

# CHAPTER 1

## BUSINESS PERFORMANCE IN FISCAL 2007

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# RESULTS AND ACHIEVEMENTS IN FISCAL 2007

## Summary of Fiscal 2007

In the fiscal year ended March 31, 2008 (fiscal 2007), having done everything in its power to respond to the issues of payment of insurance claims and benefits, by September 30, 2007, Nippon Life had nearly completed making policy assessments and additional payments. While performance in the corporate market and asset management fields was

strong, the individual market continues to face extremely harsh circumstances. Also during the year under review, we made efforts to improve customer service through “Policy Details Confirmation Activities” and by promoting multiple sales channels, while establishing footholds in a number of fields that should lead to future growth.

## Customer Service Innovation Project (Our Response to the Issues of Payment of Insurance Claims and Benefits)

In February 2007, upon receiving a request from the Financial Services Agency regarding the status of insurance claims payments, Nippon Life took on this, the most important management challenge, and addressed the policy assessment and the additional payment issue. We completed the assessment on September 30, 2007, and the results\* were presented to the Financial Services Agency on October 5th of that year and announced publicly.

During the course of the assessment, we considered every countermeasure possible, including sending customers multiple notifications by mail and placing numerous phone calls as well as recommending payment request through direct visits by sales representatives.

As a result, of the nearly ¥13.4 billion in unpaid policies, ¥13.0 billion, or 96.8%, has been paid.

Nippon Life deeply regrets having caused inconvenience and concern and extends its heartfelt apologies to all customers.

\* The number of instances where additional payment was required and the amount of payment for insurance claims and benefits: 84,875 instances totaling ¥8,035,290,000; for other than insurance claims and benefits: 342,880 instances totaling ¥5,373,990,000.

In the course of these policy assessments and additional payments, Nippon Life reviewed all areas of its business and launched a series of initiatives to regain customer confidence and improve customer service from the following three viewpoints.

First, we started to provide more explanations to our customers. From August 2007, Nippon Life has engaged in the “Policy Details Confirmation Activities,” under which sales representatives are visiting each customer to explain the content of his or her policy and confirm recent hospitalizations, hospital visits, surgical histories and other items.

As of March 31, 2008, sales representatives had visited almost 60% of

all customers, which has led to a steady improvement in customer satisfaction. In July 2007, we began mailing out explanations along with sample claims for insurance claims with the once-a-year “Policy Details Reminder” that we send to all policyholders. In addition, in December 2007, we began including a flyer in the mailing that summarizes for customers all of the steps involved in requesting full payment.

Second, we rebuilt our administrative system from the customer’s perspective. In September 2007, we introduced a Self-Check Sheet that enables customers to confirm payment coverage and other matters by themselves when making claim applications or in other situations. In December 2007, we started the practice of paying a specified amount to cover the customer’s cost of obtaining the medical certificates for cases that we are unable to pay insurance claims or benefits that have been applied for. In August 2007, for policies that have lapsed, we have increased the number of times that a written notification explaining the reasons for the reinstatement or cancellation of a policy is sent as well as the number of policyholders to which they are sent. At the same time, we began enclosing request forms for policy cancellation.

Thirdly, we established an infrastructure to support customer service. In December 2007, we revised our medical certificates to make them easier for physicians to fill out and eliminated their flaws. With respect to the electronic medical certificates that a Nippon Life Group Company had previously been developing, from December 2007, Nippon Life worked to spread the use of these electronic forms as a part of building an industrywide infrastructure encompassing life insurance, non-life insurance and mutual aid.

As previously stated, we have made progress in handling issues of payment, and we will continue to listen to requests, inquiries, complaints and other customer feedback with the aim of further improving customer service.

## Insurance Business Performance

### ■ Individual Market Sales

The number of new policies sold in the individual market in fiscal 2007 was 1.23 million (up 0.1% year on year). Annualized premiums on new policies were ¥211.9 billion (down 22.3%), and the amount of new policies calculated as the total of items such as death protection was ¥6,450.6 billion (down 43.7%). Based on these figures, Nippon Life lost its industry-leading position in each of these fields.

The number of sales representatives\* increased 976 year on year to 47,995. However, the number of key sales representatives, those with superior sales and service capabilities, decreased by 113 to 8,757. With the number of customers at 10,250,000 (down 310,000 year on year) as of

March 31, 2008, we continued to face extremely harsh circumstances in the individual market.

Although there was a collective management effort to make policy assessments and additional payments, amid significant market changes, such as a diminishing need for death protection, changing customer needs, such as for expanded medical coverage and asset formation, and a changing market structure that includes foreign-affiliated insurance companies and non-life insurance companies, we realize that the fall in our performance was the result of insufficient responsiveness.

\* The number of registered sales representatives does not include sales management or part-time sales staff.

## Performance of Individual Insurance and Individual Annuities

(Unit: Billions of Yen, %)

Fiscal years ended March 31		2008	Rate of increase	2007	2006
Total of individual insurance and individual annuities	Amount of new policies	¥ 6,450.6	(43.7)%	¥ 11,449.5	¥ 15,347.8
	Decrease in amount of policies	23,076.7	(9.8)	25,596.6	27,688.1
	Annualized premiums on new policies	211.9	(22.3)	272.6	272.6
	Number of policies sold (thousands)	1,230	0.1	1,230	1,340

(Unit: Billions of Yen, %)

As of March 31		2008	Rate of increase	2007	2006
Total of individual insurance and individual annuities	Amount of policies in force	¥223,300.0	(6.9)%	¥239,926.1	¥254,073.2
	Annualized premiums for policies in force	3,192.4	(2.6)	3,278.8	3,302.2
	Number of policies in force (thousands)	15,170	(2.7)	15,600	15,950

- Notes: 1. Amount of new policies and annualized premiums on new policies includes net increase due to conversions.  
 2. Number of policies sold represents the total of new policies and policies after conversions.  
 3. Amount of new policies, decrease in amount of policies and amount of policies in force represent the total sum of: individual insurance coverage amount, individual annuity resources amount (in the case of policies prior to the start of annuity payments, amount of future annuity payments is translated to value at the start of annuity payments) and policy reserves total amount (in the case of policies after the start of annuity payments, amount of reserves accumulated for future payments of annuities and others.)  
 4. Annualized premiums, the amount for an entire year, are calculated using coefficients based on the premium payment method. (The premium divided by the coverage period is used for single payments.)

Nippon Life's greatest business challenge is to do everything within its power to recover its industry-leading position in new policies in individual market sales and improve its overall productivity, including the policy continuation rate.

Specifically, we are focusing our efforts on the following three points.

First, stronger and more thorough sales representative activities focused on face-to-face service. In March 2007, drastic changes were made to our sales representative system, sales representative training, and how we target sales at individual branches. As a result of improvements, policy continuation rates and sales representative retention rates are improving. So that these signs of improvement produce tangible sales results, we will offer further education and training at the front line of sales. While conducting the "Policy Details Confirmation Activities," we are continuing to work to better understand customer needs for death protection, medical coverage and asset formation and to provide accurate consulting services.

Secondly, we are pursuing efforts to develop multiple sales channels outside of our existing sales representative channels. As of March 31, 2008, the number of life insurance agencies stood at 7,565 (up 283 year on year), and the ratio of new policy earnings to all Nippon Life policy earnings is steadily rising. We continue to expand the number of agencies, improve the productivity per individual agency and establish an advantage in the agency market. In fiscal 2007, we expanded the number of Life Plaza customer service counters from 46 to 80 and will improve customer convenience by expanding into every prefecture. In addition, we will expand bank counter sales, an area that was previously closed to insurance companies, taking advantage of our partnership with Japan Post Insurance Co., Ltd., to advance new initiatives, such as using the sales channels of Japan Post Group companies.

