

# Insurance Business Act

(Act No. 105 of June 7, 1995)

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## **Part I General Provisions**

(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 the sound and appropriate business operation of persons conducting Insurance Business and by ensuring fairness in 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 (except business listed in the following items) of underwriting the risks listed in the items of Article 3, paragraph (4) or the items of Article 3, paragraph (5) with insurance for which premiums are received under a contract for the payment of a fixed amount of insurance proceeds in connection with the life or death of an individual, with insurance for which premiums are received under a contract for compensation of damages caused by specific and accidental events, or with any other class of insurance.

(i) Those provided in other Acts.

(ii) The following business:

(a) That which a local government enters into with its residents as the other parties;

(b) That which a company, etc. (meaning a company (including a foreign company; hereinafter the same shall apply in this item) or any other enterprise (excluding any enterprise specified by Cabinet Order)) or an organization comprised of officers or employees (including former officers or employees; hereinafter the same shall apply in this item) enters into with its officers or employees, or their relatives (limited to those specified

- by Cabinet Order; hereinafter the same shall apply in this item) as the other parties;
- (c) That which a labor union enters into with its union members (including former union members) or their relatives as the other parties;
  - (d) That which one company enters into with another company that belongs to the same group (meaning the group of a company and its Subsidiary Companies) as the other party;
  - (e) That which a school (meaning a school as prescribed in Article 1 of the School Education Act (Act No. 26 of 1947)) or an organization comprised of its students enters into with its students as the other parties;
  - (f) That which a regional organization (meaning a regional organization as prescribed in Article 260-2, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947) that falls under the requirements listed in the items of paragraph (2) of that Article) enters into with its members as the other party; and
  - (g) Business specified by Cabinet Order as being equivalent to those listed from (a) to (f) inclusive.
- (iii) That for which the other parties are persons whose number does not exceed the number specified by Cabinet Order (except those specified by Cabinet Order).
- (2) The term "Insurance Company" as used in this Act means a person who conducts Insurance Business under the license from 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 established pursuant to this Act for the purpose of conducting Insurance Business, whose policyholders are the members thereof.
  - (6) The term "Foreign Insurer" as used in this Act means a person conducting 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 a foreign state.
- (11) The term "All Shareholders' Voting Rights, etc." as used in this Act means voting rights of all shareholders or investors (in the case of a Stock Company, excluding voting rights related 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 related to shares for which holders are deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) (Jurisdiction Over a Special Liquidation Case) of the Companies Act (Act No. 86 of 2005); the same shall apply hereinafter in this Article, the following Article, Article 100-2-2, Article 106, Article 107, Article 127, Article 260, Part II, Chapters XI and XII and Article 333).
- (12) The terms "Subsidiary Company" and "Subsidiary" as used in this Act mean a company in which another company holds voting rights exceeding 50 percent of All Shareholders' Voting Rights, etc. In such a case, if a first company and one or more of its Subsidiary Companies, or if one or more of the Subsidiary Companies of such first company, own voting rights exceeding 50 percent of All Shareholders' Voting Rights, etc. in a second company, said second company shall be deemed to be the Subsidiary Company of the first company.
- (13) The term "Major Shareholder Threshold" as used in this Act means 20 percent (15 percent in the case where a person who satisfies the requirements specified by Cabinet Office Ordinance as one with regard to which a fact exists that is expected to have a material effect on the decisions on the financial and business policies of the company, holds voting rights in the company) of all shareholders' voting rights.
- (14) The term "Insurance Company's Major Shareholder" as used in this Act means a person that holds a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold (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 from 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 give instructions to the company or the holder of the voting rights on the exercise of such voting rights) or any of the voting rights specified by Cabinet Office Ordinance, but shall include voting rights from the Shares or equity interests which are held as trust property and whose voting rights the other company or the person holding voting rights in the Insurance Company may, as a settlor or beneficiary, exercise or give instructions on the exercise (excluding those specified by Cabinet Office Ordinance) and any voting rights from 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 as prescribed in Article 9, paragraph (4), item (i) (Holding Company) of the Act on Prohibiting Private Monopolies and Ensuring Fair Trade (Act No. 54 of 1947); the same shall apply hereinafter) whose Subsidiary Companies are Insurance Companies, which has been established under the authorization set forth in Article 271-18, paragraph (1) or which obtains authorization prescribed in Article 271-18, paragraph (1) or the proviso to paragraph (3).
- (17) The term "Low-Cost, Short-Term Insurance Business" as used in this Act means, within the Insurance Business, the business of underwriting only insurance that has a term of coverage of within the period of two years or less specified by Cabinet Order, and for which the insurance proceeds do not exceed the amount of ten million yen or less specified by Cabinet Order (except those specified by Cabinet Order).
- (18) The term "Low-Cost, Short-Term Insurer" as used in this Act means a person who has obtained the registration set forth in Article 272, paragraph (1) and who conducts Low-Cost, Short-Term Insurance Business.
- (19) The term "Life Insurance Agent" as used in this Act means an officer (excluding officers with the 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 employee of a Life Insurance Company (including Foreign Life Insurance Companies, etc.; hereinafter the same shall apply in this paragraph) or the employee of such a person, and any person delegated 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 the officer or employee of such a person, who acts as an agent or intermediary for the conclusion of an insurance contract on behalf of the Life Insurance Company.
- (20) The term "Non-Life Insurance Agent" as used in this Act means an officer or



employee of a Non-Life Insurance Company (including Foreign Companies, etc.); the same shall apply in the following paragraph), Non-Life Insurance Representative, or the officer or employee of such a person.

- (21) The term "Non-Life Insurance Representative" as used in this Act means a person delegated by a Non-Life Insurance Company, who acts as an agent or intermediary for the conclusion of insurance contracts on its behalf (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators), and who is not an officer or employee of the Non-Life Insurance Company.
- (22) The term "Low-Cost, Short-Term Insurance Agent" as used in this Act means an officer or employee of a Low-Cost, Short-Term Insurer, or a person delegated by a Low-Cost, Short-Term Insurer (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators) or an officer or employee of such a person, who acts as an agent or intermediary for the conclusion of insurance contracts on behalf of the Low-Cost, Short-Term Insurer.
- (23) The term "Insurance Agent" as used in this Act means a Life Insurance Agent, a Non-Life Insurance Agent, or a Low-Cost, Short-Term Insurance Agent.
- (24) The term "Affiliated Insurance Company, etc." as used in this Act means the Insurance Company (including foreign insurance companies, etc.) or the Low-Cost, Short-Term Insurer, which is to be the insurer in the insurance contracts offered by Life Insurance Agents, Non-Life Insurance Agents, or Low-Cost, Short-Term Insurance Agents.
- (25) The term "Insurance Broker" as used in this Act means a person who acts as an intermediary for the conclusion of an insurance contract other than the intermediation that Life Insurance Agents, Non-Life Insurance Representatives, and Low-Cost, Short-Term Insurance Agents (including an association or foundation that is not a juridical person and has provisions on representative persons or administrators) carry out on behalf of their Affiliated Insurance Companies, etc.
- (26) The term "Insurance Solicitation" as used in this Act means 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 companies that are foreign insurance companies, etc. and the method by which mutual companies and foreign insurance companies, etc. (excluding foreign companies; hereinafter the same shall apply in this paragraph) give public notice with regard to mutual companies and foreign insurance companies, etc. (except cases where provisions of this Act or other Acts prescribe that a method of

publication in the official gazette is to be used).

- (28) The term "Designated Dispute Resolution Organization" as used in this Act means a person who has obtained the designation under Article 308-2, paragraph (1).
- (29) The term "Life Insurance Services" as used in this Act means business conducted by a Life Insurance Company pursuant to the provisions of Article 97, Article 98 and Article 99; business conducted by a Life Insurance Company pursuant to the provisions of any other laws; and Insurance Solicitation in which a Life Insurance Agent engages for said Life Insurance Company.
- (30) The term "Non-Life Insurance Services" as used in this Act means business conducted by a Non-Life Insurance Company pursuant to the provisions of Article 97, Article 98 and Article 99 (excluding business for paying Insurance Proceeds, etc. (meaning the Insurance Proceeds, etc. set forth in Article 16-2 (Limitations on Insurance Proceeds, etc. for Damages, etc. Caused by an Absence from Work) of the Automobile Liability Insurance Act (Act No. 97 of 1955)) from liability insurance as set forth in Article 5 (Compulsory Execution of Contracts for Liability Insurance or Mutual Aid Liability Insurance) of that Act (referred to as the "Automobile Damage Liability Insurance Business" in paragraphs (32) and (34))); business conducted by a Non-Life Insurance Company pursuant to the provisions of any other laws; and Insurance Solicitation in which a Non-Life Insurance Agent engages for said Non-Life Insurance Company.
- (31) The term "Foreign Life Insurance Services" as used in this Act means business conducted by a Foreign Life Insurance Company, etc. pursuant to the provisions of Article 97, Article 98, Article 99 and Article 100 as applied mutatis mutandis pursuant to Article 199; and Insurance Solicitation in which a Life Insurance Agent engages for said Foreign Life Insurance Company, etc.
- (32) The term "Foreign Non-Life Insurance Services" as used in this Act means business conducted by a Foreign Non-Life Insurance Company, etc. pursuant to the provisions of Article 97, Article 98, Article 99 and Article 100 as applied mutatis mutandis pursuant to Article 199 (excluding the Automobile Damage Liability Insurance Business); and Insurance Solicitation in which a Non-Life Insurance Agent engages for said Foreign Non-Life Insurance Company, etc.
- (33) The term "Specified Life Insurance Services" as used in this Act means business that the Underwriting Member referred to in Article 219, paragraph (1), of a Specified Juridical Person referred to in said paragraph, which has obtained a specified life insurance business license under paragraph (4) of that Article, conducts pursuant to the provisions of Article 97, Article 98, Article 99 and Article 100 as applied mutatis mutandis pursuant to Article 199; and Insurance Solicitation in which a Life Insurance Agent engages for said Underwriting Member.

- (34) The term "Specified Non-Life Insurance Services" as used in this Act means business that the Underwriting Member referred to in Article 219, paragraph (1), of a Specified Juridical Person as set forth in said paragraph, which has obtained a specified non-life insurance business license under paragraph (5) of that Article, conducts pursuant to the provisions of Article 97, Article 98, Article 99 and Article 100 as applied mutatis mutandis pursuant to Article 199 (excluding the Automobile Damage Liability Insurance Business); and Insurance Solicitation in which a Non-Life Insurance Agent engages for said Underwriting Member.
- (35) The term "Low-Cost, Short-Term Insurance Services" as used in this Act means business that a Low-Cost, Short-Term Insurer conducts pursuant to the provisions of Article 272-11, paragraph (1); and Insurance Solicitation in which a Low-Cost, Short-Term Insurance Agent engages for said Low-Cost, Short-Term Insurer.
- (36) The term "Insurance Solicitation by Insurance Brokers" as used in this Act means the intermediation that Insurance Brokers performs for the conclusion of insurance contracts.
- (37) The term "Insurance Services, etc." as used in this Act means Life Insurance Services, Non-Life Insurance Services, Foreign Life Insurance Services, Foreign Non-Life Insurance Services, Specified Life Insurance Services, Specified Non-Life Insurance Services, Low-Cost, Short-Term Insurance Services, and Insurance Solicitation by Insurance Brokers.
- (38) The term "Complaint Processing Procedures" as used in this Act means procedures for processing the Complaints Related to Insurance Services, etc. (meaning complaints related to Insurance Services, etc; the same shall apply in Article 308-7, Article 308-8 and Article 308-12).
- (39) The term "Dispute Resolution Procedures" as used in this Act means procedures to resolve Disputes Related to Insurance Services, etc. (meaning disputes related to Insurance Services, etc. that can be settled between the parties; the same shall apply in Article 308-7, Article 308-8 and Articles 308-13 to 308-15 inclusive) without using court proceedings.
- (40) The term "Dispute Resolution Services, etc." as used in this Act means business for Complaint Processing Procedures and Dispute Resolution Procedures as well as business incidental thereto.
- (41) The term "Category of Dispute Resolution Services, etc." as used in this Act means categorization of Dispute Resolution Services, etc. as being for Life Insurance Services, Non-Life Insurance Services, Foreign Life Insurance Services, Foreign Non-Life Insurance Services, Specified Life Insurance Services, Specified Non-Life Insurance Services, Low-Cost, Short-Term Insurance Services, or for Insurance Solicitation by Insurance Brokers.
- (42) The term "Basic Contract for the Implementation of Dispute Resolution

Procedures" as used in this Act means a contract concluded between a Designated Dispute Resolution Organization and an Insurance Service Provider (meaning an Insurance Company, Foreign Life Insurance Company, etc., Licensed Specified Juridical Person as defined in Article 223, paragraph (1), Low-Cost, Short-Term Insurer, or Insurance Broker; the same shall apply hereinafter) with regard to the implementation of Dispute Resolution Services, etc.

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

- (i) An organization that is not a juridical person (limited to an organization specified by Cabinet Office Ordinance as those equivalent to a juridical person): the number of voting rights in the Insurance Company, etc. that the organization holds in its own name;
- (ii) A company required to prepare its financial statements and other documents on a consolidated basis pursuant to the provisions of 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 as listed in the preceding item; and hereinafter referred to as "Companies, etc." in this paragraph) include an Insurance Company, etc., and that is not consolidated in any other company's financial statements or other documents: the number calculated pursuant to the provisions of Cabinet Office Ordinance as representing the company's substantial influence on the Insurance Company, etc.;
- (iii) Where a Company, etc. (excluding one that is consolidated in the financial statements and other documents of a company that falls under the type of company listed in the preceding item, limited to one that holds voting rights in an Insurance Company, etc.) that is not a Company Subject to Standards for Consolidation belongs to a Group of Companies, etc. (meaning the group of the relevant Company, etc., the group of another Company, etc. in which the relevant Company, etc. holds majority voting rights, or the group of a Company, etc. specified by Cabinet Office Ordinance as a Company, etc. to which the relevant Company, etc. is otherwise closely related; 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 exceeds the Major Shareholder Threshold (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., in which no other Company, etc. holds majority voting rights: 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 20 percent 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 20 percent 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) (meaning 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 holds majority voting rights; but including any person who has a special relationship as specified by 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 Cabinet Office Ordinance as being equivalent to a person listed in any of the preceding items: the number calculated pursuant to the provisions of 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 provisions of paragraph (15) of the preceding Article, shall apply mutatis mutandis to voting rights deemed to be 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**

(Licenses)

- Article 3 (1) No person may conduct Insurance Business without having first obtained a license from the Prime Minister.
- (2) The license set forth in the preceding paragraph consists of two types: a life insurance business license and the non-life insurance business license.
- (3) The same person may not obtain both a life insurance business license and the non-life insurance business license.
- (4) A life insurance business license shall be a license for business undertakings for underwriting classes of insurance as listed in item (i) or for underwriting classes of insurance as listed in item (ii) or (iii) in addition to the classes listed in item (i).
- (i) Insurance for which premiums are received under a contract to pay fixed insurance proceeds in connection with the survival or death of individuals (including the physical state of an individual whom a doctor has diagnosed as having no longer than a certain period of time left to live; hereinafter the same shall apply in this paragraph and the following paragraph) (excluding that pertaining only to death, as under the following sub-item (c)).

- (ii) Insurance for which insurance premiums are received under a contract to pay fixed insurance proceeds in connection with the following events or to compensate for damages to the individual caused by such events:
    - (a) That an individual has contracted a disease;
    - (b) An individual's condition that was caused by an injury or disease;
    - (c) An individual's death that was directly caused by an injury;
    - (d) Cases specified by Cabinet Office Ordinance as those similar to what is listed in (a) or (b) (excluding the death of an individual); and
    - (e) Treatment (including those specified by Cabinet Office Ordinance as procedures 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) A non-life insurance business license shall be a license for business undertakings for underwriting the classes of insurance as listed in item (i) or for underwriting the classes of insurance as listed in item (ii) or (iii) in addition to the classes listed in item (i).
- (i) Insurance for which premiums are received under a contract to compensate for damages caused by specific accidental events (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 a disease contracted during the Overseas Travel Period.
- (6) Sureties from surety bond services (meaning business for guaranteeing the performance of contractual obligations or legal and regulatory obligations and receiving consideration therefor, which is conducted out by setting the amount of consideration, establishing a reserve, and distributing the risks through reinsurance, based on actuarial science, or by using any other methods inherent to insurance) shall be deemed to be 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 to be the insurance premium pertaining to the classes of insurance set forth in that item.

(License Application Procedures)

Article 4 (1) A person who seeks 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 detailing the following particulars:

- (i) Trade name or company name;
  - (ii) Amount of capital or total amount of funds;
  - (iii) Name of the director and company auditor (director and executive officer in the case of a company with committees (meaning a 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) Type of license desired; and
  - (v) Location of the head office or principal office.
- (2) The following documents and other documents specified by 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 under item (i) of that paragraph have been created as electromagnetic records (meaning 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 Cabinet Office Ordinance as suitable for use in information processing by a computer; the same shall apply hereinafter), the electromagnetic records may be attached in place of the documents.
- (4) The documents listed in paragraph (2), items (ii) to (iv) inclusive must detail the particulars specified by Cabinet Office Ordinance.

(Licensing Examination Standards)

Article 5 (1) Whenever an application has been filed for a license set forth in Article 3, paragraph (1), the Prime Minister shall examine whether it conforms to the following standards:

- (i) the person who filed the application (hereinafter referred to as the "Applicant" in this paragraph) has a sufficient financial basis to perform the business of an Insurance Company soundly and efficiently, and that said Applicant has favorable prospects for income and expenditures pertaining to said business;
- (ii) in light of such particulars as personnel structure, etc., the Applicant has the knowledge and experience necessary to perform the business of an Insurance Company appropriately, fairly, and efficiently, and that said Applicant sufficient social credibility; and



- (iii) the particulars detailed in the documents listed in paragraph (2), items (ii) and (iii) of the preceding Article conform to the following standards:
  - (a) the contents of the insurance contracts have no risk of lacking in protection for the policyholders, the persons to be insured, beneficiaries of insurance proceeds, and other relevant persons (hereinafter referred to as "Policyholders, etc.");
  - (b) no specific persons are subject to unfair or discriminatory treatment under the contents of the insurance contracts;
  - (c) the contents of the insurance contracts pose no risk of encouraging or inducing conduct that is harmful to public policy and good morals;
  - (d) the rights and obligations of the Policyholders, etc. and other contents of the insurance contracts are specified clearly and simply for the Policyholders, etc.; and
  - (e) any other standards specified by Cabinet Office Ordinance.
- (iv) the particulars detailed in the documents listed in paragraph (2), item (iv) of the preceding Article conform to the following standards:
  - (a) the calculation procedures for insurance premiums and policy reserves are reasonable and proper, based on actuarial science;
  - (b) no specific persons are subject to unfair or discriminatory treatment with regard to insurance premiums; and
  - (c) any other standards specified by Cabinet Office Ordinance.
- (2) If and to the extent that the Prime Minister finds it necessary for the public interest in light of examination standards prescribed in the preceding paragraph, he/she may impose conditions on the license referred to in Article 3, paragraph (1) or change such conditions.

(Administrative Organs)

Article 5-2 An Insurance Company shall be a Stock Company or a Mutual Company and shall have in place the following administrative organs:

- (i) Board of directors;
- (ii) Board of company auditors or committees; 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 reserves for redemption of funds set forth in Article 56) of an Insurance Company shall be equal to or greater than the amount specified by Cabinet Order.

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

(Trade Names and Names)

Article 7 (1) An Insurance Company shall, in its trade name or name, use terms specified by 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 on Name Lending)

Article 7-2 An Insurance Company shall not cause another person to conduct Insurance Business in the name of the Insurance Company.

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

Article 8 (1) Directors engaging in the day-to-day business of an Insurance Company (in the case of a company with committees, executive officer) shall not conduct the day-to-day business of any other company, except for the cases authorized by the Prime Minister.

(2) Whenever an application has been filed for the authorization referred to in the preceding paragraph, the Prime Minister may only grant the authorization if he/she finds that the particulars given in the application are unlikely to interfere with the sound and appropriate business operation of the Insurance Company.

(Eligibility of Directors, etc.)

Article 8-2 (1) Directors engaging in the day-to-day 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 shall have sufficient social credibility.

(2) No person who has become subject to the ruling for the commencement of bankruptcy proceedings and who has not been 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 Companies That Conduct Insurance Business and Mutual Companies**

### **Section 1 Special Provisions on Stock Companies That Conduct Insurance Business**

(Methods of Public Notice)

Article 9 (1) A Stock Company that conducts Insurance Business (hereinafter

referred to as a "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 the particulars of current events; or
  - (ii) Electronic Public Notice (for Stock Companies and Foreign Insurance Companies, etc. that are foreign companies, meaning the Electronic Public Notice provided for in Article 2, item (xxxiv) (Definitions) of the Companies Act, and for Mutual Companies and a Foreign Insurance Companies, etc. (that are other than foreign companies), any of those Method of Public Notice meeting the definition provided in that item which allow many and unspecified persons to access the information that is published by electromagnetic means (meaning 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. by Electronic Public Notice) of the Companies Act shall apply mutatis mutandis to the cases where a Stock Company gives public notice under this Act in the form of an electronic public notice. In this case, any other necessary technical changes in interpretation shall be specified by Cabinet Order.

(Offer for Offered Shares, etc.)

Article 10 A Stock Company shall, whenever it gives notice pursuant to the provisions of Article 59, paragraph (1) (Subscription for Shares Solicited at Incorporation), Article 203, paragraph (1) (Applications for Offered Shares) or Article 242, paragraph (1) (Subscription for Offered Share Options) of the Companies Act, give notice of the particulars 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 provisions in its articles of incorporation as 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 provisions 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 at an annual shareholders' meeting and any other right specified by 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.

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

Article 13 For the purpose of applying the provisions of Article 301, paragraph (1) (Delivery of Voting Forms and Reference Documents for a Shareholders' Meeting), 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 Provisions 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 Provisions Regarding Requests to Inspect, etc. Account Books)

Article 14 (1) The provisions 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 provisions of Article 442, paragraph (3) (Retention 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 proceeds, and other creditors and insurers."

(Reserves)

Article 15 Notwithstanding the provisions 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 Cabinet Office Ordinance.

(Retention and Inspection, etc. of Documents, etc. Related to a Reduction of Capital, etc.)

Article 16 (1) A Stock Company shall keep at each of its business offices the documents or electromagnetic records in which any proposal for a 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) and any other particulars specified by Cabinet Office Ordinance are detailed or recorded, for a period ranging from two weeks before the date of the shareholders' meeting related 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 particulars 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 Cabinet Office Ordinance as the amount of the deficit as of 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 Provisions 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 if making a request falling under item (ii) or (iv):

(i) A request to inspect the documents set forth in the preceding paragraph;

(ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;

(iii) A request to inspect anything that shows the particulars recorded in the

electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or

(iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means (meaning any of the methods using an electronic data processing system or any other information and communication technology and specified by Cabinet Office Ordinance; the same shall apply hereinafter) designated by the Stock Company, or to be issued a document detailing such particulars.

(3) For the purpose of applying the provisions of paragraph (1), item (i) to the cases where the articles of incorporation include provisions as set forth in Article 459, paragraph (1) (Provisions in the Articles of Incorporation for the Board of Directors to Determine 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."

(Objections by the 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 provisions of the preceding paragraph, said Stock Company shall give public notice of the following particulars 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 particulars specified by 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 particulars specified by 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. (meaning 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 conducting Trust Business (meaning a financial institution approved under Article 1, paragraph (1) (Authorization for 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 provisions 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 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 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 particulars for the application of those provisions shall be specified by 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 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 provisions 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 provisions 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 provisions 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 Provisions on Registration)

Article 17-3 (1) The following documents shall be attached to a written application for a 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 Applications) 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 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 provisions of Article 70 (Registration of Changes Due to a 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.

(Retention and Inspection, etc. of Documents, etc. Related to a Reduction of Capital, etc.)

Article 17-4 (1) A Stock Company shall keep at each of its business offices the documents or electromagnetic records in which the progress of the procedures provided for in Article 17 and any other particulars specified by Cabinet Office Ordinance as related to the reduction of the capital, etc. are detailed or recorded, 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 if making a request falling under item (ii) or (iv):

- (i) A request to inspect the documents set forth in the preceding paragraph;
- (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
- (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
- (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means designated by the Stock Company, or to be issued a document detailing such particulars.

(Exclusions from Application, etc.)

Article 17-5 (1) The provisions of Article 449 (Objections by the 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 provisions 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."

(Restrictions, 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 provisions 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 take any of the following actions unless such amount has been fully amortized.

- (i) Purchase of any share of the Stock Company at a request made under sub-item (c) of item (i) or sub-item (c) of item (ii) of Article 138 (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 provisions 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 provisions of the preceding paragraph, has taken any of the actions listed in the items of that Article. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.
- (3) For the purpose of applying to a Stock Company the provisions of Article 446, item (vii) (Amounts of Surplus), Article 461, paragraph (2), item (ii), sub-item

(a) and item (vi) of that paragraph (Restriction on Dividends) of the Companies Act, the term "Ordinance of the Ministry of Justice" in these items shall be deemed to be replaced with "Cabinet Office Ordinance."

(Particulars Registered in Registering Incorporation)

Article 17-7 (1) In registering the incorporation of a Stock Company, the particulars listed in the items of Article 911, paragraph (3) (Registration of a Stock Company's Incorporation) of the Companies Act shall be registered, along with any provisions 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 particulars prescribed in the preceding paragraph, the Stock Company shall complete the registration of such a change within two weeks at the location of its head office.

## **Section 2 Mutual Companies**

### **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.

(Mutatis Mutandis Application of the Companies Act)

Article 21 (1) The provisions of Article 8 (Prohibition on the Use of a Name, etc. That is Likely to Be Mistaken for That of 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 provisions of Article 9 (Liability of a Company That Permits 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 a Company) 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 operations, respectively. In this case, the term "Company (including a Foreign Company, hereinafter the same shall apply in this Part)" in Article 10 (Managers) of that Act shall be deemed to be replaced with "Mutual Company"; any other necessary technical changes in interpretation shall be specified by 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 actions taken by a Mutual Company; the provisions of Chapter II of said Part (Buying and Selling) shall apply mutatis mutandis to the buying and 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 Services) shall apply mutatis mutandis a Mutual Company's actions as an intermediary with regard to commercial transactions between third Parties; and the provisions of Chapter VI of said Part (excluding Article 558) (Commission Agent Services) and Article 593 (Deposits) of said Code shall apply mutatis mutandis to a Mutual Company, respectively. In this case, any other necessary technical changes in interpretation shall be specified by 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 VI (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 (meaning 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 (meaning 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 a 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 (meaning a 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 members' council meeting (or, General Representative Members' Council Meeting, where the company has such a council)"; and the term "annual shareholders' meeting" in that Act shall be deemed to be replaced with "annual general members' council meeting (or the annual General Representative Members' Council Meeting, where the company has such a council)," 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 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.

(Particulars Detailed or Recorded in the Articles of Incorporation)

Article 23 (1) The following particulars must be detailed or recorded in the articles of incorporation of a Mutual Company:

- (i) Purpose(s);
- (ii) Name;
- (iii) Location of the principal office;
- (iv) Total amount of funds (including the reserves 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 the Public Notice listed in item (viii) of the preceding paragraph shall be either:
- (i) Publication in a daily newspaper that publishes the particulars of current events; or
  - (ii) Electronic public notice.
- (3) Provisions in the articles of incorporation to the effect that electronic public notice is to 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 provisions of Article 30 (Certification of the 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 Cabinet Order.

- Article 24 (1) Where a Mutual Company is to be incorporated, the following particulars shall not become effective unless they are detailed or recorded in the articles of incorporation referred to in Article 22, paragraph (1):
- (i) Property that it is agreed will 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 for 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 Cabinet Office Ordinance as posing no risk of harming the interest of the Mutual Company).
- (2) The provisions of Article 33 (Election of an Inspector of Matters Specified or Recorded in the Articles of Incorporation), Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 870 (limited to the segment pertaining to items (ii) and (v)) (Hearing of Statements), Article 871 (Appending of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeals), Article 874 (limited to the segment pertaining to

item (i) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to investigations by an inspector of any of the particulars listed in the items of the preceding paragraph where the Article of incorporation of a Mutual Company include any entry or record of that particular. In this case, the term "rescind the manifestation of his/her intention to subscribe 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 "item (ii) of paragraph (2) 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 changes in interpretation shall be specified by Cabinet Order.

Article 25 In addition to the particulars listed in the items of Article 23, paragraph (1) and the items of paragraph (1) of the preceding Article, any other particulars may be detailed or recorded in the articles of incorporation of a Mutual Company, including those which, pursuant to the provisions of this Act, do not take effect unless prescribed in the articles of incorporation, so long as they do not violate the provisions of this Act.

(Retention and Inspection, etc. of the 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) if making a request falling under item (ii) or (iv):

(i) Where the articles of incorporation have been prepared in writing, a request to inspect them;

- (ii) A request for a certified copy 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 shows the particulars recorded in such electromagnetic records in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding item by the electromagnetic means designated by the incorporators (after the establishment of the Mutual Company, such Mutual Company), or to be issued a document detailing such particulars.
- (3) Where the articles of incorporation are prepared in the form of electromagnetic record, for the purpose of applying the provisions of paragraph (1) to a Mutual Company that adopts the measures specified by 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 by a Mutual Company)

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

(Offers to Contribute Funds)

Article 28 (1) The incorporators shall notify those who seek to offer contributions of funds in response to the solicitation under the preceding Article of the following particulars:

- (i) Date of the articles of incorporation and the name of the notary who certified them;
  - (ii) Particulars listed in the items of Article 23, paragraph (1) and the items of Article 24, paragraph (1);
  - (iii) Location of the bank(s), etc. (meaning any bank (meaning a bank as set forth in Article 2, paragraph (1) (Definitions, etc) of the Banking Act (Act No. 59 of 1981), trust company, or any other institution specified by Cabinet Office Ordinance as equivalent to a bank or trust company; hereinafter the same shall apply in this Part) where the payment of contribution of funds is handled; and
  - (iv) In addition to what is listed in the preceding three items, any other particulars specified by Cabinet Office Ordinance.
- (2) A person who offers to contribute funds in response to the solicitation under the preceding Article shall submit to the incorporators a document detailing



the following particulars:

- (i) Name and address of the person making the offer; and
  - (ii) Planned amount of funds to contribute.
- (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 Cabinet Order, provide the particulars that are required to be included 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 changes in the particulars listed in the items of paragraph (1) and of the particulars affected by the changes.
- (5) It shall be sufficient for a notice or demand to be sent by the incorporators to an Offeror at the address specified under paragraph (2), item (i) (where the Offeror has notified 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 under the preceding paragraph shall be deemed to have arrived at the time such notice or demand would normally have arrived.

#### (Allocation of Funds)

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

#### (Special Provisions on Offers to Contribute Funds as Solicited at Incorporation and the Allocation Thereof)

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

#### (Fund Subscription)

- Article 30-2 The persons listed in the following items shall be fund subscribers solicited at incorporation in the amounts specified in the items:
- (i) Offerors: the amount of their contributions of funds as allocated thereto by

the incorporators; and

- (ii) A person who, under a contract as set forth in the previous Article, has subscribed for the total amount of funds solicited at incorporation: the amount of funds subscribed for.

(Payment of Funds)

- Article 30-3 (1) Each fund subscriber 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 his/her contribution of funds solicited at incorporation, at the place of payment listed in Article 28, paragraph (1), item (iii).
- (2) The incorporators shall notify any fund subscriber solicited at incorporation who has not made the payment set forth in the preceding paragraph to the effect that such payment is to be made by a date designated thereby.
  - (3) The notice under the preceding paragraph shall be given no later than two weeks before the date prescribed in that paragraph.
  - (4) No assignment of the right to become a fund subscriber of a Mutual Company at its incorporation by making a payment pursuant to the provisions of paragraph (1) may be duly asserted against the Mutual Company thus established.
  - (5) A fund subscriber solicited at incorporation who has received the notice under paragraph (2) shall, if he/she fails to make the payment by the date prescribed in that paragraph, lose his/her right to become a fund contributor of a Mutual Company at incorporation by making such payment.

(Certificate of Deposit for Monies Paid)

- Article 30-4 (1) The incorporators may request the bank, etc. that handled the payment pursuant to the provisions of paragraph (1) of the preceding Article to issue a certificate of deposit for monies equivalent to the amount paid in pursuant to the provisions 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 anything detailed on such certificate which differs from the truth or the existence of restrictions regarding the return of money paid in pursuant to the provisions of paragraph (1) of the preceding Article.

(Restrictions, etc. on the Invalidation or Recession of Subscription)

- Article 30-5 (1) Fund subscribers 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 shall pay the fees determined by the incorporators if making a request that falls under

item (ii) or (iv) of that paragraph.

(2) The proviso to Article 93 (Concealment of True Intent) and the provisions 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 an intention to offer or allocate contributions of funds solicited at incorporation, and a contract under Article 30.

(3) After the establishment of the Mutual Company, a fund subscriber solicited at incorporation may neither assert the invalidity of his/her contribution of funds solicited at incorporation on the grounds of a mistake, nor may he/she cancel his/her contribution of 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 those who are willing to apply for membership in response to the solicitation under paragraph (1) of the preceding Article of the following particulars:

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

(ii) Particulars 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 provisions 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 particular specified by 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 copies of a signed document detailing the following particulars:

(i) Name and address of the person applying 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 files an application under the preceding paragraph may, in lieu of submitting the document prescribed in that paragraph, and pursuant to the provisions of Cabinet Order, provide the particulars that are required to be included in such document by electromagnetic means, with the consent of the incorporators. In this case, the person who has filed the application shall be deemed to have submitted the document prescribed in that paragraph.
- (4) The provisions of Article 30-5, paragraph (2) shall apply mutatis mutandis to the manifestation of an intention to apply for membership prior to the establishment of a Mutual Company. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.

#### (Organizational Meetings)

- Article 30-8 (1) If all payments have been completed for contributions comprising the total amount of funds, and the number of persons who have submitted to the incorporators the documents 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 "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 an "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) An Organizational Meeting may adopt resolutions only on the particulars provided for in this Section, the discontinuation of the incorporation of the Mutual Company, the conclusion of Organizational Meetings, and other particulars regarding the incorporation of the Mutual Company.
  - (4) Each prospective member shall be entitled to one vote at an Organizational Meeting.
  - (5) Resolutions at an Organizational Meeting are adopted by a three-quarters majority of the votes, provided that at least half of the prospective members are present.
  - (6) The provisions of Article 67 (Determination to Convene an Organizational Meeting), Article 68 (excluding items in paragraph (2)) (Notices of Convocation for Organizational Meetings), Articles 70 and Article 71 (Delivery of Voting Forms and Reference Documents for an Organizational Meeting), Article 73, paragraph (4) (Resolutions at Organizational Meetings), Article 74 to 76 inclusive (Proxy Voting, Voting in Writing, and Voting by Electromagnetic Means), Article 78 to 80 inclusive (Accountability of Incorporators, Authority of the Chairperson, and Resolutions for Postponement or Adjournment), and Article 81 (excluding paragraph (4)) (Minutes) of the Companies Act shall

apply mutatis mutandis to Organizational Meetings of a Mutual Company; and the provisions of Article 830 (Action for a Declaratory Judgment as to the Absence or Invalidity of a Resolution of a Shareholders' Meeting, etc.), Article 831 (Action to Revoke a Resolution of a Shareholders' Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii)) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836, paragraphs (1) and (3) (Order to Provide Security), Article 837 (Mandatory Consolidation of Oral Arguments, etc.), Article 838 (Persons Affected by a Judgment Being Upheld), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (g)) (Commissioning of Registration by Judicial Decision) of that Act shall apply mutatis mutandis to an action for a declaratory judgment as to the absence or invalidity of a resolution of a Mutual Company's Organizational Meeting and to an action to rescind 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 their voting rights 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 particulars listed in item (iii) or item (iv) of paragraph (1) 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 "a Shareholder, etc. (or, in cases where the Shareholders' Meeting, etc. set forth in each such item is an Organizational Meeting or a Class Organizational Meeting, a Shareholder, etc., a Shareholder at Incorporation, a Director at Incorporation, or a Company Auditor at Incorporation" 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 (meaning directors at incorporation as 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 (meaning 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 "a director, company auditor or liquidator pursuant to the provisions of Article 346 (1) (including cases where it is applied mutatis mutandis pursuant to Article 479 (4)), and in cases where such resolution is a resolution at an Organizational Meeting or Class Organizational Meeting, this shall include a Director at Incorporation or a Company Auditor at Incorporation" 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 changes in interpretation shall be specified by Cabinet Order.

(Reporting of the Particulars of Incorporation)

- Article 30-9 (1) The incorporators shall report the particulars of the incorporation of a Mutual Company at the Organizational Meeting.
- (2) In the cases listed in the following items, the incorporators shall submit or provide at the Organizational Meeting the documents or electromagnetic record in which the particulars specified in the relevant item are detailed or recorded:
- (i) Where the articles of incorporation provide for the particulars listed in the items of Article 24, paragraph (1) (excluding the particulars 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) that 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 (meaning the persons who become directors at the incorporation of a Mutual Company; the same shall apply hereinafter), accounting advisors at incorporation (meaning the persons who become accounting advisors at the incorporation of a Mutual Company; the same shall apply hereinafter), auditors at incorporation (meaning the persons who become company auditors at the incorporation of a Mutual Company; the same shall apply hereinafter) and accounting auditors at

incorporation (meaning 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 (meaning 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 provisions 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 provisions 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 provisions 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 (meaning 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 provisions of Article 48 (Appointment of Committee Members at Incorporation) of that Act shall apply mutatis mutandis to the appointment of committee members at incorporation (meaning 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 (meaning 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 (meaning 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 Cabinet Order.

(Investigations by Directors at Incorporation, etc.)

Article 30-11 (1) The directors at incorporation (meaning the directors at incorporation and auditors at incorporation where the Mutual Company to be incorporated is a company with auditors (meaning a Stock Company or Mutual Company that has company auditors; the same shall apply hereinafter)) shall investigate the following particulars 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 provisions 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 particulars 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 Cabinet Order.

(Amendments, etc. to the Articles of Incorporation at Incorporation)

Article 30-12 (1) The incorporators may not effect any amendment to the articles of incorporation once the notice under Article 29, paragraph (2) has been given, notwithstanding the provisions of Article 33, paragraph (9) of the Companies Act as applied mutatis mutandis pursuant to Article 24, paragraph (2).

(2) Notwithstanding the provisions 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 at an Organizational Meeting.



(3) Where an Organizational Meeting has adopted a resolution to amend the articles of incorporation in a manner that modifies any of the particulars 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 registering its 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.

(Mutatis Mutandis Application 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 the Incorporators) and Article 103, paragraph (2) (Liability of the 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 Cabinet Order.

(Actions to Invalidate 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) (Actions to Invalidate Acts Concerning the Organization of a Company), Article 834 (limited to the segment pertaining to item (i) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836, paragraphs (1) and (3) (Order to Provide Security), Articles 837 to 839 inclusive (Mandatory Consolidation of Oral Arguments, etc., Persons Affected by a Judgment Being Upheld, Effects of a Judgment of Invalidity, Revocation or Rescission), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (a)) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action to invalidate the incorporation of a Mutual Company. In this case, the term "a Shareholder, etc. (meaning a shareholder, director or liquidator (or, for a Company with Company Auditors, it means a shareholder, director, company auditor or liquidator, and for a Company with Committees, it means a shareholder, director, executive officer or liquidator); 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 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.

(Notices and Demands)

Article 32 (1) It shall be sufficient for any notice or demand to an Applicant for membership, or member of a Mutual Company to be sent to the place or contact address of which the Applicant or member has notified the incorporators or Mutual Company; provided, however, that this shall not apply to a notice or demand on any particular 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 would 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 particulars that are required to be included 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 particulars by electromagnetic means"; and any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Members List)

Article 32-2 (1) A Mutual Company shall, pursuant to the provisions of Cabinet Office Ordinance, prepare a members list in which it details or records the particulars specified by Cabinet Office Ordinance as particulars 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 has been prepared in writing, a request to investigate or copy the written document; or

(ii) Where the members list has been prepared in the form of electromagnetic record, a request to investigate or copy anything that shows the particulars recorded on such electromagnetic record in a manner specified by 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 investigate in connection with the protection or exercise his/her rights;

(ii) The Requestor makes a request with the intent to preclude the Mutual Company from performing its business or to harm the common interest of the members;

(iii) The Requestor operates, 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 learned 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 Cabinet Order such as the right to distribution of surplus.

(Benefits Provided for the Exercise of the Rights of a Member or Representative Member)

Article 33-2 (1) A Mutual Company shall not provide a person with economic benefits for the exercise of his/her member's rights or representative member's rights (limited to benefits given on the account of the Mutual Company or its de facto Subsidiary Company (meaning a juridical person whose management is deemed to be controlled by the Mutual Company pursuant to the provisions of Cabinet Office Ordinance, such as a Stock Company in which the Mutual Company holds the majority of all shareholders' voting rights; the same shall apply hereinafter).

- (2) The provisions of Article 120, paragraphs (2) to (5) inclusive (Benefits Provided for the Exercise of a 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)) (Liability Actions, etc. Against a Stock Company) of that Act shall apply mutatis mutandis to an action 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 "A shareholder (excluding a Holder of Shares Less than One Unit who is unable to exercise rights pursuant to the provisions of the articles of incorporation) having the shares" in Article 847, paragraph (1) (Liability Actions, etc.) of that Act shall be deemed to be replaced with "person who has been a member"; and the term "shareholder" in Article 847, paragraph (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 Cabinet Order.

(Grounds for Withdrawal)

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

- (i) Termination of the insurance relationship; or
  - (ii) Occurrence of an event specified in the articles of incorporation.
- (2) In the event of a member's death (excluding where the death falls under the items of the preceding paragraph) or a member being extinguished in a merger, the heir or any other general successor to the member shall assume the rights and obligations of the member.
- (3) Where the deceased or extinguished member set forth in the previous paragraph has two or more general successors (meaning 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), the general successors shall assume the obligation of effecting the insurance premium payments jointly and severally.
- (4) If a deceased or extinguished member has two or more general successors (limited to general successors by inheritance; hereinafter the same shall apply in this paragraph), the general successors may not exercise the member's rights that they have assumed, unless they appoint one person to exercise such rights.

(Claims for a 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 three years.

**Subsection 4 Administrative Organs**  
**Division 1 General Members' Councils**

(Voting Rights)

Article 37 Each member shall be entitled to one vote at a general members' council meeting.

(Authority of General Members' Councils)

Article 37-2 The general members' council may resolve only the matters

provided for in this Act and the matters provided for in the articles of incorporation.

(Resolutions of a General Members' Council)

Article 37-3 (1) Unless otherwise provided for in this Act or the articles of incorporation, a resolution of the general members' council is adopted by the majority vote of the attending members at a session where at least half of the members are present.

(2) A general members' council 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 the Convocation of the General Members' Council)

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 Low-Cost, Short-Term Insurers specified by Cabinet Order (hereinafter referred to as a "Specified Mutual Company"), members equal to or exceeding the number specified by Cabinet Order), who have been members of the Mutual Company may, by showing matters which are a purpose for a general members' council meeting (limited to matters on which the general members' council may adopt a resolution; hereinafter the same shall apply in this Division) and the reason for convocation, demand that the directors call a general members' council meeting.

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

(i) In cases where the convocation procedures are not effected without delay after the demand pursuant to the provisions of the preceding paragraph; or

(ii) In cases where the notice for the convocation of the general members' council which designates, as the date of the general members' council meeting, 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 provisions of the preceding paragraph, is not given.

- (3) The provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 871 (Appending of Reasons), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

(Right to Submit Proposals)

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 Cabinet Order), who have been members of the Mutual Company, may demand that the directors include certain items (limited to matters on which the general members' council may adopt a resolution) in the agenda for a general members' council 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 members' council meeting.

(2) A member may submit a proposal at a general members' council 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 (1/10) of the votes of the members (or any smaller proportion prescribed by the articles of incorporation) of the general members' council.

(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 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 members' council, 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 members' council.

(Right to Demand the Election of Inspector for a General Members' Council)

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 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 a session of the general members' council, for the election of an inspector to be retained to investigate the convocation procedures and method of resolution of such a council.

(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 members' council meeting"; 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 Cabinet Order.

(3) The provisions of Article 868, paragraph (1) (Jurisdiction over Non-



Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

(Mutatis Mutandis Application of the Companies Act)

Article 41 (1) The provisions of Article 296 (Convocation of Shareholders' Meetings), Article 298 (excluding the proviso to paragraphs (2) and (3)) (Determination to Convoke a Shareholders' Meeting), Article 299 (excluding items of paragraph (2)) (Notice of Convocation for a Shareholders' Meeting), Article 300 to 302 inclusive (Omission of Convocation Procedures, Delivery of Voting Forms and Reference Documents for a Shareholders' Meeting), Article 310 to 312 inclusive (Proxy Voting, Voting in Writing, Voting by Electromagnetic Means), 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 members' council 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 members' council meeting"; 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 voting rights 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

particulars 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 Documents for a Shareholders' Meeting" in Articles 301 and 302 of that Act shall be deemed to be replaced with "reference documents for a general members' council meeting"; the term "shareholders (excluding the shareholders who may not exercise their voting rights 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 voting rights 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 Cabinet Order.

- (2) The provisions of Article 830 (Action for a Declaratory Judgment as to the Absence or Invalidity of a Resolution of a Shareholders' Meeting, etc.), Article 831 (Action to Revoke a Resolution of a Shareholders' Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836, paragraphs (1) and (3) (Order to Provide Security), Article 837 (Mandatory Consolidation of Oral Arguments, etc.), Article 838 (Persons Affected by a Judgment Being Upheld), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (g)) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action for a declaratory judgment as to the absence or invalidity of a resolution of the general members' council of a Mutual Company and to an action to rescind a resolution of the general members' council of a Mutual Company. In this case, the term "a Shareholder, etc. (or, in cases where the Shareholders' Meeting, etc. set forth in each such item is an Organizational Meeting or a Class Organizational Meeting, a Shareholder, etc., a Shareholder at Incorporation, a Director at Incorporation or a Company Auditor at Incorporation)" 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 "a director, company auditor or liquidator pursuant to the provisions of Article 346 (1) (including cases where it is applied mutatis mutandis pursuant to Article 479 (4)), and in cases where such resolution is the resolution of an Organizational Meeting or Class Organizational Meeting, it shall include a Director at Incorporation or a Company Auditor at Incorporation)" 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 provisions 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 Cabinet Order.

### **Division 2 General Representative Members' Councils**

(Establishment of a General Representative Members' Council and Representative Members' Terms of Office, etc.)

Article 42 (1) A Mutual Company may, pursuant to the provisions of its articles of incorporation, establish an administrative organ composed of the representative members elected from among its members (hereinafter referred to as "General Representative Members' Council"), in lieu of a general members' council.

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

(Voting Rights of Representative Members)

Article 43 Each representative member shall be entitled to one vote at General Representative Members' Council Meetings.

(Authority of the General Representative Members' Council)

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

- (2) Any provisions in the articles of incorporation to the effect that the directors, executive officers, board of directors or any other organ than the general members' council or General Representative Members' Council may decide on a

matter which requires a resolution of the general members' council (or General Representative Members' Council, where the company has such a council) pursuant to the provisions of this Act shall be null and void.

(Method of Adopting, etc. Resolutions of the General Representative Members' Council)

Article 44 (1) Unless otherwise provided for in this Act or the articles of incorporation, a resolution at a General Representative Members' Council Meeting is adopted by the majority vote of the attending representative members at a session where at least half of the representative members are present; provided, however, the number of the general representatives required to attend the General Representative Members' Council Meeting shall not be less than one-third of the total number of general representatives, notwithstanding the provisions of the articles of incorporation.

(2) The General Representative Members' Council 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 representative member may exercise his/her voting right by proxy, where the articles of incorporation include any provisions to that effect. In this case, such representative member shall designate only one proxy, and the representative member 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 representative member.

(3) The provisions 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 voting

rights 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 Cabinet Order.

(Right to Demand Convocation of a General Representative Members' Council 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 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 representative members may demand the directors to convene a General Representative Members' Council Meeting by indicating the proposed agenda for the meeting (limited to matters on which the General Representative Members' Council 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 representative member who made a demand pursuant to the provisions of the preceding paragraph may convene the General Representative Members' Council 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 a General Representative Members' Council Meeting which designates, as the date of the General Representative Members' Council 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 provisions of the preceding paragraph, is not given.
- (3) The provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 871 (Appending of the Reason), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

(Right to Submit Proposals)

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 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 representative members may demand the directors to include certain items (limited to matters on which the General Representative Members' Council may adopt a resolution) in the agenda for the General Representative Members' Council 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 Representative Members' Council Meeting.

(2) Representative members may submit a proposal at a General Representative Members' Council 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 at a General Representative Members' Council Meeting by at least one tenth of the representative members (or any smaller proportion prescribed by the articles of incorporation).

(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 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 representative members 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 Representative Members' Council 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 at a General Representative Members' Council Meeting by at least one tenth of the representative members (or any smaller proportion prescribed by the articles of incorporation).

(Right to Demand the Election of an Inspector for a General Representative Members' Council 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 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 representative members may file a petition with the court, prior to the session of the General Representative Members' Council, for the election of an inspector who shall be retained to investigate the convocation procedures and method of resolution related to such a council.

(2) The provisions of Article 306, paragraphs (3) to (7) inclusive (Election of an Inspector for the Convocation Procedures of a 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 Representative Members' Council Meeting"; and the term "shareholders" in paragraph (1), item (ii) of that Article shall be deemed to be replaced with "representative members"; any other necessary technical change in interpretation shall be specified by Cabinet Order.

(3) The provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872

(limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

(Delivery, etc. of Reference Documents and Voting Forms for a General Representative Members' Council Meeting)

- Article 48 (1) The directors (or, where members or representative members convene the General Representative Members' Council pursuant to the provisions of Article 45, paragraph (2), such members or representative members; 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 representative members documents detailing particulars of reference with regard to the exercise of voting rights pursuant to the provisions of 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 representative members who have given consent under the same paragraph, the directors may, in lieu of giving the documents pursuant to the provisions of the preceding paragraph, provide the particulars that are required to be included in such documents by electromagnetic means; provided, however, that, if requested by any representative member, they shall give these documents to such representative member.
- (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 representative members with documents to be used by the representative members to exercise their voting rights (hereinafter referred to as "Voting Forms" in this Article) pursuant to the provisions of 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 representative members who have given consent under



the same paragraph, the directors may, in lieu of giving out Voting Forms pursuant to the provisions of the preceding paragraph, provide the particulars that are required to be included in such documents by electromagnetic means; provided, however, that, if requested by any representative member, the directors shall give their voting form to such representative member.

- (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 representative members who have given consent under Article 299, paragraph (3) of the Companies Act by electromagnetic means referred to in the same paragraph, provide the representative members with the particulars that are required to be included in the Voting Forms by such electromagnetic means pursuant to the provisions of Cabinet Office Ordinance.
- (6) In the cases prescribed in the preceding paragraph, if any representative member 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 requests, no later than one week prior to the date of the General Representative Members' Council Meeting, to be provided the particulars that are required to be included in the Voting Forms by electromagnetic means, the directors shall, immediately, provide such particulars to such representative member by electromagnetic means pursuant to the provisions of Cabinet Office Ordinance.

(Mutatis Mutandis Application of the Companies Act)

Article 49 (1) The provisions of Article 296 (Convocation of Shareholders' Meetings), Article 298 (excluding paragraphs (2) and (3)) (Determination to Convoke a 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 a 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 Representative Members' Council 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 "representative member"; the term "Annual shareholders' meeting" in Article 296, paragraph (1) of that Act shall be deemed to be replaced with "Annual General Representative Members' Council 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 representative member," respectively; the term "two weeks (or one week if the Stock Company is not a Public Company, except in cases where the particulars listed in items (iii) and (iv), paragraph (1) 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 representative members" and "common interest of the representative members," 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 Cabinet Order.

- (2) The provisions of Article 830 (Action for a Declaratory Judgment as to the Absence or Invalidity of a Resolution of a Shareholders' Meeting, etc.), Article 831 (Action to Revoke a Resolution of a Shareholders' Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii)) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836, paragraphs (1) and (3) (Order to Provide Security), Article 837 (Mandatory Consolidation of Oral Arguments, etc.), Article 838 (Persons Affected by a Judgment Being Upheld), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (g)) (Commissioning of Registration by Judicial

Decision) of the Companies Act shall apply mutatis mutandis to an action for a declaratory judgment as to the absence or invalidity of a resolution of the General Representative Members' Council of a Mutual Company and to an action to revoke a resolution of the General Representative Members' Council of a Mutual Company. In this case, the term "a Shareholder, etc. (or, in cases where the Shareholders' Meeting, etc. set forth respectively in each such item is an Organizational Meeting or a Class Organizational Meetings, a Shareholder, etc., a Shareholder at Incorporation, a Director at Incorporation or a Company Auditor at Incorporation)" 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 "a director, company auditor or liquidator pursuant to the provisions of Article 346 (1) (including cases where it is applied mutatis mutandis pursuant to Article 479 (4)), and in cases where such resolution is a resolution of an Organizational Meeting or Class Organizational Meeting, it shall include a Director at Incorporation or a Company Auditor at Incorporation)" 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 provisions 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 Cabinet Order.

(Right to Demand the Convocation of a General Members' Council)

Article 50 (1) Even where a Mutual Company has established a General Representative Members' Council pursuant to the provisions 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 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 members' council with the purpose of abolishing the General Representative Members' Council or modifying any particular prescribed by the articles of incorporation pursuant to the provisions 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 provisions of the preceding paragraph may convene a general members' council

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 members' council which designates, as the date of the general members' council meeting, 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 provisions of the preceding paragraph, is not given.
- (3) The provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 871 (Appending of the Reason), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.
- (4) Where a resolution modifying any particular prescribed by the articles of incorporation pursuant to the provisions of Article 42, paragraph (2) is adopted by the general members' council convened pursuant to the provisions of the preceding three paragraphs, the General Representative Members' Council may not adopt a resolution amending the articles of incorporation regarding the particular thus modified, unless three years have elapsed since the day on which the amendment of the articles of incorporation came into effect regarding such particular.

**Division 3 Establishment of Administrative Organs Other than  
General Members' Councils and General Representative Members'  
Councils, etc.**

(Administrative Organs)

Article 51 (1) A Mutual Company shall have in place the following administrative organs:

- (i) Board of directors; and
  - (ii) Company auditors or Committees.
- (2) A Mutual Company may have 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), sub-item (b) (other than a company with Committees) shall have in place a board of company auditors and an accounting auditor.

- (4) A company with Committees shall not have any company auditors.
- (5) A company with Committees shall have accounting auditors.

(Election)

Article 52 (1) Officers (meaning 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 members' council (or General Representative Members' Council, where the company has such a council; 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 Cabinet Office Ordinance as a precaution against cases in which 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 a Mutual Company and Its 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) None of the following persons may 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 Associations and General Incorporated Foundations (Act No. 48 of 2006), or for having committed: a crime under Article 197 (Crime of False Statements in a Securities Registration Report, etc.), Article 197-2, items (i) to (x)-3 inclusive or (xiii) (Crime of Solicitation of Securities by Unregistered Agents, etc.), Article 198, item (viii) (Crime of Violating a Court's Restrictive Injunction or Order for Suspension), Article 199 (Crime of Refusal to Report, etc.), Article 200, items (i) to (xii)-2 inclusive or item (xxi) (Crime of Non-Submission of a Correction Report, etc.), Article 203, paragraph (3) (Bribery of an Officer or Staff Member of a Financial Instruments Transaction 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 (Act No. 25 of 1948); a crime under Article 549 (Crime of Fraudulent Reorganization), Article 550 (Crime of Providing a Specific Creditor, etc. with Collateral, etc.), Article 552 to 555 inclusive (Crime of Refusal to Report or Undergo

Investigation, etc., Crime of Destruction of Materials on the Status of Business and Property, etc., Crime of Obstruction of the Duties of a Bankruptcy Trustee, 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 Providing a Specific Creditor, etc. with Collateral), Article 258 to 260 inclusive (Crime of Refusal to Report or Undergo Investigation, etc., Crime of Destruction of Materials on the Status of Business and Property, etc., Crime of Obstruction of the Duties of a 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 to Report or Be Investigated, etc.), Article 66 (Crime of Obstruction of the Duties of a Recognition Trustee, etc.), Article 68 (Bribery) or Article 69 (Crime of Disposal or Export of Property without Permission) of the Act on Recognition of and Assistance for Foreign Insolvency Proceedings (Act No. 129 of 2000); a crime under Article 265 (Crime of Fraudulent Bankruptcy), Article 266 (Crime of Providing a Specific Creditor, etc. with Collateral), Article 268 to 272 inclusive (Crime of Refusal to Explain or Be Investigated, etc., Crime of Refusing to Disclose Important Property, etc., Crime of Destruction of Materials on the Status of Business and Property, etc., Crime of Refusal to Explain at a Hearing, etc., Crime of Obstruction of the Duties of a 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 apply; 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 serve 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 members' council meeting (or annual General Representative Members' Council 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 members' council.

- (2) For the purpose of applying the provisions 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 provisions 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 Cabinet Order.

(Qualifications, etc. of Accounting Advisors)

Article 53-4 The provisions of Article 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 Cabinet Order.

(Qualifications, etc. of Company Auditors)

Article 53-5 (1) The provisions 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 Cabinet Order.

- (2) A company auditor of a Mutual Company may concurrently serve 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 (meaning 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 members' council meeting 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 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 provisions 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 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 members' council.
- (2) A person dismissed pursuant to the provisions 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 conduct unbecoming of 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 provisions 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 provisions 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 members' council meeting 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 (1) Notwithstanding the provisions of Article 37, paragraph (1) and Article 44, paragraph (1), resolutions of the general members' council for the election or dismissal of officers are adopted by the majority vote (or any larger proportion prescribed by the articles of incorporation) of the attending members (or, where the company has a General Representative Members' Council, representative members) at a session where at least half (or any other proportion larger than one third prescribed by the articles of incorporation) of the members (or representative members) are present.
- (2) Notwithstanding the provisions of the preceding paragraph, in case where dismissal of a company auditor is to be resolved, it shall be adopted by a resolution set forth in Article 62, paragraph (2).

(Mutatis Mutandis Application of the Companies Act)

- Article 53-11 The provisions of Article 343 (Consent of Company Auditors to Election of Company Auditors) (excluding paragraph (4)) of the Companies Act

shall apply mutatis mutandis to the election of the company auditors of a Mutual Company; the provisions 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 provisions 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 298, paragraph (1), item (i)" in paragraph (3) of that Article 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 Cabinet Order.

(Measures for Vacancies Arising among the Officers, etc.)

- Article 53-12 (1) Where a Mutual Company has no officers or where any vacancy arises 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 the 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, if it finds necessary, appoint a person to temporarily carry out the duties of an officer, in response to a petition filed by any interested party.
- (3) The court may, if 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 thereto by the Mutual Company.
- (4) Where a Mutual Company has no accounting auditors or where any vacancy arises 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 provisions of Article 337 of the Companies Act as applied mutatis mutandis pursuant to Article 53-7 and the provisions 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 Cabinet Order.
- (6) For the purpose of applying the provisions 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 provisions 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 over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act), Article 876 (Supreme Court Rules) and Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-items (a) and (c)) (Commissioning of Registration by a 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 Cabinet Order.

#### **Division 4 Directors and Boards of Directors**

(Authority of the 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 the Board of Directors)

Article 53-14 (1) A board of directors shall be composed of all of the directors.

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

- (i) Deciding the execution of the Mutual Company's business;
  - (ii) Supervising the execution of duties by directors; and
  - (iii) Appointing and removing representative directors.
- (3) The board of directors shall appoint the representative director from among the directors.
- (4) The board of directors may not delegate decisions on the execution of important business, such as the following particulars, 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 particulars specified by Cabinet Office Ordinance as important particulars of the solicitation of persons who subscribe for bonds (meaning the bonds as defined in that Article), such as the particular listed in Article 61, item (i);
  - (vi) Revision of a system necessary for ensuring that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and of any other system specified by Cabinet Office Ordinance as a system necessary for ensuring propriety in the business 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), sub-item (b), the board of directors shall decide on the particulars listed in item (vi) of the preceding paragraph.

(Mutatis Mutandis Application of the Companies Act)

Article 53-15 The provisions of Article 350 (Liability for Damages Caused by Directors' Actions), 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 the Court to Call a Shareholders' Meeting), Article 360, paragraph (1) (Prohibition of Directors' Actions by the 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 the Office of a 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 over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of Reasons), Article 872 (limited to the segment pertaining to item (iv))

(Immediate Appeal), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 provisions of Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-items (a) and (c)) (Commissioning 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 representative members"; the term "Shareholders who hold not less than 3 percent of the voting rights (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 voting rights 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 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 Representative Members' Council, those persons, or nine (or any other smaller number prescribed by the articles of incorporation) or more representative members)"; the term "shareholders" in Article 358, paragraph (7) shall be deemed to be replaced with "members or representative members"; 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 Representative Members' Council, representative members)"; 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 Cabinet Order.

(Management of Boards 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 management of the board of directors of a Mutual Company; and the provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Representative Members' Council, such representative members)" 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 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) (Retention 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 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 (meaning 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 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 business 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 business 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 there are justifiable grounds for it to do so.

(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 particulars of 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.

(Mutatis Mutandis Application of the 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, Prohibition of Directors' Actions by the 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 Cabinet Order.

(Management of Boards 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 management of the board of company auditors of a Mutual Company; and the provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Representative Members' Council, representative member)"; 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 Cabinet Order.

### **Division 7 Accounting Auditors**

(Authority, etc. of Accounting Auditors)

Article 53-22 (1) The accounting auditors shall audit the financial statements (meaning 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 (meaning 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 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 (meaning 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 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 there are justifiable grounds for it to do so.
- (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 provisions 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."

(Mutatis Mutandis Application of the Companies Act)

Article 53-23 The provisions of Article 397 to 399 inclusive (Report to Company Auditors, Statement of Opinions at the 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 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 members of each Committee must be outside directors (meaning those directors of a Mutual Company who are neither executive directors (meaning 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 officers, nor a manager or any other employee of the Mutual Company or its de facto Subsidiary Company, and have never served 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 serve as an executive officer or executive director of a company with Committees or its de facto Subsidiary Company, or as an accounting advisor (or, where the accounting advisor is a juridical person, any staff member of the juridical person, who is to carry out the 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 over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of Reasons), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeals), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-

Contentious Cases Procedures Act), Article 876 (Supreme Court Rules) and Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-items (a) and (c)) (Commissioning 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 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 provisions of Article 53-2, paragraph (1) shall apply mutatis mutandis to an executive officer.

(5) An executive officer may serve 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 members' council meeting 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 provisions 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 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 provisions 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 over Non-Contentious

Cases), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act), Article 876 (Supreme Court Rules) and Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-items (a) and (c)) (Commissioning of Registration by a 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 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 members' council 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. (meaning 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 members' council regarding the election and dismissal of accounting auditors, and the non-reappointment of accounting auditors.
- (3) Notwithstanding the provisions 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. (meaning 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 serves 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 the Board of Directors, Prohibition of Executive Officers' Actions, etc. by Audit Committee Members, Representation of a Company with Committees in Actions between the Company and Its Executive Officers or Directors, Methods for Decisions on Remuneration by the 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 "provisions 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 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 management of the Committees of a company with Committees; and the

provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Representative Members' Council, representative member"; 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 Cabinet Order.

(Authority of the Directors of a Company 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 the Board of Directors of a Company with Committees)

Article 53-30 (1) Notwithstanding the provisions 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 particulars and any other decision on the execution of the company with Committees' business:
  - (a) Basic management policy;
  - (b) Particulars specified by Cabinet Office Ordinance as necessary for the execution of the duties of the audit committee;
  - (c) In a Mutual Company with two or more executive officers, the particulars of 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 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 particulars listed in item (i), sub-items (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 particulars:
- (i) Decisions on the particulars 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 members' council (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 involving the actions 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 provisions 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), sub-item (d) of the Insurance Business Act"; any other necessary technical change in interpretation shall be specified by 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 company with Committees' business as delegated by a resolution of the board of directors under paragraph (4) of the preceding Article; and
- (ii) Executing the company with Committees' business.

(Mutatis Mutandis Application of the 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) (Prohibition of Executive Officers' Actions by Shareholders) of the Companies Act shall apply mutatis mutandis to the executive officers of a company with Committees; the provisions 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 over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to items (i) and (iv))

(Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 provisions of Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-items (a) and (c)) (Commissioning of Registration by a 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 Cabinet Order.

### **Division 9 Officer, etc. Liability**

(Officer, etc. Liability to a 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 been negligent in their duties shall be liable to the Mutual Company for any damage resulting from such negligence.
- (2) Where a director or executive officer has conducted a transaction set forth in Article 356, paragraph (1), item (i) (Restrictions on Competition and Transactions Involving a Conflict of Interest) of the Companies Act in violation of the provisions 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 damages set forth in the preceding paragraph.

- (3) Where a Mutual Company incurs any damages as a result of a 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 been negligent in 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 decided that the Mutual Company would carry out such transaction; or
  - (iii) The directors who agreed to the board of directors' resolution approving such a 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 a 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.

(Officer Liability, etc. for Damages to Third Parties)

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

- (2) The provisions of the preceding paragraph shall also apply where the persons listed in the following items have acted as 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 actions:
    - (a) Giving false notice with respect to an important particular of which notice is required to be given in soliciting funds or subscribers for company bonds (meaning the company bonds as defined in Article 61), or including a false detail or record in a material used in explaining the business or any other particular of the Mutual Company for the purpose of such solicitation;

- (b) Including a false detail or record of an important particular that must be entered or recorded in financial statements and business reports, and annexed detailed statements thereto;
- (c) Making a false registration; and
- (d) Giving a false public notice (including the measures provided for in Article 54-7, paragraph (3));
- (ii) Accounting advisors: including a false detail or record with regard to an important particular that must be detailed or recorded in financial statements and annexed detailed statements thereto, and accounting advisors' reports;
- (iii) Auditors and Audit Committee Members: including a false detail or record with regard to an important particular that must be detailed or recorded in an audit report: and
- (iv) Accounting auditors: including a false detail or record with regard to an important particular that must be detailed or recorded in an accounting audit report.

(Mutatis Mutandis Application of the 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 the Articles of Incorporation on Exemption by Directors), Article 427 (Limited Liability Contracts), Article 428 (Special Provisions on Transactions Carried Out by a Director for Himself/Herself) and Article 430 (Officers' Joint and Several Liability, 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 an exemption from liability under the provisions of the articles of incorporation pursuant to the provisions of that paragraph (limited to exemptions from liability for 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 an exemption from liability pursuant to the provisions of the articles of incorporation under that paragraph (limited to exemptions from liability for directors (excluding those who are Audit Committee Members) and executive

officers)"; the term "shareholders having not less than 3 percent (or, in cases where lesser proportion is prescribed in the articles of incorporation, such proportion) of the voting rights 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 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 Cabinet Order.

(Liability Actions, etc. Against a 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)) (Liability Actions, etc. Against a Stock Company) of the Companies Act shall apply mutatis mutandis to an action for accountability in a Mutual Company; and the provisions of Section 3 of said Chapter (excluding Article 854, paragraph (1), item (i), sub-item (a) and Article 854, paragraphs (2) to (4) inclusive) (Action to Dismiss the Officer of a Stock Company) and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (j)) (Commissioning of Registration by a Judicial Decision) of that Act shall apply mutatis mutandis to an action to dismiss the officer of a Mutual Company. In this case, the terms "A shareholder (excluding a Holder of Shares Less than One Unit who is unable to exercise rights pursuant to the provisions of the articles of incorporation) having the shares" and "Article 423, paragraph (1)" in Article 847, paragraph (1) (Action to Dismiss the Officer of a Stock Company) 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 provisions 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 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 Representative Members' Council, those members or nine (or any smaller number prescribed by the articles of incorporation) or more representative members"; any other necessary technical change in interpretation shall be prescribed by Cabinet Order.

### **Subsection 5 Mutual Companies' Accounting, etc.**

#### **Division 1 Accounting Principles**

Article 54 A Mutual Company's accounting 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 shall prepare accurate account books in a timely manner pursuant to the provisions of 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, upon petition or by its own authority, order a party to litigation to submit its 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 of the date of its establishment pursuant to the provisions of Cabinet Office Ordinance.
- (2) A Mutual Company shall, pursuant to the provisions of Cabinet Office Ordinance, prepare financial statements (meaning the balance sheet, profit and loss statement, proposal on appropriation of surplus or disposal of losses and any other statement specified by 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 their annexed detailed statements.
- (3) The financial statements, business report, and annexed detailed statements 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.

(Auditing, 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 their annexed detailed statements under paragraph (2) of the preceding Article, shall be audited by the company auditors pursuant to the provisions of 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 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 members' council meeting (or, where the company has a General Representative Members' Council Meeting, such a council meeting; hereinafter the same shall apply in this Subsection), the directors shall, pursuant to the provisions of Cabinet Office Ordinance, provide the members (or, in a Mutual Company with a General Representative Members' Council, representative members; 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. at the Annual General Members' Council Meeting)

Article 54-6 (1) The directors shall submit or provide the financial statements and business report approved under Article 54-4, paragraph (3) at the annual general members' council meeting.

(2) The financial statements submitted or provided pursuant to the provisions of the preceding paragraph shall be approved at the annual general members' council meeting.

- (3) The directors shall report the contents of the business report submitted or provided pursuant to the provisions of paragraph (1) at the annual general members' council meeting.
- (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 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 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 members' council meeting.

- (2) Notwithstanding the provisions 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 the particulars of current events, to give public notice of the gist of the balance sheet set forth in that paragraph.
- (3) Pursuant to the provisions of Cabinet Office Ordinance, the Mutual Company set forth in the preceding paragraph may, without delay after the conclusion of the annual general members' council meeting, 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 members' council meeting 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 is to submit its securities report to the Prime Minister pursuant to the provisions of Article 24, paragraph (1) (Submission of Securities Report) of the Financial Instruments and Exchange Act.

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

Article 54-8 (1) A Mutual Company shall retain its financial statements and



business report for each business year, and their annexed detailed statements (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 that is two weeks before the date of the annual general members' council meeting (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 that is two weeks before the date of its annual general members' council meeting (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. have been prepared in the form of electromagnetic records, if the Mutual Company adopts the measures specified by 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 persons of a Mutual Company, such as Policyholders and beneficiaries of insurance proceeds, 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. have been prepared in writing, a request to inspect or copy such documents;

(ii) A request for a certified copy or extract of the documents referred to in the preceding item;

(iii) Where the Financial Statements, etc. are prepared in the form of electromagnetic records, a request to inspect anything that shows the particulars recorded in the electromagnetic records in a manner specified by Cabinet Office Ordinance; or

(iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding item by the electromagnetic means determined by the Mutual Company, or to be issued a document detailing such particulars.

(Order to Submit Financial Statements, etc.)

Article 54-9 The court may, upon petition or by its own authority, order a party to litigation 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 Cabinet Office Ordinance, prepare consolidated financial statements (meaning those statements specified by 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 records.
- (3) An entity that is a Mutual Company set forth in Article 53-14, paragraph (5) as of 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 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 Cabinet Order.

### **Division 3 Payment of Interest on Funds, Redemption of Funds and Distributions 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 the sum total of the following amounts (referred to as "maximum limit of interest payment" in Article 55-3, paragraph (3), item (i)) has been deducted therefrom:
- (i) The total amount of funds;
- (ii) The deficiency reserves and the reserves for redemption of funds set forth in Article 56 (including the total amount of any reduction of the reserves for redemption of funds pursuant to the provisions of Article 59, paragraph (2); the same shall apply in the following paragraph); and
- (iii) Other amounts specified by 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 provisions 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 reserves and the reserves for redemption of funds set forth in Article 56;
  - (iii) The amount of interest on funds paid under the preceding paragraph;
  - (iv) The deficiency reserves to be set aside for the accounting period; and
  - (v) Other amounts specified by 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.

(Distributions of Surplus)

- Article 55-2 (1) Any distribution of surplus shall be made in conformity with the standards specified by Cabinet Office Ordinance for fair and equitable distribution.
- (2) A Mutual Company shall, as the particulars 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 calculated by multiplying the appropriable amount specified by Cabinet Office Ordinance by a certain proportion as the reserves for distributing surplus to members pursuant to the provisions of Cabinet Office Ordinance.
- (3) The certain proportion set forth in the preceding paragraph shall not be less than the proportion specified by 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 Cabinet Office Ordinance under paragraph (2) the amount calculated by multiplying the amount prescribed by Cabinet Office Ordinance under paragraph (2) by a ratio that is smaller than that prescribed by Cabinet Office Ordinance under the preceding paragraph.

- (5) Any provisions 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 provisions of Article 55, paragraph (1), or made any redemption of funds or distribution of surplus in violation of the provisions of paragraph (2) of the same Article, the persons who were granted any money due to such action (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. (meaning the executive director (or, in a company with Committees, executive officer) or any other person specified by 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 members' council meeting 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 provisions of Article 55, paragraph (1) or (2)), the person specified by Cabinet Office Ordinance as the director who has presented the proposal to the annual general members' council meeting.
- (2) Notwithstanding the provisions 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 if all of the members agree 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 provisions 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 reserves for redemption of funds.
- (2) A Mutual Company shall, if it has been 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 reserves for redemption of funds.

(Reduction of Reserve for Redemption of Funds)

- Article 57 (1) A Mutual Company may reduce the amount of the reserves for redemption of funds by a resolution of the general members' council (or General Representative Members' Council, where the company has such a council).
- (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 reserves for redemption of funds pursuant to the provisions 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 reserves 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 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 reserves 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 reserves 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 members' council (or General Representative Members' Council, where the company has such a council) pertaining to the resolution under that paragraph to six months from the date of the reduction of the reserves 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 Cabinet Order.
- (5) Any reduction of the reserves 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)) (Actions to Invalidate Acts Concerning the Organization of a Company), Article 834 (limited to the segment pertaining to item (v)) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836 to 839 inclusive (Order to Provide Security, Mandatory Consolidation of Oral Arguments, etc., Persons Affected by Where a Judgment Being Upheld, Effects of a Judgment of

Invalidity, Revocation or Rescission), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (d) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action to invalidate a reduction of the reserves 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 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 reserves set forth in Article 55-2, paragraph (2) that is to be set aside pursuant to the provisions of Cabinet Office Ordinance) as the deficiency reserve, until such time as its funds (including the reserves 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 reserves may not be reduced, except in the case of allocating it to loss compensation.

