



Securities Code:7157  
TSE Mothers



# Investor Meeting Presentation for Fiscal 2013



LIFENET INSURANCE COMPANY

LIFENET INSURANCE COMPANY

May 16, 2014

# LIFENET is...



**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.

# FY2013 Key Highlights

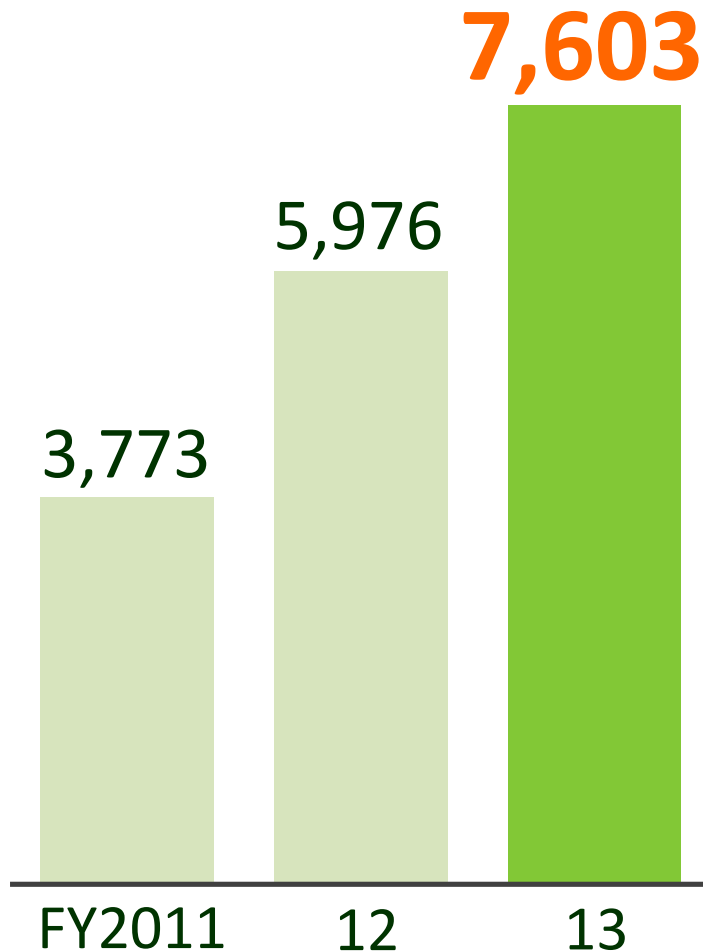
- Ordinary income **up 27%** year on year
- Ordinary loss **improved 28%** year on year<sup>1</sup>
- Turned operating cash flow **positive** with approx. **2.0bn yen** on FY basis
- Solvency margin ratio maintained at a **healthy level**
- EEV as of Mar. 31, 2014 increased by **4.0bn yen**
- Primary challenge is **return to growth in new business performance**

1. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act. That for the fiscal 2012 included the effect of changing calculation formula of policy reserves on provision, 501 million yen.

# Continuous Growth in Ordinary Income



(JPY mn)



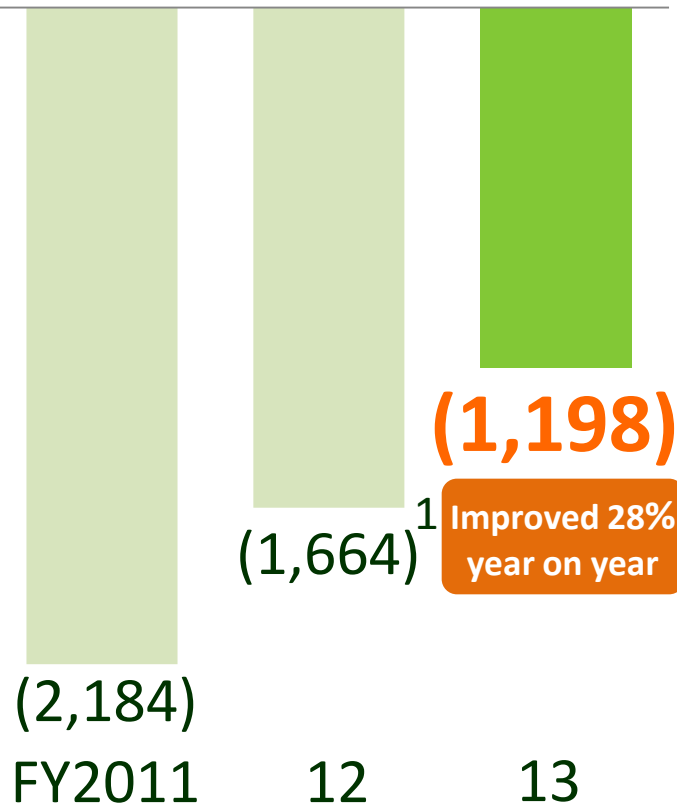
■ The number of policies-in-force steadily increased

■ Year on year **127%** growth

# Decrease of Ordinary Loss

## ■ Shrinking ordinary loss before deferred expenses and amortization

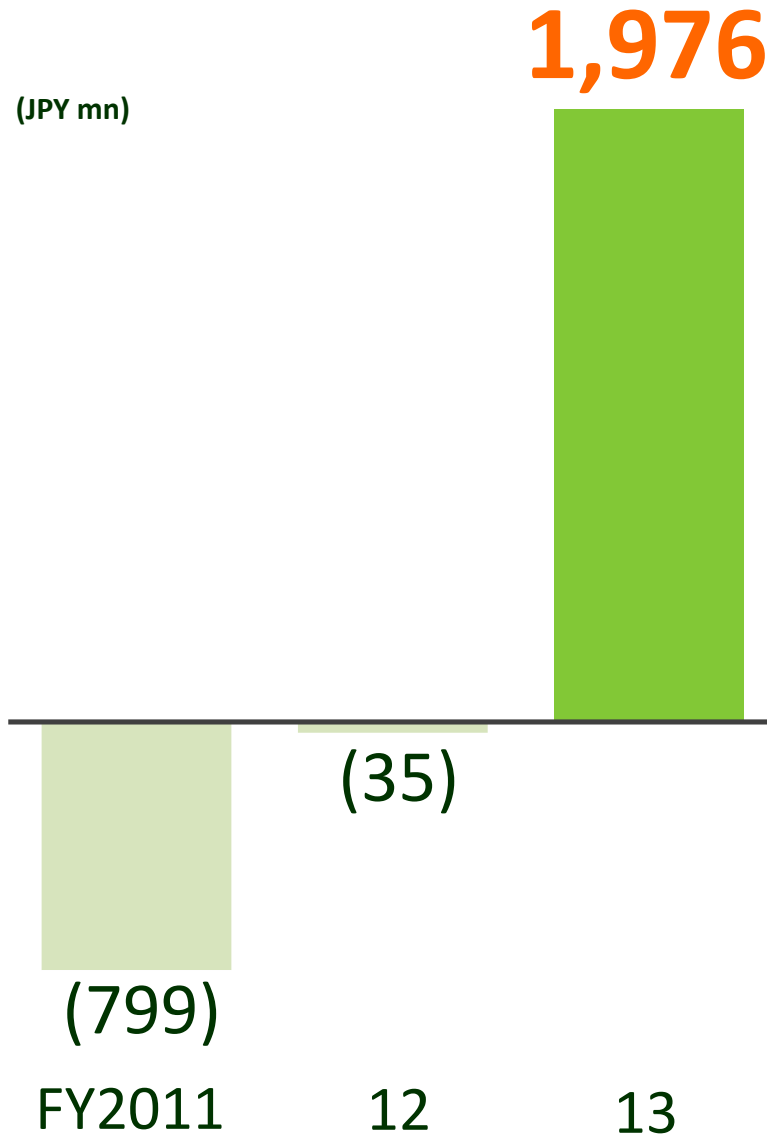
(JPY mn)



(JPY mn)	2011	2012	2013
Ordinary loss before deferred expenses and amortization	(2,184)	(1,664) <sup>1</sup>	(1,198)
Deferred expenses	2,106	2,701	-
Amortization cost	(609)	(1,060)	(1,060)
Ordinary profit (loss)	(687)	(23) <sup>1</sup>	(2,258)

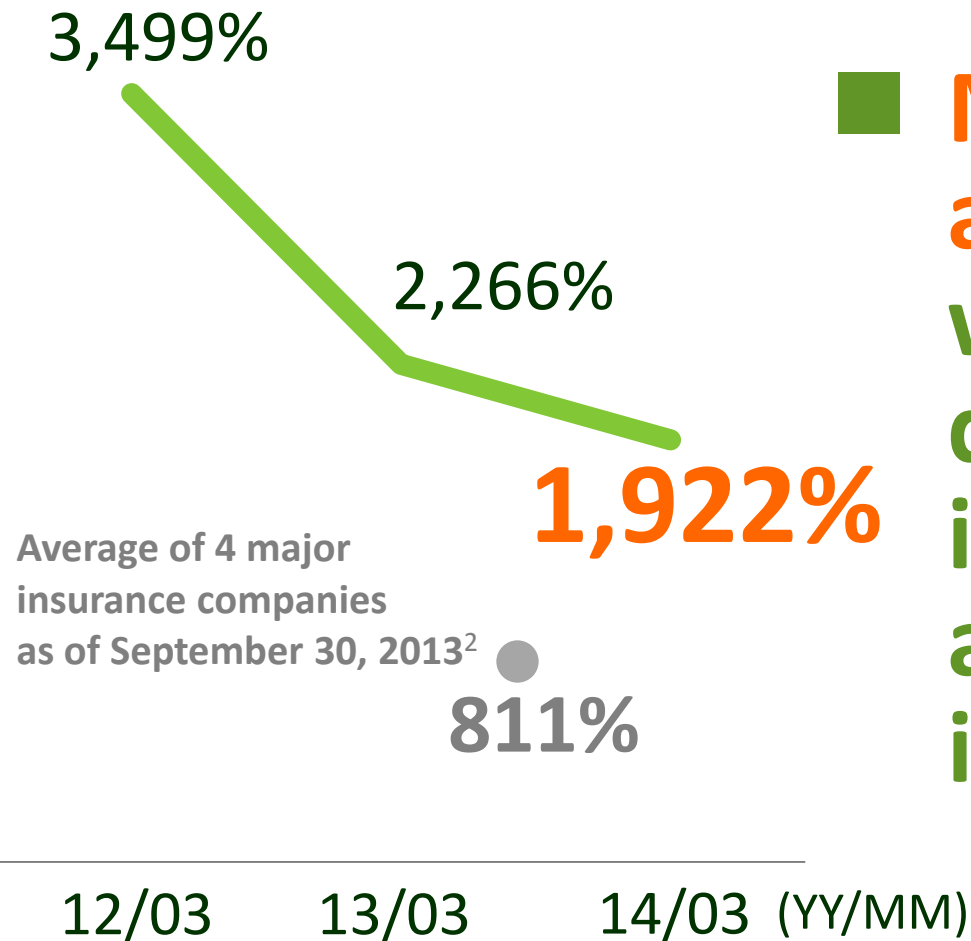
1. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act. That for the fiscal 2012 included the effect of changing calculation formula of policy reserves on provision, 501 million yen. When excluding the effect, the ordinary loss before and after deferred expenses and amortization were 2,165 million yen and 524 million yen, respectively.

# Cash Flows from Operating Activities



- **Turned black** for first time on fiscal year basis
- **Continuously recording positive operating cash flows from 3Q of FY2012**

# Solvency Margin Ratio<sup>1</sup>

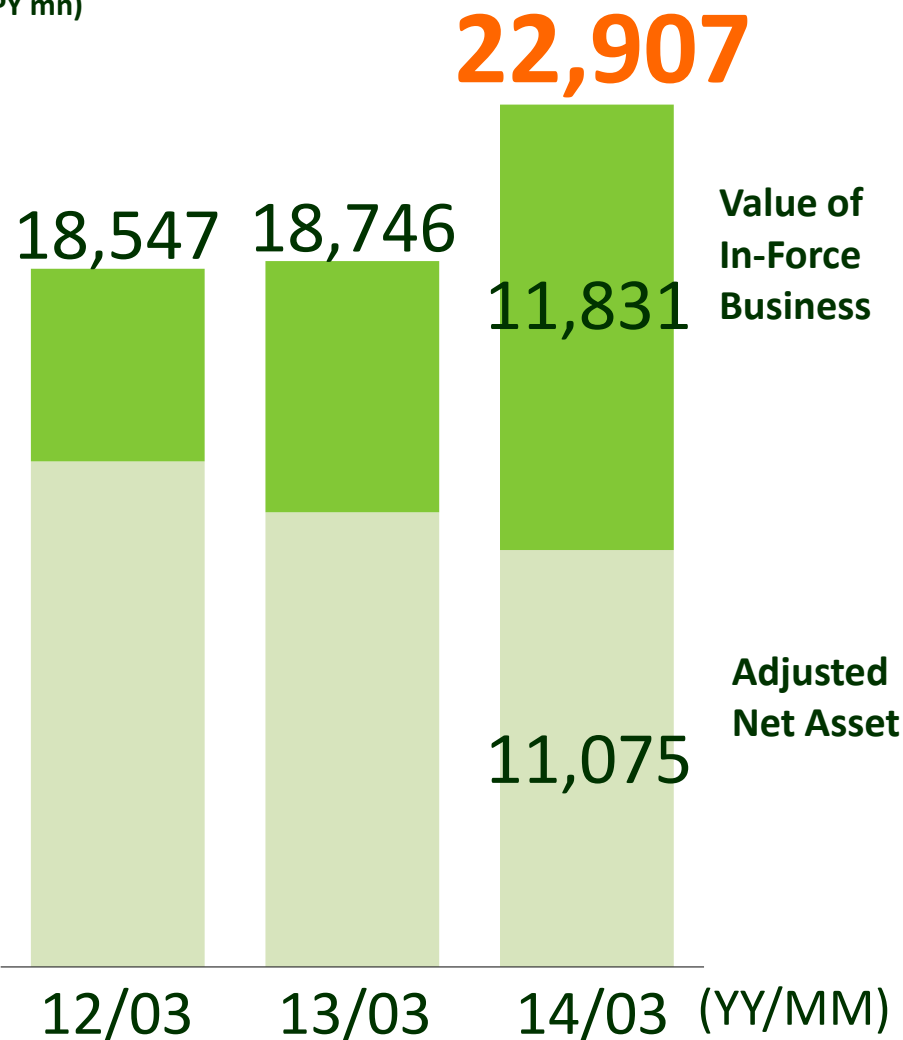


■ **Maintained at a healthy level, while decreased due to the increase in policies-in-force and investment in Korean JV**

1. The solvency margin ratio 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.
2. Simple arithmetic average

# European Embedded Value<sup>1</sup>

(JPY mn)



■ Mainly due to reinsurance solution, value of in-force business **77%**<sup>2</sup> increase of March 31, 2013

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.

2. Value of in-force business 6,668 million yen (as of March 31, 2013) → 11,831 million yen (as of March 31, 2014)



## ■ Challenges of the “Second Stage” as an online life insurer

Challenges	Actions to take
Customer change	<ul style="list-style-type: none"><li>✓ Enhance customer follow-up</li><li>✓ Enhanced free consultation service</li></ul>
Device change	<ul style="list-style-type: none"><li>✓ Continuously optimize smartphone website</li></ul>
Intense competition	<ul style="list-style-type: none"><li>✓ Launch renewed products</li><li>✓ Enhanced claims and benefits payment services</li></ul>

# Contents



- 1. Progress of Mid-term Business Plan**
- 2. Results for Fiscal 2013**
- 3. Challenges for Fiscal 2014**

# Mid-term Business Plan

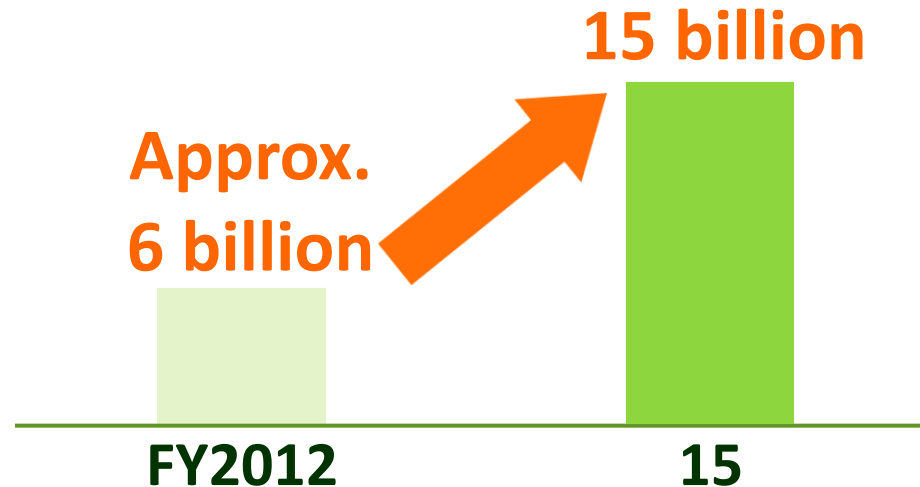
## LIFENET 2015

Offer new products and services as an innovator to create a 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>)

