

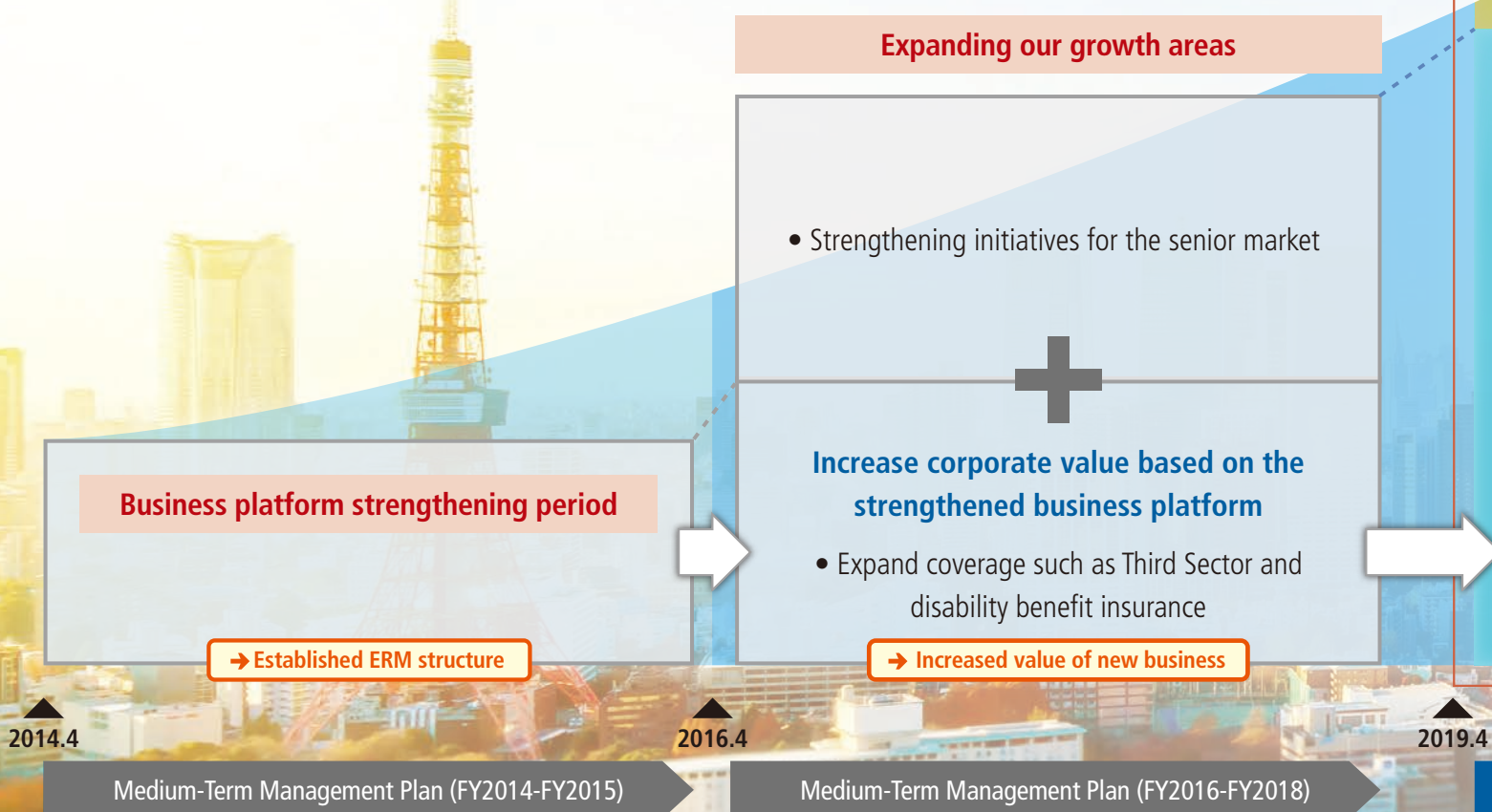


Try & Discover for Creation of Shared Value



Try & Discover 2021 — Creation of Shared Value —

In the new three-year medium-term management plan, which began in April 2019, the Group will expand its corporate value by continuing to take on challenges for new growth towards the “creation of shared value,” based on the business platform that it has strengthened and expanded to date.



	Target (FY2015/Mar.31, 2016)	Actual (FY2015/Mar.31, 2016)
Corporate Value (EV)	¥ 2.2 trillion and above	¥ 1,893.7 billion
Profit (Adjusted Net Income ^{*1})	¥ 77.0 billion and above	¥ 83.3 billion
New policy sales results (policy amount in force ^{*2})	¥ 63 trillion and above	¥ 62,998.1 billion

		Target (FY2018/Mar.31, 2019)	Actual (FY2018/Mar.31, 2019)
Corporate Value (EV)	Group MCEV	¥ 2.4 trillion	¥2,370.6 billion
	Value of New Business	¥ 100 billion	¥ 140.3 billion
Profit (Financial accounting)	Adjusted Net Income ^{*1}	Around ¥85.0 billion for three years	Three-year average ¥84.5 billion

^{*1} 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).

^{*2} The policy amount in force includes individual insurance, individual annuities and Daido Life's J-type product, T-type product, and Kaigo Relief.

Challenge for new growth towards
the creation of shared value



Expansion of corporate value based on our
business platform, which was strengthened
and expanded during the previous
medium-term management plan



To become an
insurance group
that shares its
values with
society and grows
sustainably



2022.3

Medium-Term Management Plan (FY2019-FY2021)

Target	
Value of New Business	FY2021: 170.0 billion yen and above [Core ROEV: 5% and above for three years]
Net Income	FY2021: FY2018 levels (73.0 billion yen) or higher

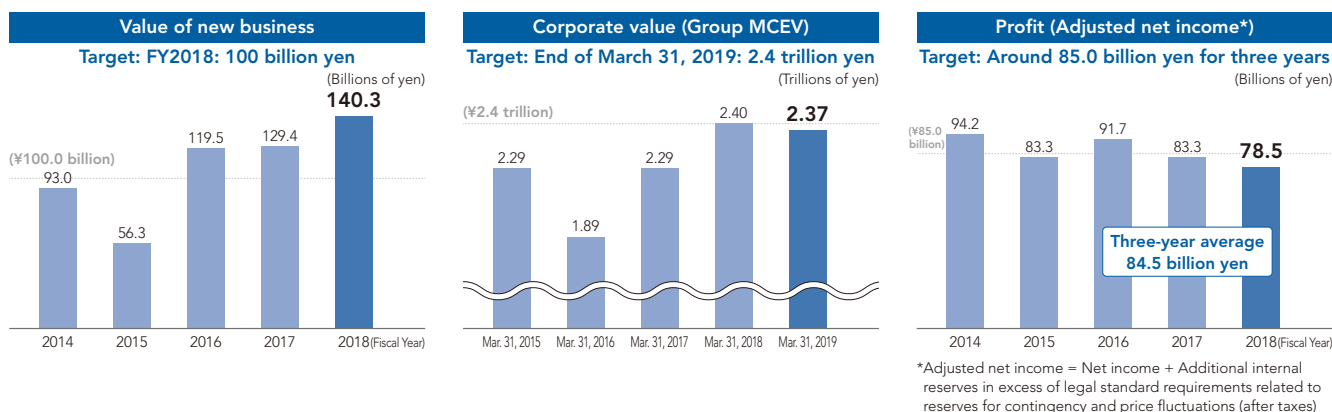
Medium- to long-term target levels	
Group MCEV	Next medium-term management plan: 4.0 trillion yen [ROEV: Stable and sustainable growth over 7.5% in the medium- to long-term]
Net Income	Next medium-term management plan: 100.0 billion yen

Try & Discover 2021 —Creation of Shared Value—

Review of the Previous Medium-Term Management Plan

Progress of Key Performance Indicators

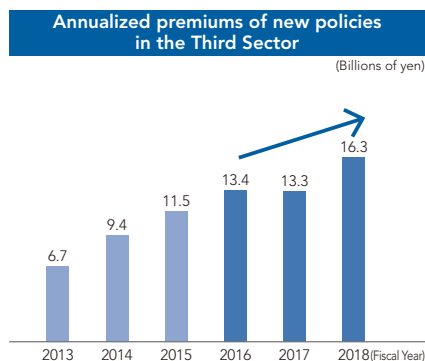
In a business environment characterized by a revision of the standard mortality table and continued low interest rates, the Group's profitability on an economic value basis grew steadily through measures such as developing a flexible product/sales strategy and properly controlling interest rate risk. In addition, accounting profit almost reached the target, despite negative factors such as strong sales results causing an increase in the provision for standard policy reserve, and higher currency hedging costs.



Results of Major Strategies ① Transformation of the Product Portfolio

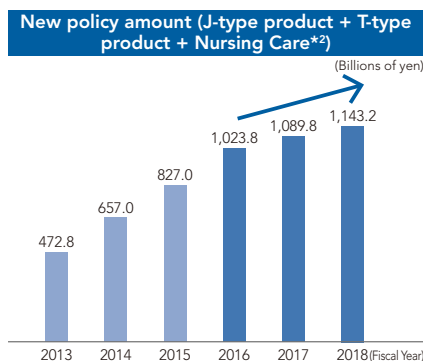
Taiyo Life

Approx. 40% increase*¹ in Third Sector annualized premiums of new policies, through a focus on dementia and disability benefit insurance



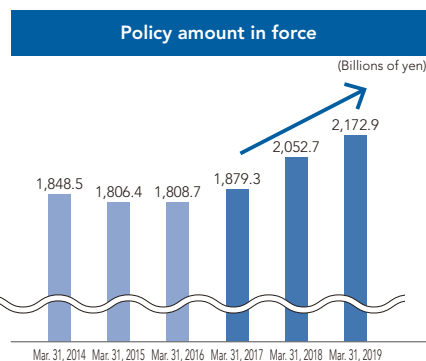
Daido Life

Approx. 40% increase*¹ in new policy amount through the promotion of disability benefit products such as J-type product and T-type product, in addition to death benefit products



T&D Financial Life

Approx. 20% increase*¹ in policy amount in force, due to a multi-line approach (saving and protection) to the product lineup



*¹ Compared to the fiscal year ended March 31, 2016, the final year of the medium-term management plan before the previous plan

*² Shunyu Relief + Kaigo Relief

Results of Major Strategies ② Strengthening Initiatives for the Senior Market



Provided products and services that preempt needs in an integrated manner, such as Himawari Dementia Prevention Insurance and the Kaketsuke-Tai Service

Survey on the image of dementia:
Industry No. 1*³

*³ Life insurance companies that support the prevention and treatment of dementia (March 2019 Macromill survey)



Enhanced products and services to meet inheritance and business succession needs and nursing care needs, in response to progression of the aging of SME owners

New policy amount for SME owners:
Up 15%*⁴

*⁴ Rate of increase of new policy amount from the fiscal year ended March 31, 2016 (final year of the medium-term management plan before the previous plan) to the fiscal year ended March 31, 2019 (final year of the previous medium-term management plan)



Business Environment and Issues

Awareness of the Environment in Formulation of the Medium-Term Management Plan

In addition to prolonged low interest rates, various trends with an impact on the profitability and competitive advantage of the domestic life insurance business are expected to continue, going forward, including a declining population and the progress of digitalization. Facing such changes in the environment head on, the expansion of new growth areas is becoming increasingly important, together with enhancing the profitability of each Group company. Based on this awareness, in the medium-term management plan that began in April 2019, we will

expand our corporate value by taking on new growth strategy challenges, based on the business platform that we have strengthened and expanded to date.

Specifically, we will expand the revenue base of the Group, by bolstering this base through an expansion and strengthening of the domestic life insurance business, and diversifying our revenue sources. We believe that this approach will lead to reliable future growth, through the steady accumulation of new business value.

