

Submittal of Business Improvement Plan

The Company today submitted to the Financial Services Agency (hereinafter referred to as the "FSA") a Business Improvement Plan based on a Business Improvement Order received on July 26, 2006.

We would like to again express our deepest apologies to our customers and everyone else for any concerns or inconveniences that this matter might cause.

The Company takes the orders with the utmost seriousness, and all our staff will work to carry out the Business Improvement Plan. Through the Business Improvement Plan, the Company will make every effort to restore customer confidence by implementing drastic improvement of governance, which supports the claims management system and appropriate allocation of management resources.

An overview of the Business Improvement Plan is set forth in the following pages.

Overview of Business Improvement Plan

1. Verification and review of claims management system (Attachment 1)

(1) Administrative process, guidelines, and system

① Thorough verification of company wide administrative process.

【scheduled to be completed by March 2007】

- Regarding the Company's entire process connected to claims, including the claims management directly linked to the FSA's Administrative Actions, the Company will conduct a comprehensive inspection of the overall process from the customer's perspective to find any flaws and verify the appropriate administrative handling. The Company will adjust its claims management system by promptly completing verification of the claims management system and immediately creating measures for the problems identified during inspection.
- During an internal audit, the Company found underpayment of interest overdue in the initial payments of child care annuity of juvenile insurance and nursing care annuity of nursing care riders, etc. There were 18,583 cases since July 1986 for child care annuities and 175 cases since April 1999 for nursing care annuities. The Company is contacting customers who should receive additional payments.

(Attachment 2 - ①②)

② Improving the assessment system and building a re-assessment system for all cases 【from August 2006】

- From the perspective of strengthening the assessment system, the "Assessment Practices Review Session," which includes lawyers from outside the Company, is revising the Company's assessment manual according to a framework for insurance policy and claims management determined by the Board of Directors. Also, the Company is building a system to re-assess all claims payments.

③ Assignment of about 200 employees 【October 2006 to April 2007】

(details on page 6)

(2) Approximately ¥100 billion system investment

① The Company has already entered the completion stage of its "First Underwriting System" to improve third-party checks and follow-ups for administrative processing by shifting its claims assessment administration workflow from paper-based to document imaging systems.

【Transition from October 2006 to March 2007】

② In addition, the Company will develop a "Next Generation Underwriting System." This will cover the overall claims administration process, unified from a claim filing to its settlement. This system aims for significant improvement of administrative quality by supporting judgments requiring medical expertise along with helping to ensure easy-to-understand explanations of payment details.

【Scheduled to be completed between October 2006 to 2009】

③ In conjunction, the Company will develop a "New Integrated System," rebuilding the main system infrastructure for management of customers, administrations, and products from the perspective of improving customer convenience.

【to be completed between October 2006 and March 2011】

· Building the aforementioned "Next Generation Underwriting System" and "Main System" has been positioned as a top priority management issue for which approximately ¥100 billion is scheduled to be invested.

④ Establishment of a new unit promoting the system development 【October 2006】

· The Company will promote the system development by newly establishing within the Policy Planning & Management Dept. the "**Claims related Operations Development Office**" responsible for development of the Next Generation Underwriting System, along with establishing the "**Administrative Development Headquarters**" headed by the company president, and by conducting intensive discussions to make necessary arrangements including resource allocation.

(3) Improvement of explanation to customers

① To improve handling of inquiries and complaints regarding payment of claims, the Company will establish a **Claims related Services Office**. 【September 2006】

② Also, to strengthen the function of the **Claims-related Services Review Session** 【established in June 2006】, which investigates payment claims (complaints?), will add as members 1 or 2 lawyers from outside the Company and report deliberations and recommendations to the Board of Managing Directors. Furthermore, the Claims related Services Review Session will establish a system to deliberate on customer requests to eliminate violations in disclosure. 【October 2006】

(4) Training of specialists and appropriate employee rotation

① To carry out intensive training of employees responsible for payment administration and system, which are the backbone of insurance companies, the Company will establish **the Human Resource Development Office (Osaka)** to support career planning including rotation among departments. 【October 2006】

② Also, the in-house underwriting qualification system established in 2006 will be integrated into the entire Company's human resource training system and given a higher status, while management-track personnel will be actively added to the claims assessment and policy management departments. 【April 2007】

2. Improvement and reinforcement of business management (governance)

(Attachment 3)

2 - 1. Improvement and reinforcement of internal checks

(1) Establishment of the Operations Oversight Committee 【January 2007】

① To further strengthen the oversight function of the Board of Directors, the Company will establish the **Operations Oversight Committee** on January 1, 2007. The committee, directly linked to the Board of Directors, will be delegated the oversight function by the Board of Directors, and will carry out a wide-ranging and thorough monitoring and checking function for the entire operations.