Thirdly, Nippon Life will strengthen its response capabilities in

metropolitan markets. Specifically, in March 2008, we established an organization to integrate group transactions, including corporate insurance in Japan's three major metropolitan areas, with individual insurance sales at worksites. Starting with those responses, we will vigorously push forward to develop operations serving worksites, including corporations across the country and regional public institutions.

Along with the three initiatives described above, we will develop easier-to-understand medical products, in light of our experience with issues of insufficient payment, as well as competitive savings-type products.

### ■ Corporate Market Sales

In fiscal 2007, Group insurance policies in force were steady, increasing 1.2% year on year to ¥85,419.7 billion, while group annuities in force edged up 0.2% to ¥9,043.0 billion.

Recently, facing the elimination of the approved retirement annuity system, throughout Nippon Life we have been providing consulting to our customers on the changeover to a system of defined benefit pension plans and defined contribution pension plans. As of March 31, 2008, we had already finished reviewing nearly 60% of the approximately 15,400 approved retirement annuity system agreements. Moreover, as a defined contribution pension investment and management organization, Nippon Life obtained 66 new agreements, bringing the total to 417 agreements and the number of enrollees in these agreements to 350,000, thus reinforcing its leading position among such organizations. In the almost six years since the system's launch, assets under management\* came to ¥342.4 billion (up 13.2% year on year).

In the years ahead, we will meticulously respond to company and employee needs and improve operations and services.

\* Defined contribution pension plan assets under management is the total of the outstanding balance of insurance products provided by Nippon Life and the outstanding balance of investment trusts offered by Nippon Life.

## Year-End Amounts of Group Insurance and Group Annuity Policies

(Unit: Billions of Yen, %)

As of March 31		2008	Rate of increase	2007	2006
Total group insurance (Coverage amount)		¥85,419.7	1.2%	¥84,396.9	¥83,518.7
	General welfare group term life insurance	27,532.8	8.1	25,467.1	24,122.8
	Optional group term life insurance	23,565.5	(0.2)	23,612.9	23,448.8
	Group credit life insurance	34,271.7	(2.8)	35,267.7	35,897.9
Group annuities (Policy reserves amount)		9,043.0	0.2	9,029.2	8,800.0
	Separate account	1,431.0	(21.4)	1,820.2	1,868.9

- Notes: 1. The coverage amount of new group insurance policies (the increase in claims and the net increase in claims from midterm enrollment and withdrawals) for the fiscal year ended March 31, 2008 was down 18.4% to ¥5,907.2 billion, and the decrease in the value of policies in force improved 23.2% to ¥4,884.4 billion.  
 2. Policy reserves are provisions accumulated for the payment of future annuities and benefits.

# Asset Management, Revenues and Expenditures and Financial Condition

## ■ Asset Management Field

In the asset management field, with efforts under way to improve the portfolio, interest, dividends and other income climbed 6.8% year on year to ¥1,234.5 billion owing to domestic and foreign stock dividends and increasing interest from foreign bonds. In fiscal 2007, with interest rates rising, we invested in super-long-term government bonds and, with stock prices falling, increased purchases of domestic stocks, especially those that are undervalued. In foreign bonds, in addition to shifting our currency mix from U.S. dollars to euros, we boosted investments in instruments that served to hedge exchange risks. We also expanded investments in corporate bonds and securitized instruments and increased sound spread income.

From the second half of the fiscal year, although we faced a difficult operating environment due to low stock prices and a strong yen resulting from the subprime loan problem, this did not have a major impact on fiscal 2007 results. While there are future uncertainties, Nippon Life continues to carefully select investments and diversify its earnings sources with an eye toward medium- to long-term earnings improvement.

## Main Asset Management-Related Revenues and Expenditures

(Unit: Billions of Yen, %)				
Fiscal years ended March 31	2008	Rate of increase	2007	2006
Investment income	¥1,352.6	(4.0)%	¥1,409.7	¥1,677.7
Interest, dividends and other income	1,234.5	6.8	1,156.3	1,070.0
Gain on the sales of securities	106.9	5.2	101.7	174.2
Gain from separate accounts, net	—	—	81.5	388.0
Investment expenses	555.8	87.6	296.3	291.7
Loss on sales of securities	93.2	(8.8)	102.3	114.7
Loss on valuation of securities	39.2	230.6	11.8	8.8
Loss from separate accounts, net	265.9	—	—	—
Net proceeds from investments	796.7	(28.4)	1,113.3	1,386.0
Proceeds from investments in the general account	1,062.7	3.0	1,031.8	998.0

Note: Aggregate investment income and investment expenses in the separate account are shown in either gain or loss from separate accounts, net.

## ■ Revenues and Expenditures and Financial Condition

Turning to revenues and expenditures, core operating profit, which reflects an insurance company's earnings position, decreased 12.7% to ¥637.5 billion. Behind the decrease, despite the increase of dividends and interest income, insurance performance has declined. Also, due to revisions of laws and regulations, Nippon Life accumulated policy reserves for third-sector insurance products. In particular, continually deteriorating insurance performance is a factor that substantially weighs on future earnings, and we thus recognize that the recovery of insurance earnings is our most urgent task.

## Operating Income

(Unit: Billions of Yen, %)				
Fiscal years ended March 31	2008	Rate of increase	2007	2006
Core operating profit	¥ 637.5	(12.7)%	¥ 730.0	¥ 633.6
Capital gain/loss	(121.0)	—	(118.9)	(14.5)
Extraordinary profit/losses	(204.7)	—	(280.4)	(175.3)
Operating income	¥ 311.7	(5.7)%	¥ 330.6	¥ 443.7

Notes: 1. Core operating profit + (capital gain/loss + extraordinary profits/losses) = operating income  
 2. Capital gain/loss include profit/loss on sales of securities and profit/loss from securities revaluation.  
 3. Extraordinary profits/losses include provision for additional policy reserves and others and provision for contingency reserves and others.

## Main Items in Statements of Operations (Non-Consolidated Basis)

(Unit: Billions of Yen)			
Fiscal years ended March 31	2008	2007	2006
<b>+ Total revenues</b>	<b>¥6,509.4</b>	<b>¥6,514.0</b>	<b>¥6,839.4</b>
Income from insurance and reinsurance premiums	4,890.0	4,854.3	4,842.2
Investment income	1,352.6	1,409.7	1,677.7
Interest, dividends, and other income	1,234.5	1,156.3	1,070.0
Gain on sales of securities	106.9	101.7	174.2
Gain from separate accounts, net	—	81.5	388.0
Other revenues	266.7	250.0	319.4
<b>- Total expenditures</b>	<b>6,197.7</b>	<b>6,183.4</b>	<b>6,395.6</b>
Insurance claims and other payments	4,212.9	3,831.1	4,442.3
Provision for policy reserves and others	392.2	1,019.1	662.8
Provision for policy reserves	357.0	964.3	623.8
Investment expenses	555.8	296.3	291.7
Loss on sales of securities	93.2	102.3	114.7
Loss on valuation of securities	39.2	11.8	8.8
Loss from separate account, net	265.9	—	—
Operating expenses	552.8	547.5	536.3
Other expenditures	483.8	489.3	462.4
<b>= Operating income</b>	<b>311.7</b>	<b>330.6</b>	<b>443.7</b>
<b>+ Extraordinary profits</b>	<b>1.2</b>	<b>46.1</b>	<b>1.3</b>
Gain on disposal of fixed assets	1.2	38.3	1.3
Reversal of allowance for doubtful accounts	—	7.7	—
<b>- Extraordinary losses</b>	<b>32.9</b>	<b>52.4</b>	<b>166.3</b>
Loss on disposal of fixed assets	7.2	19.8	36.0
Impairment loss	4.6	5.3	77.8
Provision for reserve for price fluctuations in security investments	20.0	26.0	51.0
<b>= Extraordinary profits (losses)</b>	<b>(31.7)</b>	<b>(6.2)</b>	<b>(164.9)</b>
<b>= Surplus before income taxes</b>	<b>280.0</b>	<b>324.3</b>	<b>278.8</b>
- Income taxes, current	103.3	141.2	142.9
- Deferred income taxes	(99.7)	(117.1)	(93.9)
<b>= Surplus in the current year</b>	<b>276.4</b>	<b>300.2</b>	<b>229.8</b>
+ Reversal of revaluation reserve for land	—	—	5.7
+ Reversal of reserve for assisting social public welfare	—	—	1.2
<b>= Unappropriated surplus</b>	<b>—</b>	<b>—</b>	<b>236.8</b>

Note: Aggregate investment income and investment expenses in the separate account are shown in either gain or loss from separate accounts, net.

