

10. Disclosure

a) Disclosure under Legal Regulations

(1) Obligation to submit business reports

Insurers are required to prepare business reports that describe the status of their business operations and assets and these reports should be submitted annually to the Commissioner of the Financial Services Agency.

In accordance with the May 2003 revisions to the Insurance Business Law, effective from FY2004, insurance companies are required to prepare and submit interim business reports, as already required of banks.

(2) Public perusal system

Article 111 of the Insurance Business Law has been providing that “an insurance company shall draw up annually an explanatory document describing the status of its business operations and assets, and provide its head office and branch offices with such documents so that it shall be available for public perusal.” After the 1998 revisions to the Insurance Business Law and The Enforcement Regulation, insurance companies are required to provide the above-described documents at their affiliates and sales offices, in addition to the above locations.

b) “Disclosure by Life Insurance Companies – so-called “Toranomaki” (guidance book)

The Life Insurance Association of Japan publishes “Disclosure by Life Insurance Companies – “Toranomaki” (guidance book)” as documents that explain about disclosure brochures of life insurers in easy-to-understand terms.

Following up on the 2005 edition, the Association published the 2006 edition and distributed it to consumer centers across the country and also directly to the general consumers.

c). Measures taken to date

Year	Descriptions
1979	Prepared "Industry-wide Uniform Standards for Disclosure"
1984	Prepared box files of "Information on Business Results" prepared by life insurers
1990	"Annual Financial Statements" are prepared by life insurers based on the "Industry-wide Uniform Standards for Disclosure" and provided together with the "Information on Business Results," at their head offices and branches for public perusal.
1996	In line with provisions of Article 111 of the revised Insurance Business Law, the Life Insurance Association of Japan prepared a new set of disclosure standards. Three types of disclosure materials: 1. "Financial Statements," 2. "Information on Business Results" and 3. "Current Status" (of each individual insurer) are integrated into a newly unified "Disclosure Materials." The contents of these materials were revamped with additional disclosure items.
1998	The revisions to the Insurance Business Law and The Enforcement Regulation provided the detailed items that need to be disclosed (preparation of consolidated financial statements, reports on the results of principal business operations in the last five business years, etc.)
2000	Disclosure of "basic profit" and "cash flow statement." Introduction of fair value accounting for financial instruments, review of calculation basis for "solvency margin ratio," etc.
2001	Disclosure of "policy reserve balance" per period of contract conclusion. Disclosure of the breakdown of "solvency margin ratio." Upgrade of disclosure brochures.
2002	Changes in the structure of "Equity" section in the balance sheet and the addition of items to "Assets" section in the balance sheet. Changes in items in the status of equity participation in the status of stocks. Modifications to the breakdown of stocks held per sector, the breakdown of loans offered per industry, etc.
2003	Added a category about "policyholder qualification acquisition per period" to the categorized composition of policyholder representatives. Newly disclosed "status of principal shareholders"
2004	The information of "the status of loans per category of debtors" was added to notes. Newly disclosed (annualized premium income of) "medical benefits/living benefits, etc." on the basis of business in force. Newly disclosed "the status of changes in contracts." Newly added the breakdown items such as "general account" and "special account" for policies by product category (individual insurance, individual annuities, group insurance, group annuities, others, subtotal) and the total amount.
2005	Newly disclosed annualized premium income for individual insurance, individual annuities and their total amount on the basis of policies in force as well as newly underwritten policies, in addition to new business for "medical benefit/living benefit, etc."
2006	Following the enactment of the New Corporate Law, "Equity" section in the balance sheet was changed to "Net Assets," and "statements on changes in foundations, etc. (changes in shareholders' equity, etc.)" were newly disclosed. The "status of reinsurance" was also newly disclosed.