

# Regulations for Enforcement of the Insurance Business Act (Part II Chapter VI through Part V)

(Ministry of Finance Order No. 5 of February 29, 1996)

## Chapter VI Supervision

(Notification of Change in Matters Specified in Statement of Business Procedures)

Article 83 The matters to be specified by Cabinet Office Order, as provided in Article 123, paragraph (1) of the Act, are as follows:

- (i) the matters specified in the documents stated in Article 4, paragraph (2), items (ii) through (iv) of the Act, which relate to the following insurance contracts of a life insurance company:
  - (a) an insurance contract wherein the Employees' Pension Fund becomes the policyholder, pursuant to the provisions of Article 130, paragraph (5) (Fund Business) and Article 130-2, paragraph (1) (Agreement Relating to Expenses Incurred in Pension Payments and Lump-Sum Payments) of the Employees' Pension Insurance Act;
  - (b) an insurance contract wherein the surviving federation as provided in Article 3, item (xiii) (Definitions) of the Supplementary Provisions of the 2013 Act Revising the Employees' Pension Act, etc. becomes the policyholder, pursuant to the provisions of Article 159-2, paragraph (1) (Agreement Relating to Expenses Incurred in Pension Payments and Lump-Sum Payments) of the Employees' Pension Insurance Act Prior to Revision, which is to remain in force pursuant to the provisions of Article 40, paragraph (9) (Business of Surviving Federation) of the Supplementary Provisions of the 2013 Act Revising the Employees' Pension Act, etc. and Article 38, paragraph (1) (Effect of the Employees' Pension Insurance Act Prior to Revision in Relation to Surviving Federation) of the Supplementary Provisions of the 2013 Act Revising the Employees' Pension Act, etc., and an insurance contract wherein the Pension Fund Association becomes the policyholder, pursuant to the provisions of Article 66, paragraph (1) (Agreement Relating to Investment of Funds) of the Defined Benefit Corporation Pension Act (Act No. 50 of 2001) as applied mutatis mutandis pursuant to Article 91-18, paragraph (7) (Business of Federation) of the same Act and Article 91-25 (Provisions Applied Mutatis Mutandis) of the same Act;
  - (c) an insurance contract wherein the National Pension Fund becomes the

- policyholder, pursuant to the provisions of Article 128, paragraphs (3) and (5) (Fund Business) of the National Pension Act (Act No. 141 of 1959);
- (d) an insurance contract wherein the National Pension Fund Association becomes the policyholder, pursuant to the provisions of Article 137-15, paragraphs (4) and (6) (Federation Business) of the National Pension Act;
- (e) an insurance contract wherein the Government Pension Investment Fund, Independent Administrative Agency becomes the policyholder, pursuant to the provisions of Article 21, paragraph (1), item (iv) (Management and Investment of Reserve Funds) of the Act on the Government Pension Investment Fund, Independent Administrative Agency (Act No. 105 of 2004) (when the investment of fund is to be made pursuant to the provisions of Article 8 (Succeeded Fund Investment Business) of the Supplementary Provisions to the same Act, meaning the insurance contract wherein the Government Pension Investment Fund, Independent Administrative Agency becomes the policyholder pursuant to the provisions of Article 21, paragraph (1), item (iv) of the same Act applied pursuant to the provisions of Article 13 (Mutatis Mutandis Application of Provisions Concerning Management and Investment Services) of the Supplementary Provisions to the same Act following the deemed replacement of terms, which are to be concluded for investment of the pension reserve or the fund provided in Article 8 of the Supplementary Provisions to the same Act to be carried out jointly pursuant to the provisions of Article 10 (Joint Investment) of the Supplementary Provisions to the same Act) (referred to as a "government pension investment fund insurance contract" in Article 164);
- (f) an insurance contract related to payment of insurance premiums which fall under the investment method to be specified by Cabinet Order, as referred to in the first sentence of the Article 23, paragraph (1) of the Defined Contribution Pension Act (including as applied mutatis mutandis pursuant to Article 73 of the same Act) (referred to below as "defined contribution pension insurance contract" in Article 164);
- (g) an insurance contract wherein the entrepreneur approved under Article 3, paragraph (1), item (i) of the Defined-Benefit Corporation Pension Act, pursuant to the provisions of Article 65, paragraph (1) of the same Act (referred to as "entrepreneur-type defined-benefit corporate pension insurance contract" in Article 164);
- (h) an insurance contract wherein the corporate pension provided in Article 2, paragraph (4) of the Defined-Benefit Corporation Pension Act becomes the policyholder, pursuant to the provisions of Article 66, paragraph (1) of the same Act (referred to as "fund-type defined-benefit corporate pension insurance contract" in Article 164);

- (i) beyond the contracts stated in (a) through (h), a contract wherein the policyholder is the representative of a corporation or any other equivalent organization (referred to below as "organization" in (i)) or an organization of insured (meaning the group of the insured under the same insurance contracts; the same applies below in (i)), wherein the members of the organization or the organization of insured constitute ten or more of the insured persons under the contract, and wherein the insurer undertakes to pay to the insured or the beneficiary the pension for the insured, for the period from the commencement of the payment of pension for the insured as long as the insured is alive, or for the period as long as the beneficiary of the pension under the insurance contract (referred to below as "beneficiary" in (i)) or for the period specified by the insurance contract (referred to as "group pension insurance contract" in Article 164);
- (j) an insurance contract wherein the policyholder is an organization which operates the mutual aid system under the laws, in accordance with the provisions concerning investment of mutual fund of the group (referred to below as "group life insurance contract" in Article 164);
- (k) an insurance contract wherein the Farmers Pension Fund, Independent Administrative Agency becomes the policyholder, pursuant to the provisions of Article 9, paragraph (1), item (iv) (Investment of Pension Benefit Reserve) of the Order for Enforcement of Act on the Farmers Pension Fund, Independent Administrative Agency (Cabinet Order No. 343 of 2003) (referred to as "farmers pension fund life insurance contract" in Article 164);
- (l) an insurance contract wherein the Welfare and Medical Service Agency, Independent Administrative Agency becomes the policyholder, pursuant to the provisions of Article 12, paragraph (4) (Scope of Business) of the Act on the Welfare and Medical Service Agency, Independent Administrative Agency;
- (m) an insurance contract wherein an entrepreneur becomes the policyholder, pursuant to the provisions of Article 6-2, paragraph (1) of the Workers' Property Accumulation Promotion Act (Act No. 92 of 1971) (referred to as "workers' property accumulation benefit insurance contract" in Article 164);
- (n) an insurance contract wherein the workers' property accumulation fund becomes the policyholder, pursuant to the provisions of Article 6-3, paragraph (2) of the Workers' Property Accumulation Promotion Act (referred to as "workers' property accumulation fund insurance contract" in Article 164);
- (ii) regarding the insurance contracts provided in the paragraphs of Article 68, the matters related to the calculation method and coefficients serving the

basis of calculation of insurance premium reserve under Article 69, paragraph (1), item (i) and Article 70, paragraph (1), item (i), (a), the outstanding insurance premiums under Article 69, paragraph (1), item (ii) and Article 70, paragraph (1), item (i), (b), the refund reserve under Article 69, paragraph (1), item (ii) and Article 70, paragraph (1), item (iii), contingency reserve under Article 69, paragraph (1), item (iii) and Article 70, paragraph (1), item (ii)-2 and extraordinary contingency reserve under Article 70, paragraph (1), item (ii), all of which are the amount not less than the amount to be calculated in accordance with the method specified by the Commissioner of the Financial Services Agency pursuant to Article 116, paragraph (2) of the Act and based on the coefficients serving the basis of calculation;

- (iii) the matters specified in the documents stated in Article 4, paragraph (2), items (iii) and (iv) of the Act, which relate to the following contracts of the non-insurance company; and the matters specified in the items of Article 8, paragraph (1), the items of Article 8, paragraph (2), and the items of Article 8, paragraph (3):
  - (a) an insurance contract covering the damage caused to assets due to fire, thunderbolt, rupture, explosion, wind, hailstorm and snow, as well as any incidental damage incidental (referred to as "fire insurance contract" in Article 164, Article 189 and Article 212-2, paragraph (1), item (i));
  - (b) an insurance contract covering the damage caused to secured claim of the insured, due to the occurrence of the damage from fire, thunderbolt, rupture or explosion or any other incidental damage incidental (referred to as "secured claim fire insurance contract" in Article 164 and Article 189);
  - (c) an insurance contract covering the damage caused to trees located in the forest due to the fire (referred to as "forest fire insurance contract" in Article 164 and Article 189);
  - (d) an insurance contract covering the exhibition held pursuant to the provisions of the treaties concerning international exhibitions, exhibition sponsored by local governments and any other equivalent exhibitions (referred to as "exhibition general insurance contract" in Article 164 and Article 189);
  - (e) an insurance contract covering, in whole or in part, vessels, cargos shipped by the relevant vessels, and liabilities arising from any of the foregoing (referred to as "marine insurance contract" in Article 164 and Article 189);
  - (f) an insurance contract covering the cargos shipped on the ground or liabilities arising from the relevant cargos (referred to as "transportation insurance contract" in Article 184 and Article 189); or an insurance contract covering cargos being shipped on the ground whose insured value

- do not exceed 300,000 yen per each cover letter (referred to as "small cargo transportation insurance contract" in Article 164 and Article 189);
- (g) an insurance contract covering the expenses of gift for patients, rescuer's expenses, accident handling expenses or any other equivalent expenses borne by a person engaged in travel agency business with a registration provided in Article 3 of the Travel Agency Act (Act No. 239 of 1952) or any other equivalent person (referred to as "travel accident handling expenses insurance contract" under Article 164 and Article 189); or an insurance contract covering the compensation or gift money for hospitalized patients suffered by the person engaged in travel agency business with a registration provided in Article 3 of the same Article borne under the travel agency business terms and conditions (referred to as "travel special compensation insurance contract" under Article 164 and Article 189);
  - (h) an insurance contract wherein the entrepreneur becomes the policyholder, pursuant to the provisions of Article 6-2, paragraph (1) of the Workers' Property Accumulation Promotion Act (referred to as "workers' asset saving damage benefit insurance contract" in Article 164 and Article 189);
  - (i) an insurance contract wherein the workers' asset savings fund becomes the policyholder, pursuant to the provisions of Article 6-3, paragraph (2) of the Workers' Property Accumulation Promotion Act (referred to as "workers' asset saving fund non-life insurance contract" under Article 164 and Article 189);
  - (j) an insurance contract relating to payment of insurance premiums which fall under the investment method to be specified by Cabinet Order, as referred to in the first sentence of the Article 23, paragraph (1) of the Defined Contribution Pension Act (including as applied mutatis mutandis pursuant to Article 73 of the same Act) (referred to below as "defined contribution pension non-life insurance contract" in Article 164 and Article 189);
  - (k) an insurance contract covering the damage arising from management or driving of automobiles (referred to as "automobile insurance contract" in Article 212-2, paragraph (1), item (vi) and Article 212-4, paragraph (1), item (v)), which falls under the following requirements (referred to as "automobile insurance contract covering more than ten automobiles" in Article 164 and Article 189):
    1. that the insured is to the user of the automobile (for the portion covering the damage to the automobile body, the owner of the automobile);
    2. if the contract covers more than one automobiles, that all of their users are to be the same user;
    3. that the total number of automobiles (meaning the total number of covered automobiles, and the total number of automobiles covered by

- other insurance contract (limited to the contract which satisfy the requirements under 1. and 2.) for the damage arising from management or driving of the automobile used by the user of the first-mentioned automobile) is to be ten or more;
- (l) an insurance contract covering the damage arising from management or driving of the following automobiles (referred to as "automobile-for-sale insurance contract" in Article 164 and Article 189):
    - 1. private automobile for which a license for fee-based lease in the course of trade has been obtained pursuant to the provisions of the main clause of Article 80, paragraph (1) of the Road Transportation Act (Act No. 183 of 1951), and for which the application under Article 52, paragraph (1) of the Regulations for Enforcement of the Road Transportation Act (Ministry of Transportation Order No. 75 of 1951) has been filed;
    - 2. automobile temporary managed or driven by the business operator (meaning a corporation or any other organization, and an individual who becomes a party to a contract as a business or for business; the same applies below, excluding Article 227-2, paragraph (2), item (ii)) engaged in sale, testing, transportation and any other business related to automobiles, in the course of its business;
  - (m) an insurance contract covering liability for damage accrued in connection with performance of duties or private daily lives (excluding the contract related to driving of automobiles and also excluding any other contract specified in this item; referred to as "damage liability insurance contract" in Article 164 and Article 189);
  - (n) an insurance contract covering liability for damage related to life or body of passengers being carried by vessel (referred to as "passenger damage liability insurance contract" in Article 164 and Article 189);
  - (o) an insurance contract covering liability for indemnification for the contingent accident occurred to the person engaged in business in the course of the person's duties (referred to as "workers' accident compensation liability insurance contract" in Article 164 and Article 189);
  - (p) an insurance contract which covers, in whole or part, aircraft, cargoes shipped by the aircraft, launching to the outer space, cargoes shipped by the launching (including man-made satellites), means to ship the cargoes and liabilities arising from the aforementioned (referred to as "aircraft insurance contract" in Article 164 and Article 189);
  - (q) an insurance contract covering non-performance of obligation under the loan contract for the borrowing, when any person borrows the fund necessary for purchasing the land or housing for residence of the person or the family members (referred to as "housing loan guarantee insurance contract" in Article 164 and Article 189);

- (r) a guarantee contract for guarantee bond business as provided in Article 3, paragraph (6) of the Act (referred to as "guarantee bond insurance contract" in Article 164 and Article 189);
- (s) an insurance contract covering glasses installed in the building or building equipment (referred to as "glass insurance contract" in Article 164 and Article 189);
- (t) an insurance contract covering machine, machine equipment or device (referred to as "machine insurance contract" in Article 164 and Article 189);
- (u) an insurance contract covering the structures such as machine, machine equipment or machine device for the assembly work of structures (referred to as "machine assembly insurance contract" in Article 164 and Article 189);
- (v) an insurance contract covering the building under construction work (referred to as "construction work insurance contract" in Article 164 and Article 189); or an insurance contract covering civil structures under the civil engineering work (referred to as "civil engineering insurance contract" in Article 164 and Article 189);
- (w) an insurance contract covering the civil structures (referred to as "civil structure insurance contract" in Article 164 and Article 189);
- (x) an insurance contract covering the movables (excluding automobiles, vessels and aircraft) and related liabilities (referred to as "movables general insurance contract" in Article 164 and Article 189);
- (y) an insurance contract covering yachts and motor boats (referred to as "yachts and motor boats insurance contract" in Article 164 and Article 189);
- (z) an insurance contract covering computers and electronic or magnetic records to be made available for the use on the computers (referred to as "computer general insurance contract" in Article 164 and Article 189);
- (aa) an insurance covering traveler's checks issued by a financial institution (meaning a financial institution as provided in Article 1 of the Temporary Interest Rate Adjustment Act (Act No. 181 of 1947)) (referred to as "traveler's check general insurance contract" in Article 164 and Article 189);
- (bb) an insurance contract wherein the insured is a party carrying out the sale of goods or providing services at the stores pursuant to the contract with a specific party whereby goodwill within the certain district are acquired, and which covers the damage suffered by the insured arising from the contingent accident related to movables (excluding automobiles, vessels and aircraft) owned at the store or shipped for offering them for business, business losses caused to the store incidental to the

- aforementioned accident or liability for damage (referred to as "franchise stores general insurance contract" in Article 164 and Article 189);
- (cc) an insurance contract wherein the insured is a party which borrows facilities for the purpose of providing it for the business, and which covers the damage suffered by the insured arising from the contingent accident related to movables (excluding automobiles, vessels and aircraft; the same applies in item (cc)) equipped at the facility damage caused to the business resulting from the damage to the facility or movables due to contingent accident (including payment of expenses disbursed by the insured for the purpose of continuance of business) or liability for damage (referred to as "tenant general insurance contract" in Article 164 and Article 189);
  - (dd) an insurance contract covering theft of movables (excluding automobiles, vessels and aircraft) or destruction or defacement arising from the theft (referred to as "theft insurance contract" in Article 164 and Article 189); or an insurance contract covering the unauthorized use by a third party of a ticket which entitles the holder to purchase goods from certain distributors in exchange for, or by presenting the ticket, due to theft, loss or any other contingent accident (referred to as "credit card theft insurance contract" in Article 164 and Article 189);
  - (ee) an insurance contract covering, in whole or in part, wind or flood damage on real properties and movables (excluding crops) (referred to as "wind or flood non-life insurance contract" in Article 164 and Article 189);
  - (ff) an insurance contract covering racehorses, minks, domestic fowl or vertebrate animal raised at zoo (referred to as "racehorses, etc. insurance contract" in Article 164 and Article 189);
  - (gg) an insurance contract covering boilers or steam turbine electricity generator (referred to as "boiler and turbo-set insurance contract" in Article 164 and Article 189);
  - (hh) an insurance contract covering the expenses accrued from instituting a claim for compensation of damage or any other lawsuit or referring the dispute to an arbitration on the grounds of actual or potential infringement of intellectual properties (referred to as "intellectual property litigation expenses insurance contract" in Article 164 and Article 189); and
  - (ii) an insurance contract covering damage suffered by business operator in the course of business activities which fall under the damage provided in Article 3, paragraph (5), (i) of the Act (excluding a contract which falls under the contract stated in (a) through (j) and (m) through (gg), contracts covering management and driving of automobiles, and contracts covering the state of physical conditions, treatment and death of human beings) (referred to as "business activities non-life insurance contract" in Article 164 and Article 189).



(Application for Authorization of Amendment to Articles of Incorporation)

Article 84 (1) If an insurance company seeks to obtain an authorization under Article 126 of the Act, it must submit to the Commissioner of the Financial Services Agency a written application for authorization, as well as the following documents attached to it:

- (i) a written statement of reasons;
  - (ii) the minutes of a shareholders meeting, general meeting or member representatives meeting (referred to below as "shareholders meeting, etc.") or any other documents certifying that necessary procedures have been followed; and
  - (iii) a document containing any other matters which would serve as reference information.
- (2) When an application for the authorization under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether the application conforms the following standards:
- (i) that the amended articles of incorporation for which the authorization has been filed will ensure the sound and proper business management of the insurance company which has filed the application for authorization;
  - (ii) that the amended articles of incorporation for which the authorization has been filed contains the means of public notice under Article 9, paragraph (1) of the Act and the matters specified in the items of Article 27 (Matters to be Specified or Recorded in the Articles of Incorporation) of the Companies Act (in the case of a mutual company, the matters specified in Article 23, paragraph (1) of the Act).

(Matters to Be Notified)

Article 85 (1) The cases to be specified by Cabinet Office Order, as provided in Article 127, paragraph (1), item (viii) of the Act, are as follows:

- (i) if a stock company which is an insurance company intends to issue share options or corporate bond with share options;
- (ii) when a director representing the insurance company or a director or a company auditor engaged in ordinary business of the insurance company (or a director representing the insurance company, or a director or an audit and supervisory committee member (excluding a director engaged in ordinary business of the insurance company) engaged in ordinary business of the insurance company, in the case of a company with audit and supervisory committee; or a director, a representative director, a representative executive officer, an executive officer or an audit committee member (excluding a director engaged in ordinary business of the insurance company) engaged in ordinary business of the insurance company, in the case of a company with

- nominating committee, etc.; referred to below as an "officer, etc." in this item and the following item) is to be elected or an officer, etc. intends to retire from office (excluding cases stated in the following item);
- (ii)-2 when an officer, etc. has been elected or has retired (referred to below as the "election or retirement") (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an officer, etc., notification that an officer, etc. is to be elected or an officer, etc. intends to retire);
  - (ii)-3 when an accounting advisor is to be elected or an accounting advisor intends to retire (excluding cases stated in the following item);
  - (ii)-4 when the election or retirement of an accounting advisor has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an accounting advisor, notification that an accounting advisor is to be elected or an accounting advisor intends to retire);
  - (ii)-5 when a financial auditor is to be elected or a financial auditor intends to retire (excluding cases stated in the following item);
  - (ii)-6 when the election or retirement of a financial auditor has occurred (excluding the case where a financial auditor is deemed to have been re-elected pursuant to the provisions of Article 338, paragraph (2) (Financial Auditors' Terms of Office) of the Companies Act (including as applied mutatis mutandis pursuant to Article 53-7 of the Act), and limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of a financial auditor, notification that a financial auditor is to be elected or a financial auditor intends to retire);
  - (ii)-7 when a special transaction account is to be established;
  - (ii)-8 when a special transaction account is to be discontinued;
  - (iii) deleted;
  - (iv) if the insurance company made any other company its subsidiary company (in the case of an advanced insurance service company engaged in non-insurance businesses, a company for which the total of the voting rights held by the insurance company or its subsidiary exceed the voting right holding threshold; the same applies in item (vi)), due to the acquisition of shares or equity interests by the exercise of security rights by the insurance company or its subsidiary company or the grounds specified in the items of Article 57, paragraph (1) (excluding the cases where a notification under Article 127, paragraph (1), item (ii) or (iv)-3 of the Act is required);
  - (iv)-2 if the insurance company acquires or holds voting rights in an advanced insurance service company engaged in non-insurance businesses for which the total of the voting rights held by the insurance company or its subsidiary exceed the voting right holding threshold in accordance with the

- authorization under Article 106, paragraph (4) of the Act or a foreign advanced insurance service company held by the insurance company as its subsidiary with the authorization under that paragraph (excluding the cases specified in the preceding item of item (ix));
- (iv)-3 if the insurance company intends to make a foreign company (including a holding company subject to special provisions provided in Article 106, paragraph (1), item (i) of the Act; the same applies below in this item and the following item) other than a company eligible to be subsidiary company (meaning a company eligible to be subsidiary company as provided in Article 106, paragraph (1) of the Act; the same applies below in this item, the following item and item (xiii) as well as Article 246, paragraph (1), items (xii) and (xiii)) its subsidiary company (excluding the case where the insurance company intends to hold a foreign company other than a company eligible to be subsidiary company as its subsidiary company with authorization under Article 106, paragraph (4) or (11) of the Act as applied *mutatis mutandis* pursuant to paragraph (7) of that Article and the case where Article 127, paragraph (1), item (iii) applies);
- (iv)-4 when holding a foreign company other than a company eligible to be a subsidiary company as its subsidiary company (excluding the case specified in Article 127, paragraph (1), items (iii) and (iv));
- (v) if the party which has the insurance company as its subsidiary company has been changed;
- (vi) if the subsidiary company (excluding the subsidiary company of a company cultivating new business field, etc. or business restructuring company) has made any amendment to its name, the details of its principal business or location of the head office (excluding the case where it is obvious that the subsidiary company reverts to its original location), merger, dissolution or discontinuance of all of its business (excluding the cases where Article 127, paragraph (1), item (iii) of the Act or the following item applies);
- (vii) If, among the total of the voting rights in an advanced insurance service company engaged in non-insurance businesses held by the insurance company or its subsidiary company in excess of the voting right holding thresholds, the insurance company or its subsidiary company has ceased to hold the portion of the voting rights exceeding the voting right holding thresholds;
- (viii) when the insurance company has implemented the matters authorized under Article 106, paragraph (14) (excluding the cases specified in Article 127, paragraph (1), item (iii));
- (ix) if the insurance company newly holds a party which falls under the party specified in any of the items of Article 48-4 or Article 59, paragraph (3) (excluding a subsidiary company, and also excluding a subsidiary company,

etc. or affiliated corporation of a company cultivating new business field or business restructuring company (limited to a company that is a subsidiary company of an insurance company); referred to below as a "specially related party" in this paragraph) (excluding the case where the specially related party to be newly held is an advanced insurance service company engaged in non-insurance businesses for which an insurance company or its subsidiary company newly acquires or holds voting rights in excess of the voting right holding threshold, on an aggregated basis, with authorization under Article 106, paragraph (4) of the Act.)

- (x) if the specially related party no longer falls under that category;
- (xi) if the insurance company or its subsidiary company have acquired or held the number of voting rights in other company (excluding a foreign company, company cultivating new business field, etc., business restructuring company, advanced insurance service company engaged in non-insurance businesses and business restructuring company under special provisions) in excess of the voting right holding thresholds (excluding the case where the other company has become a subsidiary company or specially related party of the insurance company);
- (xii) if the insurance company or its subsidiary company have ceased to hold portion of the voting rights exceeding the voting rights thresholds, among the voting rights in a domestic company held in excess of the voting rights thresholds;
- (xiii) if the insurance company becomes aware that a company eligible to be a subsidiary company (excluding the relevant insurance company's subsidiary company and also excluding foreign companies) in which it or its subsidiary, in total, holds voting rights in excess of the voting right holding threshold or its specially related party (limited to a company eligible to be a subsidiary company) has become a company which is an insurance company, etc. eligible to be a subsidiary company (meaning an insurance company, etc. eligible to be a subsidiary company provided in Article 106, paragraph (4) of the Act; the same applies in the following item) other than the company eligible to be a subsidiary company;
- (xiv) if the insurance company becomes aware that an insurance company, etc. eligible to be a subsidiary company (excluding the insurance company's subsidiary companies and foreign companies) in which it or its subsidiary, in total, holds voting rights in excess of the voting right holding threshold or its specially related party (limited to an insurance company, etc. eligible to be a subsidiary company) no longer falls under the category of insurance company, etc. eligible to be a subsidiary company (excluding the case falling under the preceding item).
- (xv) if the insurance company becomes aware that a company, etc. stated in

- Article 106, paragraph (1), item (xvi) of the Act (excluding the insurance company's subsidiary companies and advanced insurance service companies engaged in non-insurance businesses) in which it or its subsidiary, in total, holds voting rights in excess of the voting right holding threshold or specially related party of the insurance company (limited to a company stated in that item (excluding an advanced insurance service company engaged in non-insurance businesses)) falls under the category of advanced insurance service company engaged in non-insurance businesses.
- (xvi) if the insurance company has abolished its branch office, secondary office or liaison office in a foreign state;
  - (xvii) if, in relation to the contingency reserve under Article 69, paragraph (1), item (iii), the insurance company intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (7) of the same Article;
  - (xviii) if, pursuant to the provisions of Article 70, paragraph (4), the Commissioner of the Financial Services Agency designates as the case where a non-life insurance company is required to make a notification with the Commissioner of the Financial Services Agency when implementing the calculation of the amount of policy reserve;
  - (xix) if, in relation to the contingency reserve under Article 70, paragraph (1), item (ii)-2, the insurance company intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (6) of the same Article;
  - (xx) if the insurance company intends to conclude a reinsurance contract specified by the Commissioner of the Financial Services Agency as provided in Article 71, paragraph (2), or to cancel the contract before the expiration of the contract term;
  - (xxi) if the insurance company intends to take out any subordinated loan (meaning monetary loan for consumption with an option setting forth subordinated conditions on the principal and interest payment, and which fall under the category of the monetary loan for consumption to be specified by the Commissioner of the Financial Services Agency as the loan which would facilitate enhancement the insurance company's solvency margin for insurance proceeds, etc.; the same applies below in Article 166 and Article 192); or where it intends to issue subordinated corporate bond (meaning corporate bond with an option setting forth subordinated conditions on the principal and interest payment, and which fall under the category of the corporate bonds to be specified by the Commissioner of the Financial Services Agency as the corporate bonds which would facilitate enhancement

- of the insurance company's solvency margin for insurance proceeds, etc.; the same applies below in Article 166 and Article 192);
- (xxii) where the insurance company intends to make an accelerated repayment of the debt relating to subordinated loan, or where it intends to make an accelerated redemption of subordinated corporate bonds (including in the case of payment or redemption of a loan or corporate bonds without a fixed due date);
  - (xxiii) For calculating the amount stated in Article 87, item (ii)-2 or Article 88, item (i) or (v), if the insurance company intends to use the formula specified by the insurance company in accordance with the requirements specified by the Commissioner of the Financial Services Agency;
  - (xxiv) if the insurance company ceased to use the formula as provided in the preceding item, or to effect any material amendment to the formula;
  - (xxv) if the insurance company intends to amend the type of transactions for which accounting is to be handled as the specified transaction or any other matters related to the documents specified in the items of paragraph (3) (limited to the case where the amendment to be made is minor);
  - (xxvi) if the insurance company intends to acquire the treasury shares based on the resolution of the shareholders meeting or board of directors meeting pursuant to the provisions of Article 156, paragraph (1) (Determination of Matters Regarding Acquisition of Shares) of the Companies Act (including the case where it is applied pursuant to the provisions of Article 165, paragraph (3) of the same Act following the deemed replacement of terms);
  - (xxvii) if it has come to the knowledge of the insurance company that any deplorable event (in the case of a party to whom its business is commissioned, limited to the event relating to the business entrusted by the insurance company) has occurred to the insurance company, its subsidiary company or a party to whom its business is commissioned; and
  - (xxviii) if it intends to amend the matters specified in the documents stated in the items of Article 212-6-3, paragraph (2).
- (2) The provisions of Article 2, paragraph (15) of the Act apply mutatis mutandis to the voting rights as provided in items (iv), (iv)-2, (vii), (ix), (xi) through (xv) of the preceding paragraph, and paragraphs (5) and (6).
- (3) For filing the notification under Article 127, paragraph (1) of the Act, an insurance company must submit to the Commissioner of the Financial Services Agency the notification, attaching a written statement of reasons and any other document which would be informative (when paragraph (1), item (ii)-7 applies, the documents specified in the following items):
- (i) a document describing the type of transactions for which accounting is to be handled as the specified transaction, and the name of the section in charge of the relevant transactions;

- (ii) a document describing the section in charge of calculation of market value, etc. (meaning the calculation of the profit or loss from the specified transactions, or price of properties subject to the relevant transactions);
  - (iii) a document describing the policy for segregation of specified transactions from other transactions, and for segregation of properties subject to specified transactions from any other properties (including the accounting policy related to segregation from transactions consummated prior to the creation of the specified transaction account and from the properties subject to the relevant transactions);
  - (iv) a document describing the matters related to treatment of internal transaction (meaning a transaction of a single insurance company consummated between a specified transaction account and any other accounts, as specified in Article 53-6-2, paragraph (2), items (v) through (xiv) (including a transaction to be treated as a specified transaction pursuant to the provisions of item (xvi) of the same paragraph as being similar or closely connected to the transaction) (including the matters related to the cancellation of the internal transactions));
  - (v) a document describing the matters related to treatment of intra-account transfer (meaning the activities stated in the items of Article 53-6-2, paragraph (3) (including the transactions provided in paragraph (4) of the same Article)).
- (4) The notifications regarding the matters stated in items (iv)-2, (iv)-4, (xi) or (xii) of paragraph (1) may be made collectively as a single notification on a semiannual basis.
- (5) In the case referred to in item (xii) of paragraph (1), for the acquisition or holding of voting rights in a company stated in Article 106, paragraph (1), items (xiii) through (xv) of the Act, a specified subsidiary company provided in item (xiii) of that paragraph is deemed not to fall under the category of a subsidiary company of an insurance company.
- (6) In the case referred to in items (xi) through (xv) of paragraph (1), for the acquisition or holding of voting rights in another company by a company cultivating new business field provided in Article 56, paragraph (14) or a business restructuring company provided in that paragraph (limited to a company which satisfies the requirements under paragraph (7) of that Article), the company cultivating new business field or business restructuring company is deemed not to fall under the category of a subsidiary company of an insurance company.
- (7) The notification, when paragraph (1), item (xvii) or (xix) is applicable, is to be filed promptly after the completion of preparation of the financial statements together with the financial statements.
- (8) A deplorable event as provided in paragraph (1), item (xxvii) means the case

where the insurance company, its subsidiary company, a party to whom its business is commissioned, or their respective officers or employees (excluding the persons who fall under the category of the life insurance agents and non-life insurance agents), their respective life insurance agents or non-life insurance agents or the agents' respective officers or employees has committed any of the acts as stated in the following items:

- (i) fraud, embezzlement, breach of trust or any other criminal act committed in the course of performance of the insurance company;
  - (ii) an act in violation of the Act on Regulation of Receiving of Capital Subscription, Deposits, and Interest Rates, etc. (Act No. 195 of 1954);
  - (iii) an act in violation of Article 294, paragraph (1), Article 294-2 or Article 300, paragraph (1) of the Act, Article 38, items (iii) through (vi) or (ix), Article 39, paragraph (1) or Article 234-21-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Act; or an act which fall under Article 307, paragraph (1), item (iii) of the Act;
  - (iv) loss of cash, bills, checks, securities or any other valuable item (including the case of theft and depreciation or appreciation; the same applies below), which is considered material in relation to the management of the business, considering the characteristics, scale and other situations of the business of the insurance company;
  - (v) an act stated in any of the foregoing items or any other similar act, which took place overseas and which was reported to the competent supervisory authority of the place of the occurrence; and
  - (vi) any other act similar to those stated in the preceding items, which would give actual or potential negative impact on the insurance company in carrying out its business operation in a sound and proper manner.
- (9) A notification, when paragraph (1), item (xxvii) is applicable, must be filed within 30 days from the day when the insurance company learns the occurrence of the deplorable event.

(Corporation Whose Business Management Is Under Control of Insurance Company)

Article 85-2 The corporations to be specified by Cabinet Office Order, as provided in Article 128, paragraph (2) of the Act, are the insurance company's subsidiary corporations, etc. excluding the subsidiary companies.

(Non-Consolidated Capital, Equity Fund, Reserve Used for Requirement for Soundness)

Article 86 (1) The amount of stated capital, funds, reserve or any other amount to be specified by Cabinet Office Order (limited to the amount relating to an



insurance company to be used to establish criteria regarding whether or not the insurance company has an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.), as provided in Article 130, item (i) of the Act, is the amount obtained by deducting the amount calculated as exclusion from deferred tax assets (meaning the amount to be recorded as assets by the application of tax effect accounting (meaning an accounting method which, where there are differences between the amounts of assets and liabilities reported on the balance sheet and the amounts of assets and liabilities derived as a result of calculating the tax base, reasonably matches the amount of net income or net surplus for the period before deducting corporation tax, etc. (meaning corporation tax and any other taxes that are imposed on amounts related to profits or surplus as the tax base; the same applies below in this paragraph and paragraph (1) of the following Article) with the applicable amount of corporation tax, etc. through an appropriate inter-period allocation of the amount of corporation tax, etc. related to the differences; the same applies in item (v)); the same applies below) by the method specified by the Commissioner of the Financial Services Agency, from the following amounts:

- (i) the amount of stated capital or funds, etc. (meaning the total amount recorded in the net asset section of the balance sheet, less the amount to be disbursed as the appropriation of surplus (in the case of an insurance company which is a mutual company, including the amount to be set aside for members' dividend reserve), the amount recorded in the items of valuation and translation adjustments, etc. (meaning the valuation and translation adjustments, etc. as stated in Article 67 of the Regulations on Financial Statements; the same applies in Article 211-59) in the balance sheet, the amount recorded in the asset section of the balance sheet pursuant to the provisions of the first sentence of Article 113 of the Act and the amount recorded as the deferred asset in the asset section of the balance sheet);
- (ii) the amount of price fluctuation reserve under Article 115, paragraph (1) of the Act;
- (iii) the amount of contingency reserve under Article 69, paragraph (1), item (iii) or Article 70, paragraph (1), item (ii)-2;
- (iii)-2 the amount of extraordinary contingency reserve (including the risk reserve under Article 7, paragraph (1) (Calculation Formula for Earthquake Risk Policy Reserve) of the Regulations for Enforcement of the Act on Earthquake Insurance (Ministry of Finance Order No. 35 of 1966); the same applies in paragraph (1), item (iv) of the following Article and Article 210-11-3, paragraph (1), item (iv)) under Article 70, paragraph (1), item (ii);
- (iv) the amount of general loan-loss reserves;
- (v) regarding available-for sale securities owned by the insurance company, the

following amounts recorded in the balance sheet before the application of the tax effect accounting, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency:

- (a) the amount recorded in the item of valuation differences on available-for-sale securities;
  - (b) the amount recorded in the item of deferred gain or loss on hedges (limited to the amount if the amount of valuation differences on hedging instruments is recorded in the item of valuation difference on available-for-sale securities);
  - (vi) regarding lands (including lands outside Japan) owned by the insurance company, the amount of difference between the market value and book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency; and
  - (vii) the amount similar to those stated in the preceding items, as designated by the Commissioner of the Financial Services Agency.
- (2) The term "market value" as referred to in item (vi) of the preceding paragraph means the value calculated based on the fairly appraised price as of the day when the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc.

(Consolidated Capital, Equity Fund, Reserve Used for Requirement for Soundness)

Article 86-2 (1) The amount of stated capital, funds, reserve or any other amount to be specified by Cabinet Office Order, as provided in Article 130, item (i) of the Act (limited to the amount relating to an insurance company insurance company and its subsidiary companies, etc. (meaning a subsidiary company, etc. provided in Article 110, paragraph (2) of the Act; the same applies in items (vi) and (vii) and paragraph (3), items (ii) and (iii); the same applies in that paragraph) to be used to establish criteria regarding an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.; the same applies in this paragraph) is the amount obtained by deducting the amount calculated as exclusion from deferred tax assets (meaning the amount calculated as assets by the application of tax effect accounting (meaning an accounting method which, if there are differences between the amounts of assets and liabilities reported on the consolidated balance sheet and the amounts of assets and liabilities derived as a result of calculating the tax base, reasonably matches the amount of net profit or net surplus for the period before deducting the corporation tax, etc. with the applicable amount of corporation tax, etc. through appropriate interperiod allocation of the amount of corporation tax, etc. related to the differences; the same applies in item (vi)); the same applies in that paragraph) by the method specified by the

Commissioner of the Financial Services Agency, from the following amounts:

- (i) the amount of stated capital or funds, etc. (meaning the total amount recorded in the net asset section of the consolidated balance sheet, less the amount to be disbursed as the appropriation of surplus (in the case of an insurance company which is a mutual company, including the amount to be set aside for members' dividend reserve), the amount recorded in the items of accumulated other comprehensive income (meaning the accumulated other comprehensive income as prescribed in Article 43-2, paragraph (1) of the Regulations on Consolidated Financial Statements; the same applies in Article 210-11-3, paragraph (1), item (i)) in the consolidated balance sheet, the amount recorded in the asset section of the consolidated balance sheet pursuant to the provisions of the first sentence of Article 113 of the Act, goodwill (including an amount similar to goodwill), and the amount recorded as the deferred asset in the asset section of the consolidated balance sheet);
- (ii) the amount recorded in the liability section of the consolidated balance sheet based on the price fluctuation reserve under Article 115, paragraph (1) of the Act (an amount similar to that amount (limited to an amount recorded in the liability section of the consolidated balance sheet and permitted by the authorities of a foreign state to be included in an amount equivalent to the amount stated in Article 130, item (i) of the Act under the laws and regulations of the foreign state) may be included);
- (iii) the amount recorded in the liability section of the consolidated balance sheet based on the contingency reserve under Article 69, paragraph (1), item (iii) and Article 70, paragraph (1), item (ii)-2 (an amount similar to that amount (limited to an amount recorded in the liability section of the consolidated balance sheet and permitted by the authorities of a foreign state to be included in an amount equivalent to the amount stated in Article 130, item (i) of the Act under the laws and regulations of the foreign state) may be included);
- (iv) the amount recorded in the liability section of the consolidated balance sheet based on the extraordinary contingency reserve under Article 70, paragraph (1), item (ii) (an amount similar to that amount (limited to an amount recorded in the liability section of the consolidated balance sheet and permitted by the authorities of a foreign state to be included in an amount equivalent to the amount stated in Article 130, item (i) of the Act under the laws and regulations of the foreign state) may be included);
- (v) the amount of general loan-loss reserves;
- (vi) regarding available-for sale securities owned by the insurance company and its subsidiary company, etc., the following amounts recorded in the balance sheet before the application of the tax effect accounting, multiplied by the ratio to be specified by the Commissioner of the Financial Services

Agency:

- (a) the amount recorded in the item of valuation differences on available-for-sale securities;
  - (b) the amount recorded in the item of deferred gain or loss on hedges (limited to the amount if the amount of valuation differences on hedging instruments is recorded in the item of valuation difference on available-for-sale securities);
  - (vii) regarding lands (including lands outside Japan) owned by the insurance company and its subsidiary company, etc., the amount of difference between the market value and book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency;
  - (viii) the total of the amount of unrecognized actuarial difference (meaning an unrecognized actuarial difference as provided in Article 8, paragraph (62) of the Regulations on Financial Statements; the same applies in Article 210-11-3, paragraph (1), item (viii)) and the amount of unrecognized past service cost (meaning an unrecognized past service cost as provided in Article 8, paragraph (63) of the Regulations on Financial Statements; the same applies in the same item); and
  - (ix) the amount similar to those stated in the preceding items, as designated by the Commissioner of the Financial Services Agency.
- (2) The term "market value" as referred to in item (vii) of the preceding paragraph means the value calculated based on the fairly appraised price as of the day when the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc.
- (3) Notwithstanding the provisions of paragraph (1), for an insurance company is a corporation, etc. subject to special business accounting standards, etc., the amount of stated capital, funds, reserves and other items to be specified by Cabinet Office Order, as provided in Article 130, item (i) of the Act, is the amount obtained by deducting from the following amount the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount excluded from deferred tax assets.
- (i) the amount equivalent to the items relating to the amount stated in paragraph (1), item (i) (excluding the amount of financial instruments (meaning the financial instruments provided in Article 8, paragraph (41) of the Regulations on Financial Statements, etc.; the same applies below in this item and Article 210-11-3, paragraph (3), item (i))) recorded on the liabilities section of a consolidated balance sheet according to the corporate accounting criteria that are generally accepted as fair and appropriate, as provided in Article 1, paragraph (1) of the Regulations on Financial Statements, etc.; and including the amount of instruments equivalent to financial instruments (limited to instruments falling under the categories of financial instruments

- recorded in the net asset section of a consolidated balance sheet according to the corporate accounting criteria that are generally accepted as fair and appropriate, as provided in Article 1, paragraph (1) of the Regulations on Financial Statements, etc.) recorded in the liabilities section of an equivalent of a consolidated balance sheet prepared according to the corporate accounting criteria adopted by the insurance company);
- (ii) regarding securities held by the insurance company and its subsidiary company, etc., the amount obtained by multiplying the total amount of assets equivalent to the assets concerning the total amount provided in paragraph (1), item (vi) (excluding the amount of assets that fall under the bonds held to maturity or bonds for adjustment of policy reserve (meaning bonds other than bonds held to maturity, that are held for the purpose of approximating the fluctuation of returns and market value relative to policy reserve, and that are not subject to market value assessment; the same applies in Article 210-11-3, paragraph (3), item (ii))) according to the corporate accounting criteria adopted by the insurance company, by the rate specified by the Commissioner of Financial Services Agency;
  - (iii) regarding lands (including lands outside Japan) owned by the insurance company and its subsidiary companies, etc., the amount of difference of equivalent assets concerning the difference provided in paragraph (1), item (vii) according to the corporate accounting criteria adopted by the insurance company, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency;
  - (iv) the total amount of equivalent assets concerning the total amount provided in paragraph (1), item (viii) according to the corporate accounting criteria adopted by the insurance company; and
  - (v) the amount of other items specified by the Commissioner of the Financial Services Agency as being equivalent to the items specified in the preceding items.

(Non-Consolidated Amount Equivalent to Risk Not Normally Predictable)

Article 87 The amount equivalent to the risk not normally predictable that may accrue from the occurrence of the insured event for which the insurance is underwritten, as provided in Article 130, item (ii) of the Act, or any from other grounds (limited to the amount relating to an insurance company to be used to establish criteria regarding whether or not the insurance company has an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.) is the amount calculated by the method specified by the Commissioner of the Financial Services Agency based upon the following amounts:

- (i) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to

- the insurance risk (meaning the risk which may accrue from the actual incidence rate of insured accident being in excess of the normally predictable range; the same applies in the following item, items (i) through (iii) of the following Article, Article 162, items (i) and (i)-2, Article 210-11-4, items (i) through (iii), and Article 211-60, item (i)) (excluding the following amounts);
- (i)-2 the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the third-sector insurance risk;
  - (ii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the scheduled interest rate risk (meaning the risk that the insurance company may be unable to assure the scheduled interest rate which would serve the basis of calculation of the policy reserve; the same applies in item (iv) of the following Article, Article 162, item (ii), and Article 210-11-4, item (iv));
  - (ii)-2 the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the minimum guarantee risk (meaning the risk where, in connection with an insurance contract for which a special account is established and for which the minimum amount of insurance proceeds, etc. is guaranteed, the value of the properties in the special account as of the time of payment of the insurance proceeds, etc. falls short of the minimum amount of the insurance proceeds, etc. guaranteed by the insurance contract, which accrues from fluctuation in value of properties in the special account beyond the normally predictable range; the same applies in item (v) of the following Article and Article 210-11-4, item (v));
  - (iii) the total of the amount stated in (a) through (f) below, which is the amount equivalent to the asset investment risk (meaning the risk related to investment, etc. of assets, which may accrue from fluctuation in price of securities or any other assets held, beyond the normally predictable range or any other grounds; the same applies in item (vi) of the following Article, Article 210-11-4, item (vi) and Article 211-60, item (ii)):
  - (a) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the price fluctuation, etc. risk (meaning the risk which may accrue from fluctuation in price of securities or any other assets held, beyond the normally predictable range or any other grounds; the same applies in item (vi), (a) of the following Article, Article 210-11-4, item (vi), (a), and Article 211-60, item (ii), (a));
  - (b) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent

- to the credit risk (meaning the risk which may accrue from the counterparties' default in regard to securities or any other any other assets held, beyond the normally predictable range, or any other grounds; the same applies in item (vi), (b) of the following Article, Article 210-11-4, item (vi), (b), and Article 211-60, item (ii), (b));
- (c) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the subsidiary company, etc. risk (meaning the risk which may accrue from the investment in subsidiary company, etc. (meaning the subsidiary company, etc. as provided in Article 110, paragraph (2) of the Act) or any other grounds; the same applies in Article 162, item (iii), (c));
  - (d) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the derivatives transactions risk (meaning the risk which may accrue from the transactions of derivatives, financial derivatives transactions as provided in Article 98, paragraph (1), item (viii) of the Act, foreign exchange futures transactions or any other transaction similar to the aforementioned; the same applies in item (vi), (c) of the following Article, Article 162, item (iii), (d), and Article 210-11-4, item (vi), (c));
  - (e) the amount calculated by the method specified by the Commissioner of the Financial Services Agency as the amount corresponding to credit spread risk (meaning the risk which might accrue due to fluctuation of prices beyond normal expectations or other reasons in the transaction prescribed in Article 2, paragraph (21), item (v) of the Financial Instruments and Exchange Act (limited to the transaction related to (a) of the same item) or any equivalent transaction; the same ap), (d) of the following Article, Article 162, item (iii), (e), and Article 210-11-4, item (vi), (d));
  - (f) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency, as the amount corresponding to the risks stated in (a) through (e); and
  - (iv) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the management risk (meaning the risk which may accrue in the course of business management beyond the normally predictable range, but which does not fall under the category as stated in the preceding items; the same applies in item (vii) of the following Article, Article 210-11-4, item (vii), and Article 211-60, item (iii)).

(Consolidated Amount Equivalent to Risk Not Normally Predictable)

Article 88 The amount equivalent to the risk not normally predictable that may

accrue from the occurrence of the insured event for which the insurance is underwritten, as referred to in Article 130, item (ii) of the Act, or any from other grounds (limited to the amount relating to an insurance company and its subsidiary company, etc. to be used to establish criteria regarding whether or not the insurance company has an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.) is the amount calculated by the method specified by the Commissioner of the Financial Services Agency based upon the following amounts:

- (i) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the insurance risk (excluding the amounts stated in the following item and item (iii));
- (ii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the third-sector insurance risk;
- (iii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the insurance risk for the small amount and short term insurer which is the subsidiary company, etc.;
- (iv) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the scheduled interest rate risk;
- (v) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the minimum guarantee risk;
- (vi) the total of the amount stated in (a) through (e) below, which is the amount equivalent to the asset investment risk:
  - (a) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the price fluctuation, etc. risk;
  - (b) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the credit risk;
  - (c) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the derivatives transactions risk;
  - (d) the amount calculated by the method specified by the Commissioner of the Financial Services Agency as the amount corresponding to credit spread risk;
  - (e) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency, as the amount



- corresponding to the risks stated in (a) through (d); and
- (vii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the management risk.

**Chapter VII Transfer of Insurance Contracts; Transfer or Acquisition of  
Business; and Entrustment of Business and Property Administration**  
**Section 1 Transfer of Insurance Contracts**

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

Article 88-2 The documents to be specified by Cabinet Office Order, as provided in Article 136-2, paragraph (1) of the Act, are as follows:

- (i) contract documents related to the contract under Article 135, paragraph (1) of the Act; and
- (ii) the balance sheet of the transferor company provided in Article 135, paragraph (3) of the Act (referred to below as "transferor company" in this Section) and the transferee company provided in paragraph (1) of the same Article (referred to below as "transferee company" in this Section) (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan).

(Matters Subject to Public Notice of Transfer of Insurance Contracts)

Article 88-3 The matters to be specified by Cabinet Office Order, as provided in the main clause of Article 137, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms and as applied mutatis mutandis pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms), are the following matters (if the main clause of Article 137, paragraph (1) of the Act is applied pursuant to the provisions of Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms, and if the main clause of Article 137, paragraph (1) of the Act is applied mutatis mutandis pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms, the matters stated in items (i) and (ii)):

- (i) the trade name or name of the transferee company;
- (ii) the location of the head office, principal office or principal establishment in Japan of the transferee company;
- (iii) the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. (meaning a ratio derived from the formula relating to the criteria regarding the appropriateness of the solvency margin for insurance proceeds, etc. under Article 130 or Article 202 of the Act; the same

- applies below in this item and Article 90, paragraph (2), item (xiv)) of the transferor company and the transferee company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of transfer of insurance contracts;
- (iv) the outline of the content of the services relating to the transferred contracts (meaning the transferred contracts as provided in Article 135, paragraph (3) of the Act; the same applies in Article 90, paragraph (2) and Article 90-2, item (i)) after the transfer of insurance contracts;
  - (v) the matters relating to Article 137, paragraph (5) of the Act;
  - (vi) the policy regarding the policy dividend or distribution of surplus to members as prescribed in Article 114, paragraph (1) of the Act (referred to below as "dividend, etc." in this item) of the transferor company and the transferee company before and after the transfer of insurance contracts, and the amount of dividend, etc. by the transferor company and the transferee company before the transfer of insurance contracts;
  - (vii) if a surplus is distributed to affected policyholders (meaning the affected policyholders as prescribed in Article 135, paragraph (3) of the Act; the same applies in Article 90, paragraph (2) and Article 90-2, item (v)), that fact and the method of distribution; and
  - (viii) if the notification is omitted pursuant to the proviso to Article 137, paragraph (1) of the Act, that fact.

(Omission of Notification Concerning Transfer of Insurance Contracts)

Article 88-4 The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 137, paragraph (1) of the Act, are the cases which satisfy all of the following requirements:

- (i) that the transfer is a transfer of a coinsurance contract (meaning an insurance contract under which the same insurance is underwritten jointly by two or more insurance companies (including foreign insurance companies, etc.; the same applies below in this item) or small amount and short term insurers, and these insurance companies or small amount and short term insurers (referred to below as "underwriting insurance company, etc.") have the rights or obligations related to the insurance contract according to the ratios of underwriting of the insurance contract (referred to below as the "underwriting ratio"); the same applies below);
- (ii) that the underwriting insurance company, etc. (limited to an insurance company) intending to transfer the coinsurance contract is a non-managing underwriter, etc. (meaning an underwriting insurance company, etc. which does not execute main administrative affairs related to the coinsurance contract; the same applies below) and satisfies all of the following

requirements:

- (a) that the underwriting ratio of the coinsurance contract related to the non-managing underwriter, etc. is no more than 10 percent; and
- (b) that the transfer is a transfer by which a coinsurance contract is transferred according to the entire underwriting ratio related to the non-managing underwriter, etc.

(Amount of Claim under Insurance Contract)

Article 89 The amount to be specified by Cabinet Office Order, as provided in Article 137, paragraph (3) of the Act (including as applied pursuant to Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms and as applied mutatis mutandis pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms), is the amount stated in item (i), in the case of a life insurance company; or the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 137, paragraph (1) of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Amount to Be Refunded from Transferor Company)

Article 89-2 The amount to be specified by Cabinet Office Order, as referred to in Article 137, paragraph (5) of the Act, is the amount set aside as the refund reserve prescribed in Article 69, paragraph (1), item (ii)-2 or Article 70, paragraph (1), item (iii).

(Matters Subject to Notification Regarding Contracts in the Course of Procedure for Transfer of Insurance Contracts)

Article 89-3 The matters to be specified by Cabinet Office Order, as referred to in Article 138, paragraph (1), item (iii) of the Act, are the matters stated in the items of Article 88-3.

(Application for Authorization of Transfer of Insurance Contracts)

Article 90 (1) The application for authorization under Article 139, paragraph (1) of the Act must be filed by way of submitting to the Commissioner of the Financial Services Agency the written application for authorization under the

joint name of the transferor company and the transferee company, within one month from the passage of the period for objection under Article 137, paragraph (1) of the Act.

- (2) For filing the written application for authorization under the preceding paragraph, the following documents (if insurance contracts are transferred under Article 250, paragraph (1) of the Act, if Article 139, paragraph (1) of the Act is applied *mutatis mutandis* pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms, and if a company under reorganization proceedings performs any of the activities stated in Article 262, item (v) or Article 359, item (i) of the Special Act for Reorganization in accordance with a reorganization plan pursuant to Article 262, item (v) or Article 359, item (i) of the Special Act for Reorganization: the documents stated in items (i) through (v), items (vii) through (xi) and items (xvii) and (xviii)) must be attached:
- (i) a written statement of reasons;
  - (ii) contract documents relating to the contract under Article 135, paragraph (1) of the Act;
  - (iii) the minutes of shareholders meeting, etc. of the transferor company and the transferee company (excluding foreign insurance company, etc.);
  - (iv) the balance sheet of the transferor company and transferee company (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
  - (v) the inventory of property of the transferor company;
  - (vi) the document describing the selection criteria and the scope of transferred contracts;
  - (vii) the document describing the following matters for insurance contracts wherein the insurer is the transferor company:
    - (a) the number of policyholders, the number of insurance contracts, the total of the insured amount, 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;
    - (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts;
  - (viii) the document describing the quantity and value, for each type of properties to be transferred associated with the transferred contract pursuant to the contract referred to in Article 135, paragraph (1) of the Act;
  - (ix) for each type of insurance contract wherein the insurer is the transferor company (or insurance contracts in Japan, in the case of a foreign insurance

company, etc.), the document describing the following matters:

- (a) the number of policyholders, the number of insurance contracts, the total of the insured amount, and the amount of policy reserve (in the case of a foreign insurance company, etc., meaning the policy reserve stated in 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) and 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;
- (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts;
- (x) a document certifying that the public notice and notification under the main clause of Article 137, paragraph (1) of the Act have been given (including a document certifying that all the requirements stated in the items of Article 88-4 are met, if the notification has been omitted pursuant to the provisions of the proviso to the same paragraph);
- (xi) a document certifying that the number of affected policyholders who stated their objections within the period for objection under Article 137, paragraph (1) of the Act or the amount related to the policyholders as provided in Article 89 has not the certain ratio as stated in Article 137, paragraph (3) of the Act (including as applied pursuant to Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms and as applied *mutatis mutandis* pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms);
- (xii) a document describing the grounds for the objections stated by the affected policyholders under the preceding item and the measures taken by the transferor company or the transferee company in response to the objections;
- (xiii) if surplus is distributed to the affected policyholders, a document describing the amount distributed and the calculation method as well as the method of distribution;
- (xiv) a document describing the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. of the transferor company and the transferee company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of transfer of insurance contracts;
- (xv) a document describing the system for carrying out the business relating to the transferred contracts at the transferee company and the content of its services;
- (xvi) a document describing the number of affected policyholders who applied

- for cancellation of their contracts in the case prescribed in Article 137, paragraph (5) of the Act, as well as the amount to be refunded by the transferor company under the same paragraph and the calculation method of the amount, for each type of insurance contract;
- (xvii) a document certifying that the public notice under Article 250, paragraph (4) of the Act, if any, has been given; and
- (xviii) any other document containing the matters which would serve as reference information for examination under Article 139, paragraph (2) of the Act.

(Examination for Authorization of Transfer of Insurance Contracts)

Article 90-2 When conducting an examination under Article 139, paragraph (2) of the Act upon an application for authorization under paragraph (1) of the preceding Article, the Commissioner of the Financial Services Agency is to take into account the following circumstances:

- (i) that the purpose of the transfer of insurance contracts and the selection criteria for transferred contracts are not likely to give negative impact on protection of policyholders, etc.;
- (ii) that the policy reserves for the insurance contracts wherein the issuer is the transferor company and for the insurance contracts wherein the issuer is the transferee company are expected to be set aside using a reasonable and relevant method based on actuarial science after the transfer of insurance contracts;
- (iii) that the transferee company is expected to set aside the members' dividend reserve stated in Article 30-5, paragraph (1), item (i) or the policyholders' dividend reserve stated in Article 64, paragraph (1) (in the case of a foreign insurance company, etc., the policyholders' dividend reserve stated in Article 146, paragraph (1)) appropriately after the transfer of insurance contracts;
- (iv) that the transferor company and the transferee company are expected to have an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc. after the transfer of insurance contracts; and
- (v) if the transferor company distributes surplus to the affected policyholders, that the distribution will be made properly.

(Matters Subject to Ex-Post Facto Public Notice of Transfer of Insurance Contract)

Article 91 The matters to be specified by Cabinet Office Order, as provided in the first sentence of Article 140, paragraph (1) of the Act, are as follows:

- (i) the progress of the procedures under Article 137, paragraphs (1) through (3) of the Act (excluding the provisions of the proviso to paragraph (1) of the same Article, in the case of an insurance contract other than a coinsurance

contract);

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

(Omission of Notification After Transfer of Insurance Contracts)

Article 91-2 The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 140, paragraph (2) of the Act, are the cases which satisfy all of the requirements stated in the items of Article 88-4.

(Validity of Transfer of Insurance Contracts)

Article 92 (1) If, as a result of the implementation of a transfer of insurance contracts, the matters specified in the documents under Article 4, paragraph (2), items (ii) through (iv), of the Act (collectively referred to below as the "statement of business procedures, etc." in this paragraph) or Article 187, paragraph (3), items (ii) through (iv), of the Act require amendment reflecting the matters stated in the statement of business procedures, etc. of the transferor company, the matters which require authorization under Article 123, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 207 of the Act) are deemed to have been authorized, and the matters which require reporting under Article 123, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 207 of the Act) are deemed to have been amended, at the time when the authorization under Article 139, paragraph (1) is granted.

- (2) A transferee company may, if, as a result of the transfer of property associated with a transfer of insurance contracts, the method of investment of assets or the amount of investment of assets under Article 48-3, paragraph (1) and Article 48-5, paragraph (1) (or, in the case of a foreign insurance company, etc., the amount of investment under Article 140-3, paragraph (1)) contravenes the restriction under Articles 47 to 49 (or, in the case of a foreign insurance company, etc., the amount of investment under Article 139, Article 140-3, and Article 49 as applied mutatis mutandis pursuant to Article 160; the same applies below in this paragraph), make investments in accordance with the method or amount. In this case, the transferee company must gradually amend the method or amount of investment of its assets in accordance with the spirit of the provisions of Articles 47 to 49.

## **Section 2 Transfer or Acquisition of Business**

(Transfer or Acquisition of Business Not Requiring Authorization)

Article 93 The transfer or acquisition to be specified by Cabinet Office Order, as provided in Article 142 of the Act (including as applied mutatis mutandis

pursuant to Article 211 of the Act), is transfer or acquisition of business which only relates to safe custody of securities.

(Application for Authorization of Business Transfer, etc.)

Article 94 (1) If an insurance company (including a foreign insurance company, etc.; the same applies below in this Article) seeks to obtain the authorization under Article 142 of the Act (including as applied *mutatis mutandis* pursuant to Article 211 of the Act), it must submit to the Commissioner of the Financial Services Agency a written application for authorization, attaching the following documents:

- (i) a written statement of reasons;
- (ii) a document describing the terms and conditions of the contracts subject to transfer or acquisition of business (referred to as "business transfer, etc." in the following paragraph and paragraph (3));
- (iii) minutes of the shareholders meeting, etc. of the insurance company, etc. (excluding a foreign insurance company, etc.) which is the party, or and any other document certifying that necessary procedures have been taken;
- (iv) inventories of properties and the balance sheet and profit and loss statement of the insurance company, etc. which is the party (or the balance sheet for the insurance business in Japan, in the case of a foreign insurance company, etc.);
- (v) a document specifying the status of profit and loss related to the business to be transferred or acquired;
- (vi) in the case of an application for authorization of transfer of business related to insurance proceeds trust business as provided in Article 143, paragraph (1) of the Act, a document certifying that the public notice under the same paragraph has been given;
- (vii) a document certifying that the notification under Article 16, paragraph (2) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947; referred to below as the "Anti-Monopoly Act") has been completed, if the notification is required;
- (viii) if the insurance company is to have any subsidiary company, etc. (meaning the subsidiary company, etc. as provided in the first sentence of Article 97-2, paragraph (3) of the Act; the same applies below in this item, Article 105, paragraph (1), item (xx) and Article 105-6, paragraph (1), item (xix)) after the implementation of the business transfer, etc., a document specifying the prospective income and expenditure of the insurance company and subsidiary company, etc. and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc.;
- (ix) when, as a result of the transfer of business, the insurance company's subsidiary company, etc. no longer falls under the category of the subsidiary



- company, the document specifying the name of the subsidiary company;
- (x) when, as a result of the acquisition of business, the company eligible to be subsidiary company is to fall under the category of the subsidiary company, the document regarding the company eligible to be subsidiary company as stated in Article 58, paragraph (1), item (iv);
- (x)-2 if the business transfer would cause the insurance company or its subsidiary company to hold voting rights in an advanced insurance service company in a total number that would exceed the voting right holding threshold, or make a foreign advanced insurance service company its subsidiary company: a document stated in Article 58-2, paragraph (1), item (iv) relating to the company;
- (xi) when, as a result of the acquisition of business, the insurance company or its subsidiary company are to have voting rights in a domestic company of which the total number exceeds the voting right holding threshold (excluding the case provided in item (x)), the document specifying the name and business details of the domestic company; and
- (xii) a document containing any other matters which would serve as reference information.
- (2) In the case of the business transfer, etc. among insurance companies, the written application for authorization under the preceding paragraph must be submitted under the joint names of the insurance companies which are the parties; provided, however, that this does not apply to the case of the business transfer, etc. of the business other than business in Japan wherein all or part of the parties comprise foreign insurance company, etc.
- (3) In the case of the business transfer, etc. wherein a small amount and short term insurer is one of the parties, the written application for authorization under paragraph (3) must be submitted together with the written application for authorization under Article 211-67, paragraph (1) of the Act.
- (4) The provisions of Article 2, paragraph (15) of the Act apply mutatis mutandis to the voting rights provided in paragraph (1), items (x)-2 and (xi).

### **Section 3 Entrustment of Business and Property Administration**

(Foreign Insurance Company Not Allowed to Accept Entrustment of Business and Property Administration)

Article 95 The companies to be specified by Cabinet Office Order, as provided in Article 144, paragraph (1) of the Act, are a foreign insurance company, etc., which has established an office of a person acting as an agent for underwriting insurances related to its insurance business in Japan, as stated in Article 185, paragraph (1) of the Act.

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

Article 96 (1) An application for authorization under Article 145, paragraph (1) of the Act must be made by way of submitting to the Commissioner of the Financial Services Agency a written application for authorization under the joint names of the entrusting company (meaning the entrusting company as provided in Article 144, paragraph (2) of the Act; the same applies below in this Article and the following Article) and entrusted company (meaning the entrusted company as provided in Article 144, paragraph (1) of the Act; the same applies below in this Article and the following Article).

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

- (i) a written statement of reasons;
- (ii) a contract document relating to the management entrustment contract (meaning the contract stated in Article 144, paragraph (1) of the Act; the same applies in the following Article);
- (iii) the minutes of shareholders meeting, etc. of the entrusting company and the entrusted company (excluding a foreign insurance company, etc.);
- (iv) the balance sheet of the entrusting company and the entrusted company (in the case of a foreign insurance company, etc., the balance sheet for its insurance business in Japan);
- (v) a document describing the status of profit and loss from the business and properties the administration of which is to be entrusted;
- (vi) the method whereby the entrusted company carries out administration of the business and properties of the entrusting company, and the method for indication under Article 148, paragraph (1) of the Act;
- (vii) any other document containing the matters which would serve as reference information for examination under Article 145, paragraph (2) of the Act.

(Application for Authorization of Amendment or Cancellation of Management Entrustment Contract)

Article 97 (1) An application for authorization under Article 149, paragraph (2) of the Act must be made by way of submitting to the Commissioner of the Financial Services Agency a written application for authorization under the joint names of the entrusting company and the entrusted company.

(2) For filing the written application for authorization under the preceding paragraph, the following documents must be attached:

- (i) a written statement of reasons;
- (ii) in the case of filing an application for authorization of the amendment to the matters stated in the management entrustment contract, the amended

- management entrustment contract;
- (iii) the minutes of shareholders meeting, etc. of the entrusting company and the entrusted company (excluding foreign insurance company, etc.);
- (iv) the balance sheet of the entrusting company and the entrusted company (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
- (v) a document describing the status of profit and loss from the business and properties the administration of which is entrusted;
- (vi) in the case of filing an application for authorization of amendment to the scope of business and properties the administration of which is to be entrusted, a document describing the status of profit and loss from the business and properties the administration of which will be entrusted after the amendment; and
- (vii) a document containing any other matters which would serve as reference information.

## **Chapter VIII Dissolution, Merger, Company Split and Liquidation**

### **Section 1 Dissolution**

(Application for Authorization of Dissolution)

Article 98 If an insurance company, etc. seeks to obtain the authorization under Article 153, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization in accordance with the categories of the authorization as specified in the following items, together with the following documents respectively stated in the respective item:

- (i) resolution of the shareholders meeting, etc. in relation to the dissolution:
  - (a) a written statement of reasons;
  - (b) the minutes of shareholders meeting, etc.;
  - (c) the inventory of property and the balance sheet;
  - (d) in the case of an application for authorization of resolution of dissolution adopted by the member representatives meeting, the document certifying that the public notice under Article 157, paragraph (1) has been given; and the document certifying that none of the members stated in paragraph (2) of the same Article has made a request pursuant to the provisions of the same paragraph or the minutes recording the resolution of the general meeting stated in paragraph (3) of the same Article;
  - (e) the document certifying the non-existence of the insurance contract (excluding the insurance contract provided in Article 16 of the Cabinet Order) wherein the insurer is the insurance company, etc. (limited to a stock company, and a mutual company which has provisions in its articles

- of incorporation as stated in Article 63, paragraph (1) of the Act);
- (f) if there is any insurance contract wherein the insurer is the insurance company, etc., the document specifying the handling policy for the insurance contracts;
- (g) a document stating any other matters which would serve as reference information in an examination conducted pursuant to the provisions of Article 153, paragraph (2);
- (ii) the resolution of the shareholders meeting in relation to the abolition of insurance business:
  - (a) a written statement of reasons;
  - (b) the minutes of shareholders meeting, etc.;
  - (c) the balance sheet;
  - (d) the document certifying the non-existence of the insurance contract (excluding the insurance contract provided in Article 16 of the Cabinet Order) wherein the insurer is the insurance company, etc.;
  - (e) if there is any insurance contract wherein the insurer is the insurance company, etc., the document specifying the handling policy for the insurance contracts;
  - (f) a document stating any other matters which would serve as reference information in an examination conducted pursuant to the provisions of Article 153, paragraph (2);
- (iii) the merger including the stock company engaged in insurance business as the all or part of parties:
  - (a) a written statement of reasons;
  - (b) a document describing the terms and conditions of the merger agreement;
  - (c) the minutes of the shareholders meeting of the insurance company, etc. which is the party to the merger, or and any other document certifying that necessary procedures have been taken;
  - (d) the inventories of properties and the balance sheet and profit and loss statement of each of the parties to the merger;
  - (e) a document describing the cost of merger;
  - (f) a document certifying that the public notice and notices under Article 789, paragraph (2), Article 799, paragraph (2) or Article 810, paragraph (2) (Objections of Creditors) of the Companies Act have been given, and if any creditor has raised an objection, the fact that the payment has been made or reasonable security has been provided to the creditor or reasonable property has been deposited in trust for the purpose of having the creditor receive the payment, or that the merger is not likely to harm the creditor;
  - (g) the document certifying the non-existence of the insurance contract (excluding the insurance contract provided in Article 16 of the Cabinet Order) wherein the insurer is the insurance company, etc. which the party

to the merger;

- (h) if there is any insurance contract wherein the insurer is the insurance company, etc. which is the party to the merger, the document specifying the handling policy for the insurance contracts;
- (i) if the counterparty to the merger is not an insurance company, its articles of incorporation formerly in effect; and
- (j) a document stating any other matters which would serve as reference information in an examination conducted pursuant to the provisions of Article 153, paragraph (2).

(Public Notice of Dissolution)

Article 99 If an insurance company, etc. intends to give a public notice under Article 154 of the Act, and where there is any insurance contract wherein the insurer is the insurance company, etc., it is to present the handling policy for the insurance contracts.

(Documents to Be Kept in Relation to Dissolution)

Article 99-2 The matters to be specified by Cabinet Office Order, as provided in Article 156-2, paragraph (1) of the Act, are as follows:

- (i) a proposal for dissolution;
- (ii) a balance sheet; and
- (iii) if there is any insurance contract wherein the insurer is the insurance company, etc., the document specifying the handling policy for the insurance contracts.

(Matters Subject to Public Notice in Relation to Dissolution)

Article 99-3 The matters to be specified by Cabinet Office Order, as provided in Article 157, paragraph (1) of the Act, are the handling policy for insurance contracts where the insurance company, etc. is the insurer.

## **Section 2 Merger**

(Absorption-Type Merger Agreement between Stock Company and Mutual Company Whereby Mutual Company Survives)

Article 99-3-2 The matters to be specified by Cabinet Office Order, as provided in Article 162, paragraph (1), item (vi) of the Act, are as follows:

- (i) if the mutual company surviving the absorption-type merger is to deliver to shareholders of the stock company disappearing in the absorption-type merger (meaning the stock company disappearing in the absorption-type merger as provided in Article 162, paragraph (1), item (i) of the Act; the same applies below in this Section (excluding Article 101-2-21, Article 101-2-22,

- Article 101-2-2-24, Article 103, item (i), (e) and Article 103-2, item (i), (e))) the money in lieu of the shares when effecting the absorption-type merger, the amount of money and method of calculation;
- (ii) in the case provided in the preceding item, the matters related to allocation of money under the same item to the shareholder of the stock company disappearing in the absorption-type merger (this shareholder excludes the stock company disappearing in the absorption-type merger);
  - (iii) when the stock company disappearing in the absorption-type merger has issued share options, the amount or calculation method of money in lieu of the share options, which is to be delivered by the mutual company surviving the absorption-type merger to the share option holders when implementing the absorption-type merger; and
  - (iv) in the case provided in the preceding item, the matters related to allocation of money under the same paragraph to be allocated to the holder of share options of the stock company disappearing in the absorption-type merger.

(Consolidation-Type Merger Agreement between Stock Company and Mutual Company Whereby Mutual Company Is Incorporated)

Article 99-3-3 The matters to be specified by Cabinet Office Order, as provided in Article 163, paragraph (1), item (x) of the Act, are as follows:

- (i) if the mutual company incorporated in the consolidation-type merger (meaning a mutual company incorporated in the consolidation-type merger as provided in Article 161, paragraph (1), item (ii) of the Act; the same below in this Section) delivers to the shareholders of the stock company disappearing in the consolidation-type merger (meaning the stock company disappearing in the consolidation-type merger as provided in Article 163, paragraph (1), item (i) of the Act; the same applies below in this Section (excluding Article 101-2-21, Article 101-2-22, Article 101-2-2-24, Article 103, item (i), (e) and Article 103-2, item (i), (e))) the money in lieu of the shares when effecting the absorption-type merger, the amount of money and method of calculation;
- (ii) in the case provided in the preceding item, the matters related to allocation of money under the same item to the shareholder of the stock company disappearing in the consolidation-type merger (this shareholder excludes the stock company disappearing in the consolidation-type merger);
- (iii) when the stock company disappearing in the consolidation-type merger has issued share options, the amount or calculation method of money in lieu of the share options, which is to be delivered by the mutual company incorporated in the consolidation-type merger to the share option holders when implementing the consolidation-type merger; and
- (iv) in the case provided in the preceding item, the matters related to allocation

of money under the same paragraph to be allocated to the holder of share options of the stock company disappearing in the consolidation-type merger.

(Matters Related to Sale of Shares Newly Issued for Fractional Lots)

Article 99-4 The matters related to sales to be specified by Cabinet Office Order, as provided in Article 164, paragraph (1), item (iv) and Article 165, paragraph (1), item (x) of the Act, are the matters stated in the following items, in accordance with the categories of the sale as respectively stated in those items:

- (i) sale by way of auction: the schedule date of sale;
- (ii) sale at the market price: the scheduled purchaser and the scheduled date of sale; and
- (iii) sales with permission from the court: the method of calculation of sales price, the scheduled purchaser, and the scheduled date of sale.

(Matters Related to Purchase of Shares Newly Issued for Fractional Lots)

Article 99-5 The matters related to purchase to be specified by Cabinet Office Order, as provided in Article 164, paragraph (1), item (v) and Article 165, paragraph (1), item (xi) of the Act, are the matters stated in the following items, in accordance with the categories of the sale as respectively stated in those items:

- (i) purchase, when the shares are sold by the method specified in item (ii) of the preceding Article: the scheduled date of purchase; and
- (ii) purchase, when the shares are sold by the method specified in item (iii) of the preceding Article: the method of calculation of the purchase price and the scheduled date of purchase.

(Calculation of Members' Amount of Contribution)

Article 100 (1) The amount calculated in accordance with the formula to be specified by Cabinet Office Order, as provided in Article 90, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 164, paragraph (3) or Article 165, paragraph (6) of the Act, is the total of the amount of contribution per insurance contract concluded between the members of the mutual company disappearing in the absorption-type merger (meaning a mutual company disappearing in the absorption-type merger as provided in Article 160, item (i) of the Act; the same applies below in this Section) or mutual company disappearing in the consolidation-type merger (meaning a mutual company disappearing in the consolidation-type merger as provided in Article 161, paragraph (1), item (i) of the Act; the same applies below in this Section) and the mutual company disappearing in the absorption-type merger or mutual company disappearing in the consolidation-type merger.

(2) The amount of contribution per each insurance contract as provided in the

preceding paragraph is the amount calculated by deducting the amount stated in item (ii) from the amount stated in item (i) for each insurance contract category of the insurance contract provided by the disappearing mutual company (meaning the disappearing mutual company as provided in Article 165-15, paragraph (1) of the Act; the same applies below in this Section) (referred to below as "insurance contract category" in this Article), and then further calculated in accordance with the amount of policy reserve, insurance proceeds, insurance premiums and any other base amount for each insurance contract which fall under the relevant insurance contract category:

- (i) the total of the profits related to the member's insurance contract generated from investment of insurance premiums paid by the member and money received as the insurance premiums, less the amount allocated for expenditures such as payment of the insurance proceeds, refund or any other benefits, expenditures of operating costs and any other costs;
- (ii) the amount of assets in relation to the member's insurance contracts which are to be secured to perform obligations under insurance contracts.

(Market Price for Processing of Fractions of Less Than One Share Upon Issuance of Shares)

Article 100-2 The method specified by Cabinet Office Order, provided in Article 234, paragraph (2) (Treatment of Fractional Shares) of the Companies Act as applied mutatis mutandis pursuant to Article 90, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 164, paragraph (3) and Article 165, paragraph (6) of the Act following the deemed replacement of terms, is the method whereby the amount stated in the following items is treated as the price of shares provided in Article 234, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 90, paragraph (3) of the Act as further applied mutatis mutandis pursuant to Article 164, paragraph (3) and Article 165, paragraph (6) of the Act, in accordance with the categories of the respective cases stated in those items:

- (i) if the shares are sold through a market transaction: the sale price of the transaction;
- (ii) in cases other than the case stated the preceding item: the higher of the following prices:
  - (a) the closing price of the shares on the market in which the shares are traded, as of the day when the shares were sold, pursuant to the provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 90, paragraph (3) of the Act as further applied mutatis mutandis pursuant to Article 164, paragraph (3) and Article 165, paragraph (6) of the Act (referred to below as the "sales date" in this item) (if no sale and purchase transaction has been conducted on



the sales date, or where the sales date falls in a non-business day of the market, the contract price of the sale and purchase transaction effected for the first time after the relevant day); or

- (b) if, as of the sales date, the shares are the subject of a tender offer, etc., the price of the shares provided for in the contract for the tender offer, etc. as of the sales date.

(Calculation of Amount of Surplus from Merger)

Article 101 (1) The amount calculated in accordance with the formula to be specified by Cabinet Office Order, as provided in Article 91, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 164, paragraph (4) or Article 165, paragraph (7) of the Act, is the amount calculated as the net asset as of the time of the Merger of the disappearing mutual company, multiplied by the ratio of the amount stated in item (ii) to the amount stated in item (i):

- (i) the amount of total assets of the disappearing mutual company as of the time of the entity conversion which are appraised by the same method as those used for calculating the total amount of members' contributions under Article 100, paragraph (1), less the total of the following amounts:

- (a) the amount stated in Article 100, paragraph (2), item (ii);
- (b) in connection with the insurance contract under Article 63, paragraph (1) of the Act, the amount of assets to be secured for the performance of obligations under insurance contracts which are appraised by the same method as those used for calculating the amount stated in Article 100, paragraph (2), item (ii);
- (c) the amount of assets to be secured for the performance of obligations of the disappearing mutual company at the time of the merger, which are appraised by the same method as those used for calculating the amount stated in Article 100, paragraph (2), item (ii); and

- (ii) the amount stated in the preceding paragraph, less the total of the amount of members' contributions as provided in Article 100, paragraph (1).

(2) Regarding the stock company surviving the absorption-type merger (meaning the stock company surviving the absorption-type merger as provided in Article 164, paragraph (1), item (i) of the Act; the same applies below in this Section (excluding Article 101-2-21, Article 101-2-22, Article 101-2-2-24, Article 103, item (i), (e) and Article 103-2, item (i), (e))) or stock company incorporated in the consolidation-type merger (meaning the stock company incorporated in the consolidation-type merger as provided in Article 165, paragraph (1), item (ii) of the Act; the same applies below in this Section), if the amount recorded in the net asset section or liability section of the balance sheet is reduced due to any reason stated in the following items, the amount of surplus from merger may be reduced accordingly based upon the reduction:

- (i) compensation of loss by the use of surplus, capital reserve or retained earnings reserve;
- (ii) reduction in the amount of stated capital;
- (iii) addition to the insurance premiums reserve under Article 69, paragraph (1), item (i) or Article 70, paragraph (1), item (i), (a) by way of effecting amendment to the document stated in Article 4, paragraph (2), item (iv) of the Act;
- (iv) reversal of price fluctuation reserve under Article 115, paragraph (1) of the Act;
- (v) reversal of contingency reserve under Article 69, paragraph (1), item (iii) or Article 70, paragraph (1), item (ii)-2.

(Matters Subject to Prior Disclosure by Extinct Stock Company)

Article 101-2 (1) If a disappearing stock company (meaning a disappearing stock company as provided in Article 165-2, paragraph (1) of the Act; the same applies below in this Section) is a stock company disappearing in the absorption-type merger, the matters to be specified by Cabinet Office Order, as provided in the same paragraph, are as follows:

- (i) matters related to adequacy of the provisions on the matters stated in Article 99-3, items (i) and (ii) (if there is no such provision, the adequacy as to the lack of provision);
- (ii) the matters related to adequacy of the provisions on the matters stated in Article 99-3-2, items (iii) and (iv), in cases the stock company disappearing in the absorption-type merger has issued share options;
- (iii) the matters related to the adequacy of provisions concerning the matters stated in Article 162, paragraph (1), items (iii) of the Act;
- (iv) the following matters related to the stock company disappearing in the absorption-type merger (excluding a liquidating stock company):
  - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the stock company disappearing in the absorption-type merger);
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company disappearing in the absorption-type merger; the same applies in item (c)) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
  - (c) if, after the last day of the most recent business year, disposition of any important asset, assumption of a material obligation or any other event

- which would have a material impact on the company's property status has taken place, the details of the event (if the new most recent business year falls in the period between the day of commencement of keeping of documents or electronic or magnetic records under Article 165-2, paragraph (1) of the Act (referred to below as "day on which the absorption-type merger agreement began to be kept") and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (v) the balance sheet prepared by the stock company disappearing in the absorption-type merger (limited to a liquidating stock company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
  - (vi) the following matters related to the mutual company surviving the absorption-type merger:
    - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company surviving the absorption-type merger);
    - (b) if, after the last day of the most recent business year (if there is no such most recent business year, the day of incorporation of the mutual company surviving the absorption-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of the event (if the new most recent business year falls in the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
  - (vii) the matters related to the prospect on performance of the obligations of the mutual company surviving the absorption-type merger on or after the day when the absorption-type merger becomes effective (limited to the obligations (excluding the obligations related to the rights of policyholders or any other right holders under the insurance contracts (excluding insurance claims, etc.)) against policyholders or any other creditors who may raise objection as to the absorption-type merger pursuant to the provisions of Article 165-7, paragraph (1) of the Act); and
  - (viii) if, after the day on which the absorption-type merger agreement began to be kept, any change has arisen in any of the matters stated in the items of the preceding item, those matters after the change.
- (2) If a disappearing stock company is a stock company disappearing in the

consolidation-type merger, the matters to be specified by Cabinet Office Order, as provided in Article 165-2, paragraph (1) of the Act, are as follows:

- (i) the matters stated in (a) or (b) below, in accordance with the categories of the respective cases stated in (a) or (b) below:
  - (a) if the company incorporated in the consolidation-type merger (meaning the company incorporated in the consolidation-type merger as provided in Article 165-4, paragraph (1) of the Act; the same applies below in this Section) is a mutual company: the following matters:
    - 1. matters related to adequacy of the provisions on the matters stated in Article 99-3, items (i) and (ii) (if there is no such provision, the adequacy as to the lack of provision);
    - 2. the matters related to adequacy of the provisions on the matters stated in Article 99-3-2, items (iii) and (iv), in cases the stock company disappearing in the consolidation-type merger has issued share options;
    - 3. matters related to adequacy of the provisions on the matters stated in Article 163, paragraph (1), item (vii) (if there is no such provision, the adequacy as to the lack of provision);
    - 4. matters related to adequacy of the provisions on the matters stated in Article 163, paragraph (1), item (viii);
  - (b) if the company incorporated in the consolidation-type merger is a stock company: the following matters:
    - 1. matters related to adequacy of the provisions on the matters stated in Article 165, paragraph (1), items (vi) through (xi);
    - 2. the matters related to adequacy of the provisions on the matters stated in Article 165, paragraph (1), items (xii) and (xiii) of the Act, in cases the stock company disappearing in the consolidation-type merger has issued share options;
    - 3. matters related to adequacy of the provisions on the matters stated in Article 165, paragraph (1), item (xiv) (if there is no such provision, the adequacy as to the lack of provision);
- (ii) the following matters related to the stock company disappearing in the consolidation-type merger (including other stock companies disappearing in the consolidation-type merger; and excluding liquidating stock companies):
  - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company disappearing in the consolidation-type merger);
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock

- company disappearing in the consolidation-type merger; the same applies in item (c)) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (c) if, after the last day of the most recent business year, disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping of documents or electronic or magnetic records under Article 165-2, paragraph (1) of the Act (referred to below as "day of commencement of keeping consolidation-type merger agreement") and the day when the consolidation-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
  - (iii) the following matters in relation to the mutual company disappearing in the consolidation-type merger (excluding liquidating mutual companies):
    - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company disappearing in the consolidation-type merger);
    - (b) if, after the last day of the most recent business year (if there is no such most recent business year, the date of incorporation of the mutual company disappearing in the consolidation-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping consolidation-type merger agreement and the day when the consolidation-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
  - (iv) the balance sheet prepared by the stock company disappearing in the consolidation-type merger (limited to a liquidating stock company) and other consolidated company (meaning the consolidated company as provided in Article 165, paragraph (1), item (i) of the Act; the same applies below in this Section) (limited to a liquidating stock company and liquidating mutual company) pursuant to the provisions of Article 492, paragraph (1) (including as applied mutatis mutandis pursuant to Article 180-17 of the Act);
  - (v) the matters related to the prospect on performance of the obligations of the company incorporated in the consolidation-type merger after the day when the consolidation-type merger becomes effective (excluding the obligations related to the rights (excluding insurance claims, etc.) of the policyholders or

- any other person holding the rights under insurance contract, and also excluding the obligations to be assumed from other consolidated companies); and
- (vi) if, after the day of commencement of keeping consolidation-type merger agreement, any change has arisen in the matters stated in the preceding items, those matters after the change.

(Matters Related to Financial Statements of Disappearing Companies)

Article 101-2-2 The matters to be specified by Cabinet Office Order, as provided in Article 165-7, paragraph (2), item (iii) of the Act, are the matters stated in the following items, in accordance with the categories of the cases applicable as of the day of publication as stated in the same paragraph:

- (i) if, pursuant to the provisions of Article 440, paragraph (1) (Public Notice of Financial Statements) of the Companies Act applied pursuant to the provisions of Article 13 of the Act following the deemed replacement of terms or Article 440, paragraph (2) of the Companies Act, an disappearing stock company (if an disappearing stock company is a stock company disappearing in the consolidation-type merger, other stock companies extinguished upon a consolidation-type merger are included; the same applies below in this Article) has given a public notice of its balance sheet for the most recent business year or its summary: the following information:
- (a) if the public notice is given on a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
- (b) if the public notice is given by an electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) (Registration of Incorporation of a Stock Company) of the Companies Act;
- (ii) if, in regard to the balance sheet related to the most recent business year, the notifying company has implemented the measures provided in Article 440, paragraph (3) of the Companies Act: the matters stated in Article 911, paragraph (3), item (xxvi) of the Companies Act;
- (iii) if the disappearing stock company is a stock company as provided in Article 440, paragraph (4) of the Companies Act, and where it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Securities Reports) of the Financial Instruments and Exchange Act: that fact;
- (iv) if, pursuant to the provisions of Article 28 (Exclusion from Application of Provisions Concerning Public Notice of Financial Statements) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act, the notifying company is excluded from application of the provisions of Article 440 of the Companies Act: that fact;

- (v) if the disappearing stock company has no most recent business year: that fact;
- (vi) if the disappearing stock company is a liquidating stock company: that fact; and
- (vii) other cases than as stated in the preceding items: the details of the summary of the balance sheet for the most recent business year prepared in accordance with Appended Form No. 2 (or Appended Form No. 2-3, in the case of a small amount and short term insurer; or Appended Form No. 2-2, in the case of a company with specified transaction account).

(Matters Subject to Public Notice by Extinct Stock Company)

Article 101-2-3 The matters to be specified by Cabinet Office Order, as provided in Article 165-7, paragraph (2), item (v) of the Act, are as follows:

- (i) the total amount of the funds or the amount of stated capital of the company surviving the absorption-type merger (meaning the company surviving the absorption-type merger as provided in Article 165-17, paragraph (2), item (ii) of the Act; the same applies below in this Section) or the company incorporated in the consolidation-type merger;
- (ii) the matters stated in (a) or (b) below, in accordance with the categories of the respective cases stated in (a) or (b) below:
  - (a) if the company surviving the absorption-type merger or the company incorporated in the consolidation-type merger is a mutual company: the matters related to the allocation of money to the shareholders or share option holder of the disappearing stock company (if the disappearing stock company is a stock company disappearing in the consolidation-type merger, including other stock companies disappearing in the consolidation-type merger) or to the members of the mutual company disappearing in the consolidation-type merger;
  - (b) if the company incorporated in the consolidation-type merger is a stock company: the following matters:
    1. the matters related to allocation of shares or money to the shareholders of the stock company disappearing in the consolidation-type merger (including other stock companies disappearing in the consolidation-type merger; the same applies below in this item);
    2. the matters related to allocation of share options or monies to the share option holders of all or part of the stock companies disappearing in the consolidation-type merger;
    3. the matters related to allocation of shares or monies to the members of the mutual company disappearing in the consolidation-type merger;
    4. the method of selling any additional fraction of shares to be issued as a result of the allocation of shares to the members of the mutual

- company disappearing in the consolidation-type merger and any other matter provided in Article 99-4;
5. the method of purchasing any fraction of shares arising under 4. and any other matter specified by Cabinet Office Order regarding the purchase;
- (iii) the matters related to the rights of policyholders of the disappearing stock company after the merger;
- (iv) the matters stated in the following items, in accordance with the categories of the cases applicable as of the day of publication as specified in Article 165-7, paragraph (2) of the Act as the matters related to the financial statements of notifying company (meaning the mutual company surviving the absorption-type merger or mutual company disappearing in the consolidation-type merger; the same applies below in this item):
- (a) if the notifying company has given public notice of the balance sheet related to the most recent business year or its summary pursuant to the provisions of Article 54-7, paragraph (1) or (2) of the Companies Act: the following matters:
1. if the public notice has been made by way of a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
  2. if the public notice has been made by way of an electronic public notice, the matters stated in Article 64, paragraph (2), item (xviii), (a) of the Act;
- (b) if, in regard to the balance sheet related to the most recent business year, the notifying company has implemented the measures provided in Article 54-7, paragraph (3) of the Act: the matters stated in Article 64, paragraph (2), item (xvi);
- (c) if the notifying company is a mutual company as provided in Article 54-7, paragraph (4) of the Act, and where it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Reports) of the Financial Instruments and Exchange Act: that fact;
- (d) if the notifying company has no most recent business year: that fact;
- (e) if the notifying company is a liquidating mutual company: that fact;
- (f) other cases than as stated in (a) through (e): the details of the summary of the balance sheet for the most recent business year as stated in Appended Form No. 3 (Appended Form No. 3-3, in the case of a small amount and short term insurer; or Appended Form No. 3-2, in the case of a company with specified transaction account).

(Amount of Claim under Insurance Contract)

Article 101-2-4 The amount to be specified by Cabinet Office Order, as provided



in Article 70, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) of the Act, is the amount stated in item (i), in the case of a life insurance company; the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company; and the amount stated in item (ii), in the case of a small amount and short term insurer:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 165-7, paragraph (2) of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Matters Subject to Disclosure by Stock Company Surviving the Absorption-Type Merger)

Article 101-2-5 The matters to be specified by Cabinet Office Order, as provided in Article 165-9, paragraph (1) of the Act, are as follows:

- (i) matters related to adequacy of the provisions on the matters stated in Article 164, paragraph (1), items (i) through (vi) (if there is no such provision, the adequacy as to the lack of provision);
- (ii) the following matters related to the stock company surviving the absorption-type merger:
  - (a) the details of the financial statements, etc. for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the stock company surviving the absorption-type merger);
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company surviving the absorption-type merger; the same applies in item (c)) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
  - (c) if, after the last day of the most recent business year, disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping of documents or electronic or magnetic records under Article 165-9, paragraph (1) of the Act (referred to below as "day on which the absorption-type merger agreement

- began to be kept") and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (iii) the following matters related to the mutual company disappearing in the absorption-type merger (excluding a liquidating mutual company):
- (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company disappearing in the absorption-type merger);
- (b) if, after the last day of the most recent business year (if there is no such most recent business year, the day of incorporation of the mutual company disappearing in the absorption-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (iv) the balance sheet prepared by the mutual company disappearing in the absorption-type merger (limited to a liquidating mutual company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
- (v) the matters related to the prospect on performance of the obligations of the stock company surviving the absorption-type merger on or after the day when the absorption-type merger becomes effective (limited to the obligations (excluding the obligations related to the rights of policyholders or any other right holders under the insurance contracts (excluding insurance claims, etc.)) against policyholders or any other creditors who may raise objection as to the absorption-type merger pursuant to the provisions of Article 165-7, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 165-12 of the Act); and
- (vi) if, for the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, any change has arisen in any of the matters stated in the items of the preceding item, those matters after the change.

(Amount of Net Assets)

Article 101-2-6 The method to be specified by Cabinet Office Order, as provided in Article 165-11, paragraph (1), item (ii) of the Act, is the method whereby the total of the amounts stated in items (i) through (vii), as of the cut-off date

(meaning the date of conclusion of the absorption-type merger agreement (if, pursuant to the agreement, the timing other than the conclusion date (limited to the timing between the date of conclusion of the contract and the time immediately prior to the time when the absorption-type merger becomes effective) has been designated, the relevant timing)), less the amount stated in item (viii) (or five million yen, if the amount is less than five million yen), is regarded as the amount of net assets of the stock company surviving the absorption-type merger:

- (i) the amount of stated capital;
- (ii) the amount of capital reserve;
- (iii) the amount of retained earnings reserve;
- (iv) the amount of surplus as provided in Article 446 (Amounts of Surplus) of the Companies Act;
- (v) the amount of valuation and translation adjustments, etc. as of the last day of the most recent business year (if there is no most recent business year, the day of incorporation of the stock company surviving the absorption-type merger);
- (vi) the book value of share award rights;
- (vii) the book value of share options; and
- (viii) the total amount of the book value of its treasury shares and its own share options.

(Number of Shares)

Article 101-2-7 The number to be specified by Cabinet Office Order, as provided in Article 165-11 paragraph (2) of the Act, is the smallest of the following numbers:

- (i) the number obtained by adding one to the number obtained by multiplying the total number of specific shares (meaning the shares which entitles the shareholders to exercise their voting rights at a shareholders meeting related to the act as provided in Article 165-11 paragraph (2) of the Act; the same applies below in this Article) by half (if the articles of incorporation provide that adoption of the resolution at a shareholders meeting requires the presence of shareholders having voting rights of not less than a certain proportion of all voting rights related to the specific shares, by the proportion), and further by one-third (if the articles of incorporation provide that adoption of the resolution at a shareholders meeting requires affirmative votes of not less than a certain proportion of the total number of voting rights held by the specific shareholders (meaning the shareholders of specific shares; the same applies below in this Article) present at the meeting, by a proportion obtained by subtracting the proportion from one);
- (ii) the number of specific shares held by the specific shareholders who have

given notice that they dissent from the act provided in Article 165-11 paragraph (2) of the Act, if the articles of incorporation provide that adoption of the resolution relating to that act requires affirmative votes of not less than a certain number of specific shareholders, and where the total number of specific shareholders, less the number of specific shareholders who have given notice to the stock company that they dissent from that act, is less than the certain number;

- (iii) the number of specific shares held by the specific shareholders who have given notice that they dissent from the act provided in Article 165-11 paragraph (2) of the Act, if the articles of incorporation provide that adoption of the resolution relating to that act is subject to any provisions of the articles of incorporation other than those stated in the preceding two items, and where the resolution is not adopted if all of the specific shareholders who have given notice that they dissent from that act cast dissenting votes at the shareholders meeting provided in the same paragraph; and
- (iv) the number specified by the articles of incorporation.

(Matters Subject to Public Notice in Relation to Financial Statements of Stock Company Surviving the Absorption-Type Merger)

Article 101-2-8 The matters to be specified by Cabinet Office Order, as provided in Article 165-7, paragraph (2), item (iii) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act, are the matters stated in the following items, in accordance with the categories of the cases applicable as of the day of publication as stated in Article 165-7, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act:

- (i) if, pursuant to the provisions of Article 440, paragraph (1) (Public Notice of Financial Statements) of the Companies Act applied pursuant to the provisions of Article 13 of the Act following the deemed replacement of terms or Article 440, paragraph (2) of the Companies Act, a stock company surviving the absorption-type merger has given a public notice of its balance sheet for the most recent business year: the following information:
  - (a) if the public notice has been made by way of a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
  - (b) if the public notice has been made by way of an electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) (Registration of Incorporation of a Stock Company) of the Companies Act;
- (ii) if, in regard to the balance sheet related to the most recent business year, the stock company surviving the absorption-type merger has implemented the measures provided in Article 440, paragraph (3) of the Companies Act: the matters stated in Article 911, paragraph (3), item (xxvi) of the

Companies Act;

- (iii) if the stock company surviving the absorption-type merger is a stock company as provided in Article 440, paragraph (4) of the Companies Act, and it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Reports) of the Financial Instruments and Exchange Act: that fact;
- (iv) if the stock company surviving the absorption-type merger has no most recent business year: that fact; and
- (v) other cases than as stated in the preceding items: the details of the summary of the balance sheet for the most recent business year prepared in accordance with Appended Form No. 2 (or Appended Form No. 2-3, in the case of a small amount and short term insurer; or Appended Form No. 2-2, in the case of a company with specified transaction account).

(Matters Subject to Public Notice of Stock Company Surviving the Absorption-Type Merger)

Article 101-2-9 The matters to be specified by Cabinet Office Order, as provided in Article 165-7, paragraph (2), item (v) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act, are as follows:

- (i) the amount of stated capital of the stock company surviving the absorption-type merger;
- (ii) the matters related to allocation of shares or money to members of the mutual company disappearing in the absorption-type merger;
- (iii) the method of selling any additional fraction of shares to be issued as a result of the allocation of shares to the members of the mutual company disappearing in the absorption-type merger and any other matter provided in Article 99-4 regarding the sale;
- (iv) the matters related to the rights of policyholders of the mutual company disappearing in the absorption-type merger after the absorption-type merger;
- (v) when the shares stated in item (iii) are to be purchased, the method or purchasing and any other matters related to purchasing as stated in the items of Article 99-5;
- (vi) the following matters related to financial statements of the mutual company disappearing in the absorption-type merger, as referred to in Article 165-7, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act, are the matters stated in (a) through (f) below, in accordance with the categories of the cases applicable as of the day of publication as stated in the same paragraph:
  - (a) if the converting mutual company has given public notice of the balance sheet related to the most recent business year or its summary pursuant to the provisions of Article 54-7, paragraph (1) or (2) of the Act: the matters

stated in the following:

1. if the public notice has been made by way of a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
2. if the public notice has been made by way of an electronic public notice, the matters stated in Article 64, paragraph (2), item (xviii), (a) of the Act;
- (b) if, in regard to the balance sheet related to the most recent business year, the mutual company disappearing in the absorption-type merger has implemented the measures provided in Article 54-7, paragraph (3) of the Act: the matters stated in Article 64, paragraph (2), item (xvi) of the Act;
- (c) if the mutual company disappearing in the absorption-type merger is a mutual company as provided in Article 54-7, paragraph (4) of the Act, and where it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Reports) of the Financial Instruments and Exchange Act: that fact;
- (d) if the mutual company disappearing in the absorption-type merger has no most recent business year: that fact;
- (e) if the mutual company disappearing in the absorption-type merger is a liquidating mutual company: that fact; or
- (f) other cases than as stated in (a) through (e): the details of the summary of the balance sheet for the most recent business year prepared in accordance with Appended Form No. 3 (or Appended Form No. 3-3, in the case of a small amount and short term insurer; or Appended Form No. 3-2, in the case of a company with specified transaction account).

