

May 14, 2015

Daisuke Iwase, President & COO
LIFENET INSURANCE COMPANY
(Securities Code: 7157, TSE Mothers)

Financial Results for Fiscal 2014 Ended March 31, 2015 Ordinary income of 8,729 million yen, year on year 14.8% up

TOKYO, May 14, 2015 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President & COO Daisuke Iwase, URL: <http://ir.lifenet-seimei.co.jp/en/>) discloses financial results for the fiscal 2014 ended March 31, 2015.

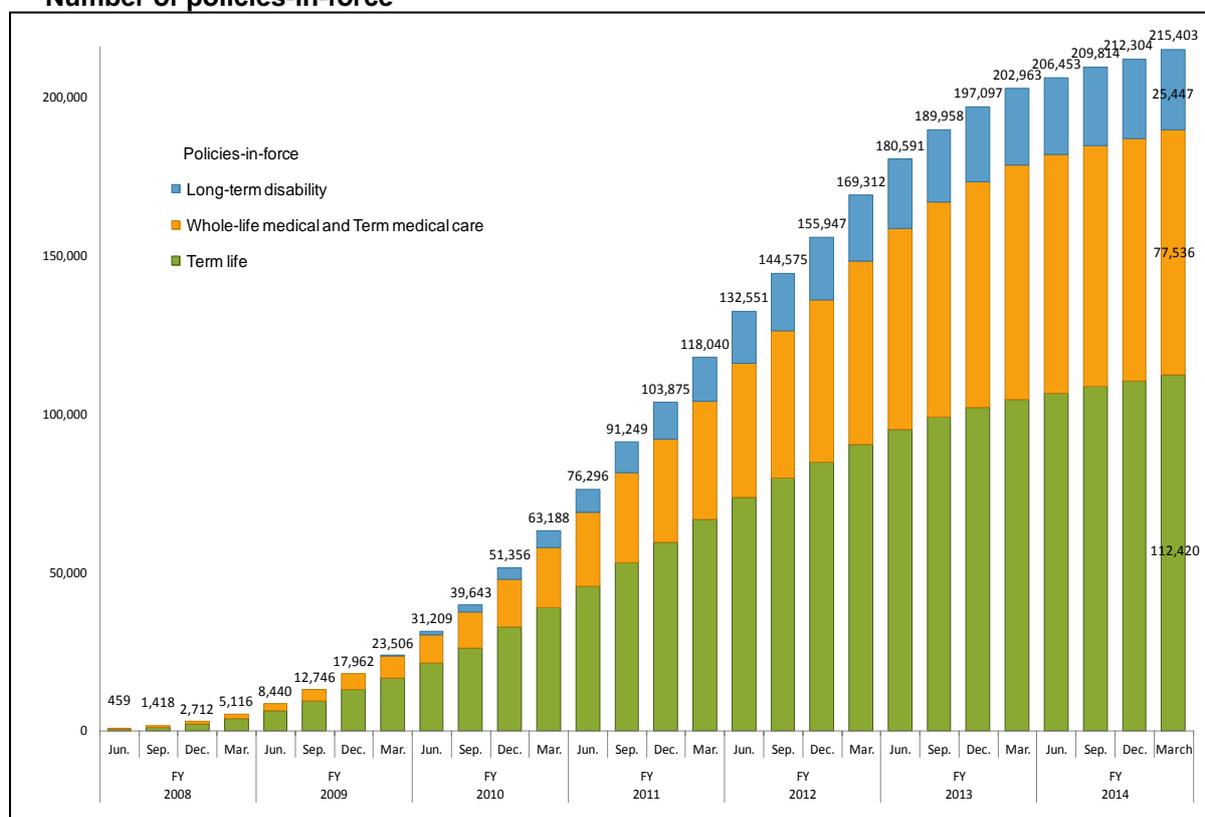
1. Overview of the financial results for fiscal 2014

(1) Business results

Condition of policies-in-force

The number of new business in 4Q ended March 31, 2015 was 6,887 (74.4% of fiscal 2013) and annualized premium of new business in the 4Q was 330 million yen (93.0% of fiscal 2013) due to an increase in annualized premium per policy by the revised term life product and new whole-life medical products released on May 2, 2014. The number of new business for fiscal 2014 was 27,982 (60.5% of fiscal 2013) and annualized premium of new business for fiscal 2014 was 1,327 million yen (77.7% of fiscal 2013). The number of policies-in-force as of March 31, 2015 resulted in a total of 215,403 (106.1% of March 31, 2014) and annualized premium stands at 8,793 million yen (108.9% of March 31, 2014). The number of policy holders was 131,319, exceeding 130,000. Surrender and lapse ratio for fiscal 2014 was 7.3% (6.6% of fiscal 2013).

Number of policies-in-force



New Business (4Q)	FY2014	FY2013	Percentage
Number of applications	8,953	13,278	67.4%
Number of new business	6,887	9,256	74.4%
Sum insured of new business (In millions of yen) ^{*1}	57,461	64,138	89.6%
Annualized premium (In millions of yen) ^{*2}	330	355	93.0%
- excl. death coverage	170	182	93.6%

New Business (Fiscal year)	FY2014	FY2013	Percentage
Number of applications	37,519	63,544	59.0%
Number of new business	27,982	46,237	60.5%
Sum insured of new business (In millions of yen) ^{*1}	228,951	309,710	73.9%
Annualized premium (In millions of yen) ^{*2}	1,327	1,707	77.7%
- excl. death coverage	688	895	76.9%

Policies-in-Force	Mar. 31, 2015	Mar. 31, 2014
Number of policies-in-force	215,403	202,963
- "Kazoku": Term Life	112,420	104,604
- "Jibun", New "Jibun" and New "Jibun" for Women: Whole-Life Medical ^{*3}	65,666	61,700
- "Jibun Plus": Term Medical Care	11,870	12,504
- "Hataraku Hito": Long-term Disability	25,447	24,155
Sum insured of policies-in-force (In millions of yen) ^{*1}	1,831,081	1,702,381
Annualized premium (In millions of yen) ^{*2}	8,793	8,077
- excl. death coverage	3,952	3,613
Number of policy holders	131,319	121,745

Surrender and Lapse	FY2014	FY2013
Surrender and lapse ratio ^{*4}	7.3%	6.6%

*1: Sum insured of new business and sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.

*2: Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, we calculate annualized premium as multiplying the monthly premium by 12 months.

*3: As of the end of March 2015, the number of policies-in-force of Whole-Life Medical "Jibun" was 57,004, New "Jibun" was 5,354, and New "Jibun" for Women was 3,308. The number of policies-in-force as of the end of March 2014 was that of "Jibun" only.

*4: The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

Results of operations

Insurance premiums and other for the fiscal 2014 ended March 31, 2015 increased to 8,493 million yen (112.7% of fiscal 2013) due to the increase in the number of policies-in-force. Investment income grew to 124 million yen (215.6% of fiscal 2013). Other ordinary income amounted to 112 million yen mainly due to reversal of reserves for outstanding claims. As a result, ordinary income for fiscal 2014 amounted to 8,729 million yen (114.8% of fiscal 2013).

