



## Value Creation Strategy and Performance

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## Group Long-Term Vision “Try & Discover 2025”

### Overall picture

In 2021, the T&D Insurance Group formulated the Group Long-Term Vision Try & Discover 2025, clarifying the Group's vision from a medium-to-long-term perspective and strategic policies for its achievement.

This Long-Term Vision defines “Sow happiness, make change with boldness” as the Group's management vision and sets out Group KPIs as quantitative targets as well as five primary issues to be addressed for achieving the KPIs. Steady implementation of measures based on the Long-Term Vision will help us create shared value.

(▶Please see page 1 and 3 for details.)

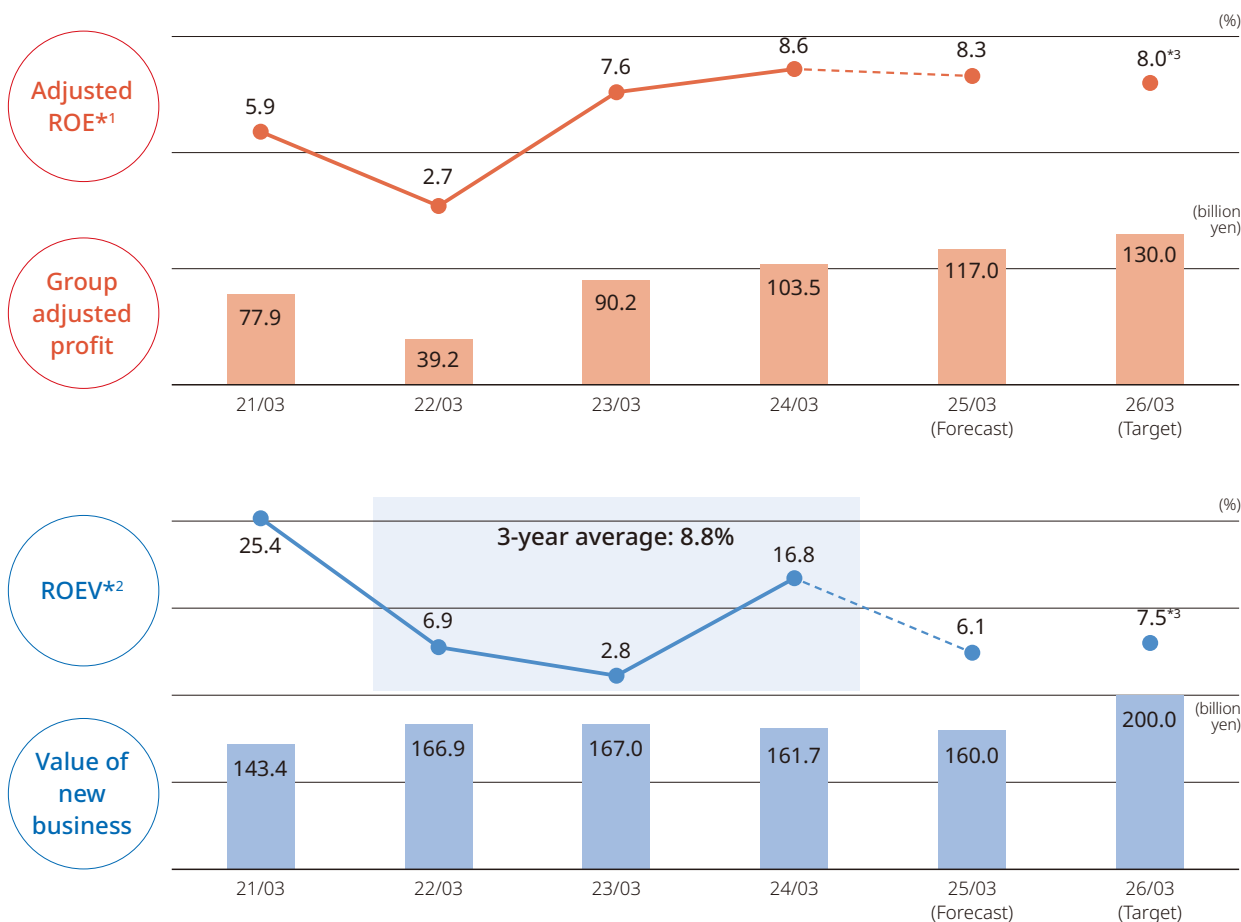
### Progress of Group KPIs –Financial KPIs–

We will return profits to shareholders by efficiently utilizing capital from markets and maximizing profit through providing value to as many customers as possible. The continuation of this cycle will enhance the Group's corporate value sustainably.

**[Group adjusted profit] [Adjusted ROE]** By steadily implementing initiatives aimed at improving capital efficiency, we have made good progress in line with our FY2025 targets. We expect to achieve the FY2025 Group adjusted profit target of 130.0 billion yen, supported by increased positive spread attributable to improvement of investment portfolio, insurance bottom line, and capital gains arising from reduction of stockholdings.

**[Value of new business]** Value of new business has remained at a level of 160.0 billion yen, partly affected by changes in UFR and assumption changes due to an increase in surrenders.

**[ROEV]** Although ROEV has fluctuated due to changes in the economic environment, average ROEV over the three-year period of the Long-Term Vision is 8.8%, exceeding the 7.5% target.



\*1 Adjusted ROE for FY2024 is calculated using net assets as of March 31, 2024 as the denominator.

\*2 ROEV excludes valuation gains/losses, etc. related to Fortitude.

\*3 Target at time of Group Long-Term Vision announcement (May 2021)

## Group Long-Term Vision “Try & Discover 2025”

### ■ Progress of Group KPIs –Non-Financial KPIs–

We identified “SDGs management and creation of value” as a primary issue for Group Growth Strategy under the Long-Term Vision and, for the first time, we set non-financial KPIs for quantifying the creation of social value.

**[Customer satisfaction]** The Group attaches importance to ease of understanding for customers and strives to provide services customers can trust.

Taking into account factors such as the results of the customer satisfaction survey and adaptation to changes in the social environment, the Group works tirelessly to provide highly convenient services and improve its business processes, aiming to be a Group that provides customers with peace of mind and earns their trust.

**[Employee engagement score]** Once a year, we conduct an employee engagement score survey to identify issues within organizations and measure the effects of various personnel measures.

**[CO<sub>2</sub> emissions]** We have made steady progress towards achieving our target of reducing our CO<sub>2</sub> emissions by 40% (from FY2013 levels) by FY2025, with a reduction of 41.2%. We will continue working to reduce our CO<sub>2</sub> emissions by setting reduction targets for electricity usage to reduce our use of energy and encouraging the introduction of renewable energy.

### ■ Future direction

To achieve our Long-Term Vision, we believe we need to continue steadily implementing measures based on the following five primary issues set out in the Group Growth Strategy. (1) Strengthening of core business, (2) Diversification and optimization of business portfolio, (3) Upgrading capital management, (4) Promoting integrated Group management, and (5) SDGs management and creation of value

#### Non-financial KPIs

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Forecast for FY2025
<b>Customer satisfaction<sup>*1</sup></b>	Base year Taiyo Life: 91.8% Daido Life: 82.3% TDF Life: 72.8%	Over target level Taiyo Life: 91.9% Daido Life: 81.1% TDF Life: 75.8%	Over target level Taiyo Life: 91.6% Daido Life: 79.0% TDF Life: 76.7%	Over target level Taiyo Life: 91.4% Daido Life: 85.0% TDF Life: 79.2%	Above or equal to FY2020 level  * Qualitative factors such as the opinions of external ESG assessment organiza- tions are also taken into account
<b>Employee engagement score<sup>*2</sup></b>	Base year T&D Holdings: 3.84 Taiyo Life: 3.61 Daido Life: 3.75 TDF Life: 3.55	Over target level T&D Holdings: 4.08 Taiyo Life: 3.63 Daido Life: 3.85 TDF Life: 3.70	Over target level T&D Holdings: 4.03 Taiyo Life: 3.57 Daido Life: 3.84 TDF Life: 3.80	Over target level T&D Holdings: 4.06 Taiyo Life: 3.58 Daido Life: 3.94 TDF Life: 3.82	
<b>CO<sub>2</sub> emission<sup>*3</sup></b>	Reduction of 30.1% from FY2013 levels	Reduction of 31.0% from FY2013 levels	Reduction of 35.4% from FY2013 levels	Achieve target Reduction of 41.2% from FY2013 levels	Reduction of 40% from FY2013 levels

<sup>\*1</sup> Taiyo Life: Four levels - “satisfied,” “mostly satisfied,” “somewhat unsatisfied,” and “unsatisfied.” Aggregate the total of “satisfied” and “mostly satisfied.”

