

**Securities Code: 7157**  
**TSE Mothers**



**LIFENET**

LIFENET INSURANCE COMPANY

**Reference Data**  
**for**  
**Third Quarter**  
**Fiscal 2013**

**LIFENET INSURANCE COMPANY**

**February 14, 2014**

# Contents

- 1. Progress of Mid-term Business Plan**
- 2. Results for 3Q of Fiscal 2013**
- 3. Challenges for Growth of New Business**

# Mid-term Business Plan



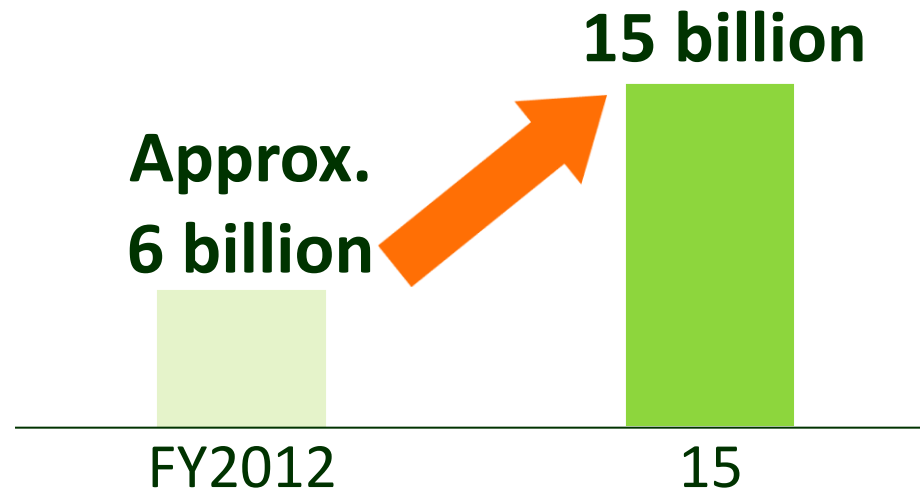
## LIFENET 2015

Offer new products and services as an “innovator” to create the future of life insurance that resonates with stakeholders, and achieve the highest sustainable growth among online life insurance businesses.

## Management Goal

- ✓ Achieve **15 billion** in ordinary income (FY 2015)
- ✓ Push the company **toward profitability** (FY 2015)

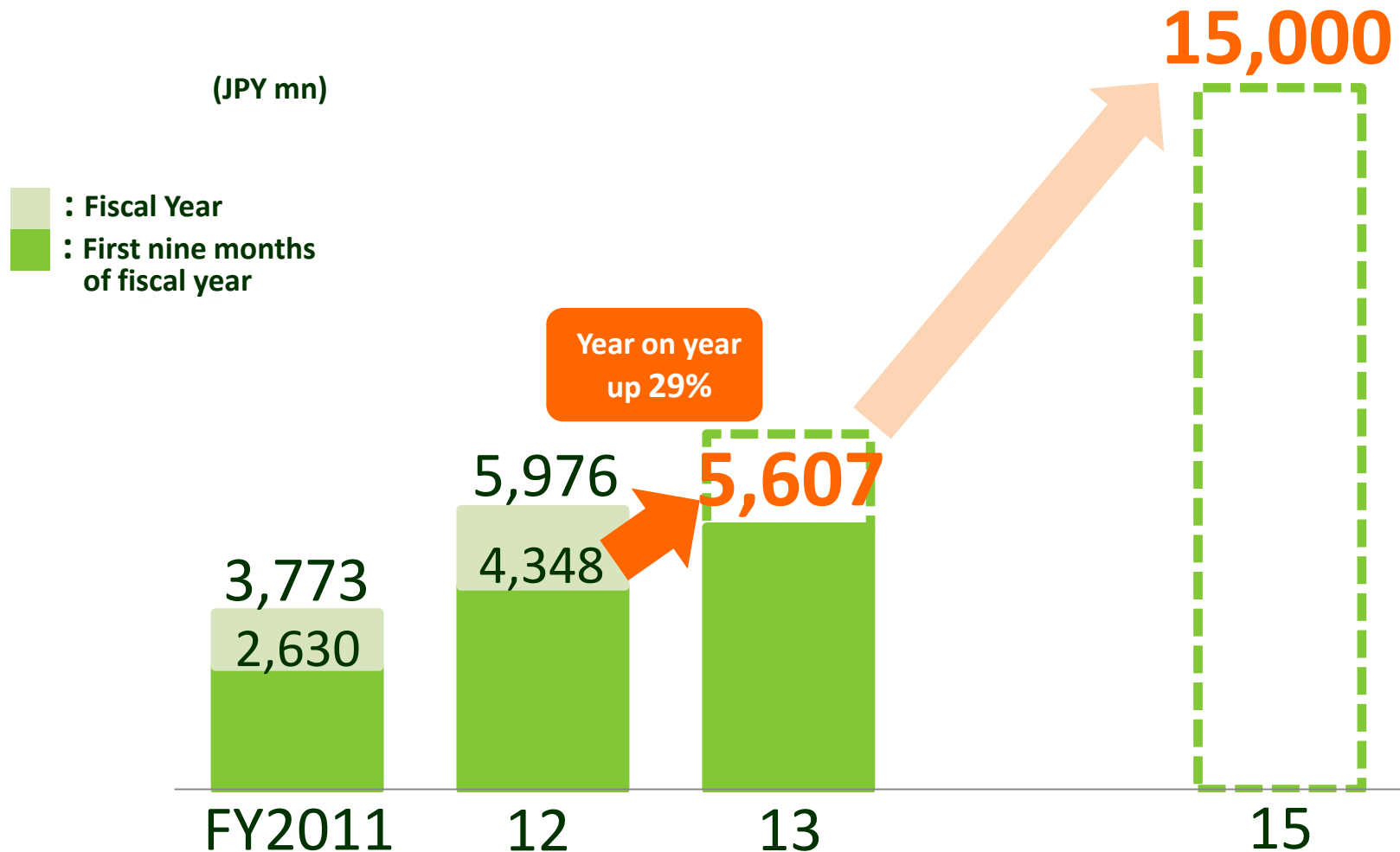
(Based on ordinary profit before amortization of deferred assets under Article 113 of the IBA<sup>1</sup>)



1. IBA: Insurance Business Act

# Progress of Mid-term Business Plan (Ordinary Income)

- Aiming to achieve ordinary income of 15 billion yen; recorded year on year **129%**



# Progress of Mid-term Business Plan (Ordinary Profit / Loss)<sup>1</sup>

■ Aiming to increase ordinary income and improve productivity, pushing the company toward profitability



1. Ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act

2. Excluding the 445 million yen effect of changing calculation formula of policy reserves on provision

3. Excluding the 501 million yen effect of changing calculation formula of policy reserves on provision

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# Summary of Third Quarter Results



(JPY mn)

	First 9 months of FY2012	First 9 months of FY2013	Year on year
<b>Number of new business</b>	44,485	36,981	83.1%
<b>Number of policies-in-force</b>	155,947	197,097	126.4%
<b>Ordinary income</b>	4,348	5,607	128.9%
<b>Operating expenses</b>	3,750	3,038	81.0%
<b>Ordinary profit (loss)<sup>1</sup></b>	(1,546) <sup>2</sup>	(782)	-
<b>Cash flows from operating activities</b>	(201)	1,373	-
<b>Mortality margin</b>	771 <sup>2</sup>	876	113.7%

1. Ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act

2. Excluding the 445 million yen effect of changing calculation formula of policy reserves on provision

# Overview of Third Quarter Results



## Steady Progress to Mid-term Business Plan

- Growth in ordinary income
- Decrease in ordinary loss (before deferred expenses and amortization)
- Suitable operating expense control
- Continued positive cash flows from operating activities
- Steadily recording mortality margin

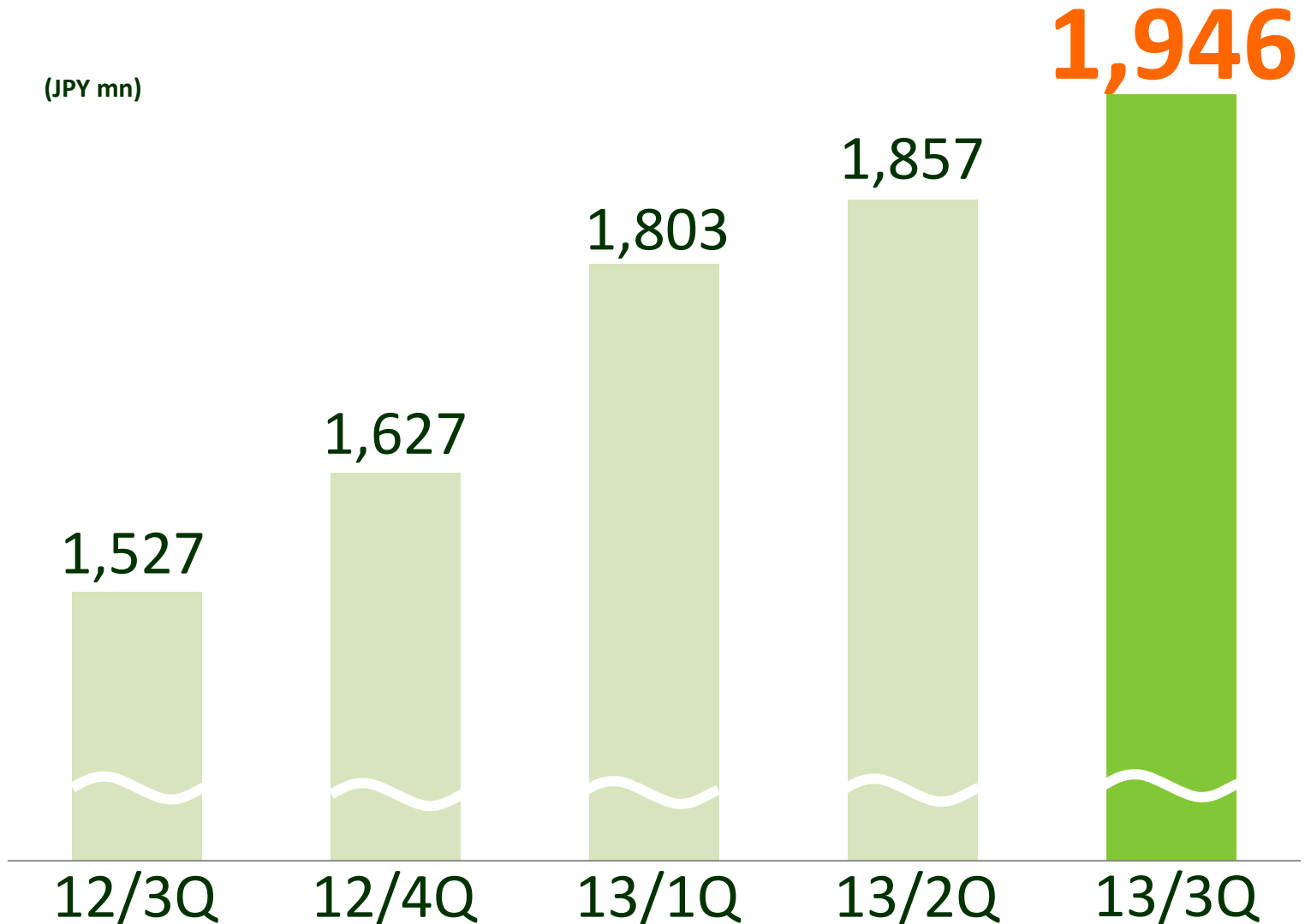
## Issues to Be Addressed

- Decreasing trend of new business



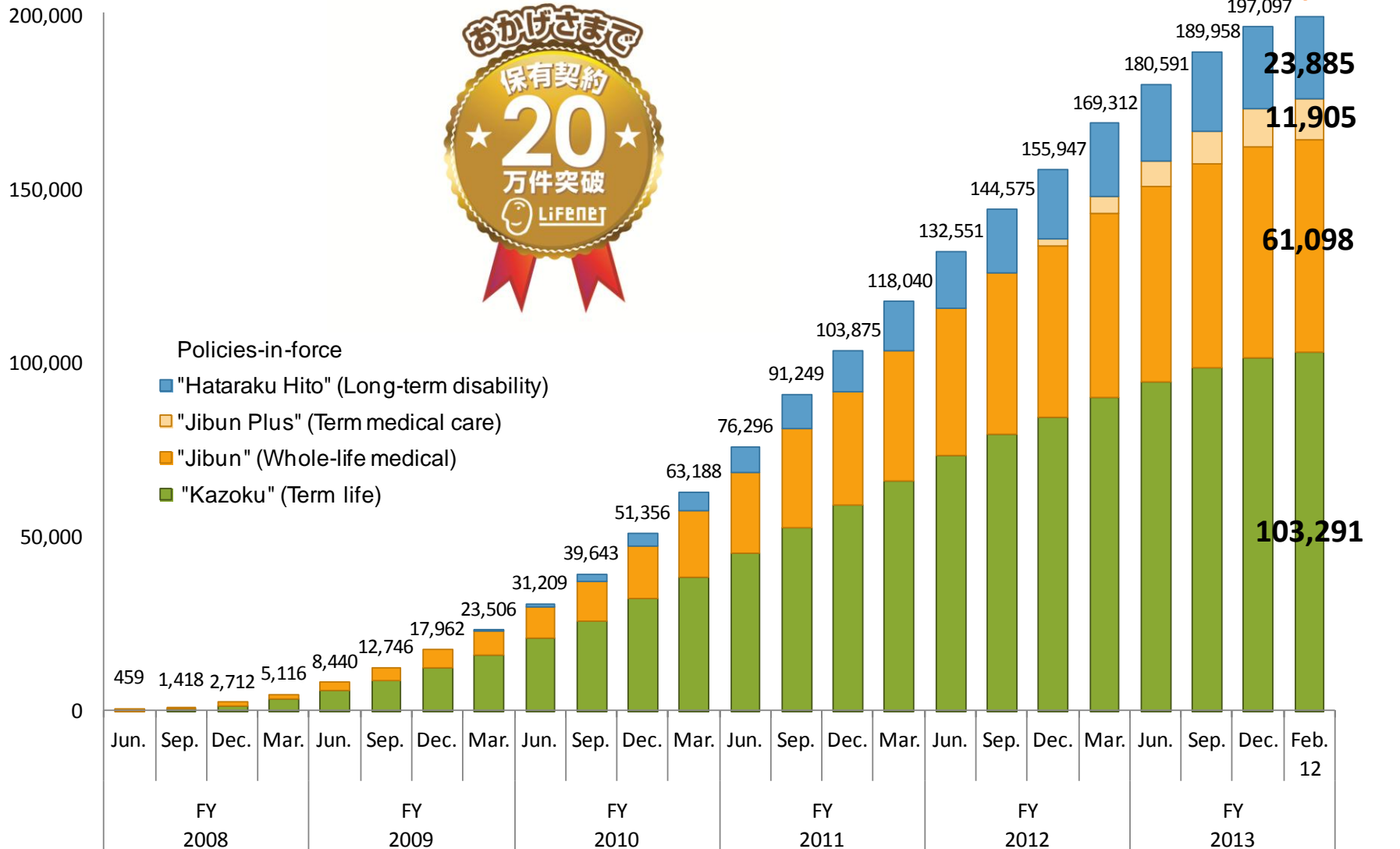
# Ordinary Income (Quarterly)

■ Increased 27% from 3Q FY2012



# Number of Policies-in-Force (Quarterly)

**Exceeded 200,000 on Feb. 12**



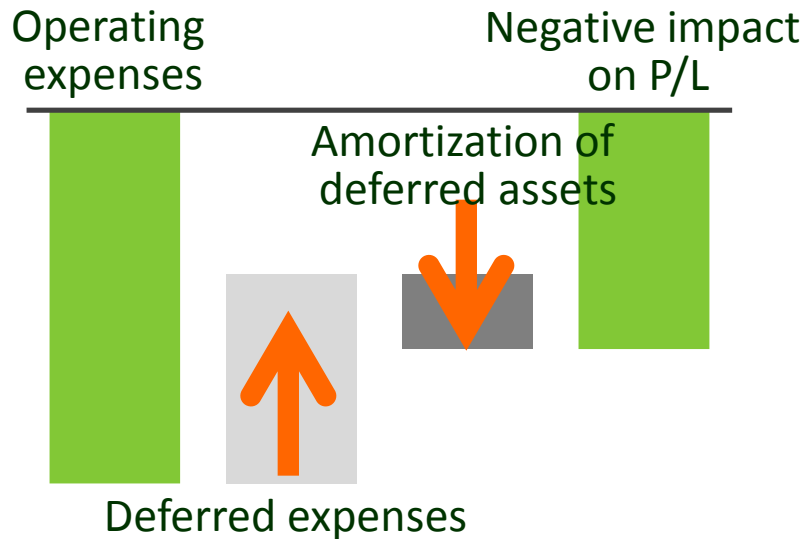
# Deferred Assets under Article 113 of the IBA<sup>1</sup>

- Insurance companies are allowed to record deferred assets under Article 113 of the IBA<sup>1</sup> for the first 5 years after business commencement (FY2012)

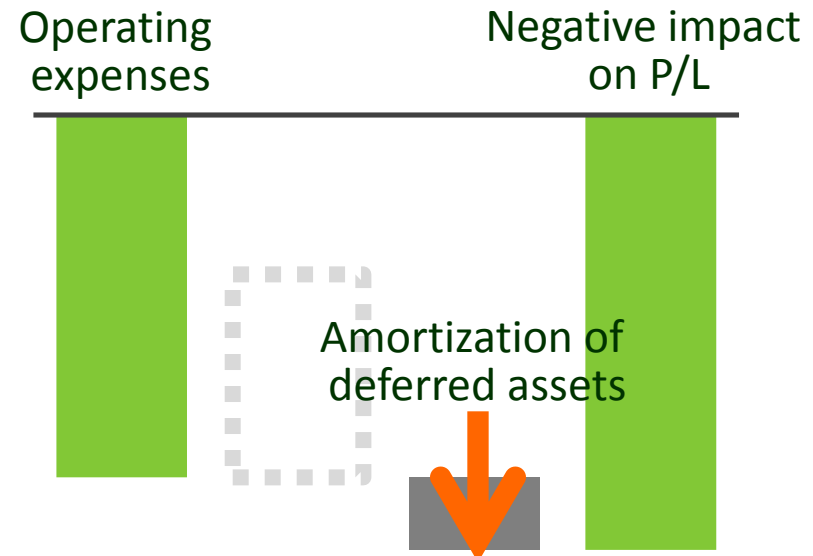
Illustrative image of impact on P/L

(focusing on the relationship between operating expenses and deferred assets)

**Until FY2012**



**From FY2013 to FY2017**



Note: Lifenet is not allowed to pay dividend due to IBA<sup>1</sup> until FY2017 because it is expected to record the amortization of deferred assets of approx. JPY 1bn every fiscal year.

