

CHAPTER 2

Management of Nippon Life

MUTUAL COMPANY FRAMEWORK.....	30
CORPORATE GOVERNANCE SYSTEM	34
ENHANCING THE INTERNAL CONTROL SYSTEM	35
PROMOTING COMPLIANCE.....	35
STRENGTHENING RISK MANAGEMENT	37
REFLECTING CUSTOMER FEEDBACK IN BUSINESS.....	42
EFFORTS IN SYSTEM DEVELOPMENT	45
INVESTING INSURANCE PREMIUMS ENTRUSTED TO US.....	46
OVERSEAS BUSINESS DEVELOPMENT	47
CONTRIBUTIONS TO THE ENVIRONMENT, COMMUNITIES AND SOCIETY.....	48
IMPROVING DISCLOSURE.....	52

A mutual company is a corporate structure based on the concept of mutual aid where policyholders can help each other. Policyholders* become company members of a mutual company when they purchase insurance policies and the company's management reflects the views of policyholders.

*Does not include holders of policies that do not pay dividends

■ Meeting of Representatives

Established to replace the General Meeting of Members, the Meeting of Representatives comprises policyholders selected to act as representatives. The Meeting of Representatives is equivalent to the general shareholders' meeting of a stock corporation and deliberates and passes resolutions, such as those for amending the Articles of Incorporation, approving proposals for the disposal of surplus and nominating directors and auditors.



The 62nd Meeting of Representatives

Attendance System for the Meeting of Representatives

Policyholders may attend the Meeting of Representatives. Information on how to apply for admission is available at our offices and on our website in May and June.

Questions and Comments at the 62nd Meeting of Representatives (July 2, 2009)

- Problems involving payments must never happen again in order for Nippon Life to continuously grow. Insurance is a special type of product that makes policyholders glad they purchased a policy when a claim or benefit payment is received. I want the company to have a firm commitment to putting the customer first.
- Please explain the strategic objectives of the Nippon Life Group. In addition, are there any differences in strategies between groups where the parent company is a mutual company and a joint stock company?
- Will there be any changes or revisions in your globalization strategy because of the financial crisis?
- You said you are pursuing the strengths of the mutual company format. Exactly what kinds of actions is Nippon Life going to take?
- Young people are buying less insurance. Do you think it is important to develop and sell insurance products for young people who have limited budgets?
- What are the differences between Nippon Life products and the products of competitors that have lower premiums?
- How do you provide follow-up services for people who purchase policies at banks?
- I want Nippon Life to establish a reliable security system to prevent leaks of information when performing insurance procedures on the Internet. In addition, I understand that Internet procedures require no personal seal or signature, so I want Nippon Life to take steps to prevent the occurrence of fraudulent policies.
- Does Nippon Life's insurance cover diseases like the recent new strain of influenza? Also, will Nippon Life make all required payments even if there is an outbreak of a disease that causes a large number of deaths?
- From the standpoint of diversity in management, which means encouraging the use of many types of people in management, what is Nippon Life doing to utilize women and other categories of employees?
- Many life insurance companies have become insolvent in Japan and other countries. I think that Nippon Life, as Japan's leading life insurer, needs to take actions to preserve its own soundness as well as the soundness of the entire insurance industry.
- Regulatory oversight of the insurance industry is becoming stricter on a global scale. What is your plan for dealing with the possible adoption of market value accounting for insurance companies?
- Nippon Life has posted large valuation losses on Japanese stocks and the profitability of Japanese companies is declining. What is your stance regarding investments in stocks in Japan and other countries?
- I think that Nippon Life, as Japan's largest institutional investor, needs to be an active shareholder at the companies in which it invests.
- There is talk of the management integration of Nissay Dowa General Insurance and two other non-life insurance companies. What is Nippon Life's strategy for the non-life insurance business?
- As some insurers stop selling variable annuities, what are Nippon Life's plans concerning products that are sold at banks?
- You said that you achieved your management plan goals for the revised insurance claims and persistency rate in the fiscal year ended March 31, 2009. What is your position concerning the medium-term outlook?
- With regulations becoming tighter on a global scale, what are Nippon Life's plans concerning its risk management system?
- There are demands for banks to improve the quality of their capital. What actions do you think that Nippon Life needs to take?
- What do you regard as the advantages and disadvantages of the mutual company and joint-stock company structures with respect to fund procurement and other activities?

Minutes and a summary of the Meeting of Representatives (Q&A summary) are available soon after the event from the Osaka head offices, the Tokyo Headquarters and all branches as well as on the Nippon Life website.

→ <http://www.nissay.co.jp/kaisha/annai/sogo/sodaikai/> (Japanese only)

■ Representatives and Their Election

Representatives

According to the Articles of Incorporation, each representative's term of office is generally four years and can extend to eight years if they are selected for a second term. The number of representatives currently stands at 200.

Nippon Life selects policyholders as representatives, and, because they check management from a diversity of perspectives, they are chosen

from among people in many occupations and ages and from many parts of the country. They participate in the Meeting of Representatives and deliberate with the Company through direct question and answer sessions.

From this perspective, Nippon Life believes that the number of representatives is set at an appropriate level.

Election of Representatives

To represent the interests of all policyholders, representatives are chosen who have no ties to the interests of specific policyholders among the approximately 9.50 million policyholders, based on the perspective of fairly reflecting the opinions of policyholders at the Meeting of Representatives.

In this context, the Representative Nomination Committee recommends candidates, and policyholder voting has been adopted as the means to directly reflect policyholders' opinions of the candidates.

In addition, representatives are also selected from among policyholders who have participated in Nissay Konwakai (see p. 32.), a forum where management receives opinions and requests from policyholders.

Although we have not adopted a system in which policyholders desirous of becoming representatives can be directly selected as representative candidates, Nippon Life will continue to promote this method of selecting representative candidates from among policyholders who participate in the Nissay Konwakai and aims to diversify selection methods.

Selection Standards for Representative Candidates

1. Required Qualifications

- (1) Is a policyholder of Nippon Life
- (2) Is not a representative of another life insurance company

2. Eligibility Standards

- (1) Has a strong interest in the life insurance business and the management of Nippon Life and has adequate insight as a representative
- (2) Can be expected to actively participate as a representative in the Meeting of Representatives and other events
- (3) Is able to check and advise on operations and management as necessary in addition to making fair decisions at the Meeting of Representatives to promote the interests of all policyholders

3. Selection

Representative candidates are selected from a broad base of policyholders with an emphasis placed on ability to represent policyholders and to inspect management.

- (1) We select representative candidates to ensure well-balanced policyholder representation in terms of geographic region, occupation, age and gender.
- (2) We select representative candidates to ensure checks over management, specifically candidates who are able to check and advise on operations and advise management from diverse viewpoints, including from management, consumer, and specialist perspectives, while giving consideration to occupation, specialties and other factors.

● Representative Nomination Committee

The Representative Nomination Committee is composed of members chosen from among policyholders by the Meeting of Representatives. The Representative Nomination Committee decides on selection standards for representative candidates and selects representative candidates from a broad base of policyholders. In addition, Nippon Life works to ensure the independence of the selection process by appointing an external person to the position of head of the secretariat of the Representative Nomination Committee, which also ensures the fairness and transparency of the representative nomination process.

Qualifications for Selecting Representative Nomination Committee Members

- (1) Has a strong interest in and a deep understanding of the life insurance business and mutual company management and adequate insight as a representative
- (2) Is able to fairly and impartially select representative candidates
- (3) Is able to participate in the Representative Nomination Committee

● Policyholder Voting

All policyholders vote for individual representative candidates selected by the Representative Nomination Committee. If the total number of no-confidence votes for individual candidates is less than 10% of the total number of policyholders, candidates are selected as representatives.

Time of Policyholder Voting

Voting for representative candidates is held once every two years from August to September. The next election by policyholders is scheduled for fiscal 2010. (Voting materials shall be sent to all Nippon Life policyholders.)

■ Board of Trustees

Nippon Life has a Board of Trustees that serves as a management advisory body to ensure the appropriateness of management. Trustees are elected at the Meeting of Representatives from among policyholders and academic experts. Trustees give opinions on advisory matters and important

management issues and deliberate on policyholder opinions regarding corporate management. The results of these opinions and deliberations are reported at the Meeting of Representatives.

■ Nissay Konwakai

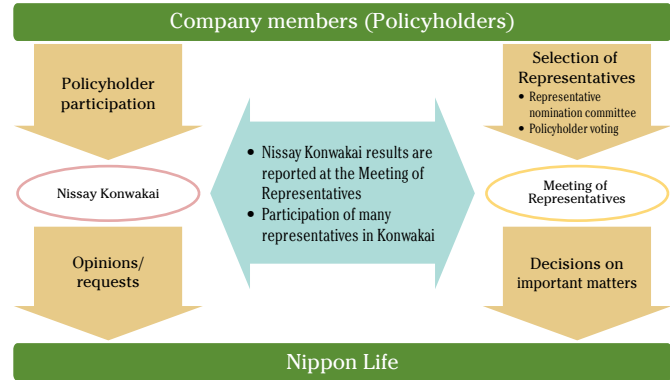
The Nissay Konwakai is held every year throughout Japan. These conferences provide opportunities for Nippon Life to explain its business activities and for policyholders to voice their opinions and requests on overall management as well as products and services. Konwakai have been held since 1975.



Nissay Konwakai

From among the opinions and requests that we receive from participants, we identify and respond to those that are most frequently expressed. These items are then reported to the Meeting of Representatives and Board of Trustees. The participants include several representatives and directors, and we continue to work to improve ties between the Nissay Konwakai and the Meeting of Representatives.

Position of Nissay Konwakai



*Information about when and where the Nissay Konwakai are held is available at our branches and sales offices, and is disclosed on our website. We promote broad participation in the Nissay Konwakai.