Daido Life: Seven levels - “highly satisfied,” “satisfied,” “mostly satisfied,” “neutral,” “somewhat unsatisfied,” “unsatisfied,” and “highly unsatisfied.” Aggregate the total of “highly satisfied,” “satisfied,” and “mostly satisfied.”

TDF Life: Five levels - “satisfied,” “mostly satisfied,” “average,” “somewhat unsatisfied,” and “unsatisfied.” Aggregate the total of “satisfied” and “mostly satisfied.”

<sup>\*2</sup> 5-step assessment. Renamed “Employee engagement score” from FY2023.

<sup>\*3</sup> Scope 1 and Scope 2, CO<sub>2</sub> emissions per floor area

We recognize that although the domestic life insurance business has performed strongly recently, expansion of the customer base, growth of insurance earnings as stable profit that is less impacted by financial conditions, and reduction of asset management risk through further promotion of ALM are issues that need to be addressed.

In terms of business portfolio management, we will

allocate the stable earnings generated in the life insurance business to growing businesses that offer high return on risk such as the closed book business, aiming to realize capital efficiency that exceeds the cost of shareholder's capital.

# Sustainability Management

## Creating both economic value and social value Contributing to a sustainable society through the creation of shared value

With life insurance as its core business, T&D Insurance Group puts sustainability at the heart of its business, providing products and services that deliver safety and security to customers. In addition, as an institutional investor, the Group is engaged in asset management, which is highly public in nature and closely linked to economic development and sustainable society building. The Group believes that it has a responsibility to contribute to society through these businesses.





In May 2021, the T&D Insurance Group developed a Group Long-Term Vision towards FY2025 under the Management Vision: "Sow happiness, make change with boldness." The Group Long-Term Vision identifies SDGs management and creation of value as one of the challenges to the Group's Growth Strategy and priority themes and sets new non-financial KPIs to quantitatively measure the created social value.

The Group believes that its efforts to promote SDGs management and solve social issues will lead the Group to achieve its goals of creation of shared value and sowing happiness in the world. We, the T&D Insurance Group, will take steady steps to become a sustainable insurance group that grows along with society.



## Materiality (Sustainability Priority Themes)

For the process for selecting the priority themes, see the following webpage:  
<https://www.td-holdings.co.jp/en/csr/effort/casestudy.php>

	Related capital and stakeholders to be considered	Social issues	Risks and opportunities	Initiatives	KPI	FY2023 results
<b>Priority theme 1</b> <b>Promote Healthy and Abundant Lives for People</b>	 <b>Social and relationship capital</b>  <b>Companies in Japan and individual customers</b>	<ul style="list-style-type: none"> <li>Reduce economic and social risks in an aging society</li> <li>Help people maintain good health</li> <li>Encourage the use of insurance and financial services</li> <li>Support the resolution of SME management issues</li> <li>Support the spread of SME health and productivity management</li> </ul>	<div> <div>Risks</div> <ul style="list-style-type: none"> <li>Risk of a weakening customer base due to the aging of the population and the declining birthrate</li> <li>Decrease in the number of SMEs due to closure and other reasons</li> <li>Risk of lagging behind the competition in development of new insurance products and services</li> <li>Risk of financial results and other aspects of business being impacted by future changes in regulations</li> </ul> </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> <li>Increase in the need for insurance coverage and for asset building with an eye toward post-retirement life</li> <li>Emergence of new methods of offering products and services reflecting digitalization</li> <li>Use of insurance policies at business succession of SMEs</li> <li>Provision of health-promoting insurance and services to solve social issues and earn profits</li> </ul> </div>	<ul style="list-style-type: none"> <li>Offer insurance that supports dementia prevention and insurance that widely covers conditions that require nursing care</li> <li>Help SMEs adopt and implement KenkoKeiei® and enrich their welfare programs</li> <li>Invest in funds that support businesses that aid people's improvement of their health</li> <li>Integrate online applications for insurance and services provided by human staff</li> <li>Deliver asset building products providing senior customers with a comfortable post-retirement life</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction: Above or equal to the FY2020 level (by FY2025)</li> </ul>	⇒P.30
<b>Priority theme 2</b> <b>Provide Workplace Environments that Enable Diverse Human Resources to Participate Actively</b>	 <b>Human capital</b>  <b>Employees</b>	<ul style="list-style-type: none"> <li>Support personnel training and capability development</li> <li>Respect the personalities and diversity of workers</li> <li>Promote the active participation of women</li> <li>Create an environment where workers can work in good health and safety</li> </ul>	<div> <div>Risks</div> <ul style="list-style-type: none"> <li>Risk of personnel outflow or difficulty in securing workers due to the workplace environment failing to adapt to the diversification of values or to changes in the social structure</li> <li>Business stagnation or slowdown resulting from a lack of necessary specialists</li> </ul> </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> <li>Creation of new value after supporting the active participation of diverse personnel</li> <li>Effective deployment of personnel and improvement of productivity by allowing flexible work styles</li> <li>Improvement of management capabilities and the business foundation by cultivating diverse human resources</li> </ul> </div>	<ul style="list-style-type: none"> <li>Provide education and training centered on on-the-job training (OJT), group training, self-development support, reskilling and re-learning</li> <li>Promote employment for persons with disabilities, provide training on LGBT (sexual minority) issues, and set up helplines for different kinds of harassment and abuse to respect and foster diversity</li> <li>Formulate an action plan for promoting the advancement of women and set targets regarding the promotion of women to management positions and carry out the actions</li> <li>Develop a system for returning from childcare to workplace, such as when employees return after childcare leave</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement score: Above or equal to the FY2020 level (by FY2025)</li> <li>Ratio of female managers: 25% or more (by 2027), 30% or more (by 2030)</li> <li>Percentage of male employees taking childcare leave: 100%</li> </ul>	⇒P.25
<b>Priority theme 3</b> <b>Contribute to Global Environment Conservation and Climate Change Mitigation and Adaptation</b>	 <b>Natural capital</b>  <b>Global environment and biodiversity</b>	<ul style="list-style-type: none"> <li>Expand the use of renewable energy</li> <li>Increase resilience to climate change</li> <li>Improve efficiency of energy use</li> <li>Conserve marine resources and prevent marine pollution</li> <li>Conserve biodiversity on land</li> <li>Forest conservation</li> </ul>	<div> <div>Risks</div> <ul style="list-style-type: none"> <li>Impact of the increase of deaths and injuries due to the increase in the average temperature and the increase in extreme weather on the insurance balance</li> <li>Increase in risk of infectious diseases due to the expansion of the habitats of disease vectors</li> <li>Reputational damage due to delays in compliance with regulations and insufficient information disclosure</li> </ul> </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> <li>Provision of products and services that meet the needs for coverage against new risks arising from climate change, etc.</li> <li>Cultivation of and entry into new business domains related to the mitigation of and adaptation to climate change</li> </ul> </div>	<ul style="list-style-type: none"> <li>Set Group-wide targets for reducing CO<sub>2</sub> emissions, electricity consumption and office paper consumption</li> <li>Conserve energy through different initiatives for reducing electricity consumption, the use of a demand monitoring system and the introduction of no-overtime days</li> <li>Expand green procurement for environmental protection, waste reduction and recycling</li> <li>Accelerate the shift to electricity generated from renewable sources of energy</li> </ul>	<ul style="list-style-type: none"> <li>Our CO<sub>2</sub> emissions (Compared to the FY2013 level): 40% reduction (by FY2025), 70% reduction (by FY2030)</li> <li>Achievement of our net zero emissions: By FY2040</li> <li>Introduction rate of renewable energy: 60% (by FY2030)</li> </ul>	⇒P.35
<b>Priority theme 4</b> <b>Invest to help build a sustainable society</b>	 <b>Natural capital and social and relationship capital</b>  <b>Global environment, investees and borrowers, and related projects</b>	<ul style="list-style-type: none"> <li>Accelerate investments in sustainable development</li> <li>Accelerate investments in clean energy</li> <li>Step up actions to address sustainability issues faced by investees and borrowers</li> </ul>	<div> <div>Risks</div> <ul style="list-style-type: none"> <li>Decrease in the value of the assets of the Group after the deterioration of the financial results of investees failing to address sustainability issues</li> <li>Contraction of opportunities to invest in and finance companies failing to address sustainability issues</li> </ul> </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> <li>Increase in investment and financing to accelerate efforts to address sustainability issues and long-term and stable growth in gains on investments</li> <li>Growth of investees and borrowers through engagement in them</li> <li>Long-term and stable growth of gains on investments in and the financing of clean energy businesses and the like that aid the establishment of a decarbonized society</li> </ul> </div>	<ul style="list-style-type: none"> <li>Make various ESG investments in accordance with the Principles for Responsible Investment (PRI) and engage in dialogue with investees and borrowers and exercise voting rights properly in line with the Principles for Responsible Institutional Investors</li> <li>Carry out investment and financing activities that contribute to the creation of a sustainable society in consideration of ESG issues</li> <li>Implement initiatives to reduce the CO<sub>2</sub> emissions of investment and financing recipients and enable them to achieve net zero emissions</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions of investees and borrowers: (Compared to the FY2020 level): 50% reduction (by FY2030)</li> <li>Achievement of net zero emissions for investees and borrowers: By FY2050</li> </ul>	⇒P.34, 35

## Sustainability Advisory Committee

The Sustainability Advisory Committee, which was established in FY2021, receives commentary from outside experts on the latest domestic and international trends as well as a variety of recommendations based on their expertise. The Group reflects these recommendations in its initiatives on sustainability issues, and promotes SDGs management and the creation of value outlined in the Group Long-term Vision.

