

Management Strategy of Dai-ichi Frontier Life

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President,
The Dai-ichi Frontier Life Insurance Co., Ltd.



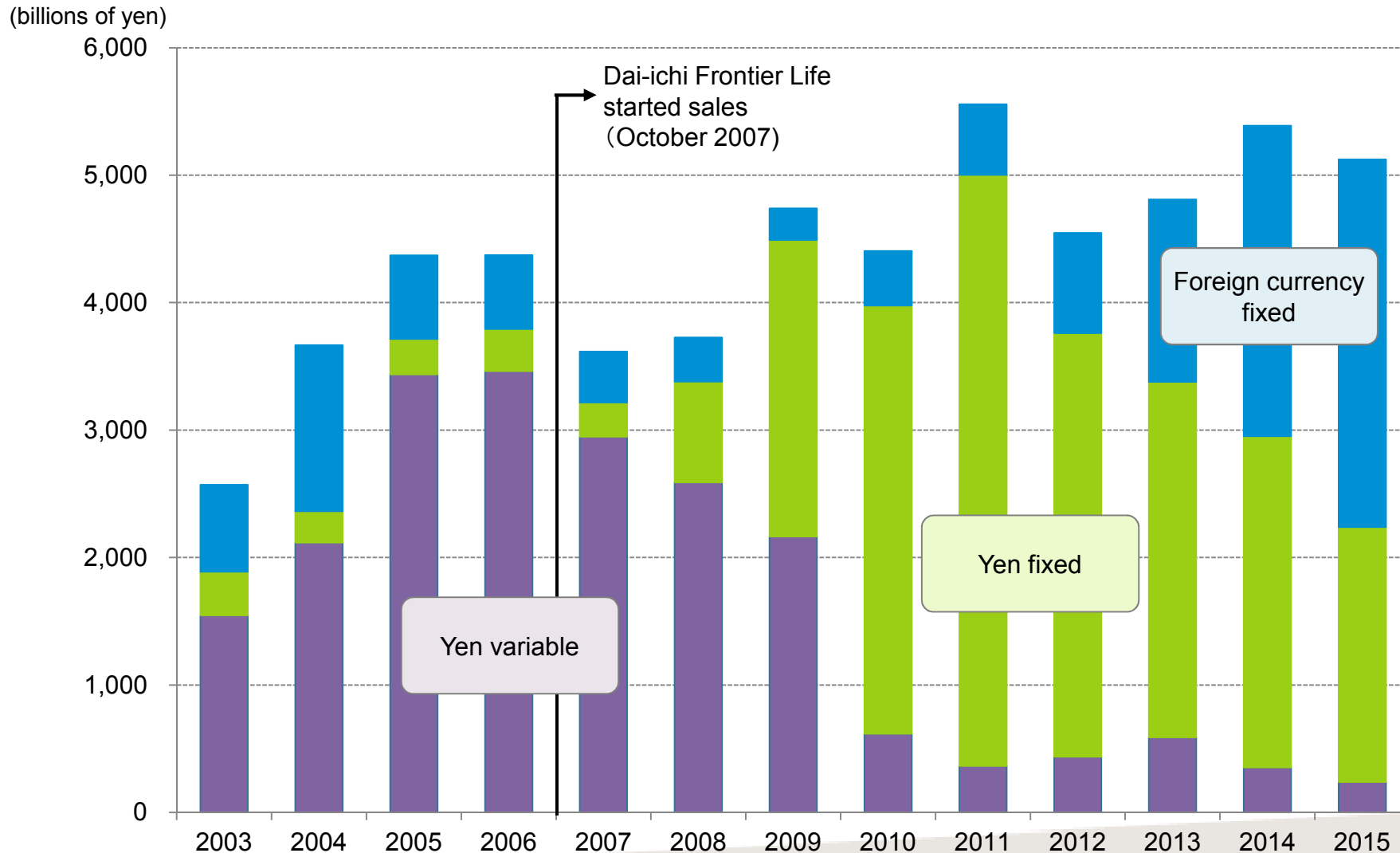
The Dai-ichi Frontier Life Insurance Co., Ltd.

Bancassurance Market



The Dai-ichi Frontier Life Insurance Co., Ltd.

Sale of Insurance Products by Type (Savings-Type, Single Premium)