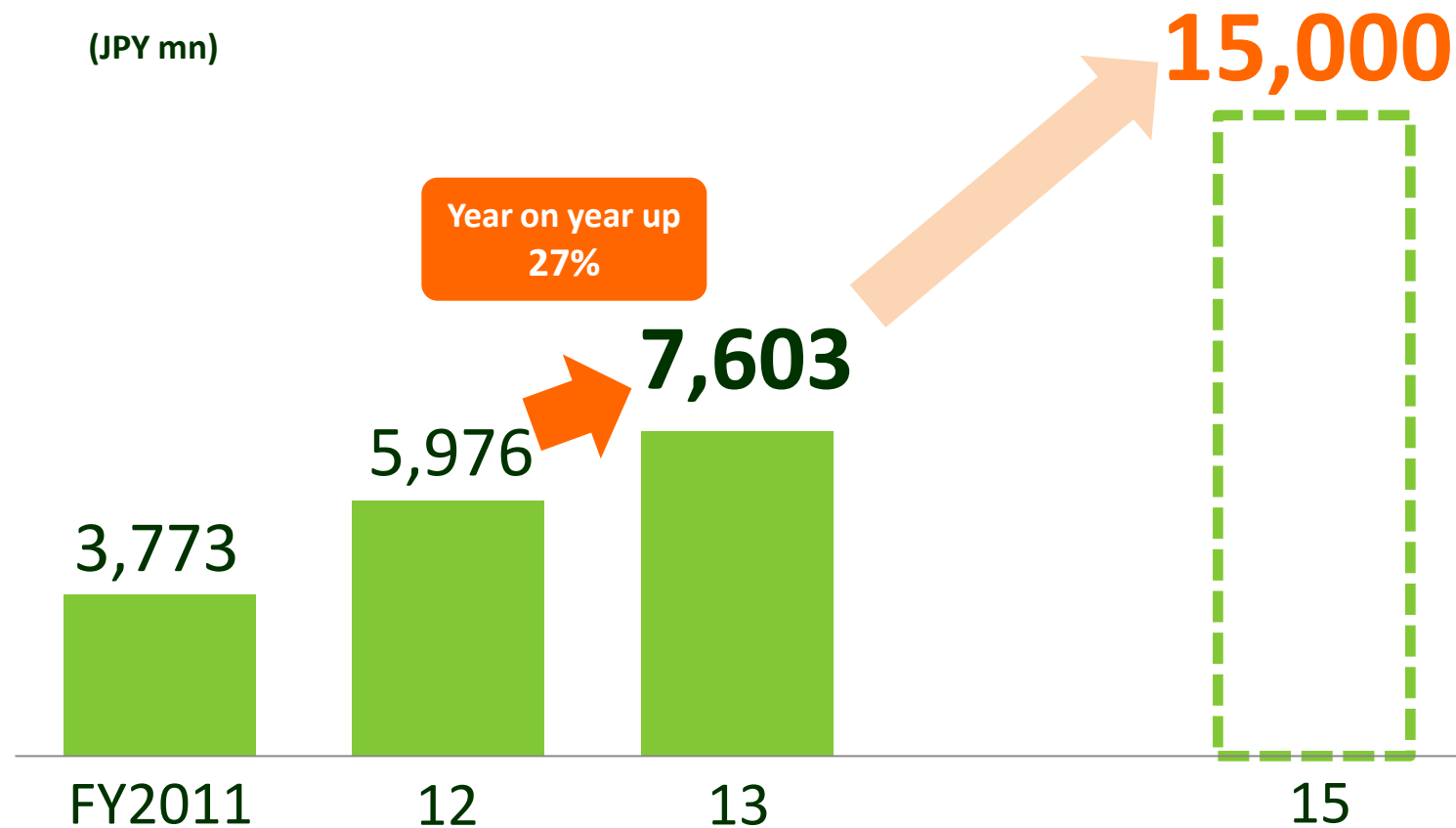


# Progress of Mid-term Business Plan

## (Ordinary Income)



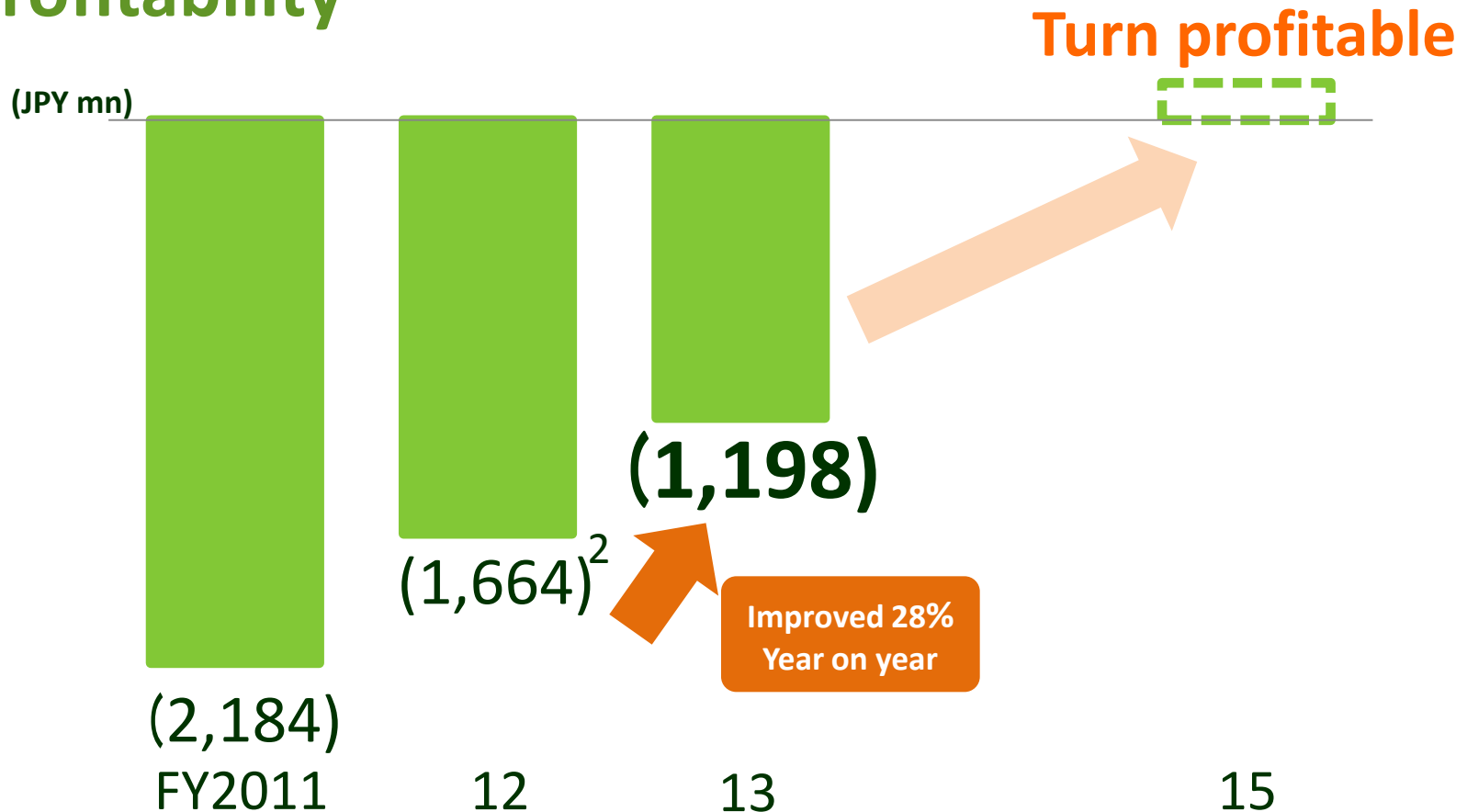
- Aiming to achieve ordinary income of 15 billion yen, recorded **127%** year on year



# Progress of Mid-term Business Plan

## (Ordinary Profit / Loss)

- Aim to increase ordinary income and improve productivity, pushing the company toward profitability<sup>1</sup>



1. Ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act
2. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 ended March 31, 2013 included the effect of changing calculation formula of policy reserves on provision, 501 million yen. When excluding the effect, it was 2,165 million yen.

# Contents

## 1. Progress of Mid-term Business Plan

## 2. Results for Fiscal 2013

## 3. Challenges for Fiscal 2014

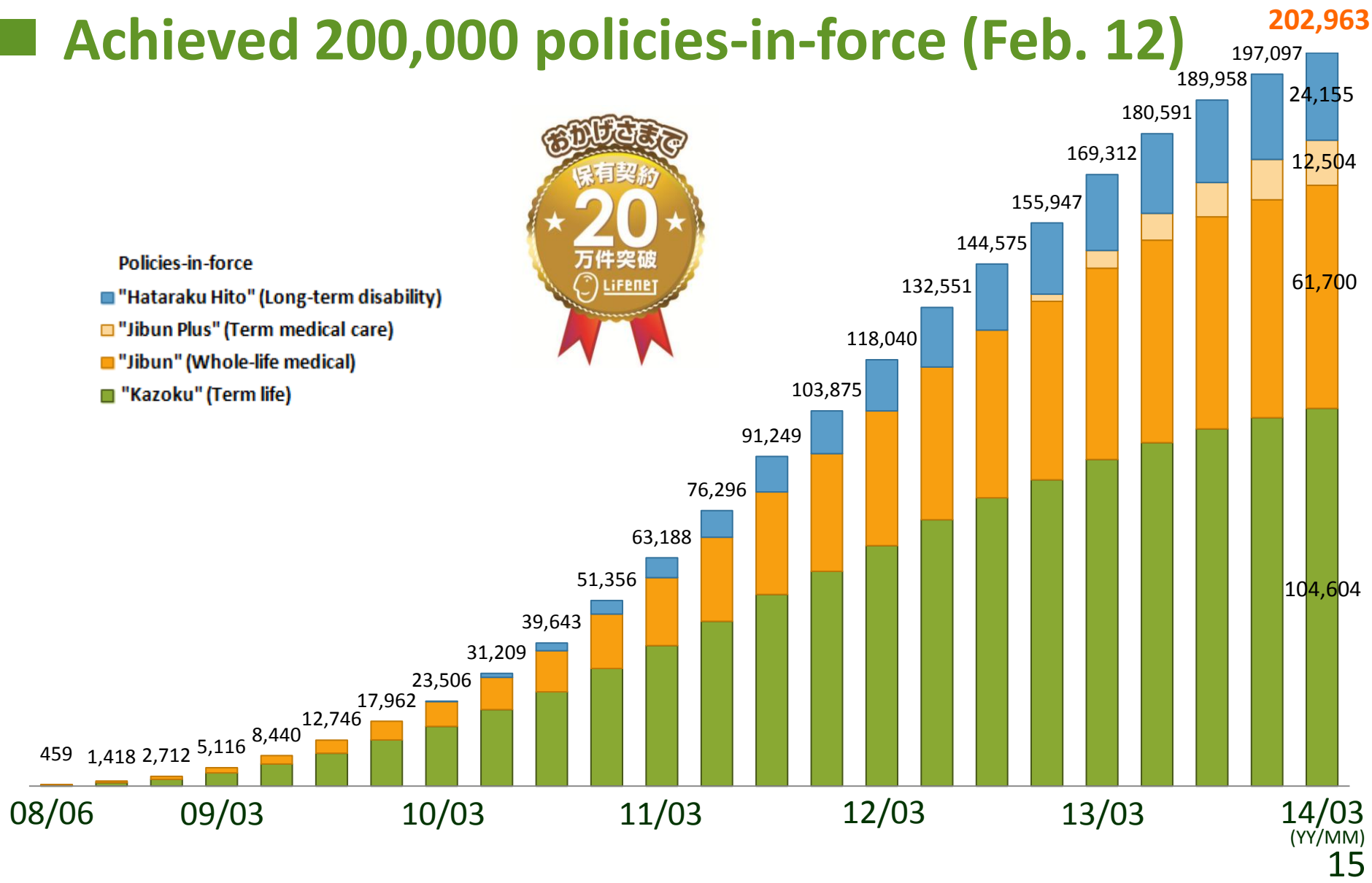


# Overview of FY2013

- Exceeded **200,000** policies-in-force
- Tackling challenges of the “second stage” as an online life insurer
  - Implement **customer follow-up schemes**
  - Continuously optimizing **smartphone** website
  - Enhanced **claims and benefits payment** services
- Entered into strategic alliance with **Swiss Re**
- Joint venture **Kyobo Lifeplanet** commenced business in Korea

# Number of Policies-in-force

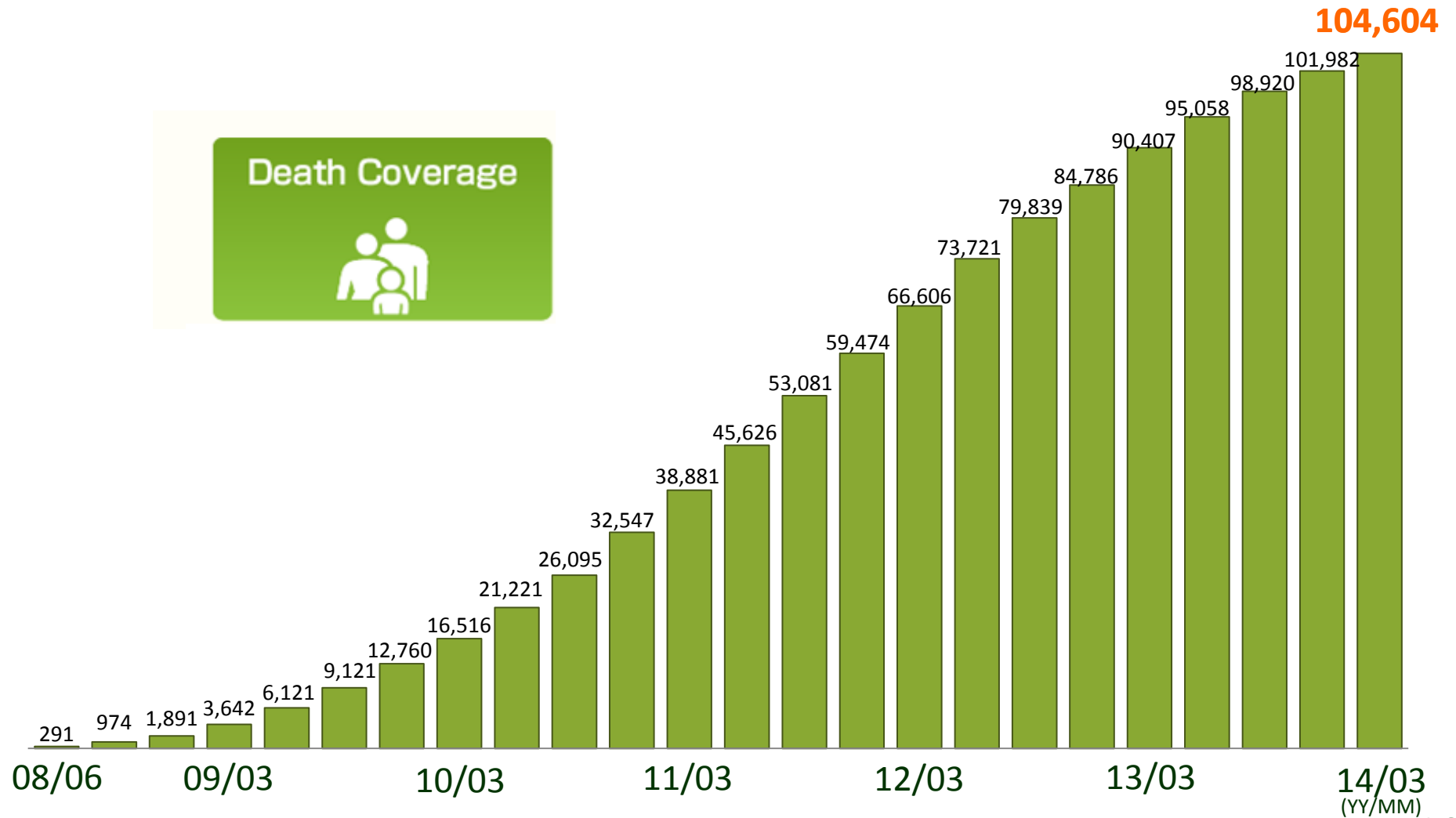
■ Achieved 200,000 policies-in-force (Feb. 12)





# “Kazoku” Exceeded 100,000 Policies-in-force

## ■ Offering products to meet customer needs



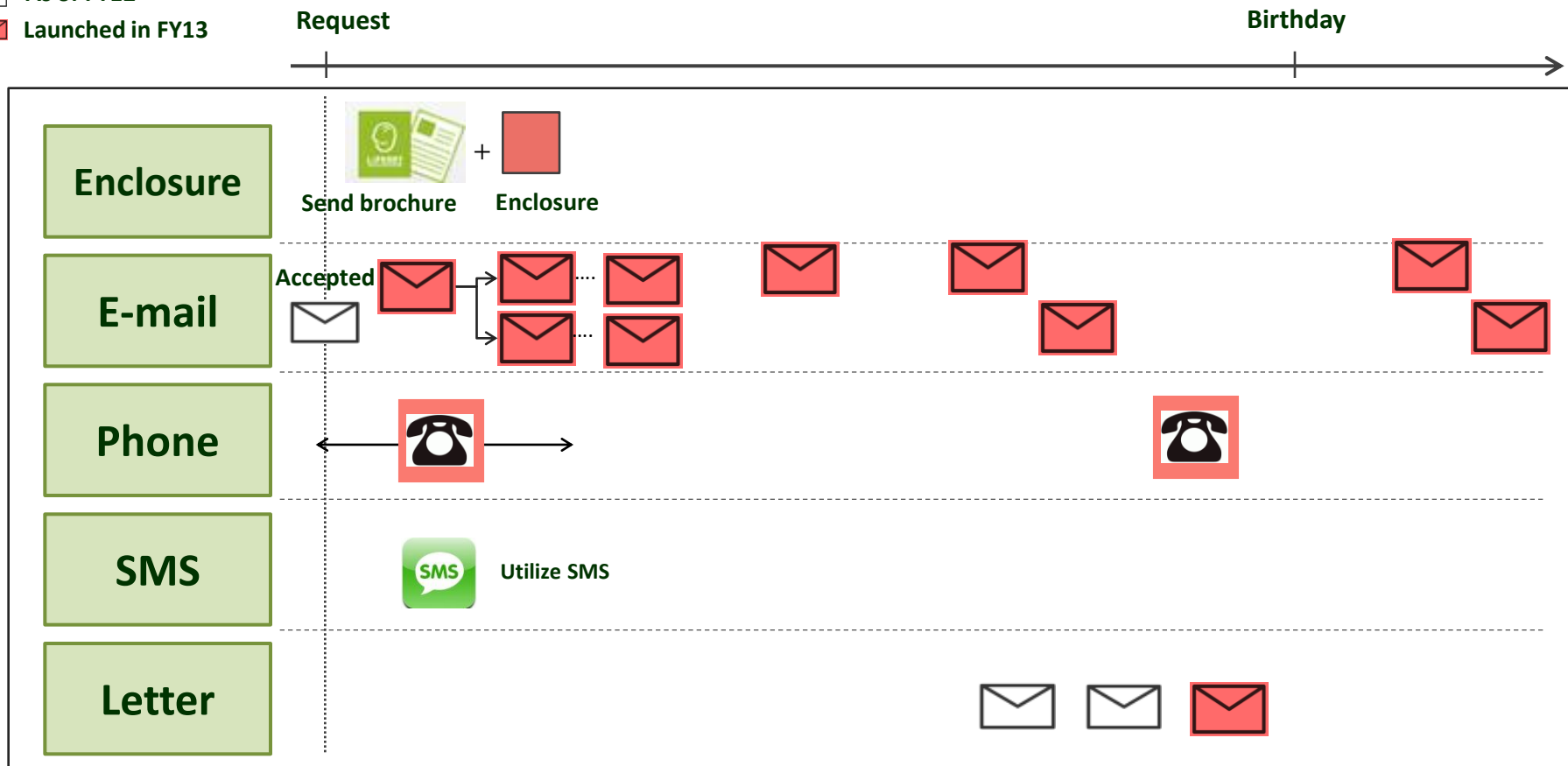
# Implemented Customer Follow-up Schemes

## ■ Encourage customers to complete application

### Points of contact after brochure request

✉ As of FY12

✉ Launched in FY13



# Enhancing Free Consultation Services

## ■ Started consultation services by insurance planners



**NEW**

**保険相談サービスのご案内**

例えば、こんなことでお困りの方はお気軽に相談ください

- ・見積りはしたけど、このプランでいいの？
- ・保険って難しくてよくわからない…

保険相談専用ダイヤル(通話無料)

