

# Insurance Act

(Act No. 56 of June 6, 2008)

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## Chapter I General Provisions

(Purpose)

Article 1 The formation, effect, performance and termination of contracts concerning insurance shall be governed by the provisions of this Act in addition to the provisions set forth in other laws and regulations.

(Definitions)

Article 2 In this Act, the meanings of the terms listed in the following items shall be as prescribed respectively in those items:

- (i) insurance policy: a contract, whether it is called as an insurance contract or mutual aid contract or by any other name, under which one of the parties promises to provide property (limited to the payment of money in the case of life insurance policies and fixed amount accident and health insurance

- policies; hereinafter referred to as an "insurance proceeds payment") on the condition of the occurrence of a certain event, and the other party promises to pay insurance premiums (including mutual aid premiums; the same shall apply hereinafter) according to the likelihood of such event occurring;
- (ii) insurer: the party to an insurance policy that is obliged to make insurance proceeds payments;
  - (iii) policyholder: the party to an insurance policy that is obliged to pay insurance premiums;
  - (iv) insured: a person specified in (a) to (c) below according to the categories of insurance policies listed in (a) to (c) respectively:
    - (a) non-life insurance policy: a person that may suffer loss that is to be compensated for under a non-life insurance policy;
    - (b) life insurance policy: a person upon whose survival or death an insurer is to make an insurance proceeds payment; and
    - (c) fixed amount accident and health insurance policy: a person upon whose injury or illness an insurer is to make an insurance proceeds payment;
  - (v) beneficiary: a person that is designated by a life insurance policy or fixed amount accident and health insurance policy as a person entitled to receive an insurance proceeds payment;
  - (vi) non-life insurance policy: an insurance policy under which an insurer promises to compensate for any loss that may arise from a certain contingent event;
  - (vii) accident and health insurance policy: a non-life insurance policy under which an insurer promises to compensate for any loss that may arise from an injury or illness experienced by a person (limited to such loss suffered by the person that experienced the injury or illness);
  - (viii) life insurance policy: an insurance policy under which an insurer promises to make a fixed insurance proceeds payment in relation to a person's survival or death (excluding insurance policies falling within the fixed amount accident and health insurance policy category); and
  - (ix) fixed amount accident and health insurance policy: an insurance policy under which an insurer promises to make a fixed insurance proceeds payment on the basis of an injury or illness experienced by a person.

## **Chapter II Non-life Insurance**

### **Section 1 Formation**

(Subject Matter of Non-life Insurance Policies)

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

(Duty of Disclosure)

Article 4 A person that is to be a policyholder or an insured shall, upon concluding a non-life insurance policy, disclose facts with regard to material matters concerning the likelihood of the occurrence of any loss to be compensated for under the non-life insurance policy (hereinafter referred to as the "risk" in this Chapter), about which a person that is to be an insurer requires disclosure (referred to as the "matters to be disclosed" in Article 28, paragraph (1) and Article 29, paragraph (1)).

(Retroactive Insurance)

Article 5 (1) A provision in a non-life insurance policy permitting compensation to be awarded for any loss arising from an insured event (meaning an event specified by a non-life insurance policy as a contingent event from which any loss to be compensated under the non-life insurance policy may arise; hereinafter the same shall apply in this Chapter) that occurred before such policy was concluded shall be void if, at the time that a policyholder made an offer of or accepted the non-life insurance policy, the policyholder or the insured knew that an insured event had already occurred.

(2) A provision in a non-life insurance policy permitting compensation to be awarded for any loss arising from an insured event that occurred before an offer of a non-life insurance policy was made shall be void if, at the time that the insurer or the policyholder made the offer of the non-life insurance policy, the insurer knew that no insured event had occurred.

(Delivery of Document Upon Conclusion of Non-life Insurance Policy)

Article 6 (1) An insurer shall, after concluding a non-life insurance policy, deliver to a policyholder a document stating the following matters without delay:

- (i) the name of the insurer;
- (ii) the name of the policyholder;
- (iii) the name of the insured and other matters necessary to identify the insured;
- (iv) the insured event;
- (v) the period specified by the non-life insurance policy to clarify that any damage arising from an insured event that occurs during said period will be compensated for;
- (vi) the insured amount (meaning an amount designated as the maximum insurance proceeds payment amount specified by the non-life insurance policy; hereinafter the same shall apply in this Chapter), or if there is no provision on the insured amount, a statement to that effect;
- (vii) if there is any insured property (meaning property to which a loss may

- occur due to an insured event; hereinafter the same shall apply in this Chapter), the matters necessary to identify such property;
- (viii) if there is an agreed insured value as prescribed in the proviso to Article 9, such agreed insured value;
  - (ix) the insurance premium and the method of payment thereof;
  - (x) if it is provided that notice shall be given as set forth in Article 29, paragraph (1), item (i), such provision;
  - (xi) the date on which the non-life insurance policy is concluded; and
  - (xii) the date on which the document is executed.
- (2) The insurer (if the insurer is a juridical person or any other association, its representative) shall sign or affix the insurer's name and seal to the document set forth in the preceding paragraph.

(Mandatory Rules)

Article 7 A contractual provision that runs counter to the provisions of Article 4 or Article 5, paragraph (2) and is unfavorable to a policyholder or an insured shall be void.

**Section 2 Effect**

(Non-life Insurance Policy for Third Party Beneficiary)

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

(Overinsurance)

Article 9 If a policyholder and an insured had no knowledge of and were not grossly negligent with regard to the fact that the insured amount exceeded the value of the insured property (hereinafter referred to as the "insured value" in this Chapter) at the time of the conclusion of a non-life insurance policy, the policyholder may cancel the non-life insurance policy to the extent corresponding to such excess; provided, however, that this shall not apply where a certain value has been agreed to as the insured value (hereinafter referred to as the "agreed insured value" in this Chapter).

(Decrease in Insured Value)

Article 10 If the insured amount has significantly decreased since the conclusion of a non-life insurance policy, the policyholder may request that the insurer, for the future, reduce the insured amount or agreed insured value to the decreased insured value and to reduce the insurance premiums corresponding to such reduced insured amount.

(Decreased Risk)

Article 11 If the risk has significantly decreased since the conclusion of a non-life insurance policy, the policyholder may request that the insurer reduce future insurance premiums to the extent corresponding to such decreased risk.

(Mandatory Rule)

Article 12 A contractual provision that runs counter to the provisions of Article 8 and is unfavorable to an insured, and a contractual provision that runs counter to the provisions of the main clause of Article 9 or the preceding two Articles and is unfavorable to a policyholder, shall be void.

### **Section 3 Insurance Claim Payment**

(Prevention of Occurrence and Increase of Damage)

Article 13 A policyholder and an insured, when they become aware that an insured event has taken place, shall endeavor to prevent the occurrence of and increase of any damage arising therefrom.

(Notice of Occurrence of Damage)

Article 14 When a policyholder or an insured becomes aware that any damage arising from an insured event has occurred, the policyholder or the insured shall give a notice to that effect to an insurer without delay.

(Loss of Insured Property after Occurrence of Damage)

Article 15 Where any damage to insured property arising from an insured event has occurred, an insurer shall compensate for such damage even when the insured property is lost or destroyed due to a cause other than an insured event after the occurrence of said damage.

