

# AN APOLOGY AND ANNOUNCEMENT FROM NIPPON LIFE

(A Response to Problems Related to the Insufficient Payment of Insurance Claims and Benefits)

Nippon Life extends its heartfelt apologies for having caused inconvenience and concern in connection with the insufficient payment of insurance claims and benefits.

Since being ordered in July 2006 by the Financial Services Agency to improve business operations, Nippon Life has listened to the many complaints and concerns that customers have expressed to sales representatives as well as through its call centers and at Nissay Forums held nationwide. We have heard your voices and understand your expectations to regain your trust.

Throughout the Company, we are working to realize the goals of the Customer Service Innovation Project, a plan designed to improve operations, as we move ahead with a customer-centric approach to business.

The following is background information on the insufficient payment problem and an explanation of Nippon Life's response.

- **Nippon Life's benefit settlement assessment system was thoroughly scrutinized.**

A comprehensive inspection covering approximately 369 million insurance and benefits claims paid over the five-year period from fiscal 2001 through 2005 was undertaken to determine the adequacy of our claim and benefit settlement assessment system, and was completed on March 31, 2007.

- **The issue of whether or not policyholders should file additional payment requests was closely studied.**

Taking into account the requirements of the Financial Services Agency, we examined whether policyholders should file additional requests regarding claims and benefits already paid. We also examined whether additional payments should be made for delayed interest, invalid refunds and other items unrelated to insurance claims and benefits.

As a result of these inspections, much to our regret, we discovered instances of inadequate settlement as well as of inadequate guidance given to customers concerning payment requests. (On April 13, 2007, we publicly announced the interim progress of the investigation to the Financial Services Agency.)

We are now individually contacting those customers needing additional guidance in the area of payment requests, and we are doing everything within our power to process and reach final settlement regarding all cases of insufficient payment by September 2007.

Nippon Life is taking the following five steps to prevent the recurrence of the problems so far described.

### **1) Diagnosis Form Improvement and Computerization**

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The main reasons for the insufficient payment of claims were errors due to the misreading of and omissions of data from diagnosis forms. Therefore, we are redesigning the diagnosis form to make it easier for physicians to enter data and for assessment specialists to read. At the same time, we are working to computerize the process of creating diagnosis forms.

### **2) More Complete Explanation of Payments**

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At every stage during the term of a policy, from the time of enrollment, including the filing of payment requests, we will provide the customer with comprehensive information and explanations to ensure that the payment requests filed are accurate, omission-free and complete. To that end, we established the Claims-Related Services Department on July 1, 2007.

### **3) Improved Sales Representative Training and Service Activity Evaluation**

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We will provide more in-depth training so that sales representatives can provide accurate and timely advice to customers about policies, claims and benefits. We will also rigorously evaluate sales representatives' service activities.

### **4) Promote Greater Understanding of Products and their Terms and Conditions**

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We will provide easy-to-understand explanations of policy terms and conditions on our website to promote a better understanding of our products and their terms and conditions.

### **5) Establish an IT Infrastructure to Support Customer Service**

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We will invest a total of ¥150.0 billion in new IT systems, provide a better infrastructure for the processing of payments and reconfigure mission-critical systems to ensure the ongoing evolution of office functions. Leveraging this infrastructure, we will dramatically improve clerical work processes, customer service and claims payment procedures.

As we work to swiftly process additional claims payments and work assiduously to regain customer trust, we would like to express our great appreciation for your continued support.