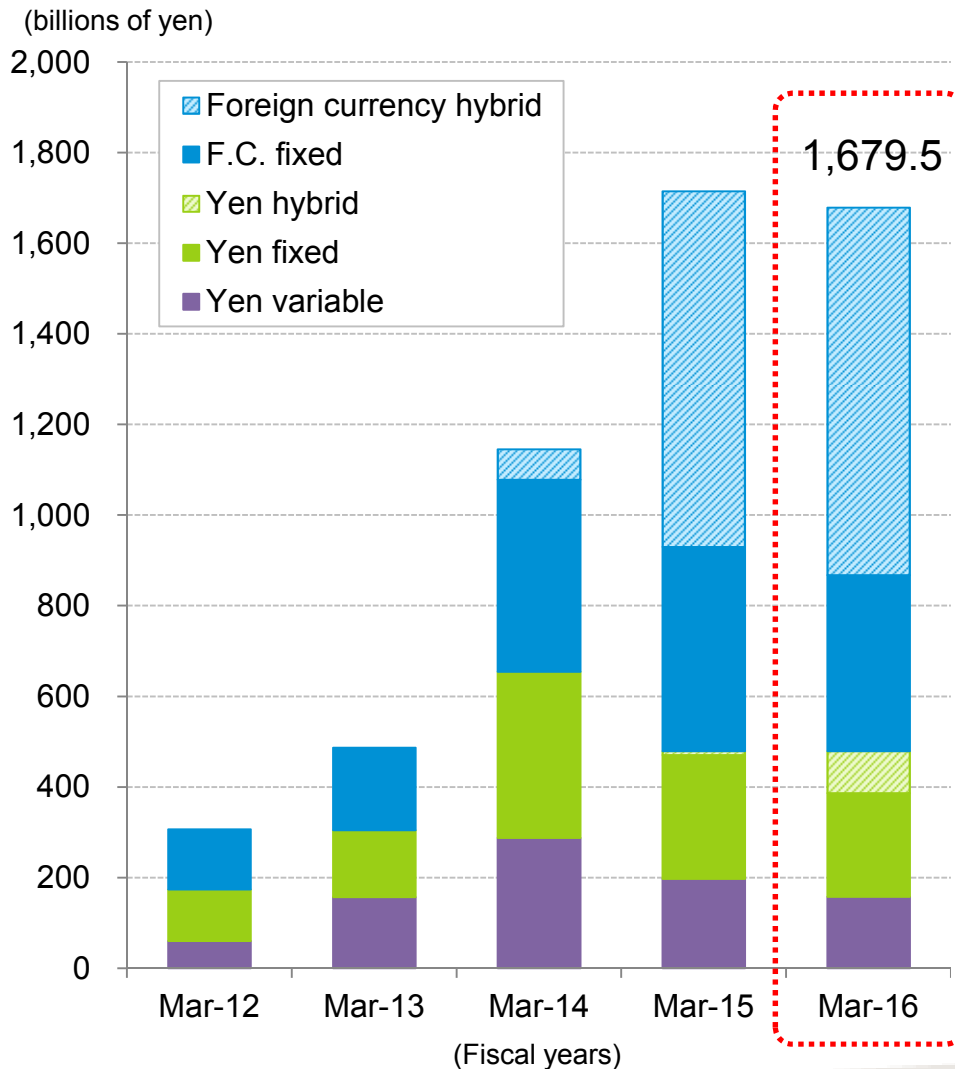


Sales of DFL

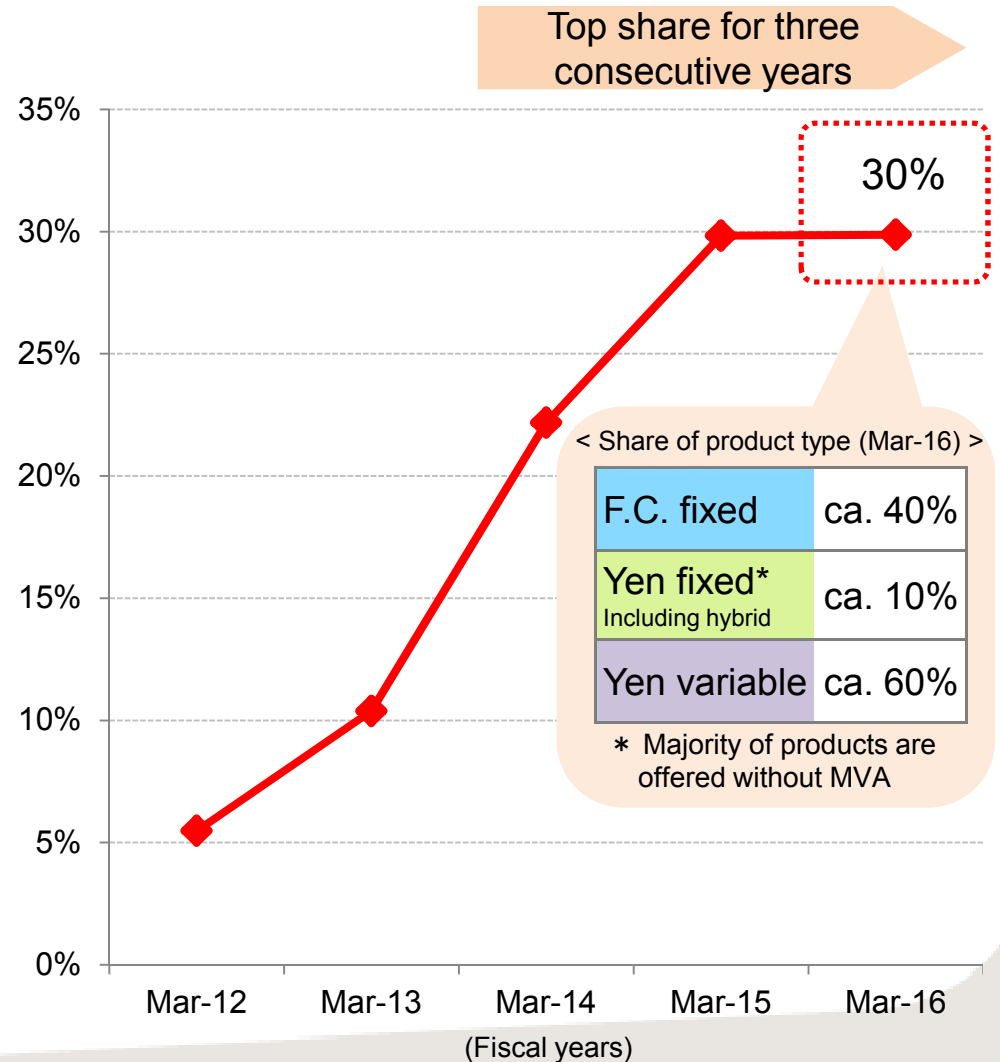


The Dai-ichi Frontier Life Insurance Co., Ltd.

Sales Trend



Market Share



Number of Policies In-Force

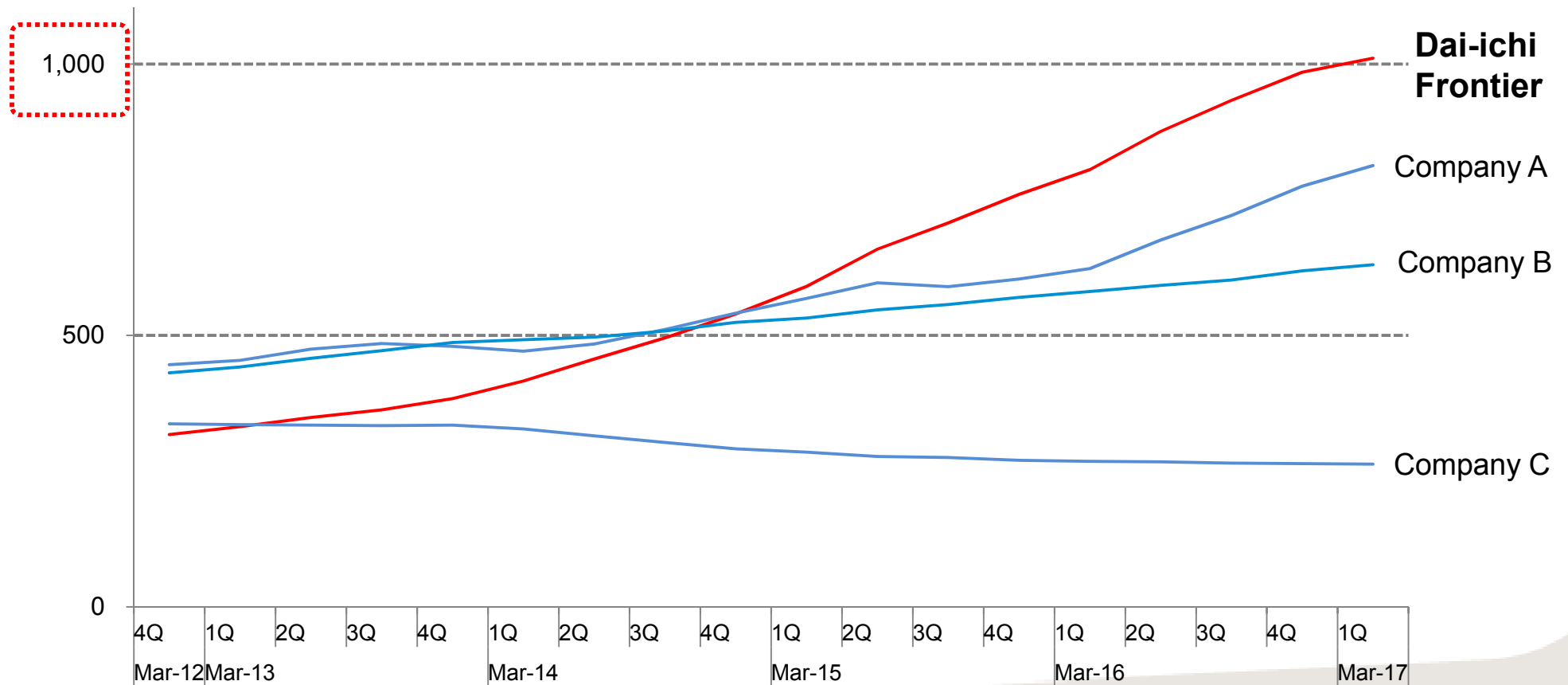


The Dai-ichi Frontier Life Insurance Co., Ltd.

- ◆ Number of policies in-force exceeded one million by June 2016, making DFL the largest in the bancassurance market

Number of Policies In-Force (Among Bancassurance Life)

(thousands)



(Source) Companies results announcements














Product Line-up



The Dai-ichi Frontier Life Insurance Co., Ltd.

- ◆ Industry-leading line-up of 13 products
- ◆ Balanced portfolio of products for flexible sales under changing environment

As of September 2016

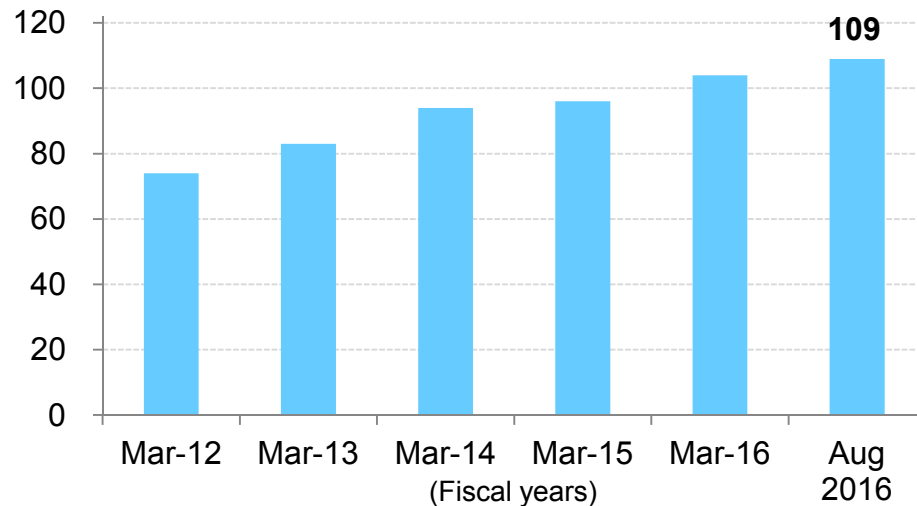
	Fixed		Variable	
	Yen	Foreign currency	Yen	Foreign currency
Annuity	 <p>“Premier Happiness”</p>	 <p>“Premier Story”</p>  <p>“Premier Currency Plus”</p>	 <p>“Premier Pocket”</p>  <p>“Premier Step Global 2”</p>  <p>“Premier Touch 3”</p>	 <p>“Premier Jump 2”</p> <p>Hybrid type</p>
Whole life	 <p>“Premier Receive”</p>  <p>“Premier Gift”</p>	 <p>“Premier Receive”</p>  <p>“Premier Gift”</p>	 <p>“Premier Jump 2”</p> <p>Hybrid type</p>	 <p>“Premier Jump 2”</p> <p>Hybrid type</p>

Development of Channel Partners

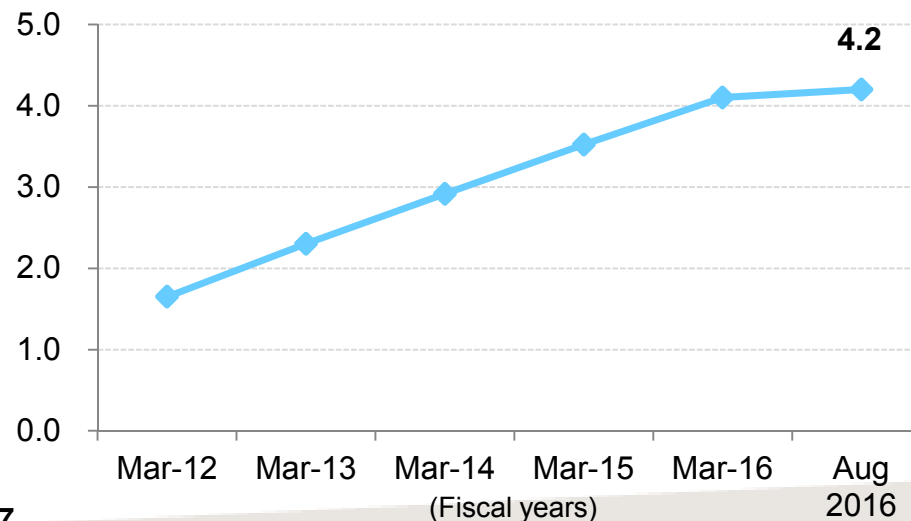


The Dai-ichi Frontier Life Insurance Co., Ltd.