Dividends increased for the fourth consecutive year in individual insurance and individual annuities, and the reserve for policyholder dividends based on surplus available for disposition amounted to ¥226.2 billion. The dividend payout ratio, or the ratio of the reserve for policyholder dividends to the combined total (¥343.4 billion) of the increased amount of foundation funds (*kikin*) and reserves and the reserve for policyholder dividends, was 66%.

Note: The foundation funds (*kikin*) and reserves include the foundation funds, which represent the capital of the mutual company, as well as a contingency reserve and a reserve for price fluctuations established to deal with unforeseen situations.

## Dividend Payout Ratio

(Unit: Billions of Yen, %)			
Fiscal years ended March 31	2008	Amount of increase	2007
Reserve for policyholder dividends <sup>1</sup>	¥226.2	(13.4)%	¥239.6
Increased amount of foundation funds ( <i>kikin</i> ) and reserves	117.1	11.7	105.3
Total <sup>2</sup>	¥343.4	(1.6)%	¥345.0
Dividend payout ratio <sup>1,2</sup>	66%	—	69%

Notes: 1. The reserve for policyholder dividends shows the amount after the appropriation of retained earnings.  
 2. Increased amount of foundation funds (*kikin*) and reserves is the amount after deducting the amount of increase or decrease due to the solicitation and repayment of foundation funds (*kikin*) from the increase in foundation funds (*kikin*) and reserves.

Nippon Life retained its financial soundness, with accumulated foundation funds and reserves amounting to ¥3,301.7 billion, up ¥67.1 billion, and the ratio (equity replacement ratio) of actual accumulated funds to the requirement level of ¥4.7 trillion based on strict risk evaluation coming in at 70%. Moving forward, we will emphasize the building up of funds and the reserve for redemption of foundation funds—the core of equity—improving financial soundness and strengthening our financial foundation as an investment resource toward future business expansion.

### Main Balance Sheet Items (Non-Consolidated Basis)

(Unit: Billions of Yen)			
As of March 31	2008	2007	2006
<b>ASSETS</b>			
Cash and deposits	¥ 500.6	¥ 806.1	¥ 915.0
Call loans	196.1	259.2	553.7
Monetary receivables purchased	1,379.3	1,334.6	1,391.6
Proprietary trading securities	—	2.0	2.0
Assets held in trust	170.5	195.5	177.0
Investments in securities	34,003.7	37,330.2	35,283.4
Domestic bonds	16,761.3	16,959.0	16,426.5
Domestic stocks	8,762.3	12,025.6	11,250.7
Foreign securities	7,994.2	7,783.6	7,039.7
Loan receivables	9,553.3	9,726.7	9,999.1
Policy loans	1,139.2	1,209.4	1,263.4
Industrial and consumer loans	8,414.1	8,517.2	8,735.7
Real estate and movables, net of accumulated depreciation	—	—	1,708.5
Tangible fixed assets	1,675.2	1,663.6	—
Intangible fixed assets	153.5	142.5	—
Reinsurance receivables	0.6	0.3	0.4
Other assets	529.1	404.8	549.4
Customers' liabilities for acceptances and guarantees	7.9	8.1	2.0
Allowance for doubtful accounts	(34.9)	(32.1)	(39.9)
[General account] total	[46,275.0]	[49,562.6]	[48,208.0]
[Separate account] total	[1,860.2]	[2,279.2]	[2,334.5]
<b>Total assets</b>	<b>¥ 48,135.2</b>	<b>¥ 51,841.9</b>	<b>¥ 50,542.5</b>

Note: Total separate account assets consist of the assets in the separate account for individual variable insurance, separate account for individual variable annuities, separate account for group annuities and separate account for defined contribution pensions.

### Equity Replacement Ratio

(Unit: Billions of Yen, %)			
Fiscal years ended March 31	2008	Amount of increase	2007
Foundation funds ( <i>kikin</i> ) and reserves	¥3,301.7	67.1	¥3,234.5
Net assets	1,067.6	1.6	1,065.9
Liabilities	2,234.1	65.5	2,168.5
Contingency reserve	1,429.0	0.0	1,429.0
Reserve for price fluctuations in security investments	487.2	20.0	467.2
Equity replacement ratio	70%	—	67%

Notes: 1. Net assets are shown as the amount after the appropriation of retained earnings after deducting valuations, conversions and others from total net assets on the balance sheet.

2. The equity replacement ratio is the amount of foundation funds (*kikin*) and reserves divided by the requirement level (¥4.7 trillion as of the end of fiscal 2007, ¥4.8 trillion as of the end of fiscal 2006) based on strict risk evaluation.

(Unit: Billions of Yen)

As of March 31	2008	2007	2006
<b>LIABILITIES</b>			
Policy reserves and others	¥42,209.8	¥41,887.2	¥40,957.4
Reserve for outstanding claims	236.9	244.9	227.2
Policy reserve	40,739.5	40,382.5	39,418.1
Reserve for dividends to policyholders	1,233.2	1,259.8	1,312.0
Reinsurance payables	0.3	0.2	0.4
Other liabilities	1,190.4	1,523.8	1,900.2
Accrued bonuses for directors and corporate auditors	0.0	0.1	0.1
Accrued severance indemnities	433.7	427.2	410.8
Accrued retirement benefits for directors	5.8	5.6	—
Accrued loss from supporting closely related companies	0.5	0.5	0.6
Reserve for price fluctuations in securities investments	487.2	467.2	441.2
Deferred tax liabilities	138.2	1,510.3	1,380.0
Deferred tax liabilities for land revaluation reserve	177.2	179.5	181.5
Acceptances and guarantees	7.9	8.1	2.0
<b>Total liabilities</b>	<b>¥44,651.5</b>	<b>¥46,010.2</b>	<b>¥45,274.6</b>
<b>CAPITAL</b>			
Foundation funds	¥ —	¥ —	¥ 300.0
Reserve for redemption of foundation funds	—	—	600.0
Reserve for revaluation	—	—	0.6
Surplus	—	—	350.1
Legal reserve for deficiency	—	—	7.4
Voluntary surplus reserve	—	—	105.9
Unappropriated surplus	—	—	236.8
Revaluation reserve for land, net of tax	—	—	(93.6)
Net unrealized gains on securities, net of tax	—	—	4,110.7
<b>Total capital</b>	<b>—</b>	<b>—</b>	<b>5,267.9</b>
<b>Total liabilities and capital</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥50,542.5</b>
<b>NET ASSETS</b>			
Foundation funds	(1) ¥ 200.0	¥ 250.0	¥ —
Reserve for redemption of foundation funds	(2) 700.0	650.0	—
Reserve for revaluation	(3) 0.6	0.6	—
Surplus	(4) 395.7	408.1	—
Legal reserve for deficiency	9.0	8.1	—
Other surpluses	386.7	400.0	—
Unappropriated surplus	281.3	292.6	—
<b>Total equity [(1)+(2)+(3)+(4)]</b>	<b>1,296.3</b>	<b>1,308.7</b>	<b>—</b>
Net unrealized gain on securities, net of tax	(5) 2,276.1	4,607.7	—
Deferred gain on derivative under hedge accounting	(6) 0.1	0.0	—
Land revaluation difference	(7) (88.9)	(84.9)	—
<b>Total valuations, conversions and others [(5)+(6)+(7)]</b>	<b>2,187.3</b>	<b>4,522.8</b>	<b>—</b>
<b>Total net assets</b>	<b>3,483.7</b>	<b>5,831.6</b>	<b>—</b>
<b>Total liabilities and net assets</b>	<b>¥48,135.2</b>	<b>¥51,841.9</b>	<b>¥ —</b>

