

Operational Risk Management System Checklist

- 1) Operational risk is the risk that an insurance company will incur losses because personnel (including executives) and insurance agents fail to perform operations accurately, or engage in actions that result in mishaps or scandals.
- 2) Inspectors will verify and inspect the operational risk management systems of insurance companies using the “Risk Management Systems Checklists (Common Items)”, and this checklist. They will verify matters concerning insurance underwriting management by using “Insurance Underwriting Management System Manual”. This checklist and manual apply to all insurance companies, including the foreign offices of Japanese insurance companies (foreign branch , foreign subsidiaries, and offices of the overseas workers, etc., though whether to include these offices in the inspection by this checklist and manual will be determined in light of applicable laws and ordinances, including applicable foreign-country laws and ordinances) and the Japan offices of foreign insurance companies.

[Notes on the use of this manual in inspections]

This manual is essentially a handbook to be used by inspectors in the inspection of insurance companies. It is expected that, as part of their efforts to ensure sound and proper operations and in accordance with the principle of self-responsibility, individual insurance companies will fully exercise their creativity and innovation to voluntarily create their own detailed manuals. These insurance company manuals should make note of the content of this manual and be adapted to the size and nature of the insurance company.

The check points in this manual represent standard to be used by inspectors in evaluating the risk management systems of insurance companies. They do not constitute direct statutory obligations to be achieved by insurance companies. Care must be taken that the manual is not adopted by rote and uniformly. If there may be cases in which the checklist description has not been fulfilled literally, by insurance company , in the light of ensuring the soundness and appropriateness of its operation only the time that the measures by insurance company are equivalent in their effects to the descriptions for the check point or are sufficient given the size and nature of the insurance company, these measures would not be deemed inappropriate.

Inspectors will therefore need to fully dialogue relevant points with insurance companies during on-site inspections.

Note: Explanation of check points

Unless explicitly stated otherwise, items expressed in the question form such as “does the insurance company” or “is the insurance company” are minimum standards that are expected of all insurance companies. Inspectors, as they go through their checklists, need to fully verify the effectiveness of these items.

Unless explicitly stated otherwise, items worded in the form of “it would be desirable that” constitute “best practice(sound practice)” for all insurance companies. Inspectors need only confirm these items.

Note: Distinction between “board of directors” and “board of directors, etc.”

Items that are defined as roles of the “board of directors” are items for which the board of directors itself needs to determine all essential matters. This does not, however, preclude the board of directors from delegating consideration of draft documents to the management committee or similar bodies.

The phrase “board of directors, etc.” includes the board of directors, the management committee, the management meeting, and similar bodies. Items that are defined as roles of the “board of directors, etc.” would ideally be determined by the board of directors itself, but may be delegated to the management committee, etc. provided that there has been a clear delegation of this authority from the board of directors, the management committee, etc. has kept minutes of its proceedings and other materials that would allow after-the-fact confirmation, and there are adequate internal checking by the measure the results are reported to the board of directors, or auditors are allowed to participate in the management committee, etc.

Note: Explanation of “business base”, “business bases”, “insurance sales”

The phrase “business base” refers to organizations other than the head office that constitute business bases, such as branch offices, business headquarters, foreign branch offices, and foreign subsidiaries. The phrase “business bases” refers to organizations other than the head office that do not engage in sales activities, such as operating bases, service centers, and foreign liaison offices.

The phrase “insurance sales” refers to insurance agency or insurance agent and does not include insurance broker.

In this checklist and manual, the phrase “policyholders” refers to insurant, insured person, insurance beneficiaries, or person targeted in sales activities or other customers.

When verifying status of risk management on specific cases by using this Inspection Manual, it is important to base the verification on the provisions of the Insurance Business Law, related ordinances and the Guidelines.