- Resolutions on deliberations and measures on overall internal control system including status of compliance
- Check on adequacy of management resource allocation and progress of the Business Improvement Plan.

② The Operations Oversight Committee will consist of an external director, 3 of its members who are not employees of the company, and a director in charge of the Auditing Dept. The Company will strengthen its internal control function, ensuring independent oversight by having external committee members, that make up the majority including the committee chairperson.

- Three members (policyholders) who are familiar with business administration and have a good perspective will participate and carry out oversight functions to ensure that the monitoring takes into account the specificities of a mutual company and reflects a customer-focused stance.
- The Director in charge of the Auditing Dept. will lead and instruct the Auditing Dept. in line with the resolutions of the committee.

③ The Operations Oversight Committee will regularly report to the Board of Directors, and will also directly report the result of its deliberations of the Committee at the Meeting of Policyholder Representatives each year, from the perspective of linking it with the policyholder representatives.

- Ensure the effectiveness of its monitoring roles as an operations oversight team that is truly independent of the management team and maintain the ultimate oversight function of the Board of Directors.

(2) Introduction of Executive Officers System

① To speed up business executions and clarify responsibilities, the Company will introduce an Executive Officers System and improve execution functions. Executive officers will be appointed to concentrate on each of the business operations, including administration and system development areas. Business executive authority as well as clarified responsibilities will be assigned to executive officers in charge. This will thereby promote quick operations based on actual business environment and practicality. 【January 2007】

② With the introduction of the Executive Officers System, the Company will halve the number of internal directors. By ensuring an appropriate size of the Board of Directors, the Company will actualize faster decision-making and more active discussions. 【July 2007】

③ To significantly improve the external check function of the Board of Directors, including participation in the aforementioned Operations Oversight Committee, the number of external directors will be increased from 1 to 3. By decreasing the number of members of the Board of Directors while increasing the number of external directors, the Company will dramatically strengthen the checking function. 【July 2007】

(3) Improvement of Internal Auditing (Audits by the Audit Dept., audits by auditors)

By giving direct control to directors in charge of the Auditing Dept., the Company will significantly improve its internal check function by ensuring the independence of the Auditing Dept from other lines of operations and strengthening the link between the Operations Oversight Committee's function and the Auditing Dept's internal audit function. Furthermore, the Company will ensure independence of the Auditing Dept. through approval or discussions by the Operations Oversight Committee regarding rotation and compensation of the director in charge of the Auditing Dept. and the head of the Auditing Dept.
【January 2007】

- ② Focusing on auditing personnel needed by the Company's head office departments, including in administrative management, the number of auditing personnel will be increased by 10. 【Until April 2007】

The Company will work to increase the number and to enhance the quality of auditing personnel for branch office audits, head office audits, policy audits, and financial audits.

- ③ The **Claims Examination Management Office within the Auditing Dept.** 【October 2005】 verifies the appropriateness of claims payment management operations. The Company will report audits by the Auditing Dept. to the company president and auditors each month, and will report status of improvement every 3 months, thereby following up on reporting of improvements.