(2) By derogation from Article 57, the reserves for redemption of funds may be reduced to compensate for the losses, where the deficiency reserves 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 members' council (or General Representative Members' Council, where the company has such a council; 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 members' council.

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

(Offer of Contributions of Funds)

Article 60-2 (1) A Mutual Company shall notify the persons who seek to make an offer to contribute funds in response to solicitation under paragraph (1) of the preceding Article of the following particulars:

- (i) Particulars 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 of 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 detailing the following particulars:

- (i) Name and address of the person who makes the offer; and
- (ii) Planned amount of contribution of 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 a contribution of 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)), Article 30-5, paragraphs (2) and (3) of this Act and Article 209 (Timing of Shareholders Status) (excluding item (ii)) of the Companies Act 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 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)) (Actions to Invalidate Acts Concerning the Organization of a Company), Article 834 (limited to the segment pertaining to item (ii)) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836, paragraphs (1) and (3) (Order to Provide Security), Article 837 to 840 inclusive (Mandatory Consolidation of Oral Arguments, etc., Persons Affected by a Judgment Being Upheld, Effects of a Judgment of Invalidity, Revocation or Rescission, Effects of a Judgment Invalidating New Share Issue), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (b)) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action to invalidate a solicitation of additional funds under paragraph (1) of the preceding Article; and the provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (ii)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 to 877 inclusive (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act, Supreme Court Rules, Mandatory 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 Cabinet Order.

### **Subsection 7 Solicitation of Subscribers for Bonds Issued by Mutual Company**

(Determination of the Particulars of Bonds for Subscription)

Article 61 Before a Mutual Company seeks to solicit persons to subscribe for the bonds (meaning 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 the conditions that have been fixed with regard to the following particulars; hereinafter the same shall apply in this Subsection) that it issues, the company shall establish the following particulars with regard to the bonds for subscription (meaning 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 monetary amount of the bonds for subscription;
- (ii) The monetary amount of each bond for subscription;
- (iii) The 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) If bond certificates will be issued, that fact;
- (vii) If it will 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, that fact;
- (viii) If it will be arranged that the bond administrator may take the action listed in Article 61-7, paragraph (4), item (ii) in the absence of a resolution of the bondholders meeting, that fact;
- (ix) The amount to be paid in for each bond for subscription (meaning 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) If it will be arranged that the bonds for subscription will not be issued in their entirety if the persons to whom the bonds for subscription will be allocated have not been established by a certain date for the total monetary amount of the bonds, that fact and that certain date; and

(xii) In addition to what is listed in the preceding items, particulars specified by Cabinet Office Ordinance.

(Offer to Subscribe for Bonds)

Article 61-2 (1) A Mutual Company shall notify the persons who seek to make an offer to subscribe for bonds in response to a solicitation under the preceding Article of the following particulars:

(i) Name of the Mutual Company;

(ii) Particulars 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, particulars specified by 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 detailing the following particulars:

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

(ii) The total par value of the bonds for which he/she seeks 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 Cabinet Order, provide the particulars that are required to be included 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 provisions of paragraph (1) shall not apply to the cases where the Mutual Company has issued to the person who seeks to make an offer under paragraph (1) the prospectus prescribed in Article 2, paragraph (10) (Definitions) of the Financial Instruments and Exchange Act that details the particulars listed in the items of paragraph (1), or to any other case specified by Cabinet Office Ordinance as posing no risk to the protection of persons who seek to offer to subscribe 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 particulars listed in the items of paragraph (1) and the particular 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 of which the Offeror has notified 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 would 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 Provisions on Offers for Bonds for Subscription and the Allocation Thereof)

Article 61-4 The provisions of the preceding two Articles shall not apply to the cases where a person who seeks to subscribe for bonds concludes a contract for the subscription for the total amount of those bonds.

(Mutatis Mutandis Application of the 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)) (Retention of the Bond Registry and Making It Available for Inspection) 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 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 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 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 action in or out of court 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 issuance 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 take the following actions without a resolution of the bondholders meeting; provided, however, that this shall not apply to the actions listed in item (ii), if there is a stipulation with respect to the particulars listed in Article 61, item (viii):

(i) suspension 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 actions listed in the following item);
- (ii) Procedural actions with respect to the entirety of the bonds, or any action involved in bankruptcy procedures, rehabilitation procedures, corporate reorganization procedures or procedures for special liquidation (excluding the action set forth in paragraph (1)).
- (5) The bond administrator shall, if he/she has taken the action 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 this 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, if it is necessary for taking the action listed in paragraph (1) or the items of paragraph (4) with respect to the bonds with whose administration he/she has been entrusted, 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 on 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 over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (iii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Article 875 (Mandatory Consolidation of Hearings, etc.) 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 Cabinet Order.

(Bondholders Meeting)

Article 61-8 (1) The bondholders shall form a bondholders meeting for each class

of bond (meaning 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 (Action to Rescind Performance, etc. by a Company That Issues Bonds), Article 868, paragraph (3) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (x) to (xii) inclusive) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Mandatory Consolidation of Hearings, etc.) 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 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 Cabinet Order, the bonds shall, pursuant to the provisions of 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 members' council (or General Representative Members' Council, where the company has such a council).

(2) Notwithstanding the provisions of Article 37-3, paragraph (1) and Article 44, paragraph (1), the resolution set forth in the preceding paragraph is adopted by a three-quarter majority vote of the attending members at a session where at least half of the members are present (or by a three-quarter majority vote of the attending representative members at a session at which at least half of the representative members are present).

#### **Subsection 9 Assignment, etc. of Business**

Article 62-2 (1) A Mutual Company shall, before it takes any of the following actions, have the contract for the relevant action authorized by a resolution of the general members' council no later than the day immediately preceding the Effective Date of the action:

- (i) Assignment of the whole of 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 Cabinet Office Ordinance);
- (iii) Acquisition of the whole of 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 conducting 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 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 provisions in its articles of incorporation, exclude from its membership the holders of non-participating policies or any other class of insurance policy specified by 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 particulars specified by Cabinet Office Ordinance.
- (3) A Mutual Company shall not underwrite the insurance policies set forth in paragraph (1) over the limit specified by Cabinet Office Ordinance.
- (4) Pursuant to the provisions of Cabinet Office Ordinance, a Mutual Company shall, if 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 III, Chapter VI (Marine Insurance) of the Commercial Code shall apply mutatis mutandis to the insurance policies set forth in paragraph (1) (limited to those which fall under the category of a marine insurance contract). In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.
- (6) In addition to what is prescribed in the preceding paragraphs, necessary particulars of the insurance policies set forth in paragraph (1) shall be specified by Cabinet Office Ordinance.

(Mutatis Mutandis Application of the Companies Act)

Article 63-2 Article 824 (Dissolution Order for a Company), Article 826 (Duty of a Government Agency, etc. to Give Notice to the Minister of Justice), Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 870 (Hearing of Statements) (limited to the portion pertaining to item (xiii)), the main text of Article 871 (Appending of the Reason), Article 872 (Immediate Appeal) (limited to the portion pertaining to item (iv)), the main text of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act), Article 876 (Supreme Court Rules), Article 904 (Participation of the Minister of Justice) and Article 937, paragraph (1) (Commissioning of Registration by a Judicial Decision) (limited to the portion pertaining to sub-item (b) of item (iii)) of the Companies Act shall apply mutatis mutandis to an order for dissolution of a Mutual Company; Article 825 (Special Provisions on a Temporary Restraining Order Concerning Property of a Company), Article 868, paragraph (1), Article 870 (limited to the portion pertaining to item (ii)), Article 871, Article 872 (limited to the portions pertaining to items (i) and (iv)), Article 873, Article 874 (Restrictions on Appeal) (limited to the portions pertaining to items (ii) and (iii)), Article 875, Article 876, Article 905 and Article 906 (Special Provisions on a Temporary Restraining Order Concerning Property of a Company) of said Act shall apply mutatis mutandis to preservation of properties of a Mutual Company in case where a petition under Article 824, paragraph (1) of that Act as applied mutatis mutandis pursuant to this Article has been filed. In this case, technical replacement of terms as may be necessary shall be specified by Cabinet Order.

(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 provisions of Article 30-12, paragraph (3)).

(2) The following particulars shall be registered in the registration under the preceding paragraph:

- (i) Particulars listed in Article 23, paragraph (1), items (i), (ii) and (iv) to (vii) inclusive;
- (ii) The location of the offices;
- (iii) The names of the directors;
- (iv) The name and address of the representative director (excluding the cases set forth in item (xi));
- (v) If the company is a company with accounting advisors, that fact, 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) If the company is a company with auditors, that fact and the names of the company auditors;
  - (vii) If the company is a company with a board of company auditors, that fact, and if there are outside auditors among its auditors, that fact;
  - (viii) If the company is a company with accounting auditors, that fact and the names of the accounting auditors;
  - (ix) The name of a person appointed pursuant to the provisions of Article 53-12, paragraph (4) temporarily to carry out the duties of an accounting auditor;
  - (x) If it is stipulated that the special directors (meaning 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 particulars:
    - (a) 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) The names of the special directors, and
    - (c) The fact that any outside directors among the directors, are outside directors;
  - (xi) If the company is a company with Committees, that fact and the following particulars:
    - (a) The fact that any outside directors among the directors, are outside directors,
    - (b) The names of the members of each committee and its executive officers, and
    - (c) The name and address of its representative executive officer;
  - (xii) Any provisions 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 provisions 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) If the provisions of the articles of incorporation set forth in the preceding item concern outside directors, the fact that any outside directors among the directors, are outside directors;
  - (xv) If the provisions in the articles of incorporation set forth in item (xiii)

- concern outside auditors, the fact that any outside auditors among the auditors, are outside auditors;
- (xvi) If the relevant company seeks to take measures referred to in Article 54-7, paragraph (3), among the particulars 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 Cabinet Office Ordinance;
  - (xvii) Provisions in the articles of incorporation for the Method of Public Notice under Article 23, paragraph (1), item (viii);
  - (xviii) If the provisions in the articles of incorporation set forth in the preceding item specify electronic public notice as the Method of Public Notice, the following particulars:
    - (a) Particulars prescribed in Article 911, paragraph (3), item (xxix), sub-item (a) (Registration of Incorporation of a Stock Company) of the Companies Act which are necessary for ensuring that the information made public by electronic public notice is available to many and unspecified persons; and
    - (b) Any provisions in the articles of incorporation under the second sentence of Article 23, paragraph (3); and
  - (xix) Any provisions 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 a Change), Article 916 (limited to the segment pertaining to item (i)) (Registration of Relocation of Head Office to a District under the Jurisdiction of Another Registry), Article 918 (Registration of a Manager) and Part VII, Chapter IV, Section 2, Subsection 2 (excluding Article 932) (Registration at the Location of a Branch Office) of the Companies Act shall apply mutatis mutandis to a Mutual Company; and the provisions of Article 917 (limited to the segment pertaining to item (i)) (Registration of a Provisional Disposition, etc. Suspending Execution of Duties) 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 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 to contribute 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 detail or record of the particulars 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 certified copy 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 Registered Particulars 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 district under the jurisdiction 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.

(Registries)

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

(Mutatis Mutandis Application of the Companies Act and the Commercial Registration Act to the 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 Affairs, Suspension of Affairs, Registrar, Disqualification of Registrar), Article 7 to 15 inclusive (Prohibition on Carrying Out of Registries and Other Documents, Loss and Restoration of Registries, Prevention of Loss of Registry, etc., Issuance of Certificate of Registered Matters, Issuance of Documents Specifying Extract of Matters Registered, Inspection of Annexed Documents, Certificate of Seal Impression, Certification of Matters Required for Verification of Measures to Identify the Creator of Electromagnetic Records and Other Matters, Fees, Registration Upon Application by a Relevant Party, Registration upon 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 Impression, Acceptance of Applications, Receipt, Order of Registration, Identity Confirmation by Registrar, Dismissal of Application, Registration to be Made After Lapse of Period for Filing Action, Change in Administrative Zone, etc., Prohibition of Registration of Identical Trade Name at Same Location), Article 31 (Registration of Exemption of Liabilities Upon Transfer of Enterprise or Business), Article 33 (Cancellation of Registration of Trade Name), Article 44

to 46 inclusive (Registration of Company's Manager, General Rules on Documents to be Attached), Article 47, paragraphs (1) and (3) (Registration of Incorporation), Article 48 to 55 inclusive (Registration to be Made at Location of Branch Offices, Registration of Relocation of Head Office, Registration of Change of Directors and Other Officers, Registration of Change of Person Who is to Temporarily Perform Duties of Accounting Auditor), and Article 132 to 148 inclusive (Correction, Application for Cancellation, Ex Officio Cancellation, Exclusion from Application of the Administrative Procedure Act, Exclusion from Application of the Act on Access to Information Held by Administrative Organs, Exclusion from Application of the Act on Protection of Personal Information Held by Administrative Organs, Request for Review, Handling of Request for Review Case, Exclusion from Application of the 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 members' council (or General Representative Members' Council, where the company has such a council)"; 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 members' council", 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 Cabinet Order.

(Mutatis Mutandis Application of the Companies Act on Electronic Public Notice)

Article 67-2 The provisions of Article 940, paragraphs (1) and (3) (Public Notice Period, etc. of Electronic Public Notice), Article 941 (Electronic Public Notice Investigation), Article 946 (Obligation, etc. of Investigation), Article 947 (Cases Where an Electronic Public Notice Investigation Is Unable to Be Carried Out), Article 951, paragraph (2) (Retention and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement), and Article 955 (Statements, etc. in an Investigation Record Book, 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 members' council meeting (or annual General Representative Members' Council Meeting, where the company has such a council)," 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 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 Low-Cost, Short-Term Insurer may convert to a Mutual Company that is a Low-Cost, Short-Term Insurer.

(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 Cabinet Order set forth in Article 6, paragraph (1); or

(ii) Entity Conversion under the preceding paragraph: the amount specified by 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 to be the reserves 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 reserves in addition to the reserves set forth in paragraph (4).

(Authorization of Entity Conversion Plan)

Article 69 (1) A Stock Company shall, if it seeks to convert to a Mutual Company, prepare an Entity Conversion plan to be approved by a resolution at a 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, if it seeks 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) (Notices of Convocation for Shareholders' Meetings) of the Companies Act.
- (4) A Stock Company shall detail the following particulars 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 reserves set forth in paragraph (4) of the preceding Article and of the deficiency reserves set forth in paragraph (6) of that Article;
  - (iii) The particulars of compensation to shareholders and holders of share options;
  - (iv) The particulars of 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 particulars specified by 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) A notice under the preceding paragraph may be replaced by a public notice.

(7) 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 Cabinet Order.

(Retention and Inspection, etc. of Documents Related to Entity Conversion Plans, etc.)

Article 69-2 (1) A converting Stock Company shall, for the period from the Day on Which the Entity Conversion plan Began to Be Kept to the Effective Date, keep at each of its business offices the documents or electromagnetic records in which the details of the Entity Conversion plan and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

(2) The term "the Day on Which the Entity Conversion plan Began to Be Kept" in the preceding paragraph refers to the earliest of the date listed in the following items:

(i) The day 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 to inspect the documents set forth in paragraph (1);

(ii) A request to be issued a certified copy or extract of the documents set forth in paragraph (1);

(iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in paragraph (1) in a manner specified by Cabinet Office Ordinance; or

(iv) A request to be provided with the particulars recorded in the

electromagnetic records set forth in paragraph (1) by the electromagnetic means determined by the converting Stock Company, or to be issued a document detailing such particulars.

- (4) The Converted Mutual Company shall, for six months from the Effective Date, keep at each of its offices the documents or electromagnetic records in which the details of the Entity Conversion plan and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.
- (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 to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Converted Mutual Company, or to be issued a document detailing such particulars.

(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 particulars 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) The fact that an Entity Conversion will be carried out;
    - (ii) The name and address of the Converted Mutual Company;
    - (iii) Particulars specified by Cabinet Office Ordinance as pertaining to the financial statements of the converting Stock Company;
    - (iv) The fact 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, particulars specified by 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 provisions 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 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 particulars for the application of those provisions shall be specified by 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 over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Mandatory Consolidation of Hearings, etc.) 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 (meaning 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 Cabinet Order.

(Contract during Procedure of Entity Conversion)

Article 72 (1) A converting Stock Company shall, if it seeks 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 to be 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 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 at the policyholders meeting.

(2) A resolution of the policyholders meeting is adopted by a three-quarter majority vote of the attending Policyholders at a session where at least half 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 a Declaratory Judgment as to the Absence or Invalidity of a Resolution of a Shareholders' Meeting, etc.), Article 831 (Action to Revoke a Resolution of a Shareholders' Meeting, etc.), Article 834 (limited to the segment pertaining to items (xvi) and (xvii)) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836, paragraphs (1) and (3) (Order to Provide Security), Article 837 (Mandatory Consolidation of Oral Arguments, etc.), Article 838 (Persons Affected by a Judgment Being Upheld), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (1) (limited to the segment pertaining to item (i), sub-item (g)) (Commissioning of Registration by a Judicial Decision) of that Act shall apply mutatis mutandis to an action for a declaratory judgment as to the absence or invalidity of a resolution of the policyholders meeting and to an action to rescind 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 "a Shareholder, etc. (or, in cases where the Shareholders' Meeting, etc. set forth respectively in each such item is an Organizational Meeting or a Class Organizational Meetings, a Shareholder, etc., a Shareholder at Incorporation, a Director at Incorporation or a Company Auditor at Incorporation)" and "a director, company auditor or liquidator pursuant to the provisions of Article 346 (1) (including cases where it is applied mutatis mutandis pursuant to Article 479 (4)), and in cases where such resolution is a resolution of an Organizational Meeting or Class Organizational Meeting, it shall include a Director at Incorporation or a Company Auditor 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 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 would 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) and provision by electromagnetic means of the particulars that are required to be included 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 particulars by electromagnetic means"; and any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Report of Directors)

Article 75 The directors shall report to the policyholders meeting the particulars 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 particulars 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 provisions 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 particular that is necessary for the organization of the Converted Mutual Company, and the election of the persons specified in paragraphs (1) and (2).

(General Council of Representative Policyholders)

Article 77 (1) The converting Stock Company may, by a resolution under Article 69, paragraph (1), establish an administrative organ composed of representative members elected from among the Policyholders (hereinafter referred to as "General Council of Representative Policyholders") in lieu of the policyholders meeting.

- (2) The resolution set forth in the preceding paragraph shall specify the particulars specified by Cabinet Office Ordinance, such as the number and election method of representative members.
- (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 particulars 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) The fact 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, particulars specified by 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 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 Council of Representative 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 voting rights 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"; and the term "Policyholder" in Article 74, paragraph (4) shall be deemed to be replaced with "representative member"; any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Solicitation of Funds in Entity Conversion)

Article 78 (1) A converting Stock Company shall, if it seeks 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 Council of Representative 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 persons who seek to offer contributions to its funds in response to a solicitation under the preceding paragraph of the following particulars:
- (i) Particulars 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 of 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 Cabinet Order.

(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 Council of Representative 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 Council of Representative Policyholders set forth in the preceding paragraph.

(3) The provisions 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 Council of Representative 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 particulars 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 Cabinet Order.

(Authorization of Entity Conversion)

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

(2) Whenever an application has been filed for the authorization referred to in

the preceding paragraph, the Prime Minister shall examine whether it conforms to the following standards:

- (i) The Converted Mutual Company would have a sufficient financial basis to execute 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 business operation 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 particulars specified by 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 the documents or electromagnetic records in which the progress of the procedures under Article 70 and any other particulars specified by Cabinet Office Ordinance as being involved in an Entity Conversion are detailed or recorded.
- (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 to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;

- (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
- (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Converted Mutual Company, or to be issued a document detailing such particulars.

(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 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 67:

- (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 Council of Representative Policyholders, where the company has such a council);
- (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 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 (7), 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 (7), 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 Registered Particulars 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 district under the jurisdiction 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 to contribute 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 Cabinet Order.

(Action to Invalidate an Entity Conversion)

Article 84-2 (1) The invalidity of an Entity Conversion may only be asserted in an action filed within six months from the Effective Date.

(2) An action to invalidate an Entity Conversion may only be filed by a person who was a shareholder, etc. (meaning 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. (meaning 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) An action to nullify an Entity Conversion is filed against the Converted Mutual Company.

(4) The provisions of Article 835, paragraph (1) (Jurisdiction over Actions), Article 836 to 839 inclusive (Order to Provide Security, Mandatory Consolidation of Oral Arguments, etc., Persons Affected by a Judgment Being Upheld), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff) and Article 937, paragraph (3) (limited to the segment pertaining to item (i)) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action to invalidate an Entity Conversion; the provisions of Article 840 (Effects of a Judgment of Invalidity of New Share Issue) of that Act shall apply mutatis mutandis to a judgment of invalidity 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 over Non-Contentious Cases), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (ii)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 to 877 inclusive (Mandatory Consolidation of Hearings, etc., Supreme Court Rules, Mandatory Consolidation of Hearings, etc.) and Article 878, paragraph (1) (Effects of a 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 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 Low-Cost, Short-Term Insurer may convert to a Stock Company that is a Low-Cost, Short-Term Insurer.

(Authorization of Entity Conversion Plan)

Article 86 (1) A Mutual Company shall, if it seeks 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 members' council (or General Representative Members' Council, where the company has such a council; 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, if it seeks 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 particulars 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, particulars specified by the articles of incorporation of the Converted Stock Company;

(iii) Names of the directors of the Converted Stock Company;

(iv) For each category set forth in the following, the corresponding particulars specified therein:

(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 particulars of the capital and Reserves of the Converted Stock Company;
  - (vi) Particulars 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) Particulars 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 particular specified by Cabinet Office Ordinance regarding such sale.
  - (x) The method of purchasing any fraction of shares arising under the preceding item and any other particular specified by Cabinet Office Ordinance regarding such purchase;
  - (xi) Particulars 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 particular specified by Cabinet Office Ordinance.
- (5) A Mutual Company shall, as a particular to be prescribed by the articles of incorporation pursuant to the provisions 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).

(Retention and Inspection, etc. of Documents Related to Entity Conversion Plans, 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 the documents or electromagnetic records in which the Entity Conversion plan and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

(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 that is two weeks before the date of the general members' council meeting 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 to inspect the documents set forth in paragraph (1);
  - (ii) A request for a certified copy or extract of the documents set forth in paragraph (1);
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in paragraph (1) in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in paragraph (1) by the electromagnetic means determined by the converting Mutual Company, or to be issued a document detailing such particulars.
- (4) The Converted Stock Company shall, for six months from the Effective Date, keep at each of its business offices the documents or electromagnetic records in which the details of the Entity Conversion plan and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.
- (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 to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Converted Stock Company, or to be issued a document detailing such particulars.

(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 particulars 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) The fact that an Entity Conversion will be carried out;
  - (ii) The trade name and address of the Converted Stock Company;
  - (iii) The fact 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, particulars specified by 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 provisions 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 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, if it seeks 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 Entity Conversion procedures.
- (9) In addition to what is provided for in the preceding paragraphs, necessary particulars for the application of those provisions shall be specified by 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 (meaning the amount calculated pursuant to the provisions of 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 proceeds 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 over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 871 (Appending of the Reason), Article 874 (limited to the segment pertaining to item (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

- (4) In addition to what is provided for in the preceding three paragraphs, particulars required for the allocation of shares or monies in the case of an Entity Conversion shall be specified by Cabinet Order.

(Amount of Surplus in Entity Conversion, etc.)

Article 91 (1) A converting Mutual Company shall, as a particular to be prescribed by the articles of incorporation pursuant to the provisions of Article 86, paragraph (4), item (ii), determine the amount of surplus in Entity Conversion.

- (2) A Converted Stock Company may not distribute the surplus in excess of the amount of the net assets on the balance sheet after deduction of the amount of surplus in Entity Conversion.

- (3) The amount of surplus in Entity Conversion shall be the total amount calculated for all withdrawn members as specified by Cabinet Office Ordinance in accordance with Cabinet Office Ordinance set forth in paragraph (2) of the preceding Article.

- (4) In addition to what is provided for in paragraph (1) and the preceding paragraph, the amount to be set aside as capital reserves on Entity Conversion, the reduction of surplus in Entity Conversion and other particulars required for calculations on Entity Conversion shall be specified by Cabinet Office Ordinance.

(Issuance of Shares on 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 particulars:

- (i) The number of the shares to be issued pursuant to the provisions 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 (meaning 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, that fact 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) Particulars of the capital and capital reserves to be increased.

(Offer to Subscribe, etc. for Shares Issued on Entity Conversion)

Article 93 (1) A converting Mutual Company shall notify the persons who seek to make an offer to subscribe for Shares Issued on Entity Conversion of the following particulars:

- (i) The trade name of the Converted Stock Company;
- (ii) Particulars 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, particulars specified by 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 detailing the following particulars:

- (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 seeks 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 Cabinet Order, provide the particulars that are required to be included 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 particulars listed in the items of paragraph (1) and the particular 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 of which the Offeror has notified 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 would normally have arrived.

(7) The provisions 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 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 the Invalidation or Recession of Subscription)

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

(2) A subscriber for Shares Issued on Entity Conversion may neither assert the invalidity of his/her subscription for Shares Issued on Entity Conversion on the grounds of a 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 over Non-Contentious Cases), Article 870 (limited to the segment pertaining to items (ii) and (vii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to any stipulation for the particulars listed in Article 92, item (iii); and the provisions of Part VII, Chapter II, Section 2 (Liability Actions, etc. Against a Stock Company) of that Act shall apply mutatis mutandis to an action 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 related 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 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 (meaning 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 Owing 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 provisions of Article 791 (excluding paragraph (1), item (i) and paragraph (3)) (Retention and Inspection, etc. of Documents, etc. Related to an 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), sub-item (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 over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

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

Article 96-6 (1) Notwithstanding the provisions 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 Cabinet Order.

(3) Where a converting Mutual Company issuing shares pursuant to the provisions 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.

(Particulars of 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 particulars:

- (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 particulars regarding any Shares, etc. (meaning 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 provisions 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 the particulars of the amounts of 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, the particulars of 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 particular specified by Cabinet Office Ordinance regarding such sale.
- (v) The method of purchasing any additional fraction of shares arising under the preceding item and any other particular specified by 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 (meaning 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 provisions 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 Cabinet Order.

(Particulars of 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 particulars:

- (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, particulars 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) For each of the following categories, the particulars set forth therein:
  - (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 provisions 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 the particulars of the amounts of the capital and Reserves of the Wholly Owing Parent Company Formed by Share Transfer on Entity Conversion;
  - (vi) Particulars of 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, the particulars of 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, that fact, and the particulars 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 provisions of Article 811 (excluding paragraph (1), item (i)) (Retention and Inspection , etc. of Documents, etc. Related to an 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) (Retention and Inspection, etc. of Documents, etc. Related to a Consolidation-type Merger Agreement, etc.) of that Act shall apply mutatis mutandis to a Wholly Owning Parent Company Formed by Share Transfer on Entity Conversion. In this case, any other necessary technical change in interpretation shall be specified by 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) Whenever an application has been filed for the authorization set forth in the preceding paragraph, the Prime Minister shall examine whether it conforms to the following standards:
- (i) The Converted Stock Company has a sufficient financial basis to execute 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 sound business operation.

(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 provisions on the particulars 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 provisions of Article 92) shall become holders of the shares set forth in Article 96-7, item (ii), sub-item (a) on the Effective Date pursuant to the provisions on the particulars 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 provisions of Article 90, paragraph (1) (including the shares issued pursuant to the provisions 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 provisions 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 Owning 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 provisions on the particulars 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 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 provisions of Article 89 (limited to the segment pertaining to item (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 provisions 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 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 members' council;
- (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 Registered Particulars 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 district under the jurisdiction 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 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 provisions of Article 92, the following documents:
- (a) A document certifying the offers to subscribe 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) Certified copy 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 item (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 Registered Particulars for the Mutual Company (unless the principal office of the Mutual Company is located within the district under the jurisdiction 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 Registered Particulars for the Mutual Company (unless the principal office of the Mutual Company is located within the district under the jurisdiction 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 provisions 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 Cabinet Order.

(Mutatis Mutandis Application of Provisions on Entity Conversion from Stock Company to Mutual Company)

Article 96-15 The provisions 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 Cabinet Order.

(Actions to Invalidate Entity Conversion)

Article 96-16 (1) The invalidity of an Entity Conversion may only be asserted in an action 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) An action to invalidate an Entity Conversion may only be filed by the person listed in the relevant of the following items for the category of cases set forth in that item:

(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) An action to invalidate an Entity Conversion is filed against the person listed in the relevant of the following items for the category of cases set forth in that item:

(i) In the case of item (i) of the preceding paragraph, the Converted Stock Company and the Wholly Owing 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 Owing 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 over Actions), Article 836 to 839 inclusive (Order to Provide Security, Mandatory Consolidation of Oral Arguments, etc., Persons Affected by a Judgment Being Upheld, Effects of a Judgment of Invalidity, Revocation or Rescission), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (3) (limited to the segment pertaining to item (i)) and (4) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action to invalidate an Entity Conversion; the provisions of Article 840 (Effects of a Judgment of Invalidity of New Share Issue) of that Act shall apply mutatis mutandis to a judgment of invalidity of an Entity Conversion accompanied by the issuance of shares on Entity Conversion under Article 92; the provisions of Article 844 (Effects of a Judgment of Invalidity of a Share Exchange or Share Transfer) of that Act shall apply mutatis mutandis to a judgment of invalidity 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 over Non-Contentious Cases), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (ii)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 to 877 inclusive (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act, Supreme Court Rules, Mandatory 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 Cabinet Order.
- (5) For the purpose of applying the provisions 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 an action to invalidate 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 Cabinet Office Ordinance, such as acquisition of securities.

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

(2) In addition to the provisions under the preceding paragraph, the amount of assets as specified by Cabinet Office Ordinance to be invested by an Insurance Company regarding one person (including any party specially related to that one person as specified by 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 Cabinet Office Ordinance.

(3) If an Insurance Company has a Subsidiary or a party to which it is specially related as specified by Cabinet Office Ordinances (hereinafter referred to in this Article as "Subsidiary Companies, etc."), the total amount of assets as specified by 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 Cabinet Office Ordinance.

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

(i) Business agency or standing in for the administrative services (limited to those specified by Cabinet Office Ordinance) of other insurance companies (including Foreign Insurers) for Low-Cost, Short-Term Insurers, shipowners' mutual insurance associations (meaning shipowners' mutual insurance associations prescribed in Article 2, paragraph (1) (Definition) of the Act on Shipowners' Mutual Insurance Associations (Act No. 177 of 1950)), and other persons conducting financial business;

(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 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 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 Cabinet Office Ordinance (excluding those that fall under the category of business listed in item (iv));
- (vii) Intermediation, brokerage or agency for Derivative Transactions (limited to those specified by 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, commodity price or price of Carbon Dioxide Equivalent Quotas (meaning carbon dioxide equivalent quotas defined in Article 2, paragraph (6) (Definitions) of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998) or any other quotas similar thereto; the same shall apply in item (iv), paragraph (2) of the following Article) 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 Cabinet Office Ordinance (referred to as "Financial Derivative Transactions" in the next item) which are transactions found unlikely to damage the soundness of management of an Insurance

- Company as specified by Cabinet Office Ordinance (excluding those which are carried out for the purpose of asset investment and those falling under the categories of business listed in items (iv) and (vi));
- (ix) Intermediation, brokerage or agency for Financial Derivative Transactions (excluding business that falls under the category of business specified in item (vii) and those specified by 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) Intermediation, brokerage or agency for Over-the-Counter Transactions of Securities-Related Derivatives.
- (2) An Insurance Company shall, if it seeks to conduct the business listed in the preceding paragraph, item (i), specify its content and obtain 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) Business provided for in paragraph (1), item (iv) concerning the monetary claims indicated on the certificates prescribed in the same item which fall under securities and business provided for in the same paragraph, item (iv)-3 concerning Short-Term Bonds, etc. include business through which the actions 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 are taken.
  - (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 are no provisions 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 actions 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 business it carries

- out pursuant to the provisions 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 (Prohibition, etc. of Securities Services by Financial Institutions), business through which the actions listed in the items of the same paragraph (excluding business carried out pursuant to the provisions of the preceding Article, paragraph (1)) and business specified by Cabinet Office Ordinance as incidental thereto, within a limit so as not to preclude the performance of business under Article 97.
- (2) In addition to the business it carries out pursuant to the provisions of Article 97 and the preceding Article, an Insurance Company may conduct the following businesses, within a limit so as not to preclude the performance of business under 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.
  - (iii) Investment Advisory Business as defined in Article 28, paragraph (6) (General Rules) of the Financial Instruments and Exchange Act;
  - (iv) Conclusion of a contract on obtaining or transferring Carbon Dioxide Equivalent Quotas or business for providing intermediation, brokerage, or agency therefor (excluding business conducted pursuant to paragraph (1) of the preceding Article) that is specified by Cabinet Office Ordinance; and
  - (v) Fund transfer business defined in Article 2, paragraph (2) (Definitions) of the Act on Financial Settlements (Act No. 59 of 2009).
- (3) A Life Insurance Company may, in addition to the business it carries out pursuant to the provisions of Article 97 and the preceding Article, carry out business through which it underwrites trusts for insurance proceeds paid (hereinafter referred to as "Insurance-Proceed Trust Services"), within a limit so as not to preclude the performance of business under Article 97, notwithstanding the provisions of the Trust Business Act.
- (4) An Insurance Company shall, if it seeks to conduct business prescribed in paragraph (1) pursuant to the provisions of the same paragraph, set forth the contents and method of any such business in connection with which the other parties are many and unspecified, and obtain authorization from the Prime Minister. The same shall apply if an Insurance Company seeks to modify the contents and method of business for which it obtained said authorization.
- (5) An Insurance Company shall obtain authorization from the Prime Minister if it seeks to conduct business listed in the items of paragraph (2) pursuant to the provisions of the same paragraph.
- (6) An Insurance Company shall, with regard to business listed in items (i), (ii) and (v) of paragraph (2), be deemed to be a bank (a company including a stock



company or bank prescribed by laws and regulations in the case of a Mutual Company) pursuant to the provisions of Cabinet Order, for the purpose of the application of the laws and regulations specified by Cabinet Order, such as the Secured Bond Trust Act. In this case, the provisions 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 seeks to engage in Insurance-Proceed Trust Services, set forth the method and obtain authorization from the Prime Minister. The same shall apply if a Life Insurance Company seeks to modify the method of business for which it obtained said authorization.

(8) The provisions of Article 11 (Business Deposits), Article 22 (Entrustment of Trust Business), Article 23 (Liability of Trust Company Pertaining to Entrustment of Trust Business), and Articles 24 to 31 inclusive (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 engage in Insurance-Proceed Trust Services pursuant to the provisions 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 under Article 7, paragraph (3) is not renewed, in the case where the license under Article 3 is rescinded pursuant to the provisions of Article 44, paragraph (1), in the case where the registration under Article 7, paragraph (1) is rescinded pursuant to the provisions of Article 45, paragraph (1), or the license under Article 3 or registration under Article 7, paragraph (1) pursuant to the provisions of Article 46, paragraph (1)	In the case where the license under Article 3, paragraph (1) of the Insurance Business Act is rescinded pursuant to the provisions of Articles 133 or 134 of the same Act, or the license under Article 3, paragraph (1) of the same Act pursuant to the provisions of Article 273 of the same Act
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Article 42, paragraph (2)	Notification or measures under Article 17 to 19 inclusive or said	Said
Article 49, paragraph (1)	In the case where the registration under Article 7, paragraph (3) is not renewed, in the case where the license under Article 3 is rescinded pursuant to the provisions of Article 44, paragraph (1), or the registration under Article 7, paragraph (1) pursuant to the provisions of Article 45, paragraph (1)	License under Article 3, paragraph (1) of the Insurance Business Act pursuant to the provisions of Article 133 or 134 of the same Act

(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 provisions 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 engages in Insurance-Proceed Trust Services pursuant to the provisions of paragraph (3) shall be deemed to be a trust company pursuant to the provisions of Cabinet Order, with regard to the application of what is specified by Cabinet Order in the laws and regulations on taxation with regard to said Insurance-Proceed Trust Services.

(Restriction on Other Business)

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

(Measures Concerning Business Operations)

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

(Establishment of a System for the Protection of Customers' Interests)

- Article 100-2-2 (1) Whenever an Insurance Company, its Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. conducts any transaction, such Insurance Company shall, pursuant to the provisions of Cabinet Office Ordinance, properly manage information connected with the business conducted by itself or its Subsidiary Financial Institution, etc. (limited to Insurance Business and any other business specified by Cabinet Office Ordinance), and establish a system for properly supervising the status of implementation of said business or taking any other measures necessary so that the interests of the customer of said business will not be unjustly impaired.
- (2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means a person that holds the majority of all shareholders' voting rights in an Insurance Company, and any other person that is specified by Cabinet Order as being closely related to said Insurance Company and which is an Insurance Company, Bank, Financial Instruments Transaction Business Operator (meaning a Financial Instruments Transaction Business Operator as defined in Article 2, paragraph (9) (Definitions) of the Financial Instruments and Exchange Act; the same shall apply hereinafter), or any other person conducting financial business that is specified by Cabinet Order.
- (3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1) means a person in which an Insurance Company holds the majority of All Shareholders' Voting Rights, etc., and any other person that is specified by Cabinet Order as being closely related to said Insurance Company and which is an Insurance Company, Bank, Financial Instruments Transaction Business Operator, or any other person conducting financial business that is specified by Cabinet Order.

(Transactions, etc. with Specified Related Parties)

Article 100-3 An Insurance Company shall not make the following transactions or take the following actions with any Specified Related Party (meaning its Subsidiary Company, its Major Shareholder, the Insurance Holding Company of which it is a Subsidiary, or a Subsidiary of such Insurance Holding Company (other than the relevant Insurance Company itself); hereinafter the same shall apply in this Article), or any other parties to which an Insurance Company is specially related as specified by Cabinet Order, or with a customer of a Specified Related Party; provided, however, that this shall not apply to the cases where the authorization to make such transactions or take such actions is obtained from the Prime Minister for any of the compelling reasons specified by Cabinet Office Ordinance:

- (i) Any transaction with the Specified Related Party, such as the purchase and sale of assets, carried out on significantly different terms and conditions from those applied to normal transactions of said Insurance Company; and

- (ii) Any transaction made or action taken with the Specified Related Party or the customer of the Specified Related Party which is equivalent to the transaction listed in the preceding item and which is specified by a Cabinet Office Ordinance as posing a risk to the sound and appropriate business operation of said Insurance Company.

(Restriction on Becoming an Unlimited Partner, etc.)

Article 100-4 An Insurance Company may not become an unlimited partner or a partner who executes 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 actions, which are taken 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 practices are used, where the substantial restraint of competition in certain fields of trade unjustly harms the interests of Policyholders or the persons insured, or where one month has passed from the day of the public notice that was given under the provisions of Article 105, paragraph (4) (unless the Prime Minister has rendered a disposition under the provisions of Article 103 in response to the request in Article 105, paragraph (3)):

- (i) Concerted actions carried out by a Non-Life Insurance Company with another Non-Life Insurance Company (including foreign non-life insurance companies, etc.) with regard to business specific to the aviation Insurance Business (meaning the business of underwriting insurance whose 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 business connected with underwriting injury insurance for persons on board the aircraft), the nuclear Insurance Business (meaning the business of underwriting insurance whose purpose is to insure a nuclear facility, or liability insurance for damages caused by an accident at a nuclear facility), the Automobile Liability Insurance Business based on the provisions of the Automobile Liability Insurance Act, or the business under an earthquake insurance contract prescribed in the Act on Earthquake Insurance (Act No. 73 of 1966); and
- (ii) Concerted actions taken by a Non-Life Insurance Company with another Non-Life Insurance Company (including foreign non-life insurance companies, etc.) involving all or part of the following actions in connection with a

reinsurance contract or insurance contract for reinsurance, if 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 business connected with 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 obligatory contribution;
  - (c) Ruling on another party or amount concerning reinsurance transactions; and
  - (d) Ruling on the reinsurance rate and reinsurance fee.
- (2) If a request under the provisions of Article 105, paragraph (3) is made concerning a Section of the contents of concerted actions, the provisions of the main clause of the preceding paragraph shall be deemed applicable notwithstanding the provisions of the proviso of the preceding paragraph (limited to the Parts pertaining to the public notice that was given under the provisions of paragraph (4) of the same Article) for Sections of the contents of the concerted actions which do not pertain to the request.

(Authorization of Concerted Actions)

Article 102 (1) If a Non-Life Insurance Company seeks to carry out concerted actions under the provisions of the items of paragraph (1) of the preceding Article or modify its contents, it shall obtain 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 actions 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 actions.

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

Article 103 The Prime Minister shall, if he/she finds that the contents of the concerted actions 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

actions or rescind the authorization.

(Notification of Abolition of Concerted Actions)

Article 104 A Non-Life Insurance Company shall, upon abolishing concerted actions notify the Prime Minister of this without delay.

(Relationship with the Fair Trade Commission)

Article 105 (1) If the Prime Minister seeks 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 provisions of Article 103 or accepting a notification under the provisions of the preceding Article, notify the Fair Trade Commission of this without delay.

(3) The Fair Trade Commission may, if it finds that the contents of the concerted actions 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 provisions of Article 103.

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

(Obligation to Conclude a Contract ,etc. with a Designated Dispute Resolution Organization for Life Insurance Services)

Article 105-2 (1) A Life Insurance Company shall take the measures specified in the following items according to the category of cases set forth in the respective items:

(i) in cases where there is a Designated Dispute Resolution Organization for Life Insurance Services (meaning a Designated Dispute Resolution Organization for which the Category of Dispute Resolution Services, etc. is Life Insurance Services; hereinafter the same shall apply in this Article): measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures for Life Insurance Services with a single Designated Dispute Resolution Organization for Life Insurance Services;

(ii) in cases where there is no Designated Life Insurance Dispute Resolution Organization: Complaint Processing Measures (meaning measures to have the person set forth in Article 308-13, paragraph (3), item (iii) provide advice or guidance to the employee or any other workers working to process complaints from the customers (including Policyholders, etc. other than customers; the same shall apply in this item) or any other measures specified by Cabinet Office Ordinance as being equivalent thereto; the same shall apply in the following Article, Article 272-13-2 and Article 299-2)) and

Dispute Resolution Measures (meaning measures seeking to resolve disputes with customers through Certified Dispute Resolution Procedures (meaning Certified Dispute Resolution Procedures as defined in Article 2, item (iii) (Definition) of the Act on Promotion of Use of Alternative Dispute Resolution (Act No. 151 of 2004)) or any other measures specified by Cabinet Office Ordinance as being equivalent thereto; the same shall apply in the following Article, Article 272-13-2 and Article 299-2) concerning Life Insurance Services.

- (2) A Life Insurance Company shall, if it has taken measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures pursuant to the provisions of the preceding paragraph, publicize the trade name or name of the Designated Dispute Resolution Organization for Life Insurance Services that is the counterparty to said Basic Contract for the Implementation of Dispute Resolution Procedures.
- (3) The provisions of paragraph (1) shall not apply for the periods specified in the following items according to the category of cases set forth in the respective items:
  - (i) if the relevant case which had fallen under the cases set forth in paragraph (1), item (i), has come to fall under the cases set forth in item (ii) of that paragraph: the period specified by the Prime Minister as the period necessary to take the measures specified in that item at the time of granting authorization for abolition of Dispute Resolution Services, etc. under Article 308-23, paragraph (1) or rescinding the designation under Article 308-24, paragraph (1);
  - (ii) if the relevant case had fallen under the cases set forth in paragraph (1), item (i), and the abolition of Dispute Resolution Services, etc. of a single Designated Dispute Resolution Organization for the Life Insurance Services under that item has been authorized under Article 308-23, paragraph (1) or the designation under Article 308-2, paragraph (1) of a single Designated Dispute Resolution Organization for Life Insurance Services under that item has been rescinded pursuant to Article 308-24, paragraph (1) (excluding the case set forth in the preceding item): the period specified by the Prime Minister at the time of granting such authorization or making such rescission, as the period necessary for taking the measures specified in paragraph (1), item (i); and
  - (iii) if the relevant case which had fallen under the cases set forth in paragraph (1), item (ii) has come to fall under the cases set forth in item (i) of that paragraph: the period specified by the Prime Minister at the time of designation under Article 308-2, paragraph (1), as the period necessary to take the measures specified in that item.

(Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization for Non-Life Insurance Services)

Article 105-3 (1) A Non-Life Insurance Company shall take the measures specified in the following items according to the category of cases set forth in the respective items:

(i) in cases where there is a Designated Dispute Resolution Organization for Non-Life Insurance Services (meaning a Designated Dispute Resolution Organization for which the Category of Dispute Resolution Services, etc. is Non-Life Insurance Services; hereinafter the same shall apply in this Article): measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures for Non-Life Insurance Services with a single Designated Dispute Resolution Organization for Non-Life Insurance Services; or

(ii) in cases where there is no Designated Dispute Resolution Organization for Non-Life Insurance Services: Complaint Processing Measures and Dispute Resolution Measures concerning Non-Life Insurance Services.

(2) A Non-Life Insurance Company shall, if it has taken measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures pursuant to the provisions of the preceding paragraph, publicize the trade name or name of the Designated Dispute Resolution Organization for Non-Life Insurance Services that is the counterparty to said Basic Contract for the Implementation of Dispute Resolution Procedures.

(3) The provisions of paragraph (1) shall not apply for the periods specified in the following items according to the category of cases set forth in the respective items:

(i) if the relevant case which had fallen under the cases set forth in paragraph (1), item (i), has come to fall under the cases set forth in item (ii) of that paragraph: the period specified by the Prime Minister at the time of granting authorization for abolition of Dispute Resolution Services, etc. under Article 308-23, paragraph (1) or rescinding the designation under Article 308-24, paragraph (1), as the period necessary to take the measures specified in that item;

(ii) if the relevant case had fallen under the cases set forth in paragraph (1), item (i), and the abolition of Dispute Resolution Services, etc. of a single Designated Dispute Resolution Organization for Non-Life Insurance Services under that item has been authorized under Article 308-23, paragraph (1) or the designation under Article 308-2, paragraph (1) of a single Designated Dispute Resolution Organization for Non-Life Insurance Services under that item has been rescinded pursuant to Article 308-24, paragraph (1) (excluding the case set forth in the preceding item): the period specified by the Prime Minister at the time of granting such authorization or making such



- rescission, as the period necessary for taking the measures specified in paragraph (1), item (i); and
- (iii) if the relevant case which had fallen under the cases set forth in paragraph (1), item (ii) has come to fall under the cases set forth in item (i) of that paragraph: the period specified by the Prime Minister at the time of designation under Article 308-2, paragraph (1), as the period necessary to take the measures specified in that item.

#### **Chapter IV Subsidiary, etc.**

(Scope of an Insurance Company's Subsidiaries, etc.)

Article 106 (1) An Insurance Company shall not have as its Subsidiary any company other than a company that falls under any of the categories specified in the following items (hereinafter such companies shall be referred to as "Companies Eligible to Be Subsidiaries" in this Article):

- (i) A Life Insurance Company;
- (ii) A Non-Life Insurance Company;
- (ii)-2 A Low-Cost, Short-Term Insurer;
- (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");
- (iv)-2 Fund transfer specialists defined in Article 2, paragraph (3) (Definitions) of the Act on Financial Settlements (excluding those falling under the company set forth in item (ix)) which exclusively conduct Fund Transfer Business (meaning the fund transfer business defined in paragraph (2) of that Article) or any other business specified by Cabinet Office Ordinance (referred to as "Companies Specialized in Fund Transfer" in Article 271-22, paragraph (1), item (iv)-2);
- (v) A Financial Instruments Transaction Business Operator that, apart from the Securities Services (meaning Securities Services as defined in Article 28, paragraph (8) (General Rules) of the Financial Instruments and Exchange Act; the same shall apply hereinafter), exclusively conducts any of the business specified by Cabinet Office Ordinance, such as business in which any of the actions 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) of that Act (hereinafter referred to as "Company Specializing in Securities") are taken;
- (vi) A Financial Instruments Intermediary as defined in Article 2, paragraph (12) (Definitions) of the Financial Instruments and Exchange Act that, apart from the Financial Instruments Intermediation Services (meaning the

- Financial Instruments Intermediation Services defined in Article 2, paragraph (11) (Definitions) of that Act and limited to those in which the following actions are taken in the course of trade; hereinafter the same shall apply in this item), exclusively conducts any of the business specified by Cabinet Office Ordinance, such as business incidental to Financial Instruments Intermediation Services (hereinafter referred to as "Company Specialized in Securities Intermediation");
- (a) Acts listed in Article 2, paragraph (11), item (i) (Definitions) of the Financial Instruments and Exchange Act;
  - (b) Intermediation for the entrustment of the purchase and sale 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), sub-item (b) (Definitions) of that Act (excluding actions listed in (c));
  - (c) Intermediation for the entrustment of actions listed in item (iii) or (v) of Article 28, paragraph (8) (General Rules) of the Financial Instruments and Exchange Act; and
  - (d) Actions listed in Article 2, paragraph (11), item (iii) of the Financial Instruments and Exchange Act.
- (vii) A trust company specialized in the Trust Business (meaning the Trust Business defined in Article 1, paragraph (1) of the Act on Provision of Trust Business by Financial Institutions; the same shall apply in item (viii), sub-item (a) of the following paragraph) (hereinafter referred to as "Companies Specialized in Trust Business");
  - (viii) Foreign companies that conduct Insurance Business;
  - (ix) Foreign companies that engage in Banking (meaning Banking 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 that engage in Securities Services (excluding those that fall under the category of companies specified in item (viii));
  - (xi) Foreign Companies that conduct 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 that exclusively operate Dependent Services or Finance-Related Services (limited, in case of those which operate Dependent Services, to companies that operate Dependent Services 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 Cabinet Office Ordinance as being similar to the Insurance Company and its Subsidiary Companies, and in case of those which operate Finance-Related Services and fall under any of the following business categories, to the cases specified in for the respective categories):

- (a) Companies which operate Specialized Banking-Related Services, Specialized Securities-Related Services and a Specialized Trust-Related Services: limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company's Banking Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc. Securities Subsidiaries, etc. and Trust Subsidiaries, etc.), and the total voting rights held by the Insurance Company's Securities Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc., Securities Subsidiaries, etc. and Trust Subsidiaries, etc.), and the total voting rights held by the Insurance Company's Trust Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc., Securities Subsidiaries, etc. and Trust Subsidiaries, etc.);
- (b) Companies which operate Specialized Banking-Related Services and Specialized Securities-Related Services (excluding those falling under the category listed in (a)): limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company's Banking Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc. and Securities Subsidiaries, etc.), and the total voting rights held by the Insurance Company's Securities Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc. and Securities Subsidiaries, etc.);
- (c) Companies which operate Specialized Banking-Related Services and Specialized Trust-Related Services (excluding those falling under the category listed in (a)): limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company's Banking Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc. and Trust Subsidiaries, etc.), and the total voting rights held by the Insurance Company's Trust Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc. and Trust Subsidiaries, etc.);
- (d) Companies which operate Specialized Securities-Related Services and a

- Specialized Trust-Related Services (excluding those falling under the category listed in (a)): limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company's Securities Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Securities Subsidiaries, etc. and Trust Subsidiaries, etc.), and the total voting rights held by the Insurance Company's Trust Subsidiaries, etc. exceeds the total voting rights held by the Insurance Company and its Subsidiaries (other than its Securities Subsidiaries, etc. and Trust Subsidiaries, etc.);
- (e) Companies which operate Specialized Banking-Related Services (excluding those falling under the category listed in (a), (b) or (c)): limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company's Banking Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Banking Subsidiaries, etc.);
- (f) Companies which operate Specialized Securities-Related Services (other than a company falling under (a), (b) or (d)): limited to the case where among all voting rights in the company, the total voting rights held by the Insurance Company's Securities Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Securities Subsidiaries, etc.); and
- (g) Companies which operate Specialized Trust-Related Services (excluding those falling under the category listed in (a), (c) or (d)); limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company's Trust Subsidiaries, etc. exceed the total voting rights held by the Insurance Company and its Subsidiaries (other than its Trust Subsidiaries, etc.);
- (xiii) Companies specified by Cabinet Office Ordinance as those exploring new business fields or conducting new business activities found to contribute considerably to the improvement of management (limited to the case where, among all voting rights in the company, the total voting rights held by the Insurance Company and its Subsidiaries other than those falling under the categories listed in the preceding item and specified by Cabinet Office Ordinance (such excluded companies shall be referred to as "Specified Subsidiary" 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 Subsidiaries consist exclusively of companies falling under any of the categories specified in the preceding items, those specified by Cabinet Office Ordinance (including those which are scheduled to become such Holding Companies).

- (2) In the preceding paragraph, the meanings of the terms listed in the following items shall be prescribed respectively in those items:
- (i) Dependent Services: Business specified by Cabinet Office Ordinance as being dependent on the business of an Insurance Company or a company falling under any of item (ii)-2 to (xi) inclusive of the preceding paragraph;
  - (ii) Finance-Related Services: Business specified by Cabinet Office Ordinance as being incidental or related to the Insurance Business, Banking, Securities Services or Trust Business;
  - (iii) Specialized Banking-Related Services: Business specified by Cabinet Office Ordinance as incidental or related exclusively to Banking;
  - (iv) Specialized Securities-Related Services: Business specified by Cabinet Office Ordinance as being incidental or related exclusively to the Securities Services;
  - (v) Specialized Trust-Related Services: Business specified by Cabinet Office Ordinance as being incidental or related exclusively to the Trust Business.
  - (vi) Banking Subsidiary, etc.: An Insurance Company's Subsidiary that 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 that operates in banking;
    - (b) A Holding Company falling under item (xiv) of the preceding paragraph which has a company falling under (a) as its Subsidiary; or
    - (c) Any other company that is the Subsidiary of a Bank that is itself a Subsidiary of an Insurance Company and specified by Cabinet Office Ordinance;
  - (vii) Securities Subsidiary, etc.: An Insurance Company's Subsidiary that falls under any of the following categories:
    - (a) A Company Specializing in Securities, Company Specializing in Securities Intermediation, or foreign company engaged in Securities Services;
    - (b) A Holding Company that falls under the category listed in item (xiv) of the preceding paragraph and which has a company that falls under the category listed in (a) above as its Subsidiary; and
    - (c) Any other company that is a Subsidiary of that Insurance Company and that is a Subsidiary of a Company Specializing in Securities or a Subsidiary of a Company Specializing in Securities Intermediation and is specified by Cabinet Office Ordinance; and
  - (viii) Trust Subsidiary, etc.: An Insurance Company's Subsidiary that falls under any of the following categories:
    - (a) A Bank that operates in the Trust Business under the authorization set forth in Article 1, paragraph (1) (Authorization for Trust Business) of the Act on the 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 a foreign company that operates in the Trust Business;
  - (c) A Holding Company that falls under the category listed in item (xiv) of the preceding paragraph and which has a company that falls under the category listed in (a) or (b) above as its Subsidiary; and
  - (d) Any other company that is a Subsidiary of that Insurance Company and that is a Subsidiary of a Trust Bank or a Subsidiary of a Company Specialized in Trust Services and is specified by Cabinet Office Ordinance.
- (3) The provisions of paragraph (1) shall not apply where a company other than a Company Eligible to Be a Subsidiary became the Subsidiary of that Insurance Company following any of the events specified by 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 in a manner as described as above, cease to be its Subsidiary by the day on which one year has elapsed from the date on which that event arose.
- (4) An Insurance Company shall, if it seeks to have as its Subsidiary any of the Companies Eligible to Be a Subsidiary listed in paragraph (1), items (i) to (xii) inclusive or (xiv) (other than a company specialized in Dependent Services (meaning Dependent Services falling under paragraph (2), item (i); hereinafter the same shall apply in this paragraph and paragraph (7)) or in any business specified by Cabinet Office Ordinance as ancillary or related to the Insurance Business (for a company operates Dependent Services, limited to one that operates them mainly for business operated by the Insurance Company); referred to as "Insurance Company, etc. Eligible to Be a Subsidiary" 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 provisions of the preceding paragraph shall not apply where an Insurance Company, etc. Eligible to Be a Subsidiary became the Subsidiary of an Insurance Company due to the acquisition of its shares or equity interests as a result of the exercise of security rights by the Insurance Company or its Subsidiary, or any other justifiable event specified by Cabinet Office Ordinance; provided, however, that the Insurance Company shall take necessary measures for the Insurance Company, etc. Eligible to Be a Subsidiary to stop being its Subsidiary by the day on which one year has elapsed from the date on which the cause arose, unless the Insurance Company has obtained an authorization from the Prime Minister to allow the Insurance Company etc. Eligible to Be a Subsidiary that became its Subsidiary, continue

to be its Subsidiary.

- (6) The provisions of paragraph (4) shall apply mutatis mutandis to the cases where an Insurance Company seeks make a company it has as its Subsidiary which falls under any of the categories prescribed in the items of paragraph (1) into a Subsidiary that falls under any of the categories prescribed in the items of that paragraph (limited to an Insurance Company, etc. Eligible to Be a Subsidiary).
- (7) In a case falling under item (xii) of paragraph (1), or paragraph (4), the Prime Minister shall establish standards for whether a company is operating Dependent Services mainly for an Insurance Company, its Subsidiaries, any other similar company specified by Cabinet Office Ordinance, or for the business conducted by an Insurance Company.

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

Article 107 (1) An Insurance Company and its Subsidiaries may not acquire or hold voting rights in 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) in a total number that exceeds the Voting Right Holding Threshold (meaning the number equal to 5 percent of All Shareholders' Voting Rights, etc. in the Domestic Company; the same shall apply in this Article).

- (2) The provisions of the preceding paragraph shall not apply to the cases where an Insurance Company and its Subsidiaries, following any of the events specified by Cabinet Office Ordinance such as the acquisition of shares or equity interests through exercise of security rights, comes to acquire or hold voting rights in a Domestic Company if the total number of the voting right held by the Insurance Company and its Subsidiaries exceeds the Voting Right Holding Threshold; provided, however, that the Insurance Company and/or the Subsidiaries 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, unless 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, if the total number of voting rights acquired or held by the Insurance Company and its Subsidiaries exceeds 50 percent of All Shareholders' Voting Rights, etc. in a 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 its Subsidiaries came to acquire or hold in excess of 50 percent; and the approval of the Prime Minister shall be given on the condition that the

Insurance Company and its Subsidiaries promptly dispose of voting rights they came to acquire or hold in excess of the Voting Right Holding Threshold.

- (4) Notwithstanding the provisions of paragraph (1), in the case listed in any of the following items, even if the total number of voting rights which an Insurance Company and its Subsidiaries will hold in a Domestic Company on the day prescribed in the respective items exceeds the Voting Right Holding Threshold, the Insurance Company and its Subsidiaries may hold them after that day; provided, however, that the Prime Minister shall not grant the 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 voting rights that the relevant Insurance Company and its Subsidiaries will hold in the Domestic Company in the case referred to in the respective items exceeds 50 percent of All Shareholders' Voting Rights, etc. in that Domestic Company:
- (i) If the Insurance Company has received the authorization set forth in paragraph (4) of the preceding Article and made a Subsidiary Insurance Company, etc. that is Eligible to Be a Subsidiary its Subsidiary (limited to the cases specified by Cabinet Office Ordinance): the day on which that company becomes its Subsidiary
  - (ii) If the Insurance Company has received the authorization set forth in Article 142 and been transferred any other party's business under (limited to the cases specified by Cabinet Office Ordinance): the day on which the transfer is carried out;
  - (iii) If a company that has been established by Joint Incorporation-Type Split following authorization under Article 173-6, paragraph (1) has obtained a license under Article 3, paragraph (1) and become an Insurance Company: the day companion which it obtains the license;
  - (iv) If the Insurance Company has succeeded any other party's business through an absorption-type split following authorization set forth in Article 173-6, paragraph (1) (limited to the cases specified by Cabinet Office Ordinance): the day on which the absorption-type split is carried out;
  - (v) If the Insurance Company is established by Merger under the authorization set forth in Article 167, paragraph (1): the day on which the Insurance Company is established; and
  - (vi) If the 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 on which 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, the portion of the voting rights in the Domestic Company that an Insurance Company and its Subsidiaries hold in excess of the Voting Right Holding Threshold as of the day specified in the respective items will be disposed of in accordance with standards set by the



- Prime Minister by the day on which five years has elapsed from the day.
- (6) If an Insurance Company and its Subsidiaries come to hold a total number of voting rights in a Domestic Company which is in excess of the Voting Right Holding Threshold, the portion 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 in a company specified by Cabinet Office Ordinance as that exploring new business fields or as those engaged in new business activities which are found to significantly contribute to improvement of business management, a Specified Subsidiary shall be deemed not to be a Subsidiary of the Insurance Company.
- (8) The provisions 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 a Subsidiary or any other company to which it is specially related as specified by Cabinet Office Ordinance (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 its Subsidiary, etc. in a consolidated manner for submission to the Prime Minister.

(3) The particulars for inclusion in the reports set forth in the preceding two paragraphs, their submission dates and other necessary particulars regarding those reports shall be specified by 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 detailing the particulars specified by 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 Cabinet Office Ordinance.

(2) If an Insurance Company has a Subsidiary, etc., the Insurance Company shall, for each business year, prepare in addition to the explanatory documents set forth in the preceding paragraph explanatory documents detailing, with regard to the Insurance Company and its Subsidiary, etc., the particulars specified by Cabinet Office Ordinance as pertaining to the status of the business and property of the Insurance Company and its 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 Cabinet Office Ordinance.

(3) The explanatory documents 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 Cabinet Office Ordinance as measures to ensure that the information recorded in the electromagnetic records 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 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 provisions 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 particular that is necessary in order to apply the provisions of the preceding paragraphs shall be specified by Cabinet Office Ordinance.

(6) An Insurance Company shall endeavor to disclose, in addition to the particulars set forth in paragraph (1) or (2), any particular 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, etc.

(Special Provisions on Valuation of Shares)

Article 112 (1) An Insurance Company may, if 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 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 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 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 (meaning 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 proceeds 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 standards specified by Cabinet Office Ordinance as standards for fair and equitable distribution.

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

(Price Fluctuation Reserve)

Article 115 (1) An Insurance Company shall, with regard to the assets specified by 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 reserves the amount calculated pursuant to the provisions of Cabinet Office Ordinance; provided, however, that this shall not apply to any amount exempted from these funding standards by virtue of an authorization granted by the Prime Minister to relieve the Insurance Company of these standards in whole or in part.

- (2) The Reserves set forth in the preceding paragraph shall not be reduced unless it is allocated to compensation for any excess amount of the losses due to buying and selling, etc. of Shares, etc. (meaning 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. (meaning 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 reserves to prepare for future performance of obligations under its insurance contracts.
- (2) The Prime Minister may set necessary standards for the method of funding the policy reserves pertaining to the long-term insurance contracts specified by 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 reserves pertaining to any reinsured insurance contract and any other particular necessary to the funding of the policy reserves shall be specified by 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 reserves for outstanding claims, where it has any payments due, such as insurance proceeds or refunds (hereinafter referred to as "Insurance Proceeds, etc." in this paragraph), under its insurance contracts, or any other equivalent payment specified by Cabinet Office Ordinance that has not been recorded as an expenditure for Insurance Proceeds, etc.
- (2) A Cabinet Office Ordinance shall specify the necessary particulars of the funding of the reserves 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 proceeds).
- (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 Accounts)

- Article 118 (1) An Insurance Company shall, as regards performance-linked insurance contracts (meaning the insurance contracts stipulating that insurance proceeds, 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 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 Cabinet Office Ordinance, an Insurance Company shall not take any of the following actions:
- (i) Transferring any property to be accounted for under a Special Account to a Non-Special Account or to another Special Account; or
  - (ii) Transferring 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 particulars for 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 Cabinet Office Ordinance. The same shall apply in the paragraph (3) and in Article 122) shall appoint an actuary to Participate with regard to the particulars specified by Cabinet Office Ordinance as actuarial particulars involving, among others, 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 Cabinet Office Ordinance.
- (3) An Insurance Company shall, if it has appointed an actuary or if its actuary has left office, notify the Prime Minister of this without delay, pursuant to the

provisions of Cabinet Office Ordinance.

(Actuary's Duties)

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

- (i) Whether the policy reserves pertaining to the insurance contracts specified by 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 particular specified by 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 particular within the scope of his/her duties.
- (4) In addition to what is provided for in the preceding three paragraphs, any necessary particulars of a written opinion as set forth in paragraph (1) shall be specified by Cabinet Office Ordinance.

(Dismissal of Actuary)

Article 122 The Prime Minister may order an Insurance Company to dismiss its actuary, if the latter has violated any provisions 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 conform to the following standards regarding the business set forth in the following paragraph as a person to conduct such business:

- (i) The incorporated association is found to have sufficient accounting and technical expertise to ensure proper performance of its business; and
  - (ii) In addition to the standard set forth in the preceding item, the incorporated association has the ability to implement its business in a fair and appropriate manner.
- (2) An incorporated association designated pursuant to the provisions of the preceding paragraph (hereinafter referred to as "Designated Association" in this Article) shall conduct any of the following business:
- (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 business involving the levels of coefficients that should constitute the basis for calculating the amount of the policy reserves set forth in Article 116, paragraph (2) or pertaining to any other actuarial particular, with which the Prime Minister has entrusted it; or
  - (iv) Business incidental to any of the business listed in the preceding three items.
- (3) The Prime Minister may, if he/she finds that an improvement is required in the operation of business set forth in the preceding paragraph, order the Designated Association to take necessary measures for such improvement.
- (4) The Prime Minister may, if he/she finds it necessary for ensuring proper operation of business specified in paragraph (2), request the Designated Association to submit as necessary a report on the services under that paragraph or its property, or cause his/her officials to enter the Designated Association's offices, ask questions about the business provided for in 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), if the Designated Association:
- (i) is found to be unable to implement its business under paragraph (2) in a fair and appropriate manner;
  - (ii) has committed any wrongful conduct 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 particulars involving Designated Associations shall be specified by Cabinet Office Ordinance.

## **Chapter VI Supervision**

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

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

prescribed in the same paragraph, notify the Prime Minister thereof in advance.

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

Article 124 Whenever an application has been filed for the authorization referred to in the preceding Article, paragraph (1), the Prime Minister shall examine whether the particulars set forth in each of the following items conform to the standards prescribed in the relevant item:

- (i) particulars given in the documents listed in Article 4, paragraph (2), items (ii) and (iii): the standards set forth in Article 5, paragraph (1), item (iii), sub-items (a) to (e) inclusive; and
- (ii) particulars given in the documents listed in Article 4, paragraph (2), item (iv): the standards set forth in Article 5, paragraph (1), item (iv), sub-item (a) to (c) inclusive.

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

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

- (2) The Prime Minister may, if he/she finds that the particulars of a notification under the provisions of Article 123, paragraph (2) conform to the standards listed in Article 5, paragraph (1), item (iii), sub-item (a) to (e) inclusive or item (iv), sub-item (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, if there are reasonable grounds requiring a reasonable period of time for examining whether the particulars of a notification under the provisions of Article 123, paragraph (2) conform to the standards listed in Article 5, paragraph (1), item (iii), sub-items (a) to (e) inclusive or item (iv), sub-items (a) to (c) inclusive and if the Prime Minister finds 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, if he/she finds that the particulars of the notification under the provisions of Article 123, paragraph (2) do not conform



to the standards listed in Article 5, paragraph (1), item (iii), sub-items (a) to (e) inclusive or item (iv), sub-items (a) to (c) inclusive, order the person that made said notification to modify the particulars of said notification for a limited period or revoke said notification, limited to within a period of time until the day on which 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 provisions of the preceding paragraph).

(Authorization of an amendment in the articles of incorporation)

Article 126 Any resolutions of the shareholders' meeting or the general members' council or the General Representative Members' Council concerning any amendment in the articles of incorporation involving the following particulars of an Insurance Company shall not come into effect without obtaining the authorization of the Prime Minister:

- (i) Trade name or name;
- (ii) The particulars of the redemption of funds;
- (iii) Reasons for the withdrawal of members;
- (iv) The set number of representative members and the particulars of how they are selected;
- (v) The particulars of the contract set forth in Article 63, paragraph (1);
- (vi) The particulars of the policy on Policyholders' dividends in a Converted Stock Company set forth in Article 86, paragraph (5);
- (vii) The particulars of the appropriation of residual assets set forth in Article 182;
- (viii) The particulars of the policy set forth in Article 240-5, paragraph (5).

(Particulars Requiring Notice)

Article 127 (1) An Insurance Company shall, if it falls under any of the following items, notify the Prime Minister of this pursuant to the provisions of Cabinet Office Ordinance:

- (i) If it has commenced Insurance Business;
- (ii) If it seeks to have a company falling under the category specified in Article 106, paragraph (1), item (xii) or (xiii) (excluding one for which paragraph (4) provides that in order to have such a company as its Subsidiary, an Insurance Company is to obtain authorization) become its Subsidiary (excluding the case where it seeks to accept a transfer of business or to effect a merger or company split upon obtaining authorization pursuant to the provisions of Article 142, Article 167, paragraph (1) or Article 173-6, paragraph (1));
- (iii) If its Subsidiary ceases to be its Subsidiary (excluding the case where it

- accepted a business or demerged upon obtaining authorization under the provisions of Article 142 or Article 173-6, paragraph (1)), or if a Subsidiary that falls under the category of an Insurance Company, etc. That Is Eligible to Be a Subsidiary prescribed in Article 106, paragraph (4) becomes a Subsidiary that does not fall under the category of an Insurance Company, etc. That Is Eligible to Be a Subsidiary;
- (iv) If it seeks to increase the amount of capital or the total amount of funds;
  - (v) If it modifies the articles of incorporation with regard to particulars other than those provided for otherwise;
  - (vi) If it seeks to establish a branch office or secondary office or representative office in a foreign state;
  - (vii) If its voting rights are acquired or come to be held by a single shareholder, in excess of 5 percent of all shareholders' voting rights; or;
  - (viii) If 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 provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights in an Insurance Company to be acquired or held by one shareholder prescribed in the preceding paragraph, item (vii).

(Submission of Reports or Materials)

- Article 128 (1) The Prime Minister may, if he/she finds it necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company, require the Insurance Company to submit reports or materials concerning the status of its business or property.
- (2) If and to the extent that the Prime Minister finds it particularly necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company, he/she may require said Insurance Company's Subsidiary, etc. (meaning a Subsidiary Company or any other juridical person specified by Cabinet Office Ordinance as one whose operations are controlled by the Insurance Company; the same shall apply in the following paragraph and the following Article, paragraphs (2) and (3)) or a person the Insurance Company has entrusted with its business, to submit reports or materials that would be helpful to understand the status of the business or property of the Insurance Company.
- (3) An Insurance Company's Subsidiary, etc. or a person that an Insurance Company has entrusted with its business may refuse to submit reports or materials required under the provisions of the preceding paragraph if there are justifiable grounds for it to do so.

(Inspection)

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

(2) If and to the extent that the Prime Minister finds it particularly necessary in entering a site, asking questions, or conducting an inspection under the preceding paragraph, he/she may have his/her officials enter a facility of the Insurance Company's Subsidiary, etc. or of a person the Insurance Company has entrusted with its business, have such officials question the Insurance Company or ask questions about any particulars that are necessary for their inspection, or have such officials inspect relevant objects such as books and documents.

(3) An Insurance Company's Subsidiary, etc. or a person that an Insurance Company has entrusted with its business may refuse the questioning and inspection under the provisions of the preceding paragraph if there are justifiable grounds for it to do so.

(Standard of Soundness)

Article 130 The Prime Minister may use the following amounts with respect to an Insurance Company and establish whether or not the Insurance Company has an appropriate level of solvency in terms of its ability to pay for Insurance Proceeds, etc. as the standard by which the soundness of its business management is determined:

(i) Total amount of the items specified by Cabinet Office Ordinance such as capital, funds and reserves; and

(ii) Amount calculated pursuant to the provisions of 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 for Modification of the Particulars Prescribed in Statement of Business Procedures, etc.)

Article 131 If and to the extent that the Prime Minister finds it necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company in light of the status of the business or property of the Insurance Company or a change in the circumstances, he/she may order the Insurance Company to modify the particulars prescribed in the documents listed in Article 4, paragraph (2),

items (ii) to (iv) inclusive.

(Suspension of Business, etc.)

Article 132 (1) If the Prime Minister finds it necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company in light of the status of the business or property of the Insurance Company or the status of the assets of the Insurance Company and its Subsidiary, etc., he/she may request the Insurance Company to submit an improvement program for ensuring soundness in its management by identifying particulars with regard to which measures are to be taken as well as due dates or order changes to the submitted improvement program, or, to the extent that the Prime Minister finds necessary, he/she may order the full or partial suspension of 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) An order under the provisions of the preceding paragraph (including the request for submission of an improvement program) that it is found to be necessary to issue due to an Insurance Company's level of solvency in terms of its ability to pay for Insurance Proceeds, etc., must be an order specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance that corresponds to the Insurance Company's level of solvency in terms of its ability to pay for Insurance Proceeds, etc.

(Rescission of License, etc.)

Article 133 The Prime Minister may, if an Insurance Company has come to 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) If it is in violation of laws and regulations, disposition of the Prime Minister pursuant to laws and regulations, or particularly important particulars among those prescribed in the documents listed in the items of Article 4, paragraph (2);
- (ii) If it is in violation of the conditions attached to said license; and
- (iii) If it engages in conduct prejudicial to the public interest.

Article 134 The Prime Minister may, if he/she finds that the property status of an Insurance Company is significantly worsening and that it is not appropriate for it to continue in 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 Portfolio Transfers of Insurance Contracts, Assignment or  
Acquisition of Business, and Entrustment of Business and Property  
Administration  
Section 1 Portfolio Transfers of Insurance Contracts**

(Portfolio Transfers 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 reserves is calculated on the same basis (excluding the insurance contracts specified by 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 the insurance proceeds pertaining to the insured event)).
- (3) An Agreement under paragraph (1) shall provide for the particulars of the transfer of the Insurance Company's property which accompanies the transfer of insurance contracts. In this case, the Insurance Company which seeks 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 at a shareholders' meeting or a general members' council meeting (or a General Representative Members' Council Meeting, where the company has such a council) (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)).

