

UNOFFICIAL TRANSLATION

Although Japan Post Insurance pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

May 27, 2020

Company name: JAPAN POST INSURANCE Co., Ltd.

Representative: SENDA Tetsuya, President, CEO, Representative Executive Officer

Stock exchange listing: Tokyo Stock Exchange First Section (Code Number: 7181)

**(Update on the Previous Disclosure) Status of Investigations of Policies
and other initiatives**

JAPAN POST INSURANCE Co., Ltd. (“Japan Post Insurance”; Chiyoda-ku, Tokyo; SENDA Tetsuya, President, CEO, Representative Executive Officer) is hereby announcing that “Status of progress of policy investigations in order to regain customers’ trust” and “Progress of the Business Improvement Plan” were reported to “Japan Post Group Reformation Committee”, as per the attachment.

An announcement will be made promptly if further related matters due for disclosure arise.

1 Investigations of specified rewriting cases/ Investigations of all insurance policies

- In regard to the investigations of specified rewriting cases, we confirmed solicitation circumstances at the time of enrollment and customers' intentions about reinstatement by letters, phone calls and home visit to approximately 156 thousand customers. We finished responding to customers as of the end of March 2020, except for cases that cannot be finished due to reasons attributable to customers. (We have finished the process for policy reinstatement for 42,019 customers as of May 17, 2020.)
- In regard to the sales personnel investigations in connection with the investigations of specified rewriting cases, we have mostly completed the review of sales personnel investigations by the end of April. We have identified 315 cases (the number of sales personnel: 420) of violations of laws and regulations and 3,275 cases (the number of sales personnel: 2,211) of violations of internal rules as of May 20, 2020. We have already started remedial training for the sales personnel who were identified to have violated laws and regulations or internal rules, based on the results of the sales personnel investigations in connection with the investigations of specified rewriting cases (1,335 personnel were subject to training by June 1, 2020).
- In the investigations of all insurance policies, we sent notification documents with reply cards to approximately 19 million customers and received approximately 1 million replies. We completed responding to customers, such as explanations about policy coverage and the procedure of address change, by the end of March 2020, except for cases that cannot be finished due to reasons attributable to customers. We continue responding customer requests, such as the orders of compensations customers for disadvantages experienced, that cannot be finished due to reasons attributable to customers and plan to complete the compensations by the end of June 2020. We have been confirming whether customer opinions resulted from cases that may involve violations of laws and regulations or internal rules and we have identified 3,547 such cases as of May 18, 2020.

2 Additional investigations of all insurance policies

A [Status of investigations of multiple policies]

- In regard to the customers who are to receive priority responses (897 policyholders), we have completed confirmations of policy coverage and customers' intentions with approximately 94% of them as of May 20, 2020. In regard to the customers other than those receiving priority responses (5,532 policyholders), we have completed confirmations of policy coverage and customers' intentions with approximately 83% of them, and we have nearly completed confirmations of policy coverage with all applicable customers, except for the cases that cannot be finished due to reasons attributable to customers. We continue confirming customers' intentions by letters whom we cannot contact.
- In regard to the part of investigations of multiple policies which have been implemented from last year*, we have taken disciplinary actions in the form of termination of solicitation operations against 75 personnel at present (including five retired personnel subjected to penalties equivalent to termination of solicitation operations). We have taken disciplinary actions in the form of strict warnings against two personnel.

* Refer to the press release dated June 27, 2019.

B [Investigations other than the above investigations of multiple policies]

- In regard to the investigations other than the investigations of multiple policies, we have contacted customers who have policies for high insurance premium or experienced policy rewriting such as a change of the insured or type of insurance through visiting by staff of Japan Post Insurance or sending letters to confirm intentions from March 2020. We contacted 7,753 policy holders and completed 3,621 policy holders (approximately 47%) policy coverage confirmations as of May 20, 2020. Going forward, in regard to the policyholders who have policy rewriting using a system to shorten the maturities of existing contracts, we plan to complete the confirmation of customers' intentions by around the end of June 2020.

