



Overview of LIFENET INSURANCE COMPANY

March, 2013
LIFENET INSURANCE COMPANY

I. Company Overview

II. Overview of Japanese Life Insurance Industry

III. Business Model & Strategy

IV. Financials (FY2011 ended March 31, 2012)

Huge market

**World's 2nd largest market
with approx. JPY 40 trln
annual premiums**

**Approx. 90%
Japanese households insured**

**Approx. JPY 450,000
average annual premiums
per Japanese household**

Huge inefficiencies

**Consumers bear
the burden of high prices
amidst a prolonged stagnation**

**Lack of
comparative information**

**High turnover of
untrained captive agents**

Huge changes

**Proliferation of
web-based
financial services**

**Diversifying consumer
preferences for
insurance products**

**Industry deregulation
aimed at
promoting competition**



**Comprehensible
Cost-Competitive
Convenient**

Returning to the original purpose of life insurance – mutual support –

Lifenet was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity.

We offer 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.

Key Management

- Founder/President: Haruaki Deguchi
- Co-Founder/Executive Vice President: Daisuke Iwase
- Executive Managing Director: Kazuko Nakada
- Executive Managing Director: Shunichiro Higuchi

Key Figures (FYE 2012/3)

- # of Policies in Force: 118,040
- Sum assured: JPY 1,105,302mn
- Annualized Net Premiums from Policies in Force: 4.8bn
- Premium and Other Income: 3.7bn
- Total Assets: 18.8bn
- Net Assets: 16.1bn
- Embedded Value: 18.5bn
- # of Employees: 73
 - Sales Force: 0
- Solvency Margin Ratio: 3,499.1%

Head Office

- Kojimachi NK Building, 2-14-2, Kojimachi, Chiyoda-ku, Tokyo 102-0083

Commencement of Operation

- May 18, 2008
(Established on October 23, 2006)

Listing

- March 15, 2012
(Tokyo Stock Exchange “Mothers” – market of the high growth and emerging stocks)

Major Shareholders (March 31, 2012)

- | | |
|---|--------|
| 1. Monex Group, Inc. | 13.51% |
| 2. Asuka DBJ Investment Limited Partnership | 13.51% |
| 3. Mitsui & Co. | 11.41% |
| 4. Shinsei Bank, Ltd. | 7.72% |
| 5. Seven Financial Service Co., Ltd. | 7.72% |
| | |
| 9. RECRUIT CO.,LTD. | 2.97% |

- Strong leadership and seasoned entrepreneurial management team with various backgrounds well suited for our innovative business model

Directors:



Haruaki Deguchi
Founder, President

31 years at Nippon Life serving various positions including Head of Public Affairs and Head of International Planning and Operations. Bachelor of Law from Kyoto University.



Daisuke Iwase
Co-Founder, Executive Vice President

Ripplewood Japan and Boston Consulting Group. MBA from Harvard University (Baker Scholar) and Bachelor of Law from the University of Tokyo.



Kazuko Nakada
Executive Managing Director

GABA Corp. (Executive Director and Head of Marketing), Starbucks Coffee Japan (Executive Director and Head of Public Relations) and Dentsu Young and Rubicam. Bachelor of Humanities from Sophia University.



Shunichiro Higuchi
***Executive Managing Director,
Chief Compliance Officer***

Head of Kinki Local Finance Bureau Ministry of Finance, and head of Policy Research Institute and Financial Supervisory Agency as head of the Insurance Supervisory Division. Bachelor of Economics from the University of Tokyo.

Outside Directors:



Sakuya Fujiwara

Former Deputy Governor of Bank of Japan



Yoko Ishikura

Professor of Keio University Graduate School, Media Design branch, former McKinsey & Company



Kazunari Uchida

Professor of Faculty of Commerce, Waseda University, former head of BCG Tokyo.

Corporate Auditors:

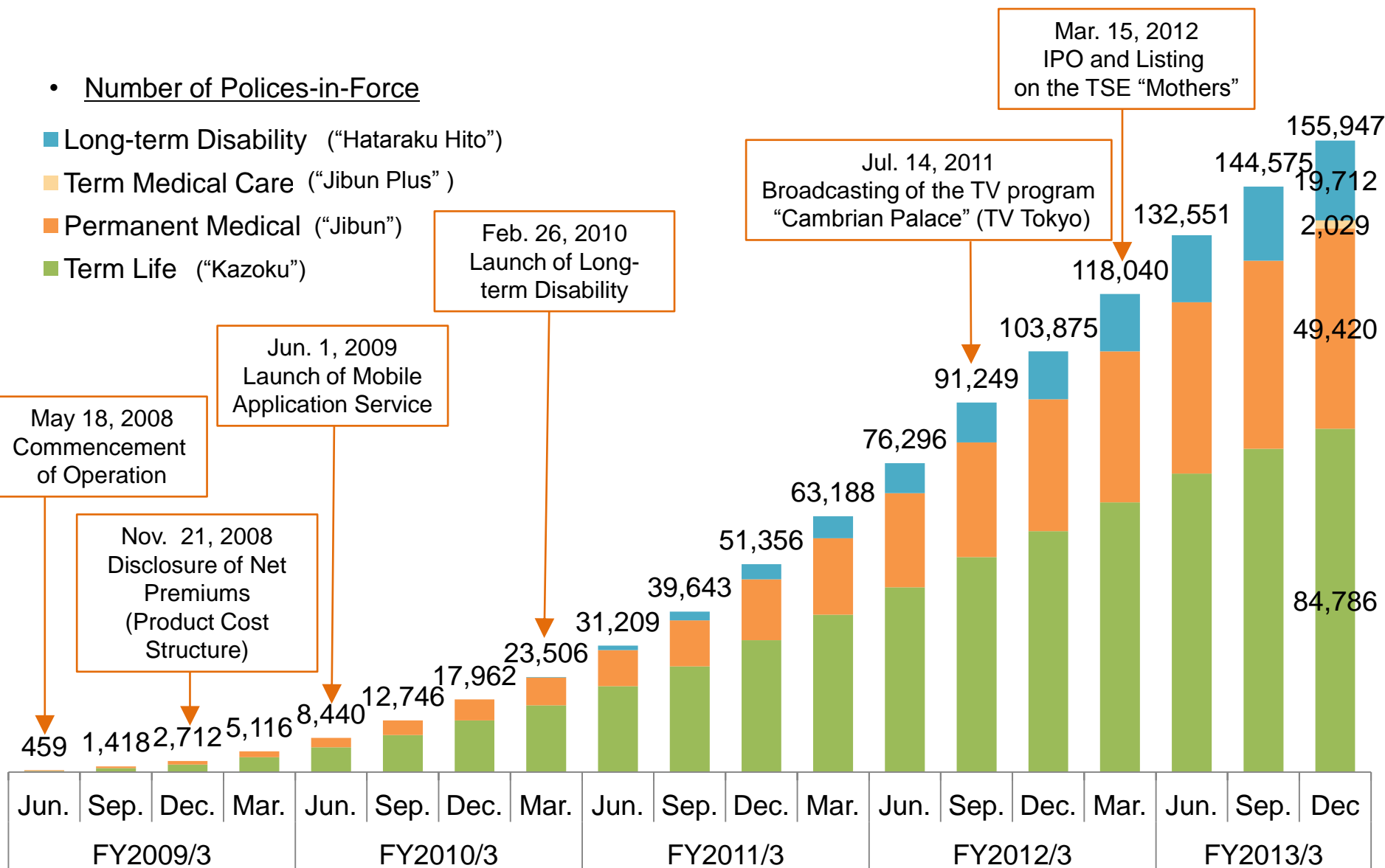
Seijiro Isa
Yasuharu Fushimi
Kenichi Masuda
Tadasu Kawai

Corporate Auditor, Asuka Asset Management Co., Ltd.
Chairman & President, Tsuneishi Holdings Corporation
Partner, Anderson Mori & Tomotsune

Steady growth since business commencement in May 2008

- Number of Policies-in-Force

- Long-term Disability (“Hataraku Hito”)
- Term Medical Care (“Jibun Plus”)
- Permanent Medical (“Jibun”)
- Term Life (“Kazoku”)



Sum insured of policies-in-force ¥1,391,249 mn / Annualized premium ¥6,389 mn (as of Dec. 31, 2012)

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II. Overview of Japanese Life Insurance Industry

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IV. Financials (FY2011 ended March 31, 2012)

- Japan's life insurance market is the world's second largest, worth approximately JPY40 trillion. Roughly 90% of Japanese households have life insurance policies.

Japanese Life Insurance Market (annual premiums)

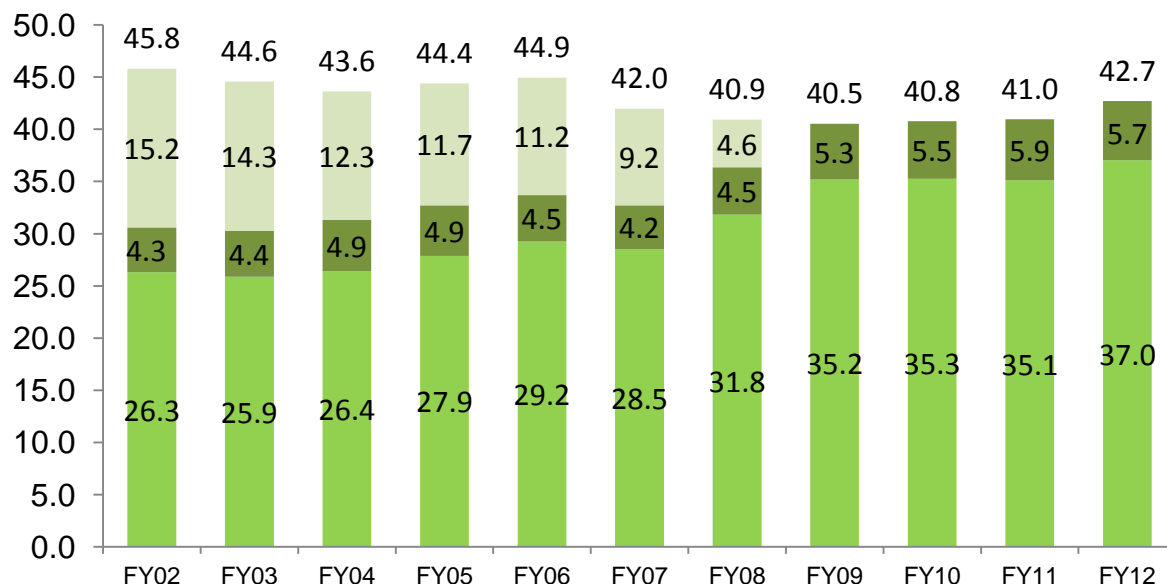
(JPY in tn)