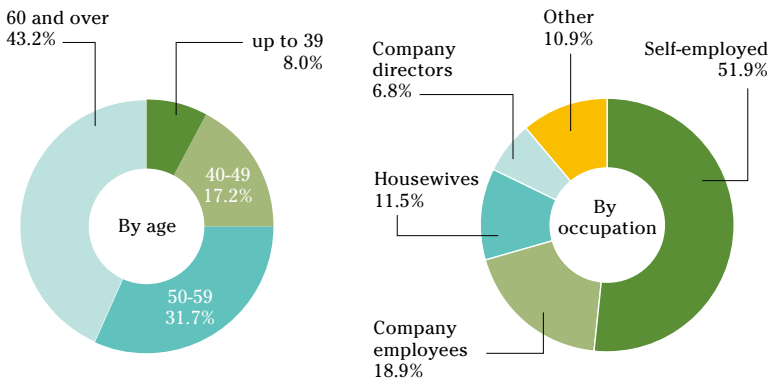
Status of the Nissay Konwakai Meeting in Fiscal Year Ended March 31, 2010

From January through March 2010, we held Nissay Konwakai meetings in 114 locations around Japan, bringing together a total of 145 representatives and 2,562 policyholders and receiving a total of 5,296 opinions and requests. At the Nissay Konwakai meeting, we strove to provide easy-to-understand explanations, using video and other materials, of performance in the first half of the fiscal year ended March 31, 2010, the development of the products and services reflecting opinions expressed at the Nissay

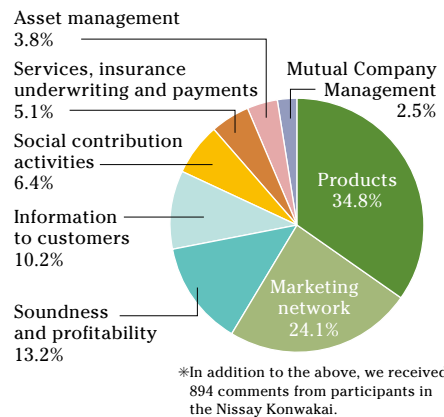
Konwakai meetings, and other topics. Opinions and requests received at the Nissay Konwakai meetings are thoroughly examined by the relevant departments and every effort is made to reflect them in management. The following are some of the main opinions and requests that we received during the fiscal year ended March 31, 2010.

*The results of Nissay Konwakai meetings are available at the Nippon Life corporate website.

Description of Participants in Fiscal Year Ended March 31, 2010



Categories of Opinions and Requests in Fiscal Year Ended March 31, 2010



Major Opinions and Questions at Nissay Konwakai Meetings and Our Responses

Q	Some life insurers in Japan have become joint-stock companies. Why is Nippon Life a mutual company?	
A	<ul style="list-style-type: none"> Life insurance is a business with a strong commitment to public service because insurance supports the lives of the public, and the term of a life insurance policy is long. We believe that the following three points are vital to conducting this business: <ol style="list-style-type: none"> Offering a service that provides long-term coverage that is truly needed Establishing the financial position needed to fulfill long-term coverage obligations Provide insurance coverage with suitable and reasonably priced premiums Therefore, we have used all of our resources for the purposes of providing long-term coverage and sufficient services. We have also distributed our surplus, which is the result of these activities, solely to our policyholders. All these activities are based on the policy of “every effort for customers” that has guided Nippon Life since its inception. 	<ul style="list-style-type: none"> One way we accomplish this is through consistent face-to-face services, notably our “Policy Details Confirmation Activities.” In addition, we have taken steps to consistently increase equity and pay a stable dividend. To increase equity, we retain earnings each fiscal year and conduct offerings of foundation funds (<i>kikin</i>), which is the primary capital of a mutual company. There are no fundamental differences in how a mutual company and joint-stock company conduct the life insurance business. So a company’s structure alone does not determine its success. However, a joint-stock company is required to distribute earnings to both policyholders and shareholders. Therefore, we believe that a mutual company structure is best suited to taking actions that benefit all customers in line with our policy of “every effort for customers.” We will remain dedicated to maximizing policyholder value as a mutual company while retaining a firm commitment to the policy of “every effort for customers.”
Q	I want Nippon Life to develop more products like <i>Mirai Support</i> and <i>My Medical EX</i> that are easy to understand.	
A	<ul style="list-style-type: none"> We started selling <i>Mirai Support</i> in October 2008. This new product combines the <i>Comprehensive Medical Rider</i>, a new medical insurance rider, with death coverage. This product has been very popular, and since its launch we have sold more than 2.7 million* <i>Mirai Support</i> policies. *Cumulative figure for sales from new policies and coverage revisions and for changes in riders (October 2008 to March 2010) We believe the success of <i>Mirai Support</i> is due in large part our making it easy to understand. This product combines six medical riders into a single medical rider. It also links the scope of covered surgical procedures with the coverage of Japan’s public-sector medical insurance system. Furthermore, customers themselves can use hospital receipts to confirm if a particular procedure is covered. 	<ul style="list-style-type: none"> In April 2009, we started selling only the medical rider portion of <i>Mirai Support</i> as a separate product called <i>My Medical EX</i>. During the first year, we sold about 73,000 of these policies. We will use the strong response from customers for these products to meet more customer needs by continuing to develop products that are easy to understand in all respects. Examples include making coverage easier to understand when purchasing a policy and providing more flexibility when reviewing coverage.

Other Ideas and Requests

[Management]

- Hearing about steady growth in equity makes me more confident about Nippon Life. I hope that Nippon Life continues to improve financial soundness to maintain the confidence of policyholders while increasing dividends.
- Please explain Nippon Life’s current overseas activities and future strategies.

[Products and Services]

- Some insurance companies emphasize their low prices and ease of purchasing policies. Can Nippon Life reduce the cost of its policies and make them easier to obtain?
- What is Nippon Life doing about the increasing number of young people who do not buy insurance?
- Please tell me more about the *Zutto Motto Service* that started in April 2010.
- In addition to insurance products, I would like Nippon Life to sell services for medical care and staying healthy.
- Documents that explain the terms and conditions of insurance policies are very long and use technical terminology. Can Nippon Life make these materials easier to understand?
- I depend on the sales representative who visits me on a regular basis. I want to have an even closer relationship with this person.
- I want Nippon Life to work more on improving the knowledge and manners of sales representatives.

- I am unable to receive communications from Nippon Life on weekdays. Can you do something about this?
- Years ago, I recall that sales representatives often visited workplaces. But I don’t see them now. I would like sales representatives to see me where I work, too.
- The elimination of the approved retirement annuity system in Japan is approaching but I am having difficulty making a decision. I would like to receive advice.
- Procedures needed to buy an insurance policy and submit a request for a claim or benefit payment are complex. I want Nippon Life to make these procedures easier and more convenient, such as by using the Internet.
- I like Nippon Life’s TV commercials. But can’t Nippon Life make commercials that provide simple explanations of products just as other life insurers do?

[Asset Management]

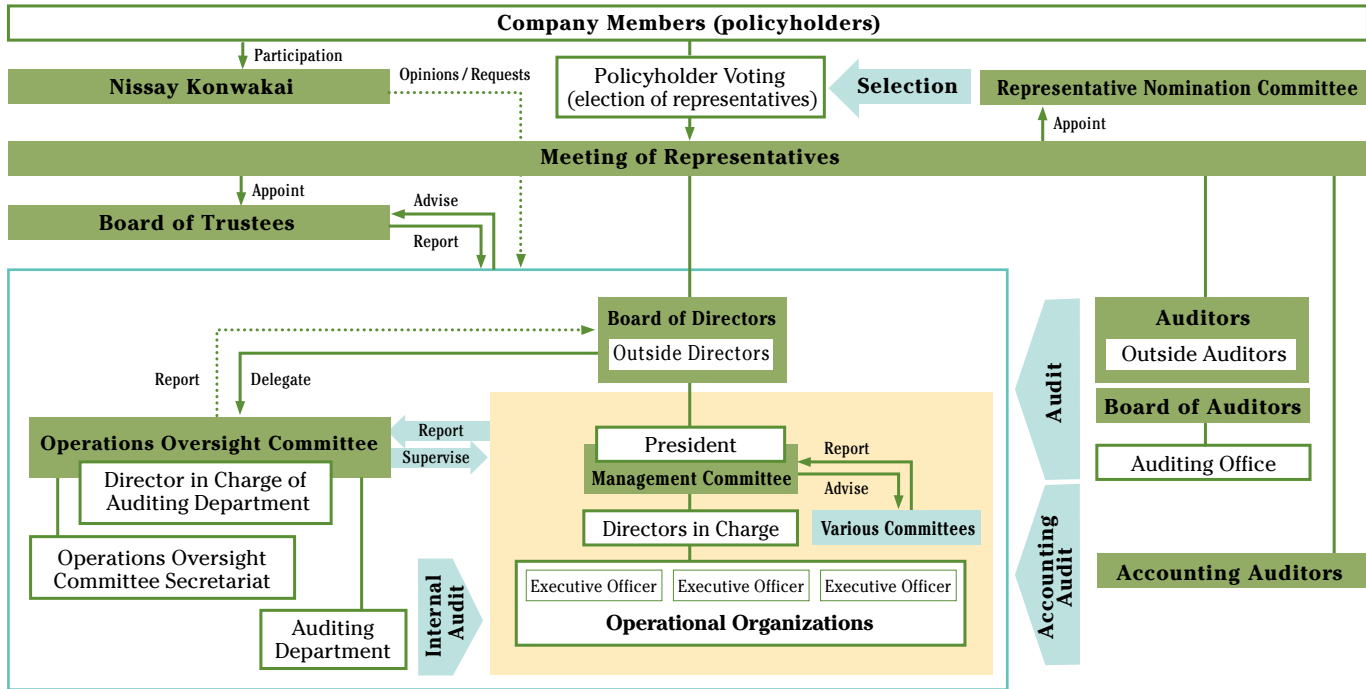
- I want Nippon Life to remain very careful about managing assets because the outlook for investments is still uncertain.

[Social Contribution Activities]

- I hope that Nippon Life continues to conduct programs which are unlike any social contribution activities of any other life insurer, such as publishing the *Insurance Secrets* comic book.

Nippon Life has constructed a corporate governance system that ensures the appropriateness of management and increases transparency. Specifically, the Company has built a system that more widely reflects policyholder feedback in management through a mutual company framework. (See p. 30.) In addition, to ensure that external points of view are actively incorporated and that a system of checks and balances is placed on management, we have appointed outside directors and established an Operations Oversight Committee. We have also established an Auditing Department to ensure that operations are sound and carried out properly.

Diagram of Corporate Governance System



■ Board of Directors

The Board of Directors reaches decisions about important affairs concerning business operations based on decisions made at the Meeting of Representatives. The Board of Directors also supervises the performance of the directors. There are 18 directors: the chairman and president of Nippon Life, four outside directors (including three who meet the legal requirements for outside directors), and 12 Nippon Life executives who are in charge of each business area. The 12 executives who are responsible

for business areas are also executive officers who are directly responsible for business operations. This structure unifies two functions in the Board of Directors: decision-making and supervision for the execution of business operations. With this structure, the Board of Directors is able to directly view the status of activities in each business operation.