Insurance claims and other increased to 1,324 million yen (110.8% of fiscal 2013) mainly due to the increased number of policies-in-force. The percentage of insurance payment amounts in insurance premiums was 13.8% for fiscal 2014, compared with 15.0% for fiscal 2013. Provision for policy reserves and other came to 3,566 million yen (116.1% of fiscal 2013) mainly due to the increased number of policies-in-force. The percentage of provision for policy reserves in insurance premiums was 42.6% for fiscal 2014. Tighter control of marketing expenses led to operating expenses amounting to 3,815 million yen (92.4% of fiscal 2013). The components of operating expenses are 1,672 million yen in marketing expenses including advertising (85.8% of fiscal 2013), 558 million yen in customer service expenses (91.3% of fiscal 2013), and 1,583 million yen in system and other expenses (100.9% of fiscal 2013). Marketing expenses per number of new business totaled 59,780 yen, compared with 42,148 yen for fiscal 2013, due to the decrease of the number of new business for fiscal 2014. Annualized premium of new business per policy was 47,440 yen, compared with 36,937 yen for fiscal 2013, due to the sales of the revised term life product and new whole-life medical products. Amortization of deferred assets under Article 113 of the Insurance Business Act was 1,060 million yen because the deferred assets recognized before fiscal 2012 are to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations. Consequently, ordinary expenses for fiscal 2014 totaled 10,262 million yen (104.1% of fiscal 2013).

As a result, ordinary loss totaled 1,532 million yen for fiscal 2014, compared with 2,258 million yen for fiscal 2013. Ordinary loss before amortization of deferred assets under Article 113 of the Insurance Business Act improved to 472 million yen, compared with 1,198 million yen in fiscal 2013. Accordingly, net loss was 1,624 million yen, compared with 2,194 million yen for fiscal 2013.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to a 1,484 million yen loss (fundamental profit of 2,089 million yen loss for fiscal 2013). For details, please refer to “(4) Fundamental profit” on page 11.

(In millions of yen)

Business Results (Fiscal year)	FY2014	FY2013	Percentage
Ordinary income	8,729	7,603	114.8%
Insurance premiums and other	8,493	7,537	112.7%
Investment income	124	57	215.6%
Other ordinary income	112	7	1,499.5%
Ordinary expenses	10,262	9,861	104.1%
Insurance claims and other	1,324	1,196	110.8%
Provision for policy reserves and other	3,566	3,072	116.1%
Provision for contingency reserves	50	169	30.0%
Investment expenses	0	0	956.0%
Operating expenses	3,815	4,131	92.4%
Marketing expenses	1,672	1,948	85.8%
Customer service expenses	558	612	91.3%
System and other expenses	1,583	1,570	100.9%
Other ordinary expenses	1,554	1,461	106.4%
Amortization of deferred assets under Article 113 of the Insurance Business Act	1,060	1,060	100.0%
Ordinary profit (loss)	(1,532)	(2,258)	-
Net income (loss)	(1,624)	(2,194)	-
Fundamental profit	(1,484)	(2,089)	-
(Reference) Ordinary loss before amortization of deferred assets under Article 113 of the Insurance Business Act	(472)	(1,198)	-

Insurance payment results

In the 4Q of fiscal 2014, there were 1,166 insurance payment cases resulting in 222 million yen; 123 million yen in 10 insurance claims and 99 million yen in 1,156 benefits. As a result, the amount of insurance payments made in fiscal 2014 was 1,159 million yen in 4,833 cases, 723 million yen in 54 of which were insurance claims and 436 million yen in 4,779 benefits.

Lifenet believes the most important responsibility for an insurance company is to make claim payments accurately without delay, based on our Manifesto (<http://ir.lifenet-seimei.co.jp/en/company/manifesto.html>), and we strive to continue to accomplish this. Lifenet makes every effort possible to ensure payment of insurance claims and benefits are made to the designated account within 5 business days of receiving all necessary documents. In fiscal 2014, the average insurance payments were made in average of 2.69 business days. This was due to make improvements to the insurance claim and benefit payment process to be made in a minimum of 2 days in February 2014.

Lifenet awarded the “Another Voice” Award for Payment Procedure and Documents in the life insurance category in the UCDA Awards 2014. This award is hosted by the Universal Communication Design Association (UCDA).

Another Voice Award for Payment Procedure and Documents in the UCDA Awards 2014



(In millions of yen)

Insurance Payments Results (4Q)	FY2014	FY2013	Percentage
Number of insurance payments	1,166	1,284	90.8%
Insurance claims	10	11	90.9%
Insurance benefits	1,156	1,273	90.8%
Amount of insurance payments	222	287	77.2%
Insurance claims	123	173	71.1%
Insurance benefits	99	114	86.5%

(In millions of yen)

Insurance Payments Results (Fiscal year)	FY2014	FY2013	Percentage
Number of insurance payments	4,833	4,622	104.6%
Insurance claims	54	44	122.7%
Insurance benefits	4,779	4,578	104.4%
Amount of insurance payments	1,159	1,124	103.1%
Insurance claims	723	701	103.1%
Insurance benefits	436	423	103.0%

Customer inquiry report

In the 4Q of fiscal 2014, we received a total of 14,613 inquiries, with 191 cases being complaints. The total number of inquiries received in fiscal 2014 stands at 58,373 with a total of 883 complaints. At Lifenet, we view customer inquiries as a valuable asset to continuously better our products and services. All inquiries received are compiled and analyzed, and are reflected directly in our daily operations by the company as a whole for the purpose of maximizing customer satisfaction.

Lifenet was rated as three stars in the 2014 HDI Contact Center Rankings (Life Insurance Industry) in two categories, “Contact Center” and “Support Portal (Website)” for third consecutive years, hosted by HDI-Japan (Help Desk Institute/ThinkService Inc.) in October 2014.

Contact Center



Support Portal (Website)



Customer Inquiries (4Q)	FY2014	FY2013	Percentage
Number of customer inquiries	14,613	14,188	103.0%
Number of complaints	191	243	78.6%

Customer Inquiries (Fiscal year)	FY2014	FY2013	Percentage
Number of customer inquiries	58,373	63,624	91.7%
Number of complaints	883	1,154	76.5%

Asset management

In fiscal 2014, the assets continued to be invested mainly in yen-denominated interest-bearing assets such as public and corporate bonds with high credit ratings, centered on Japanese government bonds. In addition, since the policy reserves increased as a result of an increase in the number of policies-in-force, Lifenet invested in long-term bonds, as well as starting to invest in foreign bonds via money held in trust in the second quarter of this fiscal year, with the aim of diversification of asset management from the viewpoint of diversification of risk. Lifenet is holding shares of Advance Create Co., Ltd., an insurance sales agent for the purpose of maintaining equity and business partnerships, and Kyobo Lifeplanet Life Insurance Company, which is an online life insurer jointly established with Kyobo Life Insurance Co., Ltd. in September 2013.

Under this asset management policy, total assets as of March 31, 2015 amounted to 23,387 million yen (21,188 million yen as of March 31, 2014). Among these, assets under management totaled 18,847 million yen (15,573 million yen as of March 31, 2014), which is the sum of cash and deposits, money held in trust and securities. In fiscal 2014, the yield rate of all assets under management was 0.73%, and the modified duration of the securities was 10.2 years as of March 31, 2015, compared with 3.5 years as of March 31, 2014, due to the investment in long-term bonds.

