

# Agreement on Management Integration



March 2, 2018

## **I . Overview of the Environment**

## **II . Purpose of the Management Integration**

## **III. Integration Scheme**

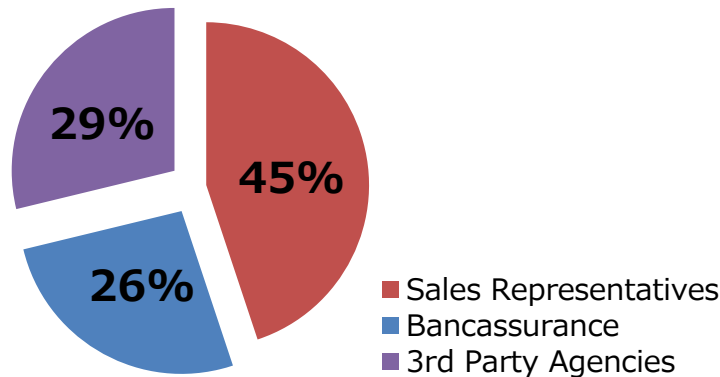
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## FY2016 Illustrative Life Insurance Market in Japan (Annualized Premiums in New Policies)

\*Estimated by Nippon Life  
(excluding Japan Post Insurance)



Total Approx. ¥3 trillion

### Bancassurance Channel\*\*

\*\*Provided for financial institutions  
(securities companies and banks)

- Although the bancassurance market has been recently shrinking due to decrease of yen-denominated interest rates, customers' needs are expected to expand due to the increasing aging population, trend of "shift from savings to investments" and mid-to long-term increase of interest rates

The market is expected to grow steadily going forward

### Sales Representatives Channel

- Even in the backdrop of increasing diversification of sales channels, needs for sales representative channel from customers requiring face-to-face consultation continue to be strong
- Importance of offering customer services via the exclusive door-to-door sales channel will increase along with the advancement of aging society in the future

### 3rd Party Agencies Channel

- Emerging channels such as insurance shops and companies with different business models have expanded
- By capturing needs in particular from younger generation and core customers with protection needs and actively utilized by such customers, the market size is expected to grow to certain scale going forward

## Environment Change Around the Bancassurance Market

Declining Population / Aging Society

Low-Interest Rate Environment under the Negative Interest Rate Policy

Diversifying Customers' Needs

- Market environment and customers' needs are rapidly changing due to the impact from above-mentioned factors
- Each financial institution undertakes various efforts

## Examples of Diversifying Customers' Needs

Preparation for Post-Retirement Life in Anticipation of Longevity

Secure Asset Succession and Inheritance to Next Generation

Increasing Necessity of Self-help Efforts Based on Social Security Reform

Steady Asset Formation under Low-Interest Rate Environment

- Each life insurance company develops a series of products to accommodate above-mentioned customers' needs

**It is essential to have abundant product line-ups and sophisticated sales support structure for financial institutions in order to carefully accommodate a wide range of customers' needs in response to the above environment changes**

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## Group's Efforts to Date (Bancassurance Area)

### Each Company's Characteristics

Nippon Life

- Product offering in response to a wide range of asset formation needs by leveraging capital strength and diversified asset management methods
- Sales support structure for a various financial institutions including regional banks

Mitsui Life

- Product offering to various customers with a focus on foreign currency-denominated regular premium products
- Sales support structure for Mitsui-related financial institutions including SMBC

### Specific Accomplishments

- **Expansion of product line-ups and channels as a Group**
  - Nippon Life's sales representatives supports the sales of Mitsui Life's "foreign currency-denominated regular premium products" to the nationwide regional banks
- **Collaborative product development with SMBC and Mitsui Life**
  - Nippon Life seconds employees with specialty in product development and asset management to Mitsui Life

### However, below items

- Providing more attractive products in response to diversifying customers' needs
- Further improvement of product offering capability to win fierce competition
- Support structure for a wider range of financial institutions including securities companies and other megabanks

remain as areas requiring more efforts

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MassMutual Japan

- Product offering that swiftly captures customers' needs with strengths in targeting mainly high net worth customers' needs such as inheritance and gifting
- Sales support structure for securities companies and megabanks