(Contractual provision for Compensation for Damage under Fire Insurance Policies)

Article 16 An insurer under a non-life insurance policy which covers fire shall compensate for any damage that has occurred to the insured property as a result of measures necessary to extinguish the fire, evacuate or to carry out any other fire defense activities, even if no insured event has occurred.

(Exemption of Insurer from Liability)

Article 17 (1) An insurer shall not be liable to compensate for any damage that occurs due to the willful act or gross negligence of a policyholder or an insured. The same shall apply to any damage that has occurred due to a war or any

other social disturbance.

- (2) For the purpose of the application of the provisions of the preceding paragraph with regard to a liability insurance policy (meaning a non-life insurance policy which compensates for any damage that may arise from the liability for damages assumed by an insured; the same shall apply hereinafter), the phrase "willful act or the gross negligence" in said paragraph shall be deemed to be replaced with "willful act."

(Calculation of Amount of Damage)

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

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

(Partial Insurance)

Article 19 If the insured amount is less than the insured value (or the agreed insured value if there is any such amount), the amount of the insurance proceeds to be paid by an insurer shall be the amount calculated by multiplying the amount of damage to be compensated for by the ratio of the insured amount to the insured value.

(Overlapping Insurance)

Article 20 (1) Even where any damage to be compensated for under a non-life insurance policy is also to be compensated for under another non-life insurance policy, the insurer under each such policy shall be liable to make insurance proceeds payments for the entire amount of damage to be compensated for (in the case prescribed in the preceding Article, the whole amount of the insurance proceeds payment to be made under the provisions of said Article).

- (2) Where the total of the amounts of the insurance proceeds payments to be made by the insurers under two or more non-life insurance policies exceed the amount of damage to be compensated (if the calculated amounts under the various policies differ, the largest amount shall apply; hereinafter the same shall apply in this paragraph), when one of the insurers has made an insurance proceeds payment beyond the insurer's liability share (meaning the amount derived by multiplying the amount of damage to be compensated by the ratio of the amount of the insurance claim to be paid by each insurer to the total

insurance proceeds payment amount, on the assumption that there is no other non-life insurance policy; hereinafter the same shall apply in this paragraph), and acquired a common discharge in exchange for such payment, such insurer shall have the right to obtain reimbursement from other insurers based on their respective liability shares of the amount that exceeds the insurer's liability share.

(Due Date for Payment of Insurance Claim)

Article 21 (1) Even where the due date for payment of an insurance claim is designated, if said due date falls after the expiration of a period of time reasonable to confirm the insured event, the amount of damage to be compensated, the exceptions and other matters that need to be confirmed under a non-life insurance policy for the purpose of payment of an insurance claim, the day on which such period expires shall be the due date for payment of the insurance claim.

(2) If no due date is designated for payment of an insurance claim, the insurer shall not be responsible for any delay until an insurance proceeds payment is claimed and the period necessary to confirm the insured event and the amount of damage to be compensated pertaining to said claim expires.

(3) When the insurer conducts the investigation necessary to confirm the matters prescribed in the preceding two paragraphs, if the policyholder or the insured obstructs or refuses to cooperate with the investigation without justifiable grounds, the insurer shall not be responsible for any delay in making the insurance proceeds payment caused by such obstruction or refusal.

(Statutory Lien on Liability Insurance Policy)

Article 22 (1) A person that has a claim for compensation for damages against an insured under a liability insurance policy arising from an insured event under said policy shall have a statutory lien over the right to claim the insurance payment.

(2) An insured may exercise the right to claim an insurance payment from an insurer only up to the amount that the insured paid in connection with the claim for compensation for damages set forth in the preceding paragraph or the amount to which the person that holds the claim has consented.

(3) The right to claim an insurance payment under a liability insurance policy may not be assigned, pledged or attached; provided, however, that this shall not apply in the following cases:

(i) where said right is assigned to a person having a claim for compensation for damages as set forth in paragraph (1) or attached based on the claim for compensation for damages; and

(ii) where the insured may exercise the right to claim an insurance proceeds

payment pursuant to the provisions of the preceding paragraph.

(Burden of Costs)

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

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

(2) The provisions of Article 19 shall apply mutatis mutandis to the costs set forth in item (ii) of the preceding paragraph. In this case, the phrase "damages to be compensated" in said Article shall be deemed to be replaced with "costs set forth in Article 23, paragraph (1), item (ii)."

(Subrogation Regarding Lost or Destroyed Property)

Article 24 Where insured property is totally lost or destroyed, an insurer that has paid an insurance proceeds payment shall, by operation of law, be subrogated to ownership and any other real right that the insured holds over the insured property, in accordance with the ratio of the amount of the insurance proceeds payment thus paid to the insured value (or the agreed insured value if there is any such amount).

(Subrogation Regarding Claim)

Article 25 (1) An insurer, when the insurer has made an insurance proceeds payment, shall, by operation of law, be subrogated with regard to any claim acquired by the insured due to the occurrence of any damages arising from an insured event (under a non-life insurance policy which covers claims arising due to default or any other reason, such claims shall be included; hereinafter referred to as the "insured's claim" in this Article), up to the smaller of the amounts listed below:

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

(2) In the case referred to in the preceding paragraph, if the amount set forth in item (i) of said paragraph falls short of the amount of damage to be compensated, the insured shall have the right to receive payment of the insured's claim, except for the portion to which the insurer is subrogated under the provisions of said paragraph, prior to the claim the insurer has acquired by subrogation.

(Mandatory Rule)

Article 26 A contractual provision that is incompatible with the provisions of Article 15, Article 21, paragraph (1) or paragraph (3) or the preceding two Articles that is unfavorable to an insured shall be void.

#### **Section 4 Termination**

(Cancellation by Policyholder)

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

(Cancellation by reason of Nondisclosure)

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

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

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

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

(iii) where an insurance intermediary has encouraged the policyholder or the insured not to disclose facts set forth in the preceding paragraph or to disclose false facts.

(3) The provisions of item (ii) and item (iii) of the preceding paragraph shall not apply where the policyholder or the insured can be found to have failed to disclose facts as set forth in paragraph (1) or to have disclosed false facts even in the absence of an act by the insurance intermediary prescribed in each of these items.

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

(Cancellation by Reason of Increased Risk)

Article 29 (1) Where increased risk (meaning circumstances in which the risk in relation to the matters to be disclosed has increased, causing the insurance

premium under a non-life insurance policy to fall short of the insurance premium calculated on the basis of such risk; hereinafter the same shall apply in this Article and Article 31, paragraph (2), item (ii)) arises after the conclusion of a non-life insurance policy, the insurer may cancel the non-life insurance policy if all of the following requirements are satisfied, even when it is possible to continue the non-life insurance policy on the assumption that the insurance premium will be changed to an amount corresponding to such increased risk:

- (i) there is a provision in the non-life insurance policy to the effect that when the matters to be disclosed pertaining to the increased risk have changed, the policyholder or the insured shall give notice to the insurer to that effect without delay; and
  - (ii) the policyholder or the insured has failed intentionally or through gross negligence to give notice without delay as set forth in the preceding item.
- (2) The provisions of paragraph (4) of the preceding Article shall apply mutatis mutandis to the right to cancel under the provisions of the preceding paragraph. In this case, the phrase "time of the conclusion of the non-life insurance policy" in paragraph (4) of said Article shall be deemed to be replaced with "time when an increased risk as prescribed in paragraph (1) of the following Article arises."

