rights that exceed five percent of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or
 - (vi) When it falls under any of the other cases specified by a Cabinet Office Ordinance (or Cabinet Office Ordinance/Ordinance of the Ministry of Finance in the cases pertaining to the financial bankruptcy processing system and financial crisis management).
- (2) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights in a Small Amount and Short Term Insurance Provider acquired

or held by the single shareholder set forth in item (v) of the preceding paragraph.

(Submission of Reports or Materials)

Article 272-22 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of a Small Amount and Short Term Insurance Provider, request the Small Amount and Short Term Insurance Provider to submit a report or materials concerning the condition of its business or property.

(2) The Prime Minister may, when he/she finds it particularly necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of a Small Amount and Short Term Insurance Provider, request a Subsidiary, etc. of the Small Amount and Short Term Insurance Provider (referring to a Subsidiary Company or any other juridical person whose management is deemed to be controlled by the Small Amount and Short Term Insurance Provider under a Cabinet Office Ordinance; the same shall apply in the following paragraph and paragraphs (2) and (3) of the following Article) or any subcontractor of the Small Amount and Short Term Insurance Provider to submit a report or materials that should serve as reference concerning the condition of the business or property of the Small Amount and Short Term Insurance Provider, within the limit necessary.

(3) A Subsidiary, etc. or subcontractor of a Small Amount and Short Term Insurance Provider may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

(On-Site Inspection)

Article 272-23 (1) The Prime Minister may, when he/she finds it necessary to protect Policyholders, etc. by ensuring the sound and appropriate management of a Small Amount and Short Term Insurance Provider, direct the personnel in charge, within the limit necessary, to enter a business office, any other office or any other facility of the Small Amount and Short Term Insurance Provider to ask questions on the status of its business or property, or inspect books and documents and other materials.

(2) The Prime Minister may, when he/she finds it particularly necessary in making an entry, asking questions or conducting inspection pursuant to the provision of the preceding paragraph, direct the personnel in charge, within the limit necessary, to enter a facility of any Subsidiary, etc. or subcontractor of a Small Amount and Short Term Insurance Provider to ask questions of the Small Amount and Short Term Insurance Provider or on necessary matters for inspection, or inspect books and documents and other materials.

(3) Any Subsidiary, etc. or subcontractor of a Small Amount and Short Term

Insurance Provider may, when there are justifiable grounds, refuse the questioning and inspection set forth in the preceding paragraph.

(Order to Modify Regarding Matters Prescribed in Statement of Business Procedures, etc.)

Article 272-24 (1) The Prime Minister may, when he/she finds that the matters prescribed by a Small Amount and Short Term Insurance Provider in the document listed in Article 272-2, paragraph (2), item (iv) falls under any of the following items, order the Small Amount and Short Term Insurance Provider to modify any of the matters prescribed in the document listed in that item within a specified period of time:

(i) The method of calculating insurance premiums is not found to be reasonable and relevant based on actuarial science, in light of the ratio of Insurance Claims, etc. (referring to the proportion obtained by dividing the amount of the insurance claims and other benefits (including any other payment specified by a Cabinet Office Ordinance as equivalent thereto) which became payable under insurance contracts within the business year concerned) by the amount of insurance premiums specified by a Cabinet Office Ordinance as received under the insurance contracts; or

(ii) The method of calculating the policy reserve is not found to be reasonable and relevant based on actuarial science.

(2) In addition to the cases prescribed in the preceding paragraph, the Prime Minister may, when he/she finds it necessary, in light of the status of the business or property of a Small Amount and Short Term Insurance Provider or changing circumstances, to protect Policyholders, etc. by ensuring the sound and appropriate management of the Small Amount and Short Term Insurance Provider, order the Small Amount and Short Term Insurance Provider, within the limit necessary, to modify any of the matters prescribed in the documents listed in Article 272-2, paragraph (2), items (ii) to (iv) inclusive.

(Order for Business Improvement)

Article 272-25 (1) The Prime Minister may, when he/she finds it necessary, in light of the status of the business or property of a Small Amount and Short Term Insurance Provider or the status of the property of its Subsidiary Company, etc., to protect Policyholders, etc. by ensuring the sound and appropriate management of the Small Amount and Short Term Insurance Provider, request the Small Amount and Short Term Insurance Provider to submit an improvement program for ensuring the soundness of its management by specifying matters for which measures should be taken as well as a time limit or order the modification of the submitted improvement program, or order necessary measures for the purpose of supervision.

(2) Any order under the preceding paragraph that is deemed necessary in light of the conditions regarding the capital adequacy of a Small Amount and Short Term Insurance Provider to support the payment of Insurance Claims, etc., shall be the order to be specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Finance according to the categories of condition pertaining to the capital adequacy of the Small Amount and Short Term Insurance Provider to support the payment of Insurance Claims, etc.

(Cancellation of Registration, etc.)

Article 272-26 (1) The Prime Minister may order the total or partial suspension of the business of a Small Amount and Short Term Insurance Provider for a specified period of time, or cancel the registration set forth in Article 272, paragraph (1), if and when the Small Amount and Short Term Insurance Provider:

(i) falls under any of Article 272-4, paragraph (1), items (i) to (iv) inclusive, item (vii), (viii) or (xi);

(ii) obtains the registration set forth in Article 272, paragraph (1) by wrongful means;

(iii) ceases to be a small-scale entrepreneur or violates any other provision of a law or regulation;

(iv) violates any disposition by the Prime Minister pursuant to a law or regulation or any of the particularly important matters prescribed in the documents listed in the items of Article 272-2, paragraph (2); or

(v) commits any act with prejudice to the public interest.

(2) If and when any director, executive officer, accounting advisor or company auditor of a Small Amount and Short Term Insurance Provider falls under any of Article 272-4, paragraph (1), item (x), (a) to (f) inclusive, violates any provision of a law or regulation, or commits any act falling under item (iv) or (v) of the preceding paragraph, the Prime Minister may order the Small Amount and Short Term Insurance Provider to dismiss the director, executive officer, accounting advisor or company auditor.

Article 272-27 The Prime Minister may, when he/she finds that a Small Amount and Short Term Insurance Provider should not, due to a extreme deterioration in the status of its property, carry on the Small Amount and Short Term Insurance Business from the viewpoint of protecting Policyholders, etc., cancel the registration of such small amount and short term insurance provider under Article 272, paragraph (1).

(Application mutatis mutandis, of Provisions on Standard of Soundness)

Article 272-28 The provision of Article 130 shall apply mutatis mutandis to a

Small Amount and Short Term Insurance Provider.

Section 5 Comprehensive Transfer, etc. of Insurance Contracts

(Application mutatis mutandis, of Provisions on Comprehensive Transfer of Insurance Contracts)

Article 272-29 The provisions of Chapter VII, Section 1 shall apply mutatis mutandis to the transfer of insurance contracts of a Small Amount and Short Term Insurance Provider. In this case, the term "Foreign Insurance Company, etc." in Article 135, paragraph (1) shall be deemed to be replaced with "Foreign Insurance Company, etc. or Small Amount and Short Term Insurance Provider."

(Application mutatis mutandis, of Provisions on Assignment or Acquisition of Business, and Entrustment of Activity and Property)

Article 272-30 (1) The provision of Article 142 shall apply mutatis mutandis to the assignment or acquisition of business involving a Small Amount and Short Term Insurance Provider or Small Amount and Short Term Insurance Providers.

(2) The provisions of Chapter VII, Section 3 shall apply mutatis mutandis to the entrustment by a Small Amount and Short Term Insurance Provider of the administration of its business and property. In this case, the term "Foreign Insurance Company, etc. (unless otherwise specified by a Cabinet Office Ordinance)" in Article 144, paragraph (1) shall be deemed to be replaced with "Foreign Insurance Company, etc. (unless otherwise specified by a Cabinet Office Ordinance) or Small Amount and Short Term Insurance Provider."

Section 6 Shareholder

Subsection 1 Major Shareholder of Small Amount and Short Term Insurance Provider

(Approval Pertaining to Holder of Votes Equaling or Exceeding Major Shareholder Threshold in Small Amount and Short Term Insurance Provider, etc.)

Article 272-31 (1) Any person who intends to, through any of the following transactions or acts, hold a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider or form a company or juridical person that holds a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider (other than the State, etc. set forth in Article 271-10, paragraph (1), the company set forth in Article 272-35, paragraph (1) that

intends to become a Holding Company, the person set forth in that paragraph or the Small Amount and Short Term Insurance Holding Company set forth in Article 272-37, paragraph (2) that intends to make a Small Amount and Short Term Insurance Provider its subsidiary) shall obtain the approval of the Prime Minister in advance:

- (i) Acquisition of voting rights in a Small Amount and Short Term Insurance Provider by the person that intends to hold the number of votes (except for those obtained by the acquisition of shares through the exercise of a security interest or due to any other event to be specified by a Cabinet Office Ordinance);
 - (ii) An act by a company in which the person intending to hold the number of votes holds a number of votes that equals or exceeds the Major Shareholder Threshold to obtain the registration set forth in Article 272, paragraph (1); or
 - (iii) Any other transaction or act to be specified by a Cabinet Order.
- (2) Any person that has come to hold voting rights equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider due to any other event than the transactions or acts listed in the items of the preceding paragraph (other than the National Government, etc. set forth in Article 271-10, paragraph (1), the Specified Small Amount and Short Term Insurance Holding Company set forth in Article 272-35, paragraph (2) or the Specified Small Amount and Short Term Insurance Holding Company set forth in Article 272-37, paragraph (2); referred to as "Specified Small Amount and Short Term Insurance Major Shareholder" hereafter in this Article as well as in Article 333) shall take necessary measures for ensuring that it will cease to hold a number of votes equaling or exceeding the Major Shareholder Threshold in the Small Amount and Short Term Insurance Provider by the date which is one year after the last day of the Small Amount and Short Term Insurance Provider's business year in which the event occurred (referred to as "Grace Deadline" hereafter in this paragraph as well as in paragraph (4)); provided, however, that this shall not apply where the Specified Small Amount and Short Term Insurance Major Shareholder has received the approval of the Prime Minister for continuing to hold a number of votes equaling or exceeding the Major Shareholder Threshold in the Small Amount and Short Term Insurance Provider after the Grace Deadline.
- (3) A Specified Small Amount and Short Term Insurance Major Shareholder shall, when it has ceased to hold voting rights equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider by taking the measures set forth in the preceding paragraph, notify thereof to the Prime Minister without delay. The same shall apply when it has ceased to hold a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider without taking such

measures.

- (4) The Prime Minister may order a person who has come to hold voting rights equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider through any of the transactions or acts listed in the items of paragraph (1) or a company or any other juridical person formed as the holder of a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider, without receiving the approval set forth in paragraph (1), or a person that continues to hold, even after the Grace Deadline, a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider without receiving the approval set forth in the proviso to paragraph (2), to take necessary measures for ensuring that it will cease to hold a number of votes equaling or exceeding the Major Shareholder Threshold in the Small Amount and Short Term Insurance Provider.
- (5) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by the holder of a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider, in the cases referred to in the preceding paragraphs.

(Application Procedure for Approval)

- Article 272-32 (1) Any person that intends to receive the approval set forth in the preceding Article, paragraph (1) or the proviso to paragraph (2) shall submit to the Prime Minister a written application for approval describing:
- (i) matters concerning the voting right holding ratio (referring to the ratio obtained by dividing the number of votes held by the Applicant for approval in the Small Amount and Short Term Insurance Provider pertaining to the approval by the total number of votes held by all shareholders of the Small Amount and Short Term Insurance Provider; the same shall apply in Article 272-36, paragraph (1) and Article 272-42, paragraph (1)), matters concerning the funds used to acquire the voting rights, the purpose of holding the voting rights, and other matters to be specified by a Cabinet Office Ordinance as important matters concerning the holding of voting rights in a Small Amount and Short Term Insurance Provider;
 - (ii) its trade name, name, and address;
 - (iii) for a juridical person, the amount of capital or contribution and the name of its representative person; and
 - (iv) for a business entity, the names and addresses of its business offices and the type of its business.
- (2) The written application for approval set forth in the preceding paragraph shall be attached with a document containing a pledge that the application does not fall under paragraph (1), item (i), (c) or item (ii), (c) of the following

Article as well as any other document specified by a Cabinet Office Ordinance.
(3) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by the person submitting the written application for approval in the case referred to in paragraph (1).

Article 272-33 (1) The Prime Minister shall, when an application for approval was made under Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2), approve such application unless it falls under any of the following items:

- (i) Where the person that made the application for approval (hereinafter referred to as "Applicant" in this Article) is a company or any other juridical person, or where a company or any other juridical person is to be formed with the approval, any of the following applies:
 - (a) In light of the matters concerning the funds used for acquiring the voting rights, the purpose of holding the voting rights or any other matter concerning the holding of a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider by the company or any other juridical person to be formed with the approval (hereinafter referred to as "Juridical Person Applicant, etc." in this item), the application poses a risk to the sound and appropriate management of the Small Amount and Short Term Insurance Provider in which the Juridical Person Applicant, etc. holds, or will hold, a number of votes equaling or exceeding the Major Shareholder Threshold;
 - (b) In light of the condition of the property and balance of payment of the Juridical Person Applicant, etc. and its subsidiary companies (including any prospective Subsidiary Company), the application poses a risk to the sound and appropriate management of the Small Amount and Short Term Insurance Provider in which the Juridical Person Applicant, etc. holds, or will hold, a number of votes equaling or exceeding the Major Shareholder Threshold; or
 - (c) The Juridical Person Applicant, etc. falls under any of the following points:
 - 1. A person whose license under Article 3, paragraph (1) was canceled pursuant to the provision of Article 133 or 134, whose license under Article 185, paragraph (1) was canceled pursuant to the provision of Article 205 or 206, whose license under Article 219, paragraph (1) was canceled pursuant to the provision of Article 231 or 232, whose registration under Article 272, paragraph (1) was canceled pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27 or whose registration under Article 276 or 286 was canceled pursuant to the provision of Article 307, paragraph (1), or whose license or

registration of a similar type obtained under a foreign law or regulation equivalent to this Act (including any permission or other administrative disposition similar to such license or registration) was canceled in the foreign state concerned, without five years having elapsed since the date of such cancellation.

2. A person sentenced to a fine (including any equivalent punishment under a foreign law or regulation) for violating a provision of any of the acts set forth in Article 272-4, paragraph (1), item (viii) or any foreign law or regulation equivalent thereto, without five years having elapsed since the execution of the sentence was terminated or since it was no longer subject to the execution of the sentence;
 3. A person whose officers include the person listed in Article 331, paragraph (1), item (ii) of the Companies Act (Qualifications of Directors) or Article 331, paragraph (1), item (iii) of that Act as applied with relevant changes in interpretation pursuant to the provision of Article 12, paragraph (1), or a person falling under any of Article 272-4, paragraph (1), item (x), (a) to (f) inclusive; or
- (ii) In any other case than that listed in the preceding item, any of the following applies:
- (a) In light of the matters concerning the funds used for acquiring the voting rights, the purpose of holding the voting rights or any other matter concerning the holding of a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider by the Applicant, the application poses a risk to the sound and appropriate management of the Small Amount and Short Term Insurance Provider in which the Applicant holds, or will hold, a number of votes equaling or exceeding the Major Shareholder Threshold;
 - (b) In light of the status of the property of the Applicant (including the condition of balance of payment, where the Applicant is a business entity), the application poses a risk to the sound and appropriate management of the Small Amount and Short Term Insurance Provider in which the Applicant holds, or will hold, a number of votes equaling or exceeding the Major Shareholder Threshold; or
 - (c) The Applicant falls under any of the following points:
 1. An adult ward or person under curatorship, or any other person receiving a similar treatment under a foreign law or regulation, whose statutory representative falls under Article 331, paragraph (1), item (ii) of the Companies Act or Article 331, paragraph (1), item (iii) of that Act as applied with relevant changes in interpretation pursuant to the provision of Article 12, paragraph (1), or any of Article 272-4, paragraph (1), item (x), (a) to (f) inclusive; or

2. A person falling under Article 331, paragraph (1), item (ii) of the Companies Act or Article 331, paragraph (1), item (iii) of that Act as applied with relevant changes in interpretation pursuant to the provision of Article 12, paragraph (1), or any of Article 272-4, paragraph (1), item (x), (a) to (f) inclusive.
- (2) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by the Applicant in the case referred to in the preceding paragraph.

(Application mutatis mutandis, of Provisions on Supervision)

- Article 272-34 (1) The provisions of Article 271-12 to 271-14 inclusive and 271-16 shall apply mutatis mutandis to a Major Shareholder of Small Amount and Short Term Insurance Provider that holds a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider (referring to a person that has received the approval to hold such voting rights following any of the transactions or acts listed in items of Article 272-31, paragraph (1), was formed with the approval set forth in the same paragraph, or has received the approval set forth in the proviso to paragraph (2) of the same Article; the same shall apply hereinafter). In this case, the term "Article 128, paragraph (1)" in Article 271-12 shall be deemed to be replaced with "Article 272-22, paragraph (1)"; the term "Article 129, paragraph (1)" in Article 271-13 shall be deemed to be replaced with "Article 272-23, paragraph (1)"; the terms "the items of Article 271-11" and "authorization set forth in the proviso of Article 271, paragraph (1) or (2)" in Article 271-14 shall be deemed to be replaced with "Article 272-33, paragraph (1), items (i) and (ii)" and "approval set forth in Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2)," respectively; the terms "authorization of the insurance major shareholder set forth in the proviso of Article 271-10, paragraph (1) or (2)," "authorizations set forth in Article 271-10, paragraph (1)" and "said authorization" in Article 271-16, paragraph (1) shall be deemed to be replaced with "approval of the insurance major shareholder set forth in Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2)," "approvals set forth in Article 272-31, paragraph (1)," and "said approval," respectively; and the term "authorization set forth in the proviso of Article 271-10, paragraph (1) or (2)" in Article 271-16, paragraph (2) shall be deemed to be replaced with "approval set forth in Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2)."p
- (2) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by a person who holds a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider in the case referred to in the preceding paragraph.

Subsection 2 Small Amount and Short Term Insurance Holding Company

(Approval Pertaining to Small Amount and Short Term Insurance Holding Company, etc.)

- Article 272-35 (1) Any company that intends to become a Holding Company of subsidiary companies including a Small Amount and Short Term Insurance Provider through any of the following transactions or acts, or any person that intends to incorporate a Holding Company with subsidiaries including a Small Amount and Short Term Insurance Provider shall receive in advance the approval of the Prime Minister:
- (i) Acquisition of voting rights in the Small Amount and Short Term Insurance Provider by the company or any of its subsidiary companies (excluding through the acquisition of shares by the exercise of a security interest or any other event specified by a Cabinet Office Ordinance);
 - (ii) Any act by a subsidiary of the company to obtain the registration set forth in Article 272, paragraph (1); or
 - (iii) Any other transaction or act specified by a Cabinet Order.
- (2) Any company that has become a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider following any other event than the transactions or acts listed in items of the preceding paragraph (hereinafter referred to as "Specified Small Amount and Short Term Insurance Holding Company") shall, within three months from the end of the business year in which the event occurred, notify the Prime Minister of the fact that the company has become a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider, as well as other matters specified by a Cabinet Office Ordinance.
- (3) A Specified Small Amount and Short Term Insurance Holding Company shall take necessary measures to ensure that it will cease to be a Holding Company with subsidiary companies including a small amount and short term insurance provider by the date which is one year after the last day of the business year in which the event set forth in the preceding paragraph occurred (referred to as "Grace Deadline" hereafter in this paragraph as well as in paragraph (5)); provided, however, that this shall not apply where the Prime Minister approves that the Specified Small Amount and Short Term Insurance Holding Company continue as a Holding Company with subsidiary companies including a small amount and short term insurance provider after the Grace Deadline.
- (4) A Specified Small Amount and Short Term Insurance Holding Company shall, when it has ceased to be a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider following the

measures taken under the preceding paragraph, notify the Prime Minister thereof without delay. The same shall apply where it has ceased to be a Holding Company with subsidiary companies including a small amount and short term insurance provider without taking such measures.

- (5) The Prime Minister may order any company that has become a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider following any of the transactions or acts listed in the items of paragraph (1) or was incorporated as a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider, without the approval set forth in paragraph (1), or any company that continues as a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider after the Grace Period without the approval set forth in the proviso to paragraph (3), to take necessary measures to ensure that it will cease to be a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider.

Article 272-36 (1) An Applicant for the approval set forth in the preceding Article, paragraph (1) or the proviso to paragraph (3) shall submit to the Prime Minister a written application for approval describing:

- (i) matters concerning the voting right holding ratio, matters concerning the funds used to acquire the voting rights, the purpose of holding the voting rights, and other matters specified by a Cabinet Office Ordinance as important matters concerning the holding of voting rights in a Small Amount and Short Term Insurance Provider:
 - (ii) its trade name;
 - (iii) the amount of capital;
 - (iv) the names of its directors and company auditors (or, in a company with Committees, directors and executive officers); and
 - (v) the names and addresses of its head office and other offices.
- (2) The written application for approval set forth in the preceding paragraph shall be attached with the articles of incorporation, the balance sheet, the profit and loss statement, a document containing a pledge that the application does not fall under paragraph (1), item (iii) of the following Article, and other documents specified by a Cabinet Office Ordinance.

Article 272-37 (1) The Prime Minister shall approve any application made under Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3) unless:

- (i) in light of the status of the property and balance of payment of the company that made the application for approval or the company to be incorporated with the approval (hereinafter referred to as "Applicant, etc." in this Article)

and its subsidiary companies (including any prospective Subsidiary Company), the Applicant, etc. poses a risk to the sound and appropriate management of the Small Amount and Short Term Insurance Provider that is, or will be its Subsidiary Company;

(ii) in light of its human resource structure, etc., the Applicant, etc. does not have the necessary knowledge and experience for ensuring the appropriate and fair management of the Small Amount and Short Term Insurance Provider that is, or will be, its Subsidiary Company;

(iii) the Applicant, etc. falls under Article 272-33, paragraph (1), item (i), (c); or

(iv) the business content of any Subsidiary Company of the Applicant, etc. falls under item of Article 272-39, paragraph (3).

(2) A Small Amount and Short Term Insurance Holding Company (referring to a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider that has received the approval to hold the relevant voting rights following any of the transactions or acts listed in items of Article 272-35, paragraph (1), was incorporated with the approval set forth in Article 272-35, paragraph (1), or has received the approval set forth in the proviso to Article 272-35, paragraph (3); the same shall apply hereinafter) shall be a Stock Company that has the following organs, unless it was incorporated in accordance with the laws and regulations of the foreign state:

(i) Board of directors;

(ii) Board of company auditors or Committees; and

(iii) Accounting auditors.

(Qualification, etc. for Directors, etc. of Small Amount and Short Term Insurance Holding Company)

Article 272-37-2 (1) The following provisions in the Companies Act shall not apply to a Small Amount and Short Term Insurance Holding Company: the proviso to Article 331, paragraph (2) (Qualifications of Directors) (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) of that Act), Article 332, paragraph (2) (Directors' Terms of Office) (including the cases where it is applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting Advisors' Terms of Office) of that Act), Article 336, paragraph (2) (Company Auditors' Terms of Office) and the proviso to Article 402, paragraph (5) (Election of Executive Officers).

(2) A Small Amount and Short Term Insurance Holding Company may not become a an unlimited partner or partners who execute the business of a membership company.

(Scope of Business of Small Amount and Short Term Insurance Holding

Company, etc.)

Article 272-38 (1) A Small Amount and Short Term Insurance Holding Company may not conduct business other than managing the operation of any company falling under items of paragraph (1) of the following Article and any other company that has become its Subsidiary Company with the approval of the Prime Minister set forth in Article 272-39, paragraph (1) or the proviso to Article 272-39, paragraph (4), or any other business incidental thereto.

(2) A Small Amount and Short Term Insurance Holding Company shall, in carrying on its business, endeavor to ensure the sound and appropriate management of its subsidiary Small Amount and Short Term Insurance Provider.

(Scope of Subsidiary Companies of Small Amount and Short-Term Insurance Holding Company, etc.)

Article 272-39 (1) A Small Amount and Short Term Insurance Holding Company shall receive in advance the approval of the Prime Minister, when it intends to make any company other than the companies which falls under any of the categories specified in the following items its Subsidiary Company:

(i) A Small Amount and Short Term Insurance Provider; or

(ii) A company specialized in a business subservient to that carried on by a Small Amount and Short Term Insurance Provider, or any of the businesses specified by a Cabinet Office Ordinance as incidental or related thereto.

(2) A Small Amount and Short Term Insurance Holding Company that intends to receive the approval set forth in the preceding paragraph shall submit to the Prime Minister a written application describing the business content, amount of capital and human resource structure of the company covered by the application for approval, as well as other matters specified by a Cabinet Office Ordinance.

(3) The Prime Minister shall, when an application was made for the approval set forth in paragraph (1), give such approval, unless the content of the business carried on or to be carried on by the company covered by the application:

(i) may harm the public policy and good morals; or

(ii) is likely to damage the soundness in management of the company covered by the application in light of the amount of capital, human resource structure, etc. of the company, and any such damage to its managerial soundness in turn poses the risk of damaging the soundness in the management of the subsidiary Small Amount and Short Term Insurance Provider of the applying Small Amount and Short Term Insurance Holding Company.

(4) The provision of paragraph (1) shall not apply where a company not falling under paragraph (1), item (i) or (ii) becomes a subsidiary of the Small Amount and Short Term Insurance Holding Company following the acquisition of

shares or equity interests through the exercise of security interest by the Small Amount and Short Term Insurance Holding Company or any of its subsidiary companies, or any other justifiable event specified by a Cabinet Office Ordinance; provided, however, that the Small Amount and Short Term Insurance Holding Company shall, unless the Prime Minister approves that such company continue to be its Subsidiary Company, take necessary measures to ensure that the company will cease to be its subsidiary within one year from the date of such event.

- (5) The provision of Article 271-22 shall apply in lieu of the provisions of paragraph (1) of the preceding Article and the preceding paragraphs to any Small Amount and Short Term Insurance Holding Company that intends to become an Insurance Holding Company by making an Insurance Company its subsidiary, or any Small Amount and Short Term Insurance Holding Company that already is an Insurance Holding Company.
- (6) The relevant provisions of the Banking Act or the Long Term Credit Bank Act shall apply in lieu of the provisions of paragraph (1) of the preceding Article and paragraphs (1) to (4) inclusive to any Small Amount and Short Term Insurance Holding Company that intends to become a Bank Holding Company or Long Term Credit Bank holding company by making a bank or Long Term Credit Bank its subsidiary, or any Small Amount and Short Term Insurance Holding Company that already is a Bank Holding Company or Long Term Credit Bank Holding Company.

(Application mutatis mutandis, of Provisions on Accounting, Supervision, etc.)
Article 272-40 (1) The provision of Article 271-23 shall apply mutatis mutandis to the business year of a Small Amount and Short Term Insurance Holding Company; the provision of Article 271-24 shall apply mutatis mutandis to an interim business report or business report describing in a consolidated manner the status of the business and property of a Small Amount and Short Term Insurance Holding Company, its subsidiary companies and any other company specified by a Cabinet Office Ordinance as having a special relationship with the Small Amount and Short Term Insurance Holding Company (hereinafter referred to as "Subsidiary Companies, etc." in this Article); the provisions of Article 271-25, paragraphs (1) to (4) inclusive shall apply mutatis mutandis to explanatory documents describing the matters specified by a Cabinet Office Ordinance as pertaining to the status of the business and property of a Small Amount and Short Term Insurance Holding Company and its Subsidiary Companies, etc. in a consolidated manner with regard to the Small Amount and Short Term Insurance Holding Company and its Subsidiary Companies, etc.; the provision of Article 271-25, paragraph (5) shall apply mutatis mutandis to a Small Amount and Short Term Insurance Holding Company; and

the provision of Article 271-26 shall apply mutatis mutandis to the matters to be described in the business report and annexed detailed statements of a Small Amount and Short Term Insurance Holding Company.

- (2) The provision of Article 271-27 shall apply mutatis mutandis to a Small Amount and Short Term Insurance Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider, any Subsidiary, etc. of the Small Amount and Short Term Insurance Holding Company (referring to a Subsidiary Company or any other person to be prescribed by a Cabinet Office Ordinance as a juridical person whose management is controlled by the Small Amount and Short Term Insurance Holding Company; hereinafter the same shall apply in this Article), or any subcontractor of the Small Amount and Short Term Insurance Holding Company; the provision of Article 271-28, paragraph (1) shall apply mutatis mutandis to a Small Amount and Short Term Insurance Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider; the provisions of Article 271-28, paragraphs (2) and (4) shall apply mutatis mutandis to any Subsidiary, etc. or subcontractor of a Small Amount and Short Term Insurance Holding Company; the provision of Article 271-28, paragraph (3) shall apply mutatis mutandis to the personnel who make an entry, ask questions or conduct inspection under those provisions; the provision of Article 271-29, paragraph (1) shall apply mutatis mutandis to a Small Amount and Short Term Insurance Holding Company; the provision of Article 271-29, paragraph (2) shall apply mutatis mutandis to the subsidiary Small Amount and Short Term Insurance Provider of a Small Amount and Short Term Insurance Holding Company; and the provision of Article 271-30 shall apply mutatis mutandis to a Small Amount and Short Term Insurance Holding Company or a subsidiary small amount and short term insurance provider of a Small Amount and Short Term Insurance Holding Company. In this case, the term "Article 128, paragraph (1)" in Article 271-27, paragraph (1) shall be deemed to be replaced with "Article 272-22, paragraph (1)"; the term "Article 129, paragraph (1)" in Article 271-28, paragraphs (1) and (2) shall be deemed to be replaced with "Article 272-23, paragraph (1)"; the terms "authorization given to the Insurance Holding Company under Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3)," "authorization set forth in Article 271-18, paragraph (1)" and "said authorization" in Article 271-30, paragraph (1) shall be deemed to be replaced with "approval given to the Insurance Holding Company under Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3)," "approval set forth in Article 272-35, paragraph (1)" and "said approval," respectively; the term "authorization set forth in Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3)" in Article 271-30, paragraph (2) shall be deemed to be replaced

with "approval set forth in Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3)"; the term "Article 271-10, paragraph (2)" in Article 271-30, paragraph (3) shall be deemed to be replaced with "Article 272-31, paragraph (2)"; the term "authorization set forth in Article 271-18, paragraph (1)" in Article 271-30, paragraph (4), items (i) and (ii) shall be deemed to be replaced with "approval set forth in Article 272-35, paragraph (1)"; the term "Article 271-18, paragraph (3) without the authorization set forth in the proviso thereto" in Article 271-30, paragraph (4), item (iii) shall be deemed to be replaced with "Article 272-35, paragraph (3) without the approval set forth in the proviso thereto"; and the term "authorization under Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3)" in Article 271-30, paragraph (4), item (iv) shall be deemed to be replaced with "approval under Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3)."

Subsection 3 Miscellaneous Provisions

(Application of this Act to Major Shareholder of Foreign Small Amount and Short Term Insurance Provider or Foreign Small Amount and Short Term Insurance Holding Company)

Article 272-41 A Cabinet Order shall prescribe special provisions and technical changes in interpretation in applying this Act to a foreign national or foreign juridical person that holds a number of votes equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider or a Holding Company incorporated in accordance with the laws and regulations of a foreign state with subsidiary companies including a Small Amount and Short Term Insurance Provider (hereinafter referred to as "Major Shareholder of Foreign Small Amount and Short Term Insurance Provider, etc." in this Article), as well as any other matter necessary for applying the provisions of this Act to a Major Shareholder of Foreign Small Amount and Short Term Insurance Provider, etc.

(Matters to Be Notified)

Article 272-42 (1) A Major Shareholder of Small Amount and Short Term Insurance Provider (including a former Major Shareholder of Small Amount and Short Term Insurance Provider) shall notify the Prime Minister of the relevant fact pursuant to the provisions of a Cabinet Office Ordinance if and when:

(i) the holder becomes a Major Shareholder of Small Amount and Short Term Insurance Provider subject to the approval set forth in Article 272-31, paragraph (1) or is formed as a Major Shareholder of Small Amount and

- Short Term Insurance Provider subject to such approval;
- (ii) any of the matters listed in the items of Article 272-32, paragraph (1) are modified (excluding any modification in the voting right holding ratio;
 - (iii) it comes to hold a number of votes exceeding 50 percent of the voting rights of all shareholders in a Small Amount and Short Term Insurance Provider;
 - (iv) it ceases to hold voting rights that equals or exceeds the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider (excluding the case referred to in item (vi));
 - (v) it ceases to hold a number of votes exceeding fifty hundredths of the voting rights of all shareholders in a Small Amount and Short Term Insurance Provider (excluding the cases referred to in the preceding and following items);
 - (vi) the holder dissolves (including the case where a court judgment nullifying the establishment, share transfer, Merger (limited to a Merger having resulted in establishment of a company or any other juridical person that holds voting rights equaling or exceeding the Major Shareholder Threshold in a Small Amount and Short Term Insurance Provider) or an Incorporation-Type Split pertaining to the holder has become final and binding);
 - (vii) the holder's voting rights that exceed fifty hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or
 - (viii) the holder falls under any other case specified by a Cabinet Office Ordinance.
- (2) A Small Amount and Short Term Insurance Holding Company (including a former Small Amount and Short Term Insurance Holding Company) shall, when it falls under any of the following items, notify the Prime Minister of the relevant fact pursuant to the provisions of a Cabinet Office Ordinance if and when:
- (i) it becomes a Small Amount and Short Term Insurance Holding Company subject to the approval set forth in Article 272-35, paragraph (1) or is incorporated as a Small Amount and Short Term Insurance Holding Company subject to such approval;
 - (ii) it ceases to be a Holding Company with subsidiary companies including a Small Amount and Short Term Insurance Provider (excluding the case referred to in item (v));
 - (iii) it intends to make any of the companies listed in items of Article 272-39, paragraph (1) its Subsidiary Company;
 - (iv) such Subsidiary Company ceases to be its Subsidiary Company (excluding the case referred to in item (ii));
 - (v) the holder dissolves (including the case where a court judgment nullifying the establishment, share transfer, Merger (limited to a Merger for

- incorporating a Holding Company to make a Small Amount and Short Term Insurance Provider its Subsidiary Company) or Incorporation-Type Split has become final and binding);
- (vi) it intends to modify the amount of capital;
 - (vii) the holder's voting rights that exceed five hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or
 - (viii) the holder falls under any other case specified by a Cabinet Office Ordinance.
- (3) The provision of Article 2, paragraph (15) shall apply mutatis mutandis to those voting rights in a Major Shareholder of Small Amount and Short Term Insurance Provider or Small Amount and Short Term Insurance Holding Company which were acquired or have come to be held by the single shareholder set forth in paragraph (1), item (vii) or the preceding paragraph, item (vii).

(Expiration of Approval)

Article 272-43 The provision of Article 271-33, paragraph (1) shall apply mutatis mutandis to the approval given to a Major Shareholder of Small Amount and Short Term Insurance Provider under Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2); and the provision of Article 271-33, paragraph (2) shall apply mutatis mutandis to the approval given to a Small Amount and Short Term Insurance Holding Company under Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3).

Chapter XIII Miscellaneous Provisions

(Expiration of License or Registration)

Article 273 (1) The license set forth Article 3, paragraph (1) or Article 185, paragraph (1), or the registration set forth in Article 272, paragraph (1) shall lose its effect for an Insurance Company (including a Foreign Insurance Company, etc.) or a Small Amount and Short Term Insurance Provider falling under any of the following items (item (i) or (iv) for a Foreign Insurance Company, etc.):

- (i) It has abolished its Insurance Business (for a Foreign Insurance Company, etc., its Insurance Business in Japan; the same shall apply in item (iv));
- (ii) It has dissolved (including when a judgment nullifying its incorporation, share transfer, merger (limited to a merger for incorporating an Insurance Company) or an incorporation-type split has become final and binding);
- (iii) A Stock Company carrying on the Insurance Business has transferred all of its insurance contracts;

- (iv) A Stock Company carrying on the Insurance Business has carried out a company split, effectively transferring all of its insurance contracts; or
 - (v) It does not start its Insurance Business within six months from the date of obtaining such license or registration (except when it received in advance the approval of the Prime Minister for any compelling reason).
- (2) When a notification was made under Article 209 following any of the events listed in Article 209, items (v) to (viii) inclusive (for a notification under Article 209, item (v), limited to the notification of a merger through which the Foreign Insurance Company, etc. will become extinct, a company split resulting in the transfer in whole of the business of the Foreign Insurance Company, etc. or an assignment of the whole business), the license granted by the Prime Minister to the notifying Foreign Insurance Company, etc. under Article 185, paragraph (1) shall lose its effect.
- (3) The registration set forth in Article 272, paragraph (1) shall lose its effect when the Small Amount and Short Term Insurance Provider obtains the license set forth in Article 3, paragraph (1).

(Public Notice by Prime Minister)

Article 274 In the following cases, the Prime Minister shall give public notice in the Official Gazette where thereof:

- (i) When he/she orders suspension of the whole or part of the business (for a Foreign Insurance Company, etc., its business in Japan) pursuant to the provision of Article 132, paragraph (1), Article 133, Article 204, paragraph (1), Article 205, Article 241, paragraph (1) or Article 272-26, paragraph (1);
- (ii) he/she has canceled the license set forth in Article 3, paragraph (1) or Article 185, paragraph (1), or the registration set forth in Article 272, paragraph (1), pursuant to the provision of Article 133, Article 134, Article 205, Article 206, Article 272-26, paragraph (1) or Article 272-27;
- (iii) he/she has made a disposition ordering the administration of business and property by the Insurance Administrator pursuant to the provision of Article 241, paragraph (1) or issued an order pursuant to the provision of Article 258, paragraph (1);
- (iv) When the license granted under Article 3, paragraph (1) or Article 185, paragraph (1) has loses effect pursuant to the provision of the preceding Article;
- (v) When he/she rescinds the authorization set forth in Article 271-10, paragraph (1) or the proviso to Article 271-10, paragraph (2) pursuant to the provision of Article 271-16, paragraph (1);
- (vi) When he/she rescinds the authorization set forth in Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) pursuant to the provision of Article 271-30, paragraph (1);

- (vii) When he/she orders suspension of the whole or part of the business of an Insurance Company that is a subsidiary of an Insurance Holding Company pursuant to the provision of Article 271-30, paragraph (1);
- (viii) When he/she orders suspension of the whole or part of the business of an Insurance Company pursuant to the provision of Article 271-30, paragraph (4); or
- (ix) the authorization set forth in Article 271-10, paragraph (1) or the proviso to Article 271-10, paragraph (2) or in Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) has lost its effect pursuant to the provision of Article 271-33.

Part III Insurance Solicitation

Chapter I General Rules

(Restrictions on Insurance Solicitation)

Article 275 (1) No person may solicit insurance except when a person who falls under any of the following items carries out the Insurance Solicitation business defined in the relevant item.

- (i) A Life Insurance Solicitor registered under the following Article: to act as an agent or intermediary for the Entrusting Insurance Company, etc. in concluding an insurance contract (for a bank serving as an Life Insurance Solicitor or any other person specified by a Cabinet Order (hereinafter referred to as "Bank, etc." in this Article), or an director or employee thereof, this shall be limited to the cases specified by a Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc.)
- (ii) An officer (other than an officer with authority of representation, or an auditor or audit committee member; the same shall apply hereinafter in this Article, as well as in Articles 283 and 302.) or an employee of a Non-Life Insurance Company (including a Foreign Non-Life Insurance Company, etc.; hereinafter the same shall apply in this Part.), or a Non-Life Insurance Agent registered under the following Article or an officer or employee thereof: to act as an agent or intermediary for the Entrusting Insurance Company, etc. in concluding an insurance contract (for a Bank, etc. serving as a Non-Life Insurance Agent, or an officer or employee thereof, this shall be limited to the cases specified by a Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc.)
- (iii) A specified Small Amount and Short Term Insurance Solicitor (meaning any of the Small Amount and Short Term Insurance Solicitors dealing only in the class of insurance defined in Article 3, paragraph (5), item (i) or any other class of insurance specified by a Cabinet Office Ordinance, other than a person entrusted with Insurance Solicitation activities on behalf of a Small

Amount and Short Term Insurance Provider; the same shall apply hereinafter.) or a Small Amount and Short Term Insurance Solicitor registered under the following Article: to act as an agent or intermediary for the Entrusting Insurance Company, etc. in concluding an insurance contract (for a Bank, etc. serving as a Small Amount and Short Term Insurance Solicitor, or an officer or employee thereof, this shall be limited to the cases specified by a Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc.)

(iv) An Insurance Broker registered under Article 286, or an officer or employee thereof: to act as an intermediary in concluding an insurance contract (where the insurer is a Foreign Insurer that is not a Foreign Insurance Company, etc., this shall be limited to the cases specified by a Cabinet Order; for a Bank, etc. serving as an Insurance Broker, or an officer or employee thereof, this shall be limited to the cases specified by a Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc.), excluding the mediation activities for the conclusion of an insurance contract carried out by a Life Insurance Solicitor, Non-Life Insurance Solicitor or Small Amount and Short Term Insurance Solicitor for the Entrusting Insurance Company, etc.

(2) Notwithstanding the provision of any other act, a Bank, etc. may carry out Insurance Solicitation activities by way of registration under the following Article or Article 286.

Chapter II Insurance Solicitor and Entrusting Insurance Company, etc.

Section 1 Insurance Solicitor

(Registration)

Article 276 A specified Insurance Solicitor (meaning a Life Insurance Solicitor, Non-Life Insurance Agent or Small Amount and Short Term Insurance Solicitor (other than a Specified Small Amount and Short Term Insurance Solicitor); the same shall apply hereinafter) shall be registered with the Prime Minister pursuant to the provision of this Act.

(Application for registration)

Article 277 (1) A person applying for a registration under the preceding Article shall submit to the Prime Minister a written application indicating:

- (i) Trade name or name and birth date;
- (ii) Name and location of the office;
- (iii) Trade name, name of the Entrusting Insurance Company, etc.;
- (iv) Any other type of business conducted by the Applicant; and
- (v) Any other matter specified by a Cabinet Office Ordinance.

(2) The following documents shall be attached to the written application set forth in the preceding paragraph:

- (i) A written statement pledging that the Applicant does not fall under any of Article 279, paragraph (1), items (i) to (v) inclusive, item (vii) or (viii) (excluding the reference to Article 279, paragraph (1), item (vi)), item (ix) (excluding the reference to Article 279, paragraph (1), item (vi)), item (x) or (xi);
- (ii) Where the Applicant is a juridical person (including an association or foundation which is not a juridical person and has a designated representative person or manager; hereinafter the same shall apply in this Part), a written statement indicating the names and addresses of its officers (including the representative person or manager of an association or foundation that is not a juridical person; hereinafter the same shall apply in this Part except for Articles 283 and 302); and
- (iii) In addition to what is listed in the preceding two items, any other document specified by a Cabinet Office Ordinance.

(Registration process)

Article 278 (1) The Prime Minister shall, immediately after receiving an application for registration under Article 276 above, record the following matters on the registry of Life Insurance Solicitors, the registry of Non-Life Insurance Agents or the registry of Small Amount and Short Term Insurance Solicitors maintained at a location specified by a Cabinet Office Ordinance, except when he/she refuses the application pursuant to the provision of paragraphs (1) to (3) inclusive of the following Article:

- (i) Matters listed in items of paragraph (1) of the preceding Article; and
- (ii) Date and number of registration.

(2) The Prime Minister shall notify without delay any registration made pursuant to the provision of the preceding paragraph to the Applicant and Entrusting Insurance Company, etc. concerned.

(Refusal of application)

Article 279 (1) The Prime Minister shall refuse an application for registration if the Applicant falls under any of the following items, or if the written application or a document attached thereto includes any misrepresentation pertaining to an important matter or non-disclosure of a material fact:

- (i) A bankrupt whose rights have not been restored or a person receiving any similar treatment under a foreign law or regulation;
- (ii) A person sentenced to imprisonment or severer punishment (including any equivalent punishment under a foreign law or regulation), without three years having elapsed since the execution of the sentence was terminated or

- since he/she was no longer subject to the execution of the sentence;
- (iii) A person sentenced to fine (including any equivalent punishment under a foreign law or regulation) for violating the provision of this Act or of an equivalent foreign law or regulation, without three years having elapsed since the execution of the sentence was terminated or since he/she was no longer subject to the execution of the sentence;
 - (iv) A person whose registration under Article 276 above was cancelled pursuant to the provision of Article 307, paragraph (1), without three years having elapsed since the date of the cancellation (including, where the cancellation of registration was made against a juridical person, a person who had been an officer of the juridical person at any time during the thirty days prior to the date of the cancellation, without three years having elapsed since that date); or a person against whom a similar registration under any provision of a foreign law or regulation equivalent to this Act was cancelled in the foreign state concerned (including any permission or other administrative measures similar to the registration; hereinafter referred to as "Registration, etc." in this item), without three years having elapsed since the date of the cancellation (including, where the cancellation of Registration, etc. was made against a juridical person, a person who had been an officer of the juridical person at any time during the thirty days prior to the date of the cancellation, without three years having elapsed since that date);
 - (v) An adult ward or person under curatorship, or any other person receiving a similar treatment under a foreign law or regulation;
 - (vi) A person who had committed any extremely inappropriate act in connection with Insurance Solicitation activities during the three years prior to the date of application;
 - (vii) An Insurance Broker, or any of its officers or any of its employees carrying out Insurance Solicitation activities;
 - (viii) A minor who does not have the business capacity of an adult regarding sales and whose statutory representative falls under any of the preceding items;
 - (ix) A juridical person whose officers include at least one person falling under any of items (i) to (vi) inclusive;
 - (x) An individual whose employees carrying out Insurance Solicitation activities include at least one person falling under item (vii); or
 - (xi) A juridical person whose officers or employees carrying out Insurance Solicitation activities include at least one person falling under item (vii).
- (2) The Prime Minister shall, when he/she intends to refuse an application for registration pursuant to the provision of the preceding paragraph, notify the Applicant thereof in advance and require the appearance of the Applicant or his/her representative at an opinion hearing to be held by an official

designated by the Prime Minister in order to provide an opportunity to submit any further evidence in support of the application.

- (3) In the case referred to in the preceding paragraph, the Prime Minister may refuse an application without hearing any opinion, if the person summoned for the hearing fails to appear without any justifiable ground.
- (4) The Prime Minister shall notify to the Applicant without delay and in writing any refusal of application pursuant to the provision of the preceding three paragraphs.

(Report, etc. of change, etc.)

Article 280 (1) When a specified Insurance Solicitor falls under any of the following items, the person specified in the relevant item shall report to the Prime Minister without delay to that effect:

- (i) Any change in the matters listed in the items of Article 277, paragraph (1): the specified Insurance Solicitor affected by the change;
 - (ii) Abolition of Insurance Solicitation business: the individual who served as the specified Insurance Solicitor or the officer representing the juridical person that served as the specified Insurance Solicitor;
 - (iii) Death of any individual serving as the specified Insurance Solicitor: his/her heir;
 - (iv) Decision of commencement of bankruptcy proceedings regarding any juridical person serving as the specified Insurance Solicitor: its bankruptcy trustee;
 - (v) Extinction of any juridical person serving as the specified Insurance Solicitor through merger (for an association or foundation that is not a juridical person, any act equivalent to merger; the same shall apply in the following item): the person who served as the officer representing the juridical person; or
 - (vi) Dissolution of any juridical person serving as the specified Insurance Solicitor (for an association or foundation that is not a juridical person, any act equivalent to dissolution) for a reason other than merger or decision of commencement of bankruptcy procedures: its liquidator (for an association or foundation that is not a juridical person, its representative person or the person who served as its manager).
- (2) The Prime Minister shall, when he/she has received any report under the preceding paragraph for the reason specified in item (i), record the reported matter on the registry of Life Insurance Solicitors, the registry of Non-Life Insurance Agents or the registry of Small Amount and Short Term Insurance Solicitors, and notify thereof to the Entrusting Insurance Company, etc.
- (3) Registration of a specified Insurance Solicitor shall lose its effects if and when the solicitor falls under any of paragraph (1), items (ii) to (vi) inclusive.

(Registration and license tax and fees)

- Article 281 An Applicant for registration under Article 276 (including a person who files a report under paragraph (1), item (i) of the preceding Article when such report is deemed as a new registration pursuant to the provision of item (xxxvii) of Appended Table 1 of the Registration and License Tax Act (Act No. 35 of 1967)) shall pay the registration and license tax pursuant to the provisions of that Act in the case of item (i), or a fee in an amount specified by a Cabinet Order taking the actual cost into consideration in the case of item (ii)
- (i) Any application for registration under Article 277, paragraph (1) (including a report filed under paragraph (1), item (i) of the preceding Article above when such report is deemed as a new registration pursuant to the provision of Article 34 of the Registration and License Tax Act) submitted upon entrustment by the Entrusting Insurance Company, etc. (excluding any entrustment for a limited time based on temporary needs and specified as such by a Cabinet Office Ordinance); or
 - (ii) Any application which does not fall under the preceding item.

(Restriction on Life Insurance Solicitors)

- Article 282 (1) A Life Insurance Company (including a Foreign Life Insurance Company, etc.; hereinafter the same shall apply in this Part) shall not entrust a Life Insurance Solicitor of another Life Insurance Company with any Insurance Solicitation business on its own behalf.
- (2) A Life Insurance Solicitor may neither serve as an officer or employee of another Life Insurance Company, or as an employee of any such person, nor solicit insurance upon entrustment by another Life Insurance Company, or as an officer or employee of a person soliciting insurance upon entrustment by another Life Insurance Company
 - (3) The provision of the preceding two paragraphs shall not apply to a Life Insurance Solicitor affiliated to two or more Entrusting Insurance Companies, etc. if specified by a Cabinet Order as posing little risk to the protection of Policyholders, etc. in light of the person's capacity to carry on Insurance Solicitation business and other conditions.

Section 2 Entrusting Insurance Company, etc.

(Liability of Entrusting Insurance Company, etc.)

- Article 283 (1) An Entrusting Insurance Company, etc. shall be liable for any damage caused by an Insurance Solicitor to a Policyholder in carrying out Insurance Solicitation activities.
- (2) The provision of the preceding paragraph shall not apply when

- (i) With regard to Insurance Solicitation activities carried out by an Insurance Solicitor who is an officer of the Entrusting Insurance Company, etc. (for a Life Insurance Company, including a Life Insurance Solicitor who is an employee of such officer), the Entrusting Insurance Company, etc. used due care in appointing the officer and has made reasonable efforts in relation to Insurance Solicitation activities by such person to prevent the damage caused to the Policyholder;
 - (ii) With regard to Insurance Solicitation activities carried out by an Insurance Solicitor who is an employee of the Entrusting Insurance Company, etc. (for a Life Insurance Company, including a Life Insurance Solicitor who is an employee of such employee), the Entrusting Insurance Company, etc. used due care in recruiting the employee (other than an employee of a Life Insurance Company's employee) and has made reasonable efforts in relation to Insurance Solicitation activities by such person to prevent the damage caused to the Policyholder; or
 - (iii) With regard to Insurance Solicitation activities carried out by a specified Insurance Solicitor upon entrustment by the Entrusting Insurance Company, etc., or an officer or employee thereof, the Entrusting Insurance Company, etc. used due care in entrusting the specified Insurance Solicitor with such activities and has made reasonable efforts in relation to Insurance Solicitation activities by such person to prevent the damage caused to the Policyholder.
- (3) The provision of paragraph (1) shall not prevent the Entrusting Insurance Company, etc. to exercise its right to obtain reimbursement from the Insurance Solicitor concerned.
- (4) The provision of Article 724 of the Civil Code (Time limit for seeking compensation for damage caused by tort) shall apply mutatis mutandis to any claim under paragraph (1).

(Application for Registration, etc. through Entrusting Insurance Company, etc. as Agent)

Article 284 A specified Insurance Solicitor or a person falling under any of Article 280, paragraph (1), items (ii) to (vi) inclusive may appoint the Entrusting Insurance Company, etc. as his/her agent in applying for a registration under Article 277, paragraph (1), or in filing a report under Article 280, paragraph (1) or Article 302.

(Registry of Specified Insurance Solicitors)

Article 285 (1) An Entrusting Insurance Company, etc. shall, pursuant to the provisions of a Cabinet Office Ordinance, maintain a registry of specified Insurance Solicitors acting on its behalf at its head office or principal office, or

at one of its branch offices or secondary offices (for a Foreign Insurance Company, etc., at its branch office, etc. set forth in Article 185, paragraph (1)).

(2) Any interested person may require the Entrusting Insurance Company, etc. as necessary to provide access to the registry set forth in the preceding paragraph for inspection.

Chapter III Insurance Broker

(Registration)

Article 286 An Insurance Broker shall be registered with the Prime Minister pursuant to the provisions of this Act.

(Application for Registration)

Article 287 (1) A person applying for a registration under the preceding Article shall submit to the Prime Minister a written application indicating:

- (i) Trade name, name and address;
- (ii) Name and location of the office;
- (iii) Class(es) of insurance contract to be dealt in;
- (iv) Any other type of business conducted by the Applicant; and
- (v) Any other matter specified by a Cabinet Office Ordinance.

(2) The following documents shall be attached to the written application set forth in the preceding paragraph:

- (i) A written statement pledging that the Applicant does not fall under any of Article 289, paragraph (1), items (i) to (v) inclusive, item (vii) or (viii) (excluding the reference to Article 289, paragraph (1), item (vi)), item (ix) (excluding the reference to Article 289, paragraph (1), item (vi)) or item (x);
- (ii) In the case where the person is juridical person, a written statement indicating the names and addresses of its officers; and
- (iii) In addition to what is listed in the preceding two items, any other document specified by a Cabinet Office Ordinance.

(Registration Process)

Article 288 (1) The Prime Minister shall, immediately after receiving an application for registration under Article 286 above, record the following matters on the registry of Insurance Brokers maintained at a location specified by a Cabinet Office Ordinance, except when he/she refuses the application pursuant to the provision of paragraphs (1) to (3) inclusive of the following Article:

- (i) Matters listed in items of paragraph (1) of the preceding Article; and
- (ii) Date and number of registration.

(2) The Prime Minister shall notify without delay any registration made

pursuant to the provision of the preceding paragraph to the Applicant concerned.

- (3) The Prime Minister shall make the registry of Insurance Brokers available for public inspection.

