

Response to the premium adjustment practices, etc.

Overview of the case

In regards to the issue of inappropriate premium adjustments that were deemed to have violated the Antimonopoly Act, Sompō Japan Insurance underwent an onsite inspection by the Japan Fair Trade Commission on December 19, 2023, and received a business improvement order based on Article 132, Paragraph 1 of the Insurance Business Act from the Financial Services Agency on December 26, 2023. In the inspection and receipt of the order, it was pointed out that the company had been in an environment that would easily increase the risk of conduct constituting a violation of the Antimonopoly Act and related laws or the risk of leading to inappropriate behavior. Based on this point, the company submitted a business improvement plan that laid out measures to prevent recurrence, including improving the environment to facilitate fair competition, to the Financial Services Agency on February 29, 2024.

Overview of the administrative sanctions (business improvement order) (December 26, 2023)

Sompō Japan Insurance
1. Clarify management responsibility for the penalties
2. Further identification and investigation of other cases that are deemed to have violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947. Hereinafter "the Antimonopoly Act") and that led to inappropriate behavior in light of the intent of the law
3. Examination and implementation of measures to improve the environment for implementing fair competition in the field of corporate insurance, including coinsurance
4. Building of an appropriate sales promotion structure and insurance underwriting management structure (including the formulation of measures to realize the development of sales targets that will not be incentives for inappropriate behavior and sales activities that can present fair insurance premiums according to the risks involved, in light of the intent of the Antimonopoly Act and related laws)
5. Building of an appropriate legal compliance structure for complying with the Antimonopoly Act and related laws (including the provision of sufficient education to and establishment of a supervisory structure for related persons in the company, such as sales representatives, and agencies)
6. Development of a healthy organizational culture that emphasizes compliance and customer protection (including establishment of corrective measures for the corporate culture that prioritizes the convenience of the company over compliance with important laws and regulations such as the Antimonopoly Act)
7. Steadily implement above measures and drastically strengthening governance to ensure they are firmly established

Web For further details, see "[Administrative Sanctions by the Financial Services Agency](#)" (in Japanese) and "[Submission of a Business Improvement Plan by a Sompō Holdings Subsidiary](#)"

Response to fraudulent auto insurance claims, etc.

Overview of the case

In regards to the issue of the response to fraudulent auto insurance claims, etc. by a used car dealer, Sompō Holdings and Sompō Japan respectively received a business improvement order based on Article 271-29, Paragraph 1 and Article 132 Paragraph 1 of the Insurance Business Act from the Financial Services Agency on January 25, 2024. Accordingly, it was pointed out that their efforts to develop an appropriate corporate culture were insufficient. Based on this point, the companies submitted a business improvement plan that described measures to prevent recurrence, including the development of a healthy organizational culture which emphasizes compliance and customer protection, to the Financial Services Agency on March 15, 2024.

Overview of the administrative sanctions (business improvement order) (January 25, 2024)

Sompō Holdings	Sompō Japan Insurance
1. Clarify management responsibility for the penalties	1. Clarify management responsibility for the penalties
2. Ensure sound, appropriate insurance holding company management of subsidiary operations (Including to grasp the scope and effectiveness of Sompō Japan Insurance's internal controls in a timely and appropriate manner, and conduct appropriate business management)	2. Confirm appropriate policy claims management <ul style="list-style-type: none"> Establishment of a system to prevent fraudulent claims (including conduct of appropriate damage investigations, implementation of customer-oriented referral services for repair companies, consideration & implementation of central management of predictive information for fraudulent claims and necessary measures) Establishment of fair and accurate examination systems and procedures (including verification of cases that may have resulted in inappropriate non-payment due to the lack of detailed investigations and customer response based on the verification of results)
3. Fostering healthy organizational culture prioritizing compliance and customer protections over sales at insurance subsidiaries (Include corrective measures for a company culture that prioritize the company's interests over the interests of its customers)	3. Establishment of effective agency management system (insurance solicitation management) (Ensure appropriate insurance solicitation according to agents' characteristics, including consideration & implementation of appropriate management of secondments)
4. Steadily implement above measures 1-3 and drastically strengthen governance to ensure they are firmly established	4. Establishment of a system to ensure thorough compliance and customer protection (Timely identification of suspicious information with measures to ensure appropriate reporting to management inclusive of CEO and the authorities)
	5. Fostering healthy organizational culture prioritizing compliance & customer protections over sales (Include corrective measures for a company culture that prioritizes the company's interests over the interests of its customers)
	6. Steadily implement above measures 1-5 and drastically strengthen governance to ensure they are firmly established

Web For further details, see "[Overview of administrative sanctions \(business improvement orders\) by the Financial Services Agency and measures to prevent recurrence](#)" and "[Submission of a Business Improvement Plan](#)"