



**Information Meeting on
Life Insurance Companies'
Sales Strategies**

May 24, 2007



TAIYO-LIFE

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T&D FINANCIAL LIFE

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Taiyo Life's Marketing Strategy



Business Environment of Household Market

Trends in Household Market

- **Increase in of sales channels**
 - ✓ Growth of OTC sales at banks
- **Diversification of information**
- **Unpaid Insurance Claims Problem**
- **Demographic changes**
 - ✓ Aging population at lower birth rate, shift to nuclear from extended families
 - ✓ Retirement of baby boomers

Trends in Financial Administration

- **Promotion of consumer protection**
 - ✓ Observance of "Suitability Principle"
 - ✓ Strengthening internal management systems
- **Promotion of competition through deregulation**
 - ✓ Price flexibility in insurance products
 - ✓ Lifting the ban of comparative advertising

The Time is Now for "Quality" Management

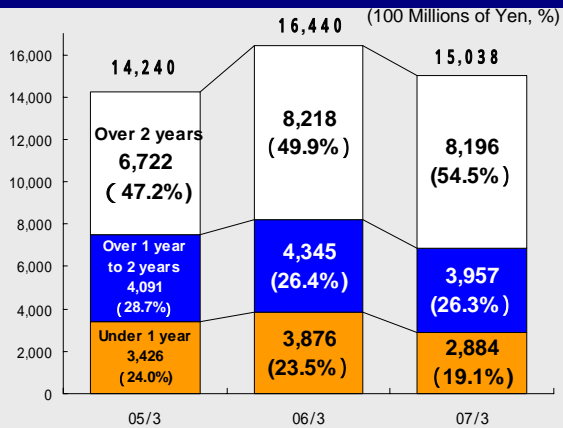
- **Management quality = Strong Relationships with customers**
 - ✓ Improvement of customer reliability
 - ✓ Establishment of solid relationship with customers
 - ✓ Strengthen ability to make new customers

Measures in Fiscal 2006

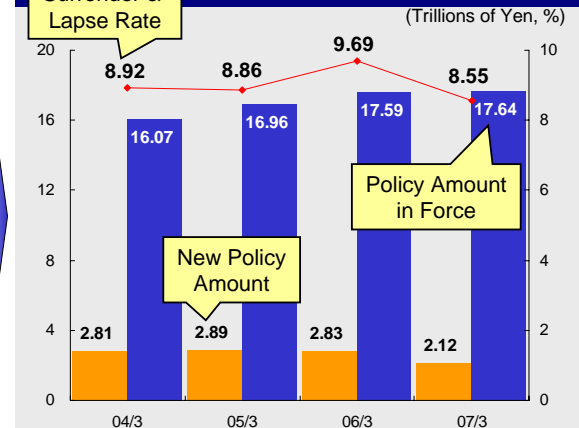
■ Pursuit of high quality contracts: Control of surrender and lapse

- ✓ Achieved a reduction of surrender & lapse and net increase of policy amount in force by acquisition of high quality contacts

