

# The Dai-ichi Life Insurance Company, Limited

## Investor Presentation: Sales Channel Strategies

March 27, 2014

Marketing Strategy Department,  
The Dai-ichi Life Insurance Company, Limited

By your side, for life

**DAI-ICHI LIFE**

Achievement during SUCCESS 110!!

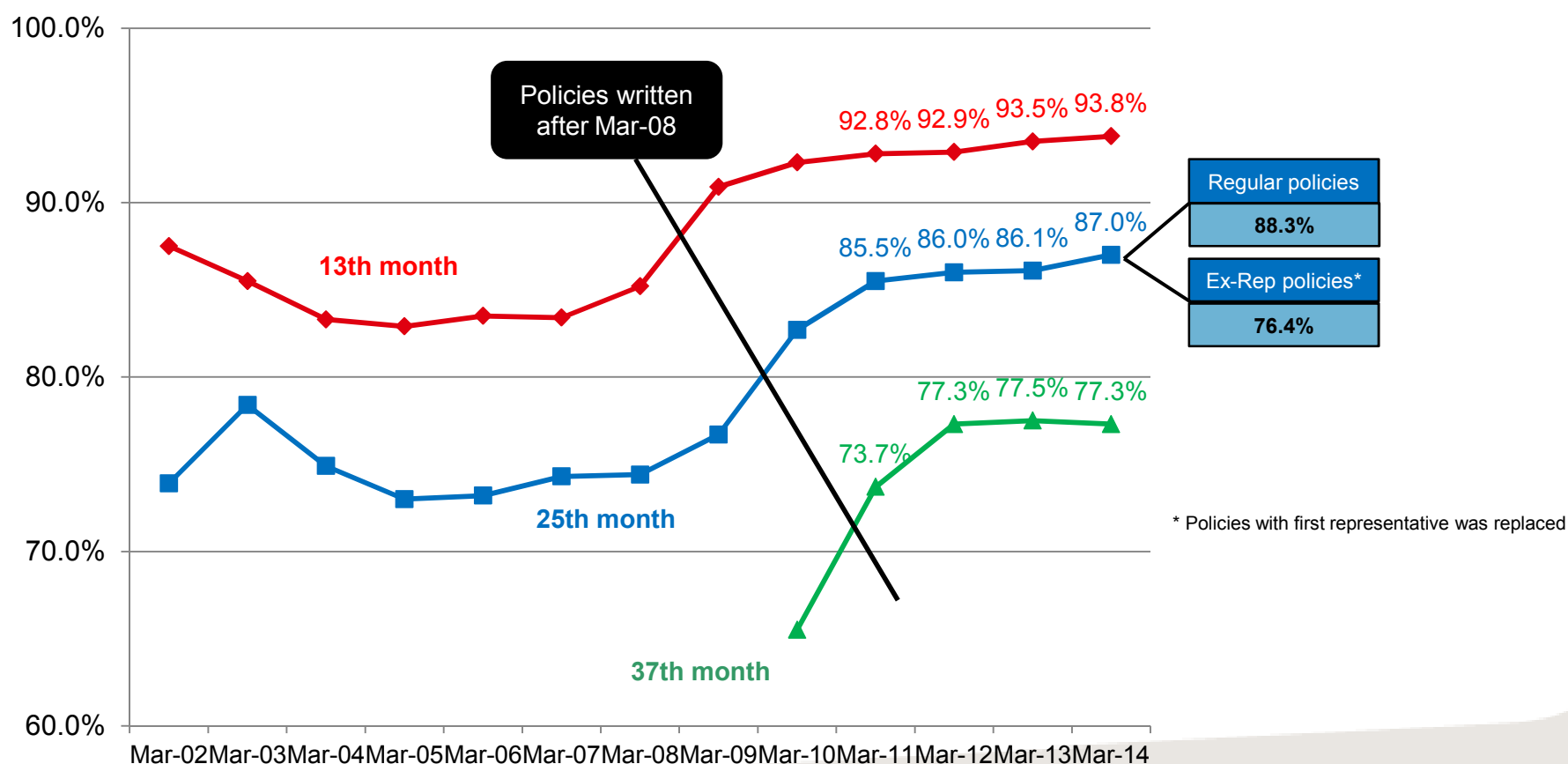
# 1. Initiatives of SUCCESS 110!!

- ◆ We launched a six-year plan focusing on sales channel initiatives dubbed as “SUCCESS 110!!” in FY Mar-08
- ◆ During the first year, we focused on improving retention of policies and training of sales representatives, which led to a notable improvement in retention since Mar-08
- ◆ Training of sales reps underscored our initial plan, and during Mar-12 we reinforced the initiatives for recruitment and training, aiming to build a core force composed of quality chief sales representatives
- ◆ Our marketing initiatives “Total Life Plan,” providing best suggestion, best product, and best service to our policyholders, was replaced by “New Total Life Plan” initiatives, connecting various sales forces, information services and technologies based on multi-platform sales channels in Mar-11

	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13
Co. Event	105th anniversary			Demutualization		110th anniversary
Dep. Plan	<div> <div>SUCCESS 110!!</div> <div>           Significant improvement in channel quality            (policy persistency, lapse &amp; surrender, sales force enrollment and retention)            Improve sales through enhancement of compliance and operational efficiency         </div> <div>Success in enrollment &amp; training 110!!</div> </div>					
	Total Life Plan strategy			New Total Life Plan strategy		

## 2. Policy Persistency

- ◆ Policy persistency at marked duration all improved through our efforts such as (1) constantly raising sales target, (2) calibrating retention-related milestones in our sales reps' evaluation system, (3) making proof calls from headquarters, and (4) encouraging scheduled house calls for every policyholder.

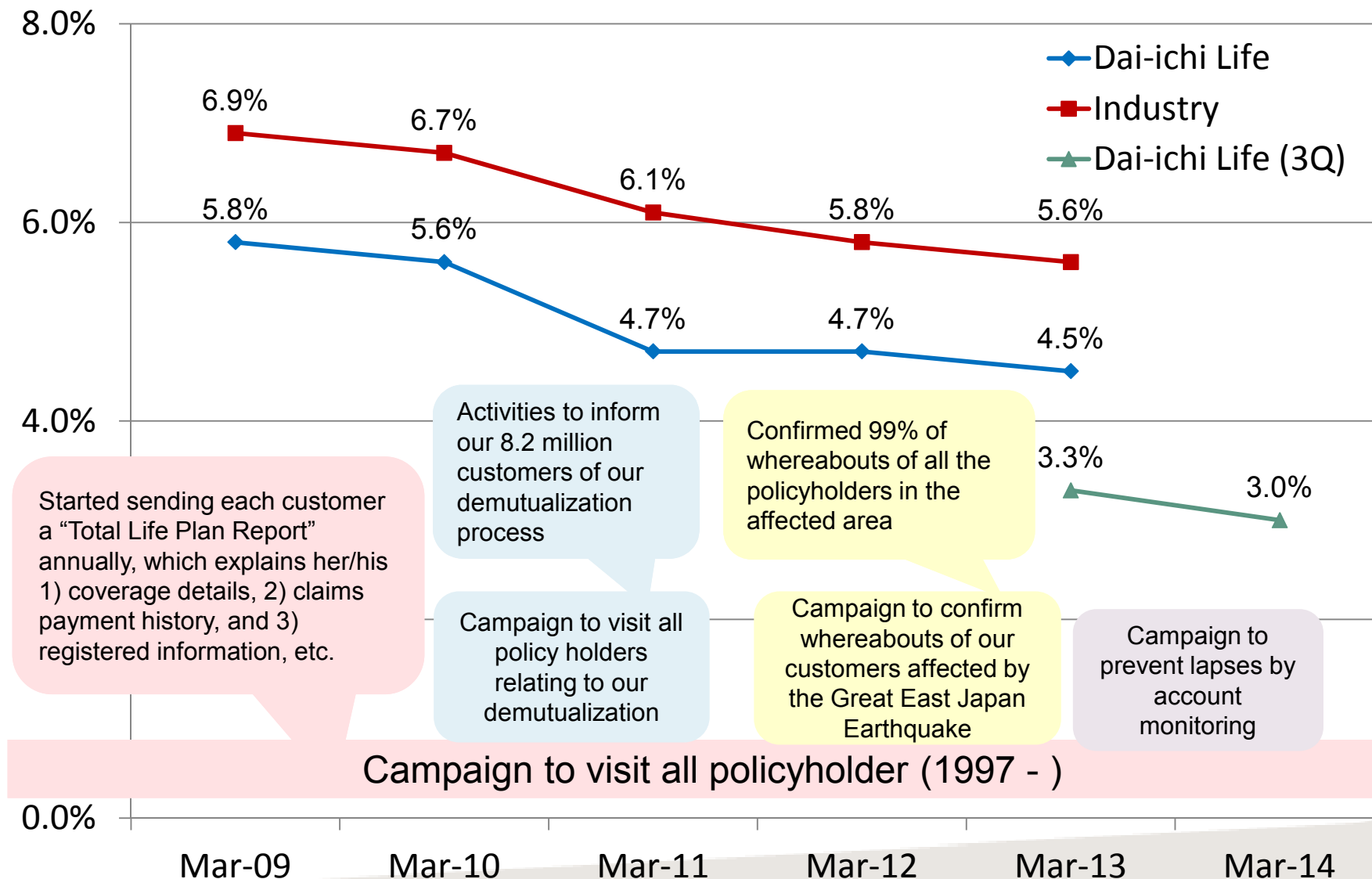


### 3. Policy Persistency (Lapse & Surrender)

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Significantly improved surrender & lapses with more frequent and **detailed** face to face contacts with customers