(Cancellation on Material Grounds)

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

- (i) the policyholder or the insured has caused or attempted to cause damage with the intention of causing the insurer to pay an insurance proceeds payment under the non-life insurance policy;
- (ii) the insured has committed or attempted to commit fraud to claim an insurance payment under the non-life insurance policy; or
- (iii) in addition to what is listed in the preceding two items, other material grounds that undermine the insurer's trust in the policyholder or the insured and make it difficult to maintain the non-life insurance policy.

(Effect of Cancellation)

Article 31 (1) The cancellation of a non-life insurance policy shall not have a retroactive effect.

(2) Where an insurer has cancelled a non-life insurance policy pursuant to any of the provisions listed in the following items, the insurer shall not be liable to compensate for the damage specified in the respective items:

- (i) Article 28, paragraph (1): damage arising from an insured event that occurs before the policy is cancelled, except for damage arising from an insured

- event that occurs independently of the facts set forth in said paragraph;
- (ii) Article 29, paragraph (1): damage arising from an insured event that occurs during the period after the increased risk leading to the cancellation arises until the policy is cancelled, except for damage arising from an insured event that occurs independently of the cause of the increased risk; or
  - (iii) the preceding Article: damage arising from an insured event that occurs during the period after the grounds listed in the items of said Article arise until the policy is cancelled.

(Limitation of Return of Insurance Premiums)

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

- (i) where an insurer has rescinded the insurer's manifestation of intention relating to a non-life insurance policy due to fraud or duress by a policyholder or an insured; and
- (ii) where a non-life insurance policy is void pursuant to the provisions of Article 5, paragraph (1), except where the insurer made an offer of or accepted the non-life insurance policy with awareness of the prior occurrence of any insured event.

(Mandatory Rule)

Article 33 (1) A contractual provision that runs counter to the provisions of Article 28, paragraph (1) to paragraph (3), Article 29, paragraph (1), Article 30, or Article 31 and is unfavorable to a policyholder or an insured shall be void.  
(2) A contractual provision that runs counter to the provisions of the preceding Article and is unfavorable to a policyholder shall be void.

**Section 5 Contractual provisions for Accident and Health Insurance Policies**

(Request for Cancellation by Insured)

Article 34 (1) If the insured is a person other than a party to an accident and health insurance policy, the insured may request that the policyholder cancel the accident and health insurance policy unless the insured has agreed otherwise with the policyholder.  
(2) A policyholder, when requested to cancel an accident and health insurance policy pursuant to the provisions of the preceding paragraph, may cancel the accident and health insurance policy.

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

Article 35 For the purpose of applying the provisions of Section 1 to the preceding Section with regard to an accident and health insurance policy: in Article 5, paragraph (1), Article 14, Article 21, paragraph (3) and Article 26, the term "insured" shall be deemed to be replaced with "insured (in the case of an accident and health insurance policy which compensates for any damage arising from the death of an insured, the insured's heir(s))"; in Article 5, paragraph (1), the phrase "an insured event had already occurred" shall be deemed to be replaced with "any damage arising from an insured event had already occurred"; in Article 5, paragraph (2), the phrase "no insured event had occurred" shall be deemed to be replaced with "no damage arising from an insured event had occurred"; in Article 17, paragraph (1), Article 30 and Article 32, item (i), the term "an/the insured" shall be deemed to be replaced with "an/the insured (in the case of an accident and health insurance policy which compensates for any damage arising from the death of an insured, the insured or the insured's heir(s))"; in Article 25, paragraph (1), the phrase "by the insured" shall be deemed to be replaced with "by the insured (in the case of an accident and health insurance policy which compensates for any damage arising from the death of an insured, by his/her heir(s); hereinafter the same shall apply in this Article)"; in Article 32, item (ii), the phrase "the prior occurrence of any insured event " shall be deemed to be replaced with "any damage arising from an insured event"; and in Article 33, paragraph (1), the phrase "Article 30 or Article 31" shall be deemed to be replaced with "or Article 31," and the phrase "unfavorable [to a policyholder or an insured]" shall be deemed to be replaced with "unfavorable [to a policyholder or an insured] and a contractual provision that is incompatible with the provisions of Article 33 and unfavorable to a policyholder or an insured (in the case of an accident and health insurance policy which compensates any damage arising from the death of an insured or insured's heir(s))."

### **Section 6 Exclusion from Application**

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

- (i) a marine insurance policy prescribed in Article 815, paragraph (1) of the Commercial Code (Act No. 48 of 1899);
- (ii) a non-life insurance policy under which the insured property is an aircraft or cargo to be transported by aircraft, or a liability insurance policy which covers liability for any damage arising from an aircraft accident;
- (iii) a non-life insurance policy under which the insured property is a nuclear facility, or a liability insurance policy which covers liability for any damage arising from an accident at a nuclear facility; and

(iv) in addition to what is listed in the preceding three items, a non-life insurance policy which compensates for any damage that may arise from business activities conducted by a juridical person or any other association or by an individual engaged in operating a business (excluding those falling within the category of accident and health insurance policies)

### **Chapter III Life Insurance**

#### **Section 1 Formation**

(Duty of Disclosure)

Article 37 A person that is to be a policyholder or an insured shall, upon concluding a life insurance policy, disclose facts with regard to material matters concerning the likelihood of the occurrence of an insured event (meaning the death of an insured or an insured living at a certain point in time; hereinafter the same shall apply in this Chapter) (such likelihood shall hereinafter be referred to as the "risk" in this Chapter), about which a person that is to be an insurer requires disclosure (referred to as the "matters to be disclosed" in Article 55, paragraph (1) and Article 56, paragraph (1)).

(Consent of Insured)

Article 38 A death insurance policy (meaning a life insurance policy under which an insurer promises to make an insurance proceeds payment in relation to the death of an insured; hereinafter the same shall apply in this Chapter) under which an insured is a person other than a party to the policy shall not be effective without the consent of the insured.

(Retroactive Insurance)

Article 39 (1) A provision to the effect that an insurance proceeds payment shall be made in relation to an insured event that occurred before a death insurance policy is concluded shall be void if, at the time that a policyholder made an offer of or accepted the death insurance policy, the policyholder or the beneficiary knew that an insured event had already occurred.

(2) A provision to the effect that an insurance proceeds payment shall be made in relation to an insured event that occurred before an offer of a death insurance policy was made shall be void if, at the time that the insurer or the policyholder made the offer of the life insurance policy, the insurer knew that no insured event had occurred.