### Sustainability Advisory Committee members



**Takejiro Sueyoshi**  
Special Advisor  
UNEP Finance Initiative



**Mari Yoshitaka**  
Fellow (sustainability)  
Mitsubishi UFJ Research and Consulting Co., Ltd.



**Kenji Fuma**  
CEO, Neural, Inc. / Specially Appointed Professor, Shinshu University / Outside Director, T&D Holdings, Inc.

### Sustainability Advisory Committee meetings held in FY2023: 4 times

#### <Major Themes>

- Trends regarding the climate crisis and COP28
- Green business trends
- ESG investment trends
- Regional revitalization and sustainability
- Human capital management trends and current status
- Trends in innovation aimed at achieving net zero emissions
- Biodiversity and TNFD-related trends
- Sustainable finance-related trends

## Toward decarbonization

### Efforts to address the recommendations made up to FY2022

Committee members pointed out the lack of references to net zero emissions and the absence of net zero GHG emission targets or interim targets for investees and borrowers despite the world aiming for net-zero emissions by the year 2050. Accordingly, we set interim targets and 2050 net zero targets for our own emissions and those of investees and borrowers.

### FY2023 Initiatives

#### Recommendations from committee members

According to the IPCC's\* Sixth Assessment Report, climate change is worsening at an accelerating rate, and there is a need to accelerate and develop more advanced countermeasures. Unless action is taken at a stricter level than ever before, it will not be possible to halt the worsening of climate change.

\* Intergovernmental Panel on Climate Change

#### Response

The CO<sub>2</sub> emission reduction targets of the T&D Insurance Group were revised.

Subject	Before revision	After revision
Own emissions (Scope 1 and 2)	<ul style="list-style-type: none"> <li>• FY2025: 40% reduction (compared to FY2013)</li> <li>• FY2050: Net zero</li> </ul>	<ul style="list-style-type: none"> <li>• FY2025: 40% reduction (compared to FY2013)</li> <li>• <b>FY2030: 70% reduction (compared to FY2013)</b></li> <li>• <b>FY2040: Net zero</b></li> </ul>
Investees and borrowers (Scope 3, category 15)	<ul style="list-style-type: none"> <li>• FY2030: 40% reduction (compared to FY2020)</li> <li>• FY2050: Net zero</li> </ul>	<ul style="list-style-type: none"> <li>• <b>FY2030: 50% reduction (compared to FY2020)</b></li> <li>• FY2050: Net zero</li> </ul>

\*Scope: Stocks, bonds, and loans issued by domestic listed companies

## Support to small to medium enterprises

### Efforts to address the recommendations made up to FY2022

Committee members expressed the view that SMEs also need to ascertain global trends and respond accordingly, and that this will become one of the material issues to be addressed in

the future by the T&D Insurance Group, whose subsidiary Daido Life has access to SMEs, to support the industry. Daido Life has formulated a Sustainability Promoting Plan aiming to become a company that contributes to a society where the wellbeing of SME workers and their families is realized.

### FY2023 Initiatives

#### ■ Sustainability management

#### Recommendations from committee members

While global sustainability issues may appear to have little relevance from the perspective in the field, considering that the impact of climate change and other sustainability issues extend to the general public, they have become increasingly relevant to the management of SMEs. Considering how our customers of SMEs will be impacted by sustainability risks and what kinds of risks they are exposed to, and taking appropriate action in response, will broaden the scope of insurance and services in the future.

#### Response

Daido Life has published a Sustainability Management Implementation Guide to encourage the implementation of sustainability management at SMEs, and is pursuing initiatives to solve SME management and sustainability issues. Daido Life also provides a “place of learning” for SME workers, as a part of which it conducts SME Decarbonization Management seminars that explain the latest policy trends in decarbonization management that SMEs will be expected to address in the future, specific approaches to initiatives, the public support available to SMEs, and so on.

## Sustainability Advisory Committee

### ■ Addressing biodiversity

#### Recommendations from committee members

Financial institutions, companies and NGOs took the lead in advancing action on the preservation of biodiversity and in June 2021 established the Task Force on Nature-related Financial Disclosures (TNFD). In September 2023 the TNFD released its final recommendations. In the World Economic Forum's Global Risk Report, biodiversity loss has been identified as a significant risk, and companies are expected to respond in line with the TNFD framework and implement initiatives aimed at becoming nature positive.

#### Response

The T&D Insurance Group has also begun to take action in line with the TNFD framework. The Group participates as a TNFD Adopter, the framework for companies making disclosures based on the TNFD recommendations, and conducts analyses of the nature-related risks at investee and borrower companies as a responsible institutional investor. Based on recent analysis results, we will strengthen and

enhance our engagement with those investees and borrowers closely related to natural capital and biodiversity, contributing to the promotion of nature-positive initiatives through our investment and financing activities.

\* The analysis results are listed on page 38.

### ■ ESG investment

#### Recommendations from committee members

The roles to be played by financial institutions through investments and financing to realize a decarbonized society are wide-ranging, and developments related to sustainable finance have picked up speed. To help investee and borrower companies achieve net zero emissions, ESG investment needs to be further enhanced by delving into specifically how this goal should be tackled, and how the resultant impacts should be measured and disclosed.

#### Response

The T&D Insurance Group will consider the impact its past investment activities as an institutional investor have had

on the realization of a sustainable society, and engage in investments that take the environment, society and governance into account. In response to the committee's recommendations, in FY2023 we set areas of focus for ESG investments and financing in light of the Group's business characteristics, the thinking behind our Sustainability Statement and other factors. We aim to better contribute to solving social issues and will strengthen our investment, financing and engagement activities to this end. Moreover, to provide stakeholders with a deeper understanding of our stance and initiatives related to responsible investment, Taiyo Life and Daido Life each publish a responsible investment report, and quantitatively measure and disclose CO<sub>2</sub> emission reductions as part of the social impact of their investment and financing activities. Going forward, we will aim to improve the level of contributions our investment and financing activities make to sustainability issues, and further enhance our information disclosures and related activities.



Front page of the Taiyo Life Responsible Investment Report (Japanese)






Front Page of the Daido Life Responsible Investment Report (Japanese)

## Business Strategies (Life Insurance Business)

### Market Strategy Integrating Markets, Channels, and Products –Overview of Life Insurance Business–

The Group has three domestic life insurance companies under its umbrella: Taiyo Life, which specializes in the household market; Daido Life, which specializes in the SMEs market; and T&D Financial Life, which specializes in the independent insurance agent market. The Group's business model excels in that each of the three domestic life insurance companies specializes in a different market and brings its own uniqueness and expertise to the table.

Going forward, we will strengthen our business model and continue to build the top brand in each specialized market by providing optimal products and services that meet customer needs and through the transformation of our sales activities.

	Specialized market	Main channel	Main product	Basic policy
 <p><b>Taiyo Life</b> ⇒P.47</p>	Household market	In-house sales representatives	Comprehensive coverage (mainly third sector insurance such as medical and nursing care products)	<p><b>To be a company that supports healthy long lives of many customers</b></p> <ul style="list-style-type: none"> <li>• Development of products based on social values</li> <li>• Provision of service integrated products</li> </ul>
 <p><b>Daido Life</b> ⇒P.49</p>	SMEs market	In-house sales representatives/ Agents (tax accountants, etc.)	Term life insurance/ Disability benefit insurance, etc.	<p><b>To be a trusted partner for SMEs</b></p> <ul style="list-style-type: none"> <li>• Strong ties with tie-up organizations</li> <li>• Specialized channels in SME market</li> <li>• Support for SMEs in promoting health-oriented management and solving social issues</li> </ul>
 <p><b>T&amp;D Financial Life</b> ⇒P.51</p>	Independent insurance agent market	Independent insurance agents (financial institutions, insurance shop agents, etc.)	Asset building insurance products	<p><b>To increase presence in the independent insurance agents market</b></p> <ul style="list-style-type: none"> <li>• Solid network of agents including banks</li> <li>• Agile development of differentiated products</li> </ul>

# Life Insurance Business

## Household Market — Taiyo Life

### To be a company that supports healthy long lives of many customers

With the social environment changing at dizzying speed, Taiyo Life has overhauled the nature of its sales, including reviewing its business model. Going forward, the company will continue delivering peace of mind as a life insurance company that can adapt to the changing times by embracing DX. We also aim to provide the very best insurance products and services for the realization of a brighter, longer-living society where everyone can live healthy long lives, by implementing initiatives to support disease prevention and helping customers improve their health.