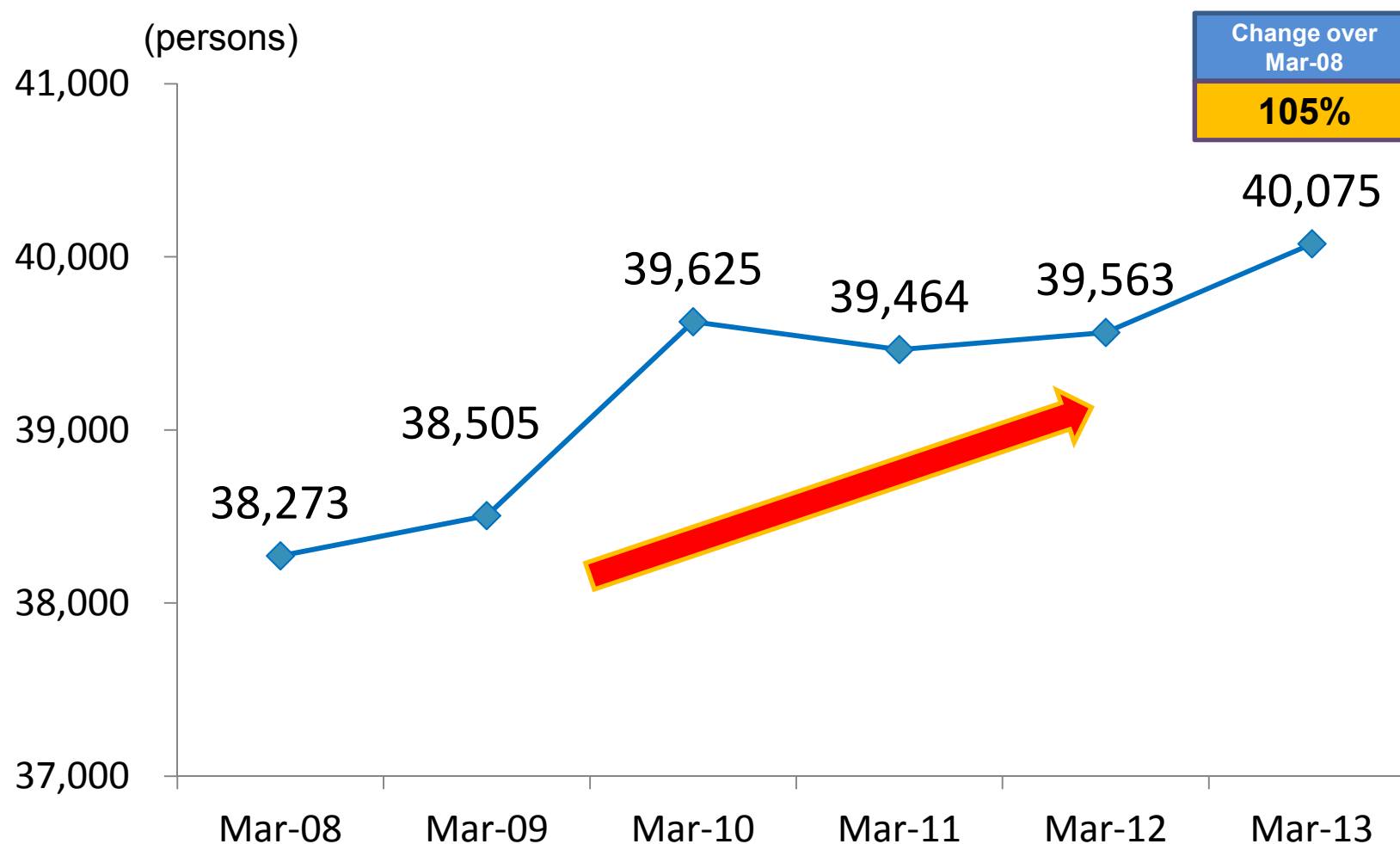


## 4. Training Sales Representatives (1) Building Sales Force

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◆ We have been building sales force gradually

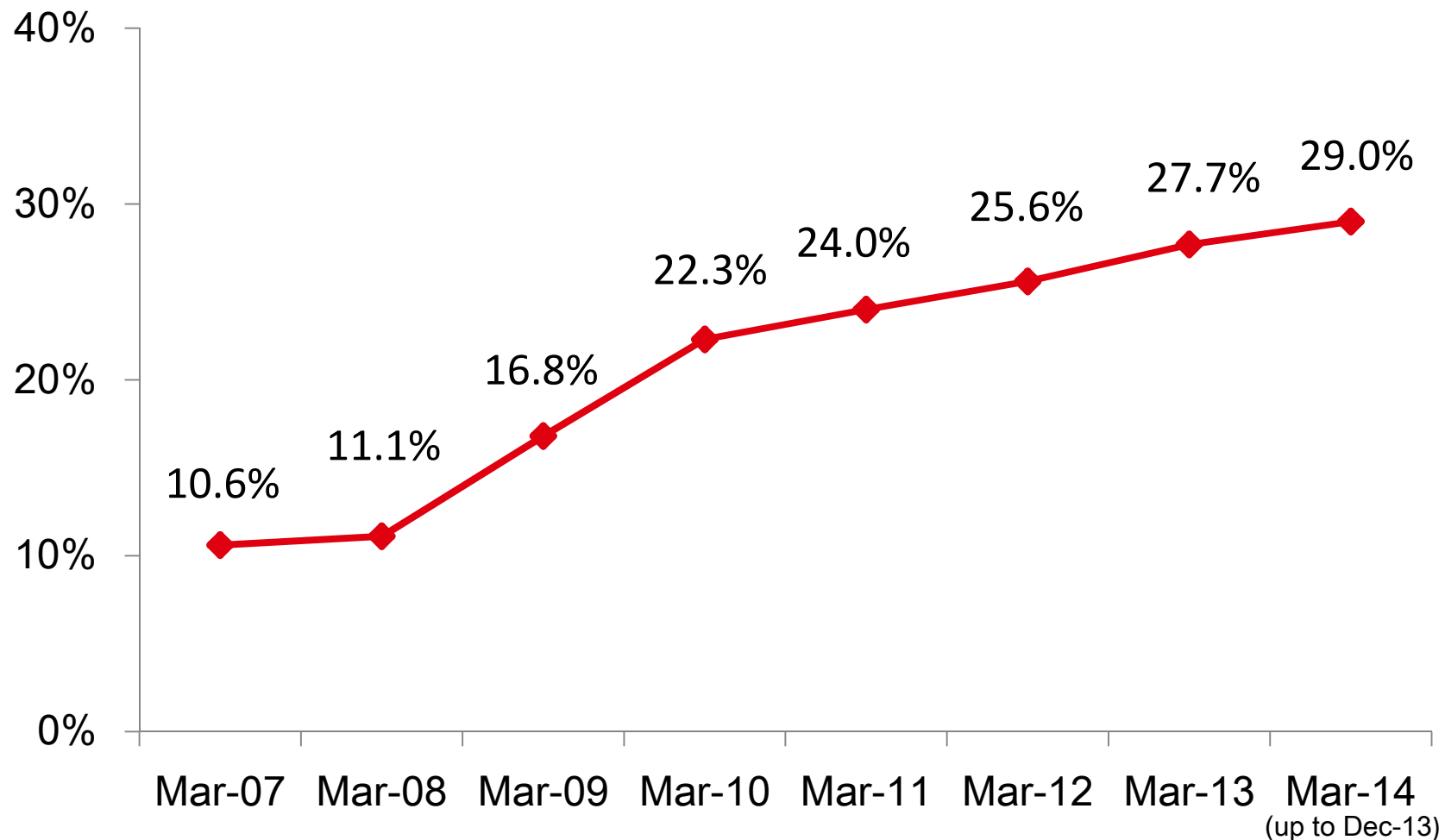


(note) Number of sales representatives includes ones on leave

#### 4. Training Sales Representatives - (2) Retention rate of productive sales reps at their 25th month

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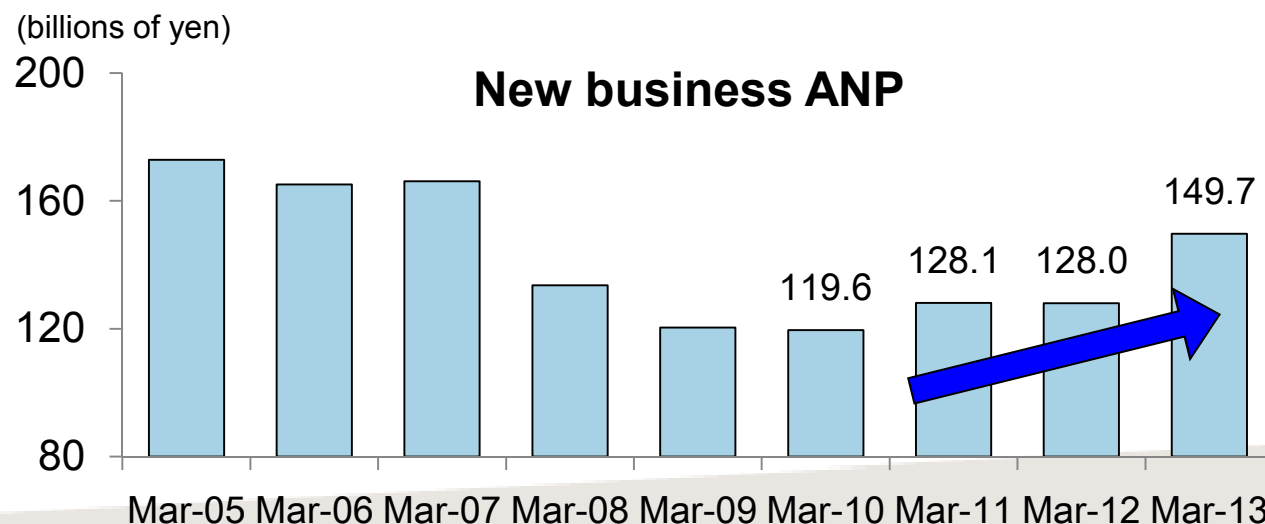
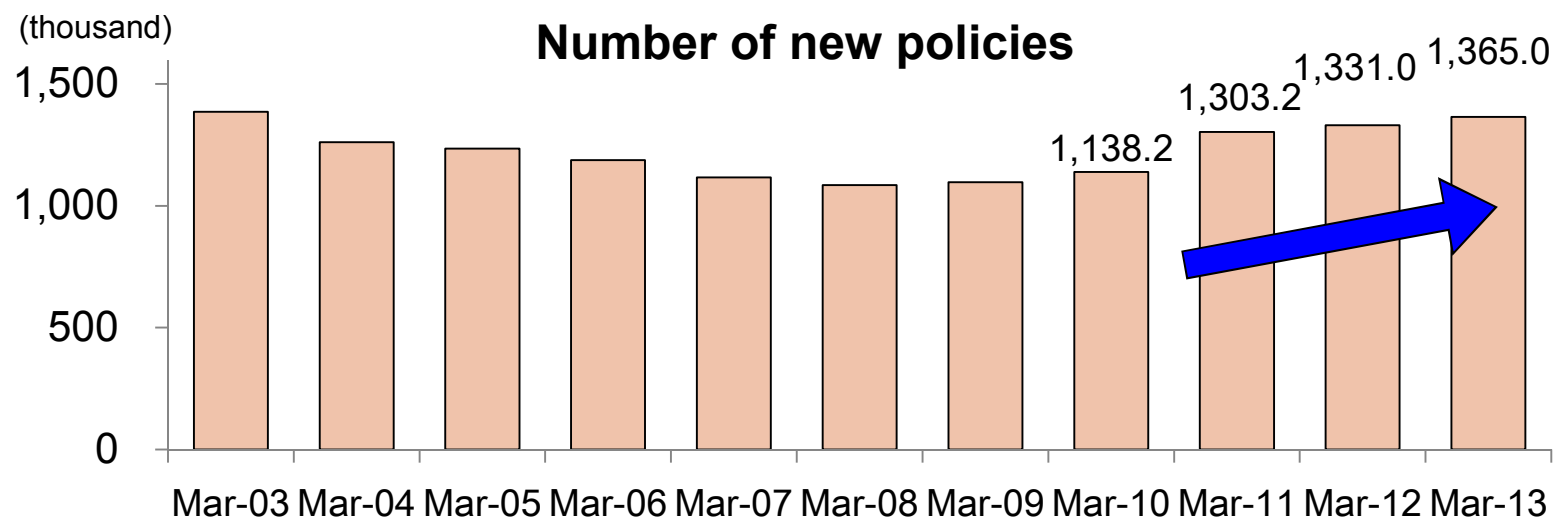