## Management System

### ■ Administration, Systems and Customer Service

Nippon Life considers a variety of indicators, including complaints received from customers, as valuable information for management. Consequently, we have taken rigorous steps to quickly resolve complaints as well as proactive measures, such as providing individual support and guidance to frontline sales representatives and immediate same-day responses to customer requests for Nippon Life sales representatives to visit them. At the same time, we have made tangible improvements based on customer feedback, especially in the areas of administration, systems and customer service.

Moreover, we are developing a New Integrated System, which is a drastic rebuilding of our core system, covering all areas of customer service—from insurance proposal and enrollment to receiving insurance claims and benefits—that is scheduled to become operational in fiscal 2011.

### ■ Risk Management and Compliance

In recent years, with advances in medical technology and fluctuating stock prices and interest rates, the environment surrounding life insurance companies has been undergoing drastic changes, and risk management in insurance underwriting and asset management has taken on greater importance. In addition, calls for corporate compliance are rapidly rising among the public.

To manage a variety of risks in an integrated manner, Nippon Life convenes the Risk Management Committee on a regularly scheduled basis and, in January 2007, established the Risk Management Department. Under this structure, in fiscal 2007, Nippon Life conducted flexible risk management, with the Risk Management Committee

## Future Management Policy

Although companies in the life insurance industry are taking steps to recover customer confidence with respect to the problem of issues of payment, we are facing structural changes, such as the privatization of the postal service and the lifting of the ban on over-the-counter sales in banks as well as increased customer protection seen with the passage of the enactment of the Financial Instruments and Exchange Law and the Insurance Business Law. Domestic and foreign financial capital markets and the economic environment also face increasing uncertainties.

As a result, Nippon Life, as a mutual company, will work to enhance dividend payouts to realize its management policy of “maintaining and increasing the number of its customers” while attempting to secure the world’s highest level of financial soundness. To that end, through the

confirming that investment management policy had responded to rapid changes in the operating environment. Nippon Life also took steps to fortify this structure by newly establishing the Investment Risk Management Committee in March 2008.

In our promotion of compliance, controls and checks were applied from an outside perspective by our Compliance Committee, which includes outside members. In order to prevent the occurrence of improper events, in fiscal 2007, we further upgraded and expanded compliance education for frontline sales representatives, using in-house satellite broadcasts and training aids. In the years ahead, we will continue systematic and effective training while establishing a compliance system that accommodates multiple channels, including agencies.

### ■ Partnerships, etc.

In February 2008, Nippon Life reached an agreement for a business partnership with Japan Post Insurance. As part of the partnership, Nippon Life will provide Japan Post Insurance with products, administration and system support in core fields and, later, personnel exchanges. The building of a deeper relationship with the Japan Post Group will help bring about a stronger business foundation.

In addition, on February 2008, Nippon Life made an additional investment in the Principal Financial Group, Inc. (Principal), a major U.S. insurance company with which it has a longstanding business agreement. Nippon Life dispatched personnel to Principal for training in defined contribution pension system management. Through the expansion of its network in the areas of business and capital, Nippon Life will gain advanced know-how and develop its human resources, which will lead to a stronger earnings capacity and to stronger overall management.

above-mentioned efforts, we are striving to further improve customer service, ensure insurance performance and procure earnings.

As major prerequisites for achieving this, Nippon Life will rigorously set business goals and share them, build a vigorous corporate culture with highly productive human resources and do everything within its power to promote socially responsible management.

As the 120th year since our founding, fiscal 2008 marks a turning point. Each and every Nippon Life executive and employee shall be united in strong purpose to take bold action in regaining position as a leading company in various areas of the insurance industry.

### Business Partnership with Japan Post Insurance Co., Ltd.

- In February 2008, Nippon Life agreed to a partial business partnership with Japan Post Insurance.
- Both companies affirm that the business partnership is to be based on the following. “In light of Japan postal service privatization, both companies, while maintaining a competitive relationship, will mutually cooperate to provide a variety of high-quality services and increase customer convenience. At the same time, it is essential that we contribute to the growth of the life insurance market by raising corporate value.”
- Currently, Nippon Life acts as the administrative coordinator for commissioned sales of corporate products, and, from June 2008, Japan Post Insurance started to sell Nippon Life products. In addition to the aforementioned cooperation, based on the partial business partnership, both companies are examining the new product development that Japan Post plans to carry out and specific cooperative measures for building administrative systems.
- Moving forward, both companies will also examine risk management strategies and marketing strategies for increasing the sales volume of new products developed by Japan Post Insurance.

## Other Major Initiatives in Fiscal 2007

### ■ Preventing the Recurrence of the Issues of Payment of Insurance Claims and Benefits

1. In April 2007, Nippon Life posted easy-to-understand explanations of policy terms and conditions with illustrated explanations for participating whole life insurance (H11) with general policy conditions on its website.
2. In July 2007, in the event of hospitalization benefits payment, if a hospital visit rider is attached, guidance for outpatient benefits will be given to the policyholder.
3. In October 2007, 452 of Nippon Life employees involved in assessment in the settlement assessment division passed the Life Insurance Payment Specialist Exam instituted by the Life Insurance Association of Japan.
4. In December 2007, Nippon Life posted on its website a booklet entitled *About the Receipt of Claims and Benefits*, which explains how insurance claims and benefits are paid and added a Self-Check Sheet that enables customers to fully confirm insurance claims and benefits that are potentially payable.

### ■ Products and Services

1. In April 2007, reflecting recent death rates, we revised insurance rates for individual insurance and individual annuities.
2. In April 2007, we began underwriting an easy-to-design plan, which is a contribution-based defined benefit pension plan primarily for companies having enrollments of 50–250 people.
3. In June 2007, in response to the needs of women for medical coverage, we developed *Nissay Yume no Chikara EX*, which provides whole-life medical coverage for hospitalization and surgical expenses.
4. In June 2007, we designed *Nissay Melody EX*, a plan that lowers the minimum insurance claims and, in addition to providing medical coverage, meets more of the needs of customers who attach value to asset formation savings.
5. In July 2007, based on the operating environment and market interest rate trends, we raised the assumed interest rates for single-payment annuities, single-payment endowments and single-payment whole life insurance (from February 2008, we lowered the assumed interest rates for single-payment annuities and single-payment endowments).
6. In July 2007, with respect to our Life Plaza customer service counters, we established Nissay Life Plaza Shinagawa, a new type of service counter offering greater convenience and upgraded and expanded functions.
7. In August 2007, in order to swiftly respond to administration-related inquiries, such as guidance on how to file claims and payment procedures during customer visits, we established the Administrative Support Center, where sales representatives can call and ask for on-the-spot instructions or answers for customer's inquiries.
8. In September 2007, to more accurately and swiftly handle applications and complaints by phone from customers, we put into operation the New Call Center System.

