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Matters to Note regarding Insurance Solicitation

4-1 Formulation and Publication of Solicitation Policy

(1) Basic Rules

Article 8 of the Act on Sales, etc. of Financial Instruments requires providers of financial instruments, etc. to ensure the appropriateness of their solicitation.

Therefore, agents are required to establish a policy for the relevant solicitation ("solicitation policy"), and make it publicly available by posting it at their offices, or by other means.

■ Penal Provisions

Article 10 of the Act on Sales, etc. of Financial Instruments stipulates that a financial instruments provider, etc. that fails to establish a solicitation policy or that fails to publicize it shall be punished by a civil fine of not more than 500 thousand yen.

(2) Specific Measures

A. Establishment of Solicitation Policy

The following matters shall be provided for in a solicitation policy. For specific examples, please refer to the next page.

- i. Matters to be taken into consideration in light of the knowledge, experience, and status of property of the person subject to the solicitation, and the purpose for the conclusion of the contract pertaining to the relevant sales of financial instruments;
- ii. Matters to be taken into consideration for the person subject to the solicitation with regard to the method and time of the solicitation; and
- iii. Beyond what is provided for in the preceding two items, matters for ensuring the appropriateness of the solicitation

B. Posting of Solicitation Policy

The solicitation policy shall be posted or made available for viewing in the agent's office. In addition, if agents are selling insurance products on websites which are created, operated, and managed by themselves, the solicitation policy shall also be posted on such websites.

Note If agents have branches and other offices that handle contracts, the solicitation policy shall be posted in all the offices. In the case of individual agents who do not have a dedicated office, the policy shall be posted in their offices at home.

Reference Solicitation Policy (Example/Excerpt)Prepared by the General Insurance
Association of Japan on February 24, 2009Act on Sales, etc. of Financial Instruments <Solicitation Policy for Non-life Insurance Agent, etc.>

In accordance with the Act on Sales, etc. of Financial Instruments, we hereby announce the following solicitation policy as a non-life insurance agent, and ask for your understanding.

1. To ensure proper insurance solicitation, we shall comply with the Insurance Business Act, the Act on Sales, etc. of Financial Instruments, the Consumer Contract Act, and other laws and regulations. When selling insurance, we shall always make efforts to provide explanations that customers can understand.
2. We shall consider the customer's knowledge of insurance, experience, status of property, and purpose for the conclusion of the contract. In addition, we, in line with the intention and circumstances of customers, shall aim to provide explanations and constantly make efforts to select appropriate insurance products.
3. In the case of non-face-to-face insurance sales (e.g., mail-order sales, etc.), we shall constantly make efforts to devise a method of explanation that will enable as many customers as possible to understand the products on offer.
4. We shall always strive to conduct appropriate insurance sales in light of preventing the fraudulent acquisition of insurance claim payments.
5. At the time of an insured event, we shall always strive to handle insurance claim payments promptly and accurately.
6. We shall not engage in solicitation at times, places, or by means that may cause inconvenience to our customers.
7. We shall constantly make efforts to collect various opinions from our customers and reflect them in our insurance sales.

4-2 Insurance Solicitation Targeting the Elderly and Persons with Disabilities

4-2-1 Insurance Solicitation Targeting the Elderly

(1) Basic Rules

As the elderly may face a decline in physical strength as well as memory and comprehension, there have been cases in which complaints have been filed by them or their family members.

In light of this situation, when a policyholder is elderly, the solicitor must try to respond more carefully by considering the characteristics of the elderly.

Reference **Comprehensive Guidelines for Supervision for Insurance Companies II-4-4 (Customer Protection, etc.) (Excerpt)**

II-4-4-1-1 Points of Attention in Protecting Customers

- (4) Considering that the provision of appropriate and adequate explanations is important in insurance solicitation to the elderly, whether the definition of the elderly and the insurance solicitation methods, including precise efforts and efforts to contribute to the prevention and early detection of problems, have been specifically specified in the internal rules, etc. and made, taking into account the characteristics of products and the elderly, etc.

With regard to such efforts, whether appropriate efforts such as taking the following measures, etc. are made.

- i. Method to request the presence of relatives, etc. at the time of insurance solicitation.
- ii. Method of soliciting insurance by multiple insurance agents at the time of insurance solicitation.
- iii. Method of providing multiple opportunities of insurance solicitation to ensure allowing sufficient time to consider an application for an insurance contract.
- iv. Method of confirming that the content of products is in accord with the elderly's intentions, etc. by making a phone call to the elderly by persons other than those who have conducted insurance solicitation after receiving the application for an insurance contract.

In addition, whether appropriate efforts such as recording (voice recording, recording on reports, etc.) and storing the content of insurance solicitation and following up on the content of the contract after concluding the contract, taking into account the characteristics of products and the elderly, etc.

Whether the appropriateness, etc. of these efforts for insurance solicitation to the elderly are examined, etc.

Reference **Guidelines on Insurance Solicitation for the Elderly (Explanation)**

Prepared by the General Insurance Association of Japan on June 26, 2014

Recognizing the need to take comprehensive measures on an industry-wide basis to deal with the elderly, the General Insurance Association of Japan (GIAJ) formulated the "Guidelines on Insurance Solicitation for the Elderly" to ensure more appropriate insurance solicitation for them.

The guidelines stipulate the detailed approaches required for each age group and product. Based on the guidelines, the non-life insurance industry will further promote appropriate insurance solicitation targeting the elderly by providing attentive support according to the characteristics of such customers and the products on offer.

Details of the guidelines can be viewed on the GIAJ website.

(2) Explanation

In light of the number of issues experienced by consumers, as a guide, the GIAJ has determined that the specific measures described in (3) below need to be taken for customers who are 70 years of age or older.

However, even for customers under the age of 70, if it is believed that the customer is "unable to engage in conversation" or "has comprehension problems," it is necessary to provide attentive support as described in (3), or to have contract procedures performed by a legal representative, etc.

(3) Specific Measures

When soliciting insurance for the elderly, it is important to consider their characteristics and provide a more attentive approach. As specific measures, it is necessary to conduct face-to-face insurance solicitation as much as possible, and to pay attention to two points: "responses in accordance with the level of understanding and judgment of elderly customers" and "more attentive responses in accordance with the characteristics of elderly customers and insurance products, etc."

* When conducting insurance solicitation other than face-to-face, please refer to "(4) Points to Note" below.

A. Responses in Accordance with the Level of Understanding and Judgment of Elderly Customers

When a policyholder is elderly, it is necessary to consider the following points and provide more attentive support in accordance with the characteristics of the elderly.

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|---|
| <ul style="list-style-type: none"> • Ask questions about the purpose of purchase and possible risks related to the product, etc. in words that are easy to understand, and accurately ascertain and confirm the customer's intention. |
| <ul style="list-style-type: none"> • Explain the product content thoroughly in words that are easy to understand, while checking the customer's level of understanding and judgment, etc. If the customer seems to have an inadequate understanding, repeat and provide a sufficient explanation, especially for matters that are disadvantageous to them, such as cases where pre-existing illnesses/conditions are not compensated for until a certain period of time has passed. In addition, if necessary, manuals and talk script, etc. should be carefully formulated to provide explanations in an easy-to-understand manner. |
| <ul style="list-style-type: none"> • According to the requirements and preferences of the customer, confirm their intention after providing a sufficient explanation when a relative, etc. is present. Additionally, as appropriate, make use of the proxy rules set by the insurance company. |

B. More Attentive Responses in Accordance with the Characteristics of Elderly Customers and Insurance Products, etc.

When soliciting insurance targeting the elderly, it is considered that the required approaches differ depending on the age of the customer ^(Note 1) as well as the characteristics of the insurance product ^(Note 2). Therefore, it is necessary to provide more attentive support, as exemplified in the Comprehensive Guidelines for Supervision for Insurance Companies II-4-4-1-1 (4) i-iv (see "Reference" on page 54), in addition to the approaches described in A above.

Note 1 Some insurance companies have set up age categories that require special attention, such as 80+ years old, in addition to the 70+ years old category mentioned as a guide in (2) above.

Note 2 The degree of investment, the premium amount, the necessity of immediate conclusion of a policy, etc.

It is also important to establish a system to enable responses in an appropriate and effective manner according to the scale, etc. of the solicitor.

For more information on cases that require more attentive responses in accordance with the characteristics of elderly customers and insurance products, etc., please consult the affiliated insurance company.

C. Keeping and Retaining Records of Insurance Solicitation Activities

When soliciting insurance for the elderly, please record and store the details of solicitation activities in accordance with the affiliated insurance company's rules, etc.

Keeping and retaining detailed records of insurance solicitation activities will not only allow confirmation that solicitation activities are conducted properly, but can also be useful in answering questions, etc. from customers or their family members at a later date about the circumstances during the solicitation activities.

D. Follow-up after Conclusion of Contract

When soliciting insurance for the elderly, in accordance with the characteristics of the elderly and insurance products, etc., after the contract conclusion, in addition to A-C above, it is important to follow up with customers by requesting confirmation of the contract details by phone or by visiting the customer.

(4) Points to Note

When soliciting insurance by means other than face-to-face, such as by phone or postal mail, it is necessary to consider the characteristics of the elderly.

Unlike face-to-face solicitation, when soliciting insurance by phone or postal mail, it is not possible to check the facial expressions or behavior of the elderly. Moreover, it is also not possible to simultaneously share the content of the conversation with family members of the elderly.

Therefore, insurance solicitation by phone or postal mail should be limited to cases where it is judged that there is no problem with the customer's level of understanding and judgment, and the elderly personally requests to conclude a policy by phone or postal mail. In such cases, the following needs to be considered.

