

# Strategies for Value Creation

## CONTENTS

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- 18 Message from the President
- 24 Special Feature: Interview between an Investor and the President
- 30 Business Overview
  - 32 Taiyo Life Insurance Company
  - 36 Daido Life Insurance Company
  - 40 T&D Financial Life Insurance Company
  - 44 T&D Asset Management Co., Ltd.
  - 45 Pet & Family Small-amount Short-term Insurance Company
- 46 Group Companies



## Message from the President



We will realize sustainable growth by creating “value for society” and “value for the enterprise” through our business.

**Hirohisa Uehara**

Representative Director and President

### 1. Goal of the T&D Life Group

The T&D Life Group (the “Group”) has set its Corporate Philosophy as “With our ‘Try & Discover’ motto for creating value, we aim to be a group that contributes to all people and societies.” In accordance with this Corporate Philosophy, we would like to share our goals and concrete value creation with our shareholders and investors.

#### **Aiming to realize sustainable growth through value creation leveraged by our strengths**

The Group sets life insurance business at its core, which is founded on the spirit of mutual aid. Therefore, “contributing to all people and societies” is our most basic philosophy. Confronting the issues facing people and society (hereinafter, “social issues”) through our business and contributing to the development of a sustainable society is the fundamental mission inherited in the DNA of our Group companies with their long history in the life insurance business.

The Group has been providing insurance products and services needed by society ever since Taiyo Life, Daido Life

and T&D Financial Life were brought together under the holding company T&D Holdings, in April 2004. The Group’s major characteristic and its strength are the fact that the three companies possess highly unique and specialized business models in which they provide optimal products via ideal sales channels to meet the needs of their respective specialty markets.

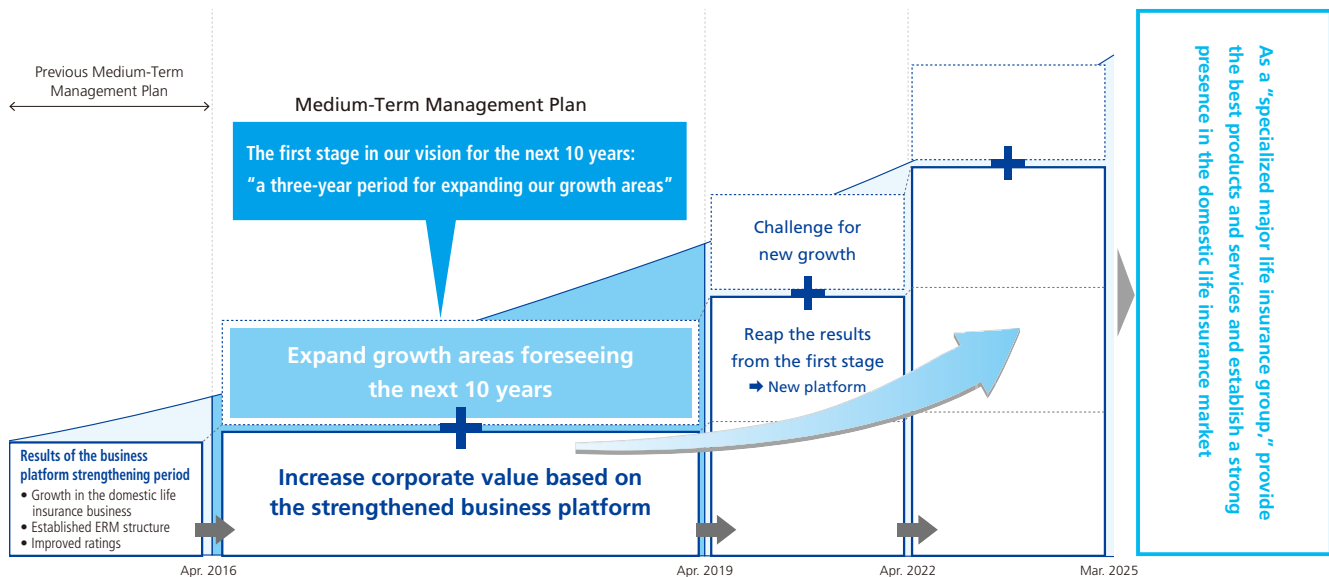
Under the Group’s Corporate Philosophy, our goal is to leverage these strengths and realize a sustainable society by creating “value for society” and “value for the enterprise.”

## 2. T&D Life Group's Value Creation — Positioning and Progress of Medium-Term Management Plan

### Medium-Term Management Plan — “A three-year period for expanding our growth areas” foreseeing the next 10 years

We are currently working on our three-year medium-term management plan, “Try and Discover for the Next Stage — A Three-Year Period for Expanding Our Growth Areas,” which started in April 2016. Under this plan, the T&D Life Group

aims to steadily and sustainably increase its corporate value (EV), based on the three overall policies for the next 10 years shown in the chart below.



#### Three Overall Policies

- Positioning the domestic life insurance business as the core, the T&D Life Group will strengthen its initiatives in the senior market and the independent insurance agent channel with the goal of further expanding growth areas in addition to the established platform
- Pursue alliance and M&A opportunities to strengthen competitiveness, expand market share, and improve profitability in the domestic life insurance market
- Strategically utilize the ERM to promote effective use of stockholders' equity and realize high profitability while ensuring financial soundness

As a result of steadily carrying out the medium-term management plan, which sets the domestic life insurance business at its core, key performance indicators continued to progress solidly.

	Key Performance Indicators	Target of the Medium-Term Management Plan	FY2015/Mar. 31, 2016 [Reference : Previous Medium-Term Management Plan Period]	FY2016/Mar. 31, 2017	FY2017/Mar. 31, 2018 (Previous Fiscal Year-end/Year-on year Comparison)
Corporate Value (EV)	Group MCEV	As of March 31, 2019 ¥2,400.0 billion	¥1,893.7 billion	¥2,290.5 billion	¥2,406.7 billion [+5.1%]
	Value of New Business	FY2018 ¥100.0 billion	¥56.3 billion	¥119.5 billion	¥129.4 billion [+8.3%]
Profit (financial accounting)	Adjusted net income*	FY2016 to FY2018 Around ¥85.0 billion	¥83.3 billion	¥91.7 billion	¥83.3 billion [(9.2%)]

\* Adjusted net income is calculated by adding net income and additional internal reserves in excess of the legal standard requirements related to reserves for contingency and price fluctuations (after taxes).

In fiscal 2017 (fiscal year ended March 31, 2018), the second year of the medium-term management plan, all key performance indicators made solid progress against our targets. Group MCEV was ¥2.4067 trillion (medium-term management plan target: ¥2.4 trillion by March 31, 2019), value of new business was ¥129.4 billion (medium-term

management plan target: ¥100.0 billion in fiscal 2018), and adjusted net income was ¥83.3 billion (target: approximately ¥85.0 billion during the three years of the medium-term management plan). We believe this is mainly attributable to the steady results of the following two initiatives.

### Transformation of the Product Portfolio

Taiyo Life and Daido Life have long been steadily accumulating death benefits. Under the medium-term management plan, they are working to expand coverage such as Third Sector and disability benefit insurance in response to the diversification of customer needs against the backdrop of the growing senior market. In fiscal 2017, under a low interest

rate environment and a changing competitive environment caused by revision of the standard yield rate in April 2017, the revision of the standard mortality table in April 2018 and other factors, each life insurance company implemented swift and flexible product development and revision.

### Strengthening Initiatives for the Senior Market

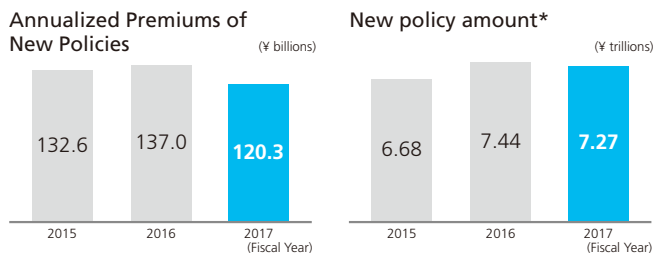
Each life insurance company are promoting the offering of distinctive products and services in an integrated manner in response to the needs of its respective specialty markets, in a measure to develop and cultivate the senior market with a view to "expanding growth areas." They are also pursuing

initiatives to support disease prevention and health promotion for customers with the aim of realizing a fulfilling longevity society.

(For details on initiatives at each company, please see the section starting from page 30.)

### Results of domestic life insurance business (marketing strategy)

**New policy sales declined year on year following a suppression/discontinuation of savings-type products, reaction against the concentration of sign-ups at the previous fiscal year-end and other factors, etc.**



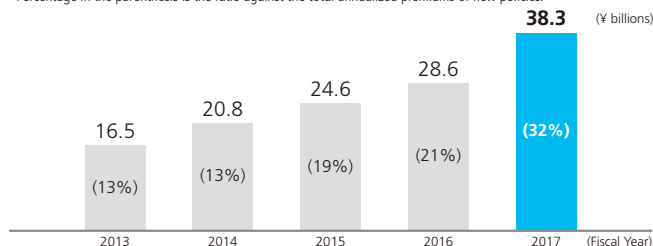
On the other hand,

**transformation of the product portfolio progressed**

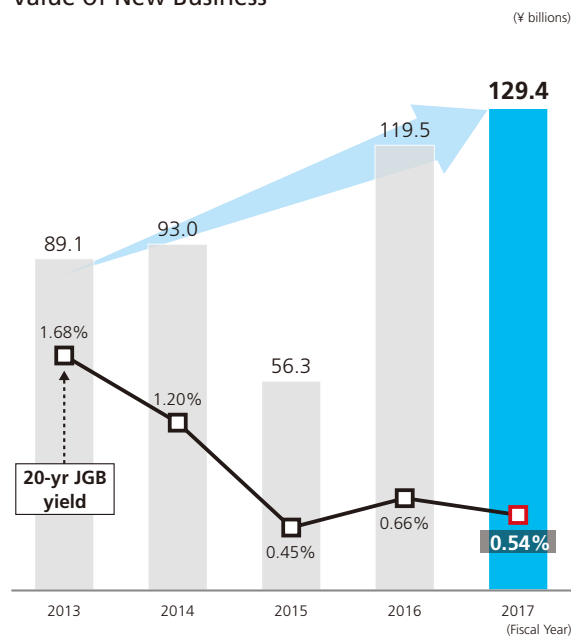
- ✓ Expanding to third sector/disability benefit products
- ✓ Discontinued/suppressed sales of savings-type products
- ✓ Implementation of premium rate revision and introduction of new products

#### Trends in Third Sector Annualized Premiums of New Policies

\*Percentage in the parenthesis is the ratio against the total annualized premiums of new policies.



