

**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.

September 30, 2019

Company name: JAPAN POST INSURANCE Co., Ltd.

Representative: Mitsuhiro Uehira, Director and President, CEO, Representative Executive Officer

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

**(Update on the Previous Disclosure) Interim Report and Future Initiatives on  
Investigation of Rewritten Insurance Policies**

JAPAN POST INSURANCE Co., Ltd. ("Japan Post Insurance"; Chiyoda-ku, Tokyo; Mitsuhiro Uehira, Director and President, CEO, Representative Executive Officer), together with JAPAN POST HOLDINGS Co., Ltd. ("Japan Post Holdings"; Chiyoda-ku, Tokyo; Masatsugu Nagato, Director and President, CEO, Representative Executive Officer) and JAPAN POST Co., Ltd. ("Japan Post"; Chiyoda-ku, Tokyo; Kunio Yokoyama, President and CEO), is hereby announcing their interim report and future initiatives on the investigation of rewritten insurance policies announced in the release entitled "Investigation of Rewritten Insurance Policies and Initiatives for Improvement" dated July 31, 2019, as per the attachment.

At this time, Japan Post Insurance is not modifying our financial forecast for the Fiscal Year Ending March 31, 2020 announced on May 15, 2019, because we anticipate the financial impact from declines in new policies written and additional costs for investigation will be partially offset by decreased expenses for sales and underwriting, and because of our current favorable investment performance.

In addition, Japan Post Insurance anticipates that the impact on our consolidated solvency margin ratio, which represents our financial soundness, will be immaterial based on the forecast referred to above. (Our consolidated solvency margin ratio as of the end of June 2019 is 1,198.5%.)

Japan Post Insurance recognizes that declines in new policies written will have a negative impact on our medium to long-term performance, and will do our utmost to regain customers' trust and improve corporate value.

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

1. Status of investigation of rewritten insurance policies by Japan Post Insurance (interim report)

(1) Summary of investigation

We are conducting an investigation of specified rewriting cases (\*) and an investigation of all insurance policies excluding the specified rewriting cases.

In conducting the investigations, we have established the “Customer-First Solicitation Headquarters” at the headquarters of Japan Post Insurance, led by top management and composed of approximately 150 dedicated employees. Centered on this new promotion headquarters, all organizational units across Japan Post Insurance (headquarters, regional headquarters, branches and Service Center) have been acting cooperatively to carefully respond to customers.

In addition, we have established a call center (approximately 800 seats) dedicated to the investigation in order to deal with inquiries from customers with certainty. The organization for this exercise will be further expanded from October onward.

We are conducting the investigation in an appropriate manner by providing explanations to and receiving advice from the Special Investigative Committee composed of neutral and fair external experts, regarding the methods for confirming customers’ intentions as well as for analyzing the information obtained.

(\*) Specified rewriting cases: Cases in which disadvantages (such as declining of new policy underwriting and declining of subsequent benefit payments) were caused after rewriting or cases that require investigation of the situation surrounding the solicitation process, as described in "Investigation of Rewritten Insurance Policies and Initiatives for Improvement" dated July 31. (Categories A to F)

(2) Status of investigation of specified rewriting cases

① Status of confirmation of customers’ intentions

We have identified rewritten insurance policies for each case category from past transaction data, and are investigating the solicitation process for such policies to check for any violation of laws and regulations or internal rules. With regard to specified rewriting cases, we began sending notification documents to 156 thousand customers from August 5 and completed this process on August 29.

Additionally, we have contacted such customers by making phone calls on different days of the week or at different times of day and by visiting elderly customers and other

customers requesting to be visited.

As of September 27, we have been able to contact approximately 89 thousand customers. The breakdown of such customers is approximately 59 thousand customers whose detailed contract process and intentions we have been able to confirm, approximately 13 thousand customers for whom we will confirm such matters at a time and in a manner convenient to such customers, and approximately 18 thousand customers whose cooperation with the investigation we have not been able to obtain.

② Current results of investigation

a. Circumstances at the time of the solicitation

We have reviewed all answers received from customers, confirming the customers' contract terms if necessary, and have identified any cases possibly involving the violation of laws and regulations or of internal rules, with the assistance of external lawyers.

As a result, based on discussions to date with customers, we have identified 6,327 cases involving potential violation of laws and regulations or internal rules out of a total of 68,020 cases for which we were able to confirm the detailed contract process and intentions.

The figures which we are announcing at this time are based only on customers' answers. We will continue additional investigations (investigations of sales personnel and confirmations with customers) as a group-wide effort, with the approach of not allowing a single case of inappropriate conduct.