Other accomplishments

In fiscal 2014, on May 2, 2014, Lifenet made the first revisions to its core products since it commenced business operations with the release for sales of the revised term life product “Kazoku” and new whole-life medical products New “Jibun” and New “Jibun” for Women. The revised “Kazoku” not only offers insurance premiums at the lowest premium levels in the industry^{*1} for families raising children and a wide age range of customers, but also extends the insurance term to a maximum age of 80. When comparing previous and new versions of “Jibun,” the insurance premiums of New “Jibun” are 24% lower^{*2} on average and the new products offer more extensive coverage. Furthermore, New “Jibun” for Women, Lifenet’s first whole-life medical product specifically designed for women, provides extensive coverage for illnesses specific to women. These new whole-life medical products provide extensive coverage including a “recommended plan”, which provides unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke), the additional benefits of payment for advanced medical care and a lump sum payment for cancer care that is paid in the same amount for up to 5 times.

Moreover, Lifenet has been working to strengthen partnerships, enabling it to deliver its insurance products to a wider range of customers. Lifenet concluded an agency agreement with SURUGA Bank Ltd., and on October 20, 2014, for the first time ever, Lifenet started selling insurance through a regional bank by enabling insurance applications to be made via the website of SURUGA Bank’s D-bank branch. Lifenet also concluded an agency agreement with TOYOTA TSUSHO INSURANCE PARTNERS CORPORATION and on November 5, 2014, started offering insurance subscription opportunities to freelance workers registered on “CrowdWorks”, a crowdsourcing service provided by CrowdWorks Inc. On top of that, Lifenet concluded an agency agreement with HOKEN NO MADOGUCHI GROUP INC. and started selling Lifenet’s insurance products at “Hoken No Madoguchi” shops nationwide on December 1, 2014.

In addition, Lifenet strove to improve services for policy holders and prospective customers who are considering enrollment. We started offering an online health consultation service called “Doctors Me” for policy holders for free, and also started services of informing on the status of progress via email or the “My Page” up to completion of payment, when the policy holder makes claim payment of insurance benefits. In response to customers who request consultation upon selecting an insurance policy, Lifenet has expanded the hours for insurance consultation services with Lifenet’s insurance planners on the phone until 10pm on weekdays.

Through such efforts, the products and services of Lifenet have been well received by external organizations and policy holders. In October 2014, Lifenet received three stars in the 2014 HDI Contact Center Rankings (Life Insurance Industry) in two categories, “Contact Center” and “Support Portal (Website)” for third consecutive year and also awarded the “Another Voice” Award for Payment Procedure and Documents in the life insurance category in the UCDA Awards 2014. In December 2014, Lifenet ranked number 1 in Oricon Client Satisfaction Rankings 2015 in the Overall Life Insurance Category. In March 2015, Lifenet was selected as an Omotenashi company which could realize highly value-added and differentiated services in Omotenashi company selection hosted by Ministry of Economy, Trade and Industry.

Lifenet’s voting rights ratio in Kyobo Lifeplanet Life Insurance Company changed into 25.5% from 34.0% at the annual general meeting of shareholders of Kyobo Lifeplanet Life Insurance Company held on May 28, 2014, as Kyobo Lifeplanet’s non-voting preferred shares held by Kyobo Life Insurance Co., Ltd. became to carry voting rights. In addition, due to the issuance of new common shares on November 20, 2014, Lifenet’s voting rights ratio in Kyobo Lifeplanet

declined from 25.5% to 11.7%, and the relevant company came to be no longer an affiliated company of Lifenet. The number of policies-in-force of Kyobo Lifeplanet was 3,324 as of December 31, 2014.

Please refer to (3) Topics on page 10.

*1. Comparison of Lifenet and 3 other online life insurers' term life insurance products (excluding risk sub-divided insurance products) under the following conditions: Insurance coverage amount 10,000 thousand yen / Insurance term 10 years.

*2. When comparing insurance premiums of previous "Jibun" and New "Jibun" under the following conditions: Hospitalization benefits 10,000 yen/day / Surgery benefits 100,000 yen / Age at issue 20 years of age through 70 years of age.

(2) Financial condition

Assets, liabilities and net assets

Total assets as of March 31, 2015 amounted to 23,387 million yen (21,188 million yen as of March 31, 2014). The major account balances were 17,082 million yen in securities mainly consisting of government bonds, municipal bonds and corporate bonds with high credit ratings. Deferred assets under Article 113 of the Insurance Business Act decreased to 3,180 million yen due to amortization.

Liabilities amounted to 10,899 million yen as of March 31, 2015 (7,252 million yen as of March 31, 2014), owing to an increase in policy reserves as a result of the increased number of policies-in-force. The major account balances were 9,806 million yen in policy reserves (including 1,218 million yen in contingency reserves), and 277 million yen in reserves for outstanding claims.

Net assets decreased to 12,487 million yen as of March 31, 2015 (13,935 million yen as of March 31, 2014), as a result of recording a net loss for fiscal 2014.

The solvency margin ratio as of March 31, 2015 was 2,244.7% (1,922.2% as of March 31, 2014), which indicated that an adequate level of payment capacity was maintained. For details, please refer to "(5) Solvency margin ratio" on page 13.

(In millions of yen)

Assets, Liabilities and Net Assets	Mar. 31, 2015	Mar. 31, 2014
Total assets	23,387	21,188
Money held in trust	1,033	1,000
Securities	17,082	14,154
Government bonds	8,227	6,636
Municipal bonds	851	-
Corporate bonds	6,894	6,547
Stocks	222	206
Foreign securities	886	764
Deferred assets under Article 113 of the Insurance Business Act	3,180	4,240
Total liabilities	10,899	7,252
Reserves for outstanding claims	277	375
Policy reserves	9,806	6,240
Contingency reserves	1,218	1,167
Total net assets	12,487	13,935
Solvency margin ratio	2,244.7%	1,922.2%

Cash flows

For fiscal 2014, net cash provided by operating activities amounted to 3,247 million yen (1,976 million yen provided for fiscal 2013), due to an increase in insurance premiums and control of operating expenses despite an increase in insurance payments. Net cash used by investing activities amounted to 2,925 million yen (1,933 million yen used for fiscal 2013). Net cash used by financing activities amounted to 8 million yen (22 million yen provided for fiscal 2013).

Based on these activities described above, cash and cash equivalents as of March 31, 2015 totaled 731 million yen (418 million yen as of March 31, 2014).

