

UNOFFICIAL TRANSLATION

Although the Company 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.



July 31, 2019

Company name: Japan Post Holdings Co., Ltd.
Representative: Masatsugu Nagato, Director and Representative
Executive Officer, President & CEO
(Code number: 6178, First Section of the
Tokyo Stock Exchange)
Contact: IR Office, Corporate Planning Division
(Phone: +81-3-3477-0206)

Implementation of Investigation on Rewritten Insurance Policies at the Japan Post Group

Japan Post Holdings Co., Ltd. ("Japan Post Holdings"; Chiyoda-ku, Tokyo; Masatsugu Nagato, Director and Representative Executive Officer, President & CEO), hereby announces that it shall implement, together with JAPAN POST Co., Ltd. ("Japan Post"; Chiyoda-ku, Tokyo; Kunio Yokoyama, President & CEO and Representative Executive Officer) and JAPAN POST INSURANCE Co., Ltd. ("Japan Post Insurance"; Chiyoda-ku, Tokyo; Mitsuhiko Uehira, Director and President, CEO, Representative Executive Officer), an investigation, etc. on rewritten insurance policies of Japan Post Insurance, through a concerted effort of the Japan Post Group, as per the attachment.

Note: References in the attachment to "we," "us," "our" or similar terms are to Japan Post Insurance, unless the context requires otherwise.

Investigation of Rewritten Insurance Policies and Initiatives for Improvement

1. Our Basic Approach Regarding the Investigation of Policies

(1) We will investigate all of our insurance policies, including those which have been cancelled in the past five years, to confirm whether they have caused disadvantages to our customers not in line with their intentions. We anticipate the number of such insurance policies to be approximately 30 million and the number of policyholders approximately 20 million.

We intend to resolve any such unintended disadvantages to customers as early as possible, and through such actions will do our best to regain our customers' trust.

(2) We will proceed with these policy investigation activities promptly, as a group-wide effort, based on the following schedule.

If we identify cases where there have been disadvantages to our customers not in line with their intentions, we will proceed with the process of reinstating insurance policies or taking other measures, in accordance with the intent and circumstances of our customers.

- Send notification documents to all policyholders whose contracts fall under certain specified categories (refer to 3 below), beginning August 5 and to be completed by the end of August.
- For all contracts which fall under the specified categories, call affected policyholders from our designated call center in order to confirm the circumstances of the contract process and their intentions with regard to the reinstatement of their policies, by early September. For customers requiring a face-to-face explanatory meeting, Japan Post Insurance employees will meet with such customers in order to confirm the circumstances of the contract process and their intentions with regard to the reinstatement of their policies.
- Send notification documents to all other policyholders (refer to 2 below) by the end of September.
- Make an interim report on the progress of the policy investigations as of the end of September.
- Grasp the overall situation with a view to completion, and report the progress of the investigation and related matters by the end of December.

2. Investigating All Insurance Policies

(1) Japan Post Insurance and Japan Post will send notification documents with reply cards to all

policyholders (other than those that fall under the specified categories) by the end of September.

Japan Post Insurance will conduct investigations if there is a possibility that disadvantages have been caused to customers and engage with customers' questions, based on information provided through the reply cards and consultation with our call center.

Japan Post employees will respond to their inquiries from customers who directly contact the post offices by phone or face to face meetings.

(2) Moreover, all policyholders can review their contracts via the Japan Post Insurance website's "My page" function and the "Notification of Policy Coverage" which we will send to all policyholders in October. In addition, we will announce our initiatives through our corporate website and SNS and will respond broadly to inquiries received from customers.

3. Investigation of Specified Rewriting Cases

(1) For the case categories (Categories A-E) below, which are categories where we can determine a possibility that disadvantages were caused to customers not in line with their intentions, Japan Post Insurance will investigate all corresponding insurance policies extracted from transaction data for the past five years (approximately 137 thousand policies for the period prior to March 2019) in order to confirm whether such disadvantages were actually caused.

Please note that the number of policies identified above represents the scope of the current investigation and, at this stage, we have not determined that all of such cases actually resulted in disadvantages to our customers not in line with their intentions, and not all of these cases will be subject to reinstatement of policies or other measures.

Category	Outline of Specified Case to be Investigated	Number of cases to be investigated ¹
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting was declined	Approximately 19 thousand ^{2, 3}

¹ The respective number of policies for each category is based on our current outlook. For categories A through D, the numbers include rewriting of policies outside of the evaluation period of rewriting the insurance policies.

² The number includes cases where only the rider was declined in the new policy and cases where the previous policy is still in effect after the rewriting, such as where a new policy was written while decreasing the insurance amount for the previous policy.