### Value of New Business



### New business margin\*

Total of all products	2013	2014	2015
	3.5%	6.3%	8.5%

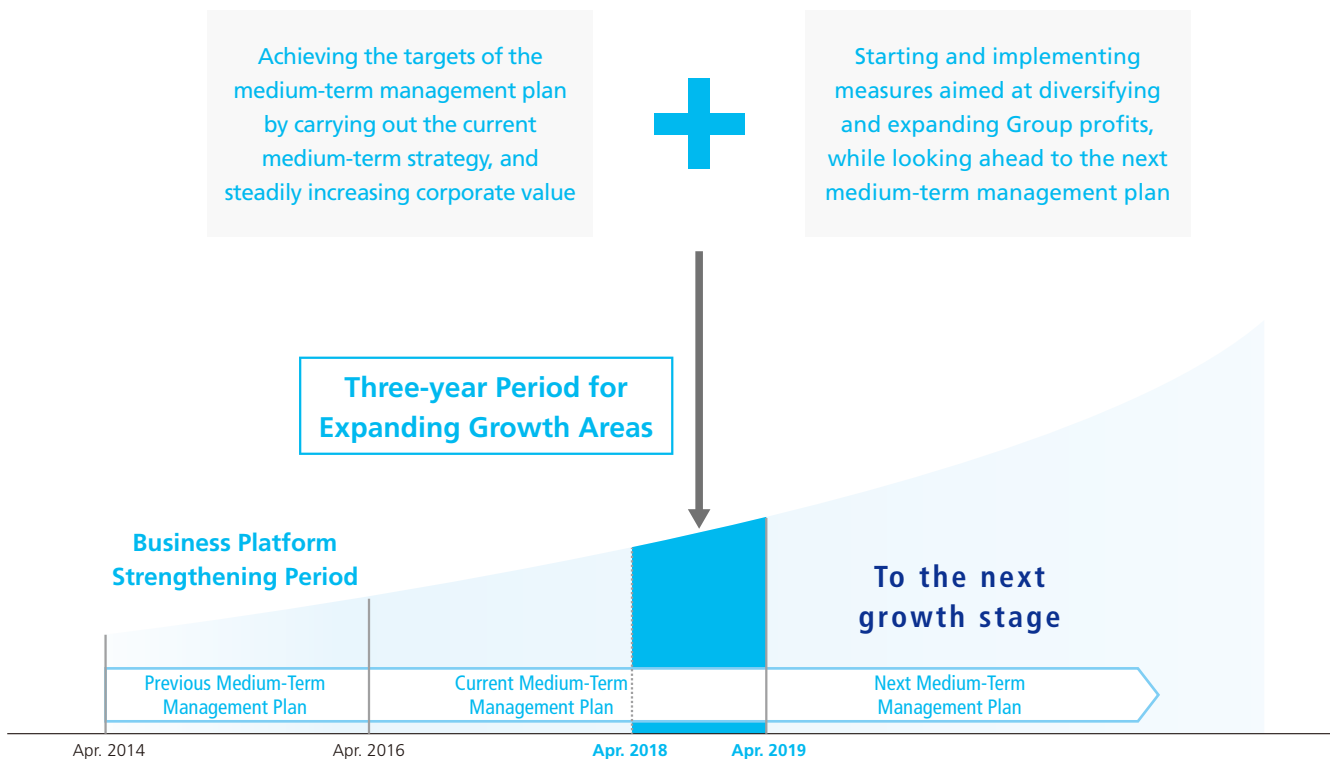
\*New business margin = Value of new business ÷ Present value of new business premiums

### 3. T&D Life Group Value Creation — Fiscal 2018 Initiatives

#### Fiscal 2018 is a year to accomplish the current medium-term management plan, and at the same time start and implement various measures which will lead to the results of the next medium-term management plan

In fiscal 2018, the final year of the current medium-term management plan, the Group aims to continuously realize a high level of value of new business through the accomplishment of the current medium-term strategy centered on the domestic life insurance business. Another aim is to further

increase EV, which represents corporate value, beyond the target of ¥2.4 trillion. In addition, the Group will start and implement various measures during the year aimed at diversifying and expanding Group profits, as it looks ahead to the next medium-term management plan.



#### Promoting three strategies in an organic, integrated manner

Specifically, we will work on three strategies: the “Group Growth Strategy,” the “Group Financial Strategy,” and the “Group Management Platform Strategy.”

First, under the Group Growth Strategy, we will promote diversification of revenue sources. As a new business, we will acquire new revenue sources through measures such as domestic life insurance M&As and investment in peripheral financial businesses. At the same time, we will enhance the profitability of the existing businesses by reinforcing the profitability of T&D Asset Management and Pet & Family. In addition, we will pursue efforts in areas such as senior, healthcare and digital, which will enhance the

sophistication of the domestic life insurance business from the Group’s perspective.

Under the Group Financial Strategy, we will examine ways to simultaneously pursue financial soundness and capital efficiency. Under the Group Management Platform Strategy, we aim to strengthen the Group’s management platform (by enhancement of Group governance, development of human resources, branding, etc.) to pave the way for the realization of the Growth Strategy and the Financial Strategy. By starting and implementing these initiatives, we intend to make fiscal 2018 the run-up to our next growth stage.

## 4. Foundations Supporting Corporate Value — Social and Environmental Initiatives

### Promoting Group CSR activities aimed at contributing to the development of a sustainable society and increasing corporate value in a stable and sustainable manner

Enterprises are expected to play significant roles in achieving the “Sustainable Development Goals (SDGs)\*<sup>1</sup>” adopted by the United Nations, and their efforts for contributing to the development of a sustainable society through business activities are attracting attention. In addition to contributing to the development of a sustainable society, the Group has set three “CSR priority areas” (see chart on right) which should be prioritized for the steady and sustainable improvement of its corporate value.

The Group strives to develop its CSR by sharing the initiatives of Group companies through the Group CSR Committee.\*<sup>2</sup> The Group also works to improve its CSR continuously by regularly confirming and verifying the status of activities and reflecting the results in its next plan.

\*1 Goals adopted at the United Nations Sustainable Development Summit 2015, for the realization of sustainable development at the global level with the cooperation of the global community.

\*2 Chair: President of T&D Holdings; Members: Directors and general managers in charge of CSR at each Group company (For details regarding social and environmental initiatives, please see page 66-69 of this report)

#### Our Priority Areas



## 5. Foundations Supporting Corporate Value — Corporate Governance

### Aiming for efficient and transparent management system to enable flexible Group management with unifying force

The Group aims for efficient and transparent management systems to enable flexible Group management with unifying force. To that end, the Group works continuously to enhance corporate governance according to the following five basic

approaches: (1) developing a conducive environment for shareholders to appropriately exercise their rights and ensuring the effective equality of all shareholders, (2) fostering a sound corporate culture and work environment, (3) increasing the transparency of management, (4) ensuring the effectiveness of the oversight function over execution of business, and (5) engaging in constructive dialogue with stakeholders.

As a Group that has three life insurance companies with different business models, the Group clarifies the respective roles and responsibilities of T&D Holdings and its directly owned subsidiaries in promoting group management. T&D Holdings fulfills the roles of deciding on the Group’s strategy, appropriately allocating the Group’s business resources and formulating capital strategies. Along with this, T&D Holdings has established a Group business management system through such means as using ERM to integrally manage profit, risk and capital for the Group as a whole on an economic value basis.



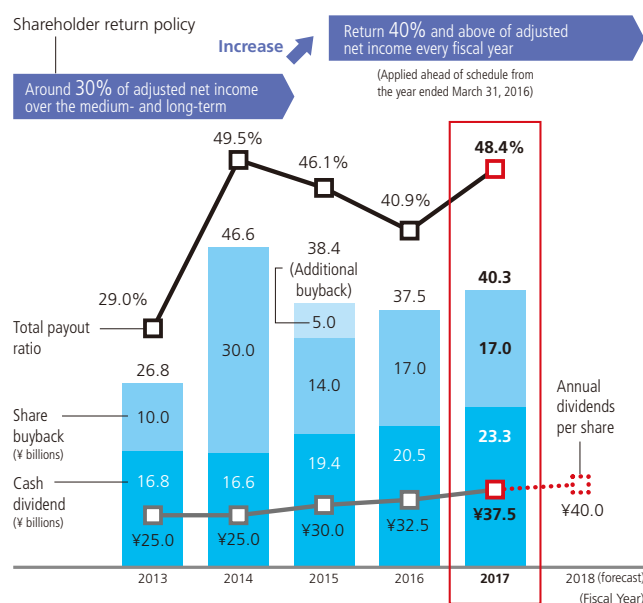


## 6. Return to Shareholder

### Return to Shareholder of ¥40.3 billion (total payout ratio of 48.4%) was implemented in fiscal 2017

In fiscal 2017, the Company paid a cash dividend of ¥37.50 per share, a total of ¥23.3 billion, which was an increase for the third consecutive fiscal year. In addition, as a result of implementing a share buyback at a total cost of ¥17.0 billion during the period of May to June 2018, the total payout ratio for fiscal 2017 was 48.4%, and the total return was ¥40.3 billion (as of June 30, 2018).

The Company plans to pay a dividend of ¥40 for fiscal 2018, an increase for the fourth consecutive fiscal year. Based on the return policy of the medium-term management plan, which is to implement shareholder return of 40% and above of adjusted net income through a “stable cash dividend” and “flexible share buyback,” the Company will continue to take measures to enhance shareholder return in fiscal 2018 in response to feedback from shareholders and investors.



## 7. Heading Towards Future Growth

### Constantly evolving social issues are “a business chance to be tackled”

During fiscal 2017, the second year of the medium-term management plan, we made solid progress on key performance indicators, and were able to achieve steady results toward achieving our targets. In fiscal 2018, in addition to accomplishing the medium-term strategy centered on the domestic life insurance business, the Group will start and implement specific measures based on the three strategies, namely, the “Group Growth Strategy,” the “Group Financial Strategy,” and the “Group Management Platform Strategy.”

We believe that an enterprise that can achieve mid- to long-term growth is one that contributes to the

development of society and generates appropriate profit through its business. Ever-changing social issues are a business chance for the Group to be tackled. As we approach the 15th anniversary of the establishment of T&D Holdings and the start of a new medium-term management plan in April 2019, we will return again to the Group’s Corporate Philosophy and through the united efforts of all Group executives and employees, we will aim to be a life insurance group that grows sustainably. In closing, I would appreciate the continued support of all our shareholders and investors.

**Hirohisa Uehara**  
 Representative Director and President

Special Feature

## Interview between an Investor and the President

The T&D Life Group is implementing a management plan foreseeing the next decade. The two held an exchange of opinions on what will be needed to realize the plan and how the governance system should be.



## Special Interview

**Akitsugu Era**

Director, Head of Investment Stewardship  
BlackRock Japan Co., Ltd.



**Hirohisa Uehara**

Representative Director and President



## The Ideas Embedded in the Group's Corporate Philosophy

### Era

T&D Holdings (the "Company") was launched in 2004 and will mark its 15th anniversary in 2019. Could you tell us again about your corporate philosophy, in light of the course of history so far?

### Uehara

The T&D Life Group (the "Group") began with a broad business alliance conducted between Taiyo Life and Daido Life in 1999. At the time, in the late 1990s, there was a financial crisis and a number of companies went bankrupt in the life insurance industry. Despite those circumstances, Taiyo Life and Daido Life were recognized for their exceptional financial soundness and unique business models. The Group started out based on the shared understanding of aiming for further growth by strengthening the business model of each company while ensuring the Group's soundness. T&D Financial Life, the former Tokyo Life Insurance Company, later joined the Group and we have since developed as a group with a solid foundation in the domestic market, centered on these three life insurance companies under the holding company.

The Group's corporate philosophy is "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." This was articulated as the purpose of the Group's existence in 2002. I would like to ensure that it is once again instilled throughout the Group. Since assuming the position of President in April, I have arranged to have opportunities to talk with many executives and employees about the Group's origin. By returning to our roots, I have asked why we established a holding company at the time, and why we were able to become a strategic group that was the first life insurance holding company listed on the stock exchange.