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
I. Recognition of risk management, etc. 1. Recognition of directors and role of board of directors	Directors' understanding and recognition of risk management	Do the directors understand the locus of operational risk throughout the operations of the insurance company? Are they aware of the importance of reducing reducing operational risk? Do they take appropriate measures to do so?	
2. Recognition and roles of manager	Manager's understanding and recognition of risk management	Does manager recognize the importance of reducing operational risk? Does it take appropriate measures to cause the staff of the divisions it oversees to understand the importance of and take steps to reduce operational risk? In monitoring operational risk, it is desirable that manager endeavor to analyze quantitatively operational risk from the perspective of the latent size of operational losses to which the insurance company is exposed and the potential for operational losses to be realized.	Note: "Manager" refers to branch office managers and persons in senior managerial positions (including directors) with equivalent levels of responsibility, and so throughout.
II. Auditing and correction of problems 1. Internal audits	Methods and content of audits by the internal audit division	Does the internal audit division create techniques and content for internal audits on operational risk management system in the form of implementation standards? Does director of internal audit division confirm the implementation standards and implementation procedures of self-inspection by branch offices, etc. and insurance agents? Does the internal audit division analyze the results and accurately notify individual operational divisions, branch offices, and insurance agents? Does individual operational division managers promptly improve internal audit findings to raise the level of operation? Does the internal audit division implement an efficient and effective internal audit of business promotion divisions in accordance with internal audit plans, taking the frequency and depth into consideration? When internal audit of insurance agents by the internal audit division is not performed as regularly due to unavoidable reasons, is internal audit by a competent division or branch office, etc. performed in the same frequency or more? Is such internal audit given the same status and assured of its practicality in terms of effectiveness and correction of problems?	Note: "Branch office manager" refers to the manager of a branch office, etc., and so throughout.
2. Correction of problems	Reports of problems to board of directors and manager	Are internal audit results and other necessary matters reported to the board of directors regularly (or timely as necessary)? In particular, is the board of directors given timely reports of scandals that would have a serious impact on the operation of the insurance company? Is the representative director furnished with reports that provide accurate and specific notations of the frequency, importance, cause, and planned improvements for operational misses?	
3. Scandals	(1) Scandals	(1) 1) Are scandals reported to the authorities and dealt with appropriately as mandated by applicable laws and ordinances? Are the police and other relevant agencies quickly informed of facts that potentially impinge upon criminal provisions? 2) Are problems that would have a serious impact on the operation of the insurance company quickly reported to the clerical division, internal audit division, and also to the board of directors? 3) Are scandals investigated and resolved by divisions independent of the division involved in the scandals (for example, by the internal audit division)?	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
		<p>Does the insurance company analyze the causes of scandals, provide division managers and branch office managers with analytical results from the perspective of preventing future incidents, and take measures to prevent recurrence in a timely manner?</p> <p>4) Does the insurance company have a structure in place for investigating the facts related to scandals, holding relevant parties accountable, and clarifying supervisory responsibilities?</p>	
	(2) Complaints from customers	<p>(2) 1) Does the insurance company have procedures in place for dealing with complaints etc. (including inquiries that could be related to scandals) from customers?</p> <p>2) Does the insurance company deal quickly with complaints, etc. (including inquiries that could be related to scandals) from customers in a coordinated efforts between the clerical division and other related business divisions?</p> <p>3) Does the insurance company make and store records of the content of complaints, etc. (including inquiries that could be related to scandals) from customers and the results therefrom? Are the clerical division and internal audit division furnished with regular reports?</p> <p>4) Are problems that would have a serious impact on the operation of the insurance company quickly reported to the clerical division, internal audit division, and also to the board of directors?</p>	
<p>III. Operational risk management systems</p> <p>1. Role of operations division</p>	(1) Organization of clerical division	<p>(1) 1) Does the insurance company have a division that is clearly designated to formulate operational rules, etc.?</p> <p>2) Does the insurance company have a division that is clearly designated to provide operational conduction and training and a system that enables this division to function fully?</p> <p>3) Does the clerical division have a structure able to respond quickly and accurately to inquiries, etc. from branch offices and insurance agents, etc. regarding clerical processing?</p> <p>4) Is the clerical division independent of business promotion divisions and able to exert sufficient checks on them?</p>	