Ratio of households with policies⁴:
90.5%

Average annual premiums per household⁴:
JPY 415,000

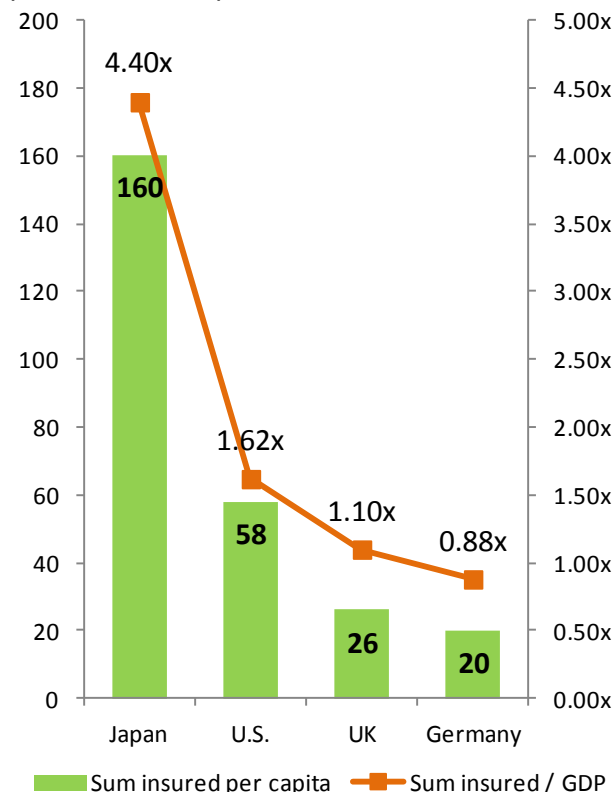
Average cover amount per household⁴:
JPY 27,628,000

■ Private insurance¹ ■ Cooperative insurance² ■ Former Japan Post³



Sum Insured per Capita and Sum Insured / GDP Ratio (2000)

(USD in '000)



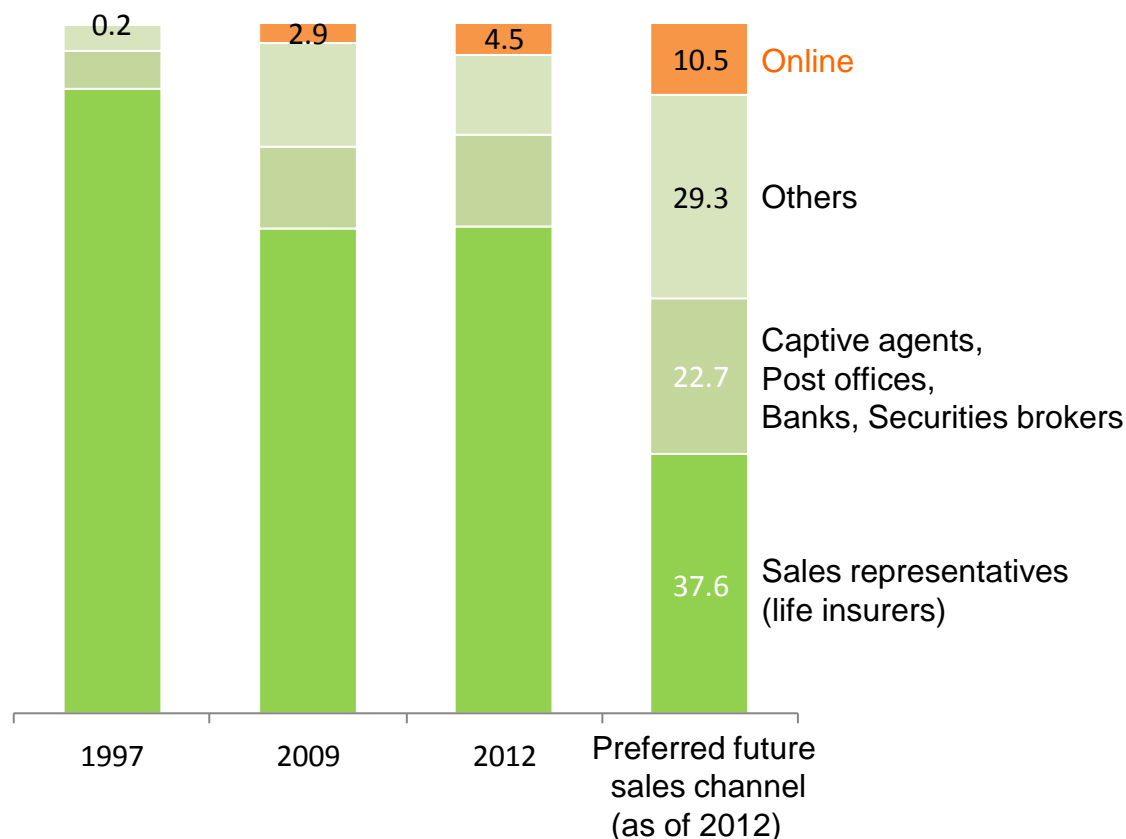
1. Private insurance: Life insurance companies that are members of The Life Insurance Association of Japan; income from premiums and other sources.
2. Cooperative insurance: Cooperative insurance companies that are members of the Japan Cooperative Insurance Association; mutual aid premium contributions (total for life insurance and pension fund contributions).
3. Former Japan Post: Insurance premium until September 2007 (Postal Life Insurance); Japan Post Insurance included in data for private insurance from October 2007 following privatization.
4. Data as of 2012.

Source: Lifenet, based on data from The Life Insurance Association of Japan, the Japan Cooperative Insurance Association, and Japan Post Holdings Co., Ltd., a preliminary nationwide report on the life insurance industry (2012) by the Japan Institute of Life Insurance, and NLI Research Institute report.

- Sales channels for life insurance have been diversified, and more and more consumers are purchasing life insurance products via the Internet. We expect to see the trends continue going forward.

Preferred Future Sales Channels

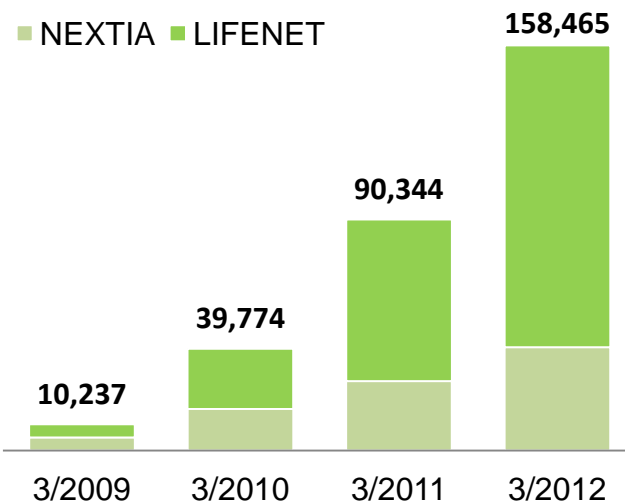
(%)



Source: Lifenet, based on data from a preliminary nationwide report on the life insurance industry (2012) by the Japan Institute of Life Insurance, and NLI Research Institute report.

Market Share of Online Life Insurance

Number of Policies in Force (Lifenet and NEXTIA)



**Industry total
(Mar. 2012)**
127mn Policies-in-force
16.2mn New business

Online life insurers
0.15mn Policies-in-force
0.07mn New business

0.12%

High Growth Potential

I. Company Overview

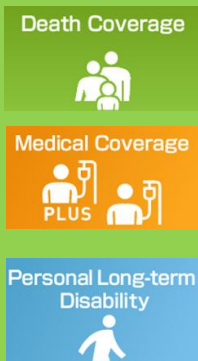
II. Overview of Japanese Life Insurance Industry

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- We are a “truly new” customer-oriented life insurance company with an innovative business model and superior management philosophy in Japan

“New” Products



Simple products
– no rider, no participation,
no cash value

Disability income for
individuals (first in Japanese
life insurance industry)

“New” Sales Channels

Internet

Mobile Application (first in the world)

Smartphone



LIFENET

**Our Challenges
Continue**

“New” Marketing Approaches

Seminars by
Top Management



Books and Articles



Social Media



Tie-up Events
(comedian, blogger, etc.)



