

Insurance Act

(Act No. 56 of June 6, 2008)

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Chapter I General Provisions

(Purpose)

Article 1 The formation, effect, performance, and termination of a contract related to insurance is to be governed by the provisions of this Act, in addition to the provisions of other laws and regulations.

(Definitions)

Article 2 In this Act, the meanings of the terms listed in the following items are to be as prescribed in each of those items:

- (i) insurance policy: a contract, whether it is called an insurance contract, mutual aid contract, or by any other name, under which one party to the contract promises to provide property benefits (for a life insurance policy or an accident and health insurance policy with a fixed payout, limited to

- payment of money; referred to below as "payment of insurance proceeds") on condition of occurrence of certain events, and the other party promises to pay insurance premiums (including mutual aid premiums; the same applies below) based on the likelihood of such an event occurring;
- (ii) insurer: the party to an insurance policy who is obliged to pay insurance proceeds;
 - (iii) policyholder: the party to an insurance policy who is obliged to pay insurance premiums;
 - (iv) insured: a person specified in sub-items (a) through (c) below in accordance with the insurance policy category listed in each of those items:
 - (a) non-life insurance policy: a person that is to be compensated for any loss or damage under a non-life insurance policy;
 - (b) life insurance policy: a person upon whose survival or death, an insurer is to pay insurance proceeds; and
 - (c) accident and health insurance policy with a fixed payout: a person upon whose injury or illness (referred to below as "injury or illness"), an insurer is to pay insurance proceeds;
 - (v) beneficiary: a person that is specified by a life insurance policy or an accident and health insurance policy with a fixed payout as a person entitled to receive payment of insurance proceeds;
 - (vi) non-life insurance policy: an insurance policy under which an insurer promises to compensate for any loss or damage that may arise from a certain contingent event;
 - (vii) accident and health insurance policy: a non-life insurance policy under which an insurer promises to compensate for any loss or damage that may arise from a person's injury or illness (limited to a loss or damage suffered by the person who was injured or fell ill);
 - (viii) life insurance policy: an insurance policy under which an insurer promises to pay fixed insurance proceeds in relation to a person's survival or death (excluding an insurance policy falling under an accident and health insurance policy with a fixed payout); and
 - (ix) accident and health insurance policy with a fixed payout: an insurance policy under which an insurer promises to pay fixed insurance proceeds based on a person's injury or illness.

Chapter II Non-Life Insurance

Section 1 Formation

(Subject Matter of Non-Life Insurance Policies)

Article 3 Only interests that can be assessed in monetary terms may be the subject matter of a non-life insurance policy.

(Duty of Disclosure)

Article 4 (1) When concluding a non-life insurance policy, a person that is to become the policyholder or insured must disclose the facts that the person to become the insurer requires to be disclosed (referred to as the "matters to be disclosed" in Article 28, paragraph (1) and Article 29, paragraph (1)) among the material matters that concern the likelihood of any loss or damage for which the person is to be compensated under that non-life insurance policy (referred to below as the "risk" in this Chapter) for which the person is to be compensated under that non-life insurance policy.

(Retroactive Insurance)

Article 5 (1) The provision to the effect that a loss arising from an insured event that has occurred before concluding a non-life insurance policy (meaning an event the non-life insurance policy specifies as a contingent event that may cause a damage to be compensated under the non-life insurance policy; the same applies below in this Chapter) is to be compensated is void if the policyholder or the insured knew that an insured event had already occurred, at the time that a policyholder applied for or accepted the non-life insurance policy.

(2) The provision to the effect that a loss arising from an insured event that has occurred before a non-life insurance policy was applied for is void if the insurer knew that an insured event had not occurred, at the time that the insurer or the policyholder applied for the non-life insurance policy.

(Delivery of Documents Upon Conclusion of Non-Life Insurance Policies)

Article 6 (1) When an insurer has concluded a non-life insurance policy, the insurer must deliver a document stating the following matters to the policyholder without delay:

- (i) the name of the insurer;
- (ii) the name of the policyholder;
- (iii) the name of the insured and other matters necessary to identify the insured;
- (iv) the insured event;
- (v) the period specified by the non-life insurance policy as the period in which any damage due to an insured event that occurs during that period is to be compensated for;
- (vi) the amount insured (meaning an amount specified as the maximum amount of insurance proceeds in the non-life insurance policy; the same applies below in this Chapter), or if there are no provisions on the amount insured, that fact;

- (vii) if there is any insured property (meaning property that is specified in the non-life insurance policy as property to which a loss may occur due to an insured event; the same applies below in this Chapter), the matters necessary to identify that property;
 - (viii) if there is an agreed insured value prescribed in the proviso to Article 9, that agreed insured value;
 - (ix) the insurance premium and its payment method;
 - (x) if it is provided that the notice referred to in Article 29, paragraph (1), item (i) is required to be given, that fact;
 - (xi) the date on which the non-life insurance policy has been concluded; and
 - (xii) the date on which the document has been prepared.
- (2) The insurer (if the insurer is a corporation or any other association, its representative) must put their signature on the document referred to in the preceding paragraph, or affix their name and seal to the document.

(Mandatory Rules)

Article 7 An optional coverage that runs counter to the provisions of Article 4 which is unfavorable to a policyholder or an insured, and an optional coverage that runs counter to the provisions of Article 5, paragraph (2) which is unfavorable to a policyholder, are void.

Section 2 Effect

(Non-Life Insurance Policy Concluded for Third Parties)

Article 8 If an insured is a person other than a party to a non-life insurance policy, the insured is to enjoy the benefits of the non-life insurance policy by operation of law.

(Overinsurance)

Article 9 If a policyholder and an insured were in good faith and without gross negligence of the fact that the amount insured has exceeded the value of the insured property (referred to as the "insured value" below in this Chapter) at the time of concluding a non-life insurance policy, the policyholder may cancel the non-life insurance policy for that excess portion; provided, however, that this does not apply if a certain value has been agreed for the insured value (referred to as the "agreed insured value" below in this Chapter).

(Decrease in Insured Value)

Article 10 If the insured value significantly decreases after concluding a non-life insurance policy, the policyholder may request the insurer to reduce the amount insured or the agreed insured value to the amount of insured value

after reduction, and to reduce the insurance premium to the amount that corresponds to the amount insured after reduction, toward the future.

(Decrease in Risks)

Article 11 If the risk significantly decreases after concluding a non-life insurance policy, the policyholder may request the insurer to reduce the insurance premium to the amount that corresponds to the risk after reduction, toward the future.

(Mandatory Rules)

Article 12 An optional coverage that runs counter to the provisions of Article 8 which is unfavorable to an insured, and an optional coverage that runs counter to the provisions of the main clause of Article 9 or the preceding two Articles which is unfavorable to a policyholder, are void.

Section 3 Payment of Insurance Proceeds

(Prevention of Occurrence and Increase of Damage)

Article 13 When a policyholder or an insured becomes aware that an insured event has occurred, they must endeavor to prevent the occurrence and increase of the damage due to that event.

(Notice of Occurrence of Damage)

Article 14 When a policyholder or an insured becomes aware that a damage has occurred due to an insured event, they must notify the insurer of that fact without delay.

(Loss of Insured Property After Occurrence of Damage)

Article 15 If any damage is caused due to an insured event, an insurer must compensate for that damage even if the insured property is lost due to a cause other than an insured event after that damage occurs.

(Special Provisions on Compensation for Damage Under Fire Insurance Policies)

Article 16 An insurer of a non-life insurance policy that covers fires must compensate any damage that occurs to the insured property as a result of measures necessary to extinguish a fire, evacuate, or conduct other firefighting operations, even if an insured event has not occurred.

(Exemption of Insurers from Liability)

Article 17 (1) An insurer is not liable to compensate for any damage caused due

to an intentional act or gross negligence of a policyholder or an insured. The same applies to any damage that occurs due to a war or other upheavals.

- (2) To apply the provisions of the preceding paragraph to a liability insurance contract (meaning a non-life insurance policy that compensates for damage that may arise when an insured is liable for compensating the damages; the same applies below), the phrase "intentional act or gross negligence" in that paragraph is deemed to be replaced with "intentional act".