Definition of productive sales representatives in this slide are those who : (i) acquired more than 24 new policies in the past 12 months; (ii) maintain no less than 80% persistency ratio at 13<sup>th</sup> month for the policies acquired in their first 9 months; and (iii) completed certain course curriculum.

## Marketing Initiatives and Results

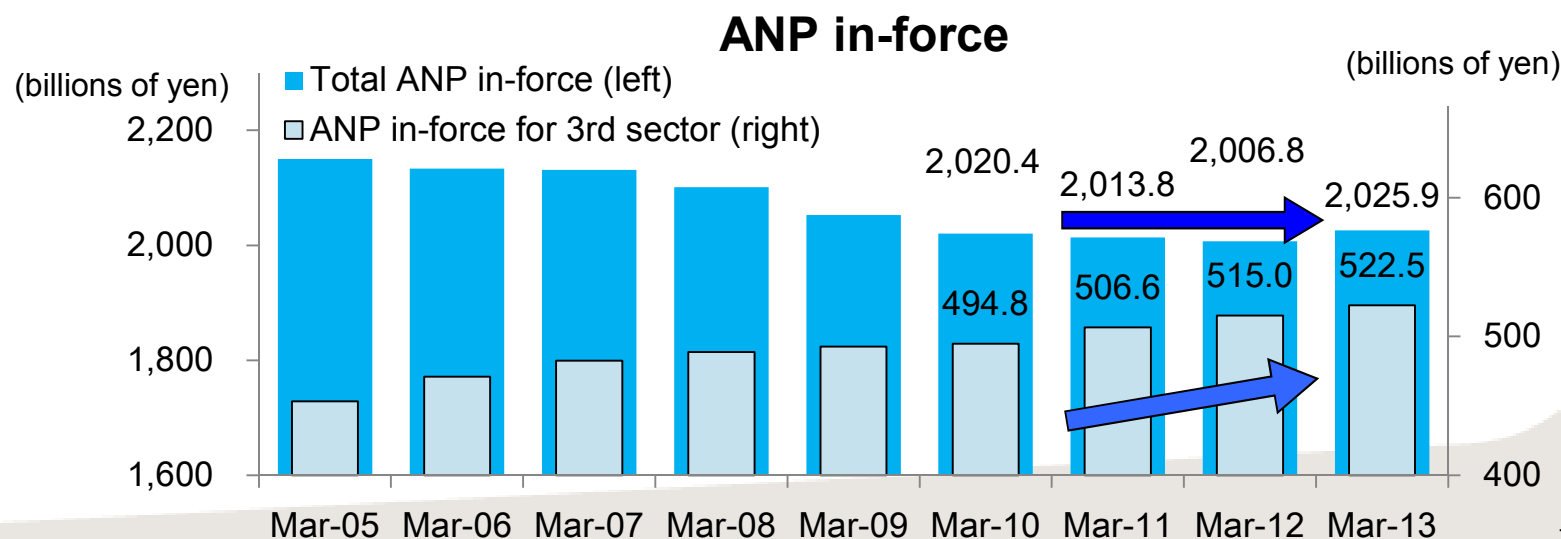
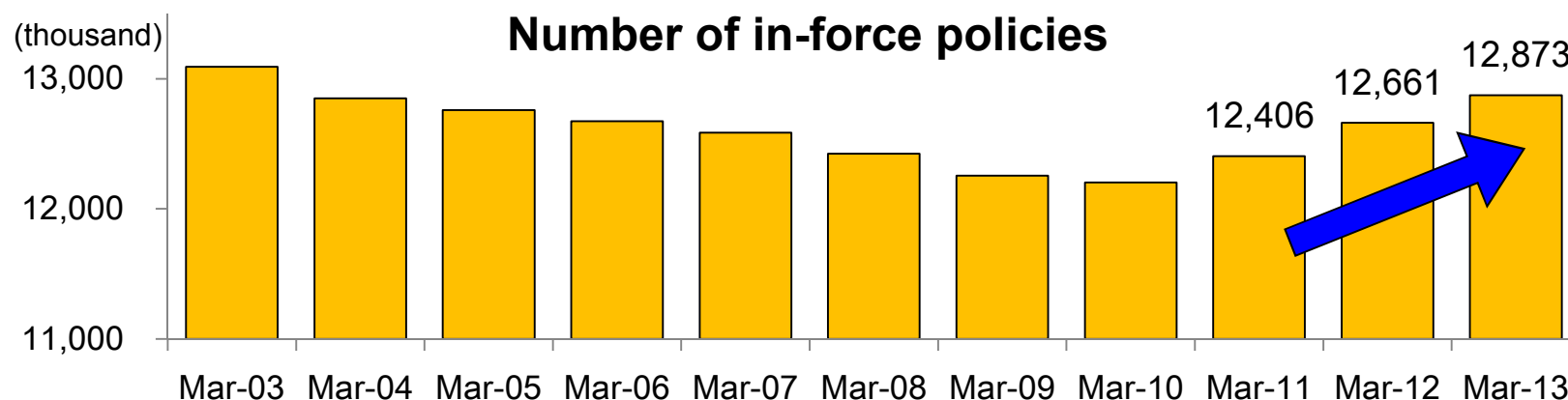
# 1. Sales results (New business)

- ◆ We continue launching new products that cater to the changing needs of the market. Both number of new policies and in-force policies are on a recovering trend.



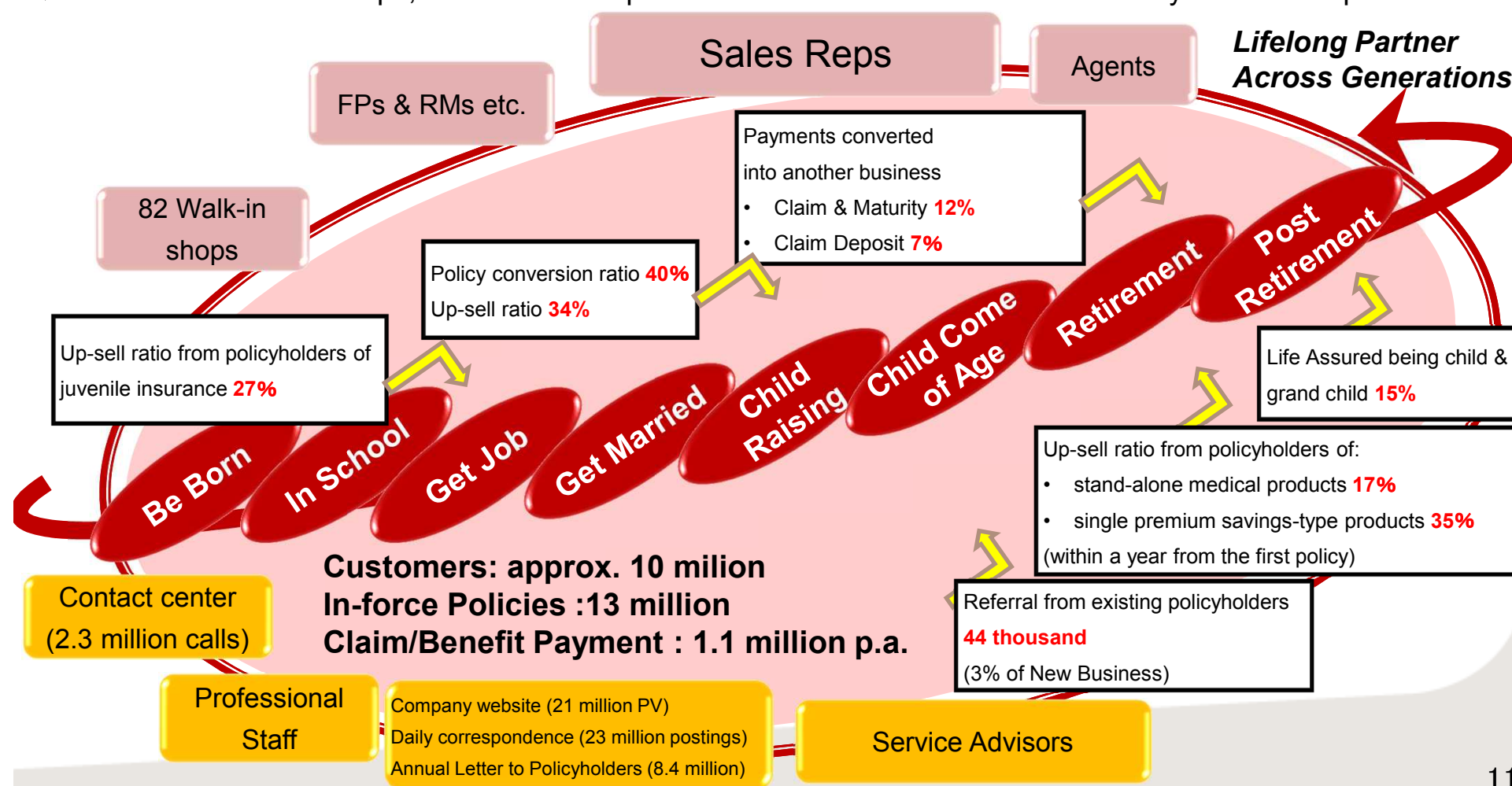
## 2. Sales results (In-force business)

- ◆ ANP (annualized net premium) from new business is increasing, resulting in curbing the decline in ANP from in-force policies. We focused on the 3rd sector market (medical & nursing care products) as one of our growth areas and successfully increased in-force ANP for the sector.



