

Fundamental Management Principles of Nippon Life

Life insurance business based on the philosophy of “co-existence, co-prosperity and mutualism” is closely connected with the welfare of the public. Because of the nature of the business, public understanding and support are indispensable for the development of life insurance companies. For this reason, we have established the “Fundamental Management Principles of Nippon Life” under the precepts of Conviction, Sincerity and Endeavor.

- 1

We will strive sincerely to fulfill our responsibilities to the people by making every effort to offer policies which are truly needed.
- 2

We will, in recognition of the public service aspects of the life insurance business, strive to contribute to the elevation of the social welfare level through proper investment activities.
- 3

We will strive to increase further our productivity in every division of the Company, with powerful execution, strong conviction and creative imagination.
- 4

We will strive to raise the living standard of all our employees through the prosperity of Nippon Life.
We will also strive to be good citizens of Japan and the world.
- 5

As a member of the life insurance industry, we will cooperate with other life insurance companies for the development of this industry, and will also cultivate public understanding and support for life insurance.

Yoshinobu Tsutsui
Chairman

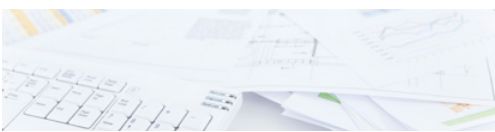
Hiroshi Shimizu
President



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COMPANY INFORMATION AND FINANCIAL DATA	
From the beginning of the fiscal year ending March 31, 2020, company information and financial data are disclosed on the Nissay website. https://www.nissay.co.jp/kaisha/annai/gyoseki/disclosure.html	

Nippon Life Insurance Company's 130-Year History

Since its foundation, Nippon Life has responded to requirements in a manner that embodied the spirit of mutual aid.

Nippon Life was founded as Nippon Life Assurance Co., Inc. in July 1889, and in 1891, the name was changed to Nippon Life Assurance Co., Ltd. When the Company was founded, a premium table based on unique Japanese mortality statistics was created. At the same time, Nippon Life became the first Japanese life insurer to decide to offer profit dividends to policyholders, which embodied the spirit of mutual aid. And so, after its first major closing of books in 1898, Nippon Life paid the first policyholder dividends in Japan.

After World War II, the Company was reborn as Nippon Life Insurance Company in 1947, and now, 130 years since its foundation, continues to work to realize mutual aid and cooperative prosperity as a mutual company.

Looking ahead, we will continue to embody this spirit of mutual aid and, as a life insurance company, strive to provide customers with enhanced services.

Nippon Life Assurance Co., Inc. established (1889)

Sukesaburo Hirose, an ambitious banker with a desire to save the world and help people, devoted himself to founding the Company.



Founder
Sukesaburo Hirose

Paid out the first profit dividends to policyholders in Japan (1898)

Paid dividends to policyholders in Japan after the first closing of books, keeping its promise to customers.

Actuarial department in charge of closing of books (1895)



Top in the industry for amount of policies in force (1899)

In 1895, attained the industry's number two position with amount of policies in force valued at ¥10 million, and achieved the top position in 1899, a mere 10 years after founding.



Commemorative event celebrating the attainment of ¥10 million in amount of policies in force (1895)

Moved to newly built headquarters at present location (1902)

New Company headquarters, built in stately red brick and granite, was designed by Kingo Tatsuno, who also designed Tokyo Station.

Former company headquarters (1902–1959)



Nippon Life Saiseikai Foundation established (1924)

The foundation is deeply involved in social welfare work, including free medical checkups, and opened the Nissay Hospital attached to the Nippon Life Saiseikai Foundation in 1931.

Traveling clinic in Shikoku (1930)



The Company reemerged as Nippon Life Insurance Company (1947)

Returning to the spirit of providing mutual aid and assistance as exemplified by being the first in the industry to pay policyholder dividends, Nippon Life reemerged as a mutual company.

Managing executive officer Gen Hirose giving an address at a commemorative event



Nissay Theater opened (1963)

Nissay Theater opened in the newly constructed Hibiya Building with the aim of contributing to Japanese arts and culture.



Elementary school students invited to the theatre (left)
Nissay Theater opening poster (right)



Whole life insurance with term life rider launched (1981) (given the nickname Long Run in 1983)

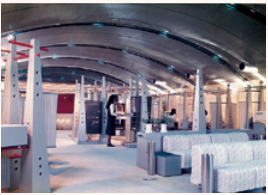
Nissay's main products grew with widespread support from customers.



Opening of Nissay Life Plaza Shinjuku (1987) (1st outlet)

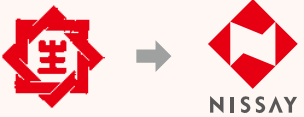
Nippon Life continues to develop a nationwide network of service counters for customers staffed by financial planners who provide specialized consulting services.

1st outlet Nissay Life Plaza Shinjuku



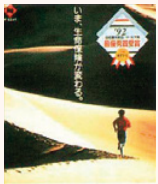
Corporate Identity (CI) introduced (1988)

Adopted NISSAY to express our corporate approach symbolizing "Newness" and "Communicating and Proposing." Changed to the new Company Emblem.



Three major disease insurance Athlete (dread disease term rider) launched (1992)

Pioneered the development of living benefit products.



Athlete

Nissay Million Tree-Planting Campaign goal of one million trees reached (2002)

Achieved 1992 campaign goal of planting one million trees in 2002 and Nissay Planting and Nurturing Forests for Future Generations Campaign began the following year.



Poster for Nissay Planting and Nurturing Forests for Future Generations Campaign

Mirai no Katachi launched (2012)

Revolutionized insurance products under the concepts of "perfect for every individual customer" and "importance of payment."

Mirai no Katachi



Management integration with Mitsui Life Insurance Company Limited (2015) (Renamed TAIJU LIFE INSURANCE COMPANY LIMITED in 2019)

Acquisition of MLC Limited (2016)

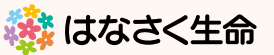
We carried out management integration with Mitsui Life Insurance Company Limited and made MLC Limited a subsidiary, with the aim of building a medium- to long-term growth foundation and expanding earnings for the entire Nippon Life Group.

Management integration with MassMutual Life Insurance Company (2018) (Renamed Nippon Wealth Life Insurance Company Limited in 2019)

Aiming to establish a framework to widely address the demands of customers in the financial institution over-the-counter sales market, we carried out a management integration with the MassMutual Life Insurance Company in 2018.

HANASAKU LIFE INSURANCE Co., Ltd. opened for business (2019)

To boost our presence in the independent retail agency market, we opened HANASAKU LIFE INSURANCE Co., Ltd. for business in 2019.



- 1889 ● Nippon Life Assurance Co., Inc. established
- 1891 ● Renamed Nippon Life Assurance Co., Ltd.
- 1898 ● Paid out the first profit dividends to policyholders in Japan
- 1899 ● Top in the industry for amount of policies in force
- 1902 ● Moved to newly built headquarters at present location
- 1924 ● Nippon Life Saiseikai Foundation established (Certified as a public interest incorporated foundation in 2012)
- 1931 ● Nissay Hospital opened, attached to the Nippon Life Saiseikai Foundation (Renamed Nippon Life Hospital in 2018)
- 1940 ● Japan's first "Ordinary insurance with dividend by profit source" launched
- 1947 ● The Company reemerged as Nippon Life Insurance Company
- 1950 ● Opening of the Nippon Life Insurance Baseball Stadium
- 1959 ● Endowment Insurance with Term Rider *Kurashi no Hoken* launched
- 1963 ● Nissay Theatre opened
- 1964 ● The "Nissay Masterpiece Theatre" (Nissay Meisaku Gekijo) launched
- 1973 ● Nissay Children's Culture Promotion Foundation established (Renamed Nissay Culture Foundation in 1993 and converted into a public interest incorporated foundation in 2009)
- 1979 ● Nippon Life Foundation established (Converted into a public interest incorporated foundation in 2010)
- 1981 ● Whole life insurance and whole life insurance with term life rider launched
- 1985 ● Nissay BOT Investing Advisors established (Renamed Nissay Investment Advisors in 1989)