“New” Management Style

Transparency

Disclosure of net premiums
and monthly operating figures

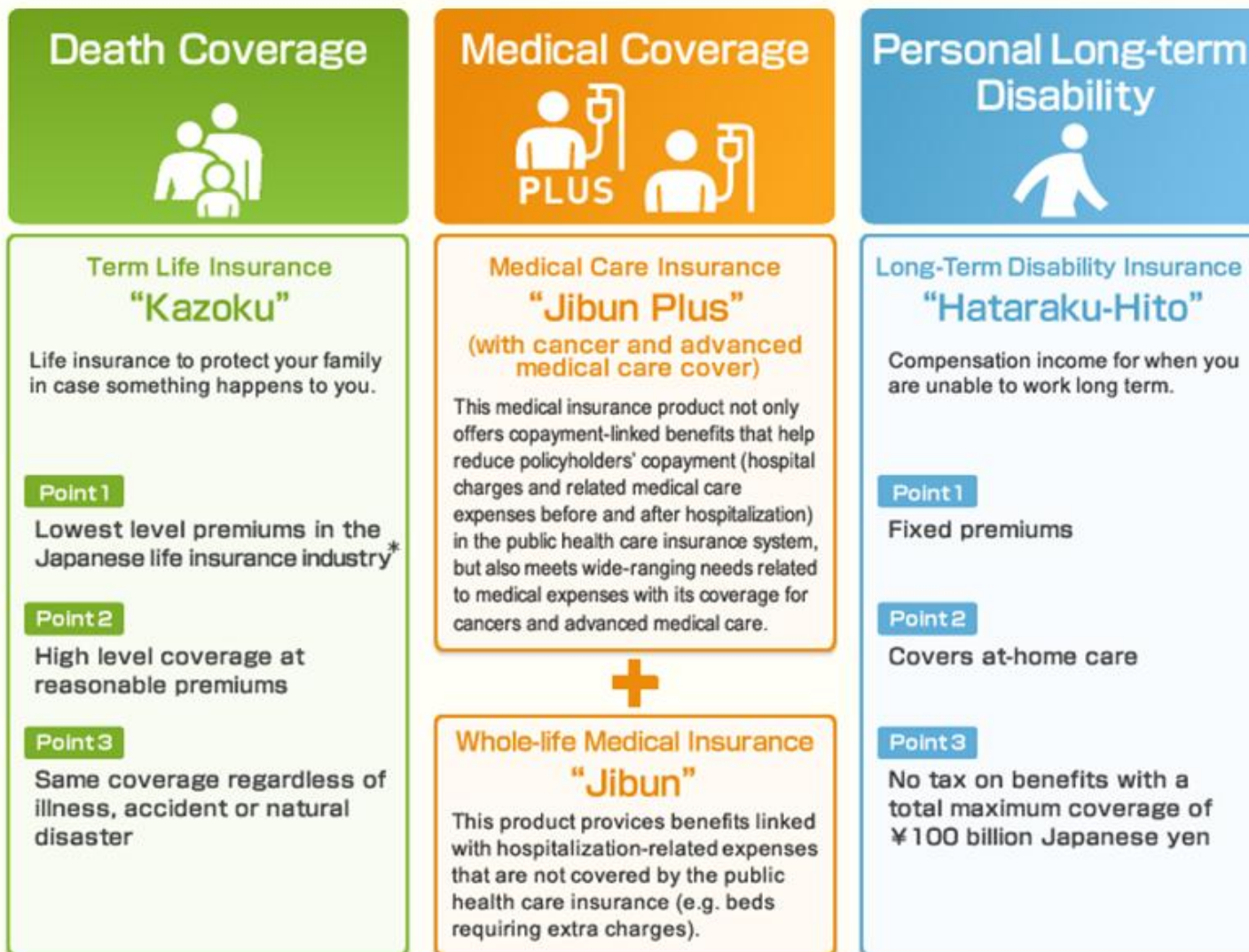
Human Capital
Management

Equal opportunity and diversity
No retirement age

Customer
Communications

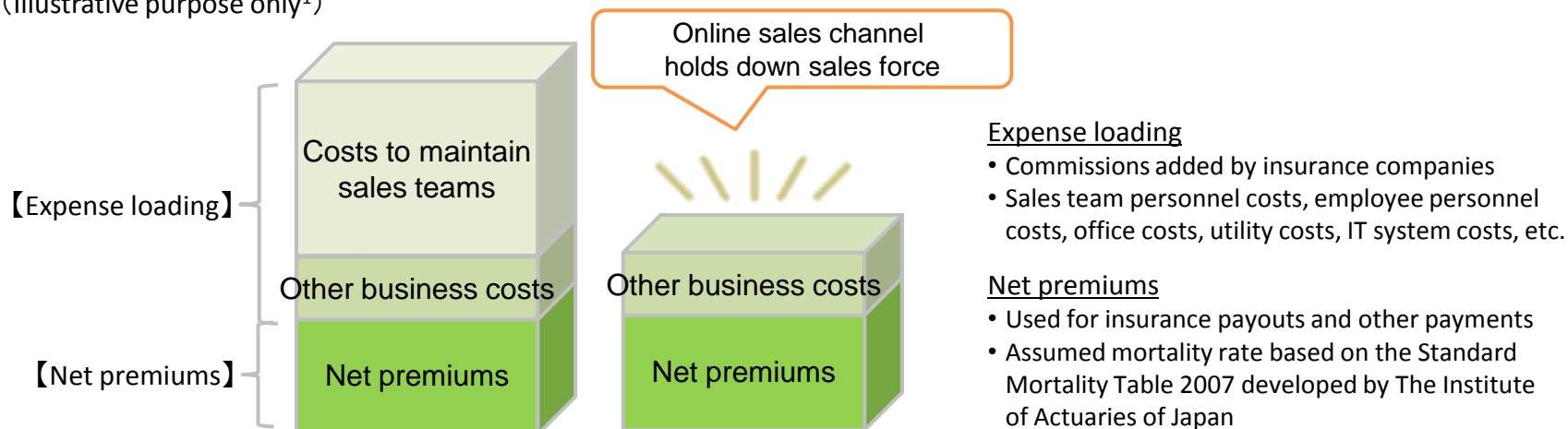
Policyholder meetings
Staff blog (relay system)

- We offer four simple and competitively priced pure protection products: term life, whole-life medical, medical care and disability income. Internet-based low cost operations enable us to be extremely price competitive.

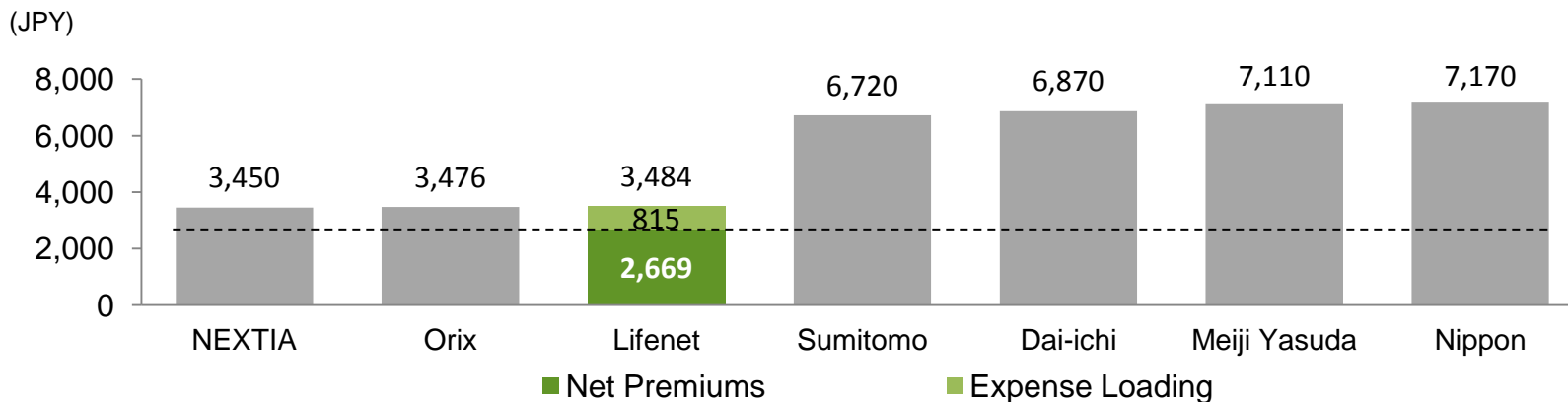


Internet-based low cost operations enable us to be price competitive

(Illustrative purpose only¹)



Monthly Premium Comparison for Term Life (2011)

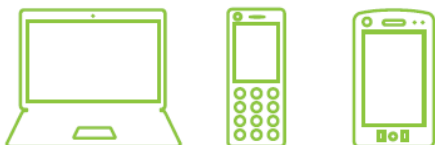


¹ Assuming traditional term life insurance without policyholders' dividend through face-to-face selling. The proportion of expense loading and net premiums defers depending on age, sum insured, etc.

Source: Diamond (October 8, 2011). Benefit: JPY30mn, 10 year Term Life, Male, Age: 30.

- We are making simple and easy-to-understand website to support the study of insurance by our customer.

- Searching by the Company's name
- SEO
- Advertising
- Online Agent /Affiliate



Application is available on PC, mobile phone and smartphone website.

保険料見積り

☒ 選択解除

定期死亡保険
 かぞくへの保険

☒ 選択解除

終身医療保険
 じぶんへの保険

☒ 選択解除

定期療養保険
 がん・先進医療保障付き
 じぶんへの保険

☒ 選択解除

就業不能保険
 働く人への保険

☒ 選択解除

【お見積り条件】 契約年齢 30歳 男性 生年月日 : 1982(昭和57)年1月1日
※ 契約年齢は「申込日の翌月1日」における被保険者の満年齢で計算しています。

年齢と性別を変更する

age

保険金額	500 万円	保険金額の決め方は？	月額保険料 789 円
保険期間	期間で選ぶ 10年 20年 30年 年齢で選ぶ 65歳まで 70歳まで 年齢によって保険期間の精	保険期間の選び方は？	
Insured amount			月額保険料 1,661 円
入院給付金日額	5,000 円	給付金日額の選び方は？	
1入院の支払限度日数	60日 180日	支払限度日数は何日？	月額保険料 1,499 円
手術給付金	なし あり(一律10万円)	手術給付金は必要？	
保険期間	終身		
入院療養給付金・外来療養給付金 がん治療給付金 100万円 先進医療給付金 先進医療の技術料同額 保険期間 10年			月額保険料 1,946 円
就業不能給付金月額 10 万円 <small>職業、年収により制限があります</small> 保険期間 65歳満了			

※商品などに関する注意事項は次ページでご確認いただけます。

！ お急ぎください

この保険料は、11月末日までに申し込み頂いた場合の金額です。ほとんどの場合、12月以降での申し込みは保険料が上がります。

保険選びで迷ったらこちら

月額保険料合計

5,895 円

Total monthly premium

保険の申し込みはこちらから

▶ 申し込み手続きへ

- We are developing an advanced marketing strategy with an innovative mix of efforts and channels including high profile advertising icons. We have successfully acquired valuable marketing customers

Innovative Marketing Mix

Effective mass-marketing approaches targeting volume business

TV ads



Strategic PR to generate publicity



Our unique marketing approaches

Documents and publications



Marketing tie-ups



Social media



Marketing using all our employees



Promotion efforts by top management



Underlying support

Gradual “kaizen” improvements to marketing via our website and online advertising