Social environment

- Further decline in birthrate, aging population, and population decline
- Increasing need to make self-provision for pension, medical care, and nursing care

Economic and financial environment

- Continued low interest rates, as well as risk of future interest rate increases

Industry and regulatory environment

- Revision of standard mortality table, introduction of financial soundness indicators based on economic value

Technology innovation

- Advances in medical technology, and digital innovations, including the use of big data and artificial intelligence (AI)

Priority Issues for Medium-Term Management Plan

Strengthening of Core Businesses

- Respond appropriately to the needs of customers and of society, and drive evolution in products, services and sales channels
- Raise profitability of insurance underwriting to deal with an environment of prolonged low interest rates
- Utilize new information technology, etc. to improve production efficiency

Diversification of Business Portfolio

- Build new, specific markets and channels within the domestic life insurance market
- Expand into new business areas that have an affinity to the life insurance market, to capture external growth

Promotion of Integrated Group Management

- Efficient utilization of Group capital
- Leverage Group synergies further

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Future Vision of the Group

“Creation of Shared Value” through the Implementation of T&D Insurance Group’s Corporate Philosophy

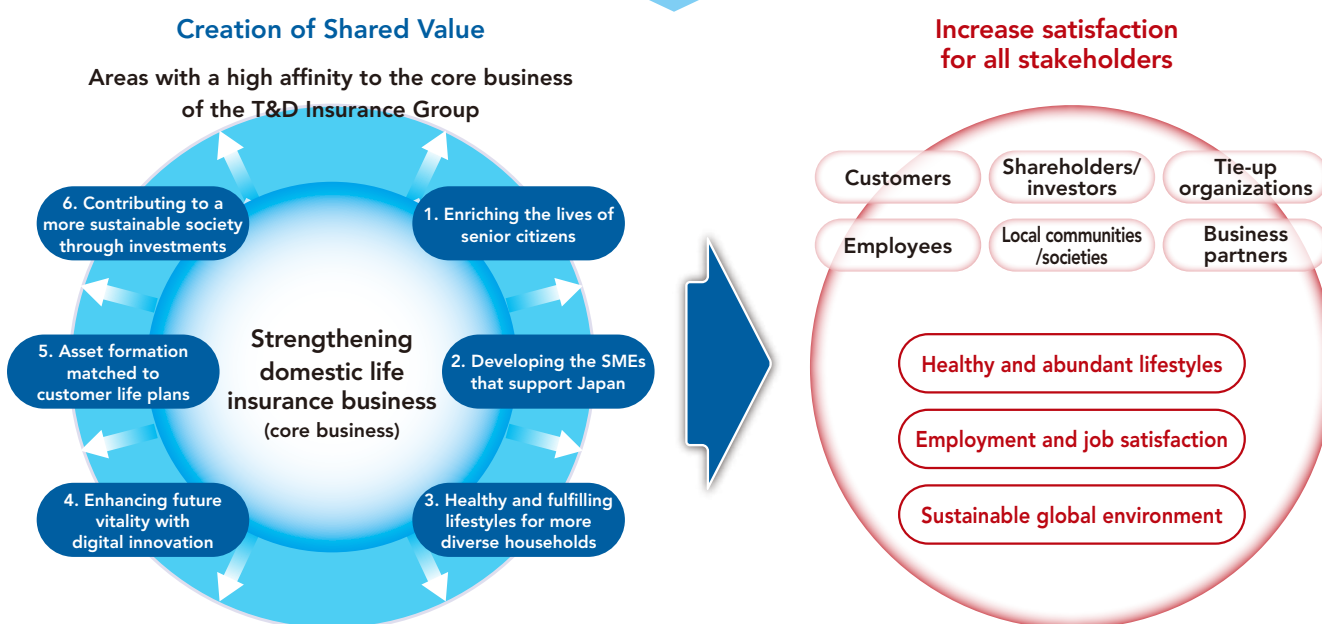
With our “Try & Discover” motto for creating value, the T&D Insurance Group aims to be a group that contributes to all people and societies. Based on this corporate philosophy, the Group will contribute to resolution of the ever-changing issues faced by people and society, with the aim of being a corporate group that grows sustainably together with society. In the medium-term management

plan, we will strongly promote the implementation of this corporate philosophy, as well as the “creation of shared value,” in which value is created for both society and businesses, by responding further to the resolution of social issues, such as an extension of healthy life expectancy and SME business continuity in the respective specialty markets of each Group company.

Creation of Shared Value

- The Group sees ever-changing issues faced by people and society as business challenges to be tackled
- From the perspective of resolving social issues, by means of our business we will create both (1) values to society, and (2) values to the company

Major themes in “Creation of Shared Value” that leverage the strengths of the T&D Insurance Group



Basic Strategies of the Medium-Term Management Plan

Realizing the Future Vision of the Group with Four Basic Strategies

The medium-term management plan consists of four basic strategies. The first is to strengthen our core businesses by pursuing specialized strategies that leverage the strengths of the Group companies (mainly the life insurance companies). The second is to diversify our business portfolio by investing in new business areas that have an affinity to the domestic life insurance business.

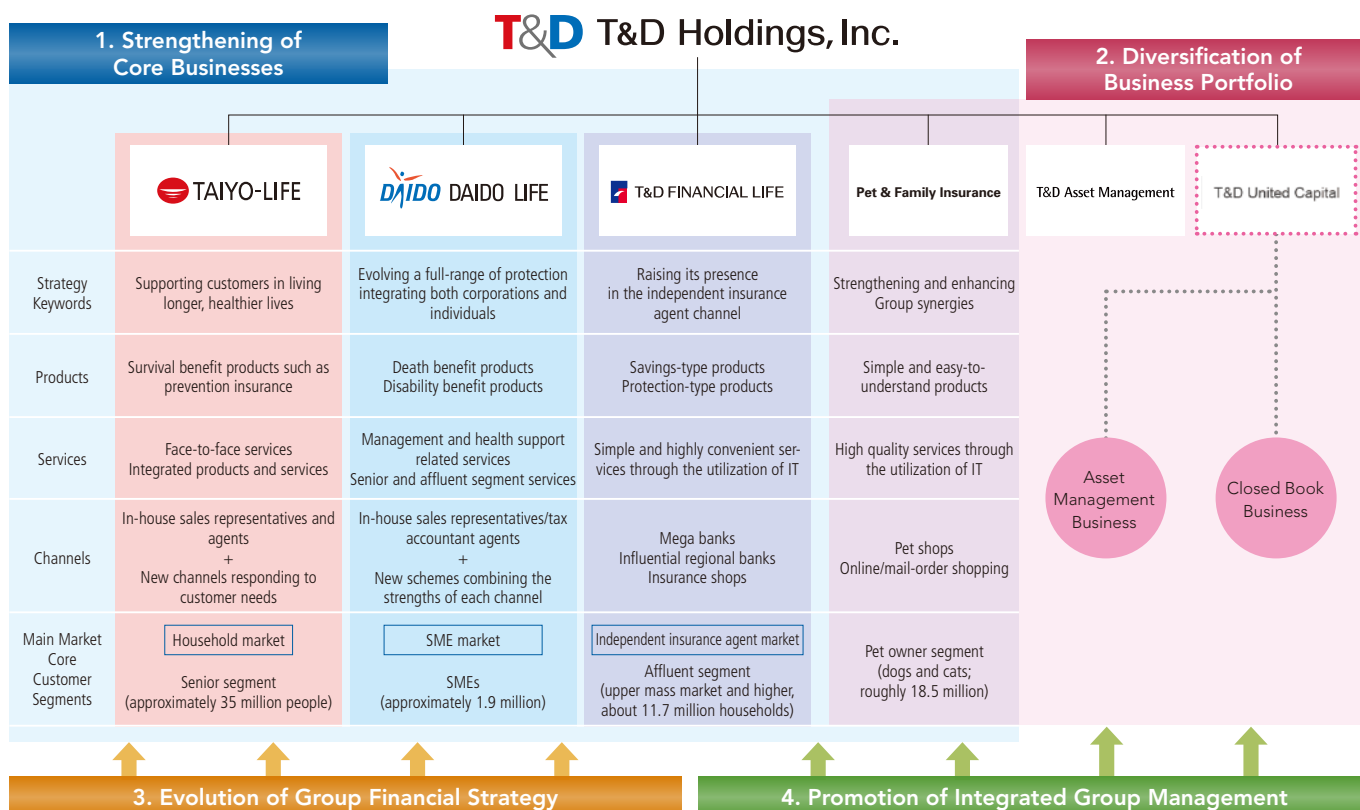
Furthermore, as strategies to support the realization of these two growth strategies, we have also established the basic strategies of evolving the Group's financial strategy, with the aim of further improving capital efficiency, and promoting the integrated management of the Group, in order to achieve the effective and efficient utilization of Group management resources.

1. Strengthening of Core Businesses

2. Diversification of Business Portfolio

3. Evolution of Group Financial Strategy

4. Promotion of Integrated Group Management



Try & Discover 2021 —Creation of Shared Value—

1. Strengthening of Core Businesses

Strengthening of Core Businesses — Overall Schematic

In the domestic life insurance business, which is our core business, we will refine the strengths of the products/services/sales channels of each of our life insurance companies, with the aim of establishing an unassailable top brand in the respective specialty business areas of each Group company, and strengthening the revenue base of the Group.

Taiyo Life will further promote the establishment of top brands in the senior market by utilizing its product development capabilities such as dementia insurance, which are ahead of the times, along with integrated products and services, such as the *Kaketsuke-Tai Service*.

By regarding various changes in the environment as growth opportunities, and taking up the challenge of




structural transformation that transcends the current frameworks in various business areas, Daido Life will refine its approach of providing a full-range of protection integrating both corporations and individuals, in order to become a life insurance company that leads the next era of corporate coverage.

T&D Financial Life will enhance the Group's presence and results in the independent insurance agent market, by further expanding its sales networks of bank agents and promoting its highly flexible product development capabilities.

In addition, in order to respond to the insurance needs of the millennial generation, we will establish new specialty markets through the use of digital platforms.

Strengthening of Core Businesses — Overall Schematic

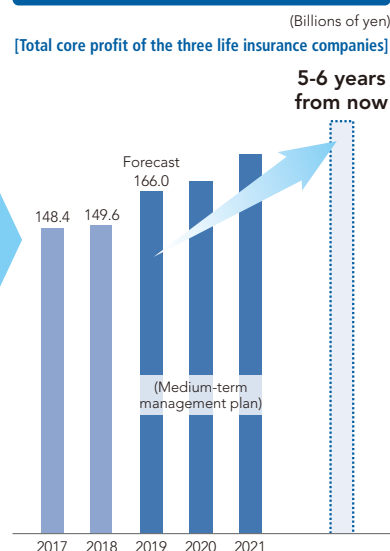
- The three core life insurance companies aim to build the top brand in their respective specific markets.
- Strengthen the core domestic life insurance business further by raising profitability of insurance underwriting, and building new, specific markets.

Three core life insurance companies		Specific markets	Strengths and differentiators
		Household market	Building the top brand in the senior market <ul style="list-style-type: none"> • Product development capabilities that stay ahead of the curve • Integrated products and services
		SME market	Leading a new era of corporate coverage <ul style="list-style-type: none"> • Solid relationships with the sales platform • Specific channels for SME market
		Independent insurance agent market	<ul style="list-style-type: none"> • Bank agent network • Flexibility of product development



New life insurance channel			
	Alliances M&A	Millennial market	<ul style="list-style-type: none"> • Build specific markets that utilize digital platforms to respond to the insurance needs of the millennial generation

Raising profitability of insurance underwriting



2. Diversification of Business Portfolio

Initiatives towards New Business Domains

The aim of initiatives targeting the diversification of our business portfolio is to achieve a multi-line model for revenue sources, through the development of business in new areas in which we can utilize our knowledge and resources in the life insurance business, and through the incorporation of external growth. When establishing new business areas, we will proceed with the establishment of suitable business management systems, for businesses

with a high affinity to the life insurance business, that are expected to contribute to Group consolidated profit and achieve high future growth.

Currently, we are specifically considering mainly the closed book, asset management, and digital insurance businesses. Moreover, in June 2019, we established T&D United Capital Co., Ltd., as a subsidiary that handles strategies for business portfolio diversification.

— Initiatives in the medium-term management plan —

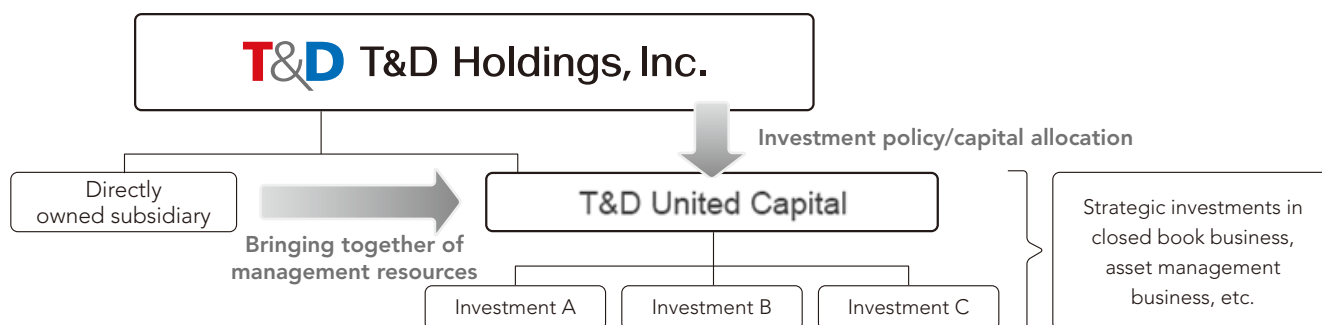
Closed book business

Asset management business

Digital insurance business

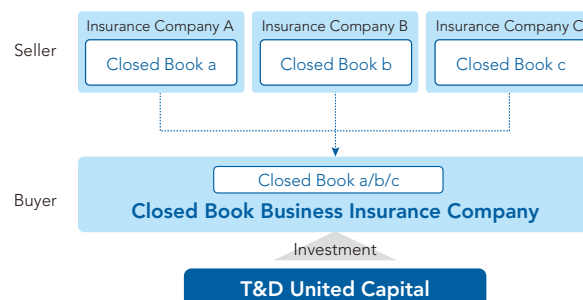
■ Establishment of T&D United Capital (June 2019)

By consolidating Group management resources, we are establishing an effective and efficient integrated Group organizational structure, based on demonstration of expertise, a proper management of risk and return, and speedy decision making.



■ Investment in Closed Book Business

Through T&D United Capital, we will invest in the closed book business, in which income is generated by obtaining and consolidating blocks of policies in force for products that are no longer sold by an insurance company (closed book), and enhancing their value. With a view toward acquiring new investment income and the future expansion of domestic business, we will accumulate business know-how by building relationships with investment targets.



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2. Diversification of Business Portfolio

Growing profits in the asset management business

We aim to continue to expand the asset management business in the medium- and long-term, as the business area with the highest affinity with the life insurance business. In November 2018, with the aim of advancing asset management and enhancing the asset management business, we concluded a cooperation agreement with Payden & Rygel in the United States.