Status of progress of policy investigations in order to regain customers' trust

■ Status of investigations of multiple policies

As of May 20, 2020

Status of contact, and confirmations of policy coverage	Customers who are to receive priority responses (*1)		Customers other than those receiving priority responses (*2)	
	Number of applicable customers	Ratio of total	Number of applicable customers	Ratio of total
Customers whom we have been able to contact	857	96	4,812	87
Customers whose policy coverage and their intentions have been confirmed	846	94	4,577	83
In line with customers' intentions*3	353	39	2,437	44
Not in line with customers' intentions*4	493	55	2,140	39
Customers with whom we have already made appointments	11	1	235	4
Customers with whom we are making appointments	40	5	720	13
Total	897	100	5,532	100

*1 Customers who have applied for 15 or more policies, of which half or more have been cancelled, in the last five years (from April 2014 to March 2019; the same hereinafter).

*2 Customers who have applied for 10 or more policies, of which 30% or more have been cancelled, in the last five years.

*3 Customers who cancelled or applied for policies in line with their intentions such as "for the financing of business", "for funds for home renovations", or customers' whose family members are sales personnel.

*4 Customers who cancelled or applied for policies not in line with their intentions because they followed the recommendation of post office staff or did not recognize cancellation or application for a new policy.

3 Home visits to regain customers' trust and to confirm policy coverage

- In addition to the above cases to be investigated, through providing home visits to regain customers' trust and to confirm policy coverage, we are listening carefully to customer's opinions and requests. Moreover we will aim to compensate customers for disadvantages caused by policy coverage which doesn't suit customers' intention sincerely.

As part of above activities, we are confirming the policy coverage by sending questionnaires for the approximately 1,800 corporate customers who experienced policy rewriting. 1,807 (approximately 99%) corporate customers confirmed policy coverage and 24 corporate customers requested detailed explanation about policy coverage as of May 22, 2020. We will contact these customers and explain policy coverage in detail by visiting or phone calls.

4 Continuing follow-up support and improvement of policy coverage confirmation activities

- We will continue to listen to our customers' voices through various methods, such as improvement of our ongoing efforts to confirm policy coverage and of the annual "Notification of Policy Coverage" documentation sent to customers. In addition, we will continue to strive to match more closely the intentions of our customers.

Measures in response to the growing effects of the novel coronavirus disease

- * Impact on policy investigations and sales personnel investigations

In light of the growing effects of the novel coronavirus disease, we refrained from visiting our customers in the course of conducting the investigations of policies while continuing to provide explanations to customers through postal mail and phone calls. In regard to the sales personnel investigations, in principle, we suspended our investigations by interviews. Based on the circumstances of the lifting of the state of emergency declaration, we restarted visiting customers, interviewing sales personnel in person, and interviewing sales personnel by using web communication system in the course of these investigations in some regions. However, should the effects of the novel coronavirus disease worsen in the future, the progress of these investigations may be delayed.

Progress of the Business Improvement Plan

May 27, 2020

JAPAN POST INSURANCE Co., Ltd.

Progress of the Business Improvement Plan (As of the end of May, 2020)

- We are required to report the progress of the Business Improvement Plan periodically which we submitted to regulators on January 31, 2020. We made our first report on the progress as of the end of February to regulators on March 13, 2020 and announced that on the same day.
- On an ongoing basis, we need to report the progress to the regulators every 3 months. At this time, we plan to report the progress as of the end of May and announce by June 15, 2020.
- Although we changed training implementation method and so on due to the effects of the novel coronavirus disease, we have progressed as scheduled for the most part and implemented most measures originally planned (including partial implementation) as of the end of May.
- The progress of each measure included in the Business Improvement Plan as of the end of May are following.

Heading	The end of February (3/13 report)		The end of May (6/15 report)		The end of August (9/15 report)	
	Partially Implemented	Implemented	Partially Implemented	Implemented	Partially Implemented	Implemented
1.Actions toward Sales Personnel (6 measures)	3	0	0	6	0	6
2.Sales Promotion Scheme (7 measures)	1	0	3	3	2	4
3.Corporate Culture (9 measures)	2	1	1	7	2	7
4.Solicitation Quality Control Scheme (22 measures)	3	7	9	11	10	11
5.Governance (14 measures)	2	2	8	6	8	6
Total (58 measures)	11	10	21	33	22	34

Progress of the Business Improvement Plan (As of the end of May, 2020)