- 1987 ● Opening of Nissay Life Plaza Shinjuku (1st outlet)
- 1988 ● Corporate Identity (CI) introduced
- 1989 100th Anniversary
- 1991 ● Nippon Life Insurance Company of America established
- 1992 ● *Athlete* (dread disease term rider) launched ● Nissay Million Tree-Planting Campaign began
- 1993 ● Nissay Green Foundation established (Foundation converted to a public interest incorporated foundation in 2011)
- 1994 ● *Living needs benefit* rider launched
- 1995 ● Nissay Investment Trust Co., Ltd. established
- 1997 ● Acquired an equity stake in Bangkok Life Assurance Limited ● *Forward* (illness & disability term rider) launched
- 1998 ● *Nice Care* (nursing care rider) launched ● Nissay Asset Management Investment Trust Corporation established through merger of Nissay Investment Advisors Co., Ltd. and Nissay Investment Trust Co., Ltd.
- 1999 ● *Nissay Insurance Accounts* launched ● Nissay Information Technology Co., Ltd. established
- 2000 ● Separate Account Management Division spun off, then integrated with Investment Trust Advisors and renamed Nissay Asset Management Corporation
- 2001 ● *Ikiru Chikara EX* launched ● Nissay Call Center launched
- 2002 ● "Nissay Million Tree-Planting Campaign" goal of one million trees reached ● Individual variable annuities that are sold in banks launched

- 2003 ● Nissay Planting and Nurturing Forests for Future Generations Campaign, a forest protection campaign, launched ● Nissay-SVA Life Insurance Co., Ltd. established
- 2004 ● Bangkok Life became a Group company
- 2005 ● *Iryo Meijin EX* (hospitalization and medical life insurance) launched
- 2008 ● *Mirai Support* launched ● More than seven million children invited to watch musicals at the "Nissay Masterpiece Theatre" (Nissay Meisaku Gekijo)
- 2009 ● *My Medical Ex* launched ● Nissay-SVA Life Insurance Co., Ltd. changed its joint venture partner to China Great Wall Asset Management Corporation and renamed the joint venture Nissay-Greatwall Life Insurance Co., Ltd.
- 2010 ● *Zutto Motto Service* launched
- 2011 ● Invested in Reliance Life Insurance Company Limited and made it into a Group company (Renamed Reliance Nippon Life Insurance Company Limited in 2016)
- 2012 ● Nissay *Mirai no Katachi* launched ● Invested in Reliance Life Insurance Company Limited and made it into an affiliate company (Renamed Reliance Nippon Life Asset Management Limited in 2016)
- 2013 ● *Nissay Educational Endowment Insurance* launched
- 2014 ● *Yume no Katachi Plus* launched ● The "Nissay Masterpiece Series" (Nissay Meisaku Series) launched ● Invested in PT Asuransi Jiwa Sequis Life making it an affiliated company

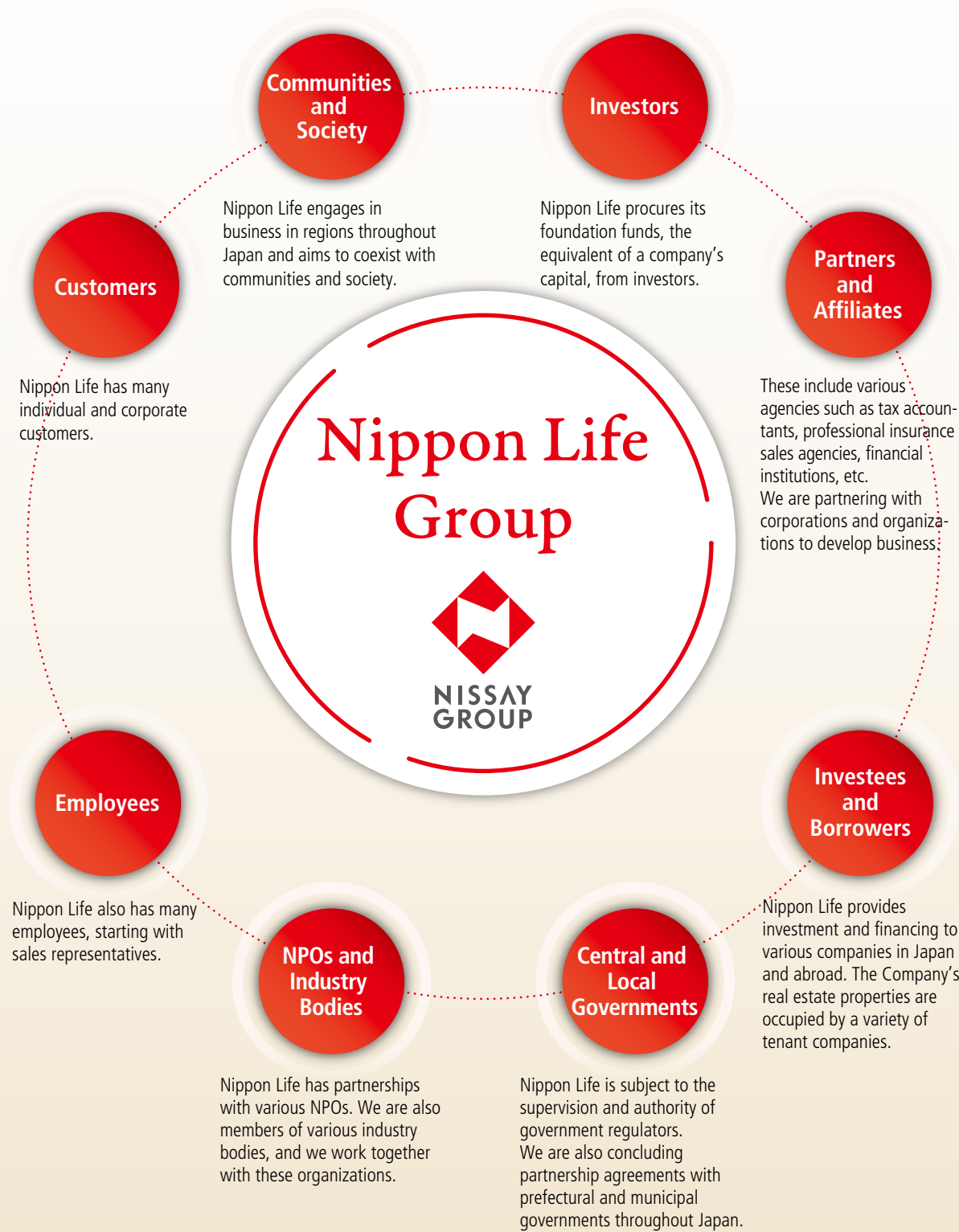
- 2015 ● Nissay *Mirai no Katachi Itsutsu Boshi* plan featuring dread disease insurance coverage with continuous support launched ● Management integration with Mitsui Life Insurance Company Limited (Now TAIJU LIFE INSURANCE COMPANY LIMITED)
- 2016 ● *Gran Age* launched ● *ChouChou!* launched ● Turned Australian life insurer MLC Limited into a subsidiary
- 2017 ● Start of the Medium-Term Management Plan "Zen Shin—next stage— (2017–2020)" ● *Platinum Phoenix* launched ● *Moshimonotoki no...Seikatsuhi* launched ● *Yume no Present* launched ● Invested in The TCW Group, Inc., making it an affiliate
- 2018 ● Nissay *Mirai no Katachi Daijoubu* specific medical coverage launched ● Management integration with MassMutual Life Insurance Company (Now Nippon Wealth Life Insurance Company Limited)
- 2019 130th Anniversary ● HANASAKU LIFE INSURANCE Co. Ltd. opened for business ● Nissay *Mirai no Katachi NEW in 1* general hospitalization insurance launched ● *Long Dream GOLD 3* (single-payment whole life insurance with variable accumulation rate) launched

Nippon Life Group's Stakeholders

The life insurance business is built on the philosophy of “co-existence, co-prosperity and mutualism” and the deep understanding and trust of people.

Since its foundation, Nippon Life has valued dialogue with stakeholders and moved forward together with society.

Looking ahead, Nippon Life will continue to provide its distinctive values and use dialogue with stakeholders to reflect society’s expectations in management.



Overview of the Nippon Life Group (As of April 1, 2019)

Nippon Life is advancing its Group business strategy, aiming to increase its policyholder interests by expanding earnings over the long term.

Specifically, in our core life insurance operations, we will continue cultivating the domestic market, which is expected to continue growing stably, while developing our overseas strategy to secure growth opportunities that are not present in Japan. Moreover, in the asset management business, which has a strong affinity with the life insurance business, we are making efforts both in Japan and overseas to increase our investment income.

