

Top Message

Steady Progress in the Future Creation Project— Creating a Secure Future Along with Our Customers

Looking Back on the First Year of the Three-Year Management Plan “Future Creation Project”

Upon my appointment as president, my drive for us to build a secure future along with our customers compelled me to call on everyone in our organization to make Nippon Life a company of excellence in “scale,” “quality,” and “credibility.”

In fiscal 2012, we fully implemented the New Integration Plan, reexamining the entire spectrum of insurance operations from the standpoint of our customers and fundamentally overhauling our IT system infrastructure. We also formulated the Future Creation Project three-year management plan.

The Future Creation Project has three components: 1) increasing new policy sales, 2) building a stronger base for financial soundness and profitability, and 3) developing human resources. It targets a return to growth by securing the No. 1 share of new policies, restoring growth in the number of policies in force, and building up equity in the form of foundation funds (*kikin*) and reserves to ¥3 trillion by the end of fiscal 2014.

The Future Creation Project got off to a good start in fiscal 2012. Thanks to a strong market response to the new product *Mirai no Katachi*, the number of new policies sold, the amount of new policies, and annualized premiums on new policies all increased. Further, policies in force saw annualized premiums grow for a second consecutive year and the number of policies rise for the first time in 17 years.

We also succeeded in increasing foundation funds (*kikin*) and reserves—the cornerstone of equity—coming steadily closer to our ¥3 trillion target.

Looking back at the past year, I believe our steady advances on various fronts merit some recognition.

However, I believe we need to take further steps to achieve the ambitious targets set out in our three-year management plan. In fiscal 2013, we will set a path for achieving our Future Creation Project goals of increasing new policy sales, building a stronger base for financial soundness and profitability, and developing human resources.

Increase New Policy Sales Making Advances in Protection, IT, and Support

■ More Advanced Protection—Enhancing Products and Additional Services

In April 2012, we launched *Mirai no Katachi*, a product designed to provide simple forms of protection that customers can easily understand. *Mirai no Katachi* has been a huge hit, with the number of policies sold topping one million* in just one year.

The new product has also been highly evaluated by various media, and received an award for superiority in the 2012 Nikkei Superior Products and Services Awards, and the 23rd Naming Grand Prize Awarded from Readers by the Nikkan Kogyo Shimbun Ltd.

We also introduced three new products in April 2013 including *Nissay Educational Endowment Insurance*, adding even more to our offerings.

Nissay Educational Endowment Insurance was created with a focus on the payout rate, which is important to customers. The product enjoyed widespread customer recognition, thanks to new promotions through the Internet, in addition to our core sales representative channel.

In addition to products, we are also focusing on enhancing additional services.

We offer the Best Doctors[®] Service, which provides specialist physician referrals at no charge, and the *Care Guidance Service*, which provides free consultations regarding nursing care not only to policyholders and beneficiaries but also to their spouses and parents. In March 2013, we also introduced the *Childraising Advice Hotline* offering free, around-the-clock telephone counseling pertaining to the health and care of children.

*The number of policies sold when products combining several forms of insurance are counted as one.

The number of policies sold topped 3.5 million when each separate form of insurance is counted as one.

■ More Advanced IT

On the IT system front, we have armed our sales representatives with REVO wireless devices that obviate the need for paper and personal seals to complete insurance procedures. This has greatly enhanced customer convenience. REVO devices also enable us to utilize our customers' most recent data to offer life-stage appropriate information and optimal solutions in a timely manner, while customers can verify the information with us on the device's screen. REVO devices have been well received by our customers.

■ More Advanced Support—Integrating Channels

We will keep developing products like *Mirai no Katachi* and the new *Nissay Educational Endowment Insurance* that offer the flexibility to address customers' changing lifestyles and differing needs. We will also stay focused on strengthening service channels to enhance after-sales service for policyholders of our cutting-edge products.

- Core sales representative channel with approximately 50,000 representatives throughout Japan
- 98 Nissay Life Plaza shops throughout Japan that customers can visit
- Agencies with independent customer networks (Over 10,000 locations, mainly tax accounting offices)
- Bank assurance channel comprising over 300 branches of banks and other financial institutions throughout Japan
- Total Consulting for Employee Benefits for corporate customers

These are the main elements of Nippon Life's sales structure for reaching a wide range of customers.

At the same time, we will integrate our diverse channels to meet a greater breadth and depth of market needs.

Specifically, we will continue to concentrate on joint-efforts by sales representatives and corporate sales representatives to cultivate the worksite market, mainly in urban areas, and to develop the small- to medium-sized corporate segment through sales of long-term insurance via the agency channel. Further, we will work to sell products like *Nissay Educational Endowment Insurance* via the Internet and in-person channels including Nissay Life Plazas.

In the Internet channel, we are increasing convenience by enabling customers to do things like viewing their policy details and changing their address via our website anytime, day or night. Recently, we have also seen growth in requests for information via our website that lead to policy sales.