(Calculation of Amount of Damages)

Article 18 (1) The amount of damages to be compensated under a non-life insurance policy (referred to as the "amount of damages to be compensated" below in this Chapter) is calculated based on the value of the place the damage occurred and at the time when the damage occurred.

- (2) If there is an agreed insured value, the amount of damages to be compensated is calculated based on that agreed insured value; provided, however, that if the agreed insured value significantly exceeds the insured value, the amount of damages to be compensated is calculated based on the insured value.

(Underinsurance)

Article 19 If the amount insured is less than the insured value (if there is an agreed insured value, that value), the amount of insurance proceeds required to be paid by an insurer is the amount obtained by multiplying the amount of damages to be compensated by the ratio of the amount insured to the insured value.

(Double Insurance)

Article 20 (1) Even if a damage to be compensated under a non-life insurance policy is also to be compensated under another non-life insurance policy, the insurer is liable to pay insurance proceeds for the entire damage amount to be compensated (in the case prescribed in the preceding Article, the entire amount of the insurance proceeds required to be paid under the provisions of that Article).

- (2) If the sum of the amounts of insurance proceeds required to be paid by the insurers under two or more non-life insurance policies exceeds the amount of damages to be compensated (if the amounts of damages to be compensated calculated based on those policies differ, the largest amount; the same applies below in this paragraph), and one of the insurers has paid insurance proceeds exceeding their share of liability (meaning the amount obtained by multiplying the amount of damages to be compensated by the ratio of the amount of insurance proceeds to be paid by each insurer to the total amount of insurance proceeds to be paid, when assuming that there is no other non-life insurance

policy; the same applies below in this paragraph) and has received common exemption through that payment, the insurer has the right to demand compensation from other insurers for their share of liability limited to the amount that exceeds the insurer's share of liability.

(Due Date for Performing Payment of Insurance Proceeds)

Article 21 (1) Even if the due date for paying insurance proceeds has been specified, when the due date falls after the day a reasonable period of time to confirm the insured event, the amount of damages to be compensated, the grounds for the insurer's exemption from liability, and other matters necessary to be confirmed under a non-life insurance policy for paying insurance proceeds have elapsed, the day on which the period expires is to be the due date for performing payment of insurance proceeds.

(2) If a due date for paying insurance proceeds has not been specified, after the claim for making payment of insurance proceeds is made, the insurer is not responsible for the delay until the period necessary to confirm the insured event and the amount of damages to be compensated related to that claim passes.

(3) When conducting the investigation necessary to confirm the matters prescribed in the preceding two paragraphs, if the policyholder or the insured obstructs, or refuses to cooperate in the investigation without legitimate grounds, the insurer is not responsible for the period of delay in payment of insurance proceeds caused by that obstruction or refusal.

(Statutory Lien on Liability Insurance Contracts)

Article 22 (1) A person that has a right to claim compensation for damages related to an insured event under a liability insurance contract against the insured of the liability insurance contract has a statutory lien over the right to claim payment of insurance proceeds.

(2) An insured may exercise the right to claim payment of insurance proceeds from an insurer only to the extent of the amount that the insured paid for the claim for compensation for damages stated in the preceding paragraph or the amount to which the person that holds that claim has consented.

(3) The right to claim payment of insurance proceeds based on a liability insurance contract may not be transferred, pledged, or seized; provided, however, that this does not apply in the following cases:

(i) when the right is transferred to a person that has the right to claim compensation for damages referred to in paragraph (1), or the right is seized based on that claim for compensation for damages; and

(ii) when the insured may exercise the right to claim payment of insurance proceeds pursuant to the provisions of the preceding paragraph.

(Bearing of Costs)

Article 23 (1) The following costs are to be borne by an insurer:

- (i) costs necessary to calculate the amount of damage to be compensated; and
- (ii) costs necessary or beneficial for preventing the occurrence or increase in damage in the case referred to in Article 13.

(2) The provisions of Article 19 apply mutatis mutandis to the costs stated in item (ii) of the preceding paragraph. In such a case, the term "damage amount to be compensated" in that Article is deemed to be replaced with "costs stated in Article 23, paragraph (1), item (ii)".

(Subrogation of Lost Property)

Article 24 If all of the insured property has been lost and an insurer has paid insurance proceeds, the insurer is subrogated to the insured's ownership and other real rights to the insured property, in accordance with the ratio of the amount of payment of insurance proceeds to the insured value (if there is an agreed insured value, that value), by operation of law.

(Subrogation of Claims)

Article 25 (1) When an insurer has paid insurance proceeds, the insurer is subrogated to a claim acquired by the insured due to the occurrence of a damage caused by an insured event (for a non-life insurance policy that compensates a damage that may arise in relation to a claim due to non-performance of obligation or other reasons, including those claims; referred to as the "insured's claim" below in this Article), limited to the smaller of the following amounts, by operation of law:

- (i) the amount of the insurance proceeds paid by the insurer; or
- (ii) the amount of the insured's claim (if the amount stated in the preceding item falls short of the amount of damage to be compensated, the amount that remains after deducting the amount of the shortfall from the amount of the insured's claim).

(2) In the case referred to in the preceding paragraph, if the amount stated in item (i) of that paragraph falls short of the amount of damage to be compensated, the insured has the right to receive payment of the insured's claim, other than the portion which the insurer has subrogated under the provisions of that paragraph, before receiving the claim the insurer has acquired by subrogation.

(Mandatory Rules)

Article 26 An optional coverage that runs counter to the provisions of Article 15, Article 21, paragraph (1) or (3), or the preceding two Articles which is

unfavorable to an insured, is void.

Section 4 Termination

(Cancellation by Policyholders)

Article 27 A policyholder may cancel a non-life insurance policy at any time.

(Cancellation Due to Breach of Duty of Disclosure)

Article 28 (1) An insurer may cancel a non-life insurance policy if a policyholder or an insured intentionally or by gross negligence, fails to disclose facts, or makes a false disclosure, regarding matters to be disclosed.

(2) Notwithstanding the provisions of the preceding paragraph, an insurer may not cancel a non-life insurance policy in the following cases:

(i) if the insurer knew or was negligent in not knowing the facts referred to in the preceding paragraph at the time of the conclusion of the non-life insurance policy;

(ii) if a person that is capable of acting as an intermediary to conclude an insurance policy on behalf of an insurer (excluding a person that is capable of acting as an agent to conclude an insurance policy on behalf of an insurer; referred to below as an "insurance intermediary") hinders a policyholder or an insured from disclosing facts referred to in the preceding paragraph; and

(iii) if an insurance intermediary recommends the policyholder or the insured not to disclose facts referred to in the preceding paragraph, or to make a false disclosure.

(3) The provisions of item (ii) and item (iii) of the preceding paragraph do not apply if the policyholder or the insured is found to have failed to disclose facts referred to in paragraph (1), or to have made a false disclosure even if the insurance intermediary has not committed any of the acts prescribed in those items.

(4) The right to cancel under the provision of paragraph (1) is extinguished if it is not exercised within one month from the time that the insurer becomes aware that there are grounds for cancellation under the provisions of that paragraph. The same applies when five years have passed from the time of the conclusion of the non-life insurance policy.

(Cancellation Due to Increased Risks)

Article 29 (1) If there is an increase in risk (meaning to be in a situation where the risk related to the matters to be disclosed has increased, causing the insurance premium under a non-life insurance policy to fall short of the insurance premium calculated based on that risk; the same applies below in this Article and Article 31, paragraph (2), item (ii)) after the conclusion of a

non-life insurance policy, the insurer may cancel the non-life insurance policy if all of the following requirements are satisfied, even if it is possible to maintain the non-life insurance policy when the insurance premium is changed to an amount corresponding to that increased risk:

- (i) when the non-life insurance policy specifies that if the content of the matters to be disclosed related to the increased risk changes, the policyholder or the insured is required to notify the insurer of that fact without delay; and
 - (ii) the policyholder or the insured has failed to give the insurer the notice referred to in the preceding item, intentionally or by gross negligence.
- (2) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to the right to cancel under the provisions of the preceding paragraph. In such a case, the phrase "time of the conclusion of the non-life insurance policy" in paragraph (4) of that Article is deemed to be replaced with "time when an increase in risk prescribed in paragraph (1) of the following Article arose".