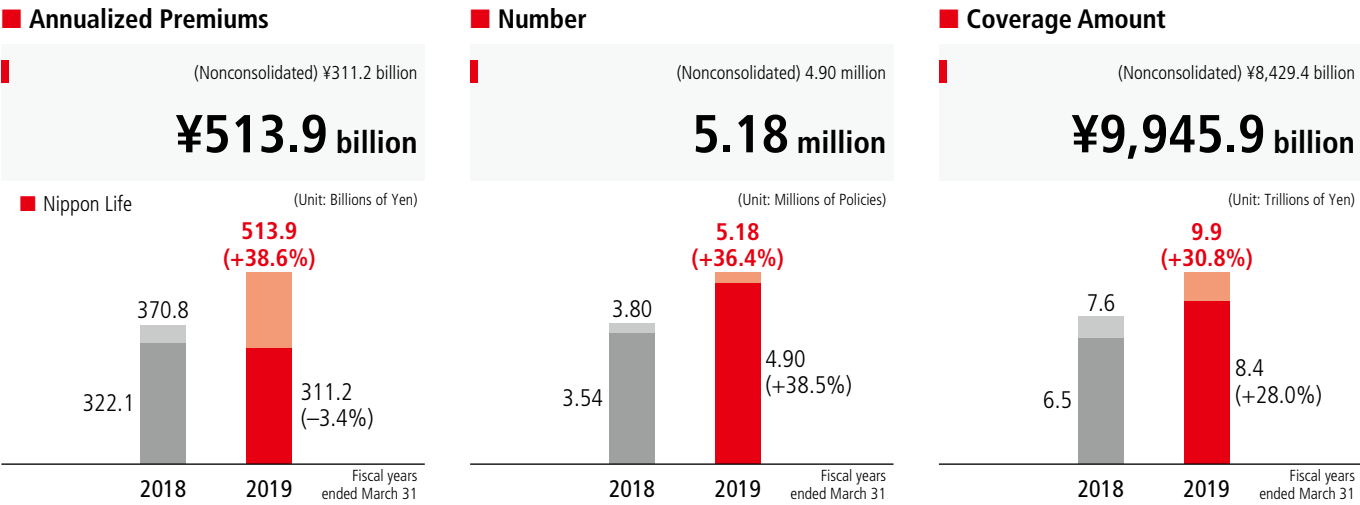
Looking ahead, we will continue to harness synergies with our Group companies over a wide area as we work to realize growth for the entire Group.

Domestic Insurance 14 companies	TAIJU LIFE INSURANCE Hanasaku Life Insurance Co., Ltd. Nippon Insurance Service Life insurance policy verification services LHL LIFE PLAZA PARTNERS Life insurance policy solicitation and non-life insurance agency work	Nippon Wealth Life Corporate-Pension Business Service Co., Ltd. Corporate pension system management Nissay Insurance Agency Co., Ltd. Life insurance policy solicitation and non-life insurance agency work LifeSalon Life insurance policy solicitation and non-life insurance agency work ほけん110 Hoken 110 Life insurance policy solicitation and non-life insurance agency work
Overseas Insurance 7 companies	Nippon Life Benefits Nippon Life Insurance Company of America 长生人寿保险有限公司 GREAT WALL CHANGSHENG LIFE INSURANCE CO., LTD. Great Wall Changsheng Life Insurance Co., Ltd. RELIANCE NIPPON LIFE INSURANCE Reliance Nippon Life Insurance Company Limited	MLC Limited LIFE INSURANCE กรุงเทพประกันชีวิต ชีวิตที่มั่นคง สุขภาพดี Bangkok Life Assurance Public Company Limited <Thailand> Life insurance business Sequis PT Asuransi Jiwa Sequis Life Your Better Tomorrow
Asset Management 50 companies	Nissay Asset Management Corporation Post Advisory Group Post Advisory Group, LLC Nissay Realty Management Co., Ltd. Nissay Credit Guarantee Co., Ltd. Nissay Capital Co., Ltd.	RELIANCE NIPPON LIFE ASSET MANAGEMENT LTD Reliance Nippon Life Asset Management Limited TCW The TCW Group, Inc. The Master Trust Bank of Japan, Ltd. Nissay Leasing Co., Ltd. Shinjuku NS Building Co., Ltd. Omiba Sonic City Co., Ltd. Aroma Square Co., Ltd.
General Affairs 10 companies	Nissay Business Service Co., Ltd. NISSAY NEW CREATION CO., LTD. NLI Research Institute	Nissay Shoji Co., Ltd. Nissay Information Technology Co., Ltd. Life Care Partners Co., Ltd.

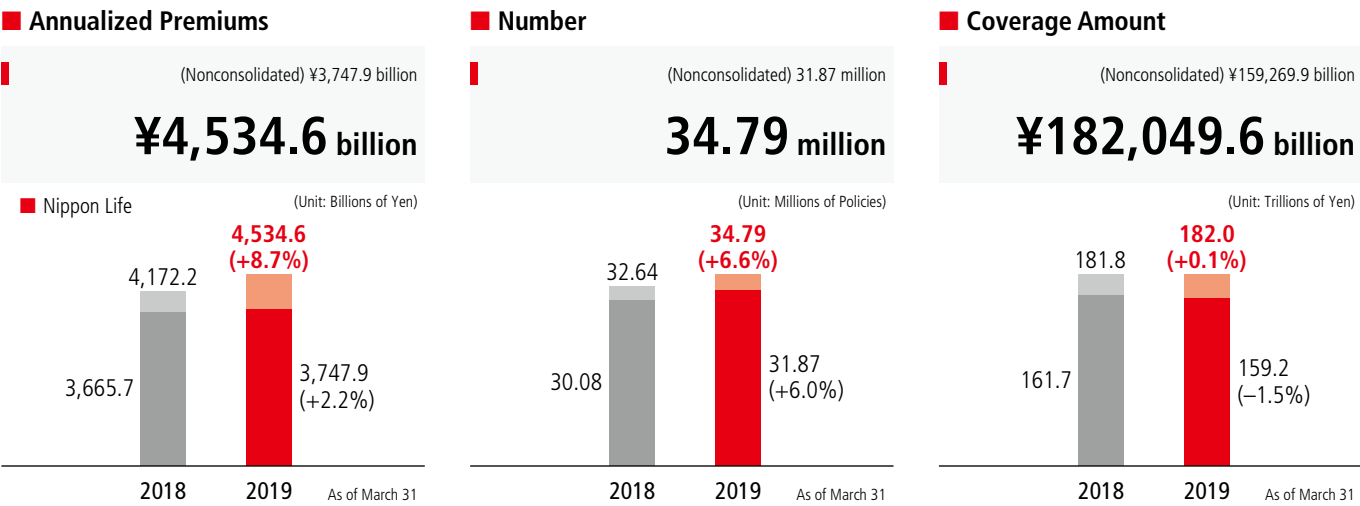
Business Performance Highlights

Individual Market Sales Field (Domestic Total)

New Policies (For the fiscal year ended March 31, 2019)



Policies in Force (As of March 31, 2019)



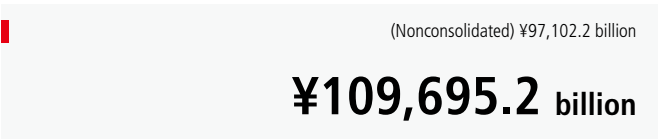
Business results for Nippon Wealth Life and other factors have been added to each cumulative domestic total.

On a nonconsolidated basis for new policies, the number of policies and coverage amount increased with the launch of sales for Nissay *Mirai no Katachi Daijobu* specified serious disease coverage insurance in April 2018 despite a decline in the amount of annualized premiums. For policies in force, annualized premiums and the number of policies increased despite a decline in the coverage amount.

Corporate Market Sales Field (Domestic Total)

Amount of Group Insurance Policies in Force (Amount of Insurance Coverage, etc.)

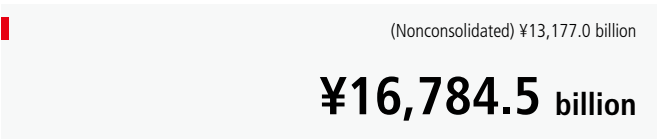
(As of March 31, 2019)



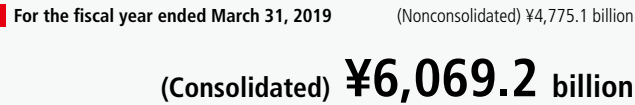
In group insurance and group annuities, both the domestic and nonconsolidated total saw increases in the coverage amount and assets under management as a result of consulting initiatives to meet customers' needs.

Amount of Group Annuities in Force (Assets under Management, etc.)

(As of March 31, 2019)

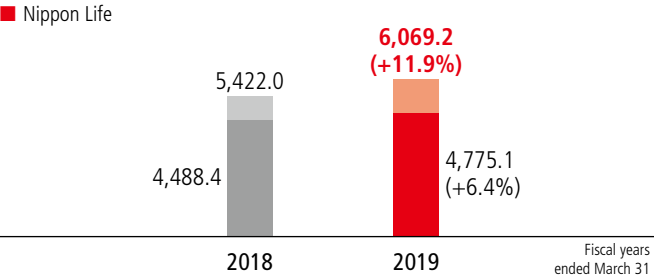


Revenues from Insurance and Reinsurance

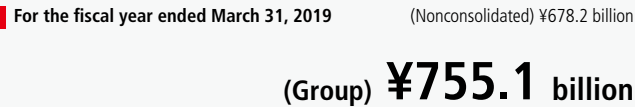


Revenue from insurance and reinsurance comprises insurance and reinsurance premiums paid by policyholders.