(Retention, etc. of Documents Pertaining to the 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 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 provisions 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 to inspect the documents set forth in the preceding paragraph, or may request a certified copy 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 for its Insurance Business in Japan), as well as other particulars specified by 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 must 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 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. (meaning 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 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 not become effective without the authorization of the Prime Minister.

- (2) Whenever an application has been filed for the authorization set forth in the preceding paragraph, the Prime Minister shall examine whether it conforms to the following standards:

- (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 perform 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 particulars specified by Cabinet Office Ordinance. The same shall apply where the company has renounced the transfer of insurance contracts.

- (2) The Transferee Company shall, if it has received any transfer of insurance contracts, notify the Policyholders affected by the transfer of insurance

contracts 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) 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 if 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 the particulars of current events. In this case, the date of the public notice shall be deemed to be the fixed date.

(Membership through 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 with 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 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 on Insurance Companies Engaged in Insurance-Proceed Trust Services)

Article 143 (1) Where a Mutual Company engaged in Insurance-Proceed Trust Services has adopted a resolution on the transfer of all insurance contracts, and the general members' council (or the General Representative Members' Council, where the company has such a council) or the board of directors has adopted a resolution on the assignment of business including Insurance-Proceed Trust Services, 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 business must 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 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 specified by 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 provisions 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) Whenever an application has been filed for the authorization set forth in the preceding paragraph, the Prime Minister shall examine whether it conforms to the following standards:
    - (i) the entrustment of administration is necessary and appropriate in light of the protection of Policyholders, etc.; and
    - (ii) it is certain that the Entrusted Company will perform business to which the entrustment of administration pertains 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 (meaning 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 taking any action on behalf of the Entrusting Company, such as the conclusion of an insurance contract, indicate that it does so on behalf of the Entrusting Company.
- (2) Any action taken without the indication set forth in the preceding paragraph shall be deemed to have been taken 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 Cabinet Order.
- (4) The provisions of Article 78 (Liability for Damages Pertaining to the Actions

of the Representative) of the Act on General Incorporated Associations and General Incorporated Foundations shall apply mutatis mutandis to an Entrusting Company. In this case, the term "representative director or any other representative" 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) If an Entrusting Company has obtained authorization under paragraph (2) of the preceding Article, it shall give public notice of this without delay. The same shall apply if an Administration Entrustment Agreement has been terminated due to any cause other than the cancellation set forth in paragraph (1) of the same Article.
- (2) The provisions 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 provisions of Article 471 (Grounds for Dissolution) of the Companies Act to Stock Companies that conduct Insurance Business, the term "below" in that Article shall be deemed to be replaced with "in item (iii) to (vi) inclusive."
- (2) The provisions 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 "a general members' council meeting (or a General Representative Members' Council Meeting, where the company has such a council)"; any other necessary technical change in interpretation shall be specified by Cabinet Order.
- (3) An Insurance Company, etc. shall dissolve due to the following causes (or, for a Stock Company that conducts 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 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 the Insurance Business; and
  - (iii) A merger in which the parties solely consist of stock companies or include a Stock Company or stock companies conducting Insurance Business (excluding a merger under Article 167, paragraph (1); the same shall apply in the following paragraph).
- (2) Whenever an application has been filed for the authorization set forth in the preceding Article, the Prime Minister shall examine whether it conforms to the following standards:
- (i) If the application for authorization is from an Insurance Company, that the dissolution or abolition of Insurance Business by resolution, or that the merger, is inevitable in light of the status of business and property of the Insurance Company; or
  - (ii) That the dissolution or abolition of Insurance Business envisaged by the

resolution, or that the planned merger, poses no risk to the protection of Policyholders, etc.

- (3) The Prime Minister is not to grant the authorization referred to in paragraph (1), if the Insurance Company, etc. that has submitted the application under paragraph (1) (limited to a Stock Company or a Mutual Company whose articles of incorporation include the provisions set forth in Article 63, paragraph (1)) is the insurer under any existing insurance contracts (excluding the insurance contracts specified by 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 the insurance proceeds 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 particulars for which the authorization is granted pursuant to the provisions of 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 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 provisions 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).

(Retention, etc. of Documents Pertaining to a Dissolution)

Article 156-2 (1) A Mutual Company shall, for the period ranging from two weeks before the date of the general members' council meeting (or General Representative Members' Council Meeting, where the company has such a council) pertaining to the resolution on its dissolution to the date of such resolution (or, where the resolution is adopted by the General Representative Members' Council, the day that is one month after the date of public notice under paragraph (1) of the following Article), keep at each of its offices the documents or electromagnetic records in which the dissolution proposal and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

(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 to inspect the documents set forth in the preceding paragraph;

(ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;

(iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or

(iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Mutual Company, or to be issued a document detailing such particulars.

Article 157 (1) Where the General Representative Members' Council 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 particular specified by 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 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 members' council with the purpose of discussing the particulars of 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 Representative Members' Council shall lose its effect, unless the general members' council adopts a resolution approving the resolution of the General Representative Members' Council on dissolution within six weeks from the date of demand under that paragraph.
- (4) The provisions of Article 156 shall apply mutatis mutandis to the resolution of the general members' council set forth in the preceding paragraph. In this case, any other necessary technical change in interpretation shall be specified by 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 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 that conducts 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 the company that falls under one of the following items in the case set forth in each of those items:
- (i) Where a Mutual Company merges with another Mutual Company: a Mutual Company; or
  - (ii) Where a Mutual Company merges with a Stock Company that conducts

Insurance Business: a Mutual Company or a Stock Company that conducts Insurance Business.

### **Subsection 2 Merger Agreement**

(Absorption-Type Merger Agreement between Mutual Companies)

Article 160 Where mutual companies carry out an absorption-type merger (meaning 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 particulars:

- (i) The names and addresses of the Mutual Company surviving the absorption-type merger (hereinafter referred to as the "Mutual Company Surviving the Absorption-Type Merger" in this Section) and the Mutual Company extinguished in 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) The particulars of 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 particular specified by Cabinet Office Ordinance.

(Consolidation-Type Merger Agreement between Mutual Companies)

Article 161 Where mutual companies carry out a consolidation-type merger (meaning 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 established in 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 particulars:

- (i) The names and addresses of the Mutual Companies that will be extinguished in the merger (hereinafter referred to as "Consolidated Mutual Companies" in this Section);
- (ii) The purpose and name of the Mutual Company to be established in the merger (hereinafter referred to as the "Mutual Company Established by the Consolidation-Type Merger" in this Section) and the address of its principal office;
- (iii) In addition to what is listed in the preceding item, particulars specified by the articles of incorporation of the Mutual Company Established by the



- Consolidation-Type Merger;
- (iv) The names of the directors at incorporation of the Mutual Company Established by the Consolidation-Type Merger;
  - (v) The particulars set forth in the following items in accordance with the categories provided therein:
    - (a) Where the Mutual Company Established by the Consolidation-Type Merger is a company with accounting advisors: the names of the accounting advisors at incorporation of the Mutual Company Established by the Consolidation-Type Merger;
    - (b) Where the Mutual Company Established by the Consolidation-Type Merger is a company with auditors: the names of the company auditors at incorporation of the Mutual Company Established by the Consolidation-Type Merger; or
    - (c) Where the Mutual Company Established by the Consolidation-Type Merger is a company with accounting auditors: the names of the accounting auditors at incorporation of the Mutual Company Established by the Consolidation-Type Merger;
  - (vi) The amount of any money to be granted to the members of the Consolidated Mutual Companies;
  - (vii) The particulars of the rights of Policyholders following the merger; and
  - (viii) Any other particular specified by 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 particulars:
- (i) The trade names, names and addresses of the Stock Company extinguished in the merger (hereinafter referred to as "Absorbed Stock Company" in this Section) and the Mutual Company Surviving the Absorption-Type Merger;
  - (ii) The method of compensation for the shareholders and holders of share options of the Absorbed Stock Company;
  - (iii) The particulars of the Reserves of the Mutual Company Surviving the Absorption-Type Merger;
  - (iv) The particulars of 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 particular specified by Cabinet Office Ordinance.
- (2) The provisions 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 reserves in addition to the reserves 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 Cabinet Order.

(3) The provisions 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 Cabinet Order.

(4) The provisions 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 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 particulars:

- (i) The trade names, names and addresses of the Stock Company (or stock companies) extinguished in the merger (hereinafter referred to as "Consolidated Stock Company" in this Section) and the consolidated mutual company;
- (ii) The purpose and name of the Mutual Company Established by the Consolidation-Type Merger and the address of its principal office;
- (iii) In addition to what is listed in the preceding item, particulars specified by the articles of incorporation of the Mutual Company Established by the Consolidation-Type Merger;
- (iv) The names of the directors at incorporation of the Mutual Company Established by the Consolidation-Type Merger;
- (v) The particulars set forth in the following items in accordance with the categories provided therein:
  - (a) Where the Mutual Company Established by the Consolidation-Type Merger is a company with accounting advisors: the names of the accounting advisors at incorporation of the Mutual Company Established by the Consolidation-Type Merger;
  - (b) Where the Mutual Company Established by the Consolidation-Type Merger is a company with auditors: the names of the company auditors at incorporation of the Mutual Company Established by the Consolidation-Type Merger; or

- (c) Where the Mutual Company Established by the Consolidation-Type Merger is a company with accounting auditors: the names of the accounting auditors at incorporation of the Mutual Company Established by the Consolidation-Type Merger;
  - (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) The particulars of the Reserves of the Mutual Company Established by the Consolidation-Type Merger;
  - (ix) The particulars of the rights of Policyholders following the merger; and
  - (x) Any other particular specified by Cabinet Office Ordinance.
- (2) The provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis to the consolidation-type merger set forth in the preceding paragraph; and the provisions 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 Cabinet Order.
- (3) The provisions 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 Cabinet Order.

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

- Article 164 (1) In an absorption 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 particulars:
- (i) The trade names, names and addresses of the Stock Company surviving the merger (hereinafter referred to as "Stock Company Surviving the Absorption-Type Merger" in this Section) and the Absorbed Mutual Company;
  - (ii) The following particulars of any share, etc. (meaning 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 Stock Company Surviving the Absorption-Type Merger in carrying out the merger:
    - (a) Where the share, etc. is the shares of the Stock Company Surviving the Absorption-Type Merger, 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 the particulars of the amounts of capital and Reserves of the Stock Company Surviving the

- Absorption-Type Merger; 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, the particulars of the allocation of Shares, etc. to the members of the Absorbed Mutual Company (excluding the Stock Company Surviving the Absorption-Type Merger) 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 particular specified by 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 particular specified by 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) The particulars of the rights of the Policyholders of the Absorbed Mutual Company following the merger;
  - (viii) The particulars of the amount of surplus from consolidation;
  - (ix) The date on which the merger takes effect; and
  - (x) Any other particular specified by 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 Cabinet Order.
- (3) The provisions of Article 90 shall apply mutatis mutandis to the absorption-type merger set forth in paragraph (1); and the provisions 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," "Stock Company Surviving the Absorption-Type Merger" 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 Cabinet Order.

(4) The provisions of Article 91 shall apply mutatis mutandis to a Stock Company Surviving an Absorption-Type Merger. 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 particular to be specified by the articles of incorporation pursuant to the provisions 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 (3) 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 (4) 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 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 particulars:

- (i) The trade names, names and addresses of the consolidated companies (meaning 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 established in the merger (hereinafter referred to as "Stock Company Established by Consolidation-Type Merger" in this Section);
- (iii) In addition to what is listed in the preceding item, particulars specified by the articles of incorporation of the Stock Company Established by the Consolidation-Type Merger;
- (iv) The names of the persons to serve as directors at the incorporation of the Stock-Company Established by the Consolidation-Type Merger;
- (v) The particulars set forth in the following items in accordance with the categories provided therein:
  - (a) Where the Stock-Company Established by the Consolidation-Type Merger is a company with accounting advisors: the names of the persons to serve as accounting advisors at the incorporation of the Stock Company Established by the Consolidation-Type Merger;
  - (b) Where the Stock Company Established by the Consolidation-Type Merger

- is a company with auditors: the names of the persons to serve as company auditors at the incorporation of the Stock Company Established by the Consolidation-Type Merger; or
- (c) Where the Stock Company Established by the Consolidation-Type Merger is a company with accounting auditors: the names of the persons to serve as accounting auditors at the incorporation of the Stock Company Established by the Consolidation-Type Merger;
- (vi) The number of the Stock Company Established by the Consolidation-Type Merger'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 Stock Company Established by the Consolidation-Type Merger'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) The particulars of the amounts of the capital and reserves of the Stock Company Established by the Consolidation-Type Merger;
- (ix) The particulars of 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 particular specified by 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 particular specified by Cabinet Office Ordinance regarding such purchase;
- (xii) Where a Consolidated Stock Company has issued share options, the following particulars of the Stock Company Established by the Consolidation-Type Merger'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 Stock Company Established by the Consolidation-Type Merger 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), if the share options of the Consolidated Stock Company set forth in (a) are share options attached to bonds, the

- fact that the Stock Company Established by the Consolidation-Type Merger will assume the obligations pertaining to the bonds (meaning 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, the particulars of the allocation of Stock Company Established by the Consolidation-Type Merger'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) The particulars of the rights of Policyholders following the merger;
  - (xvi) The particulars of the amount of surplus from consolidation; and
  - (xvii) Any other particular specified by 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 particulars as particulars listed in item (vi) of that paragraph, depending on the class structure of the shares issued by the Consolidated Stock Company:
- (i) If they do not allocate shares of the Stock Company Established by the Consolidation-Type Merger to any specific class of shareholder, that fact and the relevant class of share; and
  - (ii) In addition to what is listed in the preceding item, if they treat each class of share in a different manner in allocating shares of the Stock Company Established by the Consolidation-Type Merger, that fact and a description of such different treatment.
- (3) Where paragraph (1) applies, the provisions for the particulars listed in item (vi) of that paragraph shall include a clause that the shares of the Stock Company Established by the Consolidation-Type Merger shall be allocated in accordance with the number of shares (or, where the articles of incorporation include provisions for the particulars 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 provisions 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 Stock Company Established by the Consolidation-Type Merger" and "consolidation-type merger agreement set forth in Article 165, paragraph (1)," respectively; any other necessary technical change in interpretation shall be specified by Cabinet Order.

- (5) The provisions of Article 90 shall apply mutatis mutandis to the consolidation-type merger set forth in paragraph (1); and the provisions 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," "Stock Company Established by the Consolidation-Type Merger" 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 Cabinet Order.
- (6) The provisions of Article 91 shall apply mutatis mutandis to a Stock Company Established by the Consolidation-Type Merger. 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 (3) 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 (4) shall be deemed to be replaced with "capital reserves 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 Cabinet Order.

### **Subsection 3 Procedure of Merger**

#### **Division 1 Procedures for Extinguished Stock Companies**

(Retention and Inspection, etc. of Documents Related to a Merger Agreement, etc.)

Article 165-2 (1) An Extinguished Stock Company (meaning 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 the documents or electromagnetic records in which the details of the merger agreement and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

- (i) The day that 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 Extinguished 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 Extinguished Stock Company in making a request falling under item (ii) or (iv):
- (i) A request to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Extinguished Stock Company, or to be issued a document detailing such particulars.

(Authorization of Merger Agreement)

- Article 165-3 (1) An extinguished 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 extinguished stock company shall be a resolution under Article 309, paragraph (2) (Resolution of shareholders' meetings) of the Companies Act.
  - (3) An extinguished stock company shall, if it seeks to adopt a resolution under paragraph (1), 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 provisions of paragraph (2), where the merger involves

an extinguished stock company that is a public company (meaning 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 extinguished 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 extinguished 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 Stock Company Established by the Consolidation-Type Merger 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 extinguished 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 Mutual Company Surviving the Absorption-Type Merger, or the Stock Company conducting 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

extinguished stock company. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Right to Request Purchase of Shares)

Article 165-5 (1) The following shareholders may request the extinguished 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 extinguished 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 (Dissenting Shareholders' Share Purchase Demand), Article 786 (Determination, etc. of Price of Shares), Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

(Right to Request Purchase of Share Options)

Article 165-6 (1) A holder of share options of an extinguished 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 (Demand for Purchase of Share Options), Article 788 (Determination, etc. of Price of Share Options), Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iv)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

(Objections of Creditors)

Article 165-7 (1) Policyholders or other creditors of an extinguished stock company may state to the company their objections to the merger.

(2) An extinguished stock company shall give public notice of the following particulars 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) The fact that a merger will be carried out;

(ii) The trade names or names and addresses of the Mutual Company Surviving the Absorption-Type Merger or other consolidated companies (meaning consolidated stock companies and Consolidated Mutual Companies; the same shall apply in Article 165-17, paragraph (2)) and the Formed Company;

(iii) The particulars specified by Cabinet Office Ordinance as pertaining to the financial statements of an extinguished stock company;

(iv) The fact that Policyholders or other creditors of the extinguished stock company may state their objections within a certain period of time; and

(v) In addition to what is listed in the preceding items, particulars specified by 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 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 Mutual Company Surviving the Absorption-Type Merger.

(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 provisions of paragraph (1), the changed Effective Date shall be deemed to be the Effective

Date for the purpose of applying the provisions of this Section.

### **Division 2 Procedures for a Stock Company Surviving an Absorption-Type Merger**

(Retention and Inspection, etc. of Documents Related to an Absorption-Type Merger Agreement, etc.)

Article 165-9 (1) A Stock Company Surviving an Absorption-Type Merger shall, for the period ranging from any of the following dates, whichever is the earliest, to the day that is six months after the Effective Date, keep at each of its business offices the documents or electromagnetic records in which the details of the absorption-type merger agreement and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

(i) Where the merger agreement needs to be approved by a resolution of the shareholders' meeting (including the class meeting), the day that 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 a Stock Company Surviving an Absorption-Type Merger, 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 Surviving the Absorption-Type Merger in making a request falling under item (ii) or (iv):

(i) A request to inspect the documents set forth in the preceding paragraph;

(ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;

(iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or

(iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Stock Company Surviving the Absorption-Type Merger, or to be issued a document detailing such particulars.

(Authorization of Absorption-Type Merger Agreement, etc.)

Article 165-10 (1) A Stock Company Surviving an Absorption-Type Merger 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 the Stock Company Surviving the Absorption-Type Merger shall be a resolution under Article 309, paragraph (2) (Resolution of Shareholders' Meetings) of the Companies Act.
- (3) A Stock Company Surviving an Absorption-Type Merger, if it seeks 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 a Stock Company Surviving an Absorption-Type Merger succeeds to the assets of the Absorbed Mutual Company including its own shares, its directors shall explain the particulars of such shares in the shareholders' meeting set forth in paragraph (1).
- (5) In an absorption-type merger wherein the company surviving the merger is a company with class shares, and in which the Shares, etc. to be granted to the members of the Absorbed Mutual Company are shares of the Stock Company Surviving the Absorption-Type Merger, 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), sub-item (a) (limited to the shares with restriction on transfer which are not covered by the provisions 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 a Stock Company Surviving an Absorption-Type Merger 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 an 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 Stock Company Surviving the Absorption-Type Merger) of the amount set forth in item (ii); provided, however, that this shall not apply to cases where all or part of the Shares, etc. delivered to members of an Absorbed Mutual Company are shares with restriction on transfer of the Stock Company Surviving the Absorption-Type Merger and where the Stock Company

Surviving the Absorption-Type Merger is not a Public Company:

(i) The total of the following amounts:

(a) The amount calculated by multiplying the number of Stock Company Surviving the Absorption-Type Merger's shares to be distributed to the members of the Absorbed Mutual Company by the amount of net assets per share (meaning 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 Stock Company Surviving the Absorption-Type Merger as calculated by the method specified by 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 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 Stock Company Surviving the Absorption-Type Merger 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 Mutatis Mutandis Application)

Article 165-12 The provisions of Article 165-4, Article 165-5, paragraph (2) and Article 165-7 of this Act of this Act and Article 797, paragraphs (1) and (2) (Dissenting Shareholders' Share Purchase Demand) of the Companies Act shall apply mutatis mutandis to a Stock Company Surviving an Absorption-Type Merger. 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, the particulars of the shares set forth in that paragraph"; any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Retention and Inspection, etc. of Documents Related to Absorption-Type Merger, etc.)

Article 165-13 (1) A Stock Company Surviving an Absorption-Type Merger shall, without delay following the Effective Date, prepare documents or electromagnetic records in which the rights and obligations of the Absorbed

Mutual Company assumed by the Stock Company Surviving the Absorption-Type Merger as a result of the absorption-type merger and any other particulars specified by Cabinet Office Ordinance as being involved in an absorption-type merger are detailed or recorded.

- (2) A Stock Company Surviving an Absorption-Type Merger shall, for six months from the Effective Date, keep at each of its business offices documents or electromagnetic records set forth in the preceding paragraph.
- (3) The creditors of a Stock Company Surviving an Absorption-Type Merger, 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 Surviving the Absorption-Type Merger in making a request falling under item (ii) or (iv):
  - (i) A request to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Stock Company Surviving the Absorption-Type Merger, or to be issued a document detailing such particulars.

### **Division 3 Procedures for a Stock Company Established by Consolidation-Type Merger**

- 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 Stock Company Established by a Consolidation-Type Merger.
- (2) The articles of incorporation of a Stock Company Established by a Consolidation-Type Merger shall be drafted by the consolidated companies.
  - (3) The provisions of the preceding Article shall apply mutatis mutandis to a Stock Company Established by a Consolidation-Type Merger. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.

### **Division 4 Procedures for Extinguished Mutual Companies**

(Retention and Inspection, etc. of Documents Related to a Merger Agreement,



etc.)

Article 165-15 (1) An extinguished mutual company (meaning 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 the documents or electromagnetic records in which the details of the merger agreement and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

(i) The day that is two weeks before the date of the general members' council meeting (or General Representative Members' Council Meeting, where the company has such a council; 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 extinguished 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 extinguished mutual company in making a request falling under item (ii) or (iv):

(i) A request to inspect the documents set forth in the preceding paragraph;

(ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;

(iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or

(iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the extinguished mutual company, or to be issued a document detailing such particulars.

(Authorization of Merger Agreement)

Article 165-16 (1) An extinguished mutual company shall have its merger agreement approved by a resolution of the general members' council by the day before the Effective Date.

(2) The resolution set forth in the preceding paragraph to be adopted by an extinguished mutual company shall be a resolution under Article 62, paragraph (2).

(Objections of Creditors)

Article 165-17 (1) Policyholders or other creditors of an extinguished mutual company may state to the company their objections to the merger.

(2) An extinguished mutual company shall give public notice of the following

particulars 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) The fact that a merger will be carried out;
  - (ii) The trade names or names and addresses of the Company Surviving the Absorption-Type Merger (meaning the Mutual Company Surviving the Absorption-Type Merger or Stock Company Surviving the Absorption-Type Merger; hereinafter the same shall apply in this Section) or other consolidated companies and the Formed Company;
  - (iii) The fact that Policyholders or other creditors of the extinguished 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 particular specified by 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 Cabinet Order.

(Change in Effective Date of an Absorption-Type Merger)

Article 165-18 (1) An Absorbed Mutual Company may change the Effective Date in an agreement with the Company Surviving the Absorption-Type Merger.

- (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 provisions of paragraph (1), the changed Effective Date shall be deemed to be the Effective Date for the purpose of applying the provisions of this Section.

#### **Division 5 Procedures for a Mutual Company Surviving an Absorption-Type Merger**

(Retention and Inspection, etc. of Documents Related to an Absorption-Type Merger Agreement, etc.)

Article 165-19 (1) A Mutual Company Surviving an Absorption-Type Merger shall, for the period ranging from any of the following dates, whichever is

earlier, to the day that is six months after the Effective Date, keep at each of its offices the documents or electromagnetic records in which the details of the absorption-type merger agreement and any other particulars specified by Cabinet Office Ordinance are detailed or recorded.

- (i) The day that is two weeks before the date of the general members' council meeting 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 a Mutual Company Surviving an Absorption-Type Merger 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 Surviving the Absorption-Type Merger in making a request falling under item (ii) or (iv):

- (i) A request to inspect the documents set forth in the preceding paragraph;
- (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
- (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
- (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Mutual Company Surviving the Absorption-Type Merger, or to be issued a document detailing such particulars.

(Mutatis Mutandis Application of Provisions)

Article 165-20 The provisions of Articles 165-16 and 165-17 shall apply mutatis mutandis to a Mutual Company Surviving an Absorption-Type Merger. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Retention and Inspection, etc. of Documents Related to an Absorption-Type Merger, etc.)

Article 165-21 (1) A Mutual Company Surviving an Absorption-Type Merger shall, without delay following the Effective Date, prepare documents or electromagnetic records in which the rights and obligations of the Absorbed Mutual Company or Absorbed Stock Company which are assumed by the Mutual Company Surviving the Absorption-Type Merger as a result of the absorption-type merger and any other particulars specified by Cabinet Office Ordinance as being involved in an absorption-type merger are detailed or

recorded.

- (2) A Mutual Company Surviving an Absorption-Type Merger shall, for six months from the Effective Date, keep at each of its offices documents or electromagnetic records set forth in the preceding paragraph.
- (3) Policyholders or other creditors of a Mutual Company Surviving an Absorption-Type Merger 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 Stock Company Surviving the Absorption-Type Merger in making a request falling under item (ii) or (iv):
  - (i) A request to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by the Mutual Company Surviving the Absorption-Type Merger, or to be issued a document detailing such particulars.

#### **Division 6 Procedures for a Mutual Company Established by Consolidation-Type Merger**

- 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 Mutual Company Established by a Consolidation-Type Merger.
- (2) The articles of incorporation of a Mutual Company Established by a Consolidation-Type Merger shall be drafted by the consolidated companies.
  - (3) The provisions of the preceding Article shall apply mutatis mutandis to a Mutual Company Established by a Consolidation-Type Merger. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.

#### **Division 7 Special Provisions on the Merger of Stock Companies**

(Special Provisions on the Retention and Inspection, etc. of Documents Related to Merger Agreements, etc.)

Article 165-23 For the purpose of applying the provisions of Article 782,

paragraph (1), Article 794, paragraph (1) (Retention and Inspection, etc. of Documents, etc. Related to an Absorption-type Merger Agreement, etc.) and Article 803, paragraph (1) (Retention and Inspection, etc. of Documents, etc. Related to a Consolidation-type Merger Agreement, etc.) of the Companies Act to a merger of stock companies that conducts Insurance Business pursuant to Article 748 (Conclusion of a 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 Cabinet Office Ordinance" and "each of its business offices," respectively.

(Special Provisions on Objections of the Creditors)

Article 165-24 (1) Policyholders or other creditors of a stock company conducting Insurance Business that seeks to carry out a merger under Article 748 (Conclusion of a 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 conducting 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 particulars 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) The fact 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 particulars specified by Cabinet Office Ordinance as pertaining to the financial statements of the companies set forth in the preceding item;
- (iv) The fact 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 particular specified by 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 provisions 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 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 particulars for the application of those provisions shall be specified by 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 particulars specified by 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 the documents or electromagnetic records in which the progress of the procedures 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) and any other particulars specified by Cabinet Office Ordinance as being involved in a merger are detailed or recorded.

- (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 to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records 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 to be issued a document detailing such particulars.

#### **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) Whenever an application has been filed for the authorization set forth in the preceding paragraph, the Prime Minister shall examine whether it conforms to the following standards:
- (i) The merger is appropriate in light of the protection of Policyholders, etc.;
  - (ii) If the application for authorization is from an Insurance Company, that 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 perform its business in an appropriate, fair and efficient manner following the merger.

- (3) The Prime Minister must 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 Low-Cost, Short-Term Insurer, 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 is extinguished in the merger.

(Effectuation, etc. of Merger)

Article 169 (1) A Mutual Company Surviving an Absorption-Type Merger shall, on the Effective Date, succeed to the rights and obligations of the absorbed company (meaning 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 gain membership in the Mutual Company Surviving the Absorption-Type Merger on the Effective Date; provided, however, that this shall not apply to the cases where the Mutual Company Surviving the Absorption-Type Merger's articles of incorporation do not grant membership to the Policyholders with 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 Mutual Company Established by a Consolidation-Type



Merger 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 gain membership in the Mutual Company Established by a Consolidation-Type Merger on the date of the latter's establishment; provided, however, that this shall not apply to the cases where the Mutual Company Established by the Consolidation-Type Merger's articles of incorporation do not grant membership to the Policyholders with 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 Mutual Company Established by the Consolidation-Type Merger.

Article 169-3 (1) A Stock Company Surviving an Absorption-Type Merger 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 particulars listed in Article 164, paragraph (1), item (ii), sub-item (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 provisions of the merger agreement on the particulars 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 Stock Company Established by a Consolidation-Type Merger 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 Stock Company Established by the Consolidation-Type Merger, become the holders of the shares set forth in Article 165, paragraph (1), item (vi) or (vii) pursuant to the provisions of the merger agreement on the particulars 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 Stock Company Established by the Consolidation-Type Merger.
- (4) In the case prescribed in Article 165, paragraph (1), item (xii), sub-item (a), the holders of share options of a Consolidated Stock Company shall, on the

date of the establishment of the Stock Company Established by the Consolidation-Type Merger, become holders of the latter company's share options as set forth in said sub-item, pursuant to the provisions of the merger agreement on the particulars listed in Article 165, paragraph (1), item (xiii).

(Registration of Merger)

- Article 169-5 (1) Where a Mutual Company or stock company has undergone 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 Company Surviving the Absorption-Type Merger, 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 dates specified in each of the following items in accordance with the categories provided therein:
- (i) Where the consolidated companies only include stock companies, any of the following dates, whichever is the latest:
    - (a) The date of the resolution at 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 members' council 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 provisions 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 particulars 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 extinguished stock company or Stock Company Surviving an Absorption-Type Merger, 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 provisions 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 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 extinguished Mutual Company or a Mutual Company Surviving an Absorption-Type Merger, 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 provisions 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 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 provisions 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 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 Cabinet Order.

(Actions to Invalidate a 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)) (Actions to Invalidate Acts Concerning the Organization of a Company), Article 834 (limited to the segment pertaining to items (vii) and (viii)) (Defendant), Article 835, paragraph (1) (Jurisdiction over Actions), Article 836 to 839 inclusive (Order to Provide Security, Mandatory Consolidation of Oral Arguments, etc., Persons Affected by a Judgment Being Upheld, Effects of a Judgment of Invalidity, Revocation or Rescission), Article 843 (excluding paragraph (1), items (iii) and (iv), and the proviso to paragraph (2)) (Effects of a Judgment of Invalidity of a Merger), Article 846 (Liability for Damages Where a Judgment Is Entered Against the Plaintiff), and Article 937, paragraph (3) (limited to the segment pertaining to items (ii) and (iii)) and (4) (Commissioning of Registration by a Judicial Decision) of the Companies Act shall apply mutatis mutandis to an action to invalidate a merger under Article 159, paragraph (1); and the provisions of Article 868, paragraph (5) (Jurisdiction over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (xv)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 Cabinet Order.

Article 172 Deleted

Article 173 Deleted

### **Section 3 Company Split**

(Split of Stock Company Conducting Insurance Business)

- Article 173-2 (1) Where a Stock Company that conducts 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 reserves is calculated on the same basis (excluding the insurance contracts specified by 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 the insurance proceeds 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.

(Retention and Inspection, etc. of Documents Pertaining to a Split, etc.)

- Article 173-3 For the purpose of applying the provisions of Article 782, paragraph (1) (Retention and Inspection, etc. of Documents, etc. Related to an Absorption-type Merger Agreement, etc.), Article 794, paragraph (1) (Retention and Inspection, etc. of Documents, etc. Related to an Absorption-type Merger Agreement, etc.) and Article 803, paragraph (1) (Retention and Inspection, etc. of Documents, etc. Related to a Consolidation-type Merger Agreement, etc.) of the Companies Act to a Stock Insurance Company involved in a Split, the terms "particulars prescribed by the Ordinance of the Ministry of Justice" and "head office" in those provisions shall be deemed to be replaced with "particulars prescribed by a Ordinance of the Ministry of Justice and particulars specified by 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 their objections thereto to the Stock Insurance Company set forth in each of those items:

- (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 (meaning 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 (meaning 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 (meaning 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 particulars in the Official Gazette and by the Method of Public Notice prescribed by the Split-Involved Company in its articles of incorporation, and notify each of the known creditors of said particulars (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) The fact that a Split will be carried out;
- (ii) The trade name and address of the companies listed in (a) or (b) in accordance with the categories of Split set forth in (a) and (b):
  - (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 particulars specified by Cabinet Office Ordinance as pertaining to the financial statements of a Stock Company falling under (a) or (b) of the preceding item;
  - (iv) The fact 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, particulars specified by 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 provisions 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 provisions of paragraph (1)), and the amount specified by 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 provisions 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, the necessary particulars for applying those provisions shall be specified by 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 an Absorption-type Company Split Which Causes a Stock Company to Succeed to Rights and Obligations), Article 761, paragraphs (2) and (3) (Effectuation, etc. of an Absorption-type Company Split Which Causes a Membership Company to Succeed to Rights and Obligations), Article 764, paragraphs (2) and (3) (Effectuation, etc. of an Incorporation-type Company Split by Which a Stock Company is Incorporated), and Article 766, paragraphs (2) and (3) (Effectuation, etc. of an Incorporation-type Company Split by Which a Membership Company is Incorporated), Article 791, paragraph (1), item (i) (Retention and Inspection, etc. of Documents, etc. Related to an Absorption-type Company Split or Share Exchange), Article 801, paragraph (2) (Retention and Inspection, etc. of Documents, etc. Related to an Absorption-type Merger, etc.) and Article 811, paragraph (1), item (i) (Retention and Inspection, etc. of Documents, etc. Related to an Incorporation-type Company Split or Share Transfer) of the Companies Act, the term "objections pursuant to the provisions 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 provisions 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 provisions 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 provisions 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 provisions 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 provisions 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; and the term "Ordinance of the Ministry of Justice" in Article 791, paragraph (1), item (i), Article 801, paragraph (2) and Article 811, paragraph (1), item (i) of that Act shall be deemed to be replaced with "Cabinet Office Ordinance," 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 Cabinet Order, such as a person holding any right pertaining to an

insurance contract, a Beneficiary of money trust pertaining to the Insurance- Proceed Trust Services 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) Whenever an application has been filed for the authorization set forth in the preceding paragraph, the Prime Minister shall examine whether it conforms to the following standards:

(i) The Split is appropriate in light of the protection of Policyholders, etc.;

(ii) If the application for authorization is from an Insurance Company, that 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 perform its business in an appropriate, fair and efficient manner following the Split.

(3) The Prime Minister may 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 particulars specified by 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 the Policyholders affected by the transfer of insurance contracts in the Split 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).

(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 if a public notice under the first sentence of paragraph (1) has been given by way of publication in a daily newspaper that publishes the particulars of current events. In this case, the date of the public notice shall be deemed to be 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 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 provisions 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 provisions 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 provisions of Article 477, paragraph (4) (Establishment of Structures Other than Shareholders' Meetings) of the Companies Act to a Stock Company that conducts 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), sub-item (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 that conducts Insurance Business.
- (4) Notwithstanding the provisions 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 provisions of Article 8-2, paragraph (2) shall apply mutatis mutandis to

- the liquidator(s) of a Stock Company that conducts Insurance Business.
- (6) For the purpose of applying to a Stock Company that conducts Insurance Business, the provisions 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, if he/she appoints liquidators pursuant to the provisions 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 "Insurance Company in Liquidation, 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 particulars; 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 an Insurance Company in Liquidation, etc. falling under Article 180, item (ii) or under Article 475, item (ii) of the Companies Act, that fact) 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, if 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 provisions of Article 479 (Dismissal of Liquidators) of the Companies Act to the liquidation of a Stock Company that conducts 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 Cabinet Order.
- (12) The Prime Minister shall, where he/she dismisses a liquidator pursuant to the provisions of paragraph (9), commission a registration to that effect to the

registry office with jurisdiction over the head office or principal office of the Insurance Company in Liquidation, etc.

(Remuneration for Liquidators Appointed by Prime Minister)

Article 175 (1) A liquidator appointed pursuant to the provisions of paragraphs (1), (4) or (9) of the preceding Article may receive remuneration from the Insurance Company in Liquidation, 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 an Insurance Company in Liquidation, etc. (other than the liquidator(s) in the case of a special liquidation) shall, if 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 has been prepared in the form of electromagnetic record or where an electromagnetic record has been prepared in lieu of such material, the electromagnetic record specified by Cabinet Office Ordinance or a document describing the information contained in the electromagnetic record) to the Prime Minister without delay.

(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 provisions 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 provisions of that paragraph shall lose its effect on the day that is three months after the date of dissolution.

(3) In the cases set forth in the preceding two paragraphs, the Insurance Company in Liquidation, etc. shall refund to the Policyholder the amount of money reserved for the insured, any unearned premium (meaning the

insurance premium paid for that Part of the period of insurance stipulated in an insurance contract which had not lapsed by the time at which the insurance contract was cancelled or lost its effect) and any other amount of money specified by Cabinet Office Ordinance.

(Permission of Performance during Period for Stating Claims)

Article 178 For the purpose of applying the provisions of Article 500 (Restrictions on Performance of Obligations) of the Companies Act to the liquidation of a Stock Company that conducts 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, if he/she finds it necessary, order the Insurance Company in Liquidation, 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, if the Prime Minister finds it necessary for supervising the liquidation of an Insurance Company in Liquidation, 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 for the commencement of bankruptcy proceedings and such bankruptcy proceedings have not ended);  
or
- (ii) Where a judgment allowing an action to invalidate the company's incorporation has become final and binding.

(Capacity of Mutual Companies in Liquidation)

Article 180-2 A Mutual Company that goes into liquidation pursuant to the provisions of the preceding Article (hereinafter referred to as a "Mutual Company in Liquidation" in this Section) shall be deemed to remain in existence until the liquidation is completed, to the extent of the purpose of the



liquidation.

(Administrative Organs of Mutual Companies in Liquidation Other than General Members' Councils and General Representative Members' Councils)

- Article 180-3 (1) A Mutual Company in Liquidation shall have one or more liquidator(s) and company auditor(s).
- (2) A Mutual Company in Liquidation may have a board of liquidators or a board of company auditors as prescribed by its articles of incorporation.
- (3) A Mutual Company in Liquidation whose articles of incorporation provide for the establishment of a board of company auditors shall also have a board of liquidators.
- (4) In a Mutual Company in Liquidation 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 provisions of Article 51 shall not apply to a Mutual Company in Liquidation.

(Assumption of Office of Liquidators)

- Article 180-4 (1) The following persons shall become the liquidators of a Mutual Company in Liquidation:
- (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 members' council (or General Representative Members' Council, where the company has such a council).
- (2) For the purpose of applying the provisions of item (i) of the preceding paragraph and Article 53-5, paragraph (3) to a Mutual Company in Liquidation 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 (meaning 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 Subsidiaries; 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 Subsidiaries."

- (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 Mutual Company in Liquidation; and the provisions of Article 53-2, paragraph (3) shall apply mutatis mutandis to the liquidators of a Mutual Company with a board of liquidators (meaning 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 Cabinet Order.

(Dismissal of Liquidators)

- Article 180-5 (1) A liquidator (other than a person appointed by the Prime Minister pursuant to the provisions of Article 174, paragraph (1), (4) or (9)) may be dismissed at any time by a resolution of the general members' council (or General Representative Members' Council, where the company has such a council).
- (2) The court may, if 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 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 Representative Members' Council, those members or nine (or any smaller number prescribed by the articles of incorporation) or more representative members).
- (3) The provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 870 (limited to the segment pertaining to item (iii)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a petition under the preceding paragraph; and the provisions of Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-item (e) and item (iii), sub-item (a)) (Commissioning of Registration by a 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 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), sub-items (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 Cabinet Order.

(Company Auditor's Term of Office)

Article 180-6 The provisions of Article 53-6 shall not apply to the company auditors of a Mutual Company in Liquidation.

(Liquidator's Duties)

Article 180-7 The liquidator(s) of a Mutual Company in Liquidation 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 Mutual Company in Liquidation (other than a Mutual Company with a board of liquidators; hereinafter the same shall apply in this Article).

(2) If a Mutual Company in Liquidation has two or more liquidators, the business of the company is decided by the 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 particulars:

- (i) Appointment or dismissal of a manager;
- (ii) Establishment, relocation or abolition of a secondary office;
- (iii) Particulars 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 Cabinet Office Ordinance for ensuring that the business of a Mutual Company in Liquidation 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) (Prohibition of Directors' Actions by the Shareholders) and Article 361 (Remuneration for Directors) of the Companies Act shall apply mutatis mutandis to a liquidator (with regard to the provisions of Article 361 of that Act, other than a liquidator appointed by the Prime Minister pursuant to the provisions 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 Cabinet Order.

(Representative of Mutual Company in Liquidation)

Article 180-9 (1) The liquidator(s) shall represent the Mutual Company in Liquidation; 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 Mutual Company in Liquidation 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 Mutual Company in Liquidation (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 provisions 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 members' council (or General Representative Members' Council, where the company has such a council).

(4) Where a representative director has been appointed, the representative director shall act as the Representative Liquidator if the directors become the liquidators pursuant to the provisions 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 Mutual Company in Liquidation; the provisions 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 Mutual Company in Liquidation; the provisions of Article 868, paragraph (1) (Jurisdiction over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (ii)) (Hearing of Statements), Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal), Article 874 (limited to the segment pertaining to items (i) and (iv)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the liquidator(s) or Representative Liquidator of a Mutual Company in Liquidation; and the provisions of Article 937, paragraph (1) (limited to the segment pertaining to item (ii), sub-items (b) and (c)) (Commissioning of Registration by a Judicial Decision) of that Act shall apply mutatis mutandis to a person who must carry out the duties of the temporary Representative Liquidator of a Mutual Company in Liquidation. In this case, any other necessary technical change in interpretation shall be specified by Cabinet Order.

(Commencement of Bankruptcy Proceedings for Mutual Company in Liquidation)

- Article 180-10 (1) The liquidators shall, if it has become clear that the assets of the Mutual Company in Liquidation are not sufficient to fully discharge its debts, immediately file a petition for commencement of bankruptcy proceedings.
- (2) If a Mutual Company in Liquidation has become subject to a ruling for the 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 Mutual Company in Liquidation.

(Liquidator's Liability for Damages to Mutual Company in Liquidation)

- Article 180-11 (1) A liquidator shall be liable to the Mutual Company in Liquidation 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 if the Mutual Company in Liquidation 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 Mutual Company in Liquidation carry out such transaction; or
  - (iii) A liquidator who agreed to the board of liquidators' resolution to approve such transaction.
- (4) The provisions of Article 53-34 and the provisions 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 Cabinet Order.

(Liquidator's Liability for Damages to a Third Party)

- Article 180-12 (1) A liquidator of a Mutual Company in Liquidation 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 provisions of the preceding paragraph shall also apply where the liquidator set forth in that paragraph has acted as follows; 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 so acting:
- (i) Giving false notice with respect to any important particular of which notice must be given in soliciting subscribers for bonds (meaning the bonds set forth in Article 61), or including a false detail or record in any material used to explain the Mutual Company in Liquidation's business or other particulars for the purpose of such solicitation;

- (ii) Including a false detail or record with regard to any important particular that must be detailed 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) Making a false registration; or
- (iv) Giving false public notice.

(Joint and Several Liability of Liquidators and Company Auditors)

- Article 180-13 (1) If a liquidator or company auditor is liable for any damage caused to the Mutual Company in Liquidation or a third party, and the other liquidator(s) or company auditor(s) are also liable for such damages, the other liquidator(s) or company auditor(s) shall be his/her joint and several obligors.
- (2) The provisions 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 Mutual Company in Liquidation shall be composed of all of its liquidators.
- (2) The board of liquidators shall carry out the following duties:
- (i) Decisions 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 provisions of Article 180-9, paragraph (4).
- (5) Where the Prime Minister has appointed the Representative Liquidator of a Mutual Company in Liquidation pursuant to the provisions 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 particulars:
- (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 particulars specified by Cabinet Office Ordinance as important particulars of the solicitation of subscribers for bonds (meaning the bonds set forth in Article 61), such as the particulars 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 Cabinet Office Ordinance for ensuring that the business of a Mutual Company in Liquidation 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 Mutual Company in Liquidation; 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 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 over Non-Contentious Cases), Article 869 (Prima Facie Showing), Article 870 (limited to the segment pertaining to item (i)) (Hearing of Statements), the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the segment pertaining to item (iv)) (Immediate Appeal) the main clause of Article 873 (Stay of Execution of the Judicial Decision of the Prior Instance), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) 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 representative member, where the company has a General Representative Members' Council)" 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 Subsidiaries 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 Cabinet Order.

(Application of Provisions on Directors, etc.)

Article 180-16 For the purpose of applying to a Mutual Company in Liquidation 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 applicable to a liquidator, Representative Liquidator, board of liquidators or Mutual Company with board of liquidators, respectively.

(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 Mutual Company in Liquidation. 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 Cabinet Order.

(Order of Appropriation of Property)

- Article 181 (1) The liquidator(s) of a Mutual Company in Liquidation 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 over Non-Contentious Cases), Article 871 (Appending of the Reason), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a Mutual Company in Liquidation. 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 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 Mutual Company in Liquidation shall be made by a resolution of the general members' council (or General Representative Members' Council, where the company has such a council).
- (2) The residual assets of a Mutual Company in Liquidation 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 Mutual Company in Liquidation to its members shall be made in accordance with the members' amount of contribution (meaning the amount calculated pursuant to the provisions of 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 proceeds 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 Mutual Company in Liquidation 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 Cabinet Office Ordinance set forth in the preceding paragraph for all withdrawing members, pursuant to the provisions of 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 over Non-Contentious Cases), Article 871 (Appending of the Reason), Article 874 (limited to the segment pertaining to item (i)) (Restrictions on Appeal), Article 875 (Exclusion from Application of the Provisions of the Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to a Mutual Company in Liquidation. 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 Cabinet Order.
- (2) The provisions of Article 928 (excluding paragraph (2)) (Registration of a Liquidator), Article 929 (limited to the segment pertaining to item (i)) (Registration of Completion of Liquidation) and the main clause of Article 932 (Registration of a Change, etc. with Regard to a Branch Office) of the Companies Act, and Article 73 to 75 inclusive (Registration of Liquidators, Registration of Change Related to Liquidator, 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

Cabinet Order.

(Mutatis Mutandis Application of the Companies Act to the Special Liquidation of a 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 (Action Concerning Special Liquidation), 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 Procedures of Special Liquidation ), and Article 938, paragraphs (1) to (5) inclusive (Commissioning of Registration by a Juridical Decision Concerning Special Liquidation) of the Companies Act shall apply mutatis mutandis to a Mutual Company in Liquidation. 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 3 percent 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 3 percent 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 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 Cabinet Order.

## **Chapter IX Foreign Insurers**

### **Section 1 General Rules**

(License)

- Article 185 (1) A Foreign Insurer may, only in cases where it established a branch office, etc. in Japan (meaning an office in Japan, such as a branch office or secondary office, of the Foreign Insurer, or the office of a person delegated by the Foreign Insurer to act as an agent for the underwriting of insurance for the Foreign Insurer's Insurance Business in Japan; the same shall apply hereinafter in this Section to Section 5 inclusive) and obtained a license of the Prime Minister, transact Insurance Business under that license at said branch office, etc., notwithstanding the provisions 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 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 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 seeks to apply to a Foreign Insurer 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 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 seeks to obtain the license set forth in Article 185, paragraph (1) shall submit a written application for a license to the Prime Minister, detailing the following particulars:

- (i) The name of the home country of that Foreign Insurer (meaning the country where that Foreign Insurer started 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 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 Insurance Business in Japan; hereinafter the same shall apply in this Section to Section 4 inclusive).
- (2) A certificate proving the following particulars which was issued by the competent organization in the home country shall be attached to the written application for a license set forth in the preceding paragraph:
- (i) That the commencement of 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 conducting Insurance Business in its home country that are similar to the Insurance Business it seeks to conduct 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 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 reserves pertaining to the insurance contract concluded in Japan.
- (4) The documents listed in item (ii) to (iv) inclusive of the preceding paragraph must detail the particulars specified by Cabinet Office Ordinance.
- (5) The provisions of Article 5 shall apply mutatis mutandis to cases where an application has been filed 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 that a Foreign Insurer which applied for a foreign life insurance business license seeks to conduct in Japan only involves the underwriting of insurance contracts in which the insurance proceeds are indicated in a foreign

currency and for which the counter parties are the persons specified by Cabinet Order, grant a license set forth in Article 185, paragraph (1) with conditions attached to the effect that the Foreign Insurer may only conduct business that is related 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 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 particulars involving the application of the provisions of paragraph (1) shall be specified by Cabinet Order.

(Public Notice of Prime Minister)

Article 189 The Prime Minister shall, whenever he/she grants the license set forth in Article 185, paragraph (1), give public notice thereof and the particulars listed in the items of Article 187, paragraph (1) in the official gazette without delay. The same shall apply if a notification is made under the provisions of Article 209 on the change of particulars 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 Cabinet Order deemed to be necessary and appropriate to protect Policyholders, etc. in Japan.
- (2) The Prime Minister may, if 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 Cabinet Order of the preceding paragraph, prior to commencing Insurance Business in Japan.
  - (3) If Foreign Insurance Company, etc., pursuant to the provisions of Cabinet Order, concludes a contract pursuant to the provisions of Cabinet Order under which the required deposit will be deposited for that Foreign Insurance Company, etc. at the order of the Prime Minister, and notifies the Prime Minister of this, said Foreign Insurance Company, etc. may choose not to deposit all or part of the amount set forth in the preceding two paragraphs in the amount that it has been decided will 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, if 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 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 provisions of the same paragraph) and notified the Prime Minister of this.
- (6) Policyholders under insurance contracts in Japan, the insured, or any persons who shall receive insurance proceeds 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 particulars related to the execution of the rights set forth in the preceding paragraph shall be specified by Cabinet Order.
- (8) If a deposit amount (including Contract Amount) has come short of the amount specified by Cabinet Order which is referred to in paragraph (1) for any reason such as the execution of the rights set forth in paragraph (6), the Foreign Insurance Company, etc. shall deposit the deficit within two weeks from the date specified by Cabinet Office Ordinance and notify the Prime Minister of this 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 Cabinet Office Ordinance (including transfer bonds specified by Article 278, paragraph (1) (Deposit of Transfer Bonds) of the Act on Transfer of Corporate Bonds, Shares, etc.; the same shall apply in Article 223, paragraph (10), Article 272-5, paragraph (9) and Article 291, paragraph (9)).
- (10) A deposit which was deposited pursuant to the provisions of paragraph (1), (2), (4), or (8) may be reclaimed pursuant to the provisions of Cabinet Order in a case under any of the following items:
  - (i) If the license set forth in Article 185, paragraph (1) pertaining to that Foreign Insurance Company, etc. is revoked pursuant to the provisions of Articles 205 or 206; and
  - (ii) If the license set forth in Article 185, paragraph (1) pertaining to that Foreign Insurance Company, etc. loses its validity pursuant to the provisions

of Article 273.

(11) In addition to what is specified in the preceding paragraphs, the necessary particulars of deposits shall be specified by Cabinet Office Ordinance and Ordinance of the Ministry of Justice.

(Trade Name or Denomination of a Foreign Insurance Company, etc.)

Article 191 The provisions 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 any action in or out of court 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 provisions 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 day-to-day business of other company, except if authorized by the Prime Minister.

(6) Whenever an application has been filed for the authorization referred to in the preceding paragraph, the Prime Minister may only grant the authorization if he/she finds that the particulars given in the application are unlikely to interfere with the sound and appropriate business operation of the Foreign Insurance Company, etc. in Japan.

(Foreign Mutual Company)

Article 193 (1) A Foreign Mutual Company shall prescribe representative persons in Japan if it seeks to continue conducting in Japan. In this case, at

least one of the representative persons in Japan shall be a person with an address in Japan.

- (2) The provisions of Article 818 (Prohibition, etc. of Continuous Transactions Prior to Registration) and Article 819 (Public Notice of What is Equivalent to a 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 Cabinet Order.

## **Section 2 Business, Accounting, etc.**

(Establishment of System for Protection of Customers' Interests)

- Article 193-2 (1) Whenever a Foreign Insurance Company, etc., or its Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. conducts any transaction, such Foreign Insurance Company, etc. shall, pursuant to the provisions of Cabinet Office Ordinance, properly manage the information on business conducted by itself or its Subsidiary Financial Institution, etc. (limited to Insurance Business and any other business specified by Cabinet Office Ordinance) and establish a system for properly supervising the status of implementation of said business or taking any other measures necessary so that the interests of the customer of said business will not be unjustly impaired.
- (2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means a person who holds the majority of All Shareholders' Voting Rights, etc. in a Foreign Insurance Company, etc. and any other person that is specified by Cabinet Order as being closely related to said Foreign Insurance Company, etc. and which is an Insurance Company, Bank, Financial Instruments Transaction Business Operator, or any other person conducting financial business that is specified by Cabinet Order.
- (3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1) means a person in which a Foreign Insurance Company, etc. holds the majority of All Shareholders' Voting Rights, etc., and any other person that is specified by Cabinet Order as being closely related to said Foreign Insurance Company, etc. and which is an Insurance Company, Bank, Financial Instruments

Transaction Business Operator, or any other person conducting financial business that is specified by Cabinet Order.

(Transactions, etc. with Specially Related Parties)

Article 194 A Foreign Insurance Company, etc. shall not make any of the following transactions or actions with parties to which it is specially related as specified by a Cabinet Order (hereinafter referred to as a "Specially Related Party" in this Article) or a customer of any Specially Related Party; provided, however, that this shall not apply where the Prime Minister has approved such transaction or action for any of the compelling reasons specified by a Cabinet Office Ordinance:

- (i) Any transaction, such as the purchase and sale of assets, conducted with a Specially Related Party 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 action taken with a Specially Related Party or a customer related to a Specially Related Party 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 conducted 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.

(Retention and Inspection, etc. of the 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 provisions 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 Insurance Business conducted in Japan;
- (ii) Profit and loss statement for Insurance Business conducted in Japan; and
- (iii) Business report for Insurance Business conducted 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 proceeds, may make the following requests at any time during the hours in which the Foreign Insurance Company, etc. should be doing 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 to inspect such documents;
- (ii) A request for a certified copy 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 to inspect anything that shows the particulars recorded in the electromagnetic records in a manner specified by a Cabinet Office Ordinance; or
- (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding item by the electromagnetic means determined by the Foreign Insurance Company, etc., or to be issued a document detailing such particulars.

(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 reserves and reserves for outstanding claims set aside in Japan pursuant to the provisions of Article 116, paragraph (1) and 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.

(Mutatis Mutandis Application of the Companies Act, etc.)

Article 198 (1) The provisions of Article 8 (No Use of Name, etc. that 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 that is likely to be mistaken for a Foreign Mutual Company; the provisions 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 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 actions taken 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 a person with which it has normal transactions; 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.

(Mutatis Mutandis Application 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) inclusive, 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

concerted actions taken by a Foreign Non-Life Insurance Company, etc. with another Non-Life Insurance Company (including a Foreign Non-Life Insurance Company, etc.); 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.; the provisions of Article 105-2 shall apply mutatis mutandis to a Foreign Life Insurance Company, etc.; and the provisions of Article 105-3 shall apply mutatis mutandis to a Foreign Non-Life 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 provisions 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 provisions 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 provisions 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 provisions of Article 273 of that Act"; the term "Article 3, paragraph (1) of the Insurance Business Act pursuant to the provisions 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 provisions 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 "Designated Dispute Resolution Organization for Life Insurance Services" in the items of paragraph (1) of Article 105-2, paragraph (2) of that Article and item (ii) of paragraph (3) of that Article shall be deemed to be replaced with "Designated Dispute Resolution Organization for Foreign Life Insurance Services"; the term "Life Insurance Services" in the items of paragraph (1) of that Article shall be deemed to be replaced with "Foreign Life Insurance Services"; the term "Designated Dispute Resolution Organization for Non-Life Insurance Services" in the items of paragraph (1) of Article 105-3, paragraph (2) of that Article and item (ii) of paragraph (3) of that Article shall be deemed to be replaced with "Designated Dispute Resolution Organization for Foreign Non-Life Insurance Services"; the term "Non-Life Insurance Services" in the items of paragraph (1) of that Article shall be deemed to be replaced with "Foreign Non-Life Insurance Services"; 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 detailing the particulars specified by 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 detailing the particulars specified by 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, 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 "reserves 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



"reserves 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, if he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate business operation of a Foreign Insurance Company, etc. in Japan, 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) If and to the extent that the Prime Minister finds it particularly necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate business operation of a Foreign Insurance Company, etc. in Japan, he/she may request any Specially Related Party of the Foreign Insurance Company, etc. (meaning a Specially Related Party as prescribed in Article 194; the same shall apply in the following paragraph and the following Article) or person the

Foreign Insurance Company, etc. has entrusted with its business in Japan (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..

- (3) A Specially Related Party of a Foreign Insurance Company, etc. or person that a Foreign Insurance Company, etc. has entrusted with its business in Japan may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds for it to do so.

(On-Site Inspection)

Article 201 (1) The Prime Minister may, if he/she finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate business operation of a Foreign Insurance Company, etc. in Japan, 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) If and to the extent that the Prime Minister finds it particularly necessary in entering a site, asking questions, or conducting an inspection under the preceding paragraph, he/she may have his/her officials enter a facility of any Specially Related Party of the Foreign Insurance Company, etc. or person the Foreign Insurance Company, etc. has entrusted with its business in Japan, have such officials question the Foreign Insurance Company, etc. or ask questions about particulars that are necessary for the inspection, or have such officials inspect relevant items such as books and documents.

- (3) A Specially Related Party of a Foreign Insurance Company, etc. or a person that a Foreign Insurance Company, etc. has entrusted with its business in Japan may refuse the questioning and inspection under the provisions of the preceding paragraph if there are justifiable grounds for it to do so.

(Standard of Soundness)

Article 202 The Prime Minister may use the following amounts with respect to a Foreign Insurance Company, etc. and establish whether or not the Foreign Insurance Company, etc. has an appropriate level of solvency in terms of its ability to pay Insurance Proceeds, etc. as the standard by which the soundness of its business management in Japan is determined:

- (i) Total amount of the items specified by Cabinet Office Ordinance, such as the deposit set forth in Article 190; and  
(ii) Amount calculated pursuant to the provisions of 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 Particulars Prescribed in Statement of Business Procedures, etc.)

Article 203 If and to the extent that the Prime Minister finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate business operation of a Foreign Insurance Company, etc. in Japan in light of the situation of the business or property of the Foreign Insurance Company, etc. or a change in the circumstances, he/she may order the Foreign Insurance Company, etc. to modify the particulars prescribed in the documents listed in Article 187, paragraph (3), items (ii) to (iv) inclusive.

(Suspension of Business, etc.)

Article 204 (1) If the Prime Minister finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate business operation of a Foreign Insurance Company, etc. in Japan in light of the status of the business or property of the Foreign Insurance Company, etc., he/she may request that Foreign Insurance Company, etc. to submit an improvement plan for ensuring soundness in the business operation of that Foreign Insurance Company, etc. in Japan or order a change to the submitted improvement plan by designating the particulars and the time limit for which measures must be taken, or, to the extent the Prime Minister finds necessary, he/she may 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 it is found to be necessary to issue due to the level of solvency of the Foreign Insurance Company, etc. in terms of its ability to pay Insurance Proceeds, etc., must be an order specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance for the category that corresponds to the level of solvency of the Foreign Insurance Company, etc. in terms of its ability to pay Insurance Proceeds, etc.

(Rescission of License, etc.)

Article 205 The Prime Minister may, if a Foreign Insurance Company, etc. has come to 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) If 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 particulars among those prescribed in the documents listed in the items of Article 187, paragraph (3)

- (ii) If 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 for 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) If it engages in conduct that is prejudicial to the public interest.

Article 206 The Prime Minister may, if he/she finds that the situation of the property of a Foreign Insurance Company, etc. is significantly worsening and that it is not appropriate for it to continue in 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).

(Mutatis Mutandis Application 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), sub-items (a) to (e) inclusive" in Article 124, paragraph (1) shall be deemed to be replaced with "Article 5, paragraph (1), item (iii), sub-items (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), sub-items (a) to (c) inclusive" in the same Article, item (ii) shall be deemed to be replaced with "Article 5, paragraph (1), item (iv), sub-items (a) to (c) inclusive as applied mutatis mutandis pursuant to Article 187, paragraph (5)," and the term "Article 5, paragraph (1), item (iii), sub-items (a) to (e) inclusive or item (iv), sub-items (a) to (c) inclusive" in Article 125 shall be deemed to be replaced with "Article 5, paragraph (1), item (iii), sub-items (a) to (e) inclusive or item (iv), sub-items (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, if it seeks to abolish its Insurance Business in Japan (excluding the cases falling under paragraph (6) of the following Article), obtain authorization from the Prime Minister.

(Notification by Foreign Insurance Company, etc.)

Article 209 If a Foreign Insurance Company, etc. falls under any of the following items, it shall notify the Prime Minister of this without delay pursuant to the provisions of Cabinet Office Ordinance:

- (i) it has started its Insurance Business in Japan;
- (ii) it has modified any of the particulars listed in Article 187, paragraph (1), item (i), (ii) or (iv), or any of the particulars prescribed by the document listed in Article 187, paragraph (3), item (i);
- (iii) it has modified the amount of its capital or contribution, or the total amount of its funds;
- (iv) it has carried out an Entity Conversion;
- (v) it 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) it has dissolved (for any other reason than a merger) or abolished its Insurance Business;
- (vii) it has had its license for Insurance Business canceled in its home country;
- (viii) it has become subject to a ruling for the commencement of bankruptcy proceedings; or
- (ix) it falls under any of the other cases specified by Cabinet Office Ordinance.

(Mutatis Mutandis Application of Provisions on Portfolio Transfers 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 provisions of Article 208 shall not apply in this case.

(Mutatis Mutandis Application of Provisions on the Transfer or Acceptance of Business, and Entrustment of Business and Property Administration)

Article 211 The provisions of Article 142 shall apply mutatis mutandis to a transfer or acceptance 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 administration of 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 changes in interpretation shall be specified by Cabinet Order.

(Liquidation of a Foreign Insurance Company, etc.)

Article 212 (1) A Foreign Insurance Company, etc. shall, if it falls under any of the following items, liquidate the whole of its property in Japan:

- (i) its license under Article 185, paragraph (1) has been cancelled pursuant to the provisions of Article 205 or 206; or
- (ii) its license under Article 185, paragraph (1) has lost its effect pursuant to the provisions of Article 273.

- (2) If a Foreign Insurance Company, etc. goes into liquidation pursuant to the provisions 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 provisions of the preceding paragraph, commission the registry office with jurisdiction over the principal branch of the Foreign Insurance Company in Liquidation, etc. in Japan to make a registration to that effect.
- (4) The provisions of Article 500 (Restrictions on Performance of Obligations) of the Companies Act as applied with relevant changes in interpretation pursuant to the provisions 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 an 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 Procedures of Special Liquidation) and Article 938, paragraphs (1) to (5) inclusive (Commissioning of Registration by a Juridical Decision on Special Liquidation) 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 changes in interpretation shall be specified by Cabinet Order.
- (5) The provisions 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 Foreign Insurance Company in Liquidation, 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 "Insurance Company in Liquidation, etc." in Article 177, paragraph (3) shall be deemed to be replaced with "Foreign Insurance Company in Liquidation, etc."; the terms "paragraph (1), (4) or (9) of the preceding Article" and "Insurance Company in Liquidation, etc." in Article 175 shall be deemed to be replaced with "Article 212, paragraph (2)" and "Foreign Insurance Company in Liquidation, etc.," respectively; and the term "Insurance Company in Liquidation, etc." in Article 179, paragraph (1) shall be deemed to be replaced with "Foreign Insurance Company in Liquidation, etc."; any other necessary technical change in interpretation shall be specified by Cabinet Order.

- (6) The provisions of Article 812 (Resignation of Representatives in Japan Whose Domiciles Are 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).

(Mutatis Mutandis Application of the Companies Act)

Article 213 The provisions of Article 822, paragraphs (1) to (3) inclusive (Liquidation of a Foreign Company's Property in Japan), Part VII, Chapter I, Section 2 (Order of Prohibition of Continuous Transactions or Closure of a Business Office of a Foreign Company), Part VII, Chapter III, Sections 1 (General Provisions), 4 (Special Provisions on Liquidation Proceedings of a Foreign Company) and 5 (Special Provisions on Procedures of a Dissolution Order, etc. for a Company), Article 937, paragraph (2) (Commissioning of Registration by a Judicial Decision), and Article 938, paragraph (6) (Commissioning of Registration by a Juridical Decision Concerning Special Liquidation) 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 Cabinet Order.



## Section 5 Miscellaneous Provisions

(Registry)

Article 214 A registry office shall keep a registry of foreign mutual companies.

(Mutatis Mutandis Application of the 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, etc. of Appointment of a Representative in Japan), Article 935, paragraph (2) (Registration, etc. of the Relocation of the Domicile of a Representative in Japan) and Article 936, paragraph (2) (Registration, etc. of Establishment of a Business Office in Japan) 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 Cabinet Order.

(Mutatis Mutandis Application of the Commercial Registration Act)

Article 216 The provisions of Article 1-3 to 5 inclusive (Registry Office, Delegation of Affairs, Suspension of Affairs, Registrar, Disqualification of Registrar), Article 7 to 15 inclusive (Prohibition on Carrying Out of Registries and Other Documents, Loss and Restoration of Registries, Prevention of Loss of Registry, Issuance of Certificate of Registered Matters, Issuance of Documents Specifying Extract of Matters Registered, Inspection of Annexed Documents, Certificate of Seal Impression, Certification of Matters Required for Verification of Measures to Identify the Creator of Electromagnetic Records and Other Matters, Fees, Registration Upon Application by a Relevant Party, Registration upon 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 Impression), Article 21 to 23-2 inclusive (Acceptance of Applications, Receipt, Order of Registration, Identify Confirmation by Registrar), Article 24 (excluding items (xi) and (xii)) (Dismissal of Application), Article 25 to 27 inclusive (Registration to be Made after Lapse of Period for Filing Action, Change in Administrative Zone, etc., Prohibition of Registration of Identical Trade Name at Same Location), Article 33 (Cancellation of Registration of Trade Name), Articles 44 and 45 (Registration of Company's Manager), 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 Cancellation, Ex Officio Cancellation, Exclusion from Application of the Administrative Procedure Act, Exclusion from Application of the Act on Access to Information Held by Administrative Organs, Request for Review, Handling of Request of Review Case, Exclusion from Application of the 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 particulars that are required to be included in a written application pursuant to the provisions 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 Cabinet Order.

(Method of Public Notice by a 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 the particulars of 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) (Public Notice Period, etc. of Electronic Public Notice), Article 941 (Electronic Public Notice Investigation), Article 946 (Obligation, etc. of Investigation), Article 947 (Cases Where an Electronic Public Notice Investigation Is Unable to Be Carried Out), Article 951, paragraph (2) (Retention and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement), and Article 955 (Statements, etc. in an Investigation Record Book, 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 Cabinet Order.
- (4) The Method of Public Notice by a Foreign Insurance Company, etc. (other than a foreign company or Foreign Mutual Company) shall be publication in a daily newspaper that publishes the particulars of current events.

(Notification of Establishment of a Representative Office in a Foreign State, etc.)

Article 218 (1) If a Foreign Insurer who does not have a license as set forth in Article 185, paragraph (1) falls under any of the following items and if item (i) applies, the insurer shall notify the Prime Minister of this and of the content of the relevant business, the location of the offices conducting such business and any other particular specified by Cabinet Office Ordinance and, if item (ii), (iii) or (iv) applies, shall notify the Prime Minister of this without delay:

- (i) The insurer seeks to establish a resident office in a foreign state or any other office in Japan to conduct any of the following business (including the cases where it seeks to conduct such 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), sub-item (a) or (b) that were provided at the office set forth in that item; or
  - (iv) The insurer has modified any of the particulars for which it has provided notification under item (i).
- (2) The Prime Minister may, if 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), sub-item (a) or (b) of that paragraph that is conducted at the office set forth in that item.

### **Section 6 Special Provisions on Specified Juridical Persons**

(Licensing)

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 Representative" in this Section) to act as an underwriting agent for those members of the Specified Juridical Person who provide insurance underwriting (hereinafter referred to as "Underwriting Members") for the juridical person's Insurance Business in Japan, or as a business agent for the Specified Juridical Person and its Underwriting Members for such Insurance Business in Japan, and obtain a license from the Prime Minister for its Underwriting Members to conduct Insurance Business in Japan:

- (i) It was incorporated under a special foreign law or regulation; and
  - (ii) Pursuant to a special provisions of foreign laws or regulations, its members are allowed to conduct Insurance Business in the relevant foreign state without obtaining a license for 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: a specified life insurance business license and a specified non-life insurance business license.
- (3) The same Specified Juridical Person may not obtain both a specified life insurance business license and a specified non-life insurance business license.
- (4) A specified life insurance business license shall be a license for Underwriting Members to underwrite the type of insurance listed in Article 3, paragraph (4), item (i) as a business undertaking in Japan or, in addition, to underwrite the

type of insurance listed in Article 3, paragraph (4), item (ii) or (iii).

- (5) A specified non-life insurance business license shall be a license for an Underwriting Member to underwrite the type of insurance listed in Article 3, paragraph (5), item (i) as a business undertaking in Japan or, in addition, to underwrite 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), conduct Insurance Business in Japan in the offices of their general agent in accordance with the type of license issued under paragraph (2).

(Application Procedures for Licensing)

- Article 220 (1) Any Specified Juridical Person that seeks 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 detailing the following particulars:
- (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 the "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 (meaning the head office of the General Representative; hereinafter the same shall apply in this Section).
- (2) A certificate issued by the competent authorities of the Country with Jurisdiction over Incorporation certifying that the Specified Juridical Person was incorporated legally and that its Underwriting Members legally conduct the same type of Insurance Business as that which they seek to conduct in Japan, in the Country with Jurisdiction over Incorporation, shall be attached to the written application for a license set forth in the preceding paragraph.
- (3) In addition to what is listed in the preceding paragraph, the following documents and other documents specified by 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) A 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) A statement on the calculation methods for the insurance premiums and policy reserves 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 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 conduct in Japan.
- (4) The documents listed in item (ii) to (iv) inclusive of the preceding paragraph must detail the particulars specified by Cabinet Office Ordinance.

(Licensing Examination Standards)

Article 221 (1) Whenever an application has been filed for the license set forth in Article 219, paragraph (1), the Prime Minister shall examine whether it conforms to the following standards:

- (i) The person that filed 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 has sufficient 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 for the Insurance Business the Underwriting Members would conduct in Japan are satisfactory
  - (iv) The particulars detailed in the documents listed in paragraph (3), item (ii) and (iii) of the preceding Article conform to the standards listed in Article 5, paragraph (1), item (iii), sub-item (a) to (e) inclusive; and
  - (v) The particulars detailed in the documents listed in paragraph (3), item (iv) of the preceding Article conform to the standards listed in Article 5, paragraph (1), item (iv), sub-items (a) to (c) inclusive.
- (2) If and to the extent that the Prime Minister finds it necessary for the public interest in light of standards for examination prescribed in the preceding paragraph, he/she may impose conditions on the license referred to in Article 219, paragraph (1) or change them.

(Public Notice by the Prime Minister)

Article 222 If the Prime Minister has granted a license under Article 219, paragraph (1), he/she shall publish that fact and the particulars listed in the items of Article 220, paragraph (1) without delay in the Official Gazette. The same shall apply where the Prime Minister has been notified pursuant to Article 234 of the modification of any particular listed in Article 220, paragraph (1), item (i), (ii), (iii) or (v).

(Deposits)

- 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 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) If the Prime Minister finds it necessary for the protection of Policyholders, etc. in Japan, he/she may order a Licensed Specified Juridical Person to deposit, in addition to the amount of money specified by Cabinet Order set forth in the preceding paragraph, the amount of money that he/she finds appropriate prior to the commencement of Insurance Business in Japan by its Underwriting Members.
- (3) If a Licensed Specified Juridical Person has concluded an agreement stipulating that a required amount of deposit be made for the Licensed Specified Juridical Person by order of the Prime Minister pursuant to the provisions of Cabinet Order and has notified the Prime Minister of this, it may 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 "Contract Amount" in this Article), so long as the agreement remains in effect.
- (4) If the Prime Minister finds it necessary for the protection of Policyholders, etc. in Japan, he/she may 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 make a deposit in an amount corresponding to the whole or Part of the Contract Amount.
- (5) Underwriting Members may not commence Insurance Business under a license referred to in Article 219, paragraph (1), unless the Licensed Specified Juridical Person has made the deposit under paragraph (1) (including any deposit made following an order for the deposit of money under paragraph (2) pursuant to the provisions 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 of this.
- (6) The Policyholders, insurers or beneficiaries of insurance contracts concluded

by 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 provisions 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) The necessary particulars for enforcing a claim under paragraph (6) shall be specified by Cabinet Order.
- (9) If and when the amount of a deposit (including the Contract Amount) falls below the amount specified by Cabinet Order set forth in paragraph (1) for reasons such as the enforcement of a claim under paragraph (6), the Licensed Specified Juridical Person shall compensate for the shortfall within two weeks from the date specified by Cabinet Office Ordinance, and notify the Prime Minister to that effect without delay.
- (10) A Licensed Specified Juridical Person may deposit any of the securities specified by 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 made pursuant to the provisions of paragraph (1), (2), (4) or (9) may be recovered pursuant to the provisions of 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 provisions 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 provisions of Article 236.
- (12) In addition to what is provided for in the preceding paragraphs, necessary particulars of a deposit shall be specified by Cabinet Office Ordinance/Ordinance of the Ministry of Justice.

(Notification on Underwriting Members Conducting Insurance Business in Japan, etc.)