(Cancellation Due to Material Grounds)

Article 30 An insurer may cancel a non-life insurance policy if the following grounds exist:

- (i) the policyholder or the insured has caused or attempted to cause damage with the intention of having the insurer make a payment of insurance proceeds based on the non-life insurance policy;
- (ii) the insured has committed or attempted to commit a fraud for claiming payment of insurance proceeds based on the non-life insurance policy; or
- (iii) in addition to what is stated in the preceding two items, material grounds that impair the trust in the policyholder or the insured by the insurer and make it difficult to maintain the non-life insurance policy.

(Effect of Cancellation)

Article 31 (1) Cancellation of a non-life insurance policy only has a prospective effect.

- (2) If an insurer cancels a non-life insurance policy pursuant to the provisions stated in the following items, the insurer is not liable to compensate for the damage specified in each of those items:
- (i) the provisions of Article 28, paragraph (1): damage due to an insured event that occurs before the policy is canceled; provided, however, that this does not apply to damage due to an insured event that occurs without basis in the facts referred to in that paragraph;
 - (ii) the provisions of Article 29, paragraph (1): damage due to an insured event that occurs during the period after the increase in risk leading to the

cancellation arises until the policy is canceled; provided, however, that this does not apply to damage due to an insured event that occurs without basis in the grounds for the increase in risk; or

- (iii) the provisions of the preceding Article: damage due to an insured event that occurs during the period after the grounds stated in the items of that Article arise until the policy is canceled.

(Limitations on Return of Insurance Premiums)

Article 32 An insurer is not liable to return insurance premiums in the following cases:

- (i) if an insurer has revoked their manifestation of intention relating to a non-life insurance policy due to fraud or duress by a policyholder or an insured; and
- (ii) if a non-life insurance policy becomes void pursuant to the provisions of Article 5, paragraph (1); provided, however, that this does not apply if the insurer offered or accepted the non-life insurance policy while being aware of an insured event.

(Mandatory Rules)

Article 33 (1) An optional coverage that runs counter to the provisions of Article 28, paragraphs (1) through (3), Article 29, paragraph (1), Article 30, or Article 31, which is unfavorable to a policyholder or an insured, is void.

- (2) An optional coverage that runs counter to the provisions of the preceding Article and is unfavorable to a policyholder, is void.

Section 5 Special Provisions on Accident and Health Insurance Policies

(Request for Cancellation by Insureds)

Article 34 (1) If an insured is a person other than a party to an accident and health insurance policy, the insured may request that the policyholder cancel the accident and health insurance policy unless the insured has agreed otherwise with the policyholder.

- (2) When requested to cancel an accident and health insurance policy pursuant to the provisions of the preceding paragraph, a policyholder may cancel the accident and health insurance policy.

(Deemed Replacement of Terms for Application of Provisions to Accident and Health Insurance Policies)

Article 35 To apply the provisions of Sections 1 through 4 to an accident and health insurance policy, the term "insured" in Article 5, paragraph (1), Article 14, Article 21, paragraph (3), and Article 26 is deemed to be replaced with

"insured (for an accident and health insurance policy that compensates any damage resulting from the death of an insured, the insured's heirs)"; the phrase "an insured event had already occurred" in Article 5, paragraph (1) is deemed to be replaced with "damage resulting from an insured event had already occurred"; the phrase "an insured event had not occurred" in Article 5, paragraph (2) is deemed to be replaced with "damage resulting from an insured event had not occurred"; the term "insured" in Article 17, paragraph (1), Article 30, and Article 32, item (i) is deemed to be replaced with "insured (for an accident and health insurance policy that compensates any damage resulting from the death of an insured, the insured or the insured's heirs)"; the phrase "by the insured" in Article 25, paragraph (1) is deemed to be replaced with "by the insured (for an accident and health insurance policy that compensates any damage resulting from the death of an insured, by the insured's heirs; the same applies below in this Article)"; the term "an insured event" in Article 32, item (ii) is deemed to be replaced with "a damage resulting from an insured event"; and in Article 33, paragraph (1), the term "Article 30 or Article 31" is deemed to be replaced with "or Article 31,", the phrase "unfavorable to a policyholder or an insured" is deemed to be replaced with "unfavorable to a policyholder or an insured and an optional coverage that runs counter to the provisions of Article 33 which is unfavorable to a policyholder or an insured (for an accident and health insurance policy that compensates any damage resulting from the death of the insured or insured's heirs)".

Section 6 Exclusion from Application

Article 36 The provisions of Article 7, Article 12, Article 26, and Article 33 do not apply to the following non-life insurance policies:

- (i) a marine insurance policy prescribed in Article 815, paragraph (1) of the Commercial Code (Act No. 48 of 1899);
- (ii) a non-life insurance policy for which the insured property is an aircraft or cargo to be transported by aircraft, or a liability insurance contract that covers liability for any damage due to an aircraft accident;
- (iii) a non-life insurance policy for which the insured property is a nuclear facility, or a liability insurance contract that covers liability for any damage due to an accident at a nuclear facility; and
- (iv) in addition to what is stated in the preceding three items, a non-life insurance policy that compensates for any damage that may arise from business activities conducted by a corporation or other associations or by an individual that conducts a business (excluding those falling under accident and health insurance policies).

Chapter III Life Insurance

Section 1 Formation

(Duty of Disclosure)

Article 37 At the time of concluding a life insurance policy, the person that is to become the policyholder or the insured must disclose among the facts on material matters that concern the likelihood of the occurrence (referred to as the "risk" below in this Chapter) of an insured event (meaning the death of an insured or an insured being alive at a given point in time; the same applies below in this Chapter) the facts the person that is to become the insurer requests to be disclosed (referred to as the "matters to be disclosed" in Article 55, paragraph (1) and Article 56, paragraph (1)).

(Insured's Consent)

Article 38 A death insurance policy under which an insured is a person other than a party to a life insurance policy (meaning a life insurance policy under which an insurer promises to pay insurance proceeds for the death of an insured; the same applies below in this Chapter) does not become effective without the consent of the insured.

(Retroactive Insurance)

Article 39 (1) The provision to the effect that insurance proceeds are to be paid for an insured event occurring before concluding a death insurance policy is void, if the policyholder or the beneficiary knew that an insured event had already occurred at the time that a policyholder applied for or accepted the death insurance policy.

(2) The provision to the effect that insurance proceeds are to be paid for an insured event occurring before applying for a death insurance policy is void, if the insurer knew that an insured event had not occurred at the time that the insurer or the policyholder applied for the life insurance policy.

(Delivery of Documents Upon Conclusion of Life Insurance Policies)

Article 40 (1) When an insurer concludes a life insurance policy, they must deliver a document stating the following matters to the policyholder without delay:

- (i) the name of the insurer;
- (ii) the name of the policyholder;
- (iii) the name of the insured or other matters necessary to identify the insured;
- (iv) the name of the beneficiary or other matters necessary to identify the beneficiary;
- (v) the insured event;

- (vi) the period specified by the life insurance policy during which insurance proceeds are to be paid if an insured event occurs;
 - (vii) the amount of insurance proceeds to be paid and their payment method;
 - (viii) the insurance premium and its payment method;
 - (ix) if there is a provision to the effect that the notice referred to in Article 56, paragraph (1), item (i) is required to be given, that fact;
 - (x) the date on which the life insurance policy has been concluded; and
 - (xi) the date on which the document has been prepared.
- (2) The insurer (if the insurer is a corporation or any other association, its representative) must put their signature on the document referred to in the preceding paragraph, or affix their name and seal to the document.