Number of Channel Partners



Products Commissioned per Channels



Differentiate with Support

- Revision of Insurance Business Act
 - Support for introduction of new business process at channel partners
 - Flawless introduction before May 29 introduction
- Enhance Training Program for Channel Partners
 - Increased line-up of training programs
 - Trainers share training know-how

< Reference: Training Program Process Tree >

FY Mar-16 more than 300 classes to 6,500 trainees

	Beginner	Intermediate	Advance	Manager
Sales skill	Sales communication training			
	Training in improving presentation skills (service) (instructors)			
	Sales communication training			
Knowledge	various trainings such as public pension, consulting, or taxation		Lectures such as finance, economics, market forecast	
Management	Management communication training			
	Presence management training			

Process & Underwriting Quality



The Dai-ichi Frontier Life Insurance Co., Ltd.

- ◆ Lowest claim ratio among bancassurance providers, high-quality process

Claim Ratios (FY 2014)		Of which claims related to sales, maintenance and payment
Dai-ichi Frontier Life	0.27%	0.20%
Company A	0.40%	0.35%
Company B	0.43%	0.32%
Company C	0.69%	0.51%
Company D	1.53%	1.44%
Company E	1.64%	1.48%

■ Claim ratios:
 Claims received during the year ÷ (number of policies in force at the beginning of the fiscal year + new policies written during the year)

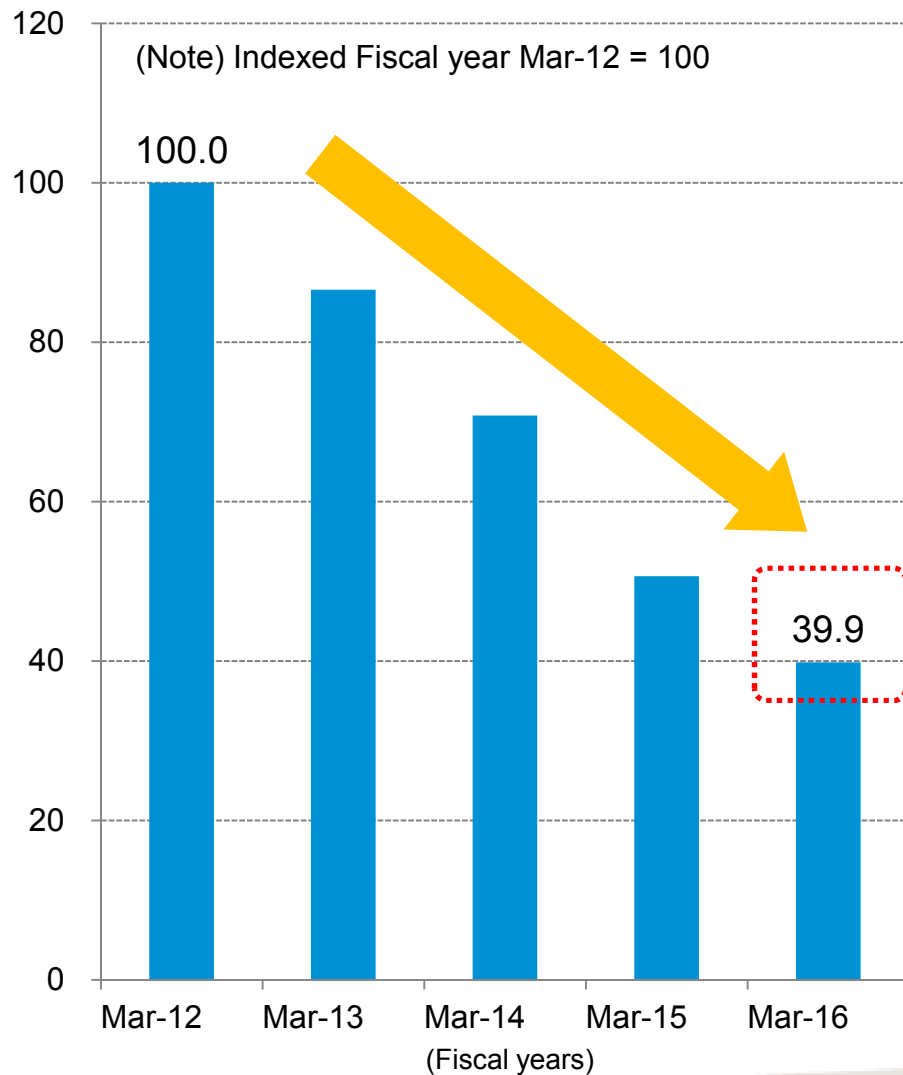
(Source) Dai-ichi Frontier estimate based on companies disclosure

Productivity & Efficiency



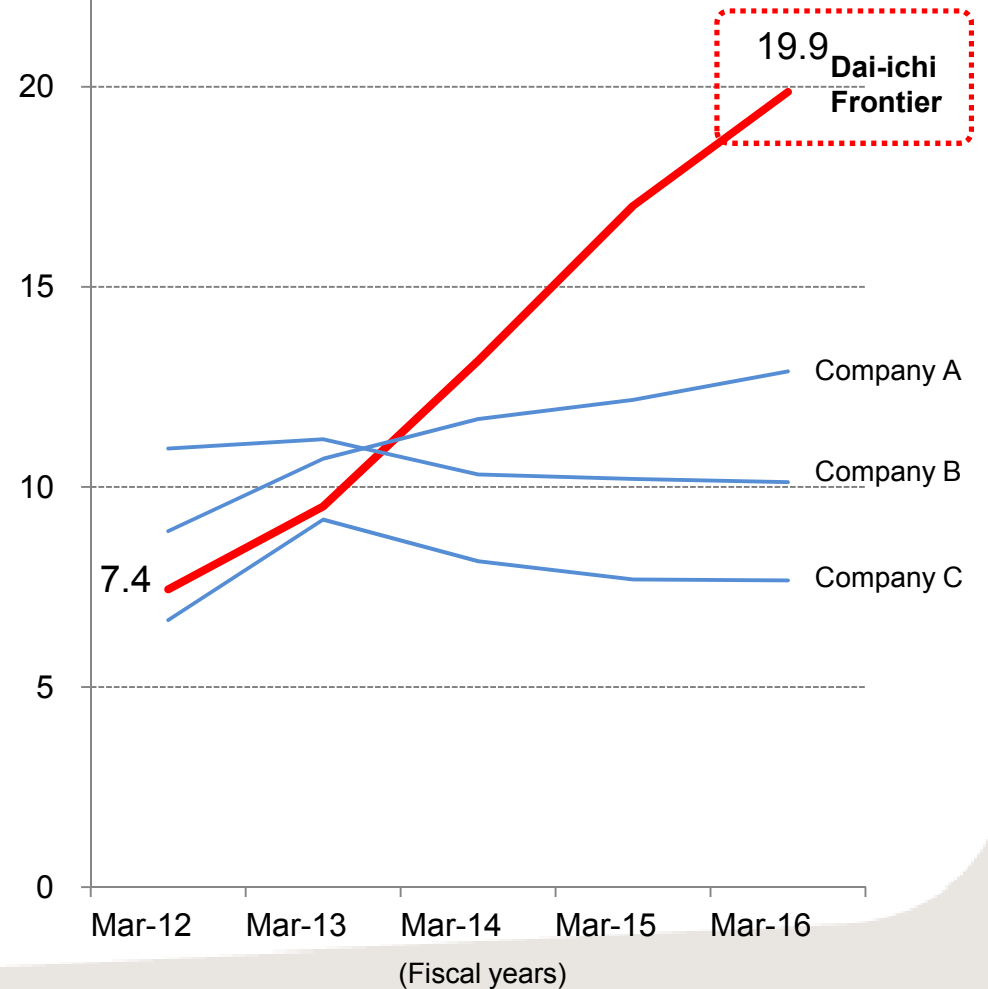
The Dai-ichi Frontier Life Insurance Co., Ltd.

