

# CHAPTER

# 2



## **LIFE INSURANCE Q&A FOR CUSTOMERS**

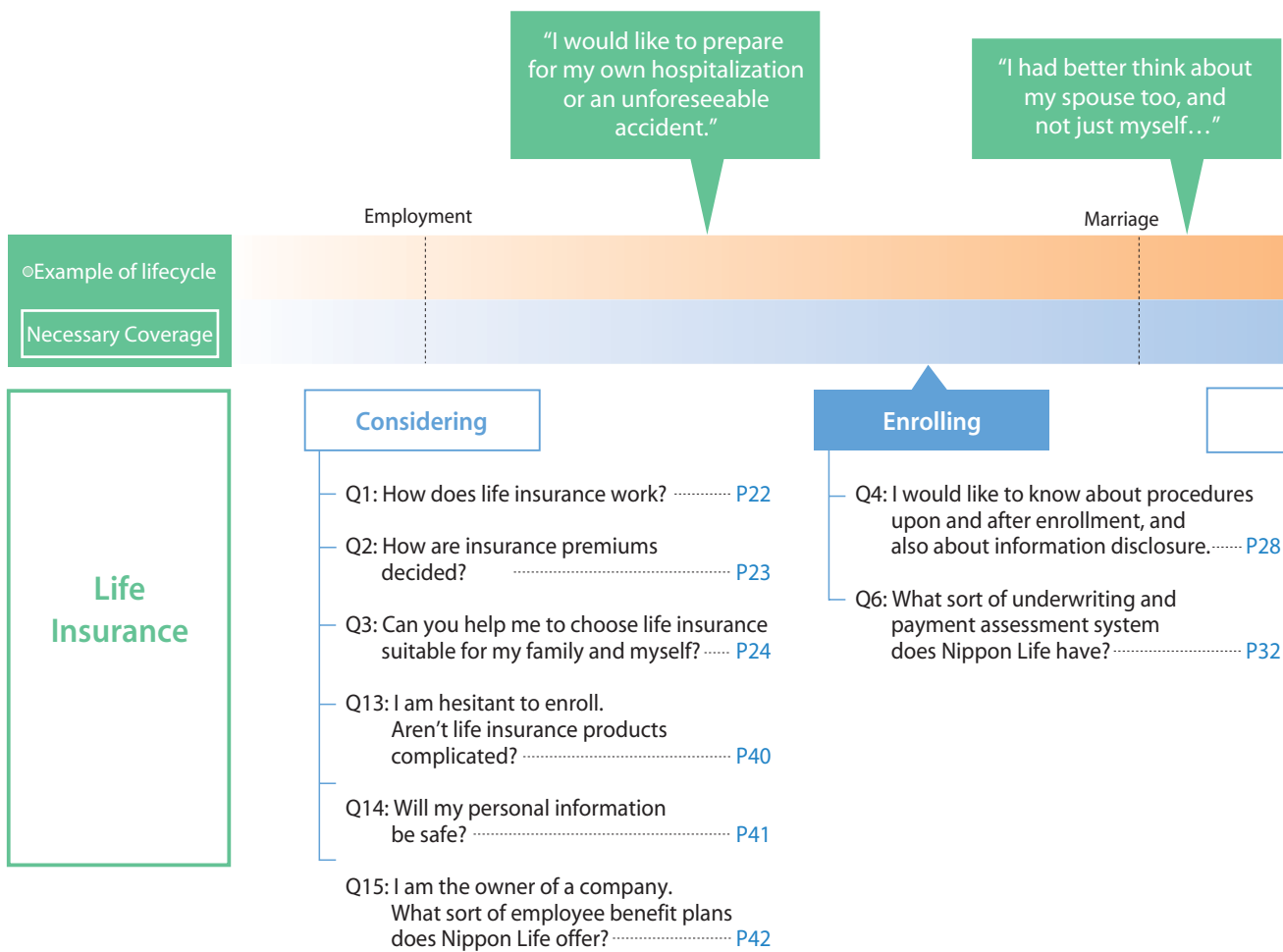
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A life insurance policy is an agreement with customers that spans 20–30 years from the time the customer enrolls in a policy until the policy comes to maturity, or until the customer receives claims or benefits. In order to give customers constant peace of mind, it is also important to review and adjust coverage as needed in response to events that occur during the course of this long-term agreement.

Different considerations for different cases—The following shows examples of the conceivable insurance-related procedures, according to the stages in customers’ lives. We hope that reading the following pages in conjunction with the rest of chapter 2 will give readers a greater understanding of our mission.

Please contact Nippon Life at anytime to consult or inquire about insurance coverage.

Q7: What do I do when I don’t understand something about insurance or otherwise have trouble? ... P34



**Reference:**

We recommend customers refer to The Japan Institute of Life Insurance (JILI) homepage section Life Insurance Policy Procedures for easily understandable information on life insurance policies. The homepage also features information about life insurance framework life planning, and taxes in an easily understandable format.

The Japan Institute of Life Insurance  
<http://www.jili.or.jp/> (Japanese)



The Japan Institute of Life Insurance homepage's top page

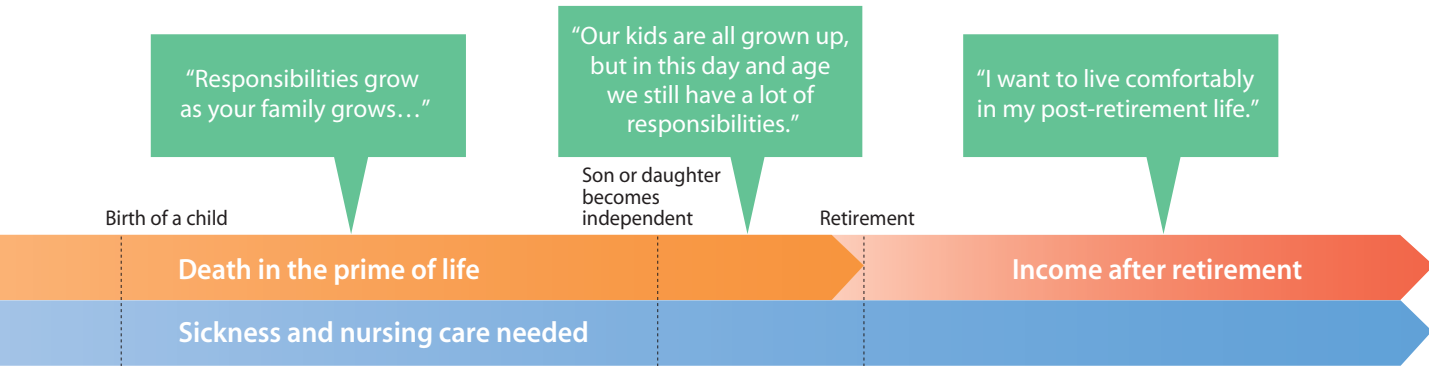
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## Consultations and Procedures for Policy Changes, Receiving Benefit and Claim Payments

Q5: It has been quite a long time since I enrolled in my policy. Is there any information available to remind me about the contents of my policy? ..... P30

Q16: Are the insurance premiums we are paying being safely invested? ..... P45

### Talk to Your Local Nippon Life Representative at These Times

	Change of policyholder	Change of beneficiary	Change of family name or other name	Change of personal seal	Change of type of policy or rider	Increasing coverage amount or adding coverage	Change of riders	Change of address	Change of bank account information	Renewal when coverage period ends	Claims and benefits
Marriage	○	○	○	○	Self→ Self/Spouse	○	○	○	○		
Birth of a child					Self/Spouse→ Self/Spouse and child	○	○				
When the youngest child becomes an adult					Self/Spouse and child→ Self/Spouse						
Divorce	○	○	○		Self/Spouse and child→ Self/Child			○	○		
When the period of term life insurance comes to maturity										○	
Death of policyholder	○								○		
Death of beneficiary		○							○		
When a specified reason for payment occurs											○

\*Please refer to p.26 – 27 for an overview of products (Main Policies/Riders)



## Q1 How does life insurance work?

### Spirit of Mutual Assistance

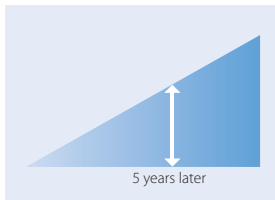
Life insurance is a framework for mutual assistance. A large number of people make regular small monetary contributions to create a significant pool of shared reserve assets. It is a system of mutual economic support to be able to provide a family with a substantial amount of money by drawing from that pool when unforeseen circumstances affect one of the members. In other words, life insurance is a framework for the “All for one, one for all” spirit, and the mutual company is the best form of company to put that spirit into practice.

#### The Advantage of Life Insurance: Saving is a Triangle, Insurance is a Square

Because life insurance generally combines coverage and asset formation functions, it has a feature not found in regular savings deposits.

- **Saving is a Triangle**

The reason we refer to saving as a triangle is that, in the event of death before completion of savings, all that comes back is the amount that has been put aside up until that point plus interest.

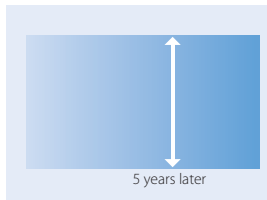


For example: A person saves ¥20,000 per month. Five years later, he is told that he only has six months to live. How much savings does he have now?

$$\begin{aligned} & ¥20,000 \times 12 \text{ months} \times 5 \text{ years} \\ & = \text{¥} \mathbf{1.2} \text{ million} \end{aligned}$$

- **Life Insurance is a Square**

With life insurance, in the event of death during the coverage period, the policyholder is entitled to receive the full coverage amount regardless of the premiums paid up to that point. This is why we refer to life insurance as a square.



For example: A person pays ¥20,000 per month in life insurance premiums. Five years later, he is told that he only has six months to live. How much savings does he have now?

$$\begin{aligned} & \text{¥} \mathbf{50} \text{ million,} \\ & \text{after paying just ¥1.2 million in premiums.} \end{aligned}$$

### The Law of Large Numbers

Though a small number of experiences don't seem to reveal underlying probability, when a large number of experiences are compiled, trends and tendencies are revealed.

Life insurance companies apply the law of large numbers and forecast future mortality and other rates based upon past mortality rates and the occurrence rates of disasters and accidents calculated from historical data.

Mortality rates represent the ratio of people of a certain age that pass away per year, and are calculated in the following manner.

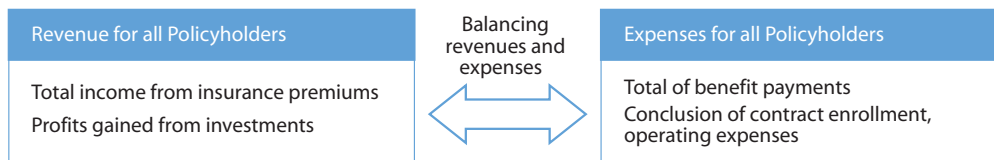
$$\frac{\text{Number of deaths per year}}{\text{Population at beginning of the year}} = \text{Mortality rate}$$

The mortality rate differs by gender and by age, and so to be fair, life insurance companies decide the amount of premiums that should be borne in accordance with gender and age.