Breakdown of Surrender & Lapse Amount



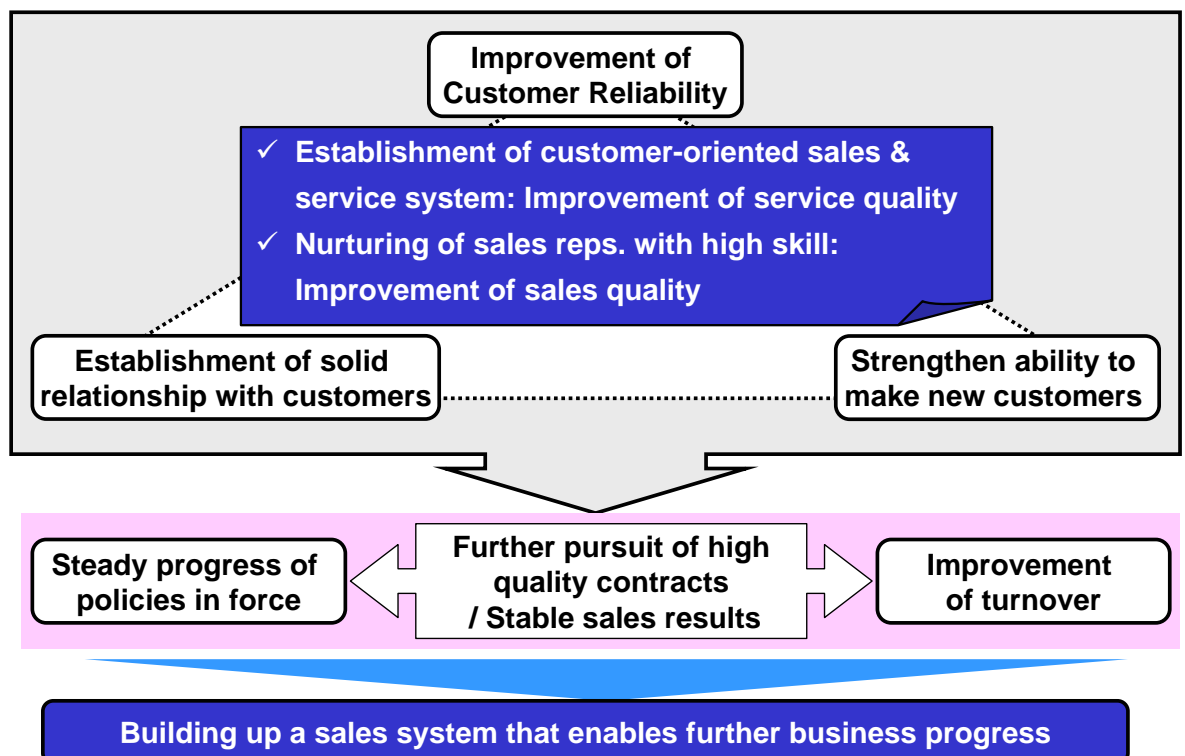
Policy Indicators



* Parentheses represent the ratio against total surrender & lapse amount.

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Strategy for Quality Improvement



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Improvement of Service Quality

Comprehensive Reform of Customer Service

- Reform customer service comprehensively based on lessons learned from the “Unpaid Insurance Claims Problem”

- ✓ Allocating management resources to the payment division
- ✓ Establishing customer-oriented service system
- ✓ Consulting by sales reps. when paying insurance claims & benefits

Strengthening Contacts with Customers

- Utilize multiple distribution channels -- sales reps., customer service staffs, and call centers, etc. -- Re-establish a strong customer base

- ✓ Make use of “Customer Responsible System” and “Household Follow-up System (in case sales reps. quitted)”
- ✓ Contact timely with customers through “outbound” calls
- ✓ Review on customer contacts by reallocating branch office network

Improvement of Sales Quality

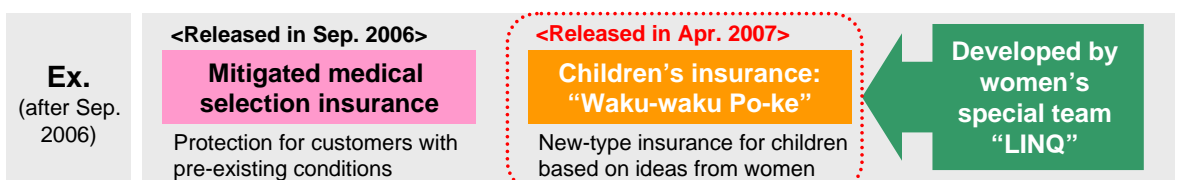
Recruitment and Training Revamp

- Establish a system focused on “improvement of quality”
Improve retention rate of sales reps through the improvement of turnover

- ✓ Implement selective recruitment
- ✓ Improve/revise training programs

Product Development

- Develop products meeting customer needs
Proposing protection products from the customer’s point of view