In addition, while contributing to profitability by enhancing the product structuring capabilities of T&D Asset Management, capital and business alliances with

overseas asset management companies will also contribute to a strengthening of the asset management capabilities at each Group life insurance company, as well as Group consolidated profits. As a specific initiative, in September 2019, we concluded a capital and business alliance agreement with the French asset management company, Tikehau Capital SCA, in which T&D United Capital is investing. Based on this agreement, T&D Asset Management will provide asset management products of a subsidiary of Tikehau Capital to Japanese pension funds.

Growing profits in the asset management business

- Aim to expand our asset management business as a core Group business, second only to the domestic life insurance business, over the medium term.
- Utilize our strengths as a life insurance-group asset management company, and build a differentiated business model.
- Strengthen management of overseas assets, and make contributions to Group profits and life insurance asset management.

T&D Asset Management

Strategy 1): grow T&D Asset Management profits

- Grow assets under management by leveraging our strengths in structuring of products
- Utilize network of domestic and overseas asset management companies
- Contribute to more sophisticated asset management of the Group life insurance companies

T&D United Capital

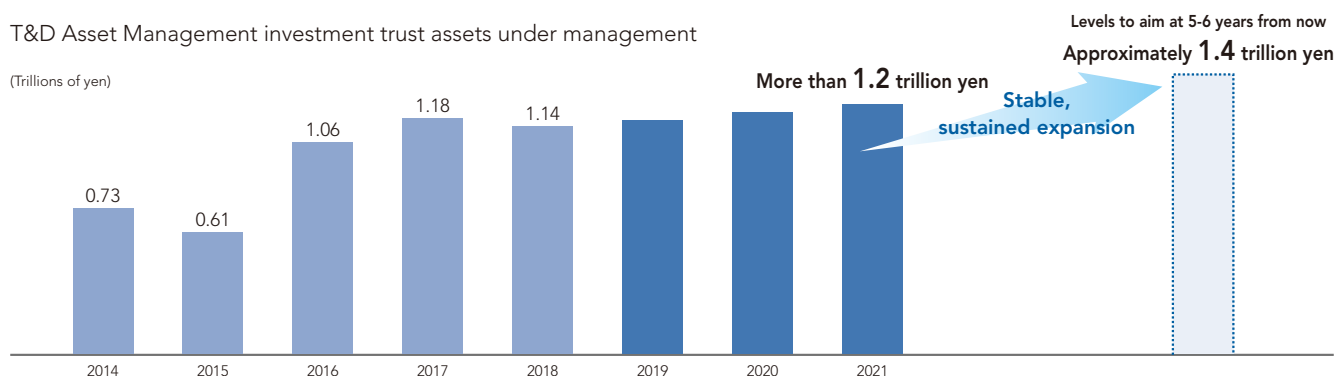
Strategy 2): strategic investments in overseas asset management companies, etc.

- Use business/capital alliances with overseas asset management companies, etc., to strengthen product structuring capabilities and the Group's life insurance asset management capabilities
- Contribute to Group consolidated profits

Synergistic effects

T&D Asset Management investment trust assets under management

(Trillions of yen)



Establishment of a New Specialized Market (The Millennials)

In order to capture the insurance needs of the young millennial generation, which the Group has not heretofore sufficiently focused on, we will create alliances with providers of digital platforms, and build new specialized

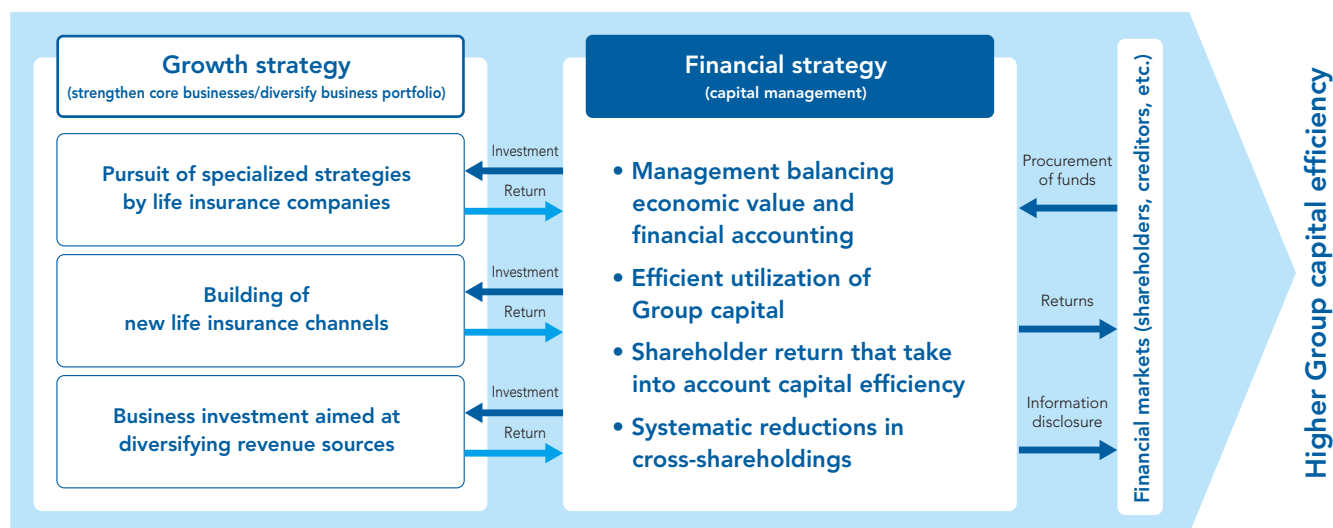
markets. As the channels available for purchasing insurance policies become increasingly diverse, we will provide new products and services through the use of digital marketing, in order to expand our customer contact points.

3. Evolution of Group Financial Strategy

Promote financial strategy (capital management) and growth strategy (bolstering core businesses and diversifying business portfolio) as two sides of the same coin, in order to improve Group capital efficiency.

By promoting integrated Group ERM, and based on an expansion of our corporate value (embedded value), the Group is performing business management that considers the balance with financial accounting. In addition, in order

to diversify our business portfolio, we will efficiently utilize the Group's capital, through combinations with optimal selections of external capital. Furthermore, we will proceed with a systematic reduction of cross-shareholdings.



Shareholder Return Policy

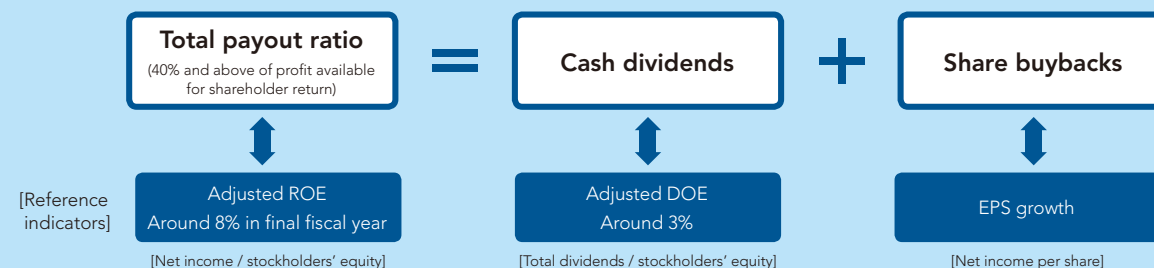
The basic framework incorporates new reference indicators, while maintaining the previous medium-term management plan. We will implement shareholder returns that contribute to an even further improvement in capital efficiency.

Regarding cash dividends, we will strive to provide stable dividend returns, such as an Adjusted DOE of 3%

as reference. In addition, we will implement flexible share buybacks that take the EPS growth rate into consideration. Accordingly, we will comprehensively determine the total payout ratio, while taking into account an Adjusted ROE of approximately 8% by the final year of the medium-term management plan, in addition to ensuring a ratio of 40% or more of net income.

- Total payout ratio to be set flexibly, taking into account capital efficiency (Adjusted ROE). (However, to be 40% and above of profit available for shareholder return)
- The objective for cash dividends is stable, sustainable increases, using Adjusted DOE as reference.
- The value of share buybacks will take into account the amount of total payout, and the level of EPS.

<Basic approach>



Try & Discover 2021 —Creation of Shared Value—

4. Promotion of Integrated Group Management

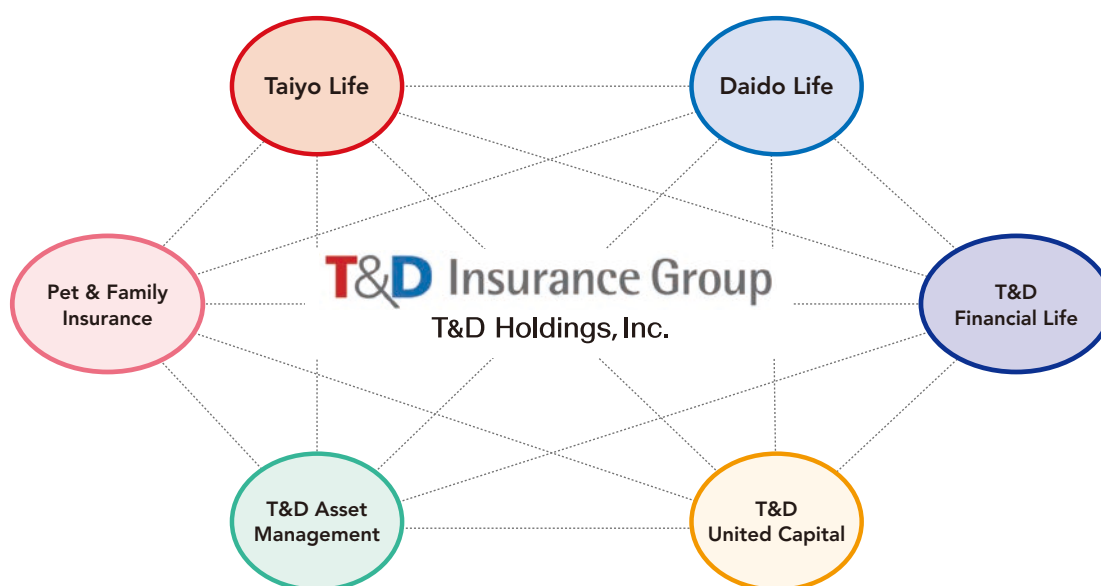
Promotion of Integrated Group Management to Steadily Implement Growth Strategies

In order to steadily implement the growth strategies of the medium-term management plan, we will further promote integrated Group management. As a first step, we have established the strategic subsidiary, T&D United Capital. We will proceed by consolidating Group management resources, such as personnel and funds.

In addition, we plan to further leverage synergies within the Group, such as by mutually supplying products between Group companies, and through the sharing and

proper allocation of Group management resources.

In terms of cultivating human resources and building awareness, based on the new brand message of “Towards a New Dimension of Insurance,” we will demonstrate the Group’s comprehensive capabilities to create innovation through our innovative and challenging Group culture. In addition, we will further promote integrated Group social activities, with the aim of creating shared value.



Bringing together of management resources (strategic subsidiary)

- Integrated Group promotion of diversification of business portfolio
- Establish strategic subsidiary, and bring together Group resources



Leveraging synergies within the Group

- Further promotion of mutual supplying of products
- Sharing and appropriate allocation of Group management resources (personnel, funds, know-how)
 - Bringing together of specialized personnel in strategic subsidiary, allocation of Group capital
 - Exchange of personnel between Group companies, sharing of best practices
 - Cooperation with T&D Asset Management in order to strengthen asset management



Penetrating Group culture

- New brand message
 - “Towards a New Dimension of Insurance.”
 - Integration of Try & Discover DNA into the Group and using it to appeal externally
- Integration of Group social activities aimed at creation of shared value
 - Promotion of initiatives based on Group CSR Activity priority themes

Medium-Term Management Plan Targets

T&D Insurance Group's Medium-Term Management Plan targets (consolidated)

In fiscal 2021, which is the final year of the medium-term management plan, we aim for ¥170.0 billion or more in value of new business, and a fiscal 2018 level (¥73.0 billion) or more in net income, through steady growth in the results of the three core life insurance companies.

The steady accumulation of policies in force and the securing of stable investment income, which mainly comprises interest, dividends, and income from real estate for rent, form the basics of the business management of the Group, the core business of which is domestic life insurance. In fiscal 2019, the first year of the medium-term management plan, we forecast a decline to ¥64.0 billion

in net income, due to a cautious outlook arising from the current economic and financial environment.

However, through various strategies, such as a strengthening of our core businesses and the diversification of our business portfolio, we aim for net income of ¥100.0 billion during the next medium-term management plan. In addition, we have set Group MCEV, which was a key performance indicator of the previous medium-term management plan, at a medium- and long-term target level of ¥4.0 trillion, based on a continued recognition of its importance as an indicator of the corporate value of the life insurance business.

