

Domestic Insurance Business Strategy

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By your side, for life

DAI-ICHI LIFE

Three brands provide products to cater to the changing needs of our customers

Initiatives to strengthen core channel led to an increase in sales representatives

Rebalancing product portfolio in light of the negative interest rate policy

“InsTech” initiatives, merging insurance business and technology

Three Brands Strategy: Domestic Life Market and Dai-ichi Group

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- Optimizing three brands and distribution channels to cater to the changing needs of our customers
- Negative interest rate policy make a limited impact

Customer characteristics & products	Prefers consulting for services with high value added			Prefers comparison, simple products & procedures, proactively seeking information		
Distribution channels	Sales representatives	Agents	Bancassurance (single premium, saving)	Bancassurance (level premium, protection)	Walk-in insurance shops etc.	Direct, Internet Leaflet, direct mails etc.
Main players	Major players	Foreign and P/C players	Bancassurance specialists and major players	Foreign & P/C players	Foreign, P/C & other new players	Internet, foreign players, mutual associations
Market (maturity, size)	Matured, Large		Relatively matured, Medium		Immature, Small	
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	Protection / Medical / Saving (single premium / level payment)		Single premium saving (yen / foreign currency)		Medical / Protection	



<Dai-ichi Life>

Individual insurances & annuities

- ✓ Reducing assumed rate of return on single premium whole life (Jan-16 onwards)
- ✓ Reduced availability of prepayment (Apr-16)
- ✓ Reduced discount rate on prepayment and return rates on claims deposit

Shifting focus on protection-type products

Group Insurance

- ✓ Defined Benefit: Control general account in-force and promote Separate Account Bond Fund and Separate Account Balanced Fund II
- ✓ Defined Contribution: Promote sale of mutual funds

<Dai-ichi Frontier Life>

- ✓ Stopped sales of yen-denominated fixed annuity (Feb-16)
- ✓ Stopped sales of yen-denominated fixed whole life (Mar-16)

Shifting focus on foreign-currency products

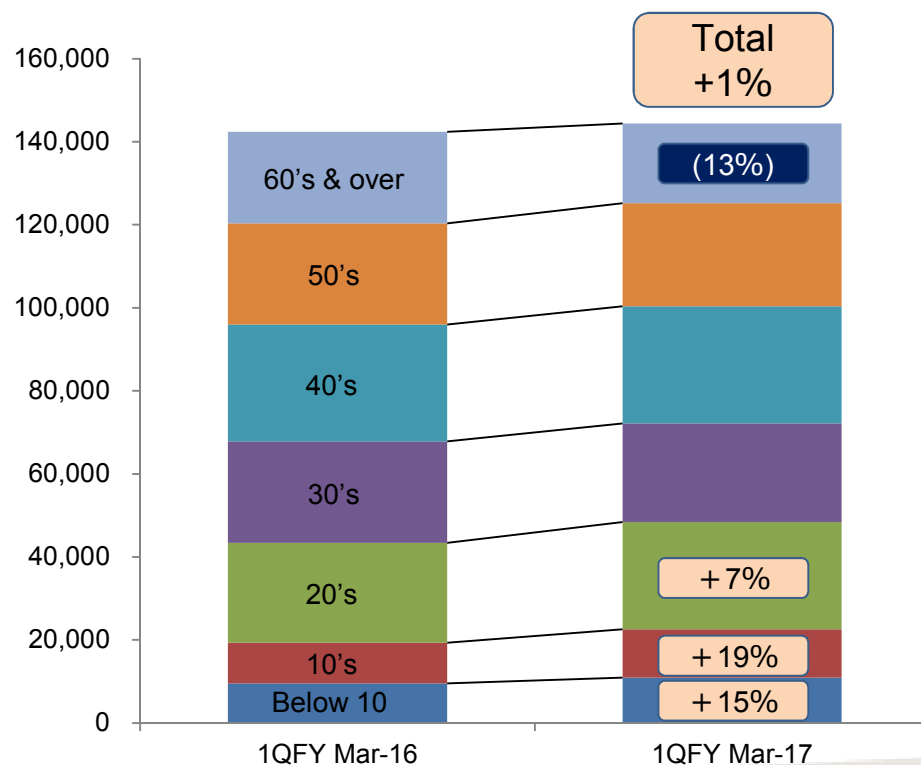
Dai-ichi Life: Targeting Young and Female Segments