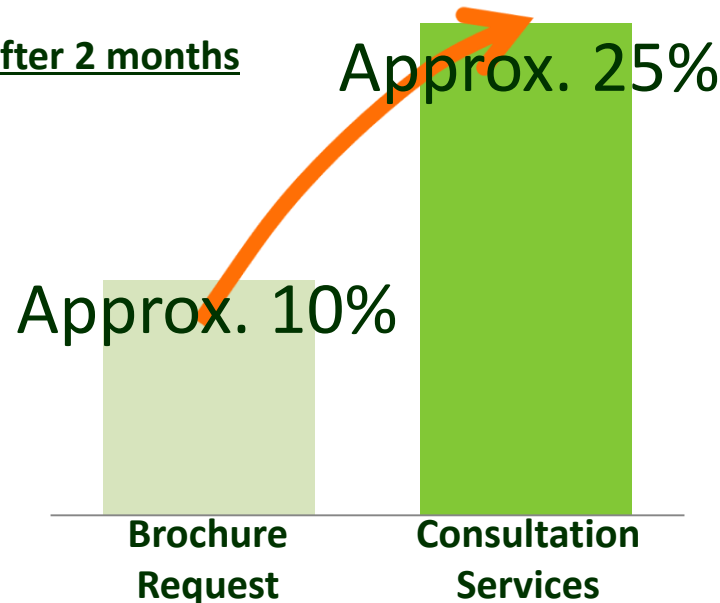
**0120-466133**

受付時間：平日10時～19時(年末年始、土曜、日曜、祝日は除く)

電話以外からのご相談も受付けております

▶詳しくはこちら

Application ratio after 2 months



## Improved UI/UX and enriched contents

### 目からウロコの保険塾

※現在ライブ中継は行っておりません  
(セミナー詳細、参加申込はこちらから)

ライフネット生命セミナ... YouTube



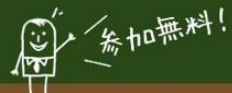
どんな保険に入ればよい？経営陣による保険セミナー

### 目からウロコの保険塾

セミナー講師：

出口治明 (ライフネット生命 会長兼CEO)

岩瀬大輔 (ライフネット生命 社長兼COO)



### 過去3ヶ月以内の健康状態について

STEP1

STEP2

STEP3

STEP4

告知 ▶ 告知義務とは？

過去3ヶ月以内の健康状態について以下の質問にお答えください。

#### 過去3ヶ月以内の健康状態についてお尋ねします

すでにお答えいただいた病気やケガのほかに、過去3ヶ月以内に医師の診察、検査(定期的な検査を含む)、治療、投薬、カウンセリングを受けたことがありますか。

❗ かぜ(感冒)、インフルエンザ、虫歯で、すでに完治しているものは除きます

❗ 勤務先や自治体などが実施する健康診断、妊娠中の定期検診、がん検診など特定疾患の早期発見のための検診は除きます

❗ 市販薬の服用は除きます

☐ はい

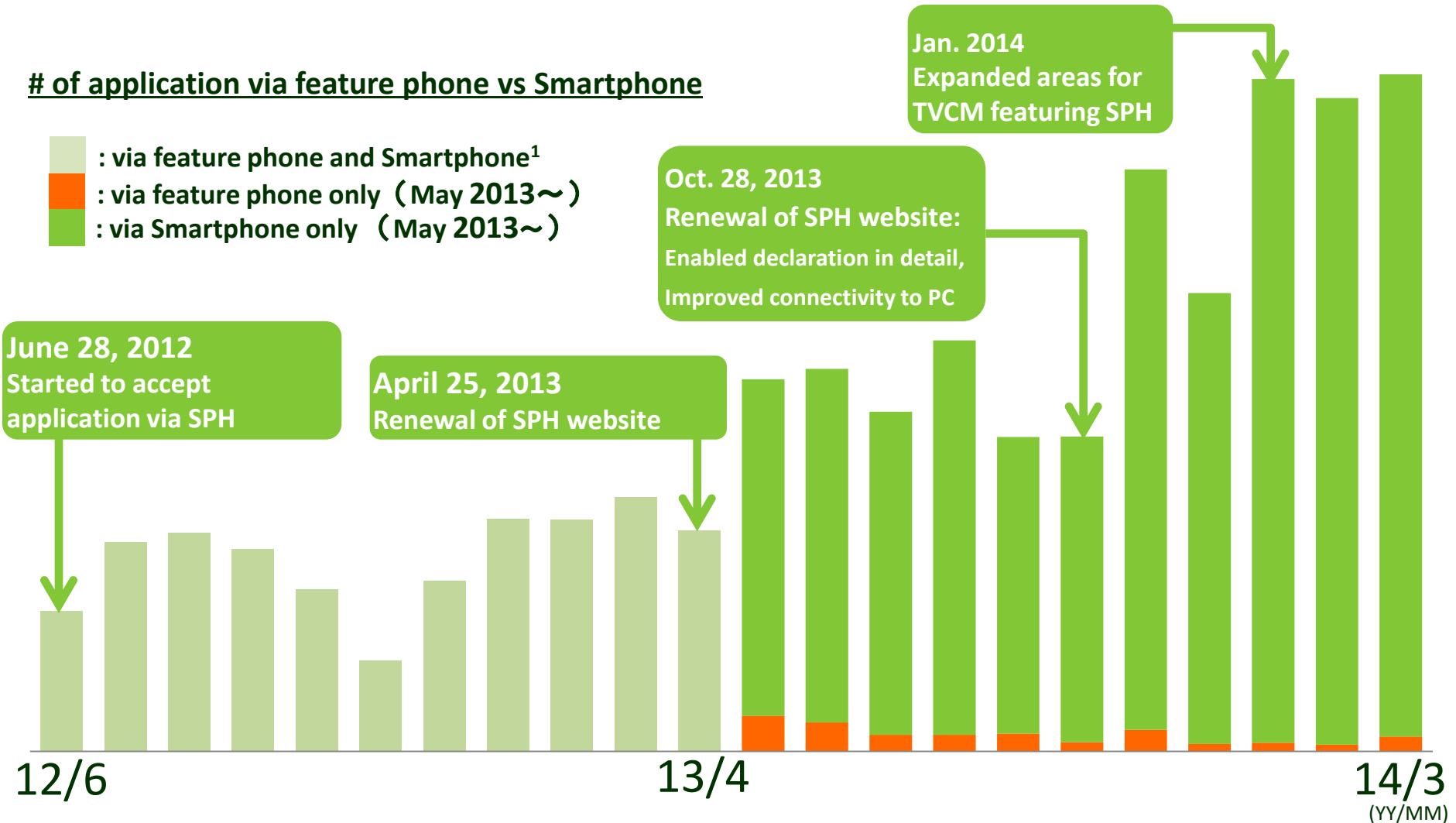
☐ いいえ

# Application Growth via Smartphone

## ■ Increased with renewed Smartphone website

### # of application via feature phone vs Smartphone

- : via feature phone and Smartphone<sup>1</sup>
- : via feature phone only (May 2013~)
- : via Smartphone only (May 2013~)



1. Classification available since May 2013

# Enriched Claims & Benefits Payment Services



## ■ To meet **the core role and responsibility** of a life insurance company

### Honest

- ✓ Interviews with customers who have received insurance benefits available



### Comprehensible



- ✓ Awarded the UCDA Awards 2013 “Easy-To-Understand” Award for Payment Procedure Information Web Pages

### Convenient

- ✓ Shortened the payment procedure of claims and benefits to a minimum of 2 days



Earliest  
2days

customers



### Convenient

- ✓ Enabled billing procedures 24/7 via online

# Strategic Alliance with Swiss Re

- Started continual discussion at **Joint Committee** with Swiss Re, LIFENET's largest shareholder



**Swiss Re**

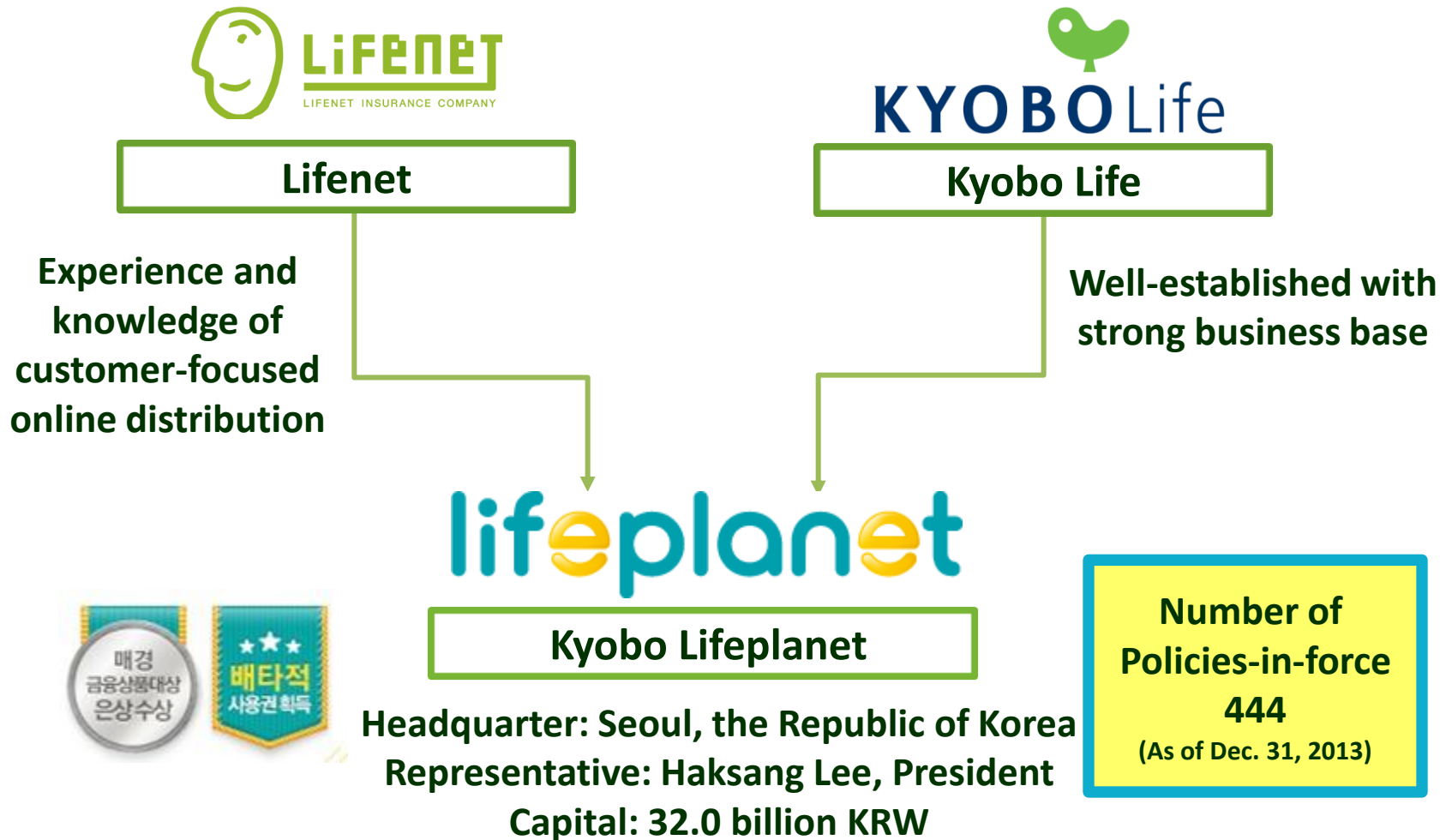
**Lifenet**

**Joint  
Committee**

Held regularly under the theme of product development and underwriting

# Birth of Kyobo Lifeplanet

- Commenced business operations in Dec. 2013 as the **first purely online life insurer in Korea**





# FY2013 Financial Results

## Steady progress of mid-term business plan

- 27% increase in ordinary income
- 17% decrease in operating expenses
- 28% improvement in operating loss (before deferred expenses and amortization)
- Operating cash flow turned positive
- Steadily improved mortality margin

## Primary challenges facing

- Returning to growth in new business performance

# Summary of FY2013 Results

(JPY mn)

	FY2012	FY2013	Year on year
<b>Number of policies-in-force</b>	169,312	202,963	119.9%
<b>Number of new business</b>	60,685	46,237	76.2%
<b>Ordinary income</b>	5,976	7,603	127.2%
<b>Operating expenses</b>	4,976	4,131	83.0%
<b>Ordinary profit (loss)<sup>1</sup></b>	(1,664) <sup>2</sup>	(1,198)	-
<b>Cash flows from operating activities</b>	(35)	1,976	-
<b>Mortality margin</b>	1,437 <sup>2</sup>	1,141	79.5%

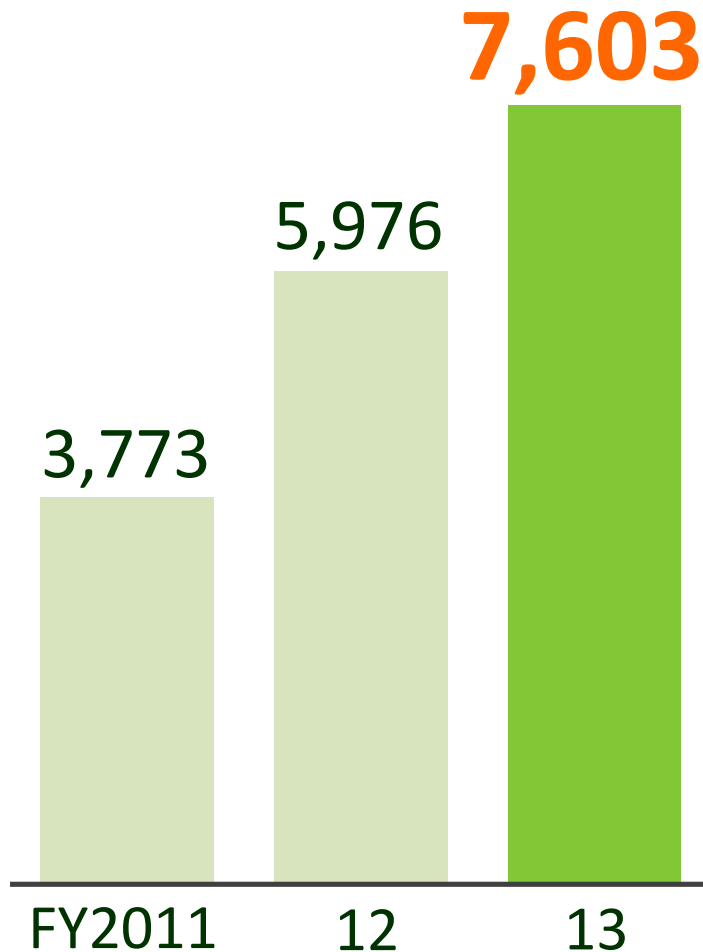
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# Continuous Growth in Ordinary Income



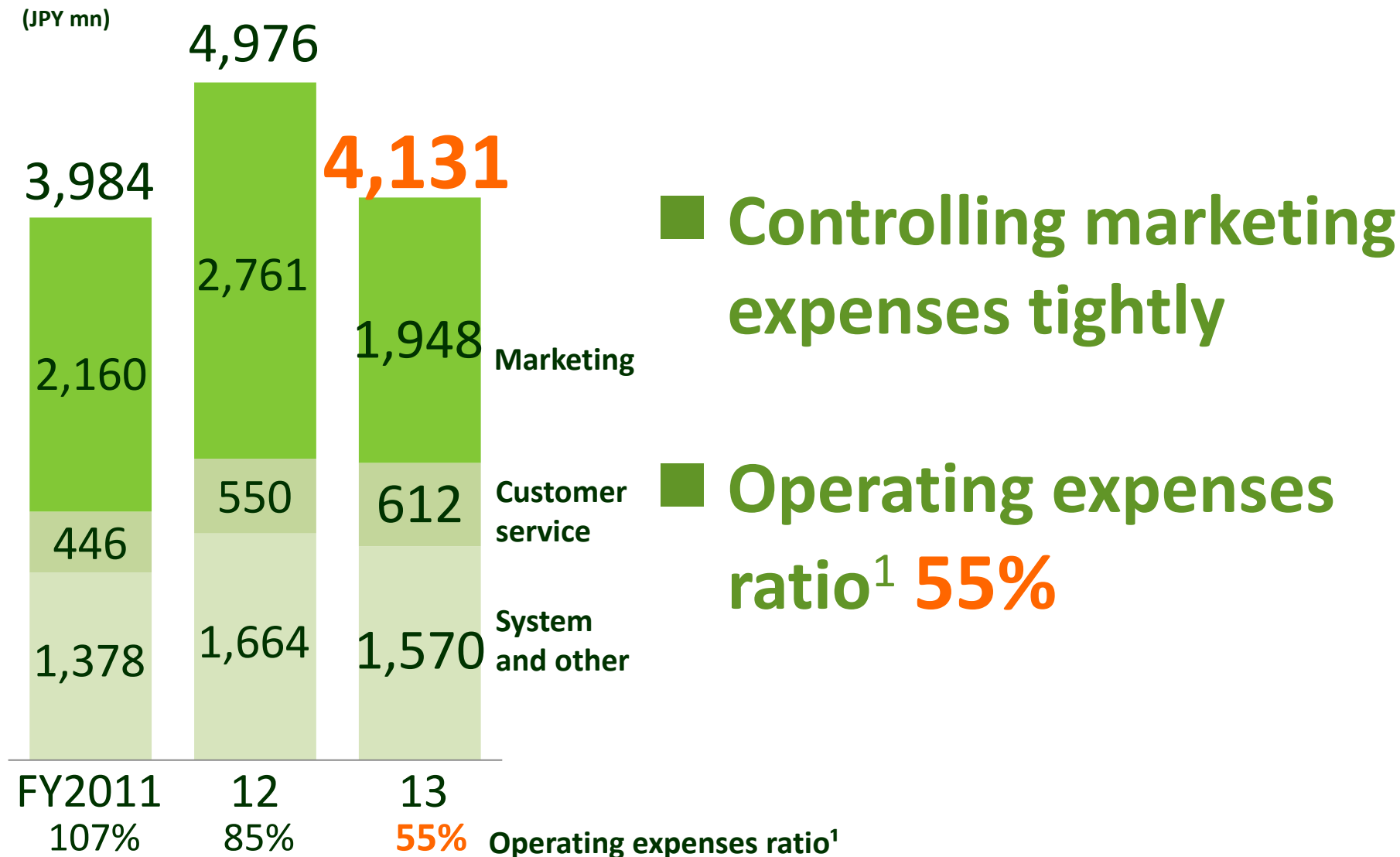
(JPY mn)