Daido Life's Marketing Strategy



Business Model

Sales of highly profitable individual term life insurances

- To owners of small and medium-sized enterprises (SMEs)
- Through multi-sales channel (in-house sales representatives, agents (tax accountants, etc.))
- Based on strategic tie-up with partners that have close relationships with SMEs

Products that Meet the Needs of SME Owners



Provide "Individual Term Life Insurance" as a product preparing for risks surrounding SME owners

Characteristics of SMEs

Heavily dependent on owners, who are at the core of the business

Need a large amount of protection at a lower price

Measures for retirement and continuity of business

Daido's Individual Term Life Insurance

Offer insurance for owners

<Contract model>	
· Policyholder	Company
· Insured	Owner
· Beneficiary	Company

All or part of premiums can be tax-deductible
Package plan with life insurance and P&C insurance

Premium based on each mortality risk

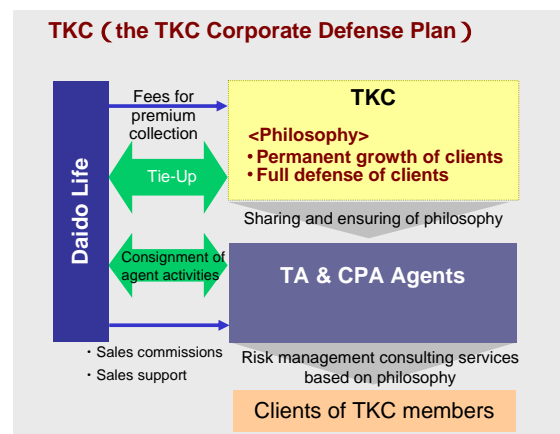
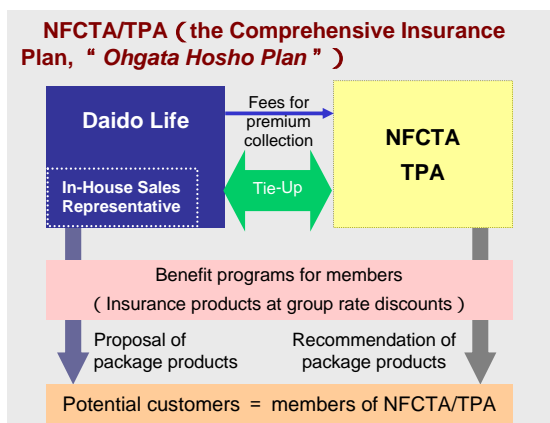
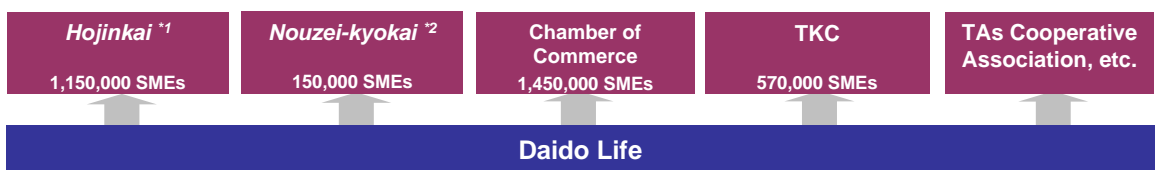
- ~ Special discount for persons in good health
- ~ Term insurance for those with diabetes or high-blood pressure

