

Message from the President

The Group's Collective Initiatives for Further Growth



Koichiro Watanabe,
President and Representative Director



I would like to take this opportunity to express my gratitude to our stakeholders for their support of The Dai-ichi Life Insurance Company, Limited ("Dai-ichi Life," the "Company" or the "Group").

In 2013, the Group established the management philosophy "By your side, for life" as the group mission to increase its corporate value. We have rediscovered that our mission, our *raison d'être*, is for each company in the Group to contribute to the comfort and peace of mind of our customers and the development of local communities in their respective region by standing by the side of our customers and those they love, for life.

Taking into account the establishment of this Group mission, we have decided to issue the Dai-ichi Life Annual Report as an integrated version with the Dai-ichi Life DSR Report from the fiscal year under review. Although we issued the Annual Report, which mainly covered financial information, and the Dai-ichi Life DSR Report that centered on non-financial information and summarized our efforts to fulfill our social responsibilities in the past, we have decided to combine them into an integrated report^{*1}. By presenting both financial and non-financial information together, we will report our initiatives to continuously create corporate value for our stakeholders, including our customers and shareholders as well as people in local communities, in an easier-to-understand manner.

Continuous Creation of Corporate Value: DSR Management

To practice our Group mission of "By your side, for life," we undertake DSR Management by sharing the Dai-ichi Life Group's corporate action principles (DSR Charter)^{*2}, values held in high esteem by our officers and employees, and setting a goal of contributing to the development of a sustainable society. DSR stands for Dai-ichi's Social Responsibility, with D in Dai-ichi Life as the initial letter to express Dai-ichi Life's own efforts that extend far beyond the framework of corporate social responsibility (CSR) in general terms.

Our recent efforts in DSR Management include: a social action program on themes such as the invitation of nursery centers to use real estate owned by Dai-ichi Life to reduce the number of children on the waiting list, promotion of diversity and inclusion to increase the share of women among those employees being promoted to management level to 30%, efforts in corporate governance in accordance with the Principles for Responsible Institutional Investors or "Japan's Stewardship Code" and participation in

the United Nations Global Compact, which is the global framework for realizing sustainable growth of society. We will continue to provide our stakeholders with value, continually aiming for higher value, by complying with a plan-do-check-action (PDCA) cycle in all of our activities, including those to increase customer satisfaction, improve compliance, improve health and promote environmental protection, in addition to the initiatives above.

Looking back on the first year of our medium-term management plan: Action D

In fiscal 2013, the Group started its medium-term management plan: Action D, setting up collective challenges to achieve further growth as a Group-wide initiative.

Consolidated business results for fiscal 2013, the first year of the three-year medium-term management plan: Action D, enjoyed higher revenues and income for the third consecutive year after two upward forecast revisions. Consolidated ordinary revenues

^{*1}: An integrated report is a report prepared by the company in order to communicate to investors and other stakeholders financial information such as revenues of Dai-ichi Life and non-financial information including a wide variety of issues ranging from consideration of the environment and society, intellectual assets, corporate governance and medium- and long-term management strategies.

^{*2}: For details on the Dai-ichi Life Group's corporate action principles (DSR Charter), please refer to page 14.

reached ¥6 trillion, on par with a record high level for the first time in the 14 years since fiscal 1999, with premium and other income hitting a record high of ¥4.35 trillion and net income also reaching the highest level since our public listing in 2010 on a consolidated basis.

The increase in revenues was attributable to positive factors such as the continued strong performance of insurance sales in growth areas of medical insurance, savings-type products and overseas business, sales of products by Dai-ichi Life in the third sector, such as medical and nursing care insurance, sales of savings-type products by The Dai-ichi Frontier Life Insurance Co., Ltd. (“Dai-ichi Frontier Life”) through financial institutions, and increased sales at TAL in Australia. As a result, new policy amount reached a record high at Dai-ichi Frontier Life, and the annualized premium of policies in force at TAL was ranked first in the industry in the Australian life insurance market at the end of December 2013.

Income increased significantly primarily due to improvement in the net investment income of Dai-ichi Life on a non-consolidated basis, thanks to the continued weakening trend of the yen and the solid stock market. The negative spread, which had been a financial challenge, turned to a positive spread of ¥32.3 billion^{*3}, reflecting the effect of additional policy reserves that Dai-ichi Life has been putting aside, in addition to an increase in interest and dividends.

These results led to an increase in the Group’s embedded value, which represents the corporate value of a life insurance company, to ¥4.2 trillion; also hitting a new high since the listing.

Taking the above into account, Dai-ichi Life updated the medium-term management plan in May 2014 and has decided to upwardly revise the top-line target from the initially planned value. In fiscal 2013, we believe that we were able to show solid improvement in the Group’s income structure.

By your side, for life – With You Project, a growth strategy in Japan, launched

In the domestic business, we launched a growth strategy, By your side, for life – With You Project, in December 2013. Its purpose is to provide our customers with security and peace of mind and quality health support through life insurance products and services with the heartfelt purpose to stand by our customers’ side for life, with strong teamwork of all officers and employees of the Group, who possess a high level of expertise. To provide security and peace of mind under the By your side, for life – With You Project, we released a comprehensive insurance product, Bright Way, and nursing- and medical-care-focused insurance called Crest Way in December 2013 to raise the level of main products in the sales representatives’ channel. To provide rewarding health support, we also in May 2014 entered into a comprehensive collaborative agreement with the National Cerebral and Cardiovascular Center (NCVC) on the provision of information about cardiovascular diseases. With the conclusion of this agreement, Dai-ichi Life created an information network on cancer and cardiovascular diseases across the board, including three major illnesses for the first time in the industry. Utilizing this network, we will provide our customers with high-quality services.