(Delivery of Document Upon Conclusion of Life Insurance Policy)

Article 40 (1) When an insurer has concluded a life insurance policy, the insurer shall without delay deliver a document stating the following matters to the

policyholder:

- (i) the name of the insurer;
  - (ii) the name of the policyholder;
  - (iii) the name of the insured or other matters necessary to identify the insured;
  - (iv) the name of the beneficiary or other matters necessary to identify the beneficiary;
  - (v) the insured event;
  - (vi) the period specified by the life insurance policy to clarify that an insurance proceeds payment will be carried out if an insured event occurs during said period;
  - (vii) the amount of the insurance proceeds payment and the method of the payment;
  - (viii) the insurance premium and the method of payment thereof;
  - (ix) if it is provided that notice should be given as set forth in Article 56, paragraph (1), item (i), such provision;
  - (x) the date on which the life insurance policy is concluded; and
  - (xi) the date on which the document is prepared.
- (2) The insurer (if the insurer is a juridical person or any other association, its representative) shall sign or affix the insurer's name and seal to the document set forth in the preceding paragraph.

(Mandatory Rule)

Article 41 A contractual provision that runs counter to the provisions of Article 37 and is unfavorable to a policyholder or an insured, or a contractual provision that runs counter to the provisions of Article 39, paragraph (2) and is unfavorable to a policyholder shall be void.

## **Section 2 Effect**

(Life Insurance Policies for Third Party Beneficiary)

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

(Change of Beneficiary)

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

(2) The change of a beneficiary shall be effected by manifesting such intention to an insurer.

(3) The manifestation of intention set forth in the preceding paragraph shall become effective when notice thereof reaches the insurer, retroactively as of

the time when such notice was dispatched; provided, however, that this shall not preclude the effect of any insurance proceeds payment that was made before such notice reaches the insurer.

(Change of Beneficiary by Will)

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

(2) The change of a beneficiary by a will may not be duly asserted against the insurer unless the policyholder's heir gives notice to the insurer of such change after the will becomes effective.

(Consent of Insured to Change of Beneficiary)

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

(Death of Beneficiary)

Article 46 If a beneficiary dies before the occurrence of an insured event, all of the beneficiary's heirs shall be beneficiaries.

(Consent of Insured to Assignment, etc. of the Right to Claim an Insurance Payment)

Article 47 The assignment of the right to claim an insurance payment under a death insurance policy or the creation of a pledge on such right (excluding a pledge created after the occurrence of an insured event) shall not be effective without the consent of the insured.

(Decrease in Risk)

Article 48 If the risk has significantly decreased after the conclusion of a life insurance policy, the policyholder may request that the insurer reduce future insurance premiums to the extent corresponding to such decreased risk.

(Mandatory Rule)

Article 49 A contractual provision that runs counter to the provisions of Article 42 and unfavorable to a beneficiary, or a contractual provision that is incompatible with the provisions of the preceding Article and unfavorable to a policyholder shall be void.

### **Section 3 Insurance Claim Payment**

(Notice of Death of Insured)

Article 50 When a policyholder or a beneficiary under a death insurance policy becomes aware of the death of an insured, the policyholder or the beneficiary

shall give a notice to that effect to the insurer without delay.

(Exemption of Insurer from Liability)

Article 51 An insurer under a death insurance policy shall not be liable to make an insurance proceeds payment in the following cases; provided, however, that this shall not apply in the case set forth in item (iii) with regard to the insurer's liability to any beneficiary other than the beneficiary who has intentionally caused the death of an insured:

- (i) where an insured has committed suicide;
- (ii) where a policyholder has intentionally caused the death of an insured (excluding the case set forth in the preceding item);
- (iii) where a beneficiary has intentionally caused the death of an insured (excluding the cases listed in the preceding two items); and
- (iv) where an insured has died due to a war or any other social disturbance.

(Due Date for Payment of an Insurance Claim)

Article 52 (1) Even where the due date for payment of an insurance claim is designated, if said due date falls after the expiration of a period of time reasonable to confirm the insured event, the exceptions of the insurer from liability and other matters that need to be confirmed under a life insurance policy for the purpose of making an insurance claim payment, the day on which such period expires shall be the due date for making the insurance claim payment.

- (2) If no due date is designated for making an insurance proceeds payment, the insurer shall not be responsible for any delay until an insurance proceeds claim is made and the period of time necessary to confirm the insured event pertaining to said claim expires.
- (3) When the insurer conducts an investigation necessary to confirm the matters prescribed in the preceding two paragraphs, if the policyholder, the insured or the beneficiary obstructs or refuses to cooperate with the investigation without justifiable grounds, the insurer shall not be responsible for any delay in payment of an insurance claim caused by such obstruction or refusal.

(Mandatory Rule)

Article 53 A contractual provision that runs counter to the provisions of paragraph (1) or paragraph (3) of the preceding Article and unfavorable to a beneficiary shall be void.

**Section 4 Termination**

(Cancellation by Policyholder)

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

(Cancellation by reason of Nondisclosure)

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

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

(i) where an insurer knew or was negligent in not knowing the facts set forth in the preceding paragraph at the time of the conclusion of the life insurance policy;

(ii) where an insurance intermediary has hindered a policyholder or an insured from disclosing facts as set forth in the preceding paragraph; and

(iii) where an insurance intermediary has encouraged a policyholder or an insured not to disclose facts as set forth in the preceding paragraph or to disclose false facts.

(3) The provisions of item (ii) and item (iii) of the preceding paragraph shall not apply where the policyholder or the insured can be found to have failed to disclose facts as set forth in paragraph (1) or to have disclosed false facts even in the absence of the act of the insurance intermediary prescribed in each of these items.

(4) The right to cancel under the provisions of paragraph (1) shall be extinguished if it is not exercised within one month from the time that the insurer becomes aware of the existence of grounds for cancellation under the provisions of said paragraph. The same shall apply when five years have elapsed from the time of the conclusion of the life insurance policy.

(Cancellation due to Increased Risk)

Article 56 (1) Where risk increases (meaning circumstances in which the risk in relation to the matters to be disclosed has increased, and the insurance premium specified by a life insurance policy falls short of the insurance premium calculated on the basis of such risk; hereinafter the same shall apply in this Article and Article 59, paragraph (2), item (ii)) after the conclusion of a life insurance policy, the insurer may cancel the life insurance policy if it satisfies all of the following requirements, even when it is possible to continue the life insurance policy on the assumption that the insurance premium is changed to an amount corresponding to the increased risk:

(i) there is a provision in the life insurance policy to the effect that when the matters to be disclosed which pertain to the increased risk change, the policyholder or the insured shall give notice to the insurer to that effect without delay; and

- (ii) the policyholder or the insured has failed intentionally or through gross negligence to give notice without delay as set forth in the preceding item.
- (2) The provisions of paragraph (4) of the preceding Article shall apply mutatis mutandis to the right to cancel under the provisions of the preceding paragraph. In this case, the phrase "time of the conclusion of the life insurance policy" in paragraph (4) of said Article shall be deemed to be replaced with "time that risk increases as prescribed in paragraph (1) of the following Article."

(Cancellation on Material Grounds)

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

- (i) the policyholder or the beneficiary has intentionally caused or attempted to cause the death of the insured with the intention of having the insurer make an insurance proceeds payment;
- (ii) the beneficiary has committed or attempted to commit fraud to claim an insurance payment under the life insurance policy; or
- (iii) in addition to what is listed in the preceding two items, other material grounds that undermine the insurer's trust in the policyholder, the insured or the beneficiary and make it difficult to maintain the life insurance policy.

