

Top Message

A life insurance company that continues to
“Stay Closest” to support valued customers
in an era with an average life expectancy of
100 years

—Stay Closest to “Your Thoughts for Beloved Ones”—

Looking Back on the Three-Year Management Plan *Zen Shin*

We have been working on our three-year management plan *Zen Shin* with the goals of building a medium- to long-term growth foundation and establishing the dominant No. 1 presence in the domestic market with a view to 10 years after fiscal 2015. *Zen* in this case means “everyone” working together with one mind, while *Shin* means “moving forward.”

After completing the second year of the three-year management plan, we have reached the point where we expect to achieve ahead of schedule most of the six management targets, including 6% growth in annualized life insurance premiums in force and boosting equity by ¥1 trillion. Also, through the management integration with Mitsui Life and by making MLC Limited of Australia a subsidiary, we have strengthened our Group structure both in Japan and overseas, and are steadily expanding the scope of our strategy-building and the range of our business domain.

Meanwhile, the historically low interest rates stemming from the negative interest rate policy have had a significant impact on our business in a variety of ways, including the provision of products to customers and asset management operations. The environment has changed drastically from the time we formulated *Zen Shin*, so to address these changes as soon as possible we decided to replace *Zen Shin* with a new medium-term management plan one year ahead of schedule.

New Medium-Term Management Plan *Zen Shin* —next stage—

The new Medium-Term Management Plan *Zen Shin* —next stage— assumes long-term changes in our operating environment, such as the continuation of historically low interest rates and the trend of the population decline and aging of society kicking into high gear. The new medium-term management plan is a four-year plan through fiscal 2020 that subsumes the final fiscal year of *Zen Shin*.

The slogan of *Zen Shin* —next stage— is “Working to be the leading company in an era with an average life expectancy of 100 years.” Under the plan, we will improve profitability amid the ultra-low interest rate environment, and harness the total capabilities of the Group to handle the aforementioned environmental changes as we solidify our No. 1 presence over the long term.

As a detailed growth strategy, we will work on the three initiatives of boosting profitability amid the ultra-low interest rate environment, steadily expanding earnings of Group businesses, and widening the social role of the Nippon Life Group. We have positioned ERM (Enterprise Risk Management), advanced IT utilization, and human resource development as important management pillars supporting this growth strategy, and we will carry out initiatives that lead the life insurance industry.

Through such efforts, we aim to achieve our management targets of 8% growth in annualized premiums in force, 14 million policyholders, ¥70 billion in net income by Group companies, and ¥6.5 trillion in equity by the end of fiscal 2020.



President

Y. Tsutsu

Growth Strategies

■ Domestic Business

Even within the low interest rate environment, we will continue to make the best use of our inventiveness to develop attractive products and services that meet the needs of customers. In addition, we will expand the social role of the Nippon Life Insurance Group by developing new businesses that are compatible with life insurance, to be able to provide a variety of support to customers living in an era with an average life expectancy of 100 years.

Product Development

In April 2006, we launched *Gran Age*, Nissay's long-life insurance which incorporated the first mechanism of its type in the industry. Unlike traditional death protection insurance that supports one's family in case of death, this product is designed to pay out more benefits the longer the insured lives. The product has been very well received, as more than 40,000 policies have been sold.

In October 2016, we launched *ChouChou!*, an insurance product offering coverage against the three major diseases with a birth support benefit. This product, targeting female customers, is the first of its kind in the industry, which supports childbirth by providing a birth support benefit and coverage for specified infertility treatments.

Also, in April 2017, we launched *Platinum Phoenix*, a long-term term insurance product that has a period of extensive coverage for accidents, making it a product that allows customers to efficiently cover their business and prepare business succession funds, while suppressing premiums by keeping down death benefits from deaths caused by something other than injury for a certain period of time after the policy is purchased.

In addition, to respond to various customer needs as a Group, we started to mutually supply products together with Mitsui Life Insurance. As a first step, we started selling our Nissay Increasing Term Insurance through Mitsui Life Insurance from January 2017. From October 2017, as the second product supplied through this mutual product supply arrangement, we plan to start selling Mitsui Life's Dream Road, a single-premium special endowment insurance with foreign-currency denominated survivor benefits and no dividends, through the Nippon Life sales network.

Widespread Support

From 2030 onward, it is expected that various structural changes in society, such as the decreasing population due to the declining birthrate, and the aging of society, will kick into high gear. We will develop new businesses that address such social issues and provide customers with "Insurance + α " value (meaning "Insurance plus additional services").

As key areas of "Insurance + α ," we will promote efforts to support child-rearing, carry out initiatives in healthcare, and work to address the aging of society. With respect to support for child-rearing, in April 2017, we started company-led daycare centers in collaboration with Nichii Gakkan Co., Ltd. We will aim to establish 100 daycare centers in prefectures throughout Japan by April 2018.

In the healthcare field, in partnership with Nomura Research Institute and Recruit Lifestyle in April 2018, we will start providing the "Nissay Health Promotion Consulting Service." This service will comprehensively support health promotion for companies, employees, health insurance associations, and other entities.

In addition, we are engaged in the "Gran Age Project" as a way to address the aging of society. In addition to providing products and services, social contribution activities allow Nippon Life to support people in the era of centenarians so individuals can live their later life to an advanced age in security and freedom.