It is this law of large numbers that is the source of balance between life insurance companies' revenues and expenditures, and in turn the reason they can provide policyholders with true peace-of-mind. Accordingly, it is important not to lose sight of the law of large numbers. When people enroll in life insurance, companies also need to confirm that the insured's health conditions and so on are within certain boundaries. This is the reason that disclosure is mandatory, and examinations are sometimes required. (See p.28 for details about the enrollment procedure).

## The Principle of Balancing Revenues and Expenses

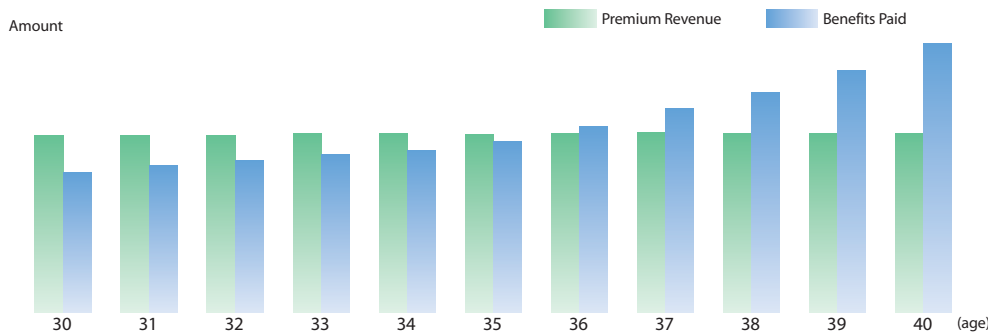
Viewing policyholders on a case-by-case basis, we see that life insurance differs from savings deposits. Though there are cases when insurance benefits exceed the amount of premiums a particular individual has paid, there are also cases when the benefits are lower than the premiums an individual has paid. Because life insurance is a system of mutual economic support in the event of something unexpected, insurance companies must think of revenues and expenses not in relation to each policyholder, but in relation to all of its policyholders. In practice, this means that a basic principle is for insurance companies to determine premiums with a view toward balancing future revenues and expenditures as equitably as possible in relation to all of its policyholders. This is the principle of balancing revenues and expenses.



## Net Level Premiums

Insurance policies that extend over the long term generally require greater benefit payouts as the policyholder ages. If premiums are set so as to balance revenues and expenditures every year, this means that the burden on policyholders grows along with the age of the policyholder. Life insurance companies therefore set fixed premiums to balance revenues and expenditures throughout the entire coverage period. This sort of insurance premium is called a “net level premium.” In most cases, enrolling in a level premium policy from a younger age rather than in the later years allows customers to decrease premium payments year by year.

### The Relationship Between Premium Revenue and Benefits Paid



## Insurance Dividends

Life insurance premiums are calculated based on the principle of balancing revenues and expenditures. Because life insurance contracts are long-term agreements, however, actual revenues and expenditures may differ from expectations due to changes in the economic environment, increasing management efficiency or other factors. In the event that a surplus is generated by the difference between assumed and actual returns, it is distributed to policyholders in the form of dividend discounts. (See p.7 for details about insurance dividends).

**Q3** Can you help me to choose life insurance suitable for my family and myself?

**Nippon Life Product Lineup**

Nippon Life strives to offer services and develop products with primary emphasis on providing truly useful coverage for customers. The areas that customers want to prioritize when choosing coverage vary according to their life stages and their lifestyles. Furthermore, lifestyles are undergoing major changes in recent years, with people getting married later and an increasing number of people remaining single, as well as growth in the number of households where the members work together.

To respond thoroughly to such diversifying customer needs, Nippon Life has prepared a wide-ranging product lineup of death protection, medical coverage, savings and retirement coverage, coverage for children and other products. We combine these to supply customers with comprehensive, well-balanced coverage for their needs.

**Nissay Insurance Accounts**

Nippon Life works to provide comprehensive coverage suited to the needs of each and every one of its customers. Customers are able to join the service free of charge, and Nippon Life now considers Nissay Insurance Accounts to be the centerpiece of its product and service strategy as a service that consolidates all types of coverage under a single umbrella.

By consolidating coverage into a single account, customers can easily confirm their insurance holdings and pinpoint areas where they might have either too much or too little coverage. It also simplifies the procedures that customers have to go through. Furthermore, premiums are discounted when coverage is consolidated.

Nissay Insurance Accounts provide for both life insurance and non-life insurance and service needs, providing peace of mind in a more beneficial, comprehensible and convenient way.

**Four Advantages of Nissay Insurance Accounts**

Discount Based on Transactions	Discounts are offered on premiums for EX series products (policies effective as of April 2, 1999) depending on the total transaction amount for the policy in which a customer has enrolled.
Discounts for Non-Life Insurance Accounts	Discounts are available on insurance premiums for automobile and accident insurance from Nissay Dowa General Insurance.
Higher Dividends for Longer Participation	Longer spans of continuous policy coverage provide customers with higher dividend eligibility.
Naruhodo Tokuten Services for Policyholders	We provide an array of benefits and services to match each customer's lifestyle: —Transactions can be conducted by phone, over the Internet, through an ATM cash dispenser —Complimentary service and special discounts at 10,000 affiliates throughout Japan —Consulting regarding health or nursing care, and providing information about medical organizations —Housing loan preferred interest rate services



**Nissay Insurance Accounts Card**  
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 www.snoopy.co.jp



**Nissay Insurance Accounts Card, Type One**  
 In addition to the features and privileges of Nissay Insurance Accounts cards, Type One cards offer users a variety of advantages, including automatic 1% return of amounts spent on shopping services provided by Toyota Financial Corporation.

**Assumed Interest Rates Raised for Single-Payment Products**

With a close watch on investment conditions and the movement of market interest rates, Nippon Life raised assumed interest rates on single-payment products (endowment insurance, whole life insurance, annuity) in February and June 2006 in response to greater needs for retirement coverage. (When assumed interest rates increase, insur-

ance premiums decrease.) We will continue to offer attractive saving-based products that meet the growing self-reliant needs of people seeking to make provision according to their stage of life, such as asset formation for post-retirement.

## New Product Development

### ■ Life Insurance Products

#### ● *Ikiru Chikara EX* (Launched in April 2001)

Medical coverage offering sufficient protection must provide both daily hospitalization costs and substantial funds to live on when one is suffering from a serious disease. *Ikiru Chikara EX* insurance policies provide comprehensive medical coverage that meets both of these medical coverage requirements, as well as providing for the family of the deceased.

#### ● *Iryo Meijin EX* (Launched in September 2005)

These medical insurance policies were developed for customers 50 years of age and over who are seriously thinking about enrolling in policies that provide for their own medical coverage needs in addition to death protection. In addition to hospitalization and surgery coverage, the policies also provide against serious conditions including the three dread diseases, serious adult diseases, organ transplants and other diseases.

#### ● *Super Phoenix 100EX* (Launched in September 2005)

This is an ultra-long term life insurance policy for business executives with coverage lasting until the age of 100. It provides for business insurance capital in case of unforeseen circumstances that affect the executive, and also serves as a provision for retirement bonuses at the time the executive steps down.

### ■ Products Sold at Service Counters of Financial Institutions

#### ● *Long Dream* (Launched in December 2005)

*Long Dream* policies are single-payment whole life insurance policies sold only at the life insurance counters of banks and credit unions. This product features the combination of lifelong death protection with highly effective asset formation. The lineup of *Long Dream* policies also includes Nippon Life's first-ever dollar denominated product.

\*The product is named "*Eternal Dream*" at some financial institutions.

#### ● *My Dream* (Launched in December 2004)

*My Dream* is an annuity with variable accumulation rate released to help customers prepare for their own retirement and to meet asset management needs. The product reflects changes in market interest rates in a timely manner. (It is sold nationwide at financial institutions including banks and credit unions, as well as at Nissay Life Plazas.)

### ■ Non-Life Insurance Products

#### ● *Long-Term Automobile Insurance Long* (Launched in April 2006)

Nippon Life sells non-life insurance as an agency of Nissay Dowa General Insurance Company, Limited. *Long* is a product that extends to three years (or two years) the coverage period of our existing *Pittato-Kun* and *New PAP* automobile insurance. The policies provide a number of merits to customers. Insurance premiums are lower than those for policies that must be renewed annually, and customers do not have to go through the procedure of renewing their policies during the coverage period.



*Ikiru Chikara* Poster—  
Mouse Family Version



*Iryo Meijin EX*



*Super Phoenix 100EX*



*Long Dream*



*My Dream*



Nissay Dowa General Insurance Company, Limited  
core automobile insurance product Pittato-Kun

# Overview of Main Products for Individual Customers (as of July 2006)

## ■ Main Policies

### • Death Coverage / Medical Coverage

Type of insurance	Summary	Product name
Whole life insurance*	Insurance that guarantees coverage over the insured's whole life	Nissay Whole Life Insurance EX Whole Life Insurance <i>Nice Day EX</i> (for women) Whole Life Insurance <i>Seicho-Nikki EX</i> (for children)
Term life insurance*	Insurance with death protection for a set period	Nissay Term Life Insurance EX
Whole life insurance with term rider*	Insurance that combines term coverage for a set period of time with coverage that continues for the insured's whole life	Whole Life Insurance with Term Rider <i>Long Run EX</i> Whole Life Insurance with Term Rider <i>Nice Day More EX</i> (for women) Whole Life Insurance with Term Rider <i>Kenkou Jyujitsu Sengen EX</i> Whole Life Insurance with Annuity Certain for Family <i>Fureai Kazoku EX</i> Whole Life Insurance with Term Rider <i>My Anniversary EX</i>
<i>Ikiru Chikara</i> *	Insurance that combines term coverage and medical whole life insurance for illness, injuries and cancer	<i>Ikiru Chikara EX</i> <i>Ikiru Chikara EX</i> (cancer coverage type) <i>Ikiru Chikara EX</i> (medical coverage type) <i>Ikiru Chikara Master Class EX</i> (for male customers aged 50 and over) <i>Ikiru Chikara Frau EX</i> (for women) Whole Life Insurance with Term Rider <i>Fufu no Hoken (You &amp; Me EX)</i>
Hospitalization and medical insurance*	Insurance that covers serious diseases in addition to hospitalization and surgery	<i>Iryo Meijin EX</i>
Cancer Insurance*	Insurance that guarantees various types of coverage for life if the insured is diagnosed with cancer	Nissay Cancer Insurance EX

### • Coverage Combining Protection and Saving Components

Type of insurance	Summary	Product name
Endowment insurance*	Insurance with equal benefit payments for death, serious disability or upon policy maturity	Nissay Endowment Insurance EX
Endowment insurance with term rider*	Insurance that combines death protection for a set period with endowment insurance	Endowment Insurance with Term Rider <i>Nissay Kurashi no Hoken EX</i> Endowment Insurance with Term Rider <i>Little Anniversary EX</i>

### • Retirement Coverage

Type of insurance	Summary	Product name
Fixed amount annuities*	Insurance that pays a fixed annuity when a specified age is reached	Individual Fixed Annuity <i>Nenkin Meijin EX</i> Individual Fixed Annuity <i>Kenkou Sapoto Nenkin EX</i>
Products sold at financial institution service counters		
Annuity with variable accumulation rate	Adds to annuity resource coverage; while promising a set yield, provides annuity insurance with timely single payments that reflect changes in market interest rates	<i>My Dream</i> (fixed interest rate and variable interest rate types)
Variable amount annuities	Insurance with single premiums managed in a separate account, with future amount of annuity, surrender value, and death benefit based investment performance	Individual Variable Annuity <i>Toshi Gata Nenkin (Investment-Type Annuity)</i> : Standard type, Balanced type, 90 years old fund guaranteed type
Annuity with variable accumulation rate type single-payment whole life insurance	Single payment whole life insurance with an accumulative rate that moves in response to market interest rate	<i>Long Dream</i> (yen or U.S. dollar denominated)

### • Coverage for Other Needs

Type of insurance	Summary	Product name
Term life insurance with survival benefit	Insurance paying survival benefit every three years in addition to death/serious disability coverage	Term Life with Survival Benefit Insurance <i>Nissay BIG YOU EX</i> Term Life with Survival Benefit Insurance <i>Nissay Melody EX</i>
Juvenile insurance	Insurance paying special payment when the child reaches specified age and a specified education annuity if the policyholder dies	Juvenile Insurance <i>Genki EX</i>

Notes: 1. EX series products:

Policies with policy dates after April 2, 1999, that were also sold at the start of Nissay Insurance Accounts.