■ The number of policies-in-force steadily increased

■ Year on year  
**127%** growth

# Suitable Operating Expenses Control

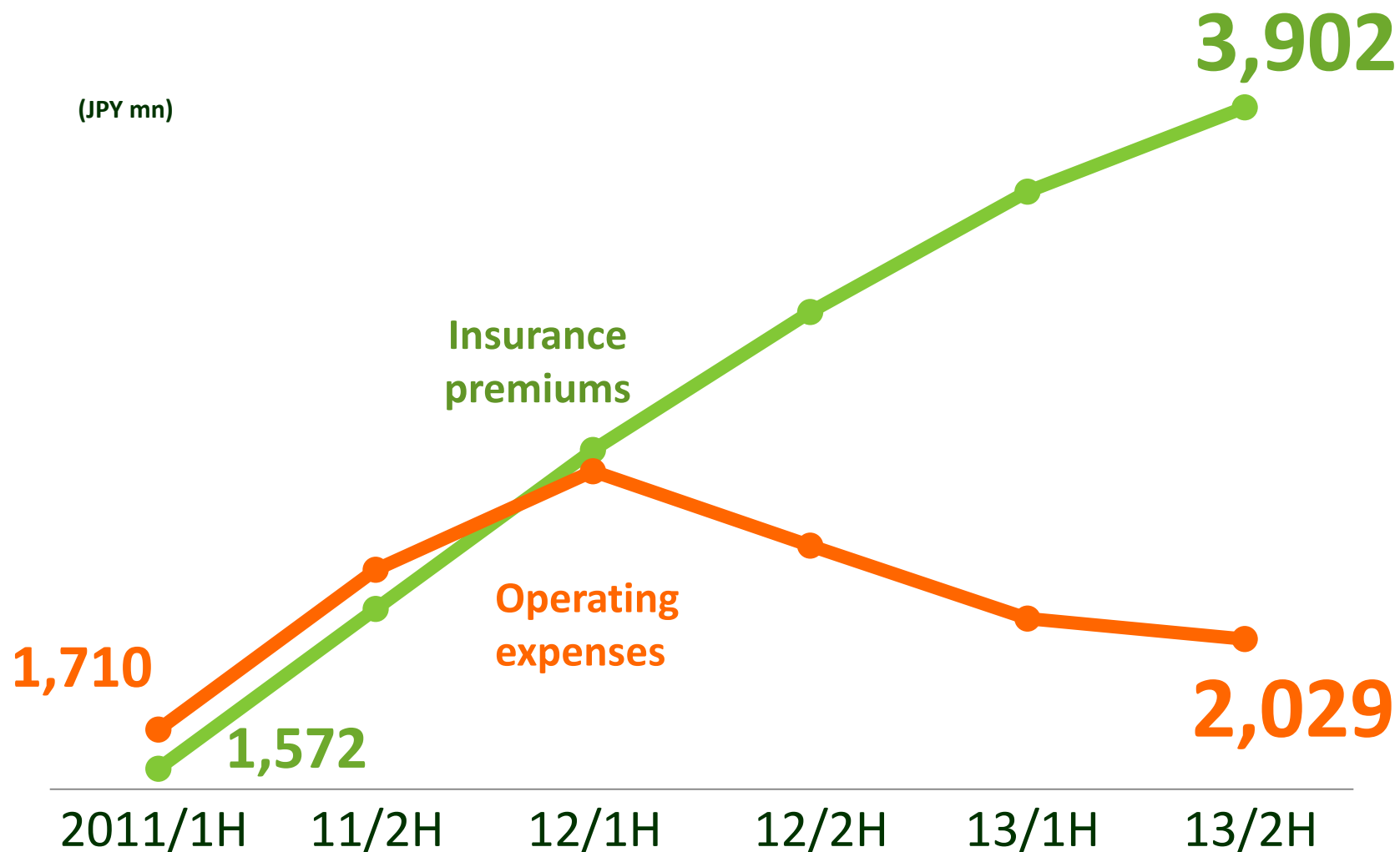


1. The ratio of operating expenses to insurance premiums

# Insurance Premiums and Operating Expenses



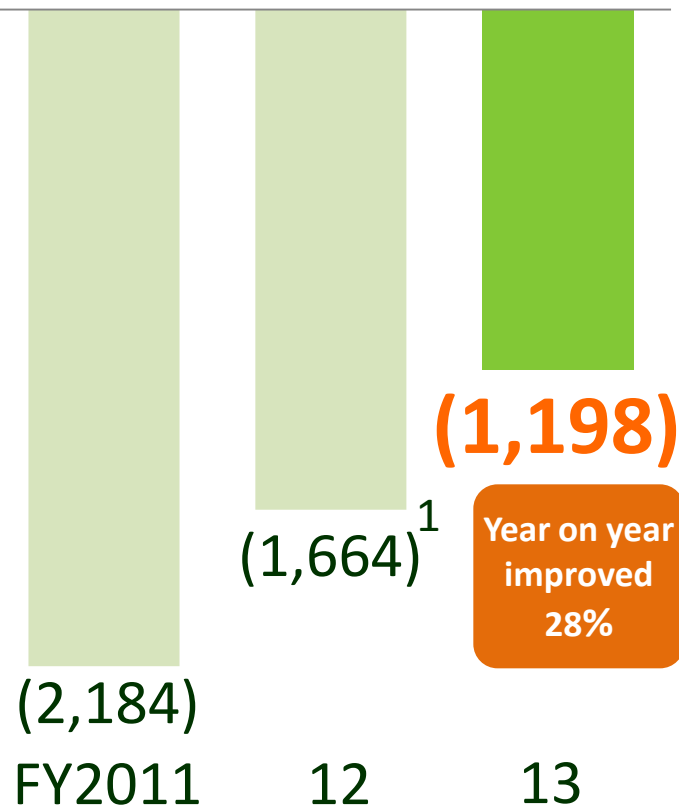
■ Controlled operating cost properly, while steadily increased insurance premiums



# Decrease of Ordinary Loss

## ■ Shrinking ordinary loss before deferred expenses and amortization

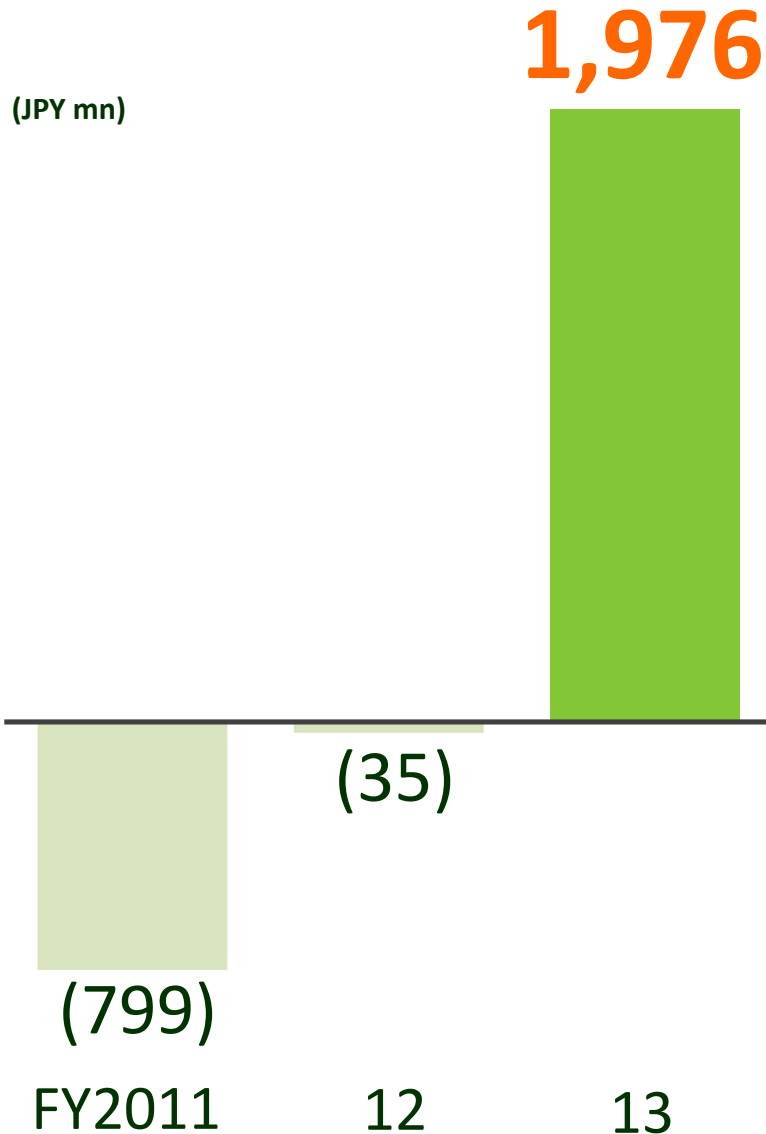
(JPY mn)



(JPY mn)	2011	2012	2013
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Deferred expenses	2,106	2,701	-
Amortization cost	(609)	(1,060)	(1,060)
Ordinary profit (loss)	(687)	(23) <sup>1</sup>	(2,258)

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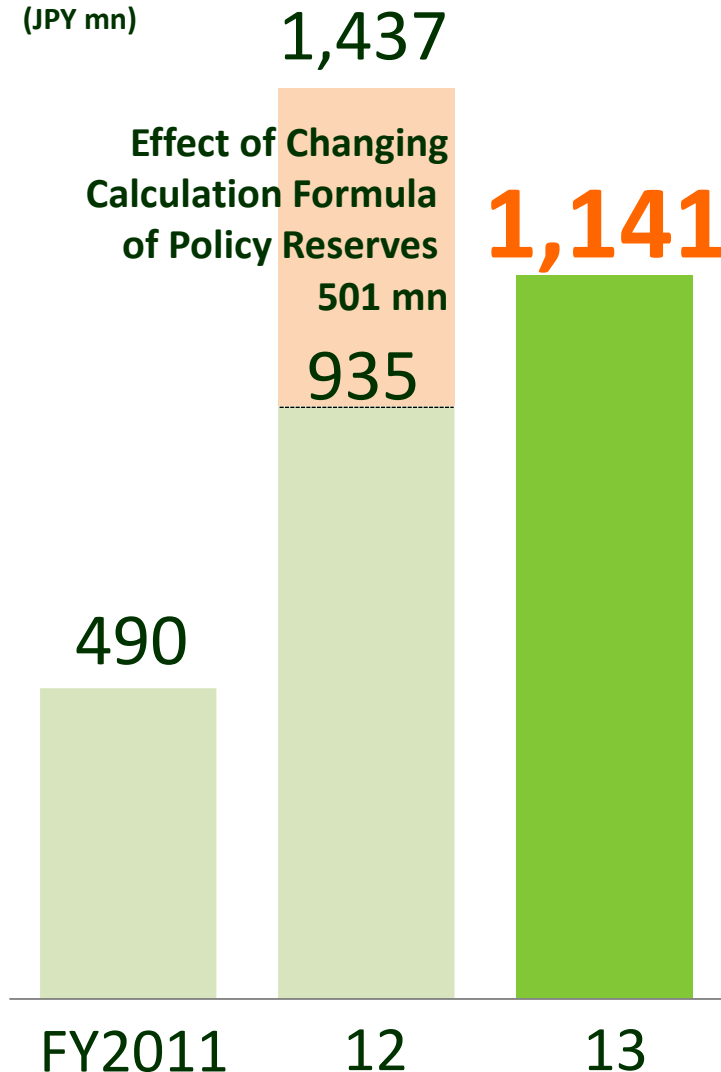
# Cash Flows from Operating Activities



- **Turned black** for first time on fiscal year basis
- **Continuously recording positive operating cash flows from 2H of FY2012**

# Mortality Margin

(JPY mn)

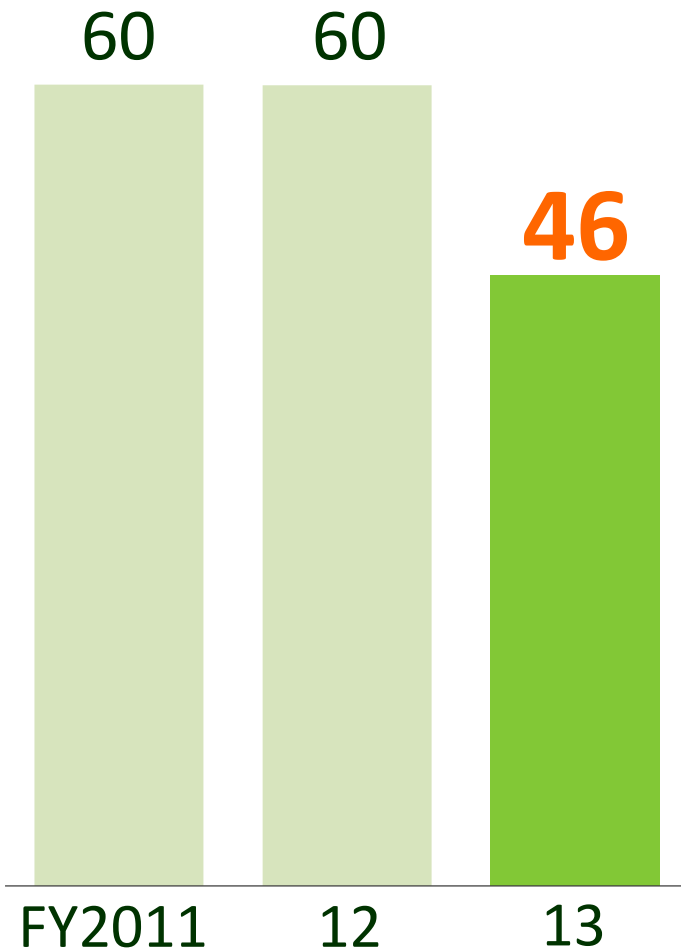


■ **Steadily improved mortality margin in spite of increased insurance payments**



# New Business

(# in thousand)



■ Number of new business **down** from FY2012

■ Number of policies per customer<sup>1</sup> **182%**

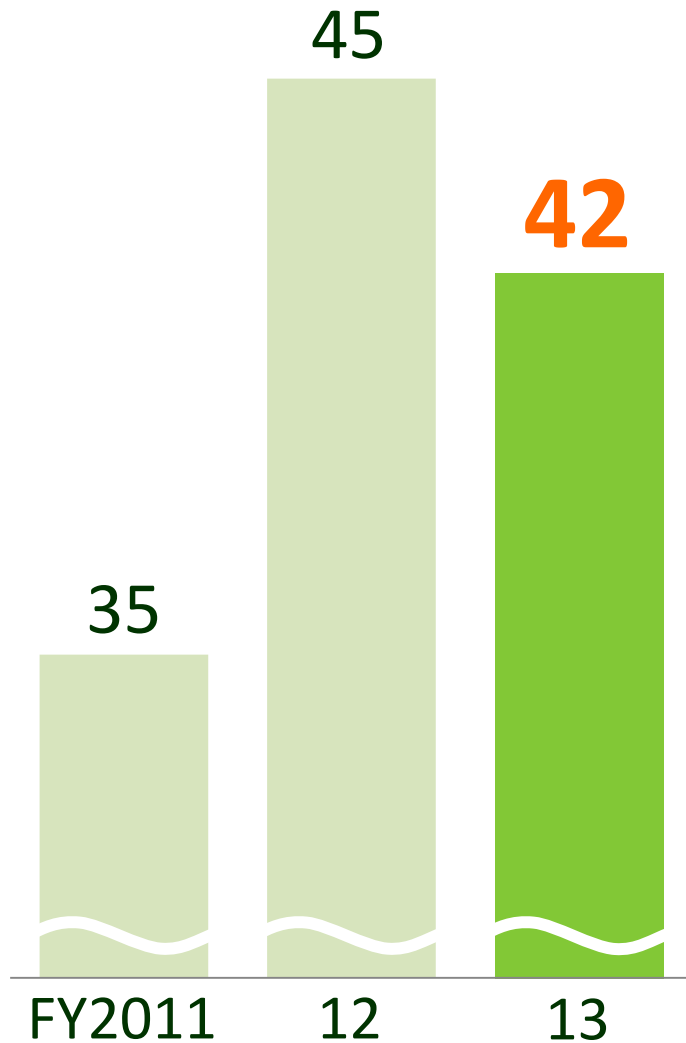
FY2011 168%  
12 178%  
13 **182%**

Number of policies per customer

1. The ratio of new business / new customers of each half year, including additionally purchased policies by current customers.

# Marketing Expenses per Policy

(JPY thousand)



■ Resulted above 40,000 yen due to the slowdown of new business

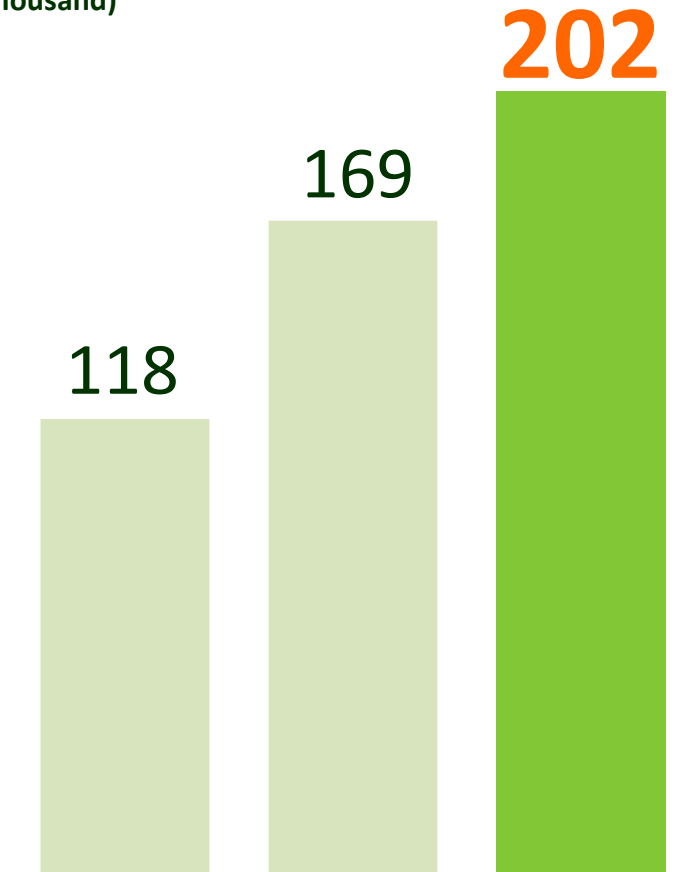
# Historical Financials

(JPY mn)	FY2010	FY2011	FY2012	FY2013
<b>Ordinary income</b>	<b>1,827</b>	<b>3,773</b>	<b>5,976</b>	<b>7,603</b>
Insurance premiums and other	1,765	3,720	5,915	7,537
Investment income	60	47	51	57
Other ordinary income	1	5	9	7
<b>Ordinary expenses</b>	<b>2,648</b>	<b>4,461</b>	<b>5,999</b>	<b>9,861</b>
Insurance claims and other	154	410	575	1,196
Provision of policy reserves and others <sup>1</sup>	565	1,130	1,603	3,072
Investment expenses	0	0	0	0
Operating expenses	2,724	3,984	4,976	4,131
Marketing expenses	1,438	2,160	2,761	1,948
Other ordinary expenses	595	1,041	1,544	1,461
Deferred expenses under Article 113 of the Insurance Business Act	(1,392)	(2,106)	(2,701)	-
<b>Ordinary profit (loss)</b>	<b>(820)</b>	<b>(687)</b>	<b>(23)</b>	<b>(2,258)</b>
<b>Net income (loss)</b>	<b>(834)</b>	<b>(900)</b>	<b>(126)</b>	<b>(2,194)</b>
<b>Ordinary loss before deferred expenses and amortization of deferred assets</b>	<b>(1,903)</b>	<b>(2,184)</b>	<b>(1,664)</b>	<b>(1,198)</b>
<b>Fundamental profit (loss)</b>	<b>(574)</b>	<b>(391)</b>	<b>244</b>	<b>(2,089)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>(1,153)</b>	<b>(799)</b>	<b>(35)</b>	<b>1,976</b>
<b>(Ref.) Number of new business</b>	<b>42,214</b>	<b>60,725</b>	<b>60,685</b>	<b>46,237</b>
<b>Number of policies-in-force</b>	<b>63,188</b>	<b>118,040</b>	<b>169,312</b>	<b>202,963</b>

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.