(Mandatory Rules)

Article 41 An optional coverage that runs counter to the provisions of Article 37 and is unfavorable to a policyholder or an insured, and an optional coverage that runs counter to the provisions of Article 39, paragraph (2) and is unfavorable to a policyholder, are void.

Section 2 Effect

(Life Insurance Policies Concluded for Third Parties)

Article 42 If a beneficiary is a person other than a party to a life insurance policy, the beneficiary is to enjoy the benefit of the life insurance policy, by operation of law.

(Change of Beneficiary)

Article 43 (1) A policyholder may change the beneficiary until an insured event occurs.

(2) The change of the beneficiary is to be made by manifesting that intention to an insurer.

(3) The manifestation of intention referred to in the preceding paragraph becomes effective retroactive to the time when the notice of that manifestation has been sent, when its notice reaches the insurer; provided, however, that this does not preclude the effect of the payment of insurance proceeds that has been made before that notice reaches the insurer.

(Change of Beneficiary by Will)

Article 44 (1) A beneficiary may also be changed by a will.

(2) The change of a beneficiary by a will may not be asserted against the insurer unless the policyholder's heir notifies the insurer of that fact after the will becomes effective.

(Insured's Consent on Change of Beneficiary)

Article 45 The change of a beneficiary under a death insurance policy does not become effective without the consent of the insured.

(Death of Beneficiaries)

Article 46 If a beneficiary dies before an insured event occurs, all of the beneficiary's heirs become beneficiaries.

(Insured's Consent on Transfer of Right to Claim Payment of Insurance Proceeds)

Article 47 The transfer of the right to claim payment of insurance proceeds based on a death insurance policy or the creation of a pledge on that right (excluding a pledge created after an insured event occurs) does not become effective without the insured's consent.

(Decrease in Risks)

Article 48 If the risk has significantly decreased after concluding a life insurance policy, the policyholder may request the insurer to reduce insurance premiums to the amount corresponding to that risk after reduction, toward the future.

(Mandatory Rules)

Article 49 An optional coverage that runs counter to the provisions of Article 42 which is unfavorable to a beneficiary, and an optional coverage that runs counter to the provisions of the preceding Article which is unfavorable to a policyholder, are void.

Section 3 Payment of Insurance Proceeds

(Notice of Insured's Death)

Article 50 When a policyholder or a beneficiary under a death insurance policy becomes aware of the insured's death, the policyholder or the beneficiary must notify the insurer of that fact without delay.

(Exemption of Insurer from Liability)

Article 51 An insurer of a death insurance policy is not liable to pay insurance proceeds in the following cases; provided, however, that this does not apply in the case stated in item (iii) for the insurer's liability to a beneficiary other than the beneficiary who has intentionally caused the death of an insured:

(i) if an insured commits suicide;

- (ii) if a policyholder causes the death of an insured (excluding the case stated in the preceding item);
- (iii) if a beneficiary intentionally causes the death of an insured (excluding the cases stated in the preceding two items); and
- (iv) if an insured dies due to a war or other upheavals.

(Due Date for Performing Payment of Insurance Proceeds)

Article 52 (1) Even if the due date for payment of insurance proceeds is specified, when that due date falls after the day a reasonable period of time to confirm the insured event, reasons for the insurer's exemption from liability, and other matters necessary to be confirmed under a life insurance policy for the purpose of paying insurance proceeds has elapsed, the day on which that period expires is to be the due date for performing payment of insurance proceeds.

(2) If the due date for payment of insurance proceeds is not specified, the insurer is not responsible for the delay until a claim for payment of insurance proceeds is made and the period of time necessary to confirm the insured event related to that claim has elapsed.

(3) If the policyholder, the insured, or the beneficiary obstructs or refuses to cooperate with the investigation without legitimate grounds when the insurer conducts an investigation necessary to confirm the matters prescribed in the preceding two paragraphs, the insurer is not responsible for the delay in payment of insurance proceeds caused by that obstruction or refusal.

(Mandatory Rules)

Article 53 An optional coverage that runs counter to the provisions of paragraph (1) or (3) of the preceding Article which is unfavorable to a beneficiary is void.

Section 4 Termination

(Cancellation by Policyholders)

Article 54 A policyholder may cancel a life insurance policy at any time.

(Cancellation Due to Breach of Duty of Disclosure)

Article 55 (1) An insurer may cancel a life insurance policy if a policyholder or an insured has failed to disclose facts or has made a false disclosure, regarding matters to be disclosed, intentionally or by gross negligence.

(2) Notwithstanding the provisions of the preceding paragraph, an insurer may not cancel a life insurance policy in the following cases:

- (i) if an insurer knew or was negligent in not knowing the facts referred to in the preceding paragraph at the time of concluding the life insurance policy;
- (ii) if an insurance intermediary hinders a policyholder or an insured from

- disclosing facts referred to in the preceding paragraph; and
- (iii) if an insurance intermediary recommends the policyholder or the insured not to disclose facts referred to in the preceding paragraph or to make a false disclosure.
- (3) The provisions of item (ii) and item (iii) of the preceding paragraph do not apply if the policyholder or the insured are found to have failed to disclose facts referred to in paragraph (1) or to have made a false disclosure, even if the insurance intermediary has not committed any of the acts prescribed in those items.
- (4) The right to cancel under the provisions of paragraph (1) is extinguished if it is not exercised within one month from the time when the insurer becomes aware of the grounds for cancellation under the provisions of that paragraph. The same applies when five years have elapsed from the time of the conclusion of the life insurance policy.

(Cancellation Due to Increased Risks)

Article 56 (1) If there is an increase in risk (meaning to be in a situation where the risk related to the matters to be disclosed increases, and the insurance premium specified by a life insurance policy falls short of the insurance premium calculated based on that risk; the same applies below in this Article and Article 59, paragraph (2), item (ii)) after concluding a life insurance policy, the insurer may cancel the life insurance policy if it satisfies all of the following requirements, even if it is possible to maintain the life insurance policy on the assumption that the insurance premium is changed to an amount corresponding to the increased risk:

- (i) there is a provision in the life insurance policy to the effect that when there is a change in the content of the matters to be disclosed related to the increased risk, the policyholder or the insured is to notify the insurer of that fact without delay; and
- (ii) the policyholder or the insured has intentionally or by gross negligence failed to give the notice referred to in the preceding item without delay.
- (2) The provisions of paragraph (4) of the preceding Article apply *mutatis mutandis* to the right to cancel under the provisions of the preceding paragraph. In such a case, the phrase "time of concluding the life insurance policy" in paragraph (4) of that Article is deemed to be replaced with "time when increase in risk prescribed in paragraph (1) of the following Article has occurred".

(Cancellation Due to Material Grounds)

Article 57 An insurer may cancel a life insurance policy (limited to a death insurance policy in the case referred to in item (i)), if the following grounds

exist:

- (i) the policyholder or the beneficiary has intentionally caused or attempted to cause the death of the insured for the purpose of having the insurer pay insurance proceeds;
- (ii) the beneficiary has committed or attempted to commit fraud to claim payment of insurance proceeds under the life insurance policy; or
- (iii) in addition to what is stated in the preceding two items, material grounds that impair the trust in the policyholder, the insured, or the beneficiary by the insurer, and make it difficult to maintain the life insurance policy.

(Request for Cancellation by Insureds)

Article 58 (1) If an insured of a death insurance policy is a person other than a party to the death insurance policy, the insured may request the policyholder to cancel the death insurance policy in the following cases:

- (i) if the grounds stated in item (i) or item (ii) of the preceding Article exist;
 - (ii) in addition to what is stated in the preceding item, if there are material grounds that impair the trust in the policyholder or the beneficiary by the insured, and make it difficult to maintain the death insurance policy; and
 - (iii) if there is a significant change in the circumstances that the insured considered to be the basis for giving consent referred to in Article 38, due to termination of the family relationship between the policyholder and the insured or for other reasons.
- (2) When requested to cancel a death insurance policy pursuant to the provisions of the preceding paragraph, a policyholder may cancel the death insurance policy.

(Effect of Cancellation)

Article 59 (1) Cancellation of a life insurance policy only has a prospective effect.