I Create a healthy corporate culture and establish an appropriate sales promotion scheme

Measure	Deadline	Implementation Status	Status reported
Establish a code of conduct based on the customer-first philosophy	February 2020	Implemented	<ul style="list-style-type: none"> Solicitation policy was determined on February and revised on April.
Establish a “Standard of Japan Post Insurance Sales”	February 2020	Implemented	<ul style="list-style-type: none"> We defined solicitation principle based on solicitation policy which reflects the customer-first philosophy as “Standard of Japan Post Insurance Sales”
Training for sales personnel by “Standard of Japan Post Insurance Sales”	March 2020	Implemented	<ul style="list-style-type: none"> <u>Training on the significance and basic concept of “Standard of Japan Post Insurance Sales” was implemented as of the end of March</u> Training continue after April
Set appropriate sales targets -Shift from sales targets focused on new sales amounts (flow) to the sales targets focused on the policies in force (stock) -Set sales targets according to the sales capability and review the allocation method	March 2020	Implemented	<ul style="list-style-type: none"> In fiscal year 2020, we decided not to set sales targets to the sales personnel because we prioritize the activities to regain customers’ trust
Measures for policy rewriting 1.Non-recording of sales results and non-payment of incentives for policy rewriting※ 2.Extend the policy rewriting qualifying period (3 month before・6 month after → 12 month before・13 month after) ※Non-recording of sales results was implemented on August 2019.	March 2020	Implemented	<ul style="list-style-type: none"> non-payment of incentives for policy rewriting and extension of the policy rewriting qualifying period were implemented on April 2020.

Progress of the Business Improvement Plan (As of the end of May, 2020)

I Create a healthy corporate culture and establish an appropriate sales promotion scheme

Measure	Deadline	Implementation Status	Status reported
Introduction of a conditional cancellation system	January 2020	Implemented	<ul style="list-style-type: none"> For the adjustment of insurance policy content or products from a customer-first point of view, we have introduced a conditional cancellation system
Introduction of policy conversion system	After October 2020 As soon as possible	Under preparation	<ul style="list-style-type: none"> We will prepare for developing systems and acquiring an authority approval for the introduction in April 2021
Develop new products that meet our customers' insurance needs	Continue planning After April 2020	Under preparation	<ul style="list-style-type: none"> The expansion of insurance product line-up which are in high demand by customers and whose market is expanding is still under consideration

Progress of the Business Improvement Plan (As of the end of May, 2020)

II Check and internal control

Measure	Deadline	Implementation Status	Status reported
<p>Check contract applications</p> <p>1.Expand the target of pre-checking by system</p> <p>2.Expand the target of pre-checking by post office manager</p> <p>3.Confirm customers' intentions in enrollment process by call center</p> <p>4.Expand target of checking in underwriting process</p> <p>5.Confirm customers' intentions in cancelling process by call center</p>	<p>1.2.4 The March 2020</p> <p>3.5. January 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • <u>1.2.4.were implemented on April 2020</u>※ ※ <pre-checking system> We implemented "revising applicable standard of multiple policies", etc. <Check whole applications> We added "checking customer who uses policy holder loan service", etc. • 3.5.was implemented on January 2020
<p>Improvement by system</p> <p>Increase sophistication of customer information management</p> <p>- Set up systems which enable us to confirm customers' past policy enrollment and cancellation histories when accepting policy applications</p>	<p>After March 2020</p>	<p>Partially Implemented</p>	<ul style="list-style-type: none"> • On April 2020, we set up systems which enable us to confirm customers' past policy enrollment and cancellation histories when accepting policy applications. We set up function that we can check customer policies and past cancellation histories in the confirmation process of sales procedure on October 2020

Progress of the Business Improvement Plan (As of the end of May, 2020)