### Specific Accomplishments

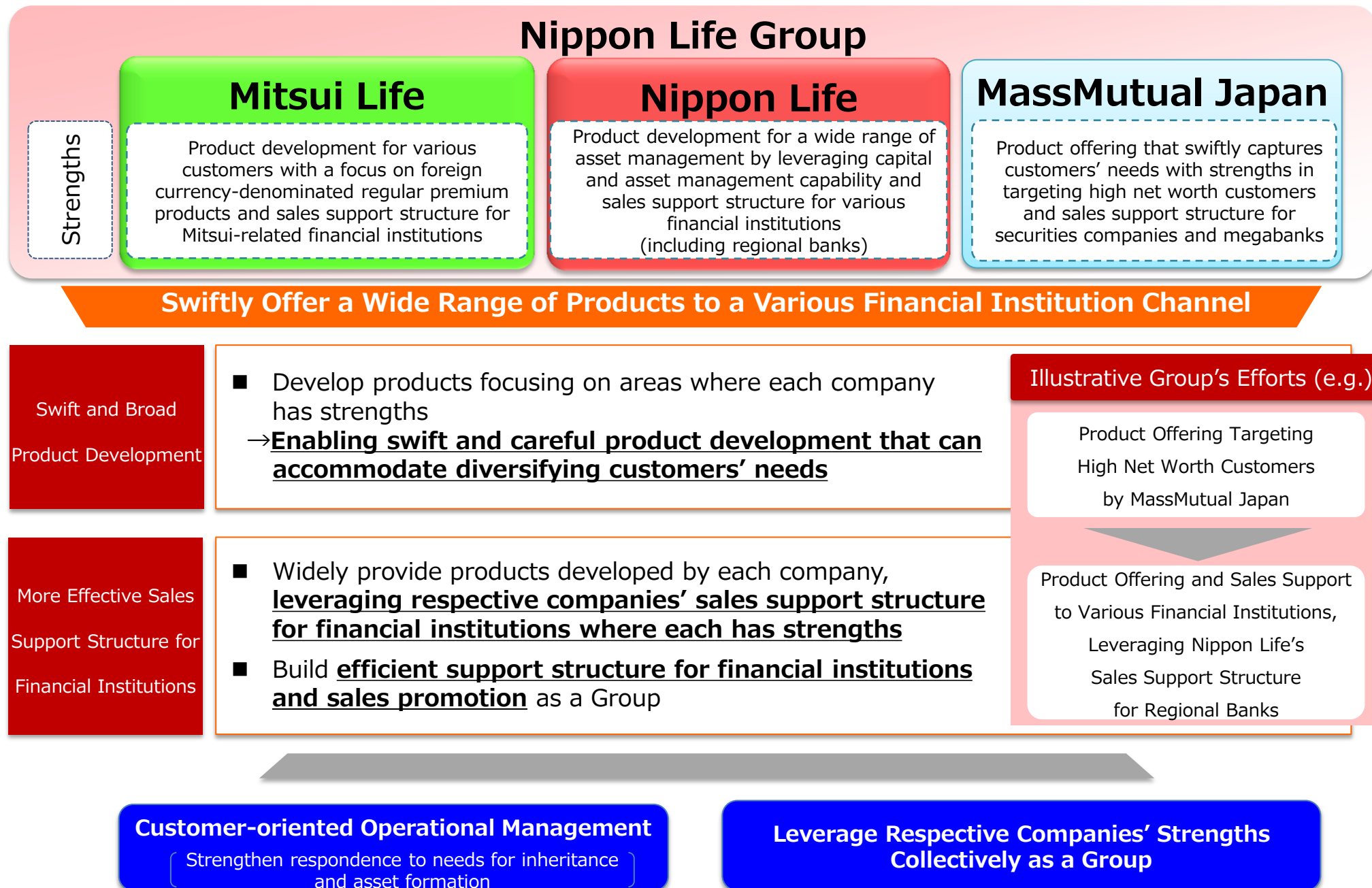