# Policies-in-force

(# in thousand)



■ Number of policies-in-force  
**202,963**

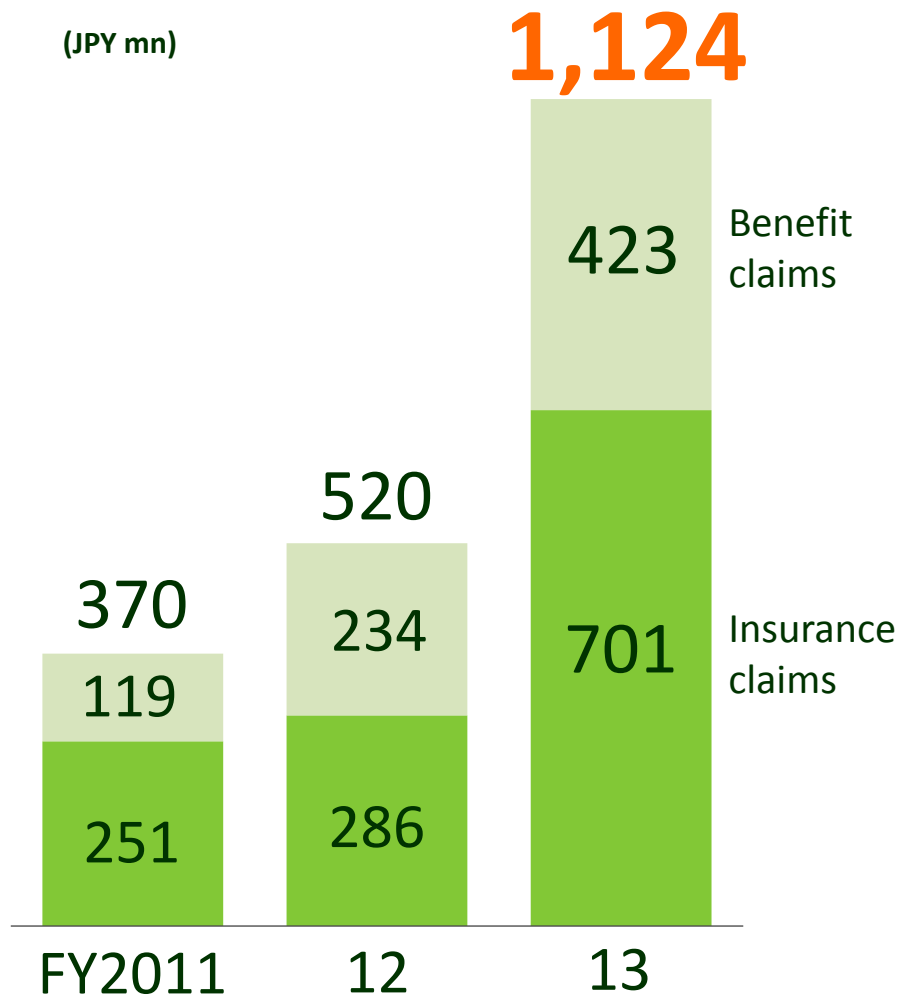
■ Annualized premium<sup>1</sup>  
**8.0bn yen**

12/03 13/03 14/03 (YY/MM)

4.87 6.87 8.07 Annualized Premium (JPY in bn)

1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments as of Mar. 31, 2014, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

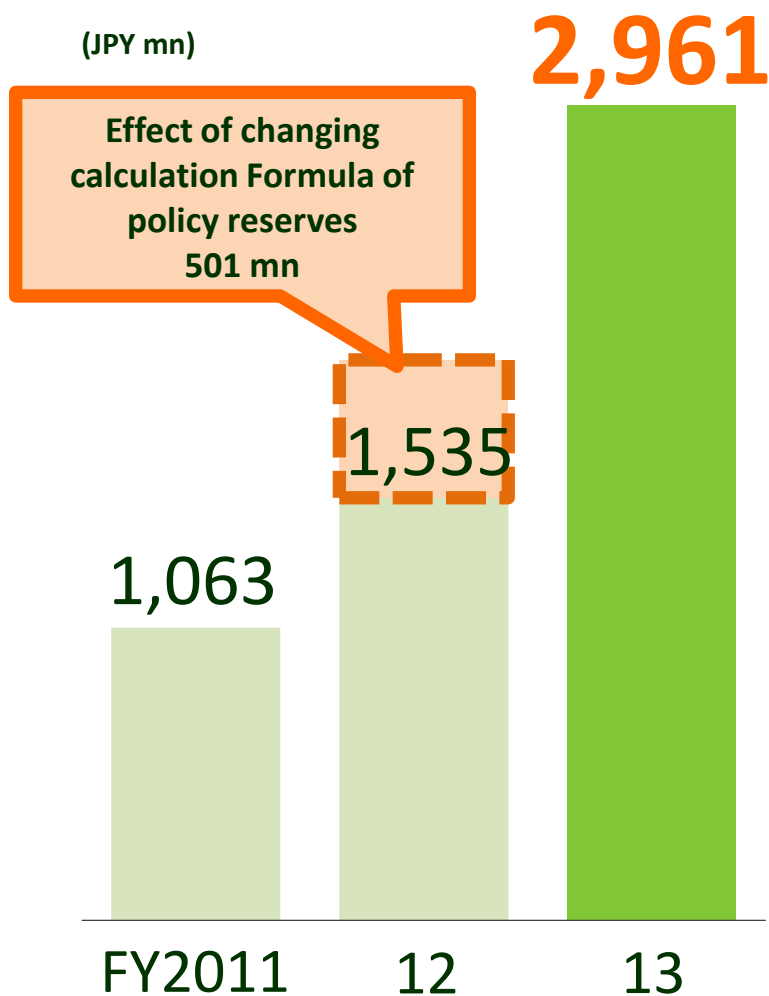
# Insurance Claims and Other



■ **2 times** the number of insurance payments with the increase in policies-in-force

■ **44** insurance claims and **4,578** benefit claims

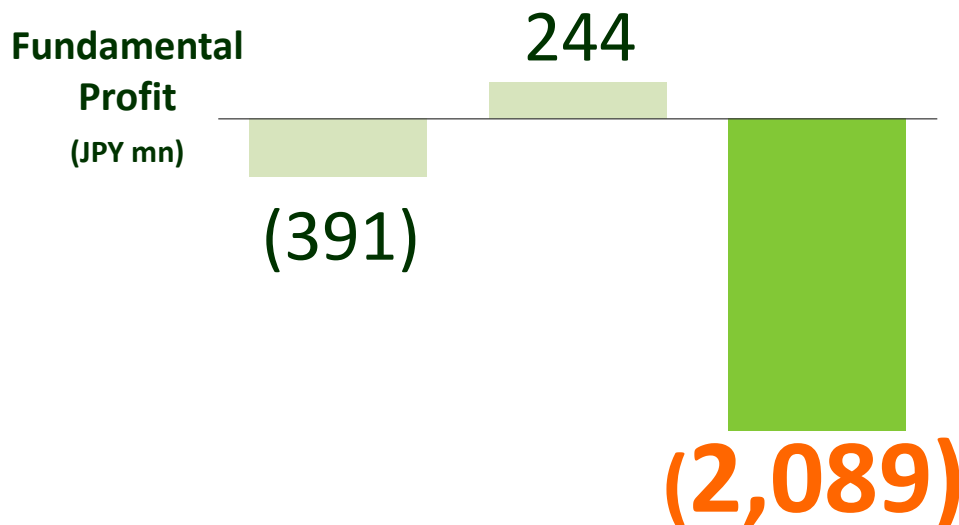
# Provision for Policy Reserves and Other



- Increase 93% year on year with the increase in policies-in-force
- Began calculations based on the **five-year Zillmer method** after commencing business operations

# Fundamental Profit

(JPY mn)	FY 2011	FY 2012	FY 2013
Mortality margin	490	1,437 <sup>1</sup>	1,141
Expense margin(loss)	(919)	(1,219)	(3,234)
Interest margin	37	27	3
Fundamental profit	<b>(391)</b>	<b>244</b>	<b>(2,089)</b>
(ref.) Insurance premiums and other	3,720	5,915	7,537
Expense margin (loss) before deferred expenses and amortization	(2,416)	(2,860)	(2,174)



■ Increased expense loss due to **not recording deferred assets**

■ Expense margin loss before deferred expenses under Article 113 **shrunk**

1. Including the effect of changing calculation formula of policy reserves on provision, 501 million yen. When excluding the effect, mortality margin for the fiscal 2012 ended March 31, 2013 was 935 million yen.

# Financial Condition

(JPY mn)	12/3	13/3	14/3
<b>Total assets</b>	<b>18,861</b>	<b>20,450</b>	<b>21,188</b>
Cash and deposits	428	353	418
Money held in trust	-	-	1,000
Securities	13,800	13,488	14,154
Government bonds	9,939	7,331	6,636
Local government bonds	-	-	-
Corporate bonds	3,721	5,982	6,547
Stocks <sup>1</sup>	139	174	206
Foreign securities <sup>2</sup>	-	-	764
<b>Total liabilities</b>	<b>2,702</b>	<b>4,379</b>	<b>7,252</b>
Reserve for insurance policy liabilities	1,940	3,544	6,616
<b>Total net assets</b>	<b>16,159</b>	<b>16,071</b>	<b>13,935</b>

■ Added **Korean JV** stocks

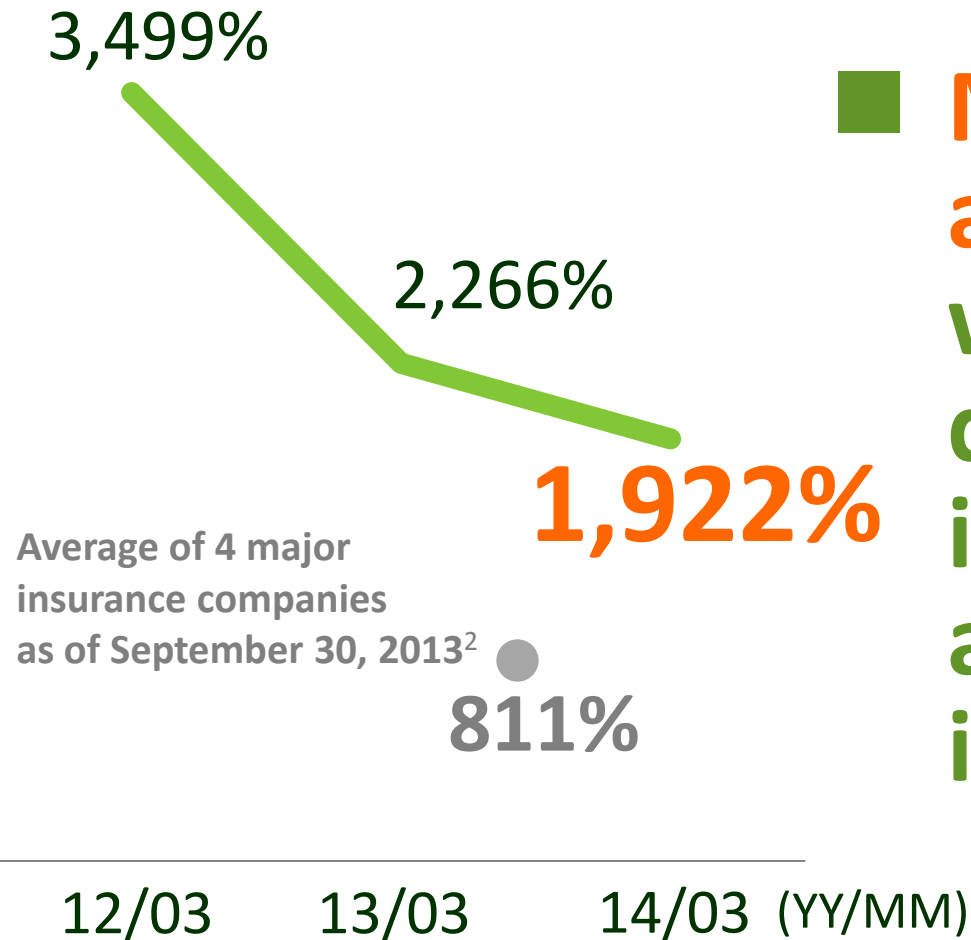
■ Modified duration **3.49 years**

1. Lifenet is holding shares of Advance Create Co., Ltd., its insurance sales agent, for the purpose of maintaining equity and business partnership.

2. Investment in Kyobo Lifeplanet life insurance company.



# Solvency Margin Ratio<sup>1</sup>

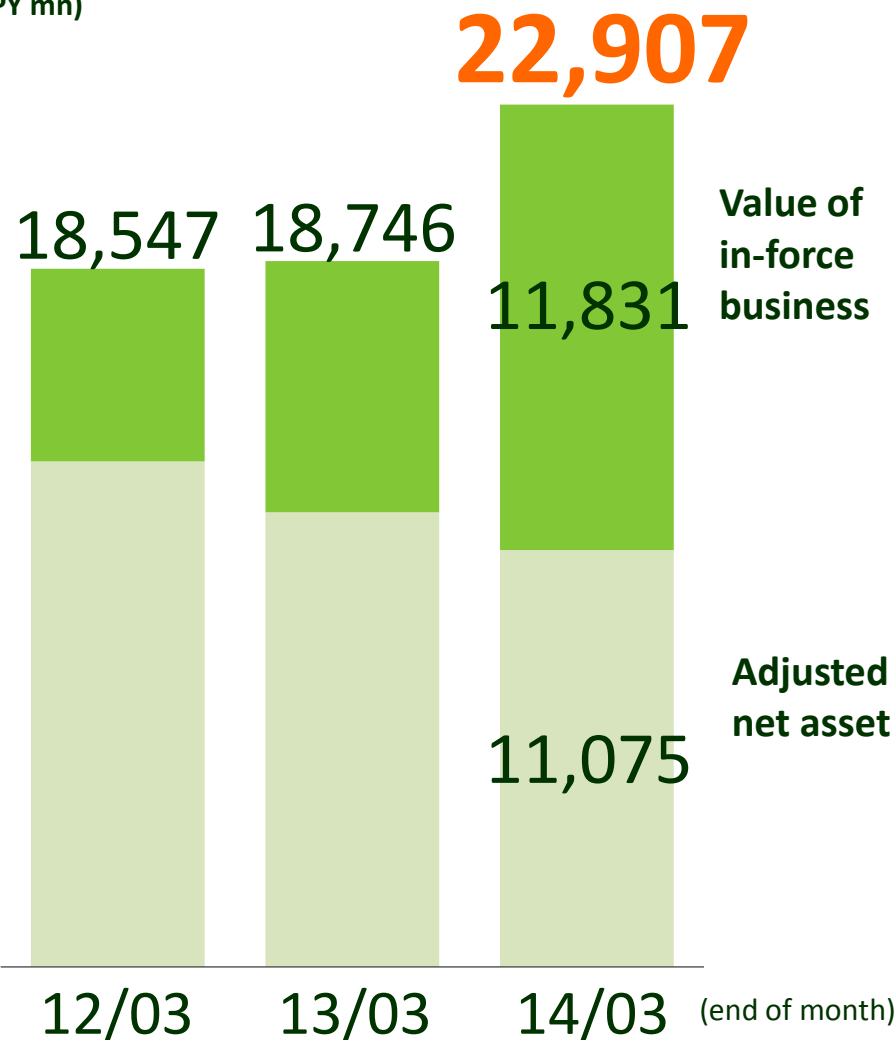


■ **Maintained at a healthy level, while decreased due to the increase in policies-in-force and investment in Korean JV**

1. The solvency margin ratio 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.
2. Simple arithmetic average

# European Embedded Value<sup>1</sup>

(JPY mn)



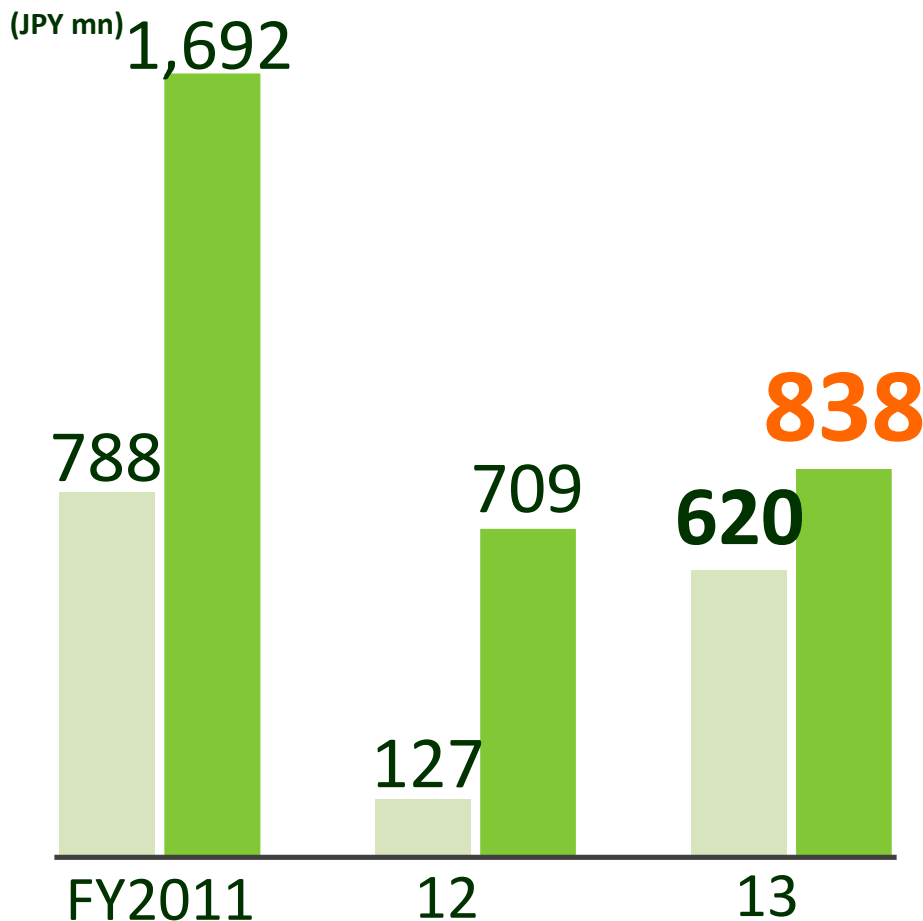
■ Mainly due to reinsurance solution, value of in-force business increased **77%<sup>2</sup>** as of March 31, 2013

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.

2. Value of in-force business 6,668 million yen (as of March 31, 2013) → 11,831 million yen (as of March 31, 2014)

# Value of New Business (VoNB)

■ :Value of new business  
■ :Value of new business  
(Ultimate Unit Cost base)



■ **18%** increased in Value of new business (Ultimate Unit Cost base<sup>1</sup>) from FY2012

■ Increased mainly due to the usage of reinsurance solution

1. The expense assumptions used to calculate the EEV and the value of new business are set based on the premise that Unit Costs decrease as the number of policies in force increases, and reach their ultimate equilibrium levels, at which income and expenses are equal, in the tenth year after the company's start-up (Fiscal 2017). For reference, "Value of new business (Ultimate Unit Cost base)" shows the value of new business calculated applying the Ultimate Unit Costs to all years.