All features of the Nissay Insurance Accounts apply, namely discounts based on transactions, *Naruhodo Tokuten* services for policyholders and higher dividends for longer participation. (See p.24 for details).

2. Products denoted with \* have a Keyman plan (when policy is in the name of a corporation) that provides a death benefit if the insured executive dies, and a fund for the executive's retirement benefit.



## ■ Riders

### •Living Benefit Riders

Name of rider	Summary
Serious Disease Rider	Rider providing coverage for three dread diseases, serious designated lifestyle diseases, transplants, and other diseases
Dread Disease Term Rider	Rider providing coverage for three dread diseases: designated malignant neoplasm (cancers), acute myocardial infarction, and cerebral stroke
Recurrence Dread Disease Term Rider	Rider providing coverage for recurrence of three dread diseases: designated malignant neoplasm (cancers), acute myocardial infarction, and cerebral stroke
Illness & Disability Term Rider	Rider providing coverage for specified disability due to illness
Nursing Care Term Rider	Rider providing coverage for specified conditions that require nursing, such as being bedridden
New Nursing Care Term Rider	Rider paying annuity for specified conditions that require nursing, such as being bedridden
Insurance Premium Waiver Rider	Rider that waives premium payments in one of the following situations: one of the three dread diseases specified disability due to sickness, or specified condition requiring nursing care
Living Needs Rider	Rider providing benefit when the insured is determined to have six months or less to live

### •Accident and Medical Riders

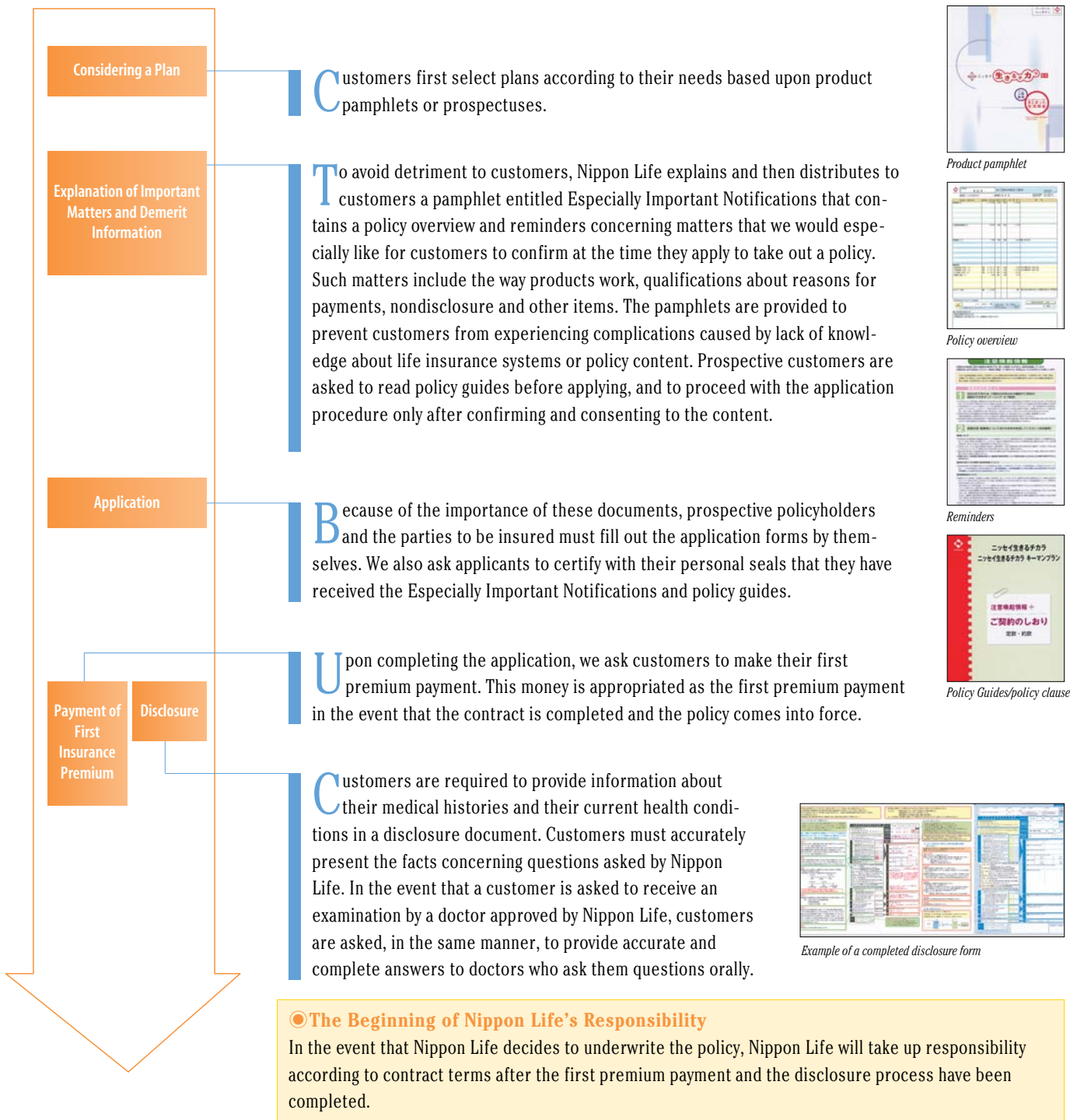
Name of rider	Summary
Accident Rider with Extra Premium	Rider providing coverage for death/specified serious disability due to accident
New Injury Rider	Rider providing coverage for death/specified disability due to accident
Limited Injury Rider	Rider providing coverage for specified injuries (broken bones, joint dislocation, severed tendons) due to accident
New Hospitalization due to Accident Rider $\alpha$	Rider providing coverage for specified hospitalization due to injury that lasts five days or more
New Hospitalization Medical Rider $\alpha$	Rider providing coverage for specified surgery due to illness and injury and specified hospitalization due to illness that lasts five days or more
Short-term Hospitalization Rider $\alpha$	Rider providing coverage for hospitalization for one-night and two-days due to disease or injury
Hospitalization due to Cancer Rider	Rider providing coverage for specified hospitalization, surgery and post-hospitalization care directly related to cancer
New Hospitalization due to Adult Disease Rider $\alpha$	Rider providing coverage for specified hospitalization five consecutive days or more and surgery directly related to specified adult diseases
Hospitalization Rider for Women $\alpha$	Rider providing coverage for hospitalization related to specified female disease that lasts five consecutive days or more
Long-term Hospitalization Rider $\alpha$	Rider providing coverage for specified hospitalization 125 consecutive days or more
Hospital Visit Rider $\alpha$	Rider providing coverage for specified outpatient services after hospitalization that lasts five consecutive days or more

### •Riders Focused on Death Protection

Name of rider	Summary
Term Insurance Rider	Rider providing coverage for death/specified serious disability
Term Life with New Survival Benefit Rider	Rider paying survival benefit every two or three years in addition to coverage for death/specified serious disability
Term Rider Annualized Payment	Rider paying annuity for a set period for death/specified serious disability
Spouse Term Insurance Rider	Rider providing coverage for death/specified serious disability of a spouse
Juvenile Term Insurance Rider	Rider providing coverage for death/specified serious disability of a child

**Q4** I would like to know about procedures upon and after enrollment, and also about information disclosure.

General procedures and information disclosure at the time of and after enrollment in an individual insurance policy are mainly as follows.



**Duty of Disclosure and Penalties for Nondisclosure**

Policyholders and insured parties are required to disclose information regarding their health conditions. Items to be disclosed are included on a disclosure document. However, in the event that facts are not dis-

closed or inaccurate information is provided, whether intentionally or by gross negligence, the policy or rider may be cancelled on the grounds of nondisclosure, and Nippon Life may not pay benefits and claims.

Life insurance is a system wherein a large number of people pay insurance premiums into a pool in order to mutually support one another. In order to maintain fairness between policyholders, decisions about underwriting are made based upon the content of the application and disclosure forms.

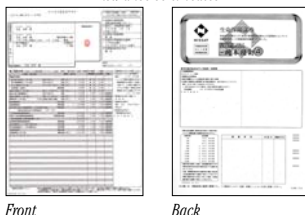
Decisions about Underwriting (at Nippon Life)

● Confirmation of Policy Content

Nippon Life employees or parties entrusted by Nippon Life may phone or visit policyholders, insured, and beneficiaries in order to confirm the content of application forms, disclosure forms, or content of requests for benefit payments. Regarding the medical condition of the insured, Nippon Life may also make inquiries and otherwise seek confirmation through the doctor who examined the insured.

Conclusion of a Policy

Insurance certificates



In the event that the policy is completed, Nippon Life sends insurance certificates to the policyholder. Through these, we confirm that there are no discrepancies with the information provided on the application form. Because the insurance certificates are essential documents in various filing processes, we ask customers to store them safely.

**Cooling Off System (Withdrawal of Application and Contract Cancellation)**

Under what's known as the cooling off system, applicants and policyholders may withdraw their applications or cancel their policies by submitting a written request within 8 days from the later of either the application date or the date customers received the receipt of first insurance premiums. In this case, written requests must be post-marked within 8 days of the above-mentioned period and sent to the sales branch that handled the application or policy. The amount that

was paid shall then be returned in full.

However, after an examination by a doctor designated by Nippon Life or when the customer is a corporate client, the cooling off system can not be applied to policy changes (addition or increase of coverage amounts for riders, etc.) after the policy has come into force or to reinstatement of policies.

**Obtaining the ISO9001 Certification for Production Process of Product Explanation Materials (First Company in the Finance and Insurance Industry)**

Nippon Life established the Committee for Reviewing Product Explanation Materials, composed of managers from each division including product planning, legal and compliance, underwriting and payment assessment, and systems. The committee thoroughly reviews and confirms the quality of product explanation materials. We have designed a process for creating materials that are easy to understand and don't lead to misperceptions, including participation by certified advisory specialists for consumer affairs. This process for creating product explanation materials obtained ISO9001 certification in June 2005, marking the first time in the finance and insurance industry that such a process has been awarded with this international standard for quality assurance.