Category	Outline of Specified Case to be Investigated	Number of cases to be investigated *1, 2	Number of cases for which customers' intention have been confirmed *2	Number of cases potentially involving violation of laws and regulations or internal rules*2
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting were declined	18 thousand	6,751	266
B	Rewriting cases in which subsequent benefit payments were declined as a result of cancelation of the new policy due to breach of the duty to disclose important matters	3 thousand	305	49
C	Rewriting cases in which sales personnel could have made more reasonable proposal such as switching riders or decreasing insurance amounts	26 thousand	8,857	76
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	15 thousand	4,817	135

E	Cases of overlapping insurance because the previous policy was canceled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy)	75 thousand	32,959	5,449
F	Cases in which the previous policy was canceled during the period four to six month before the date of writing new policy	46 thousand	14,331	352
Total		183 thousand	68,020	6,327

1. Within each category, policies with the same policyholder and same application date are counted as one case. The total number of policies is approximately 194 thousand.
2. Figures as of September 27, 2019.

b. Customers' intentions for reinstatement of policies

We have contacted approximately 156 thousand customers and, of the 58,710 customers whose intentions we have been able to confirm, 26,036 customers have requested detailed explanations on policy reinstatement. For cases where we recognize that disadvantages were caused to customers not in line with their intentions, we will send the documents detailing the reinstatement procedure to customers and respond to customers' requests as promptly as possible. For those customers who do not request detailed explanations on reinstatement, we will send documents to confirm their final intentions together with appreciation for their cooperation.

Category	Outline of Specified Case to be Investigated	Number of customers contacted*	Number of customers whose intentions have been confirmed *	Number of customers requesting detailed explanation*
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting were declined	18 thousand	6,266	1,569
B	Rewriting cases in which subsequent benefit payments were declined as a result of cancelation of the new policy due to breach of the duty to disclose important matters	2 thousand	304	188
C	Rewriting cases in which sales personnel could have made more reasonable proposal such as switching riders or decreasing insurance amounts	23 thousand	7,800	2,055
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	13 thousand	4,341	1,114
E	Cases of overlapping insurance because the previous policy was canceled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy)	66 thousand	28,870	19,974
F	Cases in which the previous policy was canceled during the period four to six month before the date of writing new policy	35 thousand	11,129	1,136
Total		156 thousand	58,710	26,036

\*Figures as of September 27, 2019.

③ Further actions

We will continue to make efforts to confirm customers' intentions through various methods as follows:

a. Customers whom we have not been able to contact

For customers whom we have not been able to contact by multiple phone calls on different days of the week or at different times of day, we will send answer sheets with reply envelopes and continue our efforts to contact such customers.

For customers whose documents did not arrive due to incorrect mailing addresses, we will investigate their current addresses and resend the notification documents.

b. Customers whose cooperation we have not been able to obtain

We will request cooperation again by sending answer sheets with reply envelopes.

(3) Status of investigation of all insurance policies

① Status of confirmation of customers' intentions

We have sent notification documents with reply cards for all policyholders (other than specified rewriting cases) asking them to reconfirm their intentions and let us know of any points we should be aware of. The total number of policies is approximately 30 million policies, including policies that matured or were cancelled in the past five years, or approximately 19 million customers. We began sending such documents starting from August 23 and completed this process on September 20.

As of September 27, we have received approximately 680 thousand reply cards. Based on the cards and customers' inquiries to our call center, we will continue further investigations.

In addition, Japan Post employees will provide explanations by home visits or phone calls to customers who contact the post offices to ask about their insurance policies.

② Further actions

a. Sending the Notification of Policy Coverage

In October, we will send the 'Notification of Policy Coverage' documentation to all current policyholders notifying them of their contracts such as policy coverage and premiums and requesting that policyholders inform of any queries or uncertainties they may have.

b. Provide information on our initiatives through TV commercials and the "My Page" function

We have been airing TV spots asking customers' cooperation with our investigation

(started August 31 and scheduled to air approximately 120 times through the end of October; consider extending such commercials to November). We are also preparing to enable responses to the investigation through the “My Page” function on our website. Through these and other extensive measures, we will continue to announce our initiatives and respond to our customers’ requests.

Going forward, we will continue to take a sincere approach to listening to our customers through various opportunities. We strive to implement true ‘Customer-first Business Operations’ through measures such as providing recompense for customers’ disadvantages and improving our business procedures based on the voices of customers.

## 2. Future initiatives (improvement measures)

The Special Investigative Committee established on July 24 continues to investigate the fundamental causes underlying the contract rewriting issues that caused disadvantages to customers not in line with their intentions. Meanwhile, we will take the following improvement initiatives, based on the current situation.

If and when the Committee clarifies specific causes or identifies additional points of improvement in the future, we will take those indications seriously and take measures to respond.

[Key improvement initiatives] (Some have already been implemented.)