### Era

Before this interview, I took a look at the Company's 10th anniversary commemorative booklet. It was a good reference to understand the Company since it describes the historical backdrop of the Company's founding and covers the development from the broad alliance between the two life insurance companies to the stock exchange listing as a life insurance holding company.

### Uehara

Thank you very much. Nowadays, there are a lot of listed financial holding companies including banks and non-life insurance companies. But there were only a few at the time, and they were not widely recognized. In that context, we went through a process of trial and error to find the best way to manage the Group as a life insurance holding company.

### Era

So that was in fact the first "Try & Discover."

### Uehara

Exactly. Forming a life insurance holding company and listing on the stock exchange were indeed a "Try & Discover." How to create new value from that point on was the theme for the entire Group. Fortunately, Taiyo Life and Daido Life were insurers with extremely strong management platforms. Recognizing that as our greatest strength, we were determined to solidly establish the two entities. Therefore, in bringing together the three life insurance companies, including Taiyo Life and Daido Life, we were keenly aware of getting the most out of the uniqueness and expertise of each company in its respective market.

## Medium-Term Management Plan and Aiming for Further Growth Going Forward

### Era

The Group focuses on the domestic market. But the market is facing various issues such as the difficulty of achieving growth amid a declining birthrate and an aging population. Please tell us how you recognize these issues and how you will deal with them.

### Uehara

A major theme of the current three-year Medium-Term Management Plan is a call for strengthening initiatives for the senior market. There is a view that the domestic market will shrink due to the declining birthrate, aging society and decreasing population. Even so, the senior demographic is expected to increase going forward. We believe the Group can further grow if each of its three life insurance companies provide products and services that meet the needs of seniors in their respective specialized markets.



**I think there must be clashes between centripetal and centrifugal forces in the conduct of Group management. How do you strike a balance between them?**

—— Mr. Era

For example, *Himawari Dementia Treatment Insurance* launched by Taiyo Life in 2016 has been very well received by customers. Society's interest in and understanding of dementia has increased in the last few years, and various measures are being taken to address the issue including preventive efforts. When launching this product, Taiyo Life built a system which made it capable of keeping in constant contact with customers, from the time of enrollment to when something happens. This enabled Taiyo Life to offer a service through which when an inquiry is received from a customer or a family member, a staff from one of its nationwide branches can directly visit the customer's home and handle insurance claims and so forth. In this way, by trying to differentiate ourselves from other companies through offering not only the products, but also high value-added services, which have high customer needs, and the products integrally, I believe this initiative is leading to our strong results.

Our mission is to solve social issues through the life insurance business. Being an enterprise that contributes to the development of society through its business, and being an enterprise that makes an appropriate profit through its business — in other words, I believe the Group as a whole can grow sustainably by sharing value with society. This approach is very close to the concept of CSV, or “Creating

Shared Value.” Solving issues related to people and society can lead to a major business opportunity for us in the life insurance industry.

**Era**

From what you've said, I get the impression that medium-term growth is possible in the domestic market, but I'm wondering whether you are considering overseas expansion in the future.

**Uehara**

The Group considers growth in Japan to be its top priority. This is the world's third-largest life insurance market, following the United States and China.\* We believe there is further room for growth. I spoke earlier about strengthening our initiatives for the senior market, but approaches to the younger generation, who are said to be losing interest in insurance, have become a theme across the entire life insurance industry. At the Group, we have been discussing issues such as how to create points of contact with the millennial generation, who are thoroughly familiar with digital technology, and whether we should develop infrastructure to capture the younger demographic.

As for expanding overseas, I think it would be difficult to import our Japanese business model into overseas markets

**By implementing ERM, while the Group is managed and operated in an integrated manner as if it were a single business entity, T&D Holdings regularly monitors the Group's operating companies.**

——— President Uehara



without modifications. Both the growing Asian market and the maturing European and U.S. markets have different financial regulations and tax systems. But what differentiates them most from Japan is the climate and culture.

This does not mean we are dismissing the idea of overseas expansion. There are channels and business models being created overseas that do not exist in Japan and some of the businesses using IT will probably be applicable in Japan in the future. We are considering building a global network by sharing expertise through business alliances with companies that provide such technologies and services or investing in them.

\* Source: Swiss Re, sigma No3/2018 WORLD INSURANCE IN 2017

### Group Management Focused on ERM (Enterprise Risk Management)

#### Era

I want to ask how you conduct group management as a holding company. The Group's three life insurance companies are each highly specialized with completely different business models. As a result, I think there must be clashes between centripetal and centrifugal forces. How do you strike a balance between them?

#### Uehara

The Group's operating companies deploy their unique business models in their respective specialized markets. That is the source of the Group's growth. But unlike T&D Holdings, they rarely have the opportunity to meet directly with shareholders and investors and hear their opinions. When we speak with these people, we can clearly see how they evaluate the Group and its management. Our role at T&D Holdings, as a listed company, is to gather these opinions and ensure that they thoroughly penetrate the Group's operating companies and the Group as a whole as a market discipline. We will continue to actively perform that function.

One of the key points of our Group management is ERM. Previously, our discussion of risk focused primarily on its balance with profit. But with the introduction of ERM, which integrally manages profit, risk, and capital on an economic value basis, it has become possible to make management decisions regarding risk and return based on soundness and profitability including a capital efficiency perspective. While the Group is managed and operated in an integrated manner as if it were a single business entity, T&D Holdings regularly monitors the Group's operating companies.

Era

So ERM is the linchpin of Group management.

Uehara

That's right. I think our Group management works based on this common standard for quantitative evaluation. On the other hand, I would like to develop a deeper shared awareness across the entire Group of its corporate philosophy, which is a qualitative standard, as well as the significance of the holding company's listing and the purpose of its existence by returning to the roots of the Group's formation.

Era

Does each of the operating companies decide on their product and sales strategies? And how does the Company evaluate these firms?

Uehara

These strategies are formulated by each of the companies. Then the Company monitors the implementation status and results and other developments at each company through the PDCA cycle.

Quantitative evaluation of each operating company and its management is based on management indicators, which are set each fiscal year by each of the firms based on KPIs formulated in the Group's Medium-Term Management Plan. In addition, qualitative aspects are reflected in evaluations of each company's own targets related to product and sales strategies, whether efforts are being made to contribute to medium- and long-term growth, and so on.

## Robust Governance System

Era

Let me ask you about the participation in management by outside officers, including the directors. What kind of steps do you take to help these executives understand the Company, given that the life insurance industry is said to be quite difficult for outsiders to understand?

Uehara

As you pointed out, the industry's terminology and indicators can be difficult to understand. We hold training for outside

officers when they assume their posts to help them gain a deeper understanding of the Group's business, finances, organization and so forth. Furthermore, executive training sessions are held regularly after the officers are appointed to allow them to continually expand their knowledge. We also arrange opportunities for officers to observe various worksites at the Group's life insurance companies, such as sales branches and payment assessment departments. This is to give them a better idea of the details of the business.

It is important for outside directors and outside audit & supervisory board members to better understand the Group's current business and finances. Still, what we are looking for is a judgment based on a broad viewpoint. Examples include determining whether there are any problems with the Group's current direction when considered from the perspective of three to five years from now, or whether our governance is appropriate. We are currently formulating our next medium-term management plan. Communication with outside officers is a vitally important part of this process.

Era

T&D Holdings has established a non-mandated Nomination and Compensation Committee. Who are the members of the Committee?

Uehara

The Nomination and Compensation Committee consists of the President and outside directors and one of these directors serves as the chair. After becoming President, I have reviewed the purpose of establishing this Committee. Appointments of directors and audit & supervisory board members, including the presidents of the Group's three life insurance companies, is subject to deliberation of the Nomination and Compensation Committee. As President of T&D Holdings, I must constantly think about the question of a successor. We must always be engaged in fostering people who can be entrusted with the Group's management from a Group perspective. One of the most important tasks I've been assigned is to decide what kind of person we should entrust achieving sustainable growth to for the Group.

Era

Do you mean it's necessary to consider the candidates for the Company's executive from early on?

#### Uehara

Indeed it is necessary. If we consider those who had the group conception, demutualized Taiyo Life and Daido Life, and created the insurance holding company, to be the first and second generations, I represent the generation after that. Potential executives need to have a group management perspective. They need to return to the roots of the Group's formation, as I mentioned at the beginning of our conversation, and ask themselves why we created an insurance holding company. I believe we need to once again ensure that the Group's corporate philosophy is shared and widely spread, and foster human resources who will succeed it.

#### Era

You earlier mentioned the need for market discipline. As an investor, I appreciate an approach that reflects market opinions. However, shareholder return is the central issue for the market, and the focus seems to be rather short-term considering the long-term nature of the life insurance business. I feel it would be better if investors also took a slightly longer-term viewpoint in their dialogue with companies.

#### Uehara

It is true that investors are strongly inclined toward enhancing shareholder return, if we are not making investments in new business such as M&A.

Market discipline means reflecting the market's evaluation of our management strategies in group management and not simply catering to the voice of the market. The Group formulates a three-year medium-term management plan and the new plan will start from the next fiscal year. While the life insurance business cycle itself is rather long term, within that long-term perspective, we must decide what should be done during the next three years and consider the role that society demands for the industry. I am committed to deepening our communication with investors while conveying to the market our strategies aimed at the Group's growth.

#### Era

Generally speaking, investors choose the companies in which they invest. Though the opposite seems very rare, I dare to say it may be good if companies have a perspective of "choosing their shareholders." Types of investors which

respond will change according to the messages sent out from a company. From that point of view, I hope T&D Holdings will continue to send a consistent message going forward.

#### Uehara

Thank you very much. We will continue to place great value on our business model, which is well regarded by investors. The domestic life insurance business is said to be maturing, but there are many social issues that the industry can contribute to. I am convinced that sustainable growth is possible going forward if the Group's companies, which have unique business strategies, identify these issues and steadily offer products and services that contribute to resolving them.





## Business Overview



P. 32

### Developing the top brand in the senior market by delivering the “best products and services” to households

Taiyo Life’s in-house sales representatives make individual home visits, listen to customers’ needs and provide the necessary coverage.

The company promote triune sales combining “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel.”

Market	Households
Sales channel	In-house sales representatives
Products	Comprehensive coverage including death benefit and medical/nursing care products



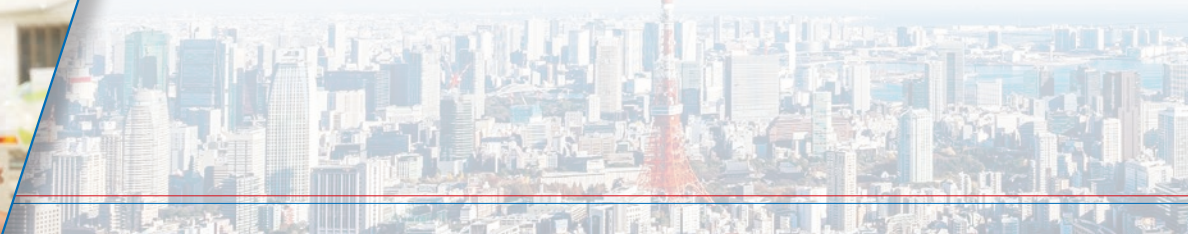
P. 36

### Bringing the greatest peace of mind and utmost satisfaction to small and medium enterprise (SME) customers

Daido Life provides rational coverage responding to the various risks and necessary funding preparations of each enterprise in order to protect enterprises from a range of risks and contribute to the stability and development of their business.