A. Solicitation by Phone

In addition to "(3) Specific measures" above, it is important to note the following:

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|--|
| <ul style="list-style-type: none"> • In order to confirm whether the solicitor's explanation has been fully understood, encourage the customer to talk as much as possible, rather than just replying "yes" or "no". |
| <ul style="list-style-type: none"> • Switch to face-to-face solicitation, if it seems difficult to continue over the phone. |
| <ul style="list-style-type: none"> • If possible, record the content of any telephone conversation during insurance solicitation, in case that customers or their family members ask for confirmation of the content of solicitation, etc. at a later date. |

B. Solicitation by Postal Mail

It is important to make polite responses by doing face-to-face or over-the phone follow-ups as appropriate, and having multiple exchanges.

4-2-2 Insurance Solicitation for Persons with Disabilities

(1) Basic Rules

In order to eliminate discrimination on the basis of physical, intellectual or psychiatric disabilities, or other disorders of mental and physical functions, the Act for Eliminating Discrimination against Persons with Disabilities requires "prohibition of discriminatory treatment" and "provision of reasonable accommodation". (Article 8, Paragraphs 1-2)

In addition, the Financial Services Agency (FSA) has published the Guidelines to Eliminate Discrimination against People with Disabilities in the Businesses under the Supervision of the FSA (the "FSA Guidelines" hereinafter). The GIAJ has also prepared the Basic Policy on Measures for Persons with Disabilities.

If a policyholder has a disability, please do not engage in unfair discriminatory treatment, and ensure that necessary and reasonable accommodation is provided according to the level of disability, gender, and age.

* The FSA Guidelines (in Japanese) can be accessed at:

<https://www.fsa.go.jp/news/27/sonota/20151030-4/06.pdf>

Reference **Basic Policy on Measures for Persons with Disabilities**

Prepared by the General Insurance
Association of Japan in February 2016

The General Insurance Association of Japan and its member companies shall establish the following basic policy based on the purpose set forth in the Act for Eliminating Discrimination against Persons with Disabilities.

1. In order to remove social barriers for persons with disabilities, we shall not engage in unfair discriminatory treatment, and shall ensure necessary and reasonable accommodation according to the level of disability, gender, and age.
2. We shall strive for mutual understanding through constructive dialogue with persons with disabilities, placing importance on communication according to their disability status.
3. We shall promote specific training and awareness-raising activities with the aim of realizing an inclusive society of co-existence, where the personality and individuality of persons with disabilities are respected.

(2) Explanation

The FSA Guidelines provide that persons with disabilities are "persons with physical disabilities, intellectual disabilities, psychiatric disabilities (including developmental disorders), or other disorders of mental or physical functions (hereinafter collectively referred to as 'disabilities'), who are continuously and substantially limited in their daily or social lives due to their disabilities and social barriers, and not limited to holders of so-called disability certificates". Higher-order brain dysfunction is included in psychiatric disability.

In addition, companies (including agents and solicitors) must not violate the rights or interests of persons with disabilities through "disparate and unfair discriminatory treatment" on the basis of disability comparing to persons without disability. (Article 8, Paragraph 1 of the Act for Eliminating Discrimination against Persons with Disabilities). According to the FSA Guidelines, "unfair discriminatory treatment" is defined as treating persons with disabilities less favorably without justifiable reasons, than those without disability who have the same essential circumstances related to the business in question.

* For specific examples of unfair discriminatory treatment, see the Appendix of the FSA Guidelines.

(3) Specific Measures

When soliciting insurance for persons with disabilities, it is necessary to listen carefully to the individuals' preferences with respect to support and respond flexibly while providing reasonable accommodation.

In addition, if support requested by persons with disabilities cannot be provided due to justifiable reasons ^(Note 1), or if it is difficult to offer such support due to excessive burden ^(Note 2), please explain the reasons to them and try to obtain their understanding.

If their understanding of the product content or procedure seems insufficient, please repeat the explanation. Please pay particular attention to providing sufficient explanations regarding matters that are disadvantageous to them, etc.

Note 1 See the FSA Guidelines for the judgment criteria of justifiable reasons.

Note 2 See the FSA Guidelines for the basic concept of excessive burden.

Please check with the affiliated insurance company for specific approaches in accordance with the characteristics of persons with disabilities and insurance products, etc.

[Concrete Examples of Reasonable Accommodation]

State	Specific example
Disabilities such as missing limbs or physical disabilities	Depending on the degree of disability, provision of support when handing over documents or filling out forms
Visually impaired and unable (or finding it difficult) to read the text of solicitation tools (brochures, Notice of Important Matters, etc.)	A solicitor reads on his/her behalf or provides him/her with enlarged copies of solicitation tools.
Hearing disabilities	Use of written communication or a communication board (including tablet devices, etc.) as necessary to carry out procedures
Having both visual and hearing disabilities	Depending on the individual's preferences and the degree of disability, communication may be carried out in fingerspelling, etc.
Speech disabilities	Communication at the pace of the person, without rushing the conversation, etc.
Intellectual disabilities, psychiatric disabilities (including developmental disorders), etc.	Depending on the level of disability, explain slowly, carefully, and repeatedly, in clear and easy-to-understand language, and proceed with the procedure after confirming that the person has understood the content

* For other concrete examples, please refer to the Appendix of the FSA Guidelines.

Reference Act on Facilitating Use of Telephone by Hearing-impaired Persons, etc. (Explanation)

The Act on Facilitating Use of Telephone by Hearing-impaired Persons, etc. came into effect in December 2020. A telephone relay service (providing an immediate two-way connection between a hearing-impaired person and a hearing person over the phone, through interpretation of sign language, text, and voice by operators at a telephone relay service center) will be provided as public infrastructure in the future. Accordingly, it is necessary to promote an understanding of the service, and to develop a system for confirming the intention of the person with hearing disabilities through the telephone relay service.

(4) Points to Note

When soliciting insurance for persons with disabilities, it is assumed that a third party other than the policyholder may perform the procedure of writing on behalf of the policyholder. In this case, it is important not only to avoid treating persons with disabilities disadvantageously, but also to conduct appropriate insurance solicitation. For details, check with the affiliated insurance company.

4-3

Prohibition of Providing Special Benefits during Insurance Solicitation or Contract Conclusion, etc.

(1) Basic Rules

Regarding the conclusion of an insurance contract or insurance solicitation, promising to offer, or actually offering the policyholder or the insured a discount or rebate on their insurance premiums, or any other special advantage is prohibited. (Article 300, Paragraphs 1, Item 5 of the Insurance Business Act)

■ Penal Provisions

Cancellation of registration, or total or partial suspension of business for a period not exceeding six months (Article 307, Paragraph 1 of the Insurance Business Act)

(2) Explanation

With regard to the provision of goods and services to customers at the time of soliciting insurance or concluding a contract, offering what may be regarded essentially as a discount or an insurance premium rebate is prohibited.

When providing goods or services to policyholders, etc., please pay attention to A-C below and consult with the affiliated insurance company in each case.

A. Goods/services that can be provided to policyholders, etc.

Money cannot be provided to policyholders, etc.

In addition, when providing goods/services other than money, the Insurance Business Act (Article 300, Paragraph 1, Item 5) and the Comprehensive Guidelines for Supervision for Insurance Companies (II-4-2-2 (8) (i)) must be kept in mind.

In light of the above, even when providing goods/services, it is necessary to pay particular attention not to be deemed as a substantial discount or rebate on insurance premiums.

B. Scope of goods/services to be provided

Not only the provision of goods/services to the policyholder or the insured, but also to the policyholder's family members, etc. may be deemed, in substance, as the provision of special benefits to the policyholder, etc.

C. Provision of goods/services to prospective customers, etc. by a party engaged in solicitation-related activities

A and B above also apply to goods/services provided to prospective customers, etc. by a party engaged in solicitation-related activities. Therefore, when delegating solicitation activities to a party engaged in solicitation-related activities, it is necessary to ensure that their activities do not lead to the circumvention of solicitation regulations, such as those on the provision of special benefits.

Reference **Comprehensive Guidelines for Supervision for Insurance Companies**
II-4-2 Control Environment for Managing Insurance Solicitation (Excerpt)

II-4-2-2 Points of Attention in Solicitation of Insurance Contracts

(8) Matters Related to Article 300 (1) (v) of the Act

- (i) In cases where the insurance company or insurance agents provide the policyholder or the insured person with various services and goods for the conclusion of insurance contracts or insurance solicitation, whether it is ensured that it does not fall under "offer of special advantage" with consideration given to the following points.
- A. Whether the economic value and content of the said services, etc. are not beyond the social appropriateness.
 - B. Whether it does not practically fall under a discount/rebate of insurance premiums, in light of the degree of marketability and the range of use of the said services, etc.
 - C. Whether the provision of the said services, etc. does not significantly hinder the fairness among policyholders. It shall be also checked whether the insurance company commits any acts that violate the prohibition of other business through the provision of the said services, etc.

(Note) There are cases where the insurance company or insurance agents offer points to the policyholder or the insured person for the conclusion of an insurance contract and provide life-related discount services, etc. according to the said points, etc. It shall be noted, however, that in doing so, providing cashback according to the points earned falls under a discount/rebate of insurance premiums and is prohibited, except for the cases where it is done based on the documents listed in items of Article 4 (2) of the Act.

(3) Points to Note

In addition to the provision of money, etc., such as insurance premium discounts and rebates, the following non-contractual applications may also be considered as the provision of special benefits, so please always ensure the appropriateness of contracts.