- Article 224 (1) A Representative Person in Japan shall notify the Prime Minister in advance of the names and addresses of the Underwriting Members to conduct 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 Cabinet Office Ordinance set forth in Article 220, paragraph (3), item (v). The same shall apply to any change in a particular of which notification has been given.
- (2) A Representative Person in Japan shall keep at its principal branch in Japan a list of the Underwriting Members conducting Insurance Business in Japan.



- (3) Policyholders and beneficiaries of insurance proceeds in connection with the business of the Underwriting Members in Japan, and other creditors and insured parties, may make any of the following requests to the General Representative at any time during the hours in which it should be doing business; provided, however, that they must pay the fees determined by the General Representative in making a request falling under item (ii) or (iv):
- (i) Where the list set forth in the preceding paragraph has been prepared in writing, a request to inspect such a document;
  - (ii) A request for a certified copy or extract of the documents referred to in the preceding item;
  - (iii) Where the list set forth in the preceding paragraph has been prepared in the form of electromagnetic records, a request to inspect anything that shows the particulars recorded in the electromagnetic records in a manner specified by Cabinet Office Ordinance; or
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding item by the electromagnetic means determined by the General Representative, or to be issued a document detailing such particulars.

(Modification of Particulars Prescribed in a Statement of Business Procedures, etc.)

- Article 225 (1) A Licensed Specified Juridical Person shall obtain authorization from the Prime Minister when it seeks to modify any of the particulars prescribed in the documents listed in Article 220, paragraph (3), items (ii) to (iv) inclusive (excluding the particulars specified by Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc. in Japan).
- (2) A Licensed Specified Juridical Person shall, when it seeks to modify any of the particulars that are prescribed in the preceding paragraph and are specified by Cabinet Office Ordinance set forth in that paragraph, notify the Prime Minister to that effect in advance.
- (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 Reports and Materials)

- Article 226 (1) If the Prime Minister finds it necessary to protect Policyholders, etc. in Japan by ensuring the sound and appropriate business operation of the

Underwriting Members in Japan, he/she may request the Licensed Specified Juridical Person, Underwriting Members or General Representative to submit a report or materials concerning the status of the business or property of the Licensed Specified Juridical Person or its Underwriting Members in Japan.

(2) If and to the extent that the Prime Minister finds it particularly necessary for the protection of Policyholders, etc. in Japan and for ensuring the sound and appropriate business operation of the Underwriting Members in Japan, he/she may request the Licensed Specified Juridical Person to which the Underwriting Members belong or a person the Underwriting Members have entrusted with their business in Japan (other than the Underwriting Members or General Representative; referred to as a "Person That a Licensed Specified Juridical Person, etc. Has Entrusted With Its Business" 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 status of the business or property of the Licensed Specified Juridical Person or Underwriting Members in Japan.

(3) A Person That a Licensed Specified Juridical Person, etc. Has Entrusted With Its Business may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds for it to do so.

(On-Site Inspections)

Article 227 (1) If the Prime Minister finds it necessary for ensuring the sound and appropriate business operation of the Underwriting Members in Japan and for protecting Policyholders, etc. in Japan, he/she may have his/her officials enter the offices of the General Representative, ask questions on the status 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) If and to the extent that the Prime Minister finds it to be particularly necessary in entering a site, asking questions, or conducting an inspection pursuant to the provisions of the preceding paragraph, he/she may have his/her officials enter the office of a Person That the Licensed Specified Juridical Person, etc. Has Entrusted With Its Business, have such officials question the Licensed Specified Juridical Person or its Underwriting Members or ask questions about any particulars that are necessary for their inspection, or have such officials inspect relevant materials such as books and documents.

(3) A Person That a Licensed Specified Juridical Person, etc. Has Entrusted With Its Business may refuse the questioning and inspection under the preceding paragraph if there are justifiable grounds for it to do so.

(Standard of Soundness)

Article 228 The Prime Minister may use the following amounts with respect to a

Licensed Specified Juridical Person and establish whether or not the Underwriting Members have an appropriate level of solvency in terms of their ability to pay Insurance Proceeds, etc. as the standard by which the soundness of the Underwriting Members' business management in Japan is determined:

- (i) The sum total of the amounts specified by Cabinet Office Ordinance, such as the deposit under Article 223; and
- (ii) An amount calculated pursuant to the provisions of 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 Modify Particulars Prescribed in a Statement of Business Procedures, etc.)

Article 229 If and to the extent that the Prime Minister finds it necessary for protecting Policyholders, etc. in Japan and for ensuring the sound and appropriate business operation of the Underwriting Members in Japan in light of the status of the business or property of the Licensed Specified Juridical Person and Underwriting Members or any changes in the circumstances, he/she may order the Licensed Specified Juridical Person to modify the particulars prescribed in the documents listed in Article 220, paragraph (3), items (ii) to (iv) inclusive.

(Suspension of Business, etc.)

Article 230 (1) If the Prime Minister finds it necessary for protecting the Policyholders, etc. in Japan and for ensuring the sound and appropriate business operation of the Underwriting Members in Japan in light of the status of the business or property of the Licensed Specified Juridical Person or Underwriting Members, he/she may request the Licensed Specified Juridical Person or Underwriting Members to submit an improvement program to ensure the soundness of the business operations of the Underwriting Members in Japan by identifying particulars for which measures must be taken as well as a time limit or order the modification of the submitted improvement program, or may, to the extent that he/she finds 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) An order under the preceding paragraph (including the request for submission of an improvement program) that it is found to be necessary to issue due to the Underwriting Members' level of solvency in terms of their ability to pay Insurance Proceeds, etc., must be an order specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance for the category that

corresponds to the Underwriting Members' level of solvency in terms of their ability to pay Insurance Proceeds, etc.

(Rescission of a License, etc.)

Article 231 The Prime Minister may order the full or partial suspension of business in Japan by the Underwriting Members or the dismissal of the Representative Person in Japan, or rescind the license set forth in Article 219, paragraph (1), if a Licensed Specified Juridical Person or its Underwriting Member:

- (i) violates 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 particulars prescribed in the documents listed in Article 220, paragraph (3), items (i) to (iv) inclusive;
- (ii) violates any of the conditions attached to the license; or
- (iii) engages in any conduct that harms public interest.

Article 232 If the Prime Minister finds that the status 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 conduct Insurance Business in Japan from the viewpoint of protecting Policyholders, etc. in Japan, he/she may cancel the license issued to the Licensed Specified Juridical Person under Article 219, paragraph (1).

(Authorization of Abolition of a General Representative)

Article 233 A Licensed Specified Juridical Person shall, when it seeks to abolish its General Representative, obtain authorization from the Prime Minister.

(Notification by Licensed Specified Juridical Person)

Article 234 If a Licensed Specified Juridical Person falls under any of the following items, it shall notify the Prime Minister of this without delay:

- (i) its Underwriting Members have started their Insurance Business in Japan;
- (ii) it has modified any of the particulars listed in Article 220, paragraph (1), item (i), (ii), (iii) or (v), or any of the particulars 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 Member conducting 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 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 provisions 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 provisions 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 provisions 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 provisions 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 provisions of Article 500 (Restrictions on Performance of Obligations) of the Companies Act as applied with relevant changes in interpretation pursuant to the provisions 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 the Procedures of Special Liquidation) and Article 938, paragraphs (1) to (5) inclusive (Commissioning of Registration by a Juridical Decision Concerning Special Liquidation) 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 Cabinet Order.
- (5) The provisions 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 "Insurance Company in Liquidation, 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 "Insurance Company in Liquidation, 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 "Insurance Company in Liquidation, 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 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 to the relevant effect in the Official Gazette:

- (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 provisions of Article 240;
- (ii) When he/she rescinds the license set forth in Article 219, paragraph (1) canceled pursuant to the provisions 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 provisions of Article 240, or any order under Article 258, paragraph (1) as applied pursuant to the provisions of Article 240; and
- (iv) When the license granted under Article 219, paragraph (1) loses its effect pursuant to the provisions 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 the particulars of current events.

(Notification by General Representative, etc.)

Article 239 A person who seeks to act as General Representative for a Specified Juridical Person that seeks 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 particulars specified by 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 a particular with regard to which notification has been given.

(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 V (including the penal provisions pertaining thereto), the Underwriting Members of a Licensed Specified Juridical Person shall be deemed to be 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 provisions 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 provisions of Article 273 of that Act" and "Article 185, paragraph (1) of the Insurance Business Act pursuant to the provisions 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 provisions 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 provisions of Article 236 of that Act" and "Article 219, paragraph (1) of the Insurance Business Act pursuant to the provisions 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 conduct Insurance Business in Japan shall be deemed to be 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 to be 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 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 Representative set forth in Article 219, paragraph (1) or any other equivalent place specified by 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."

(iii)-2 For the purpose of applying the provisions of Article 105-2 as applied mutatis mutandis pursuant to Article 199, a Specified Juridical Person which has obtained a specified life insurance business license shall be deemed to be a Foreign Life Insurance Company, etc. In this case, the term "Designated Dispute Resolution Organization for Foreign Life Insurance Services" in the items of paragraph (1) of Article 105-2, paragraph (2) of that Article and item (ii) of paragraph (3) of that Article as applied mutatis mutandis pursuant to Article 199 shall be deemed to be replaced with "Designated Dispute Resolution Organization for Specified Life Insurance Services"; and the term "Foreign Life Insurance Services" in the items of paragraph (1) of that Article shall be deemed to be replaced with "Specified Life Insurance Services."

(iii)-3 For the purpose of applying the provisions of Article 105-3 as applied mutatis mutandis pursuant to Article 199, a Specified Juridical Person which has obtained a specified non-life insurance business license shall be deemed to be a Foreign Non-Life Insurance Company, etc. In this case, the term "Designated Dispute Resolution Organization for Foreign Non-Life Insurance Services" in the items of paragraph (1) of Article 105-3, paragraph (2) of that Article and item (ii) of paragraph (3) of that Article as applied mutatis mutandis pursuant to Article 199 shall be deemed to be replaced with "Designated Dispute Resolution Organization for Specified Non-Life Insurance Services"; and the term "Foreign Non-Life Insurance Services" in the items of paragraph (1) of that Article shall be deemed to be replaced with "Specified Non-Life Insurance Services."

(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 to be 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 doing 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 Representative should be doing business" and "determined by the General Representative," 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 to be a Foreign Insurance Company, etc.

(vi) The provisions 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 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 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 insurance proceeds 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) If the Prime Minister finds there to be grounds in the report set forth in paragraph (1), he/she shall approve the report.
- (4) The term "Contracts Exempt from Modification," as prescribed in paragraph (1), refers to the insurance contracts specified by 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 the insurance proceeds pertaining to the insured event).

(Suspension of Business, etc.)

Article 240-3 If the Prime Minister finds it necessary for the protection of Insurance Policyholders, etc., in cases approved in paragraph (3) of the preceding Article, he/she may 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 reserves that must be accumulated by the date of reference of said Modification of Contract Conditions.

- (2) Concerning the assumed interest rate that is to become the basis of calculation for the payments that are modified by the Modification of Contract Conditions, such as insurance proceeds 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 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 seeks 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 (Notices of Convocation for Shareholders' Meetings) (including the cases where it is applied mutatis mutandis pursuant to Article 41, paragraph (1) and Article 49, paragraph (1)), show the particulars specified by 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, the particulars of funding and the handling of debts against creditors apart from Insurance Policyholders, etc. and the particulars of 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 with the two-thirds majority vote of the attending shareholders, notwithstanding these provisions.
- (2) Resolutions of a Shareholders' Meeting or a class meeting listed in the items of Article 309, paragraph (3) or in Article 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 with

- the two-thirds majority vote of the attending shareholders at a session where the majority of the 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 with the three-quarter majority vote of the attending members (or, where the company has a General Representative Members' Council, attending representative members).
- (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 majority as prescribed in paragraph (1) at the Shareholders' Meeting set forth in the preceding paragraph, a resolution on the particulars 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 Representative Members' Council has been established, "representative members"), the term "Shareholders' Meeting" in that paragraph and in paragraph (5) shall be deemed to be replaced with the term "general members' council meeting" (or "General Representative Members' Council Meeting," where the company has such a council), and the term "paragraph (1)" in that paragraph shall be deemed to be replaced with the term "paragraph (3)."

(Retention, etc. of Documents Related to the 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 issuance 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 particulars specified by 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, the particulars of the funding and the handling of debts against creditors apart from Insurance Policyholders, etc., and the particulars of 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 to inspect the documents set forth in the preceding paragraph;
  - (ii) A request for a certified copy or extract of the documents set forth in the preceding paragraph;
  - (iii) A request to inspect anything that shows the particulars recorded in the electromagnetic records set forth in the preceding paragraph in a manner specified by a Cabinet Office Ordinance;
  - (iv) A request to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by the electromagnetic means determined by that Insurance Company, or to be issued a document detailing such particulars.

(Insurance Inspectors)

Article 240-8 (1) If the Prime Minister finds it necessary, in cases approved as set forth in Article 240-2, paragraph (3), he/she may appoint an Insurance Inspector and cause that Insurance Inspector to investigate relevant particulars 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 particulars that must be investigated by the Insurance Inspector and the deadline by which he/she must report the investigation findings to the Prime Minister.

- (3) If the Prime Minister finds that the Insurance Inspector is not carrying out the investigation appropriately, he/she may 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 changes 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).

(Investigations, etc., by Insurance Inspectors)

- 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 status of the business and property of the Company Being Investigated (with regard to any person who has resigned from these positions, limited to the status of particulars that could have been known by said person during the period when he/she was engaged to work for 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 Inspectors)

- 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 duties 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 duties of the Insurance Inspector.

(Approval for the 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 the 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 the Insurance Policyholders who are subject to the Modification of Contract Conditions (hereinafter referred to as "Policyholders Subject to the Modification" in this Article) in writing of the contents of the Modification of Contract Conditions under the resolution set forth in that paragraph.

- (2) In the case referred to in the preceding paragraph, the Insurance Company shall attach the documents specified by 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 the particulars of funding and the handling of debts against creditors other than Insurance Policyholders, etc., and documents showing to the particulars of 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 that any Policyholder Subject to the Modification who has an objection must raise that objection 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 the Modification 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 the Modification 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 the Modification who have raised such objections exceeds one tenth of the total amount of that amount of Policyholders Subject to the Modification.
- (5) When the number of Policyholders Subject to the Modification 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 the Modification shall be deemed to have approved said Modification of Contract Conditions.

(Public Notice, etc. of the 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 particulars specified by 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 Dispositions, etc., by the Prime Minister on Business and Property Management, etc.**

**Subsection 1 Suspension of Business, Orders for Merger Consultations, etc., and Business and Property Management**

(Suspension of Business, Orders for Merger Consultations, etc., and Business and Property Management)

Article 241 (1) If the Prime Minister finds that the continuation of Insurance Business will be difficult in light of the status of the business or property of an Insurance Company, etc., or Foreign Insurance Company, etc., or if he/she finds that the management of that business (in the case of Foreign Insurance Companies, etc., their 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 Insurance Business could bring about a situation lacking in protection for Insurance Policyholders, etc., the Prime Minister may 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 an 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 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 Low-Cost, Short-Term Insurance Holding Company prescribed in Article 272-37, paragraph (2);

(iii) A company that has received the approval under Article 271-18, paragraph (1) to become a Holding Company whose Subsidiaries include an Insurance Company, due to an acquisition of shares;

(iv) A company that has received approval, as set forth in Article 272-35, paragraph (1), to become a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer, due to an 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.), whose Subsidiaries include an Insurance Company, etc., or Foreign Insurance Company, etc., or which is attempting to make such company its Subsidiary.

(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 an Insurance Administrator)

Article 242 (1) When a disposition ordering business and property management

by an Insurance Administrator has been issued under the provisions 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 been rendered that disposition (hereinafter referred to as a "Managed Company"), 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 of 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) (Actions to Invalidate Acts Concerning the Organization of a Company) (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 Revoke a Resolution of a 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 Managed Company.
- (4) If the Prime Minister finds it necessary, he/she may 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 Managed Company, dismiss the Insurance Administrators.
- (5) If the Prime Minister has appointed Insurance Administrators pursuant to the provisions of paragraph (2) or the preceding paragraph or if he/she has dismissed Insurance Administrators pursuant to that paragraph, he/she shall notify the Managed Company of this, as well as giving public notice of that 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 Associations and General Incorporated Foundations shall apply mutatis mutandis to Insurance Administrators and the Managed Company, 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 Associations and General Incorporated Foundations 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.

(Notices and Registration)

- Article 244 (1) If the Prime Minister shall issues a Disposition Ordering Management, he/she shall immediately notify the district court with jurisdiction over the location of the head office or principal office of the Managed Company of this, and attach a certified copy of the written order to a written commission and commission its registration in the registry of the head office or principal office of the Managed Company (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 provisions of paragraph (1) shall apply mutatis mutandis when modifications occur to particulars listed in the preceding paragraph.

(Suspension of Business)

- Article 245 When a Disposition Ordering Management has been issued, the Managed Company shall suspend its business, except for those listed as follows; provided, however, that this shall not apply to a portion business when the Prime Minister finds it necessary that said portion not be suspended

pursuant to a report by the Insurance Administrator.

- (i) Where a contract has been concluded under the provisions of Article 270-6-7, paragraph (3) with an Affiliated Corporation as prescribed in Article 266, paragraph (1), business for paying insurance proceeds or any other benefit under a Covered Insurance Contract as prescribed in Article 270-3, paragraph (2), item (i) (hereinafter referred to as a "Covered Insurance Contract" in this Article) (limited to the amount calculated by multiplying the amount of the insurance proceeds or any other benefit under the Covered Insurance Contract by the rate specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance, in consideration of the type of Covered Insurance Contract, the assumed interest rate, any other content, and the timing that the insured event pertaining to said claim occurred, etc.; hereinafter referred to as "Covered Insurance Proceeds"), based on a creditor's right to claim Insurance Proceeds or any other right claimed by the creditor, as specified Cabinet Order, under said Covered Insurance Contract (hereinafter referred to as "Services for Paying Covered Insurance Proceeds").
- (ii) Business involving the cancellation of specified Covered Insurance Contracts (meaning 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 involving the payment of cancellation refunds or any other similar benefits; hereinafter referred to as "Business for Canceling Specified Covered Insurance Contracts").

(Prohibition on Entry of Name Changes for Shareholders)

Article 246 If a Managed Company (excluding a Foreign Insurance Company, etc.) is a Stock Company and the Prime Minister finds it necessary, the Prime Minister may prohibit the entry of a name change for the shareholders.

(Insurance Administrator's Duty to Report)

Article 246-2 An Insurance Administrator shall, without delay after taking office, investigate and report the following particulars to the Prime Minister:

- (i) The course of events that lead to the circumstances under which the Managed Company received a Disposition Ordering Management;
- (ii) The situation of the business and property of the Managed Company;
- (iii) Any other necessary particular.

(Approval of Plans)

Article 247 (1) If the Prime Minister finds it necessary for the protection of

Insurance Policyholders, etc., that the maintenance of insurance contracts pertaining to the Managed Company (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 business involving the cancellation of specified Covered Insurance Contracts or any other business be conducted smoothly, he/she may order the Insurance Administrator to prepare a plan, including the following particulars, related to business and property management:

- (i) A policy related to the liquidation and rationalization of the business of the Managed Company; and
  - (ii) Measures to carry out smoothly a Merger, etc., pertaining to the Managed Company.
- (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) If the Prime Minister finds it necessary for the protection of Insurance Policyholders, etc., he/she may order the Insurance Administrator to change or abolish the plan set forth in paragraph (1).

(Investigations, etc., by Insurance Administrators)

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 Managed Company, and any person who has resigned from these positions, to make a report on the status of the business and property of the Managed Company (with regard to any person who has resigned from these positions, limited to the status of particulars that could have been known by said person during the period when he/she was engaged to work for that Managed Company), or inspect the books, documents, or any other items of the Managed Company.

- (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 Administrators, 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 duties of the Insurance Administrator, etc., shall not divulge any secret learned in the course of duty. The same shall apply after said officers or employees are no longer engaged in the duties of the Insurance Administrator, etc.

(Measures to Clarify Managers' Responsibility for the Bankruptcy of a Managed Company)

Article 247-4 (1) An Insurance Administrator shall, in order to cause directors, executive officers, accounting advisers, company auditors or accounting auditors of a Managed Company, or any person who has resigned from these positions, to perform his/her civil responsibility based on the breach of professional obligations, file an action with the court or take other necessary measures.

- (2) An Insurance Administrator shall, if, in the course of his/her duties, he/she comes to consider that a crime has been committed, take the necessary measures toward prosecution.

(Transactions between an Insurance Administrator and a Managed Company)

Article 247-5 (1) An Insurance Administrator shall obtain the approval of the Prime Minister before carrying out, for himself/herself or for a third party, any transaction with the Managed Company. In this case, the provisions of Article 108 (Self-Contract and Representation of Both Parties) of the Civil Code shall not apply.

- (2) An action shall be null and void if the approval set forth in the preceding paragraph has not been obtained; provided, however, that this may not be duly asserted against a third party without knowledge.

(Rescission of Dispositions Ordering Management by Insurance Administrator)

Article 248 (1) If the Prime Minister finds that there is no longer any need for a Disposition Ordering Management, he/she shall rescind that Disposition Ordering Management.

- (2) The provisions of Article 244, paragraph (1) shall apply mutatis mutandis to the case set forth in the preceding paragraph.

(Special Provisions on Extraordinary Resolutions, etc., at Shareholders' Meetings, etc.)

Article 249 (1) In a Managed Company that is a Stock Company (excluding a

Foreign Insurance Company, etc.; hereinafter the same shall apply in this Article and the following Article), resolutions at a Shareholders' Meeting or class meeting listed in Article 309, paragraph (2), item (iv), (v), (ix), (xi), or (xii) (Resolutions at Shareholders' Meetings) or Article 324, paragraph (2), item (i) or (iv) (Resolutions at Class Meetings) 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 with the two-thirds majority vote of the attending shareholders, notwithstanding these provisions.

- (2) In a Managed Company that is a Stock Company, resolutions at a Shareholders' Meeting or class meeting listed in the items of Article 309, paragraph (3) or in Article 324, paragraph (3), items (i) and (ii) of the Companies Act or resolutions pursuant to the provisions of Article 323 (Cases of Provisions Requiring Resolution at a 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 with the two-thirds majority vote of the attending shareholders at a session where the majority of the shareholders are present, notwithstanding these provisions.
- (3) In a Managed Company 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 with a three-quarters majority vote of the members attending the meeting (or attending the General Representative Members' Council meeting, where the company has such a council), 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 Managed Company 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 on the particulars 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 present at the relevant meeting (or, where the company has a General Representative Members' Council, the representative members present)," the term "Shareholders' Meeting" in that paragraph and in paragraph (5) shall be deemed to be replaced with the term "general members' council meeting" (or "General Representative Members' Council Meeting," where the company has such a council), 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 Managed Company that is a Stock Company is unable to satisfy its obligations with its property, that Managed Company may obtain permission of a court and act with regard to the following particulars, 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 Managed Company that is a Mutual Company is unable to satisfy its obligations with its property, that Managed Company may obtain permission of a court and act with regard to the following particulars, 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 Managed Company, 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 seeks to dismiss directors, executive officers, accounting advisers, company auditors, or accounting auditors of the Managed Company 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 Managed Company, 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 Managed Company who have been elected pursuant to the provisions of the preceding paragraph shall retire from their posts at the conclusion of the first annual Shareholders' Meeting or annual general members' council meeting (in cases where there is a General Representative Members' Council, the Annual General Representative Members' Council 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 the particulars of 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 Managed Company shall have jurisdiction over the particulars of Replacement Permissions.
- (8) The court shall, when it has made a decision on Replacement Permissions, serve that written decision on the Managed Company and make a public notice as to the gist of that decision.
- (9) The public notice made pursuant to the provisions of the preceding paragraph shall be published in the Official Gazette.
- (10) The decision on Replacement Permissions shall take effect as of the time it has been served on the Managed Company under the provisions 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 the particulars of Replacement Permissions.

(Special Provisions on Registration Pertaining to Replacement Permissions)

Article 249-3 In cases where Replacement Permissions for the particulars listed in item (ii) or (iii) of paragraph (1) of the preceding Article, item (iii) of paragraph (2) of that Article, or in paragraph (3) or (4) of that Article have been granted, a certified copy or extract of the written decision for said Replacement Permissions shall be attached to the written application for

registration for said particulars.

### **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 insurance proceeds 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 must 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 related 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 proceeds 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 provisions of Article 241, paragraph (1), when said insurance contracts are to be transferred;
- (ii) In the case where the company is a Managed Company, 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 relevant to Business for Canceling 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 the insurance proceeds 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 provisions 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 provisions 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 provisions 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 the contracts set forth in Article 135, paragraph (1) are created, 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 Business for Paying Covered Insurance Proceeds and Business for Canceling 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 provisions 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 particulars specified by 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 the insurance proceeds 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 provisions 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 provisions 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 a 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 provisions of Article 241, paragraph (1), when a merger is sought;
- (ii) In the case where the company is a Managed Company, 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 provisions 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 the Absorption-type Merger Agreements, etc.), Article 795, paragraph (1) (Approval, etc., of the Absorption-type Merger Agreements, etc.), or Article 804, paragraph (1) (Approval, etc. of the 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 Business for Paying Covered Insurance Proceeds and Business for Canceling 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 provisions 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 particulars specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance.
- (2) With regard to the application of the provisions 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 Insurance Claims, etc., had already arisen at the Time of Public Notice under the provisions of that paragraph (limited to those contracts that would be terminated with payment pertaining to said 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 "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 an Acquisition of Shares)

- Article 255-2 (1) An Insurance Company, etc., or Foreign Insurance Company, etc., may, in the following cases (limited to cases in which shares are acquired in order to set in place the particulars specified by the Prime Minister and the Minister of Finance as necessary for ensuring the sound and appropriate business operation of said Insurance Company, etc., or Foreign Insurance Company, etc., and for protecting Insurance Policyholders, etc.), prepare a plan to modify contract conditions and modify the contract conditions of insurance

contracts (excluding Specified Contracts) with 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 particulars specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance shall be specified in the plan to modify contract conditions:

- (i) If an agreement has been ordered, pursuant to the provisions of Article 241, paragraph (1) for it to become the Subsidiary of another Insurance Company, etc. or Foreign Insurance Company, etc. or of an Insurance Holding Company, etc. through an acquisition of its shares, and it becomes the Subsidiary of another Insurance Company, etc. or Foreign Insurance Company, etc. or of an Insurance Holding Company, etc. through the acquisition of its shares;
  - (ii) If it is a Managed Company and has become the Subsidiary of another Insurance Company, etc. or Foreign Insurance Company, etc. or of an Insurance Holding Company, etc. through an acquisition of its shares in accordance with a plan as set forth in Article 247, paragraph (1) for which the approval set forth in the paragraph (2) in that Article has been received (including the approval of the modifications set forth in the paragraph (4) in that Article);
  - (iii) If it 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), and become the Subsidiary of a Relief Insurance Company or Relief Insurance Holding Company, etc., as prescribed in Article 260, paragraph (3) through an acquisition of its shares (excluding the case given in the preceding two items).
- (2) The provisions 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 seeks 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 Business for Paying Covered Insurance Proceeds and Business for Canceling 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 provisions 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.

(Retention, etc. of Documents Related to the Modification of Contract Conditions,)

Article 255-3 (1) A Modified Company shall, from the date of public notice under the provisions 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 provisions of the paragraph (2) in that Article, keep the documents or electromagnetic records in which the details of the plan to modify contract conditions and any other particulars specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance are detailed or recorded, at the company's business offices or other offices.

(2) Insurance Policyholders under an insurance contract that is to be modified pursuant to a plan to modify contract conditions (referred to as "Policyholders Subject to the Modification" in the following Article) may make the following 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 to inspect the documents set forth in the preceding paragraph;

(ii) A request to be issued a certified copy or extract of the documents set forth in the preceding paragraph;

(iii) A request to inspect anything that shows the particulars recorded in 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 to be provided with the particulars recorded in the electromagnetic records set forth in the preceding paragraph by electromagnetic means determined by that Modified Company, or to be issued a document detailing such particulars.

(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 particulars specified by 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 that any Policyholder Subject to the

Modification who has an objection must raise that 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 the Modification 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 the Modification 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 the Modification who have raised such objections exceeds one tenth of the total amount of that amount of Policyholders Subject to the Modification.
- (5) When the number of Policyholders Subject to the Modification 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 the Modification shall be deemed to have approved said Modification of Contract Conditions.

(Public Notice, etc., of the 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 particulars specified by 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 Procedures for a Merger, etc.**

(Designation of the Other Party to Consultations for a 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 (meaning 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) If and to the extent that the Prime Minister finds it necessary for making the recommendation set forth in the preceding paragraph, he/she may 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 Merger Conditions, 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 Merger Proceedings 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 Corporations**

**Subsection 1 Policyholders Protection Corporations**

**Division 1 General Rules**

(Purpose)

Article 259 The purpose of a policyholders protection corporation (hereinafter referred to as a "Corporation" in this Section, the following Section, Part V, and Part VI) 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 Proceeds, and purchasing the Insurance Claims, etc., thereby maintaining credibility in 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 set in place the particulars specified by the Prime Minister and the Minister of Finance as necessary for ensuring sound and appropriate operations in 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 for protecting 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 proceeds or that has suspended the payment of insurance proceeds 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 Secondary Successor Insurance Company (meaning an Insurance Company which is other than a Successor Insurance Company, that succeeds in the Succession to Inherited Insurance Contracts; the same shall apply hereinafter), or a Secondary Transferee Insurance Company (meaning an Insurance Company that receives a Secondary Transfer of Insurance Contracts ; 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, Secondary Successor Insurance Company, or Secondary Transferee Insurance 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 "Successor Insurance Company" as used in this Section refers to an Insurance Company, the main purpose of that 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 the Subsidiary of a Corporation (meaning a company in which the Corporation holds voting rights exceeding 50 percent of all shareholders' voting rights; the same shall apply hereinafter).

- (7) The term "Succession of Insurance Contracts" as used in this Section means the taking over, by a Successor 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 "Succession to Inherited Insurance Contracts" as used in this Section refers to the following:
- (i) The transfer, between a Successor Insurance Company and another Insurance Company, of insurance contracts that represent all or part of those pertaining to the Successor Insurance Company;
  - (ii) The survival, by a merger between a Successor Insurance Company and another Insurance Company, of the other Insurance Company;
  - (iii) That that is performed in order to set in place the particulars specified by the Prime Minister and the Minister of Finance as necessary for ensuring the sound and appropriate business operation of a Successor Insurance Company and for protecting Insurance Policyholders, etc., by the acquisition of the shares of that Successor 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 proceeds, 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 particulars specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance as pertaining to insurance contracts.
- (11) The term "Secondary Transfer of Insurance Contracts" as used in this Section refers to the transfer, between an Organization that has underwritten insurance contracts and an Insurance Company, of insurance contracts that represent all or part of those that had been taken over by the underwriting thereof.

(Juridical Personality)

Article 261 A protection Corporation shall be a juridical person.

(Kinds of Corporations)



Article 262 (1) A Corporation shall, for each class of license for Insurance Business, accept as its members insurance companies that have received a license that falls under that Class of License.

(2) The Classes of License set forth in the preceding paragraph shall be the following two classes:

- (i) Life insurance business licenses, foreign life insurance business licenses, and specified life insurance business licenses;
- (ii) Non-life insurance business licenses, foreign non-life insurance business licenses, and specified non-life insurance business licenses.

(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 particulars that must be registered pursuant to the provisions of the preceding paragraph may be duly asserted against a third party prior to the registration.

(Mutatis Mutandis Application of the Act on General Incorporated Associations and General Incorporated Foundations)

Article 265 The provisions of Article 4 (Address) and Article 78 (Liability for Damages Due to the Actions of the Representative) of the Act on General Incorporated Associations and General Incorporated Foundations shall apply mutatis mutandis to a Corporation.

## **Division 2 Members**

(Member Qualifications, etc.)

Article 265-2 (1) Those holding qualifications to be members of 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 qualifications to be members nor set unreasonable conditions with respect to that entry.

(Obligation to Join, etc.)

- Article 265-3 (1) An Insurance Company shall join, as a member, one Corporation that accepts as its members insurance companies that have received a license that belongs to the class of license prescribed in Article 262, paragraph (2) (hereinafter referred to as "Class of License" in the following paragraph) that is the same as its license.
- (2) A person who seeks to receive a license set forth in Article 3, paragraph (1), Article 185, paragraph (1), or Article 219, paragraph (1) (excluding persons specified by a Cabinet Order) shall, at the time of application for that license, undertake the procedures for joining one Corporation that accepts as its members insurance companies that are to receive the license falling under the Class of License that is the same as that license, pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.
- (3) A person who has undertaken the procedures to join a Corporation pursuant to the provisions of the preceding paragraph will become a member of said Corporation upon receiving the license set forth in that paragraph.
- (4) Whenever an Insurance Company becomes a member of a Corporation pursuant to the provisions of the preceding paragraph, the Corporation shall promptly report this to the Prime Minister and the Minister of Finance.

(Withdrawal, etc.)

- Article 265-4 (1) A member shall withdraw for the following reasons:
- (i) Rescission of license;
- (ii) Expiration of license.
- (2) A member 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 member receives approval from the Prime Minister and Minister of Finance and becomes a member of another Corporation.
- (3) In the case where a member withdraws from a Corporation, when there are expenses incurred by said Corporation to perform obligations pertaining to the following listed borrowing of funds, the member shall assume the obligation to pay as its obligatory contribution an amount calculated by said Corporation pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as the expenses that must be borne by the members:
- (i) The borrowing of funds performed pursuant to the provisions 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 provisions 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) Whenever an application has been filed for the approval set forth in paragraph (2), the Prime Minister and Minister of Finance may only give their approval if the member to which the application pertains conforms to the following standards:

- (i) Said member has satisfied the obligations it bears as a member of the Corporation it seeks to withdraw from;
- (ii) Said member appears certain to perform the obligation to pay as its obligatory contribution the amount calculated as prescribed in the preceding paragraph pursuant to the provisions of that paragraph;
- (iii) Said member has undertaken procedures to enter another Corporation as a member.

(Monetary Penalties for Members)

Article 265-5 A Corporation may, pursuant to the provisions specified by the articles of incorporation, impose a monetary penalty on a member that has violated any 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 seek to become its members must become the founders.

(Organizational Meetings)

Article 265-7 (1) The founders shall, after preparing articles of incorporation and a business plan, invite those who seek to become members, 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 particulars necessary for the incorporation of a Corporation shall depend on resolutions at the Organizational Meetings.

(3) The agenda of the Organizational Meeting set forth in the preceding paragraph is decided by a two-thirds majority vote of those in attendance at a meeting where at least one half of the founders and the persons with the qualifications to become members who have notified the founders in writing by the date of the Organizational Meeting that they will become members are present.

(4) The following particulars and any other particulars that are necessary to the

operation of business in the business year including the date of incorporation of a 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 obligatory contribution rate prescribed in Article 265-34, paragraph (1), items (i) and (ii).
- (5) The provisions of Article 265-26, paragraph (2) shall apply mutatis mutandis in the case where the particulars prescribed in the preceding paragraph are made the business of the Organizational Meeting pursuant to the provisions 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 application for approval detailing the following particulars:

- (i) Name;
  - (ii) Office address;
  - (iii) Names of the officers and members.
- (2) Documents detailing the articles of incorporation, business plan, and any other particulars specified by 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) Whenever an application has been filed for the approval under the provisions in paragraph (1) of the preceding Article, the Prime Minister and Minister of Finance shall examine whether the application conforms to the following standards:

- (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 details 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 found to be certain that business operation 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, if they find as a result of the examination pursuant to the provisions of the preceding paragraph that the application conforms to the standards given in that paragraph, authorize the incorporation.

(Succession of Business)

Article 265-10 When an approval for incorporation has been granted, the founders shall, without delay, hand over business to the president of a Corporation.

(Period of Establishment, etc.)

- Article 265-11 (1) A Corporation shall be established upon completing the registration of its incorporation at the location of its principal office.
- (2) When a Corporation has completed the registration of its incorporation as set forth in the preceding paragraph, it shall notify the Prime Minister and Minister of Finance of this without delay.

#### **Division 4 Management**

(Articles of Incorporation)

- Article 265-12 (1) A Corporation's articles of incorporation must detail the following particulars:
- (i) Purpose;
  - (ii) Name;
  - (iii) Office address;
  - (iv) The particulars of the members;
  - (v) The particulars of the officers;
  - (vi) The particulars of the management committee and the evaluation examination board;
  - (vii) The particulars of the General Representative Members' Council;
  - (viii) The particulars of its business and the execution thereof;
  - (ix) The particulars of obligatory contributions;
  - (x) Particulars related to finances and accounting;
  - (xi) Particulars related to dissolution;
  - (xii) Particulars related to the amendment of the articles of incorporation;
  - (xiii) Method of Public Notices.

(2) Modifications to a Corporation's articles of incorporation shall be null and void without the approval of the Prime Minister and Minister of Finance.

(Decisions on Officers and Business)

Article 265-13 (1) A Corporation shall have one president, two or more directors, and one or more auditors as officers.

(2) The business of a Corporation shall be decided by the 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 a Corporation and preside over its business.

(2) The directors shall, as determined by the president, represent a 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 a Corporation's business and accounting, and report the results of those audits to the General Representative Members' Council.

(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 Representative Members' Council Meetings pursuant to the provisions of the articles of incorporation; provided, however, that the officers at the time of incorporation shall be appointed at an Organizational Meeting.

(2) The appointment and dismissal of officers under the provisions 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 provisions 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 provisions 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 a Corporation.

(Restrictions on Authority of Representation)

Article 265-18 With regard to particulars with regard to which there exists conflict of interests between a 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 a Corporation, an agent who has the authority to undertake all action in and out of court related to a portion of the business of the Corporation.

(Management Committees)

Article 265-19 (1) A Corporation shall have a management committee (hereinafter referred to as the "Committee" in this Chapter).

(2) The Committee shall respond to consultation by the president and deliberate on matters that are important to the management of the Corporation's business (excluding the particulars of 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 under its authority pursuant to this Act.

(3) The Committee may state its opinion to the president as to the management of the Corporation's business.

- (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 management of the Corporation's business.
- (5) In addition to what is provided for in the preceding paragraphs, necessary particulars of the organization and management of the Committee shall be specified by a Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Evaluation Examination Boards)

Article 265-20 (1) A 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 on matters that are important in 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 member of the Corporation in addition to dealing with the particulars under 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 particulars of 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 (meaning 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 Government Employees)

Article 265-21-2 With regard to the application of the Penal Code (Act No. 45 of 1907) and any other penal provisions, a Corporation's officers and employees, members of the Committee, and members of the Examination Board shall be deemed to be employees engaged in public service pursuant to laws and regulations.



(Public Inspection, etc., of the List of Members)

Article 265-22 A Corporation shall, pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance, prepare a list of members, submit this to the Prime Minister and Minister of Finance, and make it available for public inspection.

### **Division 5 General Councils**

(Convocation of the General Council)

Article 265-23 (1) The president shall, pursuant to the provisions of the articles of incorporation, call an ordinary General Council Meeting once every business year.

(2) If the president finds it necessary, he/she may call an extraordinary General Council Meeting.

(Attendance of Designated Employees at Meetings)

Article 265-24 Employees designated by the Prime Minister and Minister of Finance, respectively, may attend a General Council Meeting and state their opinions.

(Matters to Be Decided at General Council Meetings)

Article 265-25 In addition to what is specified elsewhere in this Act, decisions on the following matters must be effected by resolution of the General Council:

- (i) The amendment of 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.

(Agenda of a General Council Meeting)

Article 265-26 (1) A General Council may not open a meeting or vote on a resolution without the attendance of at least one half of its total members.

(2) Decisions on the agenda of a General Council meeting are effected by the majority vote of those in attendance at the meeting, and the chairperson makes the decisions in the event of a tie; provided, however, that decisions on the matters listed in items (i), (iii), and (v) of the preceding Article, are effected by a two-thirds majority vote of those present.

(3) The chairperson shall be governed by the provisions specified in the articles of incorporation.

(Extraordinary General Council Meetings)

Article 265-27 The president shall call an extraordinary General Council meeting when a one-fifth or more of all of the members indicate a matter that is a subject for a meeting and so request; provided, however, that a percentage that differs with the percentage of one-fifth of all of the members can be specified by the articles of incorporation.

(Convocation of General Council Meetings)

Article 265-27-2 A notice of convocation for a General Council 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 Council Meeting, and shall indicate the matter that is the subject of that General Council Meeting.

(Matters to Be Resolved at a General Council Meeting)

Article 265-27-3 Only the matters for which notice was given in advance pursuant to the provisions of the preceding Article may be resolved at a General Council Meeting; provided, however, that this shall not apply when otherwise provided for in the articles of incorporation.

(Voting Rights of the Members)

Article 265-27-4 (1) The voting rights of members shall be equal.  
(2) Members who do not attend a General Council 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 a Corporation and a certain member, that member shall have no voting rights.

## **Division 6 Business**

(Business)

Article 265-28 (1) A Corporation shall undertake the following business in order to accomplish the purpose specified in Article 259:

- (i) Business as an Insurance Administrator or Insurance Administrator Representative under the provisions of Article 243, paragraph (3);
- (ii) The receipt and management of obligatory contributions under the provisions of the following Division;
- (iii) Financial Assistance in the Transfer, etc., of Insurance Contracts,

Succession to Insurance Contracts, Succession to Inherited Insurance Contracts, and Secondary Transfer of Insurance Contracts under the provisions of the following Subsection;

- (iv) Business for providing executive management for the Successor 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 Proceeds under the provisions of the following Subsection;
  - (vii) Purchasing the 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 by Financial Institutions, etc., and any other business under these provisions;
  - (ix) Business incidental to what is listed in the preceding items.
- (2) In addition to the business listed in the items of the preceding paragraph, a Corporation may conduct the following business within the limit that this does not interfere with the performance of business listed in item (iii) to (vii) inclusive of that paragraph:
- (i) Loans of funds to its members;
  - (ii) Loans of funds to Insurance Policyholders, etc., of a Bankrupt Insurance Company;
  - (iii) Purchase of the property of Insurance Companies in Liquidation (meaning Insurance Companies connected with the 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 that listed in the preceding three items.

(Entrustment of Business)

Article 265-29 (1) A 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 business involving the Management and Disposition of Insurance Contracts (hereinafter referred to

as the "Insurance Premiums Acceptance Services, 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 Insurance Premiums Acceptance Services, etc., to an Insurance Company or any other party.

(2) An Insurance Company that a Corporation has entrusted with its Insurance Premiums Acceptance Services, etc., or business for which it has received the approval set forth in item (ii) of the preceding paragraph, may conduct that business, 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 paragraph (2) (hereinafter referred to as "Financial Assistance Services, etc."), a Corporation shall prepare business rules related to the implementation of Financial Assistance Services, etc., and receive the approval of the Prime Minister and Minister of Finance before beginning Financial Assistance Services, etc. The same shall apply when the organization seeks to modify these rules.

(2) The business rules set forth in the preceding paragraph shall specify the particulars of Financial Assistance, the particulars of the Succession of Insurance Contracts, the particulars of the Underwriting of Insurance Contracts, the particulars of the receipt of obligatory contributions, the particulars of the purchase of Insurance Claims, etc. and any other particulars specified by 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 for the proper and reliable operation of Financial Assistance Services, etc., order their modification.

(Requests for the Submission of Materials, etc.)

Article 265-31 (1) A Corporation may request its members to submit materials when it is necessary for it to conduct its business, except in the cases where the submission of materials is requested pursuant to other provisions of this Section.

(2) Members who have been requested to submit materials pursuant to the provisions of the preceding paragraph shall submit such materials without delay.

(3) If the Prime Minister finds it to be particularly necessary for the implementation of a Corporation's business, in the case where there has been a

request from the Corporation, he/she may deliver materials to the Corporation or allow the Corporation inspect such materials.

### **Division 7 Obligatory Contributions**

(Insurance Policyholders Protection Funds)

Article 265-32 (1) A Corporation shall establish Insurance Policyholders Protection Funds as funds to be allocated for covering expenses incurred in implementing Financial Assistance Services, etc.

(2) Insurance Policyholders Protection Funds may not be used except in the case where they are allocated for covering expenses incurred in implementing Financial Assistance Services, etc.

(Payment of Obligatory Contributions)

Article 265-33 (1) A member shall pay its obligatory contribution to a 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 Financial Assistance Services, etc.; provided, however, that this shall not apply with regard to the 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 Financial Assistance Services, etc.

(2) A Corporation may, in the cases listed in the following items, exempt members corresponding to the Insurance Companies specified in each of the items from obligatory contribution 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 Successor Insurance Company has been formed: that Successor Insurance Company.

(Amount of Obligatory Contributions)

Article 265-34 (1) The amount of obligatory contributions that members must pay during each of a Corporation's business years shall be the total of the following amounts (in the case where a minimum amount of obligatory contribution 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 Amount of Obligatory Contribution" in this paragraph) for each member; provided, however, that the amount of the obligatory contribution that must be paid by members in the business year including the day of incorporation of the Corporation shall be an amount calculated by dividing the Annual Amount of Obligatory Contribution 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 calculated by multiplying the obligatory contribution rate by an amount calculated pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as the amount of Insurance Premiums received over the year by each member;
  - (ii) An amount calculated by multiplying the obligatory contribution rate by an amount calculated pursuant to the provisions of a Cabinet Office Ordinance or Ordinance of the Ministry of Finance as the amount of liabilities that must be reserved to be allocated to the payment of policy reserves and any other Insurance Proceeds, etc., by each member at the end of the business year.
- (2) The number of months set forth in the provisions 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 obligatory contribution rate set forth in the items of paragraph (1) shall be established by a Corporation after resolution by a General Representative Members' Council.
- (4) A Corporation shall obtain the approval of the Prime Minister and Minister of Finance when it establishes the obligatory contribution rate set forth in the items of paragraph (1) or when it seeks to modify these rates.
- (5) The obligatory contribution rate set forth in the items of paragraph (1) shall be established such that they conform to the following standards:
- (i) The percentage is such that a Corporation's long-term finances will be balanced in light of the estimated amount of expenses the Corporation will incur in implementing Financial Assistance Services, etc.;
  - (ii) The rate is such that certain members are not subject to discriminatory treatment (excluding what is done according to the soundness of the members' operation).
- (6) If the obligatory contribution rate is established in conformity with the

standards listed in item (i) of the preceding paragraph and the soundness of a member's operation can no longer be maintained due to the payment of obligatory contribution, the provisions of that paragraph must not be interpreted as preventing the temporary establishment of an obligatory contribution rate that does not conform with said standards.

(Late Payment Charges)

Article 265-35 (1) Members shall pay a late payment charge to the Corporation in the case where they do not pay obligatory contribution 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 obligatory contribution 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 Finances and Accounting**

(Business Year)

Article 265-36 A 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 its members Insurance Companies that have received a license that falls under the Class 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 seeks to modify these.

(2) A Corporation that accepts as its members Insurance Companies that have received a license that falls under the Class 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 Council 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 Council Meeting set forth in that paragraph, and request its approval.

Article 265-39 (1) Every business year, a 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 Council Meeting set forth in paragraph (2) of the preceding Article, to the Prime Minister and Minister of Finance and receive their approval.

(2) A Corporation shall, when it submits Financial Statements, etc., to the Prime Minister and Minister of Finance pursuant to the provisions of the preceding paragraph, attach to these the written opinion of the auditor on the Financial Statements, etc.

(3) A Corporation shall without delay, when it has received the approval of the Prime Minister and Minister of Finance under the provisions 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), a 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) A Corporation shall, in the case where it has underwritten insurance contracts pertaining to a Bankrupt Insurance Company that is its member, 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 provisions of the preceding paragraph, vest the property and debt belonging to said Special Insurance Account to a general account (meaning 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 provisions of Article 270-6, paragraph (2)); the same shall apply in Article 270-5)).

(Borrowings)

Article 265-42 A Corporation may, when it finds it necessary for conducting Financial Assistance Services, 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 provisions 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 a 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 The particulars that are necessary to a 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 a Corporation.

(3) The Prime Minister and Minister of Finance may, when an officer of a Corporation engages in conduct 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 Council, that dismissal shall take effect when the General Representative Members' Council has reached a resolution, notwithstanding the provisions 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 a Corporation to submit a report or material related to its business or property, or have their officials 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 such officials question the relevant persons.

(Rescission of Establishment Approval)

Article 265-47 The Prime Minister and Minister of Finance may, when a 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 engaged in conduct that harms the public interest.

### **Division 10 Miscellaneous Provisions**

(Dissolution)

Article 265-48 (1) A Corporation shall dissolve due to the following reasons:

- (i) The resolution of the General Representative Members' Council;
  - (ii) Rescission of approval of incorporation under the provisions 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) A 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 members join.
- (4) Requisite measures related to the dissolution of a 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 Petitions for Financial Assistance, etc.**

(Petitions for Financial Assistance for the Transfer, etc. of Insurance Contracts)

Article 266 (1) The Relief Insurance Company or the Relief Insurance Holding Company, etc. may, in conjunction with a Bankrupt Insurance Company, petition the Corporation with which that Bankrupt Insurance Company is affiliated as a member (hereinafter referred to as the "Affiliated Corporation" in this and the following Subsections) to extend Financial Assistance with regard to the transfer, etc. of insurance contracts.

- (2) An Affiliated 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 petition under 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.

(Petition Related to the Succession, etc. to Insurance Contracts)

- Article 267 (1) If the transfer, etc. of insurance contracts is one that has been specified as being difficult by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance on the grounds such as that there is no prospect of finding a Relief Insurance Company or Relief Insurance Holding Company, etc., a Bankrupt Insurance Company may petition its Affiliated Corporation to succeed in a Succession to Insurance Contracts or Underwriting of Insurance Contracts (hereinafter referred to as "Succession, etc. to Insurance Contracts"), to .
- (2) A Bankrupt Insurance Company shall, in the case of making the petition under the preceding paragraph, submit, to its Affiliated Corporation, materials which illustrate the content of the negotiation with other Insurance Companies or Insurance Holding Companies, 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) A Bankrupt Insurance Company may, when petitioning for the Succession of Insurance Contracts under the provisions of paragraph (1), also petition the Affiliated Corporation to extend it Financial Assistance with regard to the Succession of Insurance Contracts (limited to donations 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 filed 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 the 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 petition under that paragraph is made.
- (2) The application for authorization of the preceding paragraph shall be filed jointly by the Bankrupt Insurance Company and Relief Insurance Company or Bankrupt Insurance Company and Relief Insurance Holding Company, etc. set forth in that paragraph.
- (3) The Prime Minister may grant the authorization under 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 Affiliated Corporation is indispensable to the smooth implementation 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 are abolished or the Bankrupt Insurance Company is dissolved, without a transfer of insurance contracts, etc.
- (4) If the Prime Minister has given the authorization under paragraph (1), he/she shall notify the Affiliated Corporation of this.
- (5) If an Affiliated Corporation receives a notice under the provisions of the preceding paragraph, it shall promptly report this to the Minister of Finance.
- (6) If a company attempting to acquire shares of a Bankrupt Insurance Company has filed an application for approval under Article 271-18, paragraph (1) to acquire shares and become a Holding Company whose Subsidiaries include an Insurance Company (hereinafter referred to as "Holding Company Approval" in this paragraph), the Prime Minister may not give the authorization under the provisions of paragraph (1) until after Holding Company Approval has been given for that company.

(Special Provisions on Authorization of Eligibility for the 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 provisions of paragraph (1) of the preceding Article, that the petition under Article 266, paragraph (1) may be made:

- (i) The abolition of all business of a 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 Affiliated Corporation is indispensable to the transfer, etc. of insurance contracts pertaining to said recommendation.
- (2) The provisions 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. to 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 in regard to the Succession, etc. to Insurance Contracts of that paragraph by the time that the petition under 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. to Insurance Contracts contributes to the protection of Policyholders, etc.;
  - (ii) There is a risk that without the Succession, etc. to Insurance Contracts, the Insurance Business would lose credibility in the event that all of the business of the Bankrupt Insurance Company that is petitioning the Affiliated Corporation for the Succession, etc. to Insurance Contracts were abolished or if the Bankrupt Insurance Company were dissolved,; and
  - (iii) In the case that petition is made for Financial Assistance under the provisions of Article 267, paragraph (3), the extension of said Financial Assistance is indispensable to the smooth implementation of the Succession of Insurance Contracts.
- (3) If the Prime Minister has given the authorization under paragraph (1), he/she shall notify the Affiliated Corporation of this.
- (4) If an Affiliated Corporation receives a notice under the provisions of the preceding paragraph, it shall promptly report this to the Minister of Finance.

(Evaluation of the Property of a Bankrupt Insurance Company)

- Article 270-2 (1) A Bankrupt Insurance Company making the petition under Article 266, paragraph (1) or Article 267, paragraph (1) shall seek the confirmation of the Affiliated 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 petition was made or after the petition was made (referred to as "Property Self-Evaluation" in the next paragraph and paragraph (4)).
- (2) If an Affiliated Corporation determines, after discussion by the Examination Board, that the Property Self-Evaluation for which confirmation under the preceding paragraph is being sought is appropriate, it shall notify the Bankrupt Insurance Company which requested this that the Property Self-Evaluation has been confirmed as appropriate.
- (3) If an Affiliated Corporation finds it necessary for making a determination under the preceding paragraph, it may conduct an examination to evaluate the property of the Bankrupt Insurance Company that made said request.
- (4) If an Affiliated Corporation determines, after discussion by the Examination

- Board, that the Property Self-Evaluation for which confirmation under paragraph (1) is being sought is not appropriate, it shall notify the Bankrupt Insurance Company which made the relevant request of this, and shall conduct an examination to evaluate the property of that Bankrupt Insurance Company.
- (5) After confirming that the evaluation based on the examination under the provisions of the preceding paragraph is appropriate and after discussion by the Examination Board, the Affiliated Corporation shall notify the Bankrupt Insurance Company that made the relevant request of the content of the evaluation.
- (6) If an Affiliated Corporation has made a notification under paragraph (2) or the preceding paragraph, it shall immediately report the particulars of the notification to the Prime Minister and Minister of Finance.

(Financial Assistance for the Transfer, etc. of Insurance Contracts)

- Article 270-3 (1) After making a notification under paragraph (2) or paragraph (5) of the preceding Article to the Bankrupt Insurance Company which filed the petition under Article 266, paragraph (1), Affiliated Corporation shall make a decision without delay, after discussion by the Committee, on whether to extend the Financial Assistance pertaining to said petition.
- (2) The amount of the Financial Assistance under the provisions of the preceding paragraph (limited to donation of money) shall be an amount equivalent to that calculated 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 to which said Financial Assistance pertains:
- (i) With regard to a Bankrupt Insurance Company's insurance contracts that fall under the category of insurance contract specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance (hereinafter referred to as a "Covered Insurance Contract"), the amount specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the liability that must be saved for allocation to the payment of Insurance Proceeds, etc. and for policy reserves (referred to as "Specified Policy Reserves, etc." in the following item and Article 270-5, paragraph (2)) 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 provisions 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 Affiliated 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 Affiliated Corporation shall, when it has made the decision under paragraph (1), immediately report the particulars specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance, as those related to the decision, to the Prime Minister and Minister of Finance.
- (4) The Affiliated Corporation shall, when it makes a decision to extend Financial Assistance under the provisions of paragraph (1), conclude a contract concerning said Financial Assistance with the Insurance Company or Insurance Holding Company, etc. that petitioned for said Financial Assistance, and that is to be the party to 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 Affiliated Corporation pertaining to that contract, or, as one that will have said assets from the transfer, etc. of insurance contracts, to take measures for making payment to the Affiliated Corporation pertaining to that contract.

## **Division 2 Succession of Insurance Contracts**

(Succession of Insurance Contracts)

- Article 270-3-2 (1) The Affiliated Corporation may, when it finds it necessary in the case of receiving a petition on the Succession of Insurance Contracts under the provisions of Article 267, paragraph (1), make a request that the Prime Minister take the measures under the provisions of Article 256, paragraph (1) be taken before making the decisions listed in items (i) and (ii) of paragraph (6) pertaining to said petition.
- (2) The Prime Minister shall, without delay, notify the Affiliated Corporation, when the measures under the provisions of Article 256, paragraph (1) pursuant to the provisions of the preceding paragraph are requested, of whether said measures may be taken, and, in the case that said measures are to be taken, of the content of those measures.
- (3) The Affiliated Corporation shall, when the content of the notification of the



Prime Minister under the provisions of the preceding paragraph is to the effect that the measures under the provisions of Article 256, paragraph (1) are to be taken, stay the implementation of the procedure pertaining to the decision listed in paragraph (6), items (i) and (ii); provided, however, that this shall not apply to the confirmation procedures under the provisions of Article 270-2.

- (4) In the case that the Prime Minister takes the measures under the provisions of Article 256, paragraph (1) the Bankrupt Insurance Company which petitioned for the Succession of Insurance Contracts under the provisions of Article 267, paragraph (1) shall, when that Bankrupt Insurance Company has reached an agreement pertaining to Merger, etc., without delay, withdraw said petition.
- (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 Affiliated Corporation of this.
- (6) The Affiliated Corporation shall, when it finds it unnecessary to make the request under the provisions of paragraph (1) of the Prime Minister, when the content of the notification of the Prime Minister under the provisions of paragraph (2) is to the effect that the measures under the provisions of Article 256, paragraph (1) cannot be taken, or when the notification under the provisions of the preceding paragraph is made, promptly, after discussion by the Committee, make the decision listed in items (i) and (ii) pertaining to the petition under paragraph (1) or the decision listed in item (ii):
  - (i) Ruling to the effect that the Affiliated Corporation will incorporate, as its Subsidiary, the Successor 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 Successor 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 Affiliated Corporation shall, when making a decision under the preceding paragraph on the Succession of Insurance Contracts pertaining to a petition it has received under Article 267, paragraph (3), also make a decision, after discussion by the Committee, on whether to extend the Financial Assistance pertaining to said petition.
- (8) The provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis to the amount of Financial Assistance under the provisions of the preceding paragraph (limited to donation of money), the provisions of paragraph (3) of that Article shall apply mutatis mutandis in the case that the Affiliated Corporation makes a decision under the preceding two paragraphs,

and the provisions of paragraph (4) of that Article shall apply mutatis mutandis in the case that the Affiliated Corporation makes a decision to extend Financial Assistance pursuant to the provisions 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 filed 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 filed the application for said Financial Assistance."

- (9) The Bankrupt Insurance Company that has made a petition under paragraph (1) may, when the Affiliated Corporation makes a decision listed in paragraph (6), items (i) or (ii), transfer all or part of the insurance contracts to the Successor Insurance Company pertaining to the decision, or may merge with that company.

(Incorporation of Successor Insurance Company, etc.)

Article 270-3-3 (1) The Affiliated Corporation shall, when it makes a decision listed in paragraph (6), item (i) of the preceding Article, after discussion by the Committee on the content of the contribution pertaining to the decision, become the incorporator for the incorporation of the Stock Company which will be the Successor 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.

- (2) In addition to the case prescribed in the preceding paragraph, the Affiliated Corporation shall, when it seeks to make a contribution to the Successor Insurance Company, go through Committee discussions thereon.
- (3) The Affiliated 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 Successor Insurance Company)

Article 270-3-4 (1) A Corporation shall manage a Successor 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 particulars:

- (i) When the decision 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 decision; and
- (ii) In managing and disposing the insurance contracts or in implementing

other business, these shall be carried out in accordance with the guidelines specified in the following paragraph.

- (2) A Corporation shall create guidelines on the management and disposition of the insurance contracts of a Successor Insurance Company and other business, and, upon obtaining the approval of the Prime Minister, make the guidelines public.
- (3) A Corporation may offer any guidance and advice necessary for the management of a Successor Insurance Company.
- (4) If a Corporation assigns the shares of a Successor Insurance Company or makes other dispositions, it shall promptly report this to the Prime Minister and Minister of Finance.

(Non-Application of Article 467 of the Companies Act)

Article 270-3-5 The provisions 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 provisions 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 Successor Insurance Company.

(Succession Agreements)

Article 270-3-6 (1) A Corporation shall conclude an agreement with a Successor Insurance Company that includes the following particulars (hereinafter referred to as "Succession Agreement"):

- (i) That the Successor Insurance Company with which the Succession Agreement has been concluded (hereinafter referred to as "Successor Insurance Company Under the Agreement") is to set in place the particulars listed in Article 270-3-4, paragraph (1), items (i) and (ii);
  - (ii) The Successor Insurance Company Under the Agreement may petition the Corporation to purchase the assets of that Successor Insurance Company Under the Agreement; and
  - (iii) The Successor Insurance Company Under the Agreement shall, when it seeks 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) A 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) A Corporation shall, when it receives a petition under

paragraph (1), item (ii) of the preceding Article, make a decision, after discussion by the Examination Board and the Committee, on whether to purchase the property pertaining to said petition, without delay.

- (2) A Corporation shall, when it makes a decision under the provisions of the preceding paragraph, immediately report to the Prime Minister and Minister of Finance the particulars of the decision.
- (3) A Corporation shall, when it makes a decision to purchase the property under the provisions of paragraph (1), conclude a contract concerning the purchase of the property with the Successor Insurance Company Under the Agreement that petitioned for the purchase of the property.

(Loans of Funds and Obligation Guarantee)

Article 270-3-8 (1) For loans of funds that the Successor Insurance Company Under the Agreement finds to be necessary for the smooth implementation of business, the Corporation may, upon petition by the Successor Insurance Company Under the Agreement for a loan of such funds or upon petition to guarantee an obligation pertaining to the borrowing of the funds by the Successor Insurance Company Under the Agreement, after discussions by the Committee, extend said loan or guarantee said obligation when it recognizes these as being necessary.

- (2) A Corporation shall, when it concludes a contract pertaining to the loan or guarantee of obligation under the preceding paragraph with the Successor Insurance Company Under the Agreement pursuant to the provisions of that paragraph, immediately report to the Prime Minister and Minister of Finance the content of the contract.

(Compensation for Losses)

Article 270-3-9 A Corporation may, when an amount has been accounted for pursuant to what is specified by a Cabinet Order for the amount of loss accrued by the Successor Insurance Company Under the Agreement by the implementation of business under the specifications of the Succession Agreement, give compensation for said losses, after discussions by the Committee, within the scope of that amount.

(Request for Reporting)

Article 270-3-10 A Corporation may, when it is necessary in order for it to conduct the business under the provisions of this Division, request a Successor Insurance Company to report on the status of the implementation of the Succession Agreement or on finances.

(Petitions for Financial Assistance for Succession to Inherited Insurance

Contracts)

Article 270-3-11 (1) The Secondary Successor Insurance Company or Secondary Successor Insurance Holding Company, etc. (meaning Insurance Holding Companies, etc. that succeed in the Succession to Inherited Insurance Contracts; the same shall apply hereinafter) may petition the Corporation that incorporated the Successor Insurance Company pertaining to the inherited insurance contracts to be succeeded to (hereinafter referred to as "Incorporating Corporation") to jointly extend Financial Assistance for Succession to Inherited Insurance Contracts (limited to damage security) with the Successor Insurance Company.

(2) The Incorporating Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Secondary Successor Insurance Company or Secondary Successor Insurance Holding Company, etc., which made the petition under that paragraph, and the Successor Insurance Company and other relevant persons to submit materials.

(Authorization, etc. of Eligibility for Succession to Inherited Insurance Contracts)

Article 270-3-12 (1) In the case referred to in paragraph (1) of the preceding Article, the Successor Insurance Company and Secondary Successor Insurance Company, which implement the Succession to Inherited Insurance Contracts, or the Successor Insurance Company and Secondary Successor Insurance Holding Company, etc., shall obtain the authorization of the Prime Minister for the Succession to Inherited Insurance Contracts by the time that the petition under 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 "Successor Insurance Company and Secondary Successor Insurance Company or Successor Insurance Company and Secondary Successor Insurance Holding Company, etc.," the term "transfer, etc. of insurance contract" in paragraph (3) of that Article shall be deemed to be replaced with "Succession to Inherited Insurance Contracts," the term "Affiliated Corporation" shall be deemed to be replaced with "Incorporating Corporation," the term "Affiliated 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 "Successor Insurance Company."

(3) The provisions of Article 270-2 shall apply mutatis mutandis to cases in

which a petition under 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 "Successor Insurance Company" the term "Affiliated 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 the Other Party to Consultations on Succession to Inherited 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 Successor Insurance Company shall hold a consultation pertaining to Succession to Inherited 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 "Successor Insurance Company of that paragraph," the term "Policyholders Protection Corporation to which a Bankrupt Insurance Company or the Insurance Company that is recognized as having a high probability of becoming a Bankrupt Insurance Company has joined as a member" in Article 256, paragraph (3) shall be deemed to be replaced with "Policyholders Protection Corporation which incorporated the Successor 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 "Successor 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 Succession to Inherited Insurance Contracts pertaining to the recommendation of paragraph (1), make a supplementary note in said recommendation, notwithstanding the provisions of paragraph (1) of the preceding Article, that a petition under Article 270-3-11, paragraph (1) may be made.

(4) The provisions 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 in the Succession to Inherited Insurance Contracts)

Article 270-3-14 (1) The Incorporating Corporation shall, without delay after making the notification under Article 270-2, paragraph (2) or (5), as applied mutatis mutandis pursuant to Article 270-3-12, paragraph (3) to the Successor Insurance Company which made the petition under Article 270-3-11, paragraph (1), make a decision, after discussion by the Committee, on whether to extend the Financial Assistance pertaining to said petition.

(2) The provisions of Article 270-3, paragraph (3) shall apply mutatis mutandis in the case that the Incorporating Corporation makes the decision under the preceding paragraph, the provisions of paragraph (4) of that Article shall apply mutatis mutandis in the case that the Incorporating Corporation makes a decision to extend Financial Assistance pursuant to the provisions of the preceding paragraph, and the provisions of paragraph (5) of that Article shall apply mutatis mutandis to the Secondary Successor Insurance Company or Secondary Successor 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 "Succession to Inherited Insurance Contracts," and the term "Affiliated 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 Affiliated Corporation may, when it finds it necessary in the case of receiving a petition for underwriting for the insurance contracts under the provisions of Article 267, paragraph (1), make request the Prime Minister that the measures under the provisions of Article 256, paragraph (1) be taken before underwriting the insurance contracts pertaining to said petition.

(2) The Prime Minister shall, without delay, notify the Affiliated Corporation, when the measures under the provisions of Article 256, paragraph (1) pursuant to the provisions of the preceding paragraph are requested, of whether said measures may be taken, and, in the case that said measures are to be taken, of the content of those measures.

(3) The Affiliated Corporation shall, when the content of the notification of the Prime Minister under the provisions of the preceding paragraph is to the effect that the measures under the provisions 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 provisions of Article 270-2.

(4) In the case that the Prime Minister takes the measures under the provisions

of Article 256, paragraph (1) under the provisions of paragraph (1), the Bankrupt Insurance Company which applied for the Underwriting of Insurance Contracts under the provisions of Article 267, paragraph (1) shall, when that Bankrupt Insurance Company has reached an agreement pertaining to a Merger, etc., withdraw said petition without delay.

- (5) In the case prescribed in the preceding paragraph, when no agreement pertaining to Merger, etc. is reached, the Bankrupt Insurance Company under that paragraph shall, without delay, notify the Affiliated Corporation of this.
- (6) The Affiliated Corporation shall, when it finds it unnecessary to make the request under the provisions of paragraph (1) to the Prime Minister, when the content of the notification of the Prime Minister under the provisions of paragraph (2) is to the effect that the measures under the provisions of Article 256, paragraph (1) cannot be taken, or when the notification under the provisions of the preceding paragraph is made, promptly, after discussion by the Committee, make a decision listed in items (i) and (ii) pertaining to the petition under paragraph (1) or the decision listed in item (ii).
- (7) The provisions of Article 270-3, paragraph (3) shall apply mutatis mutandis to the case that the Affiliated Corporation makes the decision under the preceding paragraph.
- (8) The Bankrupt Insurance Company pertaining to the petition under paragraph (1) may, when the Affiliated Corporation makes a decision under the provisions of paragraph (6), transfer all or part of the relevant insurance contracts to said Affiliated Corporation pursuant to the contract with the Affiliated 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 Affiliated 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 "Affiliated Corporation" in Articles 140, 155 and 252)," respectively. The term "the following standards" in Article 139, paragraph (2) shall be deemed to be replaced with "standards 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 "Affiliated 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 "Affiliated 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 Council of Affiliated 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 "Affiliated Corporation," respectively. Any other technical change in interpretation required shall be specified by a Cabinet Order.

(Transfer to Special Insurance Account pertaining to Underwriting of Insurance Contracts, etc.)

Article 270-5 (1) The Affiliated Corporation shall, when it underwrites the insurance contracts pursuant to the provisions 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 Special Insurance Account created for the purpose of that Bankrupt Insurance Company.

- (2) The Affiliated Corporation shall, when it underwrites the insurance contracts pursuant to the provisions of the preceding Article, transfer, from the general account to the Special Insurance 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 Affiliated Corporation shall, when it underwrites the insurance contracts pursuant to the provisions 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 Affiliated Corporation may, when an amount has been accounted pursuant to what is specified by Cabinet Order for the amount of loss accrued by the Special Insurance Account by the implementation of business involving the Management and Disposition of Insurance Contracts pertaining to the assumption of insurance contracts under the provisions of the preceding Article (including incidental business), transfer the amount from the general account to that Special Insurance Account, after discussion by the Committee, within the scope of that amount.

(Application of this Act to Corporations Conducting Insurance Business)

Article 270-6 (1) A Corporation may, notwithstanding the provisions of Article 3, paragraph (1), conduct 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 provisions of Article 270-4, paragraph (8).

(2) The application of this Act in the case that a Corporation conducts Insurance Business pursuant to the provisions 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), a Corporation shall be deemed to be an 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 business and other business" in Article 98, paragraph (1) shall be deemed to be replaced with "business 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 members' council meeting (or General Representative Members' Council Meeting, where the company has such a council) (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 members' council meeting (or General Representative Members' Council Meeting, where the company has such a council) or General Representative Members' Council 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 Council of the Policyholders Protection Corporation of paragraph (1) of the preceding Article as applied with relevant changes in interpretation pursuant to the provisions 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 a 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 member

of said Corporation, falls under the Classes of License listed in Article 262, paragraph (2), item (ii); and

(iii) For the purpose of applying the provisions of Article 114, the Corporation shall be deemed to be a Stock Company that is an Insurance Company.

(3) In the case that a Corporation conducts Insurance Business pursuant to the provisions of paragraph (1), said Corporation shall, with regard to the application of the Automobile Liability Insurance Act and other laws and regulations specified by a Cabinet Order, be deemed to be an Insurance Company, or, according to the kind of membership license, a Life Insurance Company or Non-Life Insurance Company pursuant to the provisions of a Cabinet Order.

(Request for Financial Assistance in the Secondary Transfer of Insurance Contracts)

Article 270-6-2 (1) The Secondary Transferee Insurance Company may request the Corporation that underwrote the insurance contracts it seeks to have transferred pursuant to the Secondary Transfer of Insurance Contracts (hereinafter referred to as "Underwriting Corporation") to extend Financial Assistance in the Secondary Transfer of Insurance Contracts (limited to security against damages).

(2) The Underwriting Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, ask the Secondary Transferee Insurance Company that made the request under that paragraph and other relevant persons to submit materials.

(Authorization of Eligibility for the Secondary 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 Secondary Transferee Insurance Company, which implement the Secondary Transfer of Insurance Contracts, shall obtain the authorization of the Prime Minister for the Secondary Transfer of Insurance Contracts by the time that the request under 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 Secondary Transferee Insurance Company," the term "transfer, etc. of insurance contracts" in paragraph (3) of that Article shall be deemed to be replaced with "Secondary Transfer of Insurance Contracts," the term "Affiliated Corporation"

shall be deemed to be replaced with "Underwriting Corporation," and the term "Affiliated Corporation" in paragraphs (4) and (5) of that Article shall be deemed to be replaced with "Underwriting Corporation."

(Designation of Another Party to Consultations on the Secondary 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 Underwriting Corporation shall hold consultations pertaining to the Secondary 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 which an Insurance Company that is recognized as having a high probability of becoming a Bankrupt Insurance Company has joined as a member" 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 Secondary Transfer of Insurance Contracts pertaining to the recommendation of paragraph (1), make a supplementary note in said recommendation, notwithstanding the provisions of paragraph (1) of the preceding Article, that the petition under Article 270-6-2, paragraph (1) may be made.

(4) The provisions 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 for the Secondary Transfer of Insurance Contracts)

Article 270-6-5 (1) The Underwriting Corporation shall, when it receives the petition under the provisions of Article 270-6-2, paragraph (1), without delay make a decision, after discussion by the Examination Board and the Committee, on whether to extend the Financial Assistance pertaining to said petition.

- (2) The provisions of Article 270-3, paragraph (3) shall apply mutatis mutandis to the case that the Underwriting Corporation makes a decision under the preceding paragraph, and the provisions of paragraph (4) of that Article shall apply mutatis mutandis in the case that the Underwriting Corporation makes a decision to extend Financial Assistance pursuant to the provisions of the preceding paragraph. In this case, the term "Insurance Company or Insurance Holding Company, etc. which made the request for said Financial Assistance that becomes a party to said Financial Assistance" in paragraph (4) of that Article shall be deemed to be replaced with "Secondary Transferee Insurance Company."
- (3) The Secondary Transferee Insurance Company which concludes a contract under 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 the Payment of Covered Insurance Proceeds**

(Petitions for Financial Assistance for the Payment of Covered Insurance Proceeds)

- Article 270-6-6 (1) The following Insurance Companies (referred to as "Specified Insurance Company" under Subsection 4) may petition the Affiliated Corporation to extend Financial Assistance in connection with the payment of Covered Insurance Proceeds (limited to donations of monies):
- (i) An Insurance Company which has been ordered to suspend all or part of its business pursuant to the provisions 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 that is suspending its payments pertaining to the insurance contract.
- (2) The Affiliated Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Specified Insurance Company that made the petition under that paragraph and other relevant persons to submit materials.