- (2) If an insurer cancels a life insurance policy pursuant to any of the provisions stated in the following items, the insurer is not liable to pay insurance proceeds for the insured event specified in those items:
- (i) the provisions of Article 55, paragraph (1): an insured event that occurred before the policy was canceled; provided, however, that this does not apply to an insured event that occurred without basis in the facts referred to in that paragraph;
 - (ii) the provisions of Article 56, paragraph (1): an insured event that occurred during the period from when the increase in risk occurred which led to the cancellation until the policy is canceled; provided, however, that this does not apply to an insured event that occurred without basis in the grounds that caused the increase in risk; or
 - (iii) the provisions of Article 57: an insured event that occurred during the

period from when the grounds stated in the items of that Article arose until the policy is canceled.

(Effect of Cancellation by Persons Other Than Parties to Policies)

Article 60 (1) The cancellation of a death insurance policy (limited to a death insurance policy with an insurance premium reserve prescribed in Article 63; the same applies in the following paragraph and paragraph (1) of the following Article) by an attaching creditor, bankruptcy trustee, or any other person that may cancel the policy other than a party to the death insurance policy (referred to as a "holder of the right to cancel" in the following paragraph and Article 62) becomes effective on the day on which one month has passed after the insurer received a notice of the cancellation.

(2) The cancellation prescribed in the preceding paragraph does not become effective if a beneficiary (excluding a person who is a policyholder at the time of giving the notice prescribed in that paragraph, and limited to a person who is a relative of a policyholder or an insured, or who is an insured at that time; referred to as a "holder of the right to intervene" in the following paragraph and the following Article), pays the holder of the right to cancel the amount required to be paid by the insurer to the holder on the assumption that the cancellation of the death insurance policy is to become effective on the date of that notice, and notifies the insurer to that effect before the expiration of the period stated in the preceding paragraph and with the consent of the policyholder.

(3) If the manifestation of intention of cancellation prescribed in paragraph (1) is made in an attachment procedure, or bankruptcy proceeding, rehabilitation proceeding, or reorganization proceeding for a policyholder, and if a holder of the right to intervene makes the payment under the provisions of the preceding paragraph and notifies the insurer to that effect, it is deemed that the insurer has paid the amount required to be paid upon the cancellation, in relation to the attachment procedure, bankruptcy proceeding, rehabilitation proceeding, or reorganization proceeding.

Article 61 (1) If a creditor who has attached a monetary claim that a policyholder is to possess against an insurer upon cancellation of a death insurance policy gives a notice prescribed in paragraph (1) of the preceding Article, and the insurer is able to make a deposit under the provisions of the Civil Enforcement Act (Act No. 4 of 1979) or other laws and regulations if the insurer is to pay the monetary claim related to that attachment at the time of making a payment under the provisions of paragraph (2) of that Article, a holder of the right to intervene may make the payment under the provisions of paragraph (2) of that Article through making the deposit.

- (2) If the notice referred to in the preceding paragraph is given, and the insurer becomes obliged to make a deposit under the Civil Enforcement Act or other laws and regulations if the insurer is to pay the monetary claim related to the attachment at the time of making a payment under the provisions of paragraph (2) of the preceding Article, a holder of the right to intervene must make the payment under the provisions of paragraph (2) of that Article by making the deposit.
- (3) When a holder of the right to intervene has made a payment by making a deposit pursuant to the provisions of the preceding two paragraphs, it is deemed that the insurer has made the payment of the attached monetary claim by making the deposit, in relation to the attachment procedure for that deposit.
- (4) When the holder of the right to intervene has made a deposit under the provisions of paragraph (1) or (2), the holder must submit a notification that a third party obligor is required to submit to the enforcement court or other government agencies or public offices pursuant to the provisions of the Civil Enforcement Act and other laws and regulations.

Article 62 (1) If an insurer is required to pay insurance proceeds due to the fact that an insured event occurred during the period starting after the time of the notice prescribed in Article 60, paragraph (1) is given until the cancellation prescribed in that paragraph becomes effective, or until the cancellation becomes void pursuant to the provisions of paragraph (2) of that Article, the insurer must pay a holder of the right to cancel the amount prescribed in paragraph (2) of that Article, to the extent of the amount of insurance proceeds required to be paid. In such a case, it is sufficient for the insurer to pay a beneficiary the insurance proceeds in an amount that remains after deducting the amount paid to the holder of the right to cancel from the amount of payment of insurance proceeds required to be paid.

- (2) The provisions of the preceding Article apply mutatis mutandis to the payment by an insurer to a holder of the right to cancel under the provisions of the preceding paragraph.

(Refund of Insurance Premium Reserves)

Article 63 When a life insurance policy is terminated on the following grounds, the insurer must refund the insurance premium reserve (meaning the portion of the total amount of insurance premium received which is equivalent to the amount calculated using the expected mortality rate, the assumed interest rate, and other bases of calculation for determining the insurance premium or the amount of insurance proceeds, as the amount required to be allocated to the insurance proceeds for the life insurance policy) at the time of the termination to the policyholder; provided, however, that this does not apply when an

insurer is liable to pay insurance proceeds:

- (i) the grounds prescribed in the items of Article 51 (excluding item (ii));
- (ii) cancellation under the provisions of Article 54 or Article 58, paragraph (2) made before the insurer's liability commences;
- (iii) cancellation under the provisions of Article 56, paragraph (1); and
- (iv) cancellation under the provisions of Article 96, paragraph (1) or lapse of the life insurance policy under the provisions of paragraph (2) of that Article.

(Limitation of Return of Insurance Premiums)

Article 64 An insurer is not liable to return insurance premiums in the following cases:

- (i) if an insurer revokes the insurer's manifestation of intention related to a life insurance policy due to fraud or duress by a policyholder, an insured, or a beneficiary; and
- (ii) if a death insurance policy is to become void pursuant to the provisions of Article 39, paragraph (1); provided, however, that this does not apply if the insurer has offered or accepted the death insurance policy while being aware of the occurrence of any insured events.

(Mandatory Rules)

Article 65 An optional coverage that runs counter to any of the provisions stated in the following items which is unfavorable to the persons specified in each of those items, is void:

- (i) the provisions of Article 55, paragraphs (1) to (3) or Article 56, paragraph (1): a policyholder or an insured;
- (ii) the provisions of Article 57 or Article 59: a policyholder, an insured, or a beneficiary; and
- (iii) the provisions of the preceding two paragraphs: a policyholder.

Chapter IV Accident and Health Insurance with Fixed Payouts

Section 1 Formation

(Duty of Disclosure)

Article 66 When concluding an accident and health insurance policy with a fixed payout, a person that is to become the policyholder or the insured must disclose facts on material matters requested to be disclosed (referred to as "matters to be disclosed" in Article 84, paragraph (1) and Article 85, paragraph (1)) by the person that is to become the insurer among those concerning possibility of occurrence (referred to as a "risk" below in this Chapter) of grounds for payment (meaning grounds specified by an accident and health insurance policy with a fixed payout as requirements for making payment of insurance

proceeds such as medical treatment or death caused by an injury or illness; the same applies below in this Chapter).

(Insured's Consent)

Article 67 (1) An accident and health insurance policy with a fixed payout under which the insured is a person other than a party to the policy does not become effective without the consent of the insured; provided, however, that this does not apply if the insured (for payment of insurance proceeds concerning the insured's death, the insured or the insured's heirs) is the beneficiary.

(2) The proviso to the preceding paragraph does not apply to an accident and health insurance policy with a fixed payout for which death due to an injury or illness is the only ground for payment.

(Retroactive Insurance)

Article 68 (1) The provision to the effect that insurance proceeds are paid based on the grounds for payment that occurred before an accident and health insurance policy with a fixed payout was concluded is to be void if the policyholder, the insured, or the beneficiary knew that the grounds for payment had already occurred at the time when the policyholder applied for or accepted the accident and health insurance policy with a fixed payout.