- A. Mixing in non-members in order to secure a quorum or discount rate in wholesale insurance/group insurance contracts
- B. Mixing in non-contractual vehicles in fleet policies
- C. Fraudulent application of accident-free grade (for no claim discount) in automobile insurance, etc.

* For A above, please refer to "4-6 Management of Group Contracts, etc."

4-4 Non-face-to-face Solicitation

(1) Basic Rules

If it is possible to ensure the same level of support for customers as that for face-to-face solicitation, non-face-to-face contract procedures such as insurance solicitation by phone, insurance solicitation by postal mail, or online insurance solicitation can be conducted at the customer's request.

(2) Explanation

A. Insurance Solicitation by Phone

When conducting insurance solicitation by phone ^{(Note 1) (Note 2) (Note 3)}, it is necessary to ensure the same level of customer service as in the case of face-to-face solicitation. In accordance with the affiliated insurance company's rules, etc., send a detailed proposal in advance that is in line with the customer's intention as ascertained through phone calls and the details of existing contracts, etc., as well as the "Contract Overview," "Cautionary Information," brochures and other solicitation documents. After explaining by phone the information necessary to conclude a contract or judge the customer's eligibility for purchase, the policy plan, etc. will be confirmed.

Note 1 When conducting insurance solicitation by phone, prescribed procedures are required, so please consult with the affiliated insurance company about the procedures, etc. beforehand.

Note 2 When conducting insurance solicitation by phone, please confirm and comply with the affiliated insurance company's rules and regulations, such as sending a written confirmation of the policy details that contains a record of the date and time of confirming with the customer the conclusion of the contract by phone, along with a copy of the customer's application form, the Notice of Important Matters ("Policy Overview" and "Cautionary Information"), etc.

Note 3 When conducting insurance solicitation by phone, no application form or letter of intent will be received, and only verbal communication will be exchanged. So please record the exchanges and confirm them before ending the call to prevent problems due to misunderstanding.

At a minimum, a-c below should be explained orally (by phone) or clearly stated in the letter of transmittal, etc. to ensure full understanding.

- a. It is important to read the "Notice of Important Matters" which includes the "Policy Overview" and "Cautionary Information."
- b. It is important to read the sections where matters disadvantageous to customers, such as major exceptions, are described.
- c. In particular, policy replacement or conversion may be disadvantageous to customers.

B. Insurance Solicitation by Postal Mail

When conducting insurance solicitation by postal mail, it is necessary, as is in the case of insurance solicitation by phone, to ensure the same level of customer service as in the case of face-to-face solicitation. In accordance with the affiliated insurance company's rules, etc., send the "Policy Overview," "Cautionary Information," brochures and other solicitation documents in advance. If a customer has any questions, ensure that the customer is able to understand the information, for example, by establishing a system that allows for supplementary explanations by phone.

When conducting insurance solicitation by postal mail, customers are required to sign or affix their name and seal to the policy application form, etc. and return it to the company. To prevent customers from having to sign again due to errors, etc. after receiving the application form, it is considered desirable to clearly indicate the areas to be filled in and for affixing seals on the policy documents, with highlighters or sticky notes. In this case, it is important to provide customers with an appropriate explanation of the product content and procedures, to make sure that they will not be misled into thinking that they are being forced to fill out and sign policy documents.

C. Online Insurance Solicitation

Regarding insurance solicitation using electromagnetic means such as the Internet, the same level of support as that for face-to-face solicitation shall be ensured in accordance with the affiliated insurance company's rules, etc. If a customer has any questions, please ensure that the customer is able to understand the information, for example, by establishing a system that allows for supplementary explanations.

In the case of new solicitation methods such as using digital communication tools, e.g., web conference application, to provide explanations to customers, please ensure that the same level of support as that for face-to-face solicitation is provided, by sending solicitation documents and the details of the proposal in advance, etc. in accordance with the characteristics of the tools used. In addition, in order to confirm that stable communication has been secured in advance, please provide sufficient consideration for customers based on the characteristics of the tools to be used, such as conducting connection tests and confirming screen visibility. For details, follow the affiliated insurance company's rules, etc.

Relevant laws and regulations stipulate points to note specific to insurance solicitation using electromagnetic means such as the Internet, regarding the provision of explanations of important matters (Comprehensive Guidelines for Supervision for Insurance Companies II-4-2-2 (2) (x) F. (C), etc.), intention confirmation documents (Comprehensive Guidelines for Supervision for Insurance Companies II-4-2-2 (3) (iv) B. (G)), etc. It is also necessary to ensure information security in accordance with the affiliated insurance company's rules, etc.

(3) Points to Note

A. Consideration for Customers when Sending Solicitation Documents

Since policy procedures can be completed without being face-to-face, the following points need to be considered so that customers can fully understand the product content and policy conditions, etc., and can make an appropriate product selection in line with their intention.

- a. Guidance should be provided well in advance so that the procedures can be completed by the commencement date.
- b. Instead of simply sending out the "Policy Overview," "Cautionary Information," brochures and other solicitation documents, make efforts to promote an understanding of the product content when sending documents, by clearly indicating important points with highlighters or sticky notes, or by attaching materials that summarize important points.
- c. Follow up with the policyholder ^(Note) around the time the solicitation documents, etc. are received.

Note As a general rule, it is not permitted to confirm the intent to conclude a contract with anyone other than the policyholder.

B. When Customers are Elderly

When a customer is elderly, it is necessary to consider the characteristics of the customer.

* Please refer to "4-2-1 Insurance Solicitation Targeting the Elderly (4) Points to Note" on page 56.

Reference Points to note when telemarketing agents, etc. repeatedly/continuously carry out new insurance solicitation and acts of encouraging subscription by phone

When the telemarketing agents, etc. repeatedly and continuously carry out new insurance solicitation and acts of encouraging subscription by phone, the insurance company or insurance agents must specifically define solicitation methods and make efforts to provide appropriate education, management, guidance, and PDCA to the agents, etc. (Comprehensive Guidelines for Supervision for Insurance Companies II-4-4-1-1 (5))

Note Telephone solicitation (e.g., in the case of a continuing policy) as described in (2) A above, and communication on non-solicitation matters are considered to be outside the scope of this rule, as long as they do not fall under the purpose of the explanation below; provided, however, that even in cases that are basically exempt from this rule, it is important to pay attention to avoid complaints, etc., when procedures and communication, etc., are conducted using the telephone.

Example: Phone calls to existing policyholders for the purpose of making an appointment for a visit, explaining the content of an existing policy or conservation procedures, or renewing a contract.

New insurance solicitation, etc. ^(Note) over the phone often leads to complaints due to being non-face-to-face and being conducted at an unexpected time for customers.

Therefore, when such activities are conducted repeatedly and continuously, it is necessary to establish and implement specific insurance solicitation methods, including measures to prevent and detect problems at an early stage, as well as to provide appropriate education, management, and guidance to solicitors.

It is also necessary to verify the appropriateness of these approaches and to review them as necessary.

Note This includes encouraging to purchase group insurance policies concluded or solicited by the agents, etc., and other acts to have customers purchase such insurance policies. In addition, this provision shall apply when telephone solicitation is conducted toward groups where a certain degree of closeness between the group and the insured is not recognized, such as group insurance where a credit card company or a financial institution acts as a policyholder and the cardholders or depositors are the insured.

On the other hand, this provision shall not apply when telephone solicitation is conducted toward workplace group at companies and government offices, etc., where a certain degree of closeness between the group and the insured is recognized, and the group (policyholder) is expected to provide appropriate information to the insured.

<Actions to be taken>

- 1) Prepare and thoroughly implement talk scripts, etc. that specify the content to be explained.
- 2) Thoroughly implement a system where no further calls will be made to customers if they have expressed their intention to refuse future calls.
- 3) Record and save the content of calls.
- 4) Analyze the causes of complaints, etc., as well as formulate and disseminate measures to prevent recurrence.
- 5) Confirm the content of a call with a person other than the caller (including cases that did not result in contract conclusion), and take measures based on the results.

4-5 Verification at the Time of Transaction

(1) Basic Rules

In order to prevent financial institutions, etc. from being used for money laundering and terrorist financing, the Act on Prevention of Transfer of Criminal Proceeds requires financial institutions, etc. to verify the identity of customers (name, address, date of birth, and other items for personal identification, purpose of transaction, occupation, etc.) at the time of certain transactions.

For this reason, agents must also verify the customer's identity at the time of concluding an insurance contract, or when a policy is changed or surrendered, in accordance with the method prescribed by the affiliated insurance company.