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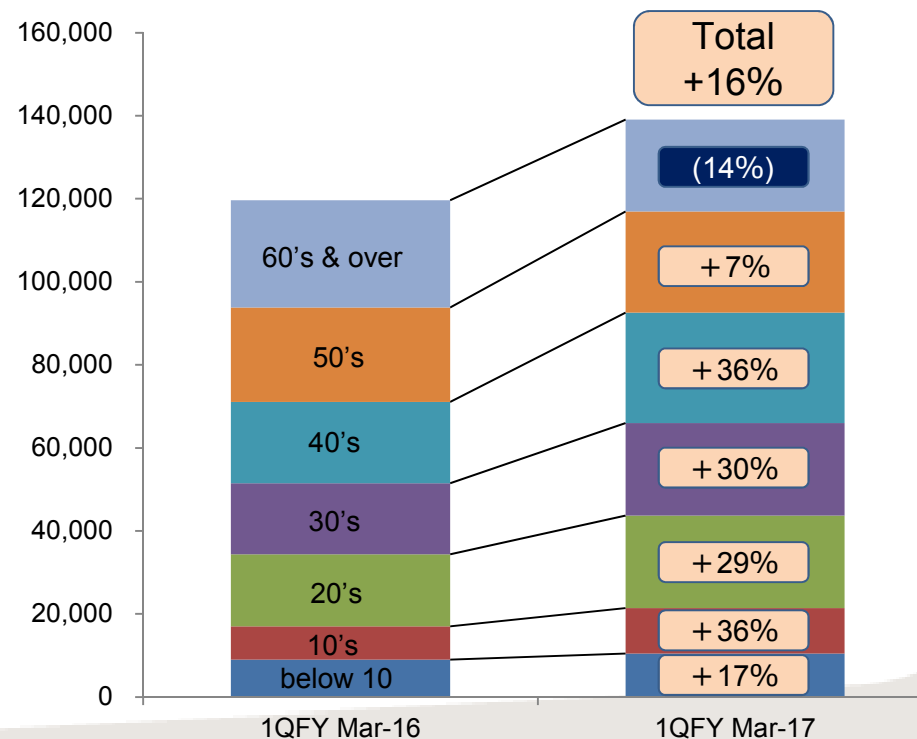
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- Launched new products targeting young and female segments
 - Whole life medical for female (Jan 2016), term life with survival benefits (Apr 2016) etc.
- Sales to senior segment declined as we controlled sales of single premium products in light of lower interest rates
 - Reduced assumed rate of return on single premium whole life.

No. of Policies by Age (Male)



No. of Policies by Age (Female)



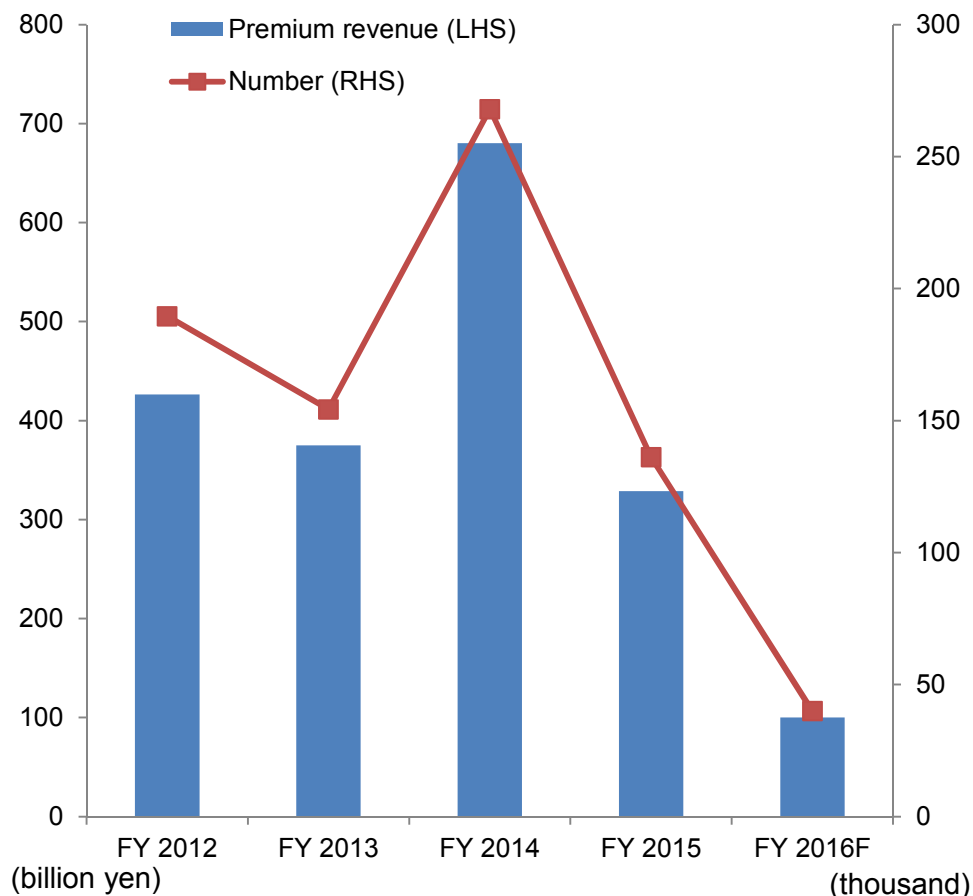
Dai-ichi Life: Rebalancing Product Portfolio

