

Order on Authorized Specified Insurers

(Order of the Cabinet Office, the Ministry of Internal Affairs and Communications, the Ministry of Justice, the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of the Environment No. 1 of May 13, 2011)

Pursuant to the provisions of the Act Partially Amending the Insurance Business Act (Act No. 38 of 2005) and the Cabinet Order Partially Amending the Order for Enforcement of the Insurance Business Act (Cabinet Order No. 33 of 2006), and for the purpose of the implementation of the same Act, the Order on Authorized Specified Insurers is provided as follows.

Chapter I General Provisions (Article 1)

Chapter II Authorization of Specified Insurance Business (Articles 2 to 15)

Chapter III Transfer of Insurance Contracts of Specified Insurers under the Former Act (Articles 16 to 21)

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Chapter V Transfer of Insurance Contracts; Assignment or Acquisition of Business; and Entrustment of Business and Property Management Service
Section 1 Transfer of Insurance Contracts (Articles 69 to 74)

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Chapter VI Dissolution, Merger and Liquidation

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Section 2 Merger (Articles 81 to 89)

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Chapter VII Insurance Solicitation (Articles 94 to 96)

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Supplementary Provisions

Chapter I General Provisions

(Definitions)

Article 1 (1) In this Order, the term "Insurance Business", "Insurance Company", "Life Insurance Company", "Foreign Insurer", "Foreign Insurance Company, etc.", "Foreign Life Insurance Company, etc." or "Small Amount and Short

Term Insurance Company" means the Insurance Business, Insurance Company, Life Insurance Company, Foreign Insurer, Foreign Insurance Company, etc., Foreign Life Insurance Company, etc. or Small Amount and Short Term Insurance Company provided in Article 2 of the Insurance Business Act (Act No. 105 of 1995; hereinafter referred to as the "Act"), respectively.

(2) In this Order, the meanings of the terms set forth in the following items are as set forth in the respective items:

- (i) the term "Specified Insurance Business" means the Specified Insurance Business provided in Article 2, paragraph (1) of the Supplementary Provisions to the Act Partially Amending the Insurance Business Act (Act No. 38 of 2005; hereinafter referred to as the "Amendment Act");
- (ii) the term "Authorized Specified Insurer" means an Authorized Specified Insurer provided in Article 2, paragraph (7), item (i), (e), 7. of the Supplementary Provisions to the Amendment Act;
- (iii) the term "Subsidiary Company" means a Subsidiary Company provided in Article 4, paragraph (5) of the Supplementary Provisions to the Amendment Act;
- (iv) the term "Insurance Solicitation" means an Insurance Solicitation provided in Article 4-2 of the Supplementary Provisions to the Amendment Act.

Chapter II Authorization of Specified Insurance Business

(Persons with Close Relationship with Persons Formerly Engaged in Specified Insurance Business)

Article 2 The persons specified by order of the competent ministry, referred to in Article 2, paragraph (1) of the Supplementary Provisions to the Amendment Act (hereinafter referred to as a "Closely Related Person"), is a general incorporated association or general incorporated foundation, which is deemed substantially identical with the person actually engaged in Specified Insurance Business at the time of the promulgation of the Amendment Act (hereinafter referred to as "Specified Insurer under Former Act"), judging from the matters set forth in the following items:

- (i) purpose of the corporation;
- (ii) composition of members or councilors of the corporation; and
- (iii) composition of directors and inspectors of the corporation.

(Methods of Calculation of Amount of Net Assets)

Article 3 (1) The method specified by order of the competent ministry, referred to in Article 2, paragraph (2), item (ii) of the Supplementary Provisions to the Amendment Act, is the method of calculation by deducting the total of the amounts to be reported in the liabilities section of balance sheet (excluding the

total of the following amounts) from the total of the amounts to be reported in the asset section of the balance sheet:

- (i) amount equivalent to a price fluctuation reserve, referred to in Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; and
 - (ii) amount equivalent to extraordinary contingency reserve under Article 43, paragraph (1), item (iii).
- (2) The assessment of assets and liabilities under the preceding paragraph must be made based on values thereof assessed in accordance with the accounting practices that are generally accepted as fair and appropriate as of the day of the calculation.
- (3) In the case referred to in the preceding paragraph, if any of the cases set forth in the following items is applicable, the amount specified in the relevant item is deemed as the assessed amount:
- (i) cases where there is a risk of non-collectability of monetary claim or bonds without market price: the amount after deducting the prospective uncollectible amount;
 - (ii) in relation to any share without market price, cases where the asset standing of the issuer is extremely deteriorated: the amount after making an appropriate reduction;
 - (iii) cases where the market price of current assets other than those specified in the preceding two items is extremely lower than their book value, and where it is considered difficult for the value to recover to the level of book value: the relevant market price;
 - (iv) in relation to fixed assets other than those specified in item (i) or (ii), if there occurs any underdepreciation or unpredictable impairment loss: the amount after deducting the amount of underdepreciation or making an appropriate reduction;
 - (v) if there is underdepreciation in relation to deferred assets: the amount after deducting the amount of underdepreciation.

(Documents to Be Attached to Written Application for Authorization)

Article 4 The documents specified by order of the competent ministry, referred to in Article 2, paragraph (3) of the Supplementary Provisions to the Amendment Act, are the documents set forth in the following (in case of documents certified by a public agency, the documents must have been prepared within three months prior to the date of application of the authorization under paragraph (1) of the same Article (hereinafter referred to as an "application for authorization" in this Article)):

- (i) a certificate of registered information of the general incorporated

- association or general incorporated foundation;
- (ii) a business plan for three business years in relation to Specified Insurance Business (including any business incidental thereto and an insurance agency service (meaning an insurance agency service provided in Article 4, paragraph (6) of the Supplementary Provisions to the Amendment Act); the same applies in the following item and item (xiv));
 - (iii) a business plan for three business years relating to the business other than the Specified Insurance Business;
 - (iv) the latest balance sheet, profit and loss statement and any other document which shows recent business, assets and profit and loss standings of the applicant for authorization;
 - (v) a name list of members, in case of a general incorporated association; or a name list of founders and councilors, in case of a general incorporated foundation;
 - (vi) curricula vitae of directors and inspectors;
 - (vii) a document in which the director and inspector pledge that they do not fall under any of the persons specified in Article 2, paragraph (7), item (i), (e), 1. to 10. of the Supplementary Provisions to the Amendment Act;
 - (viii) in case of an applicant required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the following documents:
 - (a) a curriculum vitae for the person to be appointed an responsible actuary;
 - (b) a document certifying that the person to be appointed an responsible actuary satisfies the requirements provided by order of the competent ministry, referred to in Article 120, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
 - (c) a written opinion from the person to be appointed an responsible actuary that the method of calculation of insurance premiums and policy reserve specified in a document set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act is reasonable and appropriate based on actuarial science; and
 - (d) a written opinion containing the verification findings of the person to be appointed an responsible actuary as to whether the amount equivalent to policy reserve for insurance contracts underwritten at the time of the application for authorization is set aside according to a reasonable and appropriate method based on actuarial science;
 - (ix) a document containing calculation basis of the amount of net assets

- (meaning the amount calculated pursuant to Article 2, paragraph (2), item (ii) of the Supplementary Provisions to the Amendment Act; the same applies in the following item and Article 11, paragraph (1));
- (x) in the case of a person having net assets less than the amount specified in Article 11, paragraph (1), item (i), a document specifying a plan to ensure compliance with the criteria under item (ii) of the same paragraph (or, in the case where the period for implementation of the plan exceeds five years, including a document specifying the unavoidable reason for the period exceeding five years, and a written opinion specifying the verification findings on the feasibility of achieving the purpose of the plan, prepared by a person who satisfies the requirements specified by order of the competent ministry, referred to in Article 120, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms);
- (xi) a document specifying the status of securing employees with knowledge and experience in Specified Insurance Business;
- (xii) in the case of a person making an application for authorization as a Specified Insurer under Former Act, a document expressly describing that the person falls under the category of Specified Insurer under Former Act;
- (xiii) in the case of a person making an application for authorization as a Closely Related Person, a document expressly describing that the person falls under the category of Closely Related Person;
- (xiv) if the applicant engages in any business other than Specified Insurance Business, the documents specifying the following matters:
- (a) type of the business;
 - (b) method of the business;
 - (c) actual or slated year/month/date for starting the business;
 - (d) organizations having jurisdiction over the business and personnel staffing; and
 - (e) internal rules, etc. (meaning internal rules and any other rules equivalent thereto; the same applies in Article 26 and Article 63, paragraph (2), item (iii)) on operation of the business;
- (xv) in the case of a person who undertakes to acquire insurance contracts from a transferor provided in Article 135, paragraph (3) of the Act, pursuant to the provisions of paragraph (1) of the same Article as applied *mutatis mutandis* pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written contract for the contract under Article 135, paragraph (1) of the Act;
- (xvi) if an applicant for authorization has a subsidiary company, etc. (meaning

a subsidiary company, etc. provided in Article 132, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies in this item, Article 75, item (vii) and Article 96, item (iii)), the following documents:

- (a) a document specifying the trade name or name of the subsidiary company, etc. as well as the location of its main office or principal office;
 - (b) a document specifying the title and name of the officers of the subsidiary company, etc. (if the officer is a corporation, including the person to perform the duties of the corporation);
 - (c) a document specifying the details of business of the subsidiary company, etc.; and
 - (d) the latest balance sheet, profit and loss statement and any other document which shows recent business, assets and profit and loss standings of the subsidiary company, etc.;
- (xvii) beyond what is set forth in the preceding items, documents as may be deemed necessary by an administrative authority.

(Matters Necessary for Clarifying Compliance with Criteria under Article 2, Paragraph (7), Item (ii) of the Supplementary Provisions of the Amendment Act)

Article 5 The matters specified by order of the competent ministry, referred to in Article 2, paragraph (3), item (v) of the Supplementary Provisions to the Amendment Act, are the matters set forth in the following in relation to Specified Insurance Business actually conducted by an applicant for authorization (or, in the case where the applicant for authorization is a Closely Related Person, the Specified Insurer under Former Act whose Closely Related Person is the applicant for authorization) at the time of the promulgation of the Amendment Act:

- (i) types of insurance;
- (ii) scope of policyholders;
- (iii) scope of insured persons or purpose of insurance; and
- (iv) grounds of payment of insurance proceeds.

(Electronic or Magnetic Records)

Article 6 The record specified by order of the competent ministry, referred to in Article 4, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 2, paragraph (4) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, and the electronic or magnetic record specified by order of the competent ministry, referred to in Article 176 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of

the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are information recorded in a file that has been prepared using media which can securely record certain information on magnetic disks or by any other means equivalent thereto.

(Matters to Be Included in Business Method Statement)

Article 7 The matters specified by order of the competent ministry, referred to in Article 2, paragraph (6) of the Supplementary Provisions to the Amendment Act, are as set forth in the following, in the case of a document set forth in paragraph (3), item (ii) of the same Article:

- (i) types of insurance;
- (ii) scope of policyholders;
- (iii) scope of insured persons or purpose of insurance;
- (iv) matters relating to insurance proceeds and insured period;
- (v) matters relating to designation of insured persons or purpose of insurance, as well as procedures for executing an insurance contract;
- (vi) matters relating to receipt of insurance premiums, as well as payment of insurance proceeds, insurance premiums refund or any other refund;
- (vii) matters to be included in an insurance policy certificate (meaning a document under Article 6, paragraph (1), Article 40, paragraph (1) or Article 69, paragraph (1) of the Insurance Act (Act No. 56 of 2008)), an insurance contract application form, and documents to be attached to these;
- (viii) matters relating to special provisions of an insurance contract;
- (ix) matters relating to policy dividends (meaning policy dividends provided in Article 114, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies hereinafter);
- (x) matters relating to transactions in the case of change to an amount of insurance proceeds, type of insurance or insured period;
- (xi) in the case of creating a special account (meaning a special account provided in Article 118, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies hereinafter), the matters set forth in the following:
 - (a) type of insurance contracts for which a special account is to be created;
 - (b) type of properties in the special account and evaluation method thereof; and
 - (c) date on which all or part of insurance premiums is to be transferred to the special account.

(Matters to Be Included in General Policy Conditions)

Article 8 The matters specified by order of the competent ministry, referred to in Article 2, paragraph (6) of the Supplementary Provisions to the Amendment Act, are as set forth in the following, in the case of a document set forth in paragraph (3), item (iii) of the same Article:

- (i) grounds of payment of insurance proceeds;
- (ii) grounds for invalidity of insurance contract;
- (iii) grounds to release an insurer from obligations under an insurance contract;
- (iv) matters relating to increase of insurance premiums or reduction of insurance proceeds;
- (v) method of determining the scope of obligations of an insurer, as well as the timing of performance of the obligations;
- (vi) disadvantages to a policyholder or insured person in the case of non-performance of their obligations under the policy conditions;
- (vii) grounds for cancellation of all or part of an insurance contract, as well as the rights and obligations of parties in the case of cancellation; and
- (viii) in the case where any person has a right to receive policy dividends, the scope of the right.

(Matters to Be Included in Statement of Calculation Procedures for Insurance Premiums and Policy Reserve)

Article 9 The matters specified by order of the competent ministry, referred to in Article 2, paragraph (6) of the Supplementary Provisions to the Amendment Act, are as set forth in the following, in the case of a document set forth in paragraph (3), item (iv) of the same Article:

- (i) matters relating to the method of calculation of insurance premiums (if the method requires a coefficient as a basis of the calculation, including the coefficient);
- (ii) matters relating to the method of calculation of policy reserve (if the method requires a coefficient as a basis of the calculation, including the coefficient);
- (iii) matters relating to the method and basis of calculation of the amount of refund and other amount calculated based on the amount to be reserved for insured persons (referred to as "policyholder value" in Article 13, item (i) and Article 50, paragraph (1), item (iv));
- (iv) matters relating to the method of calculation of a policy dividend reserve under Article 39, paragraph (1) (hereinafter simply referred to as "policy dividend reserve", excluding the same paragraph and Article 72-2, paragraph (1), item (iii), (b) to (d)) and policy dividends;
- (v) matters relating to the method of calculation in the case of any change to

the amount of insurance proceeds, type of insurance or insured period; and
(vi) any other matters necessary in relation to actuarial science.

(Persons in Close Relationship with Applicant for Authorization)

Article 10 The person specified by order of the competent ministry, referred to in Article 2, paragraph (7), item (ii) of the Supplementary Provisions to the Amendment Act, is a Specified Insurer under Former Act whose Closely Related Person is an applicant for authorization.

(Financial Basis)

Article 11 (1) The criteria specified by order of the competent ministry, referred to in Article 2, paragraph (7), item (iii) of the Supplementary Provisions to the Amendment Act, is the satisfaction of any of the following items:

- (i) the amount of net assets is not less than 10,000,000 yen; and
- (ii) the applicant has a plan complying with the following standards, and it is considered highly feasible that the purpose of the plan will be achieved:
 - (a) the plan is for ensuring that the amount of net assets is not less than the amount specified in the preceding item;
 - (b) the plan is for ensuring that the applicant for authorization implements measures as may be considered necessary to achieve the purpose, as soon as practicable and in an appropriate manner; and
 - (c) the period for implementation of the plan is within the minimum extent necessary for achieving the purpose.

(2) The plan implementation period under item (ii) of the preceding paragraph may not exceed five years; provided, however, that this does not apply to the case where an unavoidable reason is found for the plan implementation period of the applicant for authorization under the same item to exceed five years, judging from the business or property status, etc. of the applicant for authorization, and where a verification is obtained from a person satisfying the requirements specified by order of the competent ministry, referred to in Article 120, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, as to the feasibility of the achievement of the purpose of the plan.