(Amount of Claim Concerning Insurance Contract)

Article 101-2-10 The amount to be specified by Cabinet Office Order, as provided in Article 70, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) of the Act as further applied mutatis mutandis pursuant to Article 165-12 of the act, is the amount stated in item (i), in the case of a life insurance company; the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company; and the amount stated in item (ii), in the case of a small amount and short term insurer:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 165-7, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract

which have not been passed as of the time of the public notice); and  
(iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Matters Subject to Ex-Post Facto Disclosure of Stock Company Surviving the Absorption-Type Merger)

Article 101-2-11 The matters to be specified by Cabinet Office Order, as provided in Article 165-13, paragraph (1) of the Act, are as follows:

- (i) the day when the absorption-type merger becomes effective;
- (ii) the progress of the following procedures which are implemented by the mutual company disappearing in the absorption-type merger:
  - (a) the progress of the procedures relating to the demand under Article 165-16-2 of the Act;
  - (b) the progress of the procedures under Article 165-17 of the Act;
- (iii) the progress of the following procedures by the stock company surviving the absorption-type merger:
  - (a) the progress of the procedures relating to the demand under Article 165-11-2 of the Act;
  - (b) the progress of the procedures under Article 165-4, paragraphs (1) and (2) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act, Article 797, paragraphs (5) through (9) (Dissenting Shareholders' Appraisal Rights) of the Companies Act as applied mutatis mutandis pursuant to Article 165-5, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act, Article 165-7 of the Act as applied mutatis mutandis pursuant to Article 165-12 of the Act and Article 797, paragraphs (1) and (2) of the Companies Act as applied mutatis mutandis pursuant to Article 165-12 of the Act;
- (iv) the matters related to important rights and obligations succeeded from the mutual company disappearing in the absorption-type merger to the stock company surviving the absorption-type merger upon the absorption-type merger;
- (v) the matters stated or recorded in the electronic or magnetic records kept by the mutual company disappearing in the absorption-type merger pursuant to the provisions of Article 165-15, paragraph (1) of the Act (excluding the terms and conditions of the absorption-type merger agreement);
- (vi) the day when the registration of change under Article 169-5, paragraph (1) of the Act was effect; and
- (vii) beyond what is stated in the preceding items, the material matters related to the absorption-type merger.

(Matters Subject to Ex-Post Facto Disclosure by Company Incorporated in

Consolidation-type Merger)

Article 101-2-12 The matters to be specified by Cabinet Office Order, as provided in Article 165-13, paragraph (1) of the Act as applied mutatis mutandis to Article 165-14, paragraph (3) of the Act, are as follows:

- (i) the day when the consolidation-type merger becomes effective;
- (ii) the progress of notices to shareholder and share option holders or public notices under Article 165-4, paragraphs (1) and (2) of the Act;
- (iii) the progress of the procedures relating to the demand under Article 165-3-2 or Article 165-16-2 of the Act;
- (iv) the progress of the procedure under Article 785, paragraphs (5) through (9) (Dissenting Shareholders' Appraisal Rights) of the Companies Act as applied mutatis mutandis pursuant to Article 165-5, paragraph (1) of the Act and paragraph (2) of the same Article, Article 787, paragraphs (5) through (10) (Exercise of Appraisal Rights on Share Options) of the Companies Act as applied mutatis mutandis pursuant to Article 165-6, paragraph (1) of the Act and paragraph (2) of the same Article, and Article 165-7 and Article 165-17 of the Act;
- (v) the matters related to important rights and obligations succeeded from the consolidated company to the company incorporated in the consolidation-type merger upon the consolidation-type merger;
- (vi) the matters stated or recorded in the electronic or magnetic records kept by the consolidated company pursuant to the provisions of Article 165-2, paragraph (1) and Article 165-15, paragraph (1) of the Act (excluding the terms and conditions of the absorption-type merger agreement); and
- (vii) beyond what is stated in the preceding items, the material matters related to the consolidation-type merger.

(Matters Subject to Prior Disclosure by Disappearing Mutual Company)

Article 101-2-13 (1) If a disappearing mutual company is a mutual company disappearing in the absorption-type merger, the matters to be specified by Cabinet Office Order, as provided in Article 165-15, paragraph (1) of the Act, are as follows:

- (i) the matters related to adequacy of the provisions as specified in (a) or (b) below, in accordance with the categories of the cases as respectively stated in (a) or (b) below (if there is no such provision, the adequacy as to the lack of provision):
  - (a) if the company surviving the absorption-type merger is a mutual company: the provisions on the matters specified in Article 160, item (ii) of the Act;
  - (b) if the company surviving the absorption-type merger is a stock company: the provisions on the matters specified in Article 160, items (ii) through



- (vi) of the Act;
- (ii) if all or part of shares, etc. (meaning the shares, etc. as provided in Article 164, paragraph (1), item (ii) of the Act) through be delivered to the members of the mutual company disappearing in the absorption-type merger comprise the shares in the stock company surviving the absorption-type merger, the provisions of the articles of incorporation of the stock company surviving the absorption-type merger;
- (iii) the following matters related to the mutual company disappearing in the absorption-type merger (excluding a liquidating mutual company):
  - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the date of incorporation of the mutual company disappearing in the absorption-type merger);
  - (b) if, after the last day of the most recent business year (if there is no most recent business year, the date of incorporation of the mutual company disappearing in the absorption-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping the document or electronic or magnetic records under Article 165-15, paragraph (1) at each business office (referred to below as the "day on which the absorption-type merger agreement began to be kept") and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (iv) the balance sheet prepared by the mutual company disappearing in the absorption-type merger (limited to a liquidating mutual company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act;
- (v) the matters related to adequacy of the provisions as specified in (a) or (b) below, in accordance with the categories of the cases as respectively stated in (a) or (b) below:
  - (a) if the company surviving the absorption-type merger is a mutual company: the following matters related to the mutual company surviving the absorption-type merger:
    1. the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company surviving the absorption-type merger);
    2. if, after the last day of the most recent business year (if there is no most

recent business year, the date of incorporation of the mutual company surviving the absorption-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);

(b) if the company surviving the absorption-type merger is a stock company: the following matters related to the stock company surviving the absorption-type merger:

1. the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the stock company surviving the absorption-type merger);
2. if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company surviving the absorption-type merger; the same applies in 3.) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
3. if, after the last day of the most recent business year, disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);

(vi) the matters related to the prospect on performance of the obligations of the mutual company surviving the absorption-type merger or stock company surviving the absorption-type merger on or after the day when the absorption-type merger becomes effective (limited to the obligations (excluding the obligations related to the rights of policyholders or any other right holders related to the insurance contracts (excluding insurance claims, etc.)) against policyholders or any other creditors who may raise objection as to the absorption-type merger pursuant to the provisions of Article 165-17,

- paragraph (1) of the Act); and
- (vii) if, after the day on which the absorption-type merger agreement began to be kept, any change has arisen in any of the matters stated in the items of the preceding item, those matters after the change.
- (2) If a disappearing mutual company is a mutual company disappearing in the consolidation-type merger, the matters to be specified by Cabinet Office Order, as provided in Article 165-15, paragraph (1) of the Act, are as follows:
- (i) the adequacy of the provisions stated in (a) or (b) below, in accordance with the categories of the respective cases stated in (a) or (b) below:
    - (a) if the company incorporated in the consolidation-type merger is a mutual company: the provisions on the matters stated in Article 161, paragraph (1), item (vi) or Article 163, paragraph (1), items (vi) through (viii) of the Act;
    - (b) if the company incorporated in the consolidation-type merger is a stock company: the provisions on the matters stated in Article 165, paragraph (1), items (vi) through (xiv) of the Act;
  - (ii) the following matters related to the mutual company disappearing in the consolidation-type merger (including other consolidated mutual companies; and excluding liquidating mutual companies):
    - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company disappearing in the consolidation-type merger);
    - (b) if, after the last day of the most recent business year (if there is no most recent business year, the date of incorporation of the mutual company disappearing in the consolidation-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping the document or electronic or magnetic records under Article 165-15, paragraph (1) at each business office (referred to below as the "day of commencement of keeping consolidation-type merger agreement") and the day when the consolidation-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
  - (iii) the following matters in relation to the stock company disappearing in the consolidation-type merger (excluding liquidating stock companies):
    - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the stock company disappearing in the consolidation-type merger);

- (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company disappearing in the consolidation-type merger; the same applies in item (c)) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (c) if, after the last day of the most recent business year (if there is no such most recent business year, the date of incorporation of the stock company disappearing in the consolidation-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping consolidation-type merger agreement and the day when the consolidation-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (iv) the balance sheet prepared by the mutual company disappearing in the consolidation-type merger (limited to a liquidating mutual company) and other consolidated company (limited to a liquidating stock company and liquidating mutual company), pursuant to the provisions of Article 492, paragraph (1) of the Companies Act (including as applied mutatis mutandis pursuant to Article 180-17 of the Act);
- (v) the matters related to the prospect on performance of the obligations of the company incorporated in the consolidation-type merger after the day when the consolidation-type merger becomes effective (excluding the obligations related to the rights (excluding insurance claims, etc.) of the policyholders or any other person holding the rights under an insurance contract, and also excluding the obligations to be assumed from the other consolidated companies); and
- (vi) if, after the day of commencement of keeping consolidation-type merger agreement, any change has arisen in the matters stated in the preceding items, those matters after the change.

(Matters Subject to Public Notice by Disappearing Mutual Company)

Article 101-2-14 The matters to be specified by Cabinet Office Order, as provided in Article 165-7, paragraph (2), item (iv) of the Act, are as follows:

- (i) the total amount of the funds or the amount of stated capital of the company surviving the absorption-type merger or the company incorporated in the consolidation-type merger;
- (ii) the matters stated in (a) or (b) below, in accordance with the categories of

the respective cases stated in (a) or (b) below:

- (a) if the company surviving the absorption-type merger or the company incorporated in the consolidation-type merger is a mutual company: the matters related to the allocation of money to the shareholders or share option holder of the disappearing mutual company (if the disappearing mutual company is a mutual company disappearing in the consolidation-type merger, including other consolidated mutual companies) or to the members of the stock company disappearing in the consolidation-type merger;
- (b) if the company surviving the absorption-type merger or the company incorporated in the consolidation-type merger is a stock company: the following matters:
  - 1. the matters related to allocation of shares or money to the shareholders of the disappearing mutual company;
  - 2. the method of selling any additional fraction of shares to be issued as a result of the allocation of shares to the members of the disappearing mutual company and any other matter provided in Article 99-4;
  - 3. the matters related to allocation of shares or monies to the members of the stock company disappearing in the consolidation-type merger;
  - 4. the matters related to allocation of shares or monies to the share option holders of the stock company disappearing in the consolidation-type merger;
- (iii) the matters related to the rights of policyholders of the disappearing mutual company after the merger;
- (iv) the method of purchasing any fraction of shares arising under item (ii), (b), 2. and any other matter specified in Article 99-5 regarding the purchase;
- (v) the matters stated in the following items, in accordance with the categories of the cases applicable as of the day of publication as specified in Article 165-17, paragraph (2) of the Act as the matters related to the financial statements of notifying company (meaning the disappearing mutual company, stock company disappearing in the consolidation-type merger and company surviving the absorption-type merger or mutual company disappearing in the consolidation-type merger; the same applies below in this item):
  - (a) if, pursuant to the provisions of Article 54-7, paragraph (1) or (2) of the Act, Article 440, paragraph (1) (Public Notice of Financial Statements) of the Companies Act applied pursuant to the provisions of Article 13 of the Act following the deemed replacement of terms, or Article 440, paragraph (2) of the Companies Act, a notifying company has given a public notice of its balance sheet for the most recent business year or its summary: the following information:
    - 1. if the public notice has been made by way of a daily newspaper that

- publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
2. if the public notice has been made by the use of an electronic public notice, the matters stated in Article 64, paragraph (2), item (xviii), (a) of the Act or Article 911, paragraph (3), item (xxviii), (a) (Registration of Incorporation of a Stock Company) of the Companies Act;
- (b) if, in regard to the balance sheet related to the most recent business year, the notifying company has implemented the measures provided in Article 54-7, paragraph (3) of the Act or in Article 440, paragraph (3) of the Companies Act: the matters stated in Article 64, paragraph (2), item (xvi) of the Act or Article 911, paragraph (3), item (xxvi) of the Companies Act;
  - (c) if the notifying company is a mutual company as provided in Article 54-7, paragraph (4) of the Act or a stock company as provided in Article 440, paragraph (4) of the Companies Act, and it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Reports) of the Financial Instruments and Exchange Act: that fact;
  - (d) if, pursuant to the provisions of Article 28 (Exclusion from Application of Provisions Pertaining to Public Notice of Financial Statements) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act, the notifying company is excluded from application of the provisions of Article 440 of the Companies Act: that fact;
  - (e) if the notifying company does not have most recent business year: that fact;
  - (f) if the notifying company is a liquidating stock company or a liquidating mutual company: that fact;
  - (g) other cases than as stated in items (a) through (f): the matters stated in the following 1. or 2., in accordance with the categories of the cases as respectively stated in 1. or 2.:
    1. if the notifying company is a mutual company: the details of the summary of the balance sheet for the most recent business year as stated in Appended Form No. 3 (Appended Form No. 3-3, in the case of a small amount and short term insurer; or Appended Form No. 3-2, in the case of a company with specified transaction account); and
    2. if the notifying company is a stock company: the details of the summary of the balance sheet for the most recent business year as stated in Appended Form No. 2 (Appended Form No. 2-3, in the case of a small amount and short term insurer; or Appended Form No. 2-2, in the case of a company with specified transaction account).

(Amount of Claim under Insurance Contract)

Article 101-2-15 The amount to be specified by Cabinet Office Order, as provided in Article 88, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) of the Act, is the amount stated in item (i), in the case of a life insurance company; the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company; and the amount stated in item (ii), in the case of a small amount and short term insurer:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 175, paragraph (2) of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Matters Subject to Disclosure by Mutual Company Surviving the Absorption-Type Merger)

Article 101-2-16 The matters to be specified by Cabinet Office Order, as provided in Article 165-19, paragraph (1) of the Act, are as follows:

- (i) the matters stated in (a) or (b) below, in accordance with the categories of the respective cases stated in (a) or (b) below:
  - (a) if the absorbed company (meaning the absorbed company as provided in Article 169, paragraph (1) of the Act; the same applies below in this Section) is a mutual company: the matters related to adequacy of the provisions on the matters stated in Article 160, item (ii) (if there is no such provision, the adequacy as to the lack of provision);
  - (b) if the absorbed company is a stock company: the following matters:
    - 1. matters related to adequacy of the provisions on the matters stated in Article 99-3-2, items (i) and (ii) (if there is no such provision, the adequacy as to the lack of provision);
    - 2. when the matters stated in Article 99-3-2, items (iii) and (iv) are provided, the matters related to adequacy of the provisions (excluding the provisions that the amount of money to be delivered to the share option holder for all share options is zero);
    - 3. matters related to adequacy of the provisions on the matters stated in Article 162, paragraph (1), item (iii);
- (ii) the following matters related to the mutual company surviving the absorption-type merger:
  - (a) the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the mutual company surviving the absorption-

- type merger);
- (b) if, after the last day of the most recent business year (if there is no most recent business year, the date of incorporation of the mutual company surviving the absorption-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day of commencement of keeping the document or electronic or magnetic records under Article 165-19, paragraph (1) at each business office (referred to below as the "day on which the absorption-type merger agreement began to be kept") and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (iii) the matters stated in (a) or (b) below, in accordance with the categories of the respective cases stated in (a) or (b) below:
- (a) if the absorbed company is a mutual company: the following matters related to the mutual company disappearing in the absorption-type merger (excluding the liquidating mutual company):
1. the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the date of incorporation of the mutual company disappearing in the absorption-type merger);
  2. if, after the last day of the most recent business year (if there is no most recent business year, the date of incorporation of the mutual company disappearing in the absorption-type merger), disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (b) if the absorbed company is a stock company: the following matters related to the stock company disappearing in the absorption-type merger (excluding the liquidating stock company):
1. the details of the financial statements for the most recent business year (if the company has no most recent business year, the balance sheet as of the day of incorporation of the stock company disappearing in the absorption-type merger);
  2. if there are provisional financial statements, etc. prepared as of a



certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company disappearing in the absorption-type merger; the same applies in 3.) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;

3. if, after the last day of the most recent business year, disposition of any important asset, assumption of a material obligation or any other event which would have a material impact on the company's property status has taken place, the details of event (if the new most recent business year falls in the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, the above is limited to the details of the events which have taken place after the last day of the new most recent business year);
- (iv) the balance sheet prepared by the absorbed company (limited to a liquidating stock company or a liquidating mutual company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
- (v) the matters related to the prospect on performance of the obligations of the mutual company surviving the absorption-type merger after the day when the absorption-type merger becomes effective (limited to the obligations (excluding the obligations related to the rights of policyholders or any other right holders under the insurance contracts (excluding insurance claims, etc.)) against policyholders or any other creditors who may raise objection as to the absorption-type merger pursuant to the provisions of Article 165-17, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act); and
- (vi) if, for the period between the day on which the absorption-type merger agreement began to be kept and the day when the absorption-type merger becomes effective, any change has arisen in any of the matters stated in the items of the preceding item, those matters after the change.

(Matters Subject to Public Notice of Mutual Company Surviving the Absorption-Type Merger)

Article 101-2-17 The matters to be specified by Cabinet Office Order, as provided in Article 165-17, paragraph (2), item (iv) of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act, are as follows:

- (i) the total amount of the funds in the mutual company surviving the absorption-type merger;
- (ii) the matters stated in (a) or (b) below, in accordance with the categories of

the respective cases stated in (a) or (b) below:

- (a) if the absorbed company is a mutual company: the matters related to the allocation of money to the members of the mutual company disappearing in the absorption-type merger;
- (b) if the absorbed company is a stock company: the matters related to the compensation for the shareholders and share option holders of the stock company disappearing in the absorption-type merger;
- (iii) the matters related to the rights of policyholders of the absorbed company after the absorption-type merger;
- (iv) the matters stated in the following items, in accordance with the categories of the cases applicable as of the day of publication as specified in Article 165-17, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act as the matters related to the financial statements of notifying company (meaning the mutual company surviving the absorption-type merger and the absorbed company; the same applies below in this item):
  - (a) if, pursuant to the provisions of Article 54-7, paragraph (1) or (2) of the Act, Article 440, paragraph (1) (Public Notice of Financial Statements) of the Companies Act applied pursuant to the provisions of Article 13 of the Act following the deemed replacement of terms, or Article 440, paragraph (2) of the Companies Act, a notifying company has given a public notice of its balance sheet for the most recent business year or its summary: the following information:
    - 1. if the public notice is given on a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
    - 2. if the public notice is given by an electronic public notice, the matters stated in Article 64, paragraph (2), item (xviii), (a) of the Act or Article 911, paragraph (3), item (xxviii), (a) (Registration of Incorporation of a Stock Company) of the Companies Act;
  - (b) if, in regard to the balance sheet related to the most recent business year, the notifying company has implemented the measures provided in Article 54-7, paragraph (3) of the Act or in Article 440, paragraph (3) of the Companies Act: the matters stated in Article 64, paragraph (2), item (xvi) of the Act or Article 911, paragraph (3), item (xxvi) of the Companies Act;
  - (c) if the notifying company is a mutual company as provided in Article 54-7, paragraph (4) of the Act or a stock company as provided in Article 440, paragraph (4) of the Companies Act, and it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Reports) of the Financial Instruments and Exchange Act: that fact;
  - (d) if, pursuant to the provisions of Article 28 (Exclusion from Application of

Provisions Pertaining to Public Notice of Financial Statements) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act, the notifying company is excluded from application of the provisions of Article 440 of the Companies Act: that fact;

(e) if the notifying company has no most recent business year: that fact;

(f) if the notifying company is a liquidating stock company or a liquidating mutual company: that fact;

(g) other cases than as stated in items (a) through (f): the matters stated in the following 1. or 2., in accordance with the categories of the cases as respectively stated in 1. or 2.:

1. if the notifying company is a mutual company: the details of the summary of the balance sheet for the most recent business year as stated in Appended Form No. 3 (Appended Form No. 3-3, in the case of a small amount and short term insurer; or Appended Form No. 3-2, in the case of a company with specified transaction account); and
2. if the notifying company is a stock company: the details of the summary of the balance sheet for the most recent business year as stated in Appended Form No. 2 (Appended Form No. 2-3, in the case of a small amount and short term insurer; or Appended Form No. 2-2, in the case of a company with specified transaction account).

(Amount of Claim under Insurance Contract)

Article 101-2-18 The amount to be specified by Cabinet Office Order, as provided in Article 88, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act following the deemed replacement of terms, is the amount stated in item (i), in the case of a life insurance company; the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company; and the amount stated in item (ii), in the case of a small amount and short term insurer:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 175, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Matters Subject to Ex-Post Facto Disclosure of Mutual Company Surviving the

Absorption-Type Merger)

Article 101-2-19 The matters to be specified by Cabinet Office Order, as provided in Article 165-21, paragraph (1) of the Act, are as follows:

- (i) the day when the absorption-type merger becomes effective;
- (ii) the progress of the procedures under (a) or (b) below in accordance with the cases as respectively stated in (a) or (b) below, which are implemented by the absorbed company:
  - (a) if the absorbed company is a stock company: the following matters:
    - 1. the of progress of notices to shareholder and share option holders or public notices under Article 165-4, paragraphs (1) and (2) of the Act;
    - 2. the progress of the procedures related to the demand under Article 165-3-2 of the Act;
    - 3. the progress of the procedures under Article 785, paragraphs (5) through (9) (Dissenting Shareholders' Appraisal Rights) of the Companies Act as applied mutatis mutandis pursuant to Article 165-5, paragraph (1) of the Act and paragraph (2) of the same Article, Article 787, paragraphs (5) through (10) (Exercise of Appraisal Rights on Share Options) of the Companies Act as applied mutatis mutandis pursuant to Article 165-6, paragraph (1) of the Act and paragraph (2) of the same Article, and Article 165-7 of the Act;
  - (b) if the absorbed company is a mutual company: the progress of the following procedures:
    - 1. the progress of the procedures pertaining to the demand under Article 165-16-2 of the Act;
    - 2. the progress of the procedures under Article 165-17 of the Act;
- (iii) the progress of the following procedures by the mutual company surviving the absorption-type merger:
  - (a) the progress of the procedures relating to the demand under Article 165-16-2 of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act;
  - (b) the progress of the procedures under Article 165-17 of the Act as applied mutatis mutandis pursuant to Article 165-20 of the Act;
- (iv) the matters related to important rights and obligations succeeded from the absorbed company to the mutual company surviving the absorption-type merger upon the absorption-type merger;
- (v) the matters stated or recorded in the electronic or magnetic records kept by the absorbed company pursuant to the provisions of Article 165-2, paragraph (1) or Article 165-15, paragraph (1) of the Act (excluding the terms and conditions of the absorption-type merger agreement);
- (vi) the day when the registration of change under Article 169-5, paragraph (1) of the Act was effected; and

- (vii) beyond what is stated in the preceding items, the material matters related to the absorption-type merger.

(Matters Subject to Ex-Post Facto Disclosure by Formed Mutual Company)

Article 101-2-20 The matters to be specified by Cabinet Office Order, as provided in Article 165-21, paragraph (1) of the Act as applied mutatis mutandis to Article 165-22, paragraph (3) of the Act, are as follows:

- (i) the day when the consolidation-type merger becomes effective;
- (ii) the progress of the procedures under (a) or (b) below in accordance with the cases as respectively stated in (a) or (b) below, which are implemented by the consolidated company:
  - (a) in cases of a consolidation-type merger between a stock company and a mutual company: the progress of the following procedures:
    - 1. the progress of notices to shareholder and share option holders or public notices under Article 165-4, paragraphs (1) and (2) of the Act;
    - 2. the progress of the procedures relating to the demand under Article 165-3-2 or Article 165-16-2 of the Act;
    - 3. the progress of the procedures under Article 785, paragraphs (5) through (9) (Dissenting Shareholders' Appraisal Rights) of the Companies Act as applied mutatis mutandis pursuant to Article 165-5, paragraph (1) of the Act and paragraph (2) of the same Article, Article 787, paragraphs (5) through (10) (Exercise of Appraisal Rights on Share Options) of the Companies Act as applied mutatis mutandis pursuant to Article 165-6, paragraph (1) of the Act and paragraph (2) of the same Article, and Article 165-7 and Article 165-17 of the Act;
  - (b) in cases of a consolidation-type merger between Mutual Companies: the progress of the following procedures:
    - 1. the progress of the procedures relating to the demand under Article 165-16-2 of the Act;
    - 2. the progress of the procedures under Article 165-17 of the Act;
- (iii) the matters related to important rights and obligations succeeded from the consolidated company to the formed mutual company upon the consolidation-type merger;
- (iv) the matters stated or recorded in the electronic or magnetic records kept by the consolidated company pursuant to the provisions of Article 165-2, paragraph (1) and Article 165-15, paragraph (1) of the Act; and
- (v) beyond what is stated in the preceding items, the material matters related to the consolidation-type merger.

(Matters Subject to Prior Disclosure by Merging Company under the Companies Act)

Article 101-2-21 The matters to be specified by Cabinet Office Order, as provided in Article 782, paragraph (1) (Keeping and Inspection of Documents Concerning an Absorption-Type Merger Agreement) of the Companies Act applied pursuant to the provisions of Article 165-23 of the Act following the deemed replacement of terms, are as follows:

- (i) the following matters related to the stock company disappearing in the absorption-type merger (meaning a stock company disappearing in the absorption-type merger as provided in Article 749, paragraph (1), item (ii) (Absorption-Type Merger Agreement in Which a Stock Company Survives) of the Companies Act; the same applies below in this Article, the following Article, Article 101-2-24, Article 1-3, item (i), (e) and Article 103-2, item (i), (e)) (excluding a liquidating stock company):
  - (a) the details of the financial statements, etc. most recent business year;
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company disappearing in the absorption-type merger) as the provisional account closing date (if there are two or more provisional account closing date, the most recent day), the details of the provisional financial statements, etc.;
- (ii) the balance sheet prepared by the stock company disappearing in the absorption-type merger (limited to a liquidating stock company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
- (iii) Matters regarding the rights of the policyholders of the stock company disappearing in the absorption-type merger after the absorption-type merger; and
- (iv) if, after the day on which the absorption-type merger agreement, etc. began to be kept (meaning the day on which the absorption-type merger agreement, etc. began to be kept as provided in Article 782, paragraph (2) of the Companies Act; the same applies in Article 105-2), any change has arisen in any of the matters stated in the preceding three items, those matters after the change.

Article 101-2-22 The matters to be specified by Cabinet Office Order, as provided in Article 794, paragraph (1) (Keeping and Inspection of Documents Concerning an Absorption-Type Merger Agreement) of the Companies Act applied pursuant to the provisions of Article 165-23 of the Act following the deemed replacement of terms, are as follows:

- (i) the following matters related to the stock company surviving the absorption-type merger (meaning a stock company surviving the absorption-type merger

as provided in Article 749, paragraph (1), item (i) (Absorption-Type Merger Agreement in Which a Stock Company Survives) of the Companies Act; the same applies below in this Article, the following Article, Article 101-2-24, Article 1-3, item (i), (e) and Article 103-2, item (i), (e)):

- (a) the details of the financial statements, etc. related to the most recent business year;
- (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the stock company surviving the absorption-type merger) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (ii) Matters regarding the rights of the policyholders of the stock company disappearing in the absorption-type merger after the absorption-type merger; and
- (iii) if, for the period between the day on which the absorption-type merger agreement, etc. began to be kept (meaning the day on which the absorption-type merger agreement, etc. began to be kept as provided in Article 794, paragraph (2) of the Companies Act; the same applies in Article 105-2-2) and the day when the absorption-type merger becomes effective, any change has arisen in any of the matters stated in the preceding two items, those matters after the change.

Article 101-2-23 The matters to be specified by Cabinet Office Order, as provided in Article 803, paragraph (1) (Keeping and Inspection of Documents Concerning a Consolidation-Type Merger Agreement) of the Companies Act applied pursuant to the provisions of Article 165-23 of the Act following the deemed replacement of terms, are as follows:

- (i) the following matters related to the companies consolidated through consolidation-type merger (meaning a company consolidated through consolidation-type merger as provided in Article 753, paragraph (1), item (vi) (Consolidation-Type Merger Agreement by Which a Stock Company Is Incorporated) of the Companies Act; the same applies below in this Article, Article 103, item (i), (e) and Article 103-2, item (i), (e)) (excluding a liquidating stock company):
  - (a) the details of the financial statements, etc. for the most recent business year;
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the company consolidated through consolidation-type merger) as the provisional account

- closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (ii) the balance sheet prepared by the company consolidated through consolidation-type merger (excluding another company consolidated through consolidation-type merger, and limited to a liquidating stock company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
- (iii) Matters regarding the rights of the policyholders of the company consolidated through consolidation-type merger following the merger; and
- (iv) if, after day of commencement of keeping consolidation-type merger agreement (meaning the day of commencement of keeping consolidation-type merger agreement as provided in Article 803, paragraph (2) of the Companies Act; the same applies in Article 105-2-3), any change has arisen in any of the matters stated in the preceding three items, those matters after the change.

(Matters Subject to Public Notice in Relation to Financial Statements)

Article 101-2-24 The matters to be specified by Cabinet Office Order, as provided in Article 165-24, paragraph (2), item (iii) of the Act, are the matters stated in the following items, in accordance with the categories of the cases applicable as of the day of publication as stated in the same paragraph:

- (i) if, pursuant to the provisions of Article 440, paragraph (1) (Public Notice of Financial Statements) (including when it is applied pursuant to the provisions of Article 13 of the Act following the deemed replacement of terms) or paragraph (2) of the Companies Act, a notifying company (meaning a stock company disappearing in the absorption-type merger, stock company surviving the absorption-type merger, or a stock company disappearing in the consolidation-type merger; the same applies below in this Article) has given a public notice of its balance sheet for the most recent business year or its summary: the following information:
  - (a) if public notice is given by 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 is given on a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
  - (c) if the public notice is given by an electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) (Registration of Incorporation of a Stock Company) of the Companies Act;
- (ii) if, in regard to the balance sheet related to the most recent business year, the stock company-type financial instruments exchange surviving an absorption-type merger has implemented the measures provided in Article



- 440, paragraph (3) of the Companies Act: the matters stated in Article 911, paragraph (3), item (xxvi) of that Act;
- (iii) if the stock company-type financial instruments exchange surviving an absorption-type merger is a stock company as provided in Article 440, paragraph (4) of the Companies Act, and where it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Reports) of the Act: that fact;
  - (iv) if, pursuant to the provisions of Article 28 (Exclusion from Application of Provisions Pertaining to Public Notice of Financial Statements) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act, the notifying company is excluded from application of the provisions of Article 440 of the Companies Act: that fact;
  - (v) if the notifying company has no have most recent business year: that fact;
  - (vi) if the notifying company is a liquidating stock company or a liquidating mutual company: that fact;
  - (vii) other cases than as stated in the preceding items: the details of the summary of the balance sheet for the most recent business year prepared in accordance with Appended Form No. 2 (or Appended Form No. 2-3, in the case of a small amount and short term insurer; or Appended Form No. 2-2, in the case of a company with specified transaction account) or Part VI, Chapter 2 of the Rules of Accounting.

(Matters Subject to Public Notice by Merging Company under the Companies Act)

Article 101-3 The matters to be specified by Cabinet Office Order, as provided in Article 165-24, paragraph (2), item (v) of the Act, are as follows:

- (i) the amount of stated capital of the insurance company, etc. surviving the merger, or the insurance company, etc. to be incorporated upon the merger;
- (ii) the matters stated in (a) or (b) below, in accordance with the categories of the respective cases stated in (a) or (b) below:
  - (a) in the case of a merger between stock companies: the matters related to allocation of money, etc. to be paid to the shareholders of the stock company extinguished upon merger, or the allocation of share option or money to the share option holder of the stock company extinguished upon the merger;
  - (b) in the case of a merger between a stock company and membership company: the matters related to allocation of money, etc. to be paid to the shareholders of the stock company extinguished by the merger, the allocation of share option or money to the share option holder of the stock company extinguished by the merger, or the allocation of money, etc. to the

members of the membership company extinguished by the merger; and  
(iii) the matters regarding the rights of the policyholders of the merging company under the Companies Act (meaning the merging company under the Companies Act as provided in Article 165-24, paragraph (1) of the Act; the same applies below in this Section) which is to be extinguished upon the merger.

(Amount of Claim under Insurance Contract)

Article 102 The amount to be specified by Cabinet Office Order, as provided in Article 165-24, paragraph (6) of the Act, is the amount stated in item (i), in the case of a life insurance company; the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company; and the amount stated in item (ii), in the case of a small amount and short term insurer:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 165-24, paragraph (2) of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Matters Subject to Public Notice after Merger)

Article 103 The matters to be specified by Cabinet Office Order, as provided in Article 166, paragraph (1) of the Act, are as follows:

- (i) the documents specified in (a) through (e) below, in accordance with the categories of the documents respectively stated in (a) through (e) below:
  - (a) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a stock company surviving the absorption-type merger: the matters stated in Article 101-2-11, items (ii) and (iii);
  - (b) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a stock company incorporated in the consolidation-type merger: the matters stated in Article 101-2-12, items (ii) through (iv);
  - (c) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a mutual company surviving the absorption-type merger: the matters stated in Article 101-2-19, items (ii) and (iii);
  - (d) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a formed mutual

- company: the matters stated in Article 101-2-20, items (ii) and (iii);
- (e) if the parties to the merger includes, wholly or partly, the merging company under the Companies Act: the progress of the following procedures:
1. the progress of the procedures under Article 165-24 of the Act and under Article 785 (Dissenting Shareholders' Share Purchase Demand) and Article 787 (Exercise of Appraisal Rights on Share Options) of the Companies Act which are implemented by the stock company disappearing in the absorption-type merger (limited to an insurance company, etc.);
  2. the progress of the procedures under Article 165-24 of the Act and under Article 797 (Dissenting Shareholders' Appraisal Rights) of the Companies Act which are implemented by the stock company surviving the absorption-type merger (limited to an insurance company, etc.);
  3. the progress of the procedures under Article 165-24 of the Act and under Article 806 (Dissenting Shareholders' Appraisal Rights) and Article 808 (Exercise of Appraisal Rights on Share Options) of the Companies Act which are implemented by the stock company disappearing in the absorption-type merger (limited to an insurance company, etc.);
- (ii) the day when the absorption-type merger becomes effective, or the day of incorporation of the insurance company, etc. to be incorporated upon the merger; and
- (iii) the location of the head office or principal office of the insurance company, etc. surviving the merger or the insurance company to be incorporated upon the merger.

(Matters Subject to Ex-Post Facto Disclosure by Insurance Company Surviving Merger or Insurance Company to Be Incorporated Upon Merger)

Article 103-2 The matters to be specified by Cabinet Office Order, as provided in Article 166, paragraph (2) of the Act, are as follows:

- (i) the documents specified in (a) through (e) below, in accordance with the categories of the documents respectively stated in (a) through (e) below:
  - (a) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a stock company surviving the absorption-type merger: the matters stated in Article 101-2-11, items (ii) and (iii);
  - (b) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a stock company incorporated in the consolidation-type merger: the matters stated in Article 101-2-12, items (ii) through (iv);
  - (c) if the insurance company, etc. surviving the merger or the insurance

- company, etc. to be incorporated upon the merger is a mutual company surviving the absorption-type merger: the matters stated in Article 101-2-19, items (ii) and (iii);
- (d) if the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger is a formed mutual company: the matters stated in Article 101-2-20, items (ii) and (iii);
- (e) if the parties to the merger includes, wholly or partly, the merging company under the Companies Act: the progress of the following procedures:
1. the progress of the procedures under Article 165-24 of the Act and under Article 785 (Dissenting Shareholders' Appraisal Rights) and Article 787 (Exercise of Appraisal Rights on Share Options) of the Companies Act which are implemented by the stock company disappearing in the absorption-type merger (limited to an insurance company, etc.);
  2. the progress of the procedures under Article 165-24 of the Act and under Article 797 (Dissenting Shareholders' Appraisal Rights) of the Companies Act which are implemented by the stock company surviving the absorption-type merger (limited to an insurance company, etc.);
  3. the progress of the procedures under Article 165-24 of the Act and under Article 806 (Dissenting Shareholders' Appraisal Rights) and Article 808 (Exercise of Appraisal Rights on Share Options) of the Companies Act which are implemented by the absorbed stock company (limited to an insurance company, etc.);
- (ii) the matters stated or recorded in the documents or electronic or magnetic records as stated in Article 801, paragraph (3), item (i) (Keeping and Inspection of Documents Concerning Absorption-Type Mergers) or Article 815, paragraph (3), item (i) (Keeping and Inspection of Documents Concerning a Consolidation-Type Merger Agreement) of the Companies Act by the insurance company, etc. surviving the merger or the insurance company, etc. to be incorporated upon the merger upon the merger specified in (e) of the preceding item.

(Validity of Absorption-Type Merger)

Article 104 Due to the implementation of the merger under Article 166, paragraph (1) of the Act, if the matters specified in the documents under Article 4, paragraph (2), items (ii) through (iv) and Article 272, paragraph (2), items (ii) through (iv) of the Act (collectively referred to below as the "statement of business procedures, etc." in this paragraph) requires amendment reflecting the matters stated in the statement of business procedures, etc. of the insurance company, etc. extinguished upon the merger, the matters which require authorizations under Article 123, paragraph (1) of

the Act are deemed to have been authorized, and the matters which require reporting under Article 123, paragraph (2) and Article 272-19, paragraph (1) of the Act are deemed to have been amended, at the time when the merger becomes effective.

(Application for Authorization of Merger)

Article 105 (1) If an insurance company, etc. seeks to obtain the authorization under Article 167, paragraph (1) of the Act, it must submit to the

Commissioner of the Financial Services Agency or other competent official a written application for authorization, together with the following documents:

- (i) a written statement of reasons;
- (ii) the document describing the terms and conditions of the merger agreement;
- (iii) the minutes of shareholders meetings of the insurance company, etc. which is the party to the merger, or any other documents certifying that necessary procedures have been followed;
- (iv) the inventory of property, the balance sheet, and profit and loss statement of each party;
- (v) for each type of insurance contract wherein the insurer is the insurance company, etc. which is the party to the merger, the document describing the respective number of policyholders, the number of insurance contracts, the total of the insured amount, and the amount of policy reserve;
- (vi) a document stating the prospective income and expenditure of the insurance company, etc. surviving the merger or the insurance company to be incorporated upon the merger and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. after the merger (meaning a ratio derived by a formula relating to the criteria of soundness of solvency margin for insurance proceeds, etc. under Article 130 of the Act (including as applied mutatis mutandis pursuant to Article 272-28 of the Act; the same applies below in this item) (limited to the criteria determined by the use of the amount stated in the items of Article 130 of the Act with respect to an insurance company, etc.); the same applies in Article 105-3, paragraph (1), item (ii), (b) and Article 105-6, paragraph (1), item (vii));
- (vii) a document specifying the merger costs;
- (viii) if there is any shareholder who has made a demand under Article 165-3-2 or Article 165-11-2 of the Act, or any member has made a demand under Article 165-16-2 of the Act (including as applied mutatis mutandis pursuant to Article 165-20 of the Act), a document stating the progress of the procedures related to the demand;
- (viii)-2 a document certifying that the public notice under Article 165-7, paragraph (2) (including as applied mutatis mutandis pursuant to Article

- 165-12 of the Act), Article 165-17, paragraph (2) (including as applied mutatis mutandis pursuant to Article 165-20 of the Act), or Article 165-24, paragraph (2) of the Act has been given, and, if any policyholder (limited to the policyholders of the insurance contract (limited to the insurance contract which expires upon completion of the payment related to the insurance claim, etc.) whose insurance claim, etc. has been already accrued as of the time of giving the public notice under the aforementioned provisions) or other creditor has stated objection under Article 165-24, paragraph (2), a document certifying that the company 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 reduction of the capital poses no risk of harming the interest of the policyholder or other creditor;
- (ix) the document certifying that the ratios do not exceed the ratios as stated in (a) through (c) below, in accordance with the categories of companies as respectively stated in (a) through (c) below:
- (a) a disappearing stock company or a stock company surviving the absorption-type merger: a document certifying that the number of policyholders who raised objections within the period under Article 165-7, paragraph (2), item (iv) of the Act (including as applied mutatis mutandis pursuant to Article 165-12) did not exceed one-fifth of the total number of policyholders as referred in Article 70, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 165-12 of the Act; the same applies below in (a)) (including as applied pursuant to Article 255, paragraph (2) of the Act following the deemed replacement of terms (simply referred to below as "the cases where applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms" in (a)); the same applies below in (a)) (or one-tenth, if applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms); or a document certifying that the amount related to the policyholders as referred to in Article 101-2-4 or Article 101-2-10 did not exceed one-fifth of the total of the amount stated in Article 70, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-7, paragraph (4) of the Act (or one-tenth, if applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms);
- (b) a disappearing mutual company or an mutual company surviving the absorption-type merger: a document certifying that the number of policyholders who raised objections within the period under Article 165-17, paragraph (2), item (iii) of the Act (including as applied mutatis mutandis pursuant to Article 165-20) did not exceed one-fifth of the total number of

- policyholders as referred in Article 88, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 165-20 of the Act; the same applies below in (b)) (including as applied pursuant to Article 255, paragraph (2) of the Act following the deemed replacement of terms (simply referred to below as "the cases where applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms" in (b)); the same applies below in (b)) (or one-tenth, if applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms); or a document certifying that the amount related to the policyholders as referred to in Article 101-2-15 or Article 101-2-18 did not exceed one-fifth of the total of the amount stated in Article 88, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 165-17, paragraph (4) of the Act (or one-tenth, if applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms);
- (c) a merging company under the Companies Act: 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 did not exceed one-fifth of the total number of policyholders as referred in paragraph (6) of the same Article (including as applied pursuant to Article 255, paragraph (2) of the Act following the deemed replacement of terms (simply referred to below as "the cases where applied pursuant to Article 255, paragraph (2) of the Act following the deemed replacement of terms" in (c)); the same applies below in (c)) (or one-tenth, if applied pursuant to Article 255, paragraph (2) of the Act following the deemed replacement of terms); or a document certifying that the amount related to the policyholders as referred to in Article 102 did not exceed one-fifth of the total of the amount stated in Article 165-24, paragraph (6) of the Act (or one-tenth, if applied pursuant to the provisions of Article 255, paragraph (2) of the Act following the deemed replacement of terms);
- (x) a document certifying that the notice or public notice under Article 165-4, paragraph (1) or (2) (including as applied mutatis mutandis pursuant to Article 165-12 of the Act); Article 783, paragraph (5) or (6) (Approval of the Absorption-Type Merger Agreement), Article 785, paragraph (3) or (4) (Dissenting Shareholders' Appraisal Rights), Article 787, paragraph (3) or (4) (Exercise of Appraisal Rights on Share Options), Article 797, paragraph (3) or (4) (Dissenting Shareholders' Appraisal Rights), Article 804, paragraph (4) or (5) (Approval of the Consolidation-Type Merger Agreement), Article 806, paragraph (3) or (4) (Dissenting Shareholders' Appraisal Rights), and Article 808, paragraph (3) or (4) (Exercise of Appraisal Rights on Share Options);

- (xi) a document certifying that the public notice and notice under Article 219, paragraph (1) (Public Notice in Relation to Submission of Share Certificate) (limited to the portion relating to item (vi)) and Article 293, paragraph (1) (Public Notice in Relation to Submission of Share Option Certificate) (limited to the portion relating to item (iii)) of the Companies Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 165-4 of the Act);
- (xii) a document certifying any public notice given under Article 165-8, paragraph (2) and Article 165-18, paragraph (2) of the Act or Article 790, paragraph (2) of the Companies Act, if any;
- (xiii) a document certifying that any public notice given under Article 254, paragraph (3) of the Act, if any;
- (xiv) a document certifying that the notification under Article 15, paragraph (2) (Prior Notification of Corporate Merger) of the Anti-Monopoly Act has been completed;
- (xv) the articles of incorporation of the parties (excluding insurance companies) formerly in effect;
- (xvi) if there is any person to assume the office of the director, executive officer or company auditor upon the merger, the document certifying their acceptance of offices and their résumés;
- (xvii) if there is any person to assume the office of the accounting advisor upon the merger, the document certifying the acceptance of offices by and the résumé of the accounting advisor;
- (xviii) résumés of financial auditors of the insurance company surviving the merger, or the insurance company to be incorporated upon the merger;
- (xix) if, when effecting the merger, the insurance company, etc. surviving the merger, or the insurance company, etc. to be incorporated upon the merger intends to hold as its subsidiary company companies eligible for subsidiary companies (meaning companies eligible for subsidiary companies, in the case of an insurance company; or, meaning companies eligible for subsidiary companies of small amount and short term insurer (meaning a company exclusively engaged in the business to be specified by Cabinet Office Order as provided in Article 272-14, paragraph (1) of the Act; the same applies below); the same applies below in this item and Article 105-6, paragraph (1), item (xviii)), the documents stated in Article 58, paragraph (1), item (iv) or Article 211-35, paragraph (1), item (iv) which relates to the subsidiary company a company eligible for subsidiary companies;
- (xix)-2 if the merger would cause the insurance company surviving or incorporated through the merger or its subsidiary company to hold voting rights in an advanced insurance service company engaged in non-insurance businesses in a total number that would exceed the voting right holding



- threshold, or make a foreign advanced insurance service company its subsidiary company: a document stated in Article 58-2, paragraph (1), item (iv) relating to the company;
- (xx) if the insurance company, etc. surviving the merger, or the insurance company, etc. to be incorporated upon the merger is to have any subsidiary company, etc., a document specifying the prospective income and expenditure of the insurance company and subsidiary company, etc. and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. (meaning a ratio derived by a formula relating to the criteria of soundness of solvency margin for insurance proceeds, etc. under Article 130 of the Act (including as applied mutatis mutandis pursuant to Article 272-28 of the Act; the same applies below in this item) (limited to the criteria determined by the use of the amount stated in the items of Article 130 of the Act with respect to an insurance company, etc. and its subsidiary company, etc.); the same applies in Article 105-6, paragraph (1), item (xix));
- (xxi) if the insurance company, etc. surviving the merger, or the insurance company, etc. to be incorporated upon the merger are to have voting rights of a domestic company of which the total number exceeds the voting right holding threshold (excluding the case provided in item (xix)), the document specifying the name and business details of the domestic company; and
- (xxii) any other document which would serve as reference information for examination under Article 167, paragraph (2) of the Act.
- (2) In the case of the merger wherein all parties are insurance companies, etc., the written application for authorization under the preceding paragraph must be submitted jointly by the insurance companies.
- (3) The provisions of Article 2, paragraph (15) of the Act apply mutatis mutandis to the voting rights as provided in paragraph (1), items (xix)-2 and (xxi).

## **Section 2-2 Company Split**

(Matters Subject to Prior Disclosure of Splitting Stock Company in Absorption-Type Company Split)

Article 105-2 The matters to be specified by Cabinet Office Order, as provided in Article 782, paragraph (1) (Keeping and Inspection of Documents Concerning an Absorption-Type Merger Agreement) of the Companies Act as applied pursuant to Article 173-3 of the Act following the deemed replacement of terms, are the following matters, if the disappearing stock company, etc. as provided in the same paragraph is a splitting stock company in absorption-type company split (meaning a splitting stock company in absorption-type company split as provided in Article 758, item (ii) (Absorption-Type Company Split Agreement Which Causes a Stock Company to Succeed to Rights and Obligations) of the

Companies Act; the same applies below in this Section):

- (i) the following matters related to the splitting stock company in absorption-type company split (excluding a liquidating stock company):
  - (a) the details of the financial statements, etc. concerning the most recent business year;
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the splitting stock company in absorption-type company split) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (ii) the balance sheet prepared by the splitting stock company in absorption-type company split (limited to a liquidating stock company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
- (iii) matters regarding the rights of the policyholders after the absorption-type company split; and
- (iv) if, for the period between the day on which the absorption-type merger agreement, etc. began to be kept, and the day when the absorption-type company split becomes effective, any change has arisen in any of the matters stated in the preceding three items, those matters after the change.

(Matters Subject to Disclosure by Succeeding Stock Company in Absorption-Type Company Split)

Article 105-2-2 The matters to be specified by Cabinet Office Order, as provided in Article 794, paragraph (1) (Keeping and Inspection of Documents Concerning an Absorption-Type Merger Agreement) of the Companies Act as applied pursuant to Article 173-3 of the Act following the deemed replacement of terms, are the following matters, if the disappearing stock company, etc. as provided in the same paragraph is a succeeding stock company in absorption-type company split (meaning a succeeding stock company in absorption-type company split as provided in Article 758, item (i) (Absorption-Type Company Split Agreement Which Causes a Stock Company to Succeed to Rights and Obligations) of the Companies Act; the same applies below in this Section):

- (i) the following matters related to the succeeding stock company in absorption-type company split (excluding a liquidating stock company):
  - (a) the details of the financial statements, etc. for the most recent business year;
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the succeeding

- stock company in absorption-type company split) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (ii) matters regarding the rights of the policyholders after the absorption-type company split; and
- (iii) if, for the period between the day on which the absorption-type merger agreement, etc. began to be kept and the day when the absorption-type company split becomes effective, any change has arisen in any of the matters stated in the preceding two items, those matters after the change.

(Matters Subject to Disclosure by Splitting Company in Incorporation-Type Company Split)

Article 105-2-3 The matters to be specified by Cabinet Office Order, as provided in Article 803, paragraph (1) (Keeping and Inspection of Documents Concerning a Consolidation-Type Merger Agreement) of the Companies Act as applied pursuant to Article 173-3 of the Act following the deemed replacement of terms, are the following matters, if the disappearing stock company, etc. as provided in the same paragraph is a splitting company in incorporation-type company split (meaning a splitting company in incorporation-type company split as provided in Article 763, item (v) (Incorporation-Type Company Split Plan by Which a Stock Company Is Incorporated) of the Companies Act; the same applies below in this Section):

- (i) the following matters related to the splitting company in incorporation-type company split (excluding a liquidating stock company):
  - (a) the details of the financial statements, etc. for the most recent business year;
  - (b) if there are provisional financial statements, etc. prepared as of a certain day after the last day of the most recent business year (if the company has no most recent business year, the date of incorporation of the splitting company in incorporation-type company split) as the provisional account closing date (if there are two or more provisional account closing dates, the most recent day), the details of the provisional financial statements, etc.;
- (ii) the balance sheet prepared by the splitting company in incorporation-type company split (excluding another splitting company in incorporation-type company split, and limited to a liquidating stock company) pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act;
- (iii) matters regarding the rights of the policyholders after the incorporation-type company split; and
- (iv) if, for the period between the day of commencement of keeping consolidation-type merger agreement and the day when the incorporation-

type company split becomes effective, any change has arisen in any of the matters stated in the preceding three items, those matters after the change.

(Matters Subject to Public Notice in Relation to Financial Statements)

Article 105-2-4 The matters specified by Cabinet Office Order, as provided in Article 173-4, paragraph (2), item (iii) of the Act, are the matters specified in each of following items, in accordance with the categories of the respective cases stated in the same item, as of the day of the public notice under the same paragraph or the day of the notice under the same paragraph, whichever comes earlier:

- (i) if, pursuant to the provisions of Article 440, paragraph (1) (including as applied pursuant to Article 13 of the Act following the deemed replacement of terms) or (2) (Public Notice of Financial Statements) of the Companies Act, a notifying company (meaning a split-involved company (meaning a split-involved company as provided in Article 173-4, paragraph (2) of the Act; the same applies in the following Article) or a stock company (meaning a splitting stock company in absorption-type company split, succeeding stock company in absorption-type company split or a splitting company in incorporation-type company split) as stated in Article 789, paragraph (2), item (iii), Article 799, paragraph (2), item (iii) or Article 810, paragraph (2), item (iii) (Objections of Creditors); the same applies below in this Article) has given a public notice of its balance sheet for the most recent business year or its summary: the following information:
  - (a) if public notice is given by 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 is given on a daily newspaper that publishes news on current events, the name and date of the newspaper, and the page number on which the public notice has been published;
  - (c) if the public notice is given by an electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) (Registration of Incorporation of a Stock Company) of the Companies Act;
- (ii) if, in regard to the balance sheet related to the most recent business year, the notifying company has implemented the measures provided in Article 440, paragraph (3) of the Companies Act: the matters stated in Article 911, paragraph (3), item (xxvi) of the Companies Act;
- (iii) if the notifying company is a stock company as provided in Article 440, paragraph (4) of the Companies Act, and it has submitted the annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Securities Reports) of the Financial Instruments and Exchange Act: that fact;

- (iv) if, pursuant to the provisions of Article 28 (Exclusion from Application of Provisions Concerning Public Notice of Financial Statements) of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act (Act No. 87 of 2005), the notifying company is excluded from application of the provisions of Article 440 of the Companies Act: that fact;
- (v) if the notifying company has no most recent business year: that fact;
- (vi) if the notifying company is a liquidating stock company or a liquidating mutual company: that fact;
- (vii) other cases than as stated in the preceding items: the details of the summary of the balance sheet for the most recent business year prepared in accordance with Appended Form No. 2 (or Appended Form No. 2-3, in the case of a small amount and short term insurer; or Appended Form No. 2-2, in the case of a company with specified transaction account) or Part VI, Chapter 2 of the Rules of Accounting.

(Matters Subject to Public Notice Concerning Company Split)

Article 105-3 The matters to be specified by Cabinet Office Order, as provided in Article 173-4, paragraph (2), item (v) of the Act, are the matters stated in the following items in accordance with the categories of cases stated in the respective items:

- (i) if the split-involved company gives public notice under Article 173-4, paragraph (2) of the Act (excluding the case stated in the following items): the following matters:
  - (a) the amount of stated capital of the split-involved company after completion of the company split;
  - (b) the matters related to allocation of money, etc. to the company splitting in the absorption-type split (meaning the company splitting in the absorption-type split as provided in Article 173-4, paragraph (1), item (i) of the Act; the same applies below in this Article and Article 105-6, paragraph (1), item (vi)) or the company splitting in the incorporation-type split (meaning the company splitting in the incorporation-type split provided in Article 173-4, paragraph (1) of the Act; the same applies below in this Article and in Article 105-5-3, item (iii) and Article 105-6, paragraph (1), item (vi));
  - (c) the matters related to allocation of share options to the share option holders of the company splitting in the absorption-type split or the company splitting in the incorporation-type split;
  - (d) matters related to the rights of policyholders after the company split;
- (ii) in the case of a company split that involves the transfer of insurance contracts, where the split-involved company gives public notice under Article 173-4, paragraph (2) of the Act:
  - (a) the matters stated in the preceding item;

- (b) the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. of the split-involved company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of succession of insurance contracts;
- (c) the outline of the content of the services relating to the contracts subject to company split (meaning the contracts subject to company split as prescribed in Article 173-2 of the Act; the same applies in Article 105-6, paragraph (1) and Article 105-6-2, item (i)) after the company split; and
- (d) the matters relating to Article 173-4, paragraph (8) of the Act.

(Amount of Claim under Insurance Contract)

Article 105-4 The amount to be specified by Cabinet Office Order, as provided in Article 173-4, paragraph (6) of the Act, is the amount stated in item (i), in the case of a life insurance company; the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company; and the amount stated in item (ii), in the case of a small amount and short term insurer:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 173-4, paragraph (2) of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii), as of the time of the public notice.

(Amount to Be Refunded from Company Splitting in an Absorption-Type Split)

Article 105-4-2 The amount to be specified by Cabinet Office Order, as referred to in Article 173-4, paragraph (8) of the Act, is the amount set aside as the refund reserve prescribed in Article 69, paragraph (1), item (ii)-2 or Article 70, paragraph (1), item (iii).

(Matters Subject to Ex-Post Facto Disclosure by Splitting Stock Company in Absorption-Type Company Split)

Article 105-5 The matters to be specified by Cabinet Office Order, as provided in Article 791, paragraph (1), item (i) (Keeping and Inspection of Documents Concerning Absorption-Type Company Split or Share Exchanges) of the Companies Act as applied pursuant to Article 173-4, paragraph (11) of the Act following the deemed replacement of terms, are the matters specified in the following items, in accordance with the categories of the cases as respectively stated in those items:

- (i) if the splitting stock company in absorption-type company split is a stock company engaged in insurance business: the following matters:
  - (a) the day when the absorption-type company split becomes effective;
  - (b) the progress of the following procedures by the splitting stock company in absorption-type company split:
    - 1. the progress of the procedures related to the demand under Article 784-2 (Demanding Cessation of Absorption-Type Merger) of the Companies Act;
    - 2. the progress of the procedure under Article 785 (Dissenting Shareholders' Appraisal Rights) and Article 787 (Exercise of Appraisal Rights on Share Options) of the Companies Act, and Article 173-4, paragraphs (1) through (7) and paragraph (9) of the Act;
  - (c) the progress of the following procedures by the succeeding company in an absorption-type split (meaning the succeeding company in an absorption-type split as provided in Article 173-4, paragraph (1), item (ii) of the Act; the same applies below in this Article):
    - 1. the progress of the procedures related to the demand under Article 796-2 (Demanding Cessation of Absorption-Type Merger) of the Companies Act;
    - 2. the progress of the procedures under Article 797 (Dissenting Shareholders' Appraisal Rights) of the Companies Act, Article 173-4, paragraphs (1) through (7) and paragraph (9) of the Act or Article 799 (Objections of Creditors) of the Companies Act (including as applied mutatis mutandis pursuant to Article 802, paragraph (2) of the same Act);
  - (d) the matters related to important rights and obligations succeeded from the splitting stock company in absorption-type company split to the succeeding company in an absorption-type company split;
  - (e) the day when the registration of change under Article 923 (Registration of an Absorption-Type Company Split), paragraph (1) of the Act was effected;
  - (f) beyond what is stated in (a) through (e), the material matters related to the absorption-type company split;
- (ii) if the splitting stock company in absorption-type company split is not a stock company engaged in insurance business: the following matters:
  - (a) the day when the absorption-type company split becomes effective;
  - (b) the progress of the following procedures by the splitting stock company in absorption-type company split:
    - 1. the progress of the procedures related to the demand under Article 784-2 of the Companies Act;
    - 2. the progress of the procedures under Article 785, Article 787 and Article 789 (Objections of Creditors) of the Companies Act;

- (c) the progress of the following procedures by the succeeding company in an absorption-type split which is a stock company engaged in insurance business:
  - 1. the progress of the procedures related to the demand under Article 796-2 (Demanding Cessation of Absorption-Type Merger) of the Companies Act;
  - 2. the progress of the procedures under Article 797 (Dissenting Shareholders' Appraisal Rights) of the Companies Act and Article 173-4, paragraphs (1) through (7) and paragraph (9) of the Act;
- (d) the matters related to important rights and obligations succeeded from the splitting stock company in absorption-type company split to the succeeding company in an absorption-type company split which is a stock company engaged in insurance business;
- (e) the day when the registration of change under Article 923 of the Companies Act was effected; and
- (f) beyond what is stated in the (a) through (e), the material matters related to the absorption-type company split.

(Matters Subject to Ex-Post Facto Disclosure by Succeeding Stock Company in Absorption-Type Company Split)

Article 105-5-2 The matters to be specified by Cabinet Office Order, as provided in Article 801, paragraph (2) (Keeping and Inspection of Documents Concerning Absorption-Type Mergers) of the Companies Act as applied pursuant to Article 173-4, paragraph (11) of the Act following the deemed replacement of terms, are as follows:

- (i) the day when the absorption-type company split becomes effective;
- (ii) the progress of the procedures under Article 789 (Creditor Objections) of the Companies Act which are implemented by the splitting limited liability company in absorption-type company split (meaning the splitting limited liability company in absorption-type company split as provided in Article 793, paragraph (2) (Procedures for a Membership Company));
- (iii) the progress of the following procedures by the succeeding stock company in absorption-type company split:
  - (a) the progress of the procedures related to the demand under Article 796-2 (Demanding Cessation of Absorption-Type Merger) of the Companies Act;
  - (b) the progress of the procedures under Article 797 (Dissenting Shareholders' Appraisal Rights) of the Companies Act and Article 173-4, paragraphs (1) through (7) and paragraph (9) of the Act;
- (iv) the matters related to important rights and obligations succeeded from the splitting limited liability company in absorption-type company split to the succeeding stock company in absorption-type company split;



- (v) the day when the registration of change under Article 923 (Registration of an Absorption-Type Company Split), paragraph (1) of the Companies Act was effected; and
- (vi) beyond what is stated in the preceding items, the material matters related to the absorption-type company split.

(Matters Subject to Ex-Post Facto Disclosure by Splitting Stock Company in Absorption-Type Company Split)

Article 105-5-3 The matters to be specified by Cabinet Office Order, as provided in Article 811, paragraph (1), item (i) (Keeping and Inspection of Documents Concerning an Incorporation-Type Company Split or Share Transfer) of the Companies Act as applied pursuant to Article 173-4, paragraph (11) of the Act following the deemed replacement of terms, are the matters specified in the following items, in accordance with the categories of the cases as respectively stated in those items:

- (i) the day when the incorporation-type company split becomes effective;
- (ii) the progress of the procedures related to the demand under Article 805-2 (Demanding Cessation of a Consolidation-Type Merger) of the Companies Act;
- (iii) the progress of the procedures under Article 806 (Dissenting Shareholders' Appraisal Rights) and Article 808 (Exercise of Appraisal Rights on Share Options) of the Companies Act, Article 173-4, paragraphs (1) through (7) and paragraph (9) of the Act, and Article 810 (Objections of Creditors) (including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of the Companies Act) of the Companies Act;
- (iv) the matters related to important rights and obligations succeeded from the company splitting in the incorporation-type split to the company incorporated through incorporation-type company split (meaning the company incorporated through incorporation-type company split as provided in Article 763, paragraph (1) (Incorporation-Type Company Split Plan by Which a Stock Company Is Incorporated) of the Companies Act);
- (v) beyond what is stated in the preceding items, material matters related to the incorporation-type company split.

(Matters Subject to Notification Regarding Contracts in the Course of Company Split Procedure)

Article 105-5-4 The matters to be specified by Cabinet Office Order, as referred to in Article 173-5, paragraph (1) of the Act, are the matters stated in the items of Article 105-3, item (ii).

(Application for Authorization of Company Split)

Article 105-6 (1) If an insurance company seeks to obtain the authorization under Article 173-6, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, together with the following documents:

- (i) a written statement of reasons;
- (ii) a document specifying the details of the absorption-type company split agreement or the incorporation-type company split plan;
- (iii) minutes of the shareholders meeting of the insurance company, etc. which is the party to the merger, or and any other document certifying that necessary procedures have been taken;
- (iv) inventories of properties and the balance sheet and profit and loss statement of the insurance company, etc. which is the party to the merger;
- (v) a document specifying the status of profit and loss related to the business to be acquired upon the company split or the business to be transferred upon the company split;
- (vi) when the insurance contracts are to be transferred upon the company split, the following documents:
  - (a) a document describing the selection criteria and the scope of contracts subject to company split;
  - (b) for each type of insurance contract wherein the insurer is the insurance company, etc. which is to transfer the insurance contracts upon the company split (referred to below as a "splitting company, etc." in this item and the following Article), a document describing the following matters:
    1. the number of policyholders, the number of insurance contracts, the total of the insured amount, and the amount of policy reserve and any other reserves before and after the company split, for each type of insurance contract;
    2. the amount of policy reserve and any other reserves for the contracts subject to company split before the company split and the appropriateness of the calculation of the amount, for each type of insurance contract;
    3. the appropriateness of the calculation of the amount of policy reserve and any other reserves after the company split;
  - (c) for each type of insurance contract wherein the insurer is the insurance company, etc. which is to transfer the insurance contracts upon the company split (referred to below as the "succeeding company" in this item and the following Article), a document describing the following matters:
    1. the number of policyholders, the number of insurance contracts, the total of the insured amount, and the amount of policy reserve and any other reserves before and after the company split, for each type of insurance contract;

2. the amount of policy reserve and any other reserves for the contracts subject to company split after the company split and the appropriateness of the calculation of the amount, for each type of insurance contract;
  3. the appropriateness of the calculation of the amount of policy reserve and any other reserves after the company split;
- (d) a document describing the grounds for the objections stated by the policyholders under Article 173-4, paragraph (6) of the Act and the measures taken by the splitting company, etc. or the succeeding company in response to the objections;
  - (e) a document describing the system for carrying out the business relating to the contracts subject to company split at the succeeding company and the content of its services;
  - (f) a document describing the number of policyholders who applied for cancellation of their contracts in the case prescribed in Article 173-4, paragraph (8) of the Act, as well as the amount to be refunded by the company splitting in the absorption-type split or the company splitting in the incorporation-type split (excluding a company implementing a company split whereby the succeeding company succeeds to all insurance contracts those that effect a company split resulting in the succession of all insurance contracts) under the same paragraph and the calculation method of the amount, for each type of insurance contract;
  - (vii) a document describing the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. of the insurance company, etc. for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of the company split;
  - (viii) a document specifying the cost of the company split;
  - (ix) a document certifying that the public notice or notice under Article 173-4, paragraph (2) of the Act has been given;
  - (x) if there is any shareholder who has made a demand under Article 784-2 (Demanding Cessation of Absorption-Type Merger), Article 796-2 (Demanding Cessation of Absorption-Type Merger) or Article 805-2 (Demanding Cessation of a Consolidation-Type Merger) of the Companies Act, a document stating the progress of the procedures related to the demand;
  - (x)-2 if there is any policyholder or other creditor who has stated objection under Article 173-4, paragraph (4) of the Act, a document certifying that the company has made payment or provided equivalent security to the policyholder or other creditor, or has entrusted equivalent property to a trust company, etc. for ensuring that the policyholder or other creditor receive the payment, or that the company split poses no risk of harming the interest of

- the policyholder or other creditor;
- (xi) a document certifying that the number of policyholders who stated their objections under Article 173-4, paragraph (6) has not exceeded one tenth (or one fifth in the case of a company split whereby the succeeding company succeeds to all insurance contracts) of the total number of policyholders as indicated in the same paragraph, or a document certifying that the amount specified by Cabinet Office Order as belonging to the policyholders as indicated in the same paragraph has not exceeded one tenth (or one fifth in the case of a company split whereby the succeeding company succeeds to all insurance contracts) of the total amount as indicated in the same paragraph;
  - (xii) a document certifying that the public notice and notice under Article 293, paragraph (1) (Public Notice in Relation to Submission of Share Option Certificates) (limited to the portion related to items (iv) and (v)) of the Companies Act has been given;
  - (xiii) a document certifying that the notification under Article 15-2, paragraph (2) or (3) (Prior Notification of Company Split) of the Anti-Monopoly Act has been completed;
  - (xiv) the articles of incorporation of the parties (excluding insurance companies) formerly in effect;
  - (xv) if there is any person to assume the office of the director, executive officer or company auditor upon the company split, the document certifying their acceptance of offices and their résumés;
  - (xvi) if there is any person to assume the office of the accounting advisor upon the company split, the document certifying the acceptance of offices by and the résumé of the accounting advisor;
  - (xvii) résumés of financial auditors of the insurance company after the company split;
  - (xviii) if, when effecting the company split, a company eligible for subsidiary companies is to become the subsidiary company, the documents stated in Article 58, paragraph (1), item (iv) or Article 211-35, paragraph (1), item (iv) which relates to the companies eligible for subsidiary companies;
  - (xviii)-2 if the company split would cause the insurance company or its subsidiary company to hold voting rights in an advanced insurance service company engaged in non-insurance businesses in a total number that would exceed the voting right holding threshold, or make a foreign advanced insurance service company its subsidiary company: a document stated in Article 58-2, paragraph (1), item (iv) relating to the company;
  - (xix) when the insurance company, etc. after the company split, is to have any subsidiary company, etc. the document specifying the prospective income and expenditure of the insurance company, etc. and subsidiary company, etc. and the prospective ratio indicating the level of solvency in terms of ability to pay

- out insurance proceeds, etc.;
- (xx) when, as the result of the company split, the subsidiary company of the insurance company, etc. no longer falls under the subsidiary company, a document specifying the name of the subsidiary company;
- (xxi) if the insurance company, etc. or its subsidiary company, upon the company split, are to have voting rights of a domestic company of which the total number exceeds the voting right holding threshold (excluding the case provided in item (xviii)), the document specifying the name and business details of the domestic company; and
- (xxii) any other document which would serve as reference information for examination under Article 173-6, paragraph (2) of the Act.
- (2) In the case of the company split wherein all parties are insurance companies, etc., the written application for authorization under the preceding paragraph must be submitted jointly by the insurance companies.
- (3) The provisions of Article 2, paragraph (15) of the Act apply mutatis mutandis to the voting rights as provided in paragraph (1), items (xviii)-2 and (xxi).
- (4) The document as stated in paragraph (i), item (vi), (b), 1. and 2. and (c), 1. and 2. of the same item (excluding the document related to the appropriateness of calculation as stated in (b) of the same item) is to be in accordance with the forms and methods of entry and calculation which are to be specified by the Commissioner of the Financial Services Agency.

(Examination for Authorization of Company Split)

Article 105-6-2 In the case of a company split whereby the succeeding company succeeds to all insurance contracts, when conducting an examination under Article 173-6, paragraph (2) of the Act upon an application for authorization under paragraph (1) of the preceding Article, the Commissioner of the Financial Services Agency or other competent official is to take into account the following circumstances:

- (i) that the purpose of the company split whereby the succeeding company succeeds to all insurance contracts, and the selection criteria for contracts subject to company split are not likely to give negative impact on protection of policyholders, etc.;
- (ii) that the policy reserves for the insurance contracts wherein the issuer is the splitting company and for the insurance contracts wherein the issuer is the succeeding company are expected to be set aside using a reasonable and relevant method based on actuarial science after the company split;
- (iii) that the succeeding company is expected to set aside the policyholders' dividend reserve stated in Article 64, paragraph (1) appropriately after the company split; and
- (iv) that the splitting company and the succeeding company are expected to

have an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc. after the company split.

(Matters Subject to Public Notice after Company Split)

Article 105-7 The matters to be specified by Cabinet Office Order, as provided in the first sentence of Article 173-7, paragraph (1) of the Act, are as follows:

- (i) the progress of the procedures under Article 173-4 (excluding paragraph (8)) of the Act;
- (ii) the day when the company split becomes effective; and
- (iii) the trade name and location of the head office of the company which succeeded to the insurance contracts upon the company split.

(Validity of Succession of Insurance Contract Upon Company Split)

Article 105-8 (1) Due to the implementation of the company split, if the matters specified in the documents under Article 4, paragraph (2), items (ii) through (iv) and Article 272, paragraph (2), items (ii) through (iv) of the Act (collectively referred to below as the "statement of business procedures, etc." in this paragraph) requires amendment reflecting the matters stated in the statement of business procedures, etc. of the company to which the insurance contracts are to be transferred upon the company split, the matters which require authorizations under Article 123, paragraph (1) of the Act are deemed to have been authorized, and the matters which require reporting under Article 123, paragraph (2) and Article 272-19, paragraph (1) of the Act are deemed to have been amended, at the time when the company split becomes effective.

(2) A company which succeeded to the insurance contracts upon the company split may, if, as a result of succession of properties upon the company split, the method of investment of assets or the amount of investment of assets under Article 48-3, paragraph (1) and Article 48-5, paragraph (1) contravenes the restriction under Articles 47 to 49, carry out investment in accordance with the methods or amount. In this case, the company which succeeded the insurance contracts upon the company split must gradually amend the method or amount of investment of its assets in accordance with the purport of the provisions of Articles 47 to 49.

### **Section 3 Liquidation**

(Request for Appointment of Liquidator by Interested Parties)

Article 106 If an interested party makes a request for appointment of liquidator pursuant to the provisions of Article 174, paragraph (1) of the Act, the party must attach to the written application a document certifying that the party falls under the category of the interested party.

(Person Who Is Unable to Properly Perform Their Duties Due to Mental or Physical Disorder)

Article 106-2 The person specified by Cabinet Office Order, as provided in Article 12, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 174, paragraph (5) of the Act, is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly performing their duties due to mental impairment.

(Notification of Assumption of Office by Liquidator)

Article 107 If a liquidator of an insurance company, etc. intends to file a notification under Article 174, paragraph (8) of the Act, the liquidator must submit to the Commissioner of the Financial Services Agency or other competent official a notification, together with a certificate of registered matters of the insurance company, etc.

(Amount to Be Refunded from Liquidating Insurance Company)

Article 108 The amount to be specified by Cabinet Office Order, as provided in Article 177, paragraph (3) of the Act, is the amount set aside as the refund reserve prescribed in Article 69, paragraph (1), item (ii)-2 or Article 70, paragraph (1), item (iii).

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

Article 109 (1) The application for permission under Article 500, paragraph (2) (Restrictions on Performance of Obligations) of the Companies Act as applied pursuant to the provisions of Article 178 of the Act following the deemed replacement of terms (including as applied *mutatis mutandis* pursuant to Article 171-2 of the Act) must be made by submission of the written application for permission with the names of the all liquidators affixed on it to the Commissioner of the Financial Services Agency or other competent official.

(2) In filing a written application for permission under the preceding paragraph, the following documents must be attached:

- (i) a written statement of reasons; and
- (ii) the document certifying that the instant case requires the permission under the preceding paragraph.

(Notification of Status of Liquidation)

Article 110 A liquidator of an insurance company, etc. related to the liquidation must notify the Commissioner of the Financial Services Agency or other competent official the monthly status of liquidation by no later than the

twentieth day of the following month, and, when any material matter occurs, notify the Commissioner of the Financial Services Agency or other competent official without delay.

(Person Who Is Unable to Properly Perform Their Duties Due to Mental or Physical Disorder)

Article 110-2 The person specified by Cabinet Office Order, as provided in Article 53-2, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 180-4, paragraph (5) of the Act, is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly performing their duties due to mental impairment.

(Systems to Ensure Appropriateness of Business of Liquidating Mutual Company)

Article 110-3 (1) The systems to be specified by Cabinet Office Order, as provided in Article 180-8, paragraph (3), item (iv) of the Act, are as follows:

- (i) a system for the preservation and management of information on the execution of duties by liquidators;
- (ii) regulations and any other framework for management of risk of loss;
- (iii) system to ensure that the execution of duties by employees complies with laws and regulations;
- (iv) information related to employees, when a company auditor requested that an employee be assigned to assist the company auditor's duties;
- (v) matters related to independence from the directors of the employee stated in the preceding item;
- (vi) the matters related to assurance of effectiveness of instruction given by company auditors to the employees as referred to in item (iv);
- (vii) system of reporting from liquidators and employees to company auditors, and any other system for reporting to company auditors;
- (viii) system to ensure that a person who reported under the preceding item is not treated disadvantageously on the grounds that the person made the reporting;
- (ix) the matters related to the policies on the procedures for advanced payment or reimbursement of costs arising from the execution of duties of company auditors, and on the processing of other costs or obligations arising from the execution of the duties; and
- (x) beyond the systems stated in item (iv) through the preceding item, any system to ensure that auditing by company auditors will be conducted in an efficiency manner.

(2) If the liquidating mutual company has two or more liquidators, the system as provided in the preceding paragraph is to include the system to ensure the



decision-making for the business will be made in an appropriate manner.

(Matters to Be Specified by Board of Liquidators upon Solicitation of  
Subscribers of Corporate Bonds)

Article 110-4 The matters to be specified by Cabinet Office Order, as provided in Article 180-14, paragraph (6), item (v) of the Act, are as follows:

- (i) when the determination of the matters stated in the items of Article 61 of the Act which relates to two or more solicitations (meaning solicitations as stated in Article 61 of the Act; the same applies below in this Article) is to be appointed, that fact;
- (ii) the upper limitation of the aggregate amount of bond for subscription (meaning bond for subscription as provided in Article 61 of the Act; the same applies below in this Article) (or, in the case provided in the preceding item, the total amount of upper limitation of the aggregate amount of bond for subscription related to each solicitation);
- (iii) outline of the matters related to interest rate, such as upper limitation on interest rate of bond for subscription; and
- (iv) outline of the matters related to the amount to be paid in (meaning the amount to be paid in as provided in Article 61, item (ix) of the Act; the same applies below in this item), the minimum amount of the aggregate amount to be paid in for bond for subscription.

(Systems to Ensure Appropriateness of Business of Mutual Company with  
Board of Liquidators)

Article 110-5 The systems to be specified by Cabinet Office Order, as provided in Article 180-14, paragraph (6), item (vi) of the Act, are as follows:

- (i) a system for the preservation and management of information on the execution of duties by liquidators;
- (ii) regulations and any other framework for management of risk of loss;
- (iii) system to ensure that the execution of duties by employees complies with laws and regulations;
- (iv) information related to employees, when a company auditor requested that an employee be assigned to assist the company auditor's duties;
- (v) matters related to independence from the liquidators of the employee stated in the preceding item;
- (vi) the matters related to assurance of effectiveness of instruction given by company auditors to the employees as referred to in item (iv);
- (vii) system of reporting from liquidators and employees to company auditors, and any other system for reporting to company auditors;
- (viii) system to ensure that a person who reported under the preceding item is not treated disadvantageously on the grounds that the person made the

- reporting;
- (ix) the matters related to the policies on the procedures for advanced payment or reimbursement of costs arising from the execution of duties of company auditors, and on the processing of other costs or obligations arising from the execution of the duties; and
- (x) beyond the systems stated in item (iv) through the preceding item, system to ensure that auditing by company auditors will be conducted in an efficiency manner.

(Minutes of Board of Liquidators Meeting)

- Article 110-6 (1) Preparation of minutes of board of liquidators meeting under Article 369, paragraph (3) (Resolution at Board of Directors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 180-15 of the Act following the deemed replacement of terms is as prescribed in this Article.
- (2) The minutes of board of liquidators meeting must be prepared in writing or by electronic or magnetic records.
- (3) The minutes of board of liquidators meeting must contain the following matters:
- (i) the date and place of convocation of the board of liquidators meeting (including the information on the method of attendance, if liquidators or company auditors were not present at the place attended the meeting);
  - (ii) if the meeting of board of liquidators falls under any of the following categories, that fact:
    - (a) a meeting called in response to the request from the liquidators as stated in Article 366, paragraph (2) (Convener) of the Companies Act as applied mutatis mutandis pursuant to Article 180-15 of the Act following the deemed replacement of terms;
    - (b) a meeting called by the liquidator pursuant to the provisions of Article 366, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 180-15 of the Act following the deemed replacement of terms;
    - (c) a meeting called in response to the request from the company auditors as stated in Article 383, paragraph (2) (Obligation to Attend Board of Directors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 53-20 of the Act;
    - (d) a meeting called pursuant to the provisions of Article 383, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 53-20 of the Act;
  - (iii) the substance of the proceeding of the board of liquidators meeting, as well as the results;
  - (iv) the name of the liquidators, if the liquidators have any special interest in

- the matters to be resolved;
- (v) if, pursuant to any of the following provisions, any opinion or remark was raised at the board of liquidators meeting, the outline of the details of the opinions or remarks:
    - (a) Article 382 (Duty to Report to Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 53-20 of the Act;
    - (b) Article 383, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 53-20 of the Act;
    - (c) Article 365, paragraph (2) (Restrictions on Competition and Transactions with Companies with Board of Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 180-14, paragraph (9) of the Act;
  - (vi) the names of company auditors present at the board of liquidators meeting; and
  - (vii) if the board of liquidators meeting was presided over by the chairperson, the name of the chairperson.
- (4) In the case referred to in the following items, the minutes of the board of liquidators meeting are to contain the matters respectively stated in the relevant items:
- (i) when, pursuant to the provisions of Article 370 (Omission of Resolution at Board of Directors Meeting) of the Companies Act as applied mutatis mutandis pursuant to Article 180-15 of the Act following the deemed replacement of terms, the resolution of the board of directors meeting is deemed to have been made: the following matters:
    - (a) the details of the matters which are deemed to have been resolved at the board of liquidators meeting;
    - (b) the name of the liquidator who had made a proposal of the matter stated in item (a);
    - (c) the day when the resolution of board of liquidators meeting is deemed to have been made;
    - (d) the name of the liquidator who took charge of duty of preparation of the minutes;
  - (ii) when, pursuant to the provisions of Article 372, paragraph (1) (Omission of Report to Board of Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 180-15 of the Act following the deemed replacement of terms, the requirement of reporting to the board of liquidators meeting is deemed to have been exempted: the following matters:
    - (a) the matters which are exempted from requirement of reporting to the board of liquidators meeting;
    - (b) the day when the requirement of reporting to the board of liquidators meeting was exempted; and
    - (c) the name of the liquidator who took charge of duty of preparation of the

minutes.

(Inventory of Property)

Article 110-7 (1) The inventory of property to be prepared pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act is as prescribed in this Article.

(2) Regarding the property to be included in the inventory of property stated in the preceding paragraph, the disposal price as of the day on which the liquidating mutual company has fallen under the cases stated in the items of Article 180 of the Act must be included, except in the case where it is difficult to include the disposal price. In this case, for the accounting books of the liquidating mutual company, the price recorded in the inventory of property is deemed to be the acquisition value.

(3) The inventory of property stated in paragraph (1) must consist of the following sections, in which case, the sections stated item (i) and (ii) may be further divided into items that have been given appropriate titles indicating their details:

- (i) assets;
- (ii) liabilities; and
- (iii) net worth.

(Balance Sheet at the Time of Commencement of Liquidation)

Article 110-8 (1) The balance sheet to be prepared pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act must be prepared in the same manner as the balance sheet specified in Appended Form No. 7 (or Appended Form No. 16-17, in the case of a small amount and short term insurer; or Appended Form No. 7-2, in the case of a company with specified transaction account), based on the inventory of property.

(2) If it is difficult to record the disposal price for any asset, an explanatory note on the policy of property valuation related to the asset must be indicated in the balance sheet under the preceding paragraph.

(Balance Sheet for Each Liquidating Administrative Year)

Article 110-9 (1) A balance sheet for each liquidating administrative year to be prepared pursuant to the provisions of Article 494, paragraph (1) (Preparation and Retention of Balance Sheet) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act must be prepared in the same manner as the balance sheet specified in Appended Form No. 7 (or Appended

Form No. 16-17, in the case of a small amount and short term insurer; or Appended Form No. 7-2, in the case of a company with specified transaction account), based on the accounting books for each liquidating administrative year.

- (2) The supplementary schedule of a balance sheet for each liquidating administrative year to be prepared pursuant to the provisions of Article 494, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act must be prepared in the same manner as the supplementary schedule specified in Appended Form No. 7 (or Appended Form No. 16-17, in the case of a small amount and short term insurer; or Appended Form No. 7-2, in the case of a company with specified transaction account).

(Business Report Concerning Each Liquidating Administrative Year)

Article 110-10 (1) The business report to be prepared pursuant to the provisions of Article 494, paragraph (1) (Preparation and Retention of Balance Sheet) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act must contain material matters related to status of execution of business affairs of liquidation.

- (2) The supplementary schedule of a business report for each liquidating administrative year to be prepared pursuant to the provisions of Article 494, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act must contain material matters which supplement the details of the business report.

(Audit Report of Liquidating Mutual Company)

Article 110-11 (1) The audit under Article 495, paragraph (1) (Audit of Balance Sheet) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act is as prescribed in this Article.

- (2) When the company auditor of the liquidating mutual company has received the balance sheet and business report for each liquidating administrative year as well as their supplementary schedules, the company auditor of the liquidating mutual company must prepare an audit report containing the following matters (in the case of an audit report to be prepared by the company auditor of a company with board of company auditors, the matters stated in items (i) through (v)):

- (i) the method and details of the company auditor's audit;
- (ii) an opinion as to whether the balance sheet for each liquidating administrative year and the supplementary schedules adequately present all the material points regarding the status of properties of the liquidating mutual company;
- (iii) an opinion as to whether the business report for each liquidating

- administrative year and the supplementary schedules adequately present the status of the liquidating mutual company, in accordance with the laws and regulations and the articles of incorporation;
- (iv) if there is any wrongful act or material facts in violation of laws and regulations, in connection with the execution of duties of the liquidator, that fact;
  - (v) if the company auditor was unable to conduct the investigation necessary for the audit, that fact and the reason therefor; and
  - (vi) the day of preparation of the audit report.
- (3) The board of company auditors of the liquidating mutual company must prepare the audit report of the board of company auditors, based on the audit report prepared by the company auditor of the liquidating mutual company under the preceding paragraph.
- (4) The audit report of board of company auditors of the liquidating mutual company must contain the following matters:
- (i) the method and details of audit by company auditors and board of company auditors;
  - (ii) the matters specified in paragraph (2), items (ii) through (v); and
  - (iii) the day of preparation of the audit report.
- (5) A specific company auditor must, no later than the day when four weeks has passed from the date of receipt of the balance sheet under Article 110-9, paragraph (1) or the all business report under paragraph (1) of the preceding Article (if there is a date agreed upon between the specified liquidator (meaning the person specified in the following items, in accordance with the categories of the cases as respectively stated in those items; the same applies below in this Article) and specific company auditors, the relevant date), notify the specified liquidator of the details of the audit report (in the case of a company with board of company auditors, limited to the audit report of the board of company auditors prepared under paragraph (3)):
- (i) if the person to receive the notification under this paragraph has been designated: the person designated as the person to receive the notification;
  - (ii) in cases other than as stated in the preceding paragraph: the liquidator who performed the duties of preparation of the balance sheet under Article 110-9, paragraph (1), the business report under paragraph (1) of the preceding Article, and the supplementary schedules.
- (6) The balance sheet under Article 110-9, paragraph (1), the business report under paragraph (1) of the preceding Article, and the supplementary schedules are deemed to have been audited by the company auditors on the day when the specified liquidator has received the notification of the details of the audit report under the preceding paragraph.
- (7) Notwithstanding the provisions of the preceding paragraph, if the specific

company auditor fails make a notification of the details of the audit report under paragraph (5) no later than the time limit under the same paragraph, the balance sheet under Article 110-9, paragraph (1), the business report under paragraph (1) of the preceding Article, and the supplementary schedules are deemed to have been audited on the day when the notification should have been made.

- (8) The term "specific company auditor" as provided in paragraphs (5) and (7) means the persons specified in the following items, in accordance with the categories of liquidating mutual companies as respectively stated in those items:
- (i) a company with company auditors (excluding a company with board of company auditors): a person stated in any of (a) through (c) below, in accordance with the categories of the cases as respectively stated in (a) through (c) below:
    - (a) if there are two or more company auditors, and when the company auditor who is to notify the details of the accounting audit report under paragraph (5) is designated: the company auditor designated to make the notification;
    - (b) if there are two or more company auditors, and when the company auditor who is to notify the details of the audit report under paragraph (5) is not designated: all company auditors;
    - (c) the cases other than as stated in (a) or (b): company auditors
  - (ii) a company with board of company auditors: a person stated in the following (a) or (b), in accordance with the categories of the cases as respectively stated in (a) or (b):
    - (a) if the board of company auditors has designated the company auditor who is to notify the details of the audit report under paragraph (5): the company auditor designated to make the notification;
    - (b) the cases other than as stated in (a): all company auditors.

(Calculation of Members' Amount of Contribution)

Article 111 (1) The amount calculated in accordance with the formula to be specified by Cabinet Office Order, as provided in Article 182, paragraph (3), is the total of the amount of contribution per insurance contract concluded between the members of the dissolved mutual company and the mutual company.

- (2) The amount of contribution per each insurance contract as provided in the preceding paragraph is the total of the profits related to the member's insurance contract generated from investment of insurance premiums paid by the member and money received as the insurance premiums, less the amount allocated for expenditures such as payment of the insurance proceeds, refund or any other benefits, expenditures of operating costs and any other costs, and

then calculated in accordance with the amount of policy reserve, insurance proceeds, insurance premiums and any other base amount for each insurance contract which fall under the relevant insurance contract category.

(Calculation of Contribution of Withdrawn Members)

Article 112 The amount to be calculated in accordance with the formula to be specified by Cabinet Office Order, as provided in Article 182, paragraph (4) of the Act, is the value of the residual asset of the dissolved mutual company, multiplied by the ratio of the amount stated in item (ii) to the amount stated in item (i):

- (i) the amount of total assets as of the time of dissolution of the dissolved mutual company appraised by the same method as those used for the calculation of the total amount of members' contribution under paragraph (1) of the preceding Article, less the amount of assets to be secured for the performance of obligations of the dissolved mutual company as of the time of the dissolution appraised by the same method;
- (ii) the amount stated in the preceding item, less the total of the members' contribution as provided in paragraph (1) of the preceding Article.

(Application for Authorization of Resolution of Disposition of Residual Assets)

Article 113 If a mutual company seeks to obtain the authorization under Article 182, paragraph (6) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, together with the following documents:

- (i) a document certifying the grounds for dissolution have occurred;
- (ii) the minutes of the general meeting or member representatives meeting;
- (iii) the document specifying the method of calculation of the amount of residual assets to be distributed to members; and
- (iv) the document specifying the method of calculation of the aggregate of the amount stated in the preceding Article, for all of withdrawn members.

(Statement of Accounts)

Article 113-2 (1) The statement of accounts to be prepared pursuant to the provisions of Article 507, paragraph (1) (Conclusion of Liquidation) of the Companies Act as applied mutatis mutandis pursuant to Article 183, paragraph (1) of the Act must contain the following information, in which case, the matters stated in item (i) and (ii) may be divided into appropriate sections:

- (i) the amount of income generated from the collection of claims, disposition of assets, or any other act;
- (ii) the amount of expenses for performance of obligations, liquidation expenses, and expenses incurred in relation to any other act;



- (iii) the amount of residual assets (if any tax amount is payable, the tax amount, and the amount of property after deduction of the tax amount); and
  - (iv) the amount of the residual assets to be distributed to each member.
- (2) Regarding the matter stated in item (iv) of the preceding paragraph, the day of completion of distribution of the residual asset must be noted.

(Notification of Custodian)

Article 114 When a person to preserve the books and materials is appointed pursuant to the provisions of Article 508, paragraph (2) of the Companies Act (including as applied mutatis mutandis pursuant to Article 183, paragraph (3) of the Act), the liquidator of the insurance company must notify the Commissioner of the Financial Services Agency and other competent official the name of the person's trade name, name and address.

(Total Amount of Assets)

Article 114-2 The method to be specified by Cabinet Office Order, as provided in Article 536, paragraph (1), item (ii) and item (iii), (a) (Restrictions on the Transfer of Business) of the Companies Act applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms, is the method whereby the amount recorded in the asset section of the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) (Preparation of Inventory of Property) of the Companies Act as applied mutatis mutandis pursuant to Article 180-17 of the Act is regarded as the total amount of assets.

(Matters to Be Determined upon Calling of Creditors Meeting)

Article 114-3 The matters to be specified by Cabinet Office Order, as provided in Article 548, paragraph (1), item (iv) (Determination to Call Creditors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms, are as follows:

- (i) the matters to be stated in the reference documents for creditors meetings (excluding the matters stated in paragraph (1), item (i) of the same Article, pursuant to the provisions of the following Article);
- (ii) the time limit for exercise of voting rights in writing (limited to the timing on or before the day of the creditors meeting (meaning the creditors meeting to which the provisions of Part II, Chapter IX, Section 2, Subsection 8 (Creditors Meeting) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act are applicable; the same applies below in this Section), but which is on or after the day when two weeks passes from the day of dispatching the notice under Article 549, paragraph (1) (Notice of Convocation of Creditors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act);

- (iii) a matter related to treatment of exercise of voting rights by an agreement claim creditor (meaning an agreement claim creditor as provided in Article 517, paragraph (1) (Prohibition of Set-Offs) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act; the same applies below in this Section), if there is a provision for the cases where a single agreement claim creditor exercises the voting rights in duplicate for the same proposal pursuant to the provisions of Article 556, paragraph (1) (Voting in Writing) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act (if the matters stated in Article 548, paragraph (1), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act have been prescribed, meaning Article 556, paragraph (1) or Article 557, paragraph (1) (Voting by Electronic or Magnetic Means) of the Companies Act), and where the accounts of the duplicate exercises of voting rights for the same proposal are not the same (excluding the cases stated in the following item);
- (iv) when the treatment under Article 114-5, paragraph (1), item (iii) is to be prescribed, the details of treatment;
- (v) if the matters stated in Article 548, paragraph (1), item (iii) of the Companies Act as applied mutatis mutandis pursuant to Article 184, paragraph (2) of the Act have been prescribed, the following matters:
  - (a) the time limit for exercise of voting rights by electronic or magnetic means (limited to the timing on or before the day of the creditors meeting, but which is on or after the day when two weeks passes from the day of dispatching the notice under Article 549, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act);
  - (b) if the voting form (meaning the voting form as stated in Article 550, paragraph (1) (Issuance of Reference Documents for Creditors Meetings and Voting Form) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act; the same applies in Article 114-5) provided in Article 550, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act is to be delivered (including provision by electronic or magnetic means in lieu of the delivery, as stated in Article 550, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms) to an agreement claim creditor who has given consent under Article 549, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act upon the agreement claim creditor's request, that fact.

(Reference Documents for Creditors' Meetings)

Article 114-4 (1) The reference documents for creditors meetings must include

the following matters:

- (i) the matters provided for pursuant to the provisions of Article 548, paragraph (2) or (3) (Determination to Call Creditors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act, in relation to the agreement claim credit (meaning the agreement claim credit provided in Article 515, paragraph (3) (Suspension of Other Procedures) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act) to whom the reference documents for creditors meetings are to be delivered; and
  - (ii) the proposals.
- (2) Beyond what is provided for in the preceding paragraph, reference documents for creditors meetings may include any matter as may be deemed informative in exercising the voting rights by agreement claim creditors.
- (3) If, among the matters to be stated in the reference documents for creditors meetings to be provided to agreement claim creditors in connection with the same creditors meeting (limited to the matters stated in paragraph (1), item (ii)), there is any matter already specified in other document or any information to be provided by way of the electronic or magnetic means, these matters need not be included in the reference documents for creditors meetings to be provided to the agreement claim creditors.
- (4) If, among the matters to be included in the notice of calling (meaning a notice under Article 549, paragraph (1) or (2) (Notice of Convocation of Creditors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act; the same applies below in this Article and the following Article) to be sent to the agreement claim creditors in connection with the same creditors meetings, there is any matter stated in the reference documents for creditors meetings, these matters need not be included in the notice of calling to be sent to the agreement claim creditors.

#### (Voting Forms)

Article 114-5 (1) The matters to be contained in the voting form to be delivered pursuant to the provisions of Article 550, paragraph (1) (Issuance of Reference Documents for Creditors Meetings and Voting Form) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act, or the matters to be provided by electronic or magnetic means as referred to in Article 551, paragraph (1) or (2) (Issuance of Reference Documents for Creditors Meetings and Voting Form) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms are as follows:

- (i) space to indicate answer whether the agreement claim creditor consents to or dissents from the proposals (if the space to indicate abstention is to be

- provided, including the answer whether the agreement claim creditor intends to abstain from voting);
- (ii) if the matters stated in Article 114-3, item (iii) have been prescribed, these matters;
  - (iii) if, when the matters stated in Article 114-3, item (iv) have been prescribed, and if a voting form has been submitted to the convener (meaning the convener as provided in Article 548, paragraph (1) (Determination to Call Creditors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act; the same applies below in this Article) without any information filled in the space stated in item (i), the agreement claim creditor is to be treated to have been given manifestation of the intention that the agreement claim creditor consents to, dissents from the proposals or abstains from voting, the details of treatment;
  - (iv) the limitation on exercise period of the voting rights; and
  - (v) the name of the agreement claim creditor to exercise the voting rights; and the matters related to the agreement claim creditor, as specified in Article 548, paragraph (2) or (3) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act.
- (2) If there is any provisions on the matters stated in Article 114-3, item (v), (b), a convener must, upon the request of the agreement claim creditor who has given consent pursuant to the provisions of Article 549, paragraph (2) (Notice of Convocation of Creditors Meetings) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act, provide the agreement claim creditor a voting form as stated in Article 550, paragraph (1) (Issuance of Reference Documents for Creditors Meetings and Voting Form) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act (including the provision by way of the electronic or magnetic means as stated in Article 550, paragraph (2) of the Companies Act, as applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms, which is to be implemented in lieu of the provision).
- (3) If, among the matters to be contained in the notice of calling to be provided to agreement claim creditors in connection with the same creditors meeting, there is any matter already stated in the voting form, this matter need not be contained in the notice of calling.
- (4) If, among the matters to be contained in the voting form to be provided to agreement claim creditors in connection with the same creditors meeting, there is any matter already stated in the notice of calling, this matter need not be contained in the voting form.

(Time Limit for Exercise of Voting Rights in Writing)

Article 114-6 The timing to be specified by Cabinet Office Order, as provided in

Article 556, paragraph (2) (Voting in Writing) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms, is the time limit for exercise as stated in Article 114-3, item (ii).

(Time Limit for Exercise of Voting Rights by Electronic or Magnetic Means)  
Article 114-7 The timing to be specified by Cabinet Office Order, as provided in Article 557, paragraph (1) (Voting by Electronic or Magnetic Means) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act following the deemed replacement of terms, is the time limit for exercise as stated in Article 114-3, item (v), (a).

(Minutes of Creditors' Meeting)  
Article 114-8 (1) Preparation of the minutes of creditors meeting, as referred to in Article 561 (Minutes) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act, is as prescribed in this Article.  
(2) The minutes of creditors meeting must be prepared in writing or by electronic or magnetic records.  
(3) The minutes of creditors meeting must contain the following matters:  
(i) the date and place of convocation of the creditors meeting;  
(ii) the substance of the proceeding of the creditors meeting, as well as the results;  
(iii) if, pursuant to the provisions of Article 559 (Attendance of Creditors Who Hold Security Interest) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act, any opinion was presented at the creditors meeting, the outline of the details of opinions;  
(iv) if, pursuant to the provisions of Article 562 (Report to Creditors Meetings of the Outcome of Liquidators' Investigations) of the Companies Act as applied mutatis mutandis pursuant to Article 184 of the Act, any report or opinion was presented at the creditors meeting, the outline of the details of reports or opinions;  
(v) the name of the liquidators present at the creditor's meeting;  
(vi) if the creditors meeting was presided over by the chairperson, the name of the chairperson; and  
(vii) the name of the person who performed the duties of preparation of the minutes.

## **Chapter IX Foreign Insurer**

### **Section 1 General Rules**

(Exception Regarding Place of Conclusion of Insurance Contracts)

Article 115 The cases to be specified by Cabinet Office Order, as provided in Article 185, paragraph (6) of the Act, are as follows:

- (i) where the insurance contract falls in the category of a reinsurance contract; and
- (ii) where the insurance contract is the one wherein the insurer is a foreign insurance company, etc. licensed under Article 185, paragraph (1) of the Act which is subject to the conditions under Article 188, paragraph (1) of the Act (referred to as "conditionally licensed foreign life insurance company, etc." in Article 136).

(Insurance Contracts Which May Be Concluded by Foreign Insurer Without Branch Office in Japan)

Article 116 The insurance contracts to be specified by Cabinet Office Order, as provided in Article 19, item (iv) of the Cabinet Order, are as follows:

- (i) an insurance contract which covers, in whole or part, launching into outer space, shipped cargos related to the launch (including man-made satellites), means to ship the cargos and liabilities arising from the aforementioned;
- (ii) an insurance contract covering cargo located within Japan which is in the process of being shipped internationally (excluding cargos under Article 19, items (ii) and (iii) of the Cabinet Order); and
- (iii) an insurance contract covering, in whole or in part, injury or disease contracted by overseas tourists during an overseas tour period as provided in Article 3, paragraph (5), item (iii), death directly resulting therefrom, and luggage of overseas tourists.

(Application for Permission of Application for Insurance Contract)

Article 117 (1) The person who seeks to obtain the permission under Article 186, paragraph (2) of the Act must submit to the Commissioner of the Financial Services Agency the written application for permission prepared in accordance with Appended Form No. 9 in the case of the insurance contract for underwriting of insurance under Article 3, paragraph (4), item (i) or (ii) of the Act (referred to as "specific life insurance contract" in the following paragraph); or in accordance with Appended Form No. 10, in the case of an insurance contract for underwriting the insurance under item (i), paragraph (5) of the same Article (referred to as "specific non-life insurance contract" in the following paragraph).

(2) In filing a written application for permission under the preceding paragraph, the following documents must be attached. In this case, if the documents stated in items (i) through (iv) are written in English, a translation provided in Article 2 is not required:

- (i) policy conditions (including options) of the insurance contract for which the

- application is to be made;
- (ii) a written application form of the insurance contract for which the application is to be made;
- (iii) when the insurance contract for which the application is to be made falls under the categories of the specific life insurance contract (excluding a contract wherein the insurer is a party with specific qualification, and wherein the policyholder is the representative of an organization or of two or more insured who are parties to the same insurance contract), the document describing the physical conditions of the insured; or when it falls under the categories of the specific non-life insurance contract, the drawing, photos or any other documents describing the object of the insurance;
- (iv) a document containing any other matters which would serve as reference information.
- (v) a translation of summary of the document stated in the preceding paragraph (limited to a document written in English) (limited to the case where it is determined necessary by the Commissioner of the Financial Services Agency).