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- Assuming low interest rates environment will persist
⇒ Shifting Product Portfolio toward protection and medical

Sales of Single Premium Whole Life



Promote sales of comprehensive protection package

- Additional incentives to the channel
- Intensified training to develop protection market
- Head office leading delivery of target customer info
- New products launch

Initiatives for young segment

- Customized plan for youth
- Mixed media promotion (television, web, SNS etc.)

Insurance for business owners

- 100% deductible
- Top-level account value at age 30s to 50s
- Nursing care protection

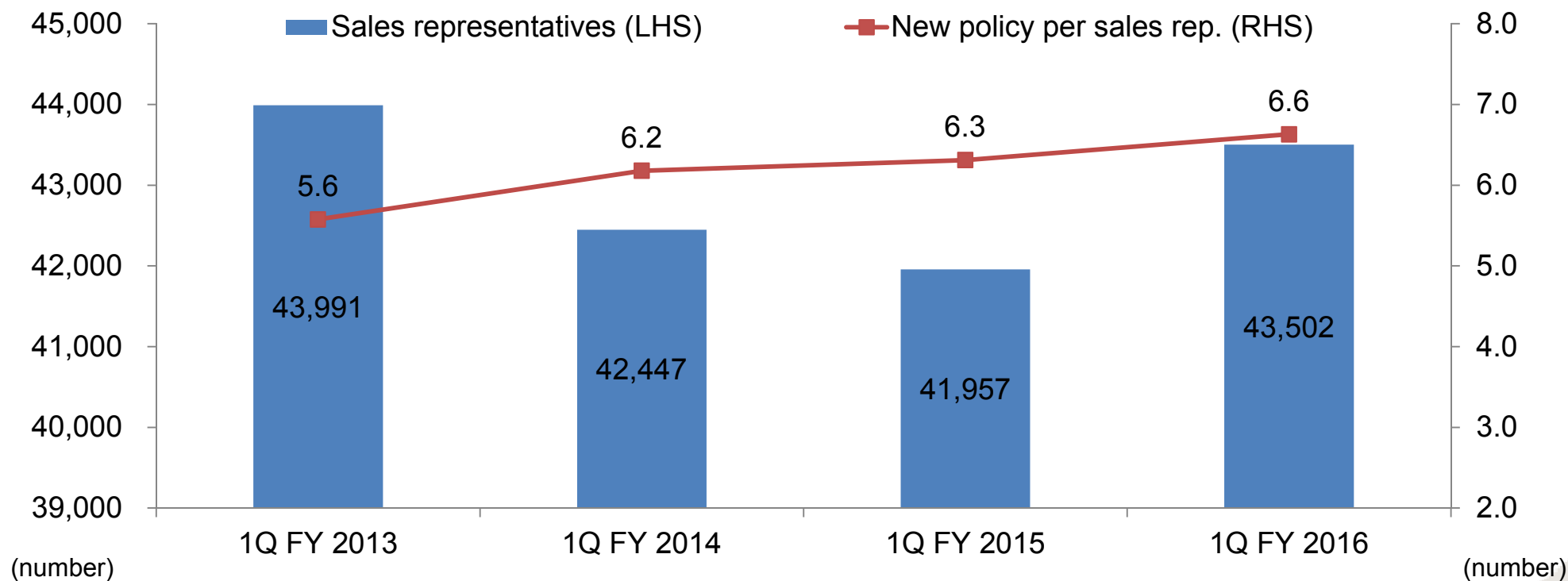
Dai-ichi Life: Strengthen Core Channel (Sales Rep.)