(Request for Cancellation by Insured)

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

- (i) where the grounds listed in item (i) or item (ii) of the preceding Article exist;
  - (ii) in addition to what is listed in the preceding item, where there are other material grounds that undermine the insured's trust in the policyholder or the beneficiary and make it difficult to maintain the death insurance policy; and
  - (iii) where there is a significant change in the circumstances that the insured took into account as the basis for giving consent as set forth in Article 38, due to the termination of the family relationship between the policyholder and the insured or for any other reason.
- (2) A policyholder, when requested to cancel a death insurance policy pursuant to the provisions of the preceding paragraph, may cancel the death insurance policy.

(Effect of Cancellation)

Article 59 (1) The cancellation of a life insurance policy shall not have

retroactive effect.

- (2) Where an insurer has cancelled a life insurance policy pursuant to any of the provisions listed in the following items, the insurer shall not be liable to make an insurance proceeds payment in relation to the insured event specified in the respective item:
- (i) Article 55, paragraph (1): an insured event that occurred before the policy was cancelled, except for an insured event that occurred independently of the facts set forth in said paragraph;
  - (ii) Article 56, paragraph (1): an insured event that occurred during the period beginning after the risk increase which led to the cancellation until the policy is cancelled, except for an insured event that occurred independently of the cause of the increased risk; or
  - (iii) Article 57: an insured event that occurred during the period beginning after the grounds listed in the items of said Article arose until the policy is cancelled.

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

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

- (2) The cancellation prescribed in the preceding paragraph shall not be effective if a beneficiary (excluding a beneficiary who is a policyholder at the time of the notice prescribed in said paragraph, and limited to a beneficiary who is a relative of a policyholder or of an insured or who is an insured at that time; referred to as a "holder of the right to intervene" in the following paragraph and the following Article), before the expiration of the period set forth in the preceding paragraph, with the consent of the policyholder, pays a holder of the right to cancel the amount payable by the insurer and then gives notice of such payment on the assumption that the cancellation of the death insurance policy will become effective on the date of said notice.
- (3) Where the manifestation of intention to cancel prescribed in paragraph (1) is declared in an attachment procedure, or bankruptcy proceeding, rehabilitation proceeding or reorganization proceeding against a policyholder, when a holder of the right to intervene has made a payment and given notice under the provisions of the preceding paragraph, it shall be deemed, in relation to said attachment procedure, bankruptcy proceeding, rehabilitation proceeding or

reorganization proceeding, that the insurer has paid the amount payable upon the cancellation

- Article 61 (1) Where a creditor who has attached a monetary claim that a policyholder is to acquire against an insurer upon the cancellation of a death insurance policy gives notice as prescribed in paragraph (1) of the preceding Article, a holder of the right to intervene may make the payment under the provisions of paragraph (2) of said Article through such a deposit in cases where the insurer would be permitted to make a deposit under the Civil Execution Act (Act No. 4 of 1979) or other laws and regulations if the insurer paid the attached monetary claim at the time of payment under the provisions of paragraph (2) of said Article.
- (2) Where the notice set forth in the preceding paragraph is given, if the insurer is obliged to make a deposit under the Civil Execution Act or other laws and regulations provided that the insurer pays the attached monetary claim for payment under the provisions of paragraph (2) of the preceding Article, a holder of the right to intervene shall make the payment under the provisions of paragraph (2) of said Article by making such a deposit.
- (3) When a holder of the right to intervene has made a payment by making a deposit pursuant to the provisions of the preceding two paragraphs, it shall be deemed, in relation to the attachment procedure in which such deposit is made, that the insurer has made the payment of the attached monetary claim by making the deposit.
- (4) A holder of the right to intervene shall, when the holder has made a deposit under the provisions of paragraph (1) or paragraph (2), provide the notification that a third party obligor is required to provide to the execution court or other government agency or public office under the provisions of the Civil Execution Act and other laws and regulations.

Article 62 (1) When an insurer is required to make an insurance proceeds payment due to the fact that an insured event occurred during the period starting after the time of the notice prescribed in Article 60, paragraph (1) until the cancellation prescribed in Article 60, paragraph (1) becomes effective or until the cancellation is prevented from becoming effective pursuant to the provisions of paragraph (2) of said Article, the insurer shall pay a holder of the right to cancel the amount prescribed in paragraph (2) of said Article, up to the amount of the insurance proceeds payment thus required. In this case, it shall be sufficient for the insurer to provide a beneficiary with an insurance proceeds payment corresponding to the amount that remains after deducting the amount paid to the holder of the right to cancel from the amount of such required insurance proceeds payment.

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

(Refund of Premium Reserve)

Article 63 When a life insurance policy is terminated on the following grounds, an insurer shall refund to the policyholder the premium reserve (meaning the portion of the total amount of insurance premiums received, which is appropriated as a reserve for an insurance proceeds payment under the life insurance policy equivalent to the amount calculated by applying the assumed mortality rate, the assumed interest rate and any other bases of calculation applicable when determining the insurance premium or the amount of the insurance proceeds payment) as of the time of the termination; provided, however, that this shall not apply when an insurer is liable to carry out an insurance proceeds payment:

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

(Limitations on Return of Insurance Premiums)

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

- (i) where an insurer has rescinded the insurer's manifestation of intent relating to a life insurance policy by reason of fraud or duress by a policyholder, insured or beneficiary; and
- (ii) where a death insurance policy shall be void pursuant to the provisions of Article 39, paragraph (1), except where the insurer has made an offer of or accepted the death insurance policy with awareness of the occurrence of any insured event.

(Mandatory Rule)

Article 65 A contractual provision that runs counter to any of the provisions listed in the following items and is unfavorable to the persons specified in the respective items shall be void:

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

**Chapter IV Fixed Amount Accident and Health Insurance**  
**Section 1 Formation**

(Duty of Disclosure)

Article 66 A person that is to be a policyholder or an insured shall, upon concluding a fixed amount accident and health insurance policy, disclose facts with regard to material matters concerning the likelihood of grounds for claim payment occurring (the term "grounds for claim payment" means medical treatment, death or any other event arising from an injury or illness specified by a fixed amount accident and health insurance policy as a requirement for payment of an insurance claim; hereinafter the same shall apply in this Chapter) (such likelihood shall hereinafter be referred to as "risk" in this Chapter), about which a person that is to be an insurer requires disclosure (referred to as "matters to be disclosed" in Article 84, paragraph (1) and Article 85, paragraph (1)).

(Consent of Insured)

Article 67 (1) A fixed amount accident and health insurance policy under which the insured is a person other than a party to the policy shall not be effective without the consent of the insured; provided, however, that this shall not apply where the insured (in the case of an insurance proceeds payment in relation to the insured's death, the insured or the insured's heir(s)) is a beneficiary.

(2) The proviso to the preceding paragraph shall not apply to a fixed amount accident and health insurance policy which only covers death arising from an injury or illness as grounds for claim payment.

(Retroactive Insurance)

Article 68 (1) A provision to the effect that an insurance proceeds payment shall be made on the basis of grounds for claim payment that occurred before a fixed amount accident and health insurance policy was concluded shall be void if, at the time that the policyholder made the offer of or accepted the fixed amount accident and health insurance policy, the policyholder, the insured or the beneficiary knew that grounds for claim payment had already occurred.