T&D Insurance Group's Medium-Term Management Plan targets (consolidated)

Medium-Term Management Plan targets	Economic value	Value of new business	<ul style="list-style-type: none"> FY2021: 170.0 billion yen and above [Core ROEV*1: 5% and above for three years]
	Financial accounting	Net income	<ul style="list-style-type: none"> FY2021: FY2018 levels (73.0 billion yen) or higher
(Reference) Medium- to long-term target levels	Economic value	Group MCEV	<ul style="list-style-type: none"> Next medium-term management plan: 4.0 trillion yen (As of end of March 2019: 2.6 trillion yen) [ROEV*2: Stable and sustainable growth over 7.5% in the medium- to long-term]
	Financial accounting	Net income	<ul style="list-style-type: none"> Next medium-term management plan: 100.0 billion yen

Note: The ultimate forward rate (UFR) has been applied to both the ESR measurement model and the MCEV calculation, beginning with the medium-term management plan. The aim of this change is to further increase the sophistication of our measurement models, so that they can assist in management decision-making over the medium- to long-term, taking into account discussions regarding the international regulation of capital, and the comparability of disclosure.

The UFR has been applied to both medium-term management plan targets based on economic value and medium- and long-term target levels (value of new business, Group MCEV).

*1: (Embedded Value of new business + Expected existing business contribution from risk free rate) / Average of EV *2: Annual increase in EV (less capital movements) / Annual average of EV



Special Feature

Chief Environmental and Social Strategist
Environmental Strategy Advisory Division
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Part-time Lecturer at Keio University Graduate School

Mari Yoshitaka



Representative Director and President
T&D Holdings, Inc.

Hirohisa Uehara



Creating Shared Value by the T&D Insurance Group

We invited an expert to exchange opinions on the initiatives of the T&D Insurance Group
on the theme of “creating shared value” in the Medium-Term Management Plan.

1. Changes in the roles of companies expected by society

Yoshitaka

I have been involved with environmental finance-related businesses for many years, and I received requests around 2014 or 2015 from institutional investors who wanted to study topics related to the environment. My job has changed significantly since then. I remember being surprised because I did not initially expect financial institutions to turn their attention to environmental issues so quickly. I get the impression your company incorporated the perspective of what is now called “ESG” in your business at a relatively early stage.

Uehara

We have a pioneering spirit in areas where others have yet to venture, for example, the Group was the first company in the life insurance industry to become listed. When I was involved in asset management at Taiyo Life and managing insurance premiums entrusted by customers, I decided it was necessary to incorporate ESG issues within the fiduciary duty in the investment and lending decision-making process, and so I studied qualitative standards. Because the PRI (Principles for Responsible Investment) provided us with a field to consider these issues, in 2007 we became the first Japanese life insurance company to sign the PRI to serve as qualitative standards for investment and lending that could be incorporated in asset management. The PRI have recently spread among institutional investors in Japan as well at considerable speed.

Yoshitaka

I think that evaluations of businesses based on their efforts to improve social issues through the core business are finally beginning to take root in Japan. While I think in many cases Japanese companies were founded with an aspiration to resolve social issues, this type of information disclosure has been neglected because it is so obvious. I believe this is beginning to change. What Japanese companies really need to do now is something that is only natural: to go back to the origin of why they were founded in the first place. You often say that the “the future is not an extension of the present,” and I think that such an era has really come now. When I look at materials including your company’s CR Report^{*1}, I feel that information is being communicated with a focus on the perspective of resolving social issues through the core business. I am personally really interested in seeing how this leads to an

improvement in corporate value in the future.

Uehara

We were listed 15 years ago as an insurance holding company, a first for a life insurance 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 philosophy does not seem outdated and is really well matched with our current times. I do not think it will change in the future either. Since I assumed the role of President in April of last year, we have carefully considered the new Medium-Term Management Plan while holding detailed talks over the past year. Something that I also realized when I was appointed President is that corporate philosophy is really important. We often hold dialogues with shareholders and investors on profits. Going back to our origins, we realize that having a relationship with customers over an extremely long period of time is the business model of a life insurance company. For that reason, the mission of a life insurance company is to continue healthy growth as a corporation. In light of the business characteristic of having to sustain business so we can make payments to customers without fail when they are in need, we renewed our focus on this corporate philosophy and incorporated it in our new Medium-Term Management Plan, thus making the creation of shared value as the theme. However, this may not seem like something new for you because creating shared value (CSV^{*2}) is something that has been around a while from your perspective.

Yoshitaka

I do not think concepts like CSV have spread that much yet. CSR activities are just something conducted by environment-related departments, and I do not think there are many companies where it has really been instilled among each and every employee as a part of the DNA of the company. There are still many executives who are primarily focused on how ESG initiatives will affect the stock price, so I think it is a really good thing to again go back to the origins.

Uehara

We have a long history of over 100 years with our three main subsidiaries: Taiyo Life, Daido Life, and T&D Financial Life^{*3}. A company’s development and the history of growth is vertical change and horizontal continuation.

*1 Name changed to the “Sustainability Report” for reports issued from fiscal 2019. *2 Stands for “creating shared value,” a management strategy of using the strengths of a company to resolve social issues, and in doing so, contributing to its sustainable growth. *3 Including the era of the predecessor, Tokyo Life.

The horizontal continuation is the company history, and vertical changes are in the economic and capital environments and the needs of customers at that time. I believe that conducting management while responding to change leads to continuity. The driving force for this is the Group's tangible and intangible corporate value and its individuality, which is a part of this value. Furthermore, looking at the companies that were able to survive the financial crisis, I feel they were ones that society recognized as having existential value and that companies without such value were weeded out. Considering this, I think that the starting point may be being a company that is required by society as a necessary presence.

Yoshitaka

Although Japanese companies work with sincerity in the various things they do, they only tend to disclose the

things they can do, and they do not communicate much of a message on their resilience in response to these kinds of vertical changes that you mentioned. I think these are the types of message that are needed in society now.

Uehara

When I visit investors on IR visits, they often ask me about how Japanese life insurance companies will survive and grow as the population constantly decreases, due to declining birthrates and an aging population. Indeed, while the population will fall and the number of elderly people will rise, this presents opportunities with the Group's business model. For example, managers of SMEs are the main customers of Daido Life, and there may be various business opportunities for us if we face and help to resolve current social issues with them, such as the lack of business successors when they come of age.

2. Efforts aimed at creating shared value

Uehara

Over a decade ago, CSR mainly consisted of social-contribution and volunteer activities. While volunteer activities are extremely important, there were not many discussions about how to achieve an affinity with the core business from the perspective of a listed company. This has changed recently, and I think the time has come for companies to clearly indicate what they are aspiring to and their approach to those aspirations.



Yoshitaka

I agree. For CSR, in many cases companies communicate information to society at large about what a good company they are, and as you mentioned, I think it is good to think about CSR in terms of business opportunities. From this viewpoint, I think the SDGs are a really good communication tool. They have been truly incorporated in the new Medium-Term Management Plan.

Uehara

We are not able to cover all of the SDGs from the viewpoint of the characteristics of our business and our management strategy. At any rate, we have actively incorporated and discussed those that are closely related to needs that broadly involve the life insurance business, which is our core business. We have also been able to demonstrate the linkage with SDGs in the new Medium-Term Management Plan.

Yoshitaka

The other day, more than 80 people participated in an SDGs seminar for institutional investors that we held. I think it was when the Government Pension Investment Fund (GPIF) signed the PRI in 2015 that we first got involved with ESG in Japan. Although it seems that ESG investors are now evaluating companies on the resolution of SDGs issues, there are companies that have not really

addressed the SDGs up until now. They often consult with me because they are not sure where they should start and what they should do. I believe that SDGs will become a tool for communication with all stakeholders going forward, and I also believe that how information on SDGs is communicated will differ depending on who is being communicated to, for example, whether the person is an investor or a student. For instance, the other day when I was talking with a student I teach at the university, the student told me about how excited they were when a company told them that “this company will grow through the SDGs” during student job-hunting activities. For this reason, SDGs could be effective from the perspective of appealing to human resources newly entering the job market.

Uehara

I think that SDGs are an extremely good tool for facilitating a back-and-forth communication with stakeholders. However, it should be done in a manner so that it does not become a mere formality.

Yoshitaka

I have the same view. While the SDGs run to 2030, your company will continue doing business 30 and 50 years from now. The other day, I told some investors that what they have to evaluate goes beyond SDGs projects.

Uehara

The life insurance business is a field that involves people’s lives. There are issues that have to be addressed nonstop, such as health and supporting seniors. In light of this, we are working to contribute to SDGs that match the business model and characteristics of each Group company, while linking together the relatively wide area of SDGs to our actual work.

Yoshitaka

The life insurance industry itself is related to SDGs, and I think the relation makes them very effective tools. For example, “Himawari Dementia Prevention Insurance,” released by Taiyo Life, can help with prevention of the condition if people know about it from a relatively young age. I would like you to continue communicating new ideas like this in the future.

Uehara

One characteristic of the Group is that it has three extremely independent and specialized life insurance companies as subsidiaries, which have completely different markets, products, and channels. Our business model is to deploy management resources to the segment of the market that is being focused on, and provide more



sophisticated products and services to customers.

Taiyo Life became the first company in the industry to release dementia insurance three years ago^{*4}. It has been said that one in seven people age 65 and above are at risk for dementia. Over 500,000 people are currently enrolled in dementia insurance, and it has proven to be very popular. If you enroll in this insurance, you can use your smartphone to automatically measure the number of steps you take and walking speed, and share this data with registered family members. In this manner, insurance products are making a shift to protecting health and preventing disease through means, such as the provision of tools for health management and prevention together with services.

Yoshitaka

That is a great idea. Because everyone is focused as a professional, you know a lot about those types of needs. I have held a lot of seminars on ESGs and SDGs for SMEs recently. What kind of initiatives for SMEs is your company involved with?

Uehara

It has been said that if employees including managers are healthy as a result of health and productivity management, that company will be more productive and more profitable as well. However, things are not so easy for SMEs with limited numbers of employees. Their health efforts may only consist of a health examination once a year. Daido Life is offering a comprehensive program^{*5} that includes health-examination record management, encouraging employees to get a health examination, and health-risk analysis in an effort to ensure that employees stay healthy.

In addition, in response to the issue of business

^{*4} “Himawari Dementia Treatment Insurance” was launched in March 2016. It is the first insurance product covering dementia in the life insurance industry as a relaxed-underwriting type product (based on research by Taiyo Life).

^{*5} Daido Life’s “KENCO SUPPORT PROGRAM”

succession, we are working to protect SMEs through means that also go beyond insurance including business-succession support in cooperation with external institutions. We approach marketing, product development, and service from the perspective of the customers, based on our knowledge and experience up until now and the needs of the customers, so that we can meet their needs more quickly than other companies.

Yoshitaka

“Quickly” is an important point. Japanese companies are not really that good at being quick.

Uehara

Social issues are also customer needs. As a life insurance company with a business model specialized on such issues, we work to design specific products and services and offer them as quickly as possible. Going forward, we can expand our share in the Japanese life insurance industry and achieve sufficient growth in Japan. We also believe it is necessary to grow while co-existing with society.

Yoshitaka

If there are no challenges, then no services will be born to respond to them. While it would be ideal for all challenges to disappear, that is not very realistic. You mentioned earlier that overseas investors sometimes ask you about declining birthrates and the aging population in Japan. Related to this, there has been an increase in foreign workers. Has the company done anything in response to this?

Uehara

Daido Life has started policy procedures enabling foreign employees to enroll. It has been difficult until now for foreign workers and other Japan residents who are not capable of speaking Japanese to enroll in insurance in Japan. However, Daido Life made it possible to enroll using eight languages from June of this year and it is providing services that make people feel more reassured about working in Japan. I think it is important to keep on making small steps like these to support the vitality and management of SMEs that are fundamental for Japan.

Yoshitaka

I agree. I think the “S” part of ESG, particularly diversity, will be a major point for organizations so that Japanese companies can flexibly respond to dramatic changes including declining birthrates and the aging population going forward. What kind of initiatives are there for internal diversity while supporting the diversity of customers?

Uehara

While this may diverge a bit from the topic of diversity,

something I have thought of since becoming President is that management with a social focus by companies leads to sustainable growth. I believe we are ultimately able to produce profits and major benefits for shareholders by providing products and services that really meet needs while valuing our employees, business partners, and customers. From this perspective, it is extremely important for employees to feel happy and healthy in their work. For this reason, Group companies are pursuing substantial measures rather than mere formalities in personnel systems, work style reforms, and the active participation of women.

For example, the retirement age was extended at Taiyo Life last year in April, and it is now possible to work up to age 70. I think this is a particularly significant point in terms of improving productivity as the working population decreases.

Yoshitaka

There has been a lot of data from overseas that demonstrates a correlation between companies that are actively promoting the participation of women and stock price performance. Indices that incorporate this have also been started. I think it is great that this is not only a priority theme for your company's CSR, but also a human resources initiative. When speaking of ESG, G is fundamental and while E and S are not necessarily parallel, the importance of the elements of ESG differs by industry. I think that your company is really working to address the themes that are important for your company. I do not think it will be too far in the future when various indices overseas evaluate the relationship between performance and ESG. I think it is very important how ESG initiatives are communicated, and this is something that applies to all companies.

Uehara

We do not make things that are clearly visible, so we really have to be engaged in development and training to improve the skills of our employees. How the Group communicates with society is also important.

Yoshitaka

What points are being focused on in the new Medium-Term Management Plan?

Uehara

We intend to grow our business domains and business model by working on six business themes aimed at creating shared value. We will diversify our business portfolio because it might not be possible to respond to the challenges faced through our existing businesses alone. However, this diversification will only include businesses

that have some affinity to life insurance-related business in Japan for which collaboration is possible. For businesses required as life insurance-related businesses in Japan in the future other than those covered by our three life insurance companies, active investments will be made mainly by the holding company. We will work to create shared value while mutually connecting these six

business themes and CSR priority themes. I talked about the Medium-Term Management Plan in a conceptual manner at the beginning, and we have already implemented concrete measures to a degree. By articulating these measures internally and externally, I would like to make a strong appeal for the direction and approach of the Group.

