

TO OUR CUSTOMERS, BUSINESS ASSOCIATES, AND FRIENDS

We would like to thank you for your continuing interest in Nippon Life Insurance Company. We have prepared this annual report to assist you in better understanding our business operations, managerial challenges, and future strategies.

For 116 years since establishment in 1889, we have continued making all-out efforts to live up to customers' expectations placed in their life insurance contracts, their love for their families, and their expectations for their future. All of us, the management and staff of Nippon Life, will continue to exert our utmost efforts to establish further credibility as your lifetime partner and look forward to your continued support and assistance.

July 2005



Ikuo Uno, Chairman: left
Kunie Okamoto, President: right



“Consistent protection. Superior services. We aim to be your lifelong partner.”

Introduction

Thank you for your continued support of Nippon Life. I, Kunie Okamoto, assumed the responsibilities of President of Nippon Life on April 1, 2005.

Under the slogan “Consistent protection. Superior services.” we are determined to focus all of our efforts on improving services for our customers, and ask for your continued support in these endeavors.

The corporate slogan “Consistent protection. Superior services.” signifies management’s commitment to continue every effort to increase the satisfaction of our policyholders. We firmly believe

that our most important role as a life insurance company is to constantly improve services to ensure “consistent protection” during the lifetime of policyholders and their families, over time spans of 20 to 30 years, from the commencement of an insurance contract until the delivery of its benefits. To ensure “superior services” as a lifelong partner of policyholders, we constantly strive to provide high-quality services by listening carefully to the opinions of our customers and learning from them. Through our sales representatives and our agencies, we provide services to our customers “face-to-face.” In this way, we can reach a wider circle of customers while establishing with them a relationship of mutual trust.

It is our fundamental principle to support our customers for their lifetimes and provide them with a good sense of security in all aspects of our operations, from developing attractive new products, offering full-fledged consulting services, providing reliable administration, to offering sound asset management services.

Upon becoming President, I decided to launch three initiatives to achieve “Consistent protection. Superior services.”

1. To face challenges and take proactive actions
2. To listen closely to the opinions of our customers and make good and full use of their opinions for our business
3. To manage Nippon Life as a company full of bright hope and dreams for the future

Below, I would like to discuss specific initiatives pertaining to these three points.

1) TO FACE CHALLENGES AND TAKE PROACTIVE ACTIONS

Amid a prolonged slump in the Japanese economy following the collapse of the bubble economy, we have made vigorous efforts to reinforce our business foundation with a strong sense of mission to protect our 11 million individual policyholders and 300,000 corporate customers, and to fulfill our responsibility of providing security for our policyholders in 20- and 30-year periods. We have strengthened equity capital to ¥3 trillion over the past eight years, forming a rigid and sound foundation that will ensure our ability to provide “consistent protection” during the lifetime of policyholders and their families. With a sound management foundation and financial strength as our cornerstones, we will strive to steadily increase earnings by taking proactive actions in various business fields and will return such earnings to our policyholders.

• Individual Insurance Marketing Field

In the individual insurance marketing field, the needs for life insurance have been more diversified by remarkable changes in the social structure of Japan, such as the declining birth rate and aging society, increasing number of women in the workplace and the growing number of NEET (young people who are Not in Education, Employment, or Training). Client needs are growing especially in the medical and nursing coverage fields as well as in the retirement coverage and savings fields. At Nippon Life, we are making every effort to fulfill these diversifying needs.

In the medical and nursing coverage fields, sophisticated analy-

sis of underwriting risks is more important than it is in the death protection field; thus we established the Medical Information Department on March 25, 2005. Making full use of the department’s statistical analysis of medical and nursing coverage fields, we will develop products that reflect customer needs, and will reinforce our underwriting system.

• Group Insurance Marketing Field

In the group insurance marketing field, we provide total risk consulting services in life and non-life insurance, centered on self-supporting products such as group pensions. With regard to defined contribution pension plans, the Japanese 401(k), we have put in place a structure for handling every aspect of corporate pension plans, from plan startups, to day-to-day administration that has won the approval of numerous corporate customers.

After establishing the Corporate & Worksite Sales Headquarters on March 25, 2005, we now aim to improve its total services by providing employee benefit services for employers as well as consulting services for individual employees.