(2) A provision to the effect that an insurance proceeds payment shall be made on the basis of grounds for claim payment that occurred before an offer of a fixed amount accident and health insurance policy was made shall be void if, at the time that the insurer or the policyholder made the offer of the fixed amount accident and health insurance policy, the insurer knew that no grounds for claim payment had occurred.

(Delivery of Document Upon Conclusion of Fixed Amount Accident and Health Insurance Policy)

Article 69 (1) An insurer shall, when the insurer has concluded a fixed amount accident and health insurance policy, deliver to the policyholder a document stating the following matters without delay:

- (i) the name of the insurer;
- (ii) the name of the policyholder;
- (iii) the name of the insured or other matters necessary to identify the insured;
- (iv) the name of the beneficiary or other matters necessary to identify the beneficiary;
- (v) the grounds for claim payment;
- (vi) the period specified by the fixed amount accident and health insurance policy during which an insurance proceeds payment will be made if an injury, illness or other ground for payment occurs during said period
- (vii) the amount of the insurance proceeds payment and the method of providing it;
- (viii) the insurance premium and the method of payment thereof;
- (ix) if it is provided that notice should be given as set forth in Article 85, paragraph (1), item (i), such provision;
- (x) the date on which the fixed amount accident and health insurance policy is concluded; and
- (xi) the date on which the document is prepared.

(2) The insurer (in the case of a juridical person or any other association, its representative) shall sign or affix the insurer's name and seal to the document set forth in the preceding paragraph.

(Mandatory Rule)

Article 70 A contractual provision that runs counter to the provisions of Article 66 and is unfavorable to a policyholder or an insured, and a contractual provision that is incompatible with the provisions of Article 68, paragraph (2) and is unfavorable to a policyholder shall be void.

**Section 2 Effect**

(Fixed Amount Accident and Health Insurance Policy for Third Party Beneficiary)

Article 71 If the beneficiary is a person other than a party to a fixed amount accident and health insurance policy, the beneficiary shall enjoy the benefit of the fixed amount accident and health insurance policy by operation of law.

(Change of Beneficiary)

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

(2) The change of the beneficiary shall be made by a manifestation of the intention to make such a change to the insurer.

(3) The manifestation of intention set forth in the preceding paragraph shall become effective as of the time such notice is dispatched; provided, however, that this shall not preclude the effect of any insurance proceeds payment that has been made before such notice reaches the insurer.

(Change of Beneficiary by Will)

Article 73 (1) A beneficiary may also be changed using a will.

(2) The change of a beneficiary using a will may not be duly asserted against the insurer unless the policyholder's heir gives notice to the insurer of such change after the will becomes effective.

(Consent of Insured to Change of Beneficiary)

Article 74 (1) The change of a beneficiary shall not be effective without the consent of the insured; provided, however, that this shall not apply where the insured (in the case of an insurance proceeds payment in relation to the insured's death, the insured or the insured's heir(s)) is the new beneficiary.

(2) The provision of the proviso to the preceding paragraph shall not apply to a fixed amount accident and health insurance policy which only covers death arising from an injury or illness as grounds for claim payment.

(Death of Beneficiary)

Article 75 If a beneficiary dies before the occurrence of grounds for claim payment, all of the beneficiary's heirs shall be beneficiaries.

(Consent of Insured to Assignment, etc. of Right to Claim an Insurance Payment)

Article 76 The assignment of a right to claim an insurance payment or the creation of a pledge on such a right (excluding the creation of such a pledge after the occurrence of grounds for claim payment) shall not be effective without the consent of the insured.

(Decrease in Risk)

Article 77 If the risk has significantly decreased after the conclusion of a fixed amount accident and health insurance policy, the policyholder may request that the insurer reduce future insurance premiums to an amount corresponding to such decreased risk.

(Mandatory Rule)

Article 78 A contractual provision that runs counter to the provisions of Article 71 and is unfavorable to a beneficiary, and a contractual provision that runs counter to the provisions of the preceding Article and is unfavorable to a policyholder, shall be void.

### **Section 3 Insurance Proceeds Payment**

(Notice of Occurrence of Grounds for Claim Payment)

Article 79 When a policyholder, insured, or beneficiary becomes aware of the occurrence of grounds for claim payment, the policyholder, insured, or beneficiary shall send a notice to that effect to an insurer without delay.

(Exemption of Insurer from Liability)

Article 80 An insurer shall not be liable to make an insurance proceeds payment in the following cases; provided, however, that this shall not apply in the case set forth in item (iii) with regard to the insurer's liability to any beneficiary other than the beneficiary that has led to the occurrence of grounds for claim payment:

- (i) where an insured is responsible for the occurrence of grounds for claim payment intentionally or by gross negligence;
- (ii) where a policyholder is responsible for the occurrence of grounds for claim payment intentionally or by gross negligence (excluding the case set forth in the preceding item);
- (iii) where a beneficiary is responsible for the occurrence of grounds for claim payment intentionally or through gross negligence (excluding the cases listed in the preceding two items); and
- (iv) where grounds for claim payment occur due to a war or any other social disturbance.

(Due Date for Payment of Insurance Claim)

Article 81 (1) Even where a due date for payment of an insurance claim is designated, if said due date falls after a period of time reasonable to confirm the grounds for claim payment, the exceptions of the insurer from liability and other matters that need to be confirmed under a fixed amount accident and health insurance policy, the day on which such period expires shall be the due date.

(2) If no due date is designated for payment of an insurance claim, the insurer shall not be responsible for any delay until after the insurance payment is claimed and the period of time necessary to confirm the grounds for claim payment pertaining to said claim expires.

(3) When the insurer conducts an investigation necessary to confirm the matters prescribed in the preceding two paragraphs, if the policyholder, the insured or the beneficiary obstructs or refuses to cooperate with the investigation without justifiable grounds, the insurer shall not be responsible for any delay in paying an insurance claim caused by such obstruction or refusal.

(Mandatory Rule)

Article 82 A contractual provision that runs counter to the provisions of paragraph (1) or paragraph (3) of the preceding Article and is unfavorable to a beneficiary shall be void.

#### **Section 4 Termination**

(Cancellation by Policyholder)

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

(Cancellation by reason of Nondisclosure)

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

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

(i) where an insurer knew or was negligent in not knowing the facts set forth in the preceding paragraph at the time of the conclusion of a fixed amount accident and health insurance policy;

(ii) where an insurance intermediary has hindered a policyholder or an insured from disclosing facts set forth in the preceding paragraph; and

(iii) where an insurance intermediary has encouraged a policyholder or an insured not to disclose the facts set forth in the preceding paragraph or to disclose false facts.

(3) The provisions of item (ii) and item (iii) of the preceding paragraph shall not apply where the policyholder or the insured can be found to have failed to disclose the facts set forth in paragraph (1) or to have disclosed false facts even in the absence of an act by the insurance intermediary prescribed in each of the respective items.

(4) The right to cancel under the provisions of paragraph (1) shall be extinguished if it is not exercised within one month from the time that the insurer becomes aware of the existence of grounds for cancellation under the

provisions of said paragraph. The same shall apply when five years have elapsed from the time of the conclusion of the fixed amount accident and health insurance policy.