Maintenance Cost per Policy in-force



Policy in-force per Employee

(billions of yen)

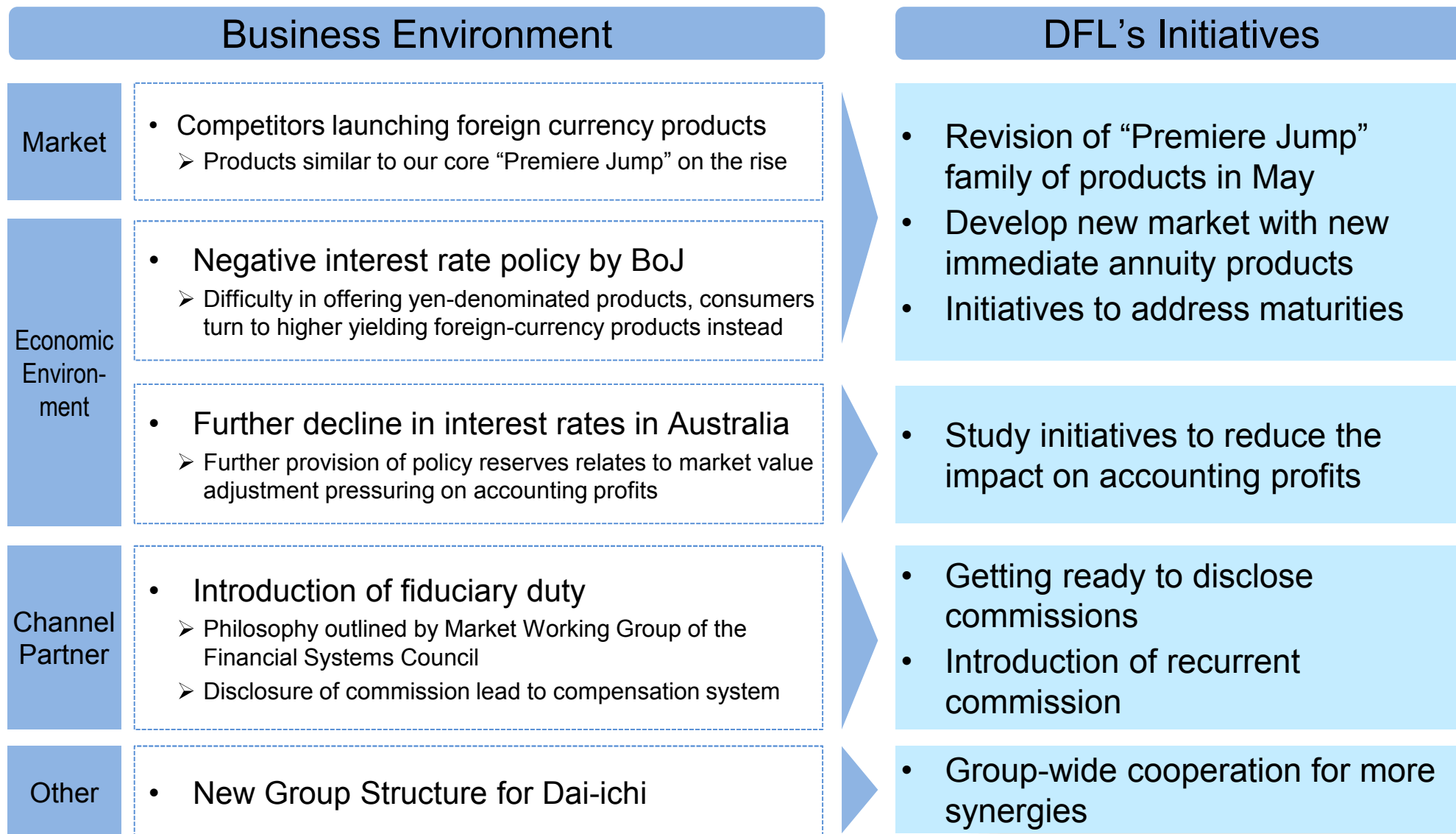


(Source) Dai-ichi Frontier estimate based on companies disclosure

Challenges and Initiatives



The Dai-ichi Frontier Life Insurance Co., Ltd.

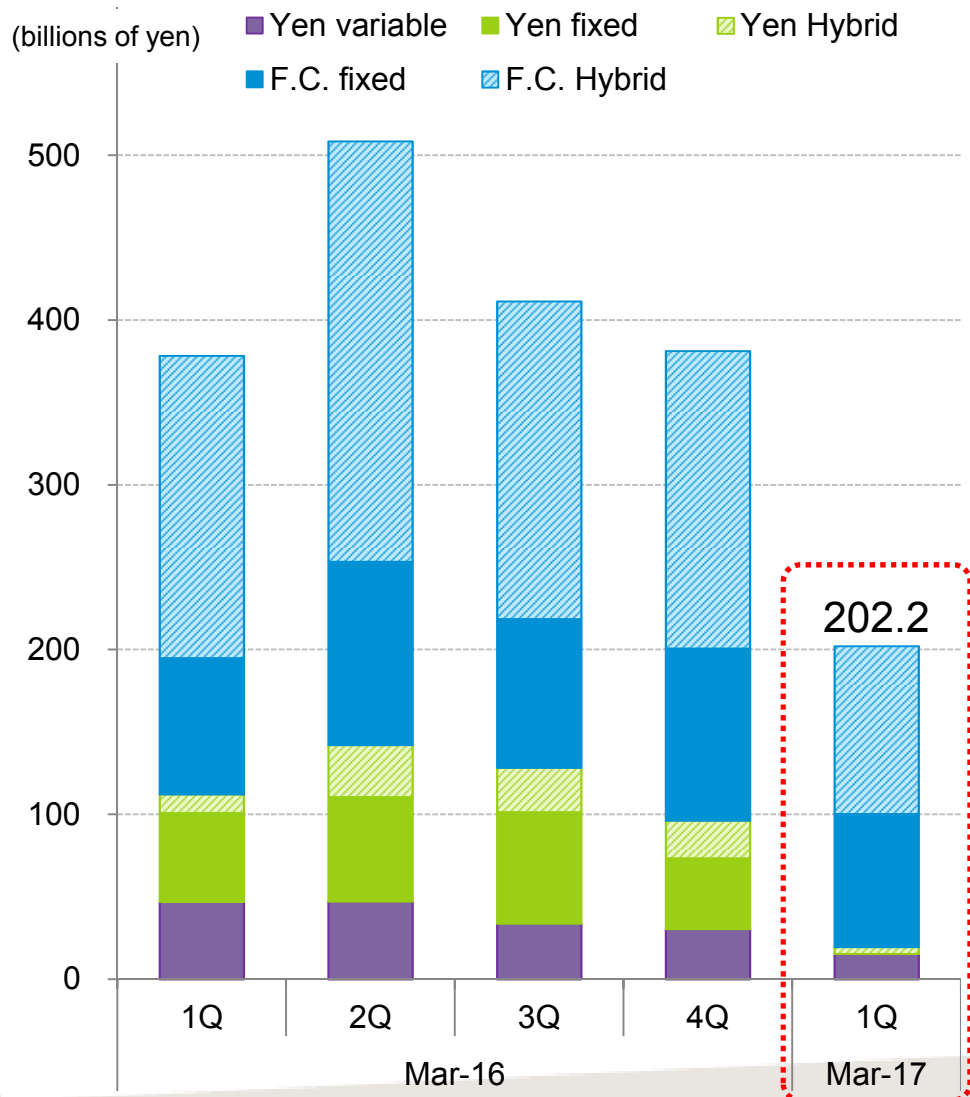


Sales of DFL (continued)



The Dai-ichi Frontier Life Insurance Co., Ltd.

Sales Trend (Quarterly)



Market for Fiscal Year ending Mar-17

Foreign currency fixed

- Increasingly competitive
- Sale of hybrid products slowed as risk-averse customers shied away in volatile market
- Favorable sales of fixed products continue

Yen fixed

- Stopped sale of part of fixed products in light of negative interest rates

Yen variable

- Sales slowed as more customers prefer risk averse products in volatile markets

Sales also slowed as channel partners reviewed their marketing procedures in light of the enhanced fiduciary duty introduced by the revised Insurance Business Act ^(note)

(Note) Effective on May 29, the Act makes it mandatory to observe customers' intentions and to distribute sales literature before the signing. The Act also regulates sales through comparison.