The company are building a solid sales structure through business tie-ups with SME-related organizations and CPTA organizations, etc.

Market	Small and medium enterprises (SMEs)
Sales channel	In-house sales representatives, Agents (tax accountants, etc.)
Products	Term life insurance (death benefit), disability benefit, etc.



## T&D FINANCIAL LIFE P. 40

### Offering distinctive products and services which meet the wide-ranging needs of customers

T&D Financial Life provides single-premium wealth-accumulation products differentiated by types of benefit and level-premium protection-type products with competitive pricing through independent insurance agents, such as financial institutions and insurance shops, which handle products from a number of insurers.

Market	Independent insurance agent market
Sales channel	Independent insurance agents (financial institutions and insurance shops)
Products	Single-premium wealth-accumulation products (foreign currency-reference type, etc.) Level-premium protection-type products (income protection insurance, etc.)



## T&D Asset Management P. 44

### Aiming to stay one step ahead on all fronts as an asset management company, and to create further value from that point

T&D Asset Management conducts investment trust business by offering investment trusts through financial institutions, and investment advisory business by managing the funds of pension funds and institutional investors.

Investment trust business	Provide a wide array of prime investment products mainly to a broad range of investors through sales companies (securities firms, etc.)
Investment advisory business	Provide adequate investment solutions to domestic and overseas pension funds and institutional investors



## Pet & Family P. 45

### Aiming to serve the needs of all pet owners regarding veterinary care expenses

The Pet & Family Small-amount Short-term Insurance Company provides pet insurance to cover veterinary care expenses mainly through pet shops, where many prospective pet owners meet their pets for the first time.

Market	Pets market
Sales channel	Agents (pet shops, etc.)
Products	Compensation insurance for pet veterinary care expenses



# Taiyo Life Insurance Company

As a life insurance company that delivers to households the best products and services which preempt the changes of the times, Taiyo Life is building the leading brand in the senior market.

Katsuhide Tanaka  
Representative Director and President



## Outlook for Sales Performance Indicators

Fiscal 2018

Protection-type Annualized Premiums of New Policies\*

**¥17.0 billion**

Protection-type Annualized Premiums of Total Policies\*

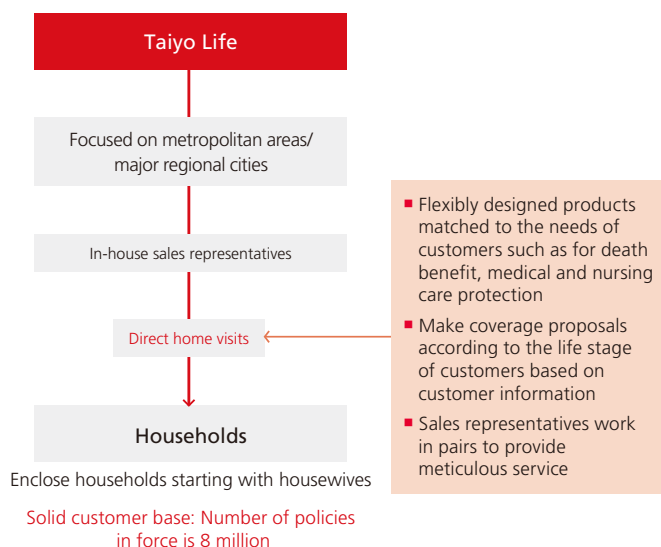
**¥156.0 billion**

\*A performance indicator of Taiyo Life which is the sum of protection portion of the annualized premiums of new policies mainly excluding savings-type products.

## Business Model

Taiyo Life's core business is sales of life insurance in the household market. In-house sales representatives visit homes directly and propose the appropriate coverage for each household. The mainstay product, *Hoken Kumikyoku Best*, was launched in October 2008 ahead of its competitors and allows customers to freely combine the coverage they need. This enables Taiyo Life to propose coverage which meets the needs of each household.

Taiyo Life has thus established a business model of offering comprehensive coverage to households by taking advantage of its strengths in the household market.



## Strengths of Taiyo Life

Taiyo Life's strength is the capability of its sales representatives to sell protection-type products. It has continued to grow through "Combination Activity" where sales representatives form pairs on visit to individual households and developing new customers.

Taiyo Life leverages its strong ties to households to propose protection-type products amid the recently growing demand for coverage for medical care, nursing care, pensions, disabilities, and other areas in response to such trends as a rapidly aging population and a spread of nuclear families.

Taiyo Life also sells products that preempt the changes of the times, such as *Himawari Dementia Treatment Insurance*, maintaining its pre-eminence in the market by offering packages combining services with coverage that meets our customers' needs.

### Strengths

- Solid foundation in the household market built by the continual development of new customers through "Combination Activity" where sales representatives form pairs on visit to individual households
- Offering products that preempt the changes of the times and meet customers' needs
- Senior-friendly customer service

### Opportunities

- Growth of senior population
- Growing needs to make self-provision for pension, medical care, and nursing care
- Extension of health span and growing awareness of health promotion among seniors



## Overview of the Medium-Term Management Plan

### Marketing Strategy

The strategic policy of the current Medium-Term Management Plan is to build the top brand in the senior market and expand business results through a three-pronged strategy consisting of “improving services,” “enhancing products,” and “strengthening sales capabilities.” The strategy is based on a vision of “aiming to be a life insurance company that offers households the best products and services that preempt the changes of the times.”

#### Strengthening face-to-face services through visits

Taiyo Life initiated its *Best Senior Service* program with the aim of becoming the most considerate life insurance company to its senior customers. Initiatives include *Kaketsuke-Tai Service*, where office workers with specialized knowledge personally visit customers’ homes and provide customized support to ensure that benefits are paid swiftly and smoothly. With the *Senior Visit Service*, sales representatives visit senior customers at least once a year to check whether any claims need to be filed and to verify their policies. *Kaketsuke-Tai Service* has become very popular since

its launch in April 2016 and had been used at least 50,000 times (as of the end of May 2018).

#### Product development which preempts the changes of the times

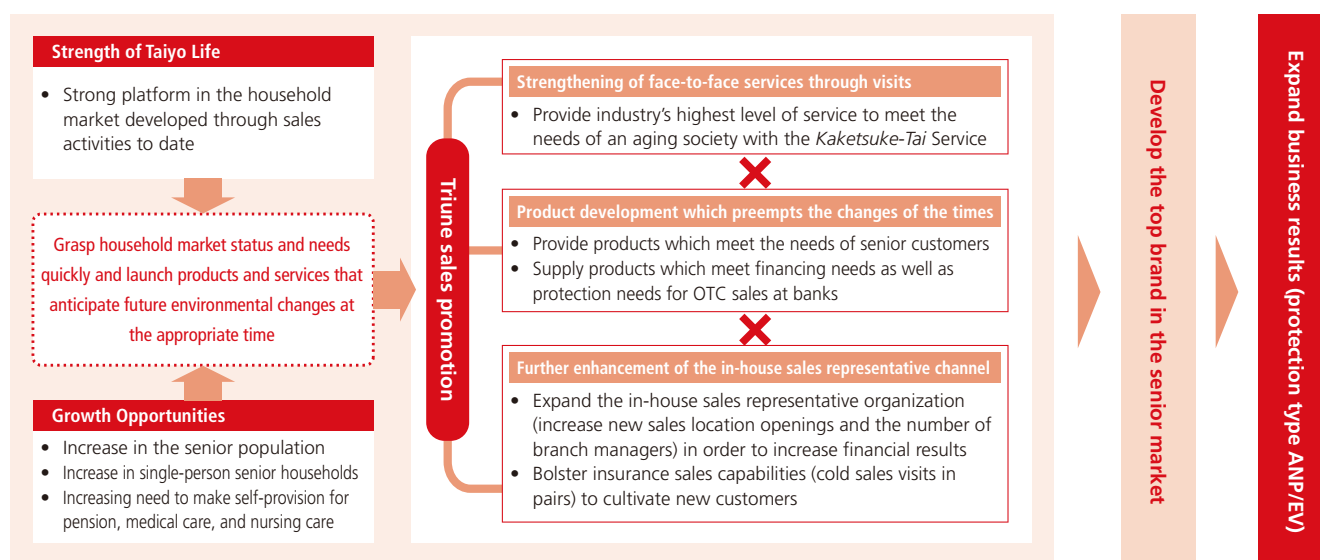
Taiyo Life launched *Himawari Dementia Treatment Insurance* in March 2016 and *Centenarian Age Annuity* in October 2017 in preparation for the coming of the full-blown super-aged society. In addition, it has been enhancing the coverage of its mainstay product *Hoken Kumikyoku Best* to provide peace of mind throughout the lives of its customers, and expanded the scope of application of its disability insurance in April 2018.

#### Strengthening sales capabilities

Taiyo Life has worked on hiring and developing sales representatives so that it can offer its products and services to more customers. As a result of these efforts, the number of its sales representatives increased by 40 people to 8,942 from the previous fiscal year-end.

### Marketing Strategy

**Build the top brand in the senior market and expand business results by promoting sales where “strengthening of face-to-face services through visits,” “product development which preempts the changes of the times,” and “further enhancement of the in-house sales representative channel” are triune.**

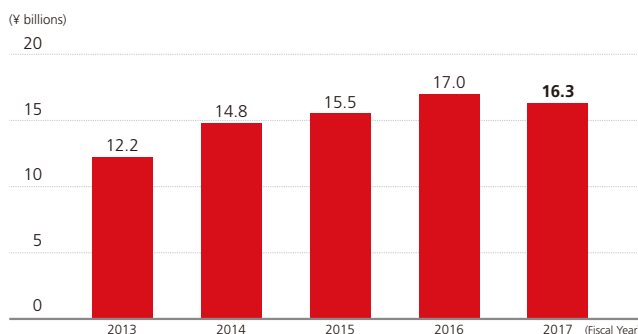


## Overview of the Medium-Term Management Plan

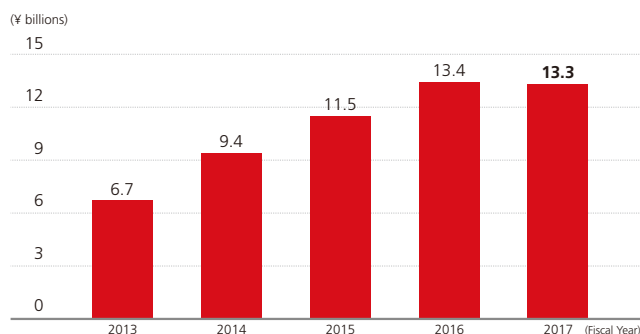
In fiscal 2017, the second year of the Medium-Term Management Plan, protection-type annualized premiums of new policies declined by 4.1% year on year to ¥16.3 billion due to lower OTC sales at banks. The decrease was despite continued strong sales of *Himawari Dementia Treatment Insurance*.

Additionally, MCEV increased by ¥47.4 billion from the previous fiscal year-end to ¥825.0 billion, mainly due to the accumulation of value of new business and the rise in domestic stock. Value of new business was ¥40.9 billion, mainly due to the decrease in sales in the OTC sales channel at banks.