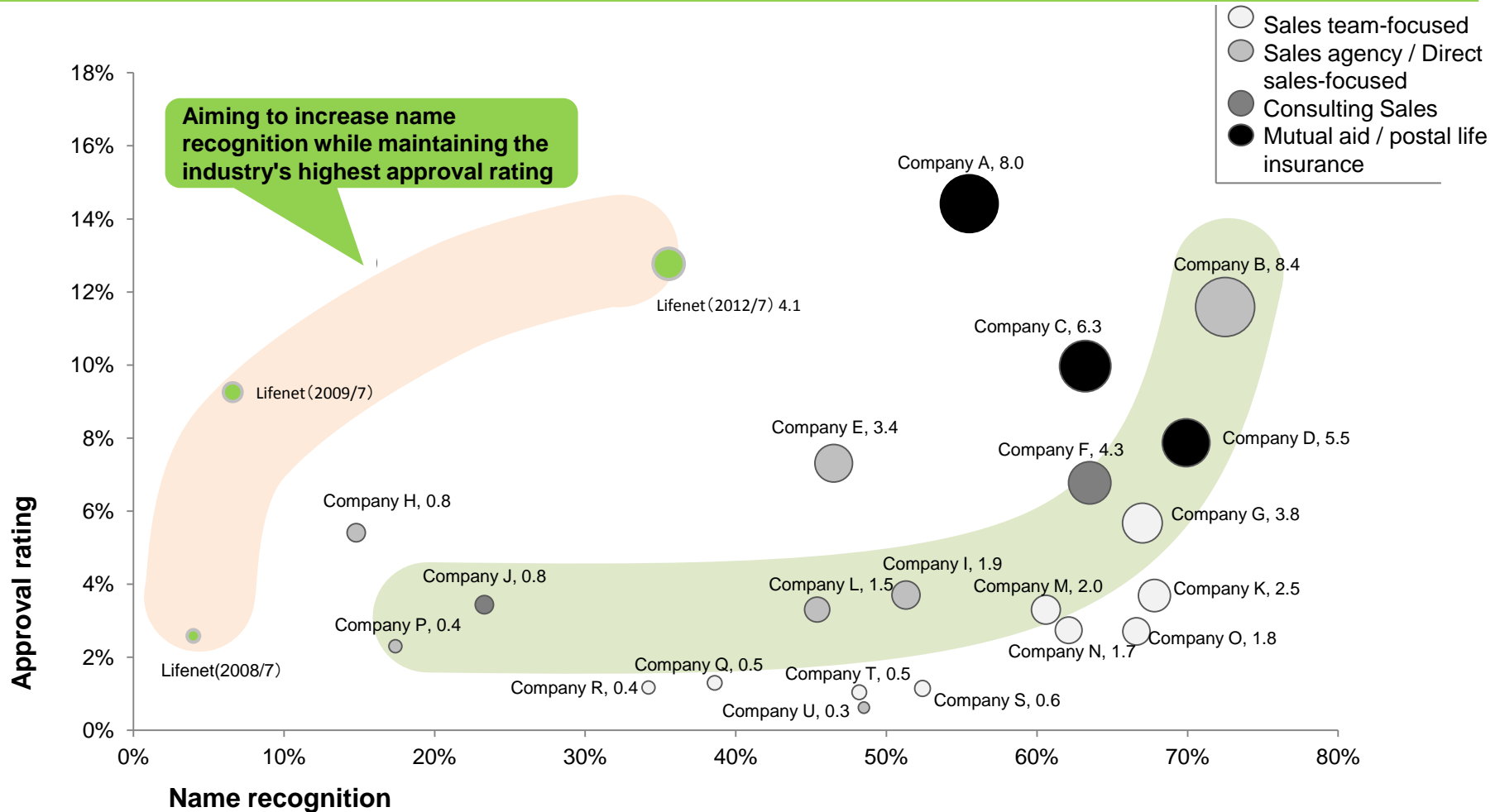
SEO Initiative

Website improvements

Online ad optimization

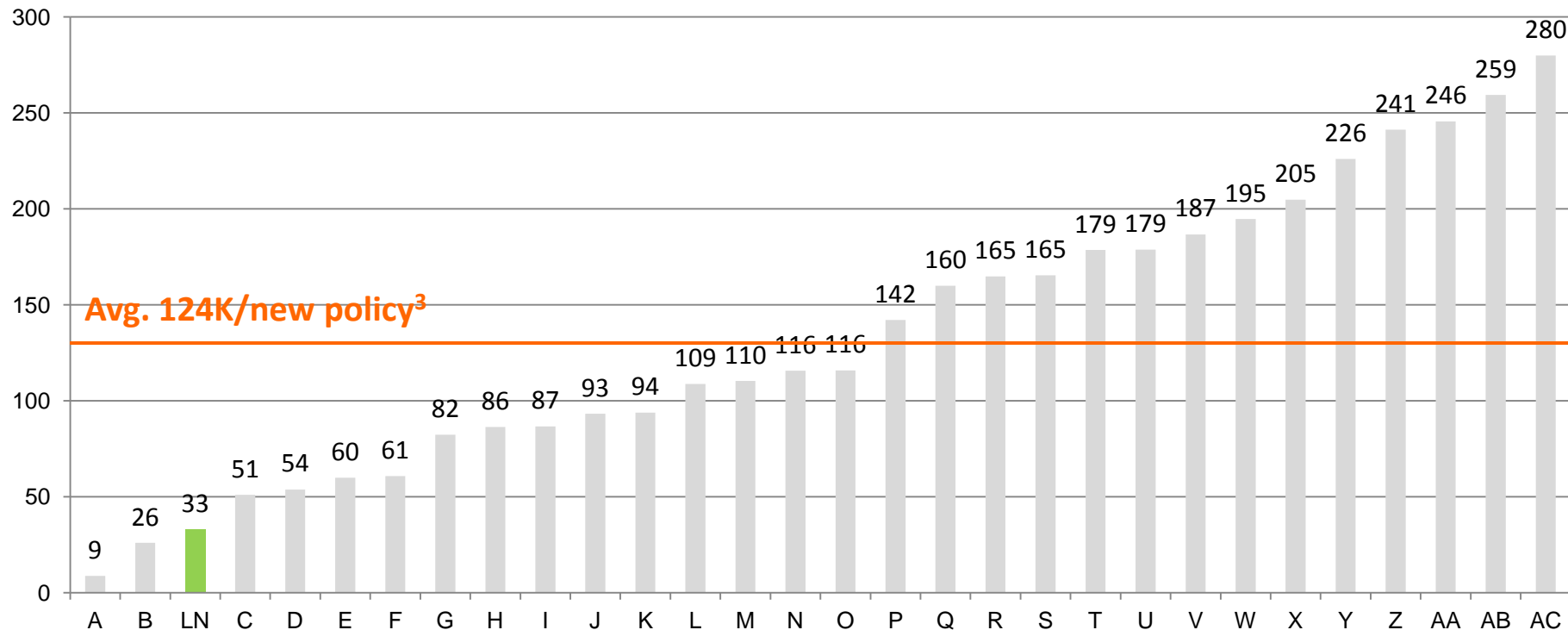
- Our innovative business model with high quality products and services have enabled us to gain strong support from professionals and customers, leading to our current distinguished position within the industry.

Customer Awareness (Size of circle represents the share of survey respondents who would take out a policy with that company)



Sales expense per new policy¹: Life insurers in Japan² (FY2011)

(JPY 000s)



- 1 Sales expense / New business (individual insurance + individual annuity). Sales expense = Sales activity expense + Sales administration expense.
- 2 Excluding following companies: 1) companies which mainly sell individual annuity. 2) companies which uses bancassurance as their main channel
- 3 Weighted average using number of new business

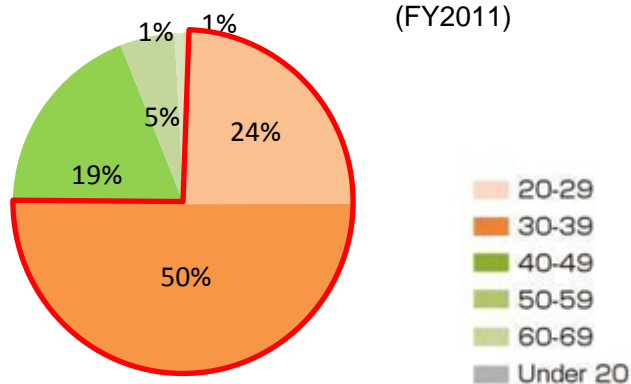
Source: Disclosure documents (FY2012)

A Unique Customer Base

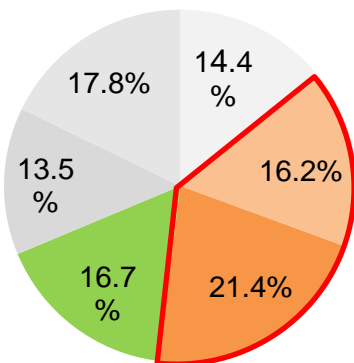
- People in their 20s and 30s make up roughly 75% of our policyholder base, with just under 50% of new policyholders taking out life insurance for the first time. We are aiming to attract younger customers with high lifetime value to help build our business base over the medium and long term.

Number of new policies by age group

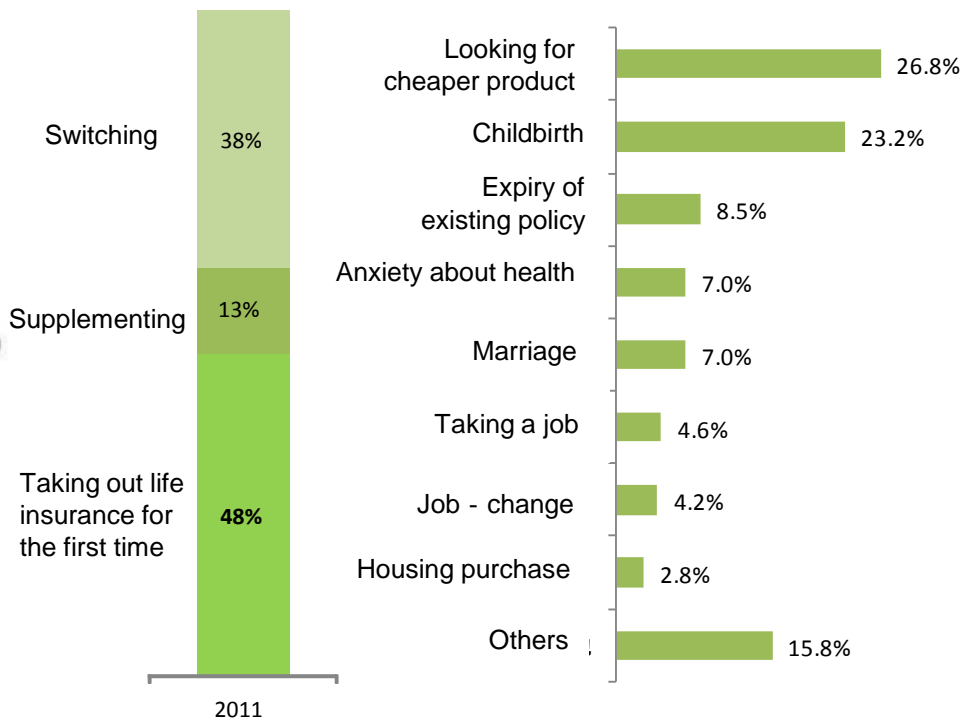
Lifenet¹



Reference: Average for 42 life insurers (FY2011)



**Reason for buying a policy
(results of Lifenet's customer survey)**



1: Valid responses from 1,448 people out of a total of 16,772 customers that registered their ID with Lifenet between November 1, 2010 and August 31, 2011.

- We have also received various awards for our innovative business model with high quality products and services

High Quality Services

Customer Complaints
(vs. total customer calls)

0.7% ¹

Surrender and lapse ratio

6.4% ¹

Contact Center
Response Rate

96% ¹

Average Claims
Payment Period

3.12 days ¹

Awards

Our products are highly rated by professionals in major magazines and research such as *Diamond*, 2010, *Nikkei Veritas*, 2009, etc.

日経ヴェリタス プロに聞いた(死亡保障部門)
「入りたい保険ランキング」第1位 🏆

オリコン顧客満足度ランキング
医療保険部門「保険料の満足度」第1位 🏆

週刊ダイヤモンド プロが選ぶ(死亡保障部門)
「自分が入りたい保険」第1位 🏆

週刊東洋経済「『いざ』という時の頼れる保険」特集
コールセンター実態調査 Aランク



Celent Model Insurer
Asia Award 2012



2012 Stevie® Awards for
Sales & Customer Service

- Hybrid corporate culture of an “Internet Company” and a “Life Insurance Company” – best suited for our innovative business model
- Diverse employee backgrounds: work experiences, academic backgrounds, qualifications, age, gender

Entrepreneurial

Innovative

Enthusiastic

Open & Flat

Prudent

Motivated



Develop a popular LIFENET Insurance brand that resonates with customers

- **Increase the number of brand supporters**

Communicate our corporate identity, increasing the number of "fans" that support and empathize with our brand via nationwide seminars, publications and social media.

- **Improve name recognition**

Work to improve name recognition across Japan using a low-cost approach that combines effective spending on mass marketing with strategic PR designed to generate publicity.

Offer high-quality life insurance services (comprehensible, cost-competitive, and convenient)

- **Provide refined, effective products based on a highly focused lineup**

Continue to boost the quality and cost-competitiveness of products and services by concentrating business resources into core products and direct online sales.

- **Continue to move into new business fields**

Develop new groundbreaking products and services based on a constant focus on customer needs.

Build a flexible and powerful organization that can constantly improve and take on new challenges

- **Deliver rapid and effective improvements**

Rapidly implement effective improvements based on careful analysis of business data and communication with customers across all areas of the company.

- **Create a flat, open business structure**

Hire outstanding employees with diverse backgrounds and maintain an enthusiastic and highly motivated corporate culture.