### 3. Diversification of Sales Channel

- ◆ In order to diversify from our sales reps channel, we are concentrating on building a workplace sales force, which focus on worksite sales in metropolitan areas.
- ◆ Multichannel access to our vast customer base, using contact center, professional staff, service advisors, an annual letter to policyholders and our website, complement efforts of our sales reps channel.
- ◆ Walk-in insurance shops, FPs and RMs open new markets which are not covered by the sales reps channel.



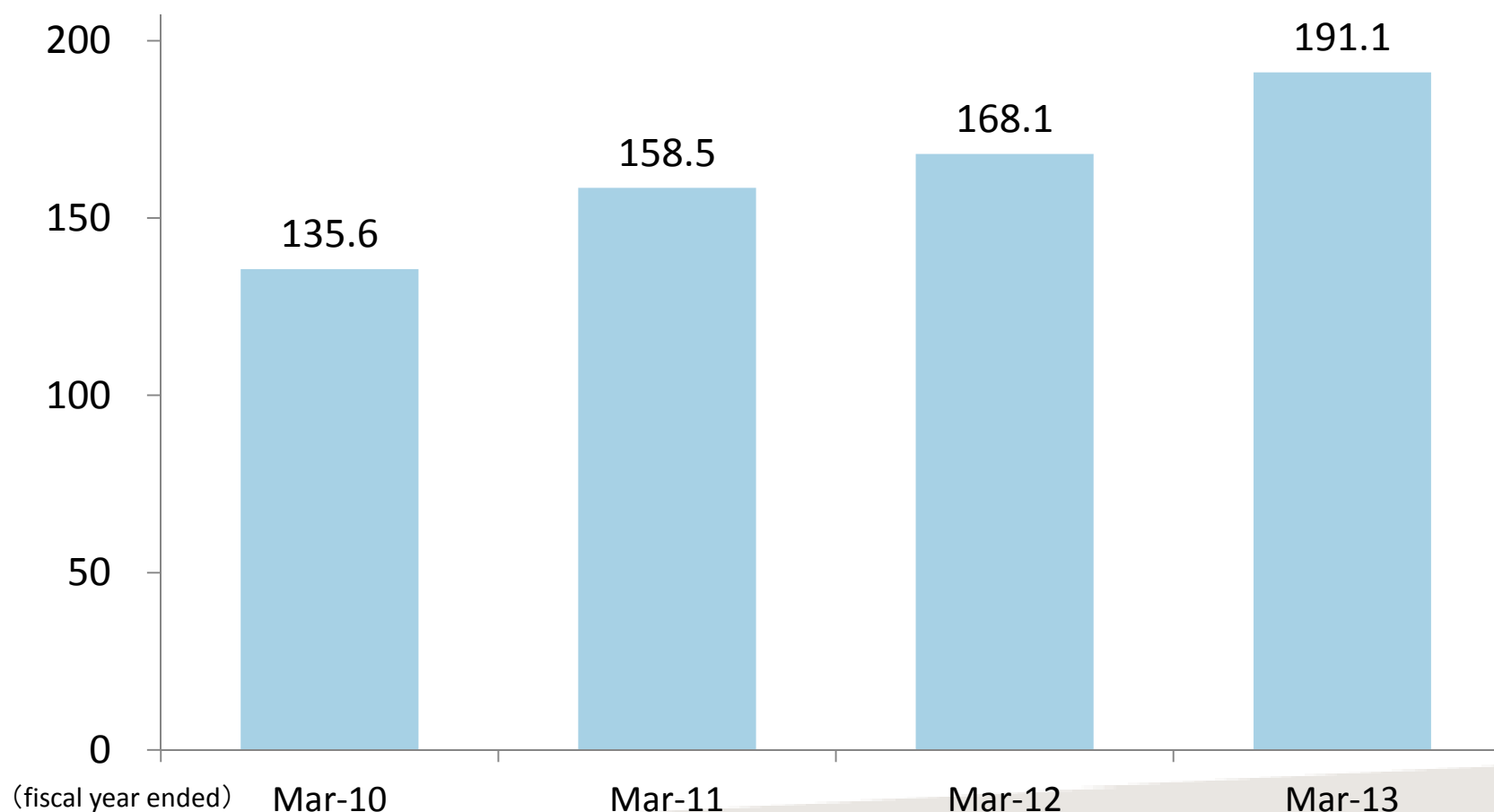
## 4. Value of New Business (Dai-ichi Life)

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- ◆ Taking into account the adjusted new business value which links to Embedded Value, we have strived to enhance and diversify our sales channels, develop products suited to customer needs, and seize growth opportunities. These measures have contributed to VNB growth.

(Billions of yen)



Mid-term Management Plan “Action D”  
Covering 3-year-period ending March 2016

# 1. Recognition of Business Environment (1)

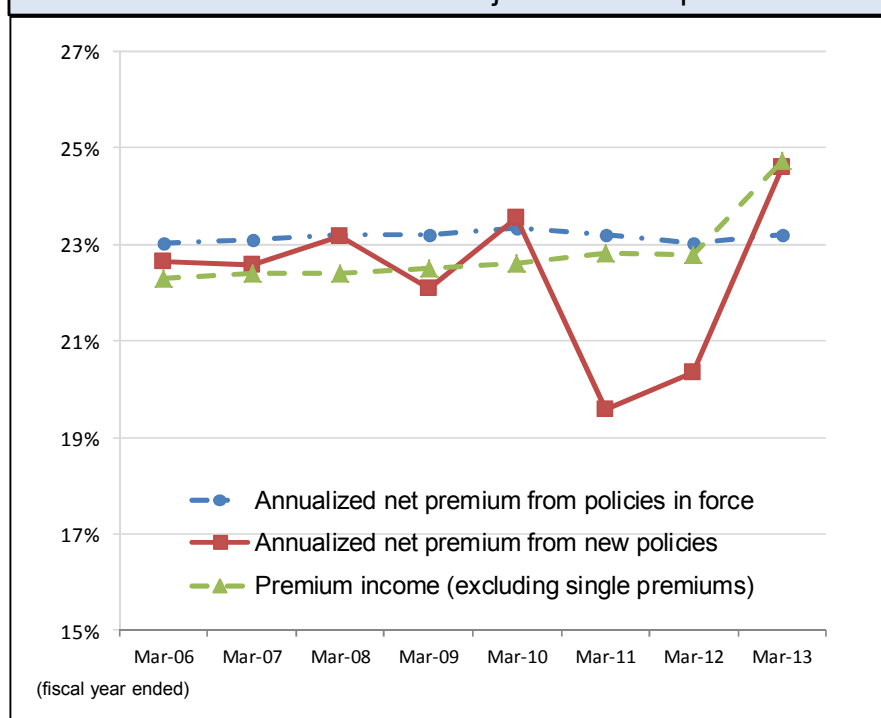
## Dai-ichi Life Group's Market Share in Japan

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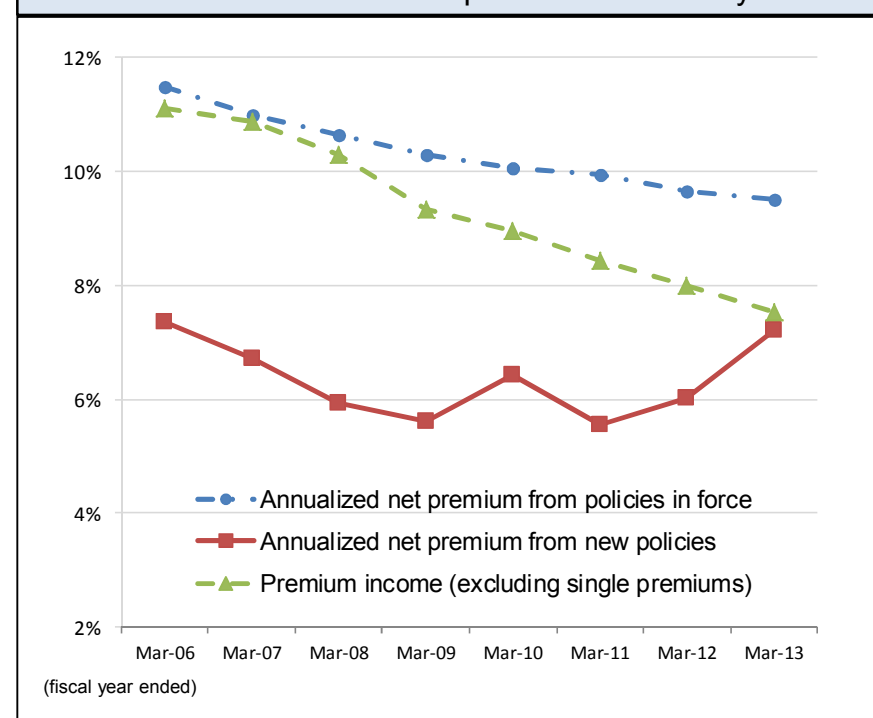
- The Dai-ichi Life Group has maintained its comparative advantages in premium-related figures over the major players in Japan through promoting the “New Total Life Plan” strategy and other initiatives under the previous mid-term management plan “Success 110!”. However, the Group has been facing a decline in its market share.
- The Group aims to return to a growing trend through the initiatives under our new mid-term management plan started from the fiscal year ending March 2014.