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➤ Sales force and productivity on the rise due to a change in training process (FY2015-2016)

<What has changed?> Training period expanded from two to five years
 Compensation to prioritize customer base expansion
 Change in training process (literacy in finance, improve sales pitch etc.)



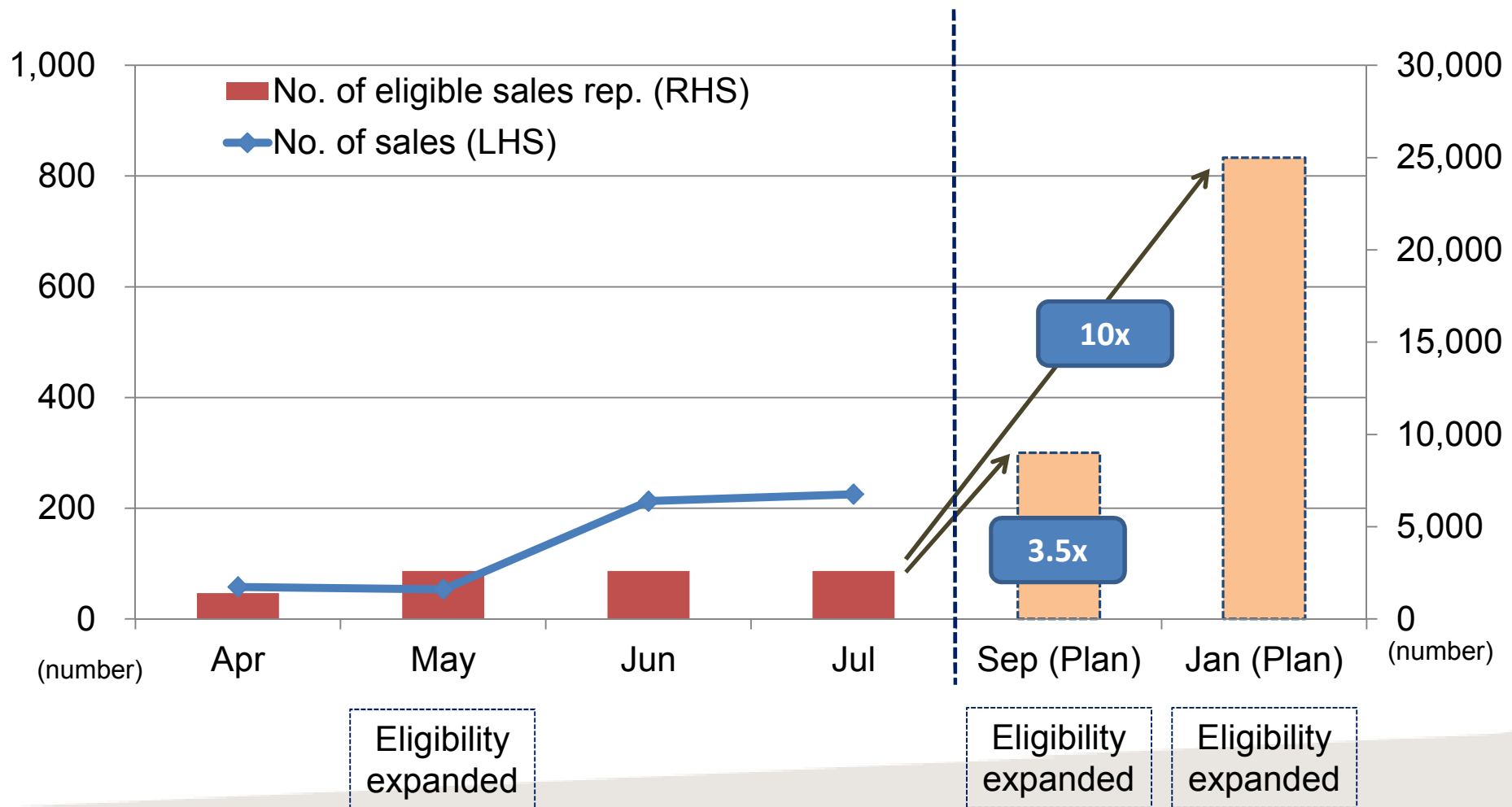
(Notes) Sales force are as at the end of June. Number of new policies per sales representative is monthly average.