	(2) Formulation of rules, etc.	<p>(2) 1) Are operational rules exhaustive and in conformity with all applicable laws and ordinances?</p> <p>Do the operational rules contain clear procedures for handling exceptions and difference of interpretation?</p> <p>2) Does the clerical division analyze business operations, establish the locus of operational risk and formulate rules to prevent risks from being incurred?</p> <p>3) If the insurance company adopts a non-contact sales style, such as mail-order sales, does it formulate operational rules in light of the nature of such sales style?</p> <p>4) Are operational rules reviewed and improved as needed in light of problems identified from audit results, scandals, complaints, and inquiries?</p> <p>5) Are operational rules reviewed and improved as necessary in light of changes in laws, ordinances, and other exogenous factors?</p> <p>6) Do operational rules contain clear provisions, particularly regarding the following matters?</p> <p>a) Insurance sales (prohibited acts, etc.)</p> <p>b) Handling of cash, actual things, etc., important documents (premium receipts), convenient treatment and exceptional treatments.</p>	
	(3) Internal control	(3) Does the clerical division:	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
		1) Take measures to constantly check the operational management of branch offices? 2) Have structure in place to prevent branch office managers from concealing scandals? 3) Endeavor to improve the operational levels of branch offices in coordination with the internal audit division and the insurance sales management division, etc.? 4) Control the consignee, proxies and agents from the perspective of operational risk, when it consigns clerical work to outsiders.	
2. Role of branch offices	(1) Role of branch office managers	(1) Does the manager of branch officers: 1) Constantly monitor risks associated with clerical processing? 2) Check compliance with appropriate clerical processing policies and rules, etc., and other matters inherent risk? 3) Endeavor to prevent situations in which those responsible for accuracy and checking proofmarks are too busy to be able to adequately function in their checking capacity? 4) Understand where the problems are in the branch offices' clerical processing and endeavor to make improvements? 5) Deal strictly with clerical matters concerning insurance contracts, in particular? 6) Deal responsibly and in coordination with the clerical division and other related business divisions when exceptional treatment is provided? 7) Provide conduction and training so that insurance agents would not commit prohibited acts, etc.	
	(2) Rigorous operational management	(2) 1) Is clerical processing performed in a rigorous manner? 2) Are accuracy checks performed in a fundamentally rigorous manner and not just as a perfunctory formality? 3) Is the branch office manager informed immediately when there are cash incidents or agent incidents (consumption, misappropriation)? Are reports provided to the clerical division, internal audit division, and other necessary divisions? 4) Are strict checks performed in accordance with operational rules in particular on the handling of insurance application forms and receipts for appropriation of first insurance premium? 5) Are exceptional treatments as convenient treatment only processed after approval from the branch office manager or other executives? 6) Are exceptions to the rules handled as instructed by the branch office manager in coordination with the clerical division and other relevant business divisions?	
	(3) Customer protection	(3) 1) Is the insurance company's clerical processing fair to its customers? 2) Does the insurance company provide policyholders with appropriate and sufficient explanations of the content and nature, etc. of transactions when engaging in transactions with policyholders? 3) In particular, does the insurance company provide appropriate and sufficient explanation to policyholders when selling products, such as variable insurance and foreign-currency insurance, in which the policyholder themselves incurs risk? Does it have measures in place to always ask the policyholder to confirm that he/she has received explanations? 4) Does the insurance company take care not to disclose customer information to third parties except as permitted by law or as agreed to by the customer himself/herself? 5) Does the insurance company handle information concerning individual companies, for example, financial information concerning debtors, with particular rigor and care?	
	(4) Inspection function of branch offices or relevant divisions	(4) Do branch offices perform effective self-inspection based on implementation standards and implementation procedures? Do they report the results to the internal audit division?	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
[Application to non-life insurance companies]	(1) Establishment of damage investigation system	<p>(1) 1) Does the insurance company establish a damage investigation management division to manage operations from acceptance of insurance accidents to payment of claims?</p> <p>3) Does the damage investigation management division have a system in place to make just and fair payment of claims?</p> <p>4) Does the damage investigation management division formulate rules on damage investigations, and does it review or improve them by taking account of problems identified by investigation results, internal audit results, scandals, and complaints and inquiries, etc.?</p> <p>5) Does the damage investigation management division report on the status of damage investigations to the representative director (or to the board of directors in the case of problems having a great impact on the business) regularly?</p>	
	(2) Acceptance of accidents and confirmation of contract contents	<p>(2) Does the damage investigation management division pay attention to the following points in its management of acceptance of accidents and confirmation of contract contents?</p> <p>1) When there has been an accident, obtaining necessary information such as the status of the accident (location, date, cause of the accident, extent of damage), and the name and address of the person responsible for the accident.</p> <p>2) When there has been an accident, establishing a structure for prompt responses</p> <p>3) Confirmation of the validity of contract contents, check on the contents of the contract and accident, and confirmation of responsibility or irresponsibility</p>	