**Efforts to Make Materials Easier to Understand**

We are making persistent efforts to review various sales documents to make them easier to understand for prospective customers. We now print our Policy Guides on larger size paper, classify pages by topic in the table of contents, and include phonetic spellings beside difficult-to-read medical terms in the terms and conditions section.

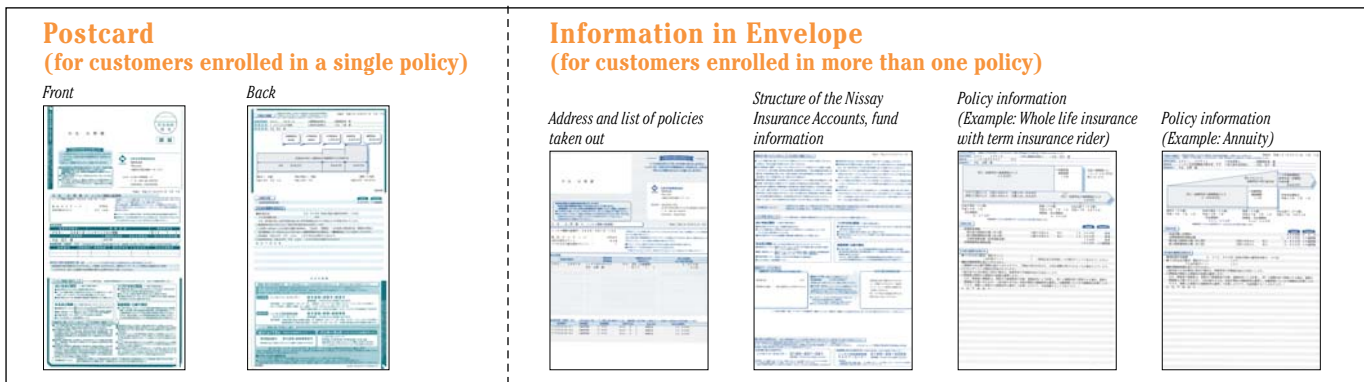
**Q5** *It has been quite a long time since I enrolled in my policy. Is there any information available to remind me about the contents of my policy?*

## Provision of Information After Taking Out a Policy

### ■ Notices of Policy Terms and Conditions

Once a year, we provide customers with easy to understand information regarding their insurance coverage, as well as financing and services available to them based on the policies in which they are enrolled.

- For customers enrolling in a single policy, we send postcards every year, approximately one month after the month of initial policy enrollment. For customers enrolling in multiple policies, we send information in sealed envelopes in the earliest month after April following the month of initial policy enrollment. (In the case of customers who enrolled in policies during April or May, such information is sent in July due to matters related to dividends.)
- We explain policy content, such as coverage periods and coverage amounts, through diagrams to make it easy for customers to understand.
- We notify customers about various financing services that are available to them (amount of accumulated dividends, deferred insurance amount, policy loan limits, etc.)
- Even for customers enrolled in more than one policy, information is summarized in one notice, so customers can see the current status of the policies in which they are enrolled.



\*Customers with a Nissay Insurance Accounts Card can view their entire insurance policy's terms and conditions on our website at "Special Policyholder Services (Policy Terms and Conditions Inquiry)" (See p.31). (Written in Japanese)



Information of "Consistent Protection. Superior Services"

### ■ Information Regarding "Consistent protection. Superior services."

Nippon Life provides easy-to-understand information to customers about insurance coverage and free services available according to their policies. Customers with inquiries can contact their Nissay Total Partners representative or the call center.

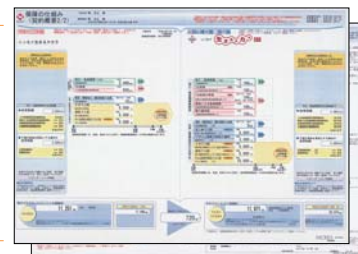
- We explain the coverage period and the coverage amount through easily understandable color diagrams for each policy.
- We introduce riders and services available to customers for free, and notify them of how many of these advantages they have utilized. Nippon Life also includes one-point messages to customers about their policies.
- We offer easily understandable explanations on a case-by-case basis regarding diseases and injuries in relation to medical coverage for hospitalization and surgery.

### ■ Other

In addition to the above, Nippon Life provides a variety of notices including Certification of Life Insurance Premium Deduction, Notice of Change in Discount based on transaction and others. Each of these are important notices, so we kindly request that our customers carefully confirm the content.

## Provision of Information upon Conversion of Policies

When recommending a policy conversion, Nippon Life explains how to review policy coverage with hand-outs and other materials, and provides comparative prospectuses that describe policies before and after conversion. Through these and other materials, we make every effort to enhance our customer's understanding of important points concerning policy conversion.



Comparative prospectus

## Confirmation of Policy Content via Internet

Customers can conduct a variety of procedures on the Nippon Life website, such as confirming their policy content, changing addresses, and financial transactions including policy loans.

We are expanding the number of procedures that may be easily completed over the Internet outside of regular business hours of representatives, service counters and call centers.

Various administrative procedures and a diagram of policy terms and conditions can be seen on trial versions.  
\*Trial versions are accessible from the login button.

### Procedures

- Inquiries regarding content of life insurance and non-life insurance policies
- Change of address or telephone number
- Change in name (some procedures for family name, etc.) from June 2006
- Change of premium payment method (number of payments) from June 2006
- Requests to change accounts through which premium transfers are made
- Reissue of Certification of Life Insurance Premium Deduction
- Registration or change of PIN number for Nissay Insurance Accounts , etc.

### Internet ATM

- Payments and withdrawals for policy loans, accumulated dividends deferred insurance payments
- Repayment of policy loans
- Payment of premium after the initial premium\*

, etc.

\*Some procedures can be carried out using the Internet via mobile phones (See p.39).

**Q6** *What sort of underwriting and payment assessment system does Nippon Life have?*

Life insurance companies gain the trust of customers by faithfully paying claims and benefits, and must have a fair and appropriate underwriting and benefit settlement assessment system.

In addition to recent advances in medicine and increasing medical and nursing care costs brought on by the aging of the population, demand for products that offer living needs benefits are on the rise. Moreover, transformations in the social structure and economic climate, and the diversification of conditions engulfing life insurance companies are spurring customer needs for stronger systems to adequately assess various medical and moral risks facing insurance companies.

Under such conditions, Nippon Life is focusing on improving its underwriting and benefit assessment systems.

### **Training Specialists in Underwriting and Benefit Settlement Assessment**

Since fiscal 2003, Nippon Life has been constructing a structured training system for cultivating assessment specialists responsible for policy underwriting and benefit payment assessment, both essential areas of the life insurance business. We are conducting in-house examinations and training in essential medical and legal knowledge.

Through our systematic programs, we are concentrating on developing leaders in the increasingly sophisticated and specialized assessment process.

### **Strengthening our Systematic Payment Structure**

Nippon Life established the Claims Examination Management Office as a part of its internal auditing operations in October 2005. The Claims Examination Management Office is responsible for verifying the payment of benefits and claims.

We are also working to enhance our payment systems by consulting with outside lawyers and analyzing customer opinions regarding improvement of payment standards.

### **Upgrading Administrative Systems**

Nippon Life is constructing a new benefit settlement assessment system in order to strengthen its ability to respond to expected increases in requests for products that offer medical and living needs benefits. As assessment operations grow more diverse and increasingly complex, we are aiming to accelerate such assessment operations and improve customer service through these efforts. We compile and analyze our assessment information and continue to actively work to upgrade and enhance our payment services.

### **Strengthening Medical Research**

Nippon Life established the Medical Information Department in fiscal 2005 with the aim of enhancing research in the increasingly important fields of medical and nursing care. Based upon previously compiled data and the latest transformations in the medical field, we will work to develop new products suited to customer needs and to steadily review our underwriting standards.

## Payment of Insurance Benefits and Claims

Life insurance companies receive premiums from a large number of policyholders and provide coverage for customers in the event of sickness, injury or other unforeseen circumstances.

During fiscal 2005, Nippon Life made 85,757 payments of insurance claims, and 606,912 payments of other benefits.

In contrast, as a result of appropriate benefit settlement assessment efforts, we determined that payment of insurance claims should not be made in 2,931 cases, and that payment of other benefits should not be made in 8,735 cases.

### Number of policies paid on and amount of payments (Fiscal 2005)

(Unit: Millions of Yen, Number)

	Insurance claims	Other benefits
Number of payments	85,757	606,912
Amount of payments	¥718,936	¥118,433

Notes: 1. The above represent the total for individual and corporate insurance policies upon which claims were filed.

2. Figures do not include policies that require no payment assessments such as maturity benefits, survival benefits, single payments, annuities and other benefits.

3. Regarding payments for corporate insurance underwritten by multiple companies, the figures include policy for which Nippon Life is the leading underwriters.

The amount of payments was calculated according to Nippon Life's underwriting ratio.

### Number of cases for which it was determined that no payment was warranted (Fiscal 2005)

(Unit: Number)

Reasons for denied of payments	Insurance claims	Other benefits
Cases of fraud	2	0
Benefit claim for illegal objectives	0	0
Cancellation of policies due to nondisclosure	251	871
Cancellation due to serious matters	0	1
Categorized as an exemption	492	219
Not categorized as a reason for payment	2,186	7,644
Total	2,931	8,735

Notes: 1. The above represent the total for individual and corporate insurance policies upon which claims were filed.

2. Regarding payment for corporate insurance underwritten by multiple companies, the figures include policies for which Nippon Life is the leading underwriter.

### Explanation of terms

Reasons for denial of payments	Content
Cases of fraud	Policies are rendered invalid in the event that fraudulent actions were taken by the policyholder or by the insured at the time when the policy was taken out. In such cases, premiums that have already been paid shall not be returned.
Cancellation of policies due to nondisclosure	Policies may be cancelled in the event that the policyholder or the insured neglected to disclose important information that should have been disclosed, or disclosed false information at the time when the policy was taken out, whether intentionally or by gross negligence. In such cases, surrender benefits shall be returned to the policyholder.
Cancellation due to serious matters	Policies shall be cancelled in the event that accidents are caused intentionally for the purpose of fraudulently obtaining insurance claims, or in the event of fraudulent acts such as falsification of diagnosis forms upon request of payment. In such cases, surrender benefits shall be returned to the policyholder.
Categorized as an exemption	Nippon Life may determine that the content of a claim falls in the category of an exemption under the terms and conditions of the policy. Examples: <ul style="list-style-type: none"> <li>• A claim for death benefits following a suicide by the insured during the prescribed non-payment period.</li> <li>• A claim for benefits following accidents caused intentionally by the policyholder or beneficiary, or following accidents caused by the insured's criminal activities.</li> </ul>
Not categorized as a reason for payment	Nippon Life may determine that a claim does not qualify as a reason for payment under the terms and conditions of the policy. Examples: <ul style="list-style-type: none"> <li>• A claim for hospitalization benefits after a hospitalization of less than five days, while the terms of the policy attach a rider for hospitalization benefits in the event that hospitalization is for a period of five days or more</li> <li>• A claim for surgical benefits following removal of the tonsils, which does not fall into the category of procedures eligible for coverage</li> </ul>

**Q7** *What do I do when I don't understand something about insurance or otherwise have trouble?*

Nippon Life is developing a variety of service channels to match customer needs.