■ Auditors and Board of Auditors

Auditors are responsible for auditing the performance of directors by attending meetings of the Board of Directors and other important meetings. In addition, the Board of Auditors discusses significant matters concerning audits and reaches decisions. Nippon Life has six auditors, including four outside auditors (one of whom is full time). Auditors implement measures to strengthen and expand auditing functions. For example, meetings are

held on a regular basis and at other times as necessary to allow the accounting auditors, Auditing Department and auditors to work closely together. Meetings provide an opportunity to exchange opinions and information about audit plans, the status of audits and the results of audits.

■ Operations Oversight Committee

This committee is composed of outside directors, three policyholders and a director exclusively responsible for the Auditing Department. The committee was commissioned by the Board of Directors to fulfill a supervisory function and, as a body directly connected to the Board of Directors, supervises and oversees all of the business affairs of Nippon Life.

The director in charge of the Auditing Department manages and directs the Auditing Department in line with the discussions and decisions made by the Operations Oversight Committee, thus ensuring the effectiveness of internal audits.

ENHANCING THE INTERNAL CONTROL SYSTEM

To ensure that operations are appropriate and to raise corporate value, we established at the Board of Directors meeting a basic policy for the internal control system (a system that ensures appropriateness of Company operations). Based on this policy, we have developed an internal control system that includes the following systems.

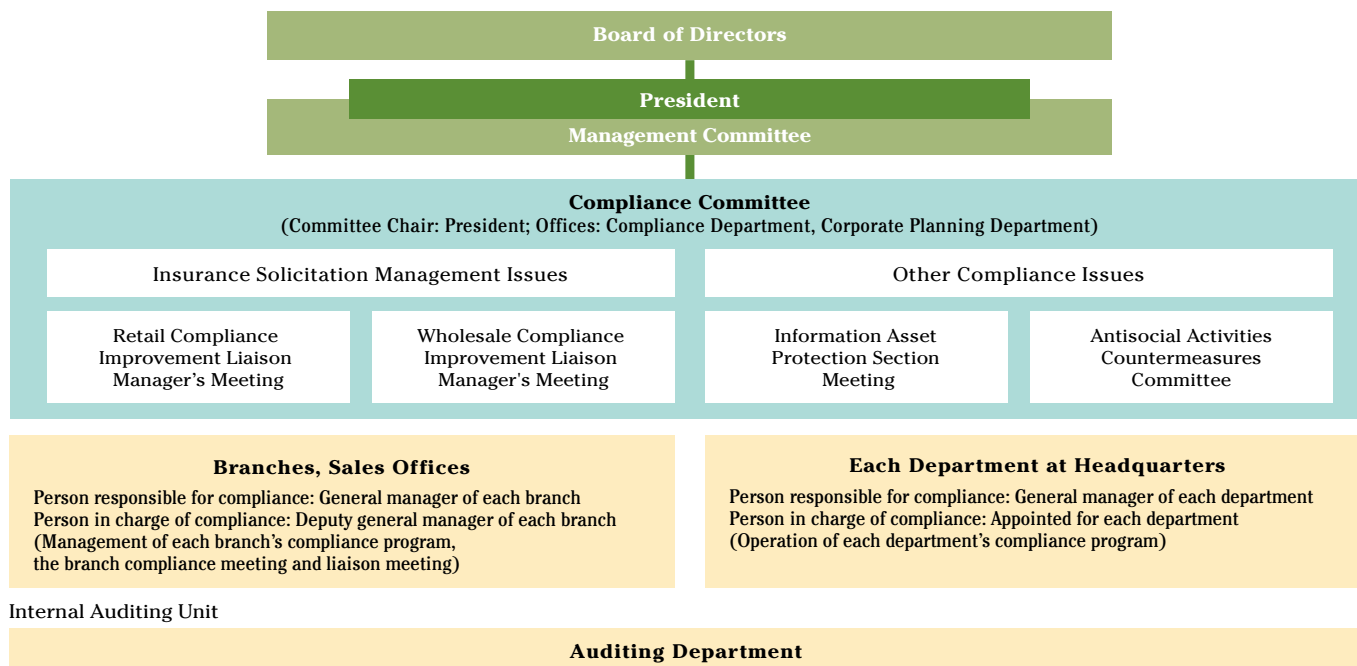
- Management control system
- (Internal) audit system
- Rapid decision making and business execution structure based on executive officer system
- Internal control over financial reporting
- Information management system
- Risk management system
- Compliance system
- Antisocial activities damage prevention system
- Conflicting interests management system
- Group company management system

PROMOTING COMPLIANCE

Compliance at Nippon Life goes beyond merely observing relevant laws and regulations, and extends to complying with all social norms, earning the trust of customers and society, and performing our work with sincerity. All directors and employees bear the responsibility of compliance and, considering compliance to be a fundamental operating premise, strive to promote compliance throughout the Company.

■ Compliance System

Diagram of Compliance System



Nippon Life established the Compliance Committee as an advisory body to the Management Committee. The Compliance Committee comprehensively controls and manages the compliance system, including insurance solicitation management, by deliberating on measures related to compliance issues and by monitoring organizational efforts.

In addition, the Information Asset Protection Section Meeting and the Antisocial Activities Countermeasures Committee were established as advisory bodies to investigate and implement specific countermeasures for every issue. Their duties include instituting and promoting an information asset protection system primarily for customers and to conferring on measures for blocking antisocial activities, such as those of gangs, and promoting internal education.

The Compliance Department was established to exert Companywide control over compliance. The Compliance Department is attempting to instill an understanding of compliance-related information throughout the Company by adopting an integrated system for reporting inappropriate or suspicious behavior. Under this system, such behavior at branches and headquarters departments is reported to the Compliance Department. At the same time, at each branch and headquarters department we have appointed individuals to be in charge of compliance (compliance officers) who are charged with following up on compliance-related efforts.

At each branch and headquarters department, general managers are responsible for compliance. Deputy general managers and managers appointed to each branch and department are in charge of compliance. Together, they form a system that rigorously implements compliance programs as part of operational management.

■ Formulating and Implementing the Compliance Program

The Board of Directors formulates the compliance programs every year as concrete measures for the promotion of compliance. Each branch and headquarters department also formulates its own branch or divisional compliance programs in response to specific issues arising from its diverse operations and works to implement these programs in daily operations.

■ Teaching and Entrenching Compliance Principles

Nippon Life has established a Code of Conduct that sets forth the principles and standards that all directors and employees must abide by in the course of daily business. The Code of Conduct is set out in a small booklet entitled *An Employee Booklet* that all directors and employees are required to carry so they can refer to it at any time in case they are unable to decide based on the performance of their duties whether they are operating from a customer perspective; if what they have done is legally or socially acceptable; or whether they have infringed on someone's human rights. We have also created a *Compliance Manual* that explains the Code of Conduct and the operations of each division from a compliance perspective and have thoroughly instilled their teachings in all directors and employees.

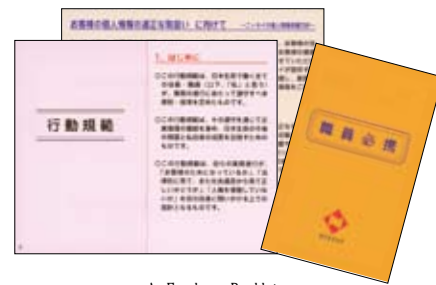
Nippon Life provides all directors and employees with compliance textbooks and various other training materials. In these materials, proper training on soliciting insurance policies and after-sales services is offered, reflecting an industry-wide educational curriculum standard.

Legal and other compliance-related educational programs are provided regularly through internal satellite broadcasts (NICE-NET) for sales representatives who serve customers. Quizzes about compliance matters

The formulation and implementation status of these programs is routinely tracked and followed up by the Compliance Department and at the same time new issues are reflected in the programs.

are given regarding the content of the broadcast compliance programs to ensure that employees have understood the material.

Non-sales personnel undergo group training according to job category and receive training based upon the compliance programs of their departments in order to enhance their knowledge of compliance as it relates to their work.



An Employee Booklet

Dealing with Antisocial Activities

Basic Rules Pertaining to Antisocial Activities

In the Code of Conduct, Nippon Life has established rules and standards that all directors and employees must observe when executing their duties. Among them are rules that state that employees must not get involved in antisocial activities that pose a threat to social order and

Initiatives against Antisocial Activities

In its Corporate Principles and basic policy for the internal control system (a system that ensures appropriateness of Company operations), Nippon Life has made a commitment to resolutely confront antisocial activities that pose a threat to social order and safety. Nippon Life has also established an Antisocial Activities Countermeasure Committee to upgrade its internal system for addressing this issue. The Company promotes partnerships with external organizations, including the Life Insurance Association of Japan and the police, as well as discussions of

safety, such as those of gangs. If one has knowingly had contact with antisocial activities, he/she must immediately report this contact to their superior, take a resolute stand and deal with the matter in a methodical manner.

countermeasures against such antisocial influences as gangs and internal education.

The General Affairs Department has been positioned as the organization to deal with antisocial activities. A system of centralized control has been built to prevent damage from antisocial activities that enables employees to immediately report incidents, such as those involving undue claims, when they arise, to the General Affairs Department.

