

## Message from the President





# *Try & Discover*

## **Innovating in the face of the COVID-19 crisis**

**Hirohisa Uehara**

Representative Director and President

## Message from the President

### Tackling COVID-19 head-on

In 2020, humanity was threatened by the COVID-19 pandemic, which wreaked havoc on the world over. I once again express my heartfelt sympathy to the many people who have been affected.

As a member of society, we are determined to do our bit on a daily basis in the fight against the pandemic.

In taking measures to combat the spread of COVID-19, we have placed top priority on ensuring the safety of customers and employees and keeping our business going to meet the needs of society as a life insurance company. More specifically, from the perspective of preventing infections, we refrained from actively engaging in sales activities during the government's declared state of emergency and we limited the number of employees commuting to work to around 20%, which was enough to keep essential services running, such as the payment of insurance benefits and call center operations.

Also during this time, we discussed what we could do as an insurance group. We therefore made changes to the requirements for payment of hospitalization benefits and paid out accidental death benefits to provide some peace of mind to customers and their families infected by COVID-19. We also extended the grace period for the payment of premiums and offered interest-free loans to policyholders so that customers impacted by the COVID-19 pandemic in some way or another could continue to receive insurance coverage. SME customers of Daido Life have been particularly hard hit by economic activity coming to a temporary standstill due to the pandemic, but they are making good use of our telephone-based consulting service regarding the government's employment adjustment subsidies that are intended to support employment stability at SMEs, as well as our labor and social security attorney referral service.

Considering that a company is a public entity of society, the issue of social sustainability is synonymous with corporate sustainability. Sound corporate management is not possible without a sound society. With society currently facing unprecedented adversity, I think now is the very time that we must consider what we can do as an insurance group and take action with a sense of urgency.

Societies and economies are already feeling the effects of COVID-19 and I believe our business too will be affected on multiple fronts. Financial markets fluctuated wildly when the virus spread globally from mid-February onwards. They have since regained their composure, but there is no telling when the COVID-19 crisis is likely to end, so we can expect the markets to experience some instability once again going forward. Our Group has long implemented stringent risk management practices with the use of [ERM](#) to sufficiently guarantee financial soundness, however, it is possible that fluctuations in the financial markets will have an impact to some degree on our near-term earnings. In terms of insurance policy sales, a decline to a certain extent will be unavoidable this fiscal year since we stopped engaging in sales activities during the government's declared state of emergency. Also, we will need to keep a close eye on how the deterioration in business sentiment in the SME market affects insurance policy sales up ahead. That said, in addition to chasing after near-term policy sales, I think gaining the trust of our customers by extending our support to SME management through various initiatives is key to achieving medium- to long-term growth.

▼ P.60  
ERM

### • As digital transformation gathers momentum

We must address structural changes when considering the impacts of COVID-19 with more of a medium-term perspective. Innovation in technology had already progressed prior to the onset of the pandemic, but changes in social activity caused by COVID-19 triggered new behaviors and the adoption of digital technology among people of all ages, not just the younger generation. At the same time, the pace of technological innovation is expected to quicken even more in response to new social needs. In the midst of such major changes in society, companies nowadays are required to quickly identify the needs of customers and the issues faced by society and engage in a style of management that stays ahead of this rapid pace of change.

In our life insurance business, working out how to maintain contact with our customers, even when refraining from sales activities during the declared state of emergency, presented a challenge. With society concurrently changing to embrace digital technology at present, the use of online non-face-to-face channels is an effective way of staying in touch with customers and it is probable that such internet-based insurance will grow in popularity to some extent in the future.

At the same time, when it comes to life insurance, it is important that we offer suitable consulting to meet the needs of each and every customer. As such, I believe the need for face-to-face consulting will be reevaluated as a consequence of the changes in how we lead our lives because of COVID-19. Up ahead, it will be crucial that we establish a new sales style that combines the convenience of online procedures with face-to-face hospitality. Taiyo Life developed a sales scheme known as *Sma-Hoken*, through which customers can subscribe to insurance and even receive benefit payments completely online. This scheme has enabled Taiyo Life to diversify how it engages with customers and combine face-to-face and non-face-to-face channels. Even though customers fill out forms online, a sales representative provides follow-up services. I believe the merging of channels will become the standard for insurance solicitation in society in the future and our Group will aim to go one step further with a view to deploying a new style of insurance sales in a post COVID-19 world.

▼ P.36  
Enhancing Future Vitality with  
Digital Innovation

### • Issues elucidated by COVID-19

Having our employees work remotely after COVID-19 took hold highlighted some occupational issues related to infrastructure and systems. Thus far, our operational framework has been centered on the office environment, but in light of the fact that coexisting with COVID-19 will be unavoidable, we will look to develop and overhaul our infrastructure and systems with the aim of implementing and embedding new working styles such as telecommuting. We will also endeavor to improve productivity by leveraging digital technology to transform the way we work and review operational processes. At the same time, we will set about building a suitable cost structure with a view to business administration in a post COVID-19 environment.

Even though we are unable to predict when the COVID-19 crisis might end, new problems are piling up, so there is no time to waste in coming up with a strategy for the “new normal” in a post COVID-19 world. The Group as a whole will work together with great enthusiasm to turn this difficult situation into an opportunity.



## Message from the President

### Progress of Try & Discover 2021 — Creation of Shared Value —

In April 2019 we kicked off our three-year medium-term management plan “Try & Discover 2021 — Creation of Shared Value —”. We see the three-year period of the plan as a time for transformation and realization. Thus, by tackling the three priority issues of strengthening core businesses, diversifying our business portfolio, and promoting integrated Group management, we will aim to become an insurance group that grows in lockstep with society by helping solve the ever-changing issues faced by people and society.

In strengthening our core businesses, the Group’s three life insurers are expanding their operations with the goal of building an industry-leading brand in their respective target markets. The SME market environment has undergone some major changes of late, most notable of which was the [revisions to the tax treatment](#) of corporate policies. Nevertheless, the development of the industry’s first made-to-order term life insurance and rapid build-out of a sales structure enabled Daido Life to chalk up policy sales in line with its target. In light of the fact that a sound competitive environment has returned to the SME market, I believe that the growth of Daido Life is now more sure-footed with the promotion of protection-type products, a key strength of the company.

Taiyo Life has expanded its presence in the household market with products that are supportive of life coverage and the extension of healthy life expectancy so that it can address the fragmented needs of the senior customer segment. Dementia-related products currently command a lot of attention and it is in this field that Taiyo Life has a leg up on the competition by continuously offering pioneer products, for example, incorporating prevention features into dementia products.

In the independent insurance agent market, T&D Financial Life has achieved product differentiation and competitive yields thanks to timely product launches. As a result, sales at banks have grown considerably.

All up, we achieved somewhat favorable results in the first year of the medium-term management plan because each of the Group’s three life insurers never let up on taking steps to hone their strengths in their respective markets.

As part of the diversification of our business portfolio—the second pillar in our growth strategy—in June 2019 we established the subsidiary T&D United Capital and set about developing three businesses ([closed book](#), asset management, and digital insurance) with a strong affinity with the life insurance business that can be expected to contribute to Group consolidated profits and generate high profit growth in the future. The senior market, a core focus for the Group’s three life insurance companies, is expected to expand up ahead. But from an ultra-long-term perspective, there is a possibility for the domestic market to shrink and digital technology will continue to evolve at an accelerated pace. Based on the recognition of these factors, increasing the scope of our business portfolio is one major strategy in our current medium-term management plan.

#### Revisions to tax treatment

In June 2019, the National Tax Agency partially revised one of its directives on legal interpretation, entitled “Establishment of the Fundamental Directive of Corporation Income Tax.” Accordingly, changes were made to the tax treatment of insurance premiums for term life insurance. The new tax treatment took effect for policies with a policy date on or after July 8, 2019.

#### ▼ P.25

Special Feature  
Diversification of Business  
Portfolio

Key Performance Indicators	FY2019 Result	FY2020 Forecast	Medium-Term Management Plan targets
<b>Value of new business</b>	<b>115.8 billion yen</b> (85.8% vs. full-year forecast)	(around 80% YoY)	<b>At least 170.0 billion yen</b> FY2021 (Core ROEV*: 5% and above for three years)
<b>Group adjusted profit*2</b>	Net income <b>67.1 billion yen</b> (104.8% vs. full-year forecast)	<b>70.0 billion yen</b>	<b>73.0 billion yen or higher</b> FY2021 (FY2018 levels)

\*1 Core ROEV = (Embedded Value of new business + Expected existing business contribution from risk free rate) / Average of EV

\*2 Group adjusted profit = net income ± (1) unrealized gains/losses caused by discrepancy of accounting treatment of assets and liabilities + (2) additional internal reserves in excess of the legal standard requirements  
Net income shown for FY2019 and Group adjusted profit for FY2020 and thereafter



In fiscal 2019, the first year of the medium-term management plan, we made progress in all three business domains, but particularly in the closed book business did we make significant headway. In November 2019, we reached an agreement on acquiring a 25% equity stake in the US-based reinsurance holding company Fortitude. We closed the transaction in June 2020, thus making it an equity-method affiliate. The investment of approximately ¥76.8 billion is the Group's biggest to date. Our objectives for this investment go beyond simply boosting Group consolidated profits. By gaining and accumulating know-how in the closed book business, we plan to take the initiative on fulfilling certain roles in the future when the closed book business gathers momentum in Japan.

As for numerical targets for the medium-term management plan, we adopted value of new business and net income as key performance indicators (KPIs) and set targets for the period of the medium-term management plan, based on the view that we intend to drive forward a style of management that balances economic value with financial accounting. In fiscal 2019, the first year of the plan, value of new business got off to a slow start, dipping below the year-earlier level mainly because of lower sales volume owing to the revisions to the tax treatment of term life insurance in the SME market. In contrast, even though we initially expected net income to decline because of the clouded outlook for the financial markets, it came in higher than our initial forecast even despite the major upheaval in the financial markets stemming from the impacts of COVID-19. As we turn our attention to results in the second year of the plan and beyond, as mentioned above, earnings are already being affected to some extent by our decision to suspend sales activities during the COVID-19 crisis. There are no indications that the situation will be resolved any time soon and the mood of uncertainty is currently worsening, mainly with regard to the anticipated effects on sales activities and asset management. We intend to carefully examine our targets in the medium-term management plan in light of the aforementioned factors and disclose new growth targets going forward.

## Message from the President

### Promoting integrated Group management to further strengthen corporate governance

Sixteen years have elapsed since the establishment of T&D Holdings, but during that period the environment surrounding the Company's management has changed considerably. For example, lower interest rates worldwide, global economic uncertainty, advancements in FinTech, and higher expectations of stakeholders. I have realized that we must further strengthen our holding company functions in order to efficiently formulate a Group-wide strategy with which we can expeditiously respond to such circumstantial changes.

Based on this recognition and to [further propel the integrated management of the Group](#), in June of this year we transitioned to a company with an Audit and Supervisory Board for the purpose of separating oversight functions from the execution of business, which will strengthen the Board of Directors' management and oversight functions and enhance the speed and efficiency of business execution. This institutional design change will avail us the opportunity to review the hitherto roles and functions of our Group-wide committees and transform our corporate governance structure so that we can discuss Group-wide growth strategies with a higher level of effectiveness. To cite an example, there is currently a pile of issues the Group needs to collectively address, such as a new marketing strategy in this age of digital transformation, enhancing asset management capabilities for the Group's life insurance, and new working styles in the post COVID-19 era.

Going forward, we will keep enhancing the sustained corporate value of the Group by making corporate management more sophisticated and expediting integrated Group management activities.

#### ▼ P.47

Promotion of Integrated Group Management

### Towards the realization of a sustainable world

Aside from the COVID-19 pandemic, there are many other social issues that governments and corporations around the world ought to cooperate on addressing. The frequent occurrence of and widespread damage wrought by natural disasters stemming from climate change, such as powerful typhoons and torrential rain, is a cause for concern for not just Japan, but many other parts of the world. And there are numerous other social challenges recognized worldwide, such as various human rights issues, widening social and economic disparity, new types of disparities and changes in employment brought on by technological innovation, and the plethora of challenges posed by the continued graying of societies in many developed countries.

In 2015 the Group signed onto the [United Nations Global Compact](#), a framework for cooperation between businesses and the United Nations with the goal of achieving sustainable growth. On behalf of the T&D Holdings Group, we signed a letter addressed to the UN Secretary-General in support of the 10 principles in the four areas of human rights, labor, the environment, and anti-corruption. Based on this, the Group participates in activities to demonstrate responsible business practices.