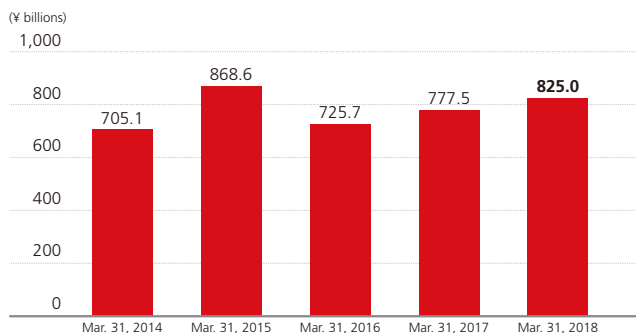
### Protection-type Annualized Premiums of New Policies



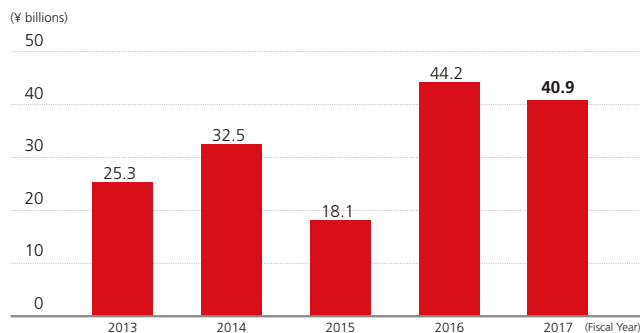
### Third Sector Annualized Premiums of New Policies



### MCEV



### Value of New Business

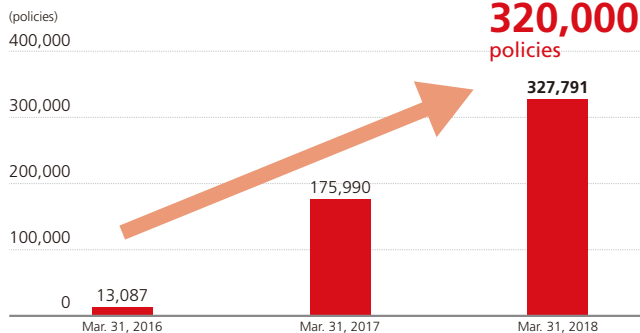


## Strengthening Initiatives for the Senior Market

Taiyo Life launched *Himawari Dementia Treatment Insurance* in March 2016 as a product enabling customers to live their senior years with peace of mind. Since its launch, a cumulative total\* of more than 320,000 policies had been sold (as of March 31, 2018). Offering products and services as a unified package via *Himawari Dementia Treatment Insurance* and the *Kaketsuke-Tai Service* has been highly acclaimed. The product won the “Incentive Award” at the 9th Japan Marketing Awards, hosted by the Japan Marketing Association, in 2017.

\*The sum of *Himawari Dementia Treatment Insurance* and *Dementia Treatment Insurance*.

### Cumulative Number of Dementia Treatment Insurance Policies Sold





## Taiyo Life's ESG Initiatives

### Initiatives to Support Health Promotion

Taiyo Life launched *Taiyo's GENKI Project* in June 2016 in response to the social challenge of extending health spans. This project is an initiative to energize and promote the health of employees, customers, and society. It includes efforts from many perspectives, including offering the *Dementia Prevention APP* and popularizing Kurort Health Walking. *Taiyo's GENKI Project* won the "Director-General of Health Service Bureau Excellence Award (Corporate Division) in the 6th Smart Life Project Award" ("Let's extend healthy life expectancy!") held by the Ministry of Health, Labour and Welfare.

#### Specific Initiatives by Taiyo's GENKI Project

##### Energizing Employees

- **Introducing an Employment System That Allows Employees to Work Until Age 70**

It is essential to build a working environment where employees can have long careers and stay motivated to energize and promote the health of our customers and society. The company was an industry pioneer in April 2017 when it instituted an age-65 retirement program, and a continuous employment program enabling employees to continue working until the age of 70.

- **Building Employee Health Using Kurort Health Walking**

Taiyo Life promotes employee health using Kurort Health Walking, which is effective for preventing illness and promoting health. The company creates opportunities to raise health awareness, such as periodically holding the Smart Life Stay (health guidance retreat) program.



▲Use of Kurort by employees

##### Energizing Customers

- **Offering Dementia Prevention APP**

*Dementia Prevention APP* is a smartphone app that continuously measures walking speed. If it detects a risk of future dementia or MCI, it notifies the user and designated family members. The app has been available to customers since October 2016.

- **Improving Customer Support Capabilities**

In fiscal 2016, Taiyo Life launched a Dementia Supporter training course and Universal Manners Test at its headquarters and branches nationwide. These activities are aimed at enhancing its support capabilities for senior customers and customers with disabilities. It is currently introducing them throughout the company.



▲Home

▲Brain Training

##### Energizing Society

- **Sponsoring Dementia Seminars Nationwide**

In fiscal 2017, Taiyo Life sponsored dementia seminars held in four cities nationwide. The seminar provided information relating to the condition. A physician specializing in dementia gave a lecture on the current state of condition, prevention, and treatment. There was also a panel discussion attended by a wide range of people involved with dementia.

- **Sponsoring Japan Medical Association Akahige Grand Prize**

Taiyo Life has been a special sponsor of the "Japan Medical Association Akahige Grand Prize" since fiscal 2017. This prize is awarded to physicians who support the health of local residents and physicians who contribute to front-line medical care on remote islands and in isolated regions. The candidates are nominated by prefectural medical associations nationwide.

- **Taiyo Life Kurort Health Walking Awards**

Taiyo Life began the "Taiyo Life Kurort Health Walking Awards" in fiscal 2016, with the goal of popularizing Kurort Health Walking nationally. The activity is effective at preventing illness and promoting health. The award recruits local governments aiming to introduce Kurort Health Walking in order to extend the health spans of local residents, and supports the construction of walking courses and the training of expert guides in the awarded governments.



▲Dementia Seminar

### Contributing to Society Through Asset Management

Taiyo Life believes that in order to better fulfill its social responsibility as an institutional investor, it is vital to contribute to the realization of a sustainable society by making a positive impact on society and the environment through its investment and lending activities. For this reason, it promotes investment and lending with consideration for ESG issues (ESG investment), and its investments include Green Bonds, renewable energy projects, and social bonds.

# DAIDO Daido Life Insurance Company

Outlook for Sales Performance Indicators  
Fiscal 2018

Policy amount in force\*

¥45,200 billion

New policy amount\*

¥6,120 billion

\*The sum of the death benefit amount of individual insurance and individual annuities, together with the insured amount for critical illnesses for the *J-type product* (non-participating critical illness insurance), disability protection for the *T-type product* (non-participating disability protection insurance), and nursing care for *Kaigo Relief* (non-participating whole life nursing care insurance) and *Kaigo Teiki Hoken* (non-participating nursing care term insurance).

Daido Life aims to bring the greatest peace of mind and utmost satisfaction to small and medium enterprise (SME) customers.

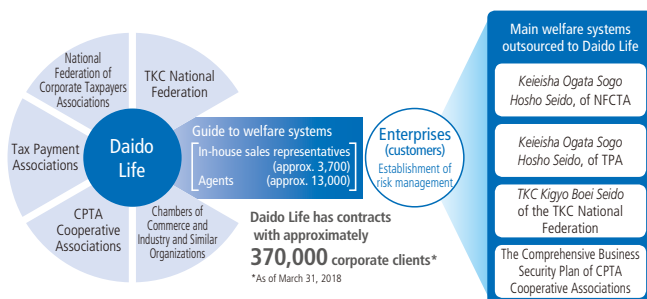


Minoru Kudo  
Representative Director and President

## Business Model

Daido Life is a life insurance company that specializes in the SME market, with contracts with some 370,000 corporate clients. The company has focused on developing and selling term insurance since the 1970s, considering it to be the optimal product for companies as it secures greater coverage at a lower premium.

Specifically, the company, which ties up with SME-related organizations and CPTA (Certified Public Tax Accountant) organizations, positions the offering of its products and services designed according to the organization's characteristics (partner-specific products) as its core business. The company has established a unique business model of offering these products and services as a benefit and welfare system for the SMEs, through two channels of in-house sales representatives and agents.



\*Standard coverage  
If an SME owner or officer becomes unable to work due to death or critical illness, some amount of money is expected to be required by the enterprise and family. Daido Life calls such amount "standard coverage" and calculates it in terms of both the amount needed to protect the enterprise (business defense reserve) and the amount needed to protect the family (corporate officer retirement benefit reserve).

## Strengths of Daido Life

Daido Life's strengths are the superiority of its business model, which has numerous points of contact with SMEs and their owners, as well as its full lineup of corporate products, and its management resources suited to market development, including the know-how to promote protection-type products based on the standard coverage\* accumulated over many years.

Additionally, the insurance needs not only of corporations but their owners as individuals are growing and becoming more diverse due to such factors as aging population, and the company will solidify its position as a leading company for the life insurance business targeting the SME market by steadily offering a "proposal of total protection integrating both corporations and individuals."

### Strengths

- Superiority of business model
- Accumulation of management resources suited to developing the corporate market
- High-quality customer-support framework
- Comparatively sound finances

### Opportunities

- Growing and increasingly diverse customer needs
  - Growing need for disability benefit due to aging population and other factors
  - Growing need for business succession and inheritance measures due to tax reforms and other factors
- Increasing awareness of health promotion
- Progress in digital technologies enabling new operational innovations

## Overview of the Medium-Term Management Plan

### Marketing Strategy

Under the current medium-term management plan, Daido Life aims to steadily and sustainably increase corporate value. To this end, it is evolving its core business through enhancing its disability benefit field in the corporate market (“further penetrating core markets”), and developing the SME owner and individual business owner market (“creating and expanding new markets”). It is also improving customer services, productivity, and efficiency through operational innovations in its sales activities and administration.

#### Further penetrating core markets

In recent years, aging of business owners and their prolonged tenure are becoming prominent among SMEs due to Japan’s declining birthrate and aging population, and progress in medical technology. Amid these changes in the market environment, the company is working to “further

penetrate core markets” by promoting a proposal of a full range of protection with enhanced disability benefit, in addition to its mainstay term insurance. As part of this effort, in October 2017 the company launched *Kaigo Teiki Hoken*, which provides for the nursing care risk of owners while meeting the business-capital needs of the corporations, and this product has been a hit.

#### Creating and expanding new markets

As the population shrinks, the senior market is expected to continue to grow. The company is working to “create and expand new markets” by offering products and services that meet the needs of SME owners and individual business owners, such as nursing care and inheritance/business succession.

Please see “Strengthening Initiatives for the Senior Market” on the next page for more details.