(Refusal of Application)

Article 289 (1) The Prime Minister shall refuse an application for registration if the Applicant falls under any of the following items, or if the written application or a document attached thereto includes any misrepresentation regarding an important matter or non-disclosure of a material fact

- (i) A bankrupt whose rights have not been restored or a person receiving any similar treatment under a foreign law or regulation;
- (ii) A person sentenced to imprisonment or severer punishment (including any equivalent punishment under a foreign law or regulation), without three years having elapsed since the execution of the sentence was terminated or since he/she was no longer subject to the execution of the sentence;
- (iii) A person sentenced to fine (including any equivalent punishment under a foreign law or regulation) for violating the provision of this Act or of an equivalent foreign law or regulation, without three years having elapsed since the execution of the sentence was terminated or since he/she was no longer subject to the execution of the sentence;
- (iv) A person whose registration under Article 286 was cancelled pursuant to the provision of Article 307, paragraph (1), without three years having elapsed since the date of the cancellation (including, where the cancellation of registration was made against a juridical person, a person who had been an officer of the juridical person at any time during the thirty days prior to the date of the cancellation, without three years having elapsed since that date), or a person against whom a similar registration under the provision of a foreign law or regulation equivalent to this Act was canceled in the foreign state concerned (including any permission or other administrative measures similar to the registration; hereinafter referred to as "Registration, etc." in this item), without three years having elapsed since the date of the cancellation (including, where the cancellation of Registration, etc. was made against a juridical person, a person who had been an officer of the juridical person at any time during the thirty days prior to the date of the cancellation, without three years having elapsed since that date);
- (v) An adult ward or person under curatorship, or any other person receiving a similar treatment under a foreign law or regulation;
- (vi) A person who had committed any extremely inappropriate act in connection with Insurance Solicitation activities during the three years prior to the date of application;

- (vii) An Insurance Company, etc. or Foreign Insurance Company, etc., any of its officers (other than an officer who is also an Insurance Solicitor), or an Insurance Solicitor (for an employee of a Non-Life Insurance Agent, limited to those carrying out Insurance Solicitation activities);
 - (viii) An individual whose employees carrying out Insurance Solicitation activities include at least one person falling under any of the preceding items;
 - (ix) A juridical person whose officers or employees carrying out Insurance Solicitation activities include at least one person falling under any of items (i) to (vii) inclusive; or
 - (x) A person who does not have sufficient capacity to carry on Insurance Solicitation business in an appropriate manner.
- (2) The Prime Minister shall, when he/she intends to refuse an application for registration pursuant to the provision of the preceding paragraph, notify the Applicant thereof in advance and require the appearance of the Applicant or his/her representative at an opinion hearing to be held by an official designated by the Prime Minister in order to provide an opportunity to produce any further evidence in support of the application.
- (3) In the case referred to in the preceding paragraph, the Prime Minister may refuse an application without hearing any opinion, if the person summoned for the hearing fails to appear without any justifiable ground.
- (4) The Prime Minister shall notify to the Applicant without delay and in writing any refusal of application pursuant to the provision of the preceding three paragraphs.

(Report, etc. of Change, etc.)

Article 290 (1) When an Insurance Broker falls under any of the following items, the person specified in the relevant item shall file a report with the Prime Minister without delay to that effect:

- (i) Any change in the matters listed in the items of Article 287, paragraph (1): the Insurance Broker affected by the change;
- (ii) Abolition of Insurance Solicitation business: the individual who served as the Insurance Broker or the officer representing the juridical person that served as the Insurance Broker;
- (iii) Death of any individual serving as the Insurance Broker: his/her heir;
- (iv) Decision of commencement of bankruptcy proceedings regarding any juridical person serving as an Insurance Broker: its bankruptcy trustee;
- (v) Extinction of any juridical person serving as an Insurance Broker through merger (for an association or foundation that is not a juridical person, any act equivalent to merger; the same shall apply in the following item): the person who served as the officer representing the juridical person; or

- (vi) Dissolution of any juridical person serving as an Insurance Broker (for an association or foundation that is not a juridical person, any act equivalent to dissolution) for a reason other than merger or decision of commencement of bankruptcy procedures: its liquidator (for an association or foundation that is not a juridical person, its representative person or the person who served as its manager).
- (2) The Prime Minister shall, when he/she has received any report under the preceding paragraph for the reason provided in item (i), record the reported matter on the registry of Insurance Brokers.
- (3) Registration of an Insurance Broker shall lose its effects if and when the broker falls under any of paragraph (1), items (ii) to (vi) inclusive.

(Security Deposit)

- Article 291 (1) An Insurance Broker shall lodge a security deposit with the deposit office located nearest to its principal office.
- (2) The security deposit as set forth in the preceding paragraph shall be in an amount specified by a Cabinet Order, taking into consideration the business characteristics of the Insurance Broker and the necessity of protecting Policyholders, etc.
 - (3) An Insurance Broker may, when he/she has concluded a contract stipulating that a required amount of security deposit be lodged for the Insurance Broker by order of the Prime Minister pursuant to the provisions of a Cabinet Order and has notified the Prime Minister thereof, withhold in whole or in Part the security deposit under paragraph (1) regarding the amount to be deposited under said contract (hereinafter referred to as the "Contract Amount" in this Article), so long as the contract remains in effect.
 - (4) The Prime Minister may, when he/she finds it necessary for the protection of Policyholders, etc., order a person who has concluded with an Insurance Broker a contract as set forth in the preceding paragraph or the Insurance Broker concerned to lodge a deposit in an amount corresponding to the whole or Part of the Contract Amount.
 - (5) An Insurance Broker shall not act as an intermediary in concluding an insurance contract, unless he/she has lodged the security deposit under paragraph (1) (including the conclusion of a contract under paragraph (3)) and has notified the Prime Minister thereof.
 - (6) A Policyholder who entrusted an Insurance Broker with act as an intermediary s in concluding an insurance contract, the insured covered by the insurance contract or the Beneficiary of the insurance contract shall, with regard to any credit arising out of any such acting as an intermediary in concluding the insurance contract, have a priority claim over other creditors on the security deposit lodged by the Insurance Broker.

- (7) Any other necessary matter in enforcing a claim as set forth in the preceding paragraph shall be specified by a Cabinet Order.
- (8) An Insurance Broker shall, when the amount of his/her security deposit (including the Contract Amount; the same shall apply in paragraph (10)) falls below the amount specified by a Cabinet Order under paragraph (2) for reasons such as the enforcement of a claim under paragraph (6), compensate for the shortfall within two weeks from the date specified by a Cabinet Office Ordinance (including the conclusion of a contract under paragraph (3); the same shall apply in Article 319, item (xii)), and notify the Prime Minister thereof without delay.
- (9) The security deposit to be lodged pursuant to the provision of paragraph (1) or the preceding paragraph may be in the form of a national government bond, local government bond or any other securities specified by a Cabinet Office Ordinance.
- (10) The security deposit lodged pursuant to the provision of paragraph (1), (4) or (8) may be fully or Partly recovered with the Prime Minister's authorization, if and when:
- (i) Any of the items (ii) to (vi) inclusive of paragraph (1) of the preceding Article applies;
 - (ii) The relevant registration is canceled pursuant to the provision of Article 307, paragraph (1) or (2) ; or
 - (iii) The security deposit exceeds the amount specified by a Cabinet Order under paragraph (2) for reasons such as changing business characteristics.
- (11) The Prime Minister may, in giving an authorization as set forth in the preceding paragraph, designate a period for the recovery and the recoverable amount of the security deposit, within the limit that he/she finds necessary for ensuring the payment of any claim that has arisen out of the acting as an intermediary in concluding an insurance contract.
- (12) In addition to what is provided for in the preceding paragraphs, any necessary matter relating to security deposits shall be specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Justice.

(Insurance Brokers Liability Insurance Contract)

- Article 292 (1) An Insurance Broker who has concluded an Insurance Broker's liability insurance contract pursuant to the provisions of a Cabinet Order may, with the Prime Minister's authorization, withhold in whole or in Part the security deposit to be lodged under paragraph (1) of the preceding Article (including the conclusion of a contract under paragraph (3) of that Article; the same shall apply in the following paragraph) depending on the amount insured by the contract, so long as the contract remains in effect.
- (2) The Prime Minister may, when he/she finds it necessary for the protection of

Policyholders, etc., order an Insurance Broker who has concluded an Insurance Broker's liability insurance contract as set forth in the preceding paragraph to lodge in whole or in Part that Part of the security deposit under paragraph (1) of the preceding Article which may be withheld.

(3) In addition to what is provided for in the preceding two paragraphs, any necessary matter relating to Insurance Brokers liability insurance contracts shall be specified by a Cabinet Office Ordinance.

(Application mutatis mutandis of the Commercial Code)

Article 293 The provisions of Articles 543, 544 and 546 to 550 inclusive (Brokerage Business) of the Commercial Code shall apply mutatis mutandis to the acting as an intermediary by an Insurance Broker in concluding an insurance contract in which the insurer is supposed to be a Mutual Company (including a Foreign Mutual Company).

Chapter IV Business

(Explanation to Customer)

Article 294 An Insurance Solicitor shall, when he/she intends to carry out any Insurance Solicitation business, clearly communicate in advance the following matters to customers:

- (i) Trade name or name of the Entrusting Insurance Company, etc.;
- (ii) Whether he/she will act as an agent of the Entrusting Insurance Company, etc. or as an intermediary in concluding an insurance contract; and
- (iii) Any other matter specified by a Cabinet Office Ordinance.

(Prohibition of Self-Contract)

Article 295 (1) A Non-Life Insurance Agent or Insurance Broker shall not make it his/her primary business purpose to carry out Insurance Solicitation activities for insurance contracts in which he/she or his/her employer is the Policyholder or the insured (for an Insurance Broker, limited to those contracts specified by a Cabinet Office Ordinance; referred to as "Self-Contracts" in the following paragraph).

(2) For the purpose of applying the provision of the preceding paragraph, a Non-Life Insurance Agent or Insurance Broker shall be deemed to have made it his/her primary business purpose to carry out Insurance Solicitation activities for Self-Contracts, when the total amount of insurance premiums for the Self-Contracts solicited by the Non-Life Insurance Agent or Insurance Broker, as calculated pursuant to the provisions of a Cabinet Office Ordinance, exceeds fifty hundredths of the total amount of insurance premiums for all contracts solicited by the Non-Life Insurance Agent or Insurance Broker, as calculated

pursuant to the provisions of a Cabinet Office Ordinance.

(Clear Indication of Name, etc. of Insurance Broker)

Article 296 (1) An Insurance Broker shall, when he/she intends to act as an intermediary in concluding an insurance contract, deliver to the customer a written statement indicating the following matters pursuant to the provisions of a Cabinet Office Ordinance:

- (i) Trade name, name and address of the Insurance Broker;
- (ii) Matters related to the authority of the Insurance Broker;
- (iii) Matters related to the liability of the Insurance Broker; and
- (iv) In addition to what is listed in the preceding three items, any matter specified by a Cabinet Office Ordinance.

(2) In lieu of the delivery of a written statement under the preceding paragraph, an Insurance Broker may, with the authorization of the customer pursuant to the provisions of a Cabinet Order, communicate the information to be provided in the written statement by a method using an electronic data processing system or any other method using information and communications technology pursuant to the provisions of a Cabinet Office Ordinance. In this case, the Insurance Broker shall be deemed to have delivered the written statement.

(Information to be Disclosed by Insurance Broker)

Article 297 An Insurance Broker shall, upon request of a customer, disclose the amount of commission, reward or any other consideration that he/she receives for acting as an intermediary in concluding the insurance contract, or any other matter specified by a Cabinet Office Ordinance.

(Entries in Closing Document)

Article 298 For the purpose of applying the provision of Article 546, paragraph (1) of the Commercial Code (Obligation to Prepare and Deliver Closing Document) (including the cases where it is applied mutatis mutandis pursuant to Article 293) to an Insurance Broker, the term "its outline" in the paragraph shall be deemed to be replaced with "the matters specified by a Cabinet Office Ordinance."

(Insurance Broker's Obligation of Good Faith)

Article 299 An Insurance Broker shall act in good faith for the benefit of the customer in acting as an intermediary for the conclusion of an insurance contract.

(Prohibited Acts Pertaining to Conclusion of Insurance Contract or Insurance Solicitation)

Article 300 (1) An Insurance Company, etc. or Foreign Insurance Company, etc., any officer thereof (other than an officer who is an Insurance Solicitor), an Insurance Solicitor, or an Insurance Broker or any officer or employee thereof shall not commit any of the following acts in relation to the conclusion of an insurance contract or Insurance Solicitation activities (for the conclusion of a specified insurance contract provided in the following Article and related act as an agent or intermediary, excluding the non-disclosure of any important matter stipulated in the insurance contract contained in the provision of item (i) and the act specified in item (ix):

- (i) Make a false statement, or not disclose any important matter stipulated in the insurance contract to the Policyholder or the insured;
- (ii) Encourage the Policyholder or the insured to make a false statement on any important matter to an Insurance Company, etc. or Foreign Insurance Company, etc.;
- (iii) Prevent or discourage the Policyholder or the insured from telling a material fact to an Insurance Company, etc. or Foreign Insurance Company, etc.;
- (iv) Induce the Policyholder or the insured to apply for a new insurance contract without telling any fact that will work to his/her disadvantage by terminating an already effected insurance contract, or terminate an already effected insurance contract by inducing the Policyholder or the insured to apply for a new contract;
- (v) Promise to offer, or actually offer, to the Policyholder or the insured a discount or rebate on insurance premiums, or any other special advantage;
- (vi) Tell or indicate to the Policyholder or the insured, or any other unspecified person a misleading message regarding the features of an insurance contract in comparison with other contracts;
- (vii) Make a conclusive statement, or tell or indicate a misleading message to the Policyholder, the insured, or an unspecified person so that he/she may believe that a certain amount of money will be obtained in the future as a dividend to Policyholders, dividend of surplus to members or any other benefit whose amount is specified as uncertain by a Cabinet Office Ordinance.
- (viii) Induce the Policyholder or the insured to apply for an insurance contract, knowing that a specified person concerned with the Insurance Company, etc. or Foreign Insurance Company, etc. (meaning a specified person concerned as set forth in Article 100-3 (including the cases where it is applied mutatis mutandis pursuant to Article 272-13, paragraph (2); the same shall apply in Article 301) or a specified person concerned as set forth in Article 194, other than an Insurance Holding Company or Small Amount and Short Term Insurance Holding Company of which the Insurance Company, etc. or Foreign Insurance Company, etc. is a subsidiary (referred to as "Insurance

Holding Company, etc." hereinafter in this Article as well as in Article 301-2), a subsidiary company of the Insurance Holding Company, etc. (other than an Insurance Company, etc. or Foreign Insurance Company, etc.), or a person carrying on Insurance Business) has promised to offer, or actually offered, a special advantage to the Policyholder or the insured.

(ix) In addition to what is listed in the preceding items, any other act specified by a Cabinet Office Ordinance as posing risk to the protection of Policyholders, etc.

(2) The provision of the preceding paragraph, item (v) shall not apply where an Insurance Company, etc. or Foreign Insurance Company, etc. makes such offer based on a document listed in any of the items of Article 4, paragraph (2), the items of Article 187, paragraph (3) or the items of Article 272-2, paragraph (2).

(Application mutatis mutandis, of the Financial Instruments and Exchange Act)

Article 300-2 The provision of Chapter III, Section 1, Subsection 5 (excluding Article 34-2, paragraphs (6) to (8) inclusive (Cases Where a Professional Investor Will be Deemed to be a Customer Other than Professional Investor) and Article 34-3, paragraphs (5) and (6) (Cases Where a Juridical Person who Is a Customer Other Than Professional Investor Will Be Deemed to Be a Professional Investor)) (Professional Investor) and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provision) of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the conclusion of a specified insurance contract (meaning an insurance contract specified by a Cabinet Office Ordinance as entailing the risk of loss due to any change in interest rates, currency values, financial instruments market prices as set forth in Article 2, paragraph (14) of that Act or any other indicator (meaning the risk that the total amount of insurance premiums to be paid by the customer following the conclusion of the insurance contract may exceed the total amount of insurance claims, reimbursements and other benefits to be paid out to the customer following the conclusion of the contract); hereinafter the same shall apply in this Article) effected by an Insurance Company, etc. or Foreign Insurance Company, etc., or a contract stipulating any specific act as an intermediary for the benefit of a customer in concluding a specified insurance contract; the provision of Section 2, Subsection 1 of the same Chapter (excluding Article 35 to 36-4 inclusive (Scope of Business for Persons Who Engage in Type 1 Financial Instruments Transaction Business or Investment Management Business, Scope of Subsidiary Businesses of Persons Who Only Engage in Type II Financial Instruments Business or Investment Advisory and Agency Business, Duty of Good Faith to Customers, Posting of Signs, Prohibition of Name-Lending and Prohibition of Administration of Company

Bonds, etc.), Article 37, paragraph (1), item (ii) (Regulation of Advertising, etc.), Article 37-2 (Obligation to Clarify Conditions of Transactions in Advance), Article 37-3, paragraph (1), items (ii) and (vi) and Article 37-3, paragraph (3) (Delivery of Document Prior to Conclusion of Contract), Article 37-5 (Delivery of Document Pertaining to Receipt of Security Deposit), Article 37-6 (Cancellation by a Written Statement), Article 38, items (i) and (ii) and Article 38-2 (Prohibited Acts), the proviso of Article 39, paragraph (3) and Article 39, paragraph (5) (Prohibition of Loss Compensation, etc.), Article 40-2 (Best Execution Policy, etc.), and Article 40-3 (Prohibition of Sales and Purchase, etc. Where Separate Management Is not Ensured) (General Rules)) shall apply mutatis mutandis to the conclusion of a specified insurance contract by an Insurance Company, etc., Foreign Insurance Company, etc., Insurance Solicitor or Insurance Broker and related act as an agent or intermediary. In this case, the terms "financial instruments transaction contract" and "financial instruments transaction business" in those provisions shall be deemed to be replaced with "specified insurance contract, etc.," and "the conclusion of a specified insurance contract, or any related act as an agent or intermediary," respectively; in Article 34 of that Act, the term "contract to conduct Acts of Financial Instruments Transaction (meaning acts listed in the items of Article 2, paragraph (8); the same shall apply hereinafter) with a customer as the other party or on behalf of a customer" shall be deemed to be replaced with "effecting a specified insurance contract (meaning a specified insurance contract provided in Article 300-2 of the Insurance Business Act; the same shall apply hereinafter) or acting as an intermediary for the benefit of a customer in concluding a specified insurance contract"; in Article 37, paragraph (2) of that Act, the term "carrying out Financial Instruments and Exchange Activities" shall be deemed to be replaced with "concluding specified insurance contracts"; in Article 37-3, paragraph (1) of that Act, the term "when it intends to conclude a financial instruments transaction contract" shall be deemed to be replaced with "when it intends to conclude a financial instruments transaction contract or acts as an agent or intermediary in concluding a specified insurance contract" and the term "the following matters" with "the following matters and any other important matter stipulated by an insurance contract provided in Article 300, paragraph (1), item (i) of the Insurance Business Act"; in Article 37-3, paragraph (1), item (i) of that Act, the term "Financial Instruments Business Operators, etc." shall be deemed to be replaced with "Insurance Company, etc. (meaning an Insurance Company, etc. as defined in Article 2-2, paragraph (1) of the Insurance Business Act), Foreign Insurance Company, etc. (meaning a Foreign Insurance Company, etc. as defined in Article 2, paragraph (7) of that Act) or Insurance Broker (meaning an Insurance Broker as defined in paragraph (25) of the same Article)

concluding a specified insurance contract, etc."; in Article 37-3, paragraph (1), item (v) of that Act, the term "financial instruments transaction business carried out" shall be deemed to be replaced with "specified insurance contract concluded"; in Article 38, paragraph (1) of that Act, the term "employee" shall be deemed to be replaced with "employee (excluding an Insurance Solicitor as defined in Article 2, paragraph (23) of the Insurance Business Act; the same shall apply in Article 39, paragraph (3))"; in Article 39, paragraph (1), item (i) of that Act, the term "sales and purchase and any other transaction of Securities (excluding sales and purchase on condition of repurchase for which the repurchase price is set in advance and other transactions specified by a Cabinet Order) or of Derivative Transactions (hereinafter referred to as "Sales and Purchase or Other Transaction of Securities, etc." in this Article)" shall be deemed to be replaced with "the conclusion of a specified insurance contract", the term "securities or derivative transaction (hereinafter referred to as "securities, etc." in this Article)" with "specified insurance contract," the term "customer (in the case where a Trust Company, etc. (meaning a trust company or financial institution that has obtained authorization under Article 1, paragraph (1) of the Act on Provision, etc. of Trust Business by Financial Institutions; the same shall apply hereinafter) conducts sales and purchase of Securities or Derivative Transactions for the account of the person who sets a trust under a trust contract, including said person who sets the trust; hereinafter the same shall apply in this Article)" with "the customer," the term "loss" with "loss (meaning, where the total amount of insurance premiums to be paid by the customer following the conclusion of the specified insurance contract exceeds the total amount of insurance claims, reimbursements and other benefits to be paid out to the customer following the conclusion of the contract, the total amount of premium payment subtracted by the total amount of insurance claims, reimbursements and other benefits; hereinafter the same shall apply in this Article)," and the term "to supplement" with "to supplement, outside the stipulations of the specified insurance contract"; in Article 39, paragraph (1), items (ii) and (iii) of that Act, the term "securities sales transaction, etc." shall be deemed to be replaced with "the conclusion of a specified insurance contract," the term "securities, etc." with "specified insurance contract," and the term "to add to" with "to add to, outside the stipulations of the specified insurance contract"; in Article 39, paragraph (2) of that Act, the term "securities sales transaction, etc." shall be deemed to be replaced with "the conclusion of a specified insurance contract"; in Article 39, paragraph (3) of that Act, the term "determined by a Cabinet Office Ordinance as a potential cause" shall be deemed to be replaced with "a potential cause"; in Article 40, item (i) of that Act, the term "financial instruments transaction business" with "the conclusion of a specified insurance contract, etc."; in Article

45, item (ii) of that Act, the term "Article 37-2 to 37-6 inclusive, Article 40-2, paragraph (4) and Article 43-4" shall be deemed to be replaced with "Articles 37-3 (as far as any of the matters listed in the items of Article 37-3, paragraph (1) is concerned, excluding Article 37-3, paragraph (1), items (ii) and (vi) and Article 37-3, paragraph (3)) and 37-4"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 301 An Insurance Company, etc. or Foreign Insurance Company, etc. shall not commit or carry out any of the following acts or transactions in relation to the conclusion of an insurance contract by a specified person concerned with it (meaning a specified person concerned as defined in Article 100-3 (limited to a person carrying on Insurance Business) or, in the case of a Foreign Insurance Company, etc., a specified person concerned as defined in Article 194 (limited to a person carrying on Insurance Business); hereinafter the same shall apply in this Article) or any Insurance Solicitation business pertaining to a specified person concerned with it:

- (i) Promise to offer, or actually offer, any special advantage to the Policyholder or the insured in an insurance contract where the specified person concerned is the insurer; or
- (ii) Commit or carry out an act or transaction with the specified person concerned, or with the Policyholder or the insured in an insurance contract where the specified person concerned is the insurer, provided that the act or transaction is equivalent to that listed in the preceding item and is specified by a Cabinet Office Ordinance as posing a risk of harming the fairness of Insurance Solicitation activities

Article 301-2 An Insurance Holding Company, etc. and any Subsidiary Company thereof (other than an Insurance Company, etc. or Foreign Insurance Company, etc.) shall not commit or carry out any of the following acts or transactions in relation to the conclusion of an insurance contract by any Insurance Company, etc. or Foreign Insurance Company, etc. which is a Subsidiary Company of the Insurance Holding Company, etc., or to any Insurance Solicitation business pertaining to the Insurance Company, etc. or Foreign Insurance Company, etc.:

- (i) Promise to offer, or actually offer, any special advantage to the Policyholder or the insured in an insurance contract where the Insurance Company, etc. or Foreign Insurance Company, etc. is the insurer; or
- (ii) Commit or carry out an act or transaction with the Policyholder or the insured in an insurance contract where the Insurance Company, etc. or Foreign Insurance Company, etc. is the insurer, provided that the act or transaction is equivalent to that listed in the preceding item and is specified by a Cabinet Office Ordinance as posing a risk of harming the fairness of

Insurance Solicitation.

Chapter V Supervision

(Notification Pertaining to Directors and Employees)

Article 302 A Non-Life Insurance Agent, Small-Claims and Short-Term Insurance Solicitor or Insurance Broker shall, when it intends to appoint any of its officers or employees to act as an Insurance Solicitor (limited to a specified Small Amount and Short Term Insurance Solicitor for an officer or employee of a Small Amount and Short Term Insurance Solicitor), notify the person's name and birth date to the Prime Minister. The same shall apply to any change in the matters thus notified, the cessation of Insurance Solicitation activities by any of the officers or employees covered by the notification, and the death of any such person.

(Preservation of Books and Documents)

Article 303 An Insurance Broker shall, pursuant to the provisions of a Cabinet Office Ordinance, prepare at each of its offices books and documents pertaining to its business, and record for each Policyholder the date of an insurance contract and any other matter specified by a Cabinet Office Ordinance for preservation.

(Submission of Business Report)

Article 304 An Insurance Broker shall, pursuant to the provisions of a Cabinet Office Ordinance, prepare a business report for each business year and submit it to the Prime Minister within three months from the end of the previous business year.

(On-Site Inspection, etc.)

Article 305 The Prime Minister may, within the limit necessary for the enforcement of this Act, order a specified Insurance Solicitor or Insurance Broker to submit any report or data that should serve as a reference on its business or property, or direct the personnel in charge to enter an office of the specified Insurance Solicitor or Insurance Broker to inspect the condition of its business or property or books and documents and other materials, or to ask questions of relevant persons.

(Order for Improvement of Business Operation)

Article 306 When the Prime Minister finds, with regard to the business of a specified Insurance Solicitor or Insurance Broker, any fact that might harm the interest of Policyholders, etc., he/she may order, within the limit necessary for

the protection of Policyholders, etc., the specified Insurance Solicitor or Insurance Broker to take necessary measures to improve its business.

(Cancellation of Registration, etc.)

Article 307 (1) The Prime Minister may cancel the registration of a specified Insurance Solicitor or Insurance Broker under Article 276 or 286 above, or order total or Partial suspension of its business for a period not exceeding six months when:

- (i) The specified Insurance Solicitor falls under any of Article 279, paragraph (1), items (i) to (iii) inclusive, item (iv) (limited to the segment referring to any provision of a foreign law or regulation equivalent to this Act), item (v), (vii), (viii) (excluding the reference to Article 279, paragraph (1), item (vi)), item (ix) (excluding the reference to Article 279, paragraph (1), item (vi)), item (x) or (xi), or the Insurance Broker falls under any of Article 289, paragraph (1), items (i) to (iii) inclusive, item (iv) (limited to the segment referring to "any provision of a foreign law or regulation equivalent to this Act"), item (v), (vii), (viii) (excluding the reference to Article 279, paragraph (1), item (vi)), item (ix) (excluding the reference to Article 279, paragraph (1), item (vi)) or item (x);
 - (ii) The registration under Article 276 or 286 was obtained by wrongful means:
or
 - (iii) The specified Insurance Solicitor or Insurance Broker violates any provision of this Act or any measures made by the Prime Minister under this Act, or is found to have committed any other extremely inappropriate act in soliciting insurance.
- (2) The Prime Minister may, when he/she cannot ascertain the location of the office of a specified Insurance Solicitor or Insurance Broker, or the whereabouts of a specified Insurance Solicitor or Insurance Broker (in the case of a juridical person, the whereabouts of the director who represents the juridical person), publicly notify that fact and cancel the registration of the specified Insurance Solicitor or Insurance Broker if the person does not report within thirty days from the date of the public notice, pursuant to the provisions of a Cabinet Office Ordinance.
- (3) The provision of Chapter III of the Administrative Procedure Act (Adverse Dispositions) shall not apply to any measures under the preceding paragraph.

(Deregistration, etc.)

Article 308 (1) The Prime Minister shall deregister a specific Insurance Solicitor or Insurance Broker when

- (i) He/she has canceled, pursuant to the provision of paragraph (1) or (2) of the preceding Article above, any registration under Article 276 or 286 above; or

- (ii) Any registration under Article 276 has lost its effect pursuant to the provision of Article 280, paragraph (3), or any registration under Article 286 has lost its effect pursuant to the provision of Article 290, paragraph (3).
- (2) The Prime Minister shall, when he/she has deregistered a specified Insurance Solicitor pursuant to the provision of the preceding paragraph, notify thereof to the Entrusting Insurance Company, etc. of the specified Insurance Solicitor. In this case, the Entrusting Insurance Company, etc. shall delete the entries pertaining to the specified Insurance Solicitor from the registry stipulated in Article 285, paragraph (1).

Part IV Miscellaneous Provisions

(Revocation of Application for Insurance Contract, etc.)

Article 309 (1) Any person that has made an application for an insurance contract to an Insurance Company, etc. or a Foreign Insurance Company, etc., or any of the Policyholders of such company (hereinafter referred to as "Applicant, etc." in this Article) may revoke or cancel the application in writing (hereinafter referred to as "Revocation of Application, etc." in this Article), unless:

- (i) Where a document describing the matters concerning the Revocation of Application, etc. for an insurance contract was issued to the Applicant, etc. pursuant to the provisions of a Cabinet Office Ordinance, eight days have elapsed counting from the issue date of such document or the date of application, whichever is later;
 - (ii) The Applicant, etc. has made the application to conclude an insurance contract for the purpose of, or on behalf of, its operation or business;
 - (iii) The application was made by a general incorporated association or general incorporated foundation, a juridical person formed under a special Act, a non-incorporated association or foundation with a designated representative or administrator, or the national government or a local government;
 - (iv) The insurance contract has an insurance period of one year or less;
 - (v) The Applicant, etc. is required to take out the insurance contract by a law or regulation; or
 - (vi) The Applicant, etc. applied for the insurance contract at a business office or any other office or facility of the Insurance Company, etc., Foreign Insurance Company, etc., specified insurance solicitor or Insurance Broker, or the whole situation falls under any of the other cases to be specified by a Cabinet Order as posing no risk to the protection of the Applicant, etc.
- (2) In the case referred to in item (i) of the preceding paragraph, an Insurance Company, etc. or Foreign Insurance Company, etc. may, in lieu of issuing of the document set forth in that item, provide the matters to be described in the

document by a method using an electronic data processing system or any other method using information and communication technology to be specified by a Cabinet Office Ordinance, pursuant to the provisions of a Cabinet Order and with the approval of the Applicant, etc. In this case, the Insurance Company, etc. or Foreign Insurance Company, etc. shall be deemed to have issued that document.

- (3) Where the method set forth in the first sentence of the preceding paragraph (other than the method to be specified by a Cabinet Office Ordinance) is used in lieu of issuing the document set forth in paragraph (1), item (i), the matters to be described in that document shall be deemed to have arrived to the Applicant, etc. when they are recorded on a file stored in the computer used by the Applicant, etc.
- (4) The Revocation of Application, etc. for an insurance contract shall take effect when the document pertaining to the Revocation of Application, etc. is issued.
- (5) In the case of Revocation of Application, etc. for an insurance contract, the Insurance Company, etc. or Foreign Insurance Company, etc. may not demand from the Applicant, etc. payment of any damage, penalty or other money for the Revocation of Application, etc.; provided, however, that this shall not apply, in the case of revocation of an insurance contract under paragraph (1), to the amount of money specified by a Cabinet Office Ordinance as equivalent to the insurance premium for the period leading to the date of such revocation.
- (6) In the case of Revocation of Application, etc. for an insurance contract, the Insurance Company, etc. or Foreign Insurance Company, etc. shall promptly refund to the Applicant, etc. any money received in connection with the insurance contract; provided, however, that this shall not apply, in the case of revocation of an insurance contract under paragraph (1), to that part of the money received as prepayment of the insurance premium pertaining to the insurance contract which corresponds to the amount set forth in the preceding paragraph specified by a Cabinet Office Ordinance.
- (7) In the case of Revocation of Application, etc. for an insurance contract, the specified insurance solicitor or any other person carrying out Insurance Solicitation activity shall promptly refund to the Applicant, etc. any money received in connection with the insurance contract.
- (8) An Insurance Broker or any other person carrying out Insurance Solicitation activity that has paid to the Insurance Company, etc. or Foreign Insurance Company, etc. any damage or other money for the Revocation of Application, etc. for an insurance contract may not, in connection with such payment, demand from the person who made the Revocation of Application, etc. payment of any damage or other money.
- (9) The Revocation of Application, etc. for an insurance contract shall not take effect where any event that gives rise to an insurance claim has occurred by

the time of such Revocation of Application, etc.; provided, however, that this shall not apply where the person who made the Revocation of Application, etc. knew that an event giving rise to an insurance claim had occurred by the time of such Revocation of Application, etc.

- (10) Any special provision in an insurance contract that violates any of the provisions of paragraphs (1) and (4) to (9) inclusive shall be null and void if it is disadvantageous to the Applicant, etc.

(Condition for Authorization, etc.)

Article 310 (1) The Prime Minister, or the Prime Minister and the Minister of Finance, may impose conditions on any authorization, permission or approval (referred to as "Authorization, etc." in the following paragraph and Article 312) prescribed in this Act or change them.

- (2) The conditions set forth in the preceding paragraph shall, in light of the purpose of the Authorization, etc., be the minimum necessary for ensuring assured implementation of matters pertaining to the Authorization, etc..

(Carrying and Showing of Identification card by Inspecting Personnel, etc.)

Article 311 (1) The personnel who make an entry, ask questions or conduct inspection under Article 122-2, paragraph (4), Article 129 (including the cases where it is applied mutatis mutandis pursuant to Article 179, paragraph (2) and Article 271, paragraph (3)), Article 201 (including the cases where it is applied mutatis mutandis pursuant to Article 212, paragraph (6) and Article 271, paragraph (3)), Article 227 (including the cases where it is applied mutatis mutandis pursuant to Article 235, paragraph (5) and Article 271, paragraph (3)), Article 265-46, Article 271-9, Article 271-13 (including the cases where it is applied mutatis mutandis pursuant to Article 272-34, paragraph (1)), Article 271-28 (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2)), Article 272-23 (including the cases where it is applied mutatis mutandis pursuant to Article 179, paragraph (2) and Article 271, paragraph (3)) or Article 305 shall carry their identification cards with them and show it on the request of a relevant person.

- (2) The authority to make an entry, ask questions or conduct inspection prescribed in the preceding paragraph shall not be construed as given for any criminal investigation.

(Consultation with Minister of Finance)

Article 311-2 (1) The Prime Minister shall, when he/she gives any of the following dispositions against an Insurance Company, etc., a Foreign Insurance Company, etc. or a licensed specified juridical person poses the risk of making a serious impact on the maintenance of the credibility of the Insurance

Business, consult in advance with the Minister of Finance on the necessary measures for maintaining the credibility of the Insurance Business:

- (i) An order for total or partial suspension of business under Article 132, paragraph (1), Article 133, Article 204, paragraph (1), Article 205, Article 230, paragraph (1), Article 231, Article 241, paragraph (1), Article 271-30, paragraph (1) or (4) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2)), or Article 272-26, paragraph (1);
 - (ii) An order for suspension of business under Article 240-3;
 - (iii) Cancellation of the license set forth in Article 3, paragraph (1), Article 185, paragraph (1) or Article 219, paragraph (1), or the registration set forth in Article 272, paragraph (1) under Article 133, Article 134, Article 205, Article 206, Article 231, Article 232, Article 272-26, paragraph (1) or Article 272-27; or
 - (iv) A disposition ordering the administration of business and property by an Insurance Administrator under Article 241, paragraph (1).
- (2) The Prime Minister shall, when he/she finds that if a Corporation carried on any of the businesses listed in the following items pursuant to his/her disposition listed in the relevant item, the condition of the funds available to the Corporation would deteriorate extremely, thus posing the risk of making a serious impact on the maintenance of the credibility of the Insurance Business, consult in advance with the Minister of Finance on the necessary measures for maintaining the credibility of the Insurance Business:
- (i) The authorization set forth in Article 268, paragraph (1), Article 270, paragraph (1), Article 270-3-12, paragraph (1) or Article 270-6-3, paragraph (1), or the supplementary note set forth in Article 269, paragraph (1), Article 270-3-13, paragraph (3) or Article 270-6-4, paragraph (3): the Financial Assistance set forth in Article 265-28, paragraph (1), item (iii) for transfer, etc. of insurance contracts (referring to the transfer, etc. of insurance contracts set forth in Article 260, paragraph (1)), succession of insurance contracts (referring to the succession of insurance contracts set forth in Article 260, paragraph (7)), re-succession of insurance contracts (referring to the re-succession of insurance contracts set forth in Article 260, paragraph (8)) or retransfer of insurance contracts (referring to the retransfer of insurance contracts set forth in Article 260, paragraph (11)); or
 - (ii) The authorization set forth in Article 270, paragraph (1): the Underwriting of Insurance Contracts set forth in Article 265-28, paragraph (1), item (v).

(Notice to Minister of Finance)

Article 311-3 (1) The Prime Minister shall, when he/she has made any of the following dispositions, promptly notify thereof to the Minister of Finance:

- (i) The license set forth in Article 3, paragraph (1), Article 185, paragraph (1) or Article 219, paragraph (1), or the registration set forth in Article 272, paragraph (1);
- (ii) The authorization or approval set forth in Article 106, paragraph (4) (limited to the cases where the applicant intends to make a subsidiary of an Insurance Company that falls under the category of Bankrupt Insurance Company as defined in Article 260, paragraph (2) or any other Insurance Company specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Finance), Article 139, paragraph (1) (including the cases where it is applied *mutatis mutandis* pursuant to Article 272-29), Article 142 (including the cases where it is applied *mutatis mutandis* pursuant to Article 272-30, paragraph (1)), Article 153, paragraph (1), Article 167, paragraph (1), Article 208, Article 233, Article 271-10, paragraph (1), the proviso to Article 271-10, paragraph (2), Article 271-18, paragraph (1), the proviso to Article 271-18, paragraph (3), Article 271-31, paragraphs (1) to (3) inclusive, Article 272-31, paragraph (1), the proviso to Article 272-31, paragraph (2), Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3);
- (iii) Giving of an order (including any request for the submission of an improvement program) set forth in Article 132, paragraph (1), Article 133, Article 204, paragraph (1), Article 205, Article 230, paragraph (1), Article 231, Article 240-3, Article 241, paragraph (1), Article 247, paragraph (5), Article 258, paragraph (1), Article 271-6, Article 271-7, Article 271-10, paragraph (4), Article 271-14 (including the cases where it is applied *mutatis mutandis* pursuant to Article 272-34, paragraph (1)), Article 271-15, Article 271-16, paragraph (1) (including the cases where it is applied *mutatis mutandis* pursuant to Article 272-34, paragraph (1), Article 271-18, paragraph (5), Article 271-29 or Article 271-30, paragraph (1) or (4) (including the cases where any of those provisions is applied *mutatis mutandis* pursuant to Article 272-40, paragraph (2)), Article 272-25, paragraph (1), Article 272-26, paragraph (1) or (2), Article 272-31, paragraph (4), or Article 272-35, paragraph (5);
- (iv) Rescission of the license set forth in Article 3, paragraph (1), Article 185, paragraph (1) or Article 219, paragraph (1) pursuant to the provision of Article 133, 134, 205, 206, 231 or 232, or cancellation of the registration set forth in Article 272, paragraph (1) pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27;
- (v) Rescission of the authorization set forth in Article 271-10, paragraph (1) or the proviso to Article 271-10, paragraph (2) pursuant to the provision of Article 271-16, paragraph (1), rescission of the authorization set forth in Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) pursuant to the provision of Article 271-30, paragraph (1), rescission of the

- approval set forth in Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2) pursuant to the provision of Article 271-16, paragraph (1) as applied mutatis mutandis pursuant to Article 272-34, paragraph (1), or rescission of the approval set forth in Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3) pursuant to the provision of Article 271-30, paragraph (1) as applied mutatis mutandis pursuant to Article 272-40, paragraph (2);
- (vi) Any disposition ordering the administration of business and property by an Insurance Administrator under Article 241, paragraph (1); or
- (vii) The approval set forth in Article 247, paragraph (2) or (4).
- (2) The Prime Minister shall, when a notification was made under any of the following provisions (for a notification made under the provision listed in item (i) or (iv), limited to a notification pertaining to the cases specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Finance), promptly notify thereof to the Minister of Finance:
- (i) Article 127, paragraph (1) (limited to the segment pertaining to item (viii) of that paragraph);
- (ii) Article 209 (limited to the segment pertaining to items (v) to (viii) inclusive of that Article);
- (iii) Article 234 (limited to the segment pertaining to items (iv) to (vii) inclusive of that Article); or
- (iv) Article 272-21, paragraph (1) (limited to the segment pertaining to item (vi)).

(Submission of Materials to Minister of Finance, etc.)

- Article 311-4 (1) The Minister of Finance shall, when he/she finds it necessary for planning or drafting a system pertaining to the Insurance Business in connection with the financial bankruptcy processing system and financial crisis management under his/her jurisdiction, request to the Prime Minister submission of materials and provision of explanation necessary.
- (2) The Minister of Finance may, when he/she finds it particularly necessary for designing or planning a system pertaining to the Insurance Business in connection with the financial bankruptcy processing system and financial crisis management under his/her jurisdiction, request an Insurance Company, etc., a Foreign Insurance Company, etc., the general agent of a licensed specified juridical person (referring to the general agent set forth in Article 219, paragraph (1)), an insurance major shareholder, an Insurance Holding Company, a Major Shareholder of Small Amount and Short Term Insurance Provider, a Small Amount and Short Term Insurance Holding Company or any other relevant person to submit materials or to provide explanations or other cooperation.

(Delegation to Cabinet Office Ordinance, etc.)

Article 312 In addition to what is prescribed in this Act, the procedures for application and submission of documents for Authorization, etc. under this Act and any other matter required for implementing this Act shall be specified by a Cabinet Office Ordinance (or Cabinet Office Ordinance/Ordinance of the Ministry of Finance for any matter pertaining to a Corporation and its business).

(Delegation of Authority)

Article 313 (1) The Prime Minister shall delegate his/her authority under this Act (excluding those specified by a Cabinet Order) to the Commissioner of the Financial Services Agency

(2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority that has been delegated pursuant to the provisions of the preceding paragraph to the Director-Generals of Local Finance Bureaus or Local Finance Branch Offices.

(Transitional Measures)

Article 314 When enacting, revising or abolishing an order pursuant to this Act, necessary transitional measures (including transitional measures concerning penal provisions) may be provided for by that order, to the extent considered reasonably necessary for its enactment, revision or abolition.

Part V Penal Provisions

Article 315 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than three years or a fine of not more than three million yen, or both:

- (i) A person who has conducted Insurance Business without obtaining the license of the Prime Minister, in violation of the provisions of Article 3, paragraph (1);
- (ii) A person who had another person conduct Insurance Business in violation of Article 7-2 (including the cases where it is applied mutatis mutandis pursuant to Article 199);
- (iii) A person who has obtained the registration set forth in Article 272, paragraph (1) by wrongful means;
- (iv) A person who had another person to conduct Small Amount and Short Term Insurance Business in violation of Article 272-9; and
- (v) Any person who has violated the provision of Article 39, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis

pursuant to Article 300-2.

Article 315-2 In any of the following cases of violation, a person who has committed the violation shall be punished by imprisonment with work for not more than two years or a fine of amount more than three million yen, or both:

- (i) When a person has, without obtaining the authorization of the Prime Minister under the provision of Article 271-18, paragraph (1), by any of the trades or acts listed in the items of the same paragraph, become a holding company of which an Insurance Company is a subsidiary, or incorporated a holding company of which an Insurance Company is a subsidiary;
- (ii) When the person had been, in violation of Article 271-18, paragraph (3), a holding company of which an Insurance Company is a Subsidiary Company beyond the Grace Deadline prescribed in the same paragraph;
- (iii) When the person had been a holding company of which an Insurance Company is a Subsidiary Company in violation of the order under the provision of Article 271-18, paragraph (5), or when the person had been, in violation of Article 271-30, paragraph (2), a holding company of which an Insurance Company is a Subsidiary Company beyond the period of time designated by the Prime Minister prescribed in the same paragraph;
- (iv) When the person has, without obtaining the approval of the Prime Minister under the provision of Article 272-35, paragraph (1), by any of the trades or acts listed in the items of the same paragraph, become a holding company of which a Small Amount and Short Term Insurance Provider is a Subsidiary Company, or incorporated a holding company of which a Small Amount and Short Term Insurance Provider is a Subsidiary Company;
- (v) When the person had been, in violation of Article 272-35, paragraph (3), a holding company of which a Small Amount and Short Term Insurance Provider is a Subsidiary Company beyond the Grace Deadline prescribed in the same paragraph; and
- (vi) When the person had been a holding company of which a Small Amount and Short Term Insurance Provider is a Subsidiary Company in violation of the order under the provision of Article 272-35, paragraph (5), or when the person had been, in violation of the provision of Article 271-30, paragraph (2), as applied mutatis mutandis pursuant to Article 272-40, paragraph (2), a holding company of which a Small Amount and Short Term Insurance Provider is a Subsidiary Company beyond the period of time designated by the Prime Minister prescribed in the same paragraph.

Article 316 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen, or both:

- (i) Any person who has violated the conditions imposed pursuant to the provisions of Article 5, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 187, paragraph (5)) or Article 221, paragraph (2);
- (ii) Any person who has violated the order for the whole or partial suspension of the business under the provision of Article 132, paragraph (1), Article 133, Article 204, paragraph (1), Article 205, Article 230, paragraph (1), Article 231, Article 241, paragraph (1), Article 271-30, paragraph (1) or (4) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2)), or Article 272-26, paragraph (1);
- (iii) Any person who has violated the order for suspension of the business under the provision of Article 240-3;
- (iv) Any person who has violated the provision of Article 186, paragraph (1);
- (v) Any person who has violated the conditions imposed pursuant to the provision of Article 188, paragraph (1);
- (vi) Any person who has violated the provision of Article 190, paragraph (5), Article 223, paragraph (5), or Article 272-5, paragraph (5); and
- (vii) Any person who has conducted business in violation of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2)), Article 250, paragraph (5) (including the cases where it is applied mutatis mutandis pursuant to Article 270-4, paragraph (9)), Article 254, paragraph (4), or Article 255-2, paragraph (3).

Article 316-2 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen, or both:

- (i) Any person who, in violation of the provision of Article 24, paragraph (1), item (i), (iii), or (iv) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), has engaged in the acts listed in the provisions;
- (ii) Any person who has violated the provision of Article 29, paragraph (2) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199);
- (iii) Any person who has failed to submit the report or materials under the provisions of Article 42, paragraphs (1) to (3) inclusive of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or has submitted a false report or materials; and
- (iv) Any person who has failed to answer the questions asked by the officials

under the provisions of Article 42, paragraphs (1) to (3) inclusive of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199) or has made a false answer, or has refused, obstructed, or avoided the inspection under the provisions.

Article 317 A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen:

- (i) Any person who, in violation of Article 110, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 199) or paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 272-16, paragraph (3)), Article 195, Article 271-24, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (1)), or Article 272-16, paragraph (1) or (2), has failed to submit the document or electromagnetic record prescribed in the provisions, or has submitted a document or electromagnetic record in which the person failed to state or record the matters required to be stated or recorded in the document or electromagnetic record or made a false statement or record;
- (i)-2 Any person who, in violation of Article 111, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 199 and Article 272-17) or paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 272-17), or Article 271-25, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (1)), has failed to make the document prescribed in the provisions available for public inspection, or who, in violation of Article 111, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 199 and Article 272-17) or Article 271-25, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (1)), has failed to take the measure specified by a Cabinet Office Ordinance which makes the information recorded in the electromagnetic record prescribed in Article 111, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 199 and Article 272-17) or Article 271-25, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (1)) available to many and unspecified persons by electromagnetic means, or who, in violation of these provisions, has made documents that fail to state the matters required to be stated or that make a false statements available for public inspection, or has failed to record the matters required to be recorded in the electromagnetic record or made a false record and took a measure

- which makes the information recorded in the electromagnetic record available to many and unspecified persons by electromagnetic means;
- (ii) Any person who has failed to submit the reports or materials under the provisions of Article 128, paragraph (1) or (2), Article 200, paragraph (1) or (2), Article 226, paragraph (1) or (2), Article 271-8, Article 271-12 (including the cases where it is applied mutatis mutandis pursuant to Article 272-34, paragraph (1)), Article 271-27, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2)), or Article 272-22, paragraph (1) or (2), or has submitted false reports or materials;
 - (iii) Any person who has failed to answer the questions under the provision of Article 129, paragraph (1) or (2), Article 201, paragraph (1) or (2), Article 227, paragraph (1) or (2), Article 271-9, paragraph (1), Article 271-13, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-34, paragraph (1)), Article 271-28, paragraph (1) or (2) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2)), or Article 272-23, paragraph (1) or (2), or has made a false answer, or has refused, obstructed, or avoided the inspection under the provisions;
 - (iv) Any person who has violated the order under the provision of Article 179, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 212, paragraph (5) and Article 235, paragraph (5));
 - (v) Any person who has failed to submit the reports or materials under the provision of Article 128, paragraph (1) or Article 272-22, paragraph (1), as applied mutatis mutandis pursuant to Article 179, paragraph (2), the provision of Article 200, paragraph (1), as applied mutatis mutandis pursuant to Article 212, paragraph (5), or the provision of Article 226, paragraph (1), as applied mutatis mutandis pursuant to Article 235, paragraph (5), or has submitted false reports or materials;
 - (vi) Any person who has failed to answer any question under the provision of Article 129, paragraph (1) or Article 272-23, paragraph (1), as applied mutatis mutandis pursuant to Article 179, paragraph (2), the provision of Article 201, paragraph (1), as applied mutatis mutandis pursuant to Article 212, paragraph (5), the provision of Article 227, paragraph (1), as applied mutatis mutandis pursuant to Article 235, paragraph (5), or Article 129, paragraph (1), Article 201, paragraph (1), Article 227, paragraph (1), or Article 272-23, paragraph (1), as applied mutatis mutandis pursuant to Article 271, paragraph (3), or has made a false answer, or has refused, obstructed, or avoided the inspection under the provisions;
 - (vii) Any person who has violated the order (except for orders for the dismissal of the director, executive officer, accounting advisor, or company auditor, or

- for the full or partial suspension of business) under the provision of Article 271-30, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2)); and
- (viii) Any person who has violated any condition attached pursuant to the provision of Article 310, paragraph (1) (limited to those pertaining to the authorization under the provision of the proviso of Article 271-18, paragraph (1) or (3), or the approval under the provision of the proviso of Article 272-35, paragraph (1) or (3)).

Article 317-2 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than one million yen, or both:

- (i) Any person who, in violation of the provision of Article 11, paragraph (5) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), has commenced an Insurance Claim Trust Business;
- (ii) Any person who has violated the provision of Article 24-2 of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or the provision of Article 39, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 300-2.
- (iii) Any person who has made false statements and submitted the written application for registration set forth in Article 272-2, paragraph (1) or document set forth in the same Article, paragraph (2);
- (iv) Any person who is not any of the persons listed in the items of Article 275, paragraph (1) and has engaged in Insurance Solicitation;
- (v) A person who has obtained the registration set forth in Article 276 or Article 286 by wrongful means;
- (vi) Any person who has violated the provision of Article 291, paragraph (5);
- (vii) Any person who, in violation of Article 300, paragraph (1), has engaged in the acts listed in items (i) to (iii) inclusive of the same paragraph;
- (viii) Any person who, in violation of Article 37-3, paragraph (1) (except for items (ii) and (vi)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 300-2, has failed to deliver a document, or has delivered a document that does not state the matters prescribed in the same paragraph or with making a false statements; and
- (ix) Any person who has violated the order for the full or partial suspension of business under the provision of Article 307, paragraph (1).

Article 317-3 In the case referred to in item (ii) in the preceding Article, the property interest received by the offender or a third person who knows the circumstances shall be confiscated. Where it is not possible to confiscate the whole or part of it, the value thereof shall be collected.

Article 318 Any person who has violated the provision of Article 240-10, Article 247-3, or Article 265-21 shall be punished by imprisonment with work for not more than one year or a fine of not more than five hundred thousand yen.

Article 318-2 (1) When the director, executive officer, accounting advisor, company auditor, accounting auditor, or manager or other employee of a Company Being Investigated, or any person who has resigned from these positions has failed to make a report under the provision of Article 240-9, paragraph (1), or has made a false report, or has refused, obstructed, or evaded the inspection under the provision of the same paragraph, he/she shall be punished by imprisonment with work for not more than one year or a fine of not more than five hundred thousand yen.

(2) When the director, executive officer, accounting advisor, company auditor, accounting auditor, or manager or other employee of a Company Being Managed, or any person who has resigned from these positions has failed to make a report under the provision of Article 247-2, paragraph (1), or has made a false report, or has refused, obstructed, or avoided the inspection under the provision of the same paragraph, he/she shall be punished by imprisonment with work for not more than one year or a fine of not more than five hundred thousand yen.

Article 319 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than six months or a fine of not more than five hundred thousand yen, or both:

- (i) Any person who, in violation of the provision of Article 11, paragraph (8) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), has failed to Make a Deposit;
- (ii) Any person who has failed to indicate the matters prescribed in the provision of Article 24, paragraph (2) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or the provision of paragraph (1) or Article 37, paragraph (1) (except for item (ii)) of the Financial Instruments and Exchange Act, as supplied mutatis mutandis pursuant to Article 300-2, or has indicated false matters;
- (iii) Any person who has violated the provision of Article 24-2 of the Trust

- Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or the provision of Article 37, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 300-2;
- (iv) Any person who, in violation of the provision of Article 37-3, paragraph (1) (except for items (ii) to (iv) inclusive and item (vi)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 24-2 of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), has failed to deliver a document, or has delivered a document that does not state the matters prescribed in the same paragraph or a document that make false statements;
 - (v) Any person who has failed to deliver a document under the provision of Article 26, paragraph (1) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or has delivered a false document;
 - (vi) Any person who has failed to deliver a report under the provision of Article 27, paragraph (1) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or has delivered a report that makes a false statement;
 - (vii) Any person who has failed to deliver a document under the provision of Article 29, paragraph (3) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), or has delivered a false document;
 - (viii) Any person who, in violation of Article 190, paragraph (8), has failed to Make a Deposit for the shortfall set forth in the same paragraph;
 - (ix) Any person who, in violation of Article 223, paragraph (9), has failed to Make a Deposit for the shortfall set forth in the same paragraph;
 - (x) Any person who has made a false statement and submitted a written application for approval set forth in Article 272-36, paragraph (1) or document set forth in paragraph (2) of the same Article;
 - (xi) Any person who, in violation of Article 272-5, paragraph (8), has failed to Make a Deposit for the shortfall set forth in the same paragraph;
 - (xii) Any person who, in violation of Article 291, paragraph (8), has failed to deposit the security deposit for the shortfall set forth in the same paragraph;
and
 - (xiii) Any person who has failed to deliver the document under the provision of

Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 300-2, or has delivered a document that makes a false statement.

Article 319-2 A person who falls under any of the following items shall be punished by a fine of not more than five hundred thousand yen:

- (i) Any person who has failed to submit the report or materials under the provision of Article 265-46, or has submitted a false report or materials;
- (ii) Any person who has failed to answer any question under the provision of Article 265-46, or has made a false answer, or has refused, obstructed, or avoided the inspection under the provision of the same Article;
- (iii) Any person who has failed to make a report under the provision of Article 270-3, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 270-3-2, paragraph (8), Article 270-3-14, paragraph (2), Article 270-4, paragraph (7), and Article 270-6-5, paragraph (2)), Article 270-3-3, paragraph (3), Article 270-3-4, paragraph (4), Article 270-3-6, paragraph (2), Article 270-3-7, paragraph (2), Article 270-3-8, paragraph (2), Article 270-6-7, paragraph (2), Article 270-6-8, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 270-6-9, paragraph (3)), Article 270-7, paragraph (4), Article 270-8, paragraph (4), or Article 270-8-3, paragraph (2), or has made a false report; and
- (iv) Any person who has failed to make a report under the provision of Article 270-3-10, or has made a false report.