Revenues from Insurance and Reinsurance (Consolidated)



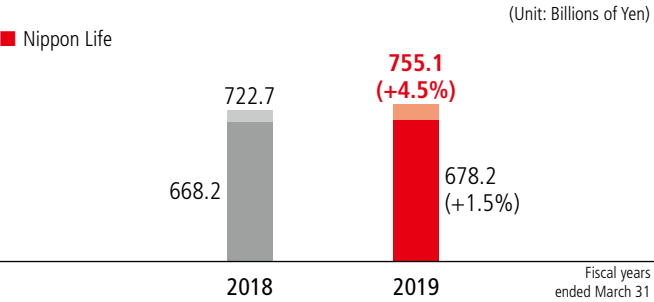
Core Operating Profit



Core operating profit comprises income related to insurance (net of income from premiums less payments for insurance claims and business costs) and investment operations, including interest and dividend income.

Note: Core operating profit (Group) is calculated based on Nippon Life's core operating profit, TAIJU LIFE's core operating profit, Nippon Wealth Life's core operating profit, equity in overseas life insurance subsidiaries and net income before taxes of affiliates with some adjustments for internal transactions.

Trends in Core Operating Profit (Group)



Reference: Core Operating Profit (Nonconsolidated)

	2018	2019
Core operating profit	¥668.2	¥678.2
Expense difference	36.8	26.1
Risk difference	428.1	417.9
Interest difference	203.2	234.0

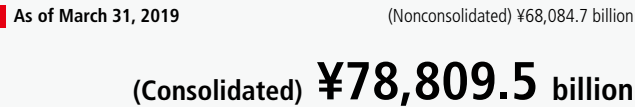
Note: The breakdown of core operating profit (expense difference, risk difference, and interest difference) has been calculated using a proprietary method giving consideration to the Company's unique factors, such as the composition of policies in force.

Investment Income



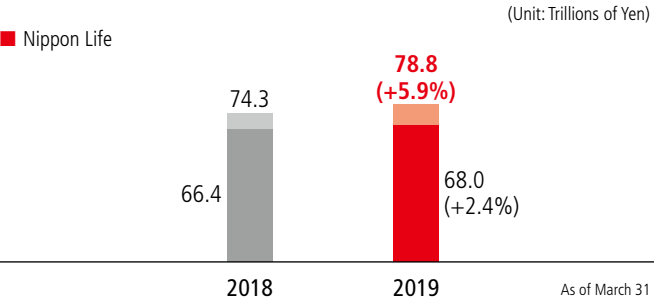
Investment income comprises interest and dividends earned by investing assets, gains on the sale of securities, and other items.

Total Assets



Total assets, which are based on insurance premiums and other items, are indicators for company size.

Trends in Total Assets (Consolidated)



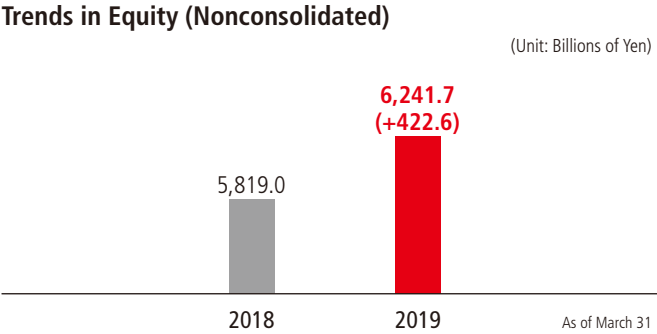
Equity

As of March 31, 2019

Including foundation funds (*kikin*) and reserves of ¥4,992.8 billion

(Nonconsolidated) **¥6,241.7 billion**

Equity is the sum of foundation funds (*kikin*), reserves and other items (foundation funds and the reserve for redemption of foundation funds, which are included in the balance sheets in the net assets section, with the contingency reserve and reserve for price fluctuations in investments in securities included in the liabilities section) and subordinated funds.

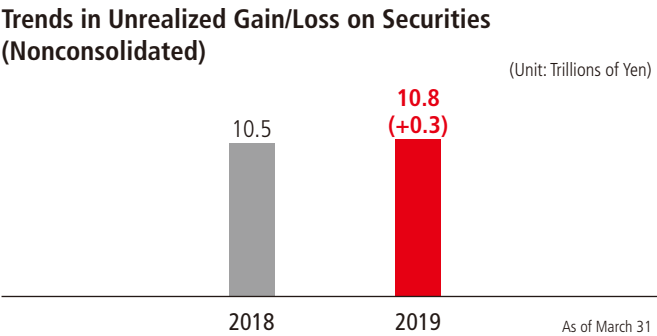


Unrealized Gain/Loss on Securities

As of March 31, 2019

(Nonconsolidated) **¥10,897.2 billion**

Unrealized gain/loss on securities indicates the difference between the market value of securities and the book value.



Solvency Margin Ratio

As of March 31, 2019

(Nonconsolidated) 933.3%

(Consolidated) **997.3%**

The solvency margin ratio is the total value of the solvency margin (equity plus unrealized gain/loss on securities, etc.) divided by the quantified amount of all risks exceeding those that can normally be forecast, including major natural disasters and other events.

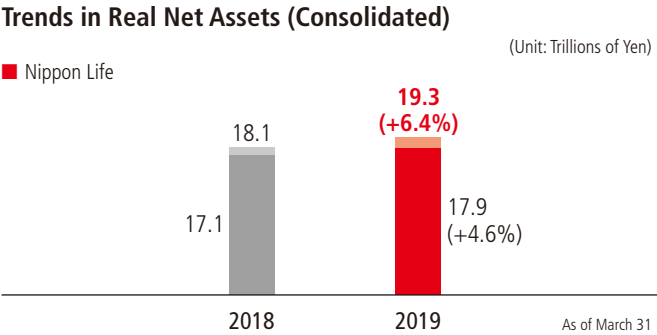
Real Net Assets

As of March 31, 2019

(Nonconsolidated) ¥17,948.8 billion

(Consolidated) **¥19,307.2 billion**

Real net assets are calculated by subtracting total liabilities, other than contingency reserves and other liability items highly similar to equity, from total assets at market value, and an approximation of an insurance company's liquidation value.



Evaluations from Ratings Companies

As of July 1, 2019 (Nonconsolidated)

R&I (Insurance Claims Paying Ability) AA	JCR (Insurance Claims Paying Ability Rating) AA	S&P Global (Insurer Financial Strength Rating) A+	Moody's (Insurance Financial Strength Ratings) A1
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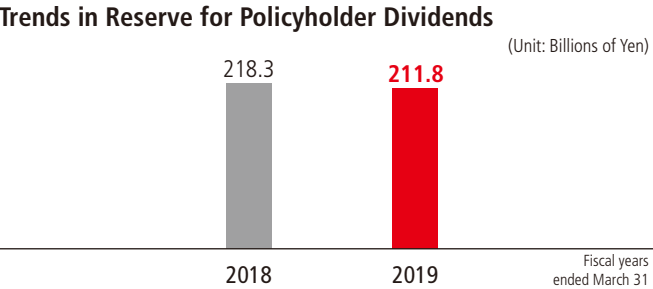
Issued by third-party ratings agencies, ratings are an evaluation of an insurance company's ability to pay insurance claims. (Ratings are not a guarantee that claims and other payments will be fulfilled.)

Distribution of Dividends to Participating Insurance Policyholders

Fiscal Year Ending March 31, 2020 Policyholder Dividends Based on the Fiscal Year Ended March 31, 2019 Results

Nippon Life aims to maximize profits for policyholders over the medium to long term, and strives to pay policy claims and benefits along with stable annual policyholder dividends each year.

Continuing on from last year, Nippon Life increased dividends by assignment in the financial results for fiscal 2018, as a certain number of years have passed since the launch of sales for *Mirai no Katachi* general medical insurance and cancer medical insurance with positive and stable trends in profitability.



Note: The reserve for policyholder dividends is accumulated to fund dividend payments to policyholders.

Policyholder Dividend Payout Ratio
[For the fiscal year ended March 31, 2019]

$$\frac{\text{Reserve for policyholder dividends, etc.}}{\text{Adjusted net surplus}} = 49\%$$

The policyholder dividend payout ratio equals the reserve for policyholder dividends (including the equalized reserve for dividends to policyholders) divided by adjusted net surplus (in the case of a reversal, the reversal amount is deductible).