Further, in 2007 Taiyo Life was the first Japanese life insurer to sign onto the [Principles for Responsible Investment \(PRI\)](#), a UN code of conduct that encourages institutional investors to take environmental, social, and governance (ESG) themes into consideration when making investments. T&D Asset Management and Daido Life became signatories in 2012 and 2016, respectively, and the Group as a whole is working towards contributing to the realization of a sustainable world in the field of ESG investment.

Based on the Paris Agreement, under which the international community agrees to work together on mitigating and adapting to climate, we continue to take measures to reduce greenhouse gas emissions generated by our broad range of business activities, and as an institutional investor, we are doing our utmost

#### UN Global Compact

Voluntary initiatives for participating in the creation of a global framework for achieving sustainable growth, through responsible and creative leadership by companies and organizations acting as good members of society.

#### Principles for Responsible Investment (PRI)

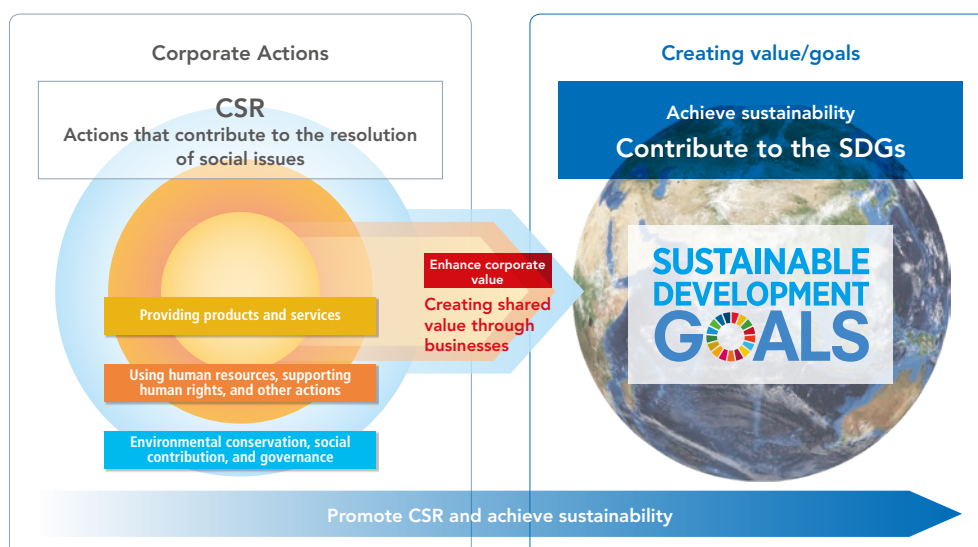
A set of six investment principles unveiled in 2005 by the United Nations and signed by participating institutional investors that aim to address basic issues concerning ESG topics in investment portfolios.

to help mitigate and adapt to climate change. Furthermore, we support the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#), which was set up by the Financial Stability Board (FSB), and actively engage in the disclosure of easy-to-understand climate-related financial information.

On the topic of human rights, our Group CSR Charter expresses our respect for all human rights and we have always respected the individuality and diversity of all employees and strived to create a workplace environment that guarantees health and safety for all. In July 2020, we established the [T&D Insurance Group Human Rights Policy](#) to express our views on respect for human rights in line with the Guiding Principles on Business and Human Rights, a code of behavior developed by the UN Human Rights Council for all states and business enterprises to abide by. Also, considering that our Group has a majority of female employees, giving scope to the capabilities of women in the Company is a key management issue for the purpose of sustainably enhancing corporate value. We continue to implement multifaceted initiatives that support the empowerment of women in the workplace. For example, we have overhauled our personnel and compensation systems, encouraged work-life balance, and supported personal skills development.

▼ P.64  
Contribution to Climate Change Mitigation and Adaptation  
— Action for the TCFD —

▼ P.69  
Enacting the T&D Insurance Group Human Rights Policy



## In conclusion

In the world today, society as a whole currently faces uncertain and challenging times triggered by a pandemic that nobody saw coming.

Nonetheless, the very reason that we are experiencing such trying times is why society must adopt an approach that focuses on how new value can be created by identifying and solving issues. And thoroughly imagining what the world will be like in the “new normal” will be even more important. As the criteria for measuring a company’s value continues to change, the T&D Insurance Group will work together on providing value to society and being a corporation needed by society based on the theme of creating shared value.

I look forward to your continued support up ahead.



# COVID-19

## Response to COVID-19

The life insurance and other financial businesses run by the T&D Insurance Group have a social mission that is closely linked to the stability and improvement of people's lives, economic development, and the realization of a sustainable society. The Group is engaged in a variety of initiatives in response to COVID-19. The Group will work as one with the hope the situation is resolved as soon as possible.

### Initiatives of the T&D Insurance Group

The T&D Insurance Group has established Crisis Management Headquarters for the Group and each operating company, and is implementing the following initiatives.

#### Support for customers

In order to provide customers with peace of mind amidst the COVID-19 pandemic, we have kept the system to provide stable financial services that are indispensable to our customers, including the payment of claims and benefits in our life insurance

business. In addition, we are responding to the individual needs of our customers, for example by providing interest-free loans to policyholders and extending the policy renewal period.

##### Response to date

- ✓ **Extension of the grace period for payment of premiums and the period for policy renewal procedures**
- ✓ **Simple and rapid payment of claims, benefits and policy loans**
- ✓ **Payment of hospitalization benefits based on certain conditions even in cases where treatment was received at home or in other facilities due to circumstances of medical institutions**
- ✓ **Payment of accidental death benefits in the event of death due to COVID-19**
- ✓ **Exemption from interest on policy loans (initial loans)**

#### Support for employees

From the perspective of preventing the spread of COVID-19, we are taking measures such as encouraging employees to work from home. In addition, we are maintaining employment and

providing compensation for earnings of in-house sales representatives who had to cut back their sales activities out of concern for the safety of our customers.

##### Efforts to date

- ✓ **Measures to prevent infection of employees**
  - Promotion of work from home (teleworking, etc.), promotion of staggered working hours, and avoidance of the "three Cs" through the utilization of teleconferencing and videoconferencing, etc.
- ✓ **Maintaining employment and providing compensation for earnings of in-house sales representatives**



## Support for society

In addition to continuing insurance claim payment operations and call center operations, we are also providing services essential for society such as telephone consultations on employment adjustment subsidies aimed at supporting stable employment in SMEs.



### Response to date

- ✓ Continuation of operations essential for society (insurance claim payment operations, call center operations, etc.)
- ✓ Implementation of telephone consultation and labor and social attorney referral services to apply for employment adjustment subsidies aimed at supporting stable employment in SMEs (Daido Life)
- ✓ Donations to medical organizations that are fighting infectious diseases

### TOPIC

## Taiyo Life launches new product that also covers COVID-19

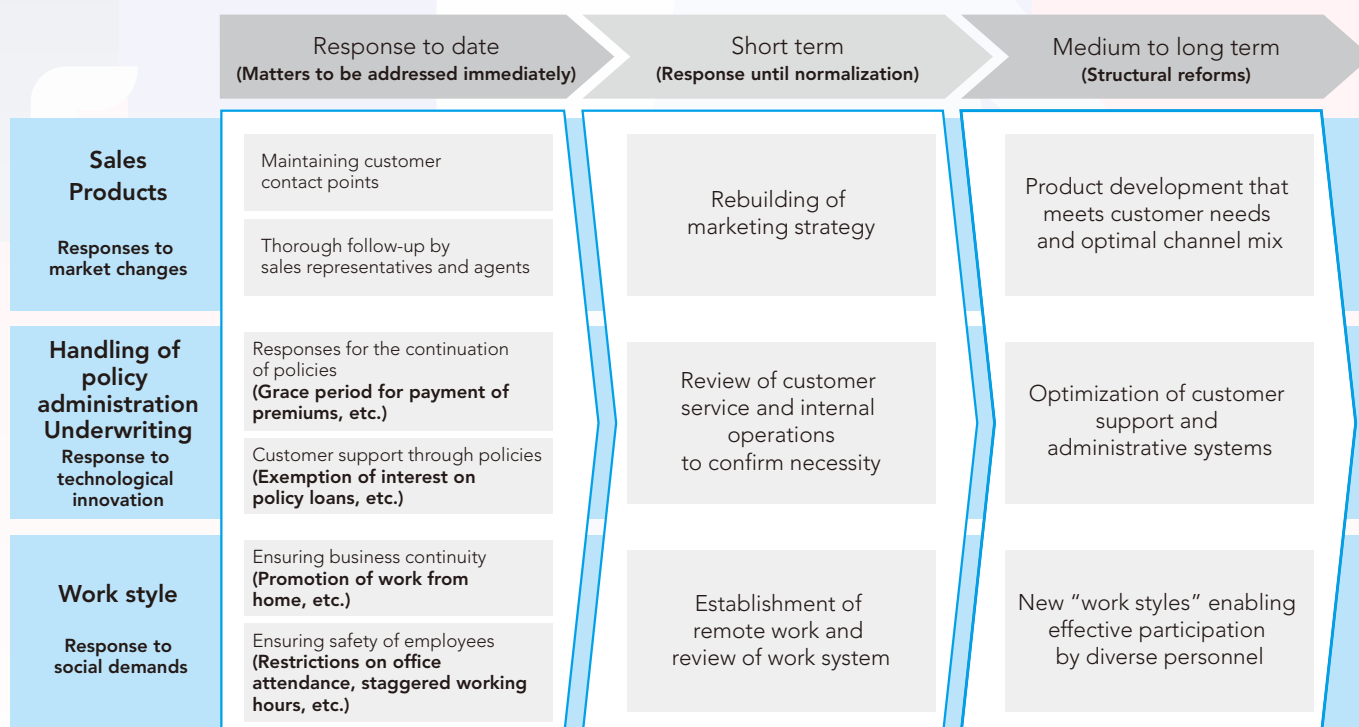
## 感染症プラス入院一時金保険

In September 2020, before any other company, Taiyo Life launched *Infectious disease plus hospitalization insurance (Lump-sum payment type)*, a product that provides generous coverage for COVID-19. The product was developed as a way to give customers peace of mind and support for good health and longevity in an era of coexistence with COVID-19.

Customers can receive a lump sum payment if they are hospitalized with a prescribed infectious disease, including COVID-19, to support their daily lives against the impact of treatment costs and loss of income due to hospitalization and other concerns.

## Responding to the world after COVID-19

The T&D Insurance Group is examining the direction of the Group's strategy in anticipation of the "new normal" after COVID-19.



## Progress on Medium-Term Management Plan “Try & Discover 2021 — Creation of Shared Value —”

We are steadily executing the strategies in our medium-term management plan with the aim of sharing our values with society and being an insurance group that grows sustainably.



### Realizing Our Vision with Four Basic Strategies

We aim to be an insurance group that grows sustainably by driving the creation of shared values that generate value for society and value for the company.

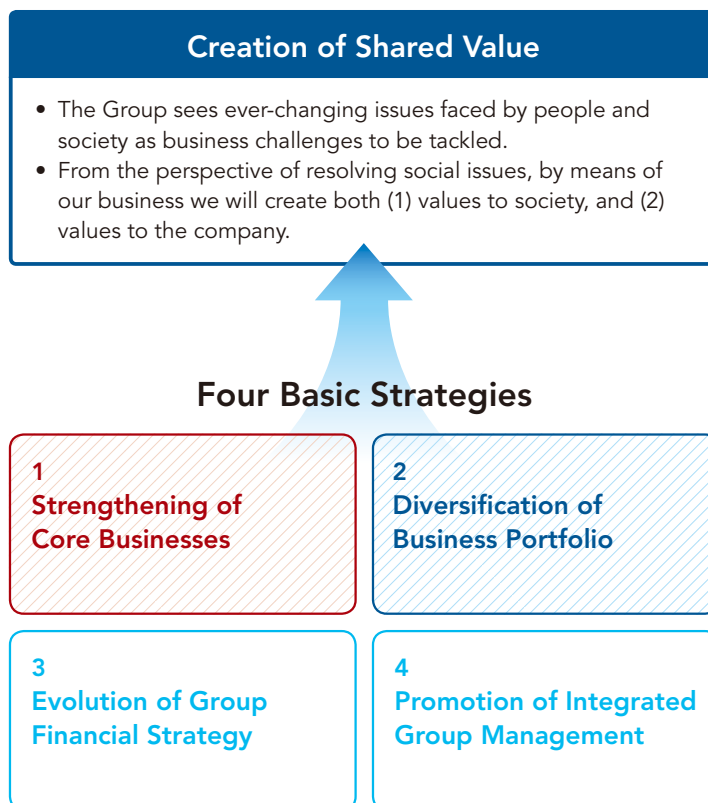
Under our medium-term management plan, we aim to realize our group vision by executing four basic strategies (shown on the right).