Products with high-cash value are also available
~ Ultra-long term insurance

Strategic Tie-Up



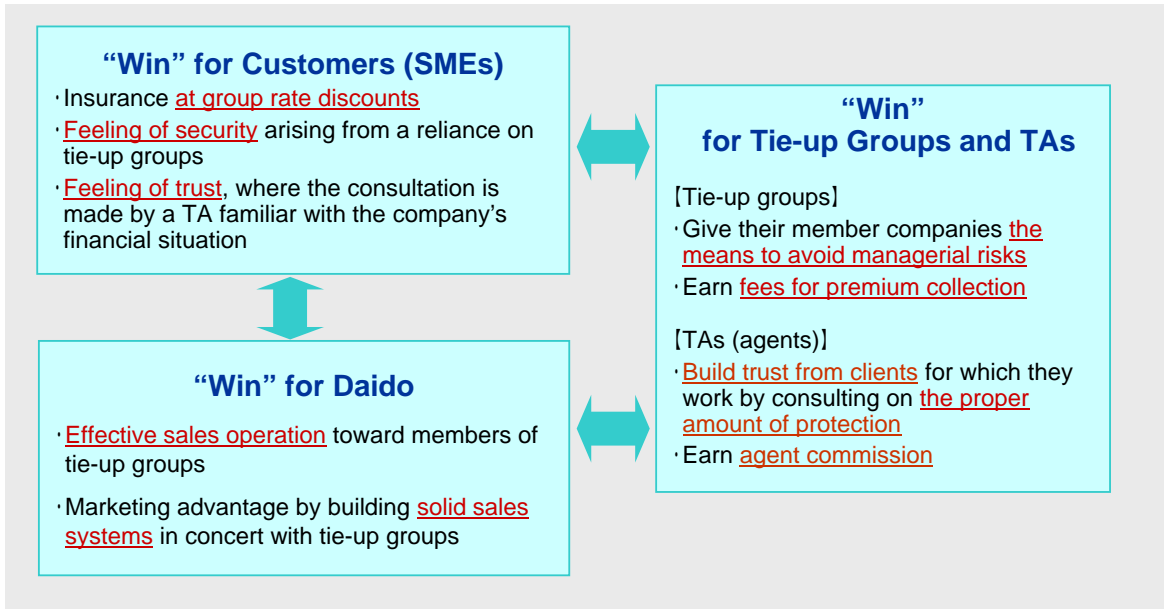
Efficient and competitive sales to member companies or clients of Daido's tie-up partners



*1 National Federation of Corporate Taxpayers Associations (NFCTA) *2 Tax Payment Associations (TPA)

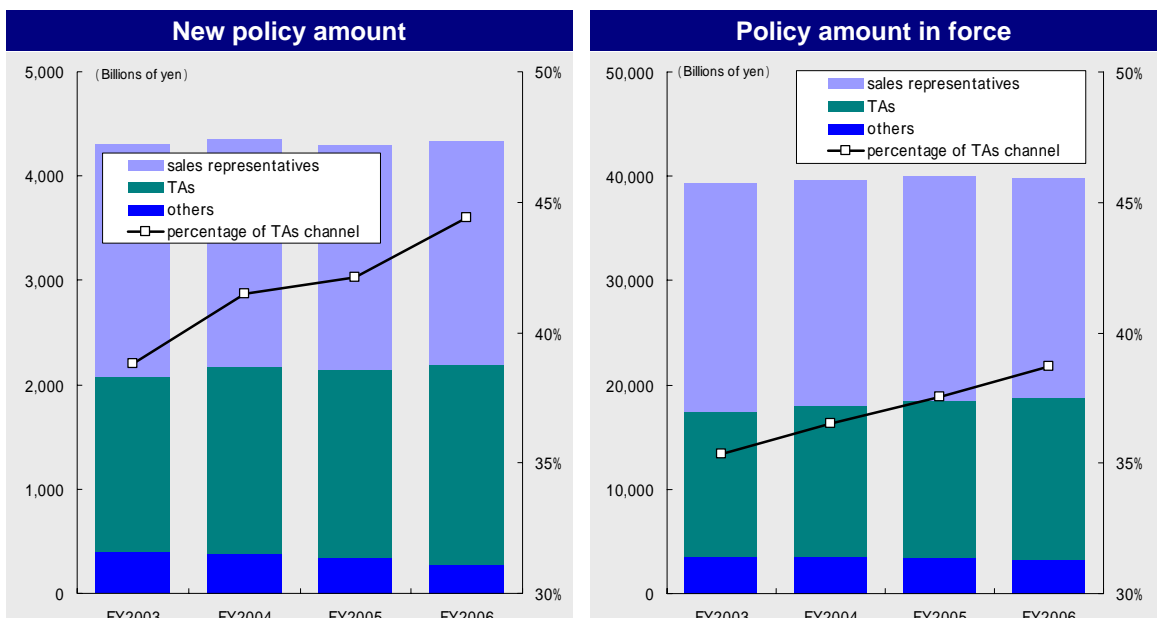
Strong Relationships with Stakeholders

Strong relationships established through the sales of package plans
All “win”s for customers, tie-up groups and TAs, and Daido