A measure of what financial resources are effectively available in consideration of laws and regulations, adjusted net surplus equals net surplus plus any excess of reserves such as contingency reserves.

Policyholder Dividends in Mutual Companies

Life insurance premiums are generally calculated based upon expected rates, including rates of interest and mortality. 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.

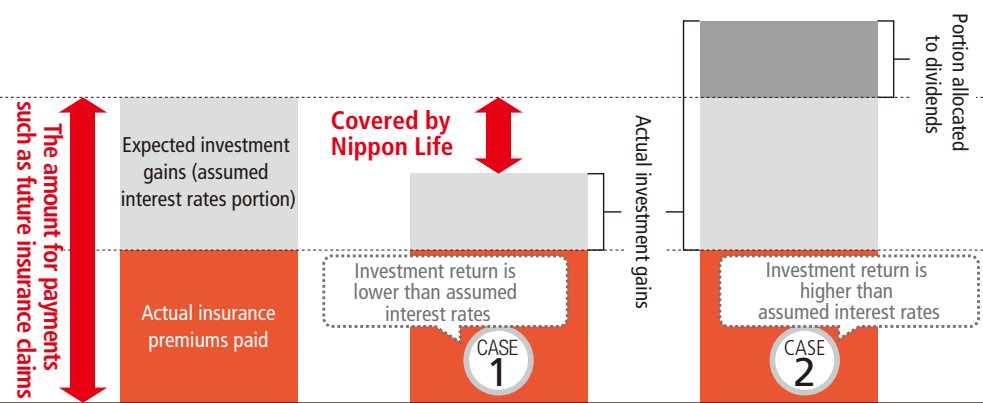
Life insurance contracts can be broadly classified into two categories, namely “participating insurance,” where dividend payments are distributed, and “non-participating insurance,” where no dividend payments are distributed. In the event that a surplus is generated by the difference between expected rates

and actual conditions in participating insurance, the increase is deemed to be distributable to policyholders (excluding non-participating insurance 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 expected rates.

Nippon Life employs a mutual company format in which all policyholders (excluding non-participating insurance policyholders) are counted as members of the Company. In addition to the accumulation of equity, the majority of the surplus is returned to policyholders as participating policyholder dividends.

Dividend Framework

The chart on the right 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 p. 38 for details regarding the Policy Details Reminder, which is sent out each year to every customer.

Main Items in Balance Sheet

(Nonconsolidated)		
(Unit: Billions of Yen)		
As of March 31	2019	
Total assets	68,084.7	A
Cash and deposits	977.5	
Call loans	429.9	
Monetary receivables purchased	244.0	
Assets held in trust	13.1	
Investments in securities	56,383.7	B
Loans	7,438.7	
Tangible fixed assets	1,680.5	
Intangible fixed assets	192.5	
Reinsurance receivables	0.5	
Other assets	688.0	
Customers' liability for acceptances and guarantees	69.8	
Allowance for doubtful accounts	(4.4)	
Allowance for investment loss	(29.5)	
Total liabilities	61,502.7	
Policy reserves and other reserves:	56,347.2	
Policy reserves	55,088.6	C
Reinsurance payables	0.6	
Corporate bonds	1,028.8	
Other liabilities	1,694.3	
Accrued bonuses for directors and audit and supervisory board members	0.1	
Accrued retirement benefits	365.8	
Accrued retirement benefits for directors and audit and supervisory board members	4.2	
Reserve for program points	9.2	
Reserve for price fluctuations in investments in securities	1,381.6	D
Deferred tax liabilities	496.8	
Deferred tax liabilities for land revaluation	103.7	
Acceptances and guarantees	69.8	
Total net assets	6,581.9	
Foundation funds	① 100.0	E
Reserve for redemption of foundation funds	② 1,250.0	
Reserve for revaluation	③ 0.6	
Surplus	④ 434.5	
Total foundation funds and others (=①+②+③+④)	1,785.1	
Net unrealized gains on available-for-sale securities	⑤ 4,882.6	
Deferred losses on derivatives under hedge accounting	⑥ (31.2)	
Land revaluation losses	⑦ (54.6)	
Total valuations, conversions, and others (=⑤+⑥+⑦)	4,796.7	
Total liabilities and net assets	68,084.7	

(Consolidated)		
(Unit: Billions of Yen)		
As of March 31	2019	
Total assets	78,809.5	
Cash and deposits	1,541.3	
Call loans	429.9	
Monetary receivables purchased	401.9	
Assets held in trust	13.3	
Investments in securities	64,458.9	
Loans	8,510.5	
Tangible fixed assets	1,907.6	
Intangible fixed assets	263.5	
Reinsurance receivables	9.3	
Other assets	1,199.9	
Deferred tax assets	9.1	
Customers' liability for acceptances and guarantees	71.0	
Allowance for doubtful accounts	(7.1)	
Total liabilities	71,831.2	
Policy reserves and other reserves:	65,483.7	
Policy reserves	64,100.3	
Reinsurance payables	8.4	
Corporate bonds	1,175.5	
Other liabilities	2,518.7	
Accrued bonuses for directors and audit and supervisory board members	0.1	
Net defined benefit liability	440.5	
Accrued retirement benefits for directors and audit and supervisory board members	4.9	
Reserve for program points	9.2	
Reserve for price fluctuations in investments in securities	1,460.1	
Deferred tax liabilities	555.0	
Deferred tax liabilities for land revaluation	103.7	
Acceptances and guarantees	71.0	
Total net assets	6,978.2	
Foundation funds	① 100.0	
Reserve for redemption of foundation funds	② 1,250.0	
Reserve for revaluation	③ 0.6	
Consolidated surplus	④ 629.5	
Total foundation funds and others (=①+②+③+④)	1,980.2	
Net unrealized gains on available-for-sale securities	⑤ 4,943.9	
Deferred losses on derivatives under hedge accounting	⑥ (31.6)	
Land revaluation losses	⑦ (54.6)	
Foreign currency translation adjustments	⑧ (4.8)	
Remeasurement of defined benefit plans	⑨ (13.4)	
Total accumulated other comprehensive income (=⑤+⑥+⑦+⑧+⑨)	4,839.2	
Noncontrolling interests	158.7	
Total liabilities and net assets	78,809.5	

A Total Assets

General account assets were ¥66,826.7 billion, while separate account assets were ¥1,257.9 billion.

B Investments in Securities

From the standpoint of gradually increasing profits for policyholders through the medium- and long-term improvement of revenues and profits, Nippon Life in particular holds domestic bonds, including national government bonds, local government bonds, and corporate bonds, all of which present potential for stable yen-denominated returns. Also, within the range of allowable risks, Nippon Life invests in domestic stocks, foreign securities and other securities.

Net unrealized gains on securities, the difference between the market value and book value of the securities, was ¥10,897.2 billion.

C Policy Reserves

Policy reserves are reserves that must be accumulated under the Insurance Business Act in order to prepare for payments of future insurance claims and other benefits.

D Reserve for Price Fluctuations in Investments in Securities

Reserve for price fluctuations in investments in securities is accumulated in accordance with the Insurance Business Act to cover losses caused by a future decrease in prices of assets whose value is likely to fluctuate, such as stocks.

E Foundation Funds (*Kikin*)/Reserve for Redemption of Foundation Funds

In accordance with the Insurance Business Act, foundation funds (*kikin*) serve as the financial base for mutual companies while providing a means of financing granted only to mutual companies and corresponding to the capital of joint-stock companies.

Main Items in Statements of Income

(Nonconsolidated)		
(Unit: Billions of Yen)		
Fiscal year ended March 31	2019	
① Ordinary income:	6,605.0	F
Revenues from insurance and reinsurance	4,775.1	G
Investment income:	1,649.5	
Interest, dividends and other income	1,427.6	
Gain on sales of securities	194.9	
Other ordinary income	180.3	
② Ordinary expenses:	6,221.5	H
Benefits and other payments:	3,654.5	
Death and other claims	1,048.5	
Annuity payments	791.9	
Health and other benefits	653.4	
Surrender benefits	949.2	
Other refunds	209.9	
Provision for policy reserves:	1,369.8	
Provision for policy reserves	1,347.5	
Provision for interest on reserve for dividends to policyholders	22.2	
Investment expenses:	345.1	I
Loss on sales of securities	138.7	
Loss on valuation of securities	21.3	
Loss on derivative financial instruments, net	93.1	
Provision for allowance for investment loss	1.4	
Operating expenses	611.9	
Other ordinary expenses	240.0	
③ Ordinary profit (=①-②)	383.5	
④ Extraordinary gains	3.9	
⑤ Extraordinary losses:	111.0	
Provision for reserve for price fluctuations in investments in securities	99.4	
⑥ Extraordinary gains (losses) (=④-⑤)	(107.1)	
⑦ Surplus before income taxes: (=③+⑥)	276.4	
Income taxes – current	114.6	
Income taxes – deferred	(97.6)	
⑧ Total income taxes	17.0	
⑨ Net surplus (=⑦-⑧)	259.3	J

F Revenues from Insurance and Reinsurance

Comprising insurance and reinsurance premiums paid by policyholders.