(In millions of yen)

Cash Flows (Fiscal year)	FY2014	FY2013	Increase/ Decrease
Cash flows from operating activities	3,247	1,976	1,270
Cash flows from investing activities	(2,925)	(1,933)	(992)
Cash flows from financing activities	(8)	22	(30)
Cash and cash equivalents, beginning of year	418	353	-
Cash and cash equivalents, end of year	731	418	-

(3) Topics

Fiscal 2014

- Apr. 3 Main product “Kazoku” ranked 1st in Kakaku.com Insurance Award 2013 Internet category
<http://pdf.irpocket.com/C7157/YWWN/Q9AI/CC9E.pdf>
- May 2 Started sales of the revised term life product “Kazoku” and new whole-life medical products New “Jibun” and New “Jibun” for Women
<http://pdf.irpocket.com/C7157/YWWN/TPTc/hihv.pdf>
Started to air new TV commercial series (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2014/5430.html>
- May 18 6th Year Anniversary since the commencement of business operations (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2014/5459.html>
- May 20 Launched free online health consultation service “Doctors Me” (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2014/5447.html>
- Jun. 10 IR website ranked 1st in activeness and innovativeness of disclosure for 2nd consecutive year in emerging company category
<http://pdf.irpocket.com/C7157/h8MH/JPx8/fn2x.pdf>
- Aug. 28 Launched new web media “Lifenet Journal Online” (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2014/5582.html>
- Oct. 7 Contact Center and Website awarded three stars in the 2014 HDI Contact Center Rankings for 3rd consecutive year
<http://pdf.irpocket.com/C7157/XN1V/QINo/Ndu8.pdf>
- Oct. 9 Awarded the UCDA awards 2014 “Another Voice” Award for payment procedure and documents
<http://pdf.irpocket.com/C7157/XN1V/l2dZ/gitv.pdf>
- Oct. 20 Starts sales of insurance through Suruga bank’s D-Bank branch
<http://pdf.irpocket.com/C7157/XN1V/F9Sd/Ytt4.pdf>
- Nov. 5 Provides CrowdWorks members with opportunities to apply for Insurance with Toyota Tsusho Insurance Partners
<http://pdf.irpocket.com/C7157/XN1V/xSg0/pwq7.pdf>
- Nov. 27 Started airing new TV commercial series (Japanese only)
<http://www.lifenet-seimei.co.jp/information/2014/5686.html>
- Dec. 1 Starts over-the-counter sales of insurance at “Hoken No Madoguchi” shops
<http://pdf.irpocket.com/C7157/XN1V/Ow9U/W2mK.pdf>
- Jan. 6 Number 1 in Oricon Client Satisfaction Rankings 2015
<http://pdf.irpocket.com/C7157/bSZL/loz3/Nq0x.pdf>
Expand business hours of the free life insurance consultation service via phone (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2015/5728.html>

(4) Fundamental profit

Life insurance premiums are calculated based on three factors: expected incidence rate (mortality rate, hospitalization rate, etc), expected business expense rate (covered by expense loading), and expected return. Profits (basic income) at a life insurance company are generated by the difference between these expected rates and actual rates. Profit analysis, in the case of life insurers, means identifying the factors that affect basic income by calculating the difference between expected rates and actual rates.*1

- Mortality margin : The difference between expected insurance claim and benefit payouts (expected incidence rate) and actual payouts
- Expense margin : The difference between expected business expenses (expected business expense rate) and actual business expenses
- Interest margin : The difference between the expected asset management yield (expected return) and the actual yield

*1: Lifenet has adopted actuarially reasonable methods for its profit analysis. Details of calculation methods, however, may differ from those adopted by other life insurance companies. The five-year Zillmer method is used for calculations of premium breakdowns, and gains from lapsed or surrendered policies are included in the expense margin.

In fiscal 2014, fundamental profit and three surplus factors are as follows:

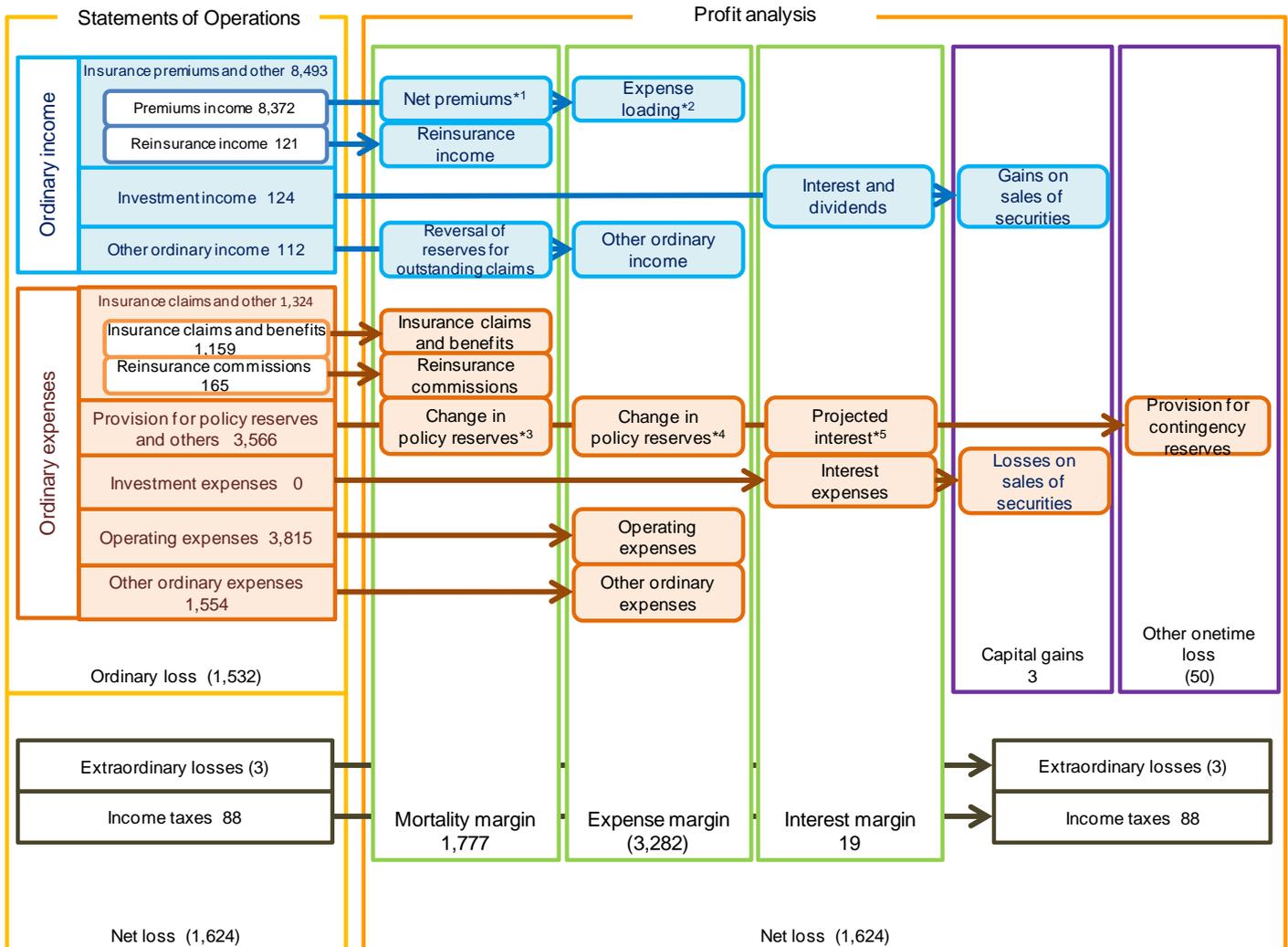
The mortality margin increased to a profit of 1,777 million yen due to an increase in insurance premiums and a reversal in reserves for outstanding claims, the expense margin was a 3,282 million yen loss due to a decrease in the number of new business despite a decrease of ordinary expenses, and the interest margin was 19 million yen due to an increase in investment income. As a result, fundamental profit recorded 1,484 million yen loss.