	(3) Investigation and confirmation of facts about insurance accidents	<p>(3) Does the damage investigation management division pay attention to the following points in its management of investigations and confirmations of insurance accidents?</p> <p>1) Collecting information on the location of the accident and from police stations, fire stations, hospitals, eyewitnesses, the persons insured, victims, etc. to investigate facts</p> <p>2) In case of a property damage, investigation of specific contents by, for example, visiting repair shops and the location of the property damaged.</p> <p>3) Causal relationship between insurance accident and damage</p> <p>4) Existence of legitimate insurable interest (user interest, etc.)</p> <p>5) Observance of duty to disclose and duty to declaration</p>	
	(4) Investigation and determination of damages	<p>(4) Does the damage investigation management division manage with paying attention to the following points as its management of investigation and determination of damages?</p> <p>1) Investigation and determination of damages by assessors etc. in case of fire insurance and by experts such as adjusters in case of automobile insurance</p> <p>2) Articulation of the base on which to calculate damages and verification of its appropriateness</p> <p>3) Management of unpaid claims until the determination of damages</p> <p>4) Confirmation of the payee (beneficiary, hospital, repair shop, etc.)</p>	
	(5) Proxy negotiations for out of court settlement	<p>(5) Does the damage investigation management division manage with paying attention to the following points as proxy negotiations for out of court settlement</p> <p>1) Sufficiency of the application of comparative negligence</p> <p>2) Management of indirect damages (substitute car expenses, business interruption damages, etc.)</p> <p>3) Management of lawsuits</p>	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
	(6) Process management	<p>(6) Does the damage investigation management division manage paying attention to the following points as its management of middle office after the acceptance of accidents?</p> <ol style="list-style-type: none"> 1) Timely and appropriate confirmation of contract contents at each stage, for example, at the time of the acceptance of accidents, at the time of insurance claims filed, and at the time of investigation and determination of damages 2) In the case in which no insurance claim has been made for a long period of time after the acceptance of the accident, inquiry and confirmation of the person insured about the developments after the accident 3) Establishment of a structure to perform after-the-fact verification of the appropriateness of clerical disposal of damage investigations (reporting, analysis, improvement measures, etc.) 4) Management of operations concerning recoveries, such as rights of indemnification 5) Management of liability reserves 	
<p>[Application to life insurance companies] 4. Management of claims payments</p>	(1) Establishment of systems to manage payments of claims, etc.	<p>(1) 1) Does the insurance company establish a claims-payment management division to manage operations from acceptance of insurance accidents to payment of claims?</p> <p>2) Does the claims-payment management division, etc. appropriately manage branch offices to perform clerical work for claims payments in a timely and appropriate manner? For example, does it train, conduct, and audit branch offices?</p> <p>3) Does the claims-payment management division have a structure in place to make just and fair payment of claims?</p> <p>4) Does the claims-payment management division formulate rules on claims payments, and does it review or improve them by taking account of problems identified by investigation results, scandals, and complaints and inquiries, etc.?</p> <p>5) Does the claims-payment management division report on the status of claims payments to the representative director (or to the board of directors in the case of problems having a great impact on the business) regularly?</p>	
	(2) Confirmation of facts about insurance accidents	<p>(2) Does the claims-payment management division manage paying attention to the following points as its management of confirmations of insurance accidents?</p> <ol style="list-style-type: none"> 1) Accurate confirmation of facts by checking with the person insured, hospitals, doctors in charge 2) In the case of insurance accidents caused by disaster, etc., collecting information on the location of the accident and from police stations and eyewitnesses, etc. to confirm the facts 	
	(3) Immunity reason	<p>(3) Does the claims-payment management division manage paying attention to the following points as its management of confirmation of immunity reason?</p> <ol style="list-style-type: none"> 1) Insurance amount, benefit amount 2) Confirmation of declaration contents 3) Immunity reason 4) Confirmation of relationship between the person insured and beneficiary 	
	(4) Process management	<p>(4) Does the claims-payment management division manage paying attention to the following points as middle management after the acceptance of accidents?</p>	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
		<ol style="list-style-type: none">1) Timely and appropriate confirmation of contract contents at each stage, for example, at the time of the acceptance of accidents and at the time of insurance claims filed2) In the case in which no insurance claim has been made for a long period of time after the acceptance of the accident, inquiry and confirmation of the policyholder and beneficiaries3) Establishment of a structure to check whether the cases which have remained unsettled for a long period of time are appropriately processed or not.	