In our core business, we aim to establish ourselves as a leading brand. For achieving that vision, our three life insurance companies provide products and services in their respective specialized markets to meet the needs of our customers. For example, Daido Life Insurance introduced products that quickly addressed changes in the tax handling of term insurance and the like for the SME market.

Since we diversify our business portfolio, we are making progress on a handful of projects, most notably the acquisition of the US-based reinsurance company Fortitude Group Holdings as an equity-method affiliate.

And the Company has been reorganized into a company with an Audit and Supervisory Board as part of promotion of integrated Group management.

As mentioned above, measures are being steadily implemented for each strategy.

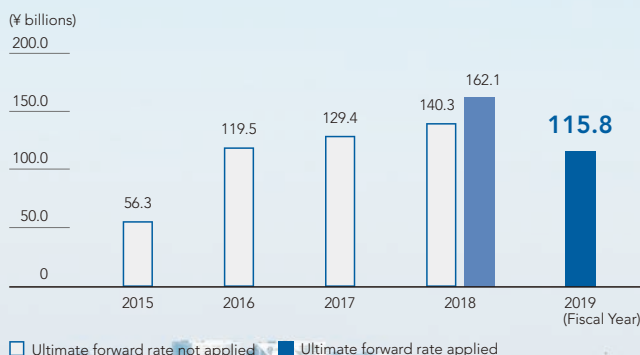


## Progress of Key Performance Indicators

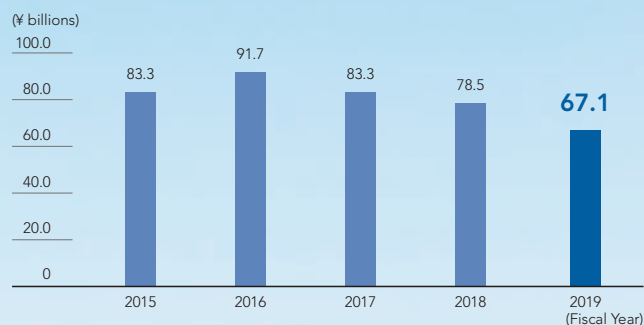
In the fiscal year ended March 31, 2020—the first year of the medium-term management plan—the value of new business declined year on year due to lower sales volume, but adjusted net income still came in higher than our initial forecast.

Going forward, we aim to boost corporate value (Group MCEV) by steadily executing our four basic strategies.

### Value of New Business

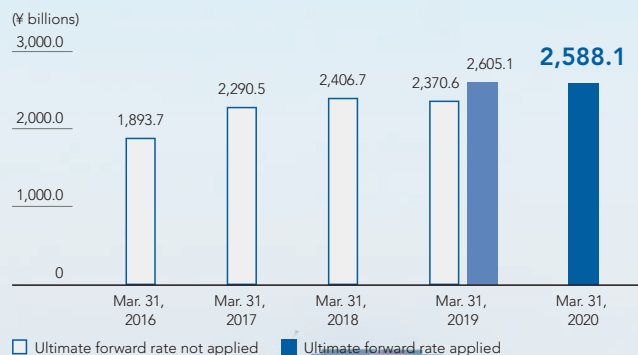


### Adjusted Net Income\*

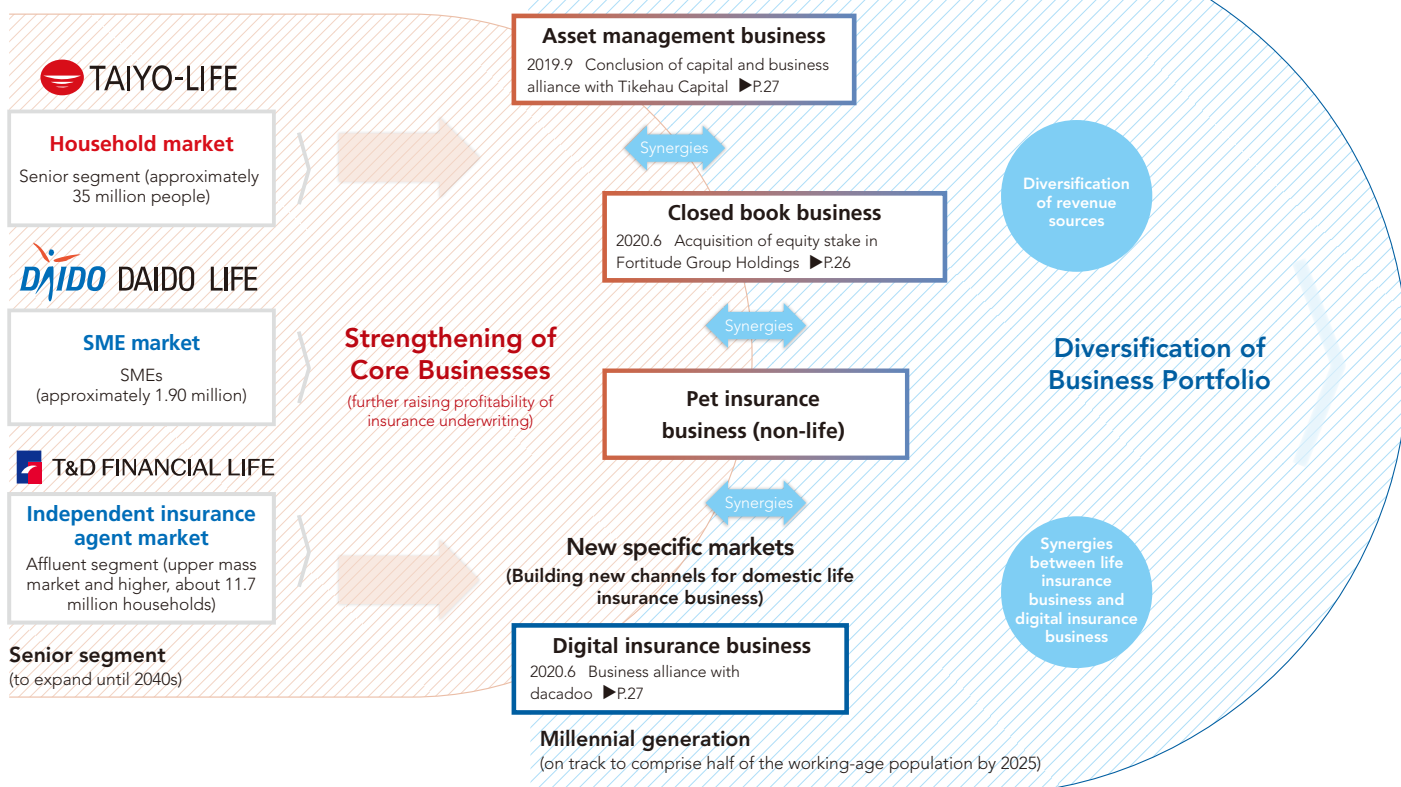


\* From the fiscal year ending March 31, 2021, we introduced "Group adjusted profit" to replace Adjusted net income

### Medium- to Long-Term Target Group MCEV



## Strategic Map of Medium-Term Management Plan





## Special Feature

## Diversification of Business Portfolio

While the senior market is expected to expand up ahead in our current medium-term management plan, from an ultra-long-term perspective the domestic market will likely shrink and digital technology will continue to develop at an accelerated pace. Based on the recognition of these factors, increasing the scope of our business portfolio is one major strategy.

## Purpose of business portfolio diversification

## Recognition of issues

- › The senior market on which the three core life insurance companies are focusing is an area of growth that is expected to expand going forward. Conversely, on an ultra-long-term perspective, it is likely that the domestic market will shrink.
- › New digital technologies develop at an accelerated pace.



## Our approach to new business areas

- › Giving top priority to synergies with the life insurance business, leveraging the strengths of the Group
- › Business large enough to contribute to consolidated Group profits
- › Bring together Group management resources, and build an effective and efficient investment structure

## Action policies during the current medium-term management plan

## Closed book business

- › Capture various opportunities for external growth, not limited to M&As with overseas life insurance companies.
- › Pursue synergy with domestic life insurance business. (Diversification of insurance underwriting risk, etc.)

## Asset management business

- › Strengthen asset management capabilities as a group.
- › Further strengthen asset management capabilities through collaboration with overseas asset management companies.

## Digital life insurance business

- › Meet the insurance needs of millennials and build new specialized markets using digital platforms.
- › Promotion of integrated life and non-life insurance sales. (Strengthening the business platform of the pet insurance)

## Establishment of T&amp;D United Capital

T&D United Capital was established in June 2019 with the aim of building an effective and efficient Group-wide investment framework.

## Purpose of establishment

## Strategic aim

Establishment of the profit center alongside the domestic life insurance business.

## Expertise

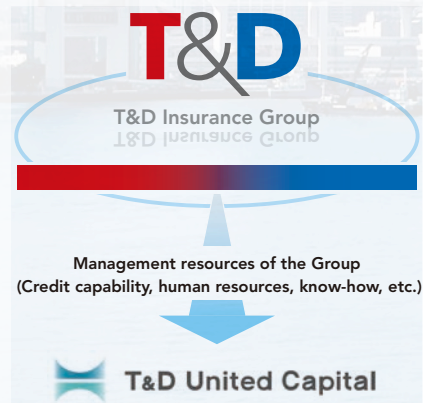
Construction of a framework (decision making/specialist personnel, etc.) optimized for business fields that differ from the domestic life insurance business.

## Independence

Limiting the spread of risk throughout the Group.

## Basic Strategy

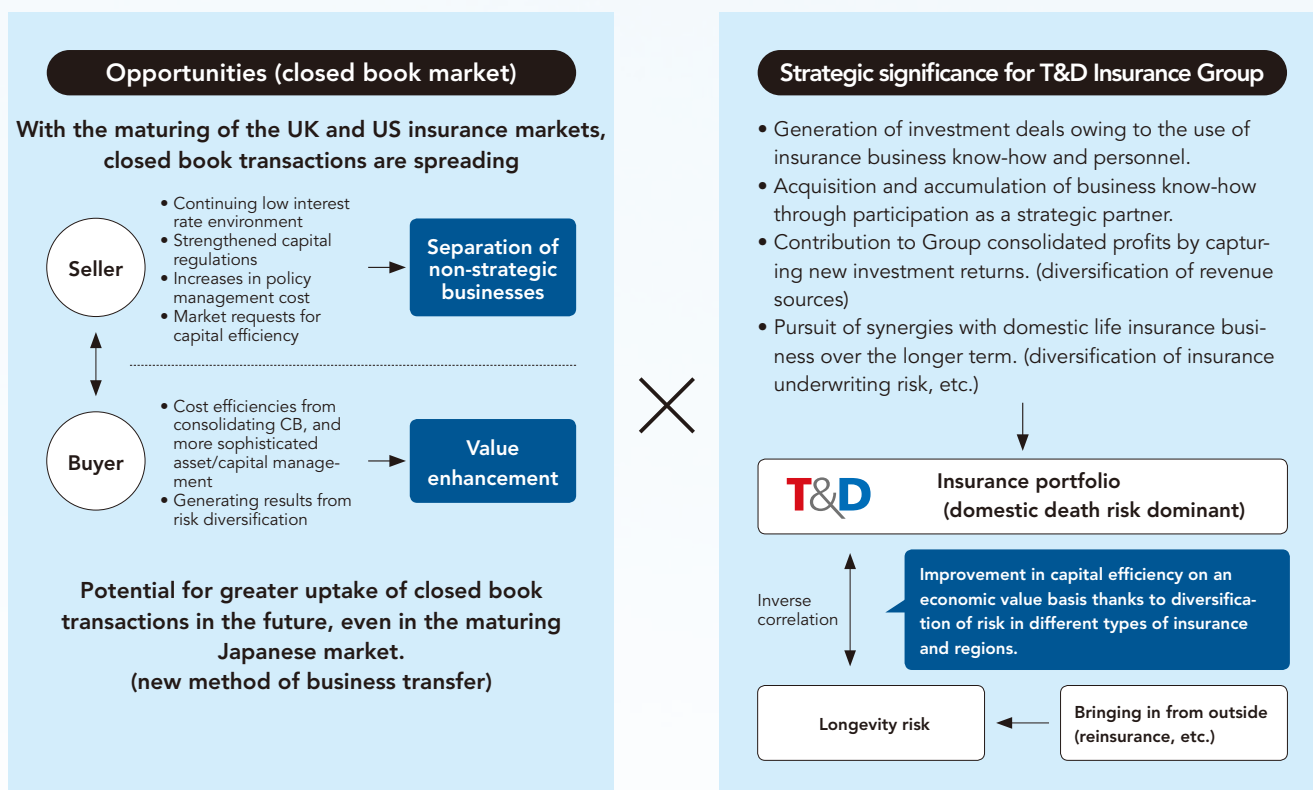
Promoting investments in closed book business and asset management business as strategic areas



# Closed book business

## Rationale for investing in the closed book business

The closed book business domain has growth potential in Japan and overseas and by strategically investing in insurance companies that boast strengths in this field, we expect to contribute to Group consolidated profits by way of diversifying revenue sources. We will also seek to benefit from strategic advantages of acquiring and amassing know-how through our participation in the management of investee companies.



