

Insurance Sales Management System Manual • Attachment

The check points below are listed only as examples (examples mainly for sales by insurance agents in the case of life insurance-related matters and for sales by agents in the case of non-life insurance-related matters) for use by inspectors during their on-site inspections of branch offices, etc. and agents of insurance companies from the perspective of confirming that insurance companies have established an appropriate insurance sales management system by making directors, etc. aware of the importance of compliance and cultivating compliance-oriented corporate cultures.

Inspectors do not need to perform on-site inspections on all of the items of example if they can confirm that individual divisions, such as internal audit divisions, are functioning effectively, noting that the onus of checking the actual insurance sales management system is basically on the internal audit divisions of insurance companies. However, when individual divisions are deemed not functioning effectively, inspectors need to perform in-depth inspections.

If the insurance company has started new businesses or sale of new products, inspectors must perform on-site inspections even if they are items not listed in the examples.

Note that the points below are not just for the purpose of pointing out slight inadequate items but for the purpose of confirming that insurance companies have established an appropriate insurance sales management system by making directors, etc. aware of the importance of compliance and cultivating compliance-oriented corporate cultures.

Note that as verifying specific cases regarding compliance with laws and ordinances on insurance sales by using this manual, the verification must be based on the provisions of the Insurance Business Law, relevant ordinances and the Guidelines.

Note: When cases that contravene the Insurance Business Law, etc. are found during on-site inspections, we as authority will properly deal with them in accordance with laws and ordinances.

Item	Insurance Sales Management System Check Point	Explanation of Insurance Sales Management System Check Points	Remarks
I. Items related to life insurance	(1) Obligation of Life insurance agents registration	<p>Are insurance agents not selling insurance products without registration or before registration?</p> <p>Does the insurance company remove persons unfit as agents from sales activities?</p> <p>Does the insurance company keep the ledger of registration in order? Does it record and correct necessary items properly?</p> <p>Does the insurance company keep the documents of application in order?</p> <p>Does the insurance company avoid a delay in dealing with items necessary for reporting?</p> <p>In particular, does it immediately deal with the document deleting insurance agent from the registration list after the agents submitted it?</p>	Note: "documents" in this "Attachment" may include other proper methods.
(2) Establishment of sales structure	<p>Does the insurance company have proper measures in place to determine and confirm the appropriateness of insured amount by, for example, comparing it with income, etc. of the policyholder? Does it use the "contract content registration system" and properly record the result of the use?</p> <p>Does the insurance company endeavor to avoid securing policyholders by making excessive barter-deposits at financial institutions? Does it endeavor to eliminate sales through illegal use of loans for insurance premium?</p> <p>Does it not exceed the proper scope of specific contracts?</p>		
(3) Response to scandals	<p>Does the insurance company have measures in place to prevent scandals, such as scandals of consumption by agents or employees, from occurring?</p> <p>Are scandals reported to the head office and the authorities properly?</p> <p>Are investigations of scandals and measures to prevent scandals properly implemented?</p> <p>Are methods for resolving scandals appropriate?</p>		
(4) Prohibited acts concerning sales activities	<p>Does the insurance company take measures so that sales activities would not constitute prohibited acts?</p>		
(5) Indication method at the time of sales	<p>As making indications concerning insurance contracts, does the company take measures to obtain policyholders' full understanding? Does it make indications in accordance with the nature of products?</p> <p>When a comparative indication is made, is it a proper, accurate indication in documents?</p> <p>When paying a expectant dividend, is a document fulfilling the requirements set forth in the Guidelines prepared and issued?</p> <p>Does the insurance company have proper measures for making indications concerning its credit or ability of payment?</p> <p>When making indications that the insurance company is taking part in business as supply of fund provided by the Policyholder Protection Organization, does the company prepare documents indicating that it does not mean that insurance policies are protected?</p>		
(6) Insurance contract of association and group	<p>Is the grouping appropriate? Is the group in conformity with the group classification?</p> <p>Are the insured amount, insured person and contract (agreement) contents appropriate?</p> <p>Are premium rates and premium recovery commissions appropriate?</p>		
(7) Life insurance contracts of other persons	<p>Are sales activities performed properly?</p> <p>Does the insurance company endeavor to secure proper contracts in conformity with the purpose and intent of the insurance policies, such as the confirmation of the consent of the insured persons?</p>		