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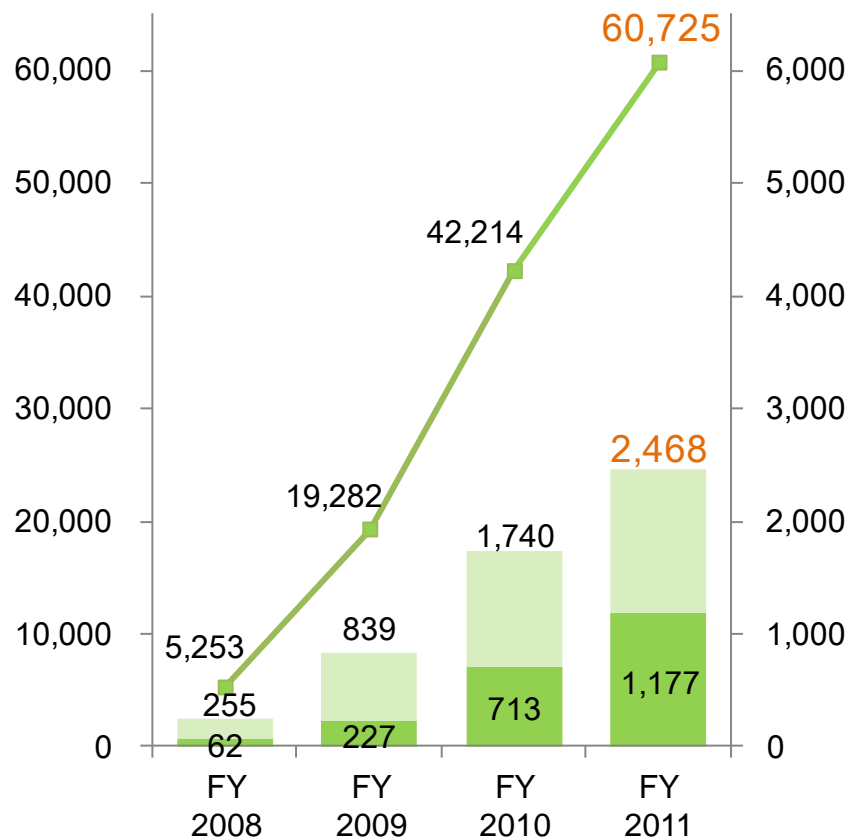
IV. Financials (FY2011 ended March 31, 2012)

Proven Growth Track Record (1)

- Increasing number of new policies accelerates the accumulation of policies in force. We achieved 100,000 policies in force December, 2011.

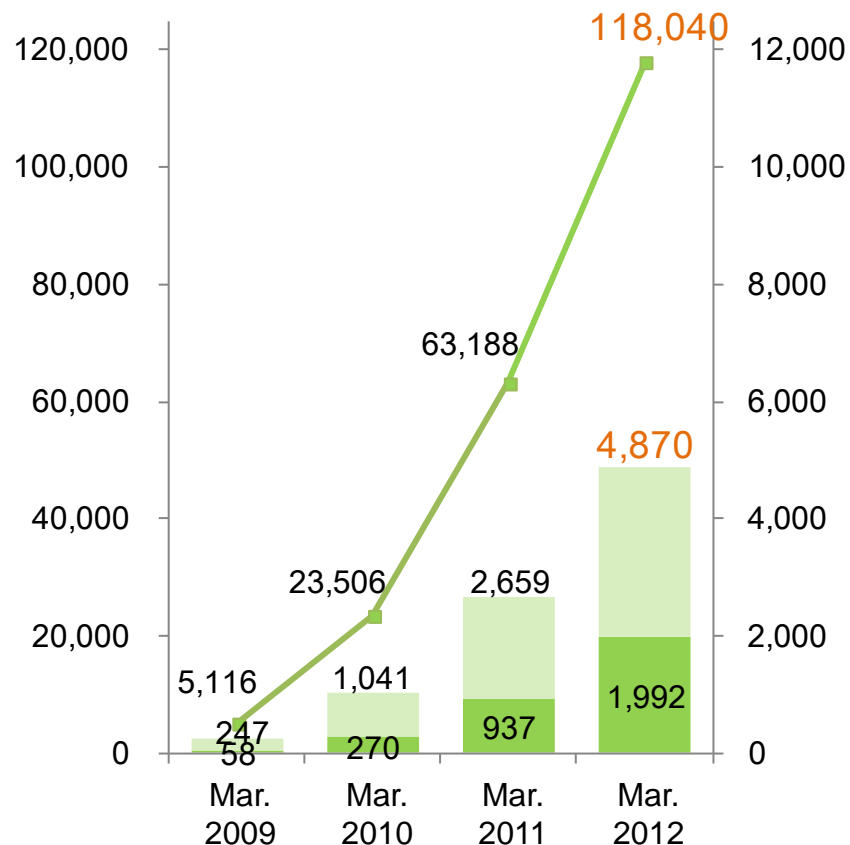
New Policies (# / Annualized Premiums)

(#: Left, Line Chart / AP: Right, Bar Chart¹)



Policies in Force (# / Annualized Premiums)

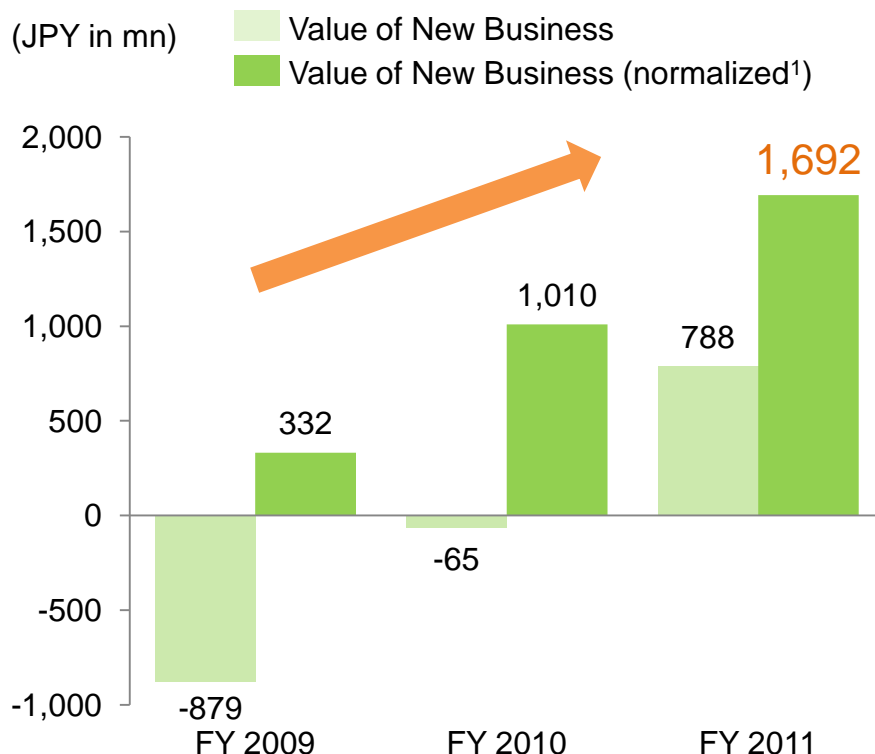
(#: Left, Line Chart / AP: Right, Bar Chart¹)



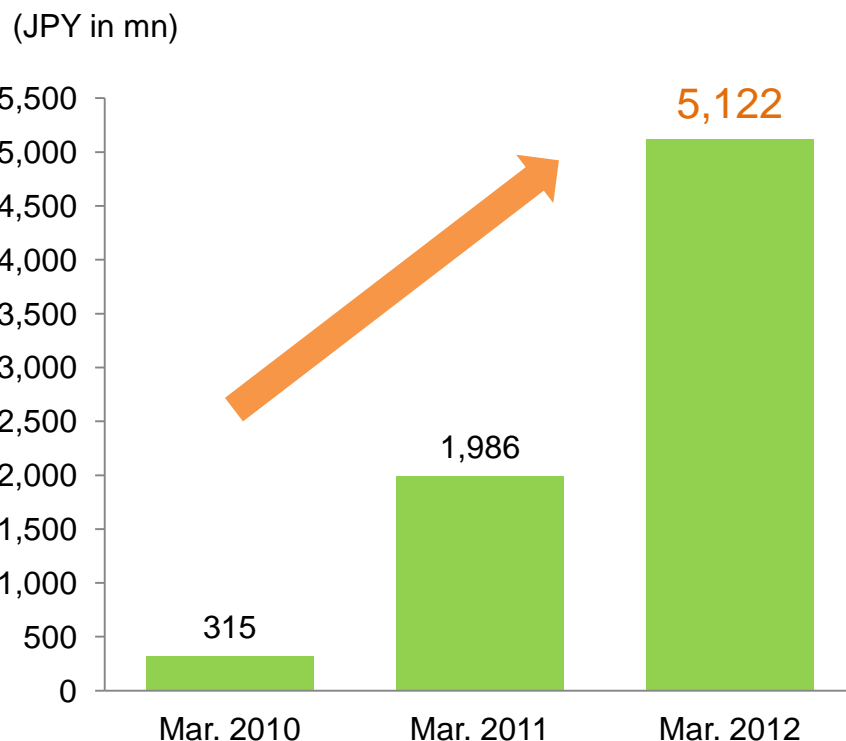
¹ Bottom part of bar charts shows the annualized premiums of A&H (Accident and Health).

- Value of new business has turned positive while value of in-force business steadily increases. European Embedded Value (EEV) has also bottomed out upon achieving minimum scale

Value of New Business



Value of in-Force Business



¹ Operating expense per policy in force used in the calculation of value of new business is assumed to decrease in accordance with the increase of policy in force business and to be normalized in 2017 (10 years since commencement of business). Value of New Business (Normalized) is calculated based on the assumption that operating expense per policy is at the normalized level.

Historical Financials – Income Statement

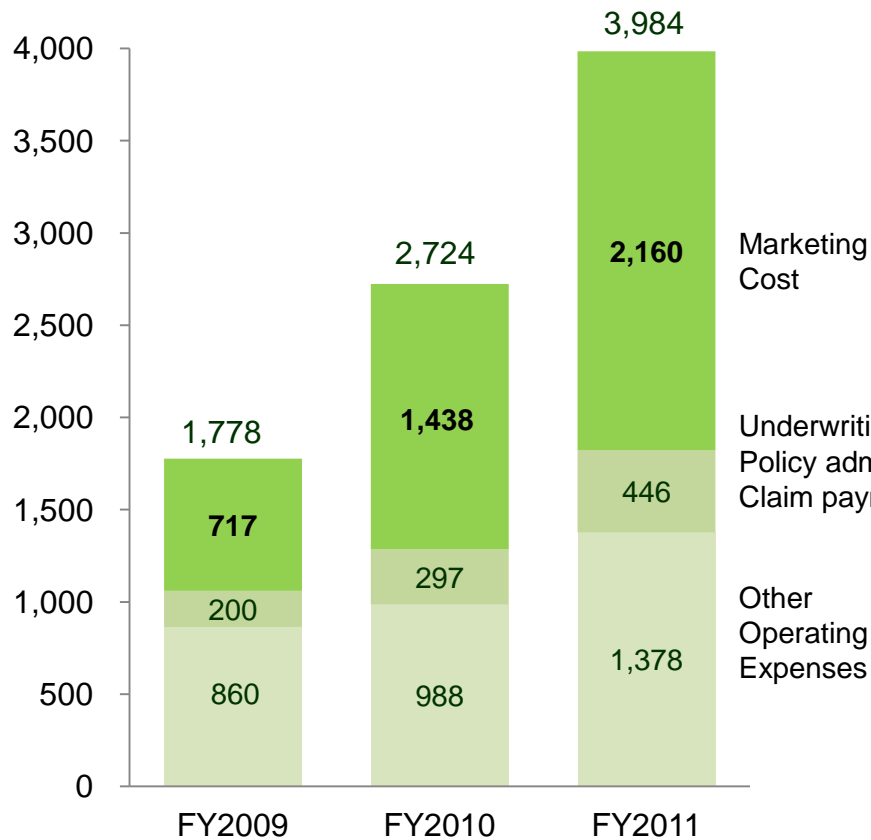
(JPY mn)	FY2008	FY2009	FY2010	FY2011
Ordinary Revenues	248	658	1,827	3,773
Premium and other income	80	591	1,765	3,720
Investment income	167	66	60	47
Other ordinary revenues	0	0	1	5
Ordinary Expenses	1,617	1,690	2,648	4,461
Benefits and claims	20	34	154	410
Provision for policy reserves ¹	48	196	565	1,130
(Provision for contingency reserve ²)	(44)	(143)	(246)	(295)
Investment expenses	—	0	0	0
Operating expenses	1,860	1,778	2,724	3,984
(Marketing cost)	(524)	(559)	(1,290)	(2,160)
Other ordinary expenses	294	350	595	1,041
Deferred expenses (Rule 113)	(605)	(669)	(1,392)	(2,106)
Ordinary Profit (Loss)	(1,368)	(1,032)	(820)	(687)
Net Income (Loss)	(1,372)	(1,036)	(834)	(900)
Fundamental Profit (Loss)	(1,459)	(888)	(574)	(391)
Cash Flow from Operating Activities	(1,913)	(1,230)	(1,153)	(799)
(Ref) Number of New Policies	5,253	19,282	42,214	60,725
Number of Policies in force	5,116	23,506	63,188	118,040