(Examination Standard of Business Method Statement)

Article 12 The criteria specified by order of the competent ministry, referred to in Article 2, paragraph (7), item (vi), (c) of the Supplementary Provisions to the Amendment Act, are as set forth in the following:

- (i) an insurance contract does not contain any provision affording unreasonably discriminatory treatment against any specific person;

- (ii) an insurance contract does not contain any provision to assume excessively high risks, judging from the insolvency margin of the applicant for authorization;
- (iii) an insurance contract contains provisions on the rights and obligations of its policyholder, insured person, beneficiary of insurance proceeds, and any other related party (hereinafter referred to as "Policyholder, etc."), as well as any other insurance contract terms and conditions which are clear and easy-to-understand for the Policyholder, etc.;
- (iv) for the method of consent provided in the following (a) and (b) in relation to the procedures set forth in those items, respectively, an insurance contract contains a provision clearly setting forth the method in the form of writing or any other equivalent method:
 - (a) conclusion of an insurance contract (including amendment to a contract which requires consent from an insured person; the same applies in the following item): consent under Article 38 or Article 67, paragraph (1) of the Insurance Act;
 - (b) change of the beneficiary of insurance proceeds provided in Article 43, paragraph (1) or Article 72, paragraph (1) of the Insurance Act: consent under Article 45 or Article 74, paragraph (1) of the Insurance Act;
- (v) when the application for an insurance contract or any other procedures for conclusion of an insurance contract are to be handled by the use of devices connected to telecommunication lines made available for information processing, adequate measures are implemented so as to secure protection of Policyholders, etc. and appropriate business operation, in relation to identity confirmation of the applicants of insurance contracts, checking of physical conditions of the insured persons (excluding the case where the insured person cannot be identified at the time of conclusion of the insurance contract), explanation of contract terms and conditions, information management and any other aspects as may be required for implementation of the procedures;
- (vi) the method of disclosure of information on cancellation refund of an insurance contract is appropriate and bears no risk of negative impact on protection of Policyholders, etc., and is clearly defined;
- (vii) when any insurance set forth in Article 3, paragraph (4), item (i) or (ii) of the Act is to be underwritten, the criteria for payment and the maximum limitation of the insurance proceeds are appropriate;
- (viii) in case of an insurance contract for which a special account is to be created, the investment structures for the properties in those accounts are appropriate;
- (ix) the measures are clearly defined so that the documents specified in Article 23, items (i) to (v) are delivered to a Policyholder, etc. and that signature or

seals in acknowledgment of the receipt of the documents by the Policyholder, etc. are obtained; and

- (x) in the provisions of policy conditions relating to the matters set forth in Article 8, item (iv), the conditions for increase of insurance premiums or reduction of insurance proceeds (hereinafter referred to as "insurance premiums increase, etc." in this item), the details of the insurance premiums increase, etc. and the timing of making notification of the details of the insurance premiums increase, etc. to the policyholder are clearly defined.

(Examination Standard for Statement of Calculation Procedures of Insurance Premium and Policy Reserve)

Article 13 The criteria specified by order of the competent ministry, referred to in Article 2, paragraph (7), item (vii), (b) of the Supplementary Provisions to the Amendment Act, are as set forth in the following:

- (i) the calculation of the policyholder value is not unreasonably disadvantageous to the Policyholder, etc.; and
- (ii) the document does not contain any statement affording unreasonably discriminatory treatment against any specific person.

(Standards Necessary for Protection of Policyholders)

Article 14 The criteria specified by order of the competent ministry, referred to in Article 2, paragraph (7), item (viii) of the Supplementary Provisions to the Amendment Act, is that the applicant for authorization is not a person concerning which there is a reasonable ground for believing that the person is likely to engage in an unfair or dishonest act in relation to the Specified Insurance Business.

(Replacement of Terms Applicable to Providers of Insurance Contract Administrative Service)

Article 15 For the purpose of application of the provisions of Article 59, Article 65, Articles 69 to 71, Articles 72 to 74, Article 75 (excluding items (vii) and (viii)), Article 76 to 78 and Article 89 (excluding items (vii), (xi) and (xv) of paragraph (1)) in the case where a provider of insurance contract administrative service (meaning a provider of insurance contract administrative service provided in Article 2, paragraph (12) of the Supplementary Provisions to the Amendment Act; the same applies in Article 89, paragraph (1), item (xvi), (b)) is deemed as an Authorized Specified Insurer pursuant to the provisions of Article 2, paragraph (12) of the Supplementary Provisions to the Amendment Act, in Article 69, item (ii), the term "in the case of an Authorized Specified Insurer" is deemed to be replaced with "in the case where the transferee company is an Authorized Specified Insurer", and the

term "a Foreign Insurance Company, etc." is deemed to be replaced with "in the case of a Foreign Insurance Company, etc."; in Article 72, paragraph (2), item (vii), (a), the term "amount of policy reserve and any other reserve" is deemed to be replaced with "amount equivalent to policy reserve and any other reserve"; in Article 72, paragraph (2), item (vii), (b), the term "amount of policy reserve and any other reserve" is deemed to be replaced with "amount equivalent to policy reserve and any other reserve", the phrase "the appropriateness of the calculation of the amount, for each type of insurance contract (in the case where a transferor is an Authorized Specified Insurer not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the amount of policy reserve and any other reserve and the method of calculation of the amounts)" is deemed to be replaced with "the appropriateness of the calculation of the amount, for each type of insurance contract"; in Article 72, paragraph (2), item (vii), (c), the phrase "the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts (in the case where a transferor is an Authorized Specified Insurer not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the method of calculation of policy reserve and any other reserve)" is deemed to be replaced with "the appropriateness of the calculation of the amount equivalent to policy reserve and other reserves"; in Article 72-2, paragraph (1), item (ii), the phrase "after the transfer of insurance contracts, it is expected that policy reserves for insurance contracts wherein the insurer is the transferor and insurance contracts wherein the insurer is the transferee company will be set aside by a reasonable and appropriate method in accordance with actuarial science" is deemed to be replaced with "it is expected that policy reserves for insurance contracts wherein the insurer is the transferee company will be set aside by a reasonable and appropriate method in accordance with actuarial science (or, in the case of an insurance contract wherein the insurer is the transferor, that it is expected that the amount equivalent to policy reserve will be set aside in an appropriate manner)"; in Article 74, the phrase "the portion of matters specified in a business method statement, etc. of the transferor which relate to the transferred contracts" is deemed to be replaced with "matters relating to the transferred contract"; in Article 75, item (ii), the term "assignment of business" is deemed to be replaced with "assignment of business pertaining to Specified Insurance Business"; in Article 75, item (v), the term "business or" is

deemed to be replaced with "business pertaining to the Specified Insurance Business or", the term "pertaining to business" is deemed to be replaced with "pertaining to the business relating to the Specified Insurance Business"; in Article 89, paragraph (1), item (x), the phrase "the public notice on an official gazette under Article 165-24, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms and a public notice or demand by the method of public notice provided in the articles of incorporation of the merged authorized specified insurer has been given, and" is deemed to be replaced with "the public notice pursuant to Article 248, paragraph (2) or Article 252, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations has been given, and", and the term "public notice in official gazette" is deemed to be replaced with "public notice".

Chapter III Transfer of Insurance Contracts of Specified Insurers under the Former Act

(Documents to Be Kept in Cases of Transfer of Insurance Contracts)

Article 16 The documents specified by order of the competent ministry, referred to in Article 136-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) a transfer contract provided in Article 136-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (simply referred to as a "transfer contract" in Article 19, paragraph (2), item (ii)); and
- (ii) a balance sheet of a transferor provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 3, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter simply referred to as "transferor" in this Chapter) and a transferee company provided in Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter simply referred to as "transferee company" in this Chapter) (in the case of a transferee company, a balance sheet prepared pursuant to Article 123, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) (including the cases where it is applied mutatis mutandis pursuant

to Article 199 of the same Act) and a balance sheet prepared according to appended Form 1-3; the same applies in Article 19, paragraph (2), item (iv)).

(Matters for Public Notice or Notice in Cases of Transfer of Insurance Contracts)

Article 17 The matters specified by order of the competent ministry, referred to in the main clause of Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) name of the transferee company;
- (ii) the location of the principal office of the transferee company;
- (iii) a brief description of the services relating to the transferred contracts (meaning a transferred contract provided in Article 135, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 3, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies in Article 19, paragraph (2), items (vi) to (ix), items (xi) and (xv), Article 19-2, item (i) and Article 21); and
- (iv) a dividend policy of the transferor and transferee company before and after the transfer of insurance contracts, and the amount of dividend paid from the transferor and the transferee company before the transfer of insurance contracts.

(Amount of Claim Relating to Insurance Contract)

Article 18 The amount specified by order of the competent ministry, referred to in Article 137, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are the total of the amounts set forth in the following:

- (i) the amount to be reserved for insured persons at the time of the public notice or notice under Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter referred to as a "public notice, etc." in the following item); and
- (ii) the amount of insurance premiums covering the unexpired period (meaning the insurance period specified in an insurance contract, which has not passed as of the time of the public notice, etc.).

(Application for Authorization of Transfer of Insurance Contracts)

Article 19 (1) For applying for authorization under Article 139, paragraph (1) of

the Act as applied *mutatis mutandis* pursuant to Article 3, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written application for authorization prepared in the joint names of the transferor and the transferee company must be submitted to the administrative authority, within one month from the end of the objection period under Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.

- (2) The following documents must be attached to the written application for authorization under the preceding paragraph:
- (i) a written statement of reasons;
 - (ii) a transfer contract;
 - (iii) minutes of general meeting of members or meeting of councilors of the transferee company;
 - (iv) a balance sheets of the transferor and transferee company;
 - (v) an inventory of assets of the transferor;
 - (vi) a document specifying the criteria for determination of transferred contracts and the scope of the contracts;
 - (vii) a document specifying type of insurance, scope of policyholders, scope of insured persons, purpose of insurance and grounds of payment of insurance proceeds in relation to a transferred contract; and
 - (viii) a document specifying the following matters in relation to an insurance contract wherein the insurer is a transferor:
 - (a) the number of policyholders, the number of insurance contracts, the total of the insurance proceeds, and the amount of policy reserve and any other reserves before and after the transfer of insurance contracts, for each type of insurance contract;
 - (b) the amount of policy reserve and any other reserves for the transferred contracts before the transfer of insurance contract, and the method of the calculation of the amount, for each type of insurance contract; and
 - (c) the method of calculation of the amount equivalent to policy reserve and any other reserves after the transfer of insurance contracts;
 - (ix) a document specifying the quantity and value of properties, for each type of properties to be transferred associated with the transferred contract pursuant to a contract referred to in Article 135, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
 - (x) a document specifying type of insurance, scope of policyholders, scope of insured persons, purpose of insurance and grounds of payment of insurance proceeds for an insurance contract wherein the insurer is the transferee

- company;
- (xi) a document specifying the following matters in relation to an insurance contract wherein the insurer is a transferee company:
 - (a) the number of policyholders, the number of insurance contracts, the total of the insurance proceeds, and the amount of policy reserve and any other reserves before and after the transfer of insurance contracts, for each type of insurance contract;
 - (b) the amount of policy reserve and any other reserves for the transferred contracts after the transfer of insurance contract and the appropriateness of the calculation of the amount, for each type of insurance contract (in the case where a transferee company is not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the amount of policy reserve and any other reserve, as well as the method of calculation of the amounts); and
 - (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts (in the case where a transferee company is not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the method of calculation of policy reserve and any other reserve);
 - (xii) a document certifying that a public notice or notice under the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms has been given;
 - (xiii) a document certifying that the number of affected policyholders (meaning an affected policyholder provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 3, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies in the following item) who raised their objections within the objection period under Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, or that the amount relating to the policyholders as provided in the preceding Article has not exceeded the certain ratio provided in Article 137, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the

Supplementary Provisions to the Amendment Act following the deemed replacement of terms;

- (xiv) a document specifying the grounds for objections raised by the affected policyholders who raised objections under the preceding item and the measures taken by the transferor or the transferee company in response to the objections;
- (xv) a document specifying the organization for implementing the business and the details of services relating to the transferred contracts by the transferee company;
- (xvi) any other document specifying the matters to serve as reference information for the examination under Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.

(Examination of Authorization of Transfer of Insurance Contracts)

Article 19-2 When an administrative authority conducts an examination of the application for authorization under paragraph (1) of the preceding Article, pursuant to the provisions of Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the authority is to pay due consideration to the following:

- (i) that the purpose of the transfer of insurance contracts and the determination criteria for transferred contracts are not likely to have negative impact on protection of Policyholders, etc.;
- (ii) that, after the transfer of insurance contracts, policy reserves for the insurance contracts wherein the insurer is the transferred corporation will be set aside using a reasonable and relevant method based on actuarial science (in the case of an insurance contract wherein the insurer is a transferor, that the amount equivalent to policy reserve will be set aside in an appropriate manner); and
- (iii) that, after the transfer of insurance contracts, the transferee company is expected to set aside policy dividend reserve in an appropriate manner.

(Matters for Public Notice after Transfer of Insurance Contracts)

Article 20 The matters specified by order of the competent ministry, referred to in the first sentence of Article 140, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) progress of procedures under Article 137, paragraphs (1) to (3) of the Act as applied mutatis mutandis pursuant to Article 3, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (excluding the proviso to Article 137, paragraph (1) of the Act); and
- (ii) the name of the transferee company and the location of its principal office.

(Effect of Transfer of Insurance Contracts)

Article 21 As a result of the transfer of insurance contracts, if the matters specified in the documents of the transferee company set forth in Article 2, paragraph (3), items (ii) to (iv) of the Supplementary Provisions to the Amendment Act (hereinafter referred to as "Business Method Statement, etc.") require any amendment adding the matters concerning the transferred contract, the amendment to those documents is deemed to have been authorized pursuant to the provisions of Article 123, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, or to have been notified pursuant to the provisions of paragraph (2) of the same Article, at the time of obtaining the authorization under Article 139, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.

Chapter IV Business, Accounting and Supervision

(Limitations on Asset Investment Method)

Article 22 (1) The method specified by order of the competent ministry, referred to in Article 97, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) acquisition of the securities set forth in the following:
 - (a) Japanese Government Bonds;
 - (b) local government bond;
 - (c) government guaranteed bond (meaning corporate bonds or any other bonds, for which the government guarantees redemption of principal and interest payments);
 - (d) bonds issued by a corporation based on a special law (excluding those set forth in (c));
 - (e) corporate bonds secured by real collateral or ordinary collateral, with no delayed redemption and interest payment (excluding those set forth in (c))

- and (d));
- (f) corporate bonds issued by a stock company whose shares are listed on a financial instruments exchange (meaning a financial instruments exchange provided in Article 2, paragraph (16) of the Financial Instruments and Exchange Act (Act No. 25 of 2011); hereinafter the same applies in this item) (excluding those set forth in (c) to (e)) or promissory notes (meaning promissory notes provided in paragraph (1), item (xv) of the same Article);
- (g) investment securities issued by a corporation incorporated under a special law, whose investment securities are listed on a financial instruments exchange;
- (h) shares issued by a stock company whose shares are listed on a financial instruments exchange;
- (i) beneficiary certificates for securities investment trust or loan trust;
- (ii) deposit or saving with the following financial institutions:
 - (a) a bank (meaning a bank provided in Article 2, paragraph (1) of the Banking Act (Act No. 59 of 1981));
 - (b) the Long Term Credit Bank (meaning the Long Term Credit Bank provided in Article 2 of the Long Term Credit Bank Act (Act No. 187 of 1952));
 - (c) the Shoko Chukin Bank Limited;
 - (d) a credit union or a federation of credit unions;
 - (e) a labor bank or a federation of labor banks;
 - (f) the Norinchukin Bank;
 - (g) credit cooperatives or a federation of cooperatives that carries out the business under Article 9-9, paragraph (1), item (i) of the Small and Medium Sized Enterprise Cooperatives Act (Act No. 181 of 1949);
 - (h) agricultural cooperatives or a federation of agricultural cooperatives that carries out the business under Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act (Act No. 132 of 1947);
 - (i) fisheries cooperatives that carry out the business under Article 11, paragraph (1), item (iv) of the Fisheries Cooperatives Act (Act No. 242 of 1948) or a federation of fisheries cooperatives that carries out the business under Article 87, paragraph (1), item (iv) of the same Act, a fishery processing cooperatives that carries out the business under Article 93, paragraph (1), item (ii) of the same Act, or a federation of fishery processing cooperatives that carries out the business under Article 97, paragraph (1), item (ii) of the same Act;
- (iii) a money trust with a financial institution engaged in trust business or a trust company (however, in the case of a money trust designating an investment method (excluding a money trust under a discretionary investment contract with a financial instruments business operator provided

- in Article 2, paragraph (9) of the Financial Instruments and Exchange Act), limited to a money trust managed by the method set forth in the preceding two items or by call loan);
- (iv) conclusion of a life insurance contract wherein the insured person is a policyholder of an Authorized Specified Insurer (limited to a contract wherein the insurer is a Life Insurance Company or a Foreign Life Insurance Company, etc.);
- (v) beyond what is set forth in the preceding items, a method approved by an administrative authority (or, pursuant to Article 5-2, paragraph (1) of the Supplementary Provisions to the Cabinet Order Partially Amending the Order for Enforcement of the Insurance Business Act (Cabinet Order No. 33 of 2006; hereinafter referred to as the "Amendment Order"), if an authorization is granted to the Authorized Specified Insurer by the Director General of the Local Finance Bureau having jurisdiction over the principal office of the Authorized Specified Insurer (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau), pursuant to Article 2, paragraph (1) of the Supplementary Provisions to the Amendment Act, by the Director General of the Local Finance Bureau or the Director General of Fukuoka Local Finance Branch; the same applies in the following paragraph) as the method with low risk to protection of Policyholders, etc. after taking into consideration the status of investment of assets pertaining to the Specified Insurance Business actually conducted by the Authorized Specified Insurer or a Specified Insurer under Former Act whose Closely Related Person is an Authorized Specified Insurer at the time of the promulgation of the Amendment Act and other circumstances.
- (2) When an Authorized Specified Insurer intends to obtain an approval pursuant to item (v) of the preceding paragraph, it must submit a written application for authorization, attaching a written statement of reasons and a document specifying the matters to serve as reference information, to the administrative authority.