Risk Management System

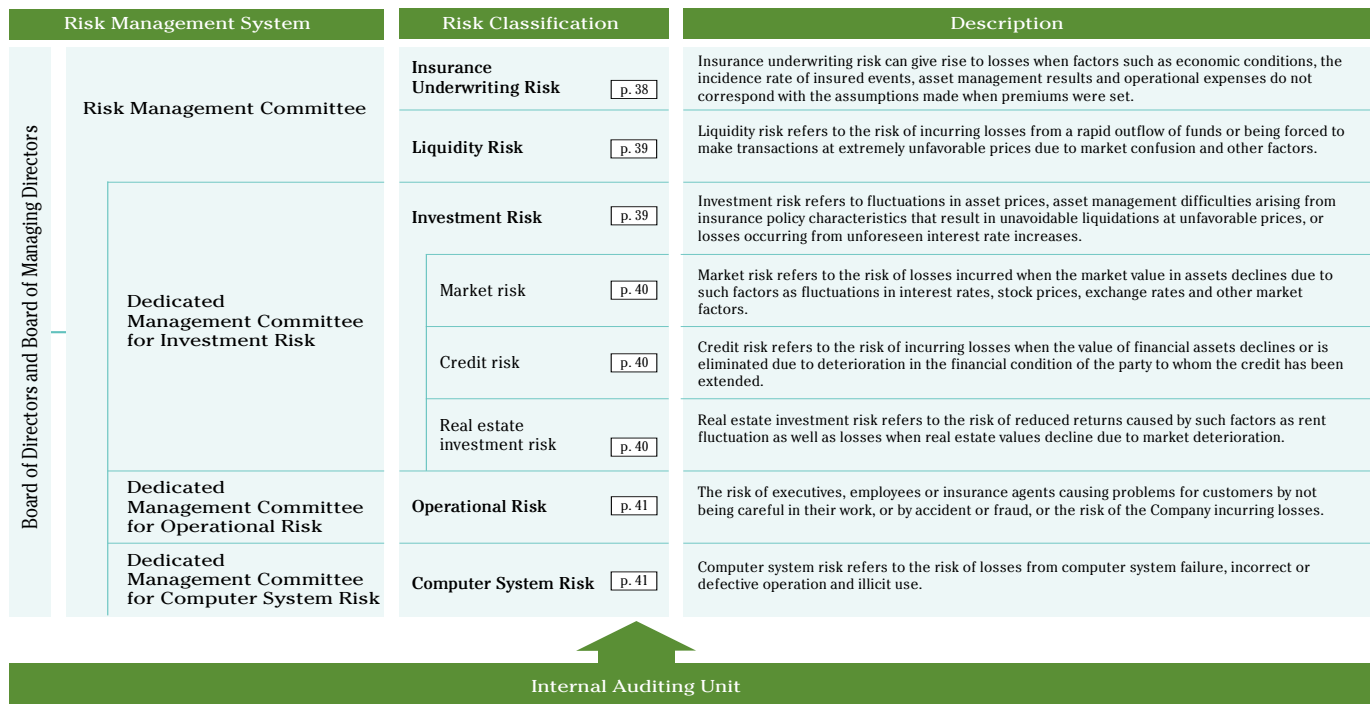
Underwriting the long-term risk of customers is the essence of the insurance business, and the correct identification and appropriate management of respective aspect of risk are of utmost importance in Nippon Life's management. Moreover, as life insurance companies operate in an environment of abrupt fluctuations in share prices and interest rates, along with rapid progress in medical technology, the importance of risk management is growing increasingly pronounced for them.

For this reason, Nippon Life develops and upgrades its risk management to ensure that it meets its obligations to customers over the long term.

Based on the areas and types of risk to which life insurance companies are exposed, our approach to risk management involves a variety of initiatives to create and enhance risk management systems as well as rules and regulations. We manage risks in an integrated fashion that takes into account their overall impact on operations.

In addition, we have built a system of mutual checks and balances involving the establishment of risk management units that are independent of profit centers while establishing secondary checks and balances, including examinations of the effectiveness of risk management conducted by the Internal Auditing Unit.

Risk Management System



Stress Tests

Nippon Life implements "stress tests" that assume such scenarios as a dramatic deterioration in the operating environment or increased payments for claims and benefits due to a major earthquake or other disasters. We then analyze the effects of these scenarios on the

financial soundness of the Company. The results of the stress tests are reported to the Risk Management Committee and, where appropriate, are useful aids when studying such items as financial soundness.

■ Integrated Risk Management

Nippon Life takes an integrated management approach to the various risks facing the entire Company. In addition to providing buffer against all category of risk, we closely monitor the magnitude of risk and report such conditions regularly to the Risk Management Committee.

■ Insurance Underwriting Risk Management

Insurance underwriting risk can give rise to losses when such factors as economic conditions, the incidence of insured events, asset management results and operational expenses do not match the predictions made when premiums were set.

A life insurance company must fulfill its responsibility to bear the risk it assumes on behalf of customers for long periods extending over many decades. This requires the setting of reasonable premium rates that enable the stable payment of insurance claims and an appropriate level of risk control for upholding our coverage responsibilities based on examination and assessment of the health condition of the insured at the time

of insurance underwriting. In addition, we employ an asset liability management (ALM) system, conduct appropriate benefit settlement assessments and adhere to rigorous cost management principles with the aim of responding flexibly to changes in the business environment and other conditions.

Asset Liability Management (ALM): ALM is a method of managing assets and liabilities in an integrated manner. To ensure that it can pay future insurance claims, Nippon Life works to lessen the impact of interest rate changes by adjusting investment periods and applying other management tactics, maintaining a firm grasp on the status of liabilities deemed “policy reserves” that are accumulated every fiscal period and the status of assets under management.

Dealing with Risks in Setting Premiums

Nippon Life sets insurance premiums after expert staff who hold qualifications as doctors or actuaries have analyzed reliable statistical data indicating the frequency ratios of the incidence of insurance claims and other payments. We also conduct numerous simulations based on the set

premiums to verify whether or not we will be able to meet future coverage obligations for customers.

Actuary: A professional occupation that involves the application of mathematical methods, including probability theory and statistics, to establish insurance premiums and to assess the financial soundness of insurance companies.

Responding to Risk Related to Policy Selection and Benefit Settlement Assessments

When Nippon Life considers underwriting a new policy, medically-qualified staff or staff with medical expertise conduct a medical examination and assessment while other expert staff perform a more intensive assessment from the perspective of moral risk. Depending on the results of this process, we may choose to impose special conditions, such as increased premiums, that will allow us to offer a wide variety of fairly priced insurance products to as many customers as possible.

We are also diligent about managing risks related to paying out insurance claims and benefits. Medically qualified staff or staff with medical expertise are used in the assessment of payments. Nippon Life undertakes rigorous risk management, using outside organizations for verification and through other measures.

Policy Selection: Life insurance is a system of mutual dependence involving customers paying premiums that are calculated on the basis of the rate of incidence of insured events. The insured party pays premiums based on his or her state of health, and, when the insurance is underwritten, a medical examination and an assessment are made to ensure that all insured parties are treated fairly.

Moral Risk: As a system in which payments from many policyholders are used to provide insurance against the unexpected, life insurance is inherently subject to the danger that some parties might make small premium payments and then attempt to illegitimately gain a large payout, an act that denies the very essence of the system. This is what is generally referred to as moral risk.

Reinsurance Policies

Nippon Life reinsures as one strategy for diversifying risk. In such cases, Nippon Life determines the cede/assume transaction details by means of a review conducted by the Risk Management Committee after considering the types and characteristics of risks. Moreover, in reinsurance transactions, we evaluate the creditworthiness of each reinsurer based on rankings provided by major ranking agencies and

other factors and manage accounts so that transactions do not focus excessively on specific reinsurers.

Reinsurance: Reinsurance is the diversifying and leveling of risk through the transference of a portion of an insurance policy obligation assumed by an insurance company to another domestic or foreign insurance company. The transference of a portion of an insurance obligation is referred to as “cede” and the assumption of an obligation is referred to as “assume.”

■ Liquidity Risk Management

Liquidity risk consists of cash flow risk and market liquidity risk. Cash flow risk refers to the risk of incurring losses from a worsening cash flow caused by a rapid outflow of funds due to an unexpected event, such as a major natural catastrophe, which would force the disposal of assets at extremely low prices.

Market liquidity risk refers to the risk of incurring losses from being unable to make transactions due to market confusion or other factors or being forced to make transactions at extremely unfavorable prices.

Dealing with Cash Flow Risk

Nippon Life deals with cash flow risk via asset management plans and daily cash flow management that together ensure that highly liquid assets exceed a given threshold. In the event that cash flows were actually to deteriorate,

we would take countermeasures, such as establishing maximum holding ceilings for less liquid assets.

Dealing with Market Liquidity Risk

Nippon Life deals with market liquidity risks by establishing appropriate transaction limits for each type of asset in line with market conditions.

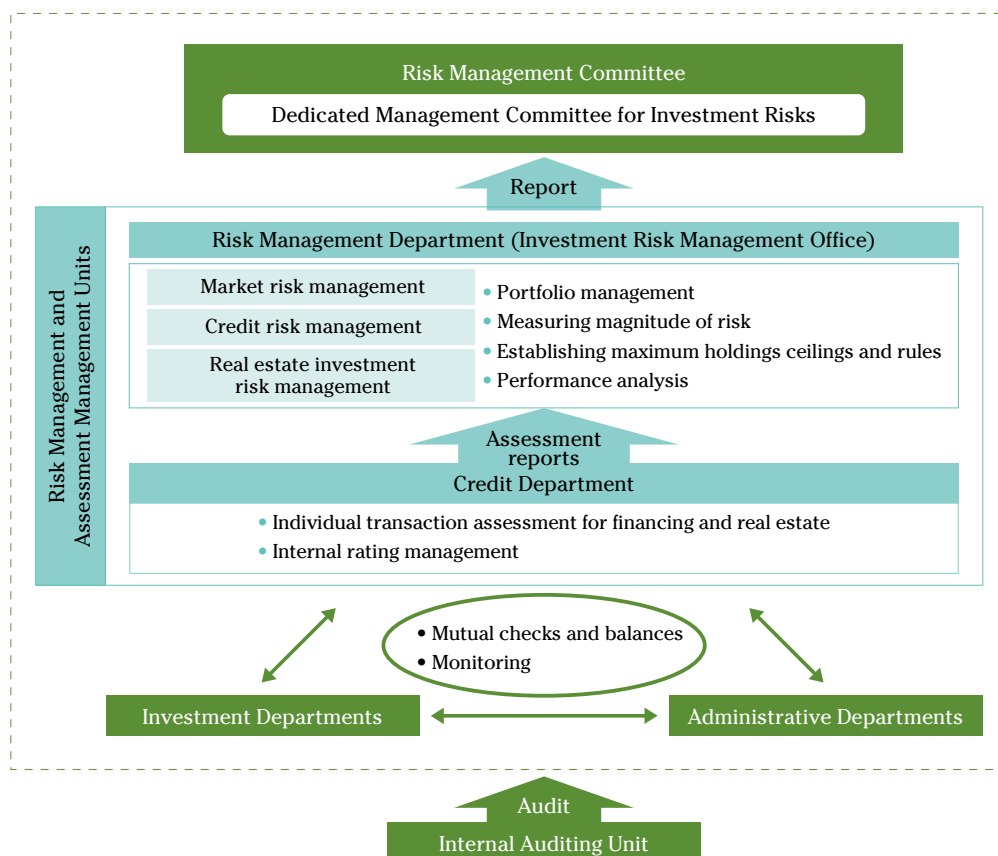
■ Investment Risk Management

Investment risk, which can be categorized into market risk, credit risk and real estate investment risk, refers to a variety of risks associated with investment and finance activities.