Balanced multi-sales channel

Channel mix of in-house sales representatives and TAs
While maintaining multi-sales channel, put more emphasis on TAs channel



T&D Financial Life's Marketing Strategy



T&D FINANCIAL LIFE

History

	Sales Reps Channel	Bank Channel
2001	October: Restarted as T&D Financial Life	
2002		October: Started OTC sales of individual variable annuities
2003	<i>Sold through sales representatives and bank channels</i>	
2004		
2005	August: Announced reorganization plan of in-house sales reps channel	March: Launched GMLB type VA "Smile" December: Started as a company specializing in sales through the bank channel
2006		March: Capital raising August: Launched GMLB type VAs, "Smile 2" and "Happy Days"
2007		

T&D Financial Life's Positioning and Trend in Variable Annuity Market Sales

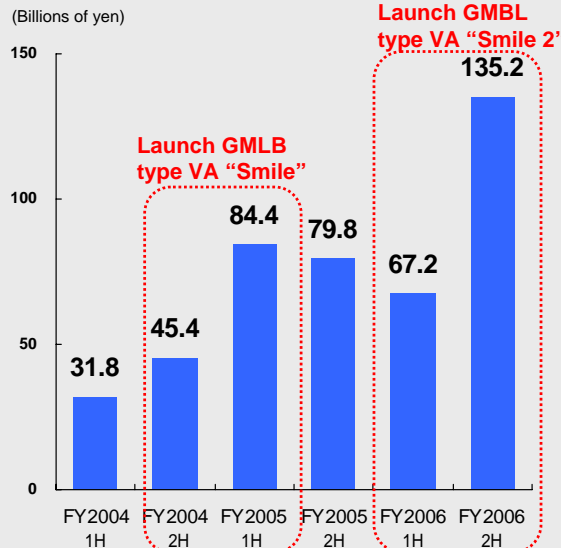


Most important factor to win the OTC sales at banks: Products

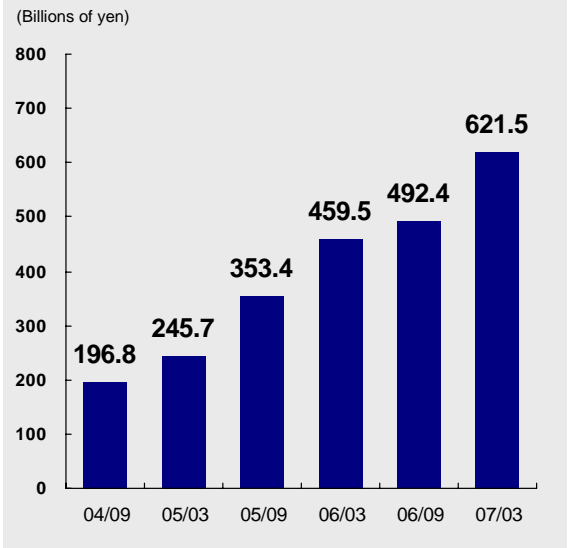
Launch competitive products constantly

Maintain major player in the VA market

T&D Financial Life's Sales Amount for Variable Annuities



T&D Financial Life's Policy Amount in Force for Variable Annuities



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Product Strategy



What are competitive products? --- To meet various customer needs :

- (1) Develop fixed annuities to meet "low-risk" needs when interest rate rises
- (2) Develop products with financial institutions in preparation for full-deregulation of OTC sales at banks
- (3) Need annual redesign of GMLB type VA which is most popular among bank customers
- (4) Develop investment return focus type VA to meet customer needs for upside potential