(2) The provision to the effect that insurance proceeds are paid based on the grounds for payment that occurred before an accident and health insurance policy with a fixed payout was offered or applied for is to be void, if the insurer knew that the grounds for payment had not occurred at the time when the insurer or the policyholder offered or applied for the accident and health insurance policy with a fixed payout.

(Delivery of Documents Upon Conclusion of Accident and Health Insurance Policies with Fixed Payouts)

Article 69 (1) When concluding an accident and health insurance policy with a fixed payout, an insurer must deliver a document stating the following matters to the policyholder without delay:

- (i) the name of the insurer;
- (ii) the name of the policyholder;
- (iii) the name of the insured or other matters necessary to identify the insured;
- (iv) the name of the beneficiary or other matters necessary to identify the beneficiary;
- (v) the grounds for payment;
- (vi) the period specified in the accident and health insurance policy with a fixed payout during which insurance proceeds are to be paid if an injury, illness, or other grounds for payment occur during that period;

- (vii) the amount of insurance proceeds to be paid and their payment method;
 - (viii) the insurance premium and its payment method;
 - (ix) if there is a provision to the effect that the notice referred to in Article 85, paragraph (1), item (i) is required to be given, that provision;
 - (x) the date on which the accident and health insurance policy with a fixed payout has been concluded; and
 - (xi) the date on which the document has been prepared.
- (2) The insurer (if the insurer is a corporation or any other association, its representative) must put their signature on the document referred to in the preceding paragraph, or affix their name and seal to the document.

(Mandatory Rules)

Article 70 An optional coverage that runs counter to the provisions of Article 66 which is unfavorable to a policyholder or an insured, and an optional coverage that runs counter to the provisions of Article 68, paragraph (2) which is unfavorable to a policyholder, are void.

Section 2 Effect

(Accident and Health Insurance Policy with a Fixed Payout Concluded for Third Parties)

Article 71 If the beneficiary is a person other than a party to an accident and health insurance policy with a fixed payout, the beneficiary enjoys the benefit of the accident and health insurance policy with a fixed payout by operation of law.

(Change of Beneficiary)

Article 72 (1) A policyholder may change the beneficiary until the grounds for payment occur.

- (2) The change of a beneficiary is made by manifesting that intention to an insurer.
- (3) The manifestation of intention referred to in the preceding paragraph becomes effective retroactive to the time when the notice of that manifestation has been sent, when its notice has reached the insurer; provided, however, that this does not preclude the effect of any payment of insurance proceeds that has been made before the notice reaches the insurer.

(Change of Beneficiary by Will)

Article 73 (1) The change of a beneficiary may also be made by a will.

- (2) The change of a beneficiary by a will may not be asserted against the insurer unless the policyholder's heir notifies the insurer of that change after the will

becomes effective.

(Insured's Consent to Change Beneficiaries)

Article 74 (1) The change of a beneficiary does not become effective without the the insured's consent; provided, however, that this does not apply if the insured (for payment of insurance proceeds related to the insured's death, the insured or the insured's heirs) is the beneficiary after the change.

(2) The proviso to the preceding paragraph does not apply to an accident and health insurance policy with a fixed payout for which death due to an injury or illness is the only ground for payment.

(Death of Beneficiaries)

Article 75 If a beneficiary dies before the grounds for payment occur, all of the beneficiary's heirs are beneficiaries.

(Insured's Consent to Transfer Right to Claim Payment of Insurance Proceeds)

Article 76 The transfer of a right to claim payment of insurance proceeds or the creation of a pledge on that right (excluding the creation of that pledge after the grounds for payment occur) does not become effective without the insured's consent.

(Decrease in Risks)

Article 77 If the risk significantly decreases after concluding an accident and health insurance policy with a fixed payout, the policyholder may request the insurer to reduce insurance premium to an amount corresponding to the risk after reduction, toward the future.

(Mandatory Rules)

Article 78 An optional coverage that runs counter to the provisions of Article 71 which is unfavorable to a beneficiary, and an optional coverage that runs counter to the provisions of the preceding Article which is unfavorable to a policyholder, are void.

Section 3 Payment of Insurance Proceeds

(Notice of Occurrence of Grounds for Payment)

Article 79 When a policyholder, an insured, or a beneficiary becomes aware that the grounds for payment have occurred, the policyholder, the insured, or the beneficiary must notify the insurer of that fact without delay.

(Exemption of Insurer from Liability)

Article 80 An insurer is not liable to pay insurance proceeds in the following cases; provided, however, that this does not apply in the case stated in item (iii) for the insurer's liability to a beneficiary other than the beneficiary that has caused the grounds for payment to occur:

- (i) if an insured causes the grounds for payment to occur intentionally or by gross negligence;
- (ii) if a policyholder causes the grounds for payment to occur intentionally or by gross negligence (excluding the case stated in the preceding item);
- (iii) if a beneficiary causes the grounds for payment to occur intentionally or by gross negligence (excluding the cases stated in the preceding two items); and
- (iv) if the grounds for payment occur due to a war or other upheavals.

(Due Date for Performing Payment of Insurance Proceeds)

Article 81 (1) Even if a due date for payment of insurance proceeds is specified, if that due date falls after the day a reasonable period for confirming the grounds for payment of insurance proceeds, the grounds for the insurer's exemption from liability, and other matters necessary to be confirmed under an accident and health insurance policy with a fixed payout for the purpose of paying insurance proceeds has elapsed, the day on which that period elapses is to be the due date.

(2) If the due date for payment of insurance proceeds has not been specified, the insurer is not responsible for the delay until after payment of insurance proceeds is claimed and the period necessary for confirming the grounds for payment of insurance proceeds related to that claim has elapsed.

(3) If the policyholder, the insured, or the beneficiary obstructs or refuses to cooperate with the investigation without legitimate grounds when the insurer conducts an investigation necessary to confirm the matters prescribed in the preceding two paragraphs, the insurer is not responsible for any delay in payment of insurance proceeds caused by that obstruction or refusal.

(Mandatory Rules)

Article 82 An optional coverage that runs counter to the provisions of paragraph (1) or (3) of the preceding Article which is unfavorable to a beneficiary is void.

Section 4 Termination

(Cancellation by Policyholders)

Article 83 A policyholder may cancel an accident and health insurance policy with a fixed payout at any time.

(Cancellation Due to Breach of Duty of Disclosure)

Article 84 (1) An insurer may cancel an accident and health insurance policy with a fixed payout if a policyholder or an insured has failed to disclose facts or has made a false disclosure regarding matters to be disclosed, intentionally or by gross negligence.

(2) Notwithstanding the provisions of the preceding paragraph, an insurer may not cancel an accident and health insurance policy with a fixed payout in the following cases:

(i) if an insurer knew or was negligent in not knowing the facts referred to in the preceding paragraph at the time of concluding an accident and health insurance policy with a fixed payout;

(ii) if an insurance intermediary has hindered a policyholder or an insured from disclosing facts referred to in the preceding paragraph; and

(iii) if an insurance intermediary has recommended a policyholder or an insured not to disclose facts referred to in the preceding paragraph or to make a false disclosure.

(3) The provisions of item (ii) and item (iii) of the preceding paragraph do not apply if the policyholder or the insured is found to have failed to disclose facts referred to in paragraph (1) or to have made a false disclosure, even if the insurance intermediary has not committed any of the acts prescribed in those items.

(4) The right to cancel under the provisions of paragraph (1) is extinguished if it is not exercised within one month from the time when the insurer becomes aware of grounds for cancellation under the provisions of that paragraph. The same applies when five years have passed from the time of concluding the accident and health insurance policy with a fixed payout.