G Investment Income

This includes interest, dividends and other income as well as gain on sales of securities.

H Benefits and Other Payments

These consist of payments related to insurance policies, including death and other claims, annuity payments, health and other benefits and surrender benefits.

(Consolidated)		
(Unit: Billions of Yen)		
Fiscal year ended March 31	2019	
① Ordinary income:	8,227.1	
Revenues from insurance and reinsurance	6,069.2	
Investment income:	1,842.3	
Interest, dividends and other income	1,596.0	
Gain on sales of securities	205.4	
Other ordinary income	315.5	
② Ordinary expenses:	7,798.6	
Benefits and other payments:	4,597.4	
Death and other claims	1,323.8	
Annuity payments	975.3	
Health and other benefits	846.8	
Surrender benefits	1,169.0	
Other refunds	238.1	
Provision for policy reserves:	1,652.6	
Provision for policy reserves	1,630.4	
Provision for interest on reserve for dividends to policyholders (mutual company)	22.2	
Investment expenses:	371.7	
Loss on sales of securities	145.6	
Loss on valuation of securities	19.0	
Loss on derivative financial instruments, net	83.9	
Operating expenses	825.4	
Other ordinary expenses	351.3	
③ Ordinary profit (=①-②)	428.4	
④ Extraordinary gains	17.4	
⑤ Extraordinary losses:	117.8	
Provision for reserve for price fluctuations in investments in securities	104.4	
⑥ Extraordinary gains (losses) (=④-⑤)	(100.4)	
⑦ Provision for reserve for dividends to policyholders (limited company)	13.8	
⑧ Surplus before income taxes: (=③+⑥-⑦)	314.1	
Income taxes – current	135.6	
Income taxes – deferred	(102.4)	
⑨ Total income taxes	33.1	
⑩ Net surplus (=⑧-⑨)	281.0	
⑪ Net surplus attributable to noncontrolling interests	2.2	
⑫ Net surplus attributable to the parent company	278.7	

I Investment Expenses

These are expenses including loss on sales of securities, loss on valuation of securities and others.

J Net Surplus

Extraordinary gains and losses as well as total income taxes have been added or subtracted to ordinary income.

To earn the greater trust of customers and society

—Develop a Business Base for Sustained Growth to Remain the Dominant Market Leader—



Hiroshi Shimizu
President



Introduction

When I was appointed as President last year, I presented two concepts for the Nippon Life Group both as a company that can approach change in a positive way and build greater trust with customers and society in an era with an average life expectancy of 100 years. With the Nippon Life Group leading the way in such an era, we have pushed forward over the course of a year with a new goal of developing a business base for sustained growth so we can remain the dominant market leader.

Looking back on the past year, there were many large-scale natural disasters such as earthquakes, torrential downpours, and typhoons at a frequency that exceeded expectations. To build greater trust with customers and society, our most important duty is to fulfill the obligation to provide insurance that was entrusted to us by our customers, regardless of the situation. During fiscal 2018, I regained the sense of our social mission as a life insurance company, as we carried out face-to-face initiatives with sales representatives seeing disaster-struck areas with their eyes.

Furthermore, in the current environment surrounding the life insurance industry, we find ourselves amidst changes such as the progression of a declining and aging population, a constant ultra-low interest rate, and the rapid development of digitalization and advanced IT, which are having a significant impact on our profits and business structure. Despite this harsh business environment, we do not see the life insurance market in Japan contracting in the future. In contrast, we expect people's need for life insurance to diversify and expand, with the keywords being longevity, health, activity (most notably involving women and seniors), and wealth creation.

Reflecting on Two Years of the Medium-Term Management Plan "Zen Shin—next stage—(2017–2020)"

In fiscal 2017, Nippon Life started the Medium-Term Management Plan *Zen Shin*—next stage. The plan's slogan is "Working to be the leading company in an era with an average life expectancy of 100 years." We have set four management targets for fiscal 2020 of 8% growth in annualized premiums in force, 14 million policyholders, ¥70 billion in net income from Group companies, and ¥6.5 trillion in equity. From fiscal 2018, we formulated the three specific strategies of strengthening profitability, operational and business reform, and the promotion of Group management. These strategies apply to all of the Nippon Life Group businesses.

In these two years, we engaged in initiatives in every sector to achieve these targets, including the launch of several new insurance products, the development of compatible insurance franchises in areas such as healthcare, and efforts to generate synergies between Group companies. We made steady progress towards each of the targets: 5.2% growth in annualized premiums in force, approximately 13.83 million policyholders, ¥56.5 billion in net income from Group companies, and ¥6.2 trillion in equity.

Fiscal 2019 is the year in which we aim to achieve the Medium-Term Management Plan. By the same token, it is a year for us to move toward further growth in becoming a steadfast market leader. As the third year of *Zen Shin*—next stage, we will take three strategies formulated in the previous fiscal year to a higher level.

Specific Strategy [1]: Strengthening Profitability

The first specific strategy is strengthening profitability. Our aim is to raise our sales capabilities in every channel and bolster Nippon Life's profitability from the perspectives of both asset management and the insurance business including strategies related to sales, services, and products.

Sales and Service

We are targeting increases in market share via growth in our customer base.

Since 2007, we have been implementing Policy Details Confirmation Activities, in which the sales representatives, who form the core of our sales representative channel and constitute our greatest strength, visit each customer once a year, confirm hospital visits or surgeries, and provide guidance on items such as policy content. Going forward, around 50,000 sales representatives will provide even more meticulous service by becoming more familiar with customers through face-to-face meetings. We introduced the new mobile device *TASKALL* in April 2019 to strengthen the response capabilities of sales representatives and improve customer service. Furthermore, to maintain and improve the level of our services, we have introduced a new training system to carefully cultivate each sales representative, and are implementing initiatives to further improve their knowledge and activities.

We are also seeing sales channels other than the sales representative channel on the rise due to population trends, changing lifestyles, and greater diversity in the needs of customers. This is where we must respond to change, thus we will continue to develop various sales and service channels, including the network of Nissay Life Plaza retail outlets and the bancassurance channel that primarily services seniors and retirees requiring advice on inheritance or wealth creation. In addition, we are looking to secure an additional share in the market for walk-in insurance agencies, which allow customers to compare insurance policies on their own.

Product Strategies

Going forward, as customer needs evolve over time, we will continue to seek to develop products that are useful to customers and society.

In April 2018, we launched sales for *Mirai no Katachi Daijobu* specified serious disease coverage insurance. The *Daijobu* policy provides specific medical coverage for 6 lifestyle diseases and organ transplantation. The *Mirai no Katachi* series extends to 13 different products, enabling customers to customize policies to their precise needs. *NEW in 1*, a new general hospitalization insurance that prepares for situations such as hospitalization and outpatient surgery, was added to the *Mirai no Katachi* series from April 2019. With *NEW in 1*, we have evolved our insurance products to better accommodate customer needs by making it possible to receive a rounded lump sum rather than day-by-day payments starting from the first day of hospitalization for patients who return home on the same day.

We also commenced operations for TAIJU LIFE and Nippon Wealth Life from April 2019, allowing us to flexibly propose a broader lineup of products.

Going forward, we will build a product development setup that can respond to increasingly diverse customer needs by developing a wide range of new products and services.

Asset Management

Despite ultra-low interest rates and other challenging aspects of our business environment, we will continue to work to strengthen profitability and adopt advanced asset management.

As part of a globally diversified investment approach, we aim to improve stable long-term returns by investing in overseas bonds and credit instruments, as well as in new and growing fields. In particular, we have invested ¥2 trillion in new businesses and growth fields, ¥700 billion of which goes toward our ESG investment target. We are actively promoting investment activities in order to improve yields and contribute to the formulation of a sustainable society. Refining our asset management capabilities lends to better appeal for our single-payment products, and played a significant role in expanding our share in the bancassurance channel in the previous fiscal year.