(2) Explanation

A. When Verification at the Time of Transaction is Required

- When a customer purchases a savings-type insurance policy, when a maturity benefit/cash (surrender) value is paid to a customer, when the policyholder is changed, etc.
- Cash exceeding 2 million yen, checks (not crossed out), and other transactions (including "deemed specified transaction" ^(Note))
 - Note** "Deemed specified transaction" shall mean the receipt and payment of cash, etc., in which it is clear at first glance that the amount of cash, etc., per transaction is divided into multiple simultaneous and consecutive transactions by the same customer so that the amount per transaction does not exceed 2 million yen.
- In the case of identity theft or falsification of personal identification information, etc.
- Transactions conducted in a manner that is significantly different from that of the same type of transaction

[Verification Method at the Time of Transaction]

	Verification item	Verification document
For individual ^(Note 1)	Personal identification items (name, address, and date of birth)	<ul style="list-style-type: none"> • 1 ID document a face photo (driver's license, My Number Card ^(Note 2), passport, etc.) or • If there is no ID document with a face photo, one of the following methods: <ul style="list-style-type: none"> - 2 items from 1) - 1 item from 1) and 1 item from either 2) or "supplementary document" ^(Note 3) (2 items in total) <div style="border: 1px dashed gray; padding: 5px; margin-top: 10px;"> 1) Health insurance card, pension passbook, seal registration certificate for the seal used for the transaction, etc. 2) Family register, extract of family register (with a copy of the attachment), a copy of residence certificate, certificate of items entered in the residence certificate, etc. </div>
	Occupation and purpose of transaction	Verify after receiving a declaration from the customer

	Verification item	Verification document
For corporate	Name, location of head office or principal office	Certificate of registered matters, seal registration certificate, etc.
	Business profile	Certificate of registered matters, articles of incorporation, etc.
	Purpose of transaction	Confirm after receiving a declaration from the transaction representative.
	Beneficial owner ^(Note 4)	Same as the identification items in "For individual" above.
	Identification items of a transaction representative	Same as the identification items in "For individual" above. If the transaction representative is not a registered representative, documents confirming that the person has transaction authority (e.g., letter of proxy)

Note 1 In the case where procedures are conducted by a proxy (including relatives), verify that the transaction is conducted on behalf of the customer (confirmed by a letter of proxy, etc.) as well as the relationship with the customer (e.g., spouse, parent). In addition, verify the person's identification information (see "For individuals" above).

Note 2 The use of the personal identification number (My Number) written on the back of the My Number Card is prohibited, except for procedures stipulated by law, such as social security, tax, and disaster response. For this reason, it is necessary to take care not to obtain the customer's personal identification number (My Number) when using the My Number Card to verify the customer's identity.

Note 3 This refers to tax payment certificates, social insurance premium receipts, utility bill receipts, etc., which indicate residence. (Certificates must have a stamp with the date of receipt or issue, and the date must be within the past 6 months.)

Note 4 A person who is in a position that is deemed to have a controlling influence on the business activities of a corporation by holding more than a quarter of the voting rights (shares, etc.) falls under this category. (In the case of multiple persons, all persons; provided, however, that if there is a person who holds more than half of the voting rights, only that person.) If there is no one who falls under this category, etc., a corporate representative, etc. shall be the beneficial owner.

B. Preparation of Written Verification at the Time of Transaction

When a customer is verified at the time of transaction, a record of the identity verification (written verification at the time of transaction) must be prepared and submitted to the insurance company immediately.

C. Notification System for Suspicious Transactions

Financial institutions, such as insurance companies, are required to notify the Financial Services Agency when they discover transactions that they suspect to be money laundering, etc. Therefore, when agents discover a suspicious transaction, they must promptly notify the insurance company in accordance with the insurance company's rules, etc.

* For reference examples of suspicious transactions, please refer to the FSA website (in Japanese):

<https://www.fsa.go.jp/str/jirei/#hoken>

(3) Points to Note

A. When Customers Do Not Comply with the Verification at the Time of Transaction (Disclaimer/Exemption for Business Operators)

If a customer does not comply with the verification procedures at the time of transaction, the business operator may refuse to perform its obligation related to the transaction until the customer complies with the verification.

B. Transactions with Customers who Have Already Been Verified at the Time of Transaction

Once a customer, etc. has been verified at the time of transaction, it is not necessary to re-verify the identity of the customer at the time of the next and subsequent transactions, as long as the customer's identity is confirmed in the verification records.

Therefore, if a customer is verified at the time of transaction for the conclusion of an insurance contract, there is no need to verify the customer's identity again, in principle, at the time of payment of a maturity benefit/cash (surrender) value, etc.

Note Verification at the time of transaction is required when making payments to a third party, or when there is a suspicion of identity theft or falsification of the identification information of the person.

Reference Adapting to Automatic Exchange Of Information (AEOI) system based on Common Reporting Standards (CRS)

As the globalization of economic transactions progresses, in order to combat international tax evasion and avoidance through the use of overseas financial accounts, financial institutions report financial account information regarding non-residents to tax authorities, in accordance with the Common Reporting Standards (CRS) established by the OECD, and this information is exchanged among national tax authorities.

In Japan, with the introduction of the AEOI system in January 2017, insurance companies are required to verify the content of notification forms submitted by customers at the conclusion of a savings insurance policy or the payment of maturity benefits, etc. These forms state their country of residence and personal identification information.

In addition, in order to comply with the U.S. Foreign Account Tax Compliance Act (FATCA), which became effective in July 2014, when concluding a savings insurance contract or paying maturity benefits, etc., insurance companies are required to confirm whether a customer is a U.S. taxpayer.

Please check with the affiliated insurance company for specific measures to be taken by agents regarding these systems and regulations.

4-6 Management of Group Contracts, etc.

4-6-1 Group Contracts

(1) Basic Rules

For group contracts ^(Note), great care should be taken to avoid the following:

- Concluding policies with a group not qualified to be a group policyholder
- Concluding policies with persons other than those specified within the scope of the insured
- Applying a group discount even though the number of insured does not meet the requirement
- Information is not provided, or intentions are not ascertained or confirmed in an appropriate manner according to the characteristics of the group.

Note In group policies, a company or an organization, etc. that meets certain requirements is designated as a "group," and an insurance contract is concluded with the "group" as the policyholder and the members of the group as the insured. Depending on the type of group, the group category and eligibility, the scope of the insured (eligible members), the required number of insured, and whether a group discount can be applied are different.

(2) Explanation

A. Management of "Group Eligibility"

When soliciting group contracts, it is necessary to confirm whether the group meets the requirements set by the insurance company for a group policyholder, in order to prevent the conclusion of a contract with a group that is not qualified to be a group policyholder.

B. Confirmation of the Scope of the Insured (Prevention of Mixing)

When soliciting group contracts, it is necessary to confirm that the scope of the insured is clearly indicated to the policyholder (group) and that the insured meets the requirements specified by the insurance company, in order to prevent the conclusion of policies with non-qualified persons.

C. Confirmation of the Number of Insured Persons

When concluding group contracts, the number of insured persons should be properly grasped, so that group discount is not applied when the number of insured persons does not meet the required number specified by the insurance company.

D. Management of Inclusion of Subsidiaries and Affiliates, etc.

In some cases, group policies may be offered to officers and employees working at subsidiaries and affiliates, etc. as part of the parent organization (inclusion of subsidiaries and affiliates). In this case, the subsidiaries and affiliates, etc. that can be included will depend on the laws and regulations as well as the rules, etc. of the insurance company. It is necessary to confirm that they meet these conditions and to manage them appropriately.

E. Provision of Information, and Understanding and Confirmation of Intention

Information provision, and understanding and confirmation of intention should be carried out in an appropriate manner according to the characteristics of the group contract, etc.

4-6-2 Wholesale/Franchise (Collective) Insurance

(1) Basic Rules

In the case of wholesale ^(Note 1) and franchise (collective) insurance contracts ^(Note 2), it is necessary to ensure that these policies are not solicited or concluded with customers who do not meet the "group member requirements", or despite a quorum not being met (when the specified number of policyholders is not met).

Note 1 For wholesale insurance policies, a company, etc. is treated as a "group," and the "group" or its mutual aid association, etc. concludes a premium collection contract with the insurance company, and then the officers and employees of the "group" conclude insurance policies as policyholders.

Note 2 Franchise insurance policies are those in which an organization that satisfies specified conditions, such as a cooperative, medical association, or association of subcontractors, is designated as a "group," and it concludes a premium collection contract with the insurance company, and then the members, etc. of the "group" conclude insurance policies as policyholders.

(2) Explanation

"Group member requirements" for concluding wholesale/franchise insurance policies shall depend on the affiliated insurance company's rules, etc. If the "group member requirements" are not fully confirmed at the conclusion of the contract, the following inappropriate cases may occur, so attention must be paid.

- Under a wholesale insurance policy which excludes retirees, customers continue to be treated as members of the group even after their retirement. (Mixing in retirees)
- An insured person who initially met the requirements for being insured as a relative living together, but later became independent due to marriage, employment, etc., and no longer meets the requirements for being insured, continues to conclude a wholesale insurance contract. (Mixing of insured persons)
- Under a franchise insurance policy, the scope of group members (stipulated in articles of incorporation and bylaws, etc. of each group) is misunderstood, and contracts are concluded with customers who do not fall within the scope of members.

(3) Points to Note

A. Thorough Implementation of Rules and Mechanisms for Checking "Group Member Requirements" at the Conclusion of Contracts

In order to prevent contracts that do not meet the group member requirements, it is important to duly confirm the requirements each time a contract is concluded.

When concluding wholesale insurance policies, it is necessary to confirm that customers meet the group member requirements for officers and employees, etc. of the group, and to check the relationship between the policyholder and the insured.

When soliciting franchise insurance policies, it is important to confirm the eligibility of the group and the scope of group members in articles of incorporation and bylaws, etc. Subsequently, when concluding a contract, it is important to confirm that the customer falls within the scope of group members and to check the relationship between the policyholder and the insured.

B. Quorum Management

If the number of policyholders per group does not meet a quorum according to the rules set by the affiliated insurance company, it is necessary to take measures such as termination of the premium collection contract or shifting to a premium collection group.

Care should be taken not to conclude a wholesale/franchise insurance contract without taking such measures despite a quorum not being met.

C. Management of Inclusion of Subsidiaries and Affiliates, etc.

In some cases, wholesale insurance policies may be offered to officers and employees working at subsidiaries and affiliates, etc. as part of the parent organization (inclusion of subsidiaries and affiliates). In this case, the subsidiaries and affiliates, etc. that can be included will depend on laws and regulations and the rules, etc. of the affiliated insurance company. It is necessary to confirm that they meet these requirements and to manage them appropriately.