(Measures Relating to Business Operation)

Article 23 An Authorized Specified Insurer must implement the following measures in relation to its business, pursuant to the provisions of Article 100-2 of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms:

- (i) a measure to ensure that, upon Insurance Solicitation, a person who conducts Insurance Solicitation for an affiliated authorized specified insurer

- (meaning an affiliated authorized specified insurer provided in Article 4, paragraph (2) of the Supplementary Provisions to the Amendment Act; the same applies in this Article and Article 94) will provide an explanation to the policyholder by delivering a document specifying that measures such as financial assistance from the Insurance Policyholders Protection Corporation of Japan pursuant to Part II, Chapter V, Section 2, Subsection 2 are not applicable and that the contract does not fall under the category of the covered contract under Article 270-3, paragraph (2), item (i) of the Act;
- (ii) a measure to ensure that, upon Insurance Solicitation for an insurance contract for which a special account is created, a person who conducts Insurance Solicitation for an affiliated authorized specified insurer will provide an explanation to the policyholder by delivering a document specifying the following matters:
- (a) type of assets in the special account (hereinafter referred to as "assets" in this item) and method of assessment thereof;
 - (b) investment policy for the assets; and
 - (c) the fact that the amount of insurance proceeds, refund or any other benefits (hereinafter referred to as "Insurance Proceeds, etc.") in the future is uncertain, depending on the investment performance of the assets;
- (iii) a measure to ensure that, upon Insurance Solicitation of an insurance contract for which the amount of Insurance Proceeds, etc. is indicated in a foreign currency (excluding a contract wherein the policyholder is a business operator (meaning an individual person in the case where the person becomes a party to a contract as a corporation or other entity or business, or for business), among the insurance contracts set forth in Article 83, item (iii) of the Regulation for Enforcement of the Insurance Business Act (Ministry of Finance Order No. 5 of 1996)), a person who conducts the Insurance Solicitation for its affiliated authorized specified insurer will provide explanation to the policyholder by delivering a document specifying that the amount of Insurance Proceeds, etc. converted into Japanese currency at the foreign exchange rate as of the time of its payment may fall below the amount of Insurance Proceeds, etc. converted into Japanese currency at the foreign exchange rate as of the time of concluding the insurance contract;
- (iv) a measure to ensure that, upon Insurance Solicitation for an insurance contract that undertakes to use a projected cancellation rate for calculating insurance premiums and not to pay any refund for the cancellation of the insurance contract, a person who conducts Insurance Solicitation for an affiliated authorized specified insurer will provide an explanation to the policyholder by delivering a document specifying that there is no refund for the cancellation of the insurance contract;
- (v) a measure to ensure that, upon Insurance Solicitation of an insurance

contract to be effected by terminating an insurance contract already in force (hereinafter referred to as an "existing contract" in this item) and allocating the policy reserve (meaning any amount of money reserved for insured persons, notwithstanding the provisions of Article 43; hereinafter the same applies in this item), refunds, or any other amounts reserved for the insured person for the existing contract to the policy reserve or insurance premiums for a newly concluded insurance contract (hereinafter referred to as a "new contract" in this item) (limited to the case where the insured person of the existing contract and the new contract includes the same person), a person who conducts Insurance Solicitation for an affiliated authorized specified insurer will provide an explanation to the policyholder by delivering a document specifying the following matters (description of the matters provided in (a) must be in accordance with a method by which the existing contract and the new contract can be compared):

- (a) the types of insurance, amounts of insurance proceeds, insurance periods, the insurance premiums (to be included for each general policy conditions and major special provisions involving benefits), the periods for paying insurance premiums, and other material matters concerning the existing contracts and new contracts; and
- (b) the fact that there is an alternative method whereby the existing contract is continued after reviewing the coverage, and the alternative method;

(vi) measures to enhance capacity of a person to conduct fair Insurance Solicitation for an affiliated authorized specified insurer;

(vii) in the case of an Authorized Specified Insurer which has an insurance agency (meaning an insurance agency provided in Article 275, paragraph (1), item (ii) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; hereinafter the same applies in this item and Article 96, items (vi) and (vii)), a measure necessary to ensure compliance with the following standards:

- (a) that customer information of the insurance agency will be properly managed;
- (b) that the insurance agency will manage the properties pertaining to the agency business separately from its own properties; and
- (c) that the Authorized Specified Insurer is capable of implementing measures to ensure sound and proper operation of business of the insurance agency; and
- (d) that, when the insurance agency also conducts Insurance Solicitation for any person other than an Authorized Specified Insurer, the insurance agency makes an explanation of the following matters to prevent customers from misidentifying an insurance contract underwritten by the Authorized

Specified Insurer with an insurance contract underwritten by any person other than Authorized Specified Insurer, by delivering a document or by any other appropriate means, in accordance with the method of its business, in light of the customer's knowledge, experience, property status, and the purpose of transactions:

1. parties to the contract;
2. other matters considered to serve as reference information in relation to prevention of confusion with insurance contracts underwritten by the Authorized Specified Insurer;

(viii) beyond what is specified in the preceding items, a measure to ensure that, upon Insurance Solicitation, a person who conducts Insurance Solicitation for an affiliated authorized specified insurer will provide an explanation to the policyholder and insured person (excluding the case where the insured person cannot be identified at the time of the conclusion of the insurance contract), by delivering a document specifying important matters of the terms and conditions of the insurance contract or by other appropriate methods.

(Prevention of Confusion between Insurance Contract Underwritten by Authorized Specified Insurers and Insurance Contract Underwritten by Insurance Company)

Article 24 When an Authorized Specified Insurer conducts Insurance Solicitation pursuant to the provisions of Article 272-11, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must make an explanation of the following matters to prevent customers from misidentifying an insurance contract underwritten by the Authorized Specified Insurer with an insurance contract relating to the Insurance Solicitation, by delivering a document or by any other appropriate means, in accordance with the type of contacts and in light of the customer's knowledge, experience, property status, and the purpose of transactions:

- (i) parties to the contract; and
- (ii) other matters to serve as reference information in relation to prevention of confusion with insurance contracts underwritten by the Authorized Specified Insurer.

(Prevention of Confusion of Authorized Specified Insurers with Other Persons)

Article 25 If an Authorized Specified Insurer conducts its business by the use of a computer connected via telecommunications line, it must take appropriate measures to prevent customers from misidentifying the Authorized Specified Insurer with other persons.

(Internal Rules)

Article 26 (1) An Authorized Specified Insurer must establish internal rules, etc. concerning explanations on material matters to be provided to customers, in light of the customers' knowledge, experience, the status of their properties and the purpose of transactions, and other measures to ensure healthy and proper business operations (including the explanations of the details and risks of instruments or transactions by the delivery of a document or by any other appropriate means and measures to prevent crimes), in accordance with the details and the method of Specified Insurance Business, and must develop a sufficient system to provide training to directors, inspectors and employees or otherwise ensure that the Specified Insurance Business is conducted based on the internal rules, etc.

(2) When an Authorized Specified Insurer underwrites insurance where insurance premiums are received under contracts to pay a fixed amount of insurance proceeds in connection with the death of individuals and the insured is younger than 15 years of age or the insured has not given the consent (excluding insurance that is deemed unlikely to be used unlawfully in either case; hereinafter referred to as "insurance against death" in this paragraph), it must establish provisions on the maximum limit of insurance proceeds or other provisions on underwriting in the internal rules, etc. under the preceding paragraph, so as to protect the insured by preventing illegal use of insurance against death.

(Measures for Security Management of Personal and Customer Information)

Article 27 If an Authorized Specified Insurer entrusts security management of information concerning individual customers that it handles, supervision of employees, and handling of the information, it must take necessary and appropriate measures for the supervision of the entrusted party, so as to prevent the leaking, destruction or loss of the information.

(Handling of Information on Repayment Ability)

Article 28 An Authorized Specified Insurer must take measures to ensure that it will not use information of individual fund demanders on their ability to pay provided by a credit information-related organization (meaning an organization that collects information on fund demanders' ability to pay and provide the information to Authorized Specified Insurers) for any purposes other than for the investigation of fund demanders' ability to pay.

(Handling of Special Confidential Information)

Article 29 An Authorized Specified Insurer must take measures to ensure that

any information it handles in the course of the business which relates to the individual customer's race, creed, family origin, registered domicile, health and medical care or criminal records, or any other special and undisclosed information (meaning undisclosed information which it may come to know in the course of business) will not be used for any purpose other than the assurance of the proper operation of the business or any other purpose as may be deemed necessary.

(Measures to Secure Proper Implementation of Entrusted Business)

Article 30 If an Authorized Specified Insurer entrusts its business to a third party, it must take the following measures, in accordance with the details of the business:

- (i) measures to ensure entrustment of the business to a person who has the ability to perform it properly, fairly, and effectively;
- (ii) measures to ensure necessary and appropriate supervision, etc. of a person entrusted with the business (hereinafter referred to as an "entrusted party" in this Article), such as by confirming the status of the performance of the business on a regular or as-needed basis, in order to verify whether the entrusted party is carrying out the business in an appropriate manner, or having the entrusted party make improvements as needed;
- (iii) measures necessary to appropriately and promptly process complaints from customers concerning the business conducted by the entrusted party;
- (iv) measures to prevent any interference to the protection of Policyholders, etc. in the case of the occurrence of a situation where the entrusted party is unable to carry out the business appropriately, such as by entrusting the business promptly to other appropriate third party; or
- (v) measures to take necessary measures if it is necessary to ensure healthy and proper business operations of the Authorized Specified Insurer and to protect Policyholders, etc., such as by changing or canceling the contract pertaining to the entrustment of the business.

(Public Inspection of Explanatory Documents on Financial Basis)

Article 31 (1) An Authorized Specified Insurer (limited to an insurer authorized under Article 2, paragraph (1) of the Supplementary Provisions to the Amendment Act as satisfying the criteria under Article 11, paragraph (1), item (ii)) must, for each business year, prepare explanatory documents on status of implementation of the plan under the same item and keep and make them available for public inspection by policyholders (including persons eligible to become parties to insurance contracts) at its office (excluding an office set forth in the items of Article 34, paragraph (2)), and deliver or send the explanatory documents to the policyholder.

- (2) The provisions of Article 35 apply mutatis mutandis to public inspection of explanatory documents under the preceding paragraph.

(Measures to Ensure Proper and Appropriate Implementation of Specified Insurance Business in Cases of Conducting Other Businesses)

Article 32 If an Authorized Specified Insurer carries out any business other than a Specified Insurance Business, it must take measures to ensure that the relevant other business will not prevent the proper and appropriate implementation of the Specified Insurance Business.

(Business Report)

Article 33 (1) A business report provided in Article 110, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, must be submitted within four months from the end of the business year, in accordance with the Appended Form No. 1 and categorized into a business report, annex detailed statement, balance sheet and profit and loss statement.

(2) When an Authorized Specified Insurer cannot submit the business report under the preceding paragraph within the period specified in the same paragraph due to an unavoidable reason, it may delay the submission of the business report with a prior approval of an administrative authority (in the case where the business report is received by the Director General of the Local Finance Bureau having jurisdiction over the principal office of the Authorized Specified Insurer pursuant to Article 5-2, paragraph (1) of the Supplementary Provisions to the Amendment Order (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau), the Director General of the Local Finance Bureau or the Director General of Fukuoka Local Finance Branch; the same applies in the following paragraph and paragraph (4)).

(3) When an Authorized Specified Insurer intends to obtain an approval under the preceding paragraph, it must submit a written application for approval, attaching a written statement of reasons, to the administrative authority.

(4) When an application for approval under the preceding paragraph is made, the administrative authority is to examine whether the applicant Authorized Specified Insurer has any unavoidable reason for extending the period of submission of a business report pursuant to paragraph (1).

(Matters to Be Contained in Explanatory Documents Relating to Status of Business and Property)

Article 34 (1) The matters specified by order of the competent ministry, referred to in Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) the following matters relating to the overview and organization of the Authorized Specified Insurer:
 - (a) organization for business operation;
 - (b) names and job titles of directors and inspectors;
 - (c) number of employees;
 - (d) name and location of the office;
 - (e) the matters set forth in the following in relation to the Subsidiary Company of the Authorized Specified Insurer:
 - 1. trade name;
 - 2. location of the head office;
 - 3. the amount of stated capital;
 - 4. the details of business;
 - 5. year/month/date of incorporation; and
 - 6. status of properties and loss and profit;
- (ii) details of main business of the Authorized Specified Insurer (in the case of conducting business approved pursuant to the provisions of the proviso to Article 272-11, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, including the details of the business);
- (iii) the matters set forth in the following in relation to the main business of the Authorized Specified Insurer:
 - (a) brief description of the business for the latest business year (in the case of conducting business approved pursuant to the provisions of the proviso to Article 272-11, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, including the brief description of the business); and
 - (b) status of main business for the latest business year, prepared using the appended Form 2;
- (iv) the matters set forth in the following in relation to the business operation of the Authorized Specified Insurer:
 - (a) organization for risk management; and
 - (b) organization for compliance with laws and regulations;
- (v) the matters set forth in the following in relation to the status of properties for the latest business year of the Authorized Specified Insurer:

- (a) a balance sheet (limited to the one prepared using the appended Form 1-3; the same applies in Article 42, paragraph (1) and Article 64, paragraph (3)); and
 - (b) a profit and loss statement (limited to the one prepared using the appended Form 1-4; the same applies in Article 42, paragraph (1) and Article 64, paragraph (3)).
- (2) The offices specified by order of the competent ministry, referred to in the main clause of Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:
- (i) an office for the business other than Specified Insurance Business;
 - (ii) an office which is temporarily established; and
 - (iii) an office without any staff member.

Article 35 (1) The explanatory documents prepared pursuant to the provisions of Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms must be made available for public inspection within four months from the end of the business year of the Authorized Specified Insurer, and must be made available for inspection by policyholders (including a person eligible to become a counterparty to an insurance contract) until the commencement of public inspection of each of the explanatory documents pertaining to the business year subsequent to the relevant business year.

- (2) When an Authorized Specified Insurer cannot make available for public inspection its explanatory documents by the time specified in the preceding paragraph due to an unavoidable reason, it may delay the starting of the public inspection with a prior approval of an administrative authority (in the case where the notification for starting public inspection of the explanatory documents is received by the Director General of the Local Finance Bureau having jurisdiction over the principal office of the Authorized Specified Insurer pursuant to Article 5-2, paragraph (1) of the Supplementary Provisions to the Amendment Order (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau), the Director General of the Local Finance Bureau or the Director General of Fukuoka Local Finance Branch; the same applies in the following paragraph and paragraph (4)).
- (3) When an Authorized Specified Insurer intends to obtain an approval under the preceding paragraph, it must submit a written application for approval, attaching a written statement of reasons, to the administrative authority.