(Attachment to Written Applications for License to Be Submitted by Foreign Insurers)

Article 118 (1) The documents to be specified by Cabinet Office Order, as provided in Article 187, paragraph (3) of the Act, are as follows:

- (i) a written statement of reasons;
- (ii) business plan;
- (iii) documents equivalent to the latest inventory of property, the balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (in the case of a foreign mutual company, the document related to the appropriation of surplus or treatment of loss and the statement of changes in shareholders' equity, etc.);
- (iv) the résumé of the representative in Japan (meaning the representative in Japan as stated in Article 187, paragraph (1), item (ii) of the Act; the same applies below in this Chapter) and the document certifying the representative in Japan's authority of representation;
- (v) the document describing the trade name, name and the voting rights of a party which holds the foreign insurer which is the applicant of the license under Article 185, paragraph (1) of the Act as its subsidiary company;
- (vi) when the insurance for which the application for license is filed includes third-sector insurance, a written opinion specifying the result of verification by the responsible actuary in Japan of the foreign insurer that the matters related to the insurance contract for third-sector insurance as specified in Article 187, paragraph (3), item (iv) of the Act are reasonable and fair in

- terms of actuarial methodology.
- (vii) any other document specifying the matters which would serve as reference information for examination under Article 5, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 187, paragraph (5) of the Act.
  - (2) In the business plan stated in item (ii) of the preceding paragraph, the insurance solicitation plan, prospect for income and expenditure and the matters which serve the basis.
  - (3) The provisions of Article 2, paragraph (15) of the Act apply mutatis mutandis to the voting rights provided in paragraph (1), item (v).

(Procedure for Application of License of Foreign Insurers)

- Article 119 (1) An original of the written application for license under Article 187, paragraph (1) of the Act and its attachments must be submitted to the Prime Minister, via the Commissioner of the Financial Services Agency.
- (2) A foreign insurer which seeks to obtain a license under Article 185, paragraph (1) of the Act may request preliminary examination by submitting to the Prime Minister, via the Commissioner of the Financial Services Agency, the documents prepared in accordance with the provisions of Article 187, paragraphs (1) through (4) of the Act.

(Examination for License)

Article 119-2 When the Prime Minister conducts an examination provided in Article 5, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 187, paragraph (5) of the Act, relating to an application of license referred to in Article 185, paragraph (1) of the Act, the Prime Minister is to pay due regards to the following matters:

- (i) if the license for which the application has been filed falls under the category of a foreign life insurance business license as stated in Article 185, paragraph (4) of the Act, the applicant is expected to generate current net income or current net surplus in a single business year, before the elapse of tenth business year after commencement of its business;
- (ii) if the license for which the application has been filed falls under the category of a foreign non-life insurance business license as stated in Article 185, paragraph (5) of the Act, the applicant is expected to generate current net income or current net surplus in a single business year, before the elapse of fifth business year after commencement of its business;
- (iii) the indicator of the soundness of the applicant's business management is expected to be maintained at an appropriate level after grant of the license; and
- (iv) the matters stated in the documents prescribed in Article 187, item (i) of the Act as attached to the written application for registration will assure



sound and proper operation of business of the applicant.

(Matters to Be Specified in Business Procedures)

Article 120 (1) An applicant for license under Article 185, paragraph (1) of the Act (referred to below as "license applicant" in this Article to Article 122) must state the following matters in the documents stated in Article 187, paragraph (3), item (ii) of the Act (excluding the documents under Article 187, paragraph (3), item (ii) related to the application for conditional license provided in Article 23, paragraph (1) of the Act (referred to as "conditional license applicant" in Article 123)):

- (i) categories of the insured, the scope of objectives of insurance and the type of insurance (including reinsurance) in Japan;
  - (ii) the matters related to the insured amount and the insurance period;
  - (iii) the matters related to insured and the choice of objectives of insurance in Japan, and procedures for conclusion of insurance contracts in Japan;
  - (iv) the matters related to payment of insurance premiums; matters related to payment of insurance proceeds and any other refund such as refunded insurance premiums;
  - (v) the matters to be contained in the insurance policy certificate, application for insurance contract in Japan and documents to be attached;
  - (vi) the matters related to options for insurance contract in Japan;
  - (vii) the matters concerning loan to be granted under policy conditions; and
  - (viii) the matters concerning insurance amount, insurance types or the handling of cases where the insurance period is to be modified.
- (2) If a license applicant establishes a special account (meaning a special account to be established pursuant to Article 118, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act; referred to below as a "special account" in this Chapter), the applicant must, in addition to the matters stated in the items of the preceding paragraph, state the following matters; provided, however, that if the insurance contract for which a special account is to be established falls under the cases stated in Article 164, item (i), (a) through (i), it is not required to state the matters stated in item (iii):
- (i) a type of insurance contract for which a special account is to be established;
  - (ii) types of properties in the special account, and the appraisal method for the properties; and
  - (iii) the day of transfer of all or part of insurance premiums to the special account.
- (3) If a license applicant establishes an accumulation account (meaning an account to be established under Article 63 as applied mutatis mutandis pursuant to Article 160; the same applies below in this Chapter), the applicant must, in addition to the matters stated in the items of paragraph (1), state the

following matters:

- (i) a type of insurance contract for which an accumulation account is to be established;
- (ii) insurance premiums to be allocated to the accumulation account; and
- (iii) types of properties in the accumulation account, and the method of appraisal of the properties.

(Matters to Be Stated in General Policy Conditions)

Article 121 A license applicant must state the following matters in the documents stated in Article 187, paragraph (3), item (iii) of the Act:

- (i) grounds for payment of insurance proceeds;
- (ii) grounds which render an insurance contract in Japan invalid;
- (iii) grounds which release the insurer from performing the obligations under the insurance contract in Japan;
- (iv) method of identifying the scope of insurer's obligations and the timing of performance of obligations (limited to those related to insurance contracts in Japan);
- (v) disadvantage which a policyholder or an insured in Japan will suffer as a result of failure in performance of obligations under the policy conditions;
- (vi) grounds which give rise to cancellation of an insurance contract in Japan, in whole or part, and the rights conferred upon, and obligations imposed to, the parties when the cancellation takes effect; and
- (vii) if any person has a right to receive policy dividend (meaning policy dividend as provided in Article 114, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199; the same applies below in this Chapter) or distribution of surplus to members, the scope of those rights.

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

Article 122 A license applicant must state in the document referred to in Article 187, paragraph (3), item (iv) of the Act the matters stated in items (i) through (vi) and item (viii), in the case of an application for life insurance business license under Article 185, paragraph (4) of the Act; or the matters stated in items (i) through (iv) and items (vi) through (viii) (in the case of the matters stated in item (iii), limited to the matters related to an insurance contract for which an insurance premiums reserve under Article 151, paragraph (1), item (i), (a) (simply referred to below as "insurance premiums reserve" in this Article) is to be calculated or refund reserve under paragraph (3) of the same Article is to be set aside; in the case of the matters stated in item (iv), limited to the matters related to an insurance contract wherein surplus or policy dividends will be distributed to members; and in the case of the matters stated

in item (vi), limited to the matters related to an insurance contract for which insurance premiums reserve is to be calculated), in the case of an application for non-life insurance business license under Article 185, paragraph (5):

- (i) the matters related to calculation method of insurance premiums (if the method requires a coefficient as the basis of calculation, the coefficient is included);
- (ii) the matters related to the method of calculation (if the method requires a coefficient as the basis of calculation, the coefficient is included) of policy reserve (meaning policy reserves as stated in Article 116, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199; the same applies below in this Chapter through Chapter VIII);
- (iii) the matters related to the method of calculation of policyholder value and basis of the calculation;
- (iv) the matters related to calculation of policy dividend reserve and policy dividends as stated in Article 146, paragraph (1);
- (v) the matters related to setting aside of uncollected insurance premiums;
- (vi) the matters related to insurance amount, insurance type or the method of calculation in the case of modification to insurance period;
- (vii) the matters related to net insurance premiums;
- (viii) any other matters necessary in relation to actuarial methodology.

(Matters to Be Stated in Business Procedures of Conditional License Applicant)

Article 123 (1) A conditional license applicant must state in the document stated in Article 187, paragraph (3), item (ii) of the Act the categories of the insured, the scope of objectives of insurance and types of insurance (including reinsurance) in Japan.

- (2) If a conditional license applicant entrusts the business operation or business handling service related to the insurance business in Japan (limited to the agency for the business operation or agency for the business handling service as provided in Article 141) to an insurance company or a foreign insurance company, etc., it must, in addition to the matters stated in the preceding paragraph, describe the business operation or business handling services.

(Criteria for Examination of Business Procedures)

Article 124 The criteria to be specified by Cabinet Office Order, as provided in Article 5, paragraph (1), item (iii), (e) of the Act as applied *mutatis mutandis* pursuant to Article 187, paragraph (5) of the Act, is the criteria specified in the items of Article 11. In this case, the term "items of Article 74" in item (iii)-2, (a) of the same Article is deemed to be replaced with "items of Article 153".

(Criteria for Examination of Statement of Calculation Procedures for Insurance

Premiums and Policy Reserve)

Article 125 The criteria to be specified by Cabinet Office Order, as provided in Article 5, paragraph (1), item (iv), (c) of the Act, as applied mutatis mutandis pursuant to Article 187, paragraph (5), is the criteria as stated in the items of Article 12.

(Notification of Deposit)

Article 126 (1) When a person who has concluded a contract under Article 190, paragraph (3) of the Act with a foreign insurance company, etc. makes deposit in accordance with the order issued under paragraph (4) of the same Article, the person must make the deposit with the deposit office nearest to the head office or principal office of the foreign insurance company, etc.

(2) A person who has completed the deposit pursuant to the provisions of Article 190, paragraph (1), (2), (4) or (8) of the Act or Article 14, paragraph (6) or Article 15, paragraph (1) of the Regulations on Deposits by Foreign Insurance Company, etc. (Order of the Cabinet Office and the Ministry of Justice No. 1 of 1996) (referred to below as a "depositor" in this Article) must submit to the Commissioner of the Financial Services Agency an original of the certificate of deposit relevant to the deposit.

(3) When the Commissioner of the Financial Services Agency has accepted the original of the certificate of deposit as stated in the preceding paragraph, the Commissioner of the Financial Services Agency must deliver a custody certificate to the depositor.

(Counterparties to Contracts to Be Substituted for Depositing in Whole or in Part)

Article 127 The financial institutions to be specified by Cabinet Office Order, as provided in Article 25 of the Cabinet Order, are as follows:

- (i) a life insurance company (including a foreign life insurance company, etc., and underwriting members of the person licensed under Article 219, paragraph (4) of the Act);
- (ii) a non-life insurance company (including a foreign non-life insurance company, etc., and underwriting members of the person licensed under Article 219, paragraph (5) of the Act);
- (iii) a long term credit bank as provided in Article 2 (Definitions) of the Long Term Credit Bank Act; or
- (iv) a shinkin bank or federation of shinkin banks licensed under Article 4 of the Shinkin Bank Act (Business License).

(Notification of Conclusion of Contracts in Lieu of Deposit)

Article 128 (1) If any foreign insurance company, etc. has concluded a contract

under Article 190, paragraph (3) of the Act (referred to below as "contract" in this Article to Article 130) (including cases where it has effected any amendment to the terms and conditions of contracts upon the approval under Article 25, item (iii) of the Cabinet Order (referred to below as "approval" in this Article to Article 130) of the Commissioner of the Financial Services Agency), it must submit the contract to the Commissioner of the Financial Services Agency.

- (2) If a foreign insurance company, etc. has effected the cancellation of the contract with the approval, it must submit to the Commissioner of the Financial Services Agency a document certifying that fact.

Article 129 If a foreign insurance company, etc. seeks to obtain an approval, it must, no later than one month prior to the day when it intends to effect cancellation of the contract related to the approval or to amend any terms and conditions of the contract, submit to the Commissioner of the Financial Services Agency a written application for approval, as well as a written statement of reasons and any document describing reference information.

(Commencement Day for Counting of Time Limit for Additional Deposit)

Article 130 The day to be specified by Cabinet Office Order as provided in Article 190, paragraph (8) of the Act is the day specified in the following items, in accordance with the categories respectively stated in those items:

- (i) if the foreign insurance company, etc. has changed any of the terms and conditions of the contract with an approval, as a result of which the amount of deposit deposited as provided in Article 190, paragraph (10) of the Act (referred to below as "deposited amount" in this Section through Section 3; and including the contract amount stated in paragraph (3) of the same Article) falls short of the amount stated in Article 24 of the Cabinet Order: the day when the term of the contract was changed;
- (ii) if the foreign insurance company, etc. has cancelled the contract with the approval: the day of the cancellation of the contract;
- (iii) when the procedures for execution of the right as stated in Article 26 of the Cabinet Order was implemented: the day when the foreign insurance company, etc. has received a copy of the payment entrustment document sent pursuant to the provisions of Article 11, paragraph (2) of the Regulations on Deposit by Foreign Insurance Companies, etc.; or
- (iv) if the conversion rate as provided in Article 132, paragraph (4) is changed, as a result of which the deposited amount falls short of the amount stated in Article 24 of the Cabinet Order.

(Types of Securities Which May Be Substituted for Deposit)

Article 131 (1) The securities to be specified by Cabinet Office Order, as provided in Article 190, paragraph (9) of the Act, are the following securities:

- (i) national government bond securities (including the national government bond securities regarding which attribution of the rights is determined in accordance with the statement or record of the book-entry transfer account book as referred to in the Act on Transfer of Corporate Bonds, Shares, etc.; the same applies below in Article 131, paragraph (1), Article 188, paragraph (1), Article 211-14, Article 211-15, paragraph (1) and Article 226, paragraph (1));
  - (ii) municipal bond securities;
  - (iii) government guaranteed bond certificates (meaning corporate bonds or any other bonds, for which the government guarantees redemption of principal and interest payments; the same applies below); and
  - (iv) corporate bond certificates and any other bond certificates (excluding registered bond certificates, short-term corporate bond, etc. and the bonds as stated in the preceding three items), which are approved by the Commissioner of the Financial Services Agency to be substituted for payment of the deposit.
- (2) If a foreign insurance company, etc. seeks to obtain an approval under item (iv) of the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, as well as a written statement of reasons and any document describing reference information.

(Value of Securities Which May Be Substituted for Deposit)

Article 132 (1) The value of the securities when the securities are to be substituted for the deposit pursuant to the provisions of Article 190, paragraph (9) of the Act is the amount specified in the following items, in accordance with the categories of the securities respectively stated in those items:

- (i) national government bond securities: the par value;
  - (ii) municipal government bond securities: the amount calculated by discounting the par value of 100 yen to 90 yen;
  - (iii) government guaranteed bond certificates: the amount calculated by discounting the par value of 100 yen to 95 yen; and
  - (iv) corporate bond certificates or any other bond certificates approved under item (iv), paragraph (1) of the preceding Article: the amount specified by the Commissioner of the Financial Services Agency at the time of granting approval, which does not exceed the amount calculated by discounting the fact value of 100 yen to 90 yen.
- (2) Regarding the securities issued by way of discounting, the issue value plus the amount calculated in accordance with the following formula is deemed to be

the par value, and the provisions of the preceding paragraph apply:

$((\text{par value} - \text{issue value}) \div \text{the number of years falling on the period from the issue date to the maturity date}) \times \text{the number of years falling on the period from the issue date to the deposit date}$

- (3) For the purpose of calculation in accordance with the formula stated in the preceding paragraph, if any fraction of less than one year arises with respect to the number of years falling on the period from the issue date and the maturity date and the number of years falling on the period from the issue date to the deposit date, or if any fraction of less than one yen arises with respect to the amount obtained by dividing the difference between par value and issue value by the number of years falling on the period from the issue date to the maturity date, the fraction is truncated.
- (4) If the face amount of the securities as specified in the items of paragraph (1) of the preceding Article is denominated in foreign currencies, the conversion rate to Japanese currency is to be in accordance with the basic exchange rate or arbitrated exchange rate as provided in Article 7, paragraph (1) (Foreign Exchange Rate) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949).

(Application for Authorization of Concurrent Holding of Positions of Directors)

Article 133 (1) If a representative in Japan of a foreign insurance company, etc. seeks to obtain an authorization under Article 192, paragraph (5) of the Act, the Representative must submit the written application for authorization attaching the following documents, and submit it to the Commissioner of the Financial Services Agency via the foreign insurance company, etc.; provided, however, that if the other company which will be engaged in ordinary business falls under the category of an insurance company or a foreign insurance company, etc., it is not required to attach the document stated in item (iv):

- (i) a written statement of reasons;
- (ii) a document describing the method of handling ordinary business of the other company;
- (iii) a document describing the relationship such as transactions between the foreign insurance company, etc. and the other company;
- (iv) articles of incorporation of the other company; the latest balance sheet, profit and loss statement, business report and statement of changes in shareholders' equity, etc. (in the case of a mutual company, a document on appropriation of surplus and treatment of loss and a statement of changes in funds, etc.) (including any equivalent document), as well as any other document disclosing the matters related to the current status of business, properties, and profits and losses; and
- (v) a document containing any other matters which would serve as reference

information.

- (2) If the application for authorization under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether the concurrent holding of position by the representative in Japan related to the application for authorization may give rise to any hindrance when the representative in Japan engages in the ordinary business of the insurance company.
- (3) A written application for authorization concerning a foreign insurance company, etc. and documents to be attached to the written application for authorization (collectively referred to below as a "written application for authorization and attached documents" in this paragraph) under paragraph (1) may be submitted by electronic or magnetic means if the written application for authorization and attached documents are prepared in the form of an electronic or magnetic record.

(Public Notice of Financial Statements)

- Article 133-2 (1) Pursuant to the provisions of Article 819, paragraph (1) (Public Notice of What Is Equivalent to a Balance Sheet) of the Companies Act as applied mutatis mutandis pursuant to Article 193, paragraph (2) of the Act, when a foreign mutual company gives public notice of the document equivalent to the balance sheet (referred to below as the "foreign balance sheet" in this Article), it may omit the portion of the reference regarding the foreign balance sheet (including the descriptions equivalent to the reference).
- (2) When a foreign mutual company gives a public notice of the foreign balance sheet under Article 819, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 193, paragraph (2) of the Act or gives a public notice of summary of the foreign balance sheet under Article 819, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 193, paragraph (2) of the Act, and the foreign balance sheet is prepared in language other than Japanese, the foreign mutual company is not required to give the public notice in Japanese.
  - (3) Regarding a foreign mutual company which does not have a foreign balance sheet, the documents to be prepared if the provisions of these Regulations are to be applied to the foreign mutual company are deemed as its foreign balance sheet, and the provisions of preceding two paragraphs apply.

(Measures under Article 819, Paragraph (3) of the Companies Act as Applied Mutatis Mutandis Pursuant to Article 193, Paragraph (2) of the Insurance Business Act)

- Article 133-3 The measure under Article 819, paragraph (3) (Public Notice of What Is Equivalent to a Balance Sheet) of the Companies Act as applied



mutatis mutandis pursuant to Article 193, paragraph (2) of the Act must be implemented in accordance with the method stated in Article 14-5, paragraph (1), item (i), (b) using the automatic public transmission server connect to the Internet.

## **Section 2 Business and Accounting**

(Scope of Business Concerning Arrangement of System for Protection of Customers' Interests)

Article 133-4 The businesses to be specified by Cabinet Office Order, as provided in Article 193-2, paragraph (1) of the Act, are insurance-related businesses.

(Measures to Prevent Unreasonable Negative Impact on Customers' Interest)

Article 133-5 (1) When a foreign insurance company, etc. or its parent financial institution, etc. (meaning a parent financial institution, etc. as provided in Article 193-2, paragraph (2) of the Act; the same applies below in this Article) or subsidiary financial institution, etc. (meaning a subsidiary financial institution as provided in paragraph (3) of the same Article; the same applies below in this Article) consummates any transaction, the foreign insurance company, etc. must implement the following measures so that a customer's interests relating to the insurance-related business carried by the foreign insurance company, etc. or its subsidiary financial institution, etc. would not be unreasonably impaired:

- (i) to arrange the system for identification of the target transactions in an appropriate manner;
- (ii) to arrange the system by such means as stated in the following, so as to protect the customer's interest in an appropriate manner:
  - (a) to segregate the section in charge of the target transactions from the section in charge of the transactions with the customer;
  - (b) to amend the conditions or method of the target transactions or the transaction with the customer;
  - (c) to suspend the target transactions or the transaction with the customer;
  - (d) to disclose to the customer the fact that the target transaction has a potential risk of unreasonably negative impact on the customer's interests;
- (iii) to articulate policies for implementation of the measures under the preceding item items, and to announce the outline in an appropriate manner;
- (iv) to preserve the following records:
  - (a) records of identification of target transactions implemented under the system as stated in item (i);
  - (b) records of measures for assurance of customers' interests in an appropriate manner, implemented under the system as stated in item (ii).

- (2) The record provided in item (iv) of the preceding paragraph must be kept for five years from the date of preparation.
- (3) The term "target transactions" in paragraph (1) means the transaction consummated by a foreign insurance company, etc. or its parent financial institution, etc. or subsidiary financial institution which poses risk of unreasonable negative impact on the interest of customers related to the foreign insurance company, etc. or its parent financial institution, etc. or subsidiary financial institution.

(Inevitable Grounds Related to Transactions with Specially Related Parties)

Article 134 The inevitable grounds to be specified by Cabinet Office Order, as provided in the proviso to Article 194 of the Act, are as follows:

- (i) where the foreign insurance company, etc. consummates a transaction which, in light of ordinary terms and conditions for transaction consummated by the foreign insurance company, etc., would be disadvantageous to the foreign insurance company, etc. with a specified insurance company (meaning a specified insurance company as provided in Article 54, paragraph (1), item (i)) which falls under the category of the specially related party (meaning the specially related party as provided in the main clause of Article 194 of the Act; the same applies below in this Article and Article 135), and where the continuance of operation or business of the specified insurance company would be impaired unless the relevant transaction is consummated;
- (ii) where the aggravation in status of business management of the specially related party of the foreign insurance company, etc. would give negative impact on soundness of business management of the foreign insurance company, etc., where the foreign insurance company, etc. consummates a transaction which, in light of ordinary terms and conditions for transaction consummated by the foreign insurance company, etc., would be disadvantageous to the foreign insurance company, etc. with the specially related party for reasonable business improvement of the specially related party, and where the consummation of the transaction is expected to be reasonable and essential in terms of improvement of the status of business management of the specially related party;
- (iii) beyond what is stated in the preceding two items, where the consummation by the foreign insurance company, etc. of the transaction which, in light of ordinary terms and conditions for transaction consummated by the foreign insurance company, etc., would be disadvantageous to the foreign insurance company, etc. with the specially related party falls under the case where the transaction is necessary as specified by the Commissioner of the Financial Services Agency in advance.

(Application for Approval of Transaction by Foreign Insurance Company and Specified Related Parties)

Article 134-2 (1) If a foreign insurance company, etc. seeks to obtain an approval under the proviso to Article 194 of the Act, it must submit to the Commissioner of the Financial Services Agency the written application for approval, attaching a written statement of reasons and any other document containing any other matters which would serve as reference information.

(2) When the application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine as to whether the foreign insurance company, etc. has any inevitable reason provided in the preceding Article for consummating the transaction or conducting the activities stated in the items of Article 194.

(Transaction with Specially Related Parties)

Article 135 The transactions or conducts to be specified by Cabinet Office Order, as provided in Article 194, item (ii) of the Act, are as follows:

(i) transactions carried out with a customer of the specially related party, wherein the foreign insurance company, etc. carries out with a person other than a customer of the specially related party who is deemed to be similar to a customer of the specially related party, in light of the type and size of its business and its financial conditions, etc., under conditions that are disadvantageous to the foreign insurance company, etc. compared to those for ordinary transactions with a customer of the specially related party for the same type and the same volume under similar circumstances (limited to transactions on condition that the specially related party and a customer of the specially related party concludes a contract related to the business to be conducted by the specially related party);

(ii) transactions that are deemed be more disadvantageous to the specially related party, compared to conditions for transactions that the foreign insurance company, etc. carries out with a person other than the specially related party who is deemed to be similar to the specially related party, in light of the type and size of its business and its financial conditions, etc., for the same type and the same volume under similar circumstances; or

(iii) transactions or acts conducted so as to evade the prohibitions under Article 194 of the Act, irrespective of the name under which the relevant transactions or acts are to be conducted.

(Time Limit for Submission of Closing Financial Statements)

Article 136 (1) A foreign insurance company, etc. must, within four months from the end of the business year (or no later than the date specified by the Commissioner of the Financial Services Agency, in the case of a conditionally

licensed foreign insurance company, etc.), submit to the Commissioner of the Financial Services Agency the inventory of property, the balance sheet, profit and loss statement and business report (referred to below as "closing financial statements" in this Article) prepared for its head office or principal office.

- (2) Notwithstanding the provisions of Article 2 and Article 3, if the closing financial statements in Japanese are not written in Japanese, attaching the translation of the summary of the closing financial statements is sufficient; and if the amounts are indicated in foreign currencies, noting the conversion rate into Japanese currency is sufficient.
- (3) If, due to any inevitable grounds, a foreign insurance company, etc. is unable to submit its closing financial statements within the time limit provided in paragraph (1), it may, with an approval from the Commissioner of the Financial Services Agency in advance, postpone the submission.
- (4) If a foreign insurance company, etc. seeks to obtain the approval under the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons.
- (5) The provisions of the preceding two paragraphs apply mutatis mutandis to the documents to be kept at the principal establishment in Japan pursuant to Article 196, paragraphs (1) and (2) of the Act.

(Format of Balance Sheet for Insurance Business in Japan)

Article 137 A foreign insurance company, etc. must prepare the document stated in the items of Article 196, paragraph (3) of the Act and supplementary schedules in accordance with the Sections Nos. 3, 4, 1 and 2 of Appended Form No. 12 (or Appended Form No. 12-2, in the case of a foreign insurance company, etc. to which Article 166, paragraph (1), item (vi) is applicable and which has made a notification under Article 209 of the Act (referred to below as "foreign insurance company which made notification of specified account")), respectively.

(Assets to Be Retained in Japan)

- Article 138 (1) The amount calculated in accordance with the provisions of Cabinet Office Order, as provided in Article 197 of the Act, is the amount of the policy reserve, plus the reserve for outstanding claims (meaning the reserve for outstanding claims; the same applies below in this Section).
- (2) The amount to be specified by Cabinet Office Order, as provided in Article 197 of the Act, is the amount of the deposit, plus the amount equivalent to the equity capital.
  - (3) A foreign insurance company, etc. must, pursuant to the provisions of Article 197 of the Act, retain in Japan the asset equivalent to the total of the amounts stated in paragraph (1) and the preceding paragraph, in accordance with the

provisions of the following items:

- (i) cash; deposit and savings with Japanese financial institutions;
- (ii) securities stated in the items of Article 2, paragraph (1) (Definitions) of the Financial Instruments and Exchange Act (including the securities related to the safe custody contract concluded with financial institutions for the investment of assets, which are specified by the Commissioner of the Financial Services Agency);
- (iii) loan claims held against persons having domicile or residence in Japan;
- (iv) loan claims held against persons not having domicile or residence in Japan, for which the loan contract provides that the place of redemption of principals and payment of interest are to be performed in Japan and that the court having jurisdiction over the location of the principal branch in Japan of the foreign insurance company, etc. is the court of jurisdiction;
- (v) trust properties accepted by a Japanese financial institution;
- (vi) security deposit deposited with a person having domicile or residence in Japan; and
- (vii) fixed tangible assets located in Japan.

(Preparation of Account Books)

Article 138-2 The accounting books to be prepared by a foreign mutual company pursuant to Article 54-2, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 198, paragraph (1) of the Act following the deemed replacement of terms must be prepared by written documents or electronic or magnetic records.

(Balance Sheet as of Date of Incorporation)

Article 138-3 The balance sheet to be prepared pursuant to the provisions of Article 54-3, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 198, paragraph (1) of the Act must be prepared based on the accounting books of the foreign mutual company as of the date of incorporation.

(Restriction on Method of Asset Investment of Foreign Insurance Company)

Article 139 The methods to be specified by Cabinet Office Order, as provided in Article 97, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, are the methods stated in the items of Article 47.

Article 140 Deleted

(Other Persons Having Special Relationship with the Same Person)

Article 140-2 Persons who have a special relationship to be specified by Cabinet Office Order, as provided in Article 97-2, paragraph (2) of the Act as applied

mutatis mutandis pursuant to Article 199 of the Act are the persons provided in the items of Article 48-2, paragraph (1).

(Restrictions on the Amount of Asset Investment Provided in Article 97-2, Paragraph (2) of the Insurance Business Act as Applied Mutatis Mutandis Pursuant to Article 199 of the Insurance Business Act)

Article 140-3 (1) The amount to be specified by Cabinet Office Order as the amount of asset investment in relation to the same person as a foreign insurance company, etc. as provided in Article 97-2, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act is as follows:

- (i) the amount obtained by adding up the amounts of assets in Japan (if a special account or accumulation account is established, assets that have been accounted for under the special account or accumulation account are excluded; the same applies in item (i) of the following paragraph) as stated in (a) through (e) below (if the assets concerned are available-for-sale securities, and the total amount recorded in the balance sheet exceeds the total amount of book value, the total amount of book value) related to investment in relation to the same person, out of the net assets:
  - (a) corporate bonds (excluding short-term bonds) and shares (including capital contributions) issued by the same person;
  - (b) loans (excluding loans to be granted under policy conditions, call loans, and other loans specified by the Commissioner of the Financial Services Agency) and loaned securities (excluding the amount corresponding to the amount of collateral of loaned securities secured by cash) to the same person;
  - (c) deposits (excluding current deposits and ordinary deposits) to the same person;
  - (d) guarantees of debt in relation to the same person;
  - (e) the amount calculated in accordance with the criteria specified by the Commissioner of the Financial Services Agency as assets for investment relating to derivatives transactions to the same person;
  - (f) the assets for investment for the business stated in Article 98, paragraph (1), item (xii) of the Act to the same person (limited to those recorded in the lease in investment assets account of the balance sheet (if the amount of ancillary expenses necessary for making available the leased property prescribed in (a) of the same item is not recorded in the lease in investment assets account, including the ancillary expenses)); and
- (ii) when an accumulation account is to be established, the amount obtained by adding up the amounts of assets stated in (a) through (e) of the preceding item, out of the assets accounted for under the accumulation account (referred to as the "assets in accumulation account" in item (ii) of the

following paragraph).

(2) The amount calculated in accordance with Cabinet Office Order, as provided in Article 97-2, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act is the amount stated in the following items, in accordance with the categories of the amounts of asset investment as respectively stated in those items; provided, however, that this does not apply when approved by the Commissioner of the Financial Services Agency:

(i) the amount of asset investment provided in item (i) of the preceding paragraph: the following amounts as respectively specified below in accordance with the following categories of the amounts of asset investment:

(a) the amount related to investment to the same investment target: the amount calculated by multiplying the amount of the net assets in Japan (if the assets are available-for-sale securities, and when the sum of their amounts recorded in the balance sheet exceeds the sum of their book values, the sum of their book values; the same applies in this item) by 10 percent (for loans provided in item (i), (b) of the preceding paragraph, guarantee of debts provided in (d) of the same item, and the assets for investment for the business stated in Article 98, paragraph (1), item (xii) as referred to in (f) of the same item (referred to below as "loans, etc." in (b)), the amount calculated by multiplying the amount of the net assets by 3 percent);

(b) the amount related to investment to the same person: the amount calculated by multiplying the amount of the net assets in Japan by 10 percent (for loans, etc., the amount calculated by multiplying the amount of the net assets by 3 percent);

(ii) the amount of asset investment in cases provided in item (ii) of the preceding paragraph: the following amounts as respectively specified below in accordance with the following categories of the amounts of asset investment:

(a) the amount related to investment to the same investment target: the amount calculated by multiplying the amount of assets in accumulation account (if the assets are available-for-sale securities, and when the sum of their amounts recorded in the balance sheet exceeds the sum of their book values, the sum of their book values; the same applies in this item) by 10 percent (for assets specified by the Commissioner of the Financial Services Agency, the amount calculated by multiplying by ratios specified thereby); and

(b) the amount related to investment to the same person: the amount calculated by multiplying the amount of assets in accumulation account by 10 percent (for assets specified by the Commissioner of the Financial Services Agency, the amount calculated by multiplying by ratios specified

thereby).

- (3) If a foreign insurance company, etc. seeks to obtain approval stated in the proviso to the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, attaching a written statement of reasons and a document containing any other matters which would serve as reference information.

(Representing Businesses or Carrying Out Services on Behalf of Others  
Permitted for Foreign Insurance Company)

Article 141 The business agency service or business handling service to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), item (i) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, is as follows:

- (i) business handling service for the affairs stated in Article 51, item (i);
- (ii) agency service for conclusion of insurance contracts, damage assessment or any other business related to insurance business on behalf of other insurance companies (including foreign insurers), small amount and short term insurer or ship-owners mutual insurance association, which is reasonable to be performed by foreign insurance company, etc. from the standpoint of enhancement of convenience of policyholders in Japan;
- (iii) bank agency business, etc.;
- (iv) agency service for monetary loan to other insurance companies (including foreign insurers) or any other parties engaged in financial business; business handling service related to the loan;
- (v) handling services concerning the deposit or revocation of money related to the business of the deposit or loan of funds to be conducted by a bank, etc. through cash dispensers or automated teller machines (excluding services falling under item (iii));
- (vi) acting as an agent for the conclusion of investment advisory contracts or performing the handling services concerning these contracts on behalf of a financial instruments business operator, etc.;
- (vii) acting as an agent for the following businesses, or carrying out services related to these businesses on behalf of a trust company, foreign trust company, or life insurance company, etc. carrying out insurance proceeds trust business (excluding businesses falling under those prescribed in Article 99, paragraph (1) of the Act):
  - (a) the conclusion of trust agreements; and
  - (b) the conclusion of contracts to accept the entrustment of businesses stated in the items of Article 1, paragraph (1) (Authorization for Engagement in Trust Business by Financial Institutions) of the Act on Engagement in Trust Business by Financial Institutions.



(Application for Approval for Representing Businesses or Carrying Out Services on Behalf of Others)

Article 141-2 (1) If a foreign insurance company, etc. seeks to obtain approval stated in Article 98, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, it must submit to the Commissioner of the Financial Services Agency a written application for approval, attaching the following documents:

- (i) a written statement of reasons;
  - (ii) a document stating the details of the business or the services for which the insurance company acts as an agent or carrying out affairs; and
  - (iii) a document containing any other matters which would serve as reference information.
- (2) When an application for the approval under the preceding paragraph has been made, the Commissioner of the Financial Services Agency is to examine whether the application conforms the following standards:
- (i) in light of the status of securing officers or employees having sufficient knowledge and experience concerning the agency business, etc., as well as the system for operating the agency business, etc., that it is deemed that the foreign insurance company, etc. that has made the application for the approval can perform the agency business, etc. properly, fairly, and effectively;
  - (ii) when the insurance company conducts the agency business, etc. on behalf of other insurance companies (including foreign insurers; the same applies below in this Article), that the agency business, etc. poses no risk of impeding fair and free competitions among insurance companies; and
  - (iii) when the insurance company conducts the agency business, etc. on behalf of other insurance companies, small amount and short term insurer, or ship-owners mutual insurance associations, that the agency business, etc. poses no risk of impeding proper, fair and effective performance of the businesses of those other insurance companies, small amount and short term insurer, or ship-owners mutual insurance associations.

(Person Closely Related to Foreign Insurance Company)

Article 141-3 The person to be specified by Cabinet Office Order as being closely related to a foreign insurance company, etc., as referred to in the proviso to Article 98, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, is the following persons:

- (i) a subsidiary corporation, etc. of the foreign insurance company, etc.  
(excluding a subsidiary company, etc. of the foreign insurance company, etc.);
- (ii) the parent corporation, etc. which has the foreign insurance company, etc.

- as its subsidiary corporation, etc.; and
- (iii) a subsidiary corporation, etc. of the person stated in the preceding item (excluding the foreign insurance company, etc., a subsidiary company of the foreign insurance company, etc. and the persons stated in the preceding two items).

(Scope of Certificates for Monetary Claims)

Article 142 The certificates to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), item (iv) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the certificates specified in the items of Article 52.

(Securities Equivalent to Specified Company Bonds)

Article 142-2 The securities to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), item (iv)-2 of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the certificates provided in the items of Article 52-2.

(Derivative Transactions)

Article 142-2-2 The transactions to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), items (vi) or (vii) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the transactions provided in the items of Article 52-2-2.

(Financial Derivatives Transactions)

- Article 142-3 (1) The equivalent transactions to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), item (viii) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the transactions specified in the items of Article 52-3, paragraph (1).
- (2) The transactions which are found unlikely to damage the soundness of management of a foreign insurance company, etc., to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), item (viii) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are those stated in the items of Article 52-3, paragraph (1).
- (3) The transactions to be specified by Cabinet Office Order, as provided in Article 98, paragraph (1), item (ix) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the transactions provided in the items of Article 52-3, paragraph (3).

(Requirements for Lease Contract)

Article 142-3-2 (1) The contract to be specified by Cabinet Office Order, as

referred to in Article 98, paragraph (1), item (xii), (a) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, is the contract prescribed in Article 52-3-2, paragraph (1).

- (2) The expenses to be specified by Cabinet Office Order, as referred to in Article 98, paragraph (1), item (xii), (b) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are the expenses prescribed in Article 52-3-2, paragraph (2).

(Business Incidental to Securities-Related Business)

Article 142-4 The transactions to be specified by Cabinet Office Order, as provided in Article 99, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the transactions provided in the items of Article 52-4.

(Acquisition of Carbon Dioxide Equivalent Quotas)

Article 142-5 The transactions to be specified by Cabinet Office Order, as provided in Article 99, paragraph (2), item (iv) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are the transactions provided in the items of Article 52-4-2.

(Business Report)

Article 143 (1) An interim business report as provided in Article 110, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act (referred to below as "interim business report" in this Article) must reflect the status of business and properties for the period between the day of commencement of the business year in Japan and September 30 of the relevant business year, and must be submitted within three months from the end of the relevant period, in accordance with Appended Form No. 11 (or Appended Form No. 11-2, in the case of a foreign insurance company which made notification of specified account), and categorized by interim business report, interim balance sheet, interim profit and loss statement, interim cash flow statement, interim statement of changes in shareholders' equity and a document disclosing the status of solvency margin for insurance proceeds, etc.

- (2) A business report as provided in Article 110, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act must be submitted within three months from the end of the business year in Japan, in accordance with Appended Form No. 12 (or Appended Form No. 12-2, in the case of a foreign insurance company which made notification of specified account), and categorized by business report, supplementary schedule, a document concerning the matters related to the shareholders meeting, balance sheet, profit and loss statement, cash flow statement, interim statement of changes in

shareholders' equity, a document disclosing the status of solvency margin for insurance proceeds, etc. in Japan.

- (3) The provisions of Article 59, paragraphs (6) and (7) apply *mutatis mutandis* to the case where a foreign insurance company, etc. postpones the submission of its interim business report or business report. In this case, the term "paragraph (1), (2), (4) or (5)" in paragraph (6) of the same Article is deemed to be replaced with "Article 143, paragraph (1) or (2)".

(Public Inspection of Explanatory Documents Disclosing Status of Business and Properties)

Article 143-2 (1) The matters to be specified by Cabinet Office Order, as provided in Article 111, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act are as follows (limited to those written in Japanese):

- (i) the following matters related to the overview of the foreign insurance company, etc.:
  - (a) the name and job title of the representative in Japan;
  - (b) the following matters related to ten or more shareholders or equity holders of the foreign insurance company, etc., in accordance with the descending order of the number of the shares or equity held:
    - 1. name (if the holder of the shares, etc. is a corporation or any other organization, the name of organization);
    - 2. the number or amount of share or equity held by each shareholder or equity holder;
    - 3. the ratio of the number of shares or equity held by each shareholder or equity holder to the total number of the shares issued or the total amount of equity contribution;
- (ii) the overview of the business in Japan of the foreign insurance company, etc. for the most recent business year;
- (iii) the balance sheet, profit and loss statement and cash flow statement for the business in Japan of the foreign insurance company, etc. for the latest two business years; and
- (iv) beyond what is provided for in the preceding three items, the matters equivalent to those provided in Article 59-2, paragraph (1), items (ii) through (vi).

- (2) A foreign insurance company, etc. must, in addition to the explanatory documents disclosing the matters provided in the preceding paragraph, keep at its branch, etc. (meaning the branch, etc. as provided in Article 185, paragraph (1) of the Act; the same applies below in this Article) in Japan and make available for public inspection the documents (including the documents written in non-Japanese language) disclosing the matters related to business and

properties of the foreign insurance company, etc., or a holding company which has the foreign insurance company, etc. as its subsidiary company and which is incorporated under the laws and regulations of a foreign state (referred to as "foreign insurance holding company" in the following paragraph).

- (3) If the documents provided in the preceding paragraph is written in a non-Japanese language, a foreign insurance company, etc. must, in addition to those documents, prepare the Japanese version of the overview of the foreign insurance company, etc. or the foreign insurance holding company as well as the balance sheet and profit and loss statement, and keep them at the branch, etc. in Japan of the foreign insurance company, etc. and make them available for public inspection.
- (4) The place to be specified by Cabinet Office Order, as provided in Article 111, paragraphs (1) and (4) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, is branch, etc. in Japan of the foreign insurance company, etc. (excluding branch in Japan of the foreign insurance company, etc.)

Article 143-3 (1) The explanatory documents prepared pursuant to the provisions of Article 111, paragraphs (1) and (2) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act (including the documents provided in paragraphs (2) and (3) of the preceding Article; referred to below as "explanatory documents, etc." in this paragraph and the following paragraph) must be made available for public inspection within six months from the end of the business year of the foreign insurance company, etc., and must be kept accessible for the period before the commencement of public inspection of each of the explanatory documents related to the business year immediately after the relevant business year.

- (2) when, due to any inevitable grounds, a foreign insurance company, etc. is unable to make available for public inspection the explanatory documents by the period provided in the preceding paragraph, it may, with an approval from the Commissioner of the Financial Services Agency in advance, postpone the submission.
- (3) When a foreign insurance company, etc. seeks to obtain the approval under the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons.
- (4) When the application for approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether the foreign insurance company, etc. which has filed the application has any inevitable reason for postponing the public inspection under paragraph (1).

(Application for Authorization of Recording of Gain on Assessment of Shares with Market Price)

Article 144 (1) If a foreign insurance company, etc. seeks to obtain an authorization under Article 112, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency the written application for authorization as well as the following documents:

- (i) the issues, quantities, acquisition value, market price and assessment value of the shares to be revaluated;
- (ii) the document specifying the amount of profit to be recorded upon the revaluation;
- (iii) a document specifying the reserves provided in the following Article, for which the profit recorded upon the revaluation is to be reserved, as well as the amount to be reserved; and
- (iv) a document containing any other matters which would serve as reference information.

(2) When the application for authorization under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether the reserve by the foreign insurance company, etc. which has filed an application for the authorization (referred to below as the "applicant foreign insurance company, etc." in this paragraph) of the amount specified in the items of the following Article based upon the profits recorded by revaluation of shares with market price would facilitate assurance and improvement of profit of policyholders, etc.

(Reserve of Gain on Valuation of Shares with Market Price)

Article 145 The reserves to be specified by Cabinet Office Order, as provided in Article 112, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are as follows:

- (i) in the case of a foreign life insurance company, etc., the policy reserve, or policy dividend reserve as stated in the following Article; and
- (ii) in the case of a foreign non-life insurance company, etc., the policy reserve.

(Policy Dividend Reserve)

Article 146 (1) The reserve to be set aside by a foreign insurance company, etc. for allocation to the policy dividend is the policy dividend reserve.

(2) A foreign life insurance company, etc. 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 are reserved with interests);
- (ii) the amount of unpaid dividend (meaning the unpaid dividends distributed

- to policyholders, which exclude the reserved dividend as provided in the preceding item) (in the case of the account closing period, including the amounts scheduled to be distributed in the following 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 stated in Article 4, paragraph (2), item (iv) of the Act as the amount equivalent to those stated in the preceding three items.

(Assets Covered by Price Fluctuation Reserve)

Article 147 The assets to be specified by Cabinet Office Order, as provided in Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are as follows; provided, however, that the assets belonging to the special account, assets related to the business stated in Article 99, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act and properties belonging to the special transaction account are not to be included.

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

- Article 148 (1) If a foreign insurance company, etc. seeks to obtain an authorization under the proviso to Article 115, paragraph (1) or the proviso to paragraph (2) of the same Article as applied mutatis mutandis pursuant to Article 199 of the Act, it must submit to the Commissioner of the Financial Services Agency a written application for authorization, attaching a balance sheet and profit and loss statement for the insurance business in Japan and its supplementary schedules or equivalent documents.
- (2) When the application under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether there exist any inevitable grounds, in light of status of business or properties of the foreign insurance company, etc. which has filed the application for authorization.

(Contracts Covered by Standard Policy Reserve)

Article 149 (1) The insurance contract to be specified by Cabinet Office Order, as provided in Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, is one of the insurance contracts in Japan concluded by a foreign insurance company, etc. on or after the enforcement of the Act, which does not fall under any of the contracts specified in the following items:

- (i) insurance contract in Japan wherein the policy reserve fluctuates depending on the value of the properties belonging to the special account;
  - (ii) insurance contracts in Japan under which the insurance premiums reserve under item (i), paragraph (1) of the following Article is not be set aside;
  - (iii) insurance contract in Japan which provides that the insurance company may amend the coefficients serving the basis of calculation of the policy reserve and insurance premiums in accordance with the policy conditions;
  - (iv) beyond what is provided for in the preceding three items, insurance contracts in Japan to be designated by the Commissioner of the Financial Services Agency as the insurance contract not suitable for adding necessary provisions as to the criteria for the coefficients serving the basis of calculation of the policy reserve as provided in Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act.
- (2) Notwithstanding the preceding paragraph, among the insurance contracts in Japan concluded by a foreign insurance company, etc. on or after the day to be specified by the Commissioner of the Financial Services Agency (or insurance contracts whose insurance period starts on or after the day to be specified by Cabinet Office Order, if the insurance company is a foreign non-life insurance company, etc.; the same applies in the following paragraph), the insurance contracts to be specified by Cabinet Office Order, as provided in Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are deemed not to fall under any of the following items:
- (i) insurance contract in Japan wherein the policy reserve fluctuates depending on the value of the properties belonging to the special account;
  - (ii) insurance contracts in Japan under which the insurance premium reserve under item (i), paragraph (1) of the following Article, or refund reserve under item (ii)-2 of that paragraph or Article 151, paragraph (1), item (iii) are not be set aside; or insurance contracts under which the insurance premium reserve under item (i), (a) of the same paragraph are not to be calculated;
  - (iii) insurance contract in Japan which provides that the insurance company may amend the coefficients serving the basis of calculation of the policy reserve and insurance premiums in accordance with the policy conditions (excluding the insurance contracts under which the policy conditions guarantees the minimum interest rate exceeding the scheduled interest rate serving the basis of calculation of the policy reserve at the time of conclusion of the insurance, as determined by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act); and
  - (iv) beyond the contracts specified in the preceding three items, any contract in Japan to be designated by the Commissioner of the Financial Services Agency as the insurance contract not suitable for adding necessary



- provisions as to the criteria for the coefficients serving the basis of calculation of the policy reserve as provided in Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act.
- (3) Notwithstanding the preceding two paragraphs, among the insurance contracts in Japan concluded by a foreign insurance company, etc. on or after the day to be specified by the Commissioner of the Financial Services Agency, the insurance contracts to be specified by Cabinet Office Order, as provided in Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are deemed not to fall under any of the following items:
- (i) insurance contract in Japan wherein the policy reserve fluctuates depending on the value of the properties belonging to the special account, and which does not provide for minimum guarantee of the amount of insurance proceeds, etc.;
  - (ii) insurance contracts under which the insurance premium reserve under item (i), paragraph (1) of the following Article, or refund reserve under Article 150, paragraph (1), item (ii) or Article 151, paragraph (1), item (iii) are not to be set aside; or insurance contracts under which the insurance premium reserve under item (i), (a) of the same paragraph are not to be calculated;
  - (iii) insurance contract which provides that the foreign insurance company, etc. may amend the coefficients serving the basis of calculation of the policy reserve and insurance premiums in accordance with the policy conditions (excluding the insurance contracts under which the policy conditions guarantees the minimum interest rate exceeding the scheduled interest rate serving the basis of calculation of the policy reserve at the time of conclusion of the insurance, as determined by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act); and
  - (iv) beyond the contracts specified in the preceding three items, contracts to be designated by the Commissioner of the Financial Services Agency as the insurance contract not suitable for adding necessary provisions as to the criteria for the coefficients serving the basis of calculation of the policy reserve as provided in Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act.

(Policy Reserve of Foreign Life Insurance Company)

Article 150 (1) A foreign life insurance company, etc. must, for each accounting period and for each of the categories respectively stated in the following items, calculate and set aside as the policy reserve the amounts respectively stated in those items, based on the insurance premiums received before the relevant accounting period and in accordance with the formula specified in the

documents stated in Article 187, paragraph (3), item (iv) of the Act:

- (i) insurance premium reserve: amount calculated in accordance with actuarial methodology, with an objective of preparation for performance of future obligations under insurance contracts in Japan (excluding the amount to be set aside as the refund reserve as referred to in item (ii)-2);
  - (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 have not passed as of the time of the account closing period; the same applies in the following Article) (excluding the amount to be set aside as the refund reserve as referred to in the following item);
  - (ii)-2 refund reserve: the amount to be appropriated to the refund, when the insurance contract in Japan provides that all or part of the amount of proceeds from investment of insurance premiums or money received as insurance premiums will be refunded; and
  - (iii) contingency reserve: the amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance contracts.
- (2) Regarding the insurance contracts in effect in Japan at the time of the account closing period for which the insurance premiums were not paid before the account closing period, and for which the payment of insurance premiums cannot be expected between the account closing period and the day when the insurance contracts ceases to be effective, the amount calculated as the amount necessary for payment of the death insurance proceeds, etc. (meaning the insurance proceeds payable upon the death or the occurrence of any of the events stated in Article 3, paragraph (4), item (ii), (a) through (e) of the Act) for the period between the account closing period and the day when the insurance contracts ceases to be in effect is to be set aside as the outstanding insurance premiums under item (ii) of the preceding paragraph.
- (3) Insurance premiums not paid until the account closing period in relation to the business year in Japan may not be recorded in the asset section of the balance sheet for insurance business in Japan.
- (4) Insurance premium reserve under paragraph (1), item (i) (simply referred to below as "insurance premiums reserve" in this paragraph and the following paragraph) and refund reserve under paragraph (1), item (ii)-2 (simply referred to below as "refund reserve" in this paragraph and the following paragraph) are to be set aside in accordance with the provisions of the following items:
- (i) insurance premiums reserve and refund reserve related to the insurance contracts provided in the preceding Article may not be less than the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116,

- paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act;
- (ii) insurance premiums reserve and refund reserve related to any other insurance contract in Japan than as provided in the preceding Article (excluding insurance contracts for which a special account has been established) may not be less than the amount calculated in accordance with the level premium system;
  - (iii) regarding insurance premiums reserve and refund reserve related to any other insurance contract in Japan than as provided in the preceding Article, and for which a special account has been established, the outstanding balance of the income and expenditure in the special account must be reserved;
  - (iv) if, in light of the status of business or properties of a foreign life insurance company, etc. or distinctiveness of insurance contracts and other factors, there exists any special circumstance, the provisions of item (i) do not apply to the insurance contract provided in the preceding Article (excluding the insurance contract for which a special account has been established and wherein the minimum amount of insurance proceeds, etc. is guaranteed); and the provisions of item (ii) do not apply to the other insurance contract than as provided in the same Article (excluding the insurance contract for which a special account has been established); provided, however, that even in this case, the amount of the insurance premium reserve and refund reserve must be reasonable and fair from the standpoint of actuarial methodology.
- (5) If the policy reserve set aside pursuant to the provisions of paragraphs (1), (2) and the preceding paragraph is found to likely to be insufficient to cover the performance of the future obligations, additional insurance premiums reserve and refund reserve must be set aside, by way of amendment to the documents specified in Article 187, paragraph (3), item (iv) of the Act.
- (6) Contingency reserve under paragraph (1), item (iii) must be set aside in accordance with the following categories:
- (i) contingency reserve for covering the insurance risk as specified in Article 162, item (i);
  - (i)-2 contingency reserve for covering the third-sector insurance risk as specified in Article 162, item (i)-2;
  - (ii) contingency reserve for covering the scheduled interest rate risk as specified in Article 162, item (ii); and
  - (iii) contingency reserve for covering the minimum guarantee risk as specified in Article 162, item (ii)-2.
- (7) contingency reserve under item (iii), paragraph (1) is to be set aside in accordance with the standards for reserving and reversal; provided, however, that if, in light of the status of business or properties of the foreign life

insurance company, etc., there are any inevitable grounds, reserving not in accordance with the standard of reserve to be specified by the Commissioner of the Financial Services Agency and reversal not in accordance with the standard of reversal to be specified by the Commissioner of the Financial Services Agency.

(Policy Reserve of Foreign Non-Life Insurance Company)

Article 151 (1) A foreign non-life insurance company, etc. must, for each accounting period and for each of the categories respectively stated in the following items, calculate and set aside as the policy reserve the amounts respectively stated in those items; provided, however, that this does not apply to the setting aside of policy reserve in relation to the contract for automobile damage liability insurance as provided in Article 5 (Compulsory Conclusion of Contract for Liability Insurance or Liability Mutual Aid Insurance) of the Automobile Liability Security Act and the earthquake insurance contract as provided in Article 2, paragraph (2) (Definitions) of the Act on Earthquake Insurance (referred to as "policy reserve for automobile damage liability insurance, etc." in paragraph (4)):

- (i) regular policy reserve: the total of the following amounts in accordance with the categories respectively stated in (a) or (b) below:
  - (a) insurance premium reserve: amount calculated in accordance with actuarial methodology, with an objective of preparation for performance of future obligations under insurance contracts (excluding the amount to be set aside as the refund reserve as referred to in item (iii));
  - (b) outstanding insurance premiums: the amount calculated as the amount equivalent to the liability corresponding to the unexpired period, on the basis of the insurance premiums received (excluding the amount to be allocated for the refund reserve; the same applies below in this paragraph) (however, for the type of contract for which it is deemed reasonable to use the amount other than the insurance premiums received and which are to be specified by the Commissioner of the Financial Services Agency, the amount calculated in accordance with the formula to be separately designated by the Commissioner of the Financial Services Agency);
- (ii) extraordinary contingency reserve: the amount calculated based on the insurance premiums received, in preparation of the compensation of losses arising from extraordinary natural disaster (for the type of contract for which it is deemed reasonable to use the amount other than the insurance premiums received and which are to be specified by the Commissioner of the Financial Services Agency, the amount calculated in accordance with the formula to be separately designated by the Commissioner of the Financial Services Agency);

- (ii)-2 contingency reserve: the amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance contracts;
  - (iii) refund reserve: the amount to be appropriated to the refund, when the insurance contract in Japan provides that all or part of the amount of proceeds from investment of insurance premiums or money received as insurance premiums will be refunded; and
  - (iv) policy dividend reserve, etc.: the amount of the policy dividend reserve under Article 64, paragraph (1) and any other equivalent amount.
- (2) Regular policy reserve under item (i) of the preceding paragraph (limited to the amount related to the insurance premiums reserve under (a) of the same item (simply referred to below as "insurance premiums reserve" in this paragraph); simply referred to as "regular policy reserve" in this paragraph and the following paragraph) and refund reserve under item (iii) of the same paragraph are to be set aside in accordance with the provisions of the following items:
- (i) insurance premiums reserve and refund reserve related to an insurance contract provided in Article 149, paragraphs (2) and (3) may not be less than the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act;
  - (ii) insurance premiums reserve related to any other insurance contract than as provided in Article 149, paragraphs (2) and (3) (excluding the insurance contract related to the insurance under Article 3, paragraph (5), item (i) of the Act (if the terms and conditions of the insurance contracts consist of combination of the insurance under the same item and any other insurance, the insurance contract related to the portion of the insurance under the same item) and also excluding insurance contracts for which a special account has been established; the same applies in item (iv)) may not be less than the amount calculated in accordance with the level premium system;
  - (iii) regarding refund reserve which relates to any other insurance contract than as provided in Article 149, paragraphs (2) and (3), and for which a special account has been established, the outstanding balance of the income and expenditure in the special account must be reserved;
  - (iv) if, in light of the status of business or properties of a foreign non-life insurance company, etc. or distinctiveness of insurance contracts and other factors, there exists any special circumstance, the provisions of item (i) do not apply to the insurance contract provided in Article 149, paragraphs (2) and (3) (excluding the insurance contract for which a special account has been established and wherein the minimum amount of insurance proceeds,

- etc. is guaranteed); and the provisions of item (ii) do not apply to any other insurance contract than as provided in paragraphs (2) and (3) of the same Article; provided, however, that even in this case, the amount of the insurance premium reserve and refund reserve must be reasonable and fair from the standpoint of actuarial methodology.
- (3) When the policy reserve set aside pursuant to the provisions of the preceding two paragraphs is found to likely to be insufficient to cover the performance of the future obligations, additional regular policy reserve and refund reserve must be set aside, by way of amendment to the documents specified in Article 187, paragraph (2), item (iv) of the Act.
- (4) A foreign non-life insurance company, etc. is to calculate the amount stated in the items of paragraph (1) (excluding the contingency reserve under item (ii)-2 of the same paragraph) in accordance with the method specified in the documents referred to in Article 187, paragraph (2), item (iv) of the Act and also in accordance with the formula to be specified by the Commissioner of the Financial Services Agency; and is to calculate the amount of liability reserve for the policy reserve for automobile damage liability insurance, etc. in accordance with the method specified in the documents referred to in Article 187, paragraph (2), item (iv) of the Act.
- (5) Contingency reserve under paragraph (1), item (ii)-2 must be set aside in accordance with the following categories:
- (i) contingency reserve for covering the third-sector insurance risk as specified in Article 162, item (i)-2; and
  - (ii) contingency reserve for covering the scheduled interest rate risk as specified in Article 162, item (ii).
- (6) Contingency reserve under item (ii)-2, paragraph (1) is to be set aside in accordance with the method specified in the documents referred to in Article 187, paragraph (2), item (iv) of the Act and also in accordance with the standards for reserve and reversal to be specified by the Commissioner of the Financial Services Agency; provided, however, that if, in light of the status of business or properties of the foreign non-life insurance company, etc., there are any inevitable grounds, reserving not in accordance with the standard of reserve to be specified by the Commissioner of the Financial Services Agency and reversal not in accordance with the standard of reversal to be specified by the Commissioner of the Financial Services Agency.

(Insurance Proceeds Equivalent to Amount Due and Payable)

Article 152 The case to be specified by Cabinet Office Order, as provided in Article 117, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, is the insurance proceeds refund or any other benefit, for which the occurrence of the insured event has not been reported but the foreign

insurance company, etc. finds that insured event provided in the insurance contracts has occurred.

(Insurance Contracts Which Requires Special Account)

Article 153 The insurance contract to be specified by Cabinet Office Order, as provided in Article 118, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, is as follows:

- (i) performance-linked insurance contracts as provided in Article 100-5, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act (meaning the following insurance contracts; the same applies in Article 154-2, paragraphs (1) and (3)):
  - (a) an insurance contract wherein the insurance company undertakes the policyholder to pay all or part of the insurance proceeds, etc. based on the outcome of investment of money received as the insurance premiums, and wherein the amount solely based on the outcome of the investment are paid as all or part of the insurance proceeds, etc. (excluding the contract specified in (b));
  - (b) an insurance contract wherein the insurance company undertakes the policyholder to pay all or part of the insurance proceeds, etc. based on the outcome of investment of money received as the insurance premiums, under which policyholder or the insured is to pay the insurance premiums equivalent to the shortfall when the policy reserve (excluding the contingency reserve under Article 69, paragraph (1), item (iii); the same applies in the following item) falls short of the amount necessary for the payment of the insurance proceeds, etc. at the time of payment, and for which the shortfall amount is not to be borne by the insurance company;
- (ii) an insurance contract wherein the insurance company undertakes the policyholder to pay the insurance proceeds, etc. taking into consideration the profit and loss accrued from investment of money received as the insurance premiums, under which policyholder or the insured is to pay the insurance premiums equivalent to the shortfall when the policy reserve falls short of the amount necessary for the payment of the insurance proceeds, etc. at the time of payment (excluding the insurance contract stated in (b) of the preceding item); and
- (iii) an insurance contract wherein the insurance company undertakes the policyholder to pay the insurance proceeds, etc. taking into consideration the profit and loss accrued from investment of money received as the insurance premiums, but excluding the contracts stated in item (i), (a) and (b) and in the preceding item.

(Exception to Transfer among Accounts)

Article 154 The cases to be specified by Cabinet Office Order, as provided in Article 118, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are the acceptance of insurance premiums, payment of insurance proceeds, refund or any other benefits, loan to policyholders or repayment, borrowing from other account than special account and repayment, or any other transfer of money equivalent to it, which are specified in the documents under Article 187, paragraph (3), item (ii) of the Act.

(Method of Management of Properties Belonging to Special Account and Other Matters Necessary in Relation to Special Account)

Article 154-2 (1) A foreign insurance company, etc. (when item (i) applies, a foreign insurance company, etc. as well as a party entrusted by the foreign insurance company, etc.) must manage the properties belonging to the special account, in accordance with the following methods:

- (i) to manage the properties belonging to the designated special account by making a clear distinction from those belonging to the general account and also from properties belonging to the special account other than the designated special account, by such means as segregating the place of custody; and
  - (ii) to manage the properties belonging to the designated special account in the manner whereby the policyholder related to the designated special account can be identified, depending upon the types of performance-linked insurance contract for which the designated special account is established.
- (2) When a foreign insurance company, etc. entrusts the third party to manage the properties belonging to the designated special account, it must put in place a sufficient system to ensure that the entrusted third party will manage the properties belonging to the designated special account in accordance with the provisions of item (i) of the preceding paragraph.
- (3) A foreign insurance company, etc. must, for the purpose of making clear the business handling and calculation related to the designated special account, prepare the accounting books stated in items (i) and (ii) in accordance with the Appended Forms, and must keep them for the period specified in the following items in accordance with the categories of the accounting books as respectively stated in those items:
- (i) ledger of designated special account: ten years from the last day of the insurance business year for the performance-linked insurance contract (limited to the portion related to the designated special account; the same applies below in this item) or from the last day of the insurance period for the performance-linked insurance contract;
  - (ii) master ledger of designated special account: five years from the preparation; and



- (iii) business entrustment contract for designated special account: five years from the termination of the entrustment contract.

(Foreign Non-Life Insurance Company Which Require Appointment of Responsible Actuary in Japan)

Article 155 The foreign non-life insurance company, etc. which fall under the requirements to be specified by Cabinet Office Order, as provided in Article 120, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, is all foreign non-life insurance companies, etc., except for foreign non-life insurance company, etc. which only underwrites the insurance contracts stated in the following items:

- (i) contracts for automobile damage liability insurance as provided in Article 5 (Compulsory Conclusion of Contract for Liability Insurance or Liability Mutual Aid Insurance) of the Automobile Liability Security Act; and
- (ii) earthquake insurance contracts as provided in Article 2, paragraph (2) (Definitions) of the Act on Earthquake Insurance.

(Matters Which Require Participation of Responsible Actuary in Japan)

Article 156 The matters to be specified by Cabinet Office Order, as provided in Article 120, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, are as follows: the actuarial methodology related to the following, in the case of a foreign life insurance company, etc.; or the actuarial methodology related to those stated in the following items (i) through (iv), (vi) and (ix) in relation to the insurance contracts other than those stated in the items of the preceding Article, in the case of a foreign non-life insurance company, etc.:

- (i) the method of calculation of insurance premiums applicable in Japan;
- (ii) the method of calculation of policy reserve;
- (iii) the method of calculation of the policy dividends;
- (iv) the method of calculation of policyholder value in Japan;
- (v) calculation of uncollected insurance premiums in Japan;
- (vi) calculation of the reserve for outstanding claims;
- (vii) planning of insurance solicitation in Japan;
- (viii) preparation of rules of salaries, etc. payable to life insurance agents; and
- (ix) any other matters necessary for the responsible actuary in Japan in performing the duties.

(Persons Qualified as Responsible Actuary in Japan)

Article 157 The person who satisfies the requirements to be specified by Cabinet Office Order, as provided in Article 120, paragraph (2) as applied *mutatis mutandis* pursuant to Article 199 of the Act, is as follows: the person who

satisfies any of the requirements under the items of Article 78, paragraph (1), in the case of a life insurance company; or the person who satisfies any of the requirements under the items of Article 78, paragraph (2).

(Matters Which Require Verification by Responsible Actuary in Japan)

Article 157-2 The matters to be specified by Cabinet Office Order, as provided in Article 121, paragraph (1), item (iii) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act, are the matters stated in the following item (i), in the case of a foreign life insurance company, etc.; or the following matters, in the case of a foreign non-life insurance company, etc.:

- (i) the matters stated in (a) and (b) below as those concerning the status of property:
  - (a) whether continuance of the insurance business in Japan is difficult, judging from a reasonable estimate of future income and expenditure based on actuarial methodology;
  - (b) whether the situation of the enhancement of the ability to pay for insurance proceeds, etc. is appropriate based on actuarial matters; and
- (ii) whether the reserve for outstanding claims for insurance contracts other than those stated in the items of Article 155 (limited to the amount stated in Article 73, paragraph (1), item (ii)) has been set aside in compliance with the sound actuarial methodology.

(Verification by Responsible Actuary in Japan)

Article 158 A responsible actuary in Japan of a foreign insurance company, etc. must, for each account closing period, verify the matters stated in the items of Article 121, paragraph (1) as applied *mutatis mutandis* pursuant to Article 199 of the Act, in accordance with the following requirements and any other requirements to be specified by the Commissioner of the Financial Services Agency:

- (i) that the policy reserves have been appropriately set aside pursuant to the provisions of Article 150 or Article 151;
- (ii) that the distribution of policy dividends has been properly implemented pursuant to the provisions of Article 62 as applied *mutatis mutandis* pursuant to Article 160;
- (iii) that, judging from the amount of liabilities asset in Japan as of the certain time in the future calculated based upon reasonable estimation, the amount of asset in Japan as of the certain time in the future calculated based upon reasonable estimation is expected to fall short of the appropriate level in terms of continuance of insurance business;
- (iv) that the situation of the enhancement of the ability to pay for insurance proceeds, etc. in Japan is appropriate in the light of the provisions of Article

202 of the Act and Articles 161 and 162 (or the provisions of Article 228 of the Act and Article 190 if an underwriting members of a licensed specified corporation are deemed to be a foreign insurance company, etc. under Article 240, paragraph (1), item (i) of the Act and the provisions of Article 121 of the Act as applied mutatis mutandis pursuant to Article 199 of the Act are applied);

- (v) in the case of a foreign non-life insurance company, etc., that the reserve for outstanding claims under the insurance contracts other than those stated in the items of Article 155 (limited to the amount stated in Article 73, paragraph (1), item (ii) as applied mutatis mutandis pursuant to Article 160) have been properly set aside pursuant to the provisions of Article 73.

(Contracts to Be Verified in Relation to Policy Reserve)

Article 159 The insurance contracts to be specified by Cabinet Office Order, as provided in Article 121, paragraph (1), item (i) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act, are all insurance contracts underwritten by the foreign life insurance company, etc., in the case of a foreign life insurance company, etc.; or all insurance except as stated in the items of Article 76, in the case of a foreign non-life insurance company, etc.

(Mutatis Mutandis Application of Provisions Concerning Business and Accounting)

Article 160 The provisions of Article 49, Article 50, Articles 52-5 to 53-3-3, Article 53-4 (excluding paragraph (2)), Articles 53-6 to 53-12-2, Article 54-4 to Article 54-7 and Article 59-6 apply mutatis mutandis to a foreign insurance company, etc.; the provisions of Article 62 apply mutatis mutandis to the case where a foreign insurance company, etc. distributes policy dividends; the provisions of Article 63 apply mutatis mutandis to an account established in Japan by a foreign insurance company, etc. for the purpose of assurance of distribution of policy dividend in a fair and equitable manner; the provisions of Article 66 apply mutatis mutandis to the price fluctuation reserve under Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act which is to be set aside by a foreign insurance company, etc. in Japan; the provisions of Article 71 apply mutatis mutandis to the case where a foreign insurance company, etc. reinsures its insurance contracts in Japan; the provisions of Article 73 apply mutatis mutandis to reserve for outstanding claims to be set aside by a foreign insurance company, etc. for each account closing period related to its business year in Japan; the provisions of Article 79 apply mutatis mutandis to a responsible actuary in Japan of a foreign insurance company, etc.; and the provisions of Article 82 apply mutatis mutandis to a written opinion submitted by a responsible actuary in Japan of a

foreign insurance company, etc. to the representative in Japan of the foreign insurance company, etc. In the aforementioned cases, the term "Article 47, Article 48-3 and Article 48-5" in Article 49 is deemed to be replaced with "Article 139 and Article 140-3"; the term "Article 47, Article 48-3, Article 48-5 and the preceding Article" in Article 50 is deemed to be replaced with Article 139 and Article 140-3, as well as Article 49 as applied *mutatis mutandis* pursuant to Article 160"; the term "policyholders" in Article 53 is deemed to be replaced with "policyholders in Japan"; the term "Article 100-2, paragraph (1) of the Act" in paragraph (1) of the same Article is deemed to be replaced with "Article 100-2, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act"; the term "Article 74, item (i), (a) and item (iii)" in items (i) through (vi) of the same paragraph is deemed to be replaced with "Article 153, item (i), (a) and item (iii)"; the term "an insurance contract (excluding those stated in Article 83, item (i), (b) and (d); the same applies in items (v) through (vii))" in item (i) of the same Article is deemed to be replaced with "an insurance contract"; the term "Article 74" in item (vii) of the same paragraph is deemed to be replaced with "Article 153"; the term "Article 4, paragraph (2), item (iii) of the Act" in item (vii)-2 of the same paragraph is deemed to be replaced with "Article 187, paragraph (3), item (iii)"; the terms "Article 118 of the Act" and "policyholder" in Article 53-2 are deemed to be replaced with "Article 118 of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act" and "policyholder in Japan", respectively; the terms "business" and "customers" in Article 53-2-2 are deemed to be replaced with "business in Japan" and "customers in Japan", respectively; the term "Article 98 of the Act" in item (i), paragraph (1) of the same Article is deemed to be replaced with "Article 98 of the Act as applied *mutatis mutandis* pursuant to Article 199 of the Act"; the term "business office or any other office" in paragraph (3) of the Article is deemed to be replaced with "branch, etc. (meaning a branch, etc. as provided in Article 185, paragraph (1) of the Act; the same applies below) in Japan"; the terms "business office or any other office" and "customers" in Article 53-3 are deemed to be replaced with "branch, etc. in Japan" and "customers in Japan", respectively; the terms "business" and "customers" in Article 53-3-2 are deemed to be replaced with "business in Japan" and "customers in Japan", respectively; the term "business" in Article 53-3-3 is deemed to be replaced with "business in Japan"; the terms "specified related party" and "customers" in Article 53-4 are deemed to be replaced with "specially related party" (meaning a specially related party as provided in Article 194, paragraph (1) of the Act; the same applies below)" and "customers in Japan, respectively; the terms "business office or any other office" and "specified related party" in Article 53-5 are deemed to be replaced with "branch office, etc. in Japan" and "specially related party", respectively; the terms

"specified related party (meaning specified related party provided in Article 53-4, paragraph (2))" and "customers" in Article 53-6 are deemed to be replaced with "specially related party" and "customers in Japan", respectively; the terms "Article 97, Article 98 or Article 99 of the Act", "business" and "customers" in Article 53-7 are deemed to be replaced with "Article 97, Article 98 or Article 99 of the Act as applied mutatis mutandis pursuant to Article 199 of the Act", "business in Japan" and "customers in Japan", respectively; the term "insurance" in paragraph (2) of the same Article is deemed to be replaced with "insurance related to the insurance business in Japan"; the term "customer" in Articles 53-8 and 53-8-2 is deemed to be replaced with "customers in Japan"; the term "fund demander" in Article 53-9 is deemed to be replaced with "fund demander in Japan"; the terms "business" and "customers" in Article 53-10 are deemed to be replaced with "business in Japan" and "customers", respectively; the term "business" in Article 53-11 is deemed to be replaced with "business in Japan"; the term "customers" in item (iii) of the same Article is deemed to be replaced with "customers in Japan"; the term "policyholders, etc." in items (iv) and (v) of the same Article is deemed to be replaced with "policyholders, etc. in Japan"; the term "policyholder" in Article 53-12-2 is deemed to be replaced with "policyholder in Japan"; the term "business" in Articles 53-11-2 and 53-11-3 is deemed to be replaced with "business in Japan"; the term "Article 100-5 of the Act" and the term "policyholders" in Articles 54-4 to 54-6 are deemed to be replaced with "Article 100-5 of the Act as applied mutatis mutandis pursuant to Article 199 of the Act" and "policyholders in Japan", respectively; the terms "Article 111, paragraph (6) of the Act", "business of the insurance company and its subsidiary company, etc." in Article 59-6 are deemed to be replaced with "Article 111, paragraph (6) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act following the deemed replacement of terms" and "business in Japan of the foreign insurance company, etc.", respectively; the term "insurance contracts" in the main clause of Article 62 is deemed to be replaced with "insurance contracts in Japan"; the term "policyholders" in item (i) of the same Article is deemed to be replaced with "policyholders in Japan"; the term "Article 4, paragraph (2), item (ii) of the Act" in Article 30-3, paragraph (3) as applied mutatis mutandis pursuant to Article 63 is deemed to be replaced with "Article 187, paragraph (3), item (ii) of the Act"; the term "assets held as of the each account closing period" and "book value" in Article 66 are deemed to be replaced with "assets held in Japan as of the each account closing period related to the business year in Japan" and "book value as of the account closing period related to the business year in Japan", respectively; the term "insurance contracts" in Article 71, paragraph (2) is deemed to be replaced with "insurance contracts in Japan"; the terms "insurance contracts", "insurance proceeds, etc.", "each account closing period", and "the preceding

Article" in Article 73, paragraph (1) are deemed to be replaced with "insurance contracts in Japan", "insurance proceeds, refunds or any other benefits", "each account closing period related to the business year in Japan" and "Article 152", respectively; the term "Article 4, paragraph (2), item (iv) of the Act" in paragraph (2) of the same Article is deemed to be replaced with "Article 187, paragraph (3), item (iv) of the Act"; the term "the preceding Article" in Article 79, paragraph (1) is deemed to be replaced with "Article 157"; the term "to the board of directors meeting at which the financial statements are to be approved" in Article 82, paragraph (1) is deemed to be replaced with "no later than three weeks prior to the time limit for submission of business report"; the term "trade name or name" in item (i) of the same paragraph is deemed to be replaced with "trade name or name"; the term "the preceding Article" in item (iii) of the same paragraph is deemed to be replaced with "Article 159"; the term "the matters related to policy dividends or distribution of surplus to members" in item (iv) of the same paragraph is deemed to be replaced with "the matters related to policy dividends"; the term "the matters related to transfer to policy dividend reserve under Article 64, paragraph (1) or to members' dividend reserve under Article 30-5, paragraph (1), item (i)" in item (v) of the same paragraph is deemed to be replaced with "policy dividend reserve under Article 146, paragraph (1)"; the term "Article 79-2" in item (vi) of the same paragraph is deemed to be replaced with "Article 157-2"; and the term "board of directors meeting" in paragraph (2) of the same Article is deemed to be replaced with "representative in Japan of the Foreign Insurance Company, etc."

### **Section 3 Supervision**

(Deposits Used for Requirement for Soundness)

Article 161 (1) The amount of deposits or any other amount to be specified by Cabinet Office Order, as provided in Article 202, item (i) of the Act, is the amount obtained by deducting the amount calculated as exclusion from deferred tax assets (meaning the amount to be recorded as assets by the application of tax effect accounting (meaning an accounting method which, where there are differences between the amounts of assets and liabilities reported on the balance sheet for the insurance business in Japan and the amounts of assets and liabilities derived as a result of calculating the tax base, reasonably matches the amount of net income or net surplus for the period before deducting corporation tax, etc. (meaning corporation tax and any other taxes that are imposed on amounts related to profits or surplus as the tax base; the same applies below in this paragraph, Article 190, paragraph (1) and Article 210-11-3, paragraph (1)) with the applicable amount of corporation tax,

etc. through an appropriate inter-period allocation of the amount of corporation tax, etc. related to the differences; the same applies in item (v))) by the method specified by the Commissioner of the Financial Services Agency, from the following amounts:

- (i) the amount of deposit (meaning the contracted amount as referred to in Article 190, paragraph (3) of the Act);
  - (ii) the amount of price fluctuation reserve under Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act;
  - (iii) the amount of contingency reserve under Article 150, paragraph (1), item (iii) or Article 151, paragraph (1), item (ii)-2;
  - (iii)-2 the amount of extraordinary contingency reserve (including the risk reserve under Article 7, paragraph (1) (Calculation Formula for Earthquake Risk Policy Reserve) of the Regulations for Enforcement of the Act on Earthquake Insurance) under Article 151, paragraph (1), item (ii);
  - (iv) the amount of general loan-loss reserves;
  - (v) regarding available-for sale securities owned in Japan by the foreign insurance company, etc., the following amounts recorded in the balance sheet for the insurance business in Japan before the application of the tax effect accounting, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency:
    - (a) the amount recorded in the item of valuation differences on available-for-sale securities;
    - (b) the amount recorded in the item of deferred gain or loss on hedges (limited to the amount if the amount of valuation differences on hedging instruments is recorded in the item of valuation difference on available-for-sale securities on the balance sheet for the insurance business in Japan);
  - (vi) regarding lands owned in Japan by the foreign insurance company, etc., the amount of difference between the market value and book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency; and
  - (vii) any other amount equivalent to the equity capital, as designated by the Commissioner of the Financial Services Agency.
- (2) The term "market value" as referred to in item (vi) of the preceding paragraph means the value stated in Article 86, paragraph (2).

(Amount Equivalent to Risk Not Normally Predictable)

Article 162 The amount equivalent to the risk not normally predictable that may accrue from the occurrence of the insured event for which the insurance is underwritten, as provided in Article 202, item (ii) of the Act, or any from other grounds is the amount calculated by the method specified by the Commissioner of the Financial Services Agency based upon the following amounts:

- (i) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the insurance risk (excluding the following amounts);
- (i)-2 the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the third-sector insurance risk;
- (ii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the scheduled interest rate risk;
- (ii)-2 the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the minimum guarantee risk (meaning the risk where, in connection with an insurance contract in Japan for which a special account is established and for which the minimum amount of insurance proceeds, etc. is guaranteed, the value of the properties in the special account as of the time of payment of the insurance proceeds, etc. falls short of the minimum amount of the insurance proceeds, etc. guaranteed by the insurance contract, which accrues from fluctuation in value of properties in the special account beyond the normally predictable range);
- (iii) the total of the amount stated in (a) through (f) below, which is the amount equivalent to the asset investment risk (meaning the risk related to investment, etc. of assets, which may accrue from fluctuation in price of securities or any other assets held, beyond the normally predictable range or any other grounds):
  - (a) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the price fluctuation, etc. risk (meaning the risk which may accrue from fluctuation in price of securities or any other assets held, beyond the normally predictable range or any other grounds);
  - (b) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the credit risk (meaning the risk which may accrue from the counterparties' default in regard to securities or any other any other assets held in Japan, beyond the normally predictable range, or any other grounds);
  - (c) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the subsidiary company, etc. risk;
  - (d) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the derivatives transactions risk;



- (e) The amount calculated by the method specified by the Commissioner of the Financial Services Agency as the amount corresponding to the credit spread risk;
- (f) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency, as the amount corresponding to the risks stated in (a) through (d); and
- (iv) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the management risk in Japan (meaning the risk which may accrue in the course of business management in Japan beyond the normally predictable range, but which do not fall under the category as stated in the preceding items).

#### Article 163 Deleted

#### (Notification of Change in Matters Specified in Statement of Business Procedures)

Article 164 The matters to be specified by Cabinet Office Order, as provided in Article 123, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 207 of the Act, are as follows:

- (i) the matters specified in the documents stated in Article 187, paragraph (3), items (ii) through (iv) of the Act, which relates to the following insurance contracts of a foreign life insurance company, etc.:
  - (a) government pension investment fund insurance contract;
  - (b) defined contribution pension insurance contract;
  - (c) entrepreneur-type defined-benefit corporate pension insurance contract;
  - (d) fund-type defined-benefit corporate pension insurance contract;
  - (e) group pension insurance contract;
  - (f) group life insurance contract;
  - (g) farmers pension fund life insurance contract;
  - (h) workers' property accumulation benefit insurance contract;
  - (i) workers' property accumulation fund insurance contract;
- (ii) regarding the insurance contracts provided in the paragraphs of Article 149, the matters related to the calculation method and coefficients serving the basis of calculation of insurance premium reserve under Article 150, paragraph (1), item (i) and Article 151, paragraph (1), item (i), (a), the outstanding insurance premiums under Article 150, paragraph (1), item (ii) and Article 151, paragraph (1), item (i), (b), the refund reserve under Article 150, paragraph (1), item (ii) and Article 151, paragraph (1), item (iii), contingency reserve under Article 150, paragraph (1), item (iii) and Article 151, paragraph (1), item (ii)-2 and extraordinary contingency reserve under

Article 151, paragraph (1), item (ii), all of which are the amount not less than the amount to be calculated in accordance with the method specified by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act and based on the coefficients serving the basis of calculation;

(iii) the matters specified in the documents stated in Article 187, paragraph (3), items (iii) and (iv) of the Act, which relates to the following contracts of the non-life insurance company; the matters specified in the items of Article 120, paragraph (1); the matters provided in Article 120, paragraph (2); and the matters specified in Article 120, paragraph (3) and the items of paragraph (4) of the same Article:

- (a) fire insurance contract;
- (b) secured claim fire insurance contract;
- (c) forest fire insurance contract;
- (d) exhibition general insurance contract;
- (e) marine insurance contract;
- (f) transportation insurance contract and small cargo transportation insurance contract;
- (g) travel accident handling expenses insurance contract and travel special compensation insurance contract;
- (h) workers' asset saving damage benefit insurance contract;
- (i) workers' asset saving fund non-life insurance contract;
- (j) defined contribution pension non-life insurance contract;
- (k) automobile insurance contract covering more than ten automobiles;
- (l) automobile-for-sale insurance contract;
- (m) damage liability insurance contract;
- (n) passenger damage liability insurance contract;
- (o) workers' accident compensation liability insurance contract;
- (p) aircraft insurance contract;
- (q) housing loan guarantee insurance contract;
- (r) guarantee bond insurance contract;
- (s) glass insurance contract;
- (t) machine insurance contract;
- (u) machine assembly insurance contract;
- (v) construction work insurance contract and civil engineering insurance contract;
- (w) civil structure insurance contract;
- (x) movables general insurance contract;
- (y) yachts and motor boats insurance contract;
- (z) computer general insurance contract;

- (aa) traveler's check general insurance contract;
- (bb) franchise stores general insurance contract;
- (cc) tenant general insurance contract;
- (dd) theft insurance contract and credit card theft insurance contract;
- (ee) wind or flood non-life insurance contract;
- (ff) racehorses, etc. insurance contract;
- (gg) boiler and turbo-set insurance contract;
- (hh) intellectual property litigation expenses insurance contract; and
- (ii) business activities non-life insurance contract.

#### **Section 4 Abolition of Insurance Business**

(Application for Authorization of Abolition of Insurance Business in Japan)

Article 165 If a foreign insurance company, etc. seeks to obtain an authorization under Article 208 of the Act, it must submit to the Commissioner of the Financial Services Agency the written application for authorization, attaching the following documents:

- (i) a written statement of reasons;
- (ii) the latest daily financial statements for insurance business in Japan;
- (iii) a document specifying the matters related to details of assets and liabilities related to insurance business in Japan;
- (iv) a document specifying the policy for treatment of claims and obligations related to insurance business in Japan; and
- (v) any other document containing the matters which would be informative.

(Matters Requiring Notification by Foreign Insurance Company)

Article 166 (1) The cases to be specified by Cabinet Office Order, as provided in Article 209, item (ix) of the Act, are as follows:

- (i) cases of any change to the party which has the foreign insurance company, etc. as its subsidiary company;
- (ii) in relation to the contingency reserve under Article 150, paragraph (1), item (iii), if the foreign insurance company, etc. intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (7) of the same Article;
- (iii) pursuant to the provisions of Article 151, paragraph (4), if the Commissioner of the Financial Services Agency designates as the case where a foreign non-life insurance company, etc. is required to make a notification with the Commissioner of the Financial Services Agency when implementing the calculation of the amount of policy reserve;
- (iii)-2 in relation to the contingency reserve under Article 151, paragraph (1),

- item (ii)-2, if the foreign insurance company, etc. intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (6) of the same Article;
  - (iv) if the foreign insurance company, etc. intends to conclude a reinsurance contract specified by the Commissioner of the Financial Services Agency as provided in Article 71, paragraph (2) as applied mutatis mutandis pursuant to Article 160, or to cancel the contract before the expiration of the contract term;
  - (v) if the foreign insurance company, etc. intends to take out any subordinated loan; or where it intends to issue subordinated corporate bond;
  - (vi) where the foreign insurance company, etc. intends to make an accelerated repayment of the subordinated loan, or where it intends to make an accelerated redemption of subordinated corporate bonds (including in the case of payment or redemption of a loan or corporate bonds without a fixed due date);
  - (vi)-2 for the purpose of the calculation of the amount stated in Article 162, item (ii)-2, if the foreign insurance company, etc. intends to use the formula specified by the Commissioner of the Financial Services Agency;
  - (vi)-2-2 if the foreign insurance company, etc. ceased to use the formula as provided in the preceding item, or to effect any material amendment to the formula;
  - (vi)-2-3 if the foreign insurance company which made notification of specified account intends to amend the type of transactions for which accounting is to be handled as the specified transaction or any other matters related to the documents specified in the items of the following paragraph (limited to the case where the amendment to be made is minor);
  - (vi)-3 if the foreign insurance company, etc. intends to establish any account which is similar to a designated transaction account;
  - (vi)-4 if the foreign insurance company, etc. intends to abolish any account which is similar to a designated transaction account;
  - (vii) if it has come to the knowledge of the foreign insurance company, etc. that any deplorable event (in the case of a party to whom its business is commissioned, limited to the event related to the business entrusted by the foreign insurance company, etc.) has occurred to it or a party to whom its business is entrusted; and
  - (viii) if it intends to amend the matters specified in the documents stated in the items of Article 212-6-3, paragraph (2).
- (2) For filing the notification under Article 209 of the Act, a foreign insurance company, etc. must submit to the Commissioner of the Financial Services Agency the notification, attaching a written statement of reasons and any

other document which would be informative (when item (vi)-3 of the preceding paragraph applies, the documents specified in the following items):

- (i) a document describing the type of transactions for which accounting is to be handled as the specified transaction, and the name of the section in charge of the transactions;
  - (ii) a document describing the section in charge of calculation of market value, etc. (meaning the calculation of the profit or loss from the specified transactions, or price of properties subject to the transactions);
  - (iii) a document describing the policy for segregation of specified transaction from other transactions, and for segregation of properties subject to specified transactions from any other properties (including the accounting policy related to segregation from transactions consummated prior to the creation of the specified transaction account and from the properties subject to the transactions);
  - (iv) a document describing the matters related to treatment of internal transaction (meaning a transaction of a single foreign insurance company, etc. consummated between a specified transaction account and any other accounts, as specified in Article 53-6-2, paragraph (2), items (v) through (xiv) (including a transaction to be treated as a specified transaction pursuant to the provisions of item (xvi) of the same paragraph as being similar or closely connected to the transaction)) (including the matters related to the cancellation of the internal transactions);
  - (v) a document describing the matters related to treatment of intra-account transfer (meaning the activities stated in the items of Article 53-6-2, paragraph (3) (including the transactions provided in paragraph (4) of the same Article)).
- (3) The notification, when paragraph (1), item (ii) applies, is to be filed no later than three weeks prior to the time limit for submission of the business report on insurance business in Japan, and is to be filed together with the balance sheet and profit and loss statement for the insurance business in Japan, their supplementary schedules, or any other documents similar to any of the aforementioned documents.
- (4) A deplorable event as provided in item (xvii), paragraph (1) means the case where the foreign insurance company, etc. or a party to whom its business is commissioned, or the representative in Japan or employees of the foreign insurance company, etc. (excluding the persons who fall under the category of the life insurance agents and non-life insurance agents), the officers or employees of the party to whom the business of the foreign insurance company, etc. is commissioned (excluding the persons who fall under the category of the life insurance agents and non-life insurance agents), the life insurance agents or non-life insurance agents of the foreign insurance company, etc. or the

agents' respective officers or employees has committed any of the acts as stated in the following items:

- (i) fraud, embezzlement, breach of trust or any other criminal act committed in the course of performance of the insurance company;
  - (ii) an act in violation of the Act on Regulation of Receiving of Capital Subscription, Deposits, and Interest Rates, etc.;
  - (iii) an act in violation of Article 294, paragraph (1), Article 294-2 or Article 300, paragraph (1) of the Act, Article 38, items (iii) through (vi) or item (ix), Article 39, paragraph (1) or Article 234-21-2, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* pursuant to Article 300-2 of the Act; or an act which fall under Article 307, paragraph (1), item (iii) of the Act;
  - (iv) loss of cash, bills, checks, securities or any other valuable item which relates to insurance business in Japan, and which is considered material in relation to the management of the business, considering the characteristics, scale and other situations of the business of the foreign insurance company, etc. in Japan;
  - (v) any other act similar to those stated in the preceding items, which would give actual or potential negative impact on the foreign insurance company, etc. in carrying out its business operation in Japan in a sound and appropriate manner.
- (5) A notification, when paragraph (1), item (vii) is applicable, must be filed within 30 days from the day when the foreign insurance company, etc. finds the occurrence of the deplorable event.

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

Article 166-2 The documents to be specified by Cabinet Office Order, as provided in Article 136-2, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act, are as follows:

- (i) contract documents relating to the contract under Article 135, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act;
- (ii) the balance sheet of the transferor company provided in Article 135, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act (referred to below as "transferor company" in this Section); and
- (iii) the balance sheet of the transferee company provided in Article 135, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act (referred to below as "transferee company" in this Section) (or the balance sheet for insurance business in Japan, in the case of a foreign insurance company, etc.).

(Matters Subject to Public Notice of Transfer of Insurance Contracts in Japan)  
Article 166-3 The matters to be specified by Cabinet Office Order, as provided in the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act (including as applied pursuant to the provisions of Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms, and as applied mutatis mutandis pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms), are the following matters (if the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act is applied following the deemed replacement of terms pursuant to the provisions of Article 251, paragraphs (2) and (3) of the Act, and if the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act is applied mutatis mutandis following the deemed replacement of terms pursuant to the provisions of Article 270-4, paragraph (9) of the Act, the matters stated in items (i) and (ii)):

- (i) the trade name or name of the transferee company;
- (ii) the location of the head office, principal office or principal establishment in Japan of the transferee company;
- (iii) the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. (meaning a ratio derived from the formula related to the criteria regarding the appropriateness of the solvency margin for insurance proceeds, etc. under Article 130 or Article 202 of the Act; the same applies below in this item and Article 168, paragraph (2), item (xiv)) of the transferor company and the transferee company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of transfer of insurance contracts;
- (iv) the outline of the content of the services relating to the transferred contracts (meaning the transferred contracts as provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act; the same applies in Article 168, paragraph (2) and Article 168-2, item (i)) after the transfer of insurance contracts;
- (v) the matters relating to Article 137, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act;
- (vi) the policy regarding the policy dividend or distribution of surplus to members as prescribed in Article 114, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 199 of the Act; referred to below as "dividend, etc." in this item) of the transferor company and the transferee company before and after the transfer of insurance contracts, and

- the amount of dividend, etc. by the transferor company and the transferee company before the transfer of insurance contracts;
- (vii) if a surplus is distributed to affected policyholders (meaning the affected policyholders as prescribed in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act; the same applies in Article 168, paragraph (2) and Article 168-2, item (v)), that fact and the method of distribution; and
  - (viii) if the notification is omitted pursuant to the provisions of the proviso to Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act, that fact.

(Omission of Notification Concerning Transfer of Insurance Contracts in Japan)

Article 166-4 The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act, are the cases which satisfy all of the following requirements:

- (i) that the transfer is a transfer of a coinsurance contract;
- (ii) that the underwriting insurance company, etc. (limited to a foreign insurance company, etc.) intending to transfer the coinsurance contract is a non-managing underwriter, etc. and satisfies all of the following requirements:
  - (a) that the underwriting ratio of the coinsurance contract related to the non-managing underwriter, etc. is no more than 10 percent; and
  - (b) the transfer is a transfer by which a coinsurance contract is transferred according to the entire underwriting ratio related to the non-managing underwriter, etc.

(Amount of Claim Concerning Insurance Contracts Concluded in Japan)

Article 167 The amount to be specified by Cabinet Office Order, as provided in Article 137, paragraph (3) of the Act (including as applied pursuant to the provisions of Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms, and as applied mutatis mutandis pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms) as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act, is the amount stated in item (i), in the case of a life insurance company; or the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company:

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 137, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act (referred to below as the



- "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
  - (iii) the amount to be reserved as the refund reserve as stated in Article 151, paragraph (1), item (iii), as of the time of the public notice.

(Amount to Be Refunded from Transferor Company)

Article 167-2 The amount to be specified by Cabinet Office Order, as referred to in Article 137, paragraph (5) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act, is the amount set aside as the refund reserve prescribed in Article 150, paragraph (1), item (ii)-2 or Article 151, paragraph (1), item (iii).

(Matters Subject to Notification Regarding Contracts in the Course of Procedure for Transfer of Insurance Contracts in Japan)

Article 167-3 The matters to be specified by Cabinet Office Order, as referred to in Article 138, paragraph (1), item (iii) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act, are the matters stated in the items of Article 166-3.

(Application for Authorization of Transfer of Insurance Contracts in Japan)

Article 168 (1) The application for authorization under Article 139, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act must be filed by way of submitting to the Commissioner of the Financial Services Agency the written application for authorization under the joint name of the transferor company and the transferee company, within one month from the passage of the period for objection under Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act.

(2) For filing the written application for authorization under the preceding paragraph, the following document (if insurance contracts are transferred under Article 250, paragraph (1) of the Act; if Article 139, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act is applied *mutatis mutandis* following the deemed replacement of terms pursuant to the provisions of Article 270-4, paragraph (9) of the Act; and if a company under reorganization proceedings performs any of the activities stated in Article 262, item (v) or Article 359, item (i) of the Special Act for Reorganization in accordance with a reorganization plan pursuant to Article 262, item (v) or Article 359, item (i) of the Special Act for Reorganization: the documents stated in items (i) through (v), (vii) through (xi), (xvii) and (xviii))

must be attached:

- (i) a written statement of reasons;
- (ii) contract documents related to the contract under Article 135, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act;
- (iii) the minutes of shareholders meeting, etc. of the transferee company (excluding foreign insurance company, etc.);
- (iv) the balance sheet of the transferor company (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
- (v) the inventory of property of the transferor company;
- (vi) the document describing the selection criteria and the scope of transferred contracts;
- (vii) the document describing the following matters for insurance contracts wherein the insurer is the transferor company:
  - (a) the number of policyholders, the number of insurance contracts, the total of the insured amount, 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 amount, for each type of insurance contract;
  - (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts;
- (viii) the document describing the quantity and value, for each type of properties to be transferred associated with the transferred contract pursuant to the contract referred to in Article 135, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act;
- (ix) regarding each type of insurance contract wherein the insurer is the transferee company (or insurance contracts in Japan, in the case of a foreign insurance company, etc.), the document describing the following matters:
  - (a) the number of policyholders, the number of insurance contracts, the total of the insured amount, and the amount of policy reserve (in the case of a foreign insurance company, etc., meaning the policy reserve stated in 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) and 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 amount, for each type of insurance contract;
- (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts;
- (x) a document certifying that the public notice and notification under the main clause of Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act have been given (including a document certifying that all the requirements stated in the items of Article 166-4 are met, if the notification has been omitted pursuant to the provisions of the proviso to Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act);
- (xi) a document certifying that the number of policyholders who stated their objections within the period for objection under Article 137, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act or the amount related to the policyholders as provided in Article 167 has not the certain ratio as stated in Article 137, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act (including as applied pursuant to the provisions of Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms, and as applied *mutatis mutandis* pursuant to the provisions of Article 270-4, paragraph (9) of the Act following the deemed replacement of terms);
- (xii) a document describing the grounds for the objections stated by the affected policyholders under the preceding item and the measures taken by the transferor company or the transferee company in response to the objections;
- (xiii) if surplus is distributed to the affected policyholders, a document describing the amount distributed and the calculation method as well as the method of distribution;
- (xiv) a document describing the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. of the transferor company and the transferee company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of transfer of insurance contracts;
- (xv) a document describing the system for carrying out the business relating to the transferred contracts at the transferee company and the content of its services;
- (xvi) a document describing the number of affected policyholders who applied for cancellation of their contracts in the case prescribed in Article 137, paragraph (5) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act, as well as the amount to be refunded by the transferor company under the same paragraph and the calculation method of the amount, for each type of insurance contract;
- (xvii) a document certifying that the public notice under Article 250, paragraph

- (4) of the Act, if any, has been given; and
- (xviii) any other document containing the matters which would serve as reference information for examination under Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act.

(Examination for Authorization of Transfer of Insurance Contracts in Japan)  
Article 168-2 When conducting an examination under Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act upon an application for authorization under paragraph (1) of the preceding Article, the Commissioner of the Financial Services Agency is to take into account the following circumstances:

- (i) that the purpose of the transfer of insurance contracts and the selection criteria for transferred contracts are not likely to give negative impact on protection of policyholders, etc.;
- (ii) that the policy reserves for the insurance contracts wherein the issuer is the transferor company and for the insurance contracts wherein the issuer is the transferee company are expected to be set aside using a reasonable and relevant method based on actuarial science after the transfer of insurance contracts;
- (iii) that the transferee company is expected to set aside the members' dividend reserve stated in Article 30-5, paragraph (1), item (i) or the policyholders' dividend reserve stated in Article 64, paragraph (1) (in the case of a foreign insurance company, etc., the policyholders' dividend reserve stated in Article 146, paragraph (1)) appropriately after the transfer of insurance contracts;
- (iv) that the transferor company and the transferee company are expected to have an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc. after the transfer of insurance contracts; and
- (v) if the transferor company distributes surplus to the affected policyholders, that the distribution will be made properly.

(Matters Subject to Ex-Post Facto Public Notice of Transfer of Insurance Contract in Japan)

Article 169 The matters to be specified by Cabinet Office Order, as provided in the first sentence of Article 140, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act, are as follows:

- (i) the progress of the procedures under Article 137, paragraphs (1) through (4) as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act (excluding the proviso to paragraph (1) of the same Article, in the case of an insurance contract other than a coinsurance contract);
- (ii) the transferee's the trade name or name of the transferee company, and the

location of its head office, principal office or principal establishment in Japan.

(Omission of Notification After Transfer of Insurance Contracts in Japan)

Article 169-2 The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 140, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act, are the cases which satisfy all of the requirements stated in the items of Article 166-4.