(Cancellation by Reason of Increased Risk)

Article 85 (1) Where increased risk arises (meaning circumstances in which the risk in relation to matters to be disclosed increases, causing the insurance premium specified by a fixed amount accident and health insurance policy to fall short of the insurance premium calculated on the basis of such risk; hereinafter the same shall apply in this Article and in Article 88, paragraph (2), item (ii)) after the conclusion of a fixed amount accident and health insurance policy, the insurer may cancel the fixed amount accident and health insurance policy if it satisfies all of the following requirements, even when it is possible to continue the fixed amount accident and health insurance policy on the assumption that the insurance premiums are changed to an amount corresponding to the increased risk:

(i) there is a provision in the fixed amount accident and health insurance policy to the effect that when the matters to be disclosed pertaining to the increased risk have changed, the policyholder or the insured shall give notice to the insurer to that effect without delay; and

(ii) the policyholder or the insured has failed intentionally or through gross negligence to give notice without delay as set forth in the preceding item.

(2) The provisions of paragraph (4) of the preceding Article shall apply mutatis mutandis to the right to cancel under the provisions of the preceding paragraph. In this case, the phrase "time of the conclusion of the fixed amount accident and health insurance policy" in paragraph (4) of said Article shall be deemed to be replaced with "time when an increased risk as prescribed in paragraph (1) of the following Article arises."

(Cancellation on Material Grounds)

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

(i) the policyholder, the insured or the beneficiary has intentionally caused or attempted to cause the occurrence of an insurance claim payment with the intention of having the insurer make an insurance proceeds payment under the fixed amount accident and health insurance policy;

(ii) the beneficiary has committed or attempted to commit fraud in claiming an insurance payment under the fixed amount accident and health insurance policy; or

(iii) in addition to what is listed in the preceding two items, other material grounds that undermine the insurer's trust in the policyholder, the insured

or the beneficiary and make it difficult to maintain the fixed amount accident and health insurance policy.

(Request for Cancellation by Insured)

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

- (i) the case prescribed in the proviso to Article 67, paragraph (1) (excluding a case in which the consent set forth in said paragraph is given);
  - (ii) the case where the grounds listed in item (i) or item (ii) of the preceding Article exist;
  - (iii) in addition to what is listed in the preceding item, where other material grounds that undermine the insured's trust in the policyholder or the beneficiary and make it difficult to maintain the fixed amount accident and health insurance policy; and
  - (iv) in the case of a significant change in the circumstances that the insured took into account as the basis for giving consent as set forth in Article 67, paragraph (1), due to the termination of the family relationship between the policyholder and the insured or for any other reason.
- (2) A policyholder, when requested to cancel a fixed amount accident and health insurance policy pursuant to the provisions of the preceding paragraph, may cancel the fixed amount accident and health insurance policy.

(Effect of Cancellation)

Article 88 (1) The cancellation of a fixed amount accident and health insurance policy shall not be effective retroactively.

(2) Where an insurer cancels a fixed amount accident and health insurance policy pursuant to any of the provisions listed in the following items, the insurer shall not be liable to make an insurance proceeds payment based on the cause specified in the respective item:

- (i) Article 84, paragraph (1): an injury or illness that occurs before the policy is cancelled, except for an injury or illness that occurs independently of the facts set forth in said paragraph;
- (ii) Article 85, paragraph (1): an injury or illness that occurs during the period after the increased risk leading to the cancellation occurs until the policy is cancelled, except for an injury or illness that occurred independently of the cause of the increased risk; or
- (iii) Article 86: grounds for claim payment that occur during the period after the grounds listed in the items of said Article arise until the policy is cancelled.

(Effect of Cancellation by a Person other than a Party to the Policy)

- Article 89 (1) The cancellation of a fixed amount accident and health insurance policy (limited to such a policy with a premium reserve as prescribed in Article 92; hereinafter the same shall apply in this Article to Article 91) by an attaching creditor, bankruptcy trustee or any person that may cancel the policy except for the parties to the fixed amount accident and health insurance policy (referred to as a "holder of the right to cancel" in the following paragraph and Article 91) shall become effective on the day on which one month has elapsed after the insurer receives the notice of cancellation.
- (2) The cancellation prescribed in the preceding paragraph shall not be effective if, before the expiration of the period set forth in the preceding paragraph, a beneficiary (excluding a beneficiary who is a policyholder at the time of the notice prescribed in said paragraph, and limited to a beneficiary who is a relative of a policyholder or of an insured or who is an insured at that time; referred to as a "holder of the right to intervene" in the following paragraph and the following Article), with the consent of the policyholder, pays a holder of the right to cancel the amount payable by the insurer to the holder of the right to cancel on the assumption that the cancellation of the fixed amount accident and health insurance policy becomes effective on the date of said notice, and then gives notice of such payment to the insurer.
- (3) Where the manifestation of intention to cancel prescribed in paragraph (1) is made in an attachment procedure, bankruptcy proceeding, rehabilitation proceeding or reorganization proceeding against a policyholder, when a holder of the right to intervene has made a payment and given notice under the provisions of the preceding paragraph, it shall be deemed, in relation to said attachment procedure, bankruptcy proceeding, rehabilitation proceeding or reorganization proceeding, that the insurer has paid the amount payable upon the cancellation

Article 90 (1) Where a creditor who has attached a monetary claim that a policyholder is to acquire against an insurer upon the cancellation of a fixed amount accident and health insurance policy gives notice as prescribed in paragraph (1) of the preceding Article, and where the insurer is permitted to make a deposit under the Civil Execution Act or other laws and regulations if the insurer pays the attached monetary claim at the time of payment under the provisions of paragraph (2) of said Article, a holder of the right to intervene may make the payment under the provisions of paragraph (2) of said Article by making the deposit.

- (2) Where the notice set forth in the preceding paragraph is given, and where the insurer is obliged to make a deposit under the Civil Execution Act or other

laws and regulations if the insurer pays the attached monetary claim at the time of payment under the provisions of paragraph (2) of the preceding Article, a holder of the right to intervene shall make the payment under the provisions of paragraph (2) of said Article by making the deposit.

- (3) When a holder of the right to intervene has made a payment by making a deposit pursuant to the provisions of the preceding two paragraphs, it shall be deemed, in relation to the attachment procedure in which such deposit is made, that the insurer has made the payment of the attached monetary claim by making the deposit.
- (4) A holder of the right to intervene shall, when the holder has made a deposit under the provisions of paragraph (1) or paragraph (2), provide the notification that the third party is required to make to the execution court or other government agency or public office under the provisions of the Civil Execution Act or other laws and regulations.

Article 91 (1) Where an insurer is required to make an insurance proceeds payment due to the occurrence of an insured event during the period from the time of the notice prescribed in Article 60, paragraph (1) until the cancellation prescribed in Article 89, paragraph (1) becomes effective, or until the cancellation is prevented from becoming effective pursuant to the provisions of paragraph (2) of said Article, if a fixed amount accident and health insurance policy is to be terminated by the making of the insurance proceeds payment, the insurer shall pay a holder of the right to cancel the amount prescribed in paragraph (2) of said Article, up to the amount of the insurance proceeds payment thus required. In this case, it shall be sufficient for the insurer to provide a beneficiary with an insurance proceeds payment corresponding to the amount that remains after deducting the amount paid to the holder of the right to cancel from the amount of such required insurance proceeds payment.