The long-term nature of life insurance policies requires a long-term approach based on liability characteristics to managing risks associated

with investment. Nippon Life has therefore established an Investment Risk Management Office within the Risk Management Department, and, by maintaining and upgrading its rigorous system for managing risks, the Company seeks to limit losses to acceptable levels while pursuing stable returns.

System of Managing Investment Risk



Market Risk Management

Market risk refers to the risk of losses incurred when the market value of invested assets declines due to such factors as fluctuations in interest rates, stock prices or exchange rates. In addition to preventing the occurrence of large-scale losses on individual investment and finance transactions, it

● Establishing Maximum Holding Ceilings

To prevent the occurrence of large-scale losses on individual investment and finance transactions, Nippon Life establishes maximum holding ceilings based on the nature of the assets. The Company also regularly reports the state of compliance to the Dedicated Management Committee for Investment Risk and is developing systems to contain risk within acceptable limits when certain transactions violate these ceilings and rules.

Credit Risk Management

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or is entirely eliminated due to the deterioration of the financial condition of the party to whom credit has been extended. We believe that in managing credit risk it is important to

● Credit Risk Management in Individual Transactions

We have built systems for rigorous examination that involve a Credit Department independent of the departments handling investment and finance activities. We are working to construct a sound portfolio, including loan interest rate guidelines to ensure that the returns we obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

Loan Interest Rate Guidelines: Loan interest levels are set on the basis of such factors as the potential loss that Nippon Life could incur in the event of a borrower bankruptcy.

Internal Rating System: This system classifies the creditworthiness of a borrower based upon an objective statistical analysis of its financial data and other attributes. This system is used in conjunction with our self-assessment system.

Real Estate Investment Risk Management

Real estate investment risk refers to the risk of reduced returns caused by such factors as rent fluctuation as well as losses when real estate values decline due to market deterioration. Our approach to managing real estate investment risk involves the rigorous examination of each investment by

is important to keep risks to the overall portfolio within pre-established boundaries.

Portfolio: Holdings of various investment assets under management, including stocks, bonds and loans.

● Measuring and Managing Market Value-at-Risk

To control the market risk of our overall portfolio, we use statistical analysis to reasonably calculate market value-at-risk for our entire portfolio and conduct appropriate asset allocation within the level of allowed risk.

Market Value-at-Risk: The assumed maximum amount of potential risk due to changes in the external environment, calculated from historical data.

examine each transaction rigorously, set terms appropriate to the level of credit risk involved and conduct thorough analyses to accurately evaluate every facet of overall portfolio risk.

● Managing Credit Risk in the Portfolio as a Whole

The Company calculates the magnitude of credit risk as credit value at risk using Monte Carlo simulations. We incorporate the results into our management strategy for the credit portfolio to maintain the magnitude of risk within acceptable limits.

Monte Carlo Simulation: This is a comprehensive calculation method used to estimate the magnitude of possible portfolio losses by running simulations based on random numbers, yielding a calculation of value at risk.

Credit Value at Risk: Calculated from historical data, this is the maximum loss amount that the portfolio could incur due to the deterioration of the financial position of a borrower and other factors.

the Credit Department, which is independent of the department actually handling the investment. We also adhere to a system involving warning levels for investment returns and prices. This enables us to appropriately focus management efforts on properties with low profitability.

■ Operational Risk Management

Operational risk refers to the risk of causing problems for our customers or incurring Company losses as a result of administrative error, other untoward action or malfeasance on the part of directors, employees and insurance solicitors.

To control operational risk, we are taking steps to clearly understand such risk across the Company by gathering and analyzing information on instances of administrative error based on customer complaints as well as instances of erroneous handling. Based on this, we are formulating

measures to avoid the recurrence of such instances and confirming the effectiveness of steps taken.

We also provide administrative training and guidelines to support the accurate and swift processing of administrative tasks. At the same time, headquarters' auditing departments and branches carry out multi-tiered inspections to ensure the accuracy of administrative processes and to guide the implementation of improvement measures. Through these measures, we are working to inhibit operational risks.

■ Computer System Risk Management

Computer system risk refers to the risk of losses from computer system defects, faulty computer system operation and illicit use. To deal with the risk of computer system failure, we have developed Companywide contingency plans to enable quick emergency response. In addition, we have established backup centers at locations other than that of our main computer center to prepare for area-wide disasters.

We have also implemented a wide variety of security measures to deal with potential defects, faulty computer system operation, illicit use and data leaks.

We are committed to reducing risks Companywide through appropriate use and compliance with our own safety standards for the planning, development and appropriate operation of computer systems.

Nippon Life Natural Disaster Countermeasures

Nippon Life has been carrying out routine inspections of disaster response training and its stockpiles of goods in case of natural disaster. In addition, Nippon Life has established a Business Continuity Plan

(BCP) in the event of an outbreak of a new strain of influenza or the occurrence of a major earthquake and is striving to build systems that provide customers with services that give them peace of mind.

Special Handling after Natural Disasters

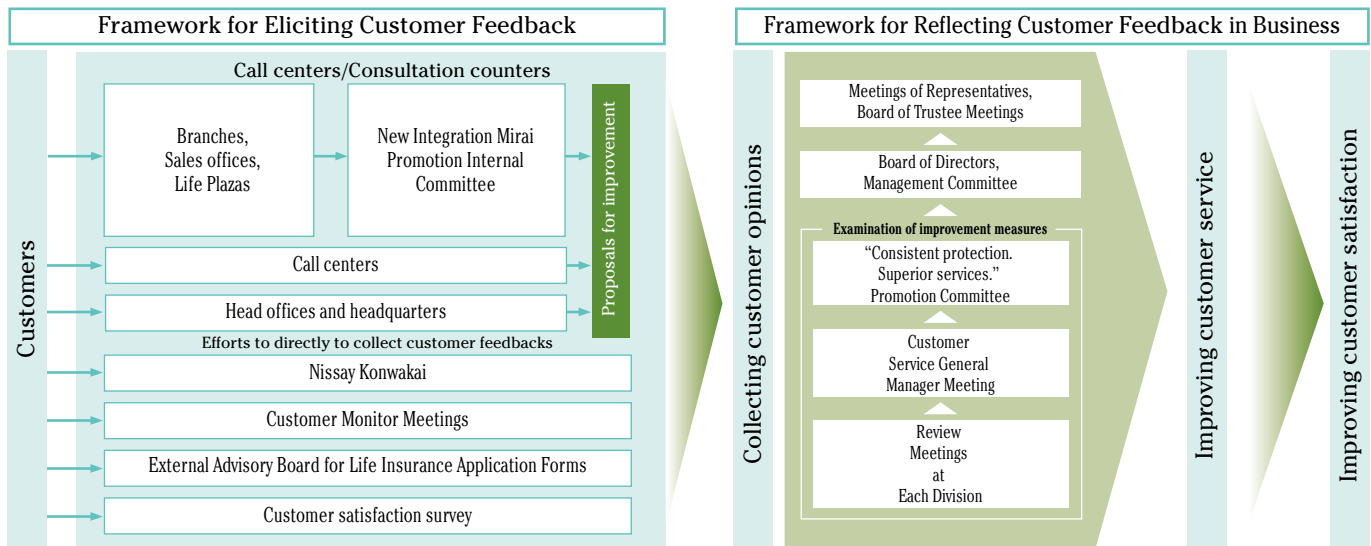
When natural disasters occur and the Natural Disaster Act is applied, in principle, Nippon Life extends the deadline by which insurance premiums must be paid and implements other special handling conditions applying to policyholders in affected areas. Nippon Life will provide notice of such adjustments through its branch offices in affected areas.

To ensure that administrative procedures run smoothly, customers are kindly requested to always keep separate records of their certificate numbers and call center numbers in a safe place.

REFLECTING CUSTOMER FEEDBACK IN BUSINESS

Nippon Life treats such customer feedback as opinions, requests and complaints received from customers through Nissay Total Partners (sales representatives), Life Plazas, call centers and other channels as a precious resource for improving services. Nippon Life is taking steps to improve management and service from a customer point of view based on each and every bit of feedback received from customers.

Every year, we hold Nissay Konwakai at branches throughout Japan. Attended by members of the Meeting of Representatives and directors, these are meetings that serve as forums for directly hearing a broad sampling of customer feedback and requests. In addition, we actively seek out customer feedback through Customer Monitor Meetings and meetings of the External Advisory Board for Life Insurance Application Forms where we directly solicit the advice of both consumers and outside professionals about a variety of customer services.



Improvement Measures Based upon Customer Feedback

Customer feedback received every month through branches, Life Plazas, call centers and other means that could contribute to administrative, system and customer form improvements are reported on by non-sales personnel to headquarters and, based on the report, the "Consistent protection. Superior services." Promotion Committee makes administrative and service improvements.

Proposals Made Internally Based on Customer Feedback (Fiscal year ended March 31, 2010)

(Unit: Number of cases)

Branches, Sales Offices and Life Plazas	8,821
Head Offices, Headquarters	763
Total	9,584

Nissay Konwakai (See p. 32.)

Nissay Konwakai are roundtable conferences held from January to March at branches throughout Japan. Business activities are explained to Nippon Life policyholders, and opinions regarding overall management, products, services and other matters are received.

Customer Monitor Meetings

At meetings held four times a year (twice in both Tokyo and Osaka), Nippon Life receives opinions regarding its overall customer service activities from commissioned monitors (10 from Tokyo and Osaka) who have corporate or academic experience in the field of consumer relations.

The External Advisory Board for Life Insurance Application Forms

At meetings held four times a year (once in Tokyo and three times in Osaka), external advisory specialists for consumer affairs (eight from Tokyo and Osaka) provide opinions from a customer's viewpoint regarding customer forms and notices for customers.

■ Customer Satisfaction Survey

Through outside institutes, annual surveys are mailed out to policyholders, who provide appraisals and opinions regarding Nippon Life products, operations and services.

Overall Satisfaction as Measured by the Customer Satisfaction Survey



Survey Overview

- Implemented once per year (from October 22 to November 11 in the fiscal year ended March 31, 2010)
 - Survey target: Nearly 50,000 existing policyholders
 - Usable answers received from approximately 10,000 policyholders
 - Questions cover 35 categories such as
 - Responsiveness of sales representatives
 - Application procedures for new policies
 - Reliability of Nippon Life, etc.
 - Currently held policies
 - Procedures after enrolling in policies
 - The ratings for indicating level of customer satisfaction were “satisfied,” “somewhat satisfied,” “somewhat dissatisfied” and “dissatisfied” with regard to the level of customer satisfaction.
- *Overall satisfaction shows the ratio of customers who replied “satisfied” or “somewhat satisfied.”