(*Mutatis Mutandis* Application of Provisions Concerning Validity of Transfer of Insurance Contracts in Japan)

Article 170 The provisions of Article 92 apply *mutatis mutandis* to transfer of insurance contracts in Japan of a foreign insurance company, etc. In this case, the terms "documents under Article 4, paragraph (2), items (ii) through (iv) of the Act (collectively referred to below as the "statement of business procedures, etc." in this paragraph)" and "Article 187, paragraph (3), items (ii) through (iv) of the Act" in paragraph (1) of the same Article are deemed to be replaced with "documents under Article 4, paragraph (2), items (ii) through (iv) of the Act" and "documents under Article 187, paragraph (3), items (ii) through (iv) of the Act (collectively referred to below as the "statement of business procedures, etc. in Japan" in this paragraph)"; the terms "transferor company", "business manual, etc." and "Article 139, paragraph (1) of the Act" are deemed to be replaced with "transferor company as provided in Article 135, paragraph (3) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act", "business manual, etc. in Japan", and "Article 139, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act", respectively; the term "transferee company" in paragraph (2) of the same Article is deemed to be replaced with "transferee company as provided in Article 135, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 210, paragraph (1) of the Act.

(Foreign Insurance Company Not Allowed to Accept Entrustment of Administration of Business and Property in Japan)

Article 171 The companies to be specified by Cabinet Office Order, as provided in Article 144, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 211, paragraph (1) of the Act, are a foreign insurance company, which has established an office of a person acting as an agent for underwriting insurances related to its insurance business in Japan, as stated in Article 185, paragraph (1) of the Act.

(Application for Authorization of Entrustment of Administration of Business and Property in Japan)

Article 172 (1) An application for authorization under Article 145, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 211, paragraph (1) of the Act must be made by way of submitting to the Commissioner of the Financial Services Agency a written application for authorization under the joint names of the entrusting company (meaning the foreign insurance company, etc. entrusting the administration of business and property in Japan; the same applies below in this Article and the following Article) and entrusted company (meaning the entrusted company as provided in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 210, paragraph (1) of the Act; the same applies below in this Article and the following Article).

- (2) The following documents must be attached to a written application for authorization under the preceding paragraph:
- (i) a written statement of reasons;
  - (ii) a contract document related to the management entrustment contract (meaning the contract stated in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 211, paragraph (1) of the Act; the same applies in the following Article);
  - (iii) the minutes of shareholders meeting, etc. of the entrusted company (excluding a foreign insurance company, etc.);
  - (iv) the balance sheet of the entrusting company in connection with its insurance business in Japan (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
  - (v) a document describing the status of profit and loss from the business and properties in Japan the administration of which is to be entrusted;
  - (vi) the method whereby the entrusted company carries out administration of the entrusting company's business and properties in Japan, and the method for indication under Article 148, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 211, paragraph (1) of the Act;
  - (vii) any other document containing the matters which would serve as reference information for examination under Article 145, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 211, paragraph (1) of the Act.

(Application for Authorization of Amendment or Cancellation of Management Entrustment Contract)

Article 173 (1) An application for authorization under Article 149, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 211, paragraph (1) of the Act must be made by way of submitting to the Commissioner of the Financial Services Agency a written application for authorization under the joint names of the entrusting company and the entrusted company.

- (2) For filing the written application for authorization under the preceding paragraph, the following documents must be attached:
- (i) a written statement of reasons;
  - (ii) in the case of filing an application for authorization of the amendment to the matters stated in the management entrustment contract, the amended management entrustment contract;
  - (iii) the minutes of shareholders meeting, etc. of the entrusted company (excluding foreign insurance company, etc.);
  - (iv) the balance sheet of the entrusting company in connection with its insurance business in Japan and the balance sheet of the entrusted company (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
  - (v) a document describing the status of profit and loss from the business and properties in Japan the administration of which is entrusted;
  - (vi) in the case of filing an application for authorization of amendment to the scope of business and properties in Japan the administration of which is to be entrusted, a document describing the status of profit and loss from the business and properties in Japan the administration of which will be entrusted after the amendment; and
  - (vii) a document containing any other matters which would serve as reference information.

(Request for Appointment of Liquidator by Interested Parties)

Article 174 When an interested party makes a request for appointment or dismissal of liquidator pursuant to the provisions of Article 212, paragraph (2) of the Act, the party must attach to the written application a document certifying that the party falls under the category of the interested party.

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

- Article 175 (1) The application for permission under Article 500, paragraph (2) (Restrictions on Performance of Obligations) of the Companies Act applied following the deemed replacement of terms pursuant to the provisions of Article 178 of the Act as applied mutatis mutandis pursuant to Article 212, paragraph (4) of the Act must be made by submission of the written application for permission with the names of the all liquidators affixed on it.
- (2) In filing a written application for permission under the preceding paragraph, the following documents must be attached:
- (i) a written statement of reasons; and
  - (ii) the document certifying that the instant case requires the permission under the preceding paragraph.

(Matters Concerning Liquidation of Properties of Foreign Insurance Company)  
Article 175-2 Except for those that are not applicable by their nature, the provisions of Article 110-3, Articles 110-5 to 110-8 and Articles 114-2 to 114-8 apply mutatis mutandis to the matters to be specified by Cabinet Office Order, pursuant to the provisions of Article 482, paragraph (3), item (iv) (Execution of Business), Article 489, paragraph (6), item (vi) (Authority of Board of Liquidators), Article 492, paragraph (1) (Preparation of Inventory of Property), Article 536, paragraph (1), item (ii) and item (iii), (a) (Restrictions on the Transfer of Business), Article 548, paragraph (1), item (iv) (Determination to Call Creditors Meetings), Article 550, paragraph (1), Article 551, paragraphs (1) and (2) (Issuance of Reference Documents for Creditors Meetings and Voting Form), Article 556, paragraph (2) (Voting in Writing), Article 557, paragraph (1) (Voting by Electronic or Magnetic Means) and Article 561 (Minutes) of the Companies Act as applied mutatis mutandis pursuant to Article 212, paragraph (4) of the Act following the deemed replacement of terms.

(Amount to Be Refunded from Liquidating Foreign Insurance Company)  
Article 176 The amount to be specified by Cabinet Office Order, as provided in Article 177, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 212, paragraph (5) of the Act, is the amount set aside as the refund reserve prescribed in Article 150, paragraph (1), item (ii)-2 or Article 151, paragraph (1), item (iii).

(Matters Concerning Liquidation of Property of Foreign Mutual Company)  
Article 176-2 Except for those that are not applicable by their nature, the provisions of Article 110-3, Articles 110-5 to 110-8 and Articles 114-2 to 114-8 apply mutatis mutandis to the matters to be specified by Cabinet Office Order, pursuant to the provisions of Article 482, paragraph (3), item (iv) (Execution of Business), Article 489, paragraph (6), item (vi) (Authority of Board of Liquidators), Article 492, paragraph (1) (Preparation of Inventory of Property), Article 536, paragraph (1), item (ii) and item (iii), (a) (Restrictions on the Transfer of Business), Article 548, paragraph (1), item (iv) (Determination to Call Creditors Meetings), Article 550, paragraph (1), Article 551, paragraphs (1) and (2) (Issuance of Reference Documents for Creditors Meetings and Voting Form), Article 556, paragraph (2) (Voting in Writing), Article 557, paragraph (1) (Voting by Electronic or Magnetic Means) and Article 561 (Minutes) of the Companies Act as applied mutatis mutandis pursuant to Article 822 (Liquidation of a Foreign Company's Property in Japan) of the Companies Act, as further applied mutatis mutandis pursuant to Article 213 of



the Act following the deemed replacement of terms.

(Notification of Status of Liquidation of Foreign Insurance Company)

Article 177 The provisions of Article 110 apply *mutatis mutandis* to a liquidator of the liquidating foreign insurance company, etc.

## **Section 5 Miscellaneous Provisions**

(Matters Related to Commercial Registration)

Article 177-2 The measures to be specified by Cabinet Office Order, as provided in the provisions stated in the following items are the characters, numbers, marks or any other types of symbols or their combination created for the purpose of the online identification of the portion of the automatic public transmission server to be used for the purpose of implementing the measure under the same paragraph, which enables recipients of the information to browse the details of information by inputting it into the computers they use:

- (i) Article 933, paragraph (2), item (iv) of the Companies Act as applied *mutatis mutandis* pursuant to Article 215 of the Act: the measures provided in Article 819, paragraph (3) of the Companies Act as applied *mutatis mutandis* pursuant to Article 193, paragraph (2) of the Act;
- (ii) Article 933, paragraph (2), item (vi), (a) of the Companies Act as applied *mutatis mutandis* pursuant to Article 215 of the Act: the electronic public notice to be given by a foreign mutual company.

(Matters Requiring Notification on Establishment of Liaison Office by Foreign Insurer Without License)

Article 178 (1) The matters to be specified by Cabinet Office Order, as provided in Article 218, paragraph (1) of the Act, are as follows:

- (i) the following matters concerning the foreign insurer without license, referred to in Article 185, paragraph (1) of the Act:
    - (a) trade name or name;
    - (b) the location of the head office or principal office, or the domicile;
    - (c) the business details;
  - (ii) the following matters concerning the liaison offices or any other establishments to be established in Japan:
    - (a) the names of establishments;
    - (b) the name and address of the person in charge of the establishment;
    - (c) the reason to establish the establishments; and
    - (d) the scheduled day for the establishment.
- (2) When a foreign insurer without license, referred to in Article 185, paragraph (1) of the Act, intends to file a notification under Article 218, paragraph (1) of

the Act, it must submit to the Commissioner of the Financial Services Agency a notification with the following documents (if the foreign insurer is an individual person, limited to the document stated in item (i)):

- (i) a document specifying the number of establishments such as branch offices and secondary offices;
- (ii) a document specifying the total amount of stated capital, contribution or funds; and
- (iii) a document specifying the job title and name of the officer authorized to represent the foreign insurer.

### **Section 6 Special Provisions for Specified Corporations**

(Attachment to Written Application for License to Be Submitted by Specified Corporations)

Article 179 (1) The documents to be specified by Cabinet Office Order, as provided in 220, paragraph (3) of the Act, are as follows:

- (i) a written statement of reasons;
  - (ii) business plan;
  - (iii) documents prepared for the head office or principal office which are equivalent to the latest inventory of property, the balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc.;
  - (iv) the latest inventory of property, the balance sheet, and profit and loss statement for the insurance business of the underwriting member;
  - (v) a résumé of the representative in Japan of the specified corporation and underwriting member as stated in Article 220, paragraph (1), item (iii) of the Act, and the document certifying that the person has been vested with an authority of representation;
  - (vi) rules of the specified corporation (meaning the specified corporation as provided in Article 219, paragraph (1) of the Act; the same applies below);
  - (vii) when the insurance for which the application for license is filed covers third-sector insurance, a written opinion specifying the result of verification by the responsible actuary in Japan of the specified corporation that the matters related to the insurance contract for third-sector insurance as specified in Article 220, paragraph (3), item (iv) of the Act are reasonable and fair in terms of actuarial methodology;
  - (viii) any other document specifying the matters which would serve as reference information for examination under Article 221, paragraph (1) of the Act.
- (2) In the business plan stated in item (ii) of the preceding paragraph, the insurance solicitation plan, prospect for income and expenditure and the matters which serve the basis.

(Procedure for Application of License of Specified Corporations)

Article 180 (1) An original of the written application for license under Article 220, paragraph (1) of the Act and its attachments must be submitted to the Prime Minister, via the Commissioner of the Financial Services Agency.

(2) A specified corporation which seeks to obtain a license under Article 219, paragraph (1) of the Act may request preliminary examination by submitting to the Prime Minister, via the Commissioner of the Financial Services Agency, the documents prepared in accordance with the provisions of Article 220, paragraphs (1) through (4) of the Act.

(Parties to Hold Deliberations)

Article 181 The parties to be specified by Cabinet Office Order, as provided in Article 220, paragraph (3), item (v) of the Act, are the parties permitted under the rules of the specified corporations to hold a deliberation with policyholders to fix the terms and conditions of the insurance contract.

(Matters to Be Stated in Business Manual)

Article 182 (1) An applicant of license under Article 219, paragraph (1) of the Act (referred to below as a "license applicant" in this Article) must state the following matters in the documents as referred to in Article 220, paragraph (3), item (ii) of the Act:

- (i) categories of the insured, the scope of objectives of insurance and the type of insurance (including reinsurance) in Japan;
- (ii) the matters related to the insured amount and the insurance period;
- (iii) the matters related to insured and the choice of objectives of insurance in Japan, and procedures for conclusion of insurance contracts in Japan;
- (iv) the matters related to payment of insurance premiums; matters related to payment of insurance proceeds and any other refund such as refunded insurance premiums;
- (v) the matters to be contained in the insurance policy certificate, application for insurance contract in Japan and documents to be attached;
- (vi) the matters related to options for insurance contract in Japan;
- (vii) the matters concerning loan to be granted under policy conditions;
- (viii) the matters concerning insurance amount, insurance types or the handling of cases where the insurance period is to be modified; and
- (ix) the matters concerning the method of guarantee of obligations under the insurance contract concluded by an underwriting member, which is assumed jointly and severally with the underwriting member for each insurance contract up to the maximum limitation of the amount (including the contracted amount as provided in Article 223, paragraph (3) of the Act) of the

deposit provided in paragraph (11) of the same Article (referred to below as "deposit" in this Section).

- (2) If a license applicant establishes a special account, the applicant must, in addition to the matters stated in the items of the preceding paragraph, state the following matters:
  - (i) a type of insurance contract for which a special account is to be established; and
  - (ii) types of properties in the special account, and the appraisal method for those properties.
- (3) If a license applicant establishes an accumulation account, the applicant must, in addition to the matters stated in the items of paragraph (1), state the following matters:
  - (i) a type of insurance contract for which an accumulation account is to be established;
  - (ii) insurance premiums to be allocated to the accumulation account; and
  - (iii) types of properties in the accumulation account, and the method of appraisal of those properties.
- (4) A license applicant must state the matters specified in the items of Article 121 in the documents stated in Article 220, paragraph (3), item (iii) of the Act:
- (5) A license applicant must state the following matter in the documents specified in Article 220, paragraph (3), item (iv) of the Act: the matters specified in Article 122, items (i) through (vi) and item (viii), in the case of an application for a specified life insurance business license as referred to in Article 219, paragraph (4) of the Act; or the matters specified in Article 122, items (i), (ii), (vii) and (viii), in the case of an application for a specified non-life insurance business license as referred to in Article 219, paragraph (5) of the Act.

#### (License Examination)

Article 182-2 When the Prime Minister conducts an examination provided in Article 221 of the Act which relates to the license application under Article 219, paragraph (1) of the Act, the Prime Minister is to take into account the following circumstances:

- (i) if the license for which the application has been filed falls under the category of a specified life insurance business license as stated in Article 219, paragraph (4) of the Act, the applicant is expected to generate current net income or current net surplus in a single business year, before the elapse of tenth business year after commencement of its business;
- (ii) if the license for which the application has been filed falls under the category of a specified non-life insurance business license as stated in Article 219, paragraph (5) of the Act, the applicant is expected to generate current

- net income in a single business year, before the elapse of fifth business year after commencement of its business;
- (iii) the indicator of the soundness of the applicant's business management in Japan is expected to be maintained at an appropriate level after grant of the license; and
- (iv) the matters stated in the documents prescribed in Article 220, paragraph (3), item (i) of the Act as attached to the written application for registration will assure sound and proper operation of business of the applicant.

(Notification of Deposits)

Article 183 The provisions of Article 126, paragraph (1) apply mutatis mutandis to a person who concludes with the licensed specified corporation (meaning a licensed specified corporation as provided in Article 223 of the Act; the same applies below) a contract under Article 223, paragraph (3) of the Act; and the provisions of Article 126, paragraphs (2) and (3) apply to a person who makes a deposit pursuant to the provisions of Article 223, paragraph (1), (2), (4) or (9) of the Act or Article 14, paragraph (6) or Article 15, paragraph (1) of the Regulations on Deposits by Licensed Specified Corporations (Order of the Ministry of Justice and the Ministry of Finance No. 2 of 1996).

(Counterparties to Contracts to Be Substituted for Depositing in Whole or in Part)

Article 184 The financial institutions to be specified by Cabinet Office Order, as provided in Article 32 of the Cabinet Order, are to be the financial institutions stated in the items of Article 127.

(Notification of Conclusion of Contracts in Lieu of Deposit)

Article 185 (1) When any licensed specified corporation has concluded a contract under Article 223, paragraph (3) of the Act (referred to below as "contract" in this Article to Article 187) and (including cases where it has effected any amendment to the terms and conditions of contracts upon the approval under Article 32, item (iii) of the Cabinet Order (referred to below as "approval" in this Article to Article 187) of the Commissioner of the Financial Services Agency), it must submit the contract to the Commissioner of the Financial Services Agency.

(2) If a licensed specified corporation has effected the cancellation of the contract with the approval, it must submit to the Commissioner of the Financial Services Agency a document certifying that fact.

Article 186 If a licensed specified corporation seeks to obtain an approval, it must, no later than one month prior to the day when it intends to effect

cancellation of the contract related to the approval or to amend any terms and conditions of the contract, submit to the Commissioner of the Financial Services Agency a written application for approval, as well as a written statement of reasons and any document describing reference information.

(Commencement Day for Counting of Time Limit for Additional Deposit)

Article 187 The day to be specified by Cabinet Office Order as provided in Article 223, paragraph (9) of the Act is the day specified in the following items, in accordance with the categories respectively stated in those items:

- (i) if the licensed specified corporation has changed any of the terms and conditions of the contract with an approval, as a result of which the amount of deposit (including the contract amount stated in paragraph (3) of the same Article) falls short of the amount stated in Article 31 of the Cabinet Order: the day when the term of the contract was changed;
- (ii) if the licensed specified corporation has cancelled the contract with the approval: the day of the cancellation of the contract;
- (iii) if the procedures for execution of the right as stated in Article 33 of the Cabinet Order was implemented: the day when the licensed specified corporation receives a copy of the payment entrustment document referred to in Article 11, paragraph (2) of the Regulations on Deposit; or
- (iv) when the conversion rate as provided in Article 132, paragraph (4) as applied mutatis mutandis pursuant to paragraph (3) of the following Article is changed, as a result of which the deposited amount falls short of the amount stated in Article 31 of the Cabinet Order: the day of the change.

(Types of Securities Which May Be Substituted for Deposit)

Article 188 (1) The securities to be specified by Cabinet Office Order, as provided in Article 223, paragraph (10) of the Act, are the following securities:

- (i) national government bond securities;
  - (ii) municipal bond securities;
  - (iii) government guaranteed bond certificates; and
  - (iv) corporate bond certificates and any other bond certificates (excluding registered bond certificates, short-term corporate bond, etc. and the bonds as stated in the preceding three items), which are approved by the Commissioner of the Financial Services Agency to be substituted for payment of the deposit.
- (2) If a licensed specified corporation seeks to obtain an approval under item (iv) of the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, as well as a written statement of reasons and any document describing reference information.

(3) The provisions of Article 132 apply mutatis mutandis to value of the securities, when, pursuant to the provisions of Article 223, paragraph (10) of the Act, the deposited money is substituted by securities. In this case, the term "item (iv), paragraph (1) of the preceding Article" in Article 132, paragraph (1), item (iv) is deemed to be replaced with "Article 188, paragraph (1), item (iv)" and the term "the items of paragraph (1) of the preceding Article" is deemed to be replaced with "the items of Article 188, paragraph (1)".

(Notification of Change in Matters Specified in Statement of Business Procedures)

Article 189 The matters to be specified by Cabinet Office Order, as provided in Article 225, paragraph (1) of the Act, are the matters specified in Article 220, paragraph (3), items (iii) and (iv) of the Act, the matters stated in the items of Article 182, paragraph (1), the matters provided in Article 182, paragraph (2), and the matters specified in the items of Article 182, paragraph (3), which relates to the following contracts:

- (i) fire insurance contract;
- (ii) secured claim fire insurance contract;
- (iii) forest fire insurance contract;
- (iv) exhibition general insurance contract;
- (v) marine insurance contract;
- (vi) transportation insurance contract and small cargo transportation insurance contract;
- (vii) travel accident handling expenses insurance contract and travel special compensation insurance contract;
- (viii) workers' asset saving damage benefit insurance contract;
- (ix) workers' asset saving fund non-life insurance contract;
- (x) defined contribution pension non-life insurance contract;
- (xi) automobile insurance contract covering more than ten automobiles;
- (xii) automobile-for-sale insurance contract;
- (xiii) damage liability insurance contract;
- (xiv) passenger damage liability insurance contract;
- (xv) workers' accident compensation liability insurance contract;
- (xvi) aircraft insurance contract;
- (xvii) housing loan guarantee insurance contract;
- (xviii) guarantee bond insurance contract;
- (xix) glass insurance contract;
- (xx) machine insurance contract;
- (xxi) machine assembly insurance contract;
- (xxii) construction work insurance contract and civil engineering insurance contract;

- (xxiii) civil structure insurance contract;
- (xxiv) movables general insurance contract;
- (xxv) yachts and motor boats insurance contract;
- (xxvi) computer general insurance contract;
- (xxvii) traveler's check general insurance contract;
- (xxviii) franchise stores general insurance contract;
- (xxix) tenant general insurance contract;
- (xxx) theft insurance contract and credit card theft insurance contract;
- (xxxi) wind or flood non-life insurance contract;
- (xxxii) racehorses, etc. insurance contract;
- (xxxiii) boiler and turbo-set insurance contract;
- (xxxiv) intellectual property litigation expenses insurance contract; and
- (xxxv) business activities non-life insurance contract.

(Deposits Used for Requirement for Soundness)

Article 190 (1) The amount of deposits or any other amount to be specified by Cabinet Office Order, as provided in Article 228, item (i) of the Act, is the amount obtained by deducting the amount calculated as exclusion from deferred tax assets (meaning the amount to be recorded as assets by the application of tax effect accounting (meaning an accounting method which, where there are differences between the amounts of assets and liabilities reported on the balance sheet for the insurance business in Japan and the amounts of assets and liabilities derived as a result of calculating the tax base, reasonably matches the amount of net income or net surplus for the period before deducting corporation tax, etc. with the applicable amount of corporation tax, etc. through an appropriate inter-period allocation of the amount of corporation tax, etc. related to the differences; the same applies in item (v))) by the method specified by the Commissioner of the Financial Services Agency, from the following amounts:

- (i) the amount of deposit (meaning the contracted amount as referred to in Article 223, paragraph (3) of the Act);
- (ii) the amount of price fluctuation reserve under Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 199 of the Act;
- (iii) the amount of contingency reserve under Article 150, paragraph (1), item (iii) or Article 151, paragraph (1), item (ii)-2;
- (iii)-2 the amount of extraordinary contingency reserve (including the risk reserve under Article 7, paragraph (1) (Calculation Formula for Earthquake Risk Policy Reserve) of the Regulations for Enforcement of the Act on Earthquake Insurance) under Article 151, paragraph (1), item (ii);
- (iv) the amount of general loan-loss reserves;
- (v) regarding available-for sale securities owned in Japan by the underwriting



member, the following amounts recorded in the balance sheet for the insurance business in Japan before the application of the tax effect accounting, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency:

- (a) the amount recorded in the item of valuation differences on available-for-sale securities;
  - (b) the amount recorded in the item of deferred gain or loss on hedges (limited to the amount if the amount of valuation differences on hedging instruments is recorded in the item of valuation difference on available-for-sale securities on the balance sheet for the insurance business in Japan);
  - (vi) regarding lands owned in Japan by the underwriting member, the amount of difference between the market value and book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency; and
  - (vii) any other amount equivalent to the equity capital, as designated by the Commissioner of the Financial Services Agency.
- (2) The amount equivalent to the risk not normally predictable that may accrue from the occurrence of the insured event for which the insurance is underwritten, by the underwriting member as provided in Article 228, item (ii) of the Act or any from other grounds is the amount calculated by the method specified by the Commissioner of the Financial Services Agency based upon the amounts specified in the items of Article 162:
- (3) The term "market value" as referred to in paragraph (1), item (vi) means the value stated in Article 86, paragraph (2).

(Application for Authorization of Abolition of General Agent)

Article 191 If a licensed specified corporation seeks to obtain an approval under Article 233 of the Act, it must submit to the Commissioner of the Financial Services Agency the written application for authorization, attaching the following documents:

- (i) a written statement of reasons;
- (ii) the latest daily financial statements for insurance business in Japan of the underwriting member;
- (iii) a document specifying the matters related to details of assets and liabilities related to insurance business in Japan of the licensed specified corporation and underwriting member;
- (iv) a document specifying the policy for treatment of claims and obligations related to insurance business in Japan of the underwriting member; and
- (v) any other document containing the matters which would be informative.

(Notification of Licensed Specified Corporation)

Article 192 (1) The cases to be specified by Cabinet Office Order, as provided in Article 234, item (viii) of the Act, are as follows:

- (i) in relation to the contingency reserve under Article 150, paragraph (1), item (iii), if the licensed specified corporation intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (7) of the same Article;
- (ii) pursuant to the provisions of Article 151, paragraph (4), if the Commissioner of the Financial Services Agency designates as the case where a licensed specified corporation is required to make a notification with the Commissioner of the Financial Services Agency when implementing the calculation of the amount of policy reserve of its underwriting member;
- (ii)-2 in relation to the contingency reserve under Article 151, paragraph (1), item (ii)-2, if the licensed specified corporation intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (6) of the same Article;
- (iii) if the licensed specified corporation intends to conclude a reinsurance contract specified by the Commissioner of the Financial Services Agency as provided in Article 71, paragraph (2) as applied mutatis mutandis pursuant to Article 160, or to cancel the contract before the expiration of the contract term;
- (iv) if the licensed specified corporation intends to take out any subordinated loan; or where it intends to issue subordinated corporate bond;
- (v) where the licensed specified corporation intends to make an accelerated repayment of the subordinated loan, or where it intends to make an accelerated redemption of subordinated corporate bonds (including in the case of payment or redemption of a loan or corporate bonds without a fixed due date);
- (v)-2 pursuant to the provisions of Article 190, paragraph (2) and for calculating the amount stated in Article 162, item (ii)-2, if the foreign insurance company, etc. intends to use the formula specified by the Commissioner of the Financial Services Agency;
- (v)-3 if the licensed specified corporation ceased to use the formula as provided in the preceding item, or to effect any material amendment to the formula;
- (vi) if it has come to the knowledge of the licensed specified corporation or a party to whom its business is entrusted (referred to as a "licensed specified corporation, etc." in paragraph (4)) that any deplorable event (in the case of a party to whom its business is commissioned, limited to the event relating to the business entrusted by the licensed specified corporation) has occurred to it.

- (2) For filing the notification under Article 234 of the Act, a licensed specified corporation must submit to the Commissioner of the Financial Services Agency the notification, attaching a written statement of reasons and any other document which would be informative:
- (3) The notification, when paragraph (1), item (i) applies, is to be filed no later than three weeks prior to the time limit for submission of the business report on insurance business in Japan, and is to be filed together with the balance sheet and profit and loss statement for the insurance business in Japan, their supplementary schedules, or any other documents similar to any of the aforementioned documents.
- (4) A deplorable event as provided in paragraph (1), item (vi) means the case where any licensed specified corporation, etc., underwriting member, general agency, the representative in Japan or employees of the licensed specified corporation and underwriting member (excluding the persons who fall under the category of life insurance agents and non-life insurance agents), or a director, executive officer, company auditor or employee of the party to whom the business of the licensed specified corporation is commissioned or General Agencies of the licensed specified corporation (excluding the persons who fall under the category of the life insurance agents and non-life insurance agents), the life insurance agents or non-life insurance agents of the underwriting member or the agents' respective officers or employees has committed any of the acts as stated in the following items:
- (i) fraud, embezzlement, breach of trust or any other criminal act committed in the course of performance of the licensed specified corporation and its underwriting members;
  - (ii) an act in violation of the Act on Regulation of Receiving of Capital Subscription, Deposits, and Interest Rates, etc.;
  - (iii) an act in violation of Article 294, paragraph (1), Article 294-2 or Article 300, paragraph (1) of the Act, or Article 38, items (iii) through (vi) or item (ix), Article 39, paragraph (1) or Article 234-21-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Act; or an act which fall under Article 307, paragraph (1), item (iii) of the Act;
  - (iv) loss of cash, bills, checks, securities or any other valuable item, which relates to insurance business in Japan, and which is considered material in relation to the management of the business, considering the characteristics, scale and other situations of the business of the licensed specified corporation and its underwriting members; or
  - (v) any other act similar to those stated in the preceding items, which would give actual or potential negative impact on the underwriting member in carrying out its business operation in Japan in a sound and appropriate

manner.

- (5) A notification, when paragraph (1), item (vi) is applicable, must be filed within 30 days from the day when it comes to the knowledge of the licensed specified corporation the fact of occurrence of any deplorable event.

(Amount to Be Refunded from Liquidating Underwriting Member)

Article 193 The amount to be specified by Cabinet Office Order, as provided in Article 177, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 235, paragraph (5) of the Act, is the amount set aside as the refund reserve prescribed in Article 150, paragraph (1), item (ii)-2 or Article 151, paragraph (1), item (iii).

(Mutatis Mutandis Application of Provisions Concerning Liquidation of Specified Corporations)

- Article 194 (1) The provisions of Article 174 apply mutatis mutandis to the case where the interested party requests appointment or dismissal of liquidators pursuant to the provisions of Article 235, paragraph (2) of the Act; the provisions of Article 175 apply mutatis mutandis to an application for permission under Article 500, paragraph (2) (Restriction of Performance of Obligations) of the Companies Act applied following the deemed replacement of terms pursuant to the provisions of Article 178 of the Act as applied mutatis mutandis pursuant to Article 235, paragraph (4) of the Act; and the provisions of Article 177 of the Act apply mutatis mutandis to liquidators or a licensed specified corporation in liquidation and underwriting members in liquidation.
- (2) Except for those that are not applicable by their nature, the provisions of Article 110-3, Articles 110-5 to 110-8 and Articles 114-2 to 114-8 apply mutatis mutandis to the matters to be specified by Cabinet Office Order, pursuant to the provisions of Article 482, paragraph (3), item (iv) (Execution of Business), Article 489, paragraph (6), item (vi) (Authority of Board of Liquidators), Article 492, paragraph (1) (Preparation of Inventory of Property), Article 536, paragraph (1), item (ii) and item (iii), (a) (Restrictions on the Transfer of Business), Article 548, paragraph (1), item (iv) (Determination to Call Creditors Meetings), Article 550, paragraph (1), Article 551, paragraphs (1) and (2) (Issuance of Reference Documents for Creditors Meetings and Voting Form), Article 556, paragraph (2) (Voting in Writing), Article 557, paragraph (1) (Voting by Electronic or Magnetic Means) and Article 561 (Minutes) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (4) of the Act following the deemed replacement of terms.

(Matters to Be Notified in Relation to General Agency)

Article 195 The matters to be specified by Cabinet Office Order, as provided in

Article 239 of the Act, are as follows:

- (i) that the applicant intends to become a general agency;
- (ii) the trade name;
- (iii) the amount of stated capital;
- (iv) résumés of directors (résumés of directors and executive officers, in the case of a company with nominating committee, etc.);
- (v) if the applicant is a company with accounting advisors, the résumés of the accounting advisors;
- (vi) if the applicant is a company with company auditors (including a stock company which provides in its articles of incorporation that the scope to be audited by its company auditor is limited to accounting audit), the résumés of company auditors;
- (vii) the location of the head office and branch offices;
- (viii) the business details; and
- (ix) the method of management of properties in Japan of underwriting members.

## **Chapter X Modification of Contract Conditions**

(Notice of Modification of Contract Conditions)

Article 196 If an insurance company (including a foreign insurance company, etc.; the same applies below in this Chapter) intends to make a notice under Article 240-2, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency a written notice, attaching the following documents:

- (i) a written statement of reasons;
- (ii) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (in the case of a mutual company, a document related to appropriation of surplus or treatment of loss and the statement of changes in members' equity) and any other document disclosing the recent status of business, properties and profit and loss (in the case of a foreign insurance company, etc., limited to the documents related to its insurance business in Japan);
- (iii) a document stating any other matters which would serve as reference information.

(Matters to Be Stated in Notice of Calling of Shareholders Meeting Concerning Modification of Contract Conditions)

Article 197 The matters to be specified by Cabinet Office Order, as provided in Article 240-5, paragraph (3) of the Act, are as follows:

- (i) that the modification of contract conditions is inevitable;

- (ii) the details of the modification of contract conditions;
- (iii) the estimate of status of business and properties (in the case of a foreign insurance company, etc., the business and properties in Japan; the same applies below in this Chapter) after the modification of contract conditions;
- (iv) the matters concerning treatment of obligations against the creditors other than the fund and policyholders, etc. (in the case of a foreign insurance company, etc., policyholders, etc. in Japan; the same applies below in this Chapter);
- (v) the matters concerning responsibility for management; and
- (vi) any other matters required for the modification of contract conditions.

(Keeping of Documents Concerning Modification of Contract Conditions)

Article 198 The matters to be specified by Cabinet Office Order, as provided in Article 240-7, paragraph (1) of the Act, are the matters stated in the items of the preceding Article.

(Appointment of Insurance Inspector)

Article 199 If the Commissioner of the Financial Services Agency appoints an insurance inspector pursuant to the provisions of Article 240-8, paragraph (1) of the Act, or when the Commissioner of the Financial Services Agency dismisses an insurance inspector pursuant to the provisions of paragraph (3) of the same Article, the Commissioner of the Financial Services Agency is to notify the inspected company stated in paragraph (5) of the same Article of the fact or appointment or dismissal as well as the insurance inspector's trade name or name.

(Approval for Modification of Contract Conditions)

Article 200 If an insurance company seeks to obtain an approval under Article 240-11, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency the written application for approval, attaching the following documents (excluding the document stated in item (ii), in the case of a foreign insurance company, etc.):

- (i) a written statement of reasons;
- (ii) the minutes of shareholders meeting, etc.;
- (iii) the document indicating the details of the amendment to contract terms for which the resolution under Article 240-5, paragraph (1) of the Act (the details of the decision of the modification of contract conditions, in the case of a foreign insurance company, etc.) has been adopted;
- (iv) the documents stated in the items of the preceding Article; and
- (v) a document stating any other matters which would serve as reference information.

(Written Notices Concerning Modification of Contract Conditions)

Article 201 The documents to be specified by Cabinet Office Order, as provided in Article 240-12, paragraph (2) of the Act, are as follows:

- (i) a document explaining the reason that the modification of contract conditions is inevitable;
- (ii) the estimate of status of business and properties after the modification of contract conditions;
- (iii) the matters concerning treatment of obligations against the creditors other than the fund and policyholders, etc.;
- (iv) the matters concerning responsibility for management; and
- (v) any other document specifying the matters required for the modification of contract conditions.

(Amount of Claim under Insurance Contract)

Article 202 The amount to be specified by Cabinet Office Order, as provided in Article 240-12, paragraph (4) of the Act, is the amount stated in item (i), in the case of a life insurance company or foreign life insurance company, etc., or the total of the amounts stated in items (ii) and (iii), in the case of a non-life insurance company and foreign non-life insurance company, etc.

- (i) the amount to be reserved for the insured, as of the time of the public notice under Article 240-12, paragraph (1) of the Act (referred to below as the "public notice" in this Article);
- (ii) the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance contract which have not been passed as of the time of the public notice); and
- (iii) the amount to be reserved as the refund reserve as stated in Article 70, paragraph (1), item (iii) or Article 151, paragraph (1), item (iii), as of the time of the public notice.

(Matters Subject to Public Notice after Modification of Contract Conditions)

Article 203 The matters to be specified by Cabinet Office Order, as provided in Article 240-13, paragraph (1) of the Act, are the progress of the procedures provided in Article 240-12, paragraphs (1) through (4) of the Act.

Article 204 Deleted

## **Chapter XI Shareholders**

### **Section 1 Insurance Company's Major Shareholders**

(Submission of Written Notice of Holding the Insurance Company's Voting

Rights)

Article 205 (1) A person who, pursuant to the provisions of Article 271-3, paragraph (1) of the Act, is required to submit a written notice of holding the insurance company's voting rights as provided in the same paragraph (referred to below as a written notice of holding the insurance company's voting rights in this paragraph and Article 208) must prepare the written notice of holding the insurance company's voting rights in accordance with Appended Form No. 13 and submit it to the Commissioner of the Financial Services Agency or other competent official.

(2) The cases to be specified by Cabinet Office Order and the day to be specified by Cabinet Office Order, as provided in Article 271-3, paragraph (1) of the Act, are the cases stated in the following items, and the days stated in the following items in accordance with the categories respectively stated in those items:

(i) if there is no increase in the number of voting rights held (excluding the case referred to in item (iii)): the earlier of the following days: the day when five days (Sundays and the holidays provided in Article 37-5-2 of the Cabinet Order are not counted; the same applies below in this item and Article 207, paragraph (2), item (i)) passes from the day when it comes to the knowledge of the shareholder that the party has come to fall under the category of a major holder of the insurance company's voting rights (meaning a major holder of insurance company's voting rights as provided in Article 271-3, paragraph (1) of the Act; the same applies below in this Article and Article 207, paragraph (2), items (ii) and (iii)); or the day when five days passes from the fifteenth day of the month immediately after the month in which the day when the shareholder becomes the major holder of the insurance company's voting rights falls (if the day falls prior to the day when one month has passed from the day when the shareholder becomes the major holder of the insurance company's voting rights, the day when one month has passed from the day when such shareholder becomes the major holder of the insurance company's voting rights);

(ii) cases (excluding the cases stated in the following item) where the party which has become the major holder of the insurance company's voting rights is a foreign national or a foreign corporation (including a person specified in Article 2-2, paragraph (1), item (i) of the Act; the same applies in the following item, and in Article 207, paragraph (2), items (ii) and (iii)): the day when one month has passed from the day when such party becomes the major holder of the insurance company's voting rights;

(iii) if the party which has become the major holder of the insurance company's voting rights is a foreign national or a foreign corporation, and where the voting rights held by such party is not increased: the earlier of the following dates: the day when it comes to the knowledge of the party that it has



become the major holder of the insurance company's voting rights; or the day when one month has passed from the fifteenth day of the month immediately after the month in which the day when the party becomes the major holder of the insurance company's voting rights falls (if the day falls prior to the day when two months passes from the day when the shareholder becomes the major holder of the insurance company's voting rights, the day when two months passes from the day when the shareholder becomes the major holder of the insurance company's voting rights).

(Voting Rights Deemed to Be Held by State)

Article 206 For the purpose of judgment of holding the voting rights specified in the following items, the parties respectively stated in those items are deemed to be a corporation referred to in Article 37-5 of the Cabinet Order:

- (i) a partner bank provided in Article 7, paragraph (1), item (i) of the Supplementary Provisions to the Deposit Insurance Act (Act No. 34 of 1971): the voting rights represented by the shares subject to the acquisition, etc. under the agreement provided in Article 22, paragraph (1) of the Supplementary Provisions to that Act; the voting rights represented by the shares subject to the issuance of shares, etc. provided in Article 4, paragraph (2) of the Act on Emergency Measures for Early Strengthening of Financial Functions (Act No. 143 of 1998); and the voting rights represented by the shares subject to the issuance of preferred shares, etc. provided in Article 4, paragraph (1), item (i) of the former Act on Emergency Measures for Stabilization of Financial Functions (Act No. 5 of 1998) which is to remain in effect pursuant to the provisions of Article 5 of the Supplementary Provisions to the Act on Emergency Measures for the Revitalization of the Financial Functions (Act No. 132 of 1998);
- (ii) an agreement claim servicing company as provided in Article 74, item (i) of the Agricultural and Fishery Cooperation Savings Insurance Act (Act No. 53 of 1973): the voting rights represented by the shares subject to entrustment of asset purchase under Article 77, paragraph (1) of that Act;
- (iii) a partner bank as provided in Article 1-2-3, item (i) of the Supplementary Provisions to the Act: the voting rights represented by the shares subject to asset purchase in accordance with the agreement, as provided in Article 1-2-12, paragraph (1) of the Supplementary Provisions to the Act.

(Submission of Change Report)

Article 207 (1) A party which, pursuant to the provisions of Article 271-4, paragraph (1) of the Act, is required to submit a change report as provided in the same paragraph (referred to below as a "change report" in this paragraph, paragraph (3) and the following Article) must prepare the change report in

accordance with Appended Form No. 13 and submit it to the Commissioner of the Financial Services Agency or other competent official.

(2) The cases to be specified by Cabinet Office Order and the day to be specified by Cabinet Office Order, as provided in the main clause of Article 271-4, paragraph (1) of the Act, are the cases stated in the following items, and the days stated in the following items in accordance with the categories respectively stated in those items:

(i) if there is no increase or decrease in the number of voting rights held (limited to the case where the proportion of voting rights held (meaning the proportion of voting rights held as provided in Article 271-3, paragraph (1), item (i) of the Act; the same applies below in this Article and the following Article) has increased or decreased by 1 percent or more; and excluding the case referred to in item (iii)): the day after the passage of five days from the day when it comes to the knowledge of the party that the proportion of voting rights held increased or decreased by 1 percent or more, or the day after the passage of five days from the fifteenth day of the month immediately after the month including the day when the proportion of voting rights held increased or decreased by 1 percent or more, whichever comes earlier;

(ii) cases (excluding the cases stated in the following item) where the party which has become the major holder of the insurance company's voting rights is a foreign national or a foreign corporation: a day when one month has passed from the day of the change to the matters specified in the items of Article 271-3, paragraph (1) of the Act;

(iii) if the party which has become the major holder of the insurance company's voting rights is a foreign national or a foreign corporation, and where the voting rights held by the party is not increased or decreased (limited to the case where the proportion of voting rights held increased or decreased by 1 percent or more): the day after the passage of one month from the day when it comes to the knowledge of the party that the proportion of voting rights held increased or decreased by 1 percent or more, or the day after the passage of five days from the fifteenth day of the month immediately after the month including the day when the proportion of voting rights held increased or decreased by 1 percent or more, whichever comes earlier.

(3) The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 271-4, paragraph (1) of the Act, are the case where the change report informing the decrease of proportion of voting rights held by 1 percent or more has been submitted, in which case the proportion of voting rights held stated in the change report is 5 percent or less.

(Submission of Written Notice of Holding the Insurance Company's Voting Rights for Voting Rights Subject to Special Provisions)

- Article 208 (1) A person who, pursuant to the provisions of Article 271-5, paragraph (1) of the Act, is required to submit a written notice of holding the insurance company's voting rights, or a person who, pursuant to the provisions of paragraph (2) of the same Article, is required to submit a change report must prepare the written notice of holding the insurance company's voting rights in accordance with Appended Form No. 13-2 and submit to the Commissioner of the Financial Services Agency or other competent official.
- (2) The persons to be specified by Cabinet Office Order, as provided in Article 271-5, paragraph (1) of the Act, are as follows:
- (i) a Bank, long term credit bank, The Shoko Chukin Bank Limited, a financial instruments business operator (limited to operators engaged in securities-related business (excluding type I small amount electronic public offering business as provided in Article 29-4-2, paragraph (10) (Special Provisions for Registration of Type I Small Amount Electronic Public Offering Business Operators) of the Financial Instruments and Exchange Act and type II small amount electronic public offering business as provided in Article 29-4-3, paragraph (4) (Special Provisions for Registration of Type II Small Amount Electronic Public Offering Business Operators) of the same Act; the same applies in the following item) and investment management business), trust company and foreign trust company (limited to those licensed under Article 3 (License) or Article 53, paragraph (1) (License) of the Trust Business Act), insurance company, The Norinchukin Bank, and the Organization for Postal Savings, Postal Life Insurance and Post Office Network;
  - (ii) a party engaged in banking business, securities-related business, investment advisory business, trust business or insurance business in foreign state in accordance with the laws and regulations of that state, which does not fall under any of the parties stated in the preceding item; and
  - (iii) a party whose joint holder is any of the parties stated in the preceding two items (referred to below as "bank, etc." in this item and paragraph (4)), which does not fall under the category of a bank, etc.
- (3) The number to be specified by Cabinet Office Order, as provided in Article 271-5, paragraph (1) of the Act, is 10 percent.
- (4) The case to be specified by Cabinet Office Order, as provided in Article 271-5, paragraph (1) of the Act, is the case where the bank, etc. has a joint holder which does not fall under the category of a bank, etc., and where the proportion of voting rights held by the joint holder exceeds 1 percent, if calculated based on the presumption that the joint holder has no joint holder which is a bank, etc.
- (5) The requirement to be specified by Cabinet Office Order, as provided in Article 271-5, paragraph (2), item (ii) of the Act, is to be the increase or decrease by 2.5 percent or more in the proportion of voting rights held as

specified in the written notice of holding the insurance company's voting rights which already submitted or required to be submitted pursuant to the provisions of paragraph (1) of the same Article.

- (6) The cases to be specified by Cabinet Office Order and the day to be specified by Cabinet Office Order, as provided in Article 271-5, paragraph (2), item (iv) of the Act, are the cases stated in the following items, and the days stated in the following items in accordance with the categories respectively stated in those items:
- (i) if the proportion of voting rights held as of the last day of the month immediately after the month containing the cut-off date (meaning the cut-off date as provided in Article 271-5, paragraph (3) of the Act; the same applies below in this Article) for the change report is increased or decreased by 2.5 percent or more from that specified in the change report: fifteenth day of the month immediately after the month in which the last day falls;
  - (ii) if the proportion of voting rights held specified in the change report is the proportion as of the last day of the month which is not the month in which the cut-off date falls; where the proportion of the voting rights held as of the cut-off date in the following month has increased or decreased by 1 percent or more of the proportion of the voting rights held specified in the change report; or where there has been any other change to a material matter to be stated in the written notice of holding the insurance company's voting rights: fifteenth day of the month immediately after the month in which the last day falls;
  - (iii) if the proportion of voting rights held specified in the change report is the proportion as of the last day of the month which is not the month in which the cut-off date falls; and where the proportion of the voting rights held as of the last day of the following month which is not the month in which the cut-off date falls has increased or decreased by 2.5 percent or more of the proportion of the voting rights held as specified in the change report: fifteenth day of the month in which the last day of the following month which is not the month in which the cut-off date falls;
  - (iv) if the proportion of voting rights held as of the cut-off date after the day which served the basis of calculation of the proportion of voting rights held already submitted or required to be submitted pursuant to the provisions of Article 271-4, paragraph (1) of the Act has increased or decreased by 1 percent or more of the proportion of voting rights held as specified in the change report; or where there has been any other change to a material matter to be stated in the written notice of holding the insurance company's voting rights: fifteenth day of the month immediately after the month in which the last day falls;
  - (v) if the proportion of voting rights held as of the last day of the month other

than the month in which the cut-off date falls, which comes after the day serving the basis of calculation of the proportion of voting rights held already submitted or required to be submitted pursuant to the provisions of Article 271-4, paragraph (1) of the Act has increased or decreased by 2.5 percent or more of the proportion of voting rights held as specified in the change report: fifteenth day of the month immediately after the month in which the last day falls;

(vi) if the proportion of voting rights held as of the cut-off date after the day which served the basis of calculation of the proportion of voting rights held already submitted or required to be submitted pursuant to the provisions of Article 271-3, paragraph (1) of the Act has increased or decreased by 1 percent or more of the proportion of voting rights held as specified in the change report; or where there has been any other change to a material matter to be stated in the written notice of holding the insurance company's voting rights: fifteenth day of the month immediately after the month in which the cut-off date falls; and

(vii) if the proportion of voting rights held as of the last day of the month other than the month in which the cut-off date falls, which comes after the day serving the basis of calculation of the proportion of voting rights held already submitted or required to be submitted pursuant to the provisions of Article 271-3, paragraph (1) of the Act has increased or decreased by 2.5 percent or more of the proportion of voting rights held as specified in the change report: fifteenth day of the month immediately after the month in which the last day falls.

(7) A party which intends to make a notification of cut-off date or change must prepare a written notification in accordance with Appended Form No. 13-3, and submit it to the Commissioner of the Financial Services Agency or other competent official.

(Application for Authorization to Be Granted If Any Party Intends to Become a Holder of Voting Rights in Insurance Company Not Less Than Major Shareholders Threshold)

Article 209 (1) If a company or any other corporation which, by way of transaction or conducts specified in the items of Article 271-10, paragraph (1) of the Act, intends to become a holder of voting rights in a single insurance company not less than the major shareholder threshold and to obtain the authorization under the same paragraph, it must submit to the Commissioner of the Financial Services Agency the written application for authorization, attaching the following documents:

(i) a written statement of reasons;

(ii) the following documents concerning the corporation (when, due to the

grounds that the corporation is a foreign corporation or any other grounds, a part of the following documents are not available, the documents similar to those documents):

- (a) articles of incorporation;
- (b) certificate of registered matters of the corporation;
- (c) résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or résumés of directors and executive officers, in the case of a company with nominating committee, etc.);
- (d) résumés of accounting advisors, in the case of a company with accounting advisors;
- (e) a document specifying the name, domicile or residence, nationality and occupation of the holder of the voting rights in excess of 5 percent of the voting rights held by all shareholders or all equity holders (if the party is a corporation or any other type of organization, its name, location of the principal office and the details of the business engaged), as well as a document specifying the number of voting rights held by the holder;
- (f) if the transaction or conducts specified in the items of Article 271-10, paragraph (1) of the Act for which the authorization is sought is subject to a resolution of the shareholders meeting or board of directors meeting (including a similar organ), the minutes of the relevant shareholders meeting or the board of directors meeting (including a document certifying that the similar organ has taken the necessary procedures);
- (g) a document specifying the location of the principal office;
- (h) a document specifying the details of the business;
- (i) the latest balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc. (in the case of a mutual company, a document concerning appropriation of surplus and treatment of loss, as well as a statement of changes in funds, etc.), and any other document disclosing the current status of business, property, profit and loss of the corporation;
- (j) a document specifying the organizational functions for holding the voting rights in the Insurance Company;
- (k) a document specifying the number of voting rights in insurance company already held, and the number of voting rights in insurance company to be acquired or held after the authorization is granted;
- (l) a document specifying the name, location of the principal office or any other office and business of the subsidiary company, etc. (collectively meaning a subsidiary corporation, etc. and an affiliated corporation, etc.; the same applies below in this Article);
- (iii) a document specifying the prospective cash flow related to the voting

- rights in the insurance company for five financial years after the authorization is granted, and the net present value (meaning the sum of each of increase and decrease in income or expenditure directly or indirectly resulting from the holding of the voting rights, calculated by discounting the current value which is the amount less the interest rate corresponding to the period related to fund for acquisition of the voting rights; the same applies in paragraph (3)) of the prospective cash flow;
- (iv) a document specifying the result of stress test for the net present value specified in the preceding item (meaning a separate calculation of a value other than the net present value, on the presumption that the matters which served the preconditions for the calculation of the net present value has been changed within a reasonable range such as the change in a certain period of time in the past; the same applies in paragraph (3));
  - (v) the prospective relationship such as personnel relationship, funding relationship, technical relationship and business relationship with the insurance company after the authorization is granted, and the policy governing the relationships (if the relationship may give impact on management of the insurance company's business, including the system to ensure that the insurance company will manage its business management in a sound and appropriate manner; the same applies in paragraph (3)); and
  - (vi) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-11, item (i) of the Act.
- (2) If a company or any other corporation which, by way of transaction or conducts specified in the items of Article 271-10, paragraph (1) of the Act, intends to become a holder of voting rights in a single Insurance Company not less than the major shareholder threshold (excluding the parties provided in the preceding paragraph) seeks to obtain the authorization under the same paragraph, it must submit to the Commissioner of the Financial Services Agency the written application for authorization, attaching the documents stated in item (i) and items (iii) through (v) of the preceding paragraph:
- (i) a document specifying the name, location or address of principal office, or domicile or residence, and occupation of the applicant;
  - (ii) a document specifying the number of voting rights in insurance company already held, and the number of voting rights in insurance company to be acquired or held after the authorization is granted;
  - (iii) a document specifying the name, location of principal business office or principal office and the details of the business of the corporation, whose voting rights not less than 20 percent of voting rights of all shareholders or all equity holders are held by the applicant; and
  - (iv) a document stating any other matters which would serve as reference

information for performance of the examination provided in Article 271-11, item (ii) of the Act.

- (3) If a company or any other corporation which, by way of transaction or conducts specified in the items of Article 271-10, paragraph (1) of the Act, intends to become a holder of voting rights in a single insurance company not less than the major shareholder threshold seeks to obtain the authorization under the same paragraph, it must submit to the Commissioner of the Financial Services Agency the written application for authorization, attaching the following documents:
- (i) a written statement of reasons;
  - (ii) the following documents concerning the company or any other type of corporation to be incorporated with the authorization (referred to below as the "incorporated corporation" in this paragraph) (if, due to the grounds that the corporation is a foreign corporation or any other grounds, a part of the following documents are not available, the documents similar to those documents):
    - (a) articles of incorporation;
    - (b) résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee, or résumés of directors and executive officers, in the case of a company with nominating committee, etc.);
    - (c) résumés of accounting advisors, in the case of a company with accounting advisors;
    - (d) a document specifying the name, domicile or residence, nationality and occupation of the holder of the voting rights in excess of 5 percent of the voting rights held by all shareholders or all equity holders (if the party is a corporation or any other type of organization, its name, location of the principal office and the details of the business engaged), as well as a document specifying the number of voting rights held by the holder;
    - (e) if the incorporation is subject to the resolution of the organizational meeting, the minutes of the relevant organizational meeting (if the incorporated corporation is to be incorporated by way of share transfer (including share transfer on entity conversion as provided in Article 96-8, paragraph (1) of the Act; the same applies below), merger of company split, the minutes of the relevant shareholders meeting or any other document certifying that necessary procedures have been implemented);
    - (f) a document specifying the location of the principal office;
    - (g) a document specifying the details of the business;
    - (h) a document disclosing the amount of stated capital and any other status of properties after the incorporation;
    - (i) a document specifying the organizational functions for holding the voting



- rights in the insurance company;
  - (j) a document specifying the number of voting rights in insurance company already held, and the number of voting rights in insurance company to be acquired or held after the authorization is granted;
  - (k) a document specifying the name, location of the principal office or any other office and business of the subsidiary company, etc.;
  - (iii) a document specifying the prospective cash flow related to the voting rights in the insurance company for five business years after the authorization is granted, and the net present value of the prospective cash flow;
  - (iv) a document specifying the results of the stress test for the net present value under the preceding item;
  - (v) the prospective relationship such as personnel relationship, funding relationship, technical relationship and business relationship with the insurance company after the authorization is granted, and the policy governing the relationships; and
  - (vi) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-11, item (i) of the Act.
- (4) When the Commissioner of the Financial Services Agency conducts an examination provided in the items of Article 271-11 of the Act which relates to the application for authorization under the preceding three paragraphs, the Commissioner of the Financial Services Agency is to take into account the following circumstances:
- (i) that the purpose of the authorization applicant or a corporation to be incorporated with the authorization (collectively referred to below as "applicant, etc." is this paragraph) in regard to acquisition or holding of the voting rights in the insurance company obviously would not give negative impact on public nature of the business of the insurance company; and that the systems are in place so that it is extremely unlikely that the insurance company will be adversely affected in managing its business in a sound and appropriate manner, due to any grounds resulting from the holding of the voting rights, including the status of the properties and income and expenditure of the applicant, etc. and the relationship between the applicant, etc. and the insurance company based on the holding;
  - (ii) that, judging from the system, etc. related to holding of voting rights in the insurance company, it is obvious that the applicant, etc. will not precluded the insurance company from performing the business management in an accurate and fair manner and that the applicant, etc. has sufficient social credibility.
- (5) The events to be specified by Cabinet Office Order, as provided in Article 271-

10, paragraph (1), item (i) of the Act, are as follows:

- (i) acquisition of shares by way of exercise of security rights;
  - (ii) acquisition of shares by way of receipt of subrogation payment;
  - (iii) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of acquisition of voting rights represented by shares which prohibits the insurance company from exercising the voting rights (limited to the shares acquired due to the occurrence of the event beyond the intention of the insurance company or its subsidiary company);
  - (iv) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of conversion of shares implemented by the insurance company (excluding the conversion upon the request from the insurance company or its subsidiary company);
  - (v) increase in the ratio of voting rights to the voting rights of all shareholders of the insurance company, by way of consolidation or split of shares, or allotment of shares without contribution;
  - (vi) increase in the ratio of voting rights to the voting rights of all shareholders, by way of amendment of the details of the rights in shares or amendment to the number of shares for one unit of shares, as affected by the amendment of the articles of incorporation of the insurance company; and
  - (vii) increase in the ratio of voting rights to the voting rights of all shareholders, by way of acquisition of treasury shares of the insurance company.
- (6) The provisions of the preceding paragraph apply mutatis mutandis to the events to be specified by Cabinet Office Order, as provided in Article 37-5-4, item (i) of the Cabinet Order.

(Application for Authorization Concerning Specified Major Shareholders)

Article 210 (1) If a specified major shareholder (meaning a specified major shareholder provided in Article 271-10, paragraph (2) of the Act) seeks to obtain an authorization under the proviso to the same paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for authorization, attaching the following documents:

- (i) a written statement of reasons;
  - (ii) the documents stated in paragraph (1), item (ii), (c) through (e), (g) through (j) and (l) of the preceding Article and in items (iii) through (iv) of the same paragraph; and
  - (iii) the documents specifying the number of voting rights held in the Insurance Company.
- (2) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to the examination provided in Article 271-11 of the Act which relates to the application for authorization under the preceding paragraph.

(Companies in Special Relationship with Insurance Company's Major Shareholders)

Article 210-2 (1) The companies in special relationship to be specified by Cabinet Office Order, as provided in Article 271-15, paragraph (1) of the Act, are as follows:

- (i) a subsidiary company (meaning a subsidiary company referred to in Article 1-5, paragraph (2), item (i) of the insurance company's major shareholder (limited to a shareholder which falls under the category of a company subject to standards for consolidation (meaning a company subject to standards for consolidation as provided in Article 2-2, paragraph (1), item (ii) of the Act; the same applies in the following item));
  - (ii) an associated company (meaning an associated company as provided in Article 1-5, paragraph (2), item (iii)) of the insurance company's major shareholder; and
  - (iii) a company or any other corporation over 50 percent of all of whose shareholder's voting rights are held by the insurance company's major shareholder (limited to a shareholder which is not a company subject to standards for consolidation).
- (2) The provisions of Article 13-5-2, paragraph (6) of the Cabinet Order apply mutatis mutandis to the voting rights held by an insurance company's major shareholder item (iii) of the preceding paragraph when that item applies. In this case, the terms "Article 147, paragraph (1) or Article 148, paragraph (1) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239 and Article 276 (limited to the portion relating to item (ii)))" and "share or contribution" in paragraph (6) of the same Article are deemed to be replaced with "Article 147, paragraph (1) or Article 148, paragraph (1)" and "shares", respectively.

## **Section 2 Insurance Holding Company**

(Application for Authorization of Becoming Holding Company Having Insurance Company as Its Subsidiary Company)

Article 210-3 (1) A company which, by way of transactions or conducts specified in the items of Article 271-18, paragraph (1) of the Act, intends to become a holding company having an insurance company as its subsidiary company and to obtain an authorization under the same paragraph must submit to the Prime Minister a written application for authorization, attaching the following documents:

- (i) a written statement of reasons;

- (ii) the following documents concerning the company (when any part of the following documents is not available due to the fact that the company is a foreign company or any other reasons, a document similar to the document):
  - (a) articles of incorporation;
  - (b) certificate of registered matters of the company;
  - (c) résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or résumés of directors and executive officers, in the case of a company with nominating committee, etc.);
  - (d) résumés of accounting advisors, in the case of a company with accounting advisors;
  - (e) résumés of financial auditors;
  - (f) a document specifying the trade names and names of major shareholders and the number of voting rights held by those shareholders;
  - (g) if the transaction or conducts specified in the items of Article 271-18, paragraph (1) of the Act for which the authorization is sought is subject to a resolution of the shareholders meeting or board of directors meeting (including a similar organ), the minutes of the relevant shareholders meeting or the board of directors meeting (including a document certifying that the similar organ has taken the necessary procedures);
  - (h) a document specifying the location of the principal office;
  - (i) a document specifying the details of the business;
  - (j) the latest balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc., and any other document disclosing the current status of business, property, profit and loss of the company;
  - (k) a document specifying the framework for business management of the subsidiary company (including a company to be the subsidiary company; the same applies below in this paragraph) to be carried out by the company;
  - (l) a document specifying the status of maintenance of employees with knowledge and experience in business of an insurance company;
- (iii) the following documents concerning the company's subsidiary company:
  - (a) a document specifying the trade name or name, and the location of the principal business office or office;
  - (b) a document specifying the job titles and names of the officers (if any of the officers is a corporation, including a person to perform their duties);
  - (c) a document specifying the details of business;
  - (d) the latest balance sheet, profit and loss statement, statement of changes in shareholders' equity (including documents similar to these documents) and any other document stating the matters concerning the current status

- of business, properties, profits and losses of the subsidiary company;
  - (iv) a document specifying the prospective income and expenditure of the company and its subsidiary company and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. (meaning a ratio derived from the formula related to the criteria as prescribed in Article 271-28-2 of the Act regarding whether or not insurance companies which are owned by an insurance holding company as its subsidiary companies, etc. have an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.; the same applies in this Section) five business years after the authorization is granted; and
  - (v) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-19, paragraph (1) of the Act.
- (2) A company which intends to incorporate a holding company having an insurance company as its subsidiary company by way of transactions or conducts specified in the items of Article 271-18, paragraph (1) of the Act seeks to obtain an authorization under the same paragraph, it must submit to the Prime Minister a written application for authorization, together with the following documents:
- (i) a written statement of reasons;
  - (ii) the following documents concerning the company to be incorporated with the authorization (referred to below as the "incorporated company" in this paragraph) (when any part of the following documents is not available due to the fact that the company to be incorporated is a foreign corporation or any other reasons, a document similar to the document):
    - (a) articles of incorporation;
    - (b) résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or résumés of directors and executive officers, in the case of a company with nominating committee, etc.);
    - (c) résumés of accounting advisors, in the case of a company with accounting advisors;
    - (d) résumés of financial auditors;
    - (e) a document specifying the trade names and names of the major shareholders and the number of voting rights held by those shareholders;
    - (f) if the incorporation is subject to the resolution of the organizational meeting, the minutes of the relevant organizational meeting (if the incorporated corporation is to be incorporated by way of share transfer, merger of company split, the minutes of the relevant shareholders meeting or any other document certifying that necessary procedures have been implemented);

- (g) a document specifying the location of the principal office;
- (h) a document specifying the details of the business;
- (i) a document disclosing the amount of stated capital and any other status of properties after the incorporation;
- (j) a document specifying the framework for business management of the subsidiary company (including a company to be the subsidiary company; the same applies below in this paragraph) to be carried out by the incorporated company;
- (k) a document specifying the status of maintenance of employees with knowledge and experience in business of an insurance company;
- (iii) the following documents concerning the incorporated company's subsidiary company:
  - (a) a document specifying the trade name or name, and the location of the principal business office or office;
  - (b) a document specifying the job titles and names of the officers (if any of the officers is a corporation, including a person to perform their duties);
  - (c) a document specifying the details of the business;
  - (d) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including any document similar to these) and any other document disclosing the recent status of business, properties and profit and loss of the subsidiary company;
- (iv) a document specifying the prospective income and expenditure of the incorporated company and its subsidiary company and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. five years after the incorporation; and
- (v) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-19, paragraph (1) of the Act.
- (3) When the Prime Minister conducts an examination provided in the items of Article 271-19, paragraph (1) of the Act which relates to the application for authorization under the preceding two paragraphs, the Prime Minister is to take into account the following circumstances:
  - (i) the authorization applicant company or the company to be incorporated with the authorization (collectively referred to below as "applicant, etc." in this paragraph) is expected to demonstrate sound income and expenditure after the authorization is granted or five business years after the incorporation;
  - (ii) the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. of the applicant, etc. and its subsidiary companies, etc. is expected to reach an appropriate level after the authorization is granted or five business years after the incorporation;
  - (iii) that, judging from the status of maintenance of officers or employees with

sufficient knowledge and experience in business of an insurance company, framework for business management of subsidiary companies and other factors, the applicant, etc. is able to carry out the business management of the insurance company which is or will be its subsidiary company in an accurate and fair manner, and has sufficient social credibility.

- (4) The events to be specified by Cabinet Office Order, as provided in Article 271-18, paragraph (1), item (i) of the Act, are as follows:
- (i) acquisition of shares by way of exercise of security rights;
  - (ii) acquisition of shares by way of receipt of subrogation payment;
  - (iii) implementation of the business, when a financial instruments business operator engaged in securities-related business acquires shares in the course of its business;
  - (iv) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of acquisition of voting rights represented by shares which prohibits the insurance company from exercising the voting rights (limited to the shares acquired due to the occurrence of the event beyond the intention of the insurance company or its subsidiary company);
  - (v) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of conversion of shares implemented by the insurance company (excluding the conversion upon the request from the insurance company or its subsidiary company);
  - (vi) increase in the ratio of voting rights to the voting rights of all shareholders, by way of consolidation or split of shares, or allotment of shares without contribution;
  - (vii) increase in the ratio of voting rights to the voting rights of all shareholders, by way of amendment of the details of the rights in shares or amendment to the number of shares for one unit of shares, as affected by the amendment of the articles of incorporation of the insurance company; and
  - (viii) increase in the ratio of voting rights to the voting rights of all shareholders, by way of acquisition of treasury shares of the insurance company.
- (5) The provisions of the preceding paragraph apply mutatis mutandis to the events to be specified by Cabinet Office Order, as provided in Article 37-5-6, item (i) of the Cabinet Order.

(Preliminary Examination for Authorization for Becoming Holding Company Having Insurance Company as Subsidiary Company)

Article 210-4 A company which intends to become a holding company having an insurance company as its subsidiary company or a party which intends to incorporate a holding company having an insurance company as its subsidiary company, by way of transactions or conducts specified in the items of Article

271-18, paragraph (1) of the Act, seeks to obtain an authorization under the same paragraph, it may request preliminary examination by submitting to the Prime Minister the documents equivalent to those stated in paragraph (1) or (2) of the preceding Article.

(Matters to Be Notified Concerning Specified Holding Company)

Article 210-5 (1) The matters to be specified by Cabinet Office Order, as provided in Article 271-18, paragraph (2) of the Act, are as follows:

- (i) the fact that the company has become a holding company having an insurance company as its subsidiary company;
- (ii) the grounds for, and the timing when the company became the holding company having an insurance company as its subsidiary company;
- (iii) the trade name or name and the business details of the company and its subsidiary company; and
- (iv) any other matters as may be judged necessary by the Commissioner of the Financial Services Agency.

(2) If a specified holding company (meaning a specified holding company as provided in Article 271-18, paragraph (2) of the Act; the same applies below in this Article and the following Article) intends to file a notification under the same paragraph (or a notification under Article 37-8 of the Cabinet Order, if the specified holding company is a foreign holding company having insurance company as subsidiary company (meaning a holding company having an insurance company as its subsidiary company, which is incorporated in accordance with the laws and regulations of the foreign state; the same applies below)), it must submit to the Commissioner of the Financial Services Agency a written notification, attaching the following documents attached:

- (i) articles of incorporation;
- (ii) a certificate of registered matters of the company; and
- (iii) the latest balance sheet of the specified holding company and its subsidiary company.

(3) If the specified holding company is a foreign holding company having insurance company as subsidiary company, if the foreign holding company having insurance company as subsidiary company seeks to obtain an approval of extension of the time limit for submission of the notification under the proviso to Article 37-8 of the Cabinet Order, it must submit to the Commissioner of the Financial Services Agency a written application for approval, attaching a written statement of reasons.

(4) When the application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether there exist any inevitable grounds for granting the applicant foreign holding company an extension of the time limit for the submission of the notification



under the proviso to Article 37-8 of the Cabinet Order.

(5) If a specified holding company intends to file a notification under Article 271-18, paragraph (4) of the Act, it must submit to the Commissioner of the Financial Services Agency a written notification, attaching the following documents:

- (i) a written statement of reasons;
- (ii) a document specifying the timing when the specified holding company ceased to fall under a holding company having an insurance company as its subsidiary company; and
- (iii) documents specifying the measures implemented so that the specified holding company will be excluded from the definition of the holding company having an insurance company as its subsidiary company; or the documents specifying the grounds of the specified holding company being excluded from the definition of the holding company having an insurance company as its subsidiary company.

(Application for Authorization Concerning Specified Holding Company)

Article 210-6 (1) If a mutual company seeks to obtain the authorization under the proviso to Article 271-18, paragraph (3) of the Act, it must submit to the Prime Minister a written application for authorization, attaching the following documents:

- (i) a statement of reasons; and
  - (ii) documents specified in Article 210-3, paragraph (1), item (ii), (c) through (f), (h) through (l) and items (iii) through (v) of the same paragraph.
- (2) The provisions of Article 210-3, paragraph (3) apply mutatis mutandis to the examination provided in Article 271-19, paragraph (1) of the Act which relates to the application for authorization under the preceding paragraph.

(Person Who Is Unable to Properly Perform Their Duties Due to Mental or Physical Disorder)

Article 210-6-2 The person specified by Cabinet Office Order, as provided in Article 12, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 271-19-2, paragraph (3) of the Act, is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly performing their duties due to mental impairment.

(Particulars of Insurance Holding Company Group's Business Management by Insurance Holding Company)

Article 210-6-3 (1) The policies to be specified by Cabinet Office Order, as provided in Article 271-21, paragraph (4), item (i) of the Act, are the following policies:

- (i) policies concerning income and expenditure, capital allocation and adequacy of level of solvency in terms of ability to pay out insurance proceeds, etc. regarding the insurance holding company group and other policies concerning risk management; and
  - (ii) policies concerning the development of the insurance holding company group's crisis management systems in preparation for events such as disasters.
- (2) The system specified by Cabinet Office Order, as provided in Article 271-21, paragraph (4), item (iii) of the Act, is a system to ensure that the directors, executive officers, members in charge of executing business, persons in charge of performing the duties referred to in Article 598, paragraph (1) of the Companies Act, and other persons equivalent to these persons, and employees, all of whom belong to the companies that belong to the insurance holding company group, perform their respective duties relating to the insurance holding company in compliance with laws and regulations.
- (3) The activity specified by Cabinet Office Order, as provided in Article 271-21, paragraph (4), item (iv) of the Act, is to formulate a reconstruction plan (meaning a plan for business reconstruction of an insurance holding company group that needs to improve the conditions of its business management or assets; the same applies below in this paragraph) for the insurance holding company group (limited to an insurance holding company group designated by the Commissioner of the Financial Services Agency as one that needs to formulate a reconstruction plan), and ensuring the proper implementation.

(Services of Companies Belonging to Group That Insurance Holding Company Group May Perform)

Article 210-6-4 (1) The businesses to be specified by Cabinet Office Order, as provided in Article 271-21-2, paragraph (1) of the Act, are the following businesses:

- (i) businesses relating to the management of assets of a life insurance company, non-life insurance company, small amount and short term insurer or a foreign company engaged in insurance business, which belong to the insurance holding company group;
- (ii) services for conducting negotiations regarding a business transfer or acquisition, merger, company split, share exchange, share transfer, partial share exchange or transfer or acquisition of shares or equities, for the companies that belong to the insurance holding company group;
- (iii) services for conducting an examination as a precondition for the decision on the granting of credit as required when a company belonging to the insurance holding company group seeks to extend credit;
- (iv) services for performing the design, development, operation or maintenance

- of a system that functions by using a computer, or the design, development or sale of a computer program (including selling peripheral equipment that is necessary in association with the sale of a software program) or maintenance of the program, for the companies that belong to the insurance holding company group;
- (v) services for renting out real property (as a general rule, limited to real property for business use) to the companies that belong to the insurance holding company group, or for maintaining, inspecting, or otherwise managing real property or accompanying equipment owned by those companies;
  - (vi) services for performing the administrative processes involved in benefits for officers or employees of the companies that belong to the insurance holding company group;
  - (vii) services for purchasing or managing articles for use in the administrative processes of the companies that belong to the insurance holding company group;
  - (viii) services for printing or bookbinding of documents, vouchers, or other documents concerning the administrative processes of the companies that belong to the insurance holding company group;
  - (ix) services for allowing the companies that belong to the insurance holding company group to use machinery and other articles;
  - (x) services for management consulting for business operators, etc. which are customers of a life insurance company, non-life insurance company and a foreign company engaged in insurance business which belong to the insurance holding company group;
  - (xi) services for asset-building consulting for individuals who are customers of a life insurance company, non-life insurance company and a foreign company engaged in insurance business which belong to the insurance holding company group;
  - (xii) services for advertisement, promotion, research, information analysis or information provision related to the business of a company belonging to the insurance holding company group (excluding services for evaluating property that is the object of security for a claim connected to the lending of funds or other granting of credit by the companies that belong to the insurance holding company group, for maintaining the property that is the object of the security, or for undertaking other necessary administrative processes related to that property);
  - (xiii) business of developing products related to the business conducted pursuant to the provisions of Articles 97 and 98 of the Act (excluding the businesses related to the matters specified in the documents stated in Article 4, paragraph (2), items (ii) through (iv) of the Act);

- (xiv) services for undertaking calculations for the administrative processes of the companies that belong to the insurance holding company group;
  - (xv) services for preparing, arranging, storing, sending, or delivering documents, vouchers, or any other documentation regarding administrative processes of the companies that belong to the insurance holding company group;
  - (xvi) services of acting as an agent for administrative processes between the companies that belong to the insurance holding company group and their customers;
  - (xvii) services for providing education or training to the officers or employees of the companies that belong to the insurance holding company group; and
  - (xviii) the businesses incidental to those specified in the preceding items.
- (2) The minor services to be specified by Cabinet Office Order, as referred to in the proviso to Article 271-21-2, paragraph (2) of the Act, are the services stated in items (vi) through (ix), (xii), and (xiv) through (xvii) of the preceding paragraph (including the businesses incidental to these services, but excluding the business related to a foreign company belonging to the insurance holding company group).

(Application for Authorization for Conducting Services Common to Companies Belonging to a Group)

- Article 210-6-5 (1) If an insurance holding company seeks to obtain authorization under Article 271-21-2, paragraph (2) of the Act, it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including documents similar to these documents) of the insurance holding company and its subsidiary company, etc. (meaning a subsidiary company, etc. provided in Article 271-24, paragraph (1) of the Act; the same applies in item (iv)) prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
  - (iii) a document stating an estimation of income and expenditures of the business to which that authorization relates after obtaining the authorization;
  - (iv) a document stating an estimation of income and expenditures of the insurance holding company and its subsidiary companies, etc. after obtaining the authorization;
  - (v) a document showing the content of the business to which that authorization relates and the system for executing the business;

- (vi) a document showing the extent to which it has secured employees with knowledge and experience concerning the business to which that authorization relates; and
  - (vii) a document stating any other matters which would serve as reference information for performance of the examination.
- (2) If the application for approval stated in the preceding paragraph has been submitted, the Commissioner of the Financial Services Agency is to examine whether the application conforms to the criteria specified in the following:
- (i) if the insurance holding company which filed the application conducts the business to which that authorization relates, it is expected that the uniform and efficient management of the insurance holding company group's services would be promoted;
  - (ii) in light of factors such as the systems associated with the business management of its subsidiary companies, the insurance holding company which filed the application would continue to be capable of carrying out the business management of the insurance holding company group to which the insurance holding company belongs in a precise and fair manner, even after it commences the business to which that authorization relates; and
  - (iii) in light of its personnel structure, the insurance holding company which filed the application is capable of conducting the business to which that authorization relates, in a precise and fair manner.

(Scope of Business Concerning Arrangement of Framework for Protection of Customers' Interests)

Article 210-6-6 The business to be specified by Cabinet Office Order, as provided in Article 271-21-3, paragraph (1) of the Act, is insurance-related business.

(Measures Necessary for Prevention of Unreasonable and Negative Impact on Customers' Interests)

Article 210-6-7 (1) An insurance holding company must take the following measures so that a customer's interests related to the insurance-related business conducted by the insurance company which is its subsidiary company, or its subsidiary financial institution, etc. (meaning subsidiary financial institution, etc. provided in Article 271-21-3, paragraph (3) of the Act; the same applies below in this Article) will not be unjustly impaired as a result of transactions carried out by the insurance company which is its subsidiary company, or its parent financial institution, etc. (meaning parent financial institution, etc. provided in paragraph (2) of the same Article; the same applies below in this Article), or its subsidiary financial institution, etc.:

- (i) arrangement of a system to identify the subject transactions by an appropriate means;

- (ii) arrangement of a framework to properly ensure the protection of the customer by the following means or any other means:
  - (a) segregation of the sector to carry out the target transactions and the sector to carry out transactions with the customer;
  - (b) change to conditions or methods of the target transactions or transactions with the customer;
  - (c) suspension of the target transactions or transactions with the customer;
  - or
  - (d) properly disclosing to the customer that the customer's interests may be unjustly impaired as a result of the target transactions;
- (iii) establishment of policies for implementing measures stated in the preceding two items and announcement of the outline by appropriate means;
- (iv) preservation of the following records:
  - (a) records related to the identification of the subject transactions that have been carried out under a system stated in item (i); and
  - (b) records related to measures to properly ensure the protection of a customer that have been taken under a system stated in item (ii).
- (2) The records provided in item (iv) of the preceding paragraph must be preserved for five years from the day on which the records were prepared.
- (3) The "target transactions" stated in paragraph (1) means transactions carried out by an insurance company which is a subsidiary company of an insurance holding company, or a Parent Financial Institution etc. or a subsidiary financial institution, etc. of the insurance holding company, when the transactions may unjustly impair customers' interests related to the insurance-related business conducted by the insurance company or its subsidiary financial institution, etc.

(Scope of Subsidiary Companies of Insurance Holding Companies)

- Article 210-7 (1) An insurance holding company or a party similar to its subsidiary company to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xii) of the Act, is a subsidiary company, etc. of the insurance holding company (meaning a subsidiary company, etc. provided in Article 271-24, paragraph (1) of the Act, and excluding the relevant subsidiary company):
- (2) The businesses to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xii), (a) of the Act, are as follows:
    - (i) business to handle affairs related to welfare benefit of officers or employees of other business operators, etc.;
    - (ii) business of purchasing and management of goods to be used for handling business affairs of other business operators, etc.;
    - (iii) business of printing and bookbinding of papers, tickets and any other

- documents related to the affairs of other business operators, etc.;
- (iv) business of advertisement, promotion, research, the analysis and provision of information for businesses of other business operators, etc. (excluding the businesses stated in item (viii));
  - (v) business of driving, maintenance, inspection and any other type of management of automobiles for other business operators, etc.;
  - (vi) business of maintenance, inspection and any other type of management of automated teller machines, etc. of other business operators, etc.;
  - (vii) business of preparation and dispatching of postcards and sealed documents for solicitation of conclusion of contract related to the business of other business operators, etc. or for providing explanation on the terms and conditions of contract;
  - (viii) business of assessment of properties which are to be offered as collateral to secure loan claims and any other claims originating from extension of credit by other business operators, etc.; management of the properties which are offered as collateral; and any other businesses as may be necessary in relation to the properties;
  - (ix) if other business operators, etc. need to enforce security rights for the collection of loan claims and any other claims originating from extension of credit: business of providing the agency or brokerage service for the sale and purchase of the properties (excluding real properties) offered as collateral to secure the claims, on behalf of the other business operators, etc.;
  - (x) business to provide consultation on monetary loan to be rendered by other business operators, etc. (limited to consumer loans such as loan necessary for purchasing houses); brokerage for handling business related to the loan; or any other business necessary in relation to the loans;
  - (xi) business to handle business affairs necessary for foreign exchange transactions, letters of credit or traveler's check to be performed by other business operators, etc.; or business to handle business affairs necessary for financing, discounting of bill, guarantee of obligations or acceptance of bills to be performed by other business operators;
  - (xii) business to perform calculation related to business affairs of other business operators, etc.;
  - (xiii) business to prepare, organize, store, ship or deliver the papers, tickets or any other documents related to the business affairs of other business operators, etc.;
  - (xiv) business to act as intermediary between the other business operator, etc. and its customer, in relation to the business affairs;
  - (xv) workers dispatching services as provided in Article 2, item (iii) of the Act on Ensuring the Proper Operation of Worker Dispatching Services and Protecting Dispatched Workers;

- (xvi) business to handle business affairs related to computers for other business operators, etc. (including business to design, develop or maintain systems which function through the use of computers, and also including business to design, create, sell (including sale of peripheral equipment which would be necessary incidental to sale of programs) or maintain computer programs);
  - (xvii) business to provide education or training for officers or employees of other business operators, etc.;
  - (xviii) business of leasing real properties owned by other business operators, etc. (in principle, including real properties acquired from the other business operators, etc.; the same applies below in this item); business of maintenance, inspection and any other type of management of real properties owned by other business operators, etc. or the ancillary facilities;
  - (xix) business of shipping of cash, checks, bills or securities of other business operators, etc. (excluding the business stated in the following item and item (xxi));
  - (xx) business to collect cash, checks, bills or securities and deliver them to major customers of other business operators, etc.;
  - (xxi) business of conveyance from or to other business operator's major customers of securities related to the other business operator, etc.;
  - (xxii) business of sorting out cash, checks, bills or securities, confirming the amount and quantity, or taking temporary custody, on behalf of the other business operators, etc.;
  - (xxiii) business of making investment on behalf of an insurance company which holds the relevant company as its subsidiary company;
  - (xxiv) when an insurance company, bank or long term credit bank owned as a subsidiary company by the insurance holding company which owns the relevant company as its subsidiary company (this subsidiary company is collectively referred to below as "sister insurance company, etc." in this item) requires enforcement of the security rights for the collection of claims related to loans or any other credit granted: business of purchasing the properties securing the claims and of handling business affairs necessary in relation to ownership, management, etc. of the properties purchased, on behalf of the sister insurance company, etc.;
  - (xxv) any other business designated by the Commissioner of the Financial Services Agency as the business equivalent to those specified in the preceding items; and
  - (xxvi) businesses incidental to those stated in the preceding items (limited to the businesses carried out by the parties engaged in any of the aforementioned businesses).
- (3) If, from the standpoint of improvement of convenience of policyholders, etc., it



- is not reasonable that the company engaged in the business specified in Article 56-2, paragraph (2), item (i) performs the business, the company does not fall under the company stated in Article 271-22, paragraph (1), item (xii) of the Act.
- (4) A company to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xiii) of the Act, is a company provided in Article 56, paragraph (5).
- (5) The company to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xiv) of the Act, is a company excluding an issuer of the shares listed on a financial instruments exchange or the shares registered in the over-the-counter traded securities register, and which also satisfies any of the following requirements:
- (i) a company stated in Article 56, paragraph (6), items (i) through (x) (in the case of a company stated in item (ix) of that paragraph, limited to the case where an insurance company which is a subsidiary company of the insurance holding company or a subsidiary company of the insurance company acquires voting rights in the company.)
  - (ii) a company that implements a streamlined management improvement plan (limited to a plan that provides for fund contribution by a specified financial institution, etc. to the company as necessary for its business, for which fund contribution is expected to improve the business management of the company within a reasonable period) formulated with the involvement of an insurance company or bank, etc. holding monetary claims against the company (if there is no such insurance company or bank, etc., the insurance holding company that acquires voting rights in the company in connection with the acquisition of the voting rights by the insurance holding company or its subsidiary company) and any of the following entities:
    - (a) a public agency;
    - (b) a commercial and industrial association or chamber of commerce and industry;
    - (c) any organization equivalent to (a) or (b);
    - (d) an attorney, a legal professional corporation, or an attorney at law/registered foreign lawyer joint corporation;
    - (e) a certified public accountant or audit corporation;
    - (f) a certified public tax accountant or tax accountancy corporation; or
    - (g) a company engaged in consulting service relating to the business management of other business operators, etc. (limited to a company other than a subsidiary company, etc. (meaning a subsidiary company, etc. provided in Article 271-24, paragraph (1) of the Act) of the insurance holding company).
- (6) The requirements specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xiv) of the Act are that if an insurance holding

company or its subsidiary company acquires voting rights in the company prescribed in the preceding paragraph (excluding a company that falls under Article 56, paragraph (6), item (x)), all of the requirements stated in the following are satisfied:

- (i) a business plan (meaning a business plan as provided in Article 271-22, paragraph (1), item (xiv) of the Act) has been prepared that includes human-resources or financial assistance by an insurance company or bank, etc. or any other assistance for business revitalization that is provided by the insurance company or bank, etc.; and
  - (ii) any of the following entity that falls under any of (a) through (g) of item (ii) of the preceding paragraph is involved in formulating the business plan referred to in the preceding item.
- (7) The company to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xv) of the Act, is a company which is not an issuer of shares listed on the financial instruments exchange or shares registered in the over-the-counter traded securities register, and which falls under any of the following requirements, or a company which prepares a business revitalization plan with the involvement of Regional Economy Vitalization Corporation of Japan:
- (i) a company that has received capital contributions from an investment limited partnership in which a stock company to be established through the implementation of the business stated in Article 22, paragraph (1), item (vi) of the Act on Regional Economy Vitalization Corporation of Japan is an unlimited liability partner and falls under either of the following:
    - (a) the insurance holding company or its subsidiary company is a partner of the investment limited partnership;
    - (b) the insurance holding company or its subsidiary company makes capital contributions to the stock company; or
  - (ii) a company that was established for the purpose of undertaking business revitalization or of creating a new business that draws upon the distinctive features of the region or carrying out other business activities that contribute to the revitalization of the regional economy, and which implements a business plan formulated with the involvement of an entity that falls under any of paragraph (5), item (ii), (a) through (g).
- (8) Beyond the companies provided in paragraph (4), a company which fell under the company provided in paragraph (4) at the time when the voting rights were acquired by an insurance holding company or its subsidiary company (including a company to be a subsidiary company; the same applies below in this paragraph) due to grounds other than the acquisition of shares or equity interests by the exercise of security rights by the insurance holding company or its subsidiary company or other than the grounds stated in Article 210-9,

paragraph (1), item (i) (when the voting rights in that company were acquired on two or more occasions by the insurance holding company or its subsidiary company, at the time of the latest occasion of the acquisition due to grounds other than the acquisition of shares or equity interests by the exercise of security rights by the insurance holding company or its subsidiary company or other than the grounds stated in that item) is to be treated as falling under the company to be specified by Cabinet Office Order as provided in Article 271-22, paragraph (1), item (xiii) of the Act related to the insurance holding company, unless the voting rights in the company are newly acquired by the insurance holding company or its subsidiary company due to grounds other than the acquisition of shares or equity interests by the exercise of security rights by the insurance holding company or its subsidiary company or other than the grounds stated in Article 210-9, paragraph (1), item (i).

- (9) The provisions of the preceding paragraph apply mutatis mutandis to an entity that formerly fell under the category of a company provided in paragraph (5). In this case, the term "Article 271-22, paragraph (1), item (xiii)" in the preceding paragraph is deemed to be replaced with "Article 271-22, paragraph (1), item (xiv)."
- (10) The provisions of paragraph (8) apply mutatis mutandis to an entity that formerly fell under the category of a company provided in paragraph (7). In this case, the term "Article 271-22, paragraph (1), item (xiii)" in paragraph (8) is deemed to be replaced with "Article 271-22, paragraph (1), item (xv)."
- (11) Notwithstanding the provisions of paragraph (4) through the preceding paragraph (excluding paragraph (6)), if a specified subsidiary company (meaning a specified subsidiary company prescribed in Article 271-22, paragraph (1), item (xiii); the same applies in the following paragraph) fails to dispose of the acquired voting rights in a company prescribed in paragraph (4) or paragraph (8) (referred to below as a "company cultivating new business field" in this paragraph), a company provided in paragraph (5) or a company to be specified by Cabinet Office Order, as referred to in paragraph (8), as applied mutatis mutandis pursuant to the preceding paragraph (9) following the deemed replacement of terms (referred to below as a "business restructuring company" in this paragraph, the following paragraph and Article 210-14, paragraph (2), item (vi), a company provided in paragraph (7) or a company to be specified by Cabinet Office Order, as referred to in paragraph (8), as applied mutatis mutandis by pursuant to the preceding paragraph (9) following the deemed replacement of terms (referred to below as a "local revitalization business company" in this paragraph), by the cut-off date (meaning: the day on which fifteen years have elapsed from the date of the acquisition of the voting rights in a new business marketing company; or the day on which ten years have elapsed from the date of the acquisition of the voting rights in a business

restructuring company or local revitalization business company (if the voting rights are voting rights in a company prescribed in Article 56, paragraph (6) (limited to one that falls under item (v) or item (vi) of that paragraph), and the period during which the company receives the assistance exceeds ten years from the date of the acquisition of the voting rights: the day on which the assistance ends); the same applies below in this paragraph), the company cultivating new business field, business restructuring company and local revitalization business company (referred to below as a "company cultivating new business field, etc." and Article 210-14, paragraph (2), item (vi)) is to be considered as a company that does not fall under a company as specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xiii) of the Act in relation to the insurance holding company in the case of a company cultivating new business field, a company as specified by Cabinet Office Order that is provided for in item (xiv) of that paragraph in relation to the insurance holding company in the case of a business restructuring company, or a company as specified by Cabinet Office Order that is provided for in item (xv) of that paragraph in relation to the insurance holding company in the case of a local revitalization business company, respectively, from the day following the cut-off date; provided, however, that this does not apply to the case where the disposition of the voting rights would result in the number of voting rights in the company cultivating new business field, etc. held by the insurance holding company or its subsidiary company falling below the voting right holding threshold (meaning the number of the voting rights derived by multiplying the all shareholders' voting rights by 50 percent, in the case of voting rights in a domestic company and business restructuring company (limited to a company satisfying the requirements under paragraph (6); the same applies in the following paragraph and Article 56, 210-14, paragraph (2), item (v)); the same applies below in this paragraph and following paragraph) as of the cut-off date; and where the specific subsidiary company, between the acquisition date and the cut-off date, disposes the portion of the voting rights exceeding the voting right holding thresholds of the voting rights in the company cultivating new business field, etc. held by the insurance holding company or its subsidiary company as of the cut-off date.

- (12) Notwithstanding the provisions of paragraphs (5) and (9), if an insurance holding company or its subsidiary company other than a specified subsidiary company fails to dispose of the acquired voting rights in a business restructuring company by the cut-off date (meaning the day on which the period specified in the items of paragraph (10) of Article 56 has elapsed from the date of the acquisition of the voting rights in accordance with the categories of voting rights stated in those items; the same applies below in this paragraph), the business restructuring company is not considered to be a

company specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xiv) of the Act in relation to the insurance holding company from the day following the cut-off date; provided, however, that this does not apply to the case in which; the number of voting rights in the business restructuring company held by the insurance holding company or its subsidiary company other than a specified subsidiary company falls below the voting rights threshold as of the cut-off date, if the disposition is performed; and the insurance holding company or its subsidiary company other than a specified subsidiary company disposes of a portion of voting rights exceeding the voting right holding threshold as of the cut-off date among the voting rights in the business restructuring company held by the insurance holding company or its subsidiary company other than a specified subsidiary company, during the period from the date of the acquisition to the cut-off date:

- (13) The company to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xiii) of the Act, is a company solely engaged in the business specified in the items of Article 56, paragraph (16) and business incidental to these.
- (14) The companies to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (1), item (xvi) of the Act, are as follows:
  - (i) a holding company holding any of the following companies as its subsidiary company:
    - (a) a life insurance company;
    - (b) a non-life insurance company;
    - (c) a small amount and short term insurer;
    - (d) a bank; or
    - (e) a long-term credit bank.
  - (ii) beyond what are provided in the preceding paragraph, a holding company solely engaged in the business management of its subsidiary companies, businesses incidental to these and the following businesses:
    - (a) the businesses referred to in the items of paragraph (2) to be performed for the businesses conducted by the insurance holding company, its subsidiary company (limited to a company stated in Article 271-22, paragraph (1), items (i), (ii) and (viii) of the Act) and any other companies provided in paragraph (1);
    - (b) the businesses stated in the items of paragraph (2) of Article 56-2 (excluding the businesses stated in items (xxxiv)-3 and (xxxv) of that paragraph, if the holding company does not hold a company engaged in banking business as its subsidiary company; excluding the businesses stated in items (xxxvi) through (xl) of that paragraph, if the holding company does not hold a company specialized in securities, etc. as its subsidiary company; and excluding the businesses stated in items (xli)

- through (xlv) of that paragraph if the holding company does not hold a company specialized in trust business, etc. as its subsidiary company, etc.)
- (15) The provisions of Article 2, paragraph (15) of the Act apply mutatis mutandis to the voting rights as provided in paragraphs (5), (6), (8) (including as applied mutatis mutandis pursuant to paragraphs (9) and (10), following the deemed replacement of terms), (11) and (12).

(Application for Approval Concerning Subsidiary Company of Insurance Holding Company)

- Article 210-8 (1) The matters to be specified by Cabinet Office Order, as provided in Article 271-22, paragraph (2) of the Act, are the following matters related to the company for which the application for approval is filed:
- (i) trade name or name;
  - (ii) the amount of stated capital;
  - (iii) the names of directors and company auditors (or directors, in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
  - (iv) the name of the accounting advisor, in the case of a company with accounting advisors;
  - (v) location of the principal business office or principal office; and
  - (vi) the details of business.
- (2) The following documents must be attached to the written application provided in Article 271-22, paragraph (2) of the Act:
- (i) a statement of reasons;
  - (ii) the following documents concerning the insurance holding company and its subsidiary company:
    - (a) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including any document similar to these) of the insurance holding company and its subsidiary company, etc. prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
    - (b) the document specifying the prospective income and expenditure the insurance holding company and its subsidiary company, etc. (including a company which is to become the subsidiary company) and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. after the approval is granted;
    - (c) if a company other than companies stated in the items of Article 271-22, paragraph (1) of the Act, is to become a subsidiary company due to the implementation of the share exchange (including the share exchange on entity conversion as provided in Article 96-5, paragraph (1) of the Act), the following documents:

1. the minutes of shareholders meetings, or any other documents certifying that necessary procedures have been followed;
  2. a document specifying the terms and conditions of the share exchange agreement (including contract for share exchange on entity conversion);
  3. a document specifying the costs for share exchange;
- (d) for holding a company other than a company stated in the items of Article 271-22, paragraph (1) of the Act as its subsidiary company through partial share exchange, the following documents:
1. minutes of shareholders meetings or other documents proving that necessary procedures were followed;
  2. a document stating the content of the partial share exchange plan;
  3. a document stating the cost for the partial share exchange;
- (iii) the latest balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc. (including any document similar to these), and any other document disclosing the current status of business, property, profit and loss of the company for which the application for approval is filed; and
- (iv) a document specifying any other matters as may be deemed necessary by the Commissioner of the Financial Services Agency.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to the approval under the proviso to Article 271-22, paragraph (4) of the Act.

(Exception to Approval Concerning Subsidiary Company of Insurance Holding Company)

Article 210-9 (1) The grounds to be specified by Cabinet Office Order, as provided in the main clause of Article 271-22, paragraph (4) of the Act, are as follows:

- (i) acquisition of shares or equity interests by way of receipt of subrogation payment by the insurance holding company or its subsidiary company;
- (ii) acquisition of voting rights represented by shares or equity interests which prohibits the insurance holding company or its subsidiary company from exercising the voting rights (limited to the shares or equity interests acquired due to the occurrence of the event beyond the intention of the insurance holding company or its subsidiary company);
- (iii) conversion of shares in a company whose shares are owned by the insurance company or its subsidiary company (excluding the conversion upon the request from the insurance holding company or its subsidiary company);
- (iv) consolidation or split of shares in a company whose shares are owned by the insurance holding company or its subsidiary company;
- (v) amendment of the details of the rights in shares or equity interests or

- amendment to the number of shares for one unit of shares, as affected by the amendment of the articles of incorporation of the company whose shares are owned by the insurance holding company or its subsidiary company;
  - (vi) acquisition of treasury shares or equity interests of a company whose shares are owned by the insurance holding company or its subsidiary company; and
  - (vii) acquisition of shares or equity interests by a company stated in Article 271-22, paragraph (1), items (xiii) through (xv) of the Act, which is a subsidiary company of the insurance holding company.
- (2) The causes to be specified by Cabinet Office Order, as provided in the proviso to Article 271-22, paragraph (4) of the Act, are the causes stated in item (vii) of the preceding paragraph.

(Business Report of Insurance Holding Company)

- Article 210-10 (1) An interim business report as stated in Article 271-24, paragraph (1) of the Act must reflect the status of business and properties for the period between the day of commencement of the business year and September 30 of the relevant business year, and must be submitted to the Commissioner of the Financial Services Agency within three months from the end of the relevant period (or within six months from end of the relevant period, in the case of an insurance holding company in foreign state (meaning a foreign holding company having insurance company as subsidiary company, which is incorporated with the authorization under Article 271-18, paragraph (1) of the act or which is authorized under the proviso to the same paragraph or the proviso to paragraph (3) of the Article; the same applies below)), categorized into the interim business outline statement, interim consolidated financial statements and document disclosing the status of solvency margin for insurance proceeds, etc.
- (2) A business report under Article 271-24, paragraph (1) of the Act must be prepared and submitted within four months from the end of the business year (or within six months from the end of the business year, in the case of an insurance holding company in foreign state), in accordance with Appended Form No. 15 and categorized into the business outline statement, the consolidated financial statements and the document disclosing the status of solvency margin for insurance proceeds, etc.
- (3) The companies in special relationship to be specified by Cabinet Office Order (referred to below as "subsidiary company, etc." in the following Article), as provided in Article 271-24, paragraph (1) of the Act, are as follows:
- (i) subsidiary corporation, etc. of the insurance holding company; and
  - (ii) an affiliated corporation, etc. of the insurance holding company.
- (4) If, due to any inevitable grounds, an insurance holding company is unable to



submit its interim business report or business report within the time limit respectively provided in paragraph (1) or (2), it may, with an approval from the Commissioner of the Financial Services Agency in advance, postpone the submission.

- (5) If an insurance holding company seeks to obtain the approval under the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons.
- (6) When the application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether there exist any inevitable grounds for the extension of time limit for submission of the interim business report or business report by the insurance holding company which has filed the application.