## Closed book business

The closed book business is a business model that acquires and consolidate closed books carved out from other insurers, and generates income by enhancing values of the closed book acquired from other insurers

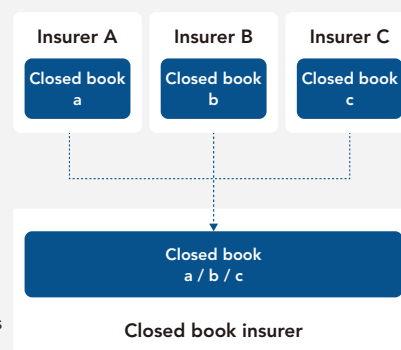
- ▶ Closed book is a block of in force policies for products that are no longer sold (run-off) by an insurer.
- ▶ In Western countries (especially in the UK and the US), there has been an increase in the number of closed books separated as a part of revisions of the business strategy and the product portfolio according to changes in the business environment.

### Challenges

Lower capital efficiency and profitability, and increase in policy management costs due to reduced scale

### Value-up process (varies by insurer)

- Cost efficiency through economies of scale
- Improvement of investment returns
- Risk diversification within in-force books
- More efficient structural set-up





## Diversification of Business Portfolio

## Closed book business

## Making Fortitude an equity-method affiliate

In June 2020, through T&D United Capital, we acquired from American International Group, Inc. a 25% equity stake in the dedicated closed book insurer Fortitude, thus making it an equity-method affiliate. We intend to play a role in the management of Fortitude by dispatching directors and sitting in on various committee meetings. We also aim to ramp up our efforts to acquire and accumulate know-how in the closed book business.



\*1 Founded in New York, NY. Initially planned to commence operations in April 2020 however started operations in Tokyo due to the COVID-19 situation.

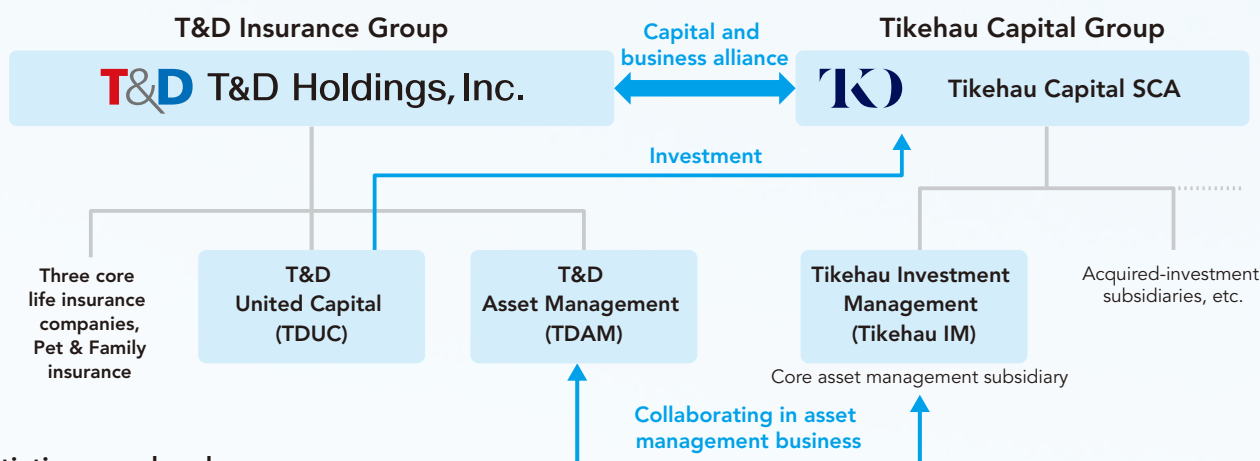
\*2 T&D to participate in Fortitude's business management through various committees and by dispatching liaison trainees in addition to the appointment of two directors.

## Initiatives up ahead

In the closed book business, we will seek to reap economic (equity-method income) and strategic (know-how and cooperation, etc.) benefits by extending investee management to Fortitude and pursue new investment opportunities and synergies with the domestic life insurance business (incorporating external risks mainly through reinsurance and streamlining the Group's liabilities, etc.).

## Asset management business

In September 2019 we entered into a capital and business alliance agreement with France-based asset manager, Tikehau Capital SCA.



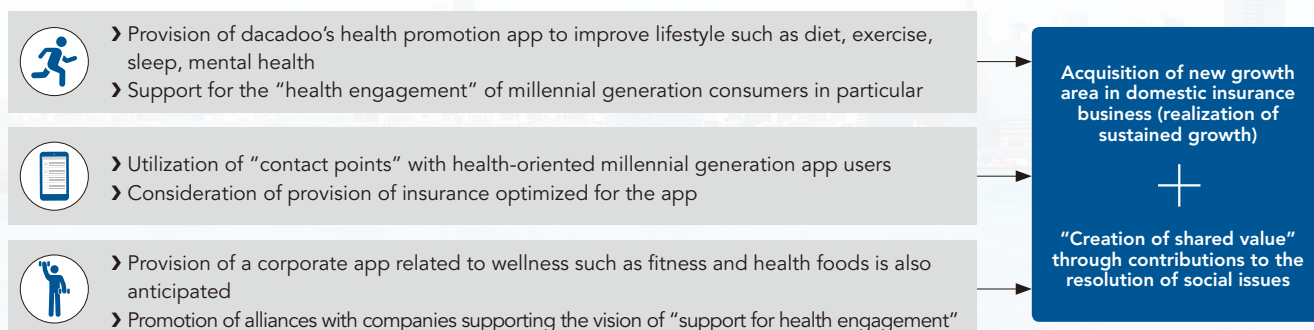
### Initiatives up ahead

Whilst we intend to drive forward our business tie-up with Tikehau Capital, we will also continue to reinforce the asset management business through alliances with, and investments in, overseas asset managers, and set our sights on enhancing and streamlining asset management for the Group's life insurance.

## Digital insurance business

Anchored by a health-promoting app, we aim to build out a new insurance business targeting the millennial generation based on the theme of staying healthy.

In June 2020 we signed a business alliance with Switzerland-based digital healthcare firm, dacadoo AG.



### Initiatives up ahead

In addition to furthering our business alliance with dacadoo, considering that digitalization and non-face-to-face channels continue to gain momentum, we will look at opportunities for working with external IT firms that can help us establish contact points with the millennial generation.



# T&D Insurance Group's Value Creation Process (conceptual diagram)

## [Identifying important social issues]

We identify the social issues to be addressed through our businesses by examining the SDGs, social changes, technological innovation, our Group business models, and other sources.

### Continually changing issues faced by people and society



### Business activities based on our

#### 1. Strengthening of core businesses

**Each Group company will develop its strengths; step up and expand relationships with customers**


We will leverage the Group's strengths of originality and expertise in specialized markets to develop and deliver insurance products and services that are truly needed by the changing people and society.

#### 2. Diversification of business portfolio Challenge for new growth areas

We will pursue new growth areas that produce value to society and have a high affinity to the core business of the Group. By diversifying our business portfolio, we will expand our value creation into these new growth areas.

T&D Asset Management

Pet & Family Insurance

 T&D United Capital

Planning / plan revision

Feedback

#### 3. Promotion of integrated Group management

**Contribute to society by leveraging our business platform**

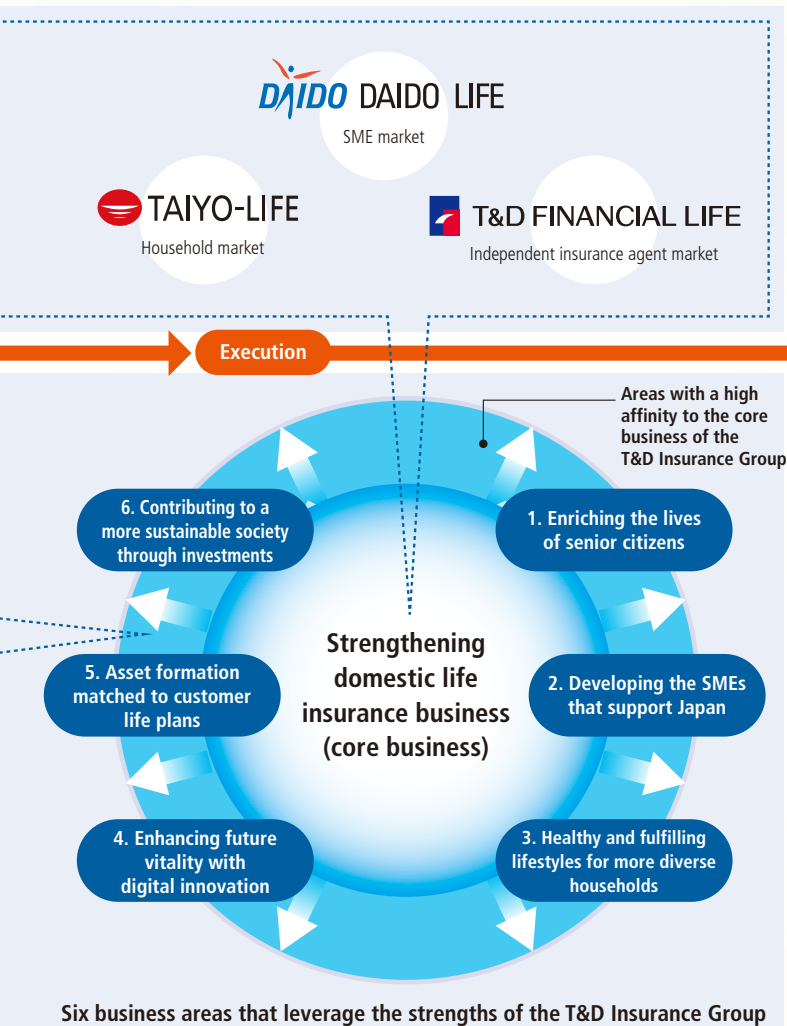
We will contribute to the realization of a better society through Group-wide activities that utilize our business platform, including work style reforms, enrichment of the workplace environment, business and human rights, human resources development, governance and risk management, and various social contribution activities.

\* Numerical figures denote social issues derived from the SDGs  
Alphabet letters denote social issues derived from the T&D Insurance Group CSR Charter

## [Efforts to address important social issues]

We have based our business strategies on actions that contribute to solving important social issues and create value for society. We will work to create social and economic value through our activities in our core businesses, the business areas into which we are expanding, and our sustainability management business platform.

## business strategies (medium-term management plan)



Sustainability management business platform

## [Creating shared value]

We have established sustainability priority themes that create shared value. By continuously executing the activities and assessing their results, we aim to create shared value.