1. IBA: Insurance Business Act

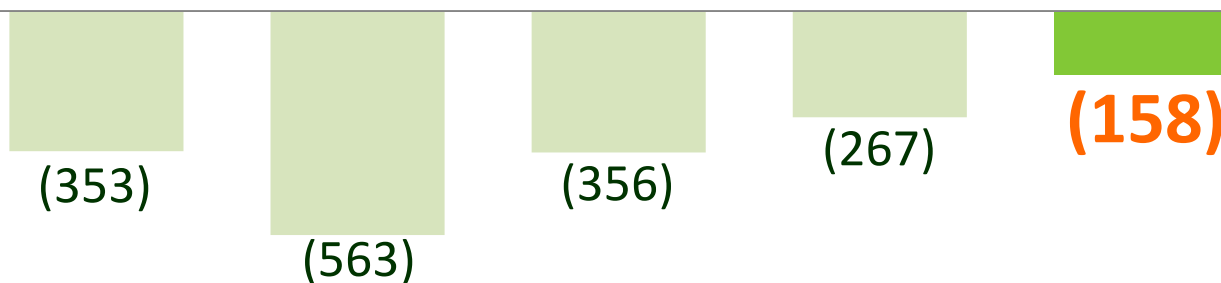
# Ordinary Profit / Loss (Quarterly)

## ■ Less ordinary loss before deferred expenses and amortization

(JPY mn)

	12/3Q <sup>1</sup>	12/4Q	13/1Q	13/2Q	13/3Q
Ordinary loss before deferred expenses and amortization	(353)	(563)	(356)	(267)	<b>(158)</b>
Deferred expenses	533	631	-	-	-
Amortization cost	(271)	(377)	(265)	(265)	(265)
Ordinary profit (loss)	(91)	(308)	(622)	(532)	<b>(423)</b>

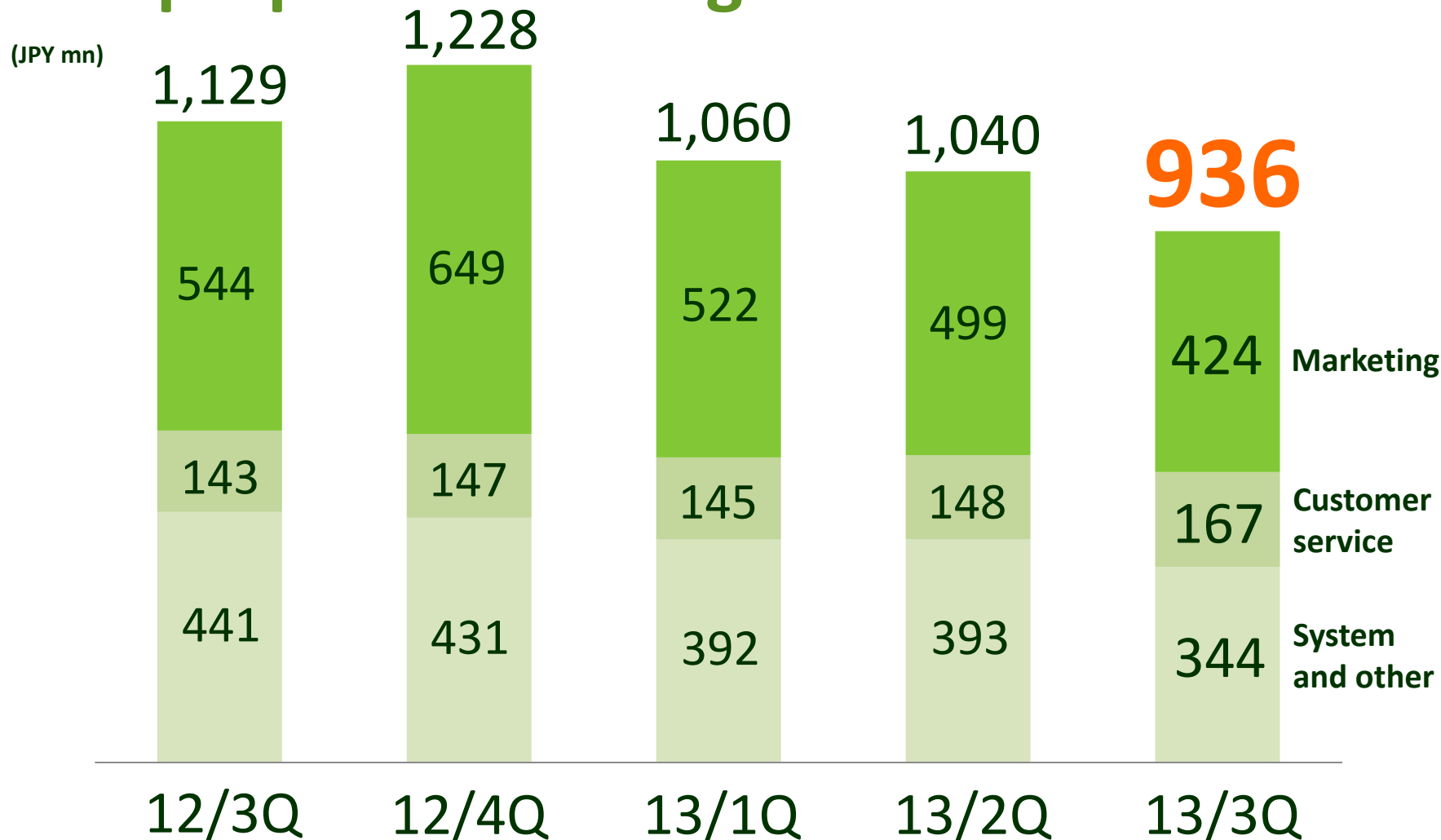
Ordinary loss before deferred expenses and amortization