**Naoki Soejima**

Director of T&D Holdings (part-time)  
Representative Director and President of Taiyo Life Insurance Company

Joined Taiyo Life in 1981. Became Representative Director and President of Taiyo Life in April 2019 (current) and Director of T&D Holdings in June 2019 (current).

### Strategies

#### Business model transformation

Taiyo Life has drastically changed its business model in response to the changes in the social environment caused by the COVID-19 pandemic. Conventionally, in-house sales representatives visited households in the suburbs of branch offices in pairs to conduct face-to-face approaches. In addition to this, we are promoting a “hybrid-style sales” that integrates face-to-face and non-face-to-face sales by utilizing information obtained via promotions such as TV commercials and internet advertisements, such as *Sma-Hoken* (internet channel) and infomercials.

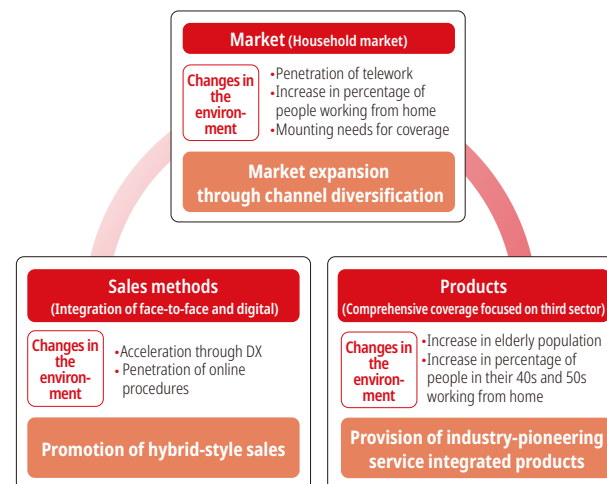
#### Provision of industry-pioneering new coverage

Taiyo Life is constantly taking up the challenge of providing new products and services to respond to social changes and

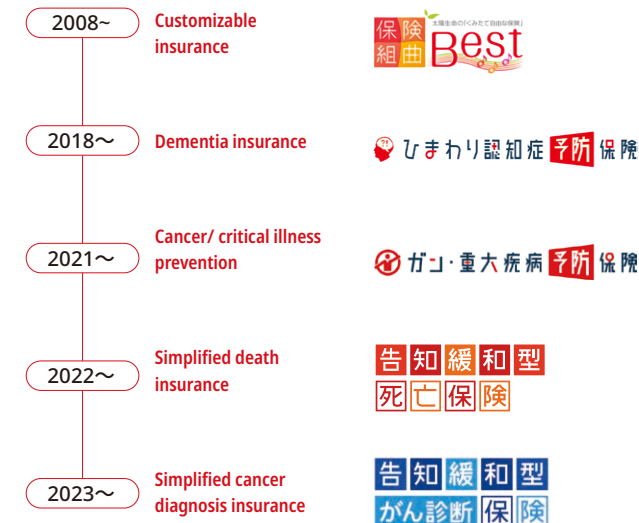
shifts in customer needs. To date, the company has unveiled many industry-pioneering products and services, such as *Hoken Kumikyoku Best*, a system that responds to diversifying customer needs by freely combining coverages, and *Himawari Dementia Prevention Insurance* to help people deal with dementia positively and live out their retirement years with peace of mind.

On the service front, we offer services such as *Kaketsuke-Tai* service, where in-house staff with expert knowledge help customers with benefit claim procedures directly, and dementia and disease prevention services such as *MCI Screening Plus* and *AminoIndex® Risk Screening*. Taiyo Life provides industry-pioneering coverage by proposing service integrated products to customers.

### Business model



### Development of products that are ahead of the curve



# Life Insurance Business

## Household Market — Taiyo Life

### Review and Future Outlook

#### Promotion of hybrid-style sales

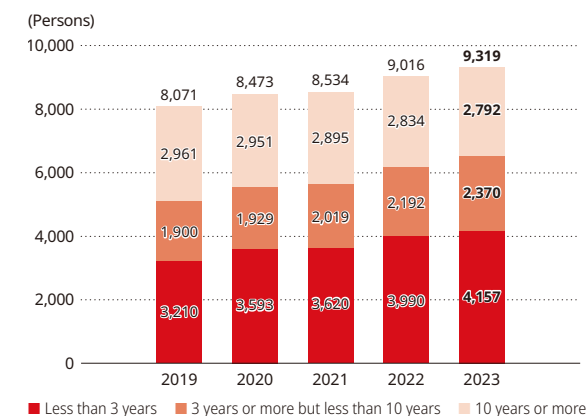
Taiyo Life is currently focusing its efforts on the promotion of hybrid-style sales. The company's approach of obtaining information directly via infomercials and *Sma-Hoken* (internet channel) and relaying this information to sales representatives, which then leads to new contracts is working well. Through marketing activities such as making efficient investment in advertising and periodically changing commercials, the company has increased the number of information shared with branches. The number of new contracts has also increased as a result of sales representative training in areas such as

making proposals to family members of existing policyholders. Going forward, Taiyo Life will continue increasing the quality and quantity of branch office-cooperated sales and increase the number of new contracts through an efficient and effective advertising strategy.

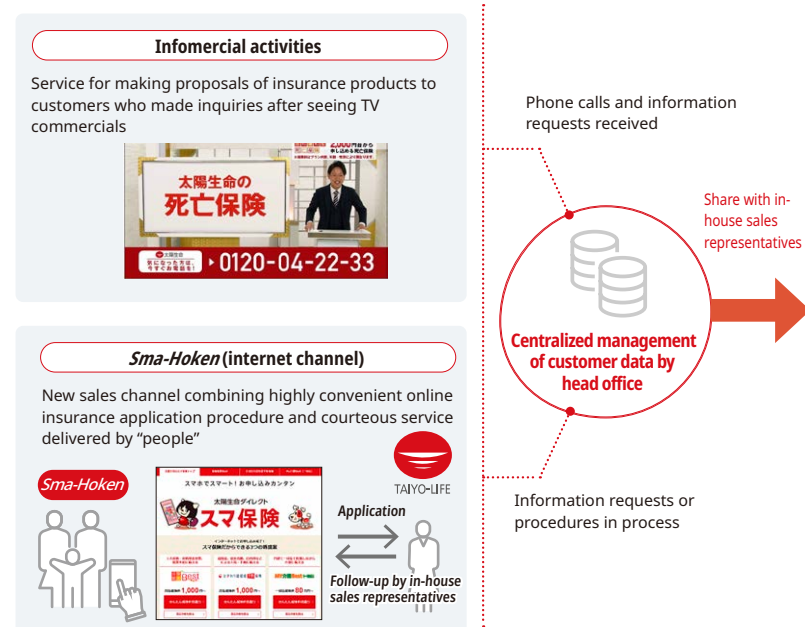
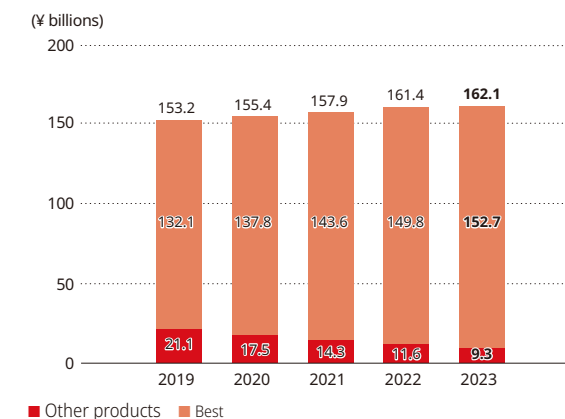
Hybrid-style sales has increased the productivity of sales representatives through the development of customer groups that activities via the conventional sales representative channel could not reach. The increase in productivity of sales representatives has led to a positive cycle in which the retention rate of sales representatives has also improved and the number of sales representative has increased. In FY2023, protection type annualized premiums of new policies reached the highest level since listing mainly due to strong sales of new products, although surrender and lapse increased temporarily due to the

reclassification of COVID-19 under the Infectious Disease Act. Going forward, the company will continue seeking to promote hybrid-style sales through direct information and diversify sales methods including remote sales, and by creating new customer contact points and striving for market expansion, we will increase business in force and expand underwriting profitability.