Article 320 A person who falls under any of the following items shall be punished by a fine of not more than three hundred thousand yen:

- (i) Any person who, without obtaining authorization, has engaged in matters which require authorization under the provision of Article 102, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 199);
- (i)-2 Any person who has failed to make a report under the provision of Article 122-2, paragraph (4) or has made a false report, or has refused, obstructed, or avoided the inspection under the provision of the same paragraph;
- (i)-3 Any person who has failed to submit the materials under the provision of Article 265-31, paragraph (1), Article 266, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 267, paragraph (4)), Article 267, paragraph (2), Article 270-3-11, paragraph (2), Article 270-6-2, paragraph (2), Article 270-6-6, paragraph (2), and Article 270-8-2, paragraph (2), or has submitted false materials;
- (ii) Any person who has made a false statement and submitted a written

- application for registration set forth in Article 277, paragraph (1) or document set forth in the same Article, paragraph (2) or a written application for registration set forth in Article 287, paragraph (1) or document set forth in the same Article, paragraph (2);
- (iii) Any person who has, in violation of Article 303, has failed to keep books and documents, failed to state the matters prescribed in the same Article in the books and documents or has made a false statement, or failed to preserve the books and documents;
 - (iv) Any person who has, in violation of Article 304, failed to submit the documents prescribed in the same Article, or submitted documents that fail to state the matters required to be stated or that make a false statement;
 - (v) Any person who has failed to submit the report or materials under the provision of Article 305, or has submitted false reports or materials;
 - (vi) Any person who has failed to answer any question under the provision of Article 305 or has made a false answer, or has refused, obstructed, or avoided the inspection under the provision of the same Article; and
 - (vii) Any person who has violated the order under the provision of Article 306.

Article 321 (1) When the representative person or agent of a juridical person (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators; hereinafter the same shall apply in this paragraph) or representative, employee or other worker of a juridical person or individual has engaged in the violation set forth in the provisions listed in the following items with regard to the business or property of said juridical person or individual, not only the offender shall be punished but also said juridical person shall be punished by the fine prescribed respectively in those items, and said individual shall be punished by the fine prescribed in the respective Articles:

- (i) Article 315, item (v), or Article 316, items (i) to (iii) inclusive, item (vi) or (vii); a fine of not more than three hundred million yen;
 - (ii) Article 316-2, or Article 317, items (i) to (iii) inclusive, items (vii) or (viii); a fine of not more than two hundred million yen;
 - (iii) Article 317-2, item (ii); a fine of not more than one hundred million yen; and
 - (iv) Article 315 (except for item (v)), Article 315-2, Article 316, item (iv) or (v), Article 317, items (iv) to (vi) inclusive, Article 317-2 (except for item (ii)), or Article 318-2 to the preceding Article inclusive; a fine prescribed in the respective Articles.
- (2) In the case where the provision of the preceding paragraph applies to an association or foundation that is not a juridical person, its representative person or administrator shall represent the association or foundation that is

not a juridical person in its procedural act, and the provisions of the Acts concerning criminal procedure in the cases where a juridical person is the accused or a suspect shall be applied *mutatis mutandis*.

(Special Breach of Trust Crime of Director, etc.)

Article 322 (1) When any of the following persons, for the purpose of promoting his/her own interest or the interest of a third party, or inflicting damage on an Insurance Company etc., commits an act in breach of his/her duty and causes financial loss to the Insurance Company, etc., he/she shall be punished by imprisonment with work for not more than ten years or a fine of not more than ten million yen, or both:

- (i) Insurance administrator or actuary of an Insurance Company, etc.;
- (ii) Incorporator of a Mutual Company;
- (iii) Director or company auditor of a Mutual Company at the time of its incorporation;
- (iv) Director, executive officer, accounting advisor or company auditor of a Mutual Company;
- (v) Acting director, executive officer or auditor of a Mutual Company who has been appointed pursuant to the provisional disposition order prescribed in Article 56 of the Civil Provisional Relief Act;
- (vi) Any person who shall carry out the duties of a temporary director, accounting advisor, company auditor, representative director, committee member, executive officer or representative executive officer who has been appointed pursuant to the provision of Article 53-15, paragraph (2) of the Companies Act, as applied *mutatis mutandis* pursuant to Article 53-15, Article 401, paragraph (3) of that Act, as applied *mutatis mutandis* pursuant to Article 53-25, paragraph (2) (including the cases where it is applied *mutatis mutandis* pursuant to Article 53-27, paragraph (3)) or Article 401, paragraph (3) of that Act, as applied *mutatis mutandis* pursuant to Article 420, paragraph (3) of that Act, as applied *mutatis mutandis* pursuant to Article 53-32;
- (vii) Manager of a Mutual Company;
- (viii) Employee of a Mutual Company who has been delegated a type of or specific matter concerning its business; and
- (ix) Inspector (limited to those pertaining to a Mutual Company).

(2) When any of the following persons, for the purpose of promoting his/her own interest or the interest of a third party, or inflicting damage on a liquidating mutual company, commits an act in breach of his/her duty and causes financial loss to the liquidating mutual company, the same punishment as in the preceding paragraph shall apply:

- (i) Liquidator of a liquidating mutual company;

- (ii) Acting liquidator of a liquidating mutual company who has been appointed pursuant to the provisional disposition order prescribed in Article 56 of the Civil Provisional Relief Act;
 - (iii) Any person who shall carry out the duties of a temporary liquidator or Representative Liquidator of a liquidating mutual company who has been appointed pursuant to the provision of Article 53-12, paragraph (2), as applied mutatis mutandis pursuant to Article 180-5, paragraph (4), or the provision of Article 351, paragraph (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 180-9, paragraph (5);
 - (iv) Representative for a liquidator of a liquidating mutual company;
 - (v) Supervising committee member of a liquidating mutual company; and
 - (vi) Examination committee member of a liquidating mutual company.
- (3) Any person who has attempted a crime set forth in the preceding two paragraphs shall be punished.

(Special Breach of Trust Crime of Representative Bondholder, etc.)

- Article 323 (1) When a representative bondholder or resolution executor (meaning a resolution executor prescribed in Article 737, paragraph (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 61-8, paragraph (2); the same shall apply hereinafter) of a Mutual Company, for the purpose of promoting his/her own interest or the interest of a third party, or inflicting damage on a bondholder, commits an act in breach of his/her duty and causes financial loss to the bondholder, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen, or both.
- (2) Any person who has attempted the crime set forth in the preceding paragraph shall be punished.

(Crime of Endangerment to Corporate Assets)

- Article 324 (1) In the case where an insurance administrator of a Stock Company operating an Insurance Business (hereinafter referred to in this Part as "Stock Company") or actuary falls under any of the following items, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen, or both:
- (i) When he/she, regarding matters listed in Article 199, paragraph (1), item (iii) or Article 236, paragraph (1), item (iii) of the Companies Act, has made a false statement or has concealed any fact from the court or shareholders meeting or class shareholders meeting;
 - (ii) When he/she, irrespective of whether on behalf of him/herself or on someone else's behalf, has wrongfully acquired shares or has obtained shares for the purpose of pledging them on the account of a Stock Company;

- (iii) When he/she has made a dividend of surplus in violation of laws and regulations or articles of incorporation; and
 - (iv) When he/she has disposed the property of a Stock Company for the objective of speculative trading outside the scope of the purpose of the Stock Company.
- (2) In the case where an insurance administrator of a Mutual Company, actuary, any person listed in Article 322, paragraph (1), items (ii) to (ix) inclusive, or any person appointed pursuant to the provision of Article 94, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 30-11, paragraph (2) or Article 79, paragraph (3), falls under any of the following items, he/she shall be punished by the same punishment as that of the preceding paragraph:
- (i) When he/she, regarding the number of members, acceptance of the total amount of funds, or payment pertaining to the contribution of funds, or matters listed in the items of Article 24, paragraph (1), in the case of the incorporation of a Mutual Company, has made a false statement or has concealed any fact from the court or Organizational Meeting;
 - (ii) When he/she, in violation of laws and regulations or articles of incorporation, has depreciated the funds, paid interest on the funds, or distributed the surplus; and
 - (iii) When he/she has disposed the property of a Mutual Company for the objective of speculative trading outside the scope of the purpose of the Mutual Company.
- (3) When an insurance administrator of a Mutual Company, any of the persons listed in Article 322, paragraph (1), items (iv) to (vi) inclusive or item (ix), or any person who shall be the director, accounting advisor, company auditor or executive officer of a Stock Company, in the case of an Entity Conversion from a Mutual Company into a Stock Company, regarding the subscription or payment of shares or delivery of non-monetary property or matters listed in Article 92, item (iii) has made a false statement or has concealed any fact from the Prime Minister or court, or from the General Meeting of members or General Meeting, he/she shall be punished by imprisonment with work for not more than three years or a fine of not more than three million yen, or both.
- (4) When an insurance administrator, director, accounting advisor, company auditor or executive officer of a Stock Company, an acting director, accounting advisor, company auditor or executive officer of a Stock Company who has been appointed pursuant to the provisional disposition order prescribed in Article 56 of the Civil Provisional Relief Act, any person who shall carry out the duties of a temporary director, accounting advisor, company auditor, representative director, committee member, executive officer or representative executive officer who has been appointed pursuant to the provision of Article 346,

paragraph (2), Article 351, paragraph (2), or Article 401, paragraph (3) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 403, paragraph (3) and Article 420, paragraph (3)) or inspector, or any person who shall be the director, accounting advisor, company auditor or executive officer of a Mutual Company, in the case of an Entity Conversion from a Stock Company into a Mutual Company, regarding the acceptance of the total amount of funds or payment pertaining to the contribution of funds, has made a false statement or has concealed any fact from the Policyholders meeting or General Meeting of Policyholders, the same punishment as in the preceding paragraph shall apply.

(Crime of Using False Document, etc.)

- Article 325 (1) When any of the persons listed in Article 322, paragraph (1), items (i) to (viii) inclusive or any person who has been entrusted with the solicitation of funds or subscribers to the bonds of a Mutual Company (meaning bonds prescribed in Article 61), in soliciting subscribers for the shares, funds, share options, bonds (meaning bonds prescribed in Article 61 and bonds prescribed in Article 2, item (xxiii) of the Companies Act; hereinafter the same shall apply in this paragraph), or bonds with a share option, has used materials explaining the business of an Insurance Company, etc. or other matters or an advertisement or other documents relating to said subscription which contain a false statement regarding a material matter, or has offered an electromagnetic record which contains a false statement regarding a material matter for carrying out affairs for said solicitation for subscription in the case where an electromagnetic record has been created in lieu of the creation of said documents, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen, or both.
- (2) When any person who offers the bonds of a Mutual Company (meaning bonds prescribed in Article 61) has used a document concerning the secondary distribution which contains a false statement regarding a material matter, or has offered an electromagnetic record which contains a false statement regarding a material matter for carrying out affairs for said secondary distribution in the case where an electromagnetic record has been created in lieu of the creation of said document, the same punishment as in the preceding paragraph shall apply.
- (3) When an insurance administrator of a Mutual Company or any persons listed in Article 322, paragraph (1), items (iv) to (viii) inclusive, in the case of an Entity Conversion from a Mutual Company into a Stock Company, in soliciting subscribers for the shares prescribed in Article 92, has used materials explaining the business of the Stock Company following the Entity Conversion or other matters or an advertisement or other documents relating to said

subscription which contain a false statement regarding a material matter, or has offered an electromagnetic record which contains a false statement regarding a material matter for carrying out affairs for said solicitation for subscription in the case where an electromagnetic record has been created in lieu of the creation of said documents, the same punishment as in paragraph (1) shall apply.

- (4) When an insurance administrator, director, accounting advisor, company auditor or executive officer of a Stock Company, an acting director, company auditor or executive officer of a Stock Company who has been appointed pursuant to the provisional disposition order prescribed in Article 56 of the Civil Provisional Relief Act, any person who shall carry out the duties of a temporary director, accounting advisor, company auditor, representative director, committee member, executive officer or representative executive officer who has been appointed pursuant to the provision of Article 346, paragraph (2), Article 351, paragraph (2), or Article 401, paragraph (3) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 403, paragraph (3) and Article 420, paragraph (3) of that Act) or manager or an employee who has been entrusted with a type of or specific matter concerning its other operations, in soliciting the funds prescribed in Article 78, paragraph (1), in the case of an Entity Conversion from a Stock Company into a Mutual Company, has used an advertisement or other documents relating to the subscription of funds which contain a false statement regarding a material matter, or has offered an electromagnetic record which contains a false statement regarding a material matter for carrying out affairs for said solicitation for subscription in the case where an electromagnetic record has been created in lieu of the creation of said documents, the same punishment as in paragraph (1) shall apply.

(Crime of Fake Payment)

- Article 326 (1) When any of the persons listed in Article 322, paragraph (1), items (i) to (viii) inclusive has made a fake payment to give a false appearance of payment pertaining to fund contributions or payment for shares, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen, or both. The same shall apply to any person who has acted as a party to such fake payment.
- (2) When any of the persons prescribed in the preceding Article, paragraph (3), in the case of an Entity Conversion from a Mutual Company into a Stock Company, has made a fake payment to give a false appearance of payment for shares pertaining to subscription under the provision of Article 92, the same punishment as in the preceding paragraph shall apply. The same shall apply to any person who has acted as a party to such fake payment.

(3) When any of the persons prescribed in the preceding Article, paragraph (4), in the case of an Entity Conversion from a Stock Company into a Mutual Company, has made a fake payment to give a false appearance of payment set forth in Article 30-3, paragraph (1), as applied mutatis mutandis pursuant to Article 78, paragraph (3), the same punishment as in paragraph (1) shall apply. The same shall apply to any person who has acted as a party to such fake payment.

(Crime of Over Issuance of Shares)

Article 327 When an insurance administrator of a Stock Company has issued an aggregate number of shares exceeding the total number of shares that a Stock Company may issue, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen.

(Crime of Bribery of Director, etc.)

Article 328 (1) When any of the following persons has accepted, or requested or promised a property benefit based on an unlawful request concerning his/her duties, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen:

(i) Any person listed in the items of Article 322, paragraph (1) or the items of paragraph (2);

(ii) Any person prescribed in Article 323;

(iii) Accounting auditor of a Mutual Company or any person who shall carry out the duties of a temporary accounting auditor who has been appointed pursuant to the provision of Article 53-12, paragraph (4); and

(iv) Insurance inspector of an Insurance Company.

(2) Any person who has given, or offered or promised to give the benefit set forth in the preceding paragraph shall be punished by imprisonment with work for not more than three years or a fine of not more than three million yen.

(Crime of Bribery Concerning Exercise of Rights of Members, etc.)

Article 329 (1) Any person who, concerning the following matters, has accepted, or requested or promised a property benefit based on an unlawful request shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen:

(i) The making of remarks or exercise of voting rights in a general meeting of members, General Meeting, Organizational Meeting, bondholders meeting or creditors meeting of a Mutual Company, policyholders meeting or General Meeting of Policyholders in the case where a Stock Company shall carry out the Entity Conversion set forth in Article 68, paragraph (1), or creditors meeting of a Foreign Mutual Company;

- (ii) The exercise of rights of a member or general representative prescribed in Article 38, paragraph (1) or (2), Article 39, Article 40, paragraph (1), Article 45, paragraph (1) or (2), Article 46, Article 47, paragraph (1), Article 50, paragraph (1) or (2), Article 358, paragraph (1) (except for item (ii)) or Article 360, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 53-15, Article 422, paragraph (1) of the same Act, as applied mutatis mutandis pursuant to Article 53-32, Article 426, paragraph (5) of the same Act, as applied mutatis mutandis pursuant to Article 53-36, or Article 360, paragraph (1) of the same Act, as applied mutatis mutandis pursuant to Article 180-5, paragraph (2) or Article 180-8, paragraph (4); or the exercise of rights of a member or obligee prescribed in Article 511, paragraph (1) or Article 522, paragraph (1) of the same Act, as applied mutatis mutandis pursuant to Article 184; or the exercise of rights of an obligee prescribed in Article 547, paragraph (1) or (3) of the same Act, as applied mutatis mutandis pursuant to Article 184;
 - (iii) The exercise of rights of an aggregate number of members that corresponds to five-thousandth, three-thousandth, one-thousandth or more of the total number of members or three thousand or one thousand or more members (in the case of a Specified Mutual Company, the number of members specified by a Cabinet Order prescribed in Article 38, paragraph (1), Article 39, paragraph (1) or Article 50, paragraph (1) or more), nine or three or more general representatives, or a bondholder who holds bonds equivalent to one-tenth or more of the total amount (excluding the amount of bonds which have been redeemed) of bonds of a Mutual Company (meaning the bonds prescribed in Article 61; hereinafter the same shall apply in this item);
 - (iv) The filing of a suit prescribed in this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act (limited to those filed by a member or an obligee of a Mutual Company); and
 - (v) The intervention by a member under the provision of Article 849, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to this Act.
- (2) The same punishment as in the preceding paragraph shall apply to any person who has given, or offered or promised to give the benefit set forth in the same paragraph.

(Confiscation and Collection of Equivalent Value)

Article 330 In the case referred to in Article 328, paragraph (1) or the preceding Article, paragraph (1), a benefit accepted by an offender shall be confiscated. When the whole or a part of the benefit cannot be confiscated, an equivalent sum of money shall be collected.

(Crime of Benefit Sharing Concerning Exercise of Rights of Shareholder, etc.)

- Article 331 (1) When an insurance administrator of an Insurance Company, etc., or any of the persons listed in Article 322, paragraph (1), items (iv) to (vii) inclusive or other employee of a Mutual Company, concerning the exercise of rights of a shareholder or member or general representative, has given a property benefit with regards to the account of the Insurance Company, etc. or its Subsidiary Company (meaning the Subsidiary Company prescribed in Article 2, item (iii) of the Companies Act (its de facto Subsidiary Company in the case where the Insurance Company, etc. is a Mutual Company); the same shall apply in paragraph (3)), he/she shall be punished by imprisonment with work for not more than three years or a fine of not more than three million yen.
- (2) The same punishment as in the preceding paragraph shall apply to any person who, with knowledge, has been given the benefit set forth in the same paragraph or has caused a third party to give such benefit.
- (3) The same punishment as in paragraph (1) shall apply to any person who, concerning the exercise of rights of a shareholder or member or general representative, has requested the person prescribed in the same paragraph to give the benefit set forth in the same paragraph to him/her or to a third party with regards to the account of the Insurance Company, etc. or its Subsidiary Company.
- (4) When any person who has committed a crime set forth in the preceding two paragraphs has intimidated a person prescribed in paragraph (1) regarding the execution of the crime, he/she shall be punished by imprisonment with work for not more than five years or a fine of not more than five million yen.
- (5) Imprisonment with work and fines may be imposed cumulatively, pursuant to the circumstances, on any person who has committed a crime set forth in the preceding three paragraphs.
- (6) When any person who has committed a crime set forth in paragraph (1) has surrendered himself/herself to authorities, the punishment thereof may be reduced or remitted.

(Crimes Committed Outside Japan)

- Article 331-2 (1) The crimes set forth in Article 322 to 324 inclusive, Article 326, Article 327, Article 328, paragraph (1), Article 329, paragraph (1) and the preceding Article, paragraph (1) shall also apply to any person who has committed these crimes outside Japan.
- (2) The crimes set forth in Article 328, paragraph (2), Article 329, paragraph (2), and the preceding Article, paragraphs (2) to (4) inclusive shall be governed by Article 2 of the Penal Code.

(Application of Penal Provisions to Juridical Person)

Article 332 When a person prescribed in Article 322 to 327 inclusive, Article 328,

paragraph (1), Article 329, paragraph (1), or Article 331, paragraph (1) is a juridical person, said provisions and the provisions of Article 322, paragraph (3) and Article 323, paragraph (2) shall respectively apply to the director, executive officer, other officer who executes business, or manager who has committed such acts.

(Crime of False Notification, etc.)

Article 332-2 Any person who, in violation of Article 955, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 67-2 or Article 217, paragraph (3), has failed to state the matters specified by an Ordinance of the Ministry of Justice concerning the Investigation of Electronic Public Notice prescribed in the same paragraph in the registry of studies, etc. (meaning the registry of studies, etc. prescribed in the same paragraph; hereinafter the same shall apply in this Article), or has failed to make a record, or has made a false statement or record, or has not preserved the registry of studies, etc. in violation of the same paragraph, shall be punished by a fine of not more than three hundred thousand yen.

(Dual Liability)

Article 332-3 When a representative person of a juridical person, or an agent, employee or other worker of a juridical person or individual, has engaged in illegal conduct set forth in the preceding Article with regard to the business of said juridical person or individual, not only the offender shall be punished but also said juridical person or individual shall be punished by the punishment prescribed in the same Article.

(Acts Which Shall be Punishable by Non-Penal Fine)

Article 333 (1) In the case where an incorporator of an Insurance Company, etc., director at the time of its incorporation, executive officer at the time of its incorporation, company auditor at the time of its incorporation, director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor, accounting auditor or a member who shall carry out its duties, liquidator, commissioned company prescribed in Article 144, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-30, paragraph (2)), insurance administrator, insurance inspector, liquidator representative set forth in Article 525, paragraph (1) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 184), supervising committee member set forth in Article 527, paragraph (1) of the same Act (including the cases where it is applied mutatis mutandis pursuant to Article 184), examination committee member set forth in Article 533 of the same Act (including the cases where it is applied

mutatis mutandis pursuant to Article 184), acting director, executive officer, company auditor or liquidator who has been appointed pursuant to the provisional disposition order prescribed in Article 56 of the Civil Provisional Relief Act, any person who shall carry out the duties of a temporary director, accounting advisor, company auditor, representative director, committee member, executive officer or representative executive officer prescribed in Article 322, paragraph (1), item (vi) or Article 960, paragraph (1), item (v) of the Companies Act, any person who shall carry out the duties of a temporary liquidator or Representative Liquidator prescribed in Article 322, paragraph (2), item (iii) or Article 960, paragraph (2), item (iii) of the same Act, any person who shall carry out the duties of a temporary accounting auditor prescribed in Article 328, paragraph (1), item (iii) or Article 967, paragraph (1), item (iii) of the same Act, inspector, administrator of shareholder registry, administrator of bond registry, bond administrator, bond administrator who is succeeding the affairs, representative bondholder, resolution executor or manager, a Representative Person in Japan of a foreign Insurance Company, etc, liquidator, commissioned company prescribed in Article 144, paragraph (1), as applied mutatis mutandis pursuant to Article 211, insurance administrator, insurance inspector or manager, any person who represents a license Specified Juridical Person and subscription member in Japan, any person who has concluded a contract set forth in Article 190, paragraph (3) with a Foreign Insurance Company, etc., any person who has concluded a contract set forth in Article 223, paragraph (3) with a license Specified Juridical Person or any person who has concluded a contract set forth in Article 272-5, paragraph (3) with a small sum short-term insurer, officer of Policyholders protection corporation, Large Holder of Insurance Voting Rights (when the Large Holder of Insurance Voting Rights is a juridical person (including organizations that are not juridical persons listed in Article 2-2, paragraph (1), item (i); hereinafter the same shall apply in this paragraph except for items (lxv) and (lxxi)), its director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor, representative person, manager, member who executes the business, or liquidator, including former large holders of insurance voting rights in the case where large holders of insurance voting rights are no longer large holders of insurance voting rights), insurance major shareholder or Short Term Insurance Major Shareholder (when the insurance major shareholder or Short Term Insurance Major Shareholder is a juridical person, its director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor, representative person, manager, member who executes the business, or liquidator, including former insurance major shareholders or Major Shareholder of Small Amount and Short Term Insurance Provider in the case where Major Shareholders of Insurance

Company or Short Term Insurance Major Shareholders are no longer Major Shareholders of Insurance Company or Major Shareholder of Small Amount and Short Term Insurance Provider), Specified Major Shareholder or specified Major Shareholders of Insurance Company (when the Specified Major Shareholder or specified Major Shareholders of Insurance Company is a juridical person, its director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor, representative person, manager, member who executes the business, or liquidator, including former Specified Major Shareholders or specified Major Shareholders of Insurance Company in the case where Specified Major Shareholders or specified Major Shareholders of Insurance Company are no longer holders of the voting rights of an Insurance Company, etc. which amount to not less than the Major Shareholder Threshold), the director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor, manager or liquidator of an Insurance Holding Company or Small Amount and Short Term Insurance Holding Company (including former insurance holding companies or Small Amount and Short Term Insurance Holding Companies in the case where insurance holding companies or Small Amount and Short Term Insurance Holding Companies are no longer insurance holding companies or Small Amount and Short Term Insurance Holding Companies), or the director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor, manager, member who executes the business or liquidator of a Specified Holding Company or specified Small Amount and Short Term Insurance Holding Company (including former specified holding companies or specified Small Amount and Short Term Insurance Holding Companies in the case where specified holding companies or specified Small Amount and Short Term Insurance Holding Companies are no longer holding companies of which an Insurance Company, etc. is a Subsidiary Company) falls under any of the following items, he/she shall be punished by a non-penal fine of not more than one million yen; provided, however, that this shall not apply when a punishment shall be given for the act:

- (i) When he/she, in violation of Article 8, paragraph (1), has concurrently served as a director, executive officer, accounting advisor or a member who shall carry out its duties or company auditor (including director, auditor and other equivalent person) or employee of a financial institution or Financial Instruments Business Operators (limited to those that engage in securities-related businesses) prescribed in the same paragraph that falls under the specified person concerned prescribed in the same paragraph;
- (ii) When he/she has engaged in the affairs of another company in violation of Article 8, paragraph (2), Article 192, paragraph (5) or Article 272-10, paragraph (1);

- (iii) When he/she has failed to complete his/her registration under the provision of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act;
- (iv) When he/she has failed to give public notice or notice under the provision of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act, or has given an unauthorized public notice or notice;
- (v) When he/she has failed to make a disclosure under the provision of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act;
- (vi) When he/she, in violation of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act after a deemed replacement, has rejected, without justifiable grounds, the inspection or making of copies of the matters that are recorded in a document or electromagnetic record which are indicated by a method specified by a Cabinet Office Ordinance, or the issuance of a transcript or extract of a document, provision of the matters that are recorded in an electromagnetic record by electromagnetic means, or issuance of a document that states such matters;
- (vii) When he/she has refused, obstructed, or evaded the study under the provision of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act;
- (viii) When he/she, regarding matters prescribed in this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act, has made a false statement or has concealed any fact from a government agency, general meeting of members, General Meeting, Organizational Meeting, policyholders meeting, General Meeting of Policyholders, bondholders meeting, or creditors meeting;
- (ix) When he/she has failed to state or record the matters required to be stated or recorded or made a false statement or record in the articles of incorporation, minutes of general meeting of members, General Meeting, Organizational Meeting, board of directors, committee on important property, Committees, board of company auditors, policyholders meeting, General Meeting of Policyholders, bondholders meeting or creditors meeting, roster of members, accounting books, balance sheet, profit and loss statement, business report, annexed detailed statement of Article 494, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 54-3, paragraph (2) or Article 180-17, accounting advisory report, audit report, accounting auditing report, statement of accounts, bond registry, inventory of property, business report, or document or electromagnetic record set forth in Article 682, paragraph (1) or Article 695, paragraph (1), Article 165-2, paragraph (1), Article 165-9, paragraph (1), Article 165-13, paragraph (1), Article 165-15, paragraph (1), Article 165-19, paragraph (1) or Article 165-21, paragraph (1) of the same Act, as applied mutatis mutandis pursuant to

Article 61-5;

- (x) When he/she has failed to keep books or documents or a statement or electromagnetic record in violation of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act;
- (xi) When he/she, without justifiable grounds, has failed to give an explanation for the matters requested by a person who intends to be a member, member, general representative, or Policyholder, at the general meeting of members, General Meeting, Organizational Meeting, policyholders meeting or General Meeting of Policyholders;
- (xii) When he/she, in violation of Article 15, Article 56 to 59 inclusive, Article 91, paragraph (3), Article 112, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 199) or Article 115 (including the cases where it is applied mutatis mutandis pursuant to Articles 199 and 272-18), has failed to report any Reserves or reserve funds, or has failed to make Reserves, or has withdrawn from such Reserves;
- (xiii) When he/she, in violation of Article 17, paragraph (2) or (4) (including the cases where the provisions are applied mutatis mutandis pursuant to Article 57, paragraph (4)), Article 70, paragraph (2) or (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-7, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12)), Article 77, paragraph (4), Article 88, paragraph (2) or (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-17, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20)), Article 137, paragraphs (1) to (3) inclusive (including the cases where the provisions are applied mutatis mutandis pursuant to Article 210, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 270-4, paragraph (9)), Article 270-4, paragraph (9) and Article 272-29), Article 165-7, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-12), Article 165-17, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 165-20), Article 165-24, paragraph (2) or (4), Article 173-4, paragraph (2) or (4) Article 240-12, paragraphs (1) to (3) inclusive, Article 251, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 270-4, paragraph (9)), Article 255, paragraph (1), or Article 255-4, paragraphs (1) to (3) inclusive, has reduced the amount of capital or reserves or withdrawn from depreciation reserve for redemption of funds, has made an Entity Conversion, established a General Meeting of Policyholders, transferred an insurance contract, conducted a merger, split a company, amended the contract conditions prescribed in Article 240-2, paragraph (1), or amended the contract conditions prescribed in Article 250, paragraph (1);

- (xiv) When he/she, in violation of Article 28, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 78, paragraph (3)), Article 60-2, paragraph (2) or Article 93, paragraph (2), has failed to issue a document, or has failed to state or record the matters required to be stated or recorded or made a false statement or record in that document or electromagnetic record made by electromagnetic means set forth in Article 28, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 60-2, paragraph (4) and Article 78, paragraph (3)) or Article 93, paragraph (3)
- (xv) When he/she has failed to make matters pertaining to a request under Article 39, paragraph (1) or Article 46, paragraph (1) the purpose of a general meeting of members or General Meeting in the case where such a request has been made;
- (xvi) When he/she has failed to call a general meeting of members or General Meeting in violation of a court order under the provision of Article 307, paragraph (1), item (i) of the Companies Act, as applied mutatis mutandis pursuant to Article 40-2, paragraph (2) or Article 47, paragraph (2) or the provision of Article 359, paragraph (1), item (i) of the same Act, as applied mutatis mutandis pursuant to Article 53-15, or Article 296, paragraph (1) of the same Act, as applied mutatis mutandis pursuant to Article 41, paragraph (1) or Article 49, paragraph (1);
- (xvii) When he/she, in violation of the provision of Articles 301 or 302 of the Companies Act, as applied mutatis mutandis pursuant to Article 41, paragraph (1), or the provision of Article 48 or the provision of Article 54-5 (including the cases where it is applied mutatis mutandis pursuant to Article 54-10, paragraph (6)), has failed to issue a document or statement, or has failed to provide information by electromagnetic means in giving a notice of calling of a general meeting of members or General Meeting;
- (xviii) When he/she has failed to carry out the procedure for the appointment of a director, accounting advisor, company auditor, executive officer or accounting auditor (including the appointment of any person who shall carry out the duties of a temporary accounting auditor) in the case where his/her number shall fall short of the number specified by this Act or the articles of incorporation;
- (xix) When he/she has failed to appoint half or more outside company auditors as company auditors in violation of Article 53-5, paragraph (3);
- (xx) When he/she has failed to make matters pertaining to a request under Article 343, paragraph (2) or Article 344, paragraph (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 53-11 the purpose of a general meeting of members or General Meeting in the case where such a request has been made, or has failed to submit a proposal pertaining to such

- a request to the general meeting of members or General Meeting;
- (xxi) When he/she, in violation of the provision of Article 365, paragraph (2) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 419, paragraph (2) of the same Act, as applied mutatis mutandis pursuant to Article 53-32), as applied mutatis mutandis pursuant to Article 53-15, or the provision of Article 365, paragraph (2) of the same Act, as applied mutatis mutandis pursuant to Article 180-14, paragraph (9), has failed to make a report to a board of directors or board of liquidators, or has made a false report;
 - (xxii) When he/she has failed to select full-time company auditors in violation of Article 53-19, paragraph (3);
 - (xxiii) When he/she has issued debenture shares prior to the date of the issuance of bonds (meaning bonds prescribed in Article 61);
 - (xxiv) When he/she has failed to issue debenture shares without delay in violation of Article 696 of the Companies Act, as applied mutatis mutandis pursuant to Article 61-5;
 - (xxv) When he/she has failed to state the matters required to be stated in the debenture shares, or has made a false statement;
 - (xxvi) When he/she, in violation of Article 61-6, has issued bonds (meaning bonds prescribed in Article 61), or, in violation of Article 714, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 61-7, paragraph (8), has failed to prescribe a bond administrator who shall succeed to the affairs;
 - (xxvii) When he/she, in violation of Article 941 of the Companies Act, as applied mutatis mutandis pursuant to Article 67-2 or Article 217, paragraph (3), has failed to seek the investigation set forth in the same Article;
 - (xxviii) When he/she has made an Entity Conversion in violation of Article 69, Article 78 or Article 86;
 - (xxix) When he/she, in violation of Article 98, paragraph (2) or Article 99, paragraph (4), first sentence or paragraph (5) (including the cases where the provisions are applied mutatis mutandis pursuant to Article 199), has engaged in the business prescribed in these provisions without obtaining authorization, or, in violation of the proviso of Article 272-11, paragraph (2), has engaged in the business prescribed in the proviso of the same paragraph without obtaining approval;
 - (xxx) When he/she, in violation of Article 99, paragraph (4), second sentence (including the cases where it is applied mutatis mutandis pursuant to Article 199; hereinafter the same shall apply in this item), has changed the content or method of the business prescribed in the second sentence of the same paragraph without obtaining authorization;
 - (xxxi) When he/she has operated any other business in violation of Article 100

- (including the cases where it is applied mutatis mutandis pursuant to Article 199), Article 271-21, paragraph (1), Article 272-11, paragraph (2) or Article 272-38, paragraph (1);
- (xxxii) When he/she, in violation of Article 100-4 (including the cases where it is applied mutatis mutandis pursuant to Article 272-13, paragraph (2)), Article 271-19-2, paragraph (3), or Article 272-37-2, paragraph (2), has become a member with unlimited liability or member who executes the business of a membership company;
- (xxxiii) When he/she, in violation of Article 106, paragraph (1), has made a company other than the Companies Eligible for Subsidiary Company prescribed in the same paragraph (except for the Japanese company prescribed in Article 107, paragraph (1)) a Subsidiary Company, or, in violation of Article 272-14, paragraph (1), has made a company other than the company that exclusively operates the business specified by a Cabinet Office Ordinance prescribed in the same paragraph as a Subsidiary Company;
- (xxxiv) When he/she has made an Insurance Company, etc. Eligible for Subsidiary Company prescribed in Article 106, paragraph (4) a Subsidiary Company without obtaining the authorization of the Prime Minister under the provision of the same paragraph or has made a company listed in the items of the same Article, paragraph (1) a Subsidiary Company that falls under any of the companies listed in another of these items (limited to an Insurance Company, etc. Eligible for Subsidiary Company. prescribed in the same Article, paragraph (4)) without obtaining the authorization of the Prime Minister under the provision of the same Article, paragraph (4), as applied mutatis mutandis pursuant to the same Article, paragraph (6), or has made a company that exclusively operates the business specified by a Cabinet Office Ordinance prescribed in the same paragraph a Subsidiary Company without obtaining the approval of the Prime Minister under the provision of Article 272-14, paragraph (2);
- (xxxv) When he/she has violated Article 107, paragraph (1) or the proviso of paragraph (2);
- (xxxvi) When he/she has violated the conditions imposed pursuant to the provision of Article 107, paragraph (3) or (5);
- (xxxvii) When he/she, in violation of Articles 116 or 117 (including the cases where the provisions are applied mutatis mutandis pursuant to Articles 199 and 272-18), has failed to reserve policy reserves or reserves for outstanding claims;
- (xxxviii) When he/she has engaged in any of the acts listed in the items of Article 118, paragraph (2) in violation of the same paragraph (including the cases where it is applied mutatis mutandis pursuant to Article 199);

- (xxxix) When he/she, in violation of Article 120, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Articles 199 and 272-18), has failed to carry out the procedures for the appointment of an actuary or has appointed a person who fails to fall under the requirements specified by a Cabinet Office Ordinance set forth in Article 120, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Articles 199 and 272-18) to the position of actuary, or, in violation of Article 120, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Articles 199 and 272-18; hereinafter the same shall apply in this item), has failed to give the notification under the provision of the same paragraph;
- (xl) When he/she has violated the order under the provision of Article 122 (including the cases where it is applied mutatis mutandis pursuant to Articles 199 and 272-18, Article 190, paragraph (4), Article 223, paragraph (4), Article 242, paragraph (3), Article 258, paragraph (1) or Article 272-5, paragraph (4), or the order under the provision of Article 132, paragraph (1), Article 204, paragraph (1), Article 230, paragraph (1), Article 240-3, Article 241, paragraph (1) or Article 272-25, paragraph (1) (including orders for the submission of improvement programs, except orders for the whole or partial suspension of business));
- (xli) When he/she has modified the matters prescribed in the documents prescribed in the provision under Article 123, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 207) or Article 225, paragraph (1) without obtaining the authorization under these provisions;
- (xlii) When he/she has failed to give the notification under the provision of Article 123, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 207) or Article 225, paragraph (2), or has modified the matters specified by a Cabinet Office Ordinance set forth in Article 123, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 207) or Article 225, paragraph (1) within a period of time prescribed in Article 125, paragraph (1) (the shortened or extended period of time in the case where said period of time has been shortened or extended under the provision of Article 125, paragraph (2) or (3) (including the cases where the provisions are applied mutatis mutandis pursuant to Article 207 and Article 225, paragraph (3))) (including the cases where it is applied mutatis mutandis pursuant to Article 207 and Article 225, paragraph (3));
- (xlili) When he/she has violated the order for the revocation of change or notification under the provision of Article 125, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 207 and

- Article 225, paragraph (3)) or Article 272-20, paragraph (4);
- (xliv) When he/she has failed to give the notification under the provision of Article 127, paragraph (1), Article 209, Article 218, paragraph (1), Article 234, Article 239, Article 271-32, paragraph (1) or (2), Article 272-21, paragraph (1), or Article 272-42, paragraph (1) or (2), or has given a false notification;
- (xlv) When he/she has violated the order under the provision of Article 131, Article 203, Article 229, or Article 272-24, paragraph (1) or (2);
- (xlvi) When he/she, in violation of Article 136 (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 270-4, paragraph (9)); the same shall apply in the following item), Article 270-4, paragraph (9) and Article 272-29), has carried out the procedure for the transfer of an insurance contract;
- (xlvii) When he/she has concluded an insurance contract in violation of Article 138 (including the cases where it is applied mutatis mutandis pursuant to Article 210, paragraph (1), Article 270-4, paragraph (9) and Article 272-29);
- (xlviii) When he/she, in violation of Article 176, has failed to submit a document or statement or electromagnetic record, or has submitted said document or statement or electromagnetic record in which he/she has failed to state or record the matters required to be stated or recorded or has made a false statement or record;
- (xlix) When he/she, in violation of Article 180-10, paragraph (1), has failed to file a petition for the commencement of bankruptcy proceedings, or, in violation of Article 511, paragraph (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 184, has failed to file a petition for the commencement of special liquidation;
- (l) When he/she has disposed of property in violation of Article 181;
- (li) When he/she has unjustifiably prescribed the period of time set forth in Article 499, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 181-2, for the purpose of delaying the completion of the liquidation;
- (lii) When he/she has performed obligations in violation of the provision of Article 500, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 181-2, or the provision of Article 537, paragraph (1) of the same Act, as applied mutatis mutandis pursuant to Article 184;
- (liii) When he/she has distributed the property of a liquidating mutual company in violation of Article 502 of the Companies Act, as applied mutatis mutandis pursuant to Article 181-2;
- (liv) When he/she has violated Article 535, paragraph (1) of the Companies Act,

- as applied *mutatis mutandis* pursuant to Article 184, or Article 536, paragraph (1);
- (lv) When he/she has violated the temporary restraining order under the provision of Article 540, paragraph (1) or (2) of the Companies Act, as applied *mutatis mutandis* pursuant to Article 184, or Article 542;
 - (lvi) When he/she, in violation of Article 197, has failed to hold assets in Japan of an amount corresponding to the total amount prescribed in the same Article;
 - (lvii) When he/she has violated a court order under the provision of Article 827, paragraph (1) of the Companies Act, as applied *mutatis mutandis* pursuant to Article 213;
 - (lviii) When he/she has failed to submit reports or materials under the provision of Article 218, paragraph (2), or has submitted false reports or materials;
 - (lix) When he/she has failed to report the findings of the study by the due date set forth in Article 240-8, paragraph (2);
 - (lx) When he/she, in violation of Article 241, paragraph (3), has failed to make a proposal, or has made a false proposal;
 - (lxi) When he/she has failed to transfer tasks to an insurance administrator who has been appointed by the Prime Minister pursuant to the provision of Article 242, paragraph (2);
 - (lxii) When he/she, without justifiable grounds, has refused to be an insurance administrator in violation of Article 243, paragraph (2);
 - (lxiii) When he/she has failed to transfer tasks to a director, executive officer or liquidator of a Company Being Managed prescribed in Article 242, paragraph (1), notwithstanding the rescission of the disposition that orders the management prescribed in Article 248, paragraph (1) pursuant to the same paragraph;
 - (lxiv) When he/she has failed to make the submission or give the notification under the provision of Article 271-3, paragraph (1), Article 271-4, paragraph (1), (3) or (4), Article 271-5, paragraph (1) or (2), Article 271-6, Article 271-7, Article 271-10, paragraph (3), Article 271-18, paragraph (2) or (4), Article 272-31, paragraph (3), or Article 272-35, paragraph (2) or (4), or has made a false submission or gave a false notification;
 - (lxv) When he/she, without obtaining authorization from the Prime Minister under Article 271-10, paragraph (1), become a holder of voting rights of an Insurance Company which amounts to the Major Shareholder Threshold or more or has established a company or any other juridical person that is a holder of voting rights of an Insurance Company which amounts to the Major Shareholder Threshold or more through any of the transactions or acts listed in the items of that paragraph;

- (lxvi) When he/she, in violation of Article 271-10, paragraph (2) has been a holder of the voting rights of an Insurance Company which amount to not less than the Major Shareholder Threshold upon exceeding the suspension due date prescribed in the same paragraph;
- (lxvii) When he/she, in violation of the order under the provision of Article 271-10, paragraph (4), has been a holder of the voting rights of an Insurance Company which amount to not less than the Major Shareholder Threshold, or, in violation of Article 271-16, paragraph (2) has been a holder of the voting rights of an Insurance Company which amount to not less than the Major Shareholder Threshold upon exceeding the period designated by the Prime Minister prescribed in the same paragraph;
- (lxviii) When he/she has violated the order (including orders for the submission of improvement programs) under the provision of Article 271-14 (including the cases where it is applied mutatis mutandis pursuant to Article 272-34, paragraph (1)), Article 271-15, Article 271-16, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-34, paragraph (1)), or Article 271-29 (including the cases where it is applied mutatis mutandis pursuant to Article 272-40, paragraph (2));
- (lxix) When he/she, without obtaining the approval of the Minister of Finance prescribed in Article 271-22, paragraph (1), has made a company other than the companies listed in the items of the same paragraph a Subsidiary Company;
- (lxx) When he/she has failed to give the notification or make the submission under the provision of Article 272-19, paragraph (1) or (2) or has modified the matters prescribed in the documents prescribed in the provision under Article 272-19, paragraph (1) within a period of time prescribed in Article 272-20, paragraph (1) (the shortened or extended period of time in the case where said period of time has been shortened or extended under the provision of the same Article, paragraph (2) or (3));
- (lxxi) When he/she, without obtaining authorization from the Prime Minister under Article 272-31, paragraph (1), has, by any of the trades or acts listed in the items of the same paragraph, become a holder of the voting rights of a Small Amount and Short Term Insurance Provider which amount to not less than the Major Shareholder Threshold, or has incorporated a company or formed another juridical person that is a holder of the voting rights of a Small Amount and Short Term Insurance Provider which amount to not less than the Major Shareholder Threshold;
- (lxxii) When he/she, in violation of Article 272-31, paragraph (2), has been a holder of the voting rights of a Small Amount and Short Term Insurance Provider which amount to not less than the Major Shareholder Threshold upon exceeding the suspension due date prescribed in the same paragraph;

(lxxiii) When he/she, in violation of the order under the provision of Article 272-31, paragraph (4), has been a holder of the voting rights of a Small Amount and Short Term Insurance Provider which amount to not less than the Major Shareholder Threshold, or, in violation of Article 271-16, paragraph (2) as applied mutatis mutandis pursuant to Article 272-34, paragraph (1), has been a holder of the voting rights of a Small Amount and Short Term Insurance Provider which amount to not less than the Major Shareholder Threshold upon exceeding the period designated by the Prime Minister prescribed in the same paragraph;

(lxxiv) When he/she, without obtaining the approval of the Prime Minister under the provision of Article 272-39, paragraph (1), has made a company other than the companies listed in the items of the same paragraph a Subsidiary Company; and

(lxxv) When he/she has violated the conditions imposed pursuant to the provisions of Article 310, paragraph (1).

(2) In the case where an insurance administrator of a Stock Company or an insurance administrator of a Foreign Insurance Company, etc. falls under any of the items of Article 976 of the Companies Act, he/she shall be punished by a non-penal fine of not more than one million yen; provided, however, that this shall not apply when a punishment shall be given for the act.

Article 333-2 Any person who falls under either of the following shall be punished by a non-penal fine of not more than one million yen:

(i) Any person who has, in violation of Article 946, paragraph (3) of the Companies Act, as applied mutatis mutandis pursuant to Article 67-2 or Article 217, paragraph (3), failed to make a report, or has made a false report; and

(ii) Any person who, without justifiable grounds, has refused any of the requests listed in Article 67-2, or the items of Article 951, paragraph (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 217, paragraph (3), or the items of Article 955, paragraph (2).

Article 334 In the case where a director, executive officer, accounting advisor or a member who shall carry out its duties, company auditor or liquidator of a Life Insurance Company that transacts an Insurance Claim Trust Business, commissioned company prescribed in Article 144, paragraph (1), insurance administrator, supervising committee member of a liquidating Stock Company or liquidating mutual company who has been appointed pursuant to the provision of Article 527, paragraph (1) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 184), acting director, accounting advisor, company auditor, representative director,

committee member, executive officer or representative executive officer of a Stock Company or Mutual Company who has been appointed pursuant to the provisional disposition order prescribed in Article 56 of the Civil Provisional Relief Act, acting liquidator or Representative Liquidator of a liquidating stock company or liquidating mutual company who has been appointed pursuant to the provisional disposition order prescribed in the same Article, any person who shall carry out the duties of a temporary officer or temporary liquidator who has been appointed pursuant to the provision of Article 346, paragraph (2) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 479, paragraph (4) of the same Act), any person who shall carry out the duties of a temporary committee member or temporary executive officer who has been appointed pursuant to the provision of Article 401, paragraph (3) of the same Act (including the cases where it is applied mutatis mutandis pursuant to Article 403, paragraph (3) of the same Act), any person who shall carry out the duties of a temporary officer or temporary liquidator who has been appointed pursuant to the provision of Article 53-12, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 180-5, paragraph (4)), any person who shall carry out the duties of a temporary committee member or any person who shall carry out the duties of a temporary executive officer or manager who has been appointed pursuant to the provision of Article 401, paragraph (3) of the same Act, as applied mutatis mutandis pursuant to Article 53-25, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 53-27, paragraph (3)), or a Representative Person in Japan of a Foreign Life Insurance Company, etc. that transacts an Insurance Claim Trust Business, liquidator, commissioned company prescribed in Article 144, paragraph (1), as applied mutatis mutandis pursuant to Article 211, insurance administrator or manager, falls under any of the following items, he/she shall be punished by a non-penal fine of not more than one million yen:

- (i) When he/she, without obtaining authorization, has transacted an Insurance Claim Trust Business in violation of Article 99, paragraph (7), first sentence (including the cases where it is applied mutatis mutandis pursuant to Article 199);
- (ii) When he/she, without obtaining the authorization under the provision of Article 99, paragraph (7), second sentence (including the cases where it is applied mutatis mutandis pursuant to Article 199; hereinafter the same shall apply in this item), has changed the method of the Insurance Claim Trust Business prescribed in the same paragraph, second sentence;
- (iii) When he/she, in violation of the order pursuant to Article 6 of the Act on Provision, etc. of Trust Business by Financial Institutions, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases

where it is applied mutatis mutandis pursuant to Article 199), has made a supplementary or auxiliary trust contract; and

- (iv) When he/she, in violation of Article 34 of the Trust Act (Act No. 108 of 2006), has failed to carry out the management of trust property that he/she should be carried out pursuant to the provision of the same Article.

Article 335 Any person who falls under any of the following items shall be punished by a non-penal fine of not more than one million yen:

- (i) Any person who has violated Article 7, paragraph (2)
- (ii) Any person who, in violation of the order under the provision of Article 11, paragraph (4) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), has failed to Make a Deposit;
- (iii) Any person who, in violation of Article 29-2 of the Trust Business Act, as applied mutatis mutandis pursuant to Article 99, paragraph (8) (including the cases where it is applied mutatis mutandis pursuant to Article 199), has made changes regarding important trusts, or has consolidated or split trusts;
- (iv) Any person who has violated Article 272-8, paragraph (1)
- (v) Any person who, in violation of Article 272-8, paragraph (2), has posted a sign under the provision of the same Article, paragraph (1) or a similar sign; and
- (vi) Any person who has made a false statement and submitted a written application for approval set forth in Article 272-32, paragraph (1) or document set forth in the same Article, paragraph (2)

Article 336 In the case where an officer of an agency falls under either of the following items, he/she shall be punished by a non-penal fine of not more than five hundred thousand yen:

- (i) When he/she, in violation of Article 265-22, has failed to make the registry prescribed in the same Article available for public inspection; and
- (ii) When he/she has violated the order under the provision of Article 265-45, paragraph (2) or (3).

Article 337 Any person who falls under any of the following items shall be punished by a non-penal fine of not more than five hundred thousand yen:

- (i) Any person who, in violation of Article 186, paragraph (2) has offered an insurance contract prescribed in the same paragraph without obtaining permission;
- (ii) Any person who has failed to give the notification under the provision of Article 280, paragraph (1), Article 290, paragraph (1), or Article 302, or gave a false notification; and

(iii) Any person who, in violation of the order under the provision of Article 291, paragraph (4) or Article 292, paragraph (2), has failed to Make a Deposit.

Article 337-2 In the case where an officer of an agency falls under any of the following items, he/she shall be punished by a non-penal fine of not more than two hundred thousand yen:

- (i) When he/she, in the case where the authorization of the Prime Minister and Minister of Finance is required pursuant to the provision of Part II, Chapter X, Section 4, has not obtained the authorization thereof;
- (ii) When he/she has failed to complete his/her registration in violation of a Cabinet Order under the provision of Article 264, paragraph (1);
- (iii) When he/she has violated Article 265-2, paragraph (2);
- (iv) When he/she has engaged in a business other than the business prescribed in Article 265-28;
- (v) When he/she has failed to submit a document prescribed in Article 265-37 or Article 265-39, paragraph (1) or (2), or has submitted a false document;
- (vi) When he/she has invested surplus funds in the course of business in violation of Article 265-43; and
- (vii) When he/she has failed to make a report under the provision of Article 268, paragraph (5) (including the cases where it is applied mutatis mutandis pursuant to Article 269, paragraph (2), Article 270-3-12, paragraph (2), Article 270-3-13, paragraph (4), Article 270-6-3, paragraph (2), and Article 270-6-4, paragraph (4)), Article 270, paragraph (4), or Article 270-2, paragraph (6) (including the cases where it is applied mutatis mutandis pursuant to Article 270-3-12, paragraph (3)), or has made a false report.

Article 337-3 Any person who has violated Article 263, paragraph (2) shall be punished by a non-penal fine of not more than one million yen.

Article 338 Any person who, in violation of Article 8, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 21, has used a denomination or trade name that runs the risk of mistaking the entity for a Mutual Company, shall be punished by a non-penal fine of not more than one million yen.

Supplementary Provisions

(Effective Date)

Article 1 This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation; provided, however, that the provision of Article 106 of these Supplementary

Provisions shall come into effect as from the day of promulgation.

(Special Provisions Pertaining to Specified Insurance Business Activity of Specified Insurance Company)

- Article 1-2 (1) In case of an application for the license set forth in Article 3, paragraph (1) (limited to the case where the business to be licensed includes the insurance underwriting activity listed in Article 3, paragraph (4), item (ii) or Article 3, paragraph (5), item (ii); the same shall apply in the following paragraph), the Prime Minister may, for the time being, attach any necessary condition to such license pursuant to the provision of Article 5, paragraph (2) for ensuring that the license will neither bring a drastic change in the management environment pertaining to the specified insurance business activity (referring to the insurance underwriting activity listed in Article 3, paragraph (4), item (ii) or Article 3, paragraph (5), item (ii); hereinafter the same shall apply in this Article) of a Specified Insurance Company (referring to an Insurance Company or Foreign Insurance Company, etc. the management of which depends relatively heavily on the insurance underwriting activity listed in Article 3, paragraph (4), item (ii) or Article 3, paragraph (5), item (ii); hereinafter the same shall apply in this Article), nor pose any risk to the soundness in the business of the Specified Insurance Company.
- (2) Where an Insurance Company makes another Insurance Company its Subsidiary Company with the authorization set forth in Article 106, paragraph (4), or Article 142 or Article 167, paragraph (1) (limited to the case where a Life Insurance Company makes a Non-Life Insurance Company its Subsidiary Company or where a Non-Life Insurance Company makes a Life Insurance Company its Subsidiary Company), the Prime Minister may, for the time being, attach any necessary condition to the license granted to that other Insurance Company under Article 3, paragraph (1) for ensuring that the license will neither bring any drastic change in the management environment pertaining to the specified insurance business activity of the Specified Insurance Company nor pose any risk to the soundness in the business of the Specified Insurance Company.
- (3) In case of an application for authorization or notification, pursuant to the provision of Article 123, paragraph (1) or (2), of any modification of the matters prescribed in the document set forth in Article 123, paragraph (1) pertaining to the specified insurance business activity, the Prime Minister shall, for the time being, consider in addition to the criteria set forth in the items of Article 124 and in Article 125, paragraph (4), whether such modification will bring any drastic change in the management environment of the Specified Insurance Company pertaining to the specified insurance business activity or pose any risk to the soundness in the business of the Specified Insurance Company, in

examining the matters pertaining to the application or notification.

(Special Provisions for Business)

Article 1-2-2 The Policyholders Protection Corporation (hereinafter referred to as "Corporation") may, for the time being, carry on the business set forth in the following Article, in addition to the business set forth in Article 265-28.