(Public Inspection of Explanatory Documents Disclosing Status of Business and Properties of Insurance Holding Company)

Article 210-10-2 (1) The matters to be specified by Cabinet Office Order, as provided in Article 271-25, paragraph (1) of the Act are as follows:

- (i) the following matters related to overview and organizational framework of the insurance holding company:
  - (a) organizational framework for business management (including the organizational framework for business management of the insurance holding company's subsidiary company, etc. (excluding the subsidiary company, etc. which would not give material impact on the details of the explanatory documents provided in the first sentence of Article 271-25, paragraph (1) of the Act));
  - (b) the amount of stated capital, and the total number of shares issued;
  - (c) the following matters related to ten or more shareholders in accordance with the descending order of the number of the shares held:
    - 1. name (if the shareholder is a corporation or any other organization, the name of organization);
    - 2. the number of shares held by each of shareholders;
    - 3. the ratio of the number of shares held by each shareholder to the total number of the shares issued;
  - (d) the names and job titles of directors and company auditors (or directors, in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
  - (e) the name of the accounting advisor, in the case of a company with accounting advisors;
  - (f) the names of the financial auditors;

- (ii) the following matters related to the overview of the insurance holding company and its subsidiary company, etc.:
  - (a) the details of the principal business of the insurance holding company and its subsidiary company, etc., and their organizational framework;
  - (b) the following matters related to subsidiary company, etc. of the insurance holding company:
    - 1. the name;
    - 2. the location of the principal business office of other principal office;
    - 3. the amount of stated capital or funds;
    - 4. the business details;
    - 5. the date of incorporation;
    - 6. the ratio of the voting rights in the subsidiary company, etc. held by the insurance holding company to the voting rights of all shareholders or equity holders; and
    - 7. the ratio of the voting rights in a single subsidiary company, etc. of the insurance holding company held by the other subsidiary company, etc. to the voting rights of all shareholders or equity holders;
- (iii) the following matters related to principal business of the insurance holding company and its subsidiary company, etc.:
  - (a) overview of the business for the most recent business year;
  - (b) the following matters, which are the indicators of the status of principal business for the latest five consolidated financial years:
    - 1. ordinary profit or any equivalent items;
    - 2. ordinary profit, ordinary loss or any equivalent items;
    - 3. net profit belonging to the shareholders of the parent company for the period or net loss belonging to the shareholders of the parent company for the period;
    - 4. comprehensive income;
    - 5. amount of net assets;
    - 6. total amount of assets;
    - 7. ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc.;
- (iv) the following matters related to the status of properties of insurance holding company and its subsidiary company, etc. for the latest two consolidated financial years:
  - (a) a consolidated balance sheet, consolidated profit and loss statement, and consolidated statement of change in shareholders' equity, etc. (including the matters similar to these; the same applies in (e));
  - (b) regarding the claims held by an insurance holding company and its subsidiary company, etc. (meaning the claims the value of which are to be posted on each of the accounts for corporate bonds, loan, outstanding

interest, temporary payment and consideration for acceptance of payment as stated in the consolidated balance sheet specified in Appended Form No. 15, and also including the loan of securities), the total of the amounts stated in the following items and 1. through 4.;

1. claims subject to bankruptcy proceeding and reorganization proceedings and any other type of equivalent claims;
2. claims with risks;
3. three-month delinquent claims;
4. claims with relaxed terms;
5. ordinary claims;

(c) the state of soundness of solvency margin for insurance proceeds, etc. (including the amounts stated in Appended Form as the details on the amount stated in the items of Article 271-28-2 of the Act) and the state of soundness of solvency margin for insurance proceeds, etc. of an insurance company which is a subsidiary company, etc. of the insurance holding company (including the amount stated in the items of Article 130 of the Act);

(d) segment information prescribed in Article 15-2, paragraph (1) of the Regulations on Consolidated Financial Statement or any equivalent information;

(e) if, in connection with the balance sheet, profit and loss statement and statement of change in shareholders' equity, the insurance holding company has obtained an audit certificate of the certified public accountant or an audit firm pursuant to the provisions of Article 193-2 (Audit Certification by a Certified Public Accountant or Audit Firm) of the Financial Instruments and Exchange Act, that fact;

(v) if, as of the last day of the business year, there exists any event which give rise to any material doubt as to the precondition that the insurance holding company will continue its business activities in the future or any other event which may give material impact on business management of the insurance holding company (referred to below as "material event, etc." in this item), that fact and the details, analysis of the material event, etc., and the details of the measures to be taken to eliminate or improve the material event, etc.;

and

(vi) in the case of a corporation, etc. subject to special business accounting standards, etc., the business accounting standards adopted by it.

(2) Notwithstanding the provisions of the preceding paragraph, an insurance holding company in foreign state must keep the documents disclosing the matters related its business and properties (including the documents prepared in non-Japanese languages) at its business office or other office (excluding business offices or other office located in a foreign state; the same applies in

the following paragraph) of the insurance company which is its subsidiary company and make them available for public inspection.

(3) If the documents provided in the preceding paragraph is written in a non-Japanese language, an insurance holding company in foreign state must, in addition to those documents, prepare the Japanese version of the overview of the insurance holding company in foreign state as well as the balance sheet and profit and loss statement, and keep them at the business office or other office of the insurance holding company in foreign state and make them available for public inspection.

(4) The place to be specified by Cabinet Office Order, provided in Article 271-25, paragraph (1) of the Act, is business office other office of the insurance company which is the subsidiary of the insurance holding company (excluding the head office and branch office, and also excluding business office or other office located in a foreign state)

Article 210-10-3 (1) An insurance holding company must start to make available for public inspection the documents prepared under Article 271-25, paragraph (1) of the Act (or documents provided in paragraphs (2) and (3) of the preceding Article; referred to below as "explanatory documents, etc." in this paragraph and the following paragraph) within five months from the end of its business year (or within six months from the end of the business year, in the case of an insurance holding company in foreign state), and must keep them accessible from the public for the period before the commencement of public inspection of each of the explanatory documents related to the business year immediately after the relevant business year.

(2) If, due to any inevitable grounds, an insurance holding company is unable to make available for public inspection the explanatory documents by the period provided in the preceding paragraph, it may, with an approval from the Commissioner of the Financial Services Agency in advance, extend the timing for commencement of the public inspection.

(3) If an insurance holding company seeks to obtain the approval under the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons.

(4) When the application for approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether the insurance holding company which has filed the application has any inevitable reason for postponing the public inspection under paragraph (1).

Article 210-10-4 The places to be specified by Cabinet Office Order, as provided in Article 271-25, paragraph (3) of the Act, are the places provided in Article

210-10-2, paragraph (4).

Article 210-10-5 An insurance holding company must, for each quarter, make an effort to disclose the matters which would serve as reference information for policyholders of the insurance company which is the insurance holding company's subsidiary company as provided in Article 271-25, paragraph (5) and any other customers so that they may acquire knowledge on the status of business and properties of the insurance holding company and its subsidiary company, etc. which are especially important (including the matters to be separately designated by the Commissioner of the Financial Services Agency)

(Matters to Be Stated in Business Report of Insurance Holding Company)

Article 210-11 (1) The business report under Article 271-26 of the Act must be prepared in accordance with Appended Form No. 15-2.

(2) The supplementary schedule stated in Article 271-26 of the Act must be prepared in accordance with Appended Form No. 15-3.

(Corporation Whose Management Is Controlled by Insurance Holding Company)

Article 210-11-2 The corporation to be specified by Cabinet Office Order, as provided in Article 271-27, paragraph (1) of the Act is to be the insurance holding company's subsidiary company, etc., excluding a subsidiary company.

(Capital, Reserve Used for Requirement for Soundness Regarding Insurance Holding Company)

Article 210-11-3 (1) The amount of stated capital, reserve or any other amount to be specified by Cabinet Office Order, as referred to in Article 271-28-2 item (i) of the Act is the amount obtained by deducting the amount calculated as exclusion from deferred tax assets (meaning the amount reported as assets by the application of tax effect accounting (meaning an accounting method which, if there are differences between the amounts of assets and liabilities reported on the consolidated balance sheet and the amounts of assets and liabilities derived as a result of calculating the tax base, reasonably matches the amount of net profit or net surplus for the period before deducting the corporation tax, etc. with the applicable amount of corporation tax, etc. through appropriate interperiod allocation of the amount of corporation tax, etc. relating to the differences; the same applies in item (vi)); the same applies in paragraph (3))) by the method specified by the Commissioner of the Financial Services Agency, from the following amounts:

(i) the amount of stated capital, etc. (meaning the total amount recorded in the net asset section of the consolidated balance sheet, less the amount to be

- disbursed as the appropriation of surplus, the amount recorded in the items of accumulated other comprehensive income in the consolidated balance sheet, the amount recorded in the asset section of the consolidated balance sheet pursuant to the provisions of the first sentence of Article 113 of the Act, goodwill (including an amount similar to goodwill) and the amount recorded as the deferred asset in the asset section of the consolidated balance sheet);
- (ii) the amount recorded in the liability section of the consolidated balance sheet based on the price fluctuation reserve under Article 115, paragraph (1) of the Act (an amount similar to that amount (limited to an amount recorded in the liability section of the consolidated balance sheet and permitted by the authorities of a foreign state to be included in an amount equivalent to the amount stated in Article 271-28-2, item (i) of the Act under the laws and regulations of the foreign state) may be included);
  - (iii) the amount recorded in the liability section of the consolidated balance sheet based on the contingency reserve under Article 69, paragraph (1), item (iii) and Article 70, paragraph (1), item (ii)-2 (an amount similar to that amount (limited to an amount recorded in the liability section of the consolidated balance sheet and permitted by the authorities of a foreign state to be included in an amount equivalent to the amount stated in Article 271-28-2, item (i) of the Act under the laws and regulations of the foreign state) may be included);
  - (iv) the amount recorded in the liability section of the consolidated balance sheet based on the extraordinary contingency reserve under Article 70, paragraph (1), item (ii) (an amount similar to that amount (limited to an amount recorded in the liability section of the consolidated balance sheet and permitted by the authorities of a foreign state to be included in an amount equivalent to the amount stated in Article 271-28-2, item (i) of the Act under the laws and regulations of the foreign state) may be included);
  - (v) the amount of general loan-loss reserves;
  - (vi) regarding available-for sale securities owned by the insurance holding company and its subsidiary company, etc. (meaning a subsidiary company, etc. provided in Article 271-24, paragraph (1) of the Act; the same applies in the following item and paragraph (3), items (ii) and (iii)), the following amounts recorded in the balance sheet before the application of the tax effect accounting, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency:
    - (a) the amount recorded in the item of valuation differences on available-for-sale securities;
    - (b) the amount recorded in the item of deferred gain or loss on hedges (limited to the amount if the amount of valuation differences on hedging instruments is recorded in the item of valuation difference on available-for-

- sale securities);
- (vii) regarding lands (including lands outside Japan) owned by the insurance holding company and its subsidiary company, etc., the amount of difference between the market value and book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency;
  - (viii) the total of the amount of unrecognized actuarial difference and the amount of unrecognized past service cost; and
  - (ix) the amount similar to those stated in the preceding items, as designated by the Commissioner of the Financial Services Agency.
- (2) The term "market value" as referred to in item (vii) of the preceding paragraph means the value calculated based on the fairly appraised price as of the day when the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc.
- (3) Notwithstanding the provisions of paragraph (1), for an insurance holding company which is a corporation, etc. subject to special business accounting standards, etc., the amount of stated capital, reserves and other items to be specified by Cabinet Office Order, as provided in Article 271-28-2, item (i) of the Act, is the amount obtained by deducting from the following amount the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount excluded from deferred tax assets.
- (i) the amount equivalent to the items relating to the amount stated in paragraph (1), item (i) (excluding the amount of financial instruments recorded on the liabilities section of a consolidated balance sheet according to the corporate accounting criteria that are generally accepted as fair and appropriate, as provided in Article 1, paragraph (1) of the Regulations on Financial Statements, etc.; and including the amount of equivalents of financial instruments (limited to instruments falling under the categories of financial instruments recorded in the net asset section of a consolidated balance sheet according to the corporate accounting criteria that are generally accepted as fair and appropriate, as provided in that paragraph) recorded in the liabilities section of an equivalent of a consolidated balance sheet prepared according to the corporate accounting criteria adopted by it);
  - (ii) regarding securities held by the insurance holding company and its subsidiary company, etc., the amount obtained by multiplying the total amount of asset equivalent to the asset concerning total amount provided in paragraph (1), item (vi) (excluding the amount of assets that fall under the bonds held to maturity or bonds for adjustment of policy reserve) according to the corporate accounting criteria adopted by it, by the rate specified by the Commissioner of Financial Services Agency;
  - (iii) regarding lands (including lands outside Japan) owned by the insurance

- holding company and its subsidiary companies, etc., the amount of difference of equivalent assets concerning the difference provided in paragraph (1), item (vii) according to the corporate accounting criteria adopted by it, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency;
- (iv) the total amount of equivalent assets concerning the total amount provided in paragraph (1), item (viii) according to the corporate accounting criteria adopted by it; and
  - (v) the amount of other items specified by the Commissioner of the Financial Services Agency as being equivalent to the items specified in the preceding items.

(Amount Equivalent to Risk Not Normally Predictable Regarding Insurance Holding Company)

Article 210-11-4 The amount equivalent to the risk not normally predictable that may accrue from the occurrence of the insured event for which the insurance is underwritten, as referred to in Article 271-28-2, item (ii) of the Act, or any from other grounds is the amount calculated by the method specified by the Commissioner of the Financial Services Agency based upon the following amounts:

- (i) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the insurance risk (excluding the amounts stated in the following item and item (iii));
- (ii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the third-sector insurance risk;
- (iii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the insurance risk for the small amount and short term insurer which is the subsidiary company, etc.;
- (iv) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the scheduled interest rate risk;
- (v) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the minimum guarantee risk;
- (vi) the total of the amount stated in (a) through (e) below, which is the amount equivalent to the asset investment risk:
  - (a) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent



- to the price fluctuation, etc. risk;
- (b) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the credit risk;
- (c) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the derivatives transactions risk;
- (d) the amount calculated by the method specified by the Commissioner of the Financial Services Agency as the amount corresponding to credit spread risk;
- (e) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency, as the amount corresponding to the risks stated in (a) through (d); and
- (vii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the management risk.

(Exclusion from Application)

Article 210-11-5 The provisions of the preceding two Articles do not apply to an insurance holding company which is a subsidiary company of another insurance company or insurance holding company.

(Application for Authorization of Merger of Insurance Holding Company)

Article 210-12 (1) If an insurance holding company seeks to obtain the authorization of merger under Article 271-31, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, attaching the following documents:

- (i) a written statement of reasons;
- (ii) the minutes of shareholders meetings or any other documents certifying that necessary procedures have been followed;
- (iii) the latest balance sheet, when the provisions of the preceding item apply and where the insurance holding company surviving the merger has determined the amount of money, etc. (meaning money and any other properties) to be distributed to shareholders or members of the company to be extinguished by way of the merger;
- (iv) a document describing the terms and conditions of the merger agreement;
- (v) a document describing the cost of merger;
- (vi) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including any document similar to these) of the insurance holding company and its subsidiary company, etc.

- prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
- (vii) a document certifying that the public notice and notices under Article 789, paragraph (2) (Creditor Objections), Article 799, paragraph (2) (Objections of Creditors) or Article 810, paragraph (2) (Objections of Creditors) of the Companies Act have been given (when, pursuant to the provisions of Article 789, paragraph (3), Article 799, paragraph (3) or Article 810, paragraph (3) of the Act, the public notice was given on a daily newspaper that publishes news on current events in addition to the publication in the office gazette, the public notice through those methods), and if any creditor has raised an objection, the fact that the payment has been made or reasonable security has been provided to the creditor or reasonable property has been deposited in trust for the purpose of having the creditor receive the payment, or that the merger is not likely to harm the creditor;
- (viii) if the company extinguished through the merger or a company implementing consolidation of shares is a company issuing share certificates, a document certifying that a public notice has been given under the main clause of Article 219, paragraph (1) (Public Notice in Relation to Submission of Share Certificate) of the Companies Act, or a document certifying that the company has not issued share certificates representing any of the shares;
- (viii)-2 if the company to be extinguished upon the merger has issued share options, a document certifying that a public notice has been given under Article 293, paragraph (1) (Public Notice in Relation to Submission of Share Option Certificates) of the Companies Act, or a document certifying that the company has not issued any stock option certificate provided in the same paragraph;
- (ix) a document certifying that the notification under Article 15, paragraph (2) (Restriction on Merger) of the Anti-Monopoly Act has been completed;
- (x) articles of incorporation and résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or résumés of directors and executive officers, in the case of a company with nominating committee, etc.) of the insurance holding company surviving the merger; a documents specifying the location of its head office; and a document specifying the prospective income and expenditure of the insurance holding company and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. after the implementation of the merger;
- (xi) if the insurance holding company surviving the merger is a company with accounting advisors, the résumés of the accounting advisors;
- (xii) résumés of the financial auditors of the insurance holding company surviving the merger;

- (xiii) if the parties to the merger includes a party which is not an insurance holding company, the articles of incorporation formerly in effect, the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. and any other document disclosing the recent status of business, properties and profit and loss of the party which is not an insurance holding company;
  - (xiv) a document specifying the organizational framework for the subsidiary company's business management, which is to be carried out by the insurance holding company surviving the merger;
  - (xv) a document specifying the status of maintenance of employees with knowledge and experience in the business of an insurance company;
  - (xvi) if the insurance holding company surviving the merger makes any company which cannot be held as the subsidiary company unless with the approval under Article 271-22, paragraph (1) of the Act as its subsidiary company as a result of the merger, a document concerning that company which describes the matters specified in the items of Article 210-8, paragraph (1) or a document stated in item (ii), paragraph (2) of the same Article; and
  - (xvii) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-19, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 271-31, paragraph (4) of the Act.
- (2) The provisions of Article 210-3, paragraph (3) apply mutatis mutandis to the examination provided in Article 271-19, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 271-31, paragraph (4) of the Act, which relates to the application for authorization under the preceding paragraph.

(Amount of Assets)

- Article 210-12-2 (1) The amount of debts to be specified by Cabinet Office Order, as provided in Article 37-5-7, paragraph (1), item (ii), (a) of the Cabinet Order, is the amount specified in item (i), less the amount specified in item (ii):
- (i) the amount to be recorded in the liabilities section of the balance sheet of the insurance holding company on the presumption that it was prepared immediately after the implementation of the absorption-type company split, less the amount to be posted on the accounting books in connection with the shares, etc. (limited to corporate bonds (excluding the corporate bonds held by the insurance holding company immediately prior to the implementation of the absorption-type company split)), as referred to in Article 795, paragraph (2), item (ii) of the Companies Act;
  - (ii) the amount to be recorded in the liabilities section of the balance sheet of the insurance holding company on the presumption that it was prepared

- immediately prior to the implementation of the absorption-type company split.
- (2) The amount of assets to be specified by Cabinet Office Order, as provided in Article 37-5-7, paragraph (1), item (ii), (a) of the Cabinet Order, is the amount specified in item (i), less the amount specified in item (ii):
- (i) the amount to be recorded in the asset section of the balance sheet of the insurance holding company on the presumption that it was prepared immediately after the implementation of the absorption-type company split;
  - (ii) the amount to be recorded in the asset section of the balance sheet of the insurance holding company on the presumption that it was prepared immediately prior to the implementation of the absorption-type company split, less that book value of the money, etc. as provided in Article 795, paragraph (2), item (ii) of the Companies Act (including the shares, etc. as referred to in the same item which comprise the corporate bonds, etc. held by the insurance holding company immediately prior to the implementation of the absorption-type company split).
- (3) Notwithstanding the provisions of the preceding paragraph, if the insurance holding company is a company subject to restriction of consolidated dividends, and where the company splitting in the absorption-type split (meaning the company splitting in the absorption-type split as provided in Article 758, item (i) (Absorption-Type Company Split Agreement Which Causes a Stock Company to Succeed to Rights and Obligations)) of the Companies Act is the insurance holding company's subsidiary company, the amount of assets to be specified by Cabinet Office Order as provided in Article 37-5-7, paragraph (1), item (ii), (a) of the Cabinet Order is either of the following amounts, whichever is the higher;
- (i) the amount stated in paragraph (1), item (i), less the amount stated in item (ii) of the same paragraph; or
  - (ii) the amount stated in item (i) of the preceding paragraph, less the amount stated in item (ii) of the same paragraph.

(Application for Authorization of Company Split of Insurance Holding Company)

- Article 210-12-3 (1) If an insurance holding company seeks to obtain the authorization of company split under Article 271-31, paragraph (2) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, attaching the following documents:
- (i) a written statement of reasons;
  - (ii) the minutes of shareholders meetings or any other documents certifying that necessary procedures have been followed;

- (iii) a document describing the details of the absorption-type company split agreement or the incorporation-type company split plan;
- (iv) a document describing the cost of company split;
- (v) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including any document similar to these) of the insurance holding company and its subsidiary company, etc. prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
- (vi) a document certifying that the public notice and notices under Article 789, paragraph (2) (Creditor Objections), Article 799, paragraph (2) (Objections of Creditors) or Article 810, paragraph (2) (Objections of Creditors) of the Companies Act have been given (if, pursuant to the provisions of Article 789, paragraph (3), Article 799, paragraph (3) or Article 810, paragraph (3) of the Act, the public notice was given on a daily newspaper that publishes news on current events in addition to the publication in the office gazette, the public notice through these methods), and if any creditor has raised an objection, the fact that the payment has been made or reasonable security has been provided to the creditor or reasonable property has been deposited in trust for the purpose of having the creditor receive the payment, or that the company split is not likely to harm the creditor;
- (vii) if a company issuing share certificates implements consolidation of shares, a document certifying that a public notice has been given under the main clause of Article 219, paragraph (1) (Public Notice in Relation to Submission of Share Certificate) of the Companies Act, or a document certifying that the company has not issued share certificates representing any of the shares;
- (vii)-2 when the company implementing the company split has issued share options, and Article 758, item (v) or Article 763, item (x) of the Companies Act applies, a document certifying that a public notice has been given provided in Article 293, paragraph (1) of the Companies Act, or a document certifying that the company has not issued any stock option certificate under the same paragraph;
- (viii) a document certifying that the notification under Article 15, paragraph (2) (Restriction on Merger) of the Anti-Monopoly Act has been completed;
- (ix) a document specifying the prospective income and expenditure of the insurance holding company and its subsidiary company after the implementation of the company split;
- (ix)-2 if the insurance holding company implementing the company split is a company with accounting advisors, the résumés of its accounting advisors;
- (ix)-3 résumés of the financial auditors of the insurance holding company after the company split;
- (x) if the parties to the company split includes a party which is not an

- insurance holding company, the articles of incorporation formerly in effect, the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. and any other document disclosing the recent status of business, properties and profit and loss of the party which is not an insurance holding company;
- (xi) a document specifying the organizational framework for the subsidiary company's business management, to be carried out by the insurance holding company which is one of the parties to the company split;
  - (xii) a document specifying the status of maintenance of employees with knowledge and experience in the business of an insurance company;
  - (xiii) if, as a result of the implementation of the company split, the insurance holding company's subsidiary company no longer falls under the category of a subsidiary company, a document specifying the name of the subsidiary company;
  - (xiv) when the amount of stated capital is to be increased upon the absorption-type company split, or when a stock company is to be incorporated through the incorporation-type company split, the document certifying the amount provided in Article 445, paragraph (5) (Amounts of Stated Capital and Reserves) of the Companies Act;
  - (xv) if the insurance holding company makes any company which cannot be held as the subsidiary company unless with the approval under Article 271-22, paragraph (1) of the Act as its subsidiary company as a result of the company split, a document concerning that company which describes the matters specified in the items of Article 210-8, paragraph (1) or a document stated in item (ii), paragraph (2) of the same Article; and
  - (xvi) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-19, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 271-31, paragraph (4) of the Act.
- (2) The provisions of Article 210-3, paragraph (3) apply mutatis mutandis to the examination provided in Article 271-19, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 271-31, paragraph (4) of the Act, which relates to the application for authorization under the preceding paragraph.

(Application for Authorization of Business Transfer, etc. of Insurance Holding Company)

Article 210-13 (1) If an insurance holding company seeks to obtain the authorization of transfer or acquisition of business under Article 271-31, paragraph (3) of the Act (referred to below as "business transfer, etc." in this Article), it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, attaching

the following documents:

- (i) a written statement of reasons;
  - (ii) the minutes of shareholders meetings or any other documents certifying that necessary procedures have been followed;
  - (iii) a document describing the terms and conditions of the contract for business transfer, etc.;
  - (iv) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including any document similar to these) of the insurance holding company and its subsidiary company, etc. prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
  - (v) a document certifying that the notification under Article 16, paragraph (2) (Restriction of Acquisition of Business) the Anti-Monopoly Act has been completed;
  - (vi) the document specifying the prospective income and expenditure of the insurance holding company and its subsidiary company, etc. and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. after the implementation of the business transfer, etc.;
  - (vii) a document specifying the organizational framework for the subsidiary company's business management, which is to be carried out by the insurance holding company;
  - (viii) a document specifying the status of maintenance of employees with knowledge and experience in the business of an insurance company;
  - (ix) if, as a result of the transfer of business, the insurance holding company's subsidiary company, etc. no longer falls under the category of the subsidiary company, the document specifying the name of the subsidiary company;
  - (x) when, as a result of the acquisition of business, a company which requires the approval under Article 271-22, paragraph (1) of the Act is to fall under the category of the subsidiary company, the document regarding the company as stated in the items of Article 210-8, paragraph (1) and Article 210-8, paragraph (2), item (iii); and
  - (xi) a document stating any other matters which would serve as reference information for performance of the examination provided in Article 271-19, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 271-31, paragraph (4) of the Act.
- (2) The provisions of Article 210-3, paragraph (3) apply mutatis mutandis to the examination provided in Article 271-19, paragraph (1) of the Act which relates to the application for authorization under the preceding paragraph.

### **Section 3 Miscellaneous Provisions**

(Matters Subject to Notification)

Article 210-14 (1) The cases to be specified by Cabinet Office Order, as provided in Article 271-32, paragraph (1), item (vii) of the Act, are as follows:

- (i) where any amendment to the articles of incorporation or similar provisions is effected; or
- (ii) where the name is changed; the domicile, residence, principal business office or other principal office is established, relocated or abolished.

(2) The cases to be specified by Cabinet Office Order, as provided in Article 271-32, paragraph (2), item (viii) of the Act, are as follows:

- (i) if any amendment to the articles of incorporation (or the articles of incorporation or the similar provisions, in the case of an insurance holding company in foreign state) is effected;
- (ii) if share options or corporate bonds with share options are to be issued;
- (iii) if a director representing the insurance holding company or a director or a company auditor engaged in its ordinary business (or a director representing the insurance holding company, or a director or an audit and supervisory committee member engaged in its ordinary business (excluding a director engaged in its ordinary business), in the case of a company with audit and supervisory committee; or a director, a representative executive officer, an executive officer or an audit committee member (excluding a director engaged in its ordinary business) engaged in its ordinary business, in the case of a company with nominating committee, etc.; referred to below as an "officer, etc." in this item and the following item) is to be elected or an officer, etc. intends to retire (excluding cases falling under the following item);
- (iii)-2 if the election or retirement of an officer, etc. has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an officer, etc., notification that an officer, etc. is to be elected or an officer, etc. intends to retire);
- (iii)-3 if a director or an executive officer representing the insurance holding company in foreign state or any other person holding a similar position, or a director or an executive officer engaged in its ordinary business of the insurance holding company in foreign state or any other person holding the similar position (referred to below as an "officer, etc. of insurance holding company in foreign state" in this item and the following item) is to be elected or an officer, etc. of insurance holding company in foreign state intends to retire (excluding cases falling under the following item);
- (iii)-4 when the election or retirement of an officer, etc. of insurance holding company in foreign state has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an officer, etc. of insurance holding company in foreign state,



- notification that an officer, etc. of insurance holding company in foreign state is to be elected or an officer, etc. of insurance holding company in foreign state intends to retire);
- (iii)-5 when an accounting advisor is to be elected or a financial auditor intends to retire (excluding cases falling under the following item);
  - (iii)-6 if the election or retirement of an accounting advisor has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an accounting advisor, notification that an accounting advisor is to be elected or an accounting advisor intends to retire);
  - (iii)-7 when a financial auditor is to be elected or a financial auditor intends to retire (excluding cases falling under the following item);
  - (iii)-8 when the election or retirement of a financial auditor has occurred (excluding the case where a financial auditor is deemed to have been re-elected pursuant to the provisions of Article 338, paragraph (2) (Financial Auditors' Terms of Office) of the Companies Act, and limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of a financial auditor, notification that a financial auditor is to be elected or a financial auditor intends to retire);
  - (iv) when any office is to be established, relocated or abolished;
  - (iv)-2 if any business provided in Article 210-6-4, paragraph (2) is to be conducted;
  - (v) if the insurance holding company made any other company its subsidiary company, due to the acquisition of shares or equity interests by the exercise of security rights by the insurance holding company or its subsidiary company or due to the grounds stated in the items of Article 210-9 (excluding the cases where a notification is required pursuant to the provisions of Article 271-32, paragraph (2), item (iii) of the Act);
  - (vi) if the subsidiary company (including a subsidiary company of a company cultivating new business field, etc. or business restructuring company) has effected any amendment to its name, location of the head office or principal business (excluding the case where it is clear that the subsidiary company reverts to its original location), merger, dissolution or discontinuance of all of its business (excluding the cases stated in Article 271-32, paragraph (2), items (ii) or (iv) of the Act);
  - (vii) where the insurance holding company has submitted to the ordinary shareholders meeting the business report to be prepared pursuant to the provisions of Article 435, paragraph (2) (Preparation and Retention of Financial Statements) of the Companies Act and its supplementary schedules;
  - (viii) (Deleted)

- (ix) where, for calculating the amount stated in Article 210-11-4, item (i) or item (v), the insurance holding company intends to use the formula specified by the Commissioner of the Financial Services Agency; and
  - (x) where the insurance holding company ceased to use the formula specified by its subsidiary company, etc. as referred to in the preceding item, or to effect any material amendment to the formula.
- (3) If an insurance holding company (including a company which formerly was an insurance holding company) intends to file a notification under Article 271-32, paragraph (2) of the Act, it must submit to the Commissioner of the Financial Services Agency a written notification, with a written statement of reasons or any other document stating the matters which would serve as reference information (or the documents provided in the following items, in cases stated in these items).
- (i) the cases stated in item (iv)-2 of the preceding paragraph: a document stating the content of the business to be conducted and the system for executing the business
  - (ii) the cases stated in item (vii) of the preceding paragraph: a business report and supplementary schedules provided in that item

(Application for Authorization Concerning Validity of Authorization)

- Article 210-15 (1) If a party which has obtained the authorization under Article 271-10, paragraph (1) of the Act seeks to obtain an approval under Article 271-33, paragraph (1), item (i) of the Act, it must submit to the Commissioner of the Financial Services Agency a written application for approval, attaching a written statement of reasons.
- (2) If a party which has obtained the authorization under Article 271-18, paragraph (1) of the Act seeks to obtain an approval under Article 271-33, paragraph (2), item (i) of the Act, it must submit to the Commissioner of the Financial Services Agency a written application for approval, attaching a written statement of reasons.
- (3) When the application for approval under the preceding two paragraphs is filed, the Commissioner of the Financial Services Agency is to examine whether the application satisfies the following requirements:
- (i) that there exists any evitable reason for the applicant not being able to implement the matters authorized under the Act, within six months from the date of the authorization;
  - (ii) that it is expected that the applicant will be able to implement the authorized matters within a reasonable period of time; and
  - (iii) that no material change in the matters which served the basis of examination at the time of granting the authorization is expected to occur until the expected timing of the authorized matters.

## **Chapter XII Special Provisions for Small Amount and Short Term Insurer**

### **Section 1 General Rules**

Article 211 The fees to be specified by Cabinet Office Order, as provided in Article 38 of the Cabinet Order, are the fees received from a ceding company (meaning an insurance company (including a foreign insurer) which underwrites reinsurance from the small amount and short term insurer).

#### **(Application for Registration)**

Article 211-2 A person who seeks to obtain a registration under Article 272, paragraph (1) of the Act (referred to below as the "registration applicant" in this Article to Article 211-6) must submit to the director-general of local finance bureau or director-general of the Fukuoka Local Finance Branch Bureau (referred to as "director-general of local finance bureau, etc." in the following Article to Article 211-7-2) a written application for registration under Article 272-2, paragraph (1) of the Act prepared in accordance with Appended Form No. 16, attaching the document provided in paragraph (2) of the same Article.

#### **(Attachments to Written Application for Registration)**

Article 211-3 (1) The documents to be specified by Cabinet Office Order, as provided in Article 272-2, paragraph (2) of the Act, are as follows:

- (i) a certificate of registered matters of the company;
- (ii) a business plan;
- (iii) the latest daily accounts sheet or any other document showing the current status of properties, losses and profits;
- (iv) résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or résumés of directors and executive officers, in the case of a company with nominating committee, etc.; the same applies in item (v)); and the résumés of the actuaries;
- (iv)-2 if the company is a company with accounting advisors, résumé of its accounting advisors;
- (v) a document in which each of directors and company auditors (including an accounting advisor, in the case of a company with accounting advisors; the same applies below in this item) pledges that the directors or the company auditors do not fall under any of Article 272-4, paragraph (1), item (x), (a) through (f) of the Act;
- (vi) a document certifying that the responsible actuary satisfies the requirements provided in Article 211-49;

- (vii) a written opinion of the responsible actuary stating that the formula of calculation of the insurance premiums and policy reserve as specified in Article 272-2, paragraph (2), item (iv) of the Act are reasonable and fair in terms of actuarial methodology (limited to a written opinion prepared in accordance with the requirements stated in the items of Article 211-54);
- (viii) a document specifying the trade name and name of the shareholders holding the voting rights exceeding 5 percent of the voting rights held by all shareholders, and the number of voting rights held by the shareholders (or a list of persons intending to become members, in the case of a mutual company);
- (ix) a document specifying the status of maintenance of employees with knowledge and experience in business of a small amount and short term insurer;
- (ix)-2 the document that describes the matters stated in (a) or (b) in accordance with the categories of cases stated in the respective item:
  - (a) where there is a designated dispute resolution organization for small amount and short term insurance services (meaning the designated dispute resolution organization for small amount and short term insurance services provided in Article 272-13-2, paragraph (1), item (i) of the Act; the same applies in this item and Article 211-37, paragraph (1), item (iv), (c)), a trade name or name of the designated dispute resolution organization for small amount and short term insurance services, which is party to a basic contract for implementation of dispute resolution procedures to be concluded for small amount and short term insurance services as a measure under Article 272-13-2, paragraph (1), item (i) of the Act;
  - (b) where there is no designated dispute resolution organization for small amount and short term insurance services, the content of the complaint processing measures and dispute resolution measures related to small amount and short term insurance services under Article 272-13-2, paragraph (1), item (ii) of the Act;
- (x) a document specifying the amount of net assets and the basis of calculation;
- (xi) if the registration applicant holds any subsidiary company, etc., (meaning a subsidiary company, etc. as provided in Article 272-16, paragraph (3) of the Act; the same applies below in this item, Article 211-8, Article 211-35, Article 211-60 and Article 211-67), the following documents:
  - (a) a document specifying the name of the subsidiary company, etc., and the location of its principal business office or other principal office;
  - (b) a document specifying the job titles and names of the officers of the subsidiary company, etc. (if any of its officers is a corporation, the officers include a person who is to perform its duties);
  - (c) a document specifying the details of the business of the subsidiary

- company, etc.;
  - (d) the latest balance sheet, profit and loss statement, and the statement of changes in shareholders' equity of the subsidiary company, etc., and any other document which shows the current status of business, properties, profits and losses of the subsidiary company, etc.; and
  - (xii) a document stating any other matters which would serve as reference information.
- (2) The plan for insurance solicitation and prospects for income and expenditure and the matters that constitute the basis must be described in the business plan under item (ii) of the preceding paragraph.

(Matters to Be Stated in Statement of Business Procedures)

Article 211-4 A registration applicant must state the following matters in the documents stated in Article 272-2, paragraph (2), item (ii) of the Act:

- (i) the insured or the scope of insurance, and categories of types of insurance;
- (ii) the matters concerning selection of the insured or the scope of insurance, and procedures for conclusion of insurance contracts;
- (iii) the matters related to payment and receipt of insurance premiums, and payment of refunded insurance premiums or any other refunds;
- (iv) the matters to be stated in insurance policies, application for insurance contracts, and documents to be attached to these documents; and
- (v) the matters concerning options under insurance contracts.

(Matters to Be Stated in General Policy Conditions)

Article 211-5 A registration applicant must state the following matters in the documents stated in Article 272-2, paragraph (2), item (iii) of the Act:

- (i) grounds for payment of insurance proceeds;
- (ii) grounds which render an insurance contract invalid;
- (iii) grounds which release the insurer from performing the obligations under the insurance contract;
- (iv) the matters related to increase of insurance premiums or discount of insurance proceeds;
- (v) method of identifying the scope of insurer's obligations and the timing of performance of these obligations;
- (vi) disadvantage which a policyholder or an insured will suffer as a result of failure in performance of obligations under the policy conditions;
- (vii) grounds which give rise to cancellation in whole or part of an insurance contract, and the rights conferred and obligations imposed to the parties if the cancellation is effects;
- (viii) if any person has a right to receive policy dividend or distribution of surplus to members, the scope of the rights; and

(ix) the matters related to revision of insurance terms and conditions such as insurance premiums, in the case of renewal of the insurance contract.

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

Article 211-6 A registration applicant must state the following matters in the documents stated in Article 272-2, paragraph (2), item (iv) of the Act:

- (i) the matters related to calculation method of insurance premiums (when the method requires a coefficient as the basis of calculation, the coefficient is included);
- (ii) the matters related to the method of calculation (when the method requires a coefficient as the basis of calculation, the coefficient is included) of policy reserves (meaning policy reserves as stated in Article 116, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act);
- (iii) the matters related to the method of calculation of the refunds upon the cancellation of the insurance contract and the basis of the calculation;
- (iv) the matters related to distribution of members' dividend reserve as stated in Article 30-5, paragraph (1), item (i) or policy dividend reserve as stated in Article 64, paragraph (1), distribution of surplus to members, or method of calculation of policy dividends;
- (v) the matters related to net insurance premiums; and
- (vi) any other matters necessary in relation to actuarial methodology.

(Custody of Registry of Small Amount and Short Term Insurer)

Article 211-7 The director-general of local finance bureau, etc. who has granted the registration of small amount and short term insurer currently in effect is to keep the registry of small amount and short term insurer containing information on small amount and short term insurer to which the director-general of local finance bureau, etc. has granted registrations, at the local finance bureau having jurisdiction over the location of the relevant small amount and short term insurer's head office or at the Fukuoka Local Finance Branch Bureau, and make it available for public inspection.

(Criteria for Examination of Personnel Structure)

Article 211-7-2 When conducting an examination as to whether or not a registration applicant is a stock company, etc. which does not have sufficient human structure to execute the small amount and short term insurance business as provided in Article 272-4, paragraph (1), item (xi) of the Act in an accurate manner, the director-general of local finance bureau, etc. is to examine as to whether or not the registration applicant meets any of the following criteria:

- (i) that, in light of the status of maintenance of directors, executive officers, accounting advisors or company auditors, or employees, with sufficient knowledge and experience related to the business operated by the registration applicant, and its and organizational structure, the registration applicant is deemed to be unable to execute that business in an appropriate manner; or
- (ii) that, due to the fact that its directors, executive officers, accounting advisors or company auditors, or its employees, include those who have quality that is inappropriate for the operation of business in light of their background, relationship with an organized crime group as provided in Article 2, item (ii) (Definitions) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) or with an organized crime group member as provided in item (vi) of the same Article, or any other circumstances, the registration applicant is deemed to be likely to undermine the trust of the small amount and short term insurance business.

(Calculation of Amount of Net Asset)

Article 211-8 (1) The amount of net assets of a small amount and short term insurer is the amount stated in the following items, in accordance with the categories of the cases as respectively stated in those items:

- (i) if the small amount and short term insurer have any subsidiary company, etc.: the total of the amount to be recorded in the asset section less the total of the amount to be recorded in the liabilities section (excluding the total of the following amounts; the same applies in the following item), for each of the balance sheet and the consolidated balance sheet of the small amount and short term insurer, whichever is the lesser:
    - (a) the amount of price fluctuation reserve under Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act;
    - (b) the amount or extraordinary contingency reserve under Article 211-46, paragraph (1), item (ii); and
  - (ii) the cases other than as stated in the preceding item: the total of the amount to be recorded in the asset section of the balance sheet of the small amount and short term insurer, less the total of the amount to be recorded in the liabilities section of the balance sheet.
- (2) The appraisal of assets and liabilities stated in the preceding paragraph must be made based on the value appraised in accordance with corporate accounting standards generally accepted as fair and appropriate as of the date of calculation.
- (3) In the case referred to in the preceding paragraph and in the case of falling under any of the following items, the amount prescribed in each of the relevant

items is treated as the appraisal value:

- (i) if any monetary claim, or bond certificate without a market price is likely to become uncollectible: the amount after the deduction of the estimate of the uncollectible amount;
- (ii) regarding shares without a market price, if the status of the assets of the company issuing these shares has deteriorated substantially: the amount after an appropriate reduction;
- (iii) when the market value of the current assets other than those specified in the preceding two items is substantially lower than the book value, and it is found unlikely that the value will recover to the level of the book value: the market value;
- (iv) regarding the fixed assets other than those specified in item (i) or (ii), if any underdepreciation or unpredictable impairment has arisen: the amount after deduction of the underdepreciation, or an amount after an appropriate reduction;
- (v) if any underdepreciation of deferred assets has arisen: the amount after deduction of the underdepreciation.

(Ratio for Calculation of Amount of Deposits to Be Increased Corresponding to Annual Insurance Premiums Receipts)

Article 211-9 The ratio to be specified by Cabinet Office Order, as provided in Article 38-4, item (ii) of the Cabinet Order, is 5 percent.

(Notification of Deposit)

Article 211-10 (1) If a person who has concluded a contract under Article 272-5, paragraph (3) of the Act (referred to below as a "guarantee entrustment contract" in the following Article and Article 211-13) with a small amount and short term insurer makes deposit in accordance with the order issued under Article 272-5, paragraph (4) of the Act, the person must make the deposit with the deposit office nearest to the head office or principal office of the small amount and short term insurer.

- (2) A person who has completed the deposit pursuant to the provisions of Article 272-5, paragraph (1), (2), (4) or (8) of the Act or Article 14, paragraph (6) or Article 15, paragraph (1) of the Regulations on Deposits by Small Amount and Short Term Insurer (Order of the Cabinet Office and the Ministry of Justice No. 1 of 1996) (referred to below as a "depositor" in this Article) must submit to the Commissioner of the Financial Services Agency or other competent official a written notification of deposit prepared in accordance with Appended Form No. 16-2, attaching the original of the certificate of deposit relevant to the deposit.
- (3) If a depositor intends to replace the items already deposited, it must, after having completed the new deposit of the replacement items, submit to the



Commissioner of the Financial Services Agency or other competent official a written notification stating to that effect, attaching the original of the certificate of deposit relevant to the replacement deposit.

- (4) In the case referred to in the preceding two paragraphs, the small amount and short term insurer must submit to the Commissioner of the Financial Services Agency or other competent official a statement of deposit, etc. prepared in accordance with Appended Form No. 16-3 (referred to below as the "statement of deposit, etc.").
- (5) If the Commissioner of the Financial Services Agency or other competent official has received the original of the deposit certificate under paragraphs (2) and (3), the Commissioner of the Financial Services Agency must deliver a custody certificate to the depositor.

(Notification of Conclusion of Contracts in Lieu of All or Part of Deposit)

- Article 211-11 (1) If a small amount and short term insurer has concluded a guarantee entrustment contract, it must notify the Commissioner of the Financial Services Agency or other competent official to that effect by submitting the written notification of the conclusion of a guarantee entrustment contract prepared in accordance with Appended Form No. 16-4, attaching a copy of the contract and the statement of deposit, etc., and must present the original of the contract.
- (2) If a small amount and short term insurer seeks to obtain an approval under Article 38-5, item (iii) of the Cabinet Order (referred to below as an "approval" in this Article), it must, no later than one month prior to the day when it intends to effect cancellation of the guarantee entrustment contract related to the approval or to amend any terms of the contract, submit to the Commissioner of the Financial Services Agency or other competent official a written application for approval of cancellation of a guarantee entrustment contract prepared in accordance with Appended Form No. 16-5 or a written application for approval of amending a guarantee entrustment contract prepared in accordance with Appended Form No. 16-6, as well as a written statement of reasons and any other documents describing reference information.
- (3) When the application for approval has been filed, the Commissioner of the Financial Services Agency or other competent official is to examine whether it is unlikely that the protection of the investor would be hindered if the small amount and short term insurer which has filed the application for approval effected cancellation of the guarantee entrustment contract or amended any terms of the contract.
- (4) If a small amount and short term insurer has effected cancellation of the guarantee entrustment contract or amended any terms of the contract based on

approval, it must notify the Commissioner of the Financial Services Agency or other competent official to that effect by submitting a written notification of cancellation of a guarantee entrustment contract prepared in accordance with Appended Form No. 16-7 attaching a document certifying the fact of the cancellation of the contract and the statement of deposit, etc., or by submitting a written notification of amending a guarantee entrustment contract prepared in accordance with Appended Form No. 16-8 attaching a copy of the contract and the statement of deposit, etc.; and in addition, in the case of amending the contract, the small amount and short term insurer must present the original of the contract.

(Counterparties to Contracts in Lieu of All or Part of Deposit)

Article 211-12 The financial institutions to be specified by Cabinet Office Order, as provided in Article 38-5 of the Cabinet Order, are to be the financial institutions specified in the items of Article 52-8-2.

(Commencement Day for Counting of Time Limit for Additional Deposit)

Article 211-13 The day to be specified by Cabinet Office Order, as provided in Article 272-5, paragraph (8) of the Act, is the day specified in the following items, in accordance with the categories respectively stated in those items:

- (i) if the small amount and short term insurer has changed any of the terms and conditions of a guarantee entrustment contract, as a result of which the amount of deposit deposited as provided in Article 272-5, paragraph (10) of the Act (including the contract amount stated in paragraph (3) of the same Article) has become less than the amount stated in Article 38-4 of the Cabinet Order: the day when the term of the contract was changed;
- (ii) if the small amount and short term insurer has cancelled a guarantee entrustment contract with the approval: the day of the cancellation of the Contract;
- (iii) if the procedures for execution of the right as stated in Article 38-6 of the Cabinet Order was implemented: the day when the small amount and short term insurer has received a copy of the payment entrustment document referred to in Article 11, paragraph (2) of the Regulations on Deposit; or
- (iv) if, for the purpose of implementing procedures for the execution of the rights as stated in Article 38-6 of the Cabinet Order, the Commissioner of the Financial Services Agency or other competent official has realized the deposited securities (including the book-entry transfer bond provided in Article 278, paragraph (1) of the Act on Transfer of Corporate Bonds, Shares, etc.), and has deposited the realized amount after deducting the realization expenses: the day on which the small amount and short term insurer has received a notice under Article 16, paragraph (4) of the Regulations on

## Deposit of Insurance Companies, etc.

### (Types of Securities Which May Be Substituted for Deposit)

Article 211-14 The securities to be specified by Cabinet Office Order, as provided in Article 272-5, paragraph (9) of the Act, are the following securities (excluding securities denominated in foreign currency):

- (i) national government bond securities;
- (ii) municipal bond securities;
- (iii) government guaranteed bond certificates; and
- (iv) bond certificates as provided in Article 2, paragraph (1), item (iii) of the Financial Instruments and Exchange Act.

### (Value of Securities Which May Be Substituted for Deposit)

Article 211-15 (1) The value of the securities, when the securities are to be substituted for the deposit pursuant to the provisions of Article 272-5, paragraph (9) of the Act, is the amount specified in the following items, in accordance with the categories of the securities respectively stated in those items:

- (i) national government bond securities: the par value (if the attribution of the right to the securities is to be determined in accordance with the statement or record of the book-entry transfer account book as referred to in the Act on Transfer of Corporate Bonds, Shares, etc., the amount stated or recorded in the book-entry transfer account book; the same applies below in this Article);
  - (ii) municipal government bond securities: the amount calculated by discounting the par value of 100 yen to 90 yen;
  - (iii) government guaranteed bond certificates: the amount calculated by discounting the par value of 100 yen to 95 yen; and
  - (iv) bond certificates as referred to in item (iv) of the preceding Article: the amount calculated by discounting the par value of 100 yen to 80 yen.
- (2) Regarding the securities issued by way of discounting, the issue value plus the amount calculated in accordance with the following formula is deemed to be the par value, and the provisions of the preceding paragraph apply:
- $((\text{par value} - \text{issue value}) \div \text{the number of years falling on the period from the issue date to the maturity date}) \times \text{the number of years falling on the period from the issue date to the deposit date}$
- (3) For the purpose of calculation in accordance with the formula under the preceding paragraph, if any fraction of less than one year arises with respect to the number of years from the issue date and the maturity date and the number of years falling on the period from the issue date to the deposit date, or if any fraction of less than one yen arises with respect to the amount obtained by dividing the difference between par value and issue value by the number of

years falling on the period from the issue date to the maturity date, the fraction is truncated.

Article 211-16 The provisions of Article 211-10 (excluding paragraph (1)) and Article 211-11 (excluding paragraph (1)) apply mutatis mutandis to a small amount and short term insurer's liability insurance contract as stated in Article 272-6, paragraph (1) of the Act (referred to below as the "liability insurance contract"). In this case, the terms "A person who has completed the deposit pursuant to the provisions of Article 272-5, paragraph (1), (2), (4) or (8) of the Act or Article 14, paragraph (6) or Article 15, paragraph (1) of the Regulations on Deposits by small amount and short term insurer (Cabinet Office Order and Ministry of Justice Order No. 1 of 1996) (referred to below as a "depositor" in this Article)" in Article 221-10, paragraph (2) and "depositor" in paragraph (3) of the same Article are deemed to be replaced with "a small amount and short term insurer which has completed the deposit under Article 272-6, paragraph (2) of the Act"; the term "the preceding two paragraphs" in paragraph (4) and the term "paragraphs (2) and (3)" of paragraph (5) of the same Article are deemed to be replaced with "Article 211-10, paragraphs (2) and (3) as applied pursuant to Article 211-16 following the deemed replacement of terms"; the terms "Article 38-5, item (iii) of the Cabinet Order" and "a written application for approval of a cancellation of a guarantee entrustment contract prepared in accordance with Appended Form No. 16-5 and or a written application for approval of amending a guarantee entrustment contract prepared in accordance with Appended Form No. 16-6" in Article 211-11, paragraph (2) are deemed to be replaced with "Article 38-8, paragraph (1), item (iii) of the Cabinet Order" and "a written application for approval of a cancellation of liability insurance contract prepared in accordance with Appended Form No. 16-9 and or a written application for approval of a change of liability insurance contract prepared in accordance with Appended Form No. 16-10", respectively; the terms "a notification of cancellation of a guarantee entrustment contract prepared in accordance with Appended Form No. 16-7" and "a notification of amending a guarantee entrustment contract prepared in accordance with Appended Form No. 16-8" are deemed to be replaced with "a notification of cancellation of liability insurance contract prepared in accordance with Appended Form No. 16-11" and "a notification of change of liability insurance contract prepared in accordance with Appended Form No. 16-12", respectively.

(Application for Approval Concerning Conclusion of Liability Insurance Contract)

Article 211-17 (1) If a small amount and short term insurer seeks to obtain an

approval under Article 272-6, paragraph (1) of the Act (referred to below as "approval" in this Article) it must, no later than one month prior to the day when it intends to enter into force the contract by the liability insurance contract for which the approval is sought, submit to the Commissioner of the Financial Services Agency or other competent official a written application for approval of liability insurance contract prepared in accordance with Appended Form No. 16-13, with a written statement of reasons and any other documents containing the matters which would serve as reference information as the attachments.

- (2) When an application for approval is filed, the Commissioner of the Financial Services Agency or other competent official is to examine whether the terms and conditions of the liability insurance contract to be concluded by small amount and short term insurer which has filed the application for approval conforms to the requirements.
- (3) If a small amount and short term insurer has concluded a liability insurance contract, it must submit to the Commissioner of the Financial Services Agency or other competent official a notification of conclusion of a liability insurance contract prepared in accordance with Appended Form No. 16-14, attaching a copy of the contract and the statement of deposit, etc. prepared in accordance with Appended Form No. 16-3, and present the Commissioner of the Financial Services Agency or other competent official the original of the contract.

(Terms and Conditions of Small Amount and Short Term Insurer's Liability Insurance Contract)

Article 211-18 The requirements to be specified by Cabinet Office Order, as provided in Article 38-8, paragraph (1), item (iv) of the Cabinet Order, are as follows:

- (i) that the terms and conditions of the liability insurance contract are not likely to give negative impact on protection of policyholders, etc.;
- (ii) that the contract provides for an extensive coverage option (meaning an option wherein the losses arising from a certain event accrued during the insurance period of the liability insurance contract is to be continuously even after the expiration of the insurance period) for a certain period not shorter than five years after the expiration of the insurance period under the liability insurance contract; and
- (iii) that the contract provides for any prior events coverage option (meaning an option wherein the losses arising from a certain event accrued during the certain period prior to the commencement of the liability insurance contract).

(Types of Securities Which May Be Substituted for Deposit)

Article 211-19 (1) Deposit to be deposited by a small amount and short term

insurer pursuant to the provisions of Article 272-6, paragraph (2) of the Act may be substituted with the securities as stated in Article 211-14.

- (2) The provisions of Article 211-15 apply mutatis mutandis to the value of the securities when the securities are substituted for the deposit pursuant to the provisions of the preceding paragraph.

(Notification of Change)

Article 211-20 (1) A small amount and short term insurer which files the notification pursuant to the provisions of Article 272-7, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency or other competent official a notification of change to registered matters prepared in accordance with Appended Form No. 16-15, attaching a certificate of registered matters of the company and a document stating any other matters which would serve as reference information.

- (2) If the Commissioner of the Financial Services Agency or other competent official has received from any small amount and short term insurer a notification of the relocation of the head office or principal office filed beyond the jurisdictional district of the director-general of local finance bureau, etc. who has granted the registration, the Commissioner of the Financial Services Agency or other competent official is to forward the notification and the portion of the registry of small amount and short term insurer related to the small amount and short term insurer and any other documents to the director-general of local finance bureau, etc. having jurisdiction over the location of the relocated head office or principal office regarding which the notification is filed.

- (3) A director-general of local finance bureau, etc. who has received the documents forwarded pursuant to the provisions of the preceding paragraph is to register the small amount and short term insurer in the registry of small amount and short term insurer.

(Posting of Signs)

Article 211-21 The forms to be specified by Cabinet Office Order, as provided in Article 272-8, paragraph (1) of the Act, are as stated in Appended Form No. 16-16.

(Trade Name or Name)

Article 211-22 The characters to be specified by Cabinet Office Order as indicating that the relevant person falls under the category of the small amount and short term insurer, as provided in Article 272-8, paragraph (3) of the Act, are the small amount and short term insurance.

(Application for Authorization of Concurrent Holding of Positions of Directors)

Article 211-23 (1) If a director (in the case of a company with nominating committee, etc., executive officer; the same applies in the following paragraph) engaging in the day-to-day business of a small amount and short term insurer seeks to obtain an authorization under Article 272-10, paragraph (1) of the Act, the director must submit the written application for the authorization attaching the following documents, and submit it to the Commissioner of the Financial Services Agency or other competent official via the small amount and short term insurer:

- (i) a written statement of reasons;
  - (ii) résumés;
  - (iii) a document describing the method of handling ordinary business of the small amount and short term insurer and the other company;
  - (iv) a document describing the relationship such as transactions between the small amount and short term insurer and the other company;
  - (v) articles of incorporation of the other company; the latest balance sheet, profit and loss statement, business report and statement of changes in shareholders' equity, etc. (in the case of a mutual company, a document on appropriation of surplus and treatment of loss and a statement of changes in funds, etc.) (including any document similar to these), as well as any other document disclosing the matters related to the current status of business, properties, and profits and losses; and
  - (vi) a document containing any other matters which would serve as reference information.
- (2) When the application for authorization under the preceding paragraph is filed, the Commissioner of the Financial Services Agency or other competent official is to examine whether the concurrent holding of position by the director related to the application for authorization may give rise to any hindrance when the director engages in the ordinary business of the small amount and short term insurer.
- (3) A written application for approval concerning a small amount and short term insurer and documents to be attached to the written application for approval (referred to below as a "written application for approval, etc." in this paragraph) under paragraph (1) may be submitted by electronic or magnetic means if the written application for approval, etc. are prepared in the form of an electronic or magnetic record.

## **Section 2 Business**

(Ancillary Businesses)

Article 211-24 The businesses to be specified by Cabinet Office Order, as provided in Article 272-11, paragraph (2) of the Act, are as follows:

- (i) carrying out the following services or other services related to insurance business on behalf of other small amount and short term insurer or insurance companies (including foreign insurers):
  - (a) preparation and giving and receiving, etc. of documents concerning accepting insurance and other services;
  - (b) services for receiving Insurance Premiums and services for paying insurance proceeds;
  - (c) investigation of insured events and other matters concerning insurance contracts;
  - (d) education and management of persons engaged in insurance solicitation; and
- (ii) acting as an agent for the conclusion of insurance contracts, or carrying out damage assessment or other services on behalf of other small amount and short term insurer, which is deemed reasonable to be carried out by an Insurance Company from the viewpoint of improving convenience of policyholders, etc.

(Application for Approval of Related Business)

Article 211-25 (1) If a small amount and short term insurer seeks to obtain an approval under Article 272-11, paragraph (2) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for approval setting forth the following matters:

- (i) the trade name or name;
  - (ii) the registration date and registration number;
  - (iii) the type of business to be approved; and
  - (iv) the scheduled date for commencement of the business.
- (2) The document describing the following information must be attached to the written application for approval under the preceding paragraph:
- (i) the details and methods of the business;
  - (ii) the section in charge of the business and the staffing; and
  - (iii) internal rules governing the operation of the business.
- (3) If the application for approval stated in paragraph (1) has been filed, the Commissioner of the Financial Services Agency or other competent official is to examine whether the application conforms to the criteria stated in the following:
- (i) that it is found that the implementation of the related business would not adversely affect the small amount and short term insurer which has filed the application for approval in appropriately and precisely executing its small amount and short term insurance business;
  - (ii) that, in light of the status of maintenance of officers or employees with sufficient knowledge and experience related to the related business, the



framework for operation of the related business, the small amount and short term insurer which has filed the application for approval is deemed to be able to implement the related business in an accurate, fair and efficiency manner; and

- (iii) that, when the small amount and short term insurer provides agency service for business or business handling of other small amount and short term insurer or an insurance company, the service is not likely to give adverse effect on the other small amount and short term insurer or an insurance company in accurately, fairly and efficiency executing their businesses.

(Deposit with Financial Institutions)

Article 211-26 The deposit with a bank or any other financial institutions to be specified by Cabinet Office Order, as provided in Article 272-12, item (i) of the Act, is deposit with the following financial institutions (excluding deposit in foreign currencies):

- (i) a bank;
- (ii) a long term credit bank;
- (iii) the Shoko Chukin Bank Limited;
- (iv) shinkin banks and a federation of shinkin banks;
- (v) labor banks and the Rokinren Bank;
- (vi) The Norinchukin Bank; and
- (vii) credit cooperatives and a federation of credit cooperatives.

(Types of Securities Subject to Asset Investment)

Article 211-27 The securities to be specified by Cabinet Office Order, as provided in Article 272-12, item (ii) of the Act, are the following securities (excluding securities denominated in foreign currency):

- (i) municipal bonds;
- (ii) government guaranteed bonds; and
- (iii) bond certificates as provided in Article 2, paragraph (1), item (iii) of the Financial Instruments and Exchange Act (excluding those stated in the preceding item).

Article 211-28 The means to be specified by Cabinet Office Order, as provided in Article 272-12, item (iii) of the Act, is as follows (excluding deposit or trust in foreign currencies):

- (i) money deposit with agricultural cooperatives and federation of agricultural cooperatives engaged in the business stated in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act (Business);
- (ii) money deposit with fisheries cooperatives engaged in business stated in

- Article 11, paragraph (1), item (iv) (Types of Businesses) of the Fishery Cooperatives Act, federation of fisheries cooperatives engaged in business stated in Article 87, paragraph (1), item (iv) (Types of Businesses) of that Act, fishery processing cooperatives engaged in the business as stated in Article 93, paragraph (1), item (ii) (Types of Businesses) of that Act, or federation of fishery processing cooperatives engaged in Article 97, paragraph (1), item (ii) (Types of Businesses) of that Act; or
- (iii) monetary trust with a financial institution engaged in trust business, with a provision for compensation of principals.

#### Article 211-29 Deleted

##### (Measure for Business Operation)

Article 211-30 (1) A small amount and short term insurer must, pursuant to the provisions of Article 100-2, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the Act, implement the following measures in connection with its businesses:

- (i) measures to, upon delivering the document specified in Article 227-2, paragraph (3), items (xiii) through (xv) to the policyholder or providing the matters to be stated in the document by electronic or magnetic means provided in paragraph (4) of that Article, obtain a signature or seal in acknowledgment of the receipt of the document by the policyholder, or any measures similar to these;
- (ii) if the application or any procedures for conclusion of an insurance contracts are handled by the use of devices for information processing which are connected to telecommunication lines, measures to ensure protection of policyholders, etc. and appropriate business operation, in respect of identity checking of the applicants of insurance contracts, checking of physical conditions of the insured (excluding the case where the insured cannot be identified at the time of conclusion of the insurance contract), explanation of contract terms, information management and any other matters as may be required for the implementation of these procedures;
- (iii) measures to enhance the capacity of a small amount and short term insurance agent to conduct fair insurance solicitation;
- (iv) in concluding an insurance contract, conducting insurance solicitation, soliciting subscription to an insurance contract related to a group insurance which was concluded by it or for which insurance solicitation was conducted by it, or engaging in other acts to make a person subscribe to the insurance contract, measures to ensure that a small amount and short term insurer and small amount and short term insurance agent provides the policyholder and the insured with explanations in relation to the terms and conditions of

- the insurance contract and other information which would serve as reference information for the policyholder, etc., by delivering a document stating important matters of the terms and conditions of the insurance contract or by other appropriate methods; and
- (v) in relation to an insurance contract relating to a group insurance for which an act to make a person subscribe to an insurance contract is conducted under the items of Article 227-2, paragraph (2), measures to ensure that necessary information is properly provided by the policyholder related to the group insurance to a person who subscribes to the insurance contract related to the group insurance and that the intention of the person who subscribes to the insurance contract is properly confirmed by the policyholder.
- (2) A small amount and short term insurance holding company that takes measures to ensure the precise implementation of the relevant business pursuant to the provisions of Article 272-13, paragraph (3), item (i) of the Act must take measures to ensure the formulation and implementation of policies concerning business management of the small amount and short term insurance holding company containing the following matters:
- (i) the small amount and short term insurance holding company entrusts the business to a company that belongs to the small amount and short term insurance holding company group (meaning a small amount and short term insurance holding company group provided in Article 272-13, paragraph (3), item (i) of the Act) and has the ability to execute the business precisely, fairly and efficiently;
  - (ii) the small amount and short term insurance holding company provides necessary and appropriate supervision to the person that has been entrusted with the business (referred to below as the "trustee" in this paragraph), in order to inspect whether the trustee is executing the business precisely and have the trustee improve the business as needed, by confirming the execution of the business by the trustee periodically or as needed;
  - (iii) the small amount and short term insurance holding company deals with customer complaints related to the business executed by the trustee appropriately and promptly;
  - (iv) in cases of a situation in which the trustee is unable to execute the business appropriately, the small amount and short term insurance holding company requests two or more companies belonging to the small amount and short term insurance holding company group that have entrusted that person with their business to take measures to prevent problems with the protection of customers related to the business, such as immediately entrusting the business to another appropriate third person; and
  - (v) if it is necessary to ensure the sound and appropriate management of the business of two or more companies that belong to the small amount and short

term insurance holding company group entrusted with the business, and for protecting customers related to the business, the small amount and short term insurance holding company requests these companies to take necessary measures, such as amending or cancelling the contract related to entrustment of the business.

(Measures Related to Maximum Limitation on Insurance Amount)

- Article 211-31 (1) A small amount and short term insurer must implement appropriate measures so that the total of the amount of all insurances to be underwritten by it for a single insured person will not exceed twenty million yen (or ten million yen for the total of the insured amounts of each category of insurance stated in Article 1-6, items (i) through (vi) of the Cabinet Order);
- (2) A small amount and short term insurer must take appropriate measures to prevent the total of the insured amounts according to each category of insurance stated in the items of Article 1-6 of the Cabinet Order, which are to be underwritten by the small amount and short term insurer for a single policyholder (referred to below as the "total insured amount" in this paragraph and Article 227-2, paragraph (3), item (xv), (c)) from exceeding the amount obtained by multiplying the amount stated in the respective items by one hundred (in the case of the insurance stated in Article 1-6, item (v) of the Cabinet Order, for insurance other than the accidental death insurance subject to adjustment provisions (meaning the accidental death insurance subject to adjustment provisions prescribed in the same item; the same applies below in this paragraph), 300 million yen, and for the accidental death insurance subject to adjustment provisions, the amount calculated by deducting the total of the insured amounts of insurance other than the accidental death insurance subject to adjustment provisions from 600 million yen; referred to below as the "maximum total insured amount" in this paragraph and Article 227-2, paragraph (3), item (xv), (c)) (if the small amount and short term insurer is under an insurance contract with a single policyholder under which the representative of a single company or its consolidated subsidiary company, etc. (meaning a subsidiary company or any other company which is required to prepare its financial statements or any other documents on a consolidated basis together with that company pursuant to the provisions of Article 1-2, paragraph (1); the same applies below in this paragraph) or the representative of an organization comprising the officers or employees of the relevant single company or its consolidated subsidiary company, etc. is the policyholder, and the officers or employees of the relevant single company or its consolidated subsidiary company or their relatives are the insured, and under which it is provided in the general policy conditions for the insurance contract that the number of insured persons may be increased during the insurance period under

the insurance contract, and when the number of insured persons under the insurance contract has increased in accordance with these provisions, including appropriate measures to prevent the total insured amount from exceeding the amount obtained by multiplying the maximum total insured amount by one hundred and 10 percent (in the case of insurance stated in item (v) of the same Article, for insurance other than the accidental death insurance subject to adjustment provisions, 330 million yen, and for the accidental death insurance subject to adjustment provisions, the amount calculated by deducting the total of the insured amounts of insurance other than the accidental death insurance subject to adjustment provisions from 660 million yen; referred to as the "special maximum total insured amount" in Article 227-2, paragraph (3), item (xv), (c)) during the period from the day on which that number increased until the last day of the insurance period of the insurance contract, or if another insurance contract in the same category of insurance stated in the items of Article 1-6 as that of the insurance related to the insurance contract was concluded with the policyholder after the day on which that number increased, until the preceding day of the commencement day of the insurance period of the relevant other insurance contract, whichever comes earlier), and appropriate measures to prevent the total of the insured amounts according to the category of insurance stated in the items of Article 1-6 of the Cabinet Order for a single insured from exceeding the amounts specified in corresponding items.

(Prevention of Misidentification Between Corporate Bonds and Insurance Contracts)

Article 211-32 If a small amount and short term insurer issues corporate bonds, it must implement the following measures:

- (i) measures to provide the customers with an explanation that the bonds are not the insurance contract, or any other matters that are deemed to serve as reference information for preventing misidentification with insurance contract (referred to as "reference information" in the following item), by such means as delivery of documents or any other appropriate means;
- (ii) measures to handle the corporate bonds at a specific counter at its business office or office, and to present the reference information at the counter in a manner that customers can easily notice them.

(Mutatis Mutandis Application of Provisions Concerning Measure Related to Business Operation)

Article 211-33 The provisions of Articles 53-3 to 53-3-3, Article 53-4 (excluding paragraph (2)), Article 53-6, Articles 53-7 through 53-8-2, Article 53-10, Article 53-11, paragraph (1), Article 53-12-2, Article 54 (excluding item (i) of

paragraph (1)), and Articles 54-2 through 54-3-2 apply mutatis mutandis to small amount and short term insurer. In this case, the term "specified related party" in Article 53-4 is deemed to be replaced with "specially related party (meaning a party specified in the items of Article 38-10 (excluding items (ii) and (iii)) of the Cabinet Order, and the other corporation, etc. when the small amount and short term insurer is an affiliated corporation, etc. of the other corporation, etc.; the same applies in Article 53-6 as applied mutatis mutandis pursuant to Article 211-33)"; the terms "specified related party (meaning a specified related party provided in Article 53-4, paragraph (2) of the Act)" and "paragraph (3) of the same Article" in Article 53-6 are deemed to be replaced with "specially related party " and "Article 53-4, paragraph (3)", respectively; the term "Articles 97, 98 or 99 of the Act" in Article 53-7, paragraph (1) is deemed to be replaced with "Article 272-11 of the Act"; the term "Commissioner of the Financial Services Agency" in Article 53-8-2 is deemed to be replaced with "Commissioner of the Financial Services Agency or other competent official"; the term "Article 100-3 of the Act" in Article 54 is deemed to be replaced with "Article 100-3 of the Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the Act"; the term "specified related party" in item (iii), paragraph (1) of the same Article is deemed to be replaced with "specially related party (meaning a party specified in the items of Article 38-10 of the Cabinet Order; the same applies in this paragraph, and also in Article 54-2 as applied mutatis mutandis pursuant to Article 211-33); the term "the preceding three items" in item (iv) of the same paragraph is deemed to be replaced with "the preceding two items"; the term "insurance holding company" in paragraph (2) of the same Article is deemed to be replaced with "small amount and short term insurance holding company"; the term "Article 100-3 of the Act" in Article 54-2 is deemed to be replaced with "Article 100-3 of the Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the Act"; the terms "Article 100-3 of the Act" and "the Commissioner of the Financial Services Agency" in Article 54-3 are deemed to be replaced with "Article 100-3 of the Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the Act" and "the Commissioner of the Financial Services Agency or other competent official", respectively; the term "Article 54, paragraph (1)" of paragraph (2) of the same Article is deemed to be replaced with "Article 54, paragraph (1) as applied mutatis mutandis pursuant to Article 211-33"; the terms "the Commissioner of the Financial Services Agency" and "Article 54, paragraph (2)" in Article 54-3-2 are deemed to be replaced with "the Commissioner of the Financial Services Agency or other competent official" and "Article 54, paragraph (2) as applied mutatis mutandis pursuant to Article 211-33", respectively; and the term "Article 100-3 of the Act" in paragraph (1) of that Article is deemed to be replaced with "Article 100-3 of the

Act as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the Act."

(Scope of Subsidiary Companies)

Article 211-34 (1) The businesses to be specified by Cabinet Office Order, as provided in Article 272-14, paragraph (1) of the Act, are as follows:

- (i) business to handle affairs related to welfare benefit of officers or employees of other business operators;
- (ii) business of purchasing and management of goods to be used for handling business affairs of other business operators;
- (iii) business of printing and bookbinding of papers, tickets and any other documents related to the affairs of other business operators;
- (iv) business of advertisement or promotion for businesses of other business operators;
- (v) business of investigation or provision of information as may be necessary in relation to the business of other business operators;
- (vi) business of preparation and dispatching of postcards and sealed documents for solicitation of conclusion of contracts related to the business of other business operators or for providing explanation on the terms and conditions of contracts;
- (vii) business to perform calculation related to business affairs of other business operators;
- (viii) business to prepare, organize, store, ship or deliver the papers, tickets or any other documents related to the business affairs of other business operators;
- (ix) business to act as intermediary between the other business operator and its customer, in relation to the business affairs;
- (x) business to handle business affairs related to computers for other business operators (including business to design or maintain systems which function through the use of computers, and also including business to design, create, sell (including sale of peripheral equipment which would be necessary incidental to sale of programs) or maintain computer programs);
- (xi) business to provide education or training for officers or employees of other business operators;
- (xii) business of shipping of cash, checks, bills or securities of other business operators (excluding the business stated in the following item and item (xiv));
- (xiii) business to collect cash, checks, bills or securities and deliver them to major customers of other business operators;
- (xiv) business of sorting out cash, checks, bills or securities, confirming the amount and quantity, or taking temporary custody, on behalf of the other

- business operators;
  - (xv) agency business (excluding agency service for the business stated in the following item and item (xvi)-2) or handling service for the business related to insurance business of small amount and short term insurer or insurance companies (including foreign insurers);
  - (xvi) insurance solicitation;
  - (xvi)-2 insurance intermediary business operations;
  - (xvii) business of investigation into insured events or any other matters related to insurance contracts;
  - (xviii) business to provide education for personnel to conduct insurance solicitation or insurance intermediary business operations;
  - (xix) business of investigation, analysis or consultation for prevention of occurrence of risk factors, prevention or mitigation of damage resulting from occurrence of risk factor, or for assessment of scope, etc. of damage resulting from occurrence of risk factor;
  - (xx) business of investigation, analysis or consultation related to health, welfare services or medical services;
  - (xxi) business of creation and sale of computer programs related to business of companies mainly comprising small amount and short term insurance holding companies, companies eligible for small amount and short term insurance subsidiary companies and insurance agents or to financial affairs of business operators (including sale of peripheral equipment which would be necessary incidental to sale of computer programs); business to provide entrusted calculation services;
  - (xxii) business to provide agency service for reporting on insured event from policyholders, or business to provide consultation on insurance contracts;
  - (xxiii) business to conduct investigation or research related to economy, such as finance;
  - (xxiv) business to process data primarily related to business of a small amount and short term insurance holding company or a company eligible for small amount and short term insurance subsidiary company or data primarily related to financial conditions of the business operators, and to provide transmission service for these data; and
  - (xxv) the businesses incidental to those stated in the preceding items (limited to the business performed by the party engaged in any of the following items).
- (2) In connection with the companies engaged in any of the businesses stated in items (i) through (xiv) of the preceding paragraph, and (xxv) of the preceding paragraph (limited to the businesses incidental to those stated in items (i) through (xiv) of the preceding Article), the ratio of the profit from the parties stated in the following items (including the officers and employees of any of the parties stated in the following items, in the case of the businesses specified in



items (i) through (iii) and item (xi) of the same paragraph) to the amount of its total profit for the business related to each business year, must not be less than 50 percent, and the company must receive profit from the parties stated in item (i):

- (i) the small amount and short term insurer; and
- (ii) the subsidiary company of the party specified in the preceding item.

(Application for Authorization for Holding Insurance Company Eligible for Small Amount and Short Term Insurance Subsidiary Company as Subsidiary Company)

Article 211-35 (1) If a small amount and short term insurer seeks to obtain approval provided in Article 272-14, paragraph (2) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for approval attaching the following documents:

- (i) a written statement of reasons;
- (ii) the following documents related to the small amount and short term insurer:
  - (a) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (in the case of a mutual company, a document related to appropriation of surplus or treatment of loss and the statement of changes in members' equity) and any other document disclosing the recent status of business, property and profit and loss;
  - (b) a document specifying the prospective income and expenditure after approval is granted;
  - (c) when an insurance company eligible for small amount and short term insurance subsidiary company is to become a subsidiary company due to the implementation of a share exchange, the following documents:
    - 1. the minutes of shareholders meetings, or any other documents certifying that the necessary procedures have been followed;
    - 2. a document specifying the terms and conditions of the share exchange agreement;
    - 3. a document specifying the costs for share exchange;
  - (d) for holding an insurance company eligible for small amount and short term insurance subsidiary company as its subsidiary company through partial share exchange (including partial share exchange on entity conversion provided in Article 96-9-2, paragraph (1) of the Act), the following documents:
    - 1. minutes of shareholders meetings or other documents proving that necessary procedures were followed;
    - 2. a document stating the content of the partial share exchange plan (including an entity conversion plan);

3. a document stating the cost for the partial share exchange;
  - (iii) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (in the case of a mutual company, a document related to appropriation of surplus or treatment of loss and the statement of changes in members' equity) of the small amount and short term insurer and its subsidiary company, etc. prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
  - (iv) the following documents related to the insurance company eligible for small amount and short term insurance subsidiary company for which the approval is sought:
    - (a) a document describing the name, and the location of its principal business office or principal office;
    - (b) a document describing the details of business;
    - (c) the latest balance sheet, profit and loss statement, the statement of changes in shareholders' equity and any other document which shows the current status of business, properties, profits and losses;
    - (d) a document describing the job titles and names of the officers (if any of its officer is a corporation, the officers include a person who is to perform its duties);
  - (v) if the small amount and short term insurer or its subsidiary company, etc. holds the total number of voting rights in domestic companies in excess of the voting right holding threshold, as a consequence of holding of the insurance company eligible for small amount and short term insurance subsidiary company for which the authorization is sought, the document specifying the name of the domestic companies and the details of business; and
  - (vi) a document stating any other matters which would serve as reference information for performance of the examination provided in the following paragraph.
- (2) If the application for approval stated in the preceding paragraph has been filed, the Commissioner of the Financial Services Agency or other competent official is to examine whether the application conforms to the criteria stated in the following:
- (i) that the amount of stated capital or fund of the small amount and short term insurer which has filed the application (referred to below as the "applicant small amount and short term insurer" in this paragraph) is sufficient to acquire or hold the voting rights in the insurance company eligible for small amount and short term insurance subsidiary company;
  - (ii) that the current status of business, properties, losses and profits of the applicant small amount and short term insurer are satisfactory;

- (iii) that the applicant small amount and short term insurer is able to implement measures to secure sound and proper performance of the business of the insurance company eligible for small amount and short term insurance subsidiary company; and
- (iv) that the insurance company eligible for small amount and short term insurance subsidiary company for which the authorization is sought is able to implement its business in a precise and fair manner.

(Particulars of Small Amount and Short Term Insurer Group's Business Management by Small Amount and Short Term Insurer)

Article 211-35-2 (1) The policies to be specified by Cabinet Office Order, as provided in Article 272-14-2, paragraph (2), item (i) of the Act, are the following policies:

- (i) policies concerning income and expenditure, capital allocation, management of funds and adequacy of level of solvency in terms of ability to pay out insurance proceeds, etc. regarding the small amount and short term insurer group (meaning a small amount and short term insurer group provided in Article 272-2, paragraph (1) of the Act; the same applies in this Article) and other policies concerning risk management; and
  - (ii) policies concerning the development of the small amount and short term insurer group's crisis management systems in preparation for events such as disasters.
- (2) The system specified by Cabinet Office Order, as provided in Article 272-14-2, paragraph (2), item (iii) of the Act, is a system to ensure that the directors, executive officers, members in charge of executing business, persons in charge of performing the duties referred to in Article 598, paragraph (1) of the Companies Act, and other persons equivalent to these persons, and employees, all of whom belong to the companies that belong to the small amount and short term insurer group, perform their respective duties relating to the small amount and short term insurer in compliance with laws and regulations.
- (3) The activity specified by Cabinet Office Order, as provided in Article 272-14-2, paragraph (2), item (iv) of the Act, is the formulation of a reconstruction plan (meaning a plan for business reconstruction of an insurance company group that needs to improve the conditions of its business management or assets; the same applies below in this paragraph) for the small amount and short term insurer group (limited to a small amount and short term insurer group designated by the Commissioner of the Financial Services Agency as one that needs to formulate a reconstruction plan), and ensuring the proper implementation.

### **Section 3 Accounting**

(Business Report)

- Article 211-36 (1) A business report as provided in Article 272-16, paragraph (1) of the Act must be submitted within four months from the end of the business year, in accordance with Appended Form No. 16-17, and categorized as follows: in the case of a stock company which is a small amount and short term insurer, business report, supplementary schedule, a document concerning the matters related to the shareholders meeting, balance sheet, profit and loss statement, cash flow statement, interim statement of changes in shareholders' equity, and a document disclosing the status of solvency margin for insurance proceeds, etc.; or, in the case of a mutual company which is a small amount and short term insurer, business report, supplementary schedule, a document concerning the matters related to the general meeting or the member representatives meeting, balance sheet, profit and loss statement, cash flow statement, statement of appropriation of surplus and treatment of loss, statement of changes in members' equity, documents concerning redemption of fund, document concerning payment of interest from fund, and a document disclosing the status of solvency margin for insurance proceeds, etc.
- (2) An interim business report as provided in Article 272-16, paragraph (2) of the Act must reflect the status of business and properties for the period between the day of commencement of the business year and September 30 of the relevant business year, and must be submitted within three months from the end of the relevant period, in accordance with Appended Form No. 16-18, and categorized as follows: in the case of a stock company which falls under the category of a specified small amount and short term insurer (meaning a specified small amount and short term insurer as provided in the same paragraph; the same applies below in this Chapter), interim balance sheet, interim profit and loss statement, interim cash flow statement, interim statement of changes in shareholders' equity and a document disclosing the status of solvency margin for insurance proceeds, etc.; or, in the case of a mutual company which falls under the category of the specified small amount and short term insurer, interim business report, interim balance sheet, interim profit and loss statement, interim cash flow statement, interim statement of changes in members' equity and a document disclosing the status of solvency margin for insurance proceeds, etc.
- (3) Companies in special relationship to be specified by Cabinet Office Order, as provided in Article 110, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-16, paragraph (3) of the Act (referred to below as "subsidiary company, etc." in this Article and Article 211-38) are as follows:
- (i) subsidiary corporation, etc. of the specified small amount and short term insurer; and

(ii) an affiliated corporation, etc. of the specified small amount and short term insurer.

(4) The provisions of Article 59, paragraphs (4) and (5) apply to submission of an interim business report or business report as provided in Article 110, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-16, paragraph (3) of the Act; and the provisions of Article 59, paragraphs (6) and (7) apply mutatis to the case where a small amount and short term insurer submits its interim business report or business report. In this case, the term ", interim consolidated financial statements and document disclosing the status of solvency margin for insurance proceeds, etc." and the term "Appended Form No. 6-3" in paragraph (4) of the same Article are deemed to be replaced with "and interim consolidated financial statements" and "Appended Form No. 16-19", respectively; the term "Appended Form No. 7-3" in paragraph (5) of the same Article is deemed to be replaced with "Appended Form No. 16-20", respectively; the terms "paragraph (1), (2), (4) or (5)" and "the Commissioner of the Financial Services Agency" in paragraph (6) of the same Article are deemed to be replaced with "Article 211-36, paragraph (1) or (2), or Article 59, paragraph (4) or (5) as applied mutatis mutandis to Article 211-36, paragraph (4)" and "the Commissioner of the Financial Services Agency (if, pursuant to the provisions of Article 48 of the Cabinet Order, the director-general of local finance bureau having jurisdiction over the head office or principal office of the small amount and short term insurer (or the director-general of the Fukuoka Local Finance Branch Bureau, if the location falls within the district of the Fukuoka Local Finance Branch Bureau) accepts the report, to the director-general of local finance bureau or the director-general of the Fukuoka Local Finance Branch Bureau; the same applies in the following paragraph)".

(Matters to Be Contained in Explanatory Document on Status of Business and Properties)

Article 211-37 (1) The matters to be specified by Cabinet Office Order, as provided in Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act, are as follows:

(i) the following matters related to the overview and organization of the small amount and short term insurer:

(a) organizations for business management;

(b) in the case of a stock company, the following matters related to ten or more shareholders in accordance with the descending order of the number of the shares held:

1. name (if the shareholder is a corporation or any other organization, the name of the organization);
2. the number of shares held by each of the shareholders;

3. the ratio of the number of shares held by each shareholder to the total number of the shares issued;
- (c) in the case of a mutual company, the following matters related to five or more shareholders in accordance with the descending order of the amount of fund contributed:
  1. name (is the fund contributor is a corporation or any other organization, the name of the organization);
  2. the amount of fund contributed by each of fund contributors;
  3. the ratio of each of the amount of contribution to the total amount of the fund;
- (d) the names and job titles of directors and company auditors (or directors, in the case of a company with audit and supervisory committee, or directors and executive officers, in the case of a company with nominating committee, etc.);
- (e) the name of the accounting advisor, in the case of a company with accounting advisors;
- (ii) the details of the principal business of the small amount and short term insurer;
- (iii) the following matters related to the principal business of the small amount and short term insurer:
  - (a) the overview of the business for the most recent business year;
  - (b) the following matters, which are the indicators of the status of principal business for the latest three business years:
    1. ordinary profit;
    2. ordinary profit or ordinary loss;
    3. net profit for the period or net loss for the period (or net surplus for the period or net loss for the period, in the case of a mutual company);
    4. the amount of stated capital, and the total amount of the shares issued (in the case of a mutual company, the amount of fund (including Reserve for Redemption of Fund as referred to in Article 56 of the Act));
    5. amount of net assets (meaning the amount of net assets as stated in Article 272-4, paragraph (1), item (iii) of the Act);
    6. total amount of assets;
    7. outstanding amount of policy reserve;
    8. outstanding amount of securities;
    9. ratio which indicate the soundness of solvency margin for insurance proceeds, etc. (meaning a ratio derived from the formula related to the criteria regarding the appropriateness of the solvency margin for insurance proceeds, etc. as referred to in Article 130 of the Act as applied mutatis mutandis pursuant to Article 272-28 of the Act

- (limited to those established using the amounts stated in the items of the same Article regarding a small amount and short term insurer); the same applies in Article 211-59, paragraph (2));
10. trends in dividends (limited to the case of a small amount and short term insurer which is a stock company);
  11. in the case of a mutual company, the ratio of the total amount of the members' dividend reserve stated in Article 30-5, paragraph (1), item (i) and the amount to be reserved as the members' dividend equilibrium reserve under item (ii) of the same paragraph to the amount calculated pursuant to the provisions of Article 30-4;
  12. the number of employees;
  13. the amount of net insurance premiums;
- (c) the following matters in Appended Form, which are the indicators of the status of business for the latest two business years;
- (d) the matters stated as the outstanding policy reserve in Appended Form;
- (iv) the following matters related to the business operation of the small amount and short term insurer:
- (a) framework for risk management;
  - (b) framework for compliance of laws and regulations;
  - (c) the matters stated as follows in accordance with the categories of cases stated in the respective item:
    1. if there is a designated dispute resolution organization for small amount and short term insurance services, a trade name or name of the designated dispute resolution organization for small amount and short term insurance services, which is a party to a basic contract for implementation of dispute resolution procedures to be concluded for the small amount and short term insurance services as the measure under Article 272-13-2, paragraph (1), item (i) of the Act;
    2. if there is not a designated dispute resolution organization for small amount and short term insurance services, the content of the complaint processing measures and dispute resolution measures related to the small amount and short term insurance services under Article 272-13-2, paragraph (1), item (ii) of the Act;
- (v) the following matters related to the status of properties of the small amount and short term insurer for the most recent business years:
- (a) a balance sheet, profit and loss statement, cash flow statement (limited to the case where the consolidated financial statements are not prepared) and a statement of change in shareholders' equity, etc. (in the case of a mutual company, a document concerning appropriation of surplus and treatment loss and a statement of change in members' equity);
  - (b) the status of soundness of solvency margin for insurance proceeds, etc.

- (including the amounts stated in Appended Form as the details on the amount stated in the items of Article 130 of the Act);
- (c) the acquisition value, contracted value, market value and loss or gain on valuation, in relation to the following:
1. securities;
  2. monetary trust;
- (d) if the documents to be made available for public inspection pursuant to the provisions of Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act have been audited by the financial auditor under the Companies Act (or under the Insurance Business Act, in the case of a mutual company), that fact;
- (e) if, in connection with the balance sheet, profit and loss statement and statement of change in shareholders' equity (in the case of a mutual company, a statement of appropriation of surplus of a statement of treatment of loss, and a statement of change in members' equity), the small amount and short term insurer has obtained an audit certificate of the certified public accountant or an audit firm pursuant to the provisions of Article 193-2 (Audit Certification by a Certified Public Accountant or Audit Firm) of the Financial Instruments and Exchange Act, that fact; and
- (vi) if, as of the last day of the business year, there exists any event which give rise to any material doubt as to the precondition that the small amount and short term insurer will continue its business activities in the future or any other event which may give material impact on business management of the insurance company (referred to below as "material event, etc." in this item), that fact and the details, analysis of the material event, etc., and the details of the measures to be taken to eliminate or improve the material event, etc.
- (2) The places to be specified by Cabinet Office Order, as provided in Article 111, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act, are the business office or other office (excluding the head office or principal office, branch office or secondary office, and the business offices or offices located in foreign states) of the insurance company.

Article 211-38 (1) The matters to be specified by Cabinet Office Order, as provided in Article 111, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act, are as follows:

- (i) the following matters related to the overview of the specific small amount and short term insurer and its subsidiary company, etc. (excluding the subsidiary company, etc. which would not give material impact on the details of the explanatory documents provided in Article 111, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act; the same applies below in this Article):



- (a) the details of the principal business of the specific small amount and short term insurer and its subsidiary company, etc., and their organizational framework;
- (b) the following matters related to subsidiary company, etc. of the specific small amount and short term insurer:
  - 1. the name;
  - 2. the location of the principal business office of other principal office;
  - 3. the amount of stated capital or funds;
  - 4. the business details;
  - 5. the date of incorporation;
  - 6. the ratio of the voting rights in the subsidiary company, etc. held by the specific small amount and short term insurer to the voting rights of all shareholders or equity holders;
  - 7. the ratio of the voting rights in a single subsidiary company, etc. of the specified small amount and short term insurer held by the other subsidiary company, etc. to the voting rights of all shareholders or equity holders;
- (ii) the following matters related to principal business of the specific small amount and short term insurer and its subsidiary company, etc.:
  - (a) outline of the business for the most recent business year;
  - (b) the following matters, which are the indicators of the status of principal business for the latest three consolidated financial years:
    - 1. ordinary profit;
    - 2. ordinary profit or ordinary loss;
    - 3. net profit belonging to the shareholders of the parent company for the period or net loss belonging to the shareholders of the parent company for the period (or net surplus belonging to the shareholders of the parent company for the period or net loss belonging to the shareholders of the parent company for the period, if the specific small amount and short term insurer is a mutual company);
    - 4. comprehensive income;
    - 5. amount of net assets;
- (iii) the following matters related to the status of properties of specific small amount and short term insurer and its subsidiary company, etc. for the latest two consolidated financial years:
  - (a) a consolidated balance sheet, consolidated profit and loss statement, consolidated cash flow statement and a consolidated statement of change in shareholders' equity, etc. (if the specific small amount and short term insurer is a mutual company, a consolidated statement of change in members' equity);
  - (b) the state of soundness of solvency margin for payment of insurance

- proceeds, etc. by the small amount and short term insurer which is the subsidiary company, etc. of the specific small amount and short term insurer (including the amount stated in the items of Article 130 of the Act as applied mutatis mutandis pursuant to Article 272-28 of the Act);
- (c) segment information prescribed in Article 15-2, paragraph (1) of the Regulations on Consolidated Financial Statement or any equivalent information;
- (d) if, in connection with the balance sheet, profit and loss statement and statement of change in shareholders' equity (if the specific small amount and short term insurer is a mutual company, a statement of appropriation of surplus of a statement of treatment of loss, and a statement of change in members' equity), the specific small amount and short term insurer has obtained an audit certificate of the certified public accountant or an audit firm pursuant to the provisions of Article 193-2 of the Financial Instruments and Exchange Act, that fact; and
- (iv) if, as of the last day of the business year, there exists any event which give rise to any material doubt as to the precondition that the specified small amount and short term insurer will continue its business activities in the future or any other event which may give material impact on business management of the specified small amount and short term insurer (referred to below as "material event, etc." in this item), that fact and the details, analysis of the material event, etc., and the details of the measures to be taken to eliminate or improve the material event, etc.
- (2) The places to be specified by Cabinet Office Order, as provided in Article 111, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act, are the places provided in paragraph (2) of the preceding Article.

Article 211-39 The provisions of Article 59-4 apply mutatis mutandis to the explanatory documents prepared pursuant to the provisions of Article 111, paragraphs (1) and (2) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act. In this case, the term "Commissioner of the Financial Services Agency" in Article 59-4, paragraphs (2) and (3) is deemed to be replaced with "Commissioner of the Financial Services Agency (or the director-general of local finance bureau having jurisdiction over the head office or principal office of the small amount and short term insurer (or the director-general of the Fukuoka Local Finance Branch Bureau, if the location falls within the district of the Fukuoka Local Finance Branch Bureau))".

Article 211-39-2 The places to be specified by Cabinet Office Order, as provided in Article 111, paragraph (4) of the Act as applied mutatis mutandis pursuant to Article 272-17 of the Act, are the places provided in Article 211-37,

paragraph (2).

(Depreciation of Incorporation Expenses)

Article 211-40 The amount to be specified by Cabinet Office Order, as provided in Article 113 of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act, is the amount specified in the items of Article 61-2.

(Method of Calculation of Policy Dividends)

Article 211-41 When a stock company which is a small amount and short term insurer distributes policy dividends, it must calculate the amount to be distributed as policy dividends in accordance with the types categories by the distinctive natures of the insurance contracts, and must implement the distribution by one or more of the methods stated in the following items:

- (i) method to distribute the amount based on the proceeds of investment of insurance premiums paid by the policyholders or money received as insurance premiums, less the amount of insurance proceeds, refund or any other benefit, operating expenses and any other costs;
- (ii) method to recognize the amount to be distributed as policy dividends based on the insurance period, etc. and to distribute the amount calculated in accordance with the policy reserve, insurance premiums or any other base amount which relates to each insurance contract; or
- (iii) any other method equivalent to the methods stated in the preceding two items.

(Policy Dividend Reserve)

Article 211-42 (1) The reserve to be set aside by the stock company which is a small amount and short term insurer for allocation to the policy dividend is the policy dividend reserve.

- (2) A stock company which is a small amount and short term 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 unpaid dividend (meaning the unpaid dividends distributed to policyholders, which exclude the reserved dividend as stated in the preceding item) (in the case of the accounting period, including the amounts scheduled to be distributed in the following business year);
  - (ii) the product of the amount to be distributed in the following business year and five-hundredth.

(Assets Covered by Price Fluctuation Reserve)

Article 211-43 The assets to be specified by Cabinet Office Order, as provided in Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to

Article 272-18 of the Act, are the national government bonds, and the securities and shares in subsidiary companies as referred to in the items of Article 211-27; provided, however, that the assets provided in Article 8, paragraph (21) of the Regulations on Financial Statements may be excluded.

(Calculation of Price Fluctuation Reserve)

Article 211-44 A small amount and short term 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 stated in the space of the reserve threshold as specified in the left column of the following table, itemized by the assets respectively stated in that column which are held as of the account closing period, as the price fluctuation reserve specified in Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act. In this case, the maximum amount of the price fluctuation reserve is the amount obtained by the book value of each asset held as of the time of account closing period as itemized by the assets stated in the left column of that table, multiplied by the ratio specified in the maximum limit of reserve as stated in the table.

| Covered Assets  | Reserve Threshold | Maximum Limit of Reserve |
|---|-------------------|--------------------------|
| National government bonds; and securities stated in the items of Article 211-27 | 0.0002            | 0.005                    |
| Shares in subsidiary companies  | 0.0015            | 0.05                     |

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

Article 211-45 (1) If a small amount and short term insurer seeksto obtain an authorization under the proviso to Article 115, paragraph (1) or the proviso to paragraph (2) of the same Article, as applied mutatis mutandis pursuant to Article 272-18 of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, attaching financial statements (meaning the Financial documents as stated in Article 435, paragraph (2) (Preparation and Retention of Financial Statements) of the Companies Act applied pursuant to the provisions of Article 13 of the Act following the deemed replacement of terms or the financial documents provided in Article 54-3, paragraph (2) of the Act; the same applies in Article 211-55) or documents equivalent to these.

(2) When the application under the preceding paragraph is filed, the Commissioner of the Financial Services Agency or other competent official is to

examine whether there exist any inevitable grounds, in light of status of business or properties of the small amount and short term insurer which has filed the application for authorization.

(Policy Reserve of Small Amount and Short Term Insurer)

Article 211-46 (1) A small amount and short term insurer must, for each accounting period and for each of the categories respectively stated in the following items, calculate and set aside as the policy reserve the amounts respectively stated in those items, based on the insurance premiums received before the relevant accounting period and in accordance with the formula specified in the documents stated in Article 272-2, paragraph (2), item (iv) of the Act:

- (i) regular policy reserve: either of the following amount, whichever is the higher:
  - (a) outstanding insurance premiums (the amount equivalent to the liability corresponding to the unexpired period calculated based on the insurance premiums received);
  - (b) the amount of insurance premiums received in the business year, less the sum of the insurance proceeds, refund, payment reserve (meaning the payment reserve under Article 117, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act; the same applies below in this Chapter) (excluding the insurance proceeds, etc. for which the occurrence of the insured event as provided in the following Article has not been reported but the insured event provided in the insurance contracts is found to have occurred) disbursed in relation to the insurance contract under which the insurance premiums were received in the relevant business year and the operating expenses incurred in the relevant business year;
- (ii) 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 the insurance contracts; and
- (iii) policy dividend reserve, etc.: the amount of the policy dividend reserve under Article 211-42, paragraph (1) and any other amount equivalent to it.

(2) The extraordinary contingency reserve under item (ii) of the preceding paragraph is to be set aside in accordance with the standards for reserving and reversal; provided, however, that if, in light of the status of business or properties of the small amount and short term insurer, there are any inevitable grounds, reserving not in accordance with the standard of reserve to be specified by the Commissioner of the Financial Services Agency and reversal not in accordance with the standard of reversal to be specified by the Commissioner of the Financial Services Agency.

(Insurance Proceeds Equivalent to Amount Due and Payable)

Article 211-47 The case to be specified by Cabinet Office Order, as provided in Article 117, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act, is the insurance proceeds, etc. for which the occurrence of the insured event has not been reported but the small amount and short term insurer finds that insured event provided in the insurance contracts has occurred.

(Matters Which Require Participation of Responsible Actuary)

Article 211-48 The matters to be specified by Cabinet Office Order, as provided in Article 120, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act, are the actuarial methodology in relation to the following:

- (i) the method of calculation of insurance premiums;
- (ii) the method of calculation of policy reserve;
- (iii) the method of calculation of the policy dividends or surplus to be distributed to members;
- (iv) calculation of the reserve for outstanding claims; and
- (v) any other matters necessary for the responsible actuary in performing the duties.

(Persons Qualified as Responsible Actuary)

Article 211-49 The person who satisfies the requirements to be specified by Cabinet Office Order, as provided in Article 120, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act, is the person who satisfies any of the following requirements:

- (i) a regular member of The Institute of Actuaries of Japan, who has engaged in the business related to actuarial methodology for three years or longer; or
- (ii) a semi-regular member of The Institute of Actuaries of Japan, who has engaged in the business related to actuarial methodology for five years or longer (limited to a person who passed five or more subjects of the qualification test).

(Matters Which Require Verification by Responsible Actuary)

Article 211-50 The matters to be specified by Cabinet Office Order, as provided in Article 121, paragraph (1), item (iii) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act, are whether the continuance of the insurance business is difficult, judging from the reasonable estimate of future income and expenditure based on actuarial methodology

(Verification by Responsible Actuary)

Article 211-51 A responsible actuary must, for each account closing period, verify the matters stated in the items of Article 121, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act, in accordance with the following requirements and any other requirements to be specified by the Commissioner of the Financial Services Agency:

- (i) that the policy reserve has been appropriately set aside pursuant to the provisions of Article 211-46;
- (ii) that the distribution of policy dividend or surplus to members have been properly implemented pursuant to the provisions of Article 30-2 or Article 211-41; and
- (iii) that, judging from the amount of liabilities asset as of the certain time in the future calculated based upon reasonable estimation, the amount of asset as of the certain time in the future calculated based upon reasonable estimation is expected to fall short of the appropriate level in terms of continuance of small amount and short term insurance business.

(Mutatis Mutandis Application of Provisions Concerning Accounting)

Article 211-52 The provisions of Article 71, paragraph (1) apply mutatis mutandis to the case where a small amount and short term insurer reinsures insurance contracts; and the provisions of Article 73, paragraphs (1) and (3) apply mutatis mutandis to reserve for outstanding claims to be reserved by the small amount and short term insurer for each account closing period; the provisions of Article 79 apply mutatis mutandis to a responsible actuary of a small amount and short term insurer; and the provisions of Article 82 apply mutatis mutandis to a written opinion to be submitted by a responsible actuary of a small amount and short term insurer to its board of directors meeting. In this case, the term "the preceding Article" in Article 73, paragraph (1) is deemed to be replaced with "Article 211-47"; and the term "the Commissioner of the Financial Services Agency" in Article 79, paragraphs (1) and (2) and Article 82, paragraph (2) is deemed to be replaced with "the Commissioner of the Financial Services Agency or other competent official".

## **Section 4 Supervision**

(Notification of Change in Matters Specified in Statement of Business Procedures)

Article 211-53 A person who intends to file a notification under Article 272-19, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency or other competent official a notification of change of statement of business procedures, etc. prepared in accordance with Appended

Form No. 16-21.

(Opinion Letter of Responsible Actuary Related to Change of Matters Specified in Statement of Calculation Procedures for Insurance Premiums and Policy Reserve)

Article 211-54 Regarding a written opinion provided in Article 272-19, paragraph (2) of the Act, a responsible actuary must, in accordance with the following requirements, perform verification as to whether the calculation formula of insurance premiums and policy reserve stated in the document specified in Article 272-2, paragraph (2), item (iv) of the Act, which are to be changed, is reasonable and fair in terms of actuarial methodology, and prepare the opinion letter based on the results of the verification:

- (i) that the formula for calculation of the insurance premiums and the policy reserve is reasonable and fair from the standpoint of actuarial methodology; and
- (ii) any other requirements to be specified by the Commissioner of the Financial Services Agency.