4-7 Management of Self-contracts and Specified Contracts

(1) Basic Rules

Agents may not solicit the following types of insurance policies "as the primary purpose". (Article 295 of the Insurance Business Act, Article 229 of the Ordinance for Enforcement of the Insurance Business Act, and II-4-2-2 (6) of the Comprehensive Guidelines for Supervision for Insurance Companies)

- An insurance policy in which agents themselves or their employer is the policyholder or the insured (self-contract)
- An insurance policy in which a policyholder or the insured is a person who has a close personal or capital relationship with agents (specified contract)

(2) Explanation

Self-contracts and specified contracts are regulated by the Insurance Business Act, etc., in order to avoid the possibility that agent commissions paid for these policies may lead to a substantial discount on insurance premiums (rebate), and to promote the self-reliance of agents.

Note This does not prohibit the solicitation of self and specified contracts per se, but regulates their quantity as the primary purpose of insurance solicitation.

A. Scope of Self-contracts and Specified Contracts

Insurance policies in which the following persons are the policyholder or the insured fall under self-contracts and specified contracts.

	Self-contracts	Specified contracts
Individual agent	<ul style="list-style-type: none"> • Agent • Individual or corporation employing the agent 	<ul style="list-style-type: none"> • Relatives (including in-laws) who share the same livelihood as the agent • Relatives within the second degree (not including in-laws) who do not share the same livelihood with the agent • Corporation in which the agent, his/her spouse, or a relative within the second degree (not including in-laws) is a full-time officer
Corporate agent	Corporation (corporate agent itself)	<ul style="list-style-type: none"> • Other corporations with officers/employees (including part-time, temporarily transferred, and former officers/employees) having the concurrent position in the corporate agent, including those who have been retired from the agent for less than three years. • Corporations or individuals whose investment ratio in the corporate agent exceeds 30%

Note The term "relative" shall mean blood relatives within the sixth degree, spouse, and relatives by affinity within the third degree. (Article 725 of the Civil Code)

B. Criteria, etc. for Judging Self-contracts and Specified Contracts

Those agents, whose total amount of premiums for self-contracts and specified contracts exceeds 50% of the total premiums written, will fall under the category of "agent handling self-contracts" or "agent handling specified contracts", and shall be subject to disciplinary action, including revocation of agent registration and termination of the agent entrustment agreement with the affiliated insurance company.

In addition, if the total amount of premiums for self-contracts and specified contracts exceeds 30% of the total premiums written, it is necessary to immediately improve the ratio in cooperation with the affiliated insurance company.

(A) Criteria, etc. for Judging Self-contracts

The self-contract ratio, which determines whether one falls under the category of an agent handling self-contracts, is calculated based on the average amount of premiums (all lines of business) written per fiscal year in the most recent two fiscal years.

As a result, those agents whose ratio exceeds 50% will fall under the category of "agent handling self-contracts" and will be subject to administrative penalties such as revocation of agent registration. (Article 307 of the Insurance Business Act)

<Method of Calculating the Self-contract Ratio>

$$\text{Self-contract ratio} = \frac{\text{Self-contract premiums for the last 2 fiscal years}}{\text{Total premiums written for the last 2 fiscal years}} \times 100$$

Note The base date for calculation shall be the end of the agent's fiscal year (end of December for individual agents).

In addition to the above, if a self-contract ratio exceeds 30%, it is necessary to immediately improve the ratio in cooperation with the affiliated insurance company. (II-4-2-2 (6) (iii) of the Comprehensive Guidelines for Supervision for Insurance Companies)

(B) Criteria, etc. for Judging Specified Contracts

The specified contract ratio, which determines whether one falls under the category of an agent handling specified contracts, is calculated based on the total insurance premiums written in the last fiscal year (for all lines of business).

As a result, those agents whose ratio exceeds 50% will fall under the category of "agent handling specified contracts" and will be subject to measures such as the termination of the agent entrustment agreement.

<Method of Calculating the Specified Contract Ratio>

$$\text{Specified contract ratio} = \frac{\text{Specified contract premiums for the last fiscal year}}{\text{Total premiums written for the last fiscal year}} \times 100$$

Note 1 The base date for calculation shall be the end of the agent's fiscal year (end of December for individual agents).

Note 2 For agents registered on or before March 31, 1996, which have not changed their classification under the non-life insurance agent system between April 1, 1996 and March 31, 2001, the following calculation will be used for the time being. (II-4-2-2 (6) (ii) of the Comprehensive Guidelines for Supervision for Insurance Companies)

- The scope of policies shall be fire, auto and accident insurance (including medical expense insurance and long-term care expense insurance).
- For a percentage of specified contracts, the specified contract ratio shall be calculated for individual specified persons, and the highest percentage shall be the specified contract ratio.

In addition, similar to self-contracts, if a specified contract ratio exceeds 30%, it is necessary to immediately improve the ratio in cooperation with the affiliated insurance company. (II-4-2-2 (6) (iii) of the Comprehensive Guidelines for Supervision for Insurance Companies)

(C) Supplementary Information for Ratio Calculation

When independent agents calculate the ratio of self-contracts or specialized contracts, the premiums written by all affiliated insurance companies will be included in the calculation.

Policies that satisfy all the following requirements 1) to 3) can be excluded from self-contracts or specialized contracts.

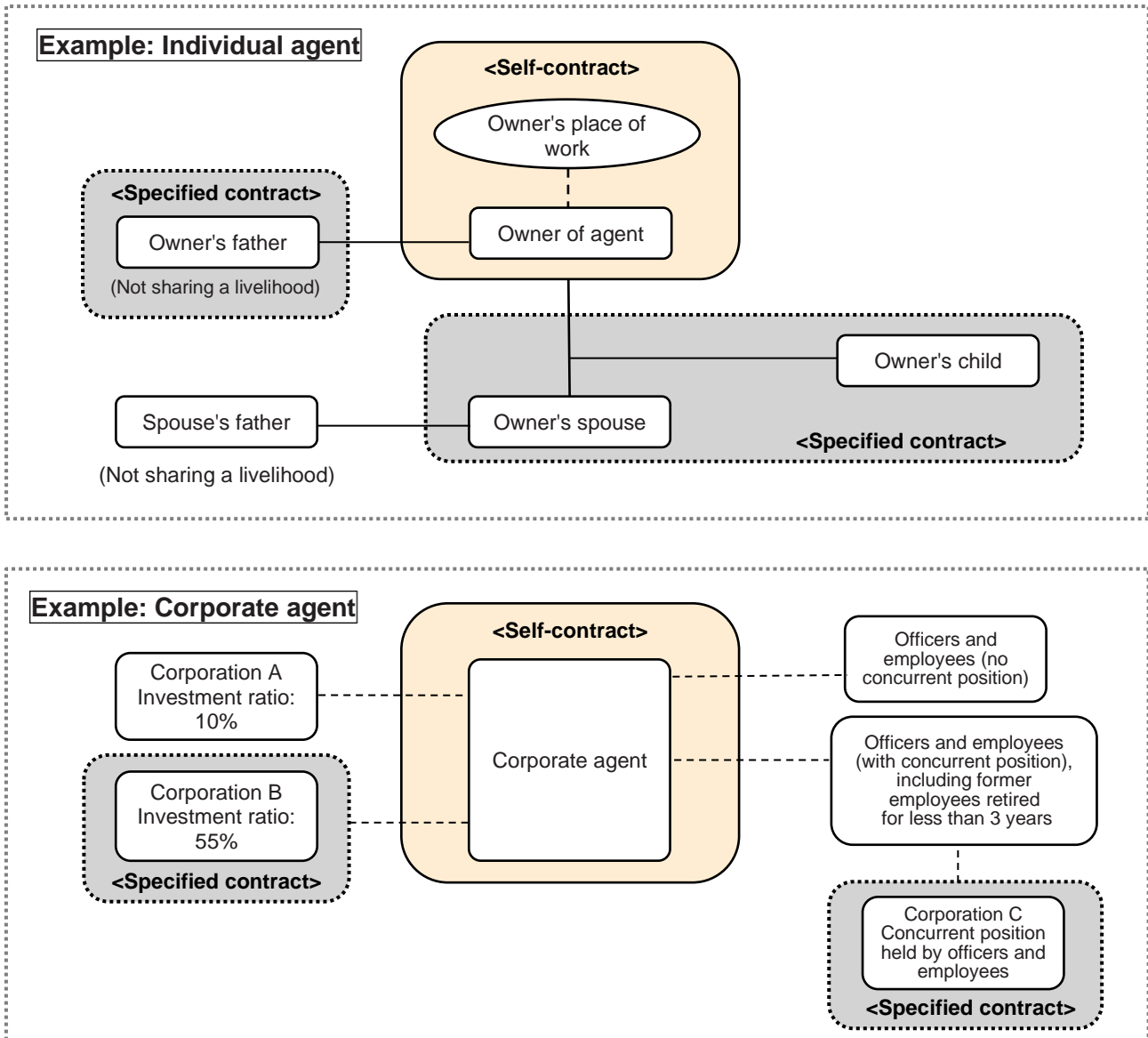
- 1) Insurance policyholder has no insurable interest.
- 2) Premiums are paid by the insured.
- 3) There are unavoidable circumstances for becoming an insurance policyholder.

(3) Specific Measures

Since the self and specified contract ratios affect agent management, it is important for agents to proactively manage the ratio themselves on a daily basis.

In cooperation with the affiliated insurance company, the self and specified contract ratios should be properly grasped and managed, and efforts should be made to keep them both below 30% at all times. The affiliated insurance company also checks the ratios through inspections and audits.