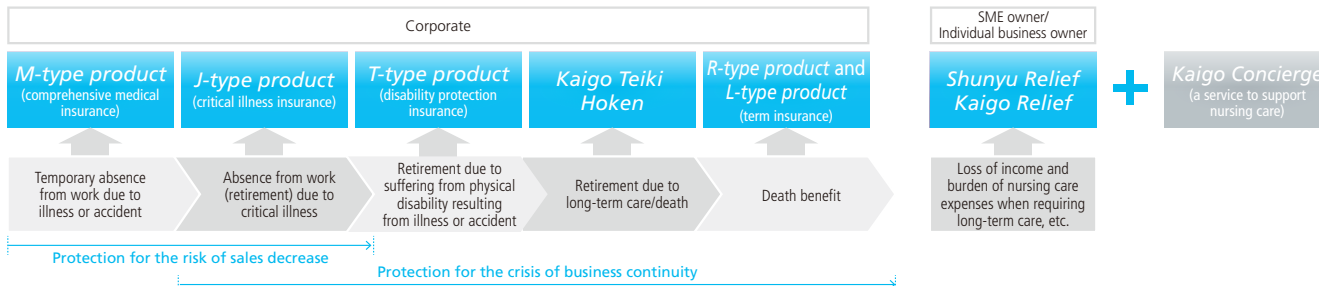
**To consolidate its position as the “leading company” in the SME market for life insurance business, Daido Life will further evolve its core business and develop the growth area of both the corporate and individual fields together, in order to expand business results.**

Market / Product	Corporate policy		Individual business owner	Individual policy	
	SME owner/executive (plus SME owner’s family)	Employee		SME owner (plus SME owner’s family)	Executive/employee
Death benefit	Traditional core business		Aim to develop as a core business in the medium-term management plan		
Disability benefit	Developed as core business in previous medium-term management plan				
Medical benefit					
Nursing care benefit		New product launch in Oct. 2017		Focus on strengthening promotion efforts as a growth area (Strengthen response to senior segment needs)	
Inheritance and business (asset) succession					

Further increase presence in the SME market

Expand business results (policy amount in force/EV)

#### Proposing full-range of protection (proposing Daido Life’s unique values)

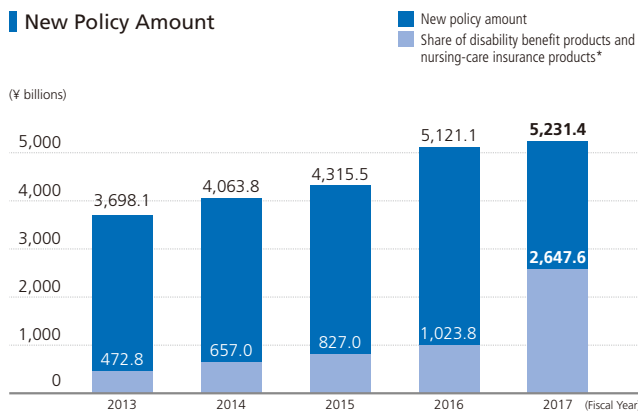


## Progress of the Medium-Term Management Plan

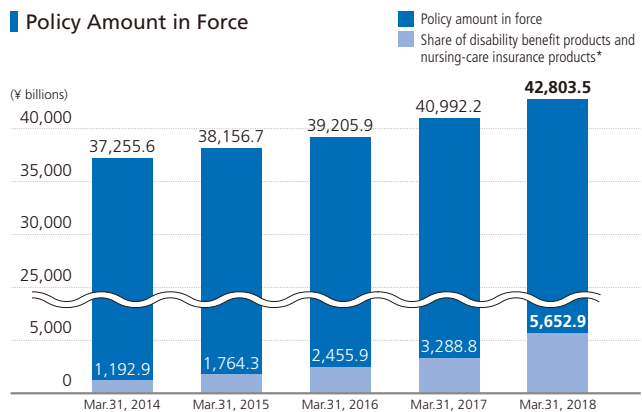
In fiscal 2017, the second year of the medium-term management plan, Daido Life's new policy amount\* increased 2.2% year on year to ¥5,231.4 billion, and the policy amount in force\* increased 4.4% year on year to a record high of ¥42,803.5 billion. This was due to solid sales of products corresponding to risks of occupational disabilities, such as *Kaigo Teiki Hoken*.

Additionally, MCEV increased by ¥55.7 billion from the previous fiscal year-end to ¥1,473.2 billion, mainly due to the accumulation of the value of new business and an increase in unrealized gains on securities. The value of new business also increased by ¥9.9 billion year on year to ¥84.2 billion.

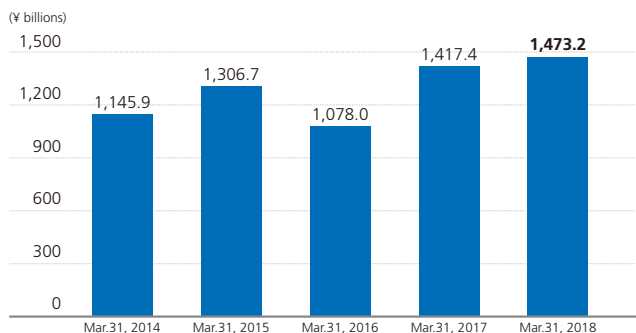
\*New policy amount/policy amount in force  
The sum of the death benefit amount of individual insurance and individual annuities, together with the insured amount for critical illnesses for the *J-type product*, disability income protection for the *T-type product*, and nursing care for *Kaigo Relief* and *Kaigo Teiki Hoken*.



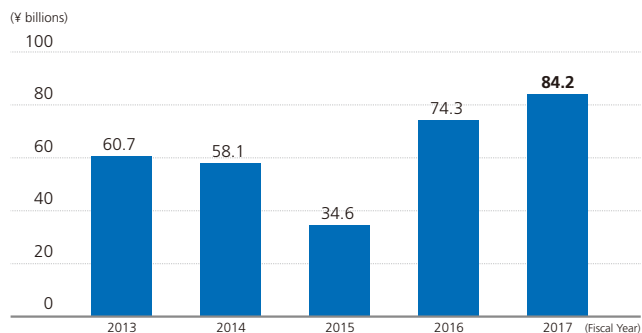
\*Disability benefit products are the sum of *J-type product* and *T-type product*; nursing-care insurance products are the sum of *Shunyu Relief*, *Kaigo Relief*, and *Kaigo Teiki Hoken*.



### MCEV



### Value of New Business



## Strengthening Initiatives for the Senior Market

### Total support through nursing care and services

In October 2015, Daido Life launched *Shunyu Relief*, an insurance policy to protect against loss of income when long-term care is required by SME owners, individual business owners, and so forth, and *Kaigo Relief*, an insurance policy to cover nursing care costs if they are admitted to a nursing facility. The company is also strengthening its initiatives in the nursing care insurance field in terms of both products and services, offering *Kaigo Concierge*, a comprehensive support for nursing care, including offering consultation regarding nursing care issues, referrals to nursing care facilities, and so forth.

### Support for inheritance and business succession

Daido Life offers *M&A Support Service*, which provides expert support for such cases as a company sale for business succession and a company acquisition for business expansion. The company is also developing and bolstering specialist personnel who can provide support for inheritance and business succession due to the aging of business owners.

## Daido Life's ESG Initiatives

### Toward Extending Healthy Life Expectancy

#### Initiatives to disseminate Health and Productivity Management — DAIDO KENCO ACTION

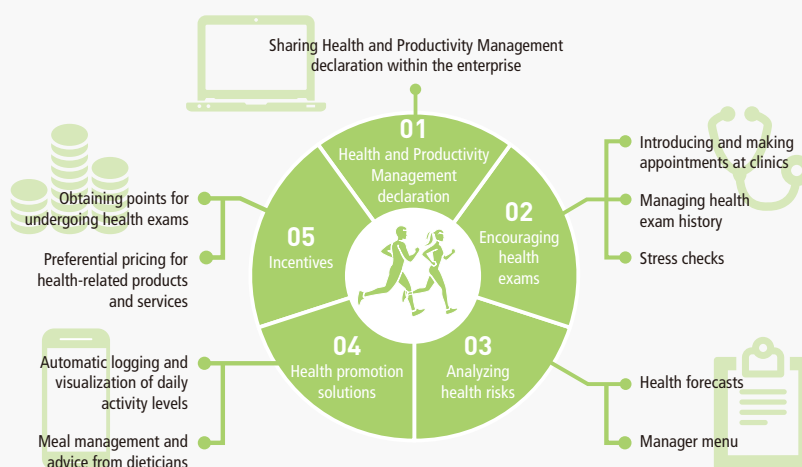
Daido Life aims to contribute to creating a society where SMEs and the people who work there can be enthusiastic and active participants, and to solving the issues in Japan's aging society, by supporting Health and Productivity Management\* by SMEs. In addition to building a framework for the dissemination and penetration of Health and Productivity Management through increased collaboration with companies and organizations that support it, the company also offers the Daido Life *KENCO SUPPORT PROGRAM*, a proprietary tool for implementing health and productivity management.

\*The Japanese term for "Health and Productivity Management" refers to a corporate management style of paying additional attention to employees' health and strategically implementing policies aimed at employees' health management and maintenance, and is a registered trademark of the Workshop for the Management of Health on Company and Employee, a non-profit organization.

#### Daido Life KENCO SUPPORT PROGRAM

The Daido Life *KENCO SUPPORT PROGRAM* was developed in collaboration with a large number of companies with specialized technologies and expertise, chief among them Value HR Co., Ltd.

It is a comprehensive program for SMEs that provides end-to-end support for the Health and Productivity Management PDCA through a full range of functions needed by owners and employees, including sharing the owner's Health and Productivity Management declaration within the enterprise, encouraging health exams, analyzing health risks, offering health-promotion solutions, and offering incentives.



#### Launch of HAL Plus Rider

In July 2017, Daido Life launched the new product *HAL Plus Rider* for covering treatment of certain intractable diseases with the robot suit HAL for Medical Use (Lower Limb Type) developed and supplied by CYBERDYNE, INC., with which the company has a business alliance. The HAL plus rider is added to Daido Life's *M-type product* (comprehensive

medical insurance). This industry's first\* advanced coverage is popular with many customers, and has been added to more than 260,000 policies. (As of March 31, 2018)

\*According to study by Daido Life



HAL for Medical Use (Lower Limb Type)

#### ESG Investment

As an institutional investor managing life insurance funds which is highly social and public in nature, Daido Life believes it is one of its most fundamental obligations to contribute to the realization of a sustainable society through its investment and lending activities. The company is promoting ESG investments on the basis of the United Nations'

Principles for Responsible Investment which it signed in November 2016. Main investment results in the fiscal year 2017 include "Green Bonds," which are issued for supporting activities aimed at solving environmental problems, the "Fund for Solar Energy Businesses" and the "Fund for Supporting the Management of SMEs."



# T&D Financial Life Insurance Company

Outlook for Sales Performance Indicators  
Fiscal 2018

Policy amount in force

**¥2,420 billion**

New policy amount

**¥510 billion**

Aim for continuous growth by offering distinctive products and services highly appreciated by customers, through the expanding independent insurance agent market.

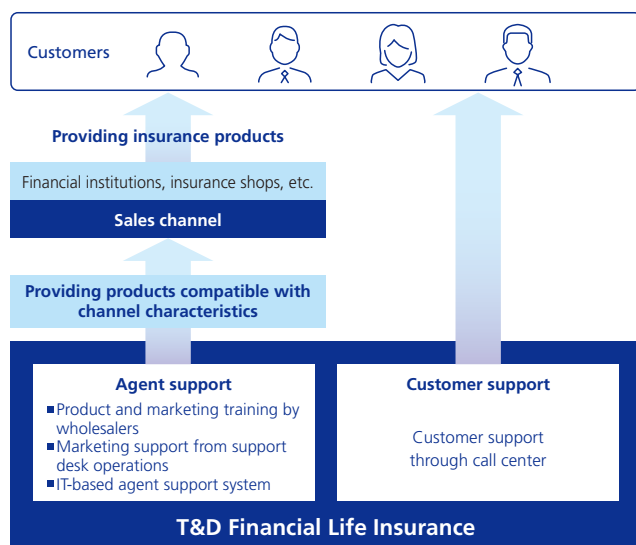


Masafumi Itasaka  
Representative Director and President

## Business Model

T&D Financial Life specializes in providing insurance products through independent insurance agents including financial institutions and insurance shops, which handle products from multiple insurers.