(Special Provisions for Business Pertaining to Partner Bank)

Article 1-2-3 The Corporation may conclude with a bank whose purposes include the management and disposition of assets purchased from a Bankrupt Insurance Company, etc. (referring to the Bankrupt Insurance Company set forth in Article 260, paragraph (2); the same shall apply in Article 1-3 of the Supplementary Provisions), Succeeding Insurance Company (referring to the Succeeding Insurance Company set forth in Article 260, paragraph (6)) or Liquidating Insurance Company (referring to the Liquidating Insurance Company set forth in Article 265-28, paragraph (2), item (iii); the same shall apply in Article 1-2-5, paragraph (1), item (iii) of the Supplementary Provisions); the same shall apply in Article 1-2-5, paragraph (4) and Article 1-2-7, paragraph (1) of the Supplementary Provisions) (hereinafter referred to as "Asset Management and Collection Business") an agreement regarding the Asset Management and Collection Business (hereinafter referred to as "Agreement"), and conduct the following activities to implement the Agreement:

- (i) Provide, for the banks that have concluded the Agreement (hereinafter referred to as "Partner Banks"), compensation for losses under Article 1-2-6 of the Supplementary Provisions or loans under Article 1-2-7, paragraph (1) of the Supplementary Provisions, or the guarantee of obligations set forth in that paragraph pertaining to any debt contracted by the Partner Banks;
- (ii) Receive the money to be paid by the Partner Banks pursuant to the provision of paragraph (1), item (ii) of the following Article;
- (iii) Provide necessary guidance and advice for the Partner Banks to carry on the Asset Management and Collection Business; and
- (iv) Conduct necessary investigation for the activity set forth in item (i) or the preceding item.

(Agreement)

Article 1-2-4 (1) The Agreement shall contain the following provisions:

- (i) That the Partner Bank shall, where it concludes a contract of entrustment with the Corporation following an offer from the latter to entrust the former with the purchase of assets under paragraph (1) of the following Article, purchase the assets pertaining to such entrustment on behalf of the

- Corporation and carry on the Asset Management and Collection Business pertaining to the assets thus purchased;
- (ii) That the Partner Bank shall, when it has any amount calculated pursuant to the provisions of a Cabinet Order as profit from the business carried on under the Agreement, pay the amount corresponding to such profit to the Corporation for each business year;
 - (iii) That the Partner Bank shall, when it intends to conclude a contract regarding the purchase of assets under item (i) or a contract regarding the borrowing of funds to be covered by the guarantee of obligations set forth in Article 1-2-7, paragraph (1) of the Supplementary Provisions, receive in advance the approval of the Corporation with regard to the content of the prospective contract;
 - (iv) That the Partner Bank shall promptly prepare, for approval by the Corporation, an implementation plan and a financial plan for the Asset Management and Collection Business pertaining to any purchase of assets under item (i);
 - (v) That the Partner Bank shall, when it intends to modify the implementation plan or financial plan set forth in the preceding item, receive in advance the approval of the Corporation; and
 - (vi) That the Partner Bank shall submit to the Corporation the interim business report and business report when submitting these reports to the Prime Minister pursuant to the provision of Article 19, paragraph (1) or (2) (Business Report, etc.) of the Banking Act.
- (2) The Corporation shall, when it intends to conclude the Agreement, determine the content of the Agreement upon discussions of the Committee for authorization by the Prime Minister and the Minister of Finance.
- (3) Where the application set forth in the preceding paragraph was made, the Prime Minister and the Minister of Finance shall not give the relevant authorization unless they find that the content of the Agreement pertaining to the application conforms to the applicable provisions of laws and regulations and that the bank intending to conclude the Agreement with the Corporation is capable of carrying on the Asset Management and Collection Business under the Agreement in an appropriate manner.

(Entrustment of Purchase of Assets, etc.)

Article 1-2-5 (1) The Corporation may entrust a Partner Bank with the purchase of assets on its behalf where:

- (i) it decides to provide financial assistance including the purchase of assets pursuant to the provision of Article 270-3, paragraph (1) or Article 270-3-2, paragraph (7);
- (ii) it decides to purchase the assets of a partner Succeeding Insurance

Company pursuant to the provision of Article 270-3-7, paragraph (1); or (iii) it decides to purchase the assets of a Liquidating Insurance Company pursuant to the provision of Article 270-8-3, paragraph (1).

- (2) The Corporation shall, when it makes an offer of entrustment under the preceding paragraph, determine upon discussions of the Examination Board and the Committee the purchase value of the assets covered by the decision set forth in that paragraph as well as other conditions regarding such entrustment including the compensation for losses set forth in the following Article, for presentation to the Partner Bank concerned.
- (3) The Corporation shall, when it has concluded with a Partner Bank any contract for entrusting the purchase of assets under paragraph (1), immediately report to the Prime Minister and the Minister of Finance the content of such contract.
- (4) Where the Corporation has concluded with a Partner Bank any contract for the entrustment set forth in the preceding paragraph, the contract for the purchase of assets shall be concluded by the Partner Bank with the Bankrupt Insurance Company, etc., notwithstanding the provisions of Article 270-3, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 270-3-2, paragraph (8)), Article 270-3-7, paragraph (3) and Article 270-8-3, paragraph (3).

(Compensation for Loss)

Article 1-2-6 The Corporation may compensate a Partner Bank for any loss within the scope of the amount accounted pursuant to what is specified by a Cabinet Order for the amount of loss accrued by the Partner Bank by the implementation of the businesses under the specifications of the Agreement.

(Loan of Funds and Obligation Guarantee)

- Article 1-2-7 (1) The Corporation may, when it finds it necessary in the case of receiving an application from a Partner Bank for the loan of any funds required for the purchase of assets from a Bankrupt Insurance Company, etc. under the Agreement or any other funds required for the smooth implementation of the Asset Management and Collection Business under the Agreement, or for an obligation guarantee pursuant to the borrowing of such funds by the Partner Bank, extend, upon the discussions of the Committee, the loan or obligation guarantee.
- (2) The Corporation shall, when it concludes a contract pertaining to the loan or obligation guarantee of the preceding paragraph with a Partner Bank pursuant to the provision of that paragraph, immediately report to the Prime Minister and the Minister of Finance the content of the contract.

(Financial Arrangements)

Article 1-2-8 The Corporation shall endeavor to secure financial arrangements required by the Partner Banks for the smooth implementation of the Asset Management and Collection Business under the Agreement.

(Request for Cooperation)

Article 1-2-9 The Corporation may, when it is necessary for carrying out the activities listed in the items of Article 1-2-3 of the Supplementary Provisions, make inquiries to, or request cooperation of government agencies, public entities or any other relevant persons.

(Request of Report)

Article 1-2-10 The Corporation may, when it is necessary for the implementation of the activities listed in the items of Article 1-2-3 of the Supplementary Provisions, request a Partner Bank to report on the status of the implementation of the Agreement or the finance.

(Application of this Act)

Article 1-2-11 For the purpose of applying the provision of Article 265-30, paragraph (1) to the cases where the activities listed in the items of Article 1-2-3 of the Supplementary Provisions are carried out, the term "business listed in each of the items of Article 265-28, paragraph (1) and Article 265-28, paragraph (2)" in Article 265-30, paragraph (1) shall be deemed to be replaced with "activities listed in each of the items of Article 265-28, paragraph (1) and Article 265-28, paragraph (2) (including the activities listed in the items of Article 1-2-3 of the Supplementary Provisions)."

(Special Provisions on Taxation)

Article 1-2-12 (1) Where a Partner Bank has acquired any right regarding real estate following the purchase of assets pursuant to the provisions of the Agreement with the entrustment by the Corporation set forth in Article 1-2-4, paragraph (1), item (i) of the Supplementary Provisions (referred to as "Purchase of Assets Pursuant to the Agreement" in the following paragraph), the registration of transfer of rights on the real estate shall not be subject to the registration and license tax, as long as such registration is made within three years from the acquisition pursuant to the provisions of the applicable Ordinance of the Ministry of Finance.

(2) For the purpose of applying to a Partner Bank the provisions of Articles 62-3, 63, 68-68 and 68-69 of the Act on Special Measures concerning Taxation, the conveyance of any land acquired by a Partner Bank following the Purchase of Assets Pursuant to the Agreement or the assignment of any right over the land

(referring to the conveyance set forth in Article 62-3, paragraph (2), item (i), (a) of that Act) shall not constitute the conveyance of land, etc. set forth in Article 62-3, paragraph (2), item (i) of that Act.

(Assistance of Government Pertaining to Financial Assistance to Specified Members or Special Members, etc.)

Article 1-2-13 (1) The Government may, when it finds that if the Life Insurance Policyholders Protection Corporation (referring to the Life Insurance Policyholders Protection Corporation set forth in Article 265-37, paragraph (1); the same shall apply hereafter in this Article, as well as in the following Article and Article 1-2-15 of the Supplementary Provisions) was to cover the costs of Financial Assistance and other activities pertaining to its members (limited to those subject to the disposition ordering administration under Article 242, paragraph (1) by 31 March 2003 and any other members to be specified by a Cabinet Order; referred to as "Specified Members" in Article 1-2-15, paragraph (1) of the Supplementary Provisions) solely with the assessments paid by the members of the Life Insurance Policyholders Protection Corporation pursuant to the provision of Article 265-33, paragraph (1), the financial conditions of the members of the Life Insurance Policyholders Protection Corporation would deteriorate significantly, making it difficult to maintain the credibility of the insurance industry and hence posing the risk of causing unexpected disruptions in the lives of the citizenry and the financial market (limited to the cases where the total amount of such costs exceeds the amount to be specified by a Cabinet Order), provide assistance to the Life Insurance Policyholders Protection Corporation in an amount corresponding to the whole or part of such costs (limited to those required for the activities to be specified by a Cabinet Order (referred to as "Specified Activities" in the following paragraph, the following Article and Article 1-2-15 of the Supplementary Provisions) within the amount prescribed by the budget.

(2) The Government may, when it finds that if the Life Insurance Policyholders Protection Corporation was to cover the costs of Financial Assistance and other activities pertaining to its members (limited to those subject to the disposition ordering administration under Article 242, paragraph (1) between 1 April 2003 and 31 March 2006 and any other members to be specified by a Cabinet Order; referred to as "Special Members" in Article 1-2-15, paragraph (2) of the Supplementary Provisions) solely with the assessments paid by the members of the Life Insurance Policyholders Protection Corporation pursuant to the provision of Article 265-33, paragraph (1), the financial conditions of the members of the Life Insurance Policyholders Protection Corporation would deteriorate significantly, making it difficult to maintain the credibility of the insurance industry and hence posing the risk of causing unexpected

disruptions in the lives of the citizenry and the financial market (limited to the cases where the total amount of such costs exceeds the amount to be specified by a Cabinet Order), provide assistance to the Life Insurance Policyholders Protection Corporation in an amount corresponding to the whole or part of such costs (limited to those required for the Specified Activities) within the amount prescribed by the budget.

- (3) The necessary procedure for implementing the provision of the preceding paragraph shall be specified by a Cabinet Order.

(Assistance of Government Pertaining to Financial Assistance to Members under Special Provisions, etc.)

Article 1-2-14 (1) The Government may, when it finds that if the Life Insurance Policyholders Protection Corporation was to cover the costs of Financial Assistance and other activities pertaining to its members (limited to those subject to the disposition ordering administration under Article 242, paragraph (1) between 1 April 2006 and 31 March 2009 and any other members to be specified by a Cabinet Order; referred to as "Members under Special Provisions" in paragraph (3) of the following Article) solely with the assessments paid by the members of the Life Insurance Policyholders Protection Corporation pursuant to the provision of Article 265-33, paragraph (1), the financial conditions of the members of the Life Insurance Policyholders Protection Corporation would deteriorate significantly, making it difficult to maintain the credibility of the insurance industry and hence posing the risk of causing serious consequences in the lives of the citizenry and the financial market (limited to the cases where the sum total of the amount of outstanding debts of the Life Insurance Policyholders Protection Corporation as of the date specified by a Cabinet Order and the amount to be specified by a Cabinet Order as the amount of additional debts to be incurred if the Life Insurance Policyholders Protection Corporation should have to finance such costs through borrowings exceeds the amount to be specified by a Cabinet Order taking into consideration the long-term balance of payments of the Life Insurance Policyholders Protection Corporation), provide assistance to the Life Insurance Policyholders Protection Corporation in an amount corresponding to the whole or part of such costs (limited to those required for the Specified Activities) within the amount prescribed by the budget.

- (2) The necessary procedure for implementing the provision of the preceding paragraph shall be specified by a Cabinet Order.

(Payment to National Treasury)

Article 1-2-15 (1) For each business year, the Life Insurance Policyholders Protection Corporation shall pay to the Treasury any amount calculated

pursuant to the provisions of a Cabinet Order as the profit earned by the Specified Activities pertaining to the Specified Members, to the total amount of the assistance of the Government already provided pursuant to the provision of Article 1-2-13, paragraph (1) of the Supplementary Provisions subtracted by any amount already paid to the Treasury pursuant to the provision of this paragraph.

- (2) For each business year, the Life Insurance Policyholders Protection Corporation shall pay to the Treasury any amount calculated pursuant to the provisions of a Cabinet Order as the profit earned by the Specified Activities pertaining to the Special Members, to the total amount of the assistance of the Government already provided pursuant to the provision of Article 1-2-13, paragraph (2) of the Supplementary Provisions subtracted by any amount already paid to the Treasury pursuant to the provision of this paragraph.
- (3) For each business year, the Life Insurance Policyholders Protection Corporation shall pay to the Treasury any amount calculated pursuant to the provisions of a Cabinet Order as the profit earned by the Specified Activities pertaining to the Members under Special Provisions, to the total amount of the assistance of the Government already provided pursuant to the provision of paragraph (1) of the preceding Article subtracted by any amount already paid to the Treasury pursuant to the provision of this paragraph.
- (4) The procedure of payment and other necessary matters regarding payments under the preceding three paragraphs shall be specified by a Cabinet Order.

(Special Provisions for Financial Assistance, etc.)

Article 1-3 (1) Notwithstanding the provision of Article 270-3, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 270-3-2, paragraph (8)), the amount of the Financial Assistance provided by the Corporation under Article 266, paragraph (1) or Article 267, paragraph (3) for the applications received by 31 March 2001 under Article 266, paragraph (1) or Article 267, paragraph (3) (limited to the donation of money; hereinafter referred to as "Financial Assistance in the Special Provision Period") shall be, for each of the Bankrupt Insurance Companies covered by the Financial Assistance in the Special Provision Period, the amount obtained by adding the amounts listed in items (iii) and (iv) to the difference calculated by subtracting the amount listed in item (ii) from the amount listed in item (i):

- (i) The amount obtained by multiplying the sum total of the amount of the policy reserve pertaining to those insurance contracts of the Bankrupt Insurance Company which meet the requirements for insurance contracts to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance (referred to as "Covered Insurance Contracts in the Special Provision Period" in the following item and the following paragraph) and any

- other amount to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the liabilities to be retained for allocation to the payment of Insurance Claims, etc. (referred to as "Specified Policy Reserve, etc." in that item and that paragraph) by the ratio to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance;
- (ii) The amount of the asset value of that Bankrupt Insurance Company, based on the evaluation of property confirmed under the provision of Article 270-2, paragraph (2) or (5) (referred to as "Confirmed Evaluation of Property" in the following paragraph), which has been calculated as per a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as being the amount which corresponds to the Specified Policy Reserve, etc. pertaining to the Covered Insurance Contracts in the Special Provision Period;
- (iii) With regard to those insurance contracts of the Bankrupt Insurance Company which meet the requirements for insurance contracts to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance and have been subject to the Modification of Contract Conditions (referring to the modification of the contract conditions set forth in Article 250, paragraph (1)) under Article 250, 254 or 255-2, or the Modification of Contract Conditions in reorganization proceedings, the amount calculated pursuant to the provisions of a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the additional amount required due to the difference between the modified conditions of contract and the original conditions of contract where it is stipulated that insurance claims or benefits shall be paid in amounts as prescribed under the original conditions of contract for any insured event (other than any of the insured events to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance) that has occurred by 31 March 2001 (excluding the amount of any Financial Assistance pertaining to the payment of Covered Insurance Claims); and
- (iv) That part of the amount of the costs meeting the requirements for expected costs of the transfer, etc. of insurance contracts (referring to the Transfer, etc., of Insurance Contracts set forth in Article 260, paragraph (1); hereinafter the same shall apply in this item) or succession of insurance contracts (referring to the succession of insurance contracts set forth in Article 260, paragraph (7); hereinafter the same shall apply in this item) pertaining to the Bankrupt Insurance Company to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance which the Corporation finds necessary for the smooth implementation of the Transfer, etc., of Insurance Contracts or succession of insurance contracts pertaining to the Financial Assistance in the Special Provision Period.
- (2) With regard to the underwriting of insurance contracts under Article 267,

paragraph (1) for the applications under that paragraph that the Corporation has received by 31 March 2001 (hereinafter referred to as "Underwriting in the Special Provision Period"), the amount to be transferred by the Corporation from the General Account (referring to the General Account set forth in Article 265-41, paragraph (2)) to the Special Insurance Account created for the Bankrupt Insurance Company pertaining to the Underwriting in the Special Provision Period shall be, for the Bankrupt Insurance Company pertaining to the Underwriting in the Special Provision Period, the amount obtained by adding the amount listed in item (iii) to the difference calculated by subtracting the amount listed in item (ii) from the amount listed in item (i), notwithstanding the provision of Article 270-5, paragraph (2):

- (i) The amount obtained by multiplying the amount of the Specified Policy Reserve, etc. for the Covered Insurance Contracts in the Special Provision Period pertaining to the Bankrupt Insurance Company by the ratio to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance;
 - (ii) The amount of the asset value of that Bankrupt Insurance Company, based on the Confirmed Evaluation of Property, which has been calculated as per a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as being the amount which corresponds to the Specified Policy Reserve, etc. pertaining to the Covered Insurance Contracts in the Special Provision Period; and
 - (iii) With regard to those insurance contracts of the Bankrupt Insurance Company which meet the requirements for insurance contracts to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance and have been subject to the Modification of Contract Conditions (referring to the modification of the contract conditions set forth in Article 250, paragraph (1)) under Article 250 as applied mutatis mutandis pursuant to Article 270-4, paragraph (9) or the Modification of Contract Conditions in reorganization proceedings, the amount calculated pursuant to the provisions of a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the additional amount required due to the difference between the modified conditions of contract and the original conditions of contract where it is stipulated that insurance claims or benefits shall be paid in amounts as prescribed under the original conditions of contract for any insured event (other than any of the insured events to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance) that has occurred by 31 March 2001 (excluding the amount of any Financial Assistance pertaining to the payment of Covered Insurance Claims).
- (3) For the purpose of applying the provision of Article 245 to the case set forth in item (iii) of paragraph (1) or item (iii) of the preceding paragraph, the term

"(hereinafter referred to as "The Business of Paying Covered Insurance Claims")" in that Article shall be deemed to be replaced with "(including the business of paying insurance claims or benefits in the amounts set forth in Article 1-3, paragraph (1), item (iii) or paragraph (2), item (iii) of the Supplementary Provisions)."

- (4) Notwithstanding the provision of Article 112 of the Corporate Reorganization Act (including the cases where it is applied mutatis mutandis pursuant to Article 160-40 of the Act on Special Treatment, etc. of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, etc.), insurance claims or benefits may be paid in the amounts set forth in paragraph (1), item (iii) or paragraph (2), item (iii) in the case set forth in paragraph (1), item (iii) or paragraph (2), item (iii) (excluding the case of Article 177-29, paragraph (1) of the Act on Special Treatment, etc. of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, etc.).

(Special Provisions on Financial Assistance Pertaining to Payment of Covered Insurance Claims)

Article 1-3-2 For the purpose of applying the provision of Article 245 and the provision of Article 177-29, paragraph (1) (Special Provisions on Payment of Covered Insurance Claims) of the Act on Special Treatment, etc. of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, etc. to the cases where the Corporation has received any application under Article 270-6-6, paragraph (1) by 31 March 2001, the terms "pertaining to a Covered Insurance Contract," and "said insurance claims of a Covered Insurance Contract" in Article 245 shall be deemed to be replaced with "pertaining to a Covered Insurance Contract (including the Covered Insurance Contracts in the Special Provision Period prescribed in Article 1-3, paragraph (1), item (i) of the Supplementary Provisions (hereinafter referred to as "Covered Insurance Contracts in the Special Provision Period"))" and "said insurance claims of a Covered Insurance Contracts (excluding the Covered Insurance Contracts in the Special Provision Period," respectively; the term ") or the insurance claims and other benefits under the Covered Insurance Contracts in the Special Provision Period (limited to the amount obtained by multiplying the amount of insurance claims and other benefits under the Covered Insurance Contracts in the Special Provision Period by the ratio to be specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance) (" shall be deemed to be inserted before the term "hereinafter referred to as "The Business of Paying Covered Insurance Claims"" in Article 245; and the term "Contracts Qualified for Compensation set forth in Article 270-3, paragraph (2), item (i) of the Insurance Business Act (" in Article 177-29,

paragraph (1) of that Act shall be deemed to be replaced with "Contracts Qualified for Compensation set forth in Article 270-3, paragraph (2), item (i) of the Insurance Business Act (including the Covered Insurance Contracts in the Special Provision Period as defined in Article 1-3, paragraph (1), item (i) of the Supplementary Provisions of the Insurance Business Act)."

(Special Provisions for Purchase of Insurance Claims, etc.)

Article 1-3-3 For the purpose of applying the provisions of Articles 270-6-8 and 270-6-10 to the cases where the Corporation has made any decision under Article 270-6-8, paragraph (1) by 31 March 2001, the term "the Covered Insurance Contract" in that paragraph shall be deemed to be replaced with "the Covered Insurance Contract (including the Covered Insurance Contracts in the Special Provision Period as defined in Article 1-3, paragraph (1), item (i) of the Supplementary Provisions (hereinafter referred to as "Covered Insurance Contracts in the Special Provision Period" in this Article); the same shall apply in Article 270-6-10);" the term "the Covered Insurance Contract" in Article 270-6-8, paragraph (2) shall be deemed to be replaced with "the Covered Insurance Contract (excluding the Covered Insurance Contracts in the Special Provision Period);" and the term "or the amount obtained by multiplying the amount of insurance claims and other benefits under the Covered Insurance Contracts in the Special Provision Period by the ratio to be specified by a Cabinet Office Ordinance/Ordinance of the Ministry of Finance" shall be deemed to be inserted before the term "(hereinafter referred to as" in Article 270-6-8, paragraph (2).

(Special Provision on Assessment)

Article 1-4 For each of the business years from the business year in which the Corporation is established to the business year to which belongs the date prescribed in Article 1-6, paragraph (1) of the Supplementary Provisions to be specified by a Cabinet Order, the rate of assessment to be determined by the Corporation pursuant to the provision of Article 265-34, paragraph (3) shall not, for each type of license prescribed in Article 262, paragraph (2), be less than the rate to be specified by a Cabinet Order taking into consideration the expected amount of cost required by the Corporation for the Business of Financial Assistance, etc. pertaining to the Insurance Companies with the same type of license and the financial conditions of such Insurance Companies.

(Special Provisions on Borrowings, Guarantee by Government, etc.)

Article 1-5 (1) For the purpose of applying the provision of Article 265-42 to any Financial Assistance in the Special Provision Period or Underwriting in the Special Provision Period by the Corporation, the term "Insurance Company" in

that Article shall be deemed to be replaced with "Insurance Company, the Bank of Japan."

- (2) Where the provision of the preceding paragraph applies, the Bank of Japan may provide loans of funds for the Corporation, notwithstanding the provision of Article 43, paragraph (1) of the Bank of Japan Act (Act No. 89 of 1997).
- (3) Where the Corporation borrows any funds pursuant to the provision of Article 265-42 as applied with relevant replacement of terms under paragraph (1), the Government may, when it finds necessary, provide guarantee for the obligations of the Corporation pertaining to the borrowing within the limit of the amount to be specified by way of a resolution of the Diet, notwithstanding the provision of Article 3 of the Act on the Limitations of Government Financial Assistance to Juridical Persons.

(Separate Accounting)

- Article 1-6 (1) The Non-Life Insurance Policyholders Protection Corporation (referring to the Non-Life Insurance Policyholders Protection Corporation prescribed in Article 265-37, paragraph (2); the same shall apply hereinafter) shall, at the end of the business year to which belongs the day to be specified by a Cabinet Order as the date of termination of the business pertaining to the Financial Assistance in the Special Provision Period and the Underwriting in the Special Provision Period, create a Special Account (hereinafter referred to as "Liquidation Account") to arrange for the separate accounting of any outstanding borrowings guaranteed by the Government under paragraph (3) of the preceding Article, with regard to the account related to the performance obligations pertaining to such borrowings.
- (2) The Non-Life Insurance Policyholders Protection Corporation shall, at the end of the business year prescribed in the preceding paragraph, impute to the Liquidation Account the obligations pertaining to the borrowings set forth in that paragraph and any claims on assessment (referring to the claims pertaining to any unpaid amount of the assessment to be paid under Article 265-33, paragraph (1); hereinafter the same shall apply in this paragraph), and transfer from the Insurance Policyholders Protection Funds prescribed in Article 265-32, paragraph (1) to the Liquidation Account the amount corresponding to the balance of the fund as at the end of that business year, to the limit of the amount of the borrowings subtracted by the amount of the claims on assessment.

(Special Assessment)

- Article 1-7 (1) The members of the Non-Life Insurance Policyholders Protection Corporation shall, with regard to each of the business year from the next business year of the business year prescribed in paragraph (1) of the preceding

Article to the business year that contains the day when the Non-Life Insurance Policyholders Protection Corporation abolishes the Liquidation Account pursuant to the provision of Article 1-9 of the Supplementary Provisions, where the amount of obligations pertaining to borrowings to be imputed to the Liquidation Account pursuant to the provision of paragraph (2) of the preceding Article exceeds the amount of the assets belonging to the Liquidation Account, pay assessment to the Non-Life Insurance Policyholders Protection Corporation pursuant to the provisions of the articles of incorporation as funds to be allocated by the Non-Life Policyholders Protection Corporation to the performance of such obligations, in addition to the assessment set forth in Article 265-33, paragraph (1).

(2) The provisions of Article 265-33, paragraph (2), the main clause of Article 265-34, paragraphs (1), (3) and (4) and Article 265-35 shall apply mutatis mutandis to the assessment to be paid under the preceding paragraph.

(3) The rate of assessment to be determined by the Non-Life Insurance Policyholders Protection Corporation under Article 265-34, paragraph (3) as applied mutatis mutandis pursuant to the preceding paragraph shall not be less than the rate to be determined by the Prime Minister and the Minister of Finance taking into consideration the amount required for the performance of obligations pertaining to borrowings imputed to the Liquidation Account pursuant to the provision of paragraph (2) of the preceding Article and the amount of the assets belonging to the Liquidation Account.

(Special Provisions for Approval of Budget, etc.)

Article 1-8 (1) For each of the business years from the business year in which the Non-Life Insurance Policyholders Protection Corporation is established to the business year in which the Liquidation Account is abolished pursuant to the provision of the following Article, where the Liquidation Account is created, or to the business year to which belongs the date prescribed in Article 1-6, paragraph (1) of the Supplementary Provisions to be specified by a Cabinet Order, where the Liquidation Account is not created, the Non-Life Insurance Policyholders Protection Corporation shall, notwithstanding the provision of Article 265-37, have its budget and financial plan for the business year approved by the Prime Minister and the Minister of Finance, prior to the start of the business year (or, for the business year in which the Non-Life Insurance Policyholders Protection Corporation is established, without delay after its establishment). The same shall apply to any amendment thereto.

(2) The provision of the preceding paragraph shall not preclude the incorporators of the Non-Life Insurance Policyholders Protection Corporation, acting on its behalf, from applying for, and receiving the approval of the Prime Minister and the Minister of Finance under the preceding paragraph for its budget and

financial plan adopted by way of a resolution of the Organizational Meeting pursuant to the provision of Article 265-7, paragraph (4), prior to the start of the business year in which the Non-Life Insurance Policyholders Protection Corporation is established.

(Abolition of Liquidation Account)

Article 1-9 The Non-Life Insurance Policyholders Protection Corporation shall abolish the Liquidation Account on the day when the performance of the obligations pertaining to the borrowings imputed to the Liquidation Account pursuant to the provision of Article 1-6, paragraph (2) of the Supplementary Provisions is completed.

(Application of this Act)

Article 1-10 The provisions of this Act shall apply as follows where the Liquidation Account is created in the Non-Life Insurance Policyholders Protection Corporation pursuant to the provision of Article 1-6, paragraph (1) of the Supplementary Provisions:

- (i) For the purpose of applying the provision of Article 265-28, paragraph (1), item (ii), the term "and the assessment set forth in Article 1-7, paragraph (1) of the Supplementary Provisions" shall be deemed to be added at the end of that item; and
- (ii) For the purpose of applying the provision of Article 265-41, paragraph (2), the term "and the Liquidation Account prescribed in Article 1-6, paragraph (1) of the Supplementary Provisions" shall be inserted before the term "; the same shall apply in Article 270-5."

(Penal Provisions)

Article 1-11 (1) Any officer or functionary who has failed to report under Article 1-2-5, paragraph (3) or Article 1-2-7, paragraph (2) of the Supplementary Provisions or made a false report shall be punished by a fine of not more than five hundred thousand yen.

(2) Any person who has failed to make a report under Article 1-2-10 of the Supplementary Provisions or has made a false report shall be punished by a fine of not more than five hundred thousand yen.

(3) When the representative person, or any agent, employee or other worker of a juridical person has committed the violation set forth in the preceding paragraph in connection with the business or property of the juridical person, such juridical person, in addition to the perpetrator, shall be punished under that paragraph.

Article 1-12 Any officer of the Non-Life Insurance Policyholders Protection

Corporation who has failed to receive the approval of the Prime Minister and the Minister of Finance pursuant to the provision of Article 1-8, paragraph (1) of the Supplementary Provisions, where such approval is required, shall be punished by a non-penal fine of not more than two hundred thousand yen.

(Special Provisions on Partial Payment in Kind of Amount Corresponding to Policy Reserve Pertaining to Dissolved Welfare Pension Fund, etc.)

Article 1-13 (1) Where a dissolved welfare pension fund, etc. as defined in Article 113, paragraph (1) of the Defined-Benefit Corporation Pension Act (Act No. 50 of 2001) (hereinafter referred to as "Dissolved Welfare Pension Fund, etc." in this Article) pays in kind part of the amount corresponding to the policy reserve (referring to the policy reserve prescribed in Article 113, paragraph (1) of that Act) pursuant to the provision of Article 114, paragraph (1) of that Act (referring to the payment in kind prescribed in Article 114, paragraph (1) of that Act; hereinafter the same shall apply in this Article), the provisions of this Act shall apply to the delivery for allocation to such payment in kind of any assets pertaining to life insurance contracts concluded by the Dissolved Welfare Pension Fund, etc. from a Life Insurance Company (including a Foreign Life Insurance Company, etc.; hereinafter the same shall apply in this Article), by deeming such delivery as the payment of insurance claims, refunds or other benefits in an amount corresponding to the value of the assets pursuant to the provisions of a Cabinet Office Ordinance.

(2) When a Life Insurance Company that has concluded a contract with the Government Pension Investment Fund regarding the management and investment of the funds receives from a Dissolved Welfare Pension Fund, etc. the transfer of assets pertaining to the payment in kind pursuant to the provision of Article 114, paragraph (4) of the Defined-Benefit Corporation Pension Act, the provisions of this Act shall apply to the transfer of assets by deeming such transfer as the receipt of insurance premiums pertaining to life insurance contracts concluded with the Government Pension Investment Fund in an amount corresponding to the value of the assets, pursuant to the provisions of a Cabinet Office Ordinance.

(Repeal of Acts on Control of Insurance Solicitation, etc.)

Article 2 The following Acts shall be repealed:

- (i) The Act on the Control of Insurance Solicitation (Act No. 171 of 1948); and
- (ii) The Act on Foreign Insurance Business Operators (Act No. 184 of 1949).

(Transitional Measures for License)

Article 3 (1) The persons that have obtained the license of the competent minister set forth in Article 1, paragraph (1) of the Insurance Business Act

before amendment (hereinafter referred to as the "Former Act") by the time when this Act enters into force (including the persons deemed to have obtained the license of the competent minister set forth in Article 1, paragraph (1) of the Former Act pursuant to the provision of Article 159 of the Former Act, or any act other than the Former Act or any order pursuant thereto (referred to as the "Provision of Article 159 of the Former Act, etc." in the following paragraph) shall be deemed to obtain the license of the Ministry of Finance set forth in Article 3, paragraph (1) of the Insurance Business Act as amended (hereinafter referred to as the "Current Act") when this Act enters into force.

- (2) The license of the Financial Minister set forth in Article 3, paragraph (1) of the Current Act that shall be deemed as obtained by the persons prescribed in the preceding paragraph (hereinafter referred to as the "Insurance Companies Licensed under the Former Act") pursuant to the provision of that paragraph shall be the life insurance business license as defined in Article 3, paragraph (4) of the Current Act or the non-life insurance business license as defined in paragraph (5) of that Article, in accordance with the category of business, i.e. the life insurance business or non-life insurance business, that the person was allowed to carry on under the license set forth in Article 1, paragraph (1) of the Former Act (including the license that the person is deemed to have obtained pursuant to the Provision of Article 159 of the Former Act, etc.).

Article 4 Those documents listed in Article 1, paragraph (2), items (i) to (iv) inclusive of the Former Act which have been submitted to the competent minister for the Insurance Companies Licensed under the Former Act by the time when this Act enters into force shall be deemed as the corresponding documents listed in the items of Article 4, paragraph (2) of the Current Act (for the document listed in Article 1, paragraph (2), item (iv) of the Former Act, as the document listed in Article 4, paragraph (2), item (iv) of the Current Act), as the case may be.

(Transitional Measures for Amount of Capital or Total Amount of Funds)

Article 5 (1) The provision of Article 6, paragraph (1) of the Current Act shall not apply to those Insurance Companies Licensed under the Former Act for which the amount of capital or the total amount of funds (including the reserve under Article 65 of the Former Act) is less than the amount set forth in that paragraph to be specified by a Cabinet Order at the time when this Act enters into force, for a period of five years counting from the Effective Date of this Act (hereinafter referred to as the "Effective Date") (or, for an Insurance Company Licensed under the Former Act which has obtained the authorization of the Prime Minister set forth in Article 79, paragraph (1) or Article 93, paragraph (1) of the Current Act within the five-year period, until the date of the Entity

Conversion thus authorized).

- (2) Where the Insurance Company Licensed under the Former Act to which the provision of the preceding paragraph is applied is a Mutual Company, for the period of time specified by the preceding paragraph, the company may set aside as a reserve all or part of the amount that may be allocated to the redemption of funds or distribution of surplus specified in Article 55, paragraph (2) of the Current Act, until such time as the total amount of funds (including the reserve for redemption of funds set forth in Article 56 of the Current Act (including any amount deemed to have been set aside as the reserve for redemption of funds pursuant to the provisions of the following paragraph and Article 39 of the Supplementary Provisions)) reaches the amount set forth in Article 6, paragraph (1) of the Current Act to be specified by a Cabinet Order.
- (3) The Reserve set aside pursuant to the provision of the preceding paragraph shall be deemed to have been set aside as the reserve for redemption of funds set forth in Article 56 of the Current Act.

(Transitional Measures for Trade Name or Name)

Article 6 The provision of Article 7, paragraph (2) of the Current Act shall not apply for six months counting from the Effective Date to a person using any term that may be understood as indicating an Insurance Company at the time when this Act enters into force.

(Transitional Measures for Share Application Certificates)

- Article 7 (1) The provision of Article 9, paragraph (1) of the Current Act shall apply to the share application certificate set forth in Article 175, paragraph (1) (Method of Share Application) of the Commercial Code where the incorporators start the solicitation of shareholders on or after the Effective Date; with regard to the share application certificates where the incorporators started the solicitation of shareholders before the Effective Date, the provisions then in force shall remain applicable.
- (2) The provision of Article 9, paragraph (1) of the Current Act as applied mutatis mutandis pursuant to paragraph (2) of that Article shall apply to the share application certificate set forth in Article 280-6 (Share Application Certificate) of the Commercial Code or the subscription warrant set forth in Article 280-6-2, paragraph (1) (Subscription Warrant) of said Code where the board of directors or shareholders meeting adopts any resolution on the issue of new shares under Article 280-2 (Decision on Matters concerning Issue of New Shares) of said Code after the Effective Date.

(Transitional Measures for Grounds for Disqualification of Director, etc.)

Article 8 For the purpose of applying the provision of Article 254-2, item (iii)

(Grounds for Disqualification of Director) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Article 280, paragraph (1) (Company Auditor) and Article 430, paragraph (2) (Liquidator) of said Code) as applied with relevant replacements of terms pursuant to Article 12, paragraph (1) of the Current Act, a person punished pursuant to the provisions of the Former Act (including the provisions of the Former Act that shall remain applicable pursuant to the present Supplementary Provisions) shall be deemed to have been punished pursuant to the provisions of the Current Act on the day when the person received the original punishment.

(Transitional Measures for Retained Earnings Reserve)

Article 9 The provision of Article 14 of the Current Act shall apply to the accumulation of the retained earnings Reserve for the business years that start on or after the Effective Date.

(Transitional Measures for Restrictions on Dividend, etc.)

Article 10 The provision of Article 15 of the Current Act shall apply to the dividend of profit or the distribution of money set forth in Article 293-5, paragraph (1) (Interim Dividend) of the Commercial Code pertaining to a resolution adopted by the board of directors or shareholders meeting in a session held on or after the Effective Date, or to the cancellation of shares set forth in the proviso to Article 212, paragraph (1) or Article 212-2, paragraph (1) (Cancellation of Shares) of said Code; with regard to the dividend of profit or the distribution of money set forth in Article 293-5, paragraph (1) pertaining to a resolution adopted by the board of directors or shareholders meeting in a session held before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Denial of Shareholders' Right to Inspect Books)

Article 11 The provision of Article 16 of the Current Act shall not apply to any request made by shareholders before the Effective Date for the inspection or copying of accounting books and documents set forth in Article 293-6, paragraph (1) (Shareholders' Right to Inspect Books) of the Commercial Code.

(Transitional Measures for Reduction of Capital)

Article 12 The provision of Article 17 of the Current Act shall apply to the reduction of capital pertaining to a resolution of the shareholders meeting adopted in a session held on or after the Effective Date; with regard to the reduction of capital pertaining to a resolution of the shareholders meeting adopted in a session before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Statutory Lien for Policyholders, etc.)

Article 13 With regard to the statutory lien under Article 32 of the Former Act or the right under Article 33 of the Former Act in existence at the time when this Act enters into force, the provisions then in force shall remain applicable.

(Transitional Measures for Mutual Companies)

Article 14 The Mutual Companies under the Former Act in existence at the time when this Act enters into force shall be deemed as Mutual Companies under the Current Act.

(Transitional Measures for Acts of Directors, etc. of Mutual Company)

Article 15 Those acts prescribed in the Commercial Code or Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to the Former Act which were or should have been performed before the Effective Date by the incorporators, directors, representative director, company auditors, accounting auditors or liquidators of a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed as those acts prescribed in the relevant provisions of the Commercial Code or Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to the Current Act which were or should have been performed by the incorporators, directors, representative director, company auditors, accounting auditors or liquidators of a Mutual Company under the Current Act on the day when the original acts were or should have been performed, except when the present Supplementary Provisions specify otherwise.

(Transitional Measures for Acts, etc. of Managers, etc. of Mutual Company)

Article 16 (1) The provisions of Article 38 to 43 inclusive (Commercial Employee) of the Commercial Code as applied mutatis mutandis pursuant to Article 21, paragraph (1) of the Current Act shall apply to the acts performed before the Effective Date by the managers (including the employees prescribed in Article 42 (Apparent Manager) or Article 43 (Employee Entrusted with Certain Type of Task or Specific Task) of the Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Former Act) appointed pursuant to the provision of Article 37 (Appointment of Manager) of the Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Former Act) by a Mutual Company under the Former Act in existence at the time when this Act enters into force, and other matters pertaining to such managers, by deeming that the matters pertaining to the managers appointed pursuant to the provision of Article 37 of the Commercial Code as applied mutatis mutandis pursuant to Article 21, paragraph (1) of the Current Act by a Mutual Company under the

Current Act (including the employees prescribed in Article 42 or 43 of said Code as applied mutatis mutandis pursuant to that paragraph) have been performed on the dates of the original performance.

- (2) For the purpose of applying Article 46 to 48 inclusive, Article 50 and Article 51 (Commercial Agent) of the Commercial Code as applied mutatis mutandis pursuant to Article 21, paragraph (1) of the Current Act, the acts and other matters performed before the Effective Date prescribed in Article 46 to 48 inclusive, Article 50 and Article 51 of the Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Former Act regarding a Mutual Company under the Former Act shall be deemed as the acts and other matters regarding a Mutual Company under the Current Act, performed on the dates of the original performance.
- (3) Any claim filed with the court before the Effective Date pertaining to a Mutual Company under the Former Act in existence at the time when this Act enters into force by the members, creditors or other interested persons of the Mutual Company under the Former Act pursuant to Article 58 (Order for Dissolution) or any other provision of the Commercial Code as applied mutatis mutandis pursuant to the Former Act, and any order issued by the court pertaining to such claim before the Effective Date shall be deemed as a claim filed with the court or an order issued by the court on the date of the original claim or order pertaining to a Mutual Company under the Current Act pursuant to the corresponding provision of the Commercial Code as applied mutatis mutandis pursuant to the Current Act, except when the present Supplementary Provisions specify otherwise.

(Transitional Measures for Commercial Books, etc. of Mutual Company)

Article 17 The commercial books, financial statements or other accounting documents prepared before the Effective Date pursuant to the provisions of the Commercial Code as applied mutatis mutandis pursuant to the Former Act by a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed to have been prepared on the dates of the original preparation by a Mutual Company under the Current Act pursuant to the corresponding provisions of the Commercial Code as applied mutatis mutandis pursuant to the Current Act.

(Transitional Measures for Incorporation of Mutual Company)

Article 18 The provisions of Part II, Chapter II, Section 2, Subsection 2 of the Current Act shall apply to the procedure of incorporation of a Mutual Company whose articles of incorporation are certified on or after the Effective Date under Article 167 (Certification of Articles of Incorporation) of the Commercial Code as applied mutatis mutandis pursuant to Article 22, paragraph (4) of the

Current Act, and to the registration of incorporation of a Mutual Company and application thereof made on or after the Effective Date; with regard to the procedure of incorporation (excluding the registration of incorporation and application thereof) of a Mutual Company whose articles of incorporation were certified before the Effective Date under Article 167 of the Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Former Act, the provisions then in force shall remain applicable.

(Transitional Measures for Mutual Company's Articles of Incorporation)

Article 19 The description of the matters listed in Article 34, items (i) to (ix) inclusive of the Former Act in the articles of incorporation of a Mutual Company under the Former Act in existence at the time when this Act enters into force and of a Mutual Company whose incorporation shall remain governed by the provisions then in force pursuant to the provision of the preceding Article shall be deemed as the description of the matters listed in the corresponding items among of Article 22, paragraph (2), items (i) to (viii) inclusive and Article 22, paragraph (3), item (ii) of the Current Act (or, for the matters listed in Article 34, item (i) of the Former Act, the matters listed in Article 22, paragraph (2), item (i) of the Current Act), as the case may be; any description of the matters listed in Article 34, item (x) of the Former Act in such articles of incorporation shall be deemed as nonexistent.

(Transitional Measures for Application for Registration of Incorporation)

Article 20 The provision of Article 28, item (ii) of the Current Act shall not apply to any application for registration of incorporation made by a Mutual Company whose incorporation shall remain governed by the provisions then in force pursuant to the provision of Article 18 of the Supplementary Provisions.

(Transitional Measures for Lawsuit to Hold Incorporators of Mutual Company Accountable)

Article 21 The provisions of Article 267 to 268-3 inclusive (Lawsuit to Hold Directors Accountable) of the Commercial Code as applied mutatis mutandis pursuant to Article 196 (Exemption from Liability of, and Representative Action against Incorporators) of said Code as applied mutatis mutandis pursuant to Article 30 of the Current Act shall apply to any lawsuit filed by members on or after the Effective Date under Article 267, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 196 of said Code as applied mutatis mutandis pursuant to Article 30 of the Current Act or under Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 196 of said Code as applied mutatis mutandis pursuant to Article 30 of the Current Act; with regard to any lawsuit filed by

members before the Effective Date under Article 57, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 41 of the Former Act or under Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 57, paragraph (2) of the Former Act as applied mutatis mutandis pursuant to Article 41 of the Former Act, the provisions then in force shall remain applicable.

(Transitional Measures for Set-offs Pertaining to Payment of Insurance Premiums)

Article 22 With regard to set-offs pertaining to the payment of those insurance premiums under Article 45 of the Former Act which should have been paid by members before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Notice and Demand)

Article 23 The provision of Article 32 of the Current Act shall apply to any notice or demand issued on or after the Effective Date under the main clause of paragraph (1) of that Article; with regard to any notice or demand issued before the Effective Date under the main clause of Article 50 of the Former Act, the provisions then in force shall remain applicable.

(Transitional Measures for Withdrawing Members)

Article 24 The provisions of Articles 35 and 36 of the Current Act shall apply to the members who withdraw on or after the Effective Date; with regard to the members who withdrew before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Voting Rights of Members and General Representatives)

Article 25 Any description of the exceptional specification prescribed in the proviso to Article 52 of the Former Act (including the cases where it is applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act) in the articles of incorporation of a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed as nonexistent.

(Transitional Measures for Right to Propose at General Meeting of Members, etc.)

Article 26 The provisions of Article 38 to 40 inclusive of the Current Act shall apply to any request made by members on or after the Effective Date for any of the matters prescribed in those provisions; with regard to any request made

before the Effective Date under Article 52-2, paragraph (1), Article 53, paragraph (1) or Article 53-2, paragraph (1) of the Former Act, the provisions then in force shall remain applicable.

(Transitional Measures for Resolution of General Meeting of Members, etc.)

Article 27 Any resolution adopted before the Effective Date, pursuant to any of the provisions of the Commercial Code or Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to the Former Act, on the appointment of directors or company auditors, or any other matter by the general meeting of members (including the organ established in lieu of such meeting under Article 51, paragraph (1) of the Former Act) of a Mutual Company under the Former Act in existence at the time when this Act enters into force, except those specified in other Article of these Supplementary Provisions, shall be deemed as a resolution adopted pursuant to the corresponding provision of the Commercial Code as applied mutatis mutandis pursuant to the Current Act on the date of the original resolution by the general meeting of members of a Mutual Company under the Current Act or the organ established under Article 51, paragraph (1) of the Former Act that shall be deemed as the General Meeting established under Article 42, paragraph (1) of the Current Act pursuant to the provision of Article 29 of the Supplementary Provisions.

(Transitional Measures for Application mutatis mutandis, of Commercial Code, etc. Pertaining to General Meeting of Members)

Article 28 (1) The provisions of the Commercial Code and Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to Article 41 of the Current Act shall apply to the sessions of the general meeting of members for which the convocation notice set forth in Article 232, paragraph (1) (Convocation Notice) of the Commercial Code as applied mutatis mutandis pursuant to Article 41 of the Current Act is issued on or after the Effective Date; with regard to the sessions of general meeting of members for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 54 of the Former Act was issued before the Effective Date, the provisions then in force shall remain applicable.

(2) Where the articles of incorporation of a Mutual Company under the Former Act in existence at the time when this Act enters into force specify any exceptional standard pursuant to the proviso to Article 52-2, paragraph (1), the proviso to Article 53, paragraph (1) or the proviso to Article 53-2, paragraph (1) of the Former Act, the description of such standard shall be deemed as nonexistent when the proportion of the number of members to the total number

of members or the number of members thus specified exceeds the proportion of the number of members to the total number of members or the number of members prescribed in Article 38, paragraph (1), Article 39, paragraph (1) or Article 40, paragraph (1) of the Current Act, respectively.

(Transitional Measures for Establishment of General Meeting, etc.)

Article 29 (1) Where a Mutual Company under the Former Act in existence at the time when this Act enters into force has established the organ prescribed in Article 51, paragraph (1) of the Former Act, such organ shall be deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act when the specification in the articles of incorporation set forth in Article 51, paragraph (1) of the Former Act conforms to the provisions of Article 42, paragraphs (2) and (3) of the Current Act.

(2) Where a Mutual Company under the Former Act in existence at the time when this Act enters into force has established the organ prescribed in Article 51, paragraph (1) of the Former Act, such organ shall be deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act only for a period of one year counting from the Effective Date when the specification in the articles of incorporation set forth in Article 51, paragraph (1) of the Former Act does not conform to the provisions of Article 42, paragraphs (2) and (3) of the Current Act.

(3) In the case prescribed in the preceding paragraph, when the Mutual Company under the Former Act prescribed in that paragraph modifies its articles of incorporation within the period prescribed in that paragraph so that they may conform to the provisions of Article 42, paragraphs (2) and (3) of the Current Act, the organ prescribed in Article 51, paragraph (1) of the Former Act of the Mutual Company under the Former Act shall be deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act even after the expiration of the period.

(4) The members of the organ deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act pursuant to the provisions of the preceding three paragraphs shall be deemed as the general representatives set forth in that paragraph.

(Transitional Measures for Method of Adopting Resolutions of General Meeting, etc.)

Article 30 The provisions of Articles 43 and 44 of the Current Act shall apply to the sessions of the General Meeting set forth in Article 42, paragraph (1) of the Current Act (including that organ prescribed in Article 51, paragraph (1) of the Former Act which shall be deemed as the General Meeting pursuant to the provision of the preceding Article) for which the convocation notice set forth in

Article 232, paragraph (1) (Convocation Notice) of the Commercial Code as applied mutatis mutandis pursuant to Article 49 of the Current Act is issued on or after the Effective Date; with regard to the sessions of that organ prescribed in Article 51, paragraph (1) of the Former Act which shall be deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act pursuant to the provision of paragraph (1) or (2) of the preceding Article for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 54 of the Former Act as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act was issued before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Right to Propose in General Meeting, etc.)

Article 31 (1) The provisions of Article 45 to 47 inclusive of the Current Act shall apply to any request made on or after the Effective Date by members or the general representatives set forth in Article 42, paragraph (1) of the Current Act (including those who shall be deemed as the general representatives set forth in Article 42, paragraph (1) of the Current Act pursuant to the provision of Article 29, paragraph (4) of the Supplementary Provisions) regarding the matters prescribed in Article 45, paragraph (1), Article 46, paragraph (1) or Article 47, paragraph (1) of the Current Act; with regard to any request made before the Effective Date pursuant to the provision of Article 52-2, paragraph (1), Article 53, paragraph (1) or Article 53-2, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act, the provisions then in force shall remain applicable.

(2) The provision of Article 28, paragraph (2) of the Supplementary Provisions shall apply mutatis mutandis to any exceptional standard specified in the articles of incorporation of a Mutual Company under the Former Act in existence at the time when this Act enters into force, pursuant to the proviso to Article 52-2, paragraph (1), the proviso to Article 53, paragraph (1) or the proviso to Article 53-2, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act.

(3) Where the articles of incorporation of a Mutual Company under the Former Act in existence at the time when this Act enters into force describe the number of the persons who shall be deemed as the general representatives set forth in Article 42, paragraph (1) of the Current Act pursuant to the provision of Article 29, paragraph (4) of the Supplementary Provisions pursuant to the proviso to Article 52-2, paragraph (1), the proviso to Article 53, paragraph (1) or the proviso to Article 53-2, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act, such description shall be deemed as nonexistent when the number thus

described exceeds the number of general representatives prescribed in Article 45, paragraph (1), Article 46, paragraph (1) or Article 47, paragraph (1) of the Current Act.

(Transitional Measures for Sending of Reference Documents for General Meeting)

Article 32 The provision of Article 48 of the Current Act shall apply to that convocation notice set forth in Article 232, paragraph (1) (Convocation Notice) of the Commercial Code as applied mutatis mutandis pursuant to Article 49 of the Current Act which is issued on or after the Effective Date; with regard to that convocation notice set forth in Article 232, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 54 of the Former Act as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act which was issued before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Application mutatis mutandis, of Commercial Code Pertaining to General Meeting)

Article 33 The provisions of the Commercial Code as applied mutatis mutandis pursuant to Article 49 of the Current Act shall apply to the sessions of the General Meeting set forth in Article 42, paragraph (1) of the Current Act (including that organ prescribed in Article 51, paragraph (1) of the Former Act which shall be deemed as the General Meeting pursuant to the provision of Article 29 of the Supplementary Provisions) for which the convocation notice set forth in Article 232, paragraph (1) (Convocation Notice) of the Commercial Code as applied mutatis mutandis pursuant to Article 49 of the Current Act is issued on or after the Effective Date; with regard to the sessions of that organ prescribed in Article 51, paragraph (1) of the Former Act which shall be deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act pursuant to the provision of Article 29, paragraph (1) or (2) of the Supplementary Provisions for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 54 of the Former Act as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act was issued before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Resolutions, etc. Adopted by Mutual Company's Board of Directors, etc.)

Article 34 The resolutions adopted, and other powers used before the Effective Date pursuant to the provisions of the Commercial Code or Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to

the Former Act by the board of directors or board of company auditors of a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed as the resolutions adopted, and other powers used on the dates of the original resolutions or use of powers by the board of directors or board of company auditors of a Mutual Company under the Current Act pursuant to the corresponding provisions of the Commercial Code or Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to the Current Act.

(Transitional Measures for Application mutatis mutandis of Commercial Code Pertaining to Directors of Mutual Company)

- Article 35 (1) The provision of Article 8 of the Supplementary Provisions shall apply mutatis mutandis to any application of the provision of Article 254-2 (Grounds for Disqualification of Director) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Current Act.
- (2) The provisions of Article 267 to 268-3 inclusive (Lawsuit to Hold Directors Accountable) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Current Act shall apply to any request for filing the lawsuit set forth in Article 267, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Current Act or any filing of the lawsuit set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Current Act, made by members on or after the Effective Date; with regard to any request for filing the lawsuit set forth in Article 57, paragraph (1) of the Former Act, or any filing of the lawsuit set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 57, paragraph (2) of the Former Act, made by members before the Effective Date, the provisions then in force shall remain applicable.
- (3) The provision of Article 264 (Duty not to Compete) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Current Act shall apply to the transactions carried out by directors on or after the Effective Date.

(Transitional Measures for Members List)

- Article 36 The members list kept pursuant to the provision of Article 56 of the Former Act by the directors of a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed as the members list set forth in Article 52, paragraph (1) of the Current Act.

(Transitional Measures for Application mutatis mutandis, of Commercial Code Pertaining to Company Auditors of Mutual Company)

Article 37 (1) The provision of Article 8 of the Supplementary Provisions shall apply mutatis mutandis to any application of the provision of Article 254-2 (Grounds for Disqualification of Director) of the Commercial Code as applied mutatis mutandis pursuant to Article 53, paragraph (2) of the Current Act.

(2) The provisions of Article 267 to 268-3 inclusive (Lawsuit to Hold Directors Accountable) of the Commercial Code as applied mutatis mutandis pursuant to Article 53, paragraph (2) of the Current Act shall apply to any request for filing the lawsuit set forth in Article 267, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 53, paragraph (2) of the Current Act or any filing of the lawsuit set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 53, paragraph (2) of the Current Act, made by members on or after the Effective Date; with regard to any request for filing the lawsuit set forth in Article 57, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 62 of the Former Act or any filing of the lawsuit set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 57, paragraph (2) of the Former Act as applied mutatis mutandis pursuant to Article 62 of the Former Act, made by members before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Deficiency Reserve)

Article 38 (1) The provision of Article 54 of the Current Act shall apply to the accumulation of the deficiency reserve set forth in that Article pertaining to the business years that start on or after the Effective Date; with regard to the accumulation of the reserve set forth in Article 63, paragraph (1) of the Former Act pertaining to the business years that started before the Effective Date, the provisions then in force shall remain applicable.