9. In December 2007, we posted the Insurance Premium Simulation on our website. This allows customers to verify coverage and insurance premiums merely by inputting their age, gender and desired plan.
10. In January 2008, we introduced portable settlement terminals and began processing the payment of insurance premiums by credit and debit card.

### ■ Non-Life Insurance and Overseas Business

1. In non-life insurance, as agents of Nissay Dowa General Insurance, from April 2007, we initiated Policy Details Confirmation Activities to verify policy content when changing policies.
2. In overseas business, we strengthened our existing business, such as including the opening a branch of Nissay-SVA Life Insurance Co., Ltd. in Zhejiang Province, China.

### Performance at Nissay Dowa General Insurance Company, Limited

Fiscal years ended March 31	(Unit: Billions of Yen, %)			
	2008	Rate of increase	2007	2006
Net premiums	¥318.2	(2.5)%	¥326.3	¥321.7

### ■ Nissay Konwakai

1. We received a wide range of customer opinions and numerous requests from the nearly 2,600 attendees at the Nissay Konwakai meetings held from January through February 2008 at 115 venues, including at branches throughout Japan.

### ■ Social and Public Activities

1. Nissay made progress in environmental protection activities based upon ISO14001 certification, which it obtained six years ago. In addition, the Nissay Planting and Nurturing Forests for Future Generations Campaign's forest preservation program planted and nurtured trees in three new locations in Japan, bringing the total for this program to 173 locations. Since fiscal 1992, we have planted a total of 1.18 million trees. Also, to promote additional environmental initiatives, we began a range of new initiatives including those to curb CO<sub>2</sub> emissions through the renovation of owned buildings and favorable loan interest rates for companies that are environment friendly.
2. In the area of child education support, we invited 200,000 children to the Nissay Masterpiece Theater in fiscal 2007, bringing the cumulative total number of children who have participated in the program since 1964 to around 6.85 million. In September 2007, the Nippon Life Insurance Company together with the Nissay Culture Foundation won the 2007 Japan Mecenat Award for Backstage Support—the Mecenat Grand Prize in Category A—from the Association for Corporate Support of the Arts, Japan. Moreover, Nippon Life has been aiding private-sector groups that promote the healthy development of children. We provided aid to 300 such groups during fiscal 2007, for a cumulative total of 10,200 groups since 1979.

# DIVIDEND PAYOUT RATIO AND EQUITY REPLACEMENT RATIO

## Medium- to Long-Term Business Goals and Indicators Showing Their Achievement

A life insurance policy is a long-term agreement with a customer that extends from the time of enrollment through to the payment of insurance claims. Nippon Life diligently pays out insurance claims and benefits and is committed to continuing to fulfill this responsibility to its policyholders into the future. Nippon Life will take steps to improve dividend payouts to policyholders and will continue to strengthen equity, which serves as the foundation for the payment of dividends.

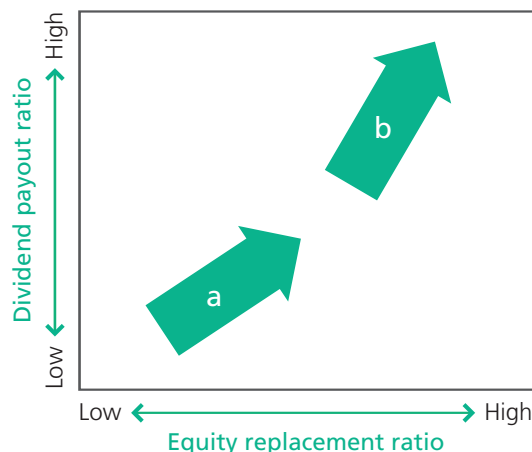
Nippon Life has made the enhancement of dividend payouts and strengthening equity capital its primary medium- to long-term business goals and is pursuing these while maintaining a balance between the two. To aid our policyholders' understanding of performance with regard to the above two commitments—in terms of both progress and issues needing to be addressed—we disclose the dividend payout ratio and the equity replacement ratio.

We aim to maximize policyholder value by returning annual dividends to policyholders and by accumulating foundation funds (*kikin*) and reserves, which can serve as the foundation for future dividends.

Improving the **dividend payout ratio** and **equity replacement ratio** involves:

- a) raising the equity replacement ratio until the requisite level of equity capital is achieved and
- b) raising the dividend payout ratio, with priority on increasing both dividend payout ratio and equity reserves in a balanced manner.

As Nippon Life has already secured a high level of equity through steady accumulation, its emphasis is on improving dividend payouts to policyholders. Our goal is to achieve a dividend payout ratio of more than 50% each year and of raising this payout constantly over the medium to long term.



Securing a Dividend Payout Ratio of Over 50%

# 66%

Fiscal year ended March 31, 2008

(69% fiscal year ended March 31, 2007)

**Foundation Funds (*Kikin*) and Reserves**  
Foundation funds (*kikin*) and reserves include the funds and the reserve for redemption of foundation funds under net assets in the balance sheets as well as contingency reserves, etc., under liabilities in the balance sheets. Foundation funds are designated as a financial resource against risks, excluding unrealized gains on securities that are easily influenced by economic conditions.

The dividend payout ratio is the ratio of the provision for reserve for policyholder dividends to the available financial resources (reserve for policyholder dividends + additions to foundation funds (*kikin*) and reserves) in the fiscal year. At the close of each fiscal year, Nippon Life makes a reserve for policyholder dividends and additions to foundation funds (*kikin*) and reserves in a well-balanced manner. In other words, we work to maximize policyholder value, from now and into the future, by returning annual dividends to policyholders and by accumulating foundation (*kikin*) funds (*kikin*) and reserves, which can serve as the foundation for future dividends. For the foreseeable future, our goals are to achieve a dividend payout ratio of more than 50% each year and raise it constantly over the medium to long term.

In fiscal 2007, Nippon Life recorded a reserve for policyholder dividends amounting to ¥226.2 billion and available financial resources of ¥343.4 billion, which together translate into a dividend payout ratio of 66%, nearly the same as that of the previous fiscal year.

### Dividend Payout Ratio = 66%

Reserve for Policyholder Dividends	¥226.2 billion
Available Financial Resources*	¥343.4 billion

\*Reserve for Policyholder Dividends + Additions to Foundation Funds (*kikin*) and Reserves



# 70%

As of March 31, 2008

(67% as of March 31, 2007)

The equity replacement ratio is the ratio of foundation funds (*kikin*) and reserves to optimum equity. Taking the meaning of equity in the broadest sense of the term, Nippon Life works to build up foundation funds (*kikin*) and reserves, the balance of which was ¥3,301.7 billion as of March 31, 2008. This equity is a safeguard against conditions that could lead to the Company's issues of payment of insurance claims and benefits in violation of the terms of the policies it writes. Such conditions include continuing dramatic changes in stock prices and continuing low interest rates, or various business risks, including massive natural disasters.

Based on a rigorous evaluation of business risk, Nippon Life set a medium- to long-term optimum equity (the required level) target of ¥4,700.0 billion (as of March 31, 2008), which would be the highest level worldwide for an insurance company. The equity replacement ratio indicates the extent of our success in achieving this target, and, as of March 31, 2008, stood at 70%. From this point forward, we will continue to work to maintain a balance between this and improved dividend payouts to policyholders with the goal of raising the equity replacement ratio.