Reference Relationship between Self-contracts and Specified Contracts



4-8 Management of Personal Information

(1) Basic Rules

Agents fall under the category of a personal information handling business operator under the Act on the Protection of Personal Information. Agents are not only required to handle personal information in accordance with the Act, but also from the perspective of the proper management of insurance business and protection of policyholders, and as those entrusted with the handling of personal information by the affiliated insurance company.

For more information on the Act, please refer to the website of the Personal Information Protection Commission (<https://www.ppc.go.jp/en/index.html>).

(2) Explanation

A. Types of Personal Information Handled by Agents

Examples of the types of personal information handled by agents include the following:

(A) Names of customers, etc.

Note In addition to policyholders, the term "customers, etc." shall include insured persons, relatives living in the same household, members of group insurance, etc., prospective customers, victims and perpetrators of accidents, legal heirs, agents, etc.

(B) Information regarding date of birth, contact information (address, residence, phone number, e-mail address), position or affiliation within the company, together with the name of the individual

Note If an email address can identify a specific individual, it constitutes personal information by itself.

(C) Information accompanying (A) and (B) above and necessary for the conclusion of an insurance contract, which a customer, etc. has entered in a policy application form and other documents

(D) Information that can identify a specific individual by supplementing well-known information even if it does not contain information that can identify a specific individual, or by adding or collating new information after acquisition even if it cannot identify a specific individual at the time of acquisition

Note For example, even a single piece of information such as a car registration number or a policy certificate number can be used to identify a specific individual, depending on the agent's terminal, etc. Therefore, it is important to comply with the Act on the Protection of Personal Information.

B. Forms, etc. Containing Personal Information

Specifically, the following forms and electronic recording media, etc. contain personal information:

- (A) Policy application form
- (B) A copy of the premium receipt
- (C) A set of documents related to the accident
- (D) Accident reports/record
- (E) Various output data such as hard copies of terminal screens on which personal information is displayed
- (F) Other forms and electronic recording media (USB memory stick, CD, DVD, etc.) in which information that can identify specific individuals is written or recorded

C. Handling of Sensitive Information

Sensitive information shall require particularly careful handling, and consists of special care-required personal information (containing a person's race, creed, social status, medical history, criminal record, fact of having suffered damage due to a crime, or other descriptions, etc. whose handling requires special care so as not to cause unfair discrimination, prejudice or other disadvantages to the principal), as well as non-special care-required personal information related to labor union membership, family origin, registered domicile, health and medical care, sexuality and others.

In principle, sensitive information cannot be obtained, used, or provided to a third party. As an exception, with the prior consent of the individual concerned, the acquisition, use, or provision to a third party of sensitive information is permitted within the scope necessary for the execution of business, but extremely careful handling of the acquired information is required.

Regardless of whether the personal information is sensitive information, when providing personal information to a third party, it is necessary to obtain the consent of the individual concerned under the Act on the Protection of Personal Information.

In addition, please note that sensitive information is not subject to opt-out (explained on page 76).

D. Handling of My Number (Social Security and Tax Number)

Based on the Act on the Use of Numbers that Identify a Specific Individual in Administrative Procedures, the use of My Number (Social Security and Tax Number) was launched in January 2016.

The Act requires stricter information protection measures than the Act on the Protection of Personal Information, and prohibits the use of My Number (personal numbers) for purposes other than legally prescribed procedures (social security, tax, disaster response). Even with the consent of the customer, solicitors must not collect or use the customer's My Number for any purpose other than the preparation of payment statements.

In the case where agents are also engaged in other business, there may be situations where My Number is used for purposes other than insurance business. In this case, please take appropriate measures such as revising the privacy policy.

Please follow the instructions of the affiliated insurance company for specific measures, etc. regarding the handling of My Number.

E. Handling of Credit Card Information

Personal information, including credit card information (card number, expiration date, etc.), must be strictly managed, as there is a high possibility of secondary damage, such as purchase through identity theft, if the information is leaked.

Specifically, the following measures need to be taken:

- (A) Set an appropriate retention period for credit card information, etc., considering the purpose of use and other circumstances, limit the storage location, and dispose of the information appropriately and promptly after the retention period
- (B) Appropriate measures such as not showing all card numbers when displaying credit card information, etc. on a computer screen, except when necessary for business purposes
- (C) If the handling of credit card information, etc. is entrusted to a third party, periodic or ad hoc inspections or on-site inspections will be conducted to ensure that the rules and systems for protecting credit card information, etc. are functioning effectively at the outsourcing contractor, including insurance agents.
- (D) Sufficient supervision of contractors and other business operators in cases where the handling of credit card information, etc. is entrusted to a third party

F. Handling of Personal Data to Be Entrusted

(A) Prior Application to Affiliated Insurance Company

When personal data related to insurance business is to be entrusted ^(Note), it is necessary to select an outsourcing contractor and apply in advance to the affiliated insurance company. If the outsourcing contractor re-entrusts the work to another party, an application, etc. shall also be made to the affiliated insurance company.

Depending on the details of the outsourcing of personal data, there is a risk that the outsourcing contractor may engage in solicitation (non-registered or non-reported solicitation), so please be sure to confirm with the affiliated insurance company in advance whether the outsourcing is acceptable.

Note The term "entrust" here refers to contracts to have another party perform all or part of the handling of personal data, regardless of the form or type of the contracts.

(B) Management of Outsourcing Contractors

In the case of outsourcing, it is necessary to periodically confirm that the outsourcing contractor complies with the selection criteria and contractual terms set forth in the prior application to the affiliated insurance company in (A) above, and that such contractors are handling personal data appropriately.

G. Obligation to Check, Record, and Retain Personal Data when It Is Provided to a Third Party, etc.

Under the Act on the Protection of Personal Information, when providing personal data to a third party, both the provider and the recipient of personal data are required to create and retain prescribed records. (It is necessary for the recipient to confirm the process of acquisition, etc.)

On the other hand, there are exceptions. In the practice of agents, in the case of providing personal data to a third party, the obligation to record and retain is exempted when the data is exchanged with a contractor, provided on behalf of the principal (upon the principal's request), or is necessary for the protection of human life, body, or fortune.

Therefore, the obligation to record and retain personal data will be imposed in cases where personal data is provided to a third party with the consent of the principal, or where personal data is provided to a third party using an opt-out ^(Note).

In addition, acquisition from a third party is also exempt from the obligation to check, record, and retain, if it does not fall under the category of personal data from the standpoint of the recipient, or if it is simply an act of browsing. (Exchange of a single piece of personal information that does not fall under the category of personal data is also exempt.)

Note Procedures stipulated in the Act on the Protection of Personal Information that meet requirements such as suspending the provision of information to third parties at the request of the principal, and making a public announcement after notifying the Personal Information Protection Committee. If the requirements are met, provision to a third party is possible without the consent of the principal, but the Act was amended in May 2017 to make the requirements stricter.

■ Items that need to be recorded when personal data is provided to a third party

	Date of provision	Name, etc. of third party	Name, etc. of the principal	Personal data item	Consent of the principal
Provision to third parties with consent of the principal		○	○	○	○
Provision to third parties by opt-out	○	○	○	○	

■ Items that need to be checked/recorded when personal data is acquired from a third party

	Date of receipt of provision	Name, etc. of third party	Background to acquisition	Name, etc. of the principal	Personal data item	Publication by protection committee	Consent of the principal
Provision to third parties with consent of the principal		○	○	○	○		○
Provision to third parties by opt-out	○	○	○	○	○	○	
Provision to third parties by private persons		○	○	○	○		

H. Handling of Group Contracts

The provision of the personal data of members of the group (companies, unions, membership organizations, etc.) to agents or insurance companies ("Agents, etc." hereinafter) for the purpose of preparing for solicitation, and the provision of member data by Agents, etc. to the group, shall be handled after clarifying the relationship between Agents, etc. and the group regarding entrustment and provision to third parties.

(A) Group Contracts (Voluntary Membership)

Cases of group contracts (voluntary membership) shall be as follows:

- 1) The group provides personal data to Agents, etc. for the purpose of estimating insurance premiums

In this case, it is deemed that the group has provided personal data to Agents, etc., which are third parties (hereinafter "Third Party Provision"). In accordance with Article 23, Paragraph 1, Item 2 of the Act on the Protection of Personal Information, it is not necessary to obtain the consent of the principal, from the viewpoint that the consent is necessary for the protection of the assets of the group or the members, i.e., if personal data is not provided, the decision to conclude contracts cannot be made, and policies cannot be issued, etc. Therefore, both the group and Agents, etc. do not necessarily need to fulfil the obligation to check and record at the time of Third Party Provision and acquisition.

- 2) The group provide Agents, etc. with the personal data (gender, date of birth, etc. of the principal and family members) of the group members (officers, employees, union members, etc.), in order to prepare sales proposals/illustrations, purchase request forms (preprinted forms), etc. for each insured person

In this case, the group will provide personal data to Agents, etc. by "Entrustment" or "Third Party Provision". There is a difference in the interpretation of "Entrustment" and "Third Party Provision" under the Act on the Protection of Personal Information, and the response and obligations of the group differ accordingly. Therefore, after considering the pros and cons, the response policy will be decided according to the preference of the group. In the non-life insurance industry, it is thought that "Entrustment" is often used. In this case, the following points should be noted.

It is considered that the group has made an entrustment to Agents, etc. as part of the welfare work that the group performs for its members. Agents, etc. can only use personal information within the scope of the entrustment, so it is necessary to make this fully known within the company.