(In millions of yen)

Fundamental Profit (Fiscal year)	FY2014	FY2013	Percentage
Fundamental profit (i)	(1,484)	(2,089)	-
Mortality margin	1,777	1,141	155.7%
Expense margin (loss)	(3,282)	(3,234)	-
Interest margin	19	3	594.6%
Capital gains (ii)	3	-	-
Other onetime loss (iii)	(50)	(169)	-
Ordinary loss (iv)=(i)+(ii)+(iii)	(1,532)	(2,258)	-
Extraordinary loss, income tax, etc. (v)	(91)	63	-
Net loss (vi)=(iv)+(v)	(1,624)	(2,194)	-

Three surplus factors (Fiscal 2014)

(In millions of yen)



- *1: Insurance premiums are comprised of the “risk premium,” which is applied to the payment of insurance claims for the applicable year, and the “investment portion of the premium,” which is applied to accumulate the premium reserve in preparation for future payments.
- *2: The portion of the insurance premium that is applied to business expenses and other company expenditures.
- *3: Change in the claim reserve, comprised of the net increase in the premium reserve (covered by the investment portion of the premium) and the portion that is tapped in order to make payments, such as on death policies, etc.
- *4: The premium reserve that is tapped due to the fact that accumulation is no longer necessary as a result of policy surrender or lapse.
- *5: The interest portion factored into the calculation of the premium reserve in advance.
- *6: Some items with minimal amounts have been omitted.

(5) Solvency margin ratio

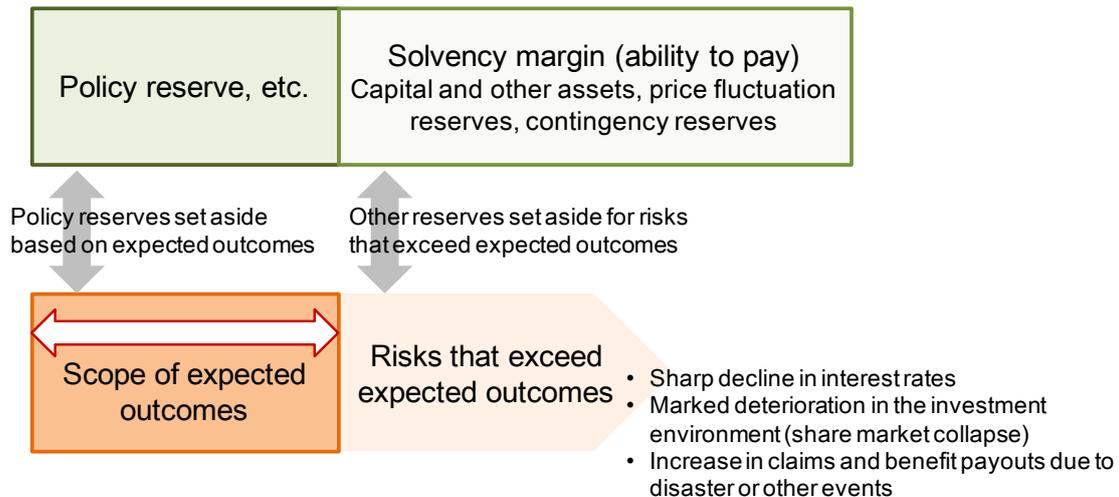
As of March 31, 2015, the solvency margin ratio was 2,244.7%, an increase from March 31, 2014. This is mainly due to the increase of excess over the full-Zillmerized reserve because of the increase of policy reserves, the decline of asset management risk resulting from Kyobo Lifeplanet Life Insurance Company no longer being affiliated company and the effects of the conclusion of reinsurance treaty.

(In millions of yen)

	Solvency margin	÷	Risk totalx(1/2)	=	Solvency margin ratio
March 31, 2015	14,182		1,263x(1/2)		2,244.7%
March 31, 2104	12,173		1,266x(1/2)		1,922.2%

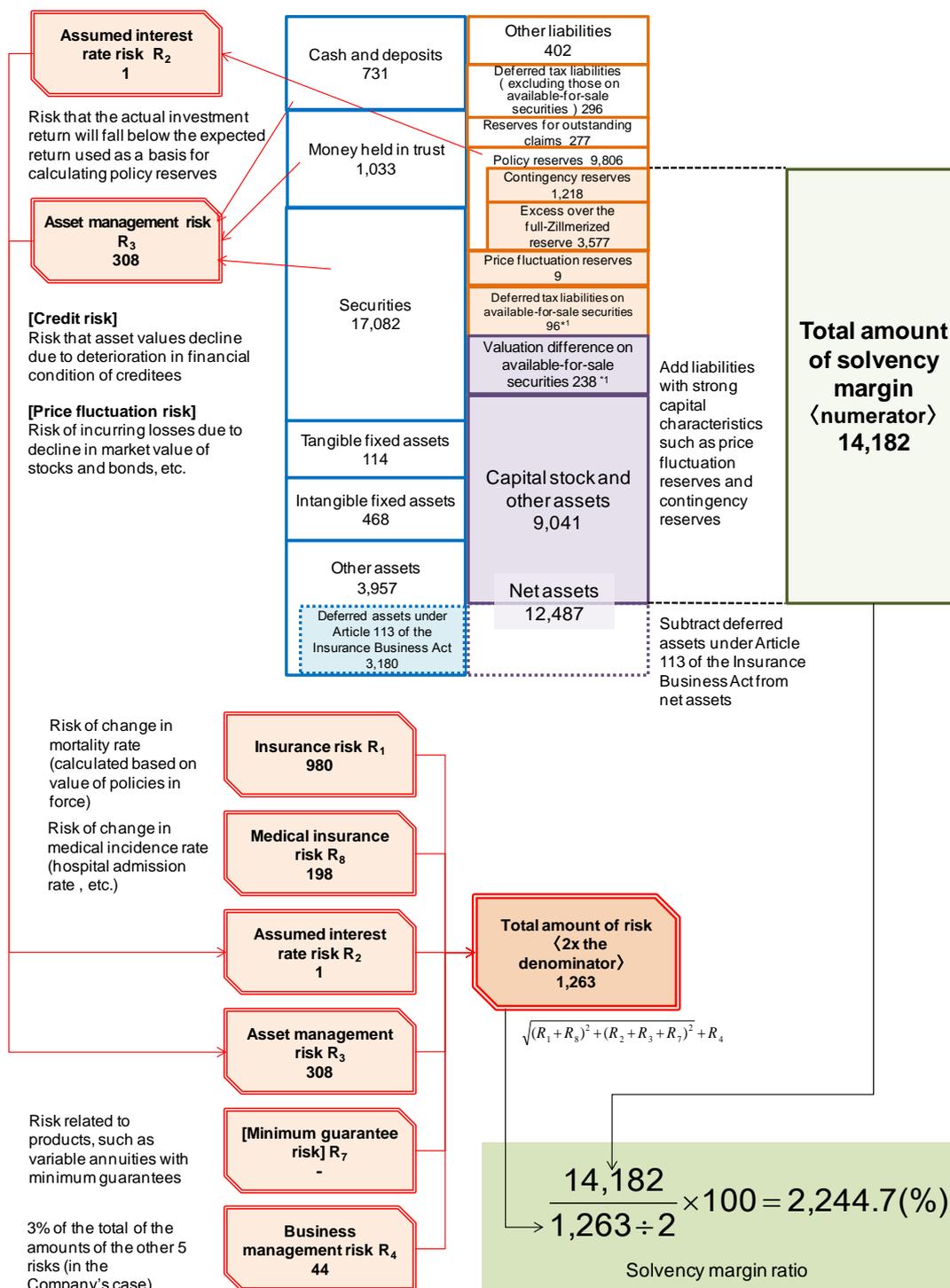
What is the solvency margin ratio?