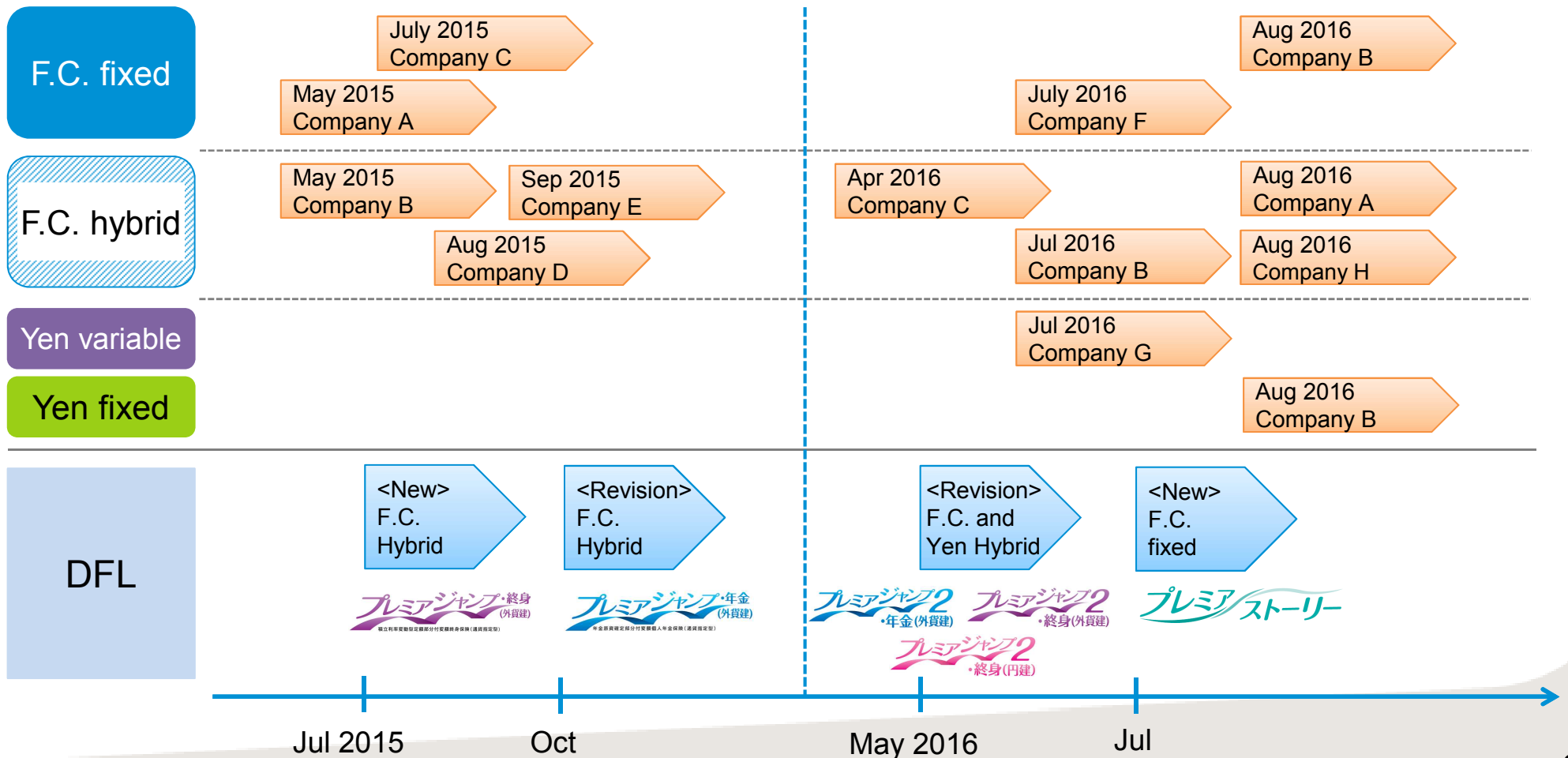
Increased Competition



The Dai-ichi Frontier Life Insurance Co., Ltd.

- ◆ Our peers launched mainly foreign currency products and thus tightened the competition
- ◆ DFL reacted with new products and revisions to address customer demand

New Product Launches by Major Life Insurance Competitors



Maintaining Competitiveness



The Dai-ichi Frontier Life Insurance Co., Ltd.

① Introduction of new products

Details of New Products

- Foreign currency fixed immediate annuity on July 21
 - Answers immediate cash needs
 - Less competitive segment

<Description of the Product Scheme (from sales literature) >

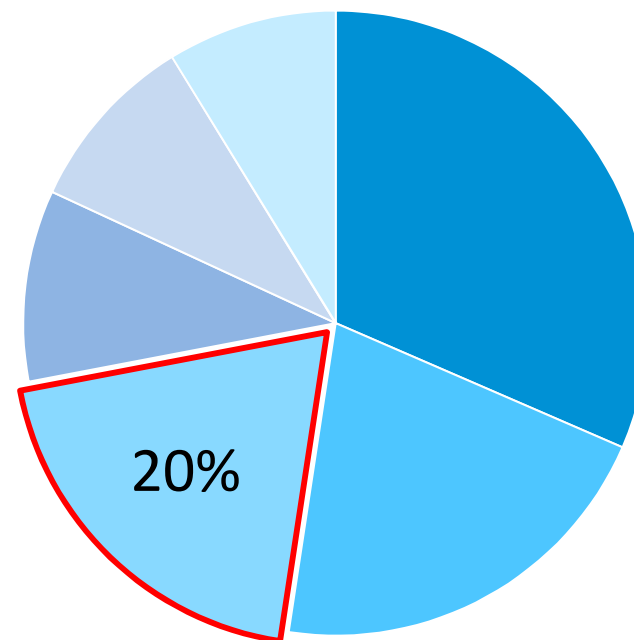


Commissioned partners

51 Cos
(20 started sales)

As of September 7

<Breakdown of Sales (August 2016) >



- F.C. hybrid annuity
- F.C. fixed whole life
- New Products
- F.C. hybrid whole life
- F.C. fixed annuity
- Others

Maintaining Competitiveness (continued)



The Dai-ichi Frontier Life Insurance Co., Ltd.

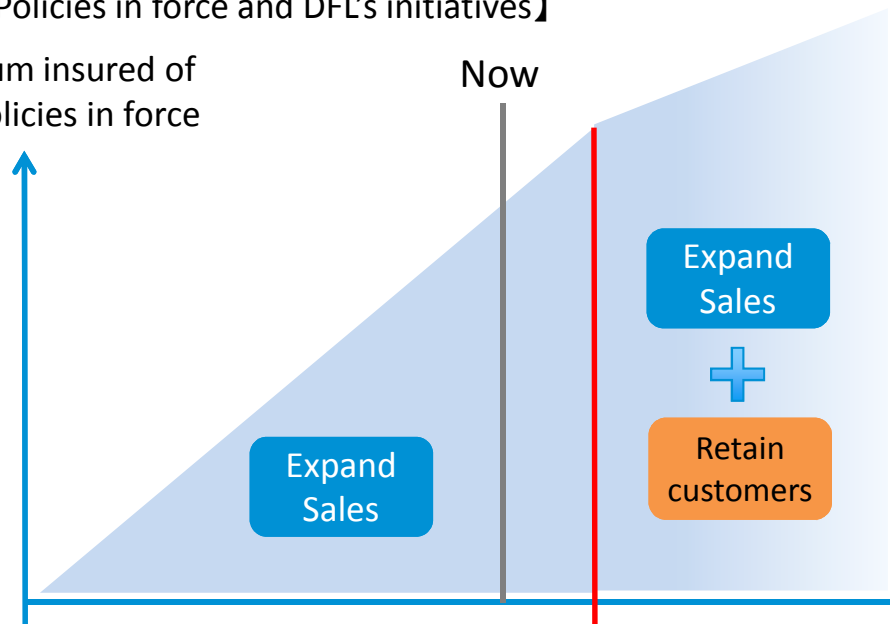
② Strengthen initiatives to address maturities

Current Status of DFL

- 9 years have passed since DFL started sales (October 2007)
- Major contracts have 5- to 20-year period

【Policies in force and DFL's initiatives】

Sum insured of policies in force



Now

Maturity date

64 October 2007
Started sales

DFL started to take action to address increase in maturities of contracts

Customers

Sending notice of maturity together with sales literature addressing asset management and inheritance