While targeting more advanced asset management in such ways, we are also working to reinforce our risk management. This involves efforts to mitigate a range of risks with forward-looking risk management methods based on compiling multiple risk scenarios that consider factors such as emergent geopolitical risks and surges in financial

market volatility. We will also continue to fulfill our responsibilities as an institutional investor by upgrading our stewardship activities.

Specific Strategy [2]: Operational and Business Reform

The second specific strategy is operational and business reform.

Digitalization and the use of advanced IT will revolutionize our work operations and businesses, and has significant potential to generate new value. More specifically, we are proceeding with introduction of these tools in four fields such as optimizing operations, improving customer convenience, boosting the productivity of sales representatives and other employees, and the expansion or new launch of business.

We have been actively proceeding with initiatives related to digitalization for some time now. To this end, we achieved paperless operations for new policy processing in 2012, and lead the industry in terms of the number of RPA introductions.

To address the advanced IT revolution, we are sending personnel to Silicon Valley in the US to gain expertise. Starting in fiscal 2018, we also began developing a new setup to provide flexible response capabilities in the FinTech field with the creation of the Innovation Office as a specialist in-house team.

In fiscal 2019, we launched the Next Value Project to accelerate initiatives targeting digitalization and the use of advanced IT, as well as to achieve an increase in policyholders and improve customer satisfaction.

Through these initiatives, I would like us to undertake structural reform for businesses by optimizing existing businesses and advancing into new businesses, which will serve as the driving force for growth.

Specific Strategy [3]: Promotion of Group Management

The third specific strategy is promotion of Group management.

The ultimate goal for a mutual insurer such as Nippon Life is to maximize benefits for policyholders, and one way to achieve this goal is to pursue Group initiatives. Specifically, we are looking to foster synergies within the Group based around our life insurance and asset management businesses in Japan and overseas, while also targeting the development of Group operations. In this way, we aim to generate stable income based on a diversified business base, while leveraging the Group to provide customers with the best products and services.

Together with TAIJU LIFE, we are taking on mutual supply of multiple products in the sales representative channel and enhancements to the product lineups of both companies. The overall Nippon Life Group, along with Nippon Wealth Life, is striving to continue to address customer needs by swiftly providing products in the bancassurance field and enhancing support to financial institutions. In addition to these companies, HANASAKU LIFE also commenced operations in April 2019. Through these four domestic life insurance companies, we will utilize the strengths of each company to increase our sales capabilities as the Nippon Life Group and pioneer emerging markets.

In the asset management business, we are responding to customer needs for asset formation by improving our operative capabilities through collaboration with Nissay Asset Management in Japan and overseas insurance companies such as TCW in the US.

Furthermore, as we strengthen our Group businesses, we are also investing in overseas insurance companies and asset management companies that will play a significant role in our overseas businesses, such as MLC Limited in Australia and TCW in the US. We also held the Global Executive Forum in November 2018, in which top management from overseas Group companies gathered for the purpose of interacting and strengthening governance.

Along with each Group company striving for growth in their respective business, we will build strategies together as a whole, tied to further improvements in sales and operational capabilities for the overall Nippon Life Group.

Human Resource Development as the Foundation

Developing our people is the foundation of everything we do at Nippon Life. Human resource development is a major focus to help employees find and develop their individual strengths and to realize their potential.

Workforce diversity is the basis for the sustained growth of the enterprise. While cultivating mutual respect and ensuring all employees are motivated and enthusiastic at work, we are continuing to promote diversity, notably through increased participation of women and seniors. We are also developing health management initiatives to promote better health among executives, employees, customers and society.

“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, and we

aim to achieve this 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. Furthermore, to contribute to the formation of improved communities and a better society, we will conclude agreements with local governments throughout Japan concerning a wide range of fields including health management, while continuing the “Action CSR-V: Social Contributions by 70,000 People” campaign.

Furthermore, as a Gold Partner (life insurance) for the Olympic and Paralympic Games Tokyo 2020, we have developed various initiatives across Japan to spread the Olympic and Paralympic Movement under the slogan of “Let’s all begin to play and support.” As part of these initiatives, we launched the “Nippon Life Insurance Countrywide Caravan for All 2020” in July 2018, which will make appearances in each of Japan’s 47 prefectures over the period of approximately 2 years. Nippon Life was also appointed to the top tier of the Tokyo 2020 Olympic Torch Relay sponsorship program in March 2019. We will continue to contribute to the success of the Olympic and Paralympic Games Tokyo 2020 with the help of all of our executives and employees.

In Closing

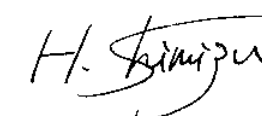
Nippon Life celebrated its 130th anniversary on July 4, 2019. The driving force for these 130 years of development is none other than our strong sense of duty and willpower to consider our customers before anything else through face-to-face activities and support peace of mind by understanding their situation.

Moreover, the Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015, and meeting these goals by listening to the voices of various stakeholders and carrying out full-scale activities addressing diversifying and complex social issues is achieved through Nippon Life’s founding spirit.

For Nippon Life to provide support for people to live better lives for 150 or 200 years into perpetuity, we will support our customers and continue to develop alongside regions and society.

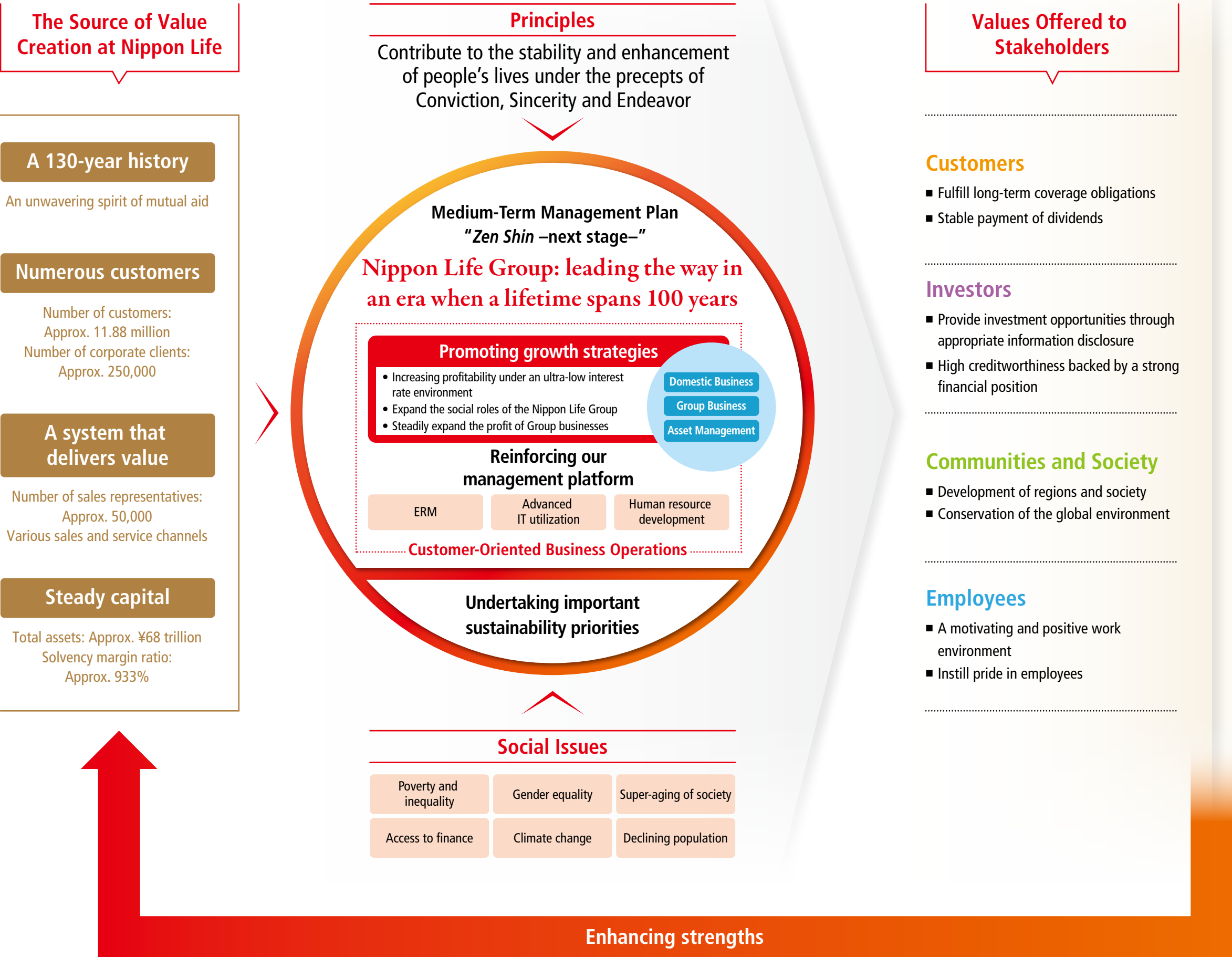
We ask for your continued support and patronage.