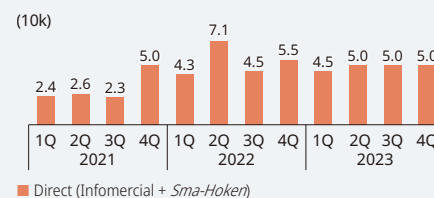
### Expansion in number of sales representatives



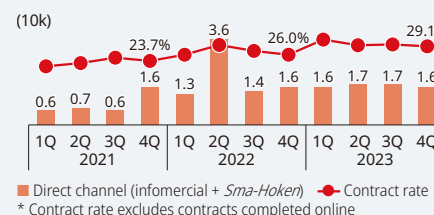
### Trend in ANP of protection-type policies in force



### Direct information: Trend in number of cases of direct information sharing



### Direct information: Trends in number of new contracts and contract rate\*



# Life Insurance Business

## SMEs Market — Daido Life

### “A Trusted Partner for SMEs” that delivers value beyond expectations

As the environment surrounding small and medium-sized enterprises (SMEs) changes and their needs diversify, Daido Life is working on evolving the provision of coverage to protect SMEs, as well as providing support for solving various issues faced by SMEs, accompanying them to solve their problems. By continuing to refine our products and services as a trusted partner for SMEs, we will further contribute to their business continuation, growth and development.



**Mutsurou Kitahara**  
Director of T&D Holdings (part-time)  
Representative Director and President of Daido Life

Joined Daido Life in 1982. Became Managing Executive Officer of T&D Holdings in 2015, Representative Director and President of Daido Life in April 2021 (current), and Director of T&D Holdings in June 2021 (current).

### Strategies

#### Unique business model

Daido Life is a life insurance company that specializes in the SMEs market. By building a unique business model that provides the coverage SMEs need for business continuity through SMEs-related organizations, it has built a win-win relationship for customers and tie-up organizations, establishing an efficient and solid marketing base.

Daido Life's strength lies in leveraging its expertise in calculating “standard coverage\*”, which it accumulated through the provision of business owner insurance for more than half a century, in order to make “total protection proposals” that deliver death coverage and disability benefit insurance as a set.

\* “Standard coverage” means the funds a business owner is likely to need in an emergency or if unable to work.

#### Need for business owner insurance

There are many cases in which SMEs rely on the reputation and technical capabilities of the business owners themselves for their viability. For this reason, continuation of the business sometimes becomes difficult in the case that the business owner dies or becomes unable to work due to a major illness or injury, etc. and there is pressure from business partners or financial institutions to review business terms and conditions or the payment of wages to employees becomes difficult. Risk control using life insurance is needed to ensure that the company and its employees and their families are protected even in such circumstances.

#### Unique business model



Market	SMEs market
Channel	Sales reps, Agents (CPTAs)
Product	Term life insurance, Disability benefit, etc.

Promotion of welfare systems  
[Sales reps/agents]

Corporate clients  
(customers)

#### Win-win relationships of business model

Corporate clients (customers)	<ul style="list-style-type: none"> <li>Recommendation from credible organizations and consulting tax accounts.</li> <li>Discounted premium rates for groups</li> </ul>
Tie up organizations	<ul style="list-style-type: none"> <li>Enhancement of trust relationships with member corporates and partners.</li> <li>Commission fees for agents.</li> </ul>
Daido Life	<ul style="list-style-type: none"> <li>Establishment of the effective and solid sales base.</li> </ul>

# Life Insurance Business

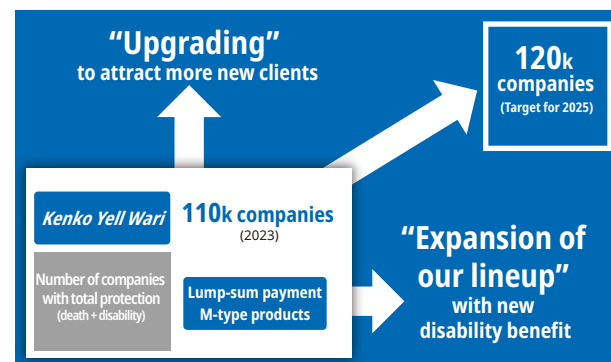
## SMEs Market — Daido Life

### Review and Future Outlook

#### Advancing the coverage provided

Total protection proposals based on standard coverage, which are Daido Life's strength, are steadily gaining traction, and the number of companies with total protection has expanded further to over 110,000.

In FY2023, from the viewpoint of further strengthening this total protection, Daido Life started selling lump-sum payment *M-type*, corporate medical insurance products to combat the risk of managers being temporarily absent as well as *Kenko Yell Wari*, a premium discount rider to make it easier for all business owners to get the cover they need regardless of their age. We will continue our efforts to expand our product lineup by developing new products and upgrade our offerings to encourage more people to enroll in our products.



### Evolution of sales channels

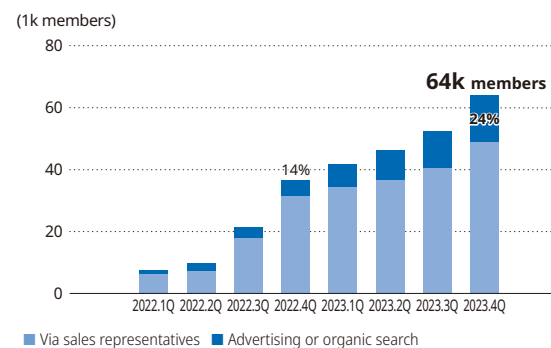
Daido Life is also working to develop new sales channels to protect as many companies as possible. Financial institution agents, which have excellent access to medium-sized enterprises, FP and inheritance consultants, which meet the inheritance and business succession needs of business owners, and channel mixing, which combines the strengths of in-house sales representatives and tax accountants, allow us to make proposals to companies with which we previously had no points of contact, and have been new growth drivers.

### Provision of value that goes beyond insurance

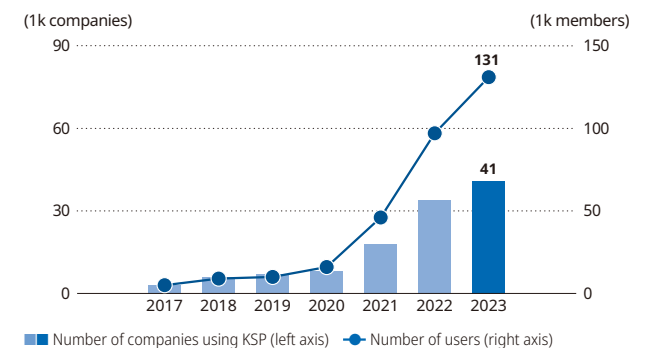
Through the provision of services that help SMEs resolve the social issues they face, Daido Life will increase companies to which Daido will newly contribute and create new markets as a result. The company's web community for business owners

*Dodai?* now has more than 60,000 members, and new customer groups we were unable to reach previously are steadily increasing. The number of companies using KENCO SUPPORT PROGRAM (KSP), Daido Life's unique program that supports health and productivity management, which is an important management issue for SMEs, has also exceeded 40,000, giving us more points of contact with SMEs and their employees.

Trend in number of *Dodai?* member



Trends in number of companies using KSP and number of users



## Life Insurance Business

### Independent Insurance Agent Market — T&D Financial Life

#### Aiming to be a company of choice by treating customers and partners with care

Through independent insurance agent channels, T&D Financial Life offers asset-building products that meet the needs of each individual customer. Driven by our management vision, we will continue to work on management that brings satisfaction to customers and establish a firm position in the independent insurance agent market. Furthermore, through improvement in human capital, promotion of DX and other initiatives, we will strengthen our business model and contribute to enhancing the Group's corporate value.



#### Kanaya Morinaka

Group Executive Officer of T&D Holdings  
Representative Director and President of T&D Financial Life








Joined Daido Life in 1984. Became Representative Director and Executive Vice President of T&D Holdings in June 2020, Representative Director and President of T&D Financial Life in June 2023 (current), and Group Executive Officer of T&D Holdings in April 2024 (current).

#### Strategies

##### Product lineup that meets diverse customer needs in the age of 100-year lives

T&D Financial Life expands sales primarily in the three product categories of yen-denominated fixed amount insurance, foreign currency denominated fixed amount insurance and variable insurance, based on customer-oriented business operations perspectives, to further strengthen its business model, which specializes in the independent insurance agent market.

As interest rises in self-help asset formation and health care in the age of 100-year lives, we are building a well-balanced product portfolio that will allow us to adapt to diverse customer needs and a volatile financial environment.