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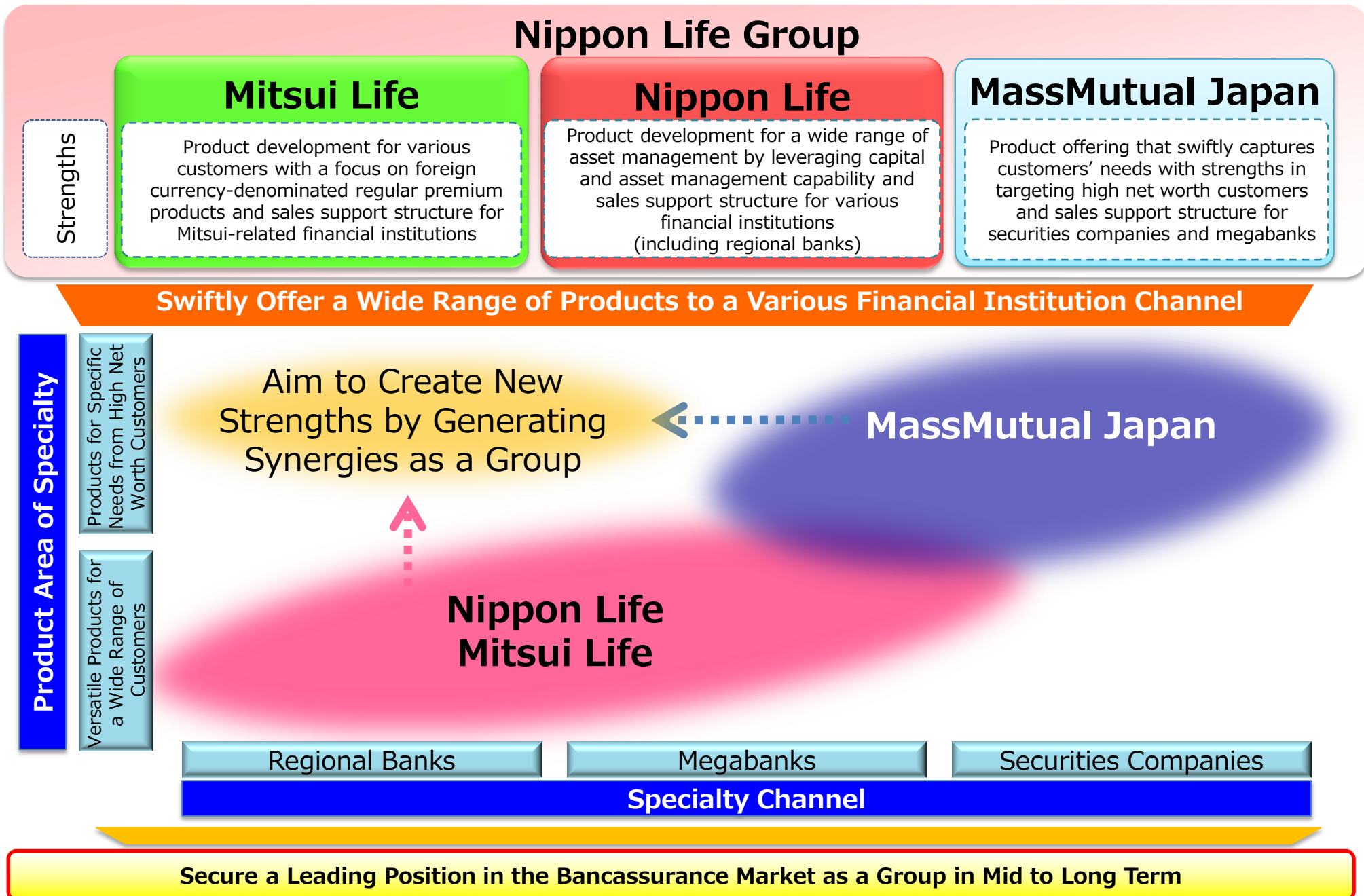
As a Group, we aim for