Channel Partners

Strengthen information flow and trainings to address maturities

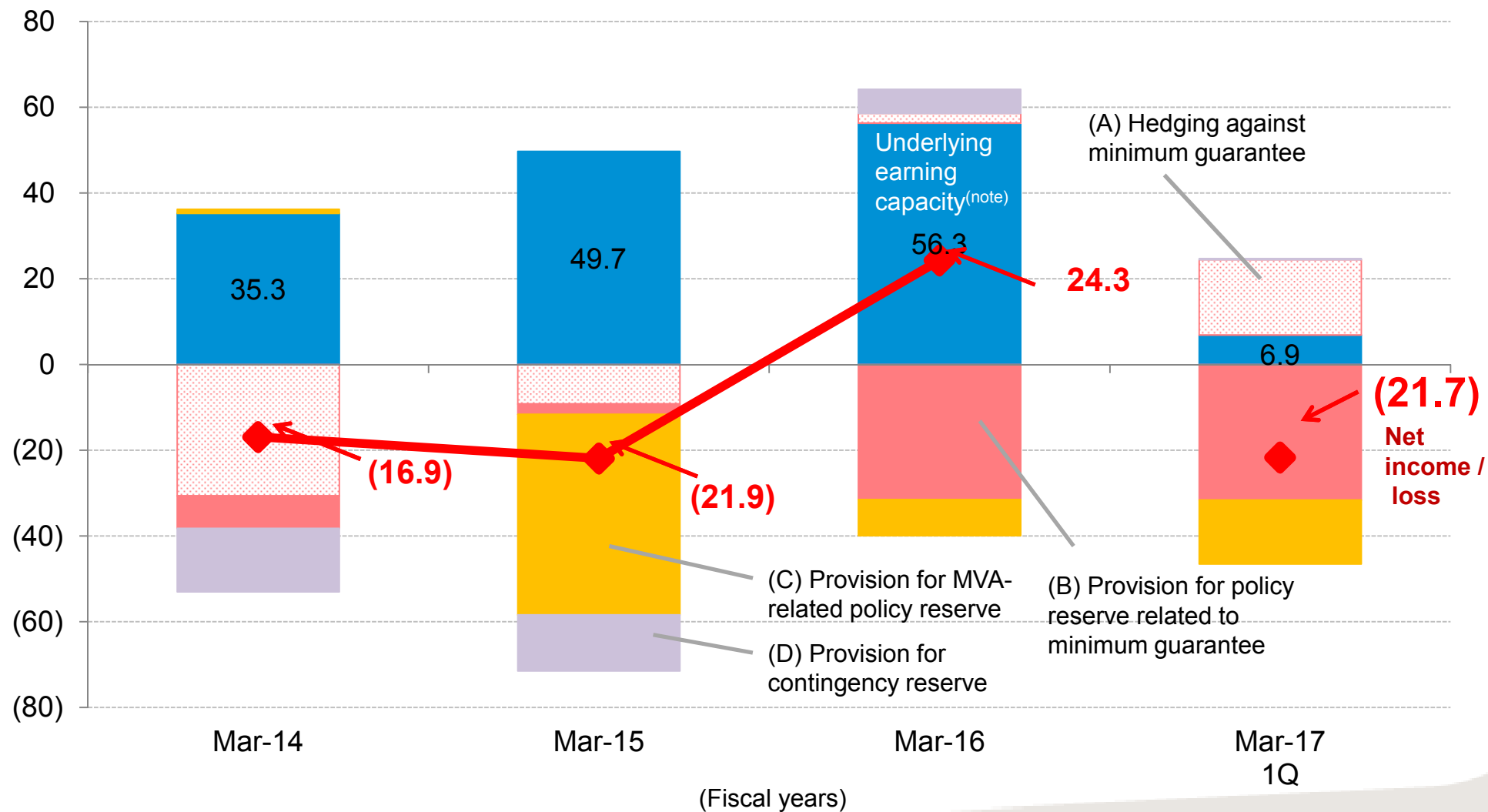
Started from September 2016

Moving Towards Profitability



The Dai-ichi Frontier Life Insurance Co., Ltd.

(billions of yen)



(note) Net income – ((A) + (B) + (C) + (D))

Initiatives to Reduce Volatility in Accounting The Dai-ichi Frontier Life Insurance Co., Ltd.

- ◆ Utilize reinsurance and hedges to control risks related to minimum guarantee and ALM
- ◆ Reinsurance and hedges could also be effective on accounting profits
- ◆ Continue to study initiatives to mitigate the impact of financial environment changes that impact accounting

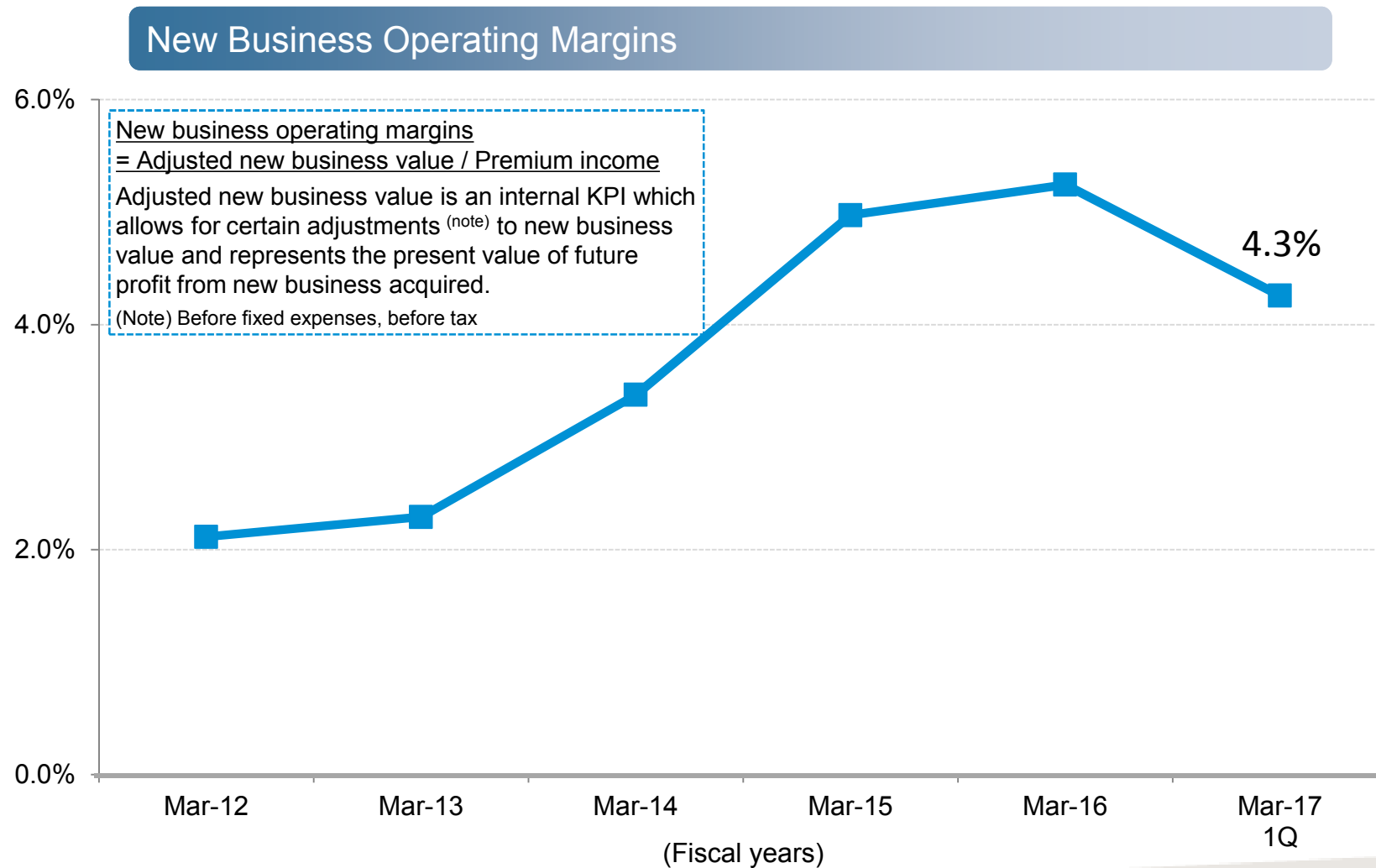
Products	Risks	Hedge type	Details	Impact on accounting
Variable products (Legacy)	Minimum guarantee risk	Dynamic hedge	Adjustment of positions such as futures to offset the daily change in minimum guarantee value	Gains and losses on hedging will offset provision or reversal of policy liabilities related to minimum guarantee when financial markets fluctuate
Variable products (New)		Reinsurance	Transfer underwriting liabilities to reinsurers	No provision or reversal of policy liabilities related to minimum guarantee when financial markets fluctuate
Fixed products	ALM risk			Cash flow matching investment
		Utilize accounting for policy-reserve-matching bonds to offset impact on profits and net assets when interest rates fluctuate		

(Reference) Economic Value Creation



The Dai-ichi Frontier Life Insurance Co., Ltd.

- New business margins remains high despite being affected by low interest rates



Disclosure of Specific Insurance Contracts The Dai-ichi Frontier Life Insurance Co., Ltd.

Specific Insurance Contracts: Insurance contracts with market risk such as variable annuities, foreign currency insurance, insurance with market value adjustment

■ Disclosure of policyholders' total returns

	Variable Products	Fixed Products	Hybrid Products
Total returns	○ Quarterly letter to policyholders	○ Disclose accumulating rate in semi-annual letter to policyholders	○ Disclose accumulating rate in quarterly letter to policyholders

■ Charges to policyholders

	Variable Products	Fixed Products	Hybrid Products
Initial fees	— (No-charge)	○	— (No-charge)
Maintenance fees	○	○ (note 1)	○ (note 2)
Surrender fees (note 3)	○	— (No-charge)	○
Annuity fees	○	○	○
Currency translation fees (On F.C. products)	○	○	○

(Note 1) The letter explains that accumulation rates are disclosed after deducting fees.

(Note 2) Same explanation applies to variable part and fixed part of the product.