## Creation of shared value

### Sustainability priority themes and creation of shared value

Promote healthy and abundant lives for all people

#### Healthy and abundant lives (person/household)



Provide workplace environments that enable all people to participate actively

#### Employment and job satisfaction (workplace)



Help mitigate and adapt to climate change

#### Sustainable global environment (global environment)



Invest to help build a sustainable society

#### A strong and vibrant society (society/community)



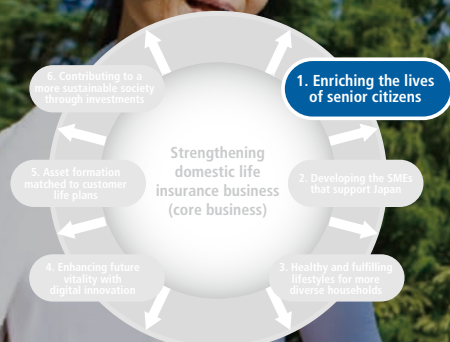
Evaluation of results



Six Themes  
to Create  
Shared Value

# Enriching the Lives of Senior Citizens

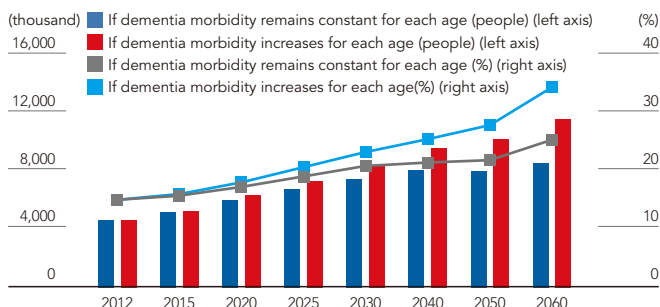
As population continues to age, the T&D Insurance Group is working to solve social issues by providing coverage and services that support the fulfilling lives of senior citizens.



## The Needs of an Aging Society

Japan's population continues to be transformed by an aging population and a declining birthrate—it has been estimated that by the year 2036, one in three people will be aged 65 or older. Average life expectancies are also expected to increase, which in turn will lead to an extension in healthy life expectancy and bring about challenges for society such as aged care and dementia. Especially it is said that by 2025 one in five people over the age of 65 will be at risk of developing dementia. To support the fulfilling lives of senior citizens, the T&D Insurance Group offers products and services designed to address these social issues.

Estimated Future Number of Dementia Patients and Morbidity above the Age of 65

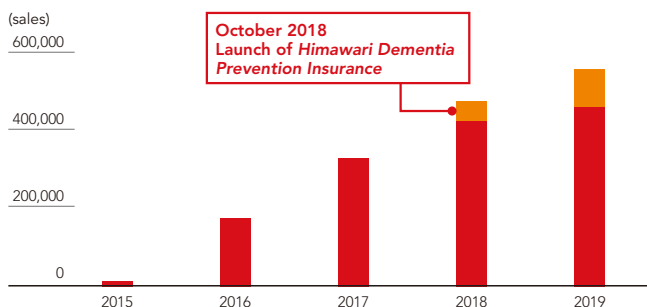


Source: Compiled by T&D Insurance Group, based on Cabinet Office 2016 Annual Report on the Aging Society

## Supporting the Prevention of Dementia as Well

Taiyo Life has been selling dementia insurance and offering peace of mind to its customers far longer than any other insurance companies in Japan. In 2018, Taiyo Life launched *Himawari Dementia Prevention Insurance*, which not only provides coverage for dementia patients but provides prevention service as well. In addition to the provision of insurance coverage after the onset of dementia, Taiyo Life can refer the customer to certain dementia prevention services, including MCI screening with a simple blood test that checks for signs of MCI—a known pre-dementia stage—and a tour experience known as Kurort Health Walking that demonstrates disease-prevention and health-promotion benefits.

Cumulative number of sales of dementia-related products\*



\* Total of Himawari Dementia Treatment Insurance, Himawari Dementia Prevention Insurance and Dementia Treatment Insurance, etc.

## Providing Various Services Aimed at Enhancing Senior Customer Satisfaction

The T&D Insurance Group implements initiatives for the purpose of offering senior customer-oriented services.

### Main initiatives at Taiyo Life

In aiming to be the most considerate life insurance company for its senior customers, Taiyo Life launched the *Best Senior Service* in fiscal 2014. It has since overhauled and made numerous developments and improvements to its products, services, systems, forms, hospitality, and multiple other aspects of the business from a senior customer standpoint with the goal of enhancing senior customer satisfaction.

- Providing procedural and follow-up services such as *Kaketsuke-Tai Service* and the *Senior Visit Service*; development of, and amendments to, easy-to-read and easy-to-understand customer forms, etc.

### Main initiatives at Daido Life

Daido Life is driving its *Best Senior Service* on a company-wide basis so that it can deliver easy-to-understand and highly convenient services to its senior customers.

Daido Life gives due consideration to the individual circumstances of every senior customer and implements various initiatives over the entire duration of an insurance policy, from subscription through to payment, so that it can pay insurance claims and benefits smoothly and appropriately.

- Regular confirmation of customer circumstances, improvements to product disclosure statements, etc.

\* Initiatives aimed at enhancing senior customer convenience and satisfaction at both Taiyo Life and Daido Life are called *Best Senior Service*

### Main initiatives at T&D Financial Life

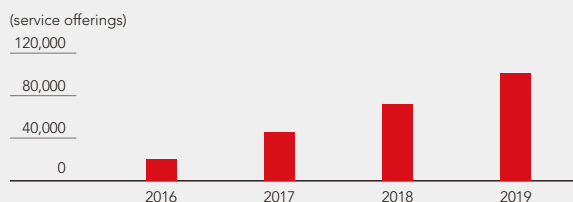
T&D Financial Life is working to improve administrative services whilst considering the needs of senior customers and endeavoring to further enhance call center capabilities and other customer services.

- Adult guardianship system referral service, medical certificate acquirement service, designated proxy application rider, etc.

### Kaketsuke-Tai Service

For the purpose of facilitating swift and secure payments of insurance claims and benefits, Taiyo Life rolled out its *Kaketsuke-Tai Service* in 2016. This service sees highly knowledgeable Taiyo Life employees visit customers and their families in person to provide in-depth support. Currently, sales representatives can also complete billing procedures on site with the use of tablet devices. This service has been favorably received by not only seniors, but many customers of all ages.

Cumulative number of *Kaketsuke-Tai Service*



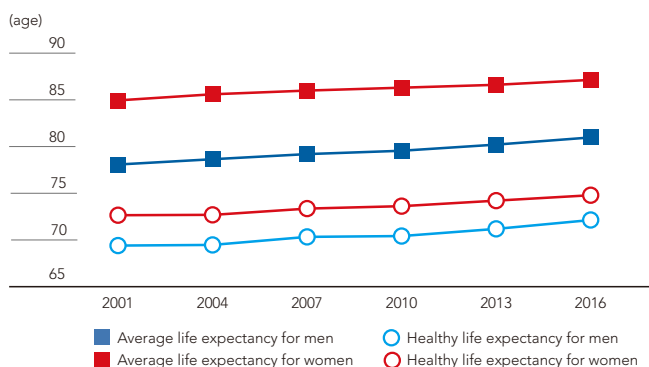
## Establishment of Taiyo Life Aging Society Institute

To further develop measures that help solve social issues such as a declining birthrate and the extension of healthy life expectancy, on April 1, 2020 Taiyo Life established the Taiyo Life Aging Society Institute as a wholly-owned subsidiary of Taiyo Life.

The institute will chiefly undertake joint research with mainly academic institutions and leverage big data with a focus on the prevention and early detection and treatment of diseases. The institute aims to contribute to society by broadly publishing its results, and by reflecting the findings of its joint research into insurance products and services, it will look to develop products and services that help customers live longer and more energetic lives.

Taiyo Life has also set up an advisory board comprising external experts and specialists in the fields of healthcare in an effort to improve the quality of research by garnering advice and information about studies and research.

Average life expectancies and healthy life expectancies



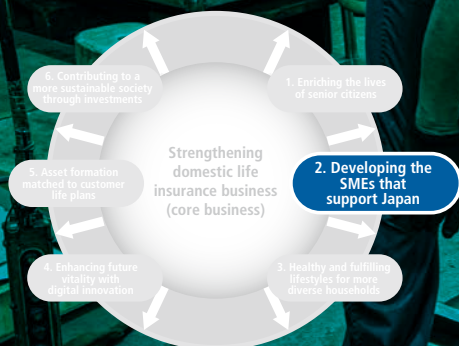
Source: Compiled by T&D Insurance Group, based on Cabinet Office 2019 Annual Report on the Aging Society



Six Themes  
to Create  
Shared Value

# Developing the SMEs that Support Japan

In Japan, around 99% of all companies are small and medium enterprises (SMEs) and it could be said that the endeavors of each and every one of these companies are what props up the massive Japanese economy. The T&D Insurance Group contributes to the continual development of SMEs through the provision of our products and services.

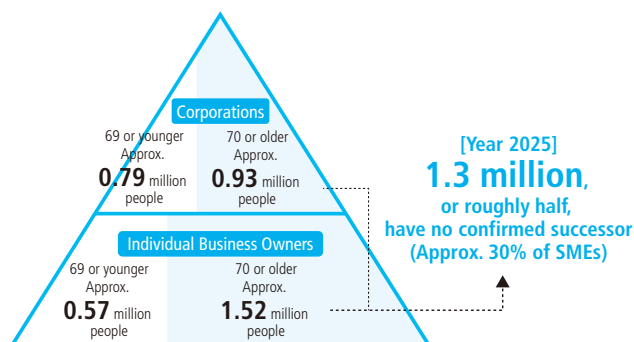


## Environment Surrounding SME Owners

SME owners undertake all sorts of roles singlehandedly and the scope of their duties is extensive, covering sales, accounting, human resources, and product development, just to name a few. There is a risk that SME owners will be unable to protect the people important to them in the event of some kind of accident that might lead to changes in terms of transactions with business partners or banks, the loss of key personnel because salaries can no longer be paid, or the inability to sustain their family's livelihood.

On top of this, the business challenges of SMEs are diversifying. For example, the aging of owners and business succession, labor shortages, the proliferation of IT, and the impact of COVID-19, etc.

Estimated aging of SME owners and lack of successors

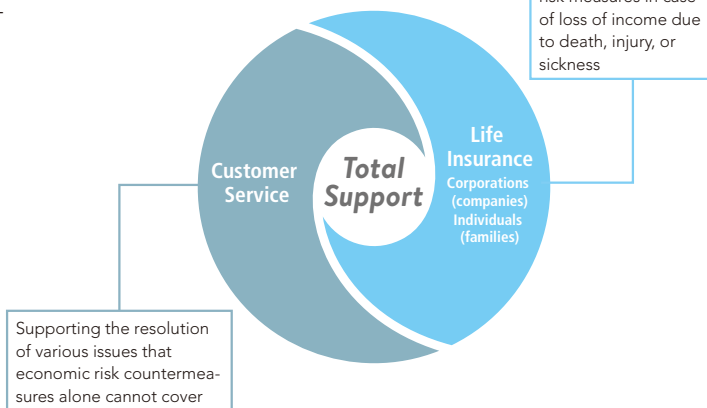


Source: Compiled by T&D Holdings based on the report on improving productivity of SMEs and micro enterprises of the Ministry of Economy, Trade and Industry

## Initiatives of T&D Insurance Group to Support Development of SMEs

In light of these social issues that envelop SMEs, Daido Life, the T&D Insurance Group's specialist in the SME market, has hitherto strengthened its core strategy of providing a full-range of protection integrating both corporations and individuals. Underpinned by the unified reform of products, services, and sales channels, as well as co-creation efforts with various partners, Daido Life contributes to the continual development of SMEs by offering products and services that better meet the changing needs and issues of SMEs and their owners in an age of 100-year life.

Total support through life insurance and customer service



## A Full-Range of Protection that Protects SMEs from Risk

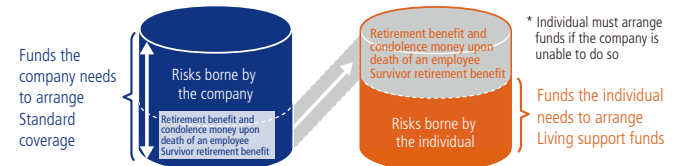
SME Owners are responsible for protecting their own company, but as the head of the household and the main breadwinner, they are also responsible for protecting individuals (their family members). Daido Life calculates how much money would be required to protect the company and families from economic losses (risks) in the event the owner dies or is unable to work and provides reasonable coverage (full-range of protection) integrating both corporations and individuals.

Based on the fact that company owners are now working longer than before as a result of mainly population aging and advancements made in medical technology, Daido Life has continued to expand its lineup of disability benefit insurance and complement its conventional death benefit coverage with the sale of *J-type* insurance to provide coverage against the three major diseases, *T-type* insurance that covers serious physical disabilities, and *M-type* insurance for hospitalization and surgery coverage.