Category	Main product	Characteristics
Individual annuity	 	<ul style="list-style-type: none"> <li>Single premium individual annuity that meets various needs including nursing care and dementia coverage and utilization of overseas interest rates</li> </ul>
Foreign currency linked whole life insurance		<ul style="list-style-type: none"> <li>Single premium whole life insurance for taking advantage of overseas interest rates when setting aside money to spend and money to leave behind</li> </ul>
Variable insurance	   	<ul style="list-style-type: none"> <li>Meets the need for extension of asset life and asset succession and also addresses longevity risk through nursing care and dementia coverage</li> <li>Follow-up through AI financial forecasting service and function for leaving asset management to professionals</li> </ul>

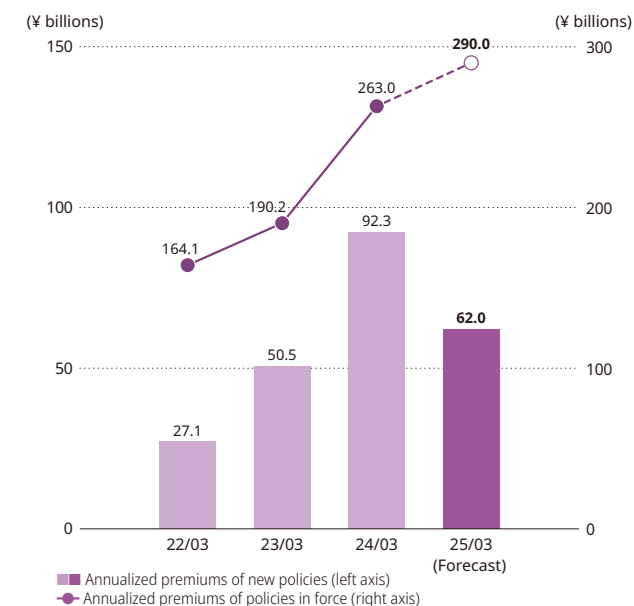
#### Review and Future Outlook

##### Strengthening business model through reinsurance utilization, improvement of human capital and promotion of DX

In FY2023, new policy sales results were strong due to active utilization of co-insurance and a well-balanced portfolio.

Going forward, through the improvement of human capital and the promotion of DX in addition to the utilization of reinsurance, we will flexibly develop products and services differentiated from those of our competitors, and we will further expand agencies and strengthen the support structure in a bid to expand market share, and strive for sustainable improvement in corporate value.

#### Annualized premiums of policies in force



## Closed Book Business

### T&D United Capital

#### REALIZING DREAMS TOGETHER

T&D United Capital is working to establish and strengthen its profit center function through strategic business investments in new growth business domains with high affinity to the life insurance business, with the aim of diversifying and optimizing the Group's business portfolio. Moving forward, we will continue to contribute to the enhancement of the Group's corporate value over the medium- to long-term by expanding Group earnings and pursuing synergies with the Group's core businesses.



**Tomoyasu Isobe**  
Senior Managing Executive Officer of T&D Holdings  
Representative Director and President of T&D United Capital

Joined Daido Life in 1987. Became Executive Officer and General Manager of Business Development Department of T&D Holdings in April 2015, Representative Director and President of T&D United Capital in June 2021 (current), and Senior Managing Executive Officer of T&D Holdings in April 2024 (current).

#### Strategies

##### Investment in growing sectors

T&D United Capital is working on closed book business\* as a growing sector through Fortitude, a specialized closed book insurance company, which is an equity-method affiliate.

Through its involvement in the closed book business, T&D United Capital is pursuing diversification of the Group's business portfolio and also leveraging the knowhow, knowledge and experience of the closed book business gained through collaboration with Fortitude and dispatching personnel to make new business investments in this sector and create sources of revenue in related sectors.

\* A type of insurance business that aims to generate profit by acquiring and consolidating the closed books (contracts for the retention of discontinued products (group)) of other insurance companies through mergers and acquisitions (M&A), reinsurance transactions, etc., and increasing the value of such closed books

#### Review and Future Outlook

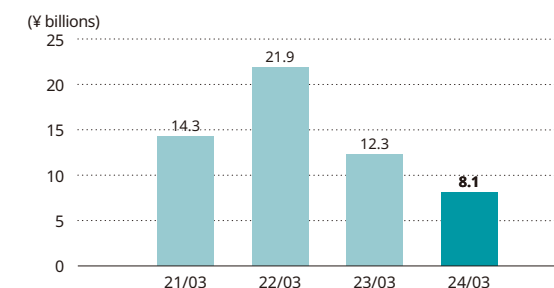
##### Expansion and deepening of the closed book business

Continued global growth is expected for the closed book market. Looking first at Fortitude's performance, Fortitude has significantly scaled up its business, with the closing of a large deal (reinsurance transaction) in 2023. Fortitude is also conducting closed book transactions with Japanese life insurance companies and, with closed book transactions expected to expand in Japan in the future, is gradually increasing its international presence. Turning next to our closed book business with other companies, our policy is to also pursue new investment opportunities, differentiating ourselves from Fortitude in terms of business model and geography. Furthermore, we established T&D Risk Solutions Co., Ltd., a reinsurance brokerage subsidiary, in 2023 to address the needs of the domestic closed book market, and we are also working on expanding and deepening the closed book business through the provision of optimal solutions that help resolve the issues faced by domestic insurance companies.

#### Track record of investments in Fortitude



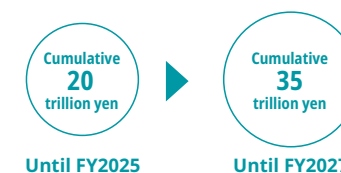
#### Closed book business profit (loss)



#### Projected adjusted profit contribution of closed book business



#### Domestic closed book transaction scale forecast



\* Source: Compiled by the Company/includes reinsurance (flow reinsurance) that transfers assets and liabilities for new business

# Asset Management Business

## T&D Asset Management

### We aim to be an asset management company that builds long-term trusting relationships with our clients and moves forward with them

With “Make a Difference” as our principle, T&D Asset Management strives to provide products and services that highly satisfy our customers by creating value in line with newly emerging needs. In the future, we will continue to contribute to the enhancement of the Group’s corporate value by expanding our contribution to the life insurance business through collaborative projects with Group life insurance and by expanding our asset management business to meet the needs of society.



#### Yoshihisa Tanaka

Group Executive Officer of T&D Holdings  
Representative Director and President of T&D Asset Management

Joined Taiyo Life in 1989. Became General Manager of the Group Planning Department of T&D Holdings in April 2014, Director and Managing Executive Officer of the company in June 2019, Representative Director and President of T&D Asset Management in June 2021 (current), and Group Executive Officer of T&D Holdings in April 2024 (current).

### Future Outlook

T&D Asset Management aims to contribute to the enhancement of the Group’s corporate value by contributing to the life insurance business through collaborative projects with the Group life insurance and by expanding our asset management business to meet the needs of society.

In FY2021, we started a cooperative Group effort to manage the alternative assets of the Group life insurance through TDAM. In FY2024, we extended the scope of cooperation with

Group life insurance from the alternative investment to the investment in domestic and foreign stocks.

In the asset management business for external clients, we aim to further strengthen our “strength sectors” through selected products and channels mainly by expanding private funds through stronger relationship with major securities companies and enhanced capability to form products.

### Group collaborative business

#### Contributing to sophistication of asset management across the Group

##### Strengthening profitability through cooperative investments with Group life insurance companies and sharing of know-how

- Started cooperative in alternative investment (from 2021)
- Started cooperative investment in traditional assets (domestic and foreign stocks, etc.) (from 2024)

##### Developing human resources for Group asset management

- Developing human resources for Group asset management through cooperative investment operations



Operating funds  
Front office personnel



Operating funds  
Front office personnel

#### Joint investment team (established at TDAM)

NEW!

Stocks

Foreign government bonds

Alternative assets (high liquidity)

Front office personnel (strategists, analysts, etc.)  
Trading, performance analysis and other asset management-related functions



T&D Asset Management

### External business

#### Further strengthen our “strength sectors” through the selection of products and channels

Expand private investment trusts through stronger relationship with major securities companies and by enhancing capability to form products.

Roll out publicly offered investment trusts mainly targeting OTC customers of securities companies.

# Non-life Insurance Business

## Pet & Family Insurance

### Providing peace of mind by protecting the health of pets, who are members of the family

Pet & Family Insurance aims to become a company that contributes to people and society through pet insurance. We are striving to improve our customer service by leveraging the knowledge we have accumulated in pet insurance business operations to date to provide the optimal insurance products that meet customers' needs. We will also serve as a starting point for expanding customer contact points and contribute to strengthening the Group's customer base.



**Junjiro Ishii**

Treated as Group Executive Officer of T&D Holdings, Inc. Pet & Family Insurance Co., Ltd. Representative Director and President

Joined Taiyo Life in 1991. Became Director and Executive Officer of Pet & Family Insurance Co., Ltd. in June 2020. Representative Director and President of the company in April (current) and is currently treated as Group Executive Officer of T&D Holdings, Inc.