■ Number of Customer Complaints

Nippon Life has defined a complaint as “an expression of dissatisfaction by a customer (regardless of factuality).” The purpose of setting this definition is to help us better understand customer feedback and dissatisfaction, with the ultimate aim of utilizing this information in business improvement measures. We work to swiftly resolve customer complaints; for each case, precipitating causes are analyzed, countermeasures are reviewed and steps are taken to prevent a recurrence.

To enhance management transparency, in the fiscal year ended March 31, 2006, Nippon Life began disclosing the number of complaints received from customers. From the fiscal year ended March 31, 2007, we began disclosing the number on a quarterly basis.

Number of Complaints Received from Customers in Fiscal Year Ended March 31, 2010

(Unit: Number of cases)

Content	Number	% of total	Primary Examples
New policy related (Policy enrollment)	15,147	13.0%	<ul style="list-style-type: none"> • “The application process involves too many documents and they are difficult to understand.” • “I didn’t receive sufficient explanation about policy content.”
Receipt related (Payment of premiums)	16,947	14.6%	<ul style="list-style-type: none"> • “I arranged to change the method used for paying premiums to automatic debit from my bank account but it was too late.”
Maintenance (Procedures after enrollment)	34,149	29.4%	<ul style="list-style-type: none"> • I requested the cancellation of my policy, but my sales representative’s response was slow.
Claims and benefits related (Payment of insurance claims and benefits)	19,004	16.4%	<ul style="list-style-type: none"> • “Notices of whether benefits will be paid or not should be made more rapidly.” • “I inquired about how to file a claim for hospitalization benefits but have not been contacted.”
Others	30,834	26.6%	<ul style="list-style-type: none"> • “The sales representative should be more polite.”
Total	116,081	100.0%	

Notes: 1. Nippon Life defines a complaint as “an expression of dissatisfaction by a customer (regardless of factuality).”
 2. The above shows the classification and number of complaints at the time they were received.

■ Examples of Improvements Based on Customer Feedback

In response to customer feedback gathered at headquarters, Nippon Life formulates countermeasures and works to reflect these measures in its business operations.

In the fiscal year ended March 31, 2010, we implemented 154 improvement measures related to administrative procedures and services.

Expansion of Easy-to-Understand Administrative Procedures and Services

Customer feedback:

I received an explanation of the procedure for submitting a claim without a medical certificate, but I still don't understand how to do this.



Improvement made:

Policyholders can submit a claim by submitting a receipt issued by a medical institution instead of a physician's medical certificate for hospitalizations that do not exceed a prescribed length or certain surgical procedures. However, there was no document explaining this procedure. To solve the problem, we have prepared an explanatory document to distribute to customers. (April 2009)

Customer feedback:

After a surgical procedure, I asked my sales representative if my procedure is covered by my policy. But it took a long time to receive a reply.



Improvement made:

We established a telephone help line to assist sales representatives with answering customers' questions about insurance claims and payments and the associated procedures. This makes it possible to give customers quick and accurate responses. (operational nationwide since October 2009)

Customer feedback:

I use a payment form to pay monthly premiums by using remittances from my bank. But sometimes I don't have the time to make this payment because the bank is far from my home.



Improvement made:

Premium payments can be made using a payment form at convenience stores*¹ in addition to banks. Furthermore, our payment forms are compatible with Pay-easy*². This allows customers to use the Pay-easy system through Internet banking from a computer or cell phone or from an ATM to pay premiums (including rider premiums) and repay premium advances (Automatic Premium Advance)*¹, starting with the second payment. In addition, we increased the scope of financial institutions that can be used for Nippon Life Pay-easy payments. (April 2010)

*1 Excluding certain procedures

*2 With Pay-easy, policyholders can make premium and other payments by simply inputting the payment number printed on the payment form at an ATM or from a computer or cell phone.

Customer feedback:

I used the Nippon Life website to look for instructions about a particular procedure. But I could not understand the instructions because the explanation is too complex and there are a lot of insurance terms that I don't know. Furthermore, the text is too small.



Improvement made:

We have redesigned our website. The new website includes an expanded section on explanations in order to provide policyholders with information about policy terms and procedures that is easy to understand. We use illustrations to show how to perform procedures (website, Nissay Call Center, Nissay Life Plaza, sales representatives, etc.), the required documents and other items. To provide even more convenience, our website allows visitors to select an enlarged screen or text. The website also includes a real-time display to explain difficult insurance terms. (April 2010)

■ System Development to Improve Customer Service

With the aim of truly gaining the trust of its customers, as a part of the Customer Service Innovation Project, Nippon Life is working to strengthen and improve system support through the development of a New Integrated System that involves the drastic rebuilding of its core system covering all

areas and processes pertaining to customer service, from proposing an insurance policy and underwriting to the payment stage. We are working to start the operation of the system in 2012, and will successively strengthen and enhance system support going forward.

Development of *Mirai Support* (October 2008) and *My Medical EX* (April 2009)

Nippon Life has developed *Mirai Support*, a product that offers comprehensive coverage with an attached *Comprehensive Medical Rider* that combines the functions of six medical riders into one, as well as *My Medical EX*, a medical insurance product that provides the coverage of *Comprehensive Medical Rider* on a standalone basis. With respect to the drastic rebuilding of core system processes, we have positioned the product simplification achieved through this combination as one of our most

important challenges and requirements, and we will continue to restructure our core system to improve customer service. In addition, we have created a new system infrastructure for our policy coverage review system that enables only the medical rider on an existing policy to be changed over to the *Comprehensive Medical Rider*. As a result, customers enrolled in existing medical riders can now change riders.

Development of Payment Underwriting System (May 2010)

Nippon Life has completed development of the Payment Underwriting System. Advantages of the new system for customers include simple and easy procedures, quick and accurate benefit settlement assessments, no overlooked information about submitting claims, and thorough follow-up service following a payment.

This is accomplished by creating a database of medical certificate information including the name of a disease or surgical procedure and other information. Using this information in a digital format allowed us to build a system that can automate benefit settlement assessment decisions.

Introduction of New Handheld Device for Sales Representatives (2012)

Nippon Life sales representatives will start using a new handheld device in 2012 that will greatly simplify many procedures. To protect personal information and other data, there is a security function that allows remotely deleting all data if a device is lost or stolen.

Nippon Life will continue a comprehensive restructuring of core systems, which underpin administrative management and customer management, with the primary goal of further enhancing customer services.

Milestones in Nippon Life System Development

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1988: • Introduced integrated in-house computer network system to 2,000 sales offices throughout Japan</p> <p>1995: • Introduced satellite communication network to 2,000 sales offices throughout Japan</p> <p>1997: • Created Nissay website (http://www.nissay.co.jp (Japanese only)) and introduced online services</p> <p>1999: • Introduced the Nx-2000 System, which uses a client server system infrastructure, to 2,000 sales offices throughout Japan</p> <ul style="list-style-type: none"> • Provided approximately 60,000 sales representatives with mobile terminals for consulting (FPer) • Started the Nissay Insurance Accounts service • Established a strategic IT subsidiary, Nissay Information Technology Co., Ltd. <p>2000: • Constructed new TS system (life and non-life insurance total service)</p> | <p>2001: • Constructed an intranet system</p> <ul style="list-style-type: none"> • Constructed a call center system <p>2002: • Constructed a new real estate system</p> <ul style="list-style-type: none"> • Constructed a new securities management system (NIT X-NET) <p>2004: • Created a Web version of the agency system (A-Net)</p> <p>2005: • Updated a client server system of 1,800 sales offices throughout Japan to a Web-based network (e-System)</p> <ul style="list-style-type: none"> • Provided approximately 50,000 sales representatives with <i>Duo</i> mobile terminals for consulting <p>2006: • Constructed the Payment Underwriting System (Phase 1)</p> <p>2007: • Constructed a new call center system</p> <p>2008: • Introduced the P-station mobile payment terminal</p> <p>2009: • Launched Nissay Corporate Internet Service</p> <p>2010: • Constructed the Payment Underwriting System (Phase 2)</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

■ Features of Asset Management

To be certain that we can pay future insurance claims and benefits, Nippon Life invests the accumulated insurance premiums entrusted to it with sufficient consideration for safety, profitability, liquidity and that

have a public nature. By spreading risk and allocating assets from a medium- to long-term perspective, Nippon Life aims to secure stable investment returns.

■ General Account Asset Management Policies

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

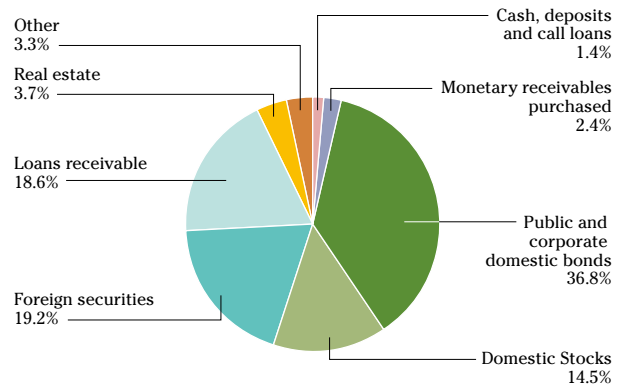
1. Fulfilling coverage obligation for policyholders is our first priority
2. Achieving long-term stable growth of investment returns through a coherent asset management strategy
3. Conducting asset management in a way that is acceptable to policyholders, maintaining an awareness of the mission and public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

Recognizing the characteristics of life insurance policies, we have established asset management policies based upon an ALM approach (See p. 38.). In order to consistently provide policyholders with promised returns over the long term, we are concentrating investments in domestic public and corporate bonds and loans expected to provide stable yen-based interest income. To improve medium- 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.

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 the investment performance 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.

Breakdown of General Account Portfolio

(¥47,235.0 billion as of March 31, 2010)



■ Asset Soundness and Rating

As a result of efforts based on the above management policies, Nippon Life has secured asset integrity and high ratings.

Non-Performing Loan Ratio

Although we manage our loan portfolio with a focus on profitability, we pay due consideration to maintaining and improving asset soundness. As a result, our non-performing loan ratio is low, and, with regard to

nonperforming assets according to borrower classification, our ratio of loans to companies categorized as requiring special attention was 0.39% as of March 31, 2010.