Equity Replacement Ratio = 70%

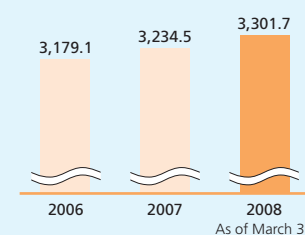
Foundation Funds (*kikin*) and Reserves  $\frac{¥3,301.7 \text{ billion}}{¥4,700.0 \text{ billion}}$   
Optimum Equity

### Optimum Equity

Optimum equity is the total amount of risk calculated based on Nippon Life's policies in force and asset portfolio. This calculation takes into account the risk of losses on stocks, assuming stock prices will see further sharp declines from the moment they begin to drop and until unrealized gains on stocks become zero, as well as the present assessed value of the future negative spread based on the assumption that large-scale natural disasters will cause the amount of such payments as claims to increase and that tough conditions with low interest rates will prevail.

### Trends in Foundation Funds (*Kikin*) and Reserves

(Unit: Billions of Yen)



### Core Operating Profit

Core operating profit mainly consists of income related to insurance (the net of income from premiums less payments for insurance claims and business costs) and investment operations, including interest and dividend income. It is the fundamental index that reflects an insurance company's earnings position on a flow basis. In the fiscal

year ended March 31, 2008, core operating profit stood at ¥637.5 billion. (See p. 117.)

Nippon Life works to ensure a high level of core operating profit, that is, an amount more than sufficient to pay dividends to policyholders and increase the contingency reserves against future risks.

### Negative Spread

Amid continuing ultra-low interest rate conditions, a deficit is created by the negative difference between the assumed return on insurance

premium investments and actual investment return for some policyholders. This is called negative spread.

### Nippon Life's Provision for Negative Spread

In fiscal 2007, due to increased income from interest and dividends, Nippon Life does not currently have a negative spread.

To provide reserves for future wildly fluctuating negative spreads due to various factors, including changes in the operating environment, Nippon Life has taken the following steps:

- To cover individual annuities that are currently in a negative spread, from fiscal 2006 Nippon Life has accumulated and added to the

policy reserve in order to amortize the negative spread in advance. (See p. 15.)

- Based on the assumption that tough conditions with ultra-low interest rates will continue, Nippon Life has accumulated foundation funds (*kikin*) and reserves to cover possible insufficiencies in the coverage of existing policies based on current net revenues from negative spreads on policies.

### Calculation of Negative Spread

In the life insurance industry, negative spreads are calculated according to the following formula:

$$\text{Negative spread} = (\text{investment return on core operating profit} - \text{average assumed interest rate}) \times \text{general account policy reserves}$$

- The investment return on core operating profit is the return on general account policy reserves after deducting the provision for accumulated interest on policyholder dividends from general account investment revenues included in core operating profit.
- The average assumed interest rate is the return of assumed interest on general account policy reserves.
- The general account policy reserves are calculated as follows for policy reserves in the general account, excluding the contingency reserves: (Policy reserves at beginning of period + Policy reserves at end of period - Assumed interest)  $\times$  1/2

# IMPROVED POLICYHOLDER DIVIDENDS

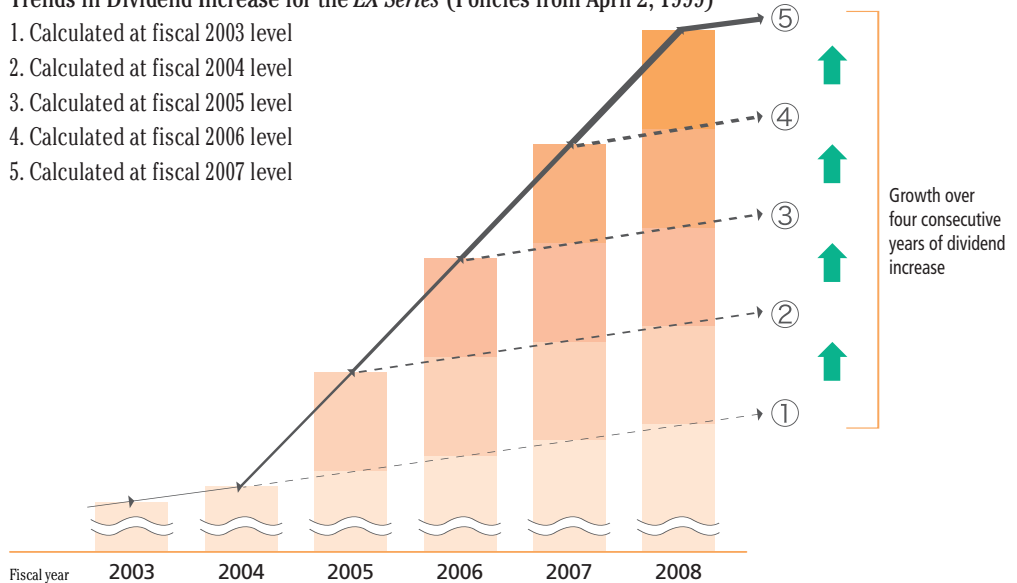
## Increased Policyholder Dividends for the Fourth Consecutive Year

In fiscal 2007, Nippon Life strengthened its ability to handle risk by accumulating foundation funds (*kikin*) and reserves. The Company was thus able to return higher dividend payouts to policyholders.

We raised asset management-related dividends for individual insurance and individual annuities based on increased investment yields over the last four consecutive years.

### Trends in Dividend Increase for the EX Series (Policies from April 2, 1999)

1. Calculated at fiscal 2003 level
2. Calculated at fiscal 2004 level
3. Calculated at fiscal 2005 level
4. Calculated at fiscal 2006 level
5. Calculated at fiscal 2007 level



### Policyholder Dividends in Mutual Companies

Life insurance premiums are generally calculated based upon the “assumed interest rate,” “assumed death rate” and other rates. However, because life insurance contracts are long-term agreements, actual conditions may differ from expectations due to changes in the economic environment, increasing management efficiency or other factors. In the event that a surplus is generated by the difference between expectations and actual conditions, the increase is deemed to be cash to be distributed to policyholders based on policy terms as policyholder dividends.

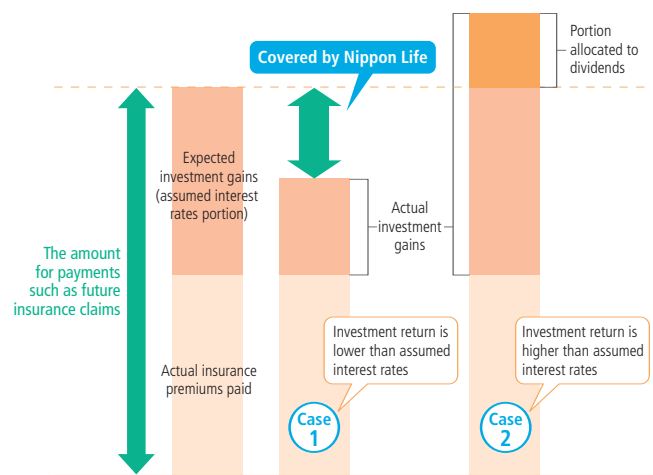
In fact, policyholder dividends could be classified, by nature, as the post-settlement of insurance premiums that were originally calculated based upon assumed rates.

Life insurance contracts can be broadly classified into two categories, namely “participating insurance” where dividend payments are distributed, and “nonparticipating insurance” where no dividend payments are distributed.

Nippon Life employs a mutual company format in which all policyholders (excluding non-participating insurance policyholders) are counted as members of the company. For business profits that are deemed “surplus” after accumulating the foundation funds (*kikin*) and reserves, the majority is returned to participating insurance policyholders as policyholder dividends.

### Dividend Framework

The chart below shows the framework for dividends based on assumed rates. Insurance premiums are calculated while discounting investment gains based on assumed rates. Even if actual investment profits are lower than expected, as in Case 1 below, Nippon Life guarantees this discount on insurance premiums to stay the same.



Please see “Policy Details Reminder,” (p. 28), which is sent out each year to every customer.