(2) The reserve set forth in Article 63, paragraph (1) of the Former Act in existence at the time when this Act enters into force pertaining to a Mutual Company under the Former Act and the reserve set forth in paragraph (1) of that Article to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph shall be deemed to have been set aside as the deficiency reserve set forth in Article 54 of the Current Act.

(3) The accounting practice for settlement purposes where the amount of that reserve set forth in Article 63, paragraph (1) of the Former Act which shall be deemed to have been set aside as the deficiency reserve set forth in Article 54 of the Current Act pursuant to the provision of the preceding paragraph exceeds the total amount of the funds prescribed in Article 54 of the Current Act (including the reserve for redemption of funds set forth in Article 56 of the Current Act) or the amount specified in the articles of incorporation shall be

specified by a Cabinet Office Ordinance.

(Transitional Measures for Funds and Reserve for Redemption of Funds)

Article 39 The funds under the Former Act and the reserve under Article 65 of the Former Act pertaining to a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed as the funds under the Current Act and the reserve for redemption of funds set aside pursuant to the provision of Article 56 of the Current Act, respectively.

(Transitional Measures for Distribution of Surplus)

Article 40 The provision of Article 58 of the Current Act shall apply to the distribution of surplus pertaining to the business years that start on or after the Effective Date; with regard to the distribution of surplus set forth in Article 66 of the Former Act pertaining to the business years that started before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Research and Development Expenditure, etc.)

Article 41 (1) That amount of money prescribed in Article 286-2 (Deferral of Test and Research Expenditure and Development Expenditure) of the Commercial Code as applied mutatis mutandis pursuant to Article 67 of the Former Act which was expended before the Effective Date by a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed as that amount of money prescribed in Article 286-3 of the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Current Act which was expended on the date of the original expenditure by a Mutual Company under the Current Act.

(2) The provision of Article 286-4 (Deferral of New Share Issue Cost) of the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Current Act shall apply to that amount of cost required for the public offering of funds prescribed in that Article which is expended in the business years that start on or after the Effective Date.

(3) That amount of cost required for the public offering of funds prescribed in Article 286-4 of the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Current Act which was expended in the business years that started before the Effective Date by a Mutual Company under the Former Act in existence at the time when this Act enters into force may be credited to assets on the balance sheet for the accounting period of the first business year that starts on or after the Effective Date, after deducting the minimum amount that should have been amortized if the provision of Article 286-4 of the Commercial Code had applied to the accounting periods before the accounting period of the first business year that starts on or after

the Effective Date. In this case, not less than the straight-line amount shall be amortized in each of the accounting periods that fall within the amortization period under that Article after deducting the period that has already elapsed.

(4) The provision of Article 294 (Inspection of Business and Property Condition of Company) of the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Current Act shall apply where the members or general representatives prescribed in Article 294, paragraph (1) of the Commercial Code make the request set forth in that paragraph on or after the Effective Date. In this case, the business executed before the Effective Date by a Mutual Company under the Former Act in existence at the time when this Act enters into force shall be deemed to have been executed on the date of the original business execution by a Mutual Company under the Current Act.

(Transitional Measures for Public Offering of Funds)

Article 42 The provision of Article 60 of the Current Act shall apply to any public offering of funds started by a Mutual Company on or after the Effective Date.

(Transitional Measures for Registry)

Article 43 The Registry of Mutual Insurance Companies kept in a registry office at the time when this Act enters into force shall be deemed as the Registry of Mutual Insurance Companies set forth in Article 64 of the Current Act.

(Transitional Measures for Application mutatis mutandis of Commercial Registration Act)

Article 44 The dispositions, procedures and other acts carried out before the Effective Date under the Commercial Registration Act as applied mutatis mutandis pursuant to the Imperial Ordinance set forth in Article 79 of the Former Act shall be deemed as the corresponding acts under the Commercial Registration Act as applied mutatis mutandis pursuant to Article 65 of the Current Act.

(Transitional Measures for Application mutatis mutandis of Act on Procedures for Non-Contentious Cases)

Article 45 The procedures started before the Effective Date under the Act on Procedures for Non-Contentious Cases as applied mutatis mutandis pursuant to the Imperial Ordinance set forth in Article 79 of the Former Act shall be deemed as the procedures under the Act on Procedures for Non-Contentious Cases as applied mutatis mutandis pursuant to Article 66 of the Current Act.

(Transitional Measures for Entity Conversion from Stock Company to Mutual

Company)

Article 46 The provisions of Part II, Chapter II, Section 3, Subsection 1 of the Current Act shall apply to the Entity Conversion set forth in Article 68, paragraph (1) of the Current Act pertaining to the resolution of the shareholders meeting set forth in Article 69, paragraph (1) of the Current Act where it is carried out on or after the Effective Date; with regard to the Entity Conversion set forth in Article 19, paragraph (1) of the Former Act pertaining to the resolution of the shareholders meeting set forth in Article 20, paragraph (1) of the Former Act, the provisions then in force shall remain applicable where it was carried out before the Effective Date.

(Transitional Measures for Scope of Business)

Article 47 (1) Those Insurance Companies Licensed under the Former Act which, at the time when this Act enters into force, carry on, with the authorization of the competent minister pursuant to the proviso to Article 5, paragraph (1) of the Former Act, the business of acting as an agent or intermediary, on behalf of any of the other companies carrying on the non-life insurance business prescribed in the proviso to that paragraph, in transactions within the scope of the latter's non-life insurance business, shall be deemed to obtain the authorization set forth in Article 98, paragraph (2) of the Current Act at the time when this Act enters into force.

(2) Those Insurance Companies Licensed under the Former Act which carry on, at the time when this Act enters into force, the business set forth in Article 98, paragraph (1), item (i) of the Current Act (excluding the business prescribed in the preceding paragraph) shall notify the Minister of Finance of the content of such business within six months from the Effective Date.

(3) Those Insurance Companies Licensed under the Former Act which have made the notification set forth in the preceding paragraph shall be deemed to obtain on the Effective Date the authorization set forth in Article 98, paragraph (2) of the Current Act for carrying on the business pertaining to the notification.

Article 48 (1) Those Insurance Companies Licensed under the Former Act which carry on, at the time when this Act enters into force, the business set forth in Article 99, paragraph (1) of the Current Act, shall notify the Minister of Finance of the content of such business within six months from the Effective Date.

(2) Those Insurance Companies Licensed under the Former Act which have made the notification set forth in the preceding paragraph shall be deemed to obtain on the Effective Date the authorization set forth in Article 99, paragraph (4) of the Current Act for carrying on the business pertaining to the notification.

(3) Those Insurance Companies Licensed under the Former Act which, at the

time when this Act enters into force, carry on, with the authorization of the competent minister pursuant to the proviso to Article 5, paragraph (1) of the Former Act, the business of accepting trusts prescribed in the proviso to that paragraph, shall be deemed to obtain the authorization set forth in Article 99, paragraph (7) of the Current Act at the time when this Act enters into force.

- (Transitional Measures for Exclusion from Application of Anti-Monopoly Act)
- Article 49 (1) With regard to those Agreements, contracts and other concerted activities (hereinafter referred to as "Concerted Activities" in this Article) listed in the items of Article 12-3 of the Former Act (including the cases where it is applied mutatis mutandis pursuant to Article 19 of the Act on Foreign Insurance Business Operators to be repealed under Article 2 of the Supplementary Provisions (hereinafter referred to as the "Former Foreign Insurance Business Operators Act")) which have been entered into by the time when this Act enters into force by those Insurance Companies Licensed under the Former Act which shall be deemed to have obtained the non-life insurance business license set forth in Article 3, paragraph (5) of the Current Act pursuant to the provision of Article 3 of the Supplementary Provisions and those foreign insurance business operators prescribed in Article 2, paragraph (1) of the Former Foreign Insurance Operators Act (hereinafter referred to as "Non-Life Insurance Companies, etc. Licensed under the Former Act" in this Article) which shall be deemed to have obtained the foreign non-life insurance business license set forth in Article 185, paragraph (5) of the Current Act pursuant to the provision of Article 72 of the Supplementary Provisions, with other Non-Life Insurance Companies, etc. Licensed under the Former Act, the provisions of Article 12-3 to 12-7 inclusive of the Former Act (including the cases where they are applied mutatis mutandis pursuant to Article 19 of the Former Foreign Insurance Business Operators Act) (including the penal provisions pertaining thereto) shall remain in force for a period of two years counting from the Effective Date, provided that all of the Non-Life Insurance Companies, etc. Licensed under the Former Act involved in the Concerted Activities have notified the Minister of Finance pursuant to the provisions of the applicable Ordinance of the Ministry of Finance within three months from the Effective Date.
- (2) For the purpose of applying the provision of Article 12-5, paragraph (3) of the Former Act (including the cases where it is applied mutatis mutandis pursuant to Article 19 of the Former Foreign Insurance Operators Act) to any application of the provision of the preceding paragraph, the provisions of Article 12, paragraphs (3) and (4) of the Former Act shall remain in force.
- (3) With regard to those Concerted Activities prescribed in paragraph (1) which constitute the Concerted Activities listed in Article 101, paragraph (1), items

(i) and (ii) of the Current Act, the Non-Life Insurance Companies, etc. Licensed under the Former Act set forth in paragraph (1) may, even in the period prescribed in that paragraph, apply for the authorization set forth in Article 102, paragraph (1) of the Current Act. In this case, where any disposition has been adopted to the effect that the authorization shall be given within such period, the provision of paragraph (1) shall cease to apply on the day when the authorization takes effect.

(Transitional Measures for Shareholding in Overseas Affiliated Company, etc.)
Article 50 (1) Any Insurance Company Licensed under the Former Act at the time when this Act enters into force that holds any shares (limited to those with voting rights) or equity interests (hereinafter referred to as "Shares, etc." in this Article) exceeding fifty hundredths of the total number of issued shares (limited to those with voting rights) or total amount of contribution (hereinafter referred to as "Issued Shares, etc." in this Article) in any of the companies listed in the items of Article 108, paragraph (1) of the Current Act shall notify thereof to the Minister of Finance within three months from the Effective Date.

(2) Where an Insurance Company Licensed under the Former Act at the time when this Act enters into force has received the permission listed in item (i) or where the acquisition of Shares, etc. (limited to that which has not been executed by the Effective Date) subject to the notification listed in item (ii) constitutes the acquisition of Shares, etc. involving more than fifty hundredths of the Issued Shares, etc. in any of the companies listed in the items of Article 108, paragraph (1) of the Current Act, the Insurance Company Licensed under the Former Act shall notify thereof to the Minister of Finance within three months from the Effective Date:

(i) Permission under Article 21, paragraph (2) (Capital Transactions that Require Permission of Minister of Finance) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); or

(ii) Notification under Article 22, paragraph (1), item (iv) (Notification Pertaining to External Direct Investment by Resident) of the Foreign Exchange and Foreign Trade Act (limited to the cases where, for the relevant notification, the period during which the acquisition of the Shares, etc. pertaining to the notification is prohibited pursuant to the provision of Article 23, paragraph (1) of that Act without the recommendation of the Minister of Finance under Article 23, paragraph (2) (Examination of Content and Recommendation of Modification Pertaining to Capital Transaction, etc.) of that Act has lapsed, or the notification of the acceptance of the recommendation has been made pursuant to the provision of Article 23, paragraph (4) of that Act).

- (3) The provision of Article 106, paragraph (2) of the Current Act as applied mutatis mutandis pursuant to Article 108, paragraph (2) of the Current Act shall apply mutatis mutandis to the Shares, etc. acquired or owned by the Insurance Company Licensed under the Former Act in the cases set forth in the preceding two paragraphs.
- (4) An Insurance Company Licensed under the Former Act that has notified pursuant to the provision of paragraph (1) or (2) shall be deemed to have received the authorization set forth in Article 108, paragraph (1) of the Current Act as at the Effective Date.

(Transitional Measures for Documents to be Submitted to Minister of Finance)

Article 51 The provision of Article 110 of the Current Act shall apply to the business report prescribed in paragraph (1) of that Article pertaining to the business years that start on or after the Effective Date; with regard to the documents set forth in Article 82, paragraph (1) of the Former Act pertaining to the business years that started before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Public Inspection of Explanatory Documents on Business and Property Status)

Article 52 The provision of Article 111 of the Current Act shall apply to the explanatory documents prescribed in that Article pertaining to the business years that start on or after the Effective Date.

(Transitional Measures for Special Provisions on Valuation of Shares)

Article 53 (1) The provision of Article 112 of the Current Act shall apply to the valuation of shares pertaining to the business years that start on or after the Effective Date; with regard to the valuation of shares pertaining to the business years that started before the Effective Date, the provisions then in force shall remain applicable.

- (2) The reserve set forth in Article 84, paragraph (2) of the Former Act in existence at the time when this Act enters into force pertaining to an Insurance Company Licensed under the Former Act or the reserve set forth in paragraph (2) of that Article to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph shall be deemed to have been set aside as the reserve set forth in Article 112, paragraph (2) of the Current Act to be prescribed by an Ordinance of the Ministry of Finance.

(Transitional Measures for Amortization of Incorporation Expenditures and Business Expenditures)

Article 54 For the purpose of applying the provision of Article 113, paragraph (1)

of the Current Act to any amount of the incorporation expenditures prescribed in Article 85, paragraph (1) of the Former Act or the business expenditures for the initial five years pertaining to an Insurance Company Licensed under the Former Act that has not been amortized by the time when this Act enters into force, such amount shall be deemed to have been credited to assets on the balance sheet pursuant to the provision of Article 113, paragraph (1) of the Current Act.

(Transitional Measures for Policy Dividend)

Article 55 The provision of Article 114 of the Current Act shall apply to any distribution of the policy dividend prescribed in paragraph (1) of that Article pertaining to the business years that start on or after the Effective Date.

(Transitional Measures for Price Fluctuation Reserve)

Article 56 (1) The provision of Article 115 of the Current Act shall apply to the accumulation of the price fluctuation reserve set forth in paragraph (1) of that Article pertaining to the business years that start on or after the Effective Date; with regard to the accumulation of the reserve set forth in Article 86 of the Former Act pertaining to the business years that started before the Effective Date, the provisions then in force shall remain applicable.

(2) The reserve set forth in Article 86 of the Former Act in existence at the time when this Act enters into force pertaining to an Insurance Company Licensed under the Former Act and the reserve set forth in that Article to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph shall be deemed to have been set aside as the price fluctuation reserve set forth in Article 115, paragraph (1) of the Current Act.

(3) Where the amount of that reserve set forth in Article 86 of the Former Act which shall be deemed to have been set aside as the price fluctuation reserve set forth in Article 115, paragraph (1) of the Current Act pursuant to the provision of the preceding paragraph exceeds the amount set forth in Article 115, paragraph (1) of the Current Act to be calculated pursuant to the provisions of the applicable Ordinance of the Ministry of Finance, necessary matters in accounting for such excess amount for settlement purposes shall be prescribed by the Ordinance of the Ministry of Finance.

(Transitional Measures for Policy Reserve)

Article 57 (1) The provision of Article 116 of the Current Act shall apply to the accumulation of the policy reserve set forth in paragraph (1) of that Article pertaining to the business years that start on or after the Effective Date; with regard to the accumulation of the policy reserve set forth in Article 88, paragraph (1) of the Former Act pertaining to the business years that started

before the Effective Date, the provisions then in force shall remain applicable.

(2) The policy reserve set forth in Article 88, paragraph (1) in existence at the time when this Act enters into force pertaining to an Insurance Company Licensed under the Former Act and the reserve set forth in that paragraph to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph shall be deemed to have been set aside as the policy reserve set forth in Article 116, paragraph (1) of the Current Act.

(Transitional Measures for Reserve for Outstanding Claims)

Article 58 The provision of Article 117 of the Current Act shall apply to the accumulation of the reserve for outstanding claims set forth in paragraph (1) of that Article pertaining to the business years that start on or after the Effective Date.

(Transitional Measures for Special Account)

Article 59 Where an Insurance Company Licensed under the Former Act has created, by the time when this Act enters into force, a Special Account for the assets corresponding to the amount of the policy reserve set forth in Article 88, paragraph (1) of the Former Act pertaining to the insurance contracts set forth in Article 118, paragraph (1) of the Current Act to be specified by an Ordinance of the Ministry of Finance for the purpose of ensuring separate accounting from other assets, such separate account shall be deemed as the separate account created pursuant to the provision of Article 118, paragraph (1) of the Current Act.

(Transitional Measures for Appointment of Actuary, etc.)

Article 60 (1) The provision of Article 120 of the Current Act shall not apply to an Insurance Company Licensed under the Former Act that shall be deemed to have obtained the non-life insurance business license set forth in Article 3, paragraph (5) of the Current Act pursuant to the provision of Article 3 of the Supplementary Provisions, for a period of three months counting from the Effective Date.

(2) An actuary that has been appointed by the time when this Act enters into force pursuant to the provision of Article 89, paragraph (1) of the Former Act shall be deemed as the actuary appointed on the Effective Date pursuant to the provision of Article 120, paragraph (1) of the Current Act.

(3) The provision of Article 120, paragraph (2) of the Current Act shall not apply to an actuary that shall be deemed as appointed pursuant to the provision of paragraph (1) of that Article pursuant to the provision of the preceding paragraph, for a period of two years counting from the Effective Date.

(Transitional Measures for Actuary's Duties)

Article 61 The provision of Article 121 of the Current Act shall apply to the duties of an actuary concerning the matters pertaining to the business years that start on or after the Effective Date; with regard to the duties of an actuary concerning the matters pertaining to the business years that started before the Effective Date of an Insurance Company Licensed under the Former Act that shall be deemed to have obtained the life insurance business license set forth in Article 3, paragraph (4) of the Current Act pursuant to the provision of Article 3 of the Supplementary Provisions, the provisions then in force shall remain applicable. In this case, the competent minister prescribed in Article 90, paragraph (2) of the Former Act to whom the provisions then in force shall remain applicable shall be the Prime Minister.

(Transitional Measures for Dismissal of Actuary)

Article 62 The provision of Article 122 of the Current Act shall apply to the dismissal of an actuary for any of the acts committed on or after the Effective Date; with regard to the dismissal of an actuary for any of the neglect or acts committed before the Effective Date, the provisions then in force shall remain applicable. In this case, the competent minister prescribed in Article 89, paragraph (2) of the Former Act to whom the provisions then in force shall remain applicable shall be the Prime Minister.

(Transitional Measures for Authorization, etc. of Modification Pertaining to Statement of Business Procedures, etc.)

Article 63 (1) Where an Insurance Company Licensed under the Former Act has applied, by the time this Act enters into force, for the authorization of the competent minister pertaining to the modification of matters prescribed in any of the documents listed in Article 1, paragraph (2), items (ii) to (iv) inclusive of the Former Act pursuant to the provision of Article 10, paragraph (1) of the Former Act, such application shall be deemed as the application for the authorization of the Minister of Finance set forth in Article 123, paragraph (1) of the Current Act. In this case, the matters to be modified shall be deemed to be outside the scope of the matters set forth in that paragraph to be prescribed by an Ordinance of the Ministry of Finance even when such matters do fall under the matters prescribed by the Ordinance of the Ministry of Finance set forth in that paragraph.

(2) Where an Insurance Company Licensed under the Former Act has applied, by the time this Act enters into force, for the authorization of the competent minister pertaining to the modification of matters prescribed in the document listed in Article 1, paragraph (2), item (i) of the Former Act pursuant to the provision of Article 10, paragraph (1) of the Former Act, such application shall

be deemed as an application subject to the authorization set forth in Article 126 of the Current Act when the matters to be modified fall under any of the matters listed in the items of that Article.

- (3) In the case prescribed in the preceding paragraph, when the matters to be modified do not fall under any of the matters listed in the items of Article 126 of the Current Act, the modification shall take effect at the time when this Act enters into force, and the application set forth in Article 127 of the Current Act shall be deemed as filed as at the Effective Date pertaining to the matters listed in item (iii) of that Article.

(Transitional Measures Concerning Suspension of Business, etc.)

Article 64 (1) Any order for the suspension of business under Article 12, paragraph (1) of the Former Act issued prior to the Effective Date shall be deemed as the disposition ordering total or partial suspension of business prescribed in, and made under, Article 132 of the Current Act.

- (2) Where any notification and public notice were given under Article 12, paragraph (3) of the Former Act before the Effective Date pertaining to an order for the suspension of business under paragraph (1) of that Article, the disposition for ordering total or partial suspension of business prescribed in Article 132 of the Current Act may be made under that Article by continuing the procedure as prescribed in Article 12, paragraphs (2) and (4) of the Former Act on and after the Effective Date.

(Transitional Measures Concerning Rescission of License, etc.)

Article 65 (1) For the purpose of applying the provision of item (i) or (iii) of Article 133 of the Current Act, any act under Article 12, paragraph (1) of the Former Act committed before the Effective Date by an Insurance Company Licensed under the Former Act shall be deemed as the act prescribed in item (i) or (iii) of Article 133 of the Current Act.

- (2) Where any notification and public notice were given under Article 12, paragraph (3) of the Former Act before the Effective Date pertaining to a disposition under paragraph (1) of that Article, a disposition under Article 133 of the Current Act that is equivalent to the original disposition may be made by continuing the procedure as prescribed in Article 12, paragraph (4) of the Former Act on and after the Effective Date.

(Transitional Measures for Comprehensive Transfer of Insurance Contracts)

Article 66 The provisions of Part II, Chapter VII, Section 1 of the Current Act shall apply to the transfer of insurance contracts pertaining to a resolution of the shareholders meeting, or the general meeting of members or the General Meeting set forth in Article 42, paragraph (1) of the Current Act (including

that organ prescribed in Article 51, paragraph (1) of the Former Act which shall be deemed as the General Meeting set forth in Article 42, paragraph (1) of the Current Act pursuant to the provision of Article 29 of the Supplementary Provisions) (hereinafter referred to as the "Shareholders Meeting, etc."), adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) (Convocation Notice) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Current Act) is given on or after the Effective Date; with regard to the transfer of insurance contracts pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Article 54 of the Former Act (including the cases where it is applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act)) was given before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Entrustment of Business and Property Administration)

Article 67 For the purpose of applying the provisions of Article 146 to 150 inclusive of the Current Act, those contracts set forth in Article 92, paragraph (1) of the Former Act and authorized under Article 93 of the Former Act which are in force at the time when this Act enters into force shall be deemed as the contracts set forth in Article 144, paragraph (1) of the Current Act.

(Transitional Measures for Arrangement Proceedings)

Article 68 The provisions of the Commercial Code on corporate arrangement as applied mutatis mutandis pursuant to Article 151 of the Current Act shall apply where the application or notification set forth in Article 381 (Initiation of Arrangement Proceedings) of said Code is made on or after the Effective Date; where the application or notification set forth in Article 381 of the Commercial Code as applied mutatis mutandis pursuant to Article 78 of the Former Act was made before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures Concerning Dissolution, etc.)

Article 69 The provisions of Part II, Chapter VIII, Section 2 of the Current Act shall apply to the dissolution of an Insurance Company on the grounds prescribed in Article 152 of the Current Act that emerge on or after the Effective Date; with regard to the dissolution of an Insurance Company under the Former Act on the grounds prescribed in Article 108, paragraph (1) of the Former Act that emerged before the Effective Date, the provisions then in force

shall remain applicable.

(Transitional Measures for Merger)

Article 70 The provisions of Part II, Chapter VIII, Section 3 of the Current Act shall apply to any merger pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) (Convocation Notice) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Current Act) is given on or after the Effective Date; with regard to any merger pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Article 54 of the Former Act (including the cases where it is applied mutatis mutandis pursuant to Article 51, paragraph (2) of the Former Act)) was given before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Liquidation Procedure, etc.)

Article 71 (1) The provisions of Part II, Chapter VIII, Section 4 of the Current Act shall apply to any liquidation pertaining to the dissolution of an Insurance Company on the grounds prescribed in Article 152 of the Current Act that emerge on or after the Effective Date; with regard to any liquidation pertaining to the dissolution of an Insurance Company under the Former Act on the grounds prescribed in Article 108, paragraph (1) of the Former Act that emerged before the Effective Date, the provisions then in force shall remain applicable.

(2) The provisions of Article 267 to 268-3 inclusive (Lawsuit to Hold Directors Accountable) of the Commercial Code as applied mutatis mutandis pursuant to Article 430, paragraph (2) (Provisions for Application mutatis mutandis Concerning Liquidation) of said Code as applied mutatis mutandis pursuant to Article 183, paragraph (1) of the Current Act shall apply to any request for filing the lawsuit set forth in Article 267, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 430, paragraph (2) of said Code as applied mutatis mutandis pursuant to Article 183, paragraph (1) of the Current Act or any filing of the lawsuit set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 430, paragraph (2) of said Code as applied mutatis mutandis pursuant to Article 183, paragraph (1) of the Current Act, made by members on or after the Effective Date; with regard to any request for filing the lawsuit set forth in Article 57, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 77 of the Former Act or any filing of the lawsuit

set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 57, paragraph (2) of the Former Act, made by members before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Business License Pertaining to Foreign Insurance Company, etc.)

Article 72 (1) A person that has obtained by the time when this Act enters into force the license of the Minister of Finance set forth in Article 3, paragraph (1) of the Former Foreign Insurance Business Operators Act (including a person that shall be deemed to have obtained the license of the Minister of Finance set forth in that paragraph pursuant to the provision of paragraph (3) or (5) of the Supplementary Provisions to the Former Foreign Insurance Business Operators Act) shall be deemed to obtain the license of the Minister of Finance set forth in Article 185, paragraph (1) of the Current Act at the time when this Act enters into force.

(2) The license of the Minister of Finance set forth in Article 185, paragraph (1) of the Current Act that the person prescribed in the preceding paragraph (hereinafter referred to as "Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act") shall be deemed to have received pursuant to the provision of that paragraph shall be the foreign life insurance business license set forth in Article 185, paragraph (4) of the Current Act or the foreign non-life insurance business license set forth in paragraph (5) of that Article, according to whether the person is the foreign life insurance business operator or foreign non-life insurance business operator set forth in Article 2, paragraph (1) of the Former Foreign Insurance Business Operators Act.

(Transitional Measures for Written Application for License, etc.)

Article 73 (1) The matters listed in the items of Article 4, paragraph (1) of the Former Foreign Insurance Business Operators Act which are described in the written application set forth in that paragraph pertaining to a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act (or, where the notification set forth in Article 7, paragraph (1) of the Former Foreign Insurance Business Operators Act has been made, such matters as modified by the notification) shall be deemed as the matters listed in the corresponding items of Article 187, paragraph (1) of the Current Act which are described in the written application for license set forth in that paragraph.

(2) Those documents listed in Article 4, paragraph (1), items (i) to (v) inclusive of the Former Foreign Insurance Business Operators Act pertaining to a Foreign

Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act which have been submitted to the Minister of Finance by the time when this Act enters into force shall be deemed as the documents listed in the corresponding items of Article 187, paragraph (3) of the Current Act (or, for the document listed in item (iv) or (v) of Article 4, paragraph (4) of the Former Foreign Insurance Business Operators Act, the document listed in Article 187, paragraph (3), item (iv) of the Current Act).

(Transitional Measures for Condition for License)

Article 74 Where the content of that Insurance Business in Japan prescribed in Article 1 of the Former Foreign Insurance Business Operators Act which is carried on by a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act at the time when this Act enters into force falls under the case prescribed in Article 188, paragraph (1) of the Current Act, the condition set forth in Article 188, paragraph (1) of the Current Act shall be attached to that license of the Minister of Finance set forth in Article 185, paragraph (1) of the Current Act which the person shall be deemed to obtain at the time when this Act enters into force pursuant to the provision of Article 72 of the Supplementary Provisions.

(Transitional Measures for Deposit by Foreign Insurance Company, etc.)

Article 75 (1) The things deposited by a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act pursuant to the provision of Article 8 of the Former Foreign Insurance Business Operators Act by the time this Act enters into force shall be deemed to have been deposited under Article 190, paragraph (1) of the Current Act.

(2) For the purpose of applying the provision of Article 190, paragraph (8) of the Current Act to the Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act set forth in the preceding paragraph, the amount to be specified by a Cabinet Office Ordinance as the amount of deposits pertaining to those things deposited under the preceding paragraph which shall be deemed to have been deposited under paragraph (1) of that Article pursuant to the provision of the preceding paragraph shall be deemed as the amount set forth in paragraph (1) of that Article to be specified by a Cabinet Order under paragraph (8) of that Article, for a period of five years counting from the Effective Date.

(3) In the case set forth in paragraph (1), any right of priority enjoyed by a person prescribed in Article 9, paragraph (1) or (2) of the Former Foreign Insurance Business Operators Act on the things deposited under Article 8 of the Former Foreign Insurance Business Operators Act at the time this Act enters into force shall be deemed as the right prescribed in Article 190,

paragraph (6) of the Current Act.

- (4) In the case referred to in the preceding paragraph, any special provisions for Article 190, paragraph (6) of the Current Act and other matters necessary for applying the provision of that Article where the Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act is a Foreign Mutual Company shall be specified by a Cabinet Order.

(Transitional Measures for Representative Person in Japan, etc.)

Article 76 The provisions of Article 192, paragraphs (1) and (2) of the Current Act shall also apply to the matters that emerged before the Effective Date. In this case, for the purpose of applying the provision of Article 192, paragraphs (1) and (2) of the Current Act, the notification and public notice set forth in Article 7, paragraph (1) of the Former Foreign Insurance Business Operators Act shall be deemed as the public notice set forth in Article 192, paragraph (2) of the Current Act, provided that they be given before the Effective Date.

(Transitional Measures for Application mutatis mutandis of Provisions of Commercial Code on Business Offices of Foreign Company Pertaining to Foreign Mutual Company)

Article 77 A Foreign Mutual Company that has obtained the license set forth in Article 3, paragraph (1) of the Former Foreign Insurance Business Operators Act by the time when this Act enters into force shall be deemed to continue its transactions in Japan pursuant to the provision of Article 479, paragraph (1) (Business Offices of Foreign Company) of the Commercial Code as applied mutatis mutandis pursuant to Article 193 of the Current Act; the matters registered by the Foreign Mutual Company pursuant to the provisions of Article 45, paragraph (3) (Registration of Formation of Juridical Person) and Article 46 (Matters to be Registered upon Registration of Formation and Registration of Change) of the Civil Code as applied mutatis mutandis pursuant to Article 49, paragraph (1) (Registration of Foreign Juridical Person) of said Code shall be deemed to have been registered pursuant to the provisions of Article 479, paragraphs (3) and (4) of the Commercial Code as applied mutatis mutandis pursuant to Article 193 of the Current Act.

(Transitional Measures for Submission of Closing Financial Statements of Head Office or Principal Office, and Keeping and Inspection, etc. of Articles of Incorporation, etc.)

Article 78 (1) The provisions of Article 195, and Article 196, paragraphs (2) and (4) (limited to the segment pertaining to the documents prescribed in Article 195 of the Current Act) of the Current Act shall apply to the documents prescribed in Article 195 of the Current Act pertaining to the business years of

a Foreign Insurance Company, etc. that end on or after the Effective Date; with regard to the documents prescribed in Article 12 of the Former Foreign Insurance Business Operators Act pertaining to the business years that ended before the Effective Date, the provisions then in force shall remain applicable. In this case, those documents set forth in that Article to be submitted pursuant to the provision of that Article to which the provisions then in force shall remain applicable shall be submitted to the Prime Minister.

(2) The articles of incorporation or any equivalent document, and the members list in Japan, kept by the Representative Person in Japan of a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act at the time when this Act enters into force, pursuant to the provision of Article 17, paragraph (1) of the Former Foreign Insurance Business Operators Act, shall be deemed as kept pursuant to the provision of Article 196, paragraph (1) of the Current Act.

(3) The provisions of paragraphs (3), (4) (limited to the segment pertaining to paragraph (3) of that Article) and (5) of Article 196 of the Current Act shall apply to the documents prescribed in paragraph (3) of that Article pertaining to the business years in Japan that start on or after the Effective Date; with regard to the documents prescribed in Article 17, paragraph (1) of the Former Foreign Insurance Business Operators Act (other than the documents prescribed in the preceding two paragraphs) pertaining to the business years that started before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Obligation of Foreign Insurance Company, etc. to Hold Assets in Japan)

Article 79 For the purpose of applying the provision of Article 197 of the Current Act to a Foreign Company, etc. Licensed under the Former Foreign Insurance Business Operators Act, the term "sum total" in that Article shall be deemed to be replaced with "sum total multiplied by the proportion to be specified by a Cabinet Office Ordinance," for a period of five years counting from the Effective Date.

(Transitional Measures for Acts, etc of Manager, etc of Foreign Mutual Company, etc.)

Article 80 (1) For the purpose of applying the provisions of Articles 38 to 43 inclusive (Commercial Employee) of the Commercial Code as applied mutatis mutandis pursuant to Article 198, paragraph (1) of the Current Act to acts prior to the Effective Date of the manager appointed by a Foreign Mutual Company that has obtained the license set forth in Article 3, paragraph (1) of the Former Foreign Insurance Business Operators Act by the time this Act

enters into force, pursuant to the provision of Article 37 (Appointment of Manager) of the Commercial Code as applied mutatis mutandis pursuant to Article 18 of the Former Foreign Insurance Business Operators Act (including the employee prescribed in Article 42 (Apparent Manager) or Article 43 (Employee with Certain Types of Entrustment or Specific Entrustment) as applied mutatis mutandis pursuant to Article 18 of the Former Foreign Insurance Business Operators Act), and other matters pertaining to said manager, such acts and other matters shall be deemed as matters pertaining to the manager appointed by a Foreign Mutual Company under the Current Act pursuant to the provision of Article 37 of the Commercial Code as applied mutatis mutandis pursuant to Article 198, paragraph (1) of the Current Act (including the employee prescribed in Article 42 or 43 of said Code as applied mutatis mutandis pursuant to that paragraph).

(2) For the purpose of applying the provisions of Article 46 to 48 inclusive, 50 and 51 (Commercial Agent) of the Commercial Code as applied mutatis mutandis pursuant to Article 198, paragraph (1) of the Current Act, those acts and other matters prescribed in Articles 46 to 48 inclusive, 50 and 51 of the Commercial Code as applied mutatis mutandis pursuant to Article 18 of the Former Foreign Insurance Business Operators Act which were carried out before the Effective Date concerning a Foreign Mutual Company under the Former Foreign Insurance Business Operators Act shall be deemed as acts and other matters carried out as at the dates of the original acts and matters concerning a Foreign Mutual Company under the Current Act.

(Transitional Measures for Commercial Books, etc of Foreign Mutual Company)

Article 81 The books and other documents prepared prior to the Effective Date by a Foreign Mutual Company under the Former Foreign Insurance Business Operators Act in existence at the time when this Act enters into force, pursuant to the provisions of Part I, Chapter V (Commercial Books) of the Commercial Code as applied mutatis mutandis pursuant to Article 18 of the Former Foreign Insurance Business Operators Act, shall be deemed to have been prepared by a Foreign Mutual Company under the Current Act as at the dates of the original preparation, pursuant to the corresponding provisions of Part I, Chapter V of the Commercial Code as applied mutatis mutandis pursuant to Article 198 of the Current Act.

(Transitional Measures for Application mutatis mutandis of Provisions on Business and Accounting, etc. Pertaining to Foreign Insurance Companies, etc.)

Article 82 (1) Those Foreign Insurance Companies, etc. Licensed under the Former Foreign Insurance Business Operators Act which carry on the business

set forth in Article 98, paragraph (1), item (i) of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act at the time when this Act enters into force shall notify to the Minister of Finance of the content of such business within six months from the Effective Date.

(2) Those Foreign Insurance Companies, etc. Licensed under the Former Foreign Insurance Business Operators Act which have made the notification set forth in the preceding paragraph shall be deemed to have received as at the Effective Date the authorization set forth in Article 98, paragraph (2) of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act.

Article 83 The provision of Article 110 of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act shall apply to the business report prescribed in Article 110, paragraph (1) of the Current Act pertaining to the business years in Japan that start on or after the Effective Date; with regard to the business report prescribed in Article 11, paragraph (1) of the Former Foreign Insurance Business Operators Act pertaining to the business years in Japan that started before the Effective Date, the provisions then in force shall remain applicable. In the cases where the provisions then in force shall remain applicable, the business report set forth in that paragraph shall be submitted to the Prime Minister.

Article 84 The provision of Article 111 of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act shall apply to the explanatory documents prescribed in Article 111 of the Current Act pertaining to the business years in Japan that start on or after the Effective Date.

Article 85 The provision of Article 112 of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act shall apply to the valuation of shares pertaining to the business years in Japan that start on or after the Effective Date.

Article 86 The provision of Article 114 of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act shall apply to any distribution of the policy dividend prescribed in Article 114, paragraph (1) of the Current Act pertaining to the business years in Japan that start on or after the Effective Date.

Article 87 The provision of Article 115 of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act shall apply to the accumulation of the price fluctuation reserve set forth in Article 115, paragraph (1) of the Current Act pertaining to the business years in Japan that

start on or after the Effective Date.

Article 88 (1) The provision of Article 116 of the Current Act as applied *mutatis mutandis* pursuant to Article 199 of the Current Act shall apply to the accumulation of the policy reserve set forth in Article 116, paragraph (1) of the Current Act pertaining to the business years in Japan that start on or after the Effective Date; with regard to the accumulation of the policy reserve set forth in Article 13 of the Former Foreign Insurance Business Operators Act pertaining to the business years in Japan that started before the Effective Date, the provisions then in force shall remain applicable.

(2) The policy reserve set forth in Article 13 of the Former Foreign Insurance Business Operators Act in existence at the time when this Act enters into force pertaining to a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act and the policy reserve set forth in that Article to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph shall be deemed to have been set aside in Japan as policy reserve pursuant to the provision of Article 116 of the Current Act as applied *mutatis mutandis* pursuant to Article 199 of the Current Act.

Article 89 (1) The provision of Article 117 as applied *mutatis mutandis* pursuant to Article 199 of the Current Act shall apply to the accumulation of the reserve for outstanding claims set forth in Article 117, paragraph (1) of the Current Act pertaining to the business years in Japan that start on or after the Effective Date; with regard to the accumulation of the reserve for outstanding claims set forth in Article 13 of the Former Foreign Insurance Business Operators Act pertaining to the business years in Japan that started before the Effective Date, the provisions then in force shall remain applicable.

(2) The reserve for outstanding claims set forth in Article 13 of the Former Foreign Insurance Business Operators Act in existence at the time when this Act enters into force pertaining to a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act and the reserve for outstanding claims set forth in that Article to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph shall be deemed to have been set aside in Japan as reserve for outstanding claims pursuant to the provision of Article 117 of the Current Act as applied *mutatis mutandis* pursuant to Article 199 of the Current Act.

Article 90 Where a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act in existence at the time when this Act enters into force has created a Special Account to ensure separate

accounting from other property for the property corresponding to the amount of the policy reserve set forth in Article 13 of the Former Foreign Insurance Business Operators Act pertaining to the insurance contracts set forth in Article 118, paragraph (1) of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act to be specified by an Ordinance of the Ministry of Finance, such Special Account shall be deemed as the Special Account created pursuant to the provision of Article 118, paragraph (1) of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act.

Article 91 The provision of Article 120 of the Current Act as applied mutatis mutandis pursuant to Article 199 of the Current Act shall not apply to a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act for a period of three months counting from the Effective Date.

(Transitional Measures for Suspension of Business, etc.)

Article 92 (1) Any order for the suspension of business in Japan issued under Article 22, paragraph (1) of the Former Foreign Insurance Business Operators Act before the Effective Date shall be deemed as the disposition ordering total or partial suspension of business prescribed in Article 204 of the Current Act taken under that Article.

(2) Where any notification and public notice were given under Article 22, paragraph (3) of the Former Foreign Insurance Business Operators Act before the Effective Date pertaining to an order for the suspension of business under paragraph (1) of that Article, the disposition for ordering total or partial suspension of business prescribed in Article 204 of the Current Act may be taken under that Article by continuing the procedure as prescribed in Article 22, paragraphs (2) and (4) of the Former Foreign Insurance Business Operators Act on and after the Effective Date.

(Transitional Measures for Rescission of License, etc.)

Article 93 (1) For the purpose of applying the provision of Article 205 of the Current Act, that act prescribed in Article 22, paragraph (1) of the Former Foreign Insurance Business Operators Act which was committed before the Effective Date by a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act shall be deemed as the act prescribed in Article 205, item (i) of the Current Act.

(2) Where any notification and public notice were given under Article 22, paragraph (3) of the Former Foreign Insurance Business Operators Act before the Effective Date pertaining to a disposition under paragraph (1) of that

Article, a disposition corresponding to such disposition may be taken under Article 205 of the Current Act by continuing the procedure as prescribed in Article 22, paragraph (4) of the Former Foreign Insurance Business Operators Act on and after the Effective Date.

(Transitional Measures Concerning Authorization of Modification Pertaining to Statement of Business Procedures, etc.)

Article 94 Where a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act has applied, by the time when this Act enters into force, for the authorization of the competent minister pertaining to the modification of any of the matters prescribed in the documents listed in Article 4, paragraph (4), items (ii) to (v) inclusive of the Former Foreign Insurance Business Operators Act pursuant to the provision of Article 10, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 19 of the Former Foreign Insurance Business Operators Act, such application shall be deemed as an application for the authorization of the Minister of Finance set forth in Article 123, paragraph (1) of the Current Act as applied mutatis mutandis pursuant to Article 207 of the Current Act. In this case, the matters to be modified shall be deemed to be outside the scope of the matters set forth in that paragraph to be prescribed by an Ordinance of the Ministry of Finance even when such matters do fall under the matters prescribed by the Ordinance of the Ministry of Finance set forth in that paragraph.

(Transitional Measures Concerning Comprehensive Transfer of Insurance Contracts by Foreign Insurance Company, etc.)

Article 95 The provisions of Part II, Chapter VII, Section 1 of the Current Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Current Act shall apply to the transfer of insurance contracts pertaining to that written Agreement pertaining to the Agreement set forth in Article 135, paragraph (1) of the Current Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Current Act which is prepared by a Foreign Insurance Company, etc. on or after the Effective Date; with regard to the transfer of insurance contracts pertaining to that written Agreement pertaining to the Agreement set forth in Article 211, paragraph (1) of the Former Foreign Insurance Business Operators Act which was prepared before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Liquidation of Foreign Insurance Company, etc.)

Article 96 The provision of Article 212 of the Current Act shall apply to a Foreign Insurance Company, etc. that falls under any of the items of paragraph

(1) of that Article on or after the Effective Date; with regard to the foreign insurance business operator set forth in Article 26, paragraph (1) of the Former Foreign Insurance Business Operators Act that fell under the case prescribed in that paragraph before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Order to Close Business Office, etc. Issued to Secondary Office, etc. of Foreign Insurance Business Operator)

Article 97 Where the foreign insurance business operator set forth in Article 29 of the Former Foreign Insurance Business Operators Act has established any secondary offices or other offices in Japan, or where a person specialized in solicitation on behalf of a foreign insurance business operator has established any business offices or other offices, the provisions then in force shall remain applicable to any event before the Effective Date that fell under any of the items of Article 484, paragraph (1) (Order to Close Business Offices) of the Commercial Code as applied mutatis mutandis pursuant to Article 29 of the Former Foreign Insurance Business Operators Act.

(Transitional Measures for Registry of Foreign Mutual Insurance Companies)

Article 98 The registry of foreign mutual insurance companies set forth in Article 31 of the Former Foreign Insurance Business Operators Act shall be deemed as the registry of foreign mutual insurance companies prescribed in Article 214 of the Current Act.

(Transitional Measures for Application mutatis mutandis of Commercial Registration Act Pertaining to Foreign Mutual Company)

Article 99 Any disposition, procedure or other act before the Effective Date under the provisions of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 33 of the Former Foreign Insurance Business Operators Act shall be deemed as the corresponding act under the provisions of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 216, paragraph (1) of the Current Act.

(Transitional Measures for Application mutatis mutandis of Act on Procedures for Non-Contentious Cases Pertaining to Foreign Mutual Company)

Article 100 Any procedure commenced before the Effective Date under the provisions of the Act on Procedures for Non-Contentious Cases as applied mutatis mutandis pursuant to Article 33 of the Former Foreign Insurance Business Operators Act shall be deemed as a procedure under the provisions of the Act on Procedures for Non-Contentious Cases as applied mutatis mutandis pursuant to Article 217 of the Current Act.

(Transitional Measures Concerning Notification of Establishment of Foreign Insurer's Representative Office, etc.)

Article 101 That foreign insurance business operator prescribed in Article 2, paragraph (1) of the Former Foreign Insurance Business Operators Act which has established an office falling under Article 218, paragraph (1), item (i) of the Current Act by the time this Act enters into force and which is not a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act shall, within six months from the Effective Date, notify the content of the business listed in (a) or (b) of that item concerning such office, the location of the office to carry on such business and other matters set forth in Article 218, paragraph (1) of the Current Act to be prescribed by an Ordinance of the Ministry of Finance, unless it obtains, in the meantime, the license set forth in Article 185, paragraph (1) of the Current Act, or has abolished such office or the business listed in (a) or (b) of that item. In this case, such notification shall be deemed as notification made under Article 218, paragraph (1) of the Current Act.

(Transitional Measures for Order for Suspension of Business)

Article 102 (1) Any order for the suspension of business under Article 100, paragraph (1) of the Former Act or order for the suspension of business in Japan under Article 23, paragraph (1) of the Former Foreign Insurance Business Operators Act, issued before the Effective Date, shall be deemed as the disposition ordering total or partial suspension of business prescribed in Article 241 of the Current Act, issued under that Article.

(2) Where any notification and public notice under Article 12, paragraph (3) of the Former Act as applied mutatis mutandis pursuant to Article 100, paragraph (3) of the Former Act were given before the Effective Date pertaining to an order for the suspension of business issued under paragraph (1) of that Article, or where any notification and public notice under Article 22, paragraph (3) of the Former Foreign Insurance Business Operators Act as applied mutatis mutandis pursuant to Article 23, paragraph (3) of the Former Foreign Insurance Business Operators Act were given before the Effective Date pertaining to an order for the suspension of business in Japan issued under paragraph (1) of that Article, the disposition ordering total or partial suspension of business prescribed in Article 241 of the Current Act may be made under that Article by continuing the procedure as prescribed in Article 12, paragraph (4) of the Former Act as applied mutatis mutandis pursuant to Article 100, paragraphs (2) and (3) of the Former Act, or in Article 22, paragraph (4) of the Former Foreign Insurance Business Operators Act as applied mutatis mutandis pursuant to Article 23, paragraphs (2) and (3) of the

Former Foreign Insurance Business Operators Act, on and after the Effective Date.

(Transitional Measures for Order for Administration of Business and Property)

Article 103 (1) Any order for the administration of business and property under Article 100, paragraph (1) of the Former Act, and order for the administration of business and property in Japan under Article 23, paragraph (1) of the Former Foreign Insurance Business Operators Act, issued before the Effective Date, shall be deemed as the disposition ordering the administration of business and property by an insurance administrator prescribed in Article 241 of the Current Act, made under that Article; the insurance administrator pertaining to the original order for the administration of business and property or order for the administration of business and property in Japan shall be deemed as the insurance administrator pertaining to the disposition ordering the administration of business and property.

(2) Where any notification and public notice under Article 12, paragraph (3) of the Former Act as applied mutatis mutandis pursuant to Article 100, paragraph (3) of the Former Act were given before the Effective Date pertaining to an order for the administration of business and property issued under paragraph (1) of that Article, or where any notification and public notice under Article 22, paragraph (3) of the Former Foreign Insurance Business Operators Act as applied mutatis mutandis pursuant to Article 23, paragraph (3) of the Former Foreign Insurance Business Operators Act were given before the Effective Date pertaining to an order for the administration of business and property in Japan issued under paragraph (1) of that Article, the disposition ordering the administration of business and property by an insurance administrator prescribed in Article 241 of the Current Act may be made under that Article by continuing the procedure as prescribed in Article 12, paragraph (4) of the Former Act as applied mutatis mutandis pursuant to Article 100, paragraphs (2) and (3) of the Former Act, or in Article 22, paragraph (4) of the Former Foreign Insurance Business Operators Act as applied mutatis mutandis pursuant to Article 23, paragraphs (2) and (3) of the Former Foreign Insurance Business Operators Act, on and after the Effective Date.

(Transitional Measures for Order for Transfer of Insurance Contracts)

Article 104 (1) Where any notification and public notice under Article 12, paragraph (3) of the Former Act as applied mutatis mutandis pursuant to Article 100, paragraph (3) of the Former Act were given before the Effective Date pertaining to an order for the transfer of contracts issued under paragraph (1) of that Article, or where any notification and public notice under

Article 22, paragraph (3) of the Former Foreign Insurance Business Operators Act as applied mutatis mutandis pursuant to Article 23, paragraph (3) of the Former Foreign Insurance Business Operators Act were given before the Effective Date pertaining to an order for the transfer of insurance contracts in Japan issued under paragraph (1) of that Article, the provisions of Article 100 and Article 121 to 126 of the Former Act, and Article 23 of the Former Foreign Insurance Business Operators Act shall remain in force with regard to the transfer of contracts or transfer of insurance contracts in Japan pertaining to such orders, until the day before the date of the Designation set forth in Article 259, paragraph (1) of the Current Act.

- (2) For the purpose of applying the provisions of Article 100, paragraph (3), Article 121, paragraph (5), Article 122, paragraphs (2) and (3) and Article 126 of the Former Act, and Article 23, paragraphs (3) and (4) of the Former Foreign Insurance Business Operators Act, which shall remain in force pursuant to the provision of the preceding paragraph, the provisions of Article 12, paragraphs (3) and (4), Article 103, Article 104, Article 109, the proviso to Article 111, paragraph (2), Article 114, Article 115, Article 117, Article 118 and Article 120 of the Former Act, and Article 22, paragraphs (3) and (4) of the Former Foreign Insurance Business Operators Act shall remain in force. In this case, the term "Article 39, paragraph (2) of this Act" in Article 109 of the Former Act shall be deemed to be replaced with "Article 62, paragraph (2) of the Insurance Business Act (Act No. 105 of 1995)."
- (3) For the purpose of applying penal provisions to acts committed before the period prescribed in paragraph (1) lapses, the provisions prescribed in that paragraph, which shall remain in force pursuant to the provision of that paragraph, shall remain in force even after the period prescribed in that paragraph has lapsed.
- (4) Where the provisions of Article 100 and Article 121 to 126 of the Former Act, or Article 23 of the Former Foreign Insurance Business Operators Act, which shall remain in force pursuant to the provision of paragraph (1), apply, the provisions of Part II, Chapter VII, Section 1 of the Current Act (including the cases where they are applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Current Act) shall not apply, notwithstanding the provisions of Articles 66 and 95 of the Supplementary Provisions.

(Deleted)

Article 105 Deleted.

(Deleted)

Article 106 Deleted.

(Transitional Measures Concerning Lapse of License)

Article 107 The provision of Article 272, paragraph (1), item (v) of the Current Act shall apply to the license of the Prime Minister set forth in Article 3, paragraph (1) of the Current Act, and the license of the Prime Minister set forth in Article 185, paragraph (1) of the Current Act, obtained by an Insurance Company or a Foreign Insurance Company, etc. on or after the Effective Date; with regard to the license of the competent minister set forth in Article 1, paragraph (1) of the Former Act, and the license of the Minister of Finance set forth in Article 3, paragraph (1) of the Former Foreign Insurance Business Operators Act, issued before the Effective Date pertaining to an Insurance Company Licensed under the Former Act or a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Business Operators Act, the provisions then in force shall remain applicable.

(Transitional Measures for Registration of Life Insurance Solicitors and Non-Life Insurance Agents)

Article 108 Those Life Insurance Solicitors (including the persons that shall be deemed as registered on the registry of Life Insurance Solicitors pursuant to the provision of Article 4, paragraph (2) of the Former Solicitation Control Act pursuant to the provision of paragraph (2) of the Supplementary Provisions to the Act for Partial Revision of the Act on the Control of Insurance Solicitation (Act No. 152 of 1951)) and Non-Life Insurance Agents that have obtained the registration set forth in Article 3 of the Former Solicitation Control Act by the time this Act enters into force (hereinafter referred to as "Life Insurance Solicitors, etc. Registered under the Former Act") shall be deemed to have obtained the registration with the Ministry of Finance set forth in Article 276 of the Current Act, at the time when this Act enters into force.

(Transitional Measures for Registry of Life Insurance Solicitors, etc.)

Article 109 (1) The registry of Life Insurance Solicitors and registry of Non-Life Insurance Agents under Article 4, paragraph (1) of the Former Solicitation Control Act in existence at the time this Act enters into force shall be deemed as the registry of Life Insurance Solicitors and registry of Non-Life Insurance Agents under Article 278, paragraph (1) of the Current Act.

(2) The provision of Article 278, paragraph (2) of the Current Act shall apply to those persons who shall be deemed to have obtained the registration with the Minister of Finance set forth in Article 276 of the Current Act at the time when this Act enters into force, pursuant to the provision of the preceding Article and who have not received the notice under Article 4, paragraph (3) of the Former Solicitation Control Act, and to their Affiliated Insurance Companies.

(Transitional Measures for Refusal of Registration Pertaining to Life Insurance Solicitor, etc.)

- Article 110 (1) For the purpose of applying the provision of Article 279, paragraph (1), item (iii) of the Current Act, a person who was sentenced to a fine pursuant to the provisions of the Former Solicitation Control Act (including those provisions of the Former Solicitation Control Act which shall remain applicable pursuant to the present Supplementary Provisions as provisions then in force) shall be deemed to have been sentenced to a fine as at the date of the original punishment for violating a provision of the Current Act.
- (2) For the purpose of applying the provision of Article 279, paragraph (1), item (iv) of the Current Act, a person whose registration under Article 3, paragraph (1) of the Former Solicitation Control Act was canceled pursuant to the provision of Article 7-2 or Article 20, paragraph (1) of the Former Solicitation Control Act shall be deemed to have had his/her registration under Article 276 of the Current Act canceled pursuant to the provision of Article 307, paragraph (1) of the Current Act as at the date of the original punishment.

(Transitional Measures for Affiliated Insurance Company's Liability for Damages)

Article 111 The provision of Article 283 of the Current Act shall apply to any liability for the damages inflicted on or after the Effective Date by a Life Insurance Solicitor or Non-Life Insurance Solicitor upon Policyholders in connection with Insurance Solicitation; with regard to any liability for the damages inflicted before the Effective Date upon Policyholders by a Life Insurance Solicitor, an officer or employee of a Non-Life Insurance Company, or a Non-Life Insurance Agent in connection with solicitation, the provisions then in force shall remain applicable.

(Transitional Measures for Registry of Life Insurance Solicitors and Non-Life Insurance Agents)

Article 112 Any registry regarding Life Insurance Solicitors or Non-Life Insurance Agents under Article 13, paragraph (1) of the Former Solicitation Control Act in existence at the time when this Act enters into force shall be deemed as the registry regarding Life Insurance Solicitors or Non-Life Insurance Agents set forth in Article 285, paragraph (1) of the Current Act.

(Transitional Measures for Refusal of Registration Pertaining to Insurance Broker)

Article 113 For the purpose of applying the provision of Article 289, paragraph (1), item (iii) of the Current Act, a person who was sentenced to a fine pursuant to the provisions of the Former Act, the Former Solicitation Control Act or the

Former Foreign Insurance Business Operators Act (including those provisions of the Former Act, the Former Solicitation Control Act and the Foreign Insurance Business Operators Act which shall remain applicable pursuant to the present Supplementary Provisions as provisions then in force) shall be deemed to have been sentenced to a fine as at the date of the original punishment for violating a provision of the Current Act.