Inquiries about insurance may be directed to Nissay Total Partners (sales representatives) or by contacting an agency. Our representatives are available to assist customers with policy procedures, consulting to match customer lifestyles, and all procedures from enrolling in policies to after-sales services.

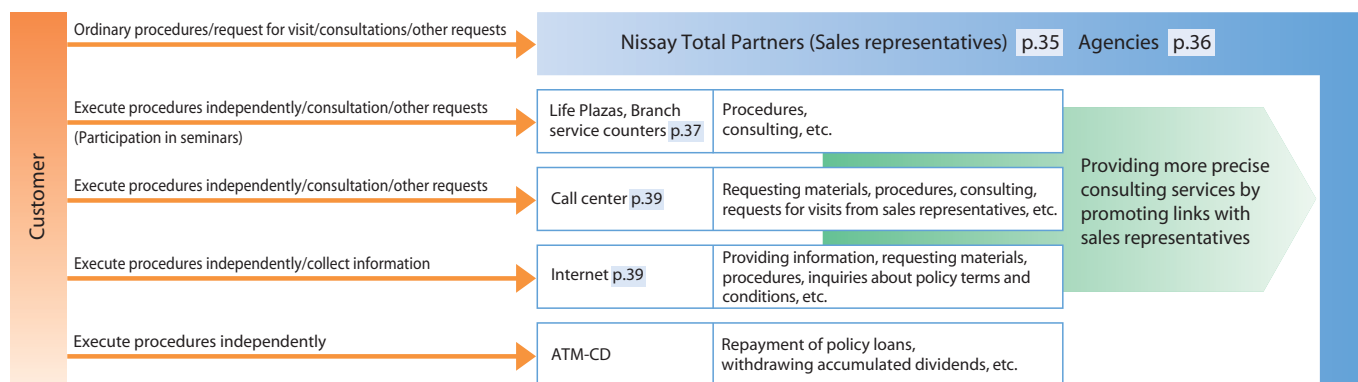
Customers who wish to carry out procedures by themselves or desire more information may visit one of our Life Plazas or branch service counters, or may find information by making use of our call center, internet or ATM cash dispenser services.

Our Life Plazas hold regular seminars regarding public pensions, post-retirement asset investment, tax services, inheritance and other topics. We offer a range of specialized consulting services to match customer needs.

We are also expanding services available via internet, providing information about Nippon Life and our products. Customers may request materials, as well as access information regarding their policies, and withdraw loans and accumulated dividends.

Customers are encouraged to contact Nissay Total Partners, customer service counters and call centers by telephone to convey any opinions or requests.

We will continue to expand our network of sales representatives to cover customers throughout Japan, while working to create new service channels in response to diversifying customer needs.



**Number of complaints and issues raised by customers in fiscal 2005 (by content)**

Content	Number	Percentage	Examples and Causes of Frequent Inquiries, Complaints, etc.
Concerning enrollment in policies	6,725	16.5%	• I converted to another policy, but the period of payment has lengthened. (Insufficient explanation of important items)
Concerning payment of premiums	7,068	17.4%	• I received a notice concerning my information about withdrawal of premium payments, but I haven't heard from my representative. (Failure or delay in collecting premiums) • I changed the bank account for payment of insurance premiums, but premiums were withdrawn from my old bank account. (Delay in updating account information)
Concerning after enrollment procedures	18,458	45.4%	• I applied to cancel my policy, but my representative still hasn't contacted me. (Delay in implementing procedures)
Concerning payment of insurance claims and benefits	3,624	8.9%	• I want to have more detailed information about procedures and content of benefits. (Insufficient explanation from sales representative or lack of knowledge) • I disagree with the decision that I cannot receive hospitalization benefits. (Dissatisfaction that claim was not eligible for payment)
Other	4,762	11.7%	• Since I enrolled in my policy, my sales representative has never visited me. (Insufficient follow-up) • The representative had a rude attitude and used rude language. (Bad manners of sales representative)
Total	40,637	100%	



**Q8** Who are the Nissay Total Partners?

**Nissay Total Partners (Sales Representatives)**

We have a network of approximately 53,000 Nissay Total Partners (sales representatives) at 1,704 offices and 117 branches. Our system aims to cover customers throughout Japan with 50 million households being geographically divided into 300,000 regions with 100,000 offices.

In order to meet the expectations of each and every customer, we are currently working to visit all customers at least once per year.

We are also striving to enhance the abilities of personnel in order to provide precise consulting services. We are encouraging our Nissay Total Partners to obtain national certifications from the Ministry of Health, Labour and Welfare as financial planners, as well as Japan Association of Financial Planners certification (AFP certification). These certifications require in-depth knowledge of not only life insurance, but also financial products, real estate, taxation and inheritance. The number of Nissay Total Partners that had obtained certification as of June 2006 was 9,442, the largest number in any industry.

Furthermore, we are equipping all sales representatives with *Duo* mobile consulting terminals that feature precise sales support and consulting functions, making full use of our expanding IT infrastructure as we develop a system to enable Nissay Total Partners to respond to customer expectations on the spot.

**Education of the Nissay Total Partners**

Nissay Total Partners strive to be of assistance to customers regarding all of their insurance needs, from recommending and reviewing policies to payment of insurance claims and benefits. While reconsidering basic activities including customer visits and timely response to customer requests for visits, sales offices, branches and headquarters are all endeavoring to provide a face to face sincere consulting service and are uniting to strengthen the education system for that purpose.

- Sales offices: Model employees are given responsibility for education of employees who have been with Nippon Life for less than two years, and work together with general managers of the sales offices to lead basic insurance knowledge training, role-playing activities and compliance education programs.
- Branches: Personnel specialized in education work at the New Activity Training Center. In addition to product knowledge and practical sales training, they also go together with trainees on customer visits and provide support to employees responsible for education of new employees.
- Headquarters: Intensive training is given to regular employees in advanced consulting techniques, and leadership training is conducted in areas such as coaching of employees responsible for education.

**Nissay Total Partners**  
Nippon Life sales representatives are referred to as Nissay Total Partners. The title embodies the concept of total service and total support for customers and their families.

**Financial Planner (FP)**  
A financial planner is a specialist that analyzes a customer's situation, including insurance, assets, liabilities, composition of income and expenditures, and number of family members. When necessary, he or she seeks the support of attorneys, tax accountants, and various other specialists in such fields as insurance and real estate. Based on the analysis, the financial planner helps the customer create and implement a comprehensive plan, including tax strategies, insurance plans, investment strategies, and saving plans to enable customers to reach their life-plan goals.

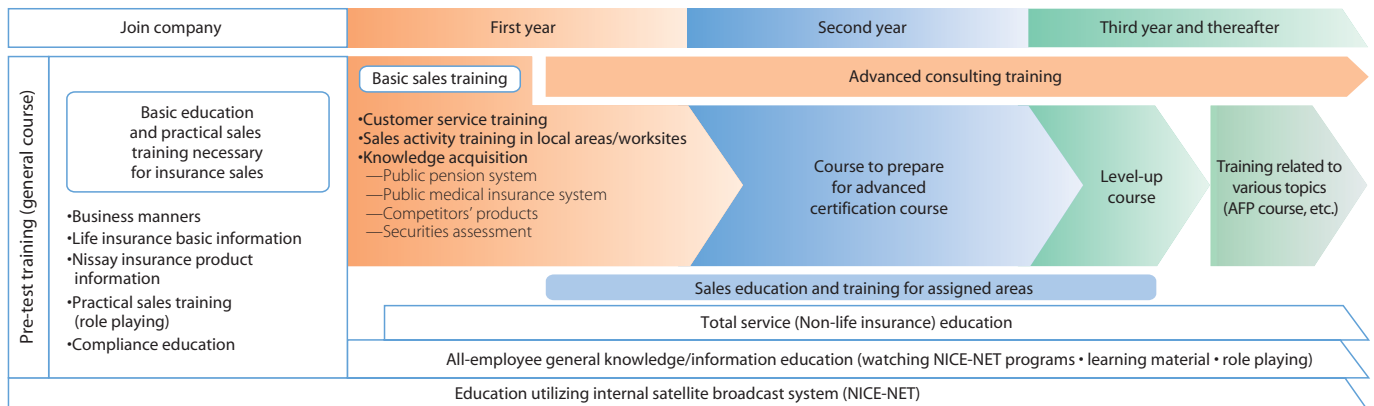


Mobile Terminals for Consulting (Duo)



Training

Use of *Duo* mobile consulting terminals is also being expanded in everyday operations, including updates to explanatory materials for customers, as well as access to data about customer visitation requests received at call centers. These efforts are being supported by relevant skill training.



## Q9 What are Nippon Life agencies?

### Nissay Agency System

The number of agencies handling life insurance has grown rapidly following revisions to the Insurance Business Law in 1996 that allowed agencies to handle both life and non-life insurance. In addition, with the introduction of a system of independent life insurance agencies, which formerly were exclusive agents of a single insurance company, we are endeavoring to increase customer convenience by making it possible for customers to get information on various life insurance companies' products from a single agency. Accordingly, we created a new Nissay Agency System in fiscal 1996.



### A-Net (Nissay Agency Net)

This is an Internet-based system that makes it possible for agencies to create the most appropriate proposals based on customer needs by accessing the Nissay Agency website.

In addition to the function for creating proposals, there are various reference menus that are useful for agencies.

## Agencies

Forming agency consignment agreements, we have developed a network of 6,925 agencies, (a year-on-year increase of 561 agencies) centered on tax accountants, professional life and non-life insurance sales agencies, major financial institutions and their related agencies throughout Japan as of March 31, 2006.

Agencies conduct business consulting related to business transfers, executive retirement allowances and succession, mainly for sole proprietorships.

In addition to this, in autumn 2002, we began to offer individual annuities at the service counters of financial institutions, making it possible for customers to receive advice related to various products and services, including asset formation and retirement coverage, at the service counters of local financial institutions.

Aiming to respond to a wider range of customer needs, we are making an effort to expand our sales support system for agencies and strengthen their compliance system by offering numerous types of educational material and programs, utilizing the Internet, and posting over 400 agency personnel at 80 locations throughout Japan.

### Agency Education Program

**STEP 1  
Orientation**  
(Explanation of the content of agency's business)

- Agency business overview
- Nippon Life overview

**STEP 2  
Industry-wide training**  
(Training before and after registration)

- Product training
- Policy sales practical training
- Compliance training

**STEP 3  
Standard training**

- FP training  
(Executive retirement allowance, company shares inheritance tax law, gifts during one's life)
- New product training

**STEP 4  
Advanced training**

- FP training  
(Religious corporations, medical corporations, non-profit organizations, high income individuals)
- Employee benefit plan and retirement allowance systems
- Hosting Agency Business School

## Q10 Is it true that I can enroll in insurance at the bank or credit union?

### Life Insurance Sales at Service Counters of Financial Institutions

Owing to deregulation trends of recent years, customers are now able to enroll for some life insurance products (primarily savings-based products) at the service counters of banks, credit unions and other financial institutions. Nippon Life is aiming to enhance its lineup of products suited to the characteristics of the financial institution channels where they are sold.