In order to better meet the diverse needs of its customers, in July last year Daido Life launched the industry's first made-to-order insurance products known as *L-type Alpha*, *J-type Alpha*, and *T-type Alpha*. Not only can the policyholder freely decide on the policy amount and term, they can also customize the balance of premiums and surrender value.

The company is also working on enhancing its products for individual business owners with *Shunyu Relief* and *Kaigo Relief Alpha*. These products broadly cover situations in which nursing care is required, especially as dementia-related problems continue to emerge in society nowadays with more people living to the age of 100.

### Corporate and individual risks and funds required



### Main lineup of products offering a full-range of protection

Product	Features
<i>R-type</i>	Preparation for risk of death during a certain period
<i>L-type Alpha</i>	Preparation for risk of death over the long term
<i>J-type, J-type Alpha</i>	Preparation for risk of being unable to work due to critical illness (cancer, acute myocardial infarction, cerebral stroke)
<i>T-type, T-type Alpha</i>	Preparation for risk of being unable to work due to serious physical disability owing to illness or accident
<i>M-type</i>	Preparation for mainly the risk of decreased revenue in the event of an owner's temporary absence due to hospitalization or surgery
<i>Kaigo Relief Alpha</i>	Preparation for nursing care expenses in the event nursing care is required due to the onset of dementia or other illness
<i>Shunyu Relief</i>	Preparation for decline in income owing to death or the need for nursing care

## Services to Meet the Varied Management Issues of SMEs

The impact of COVID-19 pandemic on SME revenue and cash flow is gradually worsening and Daido Life is extending special interest-free loans to policyholders and extending the grace period for payment of premiums. Also, to support the ongoing employment of employees, the company started a service that provides consulting over the telephone regarding the government's employment adjustment subsidies, as well as a social insurance labor consultant referral service (during the period the government implements special COVID-19 measures) in April 2020.

Daido Life is also further enhancing its ancillary services to help SMEs resolve issues. As part of this, it started providing information about information security-related services in December 2019 and launched a new power bidding support service in January 2020.

Moreover, Daido Life provides a *Safety Confirmation System* that can be used to confirm the status of employees during disasters, as well as a *M&A Support Service* that companies can utilize for business succession or M&A deals.

The company will endeavor to improve its services up ahead so that it can address customer needs that are changing with the environment that envelops SMEs.

### Main management support services

	<b>Cost reductions</b> <i>New power bidding support service</i>	Japan JP Organization obtains and presents the results of bidding from multiple new power companies
	<b>Cyber-attacks arising from the increased uptake of IT</b> <i>Information security-related services</i>	Referral to information security-related services for SMEs provided by the Information-technology Promotion Agency (IPA)
	<b>Development of corporate systems</b> <i>Complimentary assessment for receiving public subsidies</i>	A social insurance labor consultant assesses free of charge which of the roughly 40 different public subsidy schemes the customer is eligible for
	<b>No confirmed business successor</b> <i>M&amp;A Support Service</i>	An expert provides the company with comprehensive support, from M&A consulting right through to counterparty identification and transaction procedures, which may be difficult to deal with on its own
	<b>Disaster response and employee protection</b> <i>Safety Confirmation System</i>	This system is used to confirm the safety of employees when a disaster strikes by automatically sending out safety confirmation messages, among other functions



Six Themes  
to Create  
Shared Value

# Healthy and Fulfilling Lifestyles for More Diverse Households

As family compositions and lifestyles continue to change, the T&D Insurance Group will support healthy and fulfilling lives by providing products and services designed to meet the needs of customers.

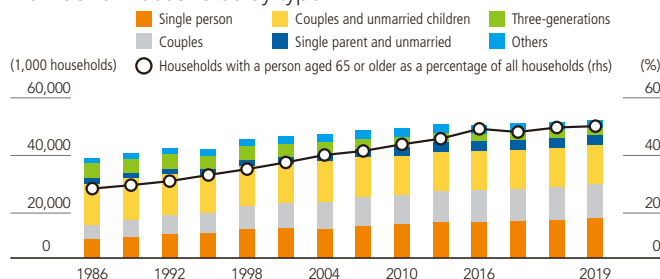


## Change in Family Structure and Diversification of Lifestyles

The makeup of Japanese households is rapidly changing and the shape of families is diversifying, mainly owing to an increase in single-person households. On top of this, urbanization and an increasingly information-oriented society are driving changes in lifestyles and the diversification of customer needs.

To support healthy and fulfilling lives, the T&D Insurance Group offers products and services capable of addressing the broad-ranging needs of customers.

Number of households by type



Source: Compiled by T&D Insurance Group, based on MHLW Comprehensive Survey of Living Conditions

Note: Data for 1995 excludes Hyogo Prefecture; data for 2016 excludes Kumamoto Prefecture

## Coverage that Protects One's Livelihood upon Loss of Income

There are many people who feel insecure about the possibility of losing income or struggling to pay living expenses in the event they are unable to work because of illness or injury. In addition to insurance coverage in the event of death, demand is also increasing for insurance protection in the event of one's own survival to cover costs associated with nursing care or a specific disease. The life insurance companies in the T&D Insurance Group sell various types of insurance to address these needs.

Given the rising number of people taking out disability benefit insurance to protect against the possibility of the head of the household being unable to engage in work, T&D Financial Life offers income protection insurance and income protection insurance in the event of specific diseases. Since 2012 it has offered *Kakei Ni Yasashii Shunyuho*, a type of insurance with which extra coverage for specific diseases can be added on to the death and serious disability benefits. Since 2015 it has offered *Hataraku*

*Anata Ni Yasashii Hoken*, insurance that has no death benefit but covers living expenses in the event the insured person has contracted a specified disease and has limitations on employment or is unable to work. Both of these insurance products were revised in 2016 to meet an even broader range of needs.

Since 2008 Taiyo Life has offered *Hoken Kumikyoku Best*, a product with which policyholders can freely combine the coverage they need with insurance to protect against loss of income or hospitalization insurance. In 2019, Taiyo Life amended its lump-sum payment-type hospitalization insurance to better meet the changing needs of shorter hospital stays etc.

Daido Life's lineup of disability benefit insurance includes *J-Type*, *T-Type*, *Shunyu Relief*, and *Kaigo Relief Alpha*. In addition to coverage for corporations, these products also meet the individual coverage needs of mainly management and sole traders.

## Services Supporting Healthy and Fulfilling Lives

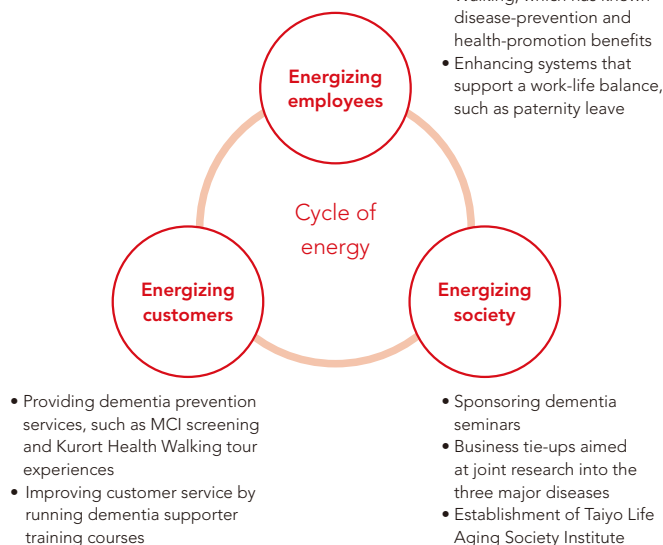
The T&D Insurance Group provides customers with more than just insurance coverage—we implement various initiatives and offer services geared towards supporting people's healthy and fulfilling lives.

### Taiyo's GENKI Project

With the goal of addressing the social issue of extending healthy life expectancy, the Taiyo's GENKI Project is an initiative of Taiyo Life that aims to energize employees, customers, and society.

\* Taiyo's GENKI Project is being promoted with the President as its leader and all executive officers as members.

#### Initiatives of Taiyo's GENKI Project



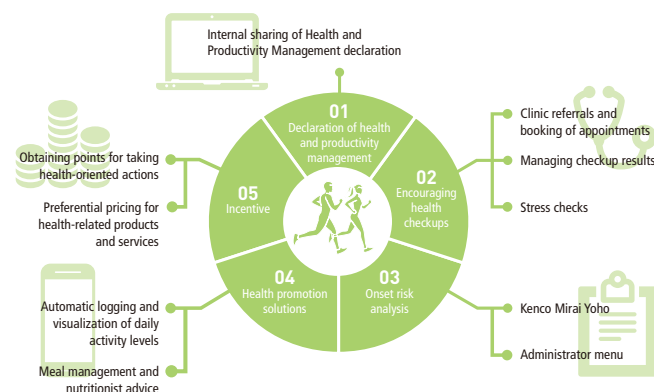
### KENCO SUPPORT PROGRAM

Daido Life extends the KENCO SUPPORT PROGRAM to SMEs to support their efforts in implementing health and productivity management.

The program can deliver consistent support on the PDCA cycle required to implement health and productivity management. For example, the in-house sharing of a Health and Productivity Management declaration by management, encouraging employees to undergo health checkups, the analysis of health risks, and the provision of incentives.

By providing this program, Daido Life aims to contribute to the creation of a society in which SMEs and their employees can thrive, and help solve the issues faced by Japan's aging society.

#### Overview of Daido Life KENCO SUPPORT PROGRAM

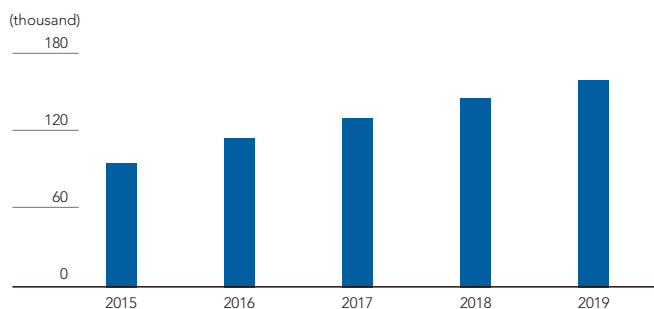


## Support for Pets as Lifelong Family Members

In the midst of a declining birthrate and aging population, the idea that pets are a part of the family is becoming more prevalent. At the same time, pets are now living longer lives and veterinary care is becoming increasingly sophisticated and more expensive. This has given rise to the recognition that pets too require insurance coverage.

Pet & Family Insurance helps people live with their pets for the full duration of their life by selling products that broadly compensate the costs associated with pet (cat or dog) injury or illness, including surgery, hospitalization, and even ambulatory treatment, the most common type of payment.

#### Number of policies in force at Pet & Family Insurance

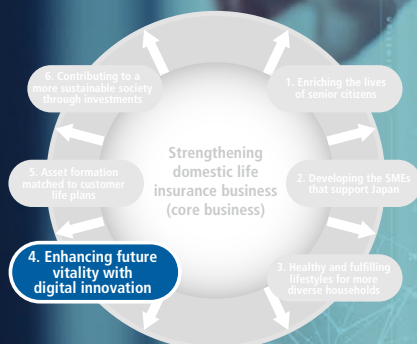




Six Themes  
to Create  
Shared Value

# Enhancing Future Vitality with Digital Innovation

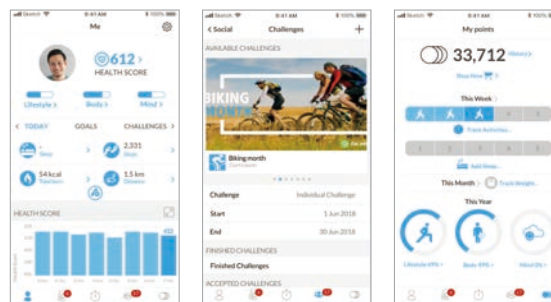
In recent years, digital technologies and services based on such technologies have been advancing with unprecedented speed, and changing how people behave in various situations in their lives. T&D Insurance Group is applying digital technology to advance actions that deliver new value to our customers.



## Digital Insurance Business to Support Health Engagement

### Partnership with dacadoo

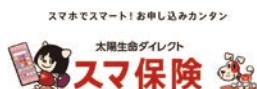
T&D Insurance Group is working with dacadoo towards offering a health-promoting app, scheduled for fiscal 2021. We are considering broadening use of the app among health-conscious users by working with companies which provide wellness-related products and services. We will also employ the app in our insurance businesses, to assist users on enhancing their health.