(Matters to Be Notified)

Article 211-55 (1) The cases to be specified by Cabinet Office Order, as provided in Article 272-21, paragraph (1), item (vi) of the Act, are as follows:

- (i) when a stock company which is a small amount and short term insurer intends to issue share options or corporate bond with share options;
- (ii) when a director representing the small amount and short term insurer, a director or a company auditor (or a director representing the small amount and short term insurer or a director or an audit and supervisory committee member (excluding a director engaged in ordinary business of the small amount and short term insurer) engaged in ordinary business of the small amount and short term insurer, in the case of a company with audit and supervisory committee; or a director, a representative executive officer, an executive officer or an audit committee member (excluding a director engaged in ordinary business of the small amount and short term insurer) engaged in ordinary business of the small amount and short term insurer, in the case of a company with nominating committee, etc.; referred to below as an "officer, etc." in this item and the following item) is to be elected or an officer, etc. intends to retire (excluding cases falling under the following item);
- (ii)-2 when the election or retirement of an officer, etc. has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an officer, etc., notification that an officer, etc. is to be elected or an officer, etc. intends to retire);



- (ii)-3 when an accounting advisor is to be elected or an accounting advisor intends to retire (excluding cases falling under the following item);
- (ii)-4 when the election or retirement of an accounting advisor has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an accounting advisor, notification that an accounting advisor is to be elected or an accounting advisor intends to retire);
- (iii) if the party which holds the small amount and short term insurer as its subsidiary company has been changed;
- (iv) when the subsidiary company has effected any amendment to its name or principal business, merger, dissolution or discontinuance of all of its business (excluding the cases where, pursuant to the provisions of Article 272-21, paragraph (1), item (ii) of the Act, a notification under the same item is required to be filed if the company no longer falls under the category of subsidiary company);
- (iv)-2 if the subsidiary company changed the location of its head office;
- (v) if the small amount and short term insurer newly holds a party which falls under the party specified in any of the items of Article 211-36, paragraph (3) (referred to as "specially related parties" in the following item and item (vii));
- (vi) if the specially related party no longer falls under that category;
- (vii) if a specially related party of the small amount and short term insurer changes its business details;
- (viii) in relation to the contingency reserve provided in Article 211-46, paragraph (1), item (ii), if the small amount and short term insurer intends to make reserve or reversal not in accordance with the requirements for reserve as designated by the Commissioner of the Financial Services Agency provided in paragraph (2) of the same Article;
- (ix) pursuant to the provisions of Article 211-46, paragraph (1), if the Commissioner of the Financial Services Agency or other competent official designates as the case where a small amount and short term insurer is required to make a notification with the Commissioner of the Financial Services Agency when implementing the calculation of the amount of policy reserve;
- (x) if the small amount and short term insurer intends to take out any subordinated loan (meaning monetary loan for consumption with an option setting forth subordinated conditions on the principal and interest payment, and which fall under the category of the monetary loan for consumption to be specified by the Commissioner of the Financial Services Agency as the loan which would facilitate enhancement the small amount and short term insurer's solvency margin for insurance proceeds, etc.; the same applies below in the following item); or where it intends to issue subordinated

- corporate bond (meaning corporate bond with an option setting forth subordinated conditions on the principal and interest payment, and which fall under the category of the corporate bonds to be specified by the Commissioner of the Financial Services Agency as the corporate bonds which would facilitate enhancement of the small amount and short term insurer's solvency margin for insurance proceeds, etc.; the same applies below in the following Article);
- (xi) where the small amount and short term insurer intends to make an accelerated repayment of the subordinated loan, or where it intends to make an accelerated redemption of subordinated corporate bonds (including in the case of payment or redemption of a loan or corporate bonds without a fixed due date);
  - (xii) (Deleted)
  - (xiii) if the small amount and short term insurer intends to acquire the treasury shares based on the resolution of the shareholders meeting or board of directors meeting under Article 156, paragraph (1) (Determination of Matters regarding Acquisition of Shares) of the Companies Act (including the case where it is applied pursuant to the provisions of Article 165, paragraph (3) of that Act following the deemed replacement of terms);
  - (xiv) if it has come to the knowledge of the small amount and short term insurer, its subsidiary company or a party to whom its business is commissioned (referred to as "small amount and short term insurer, etc." in paragraph (4)) that any deplorable event (in the case of a party to whom its business is entrusted, limited to the event related to the business entrusted by the small amount and short term insurer) has occurred to it; and
  - (xv) if it intends to amend the matters specified in the documents stated in the items of Article 212-6-3, paragraph (2).
- (2) For filing the notification under Article 272-21, paragraph (1) of the Act, a small amount and short term insurer must submit to the Commissioner of the Financial Services Agency or other competent official the notification, attaching a written statement of reasons and any other document which would be informative:
- (3) The notification, when paragraph (1), item (viii) is applicable, is to be filed promptly after the completion of preparation of the financial statements, and is to be filed together with the financial statements.
- (4) A deplorable event as provided in paragraph (1), item (xiv) means the case where the small amount and short term insurer, etc., their respective officers or employees (excluding the persons who fall under the category of the small amount and short term insurance agents), their respective small amount and short term insurance agents (excluding a party to whom business is commissioned by the small amount and short term insurer) or the agents'

respective officers or employees has committed any of the acts as stated in the following items:

- (i) fraud, embezzlement, breach of trust or any other criminal act committed in the course of performance of the small amount and short term insurer;
  - (ii) an act in violation of the Act on Regulation of Receiving of Capital Subscription, Deposits, and Interest Rates, etc.;
  - (iii) an act in violation of Article 294, paragraph (1), Article 294-2 or Article 300, paragraph (1) of the Act, or Article 38, items (iii) through (vi) or item (ix), Article 39, paragraph (1) or Article 234-21-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 300-2 of the Act; or an act which fall under Article 307, paragraph (1), item (iii) of the Act;
  - (iv) loss of cash, bills, checks, securities or any other valuable item, which is considered material in relation to the management of the business, considering the characteristics, scale and other situations of the business of the small amount and short term insurer; and
  - (v) any other act similar to those stated in the preceding items, which would give actual or potential negative impact on the insurance company in carrying out its business operation in a sound and proper manner.
- (5) A notification, when paragraph (1), item (xvii) is applicable, must be filed within 30 days from the day when the insurance company learns the occurrence of the deplorable event.

(Corporation Whose Business Management Is Under Control of Small Amount and Short Term Insurer)

Article 211-56 The corporations to be specified by Cabinet Office Order, as provided in Article 272-22, paragraph (2) of the Act, are the subsidiary company, etc. of the small amount and short term insurer, excluding the subsidiary companies.

(Insurance Proceeds Equivalent to Amount Due and Payable)

Article 211-57 The monies equivalent to insurance proceeds or any other benefit to be specified by Cabinet Office Order, as provided in Article 272-24, paragraph (1), item (i) of the Act, are insurance proceeds, etc. provided in Article 211-47.

(Insurance Premiums Upon Calculation of Insurance Proceeds Ratio)

Article 211-58 The insurance premiums received under the insurance contract, as provided in Article 272-24, paragraph (1), item (i) of the Act, are the insurance premiums paid or to be decisively paid in the business year, and in the case of an insurance contract with option of payment in installation or an

insurance contract whose insurance period exceeds one year, the insurance premiums are the annualized insurance premiums.

(Stated Capital, Equity Fund, and Reserve Used for Requirement for Soundness)

Article 211-59 (1) The amount of stated capital, fund, reserve or any other amount to be specified by Cabinet Office Order, as provided in Article 130, item (i) of the Act as applied mutatis mutandis pursuant to Article 272-28 of the Act (limited to the amount relating to a small amount and short term insurer to be used to establish criteria regarding whether or not the small amount and short term insurer has an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.), is as follows:

- (i) the amount to be disbursed as the appropriation of surplus from among the total amount recorded in the net asset section (in the case of a mutual company which is a small amount and short term insurer, including the amount to be disbursed as the distribution of dividends to members in the following business year), the amount recorded in the items of valuation and translation adjustments, etc. in the balance sheet, the amount recorded in the asset section of the balance sheet and the amount recorded as the deferred asset in the asset section of the balance sheet pursuant to the provisions of the first sentence of Article 113 of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act;
  - (ii) the amount of price fluctuation reserve under Article 115, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-18 of the Act;
  - (iii) the amount of extraordinary contingency reserve under Article 211-46, paragraph (1), item (ii);
  - (iv) the amount of general loan-loss reserves;
  - (v) regarding available-for sale securities owned by the small amount and short term insurer, the amount of difference between the total of the amount recorded in the balance sheet and the book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency;
  - (vi) regarding lands owned by the small amount and short term insurer, the amount of difference between the market value and book value, multiplied by the ratio to be specified by the Commissioner of the Financial Services Agency; and
  - (vii) the amount similar to those stated in the preceding items, as designated by the Commissioner of the Financial Services Agency.
- (2) The term "market value" as referred to in item (vi) of the preceding paragraph means the value calculated based on the fairly appraised price as of the day when the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc.

(Amount Equivalent to Risk Not Normally Predictable)

Article 211-60 The amount equivalent to the risk not normally predictable that may accrue from the occurrence of the insured event for which the insurance is underwritten, as provided in Article 130, item (ii) of the Act as applied *mutatis mutandis* pursuant to Article 272-28 of the Act, or any from other grounds (limited to the amount relating to a small amount and small amount and short term insurer to be used to establish criteria regarding whether or not the small amount and short term insurer has an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc.) is the amount calculated by the method specified by the Commissioner of the Financial Services Agency based upon the following amounts:

- (i) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the insurance risk;
- (ii) the total of the amount stated in (a) through (e) below, which is the amount equivalent to the asset investment risk:
  - (a) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the price fluctuation, etc. risk;
  - (b) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the credit risk;
  - (c) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency as the amount equivalent to the subsidiary company, etc. risk (meaning the risk which may accrue from the investment in subsidiary company, etc. or any other grounds);
  - (d) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency, as the amount equivalent to the risks stated in (a) through (c);
- (iii) the amount calculated in accordance with the formula specified by the Commissioner of the Financial Services Agency based on the amount corresponding to those specified in the preceding two items, as the amount equivalent to the management risk.

## **Section 5 Transfer of Insurance Contracts**

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

Article 211-61 The documents to be specified by Cabinet Office Order, as provided in Article 136-2, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 272-29 of the Act, are as follows:

- (i) contract documents related to the contract under Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act; and
- (ii) the balance sheet of the transferor company provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act (referred to below as "transferor company" in this Section) and the transferee company provided in paragraph (1) of the same Article (referred to below as "transferee company" in this Section) (if the transferee company is a foreign insurance company, etc., the balance sheet for the insurance business in Japan).

(Matters Subject to Public Notice of Transfer of Insurance Contracts)

Article 211-62 The matters to be specified by Cabinet Office Order, as provided in the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act (including as applied pursuant to Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms), are the following matters (if the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act is applied following the deemed replacement of terms pursuant to the provisions of Article 251, paragraphs (2) and (3) of the Act, the matters stated in items (i) and (ii)):

- (i) the trade name or name of the transferee company;
- (ii) the location of the head office, principal office or principal establishment in Japan of the transferee company;
- (iii) the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. (meaning a ratio derived from the formula related to the criteria regarding the appropriateness of the solvency margin for insurance proceeds, etc. under Article 130 of the Act (including as applied mutatis mutandis pursuant to Article 272-28 of the Act) or Article 202 of the Act; the same applies below in this item and Article 211-64, paragraph (2), item (xv)) of the transferor company and the transferee company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of transfer of insurance contracts;
- (iv) the outline of the content of the services relating to the transferred contracts (meaning the transferred contracts as provided in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act; the same applies in Article 211-64, paragraph (2), Article 211-64-2, item (i) and Article 211-66) after the transfer of insurance contracts;
- (v) the matters relating to Article 137, paragraph (5) of the Act as applied

- mutatis mutandis pursuant to Article 272-29 of the Act;
- (vi) the policy regarding the policy dividend or distribution of surplus to members as prescribed in Article 114, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 199 of the Act and Article 272-18 of the Act; referred to below as "dividend, etc." in this item) of the transferor company and the transferee company before and after the transfer of insurance contracts, and the amount of dividend, etc. by the transferor company and the transferee company before the transfer of insurance contracts;
- (vii) if a surplus is distributed to affected policyholders (meaning the affected policyholders as prescribed in Article 135, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act; the same applies in Article 211-64, paragraph (2) and Article 211-64-2, item (v)), that fact and the method of distribution; and
- (viii) if the notification is omitted pursuant to the provisions of the proviso to Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act, that fact.

(Omission of Notification Concerning Transfer of Insurance Contracts)

Article 211-62-2 The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act, are the cases which satisfy all of the following requirements:

- (i) that the transfer is a transfer of a coinsurance contract;
- (ii) that the underwriting insurance company, etc. (limited to a small amount and short term insurer) intending to transfer the coinsurance contract is a non-managing underwriter, etc. and satisfies all of the following requirements:
  - (a) that the underwriting ratio of the coinsurance contract related to the non-managing underwriter, etc. is no more than 10 percent; and
  - (b) that the transfer is a transfer by which a coinsurance contract is transferred according to the entire underwriting ratio related to the non-managing underwriter, etc.

(Amount of Claim Concerning Insurance Contract)

Article 211-63 The amount to be specified by Cabinet Office Order, as provided in Article 137, paragraph (3) of the Act (including as applied pursuant to the provisions of Article 251, paragraph (2) and (3) of the Act following the deemed replacement of terms) as applied mutatis mutandis pursuant to Article 272-29 of the Act, is the amount of the insurance premiums corresponding to the unexpired period (meaning the insurance period specified in an insurance

contract which have not been passed as of the time of the public notice as provided in Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29).

(Matters Subject to Notification Regarding Contracts in the Course of Procedure for Transfer of Insurance Contracts)

Article 211-63-2 The matters to be specified by Cabinet Office Order, as referred to in Article 138, paragraph (1), item (iii) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act, are the matters stated in the items of Article 211-62.

(Application for Authorization of Transfer of Insurance Contracts)

Article 211-64 (1) The application for authorization under Article 139, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act must be filed by way of submitting to the Commissioner of the Financial Services Agency or other competent official the written application for authorization under the joint name of the transferor and the transferee, within one month from the passage of the period for objection under Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act.

(2) For filing the written application for authorization under the preceding paragraph, the following documents (for the document stated in item (x), limited to cases where the transferee company is a small amount and short term insurer; in cases where insurance contracts are transferred under Article 250, paragraph (1) of the Act, and cases where a company under reorganization proceedings performs any of the activities stated in Article 262, item (v) or Article 359, item (i) of the Special Act for Reorganization in accordance with a reorganization plan pursuant to Article 262, item (v) or Article 359, item (i) of the Special Act for Reorganization, the documents stated in items (i) through (v), (vii) through (xii), (xviii) and (xix)) must be attached:

- (i) a written statement of reasons;
- (ii) contract documents related to the contract under Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act;
- (iii) the minutes of shareholders meeting, etc. of the transferor company and the transferee company (excluding foreign insurance company, etc.);
- (iv) the balance sheet of the transferor company and transferee company (if the transferee company is a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
- (v) the inventory of property of the transferor company;
- (vi) the document describing the selection criteria and the scope of transferred contracts;



- (vii) the document describing the following matters for insurance contracts wherein the insurer is the transferor company:
  - (a) the number of policyholders, the number of insurance contracts, the total of the insured amount, 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 amount, for each type of insurance contract;
  - (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts;
- (viii) the document describing the quantity and value, for each type of properties to be transferred associated with the transferred contract pursuant to the contract referred to in Article 135, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act;
- (ix) regarding each type of insurance contract wherein the insurer is the transferor company (or insurance contracts in Japan, in the case of a foreign insurance company, etc.), the document describing the following matters:
  - (a) the number of policyholders, the number of insurance contracts, the total of the insured amount, and the amount of policy reserve (in the case of a foreign insurance company, etc., meaning the policy reserve stated in 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) and 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 amount, for each type of insurance contract;
  - (c) the appropriateness of the calculation of the amount of policy reserve and any other reserves after the transfer of insurance contracts;
- (x) regarding a transferred contract or an insurance contracts wherein the insurer is the transferee company, if the policyholder or the insured person under the contract are the same, the document stating the total amount of the insurance under all insurance contracts for the policyholder or the insured person, and the total amount of insured amount under all insurance contracts as itemized by the categories of insurances stated in the items of Article 1-6 of the Cabinet Order;
- (xi) a document certifying that the public notice and notification under the main clause of Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act have been given (including a document certifying that all the requirements stated in the items of Article

- 211-62-2 are met, if the notification has been omitted pursuant to the provisions of the proviso to Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act);
- (xii) a document certifying that the number of affected policyholders who stated their objections within the period for objection under Article 137, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act or the amount related to the policyholders as provided in Article 211-63 has not the certain ratio as stated in Article 137, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act (including as applied pursuant to Article 251, paragraphs (2) and (3) of the Act following the deemed replacement of terms);
  - (xiii) a document describing the grounds for the objections stated by the affected policyholders under the preceding item and the measures taken by the transferor company or the transferee company in response to the objections;
  - (xiv) if surplus is distributed to the affected policyholders, a document describing the amount distributed and the calculation method as well as the method of distribution;
  - (xv) a document describing the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. of the transferor company and the transferee company for the most recent business year, and the prospective ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. as of the day of transfer of insurance contracts;
  - (xvi) a document describing the system for carrying out the business relating to the transferred contracts at the transferee company and the content of its services;
  - (xvii) a document describing the number of affected policyholders who applied for cancellation of their contracts in the case prescribed in Article 137, paragraph (5) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act, as well as the amount to be refunded by the transferor company under the same paragraph and the calculation method of the amount, for each type of insurance contract;
  - (xviii) a document certifying that the public notice under Article 250, paragraph (4) of the Act, if any, has been given; and
  - (xix) any other document containing the matters which would serve as reference information for examination under Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act.

(Examination for Authorization of Transfer of Insurance Contracts)

Article 211-64-2 When conducting an examination under Article 139, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-29 of the Act

upon an application for authorization under paragraph (1) of the preceding Article, the Commissioner of the Financial Services Agency or other competent official is to take into account the following circumstances:

- (i) that the purpose of the transfer of insurance contracts and the selection criteria for transferred contracts are not likely to give negative impact on protection of policyholders, etc.;
- (ii) that the policy reserves for the insurance contracts wherein the issuer is the transferor company and for the insurance contracts wherein the issuer is the transferee company are expected to be set aside using a reasonable and relevant method based on actuarial science after the transfer of insurance contracts;
- (iii) that the transferee company is expected to set aside the members' dividend reserve stated in Article 30-5, paragraph (1), item (i) or the policyholders' dividend reserve stated in Article 64, paragraph (1) (in the case of a foreign insurance company, etc., the policyholders' dividend reserve stated in Article 146, paragraph (1)) appropriately after the transfer of insurance contracts;
- (iv) that the transferor company and the transferee company are expected to have an appropriate level of solvency in terms of ability to pay out insurance proceeds, etc. after the transfer of insurance contracts; and
- (v) if the transferor company distributes surplus to the affected policyholders, that the distribution will be made properly.

(Matters Subject to Ex-Post Facto Public Notice of Transfer of Insurance Contract)

Article 211-65 The matters to be specified by Cabinet Office Order, as provided in the first sentence of Article 140, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 272-29 of the Act, are as follows:

- (i) the progress of the procedures under Article 137, paragraphs (1) through (3) of the Act (excluding the provisions of the proviso to paragraph (1) of the same Article, in the case of an insurance contract other than a coinsurance contract) as applied *mutatis mutandis* pursuant to Article 272-29 of the Act;
- (ii) the transferee's the trade name or name of the transferee company, and the location of its head office, principal office or principal establishment in Japan.

(Omission of Notification After Transfer of Insurance Contracts)

Article 211-65-2 The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 140, paragraph (2) of the Act as applied *mutatis mutandis* pursuant to Article 272-29 of the Act, are the cases which satisfy all of the requirements stated in the items of Article 211-62-2.

(Validity of Transfer of Insurance Contracts)

Article 211-66 As a result of the implementation of the transfer of insurance contracts, if the matters specified in the documents stated in the following items require amendment reflecting the portion of the matters concerning the transferor company as stated in Article 272-2, paragraph (2), items (ii) through (iv) of the Act related to the transferred contract, these matters are deemed to be authorized and amended, at the time when the authorization under Article 139, paragraph (1) as applied mutatis mutandis pursuant to Article 272-29 of the Act is granted:

- (i) the documents specified in Article 4, paragraph (2), items (ii) through (iv) of the Act or the documents specified in Article 187, paragraph (3), items (ii) through (iv) of the Act: the 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 the amendment under 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 specified in Article 272-2, paragraph (2), items (ii) through (iv) of the Act: the amendment under Article 272-19, paragraph (1) of the Act.

(Application for Authorization of Business Transfer, etc.)

Article 211-67 (1) If a small amount and short term insurer seeks to obtain the authorization under Article 142 of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (1) of the Act, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for authorization, attaching the following documents:

- (i) a written statement of reasons;
- (ii) a document describing the terms and conditions of the contracts subject to transfer or acquisition of business (referred to as "business transfer, etc." in the following paragraph and paragraph (3));
- (iii) minutes of the shareholders meeting, etc. of the small and short term insurer which is the party, or and any other document certifying that necessary procedures have been taken;
- (iv) inventories of properties and balance sheet and profit and loss statement of the small amount and short term insurer which is the party;
- (v) a document specifying the status of profit and loss related to the business to be transferred or acquired;
- (vi) if the small amount and short term insurer is to have any subsidiary company, etc. after the implementation of the business transfer, etc. the document specifying the prospective income and expenditure of the small amount and short term insurer and subsidiary company, etc.;
- (vii) if, as a result of the transfer of business, the small amount and short term insurer's subsidiary company, etc. no longer falls under the category of the

- subsidiary company, the document specifying the name of the subsidiary company;
- (viii) if, as a result of the acquisition of business, the company eligible to be small amount and short term insurance subsidiary company is to fall under the category of the subsidiary company, the document regarding the company eligible to be small amount and short term insurance subsidiary company as stated in Article 211-3, item (xi); and
- (ix) a document containing any other matters which would serve as reference information.
- (2) In cases of the business transfer, etc. among small amount and short term insurer or among small amount and short term insurer and insurance companies, the written application for authorization under the preceding paragraph must be submitted to the Commissioner of the Financial Services Agency or other competent official under the joint names of the small amount and short term insurer or of small amount and short term insurer and insurance companies, which comprise the parties to the business transfer, etc.
- (3) In the case of the business transfer, etc. among small amount and short term insurer and insurance companies (including foreign insurance companies, etc.), the written application for authorization under paragraph (1) must be submitted together with the written application for authorization under Article 94, paragraph (1) of the Act.

(Foreign Insurance Company Not Allowed to Accept Entrustment of Business and Property Administration)

Article 211-68 The companies to be specified by Cabinet Office Order, as provided in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act, are a foreign insurance company, which has established an office of a person acting as an agent for underwriting insurances related to its insurance business in Japan, as stated in Article 185, paragraph (1) of the Act.

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

Article 211-69 (1) An application for authorization under Article 145, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act must be made by way of submitting to the Commissioner of the Financial Services Agency or other competent official a written application for authorization under the joint names of the entrusting company (meaning the entrusting company as provided in Article 144, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act; the same applies below in this Article and the

following Article) and entrusted company (meaning the entrusted company as provided in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act; the same applies below in this Article and the following Article).

- (2) The following documents must be attached to a written application for authorization under the preceding paragraph:
- (i) a written statement of reasons;
  - (ii) a contract document related to the management entrustment contract (meaning the contract stated in Article 144, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act; the same applies in the following Article);
  - (iii) the minutes of shareholders meeting, etc. of the entrusting company and the entrusted company (excluding a foreign insurance company, etc.);
  - (iv) the balance sheet of the entrusting company and the entrusted company (if the entrusted company is a foreign insurance company, etc., the balance sheet for its insurance business in Japan);
  - (v) a document describing the status of profit and loss from the business and properties the administration of which is to be entrusted;
  - (vi) the method whereby the entrusted company carries out administration of the business and properties of the entrusting company, and the method for indication under Article 148, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 148, paragraph (1) of the Act;
  - (vii) any other document containing the matters which would serve as reference information for examination under Article 145, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act.

(Application for Authorization of Amendment or Cancellation of Management Entrustment Contract)

Article 211-70 (1) An application for authorization under Article 149, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 272-30, paragraph (2) of the Act must be made by way of submitting to the Commissioner of the Financial Services Agency or other competent official a written application for authorization under the joint names of the entrusting company and the entrusted company.

- (2) For filing the written application for authorization under the preceding paragraph, the following documents must be attached:
- (i) a written statement of reasons;
  - (ii) in the case of filing an application for authorization of the amendment to the matters stated in the management entrustment contract, the amended management entrustment contract;

- (iii) the minutes of shareholders meeting, etc. of the entrusting company and the entrusted company (excluding foreign insurance company, etc.);
- (iv) the balance sheet of the entrusting company and the entrusted company (in the case of a foreign insurance company, etc., the balance sheet for the insurance business in Japan);
- (v) a document describing the status of profit and loss from the business and properties the administration of which is entrusted;
- (vi) in the case of filing an application for authorization of amendment to the scope of business and properties the administration of which is to be entrusted, a document describing the status of profit and loss from the business and properties the administration of which will be entrusted after the amendment; and
- (vii) a document containing any other matters which would serve as reference information.

## **Section 6 Shareholders**

### **Subsection 1 Small Amount and Short Term Insurer's Major Shareholders**

(Events Concerning Small Amount and Short Term Insurer's Major Shareholders Not Requiring Approval)

Article 211-71 (1) The events to be specified by Cabinet Office Order, as provided in Article 272-31, paragraph (1), item (i) of the Act, are as follows:

- (i) acquisition of shares by way of exercise of security rights;
- (ii) acquisition of shares by way of receipt of subrogation payment;
- (iii) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of acquisition of voting rights represented by shares which prohibits the small amount and short term insurer from exercising the voting rights (limited to the shares acquired due to the occurrence of the event beyond the intention of the small amount and short term insurer or its subsidiary company);
- (iv) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of conversion of shares implemented by the small amount and short term insurer (excluding the conversion upon the request from the small amount and short term insurer or its subsidiary company);
- (v) increase in the ratio of voting rights to the voting rights of all shareholders of the small amount and short term insurer, by way of consolidation or split of shares, or allotment of shares without contribution;
- (vi) increase in the ratio of voting rights to the voting rights of all shareholders, by way of amendment of the details of the rights in shares or amendment to the number of shares for one unit of shares, as affected by the amendment of

the articles of incorporation of the small amount and short term insurer; and  
(vii) increase in the ratio of voting rights to the voting rights of all  
shareholders, by way of acquisition of treasury shares of the small amount  
and short term insurer.

- (2) The provisions of the preceding paragraph apply mutatis mutandis to the  
events to be specified by Cabinet Office Order, as provided in Article 38-12,  
item (i) of the Cabinet Order.

(Submission of Written Application for Approval of Holding of Voting Rights in  
Small Amount and Short Term Insurer in Excess of Major Shareholder  
Thresholds)

Article 211-72 (1) A person required to submit a written application for approval  
under Article 272-32, paragraph (1) of the Act must prepare a written  
application for approval in accordance with Appended Form No. 16-22, and  
submit it to the director-general of local finance bureau, etc.

- (2) The matters to be specified by Cabinet Office Order, as provided in Article  
272-32, paragraph (1), item (i) of the Act, are as follows:

(i) the matters related to the proportion of voting rights held (meaning the  
proportion of voting rights held as provided in Article 272-32, paragraph (1),  
item (i) of the Act; the same applies in Article 211-75, paragraph (2), item  
(i));

(ii) the matters related to fund for acquisition; and

(iii) the purposes of the holding.

- (3) The documents to be specified by Cabinet Office Order, as provided in Article  
272-32, paragraph (2) of the Act, are the documents as stated in the following  
items in accordance with the categories of the cases as respectively stated in  
those items:

(i) if the party which, by way of transaction or conducts specified in the items  
of Article 272-31, paragraph (1) of the Act, intends to become a holder of  
voting rights in a single small amount and short term insurer not less than  
the major shareholder threshold is a corporation (including an association or  
foundation without legal personality for which a representative person or an  
administrator has been appointed; the same applies below in this  
paragraph):

(a) a written statement of reasons;

(b) the following documents concerning the corporation (if, due to the  
grounds that the corporation is a foreign corporation or any other grounds,  
a part of the following documents are not available, the documents similar  
to those documents):

1. articles of incorporation;

2. certificate of registered matters of the corporation;



3. résumés of directors and company auditors (or résumés of directors in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
  4. résumés of accounting advisors, in the case of a company with accounting advisors;
  5. a document specifying the name, domicile or residence, nationality and occupation of the holder of the voting rights in excess of 5 percent of the voting rights held by all shareholders or all equity holders (if the party is a corporation or any other type of organization, its name, location of the principal office and the details of the business engaged), as well as a document specifying the number of voting rights held by the holder;
  6. when the transaction or conducts specified in the items of Article 272-31, paragraph (1) of the Act for which the authorization is sought is subject to a resolution of the shareholders meeting or board of directors meeting (including an organ similar to it), the minutes of the relevant shareholders meeting or the board of directors meeting (including a document certifying that the similar organ similar has taken the necessary procedures);
  7. a document specifying the location of the principal office;
  8. a document specifying the details of the business;
  9. the latest balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc. (in the case of a mutual company, a document concerning disposition of surplus and treatment of loss, as well as a statement of changes in funds, etc.), and any other document disclosing the current status of business, property, profit and loss of the corporation;
  10. a document specifying the organizational functions for holding the voting rights in the small amount and short term insurer;
  11. a document specifying the number of voting rights in small amount and short term insurer already held, and the number of voting rights in small amount and short term insurer to be acquired or held after the authorization is granted;
  12. a document specifying the name, location of the principal office or any other office and business of the subsidiary company, etc. (collectively meaning a subsidiary corporation, etc. and an affiliated corporation, etc.; the same applies below in this Article);
- (c) the prospective relationship such as personnel relationship, funding relationship, technical relationship and business relationship with the small amount and short term insurer after the authorization is granted,

- and the policy governing the relationships (if the relationship may give impact on management of the small amount and short term insurer's business, including the system to ensure that the small amount and short term insurer will manage its business management in a sound and appropriate manner);
- (ii) if the party which, by way of transaction or conducts specified in the items of Article 272-31, paragraph (1) of the Act, intends to become a holder of voting rights in a single small amount and short term insurer not less than the major shareholder threshold is an individual person:
    - (a) the documents specified in items (a) and (c) of the preceding item;
    - (b) a document specifying the name, domicile or residence and occupation of the applicant;
    - (c) a document disclosing the recent status of properties of the individual person (if the person is engaged in any business, including the status of income and expenditure);
    - (d) a document specifying the number of voting rights in small amount and short term insurer already held, and the number of voting rights in small amount and short term insurer to be acquired or held after the authorization is granted;
    - (e) a document specifying the name, location of principal business office or principal office and the details of the business of the corporation, whose voting rights not less than 20 percent of voting rights of all shareholders or all equity holders are held by the individual person;
  - (iii) if the applicant intends to incorporate a company or any other corporation as a holder of voting rights in a small amount and short term insurer not less than the major shareholder threshold:
    - (a) a written statement of reasons;
    - (b) the following documents concerning the company or any other type of corporation to be incorporated with the authorization (referred to below as the "incorporated corporation" in sub-paragraph (b)) (if, due to the grounds that the corporation is a foreign corporation or any other grounds, a part of the following documents are not available, the documents similar to those documents):
      1. articles of incorporation;
      2. résumés of directors and company auditors (or résumés of directors and executive officers, in the case of a company with committees);
      3. résumés of accounting advisors, in the case of a company with accounting advisors;
      4. a document specifying the name, domicile or residence, nationality and occupation of the holder of the voting rights in excess of 5 percent of the voting rights held by all shareholders or all equity holders (if the

- party is a corporation or any other type of organization, its name, location of the principal office and the details of the business engaged), as well as a document specifying the number of voting rights held by the holder;
5. when the incorporation is subject to the resolution of the organizational meeting, the minutes of the relevant organizational meeting (if the incorporated corporation is to be incorporated by way of share transfer, merger or company split, the minutes of the relevant shareholders meeting or any other document certifying that necessary procedures have been implemented);
  6. a document specifying the location of the principal office;
  7. a document specifying the details of the business;
  8. a document disclosing the amount of stated capital and any other status of properties after the incorporation;
  9. a document specifying the organizational functions for holding the voting rights in the small amount and short term insurer;
  10. a document specifying the number of voting rights in small amount and short term insurer already held, and the number of voting rights in small amount and short term insurer to be acquired or held after the authorization is granted;
  11. a document specifying the name, location of the principal office or any other office and business of the subsidiary company, etc.; and
- (c) the prospective relationship such as personnel relationship, funding relationship, technical relationship and business relationship with the small amount and short term insurer after the authorization is granted, and the policy governing the relationships.

(Application for Approval Related to Specific Small Amount and Short Term Insurer's Major Shareholders)

Article 211-73 The documents to be specified by Cabinet Office Order, provided to in Article 272-32, paragraph (2) of the Act (limited to the approval under the proviso to Article 272-31, paragraph (2) of the Act), are as follows:

- (i) a written statement of reasons;
- (ii) documents specified in paragraph (3), item (i), (b), 3. to 5., 7. to 10. and 12. of the preceding Article and in (c) of the same item;
- (iii) a document specifying the number of voting rights in the small amount and short term insurer held by the applicant.

(Person Who Is Unable to Properly Exercise Their Duties Due to Mental or Physical Disorder)

Article 211-73-2 (1) The person specified by Cabinet Office Order, as provided in

Article 272-33, paragraph (1), item (i), (c), 3. is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly exercising their duties due to mental impairment.

- (2) The person specified by Cabinet Office Order, as provided in Article 272-33, paragraph (1), item (ii), (c), 1. is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly exercising their rights of shareholder due to mental impairment.

### **Subsection 2 Small Amount and Short Term Insurance Holding Company**

(Events Concerning Small Amount and Short Term Insurance Holding Company Not Requiring Approval)

Article 211-74 (1) The events to be specified by Cabinet Office Order, as provided in Article 272-35, paragraph (1), item (i) of the Act, are as follows:

- (i) acquisition of shares by way of exercise of security rights;
- (ii) acquisition of shares by way of receipt of subrogation payment;
- (iii) implementation of the business, when a financial instruments business operator engaged in securities-related business acquires shares in the course of its business;
- (iv) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of acquisition of voting rights represented by shares which prohibits the small amount and short term insurer from exercising the voting rights (limited to the shares acquired due to the occurrence of the event beyond the intention of the small amount and short term insurer or its subsidiary company);
- (v) increase in the ratio of the voting rights to the voting rights of all shareholders, by way of conversion of shares implemented by the small amount and short term insurer (excluding the conversion upon the request from the small amount and short term insurer or its subsidiary company);
- (vi) increase in the ratio of voting rights to the voting rights of all shareholders, by way of consolidation or split of shares, or allotment of shares without contribution implemented by the small amount and short term insurer;
- (vii) increase in the ratio of voting rights to the voting rights of all shareholders, by way of amendment of the details of the rights in shares or amendment to the number of shares for one unit of shares, as affected by the amendment of the articles of incorporation of the small amount and short term insurer; and
- (viii) increase in the ratio of voting rights to the voting rights of all shareholders, by way of acquisition of treasury shares of the small amount and short term insurer.

- (2) The provisions of the preceding paragraph apply mutatis mutandis to the events to be specified by Cabinet Office Order, as provided in Article 38-13, item (i) of the Cabinet Order.

(Submission of Written Application for Approval Related to Small Amount and Short Term Insurance Holding Company)

Article 211-75 (1) A person required to submit a written application for approval under Article 272-36, paragraph (1) of the Act must prepare a written application for approval in accordance with Appended Form No. 16-23, and submit it to the director-general of local finance bureau, etc.

- (2) The matters to be specified by Cabinet Office Order, as provided in Article 272-36, paragraph (1), item (i) of the Act, are as follows:

- (i) matters relating to the proportion of voting rights held;
- (ii) matters relating to fund for acquisition; and
- (iii) matters relating to purposes of the holding.

- (3) The documents to be specified by Cabinet Office Order, as provided in Article 272-36, paragraph (2) of the Act (limited to an approval under Article 272-35, paragraph (1) of the Act), are the documents as stated in the following items in accordance with the categories of the cases as respectively stated in those items:

- (i) if the applicant intends to become a holding company having a small amount and short term insurer as its subsidiary company, by way of transactions or conducts specified in the items of Article 272-35, paragraph (1) of the Act:

- (a) a written statement of reasons;

- (b) the following documents concerning the company:

1. certificate of registered matters of the company;
2. résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
3. résumés of accounting advisors, in the case of a company with accounting advisors;
4. résumés of financial auditors;
5. a document specifying the trade names and names of major shareholders and the number of voting rights held by the shareholders;
6. if the transaction or conducts specified in the items of Article 272-35, paragraph (1) of the Act for which the approval is sought is subject to a resolution of the shareholders meeting or board of directors meeting (including an organ similar to it), the minutes of the relevant shareholders meeting or the board of directors meeting (including a document certifying that the similar organ has taken the necessary

- procedures);
7. a document specifying the location of the principal office;
  8. a document specifying the details of the business;
  9. the latest balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc., and any other document disclosing the current status of business, property, profit and loss of the company (excluding the balance sheet, and profit and loss statement);
  10. a document specifying the framework for business management of the subsidiary company (including a company to be the subsidiary company; the same applies below in this paragraph) to be carried out by the company;
  11. a document specifying the status of maintenance of employees with knowledge and experience in business of a small amount and short term insurer;
- (c) the following documents concerning the company's subsidiary company:
1. a document specifying the trade name or name, and the location of the principal business office or office;
  2. a document specifying the job titles and names of the officers (if any of the officers is a corporation, including a person to perform their duties);
  3. the documents specified in (b), 8. and 9.; and the latest balance sheet and the latest profit and loss statement;
- (ii) if the applicant intends to incorporate a holding company which has a small amount and short term insurer as its subsidiary company:
- (a) a written statement of reasons;
- (b) the following documents concerning the company to be incorporated with the approval (referred to below as the "incorporated company" in this paragraph):
1. résumés of directors and company auditors (or résumés of directors, in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
  2. résumés of accounting advisors, in the case of a company with accounting advisors;
  3. résumés of financial auditors;
  4. a document specifying the trade names and names of the major shareholders and the number of voting rights held by the shareholders;
  5. when the incorporation is subject to the resolution of the organizational meeting, the minutes of the relevant organizational meeting (if the incorporated corporation is to be incorporated by way of share transfer, merger or company split, the minutes of the relevant shareholders

- meeting or any other document certifying that necessary procedures have been implemented);
6. a document specifying the location of the principal office;
  7. a document specifying the details of the business;
  8. a document disclosing the amount of stated capital and any other status of properties after the incorporation;
  9. a document specifying the framework for business management of the subsidiary company (including a company to be the subsidiary company; the same applies below in this paragraph) to be carried out by the incorporated company;
  10. a document specifying the status of maintenance of employees with knowledge and experience in business of a small amount and short term insurer;
- (c) the following documents concerning the incorporated company's subsidiary company:
1. a document specifying the trade name or name, and the location of the principal business office or office;
  2. a document specifying the job titles and names of the officers (if any of the officers is a corporation, including a person to perform their duties);
  3. the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. and any other document disclosing the recent status of business, properties and profit and loss of the company; and
  4. a document specified in (b), 7.

(Matters to be Notified in Relation to Specific Small Amount and Short Term Insurance Holding Company)

Article 211-76 (1) The matters to be specified by Cabinet Office Order, as provided in Article 272-35, paragraph (2) of the Act, are as follows:

- (i) the fact that the company has become a holding company having a small amount and short term insurer as its subsidiary company;
  - (ii) the grounds for, and the timing when the company became the holding company having a small amount and short term insurer as its subsidiary company; and
  - (iii) the trade name or name and the business details of the company and its subsidiary company.
- (2) If a specific small amount and short term insurance holding company (meaning a specific small amount and short term insurance holding company as provided in Article 272-35, paragraph (2) of the Act; the same applies below in this Article and the following Article) intends to file a notification under the

same paragraph (or a notification under Article 37-8 of the Cabinet Order, if the specific small amount and short term insurance holding company is a foreign holding company (meaning a holding company having a small amount and short term insurer as its subsidiary company, which is incorporated in accordance with the laws and regulations of the foreign state; the same applies below)), it must submit to the Commissioner of the Financial Services Agency a written notification, attaching the following documents:

- (i) articles of incorporation;
- (ii) a certificate of registered matters of the company; and
- (iii) the latest balance sheet of the specific small amount and short term insurance holding company and its subsidiary company.

(3) If the specific small amount and short term insurance holding company is a foreign holding company having a small amount and short term insurer as its subsidiary company, if the foreign holding company having a small amount and short term insurer as its subsidiary company seeks to obtain an approval of extension of the time limit for submission of the notification under the proviso to Article 37-15 of the Cabinet Order, it must submit to the Commissioner of the Financial Services Agency a written application for approval, attaching a written statement of reasons.

(4) When the application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether there exist any inevitable grounds for granting the applicant foreign holding company an extension of the time limit for the submission of the notification under the proviso to Article 37-15 of the Cabinet Order.

(5) If a specific small amount and short term insurance holding company intends to file a notification under Article 272-35, paragraph (4) of the Act, it must submit to the Commissioner of the Financial Services Agency a written notification, attaching the following documents:

- (i) a written statement of reasons;
- (ii) a document specifying the timing when the specific small amount and short term insurance holding company ceased to fall under a holding company having a small amount and short term insurer as its subsidiary company; and
- (iii) documents specifying the measures implemented so that the specific small amount and short term insurance holding company will be excluded from the definition of the holding company having a small amount and short term insurer as its subsidiary company; or the documents specifying the grounds of the specific small amount and short term insurance holding company being excluded from the definition of the holding company having a small amount and short term insurer as its subsidiary company.



(Application for Authorization in Relation to Specific Small Amount and Short Term Insurance Holding Company)

Article 211-77 The documents to be specified by Cabinet Office Order, as provided in Article 272-36, paragraph (2) of the Act (limited to the approval under the proviso to Article 272-35, paragraph (3) of the Act), are as follows:

- (i) a written statement of reasons;
- (ii) documents specified in Article 211-75, paragraph (3), item (i), 2. to 4. and 6. to 10., and in (c) of the same item.

(Particulars of Small Amount and Short Term Insurance Holding Company Group's Business Management by Small Amount and Short Term Insurance Holding Company)

Article 211-77-2 (1) The policies to be specified by Cabinet Office Order, as provided in Article 272-38, paragraph (4), item (i) of the Act, are the following policies:

- (i) policies concerning income and expenditure, capital allocation and adequacy of level of solvency in terms of ability to pay out insurance proceeds, etc. regarding the small amount and short term insurance holding company group and other policies concerning risk management; and
  - (ii) policies concerning the development of the small amount and short term insurance holding company group's crisis management systems in preparation for events such as disasters.
- (2) The system specified by Cabinet Office Order, as provided in Article 272-38, paragraph (4), item (iii) of the Act, is a system to ensure that the directors, executive officers, members in charge of executing business, persons in charge of performing the duties referred to in Article 598, paragraph (1) of the Companies Act, and other persons equivalent to these persons, and employees, all of whom belong to the companies that belong to the small amount and short term insurance holding company group, perform their respective duties relating to the small amount and short term insurance holding company in compliance with laws and regulations.
- (3) The activity specified by Cabinet Office Order, as provided in Article 272-38, paragraph (4), item (iv) of the Act, is to formulate a reconstruction plan (meaning a plan for business reconstruction of a small amount and short term insurance holding company group that needs to improve the conditions of its business management or assets; the same applies below in this paragraph) for the small amount and short term insurance holding company group (limited to a small amount and short term insurance holding company group designated by the Commissioner of the Financial Services Agency as one that needs to formulate a reconstruction plan), and ensuring the proper implementation.

(Services of Companies Belonging to a Group That Small Amount and Short Term Insurance Holding Company Group May Perform)

Article 211-77-3 (1) The businesses to be specified by Cabinet Office Order, as provided in Article 272-38-2, paragraph (1) of the Act, are the following businesses:

- (i) the businesses relating to the management of assets of a small amount and short term insurer belonging to the small amount and short term insurance holding company group (limited to the businesses relating to the methods stated in the items of Article 272-12 of the Act);
- (ii) services for performing the design, development, operation or maintenance of a system that functions by using a computer, or the design, development or sale of a computer program (including selling peripheral equipment that is necessary in association with the sale of a software program) or maintenance of the program, for the companies that belong to the small amount and short term insurance holding company group;
- (iii) services for performing the administrative processes involved in benefits for officers or employees of the companies that belong to the small amount and short term insurance holding company group;
- (iv) services for purchasing or managing articles for use in the administrative processes of the companies that belong to the insurance holding company group;
- (v) services for printing or bookbinding of documents, vouchers, or other documents concerning the administrative processes of the companies that belong to the small amount and short term insurance holding company group
- (vi) services for advertisement, promotion, research, information analysis or information provision related to the business of a company belonging to the small amount and short term insurance holding company (limited to small amount and short term insurance business and incidental businesses, and the businesses stated in the items of Article 211-24);
- (vii) services for undertaking calculations for the administrative processes of the companies that belong to the small amount and short term insurance holding company group;
- (viii) services for preparing, arranging, storing, sending, or delivering documents, vouchers, or any other documentation regarding administrative processes of the companies that belong to the small amount and short term insurance holding company group;
- (ix) services of acting as an agent for administrative processes between the companies that belong to the small amount and short term insurance holding company group and their customers;
- (x) services for providing education or training to the officers or employees of the companies that belong to the small amount and short term insurance

- holding company group; and
- (xi) the businesses incidental to those stated in the preceding items.
- (2) The minor services to be specified by Cabinet Office Order, as referred to in the proviso to Article 271-38-2, paragraph (2) of the Act, are the services stated in items (iii) through (x) of the preceding paragraph (including the businesses incidental to these, but excluding the business related to a foreign company belonging to the small amount and short term insurance holding company group).

(Application for Approval Related to Services Common to Companies Belonging to a Group)

- Article 211-77-4 (1) If a small amount and short term insurance holding company seeks to obtain approval under Article 272-38-2, paragraph (2) of the Act, it must submit to the director-general of local finance bureau, etc. a written application for approval, with a written statement of reasons and a document containing any other matters which would serve as reference information attached to the application.
- (2) When an application for approval under the preceding paragraph is filed, the director-general of local finance bureau, etc. is to examine whether any of the matters related to the application is likely to prevent the sound and appropriate management of the small amount and short term insurer that is its subsidiary company.

(Scope of Subsidiary Companies of Small Amount and Short Term Insurance Holding Companies)

- Article 211-78 The businesses to be specified by Cabinet Office Order, as provided in Article 272-39, paragraph (1), item (ii) of the Act, are the businesses specified in the items of Article 211-34, paragraph (1).

(Application for Approval in Relation to Subsidiary Company of Small Amount and Short Term Insurance Holding Company)

- Article 211-79 (1) The matters to be specified by Cabinet Office Order, as provided in Article 272-39, paragraph (2) of the Act, are the following matters related to the company for which the application for approval is filed:
- (i) trade name or name;
  - (ii) the amount of stated capital;
  - (iii) the names of directors and company auditors (or directors, in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
  - (iv) the name of the accounting advisor, in the case of a company with accounting advisors;

- (v) location of the principal business office or principal office; and
  - (vi) the details of business.
- (2) The following documents must be attached to the written application provided in Article 272-39, paragraph (2) of the Act:
- (i) a written statement of reasons;
  - (ii) the following documents concerning the small amount and short term insurance holding company and its subsidiary company:
    - (a) the latest balance sheet, profit and loss statement and the statement of changes in shareholders' equity, etc. (including any document similar to these) of the small amount and short term insurance holding company and its subsidiary company, etc. prepared in a consolidated manner, and any other document disclosing the recent status of business, properties and profit and loss of these companies;
    - (b) if the company is to become a subsidiary company due to the implementation of the share exchange (including the share exchange on entity conversion as provided in Article 96-5, paragraph (1) of the Act), the following documents:
      - 1. the minutes of shareholders meetings, or any other documents certifying that necessary procedures have been followed;
      - 2. a document specifying the terms and conditions of the share exchange agreement (including contract for share exchange on entity conversion);
      - 3. a document specifying the costs for share exchange;
    - (c) if the company is to become a subsidiary company due to the implementation of the partial share exchange, the following documents:
      - 1. the minutes of shareholders meetings, or any other documents certifying that necessary procedures have been followed;
      - 2. a document stating the matters of the partial share exchange plan;
      - 3. a document stating the costs of partial share exchange; and
  - (iii) the latest balance sheet, profit and loss statement and a statement of change in shareholders' equity, etc., and any other document disclosing the current status of business, property, profit and loss of the company for which the application for approval is filed.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to the approval under the proviso to Article 271-39, paragraph (4) of the Act.

(Exception to Approval in Relation to Small Amount and Short Term Insurance Holding Company)

Article 211-80 The grounds to be specified by Cabinet Office Order, as provided in Article 272-39, paragraph (4) of the Act, are as follows:

- (i) acquisition of shares or equity interests by way of exercise of security rights

- by the small amount and short term insurance holding company or its subsidiary company;
- (ii) acquisition of shares or equity interests by way of receipt of subrogation payment by the small amount and short term insurance holding company or its subsidiary company;
  - (iii) acquisition of voting rights represented by shares or equity interests which prohibits the small amount and short term insurance holding company or its subsidiary company from exercising the voting rights (limited to the shares or equity interests acquired due to the occurrence of the event beyond the intention of the small amount and short term insurance holding company or its subsidiary company);
  - (iv) conversion of shares in a company whose shares are owned by the small amount and short term insurance holding company or its subsidiary company (excluding the conversion upon the request from the small amount and short term insurance holding company or its subsidiary company);
  - (v) consolidation or split of shares in a company whose shares are owned by the small amount and short term insurance holding company or its subsidiary company;
  - (vi) amendment of the details of the rights in shares or equity interests or amendment to the number of shares for one unit of shares, as affected by the amendment of the articles of incorporation of the company whose shares are owned by the small amount and short term insurance holding company or its subsidiary company; and
  - (vii) acquisition of treasury shares or equity interests of a company whose shares are owned by the small amount and short term insurance holding company or its subsidiary company.

(Business Report of Small Amount and Short Term Insurance Holding Company)

Article 211-81 (1) An interim business report as stated in Article 271-24, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-40, paragraph (1) of the At must reflect the status of business and properties for the period between the day of commencement of the business year and September 30 of the relevant business year, and must be submitted to the Commissioner of the Financial Services Agency or other competent official within three months from the end of the relevant period (or within six months from end of the relevant period, in the case of a small amount and short term insurance holding company in foreign state (meaning a foreign holding company having a small amount and short term insurer as its subsidiary company, which is incorporated with the approval under Article 272-35, paragraph (1) of the Act or which is approved under the proviso to the same

paragraph or the proviso to paragraph (3) of the Article; the same applies below)), categorized into the interim business outline statement and interim consolidated financial statements.

- (2) A business report under Article 271-24, paragraph (1) of the Act as applied *mutatis mutandis* pursuant to Article 272-40, paragraph (1) of the Act must be prepared and submitted to the Commissioner of the Financial Services Agency or other competent official within four months from the end of the business year (or within six months from the end of the business year, in the case of a small amount and short term insurance holding company in foreign state), in accordance with Appended Form No. 16-25 and categorized into the business outline statement and the consolidated financial statements.
- (3) The companies in special relationship to be specified by Cabinet Office Order (referred to below as "subsidiary company, etc." in the following Article), as provided in Article 272-40, paragraph (1) of the Act, are as follows:
  - (i) subsidiary corporation, etc. of the small amount and short term insurance holding company; and
  - (ii) an affiliated corporation, etc. of the small amount and short term insurance holding company.
- (4) If, due to any inevitable grounds, a small amount and short term insurance holding company is unable to submit its interim business report or business report within the time limit provided in paragraph (1) or (2), it may postpone the submission, with a prior approval from the Commissioner of the Financial Services Agency (if, pursuant to the provisions of Article 48, paragraph (12) of the Cabinet Order, the director-general of local finance bureau having jurisdiction over the head office or principal office of the small amount and short term insurer (or the director-general of the Fukuoka Local Finance Branch Bureau, if the location falls within the district of the Fukuoka Local Finance Branch Bureau) accepts the report, to the director-general of local finance bureau or the director-general of the Fukuoka Local Finance Branch Bureau; the same applies in this Article and Article 211-83).
- (5) If a small amount and short term insurance holding company seeks to obtain approval under the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency or other competent official a written application for approval, with a written statement of reasons.
- (6) When the application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency or other competent official is to examine whether there exist any compelling grounds for the extension of time limit for submission of the interim business report or business report by the small amount and short term insurance holding company which has filed the application.

(Public Inspection of Explanatory Documents Disclosing Status of Business and Properties of Small Amount and Short Term Insurance Holding Company)

Article 211-82 (1) The matters to be specified by Cabinet Office Order, as provided in Article 272-40, paragraph (1) of the Act, are as follows:

- (i) the following matters related to overview and organizational framework of the small amount and short term insurance holding company:
  - (a) organizational framework for business management (including the organizational framework for business management of the small amount and short term insurance holding company's subsidiary company, etc. (excluding any subsidiary company, etc. which would not have a material impact on the details of the explanatory documents provided in the first sentence of Article 271-25, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-40, paragraph (1); the same applies below in this Article));
  - (b) the amount of stated capital, and the total number of shares issued;
  - (c) the following matters related to ten or more shareholders in accordance with the number of the shares held in diminishing order:
    - 1. name (if the shareholder is a corporation or any other organization, the name of the organization);
    - 2. the number of shares held by each of the shareholders;
    - 3. the ratio of the number of shares held by each shareholder to the total number of the shares issued;
  - (d) the names and job titles of directors and company auditors (or directors, in the case of a company with audit and supervisory committee; or directors and executive officers, in the case of a company with nominating committee, etc.);
  - (e) the name of the accounting advisor, in the case of a company with accounting advisors;
  - (f) the names of financial auditors;
- (ii) the following matters related to the overview of the small amount and short term insurance holding company and its subsidiary company, etc.:
  - (a) the details of the principal business of the small amount and short term insurance holding company and its subsidiary company, etc., and their organizational framework;
  - (b) the following matters related to subsidiary company, etc. of the small amount and short term insurance holding company:
    - 1. the name;
    - 2. the location of the principal business office of other principal office;
    - 3. the amount of stated capital or funds;
    - 4. the business details;
    - 5. the date of incorporation;

6. the ratio of the voting rights in the subsidiary company, etc. held by the small amount and short term insurance holding company to the voting rights of all shareholders or equity holders;
  7. the ratio of the voting rights in a single subsidiary company, etc. of the small amount and short term insurance holding company held by the other subsidiary company, etc. to the voting rights of all shareholders or equity holders;
- (iii) the following matters related to principal business of the small amount and short term insurance holding company and its subsidiary company, etc.:
- (a) overview of the business for the most recent business year;
  - (b) the following matters, which are the indicators of the status of principal business for the latest three consolidated financial years:
    1. ordinary profit or any equivalent items;
    2. ordinary profit, ordinary loss or any equivalent items;
    3. net profit belonging to the shareholders of the parent company for the period or net loss belonging to the shareholders of the parent company for the period;
    4. comprehensive income;
    5. amount of net assets;
    6. total amount of assets;
- (iv) the following matters related to the status of properties of small amount and short term insurance holding company and its subsidiary company, etc. for the latest two consolidated financial years:
- (a) a consolidated balance sheet, consolidated profit and loss statement, and consolidated statement of change in shareholders' equity, etc. (including the matters similar to these; the same applies in (e));
  - (b) regarding the claims held by a small amount and short term insurance holding company and its subsidiary company, etc. (meaning the claims the value of which are to be posted on each of the accounts for corporate bonds, loan, outstanding interest, temporary payment and consideration for acceptance of payment as listed in the consolidated balance sheet specified in Appended Form No. 16-25, and also including the loan of securities), the total of the amounts stated in the following items and 1. through 4.:
    1. claims subject to bankruptcy proceeding and reorganization proceedings and any other type of equivalent claims;
    2. claims with risks;
    3. three-month delinquent claims;
    4. claims with relaxed terms;
    5. ordinary claims;
  - (c) the state of soundness of solvency margin for insurance proceeds, etc. by a small amount and short term insurer which is the subsidiary company, etc.



- of the small amount and short term insurance holding company (including the amount stated in the items of Article 130 of the Act as applied mutatis mutandis pursuant to Article 272-28 of the Act);
- (d) segment information prescribed in Article 15-2, paragraph (1) of the Regulations on Consolidated Financial Statement or any equivalent information;
  - (e) if, in connection with the balance sheet, profit and loss statement and statement of change in shareholders' equity, the small amount and short term insurance holding company has obtained an audit certificate of the certified public accountant or an audit firm pursuant to the provisions of Article 193-2 of the Financial Instruments and Exchange Act, that fact;
  - (v) if, as of the last day of the business year, there exists any event which gives rise to any material doubt as to the precondition that the small amount and short term insurance holding company will continue its business activities in the future or any other event which may have a material impact on business management of the small amount and short term insurance holding company (referred to below as "material event, etc." in this item), that fact and the details, analysis of the material event, etc. and matters to be examined, and the details of the measures to be taken to eliminate or improve the material event, etc.; and
  - (vi) in the case of a corporation, etc. subject to special business accounting standards, etc., the business accounting standards adopted by it.
- (2) Notwithstanding the provisions of the preceding paragraph, a small amount and short term insurance holding company in foreign state must keep the documents disclosing the matters related its business and properties (including the documents prepared in non-Japanese languages) at its business office or other office (excluding business offices or other office located in a foreign state; the same applies in the following paragraph) of the small amount and short term insurer which is its subsidiary company and make them available for public inspection.
- (3) If the documents provided in the preceding paragraph is written in a non-Japanese language, a small amount and short term insurance holding company in foreign state must, in addition to these documents, prepare the Japanese version of the overview of the small amount and short term insurance holding company in foreign state as well as the balance sheet and profit and loss statement, and keep them at the business office or other office of the small amount and short term insurance holding company in foreign state and make them available for public inspection.
- (4) The place to be specified by Cabinet Office Order, provided in Article 271-25, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-40 paragraph (1) of the Act, is business office other office of the small amount

and short term insurer which is the Subsidiary of the small amount and short term insurance holding company (excluding the head office and branch office, and also excluding business office or other office located in a foreign state)

Article 211-83 (1) A small amount and short term insurance holding company must start to make available for public inspection the documents prepared under Article 271-25, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 272-40, paragraph (1) of the Act (or documents provided in paragraphs (2) and (3) of the preceding Article; referred to below as "explanatory documents, etc." in this paragraph and the following paragraph) within five months from the end of its business year, and must keep them accessible from the public for the period before the commencement of public inspection of each of the explanatory documents related to the business year immediately after the relevant business year.

(2) If, due to any inevitable grounds, a small amount and short term insurance holding company is unable to make available for public inspection the explanatory documents by the period provided in the preceding paragraph, it may, with an approval from the Commissioner of the Financial Services Agency in advance, extend the timing for commencement of the public inspection.

(3) If a small amount and short term insurance holding company seeks to obtain the approval under the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons.

(4) When the application for approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether the small amount and short term insurance holding company which has filed the application has any inevitable reason for postponing the public inspection under paragraph (1).

Article 211-83-2 The places to be specified by Cabinet Office Order, as provided in Article 271-25, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 272-40, paragraph (1) of the Act, are the places provided in Article 211-82, paragraph (4).

(Matters to Be Stated in Business Report of Small Amount and Short Term Insurance Holding Company)

Article 211-84 (1) The business report under Article 271-26 of the Act as applied mutatis mutandis pursuant to Article 272-40, paragraph (1) of the Act must be prepared in accordance with Appended Form No. 16-26.

(2) The supplementary schedule stated in Article 271-26 of the Act as applied mutatis mutandis pursuant to Article 272-40, paragraph (1) of the Act must be

prepared in accordance with Appended Form No. 16-27.

(Corporation Whose Management Is Controlled by Small Amount and Short Term Insurance Holding Company)

Article 211-85 The corporation to be specified by Cabinet Office Order, as provided in Article 272-40, paragraph (2) of the Act is the Insurance Holding Company's subsidiary company, etc., excluding a subsidiary company.

### **Subsection 3 Miscellaneous Provisions**

(Matters to Be Notified)

Article 211-86 (1) The cases to be specified by Cabinet Office Order, as provided in Article 272-42, paragraph (1), item (viii) of the Act, are as follows:

- (i) where any amendment to the articles of incorporation or similar provisions is effected; or
  - (ii) where the name is changed; the address, domicile, principal business office or other principal office is established, relocated or abolished.
- (2) If a small amount and short term insurer's major shareholder (meaning a small amount and short term insurer's major shareholder provided in Article 272-34, paragraph (1) of the Act, and including the former small amount and short term insurer's major shareholder; the same applies in the following paragraph) intends to make a notification under Article 272-34, paragraph (1) of the Act, it must submit to the director-general of local finance bureau, etc. a written notification.
- (3) If a notification under Article 272-42, paragraph (1) of the Act relates to the provisions of items (i), (ii) (limited to the part relating to Article 272-32, paragraph (1), items (ii) through (iv) of the Act) or (vi) or paragraph (1), item (ii) (limited to the notification related to a small amount and short term insurer's major shareholder that is a corporation), a certificate of registered information of the corporation must be attached to the written notification under the preceding paragraph.
- (4) The cases to be specified by Cabinet Office Order, as provided in Article 272-42, paragraph (2), item (viii) of the Act, are as follows:
- (i) if any amendment to the articles of incorporation (or the articles of incorporation or the similar provisions, in the case of a small amount and short term insurance holding company in foreign state) is effected;
  - (ii) if share options or corporate bonds with share options are to be issued;
  - (iii) if a director representing the small amount and short term insurance holding company or a director or company auditor engaged in its ordinary business (or a director representing the small amount and short term insurance holding company, or a director or an audit and supervisory

- committee member engaged in its ordinary business (excluding a director engaged in its ordinary business), in the case of a company with audit and supervisory committee; or a director, a representative executive officer, an executive officer or an audit committee member (excluding a director engaged in its ordinary business) engaged in its ordinary business, in the case of a company with nominating committee, etc.; referred to below as an "officer, etc." in this item and the following item) is to be elected or an officer, etc. intends to retire (excluding cases falling under the following item);
- (iii)-2 when the election or retirement of an officer, etc. has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an officer, etc., notification that an officer, etc. is to be elected or an officer, etc. intends to retire);
- (iii)-3 when a director or an executive officer representing the small amount and short term insurance holding company in foreign state or any other person holding a similar position, or a director or an executive officer engaged in its ordinary business or any other person holding the similar position (referred to below as an " officer, etc. of small amount and short term insurance holding company in foreign state" in this item and the following item) is to be elected or an officer, etc. of small amount and short term insurance holding company in foreign state intends to retire (excluding cases falling under the following item);
- (iii)-4 when the election or retirement of an officer, etc. of small amount and short term insurance holding company in foreign state has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an officer, etc. of small amount and short term insurance holding company in foreign state, notification that an officer, etc. of small amount and short term insurance holding company in foreign state is to be elected or an officer, etc. of small amount and short term insurance holding company in foreign state intends to retire);
- (iii)-5 if an accounting advisor is to be elected or a financial auditor intends to retire (excluding cases falling under the following item);
- (iii)-6 if the election or retirement of an accounting advisor has occurred (limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of an accounting advisor, notification that an accounting advisor is to be elected or an accounting advisor intends to retire);
- (iii)-7 if a financial auditor is to be elected or a financial auditor intends to retire (excluding cases falling under the following item);
- (iii)-8 when the election or retirement of a financial auditor has occurred (excluding the case where a financial auditor is deemed to have been re-elected pursuant to the provisions of Article 338, paragraph (2) (Financial

- Auditors' Terms of Office) of the Companies Act, and limited to the case where there is a compelling reason for not being able to provide, prior to the election or retirement of a financial auditor, notification that a financial auditor is to be elected or a financial auditor intends to retire);
- (iv) where any office is to be established, relocated or abolished;
  - (iv)-2 if the business provided in Article 211-77-3, paragraph (2) is to be conducted;
  - (v) if the small amount and short term insurance holding company made any other company its subsidiary company, due to the grounds stated in the items of Article 211-80 (excluding the cases where, pursuant to the provisions of Article 272-42, paragraph (2), item (iii) of the Act, holding the company as the subsidiary company requires a notification under the item);
  - (vi) cases where the subsidiary company has effected any amendment to its name, location of the head office or principal business (excluding the case where it is clear that the company reverts to its original location), merger, dissolution or discontinuance of all of its business (excluding the cases stated in Article 272-42, paragraph (2), item (ii) or item (iv) of the Act); and
  - (vii) where the small amount and short term insurance holding company has submitted to the ordinary shareholders meeting the business report to be prepared pursuant to the provisions of Article 435, paragraph (2) (Preparation and Retention of Financial Statements) of the Companies Act and its supplementary schedules.
- (5) If a small amount and short term insurance holding company (including a company which formerly was a small amount and short term insurance holding company) intends to file a notification under Article 271-42, paragraph (2) of the Act, it must submit to the director-general of local finance bureau, etc. a written notification, with a written statement of reasons or any other document stating the matters which would serve as reference information (or the documents provided in the following items, in cases stated in these items).
- (i) the cases stated in item (iv)-2 of the preceding paragraph: a document stating the content of the business to be conducted and the system for executing the business; and
  - (ii) the cases stated in item (vii) of the preceding paragraph: a business report and supplementary schedules provided in that item.
- (6) If a notification under Article 272-42, paragraph (2) of the Act relates to the provisions of items (i) or (v) of that paragraph or paragraph (4), item (iii)-2, (iii)-6 or (iii)-8, a certificate of registered information of the corporation must be attached to the written notification under the preceding paragraph.

(Application for Approval Related to Validity of Approval)

Article 211-87 (1) If a party which has obtained an approval under Article 272-

31, paragraph (1) of the Act seeks to obtain an approval under Article 271-33, paragraph (1), item (i) of the Act as applied mutatis mutandis pursuant to Article 272-43 of the Act, it must submit to the director-general of local finance bureau, etc. a written application for approval, attaching a written statement of reasons.

- (2) If a party which has obtained the approval under Article 272-35, paragraph (1) of the Act seeks to obtain an approval under Article 271-33, paragraph (2), item (i) of the Act as applied mutatis mutandis pursuant to Article 272-43 of the Act, it must submit to the director-general of local finance bureau, etc. a written application for approval, attaching a written statement of reasons.
- (3) When the application for approval under the preceding two paragraphs is filed, the director-general of local finance bureau, etc. is to examine whether the application satisfies the following requirements:
  - (i) that there exists any evitable reason for the applicant not being able to implement the matters approved under Article 272-31, paragraph (1) and Article 272-35, paragraph (1) of the Act, within six months from the date of the approval;
  - (ii) that it is expected that the applicant will be able to implement the approved matters within a reasonable period of time; and
  - (iii) that no material change in the matters which served the basis of examination at the time of granting the approval is expected to occur until the expected timing of the authorized matters.

### **Part III Insurance Solicitation**

#### **Chapter I General Rules**

(Cases Where Bank Is Permitted to Act as Life Insurance Agent and to Conduct Insurance Solicitation)

- Article 212 (1) The cases to be specified by Cabinet Office Order, as provided in Article 275, paragraph (1), item (i) of the Act, are the case where a bank, etc. which also is a life insurance agent or its officers or employees provide the agency or brokerage services for conclusion of insurance contracts stated in items (i) through (v) and the requirements stated in the items of the following paragraph are met, or the case where the bank, etc. or its officers or employees provide the agency or brokerage services for conclusion of the insurance contracts stated in item (vi) and the requirements stated in the items of the same paragraph and the items of paragraph (3) are met, respectively:
- (i) an insurance contract for the insurance specified in Article 3, paragraph (4), item (i) of the Act, wherein the insurance proceeds is intended to be or will certainly be appropriated for the repayment of debt related to construction, purchase or amelioration (including any debt arising from the acquisition of

- land or land leasehold in relation to the aforementioned) of a housing (meaning a building to be made available for housing (including the building to be partially made available for business); the same applies in paragraph (1) of the following Article) (limited to the case where the amount of the insurance proceeds is the same as the outstanding amount of the debt);
- (ii) an insurance contract for the type of insurance specified in Article 3, paragraph (4), item (i) of the Act (excluding a contract wherein the policyholder is a corporation), which is primarily intended for payment of insurance proceeds contingent upon the life or death of the insured person, and which satisfies all of the following requirements (limited to those which fall under the categories of the insurance contracts as stated in the following items):
- (a) an insurance contract wherein the amount of insurance proceeds and the amount of the cancellation refund is to be determined contingent upon the aggregate amount of insurance premiums paid under the contract (including the policy reserve for the existing contract, refunds or any other amount set aside for the insured, as provided in Article 227-2, paragraph (3), item (ix) or Article 234-21-2, paragraph (1), item (vii), (referred to as "conversion value" in paragraph (1), item (iv), (a) of the following Article; the same applies below in this item)) or the amount set aside for the insured under the contract;
- (b) an insurance contract wherein the payment of money excluding the insurance proceeds payable contingent upon the life or death of the insured person under the contract (excluding the payment of policy dividends (meaning the policy dividends as provided in Article 114, paragraph (1) of the Act), distribution of surplus to members and also excluding payment of cancellation refunds) is limited to the insurance proceeds payable contingent upon the death of the insured person under the contract (including the physical state where the medical doctor has rendered diagnosis that the insured person has limited time to live and also including the state where the insured person suffers the material disabilities), in which case the amount of the insurance proceeds is reasonable compared to the aggregate amount of insurance premiums paid or amount set aside for the insured person before the time of payment of the insurance proceeds;
- (iii) an insurance contract for the insurance specified in Article 3, paragraph (4), item (i) of the Act, which also falls under Article 6, paragraph (1), item (ii), Article 6, paragraph (2), item (ii) and Article 6, paragraph (4), item (ii) of the Workers' Property Accumulation Promotion Act;
- (iv) an insurance contract for the insurance specified in Article 3, paragraph (4), item (i) of the Act, which also falls under any of the following:

- (a) an insurance contract (limited to a contract which provides that, after the passage of a fixed period from the conclusion date, the amount of insurance proceeds decreases; and excluding a contract wherein the policyholder is a corporation) for the insurance where the insurer undertakes to pay insurance proceeds contingent upon the death of the insured person, and where the insurance period terminates upon the death of the insured person (limited to a contract which requires the lump-sum payment of the insurance premiums);
  - (b) an insurance contract for the insurance wherein the insurer undertakes to pay the insurance proceeds contingent upon the life or death of the insured person, or contingent upon the death of the insured person before the expiry of the insurance period prescribed in the contract (in the case of an insurance contract which falls under the type as specified in Article 74, item (i), (a) or item (iii) (excluding those stated in Article 83, item (i), (b) and (d)) or an insurance contract which falls under the type as stated in Article 153, item (i), (a) or item (iii), those which provide that, after the passage of a fixed period from the conclusion date, the amount of insurance proceeds decreases is excluded; and in the case of an insurance contract which does not fall under this type of contract, those for which the amount of insurance proceeds payable contingent upon the death of the insured exceeds the amount of insurance proceeds payable contingent upon the life or death of the insured person) or the insurance premiums are paid in lump-sum (excluding the contract wherein the policyholder is a corporation);
  - (v) an insurance contract for the insurance specified in Article 3, paragraph (4), item (ii) of the Act which covers any of the following incidents (referred to below as "injury insurance contract" in this Chapter), and under which the insurer undertakes to pay the maturity refund upon the expiration of the insurance period:
    - (a) a state of human body resulting from an injury inflicted upon the person;
    - (b) death of a human directly resulting from an injury inflicted upon the person;
    - (c) receiving treatment (including activities specified in Article 5 as the activities similar to treatment) in connection with the incidents as referred to in (a); and
  - (vi) an insurance contract for the insurance specified in Article 3, paragraph (4), item (i) or (ii) of the Act, excluding the insurance contracts as referred to in the preceding items.
- (2) If a bank, etc. which is a life insurance agent or its officers or employees provide agency or brokerage services for conclusion of the insurance contracts as referred to in the items of the preceding paragraph, the bank, etc. must



satisfy the following requirements:

- (i) that the bank, etc. has implemented the following measures in relation to the use of information on its customers:
  - (a) measures to ensure that non-disclosure finance information (meaning information concerning customers' deposits, exchange trades, or borrowing of funds or other non-disclosure information concerning customers' financial transactions or assets which may come to the knowledge of any of the officers or employees in the course of their duties (excluding information provided in Article 53-9 and special non-disclosure information provided in Article 53-10); the same applies in Article 212-2, paragraph (2), item (i), Article 212-4, paragraph (4), item (i), Article 212-5, paragraph (2), item (i) and Article 234, paragraph (1), item (xviii)) on its customers handled in the course of its businesses (excluding the business related to insurance solicitation) is not to be used for any business related to insurance solicitation (excluding the confirmation as to whether the customer falls under the category of the "parties restricted from life insurance solicitation by bank, etc." provided in the following paragraph), without obtaining prior consent from the customers in writing or by any other appropriate means;
  - (b) measures to ensure that non-disclosure insurance information (meaning information concerning customers' lives, physical conditions, properties or other non-disclosure information necessary for conducting insurance solicitation, which may come to the knowledge of any of the officers or employees in the course of their duties (excluding information provided in Article 53-9 and special non-disclosure information provided in Article 53-10); the same applies in Article 212-2, paragraph (2), item (i), Article 212-4, paragraph (4), item (i), Article 212-5, paragraph (2), item (i) and Article 234, paragraph (1), item (xviii)) on its customers handled in the course of its businesses is not to be used for any business other than insurance solicitation, such as monetary loan business, without obtaining prior consent from the customers in writing or by any other appropriate means;
- (ii) that the bank, etc., for the purpose of assurance of the fairness in insurance solicitation, has articulated the guidelines related to indication of trade name or name of the insurance company on behalf of which it underwrites the insurance contract related to the insurance solicitation and disclosure of information as may be deemed necessary for the customers in making their respective decision at their own judgment and any other matters, publicized these policies, and has implemented measures so as to enforce these policies; and
- (iii) that the bank, etc. has assigned to its respective business offices or other offices which carry out the business related to insurance solicitation a

supervisor of the affairs to secure compliance with the laws and regulations, etc. (collectively meaning the laws and regulations, dispositions of administrative agencies issued under the laws and regulations, internal rules of the bank, etc., or any other rules equivalent to the aforementioned; the same applies below in this item) applicable to insurance solicitation (or, if the affairs to secure compliance with any other laws and regulations are implemented by integrating two or more business offices or offices as a single unit (limited to a unit comprising the business offices or offices which carry out the business of insurance solicitation), the supervisor is assigned to the respective unit); and that the bank, etc. has assigned to its head office or principal office a chief supervisor which instructs supervisors and to control and manage the business to secure compliance with laws and regulations, etc. applicable to insurance solicitation.

- (3) If a bank, etc. which is a life insurance agent or its officers or employees provide agency or brokerage services for conclusion of the insurance contracts as referred to in paragraph (1), item (vi), the bank, etc. must satisfy the following requirements:
- (i) that the bank, etc. has implemented measures to ensure that it will refrain from providing agency or brokerage services for conclusion of an insurance contract (limited to the insurance contracts as referred to in paragraph (1), item (vi); and excluding the insurance contract for renewal of the insurance contract already in effect (limited to an insurance contract regarding which the bank, etc. or its officers or employees provided agency or brokerage services for the conclusion, in consideration of fees or any other remunerations)), wherein the policyholder or insured person is any of the following parties (if the bank, etc. falls under the category of a cooperative structured financial institution (collectively meaning a shinkin bank, labor bank, credit cooperatives and agricultural cooperatives, etc. (meaning agricultural cooperatives as provided in Article 39, item (viii) of the Cabinet Order, and fisheries cooperatives and fishery processing cooperatives as provided in item (ix) of the same item; the same applies below in this item); the same applies below in this Chapter and Article 234, paragraph (1), item (x)) which has prescribed the matters provided in paragraph (5), the parties which are the members or partners of the cooperative structured financial institution (including the representative of the corporation which is a member or partner, and, if the cooperative structured financial institution is an agricultural cooperatives, etc., including the persons who live together with the partner; the same applies below in this Chapter and in Article 234, paragraph (1), items (x) and (xv)) are excluded; referred to below as "parties restricted from life insurance solicitation by bank, etc." in this Article and Article 234, paragraph (1), item (ix)), in consideration of any fees or any

other remunerations:

- (a) a corporation (excluding the state, local governments, those specified in the items of Article 4, paragraph (13) of the Cabinet Order for Enforcement of the Banking Act (Cabinet Order No. 40 of 1982), and those to be designated by the Commissioner of the Financial Services Agency; the same applies below in this item, the following paragraph, Article 212-2, paragraph (3), item (i), Article 212-4, paragraph (3), item (i), Article 212-5, paragraph (3), item (i) and Article 234, paragraph (1), item (x)) or its representative, when the bank, etc. provides the corporation or representative with monetary loans required for its business (including funding by way of discounting of bills; the same applies below in this Chapter and Article 234, paragraph (1), items (x) and (xv));
  - (b) an individual person engaged in business, when the bank, etc. provides the individual person with monetary loans required for the person's business;
  - (c) full-time employees or officers (excluding representative) of a small-sized entrepreneur (meaning an entrepreneur hiring fifty full-time employees or less (or twenty full-time employees or less, if the bank, etc. falls under the category of an exceptional local financial institution); the same applies below in this item), when the bank, etc. provides the individual person or corporation of a small-sized entrepreneur or its representative with monetary loans required for the business of the small-sized entrepreneur;
  - (ii) that the bank, etc. has implemented the measures to carry out in an accurate manner a confirmation whether the customer falls under the party restricted from life insurance solicitation by bank, etc. or any other business entrusted from insurance companies, and the measures so that the business of insurance solicitation would not give negative impact on the Bank, etc. in carrying out its other lines of business in a sound and appropriate manner; and
  - (iii) that the bank, etc. has implemented the measures to ensure that its employees who contacts customers in connection with monetary loans required for their businesses will refrain from conducting insurance solicitation (limited to insurance solicitation for the insurance contracts referred to in paragraph (1), item (vi)); provided, however, that if the bank, etc. is an exceptional local financial institution, it would be sufficient for the bank, etc. to have implemented the measures to be substituted with the aforementioned measures, as specified by the Commissioner of the Financial Services Agency.
- (4) The term "exceptional local financial institution" as prescribed in the preceding paragraph means a financial institution designated by the Commissioner of the Financial Services Agency as the financial institution

whose regional scope of business is limited within a certain prefecture; and which provides in its guidelines provided in Article 2, paragraph (2), item (ii) that when the financial institution or its officers or employees provide the agency or brokerage services for conclusion of an insurance contract under paragraph (1), item (vi) (including insurance options with similar terms and conditions; the same applies in the following paragraph) wherein the policyholder is a full-time employee of an individual person or corporation or an officer of a corporation (excluding its representative) when the financial institution provides the individual person or corporation engaged in the business (excluding an individual or corporation engaged in the business wherein more than 50 persons are employed as full-time employees if the financial institution implements the measures prescribed in the main clause of item (iii) of the preceding paragraph) or its representative with monetary loans necessary for that business, the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the financial institution or its officers or employees has provided the agency or intermediary service for conclusion related to the insurance specified in each of the following items in accordance with the categories respectively stated in those items (in the case of an insurance contract which falls under the insurance contract specified in Article 74, item (i), (a) and item (iii) (excluding insurance contracts specified in Article 83, item (i), (b) and (d)) or the insurance contract specified in Article 153, item (i), (a) and item (iii), if the payment of a certain amount of insurance proceeds or other type of benefits is guaranteed by an insurance company, this amount means the guaranteed amount, and, if the payment is not guaranteed by an insurance company, this amount means the aggregate amount of insurance premiums payable under the insurance contract; the same applies in the following paragraph, Article 212-2, paragraphs (4) and (5), Article 212-4, paragraph (4) and Article 212-5, paragraphs (4) and (5)) does not exceed the amount as respectively stated in the relevant items:

- (i) an insurance wherein the insurer undertakes to pay a certain amount of insurance proceeds contingent upon the life or death of a person and whereby the insurer receives insurance premiums (excluding insurances contingent upon the death of a person directly resulting from an injury inflicted upon the person);
- (ii) an insurance wherein the insurer undertakes to pay a certain amount of insurance proceeds contingent upon the following incidents or to compensate damage suffered by the person which may arise from these incidents and whereby the insurer receives insurance premiums, which are to be specified by the Commissioner of the Financial Services Agency: the amount specified by the Commissioner of the Financial Services Agency:

- (a) contracting of diseases by a person;
  - (b) state of human resulting from diseases (excluding the state which fall under the serious disabilities);
  - (c) the incidents specified in the items of Article 4; and
  - (d) receiving treatment (including activities specified in Article 5 as the activities similar to treatment) in connection with the incidents as referred to in (a) through (c).
- (5) A cooperative structured financial institution which is a life insurance agent must provide in its guidelines provided in paragraph (2), item (ii) that when the cooperative structured financial institution or its officers or employees provide the agency or brokerage services for conclusion of an insurance contract as referred to in paragraph (1), item (vi) wherein the policyholder is its member or partner which fall under a party specified in paragraph (3), item (i), (a) through (c), the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the cooperative structured financial institution or its officers or employees have provided the agency or intermediary service for conclusion related to the insurance specified in the items of the preceding paragraph in accordance with the categories respectively stated in those items does not exceed the amount as respectively stated in the relevant items.
- (6) If a bank, etc. which is a life insurance agent or its officers or employees provide agency or brokerage services for conclusion of insurance contracts as specified in paragraph (1), items (i) through (v), and if any of following items applies, the insurance option to be added to the insurance contract must be closely related to the terms and conditions of the insurance contracts, and the insurance premiums and insurance amount related to the insurance option must be reasonable compared to the insurance premiums and insurance amount under the insurance contract:
- (i) where the bank, etc. fails to satisfy the requirements as referred to in the items of paragraph (3); and
  - (ii) where the policyholder or the insured person under the insurance contract falls under the category of a party restricted from life insurance solicitation by bank, etc. (excluding the case as referred to in the preceding item).

(Cases Where Bank May Act as Non-Life Insurance Representative)

Article 212-2 (1) The cases to be specified by Cabinet Office Order, as provided in Article 275, paragraph (1), item (ii) of the Act, are the case where a bank, etc. which also is a non-life insurance representative or its officers or employees provide agency or brokerage services for conclusion of insurance contracts stated in items (i) through (v)-4 and the requirements stated in the items of the following paragraphs are met, or the case where a bank, etc. or its officers or

employees provide the agency or intermediary service for conclusion of the insurance contracts stated in item (vi) or (viii) and the requirements stated in the items of the same paragraph and items of paragraph (3) are met, respectively:

- (i) a fire insurance contract in which the insurance period exceeds one year, regarding which loans granted from a bank, etc. has been or certainly will be appropriated for the all or part of the fund for construction, purchasing or amelioration of the housing which is the object of insurance (including acquisition of land or land leasehold incidental to these); or an earthquake insurance contract (meaning an earthquake insurance contract as provided in Article 2, paragraph (2) (Definitions) of the Act on Earthquake Insurance; the same applies in Article 212-4, paragraph (1), item (ii)) to be concluded incidental to the aforementioned insurance contract;
- (ii) an insurance contract for the insurance covering the incidents specified in Article 3, paragraph (4), item (ii), (b) of the Act or for the insurance specified in item (i), paragraph (5) of that Article, wherein the income of policyholder or insured person is protected so that the insurance proceeds under the contract will be appropriated for the facilitation of repayment of the debts related to construction, purchasing or amelioration of the housing (including acquisition of land or land leasehold incidental to these);
- (iii) an insurance contract for the insurance specified in Article 3, paragraph (4), item (ii) or paragraph (5), item (i) of the same Article, which relates to an insurance wherein the insurance proceeds are to be paid contingent upon the incidents occurred during the period between the time when a person left the residence for overseas travel and the time when the person comes back to the residence, or which relates to an insurance specified in item (iii) of the same paragraph;
- (iv) an injury insurance contract (excluding a contract for insurance covering the incidents specified in paragraph (1), item (v), (c) of the preceding Article, and also excluding a contract wherein the policyholder is a corporation) whose prime object is to pay the refunds on a regular basis for a certain period after the termination of the insurance premiums payment period, and which satisfies all of the following requirements (excluding an insurance contract which falls under an insurance contract as provided in the following item):
  - (a) an insurance contract wherein the total amount of refunds and the refunds upon cancellation of the insurance contract is determined depending on the aggregate amount of insurance premiums (including conversion value; the same applies below in this item) payable under the contract or the amount increasingly reserved for the beneficiaries of the refund under the contract;

- (b) an insurance contract for which the amount of insurance proceeds payable under the contract is reasonable compared to the aggregate amount of insurance premiums payable under the contract or the amount increasingly reserved for the beneficiaries of the refund under the contract until the time of payment of the insurance proceeds;
- (v) an injury insurance contract (excluding a contract for an insurance covering the incidents referred to in paragraph (1), item (v), (c) of the preceding Article) which is specified in Article 6, paragraph (1), item (ii)-2, Article 6, paragraph (2), item (iii) and Article 6, paragraph (4), item (iii) of the Workers' Property Accumulation Promotion Act;
- (v)-2 an insurance contract stated in paragraph (1), item (v) of the preceding Article (excluding those falling within the categories of insurance contracts stated in the preceding two items);
- (v)-3 an insurance contract (excluding those stated in items (i) through (iii)) for the insurance stated in Article 3, paragraph (5), item (i) of the Act (excluding insurance covering the damage suffered by a business operator in the course of its business activities), under which the insurer undertakes to pay the maturity refund upon the expiration of the insurance period;
- (v)-4 an insurance contract (excluding those stated in items (i) through (iii) and the preceding item) for the insurance stated in Article 3, paragraph (5), item (i) of the Act, which covers the damage arising in the course of the business activities carried out by a business operator which is a specified related party of the bank, etc. (limited to the contract wherein that business operator is the policyholder);
- (vi) an insurance contract for an insurance specified in Article 3, paragraph (5), item (i) of the Act (excluding insurance covering the damage suffered by a business operator in the course of its business activities) (excluding insurance contracts specified in items (i) through (iii) and the preceding two items and also excluding an Automobile Insurance Contract (including contracts for automobile liability insurance contract under Article 5 (Mandatory Execution of Liability Insurance Contract) of the Automobile Liability Security Act)), which falls under none of the following categories:
  - (a) an insurance contract wherein the policyholder is a corporation or any other organization or group (referred to below as "organization, etc." in this item) or its representative, and the insured persons are the members of the organization, etc.;
  - (b) an insurance contract wherein the policyholders are the members of the organization, etc. and the organization, etc., its representative, or a party entrusted from either of them will collect insurance premiums from the policyholders on behalf of the insurance company; and
- (vii) (deleted)

- (viii) an insurance contract for an insurance specified in Article 3, paragraph (5) of the Act, other than as specified in the preceding items.
- (2) If a bank, etc. which is a non-life insurance representative or its officers or employees provide agency or brokerage services for conclusion of the insurance contracts as referred to in the items of the preceding paragraph, the bank, etc. must satisfy the following requirements:
  - (i) that the bank, etc. has implemented the following measures in relation to the use of information on its customers:
    - (a) measures to ensure that non-disclosure finance information on its customers handled in the course of its businesses (excluding the business related to insurance solicitation) is not to be used for any business related to insurance solicitation (excluding the confirmation as to whether the customer falls under the category of the "parties restricted from life insurance solicitation by bank, etc." provided in the following paragraph), without obtaining prior consent from the customers in writing or by any other appropriate means;
    - (b) measures to ensure that non-disclosure insurance information on its customers handled in the course of its businesses is not to be used for any business other than insurance solicitation, such as monetary loan business, without obtaining prior consent from the customers in writing or by any other appropriate means;
  - (ii) that the bank, etc., has articulated the guidelines as referred to in item (ii), paragraph (2) of the preceding Article, publicized these policies, and has implemented measures so as to enforce these policies; and
  - (iii) that the bank, etc. has implemented measures under item (iii), paragraph (2) of the preceding Article.
- (3) If a bank, etc. which is a non-life insurance representative or its officers or employees provide agency or brokerage services for conclusion of the insurance contracts as referred to in paragraph (1), item (vi) or (viii), the bank, etc. must satisfy the following requirements:
  - (i) that the bank, etc. has implemented measures to ensure that it will refrain from providing agency or brokerage services for conclusion of an insurance contract (limited to the insurance contracts as referred to in paragraph (1), item (vi) or (viii); and excluding the insurance contract for novation of the insurance contract already in effect (a novation excludes any novation entailing improvement of insurance benefits such as increase in the amount of the insurance proceeds (excluding the improvement due to increase in value of the object of insurance contract or any other similar factors) or extension of insurance period; the same applies in Article 212-4, paragraph (3), item (i), Article 212-5, paragraph (3), item (i) and Article 234, paragraph (1), item (x)); and the insurance contract is limited to an insurance contract



regarding which the bank, etc. or its officers or employees provided agency or brokerage services for the conclusion, in consideration of fees or any other remunerations), wherein the policyholder or insured person is any of the following parties (if the bank, etc. falls under the category of a cooperative structured financial institution which has prescribed the matters provided in paragraph (5), the parties which are the members or partners of the cooperative structured financial institution are excluded; referred to below as "parties restricted from life insurance solicitation by bank, etc." in this Article and Article 234, paragraph (1), item (ix)), in consideration of any fees or any other remunerations:

- (a) a corporation or its representative, when the bank, etc. provides the corporation or representative with monetary loans required for its business;
  - (b) an individual person engaged in business, when the bank, etc. provides the individual person with monetary loans required for the person's business;
  - (c) full-time employees or officers (excluding representative) of a small-sized entrepreneur (meaning an entrepreneur hiring fifty full-time employees or less (or twenty full-time employees or less, if the bank, etc. falls under the category of an exceptional local financial institution); the same applies below in this item), when the bank, etc. provides the individual person or corporation of a small-sized entrepreneur or its representative with monetary loans required for the business of the small-sized entrepreneur;
  - (ii) that the bank, etc. has implemented the measures to carry out in an accurate manner a confirmation whether the customer falls under the party restricted from life insurance solicitation by bank, etc. or any other business entrusted from insurance companies, and the measures so that the business of insurance solicitation would not give negative impact on the bank, etc. in carrying out its other lines of business in a sound and appropriate manner; and
  - (iii) that the bank, etc. has implemented the measures to ensure that its employees who contacts customers in connection with monetary loans required for their businesses will refrain from conducting insurance solicitation (limited to insurance solicitation for the insurance contracts referred to in paragraph (1), item (vi) or (viii)); provided, however, that if the bank, etc. is an exceptional local financial institution, it would be sufficient for the bank, etc. to have implemented the measures to be substituted with the aforementioned measures, as specified by the Commissioner of the Financial Services Agency.
- (4) The term "exceptional local financial institution" as prescribed in the preceding paragraph means a financial institution designated by the

Commissioner of the Financial Services Agency as the financial institution whose regional scope of business is limited within a certain prefecture; and which provides in its guidelines provided in paragraph (2), item (ii) that when the financial institution or its officers or employees provide the agency or brokerage services for conclusion of an insurance contract under paragraph (1), item (viii) (including insurance options with similar terms and conditions; the same applies in the following paragraph) wherein the policyholder is a full-time employee of an individual person or corporation or an officer of a corporation (excluding its representative) if the financial institutions provides the individual person or corporation engaged in the business (excluding an individual or corporation engaged in the business wherein more than 50 persons are employed as full-time employees if the financial institution implements the measures prescribed in the main clause of item (iii) of the preceding paragraph) or its representative with monetary loans necessary for that business, the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the financial institution or its officers or employees have provided the agency or intermediary service for conclusion related to the insurance specified in paragraph (4), item (ii) of the preceding Article does not exceed the amount as stated in the same item.

(5) A cooperative structured financial institution which is a non-life insurance representative must provide in its guidelines provided in paragraph (2), item (ii) that when the cooperative structured financial institution or its officers or employees provide the agency or brokerage services for conclusion of an insurance contract as referred to in paragraph (1), item (viii) wherein the policyholder is its member or partner which fall under a party specified in paragraph (3), item (i), (a) through (c), the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the cooperative structured financial institution or its officers or employees have provided the agency or intermediary service for conclusion related to the insurance specified in paragraph (4), item (ii) of the preceding Article is not to exceed the amount as stated in the same item.

(6) If a bank, etc. which is a non-life insurance representative or its officers or employees provide agency or brokerage services for conclusion of insurance contracts as specified in paragraph (1), items (i) through (v)-4, and where any of following items applies, the insurance option to be added to the insurance contract must be closely related to the terms and conditions of the insurance contracts, and the insurance premiums and insurance amount related to the insurance option must be reasonable compared to the insurance premiums and insurance amount under the insurance contract:

(i) where the bank, etc. fails to satisfy the requirements as referred to in the

- items of paragraph (3); and
- (ii) where the policyholder or the insured person under the insurance contract falls under the category of a party restricted from non-life insurance solicitation by bank, etc. (excluding the case as referred to in the preceding item).
- (7) The term "specified related party" as prescribed in paragraph (1), item (v)-4 means any of the persons prescribed in Article 4-2, paragraph (1), items (i) through (x) of the Order for Enforcement of the Banking Act (including the case where applied mutatis mutandis pursuant to Article 6, paragraph (1) (Mutatis Mutandis Application of Order for Enforcement of the Banking Act) of the Order for Enforcement of the Long Term Credit Bank Act (Cabinet Order No. 42 of 1982)); Article 7, paragraph (1), items (i) and (ii) (Parties in Special Relationship with Shoko Chukin Bank) of the Order for Enforcement of the Shoko Chukin Bank Limited Act (Cabinet Order No. 367 of 2007); Article 11-2, paragraph (1), item (i) (Parties in Special Relationship with Shinkin Banks) of the Order for Enforcement of the Shinkin Bank Act (Cabinet Order No. 142 of 1968); Article 5-2, paragraph (1), item (i) (Parties in Special Relationship with Labor Banks) of the Order for Enforcement of the Labor Bank Act (Cabinet Order No. 46 of 1982); Article 3-2, paragraph (1), item (i) (Parties in Special Relationship with Credit Cooperatives) of the Order for Enforcement of the Act on Financial Businesses by Cooperative (Cabinet Order No. 44 of 1982); the items of Article 55 (Parties in Special Relationship with Cooperatives) of the Order for Enforcement of the Agricultural Cooperatives Act (Cabinet Order No. 271 of 1962) (in the case of a party specified in item (iii), limited to a party specified in Article 10, paragraph (1), item (i) (Parties in Special Relationship to Be Specified by Order of Competent Ministry as Referred to in Article 11-2-3, Item (iii))) of the Order for Credit Business of Agricultural Cooperatives and Federation of Agricultural Cooperatives (Order of the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 1 of 1993); Article 9, paragraph (1), item (i) (Parties in Special Relationship with Cooperatives) of the Order for Enforcement of the Fishery Cooperative Act (Cabinet Order No. 328 of 1993); and Article 8, paragraph (1), item (i) (Parties in Special Relationship with The Norinchukin Bank) of the Order for Enforcement of the Norinchukin Bank Act (Cabinet Order No. 285 of 2001).

(Types of Insurances to Be Handled by Specific Small Amount and Short Term Insurance Agents)

Article 212-3 The types of insurances to be specified by Cabinet Office Order, as provided in Article 275, paragraph (1), item (iii) of the Act, are as follows:

- (i) insurance specified in Article 3, paragraph (4), item (ii) of the Act; and
- (ii) insurance specified in Article 3, paragraph (5), item (iii) of the Act.

(Cases Where Banks May Perform Insurance Solicitation as Small Amount and Short Term Insurance Agents)

Article 212-4 (1) The cases to be specified by Cabinet Office Order, as provided in Article 275, paragraph (1), item (ii) of the Act, are the case where a bank, etc. which also is a small amount and short term insurance agent or its officers or employees provide the agency or brokerage services for conclusion of insurance contracts stated in the following items and the requirements stated in items (i) through (iv)-2 are met, or the case where a bank, etc. or its officers or employees provide the agency or brokerage services for conclusion of insurance contracts stated in item (v) or (vi) and the requirements stated in the items of the same paragraph and the items of paragraph (3) are met:

- (i) insurance contract specified in Article 212, paragraph (1), item (i);
- (ii) insurance contract specified in Article 212-2, paragraph (1), item (i) (excluding an earthquake insurance contract);
- (iii) insurance contract specified in Article 212-2, paragraph (1), item (ii);
- (iv) insurance contract specified in Article 212-2, paragraph (1), item (iii);
- (iv)-2 an insurance contract for the insurance stated in Article 3, paragraph (5), item (i) of the Act, which covers the damage arising in the course of the business activities carried out by a business operator which is a specified related party (meaning the specified related party as prescribed in Article 212-2, paragraph (7); the same applies in Article 234, paragraph (1) (excluding item (iii))) of the bank, etc. (limited to the contract wherein that business operator is the policyholder);
- (v) an insurance contract (excluding an insurance contract specified in items (ii) through the preceding item and an automobile insurance contract) for insurance specified in Article 3, paragraph (5), item (i) of the Act (excluding insurance covering damage suffered by a business operator in the course of its business activities), which falls under none of the following categories:
  - (a) an insurance contract wherein the policyholder is a corporation or any other organization or group (referred to below as "organization, etc." in this item) or its representative, and the insured persons are the members of the organization, etc.;
  - (b) an insurance contract wherein the policyholders are the members of the organization, etc. and the organization, etc., its representative, or a party entrusted from either of them will collect insurance premiums from the policyholders on behalf of the small amount and short term insurer; and
- (vi) an insurance contract for an insurance specified in Article 3, paragraph (4), items (i) and (ii) and paragraph (5) of the Act, other than as specified in the preceding items.