3. "Creating shared value" in the future

Yoshitaka

Investors in the U.S. are trying to use ESG as a tool for creating a new market, and they have made significant progress in stock price research related to this. Meanwhile, there are many people in Europe who are focused on sustainability. Furthermore, because there are few disasters in Europe, many people have felt a sense of crisis toward climate change recently and there is beginning to be a change in sentiment. I think that ESGs will become increasingly important in Japan in the future. I think there should be more information disclosure because if there is nothing to compare such as the status of efforts, it is difficult for it to be reflected in the stock price.

Uehara

I think it will be important in the future whether companies that are making society better can demonstrate strong leadership. According to one study, when asked about the meaning for the "existence of companies," more people from the millennial generation responded "to make society better" than "to produce profits." I think that ideas about what companies should be doing are beginning to change.

From the perspective of making society better, I think that disclosing information on efforts to the market will become more and more important for understanding and verifying the state of corporate management from the viewpoint of ESG and improving transparency. Although our Group's business may not be very flashy, I think that we are a serious and honest company in this aspect. I would like to make a strong appeal for these qualities.

Yoshitaka

I think that is a good idea. I hope you are a company for the next generation that achieves the creation of shared value. Young people are losing their sense of excitement.

I hope your company takes the lead in demonstrating corporate growth through the SDGs.

Uehara

According to one paper, people who feel happy are about 30% more productive at work than those who are not, and they are also three times as creative. The sum of the "psychological capital" of workers can determine a company's rise and fall. People feel satisfaction and fulfillment by contributing and being necessary to society. If you make employees happy, it makes the company happy, and this makes society happy. This happiness has a very positive effect on the economic environment and leads to sustainable growth. I intend to continue working hard at "creating shared value" in the future.



Business Overview

P.42



Become an insurance company that supports secure and fulfilling lives for even more customers, by proactively providing to households the best products and services for the Centenarian Age.

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

By developing products that preempt the Centenarian Age and enhancing our sales capabilities through the utilization of IT, we will help more customers to live longer, healthier lives.

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



P.46



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

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



➡ P.50



T&D FINANCIAL LIFE

Offering distinctive products and services which meet the diversifying needs of customers

T&D Financial Life provides savings-type products differentiated by types of benefits, and protection-type products with competitive pricing and benefits through independent insurance agents (financial institutions and insurance shops), which handle products from a number of insurers.

Market	Sales channel	Products
Independent insurance agent market	Independent insurance agents (financial institutions and insurance shops)	Savings-type products (foreign-currency linked type, etc.) Protection-type products (Income protection insurance, etc.)



➡ P.54

T&D Asset Management

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



➡ P.55

Pet & Family Insurance

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

Pet & Family Insurance 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

"Healthy, Long Life, Taiyo Life"

— Becoming a life insurance company
that supports secure and fulfilling lives —

Outlook for Sales Performance Indicators Fiscal 2019

Protection-type annualized
premiums of new policies*

¥17.0 billion

Protection-type annualized
premiums of total policies*

¥155.0 billion

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

Naoki Soejima
Representative
Director and President



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*, allows customers to freely combine the coverage they need. This enables the company to propose coverage which meets the needs of each household.

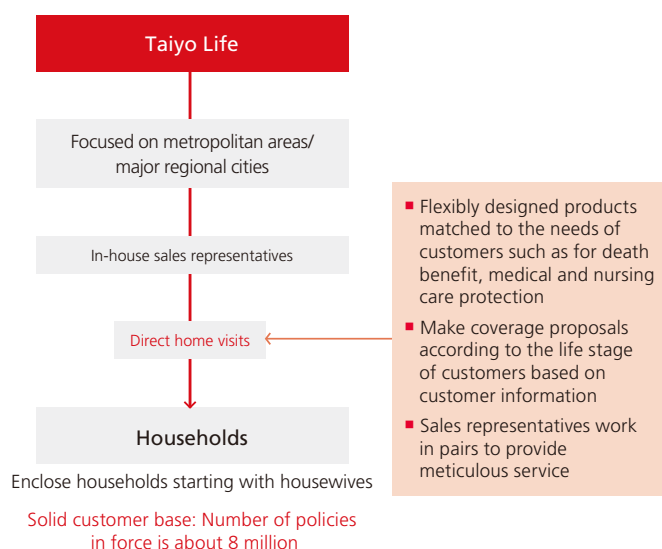
The company has thus established a business model of offering comprehensive coverage to households by taking advantage of its strengths in the household market.

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.

The company 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.

The company also sells products that preempt the changes of the times, such as *Himawari Dementia Prevention Insurance*, maintaining its pre-eminence in the market by offering coverage that meets its 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

Review of the Previous Medium-Term Management Plan (FY2016-FY2018)

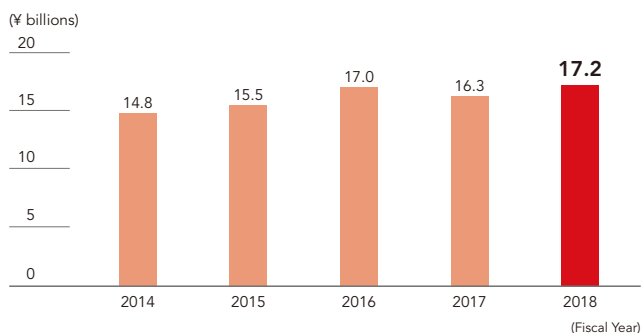
Under the previous Medium-Term Management Plan, Taiyo Life worked to build the top brand in the senior market, and to expand business results through triune sales promotion consisting of "improving services," "enhancing products," and "strengthening sales capabilities." These efforts were based on a vision of "aiming to be a life insurance company that offers households the best products and services that preempt the changes of the times."

Taiyo Life launched *Himawari Dementia Treatment Insurance* in March 2016, as a product that enables customers to live their senior years with peace of mind, and launched *Himawari Dementia Prevention Insurance* in October 2018, which combines preventative services with coverage. Taiyo Life also began the *Kaketsuke-Tai Service*, in which office workers with specialized knowledge personally visit customers' homes and provide customized

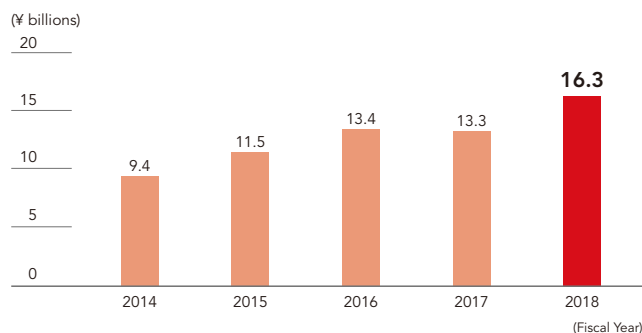
support to ensure that benefits are paid swiftly and smoothly. Currently, the company is working to enhance the payment of insurance benefits by developing mobile terminals, so that in-house sales representatives can perform the same benefit procedures as office workers.

In fiscal 2018, the final year of the previous medium-term management plan, protection-type annualized premiums of new policies increased by 5.3% year-on-year to ¥17.2 billion. Among these, Third Sector annualized premiums of new policies increased by 22.9% year-on-year, due to strong sales of relaxed-underwriting type products, such as *Himawari Dementia Prevention Insurance*. In addition, MCEV increased by ¥31.1 billion from the previous fiscal year-end to ¥856.2 billion, mainly due to the accumulation of value of new business. Value of new business increased year-on-year to ¥55.3 billion due to solid sales results.

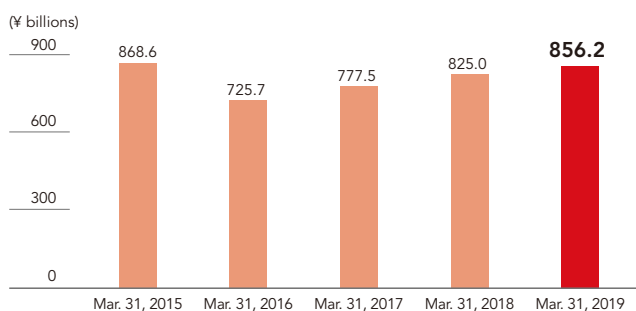
Protection-type Annualized Premiums of New Policies



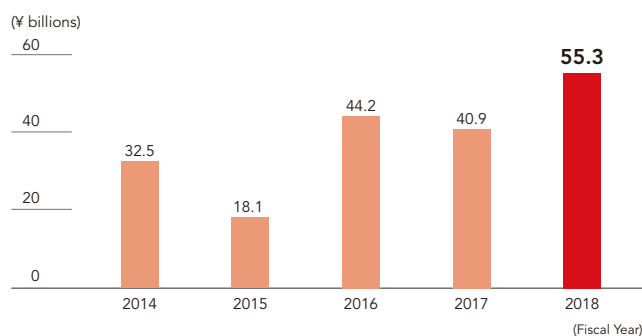
Third Sector Annualized Premiums of New Policies



MCEV



Value of New Business



Taiyo Life's Medium-Term Management Plan (FY2019-FY2021)

Vision of the Medium-Term Management Plan

Become an insurance company that supports secure and fulfilling lives for even more customers, by proactively providing to households the best products and services for the Centenarian Age.

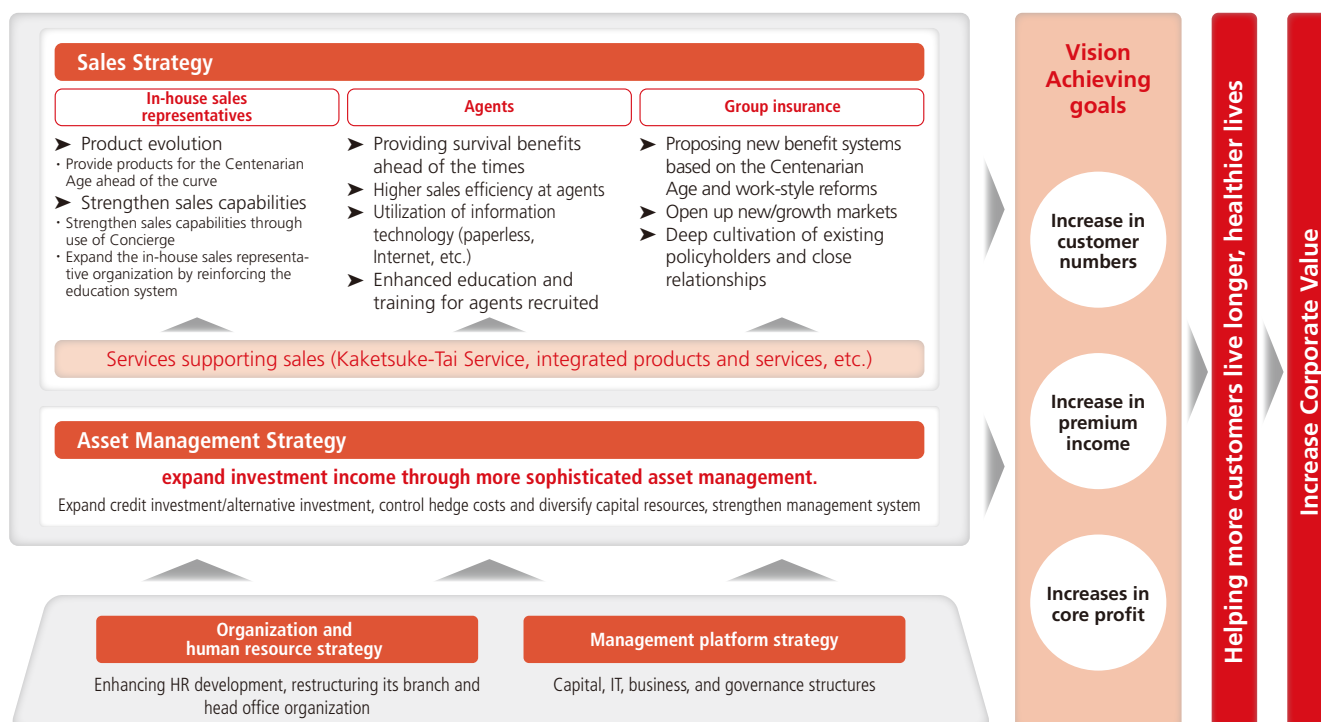
Going forward, as the total population of Japan declines, the population in the over-65 senior segment will continue to increase, and in 10 years will account for 30% of the total population. It is said that one in five of over-65s will have dementia by 2025. In addition, with the highlighting of the financial difficulties of the social security system (public pension, medical care, and nursing care), it is expected that preparations towards "longevity risk" will be required, such as in retirement and failing health, through further self-help efforts. Against such a social backdrop, it is expected that the senior segment will expand in the household market, which is the main market of Taiyo Life.

In anticipation of such changes in the environment, in its medium-term management plan, the company will make further efforts to build the top brand in the senior market, based on its vision to "Become an insurance company

that supports secure and fulfilling lives for even more customers, by proactively providing to households the best products and services for the Centenarian Age."