Sales and Services Channels

We use a variety of sales channels besides the face-to-face Nippon Life sales representatives. These include Nissay Life Plazas for servicing financial institutions and joint insurance agencies.

In the expanding agency channel, in April 2017, we made a new investment in Hoken 110, which operates walk-in insurance agencies. With this move, we strengthened our services for customers wishing to compare and consider multiple insurance products on their own.

Furthermore, to allow senior citizens to continue their policies with peace of mind, we began offering a service for policyholders age 70 and above, in which we answer questions from family members about policy details or procedural matters on their behalf. More than 200,000 customers have already registered for this service. Also, from June 2017, we will work with Japan Post to conduct a pilot program for remote face-to-face services using its network of post offices, with the aim of increasing convenience for our customers, including elderly people.

In March 2017, we newly established the Customer-Oriented Operational Management Policy. Going forward, we will work to always use customers' opinions to improve our operations and services, and we will continue to strive to carry out customer-oriented management in all of our operations, from sales to after-sales service, and payment.

■ Group Businesses

We are expanding our Group businesses and working to strengthen our earnings base to provide customers with diverse coverage over the long term and stably return profits to them.

We have set a target of ¥70 billion in net income for Group businesses for fiscal 2020, and to achieve this target, we will promote steady growth of Mitsui Life Insurance, MLC Limited, Nissay Asset Management, and other entities that we have invested in, as well as pursue Group synergies. We will also continue to search for globally-competitive companies in which to make new investments, and we will work to secure new profit sources in the overseas insurance business and asset management business.

■ Asset Management

We will aim to improve long-term stable investment yields even amid low interest rates through globally-diversified investment and finance in foreign bonds, credit, as well as in new and growing fields such as the environment, infrastructure, and emerging countries.

We have set a target of ¥1.5 trillion of new investment and finance in new and growing fields for the four years beginning fiscal 2017, including ¥200 billion of investment in the ESG domain. With respect to ESG investment and finance, we became a signatory of the United Nations Principles for Responsible Investment (PRI) in March 2017.

Furthermore, in April 2017, we newly established the Structured Finance Marketing Department. This department will lead the way in bolstering our investment and finance activity in a wide range of project finance deals, including overseas projects.

Business Principles

■ ERM

To achieve steady growth even amid the ultra-low interest rate environment, we have positioned ERM (Enterprise Risk Management) at the core of our management strategy. ERM is used to manage and control the risks surrounding our business in an integrated and strategic manner. In addition, while making sure to provide stable dividends to our policyholders, we will continue to bolster our equity, aiming for a level of financial soundness that ranks among the highest of the world's top-class insurance companies.

■ Advanced IT Utilization

We will utilize advanced IT to develop new businesses and reform our business operations. We have established an IT innovation working group spanning the entire organization, and are incorporating outside insight and know-how, including sending personnel to Silicon Valley in the U.S. to gain expertise. In the administrative domain, we are increasing efficiency by utilizing RPA (Robotic Process Automation) technology for automated processing. Going forward, we will continue to consider utilizing IT in a wide range of areas, including using AI (artificial intelligence) in digital marketing and underwriting, as well as employing big data analysis to achieve more advanced investment decision-making.

■ Human Resource Development

I am leading the Human Value Improvement Project, which aims to develop strong-minded human resources who have individual strengths that they are proud of and who will be active throughout their lives. Through work-life management that generates a positive cycle of work and private life, we will reform working styles, enhance the development of specialist and global personnel, and promote diversity, including having senior citizens possessing abundant insight and women play important roles. In addition, by promoting health management, we will aim to both keep employees mentally and physically healthy while also supporting sustainable growth.



Stay Closest to “Your Thoughts for Beloved Ones”

In an era when customers are living past the age of 100, Nippon Life's corporate message is to “stay closest to your thoughts for beloved ones” and our desire is “to be the most familiar and approachable life insurance company” for our customers, which we will be by supporting customers throughout the entire Nippon Life Group.

Taking this philosophy to heart, every Nippon Life employee and executive officer will continue to provide customers with face-to-face services that address their particular needs. Currently, we are concluding agreements with local governments throughout Japan in a wide range of fields, including health promotion and the revitalization of local communities. In conjunction with our Company-wide program “Action CSR-V: Social Contributions by 70,000 People,” we will continue to contribute to building local communities and a better society.

Another example of our commitment is our support for the 2020 Tokyo Olympic and Paralympic Games as a gold partner (life insurance category). Based on our slogan of “Play, Support. Let's Get Going,” we will play a role in nurturing future generations through sports, and proactively participate in watching the sporting events of disabled persons as well as participate in volunteer activities, as Nippon Life continues to help foster the movement to make these Olympic and Paralympic Games a success.

In Closing

Through our efforts towards sound business management, from our long-term standpoint, we have continued to pay insurance claims even in the face of major disasters and financial crises. In any era, the foundation of a life insurance enterprise is to take full responsibility for protecting customers, thus serving as a source of security and safety for them.

Each and every one of us should reflect upon this mission, and seek to reflect that awareness in our daily work activities, striving to help policyholders achieve progress, and meet their life goals.

We ask for your continued support and patronage.

July 2017
President