(2) If a bank, etc. which is a small amount and short term insurance agent or its

officers or employees provide agency or brokerage services for conclusion of the insurance contracts as referred to in the items of the preceding paragraph, the bank, etc. must satisfy the following requirements:

- (i) that the bank, etc. has implemented the following measures in relation to the use of information on its customers:
    - (a) measures to ensure that non-disclosure finance information on its customers handled in the course of its businesses (excluding the business related to insurance solicitation) is not to be used for any business related to insurance solicitation (excluding the confirmation as to whether the customer falls under the category of the "parties restricted from life insurance solicitation by bank, etc." provided in the following paragraph), without obtaining prior consent from the customers in writing or by any other appropriate means;
    - (b) measures to ensure that non-disclosure insurance information on its customers handled in the course of its businesses is not to be used for any business other than insurance solicitation, such as monetary loan business, without obtaining prior consent from the customers in writing or by any other appropriate means;
  - (ii) that the bank, etc., for the purpose of assurance of the fairness in insurance solicitation, has articulated the guidelines related to indication of trade name or name of the insurance company on behalf of which it underwrites the insurance contract related to the insurance solicitation and disclosure of information as may be deemed necessary for the customers in making their respective decision at their own judgment and any other matters, publicized these policies, and has implemented measures so as to enforce these policies; and
  - (iii) that the bank, etc. has implemented measures under Article 212, paragraph (2), item (iii).
- (3) If a bank, etc. which is a small amount and short term insurance agent or its officers or employees provide agency or brokerage services for conclusion of the insurance contracts as referred to in paragraph (1), item (v) or (vi), the bank, etc. must satisfy the following requirements:
- (i) that the bank, etc. has implemented measures to ensure that it will refrain from providing agency or brokerage services for conclusion of an insurance contract (limited to the insurance contracts as referred to in paragraph (1), item (vi); and excluding the insurance contract for renewal or novation of the insurance contract already in effect (limited to an insurance contract regarding which the bank, etc. or its officers or employees provided agency or brokerage services for the conclusion, in consideration of fees or any other remunerations)), wherein the policyholder or insured person is any of the following parties (if the bank, etc. falls under the category of a cooperative

structured financial institution which has prescribed the matters provided in paragraph (5), the parties which are the members or partners of the cooperative structured financial institution are excluded; referred to below as "parties restricted from small amount and short term insurance solicitation by bank, etc." in this Article and Article 234, paragraph (1), item (ix)), in consideration of any fees or any other remunerations:

- (a) a corporation or its representative, the bank, etc. provides the corporation or representative with monetary loans required for its business;
  - (b) an individual person engaged in business, when the bank, etc. provides the individual person with monetary loans required for the person's business;
  - (c) full-time employees or officers (excluding representative) of a small-sized entrepreneur (meaning an entrepreneur hiring fifty full-time employees or less (or twenty full-time employees or less, if the bank, etc. falls under the category of an exceptional local financial institution); the same applies below in this item), when the bank, etc. provides the individual person or corporation of a small-sized entrepreneur or its representative with monetary loans required for the business of the small-sized entrepreneur;
  - (ii) that the bank, etc. has implemented the measures to carry out in an accurate manner a confirmation whether the customer falls under the party restricted from small amount and short term insurance solicitation by bank, etc., and the measures so that the business of insurance solicitation would not give negative impact on the bank, etc. in carrying out its other lines of business in a sound and appropriate manner; and
  - (iii) that the bank, etc. has implemented the measures to ensure that its employees who contacts customers in connection with monetary loans required for their businesses will refrain from conducting insurance solicitation (limited to insurance solicitation for the insurance contracts referred to in paragraph (1), item (v) or (vi)); provided, however, that if the bank, etc. is an exceptional local financial institution, it would be sufficient for the bank, etc. to have implemented the measures to be substituted with the aforementioned measures, as specified by the Commissioner of the Financial Services Agency.
- (4) The term "exceptional local financial institution" as prescribed in the preceding paragraph means a financial institution designated by the Commissioner of the Financial Services Agency as the financial institution whose regional scope of business is limited within a certain prefecture; and which provides in its guidelines provided in paragraph (2), item (ii) that when the financial institution or its officers or employees provide the agency or brokerage services for conclusion of an insurance contract under paragraph (1), item (vi) (including insurance options with similar terms and conditions; the

same applies in the following paragraph) wherein the policyholder is a full-time employee of an individual person or corporation or an officer of a corporation (excluding its representative) if the financial institutions provides the individual person or corporation engaged in the business (excluding an individual or corporation engaged in the business wherein more than 50 persons are employed as full-time employees if the financial institution implements the measures prescribed in the main clause of item (iii) of the preceding paragraph) or its representative with monetary loans necessary for that business, the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the financial institution or its officers or employees have provided the agency or brokerage service for conclusion related to the insurance specified in each of the items of Article 212, paragraph (4) in accordance with the categories respectively stated in those items is not to exceed the amount as respectively stated in the relevant items.

- (5) A cooperative structured financial institution which is a small amount and short term insurance agent must provide in its guidelines provided in paragraph (2), item (ii) that when the cooperative structured financial institution or its officers or employees provide the agency or brokerage services for conclusion of an insurance contract as referred to in paragraph (1), item (vi) wherein the policyholder is its member or partner which fall under a party specified in paragraph (3), item (i), (a) through (c), the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the cooperative structured financial institution or its officers or employees have provided the agency or intermediary service for conclusion related to the insurance specified in the items of Article 212, paragraph (4) in accordance with the categories respectively stated in those items is not to exceed the amount as respectively stated in the relevant items.
- (6) If a bank, etc. which is a small amount and short term insurance agent or its officers or employees provide agency or brokerage services for conclusion of insurance contracts as specified in paragraph (1), items (i) through (iv)-2, and if any of following items applies, the insurance option to be added to the insurance contract must be closely related to the terms and conditions of the insurance contracts, and the insurance premiums and insurance amount related to the insurance option must be reasonable compared to the insurance premiums and insurance amount under the insurance contract:
  - (i) where the bank, etc. fails to satisfy the requirements as referred to in the items of paragraph (3); and
  - (ii) that the policyholder or insured person under the insurance contract falls under the category of a party restricted from small amount and short term insurance solicitation by bank, etc. (excluding the cases specified in the

preceding item).

(Cases Where Bank May Perform Insurance Solicitation as an Insurance Broker)

- Article 212-5 (1) The cases to be specified by Cabinet Office Order, as provided in Article 275, paragraph (1), item (iv) of the Act, are the case where a bank, etc. which also is an insurance broker or its officers or employees provide agency or intermediary service for conclusion of insurance contracts stated in items (i) through (iv) and the requirements stated in the items of the following paragraphs are met, or the case where a bank, etc. or its officers or employees provide the agency or brokerage service for conclusion of the insurance contracts stated in items (v) through (ix) and the requirements stated in the items of the same paragraph and items of paragraph (3) are met, respectively:
- (i) insurance contracts specified in Article 212, paragraph (1), items (i) through (v);
  - (ii) insurance contracts specified in Article 212-2, paragraph (1), items (i) through (v)-4;
  - (iii) insurance contracts specified in items (i) through (iv) of the preceding Article;
  - (iv) (deleted)
  - (v) insurance contracts specified in Article 212-2, paragraph (1), items (vi);
  - (vi) an insurance contract specified in item (v), paragraph (1) of the preceding Article;
  - (vii) an insurance contracts specified in Article 212, paragraph (1), item (vi);
  - (viii) an insurance contracts specified in Article 212-2, paragraph (1), item (viii); and
  - (ix) an insurance contract specified in item (vi), paragraph (1) of the preceding Article.
- (2) If a bank, etc. which is an insurance broker or its officers or employees provide agency or brokerage service for conclusion of the insurance contracts as referred to in the items of the preceding paragraph, the bank, etc. must satisfy the following requirements:
- (i) that the bank, etc. has implemented the following measures in relation to the use of information on its customers:
    - (a) measures to ensure that non-disclosure finance information on its customers handled in the course of its businesses (excluding the business related to insurance solicitation) is not to be used for any business related to insurance solicitation (excluding the confirmation as to whether the customer falls under the category of the "parties restricted from life insurance solicitation by bank, etc." provided in the following paragraph), without obtaining prior consent from the customers in writing or by any



- other appropriate means;
  - (b) measures to ensure that non-disclosure insurance information on its customers handled in the course of its businesses is not to be used for any business other than insurance solicitation, such as monetary loan business, without obtaining prior consent from the customers in writing or by any other appropriate means;
  - (ii) that the bank, etc., for the purpose of assurance of the fairness in insurance solicitation, has articulated the guidelines related to disclosure of information as may be deemed necessary for the customers in making their respective decision at their own judgment and any other matters, publicized these policies, and has implemented measures so as to enforce these policies; and
  - (iii) that the bank, etc. has implemented the measures under Article 212, paragraph (2), item (iii).
- (3) If a bank, etc. which is an insurance broker or its officers or employees provide agency or brokerage service for conclusion of the insurance contracts as referred to in paragraph (1), items (v) through (ix), the bank, etc. must satisfy the following requirements:
- (i) that the bank, etc. has implemented measures to ensure that it will refrain from providing agency or brokerage service for conclusion of an insurance contract (limited to the insurance contracts as referred to in paragraph (1), items (iv) through (ix); and excluding the insurance contract for renewal or novation of the insurance contract already in effect (limited to an insurance contract regarding which the bank, etc. or its officers or employees provided agency or brokerage service for the conclusion, in consideration of fees or any other remunerations)), wherein the policyholder or insured person is any of the following parties (if the bank, etc. falls under the category of a cooperative structured financial institution which has prescribed the matters provided in paragraph (5), the parties which are the members or partners of the cooperative structured financial institution are excluded; referred to below as "parties restricted from insurance solicitation by bank, etc." in this Article and Article 234, paragraph (1), item (ix)), in consideration of any fees or any other remunerations:
    - (a) a corporation or its representative, when the bank, etc. provides the corporation or representative with monetary loans required for its business;
    - (b) an individual person engaged in business, when the bank, etc. provides the individual person with monetary loans required for the person's business;
    - (c) full-time employees or officers (excluding representative) of a small-sized entrepreneur (meaning an entrepreneur hiring fifty full-time employees or

- less (or twenty full-time employees or less, if the bank, etc. falls under the category of an exceptional local financial institution); the same applies below in this item), when the bank, etc. provides the individual person or corporation of a small-sized entrepreneur or its representative with monetary loans required for the business of the small-sized entrepreneur;
- (ii) that the bank, etc. has implemented the measures to carry out in an accurate manner a confirmation whether the customer falls under the party restricted from insurance solicitation by bank, etc. or any other business entrusted from insurance companies, and the measures so that the business of insurance solicitation would not give negative impact on the bank, etc. in carrying out its other lines of business in a sound and appropriate manner; and
  - (iii) that the bank, etc. has implemented the measures to ensure that its employees who contacts customers in connection with monetary loans required for their businesses will refrain from conducting insurance solicitation (limited to insurance solicitation for the insurance contracts referred to in paragraph (1), items (v) through (ix)); provided, however, that if the bank, etc. is an exceptional local financial institution, it would be sufficient for the bank, etc. to have implemented the measures to be substituted with the aforementioned measures, as specified by the Commissioner of the Financial Services Agency.
- (4) The term "exceptional local financial institution" as prescribed in the preceding paragraph means a financial institution designated by the Commissioner of the Financial Services Agency as the financial institution whose regional scope of business is limited within a certain prefecture; and which provides in its guidelines provided in paragraph (2), item (ii) that when the financial institution or its officers or employees provide the agency or brokerage service for conclusion of an insurance contract under Article 212, paragraph (1), item (iv) or (vi), Article 212-2, paragraph (1), item (viii) or Article 212-4, paragraph (1), item (vi) (including insurance options with similar terms and conditions; the same applies in the following paragraph) wherein the policyholder is a full-time employee of an individual person or corporation or an officer of a corporation (excluding its representative) if the financial institutions provides the individual person or corporation engaged in the business (excluding an individual or corporation engaged in the business wherein more than 50 persons are employed as full-time employees if the financial institution implements the measures prescribed in the main clause of item (iii) of the preceding paragraph) or its representative with monetary loans necessary for that business, the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the financial institution or its officers or employees have provided the agency

or brokerage service for conclusion related to the insurance specified in each of the items of Article 212, paragraph (4) in accordance with the categories respectively stated in those items is not to exceed the amount as respectively stated in the relevant items.

- (5) A cooperative structured financial institution which is an insurance broker must provide in its guidelines provided in paragraph (2), item (ii) that when the cooperative structured financial institution or its officers or employees provide the agency or brokerage service for conclusion of an insurance contract as referred to in Article 212, paragraph (1), item (vi), Article 212-2, paragraph (1), item (viii) or Article 212-4, paragraph (1), item (vi) wherein the policyholder is its member or partner which fall under a party specified in paragraph (3), item (i), (a) through (c), the total of the insurance proceeds or any other benefit payable to a single policyholder under an insurance contract for which the cooperative structured financial institution or its officers or employees have provided the agency or brokerage service for conclusion related to the insurance specified in the items of Article 212, paragraph (4) in accordance with the categories respectively stated in those items is not to exceed the amount as respectively stated in the relevant items.
- (6) If a bank, etc. which is an insurance broker or its officers or employees provide agency or brokerage service for conclusion of insurance contracts as specified in paragraph (1), items (i) and (ii), and if any of following items applies, the insurance option to be added to the insurance contract must be closely related to the terms and conditions of the insurance contracts, and the insurance premiums and insurance amount related to the insurance option must be reasonable compared to the insurance premiums and insurance amount under the insurance contract:
- (i) where the bank, etc. fails to satisfy the requirements as referred to in the items of paragraph (3); and
  - (ii) where the policyholder or the insured person under the insurance contract is a party restricted from insurance solicitation by bank, etc.

(Insurance Contract Related to Foreign Insurers Other Than Foreign Insurance Company, for Which Insurance Solicitation by Insurance Broker Is Allowed)

Article 212-6 The insurance contract to be specified by Cabinet Office Order, as provided in Article 39-2 of the Cabinet Order, is as follows:

- (i) an insurance contract which covers, in whole or part, launching to the outer space, shipped cargos related to the launching (including man-made satellites), means to ship the cargos and liabilities arising from the aforementioned;
- (ii) an insurance contract which covers, in whole in part, vessels used for

- international maritime transportation or aircraft used for commercial flight, cargoes in the process of international shipment by the relevant vessels or aircraft, and any liability arising from the aforementioned (excluding the cargoes under Article 19, items (ii) and (iii) of the Cabinet Order);
- (iii) an insurance contract covering the cargoes which are in the process of international shipping (excluding the cargoes under Article 19, items (ii) and (iii) of the Cabinet Order and the preceding item).

(Person Closely Related to Affiliated Insurance Company)

Article 212-6-2 The person to be specified by Cabinet Office Order as being closely related to an affiliated insurance company, etc., as referred to in the proviso to Article 275, paragraph (3), item (i) of the Act, is the following persons:

- (i) a subsidiary corporation, etc. of the affiliated insurance company, etc.;
- (ii) the parent corporation, etc. which has the affiliated insurance company, etc. as its subsidiary corporation, etc.; and
- (iii) a subsidiary corporation, etc. of the person stated in the preceding item (excluding the foreign insurance company, etc., a subsidiary company of the affiliated insurance company, etc. and the persons stated in the preceding two items).

(Application for Authorization of Re-Entrustment of Insurance Solicitation)

Article 212-6-3 (1) If a principal insurance solicitation agent (meaning the principal insurance solicitation agent as prescribed in Article 275, paragraph (3) of the Act; the same applies below) and its affiliated insurance company, etc. seek to obtain an authorization under the same paragraph, they must submit to the Commissioner of the Financial Services Agency a written application for authorization containing the following matters:

- (i) the trade name or name of the insurance company or foreign insurance company, etc. which is the principal insurance solicitation agent;
- (ii) the trade name or name of the affiliated insurance company, etc.; and
- (iii) the types of insurance contracts to be handled under the re-entrustment.
- (2) The following documents must be attached to a written application for authorization under the preceding paragraph:
- (i) a written statement of reasons;
- (ii) a draft of the entrustment contract between the principal insurance solicitation agent and the affiliated insurance company, etc.;
- (iii) a document certifying that the principal insurance solicitation agent is a person closely related to its affiliated insurance company, etc. as prescribed in the preceding Article;
- (iv) a document certifying that the principal insurance solicitation agent has

- obtained permission from the affiliated insurance company, etc. for the re-entrustment;
- (v) a document describing the systems for carrying out the re-entrustment at the principal insurance solicitation agent and the affiliated insurance company, etc.;
- (vi) the policy for the re-entrustment of the affiliated insurance company, etc.; and
- (vii) a document containing any other matters which would serve as reference information.

## **Chapter II Insurance Agent and Affiliated Insurance Company**

### **Section 1 Insurance Agents**

#### **(Application for Registration)**

Article 212-7 If a person who intends to obtain a registration under Article 267 of the Act (referred to as "registration" in the following Article and Article 216; and the person is referred to below as "registration applicant" in this Section), the person must submit to the Commissioner of the Financial Services Agency (or to the director-general of local finance bureau, etc., if, pursuant to the provisions of Article 49, paragraph (1) of the Cabinet Order, the authority of the Commissioner of the Financial Services Agency is delegated to the director-general of local finance bureau, etc.; the same applies in Article 215) a written application for registration prepared in accordance with Appended Form No. 17, attaching the following documents provided in the paragraph (2) of the same Article.

#### **(Matters to Be Stated in Written Application for Registration)**

Article 213 The matters to be specified by Cabinet Office Order, as provided in Article 277, paragraph (1), item (v) of the Act, are as follows:

- (i) if the registration applicant is a corporation (including an association or foundation without legal personality for which a representative person or an administrator has been appointed; the same applies below in this paragraph), the name of the officer representing the corporation (including a representative person or an administrator of an association or foundation without legal personality; the same applies below in this Article to Article 218);
- (ii) if the registration applicant is an employee (or officers or employees, if the life insurance agent is a corporation) of a life insurance agent, the trade name or name of the life insurance agent;
- (iii) if, pursuant to the provisions of Article 284 of the Act, an application for registration is filed by affiliated insurance company, etc. as an agent, the

- trade name or name of the affiliated insurance company, etc.; and
- (iv) if the registration applicant accepts re-entrustment from the principal insurance solicitation agent, the trade names or names of the affiliated insurance company, etc. involved in the re-entrustment and the principal insurance solicitation agent.

(Attachment to Written Application for Registration)

Article 214 (1) The documents to be specified by Cabinet Office Order, as provided in Article 277, paragraph (2), item (iii) of the Act, are the following documents:

- (i) a document certifying that the registration applicant is a specified insurance agent (meaning a specified insurance agent as provided in Article 276 of the Act; the same applies below);
- (ii) if the registration applicant is a corporation, its articles of incorporation or a certificate of registered matters, or any other substitutive document; and
- (iii) if the registration applicant is an individual person, the document specified in (a) or (b) below in accordance with the categories of cases stated in (a) or (b) below: extract of certificate of residence of the registration applicant (or, if the registration applicant has a statutory agent, certificates of residence of the registration applicant and the statutory agent), or any other substitutive document:
- (a) if the registration applicant has no statutory agent: an extract of certificate of residence of the registration applicant, or any other substitutive document; or
- (b) if the registration applicant has a statutory agent: certificates of residence of the registration applicant and their statutory agent, or any other substitutive documents (if the statutory agent is a corporation, an extract of the certificate of residence of the registration applicant or any other substitutive document, and the articles of incorporation or a certificate of registered matters of the statutory agent, or any other substitutive document).
- (iv) if the former surname (meaning the former surname prescribed in Article 30-13 of the Order for Enforcement of the Act for Basic Register of Residents (Cabinet Order No. 292 of 1967); the same applies below in this item, Article 219, paragraph (1), item (iii), (b) and Article 239-5, paragraph (3), item (iv)) and the given name of a registration applicant (limited to an individual person) or their statutory agent are stated together with their current surname and given name in a written application for registration under Article 277, paragraph (1), and if the document stated in the preceding item does not prove that former surname and given name, a document to certifying those names;

- (2) A document provided in Article 277, paragraph (2), item (i) of the Act must be prepared in accordance with Appended Form No. 17-2.

Article 214-2 The place to be specified by Cabinet Office Order, as provided in Article 278, paragraph (1) of the Act, is a local finance bureau or Fukuoka Local Finance Branch Bureau.

(Person Who Is Unable to Properly Conduct Business Relating to Insurance Solicitation Due to Mental or Physical Disorder)

Article 214-3 (1) The person specified by Cabinet Office Order, as provided in Article 279, paragraph (1), item (v) of the Act, is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly conducting business relating to insurance solicitation due to mental impairment.

- (2) The person specified by Cabinet Office Order, as provided in Article 279, paragraph (1), item (ix), (a) is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly performing their duties due to mental impairment.

(Notification of Change)

Article 215 (1) A party which intends to file a notification under Article 280, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notification as stated in the following items, in accordance with the categories of cases respectively stated in those items:

- (i) where the notification is filed pursuant to the provisions of Article 280, paragraph (1) of the Act: a notification of change to registered matters, prepared in accordance with Appended Form No. 18 (or Appended Form No. 18 or any other form in lieu of this, in the case of a notification filed by an affiliated insurance company, etc. as an agent pursuant to the provisions of Article 284 of the Act); and
- (ii) where the notification is filed pursuant to the provisions of Article 280, paragraph (1), items (ii) through (vii) of the Act: a notification of abolition of business, etc., prepared in accordance with Appended Form No. 19 (or Appended Form No. 19 or any other form in lieu of this, in the case of a notification filed by an affiliated insurance company, etc. as an agent pursuant to the provisions of Article 284 of the Act).
- (2) If a notification under Article 280, paragraph (1) of the Act relates to the provisions of items (i) (limited to the part relating to Article 277, paragraph (1), item (i), (ii) or (iv) or Article 213, item (i)), (v) or (vi) of that paragraph (limited to the notification related to a small amount and short term insurance agent), a certificate of registered information of the corporation must be attached to

the written notification under the preceding paragraph.

(Scope of Tax-Free Registration of Specified Insurance Agent)

Article 215-2 Type of entrustment or re-entrustment to be specified by Cabinet Office Order, as provided in Article 281, item (i) of the Act, is a fixed-term entrustment or re-entrustment to be made on a temporary and as-needed basis (referred to below as "fixed-term entrustment, etc." in this Article), in which case it is not provided in the written application for registration under Article 277, paragraph (1) of the Act that the registration applicant has accepted entrustment or re-entrustment from of a Life Insurance Company or a small amount and short term insurer.

## **Section 2 Affiliated Insurance Company**

(Matters to Be Entered in Register of Specified Insurance Agents)

Article 216 (1) An affiliated insurance company, etc. must, in connection with specified insurance agents of the affiliated insurance companies, etc., enter the following matters in the register as stated in Article 285, paragraph of the Act (referred to below as "register" in this Article):

- (i) trade name or name, and date of birth;
  - (ii) name and location of the office;
  - (iii) the day when the registration was granted; and
  - (iv) if the specified insurance agent accepts re-entrustment from the principal insurance solicitation agent, the trade name or name of the principal insurance solicitation agent.
- (2) In addition to what are provided for in the items of the preceding paragraph, if the specified insurance agents of the affiliated insurance companies, etc. is a party which has accepted entrustment from the affiliated insurance company, etc. or re-entrustment from the principal insurance solicitation agent, the date of acceptance of entrustment or re-entrustment must be entered into the register.
- (3) In addition to what are provided for in the preceding two paragraph, if the specified insurance agents of the affiliated insurance companies, etc. is an employee (or officers or employees, if the life insurance agent is a corporation) of another life insurance agent, the trade name or name of another life insurance agent must be entered into the register.

## **Chapter III Insurance Broker**

(Application for Registration)

Article 217 If a person who intends to obtain a registration under Article 286 of



the Act (referred to as "registration" in the following Article and Article 219; and the person is referred to below as "registration applicant" in this Section), the person must submit to the Commissioner of the Financial Services Agency (or to the director-general of local finance bureau, etc., if, pursuant to the provisions of Article 49, paragraph (3) of the Cabinet Order, the authority of the Commissioner of the Financial Services Agency is delegated to the director-general of local finance bureau, etc.; the same applies in Articles 220 to 227 and Article 238) a written application for registration prepared in accordance with Appended Form No. 20, attaching the documents provided in paragraph (1) of the same Article:

(Matters to Be Stated in Written Application for Registration)

Article 218 The matters to be specified by Cabinet Office Order, as provided in Article 287, paragraph (1), item (v) of the Act, are the names of the officers representing a corporation, if the registration applicant is a corporation.

(Attachment to Written Application for Registration)

Article 219 (1) The documents to be specified by Cabinet Office Order, as provided in Article 287, paragraph (2), item (iii) of the Act, are the following documents:

- (i) a document certifying that the registration applicant has a capacity to perform the business of insurance solicitation in a precise manner;
- (ii) if the registration applicant is a corporation, its articles of incorporation or a certificate of registered matters, or any other substitutive document;
- (iii) if the registration applicant is an individual person, the following document:
  - (a) an extract of certificate of residence of the registration applicant, or any other substitutive document; and
  - (b) if the former surname and the given name of a registration applicant are stated together with their current surname and given name in a written application for registration under Article 287, paragraph (1) of the Act, and if the document stated in (a) does not prove that former surname and given name, a document to certifying those names.
- (iv) the document that describes the matters stated in (a) or (b) in accordance with the categories of cases stated in (a) or (b):
  - (a) if there is a designated dispute resolution organization for insurance solicitation by insurance broker (meaning the designated dispute resolution organization for insurance solicitation by insurance broker provided in Article 299-2, paragraph (1), item (i) of the Act; the same applies in this item), a trade name or name of the designated dispute resolution organization for insurance solicitation by insurance broker,

which is a party to a basic contract for implementation of dispute resolution procedures to be concluded for the insurance solicitation by insurance broker as the measure provided in Article 299-2, paragraph (1), item (i) of the Act; or

- (b) if there is not a designated dispute resolution organization for insurance solicitation by insurance broker, the content of the complaint processing measures and dispute resolution measures related to the insurance solicitation by insurance broker under Article 299-2, paragraph (1), item (ii) of the Act.

- (2) A document provided in Article 287, paragraph (2), item (i) of the Act must be prepared in accordance with Appended Form No. 21.

Article 219-2 The place to be specified by Cabinet Office Order, as provided in Article 288, paragraph (1) of the Act, is a local finance bureau or the Fukuoka Local Finance Branch Bureau.

(Person Who Is Unable to Properly Conduct Business Relating to Insurance Solicitation Due to Mental or Physical Disorder)

Article 219-3 (1) The person specified by Cabinet Office Order, as provided in Article 289, paragraph (1), item (v) of the Act is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly conducting business relating to insurance solicitation due to mental impairment.

- (2) The person specified by Cabinet Office Order, as provided in Article 289, paragraph (1), item (ix), (a), 1. is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly performing their duties due to mental impairment.

(Notification of Change)

Article 220 (1) A party which intends to file a notification under Article 290, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notification as stated in the following items, in accordance with the categories of cases respectively stated in those items:

- (i) where the notification is filed pursuant to the provisions of item (i) of Article 290, paragraph (1) of the Act: a notification of change to registered matters, prepared in accordance with Appended Form No. 22; and
- (ii) where the notification is filed pursuant to the provisions of Article 290, paragraph (1), items (ii) through (vii) of the Act: a notification of abolition of business, etc., prepared in accordance with Appended Form No. 23.

- (2) If a notification under Article 290, paragraph (1) of the Act relates to the provisions of items (i) (limited to the part relating to Article 287, paragraph (1),

item (i), (ii) or (iv) or Article 218), (v) or (vi) of that paragraph (limited to the notification related to an insurance broker that is a corporation), a certificate of registered information of the corporation must be attached to the written notification under the preceding paragraph.

(Notification of Depositing of Security Deposit; Notification of Contract Substituted for Security Deposit in Whole or Part; and Notification of Insurance Broker Liability Insurance Contract to Be Partially Substituted for Security Deposit)

Article 221 (1) If any of the cases specified in the following items is applicable to an insurance broker, the insurance broker must notify the Commissioner of the Financial Services Agency to that effect:

- (i) pursuant to the provisions of Article 291, paragraph (1), (4) or (8) or Article 292, paragraph (2) of the Act, or Article 13, paragraph (6) or Article 14, paragraph of the Regulations on Security Deposits by Insurance Brokers (Order of the Ministry of Justice and the Ministry of Finance No. 3 of 1996), if an insurance broker has completed depositing of security deposit;
- (ii) if a party which has concluded a contract under Article 291, paragraph (3) of the Act (referred to below as "guarantee entrustment contract" in this Article to Article 223) with an insurance broker (referred to below as "counterparty to guarantee entrustment contract" in this Article and the following Article) has completed the depositing of security deposit, pursuant to the provisions of Article 291, paragraph (4) of the Act;
- (iii) pursuant to the provisions of Article 291, paragraph (10) of the Act, or Article 13, paragraphs (7) through (9) or Article 14 of the Regulations on Security Deposits of Insurance Brokers, if an insurance broker or a counterparty to guarantee entrustment contract has restituted the security deposit in whole or part;
- (iv) if an insurance broker has concluded a guarantee entrustment contract, has cancelled the guarantee entrustment contract with an approval under Article 42, item (ii) of the Cabinet Order, or has effected amendment to any of the terms and conditions of the contract; or
- (v) if an insurance broker has concluded an insurance broker liability insurance contract (referred to below as "compensation liability insurance contract" in this Article and Article 227), or where it has cancelled the liability insurance contract or effected any amendment to terms and conditions of the contract with an approval under Article 44, paragraph (1), item (iv) of the Cabinet Order.

(2) In the case referred to in the preceding paragraph, an insurance broker must submit to the Commissioner of the Financial Services Agency the documents specified in the following items, in accordance with the categories respectively

stated in those items:

- (i) the case specified in item (i) of the preceding paragraph: an original of the certificate of deposit and a statement of security deposit, etc., in relation to the deposit;
  - (ii) the case specified in item (ii) or (iii) of the preceding paragraph: a statement of security deposit, etc.; and
  - (iii) the case specified in item (iv) or (v) of the same paragraph: a document certifying the fact, and a statement of security deposit, etc.
- (3) A statement of security deposit, etc. provided in the items of the preceding paragraph must be prepared in accordance with Appended Form No. 24.
- (4) When the Commissioner of the Financial Services Agency receives an original of the certificate of deposit as stated in paragraph (2), item (i), the Commissioner of the Financial Services Agency must issue the certificate of custody to the insurance broker.

Article 222 (1) If a counterparty to guarantee entrustment contract deposits the security deposits pursuant to the provisions of Article 291, paragraph (4) of the Act, the party must make the deposit with the deposit office nearest to the principal office of the insurance broker which has concluded the guarantee entrustment contract.

- (2) If a counterparty to guarantee entrustment contract completes the deposit under the preceding paragraph, the party must submit to the Commissioner of the Financial Services Agency an original of the certificate of deposit.
- (3) When the Commissioner of the Financial Services Agency receives an original of the certificate of deposit as stated in the preceding paragraph, the Commissioner of the Financial Services Agency must issue the certificate of custody to the counterparty to guarantee entrustment contract.

Article 223 (1) If an insurance broker seeks to obtain an approval under Article 42, item (ii) of the Cabinet Order, it must, no later than one month prior to the day when it intends to effect cancellation of the guarantee entrustment contract for which the approval is sought or to amend any terms and conditions of the contract, submit to the Commissioner of the Financial Services Agency a written application for approval, as well as a written statement of reasons and any document describing reference information.

- (2) When an application for approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether it is unlikely that the protection of the investor would be hindered if the insurance broker which has filed the application for approval effected cancellation of the guarantee entrustment contract or amended any terms of the contract.

(Counterparties to Contracts in Lieu of All or Part of Security Deposit)

Article 224 The financial institutions to be specified by Cabinet Office Order as provided in Article 42 of the Cabinet Order are the financial institutions specified in the items of Article 52-8-2.

(Commencement Day for Counting of Time Limit for Additional Security Deposit)

Article 225 The day to be specified by Cabinet Office Order, as provided in Article 291, paragraph (8) of the Act, is the day when the insurance broker receives a copy of the payment entrustment document issued pursuant to the provisions of Article 11, paragraph (2) of the Regulations on Security Deposits by Insurance Brokers (or any other day to be designated separately by the Commissioner of the Financial Services Agency, if the Commissioner of the Financial Services Agency is unable to locate the address of the office of the insurance broker).

(Types of Securities Which May Be Substituted for Security Deposit)

Article 226 (1) The securities to be specified by Cabinet Office Order, as provided in Article 291, paragraph (9) of the Act, are as follows:

- (i) national government bond securities;
- (ii) municipal bond securities;
- (iii) government guaranteed bond certificates; and
- (iv) corporate bond certificates and any other bond certificates (excluding registered bond certificates, short-term corporate bonds, etc. and the bonds as stated in the preceding three items), which are approved by the Commissioner of the Financial Services Agency to be substituted for payment of the security deposit.

(2) If an insurance broker seeks to obtain an approval under item (iv) of the preceding paragraph, it must submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons and documents containing any other matters which would serve as reference information.

(3) The provisions of Article 132 apply mutatis mutandis to the value of securities, when the securities are to be substituted for security deposits pursuant to the provisions of Article 291, paragraph (9) of the Act. In this case, the term "item (iv), paragraph (1) of the preceding Article" in Article 132, paragraph (1), item (iv) is deemed to be replaced with "Article 226, paragraph (1), item (iv)"; the terms "the items of paragraph (1) of the preceding Article" and "the basic exchange rate or arbitrated exchange rate as provided in Article 7, paragraph (1) (Foreign Exchange Rate) of the Foreign Exchange and Foreign

Trade Act (Act No. 228 of 1949)" in paragraph (4) of the same Article are deemed to be replaced with "the items of Article 226, paragraph (1)" and "the basic exchange rate or arbitrated exchange rate as provided in Article 7, paragraph (1) (Foreign Exchange Rate) of the Foreign Exchange and Foreign Trade Act as of the day when the insurance broker is registered under Article 286 of the Act or the day of commencement of the business year of the insurance broker", respectively.

(Application for Approval of Insurance Broker Liability Insurance Contract  
Substituted for Security Deposit in Part)

- Article 227 (1) If an insurance broker seeks to obtain an approval under Article 292, paragraph (1) of the Act, it must, no later than one month prior to the day when it elects not to deposit a part of the security right in virtue of the compensation liability insurance contract for which the approval is sought, submit to the Commissioner of the Financial Services Agency a written application for approval, with a written statement of reasons and any other documents containing the matters which would serve as reference information.
- (2) When an application for the approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether the terms and conditions of the compensation liability insurance contract to be concluded by the insurance broker which has filed an application for the approval conforms the requirements specified in the items of Article 44, paragraph (1) of the Cabinet Order.
- (3) If an insurance broker seeks to obtain an approval under Article 44, paragraph (1), item (iv) of the Cabinet Order, it must, no later than one month prior to the day when it intends to effect cancellation of the compensation liability insurance contract for which the approval is sought or to amend any of the terms and conditions of the contract, submit to the Commissioner of the Financial Services Agency a written application for approval, as well as a written statement of reasons and any document describing reference information.
- (4) When an application for approval under the preceding paragraph has been filed, the Commissioner of the Financial Services Agency is to examine whether it is unlikely that the protection of the policyholders, etc. would be hindered if the insurance broker which has filed the application for approval effects any change or cancellation of the compensation liability insurance contract.

## **Chapter IV Business**

(Provision of Information)

- Article 227-2 (1) Persons who have a special relationship to be specified by

Cabinet Office Order, as provided in Article 294, paragraph (1) of the Act, are the persons to whom acts to make a person subscribe to an insurance contract related to a group insurance are entrusted by the policyholder related to the group insurance (including those under multi-tier entrustment arrangements) and other similar persons (excluding the persons who concluded or engaged in insurance solicitation for the insurance contract related to the group insurance).

(2) The cases to be specified by Cabinet Office Order, as provided in Article 294, paragraph (1) of the Act, are as follows:

- (i) if the policyholder related to a group insurance under which a local government is the policyholder and its residents are the insured engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (ii) if the policyholder related to a group insurance, under which an organization comprising a single company, etc. (meaning a company (including a foreign company; the same applies in item (iv))) or any other business operator (excluding business operators as provided in Article 1-2, paragraph (1) of the Cabinet Order) or its officers or employees (including persons who were formerly officers or employees; the same applies below in this paragraph) is the policyholder and its officers or employees or their relatives (limited to a spouse and a relative by blood or by affinity within the second degree; the same applies below in this paragraph) are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (iii) if the policyholder related to a group insurance, under which a single labor union is the policyholder and its union members (including persons who were formerly union members) or their relatives are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (iv) if the policyholder related to a group insurance, under which a company is the policyholder and other companies belonging to the same company group (meaning a group comprising a single company and its subsidiary companies) are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (v) if the policyholder related to a group insurance, under which an organization comprising a single school (meaning a school as provided in Article 1 of the School Education Act (Act No. 26 of 1947)) or its students is the policyholder and its students or pupils are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (vi) if the policyholder related to a group insurance, under which a local

- community organization (meaning a local community organization as provided in Article 260-2, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947) that satisfies the requirements stated in the items of paragraph (2) of the same Article) is the policyholder and its members are the insured, engages in the relevant act to make a person subscribe to an insurance contract pertaining to the group insurance;
- (vii) if the policyholder related to a group insurance, under which a local government is the policyholder and business operators (limited to those located in the area of the local government) or their officers or employees are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance (excluding those stated in item (i));
  - (viii) if the policyholder related to a group insurance, under which a single comprising religious corporation (meaning a religious organization as provided in Article 52, paragraph (2), item (iv) (Registration of Incorporation) of the Religious Corporations Act (Act No. 126 of 1951) if it exists, which is a religious corporation (meaning a religious corporation as provided in Article 4, paragraph (2) (Legal Personality) of the same Act; the same applies below in this item)), a religious corporation under the control of the comprising religious corporation, or an organization that their respective officers or employees constitute is the policyholder, and its members or their relatives are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
  - (ix) if the policyholder related to a group insurance, under which an organization comprising members (including persons who were formerly members; the same applies below in this item) of a single national government employees' mutual aid association (meaning a national government employees' mutual aid association established under Article 3, paragraph (1) or (2) (Incorporation and Services) of the National Government Employees' Mutual Aid Association Act (Act No. 128 of 1958)) or a single local government employees' mutual aid association (meaning a local government employees' mutual aid association established under Article 3, paragraph (1) (Incorporation) of the Local Government Employees' Mutual Aid Association Act (Act No. 152 of 1962); the same applies below in this item) (limited to an organization comprising members who are employees (including the persons who were formerly employees) of a local government in a single prefecture, in the case of an organization comprising members of local government employees' mutual aid association) is the policyholder and its members or their relatives are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;



- (x) if the policyholder related to a group insurance, under which an organization comprising members of the Diet (including persons who were formerly members of the Diet) or an organization comprising members of the council of a single local government (including persons who were formerly members of the council of a local government) is the policyholder and its members or their relatives are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (xi) if the policyholder related to a group insurance, under which a single school (meaning a school as provided in Article 1 of the School Education Act and a kindergarten-childcare-collaboration-type center for early childhood education and care as provided in Article 2, paragraph (7) (Definitions) of the Act on Advancement of Comprehensive Service Related to Education, Child Care, etc. of Preschool Children; the same applies in item (xiii)) is the policyholder and its children or young children are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (xii) if the policyholder related to a group insurance, under which an organization comprising a single specialized training college (meaning a specialized training college as provided in Article 124 of the School Education Act; the same applies below in this item and the following item), a single miscellaneous schools (limited to a miscellaneous schools as provided in Article 134, paragraph (1) of the same Act which falls under the category provided in Article 1-2, paragraph (2); the same applies below in this item and the following item) or an organization comprising students of a single specialized training college or miscellaneous schools (limited to those provided in paragraph (3) of the same Article, in the case of a miscellaneous schools; the same applies below in this item and the following item) is the policyholder and its students are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (xiii) if the policyholder related to a group insurance, under which an organization comprising students or pupils of two or more schools, etc. (meaning schools, specialized training colleges or schools for specialized education; the same applies in the same item) established by the same founder (excluding the State and local governments; the same applies in the following item) is the policyholder and its students, etc. (meaning students, pupils, children or young children; the same applies in the same item) are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance;
- (xiv) if the policyholder related to a group insurance, under which an

organization comprising the custodians (meaning the persons who exercise parental authority or who are the guardians) of the students, etc. or the teachers and staff members of a single school, etc. or two or more schools, etc. established by the same founder is the policyholder and its members or students, etc. are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance; and

(xv) beyond the cases stated in the preceding items, if the policyholder related to a group insurance, under which a single organization or its representative person is the policyholder and persons belonging to that organization are the insured, engages in the relevant act to make a person subscribe to an insurance contract related to the group insurance, if, based on the fact that a certain degree of close relationship exists between that organization and the other party to whom the relevant act of making a person subscribe to is targeted in light of the relationship between them in terms of interest in the insurance contract related to the group insurance, requirements for the relevant other party to become a member of that organization, relationship between details of activities of that organization and compensation related to the insurance contract, and other factors, that organization is deemed to be capable of properly providing necessary information to the relevant other party to whom the relevant act of making a person subscribe to the insurance contract is targeted.

(3) When providing information concerning the terms and conditions of insurance contract and other information which would serve as reference information under Article 294, paragraph (1) of the Act, an insurance company, etc. or a foreign insurance company, etc. their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers or employees are to provide the information to the policyholder and the insured by the following methods:

- (i) provision of explanation using a written document stating the following matters related to the terms and conditions of and other information concerning the insurance contract (when the matters to be stated in a document are recorded in electronic or magnetic records, including provision of explanation by way of showing the recorded matters which are displayed on a computer screen; the same applies below in this paragraph) and delivery of a document stating the following matters:
  - (a) the structure of the instrument;
  - (b) the matters related to insurance payment (including main grounds for payment of insurance proceeds, etc. and matters related to cases where insurance proceeds, etc. may not be paid);
  - (c) the matters related to main special provisions which can be added;
  - (d) the matters related to the insurance period;

- (e) the amount of insurance proceeds and other terms related to underwriting of the insurance contract;
- (f) the matters related to insurance premiums;
- (g) the matters related to the payment of insurance premiums;
- (h) the matters related to policy dividends;
- (i) the matters related to refund due to cancellation or termination of the insurance contract;
- (j) the matters related to the revocation of an offer, etc. for the insurance contract (meaning the revocation of an offer, etc. as provided in Article 309, paragraph (1) of the Act);
- (k) the matters related to the announcement to be made by the policyholder or the insured;
- (l) the matters related to the time of commencement of insurance liability;
- (m) the matters related to the grace period for the payment of insurance premiums;
- (n) the matters related to expiration or restoration after the expiration of the insurance contract;
- (o) the matters related to special measures, etc. for protection of policyholders, etc., such as financial assistance, etc. provided by the Insurance Policyholders Protection Corporation of Japan;
- (p) the matters stated in the following 1. or 2. in accordance with the categories of cases stated in 1. or 2.:
  - 1. if there is a designated dispute resolution organization, the category of business of dispute resolution, etc. of which is the insurance business, etc. conducted by the insurance company, etc., foreign insurance company, etc. or insurance broker concluding the insurance contract: the trade name or name of the designated dispute resolution organization, which is the counterparty to the basic contract for implementation of dispute resolution procedures related to its own insurance business, etc. concluded as measures required to be taken, pursuant to the provisions of the Act, by an insurance company, etc., a foreign insurance company, etc. (in the case of an underwriting member of a licensed specified corporation which is deemed to be a foreign insurance company, etc. pursuant to the provisions of Article 240, paragraph (1), item (i) of the Act, the licensed specified corporation having the underwriting member as its member; the same applies in 2.) or an insurance broker, concluding an insurance contract, etc. (this term collectively refers to an insurance contract or a contract under which brokerage service for conclusion of an insurance contract is provided for the benefit of a customer as specified in Article 308-5, paragraph (2) of the Act; the same applies in 2.);

2. if there is no designated dispute resolution organization, the category of business of dispute resolution, etc. of which is the insurance business, etc. conducted by the insurance company, etc., foreign insurance company, etc. or insurance broker concluding the insurance contract: details of measures for complaint processing procedures and measures for dispute resolution procedures related to its own insurance business, etc. to be taken by the insurance company, etc., foreign insurance company, etc. or insurance broker, concluding the insurance contract, etc., as required by the Act;
- (q) beyond the matters stated in (a) through (p), the matters which are necessary for the policyholder or the insured to understand the details of the instruments and the matters which would serve as reference information for the policyholder or the insured as the matters which are to be noted by the policyholder or the insured, which particularly require explanation;
- (ii) in relation to the conclusion of an insurance contract, insurance solicitation or act of soliciting subscription to an insurance contract related to a group insurance which was concluded by it or for which insurance solicitation was conducted by it, or any other act of making a person subscribe to the insurance contract, provision of explanation related to the matters which would serve as reference information in making a judgment on the conclusion of the insurance contract or subscription to the insurance contract;
- (iii) in the case of dealing in the following insurance contracts, when there is a method which would contribute to the understanding of the policyholder or the insured related to the insurance contract without using the methods stated in the preceding two items in light of the characteristics of the insurance contract, such as the method based on the agreement between the policyholder and the insured, the relevant other method (in the case of dealing in an insurance contract specified in (c), limited to the portion related to the provision of information to the policyholder related to the insurance contract):
- (a) an insurance contract related to the insurance stated in Article 3, paragraph (5), item (i) of the Act, which is an insurance contract under which damage arising from the business activities of the business operator is to be compensated or any other insurance contract of highly individual or particular nature;
- (b) the amount of an insurance contract under which insurance premiums to be paid each year (in the case of an insurance contract which is for the insurance period of less than one year and is renewable, the amount converted to the annual amount) is no more than 5,000 yen;
- (c) an insurance contract related to a group insurance;

- (d) an insurance contract partially amending an insurance contract which has already been concluded (referred to as an "existing contract" in item (ix) and paragraph (9), item (ii)) (limited to the portion relating to the amendment);
- (iv) in the case of an insurance agent having two or more affiliated insurance companies, etc. (including an insurance company, etc. or a foreign insurance company, etc., which is an insurance agent having one or more affiliated insurance companies, etc. (referred to as an "insurance agent insurance company, etc." in (a) and (b)); the same applies in (b), Article 227-12, Article 227-14 and Article 234-21-2, paragraph (1), item (ii)), provision of explanation of the matters stated in (a) through (c) below, for the respective cases stated in (a) through (c) below:
  - (a) in cases where, in relation to the terms and conditions of a single insurance contract related to the insurance underwritten by the affiliated insurance company, etc. (in the case of an insurance agent insurance company, etc., affiliated insurance company, etc. or the insurance agent insurance company, etc.; the same applies in Article 227-12, Article 227-14, paragraph (1) and Article 234-21-2, paragraph (1), item (ii), (a)), information concerning the terms and conditions of the insurance contract in comparison with other insurance contracts related to that insurance is to be provided: the matters related to the comparison;
  - (b) if one or more insurance contracts for which the conclusion of an insurance contract or subscription to an insurance contract is to be made (referred to below as "suggested contracts") are to be suggested by selecting insurance contracts that follow the customer's intention from among two or more comparable insurance contracts of the same class related to the insurance underwritten by two or more affiliated insurance companies, etc. (in the case of an insurance agent insurance company, etc., one or more affiliated insurance company, etc. and the insurance agent insurance company, etc.) (referred to as "insurance underwritten by two or more affiliated insurance companies, etc." in (c), Article 227-12, Article 227-14, paragraph (2) and Article 234-21-2, paragraph (1), item (ii), (b) and (c)): outline of comparable insurance contracts of the same class that follow the customer's intention from among insurance contracts handled by the insurance agent having those two or more affiliated insurance companies, etc. and the reasons for suggestion;
  - (c) if suggested contracts are to be suggested without making the selection in accordance with the provisions of (b) from among two or more comparable insurance contracts of the same class related to the insurance underwritten by two or more affiliated insurance companies, etc.: the reasons for suggestion;

- (v) if explanation about the fact that, when an insured event related to the insurance contract has occurred, the person entitled to receive the insurance proceeds may receive, at its option, payment of insurance proceeds or direct payment service and about the details or level of instruments, etc. handled by the partnered business operator is to be provided: provision of explanation using a document stating the details or level of the instruments, etc. or any other necessary matters and delivery of the document;
- (vi) in the case of handling an insurance contract stated in Article 74, item (i), (a) and item (iii) (excluding those stated in Article 83, item (i), (b) and (d); the same applies in item (v)): provision of explanation using a document stating the following matters and delivery of the document:
  - (a) the types and the evaluation method of the assets belonging to the special account (referred to below as the "assets" in this item and item (x));
  - (b) investment policies of the assets;
  - (c) that the amount of insurance proceeds, etc. in the future is uncertain, depending on the investment performance of the assets;
- (vii) in the case of handling an insurance contract for which the amount of insurance proceeds, etc. is indicated in a foreign currency (excluding insurance contracts stated in Article 83, item (iii), (a) through (hh) with a business operator as the policyholder), provision of explanation using a document stating that the amount of insurance proceeds, etc. converted into Japanese currency at the foreign exchange rate as of the time of its payment may be 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, and delivery of the document;
- (viii) in the case of handling 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, provision of explanation using a document stating that there is no refund for the cancellation of the insurance contract, and delivery of the document;
- (ix) in the case of handling an insurance contract (referred to below as a "new contract" in this item) to be effected by terminating an existing contract and allocating the policy reserve, refunds, or any other amounts reserved for the insured for the existing contract to the policy reserve or insurance premiums for a new insurance contract (limited to the case where the insured of the existing contract and the new contract includes the same person), provision of explanation using a document stating the following matters and delivery of the document (when stating the matters stated in (a), limited to a method by which the existing contract and the new contract can be compared):
  - (a) the types of insurance, the amounts of insurance proceeds, the insurance periods, the general policy conditions, and insurance premiums and the

- periods for paying insurance premiums for each major special provision for benefits in relation to the existing contract and the new contract, and other material matters concerning insurance contracts;
- (b) the fact that there is a way to review the insurance details, while maintaining the existing contract, and the way;
- (x) in the case of handling an insurance contract stated in Article 74, item (i), (a) and item (iii), delivery of a document stating the following matters (in the case of the matters stated in (b), only if the policyholder so requests, immediate delivery of the document in response to the request):
- (a) the matters concerning the investment of assets stated in the appended table (if the assets related to the insurance contract are invested through the acquisition of beneficiary certificates or investment securities, the matters stated in the appended table as extremely material matters concerning the investment of assets);
- (b) the matters stated in the appended table as extremely material matters concerning the investment of assets (limited to the investment through the acquisition of beneficiary certificates or investment securities);
- (xi) in the case of handling an insurance contract for a third sector insurance for which the provisions concerning the right to modification of base rates are stated in the general policy conditions, delivery of a document stating the following matters:
- (a) requirements in cases where the terms and conditions of the insurance contract may be changed (including the criteria for exercise of right to modification of base rates), parts to be changed, the details of the change, and the time to inform the policyholder of the change to the terms and conditions;
- (b) rationality of the projected incidence rate;
- (xii) in the case of handling an underlying insurance contract in Japan (excluding the case where an underlying insurance contract in Japan is handled by an insurance company, etc. which is a small amount and short term insurer, its officers (excluding an insurance agent which is a small amount and short term insurance agent), an insurance agent which is a small amount and short term insurance agent or an insurance broker providing brokerage service for conclusion of insurance contracts under which a small amount and short term insurer is the insurer, or its officers or employees), delivery of a document stating the matters specified in (a) or (b), in accordance with the categories of the insurance contracts (limited to a underlying insurance contract in Japan; the same applies below in this item) as respectively stated in (a) or (b) or provision of explanation of the matters stated in (a) or (b) by any other appropriate method:
- (a) insurance contracts other than those stated in (b): whether or not the

insurance contract handled falls under the category of covered insurance contracts, or the scope of insurance contracts falling under the category of covered insurance contracts;

- (b) underlying life insurance contracts, etc. as provided in Article 1-6, paragraph (2) (Rates to be Specified by Cabinet Office Order and Ministry of Finance Order as Provided in Article 245, Item (i) of the Act) of the Order Concerning Special Measures, etc. for the Protection for Policyholders, etc. (Ministry of Finance Order No. 124 of 1998; referred to below as the "Protection Order") whose insurance periods (for an insurance contract whose insurance period is renewable or extendable pursuant to the provisions of already effected insurance contract, the total insurance period including the renewed or extended insurance period) exceed five years (limited to insurance contracts for which the projected interest rate is used as the basis for the calculation of the insurance premiums or the policy reserve (including those for which the projected interest rate as provided in parentheses of Article 50-5, paragraph (3) (Rates to be specified by Cabinet Office Order and Ministry of Finance Order as Provided in Article 270-3, Paragraph (2), Item (i) of the Act) of the Protection Order is used)): the matters stated in 1. and 2. below:
1. the matters specified in (a);
  2. that insurance contracts that fall under the category of contracts with a high projected interest rate as provided in Article 50-5, paragraph (3) of the Protection Order and insurance contracts related to bankrupt insurance companies (meaning bankrupt insurance companies as provided in Article 260, paragraph (2) of the Act) are subject to the provisions of Article 50-5, paragraph (2) of the Protection Order (including as applied mutatis mutandis pursuant to Article 50-11 of the Protection Order) and Article 1-6, paragraph (2) of the Protection Order, or Article 50-14, paragraph (2) (Rates to be Specified by Cabinet Office Order and Ministry of Finance Order as Provided in Article 270-6-8, Paragraph (2) of the Act) of the Protection Order;
- (xiii) if an insurance company, etc. which is a small amount and short term insurer, its officers (excluding an insurance agent who is a small amount and short term insurance agent), an insurance agent which is a small amount and short term insurance agent, an insurance broker, or its officers or employees handle an insurance contract, which is to be renewed unless the policyholder expresses otherwise before the expiry day of the insurance period, provision of explanation using a document stating that the method of calculation of insurance premiums, the insured amount and any other conditions for the insurance contract after renewal to be specified by the Commissioner of the Financial Services Agency are subject to revision and



- delivery of the document;
- (xiv) in the case of an insurance company, etc. which is a small amount and short term insurer, its officers (excluding an insurance agent who is a small amount and short term insurance agent), an insurance agent which is a small amount and short term insurance agent, an insurance broker, or its officers or employees, provision of explanation using a document stating that measures such as financial assistance from the Insurance Policyholders Protection Corporation of Japan are not applicable and that the contract does not fall under the category of the covered insurance contract, and delivery of the document;
- (xv) in the case of an insurance company, etc. which is a small amount and short term insurer, its officers (excluding an insurance agent who is a small amount and short term insurance agent), an insurance agent which is a small amount and short term insurance agent, an insurance broker, or its officers or employees, provision of explanation using a document stating the following matters and delivery of the document:
- (a) that the small amount and short term insurer is a party which only underwrites the insurance for which the insurance period does not exceed the period specified in Article 1-5 of the Cabinet Order and the insurance amount does not exceed the amount stated in Article 1-6 of the Cabinet Order;
- (b) that the total of the insured amounts of all insurance policies to be underwritten by the small amount and short term insurer for a single insured must not exceed twenty million yen (or ten million yen related to the total of the insured amounts of each category of insurance stated in Article 1-6, items (i) through (vi) of the Cabinet Order); and
- (c) that the total insured amount must not exceed the maximum total insured amount (including that the amount must not exceed the special maximum total insured amount).
- (4) In lieu of the delivery of a document pursuant to the provisions of items (i), (v) through (xi) and (xiii) through (xv) of the preceding paragraph, an insurance company, etc. or a foreign insurance company, etc., their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers and employees may provide the matters to be stated in the document by electronic or magnetic means, with the consent from the policyholder or the insured, as provided in the following paragraph. In this case, the insurance company, etc. or the foreign insurance company, etc., their respective officers (excluding a person who is an insurance agent), the insurance agent or the insurance broker, or their respective officers or employees are deemed to have delivered the document.
- (5) When intending to provide the matters referred to in the preceding paragraph

by electronic or magnetic means, an insurance company, etc. or a foreign insurance company, etc., their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers and employees must present to the policyholder or the insured the type and details of the electronic or magnetic means stated in the following items which it intends to use and obtain the consent therefrom by document or electronic or magnetic means in advance.

(i) the methods stated in the items of Article 54-5, paragraph (1), as applied *mutatis mutandis* pursuant to paragraph (7) following the deemed replacement of terms, that are used by an insurance company, etc. or foreign life insurance company, etc., their officers (excluding officers who are insurance agents), insurance agent or insurance broker, or its officers or employees;

(ii) the method of recording into a file.

(6) An insurance company, etc. or a foreign insurance company, etc., their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers and employees which has obtained the consent under the preceding paragraph may not provide the matters to be stated in a document to the policyholder or the insured by the electronic or magnetic means, if the policyholder or the insured states, either in writing or by the electronic or magnetic means, that the policyholder or the insured declines to receive information by electronic or magnetic means; provided, however, that this does not apply if the policyholder or the insured has given consent under the same paragraph again.

(7) The provisions of Article 54-5 apply *mutatis mutandis* to the electronic or magnetic means provided in paragraph (4). In this case, the phrase "an insurance company (including a person which, under the contract with an insurance company providing the matters as provided in Article 105, paragraph (2) of the Act" in item (i), paragraph (1) of that Article is deemed to be replaced with "an insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees (including a person which, under the contract with the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees providing the matters as provided in Article 227-2, paragraph (4) of the Act"; the term "recipient" in that item is deemed to be replaced with "policyholder or insured"; the term "policyholder" in that item is deemed to be replaced with "policyholder, etc."; the term "to the insurance company" in that item is deemed to be replaced with "to the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its

officers or employees"; the phrase "by the policyholder or by a person which, under the contract with the policyholder" in that item is deemed to be replaced with "by the policyholder, etc. or by a person which, under the contract with the policyholder, etc."; the term "a policyholder file" in that item is deemed to be replaced with "a policyholder, etc. file"; the term "exclusively to the policyholder" is deemed to be replaced with "exclusively to the policyholder, etc."; the term "a computer used by the insurance company" in that item is deemed to be replaced with "a computer used by the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees"; the term "Article 100-5, paragraph (2) of the Act" is deemed to be replaced with "Article 227-2, paragraph (4) of the Act"; the term "the method enables the policyholder to" in paragraph (2) of that Article is deemed to be replaced with "the method enables the policyholder, etc. to"; the term "the policyholder file" in that item is deemed to be replaced with "the policyholder, etc. file"; the term "used by the policyholder" in that item is deemed to be replaced with "used by the policyholder, etc."; the term "the policyholder is informed" in that paragraph is deemed to be replaced with "the policyholder, etc. is informed"; the phrase "for the period until the fifth anniversary of the last date of investment of money received as insurance premiums under the insurance contract" in that paragraph is deemed to be replaced with "for the period until the fifth anniversary of the expiration of the insurance period under the insurance contract"; the term "Article 14-2, paragraph (1) of the Cabinet Order" in that paragraph is deemed to be replaced with "Article 227-2, paragraph (5)"; the term "used by the insurance company" in paragraph (3) of that Article is deemed to be replaced with "used by the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees"; the term "policyholder file" in that paragraph is deemed to be replaced with "policyholder, etc. file"; and the phrase "used by the policyholder or a person which, under the contract with the policyholder" in that paragraph is deemed to be replaced with "used by the policyholder, etc. or a person which, under the contract with the policyholder, etc."

- (8) Regarding the execution of an insurance contract or subscription of an insurance contract for group insurance, if an insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance agents), insurance agent, insurance broker or its officers or employees, or a financial service intermediary (meaning a financial service intermediary provided in Article 11, paragraph (6) of the Act on the Provision of Financial Services; the same applies below) (limited to a financial service intermediary engaged in insurance intermediary business operations; the same applies below in this

paragraph) or its officers or employees (limited to officers or employees for whom a notification under Article 74 of that Act has been made; the same applies below in this paragraph) is required to provide information to policyholders and insureds pursuant to Article 294, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 30 of the Act on the Provision of Financial Services following the deemed replacement of terms), and if any of these parties provided the information by any of the means stated in the items of paragraph (3) (excluding item (iv)), the remaining parties (excluding a financial service intermediary or its officers or employees) are not, notwithstanding the provisions of that paragraph, required to provide the information by any of the means stated in the items of paragraph (3) (excluding item (iv)).

(9) The cases to be specified by Cabinet Office Order, as provided in the proviso to Article 294, paragraph (1) of the Act, are as follows:

(i) if the following insurance contracts are handled (limited to the case where it relates to the provision of information to a person other than the policyholder related to the insurance contract):

(a) an insurance contract under which the amount of insurance premiums to be borne by the insured (limited to a person other than the policyholder; the same applies in (b)) is zero;

(b) an insurance contract under which the insurance period does not exceed one month and the amount of insurance premiums to be borne by the insured does not exceed 1,000 yen;

(c) an insurance contract related to the insurance underwritten in the course of the sale of goods or the provision of services, or the implementation of events, etc. to the insured (referred to below as the "sale of main goods, etc." in (c)) (limited to those that do not require decision-making by the insured (limited to those other than the policyholder) related to the subscription to the insurance contract and are to cover damage, etc. arising from the sale of main goods, etc. or otherwise are relevant to the sale of main goods, etc.);

(d) an insurance contract under which an organization which operates the public pension system or the mutual aid system under the law or an organization which operates the pension system under the laws or regulations established by the organization becomes the policyholder (including cases where the asset management organization (meaning the asset management organization specified in Article 2, paragraph (7), item (i), (b) (Definitions) of the Defined Contribution Pension Act) of the pension system or a person to whom business affairs are entrusted in accordance with the provisions of Article 61 (Entrustment of Business Affairs) of the same Act becomes the policyholder) and subscribers to the pension system

- become the insured;
- (ii) if an insurance contract under which an existing contract is partially amended is handled and (a) or (b) below is applicable:
  - (a) cases where, with the amendments, no change is to be made to the details of the provision of information under paragraph (3) related to the existing contract; or
  - (b) cases where, with the amendments, the information has been provided by the method stated in paragraph (3), item (iii) (excluding the part relating to the amendments).
- (10) The matters to be specified by Cabinet Office Order, as provided in Article 294, paragraph (3), item (iii) of the Act, are the following:
  - (i) the trade name or name of the insurance agent; and
  - (ii) if the insurance agent accepts re-entrustment from the principal insurance solicitation agent, the trade name or name of the principal insurance solicitation agent.

(Clear Indication of Names of Insurance Brokers)

- Article 227-3 (1) An insurance broker must, in its documents to be delivered to a customer pursuant to the provisions of Article 294, paragraph (4) of the Act upon providing brokerage service for conclusion of insurance contracts, clearly indicate the fact that it is not allowed to perform the following activities on behalf of an insurance company, etc. or a foreign insurance company, etc. as information concerning the authority of insurance brokers as provided in item (ii) of the same paragraph:
- (i) to conclude insurance contracts;
  - (ii) to accept offer for amendment of terms and conditions or the cancellation of insurance contracts;
  - (iii) to receive or refund insurance premiums;
  - (iv) to receive from policyholders an announcement or notice concerning insurance contracts;
  - (v) to make a judgment as to whether or not the insurer is liable to compensate for damage arising from insured event, and to determine the amount to be compensated; and
  - (vi) to issue insurance policy certificates.
- (2) An insurance broker must, in the documents as referred to in the preceding paragraph, clearly indicate, as the matters stated in Article 294, paragraph (4), item (iii) of the Act, the fact that it is liable for the damage it may cause to the policyholder in the course of providing brokerage service for conclusion of an insurance contract and that in no event the insurance company, etc. or the foreign insurance company, etc. is liable for the damage.
- (3) The matters to be specified by Cabinet Office Order, as provided in Article

294, paragraph (4), item (iv) of the Act, are as follows:

- (i) the registration number as referred to in Article 288, paragraph (1), item (ii) of the Act;
  - (ii) the types of insurance contracts to be handled; and
  - (iii) the name of the person in charge of insurance solicitation for the customer.
- (4) Documents as referred to in paragraph (1) must be written in letters, characters and numerals larger than 8-point as provided in JIS Z8305.
- (5) When documents as referred to in paragraph (1) are to be delivered to a customer, this delivery must be made by a method whereby the customer is informed that it is necessary for the customer to peruse the documents or any other method whereby the customer will be able to securely understand the details of the documents.

(Methods Using Information and Communications Technology in Relation to Clear Indication of Names of Insurance Brokers)

Article 227-4 (1) The method using an electronic data processing system or any other information and communication technology to be specified by Cabinet Office Order, as provided in Article 294, paragraph (5) of the Act, is as follows:

- (i) a method using an electronic data processing system which falls under any of the following:
  - (a) to transmit information to be contained in a document (referred to below as the "information" in this Article) via telecommunications line connecting the computers used by an insurance broker (including a person who, pursuant to the contract with an insurance broker providing information provided in Article 294, paragraph (5) of the Act, stores files onto a computer managed by the person, and make these files available for a customer who receives the information or for the insurance broker; the same applies below in this item and paragraph (4)) and the computers used by the customers, etc. (meaning a customer, and a person who, pursuant to a contract with the customer, stores the customer file (meaning the file solely made available to the customers; the same applies below in this item, following paragraph and paragraph (4)) onto a computer managed by the person; the same applies below in this Article), and to record the information into the customer file stored onto the computer used by the customers, etc. (if the applicant acknowledges the provision of information by the method provided in Article 294, paragraph (5) of the Act, or if the applicant notifies that the applicant will not receive information by this method, the method by which to record the acknowledgment or notice into a file stored on the computer used by the insurance broker which provides the information provided in that paragraph);
  - (b) to make the matters stated in a file stored on a computer used by the

- insurance broker, available for inspection by a customer, etc. inspection via telecommunications line and to record those matters in the customer's file stored on a computer used by the customer (or, if a customer provides consent to the provision of information by the method as provided in Article 294, paragraph (5) of the Act, or the customer states that the customer declines to receive information by this method, to record that fact in a file stored on a computer used by the insurance broker);
- (c) to make the information recorded into the customer files stored on the computer used by an insurance broker available for a customer's inspection via telecommunications line;
- (d) to make the information recorded into the inspection file (meaning a file stored on a computer used by an insurance broker with which to record the information for the purpose of making them available for public inspection by multiple customers at the same time; the same applies below in this paragraph) available for a customer's inspection via telecommunications line; and
- (ii) to deliver the file storing the matters to be stated in a file, which is prepared with any object enabling secure storage of certain information through magnetic disks, CD-ROMs or any other equivalent means.
- (2) The methods stated in the items of the preceding paragraph must comply with the following criteria:
- (i) that the method enables a customer to prepare a document by way of outputting information recorded into the customer file or inspection file;
- (ii) in the case of the method stated in item (i), (a), (c) or (d) of the preceding paragraph, that the customer is informed of the fact that the information will be or have been recorded into the customer file or the inspection file; provided, however, that this does not apply to the cases where it is confirmed that the customer has inspected the information;
- (iii) in the case of the method stated in item (i), (c) or (d) of the preceding paragraph, that the following matters cannot be deleted or altered for the period until five years passes from the day when the insurance contract ceases to be effective (if any complaint related to the information has been raised within the period before the expiration date of the period, for the period until either the expiration date of the period or the day when the complaint was settled, whichever comes later); provided, however, that the information may be deleted if the information which have been made available for inspection are delivered in writing, if the information are provided by the methods stated in item (i), (a) or (b) of the preceding paragraph or in item (ii) of that paragraph with the customer's consent (meaning consent given by the method provided in Article 44-2, paragraph (1) of the Cabinet Order), or if the customer has instructed that the

information should be deleted:

- (a) in the case of the method specified in item (i), (c) of the preceding paragraph, the information recorded in the customer file;
- (b) in the case of the method specified in item (i), (d) of the preceding paragraph, the information recorded in the inspection file;
- (iv) in the case of the method specified in item (i), (d) of the preceding paragraph, that it conforms to the following requirements:
  - (a) that information necessary for a customer's inspection of the inspection file is recorded into the customer file; and
  - (b) that, before the passage of the period provided in the preceding item, the customer file recording the information necessary for the customer's inspection of the inspection file as stated in (a) and the inspection file are kept connectible via telecommunications line; provided, however, that this does not apply to the cases where the customer who has been given access to the files has notified that the connectibility need not be maintained.
- (3) When providing the stated matters by the method stated in the items of paragraph (1), provision of these matters must be made by the method whereby the customer is instructed to view the image informing that it is necessary for the customer to peruse the stated matters or any other method whereby the customer will be able to securely understand the details of those matters.
- (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 insurance broker and a computer used by a customer, etc. or insurance broker via telecommunications line.

Article 227-5 The types and details of the methods to be indicated pursuant to the provisions of Article 44-2, paragraph (1) of the Cabinet Order are as follows:

- (i) the means as provided in the items of paragraph (1) of the preceding Article, which are used by the insurance broker; and
- (ii) the format for recording information into files.

(Cases Where Understanding of Intention Is Not Required)

Article 227-6 The cases to be specified by Cabinet Office Order, as provided in Article 294-2 of the Act, are as follows:

- (i) the cases stated in the items of Article 227-2, paragraph (9);
- (ii) when handling an insurance contract which is required to be concluded by the customer or to which the customer is required to subscribe pursuant to the provisions of other laws; and
- (iii) when handling an insurance contract as provided in Article 6 (Worker's Property Accumulation Contract, etc.) of the Workers' Property Accumulation



Promotion Act.

(Internal Rules)

Article 227-7 When engaging in the insurance solicitation business (meaning insurance solicitation business as provided in Article 294-3, paragraph (1) of the Act; the same applies below in this Chapter), an insurance agent or an insurance broker must establish internal rules, etc. (meaning internal rules and other equivalent rules; the same applies below in this Article) 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 and proper understanding of customers' intentions 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 that business, and must develop a sufficient system to provide training to employees or otherwise ensure that the businesses are conducted based on the internal rules, etc.

(Assurance of Provision of Information from Policyholder to Subscribers in Specified Group Insurance)

Article 227-8 When handling an insurance contract related to group insurance for which an act to make a person subscribe is conducted under the items of Article 227-2, paragraph (2), an insurance agent or an insurance broker must take measures to ensure that necessary information is properly provided by the policyholder related to the group insurance to a person subscribing to the insurance contract related to the group insurance and that the intention of the person subscribing to the insurance contract is properly confirmed by the policyholder.

(Safety Management Measures for Customers' Personal Information)

Article 227-9 When entrusting the confidentiality management of information concerning individual customers which it handles, supervision of its employees or handling of the information, an insurance agent or an insurance broker must take necessary and appropriate measures to prevent leakage of, loss of or damage to the information in supervising the party to whom its business is commissioned.

(Report of Leakage of Customers' Personal Information)

Article 227-9-2 If the leakage, loss or damage of the information related to the individual customer handled by an insurance agent or insurance broker

(limited to information that falls under the category of personal data prescribed in Article 16, paragraph (3) of the Act on the Protection of Personal Information) has occurred or a situation has arisen where it is likely that this event has occurred, the insurance agent or insurance broker must promptly report to the director-general of local finance bureau and other official that this situation has arisen, and take other appropriate measures.

(Handling of Special and Undisclosed Information)

Article 227-10 An insurance agent or an insurance broker must 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

(Measures to Ensure Correct Execution of Entrusted Business)

Article 227-11 When entrusting the insurance solicitation business to a third party, an insurance agent or an insurance broker must take necessary measures to ensure that the entrusted business is correctly executed by confirming the status of execution of the entrusted business on a regular basis or as needed, and if necessary, requesting improvements, or by any other means.

(Prevention of Misunderstanding Relating to Insurance Agents Having Two or More Affiliated Insurance Companies)

Article 227-12 When an insurance agent having two or more affiliated insurance companies, etc. provides, in relation to the terms and conditions of a single insurance contract related to the insurance underwritten by the affiliated insurance companies, etc., information concerning the terms and conditions of the insurance contract in comparison with other insurance contracts related to that insurance (limited to the case where terms and conditions of insurance contracts related to the insurance underwritten by different affiliated insurance companies, etc. are compared; the same applies in Article 227-14), or where it presents a suggested contract selected from among two or more comparable insurance contracts of the same class related to the insurance underwritten by two or more affiliated insurance companies, etc., it must take appropriate measures to prevent the customer from misunderstanding that the insurance agent is not a person to whom business is entrusted by the insurance company, etc. or foreign insurance company or a person to which the business

is further entrusted by the entrusted person.

(Prevention of Misunderstanding Relating to an Insurance Agent Which  
Granted a License to Use Own Trademarks to Another Insurance Agent)

Article 227-13 An insurance agent which granted a license to use its own trademark, trade name or any other indication to another insurance agent must take appropriate measures to prevent customers from misunderstanding that the relevant other insurance agent carries out the same business (limited to the insurance solicitation business) as the insurance agent which granted the license.

(Measures to Ensure the Appropriateness of Provision of Compared Terms and  
Conditions of Contracts)

Article 227-14 (1) An insurance agent having two or more affiliated insurance companies, etc. must, when, in relation to the terms and conditions of a single insurance contract related to the insurance underwritten by the affiliated insurance companies, etc., providing information concerning terms and conditions of the insurance contract in comparison with other insurance contracts related to that insurance, take appropriate measures to prevent it from telling or indicating to the policyholder, the insured or any other unspecified persons any message concerning the comparison which are likely to cause misunderstanding of these persons.

(2) When presenting a suggested contract from among two or more comparable insurance contracts of the same class related to insurance underwritten by two or more affiliated insurance companies, etc., an insurance agent having two or more affiliated insurance companies, etc. must take measures to ensure that necessary explanation related to the suggestion is provided.

(Measures to Ensure Correct Execution of Insurance Agents Guidance  
Business)

Article 227-15 (1) When engaging in the insurance agents guidance business (meaning the insurance agents guidance business as provided in Article 294-3, paragraph (1) of the Act; the same applies below in this paragraph), an insurance agent must take the following measures in accordance with the contents:

- (i) measures to develop appropriate policies on the implementation of guidance to other insurance agents to which the insurance agents guidance business is provided (referred to below as "insurance agents subject to guidance" in this Article) and to provide appropriate guidance based on the implementation policies; and
- (ii) measures to verify whether or not the insurance agents subject to guidance

are correctly executing the insurance solicitation business by checking the status of execution of insurance solicitation business by the insurance agents subject to guidance on a regular basis or as needed and, if necessary, causing them to make improvements.

- (2) The policies on the implementation of guidance to the insurance agents subject to guidance must state the following matters:
- (i) the matters related to the guidance of insurance solicitation business; and
  - (ii) the matters related to the method and conditions of insurance solicitation business conducted by the insurance agents subject to guidance.

(Prohibition from Self-Contract Related to Insurance Brokers)

Article 228 The insurance contracts to be specified by Cabinet Office Order, as provided in Article 295, paragraph (1) of the Act, are as follows:

- (i) an insurance contract wherein the insurer is a non-life insurance company and a foreign non-life insurance company, etc. (including underwriting members of a specified corporation licensed under Article 219, paragraph (5) of the Act); and
- (ii) an insurance contract wherein the insurer is a foreign insurer other than a foreign insurance company, etc. (including underwriting members of licensed specified corporations), as provided in Article 39-2 of the Cabinet Order.

(Total Amount of Insurance Premiums under Self-Contracts)

Article 229 (1) The amount to be calculated as the total amount of insurance premiums under self-contracts subject to insurance solicitation as provided in Article 295, paragraph (2) of the Act (referred to below as "insurance premiums under self-contract subject to insurance solicitation" in this paragraph), in accordance with the formula to be provided by Cabinet Office Order, is the amount equivalent to the average per business year of the insurance premiums under self-contract subject to insurance solicitation by a non-life insurance representative or insurance broker for the latest two business years (in the case of an insurance contract wherein the policyholder is itself or its employer, excluding insurance premiums under the insurance contracts which satisfy all of the following requirements):

- (i) that the policyholder has no insured person's benefits (meaning economic benefit to which the insured is entitled, in relation to non-occurrence of insured event);
  - (ii) that the insurance premiums are borne by the insured person; and
  - (iii) that there are any inevitable grounds to designate itself or its employer as a policyholder.
- (2) The amount to be calculated as the total amount of insurance premiums under insurance contracts subject to insurance solicitation as provided in

Article 295, paragraph (2) of the Act, in accordance with the formula to be provided by Cabinet Office Order, is the amount equivalent to the average per business year of the insurance premiums under insurance contracts subject to Insurance Solicitation by a non-life insurance representative or insurance broker for the latest two business years (in the case of an insurance broker, the average per business year of the insurance premiums under insurance contracts as specified in the items of the preceding Article).

- (3) For the purpose of calculation of the insurance premiums as provided in the preceding two paragraph, if any non-life insurance representative or insurance broker provides agency or brokerage services for conclusion of insurance contracts of two or more insurance companies, insurance premiums related to all the two or more insurance companies are to be aggregated.
- (4) The insurance premiums as provided in paragraphs (1) and (2) are to be calculated based on the amount actually received, and in the case of an insurance contract with an installment payment option or an insurance contract wherein the insurance period exceeds one year, the insurance premiums are the annualized insurance premiums.

(Disclosure Information of Insurance Broker)

Article 231 The matters to be specified by Cabinet Office Order, as provided in Article 297 of the Act, are as follows:

- (i) the trade name or name of the major insurers having business relationship with the insurance broker in connection with brokerage service for conclusion of insurance contracts; the ratio of the total amount of fees, remuneration or other types of considerations received from the major insurers to the grand total amount of fees, remuneration or other types of considerations received by the insurance broker; and
- (ii) the amount of security deposit deposited by the insurance broker; the contracted amount of the guarantee entrustment contract concluded by the insurance broker; and the amount of insurance proceeds payable under the compensation liability insurance contract.

(Matters to Be Specified in Letter of Consummation)

Article 232 The matters to be specified by Cabinet Office Order, as provided in Article 546, paragraph (1) (Duty to Prepare and Deliver Letter of Consummation) of the Commercial Code applied pursuant to the provisions of Article 298 of the Act following the deemed replacement of terms, are as follows:

- (i) the trade name or name and address of the insurance broker;
- (ii) the registration serial number as referred to in Article 288, paragraph (1), item (ii) of the Act;

- (iii) the trade name or name of the insured person or the person entitled to receive the insurance amount;
- (iv) the type of insurance contracts, and the terms and conditions of the contracts;
- (v) the object and value of insurance;
- (vi) the insured amount;
- (vii) the starting and ending of the insurance period; and
- (viii) the insurance premiums and the method of payment.

(Items Amounts of Which Are Contingent)

Article 233 The matters to be specified by Cabinet Office Order, as provided in Article 300, paragraph (1), item (vii) of the act, are insurance proceeds, refunds or any other benefits, or insurance premiums, the amount of which are contingent upon the asset investment outcomes and any other factors.

(Prohibited Acts in Relation to Conclusion of Insurance Contracts and Insurance Solicitation)

Article 234 (1) The conducts to be specified by Cabinet Office Order, as provided in Article 300, paragraph (1), item (ix) of the Act, are as follows:

- (i) circumvention of prohibitions provided in Article 300, paragraph (1), item (v) imposed on activities specified in the same paragraph, irrespective of the name under which the activity is to be conducted;
- (ii) a conduct of a life insurance agent, small amount and short term insurance agent or insurance broker which is a corporation where, in connection with any insurance other than those designated by the Commissioner of the Financial Services Agency, it causes any of its officers or employees, or any other party designated by the Commissioner of the Financial Services Agency which has a close relationship with the life insurance agent, small amount and short term insurance agent or insurance broker to make an application for an insurance contract where in the insurer is a life insurance company, a foreign life insurance company, etc., an underwriting members licensed under Article 219, paragraph (4) of the Act or small amount and short term insurer, or where it causes 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 its business position, etc.;
- (iii) a conduct to cause a policyholder to make an application for an insurance contract, knowing that any of the specified related parties (meaning a specially related party provided in Article 100-3 of the Act (including as applied mutatis mutandis pursuant to Article 272-13, paragraph (2) of the Act) and a specially related party provided in Article 194 of the Act) of the

- insurance company, etc. has extended or has undertaken to extend credit to the policyholder or insured under the contract on the condition that the policyholder or insured will conclude the insurance contract with the insurance company, etc.;
- (iv) a conduct 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) a conduct to inform policyholder of any misleading information which may create the confusion as to type of insurance under the insurance contract or the trade name or name of the insurance company, etc. or foreign insurance company, etc.;
  - (vi) when agency or brokerage services for conclusion of insurance contract with an option of lump-sum payment of insurance premiums is to be provided and where the application for the contract to be made by the customer falls under the case where the revocation, etc. of application as provided in Article 309, paragraph (1) of the Act is unacceptable (excluding the cases specified in items (i) through (v) of the same paragraph, the case specified in Article 45, item (vii) of the Cabinet Order, and the case where the foreign insurance company, etc. accepts the revocation, etc. of the application), an act to cause the customer to make an application for the insurance contract without providing explanation of the fact by delivering documents, or without obtaining a signature or seal in acknowledgement of receipt of the documents from the customer or taking the equivalent measures;
  - (vii) a conduct of a bank, etc. which is a specified insurance agent or insurance broker or its officers or employees to carry out insurance solicitation as the condition precedent to extending credit by the bank, etc., or any other insurance solicitation while unjustly taking advantage of dominant business position of the bank, etc.;
  - (viii) a conduct of a bank, etc. which is a specified insurance agent or insurance broker or its officers or employees to carry out insurance solicitation, without providing a customer with prior explanation by delivering documents that the transaction related to agency or brokerage services for conclusion of the insurance contract will not give any impact on the business of the customer;
  - (ix) a conduct of a bank, etc. which is a specified insurance agent or insurance broker or any of its officers or employees to provide agency or brokerage services for conclusion of insurance contracts as stated in Article 212, paragraph (1), item (vi), Article 212-2, paragraph (1), item (vi) or (viii) or Article 212-4, paragraph (1), item (v) or (vi), without providing a customer with a prior explanation on the verification as to whether the customer falls under the party restricted from life insurance solicitation, etc. by bank, etc. (meaning a party restricted from life insurance solicitation by bank, etc., a

- party restricted from non-life insurance solicitation by bank, etc., a party restricted from small amount and short term insurance solicitation by bank, etc. or party restricted from life insurance solicitation by bank, etc.; the same applies in item (xiv)), by delivering a document to the relevant customer;
- (x) a conduct of a bank, etc. which is a specified insurance agent or insurance broker or any of its officers or employees, despite knowing that any customer is making an application for monetary loan (limited to a loan required for the business of the customer or their closely related person (meaning the representative of a corporation if the customer is the corporation; or meaning a corporation if the customer is the representative of the corporation; the same applies in this item and item (xv)); the same applies in item (xv)) from the bank, etc., to provide the customer (if the bank, etc. is a cooperative structured financial institution, excluding customers who are the members or partners of the cooperative structured financial institution or their closely related persons; the same applies in item (xv)) with agency or brokerage services for conclusion of insurance contracts as stated in Article 212, paragraph (1), item (vi), Article 212-2, paragraph (1), item (vi) or (viii) or Article 212-4, paragraph (1), item (v) or (vi) (excluding an insurance contract for the purpose of securing performance of the obligations under a monetary loan contract, lease contract or any other contract (excluding a contract related to fund required for business); and also excluding an insurance contract for renewal or novation of an insurance contract already in effect (limited to a contract for which an officer or employee of the bank, etc. has provided agency or brokerage services in consideration of fees or other types of remuneration)));
- (xi) a conduct of a bank, etc. which is a life insurance agent, small amount and short term insurance agent or insurance broker or any of its officers or employees, to cause the policyholder to make an application for an insurance contract specified in Article 212, paragraph (1), item (i) when providing agency or brokerage services for conclusion of the contract, without providing the policyholder with an explanation on the Bank's section or any other section to consult with when the policyholder becomes incapable of repaying the debts to be covered by the insurance proceeds payable under the insurance contract, by delivering a document;
- (xii) a conduct of an insurance company, etc. or a foreign insurance company, etc. which falls under a specified related party of the bank, etc. or any of its officers or employees to cause the policyholder or insured person to subscribe for make an application for an insurance contract or to terminate an insurance contract already in effect, by unjustly taking advantage of its dominant business position;
- (xiii) a conduct of a specified related party of a bank, etc. which is a specified



- insurance agent or insurance broker of any of its officers or employees to perform insurance solicitation, despite knowing that the bank, etc. has extended or undertakes to grant credit to the policyholder or insured person under an insurance contract on the condition that the agency or brokerage services for conclusion of the contract will be rendered by the specified related party, or that the bank, etc. otherwise unjustly takes advantage of its dominant business position;
- (xiv) a conduct of a specified related party of a bank, etc. which is a specified insurance agent or insurance broker of any of its officers or employees to provide agency or brokerage services for conclusion of an insurance contract (excluding insurance contracts specified in Article 212, paragraph (1), items (i) through (v), Article 212-2, paragraph (1), items (i) through (v)-4 and Article 212-4, paragraph (1), items (i) through (iv)-2 (if any insurance option is to be provided in the insurance contract, limited to the case where the insurance option is closely related to the terms and condition of the insurance contract, and where the amount of insurance premiums and insurance amount payable under the insurance option is reasonable compared to the insurance premiums and insurance amount payable under the insurance contract; the same applies in the following item)), despite knowing that the policyholder or the insured person falls under the category of the party restricted from insurance solicitation by bank, etc. related to the bank, etc.;
- (xv) a conduct of a specified related party of a bank, etc. which is a specified insurance agent or insurance broker of any of its officers or employees to provide the customer or their closely related person (if the bank, etc. is a cooperative structured financial institution, excluding customers who are the members or partners of the cooperative structured financial institution) with an agency or brokerage services for conclusion of an insurance contract (excluding insurance contracts specified in Article 212, paragraph (1), items (i) through (v), Article 212-2, paragraph (1), items (i) through (v)-4 and Article 212-4, paragraph (1), items (i) through (iv)-2), despite knowing that the customer has made an application for monetary loan from the bank, etc.;
- (xviii) failure by a bank agent, etc. (including a financial service intermediary (limited to an intermediary engaged in deposit, etc. intermediary business operations); the same applies below in this Article) which is an insurance company (including a foreign insurance company, etc., and excluding an insurance company which is a specified insurance agent; the same applies below in this Article), specified insurance agent or insurance broker in implementation of the following measures:
- (a) measures to ensure that the non-disclosure finance information on a customer it handles in the course of its bank agency business, etc.

- (including the business relating to the Agency Service under Enhancement and Restructuring Act (limited to agency business for the receipt of deposits, savings and installment savings, loan of funds or discounting of bills or the conclusion of contracts for exchange transactions); the same applies in (b)) will not be used for the business of insurance solicitation, without obtaining prior consent from the relevant customer in writing or by any other appropriate means;
- (b) measures to ensure that the non-disclosure insurance information on a customer it handles in the course of its business of insurance solicitation will not be used for the bank agency business, or any incidental business, without obtaining prior consent from the relevant customer in writing or by any other appropriate means; and
- (xix) failure by a bank agent, etc. which is an insurance company, specified insurance agent or insurance broker in implementation of the measures necessary and appropriate for assigning to its respective business offices or other offices to carry out the business related to insurance solicitation a supervisor of the affairs to secure compliance with the laws and regulations, etc. (collectively meaning the laws and regulations, dispositions of administrative agencies issued under the laws and regulations, internal rules of the bank agent, etc., or any other rules equivalent to the aforementioned; the same applies below in this item) applicable to insurance solicitation (or, if the affairs to secure compliance with any other laws and regulations are implemented by two or more business offices or offices integrated as a single unit (limited to a unit comprising the business offices or offices which carry out the business of insurance solicitation), the supervisor is assigned to the respective units), and for assigning to its head office or principal office a chief supervisor which instructs supervisors and to control and manage the business to secure compliance with laws and regulations, etc. applicable to insurance solicitation.
- (2) The provisions of the preceding paragraph (limited to the part relating to item (vii)) applies to an officer (excluding an officer with authority of representation and also excluding company auditors; the same applies below in this paragraph) or employee of a bank agent, etc. which is an insurance company or an employee of any of the aforementioned parties, or to a bank agent, etc. which is a specified insurance agent or insurance broker or any of its officers or employees; and the provisions of the same paragraph (limited to the part relating to item (xi)) applies to an officer of employee of a bank agent, etc. which is an insurance company (including a foreign insurance company, etc.; and excluding a life insurance company which is a life insurance agent or small amount and short term insurance agent) or an employee of the aforementioned parties, or to a bank agent, etc. which is a life insurance agent,

small amount and short term insurance agent or insurance broker or any of its officers or employees. In this case, the phrase "a bank, etc. which is a specified insurance agent or insurance broker or its officers or employees" in item (vii) of that paragraph is deemed to be replaced with "an officer (excluding an officer with authority of representation and also excluding company auditors; the same applies below in this item and item (xi)) or employee of a bank agent, etc. (including a financial service intermediary (limited to an intermediary engaged in deposit, etc. intermediary business operations; the same applies below in item (xi)); the same applies below in this item and item (xi)) which is an insurance company or an employee of any of the aforementioned parties, or a bank, etc. which is a specified insurance agent or insurance broker or its officers or employees"; the terms "the bank, etc." and "extension of credit" in that item are deemed to be replaced with "the bank agent, etc." and "providing agency or brokerage services for conclusion of the contract for monetary loan or for discounting bills"; the phrase "a bank, etc. which is a life insurance agent, small amount and short term insurance agent or insurance broker or any of its officers or employees" in item (xi) of that paragraph is deemed to be replaced with " an officer of employee of a bank agent, etc. which is an insurance company (including a foreign insurance company, etc.; and excluding a life insurance company which is a life insurance agent or small amount and short term insurance agent) or an employee of the aforementioned parties, or to a bank agent, etc. which is a life insurance agent, small amount and short term insurance agent or insurance broker or any of its officers or employees"; and the term "the bank, etc." in item (xi) of the same paragraph is deemed to be replaced with "the bank agent, etc. and its principal bank, etc. (meaning a principal bank as provided in Article 2, paragraph (16) of the Banking Act; a principal long term credit bank as provided in Article 16-5, paragraph (3) of the Long Term Credit Bank Act; a principal shinkin bank as provided in Article 85-2, paragraph (3) of the Shinkin Bank Act; a principal labor bank as provided in Article 89-3, paragraph (3) of the Labor Bank Act; a principal credit cooperative as provided in Article 6-3, paragraph (3) of the Act on Financial Businesses by Cooperative; a principal cooperative as provided in Article 92-2, paragraph (3) of the Agricultural Cooperatives Act; a principal cooperative as provided in Article 106, paragraph (3) of the Fisheries Cooperatives Act; The Norinchukin Bank as provided in Article 95-2, paragraph (3) of the Norinchukin Bank Act (excluding banks authorized under Article 42, paragraph (3) of the Act on Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation, etc. (referred to below as the "Enhancement and Restructuring Act" in this paragraph); and The Norinchukin Bank authorized under the same paragraph or a federation of

agricultural and fishery cooperative savings credit cooperation provided in Article 2, paragraph (2) of the Enhancement and Restructuring Act, and a counterparty to a contract for lending funds or discounting bills and notes concluded by the policyholder through deposit, etc. intermediary business operations conducted by a financial service intermediary).

- (3) The provisions of paragraph (1) (limited to the part relating to item (xiii)) applies *mutatis mutandis* to a specified related party (meaning a party stated in Article 4-2, paragraph (1), items (xi) through (xiii) of the Order for Enforcement of the Banking Act (in the case of a party specified in item (xi), excluding a Bank Agent as provided in the same item; and including the cases where these provisions are applied *mutatis mutandis* pursuant to Article 6, paragraph (1) of the Order for Enforcement of the Long Term Credit Bank Act); Article 7, paragraph (1), item (iii) (excluding a Cooperative Agent, etc. as provided in the same paragraph) and item (iv) of the Order for Enforcement of the Shoko Chukin Bank Act; Article 11-2, paragraph (1), items (ii) through (iv) of the Order for Enforcement of the Shinkin Bank Act (in the case of a party specified in item (ii), a Shinkin Bank Agent as provided in the same item is excluded); Article 5-2, paragraph (1), items (ii) through (iv) (in the case of a party specified in item (ii), a labor bank agent as provided in the same item is excluded) of the Order for Enforcement of the Labor Bank Act; Article 3-2, paragraph (1), items (ii) through (iv) (in the case of a party specified in item (ii), a Credit Cooperative Agent as provided in the item is excluded) of the Order for Enforcement of the Act on Financial Businesses by Cooperative; Article 9, paragraph (1), items (ii) through (v) (in the case of a party specified in item (ii), excluding a Specified Credit Service Agent as provided in the item; or in the case of a party specified in item (v), excluding fishery cooperatives and fishery processing cooperatives provided in the same item) of the Order for Enforcement of the Fisheries Cooperatives Act; Article 8, paragraph (1), items (ii) through (v) (in the case of a party specified in item (ii), excluding a Norinchukin Agent as referred to in the item; or in the case of a party specified in item (v), excluding agricultural cooperatives, fishery cooperatives and fishery processing cooperatives provided in the same item) of the Order for Enforcement of the Norinchukin Bank Act; and Article 10, paragraph (1), items (ii) through (v) (in the case of a party specified in item (ii), excluding a Specified Credit Service Agent as provided in the item; or in the case of a party specified in item (v), excluding agricultural cooperatives provided in the same item) of the Order for Credit Business of Agricultural Cooperatives and Federation of Agricultural Cooperatives and parties provided in the items of Article 51, paragraph (1) of the Cabinet Office Order on Financial Service Intermediary, etc. (Cabinet Office Order No. 35 of 2021)) of a bank agent, etc. which is an insurance company, specified insurance agent or

insurance broker or any of its officer or employees. In this case, the phrase "a specified related party of a bank, etc. which is a specified insurance agent or insurance broker of any of its officers or employees" is deemed to be replaced with "a specified related party provided in paragraph (3) of a bank agent, etc. (including a financial service intermediary (limited to an intermediary engaged in deposit, etc. intermediary business operations)) which is an insurance company, specified insurance agent or insurance broker, or any of its officers or employees"; the term "that the bank, etc. has extended or undertakes to grant credit to the policyholder or insured person under an insurance contract" in paragraph (1), item (xiii) is deemed to be replaced with "that the bank agent, etc. has provided, or has undertaken to provide the policyholder or the insured person under the insurance contract with agency or intermediary service for conclusion of a contract for monetary loan or discounting of bills to be implemented by the principal bank, etc.. (meaning a principal bank, etc. provided in item (xi) as applied mutatis mutandis pursuant to the following paragraph following the deemed replacement of terms)".

- (4) In lieu of the delivery of a document prescribed in paragraph (1), items (vi), (viii), (ix) and (xi), an insurance company, etc. or a foreign insurance company, etc., or their respective officers (excluding a person who is an insurance agent), an insurance agent or insurance broker, or their respective officers and employees (limited to a bank, etc. which is a specified insurance agent or insurance broker or its officers or employee, in the case of items (viii) and (ix) of paragraph (1); and limited to a bank, etc. which is a life insurance agent, small amount and short term insurance agent or insurance broker or any of its officers or employees, in the case of item (xi) of that paragraph; the same applies below in this Article) may provide the matters to be stated in the document by methods using an electronic or magnetic means, with the consent from the customer (limited to a policyholder, in the case of item (xi) of paragraph (1); the same applies below in this Article), as specified in the following paragraph. In this case, it is deemed that the insurance company, etc., foreign insurance company, etc., its officers (excluding officers who are insurance agents), insurance agent or insurance broker or its officers or employees have delivered the document:
- (5) When an insurance company, etc. or foreign insurance company, etc. or its officers (excluding officers who are insurance agents), insurance agent or insurance broker or its officers or employees intends to provide the matters to be stated in the document pursuant to the provisions of the preceding paragraph by electronic or magnetic means, it must indicate the types and the details of the following electronic or magnetic means that it intends to use to the customer and obtain prior consent in writing or by the electronic or magnetic means:

- (i) from among the means provided in the items of Article 227-4, paragraph (1), as applied *mutatis mutandis* pursuant to paragraph (7) following the deemed replacement of terms, the means to be used by an insurance company, etc., foreign insurance company, etc. or its officers (excluding officers who are insurance agents), the insurance agent or insurance broker, which is a bank, etc., or its officers or employees;
  - (ii) the format for recording information into files.
- (6) An insurance agent, foreign insurance company, etc., its officers (excluding officers who are insurance agents), or an insurance agent or insurance broker or its officers or employees and which have obtained the consent under the preceding paragraph may not provide the matters to be stated in the document to the customer by the electronic or magnetic means when the customer states, either in writing or by the electronic or magnetic means, that the customer will not receive the provisions of the matters by the electronic or magnetic means; provided, however, that this does not apply if the customer has given consent under the same paragraph again.
- (7) The provisions of Article 227-4, paragraphs (1), (2) and (4) apply *mutatis mutandis* to the electronic or magnetic means provided in paragraph (4). In this case, the phrase "an insurance broker (including a person who, pursuant to the contract with an insurance broker providing information provided in Article 294, paragraph (5) of the Act" in item (i), paragraph (1) of that Article is deemed to be replaced with "an insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance agents), insurance agent, insurance broker or its officers or employees (including a person which, under the contract with the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance agents), insurance agent, insurance broker or its officers or employees providing the matters as provided in Article 234-2, paragraph (4) of the Act"; the term "the insurance broker" in that item is deemed to be replaced with "the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance agents), insurance agent, insurance broker or its officers or employees"; the term "Article 294, paragraph (5) of the Act" in that item is deemed to be replaced with "Article 134, paragraph (4)"; the term "used by the insurance broker" in that item is deemed to be replaced with "used by the "insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance agents), insurance agent, insurance broker or its officers or employees"; the term "the day when the insurance contract ceases to be effective" in item (iii) of paragraph (2) of that Article is deemed to be replaced with "the day of establishment" (meaning the date of conclusion of the insurance contract, in the case of an insurance contract under Article 234, paragraph (1), item (vi), (viii) or (ix); or the date of expiration of the insurance

term under the insurance contract, in the case of an insurance contract under item (xi) of that paragraph); the term "Article 44-2, paragraph (1) of the Cabinet Order" in that item is deemed to be replaced with "Article 234, paragraph (5)"; the term "insurance broker" in paragraph (4) of that Article is deemed to be replaced with "insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance agents), insurance agent, insurance broker or its officers or employees."

- (8) The provisions of paragraphs (4) through (7) apply *mutatis mutandis* to the application of provisions of paragraph (2) (limited to the part relating to item (xi) of paragraph (1), as applied *mutatis mutandis* pursuant to paragraph (2).

#### (Specified Insurance Contracts)

Article 234-2 The insurance contracts to be specified by Cabinet Office Order, as provided in Article 300-2 of the Act, are as follows:

- (i) insurance contracts as stated in the items of Article 74 and the items of Article 153;
- (ii) an insurance contract (excluding the insurance contracts as referred to in the preceding item) regarding which the amount of cancellation refund may fall short of the total amount of insurance premiums, as a result of a fluctuation in indicators such as interest rate, value of currencies or quotations on the financial instruments market; and
- (iii) an insurance contract (excluding the insurance contracts referred to in the preceding two items and insurance contracts for insurance under Article 3, paragraph (5), item (i) of the Act, wherein the amount of damage to be compensated by the insurer is indicated in the foreign currency (excluding insurance contracts for which the accumulation account provided in Article 8, paragraph (3) and Article 120, paragraph (3), and limited to the contract where the policyholder is a business operator)), under which the amount of insurance proceeds, refunds or any other benefits are indicated in foreign currencies.

#### (Types of Contracts)

Article 234-3 The contracts to be specified by Cabinet Office Order, as provided in Article 34 of the Financial Instruments and Exchange Act as applied *mutatis mutandis* pursuant to Article 300-2 of the Act (referred to as "Financial Instruments and Exchange Act as applied *mutatis mutandis*" in Article 234-5 to Article 234-28), are specific insurance contract, etc. (collectively meaning a specific insurance contracts and a contract for providing brokerage service for conclusion of the contract for customers; the same applies below).

#### Article 234-4 Deleted

(Matters to Be Stated in Documents to Be Delivered to Professional Investors Who Made Request)

Article 234-5 The matters to be specified by Cabinet Office Order, as provided in Article 34-2, paragraph (3), item (iv) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are that the applicant (meaning the applicant provided in the same paragraph) is to be treated as a customer other than a professional investor related to the subject contract (meaning the subject contract provided in paragraph (2) of the same Article; the same applies in Article 234-7-2), only by the insurance company, etc. or foreign insurance company, etc. or insurance broker which has given an approval under Article 34-2, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis.