- (4) When an application for approval under the preceding paragraph is made, the administrative authority is to examine whether the applicant Authorized Specified Insurer has any unavoidable reason for extending the starting period of public inspection pursuant to paragraph (1).

Article 36 The measure specified by order of the competent ministry, referred to in Article 111, paragraph (4) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is the method of provision by displaying the information recorded in an electronic or magnetic record (meaning electronic or magnetic record provided in Article 4, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 2, paragraph (4) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies in Article 87) on paper or on screen.

(Depreciation of Organization Expenses)

Article 37 The amounts specified by order of the competent ministry, referred to in Article 113 of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) charge for certification of articles of incorporation, charges and fees payable to a bank, etc. (meaning a bank, etc. provided in Article 138, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations) handling payment for contribution of money for a fund (meaning a fund provided in Article 131 of the same Act) to be solicited at the time of the incorporation, remuneration for an inspector determined pursuant to Article 137, paragraph (3) of the same Act, and the amount disbursed as registration and license tax for a registration of incorporation of a general incorporated association or general incorporated foundation;
- (ii) the amount disbursed for preparation of starting business.

(Methods of Calculation of Policy Dividends)

Article 38 When an Authorized Specified Insurer makes payment of policy dividends, it must calculate the amount to be distributed as policy dividends in accordance with the types categorized by the distinctive natures of the insurance contracts, and must implement the distribution by one or more of the methods set forth in the following items:

- (i) by distributing the amount based on the proceeds of investment of insurance premiums paid by the policyholders or money received as insurance premiums, after deducting the amount of Insurance Proceeds, etc., expenditure of operating expenses and any other costs;

- (ii) by recognizing the amount to be distributed as policy dividends based on the grounds of the dividends and distributing the total of the amount calculated in accordance with the policy reserve, insurance premiums or any other base amount which pertains to each insurance contract;
- (iii) by recognizing the amount to be distributed as policy dividends based on the insurance period, etc. and distributing the amount calculated in accordance with the policy reserve, insurance premiums or any other base amount which pertains to each insurance contract; or
- (iv) any other methods equivalent to those set forth in the preceding three items.

(Policy Dividend Reserve)

- Article 39 (1) A reserve to be set aside by an Authorized Specified Insurer to be appropriated to policy dividends is a policy dividend reserve.
- (2) An Authorized Specified Insurer may not transfer to the policy dividend reserve under the preceding paragraph the amount in excess of the total of the following amount:
- (i) the amount of reserved dividend (meaning the dividend distributed to policyholders, which is reserved with interests);
 - (ii) the amount of unpaid dividend (meaning the unpaid dividends distributed to policyholders, which exclude the reserved dividend provided in the preceding item) (in the case of the account closing period, including the amounts scheduled to be distributed in the subsequent business year);
 - (iii) the amount of dividend payable on expiry (meaning the dividend payable at the time of expiry of the insurance contract, calculated based on the presumption that all insurance contracts have expired); and
 - (iv) any other amount calculated in accordance with the formula designated in the document set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act as the amount equivalent to those set forth in the preceding three items.

(Assets for Price Fluctuation Reserve)

- Article 40 The assets specified by order of the competent ministry, referred to in Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is as set forth in the following; provided, however, that properties in a special account are to be excluded:
- (i) a share or share option certificate; securities or instruments representing contribution to a corporation, preferred equity investment and deposit; a beneficiary certificate, investment certificate or investment equity subscription rights certificate for investment trust for shares and others;

- securities or instruments representing beneficiary interest in money trust; and loaned securities; as well as any other equivalent assets;
- (ii) the following assets issued by, or guaranteed as to their principal and interests by, the Japanese government (including local governments; hereinafter the same applies in this item to item (v)), a foreign central government with equivalent or higher creditworthiness as the Japanese government, and an international organization (however, bonds held to maturity (meaning bonds that are retained with the intention of holding them until maturity, but limited to those acquired with the intention of holding them until maturity) may be excluded; the same applies in the following item):
- (a) bonds of which principal redemption amount is denominated in Japanese currency (including foreign currency-denominated bonds for which the amount of principal in Japanese yen at the time of maturity or redemption is fixed by reasons such as forward exchange contract; the same applies in the following item) (including bonds with share option; hereinafter the same applies in this item to item (v));
 - (b) beneficiary certificate or investment securities for securities investment trust, securities or instruments representing beneficiary interest in money trust, and loaned securities, which relate to the bonds set forth in (a); and
 - (c) any other assets equivalent to those set forth in (a) and (b);
- (iii) the following assets issued by, or guaranteed as to their principal and interests by, any party other than the Japanese government, a foreign central government with equivalent or higher creditworthiness as the Japanese government and an international organization:
- (a) bonds of which principal redemption amount is denominated in Japanese currency;
 - (b) beneficiary certificate or investment securities for securities investment trust, securities or instruments representing beneficiary interest in money trust, and loaned securities, which relate to the bonds set forth in (a); and
 - (c) any other assets equivalent to those set forth in (a) and (b);
- (iv) the following assets issued by, or guaranteed as to their principal and interests by, the Japanese government, a foreign central government with equivalent or higher creditworthiness as the Japanese government and an international organization:
- (a) bonds of which principal redemption amount is denominated in foreign currency (excluding bonds for which the amount of principal in Japanese yen at the time of maturity or redemption is fixed by reasons such as forward exchange contract; the same applies in this item and item (vi));
 - (b) beneficiary certificate or investment securities for securities investment trust, securities or instruments representing beneficiary interest in money

- trust, and loaned securities, which relate to the bonds set forth in (a); and
- (c) any other assets equivalent to those set forth in (a) and (b);
- (v) the following assets issued by, or guaranteed as to their principal and interests by, any party other than the Japanese government, a foreign central government with equivalent or higher creditworthiness as the Japanese government and an international organization:
- (a) bonds of which principal redemption amount is denominated in foreign currency;
- (b) beneficiary certificate or investment securities for securities investment trust, securities or instruments representing beneficiary interest in money trust, and loaned securities, which relate to the bonds set forth in (a); and
- (c) any other assets equivalent to those set forth in (a) and (b);
- (vi) deposit, loan and beneficiary certificate for loan trust whose principal redemption amount is denominated in foreign currency, and any other assets equivalent thereto.

(Calculation of Price Fluctuation Reserve)

Article 41 An Authorized Specified Insurer must reserve the amount not less than the total of the amount obtained by multiplying the book value of each asset by the ratio set forth in the space of the Reserve Threshold as specified in the left column of the following table, itemized by the assets respectively set forth in that column which are held as of the account closing period, as the price fluctuation reserve. In this case, the maximum amount of the Price Fluctuation Reserve is the total of the amount obtained by the book value of each asset held as of the time of the account closing period as itemized by the assets set forth in the left column of that table, multiplied by the ratio specified in the Maximum Limit of Reserve as set forth in the table.

Assets	Reservation criteria	Maximum amount of reserve
Assets set forth in item (i) of the preceding Article	4.0/1000	100/1000
Assets set forth in item (ii) of the preceding Article	0.4/1000	10/1000
Assets set forth in item (iii) of the preceding Article	0.8/1000	20/1000
Assets set forth in item (iv) of the preceding Article	2.0/1000	50/1000

Assets set forth in item (v) of the preceding Article	2.4/1000	60/1000
Assets set forth in item (vi) of the preceding Article	2.0/1000	50/1000

(Application for Authorization of Exemption from Reserving Price Fluctuation Reserve)

Article 42 (1) When an Authorized Specified Insurer intends to obtain an authorization under the proviso to Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms or the proviso to Article 115, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written application for authorization, attaching a written statement of reasons as well as a balance sheet and profit and loss statement or any other documents equivalent thereto, to the administrative authority.

(2) When the application for authorization under the preceding paragraph is made, the administrative authority is to examine whether any grounds considered unavoidable exist, in light of the status of business or properties of the Authorized Specified Insurer which has filed the application for authorization.

(Reservation of Policy Reserve)

Article 43 (1) An Authorized Specified Insurer must, for each accounting period and for each of the categories respectively set forth in the following items, calculate and set aside as the policy reserve the amounts respectively set forth therein, in accordance with the formula specified in the documents set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act:

- (i) insurance premiums reserve: amount calculated in accordance with actuarial methodology, with an objective of preparation for performance of future obligations under insurance contracts;
- (ii) outstanding insurance premiums: the amount calculated as the amount equivalent to the liability corresponding to the unexpired period (meaning the insurance period specified under an insurance contract which has not passed as of the end of business year);
- (iii) extraordinary contingency reserve: the amount calculated for covering risks which may accrue in the future, so as to secure performance of the

- future obligations under insurance contracts; and
- (iv) policy dividend reserve: the amount of the policy dividend reserve.
- (2) The insurance premiums reserve under item (i) of the preceding paragraph (hereinafter simply referred to as "insurance premiums reserve" in this paragraph, the following paragraph and paragraph (5)) is to be set aside pursuant to the provisions of the following items:
- (i) insurance premiums reserve for insurance contracts (excluding insurance contracts for which a special account is created) may not be less than the amount calculated in accordance with the level premium system (meaning the system whereby the fund in preparation for performance of future obligations under insurance contracts is set aside by the level method for the entire insurance premiums payment period);
- (ii) for insurance premiums reserve for insurance contracts for which a special account is created, the outstanding balance of the income and expenditure in the special account must be reserved;
- (iii) in light of the status of business or properties of an Authorized Specified Insurer and distinctiveness of insurance contracts and other factors, if any special circumstance exists, the provisions of item (i) do not apply; provided, however, that even in this case, the amount of the insurance premiums reserve must be reserved in accordance with the method specified in the document set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act as the reasonable and fair amount from the standpoint of actuarial methodology.
- (3) If the policy reserve set aside pursuant to the preceding two paragraphs is found likely to be insufficient to cover the performance of the future obligations, an additional policy reserve must be set aside, by way of amendment to the documents set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act.
- (4) Extraordinary contingency reserve under item (iii) of paragraph (1) must be set aside in accordance with the following categories:
- (i) extraordinary contingency reserve for an insurance risk (meaning a risk which may accrue from an actual incidence ratio of insured event exceeding the normally predictable range); and
- (ii) extraordinary contingency reserve for a scheduled interest rate risk (meaning a risk that an insurer may be unable to assure the scheduled interest rate to serve the basis of calculation of the policy reserve; the same applies in paragraph (6)).
- (5) For an extraordinary contingency reserve set forth in item (i) of the preceding paragraph, a reserve is to be made for the amount not less than the total of the amounts set forth in the column of reserve amounts specified in the following table or the amount not less than the total of the amounts calculated in

accordance with the method specified in the documents set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act as the amounts equivalent thereto, according to the risks as respectively set forth in the left-hand column of the same table; provided, however, that the maximum of the amount is to be the total of the amount set forth in the column of the maximum limit of reserves specified in the same table, or the total of the amounts calculated in accordance with the methods specified in the documents set forth in the same item as the amounts equivalent thereto, according to the risks as respectively set forth in the left-hand column of the same table.

Risks	Reserve amount	Maximum limit of reserve
Mortality risk and hospitalization risk (meaning a risk which may accrue from an incidence rate of insurance proceeds, etc. payable contingent upon death or hospitalization of a person exceeding the normally predictable range)	Amount obtained by multiplying the amount of risk premiums receipts for the relevant business year (meaning insurance premiums receipts for the relevant business year which is to be allocated to payment of insurance proceeds, etc. for said business year; hereinafter the same applies in this table) by 15/1000	Amount obtained by multiplying the amount of risk premiums receipts for the relevant business year by 150/1000
Life cover risk (meaning a risk which may accrue from an incidence rate of insurance proceeds payable in relation to life of a person exceeding the normally predictable range)	Amount obtained by multiplying the amount of insurance premiums reserve for a pension insurance (meaning insurance whose primal purpose is the payment of pension in relation to a life of a person; hereinafter the same applies in this table) as of the end of the relevant business year by 1/1000	Amount obtained by multiplying the amount of insurance premiums reserve for a pension insurance as of the end of the relevant business year by 10/1000

Damage insurance risk (meaning a risk which may accrue from an incidence rate of insurance proceeds payable to compensate for damage caused by a certain incident exceeding the normally predictable range)	Amount obtained by multiplying the amount of risk premiums receipts for the relevant business year by 50/1000	Twice the amount of risk premiums receipts for the relevant business year
Other risks	Amount obtained by multiplying the amount of risk premiums receipts for the relevant business year by 34/1000	Amount obtained by multiplying the amount of risk premiums receipts for the relevant business year by 340/1000

- (6) For an extraordinary contingency reserve set forth in item (ii) of paragraph (4), a reserve is to be made for the amount not less than the total of the amounts obtained by multiplying the amount equivalent to a scheduled interest rate risk (meaning the total of the amounts derived by the following formula: categorizing each of the schedule interest rates for policy reserve according to the categories of schedule interest rate set forth in the appended table; adding up the values derived by multiplying the total amount by the ratio set forth in the column of risk coefficients corresponding to the relevant category; and then adding up the amounts obtained by multiplying the total value by the outstanding amount of policy reserve for the schedule interest rate; hereinafter the same applies in this paragraph) by 100/1000, and the amount obtained by multiplying the amount of the policy reserve (limited to policy reserve with a schedule interest rate; hereinafter the same applies in this paragraph) by one thousandth (1/1000); provided, however, that the maximum of the amount is to be the total of the amounts derived by multiplying the amount equivalent to the scheduled interest rate risk and the amount of policy reserve by 30/1000.
- (7) The extraordinary contingency reserve under item (iii) of paragraph (1) may not be reversed, except for the cases specified in the following items, according to the categories of extraordinary contingency reserve as respectively set forth therein; provided, however, that if the outstanding amount of the extraordinary contingency reserve set forth in those items as of the end of the previous business year exceeds the maximum limit of reserves of the extraordinary contingency reserve as of the relevant business year, the excess amount must be reversed:
- (i) extraordinary contingency reserve set forth in item (i) of paragraph (4): in the case of appropriation to compensate for mortality loss or loss on

- insurance claims (meaning losses accrued in the case where the actual mortality rate or risk ratio exceeds the scheduled mortality rate or scheduled risk ratio), if the losses accrue; or
- (ii) extraordinary contingency reserve set forth in item (ii) of paragraph (4): in the case of appropriation to compensate for interest loss (meaning losses accrued in the case where the actual interest rate as a result of asset management is less than the scheduled interest rate), if the losses accrue.
- (8) Notwithstanding the provisions of the preceding three paragraphs, in light of the status of business or properties of an Authorized Specified Insurer, if there are any inevitable grounds, reserving or reversal of extraordinary contingency reserve under item (iii) of paragraph (1) may be made not in accordance with these provisions.

(Policy Reserve for Reinsurance Contracts)

Article 44 If an Authorized Specified Insurer takes out reinsurance for insurance contracts, the insurer is not required to set aside a policy reserve for the portion of the amount of the reinsurance of the following persons:

- (i) an Insurance Company;
- (ii) a Foreign Insurance Company, etc.;
- (iii) an underwriting member provided in Article 219, paragraph (1) of the Act for whom a notification under Article 224, paragraph (1) of the Act is made;
- (iv) a Foreign Insurer other than as set forth in the preceding two items which, in light of its status of business or properties, is not likely to prejudice soundness of the business management of the Insurance Company which took out the reinsurance; and
- (v) Nippon Export and Investment Insurance.

(Insurance Proceeds, etc. Equivalent to Amount Due and Payable)

Article 45 The amount specified by order of the competent ministry, referred to in Article 117, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is an Insurance Proceeds, etc. for which the occurrence of a grounds of payment has not been reported to an Authorized Specified Insurer at each accounting period but for which the grounds of payment provided in an insurance contract is considered to have already occurred.