II Check and internal control

Measure	Deadline	Implementation Status	Status reported
Review functions of headquarter - Build sales structure to ensure the solicitation quality by transferring the first-line operations such as improving the solicitation flow to the sales department - Strengthen investigation functions by integrating investigation command functions	April 2020	Implemented	<ul style="list-style-type: none"> We transferred the first-line operations such as improving the solicitation flow to the sales department (established Sales Quality Improvement Office in Sales Planning Department) and integrated investigation command functions to the Compliance Investigation Office (newly established) on April 2020
Verification of measures by second line - Second line (Solicitation Management Department) verifies each measure of the Business Improvement Plan and report the results to various committees and suggest improvement plan as necessary	After April 2020	Implemented	<ul style="list-style-type: none"> We verified solicitation checking scheme from the perspective of prevention and early detection and suggested improvement plan in March
Review functions of branches - Strengthen the system for investigation of solicitation and appropriate solicitation	After July 2020	Under preparation	<ul style="list-style-type: none"> We are preparing for implementation on October
Strengthen instruction for Sales Instructor and review roles	After July 2020	Under preparation	<ul style="list-style-type: none"> Currently under consideration based on the review of functions of branches

Progress of the Business Improvement Plan (As of the end of May, 2020)

II Check and internal control

Measure	Deadline	Implementation Status	Status reported
<p>Increase the strictness of fact-finding criteria and the strictness of criteria for disciplinary action</p> <ol style="list-style-type: none"> 1. Conduct fact-finding that does not rely on confession 2. Strengthen efforts for the investigative cooperation (self-declaration) system 3. Add "suspension of solicitation " and "warning" in the disciplinary actions against sales personnel 4. Clarification of the responsibilities of management and disciplinary actions for managers 5. Select "sales personnel who have solicitation quality problem" and Implement "follow up- sales personnel" 	<p>March 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • <u>We changed related internal rules on March 2020 and applied these rules on April 2020</u> • In regard to 5., sales personnel who have solicitation quality problem are registered in sales pre-checking system on April 20 and follow-up work has been carried out to control the preparation of insurance policy documents for a certain period of time, including confirmation by the manager
<p>Improvement by system</p> <p>Record and keep a voice record of the solicitation process</p>	<p>After August 2020</p>	<p>Trial implemented</p>	<ul style="list-style-type: none"> • <u>Trial implementation by post office managers was started on March and trial implementation by certain sales personnel was started on April 20.</u> We continue preparing for full implementation after August

Progress of the Business Improvement Plan (As of the end of May, 2020)

II Check and internal control

Measure	Deadline	Implementation Status	Status reported
<p>Strengthen internal controls</p> <p>1.Strengthen the involvement by Audit Committee to Internal Audit Department</p> <ul style="list-style-type: none"> - Require advance agreement by Audit Committee for the important personnel appointments of the internal audit department <p>2.Strengthen the function of the Audit Committee</p> <ul style="list-style-type: none"> - Receiving report about actual solicitation circumstances, order in-depth investigation for verification and provide necessary advice to the executive officers 	<p>1. March 2020</p> <p>2. After February 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> • In regard to 1., <u>the changes of relevant internal rules were determined on March</u> • In regard to 2., in response to a report from the executive officer in charge in February, the internal Audit Department may be instructed to investigate as necessary, and a system has been put in place to allow in-depth discussions on the actual situation based on the report of the investigation

Progress of the Business Improvement Plan (As of the end of May, 2020)

III Information sharing and governance

Measure	Deadline	Implementation Status	Status reported
<p>Hearing the voices of our employees</p> <p>1.Direct Suggestions to the President -Progress the activities to change the corporate culture by listening to the “Direct Suggestions to the President”</p> <p>2.Dialogue with Management -Managements visit Regional Headquarters, Branches, and Services Center and catch actual circumstances from the communication with employees</p>	<p>1.December 2019</p> <p>2. March 2020</p>	<p>Implemented</p> <p>2. is currently suspended</p>	<ul style="list-style-type: none"> •In regard to 1., we started from December 2019 and accepted more than 300 suggestions by the end of April. Based on the suggestions, we are examining ways to strengthen information transmission from headquarter, and develop a system to quickly respond to employee opinions •In regard to 2., the Dialogue is suspended in light of the growing effects of the novel coronavirus disease though management started visiting to each sites from late February
<p>Strengthen internal controls</p> <p>Establish a new “deliberation” within the Board of Directors - Establish “deliberation” and revise the scope of “Resolution” topic</p>	<p>March 2020</p>	<p>Implemented</p>	<ul style="list-style-type: none"> •<u>The changes of relevant internal rules were determined on March</u>