The company has established an environment in which it can focus on creating new value through a significant reduction in office work, due to previous business reforms, and an enhancement of operating efficiency via the *Taiyo Life Concierge*, a new mobile terminal introduced in August 2018. Through the medium-term management plan, the company will strive towards the realization of a healthy society where people can enjoy their long lives, under its catchphrase of "Healthy, Long Life, Taiyo Life." As a life insurance company that strives to stay close to the lives of its customers, the company will realize support for a healthy and long life for even more customers.

Overall Strategy of Medium-Term Management Plan



Sales Strategy

Helping more customers live longer, healthier lives

In the medium-term management plan, in addition to having in-house sales representatives visit households in pairs, which is one of Taiyo Life's strengths, the company will strengthen the sales structure for its agents and corporate insurance, and provide new products and services that leverage their characteristics. During the medium-term management plan, the company will continue to develop new growth markets that capture the needs of society, while working to deliver peace of mind to even more customers.

▣ In-house Sales Representatives

Products that preempt the Centenarian Age

Taiyo Life has developed products that preempt the changes of the times. While for many years, the company focused on savings-type products targeting the household market, it has recently shifted to protection-type products. Following this shift, in light of the fact that customers in the household market will also age due to the progress of the aging society, it launched *Himawari Dementia Treatment Insurance* in March 2016 to capture the needs of seniors. In October 2018, the company launched *Himawari Dementia Prevention Insurance*, and has developed its products, as well as the provision of prevention insurance, in addition to treatment of diseases.

As we head into the Centenarian Age, providing prevention of nursing care and diseases is becoming extremely important, together with the provision of coverage for dementia, in order to support the healthy longevity of its customers. Taiyo Life is working to enhance survival benefits, such as medical and nursing care benefits, as well as benefits and services to prevent dementia and other diseases.

Strengthening sales by utilizing IT

In 2012, Taiyo Life introduced the *Insurance Policy Support System*. This system realized paperless policy applications, enabling insurance policy applications to be completed by customers who have signed on to mobile terminals carried by in-house sales representatives. In addition, in August 2018, the company introduced the *Taiyo Life Concierge* (hereinafter, the "Concierge"), which is equipped with new functions that enable on-the-spot responses to a variety of customer requests, realizing enhanced operating efficiency as well as the evolution of its customer service.

In the medium-term management plan, the company will work toward the further development of various functions of the *Concierge*, such as by advancing its sales support functions, and will also aim to strengthen the company's sales capabilities from an IT perspective.

▣ Agents

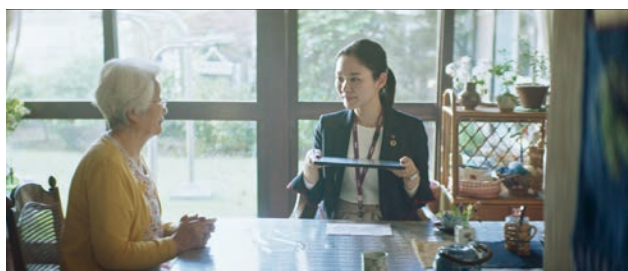
Provision of simple survival benefits

In the agent channel, Taiyo Life has enhanced sales efficiency while responding to customer needs, by providing simple and easy-to-understand products at the reception desks of financial institutions. In the medium-term management plan, the company will continue to provide products that match the market environment and characteristics of financial institutions as agents, such as protection-type products for dementia and other diseases and wealth-accumulation products, while responding to customer needs. In addition, the company will increase sales volumes by expanding its agents and enhancing sales efficiency.

▣ Group Insurance

Provision of new welfare systems

With the raising of the retirement age and increases in the number of non-regular employees, the environment surrounding the corporate insurance market is changing. Taiyo Life aims to develop untapped markets and industries that are expected to grow in the future, through the provision of new welfare systems that are based on the Centenarian Age and work style reforms. In addition, Taiyo Life will enhance convenience for existing customers, simplifying enrollment processes through the utilization of IT.



Utilizing the *Taiyo Life Concierge*

DAIDO Daido Life Insurance Company

Leading a New Era of Corporate Coverage

Outlook for Sales Performance Indicators Fiscal 2019

Policy amount in force* **¥46,910.0 billion** New policy amount* **¥3,760.0 billion**

* Includes the individual insurance and individual annuities, the insurance amounts of J-type α product (non-participating critical illness insurance), T-type α product (non-participating disability protection insurance) and the nursing-care insurance amounts of Kaigo Relief α (non-participating whole life nursing-care insurance) and so forth.

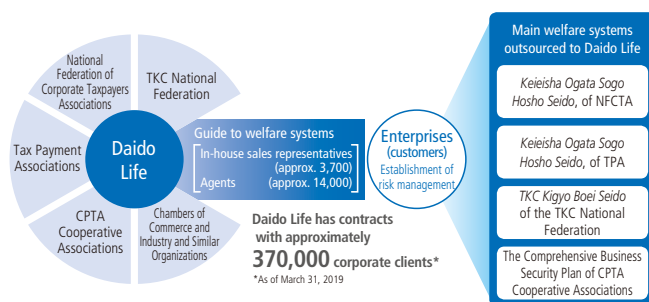
Minoru Kudo
Representative
Director and President



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 life 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

Review of the Previous Medium-Term Management Plan (FY2016-FY2018)

Under the previous medium-term management plan, Daido Life aimed to steadily and sustainably increase its corporate value. To this end, it evolved its core business by enhancing its disability benefit field in the corporate market ("further penetrating core markets"), and developed the SME owner and individual business owner market ("creating and expanding new markets"). In addition, it also improved customer service, productivity, and efficiency through operational innovations in its sales activities and administration.

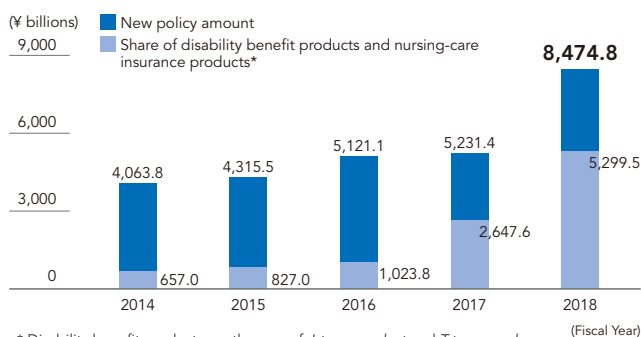
In fiscal 2018, the final year of the previous medium-term management plan, there were major changes in both the industry and the regulatory environment. These included a revision of the standard mortality table (April 2018), as well as considerations (February 2019) regarding revisions to the tax treatment of term life insurance in corporate policies (see Topics below).

In terms of the sales results for fiscal 2018, the new policy amount was ¥8,474.8 billion (162.0% compared to the previous fiscal year) and the policy amount in force

was ¥47,146.0 billion (110.1% compared to the previous fiscal year-end). This was mainly due to favorable sales of renewal-type individual term life insurance (*R-type product*) and income guarantee insurance (*Shunyu Relief*), the rates of which were lower due to premium rate revisions accompanying the revision of the standard mortality table, as well as increases in *Kaigo Teiki Hoken* (nursing-care term life insurance) launched in October 2017. In response to the tax review policy, although Daido Life suspended sales of term life insurance with surrender value from February 2019, the impact on the sales results for the full year was not significant.

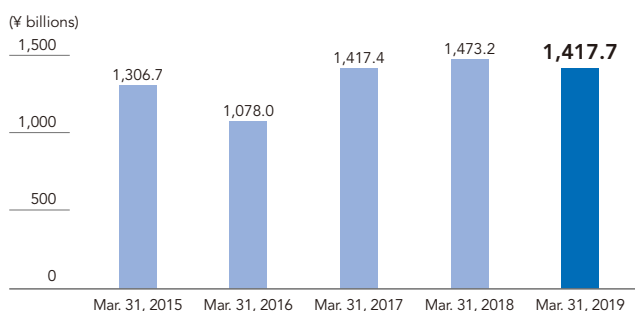
MCEV decreased by ¥55.4 billion from the previous fiscal year-end to ¥1,417.7 billion, due to a decline in domestic interest rates. Value of new business was ¥84.8 billion, on par with the previous year. This reflects the increase in new policies that offset a fall in profitability resulting from premium rate revisions, and negative factors, especially the decline in interest rates.

New Policy Amount

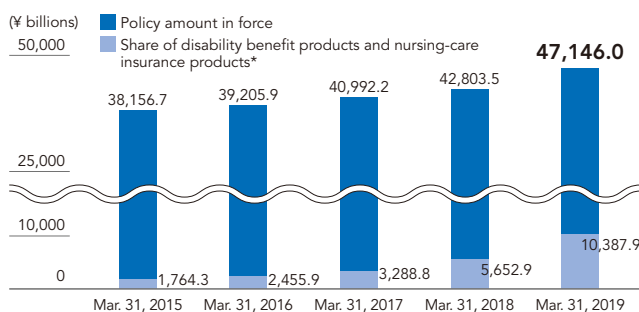


* Disability benefit products are the sum of J-type product and T-type product; nursing-care insurance products are the sum of Shunyu Relief, Kaigo Relief, and Kaigo Teiki Hoken.

MCEV

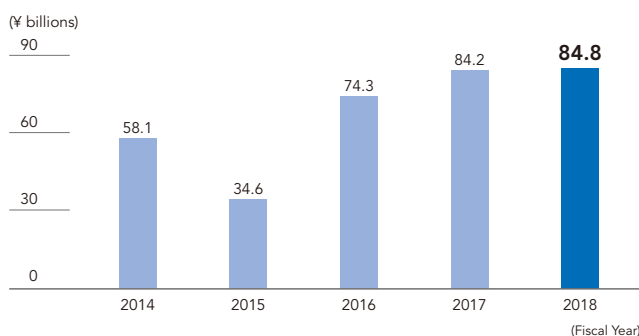


Policy Amount in Force



* 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.

Value of New Business



Topics

Revisions to the tax treatment of term life insurance in corporate policies

In June 2019, the National Tax Agency partially revised the "Establishment of the Fundamental Directive of Corporation Income Tax" (directive on interpretation of laws). Accordingly, the tax treatment regarding insurance payments of term life insurance has been changed, and a new tax treatment is applied to policies with a policy date on or after July 8, 2019.

Daido Life suspended sales of some products from February 2019, when the review policy was presented by the National Tax Agency. From July 11, the company began sales of the new L-type α , J-type α , and T-type α products, which are able to respond to the diverse needs of customers under the new tax treatments.

Daido Life's Medium-Term Management Plan (FY2019-FY2021)

Basic Policy of Medium-Term Management Plan

By viewing environmental changes as a growth opportunity, and taking up the challenge of structural transformation that transcends current frameworks in various business domains, we will refine our approach of “providing a full-range of protection integrating both corporations and individuals” to become an insurance company that leads the next era of corporate coverage.

Daido Life's medium-term management plan, “Go Beyond Daido 2021” is a three-year plan to establish an unshakable presence (market share) in the SME market, under the new tax treatments.

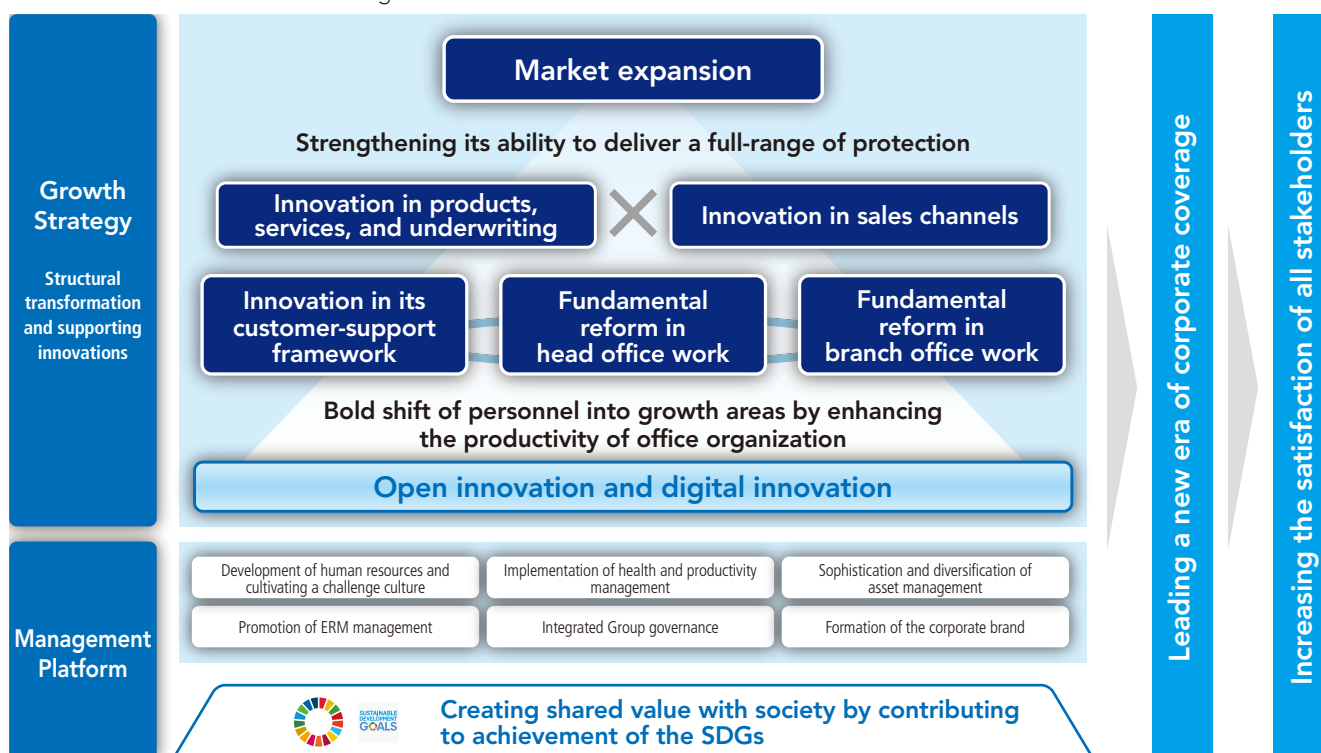
As a result of the large-scale entry of major life insurance companies into the SME market in recent years, and the subsequent review of the tax treatment for term life insurance, the sales and competition environment of Daido Life's core market has changed dramatically. In addition, the number of SMEs is decreasing along with the decrease in the working-age population. In order to expand contact with such SMEs, there is a growing need for the integrated reform of products, services, and channels, as well as increases in production efficiency through the utilization of digital technologies. Meanwhile, with increasing interest in disease

prevention and health promotion, the role to be played by Daido Life is expanding further, such as a diversification of management issues for SMEs, including labor shortages.