(Reservation of Reserves for Outstanding Claims)

Article 46 (1) An Authorized Specified Insurer must, for each accounting period, set aside the following amounts as a reserve for outstanding claims:

- (i) if an Authorized Specified Insurer has not yet recorded as expenses any

- Insurance Proceeds, etc. due and payable under the insurance contract for each accounting period (including those subject to a pending litigation as to the payment obligation), the amount required for the payment; and
- (ii) for Insurance Proceeds, etc., for which the occurrence of the grounds of payment has not been reported but the Authorized Specified Insurer finds that grounds of payment provided in the insurance contracts has occurred, the amount necessary for the payment (referred to as "accrued and unreported reserves for outstanding claims" in the following paragraphs to paragraph (4)).
- (2) The accrued and unreported reserves for outstanding claims are the average of the following amounts:
- (i) the amount obtained by multiplying the amount required for accrued and unreported reserves for outstanding claims (meaning the amount of Insurance Proceeds, etc., for which the occurrence of the grounds of payment has not been reported but the Authorized Specified Insurer finds that grounds of payment provided in the insurance contracts has occurred; hereinafter the same applies in this paragraph) as of the end of business year immediately preceding the business year which is a reference year for calculation of reserves for outstanding claims (hereinafter referred to as "reference business year" in this paragraph) by the ratio obtained by dividing the amount of payment of Insurance Proceeds, etc. for the reference business year by the amount of payment of Insurance Proceeds, etc. for the business year immediately preceding the reference business year;
- (ii) the amount obtained by multiplying the amount required for accrued and unreported reserves for outstanding claims as of the end of the business year which is two years prior to the reference business year by the ratio obtained by dividing the amount of payment of Insurance Proceeds, etc. for the reference business year by the amount of payment of Insurance Proceeds, etc. for the business year which is two years prior to the reference business year; and
- (iii) the amount obtained by multiplying the amount required for accrued and unreported reserves for outstanding claims as of the end of the business year which is three years prior to the reference business year by the ratio obtained by dividing the amount of payment of Insurance Proceeds, etc. for the reference business year by the amount of payment of Insurance Proceeds, etc. for the business year which is three years prior to the reference business year.
- (3) Notwithstanding the provisions of the preceding paragraph, for accrued and unreported reserves for outstanding claims for an insurance contract deemed to require a long-term payment of Insurance Proceeds, etc. due and payable under the insurance contract, the amount reasonably calculated in accordance with

the method of statistical estimation is to be reserved, based on the amounts as insurance proceeds and reserves for outstanding claims (meaning an amount set forth in item (i) of paragraph (1)), in accordance with each category of underwriting applicable to the insurance contract; provided, however, that if there is a reasonable and appropriate reason, the amount may be the amount calculated by other method based on accounting standards that are generally accepted as fair and appropriate and appropriate actuarial science.

- (4) Notwithstanding the provisions of the preceding two paragraphs, if there is a circumstance considered unavoidable in light of the status of business or property of an Authorized Specified Insurer, accrued and unreported reserves for outstanding claims may be reserved in amount calculated by the method specified in the document specified in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act, limited only to a certain period of time.
- (5) The provisions of paragraph 44 apply mutatis mutandis to the reserving of reserves for outstanding claims in the case where an insurance contract is reinsured.

(Insurance Contracts for Which Special Account Is Created)

Article 47 The insurance contract specified by order of the competent ministry, referred to in Article 118, paragraph (1) the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is an insurance contract whose amount of Insurance Proceeds, etc. fluctuates depending on the value of the properties corresponding to the policy reserve for the insurance contract.

(Exception on Book-Entry Transfer between Accounts)

Article 48 The cases specified by order of the competent ministry, referred to in Article 118, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are receipt of insurance premiums, payment of Insurance Proceeds, etc., borrowing from or repayment to any account other than a special account, or any other book-entry transfer of money equivalent thereto, which are specified in the documents set forth in Article 2, paragraph (3), item (ii) of the Supplementary Provisions to the Amendment Act.

(Requirements of Authorized Specified Insurer Exempted from Appointment of Responsible actuary)

Article 49 The requirement specified by order of the competent ministry,

referred to in Article 120, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is the satisfaction of all of the following:

- (i) that the insurance premiums and policy reserve is not calculated for an insurance contract with a long insured period which requires knowledge and experience of actuarial science; and
- (ii) that the policy dividend reserve is not calculated and reserved for an insurance contract with a long insured period.

(Matters for Participation by Responsible actuary)

Article 50 (1) The matters specified by order of the competent ministry, referred to in Article 120, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are the matters relating to actuarial science for the following in relation to an insurance contract requiring participation by an responsible actuary:

- (i) method of calculation of insurance premium;
- (ii) method of calculation of policy reserve;
- (iii) method of calculation of policy dividends;
- (iv) method of calculation of policyholder value;
- (v) calculation of outstanding insurance premium;
- (vi) calculation of reserves for outstanding claims; and
- (vii) any other matters necessary for an responsible actuary to perform the duties.

(2) The term "an insurance contract which requires participation by an responsible actuary" provided in the preceding paragraph means an insurance contract with a long insured period and which requires knowledge and experience of actuarial science for calculation of its insurance premiums and policy reserve, and an insurance contract with a long insured period and for which a calculation and reservation of policy dividend reserve is to be made.

(Persons Satisfying Requirements of Responsible actuary)

Article 51 The person who satisfies the requirement specified by order of the competent ministry, referred to in Article 120, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is a person who falls under any of the following items:

- (i) a regular member of The Institute of Actuaries of Japan, who has engaged in the business relating to actuarial science (including pension actuarial science; the same applies in the following item) for at least five years; or

- (ii) a semi-member of The Institute of Actuaries of Japan (limited to a person who passed at least five subjects of a qualification examination), who has engaged in the business relating to actuarial science for at least ten years.

(Notification of Appointment and Retirement of Responsible actuary)

Article 52 (1) When an Authorized Specified Insurer appoints an responsible actuary, it must submit to the administrative authority without delay a written notification, attaching a curriculum vitae of the responsible actuary and a document certifying that the responsible actuary falls under any of the persons set forth in the items of the preceding Article.

(2) When an responsible actuary resigns from office, an Authorized Specified Insurer must submit a written notification, attaching a written statement of reasons, without delay to the administrative authority.

(3) If an Authorized Specified Insurer has two or more actuaries, it must attach a document specifying the scope of their respective duties, in addition to the documents to be attached pursuant to the preceding two paragraphs.

(Verification Service of Responsible actuary)

Article 53 An responsible actuary must make a verification as to the matters set forth in the items of Article 121, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, for each accounting period and in accordance with the following criteria:

- (i) whether the policy reserve has been appropriately set aside pursuant to the provisions of Article 43;
- (ii) whether the distribution of policy dividends has been properly implemented pursuant to the provisions of Article 38; and
- (iii) judging from the amount of liabilities as of a certain time in the future calculated based upon reasonable estimation, whether the amount of assets as of a certain time in the future calculated based upon reasonable estimation is expected to fall short of the appropriate level in terms of continuance of the Specific Insurance Business.

(Contract for Verification in Relation to Policy Reserve)

Article 54 The insurance contracts specified by order of the competent ministry, referred to in Article 121, paragraph (1), item (i) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are all insurance contracts underwritten by an Authorized Specified Insurer.

(Matters for Verification by Responsible actuary)

Article 55 The matter specified by order of the competent ministry, referred to in Article 121, paragraph (1), item (iii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is whether it is difficult to continue the Specified Insurance Business in light of the results of reasonable estimate of future income and expenditure based on actuarial science.

(Written Opinion of Responsible actuary)

Article 56 (1) An responsible actuary must submit a written opinion containing the following matters, to a council meeting to approve financial statements (meaning financial statements provided in Article 123, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act)):

- (i) names of the Authorized Specified Insurer and responsible actuary;
 - (ii) year/month/date of submission;
 - (iii) matters relating to reservation of a policy reserve for an insurance contract provided in Article 54;
 - (iv) matters relating to policy dividends;
 - (v) matters relating to increase of policy dividend reserve;
 - (vi) matters relating to verification under the provisions of the preceding Article; and
 - (vii) an opinion of the responsible actuary on the matters set forth in items (iii) to (vi).
- (2) When an responsible actuary submits a written opinion to a council meeting pursuant to the provisions of Article 121, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, and when an responsible actuary submits a copy of the written opinion to an administrative authority pursuant to the provisions of Article 121, paragraph (2) of the Act, the responsible actuary must attach an ancillary report containing the method of verification of the matters set forth in the items of Article 121, paragraph (1) of the Act and any other matters which serve as the basis of the verification.
- (3) Notwithstanding the provisions of paragraph (1), an responsible actuary may notify an inspector or financial auditor of the details of the matters set forth in items (iii) to (vii) of the same paragraph.

(Matters Not Requiring Authorization on Change of Business Method Statement)

Article 57 The matters specified by order of the competent ministry, referred to in Article 123, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are the matters specified in a business method statement, etc. in relation to rearrangement of provisions, in the case where the provisions are rearranged according to amendment of relevant laws and regulations (limited to rearrangement with no substantial effect on the contents of the provision, including renumbering of provisions).

(Application or Notification for Authorization on Change of Business Method Statement)

Article 58 (1) When an Authorized Specified Insurer intends to obtain an authorization under Article 123, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written application for authorization, attaching the following documents, to the administrative authority:

- (i) a written statement of reasons; and
- (ii) in the case of amendment to any matter specified in the documents set forth in Article 2, paragraph (3), item (iv) of the Supplementary Provisions to the Amendment Act, a written opinion containing an responsible actuary's verification finding that the matters specified in the relevant documents after the amendment are reasonable and fair in terms of actuarial methodology (limited to the case where the Authorized Specified Insurer is required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms); and
- (iii) any other document specifying matters to serve as reference information.

(2) When an Authorized Specified Insurer intends to make a notification under Article 123, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written notification, attaching the documents set forth in items (i) and (iii) of the preceding paragraph, to the administrative authority.

(Persons in Special Relationship with Authorized Specified Insurers)

Article 59 The persons in special relationship specified by order of the competent ministry, referred to in Article 132, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary

Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) a subsidiary corporation, etc. (meaning a subsidiary corporation, etc. provided in Article 13-5-2, paragraph (3) of the Cabinet Order for Enforcement of the Insurance Business Act (Cabinet Order No. 425 of 1995); hereinafter referred to as the "Cabinet Order"; the same applies in Article 65) of the Authorized Specified Insurer; and
- (ii) an affiliated corporation, etc. (meaning an affiliated corporation, etc. provided in Article 13-5-2, paragraph (4) of the Cabinet Order) of the Authorized Specified Insurer.

(Name)

Article 60 The words specified by order of the competent ministry as those representing an Authorized Specified Insurer provided in Article 7, paragraph (2) of the Act, as applied to Article 272-8, paragraph (3) of the Act following the deemed replacement of terms as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are authorized specified insurance.

(Persons Equivalent to Insurance Company)

Article 61 The persons specified by order of the competent ministry as those equivalent to an Insurance Company, referred to in Article 272-11, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are a Foreign Insurance Company, etc., Small Amount and Short Term Insurance Company, Authorized Specified Insurer, and a person carrying out a business specified in Article 2, paragraph (1), item (i) of the Act to underwrite an insurance where the insurer undertakes to pay a certain amount of insurance proceeds contingent upon the life or death of a person and receives insurance premiums, an insurance where the insurer undertakes to compensate for damage that may accrue as a result of occurrence of certain accidents and receives insurance premiums and other insurance, which are set forth in the items of Article 3, paragraph (4) or (5) of the Act.

(Scope of Insurance Agency Service)

Article 62 The businesses specified by order of the competent ministry, referred to in Article 272-11, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are an agency or business handling service for Insurance Solicitation or any other

business for an Insurance Company or any person provided in the preceding Article (hereinafter referred to as an "insurance company, etc." in this Article), which relate to an insurance contract satisfying all of the requirements set forth in the following items:

- (i) that the business is of the same type as an insurance contract for Specified Insurance Business or agency or business handling service for Insurance Company, etc. currently carried out by an Authorized Specified Insurer or a former specified insurer whose Closely Related Person is the Authorized Specified Insurer at the time of the promulgation of the Amendment Act (referred to as an "insurance contract under the former Act" in the following item); and
- (ii) that the scope of policyholders and insured persons are the same as the scope of the policyholders and insured persons under the insurance contract under the former Act; or that an Authorized Specified Insurer is a policyholder under the insurance contract and the scope of the insured persons is the same as the scope of policyholders of an insurance contract under the former Act.

(Approval of Administrative Authority for Conducting Other Business)

Article 63 (1) When an Authorized Specified Insurer intends to obtain an approval under the proviso to Article 272-11, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written application for approval containing the following matters to the administrative authority:

- (i) name;
 - (ii) year/month/date of authorization;
 - (iii) type of business for which an approval is sought; and
 - (iv) slated year/month/date for starting the business.
- (2) A document specifying the following matters must be attached to the written application for approval under the preceding paragraph:
- (i) details and methods of the business;
 - (ii) organizations having jurisdiction over the business and personnel staffing; and
 - (iii) internal rules, etc. for the operation of the business.

(Matters for Notification)

Article 64 (1) The cases specified by order of the competent ministry, referred to in Article 272-21, paragraph (1), item (vi) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms,

are as set forth in the following:

- (i) assumption of, or retirement from, an office of a representative director (meaning a representative director provided in Article 21, paragraph (1) or Article 162, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations) of an Authorized Specified Insurer, or a director or inspector engaged in the ordinary business of an Authorized Specified Insurer;
- (ii) if the location of its office (limited to an office for conducting business pertaining to the Specified Insurance Business) is changed (excluding the case where an authorization is obtained pursuant to Article 4, paragraph (8) of the Supplementary Provisions to the Amendment Act);
- (iii) if the Subsidiary Company no longer falls under the category (excluding the case where the business is assigned with an authorization under Article 142 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (12) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms);
- (iv) if the Subsidiary Company has changed its trade name, location of its head office or contents of its main business, implemented a merger or dissolution, or discontinued all of its businesses (excluding the case where the Subsidiary Company is required to make a notification under the preceding item to the effect that it no longer falls under the category of a Subsidiary Company pursuant to the same item);
- (v) if the Subsidiary Company suspends, resumes or discontinues all or part of its business conducted with an approval under the proviso to Article 272-11, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
- (vi) if the Subsidiary Company newly enters into a relationship with a person who falls under the categories of persons set forth in the items of Article 59 (excluding a Subsidiary Company; referred to as "specific interested party" in the following item and item (viii));
- (vii) if the specific interested party no longer falls under its category;
- (viii) if the specific interested party changes the contents of its main business;
- (ix) pursuant to the provisions of Article 43, paragraph (8), if the Authorized Specified Insurer intends to make a reservation or reversal of extraordinary contingency reserve under paragraph (1), item (iii) of the same Article not in accordance with paragraphs (5) to (7) of the same Article;
- (x) when the Authorized Specified Insurer started making available for public inspection the explanatory documents pursuant to the provisions of Article 31, paragraph (1) of this Order or Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the

- Supplementary Provisions to the Amendment Act following the deemed replacement of terms; or
- (xi) if the Authorized Specified Insurer becomes aware of the occurrence of any deplorable event by it, its Subsidiary Company or party entrusted with business (referred to as "Authorized Specified Insurer, etc." in paragraph (4)) (in the case of a party entrusted with business, limited to the event relating to the business entrusted by the Authorized Specified Insurer).
- (2) When an Authorized Specified Insurer intends to make a notification under Article 272-21, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written notification, attaching a written statement of reasons and any document containing matters which may serve as reference information, to the administrative authority.
- (3) If item (ix) of paragraph (1) applies, a notification attaching a balance sheet and profit and loss statement is to be made promptly after the preparation of the documents.
- (4) The term "deplorable event" provided in item (xi), paragraph (1) means that any of an Authorized Specified Insurer, etc., its officers or employees, a person conducting Insurance Solicitation for an Authorized Specified Insurer (excluding a party receiving entrustment of business from an Authorized Specified Insurer) or its officers or employees has conducted an act which falls under any of the following items:
- (i) fraud, embezzlement, breach of trust or any other criminal act in the course of the performance of business of an Authorized Specified Insurer;
 - (ii) an act in violation of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates (Act No. 195 of 1954);
 - (iii) an act in violation of the provisions of Article 300, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
 - (iv) loss of cash, negotiable instrument, check or securities or any other item of value of not less than one million yen in value per each instance (including theft and occurrence of deficiency or excess); and
 - (v) any other act equivalent to those set forth in the preceding items, which would actually or potentially hinder sound and appropriate operation of business of an Authorized Specified Insurer.
- (5) A notification in the case where item (xi) of paragraph (1) applies must be made within 30 days from the day when the Authorized Specified Insurer becomes aware of the occurrence of the deplorable event provided in the preceding paragraph.