(Note 3) Fees related to surrender penalty

■ Commissions sales agents receive on sales of products

Disclosure starts in October 2016

Initiatives for Disclosure of Commission



The Dai-ichi Frontier Life Insurance Co., Ltd.

Trends

◆ In order to comply with the fiduciary duty, DFL negotiates with its channel partners including regarding disclosure of commissions, and the shift to a recurrent commission

DFL computer system ready to go

■ Mega-banks

Ready to disclose commissions in October

Banks adopting recurrent commission

- AUM rather than commission
- Sales activities in line with independent agents which focus on follow-up after the sales

Negotiations with other channel partners continues

< Image of sales literature >

第一フロンティア生命の 外貨建て長期個人年金保険 プレミアジャンプ2 (2016年10月版) 商品概要

＜商品の概要＞

主たる支払事由	年金 年金支払開始日以後、年金支払日に被保険者が生存しているときに年金を支払います。 確定年金：年金受取期間は、3年、5年および10年から選択できます。 一時払型：年金受取額を一時払戻すことができます。
死亡給付金	被保険者が、年金支払開始日前に死亡した場合、被保険者が死亡した日末の基本保険金額、積立金額または解約返戻金額のうちいずれか大きい金額を、死亡給付金として死亡給付金受取人にお支払いします。
解約返戻金	あり 配当金 あり
契約部分の主たる投資対象	株式、債券、リートなどを実質的な投資対象とする投資信託

変額部分の投資リスクについて（損失が生じるおそれ）

変額部分について、国内株式、外国株式、国内債券、外国債券、新興国株式、新興国債券、国内リート、外国リートなどで実質的に運用されるため、運用実績が積立金額、死亡給付金額、解約返戻金額などの増減につながるから、株価や債券価格の下落、為替の変動などにより、積立金額、解約返戻金額は一時払保険料相当額を下回ることがあり、損失が生じるおそれがあります。

解約する場合のリスクについて（損失が生じるおそれ）

変額部分について市場価格の変動（市場金利の変動に応じた運用資産の価値の変動を解約返戻金額に反映）を行うこと、変額部分について投資リスクがあること、解約の際に解約控除がかかることなどの理由により、解約返戻金額などが一時払保険料相当額を下回り、損失が生じるおそれがあります。

為替リスクについて（損失が生じるおそれ）

為替相場の変動により、お取戻の為替レートで円貨に換算した年金受取額、死亡給付金額などが、ご契約時の為替レートで円貨に換算した年金受取額、死亡給付金額などを下回る場合や、ご契約時の為替レートで円貨に換算した一時払保険料相当額を下回り損失が生じる場合があります。

費用について（この保険に係る費用は、以下の費用の合計になります）

●運用期間中

- ① 変額部分における費用
 課税負担していただく費用はありません。積立利率の計算にあたって、ご契約の締結・維持などに必要な費用および死亡給付金を支払うための費用をあらかじめ差し引いております。
- ② 変額部分における費用
 ・保険契約関係費…特別勘定の資産総額に対して年率1.85%
 ・資産運用関係費…固定報酬は、投資信託の純資産総額に対して年率0.20%（税抜き）
 ＊上記の固定報酬のほか、信託事務に関する諸費用、監査費用、有価証券金融派生商品の取引にかかわる費用および消費税などを間接的に負担していただきます。なお、売買委託先、売買金額などによって手数料率が変動するなどの理由から、これらの計算方法は表示していません。記載の固定報酬は2016年8月現在の数値であり、運用会社により将来変更される場合があります。

●特定のご契約者に負担していただく費用

解約返戻金額は、つぎの費用を控除したうえで計算されます。
 解約控除 = この保険の基本保険金額 × 解約控除率 (8.5%～0.9%)

●年金受取期間中

・保険契約関係費（年金管理費）…受取年金額に対して0.4%（円貨で年金を受け取る場合は0.35%）
 ・保険契約関係費（年金管理費）は2016年8月現在の数値であり、将来変更することがありますが、年金受取開始時点の保険契約関係費（年金管理費）は、年金受取期間を通じて運用されます。（死亡給付金等の年金払特約）を付した場合は特約年金についても同様に取り扱となります。

●選定を換算する場合の費用

「保険料円貨入金特約」「保険料外貨入金特約」などの特約の為替レートは、為替手数料としてTTMとの差額（25歳～50歳）を加味したレートであり、その差額はお客様のお負担となります（為替レートは、2016年8月現在の数値であり、将来変更することがあります）。
 ＊TTM（対顧客電信売買相対平均）は、第一フロンティア生命所定の金融機関が公表する値となります。
 ＊この他に外貨のお取扱いに必要となる費用を負担していただくことがあります。

この保険商品のご購入に際しては、必ず要領保険販売資格を持つ生命保険専業人にご相談ください。

専業代理店が受け取る販売手数料について

販売手数料として、以下の支払率を乗じた金額が、引当保険会社から専業代理店に対して支払われます。

運用期間	10年			5年		
	0歳～70歳	71歳～75歳	76歳～80歳	0歳～70歳	71歳～75歳	76歳～80歳
契約日における被保険者の誕生日	4.75%	4.75%	3.50%	3.00%	3.00%	2.00%
契約日における被保険者の誕生日（一時払保険料に対して）	4.75%	4.75%	3.50%	3.00%	3.00%	2.00%
契約日における被保険者の誕生日（年率）	0.45%	0.30%	0.10%	0.20%	0.10%	0.10%
販売手数料支払期間	7年			5年		

販売手数料は、お客様にご負担いただく諸費用に追加して別途ご負担いただくものではありません。

【専業代理店】

【引当保険会社】
 第一フロンティア生命保険株式会社
 〒141-0032 東京都品川区大崎2-11-1 大崎ウエストタワー
 営業サービスセンター ☎0120-876-126
 営業時間：月曜日～金曜日（祝日、年末・年始を除く）9:00～17:00
 ○第一フロンティア生命ホームページ http://www.dai-ichi-frontier-life.co.jp/
 ☎800F0000(0000.0.0) 営業F0000.00 16年9月作成 ㊦ (NZF/IL)