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

(Refund of Premium Reserve)

Article 92 When a fixed amount accident and health insurance policy is terminated on the following grounds, an insurer shall refund to a policyholder the premium reserve (meaning the portion of the total insurance premiums received which is equivalent to the amount calculated by applying the rate of the occurrence of grounds for claim payment, the assumed interest rate and any other basis of calculation applicable when determining the insurance premium or the amount of the insurance proceeds payment retained as a reserve to be appropriated for an insurance proceeds payment under the fixed

amount accident and health insurance policy) as of the time of the termination; provided, however, that this shall not apply when an insurer is liable to make an insurance proceeds payment:

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

(Limitation of Return of Insurance Premiums)

Article 93 An insurer shall not be liable to refund insurance premiums in the following cases:

- (i) where the insurer has rescinded insurer's manifestation of intention relating to a fixed amount accident and health insurance policy by reason of fraud or duress by a policyholder, insured or beneficiary; and
- (ii) where a fixed amount accident and health insurance policy is void pursuant to the provisions of Article 68, paragraph (1), except where the insurer has made an offer of or accepted the fixed amount accident and health insurance policy, with awareness of the occurrence of any insured event.

(Mandatory Rule)

Article 94 A contractual provision that is incompatible with the provisions listed in each of the following items and is unfavorable to the persons specified in the respective items shall be void:

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

## **Chapter V Miscellaneous Provisions**

(Extinctive Prescription)

Article 95 (1) The right to claim an insurance payment, the right to claim a refund of insurance premiums and the right to claim a refund of a premium reserve prescribed in Article 63 or Article 92 shall be extinguished by prescription if they are not exercised within three years.

(2) The right to claim insurance premiums shall be extinguished by prescription if it is not exercised within one year.

(Bankruptcy of Insurer)

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

### **Supplementary Provisions**

(Effective Date)

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

(Principle of Transitional Measures)

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

(Transitional Measures Concerning Prior Non-life Insurance Policies)

- Article 3 (1) The provisions of Article 10, Article 11, Article 12 (limited to the part pertaining to a contractual provision that runs counter to the provisions of Article 10 and Article 11; hereinafter the same shall apply in this paragraph), Article 30 (including cases where applied by replacement of the relevant terms and phrases pursuant to the provisions of Article 35; hereinafter the same shall apply in this paragraph), Article 31, paragraph (1) (limited to the part pertaining to cancellation under the provisions of Article 30 or Article 96, paragraph (1); hereinafter the same shall apply in this paragraph), Article 31, paragraph (2), item (iii), Article 33, paragraph (1) (limited to the part pertaining to a contractual provision that is incompatible with the provisions of Article 30 and Article 31, paragraph (1) and paragraph (2), item (iii), and including cases where applied by replacement of the relevant terms and phrases pursuant to the provisions of Article 35), and Article 36 (limited to the part pertaining to a contractual provision that runs counter to the provisions of Article 12 and Article 33, paragraph (1) (limited to the part pertaining to a contractual provision that runs counter to the provisions of Article 30 and Article 31, paragraph (1) and paragraph (2), item (iii))) shall also apply to a non-life insurance policy concluded before the date of enforcement (hereinafter

referred to as a "prior non-life insurance policy" in this Article).

- (2) Where an insured event (meaning an insured event prescribed in Article 5, paragraph (1); hereinafter the same shall apply in this Article) under a prior non-life insurance policy occurs on or after the date of enforcement, the provisions of Article 15, Article 21 (including cases where applied by replacement of the relevant terms and phrases pursuant to the provisions of Article 35), Article 26 (limited to the part pertaining to a contractual provision that is incompatible with the provisions of Article 15 and Article 21, paragraph (1) and paragraph (3) (including cases where applied by replacement of the relevant terms and phrases pursuant to the provisions of Article 35), and including cases where applied by replacement of the relevant terms and phrases pursuant to the provisions of Article 35), and Article 36 (limited to the part pertaining to Article 26 (limited to the part pertaining to a contractual provision that is incompatible with the provisions of Article 15 and Article 21, paragraph (1) and paragraph (3))) shall apply.
- (3) Where an insured event under a prior non-life insurance policy occurs on or after the date of enforcement, the provisions of Article 22, paragraph (1) and paragraph (2) shall apply.
- (4) Where the right to claim an insurance payment under a prior non-life insurance policy (excluding such a right pertaining to an insured event that occurred before the date of enforcement) is assigned, pledged or attached on or after the date of enforcement, the provisions of Article 22, paragraph (3) shall apply.

(Transitional Measures Concerning Prior Life Insurance Policies)

- Article 4 (1) The provisions of Article 47 (limited to the part pertaining to the creation of a pledge on or after the date of enforcement), Article 48, Article 49 (limited to the part pertaining to a contractual provision that runs counter to the provisions of Article 48), Article 57, Article 59, paragraph (1) (limited to the part pertaining to cancellation under the provisions of Article 57 or Article 96, paragraph (1); hereinafter the same shall apply in this paragraph), Article 59, paragraph (2), item (iii), and Article 65, item (ii) (limited to the part pertaining to a contractual provision that runs counter to the provisions of Article 57 and Article 59, paragraph (1) and paragraph (2), item (iii)) shall also apply to a life insurance policy concluded before the date of enforcement (hereinafter referred to as a "prior life insurance policy" in this Article).
- (2) Where an insured event (meaning an insured event as prescribed in Article 37) under a former life insurance policy occurs on or after the date of enforcement, the provisions of Article 52 and Article 53 shall apply.
  - (3) Where a holder of the right to cancel (meaning a holder of the right to cancel prescribed in Article 60, paragraph (1)) a death insurance policy prescribed in

Article 38 that was concluded before the date of enforcement cancels the death insurance policy on or after the date of enforcement, the provisions of Article 60 to Article 62 shall apply.

(Transitional Measures Concerning Prior Fixed Amount Accident and Health Insurance Policies)

- Article 5 (1) The provisions of Article 76 (limited to the part pertaining to the creation of a pledge on or after the date of enforcement), Article 77, Article 78 (limited to the part pertaining to a contractual provision that runs counter to the provisions of Article 77), Article 86, Article 88, paragraph (1) (limited to the part pertaining to cancellation under the provisions of Article 86 or Article 96, paragraph (1); hereinafter the same shall apply in this paragraph), Article 88, paragraph (2), item (iii), and Article 94, item (ii) (limited to the part pertaining to a contractual provision that is incompatible with the provisions of Article 86 and Article 88, paragraph (1) and paragraph (2), item (iii)) shall also apply to a fixed amount accident and health insurance policy concluded before the date of enforcement (hereinafter referred to as a "prior fixed amount accident and health insurance policy" in this Article).
- (2) Where grounds for claim payment (meaning grounds for claim payment prescribed in Article 66) under a prior fixed amount accident and health insurance policy occur on or after the date of enforcement, the provisions of Article 81 and Article 82 shall apply.
- (3) Where a holder of the right to cancel (meaning a holder of the right to cancel prescribed in Article 89, paragraph (1)) a prior fixed amount accident and health insurance policy cancels the prior fixed amount accident and health insurance policy on or after the date of enforcement, the provisions of Article 89 to Article 91 shall apply.

(Transitional Measures Concerning Bankruptcy of Insurer)

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