Market Share within the Major Four Companies (1)



(1) Individual insurance and annuities, DL and DFL combined

Market Share within Japanese Life Industry (2)



(2) Individual insurance and annuities excluding those underwritten by mutual associations or related to reinsured by Japan Post Insurance, DL and DFL combined

# 1. Recognition of Business Environment (2)

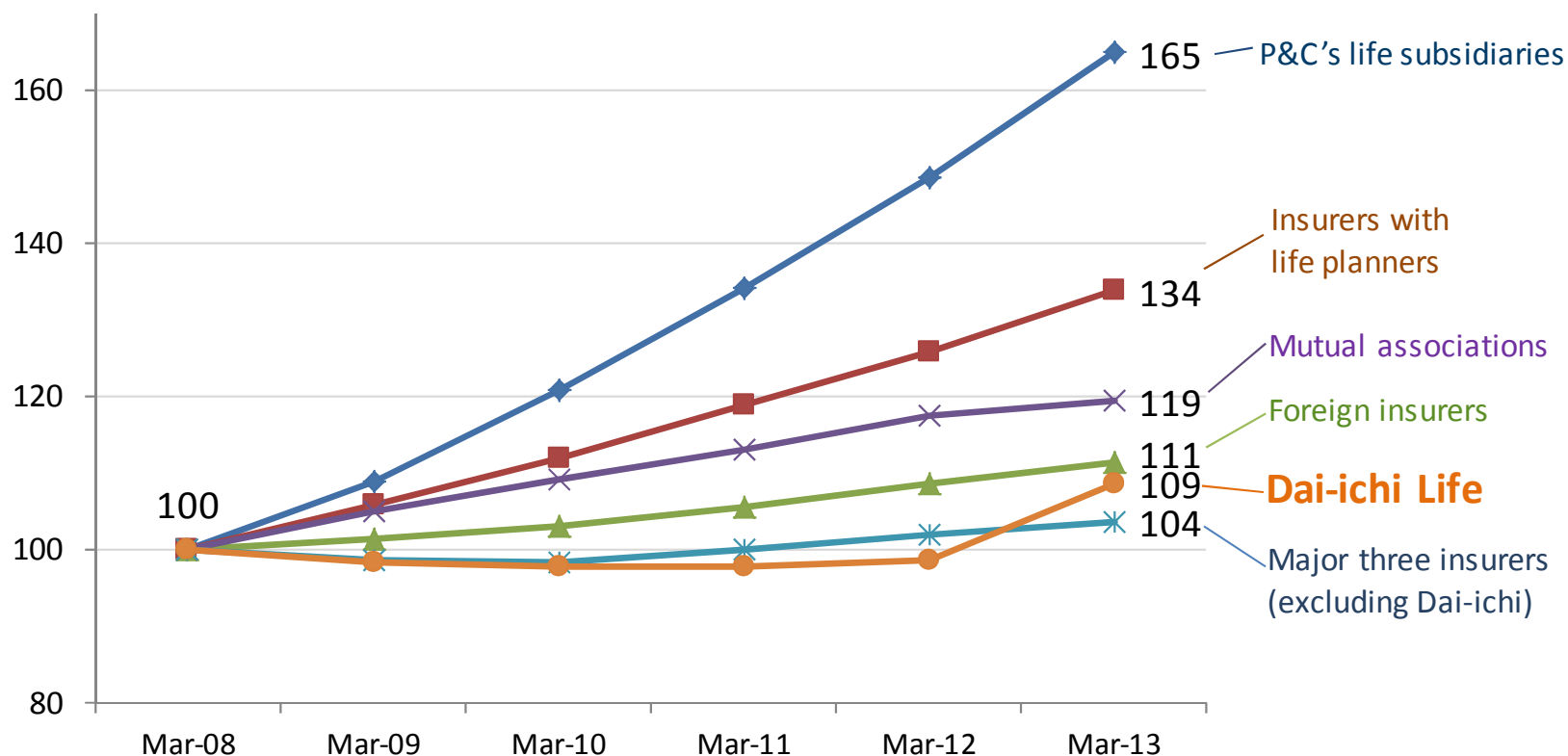
## Trends in Number of Policies in Force

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- P&C's life subsidiaries have achieved high growth, mainly thanks to walk-in insurance shops and the bancassurance channel.
- Given the accelerated sales growth in the bancassurance channel and the success of insurers with life planners, we have recognized the importance of consulting skills.

\*Each player's number of policies in force is indexed based on the figure for fiscal year ended Mar-08.



(Source) "Insurance" issued by Hoken Kenkyujo and disclosure materials

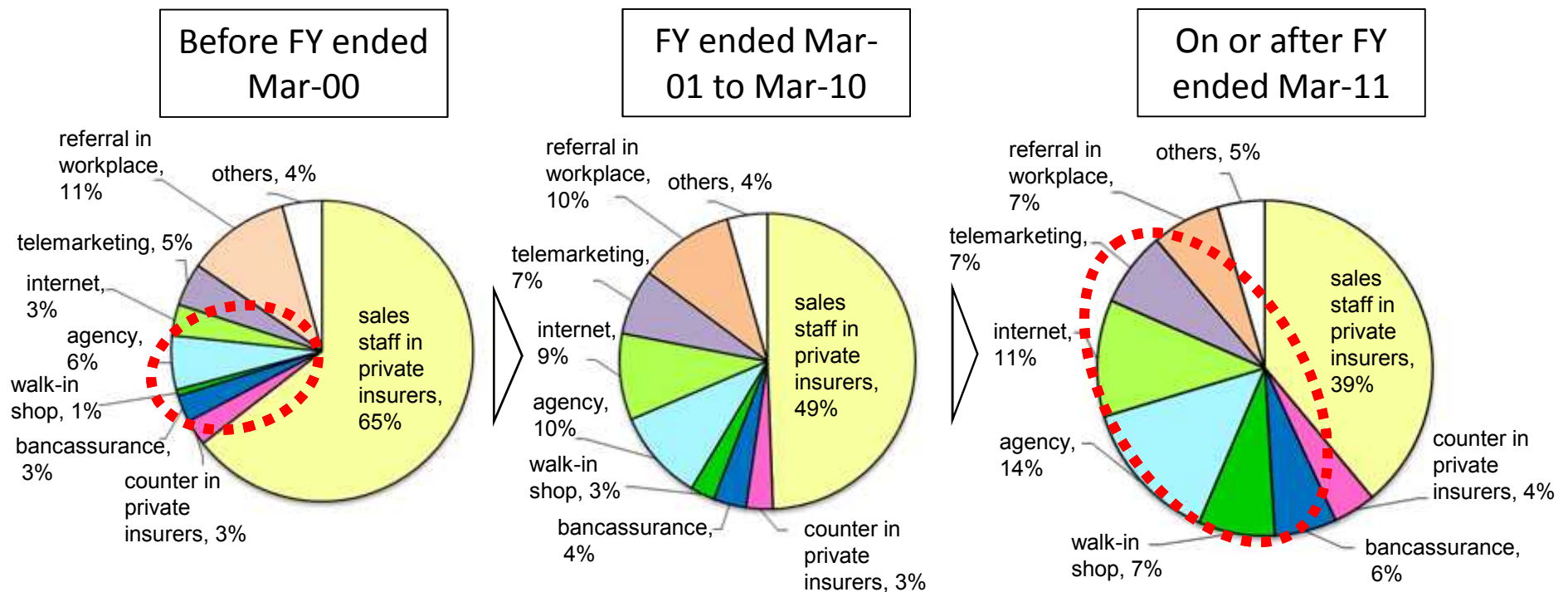
# 1. Recognition of Business Environment (3)

## Customers' Selection Process – Way of Purchasing Insurance

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- Diversified customer needs resulted in changes in the method of purchasing insurance.
- We need to adjust our approach, taking into account changes in the market environment.



(Source) Dai-ichi Life's questionnaire to the insurance policyholders (including Japan Post Insurance and mutual associations)

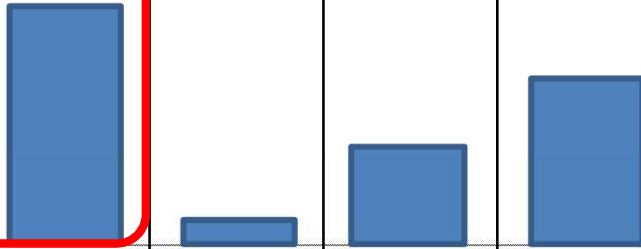
# 1. Recognition of Business Environment (4)

## Market Overview

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- For Dai-ichi Life Group's further growth, share increase in sales representative channel is crucial.
- Capturing the market currently not covered by the Group through a new subsidiary (estimated market size is approx. ¥500bn in new business ANP, VS the Japanese life market ¥3tn)

Customer characteristic	1) tends to compare products, 2) prefers simple products and procedures, and 3) active in seeking information					Prefers consulting for services with high value added			
Distribution channels	Banc-assurance (level premium)	Walk-in insurance shops	Internet	Direct (TV)	Leaflet, direct mails & fraternal insurance sellers	Sales representatives	Life planners	Agents (P/C & tax accountants)	Banc-assurance (single premium)
	Direct channels								
Products	Relatively simple products					Relatively comprehensive products			
Main players	Foreign & P/C insurers	Foreign, P&C & other new players	Internet life insurers	Foreign insurers	Mutual associations	Major players	Sony Life & Prudential (US)	P/C & foreign insurers	Bancassurance specialists & major players
Market size in new business ANP <sup>(1)</sup>	Approx. ¥500bn in new business ANP <sup>(1)</sup>								
Market Maturity	Immature		Mature		Relatively mature	Mature	Relatively mature		
Dai-ichi Life Group's presence	NEW MARKET TO BE COVERED THROUGH NEW SUBSIDIARY (DIY LIFE) <sup>(2)</sup>					Dai-ichi Life (parent)		DFL	

(1) Estimated by Dai-ichi Life using information in "Insurance" by Hoken Kenkyujo, etc. (2) Subject to obtaining relevant regulatory approvals

## 2. Reflecting Current Market Environment

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External Environment	Market	<ul style="list-style-type: none"> <li>■ Aging population with declining birth rate and changes in family composition in Japan, including declining population &amp; delaying marriage</li> <li>■ Diversification in customer behavior in purchasing life insurance products (customers preferring non-face-to-face contact and product comparison)</li> <li>■ Change in point of sales (increase in double-income households, increased office security)</li> </ul>
	Competitors	<ul style="list-style-type: none"> <li>■ Low price strategy by internet life insurers</li> <li>■ Consulting sales with high margin by foreign life insurers</li> <li>■ Combining face-to-face and non-face-to-face sales channels</li> <li>■ Differentiation strategies by major life competitors                             <ul style="list-style-type: none"> <li>• Similar customer services at the beginning of and during the insurance period.</li> <li>• Their own model at the end of term period (claims payment, etc.)</li> </ul> </li> </ul>
Internal Environment	External Perception	<ul style="list-style-type: none"> <li>■ Costly business structure (fixed-salary employees, business infrastructure, etc.)</li> <li>■ Legacy policies generating negative spread</li> </ul>
	Internal Assessment	<ul style="list-style-type: none"> <li>■ Aging of sales representative</li> <li>■ Further penetration to office sales territories</li> <li>■ Part of the promising insurance market not covered by the unit offices</li> </ul>
(Reference) Suggestions from outside consultant		<ul style="list-style-type: none"> <li>■ Leverage various contact points and flexibly combine face-to face and non face-to-face channels</li> <li>■ Differentiate ourselves at initial comparison phase by appealing with value-added products</li> <li>■ Need for added value other than protection features</li> </ul>



Lifelong Partner – With You Project

# 1. Lifelong Partner - With You Project

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- The Dai-ichi Life Group initiated a “Lifelong Partner – With You Project” for its domestic growth strategies to further reflect customers’ point of view.
- The Group strives to ensure customers’ peace of mind through our core life insurance business and offer Dai-ichi’s own excellent health support services by leveraging the strong teamwork of all our staff with specialized expertise, including Total Life Designers (sales representatives).

