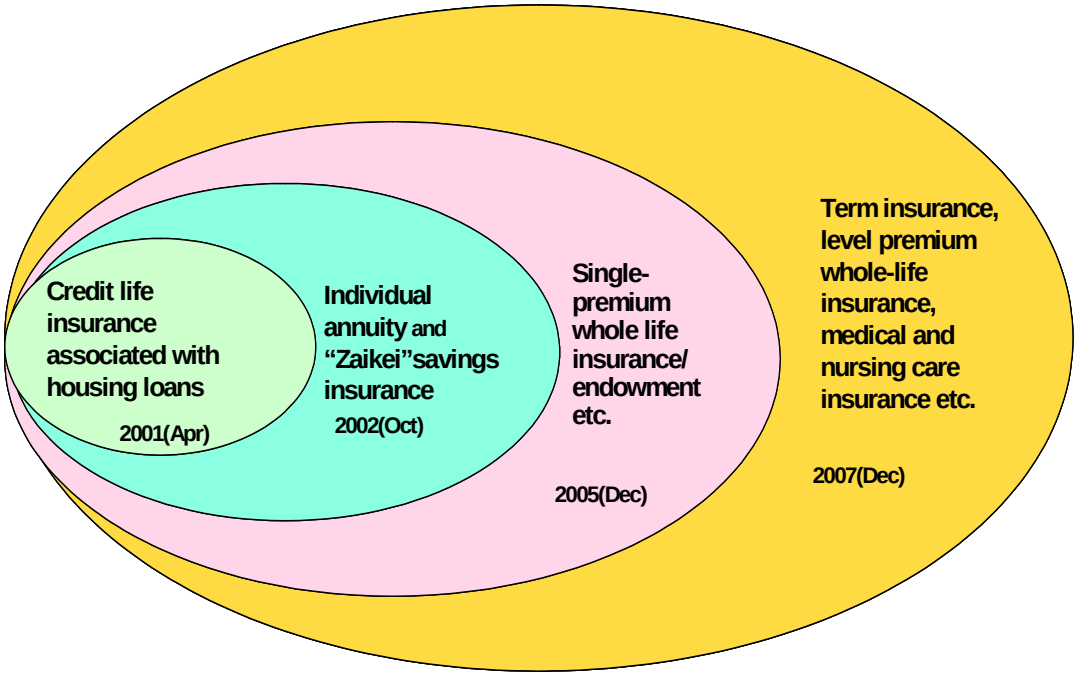
10. Complete Lifting of the Ban on Bancassurance

Following the Report of Insurance Council in 1997 and the amendment of the Insurance Business Law in 2000, the ban on over-the-counter (OTC) sales by banks of long-term fire insurance, long-term income indemnity insurance and credit life insurance (all associated with housing loans) as well as overseas travelers' personal accident insurance, was lifted on 1 April 2001. However, the credit life insurance policies that might be distributed by banks were limited to those of the life insurers which were either a bank's subsidiary or an affiliated company. At that time, the bancassurance in Japan was still in its early stages of development.

Later, in October 2002, the range of such products was extended to include individual annuity, 'zaikei' savings (asset formation) insurance, individual annuity and accident insurance, and 'zaikei' savings personal accident insurance. Also the restrictions on the credit life insurance (bank-subsidiary rules) were removed. As a result, OTC sales by banks of life insurers' products practically started. On 22 December 2007, all restrictions on the sale of insurance products by banks were lifted. Accordingly, the following measures were introduced to prevent eventual negative effects of the deregulation:

- To stipulate a "split of work" rule between banks and insurers regarding after-sale activities (inquiries of policy contract, replies to claims and consultation services, etc.) and present it to customers
- To require banks to secure enough staff members to process the necessary work after selling insurance policies
- To make customers aware of the insurance solicitation guideline of banks through documents, oral explanations, in-store posters and notices, home pages and other means
- To assign staff with enough legal and practical knowledge of insurance business (about solicitation activities, policy contracts, etc.) in banks' internal audit departments
- To require banks engaged in this type of operations to comply with the "Comprehensive Guideline for Supervision of Insurance Companies" described in the "Concerning Unfair Business Practices following the Easing of the Regulation on Businesses of Financial Institutions and Expansion of Scope of Business Services" document

These regulations are to be re-examined in 2010 after being monitored by the FSA.