(Financial Assistance for the Payment of Covered Insurance Proceeds)

Article 270-6-7 (1) An Affiliated Corporation shall, when it receives a petition under paragraph (1) of the preceding Article, make a decision without delay, after discussion by the Committee, on whether to extend the Financial Assistance for the payment of the Covered Insurance Proceeds under said petition.

(2) An Affiliated Corporation shall, when it has made a decision under the preceding paragraph, immediately report on the particulars of the decision to the Prime Minister and the Minister of Finance.

(3) An Affiliated Corporation shall, when it has made the decision to extend Financial Assistance for the payment of Covered Insurance Proceeds pursuant to the provisions of paragraph (1), conclude a contract concerning the Financial Assistance for the payment of the Covered Insurance Proceeds with the Specified Insurance Company which filed the relevant petition.

### **Subsection 3 Purchase of Insurance Claims, etc.**

(Purchase of Insurance Claims, etc.)

Article 270-6-8 (1) An Affiliated Corporation may, in the case that the Specified Insurance Company has suspended all of its payments pertaining to the insurance contract, make a decision, after discussion by the Committee, to purchase 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 "Insurance Claim, etc." in this Subsection).

(2) The purchase under the preceding paragraph shall be made in such a way that the Insurance Claim, etc. under the preceding paragraph is purchased based on the request of the creditor pertaining to the Insurance Claim, etc., within the period during which all payments pertaining to the insurance contract are suspended, at the amount of the insurance proceeds under 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 Affiliated Corporation shall, in the case that it called for the 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 Insurance Claim, etc.

- (3) The Affiliated Corporation shall, when it has made the decision under paragraph (1), immediately report on the particulars of the decision to the Prime Minister and Minister of Finance.

(Public Notice, etc. of Purchase)

Article 270-6-9 (1) The Affiliated Corporation shall, when it has made the decision under paragraph (1) of the preceding Article, promptly provide for the purchase location pertaining to the purchase of the Insurance Claim, etc. of that paragraph, the payment method for the Purchase Amount, and other particulars specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and give public notice thereof.

- (2) The Affiliated Corporation shall, when it makes the payment under the provisions of the proviso of paragraph (2) of the preceding Article, in advance, after discussion by the Committee, provide for the payment amount, payment period, and other particulars specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and give public notice thereof.
- (3) The provisions of paragraph (3) of the preceding Article shall apply mutatis mutandis to cases in which the particulars prescribed in the preceding paragraph are provided.

(Concerning Taxation)

Article 270-6-10 (1) In the case that a person entitled to the Insurance Claim, etc. receives payment of the Purchase Amount pertaining to the purchase under the provisions of Article 270-6-8, paragraph (2) with regard to said 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 Insurance Claim, etc. pertaining to that Purchase Amount under the provisions of the proviso of that paragraph, that amount of payment received is included) shall be deemed to be the amount of the insurance proceeds and of other benefits based on the Covered Insurance Contract pertaining to said 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 provisions of the preceding paragraph shall apply, necessary particulars involving 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 Insurance Claim, etc. under the provisions of Article 270-6-8, paragraph (2) (in the case that the payment of said Insurance Claim, etc. pertaining to the Purchase Amount is received within three years of the occurrence of the insured event pertaining to said Insurance Claim, etc. under the provisions 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 proceeds (mutual aid money)" in Article 3, paragraph (1), item (i) of that Act shall be deemed to be "insurance proceeds (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 recipient of insurance proceeds" shall be deemed to be "said recipient of insurance proceeds (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 Provisions**

(Loans to Members)

Article 270-7 (1) The lending of funds under Article 265-28, paragraph (2), item (i), within the extent of the amount that is found necessary, may be made in the following cases, based on an application therefor, limited to those in which it is found that the loan is necessary and appropriate for the smooth payment of insurance proceeds and other benefits by the members of the Corporation (for a Foreign Insurance Company, etc., insurance proceeds and other benefits pertaining to the insurance contract in Japan; hereinafter the same shall apply in this paragraph):

- (i) In the case that a member of the Corporation is late in the payment of insurance proceeds or other benefits, or there is a risk of a member being late in a payment, due to temporary financial circumstances; and
  - (ii) In the case that a member of the Corporation that is the Specified Insurance Company concluded a contract under the provisions 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) Whenever an application has been filed for the lending of funds under the

provisions of paragraph (1), a Corporation shall make a decision, after discussion by the Committee, on whether to lend the funds.

- (4) A Corporation shall, if it has made the decision to lend the funds referred to in paragraph (1) pursuant to the provisions of the preceding paragraph, immediately report on the particulars of the decision to the Prime Minister and Minister of Finance.

(Loans to Policyholders, etc.)

Article 270-8 (1) If the members of a Corporation are Specified Insurance Companies, the lending of funds under Article 265-28, paragraph (2), item (ii) may be made to any person who is a Policyholder, etc. in an insurance contract with said member as specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and who is entitled to the 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 find that said Qualified Person is to receive based on said rights, when said lending is based on the application of said Qualified Person.

- (2) The lending of funds under the preceding paragraph must be backed by the finding that the Qualified Person will certainly pay the debt pertaining to the loan of funds through payments of insurance proceeds and other benefits it will receive based on the rights of that paragraph, and in compliance with other requirements specified by a Cabinet Office Ordinance and Ordinance of the Ministry of Finance.

- (3) A Corporation shall, if its member has become a Specified Insurance Company, make a decision, after discussion by the committee, on whether to lend funds to the Qualified Person of the member.

- (4) A Corporation shall, when it has made the decision to loan the funds of paragraph (1) pursuant to the provisions of the preceding paragraph, immediately report on the particulars of the decision to the Prime Minister and Minister of Finance, and promptly, after discussion by the Committee, provide for the enquiry location pertaining to the loan of said funds, loan method, and other particulars specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance, and give public notice thereof.

(Petitions to Purchase the Assets of Insurance Companies in Liquidation)

Article 270-8-2 (1) An Insurance Company in Liquidation may petition a Corporation (limited to one of which that Insurance Company in Liquidation was a member) to purchase the assets of that Insurance Company in Liquidation.

- (2) A Corporation may, when it finds it necessary in the case referred to in the preceding paragraph, request the Insurance Company in Liquidation that made the petition under that paragraph and other relevant persons to submit materials.

(Purchase of Assets of an Insurance Company in Liquidation)

- Article 270-8-3 (1) A Corporation shall, when it receives a petition under paragraph (1) of the preceding Article, make a decision without delay, after discussion by the Examination Board and the committee, on whether to purchase the assets pertaining to said petition.
- (2) A Corporation shall, when it has made the decision under the provisions of the preceding paragraph, immediately report on the particulars of the decision to the Prime Minister and Minister of Finance.
- (3) A Corporation shall, when it has made the decision to purchase the assets pursuant to the provisions of paragraph (1), conclude a contract concerning the purchase of said assets with the Insurance Company in Liquidation which made to the petition for the purchase of said assets.

(Special Provisions on Taxation)

- Article 270-9 (1) The registration and license tax shall not be imposed for the registration under the provisions of Article 244 (including the cases where it is applied mutatis mutandis pursuant to Article 248, paragraph (2)).
- (2) Where a Corporation has accepted insurance contracts pertaining to a member Bankrupt Insurance Company pursuant to the provisions 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 provisions 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 provisions of the Ordinance of the Ministry of Finance.
- (3) Where a Successor Insurance Company 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 a Decision" in the following paragraph) that had been recognized as being qualified under the provisions of Article 270, paragraph (1) based on the decision listed in Article 270-3-2, paragraph (6), item (ii) under the provisions 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 provisions of the Ordinance of the Ministry of Finance.

- (4) The assignment of land or rights attached to the land, which the Successor Insurance Company acquired by the transfer of insurance contracts based on a decision, etc. (the assignment prescribed in Article 62-3, paragraph (2), item (i), sub-item (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 Successor Insurance Company.

### **Section 5 Miscellaneous Provisions**

(Opinion of the Prime Minister, etc. on Liquidation Proceedings, etc.)

Article 271 (1) The court may seek the Prime Minister's opinion or make him/her a request for an inspection or investigation regarding the liquidation procedures, bankruptcy procedures, rehabilitation procedures, reorganization procedures or approval assistance procedures of an Insurance Company, etc. or Foreign Insurance Company, etc.

- (2) If the Prime Minister finds it necessary, he/she may 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 provisions of paragraph (1).

(Special Provisions pertaining to Assignment of Revolving Mortgages)

Article 271-2 (1) When the Managed Company seeks 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 Successor Insurance Company (meaning the Successor 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 (meaning the Underwriting of Insurance Contract prescribed in Article 260, paragraph (9); the same shall apply in paragraph (5)) the insurance contracts of that Managed Company (hereinafter referred to as "Successor Insurance Company, etc." in this Article), that Managed Company and that Successor Insurance Company, etc. may give

public notice to the effect that the revolving mortgagor with an objection shall raise its objections to that Managed Company with regard to the following particulars within a certain period, or make the demand thereof:

- (i) The fact that the revolving mortgage shall be assigned from that Managed Company to that Successor 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 particulars 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 particular listed in item (i) of that paragraph and that the revolving mortgagor and the Successor Insurance Company, etc. pertaining to the public notice or demand of that paragraph agree on the particular listed in item (ii) of that paragraph, respectively.
- (4) When the revolving mortgagor raises its objections to part of the particulars listed in the items of paragraph (1), it shall be deemed that it has raised objections to all of the particulars listed in the items of that paragraph.
- (5) The provisions of all preceding paragraphs shall apply mutatis mutandis to the case that the Successor Insurance Company or Corporation that underwrote the insurance contracts seeks 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 Procedures for Registration, etc. of a 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 are to 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 the Continuation of Business)

Article 271-2-3 (1) Each of the persons listed in the following items may, in the case that he/she has succeeded, through the transfer of an insurance contract or through a merger prescribed in those items, to rights and duties under a contract for business that he/she cannot conduct or a contract restricting his/her engagement in such business pursuant to laws and regulations on said persons' operations, continue to conduct the business under said contracts until the expiration date, if a duration is prescribed in said contract, or for a limited period of within two years from the date of succession, if no such duration is prescribed:

(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, Secondary Successor Insurance Company, or Secondary Transferee Insurance Company, 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 contracts pertaining to said authorization or merger; and

(iii) A Successor 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 (meaning 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 business under the contracts prescribed in that paragraph, create a plan for managing said business for a specified period, and when said plan is approved by the Prime Minister, continue said business 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 Shareholders**  
**Section 1 General Rules**

(Submission of Written Notices Pertaining to the Holding of Voting Rights in an Insurance Company, etc.)

Article 271-3 (1) A person who holds voting rights exceeding 5 percent of all shareholders' voting rights in a single Insurance Company or voting rights exceeding 5 percent of all shareholders' voting rights in a single Insurance Holding Company (excluding the State, a local public entity, or any juridical person specified by Cabinet Order as one equivalent thereto (referred to as the "State, etc." in Article 271-10); such person is hereinafter referred to as a "Large-Volume Holder of Insurance Company Voting Rights" in this Chapter and in Article 333) shall, pursuant to the provisions of Cabinet Office Ordinance, submit a written notice detailing the following particulars (hereinafter referred to in this Chapter as a "Statement of Insurance Company Voting Right Holdings") to the Prime Minister within five days (Sundays and other holidays specified by Cabinet Order are 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 Large-Volume Holder of Insurance Company Voting Rights (within the number of days specified by Cabinet Office Ordinance in the where the number of voting rights held has not increased or in any other case specified by Cabinet Office Ordinance):

- (i) The particulars of the Proportion of Voting Rights Held (meaning the proportion calculated by dividing the number of voting rights that a Large-Volume Holder of Insurance Company Voting Rights holds in an Insurance Company or Insurance Holding Company in which that Large-Volume Holder of Insurance Company Voting Rights is the holder of voting rights exceeding 5 percent of all shareholders' voting rights, by the number of all shareholders' voting rights in that Insurance Company or Insurance Holding Company; hereinafter the same shall apply in this Chapter), the particulars of acquisition funding, the purpose of holding the voting rights, and any other particulars specified by Cabinet Office Ordinance as important particulars of the holding of voting rights in 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 conducts 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 Large-Volume Holder of Insurance Company Voting

Rights in the case referred to in the preceding paragraph.

(Submission of a Statement of Changes to a Statement of Insurance Company Voting Right Holdings)

Article 271-4 (1) A Large-Volume Holder of Insurance Company Voting Rights shall, in the case where any particulars 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 rate has increased or decreased by 1 percent or more) after the day on which he/she became a holder of voting rights exceeding 5 percent of all shareholders' voting rights in a single Insurance Company or voting rights exceeding 5 percent of all shareholders' voting rights in a single Insurance Holding Company, he/she shall, pursuant to the provisions of Cabinet Office Ordinance, submit a report pertaining to that change (hereinafter referred to as a "Statement of Changes" in this Article and the next Article) to the Prime Minister within five days from that day (within the number of days specified by Cabinet Office Ordinance in the case where the number of voting rights held has not increased or in any other case specified by Cabinet Office Ordinance); provided, however, that this shall not apply to the case where a Statement of Changes has already been submitted based on a 1 percent or greater decrease in the Proportion of Voting Rights Held and the Proportion of Voting Rights Held detailed in that Statement of Changes is 5 percent or less, or to any other case specified by Cabinet Office Ordinance.

(2) A person submitting a Statement of Changes based on a decrease in the Proportion of Voting Rights Held shall, in a case that conforms to the standards specified by Cabinet Order for a case where a large number of voting rights have been transferred within a short period, also detail the particulars of the party to whom the voting rights were transferred and the Consideration received in that Statement of Changes, pursuant to the provisions of Cabinet Office Ordinance.

(3) When circumstances that compel a person to submit another Statement of Changes have arisen by the day preceding the day of submission of a Statement of Insurance Company Voting Right Holdings or a Statement of Changes (hereinafter referred to as "Required Documents" in this Section), that Statement of Changes shall be submitted to the Prime Minister at the same time as the submission of the Required Documents that have yet to be submitted, notwithstanding the provisions of the main clause of paragraph (1).

(4) A person who has submitted Required Documents shall, if he/she finds that the contents detailed in said documents differ from fact or that said documents insufficiently detail or lack a particular that is required to be included or a fact that is necessary for preventing a misinterpretation, 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 Large-Volume Holder of Insurance Company Voting Rights in the case referred to in paragraphs (1) and (2).

(Special Provisions on Statements of Holdings in Insurance Company Voting Rights, etc.)

Article 271-5 (1) Notwithstanding the provisions of Article 271-3, paragraph (1), a Statement of Insurance Company Voting Right Holdings pertaining to voting rights held by a Bank, Financial Instruments Transaction Business Operator (limited to one that conducts Securities Services), trust company, or any other person specified by 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 related to those voting rights (excluding the case where the Proportion of Voting Rights Held has exceeded the number specified by Cabinet Office Ordinance and any case specified by 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 detailing the particulars of the status of holding for those voting rights as of the Reference Date on which the Proportion of Voting Rights Held exceeded 5 percent for the first time and that are specified by Cabinet Office Ordinance, by the fifteenth day of the month following the month containing said Reference Date, pursuant to the provisions of Cabinet Office Ordinance.

- (2) A Statement of Changes pertaining to Voting Rights Subject to Special Provisions (excluding one pertaining to a change where the 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 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 Statement of Insurance Company Voting Right Holdings set forth in the preceding paragraph increased or decreased by 1 percent or more from the Proportion of Voting Rights Held that was detailed in that Statement of Insurance Company Voting Right Holdings or any other case where there was an important change to particulars specified by 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 conform to the standards specified by 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 the Statement of Insurance Company Voting Right Holdings: 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 Statement of Changes increased or decreased by 1 percent or more from the Proportion of Voting Rights Held that was detailed in that Statement of Changes or any other case where there was an important change to particulars specified by 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 Cabinet Office Ordinance as a case equivalent to any of the preceding three items: The day specified by 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 Cabinet Office Ordinance prescribed in paragraph (1) notified the Prime Minister pursuant to the provisions of Cabinet Office Ordinance and that of every three months thereafter.
- (4) The provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the Voting Rights Subject to Special Provisions held by a Large-Volume Holder of Insurance Company Voting Rights in the case referred to in paragraphs (1) and (2).

(Order to Submit Correction Report)

Article 271-6 In the case where Required Documents 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, if he/she finds that there is a formal deficiency in the Required Documents or that the Required Documents insufficiently detail an important particular that is required to be included, order the person who has submitted the Required Documents 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, if he/she has discovered that Required Documents include a false detail with regard to an important particular, fail to detail an important particular that is required to be included, or fail to detail

any fact that is necessary for preventing a misinterpretation, order the person who has submitted the Required Documents, 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 a Large-Volume Holder of Insurance Company Voting Rights)

Article 271-8 The Prime Minister may, if he/she suspects that Required Documents include a false detail with regard to an important particular, fail to detail an important particular that is required to be included, or fail to detail a fact that is necessary for preventing a misinterpretation, order the Large-Volume Holder of Insurance Company Voting Rights that has submitted the Required Documents to submit reports or materials that should serve as reference in connection with the particulars that are required to be included in the Required Documents or facts that are necessary for preventing a misinterpretation.

(On-site Inspection of a Large-Volume Holder of Insurance Company Voting Rights)

Article 271-9 (1) The Prime Minister may, if he/she suspects that Required Documents include a false detail with regard to an important particular, fail to detail an important particular that is required to be included, or fail to detail any fact that is necessary for preventing a misinterpretation, have his/her officials enter an office or any other facility of the Large-Volume Holder of Insurance Company Voting Rights who has submitted the Required Documents, ask questions concerning the particulars that are required to be included in the Required Documents or facts necessary for avoiding misunderstanding, or inspect books and documents or other objects of that Large-Volume Holder of Insurance Company Voting Rights.

(2) The official that carries out the entry, questioning, or inspection under the provisions of the preceding paragraph shall indicate the reason for the entry, questioning, or inspection to the other party.

**Section 2 Special Provisions Pertaining to an Insurance Company's  
Major Shareholders  
Subsection 1 General Rules**

(Authorization, etc. to Be Obtained by an Insurance Company's Major Shareholders)

Article 271-10 (1) A person who seeks to become the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold or a person who seeks to establish a company or any other juridical person that is the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold (excluding the State, etc., a company that seeks 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 seeks to make the Insurance Company its Subsidiary) through any of the following transactions or actions shall obtain authorization from the Prime Minister in advance:

(i) Acquisition of voting rights in the Insurance Company by the person who seeks 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 Cabinet Office Ordinance);

(ii) Acquisition of a license set forth in Article 3, paragraph (1), through a company that holds a number of voting rights equal to or exceeding the Major Shareholder Threshold, by the person who seeks to become the holder of said voting rights; or

(iii) Any other transactions or actions specified by Cabinet Order.

(2) A person who became the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold due to a cause other than the transactions or actions listed in the items of the preceding paragraph (excluding the State, etc., an 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 the holder of a number of voting rights in the Insurance Company equal to or exceeding the Major Shareholder Threshold 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 the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold even after the Last Day of the Grace Period.

(3) If a Specified Major Shareholder becomes a person who is no longer the holder of a number of voting rights equal in an Insurance Company equal to or exceeding the Major Shareholder Threshold due to a measure required under the preceding paragraph, he/she shall notify the Prime Minister of this without delay. The same applies if a Specified Major Shareholder becomes a person who

is no longer the holder of a number of voting rights in the Insurance Company equal to or exceeding the Major Shareholder Threshold without such measures.

(4) The Prime Minister may order a person who became the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold or a company or any other juridical person established as the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold through any of the transactions or actions listed in the items of paragraph (1) without obtaining the authorization set forth in that paragraph or a person who remains the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold 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 to cease being the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold.

Article 271-11 Whenever an application has been filed for the authorization set forth in paragraph (1) of the preceding Article or the proviso to paragraph (2) of the preceding Article, the Prime Minister shall examine whether it conforms to the following standards:

- (i) If the person who applied for the authorization (hereinafter referred to in this Article as "Applicant") is a company or any other juridical person, or if a company or any other juridical person is to be established under the authorization, that the following standards are met:
  - (a) In light of the particulars of the acquisition funding, the purpose of holding the voting rights, or any other particulars involved in the holding of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold 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 impairing the sound and appropriate business operation of the Insurance Company in which that Juridical Person Applicant, etc. is or will become the holder of a number of voting rights equal to or exceeding the Major Shareholder Threshold;
  - (b) In light of the status of property and income and expenditure of the Juridical Person Applicant, etc. and its Subsidiaries (including any company that will become a Subsidiary), there shall be no risk of impairing the sound and appropriate business operation of the Insurance Company in which that Juridical Person Applicant, etc. is or will become the holder of a number of voting rights equal to or exceeding the Major Shareholder Threshold;
  - (c) In light of such particulars 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, that the following standards are met:
  - (a) In light of the particulars of the acquisition funding, the purpose of holding the voting rights, or any other particulars of the holding of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold by that Applicant, there shall be no risk of impairing the sound and appropriate business operation of the Insurance Company in which that Applicant is or will become the holder of a number of voting rights equal to or exceeding the Major Shareholder Threshold;
  - (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 who conducts business), there shall be no risk of impairing the sound and appropriate business operation of the Insurance Company in which that Applicant is or will become the holder of a number of voting rights equal to or exceeding the Major Shareholder Threshold; 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 an Insurance Company's Major Shareholder)

Article 271-12 If and to the extent that the Prime Minister finds it particularly necessary for protecting Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company in requesting the Insurance Company to submit reports or materials pursuant to the provisions of Article 128, paragraph (1), he/she may request an Insurance Company's Major Shareholders who are the holders of a number of voting rights in the relevant Insurance Company equal to or exceeding the Major Shareholder Threshold, to submit reports or materials that could be helpful concerning the status of the business or property of that Insurance Company, indicating the reasons therefor.

(On-site Inspection of an Insurance Company's Major Shareholders)

Article 271-13 (1) If and to the extent that the Prime Minister finds it particularly necessary for protecting Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company in carrying out the entry, questioning, or inspection of the Insurance Company

under the provisions of Article 129, paragraph (1), he/she may have an official to enter an office or any other facility of an Insurance Company's Major Shareholder that holds a number of voting rights in the relevant Insurance Company equal to or exceeding the Major Shareholder Threshold, ask questions concerning the status of the business or property of the Insurance Company or the Insurance Company's Major Shareholder, or inspect books and documents and other items of the Insurance Company's Major Shareholder.

(2) The official that carries out the entry, questioning, or inspection pursuant to the provisions of the preceding paragraph shall indicate the reason for the entry, questioning, or inspection to the other party.

(Order for an Insurance Company's Major Shareholder to Take Measures)

Article 271-14 The Prime Minister may, when an Insurance Company's Major Shareholder no longer conforms to the standards 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 Insurance Company's Major Shareholder, based on the provisions of Article 310, paragraph (1), such standards shall include those conditions), order that Insurance Company's Major Shareholder to take necessary measures for conforming to the standards by designating the time limit for taking the measures.

(Request, etc. for an Insurance Company's Major Shareholder to Submit an Improvement Plan)

Article 271-15 (1) If and to the extent that the Prime Minister finds it particularly necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of an Insurance Company in light of the status of business or property (in the case that the Insurance Company's Major Shareholder is a company or any other juridical person, this includes the status of property of Subsidiaries of the Insurance Company's Major Shareholder or any other companies to which it is specially related as specified by Cabinet Office Ordinance to the Insurance Company's Major Shareholder) of the Insurance Company's Major Shareholder (limited to a person who holds voting rights exceeding 50 percent of all shareholders' voting rights in the Insurance Company; hereinafter the same shall apply in this Article), the Prime Minister may request the Insurance Company's Major Shareholder to submit an improvement plan for ensuring soundness in the business operation of the Insurance Company or order amendment of the submitted improvement plan by designating the particulars with regard to which measures must be taken and the time limit therefor, or may, to the extent necessary for achieving this, order measures necessary for supervision.

(2) Where the Prime Minister has issued an Insurance Company's Major Shareholder 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 in which the Insurance Company's Major Shareholder holds voting rights exceeding 50 percent of all shareholders' voting rights to take measures necessary for ensuring the sound and appropriate business operation of the Insurance Company.

(Rescission, etc. of the Authorization Granted to an Insurance Company's Major Shareholder)

Article 271-16 (1) The Prime Minister may, when an Insurance Company's Major Shareholder has violated any laws and regulations or a disposition given by the Prime Minister based on any laws and regulations or has engaged in conduct that harms the public interest, order the Insurance Company's Major Shareholder 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 the Insurance Company's Major Shareholder. 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 company or other juridical person that has been established under the authorization which constitutes the relevant Insurance Company's Major Shareholder.

(2) An Insurance Company's Major Shareholder 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 ceasing to be the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold within a period designated by the Prime Minister.

### **Subsection 3 Miscellaneous Provision**

(Application of this Act to an Insurance Company's Major Foreign Shareholders)

Article 271-17 Any special provisions and technical replacement of terms for applying this Act to a foreign national or a foreign juridical person that is the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold (hereinafter referred to as an "Insurance Company's Major Foreign Shareholder" in this Article) and any other necessary particulars for the application of the provisions of this Act to an Insurance Company's Major Foreign Shareholders shall be specified by 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 seeks to become a Holding Company whose Subsidiaries include an Insurance Company, or a person who seeks to establish such a Holding Company through any of the following transactions or actions must obtain authorization from the Prime Minister in advance:

- (i) Acquisition of Voting Rights in the Insurance Company by the company or its Subsidiary (excluding acquisition of shares through exercise of security rights or acquisition of voting rights by any other cause specified by Cabinet Office Ordinance);
  - (ii) Acquisition of the license set forth in Article 3, paragraph (1) by its Subsidiary; or
  - (iii) Any other transaction or action specified by Cabinet Order.
- (2) When a company becomes a Holding Company whose Subsidiaries include an Insurance Company through a cause other than the transactions or actions 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 whose Subsidiaries include an Insurance Company and of other particulars specified by 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 to stop being a Holding Company whose Subsidiaries include an Insurance Company by the day on which one year has elapsed from the end of the Business Year that contains 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 continue being a Holding Company whose Subsidiaries include an Insurance Company even after the Last Day of the Grace Period.
- (4) If a Specified Holding Company has ceased to be a Holding Company whose Subsidiaries include an Insurance Company due to the measures required under the preceding paragraph, it shall notify the Prime Minister of this without delay. The same applies if a Specified Holding Company has ceased to be a Holding Company whose Subsidiaries include an Insurance Company without such measures.
- (5) The Prime Minister may order a company that has become a Holding

Company whose Subsidiaries include an Insurance Company or a person who established such a Holding Company due to any of the transactions or actions listed in the items of paragraph (1) without obtaining the authorization set forth in that paragraph, or a company that continues to be a Holding Company whose Subsidiaries include an Insurance 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 to stop being a Holding Company whose Subsidiaries include an Insurance Company.

Article 271-19 (1) Whenever an application has been filed for the authorization set forth in paragraph (1) or the proviso to paragraph (3) of the preceding Article, the Prime Minister shall examine whether it conforms to the following standards:

(i) The company that has filed the application for authorization or which is to be established under the authorization (hereinafter referred to as the "Applicant, etc." in this Article) and its Subsidiaries (including companies scheduled to become its Subsidiaries; hereinafter the same shall apply in the following item) have good prospects for income and expenditure of the business;

(ii) In light of such particulars as its personnel structure, etc., the Applicant, etc. has the knowledge and experience that will enable the Applicant, etc. to perform the business management of an Insurance Company that is or is scheduled to become its Subsidiary appropriately and fairly and must have sufficient social credibility.

(iii) The business content of the Subsidiary 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 decision under 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 a partner who executes the business of a membership company.

(Mutatis Mutandis Application of Provisions on an Insurance Company's Major Shareholders)

Article 271-20 The provisions of Article 271-17 shall apply mutatis mutandis to a Holding Company whose Subsidiaries include an Insurance Company which was established in accordance with the laws and regulations of a foreign state.

## **Subsection 2 Business and Subsidiary Companies**

(Scope of Business of an Insurance Holding Company, etc.)

Article 271-21 (1) An Insurance Holding Company may not conduct business other than managing the operations of its Insurance Company Subsidiaries the operations of the companies listed in Article 271-22, paragraph (1), items (ii)-2 to (xiv) inclusive, and the operations of any other company that has become its Subsidiary 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 the sound and appropriate business operation of its Insurance Company Subsidiaries.

(Establishment of a System for the Protection of Customers' Interests)

Article 271-21-2 (1) When an Insurance Company that is the Subsidiary of a Insurance Holding Company, or the Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. of a Insurance Holding Company conducts a transaction, such Insurance Holding Company shall, pursuant to the provisions of Cabinet Office Ordinance, properly manage the information on business conducted by its Insurance Company Subsidiaries or by its Subsidiary Financial Institutions, etc. (limited to the Insurance Business and any other business specified by Cabinet Office Ordinance) and establish a system for properly supervising the status of implementation of said business or taking any other measures necessary so that the interests of the customer of said business will not be unjustly impaired.

- (2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means the person who holds the majority of all shareholders' voting rights in an Insurance Holding Company, and any other person that is specified by Cabinet Order as being closely related to said Insurance Holding Company and which is an Insurance Company, Bank, Financial Instruments Transaction Business Operator, or any other person conducting financial business that is specified by Cabinet Order.
- (3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1) means a person in which an Insurance Holding Company holds the majority of All Shareholders' Voting Rights, etc., and any other person specified by Cabinet Order as being closely related to said Insurance Holding Company and which is an Insurance Company (excluding said Insurance Holding Company's Insurance Company Subsidiaries), Bank, Financial Instruments Transaction Business Operator, or any other person conducting financial business that is specified by Cabinet Order.

(Scope of Subsidiaries of an Insurance Holding Company, etc.)

Article 271-22 (1) An Insurance Holding Company must receive the advance approval of the Prime Minister if it seeks to make any company other than the following its Subsidiary:

- (i) a Life Insurance Company;
- (ii) a Non-Life Insurance Company;
- (ii)-2 Low-Cost, Short-Term Insurer;
- (iii) a bank;
- (iv) a Long Term Credit Bank;
- (iv)-2 a Company Specialized in Fund Transfers;
- (v) a Company Specializing in Securities;
- (vi) a Company Specializing in Securities Intermediation;
- (vii) a Company Specializing in Trusts;
- (viii) a foreign company that conducts Insurance Business;
- (ix) Foreign companies which operate in the Banking business (other than a company falling under the preceding item);
- (x) a foreign company that conducts any Securities Services (other than a company falling under either of the preceding two items);
- (xi) Foreign companies which operate in the Trust Business (other than a company falling under any of the preceding three items);
- (xii) Companies which exclusively conduct the following business (limited, in case of those conducting business specified in (a) below, to companies that conduct such business mainly for business being conducted by the relevant Insurance Holding Company, its Subsidiaries (limited to persons 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 Cabinet Office Ordinance as being similar thereto):
- (a) Business specified by Cabinet Office Ordinance as being dependent on the business of an Insurance Company or any of the companies listed in item (ii)-2 to the preceding item inclusive (referred to as "Dependent Services" in paragraph (5)); or
  - (b) Finance-Related Services listed in Article 106, paragraph (2), item (ii);
- (xiii) Companies specified by Cabinet Office Ordinance as those exploring new business fields or conducting new business activities found to contribute considerably to the improvement of management (limited to a company in which a person specified by Cabinet Office Ordinance provided for in the preceding item holds voting rights exceeding the number calculated by multiplying All Shareholders' Voting Rights, etc. in the company by the rate specified by Cabinet Office Ordinance); or
- (xiv) a Holding Company whose only Subsidiaries are companies listed in the preceding items and to be specified by Cabinet Office Ordinance (including a company that is scheduled to become such Holding Company).
- (2) An Insurance Holding Company that seeks to receive the approval set forth in the preceding paragraph shall submit to the Prime Minister a written application detailing the business content, amount of capital and human resource structure of the company covered by the application for approval, as well as other particulars specified by Cabinet Office Ordinance.
- (3) Whenever an application has been filed for the approval set forth in paragraph (1), unless the content of the business that the company to which the application pertains conducts or seeks to conduct falls under any of the following cases, the Prime Minister shall give such approval:
- (i) it poses the risk of undermining the social credibility of the Insurance Company Subsidiaries of the Insurance Holding Company that filled the application because it falls under either (a) or (b), below:
    - (a) it may harm the public policy and good morals; or
    - (b) it may preclude the stable lives of the citizenry or sound development of the national economy; or
  - (ii) it is likely to damage the soundness of 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 of management of the Insurance Company Subsidiaries of the Insurance Holding Company that filled the application .
- (4) The provisions 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 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 standards for to determining whether a company primarily performs Dependent Services for business conducted by the Insurance Holding Company, its Subsidiaries or any other similar company specified by 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 seeks to become a Bank Holding Company (meaning 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 (meaning 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, or that already is a Bank Holding Company or Long Term Credit Bank Holding Company.

### **Subsection 3 Accounting**

(Business Year of Insurance Holding Companies)

Article 271-23 The business year of an Insurance Holding Company shall run from 1 April to 31 March of the next year.

(Insurance Holding Companies' Business Reports, etc.)

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 Subsidiaries and any other company to which it is specially related as specified by Cabinet Office Ordinance (referred to as "Subsidiary Companies, etc." hereafter in this Subsection as well as in the following Subsection)

- (2) The particulars for inclusion in the interim business report and business report, submission dates, and other necessary particulars of those reports shall

be specified by 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 particulars specified by Cabinet Office Ordinance as pertaining to the status of the business and property of the Insurance Holding Company and its Subsidiary Companies, etc. in a consolidated manner, and keep them for public inspection in the head office and branch offices of its Insurance Company Subsidiaries or any other equivalent place specified by 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 Cabinet Office Ordinance as measures to ensure that the information recorded in the electromagnetic records is available to many and unspecified persons by electromagnetic means at the head office and branch offices of its Insurance Company Subsidiaries or any other equivalent place to be specified by 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 provisions 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 particulars involved in the application of these provisions of preceding paragraphs shall be specified by Cabinet Office Ordinance.
- (5) An Insurance Holding Company shall endeavor to disclose, in addition to what is set forth in paragraph (1), any particular that would be helpful for the Policyholders and other customers of its Insurance Company Subsidiaries to know the status of the business and property of the Insurance Holding Company and its Subsidiary Companies, etc.

(Particulars for Inclusion in the Business Reports, etc. of an Insurance Holding Company)

Article 271-26 The particulars for inclusion in the business report and supplementary schedules prepared by an Insurance Holding Company pursuant to the provisions of Article 435, paragraph (2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act, are specified by Cabinet Office Ordinance.

#### **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 provisions of Article 128, paragraph (1), if the Prime Minister finds it particularly necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of the Insurance Company, he/she may request the Insurance Holding Company of which the Insurance Company is a Subsidiary, that Insurance Holding Company's Subsidiary, etc. (meaning a Subsidiary of the Insurance Holding Company or any other person to be specified by Cabinet Office Ordinance as a juridical person whose operations are controlled by the Insurance Holding Company; the same shall apply in the following paragraph, and paragraphs (2) and (4) of the following Article), or a person the Insurance Holding Company has entrusted with its business, to submit a report or materials that should serve as reference regarding the status of the business or property of the Insurance Company, indicating the reason therefor.

(2) An Insurance Holding Company's Subsidiary, etc. or a person that an Insurance Holding Company has entrusted with its business may refuse to submit reports or materials under the preceding paragraph if there are justifiable grounds for it to do so.

(On-Site Inspection of Insurance Holding Company, etc.)

Article 271-28 (1) If and to the extent that the Prime Minister finds it particularly necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of the Insurance Company in making an entry, asking questions, or conducting inspection in an Insurance Company pursuant to the provisions of Article 129, paragraph (1), he/she may have his/her officials 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) If and to the extent that the Prime Minister finds it particularly necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of the Insurance Company in making an entry, asking questions, or conducting inspection in an Insurance Company pursuant to the provisions of Article 129, paragraph (1), he/she, may have his/her officials enter the business office or any other facility of an Insurance Holding Company's Subsidiary, etc. of which the Insurance Company is a Subsidiary or



the business office or any other facility of a person the Insurance Holding Company has entrusted with its business, have such officials question the Insurance Company or ask questions about any particulars that are necessary for their inspection, or have such officials 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 provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis to the questioning and inspection of an Insurance Holding Company's Subsidiary, etc. or of a person that an Insurance Holding Company has entrusted with its business under paragraph (2).

(Request for Submission of Improvement Plan, etc. by Insurance Holding Company, etc.)

Article 271-29 (1) If the Prime Minister finds it necessary for protecting the Policyholders, etc. and for ensuring the sound and proper business operation of an Insurance Holding Company's Insurance Company Subsidiaries, in light of the status of the business of said Insurance Holding Company or the property of the Insurance Holding Company and its Subsidiary Companies, etc., the Prime Minister may request the Insurance Holding Company to submit an improvement plan for ensuring soundness in the management of the relevant Insurance Companies by designating particulars with regard to which measures must be taken and the time limit thereof, or may order, to the extent necessary for achieving this, measures necessary for supervision.

- (2) In giving an order to an Insurance Holding Company under the preceding paragraph (including the request for submission of an improvement plan), if the Prime Minister finds it particularly necessary in light of conditions regarding the implementation of the ordered measures, he/she may order its Insurance Company Subsidiaries to take necessary measures for ensuring sound and appropriate business operation.

(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 engaged in any conduct 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 its Insurance Company Subsidiaries 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 provisions of the preceding paragraph, take necessary measures to ensure that it will stop being a Holding Company whose Subsidiaries include an Insurance 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 to be the date of occurrence of the event set forth in Article 171-10, paragraph (2) for the purpose of applying the provisions of the preceding paragraph where the company that has taken such measures continues to be the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold.
- (4) If a Holding Company whose Subsidiaries include an Insurance Company falls under any of the following items and the Prime Minister finds it to be necessary, the Prime Minister may order that Holding Company's Insurance Company Subsidiaries to suspend its business in whole or in part:
  - (i) it has become a Holding Company whose Subsidiaries include an Insurance Company due to any of the transactions or actions listed in the items of that paragraph without the authorization required in Article 271-18, paragraph (1);
  - (ii) it was established as a Holding Company whose Subsidiaries include an Insurance Company without the authorization required in Article 271-18, paragraph (1);
  - (iii) it continues to be a Holding Company whose Subsidiaries include an Insurance 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) it has had the authorization under Article 271-18, paragraph (1) or the proviso to Article 271-18, paragraph (3) rescinded pursuant to the provisions of paragraph (1), and continues to be a Holding Company whose Subsidiaries include an Insurance Company after the end of the period designated by the Prime Minister under paragraph (2) without taking the measures set forth in that paragraph.

#### **Subsection 5 Miscellaneous Provisions**

(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 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 Cabinet Order.
- (4) The provisions of Article 271-19, paragraph (1) apply mutatis mutandis whenever an application has been filed for the authorization set forth in the preceding three paragraphs.

#### **Section 4 Miscellaneous Provisions**

(Particulars Requiring Notice)

- Article 271-32 (1) If an Insurance Company's Major Shareholder (including a person who used to be an Insurance Company's Major Shareholder) falls under any of the following items, it shall notify the Prime Minister of this pursuant to the provisions of Cabinet Office Ordinance:
- (i) If it becomes the Insurance Company's Major Shareholder under the authorization set forth in Article 271-10, paragraph (1) or is formed as the Insurance Company's Major Shareholder subject to such authorization;
  - (ii) If it comes to hold voting rights exceeding 50 percent of all shareholders' voting rights in the Insurance Company;
  - (iii) If it ceases to be the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold (excluding the case referred to in item (v));

- (iv) If it ceases to hold voting rights exceeding 50 percent of all shareholders' voting rights in the Insurance Company (excluding the cases referred to in the preceding and following items);
  - (v) If it dissolves (including when a judgment invalidating its formation, share transfer, merger (limited to a merger for forming a company or any other juridical person that becomes the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold) or incorporation-type split has become final and binding);
  - (vi) If its voting rights are acquired or come to be held by a single shareholder, in excess of 50 percent of all shareholders' voting rights; or
  - (vii) If it falls under any other case specified by Cabinet Office Ordinance.
- (2) If an Insurance Holding Company (including a former Insurance Holding Company) falls under any of the following items, it shall notify the Prime Minister of this pursuant to the provisions of Cabinet Office Ordinance:
- (i) If 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) If it stops being a Holding Company whose Subsidiaries include an Insurance Company (excluding the case referred to in item (v));
  - (iii) If it seeks to make any of the companies listed in the items of Article 271-22, paragraph (1) (except when it seeks to merge, Split or acquire a business with the authorization set forth in Article 271-31, paragraph (1), (2) or (3)) its Subsidiary;
  - (iv) If its Subsidiary ceases to be its Subsidiary (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) If it dissolves (including when a judgment invalidating its incorporation, share transfer, merger (limited to a merger for incorporating a Holding Company whose Subsidiaries include an Insurance Company) or incorporation-type split has become final and binding);
  - (vi) If it seeks to modify the amount of capital;
  - (vii) If its voting rights are acquired or come to be held by a single shareholder, in excess of 5 percent of all shareholders' voting rights; or
  - (viii) If it falls under any other case specified by Cabinet Office Ordinance.
- (3) The provisions of Article 2, paragraph (15) shall apply mutatis mutandis to voting rights in an Insurance Company's Major Shareholder or an 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 particulars 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) The Insurance Company's Major Shareholder subject to the authorization ceases to be the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold; or
- (iii) The Insurance Company's Major Shareholder 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 its Subsidiary.

(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 particulars 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) The Insurance Holding Company subject to the authorization is no longer a Holding Company whose Subsidiaries include an Insurance Company.

## **Chapter XII Special Provisions on Low-Cost, Short-Term Insurers**

### **Section 1 General Rules**

(Registration)

Article 272 (1) A person registered with the Prime Minister may, notwithstanding the provisions of Article 3, paragraph (1), provide Low-Cost, Short-Term Insurance Services.

(2) A Low-Cost, Short-Term Insurer shall be a small-scale entrepreneur (meaning an entrepreneur receiving insurance premiums in an amount not exceeding the standard specified by 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 detailing the following particulars:

- (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 conducts any other business than Low-Cost, Short-Term Insurance Services, 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 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 provisions 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 provisions of the preceding paragraph.
- (4) The documents listed in paragraph (2), items (ii) to (iv) inclusive must detail the particulars specified by Cabinet Office Ordinance.

(Registration to Registry)

- Article 272-3 (1) Whenever an application has been filed for the registration under Article 272, paragraph (1), unless the Prime Minister denies the Applicant registration pursuant to the provisions of paragraph (1) of the following Article, the Prime Minister shall register the following particulars in the registry of Low-Cost, Short-Term Insurers :
- (i) The particulars 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 Low-Cost, Short-Term Insurers available for public inspection.

(Refusal of Registration)

- Article 272-4 (1) The Prime Minister shall deny an Applicant registration if the Applicant falls under any of the following items, or if the written application or a document attached thereto includes any false detail or fails to detail a material fact:
- (i) A person that is not a Stock Company or Mutual Company (limited to a company that falls under the following sub-items in accordance with the categories set forth in those items):

- (a) A Stock Company or Mutual Company (hereinafter referred to as "Stock Company, etc." in this paragraph) whose capital or total funds (including the reserves for redemption of funds set forth in Article 56; the same shall apply in the following item) is less than the amount specified by 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 specified by 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 specified by Cabinet Order which is provided for in the preceding item;
- (iv) A Stock Company, etc. whose articles of incorporation include any provisions that do 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 particular that does not conform to the following standards:
  - (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 conduct 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 reserves 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 provisions of Article 133 or 134, whose registration under Article 272, paragraph (1) was canceled pursuant to the provisions of Article 272-26, paragraph (1) or Article 272-27 or whose registration under Article 276 or 286 was canceled pursuant to the provisions of Article 307, paragraph (1), or against which a similar type of license or registration

- under the relevant provisions 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 provisions 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 conducts any other business than the business set forth in the proviso to Article 272-11, paragraph (2) to be specified by Cabinet Office Ordinance, or is found to pose the risk of obstructing the appropriate and secure performance of its Low-Cost, Short-Term Insurance Services;
- (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 provisions of Article 133 or 134, whose license under Article 185, paragraph (1) was canceled pursuant to the provisions of Article 205 or 206, whose license under Article 219, paragraph (1) was canceled pursuant to the provisions of Article 231 or 232, whose registration under Article 272, paragraph (1) was canceled pursuant to the provisions of Article 272-26, paragraph (1) or Article 272-27 or whose registration under Article 276 or 286 was canceled pursuant to the provisions of Article 307, paragraph (1), or against whom a similar type of license or registration under the relevant provisions 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 provisions of Article 307, paragraph (1) or against whom a similar type of registration under the relevant provisions 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 provisions of Article 133, an order for dismissal as Representative Person in Japan pursuant to the provisions of Article 205 or 231, an order for dismissal as director, executive officer, accounting advisor or company auditor pursuant to the provisions 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 provisions 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 provisions 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 provisions 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 provide Low-Cost, Short-Term Insurance Services 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 Low-Cost, Short-Term Insurer shall deposit the amount of money to be specified by 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) If the Prime Minister finds it necessary for the protection of Policyholders, etc., he/she may order a Low-Cost, Short-Term Insurer to deposit, in addition

to the amount of money set forth in the preceding paragraph to be specified by Cabinet Order, the amount of money that he/she finds appropriate prior to the commencement of its Low-Cost, Short-Term Insurance Services.

- (3) If a Low-Cost, Short-Term Insurer has concluded an agreement stipulating that a required amount of deposit be deposited for the Low-Cost, Short-Term Insurer by order of the Prime Minister pursuant to the provisions of a Cabinet Order and has notified the Prime Minister of this, the insurer may 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 "Contract Amount" in this Article), so long as the agreement remains in effect.
- (4) If the Prime Minister finds it necessary for the protection of Policyholders, etc., he/she may order a person who has concluded with a Low-Cost, Short-Term Insurer the agreement set forth in the preceding paragraph or the Low-Cost, Short-Term Insurer concerned to make a deposit in an amount corresponding to the whole or part of the Contract Amount.
- (5) A Low-Cost, Short-Term Insurer must not commence Low-Cost, Short-Term Insurance Services, unless it has made the deposit under paragraph (1) (including any deposit made pursuant to the provisions 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 parties or beneficiaries pertaining to insurance contracts have, with regard to any credit arising out of the insurance contracts, a priority claim over other creditors on the deposit pertaining to the Low-Cost, Short-Term Insurer.
- (7) Any necessary particular in enforcing a claim under the preceding paragraph shall be specified by Cabinet Order.
- (8) If the amount of its deposit (including the Contract Amount) falls below the amount set forth in paragraph (1) to be specified by Cabinet Order for reasons such as the enforcement of a claim under paragraph (6), the Low-Cost, Short-Term Insurer shall 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 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 Cabinet Office Ordinance may be deposited in lieu of the deposit set forth in paragraph (1), (2) or the preceding paragraph.
- (10) The deposit made pursuant to the provisions 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 provisions 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 provisions of Article 273, paragraph (1) or (3).

(11) In addition to what is specified for in the preceding paragraphs, any necessary particulars of deposits shall be prescribed by Cabinet Office Ordinance/Ordinance of the Ministry of Justice.

(Low-Cost, Short-Term Insurers' Liability Insurance Contracts)

Article 272-6 (1) A Low-Cost, Short-Term Insurer that has concluded a Low-Cost, Short-Term Insurer'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 made 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) If the Prime Minister finds it necessary for the protection of Policyholders, etc., he/she may order a Low-Cost, Short-Term Insurer that has concluded the Low-Cost, Short-Term Insurer's liability insurance contract set forth in the preceding paragraph to deposit 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 particular of Low-Cost, Short-Term Insurers' liability insurance contracts shall be specified by a Cabinet Office Ordinance.

(Notification of Change)

Article 272-7 (1) If there has been a change in any of the particulars listed in the items of Article 272-2, paragraph (1), the Low-Cost, Short-Term Insurer shall notify the Prime Minister of this within two weeks from the day on which the change occurred.

(2) The Prime Minister shall register the effect of any notice received under the preceding paragraph to the registry of Low-Cost, Short-Term Insurers.

(Posting of Sign, etc.)

Article 272-8 (1) A Low-Cost, Short-Term Insurer shall, at a conspicuous location in each of its offices, post a sign in the form to be specified by Cabinet Office Ordinance.

(2) Any person other than a Low-Cost, Short-Term Insurer shall not post the sign set forth in the preceding paragraph or any similar sign thereto.

(3) For the purpose of applying the provisions of Article 7, paragraph (2) to a Low-Cost, Short-Term Insurer, 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 Cabinet Office Ordinance as indicating that the entity is a Low-Cost, Short-Term Insurer)."

(Prohibition of Name Lending)

Article 272-9 A Low-Cost, Short-Term Insurer shall not have another person provide Low-Cost, Short-Term Insurance Services in the name of the Low-Cost, Short-Term Insurer.

(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 day-to-day business of a Low-Cost, Short-Term Insurer shall not engage in the day-to-day business of another company, except when authorized by the Prime Minister.

(2) Whenever an application has been filed for the authorization set forth in the preceding paragraph, unless the Prime Minister finds that the particulars given in the application pose the risk of interfering with the sound and appropriate business operation of the Low-Cost, Short-Term Insurer's business, the Prime Minister shall grant such authorization.

## **Section 2 Business, etc.**

(Scope of Business)

Article 272-11 (1) A Low-Cost, Short-Term Insurer may conduct Low-Cost, Short-Term Insurance Business and any other business incidental thereto.

(2) A Low-Cost, Short-Term Insurer may not conduct any business other than what is provided pursuant to the provisions of the preceding paragraph; provided however, that this shall not apply when the Low-Cost, Short-Term Insurer has received the approval of the Prime Minister pursuant to the provisions of Cabinet Office Ordinance for any business specified by Cabinet Office Ordinance as related to Low-Cost, Short-Term Insurance Services which are found to pose no risk to the insurer in performing Low-Cost, Short-Term Insurance Services in an appropriate and secure manner.

(3) Where a written application for the registration set forth in Article 272, paragraph (1) includes an indication that the Applicant seeks to conduct any other business than what is provided for pursuant to the provisions of paragraph (1), the Applicant shall be deemed to have received the approval set forth in the proviso to the preceding paragraph conduct such business if its application for registration is accepted.

(Method of Investment)

Article 272-12 A Low-Cost, Short-Term Insurer 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 Cabinet Office Ordinance;
- (ii) Acquisition of national government bonds or any other securities specified by Cabinet Office Ordinance as equivalent thereto; or
- (iii) Any other method specified by Cabinet Office Ordinance as equivalent to the methods listed in the preceding two items.

(Amount of Insurance Proceeds for One Policyholder, etc.)

Article 272-13 (1) A Low-Cost, Short-Term Insurer shall not, with regard to any one single Policyholder, underwrite policies with a total amount of insurance proceeds exceeding the amount specified by Cabinet Order.

- (2) The provisions of Article 100-2, Article 100-3 and Article 100-4 shall apply mutatis mutandis to a Low-Cost, Short-Term Insurer. In this case, the terms "Insurance Company's Major Shareholder" and "Insurance Holding Company" in Article 100-3 shall be deemed to be replaced with "Low-Cost, Short-Term Insurer's Major Shareholder provided for in Article 272-34, paragraph (1)" and "Low-Cost, Short-Term Insurance Holding Company as defined in Article 272-37, paragraph (2)," respectively.

(Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services)

Article 272-13-2 (1) A Low-Cost, Short-Term Insurer shall take the measures specified in the following items according to the category of cases set forth in the respective items:

- (i) in cases where there is a Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services (meaning a Designated Dispute Resolution Organization for which the Category of Dispute Resolution Services, etc. is Low-Cost, Short-Term Insurance Services; hereinafter the same shall apply in this Article): measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures for Low-Cost, Short-Term Insurance Services with a single Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services;
- (ii) in cases where there is no Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services: Complaint Processing Measures and Dispute Resolution Measures concerning Low-Cost, Short-Term Insurance Services.

- (2) A Low-Cost, Short-Term Insurer shall, when it has taken measures to conclude a Basic Contract for the Implementation of Dispute Resolution

Procedures pursuant to the provisions of the preceding paragraph, publicize the trade name or name of the Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services that is the counterparty to said Basic Contract for the Implementation of Dispute Resolution Procedures.

(3) The provisions of paragraph (1) shall not apply for the periods specified in the following items according to the category of cases set forth in the respective items:

(i) when the relevant case which had fallen under the cases set forth in paragraph (1), item (i), has come to fall under the cases set forth in item (ii) of that paragraph: the period specified by the Prime Minister at the time of granting authorization for abolition of Dispute Resolution Services, etc. under Article 308-23, paragraph (1) or rescinding the designation under Article 308-24, paragraph (1), as the period necessary to take the measures specified in that item;

(ii) when the relevant case had fallen under the cases set forth in paragraph (1), item (i), and the abolition of Dispute Resolution Services, etc. of a single Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services under that item has been authorized under Article 308-23, paragraph (1) or the designation under Article 308-2, paragraph (1) of a single Designated Dispute Resolution Organization for Low-Cost, Short-Term Insurance Services under that item has been rescinded pursuant to Article 308-24, paragraph (1) (excluding the case set forth in the preceding item): the period specified by the Prime Minister at the time of granting such authorization or making such rescission, as the period necessary for taking the measures specified in paragraph (1), item (i); and

(iii) when the relevant case which had fallen under the cases set forth in paragraph (1), item (ii) has come to fall under the cases set forth in item (i) of that paragraph: the period specified by the Prime Minister at the time of designation under Article 308-2, paragraph (1), as the period necessary to take the measures specified in that item.

(Scope of a Low-Cost, Short-Term Insurer's Subsidiary Companies, etc.)

Article 272-14 (1) A Low-Cost, Short-Term Insurer shall not have as its Subsidiary any company other than one that conducts business that is dependent on its own business, or any other business specified by Cabinet Office Ordinance as incidental or related thereto.

(2) A Low-Cost, Short-Term Insurer shall, when it seeks to take as its Subsidiary a company specialized in any of the business set forth in the preceding paragraph specified by 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 Low-Cost, Short-Term Insurer shall run from 1 April to 31 March of the next year.

(Business Report, etc.)

Article 272-16 (1) A Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer that is also a Stock Company, etc. falling under Article 272-4, paragraph (1), item (i), sub-item (b) (referred to as "Specified Low-Cost, Short-Term Insurer" 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 provisions of Article 110, paragraph (2) shall apply mutatis mutandis where a Specified Low-Cost, Short-Term Insurer has any Subsidiary or any other person to which it is specially related as specified by Cabinet Office Ordinance (referred to as "Subsidiary Company, etc." in the following Article and Article 272-25, paragraph (1)); and the provisions of Article 110, paragraph (3) shall apply mutatis mutandis to a Low-Cost, Short-Term Insurer. 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 Low-Cost, Short-Term Insurer; and the provisions of Article 111, paragraph (2) shall apply mutatis mutandis to a Specified Low-Cost, Short-Term Insurer with any Subsidiary Company, etc.

(Mutatis Mutandis Application of Provisions on the 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 Low-Cost, Short-Term Insurer; and the provisions of Article 114 shall apply mutatis mutandis to a Stock Company that is also a Low-Cost,

Short-Term Insurer. 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 reserves pertaining to the insurance contracts specified by 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 Cabinet Office Ordinance are calculated using a reasonable and relevant method based on actuarial science, and whether the policy reserves pertaining thereto has been funded using a reasonable and relevant method based on actuarial science."

#### **Section 4 Supervision**

(Modification of Particulars Prescribed in Statement of Business Procedures, etc.)

Article 272-19 (1) A Low-Cost, Short-Term Insurer shall, when it seeks to modify any of the particulars 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 particular prescribed in the document listed in Article 272-2, paragraph (2), item (iv), the Low-Cost, Short-Term Insurer shall submit a written opinion confirming the actuary's finding that the method of calculating the insurance premiums and policy reserves prescribed in the document is reasonable and relevant based on actuarial science.

(3) The necessary particulars of the written opinion set forth in the preceding paragraph shall be specified by Cabinet Office Ordinance.

(Notification, etc. of the Modification of Particulars 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 to be 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 particulars prescribed in the document listed in Article 272-2, paragraph (2), item (iv)).

(2) If the Prime Minister finds that the particulars of a notification under the preceding Article (other than a notification solely pertaining to a modification in any of the particulars prescribed in the document listed in Article 272, paragraph (2), item (iv)) conform to the standards listed in Article 272-4,



paragraph (1), item (v), he/she may 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 particulars of a notification under the preceding Article conform to the standards 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) If the Prime Minister finds that the particulars of a notification under the preceding Article do not conform to the standards listed in Article 272-4, paragraph (1), item (v), he/she may order the person that made the notification to modify any of the particulars of 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 provisions of the preceding paragraph).

(Particulars Requiring Notice)

Article 272-21 (1) If a Low-Cost, Short-Term Insurer falls under any of the following items, it shall notify the Prime Minister of this pursuant to the provisions of a Cabinet Office Ordinance:

- (i) If it begins Low-Cost, Short-Term Insurance Business;
  - (ii) If its Subsidiary ceases to be its Subsidiary (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) If it seeks to increase the amount of capital or the total amount of funds;
  - (iv) If it modifies its articles of incorporation;
  - (v) If its voting rights are acquired or come to be held by a single shareholder, in excess of 5 percent of all shareholders' voting rights; or
  - (vi) If it falls under any of the other cases specified by 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 provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights in a Low-Cost, Short-Term Insurer 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) If the Prime Minister finds it necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of a Low-Cost, Short-Term Insurer, he/she may request the Low-Cost, Short-Term Insurer to submit a reports or materials concerning the status of its business or property.
- (2) If and to the extent that the Prime Minister finds it particularly necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of a Low-Cost, Short-Term Insurer, he/she may request the Low-Cost, Short-Term Insurer's Subsidiary Company, etc. (meaning its Subsidiary or any other juridical person whose management is specified as being be controlled by the Low-Cost, Short-Term Insurer under a Cabinet Office Ordinance; the same shall apply in the following paragraph and paragraphs (2) and (3) of the following Article) or a person the Low-Cost, Short-Term Insurer has entrusted with its business to submit a report or materials that should serve as reference concerning the condition of the business or property of the Low-Cost, Short-Term Insurer, within the limit necessary.
- (3) A Low-Cost, Short-Term Insurer's Subsidiary Company, etc. or a person that a Low-Cost, Short-Term Insurer has entrusted with its business may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds for it to do so.

(On-Site Inspection)

- Article 272-23 (1) If the Prime Minister finds it necessary for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of a Low-Cost, Short-Term Insurer, he/she may have his/her officials enter a business office, any other office or any other facility of the Low-Cost, Short-Term Insurer 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 and to the extent that he/she finds it particularly necessary in making an entry, asking questions, or conducting inspection pursuant to the provisions of the preceding paragraph, have his/her officials enter a facility of a Low-Cost, Short-Term Insurer's Subsidiary Company, etc. or a person the Low-Cost, Short-Term Insurer has entrusted with its business, have such officials question the Low-Cost, Short-Term Insurer or ask questions about any particulars that are necessary for their inspection, or have such officials inspect books and documents and other materials.
- (3) A Low-Cost, Short-Term Insurer's Subsidiary Company, etc. or a person that

a Low-Cost, Short-Term Insurer has entrusted with its business may refuse the questioning and inspection set forth in the preceding paragraph if there are justifiable grounds for it to do so.

(Order to Modify Regarding Particulars Prescribed in Statement of Business Procedures, etc.)

Article 272-24 (1) If the Prime Minister finds that the particulars prescribed by a Low-Cost, Short-Term Insurer in the document listed in Article 272-2, paragraph (2), item (iv) fall under any of the following items, he/she may order the Low-Cost, Short-Term Insurer to modify any of the particulars 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 rate of Insurance Proceeds, etc. (meaning the rate found by dividing the amount of the insurance proceeds and other benefits (including any other payment specified by 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 Cabinet Office Ordinance as received under the insurance contracts; or

(ii) The method of calculating the policy reserves 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 and to the extent that he/she finds it necessary, in light of the status of the business or property of a Low-Cost, Short-Term Insurer or changing circumstances, for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of the Low-Cost, Short-Term Insurer, order the Low-Cost, Short-Term Insurer to modify any of the particulars prescribed in the documents listed in Article 272-2, paragraph (2), items (ii) to (iv) inclusive.

(Business Improvement Order)

Article 272-25 (1) If the Prime Minister finds it necessary, in light of the status of the business or property of a Low-Cost, Short-Term Insurer or the status of the property of its Subsidiary Company, etc., for protecting the Policyholders, etc. and for ensuring the sound and appropriate business operation of the Low-Cost, Short-Term Insurer, he/she may request the Low-Cost, Short-Term Insurer to submit an improvement program for ensuring the soundness of its management by specifying particulars with regard to which measures must 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) An order under the preceding paragraph that it is found to be necessary to issue due to the Low-Cost, Short-Term Insurer's level of solvency in terms of its ability to pay Insurance Proceeds, etc., must be an order specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance for the category that corresponds to the Low-Cost, Short-Term Insurer's level of solvency in terms of its ability to pay Insurance Proceeds, etc.

(Cancellation of Registration, etc.)

Article 272-26 (1) The Prime Minister may order the total or partial suspension of the business of a Low-Cost, Short-Term Insurer for a specified period of time, or cancel the registration set forth in Article 272, paragraph (1), if and when the Low-Cost, Short-Term Insurer:

- (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 provisions 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 particulars prescribed in the documents listed in the items of Article 272-2, paragraph (2); or
- (v) engages in any action with prejudice to the public interest.

(2) Where any director, executive officer, accounting advisor or company auditor of a Low-Cost, Short-Term Insurer falls under any of Article 272-4, paragraph (1), item (x), sub-items (a) to (f) inclusive, violates any provisions of a law or regulation, or acts as listed in item (iv) or (v) of the preceding paragraph, the Prime Minister may order the Low-Cost, Short-Term Insurer to dismiss the director, executive officer, accounting advisor or company auditor.

Article 272-27 If the Prime Minister finds that, from the viewpoint of protecting Policyholders, etc., it is inappropriate for a Low-Cost, Short-Term Insurer to engage in Low-Cost, Short-Term Insurance Services, because of extreme deterioration in the status of its property, the Prime Minister may cancel the registration of such Low-Cost, Short-Term Insurer under Article 272, paragraph (1).

(Mutatis Mutandis Application of Provisions on the Standard of Soundness)

Article 272-28 The provisions of Article 130 shall apply mutatis mutandis to a Low-Cost, Short-Term Insurer.

## **Section 5 Portfolio Transfers, etc. of Insurance Contracts**

(Mutatis Mutandis Application of Provisions on Portfolio Transfers 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 Low-Cost, Short-Term Insurer. 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 Low-Cost, Short-Term Insurer."

(Mutatis Mutandis Application of Provisions on the Transfer or Acceptance of Business, and Entrustment of Activity and Property)

Article 272-30 (1) The provisions of Article 142 shall apply mutatis mutandis to the transfer or acceptance of business involving a Low-Cost, Short-Term Insurer or Low-Cost, Short-Term Insurers.

(2) The provisions of Chapter VII, Section 3 shall apply mutatis mutandis to entrustment of the administration of business and property by a Low-Cost, Short-Term Insurer. 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 Low-Cost, Short-Term Insurer."

## **Section 6 Shareholders**

### **Subsection 1 Low-Cost, Short-Term Insurers' Major Shareholders**

(Approval Pertaining to Holders of Voting Rights in a Low-Cost, Short-Term Insurer, etc. Equal to or Exceeding the Major Shareholder Threshold)

Article 272-31 (1) Any person who seeks to become the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold or to form a company or juridical person that is the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold through any of the following transactions or actions (other than the State, etc. set forth in Article 271-10, paragraph (1), the company set forth in Article 272-35, paragraph (1) that seeks to become a Holding Company, the person set forth in that paragraph or the Low-Cost, Short-Term Insurance Holding Company set forth in Article 272-37, paragraph (2) that seeks to make a Low-Cost, Short-Term Insurer its Subsidiary Company), shall obtain the approval of the Prime Minister in advance:

(i) Acquisition of voting rights in a Low-Cost, Short-Term Insurer by a person seeking to hold the relevant voting rights (except for those obtained by the

- acquisition of shares through the exercise of a security interest or due to any other event specified by Cabinet Office Ordinance);
- (ii) An action through which the registration set forth in Article 272, paragraph (1), is obtained, through a company that holds a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold, by the person seeking to become the holder of said voting rights);  
or
  - (iii) Any other transaction or action specified by Cabinet Order.
- (2) Any person that has become the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold due to any other event than the transactions or actions listed in the items of the preceding paragraph (other than the National Government, etc. set forth in Article 271-10, paragraph (1), the Specified Low-Cost, Short-Term Insurance Holding Company set forth in Article 272-35, paragraph (2) or the Specified Low-Cost, Short-Term Insurance Holding Company set forth in Article 272-37, paragraph (2); referred to as a "Low-Cost, Short-Term Insurer's Specified Major Shareholder" hereafter in this Article as well as in Article 333) shall take necessary measures for ensuring that it will cease to be the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold by the date one year after the last day of the Low-Cost, Short-Term Insurer's business year in which the event occurred (referred to as the "Last Day of the Grace Period" hereafter in this paragraph as well as in paragraph (4)); provided, however, that this shall not apply where the Low-Cost, Short-Term Insurer's Specified Major Shareholder has received approval from the Prime Minister for continuing to be the holder of a number of voting rights in the Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold after the Last Day of the Grace Period.
- (3) If a Low-Cost, Short-Term Insurer's Specified Major Shareholder has ceased to be the holder of a number of voting rights in the Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold due to the measures set forth in the preceding paragraph, it shall notify the Prime Minister of this without delay. The same applies if it has ceased to be the holder of a number of voting rights in the Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold without such measures.
- (4) The Prime Minister may order a person who has become the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold through any of the transactions or actions listed in the items of paragraph (1) or a company or any other juridical person formed as the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold, without

receiving the approval set forth in paragraph (1), or a person that continues to be the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold, even after the Last Day of the Grace Period, without receiving the approval set forth in the proviso to paragraph (2), to take necessary measures for ensuring that it will cease to be the holder of a number of voting rights in the Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold.

- (5) The provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold, in the cases referred to in the preceding paragraphs.

(Application Procedure for Approval)

Article 272-32 (1) Any person that seeks 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 detailing the following particulars:

- (i) the particulars of the Proportion of Voting Rights Held (meaning the proportion calculated by dividing the number of voting rights the Applicant for approval holds in the Low-Cost, Short-Term Insurer to which the approval pertains, by all shareholders' voting rights in the Low-Cost, Short-Term Insurer; the same shall apply in Article 272-36, paragraph (1) and Article 272-42, paragraph (1)), the particulars of the acquisition funding, the purpose of holding the voting rights, and other particulars specified by Cabinet Office Ordinance as important particulars of the holding of voting rights in a Low-Cost, Short-Term Insurer;
  - (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), sub-item (c) or item (ii), sub-item (c) of the following Article as well as any other document specified by Cabinet Office Ordinance.
- (3) The provisions 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) Whenever an application has been filed for the approval under

Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2), with the exception of cases falling under any of the following, the Prime Minister shall give such approval:

(i) The person that filed 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 particulars of the acquisition funding, the purpose of holding the voting rights or any other particular involved in the holding of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold 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 business operation of the Low-Cost, Short-Term Insurer in which the Juridical Person Applicant, etc. holds, or will hold, a number of voting rights equal to 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 business operation of the Low-Cost, Short-Term Insurer in which the Juridical Person Applicant, etc. holds, or will hold, a number of voting rights equal to or exceeding the Major Shareholder Threshold; or

(c) The Juridical Person Applicant, etc. falls under any of the following:

1. A person whose license under Article 3, paragraph (1) was canceled pursuant to the provisions of Article 133 or 134, whose license under Article 185, paragraph (1) was canceled pursuant to the provisions of Article 205 or 206, whose license under Article 219, paragraph (1) was canceled pursuant to the provisions of Article 231 or 232, whose registration under Article 272, paragraph (1) was canceled pursuant to the provisions of Article 272-26, paragraph (1) or Article 272-27 or whose registration under Article 276 or 286 was canceled pursuant to the provisions 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 provisions of any of



the actions 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 provisions of Article 12, paragraph (1), or a person falling under any of Article 272-4, paragraph (1), item (x), sub-items (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 particulars of the acquisition funding, the purpose of holding the voting rights or any other particular involved in the holding of a number of voting rights in the Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold by the Applicant, the application poses a risk to the sound and appropriate business operation of the Low-Cost, Short-Term Insurer in which the Applicant holds, or will hold, a number of voting rights equal to 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 business operation of the Low-Cost, Short-Term Insurer in which the Applicant holds, or will hold, a number of voting rights equal to 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 provisions of Article 12, paragraph (1), or any of Article 272-4, paragraph (1), item (x), sub-items (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 provisions of Article 12, paragraph (1), or any of Article 272-4, paragraph (1), item (x), sub-items (a) to (f) inclusive.
- (2) The provisions 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.

(Mutatis Mutandis Application 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 Low-Cost, Short-Term Insurer's Major Shareholder that holds a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold (meaning a person that has received the approval to hold such voting rights following any of the transactions or actions 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 Company's 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 Company's 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 provisions of Article 2, paragraph (15) shall apply mutatis mutandis to the voting rights held by the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold in the case referred to in the preceding paragraph.

### **Subsection 2 Low-Cost, Short-Term Insurance Holding Company**

(Approval Pertaining to Low-Cost, Short-Term Insurance Holding Company, etc.)

Article 272-35 (1) Any company that seeks to become a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer through any of the

following transactions or actions, or any person that seeks to incorporate a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer must receive in advance the approval of the Prime Minister:

- (i) Acquisition of voting rights in the Low-Cost, Short-Term Insurer by the company or any of its Subsidiaries (excluding through the acquisition of shares by the exercise of a security interest or any other event specified by Cabinet Office Ordinance);
  - (ii) Any action by a Subsidiary of the company to obtain the registration set forth in Article 272, paragraph (1); or
  - (iii) Any other transaction or action specified by Cabinet Order.
- (2) Any company that has become a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer following any other event than the transactions or actions listed in items of the preceding paragraph (hereinafter referred to as "Specified Low-Cost, 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 whose Subsidiaries include a Low-Cost, Short-Term Insurer, as well as other particulars specified by Cabinet Office Ordinance.
- (3) A Specified Low-Cost, Short-Term Insurance Holding Company shall take necessary measures to ensure that it will cease to be a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer by the date that 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 "Last Day of the Grace Period" 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 Low-Cost, Short-Term Insurance Holding Company continue as a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer after the Last Day of the Grace Period.
- (4) If a Specified Low-Cost, Short-Term Insurance Holding Company has ceased to be a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer due to the measures taken under the preceding paragraph, it shall notify the Prime Minister of this without delay. The same applies if it has ceased to be a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer without such measures.
- (5) The Prime Minister may order any company that has become a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer due to any of the transactions or actions listed in the items of paragraph (1) or was incorporated as a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer, without the approval set forth in paragraph (1), or any company that continues as a Holding Company whose Subsidiaries include a

Low-Cost, Short-Term Insurer after the Last Day of 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 whose Subsidiaries include a Low-Cost, Short-Term Insurer.

Article 272-36 (1) A person seeking to receive the approval set forth in the preceding Article, paragraph (1) or the proviso to paragraph (3) must submit a written application for approval to the Prime Minister detailing the following particulars:

- (i) the particulars of the Proportion of Voting Rights Held, the particulars of the acquisition funding, the purpose of holding the voting rights, and other particulars specified by Cabinet Office Ordinance as important particulars of the holding of voting rights in a Low-Cost, Short-Term Insurer;
  - (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 Cabinet Office Ordinance.

Article 272-37 (1) Whenever an application has been filed for the approval referred to in Article 272-35, paragraph (1) or the proviso to Article 272-35, paragraph (3), with the exception of cases falling under any of the following, the Prime Minister shall give such approval:

- (i) in light of the status of the property and balance of payment of the company that filed the application for approval or the company to be incorporated with the approval (hereinafter referred to as "Applicant, etc." in this Article) and its Subsidiaries (including any prospective Subsidiaries), the Applicant, etc. poses a risk to the sound and appropriate business operation of the Low-Cost, Short-Term Insurer that is, or will be its Subsidiary;
- (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 Low-Cost, Short-Term Insurer that is, or will be, its Subsidiary;
- (iii) the Applicant, etc. falls under Article 272-33, paragraph (1), item (i), sub-item (c); or
- (iv) the business content of any Subsidiary of the Applicant, etc. falls under

item of Article 272-39, paragraph (3).

(2) A Low-Cost, Short-Term Insurance Holding Company (meaning a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer that has received the approval to hold the relevant voting rights following any of the transactions or actions 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 Low-Cost, Short-Term Insurance Holding Company)

Article 272-37-2 (1) The following provisions in the Companies Act shall not apply to a Low-Cost, 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 Low-Cost, Short-Term Insurance Holding Company may not become an unlimited partner or a partner who executes the business of a membership company.

(Scope of Business of Low-Cost, Short-Term Insurance Holding Company, etc.)

Article 272-38 (1) A Low-Cost, 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 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 Low-Cost, Short-Term Insurance Holding Company shall, in conducting its business, endeavor to ensure the sound and appropriate business operation of its Low-Cost, Short-Term Insurer Subsidiaries.

(Scope of Subsidiaries of a Low-Cost, Short-Term Insurance Holding Company, etc.)

Article 272-39 (1) A Low-Cost, Short-Term Insurance Holding Company must receive advance approval from the Prime Minister, when it seeks to make any company other than the companies that fall under any of the categories specified in the following items its Subsidiary:

(i) A Low-Cost, Short-Term Insurer; or

(ii) A company specialized in business that is dependent on the business conducted by a Low-Cost, Short-Term Insurer, or any business specified by Cabinet Office Ordinance as incidental or related thereto.

(2) A Low-Cost, Short-Term Insurance Holding Company that seeks to receive the approval set forth in the preceding paragraph shall submit to the Prime Minister a written application detailing the business content, amount of capital and human resource structure of the company covered by the application for approval, as well as other particulars specified by Cabinet Office Ordinance.