# VoNB (Ultimate Unit Cost Base)

(JPY mn)		FY2012	FY2013	Per new business for FY2013 (JPY thousand)
Certainty equivalent present value of future profit		5,795	4,442	96
－)	Time value of financial options and guarantees	—	—	—
－)	Frictional cost of capital	(38)	(28)	(0)
－)	Allowance for non market risk	(2,724)	(1,720)	(37)
Value of in-force business		3,032	2,694	58
－)	Adjusted net worth	(2,322)	(1,856)	(40)
Value of new business (Ultimate Unit Cost base)		<b>709</b>	<b>838</b>	<b>18</b>
(Ref.) Value of new business		<b>127</b>	<b>620</b>	<b>13</b>
(Ref.) Present value of in-force business premiums		34,153	23,980	
New business (policy)		60,685	46,237	

# EEV Improvement Factor Due to Reinsurance Solution

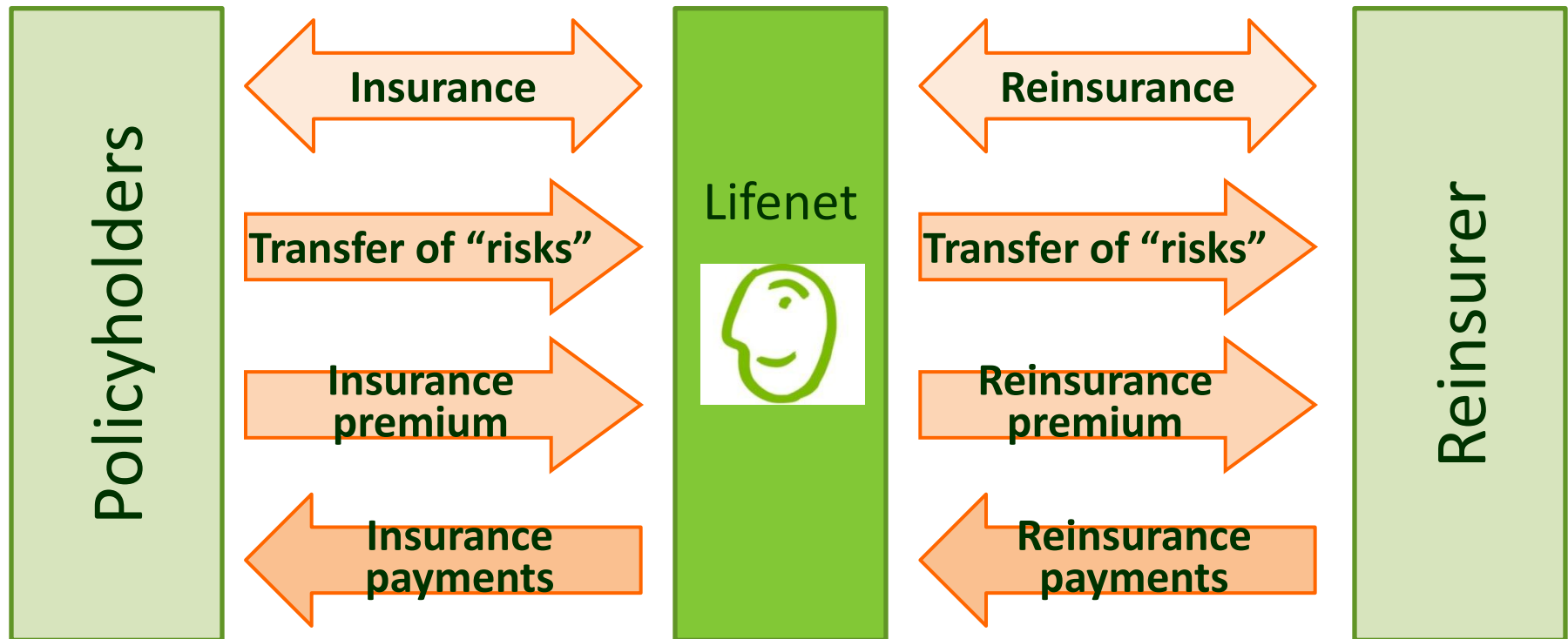


- On the back of revision of Term Life, utilized reinsurance solution to manage risks in relation to lengthened term of insurance
- Due to the effects of the reinsurance solution, present value of future profit (especially “allowance for non-market risk”) improved

# What is Reinsurance... ?

- To cede all or part of the underwritten insurance risks to other (re)insurers for the purpose of risk diversification

<Lifenet case>

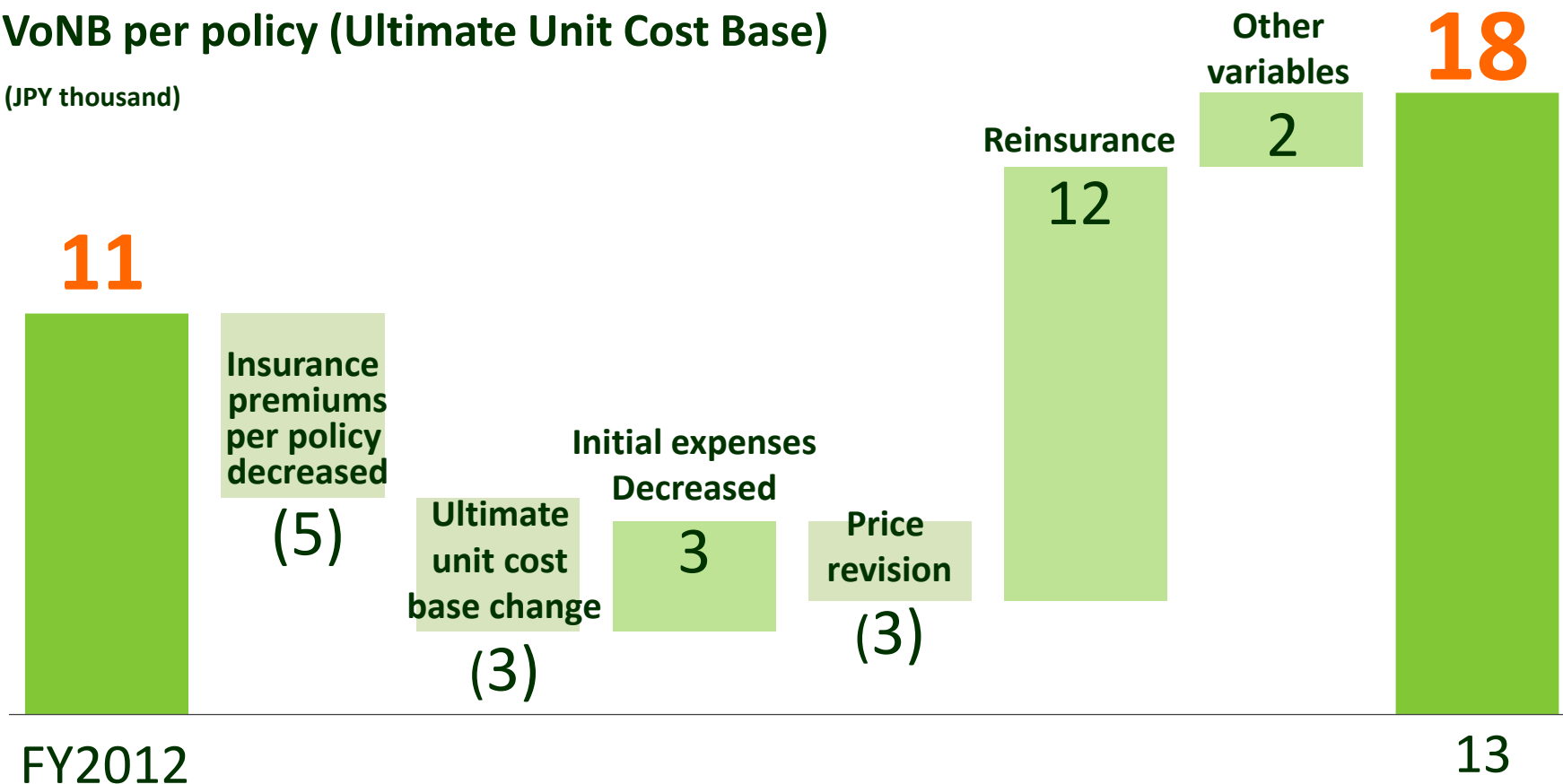


# Structure Breakdown of VoNB per Policy

- Increased mainly **due to reinsurance solution**, while insurance premiums per policy decreased

## VoNB per policy (Ultimate Unit Cost Base)

(JPY thousand)



# EV Sensitivity Analysis

## ■ Impacts of changes in assumptions (sensitivities) on the EEV results

(JPY mn)	Change in EEV as of March 31, 2014	Change in Value of New Business
EEV and New Business Value as of March 31, 2014	22,907	620
Sensitivity 1a: 1.0% increase in risk-free rate	1,010	154
Sensitivity 1b: 1.0% decrease in risk-free rate	(2,287)	(362)
Sensitivity 1c: 0.5% increase in risk-free rate	582	90
Sensitivity 1d: 0.5% decrease in risk-free rate	(899)	(138)
Sensitivity 2: 10% decrease in equity and real estate value	(67)	—
Sensitivity 3: 10% decrease in operating expenses	1,335	282
Sensitivity 4: 10% decrease in lapse rate	(833)	(104)
Sensitivity 5: 5% decrease in claim incidence rates for life business	2,712	462
Sensitivity 6: 5% decrease in mortality for annuity business	—	—
Sensitivity 7: Change the required capital to 200% of solvency margin ratio	106	18

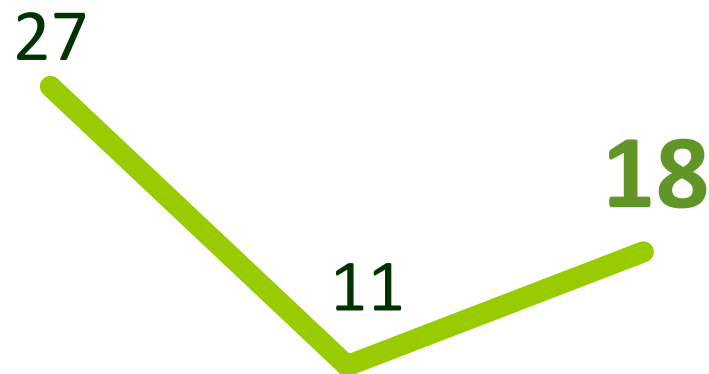
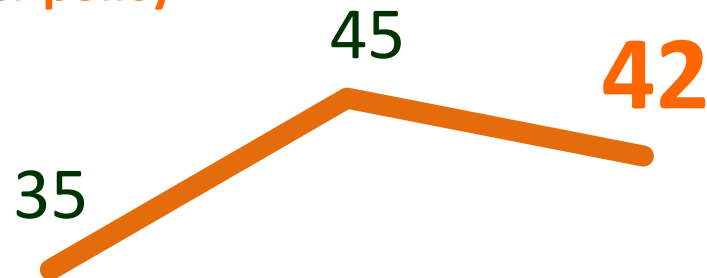
1. For each sensitivity, only one specific assumption is changed and other assumptions remain unchanged. It should be noted that the effect of the change of more than one assumption at a time is likely to be different from the sum of sensitivities carried out separately. As Japanese policy reserves are calculated in accordance with the IBR, the sensitivities carried out do not affect the reserves at the valuation date. The sensitivity on the value of new business excludes the impact on the adjusted net worth.



# Marketing Expenses / Value of New Business per Policy

(JPY thousand)

Marketing expenses  
per policy



Value of new business per policy  
(Ultimate Unit Cost base)

- Well-controlled marketing expenses
- Value of new business per policy improved mainly due to **increase in value of in-force business**

FY2011

12

13

# Contents

1. Progress of Mid-term Business Plan
2. Results for Fiscal 2013
3. Challenges for Fiscal 2014



# Transition to New Growth Stage



## Phase 2

(June 2013 - )

- Changes in Representative Directors and Executive Officers
- More advantages of “online life insurance” for more customers
- Being an “innovator” in life insurance

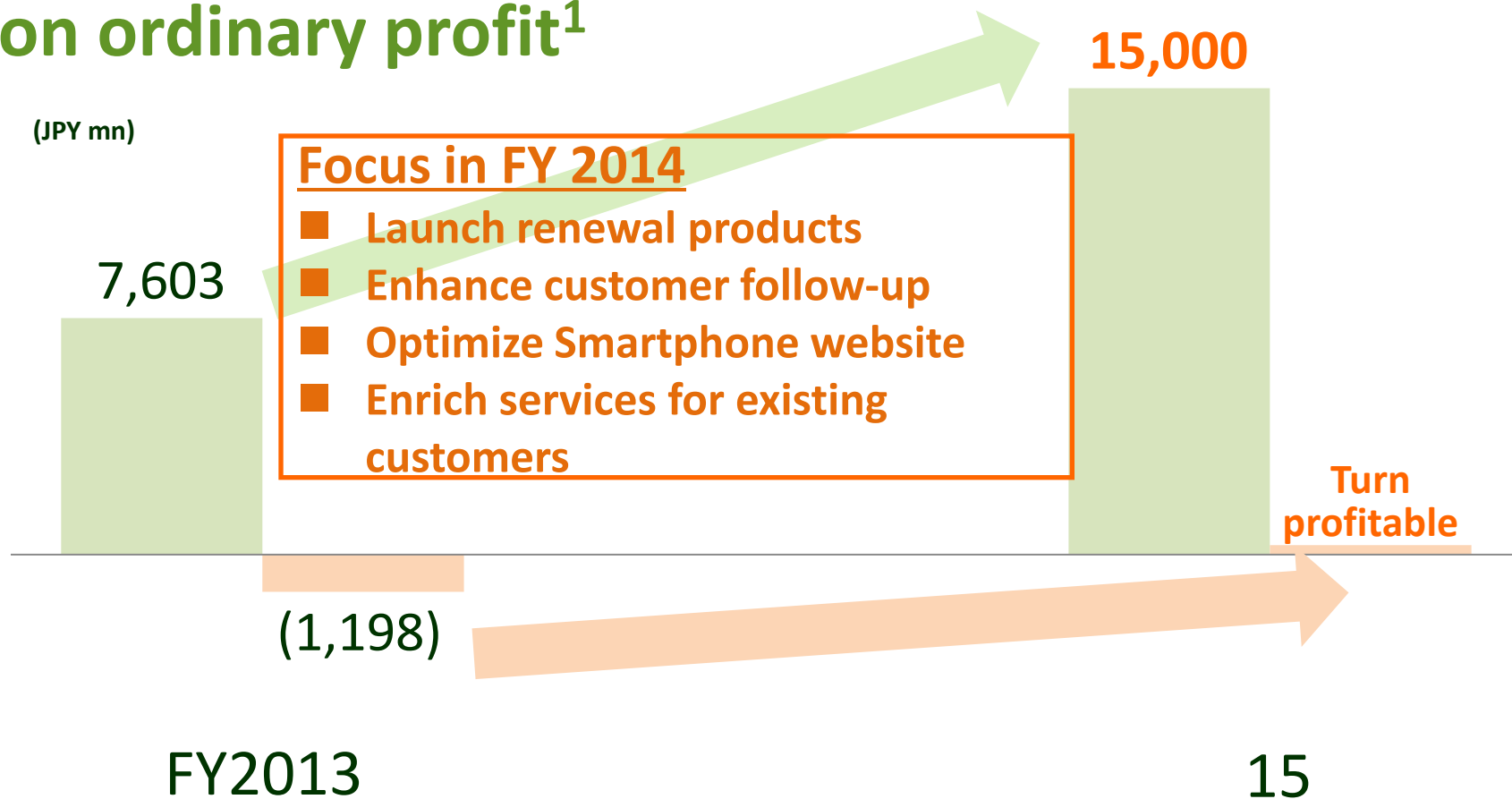
## Phase 1

(5 years after business commencement)

- Birth of new business model, “online life insurer”
- Created brand recognition from scratch
- Achieved 150,000 policies-in-force

# To Achieve Mid-term Business Plan




- Aim to achieve ordinary income of 15 billion yen, pushing the company toward profitability based on ordinary profit<sup>1</sup>



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

# First Renewal of Core Products since Business Launch


## ■ Reduced premium while realized rich coverage

<p>Term Life "Kazoku"</p> 	<p>Revised premium to be the lowest premium level in the industry(*) while extensive coverage remains unchanged</p> <ul style="list-style-type: none"><li>• Wide range of claim amounts is available, from 5 million yen to 100 million yen</li><li>• Same coverage regardless of illness, accident or natural disaster</li><li>• Extending insurance term to a maximum age of 80</li></ul>
<p>Whole-life Medical New "Jibun"</p> 	<p>Extensive lifetime coverage at the reasonable premiums Economy plan</p> <p>More extensive coverage Recommended Plan</p> <ul style="list-style-type: none"><li>• Covers one-day hospitalizations</li><li>• Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke) Recommended Plan</li><li>• Lump-sum payment upon cancer diagnosis and advanced medical care also covered Recommended Plan</li><li>• Fixed premium</li></ul>
<p>Whole-life Medical New "Jibun" for Women</p> 	<p>Extensive lifetime coverage at the reasonable premiums Economy plan</p> <p>More extensive coverage for women Recommended Plan</p> <ul style="list-style-type: none"><li>• Extensive coverage for illnesses specific to women</li><li>• Covers one-day hospitalizations</li><li>• Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke) Recommended Plan</li><li>• Lump-sum payment upon cancer diagnosis and advanced medical care also covered Recommended Plan</li><li>• Fixed premium</li></ul>

# Term Life “Kazoku”

## ■ Reduced premium for a wide age range of customers

Term Life  
“Kazoku”



Revised premium to be the lowest premium level in the industry<sup>(\*)</sup> while extensive coverage remains unchanged

- Wide range of claim amounts is available, from 5 million yen to 100 million yen
- Same coverage regardless of illness, accident or natural disaster
- Extending insurance term to a maximum age of 80

### Highlights of revision

- ✓ The lowest premium levels in the industry ; reduced both net premium and loading expenses
- ✓ Extended insurance term to a maximum age of 80
- ✓ Began underwriting under the “exclusion of specific disabilities”

# Launched New Whole-life Medical

## ■ Providing “Economy Plan” and “Recommended Plan”

Whole-life Medical  
New “Jibun”



Extensive lifetime coverage at the reasonable premiums **Economy plan**

More extensive coverage **Recommended Plan**

- Covers one-day hospitalizations
- Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke) **Recommended Plan**
- Lump-sum payment upon cancer diagnosis and advanced medical care also covered **Recommended Plan**
- Fixed premium

Whole-life Medical  
New “Jibun” for Women



Extensive lifetime coverage at the reasonable premiums **Economy plan**

More extensive coverage for women **Recommended Plan**

- Extensive coverage for illnesses specific to women
- Covers one-day hospitalizations
- Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke) **Recommended Plan**
- Lump-sum payment upon cancer diagnosis and advanced medical care also covered **Recommended Plan**
- Fixed premium

## ■ Start to offer shorter payment duration of premium

# Whole-life Medical New “Jibun”

- **Average of 24% decrease in insurance premiums in comparison to previous product**



The graphic is divided into two main sections. The left section has an orange background and contains the text 'Whole-life Medical New "Jibun"' and a 'NEW' speech bubble next to a white icon of a person and a medical cross. The right section has a white background with an orange border and lists features: 'Extensive lifetime coverage at the reasonable premiums' (with 'Economy plan' in a blue box), 'More extensive coverage' (with 'Recommended Plan' in a red box), and a bulleted list of benefits: 'Covers one-day hospitalizations', 'Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke)' (with 'Recommended Plan' in a red box), 'Lump-sum payment upon cancer diagnosis and advanced medical care also covered' (with 'Recommended Plan' in a red box), and 'Fixed premium'.