### Nippon Life products sold at service counters of financial institutions, and financial institutions handling these products

(As of June 5, 2006)

Type of product	Product name	Number of financial institutions handling products
Variable amount annuities	<i>Dream Select</i> variable amount annuities (standard type), etc	24
	<i>Dream Select</i> (balanced type), etc	147
	<i>Dream Select</i> (90 years old fund guaranteed type), etc	77
Fixed amount annuities	<i>My Dream</i> fixed amount annuities	160
Single-payment whole life insurance	<i>Long Dream</i> single-payment whole life insurance, etc	86

## Customer Service Counters

We have established customer service counters, which handle all insurance-related procedures, provide consultations and respond to a wide-range of customer requests, in 87 locations throughout Japan. Typical of most years, approximately 880,000 customers visited these counters in fiscal 2005.

As the face of Nippon Life, we aim to provide reliable service at these counters in order to gain customer trust. Toward that end, we are working to enhance the consulting ability of representatives, providing training and testing to expand their FP knowledge and to foster the receptiveness needed to offer quality service. Through these initiatives, we will continue to provide useful information to customers and meticulously meet their individual needs.

### ■ Nissay Life Plazas

Life Plazas have opened in 46 locations throughout Japan. These customer service counters meet a wide range of advanced customer needs, including consulting related to taxation, asset investment, medical insurance, nursing care insurance and investment-type annuities, as well as handling insurance related procedures and providing insurance-related advice.

In addition, Life Plazas hold free-seminars on various topics, provide tax accounting advice (in some locations), and if desired by the customer, a staff member will visit a customer at home or another place for consulting, in addition to providing various other services. (Some locations provide services on Saturdays.)

### ■ Branch Service Counters

Branch service counters have been established at 41 locations throughout Japan. These customer service counters provide services especially geared toward the particular region while meeting immediate customer needs, such as handling insurance-related procedures, consulting, explaining policy content and assessing coverage.

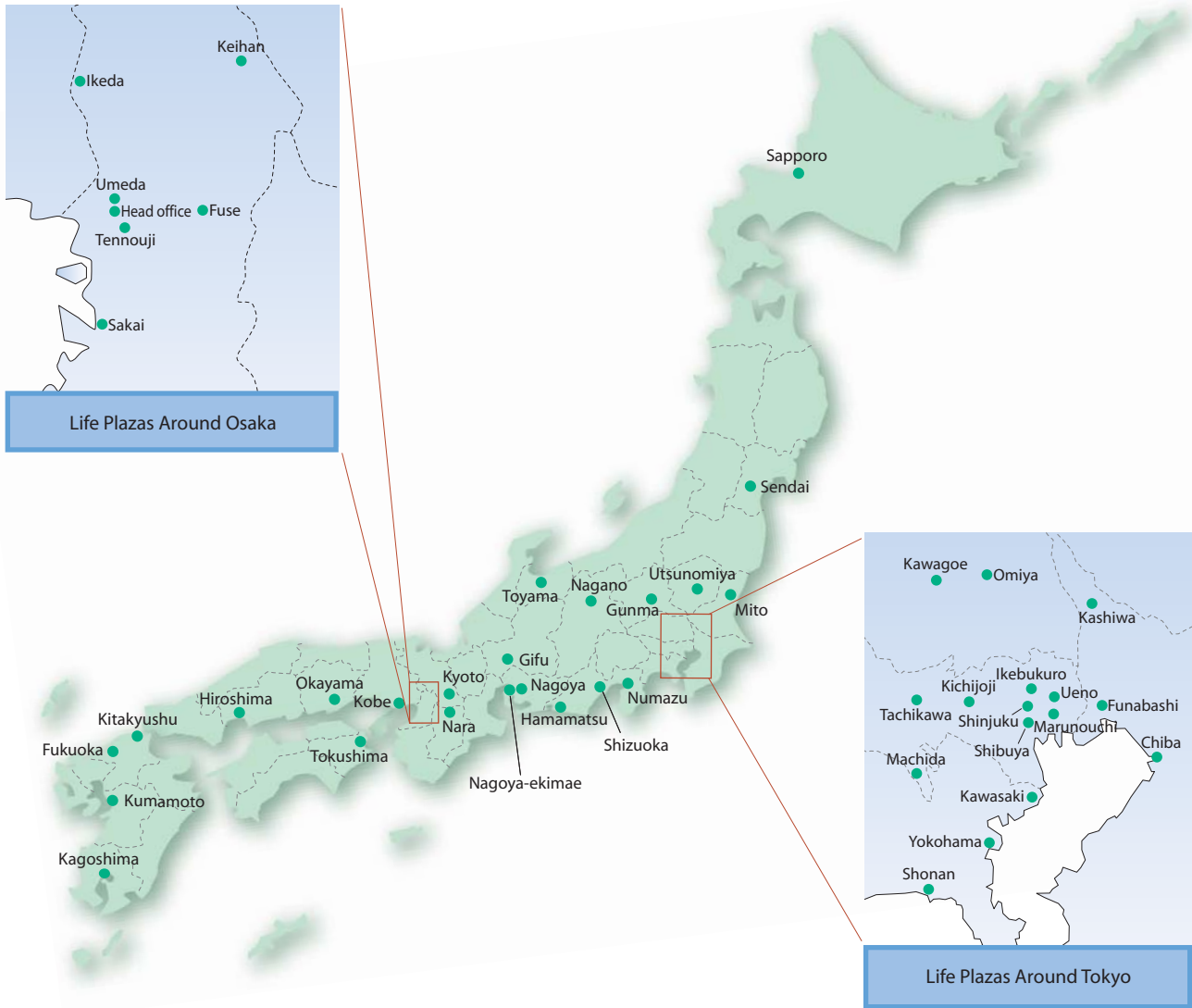


*Nissay Life Plaza*



*Consulting*

## Nissay Life Plazas



### Compensation for Damage as a Result of Falsification or Theft of Nissay Insurance Accounts Card

The Nissay Insurance Accounts system was upgraded on December 29, 2005. As with banks and other financial institutions that are subject to the Depositor Protection Law (enacted on February 10, 2006), com-

penensation of all or a portion of damages incurred is now available for specified cases. (See the Nippon Life website for more details.)

### Efforts to Strengthen Card Security

In order to prevent damage to customers resulting from illegal use of cards, Nippon Life is making vigorous efforts to improve card security.

- Service is stopped in the event that customers register easily inferred PIN numbers such as their birthdays or telephone numbers.

- Service is stopped in the event that an ATM is not used for a period of 10 years.
- Customers are sent notifications by post after withdrawals are made.

## Q12 Can procedures be completed over the phone or by Internet?

### Telephone

#### ■ Nissay Call Center

We are working to have specialist operators, who answer calls from customers throughout Japan, handle all requests, such as changing addresses and PIN numbers, and requesting hospitalization benefits in a simple, convenient and efficient manner.

#### ■ Automatic Phone Services

Customers with Nissay Insurance Accounts can make use of this service to change PIN numbers, take out loans against their policy and withdraw accumulated dividends through an automated voice directory.

### Nissay Customer Center

Through Nissay Customer Centers, Nippon Life contacts customers by phone any day of the week, provides explanations of various insurance-related systems and responds to a wide range of customer requests, including policy content checks and various maintenance procedures. When requested, the sales representative responsible for that customer will respond.

\*Available in some locations

### Internet

Customers with Nissay Insurance Accounts may confirm policy content, conduct transactions such as policy loans and complete procedures such as address and telephone number changes via Internet. (See p.31 for details.)

Customers that are considering enrolling in a new policy may request materials, and receive estimates and consulting via Internet. In addition to viewing introductions to products and Policy Guides, customers may examine insurance options to suit their particular needs including receiving a reliable estimate of the amount they may need at times of sickness, injury or worst-case scenarios.



Nissay Call Center



### About the Nippon Life Solicitation Policy

Nippon Life believes that it is essential to sell life and non-life insurance, and other financial products based upon a customer first perspective. The solicitation policy embodies Nippon Life's stance in approaching potential customers in sales activities.

The solicitation policy was formulated based upon the Sales of Financial Products Law, which came into force in April 2001. Insurance companies are required to determine and disclose solicitation policies, and to present them to customers who request them.

The solicitation policy requires, among other things, proposing insurance based on a customer's overall needs and exercising ingenuity in giving explanations to provide customers with a sufficient understanding.

To be able to provide them to customers at any time, the solicitation policy is contained in employee booklets that all Nippon Life directors and employees must carry at all times.

### Nippon Life Solicitation Policy

We sell insurance and other financial products in compliance with all laws including the Insurance Business Law, Sales of Financial Products Law and the Consumer Contracts Law. The following is the policy under which sales are conducted and was created with the idea that customers come first.

Taking into account customers' knowledge of insurance and other financial products, their purpose for purchasing the policy, their family and their assets, we make an effort to have customers choose the most appropriate insurance and other financial products while explaining products from the standpoint of the customer. In particular, for products such as variable life insurance and investment trusts that entail market risk, we recommend products considered most appropriate for the customer's age, knowledge and investment experience while giving appropriate explanations regarding products and their risks.

We are striving to eliminate moral risk in order to treat all policyholders impartially, to operate a morally sound insurance system, and to always conduct consultative sales so customers can choose the appropriate product that corresponds to their situation and desires while taking into account the protection of customer privacy.

Furthermore, when explaining insurance and financial products over the phone or during visits, we strive to take into consideration various factors, including the time and place, from the perspective of the customer.

We also strive to create ingenious ways to provide product explanations that customers truly understand when explaining insurance and other financial products.

Moreover, we strive to guarantee appropriate solicitation activities by educating, managing and instructing all employees and executives through systematic training including compliance-related training.

We are striving to collect various customer opinions and to thus increase customer satisfaction.

### Educating Sales Representatives and Reinforcing Principles

To be able to provide product proposals that are attuned to the needs of our customers, we conduct morning assemblies and other daily training programs in our sales division, equipping sales representatives with the knowledge and skills they need as Nissay Total Partners.

Nippon Life considers it very important that customers enroll in policies only after they have understood the content of the policy. Sales representatives utilize prospectuses (policy overviews) in explaining products as part of our thorough efforts to gain customer understanding, and orally explain important matters contained in booklets. To certify that they understand the product well and have been given a Policy Overview, Policy Guide and other necessary materials, we ask

customers to indicate this with their personal seals on application forms.

In addition to printing them in manuals used daily by sales representatives, these sorts of rules are thoroughly reinforced through regular training (customer satisfaction courses) consisting of satellite broadcasts that combine compliance education with practical education about life and non-life insurance operations. The courses were conducted 64 times in fiscal 2006. Quizzes are given regarding compliance programs to confirm that representatives understand the material well. Management at headquarters and regular internal audits confirm that the satellite broadcast training programs are followed and quizzes are scored to ensure complete implementation.