(3) Whenever an application has been filed for the approval referred to in paragraph (1), with the exception of cases in which the content of the business that the company to which the application pertains conducts or seeks to conduct falls under one of the following items, the Prime Minister shall give such approval:

(i) it may harm the public policy and good morals; or

(ii) it 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 Low-Cost, Short-Term Insurer Subsidiaries of the Low-Cost, Short-Term Insurance Holding Company that has filed the application.

(4) The provisions of paragraph (1) shall not apply where a company not falling under paragraph (1), item (i) or (ii) becomes a Subsidiary of the Low-Cost, Short-Term Insurance Holding Company following the acquisition of shares or equity interests through the exercise of security interest by the Low-Cost, Short-Term Insurance Holding Company or any of its Subsidiaries, or any other justifiable event specified by Cabinet Office Ordinance; provided, however, that the Low-Cost, Short-Term Insurance Holding Company shall, unless the Prime Minister approves that such company continue to be its Subsidiary, 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 provisions of Article 271-22 shall apply in lieu of the provisions of paragraph (1) of the preceding Article and the preceding paragraphs to any Low-Cost, Short-Term Insurance Holding Company that seeks to become an

Insurance Holding Company by making an Insurance Company its Subsidiary, or any Low-Cost, 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 Low-Cost, Short-Term Insurance Holding Company that seeks 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 Low-Cost, Short-Term Insurance Holding Company that already is a Bank Holding Company or Long Term Credit Bank Holding Company.

(Mutatis Mutandis Application of Provisions on Accounting, Supervision, etc.)  
Article 272-40 (1) The provisions of Article 271-23 shall apply mutatis mutandis to the business year of a Low-Cost, Short-Term Insurance Holding Company; the provisions 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 Low-Cost, Short-Term Insurance Holding Company, its Subsidiaries and any other company to which it is specially related as specified by Cabinet Office Ordinance (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 particulars specified by Cabinet Office Ordinance as pertaining to the status of the business and property of a Low-Cost, Short-Term Insurance Holding Company and its Subsidiary Companies, etc. in a consolidated manner with regard to the Low-Cost, Short-Term Insurance Holding Company and its Subsidiary Companies, etc.; the provisions of Article 271-25, paragraph (5) shall apply mutatis mutandis to a Low-Cost, Short-Term Insurance Holding Company; and the provisions of Article 271-26 shall apply mutatis mutandis to the particulars for inclusion in the business report and annexed detailed statements of a Low-Cost, Short-Term Insurance Holding Company.

- (2) The provisions of Article 271-27 shall apply mutatis mutandis to a Low-Cost, Short-Term Insurance Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer, a Low-Cost, Short-Term Insurance Holding Company's Subsidiary, etc. (meaning a Subsidiary or any other person to be prescribed by Cabinet Office Ordinance as a juridical person whose management is controlled by the Low-Cost, Short-Term Insurance Holding Company; hereinafter the same shall apply in this Article) or a person the Low-Cost, Short-Term Insurance Holding Company has entrusted with its business; the provisions of Article 271-28, paragraph (1) shall apply mutatis mutandis to

a Low-Cost, Short-Term Insurance Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer; the provisions of Article 271-28, paragraphs (2) and (4) shall apply mutatis mutandis to a Low-Cost, Short-Term Insurance Holding Company's Subsidiary, etc. and a person that a Low-Cost, Short-Term Insurance Holding Company has entrusted with its business; the provisions 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 provisions of Article 271-29, paragraph (1) shall apply mutatis mutandis to a Low-Cost, Short-Term Insurance Holding Company; the provisions of Article 271-29, paragraph (2) shall apply mutatis mutandis to a Low-Cost, Short-Term Insurer that is the Subsidiary of a Low-Cost, Short-Term Insurance Holding Company; and the provisions of Article 271-30 shall apply mutatis mutandis to a Low-Cost, Short-Term Insurance Holding Company or a Low-Cost, Short-Term Insurer that is the Subsidiary of a Low-Cost, 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 Low-Cost, Short-Term Insurers' Major Foreign Shareholders and to Foreign Low-Cost, Short-Term Insurance Holding Companies)

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 is the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold and to a person incorporated in accordance with the laws and regulations of a foreign state whose Subsidiaries include a Low-Cost, Short-Term Insurer (hereinafter referred to as a "Low-Cost, Short-Term Insurer's Major Foreign Shareholder, etc." in this Article), as well as any other particular necessary for applying the provisions of this Act to a Low-Cost, Short-Term Insurer's Major Foreign Shareholder, etc.

(Particulars Requiring Notice)

Article 272-42 (1) If a Low-Cost, Short-Term Insurer's Major Shareholder

(including a person that used to be a Low-Cost, Short-Term Insurer's Major Shareholder) falls under any of the following items, it shall notify the Prime Minister of this pursuant to the provisions of a Cabinet Office Ordinance:

- (i) If it becomes the Low-Cost, Short-Term Insurer's Major Shareholder subject to the approval set forth in Article 272-31, paragraph (1) or is formed as the Low-Cost, Short-Term Insurer's Major Shareholder subject to such approval;
- (ii) If any of the particulars listed in the items of Article 272-32, paragraph (1) are modified (excluding any modification in the Proportion of Voting Rights Held;
- (iii) If it comes to hold voting rights exceeding 50 percent of all shareholders' voting rights in the Low-Cost, Short-Term Insurer;
- (iv) If it ceases to be the holder of a number of voting rights in the Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold (excluding the case referred to in item (vi));
- (v) If it ceases to hold voting rights exceeding 50 percent of all shareholders' voting rights in the Low-Cost, Short-Term Insurer (excluding the cases referred to in the preceding and following items);
- (vi) If it dissolves (including the case where a court judgment invalidating the establishment, share transfer, Merger (limited to a Merger having resulted in establishment of a company or any other juridical person that becomes the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold) or an Incorporation-Type

- Split pertaining to the holder has become final and binding);
- (vii) If its voting rights are acquired or come to be held by a single shareholder, in excess of 50 percent of all shareholders' voting rights; or
  - (viii) If it falls under any other case specified by Cabinet Office Ordinance.
- (2) If a Low-Cost, Short-Term Insurance Holding Company (including a former Low-Cost, Short-Term Insurance Holding Company) falls under any of the following items, it shall notify the Prime Minister of this pursuant to the provisions of Cabinet Office Ordinance:
- (i) it becomes a Low-Cost, Short-Term Insurance Holding Company subject to the approval set forth in Article 272-35, paragraph (1) or is incorporated as a Low-Cost, Short-Term Insurance Holding Company subject to such approval;
  - (ii) it ceases to be a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer (excluding the case referred to in item (v));
  - (iii) it seeks to make any of the companies listed in items of Article 272-39, paragraph (1) its Subsidiary;
  - (iv) such Subsidiary ceases to be its Subsidiary (excluding the case referred to in item (ii));
  - (v) the holder dissolves (including the case where a court judgment invalidating the establishment, share transfer, Merger (limited to a Merger for incorporating a Holding Company to make a Low-Cost, Short-Term Insurer its Subsidiary) or Incorporation-Type Split has become final and binding);
  - (vi) it seeks to modify the amount of capital;
  - (vii) its voting rights constituting over 5 percent of all shareholders' voting rights, are acquired or come to be held by a single shareholder; or
  - (viii) the holder falls under any other case specified by Cabinet Office Ordinance.
- (3) The provisions of Article 2, paragraph (15) shall apply mutatis mutandis to voting rights in a Low-Cost, Short-Term Insurer's Major Shareholder or in a Low-Cost, 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 provisions of Article 271-33, paragraph (1) shall apply mutatis mutandis to the approval given to a Low-Cost, Short-Term Insurer's Major Shareholder under Article 272-31, paragraph (1) or the proviso to Article 272-31, paragraph (2); and the provisions of Article 271-33, paragraph (2) shall apply mutatis mutandis to the approval given to a Low-Cost, 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 Low-Cost, Short-Term Insurer falling under any of the following items (item (i) or (v) 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 (v));
  - (ii) It has dissolved (including when a judgment invalidating 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 operating in the Insurance Business has transferred all of its insurance contracts;
  - (iv) A Stock Company operating in 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 be extinguished, 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 Low-Cost, Short-Term Insurer 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 of the relevant fact in the Official Gazette:
- (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 provisions 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 provisions 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 provisions of Article 241, paragraph (1) or issued an order pursuant to the provisions 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 provisions 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 provisions 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 provisions of Article 271-30, paragraph (1);
  - (vii) When he/she orders suspension of the whole or part of the business of an Insurance Holding Company's Insurance Company Subsidiaries, pursuant to the provisions 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 provisions 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 provisions of Article 271-33.

### **Part III Insurance Solicitation**

#### **Chapter I General Rules**

(Restrictions on Insurance Solicitation)

Article 275 (1) Insurance Solicitation may not take place other than as provided for in each of the following items with the person set forth in the relevant item engaging in the stipulated Insurance Solicitation:

- (i) A Life Insurance Agent registered under the following Article: agency or intermediation for its Affiliated Insurance Company, etc. in concluding insurance contracts (for a bank serving as a Life Insurance Agent or any other person specified by 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 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 Representative registered under the following Article or an officer or employee thereof: agency or intermediation for its Affiliated Insurance Company, etc. in concluding insurance contracts (for a Bank, etc. serving as a Non-Life Insurance Representative, or an officer or employee thereof, this shall be limited to the cases specified by Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc.)
- (iii) A Specified Low-Cost, Short-Term Insurance Agent (meaning a Low-Cost, Short-Term Insurance Agent that engages in Insurance Solicitation only for the class of insurance defined in Article 3, paragraph (5), item (i) or any other class of insurance specified by Cabinet Office Ordinance, and who has not been delegated by the Low-Cost, Short-Term Insurer; the same shall apply hereinafter) or a Low-Cost, Short-Term Insurance Agent registered under the following Article: agency or intermediation for its Affiliated Insurance Company, etc. in concluding insurance contracts (for a Bank, etc. serving as a Low-Cost, Short-Term Insurance Agent, or an officer or employee thereof, this shall be limited to the cases specified by 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: intermediation in concluding insurance contracts (where the insurer is a Foreign Insurer that is not a Foreign Insurance Company, etc., this shall be limited to the cases specified by 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 Cabinet Office Ordinance as posing little risk to the protection of Policyholders, etc.), excluding intermediation for the conclusion of insurance contracts that a Life Insurance Agent, Non-Life Insurance Agent, or Low-Cost, Short-Term Insurance Agent does for its Affiliated Insurance Company, etc.
- (2) Notwithstanding the provisions of any other Act, a Bank, etc. may engage in Insurance Solicitation by way of registration under the following Article or Article 286.

**Chapter II Insurance Agents and Affiliated Insurance Companies, etc.**  
**Section 1 Insurance Agents**

(Registration)

Article 276 A Specified Insurance Agent (meaning a Life Insurance Agent, Non-

Life Insurance Representative, or Low-Cost, Short-Term Insurance Agent (other than a Specified Low-Cost, Short-Term Insurance Agent); the same shall apply hereinafter) shall be registered with the Prime Minister pursuant to the provisions 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 detailing the following particulars:

- (i) Trade name or name and birth date;
- (ii) Name and location of the office;
- (iii) Trade name, name of the Affiliated Insurance Company, etc.;
- (iv) Any other type of business conducted by the Applicant; and
- (v) Any other particular specified by 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 that 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 Cabinet Office Ordinance.

(Registration process)

Article 278 (1) Whenever an application has been filed for the registration under Article 276, unless the Prime Minister denies the Applicant registration pursuant to the provisions of paragraphs (1) to (3) inclusive of the following Article, the Prime Minister shall immediately register the following particulars in the registry of Life Insurance Agents, the registry of Non-Life Insurance Representatives, or the registry of Low-Cost, Short-Term Insurance Agents maintained at the location specified by Cabinet Office Ordinance:

- (i) Particulars listed in items of paragraph (1) of the preceding Article; and
- (ii) Date and number of registration.

(2) Whenever the Prime Minister has made a registration under the provisions of the preceding paragraph, he/she shall notify the Applicant and the Affiliated Insurance Company, etc. of this without delay.

(Denial of Registration)

Article 279 (1) The Prime Minister shall deny an Applicant registration if the Applicant falls under any of the following items, or if the written application or a document attached thereto includes a false detail with regard to an important particular or fails to detail 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 provisions 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 provisions 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 provisions 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 engaged in any extremely inappropriate conduct in connection with Insurance Solicitation during the three years prior to the date of application;
- (vii) An Insurance Broker, or any of its officers or any of its employees engaged

- in Insurance Solicitation;
- (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 item (i) to (vi) inclusive;
  - (x) An individual whose employees engaged in Insurance Solicitation include at least one person falling under item (vii); or
  - (xi) A juridical person whose officers or employees engaged in Insurance Solicitation include at least one person falling under item (vii).
- (2) If the Prime Minister seeks to deny an Applicant registration pursuant to the provisions of the preceding paragraph, he/she shall notify the Applicant of this 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 deny an Applicant registration without hearing any opinion, if the person summoned for the hearing fails to appear without justifiable grounds.
- (4) If the Prime Minister has denied an Applicant registration pursuant to the provisions of the preceding three paragraphs, he/she shall notify the Applicant of this in writing without delay.

(Notice, etc. of a Change, etc.)

Article 280 (1) If a Specified Insurance Agent has come to fall under any of the following items, the person specified in the relevant item shall notify the Prime Minister of this without delay:

- (i) Any of the particulars listed in the items of Article 277, paragraph (1) have changed: the Specified Insurance Agent affected by the change;
- (ii) It has abolished its Insurance Solicitation business: the individual who served as the Specified Insurance Agent or the officer representing the juridical person that served as the Specified Insurance Agent;
- (iii) The individual serving as the Specified Insurance Agent has died: his/her heir;
- (iv) The juridical person serving as the Specified Insurance Agent has become the subject of a ruling for the commencement of bankruptcy proceedings: the bankruptcy trustee;
- (v) The juridical person serving as the Specified Insurance Agent has extinguished due to merger (for an association or foundation that is not a juridical person, any action equivalent to merger; the same shall apply in the following item): the person who served as the officer representing the



- juridical person; or
- (vi) The juridical person serving as the Specified Insurance Agent has dissolved (for an association or foundation that is not a juridical person, any action equivalent to dissolution) for a reason other than a merger or a ruling for the commencement of bankruptcy proceedings: 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) Whenever the Prime Minister receives notice under the preceding paragraph for the reason specified in item (i), he/she shall register the particulars of the notice in the registry of Life Insurance Agents, the registry of Non-Life Insurance Representatives, or the registry of Low-Cost, Short-Term Insurance Agents, and notify the Affiliated Insurance Company, etc. of this.
- (3) Registration of a Specified Insurance Agent shall lose its effect if and when said Agent 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 to be a new registration pursuant to the provisions 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 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 to be a new registration pursuant to the provisions of Article 34 of the Registration and License Tax Act) submitted upon entrustment by the Affiliated Insurance Company, etc. (excluding any entrustment for a limited time based on temporary needs and specified as such by Cabinet Office Ordinance); or

(ii) Any application which does not fall under the preceding item.

(Restriction on Life Insurance Agents)

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 Agent of another Life Insurance Company with any Insurance Solicitation on its own behalf.

(2) A Life Insurance Agent may neither serve as an officer or employee of another Life Insurance Company, or as an employee of any such person, nor may an agent engage in Insurance Solicitation under delegation from another Life Insurance Company or serve as an officer or employee of a person that engages

in Insurance Solicitation under delegation from another Life Insurance Company.

- (3) The provisions of the preceding two paragraphs shall not apply to a Life Insurance Agent that has two or more Affiliated Insurance Companies, etc. if specified by Cabinet Order as posing little risk to the protection of Policyholders, etc. in light of the person's capacity to perform in business involving Insurance Solicitation and other conditions.

### **Section 2 Affiliated Insurance Companies, etc.**

(Liability of Affiliated Insurance Companies, etc.)

Article 283 (1) An Affiliated Insurance Company, etc. shall be liable for any damage caused by an Insurance Agent to a Policyholder involving Insurance Solicitation.

- (2) The provisions of the preceding paragraph shall not apply when
- (i) With regard to Insurance Solicitation by an Insurance Agent who is an officer of the Affiliated Insurance Company, etc. (for a Life Insurance Company, including a Life Insurance Agent who is an employee of such officer), the Affiliated Insurance Company, etc. used due care in appointing the officer and has made reasonable efforts in relation to Insurance Solicitation by such person to prevent the damage caused to the Policyholder;
  - (ii) With regard to Insurance Solicitation by an Insurance Agent who is an employee of the Affiliated Insurance Company, etc. (for a Life Insurance Company, including a Life Insurance Agent who is an employee of such employee), the Affiliated 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 by such person to prevent the damage caused to the Policyholder;  
or
  - (iii) With regard to Insurance Solicitation by a Specified Insurance Agent upon entrustment by the Affiliated Insurance Company, etc., or an officer or employee thereof, the Affiliated Insurance Company, etc. used due care in entrusting the Specified Insurance Agent with such solicitation and has made reasonable efforts in relation to Insurance Solicitation by such person to prevent the damage caused to the Policyholder.
- (3) The provisions of paragraph (1) shall not prevent the Affiliated Insurance Company, etc. to exercise its right to obtain reimbursement from the Insurance Agent concerned.
- (4) The provisions 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 Affiliated Insurance Company, etc. as Agent)

Article 284 A Specified Insurance Agent or a person falling under any of Article 280, paragraph (1), items (ii) to (vi) inclusive may appoint the Affiliated 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 Agents)

Article 285 (1) An Affiliated Insurance Company, etc. shall, pursuant to the provisions of Cabinet Office Ordinance, maintain a registry of Specified Insurance Agents 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 Affiliated 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 detailing the following particulars:

- (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 particular specified by 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 Cabinet Office Ordinance.

(Registration Process)

Article 288 (1) Whenever an application has been filed for the registration under Article 286, unless the Prime Minister denies the Applicant registration pursuant to the provisions of paragraphs (1) to (3) inclusive of the following Article, the Prime Minister shall immediately register the following particulars in the registry of Insurance Brokers maintained at the location specified by Cabinet Office Ordinance:

- (i) The particulars listed in items of paragraph (1) of the preceding Article; and
- (ii) The date and number of registration.
- (2) Whenever the Prime Minister has made a registration under the provisions of the preceding paragraph, he/she shall notify the Applicant of this without delay.
- (3) The Prime Minister shall make the registry of Insurance Brokers available for public inspection.

(Denial of Registration)

Article 289 (1) The Prime Minister shall deny an Applicant registration if the Applicant falls under any of the following items, or if the written application or a document attached thereto includes a false detail with regard to an important particular or fails to detail 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 provisions 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 provisions 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 provisions 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 engaged in any extremely inappropriate conduct in connection with Insurance Solicitation 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 Agent), or an Insurance Agent (for an employee of a Non-Life Insurance Representative, limited to those engaged in Insurance Solicitation);
  - (viii) An individual whose employees engaged in Insurance Solicitation include at least one person falling under any of the preceding items;
  - (ix) A juridical person whose officers or employees engaged in Insurance Solicitation include at least one person falling under any of item (i) to (vii) inclusive; or
  - (x) A person who does not have sufficient capacity to appropriately perform in business involving Insurance Solicitation.
- (2) If the Prime Minister seeks to deny an Applicant registration pursuant to the provisions of the preceding paragraph, he/she shall notify the Applicant of this 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 deny an Applicant registration without hearing any opinion, if the person summoned for the hearing fails to appear without justifiable grounds.
- (4) If the Prime Minister has denied an Applicant registration pursuant to the provisions of the preceding three paragraphs, he/she shall notify the Applicant of this in writing without delay..

(Notice, etc. of a Change, etc.)

Article 290 (1) If an Insurance Broker has come to fall under any of the following items, the person specified in the relevant item shall notify the Prime Minister

of this without delay:

- (i) Any of the particulars listed in the items of Article 287, paragraph (1) have changed: the Insurance Broker affected by the change;
  - (ii) It has abolished its 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) The individual serving as the Insurance Broker has died: his/her heir;
  - (iv) The juridical person serving as an Insurance Broker has become the subject of a ruling for the commencement of bankruptcy proceedings: its bankruptcy trustee;
  - (v) The juridical person serving as an Insurance Broker has extinguished due to merger (for an association or foundation that is not a juridical person, any action equivalent to merger: the same shall apply in the following item): the person who served as the officer representing the juridical person; or
  - (vi) The juridical person serving as an Insurance Broker has dissolved (for an association or foundation that is not a juridical person, any action equivalent to dissolution) for a reason other than a merger or ruling for the commencement of bankruptcy proceedings: 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) Whenever the Prime Minister receives notice under the preceding paragraph for the reason provided in item (i), he/she shall register the particulars of the notice on the registry of Insurance Brokers.
- (3) An Insurance Broker's registration becomes invalid if the broker comes to fall under any of paragraph (1), items (ii) to (vi) inclusive.

(Security Deposit)

- Article 291 (1) An Insurance Broker shall make 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 Cabinet Order, taking into consideration the business characteristics of the Insurance Broker and the necessity of protecting Policyholders, etc.
- (3) If an Insurance Broker has concluded a contract stipulating that a required amount of security deposit will be made for the Insurance Broker by order of the Prime Minister pursuant to the provisions of Cabinet Order and has notified the Prime Minister of this, the broker may 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) If the Prime Minister finds it necessary for the protection of Policyholders,

etc., he/she may 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 make a deposit in an amount corresponding to the whole or Part of the Contract Amount.

- (5) An Insurance Broker may not act as an intermediary in concluding an insurance contract, unless he/she has made the security deposit under paragraph (1) (including the conclusion of a contract under paragraph (3)) and has notified the Prime Minister of this.
- (6) A Policyholder who entrusted an Insurance Broker with acting as an intermediary 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 action as an intermediary in concluding the insurance contract, have a priority claim over other creditors on the security deposit made by the Insurance Broker.
- (7) Any other necessary particular for enforcing a claim as set forth in the preceding paragraph shall be specified by Cabinet Order.
- (8) If the amount of a security deposit (including the Contract Amount; the same shall apply in paragraph (10)) falls below the amount specified by Cabinet Order under paragraph (2) for reasons such as the enforcement of a claim under paragraph (6), the Insurance Broker shall compensate for the shortfall within two weeks from the date specified by 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 of this without delay.
- (9) The security deposit to be made pursuant to the provisions 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 Cabinet Office Ordinance.
- (10) The security deposit made pursuant to the provisions 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 item (ii) to (vi) inclusive of paragraph (1) of the preceding Article applies;
  - (ii) The relevant registration is canceled pursuant to the provisions of Article 307, paragraph (1) or (2) ; or
  - (iii) The security deposit exceeds the amount specified by 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 action as an

intermediary in concluding an insurance contract.

(12) In addition to what is provided for in the preceding paragraphs, any necessary particular of security deposits shall be specified by 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 Cabinet Order may, with the Prime Minister's authorization, withhold in whole or in part the security deposit to be made 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) in accordance with the amount of insurance proceeds under the contract, so long as the contract remains in effect.

(2) If the Prime Minister finds it necessary for the protection of Policyholders, etc., he/she may order an Insurance Broker who has concluded an Insurance Broker's liability insurance contract as set forth in the preceding paragraph to make 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 particular for Insurance Brokers liability insurance contracts shall be specified by Cabinet Office Ordinance.

(Mutatis Mutandis Application 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 action 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 Agent shall, when seeking to engage in Insurance Solicitation, clearly communicate in advance the following particulars to customers:

- (i) Trade name or name of the Affiliated Insurance Company, etc.;
- (ii) Whether he/she will act as an agent of the Affiliated Insurance Company, etc. or as an intermediary in concluding an insurance contract; and
- (iii) Any other particular specified by Cabinet Office Ordinance.

(Prohibition of Self-Contract)



Article 295 (1) A Non-Life Insurance Representative or Insurance Broker shall not make it his/her primary business purpose to engage in Insurance Solicitation 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 Cabinet Office Ordinance; referred to as "Self-Contracts" in the following paragraph).

(2) For the purpose of applying the provisions of the preceding paragraph, a Non-Life Insurance Representative or Insurance Broker shall be deemed to have made it his/her primary business purpose to engage in Insurance Solicitation for Self-Contracts, when the total amount of insurance premiums for the Self-Contracts solicited by the Non-Life Insurance Representative or Insurance Broker, as calculated pursuant to the provisions of Cabinet Office Ordinance, exceeds 50 percent of the total amount of insurance premiums for all contracts solicited by the Non-Life Insurance Representative or Insurance Broker, as calculated pursuant to the provisions of Cabinet Office Ordinance.

(Clear Indication of Name, etc. of Insurance Broker)

Article 296 (1) If an Insurance Broker seeks to act as an intermediary in concluding an insurance contract, he/she shall deliver to the customer a document detailing the following particulars pursuant to the provisions of Cabinet Office Ordinance:

- (i) Trade name, name and address of the Insurance Broker;
- (ii) The particulars of the Insurance Broker' authority
- (iii) The particulars of the Insurance Broker' liability; and
- (iv) In addition to what is listed in the preceding three items, any particular specified by 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 Cabinet Order, communicate the particulars that are required to be included 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 Cabinet Office Ordinance. In this case, the Insurance Broker shall be deemed to have delivered the written statement.

(Information to be Disclosed by Insurance Brokers)

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 particular specified by Cabinet Office Ordinance.

(Particulars for Inclusion in a Closing Document)

Article 298 For the purpose of applying the provisions 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 particulars specified by 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.

(Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers)

Article 299-2 (1) An Insurance Broker shall take the measures specified in the following items according to the category of cases set forth in the respective items:

(i) in cases where there is a Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers (meaning a Designated Dispute Resolution Organization for which the Category of Dispute Resolution Services, etc. is Insurance Solicitation by Insurance Brokers; hereinafter the same shall apply in this Article): measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures for Insurance Solicitation by Insurance Brokers with a single Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers;

(ii) in cases where there is no Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers: Complaint Processing Measures and Dispute Resolution Measures concerning Insurance Solicitation by Insurance Brokers.

(2) An Insurance Broker shall, when it has taken measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures pursuant to the provisions of the preceding paragraph, publicize the trade name or name of the Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers that is the counterparty to said Basic Contract for the Implementation of Dispute Resolution Procedures.

(3) The provisions of paragraph (1) shall not apply for the periods specified in the following items according to the category of cases set forth in the respective items:

(i) when the relevant case which had fallen under the cases set forth in paragraph (1), item (i), has come to fall under the cases set forth in item (ii) of that paragraph: the period specified by the Prime Minister at the time of

granting authorization for abolition of Dispute Resolution Services, etc. under Article 308-23, paragraph (1) or rescinding the designation under Article 308-24, paragraph (1), as the period necessary to take the measures specified in that item;

- (ii) when the relevant case had fallen under the cases set forth in paragraph (1), item (i), and the abolition of Dispute Resolution Services, etc. of a single Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers under that item has been authorized under Article 308-23, paragraph (1) or the designation under Article 308-2, paragraph (1) of a single Designated Dispute Resolution Organization for Insurance Solicitation by Insurance Brokers under that item has been rescinded pursuant to Article 308-24, paragraph (1) (excluding the case set forth in the preceding item): the period specified by the Prime Minister at the time of granting such authorization or making such rescission, as the period necessary for taking the measures specified in paragraph (1), item (i); and
- (iii) when the relevant case which had fallen under the cases set forth in paragraph (1), item (ii) has come to fall under the cases set forth in item (i) of that paragraph: the period specified by the Prime Minister at the time of designation under Article 308-2, paragraph (1), as the period necessary to take the measures specified in that item.

(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 Agent), an Insurance Agent, or an Insurance Broker or any officer or employee thereof shall not take any of the following actions in relation to the conclusion of an insurance contract or Insurance Solicitation (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 particular stipulated in the insurance contract contained in the provisions of item (i) and the act specified in item (ix):

- (i) Falsely informing the Policyholder or the insured, or failing to disclose thereto any important particular stipulated in the insurance contract;
- (ii) Encouraging the Policyholder or the insured to give false information about any important particular to an Insurance Company, etc. or Foreign Insurance Company, etc.;
- (iii) Preventing or discouraging the Policyholder or the insured from informing an Insurance Company, etc. or Foreign Insurance Company, etc. of a material fact;
- (iv) Inducing the Policyholder or the insured to apply for a new insurance

- contract without informing him/her of any fact that would work to his/her disadvantage in the termination of an already effected insurance contract, or terminating an already effected insurance contract by inducing the Policyholder or the insured to apply for a new contract;
- (v) Promising to offer, or actually offering, to the Policyholder or the insured a discount or rebate on insurance premiums, or any other special advantage;
  - (vi) Telling or indicating 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) Making a conclusive statement, or telling or indicating 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 Cabinet Office Ordinance.
  - (viii) Inducing the Policyholder or the insured to offer an insurance contract, knowing that the Specified Related Party of the Insurance Company, etc. or Foreign Insurance Company, etc. (meaning a Specified Related Party 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 Specially Related Party as set forth in Article 194, other than an Insurance Holding Company or Low-Cost, Short-Term Insurance Holding Company whose Subsidiaries include the Insurance Company, etc. or Foreign Insurance Company, etc. (referred to as "Insurance Holding Company, etc." hereinafter in this Article as well as in Article 301-2), a Subsidiary of the Insurance Holding Company, etc. (other than an Insurance Company, etc. or Foreign Insurance Company, etc.), or a person conducting 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 action specified by Cabinet Office Ordinance as posing risk to the protection of Policyholders, etc.
- (2) The provisions 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).

(Mutatis Mutandis Application of the Financial Instruments and Exchange Act)

Article 300-2 The provisions of Chapter III, Section 1, Subsection 5 (excluding Article 34-2, paragraphs (6) to (8) inclusive (Cases Where a Professional

Investor Is Deemed to Be a Customer Other than a Professional Investor) and Article 34-3, paragraphs (5) and (6) (Cases Where a Juridical Person Who Is a Customer Other than a Professional Investor Is Deemed to Be a Professional Investor)) (Professional Investors) and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) 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 Cabinet Office Ordinance as entailing the risk of loss due to any changes 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 insurance proceeds, 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 action as an intermediary for the benefit of a customer in concluding a specified insurance contract; the provisions 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 to Article 37-7 inclusive (Delivery of Document Pertaining to Receipt of Security Deposit; Cancellation by a Written Statement; and Obligation to Execute Contract with Designated Dispute Resolution Organization), 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 to Article 40-5 inclusive (Best Execution Policy, etc.; Prohibition of Purchase and Sale, 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 Agent or Insurance Broker and related actions 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 action as an agent or intermediary," respectively; in Article 34 of that Act, the term "the Act of Executing a Financial Instruments Transaction (meaning actions 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 "the Act of Executing a Financial Instruments Transaction" shall be deemed to be replaced with "the conclusion of specified insurance contracts"; in Article 37-3, paragraph (1) of that Act, the term "when it seeks to conclude a Contract for a Financial Instruments Transaction" shall be deemed to be replaced with "when it seeks to conclude a Contract for a Financial Instruments Transaction or actions as an agent or intermediary in concluding a specified insurance contract" and the term "the following particulars" with "the following particulars and any other important particular stipulated by an insurance contract as 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 Transaction 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 conducted" 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 Agent 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 "purchase and sale or any other transaction of Securities (excluding a purchase and sale on condition of repurchase for which the repurchase price is set in advance and other transactions specified by Cabinet Order) or of Derivative Transactions (hereinafter referred to as a 'Purchase and Sale 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 transactions (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 the Provision of Trust Business by Financial Institutions; the same shall apply hereinafter) conducts the purchase and sale of Securities or Derivative Transactions on the account of the person who has established a trust under a trust contract, including said person who established 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 insurance proceeds, reimbursements and other benefits to be paid out to the customer following the conclusion of the contract, the total amount of premium payment less the total insurance proceeds, 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 "the Purchase and Sale or Other Transaction of Securities, 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 "the Purchase and Sale or Other Transaction of Securities, 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 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 particulars 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 Cabinet Order.

Article 301 An Insurance Company, etc. or Foreign Insurance Company, etc. shall not act in any of the following ways or make any of the following transactions in relation to the conclusion of an insurance contract by a Specified Related Party (meaning a Specified Related Party as defined in Article 100-3 (limited to a person conducting Insurance Business) or, in the case of a Foreign Insurance Company, etc., a Specially Related Party as defined in Article 194 (limited to a person conducting Insurance Business));

hereinafter the same shall apply in this Article) or any Insurance Solicitation involving the Specified Related Party:

- (i) Promising to offer, or actually offering, any special advantage to the Policyholder or the insured in an insurance contract where the Specified Related Party is the insurer; or
- (ii) Acting or making a transaction with the Specified Related Party, or with the Policyholder or the insured in an insurance contract where the Specified Related Party is the insurer, provided that the action or transaction is equivalent to that listed in the preceding item and is specified by Cabinet Office Ordinance as posing a risk of harming the fairness of Insurance Solicitation

Article 301-2 An Insurance Holding Company, etc. and any Subsidiary thereof (other than an Insurance Company, etc. or Foreign Insurance Company, etc.) may not act any of the following ways or make any of the following transactions in connection with the conclusion of an insurance contract by any Insurance Company, etc. or Foreign Insurance Company, etc. that is a Subsidiary of the Insurance Holding Company, etc., or in connection with Insurance Solicitation for the Insurance Company, etc. or Foreign Insurance Company, etc.:

- (i) Promising to offer, or actually offering, 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) Acting or making a 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 action or transaction is equivalent to that listed in the preceding item and is specified by 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 Representative, Small-Claims and Short-Term Insurance Agent or Insurance Broker shall, when it seeks to appoint any of its officers or employees to act as Insurance Agents (limited to a specified Low-Cost, Short-Term Insurance Agent for an officer or employee of a Low-Cost, Short-Term Insurance Agent), notify the Prime Minister of the person's name and birth date. The same shall apply to any change in a particular with regard to which notification has been given, the cessation of Insurance Solicitation by any of the officers or employees covered by the notification, and the death of



any such person.

(Keeping of Books and Documents)

Article 303 An Insurance Broker shall, pursuant to the provisions of Cabinet Office Ordinance, prepare and keep at each of its offices books and documents on its business, and enter therein the dates of insurance contracts and any other particulars specified by Cabinet Office Ordinance for each Policyholder.

(Submission of Business Reports)

Article 304 An Insurance Broker shall, pursuant to the provisions of 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 Agent or Insurance Broker to submit any report or data that should serve as a reference on its business or property, or have his/her officials enter an office of the Specified Insurance Agent 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.

(Business Improvement Order)

Article 306 When the Prime Minister finds, with regard to the business of a Specified Insurance Agent 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 Agent or Insurance Broker to take necessary measures to improve its business operations.

(Cancellation of Registration, etc.)

Article 307 (1) The Prime Minister may cancel the registration of a Specified Insurance Agent 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 Agent falls under any of Article 279, paragraph (1), items (i) to (iii) inclusive, (iv) (limited to the segment meaning any provisions of a foreign law or regulation equivalent to this Act), (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, (iv) (limited to the segment meaning "any provisions of a foreign law or regulation equivalent to this Act"), (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 Agent or Insurance Broker violates any provisions of this Act or any measures by the Prime Minister based on this Act, or is found to have engaged in any other extremely inappropriate conduct in connection with Insurance Solicitation.
- (2) If the Prime Minister cannot ascertain the location of the office of a Specified Insurance Agent or Insurance Broker, or the whereabouts of a Specified Insurance Agent or Insurance Broker (in the case of a juridical person, the whereabouts of the director who represents the juridical person), he/she may issue public notice of that fact and cancel the registration of the Specified Insurance Agent or Insurance Broker if the person does not report within thirty days from the date of the public notice, pursuant to the provisions of Cabinet Office Ordinance.
- (3) The provisions 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 Agent or Insurance Broker when

- (i) He/she has canceled, pursuant to the provisions 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 provisions of Article 280, paragraph (3), or any registration under Article 286 has lost its effect pursuant to the provisions of Article 290, paragraph (3).
- (2) If the Prime Minister has deregistered a Specified Insurance Agent pursuant to the provisions of the preceding paragraph, he/she shall notify the Specified Insurance Agent's Affiliated Insurance Company, etc. of this. In this case, the Affiliated Insurance Company, etc. shall delete the entries pertaining to the Specified Insurance Agent from the registry stipulated in Article 285, paragraph (1).

**Part IV Designated Dispute Resolution Organizations**  
**Chapter I General Rules**

(Designation of Person to Conduct Dispute Resolution Services, etc.)

Article 308-2 (1) The Prime Minister may designate a person satisfying the following requirements as the person to conduct Dispute Resolution Services, etc., upon that person's application:

- (i) that the relevant person is a juridical person (including an association or foundation without judicial personality for which a representative person or administrator has been designated, and excluding a juridical person established under laws and regulations of a foreign state and any other foreign organizations; the same shall apply in item (iv), sub-item (d));
- (ii) that the relevant person is not a person who has had the designation under this paragraph rescinded pursuant to Article 308-24, paragraph (1) and for whom five years have not passed since the date of rescission, nor is the relevant person a person who has had the designation under the provisions of other Acts specified by Cabinet Order as pertaining to business equivalent to Dispute Resolution Services, etc. rescinded and for whom five years have not passed since the date of rescission;
- (iii) that the relevant person is not a person who has been sentenced to a fine (including a punishment under laws and regulations of a foreign state equivalent to this) for violating the provisions of this Act or the Attorney Act (Act No. 205 of 1949) or laws and regulations of a foreign state equivalent thereto and for whom five years have not passed since the day when the execution of the punishment terminated or he/she became free from the execution of the punishment;
- (iv) that the relevant person has no Officers falling under any of the following categories of persons:
  - (a) an adult ward or a person under curatorship, or a person who is treated in the same manner under laws and regulations of a foreign state;
  - (b) a bankrupt who has not obtained restoration of rights, or a person who is treated in the same manner under laws and regulations of a foreign state;
  - (c) a person who has been sentenced to or a severer punishment (including punishment under laws and regulations of a foreign state equivalent to this) and for whom five years have not passed since the day when the execution of the punishment terminated or he/she became free from the execution of the punishment;
  - (d) in cases where the designation under this paragraph has been rescinded under the provisions of Article 308-24, paragraph (1) or an administrative disposition similar to said designation in a foreign state pursuant to the provisions of laws and regulations of the foreign state which are equivalent to this Act has been rescinded, a person who was an Officer (including persons treated in the same manner under laws and regulations of a

- foreign state; the same shall apply in this sub-item (d)) of the juridical person within one month prior to the date of rescission and for whom five years have not passed since the date of rescission, or in cases where the designation under the provisions of other Acts specified by Cabinet Order as pertaining to business equivalent to Dispute Resolution Services, etc. or an administrative disposition similar to said designation in a foreign state as specified by Cabinet Order under the provisions of laws and regulations of the foreign state which are equivalent to said other Acts has been rescinded, a person who was an Officer of the juridical person within one month prior to the date of rescission and for whom five years have not passed from the date of rescission; or
- (e) a person who has been sentenced to a fine (including punishment under laws and regulations of a foreign state equivalent to this) for violating the provisions of this Act, the Attorney Act, or laws and regulations of a foreign state equivalent thereto and for whom five years have not passed since the day when the execution of the punishment terminated or he/she became free from the execution of the punishment;
  - (v) that the relevant person has a sufficient financial and technical basis to properly implement Dispute Resolution Services, etc.;
  - (vi) that the composition of the Officers or employees has no risk of causing hindrance to the fair implementation of Dispute Resolution Services, etc.;
  - (vii) that the rules concerning the implementation of Dispute Resolution Services, etc. (hereinafter referred to as the "Operational Rules") conform to laws and regulations and are found sufficient for the fair and appropriate implementation of Dispute Resolution Services, etc. pursuant to the provisions of this Act; and
  - (viii) that, as a result of hearing the opinions pursuant to the following paragraph, the proportion of the number of Insurance Service Providers who have stated their objections to the particulars of the cancellation of the Basic Contract for the Implementation of Dispute Resolution Procedures, other contents of the Basic Contract for the Implementation of Dispute Resolution Procedures (excluding the particulars listed in the items of paragraph (2) of Article 308-7), and other contents of the Operational Rules (excluding the particulars which are to be the content thereof as provided by paragraph (3) of that Article and the particulars that are necessary to conforming to the standards listed in the items of paragraph (4) of that Article and item (i) of paragraph (5) of that Article) (limited to objections with reasonable grounds attached thereto) to the total number of Insurance Service Providers has become less than the proportion specified by Cabinet Order.
- (2) Any person who seeks to file the application under the preceding paragraph shall, in advance and pursuant to the provisions of Cabinet Office Ordinance,

explain the contents of the Operational Rules to the Insurance Service Provider and hear opinions therefrom as to whether they have any objections thereto (in cases where there are objections, reasons therefor shall be included) and prepare a document detailing the results thereof.

- (3) When the Prime Minister seeks to make the designation under paragraph (1), he/she shall consult the Minister of Justice in advance with regard to the fact that the relevant person satisfies the requirements listed in items (v) to (vii) inclusive of that paragraph (limited to the part related to the operation of Dispute Resolution Procedures, and with regard to the requirements set forth in item (vii), limited to the requirement pertaining to the standards listed in the items of paragraph (4) of Article 308-7 and the items of paragraph (5) of that Article).
- (4) The designation under paragraph (1) shall be made for each Category of Dispute Resolution Services, etc. and the proportion under item (viii) of that item shall be calculated for each Category of Dispute Resolution Services, etc.
- (5) When the Prime Minister has made the designation under paragraph (1), he/she shall give public notice of the trade name or name and the location of the principal business office or office of the Designated Dispute Resolution Organization, the Category of Dispute Resolution Services, etc. related to said designation, as well as the day on which he/she made the designation in the official gazette.

(Application for Designation)

- Article 308-3 (1) A person who seeks to obtain the designation set forth in paragraph (1) of the preceding Article shall submit a written application for designation detailing the following particulars to the Prime Minister:
- (i) the Category of Dispute Resolution Services, etc. for which the relevant person seeks to obtain designation;
  - (ii) the trade name or name;
  - (iii) the name and location of the principal business office or office or any other business offices or offices for Dispute Resolution Services, etc.; and
  - (iv) the name(s) or trade name(s) of the Officer(s).
- (2) The following documents shall be attached to the written application for designation under the preceding paragraph:
- (i) a document to pledge that the person satisfies the requirements set forth in items (iii) and (iv) of paragraph (1) of the preceding Article;
  - (ii) the articles of incorporation and the juridical person's certificate of registered particulars (including those equivalent thereto);
  - (iii) the Operational Rules;
  - (iv) documents detailing the particulars of the organization;
  - (v) an inventory of assets, a balance sheet, and any other documents that

certify that the relevant person has the necessary financial basis for conducting Dispute Resolution Services, etc. which are specified by Cabinet Office Ordinance;

(vi) the documents prescribed in paragraph (2) of the preceding Article and any other documents specified by Cabinet Office Ordinance as those that prove that the relevant person satisfies the requirements set forth in item (viii) of paragraph (1) of that Article; and

(vii) in addition to what is provided for in the preceding items, documents specified by Cabinet Office Ordinance.

(3) In the case referred to in the preceding paragraph, when the articles of incorporation, inventory of assets, or balance sheet has been prepared in the form of an Electromagnetic Record, such Electromagnetic Record may be attached in lieu of the written documents.

(Obligation of Confidentiality, etc.)

Article 308-4 (1) A Dispute Resolution Mediator (meaning the Dispute Resolution Mediator appointed under Article 308-13, paragraph (2); the same shall apply in the following paragraph, paragraph (2) of the following Article and Article 308-7, paragraphs (2) and (4)) or an Officer or employee of the Designated Dispute Resolution Organization, or a person who was formerly in such position shall not divulge to another person or use for his/her own interest any confidential information learned during the course of Dispute Resolution Services, etc.

(2) With regard to the application of the Penal Code and other penal provisions, a Dispute Resolution Mediator or an Officer or employee of the Designated Dispute Resolution Organization who is engaged in Dispute Resolution Services, etc. shall be deemed to be officials engaged in public service under laws and regulations.

## **Chapter II Business**

(Business of a Designated Dispute Resolution Organization)

Article 308-5 (1) A Designated Dispute Resolution Organization shall perform Dispute Resolution Services, etc. pursuant to the provisions of this Act and Operational Rules.

(2) A Designated Dispute Resolution Organization (including the Dispute Resolution Mediators) may receive obligatory contributions, fees, or any other remuneration for performing the Dispute Resolution Services, etc. pursuant to the Basic Contract for the Implementation of Dispute Resolution Procedures or any other contracts concluded with the Member Insurance Service Provider (meaning the Insurance Service Provider with whom a Basic Contract for the

Implementation of Dispute Resolution Procedures have been concluded; hereinafter the same shall apply in this Part) who is the party or with the customer thereof (including the Policyholder, etc. other than a customer; hereinafter the same shall apply in this Part) or with persons other than these persons.

(Entrustment of Operation of Complaint Processing Procedures or Dispute Resolution Procedures)

Article 308-6 A Designated Dispute Resolution Organization shall not entrust the operation of Complaint Processing Procedures or Dispute Resolution Procedures to persons other than other Designated Dispute Resolution Organizations or a person who has obtained the designation under the provisions of other Acts specified by Cabinet Order as related to business equivalent to the Dispute Resolution Services, etc. (referred to as the "Entrusted Dispute Resolution Organization" in Article 308-13, paragraph (4) and (5)).

(Operational Rules)

Article 308-7 (1) A Designated Dispute Resolution Organization shall set forth Operational Rules for the following particulars:

- (i) the particulars of the contents of the Basic Contract for the Implementation of Dispute Resolution Procedures;
- (ii) the particulars of the conclusion of a Basic Contract for the Implementation of Dispute Resolution Procedures;
- (iii) the particulars of the implementation of Dispute Resolution Services, etc.;
- (iv) the particulars of the obligatory contribution to be borne by the Member Insurance Service Providers with regard to the cost required for the Dispute Resolution Services, etc.;
- (v) when collecting fees for the implementation of Dispute Resolution Services, etc. from the Member Insurance Service Provider who is the relevant party or from the customer thereof (hereinafter simply referred to as the "Party" in this Part), the particulars of such fees;
- (vi) the particulars of coordination with other Designated Dispute Resolution Organizations, national organs, local governments, private enterprises, or any other persons processing complaints or implementing dispute resolution;
- (vii) the particulars of complaint processing regarding Dispute Resolution Services, etc.; and
- (viii) in addition to what is listed in the preceding items, particulars specified by Cabinet Office Ordinance as those necessary for the implementation of Dispute Resolution Services, etc.

(2) The Basic Contract for the Implementation of Dispute Resolution Procedures

as referred to in item (i) of the preceding paragraph shall provide the following particulars:

- (i) that the Designated Dispute Resolution Organization is to commence Complaint Processing Procedures or Dispute Resolution Procedures based on the application for the resolution of Complaints Related to Insurance Services, etc. from the customer of the Member Insurance Service Provider or on application for Dispute Resolution Procedures by the Party;
- (ii) that the Designated Dispute Resolution Organization or a Dispute Resolution Mediator may, when Complaint Processing Procedures has been commenced, or when Dispute Resolution Procedures based on an application by the customer of the Member Insurance Service Provider has been commenced, request that the Member Insurance Service Provider respond to these procedures, and in cases of such request, said Member Insurance Service Provider shall not refuse such request without justifiable grounds;
- (iii) that a Designated Dispute Resolution Organization or Dispute Resolution Mediator may request the Member Insurance Service Provider to make reports or submit books and documents or any other articles in the course of Complaint Processing Procedures or Dispute Resolution Procedures, and that said Member Insurance Service Provider shall not refuse such request without justifiable grounds;
- (iv) that a Dispute Resolution Mediator may prepare a settlement proposal necessary for the resolution of Disputes Related to Insurance Services, etc. in the course of Dispute Resolution Procedures and recommend that the Party accept such proposal;
- (v) that, in cases where, in connection with the Dispute Resolution Procedures, there is no prospect of reaching a settlement between the Parties to the dispute through the recommendation to accept the settlement proposal under the preceding item, if the Dispute Resolution Mediator find it reasonable in light of the nature of the case, intention of the Parties, the status of implementation of procedures by the Parties, or any other circumstances, he/she may prepare a Special Conciliation Proposal necessary for the resolution of a Dispute Related to Insurance Services, etc. and present it to the Parties with reasons attached thereto;
- (vi) that, if Dispute Resolution Procedures are commenced for claims with litigation pending, a Member Insurance Service Provider must report that said litigation is pending, the grounds for the claims in said litigation, and the progress of said litigation to the Designated Dispute Resolution Organization;
- (vii) that, if litigation involving the claims subject to the Dispute Resolution Procedures is filed, a Member Insurance Service Provider must report that said litigation has been filed and the grounds for the claims in said litigation



- to the Designated Dispute Resolution Organization;
- (viii) in addition to what is provided for in the preceding two items, that if a Member Insurance Service Provider has been demanded to make reports on the progress of litigation involving the claims subject to Dispute Resolution Procedures or any other particulars, he/she must report such particulars to the Designated Dispute Resolution Organization;
  - (ix) that if the litigation referred to in item (vi) or (vii) comes to no longer be pending in court, or if the court decision in the litigation has become final and binding, the Member Insurance Service Provider must report this to the Designated Dispute Resolution Organization and give the details thereof;
  - (x) that a Member Insurance Service Provider must provide necessary information or take other measures necessary for informing the implementation of Dispute Resolution Services, etc. by a Designated Dispute Resolution Organization to its customer; and
  - (xi) in addition to what is provided for in the preceding items, particulars specified by Cabinet Office Ordinance as those necessary for the promotion of the processing of Complaints Related to Insurance Services, etc. or the resolution of Disputes Related to Insurance Services, etc.
- (3) The Operational Rules concerning particulars involved in the conclusion of a Basic Contract for the Implementation of Dispute Resolution Procedures under paragraph (1), item (ii) shall provide that, in cases where a Designated Dispute Resolution Organization has received an application for the conclusion of a Basic Contract for the Implementation of Dispute Resolution Procedures from a Member Insurance Service Provider, except in cases where it is expected to be uncertain whether said Member Insurance Service Provider will perform the obligations under the Basic Contract for the Implementation of Dispute Resolution Procedures or any other obligations regarding the implementation of Dispute Resolution Services, etc., said Designated Dispute Resolution Organization shall not refuse such application.
- (4) The Operational Rules concerning the particulars listed in paragraph (1), item (iii), must conform to the following standards:
- (i) measures have been taken to ensure coordination between Complaint Processing Procedures and Dispute Resolution Procedures;
  - (ii) a method has been established for appointing the Dispute Resolution Mediator and, in cases where the Dispute Resolution Mediator has an interest with the Party to the Dispute Related to Insurance Services, etc. or where there are any other causes that are likely to hinder the fair implementation of Dispute Resolution Procedures, the method has been established for excluding such Dispute Resolution Mediator;
  - (iii) with regard to a Designated Dispute Resolution Organization that is to carry out the operations of Dispute Resolution Procedures with regard to

Disputes Related to Insurance Services, etc. of which a Party is the Substantial Controller, etc. (meaning a person specified by Cabinet Office Ordinance as one who substantially controls business of the Designated Dispute Resolution Organization or who has a material influence on business thereof through the holding of the shares of the Designated Dispute Resolution Organization, financing to the Designated Dispute Resolution Organization or any other causes) of the Designated Dispute Resolution Organization or the Subsidiary Company, etc. (meaning a person specified by Cabinet Office Ordinance as one whose business is substantially controlled by the Designated Dispute Resolution Organization through the holding of shares and any other causes) of the Designated Dispute Resolution Organization, measures have been taken for preventing said Substantial Controller, etc., Subsidiary Company, etc., or Designated Dispute Resolution Organization to exercise undue influence on the Dispute Resolution Mediator;

- (iv) if the Dispute Resolution Mediator is not an attorney-at-law (excluding cases where, with regard to the Dispute Resolution Procedures carried out for a dispute set forth in Article 3, paragraph (1), item (vii) (Business) of the Judicial Scrivener Act (Act No. 197 of 1950), the Dispute Resolution Mediator is a judicial scrivener as set forth in paragraph (2) of that Article) and expert knowledge on the interpretation and application of laws and regulations is required for the implementation of Dispute Resolution Procedures, measures have been taken to receive the advice of an attorney-at-law;
- (v) an appropriate method has been established for the notice to be given in implementing the Dispute Resolution Procedures;
- (vi) a standard operation process has been established from the commencement to the termination of Dispute Resolution Procedures;
- (vii) the requirements and methods have been established for filing an application with the Designated Dispute Resolution Organization for the resolution of a Complaint Related to Insurance Services, etc. by the customer of a Member Insurance Service Provider or for filing an application for Dispute Resolution Procedures with the Designated Dispute Resolution Organization by a Party to the Dispute Related to Insurance Services, etc.;
- (viii) the Designated Dispute Resolution Organization has established procedures for promptly notifying any customer of the Member Insurance Service Provider that would be the other Party to a Dispute Related to Insurance Services, etc., of any application that the organization has received for Dispute Resolution Procedures from the Member Insurance Service Provider, and to confirm with such customer whether it will request the implementation of Dispute Resolution Procedures in response to this;
- (ix) the Designated Dispute Resolution Organization has established

- procedures for promptly notifying any Member Insurance Service Provider that would be the other Party to the Dispute Related to Insurance Services, etc., of any application that the organization has received for Dispute Resolution Procedures under item (vii) from the customer of the Member Insurance Service Provider;
- (x) a method has been established for retaining, returning, and other handling of books and documents and any other articles which have been submitted in the course of Dispute Resolution Procedures;
  - (xi) a method has been established for handling the confidential information of the Parties to the Dispute Related to Insurance Services, etc. or of a third party, which is to be included in opinions to be entered or the books and documents or any other articles to be submitted or presented in the course of Dispute Resolution Procedures, in accordance with the nature of such confidential information; the same applies to the confidential information contained in the dispute resolution procedures record referred to in Article 308-13, paragraph (9);
  - (xii) that the requirements and methods have been established for the Parties to a Dispute Related to Insurance Services, etc. to terminate the Dispute Resolution Procedures;
  - (xiii) it is stipulated that the Dispute Resolution Mediator will promptly terminate Dispute Resolution Procedures and notify the Parties to the Dispute Related to Insurance Services, etc. if the Dispute Resolution Mediator judges there to be no prospect of reaching a settlement between the Parties to a Dispute Related to Insurance Services, etc.; and
  - (xiv) measures have been established to have the Dispute Resolution Mediator or an Officer or employee of the Designated Dispute Resolution Organization securely retain the confidential information learned in the course of Dispute Resolution Services, etc.
- (5) The Operational Rules concerning the particulars listed in paragraph (1), items (iv) and (v) must conform to the following standards:
- (i) provisions have been made for the amount of the obligatory contribution set forth in paragraph (1), item (iv), the fees referred to in item (v) of that paragraph, or the calculation and payment methods for them (collectively referred to as the "Amount of Obligatory Contribution, etc." in the following item); and
  - (ii) the Amount of Obligatory Contribution, etc. is not grossly inappropriate.
- (6) The term "Special Conciliation Proposal" as used in paragraph (2), item (v) means, except for the following cases, a settlement proposal for the Member Insurance Service Provider to accept:
- (i) if the customer of the Member Insurance Service Provider who is the relevant party (hereinafter simply referred to as the "Customer" in this

- paragraph) does not accept the relevant settlement proposal;
- (ii) if, at the time of the relevant settlement proposal, litigation had not been filed involving a claim which had become the subject matter of the Dispute Resolution Procedures, but is filed in connection with that claim by the day on which one month has elapsed from the day when the Member Insurance Service Provider came to know that the Customer had accepted the settlement proposal and is not withdrawn by that day;
  - (iii) if, at the time of the relevant settlement proposal, litigation had been filed involving a claim which had become the subject matter of the relevant Dispute Resolution Procedures, and said litigation has not been withdrawn by the day on which one month has elapsed from the day when the Member Insurance Service Provider came to know that the Customer had accepted the settlement proposal; or
  - (iv) with regard to a Dispute Related to Insurance Services, etc. for which Dispute Resolution Procedures have been implemented, if an arbitration agreement defined in Article 2, paragraph (1) (Definitions) of the Arbitration Act (Act No. 138 of 2003) has been entered into or a settlement or conciliation not through said settlement proposal has been reached between the Parties by the day on which one month has elapsed from the day when the Member Insurance Service Provider came to know that the Customer had accepted the settlement proposal.
- (7) Changes to the Operational Rules shall not come into effect without the authorization of the Prime Minister.
- (8) When the Prime Minister seeks to grant the authorization under the preceding paragraph, he/she shall consult the Minister of Justice in advance as to whether the Operational Rules subject to said authorization conform to the standards set forth in the items of paragraph (4) and the items of paragraph (5) (limited to the part related to the operation of Dispute Resolution Procedures).

(Publication, etc. of the Fact of Non-Performance of the Basic Contract for the Implementation of Dispute Resolution Procedures)

Article 308-8 (1) In cases where non-performance of the obligations to be incurred by a Member Insurance Service Provider under a Basic Contract for the Implementation of Dispute Resolution Procedures arises, when a Designated Dispute Resolution Organization has heard opinions from said Member Insurance Service Provider and finds there are no justifiable grounds for such non-performance, said Designated Dispute Resolution Organization shall publicize and report to the Prime Minister the trade name or name of said Member Insurance Service Provider and the fact of such non-performance, without delay.

(2) A Designated Dispute Resolution Organization shall endeavor to provide information, consultation or any other support to a Member Insurance Service Provider or any other person to preemptively prevent Complaints Related to Insurance Services, etc. and Disputes Related to Insurance Services, etc., or to promote the processing of Complaints Related to Insurance Services, etc. and the resolution of Disputes Related to Insurance Services, etc.

(Prohibition of Use of Organized Crime Group Member, etc.)

Article 308-9 A Designated Dispute Resolution Organization shall not have an Organized Crime Group Member, etc. (meaning the Organized Crime Group Member, etc. as defined in Article 2, item (vi) (Definitions) of the Act on Prevention of Unjust Acts by Organized Crime Group Member (hereinafter referred to as the "Organized Crime Group Member" in this Article) or a person for whom five years have not passed from the day on which such person ceased to be an Organized Crime Group Member) engaged in Dispute Resolution Services, etc. or use him/her as an assistant in Dispute Resolution Services.

(Prohibition of Discriminatory Treatment)

Article 308-10 A Designated Dispute Resolution Organization shall not treat any particular Member Insurance Service Provider in an unjust, discriminatory manner.

(Preservation of Records)

Article 308-11 A Designated Dispute Resolution Organization shall, except for those under the provisions of Article 308-13, paragraph (9) and pursuant to the provisions of Cabinet Office Ordinance, prepare and preserve records concerning Dispute Resolution Services, etc.

(Complaint Processing Procedures by a Designated Dispute Resolution Organization)

Article 308-12 When a customer of a Member Insurance Service Provider files an application for resolution of a Complaint Related to Insurance Services, etc., a Designated Dispute Resolution Organization shall respond to requests for consultation, provide necessary advice to the customer, investigate the circumstances pertaining to such Complaint Related to Insurance Services, etc., notify said Member Insurance Service Provider of the substance and content of such Complaint Related to Insurance Services, etc., and demand that said Member Insurance Service Provider process the complaint expeditiously.

(Dispute Resolution Procedures by a Designated Dispute Resolution Organization)

- Article 308-13 (1) The Parties to the Dispute Related to Insurance Services, etc. may file an application for Dispute Resolution Procedures with the Designated Dispute Resolution Organization with whom the Member Insurance Service Provider has concluded a Basic Contract for the Implementation of Dispute Resolution Procedures for the purpose of resolving Disputes Related to Insurance Services, etc. related to the Member Insurance Service Provider.
- (2) When a Designated Dispute Resolution Organization has received the application under the preceding paragraph, it shall appoint Dispute Resolution Mediators.
- (3) Dispute Resolution Mediators shall be appointed from among persons who are of the highest moral character and fall under any of the following items (excluding persons who have an interest with the Parties pertaining to the application under paragraph (1)). In this case, at least one of the Dispute Resolution Mediators shall be a person who falls under item (i) or (iii) (in cases where said application is that related to a dispute provided in Article 3, paragraph (1), item (vii) (Business) of the Judicial Scrivener Act, item (i), (iii) or (iv)):
- (i) an attorney-at-law who has been engaged in his/her profession for five years or more in total;
  - (ii) a person who has been engaged in Insurance Services, etc. for ten years or more in total;
  - (iii) a person who has specialized knowledge and experience on consultation for the complaints which have arisen between the consumer and the enterprise with regard to consumer affairs or on any other particular of consumer affairs as provided by Cabinet Office Ordinance;
  - (iv) in cases where the application is that related to the dispute prescribed in Article 3, paragraph (1), item (vii) of the Judicial Scrivener Act, a judicial scrivener as prescribed in paragraph (2) of that Article who has been engaged in business involving legal representation in summary court, etc. defined in that paragraph for five years or more in total; or
  - (v) persons specified by Cabinet Office Ordinance as those equivalent to the persons listed in the preceding items.
- (4) A Designated Dispute Resolution Organization shall have the application under paragraph (1) proceed into Dispute Resolution Procedures through the Dispute Resolution Mediator appointed under paragraph (2) (hereinafter simply referred to as the "Dispute Resolution Mediator" in this Article and paragraph (1) of the following Article); provided, however, that in cases where the Dispute Resolution Mediator finds that it is not appropriate to carry out Dispute Resolution Procedures on the grounds that it is acceptable to recognize the customer of the Member Insurance Service Provider who is a Party to said application as a person who has sufficient ability to properly resolve the

Dispute Related to Insurance Services, etc. or on any other grounds, or where he/she finds that the Parties have filed the application under paragraph (1) for improper purposes and without reason, he/she shall not implement Dispute Resolution Procedures, and when the Dispute Resolution Mediator finds it appropriate to have the application proceed into procedures equivalent to Dispute Resolution Procedures to be conducted by an Entrusted Dispute Resolution Organization, the Designated Dispute Resolution Organization shall entrust the operations of Dispute Resolution Procedures to an Entrusted Dispute Resolution Organization.

- (5) If a Dispute Resolution Mediator has decided not to implement Dispute Resolution Procedures pursuant to the proviso to the preceding paragraph, or has decided to entrust the operations to an Entrusted Dispute Resolution Organization, the Designated Dispute Resolution Organization shall notify the person who filed the application under paragraph (1) of this, appending the reasons therefor.
- (6) A Dispute Resolution Mediator may hear opinions of the Parties or witnesses, request said persons to submit written reports, or request the Parties to submit books and documents and other articles that will be helpful, and may prepare a settlement plan necessary for the resolution of the case and recommend the Parties to accept said plan, or provide a Special Conciliation (meaning to present the Special Conciliation Proposal prescribed in Article 308-7, paragraph (6));
- (7) Dispute Resolution Procedures shall not be open to the public; provided, however, that a Dispute Resolution Mediator may allow the attendance of a person who is considered appropriate with the consent of the Parties.
- (8) A Designated Dispute Resolution Organization shall, prior to the commencement of Dispute Resolution Procedures and pursuant to the provisions of Cabinet Office Ordinance, deliver a document containing the following particulars or provide the Electromagnetic Record in which such particulars are recorded and make an explanation thereof to the customer of the Member Insurance Service Provider who is a party to the dispute:
  - (i) the particulars of the fees to be paid by the customer;
  - (ii) the standard operation process from the commencement to the termination of Dispute Resolution Procedures as provided in Article 308-7, paragraph (4), item (vi); and
  - (iii) in addition to what is listed in the preceding two items, particulars specified by Cabinet Office Ordinance.
- (9) A Designated Dispute Resolution Organization shall, pursuant to the provisions of Cabinet Office Ordinance, prepare and preserve a dispute resolution procedures record detailing the following particulars, for Dispute Resolution Procedures it has implemented:

- (i) the date on which the Parties to the Dispute Related to Insurance Services, etc. filed the application for Dispute Resolution Procedures;
- (ii) the name or trade name of the Parties to the Dispute Related to Insurance Services, etc. and the agents thereof;
- (iii) the names of the Dispute Resolution Mediators;
- (iv) the particulars of the Dispute Resolution Procedures;
- (v) the results of the Dispute Resolution Procedures (including the reasons for the termination of the Dispute Resolution Procedures and the date thereof); and
- (vi) in addition to what is listed in the preceding items, particulars necessary for clarifying the contents of the implemented Dispute Resolution Procedures which are specified by Cabinet Office Ordinance.

(Interruption of Prescription)

Article 308-14 (1) In cases where the Dispute Resolution Mediators terminate the Dispute Resolution Procedures on the grounds that there is no prospect of reaching a settlement between the Parties to the relevant Dispute Related to Insurance Services, etc. through the Dispute Resolution Procedures, when the Party to said Dispute Related to Insurance Services, etc. that filed the application for said Dispute Resolution Procedure files an action for the claims which were the subject matter of said Dispute Resolution Procedures within one month from the day on which he/she received the notice of the termination, with regard to the interruption of prescription, it shall be deemed that the action was filed at the time when the claim was made through Dispute Resolution Procedures.

(2) The provisions of the preceding paragraph shall also apply in cases where the abolition of Dispute Resolution Services, etc. by a Designated Dispute Resolution Organization has been authorized under Article 308-23, paragraph (1) or the designation under Article 308-2, paragraph (1) has been rescinded under Article 308-24, paragraph (1) and there is a Dispute Related to Insurance Services, etc. for which Dispute Resolution Procedures have been implemented as of the day of authorization or rescission, when the Party to the Dispute Related to Insurance Services, etc. that filed the application for Dispute Resolution Procedures files an action for the claims which were the subject matter of the Dispute Resolution Procedures within one month from the day on which said Party received the notice under Article 308-23, paragraph (3) or Article 308-24, paragraph (3) or the day on which the Party came to know of the authorization or rescission whichever comes earlier.

(Suspension of Court Proceeding(s))

Article 308-15 (1) In cases where litigation is pending between the Parties to a



Dispute Related to Insurance Services, etc., with regard to said Dispute Related to Insurance Services, etc., when there are any of the following grounds and the Parties to said Dispute Related to Insurance Services, etc. have filed a joint petition, the court in charge of the case may decide to suspend court proceedings for a fixed period of not longer than four months:

- (i) that, with regard to the relevant Dispute Related to Insurance Services, etc., Dispute Resolution Procedures have been implemented between the Parties to the Dispute Related to Insurance Services, etc.; and
  - (ii) in addition to the case referred to in the preceding item, that an agreement to achieve a resolution of the relevant Dispute Related to Insurance Services, etc. through Dispute Resolution Procedures has been reached between the Parties to the Dispute Related to Insurance Services, etc.
- (2) The court in charge of the case may rescind the decision under the preceding paragraph at any time.
- (3) No appeal may be entered against a decision dismissing the application under paragraph (1) or a decision rescinding the decision under paragraph (1).

(Public Inspection of the Registry of Member Insurance Service Providers)

Article 308-16 A Designated Dispute Resolution Organization shall make the registry of the Member Insurance Service Providers available for public inspection.

(Restriction on Use of Name)

Article 308-17 A person who is not a Designated Dispute Resolution Organization (excluding persons who have been designated under Article 156-39, paragraph (1) (Designation of Person to Conduct Dispute Resolution Services, etc.) of the Financial Instruments and Exchange Act and any other persons specified by Cabinet Order as those similar thereto) shall not use any term in its name or trade name that is likely to mislead people to understand that said person is a Designated Dispute Resolution Organization.

### **Chapter III Supervision**

(Notification of Changes)

- Article 308-18 (1) If there has been any change in the particulars listed in Article 308-3, paragraph (1), item (ii) to (iv) inclusive, a Designated Dispute Resolution Organization shall notify the Prime Minister of this.
- (2) If the Prime Minister has received notice of a change to the trade name or name of a Designated Dispute Resolution Organization or to the location of the principal business office or office thereof, the Prime Minister shall give public notice of this in the official gazette.

(Notification of the Conclusion, etc. of a Basic Contract for the Implementation of Dispute Resolution Procedures)

Article 308-19 If a Designated Dispute Resolution Organization falls under any of the following items, it shall notify the Prime Minister of this pursuant to the provisions of Cabinet Office Ordinance:

- (i) it has concluded a Basic Contract for the Implementation of Dispute Resolution Procedures with an Insurance Service Provider or has terminated said Basic Contract for the Implementation of Dispute Resolution Procedures; and
- (ii) in addition to what is listed in the preceding item, cases specified by Cabinet Office Ordinance.

(Submission of Report on Business)

Article 308-20 (1) A Designated Dispute Resolution Organization shall, for each business year, prepare a report on Dispute Resolution Services, etc. pertaining to the relevant business year and submit it to the Prime Minister.

(2) The particulars for inclusion, the submission date, and any other particulars necessary for the report under the preceding paragraph shall be specified by Cabinet Office Ordinance.

(Order for Production of Reports and On-Site Inspection)

Article 308-21 (1) When the Prime Minister finds it necessary for the fair and appropriate execution of Dispute Resolution Services, etc., he/she may order a Designated Dispute Resolution Organization to make reports or submit materials concerning the business thereof, or have his/her officials enter the business office or office or any other facilities of a Designated Dispute Resolution Organization to inquire about the status of business of said Designated Dispute Resolution Organization or inspect the books and documents or other articles.

(2) If and to the extent that the Prime Minister finds it especially necessary for the fair and appropriate execution of Dispute Resolution Services, etc., he/she may order a Member Insurance Service Provider of the Designated Dispute Resolution Organization or a person the Designated Dispute Resolution Organization has entrusted with its business, to make reports or submit materials, or may have his/her officials enter the business office or office or any other facilities of these persons, inquire about the status of business of said Designated Dispute Resolution Organization, or inspect books and documents or other articles of these persons.

(Business Improvement Order)

Article 308-22 (1) If and to the extent that the Prime Minister finds it necessary for ensuring the fair and appropriate execution of Dispute Resolution Services, etc. with regard to the Designated Dispute Resolution Organization's management of the Dispute Resolution Services, etc., he/she may order necessary measures for improving the business operation of the relevant Designated Dispute Resolution Organization.

(2) In cases where a Designated Dispute Resolution Organization falls under any of the following items, when the Prime Minister seeks to give the order under the preceding paragraph, he/she shall consult with the Minister of Justice in advance:

(i) cases where the Designated Dispute Resolution Organization has come to no longer satisfy the requirements set forth in Article 308-2, paragraph (1), items (v) to (vii) inclusive (limited to the part pertaining to the operations of Dispute Resolution Procedures, the requirement set forth in item (vii) of that paragraph shall be one pertaining to the standards listed in the items of paragraph (4) of Article 308-7 or the items of paragraph (5) of that Article; hereinafter the same shall apply in this item) or where the Designated Dispute Resolution Organization is found likely to come to no longer satisfy the requirements set forth in Article 308-2, paragraph (1), items (v) to (vii) inclusive; or

(ii) cases where the Designated Dispute Resolution Organization has violated the provisions of Article 308-5, Article 308-6, Article 308-9, or Article 308-13 (limited to cases where such violation is one that is related to the operations of Dispute Resolution Procedures).

(Suspension or Abolition of Dispute Resolution Services, etc.)

Article 308-23 (1) When a Designated Dispute Resolution Organization seeks to suspend (excluding the suspension on the grounds prescribed in the following paragraph) or abolish all or part of the Dispute Resolution Services, etc., it shall obtain authorization from the Prime Minister.

(2) If a Designated Dispute Resolution Organization has suspended all or part of its Dispute Resolution Services, etc. due to a natural disaster or any other inevitable grounds, it shall immediately notify the Prime Minister of this, appending the reasons therefor. The same applies if the Designated Dispute Resolution Organization recommences all or part of its suspended Dispute Resolution Services, etc.

(3) A Designated Dispute Resolution Organization that has obtained the authorization for suspension or abolition under paragraph (1) or that has implemented the suspension under the preceding paragraph shall notify the Parties for which Complaint Processing Procedures or Dispute Resolution Procedures have been implemented (if another Designated Dispute Resolution

Organization or a person with the legally provided for designation specified by Cabinet Order as involving business equivalent to Dispute Resolution Services, etc. (hereinafter collectively referred to as the "Entrusting Dispute Resolution Organization" in this paragraph), has entrusted the relevant Designated Dispute Resolution Organization with its business, this includes procedures for processing complaints of the Entrusting Dispute Resolution Organization in connection with the entrustment or procedures for dispute resolution; the same shall apply in paragraph (4) of the following Article), the Member Insurance Service Providers other than said Parties, and other Designated Dispute Resolution Organization(s), of the fact of the suspension or abolition within two weeks from the day of said suspension or abolition or on the day of said suspension or abolition. The same shall apply when the Designated Dispute Resolution Organization recommences all or part of the suspended Dispute Resolution Services, etc.

(Rescission of Designation, etc.)

- Article 308-24 (1) When a Designated Dispute Resolution Organization falls under any of the following items, the Prime Minister may rescind the designation under Article 308-2, paragraph (1) or order the suspension of all or part of its business by specifying a period not exceeding six months:
- (i) when the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 308-2, paragraph (1), items (ii) to (vii) inclusive, or the Designated Dispute Resolution Organization is found to have not fallen under any of the items of that paragraph at the time when receiving the designation;
  - (ii) when the Designated Dispute Resolution Organization has received the designation under Article 308-2, paragraph (1) by wrongful means; or
  - (iii) when the Designated Dispute Resolution Organization has violated laws and regulations or a disposition under laws and regulations.
- (2) In cases where a Designated Dispute Resolution Organization falls under any of the following items, when the Prime Minister seeks to make a disposition or order under the preceding paragraph, he/she shall consult with the Minister of Justice in advance:
- (i) cases where the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 308-2, paragraph (1), items (v) to (vii) inclusive (limited to the part pertaining to the operations of Dispute Resolution Procedures, the requirement set forth in item (vii) of that paragraph shall be limited to one related to the standards listed in the items of Article 308-7, paragraph (4) or the items of paragraph (5) of that Article; hereinafter the same shall apply in this item), or the Designated Dispute Resolution Organization is found not to have satisfied the requirements set

- forth in Article 308-2, paragraph (1), items (v) to (vii) inclusive at the time it received the designation under Article 308-2, paragraph (1); or
- (ii) cases where the Designated Dispute Resolution Organization has violated the provisions of Article 308-5, Article 308-6, Article 308-9, or Article 308-13 (limited to cases where such violation is one that is related to the operation of Dispute Resolution Procedure).
- (3) If the Prime Minister has rescinded a designation under Article 308-2, paragraph (1) pursuant to the provisions of paragraph (1), he/she shall give public notice of this in the official gazette.
- (4) Any person who has received a disposition of rescission of the designation under Article 308-2, paragraph (1) or an order for suspension of all or part of its business pursuant to the provisions of paragraph (1) shall, within two weeks from the day of said disposition or order, notify the Parties for which Complaint Processing Procedures or Dispute Resolution Procedures had been implemented, a Member Insurance Service Provider other than the Parties, and other Designated Dispute Resolution Organization(s) to the effect that he/she has received the disposition or order.