## Rollout of Products and Services Using New Schemes

### Sma-Hoken, Taiyo Life My Page

Taiyo Life integrates Internet-based insurance estimates and applications, which customers can process when and where they like, with its long-standing attentive service by personal contact. In October 2019, this combination allowed the company to start *Sma-Hoken*, an unprecedented new insurance scheme that delivers fully-online insurance together with after-sales services. On *Taiyo Life My Page*, customer-oriented Internet service, the company has built a system which handles everything from benefit claims to payment. Taiyo Life is advancing the use of digital technologies to better serve the needs of its customers, whether it is face-to-face or remotely.



### Adaptation to Digital Currencies and Blockchain Technology

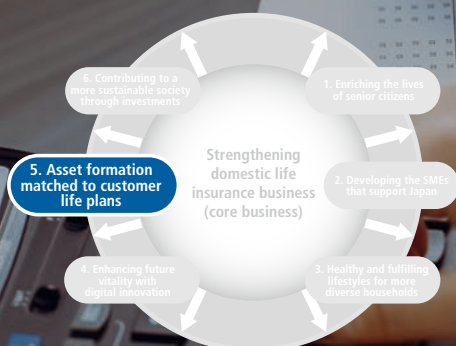
In collaboration with DeCurret Inc., Daido Life started a demonstration project in July 2020 to issue its own digital currency. Participants within the company are demonstrating the applicability of digital currency and blockchain technology to life insurance businesses, through activities such as payments from a smartphone app and automated savings based on smart contracts. By applying digital technologies and other technical innovations, Daido Life aspires to make life insurance more convenient.



Six Themes  
to Create  
Shared Value

# Asset Formation Matched to Customer Life Plans

Having already transitioned to a phase of decline, Japan's overall population continues to grow older year by year. An aged society the likes of which we have never seen before is now imminent and people are now referring to these times as the age of centenarians. Partly owing to a substantial decline in public pension payments and retirement benefits, more and more people currently harbor concerns about post-retirement finances, which is why the creation of wealth is becoming such an important issue.



## Wealth Creation through Insurance

T&D Financial Life offers savings-type products to meet the ever-changing needs of its customers. The *Shogai Premium World 5* launched in July 2019 is a non-participating foreign currency linked whole life insurance product that leverages overseas interest rates and foreign exchange rates to secure capital for the customer's personal use, as well as money that can be put aside for family members. No currency fees or initial setup costs are required and a rider can be added that guarantees a death benefit in Japanese yen for a certain period of time for the same amount as the single premium. In addition to providing coverage, T&D Financial Life supports its customers' efforts to create wealth by offering these kinds of insurance products.



Shogai Premium World 5



Shogai Premium Japan 5

## Wealth Creation through Investment Trusts

T&D Asset Management offers a broad range of investment trusts that can help customers create wealth over the medium to long term.

Moreover, in May 2020 the company set up multiple social media accounts and started distributing fund data and useful investment information to various types of investors.

Going forward, T&D Asset Management will step up its initiatives on developing and offering products suited to investment from a medium- to long-term perspective and make every effort to distribute easy-to-understand information about the significance of wealth creation and the features of investment trusts.



T&D Asset Management's social media account (Facebook)

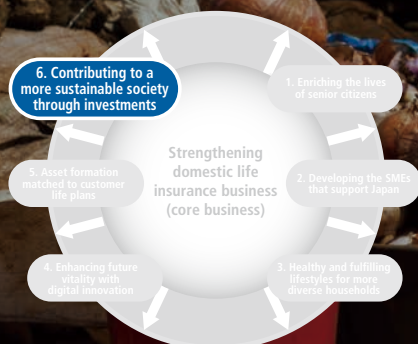


Six Themes  
to Create  
Shared Value

# Contributing to a More Sustainable Society through Investments

The world has seen the emergence of numerous problems in recent years—for example, climate change driven by global warming and the lack of infrastructure development in emerging regions.

As an institutional investor mainly engaged in life insurance—a business that serves society and the public interest—the T&D Insurance Group contributes to the achievement of a sustainable society by taking environmental, social, and governance (ESG) themes into consideration when making investments.



## Endorsing Initiatives and the Exercise of Voting Rights

Taiyo Life, Daido Life, and T&D Asset Management fully endorse the Principles for Responsible Investment (PRI) and the Principles for Responsible Institutional Investors (the Japanese version of the Stewardship Code). In addition, the three companies' investment behavior reflects the Sustainable Development Goals (SDGs) advocated by the United Nations.

In exercising voting rights, the companies make every effort to solve problems through purposeful dialogue with the goal of contributing to the sustained growth of investee companies. If a problem cannot be solved even through dialogue, their policy is to vote against the agenda item in question.

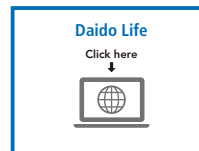
Each company's activities in accordance with the initiatives and details of the exercise of voting rights are disclosed on their respective websites.



Principles for Responsible Investment



<https://www.unpri.org/transparency-reports-2020/6051.article>



The Principles for Responsible Institutional Investors  
(the Japanese Version of the Stewardship Code)

Taiyo Life

🔗 <https://www.taiyo-seimei.co.jp/company/activity/ssc.html>

Daido Life

🔗 <https://www.daido-life.co.jp/company/csr/investor/ssc/>

T&D Asset Management

🔗 <https://www.tdasst.co.jp/company/principles/stewardship/>

## Investments Geared towards Solving Issues

The Group as a whole has hitherto focused its investments on aiming to solve issues. For example, in 2015 T&D Asset Management set up a fund through which selectively invest in companies that have made outstanding efforts in the area of ESG. And Taiyo Life and Daido Life invested in the fund.

More recently, we have invested in green bonds that support business projects expected to reduce CO<sub>2</sub> emissions, as well as social bonds that aid public health services and COVID-19 response measures in Latin America and the Caribbean nations.

As an institutional investor that manages entrusted funds over the long term, the T&D Insurance Group will continue to help achieve a sustainable society in the future.

### Contributing to the improvement of environmental problems

- Green bonds
- Investing in funds for solar power generation projects, etc.



### Contributing to economic and social development and improving people's lives in emerging regions/countries and Japan.

- Social bonds
- Extending loans to the government of Togo



As a group engaged in life insurance, a business that has high social and public interest value, we at T&D Insurance Group pursue activities such as those described below, in addition to the business activities we tackle under our medium-term management plan, as we strive to create shared value.

### Special sponsorship of the Nikkei Social Business Contest

#### — Contributions to social businesses

T&D Insurance Group is a special sponsor of the Nikkei Social Business Contest, which is organized by Nikkei Inc. This contest is intended to promote the sound development and deeper understanding of social business, and to increase the number of players moving into that field. By sponsoring the contest, we support the next-generation leaders who want to tackle society's problems and create value in society, so that we can work together in contributing to the development of a sustainable society.



### Organizing seminars on SME management Further support for business succession

Since its centenary in 2002, Daido Life has been continuously organizing open, donation-supported seminars at universities and elsewhere around Japan, to provide the managers of SMEs with places to gain management and business skills.

In 2019, Daido Life started sponsoring a general incorporated association called "Take over as startup," which supports the creation of environments that allow young successors, taking on new challenges for the continuation of family businesses, to learn and act for themselves. It also supports SMEs facing business succession problems.



### Hosting the Ishinomaki Marché (Ishinomaki Specialty Products Fair) in Nihonbashi

#### — Contribution to recovery from the Great East Japan Earthquake

Since the Great East Japan Earthquake, Taiyo Life has continuously supported Ishinomaki City, Miyagi Prefecture, by such as encouraging its employees to buy local products from Ishinomaki and hosting fairs of such products. While the restoration of homes and railways is making progress, fisheries and marine product processing, the main industries along the coast, still have a long way to go. Since 2015, Taiyo Life has been supporting those industries with a specialty product fair held in the plaza in front of its headquarters.



### Sponsorship of sports tournaments and other events

#### — Contribution to the sound advancement of society

The companies of the T&D Insurance Group support sports tournaments and the activities of players. For example, Taiyo Life is an ongoing sponsor of the Japan Junior High School Rugby Football Tournament, as is Daido Life for the National Sports Festival for People with Disabilities, and T&D Financial Life for the Japan Deaf Football Association. We also support the activities of players of ice hockey, para archery, and deaf futsal.





## The Domestic Life Insurance Business



### Taiyo Life Insurance Company



Naoki Soejima  
Representative Director  
and President

#### Healthy, Long Life, Taiyo Life

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

As a life insurance company that stays close to households in every age, Taiyo Life delivers products and services with a close eye on changing times.

The company will go on assisting ever more customers in leading healthy and long lives, by evolving its products to stay ahead of the needs of the centenarian age, and applying IT for stronger sales capabilities.



### Daido Life Insurance Company



Minoru Kudo  
Representative Director  
and President

#### Leading a New Era of Corporate Coverage

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.



### T&D Financial Life Insurance Company



Masafumi Itasaka  
Representative Director  
and President

#### Aiming for sustainable growth by capturing increasingly diverse customer needs

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.



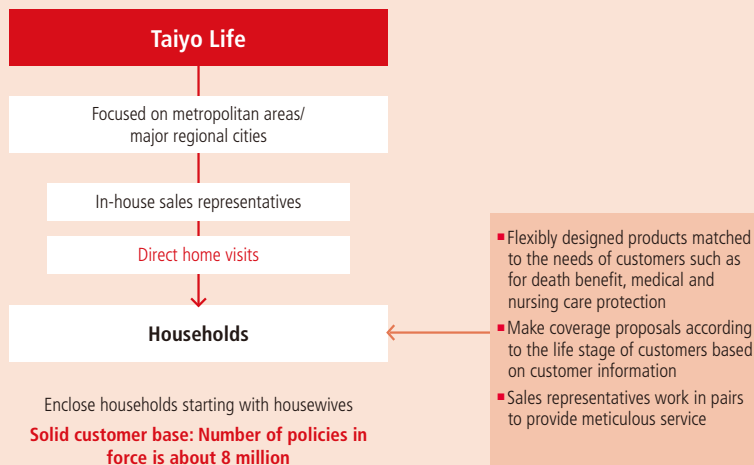


## BUSINESS MODEL

### Taiyo Life's 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.

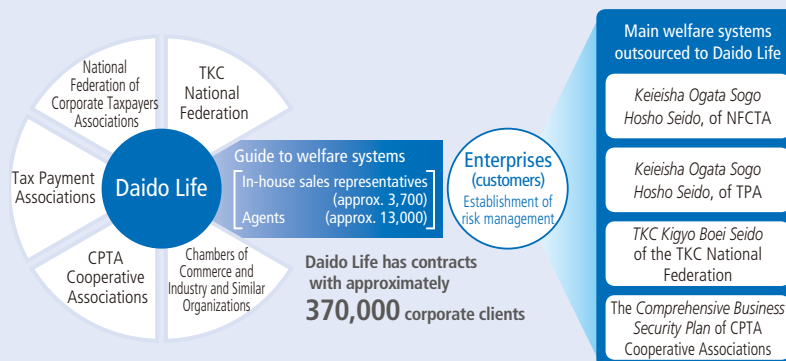


## BUSINESS MODEL

### Daido Life's 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.

Daido Life's unique business model sets its core business as the delivery of products and services developed in collaboration with SME-related organizations and tax accountants' groups according to their characteristics (partner-specific products). The company delivers this core business through the twin sales channels of in-house sales representatives and agents, as a welfare system for SMEs.