The check points below are listed only as examples for use by inspectors during their on-site inspections of the status of operational risk management, and do not cover all of the operations of an insurance company.

Inspectors do not need to perform on-site inspections on all of the listed items if they can confirm that individual divisions, such as internal audit divisions, are functioning effectively, noting that the onus of actually checking the status of operation management is basically on the internal audit divisions of insurance companies. However, when individual divisions are deemed to be not functioning effectively, inspectors need to perform in-depth inspections of other areas of operations.

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

Note that the points below are not just for the purpose of pointing out slight operational mistakes but for the purpose of confirming the status of the function of the risk management system.

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
IV. Business handling etc. [Application to life insurance companies] 1. Management of contract inspections and premium income	(1) Insurance underwriting and screening	(1) Does the insurance company pay attention to the following points as its insurance underwriting and screening? 1) Making product-by-product underwriting standards thoroughly known 2) Confirmation of insured person's purchase intention and declaration items in the cases where the insurance is large or where the beneficiary of the insurance is a third party 3) Imposing of special conditions 4) Notice 5) Medical examination report 6) Check contents of the items entered in insurance contract application forms	
	(2) Re-insurance	(2) Does the insurance company pay attention to the following points as its handling of re-insurance? 1) Formulation of operational rules on re-insurance transactions and the status of compliance 2) Status of compliance with rules on outward re-insurance contract (special contract) 3) Status of compliance with rules on inward re-insurance contracts (special contract) 4) Management of receivables (re-insurance dues)	
	(3) Premium income	(3) Does the insurance company pay attention to the following points as its handling of premium income? 1) Issuance, recovery and custody of receipts for appropriation of first premium provisions 2) Handling of next-time premium collect	
	(4) Protection of policyholders	(4) Does the insurance company pay attention to the following points as its handling of business related to policyholder protection? 1) Making the cooling-off system thoroughly known 2) Handling of insurance clause 3) Full and appropriate explanation of insurance contents	