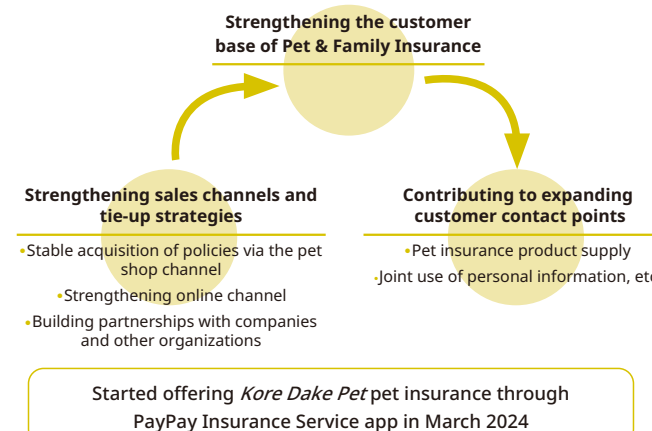
### Future Outlook

In the pet insurance industry, the rate of pet insurance enrollment in Japan is still low, at less than 20%, even though these days pets are recognized as members of the family and live together with the family throughout their lives, and despite ever growing interest among pet owners in insurance to cover pet health care and other expenses that are not covered by public health insurance. Pet & Family Insurance believes it has a social responsibility to meet the needs of pet owners for insurance to cover health care expenses through the promotion of pet insurance.

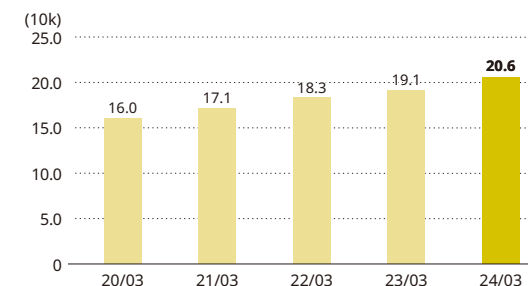
As such, we provide full coverage and simple and easy-to-understand insurance to enable pet owners and pets to receive treatment with peace of mind. In addition to generating stable earnings through the pet shop channel, we are strengthening the web channel through partnerships with external parties, such as starting to offer pet insurance through PayPay Insurance Service in March 2024, and we are working to expand our customer base and strengthen profitability. Also within the Group, we contribute to bolster product lineups by providing pet insurance products to Taiyo Life.

In October 2023, our policies in force topped 200,000. We will work to expand policies in force through the stable acquisition of new policies via the pet shop channel and further strengthening of the web channel. At the same time, we will embrace digital technologies to improve customer service and increase business efficiency, strengthening the management foundations with the aim of expanding earnings.

Pet & Family Insurance will also serve as a starting point for expanding the Group's customer contact points and will contribute to strengthening the Group's customer base through the supply of products and the joint use of personal data.



### Number of policies in force



## New Sector

### All Right

#### Developing new customer contact points and providing market-oriented products and services

In recent years, people's lifestyles have changed dramatically and needs have also become increasingly fragmented and diverse. However, it is sometimes difficult to meet such needs exactly with traditional life insurance and non-life insurance products.

By utilizing digital tools and collaborating with each of our partners, All Right aims to provide products and services that match people's lifestyles, hobbies and interests.



**Osamu Ikebata**

Group Executive Officer of T&D Holdings  
Representative Director and President of All Right

Joined Taiyo Life in 1991. Became General Manager of Group Planning Department of T&D Holdings, Representative Director and President of All Right (current) and Executive Officer of T&D Holdings in April 2023, and Group Executive Officer of T&D Holdings in April 2024 (current).

#### Future Outlook

With the declining birthrate, aging and shrinking population in Japan, the domestic market is becoming increasingly competitive, and a major issue is how to establish customer contact points in the future. There is also a need to carefully meet the increasingly fragmented and diverse needs of customers.

In light of such challenges, All Right was established in September 2022 with the aim of creating new customer contact points and providing market-oriented products and services through the use of digital tools and collaboration with partner companies.

In July 2023, we began collaborating with health promotion

and health-care-related companies to provide an official "Peer-Conne" LINE account to support customers of their partners. The number of this account's LINE friends has now grown to around 88,000 (as of July 2024).

In July 2024, we provided a mutual insurance product mainly targeted at users of the *Calomeal*/health management app linked with "Peer-Conne" (offered in June 2024) and also provided the nutrient search app *Lookmeal*, which encourages health management and a healthy diet.

Moving forward, we will continue to use digital tools to expand customer contact points and to develop and offer new insurance products and services.

#### All Right's management strategy

1st stage	2nd stage	3rd stage
Develop new customer contact points through "Peer-Conne"	Provide original products and services	Further expand customer contact points and partner companies
Form partnerships with companies and organizations, and draw their customers to "Peer-Conne" to expand the number of "Peer-Conne" users	Develop and provide original products and services that match the needs of "Peer-Conne" users	Develop and provide original products and services from an embedded perspective or a solving social issues perspective
Expand the number of LINE friends	Improve the added value of "Peer-Conne" Expand active users Expand customer contact points without partners	Expand the "plane" of customer contact points Lay foundations for monetization

#### Potential partnerships for "Peer-Conne"



## Closed Book Business Dialogue

# Engagement in Closed Book Business, and Creation of Synergy through Collaboration between Fortitude Re and T&D

In this dialogue on the closed book business, which is positioned as a growth business by T&D Insurance Group, we had participants from both Fortitude Re and T&D talk across a wide range of themes, including Fortitude Re's strengths, collaboration between the two companies, and hopes for the future.

### Closed book business as a growth business

**Kasahara:** T&D Insurance Group's engagement in the closed book business was triggered by our focus on closed books as potential investment opportunities, at a time when we were aiming to secure our next source of earnings after the domestic insurance business and exploring new growth markets. Back when our market research began, the closed book business was not widely recognized in Japan; however, we identified the strategic value of the business for the Group and, after several years of research and consideration, decided to invest in Fortitude Re in 2019. The rationale underlying the decision was that while leveraging our strengths such as our long-standing experience, extensive knowhow and stable business base, we expected the closed book business to bring advantages like high growth potential, business portfolio diversification and business risk diversification.

**Sugimura:** I would say that Fortitude Re has thus far increased the scale of its closed book business through consolidation and achieved steady growth. Fortitude Re is also further expanding in Asia given the growth potential of the Asian market, especially Japan. In addition to being one of the world's largest insurance markets, Japan is also expecting the introduction of new economic value-based solvency regulations in fiscal 2025 and has seen an increasing number of closed book deals. Fortitude Re is very interested in Japan as a market with future growth potential.

Tetsuzo Morimoto

T&D United Capital North America,  
Executive Vice President, Corporate  
Development (Actuary, Original company:  
Daido Life, currently on secondment to Fortitude Re)

tetsu.morimoto

Yuta Sugimura

T&D United Capital North America,  
Vice President, Corporate  
Development (Actuary, Original  
Company: Taiyo Life)

Yuta Sugimura

Yoshihiro Kasahara

T&D United Capital North America,  
Executive Vice President, Corporate  
Development (Original company:  
Daido Life)

Yoshi (Yoshihiro Kasahara)

Takeo Oshima

Fortitude Re (Fortitude International  
Reinsurance Ltd.), Vice President,  
Corporate Development (Actuary)

takeo.oshima

## Closed Book Business Dialogue

**Oshima:** Taking advantage of the strong relationship with T&D Insurance Group, Fortitude Re has a competitive edge in Japan in terms of industry networks and experience in the market. In the closed book business, it is important to target markets that have an accumulation of policy reserves. Aside from the U.S., Japan has the largest amount of policy reserves in the world, which provides a large and diverse set of liabilities and thus a greater opportunity set than other markets. On top of that, compared with other countries, Japan is a relatively untapped market when it comes to reinsurance. For example, reinsurance covers 30-40% of life insurance in the U.S. and around half in Australia, while the percentage of reserves ceded in Japan is in the high single digits at most except for single premium products. It's fair to say the country has a market with considerable potential, given the market is largely untapped with such enormous in-force reserves.

### | Fortitude Re's strengths

**Kasahara:** I think that with its origin in American International Group (AIG), Fortitude Re leverages extensive experience and deep knowledge to offer optimal solutions tailored to the needs of client insurance companies and the nature of liabilities. Strong support and cooperation from various business partners, including leading global alternative investment firm Carlyle, also back up the business. T&D, of course, is one of those partners.

For instance, closed book business earns excess returns through long-term asset management matching the nature of liabilities, as a major source of earnings. In this regard, asset management capabilities in so-called alternative investments which are different from traditional asset classes such as listed stocks and bonds are important and thus the presence of Carlyle, a major global player in the alternative assets industry, is a huge plus for Fortitude Re. T&D also intends to be more than a capital provider, serving as a long-term strategic partner that can provide input in the form of knowledge and experience related to the Japanese market in particular, and we believe this will also help strengthen Fortitude Re.