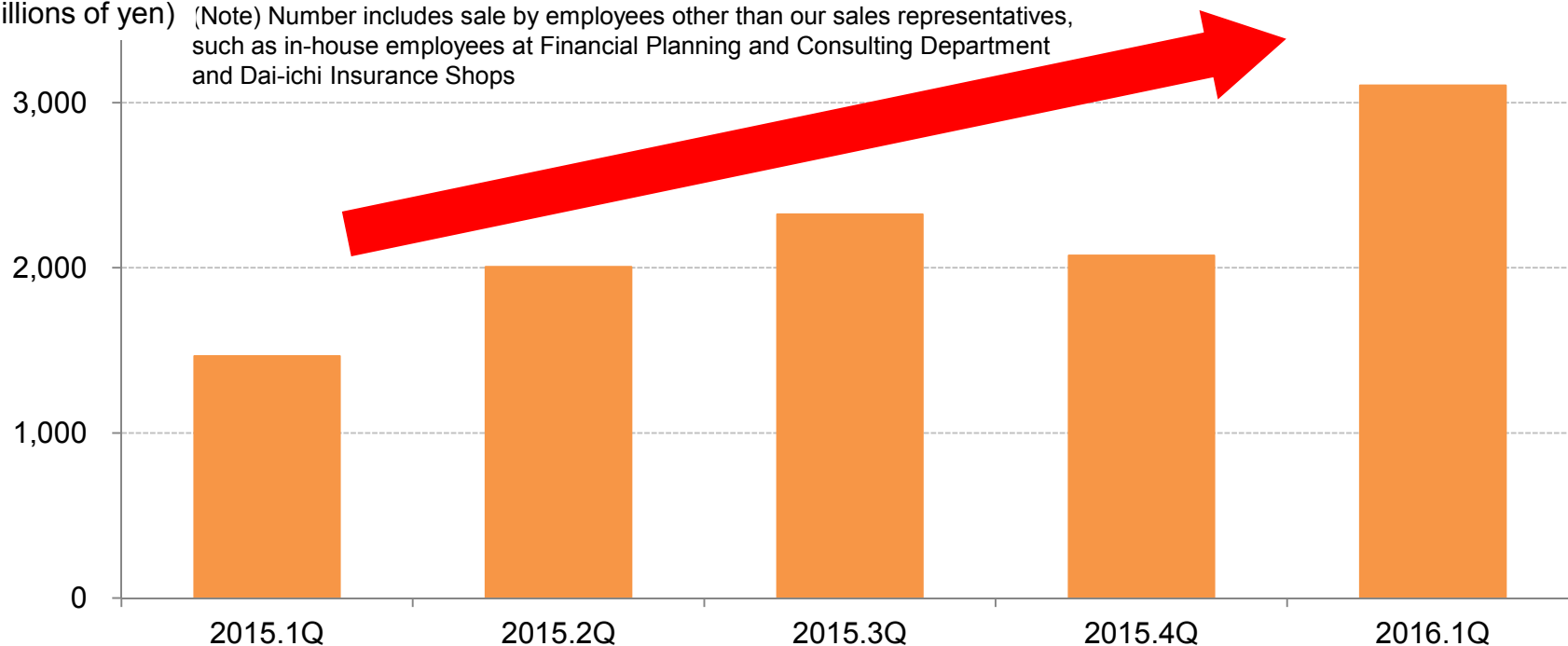
Group Cooperation & Synergies



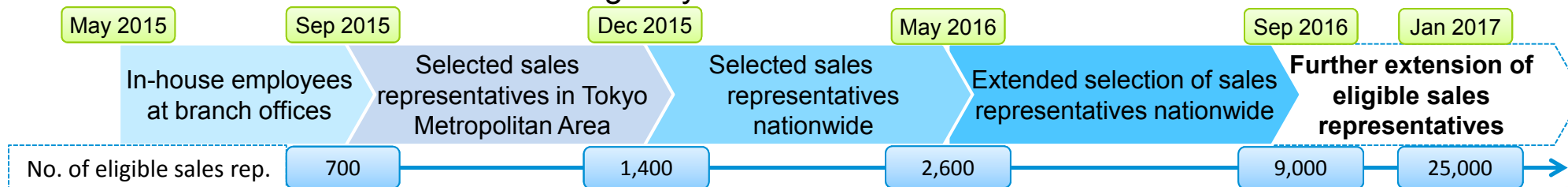
The Dai-ichi Frontier Life Insurance Co., Ltd.

Sales of Dai-ichi Frontier Products by Dai-ichi Life

(millions of yen) (Note) Number includes sale by employees other than our sales representatives, such as in-house employees at Financial Planning and Consulting Department and Dai-ichi Insurance Shops



< Schedule of extension of sales eligibility >



< Products sold by sales representatives >

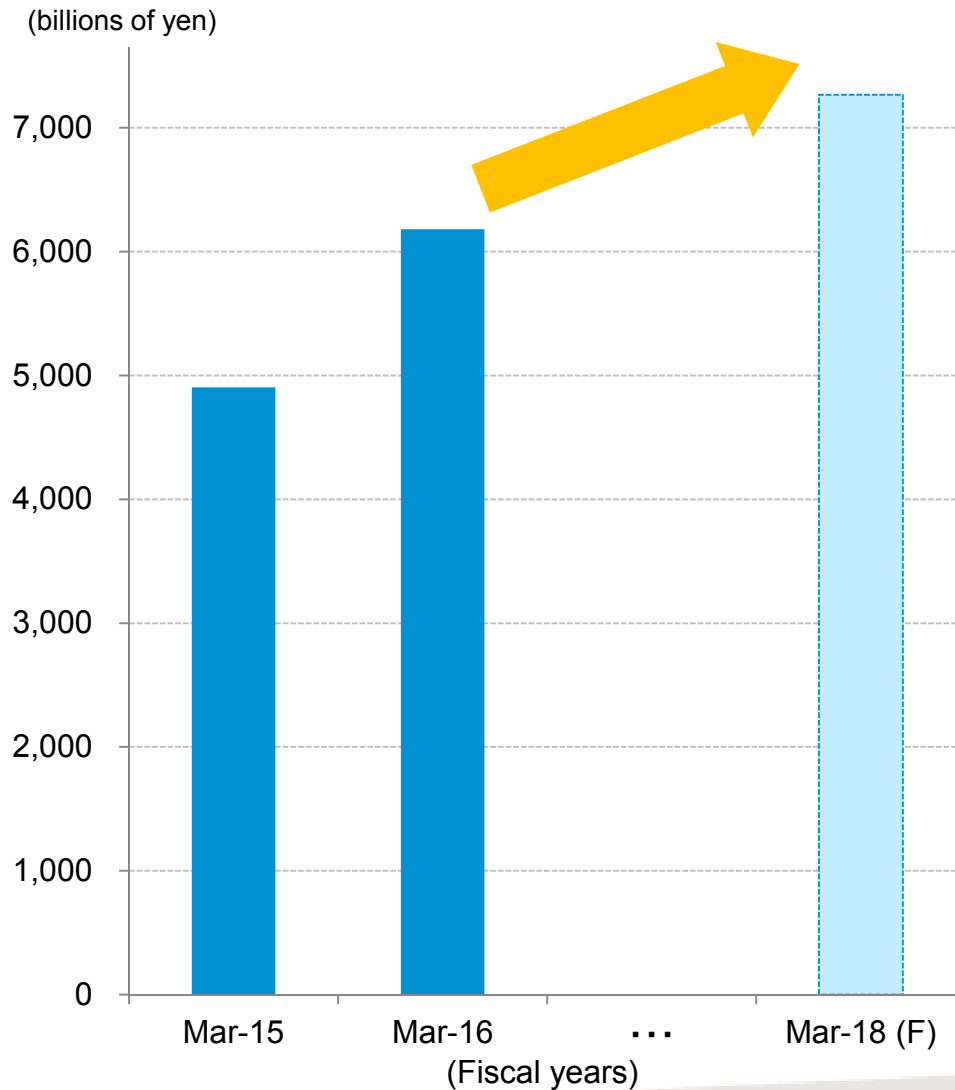
Foreign currency fixed whole life and fixed annuity

Medium-Term Business Plan KPIs

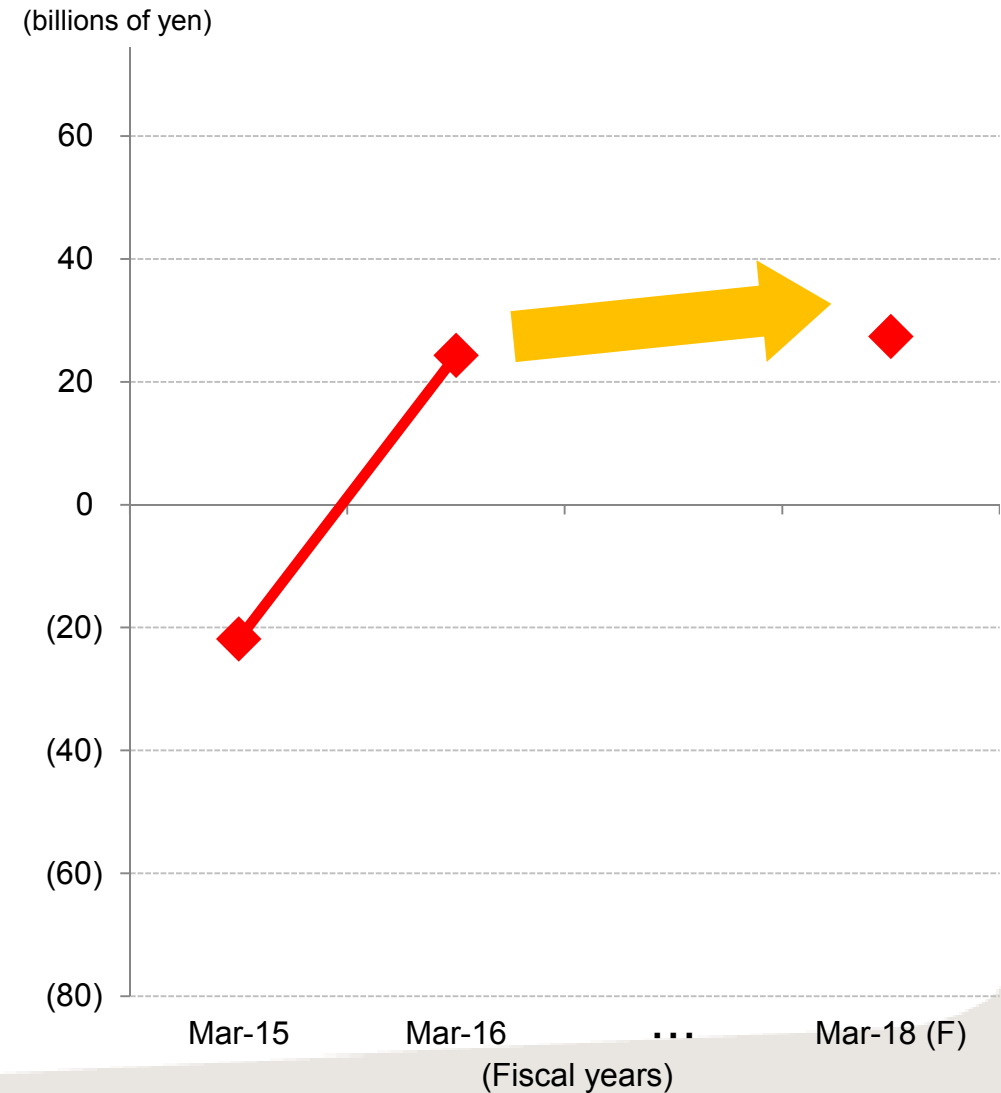


The Dai-ichi Frontier Life Insurance Co., Ltd.

Policies in-Force



Net Profit



(Note) Figures are forecast as at March 2016