- 1 Insurance premium reserves are calculated based on the 5-year Zillmer's method in accordance with Article 69, Paragraph 4, No.4 of the Enforcement Regulation of the Insurance Business Act
2 Contingency reserve (death risk): increased amount of contingency insurance with respect to death at the end of the fiscal year compared to the previous fiscal year multiplied by 0.6/1,000

- We have successfully managed our fixed operating costs. Increasing number of new policies and our continuous cost control efforts have steadily reduced acquisition cost per policy

Operating Expenses

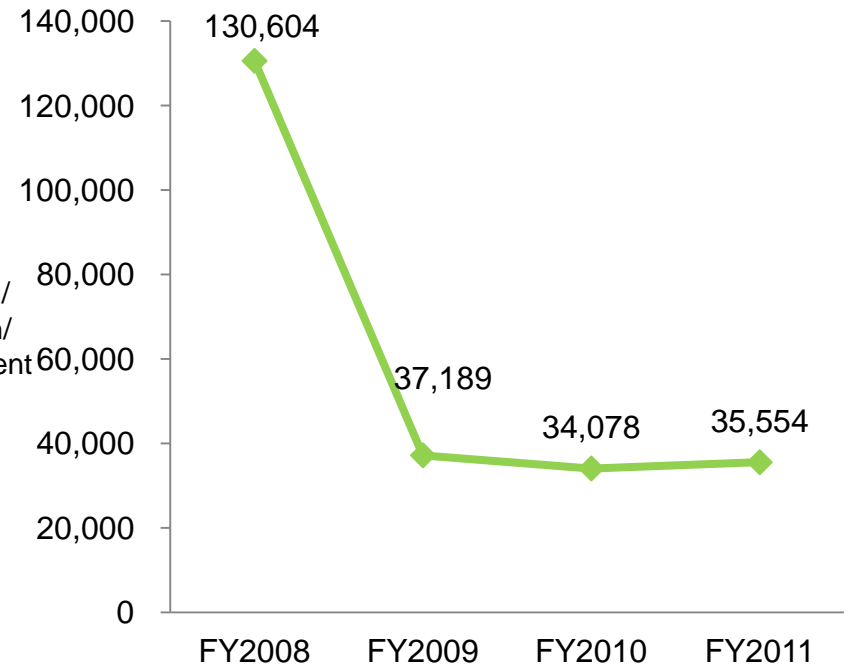
(JPY in mn)



Acquisition Cost per Policy

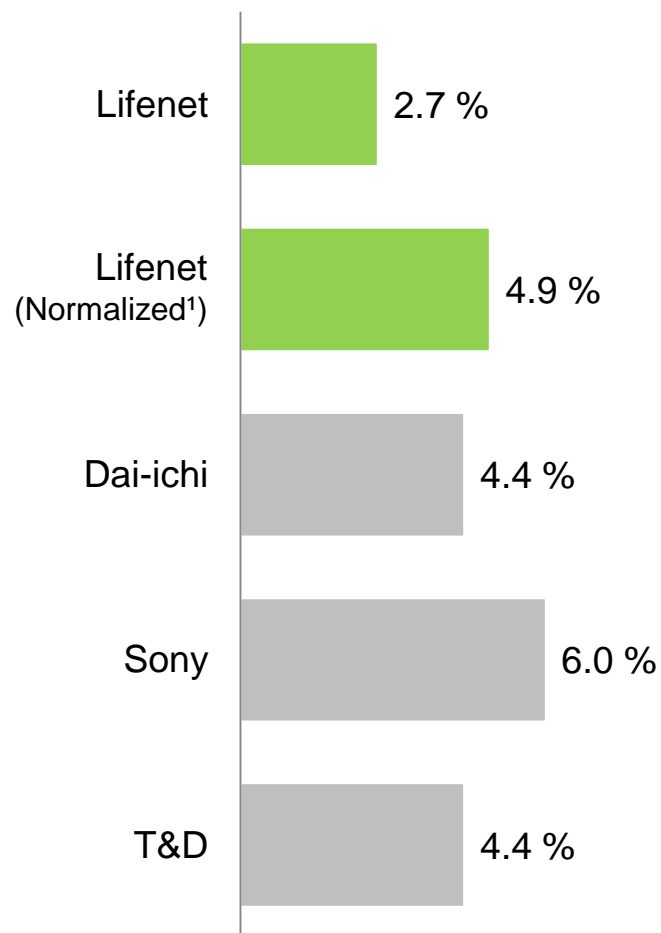
(JPY)

◆ Marketing Expenses / Number of New Policies



- We have achieved sustainable profitability through low cost operations with mortality & morbidity gains and positive spread. We expect to increase cost efficiency and gain operating leverage as we expand our business

New Business Margin (FY2011)



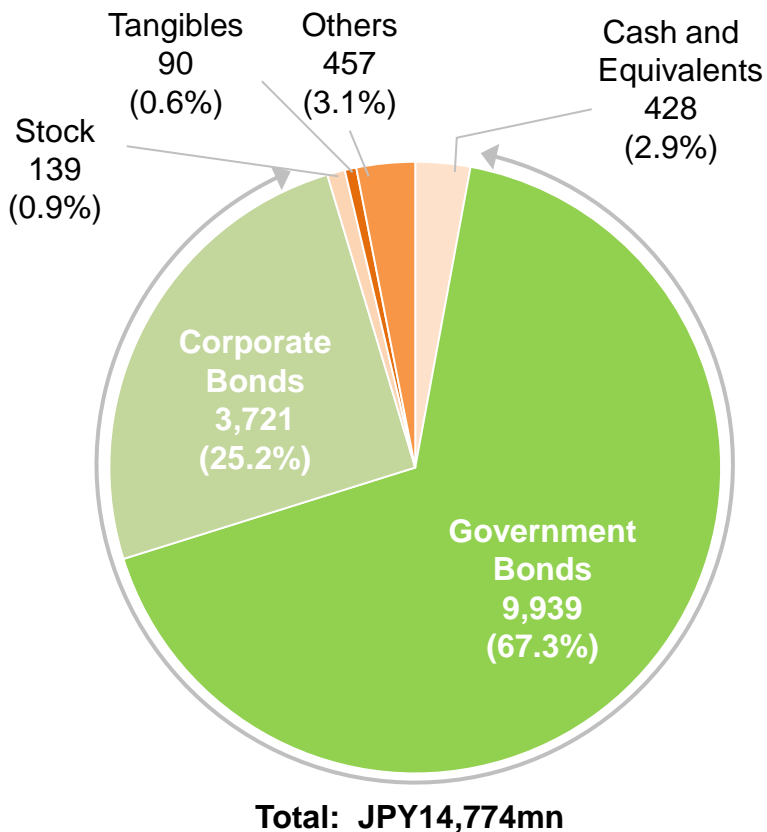
Fundamental Profit

(JPY in mn)	FY2008	FY2009	FY2010	FY2011
Fundamental Profit	(1,459)	(888)	(574)	(391)
Mortality & Morbidity Gains	8	156	279	490
Expense Margins	(1,501)	(1,110)	(911)	(919)
Positive/ (Negative) Spread	33	66	58	37
Insurance Premiums	80	591	1,765	3,720
Ordinary Profit	(1,368)	(1,032)	(820)	(687)
Provision for contingency reserve	(44)	(143)	(246)	(295)

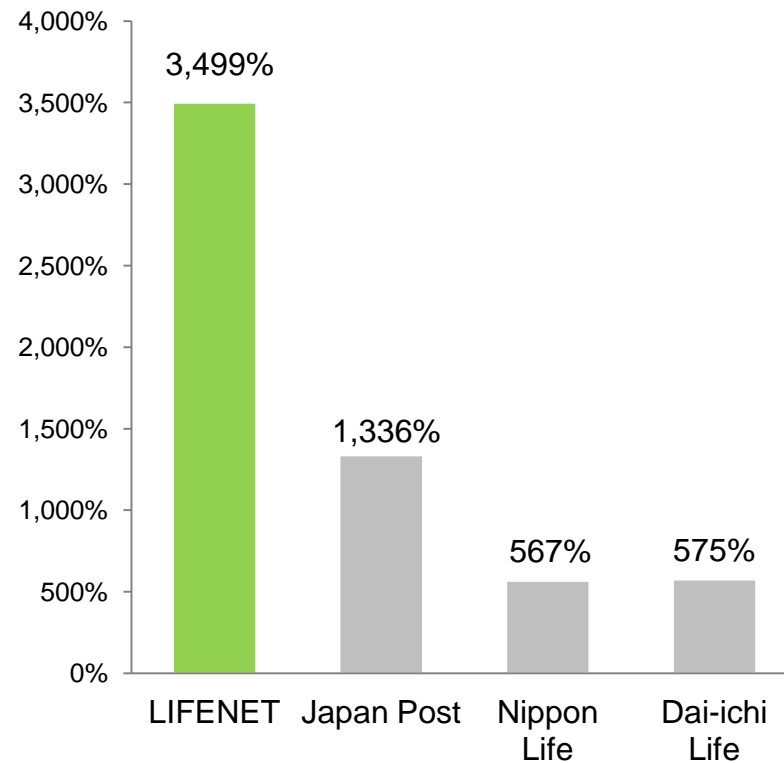
¹ Assuming operating expenses per new policy would be the long-term balanced level which is expected to be reached in the fiscal year ending March 2018 (10 years after the commencement of business).

- We have limited downside risk with a conservative asset portfolio and have maintained a sufficient capital buffer with a high solvency margin ratio

Asset Composition (Mar. 2012)¹



Solvency Margin Ratio (Mar. 2012)



¹ Excluding Intangibles (JPY424mn) and Deferred Expenses under Rule 113 (JPY3,659mn).