#### **Part V Miscellaneous Provisions**

(Revocation of an Offer for an Insurance Contract, etc.)

Article 309 (1) Any person that has made an offer 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 "Offeror, etc." in this Article) may revoke or cancel the offer in writing (hereinafter referred to as "Revocation of an Offer, etc." in this Article), unless:

- (i) A document detailing the particulars for the Revocation of an Offer, etc. for an insurance contract has been issued to the Offeror, etc. pursuant to the provisions of a Cabinet Office Ordinance, and eight days have elapsed counting from the issue date of such document or the date of the offer, whichever is later;
- (ii) The Offeror, etc. made the offer to conclude the insurance contract for the purpose of, or on behalf of, its operation or business;
- (iii) The offer 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 a term of coverage of one year or less;
- (v) The Offeror, etc. is required by law to take out the insurance contract; or
- (vi) The Offeror, etc. has offered the insurance contract at a business office or any other office or facility of an Insurance Company, etc., Foreign Insurance

Company, etc., Specified Insurance Agent, Insurance Broker, or otherwise, and the situation falls under any of the cases specified by Cabinet Order as posing no risk to the protection of the Offeror, 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 relevant person with the particulars that are required to be included 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 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 Cabinet Office Ordinance) is used in lieu of issuing the document set forth in paragraph (1), item (i), the particulars that are required to be included in that document shall be deemed to have arrived with the Offeror, etc. when they have been recorded on a file stored in the computer used by the Offeror, etc.
- (4) The Revocation of an Offer, etc. for an insurance contract shall take effect when the document on the Revocation of the Offer, etc. is issued.
- (5) If a Revocation of an Offer, etc. for an insurance contract has been effected, the Insurance Company, etc. or Foreign Insurance Company, etc. may not demand from the Offeror, etc. payment for any damages, penalties or other money for the Revocation of the Offer, 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 Cabinet Office Ordinance as equivalent to the insurance premium for the period leading to the date of such revocation.
- (6) If a Revocation of an Offer, etc. for an insurance contract has been effected, the Insurance Company, etc. or Foreign Insurance Company, etc. shall promptly refund to the Offeror, 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 Cabinet Office Ordinance.
- (7) If a Revocation of an Offer, etc. for an insurance contract has been effected, the Specified Insurance Agent or any other person engaged in Insurance Solicitation shall promptly refund to the Offeror, etc. any money received in connection with the insurance contract.
- (8) An Insurance Broker or any other person engaged in Insurance Solicitation

that has paid to an Insurance Company, etc. or Foreign Insurance Company, etc. any damages or other money for the Revocation of an Offer, etc. for an insurance contract may not, in connection with such payment, demand from the person who effected the Revocation of the Offer, etc. payment of any damages or other money.

- (9) The Revocation of an Offer, etc. for an insurance contract shall not take effect if any event that gives rise to payment of an insurance proceeds has occurred by the time of such Revocation of the Offer, etc.; provided, however, that this shall not apply where the person who effected the Revocation of the Offer, etc. knew that an event giving rise to payment of insurance proceeds had occurred by the time of such Revocation of the Offer, etc.
- (10) Any special provisions in an insurance contract that violate any of the provisions of paragraphs (1) and (4) to (9) inclusive shall be null and void if it is disadvantageous to the Offeror, 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 the particulars of 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)), Article 305 or Article 308-21 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) Before the Prime Minister finds that reaching any of the following dispositions with regard to an Insurance Company, etc., a Foreign Insurance Company, etc. or a licensed specified juridical person could have a serious impact on the maintenance of the credibility of Insurance Services, he/she shall consult in advance with the Minister of Finance on the necessary measures for maintaining the credibility of Insurance Services:

- (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) Before the Prime Minister finds that if a Corporation were to conduct any of the business 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 a serious impact on the maintenance of the credibility of the Insurance Business, he/she shall 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 (meaning the transfer, etc. of insurance contracts set forth in Article 260, paragraph (1)), succession of insurance contracts (meaning the succession of insurance contracts set forth in Article 260, paragraph (7)), Succession to Inherited Insurance Contracts (meaning the Succession to Inherited Insurance Contracts set forth in Article 260, paragraph (8)) or retransfer of insurance contracts (meaning 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) If the Prime Minister has reached any of the following dispositions, he/she shall promptly notify the Minister of Finance of this:

- (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 seeks to make a Subsidiary out 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 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 provisions of Article 133, 134, 205, 206, 231 or 232, or cancellation of the registration set

- forth in Article 272, paragraph (1) pursuant to the provisions 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 provisions 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 provisions 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 provisions 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 provisions 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) If the Prime Minister has received notice under any of the following provisions (for notice under the provisions listed in item (i) or (iv), limited to one involving the cases specified by Cabinet Office Ordinance/Ordinance of the Ministry of Finance), promptly notify the Minister of Finance of this:
- (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 item (v) to (viii) inclusive of that Article);
  - (iii) Article 234 (limited to the segment pertaining to item (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 the Minister of Finance, etc.)

Article 311-4 (1) If the Minister of Finance finds it necessary for planning or drafting a system for Insurance Services in connection with the financial bankruptcy processing system and financial crisis management under his/her jurisdiction, he/she shall request the Prime Minister to submit materials and provide explanations as necessary.

- (2) If and to the extent that the Minister of Finance 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, he/she may request an Insurance Company, etc., a Foreign Insurance Company, etc., the General

Representative of a licensed specified juridical person (meaning the General Representative set forth in Article 219, paragraph (1)), an Insurance Company's Major Shareholder, an Insurance Holding Company, a Low-Cost, Short-Term Insurer's Major Shareholder, a Low-Cost, 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 particular necessary for the implementation of this Act shall be specified by Cabinet Office Ordinance (or Cabinet Office Ordinance/Ordinance of the Ministry of Finance for any particular of 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 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 Whenever an order is enacted, revised or abolished 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 VI 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 Services 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 Services 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 Low-Cost, Short-Term Insurance Services in violation of Article 272-9; and
  - (v) Any person who has violated the provisions 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 provisions of Article 271-18, paragraph (1), by any of the transactions or actions listed in the items of the same paragraph, become a Holding Company whose Subsidiaries include an Insurance Company, or incorporated a Holding Company whose Subsidiaries include an Insurance Company;
- (ii) When the person had been, in violation of Article 271-18, paragraph (3), a Holding Company whose Subsidiaries included an Insurance Company beyond the Last Day of the Grace Period prescribed in the same paragraph;
- (iii) When the person had been a Holding Company whose Subsidiaries included an Insurance Company in violation of the order under the provisions of Article 271-18, paragraph (5), or when the person had been, in violation of Article 271-30, paragraph (2), a Holding Company whose Subsidiaries included an Insurance 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 provisions of Article 272-35, paragraph (1), through any of the transactions or actions listed in the items of the same paragraph, become a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer, or incorporated a Holding Company whose Subsidiaries include a Low-Cost, Short-Term Insurer;
- (v) When the person had been, in violation of Article 272-35, paragraph (3), a Holding Company whose Subsidiaries included a Low-Cost, Short-Term Insurer beyond the Last Day of the Grace Period prescribed in the same paragraph; and
- (vi) When the person had been a Holding Company whose Subsidiaries included a Low-Cost, Short-Term Insurer in violation of the order under the provisions of Article 272-35, paragraph (5), or when the person had been, in violation of the provisions of Article 271-30, paragraph (2), as applied mutatis mutandis pursuant to Article 272-40, paragraph (2), a Holding Company whose Subsidiaries included a Low-Cost, Short-Term Insurer

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 provisions 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 provisions of Article 240-3;
- (iv) Any person who has violated the provisions of Article 186, paragraph (1);
- (v) Any person who has violated the conditions imposed pursuant to the provisions of Article 188, paragraph (1);
- (vi) Any person who has violated the provisions 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 provisions 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 acted as listed in those provisions;
- (ii) Any person who has violated the provisions 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 316-3 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 has submitted a written application for designation under Article 308-3, paragraph (1) or a document or Electromagnetic Records to be attached thereto pursuant to the provisions of paragraph (2) of that Article, in which he/she has included a false detail or record;
- (ii) Any person who has violated the provisions of Article 308-9;
- (iii) Any person who has failed to submit a report under Article 308-20, paragraph (1) or has submitted a report that includes any false detail;
- (iv) Any person who has failed to submit a report or material pursuant to the provisions of Article 308-21, paragraph (1) or (2) or submitted to a false report or material; any person who has failed to answer the questions asked by the officials under these provisions or has made a false answer, or has refused, obstructed, or avoided the inspection under these provisions; and
- (v) Any person who has violated the order under Article 308-22, paragraph (1).

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 documents or electromagnetic records in which he/she has failed to detail or record the particulars that

must be detailed or recorded or in which he/she has included a false detail 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 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 in which he/she has failed to detail the particulars that are required to be included or in which he/she has included a false detail available for public inspection, or who has taken measures to make the information recorded in electronic records in which he/she has failed to record the particulars that are required to be recorded in the electromagnetic records or in which he/she has included a false 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 provisions 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 provisions 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 provisions of Article 128, paragraph (1) or Article 272-22, paragraph (1), as applied mutatis mutandis pursuant to Article 179, paragraph (2), the provisions of Article 200, paragraph (1), as applied mutatis mutandis pursuant to Article 212, paragraph (5), or the provisions 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 provisions of Article 129, paragraph (1) or Article 272-23, paragraph (1), as applied mutatis mutandis pursuant to Article 179, paragraph (2), the provisions of Article 201, paragraph (1), as applied mutatis mutandis pursuant to Article 212, paragraph (5), the provisions 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 provisions 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 provisions of Article 310, paragraph (1) (limited to those pertaining to the authorization under the provisions of the proviso of Article 271-18, paragraph (1) or (3), or the approval under the provisions 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 provisions 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 Insurance-Proceed Trust Services;



- (ii) Any person who has violated the provisions 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 provisions 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 submitted a written application for registration set forth in Article 272-2, paragraph (1) or a document set forth in the same Article, paragraph (2) which includes a false detail;
- (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 provisions of Article 291, paragraph (5);
- (vii) Any person who, in violation of Article 300, paragraph (1), has acted as listed in item (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 detail the particulars prescribed in the same paragraph or that includes false details; or any person who has provided information lacking said particulars or has provided false particulars by the method specified in Article 34-2, paragraph (4) of that Act as applied mutatis mutandis pursuant to paragraph (2) of that Article; and
- (ix) Any person who has violated the order for the full or partial suspension of business under the provisions of Article 307, paragraph (1).
- (x) Any person who, in violation of the provisions of Article 308-4, paragraph (1), has divulged any information learned in the course of his/her duties or has used such information for his/her own interest;

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 provisions 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 provisions of Article 240-9, paragraph (1), or has made a false report, or has refused, obstructed, or evaded the inspection under the provisions 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 Managed Company, or any person who has resigned from these positions has failed to make a report under the provisions of Article 247-2, paragraph (1), or has made a false report, or has refused, obstructed, or avoided the inspection under the provisions 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 provisions 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 particulars prescribed in the provisions 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 provisions 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 particulars;
- (iii) Any person who has violated the provisions 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 applies mutatis mutandis pursuant to Article 199), or the provisions 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 provisions of Article 37-3, paragraph (1) (except for item (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 detail the particulars prescribed in the

- same paragraph or a document that includes false details; or any person who has provided information lacking said particulars or has provided false particulars by the method specified in Article 34-2, paragraph (4) of that Act as applied mutatis mutandis pursuant to paragraph (2) of that Article;
- (v) Any person who has failed to deliver a document under the provisions 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 provisions 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 includes false details;
  - (vii) Any person who has failed to deliver a document under the provisions 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 submitted a written application for approval set forth in Article 272-36, paragraph (1) or a document set forth in paragraph (2) of the same Article in which he/she has included false details;
  - (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 provisions 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 includes false details; or a person or who has provided false particulars by the method specified in Article 34-2, paragraph (4) of that Act as applied mutatis mutandis pursuant to paragraph (2) of that Article.

Article 319-2 Any person who has failed to prepare or preserve the records under Article 308-11 or Article 308-13, paragraph (9), or has prepared false records shall be punished by a fine of not more than one million yen.

Article 319-3 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 provisions of Article 265-46, or has submitted a false report or materials;
- (ii) Any person who has failed to answer any question under the provisions of Article 265-46, or has made a false answer, or has refused, obstructed, or avoided the inspection under the provisions of the same Article;
- (iii) Any person who has failed to make a report under the provisions 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;
- (iv) Any person who has failed to make a report under the provisions of Article 270-3-10, or has made a false report; and
- (v) Any person who has suspended or abolished all or part of the Dispute Resolution Services, etc. without obtaining an authorization under Article 308-23, paragraph (1).

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 acted with regard to particulars which require authorization under the provisions 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 provisions of Article 122-2, paragraph (4) or has made a false report, or has refused, obstructed, or avoided the inspection under the provisions of the same paragraph;
- (i)-3 Any person who has failed to submit the materials under the provisions 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 submitted a written application for registration set forth in Article 277, paragraph (1), a document set forth in the same Article,

- paragraph (2), a written application for registration set forth in Article 287, paragraph (1), or a document set forth in the same Article, paragraph (2) in which he/she has included false details;
- (iii) Any person who, in violation of Article 303, has failed to keep books and documents, has failed to enter the particulars prescribed in the same Article in the books and documents, has included false entries in the books and documents, or has 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, who has submitted documents in which he/she has failed to detail particulars that are required to be included, or who has submitted documents in which he/she has included false details;
  - (v) Any person who has failed to submit the report or materials under the provisions of Article 305, or has submitted false reports or materials;
  - (vi) Any person who has failed to answer any question under the provisions of Article 305 or has made a false answer, or has refused, obstructed, or avoided the inspection under the provisions of the same Article; and
  - (vii) Any person who has violated the order under the provisions of Article 306.
  - (viii) Any person who has failed to make a report under Article 308-8, paragraph (1), or has made a false report;
  - (ix) Any person who has failed to make a notification under Article 308-18, paragraph (1), Article 308-19 or Article 308-23, paragraph (2), or has made a false notification; and
  - (x) Any person who has failed to make a notification under Article 308-23, paragraph (3) or Article 308-24, paragraph (4), or has made a false notification.

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 committed 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, Article 316-3 (excluding item (ii)) 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 316-3, item (ii), 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 provisions of the preceding paragraph apply to an association or foundation that is not a juridical person, its representative person or administrator shall represent said association or foundation in any procedural acts, and the provisions of the Acts concerning criminal procedures in the cases where a juridical person is the accused or a suspect shall apply *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., engages in conduct 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 provisions 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 to whom a type of particular or a specific particular of its business has been delegated; 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, engages in conduct 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 provisions of Article 53-12, paragraph (2), as applied mutatis mutandis pursuant to Article 180-5, paragraph (4), or the provisions 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, engages in conduct 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 in the 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 particulars 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 provisions 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 particulars 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 particulars 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 members' council or General Representative Members' Council, 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 provisions 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 Council of Representative Policyholders, the same punishment as in the preceding paragraph shall apply.

(Crime of Using False Documents, 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 particulars or an advertisement or other documents related to said subscription which include a false detail with regard to an important particular, or has offered electromagnetic records that include a false record with regard to an important particular for carrying out affairs for said solicitation for subscription in the case where electromagnetic records have been created in lieu 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 documents concerning the secondary distribution which include a false detail with regard to an important particular,

or has offered electromagnetic records that include a false record with regard to an important particular for carrying out affairs for said secondary distribution in the case where electromagnetic records have been created in lieu of said documents, 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 related to said subscription which include a false detail with regard to an important particular, or has offered electromagnetic records that include a false record with regard to an important particular for carrying out affairs for said solicitation for subscription in the case where electromagnetic records have been created in lieu 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 provisions 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 particular or a specific particular of 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 related to the subscription of funds which include a false detail with regard to an important particular, or has offered electromagnetic records that include a false detail with regard to an important particular for carrying out affairs for said solicitation for subscription in the case where electromagnetic records have been created in lieu 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 the false appearance of a payment 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 provisions 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 provisions 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 particulars, 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 at a general members' council meeting, General Representative Members' Council Meeting, Organizational Meeting, bondholders meeting or creditors meeting of a Mutual Company, policyholders meeting or General Council of Representative 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 representative member 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 thousandths, three thousandths, 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 Cabinet Order prescribed in Article 38, paragraph (1), Article 39, paragraph (1) or Article 50, paragraph (1) or more), nine or three or more representative members, 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 litigation 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 provisions 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 representative member, 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 representative member, 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.
- (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, paragraph (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 acted in the relevant way.

(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 detail or record what is specified by 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), who has included a false detail or record in the registry of studies, etc., or who 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 committed the violation 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-Criminal Fine)

Article 333 (1) If the incorporator of an Insurance Company, etc., the director at the time of the incorporation of said Insurance Company, etc., its executive

officer at the time of incorporation, company auditor at the time of incorporation, its director, executive officer, or accounting advisor, or the member who is to act as such; its company auditor or accounting auditor or the member who is to act as such; its liquidator; its Entrusted Company as prescribed in Article 144, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 272-30, paragraph (2)); its insurance administrator or insurance inspector; its liquidator representative as set forth in Article 525, paragraph (1) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 184); its supervising committee member as set forth in Article 527, paragraph (1) of the same Act (including the cases where it is applied mutatis mutandis pursuant to Article 184); its examination committee member as set forth in Article 533 of the same Act (including the cases where it is applied mutatis mutandis pursuant to Article 184); the person who is to act as its director, executive officer, company auditor, or liquidator and who has been appointed pursuant to a provisional disposition order prescribed in Article 56 of the Civil Provisional Remedies Act; the person who is to act as its temporary director, accounting advisor, company auditor, representative director, committee member, executive officer, or representative executive officer as prescribed in Article 322, paragraph (1), item (vi) or in Article 960, paragraph (1), item (v) of the Companies Act; the person who is to act as its temporary liquidator or Representative Liquidator as prescribed in Article 322, paragraph (2), item (iii) or in Article 960, paragraph (2), item (iii) of the same Act; the person who is to act as its temporary accounting auditor as prescribed in Article 328, paragraph (1), item (iii) or Article 967, paragraph (1), item (iii) of the same Act; its inspector, the administrator of its shareholder registry, the administrator of its bond registry, its bond administrator, the bond administrator succeeding to its affairs, its representative bondholder, its resolution executor, or its manager; the Representative Person in Japan of a Foreign Insurance Company, etc., the liquidator of said Foreign Insurance Company, its Entrusted Company as prescribed in Article 144, paragraph (1), as applied mutatis mutandis pursuant to Article 211, or its insurance administrator, insurance inspector, or manager; the person representing a licensed Specified Juridical Person and its subscription members in Japan; a person who has concluded a contract set forth in Article 190, paragraph (3) with a Foreign Insurance Company, etc., a person who has concluded a contract set forth in Article 223, paragraph (3) with a licensed Specified Juridical Person, or a person who has concluded a contract set forth in Article 272-5, paragraph (3) with a Low-Cost, Short-Term Insurer; the officer of a Corporation; a Large-Volume Holder of Insurance Company Voting Rights (including the person who used to be the relevant Large-Volume Holder of Insurance Company Voting Rights, if said Large-

Volume Holder of Insurance Company Voting Rights has ceased to be a Large-Volume Holder of Insurance Company Voting Rights, and if the Large-Volume Holder of Insurance Company Voting Rights is a juridical person (including organizations without juridical personality which are listed in Article 2-2, paragraph (1), item (i); hereinafter the same applies in this paragraph except for items (lxiv) and (lxx)), this means its director, executive officer, or accounting advisor, or the member who is to act as such; its company auditor, representative person, or manager, the member who executes its business, or its liquidator); an Insurance Company's Major Shareholder or a Low-Cost, Short-Term Insurer's Major Shareholder (including the person who used to be the relevant Insurance Company's Major Shareholder or Low-Cost, Short-Term Insurer's Major Shareholder, if said Insurance Company's Major Shareholder or Low-Cost, Short-Term Insurer's Major Shareholder has ceased to be the Insurance Company's Major Shareholder or Low-Cost, Short-Term Insurer's Major Shareholder, and if the Insurance Company's Major Shareholder or Low-Cost, Short-Term Insurer's Major Shareholder is a juridical person, this means its director, executive officer, or accounting advisor, or the member who is to act as such, its company auditor, representative person, or manager, the member who executes its business, or its liquidator); a Specified Major Shareholder or Low-Cost, Short-Term Insurer's Specified Major Shareholder (including the person who used to be the relevant Specified Major Shareholder or Low-Cost, Short-Term Insurer's Specified Major Shareholder, if said Specified Major Shareholder or Low-Cost, Short-Term Insurer's Specified Major Shareholder has ceased to be a person that holds a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold, etc., and if the Specified Major Shareholder or Low-Cost, Short-Term Insurer's Specified Major Shareholder is a juridical person, this means its director, executive officer, or accounting advisor, or the member who is to act as such, its company auditor, representative person, or manager, the member who executes its business, or its liquidator); the director, executive officer, or accounting advisor of an Insurance Holding Company or Low-Cost, Short-Term Insurance Holding Company (including the company that used to be the relevant Insurance Holding Company or Low-Cost, Short-Term Insurance Holding Company, if said Insurance Holding Company or Low-Cost, Short-Term Insurance Holding Company has ceased to be an Insurance Holding Company or Low-Cost, Short-Term Insurance Holding Company), or the member who is to act as such; or its company auditor, its manager, or its liquidator; or the director, executive officer, or accounting advisor of a Specified Holding Company or Specified Low-Cost, Short-Term Insurance Holding Company (including the company that used to be the relevant Specified Holding Company or Specified Low-Cost, Short-Term Insurance



Holding Company, if said Specified Holding Company or Specified Low-Cost, Short-Term Insurance Holding Company has ceased to have an Insurance Company, etc. as its Subsidiary), or the member who is to act as such; or its company auditor, its manager, the member who executes its business, or its liquidator falls under any of the following items, he/she shall be subject to a non-criminal fine of not more than one million yen; provided, however, that this does not apply if a criminal punishment is to be imposed for the relevant action:

- (i) (Deleted);
- (ii) When he/she has engaged in the day-to-day business of another company, in violation of Article 8, paragraph (1), Article 192, paragraph (5) or Article 272-10, paragraph (1);
- (iii) When he/she has failed to complete his/her registration under the provisions 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 provisions 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 provisions 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 refused, without justifiable grounds, to allow the inspection of documents or of an object that shows, by a method specified by Cabinet Office Ordinance, the particulars recorded in electromagnetic records, or has refused to issue a certified copy or extract of a document, to provide the particulars that are recorded in an electromagnetic record by electromagnetic means, or to issue a document detailing such particulars;
- (vii) When he/she has refused, obstructed, or evaded an inspection under the provisions of this Act or the Companies Act, as applied mutatis mutandis pursuant to this Act;
- (viii) When he/she, regarding particulars 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 members' council, General Representative Members' Council, Organizational Meeting, policyholders meeting, General Council of Representative Policyholders, bondholders meeting, or creditors meeting;
- (ix) When he/she has failed to detail or record the particulars that are required to be detailed or recorded or has included a false detail or record in the articles of incorporation, minutes of general members' council meeting, General Representative Members' Council Meeting, Organizational Meeting,

- board of directors, committee on important property, Committees, board of company auditors, policyholders meeting, General Council of Representative 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 explain the particulars with regard to which a person who seeks to be a member or a member, representative member, or Policyholder has requested an explanation at the general members' council meeting, General Representative Members' Council Meeting, Organizational Meeting, policyholders meeting or General Council of Representative Policyholders;
- (xii) When he/she, in violation of Article 15, Article 56 to 59 inclusive, Article 91, paragraph (4), 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 reserves 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 reserves for redemption of funds, has made an Entity Conversion, established a General Council of Representative 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 has failed to make the particulars of a request under Article 39, paragraph (1) or Article 46, paragraph (1) the purpose of a general members' council meeting or General Representative Members' Council Meeting in the case where such a request has been made;
- (xv) When he/she has failed to call a general members' council meeting or General Representative Members' Council Meeting in violation of a court order under the provisions 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 provisions 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);
- (xvi) When he/she, in violation of the provisions of Articles 301 or 302 of the Companies Act, as applied mutatis mutandis pursuant to Article 41, paragraph (1), or the provisions of Article 48 or the provisions 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 convocation for a general members' council meeting or General Representative Members' Council Meeting;
- (xvii) 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;
- (xviii) When he/she has failed to appoint half or more outside company auditors

- as company auditors in violation of Article 53-5, paragraph (3);
- (xix) When he/she has failed to make particulars of 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 members' council meeting or General Representative Members' Council 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 members' council meeting or General Representative Members' Council Meeting;
- (xx) When he/she, in violation of the provisions 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 provisions 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;
- (xxi) When he/she has failed to select full-time company auditors in violation of Article 53-19, paragraph (3);
- (xxii) When he/she has issued debenture shares prior to the date of the issuance of bonds (meaning bonds prescribed in Article 61);
- (xxiii) 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;
- (xxiv) When he/she has failed to detail the particulars that are required to be included on the debenture shares, or has included a false detail on the debenture shares
- (xxv) 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;
- (xxvi) 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;
- (xxvii) When he/she has made an Entity Conversion in violation of Article 69, Article 78 or Article 86;
- (xxviii) 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 conducted business prescribed in these provisions without obtaining authorization, or, in violation of the proviso of Article 272-11, paragraph (2),

- has conducted business prescribed in the proviso of the same paragraph without obtaining approval;
- (xxix) 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;
- (xxx) When he/she has conducted 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 an unlimited partner or a partner 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 a Company Eligible to Be a Subsidiary prescribed in the same paragraph (except for the Japanese company prescribed in Article 107, paragraph (1)) a Subsidiary, or, in violation of Article 272-14, paragraph (1), has made a company other than the company that exclusively operates in the business specified by Cabinet Office Ordinance prescribed in the same paragraph its Subsidiary;
- (xxxiv) When he/she has made an Insurance Company, etc. Eligible to Be a Subsidiary prescribed in Article 106, paragraph (4) a Subsidiary without obtaining the authorization of the Prime Minister under the provisions of the same paragraph or has made a company listed in the items of the same Article, paragraph (1) into a Subsidiary that falls under any of the companies listed in another of these items (limited to an Insurance Company, etc. Eligible to Be a Subsidiary prescribed in the same Article, paragraph (4)) without obtaining the authorization of the Prime Minister under the provisions 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 in the business specified by Cabinet Office Ordinance prescribed in the same paragraph a Subsidiary without obtaining the approval of the Prime Minister under the provisions 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 provisions of Article 107, paragraph (3) or (5);

- (xxxvi) 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 reserves policy reserves or reserves for outstanding claims;
- (xxxvii) When he/she has acted as 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);
- (xxxviii) 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 satisfy the requirements specified by 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 provisions of the same paragraph;
- (xxxix) When he/she has violated the order under the provisions 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 provisions 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));
- (xl) When he/she has modified the particulars prescribed in the documents prescribed in the provisions 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;
- (xli) When he/she has failed to give the notification under the provisions 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 particulars specified by 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 provisions 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));
- (xlii) When he/she has violated the order for the revocation of change or notification under the provisions 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);
  - (xliii) When he/she has failed to give the notification under the provisions 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;
  - (xliv) When he/she has violated the order under the provisions of Article 131, Article 203, Article 229, or Article 272-24, paragraph (1) or (2);
  - (xlv) 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;
  - (xlvi) 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);
  - (xlvii) When he/she, in violation of Article 176, has failed to submit a document or statement or electromagnetic record, or has submitted a document or statement or electromagnetic record in which he/she has failed to detail or record the particulars that must be detailed or recorded or in which he/she has included a false detail or record;
  - (xlviii) 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;
  - (xlix) When he/she has disposed of property in violation of Article 181;
  - (l) 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;
  - (li) When he/she has performed obligations in violation of the provisions of Article 500, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 181-2, or the provisions of Article 537,

- paragraph (1) of the same Act, as applied mutatis mutandis pursuant to Article 184;
- (lii) 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;
  - (liii) 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);
  - (liv) When he/she has violated the temporary restraining order under the provisions of Article 540, paragraph (1) or (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 184, or Article 542;
  - (lv) 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;
  - (lvi) When he/she has violated a court order under the provisions of Article 827, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 213;
  - (lvii) When he/she has failed to submit reports or materials under the provisions of Article 218, paragraph (2), or has submitted false reports or materials;
  - (lviii) When he/she has failed to report the findings of the study by the due date set forth in Article 240-8, paragraph (2);
  - (lix) When he/she, in violation of Article 241, paragraph (3), has failed to make a proposal, or has made a false proposal;
  - (lx) When he/she has failed to transfer tasks to an insurance administrator who has been appointed by the Prime Minister pursuant to the provisions of Article 242, paragraph (2);
  - (lxi) When he/she, without justifiable grounds, has refused to be an insurance administrator in violation of Article 243, paragraph (2);
  - (lxii) When he/she has failed to transfer tasks to a director, executive officer or liquidator of a Managed Company 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;
  - (lxiii) When he/she has failed to make the submission or give the notification under the provisions 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;
  - (lxiv) When he/she, without obtaining authorization from the Prime Minister



- under Article 271-10, paragraph (1), has become the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold or has established a company or any other juridical person that is the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold through any of the transactions or actions listed in the items of that paragraph;
- (lxv) When he/she, in violation of Article 271-10, paragraph (2) was the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold beyond the Last Day of the Grace Period provided for in the same paragraph;
- (lxvi) When he/she, in violation of the order under the provisions of Article 271-10, paragraph (4), was the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold, or, in violation of Article 271-16, paragraph (2) was the holder of a number of voting rights in an Insurance Company equal to or exceeding the Major Shareholder Threshold upon exceeding the period designated by the Prime Minister prescribed in the same paragraph;
- (lxvii) When he/she has violated the order (including orders for the submission of improvement programs) under the provisions 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));
- (lxviii) 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;
- (lxix) When he/she has failed to give the notification or make the submission under the provisions of Article 272-19, paragraph (1) or (2) or has modified the particulars prescribed in the documents prescribed in the provisions 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 provisions of the same Article, paragraph (2) or (3));
- (lxx) When he/she, without obtaining authorization from the Prime Minister under Article 272-31, paragraph (1), has, through any of the transactions or actions listed in the items of the same paragraph, become the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold , or has incorporated a company or formed another juridical person that is the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major

Shareholder Threshold;

- (lxxi) When he/she, in violation of Article 272-31, paragraph (2), was the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold beyond the Last Day of the Grace Period provided for in the same paragraph;
  - (lxxii) When he/she, in violation of the order under the provisions of Article 272-31, paragraph (4), was the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold, or, in violation of Article 271-16, paragraph (2) as applied mutatis mutandis pursuant to Article 272-34, paragraph (1), was the holder of a number of voting rights in a Low-Cost, Short-Term Insurer equal to or exceeding the Major Shareholder Threshold upon exceeding the period designated by the Prime Minister prescribed in the same paragraph;
  - (lxxiii) When he/she, without obtaining the approval of the Prime Minister under the provisions of Article 272-39, paragraph (1), has made a company other than the companies listed in the items of the same paragraph a Subsidiary; and
  - (lxxiv) 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-criminal fine of not more than one million yen; provided, however, that this shall not apply when a punishment shall be given for the action.

Article 333-2 Any person who falls under either of the following shall be punished by a non-criminal 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 engages in Insurance-Proceed Trust Services, Entrusted 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 provisions 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 provisions 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 provisions 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 provisions 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 provisions 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 engages in Insurance-Proceed Trust Services, liquidator, Entrusted 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-criminal fine of not more than one million yen:

- (i) When he/she, without obtaining authorization, has engaged in Insurance-Proceed Trust Services 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 provisions 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 Insurance-Proceed Trust

Services 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 Services 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 is to carry out pursuant to the provisions of the same Article.

Article 335 Any person who falls under any of the following items shall be punished by a non-criminal 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 provisions 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 provisions of the same Article, paragraph (1) or a similar sign;
- (vi) Any person who has submitted a written application for approval set forth in Article 272-32, paragraph (1) or a document set forth in the same Article, paragraph (2) in which he/she has included a false detail; and
- (vii) Any person who has violated the provisions of Article 308-16.

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-criminal 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 provisions 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-criminal 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 provisions 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 provisions 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-criminal 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 provisions 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 Cabinet Order under the provisions of Article 264, paragraph (1);
- (iii) When he/she has violated Article 265-2, paragraph (2);
- (iv) When he/she has conducted business other than what is 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 provisions 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-criminal 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-criminal fine of not more than one million yen.

Article 339 A person who, in violation of the provisions of Article 308-17, used any character which would indicate that the person is a Designated Dispute

Resolution Organization shall be punished by a non-criminal fine of not more than one hundred thousand yen.

### **Supplementary Provisions**

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding one year from the day of promulgation; provided, however, that the provisions of Article 106 of these Supplementary Provisions shall come into effect as of the day of promulgation.

(Special Provisions Pertaining to the Specific Insurance Undertakings of a 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 insurance underwriting 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, until otherwise stipulated, attach any necessary condition to such license pursuant to the provisions of Article 5, paragraph (2) for ensuring that the license will neither bring a drastic change in the management environment pertaining to the specific insurance undertakings (meaning undertakings for insurance underwriting 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 (meaning an Insurance Company or Foreign Insurance Company, etc. the management of which depends relatively heavily on insurance underwriting 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 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 or where a Non-Life Insurance Company makes a Life Insurance Company its Subsidiary), the Prime Minister may, until otherwise stipulated, 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 specific insurance undertakings 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

provisions of Article 123, paragraph (1) or (2), of any modification of the particulars prescribed in the document set forth in Article 123, paragraph (1) pertaining to the specific insurance undertakings, the Prime Minister shall, until otherwise stipulated, consider in addition to the standards 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 specific insurance undertakings or pose any risk to the soundness in the business of the Specified Insurance Company, in examining the particulars of the application or notification.

(Special Provisions on Business)

Article 1-2-2 A Policyholders Protection Corporation (hereinafter referred to as a "Corporation") may, until otherwise stipulated, conduct the business set forth in the following Article, in addition to business set forth in Article 265-28.

(Special Provisions on the Business of a Partner Bank)

Article 1-2-3 A Corporation may conclude with a bank whose purposes include the management and disposition of assets purchased from a Bankrupt Insurance Company, etc. (meaning a Bankrupt Insurance Company as set forth in Article 260, paragraph (2); the same shall apply in Article 1-3 of the Supplementary Provisions), Successor Insurance Company (meaning a Successor Insurance Company as set forth in Article 260, paragraph (6)) or Insurance Company in Liquidation (meaning an Insurance Company in Liquidation as 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 Services") an agreement regarding Asset Management and Collection Services (hereinafter referred to as "Agreement"), and conduct the following business 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 provisions of paragraph (1), item (ii) of the following Article;
- (iii) Provide necessary guidance and advice for the Partner Banks to perform Asset Management and Collection Services; and
- (iv) Conduct necessary investigations for the purpose of business set forth in

item (i) or the preceding item.

(Agreements)

Article 1-2-4 (1) An Agreement shall contain the following provisions:

- (i) That the Partner Bank shall, where it concludes a contract of entrustment with a 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 perform Asset Management and Collection Services 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 conducted 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 seeks 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 Asset Management and Collection Services pertaining to any purchase of assets under item (i);
  - (v) That the Partner Bank shall, when it seeks 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 provisions of Article 19, paragraph (1) or (2) (Business Report, etc.) of the Banking Act.
- (2) A Corporation shall, if it seeks to conclude an Agreement, determine the content of the Agreement after discussion by the Committee, and must have this authorized by the Prime Minister and the Minister of Finance.
- (3) Whenever an application has been filed for the authorization set forth in the preceding paragraph, the Prime Minister and the Minister of Finance may not give the relevant authorization unless they find that the content of the Agreement to which the application pertains conforms to the applicable provisions of laws and regulations and that the bank seeking to conclude the Agreement with the Corporation is capable of performing Asset Management and Collection Services 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 provisions of Article 270-3, paragraph (1) or Article 270-3-2, paragraph (7);
  - (ii) it decides to purchase the assets of a partner Successor Insurance Company pursuant to the provisions of Article 270-3-7, paragraph (1); or
  - (iii) it decides to purchase the assets of an Insurance Company in Liquidation pursuant to the provisions of Article 270-8-3, paragraph (1).
- (2) The Corporation shall, when it makes an offer of entrustment under the preceding paragraph, determine after discussion by 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 a Corporation has concluded any contract with a Partner Bank 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 Losses)

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 in the implementation of business 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 Asset Management and Collection Services under the

Agreement, or for an obligation guarantee pursuant to the borrowing of such funds by the Partner Bank, extend, after discussion by 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 provisions 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 Asset Management and Collection Services under the Agreement.

(Request for Cooperation)

Article 1-2-9 The Corporation may, when it is necessary for conducting business listed in the items of Article 1-2-3 of the Supplementary Provisions, inquire of or request cooperation from government agencies, public entities or any other relevant persons.

(Request for Reports)

Article 1-2-10 The Corporation may, when it is necessary for conducting business 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 finances.

(Application of this Act)

Article 1-2-11 For the purpose of applying the provisions of Article 265-30, paragraph (1) to the cases where the business listed in the items of Article 1-2-3 of the Supplementary Provisions are provided, 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 "business listed in each of the items of Article 265-28, paragraph (1) and Article 265-28, paragraph (2) (including business 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 to real estate following the purchase of assets as delegated by the Corporation set forth in Article 1-2-4, paragraph (1), item (i) of the Supplementary Provisions pursuant to the provisions of the Agreement (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 (meaning the conveyance set forth in Article 62-3, paragraph (2), item (i), sub-item (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 (meaning 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 business for 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 Cabinet Order; referred to as "Specified Members" in Article 1-2-15, paragraph (1) of the Supplementary Provisions) solely with the obligatory contributions paid by the members of the Life Insurance Policyholders Protection Corporation pursuant to the provisions 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 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 business specified by 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 business for 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 Cabinet Order; referred to as "Special Members" in Article 1-2-15, paragraph (2) of the Supplementary Provisions) solely with the obligatory contributions paid by the members of the Life Insurance Policyholders Protection Corporation pursuant to the provisions 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 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 provisions of the preceding paragraph shall be specified by 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 were to cover the costs of Financial Assistance and other business for its members (limited to those subject to the disposition ordering administration under Article 242, paragraph (1) between 1 April 2006 and 31 March 2012 and any other members to be specified by Cabinet Order; referred to as "Members under Special Provisions" in paragraph (3) of the following Article) solely with the obligatory contributions paid by the members of the Life Insurance Policyholders Protection Corporation pursuant to the provisions 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 Cabinet Order and the amount to be specified by Cabinet Order as the amount of additional debts that would be incurred if the Life Insurance Policyholders Protection Corporation had to finance such costs through borrowings exceeds the amount to be specified by 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 provisions of the preceding paragraph shall be specified by 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 provisions of Article 1-2-13, paragraph (1) of the Supplementary Provisions less any amount already paid to the Treasury pursuant to the provisions 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 provisions of Article 1-2-13, paragraph (2) of the Supplementary Provisions less any amount already paid to the Treasury pursuant to the provisions 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 provisions of paragraph (1) of the preceding Article less any amount already paid to the Treasury pursuant to the provisions of this paragraph.

- (4) The procedure of payment and other necessary the particulars of payments under the preceding three paragraphs shall be specified by Cabinet Order.

(Special Provisions on Financial Assistance, etc.)

Article 1-3 (1) Notwithstanding the provisions 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 a 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 calculated 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 calculated by multiplying the sum total of the amount of the policy reserves pertaining to those insurance contracts of the Bankrupt Insurance Company which meet the requirements for insurance contracts to be specified by 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 Cabinet Office Ordinance and Ordinance of the Ministry of Finance as the liabilities to be retained for allocation to the payment of Insurance Proceeds, etc. (referred to as "Specified Policy Reserve, etc." in that item and that paragraph) by the ratio to be specified by 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 provisions 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 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 Cabinet Office Ordinance and Ordinance of the Ministry of Finance and have been subject to the Modification of Contract Conditions (meaning 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 proceeds 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 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 Proceeds); and
  - (iv) That part of the amount of the costs meeting the requirements for expected costs of the transfer, etc. of insurance contracts (meaning 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 (meaning

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 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 a 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 (meaning 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 calculated 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 provisions of Article 270-5, paragraph (2):

(i) The amount calculated 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 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 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 Cabinet Office Ordinance and Ordinance of the Ministry of Finance and have been subject to the Modification of Contract Conditions (meaning 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 proceeds 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 Cabinet Office Ordinance and Ordinance of the Ministry of Finance) that has occurred by 31 March 2001 (excluding the amount of any Financial Assistance for the payment of Covered Insurance Proceeds).

(3) For the purpose of applying the provisions 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 'Business for Paying Covered Insurance Proceeds'))" in that Article shall be deemed to be replaced with "(including business for paying insurance proceeds or benefits in the amounts set forth in item (iii) of paragraph (1) or item (iii) of paragraph (2) of Article 1-3 of the Supplementary Provisions)."

(4) Notwithstanding the provisions 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 by Financial Institutions, etc.), insurance proceeds 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 by Financial Institutions, etc.).

(Special Provisions on Financial Assistance for the Payment of Covered Insurance Proceeds)

Article 1-3-2 For the purpose of applying the provisions of Article 245 and the provisions of Article 177-29, paragraph (1) (Special Provisions on Payment of Covered Insurance Proceeds) of the Act on Special Treatment, etc. of Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, etc. to the cases where a 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 "the insurance proceeds under 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 "insurance proceeds under a Covered Insurance Contract (excluding the Covered Insurance Contracts in the Special Provision Period," respectively; the term ") or the insurance proceeds and other benefits under the Covered Insurance



Contracts in the Special Provision Period (limited to the amount calculated by multiplying the insurance proceeds and other benefits under the Covered Insurance Contracts in the Special Provision Period by the ratio to be specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance) (" shall be deemed to be inserted before the term "hereinafter referred to as 'Services for Paying Covered Insurance Proceeds' " 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 on the 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 a 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 calculated by multiplying the insurance proceeds and other benefits under the Covered Insurance Contracts in the Special Provision Period by the ratio to be specified by 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 Provisions on Obligatory Contributions)

Article 1-4 For each of the business years from the business year in which a 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 Cabinet Order, the obligatory contribution rate to be determined by the Corporation pursuant to the provisions 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 Cabinet Order taking into consideration

the expected amount of cost required by the Corporation for Financial Assistance Services, 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 provisions of Article 265-42 to any Financial Assistance in the Special Provision Period or Underwriting in the Special Provision Period by a Corporation, the term "Insurance Company" in that Article shall be deemed to be replaced with "Insurance Company, the Bank of Japan."

(2) Where the provisions of the preceding paragraph applies, the Bank of Japan may provide loans of funds to a Corporation, notwithstanding the provisions of Article 43, paragraph (1) of the Bank of Japan Act (Act No. 89 of 1997).

(3) Where a Corporation borrows any funds pursuant to the provisions 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 provisions 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 (meaning 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 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 obligatory contributions (meaning claims on any unpaid amount of obligatory contribution 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 of the end of that business year, to the limit of the amount of the borrowings less the amount of the claims on obligatory contribution.

(Special Obligatory Contributions)

Article 1-7 (1) The members of the Non-Life Insurance Policyholders Protection Corporation shall, with regard to each of the business years from the business year after the business year prescribed in paragraph (1) of the preceding Article until the business year that includes the day when the Non-Life Insurance Policyholders Protection Corporation abolishes the Liquidation Account pursuant to the provisions 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 provisions of paragraph (2) of the preceding Article exceeds the amount of the assets belonging to the Liquidation Account, pay obligatory contributions 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 obligatory contribution 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 obligatory contribution to be paid under the preceding paragraph.

(3) The obligatory contribution rate 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 provisions of paragraph (2) of the preceding Article and the amount of the assets belonging to the Liquidation Account.

(Special Provisions on Budget Approval, 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 provisions 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 Cabinet Order, where the Liquidation Account is not created, the Non-Life Insurance Policyholders Protection Corporation shall, notwithstanding the provisions 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 provisions 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 provisions 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 provisions 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 provisions of Article 1-6, paragraph (1) of the Supplementary Provisions:

- (i) For the purpose of applying the provisions of Article 265-28, paragraph (1), item (ii), the term "and the obligatory contribution 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 provisions 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 provisions of Article 1-8, paragraph (1) of the Supplementary Provisions, where such approval is required, shall be punished by a non-criminal 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 reserves (meaning the policy reserves prescribed in Article 113, paragraph (1) of that Act) pursuant to the provisions of Article 114, paragraph (1) of that Act (meaning 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 proceeds, 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 provisions 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 the 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 Foreign Insurance Providers Act (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 provisions 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 "New Act") when this Act enters into force.

(2) The license of the Financial Minister set forth in Article 3, paragraph (1) of the New Act that the persons prescribed in the preceding paragraph are deemed to have obtained (hereinafter referred to as the "Insurance Companies Licensed under the Former Act") pursuant to the provisions of that paragraph shall be the life insurance business license as defined in Article 3, paragraph (4) of the New 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, in which the person was allowed to operate 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 to be the corresponding documents listed in the items of Article 4, paragraph (2) of the New 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 New Act).

(Transitional Measures for Amount of Capital or Total Amount of Funds)

Article 5 (1) The provisions of Article 6, paragraph (1) of the New 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 reserves under Article 65 of the Former Act) is less than the amount set forth in that paragraph to be specified by 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 New 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 provisions 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 reserves 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 New Act, until such time as the total amount of funds (including the reserves for redemption of funds set forth in Article 56 of the New Act (including any amount deemed to have been set aside as the reserves 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 New Act to be specified by Cabinet Order.
- (3) The Reserve set aside pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside as the reserves for redemption of funds set forth in Article 56 of the New Act.

(Transitional Measures for Trade Name or Name)

Article 6 The provisions of Article 7, paragraph (2) of the New 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 provisions of Article 9, paragraph (1) of the New 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 provisions of Article 9, paragraph (1) of the New 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 issuance of new shares under Article 280-2 (Decision on the Particulars of the Issuance 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 provisions 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 New Act, a person punished pursuant to the provisions of the Former Act (including the provisions of the Former Act that are to remain applicable pursuant to these Supplementary Provisions) shall be deemed to have been punished pursuant to the provisions of the New Act on the day when the person received the original punishment.

(Transitional Measures for Retained Earnings Reserve)

Article 9 The provisions of Article 14 of the New 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 provisions of Article 15 of the New 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 provisions of Article 16 of the New 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 provisions of Article 17 of the New 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 to be Mutual Companies under the New Act.

(Transitional Measures for Actions by the Directors, etc. of a Mutual Company)

Article 15 The actions prescribed in the Commercial Code or the Act on Special Measures for the Commercial Code as applied *mutatis mutandis* pursuant to the Former Act which were taken or were required to have been taken 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 to be the actions prescribed in the relevant provisions of the Commercial Code or the Act on Special Measures for the Commercial Code as applied *mutatis mutandis* pursuant to the New Act which were taken or were required to have been taken by the incorporators, directors, representative director, company auditors, accounting auditors or liquidators of a Mutual Company under the New Act on the day when the original actions were taken or were required to have been taken, except when these Supplementary Provisions specify otherwise.

(Transitional Measures for Actions, etc. of the Managers, etc. of Mutual Company)

Article 16 (1) With regard to an action taken before the Effective Date by a manager that a Mutual Company under the provisions of the Former Act which still exists at the time of the enforcement of this Act, has appointed (including an employee prescribed in Article 42 of the Commercial Code (Apparent Manager) or Article 43 of the same Act (Employee Entrusted with Certain Type

of Task or Specific Task) as applied mutatis mutandis pursuant to Article 42 of the Former Act) pursuant to the provisions of Article 37 of the Commercial Code (Appointment of Manager) as applied mutatis mutandis pursuant to Article 42 of the Former Act), and with regard to any other particulars that were true of such manager before the Effective Date, the day on which said particulars were true is deemed to be the day on which such particulars were true for a manager that a Mutual Company under the New Act has appointed (including an employee prescribed in Article 42 or 43 of said Code as applied mutatis mutandis pursuant to that paragraph) pursuant to the provisions of Article 37 of the Commercial Code as applied mutatis mutandis pursuant to Article 21, paragraph (1) of the New Act, and 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 New Act apply.

(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 New Act, the day on which the relevant actions took place and the relevant other particulars were present prior to 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 is deemed to be the day on which said actions took place and other particulars were present for the Mutual Company under the New Act.

(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 provisions 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 to be 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 New Act pursuant to the corresponding provisions of the Commercial Code as applied mutatis mutandis pursuant to the New Act, except when these 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 New Act pursuant to the corresponding provisions of the Commercial Code as applied mutatis mutandis pursuant to the New Act.

(Transitional Measures for Incorporation of Mutual Company)

Article 18 The provisions of Part II, Chapter II, Section 2, Subsection 2 of the New 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 New 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 Details of the particulars 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 provisions of the preceding Article are deemed to be details of the particulars 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 New Act (or, for the particulars listed in Article 34, item (i) of the Former Act, the particulars listed in Article 22, paragraph (2), item (i) of the New Act); any details of the particulars listed in Article 34, item (x) of the Former Act in such articles of incorporation are deemed not to exist.

(Transitional Measures for Application for Registration of Incorporation)

Article 20 The provisions of Article 28, item (ii) of the New 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 provisions of Article 18 of the Supplementary Provisions.

(Transitional Measures for Actions to Hold Incorporators of a 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 New Act shall apply to any action 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 New 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 New Act; with regard to any action 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 were required to have been paid by members before the Effective Date, the provisions then in force shall remain applicable.

(Transitional Measures for Notices and Demands)

Article 23 The provisions of Article 32 of the New 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 New 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 Representative Members)

Article 25 If 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) has been detailed in

the articles of incorporation of a Mutual Company under the Former Act which are in existence at the time when this Act enters into force, such details are deemed not to exist.

(Transitional Measures for the Right to Make Proposals at General Members' Councils, etc.)

Article 26 The provisions of Article 38 to 40 inclusive of the New Act shall apply to any request made by members on or after the Effective Date for any of the particulars 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 Resolutions of the General Members' Council, 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 members' council (including the administrative organ established in lieu of such council 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 to be a resolution adopted pursuant to the corresponding provisions of the Commercial Code as applied mutatis mutandis pursuant to the New Act on the date of the original resolution by the general members' council of a Mutual Company under the New Act or the administrative organ established under Article 51, paragraph (1) of the Former Act that is deemed to be the General Representative Members' Council established under Article 42, paragraph (1) of the New Act pursuant to the provisions of Article 29 of the Supplementary Provisions.

(Transitional Measures for the Mutatis Mutandis Application of the Commercial Code, etc. Pertaining to General Members' Councils)

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 New Act shall apply to the sessions of the general members' council 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 New Act is issued on or after the Effective Date; with regard to the sessions of general members' council 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 details of such standard are deemed not to exist when the proportion of the number of members to the total number of members or the number of members thus detailed 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 New Act, respectively.

(Transitional Measures for the Establishment of a General Representative Members' Council, 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 administrative organ prescribed in Article 51, paragraph (1) of the Former Act, such administrative organ shall be deemed to be a General Representative Members' Council as set forth in Article 42, paragraph (1) of the New 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 New Act.

- (2) Where a Mutual Company under the Former Act in existence at the time when this Act enters into force has established the administrative organ prescribed in Article 51, paragraph (1) of the Former Act, such administrative organ shall be deemed to be a General Representative Members' Council as set forth in Article 42, paragraph (1) of the New 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 New 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 New Act, the administrative organ prescribed in Article 51, paragraph (1) of the Former Act of the Mutual Company under the Former Act shall be deemed to be a General Representative Members' Council as set forth in Article 42, paragraph (1) of the New Act even after the expiration of the period.
- (4) The members of the administrative organ deemed to be a General

Representative Members' Council as set forth in Article 42, paragraph (1) of the New Act pursuant to the provisions of the preceding three paragraphs shall be deemed to be the representative members set forth in that paragraph.

(Transitional Measures for Method of Adopting Resolutions of General Council, of Representative Members etc.)

Article 30 The provisions of Articles 43 and 44 of the New Act shall apply to the sessions of the General Representative Members' Council set forth in Article 42, paragraph (1) of the New Act (including the administrative organ prescribed in Article 51, paragraph (1) of the Former Act which is deemed to be a General Council pursuant to the provisions 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 New Act is issued on or after the Effective Date; with regard to the sessions of the administrative organ prescribed in Article 51, paragraph (1) of the Former Act that is deemed to be the General Council set forth in Article 42, paragraph (1) of the New Act pursuant to the provisions 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 Make Proposals at a General Representative Members' Council Meeting, etc.)

Article 31 (1) The provisions of Article 45 to 47 inclusive of the New Act shall apply to any request made on or after the Effective Date by members or the representative members set forth in Article 42, paragraph (1) of the New Act (including those who shall be deemed to be the representative members set forth in Article 42, paragraph (1) of the New Act pursuant to the provisions of Article 29, paragraph (4) of the Supplementary Provisions) regarding the particulars prescribed in Article 45, paragraph (1), Article 46, paragraph (1) or Article 47, paragraph (1) of the New Act; with regard to any request made before the Effective Date pursuant to the provisions 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 provisions 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 to be the representative members set forth in Article 42, paragraph (1) of the New Act pursuant to the provisions 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 details are deemed not to exist when the number thus detailed exceeds the number of representative members prescribed in Article 45, paragraph (1), Article 46, paragraph (1) or Article 47, paragraph (1) of the New Act.

(Transitional Measures for Sending of Reference Documents for General Representative Members' Council)

Article 32 The provisions of Article 48 of the New 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 New Act that 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 Mutatis Mutandis Application of the Commercial Code Pertaining to General Representative Members' Council)

Article 33 The provisions of the Commercial Code as applied mutatis mutandis pursuant to Article 49 of the New Act shall apply to the sessions of the General Council set forth in Article 42, paragraph (1) of the New Act (including an administrative organ prescribed in Article 51, paragraph (1) of the Former Act which is deemed to be a General Representative Members' Council pursuant to the provisions 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 New Act is issued on or after the Effective Date; with regard to the sessions of an administrative organ as prescribed in Article 51, paragraph (1) of the Former Act which is deemed to be a General Council as set forth in Article 42, paragraph (1) of the New Act pursuant to the provisions 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 to be 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 New 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 New Act.

(Transitional Measures for Mutatis Mutandis Application of Commercial Code Pertaining to Directors of Mutual Company)

Article 35 (1) The provisions of Article 8 of the Supplementary Provisions shall apply mutatis mutandis to any application of the provisions 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 New 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 New Act shall apply to any request for filing the action set forth in Article 267, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the New Act or any filing of the action set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the New Act, made by members on or after the Effective Date; with regard to any request for filing the action set forth in Article 57, paragraph (1) of the Former Act, or any filing of the action 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 provisions of Article 264 (Duty not to Compete) of the Commercial Code as applied mutatis mutandis pursuant to Article 51, paragraph (2) of the New

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 provisions 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 to be the members list set forth in Article 52, paragraph (1) of the New Act.

(Transitional Measures for the Mutatis Mutandis Application of the

Commercial Code Pertaining to the Company Auditors of a Mutual Company)

Article 37 (1) The provisions of Article 8 of the Supplementary Provisions shall apply mutatis mutandis to any application of the provisions 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 New 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 New Act shall apply to any request for filing the action set forth in Article 267, paragraph (1) of the Commercial Code as applied mutatis mutandis pursuant to Article 53, paragraph (2) of the New Act or any filing of the action set forth in Article 267, paragraph (3) of the Commercial Code as applied mutatis mutandis pursuant to Article 53, paragraph (2) of the New Act, made by members on or after the Effective Date; with regard to any request for filing the action 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 action 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 provisions of Article 54 of the New Act shall apply to the accumulation of the deficiency reserves 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 reserves 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 reserves 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 reserves set forth in paragraph (1) of

that Article to which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside as the deficiency reserves set forth in Article 54 of the New Act.

- (3) The accounting practices for settlement purposes where the amount of the reserves set forth in Article 63, paragraph (1) of the Former Act that are deemed to have been set aside as the deficiency reserves set forth in Article 54 of the New Act pursuant to the provisions of the preceding paragraph exceeds the total amount of the funds prescribed in Article 54 of the New Act (including the reserves for redemption of funds set forth in Article 56 of the New Act) or the amount specified in the articles of incorporation shall be specified by Cabinet Office Ordinance.

(Transitional Measures for Funds and Reserve for Redemption of Funds)

Article 39 The funds under the Former Act and the reserves 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 to be the funds under the New Act and the reserves for redemption of funds set aside pursuant to the provisions of Article 56 of the New Act, respectively.

(Transitional Measures for Distribution of Surplus)

Article 40 The provisions of Article 58 of the New 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 to be 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 New Act which was expended on the date of the original expenditure by a Mutual Company under the New Act.
- (2) The provisions 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 New Act shall apply to that amount of cost required for the public offering of funds prescribed in that Article that 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 New 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 would have been amortized if the provisions 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 provisions 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 New Act shall apply where the members or representative members 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 New Act.

(Transitional Measures for Public Offering of Funds)

Article 42 The provisions of Article 60 of the New 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 to be the Registry of Mutual Insurance Companies set forth in Article 64 of the New Act.

(Transitional Measures for Mutatis Mutandis Application of Commercial Registration Act)

Article 44 The dispositions, procedures and other actions prior to 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 to be the corresponding actions under the Commercial Registration Act as applied mutatis mutandis pursuant to Article 65 of the New Act.

(Transitional Measures for Mutatis Mutandis Application 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 to be the procedures under the Act on Procedures for Non-Contentious Cases as applied mutatis mutandis pursuant to Article 66 of the New 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 New Act shall apply to the Entity Conversion set forth in Article 68, paragraph (1) of the New Act pertaining to the resolution of the shareholders' meeting set forth in Article 69, paragraph (1) of the New 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 and with the authorization of the competent minister pursuant to the proviso to Article 5, paragraph (1) of the Former Act, conduct business for acting as an agent or intermediary, on behalf of any of the other companies conducting non-life insurance business as 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 New Act at the time when this Act enters into force.

(2) Those Insurance Companies Licensed under the Former Act which, at the time when this Act enters into force, conduct business set forth in Article 98, paragraph (1), item (i) of the New 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 the authorization set forth in Article 98, paragraph (2) of the New Act for conducting business to which the notification pertains on the Effective Date.

Article 48 (1) Those Insurance Companies Licensed under the Former Act which,

at the time when this Act enters into force, conduct business set forth in Article 99, paragraph (1) of the New 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 the authorization set forth in Article 99, paragraph (4) of the New Act for conducting business to which the notification pertains on the Effective Date.
- (3) Those Insurance Companies Licensed under the Former Act which, at the time when this Act enters into force and with the authorization of the competent minister pursuant to the proviso to Article 5, paragraph (1) of the Former Act, conduct business for 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 New 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 actions (hereinafter referred to as "Concerted Actions" 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 Foreign Insurance Providers Act to be repealed under Article 2 of the Supplementary Provisions (hereinafter referred to as the "Former Foreign Insurance Providers Act")) which have been entered into by the time when this Act enters into force by those Insurance Companies Licensed under the Former Act that are deemed to have obtained the non-life insurance business license set forth in Article 3, paragraph (5) of the New Act pursuant to the provisions of Article 3 of the Supplementary Provisions and those foreign insurance providers 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) that are deemed to have obtained the foreign non-life insurance business license set forth in Article 185, paragraph (5) of the New Act pursuant to the provisions 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 Providers 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 Actions 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 provisions 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 provisions 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 Actions prescribed in paragraph (1) that constitute the Concerted Actions listed in Article 101, paragraph (1), items (i) and (ii) of the New 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 New Act. In this case, where any disposition has been adopted to the effect that the authorization shall be given within such period, the provisions 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) An Insurance Company Licensed under the Former Act as of the time this Act enters into force, which holds shares (limited to those with voting rights) or equity interests (hereinafter referred to as "Shares, etc." in this Article) exceeding 50 percent 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 a company listed in the items of Article 108, paragraph (1) of the New Act shall notify the Minister of Finance of this within three months from the Effective Date.

- (2) If an Insurance Company Licensed under the Former Act as of the time this Act enters into force has received the permission listed in item (i) or if the acquisition of Shares, etc. (limited an acquisition that has not been executed by the Effective Date) in the notice under item (ii) is an acquisition of Shares, etc. that constitute over 50 percent of the Issued Shares, etc. in a company listed in the items of Article 108, paragraph (1) of the New Act, the Insurance Company Licensed under the Former Act shall notify the Minister of Finance of this 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 provisions 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 provisions of Article 23, paragraph (4) of that Act).

- (3) The provisions of Article 106, paragraph (2) of the New Act as applied mutatis mutandis pursuant to Article 108, paragraph (2) of the New 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 provisions of paragraph (1) or (2) shall be deemed to have received the authorization set forth in Article 108, paragraph (1) of the New Act as of the Effective Date.

(Transitional Measures concerning Required Documents for the Minister of Finance)

Article 51 The provisions of Article 110 of the New 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 provisions of Article 111 of the New 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 provisions of Article 112 of the New 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 reserves 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 reserves set forth in paragraph (2) of that Article to which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph shall be deemed to have



been set aside as the reserves set forth in Article 112, paragraph (2) of the New 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 provisions of Article 113, paragraph (1) of the New 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 provisions of Article 113, paragraph (1) of the New Act.

(Transitional Measures for Policy Dividend)

Article 55 The provisions of Article 114 of the New 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 provisions of Article 115 of the New Act shall apply to the accumulation of the price fluctuation reserves 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 reserves 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 reserves 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 reserves set forth in that Article to which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside as the price fluctuation reserves set forth in Article 115, paragraph (1) of the New Act.

(3) Where the amount of reserves as set forth in Article 86 of the Former Act that are deemed to have been set aside as the price fluctuation reserves set forth in Article 115, paragraph (1) of the New Act pursuant to the provisions of the preceding paragraph exceeds the amount set forth in Article 115, paragraph (1) of the New Act to be calculated pursuant to the provisions of the applicable Ordinance of the Ministry of Finance, necessary particulars 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 provisions of Article 116 of the New Act shall apply to the accumulation of the policy reserves 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 reserves 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 reserves 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 reserves set forth in that paragraph to which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside as the policy reserves set forth in Article 116, paragraph (1) of the New Act.

(Transitional Measures for Reserve for Outstanding Claims)

Article 58 The provisions of Article 117 of the New Act shall apply to the accumulation of the reserves 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 Accounts)

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 reserves 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 New 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 to be the separate account created pursuant to the provisions of Article 118, paragraph (1) of the New Act.

(Transitional Measures for Appointment of Actuary, etc.)

Article 60 (1) The provisions of Article 120 of the New Act shall not apply to an Insurance Company Licensed under the Former Act that is deemed to have obtained the non-life insurance business license set forth in Article 3, paragraph (5) of the New Act pursuant to the provisions 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 provisions of Article 89, paragraph (1) of the Former Act shall be deemed to be the actuary appointed on the Effective Date pursuant to the provisions of Article 120, paragraph (1) of the New Act.

(3) The provisions of Article 120, paragraph (2) of the New Act shall not apply to an actuary who is deemed to be appointed pursuant to the provisions of paragraph (1) of that Article pursuant to the provisions of the preceding paragraph, for a period of two years counting from the Effective Date.

(Transitional Measures for Actuary's Duties)

Article 61 The provisions of Article 121 of the New Act shall apply to the duties of an actuary concerning the particulars for business years that start on or after the Effective Date; with regard to the duties of an actuary concerning the particulars for business years that started before the Effective Date of an Insurance Company Licensed under the Former Act that is deemed to have obtained the life insurance business license set forth in Article 3, paragraph (4) of the New Act pursuant to the provisions 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 provisions of Article 122 of the New Act shall apply to the dismissal of an actuary for any of the actions taken on or after the Effective Date; with regard to the dismissal of an actuary for any of the neglect or actions taken 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 particulars prescribed in any of the documents listed in Article 1, paragraph (2), items (ii) to (iv) inclusive of the Former Act pursuant to the provisions of Article 10, paragraph (1) of the Former Act, such application shall be deemed to be the application for the authorization of the Minister of Finance set forth in Article 123, paragraph (1) of the New Act. In this case, the particulars to be modified shall be deemed to be outside the scope of the particulars set forth in that paragraph to be prescribed by an Ordinance of the Ministry of Finance even when such particulars do fall under the particulars 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 particulars prescribed in the document listed in Article 1, paragraph (2), item (i) of the Former Act pursuant to the provisions of Article 10, paragraph (1) of the Former Act, such application shall be deemed to be an application subject to the authorization set forth in Article 126 of the New Act when the particulars to be modified fall under any of the particulars listed in the items of that Article.
- (3) In the case prescribed in the preceding paragraph, when the particulars to be modified do not fall under any of the particulars listed in the items of Article 126 of the New 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 New Act shall be deemed to be filed as of the Effective Date pertaining to the particulars 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 to be the disposition ordering total or partial suspension of business prescribed in, and made under, Article 132 of the New 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 New 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 provisions of item (i) or (iii) of Article 133 of the New Act, any action 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 to be the action prescribed in item (i) or (iii) of Article 133 of the New 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 New 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 Portfolio Transfers of Insurance Contracts)

Article 66 The provisions of Part II, Chapter VII, Section 1 of the New Act shall apply to the transfer of insurance contracts pertaining to a resolution at a shareholders' meeting, or a general members' council meeting or a General Representative Members' Council Meeting set forth in Article 42, paragraph (1) of the New Act (including an administrative organ prescribed in Article 51, paragraph (1) of the Former Act which is deemed to be a General Representative Members' Council Meeting as set forth in Article 42, paragraph (1) of the New Act pursuant to the provisions 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 New 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 New 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 to be the contracts set forth in Article 144, paragraph (1) of the New 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 New 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 New Act shall apply to the dissolution of an Insurance Company on the grounds prescribed in Article 152 of the New 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 New 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 New 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 New Act shall apply to any liquidation pertaining to the dissolution of an Insurance Company on the grounds prescribed in Article 152 of the New 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 Mutatis Mutandis Application Concerning Liquidation) of said Code as applied mutatis mutandis pursuant to Article 183, paragraph (1) of the New Act shall apply to any request for filing the action 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 New Act or any filing of the action 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 New Act, made by members on or after the Effective Date; with regard to any request for filing the action 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 action 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 Providers Act (including a person who is deemed to have obtained the license of the Minister of Finance set forth in that paragraph pursuant to the provisions of paragraph (3) or (5) of the Supplementary Provisions to the Former Foreign Insurance Providers Act) shall be deemed to obtain the license of the Minister of Finance set forth in Article 185, paragraph (1) of the New 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 New Act that the person prescribed in the preceding paragraph (hereinafter referred to as "Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers Act") shall be deemed to have received pursuant to the provisions of that paragraph shall be the foreign life insurance business license set forth in Article 185, paragraph (4) of the New 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 provider or foreign non-life insurance provider set forth in Article 2, paragraph (1) of the Former Foreign Insurance Providers Act.

(Transitional Measures for Written Application for License, etc.)

Article 73 (1) The particulars listed in the items of Article 4, paragraph (1) of the Former Foreign Insurance Providers 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 Providers Act (or, where the notification set forth in Article 7, paragraph (1) of the Former Foreign Insurance Providers Act has been made, such particulars as modified by the notification) shall be deemed to be the particulars listed in the corresponding items of Article 187, paragraph (1) of the New 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 Providers Act pertaining to a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers Act which have been submitted to the Minister of Finance by the time when this Act enters into force shall be deemed to be the documents listed in the corresponding items of Article 187, paragraph (3) of the New Act (or, for the document listed in item (iv) or (v) of Article 4, paragraph (4) of the Former Foreign Insurance Providers Act, the document listed in Article 187, paragraph (3), item (iv) of the New Act).

(Transitional Measures for Condition for License)

Article 74 Where the content of Insurance Business in Japan as prescribed in Article 1 of the Former Foreign Insurance Providers Act, conducted by a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers Act at the time when this Act enters into force falls under the case prescribed in Article 188, paragraph (1) of the New Act, the condition set forth in Article 188, paragraph (1) of the New Act shall be attached to that license of the Minister of Finance set forth in Article 185, paragraph (1) of the New Act which the person shall be deemed to obtain at the time when this Act enters into force pursuant to the provisions 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 Providers Act pursuant to the provisions of Article 8 of the Former Foreign Insurance Providers Act by the time this Act enters into force shall be deemed to have been deposited under Article 190, paragraph (1) of the New Act.
- (2) For the purpose of applying the provisions of Article 190, paragraph (8) of the New Act to the Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers Act set forth in the preceding paragraph, the amount to be specified by Cabinet Office Ordinance as the amount of deposits pertaining to those things deposited under the preceding paragraph that are deemed to have been deposited under paragraph (1) of that Article pursuant to the provisions of the preceding paragraph shall be deemed to be the amount set forth in paragraph (1) of that Article to be specified by 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 Providers Act on the things deposited under Article 8 of the Former



Foreign Insurance Providers Act at the time this Act enters into force shall be deemed to be the right prescribed in Article 190, paragraph (6) of the New Act.

(4) In the case referred to in the preceding paragraph, any special provisions for Article 190, paragraph (6) of the New Act and other particulars necessary for applying the provisions of that Article where the Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers Act is a Foreign Mutual Company shall be specified by Cabinet Order.

(Transitional Measures for Representative Person in Japan, etc.)

Article 76 The provisions of Article 192, paragraphs (1) and (2) of the New Act shall also apply to the particulars that arose before the Effective Date. In this case, for the purpose of applying the provisions of Article 192, paragraphs (1) and (2) of the New Act, the notification and public notice set forth in Article 7, paragraph (1) of the Former Foreign Insurance Providers Act shall be deemed to be the public notice set forth in Article 192, paragraph (2) of the New Act, provided that they be given before the Effective Date.

(Transitional Measures for Mutatis Mutandis Application 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 Providers Act by the time when this Act enters into force shall be deemed to continue its transactions in Japan pursuant to the provisions of Article 479, paragraph (1) (Business Offices of Foreign Company) of the Commercial Code as applied mutatis mutandis pursuant to Article 193 of the New Act; the particulars registered by the Foreign Mutual Company pursuant to the provisions of Article 45, paragraph (3) (Registration of Establishment 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 New Act.

(Transitional Measures for Submission of Closing Financial Statements of the Head Office or Principal Office, and Retention and Inspection, etc. of the 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 New Act) of the New Act shall apply to the documents prescribed in

Article 195 of the New 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 Providers 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 provisions 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 Providers Act at the time when this Act enters into force, pursuant to the provisions of Article 17, paragraph (1) of the Former Foreign Insurance Providers Act, shall be deemed to be kept pursuant to the provisions of Article 196, paragraph (1) of the New 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 New 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 Providers 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 provisions of Article 197 of the New Act to a Foreign Company, etc. Licensed under the Former Foreign Insurance Providers 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 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 New Act to actions 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 Providers Act by the time this Act enters into force,

pursuant to the provisions of Article 37 (Appointment of Manager) of the Commercial Code as applied mutatis mutandis pursuant to Article 18 of the Former Foreign Insurance Providers 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 Providers Act), and other particulars involving said manager, such actions and other particulars shall be deemed to be particulars involving the manager appointed by a Foreign Mutual Company under the New Act pursuant to the provisions of Article 37 of the Commercial Code as applied mutatis mutandis pursuant to Article 198, paragraph (1) of the New 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 New Act, those actions and other particulars 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 Providers Act which took place before the Effective Date concerning a Foreign Mutual Company under the Former Foreign Insurance Providers Act shall be deemed to be actions and other particulars of a Foreign Mutual Company under the New Act, which took place as of the original dates.

(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 Providers 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 Providers Act, shall be deemed to have been prepared by a Foreign Mutual Company under the New Act as of 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 New Act.

(Transitional Measures for Mutatis Mutandis Application 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 Providers Act, that conduct business set forth in Article 98, paragraph (1), item (i) of the New Act as applied mutatis mutandis

pursuant to Article 199 of the New Act at the time when this Act enters into force shall notify 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 Providers Act which have made the notification set forth in the preceding paragraph shall be deemed to have received as of the Effective Date the authorization set forth in Article 98, paragraph (2) of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act.

Article 83 The provisions of Article 110 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act shall apply to the business report prescribed in Article 110, paragraph (1) of the New 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 Providers 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 provisions of Article 111 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act shall apply to the explanatory documents prescribed in Article 111 of the New Act pertaining to the business years in Japan that start on or after the Effective Date.

Article 85 The provisions of Article 112 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New 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 provisions of Article 114 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act shall apply to any distribution of the policy dividend prescribed in Article 114, paragraph (1) of the New Act pertaining to the business years in Japan that start on or after the Effective Date.

Article 87 The provisions of Article 115 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act shall apply to the accumulation of the price fluctuation reserves set forth in Article 115, paragraph (1) of the New Act pertaining to the business years in Japan that start on or after the Effective Date.

Article 88 (1) The provisions of Article 116 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act shall apply to the accumulation of the policy reserves set forth in Article 116, paragraph (1) of the New Act pertaining to the business years in Japan that start on or after the Effective Date; with regard to the accumulation of the policy reserves set forth in Article 13 of the Former Foreign Insurance Providers 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 reserves set forth in Article 13 of the Former Foreign Insurance Providers 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 Providers Act and the policy reserves set forth in that Article to which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside in Japan as policy reserves pursuant to the provisions of Article 116 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act.

Article 89 (1) The provisions of Article 117 as applied *mutatis mutandis* pursuant to Article 199 of the New Act shall apply to the accumulation of the reserves for outstanding claims set forth in Article 117, paragraph (1) of the New Act pertaining to the business years in Japan that start on or after the Effective Date; with regard to the accumulation of the reserves for outstanding claims set forth in Article 13 of the Former Foreign Insurance Providers Act pertaining to the business years in Japan that started before the Effective Date, the provisions then in force shall remain applicable.