1. Excluding the 445 million yen effect of changing calculation formula of policy reserves on provision.

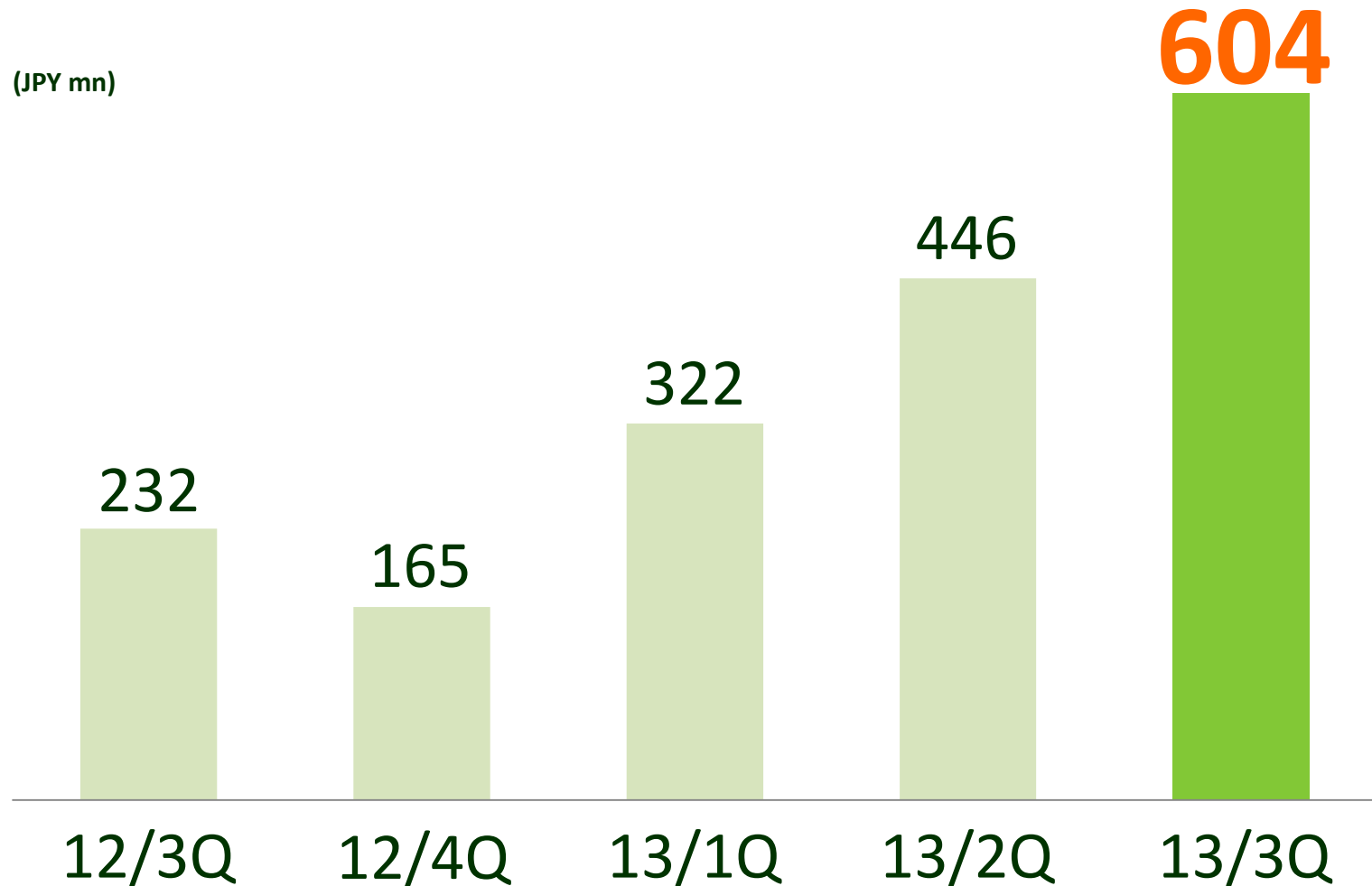
# Operating Expenses (Quarterly)

■ Operating expenses at the lowest level due to proper controlling



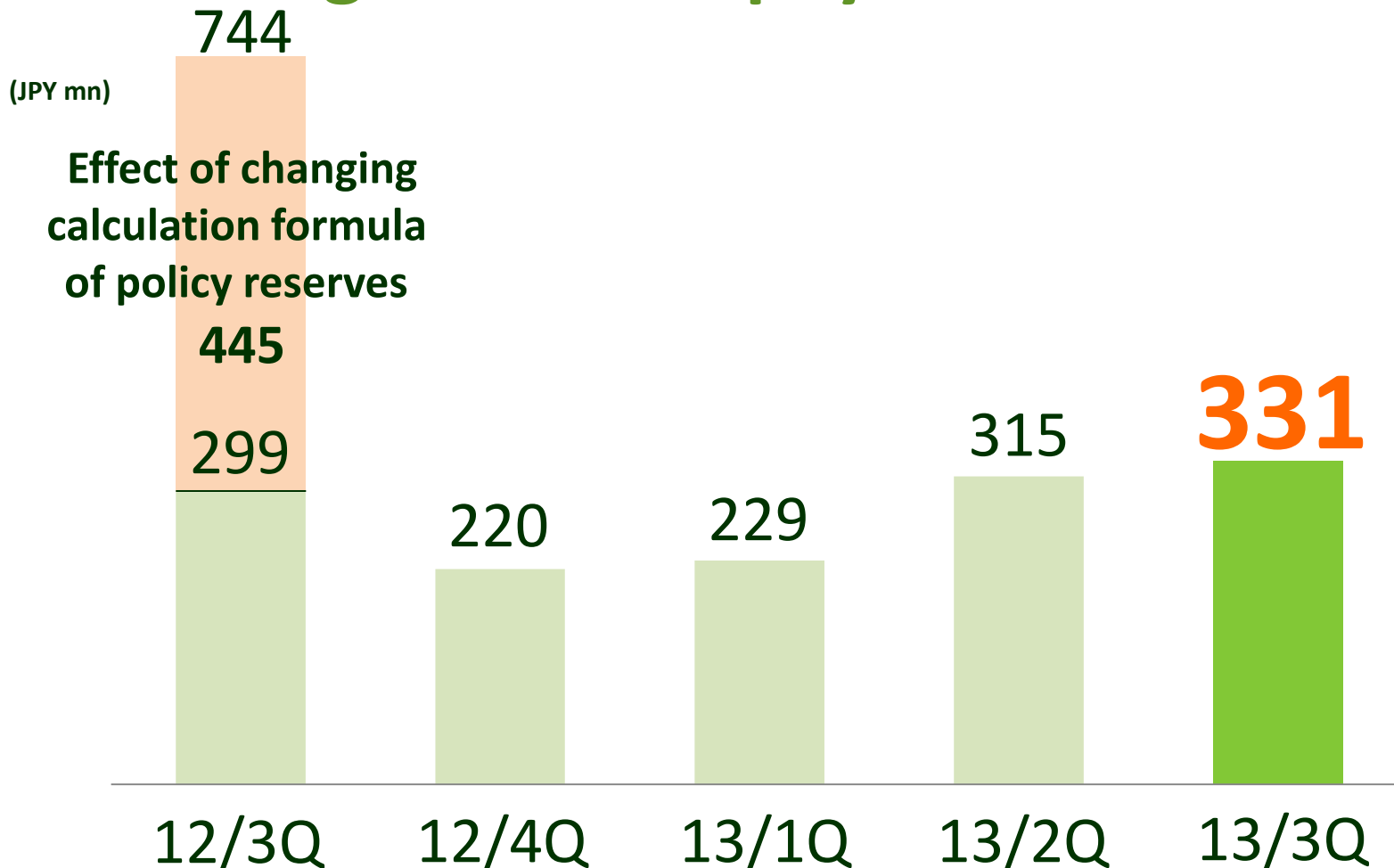
# Cash Flows from Operating Activities (Quarterly)