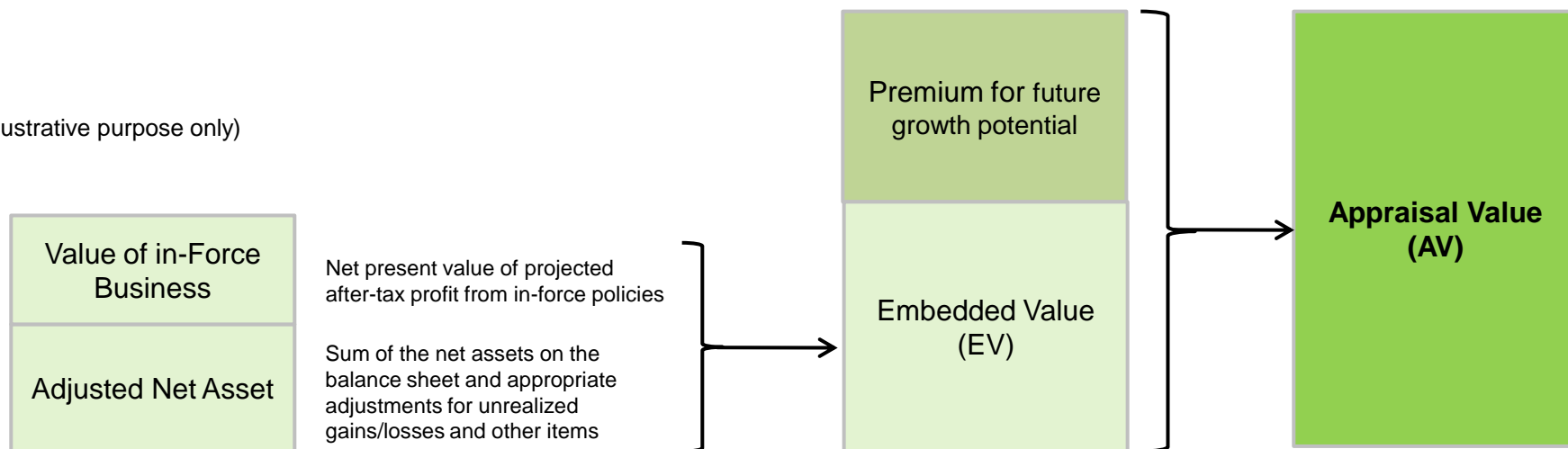
Historical Financials – Balance Sheet

(JPY mn)	FY2008	FY2009	FY2010	FY2011
Total Assets	11,412	10,586	10,523	18,861
Cash and deposits	1,111	523	380	428
Securities	9,118	8,408	7,200	13,800
Government bonds	6,913	3,666	3,556	9,939
Municipal bonds	490	100	-	-
Corporate bonds	1,714	4,554	3,532	3,721
Stock	-	88	111	139
Deferred expenses (Rule 113)	545	1,079	2,162	3,659
Total Liabilities	273	463	1,230	2,702
Policy reserves and others	48	244	810	1,940
Net Assets	11,139	10,122	9,292	16,159
Solvency Margin Ratio (Old)	41,117.3%	8,731.5%	3,423.0%	-
Solvency Margin Ratio (New)	NA	NA	3,283.4%	3,499.1%

Embedded Value and Appraisal Value

- Embedded value (EV) is an indicator used to measure the corporate value and earnings performance of life insurance companies. EV is the total of adjusted Net Assets, based on balance sheet values, and the Value of In-force Business, based on projected cash flows from policies in force.

(Illustrative purpose only)



(JPY mn)	Mar. 2010	Mar. 2011	Mar. 2012
EEV ¹	9,558	9,551	18,547
Adjusted Net Asset	9,242	7,565	13,425
Value of in-Force Business	315	1,986	5,122
Value of New Business ²	△879	△65	788

Reference: Value of New Business (Normalized) ³	332	1,010	1,692
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¹ Lifenet has fully adopted the EEV Principles, while also taking into account a market-consistent approach for reflecting such as risks, in calculating its EV. Traditional EV differs depending on assumptions and calculation methods. Thus, the EEV Principles and related guidance were published in May 2004 by the CFO Forum, an organization comprising the chief financial officers of Europe's leading life insurers, in order to improve consistency and transparency in EV reporting. In addition, the MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles®) was announced in June 2008 by the CFO Forum, which clarifies such as the method reflecting risks.

² The value of new business is the value of new policies issued during the period which affects EV.

³ Operating expense per policy in force used in the calculation of EEV and value of new business is assumed to decrease in accordance with the increase of policy in force business and to be normalized in 2017 (10 years since commencement of business). (Ref) Value of New Business (Normalized) is calculated based on the assumption that operating expense per policy is at the normalized level.

“Contribution margin” - Value of New Business (VoNB) per policy

			Per policy
(JPY mn)	FY2011	FY2012	2012 (JPY 000s)
Certainty equivalent present value of future profit	3,946	6,270	103
-) Time value of financial options and guarantees	—	—	
-) Frictional cost of capital	(43)	(45)	(0)
-) Allowance for non market risk	(1,745)	(2,761)	(45)
Value of in-force business	2,157	3,462	57
-) Adjusted net asset	(1,146)	(1,769)	(29)
Value of New Business (Normalized) ¹	1,010	1,692	27
(Ref) Value of New Business¹	(1,146)	788	12
Present value of new business premium	24,125	34,393	566
Number of new business (policies)	42,214	60,725	

¹ Operating expense per policy in force used in the calculation of value of new business is assumed to decrease in accordance with the increase of policy in force business and to be normalized in 2017 (10 years since commencement of business). Value of New Business (Normalized) is calculated based on the assumption that operating expense per policy is at the normalized level.

Value of New Business per policy (Normalized) for FY2012

	(JPY 000s)	Major changing factor
Insurance premiums (for future)	547	Product mix, Website renewal
-) Insurance payments	n/a	Appropriateness of selection
-) Operation/ Administration cost	n/a	Efficiency of operation (UW, etc.)
<hr/>		
Certainty equivalent present value of future profit	103	
-) Initial cost	29	Efficiency of operation (marketing, etc.)
<hr/>		
before allowance for non market risk	74	
-) Allowance for non market risk	46	Claims payments, Policies -in-force
<hr/>		
Value of New Business per policy	27	

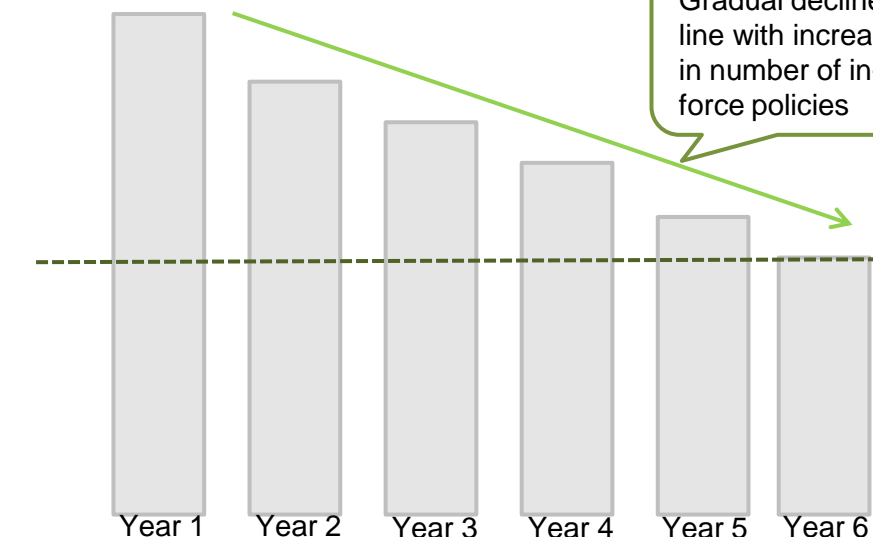
APPENDIX

(JPY mn)	Change in EEV as of March 31, 2012	Change in Value of New Business
EEV and Value of New Business as of March 31, 2012	18,547	788
Sensitivity 1a: 1.0% increase in risk-free rate	823	392
1b: 1.0% decrease in risk-free rate	(1,527)	(722)
1c: 0.5% increase in risk-free rate	462	221
1d: 0.5% decrease in risk-free rate	(619)	(219)
2: 10% decrease in equity and real estate value	(13)	—
3: 10% decrease in operating expenses	741	368
4: 10% decrease in lapse ration	(578)	(257)
5: 5% decrease in claim incidence rates for life business	1,720	767
6: 5% decrease in mortality for annuity business	—	—
7: Change the required capital to 200% of solvency margin ratio	72	35

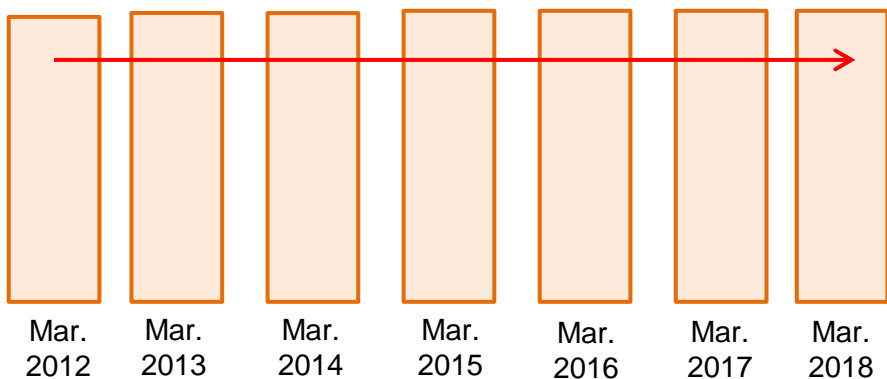
Value of new business /EEV

Running costs per in-force policy (illustration)

Gradual decline in line with increase in number of in-force policies

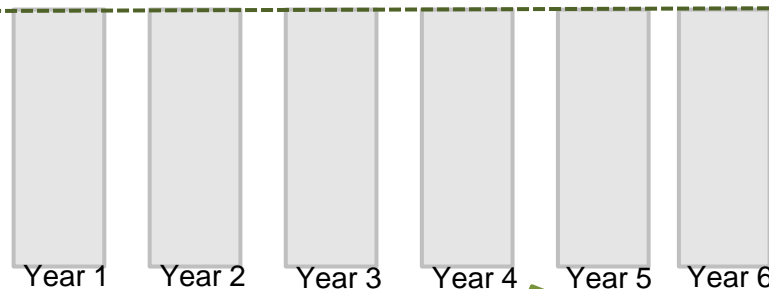


Assumed number of new policies
(column on left is actual number for the year, ended Mar. 2012)



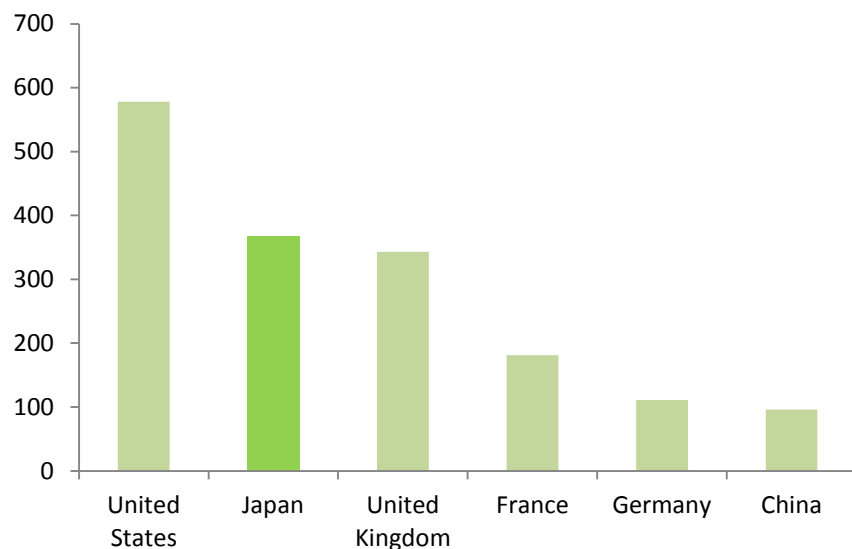
Value of new business (Normalized)