• Asset Management and Overseas Operations

The role of asset management for retirement coverage and savings products, such as annuities, is increasing amid an aging society and the increasing necessity for products that allow self-reliance. Life insurance companies play an important role in providing long-term capital to the market through its investment activities. We will continue to carry a broadminded view to the management of our assets, while taking advantage of risk buffers backed by our sound financial strength.

In overseas operations, we will make every effort to further strengthen our existing life insurance operations in the United States, the Philippines, China, and Thailand. In pursuit of enhancing returns on international investments and loans, we will look at every opportunity around the world, such as investing in commercial mortgages and other assets.

2) TO LISTEN CLOSELY TO THE OPINIONS OF OUR CUSTOMERS AND TO MAKE GOOD AND FULL USE OF THEIR OPINIONS FOR OUR BUSINESS

To realize “Consistent protection. Superior services.” during the lifetime of policyholders and their families, we listen carefully to customer opinions and reflect them in our business decisions, and take proactive actions based on such decisions. Through this cycle of positive reinforcement, we aim to improve the services we

provide to customers.

In order to field as many policyholder* opinions as possible, we hold Nissay Konwakai (a round table conference for policyholders) in our branches throughout Japan every year. Moreover, we have a framework in place for reflecting customer opinions in management by providing a range of managerial systems such as customer monitoring, the external advisory board for life insurance application forms and marketing illustrations, and customer satisfaction surveys.

**A mutual company has policyholders as members, which are similar to shareholders of a stock corporation.*

• **Strengthening of Face-to-Face Consulting Services**

Besides holding the aforementioned meetings periodically, we believe our sales representatives' face-to-face interaction with policyholders, such as visiting their customers on a daily basis, is the most essential part of our listening to customer opinions and advice. Indeed, in our customer satisfaction surveys, we found that customers who had frequently talked with our sales representatives were more satisfied than those who had not, and we will continue efforts to contact our clients.

Life insurance provides essential support for our customers, protecting their families in the event of unforeseen circumstances. Therefore, life insurance policies should be reviewed in accordance with changes in customers' future life plans, and it is vital that our sales representatives visit all customers and offer face-to-face consulting to accommodate these changing needs. These activities also help support our underwriting, the core of the life insurance business.

For customers who are too busy to see our sales representatives, we also operate 41 Nissay Life Plazas, service counters for customers, throughout Japan, where customers can not only seek assistance on insurance contracts and procedures, but also take advantage of a broad range of advanced consulting services concerning various issues including tax and asset utilization.

To help our sales representatives raise their productivity through day-to-day calls to their customers, we focus our efforts on maintaining the best training program, and on keeping our IT and administrative infrastructure up to date. In January 2005, we deployed dual administrative systems and expanded system interfaces to the Web. This enabled us to begin delivering services to our customers more quickly and efficiently. We will continue to maintain and improve our IT infrastructure in accordance with customers' needs.

• **Product Development that Offers Customers the Coverage They Really Need**

In product development, Nippon Life has striven to offer products tailored to the needs of the time. Responding to intensifying needs for medical coverage, the *Ikiru Chikara EX* series has become one of our mainstay products with more than 2.2 million policies written over the four years since its launch in 2001. Nippon Life aims to accelerate the development of easy-to-understand products that fulfill the needs of its customers.

• **Compliance**

We view compliance as a priority management issue for gaining the trust of customers and society, and thoroughly instill respect for laws and regulations in all our management and staff.

3) TO MANAGE NIPPON LIFE AS A COMPANY FULL OF BRIGHT HOPE AND DREAMS FOR THE FUTURE

Our most important mission, as a life insurer is to continue meeting customer needs for the protection against mortality risk providing protection based on a spirit of mutual assistance "One for all, and all for one." In medical and annuity fields, to name a few, the life insurance business is a pillar of social security along with the publicly sponsored system, and is playing a more significant role in providing means for self-help.

Each and every one of our employees is constantly looking for better ways to bring happiness to our customers and to contribute to society. We strive to take action with pride and confidence in our role in the life insurance business, and we share the same dream and the same future as our customers. As a company full of dreams and vitality, we, Nippon Life, will continue to provide "Consistent protection. Superior services." as a lifelong partner to our customers.

In Closing

With all of the management and staff together, we are making every effort to provide the finest life insurance products and services in the industry. We would like to ask for your continuing support and consideration.

July 2005



Kunie Okamoto
President