Dai-ichi Life: Strengthen Core Channel (Sale of DFL Products)

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- Sale of Dai-ichi Frontier products by sales representatives launched in last fiscal year
- Eligible sales representatives to be increased to 25,000 next January from current 2,600



Recognizing the Environment and the Direction to Take

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Changing business environment and competitive landscape

Reduction in standard assumed rate of return※1
Revision of life table※2

Pricing differ strategically company to company

Assumption of extended period of low interest rate after Brexit

Companies focus on differentiation of protection products

Existing business model rendered obsolete by an advancement of ICT

Customized premium based on analysis of medical big data, Focus on accumulating big data such as medical data and life log

Accelerate price competition?

Consulting for services and products with high value-added rather than simply competing on pricing,
Streamline business process

(Note 1) Reduction in standard rate of return on level payment policies could lead to an increase in premium on savings-type products but make a limited impact on protection-type products.

(Note 2) A revision of life table could lead to a reduction in premium for death protection but an increase for medical insurance.

Insurance × Technology



(Note) QOL (Quality of Life): general well-being of individuals and societies based not only on wealth and built environment, but physical and mental health and social belongings

Healthcare domain

New products & services that promote extension of healthspan

- ✓ Studying new product based on “Kenko Nenrei^(note)” at Neo First Life
- ✓ Participate in joint research on analysis and application of health data together with Kyoto University and other business partners
- ✓ Plans use wearable terminals to accumulate health log of employees on company’s health insurance union

Underwriting domain

Analysis of medical big data to optimize underwriting and risk management

- ✓ Joint research on development of diseases using IBM Watson technology
- ✓ Gradual application of analysis on combined internal and external medical data to underwriting criteria
- ✓ Streamline business process by clerical mechanization

(Note) Indices developed by Japan Medical Data Center to measure health condition based on vital and medical receipt data of 1.6 million anonymous case

Marketing domain

Guiding optimized consultation through analysis of big data

- ✓ Provide Total Life Plan Designers sales leads for best product for the customer based on analysis of internal big data
- ✓ Personalized proposal ideas based on digital marketing