The solvency margin ratio is an important financial indicator and a key benchmark for industry regulators. It measures a life insurance company's ability to pay out claims when unforeseen events occur, such as a natural disaster or a stock market collapse. Specifically, the solvency margin ratio is calculated by dividing the total for net assets and other internal reserves and items such as unrealized gains (solvency margin total = ability to pay) by the total for quantified risks. In Japan, a solvency margin ratio of at least 200% is seen by industry regulators as one indicator for a healthy life insurance company.



Solvency margin ratio calculation (as of March 31, 2015)

(In millions of yen)



Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.

*1: 90% of the valuation difference on available-for-sale securities (pre-tax) (if negative, 100%)

(6) Dividend policy

Lifenet is currently in the process of building its life insurance business, and has not accumulated sufficient profits to fund dividend payments. As stated in Article 17-6 of the Insurance Business Act, Lifenet is not permitted to distribute retained earnings as dividends while deferred assets under Article 113 of the Insurance Business Act are held on its balance sheet. Consequently, no interim dividends have been paid to shareholders, and in addition, year-end dividends will not be paid. Amortization of deferred assets under Article 113 of the Insurance Business Act are planned to complete by the end of March 2018, ten years after the approval of our life insurance business license.

Lifenet will consider paying dividends in the future; however at this point, the company has yet to finalize its dividend policy or determine a date for the start of dividend payments. Lifenet also states in its Articles of Incorporation that, except as otherwise determined by law, dividend payments are to be approved by its Board of Directors.

2. Business policy

(1) Basic management policy

Returning to the original purpose of life insurance - mutual support - LIFENET INSURANCE COMPANY was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. By using the Internet, we are able to offer highly cost-competitive products and accept applications from customers at any given time.

(2) Target indicator

Lifenet, having a short history of seven years since commencing its business operations, will aim to increase the embedded value and the value of new business by working toward sustained growth in insurance premium income led by the further improvement in name recognition and the strengthening of credibility, and a continual boost of business efficiency. In addition, Lifenet will try to achieve profitability in its business results as well as maintain the high-level solvency margin ratio. By making these as key management indicators, Lifenet will pursue early stabilization of its management foundation and continuous improvement of its corporate value.

(3) Mid and long term business strategy and challenges

Lifenet set a mid-term business plan in May 2013 and changed the management goal in its mid-term business plan on November 13, 2014 as shown below.

On April 20, 2015, Lifenet entered into a capital and business alliance agreement with KDDI CORPORATION. We believe that funds raised on the basis of the third-party allotment will further solidify the capital adequacy standing of Lifenet, and promoting the business alliance with KDDI will furthermore increase our corporate value. At this point in time, however, we have yet to determine the potential impact of this transaction on Lifenet’s business results from this fiscal year forward and mid-term business plan, given that specific details regarding the business alliance and the timeline are still undetermined. We will specifically examine the potential impact of this deal on our earnings results, giving consideration to progress made with the business alliance and other such developments, and then adequately disclose that information in a timely manner, as deemed necessary.

LIFENET2015	Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable growth among online life insurance businesses.
Management Goal	Achieve 9.5 billion yen in ordinary income, pushing the company toward profitability*¹ in FY 2015
Priority Areas	<ol style="list-style-type: none"> 1. Sustainable growth in insurance premium income (top-line) 2. Improvement in productivity 3. Being an “innovator” (front-runner) in life insurance
Risk Management Area	Sophisticate risk management and establish risk-based business management

*1. Based on ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act

Lifenet has striven to develop and provide insurance products and services with high price competitiveness and convenience by making use of the Internet, and continued to offer extensive support standing on the customer viewpoint via the contact center and the website. Meanwhile, Lifenet is well aware that the online life insurance market still has a long way to go in terms of achieving its growth potential. Besides, an increasing participation in the online life insurance market by other companies in the same industry as well as a growing trend of selling insurance products with cheaper premium compared to legacy products in sales channels other than the Internet has added to the competitive environment surrounding Lifenet. In such situation, Lifenet sees improving the performance in new business as the biggest issue, and promotes its initiatives for the following issues to be addressed based on the idea of “offering simple, convenient and competitively priced products and services based on the highest levels of business integrity.”

1. Further development of online insurer business model

Lifenet is sustaining steady growth of policies-in-force with using the Internet as the main sales channel. Through the Internet direct sales which is the strength of Lifenet, an attempt will be made to further enhance the business model as an online life insurance company.

First, Lifenet aims to be a life insurance company that we address concerns over online sales channel and customers will choose readily. In order to realize this, marketing including TV commercials will be used to convey a reassuring message to customers. In addition, in order to direct customers having a high degree of willingness to purchase Lifenet products to Lifenet's website, web banner advertising suitable to the attributes and situation of a customer will be placed through more specific targeting.

Moreover, Lifenet will continue to make improvements to create a simpler and easier-to-understand website, along with efforts to develop products that are more attractive to customers. In addition, by offering free consultation services for customers who have begun considering insurance, the Internet direct sales business model will be developed through follow-up via telephone and email.

2. Rigorous improvement of follow-up

Lifenet strives to improve and enhance customer support by such efforts as offering follow-up by telephone and email centering on customers who have willingness to purchase Lifenet products, as well as offering free consultation services with highly experienced insurance planners. In the future, Lifenet strives to provide even higher quality services at the contact center and the website. At the contact center, in addition to continuous basis training of telephone operators and insurance planners, improvement of proposal tools to realize the needs of customers and development of information management platforms will be promoted. Meanwhile, on the website, we will enhance support contents leveraging through technology so that customer questions and problems will be solved and customers can fully understand.

Since its business commencement, Lifenet has been supported primarily by the child-rearing age bracket of people in their 20s and 30s, and the number of policy holders exceeded 130,000. Lifenet aims to build long-term relationships with trust through regular communication opportunities such as holding of interactive communication with policy holders and distribution of email to policy holders, as well as incorporating the results of policy holder surveys to services.

3. Continuous enhancement of partnership

Lifenet has been striving to reinforce partnership with companies who have extensive customer platform to deliver its insurance products and services to a broad customer base, in addition to its present insurance agents, which are centered on web agents.

Sales of insurance products by agent will be promoted through grasping Lifenet's easy-to-understand products with inexpensive premium. In addition, through optimal assignment of human resources and system development, etc., management of agents will be strengthened. Lifenet aims to achieve greater synergies by making use of experience and know-how acquired in agent sales for the Internet direct sales.

Furthermore, Lifenet has entered into a business alliance agreement with KDDI, a company

with a strong brand and an extensive customer platform in the Japanese telecommunications sector, with the aim of achieving further growth. Accordingly, Lifenet and KDDI will integrate their respective customer platforms, brands, business expertise and other attributes, and explore possibilities for joint efforts in planning and operating new customer-oriented services taking advantage of our combined strengths. Initially, we intend to deliver greater convenience to KDDI's extensive customers base by providing them with Lifenet's life insurance products as a part of KDDI's financial services, taking advantage of mobile device marketing channels centered around smartphones. We will establish a Business Alliance Committee by both companies to deliberate over specific measures in the business alliance, thereby developing a structure under which we can engage in discussions on an ongoing basis.