(Corporations of Which Business Management Is Controlled by Authorized Specified Insurers)

Article 65 The party specified by order of the competent ministry, referred to in Article 272-22, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is a Subsidiary Corporation, etc. of the Authorized Specified Insurer which is not a Subsidiary Company.

(Application for Approval for Authorized Specified Insurers to Hold Subsidiary Companies)

Article 66 When an Authorized Specified Insurer intends to obtain an approval under the proviso to Article 4, paragraph (4) of the Supplementary Provisions to the Amendment Act, it must submit a written application for approval, attaching the following documents, to the administrative authority:

- (i) a written statement of reasons; and
- (ii) the following documents in relation to the Authorized Specified Insurer:
 - (a) a latest balance sheet (meaning a balance sheet prepared pursuant to Article 123, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act) and a balance sheet prepared using the appended form No. 1-3; the same applies in Article 75, item (iv) and Article 79, item (i), (c) and item (ii), (c) of the same Article), a profit and loss statement (meaning a profit and loss statement prepared pursuant to Article 123, paragraph (2) of the same Act (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act) and a balance sheet prepared using the appended form No. 1-4), and any other document showing the recent situations of business, properties and profit and loss; and
 - (b) a document specifying the prospect of income and expenditure after obtaining the approval;
- (iii) the documents set forth in the following in relation to the Subsidiary Company for which the approval is sought:
 - (a) a document specifying the location of the trade name and head office;
 - (b) a document specifying the details of business; and
 - (c) the latest balance sheet, profit and loss statement, statement of changes in net assets and any other document which shows the recent business, assets and profit and loss standings;
 - (d) a document specifying the job title and name of the directors, executive officers, accounting advisors (if the accounting adviser is a corporation, including the member to perform the duties of the corporation) and

- auditors; and
- (iv) any other document specifying matters to serve as reference information.

(Application for Approval on Transfer of Fund Management from Specified Insurance Business Account to Other Account)

- Article 67 (1) When an Authorized Specified Insurer intends to obtain an approval under Article 4, paragraph (7) of the Supplementary Provisions to the Amendment Act, it must submit a written application for authorization, attaching a written statement of reasons and a document specifying the matters to serve as reference information, to the administrative authority.
- (2) When the application for approval under the preceding paragraph is made, the administrative authority is to examine whether there exist any grounds considered unavoidable, in light of status of business or properties of the Authorized Specified Insurer which has filed the application for approval.

(Application for Authorization on Change of Articles of Incorporation)

- Article 68 When an Authorized Specified Insurer intends to obtain an authorization under Article 4, paragraph (8) of the Supplementary Provisions to the Amendment Act, it must submit a written application for authorization, attaching the following documents, to the administrative authority:
- (i) a written statement of reasons; and
- (ii) minutes of general meeting of members or meeting of councilors, or any other document certifying that necessary procedures have been taken; and
- (iii) any other document specifying matters to serve as reference information.

Chapter V Transfer of Insurance Contracts; Assignment or Acquisition of Business; and Entrustment of Business and Property Management Service

Section 1 Transfer of Insurance Contracts

(Documents to Be Kept in Cases of Transfer of Insurance Contracts)

- Article 69 The documents specified by order of the competent ministry, referred to in Article 136-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:
- (i) a written contract for the contract under Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter referred to as a "transfer contract" in Article 72, paragraph (2), item (ii)); and

(ii) a balance sheet of a transferor provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter simply referred to as "transferor" in this Section) and a transferee company provided in Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter simply referred to as "transferee company" in this Section) (in the case of an Authorized Specified Insurer, a balance sheet prepared pursuant to Article 123, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act), a balance sheet prepared according to appended Form 1-3, or in the case of a Foreign Insurance Company, etc., a balance sheet for insurance business in Japan; the same applies in Article 72, paragraph (2), item (iv), Article 77, paragraph (2), item (iv) and Article 78, paragraph (2), item (iv)).

(Matters for Public Notice of Notice in Cases of Transfer of Insurance Contracts)

Article 70 The matters specified by order of the competent ministry, referred to in the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) the trade name or name of the transferee company;
- (ii) the location of the transferee company's head office, principal office or a main business establishment in Japan;
- (iii) the ratio to indicate the soundness of solvency margin for Insurance Proceeds, etc. of the transferee company (excluding an Authorized Specified Insurer) for the latest business year (meaning a ratio derived from a calculation formula relating to the standard of soundness of solvency margin for Insurance Proceeds, etc. under Article 130 of the Act (including the case where it is applied mutatis mutandis pursuant to Article 272-28 of the Act) or Article 202 of the Act; the same applies in this item and Article 72, paragraph (2), item (xvi)), and the prospective ratio to indicate the soundness of their solvency margin for Insurance Proceeds, etc. as of the day of transfer of insurance contracts;
- (iv) a brief description of the services relating to the transferred contract (meaning a transferred contract provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed

- replacement of terms; the same applies in Article 72, paragraph (2), items (vi) to (xi) and (xvii), Article 72-2, paragraph (1), item (i) and Article 74) after the transfer of insurance contracts; and
- (v) a policy for policy dividends or dividend of surplus to members (hereinafter referred to as "dividend, etc." in this item) of the transferor and transferee company before and after the transfer of insurance contracts, and the amount of dividend, etc. of the transferor and the transferee company before the transfer of insurance contracts.

(Amount of Claim Relating to Insurance Contract)

Article 71 The amount specified by order of the competent ministry, referred to in Article 137, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are the total of the amounts as set forth in the following:

- (i) the amount to be reserved for insured persons at the time of the public notice or notice under Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter referred to as a "public notice" in the following item); and
- (ii) the amount of insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract, which has not passed as of the time of the public notice, etc.).

(Matters for Notices Relating to Contracts under Transfer Procedures of Insurance Contracts)

Article 71-2 The matters specified by order of the competent ministry, referred to in Article 138, paragraph (1), item (iii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the items of Article 70.

(Application for Authorization of Transfer of Insurance Contracts)

Article 72 (1) For applying for authorization under Article 139, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written application for authorization must be submitted to the administrative authority of the transferor, within one month from the objection period under Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary

Provisions to the Amendment Act following the deemed replacement of terms.

- (2) The following documents must be attached to the written application for authorization under the preceding paragraph:
- (i) a written statement of reasons;
 - (ii) a transfer contract;
 - (iii) minutes of shareholders meeting, etc. (meaning a shareholders meeting, etc. provided in Article 136, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms) of the transferor and transferee company (excluding a Foreign Insurance Company, etc.);
 - (iv) a balance sheet of the transferor and transferee company;
 - (v) an inventory of assets of the transferor;
 - (vi) a document specifying the criteria for determination of transferred contracts and the scope of the contracts; and
 - (vii) a document specifying the following matters in relation to an insurance contract wherein the insurer is a transferor:
 - (a) the number of policyholders, the number of insurance contracts, the total of the insurance proceeds, and the amount of policy reserve and any other reserves before and after the transfer of insurance contracts, for each type of insurance contract;
 - (b) the amount of policy reserve and any other reserves for the transferred contracts before the transfer of insurance contract and the appropriateness of the calculation of the amount, for each type of insurance contract (in the case where a transferor is an Authorized Specified Insurer not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the amount of policy reserve and any other reserve and the method of calculation of the amounts); and
 - (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts (in the case where a transferor is an Authorized Specified Insurer not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the method of calculation of policy reserve and any other reserve);
 - (viii) a document specifying the quantity and value for each type of properties to be transferred associated with the transferred contract pursuant to a

contract referred to in Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;

(ix) the documents set forth in the following, if the transferee company is an Authorized Specified Insurer:

(a) a document specifying type of the insurance, scope of policyholders, scope of insured persons or purposes of insurance, and grounds of payment of insurance proceeds in relation to the transferred contracts;

(b) a document specifying the matters specified in (a) in relation to an insurance contract wherein the insurer is a transferee company;

(x) a document specifying the following matters in relation to an insurance contract for an insurance contract (in the case of a Foreign Insurance Company, etc., an insurance contract in Japan) wherein the insurer is a transferee company:

(a) the number of policyholders, the number of insurance contracts, the total of the insurance proceeds, and the amount of policy reserve (in the case of a Foreign Insurance Company, etc., meaning policy reserve to be made in Japan pursuant to Article 116, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act; the same applies in (b) and (c) below and paragraph (1), item (ii) of the following Article) and any other reserves before and after the transfer of insurance contracts, for each type of insurance contract;

(b) the amount of policy reserve and any other reserves for the transferred contracts after the transfer of insurance contract and the appropriateness of the calculation of the amount, for each type of insurance contract (in the case where a transferee company is an Authorized Specified Insurer not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the amount of policy reserve and any other reserve and the method of calculation of the amounts); and

(c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts (in the case where a transferee company is an Authorized Specified Insurer not required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the method of calculation of policy reserve and any other reserve);

- (xi) in the case where a transferee company is a Small Amount and Short Term Insurance Company, if a transferred contract or any insurance contract wherein the insurer is the transferee company covers the same policyholder or reinsured person, a document specifying the total amount of insurance proceeds for all insurance contracts for each policyholder or reinsured person and the total amount of insurance proceeds for all insurance contracts according to the categories of insurance set forth in the items of Article 1-6 of the Cabinet Order;
- (xii) a document certifying that a public notice or notice under the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms has been given;
- (xiii) a document certifying that the number of affected policyholders (meaning an affected policyholder provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies in the following item) who raised their objections within the period for objection under Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms or the amount pertaining to the policyholders as provided in Article 71 has not exceeded the certain ratio provided in Article 137, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
- (xiv) a document specifying the grounds for the objections raised by the affected policyholders under the preceding item and the measures taken by the transferor or the transferee company in response to the objections;
- (xv) a document prepared by an administrative organ specified in the following
 - (a) to (c), in accordance with the categories of transferee companies as respectively set forth therein, which contains an opinion that the transfer of insurance contracts complies with the standards set forth in Article 139, paragraph (2), item (i) (limited to the portion relating to the transferee company) and item (ii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (or, in the case where the transferee company is an Authorized Specified Insurer, including an opinion that the Specified Insurance Business relating to the transfer of insurance contracts is considered to be substantially the same as all or part of the Specified Insurance Business carried out by the transferee company before the transfer of the insurance contracts) (excluding the case where the

administrative organ is the same as the administrative authority of the transferor):

- (a) Authorized Specified Insurer: its administrative authority;
 - (b) Insurance Company, Foreign Insurance Company, etc. or Small Amount and Short Term Insurance Company (limited to a Small Amount and Short Term Insurance Company designated by the Commissioner of the Financial Services Agency pursuant to Article 47-2, paragraph (3) of the Order): Commissioner of the Financial Services Agency;
 - (c) Small Amount and Short Term Insurance Company (excluding those specified in (b)): the Director General of the Local Finance Bureau having jurisdiction over its head office or principal office (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau);
 - (xvi) a document specifying the ratio to indicate the soundness of solvency margin for Insurance Proceeds, etc. of the transferee company (excluding an Authorized Specified Insurer) for the latest business year, and the prospective ratio to indicate the soundness of their solvency margin for Insurance Proceeds, etc. as of the day of transfer of insurance contracts;
 - (xvii) a document specifying the organization for carrying out the business relating to the transferred contracts at the transferee company and the content of its services;
 - (xviii) any other document specifying the matters to serve as reference information for the examination under Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.
- (3) When an administrative authority of a transferor receives an application for authorization under Article 139, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it is immediately to make a notification to that effect to the administrative organ which prepared the written opinion pursuant to item (xv) of the preceding paragraph as to the transfer of insurance contracts relating to the application. The same applies to the case where the administrative authority renders a disposition as to the application.

(Examination of Authorization of Transfer of Insurance Contracts)

Article 72-2 (1) When an administrative authority of the transferor conducts an examination of the application for authorization under paragraph (1) of the preceding Article, pursuant to the provisions of Article 139, paragraph (2) of

the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the authority is to pay due consideration to the following matters:

- (i) the purpose of the transfer of insurance contracts and the determination criteria for transferred contracts are not likely to have negative impact on protection of Policyholders, etc.;
- (ii) after the transfer of insurance contracts, it is expected that policy reserves for insurance contracts wherein the insurer is the transferor and insurance contracts wherein the insurer is the transferee company will be set aside by a reasonable and appropriate method in accordance with actuarial science; and
- (iii) after the transfer of insurance contracts, it is expected that the reserves specified in the following (a) to (d) will be set aside in an appropriate way, according to the categories of transferee companies as respectively set forth therein:
 - (a) Authorized Specified Insurer: policy dividend reserve;
 - (b) Insurance Company: policy dividend reserve under Article 64, paragraph (1) of the Regulation for Enforcement of the Insurance Business Act;
 - (c) Foreign Insurance Company, etc.: policy dividend reserve under Article 146, paragraph (1) of the Regulation for Enforcement of the Insurance Business Act;
 - (d) Small Amount and Short Term Insurance Company: policy dividend reserve under Article 211-42, paragraph (1) of the Regulation for Enforcement of the Insurance Business Act;
- (iv) after the transfer of insurance contracts, the soundness of solvency margin for Insurance Proceeds, etc. of the transferee company (excluding an Authorized Specified Insurer) is deemed appropriate based on actuarial science.
- (2) When an administrative organ of the transferee company prepares a document under Article 72, paragraph (2), item (xv), it is to pay due regard to the matters set forth in the items of the preceding paragraph.

(Matters for Public Notice after Transfer of Insurance Contracts)

Article 73 The matters specified by order of the competent ministry, referred to in the first sentence of Article 140, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) progress of procedures under Article 137, paragraphs (1) to (3) of the Act (excluding the provisions of the proviso to paragraph (1) of the same Article)

as applied *mutatis mutandis* pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; and

- (ii) the transferee company's trade name, name, and the location of its head office, principal office or a main business establishment in Japan.

(Effect of Transfer of Insurance Contracts)

Article 74 As a result of the transfer of insurance contracts, if the matters specified in the documents of the transferee company set forth in the following items require amendment to add the portion of matters specified in a business method statement, etc. of the transferor which relate to the transferred contracts, the amendment to those documents is deemed to have been authorized, amended or notified as follows, at the time of obtaining the authorization under Article 139, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (11) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms:

- (i) the documents set forth in Article 4, paragraph (2), items (ii) to (iv) of the Act or the documents set forth in Article 187, paragraph (3), items (ii) to (iv) of the Act: an authorization under Article 123, paragraph (1) of the Act (including the case where it is applied *mutatis mutandis* pursuant to Article 207 of the Act) or an amendment pursuant to Article 123, paragraph (2) of the Act (including the case where it is applied *mutatis mutandis* pursuant to Article 207 of the Act);
- (ii) the documents set forth in Article 272-2, paragraph (2), items (ii) to (iv) of the Act: an amendment under Article 272-19, paragraph (1) of the Act;
- (iii) business method statement, etc.: an authorization under Article 123, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms or a notification under paragraph (2) of the same Article of the Act.