- **"Product development to accommodate customers' needs more broadly and swiftly"**
- **"Establishment of more effective sales support structure for financial institutions and sales promotion"**

in the bancassurance area





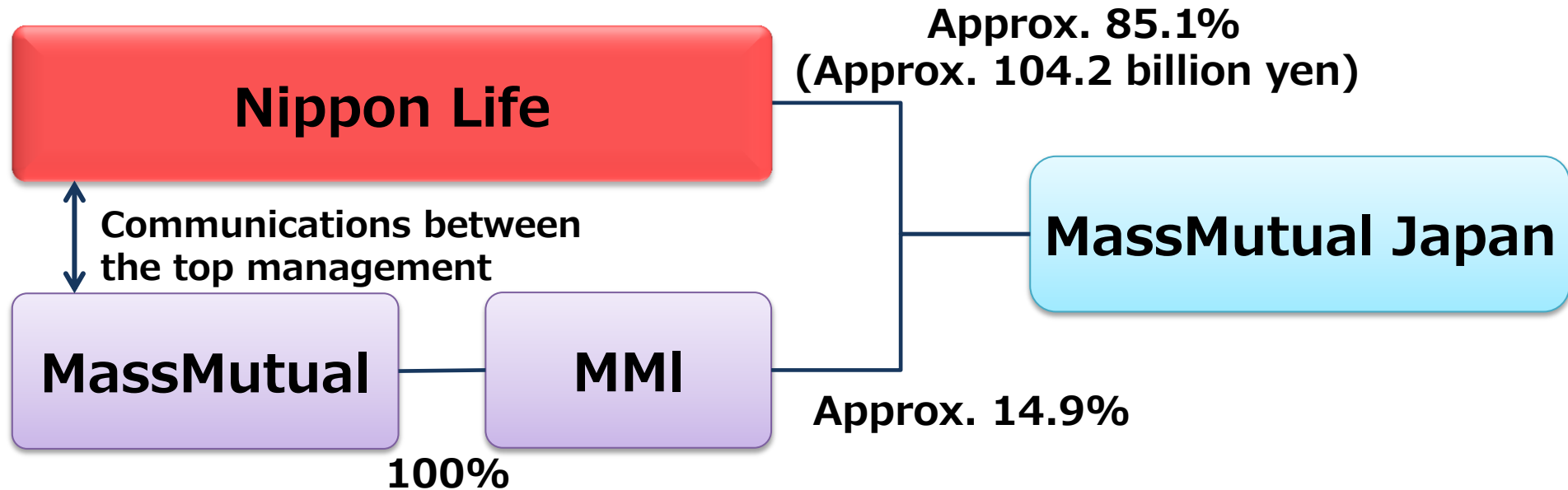


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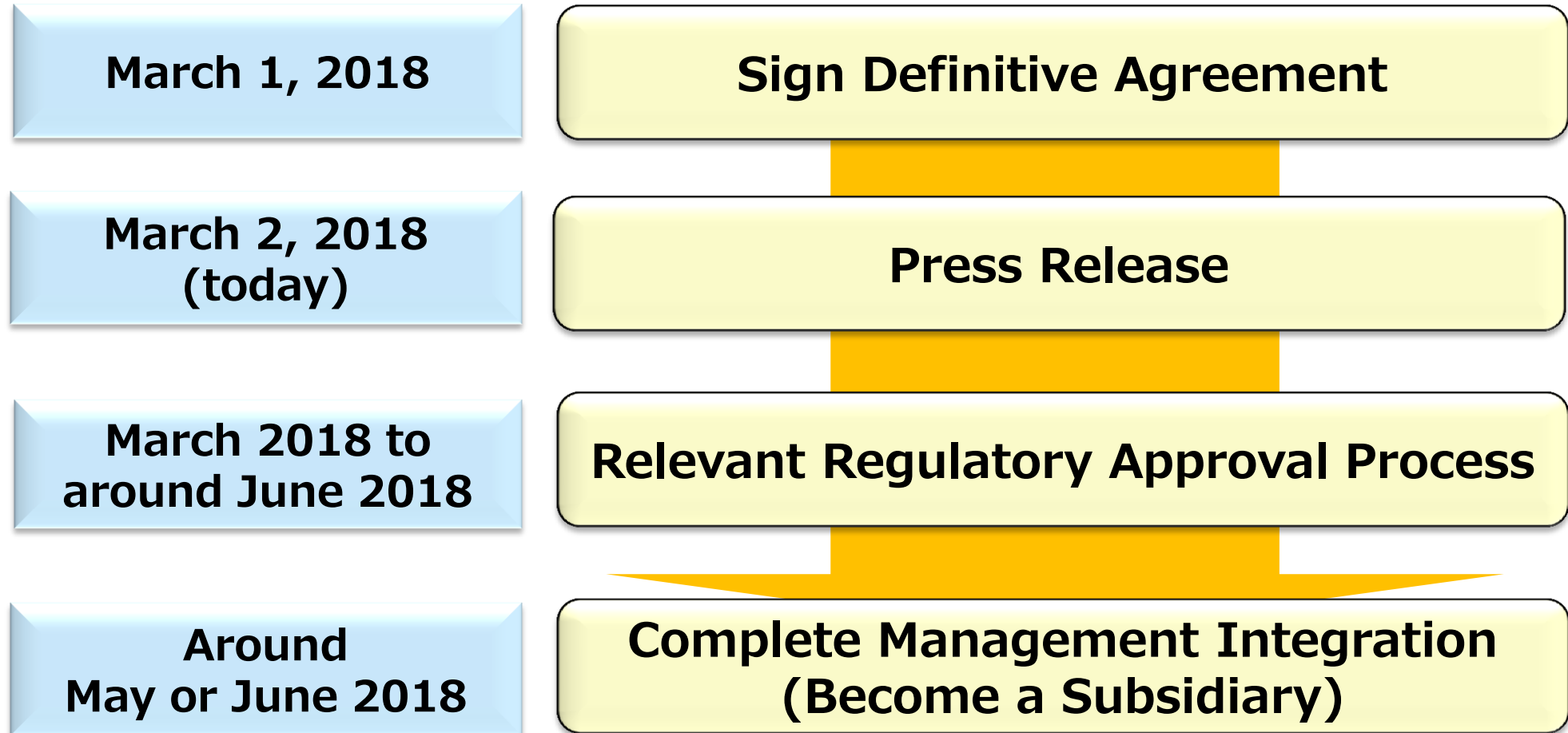
**III. Integration Scheme**