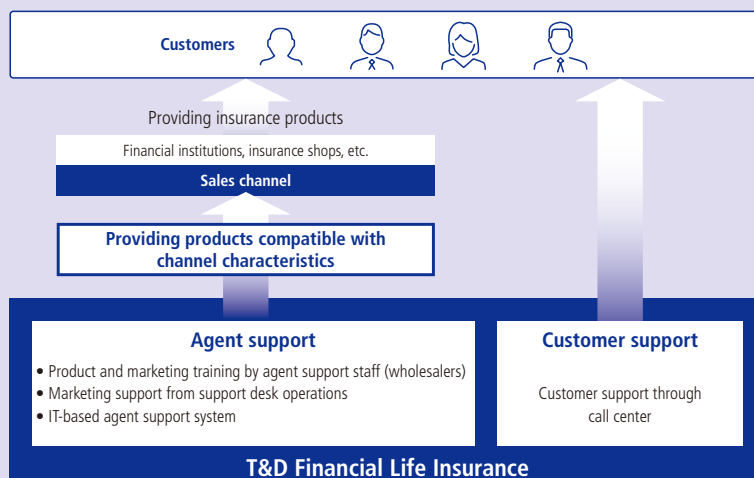


## BUSINESS MODEL

### T&D Financial Life's 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.



## The Domestic Life Insurance Business

### Strengths of Taiyo Life

- Solid foundation in the household market built by the continual development of new customers through “Combination Activity” where in-house 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

### Growth Opportunities

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

### Taiyo Life’s Strategies

- Action to enhance survival benefits, such as medical care and nursing care benefits, and to expand prevention insurance and services against dementia and other diseases
- Reinforcement of sales capability from IT aspects, such as more advanced sales support tools
- Provision of products tailored to the market environment and the characteristics of financial institutions, while capturing customer needs
- Provision of new welfare systems that are based on the centenarian age and work style reforms

### Strengths of Daido Life

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

### Growth 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

### Daido Life’s Strategies

- Development of 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
- Construction of a new collaborative scheme that integrates the strengths of its in-house sales representatives and agent channels, and development of a new channel for banks and financial institution agents
- Development of new markets by strengthening responses to the needs of the senior segment

### Strengths of T&D Financial Life

- 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

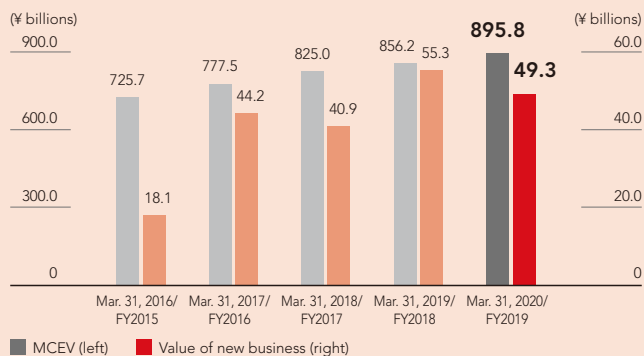
### Growth Opportunities

- 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

### T&D Financial Life’s Strategies

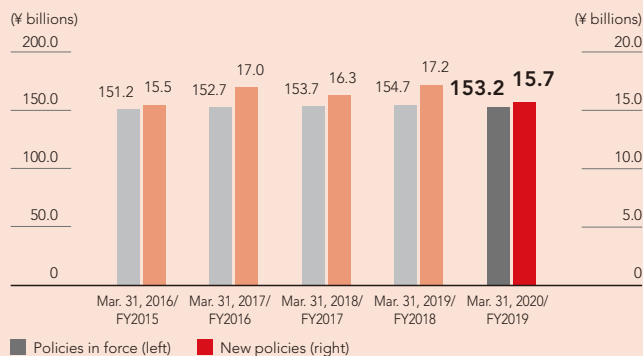
- Product development responding to diversifying needs and channel expansion
- Improvement of convenience through the use of IT, from a customer-oriented perspective
- Development and expansion of T&D Financial Life’s agents through products that combine a certain level of price competitiveness with differentiated characteristics.

## MCEV\* / Value of New Business\*

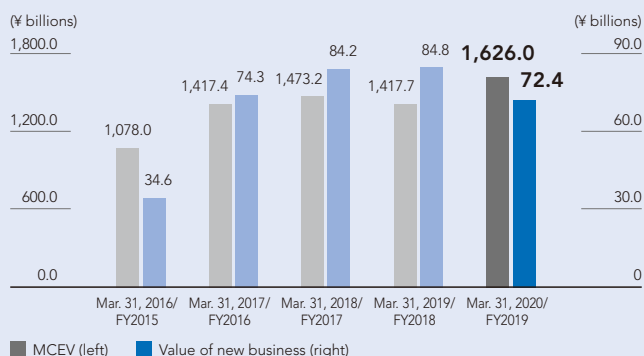


\* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

## Protection-type Annualized Premiums

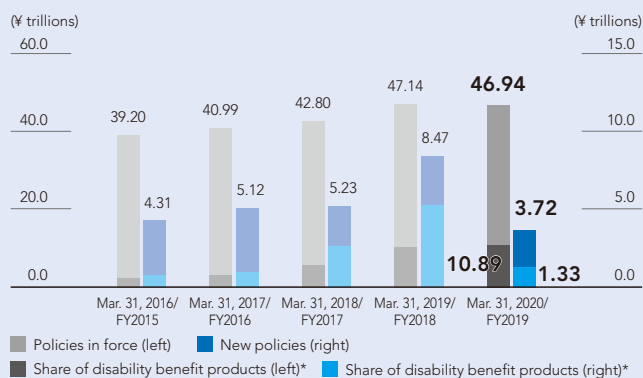


## MCEV\* / Value of New Business\*



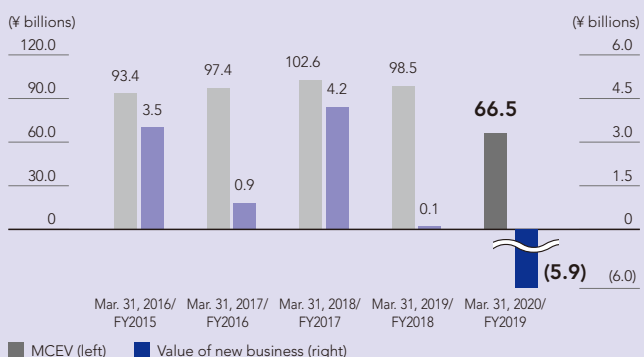
\* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

## Policy Amount



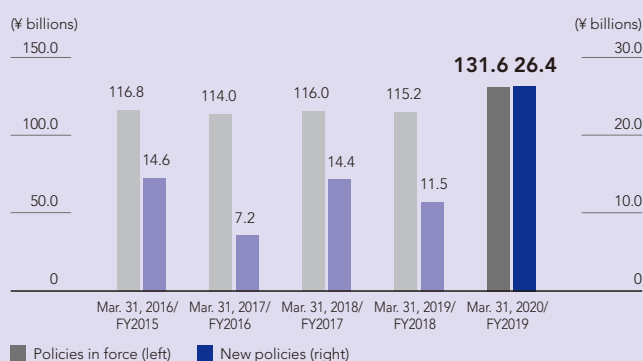
\* Disability benefit products include "J-type," "T-type," and "Kaigo Relief Alpha" and so forth.

## MCEV\* / Value of New Business\*



\* The company applies ultimate forward rate (UFR) from FY2019/Mar. 31, 2020.

## Annualized Premiums



## Group Companies

### T&D Asset Management

#### One Step Forward, Together with Our Clients

T&D Asset Management operates an investment trust business by offering investment trusts through financial institutions, as well as an investment advisory business by managing funds for pension funds and institutional investors.

Competition in the investment trust and investment advisory industries remains fierce and the company expects this tough competitive environment to continue up ahead. Nevertheless, these markets can be said to hold future promise, mainly highlighted by the growing need for asset

management services in preparation for retirement as Japan's population continues to age.

In this environment, in line with its principles of "Try & Discover" and "Make a Difference," T&D Asset Management will aim to strengthen its capacity to develop characteristic products and work on expanding business through collaboration and cooperation with other Group companies. Going forward, the company will endeavor to provide products and services that satisfy its customers.



### Pet & Family Insurance

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

Pet & Family Insurance provides pet insurance mainly through pet shops, where many prospective pet owners meet their pets for the first time.

It is now becoming commonplace that people recognize pets are part of their family to live with them for the full duration of their life. For this reason, there is growing interest in pet healthcare and measures for covering such costs. The company believes it is its social mission to meet the needs of pet owners by popu-

larizing pet insurance.

Given that many people take out pet insurance when they buy their pet at a pet shop, it is working together with mainstay pet shop agencies to increase insurance coverage when pets are sold.

The company will continue to provide insurance products that meet customer needs and improve its services so that both pets and their owners can lead healthy and affluent lives.



### T&D United Capital

#### Realizing Dreams Together

As the driving force behind the Group's aim to diversify its business portfolio, T&D United Capital is working to expand medium- to long-term Group earnings by investing in new business areas that have a strong affinity with the life insurance business.

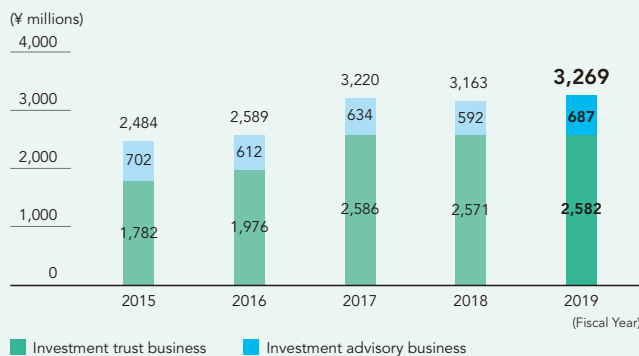
In fiscal 2019, the company took an equity

stake in French asset management and investment company Tikehau Capital SCA, and in fiscal 2020 it made the US-based reinsurance holding company Fortitude Group Holdings, LLC an equity-method affiliate.

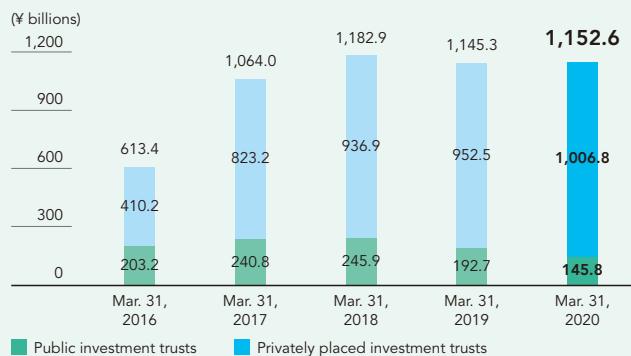




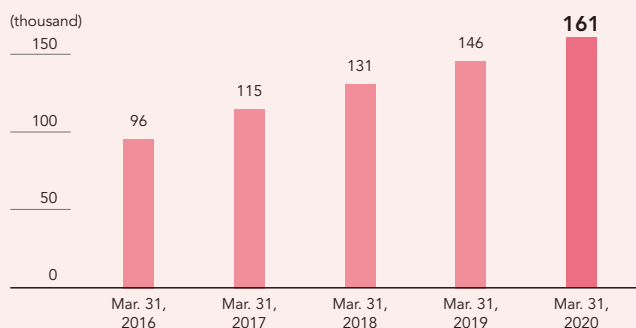
## Adjusted Operating Income (by Business)



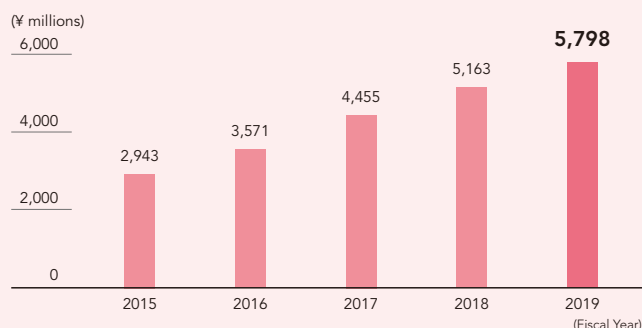
## Investment Trust AUM



## Number of Policies in Force



## Net Premium Income (Pet Insurance)



## Equity acquisition of the US-based reinsurance holding company, Fortitude Group Holdings, LLC

### **FORTITUDE RE** Characteristics of Fortitude Group Holdings, LLC

- Fortitude Group Holdings is a US reinsurance holding company that owns Fortitude Re, a Bermuda-based reinsurer.
- Fortitude Re underwrites reinsurance for some in-force policies no longer sold by AIG.

### Aims of T&D United Capital

- By taking an equity stake in Fortitude as a strategic partner alongside Carlyle and AIG, T&D United Capital aims to diversify the Group's sources of revenue and create synergies over the medium- to long-term with the domestic life insurance business.

\* For more details, please refer to the special feature Diversification of Business Portfolio.

## Capital and business alliance agreement with French asset management and investment company Tikehau Capital SCA

### **TIKEHAU CAPITAL** Characteristics of Tikehau Capital SCA

- Offers various alternative investments to institutional and individual investors through its subsidiaries.  
(management of mainly private debt, real estate, and private equity)

### Aims of T&D United Capital

- Provide private debt products to mainly Japanese pension funds through collaboration between T&D Asset Management and Tikehau Capital SCA
- Explore the possibility of engaging in joint marketing also for other managed products in Japan

\* For more details, please refer to the special feature Diversification of Business Portfolio.