July 2019



Hiroshi Shimizu
President

Nippon Life's Value Creation Model



Nippon Life's Sustainability Management

—Seeking to Build a Sustainable Society—

With the spirit of “co-existence, co-prosperity and mutualism” serving as the foundation for business activities at Nippon Life, we aim to increase our corporate value by contributing to the realization of a safe, secure, and sustainable society in all corporate activities throughout the entire value chain.

With this approach, we will promote sustainability management with an emphasis on key priorities selected based on both stakeholder expectations, including the SDGs, and relevance to our business, relating to societal obligations and the essence of Nippon Life.

Various Social Issues



—Important Sustainability Priorities—

▶P20-21

1	Customers/ communities and society	Improve customer satisfaction and enhance the provision of information Address social issues through provision of products and services Provide universal services Provide insurance services suited to every region Contribute to shaping a sustainable society through asset management Build cooperative relationships and contribute to the development of communities and society
2	Environment	Initiatives for climate change
3	Employees	Recruitment, development and retention of diverse human resources Promote diversity and inclusion Promote workstyle reforms and health management
4	Corporate governance	Long-term stable business operation through the mutual company structure Proper distribution of economic value Strengthen corporate governance Integrate CSR issues into management Stakeholder engagement
5	Compliance	Strengthen the compliance system
6	Human rights	Management respectful of the human rights of all people
7	Risk management	Upgrade the approach to ERM

For more information on the identification process of important sustainability priorities and the status of our initiatives, please visit the Nissay website.

<https://www.nissay.co.jp/kaisha/csr/management/>

Realize a safe, secure, and sustainable society



Realize a society that does not
create poverty and inequality

Build a society that can
boast to the world of
good health and long lives

Realize a sustainable
global environment

External Evaluations

October 2018

Our easy-to-use screen for the new policy application process on new mobile devices was evaluated and received the 2018 UCDA Award in the Electronic Screen for Policy Application Processes in Solicitation Activities for Life Insurance Category at the UCDA Awards 2018 sponsored by the Universal Communication Design Association.



January 2019

Our initiatives to promote a 100% childcare leave acquisition rate among male employees, appoint and cultivate female managers, and promote diversity were evaluated and received the Grand Prize for Lively Mutual Encouragement for Men and Women from the Osaka Prefectural Government.



February 2019

The wide-ranging social contribution activities carried out by all of our executives and employees were evaluated and received the Grand Prize in the Corporate Category of the Social Contribution Awards for Advancing a Mutual Aid Society in Tokyo sponsored by the Tokyo Metropolitan Government.



March 2019

Our initiatives related to ESG investment were evaluated and received the Minister of the Environment Award in the Japan Green Investment Category of the Japan Green Bond Awards.



March 2019


Our contributions to the development of capital markets through public offerings of subordinated debt were evaluated and received the Innovative Debt Deal of the Year Award in the Corporate Bond Category of the 2018 DEALWATCH AWARDS sponsored by Refinitive Japan K.K.















Participation in Sustainability Initiatives

In order to carry out social responsibilities as a life insurance company and contribute to the safe and secure development of a sustainable society, we have endorsed or become signatories to the following initiatives inside and outside Japan, starting with the United Nations Global Compact and its universal principles concerning human rights, labor, the environment, and corruption prevention.



The “Results for FY2018” and “Action Policies for FY2019” columns include only brief excerpts or summaries. For the full versions, please visit the Nissay website. (<https://www.nissay.co.jp/kaisha/csr/management/pdf/importantissue2019.pdf>) for the full versions. Furthermore, detailed information can also be found on  of this disclosure document.

Field	Important Sustainability Priority	Initiatives/Targets in the Medium-Term Management Plan	Results for FY2018 (Excerpt/Summary)	Action Policies for FY2019 (Excerpt/Summary)
1	Improve customer satisfaction and enhance the provision of information	● Formulate Customer-Oriented Operational Management Policy and further develop its initiatives	● Achieved consistent high customer satisfaction rating at 89.2% 	● Promote customer-oriented business operations in all fields
	Address social issues through provision of products and services	● Provide products and services that contribute to solving social issues in Japan ● Provide a broad range of support that transcends the insurance field	● Provided <i>GranAge Star</i> to accommodate uncertainty for seniors-only households ● Enhanced services that support disease prevention and early detection 	● Consider potential products and services that contribute to the resolution of social issues in Japan
	Provide universal services		● Offered respectful support for senior policyholders 	● Consider services that contribute to universal services
	Provide insurance services suited to every region	● Provide procedures and services for customers that accommodate regional characteristics and lifestyles (Access to insurance services)	● Launched a smartphone app 	● Consider enhancements to contact lines with customers to accommodate regional characteristics and lifestyles
	Contribute to shaping a sustainable society through asset management	● Bolster ESG investment through various kinds of initiatives in conjunction with the signing of the United Nations Principles for Responsible Investment ⇒Investment into ESG bonds: ¥700 billion ● Growth in invested companies through initiatives related to Japan's Stewardship Code	● Investment in ESG bonds: ¥448.1 billion ● Documented investment prohibitions related to various weapons manufacturing companies and coal-fired power stations ● Held focused dialogues with 338 investee companies ● Held dialogues from the perspective of ESG on topics such as industries, etc. that have significant amounts of CO ₂ emissions 	● Expand and maintain insurance services offered in advanced countries ● Consider new investees in accordance with regional strategies
	Build cooperative relationships and contribute to the development of communities and society	● Provide a broad range of support that transcends the insurance field ● Contribute to regions and society ⇒Participation of all directors and employees in social contribution activities	● Built infrastructure to connect Company-managed daycare centers across Japan with companies and employees  ● Concluded comprehensive agreements for public-private sector partnerships with 28 prefectures ● 100% participation rate for social contribution activities for 4th consecutive year 	● Promote initiatives related to realizing a society that can balance childcare and work ● Strengthen contributions to regions and society in cooperation with local governments ● Continue to encourage 100% participation and independent initiatives at Group companies
2	Environment	Initiatives for climate change (New in FY2018)	● Calculated and announced amounts of greenhouse gas emissions ● Acquired ZEB Ready certification for newly constructed sales bases ● Endorsed TCFD recommendations 	● Ascertain the amount of greenhouse gas emissions at Group bases ● Implement disclosure in consideration of the endorsed TCFD recommendations
3	Employees	Recruitment, development and retention of diverse human resources ⇒Percentage of management positions filled by women: 20% ⇒Promote 100% of male employees taking childcare leave	● Percentage of management positions filled by women: 19.9% ● 100% of eligible male employees took childcare leave for 6th consecutive year ● 16.2% reduction in monthly average overtime work compared to FY2016 ● Regular rate of taking annual leave: 70.5% 	● Strengthen and promote development of human resources (promote the activities of female employees, highly specialized personnel, veterans, global human resources, etc.) ● Continue initiatives related to workstyle reforms ● Implement My Personal Health Plan for all executives and employees
		Promote diversity and inclusion Promote workstyle reforms and health management ⇒ 20% reduction in average monthly overtime hours compared to FY2016 ⇒ 70% of vacation days taken		
4	Corporate governance	Long-term stable business operation through the mutual company structure Proper distribution of economic value	● Distributed dividends for FY2019 to participating insurance policyholders based on financial results from FY2018 (Policyholder dividend payout ratio: 49%) 	● Continue to pay stable dividends to policyholders
		Strengthen corporate governance	● Set up a Group sales management base that clarifies creation of Group-wide rules, responsibilities, and authority	● Further sophistication of the Group's operation structure through application of a Group operations management base
		Integrate CSR issues into management	● Conducted dialogues with experts related to the SDGs ● Announced Nippon Life's Vision for Achieving the SDGs	● Promote PDCA for important sustainability priorities ● Consider initiatives aimed at achieving the SDGs
		Stakeholder engagement		
5	Compliance	Strengthen the compliance system	● Deliberated measures related to compliance topics and monitored the status of initiatives 	● Implement education and entrenchment for further permeation of the compliance philosophy
6	Human rights	Management respectful of the human rights of all people (New in FY2018)	● Set up human rights policies in addition to initiatives taken by the existing Social Integration and Human Rights Research Promotion Committee	● Continue development and education related to various human rights issues
7	Risk management	Upgrade the approach to ERM	● Increased sophistication of risk appetite framework ● Equity: ¥6.2 trillion 	● Continue effective PDCA aimed at further permeation of risk appetite ● Maintain equity accumulation