- Continued positive cash flows with the steady increase of policies-in-force



# Mortality Margin (Quarterly)

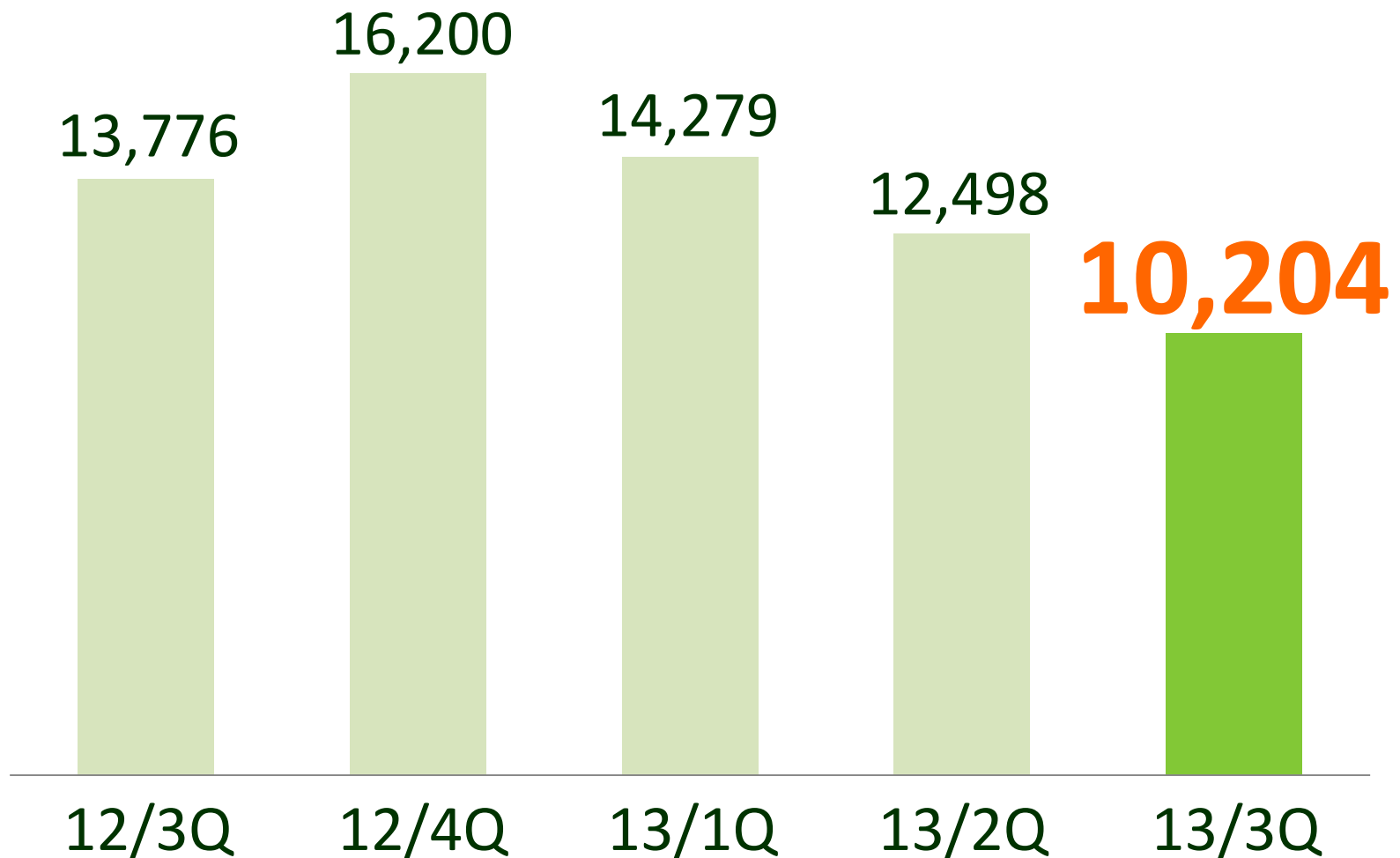
Steadily mortality margin in spite of increasing insurance payments