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	Approximately 3 thousand
C	Rewriting cases in which sales personnel could have made more reasonable proposals such as switching riders or decreasing insurance amounts	Approximately 25 thousand ⁴
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	Approximately 20 thousand ⁴
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 ⁵)	Approximately 70 thousand

(2) We will also investigate another category (Category F: approximately 46 thousand cases¹), representing cases in which the previous policy was canceled during the period four to six month before the date of writing the new policy⁶, and the new policy or payments were not declined (cases which do not fall under categories A through D). Although at this time we have not identified situations in which customers' experienced disadvantages not in line with their intentions as a result of such cases, because insurance coverage is being provided by the new policy, we intend to investigate these cases in order to thoroughly understand the situation surrounding our solicitation processes.

(3) Japan Post Insurance will investigate these categorized cases swiftly and carefully. We will strengthen our internal resources for contacting our customers, including expanding our designated call center to approximately 400 operators.

We will send notification documents to the relevant policyholders starting from August 5, to be completed by the end of August. We will contact our customers through calls from our designated call center and face to face meetings, and confirm the circumstances of the contract process and their intentions to reinstate

³ A large part of the customers whose new policies were declined are covered by other insurance policies provided by Japan Post Insurance.

⁴ For a certain number of these cases, loans entered into in connection with the previous policies have been repaid as a result of the cancellation of such policies.

⁵ In cases where special provisions to designate the date of commencement of the policy have been added, the date of commencement.

⁶ In cases where special provisions to designate the date of commencement of the policy have been added, the application date.

their policies or take other measures.

4. Investigation of Circumstances of the Contract Process

(1) As part of our investigation of policies, for cases where there is a possibility that the sales personnel put their own interests above the customers and caused disadvantages to our customers not in line with their intentions, we will conduct a thorough investigation on the circumstances of the contract process.

Our staff for such investigations consist of 400 personnel all over the country, including personnel from Japan Post Insurance Compliance Department.

Investigations on sales personnel will be conducted by a group-wide organization, including approximately 150 personnel participating from Japan Post Compliance Department.

(2) If we identify cases where there was a violation of the Insurance Business Act, we will take strict action including suspending the license of the sales personnel. In addition, if we recognize the violation of internal rules, we will take appropriate disciplinary measures.

5. Initiatives for improvement

In order to thoroughly carry out customer-oriented sales activities, we will proceed with the consideration of the following improvement initiatives we announced on July 10.

- To cease the proposal of rewriting of insurance policies (July 2019)
- To review the sales numerical targets and the method for accounting for sales results (from August 2019 onwards)
- To strengthen the checking function before the process of underwriting (October 2019)
- To introduce a conditional cancellation system (April 2020 → consider advancing the timing of implementation)
- To introduce a policy conversion system (from April 2021 onwards → consider advancing the timing of implementation)
- To strengthen the current investigation process regarding issues outside of the evaluation period of rewriting the insurance policies

6. Improvements Regarding Sales Numerical Targets and Post Office Management

(1) We have previously announced our intention that post offices will place first priority on responding to inquiries from customers for Japan Post Insurance products, and will refrain from making proactive sales efforts on Japan Post Insurance products for the time being. In addition, proactive sales efforts will be refrained for all financial products provided through post offices, until arrangements with agency sales counterparts are completed. As for the sale of investment trust products, post offices will focus on after-sales services for the time being.

Cancer insurance and automobile insurance will continue to be provided as in the past, in accordance with discussions with agency sales counterparts. This takes into account the differences in the nature of the products and monitoring systems.

(2) Japan Post will not set sales numerical targets of Japan Post Insurance products for this fiscal year ending March 31, 2020.

For future fiscal periods, Japan Post is planning to review how they set the sales numerical targets for financial products. Japan Post will change sales targets from flow-based as in the past to stock-based, in order to serve the interests of customers.

(3) In order to thoroughly implement “customer-first sales activities,” Japan Post and Japan Post Insurance will conduct training for all employees who take part in sales activities.

(4) Japan Post will establish a new structure to directly review the present state of post offices, to be named the “Front Line Session.” Executives from headquarters, employees from post offices and other employees will exchange their opinions on a wide range of themes, such as customers’ reactions, employees’ complaints, requests arising from their daily activities and other matters.

7. Special Investigative Committee

(1) On July 24, Japan Post Holdings, Japan Post and Japan Post Insurance established a “Special Investigative Committee” composed of neutral and fair external experts.

(2) The Special Investigative Committee will review the appropriateness of the scope of Japan Post

Insurance and Japan Post's confirmation of the facts concerning the Insurance Policy Situation and of the methods used and related matters. The Special Investigative Committee will also perform a thorough independent investigation into the facts and causes, consider recommending measures aimed at avoiding recurrence and other remedial measures based on their findings, and produce a report on their findings.