## Efforts Related to Information Asset Protection

Nippon life is entrusted with personal information related to over 10 million individual insurance policies, as well as sensitive information related to customers' health conditions. Customer information is a precious asset of Nippon Life, and we protect these information assets carefully, recognizing the handling of this information as an extremely important issue. Based upon this view, we have formulated an Information Asset Protection Policy, and make exhaustive efforts to protect information assets such as customer information, confidential business information and the information system that handles this infor-

mation. We have also established a Personal Information Protection Policies (disclosed on the Nippon Life website), and are working to protect customers' personal information while appropriately managing and utilizing that information. We are improving our information security infrastructure to protect personal information properly, and striving to heighten the awareness of all directors and employees regarding the protection of information assets. Our efforts include guidance and education, as well as designating two months of each year as Information Asset Protection Month.

### Personal Information Protection Policy (Handling a Customer's Personal Information)

We have established policies regarding the handling of personnel information and are working to properly protect use, and manage customer information in order to be a company that customers can

trust. In order to appropriately protect personal information, we continue to maintain and improve this policy.

#### 1. Information Collection

The collection of a customer's personal information is necessary in order to conduct business, underwrite various insurance policies, conduct continuation and maintenance management, and handle payments such as insurance payments and benefits.

#### 2. Types of Information Collected

We collect information necessary to conduct business, underwrite various insurance policies, conduct continuation and maintenance management, and handle payments such as insurance payments and benefits. This information primarily includes a customer's address, name, date of birth, state of health and occupation. Furthermore, for other types of products and services we offer, customers provide additional information necessary to conduct business.

#### 3. Information Collection Method

We collect customer information using appropriate and impartial methods. The information is mainly collected through policy applications, contracts and surveys. Furthermore, there are times when information is gathered over the Internet and from postcards when conducting various activities including campaigns.

#### 4. Purpose of Using a Customer's Personal Information

A customer's information is used to conduct the following businesses:

- (1) Underwrite various insurance policies, conduct continuation and maintenance management, and handle various types of payments such as insurance payments and benefits
- (2) Explain and provide various products including those of related and affiliated companies, and to conduct policy maintenance
- (3) Provide information concerning our business, manage our operations, and to expand our lineup of products and services
- (4) Other insurance-related business

These uses are given in our Personal Information Protection Policy that is available through our website Disclosure Report and elsewhere. Furthermore, when personal information is collected directly from customers, the use is clearly conveyed to the customer in advance.

#### 5. Information Management

In order to guarantee that a customer's personal information is up to date and correct, we take the appropriate steps necessary to conduct business. Furthermore, we implement measures deemed necessary and appropriate for the safe management of a customer's personal information in order to prevent its inappropriate access, leakage, loss or destruction.

#### 6. Provision of Information

- (1) As a general rule, we do not provide a customer's personal information to third parties without receiving consent from the customer. This includes the following situations:

- 1) Providing customer information to Nippon Life Group companies, including Nissay Dowa General Insurance, in order to provide services related to Nissay Insurance Accounts.
- 2) Providing customer information to Nippon Life related and affiliated companies in order to explain and provide various products and services.

- (2) However, in the following situations, we will provide customer information to third parties without customer consent.

- 1) Providing a customer's personal information to a third party without customer consent is permitted by Article 23, Clause 1 of the Law Related to Personal Information Protection (Personal Information Protection Law) or other laws and regulations
- 2) When the provision of information to firms that Nippon Life has outsourced work to is necessary for Nippon Life to conduct business
- 3) When sharing a customer's personal information as stipulated by the Personal Information Protection Law
- 4) Other cases where the Personal Information Protection Law permits provision of a customer's personal information without customer consent

#### 7. Disclosure, Revision, Suspension of Use and Erasure of Information

When customers request that their personal information be disclosed, revised, not used or erased, the appropriate action will be taken after confirming the customer's identity provided there is no special reason not to.

#### 8. Compliance with Related Laws

Regarding a customer's personal information, we conduct business in a manner that adheres to all aspects of the Personal Information Protection Law, all other related laws, regulations and guidelines, and the Life Insurance Association of Japan's guidelines on handling personal information for the insurance industry.

#### 9. Establishment of and Improvements to the Compliance Program

In order to guarantee that a customer's personal information is being handled appropriately, a compliance program was established which all our employees, firms that we have outsourced work to, and other related parties are made thoroughly aware of, and we conduct necessary and appropriate supervision.

Furthermore, we review and revise the policy and compliance program when necessary.

#### 10. Customer Requests Regarding Personal Information

Customer requests regarding the handling of a customer's personal information are received at the personal information counter and processed in an appropriate and efficient manner.

**Q15** *I am the owner of a company. What sort of employee benefit plans does Nippon Life offer?*

The policies that have been explained so far are in the category of individual insurance. The following sorts of insurance plans are available if companies and organizations are affiliated with life insurance companies. Nippon Life offers a broad range of products and consulting services to match the needs of corporate managers who are working to enhance benefit plans for their employees.

**Nippon Life's Main Corporate Products (as of July 2006)**

\* Self-reliant products: Insurance premiums are borne not by the corporation or organization, but by the executives and employees themselves.

		Employee Benefit Plans		
		Pillars of Employee Benefits	Plans that Support the Pillars of Employee Benefits	Products that Meet the Needs of Company Plans
Provision for employees	Protection against the unexpected (Group insurance)	Survivor coverage	<ul style="list-style-type: none"> <li>• Non-statutory workers' accident compensation plan</li> <li>• Plan for retirement funds payable on employee's death and condolence payments</li> <li>• Plan providing pensions for surviving family/children</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay General Welfare Group Term Life Insurance</li> </ul>
		Disability coverage	<ul style="list-style-type: none"> <li>• Plan for employee (executive) self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Optical Group Term Life Insurance</li> </ul>
		Medical coverage	<ul style="list-style-type: none"> <li>• Disability coverage plan</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Group Disability Income Insurance</li> </ul>
	Retirement allowance and annuities (Group annuity)	Medical coverage	<ul style="list-style-type: none"> <li>• Medical coverage plan</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Medical Life Insurance (Group Type)</li> </ul>
			<ul style="list-style-type: none"> <li>• Plan for employee (executive) self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Medical Life Insurance (Group Type)</li> <li>• Nissay Medical Life Insurance (Non-participating)</li> <li>• Nissay Term Life Insurance (Group Type) with Medical Rider</li> <li>• Nissay Dread Disease Term Insurance (Group Type)</li> <li>• Nissay Insured Contributory Pension Plans Happy Life (Medical Treatment Coverage Plan)</li> </ul>
		Retirement coverage	<ul style="list-style-type: none"> <li>• Plan for retirement allowance and old-age pensions</li> <li>• Single retirement allowance system</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Defined Benefit Corporation Pension Plans</li> <li>• Nissay Employees' Pension Fund Insurance</li> <li>• Nissay Insured Pension Plans (Tax-qualified pension plans)</li> </ul>
	Executive's own provision	Survivor coverage	<ul style="list-style-type: none"> <li>• Plan for employee (executive) self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Defined Contribution Pension Plans</li> </ul>
		Retirement coverage	<ul style="list-style-type: none"> <li>• Plan for employee (executive) self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Insured Contributory Pension Plans <i>Happy Life</i></li> <li>• Nissay Asset Formation Pension Fund Insurance</li> </ul>
	Asset formation	Preparation for buying one's own house	<ul style="list-style-type: none"> <li>• Plan for retirement funds, death coverage and condolence payments for executives</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay <i>Keyman</i> Insurance</li> </ul>
		Various life plans	<ul style="list-style-type: none"> <li>• Executive retirement allowance plan</li> </ul>	
<ul style="list-style-type: none"> <li>• Plan for employee self-reliant aid</li> <li>• Home loan plan</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Workers' Asset-Formation Housing Funding Insurance</li> <li>• Nissay Group Credit Life Insurance</li> </ul>			
<ul style="list-style-type: none"> <li>• Plan for employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Workers' Asset-Formation Savings Insurance</li> </ul>			
<ul style="list-style-type: none"> <li>• Asset formation incentive plan (interest subsidy and other aid)</li> </ul>	<ul style="list-style-type: none"> <li>• Nissay Workers' Asset-Formation Benefits Savings Insurance</li> <li>• Nissay Workers' Asset-Formation Fund Savings Insurance</li> </ul>			

Note: The *Keyman* plan is an individual insurance and insurance annuities policy handled by corporations



## Provision for Unexpected Events that Affect an Employee (Group Insurance)

### ■ Building Attractive Employee Benefit Plans

In addition to providing general welfare group term life insurance to support surviving family members in the event of an employee's death, Nippon Life is moving ahead with consulting related to optional group term life insurance for employees, and with proposals to meet increasing needs to establish employee benefit plans that meet the needs of both corporations and employees. This effort involves introducing products that meet the increasing demand for medical coverage.

In addition, Nippon Life is working to strengthen its comprehensive consulting in fields that straddle the boundary between life and non-life insurance by offering combinations of life and non-life insurance such as medical/cancer insurance plans, group long-term disability insurance and comprehensive group accident insurance, which are provided by Nissay Dowa General Insurance, and optional group term life insurance provided by Nippon Life.

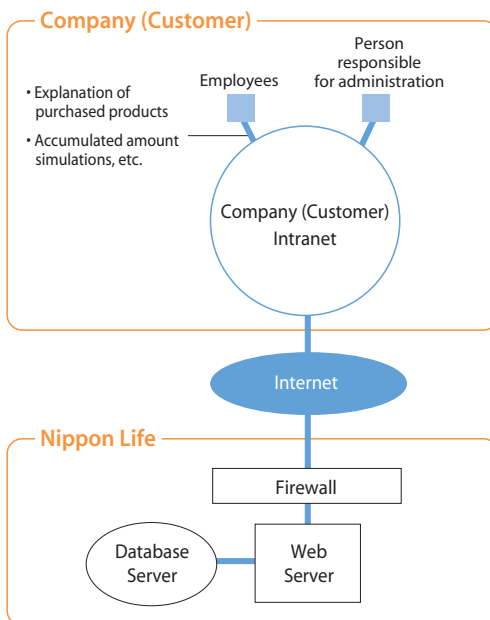
### ■ Efforts on the Administrative Services

In the field of self-reliant products, Nippon Life is striving to reduce the burden of system administration for companies and increase convenience for employees by establishing call centers handling inquiries and providing policyholders with a single notification that covers the various products they have purchased.

In response to companies' introduction of information technology, Nippon Life also offers the Nissay Life Navigation System, which individual policyholders can access online. This includes such functions as online applications, pension accumulated amount simulations and handling of online inquiries about purchased policies.