# SOUNDNESS OF MANAGEMENT BASED ON VARIOUS INDICATORS

In order to properly understand the soundness of a life insurance company, we believe it is necessary to comprehensively review a variety of indicators, including the following.

## ▶▶▶ Computed Using the Most Conservative Legal Method for Policy Reserves

**¥40,739.5 billion** as of March 31, 2008  
(¥40,382.5 billion as of March 31, 2007)

Life insurance companies are obliged to accumulate policy reserves in order to prepare for payments of future insurance claims, annuities and other benefits. At Nippon Life, we utilize the most conservative legal method (the net premium reserve method) for computing policy reserves. (See p. 132.)

To ensure the greater financial soundness of individual annuities, which are expected to see continued negative spreads, we will further build up policy reserves over a five-year period beginning from fiscal 2006 to fully prepare us to meet future payment claims.

## ▶▶▶ Continued High Level of Unrealized Gains on Securities

**¥4,197.9 billion** as of March 31, 2008  
(¥7,483.1 billion as of March 31, 2007)

The unrealized gains on securities indicate the positive difference that exists when the market value of securities exceeds book value. Unrealized gains on securities is one of the indicators for preparing against risks, although it is affected by economic conditions. (See p. 110.)

## ▶▶▶ Solvency Margin Ratio to Respond to Worst-Case Scenarios

**1,156.8%** as of March 31, 2008  
(1,324.9% as of March 31, 2007)

The solvency margin indicates the leeway to make payments. In addition to the foundation funds (*kikin*) and reserves, it includes unrealized gains (losses) on securities, etc. The solvency margin ratio is one of the indicators for regulatory agencies to determine whether or not a company has the leeway to pay benefits in the event that such a normally unforeseeable risk materializes, such as a major catastrophe or stock market collapse. (See p. 107.)

## ▶▶▶ Continued High Level of Real Net Assets

**¥9,059.0 billion** as of March 31, 2008  
(¥12,054.2 billion as of March 31, 2007)

Real net assets are calculated by subtracting liabilities, other than contingency reserves and other items, from total assets at market value. Approximating an insurance company's liquidation value, this is one of the indicators used by regulatory agencies.

### Unrealized Gains on Securities

Unrealized gains on securities apply to all securities with market value. This includes negotiable deposits and items that are handled as securities under the Financial Instruments and Exchange Law.

### Solvency Margin Ratio

The solvency margin ratio is the total value of the solvency margin divided by the quantified amount of all risks exceeding those that can normally be forecast. When this ratio falls below 200%, the regulatory agency will issue an order to improve business performance.

### Solvency Margin Ratio

(Unit: Billions of Yen, %)

As of March 31, 2008	
Total solvency margin (A)	¥8,217.9
Foundation funds ( <i>kikin</i> ) and reserves	3,301.7
Unrealized gains and losses on other securities x 90%	3,212.6
Total amount of risk (B)	¥1,420.7
Solvency margin ratio	
$\frac{(A)}{1/2 \times (B)} \times 100$	1,156.8%

### Real Net Assets

Also called the difference between real assets and liabilities. If this figure is negative, it is judged that liabilities exceed assets and the regulatory agency may issue an order to suspend business.

Excellent Ratings from Ratings Companies (as of July 1, 2008)

**AA** R&I

(Insurance Claims Paying Ability)

**AA** Fitch

(Insurer Financial Strength Rating)

**AA-** S&P

(Insurer Financial Strength Rating)

Issued by third-party ratings agencies, ratings are an evaluation of an insurance company's ability to pay insurance claims. (Ratings are not a guarantee that claims and other payments will be made.)

#### R&I's Definition of "AA" Rating

<http://www.r-i.co.jp>

A very high degree of capacity for the payment of insurance claims and excellence in several key factors of evaluation.

#### Fitch's Definition of "AA" Rating

<http://www.fitchratings.co.jp>

Insurer is viewed as possessing a very high capacity to meet payment obligations. An extremely low likelihood of payment interruption or discontinuation and a very high capacity for meeting policyholder and other policy obligations without delay. Not affected by expected and major adverse changes in circumstances.

#### S&P's Definition of "AA" Rating

<http://www.standardandpoors.co.jp>

An extremely strong capacity to fulfill insurance policy obligations; only slightly different from its top ("AAA") rating.

Plus (+) or minus (-) signs following the above ratings show relative standing within the major rating categories.

#### Ranking Standard

AAA
AA
A
BBB
BB
B
⋮

The higher the rank the higher the capacity to meet payment obligations.

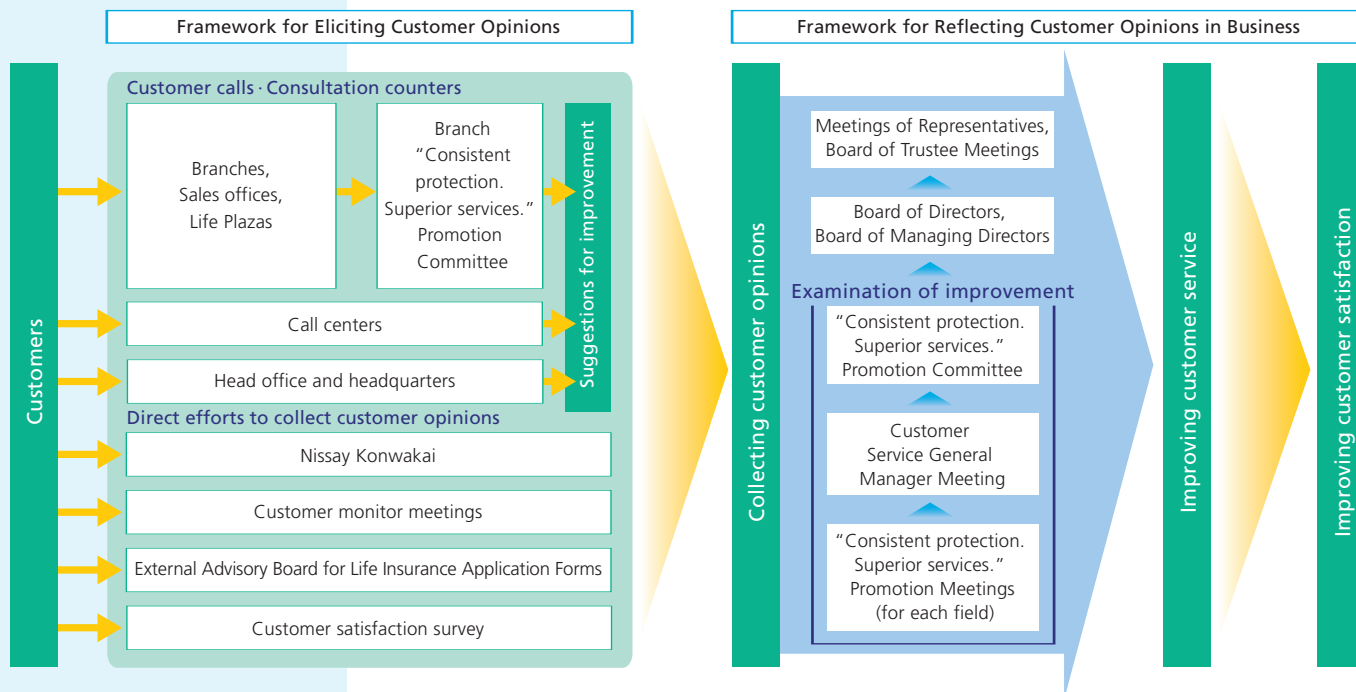
\*The above-mentioned ratings are based on information and data up to the time of each rating and are subject to change in the future.

\*Nippon Life received the above-mentioned ratings from R&I, Fitch and S&P after officially requesting them and providing detailed information for more accurate evaluation.