- ④ To improve auditing by auditors, the Company will invite 1 full-time auditor from outside the company who has wide-ranging insight into corporate management and knowledge about actual operations. The Company will then have 6 auditors, including 4 auditors from outside the company (1 full-time), and 2 in-house auditors (both full-time). 【July 2007】

- ⑤ To improve auditing for administrative management, the Company will strengthen full-time auditor's auditing of administration and system by adding 2 auditing personnel assigned to the head office and 1 personnel with expertise in administration and system to the Auditing Office. 【September to October 2006】

- ⑥ The current articles of incorporation prescribes increase of total representatives to 180 by 2009, and the number personnel is being further increased 【until 2009】

(4) Improvement of compliance and risk management

- ① To strengthen the compliance system and develop the checking function and system from the viewpoint of those outside the company, the Company will invite a lawyer to be an external member of the **Compliance Committee**, which is an advisory body for the **Board of Managing Directors**. With the company president as committee chairperson, compliance will be more tightly controlled.
【October 2006】

- ② In addition to integrated risk management at the committee level, the Company will develop its organization to further strengthen its risk management system.
【January 2007】

(5) Improvement of other business operations

① For the purpose of intensive discussions on allocating resources and building the administrative system to improve management of administration, system development, and service, the Company will newly establish the **Administrative Development Headquarters**. The company president will head the headquarter, and members will consist of officers from the Corporate Planning Dept., Personnel Dept., Actuarial Dept., Policy Planning & Management Dept. and officers in charge of insurance policy management and claims payment operations. Meetings will be held as needed through coordination between the Corporate Planning Dept. and the Policy Planning & Management Dept. 【October 2006】

② The **"Meeting of Resource Allocation & Planning Officers"** consisting of officers from the Corporate Planning Dept., Personnel Dept., Actuarial Dept. and sections related to management resource allocation will be held as needed. This meeting will confirm the direction of company-wide management resource allocation and promote sharing of information between officers. 【September 2006】

③ From the perspective of enhancing communication between the management and office managers and promote operations based on practical business methods, the Company will proceed with the measures below. 【September 2006】

"President's Dialogue Meeting"

To increase the management's involvement in the administrative division and ensure a precise understanding of situations, a meeting will be held once a month to exchange viewpoints between the company president and personnel in charge of administration.

"Administrative Depts. Small Group Meetings"

The **Management Issues Meeting**, which has been held as a place to promote familiarity with management's policies and for management and employees to communicate, will be divided into areas of operation. In particular, "Administrative Depts. Meetings" will be held, through which the Company will promote more disciplined operations for daily claims administration. Opinions and proposals from personnel engaged in actual operations and issues related to resource distribution will also be reported to the **Administrative Development Headquarters**.

(6) Disclosure of information to customers

① Disclosure of number of complaints & non-payments of claims 【October 2006】

- To ensure transparency of management, every quarter the Company will disclose to policyholders and the general public "Number of and main content of complaints" and "Number of and main content of non-payments of claims."

② Establishment of the **CSR Promotion Office (temporary name)** 【Aiming for March 2007】

- The Company will establish a CSR Promotion Office (temporary name), from the perspective of developing a system to improve business management through active disclosure of information to customers and far-reaching collection of customer opinions, and of increasing company value by fulfilling various anticipated social contributions based in the life insurance business.

(7) Improvement of complaints handling system and measures to improve business management 【May 2006】

- The Company will develop its **“Complaints Handling System,”** one of the pillars of business management, by improving reporting to and sharing of information with top management, and by improving its inter-departmental system of examination. Through such efforts, the Company will naturally respond more swiftly and precisely to customers’ complaints, implement analyses with depth regarding complaint data, and thereby actualize measures that lead to business improvement.

(8) Reporting for Meeting of Representatives and Board of Trustees

【November 2006】

- The Company will regularly report to and carry out discussions at the Board of Managing Directors, Operations Oversight Committee, and Board of Directors in regard to the status of measures and progress of the Business Improvement Plan in order to build a system management resource allocation and administrative management to manage administration, system development, and service, including the measures mentioned above. The Company will report the afore-mentioned reports and discussions for further discussion at The Board of Trustees, which is a management advisory body. The discussion results will then be sent to the Meeting of Representatives.