(4) Business forecasts

The business forecasts for fiscal 2015 is as shown below. This is the same as the management goal in our mid-term business plan and will be disclosed as items in accordance with the management goal until the end of fiscal 2015.

On April 20, 2015, Lifenet entered into a capital and business alliance agreement with KDDI. We believe that funds raised on the basis of the third-party allotment will further solidify the capital adequacy standing of Lifenet, and promoting the business alliance with KDDI will furthermore increase our corporate value. At this point in time, however, we have yet to determine the potential impact of this transaction on business forecasts for fiscal 2014, given that specific details regarding the business alliance and the timeline are still undetermined. We will specifically examine the potential impact of this deal on our earnings results, giving consideration to progress made with the business alliance and other such developments, and then adequately disclose that information in a timely manner, as deemed necessary.

(In millions of yen)

	Ordinary income	Ordinary profit(loss) ^{*1}
Business forecasts (FY2015)	9,500	Turn profitable
Results (FY2014)	8,729	(472)

*1 Based on ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

The deferred assets recognized before fiscal 2012 are to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations, and amortization of deferred assets will record 1,060 million yen each year onward. Accordingly, ordinary profit or loss before amortization of deferred assets under Article 113 of the Insurance Business Act, which is the effective ordinary profit or loss, is disclosed as the business forecasts.

Lifenet will strive to gain support and understanding from all of its stakeholders by promoting active information disclosure in accordance with its Manifesto. This includes enhanced and accelerated disclosure of various reports such as quarterly financial statements and monthly sales results.

About LIFENET URL: <http://ir.lifenet-seimei.co.jp/en/>

Returning to the original purpose of life insurance - mutual support - LIFENET INSURANCE was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. By using the Internet, we are able to offer highly cost-competitive products and accept applications from customers at any given time.

Contact: Investor Relations, Corporate Development Department Tel: +81-3-5216-7900 e-mail: ir@lifenet-seimei.co.jp
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Disclaimer: This is a summarized translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

3. Non-consolidated Financial Statements

(1) Balance Sheets

	(In millions of yen)	
	March 31	
	2014	2015
ASSETS		
Cash and deposits	418	731
Bank deposits	418	731
Money held in trust	1,000	1,033
Securities	14,154	17,082
Government bonds	6,636	8,227
Municipal bonds	—	851
Corporate bonds	6,547	6,894
Stocks	206	222
Foreign securities	764	886
Tangible fixed assets	82	114
Buildings	12	13
Leased assets	5	3
Other tangible fixed assets	64	96
Intangible fixed assets	589	468
Software	485	444
Software in progress	72	—
Leased assets	29	22
Other intangible fixed assets	2	1
Agency accounts receivable	0	0
Reinsurance accounts receivable	1	23
Other assets	4,941	3,933
Accounts receivable	590	639
Prepaid expenses	14	10
Accrued income	20	29
Deposits	75	73
Suspense payments	0	1
Deferred assets under Article 113 of the Insurance Business Act ..	4,240	3,180
Total assets	21,188	23,387

(In millions of yen)

March 31

	2014	2015
<u>LIABILITIES</u>		
Policy reserves and other	6,616	10,084
Reserves for outstanding claims	375	277
Policy reserves	6,240	9,806
Agency accounts payable	4	4
Reinsurance accounts payable	19	45
Other liabilities	356	353
Income taxes payable	3	3
Accounts payable	31	7
Accrued expenses	240	273
Deposits received	10	10
Lease liabilities	34	26
Asset retirement obligations	32	30
Suspense receipt	2	0
Reserves under the special laws	6	9
Reserve for price fluctuations	6	9
Deferred tax liabilities	250	403
Total liabilities	<u>7,252</u>	<u>10,899</u>
<u>NET ASSETS</u>		
Capital stock	10,500	10,500
Capital surplus	10,500	10,500
Legal capital surplus	10,500	10,500
Retained earnings	(7,173)	(8,798)
Other retained earnings	(7,173)	(8,798)
Retained earnings brought forward	(7,173)	(8,798)
Shareholders' equity	<u>13,827</u>	<u>12,202</u>
Valuation difference on available-for-sale securities	89	265
Valuation and translation adjustments	89	265
Subscription rights to shares	19	19
Total net assets	<u>13,935</u>	<u>12,487</u>
Total liabilities and net assets	<u><u>21,188</u></u>	<u><u>23,387</u></u>

(2) Statements of Operations

(In millions of yen)

	Year ended March 31	
	2014	2015
Ordinary income.....	7,603	8,729
Insurance premiums and other	7,537	8,493
Premiums income	7,507	8,372
Reinsurance income	30	121
Investment income	57	124
Interest, dividends and other income	57	117
Interest from deposits	0	0
Interest and dividends from securities.....	57	117
Gain on money held in trust.....	0	3
Gain on sales of securities	—	2
Other ordinary income.....	7	112
Reversal of reserves for outstanding claims	—	98
Other.....	7	13
Ordinary expenses	9,861	10,262
Insurance claims and other.....	1,196	1,324
Insurance claims.....	701	723
Benefits	423	436
Other refunds	0	0
Reinsurance commissions	71	165
Provision for policy reserves and other.....	3,072	3,566
Provision for reserves for outstanding claims.....	110	—
Provision for policy reserves	2,961	3,566
Investment expenses	0	0
Interest expenses.....	0	0
Losses on sales of securities	—	0
Other investment expenses.....	—	0
Operating expenses.....	4,131	3,815
Other ordinary expenses.....	1,461	1,554
Taxes	198	267
Depreciation	201	225
Amortization of deferred assets under Article 113 of the Insurance Business Act.....	1,060	1,060
Other.....	1	2
Ordinary profit (loss)	(2,258)	(1,532)
Extraordinary losses	13	3
Impairment loss	10	—
Provision of reserves under the special laws	2	3
Provision of reserve for price fluctuations	2	3
Income (loss) before income taxes	(2,272)	(1,535)
Income taxes-current	3	3
Income taxes-deferred.....	(81)	85
Income taxes.....	(77)	88
Net income (loss)	(2,194)	(1,624)

(3) Statements of Changes in Net Assets

	(In millions of yen)	
	Year ended March 31	
	2014	2015
Shareholders' equity:		
Capital stock		
Capital stock	10,484	10,500
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	15	—
Total changes of items during the period	15	—
Capital stock	10,500	10,500
Capital surplus		
Legal capital surplus		
Legal capital surplus	10,484	10,500
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	15	—
Total changes of items during the period	15	—
Legal capital surplus	10,500	10,500
Total capital surplus		
Capital surplus	10,484	10,500
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	15	—
Total changes of items during the period	15	—
Capital surplus	10,500	10,500
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Retained earnings brought forward	(4,978)	(7,173)
Total changes of items during the period		
Net income (loss)	(2,194)	(1,624)
Total changes of items during the period	(2,194)	(1,624)
Retained earnings brought forward	(7,173)	(8,798)
Total retained earnings		
Retained earnings	(4,978)	(7,173)
Changes of items during the period		
Net income (loss)	(2,194)	(1,624)
Total changes of items during the period	(2,194)	(1,624)
Retained earnings	(7,173)	(8,798)
Total shareholders' equity		
Shareholders' equity	15,990	13,827
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	31	—
Net income (loss)	(2,194)	(1,624)
Total changes of items during the period	(2,163)	(1,624)
Shareholders' equity	13,827	12,202