(Cancellation Due to Increased Risks)

Article 85 (1) If there is an increase in the risk (meaning to be in a situation where the risk related to matters to be disclosed increases, causing the insurance premium specified by an accident and health insurance policy with a fixed payout to fall short of the insurance premium calculated based on that risk; the same applies below in this Article and in Article 88, paragraph (2), item (ii)) after concluding an accident and health insurance policy with a fixed payout, the insurer may cancel the accident and health insurance policy with a fixed payout if all of the following requirements are satisfied, even if it is possible to maintain the accident and health insurance policy with a fixed payout on the assumption that the insurance premiums is changed to an amount corresponding to the increased risk:

(i) there is a provision in the accident and health insurance policy with a fixed payout providing that when the content of the matters to be disclosed in relation to the increased risk have changed, the policyholder or the insured is

- to notify the insurer of that fact without delay; and
- (ii) the policyholder or the insured has failed to give the notice referred to in the preceding item to the insurer without delay, intentionally or by gross negligence.
- (2) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to the right to cancel under the provisions of the preceding paragraph. In such a case, the phrase "time of concluding the accident and health insurance policy with a fixed payout" in paragraph (4) of that Article is deemed to be replaced with "time when the increase of risk prescribed in paragraph (1) of the following Article arose".

(Cancellation Due to Material Grounds)

Article 86 An insurer may cancel an accident and health insurance policy with a fixed payout if the following grounds exist:

- (i) the fact that the policyholder, the insured, or the beneficiary has caused or attempted to cause the grounds for payment to occur for the purpose of having the insurer pay insurance proceeds based on the accident and health insurance policy with a fixed payout;
- (ii) the fact that the beneficiary has committed or attempted to commit a fraud in claiming payment of insurance proceeds based on the accident and health insurance policy with a fixed payout; and
- (iii) in addition to what is stated in the preceding two items, material grounds that impair the trust in the policyholder, the insured, or the beneficiary by the insurer, and make it difficult to maintain the accident and health insurance policy with a fixed payout.

(Request for Cancellation by Insureds)

Article 87 (1) If an insured is a person other than a party to an accident and health insurance policy with a fixed payout, the insured may request that the policyholder cancel the accident and health insurance policy with a fixed payout in the following cases:

- (i) the case prescribed in the proviso to Article 67, paragraph (1) (excluding when the consent referred to in that paragraph has been given);
- (ii) when the grounds stated in item (i) or item (ii) of the preceding Article exist;
- (iii) in addition to what is stated in the preceding item, if there are material grounds that impair the trust in the policyholder or the beneficiary by the insured, and make it difficult to maintain the accident and health insurance policy with a fixed payout; and
- (iv) if there is a significant change in the circumstances that the insured has considered to be the basis for giving the consent referred to in Article 67,

paragraph (1) due to termination of the family relationship between the policyholder and the insured or for other reasons.

- (2) When requested to cancel an accident and health insurance policy with a fixed payout pursuant to the provisions of the preceding paragraph, a policyholder may cancel the accident and health insurance policy with a fixed payout.

(Effect of Cancellation)

Article 88 (1) Cancellation of an accident and health insurance policy with a fixed payout only has a prospective effect.

- (2) If an insurer cancels an accident and health insurance policy with a fixed payout pursuant to the provisions stated in the following items, the insurer is not liable to pay insurance proceeds based on the grounds specified in each of those items:
- (i) the provisions of Article 84, paragraph (1): an injury or illness that occurs before the policy is canceled; provided, however, that this does not apply to an injury or illness that occurs without basis in the facts referred to in that paragraph;
 - (ii) the provisions of Article 85, paragraph (1): an injury or illness that occurs during the period after the increased risk leading to the cancellation occurs until the policy is cancelled; provided, however, that this does not apply to an injury or illness that occurs without basis in the grounds for the increase in risk; or
 - (iii) the provisions of Article 86: the grounds for payment that occur from the time the grounds prescribed in the items of that Article occurred until the policy is canceled.

(Effect of Cancellation by Persons Other Than Parties to a Policy)

Article 89 (1) Cancellation of an accident and health insurance policy with a fixed payout (limited to a policy with an insurance premium reserve prescribed in Article 92; the same applies below in this Article through Article 91) by an attaching creditor, a bankruptcy trustee, or any other person that is not a party to the accident and health insurance policy with a fixed payout who may cancel the policy (referred to as a "holder of the right to cancel" in the following paragraph and Article 91) becomes effective on the day on which one month has passed after the insurer receives the notice of cancellation.

- (2) The cancellation prescribed in the preceding paragraph does not become effective if a beneficiary (excluding a beneficiary who is a policyholder at the time the notice prescribed in that paragraph is given, and limited to a beneficiary who is a relative of a policyholder or of an insured, or who is an insured, at that time; referred to as a "holder of the right to intervene" in the following paragraph and the following Article), pays a holder of the right to

cancel the amount required to be paid by the insurer to the holder of the right to cancel based on the assumption that the cancellation of the accident and health insurance policy with a fixed payout becomes effective on the date that notice is given before the expiration of the period stated in the preceding paragraph, with the consent of the policyholder, and notifies the insurer to that effect.

- (3) If the manifestation of intention to cancel prescribed in paragraph (1) is declared in an attachment procedure, or a bankruptcy proceeding, a rehabilitation proceeding, or a reorganization proceeding for a policyholder, and a holder of the right to intervene has made a payment under the provisions of the preceding paragraph and has notified that fact, it is deemed that the insurer has paid the amount required to be paid upon the cancellation in relation to that attachment procedure, bankruptcy proceeding, rehabilitation proceeding, or reorganization proceeding.

Article 90 (1) If a creditor who has attached a monetary claim that a policyholder is to acquire against an insurer upon the cancellation of an accident and health insurance policy with a fixed payout gives a notice prescribed in paragraph (1) of the preceding Article, and the insurer is able to make a deposit under the provisions of the Civil Enforcement Act or other laws and regulations based on the assumption that the insurer pays the attached monetary claim at the time of payment under the provisions of paragraph (2) of that Article, a holder of the right to intervene may make the payment under the provisions of paragraph (2) of that Article by the means of making that deposit.

- (2) If the notice referred to in the preceding paragraph is given, and the insurer becomes obliged to make a deposit under the Civil Enforcement Act or other laws and regulations based on the assumption that the insurer pays the attached monetary claim at the time of payment under the provisions of paragraph (2) of the preceding Article, a holder of the right to intervene must make the payment under the provisions of paragraph (2) of that Article by the means of making that deposit.
- (3) If a holder of the right to intervene has made a payment by the means of making a deposit pursuant to the provisions of the preceding two paragraphs, it is deemed that the insurer has made the payment of the monetary claim related to the attachment by the means of making the deposit in relation to the attachment procedure related to the deposit.
- (4) When the holder of the right to intervene makes a deposit under the provisions of paragraph (1) or (2), the holder must give a notification that a third party obligor is required to give to the enforcement court or other government agencies or public offices pursuant to the provisions of the Civil

Enforcement Act and other laws and regulations.

Article 91 (1) If an insurer is required to pay insurance proceeds due to the fact that the cancellation prescribed in Article 89, paragraph (1) became effective from the time the notice prescribed in that paragraph is given, or that the grounds for payment arose during the period until the effect of the cancellation ceases to become effective pursuant to the provisions of paragraph (2) of that Article, and an accident and health insurance policy with a fixed payout is to be terminated due to paying the insurance proceeds, the insurer must pay the amount prescribed in paragraph (2) of that Article a holder of the right to cancel to the extent of the amount of insurance proceeds for which the insurance proceeds are required to be paid. In such a case, it is sufficient for the insurer to pay insurance proceeds in an amount corresponding to the remaining amount after deduction of the amount paid to the holder of the right to cancel from the amount for which the insurance proceeds are required to be paid.

(2) The provisions of the preceding Article apply mutatis mutandis to the payment an insurer makes to a holder of the right to cancel under the provisions of the preceding paragraph.

(Refund of Insurance Premium Reserves)

Article 92 If an accident and health insurance policy with a fixed payout is terminated on the following grounds, an insurer must refund to a policyholder the premium reserve (meaning the portion of the total insurance premiums received which is equivalent to the amount calculated by using the rate of the occurrence of grounds for payment, the assumed interest rate, and other bases of calculation for determining the insurance premium or the amount of payment of insurance proceeds allocated as a reserve for payment of insurance proceeds under the accident and health insurance policy with a fixed payout) at the time of the termination; provided, however, that this does not apply if the insurer is liable to pay insurance proceeds:

- (i) the grounds prescribed in the items of Article 80 (excluding item (ii));
- (ii) the cancellation under the provisions of Article 83, or Article 87, paragraph (2) before the liability of an insurer commences;
- (iii) the cancellation under the provisions of Article 85, paragraph (1); and
- (iv) the cancellation under the provisions of Article 96, paragraph (1) or lapse of the accident and health insurance policy with a fixed payout under the provisions of paragraph (2) of that Article.