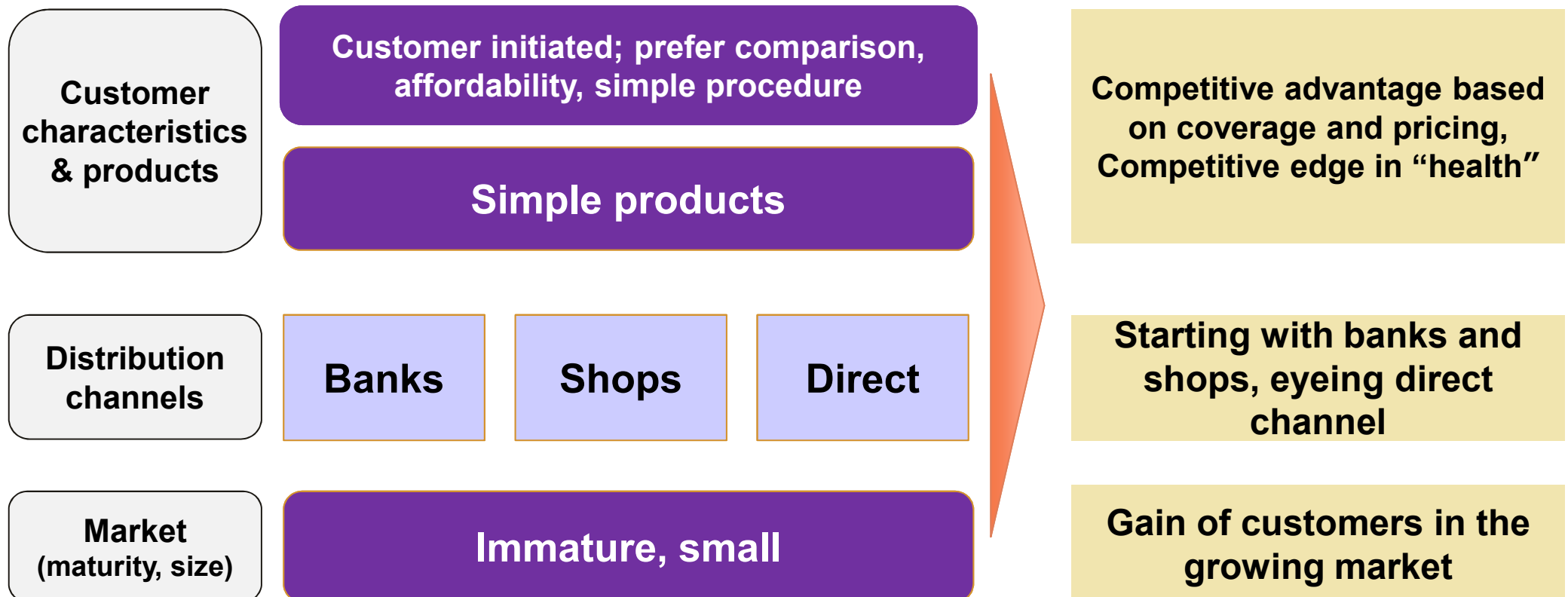
Keeping in touch with technologies

Securing access to the latest technologies (IoT, big data, AI, robotics etc.)

- ✓ Investment in venture fund founded by Keio Innovation Initiative

Position of Neo First Life

- The third brand after Dai-ichi Life and Dai-ichi Frontier Life to cater to the changing needs of customers
- Helps the Group expand customer base