With respect to our initiatives to develop new markets through a new subsidiary that we announced in February 2014, we are advancing preparations for provision of products and services adapting to changes in society by introducing easy-to-understand product features and simplified procedures and plans to begin offering new products and services in the second half of fiscal 2015.

Given that the role of life insurance companies in the industry (the second largest in the world), which complements the social security system of the government, is becoming increasingly more important due to the aging population and declining birth rate in the Japanese market, we will meet diversified customer needs at a high level.

^{*3}: The sum of Dai-ichi Life and Dai-ichi Frontier Life.

Aiming to become a global insurance group

In our overseas businesses, we made PT Panin Life (now PT Panin Dai-ichi Life) ("Panin Dai-ichi Life") our associate company in October 2013 and reached an agreement with Protective Life Corporation ("Protective Life") in the United States in June 2014 on the commencement of procedures to welcome Protective Life to the Dai-ichi Life Group as a wholly owned subsidiary. As a result of acquiring the business in the U.S., the world's largest life insurance market, a tripolar system consisting of Japan, the U.S. and Asia-Pacific (Vietnam, Australia, Indonesia, India and Thailand) has been constructed, and we have taken a big step forward toward becoming a global insurance group.

In light of progress made in multiple business lines associated with the increase in the Group companies, we will further strengthen the Group's business management framework by establishing a controlling function in North America and Asia-Pacific to achieve appropriate capital allocation inside the Group and quick decision-making in the Group companies.

In April 2015, Dai-ichi Life will celebrate the fifth anniversary of its new founding through demutualization. Even at the moment of this milestone, we will vigorously push forward with our goal of achieving continuous growth in order to show steady progress toward a global insurance group by continually challenging ourselves to take a greater leap forward with concerted efforts as the Group and providing all our stakeholders with value.

As we pursue these initiatives, we hope we can continue to count on our stakeholders' support and patronage.



Indicators Showing Major Business Performance Over the Past Five Years

Billions of yen

Item	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
No. of employees	57,803	56,908	56,852	56,976	55,603
Total assets	30,822.4	30,869.6	31,461.9	33,072.4	34,028.8
Separate account assets	1,292.2	1,176.1	1,115.6	1,230.7	1,243.4
Policy reserves and others	27,803.7	28,190.8	28,529.9	29,168.3	29,744.0
Balance of policy reserves	27,324.8	27,589.5	28,011.6	28,637.0	29,199.2
Total foundation fund ^{*1}	420.0	—	—	—	—
Amount of capital stock ^{*2}	—	420.4	420.4	420.4	420.4
Total number of shares outstanding ^{*3}	—	10 million shares	10 million shares	10 million shares	1 billion shares
Premium and other income	2,837.2	3,056.5	3,056.0	2,921.8	2,868.0
Benefits and claims	2,610.5	2,625.0	2,508.7	2,467.7	2,439.1
Policy amount in-force ^{*4}	211,822.9	204,055.6	196,627.0	190,628.2	185,250.3
Individual insurance	150,575.1	144,361.3	138,597.9	133,344.7	128,094.8
Individual annuity insurance	7,196.6	7,357.6	7,537.5	8,516.8	8,798.3
Group insurance	54,051.1	52,336.6	50,491.5	48,766.6	48,357.1
Policy amount in-force for group annuity insurance ^{*5}	6,192.2	6,041.7	6,065.9	6,146.1	6,353.4
Ordinary revenues	4,331.5	4,308.4	4,398.2	4,315.9	4,384.6
Fundamental profit	330.1	275.9	302.4	314.5	399.8
Ordinary profit	193.6	78.9	243.7	173.8	307.6
Net surplus for the year	60.8	—	—	—	—
Net income for the year	—	16.9	17.6	51.4	85.5
Balance of loans	3,834.3	3,627.4	3,412.5	3,139.6	3,023.1
Balance of securities	23,987.9	24,294.5	25,333.4	27,161.9	28,005.1
Solvency margin ratio ^{*6}	953.5%	983.9% (547.7%)	575.9%	715.2%	772.1%
Ratio of reserves for policyholder dividends, etc. to surplus to be appropriated ^{*7}	67.1%	—	—	—	—

*1: As Dai-ichi Life was a mutual company until March 2010, the total fund until fiscal 2009 is stated.

*2: The amount of capital stock includes legal capital surplus.

*3: The Company conducted a 1:100 share split on October 1, 2013.

*4: The policy amount in-force is the total policy amount in-force for individual insurance, individual annuity insurance, and group insurance. For individual annuity insurance, the policy amount in-force is equal to the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserves for an annuity for which payments have commenced.

*5: The policy amount in-force for group annuity insurance is equal to the amount of outstanding policy reserves.

*6: The figures for fiscal 2011 through fiscal 2013 are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Official Notification No. 50 of 1996. Some of the calculation standards for the total amount of the solvency margin and the sum of risks have been changed (tightening the margin calculation, tightening and refining risk measurements, etc.) in accordance with the Cabinet Office Ordinance No. 23 of 2010 and the Financial Services Agency Notification No. 48 of 2010. The figures in parentheses for fiscal 2010 are calculated on the assumption that the standards in fiscal 2011 were applied to the figures at the end of fiscal 2010.

*7: The ratio of reserves for policyholder dividends, etc. to surplus to be appropriated is the ratio of the total amount to be accumulated in reserves for policyholder dividends and reserves for policyholder dividend equalization to the amount calculated based on the provisions of Article 30-4 of the Ordinance for Enforcement of the Insurance Business Act.