### (1) Review of sales targets

In light of the fact that our sales targets have previously been heavily focused on the results of new policies, we have decided not to set sales targets for Japan Post Insurance products in this fiscal year. In addition, we will fundamentally reconsider our way of thinking regarding sales targets for the next fiscal year, including a realignment to focus on maintaining and increasing policies in force, as compared to our former stance focusing on new policy sales results.

### (2) Enhancement of system to check contract process, such as by confirming customer intentions

Because our system to check the contract process has proved to be insufficient, Japan Post Insurance and Japan Post will strengthen our pre-check system for solicitation processes.

Starting from August, all policy application forms are checked by Japan Post Insurance's Service Center, and if there is concern on the solicitation quality, Japan Post Insurance contacts the customers directly to confirm their intentions.

In addition, starting from September, we have established a process whereby all policy application forms submitted to post offices are checked by managers of the post offices, and if there is concern on the solicitation quality, the managers will confirm customers' intentions.

Further, starting from September 24, we confirm that policies are in line with the customers' intentions before underwriting new policies through multi-layered checks in various stages throughout the process for rewriting of policies. This includes a system control which displays an alert message for an application for rewriting of insurance policies and does not allow the creation of documents for solicitation for such cases without the approval of managers at post offices.

### (3) Introduction of conditional cancellation system and policy conversion system

We have already suspended sales activities for rewriting of insurance policies, and have reviewed sales performance evaluation towards employees. Furthermore, we will introduce institutional measures to prevent disadvantages to customers before they occur. These measures include a "conditional cancellation system (April 2020 → consider advancing the timing of implementation)," in which cancellation of existing policies takes effect only subject to the approval of new applications, followed by a "policy conversion system (from April 2021 onward → consider advancing the timing of implementation)," which enables transition to a new policy without cancellation of the existing policy.

### (4) Establishment of an organizational structure for customer-first business operations

In response to the various issues related to the solicitation quality, Japan Post Insurance has established the "Customer-First Solicitation Headquarters" in July, to promote our improvement initiatives centering on improvement of solicitation quality, led by top management. In addition, Japan Post and Japan Post Insurance jointly conduct training to enhance customer-first sales activities for post office employees. Furthermore, since September, Japan Post has established the Solicitation Quality Improvement Department and reviewed the role and responsibilities of the General Manager of Financial Liaison Department, in an effort to improve management of solicitation. In this and other ways, Japan Post Group as a whole is promoting the establishment of an organizational structure for customer-first business operations.

(5) Suspension of sales activities to elderly customers

We have already suspended proactive sales activities to customers who are 80 years of age or older, in light of the fact that we have not been able to thoroughly carry out customer-first sales activities in solicitation of elderly customers. Going forward, we will also suspend sales activities to customers who are 70 years of age or older. If such customers intend to apply for new policies due to reasons such as because of maturities of old policies, we will go ahead with proposals only in cases where their families are able to provide consent after receiving the requisite explanations.

(6) Seeking opinions from employees

Our corporate headquarters has previously not been fully reachable with regard to opinions from post office staff and other frontline employees as well as to various comments from customers. In light of this, we will establish a new whistleblowing contact point dedicated to sales and operations (in addition to the existing whistleblowing contact points), as well as a new contact desk that offers consultation to employees regarding troubles in their day-to-day work.

(7) Strengthening cooperation between group companies

We will establish and strengthen group-wide liaison committees for various management issues including internal audit, compliance, operational risk and promotion of customer satisfaction in order to strengthen the cooperation between group companies.

3. Restart of sales activities of Japan Post Insurance products

In the release entitled “Announcement Regarding Life Insurance Sales Activities” dated August 30, 2019, we announced that we would restart ordinary sales activities of Japan Post Insurance products at post offices and Japan Post Insurance branches in stages from October 1, to the extent that it does not hinder our approaches to customers.

However, based on the factors listed in ① through ③ as follows and opinions received from interested parties, we have reconsidered and now plan to restart ordinary sales activities of Japan Post Insurance products in stages from January 2020.

- ① The need to further make known and establish as a matter of course the new preventative measures to avoid a recurrence of the same problems.
- ② The need for additional time to for the investigation of specified rewriting cases at Japan Post Insurance.



- ③ The plan for the Special Investigative Committee to make a report on its findings by the end of 2019.

Prior the restart of ordinary sales, Japan Post and Japan Post Insurance will prioritize our responses to customers, while conducting training for employees on “customer-first”, “remedial measures to avoid a recurrence of the same problem”, and “enhancement of knowledge regarding our products” and work to make known the preventative measures taken to avoid a recurrence of the problems.

Japan Post will restart ordinary sales activities of other financial products at post offices after November 2019 following the completion of arrangements with each consignment company.