High Rating

The soundness of the entire Company, including its assets, has been highly rated by third-party rating companies. (See p. 19.)

OVERSEAS BUSINESS DEVELOPMENT

From the standpoint of gaining a variety of earnings opportunities and strengthening its core business, Nippon Life has expanded into a total of six countries in Europe, North America and Asia, where it has established 14 subsidiary companies and five representative offices. These subsidiaries and offices are engaged in the fields of insurance, asset management and research. (As of March 31, 2010)

Insurance Business

The global life insurance market, of which a major share has been held by Europe, the United States and Japan, is now seen to be spreading worldwide along with economic growth and increasing populations in Asian and

other newly emerging markets. To make the most of future medium- to long-term earnings opportunities, Nippon Life is expanding its insurance business in the United States, China and Thailand.

Nippon Life Insurance Company of America

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



Nippon Life Insurance Company of America

Nissay-Greatwall Life Insurance Co., Ltd.

Nissay-SVA Life Insurance Co., Ltd. was established in September 2003 as a joint venture. Following a change in the Chinese joint venture partner, Nissay-SVA Life Insurance Co., Ltd. changed its name to Nissay-Greatwall Life Insurance Co., Ltd. This company conducts insurance businesses in Shanghai, Zhejiang Province and Jiangsu Province.



Nissay-Greatwall Life Insurance Co., Ltd.

Bangkok Life Assurance Public Company 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 additional acquisitions of shares of this company. In September 2009, the company listed its shares on the Stock Exchange of Thailand.



Bangkok Life Assurance Public Company Limited

Asset Management

Investing in securities, real estate and alternative investments, our asset management teams in New York, London and Singapore conduct balanced and diversified investment in order to secure a wide variety of profit earning opportunities. Also, we are strengthening our asset management capabilities by acquiring the latest financial techniques from overseas.

Research

Nippon Life gathers a wide range of information from representative offices in New York, London, Frankfurt, Singapore and Beijing regarding the financial and insurance businesses in these areas. This information is put to use in our business activities.

*The Singapore Representative Office became an overseas subsidiary in June 2010.



NLI International Inc.



Nissay Schroders Asset Management Europe Limited



New York Representative Office



London Representative Office

Change of Joint Venture Partner and Company Name in China

Nippon Life joint venture Nissay-SVA Life Insurance Co., Ltd., which operates mainly in the Changjiang Delta region centered on Shanghai, has been growing along with China's rapidly expanding life insurance market since this company's establishment in November 2003. In September 2009, the joint venture partner was switched to China Great Wall Asset Management Corporation (CGWAMC)* and the company's name was changed to Nissay-Greatwall Life Insurance Co., Ltd.

Going forward, Nissay-Greatwall Life Insurance Co., Ltd. aims to develop business throughout China by maximizing the business resources of CGWAMC and Nippon Life's 120 years of experience and expertise in the life insurance business, based on its solid business foundations.

*CGWAMC is one of China's four major national asset management firms located throughout China, and has a wide-ranging network of Chinese financial institutions such as the Agricultural Bank of China, which is one of China's four major national commercial banks.

Growth in the Nippon Life Global Network

Nippon Life is expanding its relationship with The Northwestern Mutual Life Insurance Company, with whom a business alliance was formed in July 2008. With the aim of seek investment opportunities in Japan and the United States through mutual cooperation, Nippon Life has sent trainees to Russell Investments, which is an asset management subsidiary of Northwestern Mutual, and has invested in 30-year surplus notes issued by Northwestern Mutual. (March 2010)

In September 2009, Nippon Life made an investment in The Prudential Insurance Company of America, one of the largest insurance groups in the United States. The two companies continue to seek opportunities to work together. In addition, Nippon Life has changed its partner for asset management subsidiaries in London and Singapore to Schroders in order to improve stock investment capabilities.

CONTRIBUTIONS TO THE ENVIRONMENT, COMMUNITIES AND SOCIETY

Together with five foundations (see p. 51.) established by Nippon Life, we are conducting continuous and stable social contribution activities addressing the “environment,” “child and teenager development,” “aging and medicine” and other issues.

Topics for Fiscal Year Ended March 31, 2010

◆ Started insurance education program for children

◆ Expanded eligibility for CSR loans

Insurance Education Program for Children

The Insurance Secrets Comic Book for Elementary School Students

Nippon Life distributes a comic book-style publication that explains how insurance functions and the role of life insurance companies in supplementing social protection systems by selling insurance policies. We have donated these publications to about 23,000 elementary schools and 3,000 libraries in all areas of Japan.



The Insurance Secrets Comic Book

Summer Vacation Insurance Seminar for Elementary School Students

Summer Vacation Insurance Seminars were held at 65 Nissay Life Plazas throughout Japan. About 540 elementary school students took part in the seminars, which include the opportunity to experience many jobs as “manager-for-a-day.”



Summer Vacation Insurance Seminar

My Plan for the Future for Junior High School Students

Nippon Life has created a publication called My Plan for the Future as educational tool to encourage students to think about their future goals. Approximately 120,000 copies have been distributed to the roughly 660 schools that wanted to use this publication in their classes.



My Plan for the Future



A classroom discussion using My Plan for the Future

Contributions to the Environment, Local Communities and Society through Asset Management

Because Nippon Life’s assets are based on insurance premiums that customers throughout Japan have entrusted to it, the Company has for many years maintained a focus on investing in ways that benefit the public and society. Moreover, Nippon Life manages its assets from the standpoint of the collective stable growth of the Japanese economy and corporations in harmonious coexistence with local communities and society.



Information about preferential interest rates for loans to environmentally responsible companies



Nissay Marunouchi Building

Specific Initiatives in the Asset Management Field

Initiatives		Description												
Finance	CSR loans	<ul style="list-style-type: none"> System of preferential long-term interest rates for homebuyers purchasing units with superior energy conservation (from January 2010) (Extension of the system of preferential long-term interest rates for homebuyers purchasing units with solar energy generation systems (from September 2008)) System of preferential loan interest rates for buyers of homes identified as “long-term excellent houses” (from June 2009) System of preferential loan interest rates for companies that support child raising (from October 2008) System of preferential loan interest rates for “eco-friendly” companies (from October 2007) System of preferential loan interest rates for homebuyers purchasing units with superior energy conservation and earthquake protection (from October 2007) 												
Real Estate	CO ₂ emissions reduction	Capturing opportunities for renovating facilities and equipment, we are seeking a 15% reduction in CO ₂ emissions for tenant buildings we currently own for eco-friendly renovations												
		[Environment-related Awards Recently Won by Nippon Life Buildings]												
		<table border="1"> <thead> <tr> <th>Year</th> <th>Building</th> <th>Award</th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>Nissay Shin-Osaka Building</td> <td>“Sustainable Architecture Award” from the Institute for Building Environment and Energy Conservation</td> </tr> <tr> <td>2006</td> <td>Nissay Yokkaichi Building</td> <td>“Special Award” from Society of Heating, Air-Conditioning and Sanitary Engineers of Japan</td> </tr> <tr> <td>2007</td> <td>Nissay Marunouchi Building</td> <td>“Environment and Energy Conservative Architecture Award” from the Institute for Building Environment and Energy Conservation</td> </tr> </tbody> </table>	Year	Building	Award	2003	Nissay Shin-Osaka Building	“Sustainable Architecture Award” from the Institute for Building Environment and Energy Conservation	2006	Nissay Yokkaichi Building	“Special Award” from Society of Heating, Air-Conditioning and Sanitary Engineers of Japan	2007	Nissay Marunouchi Building	“Environment and Energy Conservative Architecture Award” from the Institute for Building Environment and Energy Conservation
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2007	Nissay Marunouchi Building	“Environment and Energy Conservative Architecture Award” from the Institute for Building Environment and Energy Conservation												
Securities	SRI funds	<ul style="list-style-type: none"> Investments in Socially Responsible Investment (SRI) funds, including the Nissay Health Care Support Fund and Nissay Environmental Support Fund established by Nissay Asset Management <p>*Please see pages 85–86 for details on the CSR activities of Nissay Asset Management.</p>												

■ Protection of the Natural Environment

Activities at Offices

Since 1991, Nippon Life has promoted a reduction in the volume of paper it uses and the recycling of used paper. In 2001, Nissay established its Environmental Charter, implemented additional measures to conserve energy and resources, including the reduction of electricity and water usage, and took proactive steps to thoroughly separate waste, promote green procurement and provide environmental education to employees. Furthermore, we set up a recycling system whereby used paper is taken from our Osaka head offices and Tokyo headquarters and transported to paper mills. Thanks to

these efforts, our Osaka head offices and Tokyo headquarters received ISO 14001 certification.

Green Procurement: The selection of goods and services by consumers with a focus on not only quality and price, but also environmental friendliness. Also factoring into purchasing decisions are the necessity of the purchase and ease of recycling after use.



Recycle station (Tokyo headquarters)

Conclusion of an agreement for the use of “green electricity”

As a measure to reduce CO₂ emissions in the fiscal year ended March 31, 2010, Nippon Life concluded an agreement for the use of 1.76 million kilowatt hours of “green electricity” annually. This amount is equivalent to approximately 6% of the annual electricity consumption of our Tokyo headquarters and Osaka head offices, and an annual CO₂ emission reduction of approximately 685 tons is forecast.

In addition, Nippon Life purchased a deed for 336,000 kilowatt hours of green electricity, an amount sufficient to illuminate 57 Nippon Life-sponsored Central and Pacific League night games during June which is “Environment Month,” donating this electricity to baseball clubs.

Planting Forests for Future Generations

In order to replenish the earth’s forests, which serve as the source of paper that Nippon Life uses, the Friends of Nissay Forests Association started working with the Nissay Green Foundation on forestry projects in 1992. Over the next 18 years, Nissay forests were planted at 180 locations in 43 cities and prefectures and covered approximately 414 hectares. More than 1,250,000 trees have been planted. Nippon Life employees also voluntarily participate in the annual tree planting activities as well as in the clearing of vines and cutting back of undergrowth so that trees planted in previous years can grow.

In addition, we have been cooperating with municipal authorities in active tree planting efforts in parks and reclaimed land areas and have put substantial effort into the upkeep of abandoned agricultural sites.