## Ensuring Customers’ Peace of Mind

### Initiatives to improve the procedures for benefits and claims

- Quick and accurate benefit payment
- Diversifying claims payment scheme including life insurance trust

### Initiatives for proper policy maintenance

- Contact with customers through a yearly “Total Life Plan Report”

### Launching new products focusing on living needs benefit

第一生命の  
ブライトWay

第一生命の  
クレストWay



## Offering Excellent Health Support Services

### Cooperation arrangement with National Cancer Center and Japanese Foundation for Cancer Research

### Health Support Services

メディカルサポート

- Providing helpful information about health and medical issues
- Comprehensive support from dedicated professionals
- Expansion of nursing care services

介護サービスワイド&ダブル

### Health Support Services for corporate customers through Dai-ichi’s Health Support Center

As lifelong partner, the Group promises the group’s collective effort for providing high quality consulting services. The Group continuously delivers Peace of Mind and always stands by customers and their families.

Entry: Policy Acquisition

In force period: Policy Maintenance

Exit: Claims & Maturity

The Group strives to establish market trust through its “DSR (Dai-ichi’s Social Responsibility) Management”. In addition, the Group continues to enhance business quality and maintain full compliance in all business activities.

## 2. Sales Representative Channel Strategies

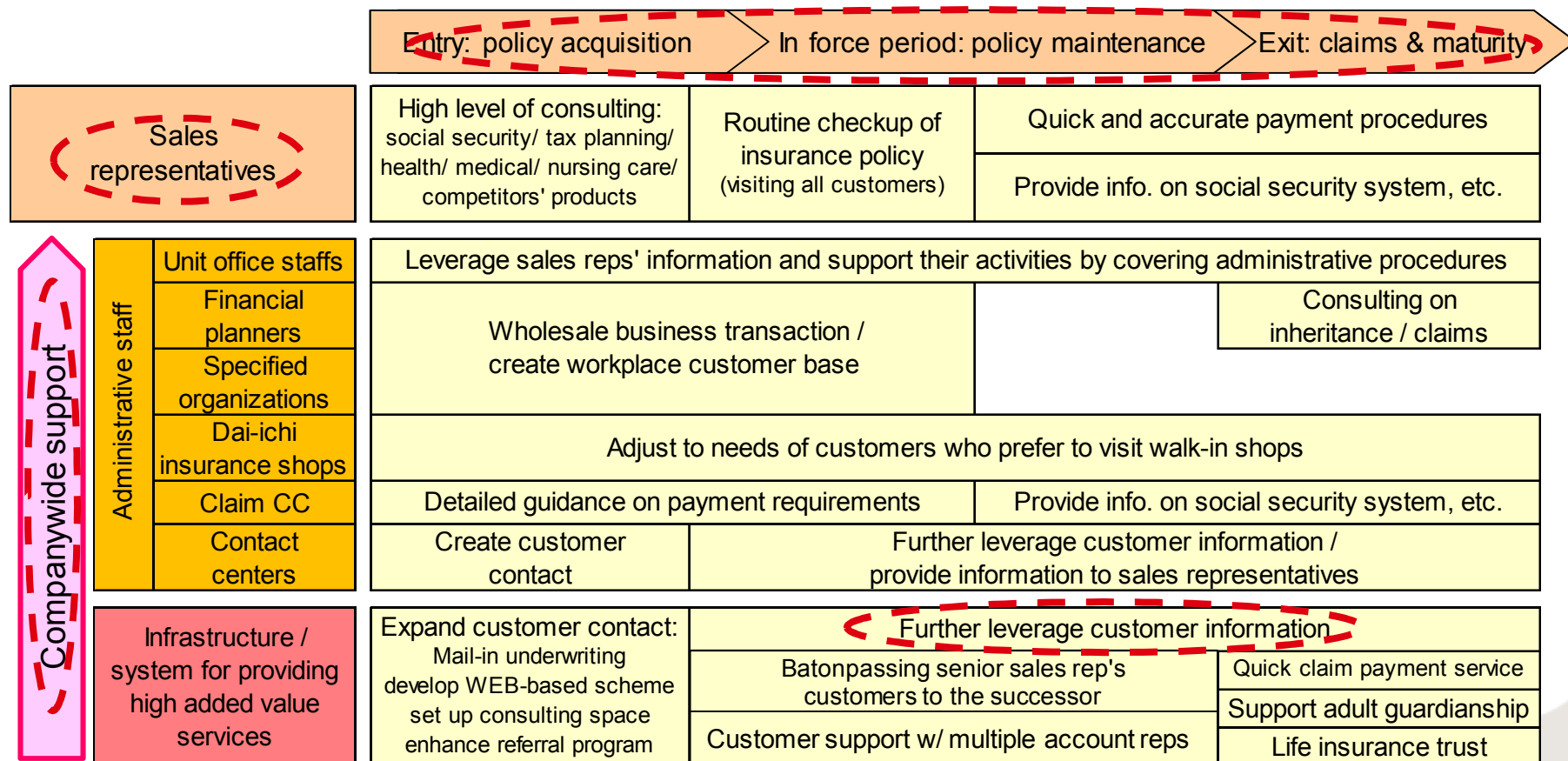
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Providing consulting services throughout policy lifecycle.

【Value Dai-ichi Life Creates】

### Customers



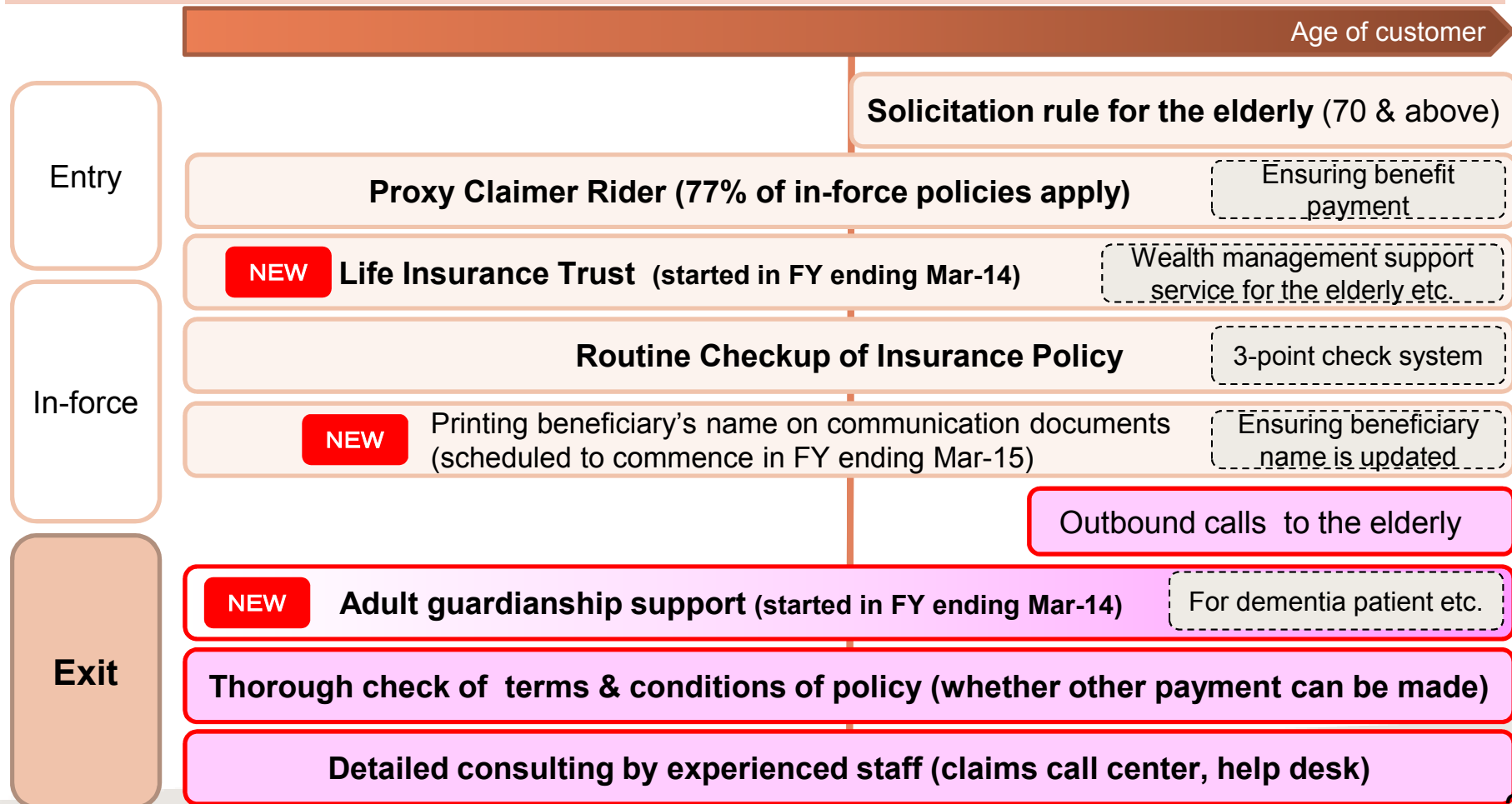
Differentiate ourselves by providing high quality and uniform consulting services throughout duration of policies, leveraging our sales rep channel

### 3. “Lifelong Partner - With You Project” - Ensuring customers' peace of mind

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- We aim to provide excellent services to our customers to ensure their peace of mind at any point in the life of the policy contracts: from policy signing, making claims, receiving benefits and effective utilization of the funds.
- To ensure benefits are received in full, we strive to improve our service quality by making communication as a lifelong partner.