2 – 2 . Improvement and reinforcement of management resource allocation

(1) Allocation of human resources (assignment of about 200 personnel)

【from October 2006】

- The Company will undertake a fundamental review of necessary personnel assignments, and implement a drastic shift of personnel to quickly build a claims management system that is adequate from a customer-oriented perspective.
- Specifically, by April 2007 the Company will assign about 200 mainly management-track personnel from departments throughout the company, including sales depts., to departments mainly focused on administration, system development, compliance, auditing, and customer service. To ensure the source of the afore-mentioned personnel, the Company will build and integrate a multi-layered and dual-track organization through thoroughgoing verification of management organization in departments throughout the Company.
- Regarding medium to long-term assignment of personnel to departments related to administration, system development, and service from April 2007, the Company will promptly formulate and execute a unbiased human resources allocation plan based on forecast of future workload that takes into account status of product sales performance.
- Concurrently, the Company will conduct long-term training of personnel for areas that require specific expertise and experience such as sections related to administration, system development, service, and especially underwriting and assessment.

(2) Approximately ¥100 billion system investment 【from October 2006】

- As aforementioned, with the First Underwriting System in the completion stage, the Company will invest approximately ¥100 billion, placing top priority on development of a and the Next Generation Underwriting System and rebuilding of “Main System” infrastructure.
- The Company places this large-scale investment as a project that deserves to be funded by the ¥3 trillion in core capital earned over many years, as it will lead to long-term profit to customers, which is indispensable for future business development, in addition to increased dividends to policyholders.

3. Clarification of responsibilities of all management and staff

- The Company regards with utmost seriousness the situation that has caused a loss of confidence from policyholders and consumers. The Company has imposed strict internal sanctions to clarify the responsibilities of all management and staff.

<Payment-related services that truly take the customers' perspective>

Accurate	Eliminate administrative mistakes
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Fast	Improvement of administration and system
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Easy to understand (by customers)	Fulfill responsibility to notify and explain
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<Main points of Business Improvement Plan>

- ① Verify entire claims management process
- ② Re-assign 200 personnel
- ③ Approximately ¥100 billion system investment

<Measures to achieve the Plan objectives>

- ▶ Establish Policy Planning & Management Dept. (March 2006)
 - Verify consistency of company regulations and actual business practice
- ▶ Establish Claims Examination Management Office (Oct. 2005)
 - Verify appropriateness of claims management operations

- ▶ Establish Assessment Administrative Improvement Team (March 2006)
 - Analyze administrative errors and formulate measure to prevent recurrence
- ▶ Establish Claims-related Operations Development Office (Sept. 2006)
 - Support the overall system from claim filing to settlement

- ▶ Establish Claims-related Services Office (Sept. 2006)
 - Improvement of response to inquiry and explanation regarding claims payment
 - Establish "Customer Request System"
- ▶ Establish Claims-related Review Session (June 2006) (Increase number of external lawyers from 1 to 2. (Sept. 2006))

Additional payment of overdue interest related to child care annuity

1. Juvenile insurance with child care annuity

Additional payments of overdue interest are necessary for initial annuity payment of juvenile insurance child care annuities in 18,583 cases from July 1986.

【Characteristics of juvenile insurance with child care annuity】

If the customer dies or becomes seriously disabled,

- ① Further premium payments are waived
- ② the child care annuity is paid out to the child care annuity beneficiary (usually the child of the customer)

【Handling of overdue interest】

Nippon Life's policy clauses prescribe that child care annuity shall be paid within 5 days after the head office receives documents required for the payment. If 5 days are exceeded, interest will be paid for the late period.

■ Until June 1986

Premium waiver request form was received, decision was made on exemption, and after annuity payment decision, child care annuity commencement request form was received.

⇒ Interest must be paid if the annuity is not paid by the 6th day after head office receives payment request form, but ordinarily payment is made by the 4th day and interest is not required.

To improve customer convenience and speed up administrative procedures, two forms were integrated in July 1986

■ From July 1986

Interest will be paid if annuity payment is not made before the 6th day after the head office receives the premium waiver request form (or payment request form).

On the other hand, because 20 days are needed to pay annuity after the head office receives premium waiver request form or payment request form, interest will normally have to be paid for the late period.