(Transitional Measures for Notification of Officers or Employees of Non-Life Insurance Agent)

Article 114 Any notification of officers or employees of a Non-Life Insurance Agent under Article 8 of the Former Solicitation Control Act made before the Effective Date shall be deemed as notification under Article 302 of the Current Act.

(Transitional Measures for Notification, etc. of Change, etc. of Life Insurance Solicitor, etc.)

Article 115 (1) The provisions of Articles 7 and 26 of the Former Solicitation Control Act shall remain in force with regard to those Life Insurance Solicitors, etc. Registered under the Former Act who have not made the notification required under Article 7 of the Former Solicitation Control Act by the time when this Act enters into force. In this case, the term "Minister of Finance" in Article 7 of the Former Solicitation Control Act, which shall remain in force, shall be deemed to be replaced with "Prime Minister."

(2) The provision of Article 7-3 (limited to the segment pertaining to item (ii)) of the Former Solicitation Control Act shall remain in force with regard to the Life Insurance Solicitors, etc. Registered under the Former Act who make, on or after the Effective Date, the notification required under Article 7, paragraph (3) of the Former Solicitation Control Act, which shall remain in force pursuant to the provision of the preceding paragraph. In this case, the term "Minister of Finance" in Article 7-3 (limited to the segment pertaining to item (ii)), which shall remain in force, shall be deemed to be replaced with "Prime Minister."

(Transitional Measures for Cancellation of Registration, etc.)

Article 116 For the purpose of applying the provision of Article 307, paragraph (1) of the Current Act, any act falling under Article 7-2, item (iii) or any of the items of Article 20, paragraph (1) of the Former Solicitation Control Act that was committed before the Effective Date by a Life Insurance Solicitor, etc. Registered under the Former Act shall be deemed as the act prescribed in item (ii) or (iii) of Article 307, paragraph (1) of the Current Act.

(Transitional Measures for Deletion of Registration, etc.)

Article 117 Any Life Insurance Solicitors, etc. Registered under the Former Act who fell under any of the items of Article 7-3 of the Former Solicitation Control Act before the Effective Date and have not had its registration deleted under that Article by the time when this Act enters into force shall be deemed to fall under Article 308, paragraph (1), item (ii) of the Current Act.

(Transitional Measures for Officers, etc of Foreign Life Insurance Business Operator)

Article 118 (1) The officers or employees of a foreign life insurance business operator that have obtained the license of the Minister of Finance set forth in Article 3, paragraph (1) of the Former Foreign Insurance Business Operators Act by the time this Act enters into force may, notwithstanding the provision of Article 275 of the Current Act, carry out Insurance Solicitation activity for a period of six months counting from the Effective Date (or until the date, within such six months, of any disposition refusing the registration under Article 279, paragraphs (1) to (3) inclusive of the Current Act). The same shall apply where said period has elapsed even though such persons have applied for the registration set forth in Article 277 of the Current Act within said period, until such time as the registration or the disposition refusing the registration is made, with regard to the application.

(2) The Minister of Finance may, within the period prescribed in the preceding paragraph, order the abolition of business, or total or partial suspension of business when the officers or employees of a foreign life insurance business operator prescribed in the preceding paragraph fall under item (i) or (iii) of Article 307, paragraph (1) of the Current Act.

(3) For the purpose of applying the provision of Article 279, paragraph (1) of the Current Act, any order for the abolition of business issued under the preceding paragraph to the officers or employees of a foreign life insurance operator prescribed in paragraph (1) shall be deemed as cancellation of the registration set forth in Article 276 of the Current Act under Article 307, paragraph (1) of the Current Act.

(Transitional Measures for Insurance Broker)

Article 119 (1) An Insurance Broker registered under Article 286 of the Current Act shall, when it intends to, or intends to cause any of its officers or employees to, act as intermediary in concluding the long-term insurance contracts to be specified by a Cabinet Order, determine the method of such activity and shall obtain authorization from the Prime Minister, for the time being. The same shall apply where it intends to modify the method thus authorized.

(2) The Prime Minister may, when an Insurance Broker authorized under the

preceding paragraph has violated this Act or any disposition of the Prime Minister pursuant to this Act, or has committed an act that harms the public interest, cancel the authorization set forth in that paragraph.

- (3) Necessary matters for the authorization set forth in paragraph (1) shall be specified by a Cabinet Office Ordinance.

(Transitional Measures for Revocation, etc. of Application for Insurance Contract)

Article 120 The provision of Article 309 of the Current Act shall apply to the applications for insurance contracts received by an Insurance Company or Foreign Insurance Company, etc. on or after the Effective Date, or the insurance contracts concluded on or after the Effective Date (excluding those for which applications were made before the Effective Date).

(Deleted)

Article 121 Deleted.

(Transitional Measures for Matters to Be Registered)

Article 122 (1) An Insurance Company Licensed under the Former Act shall, within six months from the Effective Date, register the matters newly required to be registered under the Current Act.

(2) No other registration shall complete registration set forth in the preceding paragraph; any such registration shall be accompanied by the registration set forth in that paragraph.

(3) When any change has occurred in the matters set forth in paragraph (1) before making the registration set forth in that paragraph, the registration set forth in that paragraph shall be made without delay regarding the original matters.

(4) For any violation of the provisions of the preceding three paragraphs, the representative director of the Insurance Company Licensed under the Former Act shall be punished by a petty fine of not more than one million yen.

(Effect of Dispositions or Procedures Pursuant to Provisions of Former Act, etc.)

Article 123 The authorization, approval and other dispositions, or application and other procedures made before the Effective Date under the provisions of the Former Act, the Former Solicitation Control Act or the Former Foreign Insurance Business Operators Act, or any of the orders pursuant thereto, which are covered by the Supplementary Provisions of the Current Act or any of the orders pursuant thereto, shall be deemed as authorization, approval and other dispositions, or application and other procedures made under the

corresponding provisions of the Current Act or the orders pursuant thereto.

(Transitional Measures Concerning Penal Provisions)

Article 124 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, and to acts committed subsequent to the enforcement of this Act pertaining to any of the matters to which the provisions then in force shall remain applicable pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation to Cabinet Order)

Article 125 In addition to what is provided for in Article 3 to the preceding Article inclusive of the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 126 At an appropriate time after the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of this Act and changing socioeconomic conditions surrounding the Insurance Business, among other factors, review the system prescribed in this Act pertaining to the Insurance Business, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 55 of May 21, 1997] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 June 1997.

Supplementary Provisions [Act No. 72 of June 6, 1997]

(Effective Date)

(1) This Act shall come into effect as from the Effective Date of the Act for Partial Revision of the Commercial Code, etc. (Act No. 71 of 1997).

(Transitional Measures)

(2) With regard to any merger pertaining to a merger agreement concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable subsequent to the enforcement of this Act.

(Transitional Measures for Application of Penal Provisions)

(3) With regard to the application of penal provisions to acts committed prior to

the enforcement of this Act, and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 102 of June 20, 1997] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of the Act for Establishment of the Financial Supervisory Agency (Act No. 101 of 1997).

(Transitional Measures for Dispositions, etc. Made by Minister of Finance, etc.)

Article 2 (1) The licensing, permission, authorization, approval, Designation and other dispositions, or notification and other acts carried out by the Minister of Finance or other organs of the State pursuant to the provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplification of Banking Business Procedures, etc., Act on Provision, etc. of Trust Business by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperative Association Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organizations, Fisheries Cooperative Association Act, Act on the Cooperative Associations of Small and Medium Enterprises, etc., Act on Financial Businesses by Cooperative, Shipowners Mutual Insurance Association Act, Securities Investment Trust Act, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Medium and Small Fishery Loan Guarantee Act, Credit Guarantee Companies Act, Labor Bank Act, Foreign Exchange Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Brokers, Deposit Insurance Act, Act on the Promotion of Introduction of Industry, etc. into Agricultural Regions, Agricultural and Fishery Cooperation Savings Insurance Act, Banking Act, Act on Controls, etc. on Money Lending, Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, Act on Regulation, etc. for Mortgage Corporations, Financial Futures Trading Act, Act on Regulation, etc. on Advanced Payment Certificate, Act on Regulations of Business Pertaining to Commodities Investment, Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, Act on the Regulation of Business Pertaining to Specified Claims, etc., Act on Revision, etc. of Related Acts for the Reform of Financial System and Securities

Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Real Estate Specified Joint Enterprise Act, Insurance Business Act, Act on Special Treatment, etc. of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institution, Act on the Merger of the Norinchukin Bank and the Federation of Credit Agricultural Cooperatives, etc., Bank of Japan Act, or Act on Special Measures, etc. for Merger Procedures Pertaining to Banks, etc. for the Creation of Bank Holding Company. (hereinafter referred to as the "Former Secured Bond Trust Act, etc."), prior to the revision by this Act, shall be deemed as licensing, permission, authorization, approval, Designation and other dispositions, or notification and other acts carried out by the Prime Minister or other corresponding organs of the State pursuant to the corresponding provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplification of Banking Business Procedures, etc., Act on Provision, etc. of Trust Business by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperative Association Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organizations, Fisheries Cooperative Association Act, Act on the Cooperative Associations of Small and Medium Enterprises, etc., Act on Financial Businesses by Cooperative, Shipowners Mutual Insurance Association Act, Securities Investment Trust Act, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Medium and Small Fishery Loan Guarantee Act, Credit Guarantee Companies Act, Labor Bank Act, Foreign Exchange Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Brokers, Deposit Insurance Act, Act on the Promotion of Introduction of Industry, etc. into Agricultural Regions, Agricultural and Fishery Cooperation Savings Insurance Act, Banking Act, Act on Controls, etc. on Money Lending, Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, Act on Regulation, etc. for Mortgage Corporations, Financial Futures Trading Act, Act on Regulation, etc. on Advanced Payment Certificate, Act on Regulations of Business Pertaining to Commodities Investment, Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, Act on the Regulation of Business Pertaining to Specified Claims, etc., Act on Revision, etc. of Related Acts for the Reform of Financial System and Securities Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Real Estate Specified Joint Enterprise Act, Insurance Business Act, Act on Special Treatment, etc. of Corporate

Reorganization Proceedings and Other Insolvency Proceedings of Financial Institution, Act on the Merger of the Norinchukin Bank and the Federation of Credit Agricultural Cooperatives, etc., Bank of Japan Act, or Act on Special Measures, etc. for Merger Procedures Pertaining to Banks, etc. for the Creation of Bank Holding Company, revised by this Act (hereinafter referred to as the "Current Secured Bond Trust Act, etc.").

- (2) The application, notification and other acts that have been addressed to the Minister of Finance or other organs of the State pursuant to the provisions of the Former Secured Bond Trust Act, etc. by the time when this Act enters into force shall be deemed as application, notification and other acts addressed to the Prime Minister or other corresponding organs of the State pursuant to the corresponding provisions of the Current Secured Bond Trust Act, etc.
- (3) For the purpose of applying the provisions of the Current Secured Bond Trust Act, etc. to the matters that shall be reported, notified, submitted, or subject to any other procedure addressed to the Minister of Finance or other organs of the State pursuant to the provisions of the Former Secured Bond Trust Act, etc., any such matters for which the relevant procedure has not been completed by the Effective Date of this Act shall be deemed as matters that shall be reported, notified, submitted or subject to any other procedure addressed to the Prime Minister or other corresponding organs of the State pursuant to the corresponding provisions of the Current Secured Bond Trust Act, etc., but for which the relevant procedure has not been completed.

(Transitional Measures Concerning Penal Provisions)

Article 5 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation to Cabinet Order)

Article 6 In addition to what is provided for in Article 2 to the preceding Article inclusive of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions [Act No. 117 of December 10, 1997] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the day on which twenty days have elapsed from the day of promulgation.

Supplementary Provisions [Act No. 120 of December 12, 1997] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding three months from the day of promulgation.

(Review)

Article 10 Where five years have elapsed from the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of the Banking Act revised by the provision of Article 1 (hereinafter referred to as the "Current Banking Act"), the Long-Term Credit Bank Act revised by the provision of Article 2 (hereinafter referred to as the "Current Long-Term Credit Bank Act") and the Insurance Business Act revised by the provision of Article 4 (hereinafter referred to as the "Current Insurance Business Act"), and changing socioeconomic conditions surrounding the banking and Insurance Businesses, among other factors, review the systems pertaining to the bank holding companies prescribed in Article 2, paragraph (13) of the Current Banking Act, the Long Term Credit Bank holding companies prescribed in Article 16-4, paragraph (1) of the Current Long-Term Credit Bank Act and the insurance holding companies prescribed in Article 2, paragraph (16) of the Current Insurance Business Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 121 of December 12, 1997] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of the Act on the Revision, etc. of Finance-Related Acts Accompanying the Lifting of Prohibition on the Incorporation of Holding Companies, etc. (Act No. 120 of 1997).

Supplementary Provisions [Act No. 106 of June 15, 1998]

This Act shall come into effect as from the Effective Date (1 September 1998) of the Act on the Liquidation of Specified Assets by Special Purpose Companies (Act No. 105 of 1998); provided, however, that the provision revising Article 5 of the Supplementary Provisions to the Local Tax Act in Article 17 shall come into effect as from 1 April 1999.

Supplementary Provisions [Act No. 107 of June 15, 1998] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 December 1998; provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

- (i) The provision adding a Chapter after Chapter IV of the Securities and Exchange Act (limited to the segment pertaining to Article 79-29, paragraph (1)) and provision revising Article 189, paragraphs (2) and (4) of that Act in Article 1, the provision of Article 21, the provision revising Part II, Chapter X, Section 2, Subsection 1 of the Insurance Business Act (limited to the segment pertaining to Article 265-6) in Article 22, the provision of Article 23 and the provision of Article 25, and the provisions of Article 40, Article 42, Article 58, Article 136, Article 140, Article 143, Article 147, Article 149, Article 158, Article 164, Article 187 (excluding the provision revising Article 4, item (lxxix) of the Ministry of Finance Establishment Act (Act No. 144 of 1949) and Article 188 to 190 inclusive of the Supplementary Provisions: 1 July 1998

(Transitional Measures Accompanying Partial Revision to Insurance Business Act)

Article 130 (1) The provision of Article 97-2, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 199 of the Insurance Business Act revised by the provision of Article 22 (hereinafter referred to as "Current Insurance Business Act") of the Current Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to the investment of assets on behalf of one single person (referring to the one single person prescribed in Article 97-2, paragraph (2) of the Current Insurance Business Act; the same shall apply in the following paragraph) by an Insurance Company (referring to an Insurance Company as defined in Article 2, paragraph (2) of the Current Insurance Business Act; the same shall apply hereinafter) (including a Foreign Insurance Company, etc. (referring to a Foreign Insurance Company, etc. as defined in Article 2, paragraph (7) of the Current Insurance Business Act; the same shall apply hereinafter) or a Licensed Specified Juridical Person (referring to a Licensed Specified Juridical Person as defined in Article 223, paragraph (1) of the Current Insurance Business Act; the same shall apply hereinafter); hereinafter the same shall apply in this paragraph), where the amount of those assets prescribed in Article 97-2, paragraph (2) of the Current Insurance Business Act which are invested by the Insurance Company on behalf of that one single person exceeds, at the time when this Act enters into force, the amount calculated pursuant to the provision of that paragraph, provided that the Insurance Company notify thereof to the Financial Reconstruction Commission within three months from the Effective Date.

(2) The provision of Article 97-2, paragraph (3) of the Current Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to an Insurance Company and the Subsidiary Companies, etc. (referring to Subsidiary Companies, etc. as defined in that paragraph; hereinafter the same shall apply in this paragraph) of the Insurance Company that invest, at the time when this Act enters into force, the assets prescribed in that paragraph on behalf of one single person in a total amount that exceeds the amount calculated pursuant to the provision of that paragraph, or to the investment of such assets by the Subsidiary Companies, etc. of the Insurance Company on behalf of that one single person, provided that the Insurance Company notify thereof to the Financial Reconstruction Commission within three months from the Effective Date.

Article 131 The provisions of Articles 100-3 and 194 of the Current Insurance Business Act shall apply to transactions or acts carried out on or subsequent to the Effective Date by an Insurance Company or a Foreign Insurance Company, etc.; with regard to transactions or acts carried out by an Insurance Company or a Foreign Insurance Company, etc. prior to the Effective Date, the provisions then in force shall remain applicable.

Article 132 (1) The provision of Article 106, paragraph (1) of the Current Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to any Subsidiary Company (referring to any Subsidiary Company as defined in Article 2, paragraph (13) of the Current Insurance Business Act; hereinafter the same shall apply in this Article) of an Insurance Company that is not a Companies Eligible for Subsidiary Company as defined in Article 106, paragraph (1) of the Current Insurance Business Act at the time when this Act enters into force, provided that the Insurance Company notify thereof to the Financial Reconstruction Commission within three months from the Effective Date.

(2) The Insurance Company set forth in the preceding paragraph shall, when that company pertaining to the notification set forth in that paragraph which is not a Companies Eligible for Subsidiary Company has ceased to be its Subsidiary Company, notify thereof without delay to the Prime Minister.

(3) Until the date to be specified by a Cabinet Order, but no later than 31 March 2000, the term "bank as defined in Article 2, paragraph (4) (Definitions, etc.) of the Banking Act" in Article 106, paragraph (1), item (iii) of the Current Insurance Business Act shall be deemed to be replaced with "bank as defined in Article 2, paragraph (4) (Definitions, etc.) of the Banking Act that falls under the category of bankrupt financial institutions prescribed in Article 2, paragraph (4) (Definitions) of the Deposit Insurance Act (Act No. 34 of 1971);"

and the term "Long Term Credit Bank as defined in Article 2 (Definitions) of the Long Term Credit Bank Act" in Article 106, paragraph (1), item (iv) of the Current Insurance Business Act shall be deemed to be replaced with "Long Term Credit Bank as defined in Article 2 (Definitions) of the Long Term Credit Bank Act that falls under the category of bankrupt financial institutions prescribed in Article 2, paragraph (4) (Definitions) of the Deposit Insurance Act."

- (4) Any authorization given by the Prime Minister pursuant to the provision of Article 106, paragraph (1) or Article 108, paragraph (1) of the Insurance Business Act prior to the revision by the provision of Article 22 (hereinafter referred to as the "Former Insurance Business Act"), conditions attached to such authorization, or applications made pursuant to those provisions pertaining to such authorization before the Effective Date shall be deemed as the authorization prescribed in Article 106, paragraph (4) of the Current Insurance Business Act given by the Prime Minister pursuant to the provision of that paragraph, conditions attached to such authorization or applications made pursuant to the provision of that paragraph pertaining to such authorization.
- (5) Where an Insurance Company has made any Insurance Company, etc. Eligible for Subsidiary Company as defined in Article 106, paragraph (4) of the Current Insurance Business Act (excluding any company in which the Insurance Company holds shares or equity interests with the authorization set forth in Article 106, paragraph (1) or Article 108, paragraph (1) of the Former Insurance Business Act; the same shall apply in the following paragraph) its Subsidiary Company by the time when this Act enters into force, the Insurance Company shall notify thereof to the Financial Reconstruction Commission within three months from the Effective Date.
- (6) An Insurance Company that has made notification under the preceding paragraph shall be deemed to have received as at the Effective Date the authorization set forth in Article 106, paragraph (4) of the Current Insurance Business Act for making the Insurance Company, etc. Eligible for Subsidiary Company pertaining to the notification its Subsidiary Company.
- (7) The provision of Article 107, paragraph (1) of the Current Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to the ownership of Shares, etc. (referring to Shares, etc. as defined in Article 2, paragraph (12) of the Current Insurance Business Act; hereinafter the same shall apply in this paragraph) by an Insurance Company or any of its Subsidiary Companies in a domestic company (referring to a domestic company as defined in Article 107, paragraph (1) of the Current Insurance Business Act; hereinafter the same shall apply in this paragraph), where the Insurance Company or the Subsidiary Company owns, at the time when this Act enters

into force, Shares, etc. in the domestic company in a total number that exceeds its shareholding threshold, etc. (referring to the shareholding threshold, etc. prescribed in Article 107, paragraph (1) of the Current Insurance Business Act; hereinafter the same shall apply in this paragraph), provided that the Insurance Company notify thereof to the Financial Reconstruction Commission within three months from the Effective Date. In this case, for the purpose of applying the provision of that Article to the ownership of Shares, etc. in the domestic company on and subsequent to the date, the Insurance Company or its Subsidiary Company shall be deemed to have acquired as at the date the Shares, etc. of the domestic company in excess of the shareholding threshold, etc. following the events prescribed in the main clause of paragraph (2) of that Article.

Article 133 The provisions of Article 110, paragraphs (2) and (3), Article 111, paragraphs (1) to (3) inclusive (including the cases where the provisions of paragraphs (1) and (3) of that Article are applied mutatis mutandis pursuant to Article 199 of the Current Insurance Business Act), Article 271-8, and Article 271-9, paragraphs (1) and (2) of the Current Insurance Business Act shall apply to the documents of an Insurance Company (including a Foreign Insurance Company, etc. or a Licensed Specified Juridical Person; hereinafter the same shall apply in this Article) or Insurance Holding Company (referring to an Insurance Holding Company as defined in Article 2, paragraph (16) of the Current Insurance Business Act; hereinafter the same shall apply in this Article) prescribed in those provisions pertaining to the business years or fiscal years that start on or subsequent to 1 April 1998; with regard to the business report and other documents of an Insurance Company or Insurance Holding Company pertaining to the business years or fiscal years that started prior to the date, the provisions then in force shall remain applicable.

Article 134 (1) The provisions of Article 132, paragraph (2), Article 204, paragraph (2) and Article 230, paragraph (2) of the Current Insurance Business Act shall apply to any order (including any demand for the submission of an improvement program) issued on or subsequent to 1 April 1999 under Article 132, paragraph (1), Article 204, paragraph (1) or Article 230, paragraph (1) of the Current Insurance Business Act, respectively.

(2) Any demands for the submission of an improvement program under Article 130, paragraph (1), Article 202, paragraph (1) or Article 228, paragraph (1) of the Former Insurance Business Act, and orders for modification under Article 130, paragraph (2), Article 202, paragraph (2) or Article 228, paragraph (2) of the Former Insurance Business Act issued prior to the Effective Date shall be deemed as demands for the submission of an improvement program, and orders

for modification issued under Article 132, paragraph (1), Article 204, paragraph (1) or Article 230, paragraph (1) of the Current Insurance Business Act, respectively.

Article 135 Any authorization given by the Prime Minister pursuant to the provision of Article 8, paragraph (1) of the Former Insurance Business Act as applied mutatis mutandis pursuant to Article 192, paragraph (3) of the Former Insurance Business Act, conditions attached to such authorization, or applications made pursuant to the provision of that paragraph pertaining to the authorization set forth in that paragraph prior to the Effective Date shall be deemed as authorization given by the Prime Minister pursuant to the provision of Article 192, paragraph (3) of the Current Insurance Business Act, conditions attached to such authorization or applications made pursuant to the provision of that paragraph pertaining to the authorization set forth in that paragraph.

Article 136 (1) An Insurance Company (including a Foreign Insurance Company, etc. or a Licensed Specified Juridical Person) that intends to become an incorporator or a member of the Policyholders Protection Corporation prescribed in Article 259 of the Current Insurance Business Act (hereinafter referred to as the "Corporation") may, prior to the Effective Date, proceed with the preparation of the articles of incorporation, the holding of sessions of the Organizational Meeting and other acts necessary for incorporating the Corporation, necessary acts for participating in the Corporation, and necessary acts for business for the business year to which belongs the date of incorporation of the Corporation, as prescribed in Article 261 to 263 inclusive, Article 265 to 265-3 inclusive, Article 265-5, Article 265-7, Article 265-12, Article 265-13, Article 265-15 to 265-17 inclusive, Article 265-30 and Article 265-34 of the Current Insurance Business Act, and Article 1-4 of the Supplementary Provisions to the Current Insurance Business Act.

(2) The incorporators of the Corporation may, prior to the Effective Date, apply for the authorization of the incorporation of the Corporation and the authorization of the appointment of officers and, on behalf of the Corporation, the authorization of the Corporation's business procedures, the budget and financial plan for the business year to which belongs the date of its incorporation and the assessment rates, and receive the authorization from the Minister of Finance, as prescribed in Article 265-8, Article 265-9, Article 265-15, Article 265-30 and Article 265-34 of the Current Insurance Business Act, and Article 1-8 of the Supplementary Provisions to the Current Insurance Business Act. In this case, such authorization shall come into effect as from the Effective Date.

Article 137 (1) The provisions of Article 265-2, paragraph (2) and Article 265-3, paragraph (1) of the Current Insurance Business Act shall not apply to any Insurance Company (including any Foreign Insurance Company, etc.; hereinafter the same shall apply in this Article and the following Article), in cases where the Prime Minister, pursuant to the provision of Article 241 of the Former Insurance Business Act, has issued an order for suspension of all or part of its business (or, for a Foreign Insurance Company, etc., its business in Japan; hereinafter the same shall apply in this Article), the transfer of insurance contracts or consultation on merger (or, for a Foreign Insurance Company, etc., consultation on the transfer of insurance contracts in Japan), or has rendered a disposition ordering the administration of its business and property (or, for a Foreign Insurance Company, etc., its property located in Japan; the same shall apply in the following paragraph) by an insurance administrator, at the time when this Act enters into force.

(2) Where the condition of the business and property of an Insurance Company to which the provision of the preceding paragraph shall apply is found to have returned to normal after this Act enters into force, as attested by the relevant Designation by the Prime Minister, the provisions of Article 265-2, paragraph (2) and Article 265-3, paragraph (1) of the Current Insurance Business Act shall apply as from the date of such Designation.

Article 138 With regard to any Policyholders Protection Fund as defined in Article 259, paragraph (2) of the Former Insurance Business Act in existence at the time when this Act enters into force (including a fund in the course of liquidation; referred to as "Policyholders Protection Fund" in the following Article to Article 141 inclusive of the Supplementary Provisions) that includes among its business participants (referring to the business participants prescribed in Article 260, paragraph (5), item (iv) of the Former Insurance Business Act), at the time when this Act enters into force, any Insurance Company to which the provision of paragraph (1) of the preceding Article shall apply but for which no decision has been made to provide Financial Assistance (referring to the Financial Assistance prescribed in Article 260, paragraph (5), item (v) of the Former Insurance Business Act), the provisions of Article 259 to 270 inclusive of the Former Insurance Business Act and Article 105 of the Supplementary Provisions to the Former Insurance Business Act shall remain in force even after this Act enters into force, for a period to be specified by a Cabinet Order counting from the Effective Date. In this case, the term "Article 241" in Article 268, paragraph (1), item (i) of the Former Insurance Business Act, which shall remain in force, shall be deemed to be replaced with "Article 241 of the Insurance Business Act prior to the revision by the provision of

Article 22 of the Act on Revision, etc. of Related Acts for the Financial System Reform (Act No. 107 of 1998)."

Article 139 With regard to any Policyholders Protection Fund in existence at the time when this Act enters into force that carries on the Business of Financial Assistance, etc. (referring to the Business of Financial Assistance, etc. prescribed in Article 259, paragraph (1) of the Former Insurance Business Act; the same shall apply in the following Article) at the time when this Act enters into force, the Former Insurance Business Act shall remain in force even after this Act enters into force until the Business of Financial Assistance, etc. is completed, within the limit necessary for executing the Business of Financial Assistance, etc. In this case, the terms "Minister of Finance" and "Ordinance of the Ministry of Finance" in Part II, Chapter X, Section 2 (excluding Article 267, paragraph (5), Article 269, paragraph (2) and Article 270, paragraph (3)) of the Former Insurance Business Act shall be deemed to be replaced with "Prime Minister and the Minister of Finance" and "Cabinet Office Ordinance and Ordinance of the Ministry of Finance," respectively; and the terms "incompetent" and "quasi-incompetent" in Article 259, paragraph (1), item (iii) of the Former Insurance Business Act shall be deemed to be replaced with "adult ward" and "person under curatorship," respectively; any necessary technical change in interpretation shall be specified by a Cabinet Order.

Article 140 (1) The Policyholders Protection Fund set forth in the preceding Article may, until a date to be specified by a Cabinet Order, propose to the incorporators of the Corporation or the Corporation that the Corporation should succeed to the Business of Financial Assistance, etc. carried on by the Policyholders Protection Fund, and those assets and liabilities which have come to belong to the Policyholders Protection Fund as a result of executing the Business of Financial Assistance, etc. (hereinafter referred to as the "Financial Assistance, etc. Business Property" in this Article).

(2) The incorporators of the Corporation or the Corporation shall, when they intend to give consent to any proposal made under the preceding paragraph, receive the approval of the Organizational Meeting or General Meeting of the Corporation.

(3) In giving approval under the preceding paragraph, the Organizational Meeting shall adopt a resolution by a majority of two thirds of the votes held by those present in a session attended by at least half of those persons qualified for the membership that have offered to become members of the Corporation, in writing, to the incorporators by the date of the session of the Organizational Meeting and the incorporators combined; the General Meeting shall adopt a resolution by a majority of two thirds of the votes held by those present in a

session attended by at least half of its members.

- (4) The incorporators of the Corporation or the Corporation shall, when the Organizational Meeting or the General Meeting adopted a resolution of approval under paragraph (2), apply without delay for the authorization of the Ministry of Finance.
- (5) When the authorization set forth in the preceding paragraph was given, the Corporation shall succeed to the Business of Financial Assistance, etc. carried on by the Policyholders Protection Fund and the Financial Assistance, etc. Business Property, set forth in paragraph (1), as at the date of such authorization (or, when the authorization was given to the incorporators of the Corporation prior to the date of establishment of the Corporation, as at the date of establishment of the Corporation).
- (6) Where the Corporation has succeeded to the Business of Financial Assistance, etc. pursuant to the provision of the preceding paragraph, the Former Insurance Business Act shall remain in force with regard to the Corporation until the Business of Financial Assistance, etc. is completed, within the limit necessary for executing the Business of Financial Assistance, etc. In this case, the terms "Minister of Finance" and "Ordinance of the Ministry of Finance" in Part II, Chapter X, Section 2 (excluding Article 267, paragraph (5), Article 269, paragraph (2) and Article 270, paragraph (3)) of the Former Insurance Business Act shall be deemed to be replaced with "Prime Minister and the Minister of Finance" and "Cabinet Office Ordinance and Ordinance of the Ministry of Finance," respectively; and the terms "incompetent" and "quasi-incompetent" in Article 259, paragraph (1), item (iii) of the Former Insurance Business Act shall be deemed to be replaced with "adult ward" and "person under curatorship," respectively; any technical change in interpretation required shall be specified by a Cabinet Order.
- (7) For the purpose of applying the provisions of the Former Insurance Business Act that shall remain in force pursuant to the provision of the preceding paragraph, the Corporation that has succeeded to the Business of Financial Assistance, etc. pursuant to the provision of paragraph (5) shall be deemed as a Policyholders Protection Fund and may carry on the Business of Financial Assistance, etc. thus succeeded to, notwithstanding the provision of Article 265-28 of the Current Insurance Business Act.
- (8) The Corporation shall, when it carries on the Business of Financial Assistance, etc. to which it has succeeded pursuant to the provision of the preceding paragraph, create a Special Account (hereinafter referred to as "Ongoing Business Account") to arrange for the separate accounting of the Business of Financial Assistance, etc. In this case, any Financial Assistance, etc. Business Property succeeded to pursuant to the provision of paragraph (5) shall be credited to the Ongoing Business Account as at the date of such

succession.

- (9) For the purpose of applying the provision of Article 265-41, paragraph (2) of the Current Insurance Business Act during the period in which the Ongoing Business Account is in place pursuant to the provision of the preceding paragraph, the term "and the Ongoing Business Account prescribed in Article 138, paragraph (7) of the Supplementary Provisions to the Act on Revision, etc. of Related Acts for the Financial System Reform (Act No. 107 of 1998)" shall be deemed to be inserted before the term "; the same shall apply in Article 270-5" in Article 265-41, paragraph (2) of the Current Insurance Business Act.
- (10) The Corporation shall, when the Business of Financial Assistance, etc. succeeded to pursuant to the provision of paragraph (5) has been completed, abolish the Ongoing Business Account, and impute any residual assets in existence at the time of such abolishment to the General Account set forth in Article 265-41, paragraph (2) of the Current Insurance Business Act.

Article 141 With regard to the obligation for a person who has been an officer or functionary of a Policyholders Protection Fund not to reveal any secret that he/she had access to in the course of duties, the provisions then in force shall remain applicable even after this Act enters into force.

Article 142 The provision of Article 263, paragraph (2) of the Current Insurance Business Act shall not apply, for a period of six months counting from the Effective Date, to a person that uses the term "Hoken Keiyakusha Hogo Kiko" (which means "Policyholders Protection Corporation") in its name at the time when this Act enters into force.

(Delegation of Authorities)

- Article 147 (1) The Prime Minister shall delegate his/her authorities under the present Supplementary Provisions (excluding the authorities to be specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) The authorities delegated to the Commissioner of the Financial Services Agency pursuant to the provision of the preceding paragraph, and the authorities of the Minister of Agriculture, Forestry and Fisheries and Minister of Health, Labour and Welfare under the present Supplementary Provisions may be delegated in part to the heads of the Regional Financial Bureaus or Regional Financial Offices (or, for the authorities of the Minister of Agriculture, Forestry and Fisheries and Minister of Health, Labour and Welfare, the heads of the Regional Financial Branch Offices), pursuant to the provisions of a Cabinet Order.

(Effect of Dispositions, etc.)

Article 188 Those dispositions, procedures or other acts carried out before this Act (or, for the provisions listed in the items of Article 1 of the Supplementary Provisions, such provisions) enters into force pursuant to the provisions of the respective Acts prior to the revision (including any orders pursuant thereto; hereinafter the same shall apply in this Article), which are covered by the corresponding provisions of the respective Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the respective Acts as revised, unless provided otherwise in the present Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 189 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (or, for the provisions listed in the items of Article 1 of the Supplementary Provisions, such provisions), and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provisions of the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 190 In addition to what is provided for in Article 2 to 146 inclusive, Article 153 and Article 169 of the Supplementary Provisions, and the preceding Article, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 191 (1) Subsequent to the enforcement of this Act, the Government shall, when it finds it necessary, take necessary measures to maintain the credibility of the insurance industry, taking into consideration the status of implementation of the system pertaining to special measures, etc. for the protection of Policyholders, etc. under the Current Insurance Business Act and the condition of soundness in management of Insurance Companies, among other factors.

(2) In addition to what is provided for in the preceding paragraph, the Government shall, within five years from the enforcement of this Act, review the financial systems revised by this Act, taking into consideration the status of implementation of the provisions revised by this Act and changing socioeconomic conditions surrounding the financial sector, among other factors, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 131 of October 16, 1998]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of the Act for Establishment of the Financial Reconstruction Commission (Act No. 130 of 1998).

(Transitional Measures)

Article 2 (1) The licensing, permission, authorization, approval, Designation and other dispositions, or notification and other acts carried out by the Prime Minister or other organs of the State pursuant to the provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplification of Banking Business Procedures, etc., Act on Provision, etc. of Trust Business by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperative Association Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organizations, Fisheries Cooperative Association Act, Act on the Cooperative Associations of Small and Medium Enterprises, etc., Act on Financial Businesses by Cooperative, Shipowners Mutual Insurance Association Act, Local Tax Act, Act on Securities Investment Trust and Securities Investment Corporations, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Medium and Small Fishery Loan Guarantee Act, Credit Guarantee Companies Act, Labor Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Earthquake Insurance, Registration and License Tax Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Brokers, Act on the Promotion of Introduction of Industry, etc. into Agricultural Regions, Agricultural and Fishery Cooperation Savings Insurance Act, Banking Act, Act on Controls, etc. on Money Lending, Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, Act on Regulation, etc. for Mortgage Corporations, Financial Futures Trading Act, Act on Regulation, etc. on Advanced Payment Certificate, Act on Regulations of Business Pertaining to Commodities Investment, Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, Act on the Regulation of Business Pertaining to Specified Claims, etc., Act on Revision, etc. of Related Acts for the Reform of Financial System and Securities Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Real Estate Specified Joint Enterprise Act, Insurance Business Act, Act on Special Treatment, etc. of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institution, Act on the Merger of the Norinchukin Bank and the Federation of

Credit Agricultural Cooperatives, etc., Bank of Japan Act, Act on Special Measures, etc. for Merger Procedures Pertaining to Banks, etc. for the Creation of Bank Holding Company, Act on the Liquidation of Specified Assets by Special Purpose Companies, or Act on Revision, etc. of Related Acts for the Financial System Reform, prior to the revision by this Act (hereinafter referred to as "Former Secured Bond Trust Act, etc."), shall be deemed as licensing, permission, authorization, approval, Designation and other dispositions, or notification and other acts carried out by the Financial Reconstruction Commission or other corresponding organs of the State pursuant to the corresponding provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplification of Banking Business Procedures, etc., Act on Provision, etc. of Trust Business by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperative Association Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organizations, Fisheries Cooperative Association Act, Act on the Cooperative Associations of Small and Medium Enterprises, etc., Act on Financial Businesses by Cooperative, Shipowners Mutual Insurance Association Act, Local Tax Act, Act on Securities Investment Trust and Securities Investment Corporations, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Medium and Small Fishery Loan Guarantee Act, Credit Guarantee Companies Act, Labor Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Earthquake Insurance, Registration and License Tax Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Brokers, Act on the Promotion of Introduction of Industry, etc. into Agricultural Regions, Agricultural and Fishery Cooperation Savings Insurance Act, Banking Act, Act on Controls, etc. on Money Lending, Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, Act on Regulation, etc. for Mortgage Corporations, Financial Futures Trading Act, Act on Regulation, etc. on Advanced Payment Certificate, Act on Regulations of Business Pertaining to Commodities Investment, Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, Act on the Regulation of Business Pertaining to Specified Claims, etc., Act on Revision, etc. of Related Acts for the Reform of Financial System and Securities Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Real Estate Specified Joint Enterprise Act, Insurance Business Act, Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institution, Act on the Merger of the Norinchukin Bank and the Federation of Credit Agricultural

Cooperatives, etc., Bank of Japan Act, Act on Special Measures, etc. for Merger Procedures Pertaining to Banks, etc. for the Creation of Bank Holding Company, Act on the Liquidation of Specified Assets by Special Purpose Companies, or Act on Revision, etc. of Related Acts for the Financial System Reform, revised by this Act (hereinafter referred to as "Current Secured Bond Trust Act, etc.").

- (2) Any application, notification and other acts that have been addressed to the Prime Minister or other organs of the State pursuant to the provisions of the Former Secured Bond Trust Act, etc. by the time when this Act enters into force shall be deemed as application, notification and other acts addressed to the Financial Reconstruction Commission or other corresponding organs of the State pursuant to the corresponding provisions of the Current Secured Bond Trust Act, etc.
- (3) For the purpose of applying the provisions of the Current Secured Bond Trust Act, etc. to the matters that shall be reported, notified, submitted, or subject to any other procedure addressed to the Prime Minister or other organs of the State pursuant to the provisions of the Former Secured Bond Trust Act, etc., any such matters for which the relevant procedure has not been completed by the Effective Date of this Act shall be deemed as matters that shall be reported, notified, submitted, or subject to any other procedure addressed to the Financial Reconstruction Commission or other corresponding organs of the State pursuant to the corresponding provisions of the Current Secured Bond Trust Act, etc., but for which the relevant procedure has not been completed.

Article 3 Any orders pursuant to the provisions of the Former Secured Bond Trust Act, etc. that are effective at the time when this Act enters into force shall be effective as orders issued pursuant to the corresponding provisions of the Current Secured Bond Trust Act, etc.

Article 4 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation to Cabinet Order)

Article 5 In addition to what is provided for in the preceding three Articles, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions [Act No. 125 of August 13, 1999] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation; provided, however, that the provision revising Article 285-4, Article 285-5, paragraph (2), Article 285-6, paragraphs (2) and (3), Article 290, paragraph (1) and Article 293-5, paragraph (3) of the Commercial Code in Article 1, and the provision revising Article 23, paragraph (3) and Article 24, paragraph (1) of the Norinchukin Bank Act (Act No. 42 of 1923) in Article 6 of the Supplementary Provisions, the provision revising Article 39-3, paragraph (3) and Article 40-2, paragraph (1) of the Shoko Chukin Bank Act (Act No. 14 of 1936) in Article 7 of the Supplementary Provisions, the provision revising Article 52, paragraph (1) of the Agricultural Cooperative Association Act (Act No. 132 of 1947) in Article 9 of the Supplementary Provisions, the provision revising Article 53, paragraph (3) of the Securities and Exchange Act (Act No. 25 of 1948) and deleting paragraph (4) of that Article in Article 10 of the Supplementary Provisions, the provision revising Article 56, paragraph (1) of the Fisheries Cooperative Association Act (Act No. 242 of 1948) in Article 11 of the Supplementary Provisions, the provision adding an Article after Article 5-5 of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949) and revising Article 12, paragraph (1) of that Act in Article 12 of the Supplementary Provisions, the provision revising Article 42, paragraph (1) of the Shipowners Mutual Insurance Association Act (Act No. 177 of 1950) in Article 13 of the Supplementary Provisions, the provision revising Article 55-3, paragraph (3) and Article 57, paragraph (1) of the Shinkin Bank Act (Act No. 238 of 1951) in Article 16 of the Supplementary Provisions, the provision revising Article 61, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953) in Article 18 of the Supplementary Provisions, the provision revising Article 17-2, paragraph (3) of the Banking Act (Act No. 59 of 1981) and deleting paragraph (4) of that Article in Article 23 of the Supplementary Provisions, the provision of Article 26 of the Supplementary Provisions, the provision adding a paragraph to Article 15 of the Insurance Business Act (Act No. 105 of 1995), revising Article 55, paragraphs (1) and (2), Article 102, paragraph (1) and Article 112-2, paragraph (3) of that Act, deleting Article 112-2, paragraph (4) of that Act, revising Article 115, paragraph (2), Article 118, paragraph (1), Article 119 and Article 199 of that Act and deleting Article 59, paragraph (2) and Article 90, paragraph (2) of the Supplementary Provisions to that Act in Article 27 of the Supplementary Provisions, the provision revising Article 7, paragraph (2) of the Act on Special Measures for the Commercial Code on the Procedure of Cancellation of Shares (Act No. 55 of 1997) in Article 29 of the Supplementary Provisions and the provision revising Article 101, paragraph (1) and Article 102, paragraph (3) of the Act on the Liquidation of Specified Assets by Special Purpose Companies (Act No. 105 of 1998) in Article 31 of the Supplementary

Provisions shall come into effect as from 1 April 2000.

(Transitional Measures for Audit Report)

Article 2 With regard to matters described in audit reports to be prepared for the financial years that ended prior to the enforcement of this Act, the provisions then in force shall remain applicable. The same shall apply to matters described in audit reports to be prepared for the business years that ended prior to the enforcement of this Act with regard to the Norinchukin Bank, Agricultural Cooperative Associations and Federations of Agricultural Cooperatives, Fisheries Cooperative Associations, Federations of Fisheries Cooperatives, Fish Processors' Cooperative Associations and Federations of Fish Processors' Cooperatives, Credit Cooperatives and Federations of Credit Cooperatives (referring to federations of cooperatives that carry on the business set forth in Article 9-9, paragraph (1), item (i) of the Act on the Cooperative Associations of Small and Medium Enterprises, etc. (Act No. 181 of 1949); the same shall apply in the following Article), Shinkin Banks and Federations of Shinkin Banks, Labor Banks and Federations of Labor Banks, and Mutual Companies (referring to Mutual Companies as defined in Article 2, paragraph (5) of the Insurance Business Act; the same shall apply in the following Article).

(Transitional Measures for Valuation of Monetary Claims, etc.)

Article 3 With regard to the valuation of monetary claims, company bonds and other bonds, and shares and other equity interests acquired by contribution (hereinafter referred to as "Valuation of Monetary Claims, etc." in this Article) for the accounting periods in the financial years that started prior to the enforcement of the amending provisions listed in the proviso to Article 1 of the Supplementary Provisions, the provisions then in force shall remain applicable. The same shall apply to the Valuation of Monetary Claims, etc. listed in the following items:

- (i) Valuation of Monetary Claims, etc. as at the end of the business years that started prior to the enforcement of the amending provisions listed in the proviso to Article 1 of the Supplementary Provisions with regard to the Norinchukin Bank, the Shoko Chukin Bank, Agricultural Cooperative Associations and Federations of Agricultural Cooperatives, Fisheries Cooperative Associations, Federations of Fisheries Cooperatives, Fish Processors' Cooperative Associations and Federations of Fish Processors' Cooperatives, Credit Cooperatives and Federations of Credit Cooperatives, Shipowners Mutual Insurance Cooperatives, Shinkin Banks and Federations of Shinkin Banks, and Labor Banks and Federations of Labor Banks;
- (ii) Valuation of Monetary Claims, etc. for the accounting periods in the

business periods (referring to the business periods prescribed in Article 133, paragraph (2) of the Act on Securities Investment Trust and Securities Investment Corporations (Act No. 198 of 1951)) that started prior to the enforcement of the amending provisions listed in the proviso to Article 1 of the Supplementary Provisions with regard to securities investment corporations (referring to securities investment corporations as defined in Article 2, paragraph (11) of that Act; and
(iii) Valuation of Monetary Claims, etc. for the accounting periods in the business years that started prior to the enforcement of the amending provisions listed in the proviso to Article 1 of the Supplementary Provisions with regard to Mutual Companies.

Supplementary Provisions [Act No. 151 of December 8, 1999] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2000.

Article 4 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 160 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act (excluding Articles 2 and 3) shall come into effect as from 6 January 2001; provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

(ii) The provisions of Chapter III (excluding Article 3) and the following Article:
1 July 2000;

Supplementary Provisions [Act No. 225 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

(Transitional Measures Accompanying Partial Revision to Civil Code, etc.)

Article 25 With regard to the treatment of the matters specified in the legal provisions listed in the following items pertaining to any petition for the commencement of composition filed prior to the enforcement of this Act or any

ruling for the commencement of composition made prior or subsequent to the enforcement of this Act based on such petition, the provisions then in force shall remain applicable, notwithstanding those provisions revised by the Supplementary Provisions to this Act:

- (i) Article 398-3, paragraph (2) of the Civil Code;
- (ii) Article 33-12-3, paragraph (1), item (i), (c) of the Mariners Insurance Act;
- (iii) Article 59, paragraph (3) and Article 68-3, paragraph (2) of the Agricultural and Fishery Cooperation Savings Insurance Act;
- (iv) Article 22-2, paragraph (1), item (i), (c) of the Employment Insurance Act;
- (v) Article 135-36 of the Act on Procedures for Non-Contentious Cases;
- (vi) Article 309-2, paragraph (1), item (ii), and Article 383, paragraphs (1) and (2) of the Commercial Code;
- (vii) Article 54, paragraph (1), item (vii), Article 64-10, paragraph (1) and Article 79-53, paragraph (1), item (ii) of the Securities and Exchange Act;
- (viii) Article 2, paragraph (3), item (i) of the Small and Medium-Sized Enterprise Credit Insurance Act;
- (ix) Article 20, paragraph (2), Article 24, Article 37, paragraph (1), Article 38, paragraph (4), Article 67, paragraph (1), Article 78, paragraph (1), Article 79, paragraph (2), items (ii) to (iv) inclusive, Article 80, paragraph (1), and Article 163, items (ii) and (iv) of the Corporate Rehabilitation Act.
- (x) Article 30 of the Act on the Management of the State's Credits, etc.;
- (xi) Article 27, paragraph (1), item (v) of the Installment Sales Act;
- (xii) Article 22, paragraph (1), item (viii) and Article 33, paragraph (1) of the Act on Foreign Securities Brokers;
- (xiii) Row 12 and Row 17(d) of Appended Table 1 to the Act on Civil Court Costs, etc.;
- (xiv) Article 36, paragraph (1), item (v) of the Funded Building Lots and Buildings Sales Business Act;
- (xv) Article 2, paragraph (2), item (i) of the Act on Mutual Relief System for the Prevention of Bankruptcies of Small and Medium-sized Enterprises;
- (xvi) Article 46, paragraph (1) of the Banking Act;
- (xvii) Article 111, paragraph (4), item (ii) of the Act on the Liquidation of Specified Assets by Special Purpose Companies;
- (xviii) Article 66, Article 151 and Article 271, paragraph (1) of the Insurance Business Act;
- (xix) Article 24, paragraph (1), Article 26, Article 27, Article 31, Article 45, Article 48, paragraph (1), items (ii) to (iv) inclusive and Article 49, paragraph (1) of the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, etc.; and
- (xx) Article 40, paragraphs (1) and (3) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.

(Transitional Measures on Application of Penal Provisions)

Article 26 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the Supplementary Provisions to this Act, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 14 of March 31, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2000.

Supplementary Provisions [Act No. 91 of May 31, 2000]

(Effective Date)

(1) This Act shall come into effect as from the Effective Date of the Act for Partial Revision of the Commercial Code, etc. (Act No. 90 of 2000).

(Transitional Measures)

(2) Where the Effective Date of this Act comes before the Effective Date of the provision of Article 8 of the Supplementary Provisions to the Act on the Center for Food Quality, Labeling and Consumer Services (Act No. 183 of 1999), the term "Article 27" in the provision revising Article 19-5-2, Article 19-6, paragraph (1), item (iv) and Article 27 of the Act on Standardization and Proper Quality Labeling of Agricultural and Forestry Products in Article 31 shall be deemed to be replaced with "Article 26."

Supplementary Provisions [Act No. 92 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding three months from the day of promulgation; provided, however, that the provision adding an Article after Article 265-42 of the Insurance Business Act and revising Articles 275 and 317-2 of that Act in Article 1, and the provision of Article 19 of the Supplementary Provisions shall come into effect as from 1 April 2001.

(Transitional Measures)

Article 3 The provisions of Part II, Chapter II, Section 3 of the Current Insurance Business Act shall apply to any Entity Conversion (referring to

Entity Conversion as defined in Article 68, paragraph (2) or Article 86, paragraph (1) of the Current Insurance Business Act) pertaining to a resolution of the shareholders meeting or general meeting of members (or General Meeting, where the company has such meeting) (hereinafter referred to as "Shareholders Meeting, etc.") adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Current Insurance Business Act) is issued on or subsequent to the Effective Date; with regard to any Entity Conversion (referring to Entity Conversion as defined in Article 68, paragraph (2) or Article 86, paragraph (1) of the Insurance Business Act prior to the revision by the provision of Article 1 (hereinafter referred to as "Former Insurance Business Act")) pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Former Insurance Business Act) was issued prior to the Effective Date, the provisions then in force shall remain applicable.

Article 4 The provision of Article 117-2 of the Current Insurance Business Act shall also apply to claims pertaining to the insurance contracts concluded prior to the Effective Date.

Article 5 The provisions of Articles 136-2 and 137 of the Current Insurance Business Act shall apply to any transfer of insurance contracts pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Current Insurance Business Act) is issued on or subsequent to the Effective Date; with regard to any transfer of insurance contracts pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Former Insurance Business Act) was issued prior to the Effective Date, the provisions then in force shall remain applicable.

Article 6 The provisions of Articles 156-2 and 157 of the Current Insurance Business Act shall apply to any dissolution pertaining to a resolution of the general meeting of members (or General Meeting, where the company has such meeting; hereinafter the same shall apply in this Article) adopted in a session

for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Articles 41 and 49 of the Current Insurance Business Act is issued on or subsequent to the Effective Date; with regard to any dissolution pertaining to a resolution of the general meeting of members adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Articles 41 and 49 of the Former Insurance Business Act was issued prior to the Effective Date, the provisions then in force shall remain applicable.

Article 7 The provisions of Part II, Chapter VIII, Section 3 of the Current Insurance Business Act shall apply to any merger pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Current Insurance Business Act) is issued on or subsequent to the Effective Date; with regard to any merger pertaining to a resolution of the Shareholders Meeting, etc. adopted in a session for which the convocation notice set forth in Article 232, paragraph (1) of the Commercial Code (including the cases where it is applied mutatis mutandis pursuant to Articles 41 and 49 of the Former Insurance Business Act) was issued prior to the Effective Date, the provisions then in force shall remain applicable.

Article 8 The provisions of Articles 136-2 and 137 of the Current Insurance Business Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Current Insurance Business Act shall apply to any transfer of insurance contracts pertaining to that Agreement set forth in Article 135, paragraph (1) of the Current Insurance Business Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Current Insurance Business Act which is prepared by a Foreign Insurance Company, etc. (referring to a Foreign Insurance Company, etc. as defined in Article 2, paragraph (7) of the Current Insurance Business Act) on or subsequent to the Effective Date; with regard to any transfer of insurance contracts pertaining to that Agreement set forth in Article 135 of the Former Insurance Business Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Former Insurance Business Act which was prepared prior to the Effective Date, the provisions then in force shall remain applicable.

Article 9 The provisions of Part II, Chapter X, Section 1, Subsection 2 of the Current Insurance Business Act shall apply to any disposition ordering the administration of business and property by an insurance administrator under

Article 241, paragraph (1) of the Current Insurance Business Act, made on or subsequent to the Effective Date; with regard to any disposition ordering the administration of business and property by an insurance administrator under Article 241 of the Former Insurance Business Act, made prior to the Effective Date, the provisions then in force shall remain applicable.

Article 10 The provisions of Part II, Chapter X, Section 1, Subsection 3 of the Current Insurance Business Act shall apply to any modification of the contract conditions where an order for consultation on Merger, etc. is issued under Article 241, paragraph (1) of the Current Insurance Business Act, where a disposition ordering the administration of business and property by an insurance administrator is made under that paragraph, or where the certification set forth in Article 268, paragraph (1) of the Current Insurance Business Act is given, on or subsequent to the Effective Date; with regard to any modification of the contract conditions where an order for the transfer of insurance contracts or for consultation on merger was issued under Article 241 of the Former Insurance Business Act, where a disposition ordering the administration of business and property by an insurance administrator was made under that Article, or where the certification set forth in Article 268, paragraph (1) of the Former Insurance Business Act was given, prior to the Effective Date, the provisions then in force shall remain applicable.

Article 11 The provision of Article 257 of the Current Insurance Business Act shall apply to any mediation conducted on or subsequent to the Effective Date pertaining to the recommendation set forth in Article 256, paragraph (1) of the Current Insurance Business Act; with regard to any mediation conducted prior to the Effective Date pertaining to the recommendation set forth in Article 256, paragraph (1) of the Former Insurance Business Act, the provisions then in force shall remain applicable.

Article 12 The provision of Article 265-37 of the Current Insurance Business Act shall apply to the approval, submission or modification of budgets and financial plans pertaining to the business years that start on or subsequent to the Effective Date; with regard to the approval, submission or modification of budgets and financial plans pertaining to the business years that started prior to the Effective Date, the provisions then in force shall remain applicable.

Article 13 The provision of Article 265-39, paragraph (3) of the Current Insurance Business Act shall apply to the documents set forth in that paragraph for the business years that start on or subsequent to the Effective Date; with regard to the documents set forth in that paragraph for the business

years that started prior to the Effective Date, the provisions then in force shall remain applicable.

Article 14 The provisions of Part II, Chapter X, Section 2, Subsection 2, Division 1 of the Current Insurance Business Act shall apply to Financial Assistance pertaining to any decision on the Financial Assistance set forth in Article 270-3, paragraph (1) of the Current Insurance Business Act made on or subsequent to the Effective Date; with regard to Financial Assistance pertaining to any decision on the Financial Assistance set forth in Article 270-3, paragraph (1) of the Former Insurance Business Act made prior to the Effective Date, the provisions then in force shall remain applicable.