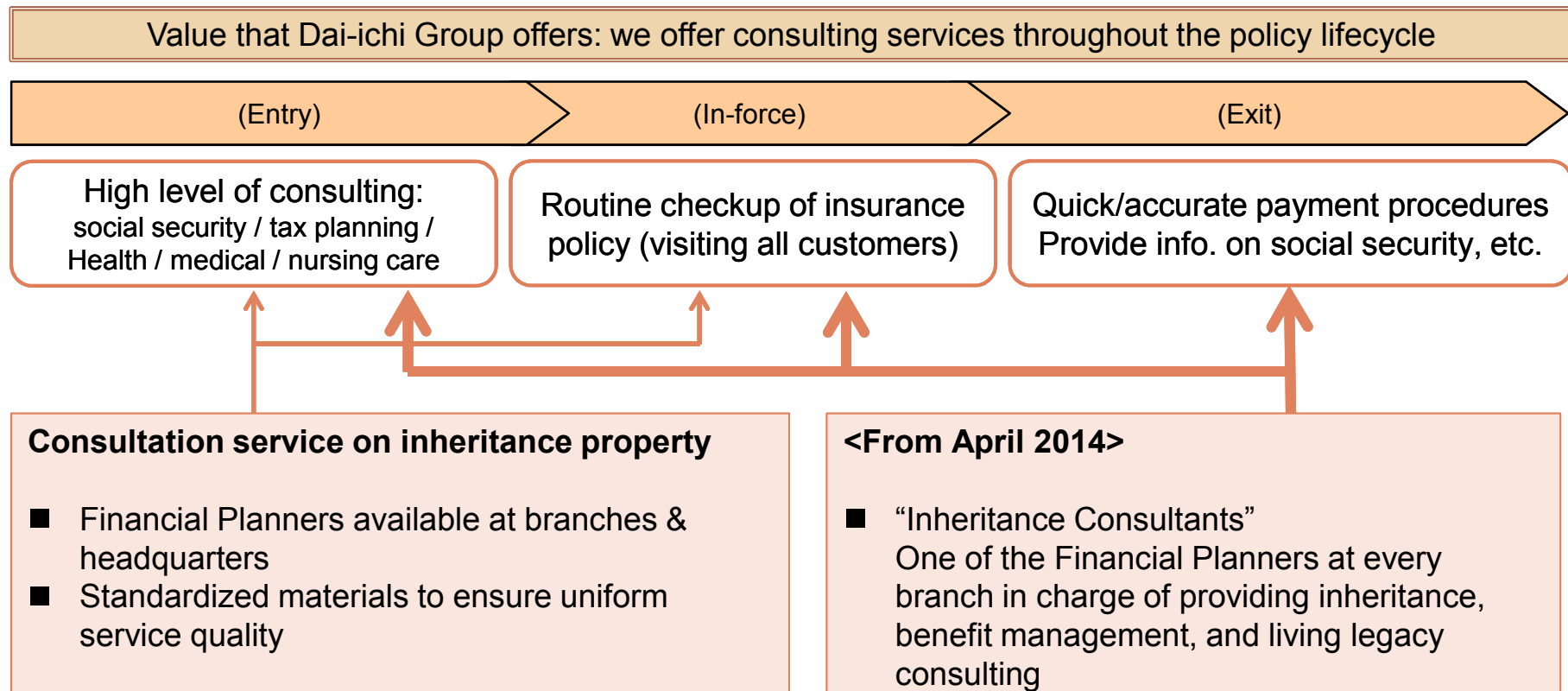


# (Reference) Consultation service on inheritance property

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Providing consultation service on inheritance property, as a part of our effort for providing consulting services of uniformly high quality, throughout the life of the policies.



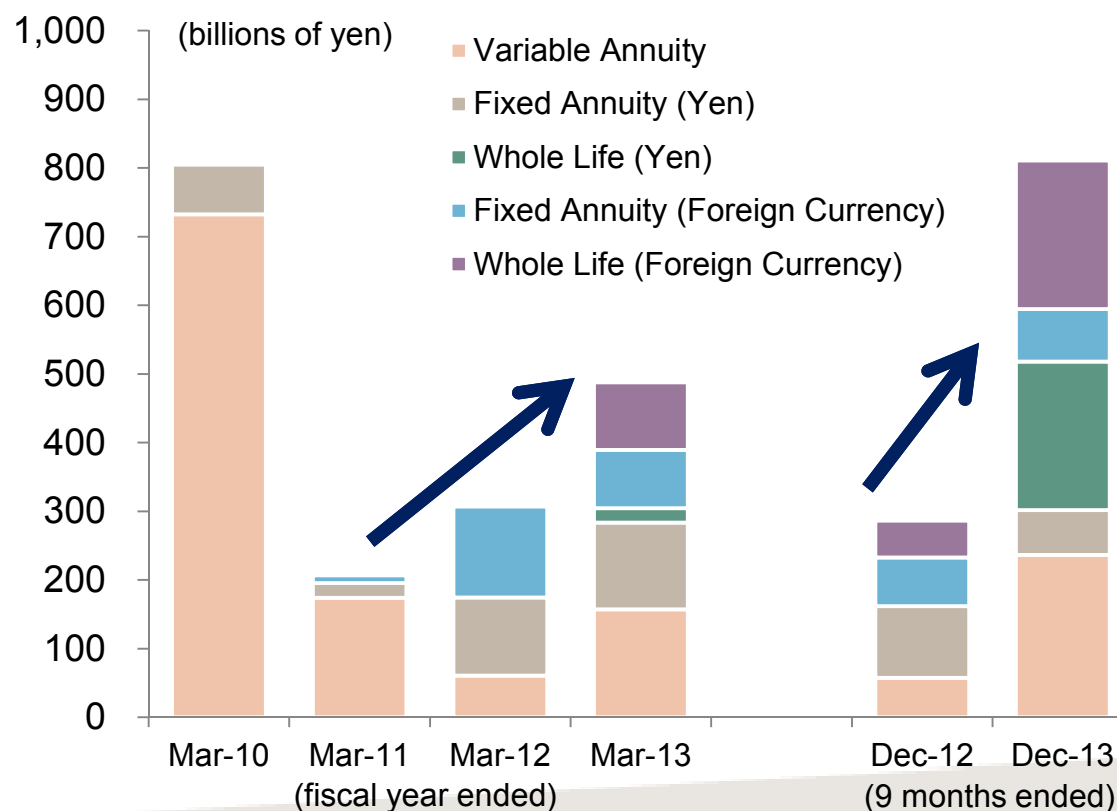
# **Development of Growth Businesses (i.e. the third sector and personal saving areas)**



# Development of Growth Businesses

- ◆ The Group focuses on Growth Areas (i.e. the third sector and personal saving areas).
- ◆ In the personal saving area, the Group strives to acquire new business via bancassurance through Dai-ichi Frontier Life.
- ◆ Dai-ichi Frontier Life increased its new business premium by maintaining its well-balanced product portfolio and by offering a variety of new products.

**Dai-ichi Frontier Life's New Sales by Product Type  
(premium basis)**



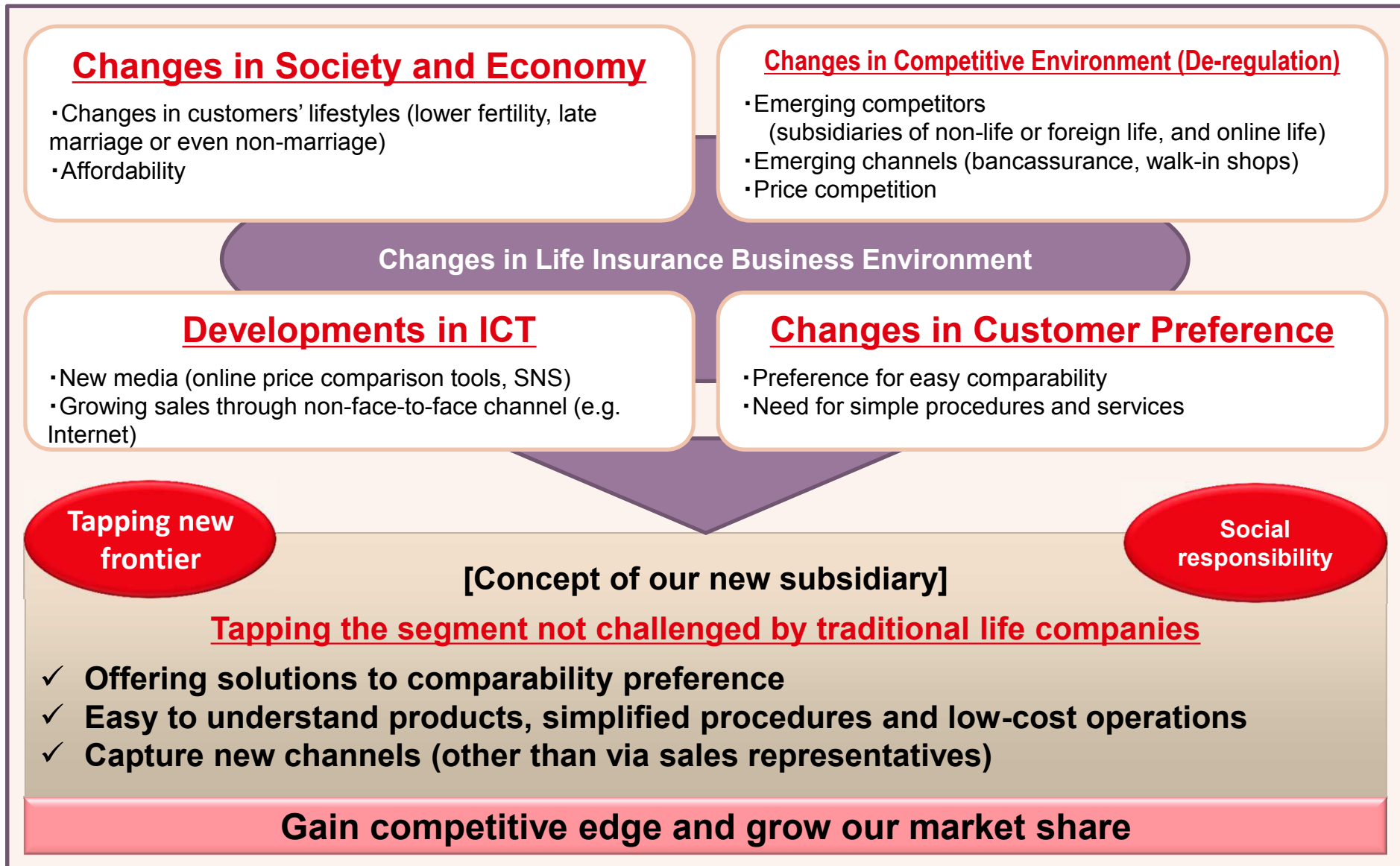
**Discover and Create new areas for growth  
Business Expansion through New  
Subsidiary (Sompo Japan DIY Life)**