2. Nursing care annuity of nursing care rider, etc.

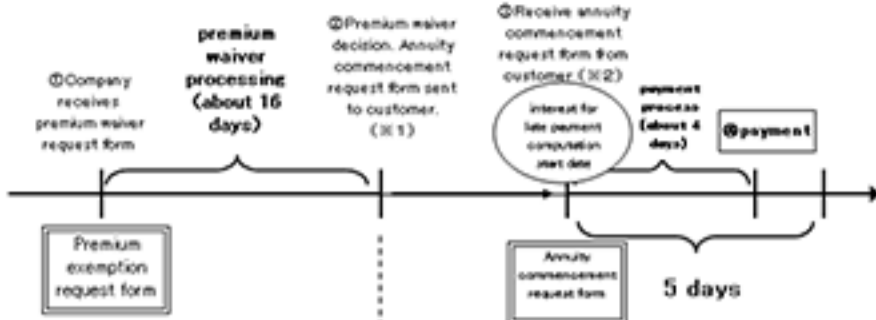
■ From April 1999, there were 175 cases of policies that require additional payment of interest for late initial payment of nursing care annuity of nursing care riders, etc., similar to the case for educational annuities.

3. Response for customers who should receive additional payment

	Cases eligible for payment	Payment total (Expected)	Interest for late payment	Total interest for late payment (expected)
Child care annuity	18,583	¥41.86 mil	¥28.66 mil	¥13.19 mil
Nursing care annuity	175	¥470,000	¥410,000	¥50,000
Total	18,758	¥42.33 mil	¥29.08 mil	¥13.25 mil

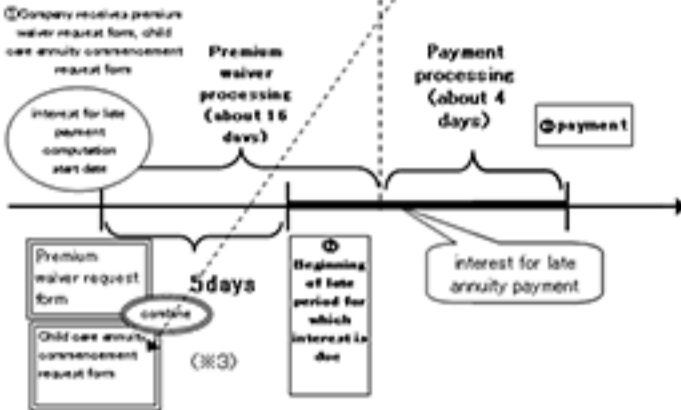
■ Nippon Life is contacting customers who should receive additional payment and aims to respond to this issue in a swift manner.