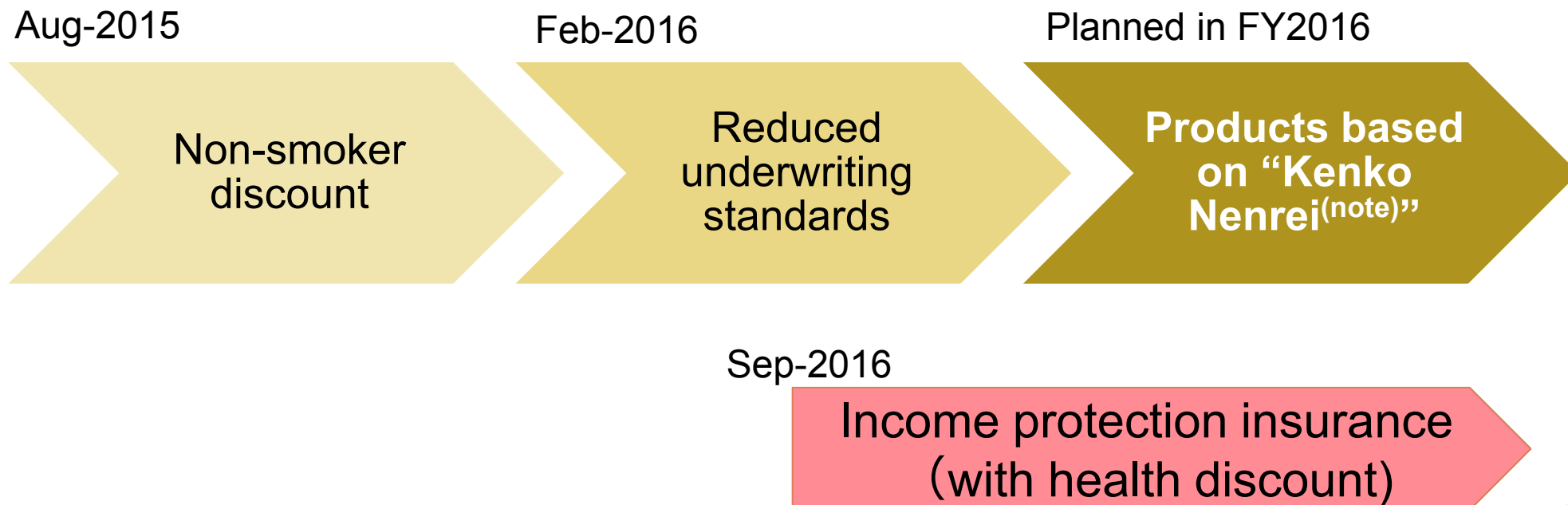


Neo First Life: Product Strategy of a Late Comer

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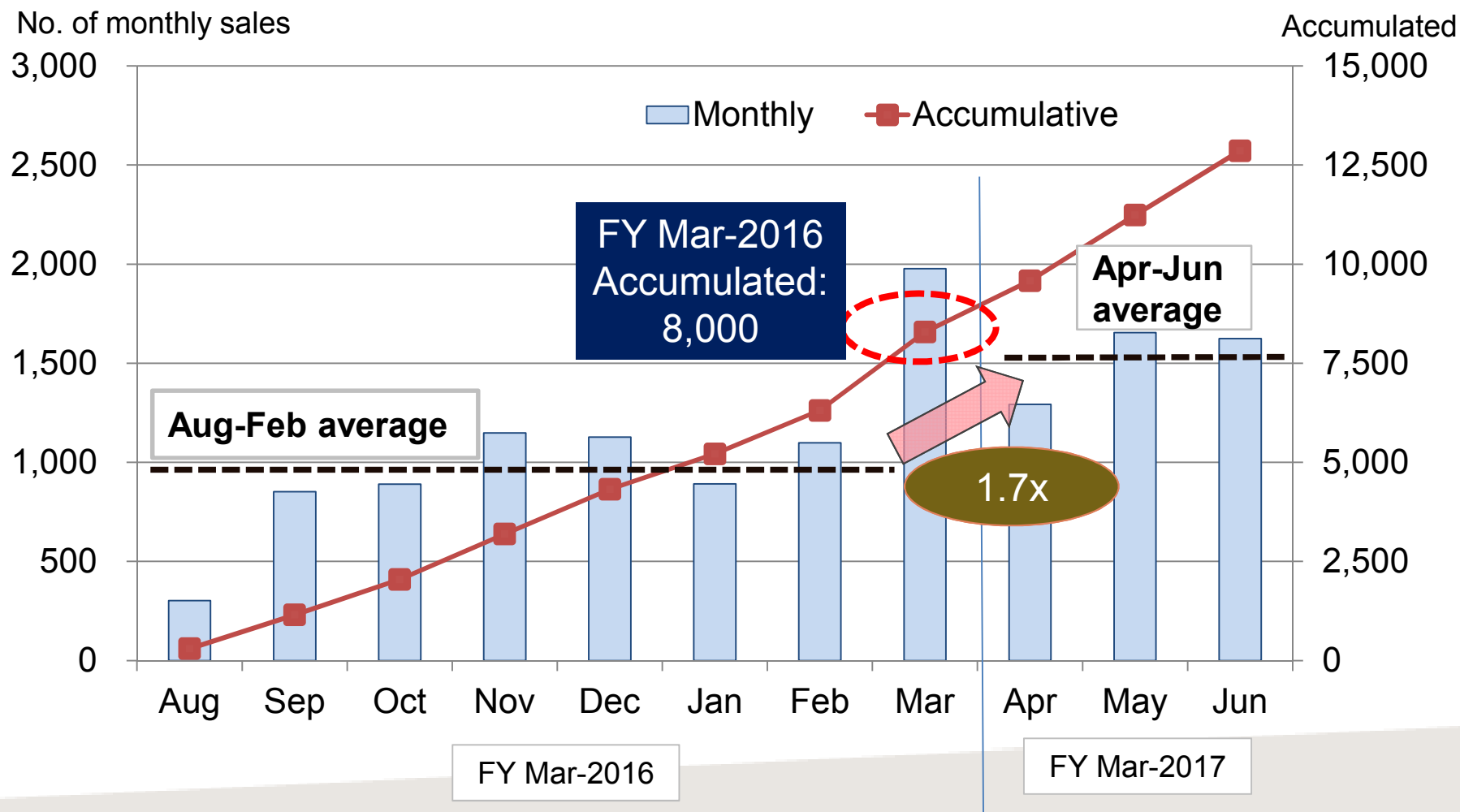
- Competitive edge in **“health”**
- **Timely introduction** of new products during the year **with distinctive benefits**
- Competing with **reasonable pricing** (economical yet value added)
- **Balanced** source of **earnings** (products other than third sector)



(Note) Indices developed by Japan Medical Data Center to measure health condition based on vital and medical receipt data of 1.6 million anonymous cases

Neo First Life: New Policies

- Number of new policies underwritten during the first eight months to March 2016 was **in line with the competition** but was below our projection
- Monthly sales this fiscal year averages 1.7 times that of initial seven months of prior fiscal year



Unique combination of three brands with diverse business lines provides resilience to a change in environment

Growing sales force together with productivity gain lead to top line growth

Building industry leading business model with “InsTech”