

# Overseas Life Insurance Business

Building a business portfolio that strikes a balance between stable markets and growth markets



## Where We Are and Our Strategy in the Market

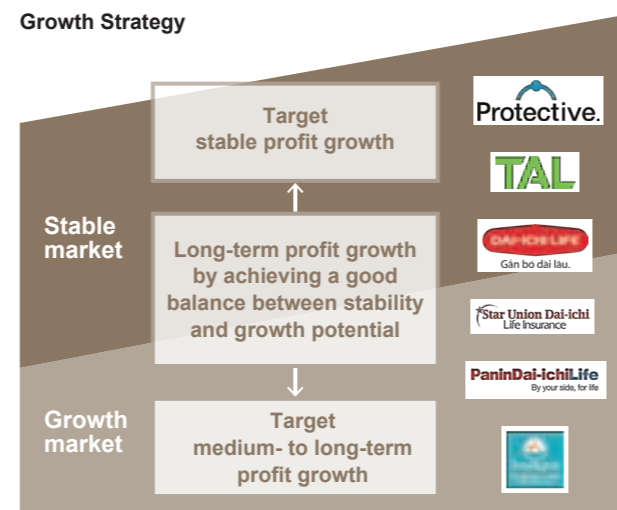
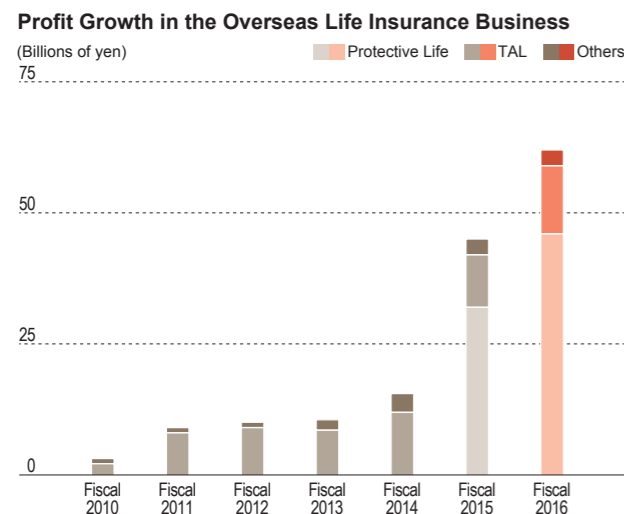
The economic and business environment surrounding the life insurance market varies from one country to another. In developed markets, such as North America where the insurance penetration rate is high, stable growth is expected through economic growth and other factors. On the other hand, high growth is expected to continue in the future for emerging markets in Asia and other regions due to high economic growth and increases in insurance penetration rates.

It has been 10 years since the establishment of Dai-ichi Life Vietnam, and our overseas life insurance business has now expanded into six countries in the Asia Pacific and North America regions. As a result, we have formed a well-balanced business portfolio that can benefit from both the growth of emerging markets and stable profit growth in developed markets, and the contribution of the overseas life insurance business to profits in the fiscal year ended March 31, 2017 accounted for 27% of consolidated net income.

The Dai-ichi Life Group strikes a balance between its growth strategy and capital policy through its efforts in ERM\*1 that take into account the growth stage and capital level of each company while aiming for profit growth over the medium to long term. For instance, backed by its ample cash flow, the U.S. subsidiary Protective Life contributes to the Group by maintaining profit growth and dividends to the Company while continuing to invest in dynamic growth.

On the other hand, in each of the businesses in Asia, we have adopted strategies that emphasize profit growth in the medium to long term, and we engage in varied allocation and management of capital based on ERM such as investing the capital required for growth in principle while also considering the returns to the Company taking into account the capital level of each company.

\*1 Enterprise risk management (ERM) is an effort to increase capital efficiency and corporate value by formulating strategies according to profits, capital and risks taking into account the types and characteristics of the risks.



## Review of Operations for Fiscal 2016

In developed markets, we worked to increase the contribution to Group profits by expanding business scale and other measures. Protective Life continued the acquisition business, which is one of its strengths, and demonstrated results including the December 2016 acquisition of United States Warranty Corp. (USWC), which operates an asset protection business\*2 in 46 states in the U.S. Moreover, sales of individual insurance at Australian subsidiary TAL remained strong, and annualized net premium from policies in-force as of December 2016 topped the industry for the fourth year in a row in the Australian life insurance (protection-type products) market.

In emerging markets in Asia, we worked to

accelerate growth, including increasing market share through the diversification and reinforcement of sales channels. As part of this, with the deregulation of the foreign ownership limitation, Dai-ichi Life Holdings increased its shareholding in Star Union Dai-ichi Life, an affiliated company based in India, from 26% to 45.94% anticipating further growth in the Indian life insurance market and the company itself. Furthermore, we established representative offices in Cambodia and Myanmar with the aim of carrying out market research as the foundation for new expansion in the Asian market.

\*2 Asset protection business means non-life insurance business that compensates for expenses for machine failures, including automobile failures, and an amount equivalent to loan balances in the event of total loss.

## Strategies for the Future

Over the past 10 years, we have established the foundations for growth in Asian emerging markets in addition to achieving the stabilization of the Group's business through expansion into developed countries. Moreover, we have executed a growth strategy while also steadily strengthening our business foundations through such means as developing global human capital

and establishing regional headquarters.