**Morimoto:** Speaking as a secondee to Fortitude Re, as Kasahara-san just said, one of Fortitude Re's biggest strengths is its strong partnerships with Carlyle and T&D. I think we can pretty much assume that the long-term capital participation and long-term stable support of an investor, especially one that properly understands the investment business like T&D, are hugely reassuring for the reinvestment business. In terms of asset management, thanks to its partnership with Carlyle, Fortitude Re also has advantages when it comes to sourcing high quality alternative assets. I expect that Fortitude Re's partnership with T&D will be advantageous for Fortitude Re's expansion into the Japanese market in terms of the vast knowledge about Japan's life insurance market that T&D has accumulated over many years, the culture unique to Japanese life insurers, and the provision of the perspective of the ceding company (the reinsured).

**Oshima:** I'd like to make two points. Fortitude Re is not just a life insurer. It's a multi-line reinsurer that is also involved in non-life insurance. It has the advantage of being able to mitigate risks through diversification between life and non-life insurance, thereby improving its capital efficiency. Another strength lies in its corporate culture which can, in a sense, be described as conservative. Fortitude Re is a company with discipline. It has the determination to maintain business stability over a longer time horizon than 5 or 10 years, and it conducts business with the discipline required to do this. For that reason, I believe it is a company we can safely have deal with our clients, the life insurers who conduct long-term business.

**Kasahara:** While achieving diversification between life insurance and non-life insurance, Fortitude Re has also diversified its liabilities within the life insurance and annuity business, and this is also a strength. I know Fortitude Re has also enhanced diversification within the life insurance business through products with different characteristics.

**Oshima:** There's no doubt that receiving insurance ceded from T&D insurance Group is a huge advantage for Fortitude Re. The fact that Fortitude Re is going to be able to handle reinsurance in Japan's life insurance market has been conveyed to market participants and I think this will help gain the trust of clients, providing Fortitude Re with the strongest possible foundations. At the same time, Fortitude Re values its partnership with T&D in Japan and since there will also be areas where T&D is competing with cedents, Fortitude Re pays utmost attention to the presence of information barriers and

## Closed Book Business Dialogue

the management of confidential information to build trust.

**Morimoto:** I think T&D is a pioneering presence among Japanese life insurers in the sense that it has strategically invested in a reinsurer. The reinsurance business involves large sums of money and long-term peace of mind is very important, but I have the feeling that the market sees Fortitude Re as a safe, reliable company.

### Collaboration with Fortitude Re and demonstration of synergy

**Sugimura:** Our collaboration with Fortitude Re began in 2020 but T&D began conducting market research into the closed book business and considering investment opportunities from around 2016. Later, in 2019, we decided to partner with Carlyle to obtain an ownership interest in Fortitude Re and we initially participated as a strategic investor. Apparently, the fact that Daido Life had a strong relationship with AIG and Carlyle to begin with was also an underlying factor.

**Morimoto:** As Sugimura-san mentioned, Daido Life had a long-standing relationship with Carlyle dating back to the start of Carlyle's private equity business in Japan and had also partnered with AIG for many years in Japan's corporate insurance market. I think the collaboration began because we had shared values and trusted each other.

**Kasahara:** Fortitude Re is the keystone in T&D's closed book business. Given the importance of this business, we established T&D United Capital North America Inc. (TDUCNA) as a local subsidiary to support Fortitude Re's business management and growth. Day in day out, TDUCNA cooperates closely with stakeholders on the ground in the U.S. and, especially where Fortitude Re is concerned, has substantive regular and frequent interactions with senior management. I have acted as liaison for asset management since 2023 and, in this role, I communicate closely with the investment team led by the CIO. Over the past year, I have visited Fortitude Re's offices regularly and routinely held face-to-face discussions with the investment team on matters such as the market environment.

**Sugimura:** My main responsibility is to regularly engage with Fortitude Re and communicate the business performance, capital outlook, actuarial operations and other information on the status of the company to the members of T&D's Tokyo team.

**Morimoto:** I am involved in Fortitude Re's business expansion in Japan. I think that assessing the cash flow characteristics of insurance liabilities is important in this context. I believe I'm making a significant contribution by sharing with Fortitude Re the knowledge that I have accumulated in T&D about insurance liabilities that is unique to Japan. By giving convincing explanations based on my experience of insurance product development and the valuation of insurance liabilities in Japan, appropriate valuations will be reflected in pricing, which I think will also lead to competitive advantage.

**Oshima:** I would just like to expand on Morimoto-san's comment. For non-Japanese, Japan's life insurance market is probably one of the most unapproachable markets. This is largely due to the language barrier. Most countries with a well-developed life insurance industry do business in English. Europe and Japan aside, the only other countries where life insurance is offered in the mother tongue are China and Korea. Most supervisory regulations and insurance contracts are also written only in Japanese. Fortitude Re needs a facilitator in order to do business in Japan and I believe that T&D is hugely significant in this regard. Furthermore, T&D's network in Japan's insurance industry is a massive plus. Fortitude Re will get introduced to more and more partners capable of offering added value. It's all very encouraging.

### Knowhow gained by T&D through the collaboration

**Sugimura:** Perhaps the biggest gain is Fortitude Re's knowledge of the closed book business. Companies in Japan's domestic life insurance sector tend to be aware of Japanese regulations only but there is also a need to absorb the regulations and laws of other countries such as Bermuda and the U.S. I recognize that T&D has experienced multiple reinsurance transactions in its domestic life insurance businesses and as a whole has accumulated some knowledge of reinsurance.

## Closed Book Business Dialogue

**Kasahara:** As a reinsurance company, Fortitude Re focuses on asset management suited to the characteristics of liabilities and has expertise in economic value-based ALM. It also clearly sets out the risks that should be taken and those that shouldn't, for example, while avoiding risks such as interest rate risk and foreign currency risk that do not promise returns commensurate with risk, it sees credit risk and illiquidity premium as a source of revenue. There is much for Japanese insurers to learn from such asset management, for example, asset classes they are unfamiliar with and techniques they have little experience of and so we have gained all sorts of knowledge by closely watching Fortitude Re's approach. I think T&D could apply such knowledge to asset management in its domestic life insurance business, given the introduction of the new economic value-based regulations in Japan.

**Morimoto:** I get a strong sense that the risk appetite has been clearly established through Fortitude Re's day-to-day business operations and employees have properly taken this on board and are working in a disciplined manner. I think Fortitude Re is a company with clear principles and is a great place to work.

### Challenges for further strengthening the closed book business

**Oshima:** While Fortitude Re has made much progress strengthening the asset management side and has broader preferences in terms of reinsurance and insurance risks, we continue to refine and expand. Firstly, we would like to further strengthen the asset management side through assets denominated in other currencies beside U.S. dollars, for example, Japanese yen, Korean won and Australian dollars. We would also like to see a broader range of durations as there can be advantages and disadvantages in investments depending on duration. Secondly, we would like to continue moving beyond asset management to become a company that can take on diverse insurance risks, focusing on high-quality insurance risks such as mortality risk. We want to continue to set ourselves apart from our competitors by further strengthening the asset management side and inward reinsurance of insurance risks.

**Sugimura:** In terms of strengthening strategic investment in T&D's closed book business, I guess that human resources are an important point. The Group needs to develop human resources with wide-ranging expertise-not only strategic investment experts, asset managers and actuaries but also experts in risk and legal affairs. I think that continuously securing human resources with high levels of expertise, including recruiting them from outside the Group, is extremely important for strengthening investment.

**Kasahara:** As Oshima-san said, managing assets denominated in Japanese yen is an issue to be addressed in order to accelerate expansion in Japan. Yen denominated assets naturally account for a large share of assets under management in T&D's domestic group insurer and I think there is also perhaps a way we can contribute by using our position as a Japanese investor and cooperating with asset management in Japan. In order to further develop the closed book business, relationships with stakeholders including Fortitude Re will need to be strengthened. I am aware that TDUCNA, our U.S. subsidiary, is key to the smooth communication required to build stronger relationships and will play a crucial role.

**Morimoto:** Looking at developments in the U.S. and Europe, which are mature closed-book markets, there seems to be a tendency to start with simple insurance liabilities and to gradually move on to more complex insurance liabilities involving the insurance risks most reinsurers tend to avoid. I think the question of how to underwrite such types of insurance liabilities, which are likely to crop up in the Japanese market as well, will be the key to future business expansion. Like Oshima-san, I feel that one of Fortitude Re's biggest strengths lies in the fact that it has succeeded in recruiting human resources with extremely high levels of expertise in the assessment of Japan's insurance liabilities and insurance risk, which is important not only in Japan but also in other Asian countries.