Introduction of the Policyholder Protection Rules for Unregulated Kyosai

**Current Situation**
- The Insurance Business Law regulates insurance businesses which underwrite insurance for “the general public”.
- Unrestricted entities, undertaking quasi-insurance business for “a specified group of persons” are not subject to any regulation and there is no authority to supervise them.

**Proposed Amendment**
- Amend the scope of the Insurance Business Law to cover businesses which underwrite insurance for a specified group of persons.
- Create a regulatory framework imposing registration requirements on businesses of a limited scale which underwrite small-amount short-term insurance only. (“small-amount short-term insurance provider”)
- Take necessary measures, including setting of a two-year transitional period, for unregulated entities which are currently in operation.
- Review the regulatory framework for small-amount short-term insurance providers to take necessary measures in 5 years after implementing the amended law.

**Current system**
- Regulated Kyosai (JA, COOP, etc.)
- Unregulated Kyosai (targeting a specified group of persons)
- Insurers (targeting the general public)

**Proposed regulatory framework**
- Regulated Kyosai
  - Kyosai within a corporate entity
  - Kyosai run by Federation of Workers
  - Small-Scale Kyosai
- Small-amount Short-term Insurance Providers (Registration Requirement)
- Insurers (License Requirement)

**Small-amount Short-term Insurance Provider vs. Insurer**

<table>
<thead>
<tr>
<th>Requirement on entry</th>
<th>Small-amount Short-term Insurance Provider</th>
<th>Insurer</th>
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</thead>
<tbody>
<tr>
<td>Registration</td>
<td>Registration (subject to the Authorities’ consent)</td>
<td>License</td>
</tr>
<tr>
<td>Minimum capital</td>
<td>Approx. 10 million yen* (plus certain deposit)</td>
<td>1 billion yen</td>
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<tr>
<td>Product</td>
<td>Limited to small-amount short-term insurance without saving feature</td>
<td>Unlimited (including large-amount, long-term, and/or with saving feature)</td>
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<tr>
<td>Investment</td>
<td>Safe investment (deposits and government bonds)</td>
<td>Unlimited in principle (corporate stocks, real estate, loans, etc.)</td>
</tr>
<tr>
<td>Others</td>
<td>disclosure, regulation for market conduct, technical provision, on-site inspection, supervision, etc.</td>
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</tbody>
</table>

* The amount is to be provided in the Enforcement Order of the Insurance Business Law.