Based on the above, Daido Life will further solidify the sustainability of its core business through a structural transformation that transcends current frameworks in various business domains, including sales, insurance underwriting, and office work, while strengthening its core strategy of “providing a full-range of protection integrating both corporations and individuals.”

In addition, through co-creation with various partners, the company will provide products and services that respond to the social issues faced by SMEs of the Centenarian Age and their owners, and contribute to the permanent development of SMEs.

Overview of the Medium-Term Management Plan



Sales Strategy

With further penetration of the disability benefit field and development of the SME owner and individual business owner market as its pillars for growth, the company will refine its approach of providing a full-range of protection integrating both corporations and individuals, and lead a new era of corporate coverage.

■ Innovation in Products and Services

In order to respond quickly to the diverse needs of its SME customers under the new tax treatments, in July 2019, Daido Life, as a leading company in the SME market, launched the new *L-type α*, *J-type α*, and *T-type α* products. These are industry-first insurance products that enable the made-to-order tailoring of insurance amounts, insurance periods, and the balance between premium and surrender value. Going forward, the company will further develop its main term life insurance, through the development of health-promoting insurance that supports the Health and Productivity Management of SMEs. In addition, the company will work to develop a multi-line model for its product portfolio, by strengthening responses to disability benefit needs and enhancing the lineup of products for individuals, such as nursing care benefits.

In addition, the company will further enhance its ancillary services that support the resolution of the social issues faced by SMEs. As part of these efforts, from April 2019, the company started providing, free-of-charge for policyholders who fulfill certain requirements, the new *Safety Confirmation System*, which enables confirmations of employee safety when natural disasters such as large earthquakes occur, as well as the *Corporate Value Calculation Service*, which can be used as judgment

materials for business management, such as in business succession and M&As.

Going forward, the company will develop services that provide new value through “insurance + extras,” with a focus on health care and nursing care, management issue support, and senior and affluent segments, and will push forward with the integrated promotion of products and services.

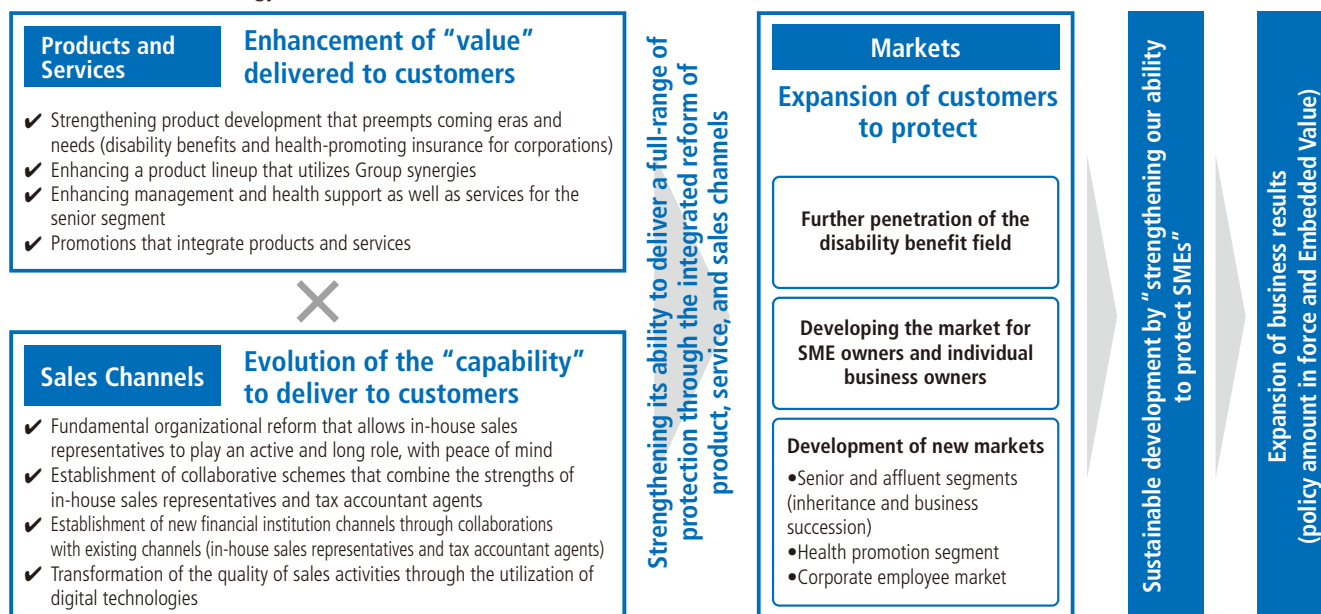
■ Transformation and Innovation in Sales Channels

In addition to strengthening the sales system of existing channels of in-house sales representatives and agents, going forward, the company will expand sales channels that allow for the implementation of high-quality consulting services, such as the establishment of new collaborative schemes that combine the strengths of each channel, as well as the development of new channels such as banks and financial institution agents.

■ Expansion of Markets

By strengthening its capabilities to deliver a full-range of protection through the above efforts, the company will aim to steadily expand its markets, through penetration of its core markets by further penetrating the disability benefit field and developing the SME owner and individual business owner market, and through the development of new markets by strengthening responses to the needs of the senior segment.

Overview of Sales Strategy



T&D Financial Life Insurance Company

Aim for sustainable growth by capturing increasingly diverse customer needs through leveraging our flexibility in product development.

Outlook for Sales Performance Indicators Fiscal 2019

Annualized premiums of new policies*

¥22.0 billion

Annualized premiums of total policies*

¥130.0 billion

* Sales performance indicators changed to annualized premiums from policy amount, starting fiscal 2019.

Masafumi Itasaka
Representative
Director and President



Business Model

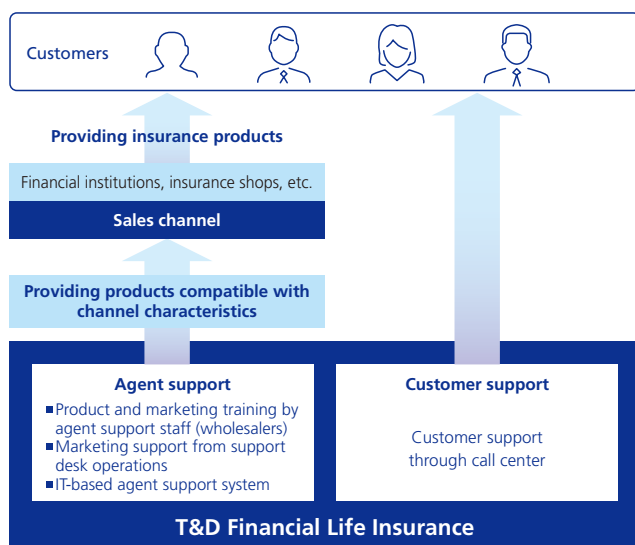
T&D Financial Life specializes in providing insurance products through independent insurance agents including financial institutions and insurance shops, which handle products from multiple insurers.

The company is promoting the further expansion of agent networks, the speedy development of products differentiated by type of benefit and added value, and cost efficiencies, in order to enhance its presence in life insurance sales through the independent insurance agent channel.

Strengths of T&D Financial Life

Against a backdrop of a declining birthrate, rapidly aging population, and increase in the number of single-person households, senior customers have growing needs for post-retirement asset formation and medical benefits. Needs among customers who are working and/or raising children are rising for death and disability benefits.

T&D Financial Life focuses on the independent insurance agent market. This business is expanding as insurance sales increase at banks, which want to secure profits due to prolonged low interest rates. Opportunities are also growing for insurance shops to utilize younger demographics. The company will expand its sales network in this expanding market and will aim for sustainable growth by offering competitive products that take 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 to create unique products
- 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 and insurance shops), and entry of new players from different industries into the insurance shop field

Results of the Previous Medium-Term Management Plan (FY2016-FY2018)

Under the previous medium-term management plan, T&D Financial Life worked toward the “diversification of product lineup,” “expansion of sales network of insurance agents,” and “improvement of customer service” as the pillars of its growth.

The strains on the independent insurance agent market have been growing year after year, due to an increase in the number of new entrants. However, the company has provided a lineup of both single-premium and level-premium products and has expanded its agent network in terms of banks and insurance shops. In addition, in terms of services, 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 accurate and swift.

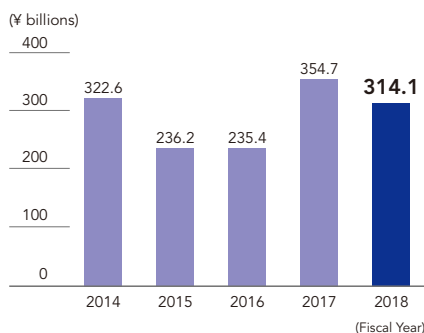
In fiscal 2018, the final year of the previous medium-term

management plan, new policy amount decreased by ¥40.5 billion year-on-year to ¥314.1 billion. This was the result of a fall from the previous fiscal year in single-premium products, which continued to face a severe competitive environment, and came despite a 3.3% increase in income protection insurance (level premium protection-type products) from the previous fiscal year. The policy amount in force increased by ¥120.2 billion year-on-year to ¥2,172.9 billion.

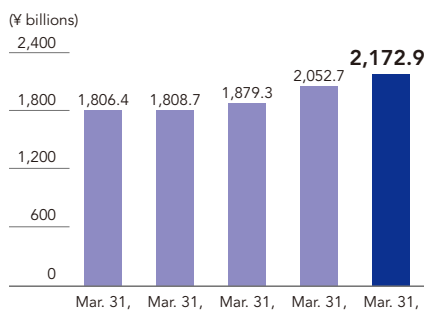
In addition, the value of new business was ¥0.1 billion and MCEV was ¥98.5 billion in fiscal 2018, down from the previous fiscal year.

As of the end of fiscal 2018, the number of sales agents of both financial institution and insurance shop agents was 145, an increase of three from the previous fiscal year-end.

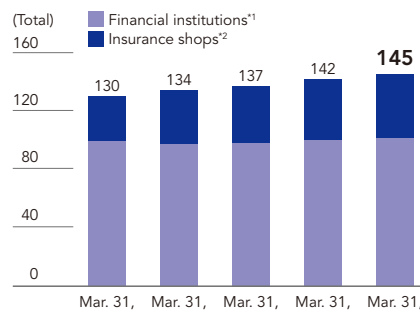
New Policy Amount



Policy Amount in Force

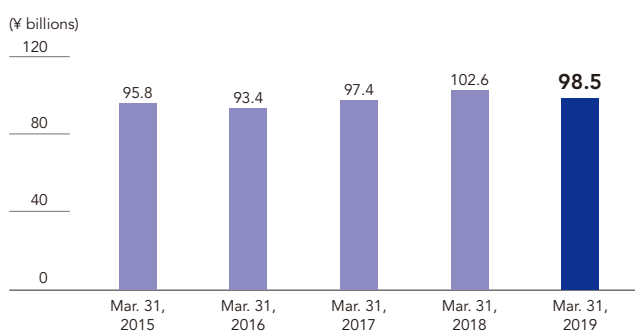


Reference: Number of sales agents

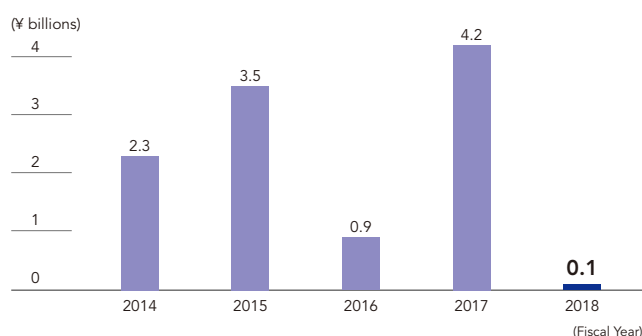


*1 Financial institutions include banks, securities firms, and credit associations.
*2 Including franchises.

MCEV



Value of New Business



T&D Financial Life's Medium-Term Management Plan (FY2019-FY2021)

Basic Policy

Realizing further growth through expanding business performance with the aim of raising its presence in the independent insurance agent channel by prioritizing the development and introduction of savings-type products, the proactive introduction of services for customers and agents, and the utilization of information technology.