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[Application to life insurance companies]	(1) Cash, deposits, actual things, etc.	(1) Does the insurance company pay attention to the following points as its handling of cash, deposits, and actual things, etc.?	
	(2) Receipts etc.	(2) Does the insurance company pay attention to the following points as its handling of receipts and other documents? 1) Disagreement in the number of remaining receipts 2) Inadequate entry in receipt management records 3) Delay or not to collect receipts 4) Long-term custody of insurance policies 5) Custody method	
	(3) Policies surrendered or lapsed	(3) Does the insurance company pay attention to the following points as its handling of surrendered or lapsed policies? 1) Early surrender 2) Premium receivables 3) Operation of transfer 4) Lapse procedures	
[Application to non-life insurance companies]	(1) Confirmation of facts about insurance accidents	(1) Does the insurance company pay attention to the following points as its management of confirmations of insurance accidents? 1) Violation of the duty to declaration 2) Delay in confirmation and processing after claim procedure	
3. Management of payments of claims etc.	(2) Management of payment of insurance claims, benefits, etc.	(2) Does the insurance company pay attention to the following points as its handling of payment of death insurance claims, payment of maturity money, payment of surrendered value, etc.? 1) Delay in claim procedure 2) Delay in payment processing 3) Inadequate entry in written claims	
[Application to non-life insurance companies] 4. Management of contract inspections and premium income	(1) Insurance underwriting and screening	(1) Does the insurance company pay attention to the following points as its insurance underwriting and screening? 1) Making product-by-product underwriting standards thoroughly known 2) Confirmation of insured person's purchase intention and declaration items in the cases where the insurance is large or where the beneficiary of the insurance is a third party 3) Imposing of special conditions 4) Notice 5) Medical examination report 6) Check contents of the items entered in insurance contract application forms	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
	(2) Re-insurance	(2) Does the insurance company pay attention to the following points as its handling of re-insurance? 1) Formulation of operational rules on re-insurance transactions and the status of compliance 2) Status of compliance with rules on outward re-insurance contract (special contract) 3) Status of compliance with rules on inward re-insurance contracts (special contract) 4) Management of accounts due	
	(3) Premium income	(3) Does the insurance company pay attention to the following points as its handling of premium income?	
	(4) Protection of policyholders	(4) Does the insurance company pay attention to the following points as its handling of business related to policyholder protection? 1) Making the cooling-off system thoroughly known 2) Handling of insurance clause 3) Full and appropriate explanation of insurance contents	
[Application to non-life insurance companies] 5. Clerical processing at branch offices etc. (Management of contract safeguarding)	(1) Cash, deposits, actual goods, etc.	(1) Does the insurance company pay attention to the following points as its handling of cash, deposits, and actual things, etc.? 1) Cash and deposits a) Whether there is off-the-book cash or not b) Whether there is deemed money or not c) Whether there is an inflow or outflow of cash after account closure d) Cross-checking of daily trial balance, account books and the balance of deposits 2) Settlement of suspense receipt and suspense payment 3) Management of actual checks and their receipt and payment 4) Management of actual revenue stamps and stamps and their receipt and payment 5) Management of actual securities	
	(2) Receipts etc.	(2) Does the insurance company pay attention to the following points as its handling of receipts and other documents?(receipt file of insurance premium, insurance certificates of compulsory automobile liability, certifying seals and stickers of insurance payment of compulsory automobile liability) 1) Disagreement in the number of remaining receipts 2) Inadequate entry in receipt management records 3) Delay or not to collect receipts 4) Delay or not to collect certificates required for collect 5) Custody method	
	(3) Policies surrendered or lapsed	(3) Does the insurance company pay attention to the following points in its handling of surrendered or lapsed policies? 1) Premium receivables 2) Transfer processing 3) Lapse procedures	
	(4) Management of payment of matured insurance	(4) Does the insurance company pay attention to the following points as its handling of payment of matured insurance etc.? 1) Delay in claim procedure 2) Delay in payment processing	