Article 15 The provisions of Part II, Chapter X, Section 2, Subsection 2, Division 3 of the Current Insurance Business Act shall apply to the underwriting of insurance contracts pertaining to any decision on the date of concluding an Agreement regarding the underwriting of insurance contracts set forth in Article 270-4, paragraph (6) of the Current Insurance Business Act, made on or subsequent to the Effective Date; with regard to the underwriting of insurance contracts pertaining to any decision on the date of concluding an Agreement regarding the underwriting of insurance contracts set forth in Article 270-4, paragraph (6) of the Former Insurance Business Act, made prior to the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Application of Penal Provisions)

Article 29 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (or, for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, such provisions), and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provisions of the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 30 In addition to what is provided for in Article 2 to 17 inclusive of the Supplementary Provisions and the preceding Article, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet order.

(Review)

Article 31 Within three years from the enforcement of this Act, the Government shall review the system for the protection of Policyholders, etc. revised by this Act, taking into consideration the status of implementation of the system, etc. pertaining to special measures, etc. for the protection of Policyholders, etc. and

the condition of soundness in management of Insurance Companies, among other factors, and when it finds it necessary, take necessary measures to maintain the credibility of the insurance industry, based on its findings.

Supplementary Provisions [Act No. 96 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 December 2000 (hereinafter referred to as "Effective Date").

(Effect of Dispositions, etc.)

Article 49 Those dispositions, procedures or other acts carried out prior to the enforcement of this Act (or, for the provisions listed in the items of Article 1 of the Supplementary Provisions, such provisions) enter into force pursuant to the provisions of the respective Acts prior to the revision which are covered by the corresponding provisions of the respective Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the respective Acts as revised, unless provided otherwise in the present Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 50 With regards to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 51 In addition to what is provided for in Article 2 to 11 inclusive of the Supplementary Provisions and the preceding Article, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 52 Where five years have elapsed from the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of the Current Securities and Exchange Act and the Current Financial Futures Trading Act and changing socioeconomic conditions, among other factors, review the systems pertaining to securities exchanges as defined in Article 2, paragraph (16) of the Current Securities and Exchange Act and financial futures exchanges as defined in Article 2, paragraph (6) of the Current Financial Futures Trading Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 97 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as "Effective Date").

(Partial Revision to Insurance Business Act)

Article 56 (1) Omitted.

(2) For the purpose of applying the provision of Article 98, paragraph (5) of the Insurance Business Act revised by the provision of the preceding paragraph, a former special purpose company and the asset securitization plan and specified bonds of the special purpose company shall be deemed as a special purpose company incorporated pursuant to the provisions of the Current Asset Liquidation Act and the asset securitization plan and specified bonds of the special purpose company, respectively.

(Effect of Dispositions, etc.)

Article 64 Those dispositions, procedures or other acts carried out before this Act (or, for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, such provisions) enter into force pursuant to the provisions of the respective Acts prior to the revision (including any orders pursuant thereto; hereinafter the same shall apply in this Article), which are covered by the corresponding provisions of the respective Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the respective Acts as revised, unless provided otherwise in the present Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 65 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (or, for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, such provisions), and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provisions of the present Supplementary Provisions, the provisions then in force shall remain applicable.

Article 66 For the purpose of applying the provisions (excluding the penal provisions that shall apply pursuant to the provision of the preceding Article) of the Act on Punishment of Organized Crimes and Control, etc. of Crime Proceeds revised by the provision of Article 62 of the Supplementary Provisions (hereinafter referred to as "Current Organized Crimes Punishment Act" in this

Article), the crimes set forth in Article 171, Article 172, Article 174, Article 179, paragraph (1), and Article 182, paragraphs (2) and (4) of the Former Asset Liquidation Act, which shall remain in force pursuant to the provision of the main clause of Article 2, paragraph (1) of the Supplementary Provisions shall be deemed as the crimes listed in Appended Table 58 to the Current Organized Crimes Punishment Act; and the crimes set forth in Article 228, Article 230, Article 235, paragraph (1), and Article 236, paragraphs (2) and (4) of the Former Investment Trust Act, where the provisions then in force shall remain applicable pursuant to the provision of the preceding Article, shall be deemed as the crimes listed in Appended Table 23 to the Current Organized Crimes Punishment Act.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 67 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 68 Within five years from the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of the Current Asset Liquidation Act, the Current Investment Trust Act and the Building Lots and Buildings Transaction Business Act revised by Article 8 (hereinafter referred to as "Current Building Lots and Buildings Transaction Business Act" in this Article) and changing socioeconomic conditions, among other factors, review the provisions of the Current Asset Liquidation Act and Current Investment Trust Act, and the system pertaining to the authorized building lots and buildings traders prescribed in Article 50-2, paragraph (2) of the Current Building Lots and Buildings Transaction Business Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 126 of November 27, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding five months from the day of promulgation.

(Transitional Measures Concerning Penal Provisions)

Article 2 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 129 of November 29, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

Supplementary Provisions [Act No. 7 of March 30, 2001] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2001.

Supplementary Provisions [Act No. 41 of June 8, 2001] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2002.

Supplementary Provisions [Act No. 50 of June 15, 2001] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2002; provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

- (i) The provision of Article 9 of the Supplementary Provisions: the day of promulgation;
- (ii) The provision of Article 7 of the Supplementary Provisions: the date to be specified by a Cabinet Order within a period not exceeding one year from the day of promulgation; and
- (iii) The provisions of Article 111 to 114 inclusive and Article 115, paragraph (2), and the provisions of Articles 4, 10, 16 and 35 of the Supplementary Provisions: the date to be specified by a Cabinet Order within a period not exceeding two years and six months from the day of promulgation

Supplementary Provisions [Act No. 75 of June 27, 2001] [Extract]

(Effective Date, etc.)

Article 1 This Act shall come into effect as from 1 April 2002 (hereinafter referred to as "Effective Date"), and apply to short-term company bonds, etc. issued on or subsequent to the Effective Date.

(Transitional Measures on Application of Penal Provisions)

Article 7 With regard to the application of penal provisions to acts committed prior to the Effective Date and to acts committed on or subsequent to the Effective Date where the provisions then in force shall remain applicable pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 8 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 9 Where five years have elapsed after the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of this Act and changing socioeconomic conditions, among other factors, review the system pertaining to institutions for transfer, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 80 of June 29, 2001]

This Act shall come into effect as from the Effective Date of the Act for Partial Revision of the Commercial Code, etc.

Supplementary Provisions [Act No. 117 of November 9, 2001] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation; provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

(i) In Article 1, the provision deleting Article 17-2 of the Banking Act and the provision revising Article 47, paragraph (2) of that Act (limited to the segment deleting the term "Article 17-2"); in Article 3, the provision deleting Article 112-2 of the Insurance Business Act and the provision revising Article 270-6, paragraph (2), item (i) of that Act; in Article 4, the provision deleting Article 55-3 of that Act; the provisions of Articles 8, 9, 13 and 14; and the provisions of the following Article, Article 9 and Article 13 to 16 inclusive of the Supplementary Provisions: the day on which one month has elapsed from the day of promulgation.

(Transitional Measures for Shareholders of Insurance Company)

Article 5 (1) For the purpose of applying the provisions of Chapter X-2 (excluding the provisions of Section 3) of the Insurance Business Act revised by the provision of Article 3 (hereinafter referred to as "Current Insurance Business Act"), any owners of shares in an Insurance Company in existence at the time when this Act enters into force shall be deemed to become owners of shares in the Insurance Company as at the Effective Date following an event other than the transactions or acts listed in the items of Article 271-10, paragraph (1) of the Current Insurance Business Act.

(2) Any Insurance Company that has made another Insurance Company its Subsidiary Company by the time when this Act enters into force, with the authorization set forth in Article 106, paragraph (4) or the proviso to Article 106, paragraph (5) of the Insurance Business Act prior to the revision by the provision of Article 3, shall be deemed to have received as at the Effective Date the authorization set forth in Article 271-10, paragraph (1) of the Current Insurance Business Act for the ownership of shares in such another Insurance Company.

(Delegation of Authorities)

Article 13 (1) The Prime Minister shall delegate his/her authority under the present Supplementary Provisions (excluding the authorities to be specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The authorities delegated to the Commissioner of the Financial Services Agency pursuant to the provision of the preceding paragraph may be delegated in part to the heads of the Regional Financial Bureaus or Regional Financial Offices, pursuant to the provisions of a Cabinet Order.

(Effect of Dispositions, etc.)

Article 14 Those dispositions, procedures or other acts carried out before the amending provisions of this Act enter into force pursuant to the provisions of the respective Acts prior to the revision (including any orders pursuant thereto; hereinafter the same shall apply in this Article), which are covered by the corresponding provisions of the respective Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the respective Acts as revised, unless provided otherwise in the present Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 15 With regard to the application of penal provisions to acts committed prior to the enforcement of the amending provisions of this Act and to acts committed subsequent to the enforcement of the amending provisions

pertaining to the matters to which the provisions then in force shall remain applicable pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 16 In addition to what is provided for in Article 2 to the preceding Article inclusive of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act (including transitional measures pertaining to penal provisions) shall be specified by a Cabinet Order.

(Review)

Article 23 Where five years have elapsed after the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of the Current Banking Act, the Current Long-Term Credit Bank Act and the Current Insurance Business Act, and changing socioeconomic conditions surrounding the banking and insurance businesses, among other factors, review the systems pertaining to Bank Major Shareholders as defined in Article 2, paragraph (10) of the Current Banking Act, Long-Term Credit Bank Major Shareholders as defined in Article 16-2-2, paragraph (5) of the Current Long-Term Credit Bank Act and Major Shareholders of Insurance Company as defined in Article 2, paragraph (14) of the Current Insurance Business Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 129 of November 28, 2001] [Extract]

(Effective Date)

(1) This Act shall come into effect as from 1 April 2002.

(Transitional Measures for Application of Penal Provisions)

(2) With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provisions of this Act, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 150 of December 12, 2001]

This Act shall come into effect as from the Effective Date of the Act for Partial Revision of the Commercial Code and the Act on Special Measures for the Commercial Code on the Audit, etc. of Stock Company; provided, however, that the provision of Article 21, paragraph (5) shall come into effect as from the

Effective Date of the amending provisions listed in the proviso to Article 1 of the Supplementary Provisions to that Act, and the provision of Article 24 shall come into effect as from the day of promulgation.

Supplementary Provisions [Act No. 45 of May 29, 2002]

(Effective Date)

(1) This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

(Transitional Measures)

(2) Where the Effective Date of this Act comes before the Effective Date of the provision of Article 2 of the Act for Partial Revision of the Agricultural Cooperative Association Act, etc. (Act No. 94 of 2001), the term "Article 30, paragraph (12)" in the provision revising Article 30, paragraph (12) of the Agricultural Cooperative Association Act in Article 9 shall be deemed to be replaced with "Article 30, paragraph (11)."

Supplementary Provisions [Act No. 47 of May 29, 2002] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

Supplementary Provisions [Act No. 65 of June 12, 2002] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 6 January 2003; provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

(ii) The provisions of Article 3, and of Article 3, Article 58 to 78 inclusive and Article 82 of the Supplementary Provisions: the date to be specified by a Cabinet Order within a period not exceeding five years from the Effective Date of this Act (hereinafter referred to as "Effective Date");

(Transitional Measures Accompanying Partial Revision to Insurance Business Act)

Article 72 The provision of Article 61-9 of the Insurance Business Act prior to the revision by the provision of the preceding Article shall remain in force with regard to registered company bonds, etc. under the Former Bond, etc. Registry

Act, which shall remain in force pursuant to the provision of Article 3 of the Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 84 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (or, for the provisions listed in the items of Article 1 of the Supplementary Provisions, such provisions; hereinafter the same shall apply in this Article) and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 85 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 86 Where five years have elapsed from the enforcement of this Act, the Government shall, taking into consideration the status of enforcement of the Current Act on Transfer of Bonds, etc., the Current Securities and Exchange Act and the Current Financial Futures Trading Act, and changing socioeconomic conditions, among other factors, review the systems pertaining to Subscriber's Protective Trusts as defined in Article 2, paragraph (11) of the Current Act on Transfer of Bonds, etc., Settlement Institutions of Securities Transactions as defined in Article 2, paragraph (31) of the Current Securities and Exchange Act and Settlement Institutions for Financial Futures as defined in Article 2, paragraph (15) of the Current Financial Futures Trading Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 79 of July 3, 2002] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 August 2002.

Supplementary Provisions [Act No. 155 of December 13, 2002] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of the Corporate Rehabilitation Act (Act No. 54 of 2002).

(Transitional Measures for Application of Penal Provisions)

Article 3 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provisions of this Act, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 39 of May 9, 2003] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding one month from the day of promulgation; provided, however, that the provisions revising Articles 277 and 302, and the provisions of Article 5 to 7 inclusive of the Supplementary Provisions shall come into effect as from 1 September 2003.

(Transitional Measures for Consolidated Financial Statements, etc. Pertaining to Mutual Company)

Article 2 The following provisions shall not apply to a Mutual Company (referring to a Mutual Company as defined in Article 2, paragraph (5) of the Insurance Business Act revised by this Act (hereinafter referred to as "Current Act"); the same shall apply hereinafter), until the conclusion of the first session of the general meeting of members (or General Meeting, where the company has such meeting; the same shall apply hereinafter) convened for the business year subsequent to the enforcement of this Act:

- (i) Article 21-8, paragraph (7) and Article 21-10, paragraph (2) of the Act on Special Measures for the Commercial Code on the Audit, etc. of Stock Company (Act No. 22 of 1974; hereinafter referred to as "Act on Special Measures for the Commercial Code") as applied mutatis mutandis pursuant to Article 52-3, paragraph (2) of the Current Act, and Article 4, paragraph (2), item (ii), Article 7, paragraph (3) and Article 7, paragraph (5) (limited to the segment regarding consolidated subsidiary companies) of the Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Current Act; and
- (ii) Article 21-32, paragraphs (1) to (5) inclusive of the Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to Article 52-3, paragraph (2) of the Current Act, and Article 18, paragraph (4), Article 19-2 and Article 19-3 of the Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Current Act.

(Transitional Measures for Consolidated Financial Statements of Mutual Company Not Submitting Securities Report)

Article 3 (1) For the purpose of applying the provisions listed in the items of the preceding Article to a Mutual Company that does not fall under the category of Mutual Companies required to submit to the Prime Minister the securities report prescribed in Article 24, paragraph (1) of the Securities and Exchange Act (Act No. 25 of 1948) within the period specified in the main clause of that paragraph (hereinafter referred to as "Mutual Companies Submitting the Securities Report"), the preceding Article as well as the following paragraph to paragraph (4) inclusive below shall be effective for the time being.

(2) The provisions listed in the items of the preceding Article shall not apply to a Mutual Company that does not fall under the category of Mutual Companies Submitting the Securities Report.

(3) If and when the Mutual Company set forth in the preceding paragraph falls under the category of Mutual Companies Submitting the Securities Report, the provisions listed in the items of the preceding Article shall not apply to the Mutual Company until the conclusion of the first session of the general meeting of members convened for the business year subsequent thereto.

(4) If and when a Mutual Company that fell under the category of Mutual Companies Submitting the Securities Report at the end of a business year (limited to a company to which the provisions listed in the items of the preceding Article applied) ceases to fall under the category of Mutual Companies Submitting the Securities Report prior to the conclusion of the first session of the general meeting of members convened for the business year subsequent to the end of the business year, the provisions listed in the items of the preceding Article shall apply to the Mutual Company even after it ceases to fall under the category until the conclusion of the session of the general meeting of members, notwithstanding the provision of paragraph (2).

(Transitional Measures for Interim Business Report)

Article 4 The provision of Article 110 of the Current Act (including the cases where the provisions of paragraphs (1) and (3) of that Article are applied mutatis mutandis pursuant to Article 199 of the Current Act) shall apply to the documents prescribed in Article 110 of the Current Act pertaining to the business years that start on or subsequent to 1 April 2004; with regard to the documents pertaining to the business years that started prior to the date, the provisions then in force shall remain applicable.

(Transitional Measures Accompanying Modification of Matters Registered for Life Insurance Solicitor and Non-Life Insurance Agent)

Article 5 (1) With regard to the modification of any matters registered for an

individual that has obtained the registration set forth in Article 276 of the Insurance Business Act prior to the revision by this Act (hereinafter referred to as "Former Act") by the time when the provision revising Article 277 enters into force (other than a person whose birth date has been registered on the registry of Life Insurance Solicitors or the registry of Non-Life Insurance Agents by the time when the provision revising Article 277 enters into force; hereinafter referred to as "Non-Registrant of Birth Date"), the provisions then in force shall remain applicable.

- (2) A Non-Registrant of Birth Date (other than a person who has made the notification set forth in the following paragraph) shall, when he/she intends to notify any change in address to which the provisions then in force shall be applicable pursuant to the provision of the preceding paragraph, notify to the Prime Minister of his/her address in lieu of the address. In this case, the provisions of the Current Act shall apply to the modification of any matters related to the registration made subsequent to such notification, regarding the person who made the notification, notwithstanding the provision of the preceding paragraph.
- (3) A Non-Registrant of Birth Date who has not notified any change in address to which the provisions then in force shall remain applicable pursuant to the provision of paragraph (1) may notify the Prime Minister of his/her birth date. In this case, the provisions of the Current Act shall apply to the modification of any matters related to the registration made subsequent to such notification, regarding the person who made the notification, notwithstanding the provision of paragraph (1).
- (4) A Non-Registrant of Birth Date may make the notification set forth in the preceding paragraph via his/her Affiliated Insurance Company (referring to the Affiliated Insurance Company prescribed in Article 2, paragraph (20) of the Current Act; the same shall apply hereinafter) acting as his/her agent.
- (5) The Prime Minister shall, when he/she received the notification set forth in paragraph (3), register the birth date pertaining to the notification on the registry of Life Insurance Solicitors or the registry of Non-Life Insurance Agents, and notify thereof to the Affiliated Insurance Company.
- (6) Any person that has made a false notification regarding the notification set forth in paragraph (3) shall be punished by a petty fine of not more than five hundred thousand yen.

(Transitional Measures Accompanying Modification of Matters to be Notified for Officer or Employee of Non-Life Insurance Agency and Insurance Broker)
Article 6 (1) With regard to the modification of any matters regarding a notification made for a person who has been reported as an officer or employee (other than a person whose birth date has been notified to the Prime Minister

by the time the provision revising Article 302 enters into force; hereinafter referred to as "Non-Notifier of Birth Date") by the time when the provision revising Article 302 enters into force, the provisions then in force shall remain applicable.

- (2) A Non-Life Insurance Agent (referring to a Non-Life Insurance Agent as defined in Article 2, paragraph (19) of the Current Act; the same shall apply hereinafter) or an Insurance Broker (referring to an Insurance Broker as defined in Article 2, paragraph (21) of the Current Act; the same shall apply hereinafter) shall, in notifying any change in the address of a Non-Notifier of Birth Date (excluding a person for whom the notification set forth in the following paragraph has been made) to which the provisions then in force shall remain applicable pursuant to the provision of the preceding paragraph, notify to the Prime Minister of his/her birth date in lieu of the address. In this case, the provisions of the Current Act shall apply to the modification of any matters related to such notification made subsequent to the notification, regarding the person for whom the notification was made, notwithstanding the provision of the preceding paragraph.
- (3) A Non-Life Insurance Agent or an Insurance Broker may notify to the Prime Minister the birth date of a Non-Notifier of Birth Date for whom any change in address to which the provisions then in force shall remain applicable has not been notified. In this case, the provisions of the Current Act shall apply to the modification of any matters related to such notification made subsequent to the notification, regarding the person for whom the notification was made, notwithstanding the provision of paragraph (1).
- (4) A Non-Life Insurance Agent may make the notification set forth in the preceding paragraph via its Affiliated Insurance Company acting as its agent.
- (5) Any person that has made a false notification regarding the notification set forth in paragraph (3) shall be punished by a petty fine of not more than five hundred thousand yen.

(Delegation of Authorities)

- Article 7 (1) The Prime Minister shall delegate his/her authority under Article 5, paragraph (3) of the Supplementary Provisions and paragraph (3) of the preceding Article to the Commissioner of the Financial Services Agency.
- (2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority that has been delegated pursuant to the provisions of the preceding paragraph to the Director-Generals of Local Finance Bureaus or Local Finance Branch Offices.

(Transitional Measures Concerning Penal Provisions)

Article 8 With regard to the application of penal provisions to acts committed

prior to the enforcement of this Act (or, for the provisions prescribed in the proviso to Article 1 of the Supplementary Provisions, such provisions; hereinafter the same shall apply in this Article) and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 9 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 11 Within three years from the enforcement of this Act, the Government shall review the system for the protection of Policyholders, etc. revised by this Act, taking into consideration the status of implementation of the system, etc. pertaining to special measures, etc. for the protection of Policyholders, etc. and the condition of soundness in management of Insurance Companies, among other factors, and when it finds it necessary, take necessary measures to maintain the credibility of the insurance industry, based on its findings.

Supplementary Provisions [Act No. 54 of May 30, 2003] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2004.

(Transitional Measures for Application of Penal Provisions)

Article 38 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 In addition to what is provided for in this Act, necessary transitional measures to accompany the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 40 Where five years have elapsed from the enforcement of this Act, the Government shall review the financial systems revised by this Act, taking into consideration the status of implementation of the provisions revised by this Act and changing socioeconomic conditions, among other factors, and when it finds

it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 129 of July 25, 2003] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding one month from the day of promulgation.

(Delegation of Transitional Measures to Cabinet Order)

Article 2 Necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions [Act No. 132 of July 30, 2003] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding three months from the day of promulgation; provided, however, that where the Effective Date of the Act for Partial Revision of the Insurance Business Act (Act No. 39 of 2003) comes after the Effective Date of this Act, the provision revising Article 52-3, paragraphs (2) and (3) and Article 65 of the Insurance Business Act (Act No. 105 of 1995) in Article 5 of the Supplementary Provisions shall come into effect as from the Effective Date of the Act for Partial Revision of the Insurance Business Act.

Supplementary Provisions [Act No. 134 of August 1, 2003] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

(Transitional Measures Accompanying Partial Revision to Insurance Business Act)

Article 35 With regard to a statutory lien pertaining to any claims emerging from that employment relationship set forth in Article 295, paragraph (1) of the Former Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the Insurance Business Act prior to the revision by the provision of the preceding Article which started prior to the Effective Date, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 76 of June 2, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of the Bankruptcy Act (Act No. 75 of 2004; referred to as "Current Bankruptcy Act" in paragraph (8) of the following Article, and in Article 3, paragraph (8), Article 5, paragraph (8), (16) and (21), Article 8, paragraph (3) and Article 13 of the Supplementary Provisions).

(Delegation to Cabinet Order)

Article 14 In addition to what is provided for in Article 2 to the preceding Article inclusive of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions [Act No. 87 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

(Transitional Measures for Repeal of Public Notice, etc.)

Article 2 (1) The provisions then in force shall remain applicable to public notice in the case of any lawsuit filed under Article 104, paragraph (1), Article 136, paragraph (1), Article 140, Article 141, Article 247, paragraph (1), Article 252, Article 280-15, paragraph (1), Article 363, paragraph (1), Article 372, paragraph (1), Article 374-12, paragraph (1), Article 374-28, paragraph (1), Article 380, paragraph (1), Article 415, paragraph (1) or Article 428, paragraph (1) of the Commercial Code prior to the revision by the provision of Article 1 (hereinafter referred to as "Former Commercial Code" in this Article) (including the cases where those provisions are applied mutatis mutandis pursuant to the Former Commercial Code or any other Act), any lawsuit filed under Article 73-14, paragraph (1) of the Agricultural Cooperative Association Act prior to the revision by the provision of Article 6, any lawsuit filed under Article 101-15, paragraph (1) of the Securities and Exchange Act prior to the revision by the provision of Article 7, any lawsuit filed under Article 94, paragraph (2) of the Act on Securities Investment Trust and Securities Investment Corporations prior to the revision by the provision of Article 13 (referred to as "Former Investment Trust Act" in the following paragraph), any lawsuit filed under Article 100-16, paragraph (1) of the Act on the Organization of Small and Medium-Sized Enterprise Association prior to the revision by the

provision of Article 15, any lawsuit filed under Article 34-18, paragraph (1) of the Financial Futures Trading Act prior to the revision by the provision of Article 18, any lawsuit filed under Article 84, paragraph (1) of the Insurance Business Act prior to the revision by the provision of Article 19, or any lawsuit filed under Article 22, paragraph (1), Article 38, paragraph (2) or (3), Article 79, paragraph (1), Article 95, paragraph (1) or Article 125, paragraph (1) of the Intermediate Companies Act prior to the revision by the provision of Article 23, prior to the enforcement of this Act.

(2) The provisions then in force shall remain applicable to public notice and notification in the case of any payment made under Article 309, paragraph (1) of the Former Commercial Code (including the cases where it is applied mutatis mutandis pursuant to the Former Commercial Code or any other Act), any resolution adopted under Article 64, paragraph (1) or Article 67, paragraph (1) of the Limited Liability Companies Act prior to the revision by the provision of Article 3, any security interest exercised by an Entrusted Company pursuant to the provision of Article 82, paragraph (1) of the Secured Bond Trust Act prior to the revision by the provision of Article 5, any payment made under Article 139-5, paragraph (1) of the Former Investment Trust Act, any payment made under Article 111, paragraph (1) of the Act on the Liquidation of Assets prior to the revision by the provision of Article 20, any resolution adopted under Article 10-17, paragraph (1) or (7) of the Act for the Promotion of the Creation of New Businesses prior to the revision by the provision of Article 21, or any payment made under Article 111, paragraph (1) of the Act on the Liquidation of Specified Assets by Special Purpose Companies prior to the revision by the provision of Article 1 of the Act for Partial Revision of the Act on the Liquidation of Specified Assets by Special Purpose Companies, etc. prior to the revision by the provision of Article 24, which shall remain in force pursuant to the provision of Article 2, paragraph (1) of the Supplementary Provisions to that Act, prior to the enforcement of this Act.

(Transitional Measures for Application of Penal Provisions)

Article 3 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall be applicable under the preceding Article, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 88 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a

Cabinet Order within a period not exceeding five years from the day of promulgation (hereinafter referred to as "Effective Date"); provided, however, that the provisions of Article 34, paragraphs (7) to (16) inclusive of the Supplementary Provisions shall come into effect as from the Effective Date of the Companies Act (Act No. 86 of 2005).

(Transitional Measures Accompanying Partial Revision to Insurance Business Act)

Article 41 (1) Where the period (hereinafter referred to as "Closure Period" in this Article) prescribed in Article 11, paragraph (1) of the Insurance Business Act prior to the revision by the provision of Article 6 (hereinafter referred to as "Former Insurance Business Act" in this Article) for a Stock Company carrying on the Insurance Business (referring to a Stock Company carrying on the Insurance Business as defined in Article 9, paragraph (1) of the Former Insurance Business Act; hereinafter referred to as "Company" in this Article) starts to elapse prior to the Partial Enforcement Date and expires subsequent to the Partial Enforcement Date, the Company set forth in that paragraph may choose not to make entries in the shareholders list or change any data recorded thereon even after the Partial Enforcement Date until the expiration date of the Closure Period.

(2) With regard to a Company (including a Company that obtained certification for its articles of incorporation prior to the Partial Enforcement Date but is established subsequent to the Partial Enforcement Date (hereinafter referred to as "Company in the Course of Incorporation" in this paragraph)) whose articles of incorporation include a provision pertaining to the Closure Period as at the Partial Enforcement Date but do not include any provision pertaining to the certain date set forth in Article 11, paragraph (2) of the Former Insurance Business Act, a resolution for an amendment in the articles of incorporation shall be deemed to be adopted as at the Partial Enforcement Date (or, for a Company in the Course of Incorporation, the date of its establishment) to designate the first day of the Closure Period as the certain date set forth in that paragraph, in order to specify the persons to exercise rights as shareholders or pledgees. In this case, a resolution of the board of directors shall determine the content of such rights.

(Transitional Measures for Application of Penal Provisions)

Article 135 With regards to the application of penal provisions to acts committed prior to the enforcement of this Act and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable or remain in force pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 136 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 137 Where five years have elapsed from the enforcement of this Act, the Government shall, taking into consideration the status of implementation of the provisions revised by this Act and changing socioeconomic conditions, among other factors, review the settlement system pertaining to the transactions of Shares, etc. revised by this Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 97 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2005 (hereinafter referred to as "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

(i) In Article 1, the provision revising Article 33-3, Article 64-2, paragraphs (1) and (2) and Article 64-7, paragraph (5) of the Securities Exchange Act, the provision revising Article 65-2, paragraph (5) of that Act (limited to the segment replacing the term "and (vii)" with ", (vii) and (xii)") and the provision revising Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of that Act; in Article 2, the provision revising Article 36, paragraph (2) of the Act on Foreign Securities Brokers (hereinafter referred to as "Foreign Securities Brokers Act" in this Article); in Article 4, the provision revising Article 10-5 of the Act on Securities Investment Trust and Securities Investment Corporations (hereinafter referred to as "Investment Trust Act" in this Article); in Article 6, the provision revising Article 29-3 of the Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities (hereinafter referred to as "Investment Advisory Business Act" in this Article); the provisions of Articles 11 and 12; in Article 13, the provision adding terms to Article 9-8, paragraph (6), item (i) of the Act on the Cooperative Associations of Small and Medium Enterprises, etc.; and the provisions of Article 14 to 19 inclusive: the day of promulgation of this Act;

(Transitional Measures for Application of Penal Provisions)

Article 22 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (or, for the provisions listed in the items of Article 1 of the Supplementary Provisions, such provisions; hereinafter the same shall apply in this Article) and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the provision of Article 3 of the Supplementary Provisions, the provisions then in force shall remain applicable

(Delegation of Other Transitional Measures to Cabinet Order)

Article 23 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 24 Where five years have elapsed from the enforcement of this Act, the Government shall, taking into consideration the status of implementation of the provisions revised by this Act and changing socioeconomic conditions, among other factors, review the financial systems revised by this Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 105 of June 11, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2006; provided, however, that the provisions of Article 17, paragraph (3) (limited to the segment applying mutatis mutandis the provision of Article 14 of the Act on General Rules), Article 30, and the following Article to Article 5 inclusive of the Supplementary Provisions, Article 7 of the Supplementary Provisions and Article 39 of the Supplementary Provisions shall come into effect as from the day of promulgation.

(Delegation to Cabinet Order)

Article 39 In addition to what is provided for in Article 2 to 13 inclusive of the Supplementary Provisions, Article 15 of the Supplementary Provisions, Article 16 of the Supplementary Provisions and Article 19 of the Supplementary Provisions, necessary transitional measures accompanying the incorporation of the Government Pension Investment Fund and other necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions [Act No. 124 of June 18, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of the Current Act on the Registration of Immovables.

(Transitional Measures)

Article 2 In the case that the Effective Date of this Act falls after the Effective Date of Act on the Protection of Personal Information Held by Administrative Organs, then in Article 52, the provisions revising Article 114-3 and Article 117 to 119 inclusive of the Commercial Registration Act, the term "Article 114-3" shall be deemed to be replaced with "Article 114-4."

Supplementary Provisions [Act No. 147 of December 1, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

Supplementary Provisions [Act No. 154 of December 3, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as "Effective Date").

(Effect of Dispositions, etc.)

Article 121 Those dispositions, procedures or other acts carried out pursuant to the provisions of the respective Acts prior to the enforcement of this Act (including any orders pursuant thereto; hereinafter the same shall apply in this Article), which are covered by the corresponding provisions of the respective Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the respective Acts as revised, unless provided otherwise in the present Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 122 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and to acts committed subsequent to the enforcement of this Act where the provisions then in force shall remain applicable pursuant to the present Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 123 In addition to what is provided for in the present Supplementary Provisions, necessary transitional measures accompanying the enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 124 The Government shall, within three years from the enforcement of this Act, review the status of enforcement of this Act, and when it finds it necessary, take required measures based on its findings.

Supplementary Provisions [Act No. 159 of December 8, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 July 2005.

Supplementary Provisions [Act No. 38 of May 2, 2005] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date to be specified by a Cabinet Order within a period not exceeding one year from the day of promulgation (hereinafter referred to as "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as from the date specified in the relevant item:

- (i) In Article 1, The provision revising Article 59, paragraph (1) of the Insurance Business Act (limited to the segment replacing the term "the term "Article 130, paragraph (3) of that Act" shall be deemed to be replaced with "Article 48, paragraph (2) of the Insurance Business Act" and the term "Ordinance of the Ministry of Justice" shall be deemed to be replaced with "Cabinet Office Ordinance"" with "the term "by an Ordinance of the Ministry of Justice as electronic public notice (referring to the electronic public notice set forth in Article 66, paragraph (6) of the Insurance Business Act; the same shall apply hereinafter)" shall be deemed to be replaced with "electromagnetic means (referring to the electromagnetic means set forth in Article 48, paragraph (2) of the Insurance Business Act) by a Cabinet Office Ordinance""), the provision revising Article 258, paragraph (2) of that Act, the provision revising Article 270-4, paragraph (9) of that Act (excluding the segment adding the term "(including the cases where it is applied mutatis mutandis pursuant to Article 272-29)" after the term "Article 135, paragraph (1)" and adding the term "and Article 272-29" after the term "(Article 210, paragraph (1)" in Article 155, item (i)) and the provision revising Article 271-4, paragraph (1) of that Act, and the provision revising Article 1-2-13 of the

Supplementary Provisions to that Act (limited to the segment adding a paragraph to that Article): the date to be specified by a Cabinet Order within a period not exceeding three months from the day of promulgation; and

(ii) In Article 1, the provision revising Article 118 of the Insurance Business Act, the provision revising Article 199 of that Act (limited to the segment replacing the term "establish" with "shall establish"), the provision revising Article 245 of that Act, the provision revising Article 247, paragraph (1) of that Act, the provision revising Article 250 of that Act (limited to the segment replacing the term "Insurance Company" in paragraph (1) of that Article with "Insurance Company, etc. or Foreign Insurance Company, etc.," the segment adding the term "and Article 272-29" after the term "Article 210, paragraph (1)" in that paragraph, the segment replacing the term "Insurance Company" in paragraph (2) of that Article with "Insurance Company, etc. or Foreign Insurance Company, etc.," the segment replacing the term "the Insurance Company set forth in paragraph (1), when it is not a Foreign Insurance Company, etc." in paragraph (4) of that Article with "in the case referred to in paragraph (1), in the Insurance Company, etc.," the segment adding the term "(including the cases where it is applied mutatis mutandis pursuant to Article 272-29)" after the term "Article 136, paragraph (1)" in that paragraph, the segment replacing the term "when it is a Foreign Insurance Company, etc." in that paragraph with "in the Insurance Company, etc." and the segment replacing the term "Insurance Company" in paragraph (5) of that Article with "Insurance Company, etc. or Foreign Insurance Company, etc."), the provision revising Article 254 of that Act (limited to the segment adding the term "and businesses related to the termination of specified covered contracts" after the term "the covered insurance claims payment business" in paragraph (4) of that Article), the provision revising Article 255-2 of that Act (limited to the segment adding the term "and businesses related to the termination of specified covered contracts" after the term "the covered insurance claims payment business" in paragraph (3) of that Article), the provision revising Article 267 of that Act, the provision revising Article 270-3 of that Act, the provision revising Article 270-5, paragraph (2), item (i) of that Act and the provision revising Article 270-6-8, paragraph (2) of that Act, and the provision revising Article 1-2-14 of the Supplementary Provisions to that Act and the provision changing the number of that Article into Article 1-2-15 of the Supplementary Provisions to that Act and adding an Article after Article 1-2-13 of the Supplementary Provisions to that Act; and in Article 3, the provision revising Article 440 of the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institution, etc. and the provision revising Article 445 of that Act: 1 April 2006.

(Transitional Measures)

Article 2 (1) A person carrying on the specified insurance business (referring to the Insurance Business as defined in Article 2, paragraph (1) of the Insurance Business Act revised by the provision of Article 1 (hereinafter referred to as "Current Insurance Business Act") that does not fall under the category of Insurance Business as defined in Article 2, paragraph (1) of the Insurance Business Act prior to the revision by the provision of Article 1 (hereinafter referred to as "Former Insurance Business Act"); the same shall apply hereinafter) at the time when this Act enters into force may, notwithstanding the provision of Article 3, paragraph (1) of the Current Insurance Business Act, carry on the specified insurance business until the date specified in one of the following items, as the case may be:

- (i) In the case that the abolition of a specified insurance business is ordered pursuant to the provisions of Article 272-26, paragraph (1) or of Article 272-27 of the Current Insurance Business Act as applied with relevant changes in interpretation pursuant to the provision of Article 4, paragraph (1) of the Supplementary Provisions: On the date of the ordering of said abolition
 - (ii) In the case that an application is made for a license as set forth in Article 3, paragraph (1) of the Current Insurance Business Act or an application for registration is made for a license as set forth in Article 272, paragraph (1) of the Current Insurance Business Act within two years of the Effective Date (except in cases that fall under the preceding item): On the date of the disposition of that license or of the refusal of the application for registration
 - (iii) In the case that a person who has committed that it/he/she will receive the transfer of insurance contracts from a person carrying on that Specified Insurance Business or succeed insurance contracts from a person carrying on that Specified Insurance Business (limited to persons who have applied for approval of the transfer or succession of said insurance contracts pursuant to the provisions of Article 4, paragraphs (7), (8), (11) and (12) of the Supplementary Provisions within two years of the Effective Date) makes an application for a license set forth in Article 3, paragraph (1) of the Current Insurance Business Act or registration set forth in Article 272, paragraph (1) of the Current Insurance Business Act within two years of the Effective Date (except in cases that fall under the preceding two items): On the date of the disposition of that license or of the refusal of the application for registration
 - (iv) In cases that are not covered by any of the preceding three items: On the date two years after the Effective Date
- (2) Among persons who are actually carrying on Specified Insurance Business at the time when this Act enters into force, concerning persons who only undertake the administration of business and property pertaining to insurance

contracts which were underwritten before the Effective Date (except for persons who have received the license set forth in Article 3, paragraph (1) of the of the Current Insurance Business Act or who have received the disposition of refusal of registration as set forth in Article 272, paragraph (1) of the Current Insurance Business Act), notwithstanding the provisions of the preceding paragraph, the provisions then in force shall remain applicable.

(3) Persons who are actually carrying on Specified Insurance Business at the time when this Act enters into force (except for persons who are provided for in the preceding paragraph, persons who are listed in the items of Article 5, paragraph (1) of the Supplementary Provisions, and persons who have received the disposition of a license as set forth in Article 3, paragraph (1) of the of the Current Insurance Business Act or who have received the disposition of refusal of registration as set forth in Article 272, paragraph (1) of the Current Insurance Business Act; hereinafter referred to as "Specified Insurers") shall transfer the insurance contract of which the person manages the business and property pursuant to the contract with an Insurance Company (including a Foreign Insurance Company, etc.; hereinafter the same shall apply in this Article) or Small Amount and Short Term Insurance Provider, or entrust the management of the business and property pertaining to such insurance contract pursuant to the contract with an Insurance Company or Small Amount and Short Term Insurance Provider corresponding with cases listed in the items of paragraph (1), after the date specified by the items and until one year from the date specified by the items.

(4) A Specified Insurer may conduct business and property management pertaining to insurance contracts underwritten before the date specified in the items until one year from the date pursuant to the provisions of the preceding paragraph (when the Prime Minister recognizes that there are compelling reasons making it impossible to effect the transfer of the insurance contracts and the entrusting of business and property management pertaining to insurance contracts as set forth in the same paragraph, until a date designated by the Prime Minister) notwithstanding the provisions of Article 3, paragraph (1) of the Current Insurance Business Law, corresponding to cases listed in the items of paragraph (1).

(Report by Specified Insurer)

Article 3 (1) A Specified Insurer who continuously carries on the specified insurance business pursuant to paragraph (1) or (4) of the preceding Article (including a person who intends to be a Specified Insurer pursuant to the paragraph (2) of that Article) shall submit a written report that contains the matters listed in the following to the Prime Minister by the day when six months have passed since the Effective Date (or, if the underwriting of the

insurance is performed for the first time after the Effective Date, the date of such underwriting; hereinafter the same shall apply in this Article.): provided, however, that this shall not apply to a person who applies for the license set forth in Article 3, paragraph (1) of the New Insurance Business Act or for the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act by the day on which such six months have passed.

- (i) Name or trade name
 - (ii) When the person is a juridical person, the amount of capital or contribution or total amount of funds
 - (iii) When the person is a juridical person (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators), the name of the officer (including a representative persons or administrator of an association or foundation that is not a juridical person)
 - (iv) Location of head office and other offices
- (2) The following documents must be attached to the written report in the preceding paragraph.
- (i) Insurance clause (including those relevant to this)
 - (ii) Documents that describes matters regarding the Policyholders, matters regarding a person acting as an agent or intermediary for the conclusion of an insurance contract on behalf of a Specified Insurer, and other items specified by a Cabinet Office Ordinances as the content and means of business.
 - (iii) Inventory of property, balance sheets, income and expenditure account statement, profit and loss statements and other documents that disclose the situation of the property and business
 - (iv) Other documents specified by a Cabinet Office Ordinance
- (3) When a Specified Insurer who continuously carries on a specified insurance business pursuant to paragraph (1) or (4) of the preceding Article and falls under any of the following items, the person defined in such items shall notify the Prime Minister thereof within thirty days from the date.
- (i) in the event of abolishment of a specified insurance business: its Specified Insurer
 - (ii) in the event of extinction due to a merger: the person who was the officer representing the Specified Insurer
 - (iii) in the event of dissolution due to a decision for the commencement of bankruptcy proceedings: the bankruptcy trustee
 - (iv) in the event of dissolution by reason other than that of a merger and commencement of bankruptcy proceedings: the liquidator
 - (v) in the event of a transfer of all insurance contracts, or the succession or assignment of all business: the Specified Insurer

(Application of Provisions of the New Insurance Business Act to Specified Insurer)

Article 4 (1) When the Specified Insurer continuously carries on a specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed as a Small Amount and Short Term Insurance Provider, and the provisions of Article 100-2 to 100-4 of the New Insurance Business Act, as applied mutatis mutandis pursuant to Article 272-13, paragraph (2), Article 272-16, paragraph (1) and the provisions of Article 272-16, Article 272-22 to 272-24 of the New Insurance Business Act and the provisions of Article 272-25, paragraph (1), Article 272-26 and 272-27 of the New Insurance Business Act (including the penal provisions pertaining thereto) shall be applied. In this case, the term "measure for securement" in Article 100-2 of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the New Insurance Business Act shall be deemed to be replaced with "measure for securement (limited to those specified by a Cabinet Office Ordinance)"; the term "the Specified Insurer shall not carry out any of the following transactions or acts: provided, however, this shall not apply where the Prime Minister has approved such transaction or act for any of the compelling reasons specified by a Cabinet Office Ordinance" in Article 100-3 of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the New Insurance Business Act shall be deemed to be replaced with "the Specified Insurer shall not carry out any of the following transactions or acts (limited to those specified by a Cabinet Office Ordinance)," the term "matters defined in the documents included in Article 272-2, paragraph (2), item (iv)" in Article 272-24, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "matters defined as part of the method of calculating insurance premiums or the method of calculating policy reserve," the term "matters defined in the documents included in that item" shall be deemed to be replaced with "such matters," the term "matters defined in the documents included in Article 272-2, paragraph (2), items (ii) to (iv)" in Article 272, paragraph (2) shall be deemed to be replaced with "insurance clause (including those relevant to this) or matters defined as the method of calculating insurance premiums or the method of calculating policy reserve," the term "the following items" in Article 272-26, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "items (i) and (iii) to (v)," the term "rescind the registration according to Article 272, paragraph (1)" shall be deemed to be replaced with "order for abolishing of the business," the term "from Article 272-4, paragraph (1), items (i) to (iv), (vii)" in item (i) of that paragraph shall be deemed to be replaced with "Article 272-4,

paragraph (1), item (vii)," the term "in the event that the Specified Insurer is no longer a small business, other laws and regulations" in item (iii) of that paragraph shall be deemed to be replaced with "laws and regulations," the term "documents included in each of the items in Article 272-2, paragraph (2)" in item (iv) of that paragraph shall be deemed to be replaced with "insurance clause (including those relevant to this)," the term "the director, executive officer, and accounting adviser or company auditor" in paragraph (2) of that Article shall be deemed to be replaced with "the officer (including a representative persons or administrator of an association or foundation that is not a juridical person)," the term "laws and regulations in the event that it falls under any of the provisions in Article 272-4, paragraph (1), item (x), (a) to (f)" in Article 272, paragraph (2) shall be deemed to be replaced with "laws and regulations," the term "canceling registration set forth in Article 272, paragraph (1)" in Article 272-27 of the New Insurance Business Act shall be deemed to be replaced with order for abolishing of the business"; and the term "the incorporator, director at the time of incorporation, the executive officer at the time of incorporation, the company auditor at the time of incorporation, the director, executive officer, accounting adviser or any member who is supposed to carry out such duties and the company auditor" in Article 333, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "the incorporator, officer (including a representative person or administrator of an association or foundation that is not a juridical person)."

(2) For the purpose of applying the provisions of Article 272-4, paragraph (1), Article 272-33, paragraph (1), and Article 272-37, paragraph (1) of the New Insurance Business Act in the event that the Specified Insurer as a juridical person (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators) is ordered to abolish the specified insurance business pursuant to the provisions of Article 272-26, paragraph (1) or Article 272-27 of the New Insurance Business Act applied with relevant changes in interpretation pursuant to the provision of the preceding paragraph, the Specified Insurer being ordered to execute such abolishment shall be deemed as a person having cancellation of registration set forth in Article 272, paragraph (1) of the New Insurance Business Act pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27 of the New Insurance Business Act, and the date on which such abolishment was ordered shall be deemed as the date of cancellation of registration set forth in Article 272, paragraph (1) of the New Insurance Business Act pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27 of the New Insurance Business Act.

(3) For the purpose of applying the provisions of Article 272-4, paragraph (1), Article 272-33, paragraph (1), and Article 272-37, paragraph (1) of the New

Insurance Business Act in the event that the Specified Insurer as an individual is ordered to abolish the specified insurance business pursuant to the provision of Article 272-26, paragraph (1) or Article 272-27 of the New Insurance Business Act applied with relevant changes in interpretation pursuant to the provision of paragraph (1), the individual shall be deemed as a person who is subject to Article 272-4, paragraph (1), item (x), (c) of the New Insurance Business Act until five years have passed since the day on which the individual was ordered to execute such abolishment.

- (4) The matters to be described in the business reports set forth in Article 272-16, paragraph (1) of the New Insurance Business Act applied in paragraph (1), their submission dates and other necessary matters regarding those written reports shall be specified by a Cabinet Office Ordinance.
- (5) The provision of Article 272-16, paragraph (1) of the New Insurance Business Act applied in paragraph (1) shall be applied from the business year on which ends after the day on which six months have elapsed from the Effective Date.
- (6) The Prime Minister shall, pursuant to the provisions of a Cabinet Office Ordinance, make the business report that is recognized as a necessary part for protection of Policyholders, etc., available for public inspection out of the business report of Article 272-16, paragraph (1) of the New Insurance Business Act applied in paragraph (1) except the matters that may be a breach of confidence and may have a risk of causing unjust disadvantage upon execution of the business of the Specified Insurer as recognized as a Small Amount and Short Term Insurance Provider pursuant to Article 272-16, paragraph (1) of the New Insurance Business Act applied in paragraph (1).
- (7) When the Specified Insurer who continuously carries on the specified insurance business executes transfer of the insurance contract pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed as a Small Amount and Short Term Insurance Provider, the provisions of Part II, Chapter VII, Section 1 of the New Insurance Business Act (including the penal provisions pertaining thereto) shall be applied mutatis mutandis pursuant to Article 272-29 of the New Insurance Business Act. In this case, the term "Transferor Company and Transferee Company" in Article 136, paragraphs (1) and (3) of the New Insurance Business Act as applied mutatis mutandis in Article 272-29 shall be deemed to be replaced with "Transferee Company," the terms "The directors (or in a company with Committees, executive officers)" and "two weeks before of the date of Shareholders Meeting, etc. set forth in paragraph (1) of the preceding Article" in Article 136-2, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis in Article 272-29 of the New Insurance Business Act shall be deemed to be replaced with "the officers (including representative persons or administrators of an association or

foundation that is not a juridical person)" and "the date of preparation of the Transfer Agreement concluded under Article 135, paragraph (1) (hereinafter referred to as "Transfer Agreement" in this Section)," respectively; the term "the Transfer Agreement concluded under Article 135, paragraph (1) and other" shall be deemed to be replaced with "Transfer Agreement and other," the term "A shareholder or Policyholder of the Transferor Company" in paragraph (2) of the same Article shall be deemed to be replaced with "Affected Policyholders," the term "the time of the adoption of the resolution under Article 136, paragraph (1)" in Article 138 of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-29 of the New Insurance Business Act shall be deemed to be replaced with "the time of the creation of Transfer Agreement," the term "the incorporator, the director at the incorporation, the executive officer at the incorporation, the company auditor at the incorporation, the director, the executive officer, the accounting advisor or the member who is supposed to carry out such duties and the company auditor" in Article 333, paragraph (1) in the New Insurance Business Act shall be deemed to be replaced with "the officer"; any technical change in interpretation required shall be specified by a Cabinet Order.

(8) When the Specified Insurer continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed as a Small Amount and Short Term Insurance Provider, and the provisions of Article 142 of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (1) of the New Insurance Business Act shall be applied.

(9) When the Specified Insurer who continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions entrusts the business and property management, such Specified Insurer shall be deemed as a Small Amount and Short Term Insurance Provider, and the provisions of Articles 144, 145, Article 146, paragraph (1) and Articles 147 to 149 of the New Insurance Business Act as applied mutatis mutandis in Article 272-30, paragraph (2) of the New Insurance Business Act, and the provisions of Article 150, paragraph (1) of the New Insurance Business Act (including the penal provisions pertaining thereto) shall be applied. In this case, the term "the Insurance Company entrusting the administration activity (hereinafter referred to as "Entrusting Company" in this Section) and the Entrusted Company" in Article 144, paragraph (2) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act shall be deemed to be replaced with "Entrusted Company," the term "publish the gist of the Agreement set forth in Article 146, paragraph (1) (hereinafter

referred to as "Administration Entrustment Agreement" in this Section) and register the entrustment of the administration activity, and the Entrusted Company's trade name, name and its head office or principal office, or its principal branch store in Japan (referring to the principal branch store in Japan set forth in Article 187, paragraph (1), item (iv))" in Article 146, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act shall be deemed to be replaced with "publish the gist of the Agreement set forth in Article 146, paragraph (1) (hereinafter referred to as "Administration Entrustment Agreement" in this Section)"; and the term "the Entrusting Company and the Entrusted Company" in Article 149, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act shall be deemed to be replaced with "Entrusted Company."

- (10) The provisions of the Part II, Chapter II, Section 1 and Chapter VIII of the New Insurance Business Act shall not be applied to the Specified Insurer who continuously carries on the specified insurance business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions.
- (11) When the Specified Insurer continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed as a Small Amount and Short Term Insurance Provider, and the provisions of Article 167, paragraphs (1) and (2) of the New Insurance Business Act shall be applied.
- (12) When the Specified Insurer continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed as a Small Amount and Short Term Insurance Provider, and the provisions of Article 173-6, paragraphs (1) and (2) of the New Insurance Business Act shall be applied.
- (13) The Specified Insurer who continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions shall receive the approval from the Prime Minister when the insurer intends to abolish the specified insurance business.
- (14) Any public notice given by the Specified Insurer who continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, pursuant to the provisions of the New Insurance Business Act applied in paragraph (7) or (9) shall be published in a daily newspaper that publishes matters on current events.
- (15) When the Specified Insurer continuously carries on the specified insurance business pursuant to the provision of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed as an

Insurance Company, etc., or Entrusting Insurance Company, etc., the person acting as an agent or intermediary for the conclusion of an insurance contract on behalf of such Specified Insurer shall be deemed as an Insurance Solicitor or specified Insurance Solicitor respectively, and the provisions of Article 283, Article 294, Article 300, paragraph (1) (limited to the segment pertaining to items (i) to (iv), (vi), (vii), and (ix)), Article 305, Article 306, Article 307, paragraph (1) and Article 309 (including the penal provisions pertaining thereto) shall be applied. In this case, the term "any of the following items" in Article 307, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "the item (i) or (iii)," and "cancel the registration set forth in Article 276 or 286" shall be deemed to be replaced with "order abolition of the business."

- (16) For the purpose of applying the provisions of Article 272-4, paragraph (1) and Article 279, paragraph (1) of the New Insurance Business Act in the case where the Specified Insurer is ordered to abolish the business pursuant to the provision of Article 307, paragraph (1) of the New Insurance Business Act applied with relevant changes in interpretation pursuant to the provision of the preceding paragraph, the person who is ordered such abolishment shall be deemed as a person of whom is canceled the registration set forth in Article 276 of the New Insurance Business Act, and the day of which such abolishment is ordered shall be deemed as the day of cancellation of the registration set forth in Article 276 of the New Insurance Business Act pursuant to the provision of Article 307, paragraph (1) of the New Insurance Business Act.

(Transitional Measure regarding Public-interest Corporation, etc.)

Article 5 (1) The juridical person (excluding the following) established pursuant to the provision of Article 34 of the Civil Code (Act No. 89 of 1896) and carries on the specified insurance business at the time when this Act enters into force can continuously carry on the specified insurance business notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act for the time being.