Aiming to establish a strong brand in life insurance sales through the independent insurance agent channel, the company is promoting the “diversification of product line-up,” “expansion of sales network of insurance agents,” and “improvement of customer service.”



## Strengths of T&D Financial Life

The domestic life insurance market is facing growing needs for post-retirement asset formation and medical benefits by senior customers, and for death benefits and disability benefits by customers who are working and/or raising children, against a backdrop of decreasing child-birth rates, an aging population, and an increase in the number of single households.

The independent insurance agent channel which T&D Financial Life focuses on, is expected to continue to experience significant growth. The company aims for sustainable growth despite a difficult financial environment with continued low interest rates, by expanding its sales network in this channel, and offering customers competitive products which takes advantage of its strength in product development.

### Strengths

- Concentrates management resources on the independent insurance agent channel, owns predominant agent channels of financial institutions, etc.
- Strength in product development differentiating the type of benefits
- Streamlined system

### Opportunities

- Increasing needs for asset formation and medical benefits due to an aging population
- Changes in the market, such as emerging new sales channels (e.g., OTC sales at banks, internet, and insurance shops), and entry of new players from different industries into the insurance shop field

## Overview of the Medium-Term Management Plan

### Marketing Strategy

T&D Financial Life is aiming to achieve further growth of its corporate value (EV) by setting “increasing the sales of single-premium wealth accumulation products and level premium protection-type products through diversification of its product lineup,” “expanding the sales networks of bank agents and insurance shop agents,” and “enhancing its product development, systems, sales, and administrative systems through the investment of management resources into required fields” as its marketing strategy in the medium-term management plan.

Specifically, the company will leverage its strength in product development to introduce “single-premium wealth accumulation products differentiated by the type of benefit” and “cost-competitive level premium protection-type products” to the market in a timely manner. In terms of sales strategy, the company will work to cultivate channels by developing and expanding sales channels, expanding the system for agent support staff and staff responsible for the agent headquarters, and creating a team dedicated to insurance shop agents.

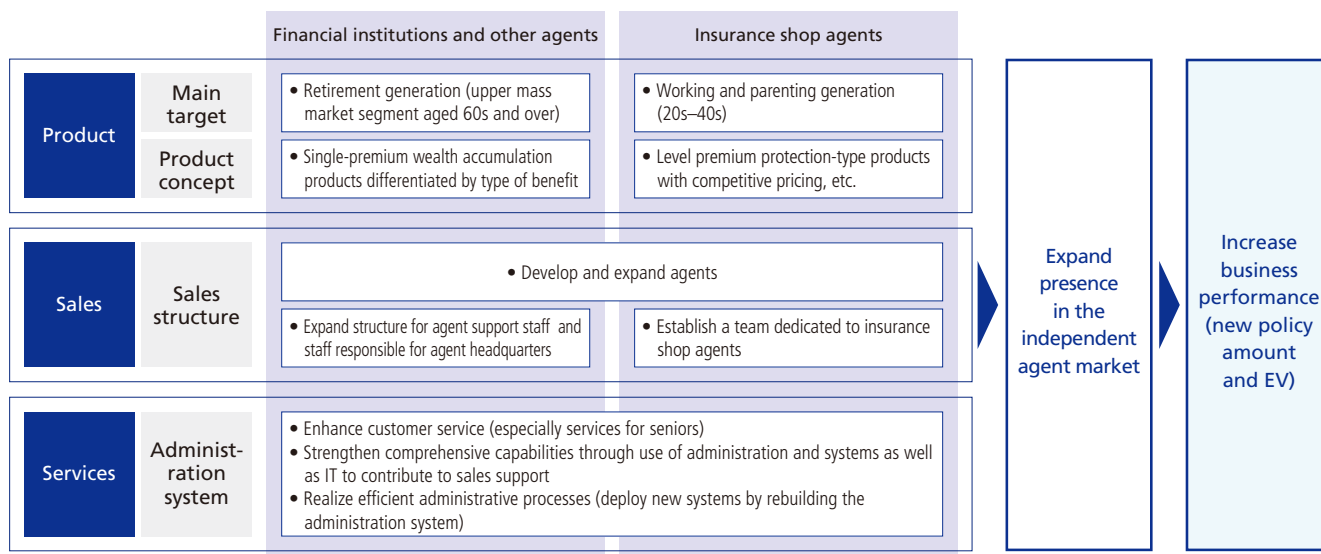
The company will also improve its customer service through swift and accurate responses from the customer’s

perspective, including improvements in operations and service with consideration for seniors and others, making appropriate insurance and other payments, and working to improve its call center’s support capabilities.

In fiscal 2017, the company launched *Shogai Premium Japan 4*, a single-premium whole life insurance utilizing yen interest rates, and *Shogai Premium World 4*, a foreign currency-linked single-premium whole life insurance utilizing foreign interest rates and exchange rates in May, as products responding to our customers’ asset formation needs. In addition, it launched *Fivetenworld*, a foreign currency-linked single-premium individual annuity utilizing foreign interest rates and exchange rates in December.

In terms of service, the company began offering paperless new policy applications at some agents from the standpoint of improving customer convenience, and worked to enhance its insurance payment assessment system in order to make insurance and other payments swiftly and accurately. It also created a Working Group for Improving Services for Seniors and Persons with Disabilities, and studied and promoted a number of initiatives to further improve services for senior customers and customers with disabilities.

### Marketing Strategy



## Progress on the Medium-Term Management Plan

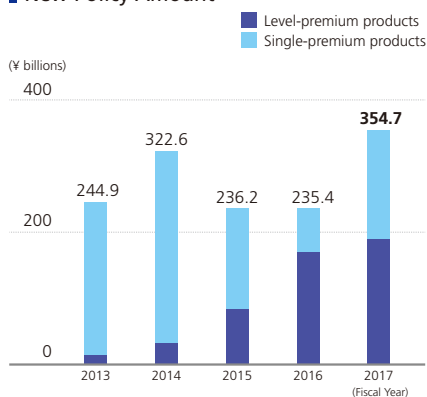
### Trend in Sales Performance Indicators

In fiscal 2017, the second year of the medium-term management plan, T&D Financial Life increased its new policy amount by a massive ¥119.2 billion year-on-year to ¥354.7 billion. This was due to factors such as the effect of introducing new single-premium wealth accumulation products and penetration of income protection insurance (level premium protection-type products), as well as efforts

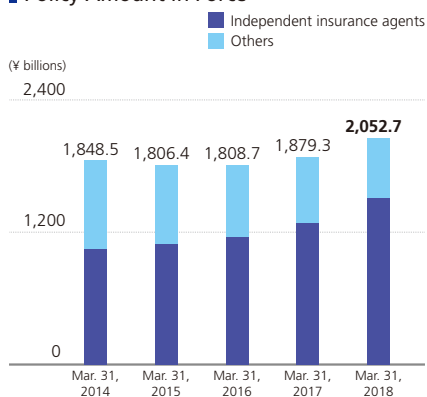
to develop financial institutions and insurance shops by offering these products. The policy amount in force also increased ¥173.3 billion year-on-year to ¥2,052.7 billion, due to factors such as the increase in the new policy amount.

As of the end of fiscal 2017, the number of sales agents of both financial institution and insurance shop agents was 142.

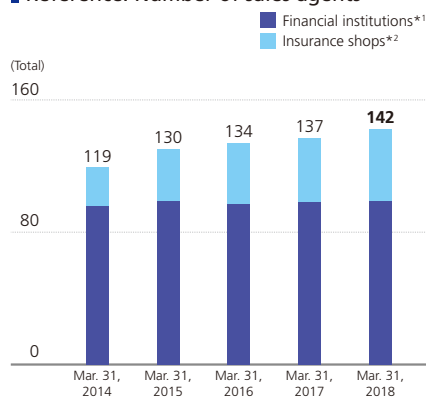
#### New Policy Amount



#### Policy Amount in Force



#### Reference: Number of sales agents

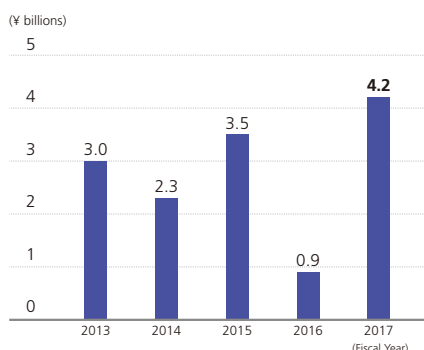


\*1 Financial institutions include banks, securities firms, and credit associations.  
\*2 Including franchises.

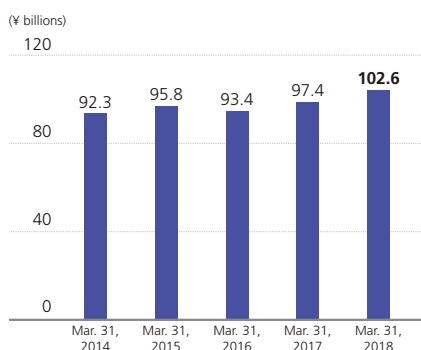
### Trend in Value of New Business and MCEV

In fiscal 2017, value of new business recovered significantly, increasing ¥3.3 billion year-on-year to ¥4.2 billion. This was due to factors such as the increase in the new policy amount and flexible product revision utilizing ERM, despite the continued domestic low-interest environment. MCEV increased ¥5.1 billion from the previous fiscal year-end to ¥102.6 billion.

#### Value of New Business



#### MCEV



## T&D Financial Life's ESG Activities

### Offering Products and Services which Meet the Needs of Society

#### Products which meet increasingly diverse customer needs

- *Shogai Premium Japan 4* (non-participating whole life insurance) and *Shogai Premium World 4* (non-participating foreign exchange rate-linked whole life insurance)

Both products share the features of “increase,” “use,” and “bequeath.” In addition to prepare for the money that customers can “use” for themselves and money to “bequeath” to their families, by adding a Long-term Care Pension Payment Transfer Rider, they are able to receive a nursing care annuity for life.

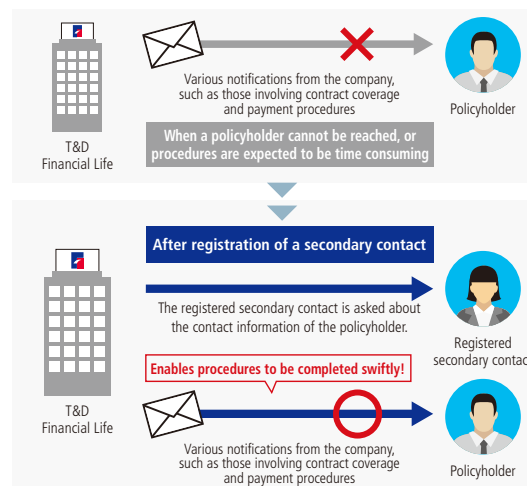
- *Fivetenworld* (non-participating foreign exchange rate-linked individual annuities)
  - This product has the features of “increase,” “transfer/receive,” and “bequeath/set aside.”
  - Adding the Survivor Benefit Payment Transfer Rider makes it possible to “transfer” the investment results to a survivor benefit beneficiary as a lifetime gift.
  - Adding the Guaranteed Minimum Benefit Rider makes it possible to “bequeath” a minimum yen-denominated death benefit during the grace period.
  - Adding the Annuity Nursing Care Benefit Rider makes it possible to “set aside” a minimum yen-denominated nursing care benefit.