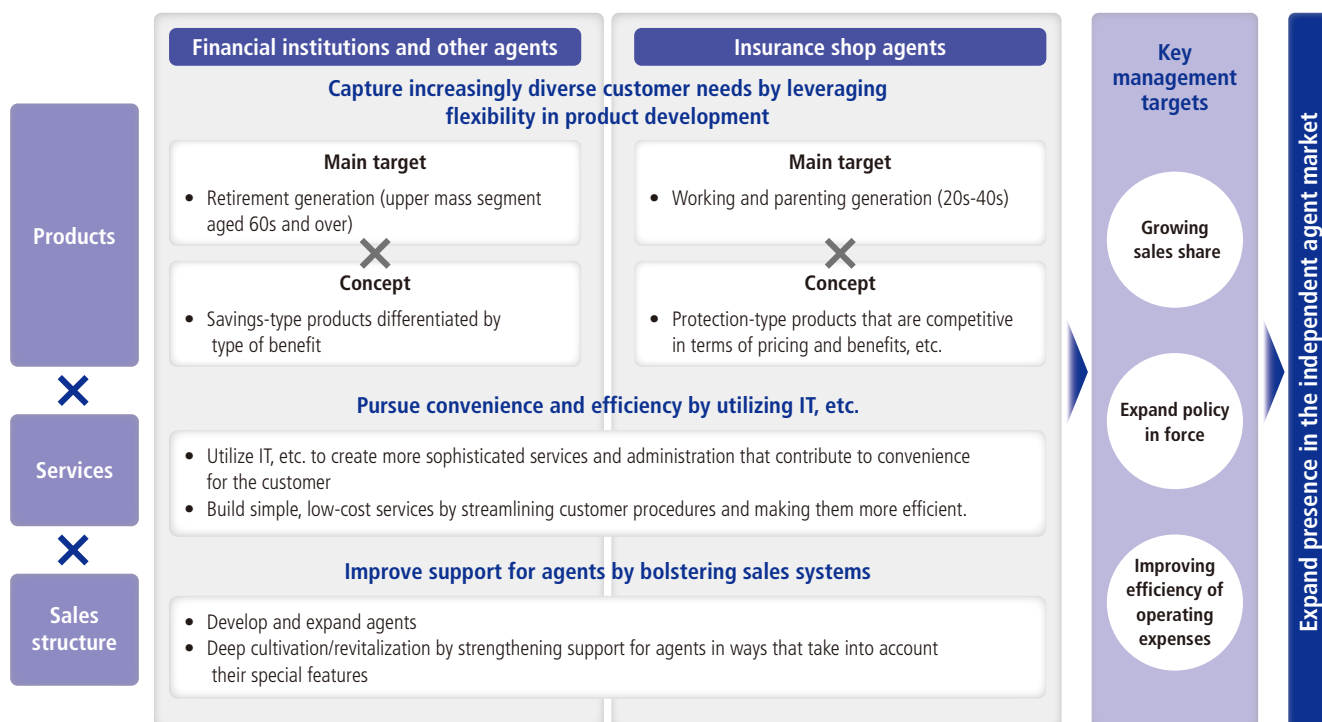
With no signs of major changes to the low-interest environment, it is expected that banks will continue to place an emphasis on service revenues from sales of investment trusts and insurance. It is possible that the scale of the market could remain roughly the same or expand further depending on changes in the yen interest-rate environment. In addition, with the insurance shop market presently continuing to grow at a pace of 6% to 7% annually, the independent insurance agent market, which is T&D Financial Life's primary market, is also expected to continue to expand. Meanwhile, the competitive environment is getting more severe year by year due to an increase in the number of new entrants into the market.

In addition, needs are diversifying regarding the status of assets, income, employment, health, and household

composition, as well as accompanying financial services, due to people living longer. Amid these circumstances, various needs suitable for insurance risk coverage are also expected to increase.

Under the aforementioned environment, in the medium-term management plan, T&D Financial Life will expand its business performance with the aim of raising its presence in the independent insurance agent market. The company will prioritize the development and introduction of savings-type products, proactively introduce services for customers and agents, and utilize information technology. Under this policy, the company will work toward further growth by flexibly responding to changes in the environment as a company specialized in the independent insurance agent business.

Overview of the Medium-Term Management Plan



Topline Strategy

Product Strategy

When products mature in the independent insurance agent market, sales share tends to decline without certain levels of price competitiveness.

T&D Financial Life has launched products that meet the needs of its customers. During the current medium-term management plan, the company will continue to launch differentiated products in a timely manner that consistently deliver price competitiveness.

Development of savings-type products that meet diversifying needs

T&D Financial Life has launched well-received products that share the features of "increase," "use," and "bequeath," such as *Shogai Premium Japan* (a non-participating whole life insurance) and *Shogai Premium World* (a non-participating foreign exchange rate-linked whole life insurance). During the current medium-term management plan, the company will promote prioritizing the development and revision of products based on marketing.

Product development responding to channel expansion

Along with developing products that meet the needs of customers who visit financial institutions and insurance shops, the company will go ahead with offering products suitable to each channel via product revisions and additions of functions and services through post-launch follow-ups.

Service Strategy

T&D Financial Life has been promoting paperless new policy applications. During the current medium-term management plan, the company will work to further enhance convenience for its customers by promoting the further utilization and application of IT. From a customer-oriented perspective, the company will promote the simplification of insurance conservation and insurance benefit payment procedures, in addition to new policy applications. Moreover, the company will further enhance its internet and agent support services. Through these initiatives, T&D Financial Life aims to enhance customer satisfaction and become the chosen insurance company of its customers and agents.

Sales Strategy

Development and expansion of agents

Minna Ni Yasashii Shushin Hoken, revised in October 2018, is a product equipped with a unique currency diversification function that mixes together yen and foreign currencies. The number of agents adding this product to their lineups is increasing, as it has been well-received by customers and agents. In this way, T&D Financial Life is aiming to develop and expand its agents through its distinctive products that capture the needs of its customers and through products that combine consistent price competitiveness with differentiated characteristics.

Strengthening of agent support system

During the previous medium-term management plan, T&D Financial Life worked to increase agent support staff (wholesalers) in order to enhance its agent support system. In the current medium-term management plan, the company will work to raise the number of visits and training frequency for recruiters and enhance training tools, in order to realize more extensive support.

In addition, by utilizing IT, the company will promote the strengthening of a comprehensive support system. This includes working to enhance office services relating to sales support.



Shogai Premium Japan 4



Shogai Premium World 5

Cost Operation Strategy

In the current medium-term management plan, the company is aiming to promote topline initiatives and administrative efficiency and enhance its revenue base through improved productivity.

The company will push forward with cost reductions, such as by cost-center efficiency through the digitalization of documents used in procedures and the proactive utilization of internet services, as well as by restructuring administrative operations.

T&D Asset Management Co., Ltd.

One Step Forward, Together with Our Clients

Outlook for Full-Year Key Performance Indicator Fiscal 2019

Adjusted operating income

¥3.25 billion

Chikahiro Tsuboi
Representative
Director and President



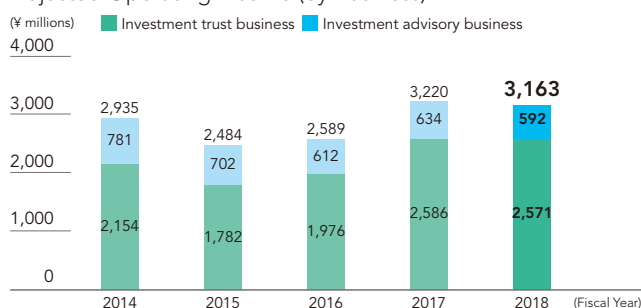
Review of the Previous Medium-Term Management Plan

T&D Asset Management has worked to expand assets under management, focusing on managing the assets of domestic and overseas pension-fund clients and sales of investment trusts to institutional investors.

In the previous medium-term management plan (FY2016-FY2018), the company grew steadily by developing and providing investment products through alliances with overseas investment institutions, in addition to strengthening its in-house investment capabilities. This was against the backdrop of the normalization of negative interest rates, as various asset owners suffered investment difficulties.

Adjusted operating income and the balance of assets under management fell in fiscal 2018 from the previous fiscal year-end, due to the impact of a decrease in public investment trusts as a result of declines in emerging markets. However, the balance of assets under management saw a net increase of ¥500.0 billion or more from the start of the previous medium-term management plan (fiscal 2015), as an increase in the balance of privately placed investment trusts throughout the three years drove growth.

Adjusted Operating Income (by Business)

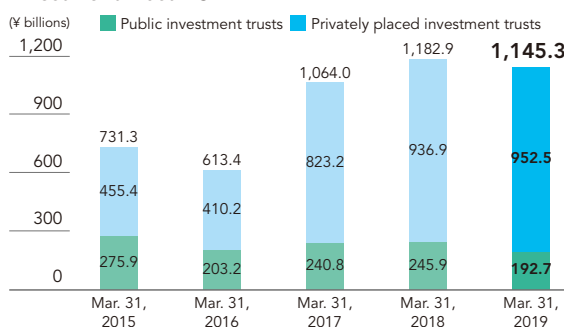


Going Forward

The severe competitive environment is expected to continue in the investment trust and advisory industry going forward, as fierce competition takes place within investment management. However, the market can be said to be promising for the future, due to growing needs in Japan for post-retirement asset management along with the rapidly aging society, in addition to a significant expansion in the scale of the market as a global glut of money continues apace.

Under these circumstances, in its medium-term management plan (FY2019-FY2021), the Group is aiming for further growth of its asset management business in order to diversify its business portfolio, in addition to strengthening its life insurance business, the T&D Insurance Group's core business. T&D Asset Management, positioned to play a central role in the above, is aiming to expand its business while collaborating with other Group companies.

Investment Trust AUM



Please see page 30 for details of asset management business initiatives in the Group's medium-term management plan (FY2019-FY2021).

Pet & Family Insurance Co., Ltd.

Bringing peace of mind to a full life with
pets who are members of the family

Outlook for Full-Year Key Performance Indicator Fiscal 2019

Number of policies in force

162,000

Number of new policies

34,000

Masao Mikame
Representative
Director and President



Review of the Previous Medium-Term Management Plan

Pet & Family Insurance Co., Ltd. provides pet insurance through pet shops. In April 2019, the company transitioned from a small-amount short-term insurance company to a non-life insurance company. Under the previous medium-term management plan (fiscal 2016-2018), we focused on development and expansion of pet shops, the core channel, while working to diversify sales channels through a multi-line approach using online and mail order shopping.

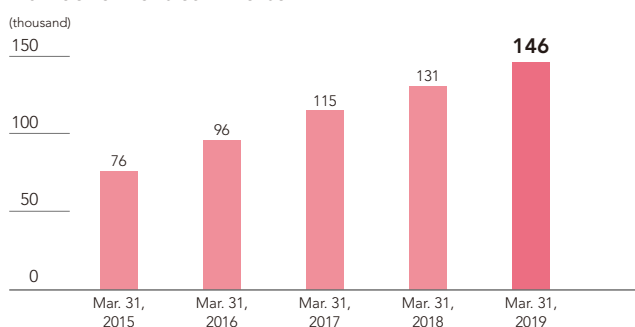
In fiscal 2018, the company had 31,549 new policies (compared to 31,283 in the previous fiscal year), backed by greater recognition of pet insurance. As a result, the number of policies in force increased steadily, to 146,104 (from 131,024 policies as of the end of fiscal 2017). Reflecting these sales results, net premium income rose by ¥700 million to ¥5,100 million, roughly 1.8 times the level before the start of the previous medium-term management plan (fiscal 2015).

Towards the Future

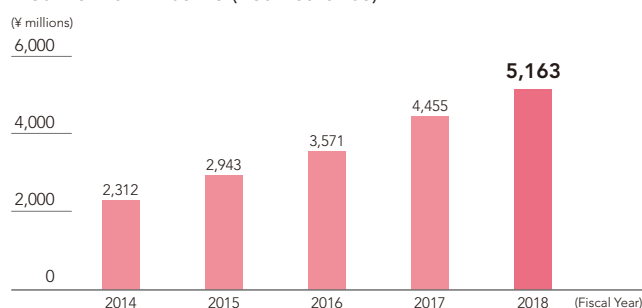
Japan's pet insurance market is expanding (on a premium income basis) year by year. However, many owners enroll in insurance when buying a pet at a pet shop, and increasing the recognition of such insurance among existing pet owners will be a focal point for future growth.

The Group's medium-term management plan (fiscal 2019-2021) aims at synergies between the pet insurance business and the domestic life insurance and digital insurance businesses. In addition to expanding sales in existing channels, the company will consider sales through the Group's life insurance in-house sales representative channels and building new channels through digitalization. Furthermore, the company will work gradually to develop products according to customer needs and channel characteristics.

Number of Policies in Force



Net Premium Income (Pet Insurance)



Group Companies

As of September 30, 2019

The T&D Insurance Group comprised the holding company, 17 consolidated subsidiaries, and 4 affiliated companies as of September 30, 2019. Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:

T&D T&D Holdings, Inc.

Insurance & Insurance-related Businesses [8 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 Insurance Co., Ltd. (Nonlife insurance Business)
- Capital Taiyo Life Insurance Limited (Life 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 [8 companies]

Investment Management and Advisory, etc.

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

Other Investment-related

- T&D United Capital Co., Ltd. (Principal investment, Investment management [administration])
 - 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.