# Number of New Business (Quarterly)



■ Decreased 26% from 3Q FY2012

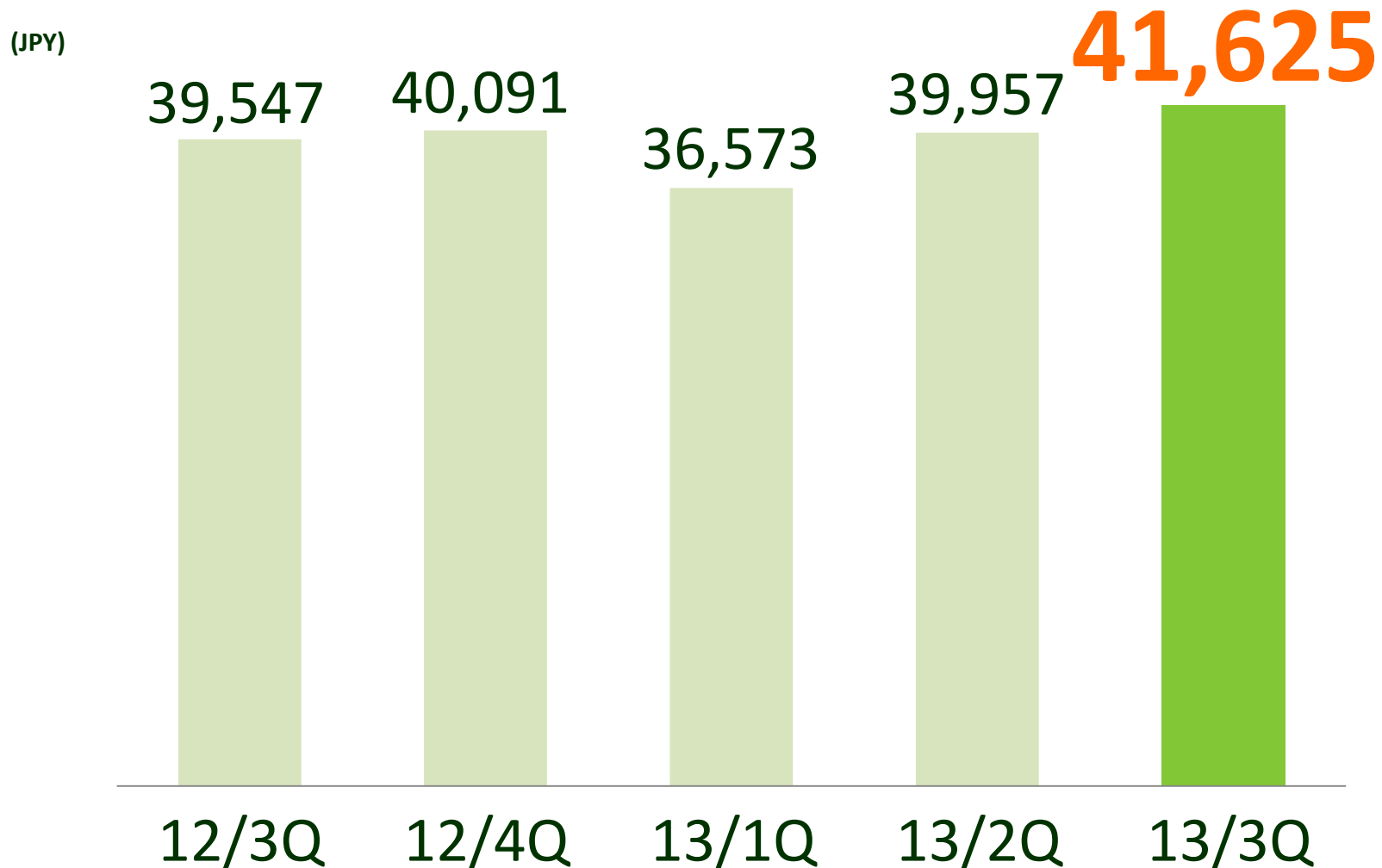




# Marketing Expenses per New Business (Quarterly)



■ Increased due to declining new business, but averaging roughly 40,000 yen



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# Challenges for Growth of New Business

## ■ Making steady progress to face various challenges

Challenges	Measures
Improving customer follow-up to closing	<ul style="list-style-type: none"><li>✓ Improved online tool to support insurance selection</li><li>✓ Enhanced free consultation services</li></ul>
Targeting specific segments	<ul style="list-style-type: none"><li>✓ New TV commercial encouraging 40s to reconsider insurance policies</li></ul>
Adapting to change of devices	<ul style="list-style-type: none"><li>✓ Boosted convenience by improving smartphone site</li></ul>
Enhancing competitiveness of products and services	<ul style="list-style-type: none"><li>✓ Reviewing existing products</li><li>✓ Insurance claims and benefits to be made in minimum 2 days</li></ul>
Clearing up uncertainties about insurance payment	<ul style="list-style-type: none"><li>✓ Interviewed customers who received insurance benefits</li></ul>

# Improve Support for Insurance Selection

- Developed intuitive tool to suggest suitable plan to customers just in three minutes



「保険って、どう選んでいいのかわからない」  
「自分で考えるのって難しそう」

そんなあなたでも、たった**3分**間、  
簡単な質問に答えるだけで  
**ぴったりの保険が見つかります。**  
一緒に探してみましよう!

ライフネット生命保険会長  
保険の達人  
**出口 治明**の  
(でくちはるあき)  
ワンポイントアドバイス!

クリックで  
**スタート! >>>**

Three-minute online tool (Japanese Only)

<http://www.lifenet-seimei.co.jp/lifestage/>

# Enhancing Free Consultation Services

## Started consultation services by insurance planners

### Lifenet's insurance planners

#### Telephone consultation



**0120-466133** (通話無料)

受付時間：平日10時～19時（年末年始、土曜、日曜、祝日は除く）



#### 'My Page' consultation

受付は24時間いつでも

▶ **相談はこちらから**

(ID登録に進みます)



### Affiliated insurance planners

#### Email consultation



保険相談に乗ってほしい  
提携保険プランナー  
を選択してください

STEP1



相談内容を入力  
してください

※なるべく細かく・詳しく  
書いていただくと、  
ぴったりの回答を差し  
上げることができます

STEP2

3営業日  
以内

(土・日曜、  
祝日は除きます)



提携保険プランナー  
が回答メールを  
お送りします

STEP3

# New TV Commercial Encouraging to Reconsider Insurance Policies

- Target 40s for reconsidering insurance policies



# Improving Smartphone Site

## ■ Increasing application via smartphone

### Application via feature phone and smartphone

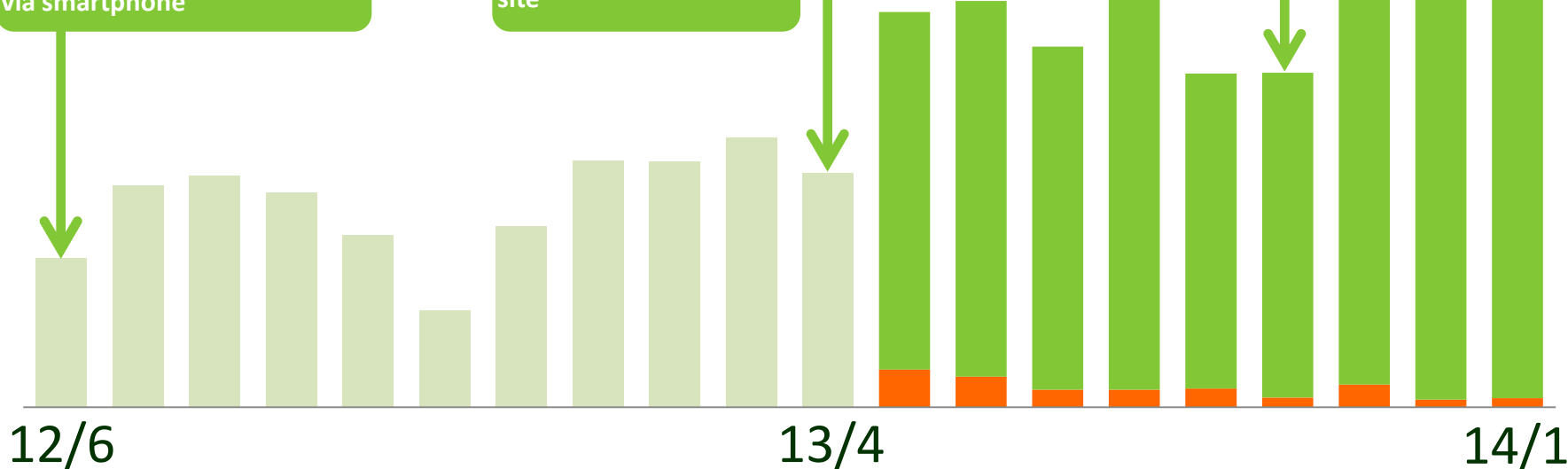
- : Application via feature phone and smartphone (-Apr. 2013)<sup>1</sup>
- : Application via feature phone (May 2013-)
- : Application via smartphone (May 2013-)