# Discover and Create new areas for growth

## Business Expansion through New Subsidiary (Sompo Japan DIY Life) (1)

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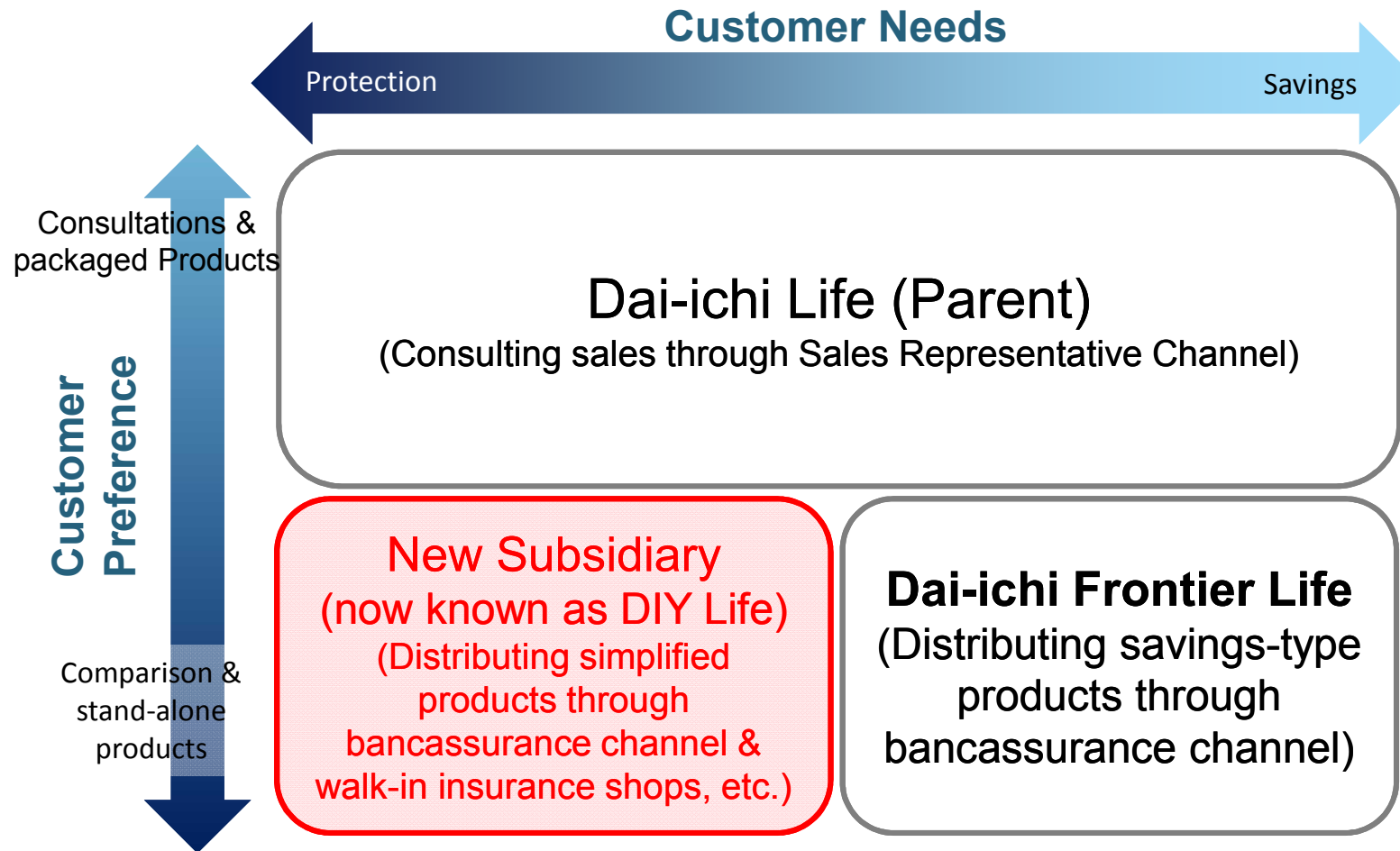
# Discover and create new areas for growth

## - Business Expansion through New Subsidiary (Sompo Japan DIY Life) (2)

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### Customer Zoning within Group Companies in Japan



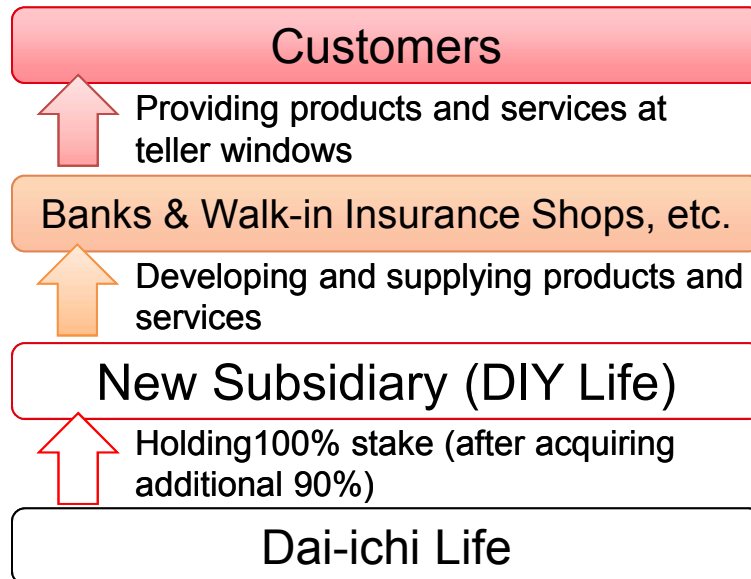
# Discover and create new areas for growth

## - Business Expansion through New Subsidiary (Sompo Japan DIY Life) (3)

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### New Subsidiary (now known as DIY Life)

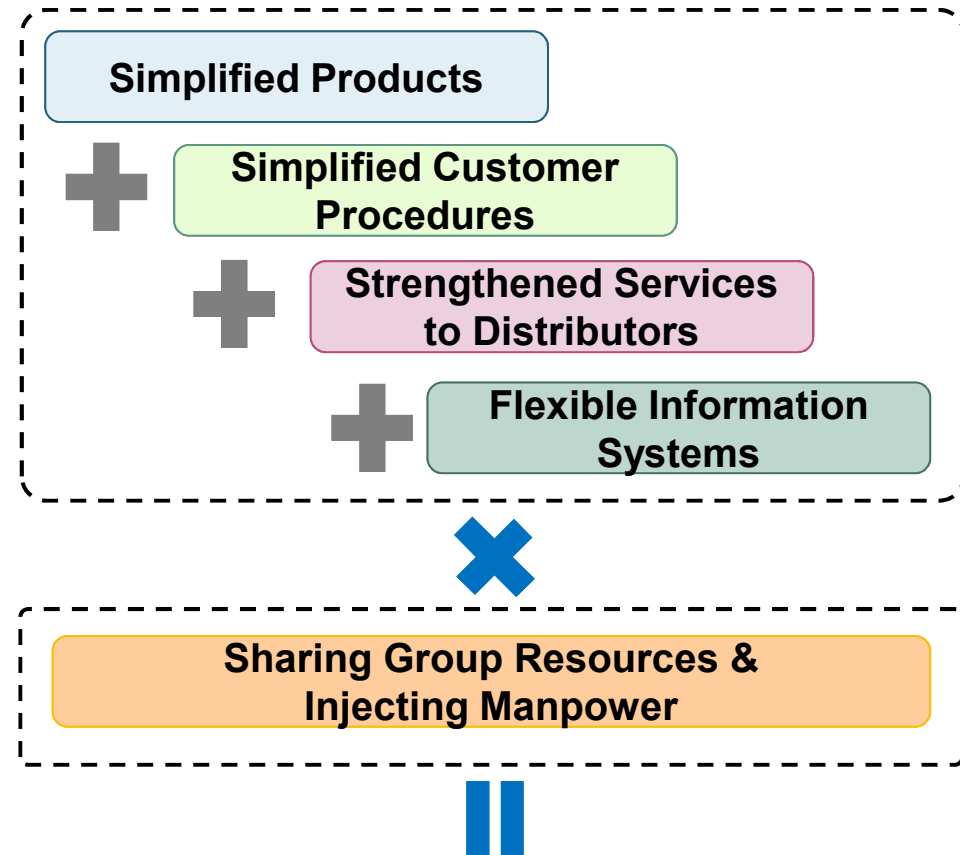


#### < DIY Life at a Glance <sup>(1)</sup> > (millions of yen)

Capital stock	10,100
Sum insured of policies in force	725,215
Sum insured of new business	40,695
ANP of policies in force	3,759
ANP of new business	186
Fundamental profit	418
Net income	539

(1) As of or for the year ended March 31, 2013. Source: company disclosure

### DIY Life Strategy within Dai-ichi Group



#### Pursuing:

- 1) easy-to-understand products,
- 2) simplified procedures &
- 3) low cost operations

## Investor Contact

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