(Limitation of Return of Insurance Premiums)

Article 93 An insurer is not liable to refund insurance premiums in the following

cases:

- (i) if the insurer has revoked their manifestation of intention related to an accident and health insurance policy with a fixed payout due to fraud or duress by a policyholder, an insured, or a beneficiary; and
- (ii) if an accident and health insurance policy with a fixed payout becomes void pursuant to the provisions of Article 68, paragraph (1); provided, however, that the insurer has made an offer of or accepted the accident and health insurance policy with a fixed payout, after becoming aware of the occurrence of grounds for payment.

(Mandatory Rules)

Article 94 An optional coverage that runs counter to the provisions stated in each of the following items which is unfavorable to the persons specified in those items, is void:

- (i) the provisions of Article 84, paragraphs (1) through (3) or Article 85, paragraph (1): a policyholder or an insured;
- (ii) the provisions of Article 86 or Article 88: a policyholder, an insured, or a beneficiary; and
- (iii) the provisions of the preceding two paragraphs: a policyholder.

Chapter V Miscellaneous Provisions

(Extinctive Prescription)

- Article 95 (1) The right to claim payment of insurance proceeds, the right to claim return of insurance premiums, and the right to claim refund of insurance premium reserves prescribed in Article 63 or Article 92, are extinguished by prescription if they are not exercised for three years from the time when they may be exercised.
- (2) The right to claim insurance premiums is extinguished by prescription if it is not exercised for one year from the time it may be exercised.

(Bankruptcy of Insurers)

- Article 96 (1) When an insurer receives an order of commencement of bankruptcy proceedings, a policyholder may cancel an insurance policy.
- (2) If a policyholder does not cancel an insurance policy pursuant to the provisions of the preceding paragraph, the insurance policy ceases to be effective on the day on which three months have passed from the date of commencement of bankruptcy proceedings.

Supplementary Provisions

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding two years from the date of promulgation.

(Principles of Transitional Measures)

Article 2 The provisions of this Act apply to insurance policies concluded on or after the date of enforcement of this Act (referred to below as the "date of enforcement"); provided, however, that the application of the provisions prescribed in the following Article through Article 6 of the Supplementary Provisions are governed by the provisions of the following Article through Article 6 of the Supplementary Provisions.

(Transitional Measures on Former Non-life Insurance Policies)

Article 3 (1) The provisions of Article 10, Article 11, Article 12 (limited to the part related to an optional coverage that runs counter to the provisions of Article 10 and Article 11; the same applies below in this paragraph), Article 30 (including cases applied pursuant to Article 35 following the deemed replacement of terms; the same applies below in this paragraph), Article 31, paragraph (1) (limited to the part related to cancellation under the provisions of Article 30 or Article 96, paragraph (1); the same applies below in this paragraph), Article 31, paragraph (2), item (iii), Article 33, paragraph (1) (limited to the part related to an optional coverage that runs counter to the provisions of Article 30 and Article 31, paragraph (1) and paragraph (2), item (iii), and including cases applied pursuant to Article 35 following the deemed replacement of terms), and Article 36 (limited to the part related to the provisions of Article 12 and Article 33, paragraph (1) (limited to the part related to an optional coverage that runs counter to the provisions of Article 30 and Article 31, paragraph (1) and paragraph (2), item (iii))) also apply to a non-life insurance policy concluded before the date of enforcement (referred to as a "former non-life insurance policy" below in this Article).

(2) If an insured event under a former non-life insurance policy (meaning an insured event prescribed in Article 5, paragraph (1); the same applies below in this Article) occurs on or after the date of enforcement, the provisions of Article 15, Article 21 (including cases applied pursuant to Article 35 following the deemed replacement of terms), Article 26 (limited to the part related to an optional coverage that runs counter to the provisions of Article 15, and Article 21, paragraph (1) and paragraph (3) (including cases applied pursuant to Article 35 following the deemed replacement of terms), and including cases applied pursuant to the provisions of Article 35 following the deemed replacement), and Article 36 (limited to the part related to Article 26 (limited to the part related to an optional coverage that runs counter to the provisions

of Article 15 and Article 21, paragraph (1) and paragraph (3))) apply.

- (3) If an insured event under a former non-life insurance policy occurs on or after the date of enforcement, the provisions of Article 22, paragraph (1) and paragraph (2) apply.
- (4) If the right to claim payment of insurance proceeds based on a former non-life insurance policy (excluding the right related to an insured event that has occurred before the date of enforcement) is transferred, or the right of pledge is created or attached, on or after the date of enforcement, the provisions of Article 22, paragraph (3) apply.

(Transitional Measures on Former Life Insurance Policies)

Article 4 (1) The provisions of Article 47 (limited to the part related to the right of pledge created on or after the date of enforcement), Article 48, Article 49 (limited to the part related to an optional coverage that runs counter to the provisions of Article 48), Article 57, Article 59, paragraph (1) (limited to the part related to the cancellation under the provisions of Article 57 or Article 96, paragraph (1); the same applies below in this paragraph), Article 59, paragraph (2), item (iii), and Article 65, item (ii) (limited to the part related to an optional coverage that runs counter to the provisions of Article 57 and Article 59, paragraph (1) and paragraph (2), item (iii)) also apply to a life insurance policy concluded before the date of enforcement (referred to as a "former life insurance policy" below in this Article).

- (2) If an insured event under a former life insurance policy (meaning an insured event prescribed in Article 37) occurs on or after the date of enforcement, the provisions of Article 52 and Article 53 apply.
- (3) If a holder of the right to cancel for a death insurance policy prescribed in Article 38 which was concluded before the date of enforcement (meaning a holder of the right to cancel prescribed in Article 60, paragraph (1)) cancels the death insurance policy on or after the date of enforcement, the provisions of Article 60 through Article 62 apply.

(Transitional Measures on Former Accident and Health Insurance Policy with a Fixed Payout)

Article 5 (1) The provisions of Article 76 (limited to the part related to the creation of a pledge on or after the date of enforcement), Article 77, Article 78 (limited to the part related to an optional coverage that runs counter to the provisions of Article 77), Article 86, Article 88, paragraph (1) (limited to the part related to cancellation under the provisions of Article 86 or Article 96, paragraph (1); the same applies below in this paragraph), Article 88, paragraph (2), item (iii), and Article 94, item (ii) (limited to the part related to an optional coverage that runs counter to the provisions of Article 86 and

Article 88, paragraph (1) and paragraph (2), item (iii)) also apply to an accident and health insurance policy with a fixed payout concluded before the date of enforcement (referred to as a "former accident and health insurance policy with a fixed payout" before in this Article).

(2) If grounds for payment for a former accident and health insurance policy with a fixed payout (meaning grounds for payment prescribed in Article 66) occur on or after the date of enforcement, the provisions of Article 81 and Article 82 apply.

(3) If a holder of the right to cancel for a former accident and health insurance policy with a fixed payout (meaning a holder of the right to cancel prescribed in Article 89, paragraph (1)) cancels the former accident and health insurance policy with a fixed payout on or after the date of enforcement, the provisions of Article 89 through Article 91 apply.

(Transitional Measures on Bankruptcy of Insurers)

Article 6 The provisions of Article 96 also apply to insurance policies concluded before the date of enforcement.

Supplementary Provisions [Act No. 45 of June 2, 2017]

This Act comes into effect on the date of enforcement of the Act Amending the Civil Code; provided, however, that the provisions of Article 103-2, Article 103-3, Article 267-2, Article 267-3, and Article 362 come into effect on the date of promulgation.