Item	Risk Management System Check Point	Explanation of Risk Management Check Points	Remarks
[Application to non-life insurance companies] 6. Damage investigation	(1) Damage investigation	3) Inadequate entry in written claims (1) Does the insurance company pay attention to the following points as its handling of damage investigation? 1) Inappropriate refusal to pay insurance benefits 2) Inappropriate assessment of insurance benefits 3) Delay in processing claim procedures 4) Insufficient response to victims and assailant, and inadequate records	
[Application to life and non-life insurance companies] 7. Lending activities	(1) Lending-related activities	(1) Does the insurance company pay attention to the following points as its handling of lending-related activities? 1) Personal identification (confirmation of intentions of the debtor, the surety, and the person who provides collateral) 2) Appraisal and management of collateral a) Well-grounded, objective evaluation by a real estate appraiser or by prices of land fronting major roads for inheritance tax b) Status of recording of collateral or warranties etc. in collateral registers or management books c) Coverage and renewal of fire insurance d) Confirmation of intention of cosigner (confirmation of guarantee) 3) Management of application progress 4) Management of loans to large-lot debtors, money-losing debtors, etc. 5) Loans based on insurance provisions a) Delay in loan processing b) Delay or failure to request and collect policy loan applications c) Inadequate entry in policy loan applications and written claims d) Management of over-loans	
	(2) Securities-related activities	(2) Does the insurance company pay attention to the following points as its handling of securities-related activities? 1) Over-the-counter marketing of public corporation bonds a) Ensuring business operations that take account of prohibited acts, such as false indications of trades, large-lot recommendation sales of specific securities held by the insurance company, and acts that utilize credit b) Formulation of rules that conform with legal restrictions such as the Securities and Exchange Law, and rules set by the Japan Securities Dealers Association c) Making over-the-counter sales fully known to employees 2) Marketing of investment trusts a) Assignment of responsible personnel, such as persons responsible for supervising internal management, for business, and for internal management b) Ensuring business operations based on the “self-responsibility” and the “suitability rule” that take account of prohibited acts, such as solicitation by providing conclusive judgement, discretionary transaction accounts, loss compensation, and profit addition c) Formulation of rules that conform with legal restrictions, such as the Securities and Exchange Law and the Investment Trust Law, and rules set by the Japan Securities Dealers Association d) Appropriate and full explanation to customers that products have a risk of falling below principals. e) In the case of insurance companies renting a room, establishment of an exclusive space	

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		<p>for direct sales, cancellation, etc. separated from other rooms f) Making marketing of investment trusts fully known to employees</p>	
<p>[Applications to both life and non-life insurance companies]</p> <p>8. Other operations</p>	<p>(1) Other businesses</p>	<p>(3) Does the insurance company pay attention to the following points as its handling of investment real estate-related business?</p> <p>(1) Does the insurance company pay attention to the following points as its handling of other operations?</p> <p>1) Commodity funds</p> <p>a) Ensuring operation management that takes account of prohibited acts to protect investors, such as washing name, money lending or intermediary lending, and illegal solicitation</p> <p>b) Appropriate and full explanation to customers that products have a risk of falling below par value</p> <p>c) Making investment real estate-related operations fully known to employees</p> <p>2) Mortgaged securities</p> <p>a) Ensuring operation management that takes account of prohibited acts to protect investors, such as washing name and illegal solicitation</p> <p>b) Appropriate and full explanation to purchasers about the contents of products, for example, whether their principal and interest rate are guaranteed or not</p> <p>c) Making mortgaged securities fully known to employees</p> <p>3) Loan trusts</p> <p>a) Solicitation in accordance with knowledge, experience, etc. of customers</p> <p>b) Appropriate and full explanation to customers</p> <p>c) Making loan trusts fully known to employees</p> <p>4) Small-lot credit sales</p> <p>5) Liquidation of credits for local public corporations etc.</p> <p>6) Liquidation of general loans</p> <p>7) Loan participation</p>	