(Provision by Use of Information and Communications Technology)

Article 234-6 (1) The methods to be specified by Cabinet Office Order as provided in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (12) (including the case where applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis), Article 34-4, paragraph (3), Article 37-3, paragraph (2) and Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies below in this Article) are the following methods:

- (i) the methods using an electronic data processing system, as stated by the following items:
  - (a) to transmit information to be contained in a document (referred to below as the "information" in this Article) via telecommunications line connecting the computers used by an insurance company, etc., foreign insurance company, insurance agent or insurance broker (including a person who, pursuant to the contract with an insurance company, etc., foreign insurance company, or insurance broker providing information provided in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis, stores files onto a computer managed by the person, and make these files available for the party to which the information is provided (referred to below as the "customers" in this Article) or for the financial instruments business operator, etc.; the same applies below in this Article) and the computers used by the customers, etc. (meaning a customer, or a person who, pursuant to a contract with the customer, stores the customer file (meaning the file solely made available



to the customers; the same applies below in this Article) onto a computer managed by the person; the same applies below in this Article), and to record the information into the customer file stored onto the computer used by the customers, etc. (if the applicant acknowledges the provision of information by the method provided in Article 34-2, paragraph (4) of the Act, or if the applicant notifies that the applicant will not receive information by this method, the method by which to record the acknowledgment or notice into a file stored on the computer used by the insurance company, etc., foreign insurance company, insurance agent or insurance broker which provides the information provided in the same paragraph);

- (b) to make the information recorded into the files stored on a computer used by an insurance company, etc., foreign insurance company, insurance agent or insurance broker available for a customer's inspection via telecommunications line, and to record the information into the customer file of the relevant customer stored on the computer used by the customer, etc. (or, if the applicant acknowledges the provision of information by the method provided in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis, or if the applicant notifies that the applicant will not receive information by this method, to record the acknowledgment or notice into a file stored on the computer used by the insurance company, etc., foreign insurance company, insurance agent or insurance broker);
  - (c) to make the information recorded into the customer files stored on the computer used by an insurance company, etc., foreign insurance company, insurance agent or insurance broker available for a customer's inspection via telecommunications line;
  - (d) to make the information recorded into the inspection file (meaning a file stored on a computer used by an insurance company, etc., foreign insurance company, or insurance broker with which to record the information for the purpose of making them available for public inspection by multiple customers at the same time; the same applies below in this Article) available for a customer's inspection via telecommunications line; and
  - (ii) to deliver the file storing the information, which is prepared with any object enabling secure storage of certain information through magnetic disks, CD-ROMs or any other means equivalent to these.
- (2) The methods specified in the items of the preceding paragraph must be in conformity with the following requirements:
- (i) that the method enables a customer to prepare a document by way of outputting information recorded into the customer file or inspection file;

- (ii) in the case of the method stated in item (i), (a), (c) or (d) of the preceding paragraph (excluding the method to record the information into the customer file stored on a computer used by a customer), that the customer is informed of the fact that the information will be or have been recorded into the customer file or the inspection file; provided, however, that this does not apply to the cases where it is confirmed that the customer has inspected the information;
  - (iii) in the case of the method stated in item (i), (c) or (d) of the preceding paragraph, that the following matters cannot be deleted or altered for the period until five years passes from the day when the transaction referred to in the information has been finally conducted (if any complaint related to the information has been raised within the period before the expiration date of that period, for the period until either the expiration date of that period or the day when the complaint was settled, whichever comes later); provided, however, that the information may be deleted if the information which have been made available for inspection are delivered in writing, if the information are provided by the methods stated in that item, (a) or (b) or in item (ii) of that paragraph with the customer's consent (meaning consent given by the method provided in Article 44-3 of the Cabinet Order), or if the customer has instructed that the information should be deleted:
    - (a) in the case of the method specified in item (i), (c) of the preceding paragraph, the information recorded in the customer file;
    - (b) in the case of the method specified in item (i), (d) of the preceding paragraph, the information recorded in the inspection file;
  - (iv) in the case of the method specified in item (i), (d) of the preceding paragraph, that it conforms to the following requirements:
    - (a) that information necessary for a customer's inspection of the inspection file is recorded into the customer file; and
    - (b) that, before the passage of the period provided in the preceding item, the customer file recording the information necessary for the customer's inspection of the inspection file as stated in (a) and the inspection file are kept connectible via telecommunications line; provided, however, that this does not apply to the cases where the customer who has been given access to the files has notified that the connectibility need not be maintained.
- (3) 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 insurance company, etc., foreign insurance company, insurance agent or insurance broker and a computer storing customer files used by their customer, etc. of the insurance company, etc., foreign insurance company, insurance agent or insurance broker, via telecommunications line.

(Types and Details of Electronic or Magnetic Means)

Article 234-7 The types and details of the methods to be specified as stated in Article 44-3, paragraph (1) and Article 44-4, paragraph (1) of the Cabinet Order are as follows:

- (i) the methods stated in the items of paragraph (1) of the preceding Article or the items of Article 234-7-3, paragraph (1), which are to be used by an insurance company, etc., foreign insurance company, etc. or insurance broker; and
- (ii) the format for recording information into a file.

(Matters to Be Stated in Document Indicating Consent by Applicant for Reinstatement as a Professional Investor)

Article 234-7-2 The matters to be specified by Cabinet Office Order as provided in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis are those stated in the following items:

- (i) the day on which the acceptance under Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis is given (this date is referred to as "date of acceptance" in items (iv) and (v));
- (ii) the fact that the subject contract is a specific insurance contract, etc.;
- (iii) the fact that the applicant for reinstatement (meaning the applicant for reinstatement provided in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies in this Article) understands the following facts:
  - (a) the fact that the provisions stated in the items (excluding the items (iii) and (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis do not apply to the cases where the applicant for reinstatement falls under any of the persons respectively stated in these items in relation to the subject contract (excluding the case provided in the proviso of the same Article);
  - (b) the risk of insufficient protection involved in a case where a person who, in light of the person's knowledge, experience and state of property, is deemed inappropriate to be treated as a professional investor with respect to subject contracts is treated as a professional investor;
- (iv) a statement that the applicant for reinstatement is to be treated once again as a professional investor when soliciting the applicant for reinstatement to conclude, or concluding with the applicant for reinstatement, the subject contract on or after the date of acceptance; and
- (v) the fact that the applicant for reinstatement may submit a request pursuant to Article 34-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis, at any time on or after the date of acceptance.

(Obtaining Consent by Use of Information and Communication Technology)

Article 234-7-3 (1) The methods to be specified by Cabinet Office Order, as provided in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis); the same applies below in this Article), are as follows:

- (i) the methods using an electronic data processing system, as stated in the following:
  - (a) to transmit information via telecommunications line connected between a computer used by an insurance company, etc. or foreign insurance company, etc. or insurance broker and that used by the other party from whom it seeks consent pursuant to Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis (referred to below as the "customer" in this Article), and to record the information in a file stored on a computer used by the recipient;
  - (b) to make information related to a customer's consent recorded into a file stored on a computer used by an insurance company, etc. or foreign insurance company, etc. or insurance broker available for the customer's inspection via telecommunications line, and to record information related to the customer's consent into a file stored on a computer used by the insurance company, etc. or foreign insurance company, etc. or insurance broker; and
  - (ii) to obtain the file storing the information related to the consent, which is prepared with any object enabling secure storage of certain information through magnetic disks, CD-ROMs or any other means equivalent to these.
- (2) The methods stated in the items of the preceding paragraph must be the methods enabling an insurance company, etc. or foreign insurance company, etc. or insurance broker to prepare a document by way of outputting the information recorded into the file.
- (3) 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 insurance company, etc. or foreign insurance company, etc. or insurance broker and a computer used by a customer, via telecommunications line.

(Expiration Date When Corporation Which Is Customer Other Than Professional Investor Is Deemed to Be Professional Investor)

Article 234-8 (1) The case to be specified by Cabinet Office Order as provided in

Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis is the case where an insurance company, etc., foreign insurance company or insurance broker has designated a certain date and publicized the following matters by posting them at a place easily accessible to the public at its business office or any other office, or by any other appropriate means:

- (i) that designated date; and
  - (ii) that the day provided in the following paragraph is the expiration date (meaning the expiration date provided in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies in paragraph (2), item (i) of the following Article and Article 234-10).
- (2) The day to be specified by Cabinet Office Order as provided in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis is the day designated by the insurance company, etc., foreign insurance company, etc. or insurance broker under the preceding paragraph, which is the latest of the days when one year has passed from the date of acceptance (meaning the date of acceptance provided in paragraph (2), item (i) of the same Article; the same applies in paragraph (2), item (iii) of the following Article and Article 234-10).

(Matters to Be Specified in Document Indicating Consent by Corporation  
Which Is Customer Other Than Professional Investors That Made Request)

- Article 234-9 (1) The matters to be specified by Cabinet Office Order as provided in Article 34-3, paragraph (2), item (iv), (a) of the Financial Instruments and Exchange Act as applied mutatis mutandis are the fact that the provisions stated in the items (excluding items (iii) and (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis do not apply to the cases where the applicant (meaning the applicant provided in Article 314-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies in the following paragraph) falls under any of the persons respectively stated in these items in relation to the subject contract (meaning the subject contract provided in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies in the following paragraph and Article 234-10-2) (excluding the case provided in the proviso to Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis).
- (2) The matters to be specified by Cabinet Office Order, as provided in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are as follows:
- (i) that, in regard to any act related to the subject contract concluded prior to

the expiration date, which is to be conducted pursuant to the provisions of laws and regulations or the contract, the applicant is treated as a professional investor, even if the relevant act is conducted after the expiration date;

- (ii) that the applicant is to be treated as a professional investor in relation to the subject contract, only by the insurance company, etc., foreign insurance company or insurance broker which has given an approval under Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*;
- (iii) that the applicant may make a request under Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* at any time after the date of acceptance.

(Period Required to Be Elapsed before a Corporation, Which Is Customer Other Than Professional Investors That Made Request, Makes a Request for Renewal)

Article 234-10 (1) The period to be specified by Cabinet Office Order, as provided in Article 34-3, paragraph (7), is 11 months (or, if any of the following items applies, the periods stated in each item):

- (i) if the period from the date of acceptance to the expiration date is less than 1 year (excluding the case stated in the following item), a period deducting 1 month from the period; or
  - (ii) if the period from the date of acceptance to the expiration date is 1 month or less, one day.
- (2) For the purpose of application of the preceding paragraph in the case provided in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, the "date of acceptance" in the items of the preceding paragraph is deemed to be replaced with "the day following the previous expiration date".

(Matters to Be Specified in Documents to Be Delivered to a Corporation Which Made Request for Reinstatement as a Customer Other Than Professional Investors)

Article 234-10-2 The matters to be specified by Cabinet Office Order, as provided in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, are as follows:

- (i) the date on which the request is accepted pursuant to Article 34-3, paragraph (10) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* (this date is referred to as "the date of acceptance" in item (iii));
- (ii) the fact that the subject contract is a specific insurance contract, etc.; and

- (iii) a statement that the corporation that submitted a request under Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act as applied mutatis mutandis is to be treated once again as a customer other than professional investor when soliciting the corporation to conclude, or concluding with the corporation, the subject contract on or after the date of acceptance.

(Proprietors Who May Request Treatment as a Professional Investor)

Article 234-11 (1) The excluded individual to be specified by Cabinet Office Order, as provided in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis, is one who satisfies any of the following requirements:

- (i) one who has not obtained the consent of all of the silent partners on making a request under Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis; or
  - (ii) one where the total amount of equity investment under the silent partnership contract provided in Article 535 of the Commercial Code (Silent Partnership Contract) is less than 300 million yen.
- (2) The individuals to be specified by Cabinet Office Order as provided in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis are as follows:
- (i) an individual who has concluded a partnership contract provided in Article 667, paragraph (1) (Partnership Contract) of the Civil Code and has become a partner appointed to execute the business of the partnership (limited to an individual who satisfies all of the following requirements):
    - (a) one who has obtained the consent of all of the other partners on making a request under Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis;
    - (b) one where the total amount of equity investment under the partnership contract is not less than 300 million yen;
  - (ii) an individual who has concluded a limited liability partnership agreement provided in Article 3, paragraph (1) of the Limited Liability Partnership Act (Act No. 40 of 2005), participates in the decision-making on the execution of the important business of the partnership, and is a partner personally executing the business (limited to an individual who satisfies all of the following requirements):
    - (a) that the individual has obtained the consent from all of the other partners on making a request under Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis; and
    - (b) that the total amount of the equity investment under the limited liability partnership agreement is 300 million yen or more.

(Individual Who May Request Treatment as Professional Investor)

Article 234-12 The requirement to be specified by Cabinet Office Order, as provided in Article 34-4, paragraph (1), item (ii) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, is to fulfill all of the following:

- (i) that, judging reasonably from the status of the transactions or any other circumstances, the total amount of the assets of the applicant (meaning the applicant provided in Article 34-4, paragraph (2) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*; the same applies below in this Article and Article 64) as of the date of acceptance (meaning the date of acceptance provided in Article 34-3, paragraph (2), item (i) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, as applied *mutatis mutandis* pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*; the same applies in the following item, paragraph (2) of the following Article, Article 234-14, paragraph (2), item (iii) and Article 234-14-2), less the total amount of its liabilities as of that date is likely to be 300 million yen or more;
- (ii) that, judging reasonably from the status of the transactions or any other circumstances, the total amount of the applicant's assets (limited to the assets stated in Article 52-13-12, item (ii), (a) through (h)) as of the date of acceptance is likely to be 300 million yen or more;
- (iii) that one year has passed from the day when the applicant concluded with the insurance company, etc., foreign insurance company or insurance broker a specific insurance contract, etc. for the first time.

(Expiration Date of Period When Individual Who Is Customer Other Than Professional Investor Is Deemed to Be Professional Investor)

Article 234-13 (1) The case to be specified by Cabinet Office Order as provided in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* as applied *mutatis mutandis* pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* is the case where an insurance company, etc., foreign insurance company or insurance broker has designated a certain date and publicized the following matters by posting them at a place accessible to the public at its business office or any other office, or by any other appropriate means:

- (i) that designated date; and
- (ii) that the day provided in the following paragraph is the expiration date (meaning the expiration date provided in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*



as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies in paragraph (2), item (i) of the following Article and Article 234-14-2).

- (2) The day to be specified by Cabinet Office Order as provided in Article 34-3, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis is the day designated by the insurance company, etc., foreign insurance company or insurance broker under the preceding paragraph, which is the latest of the days when one year has passed from the date of acceptance.

(Matters to Be Stated in Document Indicating Consent by Individual Who Is Customer Other Than Professional Investors That Made Request)

Article 234-14 (1) The matters to be specified by Cabinet Office Order as provided in Article 34-3, paragraph (2), item (iv), (a) of the Financial Instruments and Exchange Act as applied mutatis mutandis, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are the fact that the provisions stated in the items (excluding items (iii) and (iv)) of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis do not apply to the cases where the applicant falls under any of the persons stated respectively in these items in regard to the subject contract (meaning the subject contract provided in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis; the same applies in the following paragraph and Article 234-14-3) (excluding the case provided in the proviso to Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis).

- (2) The matters to be specified by Cabinet Office Order as provided in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are as follows:

- (i) that, for any act related to the subject contract (excluding an investment advisory contract and a discretionary investment contract) concluded prior to the expiration date, which is to be conducted pursuant to the provisions of laws and regulations or the contract, the applicant is treated as a professional investor, even if the relevant act is conducted after the expiration date;
- (ii) that the applicant is to be treated as a professional investor in regard to the subject contract, only by the insurance company, etc., foreign insurance company or insurance broker which has given an approval under Article 34-3,

paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis; and

- (iii) that the applicant may make a request under Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis at any time after the date of acceptance.

(Period Required to Be Elapsed before an Individual, Which Is Customer Other Than Professional Investors That Made Request, Makes a Request for Renewal)

Article 234-14-2 (1) The period to be specified by Cabinet Office Order, as provided in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis, is 11 months (or, if any of the following items applies, the periods stated in each item):

- (i) if the period from the date of acceptance to the expiration date is less than one year (excluding the case stated in the following item), a period deducting one month from the period; or
- (ii) if the period from the date of acceptance to the expiration date is one month or less, one day.

(2) For the purpose of application of the preceding paragraph in the case provided in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act as applied mutatis mutandis, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis, the "date of acceptance" in the items of the preceding paragraph is deemed to be replaced with "the day following the previous expiration date".

(Matters to Be Specified in Documents to Be Delivered to an Individual Which Made Request for Reinstatement as a Customer Other Than Professional Investors)

Article 234-14-3 The matters to be specified by Cabinet Office Order, as provided in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are as follows:

- (i) the date on which the request is accepted pursuant to Article 34-4, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis (this date is referred to as "the date of acceptance" in item

- (iii));
- (ii) the fact that the subject contract is a specific insurance contract, etc.; and
- (iii) a statement that the individual who submitted a request under Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* is to be treated once again as a customer other than professional investor when soliciting the individual to conclude, or concluding with the individual, the subject contract on or after the date of acceptance.

(Acts Similar to Advertising)

Article 234-15 The acts to be specified by Cabinet Office Order, as provided in the paragraphs of Article 37 of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, are the provision of identical information to many persons, by postal mail, correspondence delivery service, transmission by facsimile devices, transmission by electronic mails, distribution of leaflet s or pamphlet s or by any other means (excluding those stated in the following):

- (i) distribution of documents prepared in accordance with laws or regulations, or in accordance with the dispositions rendered by administrative agencies under the laws and regulations;
- (ii) distribution of materials on the analysis and appraisal of the respective companies not intended to be used for solicitation for the conclusion of a specific insurance contract, etc.;
- (iii) provision of premiums or any other goods only indicating all of the following information (limited to premiums or goods clearly and accurately indicating the information stated in (b) through (d)) (if any of the following information is not indicated on the premiums or other goods, the provision includes the case of provision of premiums or other goods incorporating other goods indicating the information as an integral part):
  - (a) the name of the instruments (including commonly known names);
  - (b) the trade name, name or alias of the insurance company, etc., foreign insurance company or insurance broker which provides identical information to many persons by the means provided in this item;
  - (c) the matters specified in Article 16, paragraph (2), item (i) of the Cabinet Order (limited to the case where the letters or numbers representing these matters are indicated in a size which does not differ substantially from the size of the largest letters or numbers representing matters other than these matters);
  - (d) a notice that the recipient is to read any of the following documents comprehensively:
    1. the document provided in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* (referred

to below as the "document for delivery prior to conclusion of contract" in this Article to Article 52-13-24);

2. the explanatory document on change to contract information provided in Article 234-22, paragraph (1), item (ii).

(Method of Indication of Advertisement on Details of Business of Conclusion of Specified Insurance Contract)

Article 234-16 (1) When an insurance company, etc., foreign insurance company, insurance agent or insurance broker intends to make an advertisement or to conduct any other acts provided in the preceding Article (referred to below as an "advertisement, etc." in the following paragraph and Article 234-19, paragraph (1), item (ii)) with respect to the details of its business of conclusion of specific insurance contract, etc., it must clearly and accurately indicate the matters stated in the items of Article 37, paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act as applied mutatis mutandis.

- (2) When an insurance company, etc., foreign insurance company, insurance agent or insurance broker intends to make an advertisement, etc. in regard to the details of its business of conclusion of specific insurance contract, etc., it is to indicate the letters or numbers representing the matters specified in Article 44-5, paragraph (1), item (ii) of the Cabinet Order in a size which does not differ substantially from the size of the largest letters or numbers representing the matters other than these matters.

- (3) Notwithstanding the provisions of the preceding paragraph, when an insurance company, etc., foreign insurance company, insurance agent or insurance broker intends to make any advertisement of the details of its business of conclusion of specific insurance contract, etc. by broadcasting using the broadcasting facilities of a basic broadcaster or by any of the means stated in the items of Article 234-19, paragraph (1) (excluding the means of sound broadcasting), it is to indicate the letters or numbers representing the matters specified in Article 44-5, paragraph (2), item (i) of the Cabinet Order in a size which does not differ substantially from the size of the largest letters or numbers representing the matters other than these matters.

(Matters Related to Consideration Payable by Customers)

Article 234-17 (1) The matters to be specified by Cabinet Office Order, as provided in Article 44-5, paragraph (1), item (i) of the Cabinet Order, are the amount of the consideration payable by customers in relation to a specific insurance contract, etc. irrespective of its name such as fees, remuneration, expenses or others (referred to as "fees, etc." in the following paragraph and Article 234-25), itemized by the types of consideration or the upper limit, or the outline of the method of calculation (including the ratio to the amount of

insurance proceeds, etc. related to the specific insurance contract, or the ratio to the profit generating from the conclusion of the specific insurance contract, etc.; the same applies below in this paragraph); and the total of amount or upper limit, or the outline of the method of calculation; provided, however, that if these details cannot be indicated, that fact and the reason are indicated.

- (2) If the investment of monies or any other assets received as insurance premiums related to the specific insurance contract, etc. is to be carried out through the acquisition of investment trust beneficial interests, etc. (meaning the rights to be indicated on the securities as referred to in Article 2, paragraph (1), item (x) of the Financial Instruments and Exchange Act, or the rights specified in paragraph (2), item (v) or (vi) of the same Article; the same applies below in this Article), the fees, etc. stated in the preceding paragraph are to include a trust fee and any other fees, etc. related to the target investment trust beneficial interests, etc.
- (3) If the property related to the investment trust beneficial interests, etc. stated in the preceding paragraph are to be invested or contributed in another investment trust beneficial interests, etc., the other investment trust beneficial interests, etc. are deemed to be the investment trust beneficial interests, etc. referred to in the preceding paragraph, and the provisions of the preceding two paragraphs apply.
- (4) The provisions of the preceding paragraph apply *mutatis mutandis* to cases where the property related to the investment trust beneficial interests, etc. which is deemed to be the investment trust beneficial interests, etc. pursuant to the provisions of the same paragraph (including as applied *mutatis mutandis* pursuant to this paragraph) is to be invested or contributed in another investment trust beneficial interests, etc.

(Important Matters Which May Have Impact on Customers' Decision)

Article 234-18 The matters to be specified by Cabinet Office Order, as provided in Article 44-5, paragraph (1), item (iii) of the Cabinet Order, are the facts regarding material matters on the relevant specific insurance contract, etc., which would be unfavorable to the customer.

(Method Equivalent to Broadcasting Using Broadcasting Facilities of Basic Broadcaster)

Article 234-19 (1) The methods to be specified by Cabinet Office Order, as provided in Article 44-5, paragraph (2) of the Cabinet Order, are as follows:  
(i) to broadcast using the broadcasting facilities of a private broadcaster;  
(ii) to make available for the customer's inspection the details of the information recorded into the files stored on the computer used by an insurance company, etc., foreign life insurance company, etc., insurance

- agent or insurance broker or by a person who has accepted entrustment of the service of an advertisement, etc. to be made by the insurance company, etc., foreign life insurance company, etc., insurance agent or insurance broker (limited to information identical to that provided by broadcasting using the broadcasting facilities of a basic broadcaster or by the means specified in the preceding item) via telecommunications line; or
- (iii) to expose to the public an indoor or outdoor advertisement regularly or continuously for a fixed period, by posting or indicating it on signboards, standing signboards, bills, notices, advertising towers, billboards, buildings or any other structures, or any other similar methods.
- (2) The matters to be specified by Cabinet Office Order as provided in Article 44-5, paragraph (2), item (ii) of the Cabinet Order are the matters specified in Article 234, item (iii), (d).

(Matters Prohibited from Misleading Advertisement)

Article 234-20 The matters to be specified by Cabinet Office Order as provided in Article 37, paragraph (2) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* are as follows:

- (i) the matters related to cancellation of a specific insurance contract, etc.;
- (ii) the matters related to the sharing of all or part of the losses or a guarantee of profit, in connection with a specific insurance contract, etc.;
- (iii) the matters related to agreement for liquidated damages (including penalties) related to the specific insurance contract, etc.; and
- (iv) the matters related to the amount of the fees, etc. payable by customers in connection with a specific insurance contract, etc. or the method of calculation, and the method and timing of the payment of fees, etc. and the payee of fees, etc.

(Method of Statement of Document for Delivery Prior to Conclusion of Contract)

Article 234-21 (1) The matters stated in the items of Article 37-3, paragraph (1) (excluding items (ii) through (iv) and item (vi)) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* must be stated unambiguously and accurately in the document for delivery prior to conclusion of contract by using letters, characters and numerals larger than 8-point as provided in JIS Z8305.

- (2) Notwithstanding the provisions of the preceding paragraph, the matters specified in Article 37-3, paragraph (1), item (v) and Article 234-23, paragraph (1), item (viii) of the Financial Instruments and Exchange Act as applied *mutatis mutandis* are to be stated unambiguously and accurately after the matters required to be stated provided in the following paragraph in the frame

of the document for delivery prior to conclusion of contract by using letters, characters and numerals larger than 12-point as provided in the JIS Z8305.

- (3) An insurance company, etc., foreign insurance company, insurance agent or insurance broker is to, when preparing the document for delivery prior to conclusion of contract, state plainly the matter stated in Article 234-23, paragraph (1), item (i) and items of Article 37-3, paragraph (1) (excluding items (ii) and item (vi)) of the Financial Instruments and Exchange Act as applied mutatis mutandis, and particularly important matters that may have an impact on customers' judgment among the matters stated in the items of Article 37-3, paragraph (1) of the Act at the beginning of the document for delivery prior to conclusion of contract by using letters, characters and numerals larger than 12-point as provided in the JIS Z8305.

(Provision of Information)

Article 234-21-2 (1) In providing information which would serve as reference information for the policyholder, etc. pursuant to the provisions of Article 300-2 of the Act, an insurance company, etc. or a foreign insurance company, etc., or their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers or employees are to provide the policyholder and the insured with the relevant information by the following method:

- (i) in relation to the conclusion of a specific insurance contract and insurance solicitation (limited to insurance solicitation related to a specific insurance contract), provision of explanation related to the matters which would serve as reference information in making a judgment on the conclusion of the specific insurance contract or subscription to the specific insurance contract (excluding the information provided by way of delivery of documents for delivery prior to conclusion of contract);
- (ii) in the case of an insurance agent having two or more affiliated insurance companies, etc., provision of explanation related to the matters stated in (a) through (c) below, in the case where any of (a) through (c) below applies:
  - (a) in cases where, in relation to the terms and conditions of a single insurance contract (including a specific insurance contract; the same applies below in this item) related to the insurance underwritten by the affiliated insurance companies, etc., information concerning the terms and conditions of the insurance contract in comparison with other insurance contracts related to that insurance is to be provided: the matters related to the comparison;
  - (b) if a suggestion of a suggested contract is to be presented by selecting an insurance contract that follow the customer's intention from among two or more comparable insurance contracts of the same class related to the

- insurance underwritten by two or more affiliated insurance companies, etc.: the outline of the insurance contracts handled by the insurance agent having two or more affiliated insurance companies, etc. which are the comparable insurance contracts of the same class that follow the customer's intention, and the reasons for the suggestion;
- (c) if suggested contracts are to be suggested without making the selection in accordance with the provisions of (b) from among two or more comparable insurance contracts of the same class related to the insurance underwritten by two or more affiliated insurance companies, etc.: the reasons for suggestion;
- (iii) if explanation about the fact that, when an insured event relating to the specific insurance contract has occurred, the person entitled to receive the insurance proceeds may receive, at its option, payment of insurance proceeds or direct payment service and about the contents or level of instruments, etc. handled by the partnered business operator is to be provided: provision of explanation using a document stating the contents or level of the instruments, etc. or any other necessary matters, and delivery of the document (when the matters to be stated in a document are recorded in electronic or magnetic records, including provision of explanation by way of showing the recorded matters which are displayed on a computer screen; the same applies below in this paragraph);
- (iv) in the case of handling an insurance contract stated in Article 74, item (i), (a) and item (iii) (excluding those stated in Article 83, item (i), (b) and (d); the same applies in item (viii)) which is a specific insurance contract: provision of explanation using a document stating the following matters and delivery of the document:
- (a) the types and the evaluation method of the assets belonging to the special account (referred to below as the "assets" in this item and item (viii));
- (b) investment policies of the assets;
- (c) that the amount of insurance proceeds, etc. in the future is uncertain, depending on the investment performance of the assets;
- (v) in the case of handling a specific insurance contract for which the amount of insurance proceeds, etc. is indicated in a foreign currency (excluding insurance contracts stated in Article 83, item (iii), (a) through (hh) (limited to specific insurance contracts) under which a business operator is the policyholder; the same applies below in this item), provision of explanation using a document stating that the amount of insurance proceeds, etc. converted into Japanese currency at the foreign exchange rate as of the time of its payment may be below the amount of insurance proceeds, etc. converted into Japanese currency at the foreign exchange rate as of the time of conclusion of the insurance contract, and delivery of the document;



- (vi) in the case of handling a specific insurance contract which undertakes to use a projected cancellation rate for calculating insurance premiums and not to pay any refund for the cancellation of the specific insurance contract, provision of explanation using a document stating that there is no refund for the cancellation of the specific insurance contract, and delivery of the document;
- (vii) in the case of handling a specific insurance contract to be effected by terminating an insurance contract which has already been concluded (including a specific insurance contract; referred to below as the "existing contract" in this item) and allocating the policy reserve, refunds, or any other amounts reserved for the insured for the existing contract to the policy reserve or insurance premiums for a new specific insurance contract to be concluded (referred to below as the "new contract" in this item) (limited to the case where the insured of the existing contract and the new contract includes the same person), provision of explanation using a document stating the following matters and delivery of the document (when stating the matters stated in (a), limited to a method by which the existing contract and the new contract can be compared):
  - (a) the types of insurance, the amounts of insurance proceeds, the insurance periods, the general policy conditions, and insurance premiums and the periods for paying insurance premiums for each major special provision for benefit related to the existing contract and the new contract, and other material matters concerning specific insurance contract;
  - (b) the fact that there is a way to review the insurance details, while maintaining the existing contract, and the way;
- (viii) in the case of handling an insurance contract stated in Article 74, item (i), (a) and item (iii), delivery of a document stating the following matters (in the case of the matters stated in (b), only if the policyholder so requests, immediate delivery of the document in response to the request):
  - (a) the matters concerning the investment of assets stated in the appended table (if the assets related to the specific insurance contract are invested through the acquisition of beneficiary certificates or investment securities, the matters specified in the appended table as extremely material matters concerning the investment of assets);
  - (b) the matters stated in the appended table as extremely material matters concerning the investment of assets (limited to the investment through the acquisition of beneficiary certificates or investment securities);
- (ix) in the case of handling a specific insurance contract which is an insurance contract for a third sector insurance for which the provisions concerning the right to modification of base rates are stated in the general policy conditions, delivery of a document stating the following matters:

- (a) requirements in cases where the terms and conditions of the specific insurance contract may be changed (including the criteria for exercise of right to modification of base rates), parts to be changed, the details of the change, and the time to inform a policyholder of the change to the terms and conditions;
- (b) rationality of the projected incidence rate;
- (x) in the case of handling a specific insurance contract which is an underlying insurance contract in Japan (excluding the case where an underlying insurance contract in Japan is handled by an insurance company, etc. which is a small amount and short term insurer, its officers (excluding an insurance agent which is a small amount and short term insurance agent), an insurance agent which is a small amount and short term insurance agent or an insurance broker providing brokerage service for conclusion of insurance contracts under which a small amount and short term insurer is the insurer, or its officers or employees), delivery of a document stating the matters specified in (a) or (b), in accordance with the categories of the specific insurance contracts (limited to a underlying insurance contract in Japan; the same applies below in this item) as respectively stated in (a) or (b) or provision of explanation of the matters stated in (a) or (b) by any other appropriate method:
  - (a) specific insurance contracts other than those stated in (b): whether or not the specific insurance contracts handled fall under the category of covered insurance contracts, or the scope of the specific insurance contracts falling under the category of covered insurance contracts;
  - (b) underlying life insurance contracts, etc. as provided in Article 1-6, paragraph (2) (Rates to be Specified by Cabinet Office Order and Ministry of Finance Order as Provided in Article 245, Item (i) of the Act) of the Protection Order whose insurance periods (for an insurance contract whose insurance period is renewable or extendable pursuant to the provisions of the already effected insurance contract, the total insurance period including the renewed or extended insurance period) exceed five years (limited to insurance contracts for which the projected interest rate is used as the basis for the calculation of the insurance premiums or the policy reserve (including those for which the projected interest rate as provided in parentheses of Article 50-5, paragraph (3) (Rates to be specified by Cabinet Office Order and Ministry of Finance Order as Provided in Article 270-3, Paragraph (2), Item (i) of the Act) of the Protection Order is used)): the matters stated in 1. and 2. below:
    - 1. the matters specified in (a); and
    - 2. that specific insurance contracts that fall under the category of contracts with a high projected interest rate as provided in Article 50-5,

paragraph (3) of the Protection Order and the specific insurance contracts related to bankrupt insurance companies (meaning bankrupt insurance companies as provided in Article 260, paragraph (2) of the Act) are subject to the provisions of Article 50-5, paragraph (2) of the Protection Order (including as applied *mutatis mutandis* pursuant to Article 50-11 of the Protection Order) and Article 1-6, paragraph (2) of the Protection Order, or Article 50-14, paragraph (2) (Rates to Be Specified by Cabinet Office Order and Ministry of Finance Order as Provided in Article 270-6-8, Paragraph (2) of the Act) of the Protection Order.

- (2) In lieu of the delivery of a document pursuant to the provisions of items (iii) through (ix) of the preceding paragraph, an insurance company, etc. or a foreign insurance company, etc., their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers and employees may provide the matters to be stated in the document by electronic or magnetic means, with the consent from the policyholder or the insured, as provided in the following paragraph. In this case, the insurance company, etc. or the foreign insurance company, etc., or their respective officers (excluding a person who is an insurance agent), the insurance agent or insurance broker, or their respective officers or employees are deemed to have delivered the document.
- (3) When intending to provide the matters as referred to in the preceding paragraph by electronic or magnetic means, an insurance company, etc. or a foreign insurance company, etc., or their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers and employees must present to the policyholder or the insured the type and details of the electronic or magnetic means stated in the following items which it intends to use and obtain the consent therefrom by document or electronic or magnetic means in advance.
- (i) the methods stated in the items of Article 54-5, paragraph (1), as applied *mutatis mutandis* pursuant to paragraph (5) following the deemed replacement of terms, that are used by an insurance company, etc. or foreign life insurance company, etc., their officers (excluding officers who are insurance agents), insurance agent or insurance broker, or its officers or employees; and
  - (ii) the method of recording into a file.
- (4) An insurance company, etc. or a foreign insurance company, etc., or their respective officers (excluding a person who is an insurance agent), an insurance agent or an insurance broker, or their respective officers and employees which has obtained the consent under the preceding paragraph may not provide the matters to be stated in a document to the policyholder or the

insured by the electronic or magnetic means, if the policyholder or the insured states, either in writing or by the electronic or magnetic means, that the policyholder or the insured declines to receive information by electronic or magnetic means; provided, however, that this does not apply if the policyholder or the insured has given consent under the same paragraph again.

- (5) The provisions of Article 54-5 apply mutatis mutandis to the electronic or magnetic means provided in paragraph (2). In this case, the phrase "an insurance company (including a person which, under the contract with an insurance company providing the matters as provided in Article 105, paragraph (2) of the Act" in item (i), paragraph (1) of that Article is deemed to be replaced with "an insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees (including a person which, under the contract with the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees providing the matters as provided in Article 234-21-2, paragraph (2) of the Act"; the term "recipient" in that item is deemed to be replaced with "policyholder or insured"; the term "policyholder" in that item is deemed to be replaced with "policyholder, etc."; the term "to the insurance company" in that item is deemed to be replaced with "to the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees"; the phrase "by the policyholder or by a person which, under the contract with the policyholder" in that item is deemed to be replaced with "by the policyholder, etc. or by a person which, under the contract with the policyholder, etc."; the term "a policyholder file" in that item is deemed to be replaced with "a policyholder, etc. file"; the term "exclusively to the policyholder" is deemed to be replaced with "exclusively to the policyholder, etc."; the term "a computer used by the insurance company" in that item is deemed to be replaced with "a computer used by the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees"; the term "Article 100-5, paragraph (2) of the Act" is deemed to be replaced with "Article 227-2, paragraph (4) of the Act"; the term "the method enables the policyholder to" in paragraph (2) of that Article is deemed to be replaced with "the method enables the policyholder, etc. to"; the term "the policyholder file" in that item is deemed to be replaced with "the policyholder, etc. file"; the term "used by the policyholder" in that item is deemed to be replaced with "used by the policyholder, etc."; the term "the policyholder is informed" in that paragraph is deemed to be replaced with "the policyholder, etc. is informed"; the phrase "for the period until the fifth anniversary of the last date of

investment of money received as insurance premiums under the insurance contract" in that paragraph is deemed to be replaced with "for the period until the fifth anniversary of the expiration of the insurance period under the insurance contract"; the term "Article 14-2, paragraph (1) of the Cabinet Order" in that paragraph is deemed to be replaced with "Article 234-21-2, paragraph (2)"; the term "used by the insurance company" in paragraph (3) of that Article is deemed to be replaced with "used by the insurance company, etc. or foreign insurance company, its officers (excluding officers who are insurance brokers), insurance agent, insurance broker or its officers or employees"; the term "policyholder file" in that paragraph is deemed to be replaced with "policyholder, etc. file"; and the phrase "used by the policyholder or a person which, under the contract with the policyholder" in that paragraph is deemed to be replaced with "used by the policyholder, etc. or a person which, under the contract with the policyholder, etc."

(Exemption from Requirement of Delivery of Document for Delivery Prior to Conclusion of Contract)

Article 234-22 (1) For the cases where a specific insurance contract, etc. to effect partial amendment to the specific insurance contract, etc. already in effect, or for the cases where agency or brokerage service for conclusion of a specific insurance contract is to be provided, the cases to be specified by Cabinet Office Order, as provided in the proviso to Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are as follows:

- (i) where the partial change does not result in a change to the matters to be stated in the document for delivery prior to conclusion of contract related to the specific insurance contract already in effect; or
  - (ii) if the partial change results in a change to the matters to be stated in the document for delivery prior to conclusion of contract related to the specific insurance contract already in effect, the cases where the costumer is provided with a document stating the matters subject to change (referred to below as the "explanatory document on amendment to contract terms" in the following paragraph and Article 234-27, paragraph (1), item (iii)).
- (2) The provisions of Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis, and Article 44-3 of the Cabinet Order, and Articles 234-6 and 234-7 of this Cabinet Office Order apply mutatis mutandis to delivery of an explanatory document on amendment to contract terms under item (ii) of the preceding paragraph.

(Matters Related to Consideration Payable by Customers)

Article 234-23 (1) The matters to be specified by Cabinet Office Order, as provided in Article 37-3, paragraph (1), item (iv) of the Financial Instruments

and Exchange Act as applied mutatis mutandis, are the amount of the consideration payable by customers in relation to a specific insurance contract irrespective of its name such as fees, remuneration, expenses or others, itemized by the types of consideration or the upper limit, or the outline of the method of calculation (including the ratio to the amount of insurance proceeds, etc. related to the specific insurance contract, or the ratio to the profit generating from the conclusion of the specific insurance contract; the same applies below in this paragraph); and the total of amount or upper limit, or the outline of the method of calculation; provided, however, that if these details cannot be indicated, that fact and the reason are indicated.

- (2) The provisions of Article 234-17, paragraphs (2) through (4) apply mutatis mutandis to the fees, etc. as stated in the preceding paragraph.

(Matters to Be Stated in Document for Delivery Prior to Conclusion of Contract)

Article 234-24 (1) The matters to be specified by Cabinet Office Order, as provided in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are as follows:

- (i) a notice that the recipient of the document for delivery prior to conclusion of contract is to read the details comprehensively;
- (ii) the matters related to revocation, etc. of an application for a specific insurance contract (meaning revocation, of an application for a specific insurance contract provided in Article 309, paragraph (1) of the Act);
- (iii) the matters related to announcement to be made by policyholders or insured;
- (iv) the matters related to the time of commencement of insurance liability;
- (v) the matters related to the grace period for insurance premiums;
- (vi) the matters related to expiration of a specific insurance contract, and the matters related to restoration after the expiration of a specific insurance contract;
- (vii) the matters related to cancellation of a specific insurance contract, and refund upon cancellation;
- (viii) the matters related to special measures for protection of policyholders, etc., such as financial assistance, etc. from the Insurance Policyholders Protection Corporation of Japan;
- (ix) if there are risks that a loss could be incurred due to fluctuations in interest rates, the value of currencies, quotations on the financial instruments market, and other indicators as a direct cause in relation to the conclusion of a specific insurance contract by a customer, the following matters:
  - (a) the indicator(s);

- (b) a reason that a loss may be incurred due to fluctuations in the abovementioned indicator(s);
- (ix)-2 if the specific insurance contract is a performance-linked insurance contract as prescribed in Article 118, paragraph (1) of the Act, the following matters:
  - (a) a basic policy for investment;
  - (b) whether or not an external audit has been conducted with respect to the financial status or business (limited to those relating to performance-linked insurance contracts) of an insurance company, etc. or foreign insurance company, etc. which concludes the specific insurance contract, and if the external audit has been conducted, the name of the person who has conducted the external audit, as well as the subject and outline of the results of the external audit;
- (x) outline of the taxation on the specific trust agreement;
- (xi) the method whereby a customer contacts the life insurance company, etc.;
- (xii) information as to whether the life insurance company, etc., foreign insurance company, etc. or an insurance broker is a target business operator of any certified investor protection organization (meaning a certified investor protection organization as provided in Article 79-10, paragraph (1) (Notification of Abolition of Business) of the Financial Instruments and Exchange Act; and limited to the certified investor protection organization when the specific insurance contract is covered by the certified business) (and, if it is a target business operator of the certified investor protection organization, the name of the operator);
- (xiii) the matters stated in (a) or (b) in accordance with the categories of cases stated in the respective item:
  - (a) if there is a designated dispute resolution organization, for which category of business of dispute resolution, etc. is the insurance business, etc. conducted by an insurance company, etc., foreign insurance company, etc. or insurance broker which concludes the specific insurance contract, etc., a trade name or name of the designated dispute resolution organization, which is a party to a basic contract for implementation of dispute resolution procedures to be concluded by the insurance company, etc., foreign insurance company, etc. (or, in the case of an underwriting member of a licensed specified corporation deemed to be a foreign insurance company, etc. pursuant to Article 240, paragraph (1), item (i) of the Act, a licensed specified corporation whose member is the underwriting member; the same applies in (b)) or insurance broker which concludes the specific insurance contract, etc. for its own insurance business, etc. as the measure pursuant to the provisions of the Act;
  - (b) if there is not a designated dispute resolution organization, for which

- category of business of dispute resolution, etc. is the insurance business, etc. conducted by an insurance company, etc., foreign insurance company, etc. or insurance broker which concludes the specific insurance contract, etc., the content of the complaint processing measures and dispute resolution measures related to its own insurance business, etc. as the measures to be taken by the insurance company, etc., foreign insurance company, etc. or insurance broker pursuant to the provisions of the Act;
- (xiv) other matters to be noted by the customer; and
- (xv) if the specific insurance contract stated in item (ix)-2 is subject to a policy of investing in the target securities of a specific issue based on the specific insurance contract after the conclusion, the matters to be specified by Cabinet Office Order, as referred to in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, are the matters stated in the items of Article 53-2, paragraph (2), beyond the matters stated in the preceding items.
- (2) Notwithstanding the provisions of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, if an insurance company, etc., foreign insurance company, etc., insurance agent or insurance broker are required to deliver to the customer a document for delivery prior to conclusion of contract related to the conclusion of a single specific insurance contract pursuant to the provisions of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, and where one of them has delivered to the customer the document for delivery prior to conclusion of contract stating the matters stated in the items of the preceding paragraph, the remaining parties need not include in its document for delivery prior to conclusion of contract the matters stated in the items of the preceding paragraph.

(Matters to Be Stated in Document for Delivery Upon Conclusion of Contract)

Article 234-25 (1) In a document provided in Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, which is to be prepared upon effectuation of a specified insurance contract, etc. (referred to below as "document for delivery upon conclusion of contract" in this paragraph and the following Article), the following information (if an insurance policy, etc. (which collectively means an insurance policy and a document as provided in Article 546, paragraph (1) (Obligation to Prepare and Delivery of Letter of Consummation) of the Commercial Code as applied pursuant to the provisions of Article 298 of the Act following the deemed replacement of terms (including as applied *mutatis mutandis* pursuant to Article 293 of the Act); the same applies below in this Article), excluding the matters stated in the insurance policy, etc.) must be stated:



- (i) the trade name or name of the insurance company, etc., foreign insurance company, etc. or insurance broker which concludes the specific insurance contract, etc.;
  - (ii) the date of the specific insurance contract;
  - (iii) the matters related to fees, etc. related to the specific insurance contract;
  - (iv) the name of the customer;
  - (v) the method whereby the customer contacts the insurance company, etc., foreign insurance company, etc. or insurance broker which concludes the specific insurance contract, etc.;
  - (vi) in the case of a specific insurance contract, the following information:
    - (a) the trade name or name of the insured and the person entitled to receive the insurance amount (if it is impossible to state the trade name or name of the insured and the person entitled to receive the insurance amount, the scope of persons);
    - (b) the types and terms of the specific insurance contract;
    - (c) the purposes and the value of insurance;
    - (d) insurance amount;
    - (e) the start and end of the of the insurance period;
    - (f) the insurance premiums, and the method of payment;
  - (vi)-2 if the specific insurance contract is a performance-linked insurance contract as prescribed in Article 118, paragraph (1) of the Act, the frequency of delivery of investment reports; and
  - (vii) in cases of a contract wherein brokerage service for conclusion of a specific insurance contract on behalf of the customer, the outline of contract.
- (2) Notwithstanding the provisions of the preceding paragraph, if an insurance company, etc., foreign insurance company, etc., insurance agent or insurance broker are required to deliver to the customer a document for delivery upon conclusion of contract related to the conclusion of a single specific insurance contract pursuant to the provisions of Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis, and where one of them has delivered to the customer the document for delivery upon conclusion of contract stating the matters stated in the items of the preceding paragraph, the remaining parties need not include in its document for delivery upon conclusion of contract the matters stated in the items of the preceding paragraph.

(Exemption from Requirement of Delivery of Document for Delivery Upon Conclusion of Contract)

Article 234-26 (1) For the cases where a specific insurance contract, etc. to effect partial amendment to the specific insurance contract, etc. already in effect is effectuated, the cases related to the document for delivery upon conclusion of

contract to be specified by Cabinet Office Order as provided in the proviso to Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis are as follows:

- (i) where the partial change does not result in a change to the matters to be stated in the document for delivery upon conclusion of contract related to the specific insurance contract already in effect; or
  - (ii) if the partial change results in a change to the matters to be stated in the document for delivery upon conclusion of contract related to the specific insurance contract already in effect, the cases where the costumer is provided with a document stating the matters subject to change.
- (2) The provisions of Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis, and Article 44-3 of the Cabinet Order, and Articles 234-6 and 234-7 of this Cabinet Office Order apply mutatis mutandis to delivery of the document under item (ii) of the preceding paragraph.

(Significance of Registration of Credit Rating Agency and Other Matters)

Article 234-26-2 (1) The matters to be specified by Cabinet Office Order, as provided in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis, are as follows:

- (i) significance of the registration under Article 66-27 (Registration) of the Financial Instruments and Exchange Act;
  - (ii) the following matters with respect to the persons who provided the credit ratings:
    - (a) trade name or name;
    - (b) in the case of a corporation, name of officer;
    - (c) the name and location of head office or other principal business office or office;
  - (iii) summary of policy and method used by the person who provided the credit ratings to provide the credit ratings; and
  - (iv) premise, significance and limit of the credit ratings.
- (2) Notwithstanding the provisions of the preceding paragraph, for credit rating granted by the specified associated corporation, the matters to be specified by Cabinet Office Order, as provided in Article 38, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis are as follows:
- (i) significance of registration as referred to in Article 66-27 of the Financial Instruments and Exchange Act;
  - (ii) the trade name or name and registration number of the credit rating agency, which is its associated corporation and designated by the Commissioner of the Financial Services Agency as the specified associated corporation, pursuant to the provisions of Article 116-3, paragraph (2) of the

- Cabinet Office Order on Financial Instruments Business, etc.;
- (iii) the name used by the specified associated corporation as a representation of its credit rating business;
  - (iv) an outline of the policies and methods adopted by the specified associated corporation who granted the credit rating in granting the credit rating, or the means to obtain information related to the outline from the credit rating agency as provided in item (ii); and
  - (v) the assumption, significance and limitations of the credit rating.

(Prohibited Acts in Relation to Conclusion of Specified Insurance Contract and Insurance Solicitation)

Article 234-27 (1) The acts to be specified by Cabinet Office Order, as provided in Article 38, item (ix) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, are as follows:

- (i) the acts specified in the items of Article 234, paragraph (1);
- (ii) if a bank, etc. which is a life insurance agent or insurance broker, or its officers or employees provide agency or brokerage services for conclusion of an insurance contract as stated in Article 74, item (i), (a) and item (iii) (excluding the insurance contract stated in Article 83, item (i), (b) and (d)) of an insurance contract as stated in Article 153, item (i), (a) and item (iv), an act to make the policyholder to apply for the insurance contract without giving written explanation that the prospective amount of insurance proceeds payable under the insurance contract and refund upon cancellation of the insurance contract may fluctuate depending on the investment performance of the assets, as a result of which these amounts may be less than the total amount of credited amount and interests accrued on the credited amount and that the policyholder may have difficulty in repayment of the credited amount, or an act to make the policyholder apply for the insurance contract, without obtaining acknowledgement of the receipt by the policyholder of the written explanation by way of gaining the policyholder's signature or seal or any equivalent measures, if credit is to be granted to the policyholder and where the policyholder appropriates the credit to payment of the insurance premiums under the insurance contract;
- (iii) an act to provide agency or brokerage service conclusion of a specific insurance contract, without having provided a customer (excluding a professional investor (excluding a person who is deemed to be a customer other than a professional investor pursuant to the provisions of Article 34-2, paragraph (5) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*, but including a person deemed to be a professional investor pursuant to the provisions of Article 34-3, paragraph (4) of the Financial Instruments and Exchange Act as applied *mutatis mutandis*

- (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis); the same applies below); the same applies below in this item) with a prior explanation on the matters specified in Article 37-3, paragraph (1), items (iii) through (v) and item (vii) of the Financial Instruments and Exchange Act as applied mutatis mutandis (if the explanatory document on amendment to contract term is to be delivered, a prior explanation on the matters specified in items (iii) through (v) and item (vii) of the same paragraph as stated in the explanatory document on amendment to contract term) upon the delivery of the following documents, in a manner and to the extent necessary for ensuring that the customer understands these matters, in light of the customer's knowledge, experience, status of the properties and in light of the purpose of concluding the specific insurance contract;
- (iv) in connection with the conclusion or cancellation of a specific insurance contract, an act to solicit a customer (limited to an individual customer) by telephone or by making a personal visit timed in such a way that the customer would be disturbed.
- (2) The provisions the preceding paragraph (limited to the part relating to item (ii)) applies mutatis mutandis to officers or employees of bank agent, etc. (including a financial service intermediary (limited to an intermediary engaged in deposit, etc. intermediary business operations; the same applies below in this paragraph) which is a life insurance company (including a foreign life insurance company, etc., but excluding a life insurance company which is a life insurance agent) or their employees, or a bank agent, etc. which is a life insurance agent or insurance agent or their officers or employees.
- (3) The provisions of Article 234, paragraphs (2) through (8) apply mutatis mutandis to the application of the provisions of paragraph (1), item (i).
- (4) In lieu of the delivery of a document prescribed in paragraph (1), item (ii), a life insurance agent or a bank, etc. which also is an insurance broker or any of its officers or employees may provide the matters to be stated in the document by the electronic or magnetic means, with the consent from the policyholder, as specified in the following paragraph. In this case, it is deemed that the life insurance agent or the bank, etc. which also is an insurance broker or any of its officers or employees has made the delivery.
- (5) If a life insurance agent or a bank, etc. which also is an insurance broker or any of its officers or employees intends to provide the matters referred to in the preceding paragraph by electronic or magnetic means, the life insurance agent or the non-life insurance agent must indicate the types and the details of the electronic or magnetic means stated in the following items that the life insurance agent or the bank, etc. which also is an insurance broker or any of its officers or employees intends to use to the policyholder and obtain prior

consent in writing or by electronic or magnetic means.

- (i) the methods stated in the items of Article 54-5, paragraph (1), as applied mutatis mutandis pursuant to paragraph (7) following the deemed replacement of terms, that are used by a life insurance agent or a bank, etc. which also is an insurance broker or its officers or employees;
  - (ii) the method of recording into a file.
- (6) A life insurance agent or a bank, etc. which also is an insurance broker or any of its officers or employees who has obtained the consent under the preceding paragraph may not provide the matters to be stated in the document to the policyholder by electronic or magnetic means when the policyholder states, either in writing or by the electronic or magnetic means, that the policyholder will not receive the provisions of the matters by electronic or magnetic means; provided, however, that this does not apply if the policyholder has given consent under the same paragraph again.
- (7) The provisions of Article 54-5 apply mutatis mutandis to the electronic or magnetic means provided in paragraph (4). In this case, the terms "by an insurance company" and "Article 105, paragraph (2) of the Act" in item (i), paragraph (1) of that Article are deemed to be replaced with "by a bank, etc. that is a life insurance agent or insurance broker, or its officers or employees" and "Article 234-27, paragraph (4)," respectively; the term "under the contract with an insurance company" in that item is deemed to be replaced with "under the contract with a bank, etc. that is a life insurance agent or insurance broker, or its officers or employees"; the term "to the insurance company" in that item is deemed to be replaced with "to the bank, etc. that is a life insurance agent or insurance broker, or its officers or employees"; the term "used by the insurance company" in that item is deemed to be replaced with "used by the bank, etc. that is a life insurance agent or insurance broker, or its officers or employees"; the term "Article 100-5, paragraph (2) of the Act" in that item is deemed to be replaced with "Article 234-27, paragraph (4)"; the phrase "the last date of investment of money received as insurance premiums" in paragraph (2) of that Article is deemed to be replaced with "the day of expiration of the insurance period under the insurance contract"; the term "Article 14-2, paragraph (1) of the Order" in that paragraph is deemed to be replaced with "Article 234-27, paragraph (5)"; and the term "used by the insurance company" in paragraph (3) of that Article is deemed to be replaced with "used by the bank, etc. that is a life insurance agent or insurance broker, or its officers or employees."
- (8) The provisions of paragraphs (4) through (7) apply mutatis mutandis to the application of provisions of paragraph (2) (limited to the part relating to item (ii) of paragraph (1), as applied mutatis mutandis pursuant to paragraph (2).

(Exception to Exclusion from Application of Restriction on Activities)

Article 234-28 The case to be specified by Cabinet Office Order, as provided in the proviso to Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis, is the case where, in relation to the application of the provisions of Article 37-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis, the company has not put in place the system which enables prompt responses to the inquiries on the specific insurance contracts, etc. concluded with customers.

(Acts between Specially Related Parties)

Article 235 The acts or transactions to be specified by Cabinet Office Order, as provided in Article 301, item (ii) of the Act, are acts or transactions to circumvent the prohibition as stated in the preceding Article in relation to the act as provided in item (i) of the preceding Article, irrespective of the name under which the relevant act or transaction is to be conducted.

Article 235-2 The acts or transactions to be specified by Cabinet Office Order, as provided in Article 301-2, item (ii) of the Act, are acts or transactions to circumvent the prohibition as stated in the preceding Article in relation to the act as provided in item (i) of the preceding Article, irrespective of the name under which the relevant act or transaction is to be conducted.

## **Chapter V Supervision**

(Notification of Officers or Employees)

Article 236 If a non-life insurance representative, small amount and short term insurance agent or an insurance broker intends to file a notification under Article 302 of the Act, it must submit to the Commissioner of the Financial Services Agency (to the director-general of local finance bureau, etc., if the authority of the Commissioner of the Financial Services Agency is to be delegated to the director-general of local finance bureau, etc. pursuant to the provisions of Article 49, paragraphs (1) through (3) of the Cabinet Order) a written notification prepared in accordance with Appended Form No. 25.

(Large-Scale Specified Insurance Agents)

Article 236-2 Those to be specified by Cabinet Office Order, as provided in Article 303 of the Act, are those that fall under any of the following items as of the end of each business year:

- (i) those whose number of affiliated insurance companies, etc. which are life insurance companies and foreign life insurance companies, etc. (referred to below as "affiliated life insurance companies, etc." in this item) is fifteen or more, or those whose total amount of fees, remuneration or other types of

- considerations received from two or more affiliated life insurance companies, etc. during the business year is one billion yen or more;
- (ii) those whose number of affiliated insurance companies, etc. which are non-life insurance companies and foreign non-life insurance companies, etc. (referred to below as "affiliated non-life insurance companies, etc." in this item) is fifteen or more, or those whose total amount of fees, remuneration or other types of considerations received from two or more affiliated non-life insurance companies, etc. during the business year is one billion yen or more;
- or
- (iii) those whose number of affiliated insurance companies, etc. which are small amount and short term insurers (referred to below as "affiliated small amount and short term insurers" in this item) is fifteen or more, or those whose total amount of fees, remuneration or other types of considerations received from two or more affiliated small amount and short term insurers during the business year is one billion yen or more.

(Books and Documents Concerning the Business of Specified Insurance Agents or Insurance Brokers)

- Article 237 (1) A specified insurance agent (meaning a specified insurance agent as provided in Article 303 of the Act; the same applies in paragraph (1) of the following Article and Article 238, paragraph (1)) must keep the books and documents specified in Article 303 of the Act related to an insurance contract for five years from the day of conclusion of the insurance contract.
- (2) An insurance broker must keep the books and documents specified in Article 303 of the Act related to an insurance contract for five years from the day when the insurance contract ceases to be in effect, along with the following documents:
- (i) the copies of the documents delivered to the policyholders pursuant to the provisions of Article 294, paragraph (4) of the Act;
- (ii) the documents specified in (a) through (c) in accordance with the categories of cases stated:
- (a) if the insurance broker has prepared documents to be prepared under Article 546, paragraph (1) (Obligation to Prepare and Delivery Letter of Consummation) of the Commercial Code as applied pursuant to Article 296 of the Act following the deemed replacement of terms (including as applied mutatis mutandis pursuant to Article 293 of the Act) (referred to as the "letters of consummation" in (b) and proviso to paragraph (2) of the following Article (excluding the case stated in (b))): copies of letters of consummation;
- (b) if the insurance broker was unable to deliver a letter of consummation: the letter of consummation and a document specifying the reason for

- failure of delivery;
- (c) if the insurance broker has agreed with the parties to the insurance contract not to prepare a letter of consummation: a document certifying the relevant agreement;
- (iii) the entrustment contract related to brokerage service for conclusion of insurance contract with the customer or a document certifying that brokerage service for conclusion of insurance contract has been entrusted by the customer.

(Books and Documents to Be Kept by Specified Insurance Agent or Insurance Broker)

Article 237-2 (1) In the case of a specified insurance agent, the matters to be specified by Cabinet Office Order, as provided in Article 303 of the Act, are the following matters for each affiliated insurance company, etc.:

- (i) the dates of insurance contracts;
  - (ii) the trade names or names of insurance companies, etc. or foreign insurance companies, etc. which underwrite insurance contracts;
  - (iii) insurance premiums under insurance contracts; and
  - (iv) the amount of fees, remuneration or any other consideration received by the specified insurance agent in connection with insurance solicitation.
- (2) The matters to be specified by Cabinet Office Order, as provided in Article 303 of the Act, are as follows; provided, however, that if all or part of the matters stated in items (i) through (iii) are contained in a letter of consummation, stating the all or part of the matters may be omitted:
- (i) the dates of insurance contracts;
  - (ii) the names or trade names of the parties to insurance contracts;
  - (iii) the matters stated in the items of Article 232;
  - (iv) the amount of fees, remuneration or any other consideration received by the insurance broker in connection with brokerage service for conclusion of insurance contracts;
  - (v) if insurance contracts fall under the category of a self-contract (meaning a self-contract as provided in Article 295, paragraph (1) of the Act), that fact; and
  - (vi) the details of brokerage service for conclusion of insurance contracts provided to policyholders.

(Format of Business Report of Specified Insurance Agent or Insurance Broker)

Article 238 (1) The business report as provided in Article 304 of the Act must be prepared in accordance with Appended Form No. 25-2, if the specified insurance agent is a corporation, Appended Form No. 25-3, if the specified insurance agent is an individual, or Appended Form No. 26, if the insurance



broker is a corporation; or in accordance with Appended Form No. 27, if the insurance broker is an individual person.

- (2) When submitting the business report under the preceding paragraph, two copies must be attached and submitted to the Commissioner of the Financial Services Agency.

(Public Notice of Rescission of Registration)

Article 239 The public notice as provided in Article 307, paragraph (2) of the Act is to be given by the publication on the official gazette.

## **Part IV Designated Dispute Resolution Organization**

### **Chapter I General Rules**

(Person Who Is Unable to Properly Perform Their Duties Concerning Dispute Resolution Services Due to Mental or Physical Disorder)

Article 239-2 The person specified by Cabinet Office Order, as provided in Article 308-2, paragraph (1), item (iv), (a) of the Act is a person who is unable to appropriately carry out the cognition, decision-making, and communication necessary for properly executing duties relating to dispute resolution services due to mental impairment.

(Calculation of Proportion)

Article 239-2-2 The proportion under Article 308-2, paragraph (1), item (viii) of the Act is to be the number of insurance-related businesses provided in Article 2, paragraph (42) of the Act (limited to insurance-related businesses who are involved in the category of business of dispute resolution, etc. for which the relevant person seeks to obtain designation under Article 308-2, paragraph (1) of the Act; simply referred to below as an "insurance-related business"), who have stated against the person intending to make the application under Article 308-2, paragraph (1) their objections to the matters concerning the cancellation of the basic contract for implementation of dispute resolution procedures, other terms and conditions of the basic contract for implementation of dispute resolution procedures (excluding the matters stated in the items of Article 308-7, paragraph (2)), and other details of the operational rules (excluding the matters which are to be the details as provided by Article 308-7, paragraph (3) of the Act and the matters necessary for conforming to the criteria stated in the items of paragraph (4) of the same Article and paragraph (5), item (i) of the same Article) (limited to objections with reasonable grounds) by submitting a document (referred to as a "written opinion" in the following Article) stating whether there is any objection regarding the details of the operational rules (meaning the operational rules provided in Article 308-2, paragraph (1), item

(vii) of the Act; the same applies below) and, if there is any objection, describing the substance and reasons for the objection, divided by the number of insurance-related businesses published by the Commissioner of the Financial Services Agency (referred to as "all insurance-related businesses" in the following Article and Article 239-5, paragraph (2)) as of the day when the person who intends to make the application delivered or sent the operational rules, etc. provided in paragraph (1), item (ii) of the following Article (if the operational rules, etc. were provided or sent more than one day, the latest day; the same applies in Article 239-4).

(Opinion-Hearing from Insurance-Related Businesses)

Article 239-3 (1) If the person who intends to make the application under Article 308-2, paragraph (1) is to explain the details of the operational rules to insurance-related businesses and to hear opinions from the insurance-related businesses as to whether they have any objections (if there are objections, reasons are included) pursuant to the provisions of paragraph (2) of the same Article, the person must hold an explanatory meeting in accordance with the following provisions:

- (i) the time and place of the explanatory meeting are determined taking into consideration the convenience for participation by all insurance-related businesses;
- (ii) the person who intends to make the application delivers or sends to all insurance-related businesses a document stating the matters stated below and the operational rules (referred to as the "operational rules, etc." in paragraph (4), the following Article and Article 239-5, paragraph (2)) by two weeks prior to the day of the explanatory meeting (if more than one explanatory meeting is to be held, the earliest day of the explanatory meetings):
  - (a) the trade name or name, location of principal business office or office and telephone number and other contact information of the person who intends to make the application;
  - (b) the date and time and place of the explanatory meeting;
  - (c) the fact that the insurance-related businesses must submit their written opinions to the person who intends to make the application within a specified period from the date of the explanatory meeting (if more than one explanatory meeting is to be held, the last day of the explanatory meetings); and
- (iii) the statement that the specified period under the preceding item (c) is not less than two weeks.

(2) All of the following matters must be stated in the document stating the result as provided in Article 308-2, paragraph (2) of the Act:

- (i) the date and time and place of the all explanatory meetings;
  - (ii) for all insurance-related businesses, whether or not they participated in the explanatory meetings;
  - (iii) for all insurance-related businesses, whether or not they submitted their written opinions;
  - (iv) whether any objection is stated in the written opinions submitted; and
  - (v) if any objection, which does not fall under the category of the objection provided in Article 308-2, paragraph (1), item (viii) of the Act, is stated in the written opinions submitted, that fact and the reason why the objection is considered not to fall under the category of the objection provided in the same item.
- (3) All of the written opinions submitted by the insurance-related businesses are to be attached to the document provided in the preceding paragraph.
- (4) Operational rules, etc. may be delivered or sent or written opinions may be submitted by using an electronic or magnetic means, if the operational rules, etc. or written opinions are prepared in the form of an electronic or magnetic record.

(Submission of Written Application for Designation)

Article 239-4 The written application for designation prescribed in Article 308-3, paragraph (1) of the Act must be submitted within three months from the day when the operational rules, etc. were delivered or sent.

(Documents to Be Attached to Written Application for Designation)

Article 239-5 (1) The documents to be specified by Cabinet Office Order, as provided in Article 308-3, paragraph (2), item (v) of the Act, are the following documents:

- (i) the balance sheets, income and expenditure account statement or profit and loss statements of the business year immediately preceding the business year containing the date of the application under Article 308-2, paragraph (1) of the Act and inventory of property at the end of that business year or other equivalent documents (if the person who intends to receive the designation under Article 308-2, paragraph (1) of the Act (referred to as the "applicant" in paragraph (3)) is a corporation (meaning the corporation provided in Article 308-2, paragraph (1), item (i) of the Act; the same applies in Article 239-11, paragraph (3), item (iii)) incorporated in the business year containing the date of the application, the inventory of property or any equivalent document at the time of the incorporation); and
  - (ii) the document stating the prospects for income and expenditure after receiving the designation under Article 308-2, paragraph (1) of the Act.
- (2) The documents to be specified by Cabinet Office Order, as provided in Article

308-3, paragraph (2), item (vi) of the Act, are the following documents:

- (i) the operational rules, etc. delivered or sent to all insurance-related businesses under Article 239-3, paragraph (1), item (ii);
  - (ii) a document certifying the date and method for the delivery or sending of the operational rules, etc. to all insurance-related businesses;
  - (iii) where the operational rules, etc. are sent to insurance-related businesses, a document certifying the matters stated in (a) or (b) below, as the document stating as to whether the operational rules, etc. arrived to the insurance-related businesses and the facts concerning the arrival, in accordance with the categories of cases stated in the respective item:
    - (a) if the operational rules, etc. arrived, the date of the arrival; or
    - (b) if the operational rules, etc. did not arrive, the reason why the operational rules, etc. did not arrive by a usual method.
- (3) The documents to be specified by Cabinet Office Order, as provided in Article 308-3, paragraph (2), item (vii) of the Act, are the following documents:
- (i) a document stating the name or trade name and address or location of principal business office or office of the person who holds 5 percent or more of all shareholders' voting rights (meaning the voting rights of the all shareholders, all employees, all members, all partners, or all equity investors of the applicant; the same applies in the following item) of the applicant and the number of voting rights held by the person;
  - (ii) a document stating the trade name or name, location of principal business office or office and the business content of the parent corporation of the applicant (meaning the corporation or other organization who holds a majority of all shareholders' voting rights of the Applicant) and the subsidiary of the applicant (meaning the corporation or other organization whose majority of the voting rights of all shareholders, all employees, all members, all partners, or all equity investors is held by the applicant);
  - (iii) an extract of certificate of residence of an officer (when an officer is a corporation, including a person who should conduct its duties; the same applies in this paragraph, Article 239-8 and Article 239-9) (when an officer is a corporation, a certificate of registered matters of the officer) or a document equivalent to it;
  - (iv) if an officer's former surname and given name is stated together with the officer's current name in a written application for designation under Article 308-3, paragraph (1) of the Act, and the document stated in the preceding item does not certify the officer's former surname and given name, a document certifying the former surname and given name;
  - (v) a certificate of a public agency, stating that the officer does not fall under the categories stated in Article 308-2, paragraph (1), item (iv), (b) (if the officer does not have Japanese nationality, a document containing a pledge

- by the officer that the officer does not fall under the categories stated in (b) of the same item);
- (vi) a curriculum vitae of the officer (if the officer is a corporation, a document stating the history of the officer);
  - (vii) a document stating the status of securing a candidate of dispute resolution mediator (meaning the dispute resolution mediator provided under Article 308-4, paragraph (1) of the Act; the same applies in Article 239-12, paragraphs (2), item (iii)), an officer and an employee who have the knowledge and experience related to the business of dispute resolution, etc. (referred to as "officer, etc." in this item and the following item and Article 239-14) and the status of the assignment of the officer, etc.;
  - (viii) a document containing a pledge by the officer, etc. that the officer is not an organized crime group member, etc. (meaning the organized crime group member, etc. as provided in Article 308-9 of the Act; the same applies in Article 239-14, paragraph (1), item (ii)); and
  - (ix) a document stating other matters that will be helpful.

## **Chapter II Business**

(Matters to Be Provided in Operational Rules)

Article 239-6 The matters to be specified by Cabinet Office Order, as provided in Article 308-7, paragraph (1), item (viii) of the Act, are as follows:

- (i) matters concerning the hours for conducting the business of dispute resolution, etc. and holidays;
- (ii) matters concerning the name and location of business office or office and the area in which the business office or office conducts the business of dispute resolution, etc.;
- (iii) matters concerning the supervision system of the employees conducting the business of dispute resolution, etc.;
- (iv) when the operation of complaint processing procedures or dispute resolution procedures is entrusted, matters concerning the entrustment; and
- (v) other necessary matters concerning the business of dispute resolution, etc.

(Content of Master Agreement for Implementation of Dispute Resolution Procedures)

Article 239-7 The matters to be specified by Cabinet Office Order, as provided in Article 308-7, paragraph (2), item (xi) of the Act, are the fact that the designated dispute resolution organization may, if a customer (meaning the customer provided in Article 308-5, paragraph (2) of the Act; the same applies in Article 239-10, paragraph (1), Article 239-11, paragraph (3), item (iii) and Article 239-12, paragraph (1)) of a member insurance-related business

(meaning the member insurance-related business provided in Article 308-5, paragraph (2) of the Act; hereafter the same applies) makes a request, investigate the status of performance of obligations specified through settlement in the dispute resolution procedures and recommend that the member insurance-related business perform the obligations.

(Substantial Controller)

Article 239-8 A person, who substantially controls business of the designated dispute resolution organization or who has a material influence on their business through the holding of the shares of the designated dispute resolution organization, financing to the designated dispute resolution organization or any other causes, to be specified by Cabinet Office Order, as provided in Article 308-7, paragraph (4), item (iii) of the Act, is any of the persons stated in the following items who is not found to be obviously incapable of having control over business policy decisions of the designated dispute resolution organization and having a material influence on the business in the light of their business relationships:

- (i) a particular person, if the total number of voting rights held by the particular person on the particular person's own account and voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the particular person due to a close relationship with the particular person in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the particular person is one-third or more of the number of voting rights of the designated dispute resolution organization (including cases where the particular person does not hold any voting rights on the particular person's own account);
- (ii) a person who is or who was an officer of the designated dispute resolution organization;
- (iii) a person who is a relative within the third degree of kinship of an officer of the designated dispute resolution organization;
- (iv) a person whose representative (including the representative or the administrator of an organization without legal personality and which appoints a representative or an administrator; the same applies in item (iv) of the following Article) is a person stated in the preceding two items;
- (v) a person for whom one-third or more of the persons who are officers of the designated dispute resolution organization serve or had served as officers or employees;
- (vi) a person who is under contract with the designated dispute resolution organization to have control over the designated dispute resolution

- organization's business policy decisions;
- (vii) a particular person who provides a loan (including a guarantee of liabilities and provision of collateral; the same applies in this item and item (vii) of the following Article) for one-third or more of the total amount of the designated dispute resolution organization's procured funds (limited to those included in the liabilities on the balance sheet; the same applies in this item and item (vii) of the following Article) (including cases where the amount of loan is equivalent to or more than one-third of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the particular person in terms of contribution, personnel affairs, funds, technology, transactions or other matters);
- (viii) beyond the persons stated in the preceding items, a person whose circumstances suggest that the person has control over the designated dispute resolution organization's business policy decisions;
- (ix) a particular person whose relationship with a person stated in any of the preceding items is the same as the relationship of a person stated in any of the preceding items (excluding items (ii) through (iv); the same applies below in this item) with the designated dispute resolution organization as prescribed in the preceding items; and
- (x) a particular person whose relationship with any of the persons stated in items (i) through (viii) is the same as the relationship of the designated dispute resolution organization provided in item (i) or items (v) through (viii) of the following Article with any of the persons stated in item (i) or items (v) through (viii) of the following Article.

(Subsidiary)

Article 239-9 A person, whose business is substantially controlled by the designated dispute resolution organization through the holding of the shares or any other causes, to be specified by Cabinet Office Order, as provided in Article 308-7, paragraph (4), item (iii) of the Act, is any of the persons stated in the following items for whom it is found that the designated dispute resolution organization is not obviously incapable of having control over the business policy decisions of the person stated in any of the following items in the light of their business relationships:

- (i) another Corporation or an organization without legal personality and which appoints a representative or an administrator (referred to as the "corporation, etc." in this item and item (v)) where the total number of voting rights held by the designated dispute resolution organization on the designated dispute resolution organization's own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the

- intent of the designated dispute resolution organization due to having a close relationship with the designated dispute resolution organization in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the designated dispute resolution organization, account for one-third or more of the voting rights of the relevant other corporation, etc. (including cases where the designated dispute resolution organization does not hold any voting rights on the designated dispute resolution organization's own account);
- (ii) a person who is or who was an officer of the designated dispute resolution organization or an employee of the designated dispute resolution organization or both;
  - (iii) a person who is a relative within the third degree of kinship to an officer of the designated dispute resolution organization;
  - (iv) a person whose representative is a person stated in the preceding two items;
  - (v) another corporation, etc. where a person or persons who fall under item (ii) account for one-third or more of the officers of the relevant other corporation, etc.;
  - (vi) a particular person where the designated dispute resolution organization is under contract with the particular person to have control over the particular person's business policy decisions;
  - (vii) a particular person where the designated dispute resolution organization provides a loan for one-third or more of the total amount of the particular person's procured funds (including cases where the amount of loan is equivalent to or more than one-third of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the designated dispute resolution organization in terms of contribution, personnel affairs, funds, technology, transactions or other matters);
  - (viii) beyond the persons stated in the preceding items, a particular person whose circumstances suggest that the designated dispute resolution organization has control over the particular person's business policy decisions; and
  - (ix) a particular person whose relationship with a person stated in any of the preceding items is the same as the relationship of the designated dispute resolution organization provided in any of the preceding items (excluding items (ii) through (iv); the same applies below in this item) with a person stated in any of the preceding items.

(Matters to Be Described in Records Concerning Complaint Processing



Procedures)

Article 239-10 (1) A designated dispute resolution organization must, pursuant to the provisions of Article 308-11 of the Act, prepare records concerning complaint processing procedures implemented by it, describing the matters stated in the following items:

- (i) the date and content of the application for resolution of a complaint related to insurance business, etc. (meaning the complaint related to insurance business, etc. provided in Article 2, paragraph (38) of the Act; the same applies in paragraph (3), item (iii) of the following Article) filed by an insurance-related business' customer;
  - (ii) the name or trade name of a member insurance-related business' customer who made the application stated in the preceding item and the representative of the customer, and the name or trade name of the member insurance-related business;
  - (iii) the particulars of the complaint processing procedures followed; and
  - (iv) the result of the complaint processing procedures (including the reason for and date of the termination of the complaint processing procedures).
- (2) The designated dispute resolution organization must preserve the records describing the matters provided in the preceding paragraph for at least five years from the date of termination of the complaint processing procedures implemented by it.

(Interest of Dispute Resolution Mediators)

Article 239-11 (1) The person who has an interest with the party related to the application provided in Article 308-13, paragraph (1) of the Act as prescribed in paragraph (3) of the same Article, as provided in Article 308-7, paragraph (1), item (v) of the Act (hereafter simply referred to as the "party" in this paragraph), is the person falling under any of the categories stated in the following items:

- (i) a person who is or who was the spouse of the party;
- (ii) a person who is or who was the party's relative by blood within the fourth degree, relative through marriage within the third degree or relative living together, or both;
- (iii) the guardian, the supervisor of the guardian, the curator, the supervisor of the curator, the assistant or the supervisor of the assistant of the party;
- (iv) a person who is or who was the counsel or the assistant in court of the party in connection with the dispute related to insurance business, etc. (meaning the dispute related to insurance business, etc. provided in Article 2, paragraph (39) of the Act; the same applies in the following Article) related to the application, or both; and
- (v) a person who earns income by providing a service to the party or for whom

three years have not passed from the day when the person ceased to earn income from the party.

- (2) The person to be specified by Cabinet Office Order, as provided in Article 308-13, paragraph (3), item (iii) of the Act, is the person who holds any of the qualifications stated in the following items and whose period of having engaged in the service responding to consumer affairs consultation (meaning the consumer affairs consultation provided in Article 13 (Certification of Qualified Consumer Organizations), paragraph (3), item (v), (a) of the Consumer Contract Act (Law No. 61 of 2000)) is five years or longer in total:
- (i) the qualification of the consumer specialized counselor granted by Incorporated Administrative Agency National Consumer Affairs Center of Japan;
  - (ii) the qualification of the consumer advisor granted by a general incorporated foundation, Japan Industrial Association; and
  - (iii) the qualification of the consumer consultant granted by a general incorporated foundation, Japan Consumers' Association.
- (3) The person to be specified by Cabinet Office Order, as provided in Article 308-13, paragraph (3), item (v) of the Act, is a person who falls under any of the following:
- (i) a person whose period of having engaged in one or more of the following occupations is five years or longer in total:
    - (a) judge;
    - (b) assistant judge;
    - (c) public prosecutor;
    - (d) attorney;
    - (e) professor of law or associate professor for the subject in the category of law at a department, major course or graduate school of a university as provided in the School Education Act;
  - (ii) a person whose period of having engaged in one or more of the following occupations is five years or longer in total:
    - (a) certified public accountant;
    - (b) tax accountant;
    - (c) professor or associate professor for the subject in the category of economics or commercial science at a department, major course or graduate school of a university as provided in the School Education Act;
  - (iii) a person whose period of having engaged in investigation, instruction, recommendation, establishment of rules and other services necessary for protection of customers at a corporation engaging in business of processing the complaints related to insurance business, etc. or related business is ten years or longer in total; or
  - (iv) a person who has been certified by the Commissioner of the Financial

Services Agency as having the equivalent or higher level of academic knowledge and experience to that of any of the persons stated in the preceding three items.

(Explanation to Customer of Member Insurance-Related Business Who Is a Party to Dispute Related to Insurance Business)

Article 239-12 (1) If a customer of a member insurance-related business who is a party to the dispute related to insurance business, etc. requests that the designated dispute resolution organization deliver a document when making an explanation provided in Article 308-13, paragraph (8) of the Act, the designated dispute resolution organization must deliver the document and make an explanation.

(2) The matters to be specified by Cabinet Office Order, as provided in Article 308-13, paragraph (8), item (iii) of the Act, are the following matters:

- (i) the method for handling the secrets of the party to a dispute related to insurance business, etc. or other third parties that are contained in the opinions stated or materials submitted or presented in the dispute resolution procedures, or contained in the dispute resolution procedures record provided in Article 308-13, paragraph (9) of the Act (referred to as "dispute resolution procedures record" in paragraph (1) of the following Article);
- (ii) the requirements and modes of operation for the Parties to a dispute related to insurance business, etc. to terminate the dispute resolution procedures;
- (iii) that, when the dispute resolution mediator determines that there is no prospect of reaching a settlement between the parties to the dispute related to insurance business, etc. through dispute resolution procedures, the dispute resolution mediator promptly terminates the dispute resolution procedures and notifies the parties to the dispute related to insurance business, etc. to that effect; and
- (iv) whether there is a document to be prepared if a settlement is arranged between the parties to the dispute related to insurance business, etc., and if there is, the person who will prepare the document, the number of copies to be prepared and any other outlines related to preparation of the document.

(Preservation and Preparation of Dispute Resolution Procedures Record)

Article 239-13 (1) The designated dispute resolution organization must preserve the dispute resolution procedures records for ten years or more from the date of termination of the dispute resolution procedures which the designated dispute resolution organization has carried out.

(2) The matters to be specified by Cabinet Office Order, as provided in Article 308-13, paragraph (9), item (vi) of the Act, are the following matters:

- (i) the content of the application for the dispute resolution procedures;
- (ii) when a special conciliation proposal (meaning the special conciliation proposal provided in Article 308-7, paragraph (vi) of the Act; the same applies in this item) is presented in the dispute resolution procedures, the content and date of presentation of the special conciliation proposal; and
- (iii) if the dispute resolution procedures result in settlement, the details of settlement.

### **Chapter III Supervision**

#### **(Matters to Be Notified)**

Article 239-14 (1) If a designated dispute resolution organization intends to give the notification under Article 308-19 of the Act, the designated dispute resolution organization must submit to the Commissioner of the Financial Services Agency a written notice by attaching a written statement of reason and documents describing other matters that will be helpful (in the cases stated in the following items, including the matters stated in these items):

- (i) in the case prescribed in Article 308-19, item (i) of the Act, the date of conclusion or termination of the basic contract for implementation of dispute resolution procedures and the trade name or name of the insurance-related businesses;
  - (ii) in the case prescribed in item (vi) of the following paragraph, a pledge of the person, who has become an officer, etc. of a designated dispute resolution organization, that the officer is not an organized crime group member, etc.;
  - (iii) in the case prescribed in item (vii) of the following paragraph, the reason why it is expected to be uncertain whether an insurance-related business performs the obligations related to the basic contract for implementation of dispute resolution procedures or any other obligations regarding the implementation of business of dispute resolution, etc., and the trade name or name of the insurance-related business;
  - (iv) in the case prescribed in item (viii) or (ix) of the following paragraph, the following matters:
    - (a) the name of business office or office where the violation occurs;
    - (b) the name or trade name and title of an officer, etc. who has committed the violation;
    - (c) outlines of the violation; and
    - (d) measures for improvement.
- (2) The cases to be specified by Cabinet Office Order, as provided in Article 308-19, item (ii) of the Act, are as follows:
- (i) if the articles of incorporation or equivalent provisions are amended;
  - (ii) if the trade name or name, location of principal business office or office, or

- business content of the parent corporation (meaning the corporation or other organization who holds a majority of all shareholders' voting rights of the designated dispute resolution organization (meaning the voting rights of all shareholders, all employees, all members, all partners or all equity investors of the designated dispute resolution organization; the same applies in item (v)); the same applies in the following item) or the subsidiary corporation (meaning the corporation or other organization whose majority of the voting rights of all shareholders, all employees, all members, all partners, or all equity investors is held by the designated dispute resolution organization; the same applies in item (iv)) is amended;
- (iii) if the parent corporation is no longer the parent corporation;
  - (iv) if the subsidiary corporation is no longer the subsidiary corporation, or the voting rights of the subsidiary corporation are acquired or come to be held;
  - (v) if 5 percent or more of all shareholders' voting rights of the designated dispute resolution organization are acquired or come to be held by one person;
  - (vi) if there is a person who newly becomes an officer, etc. of the designated dispute resolution organization after submission of the application for designation under Article 308-3, paragraph (1) of the Act;
  - (vii) if an insurance-related business makes a request for conclusion of a basic contract for implementation of dispute resolution procedures and the request is rejected;
  - (viii) if the designated dispute resolution organization learns about the fact that an act in violation of the laws and regulations or the operational rules of the designated dispute resolution organization had occurred in the course of execution of the business of dispute resolution, etc. (limited to the business entrusted by the designated dispute resolution organization, in the case of the party to whom its business is commissioned) by an officer, etc. of the designated dispute resolution organization or an entrustee who received entrustment of business from the designated dispute resolution organization; and
  - (ix) if the designated dispute resolution organization learns about the fact that a member insurance-related business or an officer, etc. had committed an act in violation of the operational rules of the designated dispute resolution organization.
- (3) The notification in the case falling under item (viii) or (ix) of the preceding paragraph must be submitted within one month from the date when the designated dispute resolution organization learned about any fact provided in these items.

(Submission of Report Concerning Business of Dispute Resolution)

- Article 239-15 (1) The report on business of dispute resolution, etc. to be prepared by a designated dispute resolution organization pursuant to Article 308-20, paragraph (1) of the Act must be prepared using appended Form 28 and must be submitted to the Commissioner of the Financial Services Agency within three months after the end of the relevant business year.
- (2) The inventory of property, the balance sheets and income and expenditure account statement or profit and loss statements for the last business year, or documents equivalent to these, must be attached to the report stated in the preceding paragraph.
- (3) If the designated dispute resolution organization is unable to submit the report under paragraph (1) within the period provided in the same paragraph due to an unavoidable reason, the designated dispute resolution organization may postpone the submission of the report by obtaining an approval of the Commissioner of the Financial Services Agency in advance.
- (4) If the designated dispute resolution organization seeks to obtain the approval under the preceding paragraph, the designated dispute resolution organization must submit an application for approval to the Commissioner of the Financial Services Agency with a written statement of reason attached to the application.
- (5) Upon receiving the application for approval under the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether or not there is any reason that is found to be unavoidable in connection with the postponement of the submission pursuant to paragraph (3) by the designated dispute resolution organization which made the application.

## **Part V Miscellaneous Provisions**

### **(Details of Documents)**

- Article 240 (1) The document provided in Article 309, paragraph (1), item (i) of the Act must contain the matters related to revocation of application for insurance contract or cancellation of insurance contract, as provided in the items of the same Article.
- (2) The document stated in the preceding paragraph must be prepared by using letters, characters and numerals larger than 8-point as provided in JIS Z8305.
- (3) If the document specified in paragraph (1) is to be delivered to an applicant, etc. (meaning an applicant, etc. as provided in Article 309, paragraph (1) of the Act; the same applies below in this paragraph and the following Article), it must be delivered by such means which ensures that the applicant, etc. to understand the details written in the document, such as informing the applicant, etc. to comprehensively read the document.

### **(Means of Using Information and Communications Technology in Relation to**

the Revocation of Application for Insurance Contract)

Article 240-2 (1) The methods to be specified by Cabinet Office Order using an electronic data processing system or any other information and communication technology, as provided in Article 309, paragraph (2) of the Act, are as follows:

- (i) a method whereby electronic data processing system is to be used, as specified in (a) or (b) below:
    - (a) to transmit information via telecommunications line connected between a computer used by an insurance company, etc. and foreign insurance company, etc. and that used by the applicant, etc., and to record the information in a file stored on a computer used by the recipient;
    - (b) to make available for inspection by an applicant, etc. via a telecommunications line the matters to be stated that are recorded in a file on a computer used by an insurance company, etc. and foreign insurance company, etc. and to record those matters in the file of the applicant, etc. on a computer used by the applicant, etc. (or, if the applicant, etc. acknowledges the provision of information by the method provided in the first sentence of Article 309, paragraph (2) of the Act or, if the applicant notifies that the applicant will not receive information by this method, to record the acknowledgment or notice into a file stored on the computer used by the insurance company, etc. and the foreign insurance company, etc.); and
  - (ii) to deliver the file storing the information, which is prepared with any object enabling secure storage of certain information through magnetic disks, CD-ROMs or any other equivalent means.
- (2) The method specified in the items of the preceding paragraph must be the method which enables an applicant, etc. to create a document by way of outputting information stored in the file.
- (3) When information to be stated in the written document is to be furnished by the method stated in paragraph (1), it must be furnished by the method which would secure the applicant, etc. to understand the details of information, such as by way of giving the applicant, etc. an access to the screen image informing that the information is read by the applicant, etc. comprehensively.
- (4) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system connecting via telecommunications line a computer used by an insurance company, etc. or a foreign insurance company, etc. and a computer used by an applicant, etc.

Article 240-3 The types and details of the methods to be indicated, as referred to in Article 45-2, paragraph (1) of the Cabinet Order, are as follows:

- (i) the method provided in any of the items of paragraph (1) of the preceding Article, which will be used by the insurance company; and

(ii) the format of recording information into files.

Article 240-4 The methods to be specified by Cabinet Office Order, as referred to in Article 309, paragraph (3) of the Act, are the method stated in Article 240-2, paragraph (1), item (ii).

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

Article 241 The methods to be specified by Cabinet Office Order, as provided in Article 45, item (iii) of the Cabinet Order, are as follows:

- (i) method whereby mailing is used;
- (ii) method whereby a facsimile device or any other similar transmission device or a device for information processing is to be used; and
- (iii) method where device equipped by an insurance company, etc. or a foreign insurance company, etc. (including underwriting members of licensed specified corporations) is to be used.

(Insurance Premiums Corresponding to Period Before Cancellation in the Case of Cancellation of Insurance Contract)

Article 242 (1) The amount to be specified by Cabinet Office Order, as provided in Article 309, paragraph (5) of the Act, 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 relevant insurance contract, by the total number of the days contained in the insurance period prescribed in the contract corresponding to the amount (referred to below as "insurance premiums period" in this paragraph); and then multiplying this 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 arises with respect to the amount calculated pursuant to the provisions of the preceding paragraph is truncated.

(Application for Authorization)

Article 243 For filing a written application for authorization to be submitted pursuant to the provisions of Article 99, paragraph (7) of the Act, Article 123, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 207 of the Act) and Article 225, paragraph (1) of the Act, a written application for approval to be submitted pursuant to the provisions of Article 236, paragraph (1), item (ii) and Article 273, paragraph (1), item (v) of the Act, and a written notification to be submitted pursuant to the provisions of Article 123, paragraph (2) (including as applied mutatis mutandis pursuant to Article



207 of the Act) and Article 225, paragraph (2) of the Act, a written statement of reasons or any other documents describing the matters which would serve as reference information (if the matters stated in the documents under Article 4, paragraph (2), item (iv) of the Act, Article 187, paragraph (3), item (iv) of the Act or Article 220, paragraph (3), item (iv) of the Act (limited to the matters related to insurance contract for third-sector insurance) is to be amended, these documents include a written opinion specifying the result of verification by the responsible actuary (in the case of a foreign insurance company, etc., its responsible actuary in Japan; or in the case of a licensed specified corporation, its responsible actuary in Japan) that the matters specified in the aforementioned documents are reasonable and fair in terms of actuarial methodology) must be attached to it.

(Special Provisions for Foreign Holding Companies Whose Subsidiary Company Is Insurance Company)

- Article 244 (1) A foreign holding company whose subsidiary company is an insurance company, etc. (including a company intending to become a foreign holding company whose subsidiary company is an insurance company, etc.; a party intending to incorporate a foreign holding company whose subsidiary company is an insurance company, etc.; and a company which formerly fell within the scope of foreign holding company whose subsidiary company is an insurance company, etc.; the same applies below in this Article) may, in connection with submission of documents required to be submitted to the Prime Minister, etc. as an attachment to a written application or notification under this Cabinet Office Order (referred to below as "attachments" in this paragraph and the following paragraph), submit to the Prime Minister, etc. the equivalent documents in lieu of the attachment.
- (2) If the laws and regulations or conventions of the home state (meaning a state which has enacted the laws and regulations governing the incorporation of a foreign holding company whose subsidiary company is an insurance company, etc.) or any justifiable grounds prevents the foreign holding company whose subsidiary company is an insurance company, etc. from submitting to the Prime Minister, etc. the attachments or the equivalent document as provided in the preceding paragraph (referred to below as "attachments, etc." in this paragraph), it is not required to submit the attachments, etc. to the Prime Minister, etc.
- (3) For the purpose of application of the provisions under this Cabinet Office Order to a foreign holding company whose subsidiary company is an insurance company, etc., its principal office in Japan is deemed to be its principal office, in the case of a foreign holding company whose subsidiary company is an insurance company, etc. which has an office in Japan, and its principal office in

Japan is deemed to exist in the jurisdictional district of the Kanto Local Finance Bureau, in the case of a the foreign holding company whose subsidiary company is an insurance company, etc. which does not have any office in Japan.

(Preliminary Examination)

Article 245 A party which seeks to obtain an authorization, permission or approval from the Commissioner of the Financial Services Agency pursuant to the provisions of the Act may seek preliminary examination by submitting to the Commissioner of the Financial Services Agency, director-general of local finance bureau or director-general of the Fukuoka Local Finance Branch Bureau documents equivalent to those designated in this Cabinet Office Order as the documents to be submitted upon the application for the authorization, permission or approval, when that party applies for the authorization, permission or approval.

(Standard Processing Period)

Article 246 (1) If any application for license, permission, authorization, approval or designation, or registration under the Act, the Cabinet Order or this Cabinet Office Order as stated in any of the following items (excluding an application for preliminary examination) has arrived at the office of the Prime Minister, etc., the Prime Minister, etc. is to endeavor to render the disposition in response to the application within the period stated respectively in the relevant items, within the period respectively stated in those items:

- (i) insurance business license under Article 3, paragraph (1) of the Act: 120 days;
- (ii) authorization of concurrent holding of positions of directors (or executive officers, in the case of a company with nominating committee, etc.) of two or more companies, as stated in Article 8, paragraph (1) of the Act: 30 days;
- (iii) authorization of decrease in the amount of stated capital, as stated in Article 17-2, paragraph (3) of the Act: 60 days;
- (iv) authorization of provisions of articles of incorporation setting forth the exception to setting aside of members' dividend reserve under Article 55-2, paragraph (5) of the Act: 30 days;
- (v) approval of restriction on the amount of asset investment under the proviso to Article 48-3, paragraph (2) and the proviso to Article 48-5, paragraph (2): 30 days;
- (vi) authorization of agency for or handling of business under Article 98, paragraph (2) of the Act: 60 days;
- (vii) authorization of business to perform the activities specified in the items of Article 33, paragraph (2) (Prohibition on Engagement in Securities Services by Financial Institutions) of the Financial Instruments and Exchange Act

- under Article 99, paragraph (4) of the Act: 60 days;
- (viii) authorization of business specified in the items of Article 99, paragraph (2) of the Act under paragraph (5) of the same Article: 60 days;
- (ix) approval of transaction, etc. with specified related parties under the proviso to Article 100-3 of the Act or the fact that the transaction is unlikely to damage the soundness of the management of the insurance company: 30 days;
- (x) authorization relating to a subsidiary company or advanced insurance service company under Article 106, paragraph (4) (including as applied *mutatis mutandis* pursuant to paragraphs (7) and (13) of that Article): 90 days
- (xi) authorization relating to the continued holding of an insurance company, etc. eligible to be a subsidiary company which has become a subsidiary company of an insurance company as a subsidiary company, under the proviso to paragraph (5) of Article 106 of the Act: 90 days
- (xii) approval relating to the continued holding of a foreign company other than a company eligible to be a subsidiary company which has become a subsidiary company of an insurance company as a subsidiary company, under Article 106, paragraphs (8) and (14) of the Act: 30 days
- (xiii) authorization relating to the continued holding of a foreign company other than a company eligible to be a subsidiary company which has become a subsidiary company of an insurance company as a subsidiary company, under paragraph (11) and the proviso to paragraph (12) of Article 106 of the Act: 90 days
- (xiv) authorization relating to an advanced insurance service company engaged in non-insurance businesses under Article 106, paragraph (16) of the Act: 90 days
- (xv) approval of restriction of acquisition, etc. of voting rights by an insurance company or its subsidiary company under the proviso to Article 107, paragraph (2) of the Act: 30 days;
- (xvi) authorization of recording of gain on assessment of stated shares under Article 112, paragraph (1) of the Act: 30 days;
- (xvii) authorization of exemption from setting aside price fluctuation reserve under the proviso to Article 115, paragraph (1) and the proviso to paragraph (2) of the same Article of the Act: 30 days;
- (xviii) authorization of amendment to the matters specified in statement of business procedures, etc. under Article 123, paragraph (1) of the Act: 90 days;
- (xix) authorization of amendment to articles of incorporation under Article 126 of the Act: 60 days;
- (xx) insurance business license under Article 185, paragraph (1) of the Act: 120

- days;
- (xxi) permission on application for insurance contracts under Article 186, paragraph (2) of the Act: 60 days;
  - (xxii) approval of transaction, etc. with specially related parties under the proviso to Article 194 of the Act: 30 days;
  - (xxiii) authorization of amendment to the matters specified in a statement of business procedures, etc. under Article 225, paragraph (1) of the Act: 90 days;
  - (xxiv) authorization of an insurance company's major shareholder under Article 271-10, paragraph (1) of the Act: 30 days;
  - (xxv) authorization of extending a grace period related to specified major shareholders under the proviso to Article 271-10, paragraph (2) of the Act: 30 days;
  - (xxvi) authorization of business to be conducted by an insurance company under Article 271-21, paragraph (2) of the Act: 60 days;
  - (xxvii) registration of small amount and short term insurance business under Article 272, paragraph (1) of the Act: 60 days;
  - (xxviii) approval of omission of depositing a part of security deposit in virtue of conclusion of a small amount and short term insurer's liability insurance under Article 272-6, paragraph (1) of the Act: 20 days;
  - (xxix) approval of concurrent holding by a director (or an executive officer, in the case of a company with nominating committee, etc.) of small amount and short term insurer of positions at other companies under Article 272-10 of the Act: 30 days;
  - (xxx) approval of implementation of business related to small amount and short term insurance business under Article 272-11, paragraph (2) of the Act: 30 days;
  - (xxxi) approval of transaction, etc. with specified related parties under the proviso to Article 100-3 of the Act as applied *mutatis mutandis* pursuant to Article 272-13, paragraph (2) of the Act following the deemed replacement of terms or that the transaction is unlikely to damage the sound management of the small amount and short term insurer: 30 days;
  - (xxxii) approval of subsidiary company under Article 272-14, paragraph (2) of the Act: 60 days;
  - (xxxiii) authorization of exemption from setting aside price fluctuation reserve under the proviso to Article 115, paragraph (1) and the proviso to paragraph (2) of the same Article of the Act as applied *mutatis mutandis* pursuant to Article 272-18 of the Act: 30 days;
  - (xxxiv) authorization of small amount and short term insurer's major shareholder under Article 272-31, paragraph (1) of the Act: 30 days;
  - (xxxv) authorization of extending a grace period related to small amount and

- short term insurer's major shareholder under the proviso to Article 272-31, paragraph (2) of the Act: 30 days;
- (xxxvi) approval relating to the businesses of a small amount and short term insurance holding company under Article 272-38-2, paragraph (2) of the Act;
- (xxxvii) approval of cancellation of a contract to be substituted for depositing of all or part of security deposit or amendment to any terms and conditions of the contract under Article 38-5, item (iii) of the Cabinet Order: 20 days;
- (xxxviii) approval of cancellation or amendment of small amount and short term insurer's liability insurance contract under Article 38-8, paragraph (1), item (iii) of the Cabinet Order: 20 days;
- (xxxix) authorization for re-entrustment of insurance solicitation under Article 275, paragraph (3) of the Act: 60 days;
- (xl) registration of insurance broker under Article 286 of the Act: 30 days;
- (xli) approval of restitution of all or part of security deposit deposited under Article 291, paragraph (10) (excluding items (i) and (ii)): 20 days;
- (xlii) approval of omission of deposit of a part of security deposit as a result of entering into an insurance broker liability insurance contract under Article 292, paragraph (1) of the Act: 20 days;
- (xliii) approval of cancellation of a contract to be substituted for depositing of all or part of security deposit or amendment to any terms and conditions of the contract under Article 42, item (ii) of the Cabinet Order: 20 days;
- (xliv) approval of cancellation or amendment of insurance broker liability insurance contract under Article 44, paragraph (1), item (iv) of the Cabinet Order: 20 days;
- (xlv) approval of corporate bonds or any other bonds to be substituted for security deposit under Article 226, paragraph (1), item (iv): 20 days;
- (xlvi) designation of the person to conduct business of dispute resolution, etc. under Article 308-2, paragraph (1) of the Act: 60 days;
- (xlvii) authorization of changes to the operational rules under Article 308-7, paragraph (7) of the Act: 30 days;
- (xlviii) authorization of suspension or abolishment of all or part of the business of dispute resolution, etc. under Article 308-23, paragraph (1) of the Act: 30 days.
- (2) The period referred to in the preceding paragraph is not to include the following periods:
- (i) a period required for any correction to the application;
  - (ii) a period necessary for the applicant to amend the particulars of the application; and
  - (iii) a period necessary for the applicant to add any material which is deemed necessary for the examination of application.

(Foreign Insurance Company Not Allowed to Accept Entrustment of Business and Property Administration)

Article 247 The companies to be specified by Cabinet Office Order, as provided in Article 48, paragraph (3), item (xxv) of the Cabinet Order, are a foreign insurance company, etc., which has established an office of a person acting as an agent for underwriting insurances related to its insurance business in Japan, as stated in Article 185, paragraph (1) of the Act.

(Notification on Specified Insurance Agent Delegated to Director-General of Local Finance Bureau and Other Officials)

Article 248 Those to be specified by Cabinet Office Order, as provided in Article 49, paragraph (1), item (i) of the Cabinet Order are the notification in the cases stated in Article 85, paragraph (1), item (xxvii), Article 166, paragraph (1), item (vii) and Article 192, paragraph (1), item (vi) (limited to the notification related to a specified insurance agent or its officers or employees).