In addition, groups must take measures to supervise Agents, etc. in accordance with Article 22 of the Act on the Protection of Personal Information. The following actions are contemplated in practice.

- Between the group and Agents, etc., agreements are shared which provide that Agents, etc. shall be entrusted with the handling of personal data by the group, that the scope of the personal data to be provided is determined by the entrustor and is within the purpose of use notified to the principal, and that security management shall be exercised.
- In accordance with the supervision by the entrustor (the group), the entrusted Agents, etc. will periodically inspect the status of personal data handling and report the results to the group upon request. In addition, instead of conducting individual inspections, it may be proposed to the group that the agreements between the group and Agents, etc. be confirmed at the time such as the meeting where the contract is renewed.

On the other hand, in the case of Third Party Provision, both the group and Agents, etc. will be obligated to check and record at the time of data provision to a third party, so it is necessary to take appropriate measures as needed.

- 3) Groups provide personal data such as the insured's purchase request form to Agents, etc. when applying for policies

In this case, it is considered that the insured is requesting the group (the policyholder) to purchase the policy, and the group is providing data on behalf of the insured, so it is not always necessary to obtain consent, and it is also not subject to the obligation to check and record.

(B) Group Contracts (Mandatory Membership)

Cases of group contracts (mandatory membership) shall be as follows:

If a group provides personal data of its members to an agent for the purpose of estimating premiums, or if a group applies for policies and provides personal data of its members to an agent, both of these cases are considered to constitute Third Party Provision by the group to the agent.

In accordance with Article 23, Paragraph 1, Item 2 of the Act on the Protection of Personal Information, it is not necessary to obtain the consent of the principal, from the viewpoint that the consent is necessary for the protection of the assets of the group or the members, i.e., if personal data is not provided, the decision to conclude policies cannot be made, and policies cannot be issued, or the group and its members will be disadvantaged by the policies' failure to cover all members.

Regarding semi-registered insurance, etc., although there is no provision of data at the conclusion of the policy, the insurance company may inspect the list in the event of an accident. This case falls under the provisions of Article 23, Paragraph 1, Item 2 of the Act on the Protection of Personal Information, and even if Third Party Provision is made without consent, there will be no legal issue.

(3) Key Compliance Matters

Personal information forms the basis of insurance policy transactions, and therefore it requires proper management.

Agents and their employees ^(Note) shall handle personal information in accordance with the affiliated insurance company's rules, etc., and shall pay attention to the following matters.

In addition, information obtained in the course of insurance solicitation (content of policies, delinquent premiums, accident information, etc.) shall be handled properly, so as not to undermine the trust of policyholders and other related parties.

Note The term "employee" shall mean a person within the organization of a personal information handling business operator who is engaged in the business thereof directly or indirectly under the direction and supervision of the business operator, and shall include employees in an employment relationship (regular employees, contract employees, fixed-term employees, part-timers, etc.) as well as those not in an employment relationship (company directors, executive officers, board members, auditors, supervisors, dispatched employees, etc.) with the business operator.

A. Matters to Be Complied with by Agents

No.	Compliance matter	Explanation, examples, etc.
1	Publicize the privacy policy (concept and policy regarding the protection of personal information)	Post the privacy policy in a place where customers can easily see it (in the office, on the website, etc.)
2	Establish handling rules regarding personal data security management, and make them available for viewing	Not only establish but also make available for viewing and comply with the handling rules
3	Appoint personal data manager and administrator	The personal data manager shall be responsible for the execution of operations related to the safe management of personal data. The personal data administrator shall be responsible for each department that handles personal data. In addition, depending on the scale of the agent, a department or council committee should be established to supervise the inspection and improvement, etc. of the handling of personal data.
4	Formulate, make available for viewing, and update the personal data management book, etc.	The following items must be recorded in the personal data management book. <ul style="list-style-type: none"> a. Acquisition items (name, address, phone number, etc.) b. Purpose of use c. Storage location, method, and period d. Department in charge of managing personal data e. Access control status
5	Enter into a non-disclosure agreement with all employees	A non-disclosure agreement is a contract in which a commitment is made not to disclose confidential information, such as personal data, to third parties without permission.

No.	Compliance matter	Explanation, examples, etc.
6	Keep the name of the person handling personal data available for review	Ensure that the name, position, department, etc. of the person handling personal data can be confirmed at all times, for example, by creating and storing a document or list
7	The acquisition and use of sensitive information shall be limited to the extent necessary for business, and rules shall be established to ensure that such information is handled with particular care.	In the case of unintentional receipt of documents containing sensitive information, masking or other measures should be taken to prevent the acquisition of unnecessary sensitive information.
8	Employees shall be regularly informed, educated, and trained on personal information protection, and follow-up shall be conducted as necessary.	Specifically, the following measures shall be taken. <ul style="list-style-type: none"> • Education for employees at the time of hiring, and regular education and training for them • Education and training for personal data managers and personal data administrators • Dissemination of disciplinary actions to be taken in the event of a violation of rules of employment, etc. regarding the security management of personal data • Evaluation and periodic review of education and training for employees
9	When outsourcing the handling of personal data, confirm the eligibility of trustees and conclude an entrustment agreement (memorandum, letter of understanding, etc.) regarding the handling of personal information	When outsourcing the handling of personal data related to insurance business, prior approval from the affiliated insurance company is required (the same applies to re-entrustment by the outsourcing contractor). In addition, it is necessary to conclude an entrustment agreement that includes prescribed matters such as the authority of trustees (agents) to supervise, audit, and collect reports.
10	When outsourcing the handling of personal data, conduct sufficient supervision of the trustees and periodically check that the personal data is being properly managed	When using cloud services, it is also necessary to check with the affiliated insurance company beforehand.
11	Thoroughly manage access to personal data by limiting access privileges to the necessary scope and confirming the actual users with those to whom the privilege is granted. In particular, a user ID shall be set for each individual.	Check that access privileges are specified in the regulations for personal data security management established for each agent. Establish a framework to carry out the following, and use management books, etc. to manage the user ID of devices, etc. used in business. <ul style="list-style-type: none"> • A user ID shall be set for each user, and access control should be implemented according to the division of work. When a user ID is shared, make sure to identify the employees who are using the ID and change the passwords when the employees no longer use the ID due to retirement or other reasons. Also, ensure that shared passwords are changed on a regular basis. • Establish a management framework to appropriately add or delete IDs when employees join, leave, or are transferred.
12	Immediately report to the affiliated insurance company any leakage, loss, damage, etc. in respect of personal information. In addition, in order to prevent leakage, loss, or damage in respect of personal data, inspections and audits shall be conducted periodically.	Leakage refers to the leakage of personal information to outside parties. Loss refers to the loss of the content of personal information. Damage refers to the unintentional alteration of the content of personal information, or a state in which the content is maintained but becomes unusable. In the inspection/audit, specifically check the storage/management status of the content described in the personal data management book, etc. (e.g., list of prospective customers, maturity list, etc.), and inspect employees using checklists, etc. Furthermore, depending on the scale of the agent, the internal response shall be confirmed by those with sufficient knowledge of information security measures.

B. Matters to Be Complied with by Employees of Agents

For employees of agents, please check the following items 1 through 20 using checklists, etc.

No.	Compliance matter	Explanation, example, etc.
1	Do not acquire personal information illegally. Also, without the consent of the principal, do not handle personal information beyond the scope necessary to achieve the purpose of use.	Doing so is prohibited by the Act on the Protection of Personal Information (Articles 16-17) Illegal (unauthorized) acquisition shall mean, for example, obtaining personal information by deception, threat, or theft. When obtaining customer information from a third party, please make sure that the information is acquired legally.

No.	Compliance matter	Explanation, example, etc.
2	When concluding policies, clearly indicate to the policyholder the purpose of use of personal information, etc., as stated in the policy application form or the customer's copy of the application form, etc.	<p>Not only at the time of concluding contracts, but also (1) when obtaining information on prospective customers through questionnaires, etc., and soliciting insurance products, etc., and (2) when agents have their own purpose of use, etc., it must be notified, announced, or clearly indicated to the principal. The specific methods of notification, publication and clarification by agents shall be as follows.</p> <ul style="list-style-type: none"> • Notification: sending flyers, postal mail, fax, e-mail, etc. • Publication: posting on the website, posting in noticeable places such as in agents' offices, etc. • Clarification: inclusion in company brochures, pamphlets, etc., and explaining that the purpose of use is stated
3	<p>When personal data is provided to a third party, create records of the name of the parties to whom the data is provided, etc. and retain them for a certain period.</p> <p>When personal data is provided by a third party, create records of verification of the provider and the process of obtaining personal data, etc. and retain them for a certain period.</p>	<p>When personal data is provided to a third party, it is required to create records of the name of the party to whom the data is provided and other matters specified by the Personal Information Protection Committee, and retain them for a certain period.</p> <p>When personal data is provided by a third party, it is required to create records of verification of the provider and the process of obtaining personal data, etc. and retain them for a certain period.</p>
4	When personal data is provided to a third party located in a foreign country, obtain the principal's consent in advance to allow the provision of personal data to a third party located in a foreign country.	<p>When providing personal data to a third party located in a foreign country, it is required to obtain the principal's consent in advance to allow the provision of personal data to a third party located in a foreign country, except in any of the following cases.</p> <ol style="list-style-type: none"> A. When a third party is located in a country specified by the Personal Information Protection Commission rules as having a personal information protection system that is acknowledged to be at a level equivalent to that of Japan's B. When a third party has established a structure that conforms to the criteria specified by the Personal Information Protection Commission rules for a structure necessary to continuously take measures equivalent to those to be taken by the personal information handling business operator C. Cases based on laws and regulations, cases in which there is a need to protect a human life, body or fortune, and when it is difficult to obtain the principal's consent, and other cases falling under each item of Article 23, Paragraph 1 of the Act on the Protection of Personal Information <p>It should be noted that the above items apply even to cases of trustees, business succession and joint use, which are not considered to be third parties under the Act on the Protection of Personal Information.</p>
5	Set up strong authentication for the systems, etc. used for insurance business that can access personal information.	<p>Set up strong authentication (passwords) for systems, email services, and other external services (e.g., online storage) that are used for insurance business and have access to personal information.</p> <p>Examples of strong authentication setting</p> <ol style="list-style-type: none"> A. A password shall be at least ten (10) characters in length, consisting of four types (uppercase letters, lowercase letters, numbers, and symbols). Names, birthdays, or simple English words are not acceptable. In addition, it must be able to be changed upon the detection of unauthorized access (including suspicion thereof). B. A password shall be at least eight (8) characters in length, consisting of two, three, or four types (uppercase letters, lowercase letters, numbers, or symbols). Names, birthdays, or simple English words are not acceptable. In addition, it must be changed every three months. C. If it is difficult to set up A or B above due to system limitations, etc., set up "two-step authentication" or "two-factor authentication" ^(Note), after setting up all possible security measures provided by the system, such as access restrictions,.