# REFLECTING CUSTOMER OPINIONS IN BUSINESS

Nippon Life treats such customer feedback as opinions, requests and complaints received from customers through Nissay Total Partners (sales representatives), Life Plazas, call centers and other channels as a precious resource for improving services. Nippon Life is working to improve management from a customer point of view based on each and every bit of feedback received from customers.

Every year, we hold Nissay Konwakai at branches throughout Japan. Attended by members of the Meeting of Representatives and directors, these are meetings that serve as forums for directly hearing a broad sampling of customer opinions and requests. In addition, we actively seek out customer opinions through Customer Monitor Meetings and meetings of the External Advisory Board for Life Insurance Application Forms where we directly solicit the advice of both consumers and outside professionals about a variety of customer services.



## Improvement Proposals from Customer Opinions (fiscal 2007)

(Unit: cases)

	Improvement Proposals
Branches, Sales offices	9,067
Life Plazas	4,053
Call centers	1,522
Head offices, Headquarters	241
Total	14,883

## Improvement Measures Based upon Customer Opinions

Based upon customer opinions gathered through branches, Life Plazas, call centers and other means, non-sales personnel make improvement proposals regarding administrative and system development, the revision of customer forms and other matters every month. These proposals are reflected in initiatives to improve operations and services.

## Nissay Konwakai (See pp. 50 to 51.)

Nissay Konwakai are roundtable conferences held every January and February at branches throughout Japan. Business activities are explained to Nippon Life policyholders, and opinions regarding overall management, products and services are received.

## Customer Monitor Meetings

At meetings held four times a year (two times each in Tokyo and Osaka), Nippon Life receives opinions regarding its overall customer service activities from commissioned monitors (10 in both Tokyo and Osaka) who have corporate or academic experience in the field of consumer relations.

## ■ Meetings of the External Advisory Board for Life Insurance Application Forms

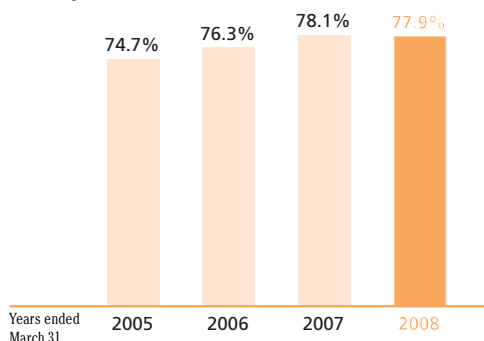
At meetings held five times a year (once in Tokyo and four times in Osaka), external advisory specialists for consumer affairs (eight from Tokyo and eight from Osaka) provide opinions from a customer's viewpoint regarding materials and notices for customers.

## ■ Customer Satisfaction Survey

Through outside institutes, annual surveys are mailed out to policyholders, who provide appraisals and opinions regarding Nippon Life products, operations and services.

### Overall Satisfaction as Measured by the Customer Satisfaction Survey

\*Percentage of customers who answered "satisfied" or "somewhat satisfied"



### Survey Overview

- Implemented once per year (from November 12 to December 12 in Fiscal 2007)
- Usable answers received from approximately 10,000 policyholders
- Questions cover 149 items in 34 categories such as
  - Responsiveness of sales representatives
  - Currently held policies
  - Application procedures for new policies
  - Procedures after enrolling in policies
  - Content of notification and pamphlets
  - Reliability of Nippon Life, etc.
- The options given to indicate the level of customer satisfaction were "satisfied," "somewhat satisfied," "somewhat dissatisfied" and "dissatisfied" with regard to the level of customer satisfaction.

## Number of Customer Complaints

Nippon Life has defined a complaint as "an expression of dissatisfaction by a customer (regardless of factuality)." The purpose of setting this definition is to help us better understand customer opinions and dissatisfaction, with the ultimate aim of utilizing this information in business improvement measures. We work to swiftly resolve customer complaints; for each case, precipitating causes are analyzed, countermeasures are reviewed and steps are taken to prevent a recurrence.

To enhance management transparency, in fiscal 2005 Nippon Life began disclosing the number of complaints received from customers. From fiscal 2006, we began disclosing the number on a quarterly basis.

### Number of Complaints Received from Customers in Fiscal 2007

Content	Number	% of total	Primary Examples
Policy enrollment	15,360	12.5%	"I didn't receive sufficient explanation about policy content." "The application process involves too many documents and they are difficult to understand."
Payment of premiums	14,354	11.7%	"In the instructions I received for paying premiums, it said that a sales representative would contact me, but no one has." "I arranged to change the method used for paying premiums to automatic debit from my bank account but it was too late."
Procedures after enrollment	39,640	32.3%	"Why is the amount of policy dividends less than what I expected when I enrolled?" "I requested that my policy be cancelled, but the sales representative hasn't contacted me yet."
Payment of insurance claims and benefits	23,082	18.8%	"Notices of whether benefits will be paid or not should be made more rapidly." "I inquired about how to file a claim for hospitalization benefits but have not been contacted."
Others	30,121	24.6%	"I saw the TV commercial that said a sales representative would come to explain my policy, but no one has come." "The sales representative should be more polite."
Total	122,557	100.0%	

## Examples of Improvements based on Customer Opinions

In response to customer opinions that are gathered at headquarters, Nippon Life formulates countermeasures at various meetings and works to reflect these measures in its business operations.

In fiscal 2007, we implemented 143 improvement measures related to administrative procedures and services.

### Expansion of Easy-to-Understand Administrative and Services

**“When I paid my premium, I paid the first one by credit card, but I was told that I cannot pay any premiums after the first one by credit card. I would like to be able to pay subsequent premiums by credit card.”**

Nippon Life started a service that enables policyholders to continue paying by credit card from their second payment and thereafter by registering to do so when applying for their policy (from January 2008).

\*This is not possible if the policyholder has a corporate policy or a business insurance policy.

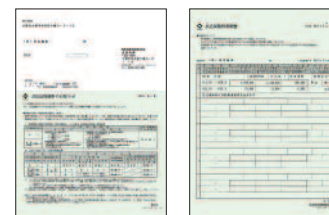


**“I sent for medical certificates and filed for insurance claims and benefits but, as a result of the settlement assessment, I was ineligible for payment. I would like Nippon Life to bear the cost of obtaining the medical certificates.”**

With respect to the filing of insurance claims and benefits for individual insurance and individual annuities, for policyholders who were ineligible for the payment of claims and benefits, Nippon Life now pays a standard amount of ¥5,250 (¥3,150 in the case of hospital visitation certificates) to cover the policyholders' cost of obtaining medical certificates (from their healthcare provider), regardless of whether or not they requested/used the medical certificates prescribed by Nippon Life (from December 2007).

**“For corporate policies where the premium payment is by automatic debit from a bank account or by fund transfer, I have to request each time that a statement of premiums paid be sent to me in the month when settlement is paid. I would like to ask if Nippon Life could send such statements on a regularly scheduled basis.”**

In the past, when the method of premium payment was through group and business insurance policies, we regularly sent out a Premiums Paid Statement in the month specified. In addition, for corporate policies where premium payment is by automatic debit from bank accounts or through fund transfers, we now prepare a paid-in premium notification, which can be sent out regularly in the month the payment is made (from March 2008—beginning from the time application is received, sent out in May).



**“For policies where the method of premium payment is automatically debited from a bank account, I was told that when premium payments for the main policy have been completed and only a rider premium is being paid, the first payment cannot be made by automatic debit. I would like to be able to continue paying using this method.”**

For a policy where the payment method had been by automatic debit from your bank account, you may continue to use the same method to make payments for rider premiums even after the premium payments for the main policy have been completed. Even for policies where payment had been by a method other than automatic debit, these too may now be paid by debit from bank account (from March 2008).