June 28, 2012  
Began accepting applications via smartphone

April 25, 2013  
Renewed smartphone site

Oct. 28, 2013  
Renewed smartphone site  
Enabled medical declaration via smartphone and seamless application via smartphone/PC

January 2014  
Expanded smartphone TV commercial broadcasting area






1. The number of application via feature phone and smartphone has not been divided until April 2013.



# Enhance Competitiveness of Products and Services

## ■ Reviewing products steadily

Death Coverage 	Medical Coverage 	Personal Long-term Disability 
<p><b>Term Life Insurance "Kazoku"</b></p> <p>Life insurance to protect your family in case something happens to you.</p> <p><b>Point 1</b> Reasonable insurance premiums for the younger generations raising families</p> <p><b>Point 2</b> Same coverage regardless of illness, accident or natural disaster</p> <p><b>Point 3</b> Wide range of coverage available from 5 million yen to 100 million yen</p>	<p><b>Medical Care Insurance "Jibun Plus"</b> (with cancer and advanced medical care cover)</p> <p>This medical insurance product not only offers copayment-linked benefits that help reduce policyholders' copayment (hospital charges and related medical care expenses before and after hospitalization) in the public health care insurance system, but also meets wide-ranging needs related to medical expenses with its coverage for cancers and advanced medical care.</p> <p><b>+</b></p> <p><b>Whole-life Medical Insurance "Jibun"</b></p> <p>This product provides benefits linked with hospitalization-related expenses that are not covered by the public health care insurance (e.g. beds requiring extra charges).</p>	<p><b>Long-Term Disability Insurance "Hataraku-Hito"</b></p> <p>Compensation income for when you are unable to work long term.</p> <p><b>Point 1</b> Fixed premiums</p> <p><b>Point 2</b> Covers at-home care</p> <p><b>Point 3</b> No tax on benefits with a total maximum coverage of ¥100 billion Japanese yen</p>

## ■ Insurance claims and benefits to be made in minimum 2 days



# Interviews with Customers who Received Insurance Benefits

## ■ Clearing up uncertainties about insurance claims and benefits

給付金請求者の

「ホシネ」

実際に給付金を受け取った  
方に聞きました。

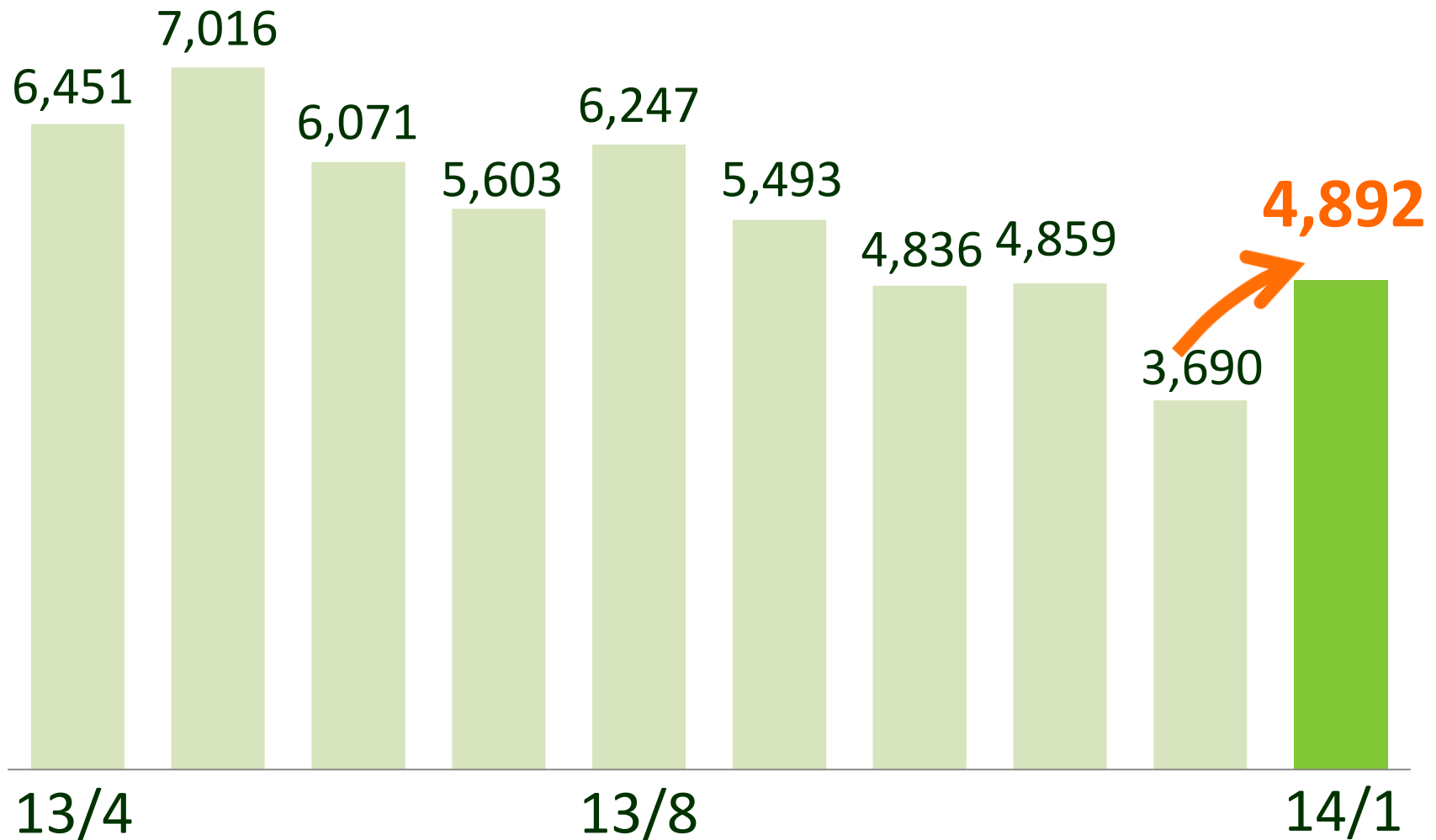


Interview from customers who have received insurance benefits (Japanese Only)

<http://www.lifenet-seimei.co.jp/about/voice/interview/>

# Number of Applications (Monthly)

## ■ Number of applications bounced back in Jan. 2014





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

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