	(In millions of yen)	
	Year ended March 31	
	2014	2015
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Valuation difference on available-for-sale securities ...	60	89
Changes of items during the period		
Net changes of items other than shareholders' equity	28	176
Total changes of items during the period	28	176
Valuation difference on available-for-sale securities	89	265
Total valuation and translation adjustments		
Total valuation and translation adjustments	60	89
Changes of items during the period		
Net changes of items other than shareholders' equity	28	176
Total changes of items during the period	28	176
Total valuation and translation adjustments	89	265
Subscription rights to shares:		
Subscription rights to shares	20	19
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	—
Total changes of items during the period	(0)	—
Subscription rights to shares	19	19
Net assets:		
Net assets	16,071	13,935
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	31	—
Net income (loss)	(2,194)	(1,624)
Net changes of items other than shareholders' equity	28	176
Total changes of items during the period	(2,135)	(1,447)
Net assets	13,935	12,487

(4) Statements of Cash Flows

	(In millions of yen)	
	Year ended March 31	
	2014	2015
Cash flows from operating activities		
Income (loss) before income taxes	(2,272)	(1,535)
Depreciation and amortization	201	225
Impairment loss	10	—
Increase (decrease) in reserves for outstanding claims	110	(98)
Increase (decrease) in policy reserves.....	2,961	3,566
Increase (decrease) in reserve for price fluctuations	2	3
Interest, dividends and other income	(57)	(117)
Loss (gain) related to securities.....	—	(2)
Interest expenses	0	1
Decrease (increase) in agency accounts receivable	0	0
Decrease (increase) in reinsurance accounts receivable.....	11	(21)
Decrease (increase) in other assets <excluding assets for investing and financing activities > ..	963	1,015
Increase (decrease) in agency accounts payable.....	0	(0)
Increase (decrease) in reinsurance accounts payable	3	26
Increase (decrease) in other liabilities <excluding assets for investing and financing activities > ..	(79)	31
Other, net	(0)	(2)
Subtotal	<u>1,859</u>	<u>3,089</u>
Interest and dividends income received	122	163
Interest expenses paid	(0)	(0)
Income taxes paid	(3)	(4)
Net cash provided by (used in) operating activities	<u>1,976</u>	<u>3,247</u>
Cash flows from investing activities		
Purchase of money held in trust	(1,000)	—
Purchase of securities.....	(15,806)	(7,154)
Proceeds from sales and redemption of securities	15,120	4,389
Total of net cash provided by (used in) investment transactions ...	<u>(1,686)</u>	<u>(2,764)</u>
Total of net cash provided by (used in) operating activities and investment transactions ...	<u>290</u>	<u>482</u>
Purchase of tangible fixed assets	(45)	(82)
Purchase of intangible fixed assets	(200)	(81)
Collection of lease deposits	—	2
Net cash provided by (used in) investing activities	<u>(1,933)</u>	<u>(2,925)</u>
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares ...	30	—
Repayments of lease liabilities	(8)	(8)
Net cash provided by (used in) financing activities	<u>22</u>	<u>(8)</u>
Net increase (decrease) in cash and cash equivalents	<u>65</u>	<u>313</u>
Cash and cash equivalents, beginning of year	<u>353</u>	<u>418</u>
Cash and cash equivalents, end of year	<u><u>418</u></u>	<u><u>731</u></u>

Financial Summary for Fiscal 2013, Ended March 31, 2015

May 14, 2015

Name of Company: LIFENET INSURANCE COMPANY
 Stock Exchange Listings: Tokyo Stock Exchange, Mothers
 Stock code: 7157
 URL: <http://ir.lifenet-seimei.co.jp/en/>
 Representative: Daisuke Iwase, President & COO

(Amounts of less than one million yen are truncated.)

1. Financial Data for the Fiscal Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(1) Results of Operations

(% changes are presented in comparison with the corresponding period of the previous fiscal year.)

Fiscal Year ended	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)	
	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2015	8,729	14.8	(1,532)	—	(1,624)	—
March 31, 2014	7,603	27.2	(2,258)	—	(2,194)	—

Fiscal Year ended	Net Income (Loss) per Share	Diluted Net Income per Share	Net Income (Loss) on Shareholders' Equity	Ordinary Profit (Loss) on Total Assets	Ordinary Profit (Loss) on Ordinary Revenues
	yen		%	%	%
March 31, 2015	(38.52)	—	(12.3)	(6.9)	(17.6)
March 31, 2014	(52.11)	—	(14.6)	(10.8)	(29.7)

Note: Share of loss of entities accounted for using equity method for fiscal 2015 and fiscal 2014 were 305 million yen and 122 million yen, respectively.

(2) Financial Conditions

Fiscal Year ended	Total Assets	Total Net Assets	Ratio of Shareholders' Equity to Total Assets	Total Net Assets per Share
	millions of yen	millions of yen	%	yen
March 31, 2015	23,387	12,487	53.3	295.63
March 31, 2014	21,188	13,935	65.7	329.96

Note: Net assets attributable to the Company's shareholders as of March 31, 2015 and March 31, 2014 were 12,468 million yen and 13,916 million yen, respectively.

(3) Cash Flows

Fiscal Year ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	millions of yen	millions of yen	millions of yen	millions of yen
March 31, 2015	3,247	(2,925)	(8)	731
March 31, 2014	1,976	(1,933)	22	418

2. Dividends

	Dividend per Share					Total dividends (Annual)	Dividend Payout Ratio	Dividend on Net Assets
	1Q	2Q	3Q	4Q	Total			
Fiscal Year ended	yen	yen	yen	yen	yen	millions of yen	%	%
March 31, 2014	—	0.00	—	0.00	0.00	—	—	—
March 31, 2015	—	0.00	—	0.00	0.00	—	—	—
March 31, 2016 (forecast)		0.00	—	0.00	0.00		—	

3. Earnings Forecasts for the Fiscal Year ending March 31, 2016

(% changes are presented in comparison with the corresponding period of the previous fiscal year.)

Fiscal Year ended	Ordinary Income	
	millions of yen	%
March 31, 2016 (forecasts)	9,500	8.8

In addition to the above forecasts, ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act is expected to turn profitable.

The deferred assets recognized before fiscal 2012 are to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations, and amortization of deferred assets will record 1,060 million yen each year onward. On April 20, 2015, Lifenet entered into a capital and business alliance agreement with KDDI. At this point in time, however, we have yet to determine the potential impact of this transaction on business forecasts for fiscal 2014, given that specific details regarding the business alliance and the timeline are still undetermined. For details, please refer to page 19.

4. Other

(1) Changes in Accounting Principles, Procedures and Presentation Methods for Financial Statements:

1. Changes due to the revision of accounting standards: None
2. Changes due to other factors: None

(2) Number of shares outstanding (common stock)

	As of March 31, 2015	As of March 31, 2014
Total shares outstanding	42,175,000 shares	42,175,000 shares
Number of treasury stock	—	—
	Year ended March 31, 2015	Year ended March 31, 2014
Average outstanding shares	42,175,000 shares	42,122,874 shares