#### Offering operations and services considering senior customers and customers with disabilities

- The main activities of the Working Group for Improving Services for Seniors and Persons with Disabilities in fiscal 2017 were as follows:
  - Provided an easy-to-understand explanation of the “secondary contact registration system” in the guidebook distributed to all customers, in order to encourage customers to register secondary contacts.
  - Put procedures in place to enable non-family members\* to sign (fill out) documents in place of a policyholder, and enabled company employees to fill this role, in cases where a policyholder does not have family members who can sign (fill out) such documents on his or her behalf.
    - \* Persons such as home helpers, facility employees, or welfare officers who are not blood relatives.
  - As a support for people with hearing disabilities, added a dedicated “call button for customers with hearing disabilities” at the general reception area of the headquarters building, and added an “ear mark” to indicate that the company is able to communicate face-to-face in writing.

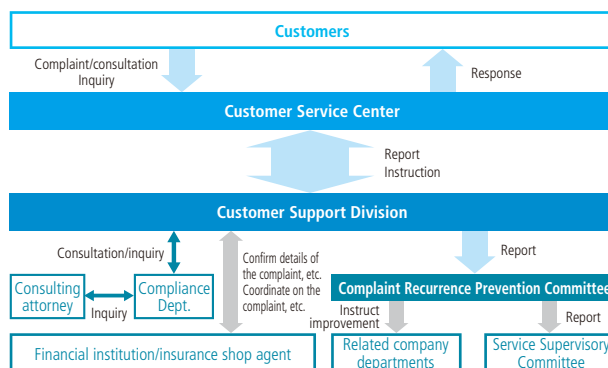
#### Overview of the Secondary Contact Registration System



#### Reference: Initiative to utilize customer feedback in management

- By sincerely accepting the customer feedback (complaints, opinions, and requests) through our Customer Service Center one by one and tackle for improvement, the company strives to advance customer service and the quality of its operations.
- The company holds “Complaint Recurrence Prevention Committee” every month. The Committee streamlines an appropriate administrative and operational framework to ensure customer protection by analyzing the content and the root cause of consultations and complaints received from customers, by preventing complaints and the recurrence of the complaints based on the result of the analysis, and by promoting operational process reforms to improve customer service.

#### Initiatives to Respond to Customer Feedback



# T&D Asset Management Co., Ltd.

As the T&D Life Group's core asset management company, T&D Asset Management aims to become a trusted asset management company in the eyes of customers.

Hiroshi Fujise  
Representative Director and President



Outlook for Full-Year  
Key Performance Indicator  
Fiscal 2018

Adjusted operating income  
**¥3.35 billion**

## Business Model and the Progress on the Medium-Term Management Plan

T&D Asset Management conducts investment trust business by offering investment trusts to investors through banks and securities companies, and investment advisory business by managing investment advisory agreements, and manages the funds of pension funds and institutional investors.

Under the current medium-term management plan, the company is working to further strengthen its competitiveness by differentiating its asset management and product development capabilities in accordance with the strategic policy of "Make a Difference."

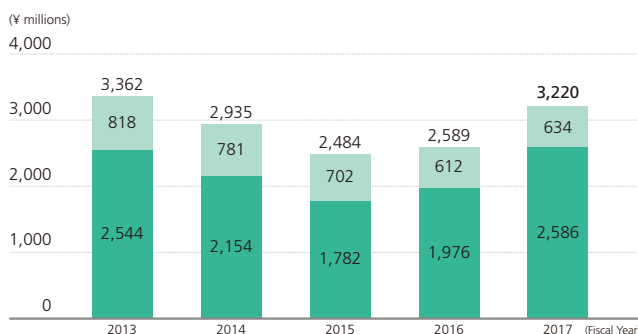
In fiscal 2017, investment trust assets under management stood at ¥1,182.9 billion, an increase of ¥118.9 billion from the previous fiscal year-end. This increase mainly reflected

solid growth in the balance of assets under management centered on privately placed investment trusts, as with the previous fiscal year.

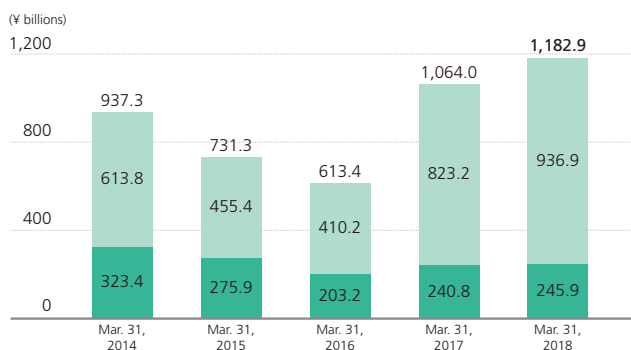
On the earnings front, adjusted operating income rose 24.4% year on year to ¥3.2 billion, due to the increase in the balance of assets under management.

Looking ahead, as the asset management firm of the T&D Life Group, the company will continue to provide asset management services for the Group's life insurance companies and for external customers as the two main pillars of the company's business.

Adjusted Operating Income (by Business) Investment advisory business Investment trust business



Investment Trust AUM Privately placed investment trusts Public investment trusts



## ESG Initiatives by T&D Asset Management

T&D Asset Management has established and manages the *Japanese Equity ESG Research Fund*. The fund selectively invests in companies with an outstanding ESG (environmental, social, and governance) performance based on ESG research, which seeks to generate investment returns

that outperform the medium- to long-term market average while contributing to the formation of a sustainable society by investing in companies that contribute to the reduction of environmental impact and the achievement of a sound society.



# Pet & Family Small-amount Short-term Insurance Company

Outlook for Full-Year  
Key Performance Indicator  
Fiscal 2018

Number of policies in force

**145,000**

Number of new policies

**32,000**

Pet & Family Small-amount Short-term Insurance aims to serve the needs of pet owners regarding veterinary care expenses of pets by making pet insurance more widely available. This will be achieved by expanding and strengthening the sales base centered on the pet shop sales channel.



Masanori Nishida  
Representative Director and President

## Business Model and the Progress on the Medium-Term Management Plan

Pet & Family Small-amount Short-term Insurance Company provides pet insurance to cover veterinary care expenses mainly through pet shops, where many prospective pet owners meet their pets for the first time.

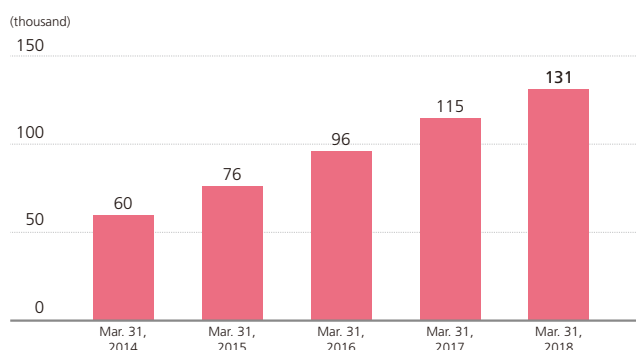
Under the current medium-term management plan, the company is striving to expand business and improve profitability by focusing on the development and expansion of pet shops, the core sales channel, and working on diversifying its sales channels through a multi-line approach.

In fiscal 2017, the company had 31,283 new policies (compared with 31,534 in the previous fiscal year), and policy maintenance remained strong. As a result, the number

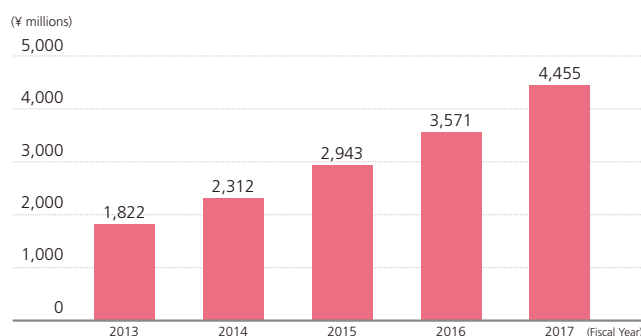
of policies in force increased steadily, to 131,024 (from 115,827 as of the end of fiscal 2016). Reflecting these solid sales results, net premium income rose by ¥800 million year on year to ¥4,400 million, roughly 1.5 times the level before the start of the current Medium-Term Management Plan (fiscal 2015).

The company will expand the sales base centered on the pet shop sales channel, along with providing competitive products and enhanced services, in order to achieve steady and sustained growth in the pet insurance market where further growth in demand is expected going forward.

■ Number of Policies in Force



■ Net Premium Income (Pet Insurance)



## ESG Initiatives by Pet & Family Small-amount Short-term Insurance

The company has added a *Pet News Storage* section to its website\*, with content including information to enhance pet life and easy-to-understand answers to common questions, as part of efforts to prevent and raise awareness of illness and injuries among pet owners.

\*Please see the link below for *Pet News Storage*. (Japanese only)

<https://www.petfamilyins.co.jp/pns/>

## Group Companies

As of March 31, 2018

The T&D Life Group comprised the holding company, 16 consolidated subsidiaries, and 3 affiliated companies as of March 31, 2018. Centered on the life insurance business, the T&D Life Group's operations are outlined below:

# T&D T&D Holdings, Inc.

### Insurance & Insurance-related Businesses

[7 companies]

#### Insurance

- Taiyo Life Insurance Company (Life insurance business)
- Daido Life Insurance Company (Life insurance business)
- T&D Financial Life Insurance Company (Life insurance business)
- Pet & Family Small-amount Short-term Insurance Company (Small-amount short-term insurance business)

#### Insurance-related

- T&D Confirm Ltd. (Policyholder confirmation services)
- Toyo Insurance Agency Co., Ltd. (Insurance agent)
- Daido Management Service Co., Ltd. (Insurance agent)

### Investment-related Businesses

[7 companies]

#### Investment Management and Advisory

- T&D Asset Management Co., Ltd. (Investment advisory and investment trust services)

#### Other Investment-related

- T&D Lease Co., Ltd. (Leasing)
  - Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services)
  - Alternative Investment Capital Ltd. (Investment in private equity funds)
- Other subsidiaries and affiliated companies, etc.: 3 companies

### Administration-related Businesses

[5 companies]

#### Administration-related

- T&D Customer Services Co., Ltd. (Life insurance policy clerical services, including drafting, amendment, custody and distribution of documents, and delivery of securities)

#### General Affairs and Calculation-related

- T&D Information Systems, Ltd. (Computer software and system services)
- Nihon System Shuno, Inc. (Premium collection)
- Zenkoku Business Center Co., Ltd. (Premium collection)
- Thuriya Ace Technology Company Limited (Designing and developing information technology, information technology systems, software solutions and business solutions for the insurance industry)

Companies marked by ■ are consolidated subsidiaries, and companies marked by ● are affiliated companies accounted for by the equity method.