(2) The reserves for outstanding claims set forth in Article 13 of the Former Foreign Insurance Providers 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 Providers Act and the reserves for outstanding claims set forth in that Article to which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside in Japan as reserves for outstanding claims pursuant to the provisions of Article 117 of the New Act as applied *mutatis mutandis* pursuant to Article 199 of the New Act.

Article 90 Where a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers 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

reserves set forth in Article 13 of the Former Foreign Insurance Providers Act pertaining to the insurance contracts set forth in Article 118, paragraph (1) of the New Act as applied mutatis mutandis pursuant to Article 199 of the New Act to be specified by an Ordinance of the Ministry of Finance, such Special Account shall be deemed to be the Special Account created pursuant to the provisions of Article 118, paragraph (1) of the New Act as applied mutatis mutandis pursuant to Article 199 of the New Act.

Article 91 The provisions of Article 120 of the New Act as applied mutatis mutandis pursuant to Article 199 of the New Act shall not apply to a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers 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 Providers Act before the Effective Date shall be deemed to be the disposition ordering total or partial suspension of business prescribed in Article 204 of the New Act taken under that Article.

(2) Where any notification and public notice were given under Article 22, paragraph (3) of the Former Foreign Insurance Providers 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 New 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 Providers Act on and after the Effective Date.

(Transitional Measures for Rescission of License, etc.)

Article 93 (1) For the purpose of applying the provisions of Article 205 of the New Act, an action prescribed in Article 22, paragraph (1) of the Former Foreign Insurance Providers Act that was taken before the Effective Date by a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurance Providers Act shall be deemed to be the action prescribed in Article 205, item (i) of the New Act.

(2) Where any notification and public notice were given under Article 22, paragraph (3) of the Former Foreign Insurance Providers 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 New Act by continuing the procedure as prescribed in Article 22, paragraph (4) of the Former Foreign Insurance Providers 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 Providers 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 particulars prescribed in the documents listed in Article 4, paragraph (4), items (ii) to (v) inclusive of the Former Foreign Insurance Providers Act pursuant to the provisions of Article 10, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to Article 19 of the Former Foreign Insurance Providers Act, such application shall be deemed to be an application for the authorization of the Minister of Finance set forth in Article 123, paragraph (1) of the New Act as applied mutatis mutandis pursuant to Article 207 of the New Act. In this case, the particulars to be modified shall be deemed to be outside the scope of the particulars set forth in that paragraph to be prescribed by an Ordinance of the Ministry of Finance even when such particulars do fall under the particulars prescribed by the Ordinance of the Ministry of Finance set forth in that paragraph.

(Transitional Measures Concerning Portfolio Transfers of Insurance Contracts by Foreign Insurance Company, etc.)

Article 95 The provisions of Part II, Chapter VII, Section 1 of the New Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the New 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 New Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the New Act that 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 Providers 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 provisions of Article 212 of the New 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 provider set forth in Article 26, paragraph (1) of the Former Foreign Insurance Providers 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 Providers)

Article 97 Where the foreign insurance provider set forth in Article 29 of the Former Foreign Insurance Providers Act has established any secondary offices or other offices in Japan, or where a person specialized in solicitation on behalf of a foreign insurance provider 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 Providers 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 Providers Act shall be deemed to be the registry of foreign mutual insurance companies prescribed in Article 214 of the New Act.

(Transitional Measures for Mutatis Mutandis Application of Commercial  
Registration Act Pertaining to Foreign Mutual Company)

Article 99 Any disposition, procedure or other action taken prior to the Effective Date under the provisions of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 33 of the Former Foreign Insurance Providers Act shall be deemed to be the corresponding action under the provisions of the Commercial Registration Act as applied mutatis mutandis pursuant to Article 216, paragraph (1) of the New Act.

(Transitional Measures for Mutatis Mutandis Application 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 Providers Act shall be deemed to be a procedure under the provisions of the Act on Procedures for Non-Contentious Cases as applied mutatis mutandis pursuant to Article 217 of the New Act.

(Transitional Measures Concerning Notification of Establishment of Foreign  
Insurer's Representative Office, etc.)

Article 101 That foreign insurer prescribed in Article 2, paragraph (1) of the Former Foreign Insurers Act which has established an office falling under



Article 218, paragraph (1), item (i) of the New Act by the time this Act enters into force and that is not a Foreign Insurance Company, etc. Licensed under the Former Foreign Insurers 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 conduct business and other particulars set forth in Article 218, paragraph (1) of the New 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 New 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 to be notification made under Article 218, paragraph (1) of the New 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 Providers Act, issued before the Effective Date, shall be deemed to be the disposition ordering total or partial suspension of business prescribed in Article 241 of the New 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 Insurance Providers Act as applied *mutatis mutandis* pursuant to Article 23, paragraph (3) of the Former Foreign Insurance Providers 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 New 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 Providers Act as applied *mutatis mutandis* pursuant to Article 23, paragraphs (2) and (3) of the Former Foreign Insurance Providers 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 Providers Act, issued before the Effective Date, shall be deemed to be the disposition ordering the administration of business and property by an insurance administrator prescribed in Article 241 of the New 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 to be 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 Providers Act as applied *mutatis mutandis* pursuant to Article 23, paragraph (3) of the Former Foreign Insurance Providers 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 New 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 Providers Act as applied *mutatis mutandis* pursuant to Article 23, paragraphs (2) and (3) of the Former Foreign Insurance Providers 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 Providers Act as applied *mutatis mutandis* pursuant to Article 23, paragraph (3) of the Former Foreign Insurance Providers 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 Providers 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 New 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 Providers Act, which are to remain in force pursuant to the provisions 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 Providers 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 actions taken before the period prescribed in paragraph (1) lapses, the provisions prescribed in that paragraph, which are to remain in force pursuant to the provisions 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 Providers Act, which are to remain in force pursuant to the provisions of paragraph (1), apply, the provisions of Part II, Chapter VII, Section 1 of the New Act (including the cases where they are applied mutatis mutandis pursuant to Article 210, paragraph (1) of the New 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 provisions of Article 272, paragraph (1), item (v) of the New Act shall apply to the license of the Prime Minister set forth in Article 3, paragraph (1) of the New Act, and the license of the Prime Minister set forth in Article 185, paragraph (1) of the New 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 Providers 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 Providers Act, the provisions then in force shall remain applicable.

(Transitional Measures for Registration of Life Insurance Agents and Non-Life Insurance Representatives)

Article 108 Those Life Insurance Agents (including the persons who are deemed to be registered on the registry of Life Insurance Agents pursuant to the provisions of Article 4, paragraph (2) of the Former Solicitation Control Act pursuant to the provisions 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 Representative 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 Agents, 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 New Act, at the time when this Act enters into force.

(Transitional Measures for Registry of Life Insurance Agents, etc.)

Article 109 (1) The registry of Life Insurance Agents and registry of Non-Life Insurance Representatives under Article 4, paragraph (1) of the Former Solicitation Control Act in existence at the time this Act enters into force shall be deemed to be the registry of Life Insurance Agents and registry of Non-Life Insurance Representatives under Article 278, paragraph (1) of the New Act.  
(2) The provisions of Article 278, paragraph (2) of the New 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 New Act at the time when this Act enters into force, pursuant to the provisions 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 Agents, etc.)

Article 110 (1) For the purpose of applying the provisions of Article 279, paragraph (1), item (iii) of the New Act, a person who was sentenced to a fine pursuant to the provisions of the Former Solicitation Control Act (including the provisions of the Former Solicitation Control Act that are to remain applicable pursuant to these Supplementary Provisions as provisions then in force) shall be deemed to have been sentenced to a fine as of the date of the original

punishment for violating a provisions of the New Act.

(2) For the purpose of applying the provisions of Article 279, paragraph (1), item (iv) of the New Act, a person whose registration under Article 3, paragraph (1) of the Former Solicitation Control Act was canceled pursuant to the provisions 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 New Act canceled pursuant to the provisions of Article 307, paragraph (1) of the New Act as of the date of the original punishment.

(Transitional Measures for Affiliated Insurance Company's Liability for Damages)

Article 111 The provisions of Article 283 of the New Act shall apply to any liability for the damages inflicted on or after the Effective Date by a Life Insurance Agent or Non-Life Insurance Agent 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 Agent, an officer or employee of a Non-Life Insurance Company, or a Non-Life Insurance Representative in connection with solicitation, the provisions then in force shall remain applicable.

(Transitional Measures for Registry of Life Insurance Agents and Non-Life Insurance Representatives)

Article 112 Any registry of Life Insurance Agents or Non-Life Insurance Representatives 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 to be the registry regarding Life Insurance Agents or Non-Life Insurance Representatives set forth in Article 285, paragraph (1) of the New Act.

(Transitional Measures for Refusal of Registration Pertaining to Insurance Broker)

Article 113 For the purpose of applying the provisions of Article 289, paragraph (1), item (iii) of the New 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 Providers Act (including the provisions of the Former Act, the Former Solicitation Control Act and the Foreign Insurance Providers Act that are to remain applicable pursuant to these Supplementary Provisions as provisions then in force) shall be deemed to have been sentenced to a fine as of the date of the original punishment for violating a provisions of the New Act.

(Transitional Measures for Notification of Officers or Employees of a Non-Life Insurance Representative)

Article 114 Any notification of officers or employees of a Non-Life Insurance Representative under Article 8 of the Former Solicitation Control Act made before the Effective Date shall be deemed to be notification under Article 302 of the New Act.

(Transitional Measures for Notification, etc. of a Change, etc. in a Life Insurance Agent, 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 Agents, 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 is to remain in force, shall be deemed to be replaced with "Prime Minister."

(2) The provisions 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 Agents, 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 is to remain in force pursuant to the provisions 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 is to 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 provisions of Article 307, paragraph (1) of the New Act, any action 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 taken before the Effective Date by a Life Insurance Agent, etc. Registered under the Former Act shall be deemed to be the action prescribed in item (ii) or (iii) of Article 307, paragraph (1) of the New Act.

(Transitional Measures for Deletion of Registration, etc.)

Article 117 Any Life Insurance Agents, 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 New Act.

(Transitional Measures for Officers, etc. of Foreign Life Insurance Providers)

- Article 118 (1) The officers or employees of a foreign life insurance provider that has obtained the license of the Minister of Finance set forth in Article 3, paragraph (1) of the Former Foreign Insurance Providers Act by the time this Act enters into force may, notwithstanding the provisions of Article 275 of the New Act, carry out Insurance Solicitation 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 New 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 New 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 provider prescribed in the preceding paragraph fall under item (i) or (iii) of Article 307, paragraph (1) of the New Act.
- (3) For the purpose of applying the provisions of Article 279, paragraph (1) of the New Act, any order for the abolition of Insurance Solicitation business issued under the preceding paragraph to the officers or employees of a foreign life insurance operator prescribed in paragraph (1) shall be deemed to be cancellation of the registration set forth in Article 276 of the New Act under Article 307, paragraph (1) of the New Act.

(Transitional Measures for Insurance Broker)

- Article 119 (1) An Insurance Broker registered under Article 286 of the New Act shall, when it seeks to act or to cause any of its officers or employees to act as intermediary in concluding the long-term insurance contracts to be specified by Cabinet Order, determine the method by which it will do so, and shall, for the interim, obtain authorization from the Prime Minister. The same shall apply where it seeks 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 engaged in conduct that harms the public interest, cancel the authorization set forth in that paragraph.
- (3) Necessary particulars for the authorization set forth in paragraph (1) shall be specified by Cabinet Office Ordinance.

(Transitional Measures for Revocation, etc. of Application for Insurance Contract)

- Article 120 The provisions of Article 309 of the New 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 Particulars Requiring Registration)

Article 122 (1) An Insurance Company Licensed under the Former Act shall, within six months from the Effective Date, register the particulars newly requiring registration under the New Act.

(2) No other registration may be filed before the registration set forth in the preceding paragraph; any such registration must be filed at the same time as the registration set forth in that paragraph.

(3) When any change has occurred in the particulars 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 particulars.

(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 non-criminal 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 Providers Act, or any of the orders pursuant thereto, which are covered by the Supplementary Provisions of the New Act or any of the orders pursuant thereto, shall be deemed to be authorization, approval and other dispositions, or application and other procedures made under the corresponding provisions of the New Act or the orders pursuant thereto.

(Transitional Measures Concerning Penal Provisions)

Article 124 With regard to the application of penal provisions to actions taken prior to the enforcement of this Act, and to actions taken subsequent to the enforcement of this Act pertaining to any of the particulars to which the provisions then in force are to remain applicable pursuant to these 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 these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by 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 Insurance Services, among other factors, review the system prescribed in this Act pertaining to Insurance Services, 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 of 1 June 1997.

**Supplementary Provisions [Act No. 72 of June 6, 1997]**

(Effective Date)

(1) This Act shall come into effect as of 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 actions taken prior to the enforcement of this Act, and to actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the provisions 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 of 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 actions taken 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 revision by this Act, shall be deemed to be licensing, permission, authorization, approval, Designation and other dispositions, or notification and other actions taken 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 "New Secured Bond Trust Act, etc.").

- (2) The applications, notifications and other actions 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 to be applications, notifications and other actions addressed to the Prime Minister or other corresponding organs of the State

pursuant to the corresponding provisions of the New Secured Bond Trust Act, etc.

(3) For the purpose of applying the provisions of the New Secured Bond Trust Act, etc. to the particulars with regard to which a person is required to make a report to, give notice to, file a submission with, or go through any other procedures with the Minister of Finance or other organs of the State pursuant to the provisions of the Former Secured Bond Trust Act, etc., any such particulars for which the relevant procedures have not been completed by the Effective Date of this Act shall be deemed to be particulars with regard to which a person is required to make a report to, give notice to, file a submission with, or go through any other procedures with the Prime Minister or other corresponding organs of the State pursuant to the corresponding provisions of the New 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 actions taken 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 Cabinet Order.

#### **Supplementary Provisions [Act No. 117 of December 10, 1997] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of 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 of the date to be specified by 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 provisions of Article 1 (hereinafter referred to as the "New Banking Act"), the Long-Term Credit Bank Act revised by the provisions of Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act") and the Insurance Business Act revised by the provisions of Article 4 (hereinafter referred to as the "New Insurance Business Act"), and changing socioeconomic conditions surrounding Banking and the Insurance Business, among other factors, review the systems pertaining to the bank holding companies prescribed in Article 2, paragraph (13) of the New Banking Act, the Long Term Credit Bank holding companies prescribed in Article 16-4, paragraph (1) of the New Long-Term Credit Bank Act and the insurance holding companies prescribed in Article 2, paragraph (16) of the New 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 of 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 of 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 provisions revising Article 5 of the Supplementary Provisions to the Local Tax Act in Article 17 shall come into effect as of 1 April 1999.

**Supplementary Provisions [Act No. 107 of June 15, 1998] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of 1 December 1998; provided, however, that the provisions listed in the following items shall come into effect as of the date specified in the relevant item:

- (i) The provisions adding a Chapter after Chapter IV of the Securities and Exchange Act (limited to the segment pertaining to Article 79-29, paragraph (1)) and provisions revising Article 189, paragraphs (2) and (4) of that Act in Article 1, the provisions of Article 21, the provisions 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 provisions of

Article 23 and the provisions 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 provisions 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 provisions 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 provisions of Article 22 (hereinafter referred to as "New Insurance Business Act") of the New 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 (meaning the one single person prescribed in Article 97-2, paragraph (2) of the New Insurance Business Act; the same shall apply in the following paragraph) by an Insurance Company (meaning an Insurance Company as defined in Article 2, paragraph (2) of the New Insurance Business Act; the same shall apply hereinafter) (including a Foreign Insurance Company, etc. (meaning a Foreign Insurance Company, etc. as defined in Article 2, paragraph (7) of the New Insurance Business Act; the same shall apply hereinafter) or a Licensed Specified Juridical Person (meaning a Licensed Specified Juridical Person as defined in Article 223, paragraph (1) of the New Insurance Business Act; the same shall apply hereinafter); hereinafter the same shall apply in this paragraph), if the amount of assets prescribed in Article 97-2, paragraph (2) of the New Insurance Business Act which are invested by the Insurance Company on behalf of said single person exceeds, at the time when this Act enters into force, the amount calculated pursuant to the provisions of that paragraph, provided that the Insurance Company notifies the Financial Reconstruction Commission of this within three months from the Effective Date.
- (2) The provisions of Article 97-2, paragraph (3) of the New Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to an Insurance Company and its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as defined in that paragraph; hereinafter the same shall apply in this paragraph) that have invested, 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 provisions of that paragraph, or to the investment of such assets by the Subsidiary Companies, etc. of the Insurance Company on behalf of said single person, provided that the Insurance Company notifies the Financial

Reconstruction Commission of this within three months from the Effective Date.

Article 131 The provisions of Articles 100-3 and 194 of the New Insurance Business Act shall apply to transactions made or actions taken on or subsequent to the Effective Date by an Insurance Company or a Foreign Insurance Company, etc.; with regard to transactions made or actions taken 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 provisions of Article 106, paragraph (1) of the New Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to any Subsidiary (meaning any Subsidiary as defined in Article 2, paragraph (13) of the New Insurance Business Act; hereinafter the same shall apply in this Article) of an Insurance Company that is not a Company Eligible to Be a Subsidiary as defined in Article 106, paragraph (1) of the New Insurance Business Act at the time when this Act enters into force, provided that the Insurance Company notifies the Financial Reconstruction Commission of this within three months from the Effective Date.

(2) If the company under the notice in the preceding paragraph that is not a Company Eligible to Be a Subsidiary has ceased to be the Subsidiary of the Insurance Company set forth in that paragraph, said Insurance Company shall notify the Prime Minister of this without delay.

(3) Until the date to be specified by 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 New 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 New 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 provisions of Article 106, paragraph (1) or Article 108, paragraph (1) of the Insurance Business Act prior to its revision by the provisions 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 to be the authorization prescribed in Article 106, paragraph (4) of the New Insurance Business Act given by the Prime Minister pursuant to the provisions of that paragraph, conditions attached to such authorization or applications made pursuant to the provisions of that paragraph pertaining to such authorization.

- (5) If an Insurance Company has made any Insurance Company, etc. That Is Eligible to Be a Subsidiary as defined in Article 106, paragraph (4) of the New 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 by the time when this Act enters into force, the Insurance Company shall notify the Financial Reconstruction Commission of this within three months from the Effective Date.
- (6) An Insurance Company that has given notice under the preceding paragraph shall be deemed to have received as of the Effective Date the authorization set forth in Article 106, paragraph (4) of the New Insurance Business Act to make the Insurance Company, etc. Eligible to Be a Subsidiary to which the notice pertains its Subsidiary.
- (7) The provisions of Article 107, paragraph (1) of the New Insurance Business Act shall not apply, for a period of one year counting from the Effective Date, to the ownership of Shares, etc. (meaning Shares, etc. as defined in Article 2, paragraph (12) of the New Insurance Business Act; hereinafter the same shall apply in this paragraph) by an Insurance Company or any of its Subsidiaries in a domestic company (meaning a domestic company as defined in Article 107, paragraph (1) of the New Insurance Business Act; hereinafter the same shall apply in this paragraph), where the Insurance Company or the Subsidiary 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. (meaning the shareholding threshold, etc. prescribed in Article 107, paragraph (1) of the New Insurance Business Act; hereinafter the same shall apply in this paragraph), provided that the Insurance Company notify the Financial Reconstruction Commission of this within three months from the Effective Date. In this case, for the purpose of applying the provisions of that Article to the ownership of Shares, etc. in the domestic company on and subsequent to the date, the Insurance Company and its Subsidiaries shall be deemed to have acquired as of 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 New Insurance Business Act), Article 271-8, and Article 271-9, paragraphs (1) and (2) of the New 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 (meaning an Insurance Holding Company as defined in Article 2, paragraph (16) of the New 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 New 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 New 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 to be 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 New Insurance Business Act, respectively.

Article 135 Any authorization given by the Prime Minister pursuant to the provisions 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 provisions of that paragraph pertaining to the authorization set forth in that paragraph prior to the Effective Date shall be deemed to be authorization given by the Prime Minister pursuant to the provisions of Article 192, paragraph (3) of the New Insurance Business Act, conditions attached to such authorization or applications made pursuant to the

provisions 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 seeks to become an incorporator or a member of the Policyholders Protection Corporation prescribed in Article 259 of the New 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 actions necessary for incorporating the Corporation, necessary actions for participating in the Corporation, and necessary actions for managing 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 New Insurance Business Act, and Article 1-4 of the Supplementary Provisions of the New Insurance Business Act.

(2) The incorporators of a 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 obligatory contribution 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 New Insurance Business Act, and Article 1-8 of the Supplementary Provisions of the New Insurance Business Act. In this case, such authorization shall come into effect as of the Effective Date.

Article 137 (1) The provisions of Article 265-2, paragraph (2) and Article 265-3, paragraph (1) of the New 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 provisions 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 provisions 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 New Insurance Business Act shall apply as of 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 (meaning 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 provisions of paragraph (1) of the preceding Article shall apply but for which no decision has been made to provide Financial Assistance (meaning 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 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 is to remain in force, shall be deemed to be replaced with "Article 241 of the Insurance Business Act prior to its revision by the provisions 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 conducts Financial Assistance Business, etc. (meaning Financial Assistance Business, 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 Financial Assistance Business, etc. is completed, within the limit necessary for executing Financial Assistance Business, 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 Cabinet Order.

- Article 140 (1) The Policyholders Protection Fund set forth in the preceding Article may, until a date to be specified by Cabinet Order, propose to the incorporators of a Corporation or the Corporation that the Corporation should succeed to Financial Assistance Business, etc. conducted 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 Financial Assistance Business, etc. (hereinafter referred to as the "Financial Assistance, etc. Business Property" in this Article).
- (2) A Corporation or the incorporators of a Corporation shall, when they seek to consent to any proposal made under the preceding paragraph, receive approval at an Organizational Meeting or General Representative Members' Council Meeting of the Corporation.
- (3) A decision in favor of approval under the preceding paragraph is effected at the Organizational Meeting by a two-thirds majority vote of those present at a session attended by at least half of the incorporators and the persons qualified to become members that have applied to become members of the Corporation, in writing, to the incorporators by the date of the session of the Organizational Meeting; or at General Representative Members' Council by a two-thirds majority vote of those present at a session attended by at least half of its members.
- (4) A Corporation or the incorporators of a Corporation shall, when the resolution for approval under paragraph (2) was adopted at an Organizational Meeting or at a General Representative Members' Council Meeting, 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 Financial Assistance Services, etc. provided by the Policyholders Protection Fund and the Financial Assistance, etc. Business Property, set forth in paragraph (1), as of 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 of the date of establishment of the Corporation).
- (6) Where a Corporation has succeeded to Financial Assistance Services, etc.

pursuant to the provisions of the preceding paragraph, the Former Insurance Business Act shall remain in force with regard to the Corporation until Financial Assistance Services, etc. is completed, within the limit necessary for executing Financial Assistance Services, 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 Cabinet Order.

- (7) For the purpose of applying the provisions of the Former Insurance Business Act that shall remain in force pursuant to the provisions of the preceding paragraph, the Corporation that has succeeded to Financial Assistance Business, etc. pursuant to the provisions of paragraph (5) shall be deemed to be a Policyholders Protection Fund and may conduct Financial Assistance Business, etc. thus succeeded to, notwithstanding the provisions of Article 265-28 of the New Insurance Business Act.
- (8) The Corporation shall, when it conducts Financial Assistance Business, etc. to which it has succeeded pursuant to the provisions of the preceding paragraph, create a Special Account (hereinafter referred to as "Ongoing Business Account") to arrange for the separate accounting of Financial Assistance Business, etc. In this case, any Financial Assistance, etc. Business Property succeeded to pursuant to the provisions of paragraph (5) shall be credited to the Ongoing Business Account as of the date of such succession.
- (9) For the purpose of applying the provisions of Article 265-41, paragraph (2) of the New Insurance Business Act during the period in which the Ongoing Business Account is in place pursuant to the provisions 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 New Insurance Business Act.
- (10) The Corporation shall, when Financial Assistance Services, etc. succeeded to pursuant to the provisions 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 New 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 provisions of Article 263, paragraph (2) of the New 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 these Supplementary Provisions (excluding the authorities to be specified by 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 provisions of the preceding paragraph, and the authorities of the Minister of Agriculture, Forestry and Fisheries and Minister of Health, Labour and Welfare under these 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 actions taken 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 its 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 these Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 189 With regard to the application of penal provisions to actions taken 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 actions

taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the provisions of these 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 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 New 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 of 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 actions taken 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 its revision by this Act (hereinafter referred to as "Former Secured Bond Trust Act, etc."), shall be deemed to be licensing, permission, authorization, approval, Designation and other dispositions, or notification and other actions taken 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 "New Secured Bond Trust Act, etc.").

- (2) Applications, notifications and other actions 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 to be applications, notifications and other actions addressed to the Financial Reconstruction Commission or other corresponding organs of the State pursuant to the corresponding provisions of the New Secured Bond Trust Act, etc.
- (3) For the purpose of applying the provisions of the New Secured Bond Trust Act,

etc. to the particulars with regard to which a person is required to make a report to, give notice to, file a submission with, or go through any other procedures with the Prime Minister or other organs of the State pursuant to the provisions of the Former Secured Bond Trust Act, etc., any such particulars for which the relevant procedures have not been completed by the Effective Date of this Act shall be deemed to be particulars with regard to which a person is required to make a report to, give notice to, file a submission with, or go through any other procedures with the Financial Reconstruction Commission or other corresponding organs of the State pursuant to the corresponding provisions of the New Secured Bond Trust Act, etc., but for which the relevant procedures have 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 New Secured Bond Trust Act, etc.

Article 4 With regard to the application of penal provisions to actions taken 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 Cabinet Order.

### **Supplementary Provisions [Act No. 125 of August 13, 1999] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of the date to be specified by Cabinet Order within a period not exceeding six months from the day of promulgation; provided, however, that the provisions 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 provisions 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 provisions 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 provisions revising Article 52, paragraph (1) of the Agricultural Cooperative Association Act (Act No. 132 of 1947) in Article 9 of the Supplementary Provisions, the provisions

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 provisions revising Article 56, paragraph (1) of the Fisheries Cooperative Association Act (Act No. 242 of 1948) in Article 11 of the Supplementary Provisions, the provisions 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 provisions 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 provisions 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 provisions revising Article 61, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953) in Article 18 of the Supplementary Provisions, the provisions 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 provisions of Article 26 of the Supplementary Provisions, the provisions 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 provisions 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 provisions 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 of 1 April 2000.

(Transitional Measures for Audit Report)

Article 2 With regard to particulars for inclusion 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 particulars for inclusion 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 (meaning federations of cooperatives that conduct the business set forth in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (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 (meaning 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 of 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 (meaning 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 (meaning 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 of 1 April 2000.

Article 4 With regard to the application of penal provisions to actions taken 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 of 6 January 2001; provided, however, that the provisions listed in the following items shall come into effect as of 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 of the date to be specified by 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 particulars 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), sub-item (c) of the Mariners Insurance Act;
- (iii) Article 59, paragraph (3) and Article 68-3, paragraph (2) of the Agricultural and Fishing Cooperatives Savings Insurance Act;
- (iv) Article 22-2, paragraph (1), item (i), sub-item (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 of sub-item (d) of Appended Table 1 to the Act on Civil Court Costs, etc.;
- (xiv) Article 36, paragraph (1), item (v) of the Act on the Sale of Residential Land and Buildings Reserved by Advance Installments;
- (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 by 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 actions taken prior to the enforcement of this Act and to actions taken subsequent to the enforcement of this Act where the provisions then in force are to 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 of 1 April 2000.

### **Supplementary Provisions [Act No. 91 of May 31, 2000]**

(Effective Date)

- (1) This Act shall come into effect as of 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 provisions 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 provisions 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 of the date to be specified by Cabinet Order within a period not exceeding three months from the day of promulgation; provided, however, that the provisions 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 provisions of Article 19 of the Supplementary Provisions shall come into effect as of 1 April 2001.

(Transitional Measures)

Article 3 The provisions of Part II, Chapter II, Section 3 of the New Insurance Business Act shall apply to any Entity Conversion (meaning Entity Conversion as defined in Article 68, paragraph (2) or Article 86, paragraph (1) of the New Insurance Business Act) pertaining to a resolution of the shareholders' meeting or general members' council meeting (or General Representative Members' Council Meeting, where the company has such a council) (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 New Insurance Business Act) is issued on or subsequent to the Effective Date; with regard to any Entity Conversion (meaning Entity Conversion as defined in Article 68, paragraph (2) or Article 86, paragraph (1) of the Insurance Business Act prior to its revision by the provisions 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 provisions of Article 117-2 of the New 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 New 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 New 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 New Insurance Business Act shall apply to any dissolution pertaining to a resolution of the general members' council (or General Representative Members' Council, where the company has such a council; 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 New Insurance Business Act is issued on or subsequent to the Effective Date; with regard to any dissolution pertaining to a resolution of the general members' council 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 New 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 New 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 New Insurance Business Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the New Insurance Business Act shall apply to any transfer of insurance contracts pertaining to that Agreement set forth in Article 135, paragraph (1) of the New Insurance Business Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the New Insurance Business Act that is prepared by a Foreign Insurance Company, etc. (meaning a Foreign Insurance Company, etc. as defined in Article 2, paragraph (7) of the New 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 New 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 New 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 New 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 New 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 New 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 provisions of Article 257 of the New 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 New 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 provisions of Article 265-37 of the New 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 provisions of Article 265-39, paragraph (3) of the New 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 New 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 New 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 New 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 New 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 actions taken 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 actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the provisions of these 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 of 1 December 2000 (hereinafter referred to as "Effective Date").

(Effect of Dispositions, etc.)

Article 49 Those dispositions, procedures or other actions taken 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 its 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 these Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 50 With regards to the application of penal provisions to actions taken 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 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 New Securities and Exchange Act and the New 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 New Securities and Exchange Act and financial futures exchanges as defined in Article 2, paragraph (6) of the New 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 of the date to be specified by Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as "Effective Date").

(Partial Revision of the Insurance Business Act)

Article 56 (1) Omitted.

(2) For the purpose of applying the provisions of Article 98, paragraph (5) of the Insurance Business Act revised by the provisions 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 to be a special purpose company incorporated pursuant to the provisions of the New 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 actions taken before this Act (or, for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, such provisions) enters into force pursuant to the provisions of the relevant Acts prior to their revision (including any orders pursuant thereto; hereinafter the same shall apply in this Article), which are covered by the corresponding provisions of the relevant Acts as revised, shall be deemed to have been carried out pursuant to such corresponding provisions of the relevant Acts as revised, unless provided otherwise in these Supplementary Provisions.

(Transitional Measures for Application of Penal Provisions)

Article 65 With regard to the application of penal provisions to actions taken 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 actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the provisions of these 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 provisions of the preceding Article) of the Act on Punishment of Organized Crimes and Control, etc. of Crime Proceeds revised by the provisions of Article 62 of the Supplementary Provisions (hereinafter referred to as "New 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 is to remain in force pursuant to the provisions of the main clause of Article 2, paragraph (1) of the Supplementary Provisions shall be deemed to be the crimes listed in Appended Table 58 to the New 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 are to remain applicable pursuant to the provisions of the preceding Article, shall be deemed to be the crimes listed in Appended Table 23 to the New Organized Crimes Punishment Act.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 67 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be

specified by 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 New Asset Liquidation Act, the New Investment Trust Act and the Building Lots and Buildings Transaction Business Act revised by Article 8 (hereinafter referred to as "New Building Lots and Buildings Transaction Business Act" in this Article) and changing socioeconomic conditions, among other factors, review the provisions of the New Asset Liquidation Act and New Investment Trust Act, and the system pertaining to the authorized building lots and buildings traders prescribed in Article 50-2, paragraph (2) of the New 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 of the date to be specified by 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 actions taken 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 of the date to be specified by 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 of 1 April 2001.

**Supplementary Provisions [Act No. 41 of June 8, 2001] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of 1 April 2002.

### **Supplementary Provisions [Act No. 50 of June 15, 2001] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of 1 April 2002; provided, however, that the provisions listed in the following items shall come into effect as of the date specified in the relevant item:

- (i) The provisions of Article 9 of the Supplementary Provisions: the day of promulgation;
- (ii) The provisions of Article 7 of the Supplementary Provisions: the date to be specified by 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 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 of 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 actions taken prior to the Effective Date and to actions taken on or subsequent to the Effective Date where the provisions then in force are to remain applicable pursuant to these 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 these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by 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 of 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 of the date to be specified by 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 of the date specified in the relevant item:

(i) In Article 1, the provisions deleting Article 17-2 of the Banking Act and the provisions revising Article 47, paragraph (2) of that Act (limited to the segment deleting the term "Article 17-2"); in Article 3, the provisions deleting Article 112-2 of the Insurance Business Act and the provisions revising Article 270-6, paragraph (2), item (i) of that Act; in Article 4, the provisions 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 as revised by the provisions of Article 3 (hereinafter referred to as "New 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 of the Effective Date following an event other than the transactions or actions listed in the items of Article 271-10, paragraph (1) of the New Insurance Business Act.

(2) Any Insurance Company that has made another Insurance Company its Subsidiary 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 its revision by the provisions of Article 3, shall be deemed to have received as of the Effective Date the authorization set forth in Article 271-10, paragraph (1) of the New 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 these Supplementary Provisions (excluding the authorities to be specified by 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 provisions 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 actions taken before the amending provisions of this Act enter into force pursuant to the provisions of the respective Acts prior to its 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 these Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 15 With regard to the application of penal provisions to actions taken prior to the enforcement of the amending provisions of this Act and to actions taken subsequent to the enforcement of the amending provisions pertaining to the particulars to which the provisions then in force are to remain applicable pursuant to these 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 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 New Banking Act, the New Long-Term Credit Bank Act and the New Insurance Business Act, and changing socioeconomic conditions surrounding banking and the insurance business, among other factors, review the systems pertaining to Bank Major Shareholders as defined in Article 2, paragraph (10) of the New Banking Act, Long-Term Credit Bank Major Shareholders as defined in Article

16-2-2, paragraph (5) of the New Long-Term Credit Bank Act and Insurance Companies' Major Shareholders as defined in Article 2, paragraph (14) of the New 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 of 1 April 2002.

(Transitional Measures for Application of Penal Provisions)

- (2) With regard to the application of penal provisions to actions taken prior to the enforcement of this Act and to actions taken subsequent to the enforcement of this Act where the provisions then in force are to 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 of 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 provisions of Article 21, paragraph (5) shall come into effect as of the Effective Date of the amending provisions listed in the proviso to Article 1 of the Supplementary Provisions to that Act, and the provisions of Article 24 shall come into effect as of the day of promulgation.

**Supplementary Provisions [Act No. 45 of May 29, 2002]**

(Effective Date)

- (1) This Act shall come into effect as of the date to be specified by 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 provisions 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 provisions 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 of the date to be specified by 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 of 6 January 2003; provided, however, that the provisions listed in the following items shall come into effect as of 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 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 of Insurance Business Act)

Article 72 The provisions of Article 61-9 of the Insurance Business Act prior to its revision by the provisions of the preceding Article shall remain in force with regard to registered company bonds, etc. under the Former Bond, etc. Registry Act, which is to remain in force pursuant to the provisions 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 actions taken 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 actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these 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 these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by 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 New Act on Transfer of Bonds, etc., the New Securities and Exchange Act and the New 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 New Act on Transfer of Bonds, etc., Settlement Institutions of Securities Transactions as defined in Article 2, paragraph (31) of the New Securities and Exchange Act and Settlement Institutions for Financial Futures as defined in Article 2, paragraph (15) of the New 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 of 1 August 2002.

**Supplementary Provisions [Act No. 155 of December 13, 2002] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of 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 actions taken prior to the enforcement of this Act and to actions taken subsequent to the enforcement of this Act where the provisions then in force are to 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 of the date to be specified by 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 of 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

(meaning a Mutual Company as defined in Article 2, paragraph (5) of the Insurance Business Act revised by this Act (hereinafter referred to as "New Act"); the same shall apply hereinafter), until the conclusion of the first session of the general members' council (or General Representative Members' Council, where the company has such a council; 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 New Act, and Article 4, paragraph (2), item (ii), Article 7, paragraph (3) and Article 7, paragraph (5) (limited to the segment regarding consolidated Subsidiaries) of the Act on Special Measures for the Commercial Code as applied mutatis mutandis pursuant to Article 59, paragraph (1) of the New 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 New 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 New 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 until otherwise stipulated.

- (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) Where 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 members' council convened for the business year subsequent thereto.
- (4) Where 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 members' council 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 members' council, notwithstanding the provisions of paragraph (2).

(Transitional Measures for Interim Business Report)

Article 4 The provisions of Article 110 of the New 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 New Act) shall apply to the documents prescribed in Article 110 of the New 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 a Modification of the Registered Particulars of a Life Insurance Agent and Non-Life Insurance Representative)

Article 5 (1) With regard to the modification of any particulars registered for an individual that has obtained the registration set forth in Article 276 of the Insurance Business Act prior to its revision by this Act (hereinafter referred to as "Former Act") by the time when the provisions revising Article 277 enter into force (other than a person whose birth date has been registered on the registry of Life Insurance Agents or the registry of Non-Life Insurance Representatives by the time when the provisions revising Article 277 enter into force; hereinafter referred to as "Person Without a Registered Birth Date"), the provisions then in force shall remain applicable.

(2) If a Person Without a Registered Birth Date (other than a person who has made the notification set forth in the following paragraph) seeks to give notice of any change in address to which the provisions then in force are applicable pursuant to the provisions of the preceding paragraph, he/she shall notify the Prime Minister of his/her birth date in lieu of his/her address. In this case, the provisions of the New Act shall apply to the modification of any particulars registered subsequent to such notification, regarding the person who made the notification, notwithstanding the provisions of the preceding paragraph.

(3) A Person Without a Registered Birth Date who has not given notice of any change in address to which the provisions then in force are to remain

applicable pursuant to the provisions of paragraph (1) may notify the Prime Minister of his/her birth date. In this case, the provisions of the New Act shall apply to the modification of any particulars registered subsequent to such notification, regarding the person who made the notification, notwithstanding the provisions of paragraph (1).

- (4) A Person Without a Registered Birth Date may make the notification set forth in the preceding paragraph via his/her Affiliated Insurance Company (meaning the Affiliated Insurance Company prescribed in Article 2, paragraph (20) of the New Act; the same shall apply hereinafter) acting as his/her agent.
- (5) Whenever the Prime Minister receives notice under paragraph (3), he/she shall register the birth date to which the notice pertains in the registry of Life Insurance Agents or the registry of Non-Life Insurance Representatives, and notify the Affiliated Insurance Company of this.
- (6) Any person that has made a false notification regarding the notification set forth in paragraph (3) shall be punished by a non-criminal fine of not more than five hundred thousand yen.

(Transitional Measures Accompanying Modification of Particulars Requiring Reporting for Officers and Employees of Non-Life Insurance Representatives and Insurance Brokers)

Article 6 (1) With regard to the modification of any particulars in a notice that has been filed with regard to a person reported as an officer or employee (excluding a person of whose birth date the Prime Minister will have been notified by the time the provisions revising Article 302 enter into force; hereinafter referred to as a "Person With an Unreported Birth Date") by the time when the provisions revising Article 302 enter into force, the provisions then in force shall remain applicable.

- (2) A Non-Life Insurance Representative (meaning a Non-Life Insurance Representative as defined in Article 2, paragraph (19) of the New Act; the same shall apply hereinafter) or an Insurance Broker (meaning an Insurance Broker as defined in Article 2, paragraph (21) of the New Act; the same shall apply hereinafter) shall, in notifying any change in the address of a Person With an Unreported 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 are to remain applicable pursuant to the provisions of the preceding paragraph, notify the Prime Minister of his/her birth date in lieu of the address. In this case, the provisions of the New Act shall apply to the modification of any particulars under a notification made subsequent to the notification, regarding the person for whom the notification was made, notwithstanding the provisions of the preceding paragraph.
- (3) A Non-Life Insurance Representative or an Insurance Broker may notify the

Prime Minister of the birth date of a Person With an Unreported Birth Date with regard to whom no notice has been filed for any change in address to which the provisions then in force are to remain applicable. In this case, the provisions of the New Act shall apply to the modification of any particulars of a notification subsequent to said notification, regarding the person for whom the notification was made, notwithstanding the provisions of paragraph (1).

(4) A Non-Life Insurance Representative 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 non-criminal 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 actions taken 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 actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these 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 these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by 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 of 1 April 2004.

(Transitional Measures for Application of Penal Provisions)

Article 38 With regard to the application of penal provisions to actions taken 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 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 of the date to be specified by 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 Cabinet Order.

**Supplementary Provisions [Act No. 132 of July 30, 2003] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of the date to be specified by 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 provisions 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 of 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 of the date to be specified by 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 its revision by the provisions 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 of the Effective Date of the Bankruptcy Act (Act No. 75 of 2004; referred to as "New 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 Cabinet Order.

**Supplementary Provisions [Act No. 87 of June 9, 2004] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of the date to be specified by 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 action 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 its revision by the provisions 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 action filed under Article 73-14, paragraph (1) of the Agricultural Cooperative Association Act prior to its revision by the provisions of Article 6, any action filed under Article 101-15, paragraph (1) of the Securities and Exchange Act prior to its revision by the provisions of Article 7, any action filed under Article 94, paragraph (2) of the Act on Securities Investment Trust and Securities Investment Corporations prior to its revision by the provisions of Article 13 (referred to as "Former Investment Trust Act" in the following paragraph), any action filed under Article 100-16, paragraph (1) of the Act on the Organization of Small and Medium-Sized Enterprise Association prior to its revision by the provisions of Article 15, any action filed under Article 34-18, paragraph (1) of the Financial Futures Trading Act prior to its revision by the provisions of Article 18, any action filed under Article 84, paragraph (1) of the Insurance Business Act prior to its revision by the provisions of Article 19, or any action 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 its revision by the provisions 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 its revision by the provisions of Article 3, any security interest exercised by an Entrusted Company pursuant to the provisions of Article 82, paragraph (1) of the Secured Bond Trust Act prior to its revision by the provisions 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 its revision by the provisions of Article 20, any

resolution adopted under Article 10-17, paragraph (1) or (7) of the Act to Promote the Creation of New Business Undertakings prior to its revision by the provisions 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 its revision by the provisions 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 its revision by the provisions of Article 24, which is to remain in force pursuant to the provisions of Article 2, paragraph (1) of the Supplementary Provisions to that Act, prior to the enforcement of this Act.

(Transitional Measures for the Application of Penal Provisions)

Article 3 With regard to the application of penal provisions to actions taken prior to the enforcement of this Act and to actions taken 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 of the date to be specified by 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, paragraph (7) to (16) inclusive of the Supplementary Provisions shall come into effect as of the Effective Date of the Companies Act (Act No. 86 of 2005).

(Transitional Measures Accompanying Partial Revision to the 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 its revision by the provisions of Article 6 (hereinafter referred to as "Former Insurance Business Act" in this Article) for a Stock Company that conducts Insurance Business (meaning a Stock Company that conducts Insurance Business as defined in Article 9, paragraph (1) of the Former Insurance Business Act; hereinafter referred to as a "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 change any of the details or records in the shareholders list even after the Partial Enforcement Date until the expiration 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 was 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 provisions pertaining to the Closure Period as of the Partial Enforcement Date but do not include any provisions 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 of 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 actions taken prior to the enforcement of this Act and to actions taken subsequent to the enforcement of this Act where the provisions then in force shall remain applicable or remain in force pursuant to these 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 these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by 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 of 1 April 2005 (hereinafter referred to as "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as of the date specified in the relevant

item:

(i) In Article 1, the provisions revising Article 33-3, Article 64-2, paragraphs (1) and (2) and Article 64-7, paragraph (5) of the Securities Exchange Act, the provisions revising Article 65-2, paragraph (5) of that Act (limited to the segment replacing the term "and (vii)" with ", (vii) and (xii)") and the provisions revising Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of that Act; in Article 2, the provisions 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 provisions 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 provisions revising Article 29-3 of the Act on Regulation, etc. of Securities Investment Advisory Services (hereinafter referred to as "Investment Advisory Business Act" in this Article); the provisions of Articles 11 and 12; in Article 13, the provisions adding terms to Article 9-8, paragraph (6), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act; 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 actions taken 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 actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the provisions 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 these Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by 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 of 1 April 2006; provided, however, that the provisions of Article 17, paragraph (3) (limited to the segment applying mutatis mutandis the provisions 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 of 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 Cabinet Order.

**Supplementary Provisions [Act No. 124 of June 18, 2004] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of the Effective Date of the New 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 of the date to be specified by 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 of the date to be specified by 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 actions taken 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 these Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 122 With regard to the application of penal provisions to actions taken prior to the enforcement of this Act and to actions taken subsequent to the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these 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 these Supplementary Provisions, necessary transitional measures accompanying the enforcement of this Act shall be specified by 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 of 1 July 2005.

#### **Supplementary Provisions [Act No. 38 of May 2, 2005] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of the date to be specified by 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 of the date specified in the relevant item:

- (i) In Article 1, The provisions 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 (meaning 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 (meaning the electromagnetic means set forth in Article 48, paragraph (2) of the Insurance Business Act) by Cabinet Office Ordinance""), the provisions revising Article 258, paragraph (2) of that Act, the provisions 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 provisions revising Article 271-4, paragraph (1) of that Act, and the provisions 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 Cabinet Order within a period not exceeding three months from the day of promulgation; and
- (ii) In Article 1, the provisions revising Article 118 of the Insurance Business Act, the provisions revising Article 199 of that Act (limited to the segment replacing the term "establish" with "shall establish"), the provisions revising Article 245 of that Act, the provisions revising Article 247, paragraph (1) of that Act, the provisions 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 provisions revising Article 254 of that Act (limited to the segment adding the term "and Business for Canceling Specified Covered Insurance Contracts" after the term "Business for Paying Covered Insurance Proceeds" in paragraph (4) of that Article), the provisions revising Article 255-2 of that Act (limited to the segment adding the term "and Business for Canceling Specified Covered Insurance Contracts" after the term "Business for Paying Covered Insurance Proceeds" in paragraph (3) of that Article), the provisions revising Article 267 of that Act, the provisions revising Article 270-3 of that Act, the provisions revising Article 270-5, paragraph (2), item (i) of that Act and the provisions revising Article 270-6-8, paragraph (2) of that Act, and the provisions revising Article 1-2-14 of the Supplementary Provisions to that Act and the provisions 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 provisions revising Article 440 of the Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, etc. and the provisions revising Article 445 of that Act: 1 April 2006.

(Transitional Measures)

Article 2 (1) In the cases set forth in each of the following items, a person conducting Specified Insurance Business (meaning Insurance Business as defined in Article 2, paragraph (1) of the Insurance Business Act as revised by the provisions of Article 1 (hereinafter referred to as the "New Insurance Business Act") that does not fall under the category of Insurance Business defined in Article 2, paragraph (1) of the Insurance Business Act prior to its revision by the provisions 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 provisions of Article 3, paragraph (1) of the New Insurance Business Act, conduct Specified Insurance Business until the date specified in each of those items:

- (i) In the case that the abolition of the Specified Insurance Business is ordered pursuant to the provisions of Article 272-26, paragraph (1) or of Article 272-27 of the New Insurance Business Act as applied with relevant changes in interpretation pursuant to the provisions of Article 4, paragraph (1) of the Supplementary Provisions: On the date said abolition was ordered
- (ii) In the case that an application is made for a license as set forth in Article 3, paragraph (1) of the New Insurance Business Act or an application for registration is made for a license as set forth in Article 272, paragraph (1) of

- the New 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 refusing the license or registration
- (iii) In the case that a person who has committed to receive the transfer of insurance contracts from a person conducting Specified Insurance Business or succeed to insurance contracts from a person conducting 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) files an application for a license set forth in Article 3, paragraph (1) of the New Insurance Business Act or registration set forth in Article 272, paragraph (1) of the New 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 refusing the license or 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 conducting Specified Insurance Business at the time when this Act enters into force, for persons who only manage business and property under insurance contracts that were underwritten before the Effective Date (except for persons subject to a disposition refusing the license set forth in Article 3, paragraph (1) of the of the New Insurance Business Act or the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act), notwithstanding the provisions of the preceding paragraph, the provisions then in force shall remain applicable.
- (3) A person who is actually conducting Specified Insurance Business at the time when this Act enters into force (excluding 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 licenses as set forth in Article 3, paragraph (1) of the of the New Insurance Business Act or who have registrations as set forth in Article 272, paragraph (1) of the New Insurance Business Act; hereinafter referred to as "Specified Insurers") shall transfer, pursuant to its contract with an Insurance Company (including a Foreign Insurance Company, etc.; hereinafter the same shall apply in this Article) or Low-Cost, Short-Term Insurer, any insurance contract under which it manages the relevant business and property, or shall entrust the management of such business and property under such insurance contracts pursuant to its contract with an Insurance Company or Low-Cost, Short-Term Insurer 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 under 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 New Insurance Business Law, corresponding to cases listed in the items of paragraph (1).

(Report by Specified Insurers)

Article 3 (1) A Specified Insurer who continues to conduct Specified Insurance Business pursuant to paragraph (1) or (4) of the preceding Article (including a person who seeks to be a Specified Insurer pursuant to the paragraph (2) of that Article) shall submit a written notice detailing the particulars 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 notice in the preceding paragraph.

(i) Insurance clause (including those relevant to this)

(ii) Documents giving the particulars of the Policyholders, particulars of the person acting as an agent or intermediary for the conclusion of an insurance contract on behalf of a Specified Insurer, and other particulars specified by Cabinet Office Ordinance 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 Cabinet Office Ordinance

(3) If a Specified Insurer who continues to conduct Specified Insurance Business pursuant to paragraph (1) or (4) of the preceding Article comes to fall under any of the following items, the person specified in the relevant item shall notify the Prime Minister of this within thirty days from the date in question:

(i) it has abolished its Specified Insurance Business: the Specified Insurer

(ii) it has extinguished due to merger: the person who was the officer representing the Specified Insurer

(iii) it has dissolved due to a ruling to commence bankruptcy proceedings: the bankruptcy trustee

(iv) it has dissolved for reasons other than merger or the commencement of bankruptcy proceedings: the liquidator

(v) it has transferred all insurance contracts, or all of its business has been succeeded to or assigned: the Specified Insurer

(Application of Provisions of the New Insurance Business Act to Specified Insurers)

Article 4 (1) When a Specified Insurer continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed to be a Low-Cost, Short-Term Insurer, 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 apply. In this case, the term "measures to ensure" 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 "measures (limited to those specified by Cabinet Office Ordinance) to ensure"; the term "the Specified Insurer shall not make any of the following transactions or act in any of the following ways; provided, however, that this shall not apply where the Prime Minister has approved such transaction or action 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 make any of the following transactions or act in any of the following ways (limited to those specified by Cabinet Office Ordinance)," the

term "particulars detailed 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 "particulars detailed as part of the method of calculating insurance premiums or the method of calculating policy reserve," the term "particulars detailed in the documents included in that item" shall be deemed to be replaced with "such particulars," the term "particulars detailed 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 particulars detailed 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), sub-items (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 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 provisions of the preceding paragraph, the Specified Insurer being ordered to execute such abolishment shall be deemed to be a person having cancellation of registration set forth in Article 272, paragraph (1) of the New Insurance Business Act pursuant to the provisions 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 to be the date of cancellation of registration set forth in Article 272, paragraph (1) of the New Insurance Business Act pursuant to the provisions 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 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 provisions of paragraph (1), the individual shall be deemed to be a person who is subject to Article 272-4, paragraph (1), item (x), sub-item (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 particulars for inclusion 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 particulars of those written reports shall be specified by Cabinet Office Ordinance.
- (5) The provisions of Article 272-16, paragraph (1) of the New Insurance Business Act applied in paragraph (1) shall apply 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 Cabinet Office Ordinance, make portions of a business report that is referred to in Article 272-16, paragraph (1) of the New Insurance Business Act as applied pursuant to paragraph (1), available for public inspection that are recognized as necessary for protection of Policyholders, etc., with the exception of any particulars that risk causing a breach of confidence and any particulars that risk putting a Specified Insurer that is deemed to be a Low-Cost, Short-Term Insurer pursuant to Article 272-16, paragraph (1) of the New Insurance Business Act applied in paragraph (1) at an unfair disadvantage in the administration of its business.

- (7) When a Specified Insurer who continues to conduct Specified Insurance Business executes a transfer of insurance contracts pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed to be a Low-Cost, Short-Term Insurer, and the provisions of Part II, Chapter VII, Section 1 of the New Insurance Business Act (including the penal provisions pertaining thereto) shall apply 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 Cabinet Order.
- (8) When a Specified Insurer continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed to be a Low-Cost, Short-Term Insurer, 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 apply.
- (9) When a Specified Insurer who continues to conduct Specified Insurance



Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions entrusts business and property management, such Specified Insurer shall be deemed to be a Low-Cost, Short-Term Insurer, 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 apply. In this case, the term "the Insurance Company entrusting the administration (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 administration, and the Entrusted Company's trade name, name and its head office or principal office, or its principal branch store in Japan (meaning 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 a Specified Insurer who continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions.
- (11) When a Specified Insurer continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed to be a Low-Cost, Short-Term Insurer, and the provisions of Article 167, paragraphs (1) and (2) of the New Insurance Business Act shall apply.
- (12) When a Specified Insurer continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed to be a Low-Cost, Short-Term Insurer, and the provisions of Article 173-6, paragraphs (1)

and (2) of the New Insurance Business Act shall apply.

- (13) A Specified Insurer who continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions shall receive approval from the Prime Minister when he/she seeks to abolish Specified Insurance Business.
- (14) Any public notice given by a Specified Insurer who continues to conduct Specified Insurance Business pursuant to the provisions 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 the particulars of current events.
- (15) When a Specified Insurer continues to conduct Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) or (4) of the Supplementary Provisions, such Specified Insurer shall be deemed to be an Insurance Company, etc., or Affiliated 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 to be an Insurance Agent or Specified Insurance Agent, 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 apply. 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 provisions of Article 307, paragraph (1) of the New Insurance Business Act applied with relevant changes in interpretation pursuant to the provisions of the preceding paragraph, the person who is ordered such abolishment shall be deemed to be 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 to be the day of cancellation of the registration set forth in Article 276 of the New Insurance Business Act pursuant to the provisions of Article 307, paragraph (1) of the New Insurance Business Act.

(Transitional Measure regarding Public-interest Corporation, etc.)

Article 5 (1) A juridical person (excluding the following) established pursuant to the provisions of Article 34 of the Civil Code (Act No. 89 of 1896), which conducts Specified Insurance Business at the time when this Act enters into

force may continue to conduct Specified Insurance Business notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act until otherwise stipulated.

- (i) A juridical person that has completed the registration set forth in Article 106, paragraph (1) of the Act to Re-Arrange the Related Acts in Line with the Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on the Authorization, etc. of Public-Interest Incorporated Associations and Public-Interest Incorporated Foundations (Act No. 50 of 2006. Hereinafter referred to as "Revising Act") (referred to as "Public-Interest Corporation Transfer Registration" in paragraph (5)) with the authorization set forth in Article 44 of the Revising Act
  - (ii) A juridical person that has completed the registration set forth in Article 106, paragraph (1) of the Revising Act (referred to as "General Incorporated Association, etc., Transfer Registration" in paragraph (5)) as applied *mutatis mutandis* pursuant to Article 121, paragraph (1) of the Revising Act, with the approval set forth in Article 45 of the Revising Act
- (2) The Japan Chambers of Commerce and Industry, societies of commerce and industry or Central Federations of Societies of Commerce and Industry who conduct Specified Insurance Business at the time when this Act enters into force can continuously conduct Specified Insurance Business notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act until otherwise stipulated.
- (3) When Specified Insurance Business is continuously conducted pursuant to the provisions of the preceding two paragraphs, the person conducting business shall be deemed to be an Insurance Company, etc., or Affiliated 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 to be an Insurance Agent or a Specified Insurance Agent, 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 apply.
- (4) For the purpose of applying the provisions of Article 95 and Article 96 of the Revising Act in the case where the Specified Insurance Business is continuously conducted pursuant to the provisions of paragraph (1), the term "business of a special case juridical person under the Civil Code" in Article 95 of the Revising Act shall be deemed to be replaced with "business of a special case juridical person under the Civil Code (including 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 Revising Act shall be deemed to be replaced with "order (including the order of which make it comply with the provisions 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) A juridical person that was established pursuant to the provisions of Article 34 of the Civil Code, which is actually conducting Specified Insurance Business at the time when this Act enters into force, and which is listed in the items of paragraph (1) (excluding a person with 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 business and the property under an insurance contract that the person underwrote before the day of the Public-Interest Corporation Transfer Registration or General Incorporated Association etc., Transfer Registration (hereinafter, named generically as "Transfer Registration" in this Article) notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act for a period of one year counting from the day of the Transfer Registration (or until the day that the Prime Minister designates when he/she recognizes that there are compelling reasons for the following insurance contract and the entrustment pertaining to the management of the business and property not to be transferred).
- (6) In the case referred to in the preceding paragraph, such Transferred Juridical Person shall, by the day on which on year has passed described in the same paragraph, and pursuant to its contract with an Insurance Company (including Foreign Insurance Company, etc; hereinafter the same shall apply in this Article) or Low-Cost, Short-Term Insurer, transfer any insurance contract under which the person manages the relevant business and property, or entrust the management of business and property under such insurance contract pursuant to the contract with an Insurance Company or Low-Cost, Short-Term Insurer.
- (7) A Transferred Juridical Person that manages the business and property pertaining to an insurance contract underwritten before the day of the Transfer Registration pursuant to the provisions of paragraph (5) shall be deemed to be a Low-Cost, Short-Term Insurer, 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 apply. 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), sub-items (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 Cabinet Order.

- (8) A Transferred Juridical Person that manages business and property pertaining to an insurance contract underwritten before the day of the Transfer Registration pursuant to the provisions of paragraph (5) shall be deemed to be a Specified Insurer who continues to conduct 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 paragraph (7) to (12) and (14)), following Article (limited to paragraphs (2) and (5)), and Articles 8 and 16 of the Supplementary Provisions shall apply. 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 Registration 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 "shall apply pursuant to the provisions of paragraph (8) of the preceding Article by the day when six years have passed since the Effective Date of the Revising 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 Revising 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 "shall apply 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 Revising 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 Revising Act"; any technical change in interpretation required shall be specified by Cabinet Order.

(Transitional Measures, etc. Concerning Examination Licensing Standards)

Article 6 (1) The provisions of Article 6, paragraph (1) of the New 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 New 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 Cabinet Order as set forth in Article 6, paragraph (1) of the New Insurance Business Act) for a period of five years counting from the Effective Date.

(2) The provisions of Article 6, paragraph (1) of the New Insurance Business Act shall not apply to a license applicant as set forth in Article 3, paragraph (1) of the New 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 filed 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 Cabinet Order as set forth in Article 6, paragraph (1) of the New Insurance Business Act) for a period of five years counting from the Effective Date.

- (3) Where the person to whom the provisions 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 reserves 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 New Insurance Business Act, until such time as the total amount of funds (including the reserves for redemption of funds set forth in Article 56 of the New Insurance Business Act (including any amount deemed to have been set aside as the reserves for redemption of funds pursuant to the provisions of the following paragraph)) reaches the amount set forth in Article 6, paragraph (1) of the New Insurance Business Act to be specified by Cabinet Order.
- (4) The reserves set aside pursuant to the provisions of the preceding paragraph shall be deemed to have been set aside as the reserves for redemption of funds set forth in Article 56 of the New Insurance Business Act.
- (5) The Prime Minister may attach necessary conditions pursuant to the provisions of Article 5, paragraph (2) of the New Insurance Business Act concerning Specified Insurers as prescribed in paragraph (1) or concerning the issuance 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 particulars 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 to be 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 to be 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 provisions 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 provisions 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 reserves 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 provisions 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 apply to the disposition ordering the management of the business and property after 1 April 2006 by the Insurance Administrator pursuant to the provisions of Article 241, paragraph (1) of the New Insurance Business Act; with regard to a disposition ordering the management of the business and property before that day by the Insurance Administrator pursuant to the provisions 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 provisions 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 apply 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 provisions 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 provisions 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 apply to Financial Assistance Services, 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 Financial Assistance Services, 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 provisions of Article 270-6-8, paragraph (2) of the New Insurance Business Act shall apply 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 a Statement of Changes for a

Statement of Insurance Company Voting Right Holdings)

Article 13 The provisions of Article 271-4, paragraph (1) of the New Insurance Business Act shall apply to the submission of a Statement of Changes prescribed in Article 271-4, paragraph (1) of the New Insurance Business Act in the case where there are modifications to particulars 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 Statement of Changes prescribed in Article 271-4, paragraph (1) of the Former Insurance Business Act in the case where there are modifications to particulars 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 provisions of Article 271-24 of the New Insurance Business Act shall apply 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 Persons That Conduct Specified Insurance Business)

Article 15 (1) In the case where the juridical person (excluding stock companies; hereinafter the same shall apply in this Article) conducting 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 provisions 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 item (iii) to (viii) inclusive of the same paragraph shall be deemed to be replaced with "juridical person," the term "any business other than what is set forth in the proviso to Article 272-11, paragraph (2) to be specified by 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 Low-Cost, Short-Term Insurer (hereinafter referred to as "Specified Low-Cost, Short-Term Insurer" 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) A 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 a Specified Low-Cost, Short-Term Insurer 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 a Specified Low-Cost, Short-Term Insurer, the term "to be specified by Cabinet Office Ordinance as related to Low-Cost, Short-Term Insurance Services" 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 provisions 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) A Specified Low-Cost, Short-Term Insurer 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 a Specified Low-Cost, Short-Term Insurer is a 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) A Specified Low-Cost, Short-Term Insurer 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 provisions of that paragraph.
- (9) In the case where a Specified Low-Cost, Short-Term Insurer is an 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 (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) A Specified Low-Cost, Short-Term Insurer shall not specify the reason of dissolution in the articles of incorporation notwithstanding of the provisions of other Acts.
  - (11) A Specified Low-Cost, Short-Term Insurer shall obtain authorization from the Prime Minister when the Specified Low-Cost, Short-Term Insurer seeks to dissolve or abolish the Specified Insurance Business.
  - (12) The provisions 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 provisions of Article 153, paragraph (3) shall apply mutatis mutandis to the Specified Low-Cost, Short-Term Insurer who applied for the approval set forth in the preceding paragraph, and the provisions of Article 154 of the New Insurance Business Act shall apply mutatis mutandis to the Specified Low-Cost, Short-Term Insurer who received the approval set forth in the same paragraph respectively.
  - (13) The merger of a Specified Low-Cost, Short-Term Insurer shall be null and void without the approval of the Prime Minister.
  - (14) The provisions 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) A juridical person that is established by 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) A company split by a Specified Low-Cost, Short-Term Insurer shall be null and void without the approval of the Prime Minister.
  - (17) The provisions 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 provisions of Part II, Chapter X, Section 2 of the New Insurance Business Act to a Specified Low-Cost, Short-Term Insurer, 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 Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer (meaning the Specified Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer, etc. shall, on the date the merger agreement was created, 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 provisions of Article 333 of the New Insurance Business Act to a Specified Low-Cost, Short-Term Insurer, 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 Low-Cost, Short-Term Insurer shall be publication in a daily newspaper that publishes the particulars of current events.

(Transitional Measures regarding Low-Cost, Short-Term Insurer, etc., who was a Specified Insurer)

- Article 16 (1) A Low-Cost, Short-Term Insurer that was a Specified Insurer or a Low-Cost, Short-Term Insurer 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 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 and for the registration set forth in Article 272, paragraph (1) of the New Insurance Business Act) may, notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act, underwrite insurance with insurance proceeds of more than the amount specified by Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act and less than the amount specified by Cabinet Order, until the day on which seven years have passed since the Effective Date.
- (2) A Low-Cost, Short-Term Insurer shall, when underwriting insurance whose insurance proceeds exceed the amount specified by Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provisions of the preceding paragraph, have reinsurance whose insurance

proceeds equal or exceed that excess amount with an Insurance Company (including Foreign Insurance Companies, etc.; hereinafter the same shall apply in this Article) pursuant to Cabinet Office Ordinance.

- (3) When underwriting insurance whose insurance proceeds exceed the amount specified by Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provisions of paragraph (1), a Low-Cost, Short-Term Insurer shall, in advance, submit notice detailing the trade name and name of the Insurance Company with which the reinsurance is effected, and contents of the reinsurance as well as other particulars specified by Cabinet Office Ordinance to the Prime Minister.
- (4) When underwriting insurance whose insurance proceeds exceed the amount specified by Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provisions of paragraph (1), a Low-Cost, Short-Term Insurer shall, in advance, disclose the particulars listed below to the customers.
  - (i) Trade name and name of the Insurance Company with which the reinsurance is effected
  - (ii) Amount of reinsurance proceeds to be effected and other contents of the reinsurance.
  - (iii) Other particulars specified by Cabinet Office Ordinance.
- (5) When the underwriting of the insurance whose insurance proceeds exceed the amount specified by Cabinet Order provided in the Article 2, paragraph (17) of the New Insurance Business Act pursuant to the provisions of paragraph (1) is performed, the provisions of the paragraph (2) shall not apply to a Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer shall have reinsurance whose insurance proceeds equal or exceed 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 provisions 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 (ii) 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 Low-Cost, Short-Term Insurer set forth in the same paragraph shall, without delay, have reinsurance whose insurance proceeds equal or exceed 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 business or properties pertaining to the insurance contract which was underwritten prior to such registration and whose insurance proceeds exceed the amount specified by 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.
- (10) Notwithstanding the provisions of Article 3, paragraph (1) of the New Insurance Business Act, a Low-Cost, Short-Term Insurer may manage business or properties pertaining to the insurance contract which was underwritten prior to the Effective Date or during the period when the Specified Insurer conducted Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) of the Supplementary Provisions and whose insurance proceeds exceed the amount specified by 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 Low-Cost, Short-Term Insurer shall effect reinsurance with an Insurance Company or a Foreign Insurer whose insurance proceeds equals or exceed the excess amount prescribed in paragraph (9) or the preceding paragraph, pursuant to the provisions of a Cabinet Office Ordinance.
- (12) A Low-Cost, Short-Term Insurer shall, if it effected reinsurance with an Insurance Company or a Foreign Insurer pursuant to the provisions in the preceding paragraph, submit notice detailing the trade name and name of such Insurance Company or Foreign Insurer and other particulars specified by 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 business or properties pertaining to the insurance contract which was underwritten prior to such registration and whose term of coverage exceeds the period specified by 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 Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer 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 conducted Specified Insurance Business pursuant to the provisions of Article 2, paragraph (1) of the Supplementary Provisions and whose term of coverage exceeds the period specified by Cabinet Order set forth in Article 2, paragraph (17) of the New Insurance Business Act or succeed to such insurance contracts, and manage business 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 "conducts Low-Cost, Short-Term Insurance Business" in Article 2, paragraph (18) of the New Insurance Business Act shall be deemed to be replaced with "conducts Low-Cost, Short-Term Insurance Business (including Insurance Business conducted pursuant to the provisions 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 "Low-Cost, Short-Term Insurance Business" in Article 272, paragraph (1) of the New Insurance Business Act shall be deemed to be replaced with "Low-Cost, Short-Term Insurance Business (including Insurance Business conducted pursuant to the provisions 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 particulars regarding the accumulation of policy reserves performed by a Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer 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 Low-Cost, Short-Term Insurer who was a Specified Insurer, or the Low-Cost, Short-Term Insurer 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, by notifying the Prime Minister, be relieved of the requirement of accumulating of the policy reserves 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 provisions 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 has failed to submit notice pursuant to the provisions of Article 3, paragraph (1) of the Supplementary Provisions and documents that must be attached pursuant to the provisions of paragraph (2) of the same Article, or a person who has submitted such documents but failed to detail the particulars that are required to be detailed therein or included false details 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 particular that is necessary in order for this Act to be implemented shall be specified by Cabinet Office Ordinance.

(Transitional Measures Concerning Penal Provisions)

Article 35 With regard to the application of penal provisions to actions taken prior to the enforcement of this Act and actions taken after the enforcement of this Act in the cases where the provisions then in force are to 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 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 provisions 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 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 the bearing of expenses 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 status of business for which reinsurance is effected with an Insurance Company and other business of a Low-Cost, Short-Term Insurer, 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 of the Effective Date of the Companies Act.

#### **Supplementary Provisions [Act No. 102 of October 21, 2005] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of the Effective Date of Postal Service Privatization Act.

(Transitional Measures Concerning Penal Provisions)

Article 117 With regard to the application of penal provisions to actions taken prior to the enforcement of this Act; actions taken after the enforcement of this Act in the cases where the provisions then in force are to remain applicable pursuant to the provisions of the Supplementary Provisions; actions taken prior to the lapse of the provisions of Article 38-8 of the Former Postal Money Order Act (limited to the segment pertaining to items (ii) and (iii)) that are to remain in force pursuant to the provisions of Article 9, paragraph (1) of the Supplementary Provisions even after the enforcement of this Act; actions taken prior to the lapse of the provisions of Article 70 of the Former Postal Transfer Act (limited to the segment pertaining to items (ii) and (iii)) that are to remain in force pursuant to the provisions of Article 13, paragraph (1) of the Supplementary Provisions after the enforcement of this Act; actions taken 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)) that are to remain in force pursuant to the provisions of Article 27, paragraph (1) of the Supplementary Provisions even after the enforcement of this Act; actions taken before the lapse of the provisions of Article 70 of the Former Public Companies Act (limited to the segment pertaining to items (ii)) that are to remain in force pursuant to the provisions of Article 39, paragraph (2) of the Supplementary Provisions even after the enforcement of this Act; actions taken 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)) that are to remain in force pursuant to the provisions of Article 42, paragraph (1) of the Supplementary Provisions even after the enforcement of this Act; and actions taken 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 provisions of Article 2, paragraph (2) of the Supplementary Provisions is applicable, the provisions then in force are to remain applicable.

#### **Supplementary Provisions [Act No. 10 of March 31, 2006] [Extract]**

(Effective Date)

Article 1 This Act shall come into effect as of 1 April 2006.

(Transitional Measures Concerning Penal Provisions)

Article 211 With regard to the application of penal provisions to actions taken 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 actions taken after the enforcement of this Act in the cases where the provisions then in force are to 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 Cabinet Order.

#### **Supplementary Provisions [Act No. 50 of June 2, 2006] [Extract]**

(Effective Date)

(1) This Act shall come into effect as of the Effective Date of Act on General Incorporated Associations and General Incorporated Foundations.

(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 Associations and General Incorporated Foundations (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 Act (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 of the date specified by 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 of the day prescribed respectively in those items.

- (i) Provision of Article 1; revised provisions 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 provisions in Article 34-4, paragraph (2), item (ii) of the Act on Fishing Cooperatives 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) or item (xiii), Article 198, item (viii)"); revised provisions in Article 5-4, paragraph (4), item (iv) of the Act on Financial Services 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) 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 provisions 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) 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 provisions 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) 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 provisions 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) 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 provisions 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) 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) Provisions of Article 2 (excluding revised provisions 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 provisions in Article 27-24 of the same Act; revised provisions in Article 27-25 of the same Act; revised provisions 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 "act in any way specified by Cabinet Order as making a significant change in and having a significant impact on the business activities of an issuer of share certificates, etc., (referred to as an "Important Proposed Action, etc." in paragraphs (4) and (5))" and the segment which adds paragraph (3) in the same Article); revised provisions in Article 27-27 of the same Act and revised provisions in Article 27-30, item (ii) of that 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 Cabinet Order within a period not exceeding six months from the day of promulgation.
- (iv) Revised provisions 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 provisions in Article 27-24 of the same Act; revised provisions in Article 27-25 of the same Act; revised provisions 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 "act in any way specified by Cabinet Order as making a significant change in and having a significant impact on the business activities of an issuer of share certificates etc. (referred to as an "Important Proposed Action, etc." in paragraphs (4) and (5))" and the segment which adds paragraph (3) in the same Article); revised provisions in Article 27-27 of the same Act and revised provisions 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 from Article 9 to Article 11 and 13 of the Supplementary Provisions: the day specified by Cabinet Order within a period not exceeding one year from the day of promulgation.
- (v) The provisions of Article 4: the Effective Date of the Act on General



Incorporated Associations and General Incorporated Foundations (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 provisions 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 provisions 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 provisions of Article 18 (limited to the revised provisions 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 pre-revision Securities and Exchange Act pursuant to the provisions 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 provisions of Article 1, and to have been punished.

(2) With regard to the application of the provisions 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 provisions of Article 18 (limited to the revised provisions 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 Transaction 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, items (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. (meaning an Insurance Company, etc. provided in Article 2-2, paragraph (1) of the Revised Insurance Business Act pursuant to the provisions of Article 18 (hereinafter meaning "Revised Insurance Business Act"), a Foreign Insurance Company, etc. (meaning a Foreign Insurance Company, etc. provided in Article 2, paragraph (7) of the Revised Insurance Business Act), or an Insurance Broker (meaning 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. (meaning 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 file an application pursuant to the provisions 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 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, pursuant to the provisions 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 actions taken 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 actions taken 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 actions taken 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 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 provisions 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 of the Effective Date of New Trust Act; provided, however, the provisions listed in the following items shall come into effect as of the day prescribed respectively in those items.

- (i) Provisions of Article 9 (limited to the revised provisions in Article 7 of the Commercial Code, Article 25 (limited to the revised provisions in Article 251, item (xxiv) of Act on Securities Investment Trust and Securities Investment Corporations), Article 37 (limited to the revised provisions in Article 76, item (vii) of Act on Mergers and Conversions by Financial Institutions), 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 provisions which revises the table of contents in the Companies Act, the provisions which adds two items in Article 132 of the same Act, the provisions which adds Subsection 1 after Article 154 in the Part II Chapter II Section 3 in the same Act, the provisions which adds after the Article 272 in Part II Chapter III Section 4 of the same Act, the provisions which adds Article 1 after the Article 695 of the same Act and the revised provisions 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 of 1 October 2008, provided, however, that the provisions set forth in following items shall come into effect as of 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 actions taken before this Act enters into force pursuant to the provisions of the respective Acts prior to its 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 these Supplementary Provisions.

(Transitional Measures regarding the Application of Penal Provisions)

Article 101 With regard to the application of penal provisions to actions taken 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 actions taken 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 Cabinet Order.