Section 2 Assignment or Acquisition of Business

(Application for Authorization of Business Assignment)

Article 75 When an Authorized Specified Insurer intends to obtain an authorization under Article 142 of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (12) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written application for authorization, attaching the following documents, to the administrative authority:

- (i) a written statement of reasons;

- (ii) a document specifying the details of a contract for assignment or acquisition of business (hereinafter referred to as "business assignment, etc." in this Article);
- (iii) minutes of general meeting of members or meeting of councilors of the relevant Authorized Specified Insurer, or any other document certifying that necessary procedures have been taken;
- (iv) a balance sheet of the relevant Authorized Specified Insurer;
- (v) a document specifying the status of loss and profit of the business to be assigned or acquired; and
- (vi) in the case of an application for authorization of a business assignment, etc. whereby an Authorized Specified Insurer acquires Specified Insurance Business, a document specifying the following matters:
 - (a) the following matters in relation to Specified Insurance Business relating to the business assignment, etc.:
 - 1. type of insurance;
 - 2. scope of policyholders;
 - 3. scope of insured persons or purposes of insurance; and
 - 4. grounds of payment of insurance proceeds;
 - (b) the matters set forth in (a), 1. to 4. in relation to the Specified Insurance Business carried out by the Authorized Specified Insurer intending to acquire the Specified Insurance Business;
- (vii) if the Authorized Specified Insurer after the business assignment, etc. has a subsidiary company, etc., a document specifying the prospect of income and expenditure of the Authorized Specified Insurer and subsidiary company, etc.;
- (viii) if the Subsidiary Company of the Authorized Specified Insurer is no longer a Subsidiary Company as a result of the transfer of business, a document specifying the name of the Subsidiary Company; and
- (ix) any other document specifying matters to serve as reference information.

Section 3 Entrustment of Business and Property Management Service

(Foreign Insurance Company, etc. Not Permitted to Accept Entrustment of Management of Business and Properties)

Article 76 The party specified by order of the competent ministry, referred to in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is a Foreign Insurance Company, etc. which establishes an office for an agent of underwriting of insurance relating to the insurance business in Japan under Article 185, paragraph (1) of the Act.

(Application for Authorization of Entrustment of Business and Property Management)

Article 77 (1) For applying for authorization under Article 145, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written application for authorization must be submitted to the administrative authority of the entrusting party (meaning an entrusting party provided in Article 144, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; hereinafter the same applies in this Article and the following Article).

(2) The following documents must be attached to the written application for authorization under the preceding paragraph:

- (i) a written statement of reasons;
- (ii) a written management service entrustment contract (meaning a contract under Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; the same applies in Article 78, paragraph (2), item (ii) and paragraph (3));
- (iii) minutes of shareholders meeting, etc. (meaning a shareholders meeting, etc. provided in Article 144, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; hereinafter the same applies in Article 78, paragraph (2), item (iii)) of the entrusting party and entrusted company (meaning an entrusted company provided in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; hereinafter the same applies in this Article and the following Article, and excluding a Foreign Insurance Company, etc.);
- (iv) a balance sheet of the entrusting party and the entrusted company;
- (v) a document specifying the status of loss and profit of the business and property subject to the entrustment of management service;
- (vi) a document specifying the method of management of business and properties of the entrusting party, and the method of indication by the entrusted company under Article 148, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
- (vii) a document prepared by an administrative organ specified in the following

- (a) to (c), in accordance with the categories of entrusted companies as respectively set forth therein, which contains an opinion that the entrustment of management service for the business and properties relating to the application for authorization of amendment or cancellation complies with the standards set forth in Article 145, paragraph (2), item (i) (limited to the portion relating to the entrusted company) and item (ii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (excluding the case where the administrative organ is the same as the administrative authority of the entrusting party):
- (a) Authorized Specified Insurer: its administrative authority;
 - (b) Insurance Company, Foreign Insurance Company, etc. or Small Amount and Short Term Insurance Company (limited to a Small Amount and Short Term Insurance Company designated by the Commissioner of the Financial Services Agency pursuant to Article 47-2, paragraph (3) of the Order): Commissioner of the Financial Services Agency;
 - (c) Small Amount and Short Term Insurance Company (excluding those specified in (b)): the Director General of the Local Finance Bureau having jurisdiction over its head office or principal office (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau);
- (viii) any other document specifying the matters to serve as reference information for the examination under Article 145, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.
- (3) When an administrative authority of an entrusting party receives an application for authorization under Article 145, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it is immediately to notify the administrative organ which prepared the written opinion pursuant to item (vii) of the preceding paragraph of the entrustment of business or property management for the application. The same applies to the case where the administrative authority renders a disposition as to the application.

(Application for Authorization of Change or Cancellation of Management Service Entrustment Contract)

Article 78 (1) For applying for authorization under Article 149, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of

the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written application for authorization must be submitted to the administrative authority of the entrusting party.

- (2) The following documents must be attached to the written application for authorization under the preceding paragraph:
- (i) a written statement of reasons;
 - (ii) in the case of application for authorization for change of any matters provided in the management service entrustment contract, the contract after the change;
 - (iii) minutes of shareholders meeting, etc. of the entrusting party and entrusted company (excluding a Foreign Insurance Company, etc.);
 - (iv) a balance sheet of the entrusting party and the entrusted company;
 - (v) a document specifying the status of loss and profit of the business and property subject to the entrustment of management service;
 - (vi) in the case of application for authorization on change of the scope of business and properties for which management service is to be entrusted, a document specifying the profit and loss standings of business and properties after the change for which the management services is to be entrusted;
 - (vii) a document prepared by an administrative organ specified in paragraph (2), item (vii), (a) to (c) of the preceding Article, in accordance with the categories of entrusted companies as respectively set forth therein, which contains an opinion that the entrustment of management service for the business and properties relating to the application for authorization of amendment or cancellation complies with the standards set forth in Article 145, paragraph (2), item (i) (limited to the portion relating to the entrusted company) and item (ii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (or, in the case of an application for authorization of cancellation, an opinion that the existing entrustment of business and properties management service no longer complies with these standards) (excluding the case where the administrative organ is the same as the administrative authority for the entrusting party); and
 - (viii) any other document specifying matters to serve as reference information.
- (3) When an administrative authority of an entrusting party receives an application for authorization under Article 149, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (14) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it is immediately to notify the administrative organ which prepared the written opinion pursuant to item (vii) of the preceding paragraph of the amendment or cancellation of the management service

entrustment agreement for the application. The same applies to the case where the administrative authority renders a disposition as to the application.

Chapter VI Dissolution, Merger and Liquidation

Section 1 Dissolution

(Application for Authorization of Dissolution)

Article 79 When an Authorized Specified Insurer intends to obtain an authorization under Article 153, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written application for authorization, attaching the documents set forth in the following items according to the categories of items for authorization respectively set forth therein, to the administrative authority:

- (i) a resolution of a general meeting of members in relation to the dissolution: the following documents:
 - (a) a written statement of reasons;
 - (b) minutes of general meeting of members;
 - (c) an inventory of assets and balance sheet;
 - (d) a document certifying that there is no insurance contract wherein the insurer is the relevant Authorized Specified Insurer (excluding an insurance contract set forth in the items of Article 1-3, paragraph (6) of the Supplementary Provisions to the Amendment Order);
 - (e) if there is any insurance contract wherein the insurer is the relevant Authorized Specified Insurer, a document specifying the policy for handling the insurance contract;
 - (f) any other document specifying the matters to serve as reference information for the examination under Article 153, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
- (ii) a resolution of a general meeting of members or councilors in relation to the discontinuance of Specified Insurance Business: the following documents:
 - (a) a written statement of reasons;
 - (b) minutes of general meeting of members or meeting of councilors;
 - (c) a balance sheet;
 - (d) a document certifying that there is no insurance contract wherein the insurer is the relevant Authorized Specified Insurer (excluding an insurance contract set forth in the items of Article 1-3, paragraph (6) of the Supplementary Provisions to the Amendment Order);

- (e) if there is any insurance contract wherein the insurer is the relevant Authorized Specified Insurer, a document specifying the policy for handling the insurance contract;
- (f) any other document specifying the matters to serve as reference information for the examination under Article 153, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;
- (iii) a merger wherein all or part of the parties are Authorized Specified Insurers: the following documents:
 - (a) a written statement of reasons;
 - (b) a document specifying the details of a merger contract;
 - (c) minutes of general meeting of members or meeting of councilors of the relevant Authorized Specified Insurer, or any other document certifying that necessary procedures have been taken;
 - (d) each party's inventory of assets and a balance sheet (in the case of an Authorized Specified Insurer, including a balance sheet prepared pursuant to Article 123, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act) and a balance sheet prepared using the appended form No. 1-3; the same applies in Article 89, paragraph (1), item (iv)), a profit and loss statement (in the case of an Authorized Specified Insurer, a profit and loss statement prepared pursuant to Article 123, paragraph (2) of the same Act (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act) and a balance sheet prepared using the appended form No. 1-4; the same applies in Article 89, paragraph (1), item (iv));
 - (e) a document specifying the merger costs;
 - (f) a document certifying that a public notice or demand pursuant to Article 248, paragraph (2) or Article 252, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations has been given, and that if any creditor has raised an objection, the fact that the payment has been made or security has been provided to, or has been placed under trust for the creditor, or that the merger is not likely to harm the creditor;
 - (g) a document certifying that there is no insurance contract wherein the insurer is the relevant Authorized Specified Insurer (excluding an insurance contract set forth in the items of Article 1-3, paragraph (6) of the Supplementary Provisions to the Amendment Order);
 - (h) if there is any insurance contract wherein the insurer is the relevant

Authorized Specified Insurer, a document specifying the policy for handling the insurance contract;

- (i) in the case where any party to the merger is not an Authorized Specified Insurer, the former articles of incorporation of the party which is not an Authorized Specified Insurer;
- (j) any other document specifying the matters to serve as reference information for the examination under Article 153, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.

(Public Notice of Dissolution)

Article 80 When an Authorized Specified Insurer intends to give a public notice under Article 154 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, and where there is any insurance contract wherein the insurer is the Authorized Specified Insurer, it is also to present the handling policy for the insurance contracts.

Section 2 Merger

(Matters Subject to Prior Disclosure by Merged Authorized Specified Insurers)

Article 81 The matters specified by order of the competent ministry, referred to in Article 246, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations, as applied following the deemed replacement of terms pursuant to the provisions of Article 165-23 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) contents of financial statements, etc. for the latest business year of a corporation disappearing in absorption-type merger (meaning a corporation disappearing in absorption-type merger provided in Article 244, item (i) of the Act on General Incorporated Associations and General Incorporated Foundations; hereinafter the same applies in this Section) (excluding a corporation in liquidation (meaning a corporation in liquidation provided in Article 207 of the same Act; the same applies in the following item and Article 83, item (iv))) provided in Article 75, paragraph (2) of the Regulation for Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations (Ministry of Justice Order No. 28 of 2007) (or, in the case of an Authorized Specified Insurer, including a business report, annex detailed statement, balance sheet and profit and loss statement

- prepared using the appended Forms 1-1 to 1-4);
- (ii) a balance sheet prepared by a corporation disappearing in absorption-type merger (limited to a corporation in liquidation) pursuant to Article 225, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations;
- (iii) matters regarding the rights of the policyholders of the corporation disappearing in absorption-type merger after the absorption-type merger; and
- (iv) after the start date for keeping the absorption-type merger agreement documents (meaning the start date for keeping the absorption-type merger agreement documents provided in Article 246, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations), if any change has arisen in any of the matters set forth in the preceding three items, the matters after the change.

Article 82 The matters specified by order of the competent ministry, referred to in Article 250, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations, as applied following the deemed replacement of terms pursuant to the provisions of Article 165-23 of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) contents of financial statements, etc. for the latest business year of a corporation surviving the absorption-type merger (meaning a corporation surviving the absorption-type merger provided in Article 244, item (i) of the Act on General Incorporated Associations and General Incorporated Foundations; hereinafter the same applies in this Section) provided in Article 75, paragraph (2) of the Regulation for Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations, and contents of a business report, annex detailed statement, balance sheet and profit and loss statement prepared using the appended Forms 1-1 to 1-4;
- (ii) matters regarding the rights of the policyholders of the corporation disappearing in absorption-type merger after the absorption-type merger; and
- (iii) for the period between the start date for keeping the absorption-type merger agreement documents (meaning the start date for keeping the absorption-type merger agreement documents provided in Article 250, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations) and the day when the absorption-type merger takes effect, if any change has arisen in any of the matters set forth in the preceding two items, the matters after the change.

(Matters for Public Notice Relating to Financial Statement)

Article 83 The matters specified by order of the competent ministry, referred to in Article 165-24, paragraph (2), item (iii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following items, according to the categories of cases respectively set forth therein as of the date of the public notice on an official gazette under Article 165-24, paragraph (2) of the Act:

- (i) pursuant to the provisions of Article 128, paragraph (1) or (2) of the Act on General Incorporated Associations and General Incorporated Foundations (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act), if the corporation subject to public notice requirement (meaning a corporation disappearing in absorption-type merger or corporation surviving the absorption-type merger; hereinafter the same applies in this Article) has given a public notice of its balance sheet for the latest business year or summary thereof: the following information:
 - (a) if the public notice has been made by means of an official gazette, the date of the official gazette and the page number on which the public notice has been published;
 - (b) if the public notice has been made by means of a daily newspaper that publishes matters on current affairs, the name and date of the newspaper, and the page number on which the public notice has been published;
 - (c) if the public notice has been made by means of an electronic public notice (meaning an electronic public notice provided in Article 331, paragraph (1), item (iii) of the Act on General Incorporated Associations and General Incorporated Foundations), the matters set forth in Article 301, paragraph (2), item (xv), (a) or Article 302, paragraph (2), item (xiii), (a) of the same Act; and
 - (d) if the public notice is made by the method provided in Article 88, paragraph (1) of the Regulation for Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations, the place of the public notice;
- (ii) for a balance sheet for the latest business year, the corporation subject to public notice requirement has taken a measure under Article 128, paragraph (3) of the Act on General Incorporated Associations and General Incorporated Foundations (including the case where it is applied mutatis mutandis pursuant to Article 199 of the same Act): the matters set forth in Article 301, paragraph (2), item (xiii) or Article 302, paragraph (2), item (xi) of the same Act;
- (iii) if the corporation subject to public notice requirement has no latest

- business year, that fact;
- (iv) if the corporation subject to public notice requirement is a corporation in liquidation, that fact;
- (v) the cases other than those set forth in the preceding items: the summary of the balance sheet under Article 128, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations.

(Matters for Public Notice Relating to Merged Authorized Specified Insurers)

Article 84 The matters specified by order of the competent ministry, referred to in Article 165-24, paragraph (2), item (v) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are the matters relating to the rights of policyholders of the merged authorized specified insurer to be distinguished in merger (meaning a merged authorized specified insurer provided in Article 165-24, paragraph (1) of the Act; the same applies in Article 89, paragraph (1), item (x)) after the merger.

(Amount of Claim Relating to Insurance Contract)

Article 85 The amount specified by order of the competent ministry, referred to in Article 165-24, paragraph (6) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is the total of the amounts as set forth in the following:

- (i) the amount to be reserved for insured persons at the time of the public notice in official gazette under Article 165-24, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (hereinafter referred to as a "public notice" in the following item); and
- (ii) the amount of insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract, which has not passed as of the time of the public notice).

(Matters for Public Notice after Merger)

Article 86 The matters specified by order of the competent ministry, referred to in Article 166, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) the progress of the following procedures:
 - (a) the progress of procedures under Article 165-24 of the Act as applied

- mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, in relation to the corporation disappearing in absorption-type merger (limited to an Authorized Specified Insurer);
- (b) the progress of procedures under Article 165-24 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, in relation to the corporation surviving the absorption-type merger; and
- (ii) the day when the absorption-type merger takes effect; and
- (iii) a location of the principal office of the Authorized Specified Insurer surviving the merger.

(Matters Subject to Ex-Post Facto Disclosure by Authorized Specified Insurers Surviving Merger)

Article 87 (1) The matters specified by order of the competent ministry, referred to in Article 166, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) the progress of the following procedures:
 - (a) the progress of procedures under Article 165-24 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, in relation to the corporation disappearing in absorption-type merger (limited to an Authorized Specified Insurer); and
 - (b) the progress of procedures under Article 165-24 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, in relation to the corporation surviving the absorption-type merger;
 - (ii) information specified or recorded in a document or electronic or magnetic record prepared pursuant to Article 253, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations in relation to the Authorized Specified Insurer surviving the merger.
- (2) The method specified by order of the competent ministry, referred to in Article 166, paragraph (3), item (iii) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is a method of presentation by displaying the information recorded in the electronic or magnetic records on paper or on a computer screen:

(Effect of Absorption-Type Merger)

Article 88 As a result of the merger under Article 167, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, if the matters specified in the business method statement, etc. require amendment to add the matters specified in the business method statement, etc. of the Authorized Specified Insurer to be extinguished in the merger, the matters which require authorization under Article 123, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms are deemed to have been authorized, or the matters which require a notification under Article 123, paragraph (2) of the Act are deemed to have been notified, at the time when the merger takes effect.