Whole-life Medical New “Jibun”

NEW

Extensive lifetime coverage at the reasonable premiums **Economy plan**

More extensive coverage **Recommended Plan**

- Covers one-day hospitalizations
- Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke) **Recommended Plan**
- Lump-sum payment upon cancer diagnosis and advanced medical care also covered **Recommended Plan**
- Fixed premium

## Highlights of revision

- ✓ **Covers one-day hospitalizations ; uniformed 5 days' worth of benefits**
- ✓ **Unlimited payment days** for hospitalizations due to the 3 major lifestyle-related diseases
- ✓ **Benefit for cancer diagnosis up to 5 times**



# New “Jibun” for Women

## ■ The first Lifenet **product for women**



Whole-life Medical  
New “Jibun” for Women

**NEW**

Extensive lifetime coverage at the reasonable premiums **Economy plan**

More extensive coverage for women **Recommended Plan**

- Extensive coverage for illnesses specific to women
- Covers one-day hospitalizations
- Unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke) **Recommended Plan**
- Lump-sum payment upon cancer diagnosis and advanced medical care also covered **Recommended Plan**
- Fixed premium

### Highlights of revision

- ✓ Extensive coverage for illnesses specific to women
- ✓ Covers one-day hospitalizations; uniformed **5 days’ worth** of benefits
- ✓ **Unlimited payment days** for hospitalizations due to the 3 major lifestyle-related diseases
- ✓ Benefit for cancer diagnosis **up to 5 times**

# Price Comparison to Products

- Renewal reflecting the actual results since its business commencement

(JPY)

## Term life “Kazoku”

(30, male, coverage for 10 years/ 10mn yen)

	Before	Renewal	Difference
Monthly premium	1,328	1,230	(98)
Net premium	890	812	(78)
Loading expenses	438	418	(20)

## Whole-life Medical “Jibun”, New “Jibun”

(30, male, premium payment period: whole-life/ Benefit amount per 1 day: 10,000 yen / Maximum length of one hospitalization: 60 days / Surgery benefits 100,000 yen / Economy plan)

	Before	Renewal	Difference
Monthly premium	3,737	2,940	(797)
Net premium	2,878	2,337	(541)
Loading expenses	859	603	(256)

# New Campaign, New TV Commercial

## ■ Renewed for the new product launch

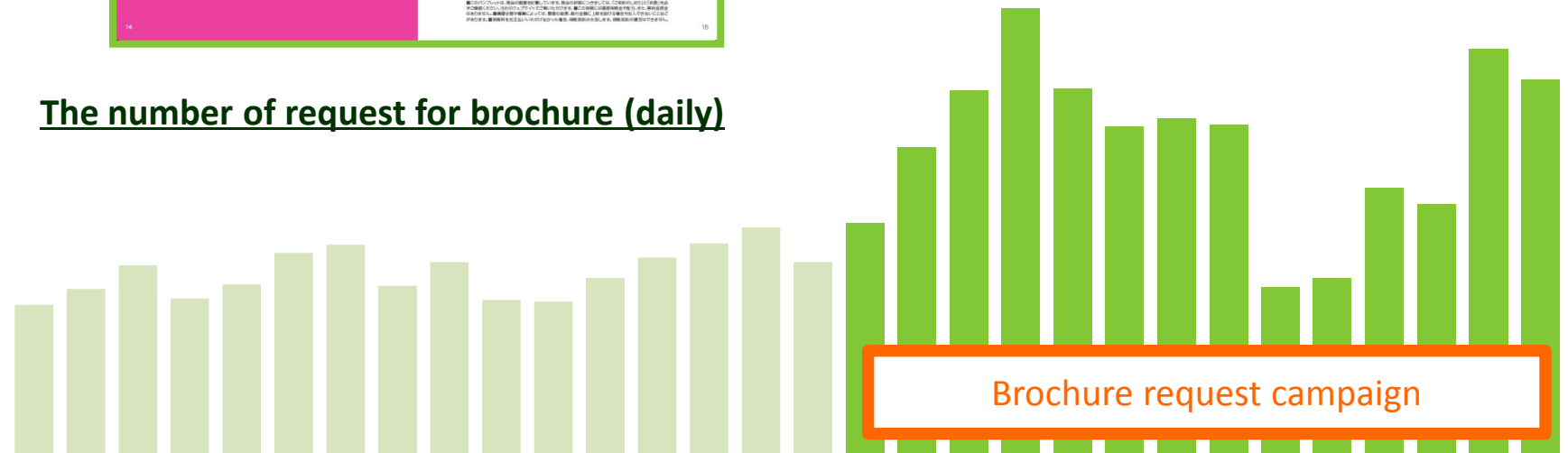


# Renewal Brochure

## ■ Encouraging trend of brochure request



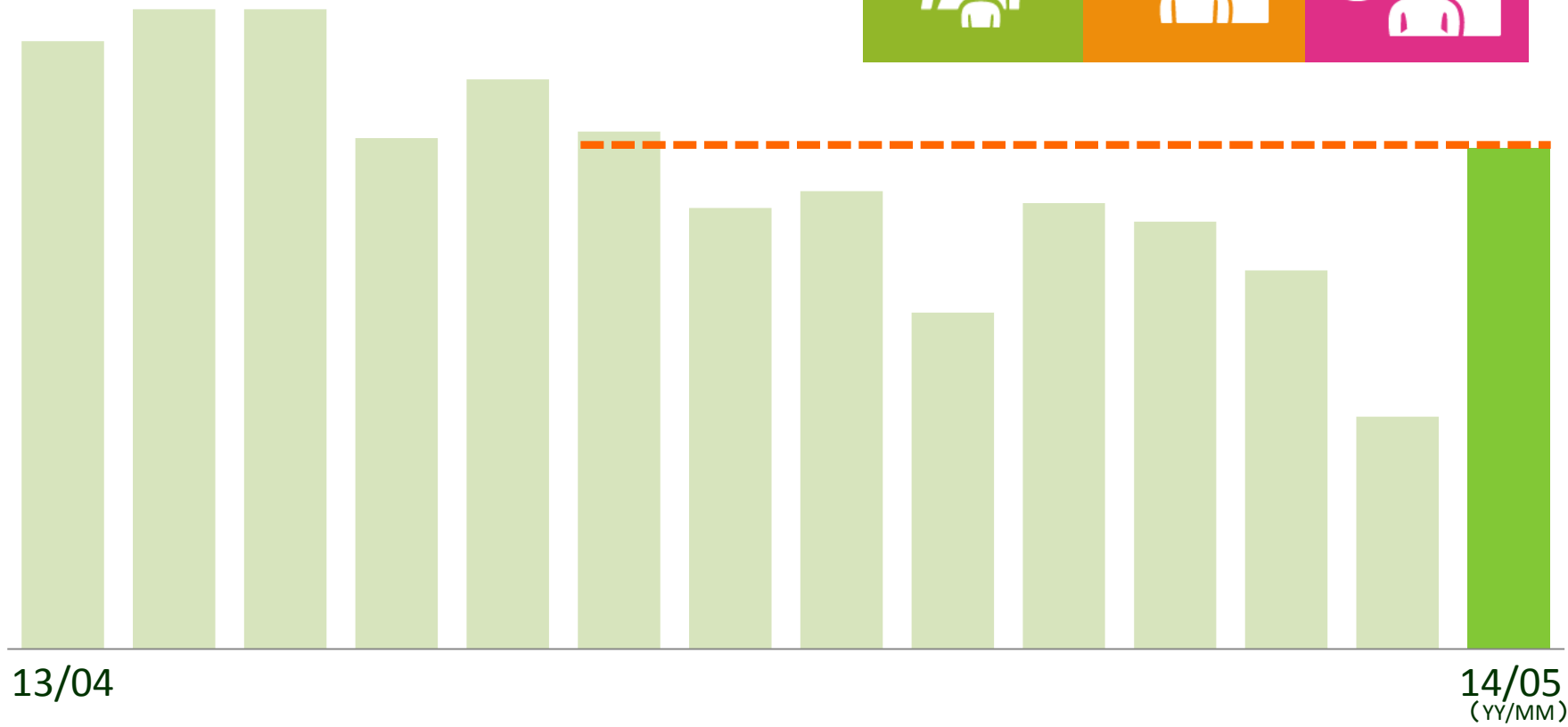
The number of request for brochure (daily)



# Application Trend after Product Launch

- The daily average of application is recording **the highest in 6months**

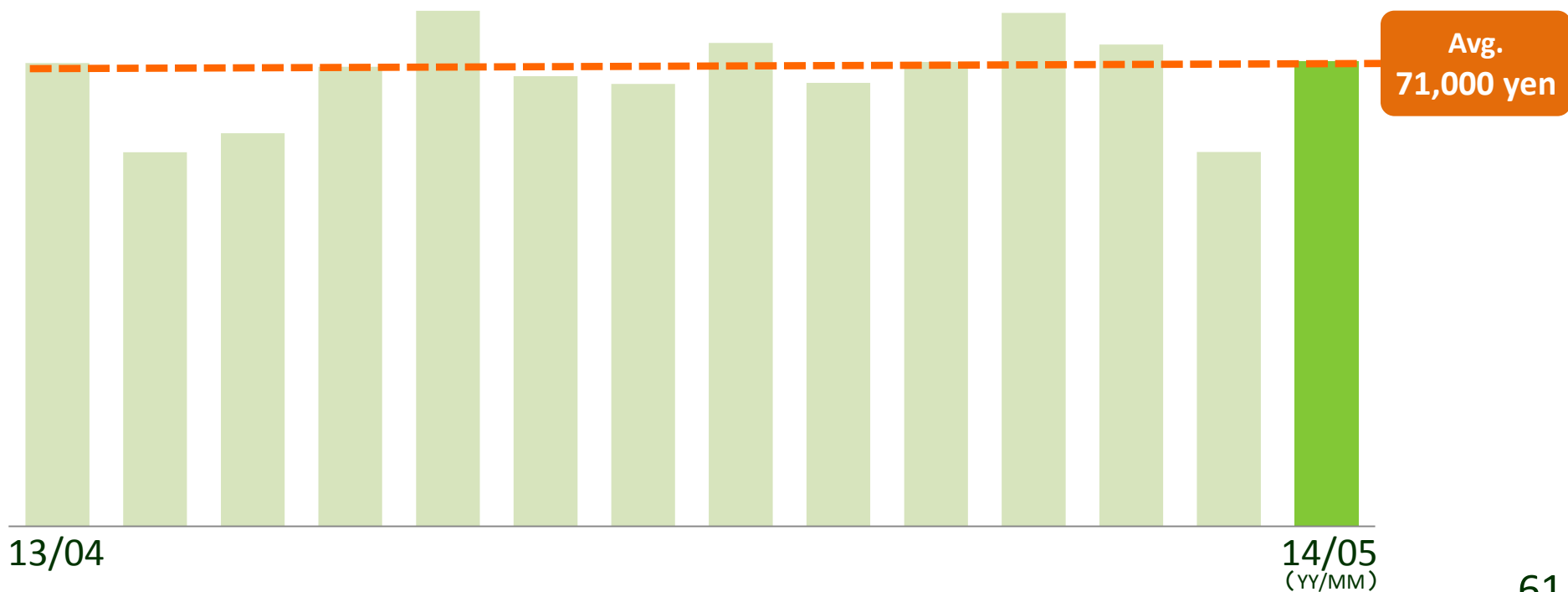
Trend of daily average of application  
(Monthly as of May 11, 2014)



# Application Trend after Product Launch

- Despite the premium reduction, average of premium per customer **maintain the same standard**

Average of annualized premium per customer for application  
(Monthly as of May 11, 2014)