#### Post-Integration Ownership Structure






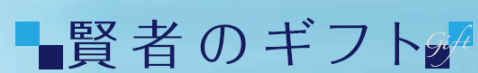




- MMI will continue to hold shares of MassMutual Japan and support MassMutual Japan for the smooth business transition and further development
- It is contemplated that Mr. Mitsuru Imoto will continue to serve as President and CEO of MassMutual Japan
- Nippon Life plans to send out directors and statutory auditors to MassMutual Japan
- Nippon Life and MassMutual will move forward towards strategic cooperation in various business areas through communications among the top management and working level

#### Schedule



	<b>Nippon Life Group</b>	<b>MassMutual Japan</b>
<b>Annualized Premiums (New Policies)</b>	<b>273.3 billion yen</b>	<b>73.3 billion yen</b>
<b>Annualized Premiums (In Force)</b>	<b>4.14 trillion yen</b>	<b>255.3 billion yen</b>
<b>Insurance Premiums and Other Income</b>	<b>4.05 trillion yen</b>	<b>168.5 billion yen</b>
<b>Insurance Payouts and Other Payments</b>	<b>3.18 trillion yen</b>	<b>163.7 billion yen</b>
<b>Core Operating Profit</b>	<b>487.3 billion yen</b>	<b>21.7 billion yen</b>
<b>Solvency Margin Ratio</b>	<b>959.3%</b>	<b>911.1%</b>
<b>Total Assets</b>	<b>75.4 trillion yen</b>	<b>2.8 trillion yen</b>

	Nippon Life	MassMutual Japan	Mitsui Life
Major Product Line-ups As of Feb. 2018	<ul style="list-style-type: none"> <li>➤  Single Premium Whole Life Insurance Denominated in Foreign Currency</li> <li>➤  Single Premium Variable Annuity Denominated in Foreign Currency</li> <li>➤  Single Premium Variable Life Insurance with Living Benefit Denominated in Foreign Currency</li> </ul>	<ul style="list-style-type: none"> <li>➤  Single Premium Fixed Annuity Denominated in Yen and Foreign Currency</li> <li>➤  Single Premium Whole Life Insurance Denominated in Foreign Currency</li> <li>➤  Single Premium Whole Life Insurance with Living Benefit Denominated in Yen and Foreign Currency</li> </ul>	<ul style="list-style-type: none"> <li>➤  Single Premium Whole Life Insurance Denominated in Foreign Currency</li> <li>➤  Regular Premium Fixed Annuity Denominated in Foreign Currency</li> </ul>
Premiums from Single Premium Product in Bancassurance Channel FY2017 Q3	157.8 billion yen	111.7 billion yen	10.2 billion yen
Sales Support Structure and Sales Promotion for Financial Institutions	<ul style="list-style-type: none"> <li>➤ Approx. 140 sales employees in 10 locations nationwide</li> <li>➤ Coverage of various financial institutions nationwide including regional banks and credit unions</li> </ul>	<ul style="list-style-type: none"> <li>➤ 60 frontline employees which mainly consists of sales employees with specialty in asset management and inheritance consultation</li> <li>➤ Mainly supporting securities companies and megabanks to pioneer high net worth customers</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strong relationship with Mitsui-related financial institutions via the intensive supports from approx. 30 sales employees</li> <li>➤ Strengths in supports for regular premium products including asset formation needs</li> </ul>