“Tree planting activities at “Nissay Beppu Forest” (Oita) (Fiscal year ended March 31, 2010)



“Tree planting activities at “Nissay Fuji Forest” (Shizuoka) (Fiscal year ended March 31, 2010)

Details about the Planting Forests for Future Generations Program

- Funds received by the Friends of Nissay Forests Association are used to pay for trees and cover volunteers’ expenses. Volunteers from among Nissay’s employees participate in the tree planting.
- The contributions made by the Nissay Forests Association to the environment are assessed each year by the Forestry Agency.



The Friends of Nissay Forests Association

This is a voluntary organization composed mainly of Nippon Life directors and employees. It raises funds within the Company for planting and nurturing Nissay forests and provides information on environmental protection, among other activities.

Support for Environment-Related Research

Since 1979, the Nissay Life Foundation has supported Research on the Harmonization of Human Activity and Environmental Protection. The Foundation is also cooperating with college researchers and professionals from government, as well as such organizations as NPOs, with the goal of contributing to the understanding of environmental problems and their solutions. The foundation is passing on a better society through the

workshops that it sponsors each year and the publication of research results and other benefits.



24th Environmental Issue Research Grant Workshop

■ Contributions to Local Communities and Society through Volunteer Activities

Volunteer Activities

In fiscal 2009, Nippon Life conducted volunteer activities by employees at all branches nationwide. These activities included assisting orphans, forestation programs and cleaning up local communities.

Nippon Life supports these activities by providing financial assistance to cover the costs necessary for these activities, and other forms of support.



Clean-up activities at Suma Beach (Hyogo)



Baseball training by members of Nippon Life's baseball club (Osaka)

Examples of Volunteer Activities in Fiscal Year Ended March 31, 2010

Department	Type of Activity
Osaka Head Offices, Tokyo Headquarters, 71 other branches, affiliates	Community cleanup activities <ul style="list-style-type: none"> Conducted clean-up activities voluntarily in areas near business sites, including local public streets, parks, train stations and beaches Actively participated in community clean-up activities in cooperation with local governments and the Life Insurance Association of Japan
80 other branches, affiliates	Ashinaga P-Walk 10 <ul style="list-style-type: none"> A total of more than 5,000 employees from around Japan took part in the Ashinaga P-Walk 10 (a walk-a-thon to assist orphans)
18 branches	Interaction through sports <ul style="list-style-type: none"> Nippon Life's baseball and ping-pong clubs collaborate with local branches nationwide to hold sports clinics.

■ For the Healthy Development of Children and Young People

Nissay Masterpiece Theater

Created in 1964, the Nissay Masterpiece Theater offers free musical performances for elementary school sixth-graders with the hope of fostering an abundant aesthetic sense and new sensitivity in children, the torchbearers of the next generation. The Nissay Culture Foundation, with our support, sponsors the performances. The shows are created and performed by the Shiki Theatre Company and, over the past 46 years, they have nurtured the dreams of and given inspiration to over 7.15 million children, including approximately 140,000 children in fiscal 2009.

Nippon Life is cooperating with the Nissay Culture Foundation as the main sponsor of "Kokoro no Gekijo," a program started by the Shiki Theatre Company (musical performances by invitation for elementary and junior high school students in cities nationwide; around 320,000 children were invited in fiscal 2009).

Nissay Masterpiece Theater Shows in Fiscal Year Ended March 31, 2010

Show Name	46th Season: "The Prayer of Elcos"
Number of Children	142,669 (7.15 million cumulative)
Locations	Tokyo, Osaka, Yokohama, Kobe, Nagoya



Fiscal 2009 Nissay Masterpiece Theater: "The Prayer of Elcos" (photographer: Akihito Abe)

Supporting the Healthy Development of Children and Teenagers

As activities designed to promote the healthy development of children and teenagers, the Nippon Life Foundation has since 1979 helped support governor-recommended private organizations that conduct local childrearing activities and child-focused activities in cooperation with local residents possessing the know-how and materials to conduct such activities. As of the fiscal year ended March 31, 2010, the Foundation had contributed to 10,760 organizations over 31 years.



Kids Tengoku Committee



Fumoto Elementary School Bunyabushi Doll Club

Examples of Organizations Supported in Fiscal Year Ended March 31, 2010

Local Government	Organization	Activities	Type of Support
Ibaraki Prefecture (Chikusei-shi, Ibaraki Prefecture)	Kids Tengoku Committee	Support for the sound development of children through outdoor activities, nature workshops, farming activities and other programs	Provision of farming tools and food science equipment
Miyazaki Prefecture (Miyakonojo-shi, Miyazaki Prefecture)	Fumoto Elementary School Bunyabushi Doll Club	Support for the sound development of children through the preservation and teaching of traditional local arts	Provision of two joruri dolls

■ Abundant Cultural Development

Nissay Theater

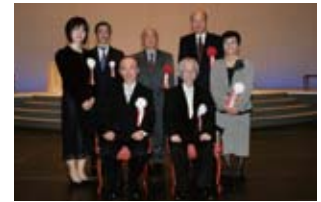
The Nissay Theater was created in 1963 to aid in the development of a fulfilling and enriching society through the promotion and expansion of performing arts.

The Nissay Culture Foundation, which operates the Nissay Theater, presents the Nissay Masterpiece Theatre, the Nissay International Family Festival, which provides families with the opportunity to experience the performing arts, and the NISSAY OPERA. The “Opera Clinic for Young People” presents opera performances to junior and high school students. Also, a “Stage Forum” is held using the stage set of the opera clinic.

In 1995, the Nissay Culture Foundation created the Nissay Backstage Awards, given in recognition of outstanding achievements by backstage technicians in support of the performing arts.



Nissay Theater (Hibiya)



Nissay Backstage Awards ceremony

■ Contributions to the Fields of Aging and Medicine

Nissay Eden-no-Sono

Operated by Nissay Seirei Health & Welfare Foundation, Nissay Eden-no-Sono are comprehensive health and welfare facilities (in Nara and Matsudo) for senior citizens that include such provisions as retirement homes (fee-based), illness prevention centers, general welfare centers and home nursing service centers. Both facilities have been recognized as exemplifying the Ministry of Health, Labour and Welfare’s policy of

“Promoting health and longevity in 21st century hometowns.” Through activities firmly rooted in communities, both facilities aim to promote the health and vitality of senior citizens.



Nara Nissay Eden-no-Sono (opened in 1992)

Nissay Hospital

The Nissay Hospital in Osaka was founded by the Nippon Life Saiseikai Foundation. This general hospital of 17 departments and 350 beds provides high-quality medical care, and trains medical staff as a designated training facility and serves as a cancer diagnosis and treatment center for Osaka.

medical care combining “prevention, treatment, and home nursing care” through the Nissay Preventive Medicine Center and Nissay Visiting-Nurse Station.

In addition, the Nissay Hospital aims to further contribute to medical care and welfare services for the community by providing comprehensive



Nissay Hospital (opened in 1931)

Supporting an Aging Society

The Nippon Life Foundation has been supporting an aging society since 1983 by helping NPOs that perform cutting-edge work and university researchers who conduct practical research. Furthermore, the Foundation holds symposiums and workshops on supporting an aging society in order

to spread information on achievements in these areas.



23rd Symposium on Supporting an Aging Society

The Following Five Foundations Established by Nippon Life Work Exclusively in Each Field

(As of March 31, 2010)

Name of Foundation	Established	Location	Main Activities	Website
Nippon Life Saiseikai Foundation	July 1924	Osaka	Social welfare work, management of the Nissay Hospital	http://www.nissay-hp.or.jp
Nissay Culture Foundation*	Nov. 1973	Tokyo	Hosting theatrical performances for children and general audiences, management and operation of the Nissay Theater	http://www.nissaytheatre.or.jp
Nissay Life Foundation (Nippon Life Foundation)	July 1979	Osaka	Support for businesses and research that contribute to the building of a truly prosperous society filled with humanity and culture	http://www.nihonseimei-zaidan.or.jp
Nissay Seirei Health & Welfare Foundation	July 1989	Osaka	Surveys, research and services related to the aging of the population, and support for the education of qualified nursing care workers	http://www.nissay-seirei.org
Nissay Green Foundation	July 1993	Tokyo	Protection of forests through tree-planting and nurturing activities	http://www.mmjp.or.jp/nissay-green

* The Nissay Culture Foundation and the Nissay Life Foundation became public interest incorporated foundations in November 2009 and March 2010, respectively.

IMPROVING DISCLOSURE

Nippon Life is working to enhance its various disclosure initiatives in order to better help customers gain a clear and timely understanding of its business information.

■ Preparation of Disclosure Materials

So that a broad range of customers may view them, Nippon Life disclosure reports are available at the service counters of branches, sales offices and agencies nationwide. In addition, Nippon Life prepares various disclosure materials in response to customer needs.

Disclosure Materials Produced in Fiscal Year Ended March 31, 2010



Nissay Disclosure
Disclosure report produced in accordance with Article 111 of the Insurance Business Act (in Japanese) [Available at all service counters throughout Japan]



NISSAY NOW
Nissay disclosure, digest version (in Japanese)



Nissay Disclosure
Disclosure report for semiannual version (in Japanese)



Annual Report
(in English)



NISSAY 2009
Pamphlet that provides business information (in Japanese)



Variable Amount Insurance (Separate Account) Results Notification
Results report for individual variable amount insurance policyholders*1 (in Japanese)



Variable Amount Annuities (Separate Account) Results Notification
Results report for variable amount annuities policyholders*2 (in Japanese)



Results Report for Group Annuities
Results report material for policyholders of group annuities (employees' pension fund insurance, new insured pension plans, etc)*3 (in Japanese)



Nippon Life, a Financial Organization
Material related to the asset management business and results for corporate customers (in Japanese)

*1 Information on individual variable amount insurance investments can be obtained at the head office, branch and Life Plaza service counters.

*2 For the latest performance summary of the variable annuities (separate account), please see the Nippon Life investment annuity page of the Nippon Life website.

*3 A quarterly disclosure magazine is issued to all policyholders of group annuities (separate account).

■ Information Provided on the Website

Nippon Life issues timely information on its website. In addition to press releases, minutes and outlines of resolutions presented at the Meeting of Representatives, customers can view and download some of our disclosure materials over the Internet.

➡ <http://www.nissay.co.jp/kaisha/> (Japanese only)



Nippon Life website

■ Financial Results Meetings

We hold financial results meetings for analysts and institutional investors twice a year. Also during these meetings, we report on management policies as well as the strategies of each division in order to promote the greater

➡ <http://www.nissay.co.jp/kaisha/annai/gyoseki/setsumei.html> (Japanese only)

understanding of our operations. Materials from meetings are posted and available on the Nippon Life website after the meetings are held.