(Application for Authorization of Merger)

Article 89 (1) When an Authorized Specified Insurer intends to obtain an authorization under Article 167, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it must submit a written application for authorization, attaching the following documents, to the administrative authority of the corporation surviving the absorption-type merger:

- (i) a written statement of reasons;
- (ii) a document specifying the details of a merger contract;
- (iii) minutes of general meeting of members or meeting of councilors of the relevant Authorized Specified Insurer, or any other document certifying that necessary procedures have been taken;
- (iv) an inventory of assets, balance sheet and profit and loss statement of each party;
- (v) in the case of an application for authorization of merger involving two or more parties engaged in Specified Insurance Business, a document specifying the following matters:
 - (a) the matters set forth in the following in relation to the Specified Insurance Business carried out by the Authorized Specified Insurer surviving the merger before the merger:
 - 1. type of insurance;
 - 2. scope of policyholders;
 - 3. scope of insured persons or purpose of insurance; and
 - 4. grounds of payment of insurance proceeds;

- (b) the matters set forth in (a), 1. to 4. in relation to the Specified Insurance Business to be carried out by the Authorized Specified Insurer surviving the merger after the merger;
- (vi) for each type of insurance contract wherein the insurer is a person engaged in the Specified Insurance Business which is the party to the merger, a document specifying the respective number of policyholders, the number of insurance contracts, the total of the insurance proceeds, and the amount of policy reserve or the amount equivalent thereto;
- (vii) a business method statement, etc. after the merger of the Authorized Specified Insurer surviving the merger (limited to a case where there is any change to the matters specified in the business method statement, etc. as a result of the merger);
- (viii) a document specifying the prospect of income and expenditure after the merger by the Authorized Specified Insurer surviving the merger;
- (ix) a document specifying the merger costs;
- (x) a document certifying that the public notice on an official gazette under Article 165-24, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms and a public notice or demand by the method of public notice provided in the articles of incorporation of the merged authorized specified insurer has been given, and that if any policyholder (limited to policyholders of the insurance contract (limited to the insurance contract which expires upon completion of the payment pertaining to the insurance claim, etc.) whose insurance claim, etc. has been already accrued as of the time of giving the public notice in official gazette) or other creditor has stated objection, a document certifying that the insurer has made payment or provided equivalent security to the policyholder or other creditor, or has entrusted equivalent property to a trust company, etc. or that the merger poses no risk of harming the interest of the policyholder or other creditor;
- (xi) a document certifying that the number of policyholders who raised objections within the period under Article 165-24, paragraph (2), item (iv) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms did not exceed one-fifth of the total number of policyholders as referred to in Article 165-24, paragraph (6) of the Act, or a document certifying that the amount relating to the policyholders as referred to in Article 75 did not exceed one-fifth of the total of the amount under Article 165-24, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms;

- (xii) if a public notice under Article 249, paragraph (2) of the Act on General Incorporated Associations and General Incorporated Foundations, a document certifying to that effect;
- (xiii) former articles of incorporation of the parties;
- (xiv) in the case where any director or inspector assumes office upon the merger, a document certifying the consent to assumption of office, and curriculum vitae of these persons;
- (xv) in the case where the corporation surviving the absorption-type merger is required to appoint an responsible actuary pursuant to the provisions of Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraphs (1) and (2) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written opinion containing the results of the verification by the responsible actuary of the corporation surviving the absorption-type merger as to whether the policy reserve for insurance contracts of the corporation disappearing in absorption-type merger (limited to a corporation engaged in Specified Insurance Business) or amount equivalent thereto is reserved by the reasonable and fair method according to actuarial methodology;
- (xvi) a document prepared by an administrative organ specified in the following
 - (a) to (d), in accordance with the categories of corporation disappearing in absorption-type merger as respectively set forth therein, which contains an opinion that the merger complies with the standards set forth in Article 167, paragraph (2), item (i) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (limited to the portion relating to the corporation disappearing in absorption-type merger) (excluding the case where the administrative organ is the same as the administrative authority for the corporation surviving the absorption-type merger):
 - (a) Authorized Specified Insurer: its administrative authority;
 - (b) provider of insurance contract administrative service: its administrative authority;
 - (c) a transition corporation (meaning a transition corporation provided in Article 5, paragraph (5) of the Supplementary Provisions to the Amendment Act engaged in business and property management for insurance contracts underwritten before the day of transition registration (meaning a transition registration provided in the same paragraph), pursuant to the same paragraph; the same applies in (d)) (limited to a transition corporation designated by the Commissioner of the Financial Services Agency pursuant to Article 47-2, paragraph (1) of the Cabinet Order): the Commissioner of the Financial Services Agency;

- (d) a transition corporation (excluding those specified in (c)): the Director General of the Local Finance Bureau having jurisdiction over its principal office (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau);
- (xvii) any other document specifying the matters to serve as reference information for the examination under Article 167, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms.
- (2) When an administrative authority of a corporation surviving the absorption-type merger receives an application for authorization under Article 167, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, it is immediately to notify the administrative organ which prepared the written opinion on the merger pertaining to the application pursuant to item (xvi) of the preceding paragraph to that effect. The same applies to the case where the administrative authority renders a disposition as to the application.

Section 3 Liquidation

(Request for Appointment of Liquidator by Interested Party)

Article 90 When an interested party makes a request for appointment of a liquidator pursuant to the provisions of Article 174, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the party must attach to the written application a document certifying that it is an interested party.

(Notification of Assumption of Office of Liquidator)

Article 91 When a liquidator of an Authorized Specified Insurer intends to make a notification under Article 174, paragraph (8) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, the liquidator must submit a written notification, attaching the certificate of registered information of the Authorized Specified Insurer, to the administrative authority.

(Application for Permission for Repayment during Period for Notifying Claims)

Article 92 (1) For an application for a permission under Article 234, paragraph

(2) of the Act on General Incorporated Associations and General Incorporated Foundations, as applied following the deemed replacement of terms pursuant to the provisions of Article 178 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, a written application for the permission prepared in the name of all liquidators must be submitted to the administrative authority.

(2) A document specifying the following matters must be attached to the written application for permission under the preceding paragraph:

- (i) a written statement of reasons; and
- (ii) a document certifying that permission under the preceding paragraph should be granted.

(Notification of Status of Liquidation)

Article 93 When any material event arises, a liquidator of an Authorized Specified Insurer under liquidation must make a notification of the event without delay to the administrative authority (in the case where the liquidator was appointed by the Director General of the Local Finance Bureau having jurisdiction over the principal office of the Authorized Specified Insurer pursuant to Article 5-2, paragraph (1) of the Supplementary Provisions to the Amendment Order (or, the Director General of Fukuoka Local Finance Branch Bureau, in the case where the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau), the Director General of the Local Finance Bureau or the Director General of Fukuoka Local Finance Branch Bureau).

Chapter VII Insurance Solicitation

(Explanation to Customers)

Article 94 The matters specified by order of the competent ministry, referred to in Article 294, item (iii) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are a trade name or name of a person to conduct Insurance Solicitation for an affiliated authorized specified insurer.

(Items Amounts of Which Are Contingent)

Article 95 The amounts be specified by order of the competent ministry, referred to in Article 300, paragraph (1), item (vii) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are insurance proceeds or insurance premiums whose amounts fluctuate depending on the

investment performance of assets or other factors.

(Prohibited Acts Relating to Conclusion of Insurance Contract and Insurance Solicitation)

Article 96 The acts specified by order of the competent ministry, referred to in Article 300, paragraph (1), item (ix) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are as set forth in the following:

- (i) an act conducted so as to evade the prohibitions under Article 300, paragraph (1), item (v) of the Act, as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms in relation to the act set forth therein, irrespective of the name under which the act is to be conducted;
- (ii) an act to cause the policyholder or insured person to make an application for insurance contract or to terminate the insurance contract already in effect, by way of intimidation or by unjustly taking advantage of their business position, etc.;
- (iii) an act to cause a policyholder to make an application for an insurance contract, knowing that its subsidiary company, etc. has extended or has undertaken to extend credit to the policyholder or insured thereunder on the condition that the policyholder or insured will conclude the insurance contract with the Authorized Specified Insurer;
- (iv) an act to notify or present the policyholder, insured person or unspecified person misleading information as to important matters related to insurance contracts, etc. which may affect their respective judgments;
- (v) an act to inform the policyholder of any misleading information which may create confusion as to type of insurance under the insurance contract or the trade name or name of the Authorized Specified Insurer;
- (vi) a failure to take necessary and appropriate measures to prevent leakage of, loss of or damage to information in supervising the party to whom its business is entrusted, upon entrusting the confidentiality management of information concerning individual customers which it handles, supervision of its employees or handling of the information;
- (vii) a failure of an agency to take measures to ensure that the information it handles in the course of the business which relates to the individual customer's race, creed, family origin, registered domicile, health and medical care or criminal records, or any other special and undisclosed information (meaning undisclosed information which it may come to know in the course of business) will not be used for any purpose other than the assurance of the proper operation of the business or any other purpose as may be deemed necessary.

Chapter VIII Miscellaneous Provisions

(Contents of Documents)

Article 97 (1) The document provided in Article 309, paragraph (1), item (i) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms must contain the matters related to withdrawal of application for insurance contract or cancellation of insurance contract, as provided in the items of the same Article.

(2) The document set forth in the preceding paragraph must be prepared by using letters, characters and numerals larger than 8-point as provided in JIS Z8305.

(3) When the document under paragraph (1) is to be delivered to an applicant, etc. (meaning an applicant, etc. as provided in Article 309, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms; hereinafter the same applies in this paragraph and Article 99), it must be delivered by such means that ensures that the applicant, etc. understands the details written in the document, such as informing the applicant, etc. to comprehensively read the document.

(Cases Where Withdrawal of Application for Insurance Contract Is Unacceptable)

Article 98 The methods specified by order of the competent ministry, referred to in Article 1-4, paragraph (2), item (iii) of the Supplementary Provisions to the Amendment Order, are as set forth in the following:

- (i) by mail;
- (ii) by using a facsimile device or any other transmission device similar thereto or a device for information processing; and
- (iii) by using devices equipped by an Authorized Specified Insurer.

(Methods of Provision by Using Information and Communications Technology Pertaining to Withdrawal of Application for Insurance Contract)

Article 99 (1) The method using an electronic data processing system or any other methods of provision by using information and communication technology referred to in Article 309, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, and specified by order of the competent ministry are as set forth in the following:

- (i) a method using an electronic data processing system which is set forth in the following (a) or (b):

- (a) by transmitting information via telecommunications line connected between a computer used by an Authorized Specified Insurer and that used by an applicant, etc., and recording the information in a file stored on a computer used by the recipient; or
 - (b) by having the information to be included in documents that is recorded in the files stored on a computer used by an Authorized Specified Insurer available for inspection by an applicant, etc. via telecommunications line, and recording the information into the relevant files stored on the computer used by the applicant, etc. (or, if the applicant, etc. consents to the provision of information by the means provided in the first sentence of Article 309, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, or if the applicant, etc. makes a notification to the effect that the applicant, etc. refuses to receive information by the relevant means, by recording the consent or notice into files stored on the computer used by the Authorized Specified Insurer);
 - (ii) by delivering the file, which is prepared with an object enabling secure storage of certain information through magnetic disks, CD-ROMs or any other means equivalent thereto, in which the information to be included in documents is stored.
- (2) The methods set forth in the items of the preceding paragraph must be the methods enabling an applicant, etc. to prepare a document by outputting information recorded into the file;
- (3) When information to be included in documents is to be provided by the methods set forth in the items of paragraph (1), the information must be provided by showing images which inform the applicant, etc. that it is necessary for the applicant, etc. to fully read the documents, or by any other methods to ensure that the applicant, etc. understands the details of the information.
- (4) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system connecting a computer used by an Authorized Specified Insurer and a computer used by an applicant, etc. via telecommunications line.

Article 100 The types and details of the methods to be specified as set forth in Article 1-4, paragraph (3) of the Amendment Order are as follows:

- (i) the means set forth in the items of paragraph (1) of the preceding Article which are to be used by the Authorized Specified Insurer; and
- (ii) the format for recording information into files.

Article 101 The methods specified by order of the competent ministry, referred

to in Article 309, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, are the methods set forth in Article 99, paragraph (1), item (ii).

(Insurance Premiums Corresponding to Period before Cancellation, in Cases of Cancellation of Insurance Contract)

Article 102 (1) The amount specified by order of the competent ministry, referred to in Article 309, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 4-2 of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms, is up to the amount obtained by the following formula: dividing the amount already received or to be received as the insurance premiums for the insurance period under the insurance contract, by the total number of the days contained in the insurance period thereunder corresponding to the amount (hereinafter referred to as "Insurance Premiums Period" in this paragraph); and then multiplying the amount by the number of days contained in the period from commencement of the Insurance Premiums Period and the date of cancellation of the insurance contract.

(2) Any fraction of less than one yen that arises with regard to the amount calculated pursuant to the provisions of the preceding paragraph is to be truncated.

(Form of Identification Card of Inspecting Officials)

Article 103 The form of an identification card which an official is required to carry when conducting an inspection under Article 272-23 of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms (including the case where it is applied mutatis mutandis pursuant to Article 179, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 4, paragraph (17) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms) is as set forth in the appended Form 3; provided, however, that this does not apply to an identification card which an official of the Financial Services Agency, Local Finance Bureau or Fukuoka Local Finance Branch Bureau is required to carry when conducting an inspection.

(Application for Approval Pursuant to Article 4, Paragraph (20), Item (iv) of the Supplementary Provisions of the Amendment Act)

Article 104 When an Authorized Specified Insurer intends to obtain an authorization pursuant to the proviso to Article 4, paragraph (20), item (iv) of the Supplementary Provisions to the Amendment Act, it must submit a written

application for authorization, attaching a written statement of reasons and a document specifying the matters to serve as reference information, to the administrative authority.

(Preliminary Examination)

- Article 105 (1) A person who intends to incorporate a general incorporated association or general incorporated foundation for which an authorization under Article 2, paragraph (1) of the Supplementary Provisions to the Amendment Act or an authorization under Article 139, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 3, paragraph (1) of the Supplementary Provisions to the Amendment Act following the deemed replacement of terms is sought may seek a preliminary examination, by submitting to an administrative authority the documents equivalent to those specified in Article 2, paragraph (2) or (3) of the Supplementary Provisions to the Amendment Act or Article 19.
- (2) An exceptional general incorporated association or exceptional general incorporated foundation (meaning an exceptional general incorporated association or exceptional general incorporated foundation provided in Article 42, paragraph (1) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 50 of 2006)) may seek a preliminary examination by submitting to an administrative authority the documents equivalent to those specified in Article 2, paragraph (2) or (3) of the Supplementary Provisions to the Amendment Act.
- (3) Beyond what is specified in the preceding two paragraphs, an Authorized Specified Insurer which intends to obtain an authorization or approval from an administrative authority pursuant to the provisions of the Supplementary Provisions to the Amendment Act or the Act as applied mutatis mutandis pursuant to the Supplementary Provisions to the Amendment Act following the deemed replacement of terms may seek a preliminary examination by submitting to an administrative authority the documents equivalent to those specified in this Order as the documents to be submitted for application of the authorization or approval.

(Standard Processing Period)

- Article 106 (1) An administrative authority is to endeavor to render the disposition in response to an application relating to a permission, authorization or approval under the Supplementary Provisions to the Amendment Act, the Act as applied mutatis mutandis pursuant to the Supplementary Provisions to the Amendment Act following the deemed

replacement of terms, Amendment Order, or this Order (excluding an application for preliminary examination) within two months from the arrival of the application to the authority's office.

(2) The period under the preceding paragraph does not include the following periods:

(i) a period required for correction of the application;

(ii) a period required for the applicant to amend the contents of the application;
and

(iii) a period required for the applicant to make an addition of any documents as may be deemed necessary for the examination of the application.