Item	Insurance Sales Management System Check Point	Explanation of Insurance Sales Management System Check Points	Remarks
	(8) Variable insurance	<p>Are sales activities performed properly? (Examples of improper activities)</p> <ul style="list-style-type: none"> ? Act of providing explicit judgments on forecast investment returns ? Act of forecasting of investment performance of special accounts on the basis of a past specific period arbitrarily selected by an agent ? Act of guaranteeing insured amount or surrender money <p>Does the insurance company issue documents recording asset investment policies to policyholders?</p>	
	(9) Foreign-current insurance	<p>Are sales activities performed properly concerning insurance contracts whose insured amounts are denominated by foreign currencies? Does the insurance company issue documents mentioning that there may be exchange losses to policyholders?</p>	
	(10) Lump-sum payment endowment insurance	<p>Are sales activities performed properly? (Examples of improper activities)</p> <ul style="list-style-type: none"> ? Sales activities that place too much emphasis on the speculative purpose 	
	(11) Conversion contracts	<p>Are sales activities performed properly? Does the insurance company issue documents that provide comparisons of existing and new contracts and documents mentioning that the policyholders can review the content of security while continuing the existing contracts?</p>	
	(12) Co-insured contracts	<p>Does the insurance company take measures so that there will be without misunderstanding as to the type of insurance and insurance company?</p>	
	(13) Issuance of documents	<p>Does the insurance company issue documents as set forth by law to policyholders? Then, does it obtain a sign or seal of the policyholders? Does the insurance company properly distribute documents such as a guide to the contract and articles that will facilitate the understanding of the contents of contracts?</p>	
	(14) Operating management of sales, etc.	<p>Is the insurance company in full grasp of the actual state of insurance claims, lapse of policies ? Does the insurance company properly issue, collect and keep custody of receipts for first amount of insurance premiums? Does the insurance company properly manage policy card receipts, collection paper, and receipts for next-time premium collection properly management? Does it properly manage insurance claims? Does the insurance company have measures in place to cross check cash so that there will be no oversight of cash imbalance? Are advance money, temporary payment, and loans to agents appropriate? Are disbursements of sales expenses appropriate? Are internal audit performed properly? Are matters pointed out in audit corrected properly? Are ID cards of agents issued and collected properly? Is the management of other operations proper? For example, are the following points avoided or corrected?</p>	

Item	Insurance Sales Management System Check Point	Explanation of Insurance Sales Management System Check Points	Remarks
		a) Receipt files of insurance premium, etc. * Difference of residual number * Inadequate entry in receipt management records * Delay or failure to collect certificates of depositing * Inadequate custody method b) Insurance payments * Inappropriate payment of insurance benefits * Inappropriate refusal to pay insurance benefits * Delay in insurance claim processing * Delay in payment processing * Delay or failure to collect receipts * Inadequate entry in receipts or invoices c) Maturity or surrender money * Delay in payment processing * Delay or failure to collect receipts * Inappropriate entry in receipts or invoices d) Loans of policyholder * Delay in loans processing * Delay or failure to request and collect applications of loan for policyholder * Inappropriate entry in applications of loan for policyholder	
	(15) Selection of new employees and training of agents	When employing or consigning agents, is the selection fair and impartial? Are agents provided sufficient education and guidance? Is the training of persons in charge of managing agents sufficient?	
	(16) Cooling-off	Is the cooling-off system well known to policyholders? Is the system properly implemented? Are agents well versed in the cooling-off system?	
II. Items related to non-life insurance	(1) Obligation of non-life insurance agents registration	Are agents not selling insurance products without registration or before registration? Does the insurance company remove persons unfit as agencies from sales activities? Does the insurance company keep the ledger of registration in order? Does it record and correct necessary items properly? Does the insurance company keep the documents of application-related in order? Does the insurance company avoid a delay in dealing with items necessary for reporting? In particular, does it immediately deal with the document deleting agent from the registration list after the agent submitted it?	
	(2) Establishment of sales structure	Are consignment contracts appropriate? Does the insurance company endeavor to confirm that consignment contracts are not inadequate? Does the insurance company endeavor to avoid securing policyholders by making excessive barter-deposits at financial institutions? Does it endeavor to eliminate sales through illegal use of loans for insurance premium? Does it not exceed the proper scope of self contracts? Does it not exceed the proper scope of specific contracts?	