(i) The juridical person who completed the registration (referred to as "Public-Interest Corporation Transfer Register" in paragraph (5).) set forth in Article 106, paragraph (1) of the Act on the Revision, etc. of Related Acts that Accompany the Enforcement of the Act on General Incorporated Association and General Incorporated Foundation and the Act on the Authorization, etc. of Public-interest Incorporated Associations and Public-interest Incorporated Foundation (Act No. 50 of 2006. Hereinafter referred to as "Revision Act") with the authorization set forth in Article 44 of the Revision Act

(ii) The juridical person who completed the registration (referred to as "General Incorporated Association, etc., Transfer Register" in paragraph (5).) set forth

- in Article 106, paragraph (1) of the Revision Act as applied mutatis mutandis pursuant to Article 121, paragraph (1) of the Revision Act with the approval set forth in Article 45 of the Revision Act
- (2) The Japan Chambers of Commerce and Industry, societies of commerce and industry or Central Federations of Societies of Commerce and Industry who carry on the specified insurance business at the time when this Act enters into force can continuously carry on the specified insurance business notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act for the time being.
 - (3) When the specified insurance business is continuously carried on pursuant to the provision of the preceding two paragraphs, the person who carries on the business shall be deemed as an Insurance Company, etc., or Entrusting Insurance Company, etc, the person acting as an agent or intermediary for the conclusion of an insurance contract on behalf of such Specified Insurer shall be deemed as an Insurance Solicitor or specified Insurance Solicitor respectively, and the provisions (including the penal provisions pertaining thereto) of Article 283 and Article 300, paragraph (1) (limited to the segment pertaining to items (i) to (iii).) shall be applied.
 - (4) For the purpose of applying the provisions of Article 95 and Article 96 of the Revision Act in the case where the specified insurance business is continuously carried on pursuant to the provision of paragraph (1), the term "the business of a special case juridical person under the Civil Code" in Article 95 of the Revision Act shall be deemed to be replaced with "the business of a special case juridical person under the Civil Code (including the specified insurance business prescribed in Article 2, paragraph (1) of the Supplementary Provisions of the Act on Partial Revision of the Insurance Business Act, etc. (Act No. 38 of 2005); the same shall apply in the following paragraph)," the term "order" in Article 96, paragraph (1) of the Revision Act shall be deemed to be replaced with "order (including the order of which make it comply with the provision of Article 300, paragraph (1) (limited to the segment pertaining to items (i) to (iii)) of the Insurance Business Act (Act No. 105 of 1995))," and "order by" in paragraph (2) of the same Article shall be deemed to be replaced with "order by (including the order of which make it comply with the provisions of Article 300, paragraph (1) of the New Insurance Business Act (limited to the segment pertaining to items (i) to (iii))."
 - (5) The juridical person who was established pursuant to the provision of Article 34 of the Civil Code and actually carries on the specified insurance business at the time when this Act enters into force and being listed in the items of paragraph (1) (excluding the person having the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act; hereinafter referred to as "Transferred Juridical Person" in this Article.) can manage the business and

property pertaining to the insurance contract that the person underwrote before the day of the Public-Interest Corporation Transfer Register or General Incorporated Association etc., Transfer Register (hereinafter, named generically as "Transfer Register" in this Article) notwithstanding the provision of Article 3, paragraph (1) of the New Insurance Business Act for a period of one year counting from the day of the Transfer Register (or until the day of which the Prime Minister designates when he/she recognizes that there are compelling reasons not to be able to transfer the following insurance contract and the entrustment pertaining to the management of the business and property).

(6) In the case referred to in the preceding paragraph, such Transferred Juridical Person shall, by the day of which one year have passed described in the same paragraph, transfer the insurance contract of which the person manages the business and property pursuant to the contract with an Insurance Company (including Foreign Insurance Company, etc; hereinafter the same shall apply in this Article) or Small Amount and Short Term Insurance Provider, or entrust the management of the business and property pertaining to such insurance contract pursuant to the contract with an Insurance Company or Small Amount and Short-Term Insurance Provider.

(7) The Transferred Juridical Person who manages the business and property pertaining to the insurance contract underwritten before the day of the Transfer Register pursuant to the provision of paragraph (5) shall be deemed as a Small Amount and Short Term Insurance Provider, and the provisions of Article 272-22, Article 272-23, Article 272-25, paragraph (1), Article 272-26, and Article 272-27 of the New Insurance Business Act (including the penal provisions pertaining thereto) shall be applied. In this case, the term "items listed in following" and the term "cancel registration set forth in Article 272, paragraph (1)" in Article 272-26, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "items (i) and (iii) to (v)" and "order for abolishing of the business" respectively; the term "Article 272-4, paragraph (1), items (i) to (iv), items (vii) and (viii)" in item (i) of the same paragraph shall be deemed to be replaced with "Article 272-4, paragraph (1), item (viii)," the term "in the case where the Specified Insurer is no longer a small business, other laws and regulations" in item (iii) of the same paragraph shall be "laws and regulations," the term "documents included in each of the items in Article 272-2, paragraph (2)" in item (iv) of the same paragraph shall be deemed to be replaced with "insurance contract (including those relevant thereto)," the term "the director, executive officer, and accounting adviser or company auditor" and "laws and regulations in the case where it falls under any of the provisions in Article 272-4, paragraph (1), item (x), (a) to (f) inclusive" in paragraph (2) of the same Article shall be deemed to be replaced with "the officer" and "laws

and regulations" respectively; the term "cancel registration set forth in Article 272, paragraph (1)" in Article 272-27 of the New Insurance Business Act shall be deemed to be replaced with "order for abolishing of the business," the term "the incorporator, the director at the incorporation, the executive officer at the incorporation, the company auditor at the incorporation, the director, the executive officer, the accounting advisor or the member who is supposed to carry out such duties and the auditor" in Article 333, paragraph (1) in the New Insurance Business Act shall be "the officer," and other necessary technical change in interpretation shall be specified by a Cabinet Order.

- (8) The Transferred Juridical Person who manage the business and property pertaining to the insurance contract underwritten before the day of the Transfer Register pursuant to the provision of paragraph (5) shall be deemed as the Specified Insurer who continuously carries on the specified insurance business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, and the provisions of Article 3 of the Supplementary Provisions (excluding paragraph (2)), the preceding Article (limited to paragraphs (7) to (12) and (14)), following Article (limited to paragraphs (2) and (5).), and Articles 8 and 16 of the Supplementary Provisions shall be applied. In this case, the term "by the day when six months have passed since the Effective Date (or, if the underwriting of the insurance is performed for the first time after the Effective Date, the date of such underwriting; hereinafter the same shall apply in this Article.)" in Article 3, paragraph (1) of the Supplementary Provisions shall be deemed to be replaced with "after the day on which the Transfer Register provided in Article 5, paragraph (1) of the Supplementary Provisions was registered without delay" and the term "provided, however, that this shall not apply to a person who applies for the license set forth in Article 3, paragraph (1) of the New Insurance Business Act or for the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act by the day on which such six months have passed" in the Article 3, paragraph (1) of the Supplementary Provisions shall be deemed to be deleted; the term "by the day when two years have passed since the Effective Date" in paragraph (2) of the following Article shall be deemed to be replaced with "it shall be applied pursuant to the provision of paragraph (8) of the preceding Article by the day when six years have passed since the Effective Date of the Revision Act," the term "five years have passed since the Effective Date" in paragraph (8) of the preceding Article, Article 8, paragraph (2) and Article 16, paragraph (18) of the Supplementary Provisions shall be deemed to be replaced with "eight years have passed since the Effective Date of the Revision Act," the term "by the day when two years have passed since the Effective Date" in Article 8, paragraph (2) and Article 16, paragraphs (1), (17) and (18) of the Supplementary Provisions shall be deemed

to be replaced with "it shall be applied pursuant to the provisions of Article 5, paragraph (8) of the Supplementary Provisions by the day when six years have passed since the Effective Date of the Revision Act," and the term "seven years have passed since the Effective Date" in Article 16, paragraph (1) shall be deemed to be replaced with "ten years have passed since the Effective Date of the Revision Act"; any technical change in interpretation required shall be specified by a Cabinet Order.

(Transitional Measures, etc. Concerning Examination Criteria for License)

- Article 6 (1) The provisions of Article 6, paragraph (1) of the Current Insurance Business Act shall not apply to Specified Insurers who have applied for a license as set forth in Article 3, paragraph (1) of the Current Insurance Business Act (limited to persons whose capital amount at the time of the application for that license exceeds five hundred million yen and is less than the amount specified by a Cabinet Order as set forth in Article 6, paragraph (1) of the Current Insurance Business Act) for a period of five years counting from the Effective Date.
- (2) The provisions of Article 6, paragraph (1) of the Current Insurance Business Act shall not apply to a license applicant as set forth in Article 3, paragraph (1) of the Current Insurance Business Act who has committed that he/she will receive the transfer of insurance contracts from a Specified Insurer or succeed to insurance contracts from a Specified Insurer (limited to persons who have made an application for approval of the transfer or succession of that insurance contract pursuant to the provisions of Article 4, paragraphs (7), (8), (11) and (12) of the Supplementary Provisions until the date two years after the Effective Date, and to persons whose capital amount at the time of the application for that license exceeds five hundred million yen and is less than the amount specified by a Cabinet Order as set forth in Article 6, paragraph (1) of the Current Insurance Business Law) for a period of five years counting from the Effective Date.
- (3) Where the person to whom the provision of the preceding paragraph is applied is a Mutual Company, for a period of five years set forth in the same paragraph, said person may set aside as a reserve all or part of the amount that may be allocated to the redemption of funds or distribution of surplus specified in Article 55, paragraph (2) of the Current Insurance Business Act, until such time as the total amount of funds (including the reserve for redemption of funds set forth in Article 56 of the Current Insurance Business Act (including any amount deemed to have been set aside as the reserve for redemption of funds pursuant to the provisions of the following paragraph)) reaches the amount set forth in Article 6, paragraph (1) of the Current Insurance Business Act to be specified by a Cabinet Order.

- (4) The reserve set aside pursuant to the provision of the preceding paragraph shall be deemed to have been set aside as the reserve for redemption of funds set forth in Article 56 of the Current Insurance Business Law.
- (5) The Prime Minister may attach necessary conditions pursuant to the provisions of Article 5, paragraph (2) of the Current Insurance Business Act concerning Specified Insurers as prescribed in paragraph (1) or concerning the issue of licenses to license applicants as prescribed in paragraph (2), with regard to underwriting of insurance contracts by the other party, contents of insurance contracts, and other matters to said licenses.

(Transitional Measures for Registry)

- Article 7 (1) The Registry of Mutual Insurance Companies kept in a registry office at the time when this Act enters into force shall be deemed as the Registry of Mutual Insurance Companies set forth in Article 64 of the New Insurance Business Act.
- (2) The Registry of Foreign Mutual Insurance Companies kept in a registry office at the time when this Act enters into force shall be deemed as the Registry of Foreign Mutual Insurance Companies set forth in Article 214 of the New Insurance Business Act.

(Transitional Measures for the Insurance Company, etc., which was a Specified Insurer)

- Article 8 (1) The provision of Article 113 of the New Insurance Business Act shall not be applied to the Insurance Company which applied for a license set forth in Article 3, paragraph (1) of the New Insurance Business Act and received the license set forth in the same paragraph following the application of the provision of Article 6, paragraph (2) of the Supplementary Provisions.
- (2) The Insurance Company which was a Specified Insurer or the Insurance Company which received transfer of the insurance contract from a Specified Insurer or succeeded to the insurance contract from a Specified Insurer (limited to the person who applied for the approval of transfer or succession of insurance contract pursuant to the provisions of Article 4, paragraph (7), (8), (11) or (12) of the Supplementary Provisions and applied for the license set forth in Article 3, paragraph (1) in the New Insurance Business Act by the day when two years have passed since the Effective Date) may, with giving a notification to the Prime Minister, be relieved of the requirement of accumulating of the policy reserve specified by a Cabinet Office Ordinance set forth in Article 116, paragraph (1) of the New Insurance Business Act for the accounting period that ends by the day when five years have passed since the Effective Date.

(Transitional Measures regarding Suspension of Business and Approval of Plan)

Article 9 The provision of Article 245 (including the cases where it is applied mutatis mutandis pursuant to Article 258, paragraph (2) of the New Insurance Business Act.) and Article 247, paragraph (1) of the New Insurance Business Act shall be applied to the disposition ordering the management of the business and property after 1 April 2006 by the Insurance Administrator pursuant to the provision of Article 241, paragraph (1) of the New Insurance Business Act; with regard to the disposition ordering the management of the business and property before that day by the Insurance Administrator pursuant to the provision of Article 241, paragraph (1) of the Former Insurance Business Act, the provisions then in force shall remain applicable.

(Transitional Measures regarding Modification of Contract Condition in Transfer, etc., of Insurance Contracts)

Article 10 The provision of Article 250 (including the cases where it is applied mutatis mutandis pursuant to Article 270-4, paragraph (9) of the New Insurance Business Act.), Article 254 or 255-2 of the New Insurance Business Act, shall be applied to the Modification of Contract Conditions in the transfer of insurance contracts, merger agreement, or acquisition of shares in the case where the order for consultation on Merger, etc. or disposition ordering the management of the business and property by the Insurance Administrator pursuant to the provision of Article 241, paragraph (1) of the New Insurance Business Act is issued or in the case where the Insurance Company (including Foreign Insurance Companies, etc.; hereinafter the same shall apply in this Article.) falls under the category of the Bankrupt Insurance Company prescribed in Article 260, paragraph (2) of the New Insurance Business Act after 1 April 2006; with regard to the Modification of Contract Conditions in the transfer of insurance contracts, merger Agreement, or acquisition of shares in the case where the order for consultation on Merger, etc. or disposition ordering the management of the business and property by the Insurance Administrator pursuant to the provision of Article 241, paragraph (1) of the New Insurance Business Act is issued or in the case where the Insurance Company (including Foreign Insurance Companies, etc.; hereinafter the same shall apply in this Article.) falls under the category of the Bankrupt Insurance Company prescribed in Article 260, paragraph (2) of the New Insurance Business Act before 1 April 2006, the provisions then in force shall remain applicable.

(Transitional Measures regarding Financial Assistance, etc.)

Article 11 The provisions of Part II, Chapter X, Section 4, Subsection 2 of the

New Insurance Business Act shall be applied to the Business of Financial Assistance, etc. prescribed in Article 265-30 of the New Insurance Business Act executed by the Life Insurance Policyholders Protection Corporation pertaining to the person who falls under the category of the Bankrupt Insurance Company prescribed in Article 260, paragraph (2) of the New Insurance Business Act after 1 April 2006; with regard to the Business of Financial Assistance, etc. prescribed in Article 265-30 of the Former Insurance Business Act executed by the Life Insurance Policyholders Protection Corporation pertaining to the person who falls under the category of the Bankrupt Insurance Company prescribed in Article 260, paragraph (2) of the Former Insurance Business Act before 1 April 2006, the provisions then in force shall be remain applicable.

(Transitional Measures regarding Purchase of Insurance Claims)

Article 12 The provision of Article 270-6-8, paragraph (2) of the New Insurance Business Act shall be applied to the purchase of Insurance Claims, etc. prescribed in Article 270-6-8, paragraph (1) of the New Insurance Business Act pertaining to the person who falls under the category of the Bankrupt Insurance Company prescribed in Article 260, paragraph (2) of the New Insurance Business Act after 1 April 2006; with regard to the purchase of Insurance Claims prescribed in Article 270-6-8, paragraph (1) of the Former Insurance Business Act pertaining to the person who falls under the category of the Bankrupt Insurance Company prescribed in Article 260, paragraph (2) of the Former Insurance Business Act before 1 April 2006, the provisions then in force shall be remain applicable.

(Transitional Measures regarding Submission of Modification Report regarding Written Notice of Insurance Voting Rights Ownership)

Article 13 The provision of Article 271-4, paragraph (1) of the New Insurance Business Act shall be applied to the submission of a modification report prescribed in Article 271-4, paragraph (1) of the New Insurance Business Act in the case where there are modifications to matters listed in items of Article 271-3, paragraph (1) of the New Insurance Business Act after the day specified in Article 1, paragraph (1) of the Supplementary Provisions; with regard to the submission of a modification report prescribed in Article 271-4, paragraph (1) of the Former Insurance Business Act in the case where there are modifications to matters listed in items of Article 271-3, paragraph (1) of the Former Insurance Business Act before that day, the provisions then in force shall be remain applicable.

(Transitional Measures regarding Business Report, etc. pertaining to Insurance Holding Company)

Article 14 The provision of Article 271-24 of the New Insurance Business Act shall be applied to an interim business report and business report prescribed in paragraph (1) of the same Article pertaining to the business year which starts after the Effective Date; with regard to the business report prescribed in Article 271-24, paragraph (1) of the Former Insurance Business Act pertaining to the business year which started before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures regarding Juridical Person who Carries on Specified Insurance Business)

Article 15 (1) In the case where the juridical person (excluding stock companies; hereinafter the same shall apply in this Article.) who carries on the specified insurance business at the time when this Act enters into force applied for the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act, the provision of Article 272-4, paragraph (1), item (i) of the New Insurance Business Act shall not be applied.

(2) For the purpose of applying the provisions of Article 272-2, paragraph (1) and Article 272-4, paragraph (1) of the New Insurance Business Act to the juridical person in the preceding paragraph, the term "the amount of capital or the total amount of funds" in Article 272-2, paragraph (1), item (ii) of the New Insurance Business Act shall be deemed to be replaced with "the amount of contribution or the total amount of funds," the term "directors and company auditors (or, in a company with Committees, directors and executive officers)" in item (iii) of the same paragraph shall be deemed to be replaced with "officers," the term "whose capital or total funds" in Article 272-4, paragraph (1), item (ii) of the New Insurance Business Act shall be deemed to be replaced with "whose contribution or total funds," the term "Stock Company, etc." shall be deemed to be replaced with "juridical person," the term "Stock Company, etc." in the provisions of items (iii) to (viii) inclusive of the same paragraph shall be deemed to be replaced with "juridical person," the term "any other business than the businesses set forth in the proviso to Article 272-11, paragraph (2) to be specified by a Cabinet Office Ordinance, or." and the term "Stock Company, etc." in item (ix) of the same paragraph shall be deemed to be replaced with "any other business that" and "juridical person," respectively; the term "directors, executive officers, accounting advisers or company auditors" and "Stock Company, etc." in item (x) of the same paragraph shall be deemed to be replaced with "officers" and "juridical person," respectively, and the term "Stock Company, etc." in item (xi) of the same paragraph shall be deemed to be replaced with "juridical person."

(3) Any reduction of the amount of the contribution or total amount of the fund of the Small Amount and Short-Term Insurance Provider (hereinafter referred to

- as "Specified Small Amount and Short Term Insurance Provider" in this Article.) who is the juridical person under paragraph (1) and received the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act shall be null and void without the approval of the Prime Minister.
- (4) The person (excluding administrative agencies and other persons specified by a Cabinet Order) who holds the right to request inspection of the accounting books and accounting documents of the Specified Small Amount and Short Term Insurance Provider pursuant to the provisions of other Acts may not exercise such right unless receiving the approval of the Prime Minister.
- (5) For the purpose of applying the provisions of Article 272-11, paragraph (2) and Article 272-26 of the New Insurance Business Act to the Specified Small Amount and Short Term Insurance Provider, the term "to be specified by a Cabinet Office Ordinance as related to the Small Amount and Short Term Insurance Business" in the same paragraph shall be deemed to be deleted, the term "Article 272-4, paragraph (1), items (i) to (iv) inclusive" in Article 272-26, paragraph (1), item (i) of the New Insurance Business Act shall be deemed to be replaced with "Article 272-4, paragraph (1), items (ii) to (iv) inclusive as applied with relevant changes in interpretation pursuant to the provision of Article 15, paragraph (2) of the Supplementary Provisions of the Act on Partial Revision of the Insurance Business Act, etc. (Act No. 38 of 2005)" and the term "director, executive officer, accounting advisor or company auditor" in paragraph (2) of the same Article shall be deemed to be replaced with "officer."
- (6) The Specified Small Amount and Short Term Insurance Provider cannot be a Transferee Company prescribed in Article 135, paragraph (1) of the New Insurance Business Act as applied *mutatis mutandis* pursuant to Article 272-29 of the New Insurance Business Act, notwithstanding of that Article.
- (7) In the case where the Specified Small Amount and Short Term Insurance Provider is the Transferor Company prescribed in Article 135, paragraph (3) of the New Insurance Business Act as applied *mutatis mutandis* pursuant to Article 272-29 of the New Insurance Business Act, the term "the Transferor Company and the Transferee Company" in Article 136, paragraphs (1) and (3) of the New Insurance Business Act as applied *mutatis mutandis* pursuant to Article 272-29 of the New Insurance Business Act shall be deemed to be replaced with "the Transferee Company," the terms "directors (or, in a company with Committees, executive officers)," "for a period ranging from two weeks before the date of the Shareholders Meeting, etc. set forth in paragraph (1) of the preceding Article," and "the Transfer Agreement concluded under Article 135, paragraph (1) and other" in Article 136-2, paragraph (1) of the New Insurance Business Act as applied *mutatis mutandis* pursuant to Article 272-29 of the New Insurance Business Act shall be deemed to be replaced with "officers," "on the creation day of the contract pertaining to the contract set

forth in Article 135, paragraph (1) (hereinafter defined as "Transfer Agreement")," and "the Transfer Agreement and other," respectively; the term "A shareholder or Policyholder of the Transferor Company" in paragraph (2) of the same Article shall be deemed to be replaced with "An Affected Policyholder," and the term "the time of the adoption of the resolution under Article 136, paragraph (1)" in Article 138 of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-29 of the New Insurance Business Act shall be deemed to be replaced with "the time of preparation of the Transfer Agreement."

- (8) The Specified Small Amount and Short Term Insurance Provider cannot be an Entrusted Company prescribed in Article 144, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act notwithstanding the provision of that paragraph.
- (9) In the case where the Specified Small Amount and Short Term Insurance Provider is the Entrusting Company prescribed in Article 144, paragraph (2) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act, the term "both the Insurance Company entrusting the administration activity (hereinafter referred to as "Entrusting Company" in this Section) and" in Article 144, paragraph (2) shall be deemed to be deleted; the term ", in addition to the documents set forth in Articles 18 and 19 (Documents to be attached to written application) and Article 46 (General rules on attached documents) of the Commercial Registration Act (including the cases where they are applied mutatis mutandis pursuant to Article 67)" in Article 146, paragraph (3) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act shall be deemed to be deleted; and the term "both the Entrusting Company and" in Article 149, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the New Insurance Business Act shall be deemed to be deleted.
- (10) The Specified Small Amount and Short Term Insurance Provider shall not specify the reason of dissolution in the articles of incorporation notwithstanding of the provision of other Acts.
- (11) The Specified Small Amount and Short-Term Insurance Provider shall obtain the authorization from the Prime Minister when the Specified Small Amount and Short Term Insurance Provider intends to dissolve or abolish the Specified Insurance Business.
- (12) The provision of Article 153, paragraph (2) of the New Insurance Business Act shall apply mutatis mutandis to the application for approval set forth in the preceding paragraph, the provision of Article 153, paragraph (3) shall

apply mutatis mutandis to the Specified Small Amount and Short Term Insurance Provider who applied for the approval set forth in the preceding paragraph, and the provision of Article 154 of the New Insurance Business Act shall apply mutatis mutandis to the Specified Small Amount and Short-Term Insurance Provider who received the approval set forth in the same paragraph respectively.

- (13) The merger of the Specified Small Amount and Short Term Insurance Provider shall be null and void without the approval of the Prime Minister.
- (14) The provision of Article 167, paragraph (2) of the New Insurance Business Act shall apply mutatis mutandis to the application for the approval of the preceding paragraph.
- (15) The juridical person who is established by the merger upon receiving the approval set forth in paragraph (13) shall be deemed that the juridical person received the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act at such establishment.
- (16) The company split of the Specified Small Amount and Short-Term Insurance Provider shall be null and void without the approval of the Prime Minister.
- (17) The provision of Article 173-6, paragraph (2) of the New Insurance Business Act shall apply mutatis mutandis to the application for the approval set forth in the preceding paragraph.
- (18) For the purpose of applying the provision of Part II, Chapter X, Section 2 of the New Insurance Business Act to the Specified Small Amount and Short Term Insurance Provider, the term "In the case set forth in paragraph (1), an Insurance Company, etc." and the term "a Foreign Insurance Company, etc.," in Article 250, paragraph (4) of the New Insurance Business Act shall be deemed to be replaced with "In the case of paragraph (1), an Insurance Company, etc. (excluding the Specified Small Amount and Short Term Insurance Provider prescribed in Article 15, paragraph (3) of the Supplementary Provisions of the Act on Partial Revision of the Insurance Business Act, etc. (Act No. 38 of 2005).)" and "a Foreign Insurance Company, etc. (including the Specified Small Amount and Short Term Insurance Provider prescribed in Article 15, paragraph (3) of the Supplementary Provisions of that Act.)," respectively; the term "The Insurance Company, etc., set forth in paragraph (1)" and the term "the purpose of the meeting" in Article 254, paragraph (3) of the New Insurance Business Act shall be deemed to be replaced with "In the case of paragraph (1), the Insurance Company, etc. (excluding the Specified Small Amount and Short Term Insurance Provider (referring to the Specified Small Amount and Short Term Insurance Provider prescribed in Article 15, paragraph (3) of the Supplementary Provisions of the Act on Partial Revision of the Insurance Business Act, etc.; hereinafter the same shall apply in this paragraph).)" and "the purpose of the meeting; the

Specified Small Amount and Short Term Insurance Provider, etc. shall, on the date of issue of the merger agreements, make public notice to the effect that contracts that contain said Modifications of Contract Conditions have been issued."

- (19) For the purpose of applying the provision of Article 333 of the New Insurance Business Act to the Specified Small Amount and Short Term Insurance Provider, the term "the incorporator, the director at the incorporation, the executive officer at the incorporation, the company auditor at the incorporation, the director, the executive officer, the accounting advisor or the member who is supposed to carry out such duties and the company auditor" in paragraph (1) of the same Article shall be deemed to be replaced with "the incorporator, the officer."
- (20) The Method of Public Notice for a Specified Small Amount and Short Term Insurance Provider shall be publication in a daily newspaper that publishes matters on current events.

(Transitional Measures regarding Small Amount and Short Term Insurance Provider, etc., who was a Specified Insurer)

Article 16 (1) A Small Amount and Short Term Insurance Provider that was a Specified Insurer or a Small Amount and Short Term Insurance Provider that received the transfer of, or succeeded to, the insurance contracts from a Specified Insurer (limited to a person who applied for the approval of transfer or succession of said insurance contracts pursuant to the provision of Article 4, paragraph (7), (8), (11) or (12) of the Supplemental Provisions by the day when two years have passed since the Effective Date and for the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act) may, notwithstanding the provision of Article 3, paragraph (1) of the New Insurance Business Act, underwrite insurance whose insurance amount is more than the amount specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act and less than the amount specified by a Cabinet Order, until the day on which seven years have passed since the Effective Date.

- (2) The Small Amount and Short Term Insurance Provider shall, when underwriting insurance whose insurance amount exceeds the amount specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provision of the preceding paragraph, effect a reinsurance whose insurance amount equals or exceeds that excess amount with an Insurance Company (including Foreign Insurance Companies, etc.; hereinafter the same shall apply in this Article) pursuant to a Cabinet Office Ordinance.
- (3) When underwriting insurance whose insurance amount exceeds the amount

- specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provision of paragraph (1), the Small Amount and Short Term Insurance Provider shall, in advance, submit a report stating the trade name and name of the Insurance Company with which the reinsurance is effected, contents of the reinsurance as well as other matters specified by a Cabinet Office Ordinance to the Prime Minister.
- (4) When underwriting insurance whose insurance amount exceeds the amount specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provision of paragraph (1), the Small Amount and Short Term Insurance Provider shall, in advance, disclose the matters listed below to the customers.
- (i) Trade name and name of the Insurance Company with which the reinsurance is effected
 - (ii) Amount of reinsurance to be effected and other contents of the reinsurance.
 - (iii) Other matters specified by a Cabinet Office Ordinance.
- (5) When the underwriting of the insurance whose insurance amount exceeds the amount specified by a Cabinet Order provided in the Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provision of paragraph (1) is performed, the provision of the paragraph (2) shall not apply to a Small Amount and Short Term Insurance Provider for whom the effecting reinsurance pertaining to such insurance with a Foreign Insurer was approved by the Prime Minister as falling under any of the following cases. In this case, pursuant to the provisions of a Cabinet Office Ordinance, such Small Amount and Short Term Insurance Provider shall effect reinsurance whose insurance amount reinsured equals or exceeds that excess amount with said Foreign Insurer.
- (i) The contents of the reinsurance do not violate the laws and regulations, or are not unfair.
 - (ii) Instead of said reinsurance, effecting reinsurance with an Insurance Company on the terms equivalent to or more favorable than those of said reinsurance is difficult.
 - (iii) Effecting such reinsurance poses no risk of unduly harming the interest of the insured and other relevant persons.
- (6) In the case the reinsurance contract is entered into with a Foreign Insurer pursuant to the provision of the preceding paragraph, the term "trade name and name of an Insurance Company" in paragraph (4), item (i) shall be deemed to be replaced with "trade name and name of a Foreign Insurer."
- (7) When giving an approval set forth in paragraph (5), the Prime Minister may confirm with the Insurance Company whether it falls under any case of item (i) of the same paragraph.
- (8) When an approval set forth in paragraph (5) was made, the Prime Minister

may rescind the approval of the same paragraph when effecting reinsurance with such Foreign Insurer does not fall under the cases listed in the items of the same paragraph. In this case, the Small Amount and Short Term Insurance Provider set forth in the same paragraph shall, without delay, effect reinsurance whose insurance amount equals or exceeds the excess amount set forth in the second sentence of the same paragraph with the other Insurance Company or Foreign Insurer.

- (9) The Specified Insurer may, if it received the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act, manage businesses or properties pertaining to the insurance contract which was underwritten prior to such registration and whose insurance amount exceeds the amount specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act, notwithstanding the provision of Article 3, paragraph (1) of the New Insurance Business Act.
- (10) Notwithstanding the provision of Article 3, paragraph (1) of the New Insurance Business Act, a Small Amount and Short Term Insurance Provider may manage businesses or properties pertaining to the insurance contract which was underwritten prior to the Effective Date or during the period when the Specified Insurer carried on the Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) of the Supplementary Provisions and whose insurance amount exceeds the amount specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act, after the Specified Insurer received the transfer of, or succeeded to, such insurance contract.
- (11) In the case of paragraph (9) or the case in the preceding paragraph, a Small Amount and Short Term Insurance Provider shall effect reinsurance with an Insurance Company or a Foreign Insurer whose insurance amount equals or exceeds the excess amount prescribed in paragraph (9) or the preceding paragraph, pursuant to the provisions of a Cabinet Office Ordinance.
- (12) A Small Amount and Short Term Insurance Provider shall, if it effected reinsurance with an Insurance Company or a Foreign Insurer pursuant to the provision in the preceding paragraph, submit a report stating the trade name and name of such Insurance Company or Foreign Insurer and other matters specified by a Cabinet Office Ordinance to the Prime Minister without delay.
- (13) A Specified Insurer may, if it received the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act, manage businesses or properties pertaining to the insurance contract which was underwritten prior to such registration and whose insurance period exceeds the period specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act, notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act.

- (14) A Small Amount and Short Term Insurance Provider who has committed that it will receive the transfer of insurance contracts from a Specified Insurer or succeed to insurance contracts from a Specified Insurer, or a Small Amount and Short Term Insurance Provider who received the transfer of insurance contracts from a Specified Insurer or succeeded insurance contracts from a Specified Insurer may, notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act, receive the transfer of insurance contracts which were underwritten prior to the Effective Date or during the period when the Specified Insurer carried on the Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) of the Supplementary Provisions and whose insurance period exceeds the period specified by a Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act or succeed to such insurance contracts, and manage the businesses and properties pertaining to such insurance contracts.
- (15) In the cases of paragraphs (1), (5), (9), (10), and (13) or of the preceding paragraph, the term "carries on Small Amount and Short Term Insurance Business" in Article 2, paragraph (18) of the New Insurance Business Act shall be deemed to be replaced with "carries on Small Amount and Short Term Insurance Business (including insurance business carried on pursuant to the provision of Article 16, paragraph (1), (9), (10), (13) or (14) of the Supplementary Provisions of Act on Partial Revision of Insurance Business Act etc.(Act No. 38 of 2005)," the term "Small Amount and Short Term Insurance Business" in Article 272, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "Small Amount and Short Term Insurance Business (including Insurance Business carried on pursuant to the provision of Article 16, paragraph (1), (9), (10), (13) or (14) of the Supplementary Provisions of Act on Partial Revision of Insurance Business Act etc.; the same shall apply in paragraph (1), item (v) of the following Article, Article 272-4, paragraph (1), items (ix) and (xi), Article 272-5, paragraphs (2) and (5), Article 272-9, Article 272-11, paragraphs (1) and (2), Article 272-21, paragraph (1), item (i), Article 272-27 and Article 315, item (iv))", and the term "(xi)" in Article 272-26, paragraph (1), item (i) of the New Insurance Business Act shall be deemed to be replaced with "(xi) of Article 272-4, paragraph (1) as applied with the change in interpretation pursuant to Article 16, paragraph (15) of the Supplementary Provisions of Act on Partial Revision of Insurance Business Act etc."
- (16) In paragraph (13) or (14), necessary matters regarding the accumulation of policy reserve performed by a Small Amount and Short Term Insurance Provider set forth in Article 116, paragraph (1) of the New Insurance Business Act as applied mutates mutandis pursuant to Article 272-18 of the New Insurance Business Act.

(17) The provisions of Article 113 of the New Insurance Business Act applied mutatis mutandis to Article 272-18 of the New Insurance Business Act shall not apply to a Small Amount and Short Term Insurance Provider who received a transfer of insurance contracts from a Specified Insurer or succeeded insurance contracts from a Specified Insurer (limited to a person who applied for the approval of transfer or succession of said insurance contracts pursuant to the provisions of Article 4, paragraph (7), (8), (11) or (12) of the Supplemental Provisions by the day when two years have passed since the Effective Date, or a person who applied for the registration of Article 272, paragraph (1) of the New Insurance Business Act).

(18) The Small Amount and Short Term Insurance Provider who was a Specified Insurer, or the Small Amount and Short Term Insurance Provider who received the transfer of insurance contracts from a Specified Insurer or succeeded to insurance contracts from a Specified Insurer (limited to a person who applied for the approval of transfer or succession of said insurance contracts pursuant to the provisions of Article 4, paragraph (7), (8), (11) or (12) of the Supplemental Provisions or applied for the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act by the day when two years have passed since the Effective Date) may, with giving a notification to the Prime Minister, be relieved of the requirement of accumulating of the policy reserve specified by a Cabinet Office Ordinance set forth in Article 116, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 272, paragraph (18) of the New Insurance Business Act for the accounting period that ends by the day when five years have passed since the Effective Date.

(Transitional Measures regarding Posting of Sign)

Article 17 The provision of Article 272-8, paragraph (2) of the New Insurance Business Act does not apply to a person who posts a sign set forth in paragraph (1) of the same Article or a sign similar to this at the time when this Act enters into force, until the day on which six months have passed from the Effective Date.

(Penal Provisions)

Article 19 (1) A person who did not submit a report pursuant to the provision of Article 3, paragraph (1) of the Supplementary Provisions and documents that should be attached pursuant to the provision of paragraph (2) of the same Article, or a person who submitted these documents without stating the matters that should be stated in these documents, or making a false statement shall be punished by imprisonment with work for not more than five years or by a fine of not more than three million yen.

(2) When a representative person or administrator of a juridical person (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators; hereinafter the same shall apply in this paragraph) or any agent, employee or other worker of a juridical person or an individual has done the violation set forth in the preceding paragraph with regard to the business of said juridical person or individual, not only the offender shall be punished but also said juridical person or individual shall be punished by the fine prescribed in the respective paragraph.

(Delegation to Cabinet Office Ordinance)

Article 34 In addition to what is provided for in the Supplementary Provisions, the procedures for application pertaining to the authorization or approval pursuant to the provisions of the Supplementary Provisions, submission of documents, and any other matter required for implementing this Act shall be specified by a Cabinet Office Ordinance.

(Transitional Measures Concerning Penal Provisions)

Article 35 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and acts committed after the enforcement of this Act in the cases where the provisions then in force shall remain applicable pursuant to the provisions of the Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Authority)

Article 36 (1) The Prime Minister shall delegate his/her authority under the Supplementary Provisions (except for authority to be specified by a Cabinet Order) to the Commissioner of Financial Services Agency.

(2) With regard to the authority delegated to the Commissioner of Financial Services Agency pursuant to the provisions in the preceding paragraph, part of it may be delegated to the Director-Generals of Local Finance Bureaus or Local Finance Branch Bureaus pursuant to the provision of a Cabinet Order.

(Delegation to Cabinet Order)

Article 37 In addition to what is provided for in the Supplementary Provisions, necessary transitional measures regarding the enforcement of the Act will be specified by a Cabinet Order.

(Review)

Article 38 (1) Within three years after the enforcement of this Act, the government shall consider the implementations of systems, etc., pertaining to

special measures, etc. for protection of Policyholders, etc., including government assistance for Life Insurance Policyholders Protection Corporation and Financial Assistance, etc., by Life Insurance Policyholders Protection Corporation, the financial conditions of Life Insurance Policyholders Protection Corporation, and the soundness of the management of an Insurance Company, among other factors, examine burdens pertaining to the costs required for the Financial Assistance, etc., of Life Insurance Policyholders Protection Corporation and necessities, etc. for the continuation of the provisions pertaining to the government assistance, and conduct an appropriate review.

(2) Within five years after the enforcement of the Act, the government shall consider the situations of the business for which reinsurance is effected with an Insurance Company and other businesses of a Small Amount and Short Term Insurance Provider, the conditions of diversification of insurance that an Insurance Company underwrites, as well as the changes in economic and social conditions, review systems pertaining to the Insurance Business specified in this Act, and take necessary measures based on its results, when necessary.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act shall come into effect as from the Effective Date of Companies Act.

Supplementary Provisions [Act No. 102 of October 21, 2005] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the Effective Date of Postal Service Privatization Act.

(Transitional Measures Concerning Penal Provisions)

Article 117 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act; acts committed after the enforcement of this Act in the cases where the provisions then in force shall remain applicable pursuant to the provisions of the Supplementary Provisions; acts committed prior to the lapse of the provision of Article 38-8 of the Former Postal Money Order Law (limited to the segment pertaining to items (ii) and (iii)) which shall remain in force pursuant to the provision of Article 9, paragraph (1) of the Supplementary Provisions even after the enforcement of this Act; acts committed prior to the lapse of the provision of Article 70 of the Former Postal Transfer Law (limited to the segment pertaining to items (ii) and (iii)) which shall remain in force pursuant to the provisions of Article 13, paragraph (1) of the Supplementary Provisions after the enforcement of this Act; acts committed prior to the invalidation of the provisions of Article 8 of the Former

Act on the Entrustment of Postal Transfer Deposit and Contribution (limited to the segment pertaining to items (ii)) which shall remain in force pursuant to the provision of Article 27, paragraph (1) of the Supplementary Provisions even after the enforcement of this Act; acts committed before the lapse of the provision of Article 70 of the Former Public Companies Act (limited to the segment pertaining to items (ii)) which shall remain in force pursuant to the provision of Article 39, paragraph (2) of the Supplementary Provisions even after the enforcement of this Act; acts committed prior to the lapse of the provisions of Article 71 and 72 of the Former Public Companies Act (limited to the segment pertaining to items (xv)) which shall remain in force pursuant to the provision of Article 42, paragraph (1) of the Supplementary Provisions even after the enforcement of this Act; and acts committed prior to the specified day pertaining to the post savings bank prescribed in Article 104 of the Postal Service Privatization Act in the cases where the provision of Article 2, paragraph (2) of the Supplementary Provisions is applicable, the provisions then in force shall remain applicable.

Supplementary Provisions [Act No. 10 of March 31, 2006] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 April 2006.

(Transitional Measures Concerning Penal Provisions)

Article 211 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, those provisions; hereinafter the same shall apply in this Article) and acts committed after the enforcement of this Act in the cases where the provisions then in force shall remain applicable pursuant to the provisions of the Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 212 In addition to what is provided for in the Supplementary Provisions, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions [Act No. 50 of June 2, 2006] [Extract]

(Effective Date)

(1) This Act shall come into effect as from the Effective Date of Act on General Incorporated Association and General Incorporated Foundation.

(Adjustment Provisions)

- (2) If the Effective Date of the Act for Partial Revision of the Penal Code, etc. to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing (Act No. of 2006) is after the Effective Date, for the purpose of applying the provisions of appended table 62 of the Act for Punishment of Organized Crimes and Control of Crime Proceeds (Act No. 136 of 1999; hereinafter referred to as the "Organized Crime Punishment Act") from the Effective Date to the day before the enforcement of that Act, the term "crime set forth in Article 157 (aggravated breach of trust of director etc.) of the Intermediate Corporation Act (Act No. 49 of 2001)" in the same table shall be deemed to be replaced with "crime of Article 334 (aggravated breach of trust of director etc.) of the Act on General Incorporated Association and General Incorporated Foundation (Act No.48 of 2006)."
- (3) In addition to what is provided for in the provisions in the preceding paragraph, with regard to the application of the provisions of the Organized Crime Punishment Act until the day before the Effective Date of the Act for Partial Revision of the Penal Code, etc. to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing in the case referred to in the preceding paragraph, a crime set forth in Article 157 of the Former Intermediate Corporation Law (aggravated breach of trust of director, etc.) where the provisions then in force remain applicable pursuant to the provisions of Article 457 shall be deemed to be a crime listed in the appended table 62 of the Organized Crime Punishment Act.

Supplementary Provisions [Act No. 65 of June 14, 2006] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year and six months from the day of promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions set forth in the following items shall come into effect as from the day prescribed respectively in those items.

- (i) Provision of Article 1; revised provision in Article 30-4, paragraph (2), item (ii) of the Agricultural Cooperative Association Act in Article 8 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2), Article 198, items (i) to (x) inclusive, item (xviii) or (xiv)" to "Article 197, Article 197-2, items (i) to (x) or (xiii), Article 198, item (viii)"); revised provision in Article 34-4, paragraph (2), item (ii) of the Fisheries Cooperative Association Act in Article 9 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item

(vii) or paragraph (2), Article 198, items (i) to (x) inclusive, item (xviii) or (xix)" to "Article 197, Article 197-2, items (i) to (x) inclusive or item (xiii), Article 198, item (viii)"); revised provision in Article 5-4, paragraph (4), item (iv) of the Act on Financial Businesses by Cooperative in Article 11 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2)" to "Article 197" and "Article 198, items (i) to (x) inclusive, item (xviii) or (xix) (Crime of Solicitation of Securities by Unregistered Agents etc)" to "Article 197-2, items (i) to (x) inclusive or item (xiii) (Crime of Solicitation of Securities by Unregistered Agents. etc), Article 198, item (viii) (Crime of Violating Prohibition Order or Order for Suspension by Court)"); revised provision in Article 34, item (iv) of the Shinkin Bank Act in Article 13 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2)" to "Article 197" and "Article 198, items (i) to (x) inclusive, item (xviii) or (xix) (Crime of Solicitation of Securities by Unregistered Agents etc)" to "Article 197-2, items (i) to (x) inclusive or item (xiii) (Crime of Solicitation of Securities by Unregistered Agents etc), Article 198, item (viii) (Crime of Violating Prohibition Order or Order for Suspension by Court)"); revised provision in Article 34, item (iv) of the Labor Bank Act in Article 15 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2)" to "Article 197" and "Article 198, items (i) to (x) inclusive, item (xviii) or (xix) (Crime of Solicitation of Securities by Unregistered Agents etc)" to "Article 197-2, items (i) to (x) inclusive or item (xiii) (Crime of Solicitation of Securities by Unregistered Agents etc), Article 198, item (viii) (Crime of Violating Prohibition Order or Order for Suspension by Court)"); revised provision in Article 53-2, paragraph (1), item (iii) of the Insurance Business Act in Article 18 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2)" to "Article 197" and "Article 198, items (i) to (x) inclusive, item (xviii) or (xix) (Crime of Solicitation of Securities by Unregistered Agents etc)" to "Article 197-2, items (i) to (x) inclusive or item (xiii) (Crime of Solicitation of Securities by Unregistered Agents etc), Article 198, item (viii) (Crime of Violating Prohibition Order or Order for Suspension by Court)"); revised provision in Article 24-4, item (iv) of the Norinchukin Bank Act in Article 19 (limited to the segment which revises "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2), or Article 198, items (i) to (x) inclusive, item (xviii) or (xix)" to "Article 197, Article 197-2, items (i) to (x) inclusive or item (xiii), Article 198, item (viii)"); and Supplementary Provisions, Article 2, Article 4, Article 182, paragraph (1), Article 184, paragraph (1), Article 187, paragraph (1), Article 190, paragraph (1), Article 193, paragraph (1), Article 196, paragraph (1) and

- Article 198, paragraph (1): the day on which 20 days have passed from the day of promulgation.
- (ii) Provision of Article 3 of the Supplementary Provisions: the Effective Date of the Act for Partial Revision of the Penal Code to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing (Act No. of 2006) or the Effective Date of the provisions listed in the preceding item, whichever comes later.
- (iii) Provision of Article 2 (excluding revised provision in Article 27-23 of the Securities and Exchange Act (excluding the segment that adds "and Article 27-26" under "Article 27-25, paragraph (1)"); revised provision in Article 27-24 of the same Act; revised provision in Article 27-25 of the same Act; revised provision in Article 27-26 of the same Act (excluding the segment which revises "control business activities of a company, an issuer of share certificates etc." to "perform what is specified by a Cabinet Order as acts that make a significant change in and have a significant impact on business activities of an issuer of share certificate, etc., (referred to as an "Important Proposed Act, etc." in paragraphs (4) and (5)) and the segment which adds paragraph (3) in the same Article"; revised provision in Article 27-27 of the same Act and revised provision in Article 27-30, item (ii) of the same Act (excluding the segment which revises "Article 27-10, paragraph (2)" to "Article 27-10, paragraphs (8) and (12)" and the segment that adds "or (11)" under "Article 27-10, paragraph (1)"); and provisions of Article 7, Article 8 and Article 12 of the Supplementary Provisions: the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.
- (iv) Revised provision in Article 27-23 of the Securities and Exchange Act in Article 2 (excluding the segment which adds "and Article 27-26" under "Article 27-25, paragraph (1)"); revised provision in Article 27-24 of the same Act; revised provision in Article 27-25 of the same Act; revised provision in Article 27-26 of the same Act (excluding the segment which revises "control business activities of a company, an issuer of share certificate etc." to "perform what is specified for in a Cabinet Order as acts that make a significant change in and have a significant impact on business activities of an issuer of share certificates etc.(referred to as an "Conduct of Important Proposal, etc." in paragraphs (4) and (5)) and the segment which adds paragraph (3) in the same Article"; revised provision in Article 27-27 of the same Act and revised provision in Article 27-30, item (ii) of the same Act (excluding the segment which revises "Article 27-10, paragraph (2)" to "Article 27-10, paragraphs (8) and (12)" and the segment that adds "or (xi)" under "Article 27-10, paragraph (1)"); and provisions from Article 9 to Article 11 and 13 of the Supplementary Provisions: the day specified by a Cabinet

Order within a period not exceeding one year from the day of promulgation.
(v) The provision of Article 4: the Effective Date of the Act on General Incorporated Association and General Incorporated Foundation (Act No. 48 of 2006)

(Transitional Measures associated with Partial Revision of Insurance Business Act)

Article 196 (1) With regard to the applications of the provision of Article 53-2, paragraph (1), item (iii) of the Revised Insurance Business Act (hereinafter referred to as the New Insurance Business Act in this paragraph) (including the cases where it is applied mutatis mutandis pursuant to the provision of Article 53-5, paragraph (1), Article 53-26, paragraph (4), and Article 180-4, paragraph (3) of the New Insurance Business Act) pursuant to the provision of Article 18 (limited to the revised provision in Article 53-2, paragraph (1), item (iii) (limited to the segments that revise "Article 197, paragraph (1), items (i) to (iv) inclusive or item (vii) or paragraph (2)" to "Article 197", and "Article 198, items (i) to (x) inclusive, item (xviii) or (xix) (Crime of Solicitation of Securities by Unregistered Agents, etc)" to "Article 197-2, items (i) to (x) inclusive or item (xiii) (Crime of Solicitation of Securities by Unregistered Agents. etc), Article 198, item (viii) (Crime of Violating Prohibition Order or Order for Suspension by Court)", any person who has violated Article 197, paragraph (1), items (i) to (iv) inclusive, or item (vii), paragraph (2) or Article 198, items (i) to (x) inclusive, item (xviii) or (xix) of the prerevised Securities and Exchange Act pursuant to the provision of Article 1 (including these provisions where the provisions then in force remain applicable pursuant to the provisions of Article 218 of the Supplementary Provisions) and who has been punished shall be deemed to have violated Article 197, Article 197-2, items (i) to (x) inclusive or item (xiii), or Article 198, item (viii) of the revised Securities and Exchange Act pursuant to the provision of Article 1, and to have been punished.

(2) With regard to the application of the provision of Article 53-2, paragraph (1), item (iii) of the Revised Insurance Business Act (hereinafter referred to as the "Newly Revised Insurance Business Act" in this paragraph) (including the cases where it is applied mutatis mutandis pursuant to Article 53-5, paragraph (1), Article 53-26, paragraph (4) and Article 180-4, paragraph (3) of the Newly Revised Insurance Business Act), pursuant to the provision of Article 18 (limited to the revised provision in Article 53-2, paragraph (1), item (iii) (limited to the segments that revise "Securities and Exchange Act" to "Financial Instruments and Exchange Act", "(xxi) or (xxii)" to "(xx) or (xxi)", "securities company etc." to "Financial Instruments Business Operators etc." and "(xv) or (xvi)" to "(xix) or (xx)"), any person who has violated the provisions of Article 197 Article 197-2, items (i) to (x) inclusive or item (xiii), Article 198,

item (viii), Article 199, Article 200, items (i) to (xii) inclusive, item (xxi) or (xxii), Article 203, paragraph (3) or Article 205, items (i) to (vi) inclusive, item (xv) or (xvi) of the Former Securities and Exchange Act (including these provisions where the provisions then in force remain applicable pursuant to the provisions of Article 218 of the Supplementary Provisions) and has been punished shall be deemed to have violated the provisions of Article 197, Article 197-2, items (i) to (x) inclusive or item (xiii), Article 198, item (viii), Article 199, Article 200, items (i) to (xii) inclusive, item (xx) or (xxi), Article 203, paragraph (3) or Article 205, items (i) to (vi) inclusive, item (xix) or (xx) of the New Financial Instruments and Exchange Act and to have been punished.

Article 197 If an Insurance Company, etc. (referring to an Insurance Company, etc. provided in Article 2-2, paragraph (1) of the Revised Insurance Business Act pursuant to the provision of Article 18 (hereinafter referring to "Revised Insurance Business Act"), a Foreign Insurance Company, etc. (referring to a Foreign Insurance Company, etc. provided in Article 2, paragraph (7) of the Revised Insurance Business Act), or an Insurance Broker (referring to an Insurance Broker provided in Article 2, paragraph (25) of the Revised Insurance Business Act), in the case where an application for a specified insurance contract, etc. (referring to as a specified insurance contract, etc. provided in Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Revised Insurance Business Act with relevant changes in interpretation) from a customer (limited to an individual listed in Article 2, paragraph (31), item (iv) of the New Financial Instruments and Exchange Act) for the first time after the enforcement of this Act is received, and has notified such customer prior to the enforcement of this Act pursuant to an example set forth in Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Revised Insurance Business Act that such customer may make an application pursuant to the provision of Article 34-2, paragraph (1) of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Revised Insurance Business Act after the enforcement of this Act, a notification provided in Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Revised Insurance Business Act shall be deemed to have been made to such customer.

(Delegation of Authority)

Article 216 (1) The Prime Minister shall delegate his/her authority under the Supplementary Provisions (except for authority to be specified by a Cabinet Order) to the Commissioner of Financial Services Agency.

(2) With regard to the authority delegated to the Commissioner of Financial Services Agency pursuant to the provision in the preceding paragraph, part of it may, pursuant to the provision of a Cabinet Order, be delegated to the Director-Generals of Local Finance Bureaus or the Director-General of Local Finance Branch Bureaus.

(Effect of Dispositions, etc.)

Article 217 Dispositions imposed, procedures taken or other acts committed prior to the enforcement of this Act pursuant to the provisions of the Former Securities and Exchange Act, the Former Act on Securities Investment Trust and Securities Investment Corporations, or Former Trust Business Act or orders based on those, for which the corresponding provisions exist in the provisions of the New Financial Instruments and Exchange Act shall be deemed to have been imposed, taken or committed pursuant to the corresponding provisions of the New Financial Instruments and Exchange Act, except as otherwise provided for in this Supplementary Provision.

(Transitional Measures regarding the Application of Penal Provisions)

Article 218 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (in provisions listed in the items of Article 1 of the Supplementary Provisions, such provision. Hereinafter the same shall apply in this Article) and acts committed after the enforcement of this Act where the provisions previously in force remain applicable pursuant to the provisions of the Supplementary Provisions and remain in force, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order, etc.)

Article 219 (1) In addition to what is prescribed in the Supplementary Provisions, transitional measures necessary for the enforcement of this Act shall be specified by a Cabinet Order.

(2) Transitional measures necessary for a procedure concerning a registration associated with a partial revision of the Securities and Exchange Act pursuant to the provision of Article 3 shall be specified by an Ordinance of the Ministry of Justice

(Review)

Article 220 Within five years after the enforcement of this Act, the government shall review the conditions of the enforcement of this Act and take necessary measures based on its results, when necessary.

Supplementary Provisions [Act No. 109 of December 15, 2006] [Extract]

This Act shall come into effect as from the Effective Date of New Trust Act; provided, however, the provisions listed in the following items shall come into effect as from the day prescribed respectively in those items.

- (i) Provisions of Article 9 (limited to the revised provision in Article 7 of the Commercial Code, Article 25 (limited to the revised provision in Article 251, item (xxiv) of Act on Securities Investment Trust and Securities Investment Corporations), Article 37 (limited to the revised provision in Article 76, item (vii) of Act on Financial Institutions' Merger and Conversion), Article 49 (limited to the revised provisions in Article 17-6, paragraph (1), item (vii), Article 53-12, paragraph (8), Article 53-15, Article 53-25, paragraph (2), Article 53-27, paragraph (3), Article 53-32, Article 180-5, paragraphs (3) and (4) as well as Article 180-9, paragraph (5) of the Insurance Business Act), Article 55 (limited to the revised provisions in Article 76, paragraph (6), Article 85, Article 168, paragraph (5), Article 171, paragraph (6) and Article 316, paragraph (1), item (xxiii) of the Act on Liquidation of Assets), Article 59, Article 75 and Article 77 (excluding the provision which revises the table of contents in the Companies Act, the provision which adds two items in Article 132 of the same Act, the provision which adds Subsection 1 after Article 154 in the Part II Chapter II Section 3 in the same Act, the provision which adds after the Article 272 in Part II Chapter III Section 4 of the same Act, the provision which adds Article 1 after the Article 695 of the same Act and the revised provision in Article 943, item (i) of the same Act: the day of promulgation.

Supplementary Provisions [Act No. 74 of June 1, 2007] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as from 1 October 2008, provided, however, that the provisions set forth in following items shall come into effect as from the day prescribed respectively in those items.

- (i) The provisions Article 3 to 22, 25 to 30, 101 and 102 of the Supplementary Provisions: the date to be specified by a Cabinet within a period no exceeding six months from the day of promulgation.

(Transitional Measures Accompanying Partial Revision to Insurance Business Act)

Article 77 With respect to application to the provisions of Insurance Business Act about short-term commercial and industrial bonds which a juridical person prior to the conversion has published before the enforcement, the short-term commercial and industrial bonds shall be deemed to be short-term company

bonds, etc. prescribed in Article 98, paragraph (6) of that Act.

(Transitional Measures regarding the Disposition, etc.)

Article 100 Those dispositions, procedures or other acts carried out before this Act enters into force pursuant to the provisions of the respective Acts prior to the revision (including any orders pursuant thereto; hereinafter the same shall apply in this Article), which are covered by the corresponding provisions of the respective Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the respective Acts as revised, unless provided otherwise in the present Supplementary Provisions.

(Transitional Measures regarding the Application of Penal Provisions)

Article 101 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act (in provisions listed in the items of Article 1 of the Supplementary Provisions, such provision. Hereinafter the same shall apply in this Article) and acts committed after the enforcement of this Act where the provisions previously in force remain applicable pursuant to the provisions of the Supplementary Provisions and remain in force pursuant to the provisions of the Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order etc.)

Article 102 In addition to what is provided for in the Supplementary Provisions, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.