Note As a countermeasure against fraudulent logins, in "two-step authentication", authentication of the same factor is conducted at multiple levels. In "two-factor authentication", multiple factors are used for authentication. Here, "a factor" refers to the type of information used for authentication, and can be broadly classified into three categories. 1) Memory authentication: what the user knows (password, secret question, etc.); 2) Possession authentication: what the user has (e.g., digital certificate, IC card, password generator); 3) Biometric authentication: physical characteristics of the user (fingerprints, veins, iris, face, palm print, handwriting, etc.) The main example of two-step authentication is a method of entering a one-time password, which is notified to the registered e-mail address after the ID/password is authenticated; provided, however, that depending on the service or system, different names may be used.

No.	Compliance matter	Explanation, example, etc.
6	When using a computer for insurance business, do not share the startup password or login password with others, and set up a unique password.	A startup password refers to a password that needs to be entered when a computer is turned on, and a login password refers to a password that needs to be entered when logging in to the computer's operating system (e.g., Windows).
7	Use of a free e-mail service for business shall, in principle, be prohibited.	<p>If a free e-mail service is used for business purposes, there are risks that free e-mail service providers will read the content of e-mails automatically and use the information for selecting advertisements to show to users, and also may not cooperate with investigations when a problem occurs. Therefore, the use of a free e-mail service for business purposes shall, in principle, be prohibited.</p> <p>If it is unavoidable to use a free e-mail service, please take the following measures after identifying the employees who will use it within the agent with a written pledge, etc.</p> <p>A. In addition to "two-step authentication or two-factor authentication," ensure "strong authentication setting" in Item 5 above.</p> <p>B. It is mandatory to delete unnecessary emails.</p> <p>C. It is strongly recommended to set up security measures (access restrictions, etc.) provided by a free e-mail service.</p>
8	Do not install file sharing software on computers used for insurance business.	File sharing software allows the exchange (sharing) of files with unspecified people, which requires a temporary suspension of the functions of anti-virus software and poses a very high risk of virus infection and information leakage. Never install this type of software on computers used for insurance business in which the information of many customers is handled.
9	Install anti-virus software on computers used for insurance business and update it periodically.	Anti-virus software may be specified by the affiliated insurance company, so check with the affiliated insurance company.
10	When taking personal information out of the controlled area, record and check the status of such cases by using the management book, etc. Also, limit the personal information taken out to the minimum necessary for business, such as limiting the personal information to that concerning the destination of the visit.	The handling of "controlled areas" differs depending on the insurance company, so please check with the affiliated insurance company.
11	When teleworking (working remotely), take measures to ensure that personal information cannot be readily accessed by anyone other than the person handling the information.	<ul style="list-style-type: none"> • Handle personal information in a place where there is limited traffic/presence of people who are not authorized to handle the information. • Personal computers should be prevented from being viewed by activating a screen saver with a password or by locking the computer, etc. • Do not leave documents, media, portable computers, etc. on the desk, etc.
12	For business use devices that can be taken out, including electronic recording media that store personal information, take measures to prevent leakage, such as setting passwords.	There is a risk that a large amount of personal information may be leaked if a device that can be taken out of the office, including electronic storage media, is once lost or stolen, etc. When storing personal information on a device that can be taken out, please encrypt it or set a password.
13	When going out with documents, computers, etc. that contain personal information, do not leave them in the car or on the train shelf, etc. and always carry them close.	Carry them close at all times, as there are risks of theft such as luggage theft or car break-in, and leaving them on the train, etc.

No.	Compliance matter	Explanation, example, etc.
14	When sending personal information by postal mail, fax, or e-mail, ensure that the address and content are correct.	To prevent erroneous transmission of faxes and e-mails, it is effective to establish a system in which multiple people check multiple times.
15	Documents and electronic storage media containing personal information shall be stored in lockable cabinets, etc., and locked when absent or leaving the office.	-
16	Please lock the office when absent or leaving the office.	-
17	The acquisition and use of sensitive information shall be limited to the extent necessary for business; ensure that such information is handled with special care.	See Item 7, Table A on page 79.
18	When responding to inquiries, etc. from external parties such as customers, etc., check the identity depending on the inquirer and confirm with the affiliated insurance company before responding.	Depending on the insurance contracts, inquiries may also be received from lawyers, etc., so respond with due care after confirming with the affiliated insurance company.
19	Dispose personal information (including electronically recorded media) after the end of the retention period by shredding, dissolving, or other appropriate methods.	-
20	Immediately report any leakage, loss, damage, etc. in respect of personal information to the agent manager and affiliated insurance company.	See Item 12, Table A on page 79.

4-9 Agent Business Operating Rules against Antisocial Forces

(1) Basic Rules

In order to maintain public trust in the non-life insurance industry and ensure the appropriateness and soundness of its business operations, it is necessary to take resolute action to cut off relations with antisocial forces that threaten social order and safety.

For this reason, agents should be aware of the following points when operating their businesses.

- A. Do not get involved with antisocial forces.**
- B. Do not provide benefits to antisocial forces.**

Understand and then comply with the policy for dealing with cases where policyholders, solicitors, contractors, etc. fall under the category of antisocial forces, as well as with underwriting criteria and other rules established by the affiliated insurance company.

Reference **Comprehensive Guidelines for Supervision for Insurance Companies**
II-4-9 Prevention of Damage that May be Inflicted by Anti-Social Forces (Excerpt)

II-4-9-1 Significance

Eliminating anti-social forces from society is a task critical to ensuring the order and safety of society, so it is necessary and important for corporations to promote efforts to ban any relations with anti-social forces from the viewpoint of fulfilling their social responsibility. In particular, as insurance companies have a public nature and play an important economic role, they need to exclude anti-social forces from financial transactions in order to prevent damage from being inflicted not only on insurance companies themselves and their officers and employees but also on their customers and other stakeholders.

(An omission)

(Reference) "Guideline for How Companies Prevent Damage from Anti-Social Forces" (agreed upon at a meeting on June 19, 2007 of cabinet ministers responsible for anti-crime measures)

(An omission)

(2) Identification of Anti-Social Forces

In judging whether specific groups or individuals constitute "anti-social forces," which are defined as groups or individuals that pursue economic profits through the use of violence, threats and fraud, it is necessary not only to pay attention to whether they fit the definition in terms of their affiliation, such as whether they constitute or belong to "boryokudan" crime syndicates, "boryokudan" affiliated companies, "sokaiya" racketeer groups, groups engaging in criminal activities under the pretext of conducting social campaigns or political activities and crime groups specialized in intellectual crimes, but also to whether they fit the definition in terms of the nature of their conduct, such as whether they are making violent demands or unreasonable demands that go beyond the limits of legal liability (refer to the "Key Points of Measures against Organized Crime," a directive issued in the name of the Deputy Commissioner-General of the National Police Agency on December 22, 2011).

(2) Explanation

A. Prohibition of Involvement with Antisocial Forces

It is prohibited to become involved with antisocial forces, whether in business or otherwise. Resolutely reject unreasonable and unjust demands from antisocial forces, and do not conduct business with antisocial forces or those suspected of being antisocial forces.

B. Prohibition of Providing Benefits to Antisocial Forces

When receiving unfair or improper demands from antisocial forces, do not attempt to resolve the situation by giving money or by other means, under any pretext (donation, advertisement, purchase of goods, etc.)

(3) Points to Note

A. When a Policyholder Is Found to Constitute an Antisocial Force

In the event that a policyholder is found to constitute an antisocial force after underwriting the policy, or that an unfair or improper demand is received from antisocial forces in relation to insurance business, the affiliated insurance company shall be informed immediately.

As for insurance contracts, the policy provisions stipulate the exclusion of organized crime groups in order to promote the blocking of relationships with antisocial forces. If a policyholder is found to constitute an antisocial force, the insurance company may terminate the policy in accordance with the provisions. If an insurance policy is terminated, in principle, no claim shall be paid for any accidents that occur between the time of falling under the material grounds (of being an antisocial force) and the termination.

B. When an Agent/Solicitor Is Found to Constitute an Antisocial Force

If an agent is found to fall under the category of antisocial forces, or commits an act of violence or makes an unreasonable demand, etc., the affiliated insurance company shall terminate the agent entrustment agreement. If a solicitor falls under this category, the agent must terminate the solicitor registration.