■ Up to June 1986: Annuity commencement request after waiver of premium

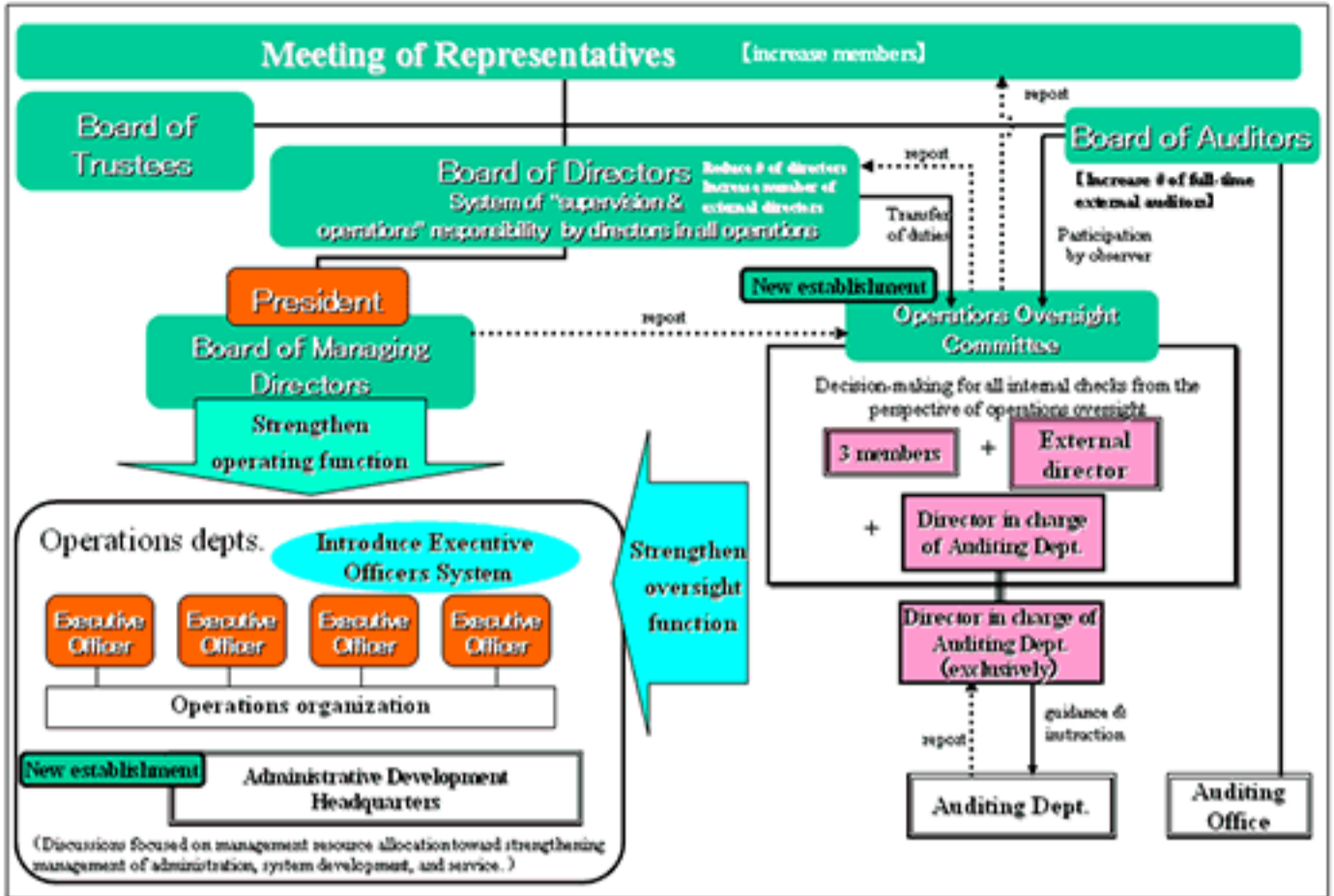


(㉑1) For child care annuity commencement request form, print out child care annuity amount, tax withholding amount, and actual payment amount, leaving only the bank account information to be filled out, and then send to the customer.
 (㉑2) Customer fills out bank account information and returns form (㉑1)

■ From July 1986: Annuity commencement requests at the same time as waiver of premium



(㉑3) To improve customer convenience and speed up the payment process, integrate premium waiver request form and child care annuity commencement request form



Business Improvement Plan Schedule

Attachment 4

	Post measure	9	10	11	12	1	2	3	4	7	After 7/2007
				Knowledge Transfer of Functions						Meeting of Representatives	
Review of future administrations	Establish "Assessment Administration Improvement Team"		Improve administrations and regional coordination		Formal process evaluation				Improve administrations and regional development coordination		
System improvement	Development of First Underwriting System	Establish "Claims- related Operational Development"				Development of Next Generation Underwriting System				Endeavor of Meta System (Establish New Integrated Service System)	
Product improvement			Formulation of product development & sales policy		Review of product lineup						
Improvement of customer handling	Establish "Service Complaint Coordination Meeting"	Establish "Claims- related Service Unit"	Improve workflows of Claims-related Service Dept		Improve complaint handling system				Improve workflows of Claims-related Service Dept		
	Introduce "Customer Satisfaction Survey"	Introduce "Customer Satisfaction Survey"			Review of various communication methods to customers						
			Participation by outside persons in the Company Compliance (C&A)		Establish "Customer Request System"						
Compliance			Participation by outside persons in the Company Compliance (C&A)		Disseminate compliance every quarter				Improve workflows of Legal and Compliance Dept		
			Participation by outside persons in the Company Compliance (C&A)								
Staff training	Introduce "Underwriter System"				Training for areas and cross aggregation areas						
			Establish Administrative System Development Department Headquarters								
				Strengthen operating function		Introduce "Executive Office System"				Reduce # of Business Locations	
Governance				Strengthen oversight function		Establish "Special Investigative Committee"				Add 1-800- line number within	Increased # of Business Locations