Item	Insurance Sales Management System Check Point	Explanation of Insurance Sales Management System Check Points	Remarks
	(3) Response to scandals	<p>Does the insurance company have measures in place to prevent scandals, such as scandals of consumption from occurring?</p> <p>Are scandals reported to the head office and the authorities properly?</p> <p>Are investigations of scandals and measures to prevent scandals properly implemented?</p> <p>Are methods for resolving scandals appropriate?</p>	
	(4) Prohibited acts concerning sales activities	<p>Does the insurance company take measures so that sales activities would not constitute prohibited acts?</p>	
	(5) Indication method at the time of sales	<p>As making indications concerning insurance contracts, does the company take measures to obtain policyholders' full understanding? Does it make indications in accordance with the nature of products?</p> <p>When a comparative indication is made, is it a proper, accurate indication in documents?</p> <p>When paying a expectant dividend, is a document fulfilling the requirements set forth in the Guidelines prepared and issued?</p> <p>Does the insurance company have proper measures for making indications concerning its credit or ability of payment?</p> <p>When making indications that the insurance company is taking part in business as supply of fund provided by the Policyholder Protection Organization, does the company prepare documents indicating that it does not mean that insurance policies are protected?</p>	<p>Note: "documents" in this "Attachment" may include other proper methods.</p>
	(6) Co-insured contracts,	<p>Does the insurance company take measures so that there will be without misunderstanding as to the type of insurance and insurance company?</p>	
	(7) Operating management (including agencies) of sales and damage investigations, etc.	<p>Is the clerical management of sales, appropriate? For example, are the following points avoided or corrected?</p> <p>a) Insurance certificates of compulsory automobile liability, certifying seals of compulsory automobile liability insurance, compulsory automobile liability insurance stickers, compulsory automobile liability insurance receipt files, etc.</p> <ul style="list-style-type: none"> * Difference of residual number * Inadequate entry in receipt management records * Delay or failure to collect certificates of depositing * Delay or failure to collect certificates that have to be collected * Inadequate custody method <p>b) Insurance payments</p> <ul style="list-style-type: none"> * Delay in insurance claim processing * Delay in payment processing * Delay or failure to request and collect receipts * Request and collection of receipts before payment * Inadequate entry in receipts or invoices <p>c) Maturity or surrender money</p> <ul style="list-style-type: none"> * Delay in payment processing * Delay or failure to collect receipts * Request and collection of receipts before payment * Inappropriate entry in receipts or invoices 	<p>Note: When performing on-site inspections of damage investigations pay attention to the "Operational Risk Management System Checklist."</p>

Item	Insurance Sales Management System Check Point	Explanation of Insurance Sales Management System Check Points	Remarks
		d) Loans of policyholder * Delay in loans processing * Delay or failure to request and collect IOUs * Inappropriate entry in IOUs or invoices e) Damage investigation * Delay in insurance claim processing * Delay in payment processing * Inappropriate calculation of insurance benefits * Delay or failure to request and collect receipts * Insufficient response to victims and inadequate records f) Group insurance contracts * Unqualified groups * Expiration of the grace period to exceed the regulated number of group members * Unqualified policyholders	
	(8) Guidance and education structure for agency	Is the guidance and education structure for agents appropriate? Is training provided properly with sufficient frequency? Is inspection performed in principle at least once per year?	
	(9) Appropriate management of premiums by agency	Are documents showing premium accounts prepared and put in order? Are they managed properly? Are premiums of agency and their own assets clearly separated? Does the insurance company endeavor to avoid and correct mistakes in monetary calculation such as errors in payments (mistakes of calculations, misapplication of insurance or premium rates, etc.) and payment of commissions exceeding regulations?	
	(10) Appropriate handling of agency commissions	Are agent commissions handled properly in accordance with provision of approved business methods? For example, does the company avoid deviations from the provision, such as payment of commissions in effect by other names?	
	(11) Cooling-off	Is the cooling-off system well known to policyholders? Is the system properly implemented? Are agents well versed in the cooling-off system?	