# Enhancing Follow-up Methods

## ■ Enriched customer support for online application



In-house insurance planners

Affiliated insurance planners



Face-to-face  
agents



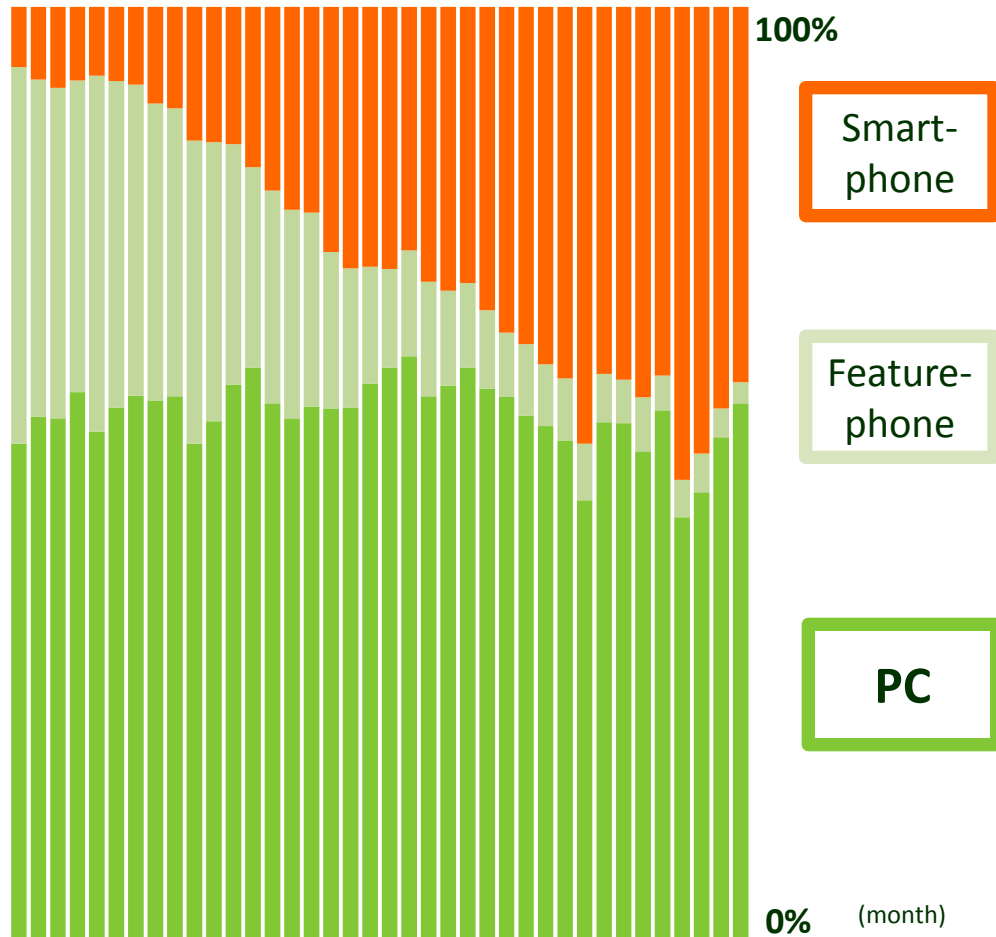
Online aggregators

保険市場  
HOKEN ICHIBA  
The Insurance Market Place

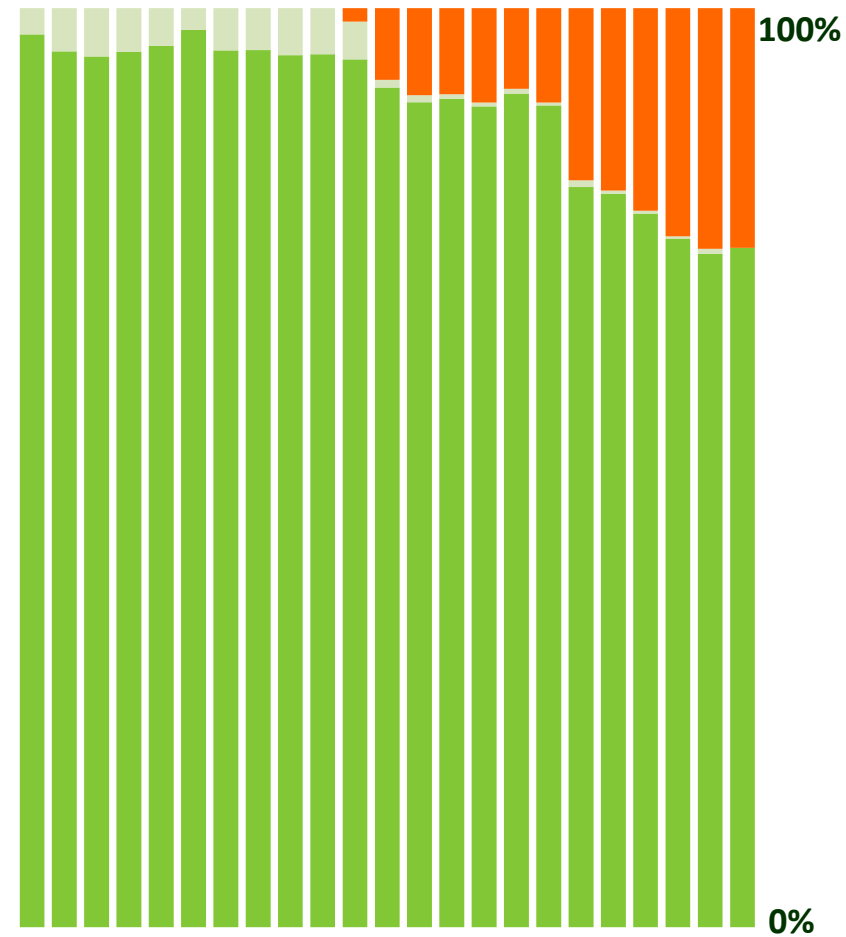
価格.com保険

## ■ Clear trend of the shift to Smartphone

Brochure request composition by device

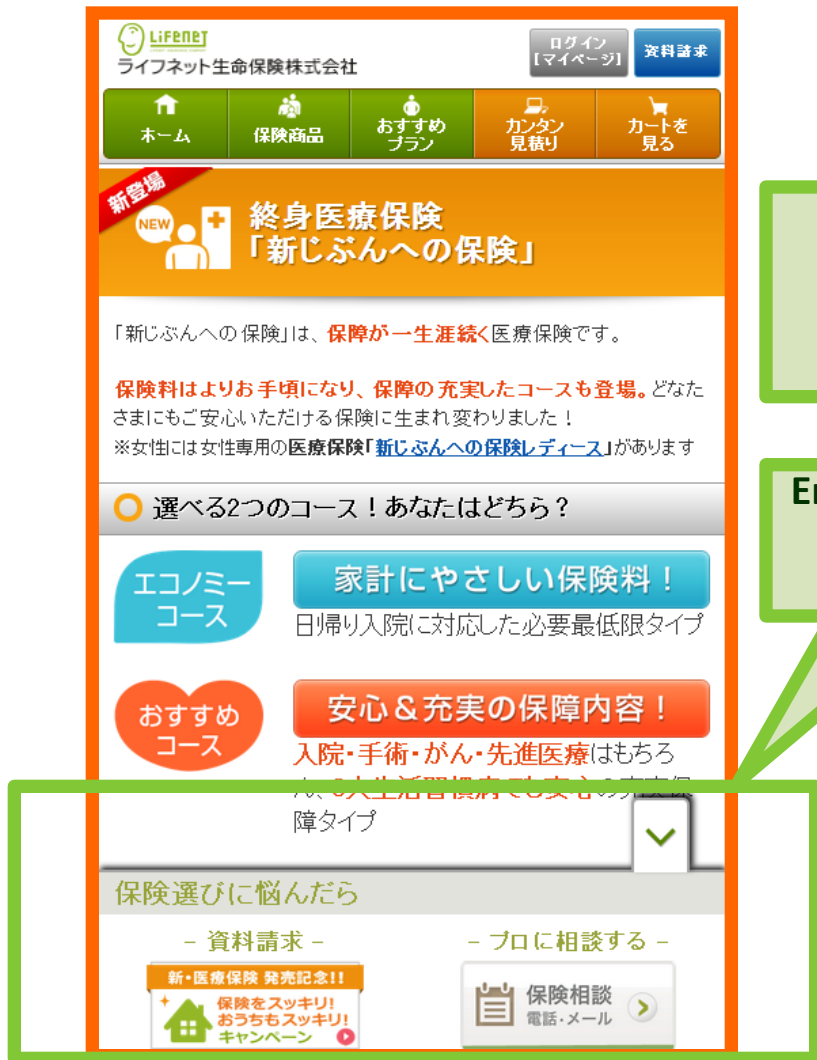


Application by device



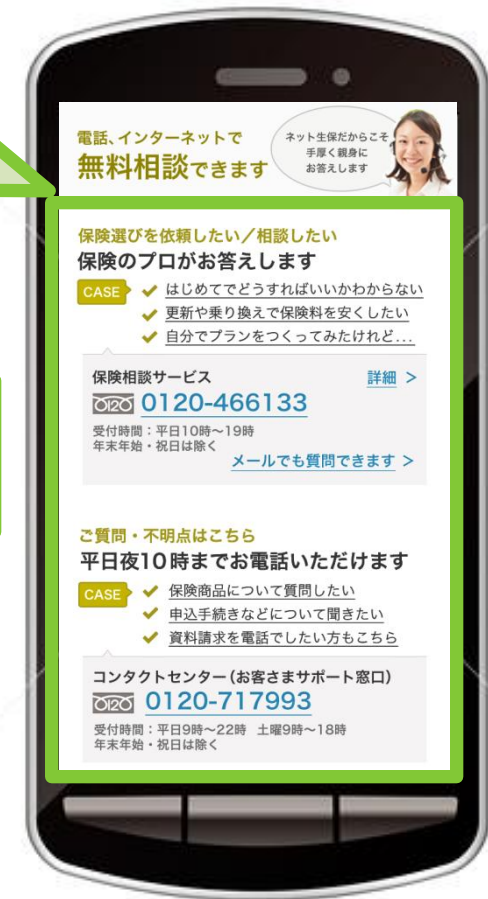


## ■ Make the best use of functions as a “phone”



Smoothened introduction to operators by UI improvement

Enriched supportive function by tab-style footer

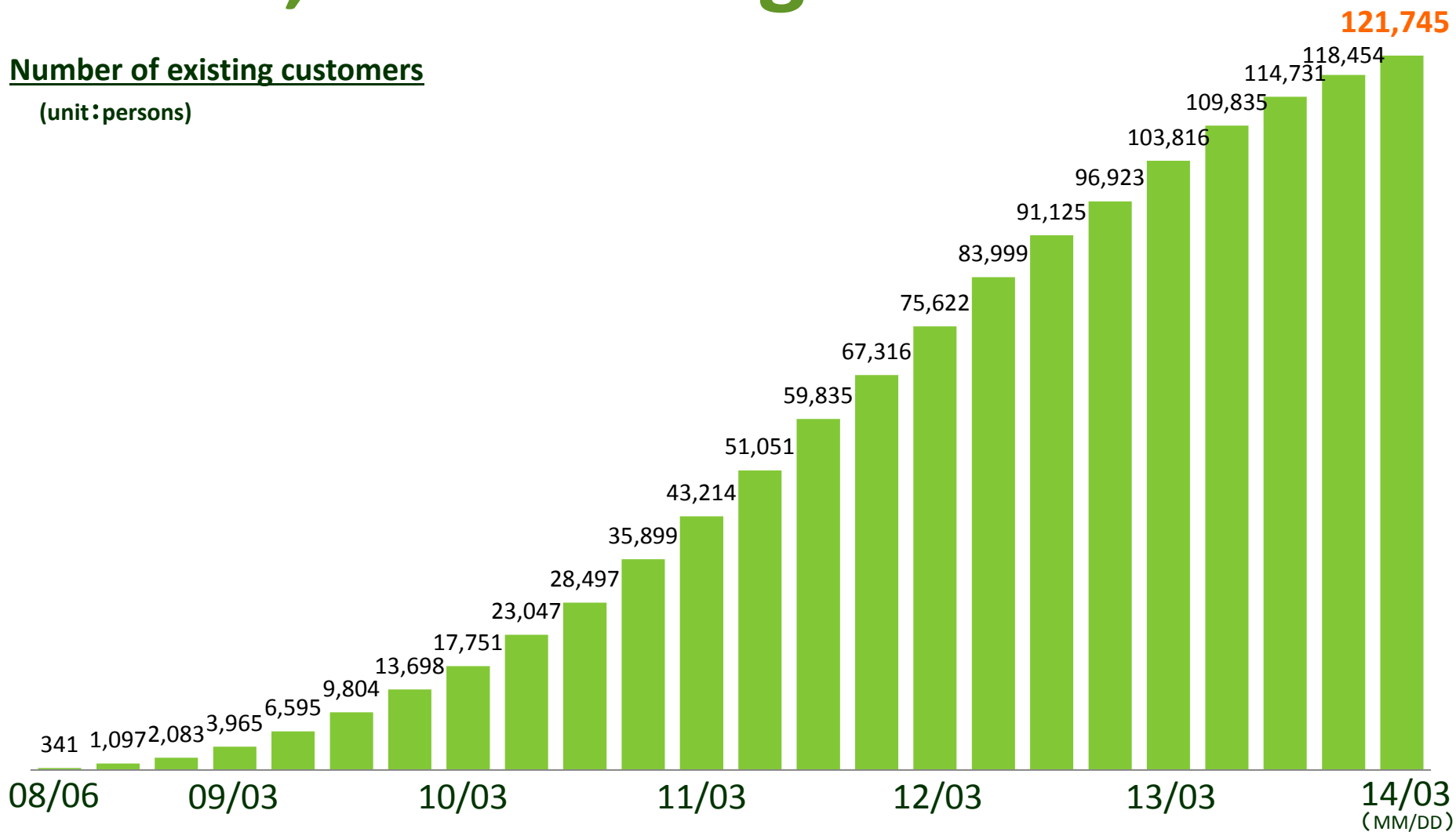


# Enrich Customer Service

## ■ 120,000 existing customers

### Number of existing customers

(unit: persons)



# Launch Free Online Health Consultation Service



## ■ Create account by registering from “My Page”



ライフネット生命のご契約者さま専用！

## 健康相談サービス ご利用ください！



ちょっとした相談・不安にも

医師がいつでも  
応えてくれる



**無料でWebから医師に相談し放題！**

**Doctors Me** とは？  
医師が応える Q&A サイト

Doctors Me とは、(株)サイバー・バズが提供する Q&A サービスです。  
体のちょっとした心配や悩みについて、Web サイトで医師に無料で  
相談することができます。



医師に匿名で  
相談できる



回答率、100%



回答は、平均**30分**

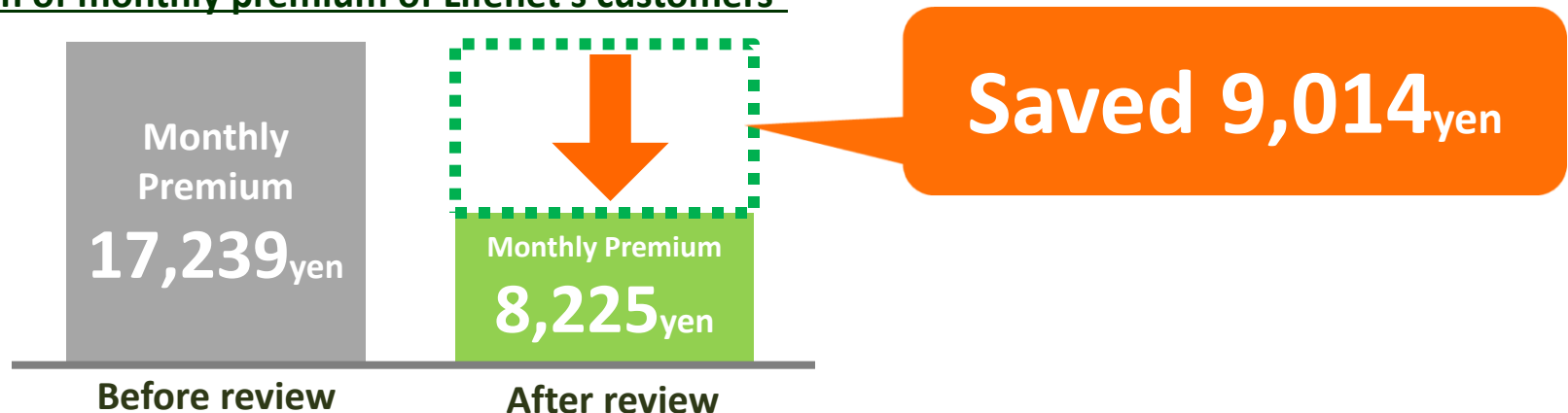
# Provided Added Value Besides Saved Premium

## ■ Enrich customer services and improve payment procedures

### Key highlights of customer service launch

- ✓ Medical certification **submission no longer necessary** for most medical policy claims
- ✓ Allowed insurance claims and benefits to be made **in 2 days**
- ✓ Started to accept medical insurance benefits and claims to be made **online 24/7**
- ✓ Launched **online free health consultation service**

### Reduction of monthly premium of Lifenet's customers<sup>1</sup>



1.: Of the 3,041 surveys, 1,278 replied that they were able to decrease insurance premiums as a result of switching to Lifenet. 51% answered they have lessened their insurance coverage, 23% added coverage, and 26% did not change the content of coverage when switching.

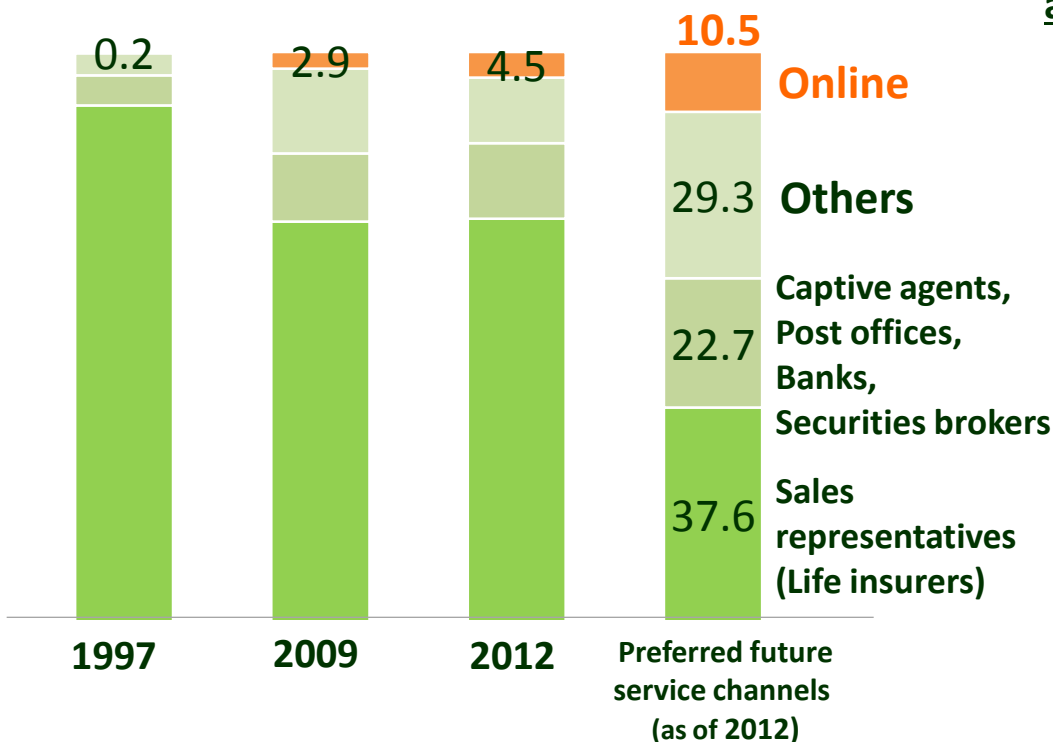
# Online Life Insurance Growth Potential

## Existing consumers needs and market potential

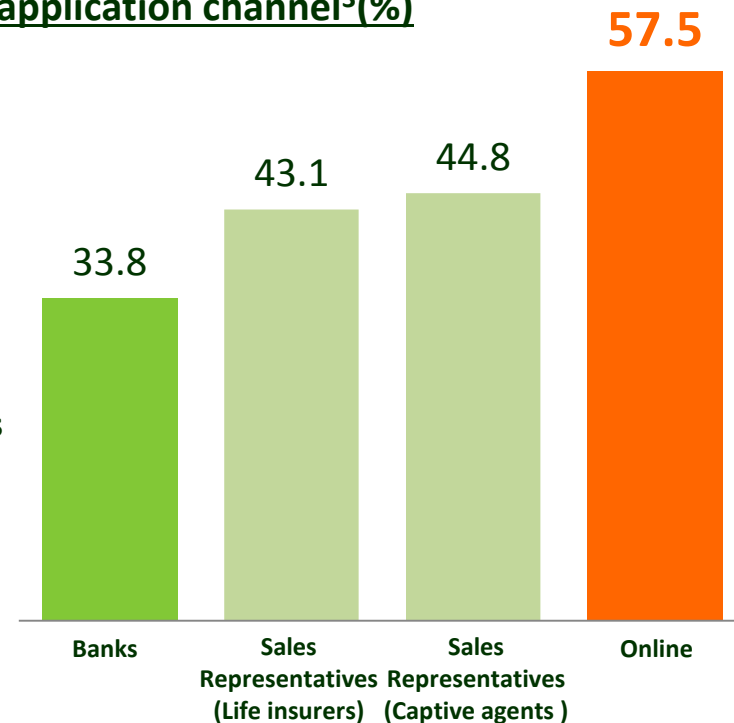
Online life insurers share  
(Lifenet, AXA Direct-Life)

0.18%<sup>1</sup>

Preferred Future Service Channels<sup>2</sup> (%)



Intention of life insurance contractor application channel<sup>3</sup>(%)



1. This ratio is calculated as follows: {249,869 policies-in-force of two pure-online insurers} divided by {142,484,311 policies-in-force of the whole individual life insurance policies in Japan ("Life Insurance Business in Japan", The Life Insurance Association of Japan)} as of December 2013

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

3. Source: "questionnaire survey about over the counter sales by banks" by Japanese Bankers Association (March 2014)

# Diversity of Management Board

- Directors and Corporate Auditors in 30's to 70's including 2 women
- External board holds majority





# Toward “2nd Stage”

## ■ New leap beside customers



# LIFENET Manifesto



## 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.**





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. This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

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

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 E-mail Notices

# Appendix



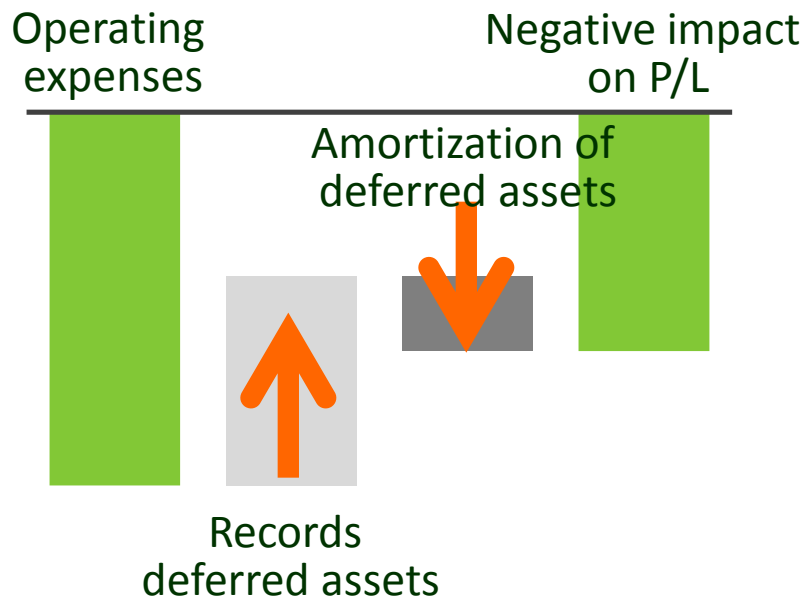
# Deferred Assets under Article 113 of the IBA<sup>1</sup>

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

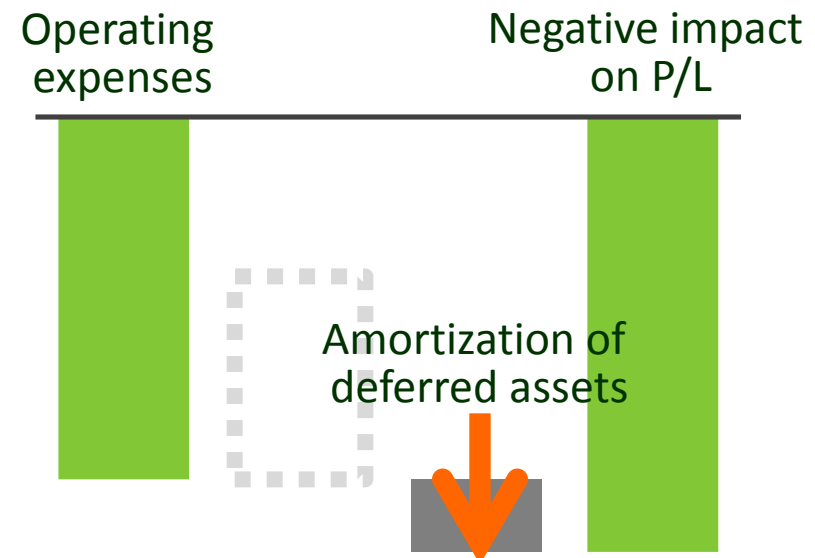
Illustrative image of impact on P/L

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

## Until FY2012



## Since FY2013 until 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. 1bn yen every fiscal year.

# Embedded Value and Value of New Business

(Illustrative purpose only: Based on present value)