Running costs per in-force policy (illustration)



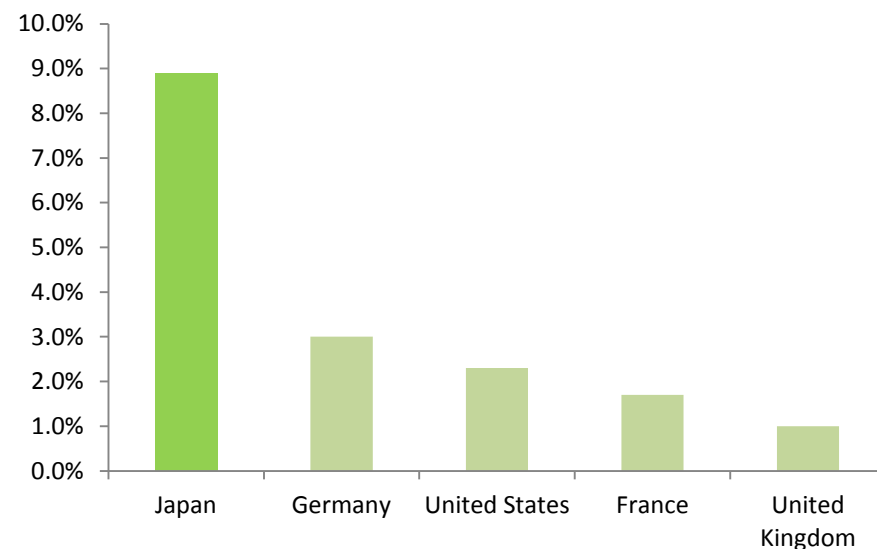
- Expenses used for EEV and new policy value calculation are based on the assumption that expense per policy will gradually decrease in line with the increase in the number of in-force policies and reach equilibrium in the 10th year of business (March 2017 period).
- Normalized value of new businesses are calculated assuming expenses are maintained at the balanced level from the commencement of new policy contracts.

Market Size by Insurance Premium (2007)



	(\$ bn)	(%)
US	578	23%
Japan	367	15%
UK	343	14%
France	181	7%
Germany	111	5%
China	96	4%

Profitability (New Business Margin by country – AXA)



Japan	8.9%
Germany	3.0%
US	2.3%
France	1.7%
UK	1.0%

Source: JP Morgan Analyst Report

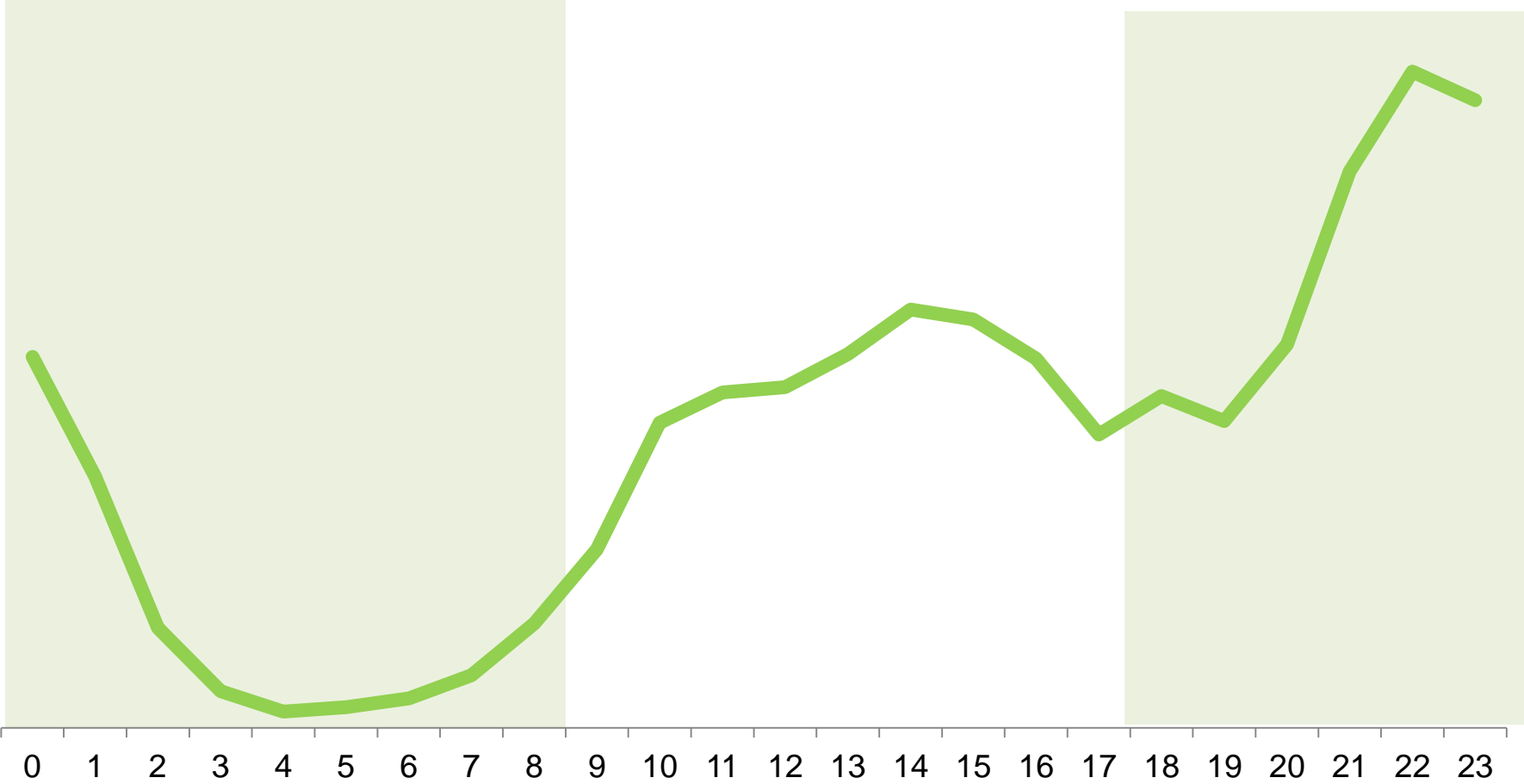
(Sony Financial Holdings), Nov 12, 2007

- Since the complete revision of the Insurance Business Act in 1996, various aspects of the business have been deregulated including sales channels, products, and determination of premiums. Competition is being promoted in line with acceleration of new entrants to the business.

Recent trends in deregulation in the life insurance business

- 1996
 - **Complete revision of the Insurance Business Act (first time in 50 years)**
 - For promotion of competition by deregulation and implementation of consumer protection (health maintenance) and fair business operations, a thoroughgoing revision was carried out including mutual business entries among life and non-life insurance businesses, deregulation of products and premiums (introduction of notification system and others) and deregulation concerning solicitation
- 2001 ~
 - **Removal of the ban on insurance sales at bank counters as needed**
 - The ban on life insurance sales at bank counters was removed in stages (complete removal of the ban in 2007)
- 2006
 - **More flexibility in expense loading**
 - The portion of expense loading in premiums was taken out of the scope of authorities' permission and left to the discretion of management
- 2007 ~
 - **Acceleration of new business entries**
 - 7 life insurance business licenses have been granted since 2007 (at the time of revision of the Insurance Business Act, only 2 licenses had been granted in the 10 years since the first entry of a non-insurance company's subsidiary into the life insurance business)

of Applications by Time Zone
(Sep. 2011)



- We have realized highly productive operations that are almost free of administrative errors by receiving applications via the Internet and assessing them partly automatically.

Comparison of insurance administrative process (illustration)

Receipt of applications

1. Customer's request for application documents
2. Application request received and documents dispatched
3. Documents filled in and sent back by customer
4. Documents received, opened and distributed internally
5. Documents checked for errors
6. Data of documents recorded and scans made

Assessment of underwriting to confirmation of customer intention

7. Application assessed and results recorded
8. Notification of results prepared and dispatched
9. Customer billed for first premium
10. Policy placed after receipt of first premium
11. CV confirmation letter¹ and customer identification document dispatched
12. CV confirmation letter¹ filled in and sent back by customer
13. CV confirmation letter¹ received, opened, distributed internally and checked
14. Policy certificate prepared and dispatched

General life insurance companies

Lifenet

In the case of Lifenet, almost no costs are incurred as customers make applications by themselves on the Internet.

Lifenet adopted an internally developed semi-automatic processing method², considerably streamlining business and realizing accurate and meticulous assessment.

¹ Confirmation letter confirming that the policy does not provide a surrender value.

² Lifenet may request an additional declaration or medical report according to the contents of the declaration.

I. Our Guiding Principles

- (1) We believe that our responsibility to society is to return life insurance to its original state. Life insurance is for the customers, not for the company. In order to achieve this goal, we will only offer products we can recommend with confidence.
- (2) We will be transparent. We will disclose information on our management, products and company as a whole on our website to actively communicate with customers and society.
- (3) We will be fair. We believe that our services will be more benevolent if the employees are free of any and all limitations they may feel in the work environment, and as such, we will not discriminate against education, gender, age, nationality, or familial situations.
- (4) We will adhere to laws protecting personal information and comply with laws, regulations, and other social standards. We pledge to be respectable global citizens, acting fairly and ethically.

III. Life Insurance will be Cost-Competitive

- (1) We believe that no one should pay premiums that are more expensive than necessary, and will be innovative and creative in order to develop and maintain the most cost-competitive products possible.
- (2) We will handle every step of the process in providing good products to our customers; from the development of the products to the sales. This allows for us to maintain our cost-competitive prices.
- (3) Our products will be cost-competitive, but the content of the products and our services will not be sacrificed. All communication with customers will be conducted accurately and quickly, including claim processes.
- (4) Life insurance is a very expensive purchase, and life is also very expensive. We want for our customers to spend less on life insurance, and more on enjoying life.

II. Life Insurance will be Comprehensive

- (1) Our products will be simple and comprehensible. There will not be complex policies with special provisions.
- (2) Life insurance is a financial product designed to mitigate risk, and we believe the customer should decide what products are necessary for them. As we feel it is critical for customers to be well informed of products and policies, we will make accessible any and all relevant information on our website for customers to make logical and rational decisions. The Customer Contact Center is also available for further clarifications and questions.
- (3) Our website will promote the understanding of not only our company's products, but of life insurance in general.
- (4) We will make life insurance products tangible via clearly written policies and comprehensible terms and conditions.

IV. Life Insurance will be Convenient

- (1) We know our customers have very busy lives. That is why our customers can apply for our life insurance policies via the internet, 24 hours a day, 7 days a week.
- (2) Our documents require only a signature. There are no other typical official items required to verify personal identification.
- (3) Our definition of "surgery" is aligned with the national healthcare insurance point table, making the claim process much more convenient and comprehensible.
- (4) We have a proxy claim system, allowing for the third party designated by the claim holder to file a claim. The appointed proxy need simply to make a phone call to our contact center for necessary documents.

**This manifesto is not simply as a declaration. This is how we do things.
Join us on our journey.**

This material is based on information as of March, 2013.

All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties.

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:
Corporate Development Department, Investor Relations
e-mail: ir@lifenet-seimei.co.jp