



GiAJ Compliance Guide for Solicitation

The General Insurance Association of Japan



GiAJ Compliance Guide for Solicitation

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GIAJ Compliance Guide for Solicitation <Background>

- To ensure the trust of customers, it is necessary for agents, in compliance with laws and regulations regarding insurance solicitation, such as the Japanese Financial Services Agency's Comprehensive Guidelines for Supervision for Insurance Companies, to **provide customers with sufficient information, fully explain relevant important matters, and solicit insurance products in accordance with their intentions.**
- The revised Insurance Business Act, which came into effect in May 2016, stipulates requirements to establish/strengthen the systems for agents and solicitors. In line with the Act, agents are **legally required to develop an internal management system to conduct and manage solicitation activities in a sound and proper manner.**



GIAJ Compliance Guide for Solicitation <Purpose>

- The General Insurance Association of Japan (GIAJ) provides its member companies with the Compliance Guide for Solicitation manual, which illustrates the points to be observed by agents in an easy-to-understand and systematic manner.
- The Guide serves as a reference, **helping the member companies to give guidance to their agents.**
- The Guide is also publicized on the GIAJ website.
- In addition to the development of the Guide, the GIAJ also provides support for its member companies so that each of them can adequately instruct their affiliated agents, and subsequently the agents can establish a proper system for solicitation.



GIAJ Compliance Guide for Solicitation <Purpose>

- The Guide has been updated as appropriate to reflect the changing circumstances regarding insurance solicitation, such as revisions to laws and regulations, as well as shifts in business practices.
- For example, the updates in 2020 and 2021 **captured operational responses to the pandemic and other shifts in the business environment including:**
 - ✓ changes in working conditions for solicitors, such as teleworking (working remotely)
 - ✓ review of written proceedings (requiring customers to affix their seal) and face-to-face procedures
 - ✓ increase in online solicitation



GIAJ Compliance Guide for Solicitation <Translation>

- A translation of Section 4 of the Guide (date updated: December 28th, 2020) is prepared primarily to serve as a reference manual for other insurance associations, etc., which may be considering improving the quality of insurance solicitation in their jurisdictions.
- Please note that the Guide has been established in consideration of elements specific to Japan, such as laws and regulations, and insurer business practices.
- Solicitation practices may differ among jurisdictions, due to their stage of market development, legal frameworks, business models, distribution channels, etc.
- Therefore, when aiming to improve solicitation practices, **reflecting such jurisdictional characteristics, and constantly and flexibly adapting to changing needs will be most effective.**



GIAJ Compliance Guide for Solicitation <Definitions of Terms>

- **Corporate agent** : an agent registered as a corporation (a stock company, etc.)
- **Individual agent** : an agent registered as an individual
- **Independent agent** : an agent that has an entrustment agreement regarding solicitation (contract conclusion, collect premiums, etc.) with more than one insurance company
 - * In Japan, around 24% of agents are independent agents, while 76% have an agreement with a single insurance company.
- **Affiliated company** : an insurance company that entrusts solicitation to the agent
- **Solicitor** : a person who belongs to an agent and engages in solicitation



GIAJ Compliance Guide for Solicitation <Content>

- The Guide consists of the following 5 sections (135 pages in total).

* We translated Section 4 (pp.52-84), as it is deemed most relevant and useful for other insurance associations.

Section 1	Agent Registration and Solicitor Notification
Section 2	Basic Rules regarding Insurance Solicitation
Section 3	Contract Management
Section 4	Matters to Note regarding Insurance Solicitation
Section 5	Establishment of System in Agent



GiAJ Compliance Guide for Solicitation <Content>

Section 1 : Agent Registration and Solicitor Notification

1-1	Definition of Insurance Solicitation
1-2	Registration of Agents and Notification of Solicitors at Local Finance Bureaus, etc.



GIAJ Compliance Guide for Solicitation <Content>

Section 2 : Basic Rules regarding Insurance Solicitation

[Basic Flow of Insurance Solicitation]

2-1 Explanation of Authority, etc. of Solicitors

2-2 Grasping Customer Intent, Selecting/Explaining Products,
and Explaining Important Matters

2-3 Contract Conclusion (Reception of Matters to Be
Disclosed/Confirmation of Intention)

2-4 Receipt of Insurance Premiums

[Reference] Examples of Talk Scripts for Insurance Solicitation



GIAJ Compliance Guide for Solicitation <Content>

Section 3 : Contract Management

3-1	Changes in Contract Content and Termination
3-2	Management and Notification of Maturity

Section 4 : Matters to Note regarding Insurance Solicitation

* Please refer to <Overview of Section 4> (slide 14-).



GIAJ Compliance Guide for Solicitation <Content>

Section 5 : Establishment of System in Agent

5-1	Agent Obligation to Establish System, and Guide to Establish System
5-2	Establishment of System for Solicitation-related Activities
5-3	Establishment of System for Sales by Recommending Products and Providing Comparisons
5-4	Establishment of System for Franchise Agents, etc.
5-5	Establishment of System for Large Specified Insurance Agents



GIAJ Compliance Guide for Solicitation <Content>

[Reference]

(1)	Insurance Business Act
(2)	Other Relevant Laws and Regulations
(3)	Checklists for Agents and Solicitors



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

Section 4 : Matters to Note regarding Insurance Solicitation

- For the following subsections, "Basic Rules", "Explanation", "Specific Measures", "Points to Note", "Reference" (excerpts of relevant laws and regulations, etc.), "Key Compliance Matters", etc. are provided.



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-1 Formulation and Publication of Solicitation Policy (page 52-)

- 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.



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

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

4-2-1 Insurance Solicitation Targeting the Elderly (page 54-)

- The elderly may face a decline in physical strength as well as memory and comprehension.
- 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.**



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-2-2 Insurance Solicitation for Persons with Disabilities (page 57-)

- If a policyholder has a disability, it is necessary to **avoid engaging in unfair discriminatory treatment**, and ensure that necessary and reasonable accommodation is provided according to the level of disability, gender, and age.



GiAJ Compliance Guide for Solicitation <Overview of Section 4>

4-3 Prohibition of Providing Special Benefits during Insurance Solicitation or Contract Conclusion, etc. (page 60-)

- 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.**



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-4 Non-face-to-face Solicitation (page 62-)

- 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.



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-5 Verification at the Time of Transaction (page 65-)

- In order to prevent financial institutions, etc. from being used for money laundering and terrorist financing, agents must **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.



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-6 Management of Group Contracts, etc.

4-6-1 Group Contracts (page 68)

- For group contracts, **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.



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-6-2 Wholesale/Franchise (Collective) Insurance (page 69-)

- In the case of wholesale and franchise (collective) insurance contracts, 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).**



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-7 Management of Self-contracts and Specified Contracts (page 71-)

- Agents may **not solicit the following types of insurance policy "as the primary purpose"**.
 - ✓ 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)



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-8 Management of Personal Information (page 74-)

- Agents fall under the category of a personal information handling business operator under the Act on the Protection of Personal Information.
- They 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.**



GIAJ Compliance Guide for Solicitation <Overview of Section 4>

4-9 Agent Business Operating Rules against Antisocial Forces (page 83-)

- 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.
 - ✓ Do not get involved with antisocial forces.
 - ✓ Do not provide benefits to antisocial forces.