Products	Wealth Building Needs			Deregulation
	Low Risk	Middle	High Risk	
Steady Road / Smile 2 / My Days (Sold at 42 agents) ■ GMLB type ■ 7 years investment period		(3)		
Happy Days (Sold at 12 agents) ■ GMLB type ■ Switch to general account in reaching investment target (110% · 120% · 130%)				
Rising Road (Sold at 1 agent) ■ Non-GMLB type, managed in 16 separate accounts ■ Only accidental death protection (Non-GMDB type)			(4)	
New products	(1)			(2)

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Sales Channel Strategy

Expansion of financial institution agents

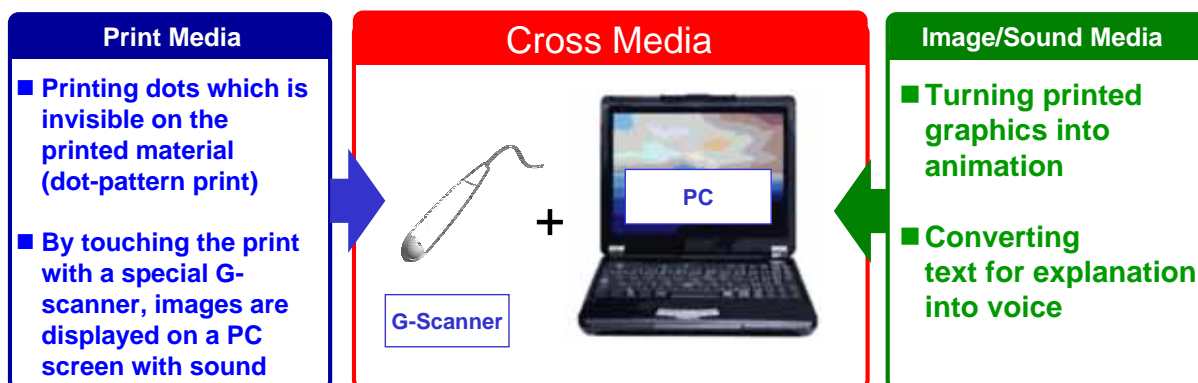
	2005/03	2006/03	2007/03	2008/03 (Forecasts)
The number of agents	19	45	60	70
The number of branches	2,905	5,320	6,591	-
The number of qualified VA sales personnel	67,189	105,500	126,953	-

Effect/Purpose of expansion of financial institution agents

- (1) Increase in premium income (FY2007 target: 300 billion yen)
- (2) Reduce the impact of banks' attitude towards OTC sales
- (3) Avert risks of concentration on particular banks

Cross Media

- **Cross Media:** A new communications tool fusing the advantages of print media (easy to see, explaining details, and examining contents in order to deepen understanding) and image media (highest volume of information, intuitive, appealing visually and aurally by image and sound).



Effects

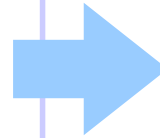
- (1) **Widen the range of presentations** by combining the strengths of the print and image/sound media
- (2) **Enable more uniform level of explanation, which** results in stable explanation by bankers with varying degrees of product knowledge and sales skill
- (3) **-Reduce the pressure on bankers** to explain everything, resulting in reducing the burden of explanation
 - Promote customer's understanding of material facts, thus also reduce complaints and troubles due to a lack of understanding

Possibility of New Dimension

- In terms of OTC sales at banks,
“Deregulation = Possibility of new dimension “

Privatization of Postal Life (Scheduled in October 2007)

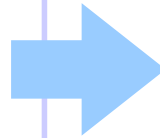
- ✓ In the wake of privatization of Postal Life, it's hoped that;
 - Expand VA market
(May 2008: Yucho Bank and others plan to start selling VA)
 - Extend T&D Financial Life's customer base, especially young people



Make positive efforts to be adopted T&D Financial Life's products

Full Deregulation of OTC Sales at Banks (Scheduled in December 2007)

- ✓ In the wake of full deregulation of OTC sales at banks, product lineup will expand, and it's hoped that;
 - Meet new bank customers' needs
 - Create new market



Collaborate with banks