Moving ahead, we will keep striving to link and integrate our channels, including the Internet, while remaining rooted in the principle of face-to-face service.



Measures to Build a Stronger Base for Financial Soundness and Profitability

■ Strengthening Equity

Since we consider it our duty as a life insurance company to fulfill our obligations to customers regardless of the situation—major earthquake, financial crisis, or otherwise—we are constantly working to strengthen equity.

In fiscal 2012, we complemented foundation funds (*kikin*) fundraising with our first overseas subordinated debt issue as a means of flexible capital procurement. Applications from European, U.S., and Asian investors far exceeded the subscription amount, a testament to Nippon Life's strong global reputation.

A strong equity base shields us from various risks and is the foundation of our operations, such as providing long-term dividend stability to our customers, making global investments and loans, and strategically investing in Japan and overseas. We remain committed to bolstering equity.

■ Overseas Business Development—Building Win-Win Relationships with Trusted Local Partners

While our overseas business comes with an array of risks stemming partially from differences in culture and social background, it also presents growth potential and earnings opportunities that differ from those in Japan.

We look to alleviate risks and reap the rewards of strong growth overseas by building close, long-term relationships with trustworthy local partners.

Our overseas insurance operations currently extend to the U.S., China, Thailand, and India. We are working with partners in all of these countries to increase our presence in local insurance markets, as well as support the global development of Japanese companies by providing them with products such as group insurance.

Moreover, overseas life insurance companies need the know-how of Japan's life insurance business such as making investments that are in tune with changes in the market environment and meeting the needs of an aging society. We are therefore working to share with them the expertise and knowledge that we have amassed since our establishment.

In particular, since 1990 we have offered training programs in Japan not only to affiliates but also to insurance companies throughout Asia. In fiscal 2012, 40 individuals from 16 countries took part in this training.

We will continue to promote personnel exchanges of this kind from a long-term perspective and contribute to the development of the insurance business in various countries.

In addition, we are focusing on reinforcing the global asset management business.

We invested in the Indian asset management firm Reliance Capital Asset Management Limited in August 2012. We also established the asset management company Nippon Life Global Investors Singapore Limited in April 2013, and acquired a stake in Post Advisory Group, LLC, one of the few U.S. asset management firms specializing in high-yield fixed-income securities, in May 2013.

We will continue to exchange information and personnel with leading financial institutions and insurance companies abroad. Our aim is to share business expertise and develop our employees' global business skills and continue to broaden our network.

Measures to Develop Human Resources

Developing human talent in all of our business fields is critical to advancing the Future Creation Project. Some of our specific initiatives are as follows.

■ Strengthening Professional Development and Transforming Workstyles for Sales Representatives

The Employee Development Promotion Department is spearheading efforts to strengthen professional development and transform the workstyles of sales representatives, who will provide new customer services. These initiatives leverage new infrastructure and include encouraging personnel to acquire financial planner certification, take part in on- and off-the-job training to bolster their ability to better meet customers' needs, and be more active in their roles.

■ Education for Non-sales Personnel Who Support the New Administrative and Service Structure

In fiscal 2012, we established a new framework for administrative operations and services that makes both local and headquarters entities more efficient. This has also spurred us to review non-sales personnel's work scope, with an eye to expanding their activities to areas like enhancing after-care services and supporting the activities of sales representatives. Capitalizing on their knowledge of administrative procedures and experience, we will strive to equip them with the skills they need to meet diverse customer needs.

■ Developing Global Human Resources

We will continue to take steps to develop global talent including sending staff to overseas bases and affiliates on an ongoing basis, while accepting staff from overseas affiliates.

Fostering an Open Corporate Culture to Encourage Active Participation by Female and Young Employees

We are working to foster an open corporate culture that encourages female employees and young employees to proactively propose solutions spanning a wide range of business themes—from improving customer service to growing earnings.

For instance, the Future Creation Project's promotional strategy, including TV commercials and Internet advertising, and the previously introduced *Childraising Advice Hotline* were both born from ideas put forth by project teams made up of female employees and young employees.

Along with such initiatives, we will work to develop female leaders for the future in a broad spectrum of sales and non-sales areas.

In Closing

We celebrated our 125th anniversary in July 2013. I would like to take this opportunity to express our deep gratitude to our many customers for their support and patronage, which has been instrumental in reaching this milestone.

We have consistently worked to keep our business operations on sound, solid footing with an eye to the long term, always aware of our responsibility as a life insurance company to protect customers no matter what the environment.

In fiscal 2012, our total payments of insurance claims, annuities and benefits were ¥2,574 billion. I believe our mission is to be a source of security and safety for customers by living up to our protection commitments over the long term, from policy enrollment to after-care services and finally payment.

All of us at Nippon Life will continue driving forward the Future Creation Project to build a secure future together along with our customers.

We ask for your continued support and patronage.



July 2013
President

A handwritten signature in black ink, reading "Y. Tsutsu". The signature is written in a cursive style with a large, stylized "Y" and "T".