ご加入内容	
ABC総合保険プラン制度への現在加入状況です。	
団体コード	1234567890
被保険者番号	5216001
事業所コード	50001
氏名(カナ)	ニフセイ 三ツツ
性別	男性
生年月日	昭和27年 2月25日
加入内容	<ul style="list-style-type: none"> <li>ABC総合保険プラン (任意参加型)</li> <li>現在加入中となっております。</li> <li>死亡保険金額(主契約) 1,000 万円</li> <li>特別保険金額(1) 100 万円 (災害時特約が付保されています)</li> <li>特別保険金額(2) 0 万円</li> <li>死亡保険金受取人 ニフセイ ハナコ 様</li> <li>受取人の住所 東京都</li> <li>受取人の職業 配管者</li> <li>(他の受取人人数) 0 名</li> <li>従業員番号の加入 あり</li> <li>お子様のご加入 あり</li> <li>現在お支払保険料 (お支払方法) 15,000 円 月額 (ご家族の加入を含むお計算です)</li> <li>配付金 250 円 (お支払開始後です)</li> <li>ご家族番号も詳細な加入状況を見る</li> </ul>
ABC医療保険プラン (任意参加型)	<ul style="list-style-type: none"> <li>加入年月日 昭和27年 4月1日</li> <li>昭和27年 4月1日</li> <li>昭和27年 4月1日</li> <li>現在加入中となっております。</li> <li>入院給付金日額 5,000 円</li> <li>死亡保険金額 1,000 万円</li> <li>死亡保険金受取人 ニフセイ ハナコ 様</li> <li>受取人の住所 東京都</li> <li>受取人の職業 配管者</li> <li>(他の受取人人数) 0 名</li> <li>従業員番号の加入 あり</li> <li>お子様のご加入 あり</li> <li>現在お支払保険料 (お支払方法) 1,500 円 月額 (ご家族の加入を含むお計算です)</li> <li>配付金 2,500 円 (お支払開始後です)</li> <li>ご家族番号も詳細な加入状況を見る</li> </ul>
ABC企業年金プラン	<ul style="list-style-type: none"> <li>制度加入年月日 昭和27年 4月1日</li> </ul>

Nissay Life Navigation System



### Defined Contribution Pensions

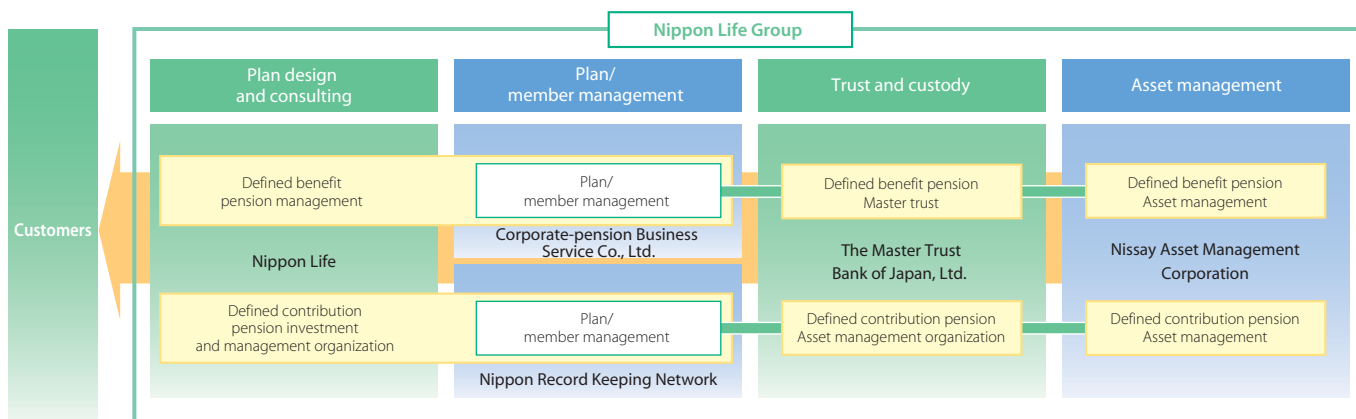
These pension plans are based on predetermined contributions and set benefits determined by the performance of individuals' investments. There are both corporate plans under which the firm pays the contribution for employees and individual plans where individuals pay the contributions. Further growth is expected in this field as new pension plans are developed to comply with pension laws that went into effect in October 2001.

## Supporting Corporate Clients' Preparation for Employee Retirement Allowances and Pensions (Group Annuities)

### ■ Commissioned Systems to Strengthen and Specialize Group Annuities Services

As a commissioned organization that can provide a combination of defined benefit pensions and defined contribution pensions, we utilize the strength of the entire Nippon Life Group to offer high-quality services in a wide range of areas, including plan design, plan administration, trust and custody and asset management.

#### Commissioned Systems to Strengthen and Specialize Group Annuities Services



### ■ Consulting for Corporate Retirement Allowance and Annuity Systems Design

Nippon Life provides a wide range of services, including consulting on retirement allowances and pension plans by actuaries and system design specialists and verification of the effects of system changes on corporate and annuity finances.

Furthermore, in response to the elimination of tax-qualified pension plans in March 2012, Nippon Life is making efforts, focused on the approximately 10,000 customers (as of March 31, 2006) using its management services for approved tax-qualified pension plans, to provide information on the new system, improve advice on transition, propose the most advantageous plans, and ensure smooth transition.

### Defined Contribution Pensions (401k Pensions)

Data from the Ministry of Health, Labour and Welfare shows that the number of people enrolled in defined contribution plans, which were first introduced in October 2001, reached 1.8 million as of March 31, 2006, and further growth in defined contribution pensions is expected.

For these plans, Nippon Life has built upon its record in the corporate annuities field, and utilized its business experience acquired in the 401(k)-style defined contribution pension plan market in the United States, to become Japan's leading company in defined contribution pension investment and management. Nippon Life has obtained the highest total of 291 (as of March 31, 2006) outsourcing contracts in this area.

Specifically, Nippon Life provides such services as high-quality investment training, our own call center that enables clients to get answers to all questions with a single phone call, and the provision of consulting and administrative support to business owners. We have created a structure that can meet comprehensive needs, from system introduction to daily management.

The Company also provides a variety of products that are appropriate for long-term annuity investments such as various Nissay Asset Management Corporation investment trusts and GIC (Guaranteed Investment Contracts) that are extremely safe. In addition to customization plans, as part of our services and products that meet diverse needs, we also offer open-type, low-cost package plans that minimize the burden on customers of introducing the annuity systems.

### Nissay Defined Contribution Pension Call Center

Asset transfers and balance inquiries can be made 24-hours a day through the call center. This service is not limited to defined contribution pensions. It also offers advice from our specialist operators on taxes, public pensions and life planning.



### Open Plans

Open plans are defined contribution pension plans that multiple companies can join together regardless of their industry or size. Since they are packaged, clerical work prior to plan introduction is greatly reduced, and they are less expensive than traditional plans.

This is a new defined contribution pension plan for firms that want a plan that is easy to introduce.

**Q16** Are the insurance premiums we are paying being safely invested?

**Features of Asset Management**

To be certain that they can pay future insurance benefits, life insurance companies invest the insurance premiums entrusted to them with a sufficient view to safety, profitability and liquidity. Life insurance companies recognize the very public nature of the assets they invest, the accumulated premiums put in their hands by a large number of policyholders. Maintaining a mid- to long-term perspective, life insurance companies aim to secure stable investment returns by diversifying their assets and spreading risk in an appropriate manner.

**General Account Asset Management Policies**

Nippon Life invests general account assets based upon the following asset management policies.

1. Protecting the economic well being of policyholders is our first responsibility
2. Achieving long-term stable growth of investment returns through a coherent asset management strategy
3. Conducting asset management in a way that is acceptable to policyholders, maintaining an awareness of the mission and public nature of the life insurance business

Recognizing the characteristics of life insurance policies, we have established asset management policies based upon an Asset Liability Management (ALM) approach. In order to consistently provide policyholders with promised returns over the long term, we are concentrating investments in domestic public and corporate bonds expected to provide stable interest income. In order to improve mid- to long-term profitability, and aiming to provide returns to policyholders in the form of dividends, we invest in domestic stocks, foreign securities and other investment products within an allowable level of risk with a view to the stability of operations.

**General Account and Separate Account**

The separate account consists of individual variable insurance, individual variable annuities and a portion of group annuities. The separate account increases or decreases depending on investment management results of such assets as insurance payment funds and other reserves, and it is classified and managed separately from other accounts.

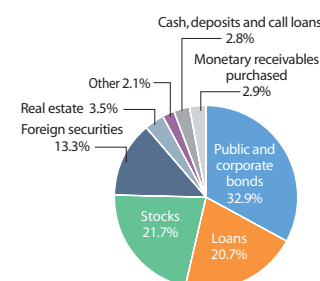
The general account is the account in which assets except those of the separate account are managed.

**Asset Liability Management (ALM)**

ALM is a method of managing assets and liabilities in an integrated manner. To assure that it can pay future insurance benefits, Nippon Life works to lessen the impact of interest rate changes by adjusting investment periods and implementing other management tactics, maintaining a firm grasp on the status of liabilities deemed "policy reserves" that are accumulated every fiscal period, as well as the status of assets under management.

**Breakdown of General Account**

(¥48,208 billion as of March 31, 2006)



**Efforts in the Asset Management Business**

To respond to corporate employee benefit and customer asset formation needs that continue to diversify and become more sophisticated, the Nippon Life Group positions asset management as a core business on par with its life and non-life insurance businesses and is making every effort to strengthen it. Nissay Asset Management Corporation was established in May 2000 by consolidating Nippon Life's Separate Account Management Department, which was initially spun off as a

separate company, and a Nippon Life trust investment-advisory subsidiary. This company plays the central role in the asset management business of the Nippon Life Group.

Nissay Asset Management Corporation is striving to win customer trust while strengthening risk management, client services, product development and asset management capabilities.

Nippon Life is aggressively developing its insurance operations overseas through local affiliates in order to shore up its mid- to long-term earnings foundation. In Asia and other regions with high growth potential, the need for insurance is increasing in tandem with economic growth. The advance of Japanese companies overseas is also increasing the importance of welfare benefit plans for employees working overseas. Though competition is fierce in the international insurance business, we are also learning many things from the insurance markets in various nations.

Currently, we are providing high quality services tailored to the needs of each respective region primarily through our four overseas insurance companies in the United States, the Philippines, China and Thailand.



*Nippon Life Insurance Company of America*

## Nippon Life Insurance Company of America

Established in December 1991, Nippon Life Insurance Company of America is selling insurance products to corporations, including group health insurance, through six branches in New York, Los Angeles, Chicago, Atlanta and other cities.



*Nippon Life Insurance Company of the Philippines, Inc.*

## Nippon Life Insurance Company of the Philippines, Inc.

Established in February 1997 through a joint venture with one of the leading financial groups in the Philippines, the company sells individual and group insurance through 16 bases around the nation.



*Nissay-SVA Life Insurance Co., Ltd.*

## Nissay-SVA Life Insurance Co., Ltd.

Established in September 2003 as a joint venture together with SVA (Group) Co., Ltd., a leading consumer electronics manufacturer under direct control of the Shanghai municipal government, the company concentrates its business on selling individual and group insurance in Shanghai.



*Bangkok Life Assurance Limited*

## Bangkok Life Assurance Limited

Since first acquiring a stake in Bangkok Life Assurance Limited, one of Thailand's leading life insurance companies, in April 1997, we have strengthened our ties through the years. With additional increased shareholding in January 2004, we made Bangkok Life Assurance an affiliated company.

Nippon Life will continue to steadily develop overseas operations, aiming to expand profit-earning opportunities by providing high-quality insurance services.