Going forward, in addition to strengthening our existing sales channels while anticipating changes in the business environment and our market position, we will continue working to increase profit levels through collaboration with diverse business partners, utilization of InsTech, and further display of Group synergies.

### Collaborating with Diverse Business Partners



**U.S.A.  
Protective Life**



**Protective Life has contributed steadily to profits by combining retail business with acquisitions**

**What we have achieved in fiscal 2016**

Promoted growth in the life insurance business through cross-selling with Costco Wholesale and major financial institutions in addition to strengthening existing sales channels. In the acquisition business, acquired in-force blocks of insurance from Genworth Financial, Inc. and acquired USWC.

**What we'll strive to achieve**

We will strengthen our foundations with the aim of organic growth by strengthening and expanding new alliances and utilizing InsTech. In the acquisition business, we will aim to further contribute to profits by continuing to make new acquisitions.

**About Protective**

- Established in 1907
- Became a wholly owned subsidiary in 2015
- No. of employees: 2,764 (Mar. 2017)
- Main office: Birmingham, Alabama, U.S.A.
- Main channel: General agents, stockbrokers & banks, direct response, etc.
- Main products: Universal life, fixed & variable annuities, indexed annuities, and asset protection, etc.
- Market share: 0.5% (Dec. 2015, net premium income basis)
- Market rank: No. 44 (Dec. 2015, net premium income basis)

**Insurance Market in the United States**

- Market size (2015): [Population 321.4M, GDP 18,089B USD, penetration (life) 3.05%]
- Other major players: Metlife, Prudential, AIG, etc.

**Australia  
TAL**



**TAL has demonstrated substantial growth in the market and held the No.1 position**

**What we have achieved in fiscal 2016**

In addition to enhancing sales through the IFA channel and superannuation funds, we launched a partnership with Qantas Assure and enhanced the direct online business in order to reinforce our sales channels.

**What we'll strive to achieve**

We continue to strive for steady growth by constructing strong sales channels, increasing brand recognition, and product diversification.

**About TAL**

- Established in 1869 (Started as government life insurance office in New Zealand in 1869; then separated)
- Became an affiliate of Dai-ichi in 2008; then became a subsidiary in 2011
- No. of employees: 1,603 (Mar. 2017)
- Main office: Sydney, Australia
- Main channel: Individual financial advisor (IFA), Group (superannuation), and direct
- Main products: Risk products (death, income protection & TPD)
- Market share: 16.6% (Dec. 2016, In-force ANP basis)
- Market rank: No.1 (Dec. 2016, In-force ANP basis)

**Insurance Market in Australia**

- Market size (2015): [Population 23.9M, GDP 1,245B USD, penetration (life) 3.51%]
- An oligopolistic market: each top-6 company holds more than 10% market share (collectively approx. 75%).
- Other major players: AIA, AMP, NAB/MLC, Comminsure, etc.

**Vietnam  
Dai-ichi Life Vietnam**



**Its top line is growing due mainly to the strengthened individual agency channel and to the development of alternative channels**

**What we have achieved in fiscal 2016**

Secured a stronger market position through the enhancement of the individual agency channel, launch of strategic products, and expansion to alternative channels.

**What we'll strive to achieve**

We aim for sustainable growth in premium income by strengthening and diversifying sales channels (including strategic business alliance with Vietnam Post and several banks) and developing products catering to market needs.

**About Dai-ichi Life Vietnam**

- Established in 1999 (Started as Bao Minh CMG, a JV of local company and Australian CMG)
- Became a subsidiary of Dai-ichi in 2007
- No. of employees: 977 (Mar. 2017), 64 thousand agents (part-time)
- Main office: Ho Chi Minh, Vietnam
- Main channel: Individual insurance agents, Vietnam Post, Bancassurance
- Main products: Universal, Endowment
- Market share: 10.5% (Dec. 2016, premium income basis)
- Market rank: No. 4 (Dec. 2016, premium income basis)

**Insurance Market in Vietnam**

- Market size (2015): [Population 93.4M, GDP 191B USD, penetration (life) 0.83%]
- An oligopolistic market: top 6 companies have approx. 90% market share.
- Other major players: Prudential (UK), Bao Viet, Manulife, etc.

**India  
Star Union Dai-ichi Life**



**The Company has increased its shareholding in SUD. Now we are focusing on further growth by strengthening the bancassurance and individual insurance agent channels**

**What we have achieved in fiscal 2016**

Enhanced the management of the bancassurance channel with JV partners, started new sales channel (fixed-salary sales reps), and strategically shifted the product portfolio for more stable premium income and increased profitability.

**What we'll strive to achieve**

We plan to expand our premium income base by (a) strengthening relationships with JV partners, (b) introducing a new sales channel, and (c) improving the efficiency of individual agents.

**About Star Union Dai-ichi Life**

- Established in 2009
- Became an affiliate of Dai-ichi in 2009 (Started operation as a JV with Dai-ichi, Bank of India and Union Bank of India)
- Ownership: 45.94%
- No. of employees: 3,051 (Mar. 2017)
- Main office: Navi Mumbai, India
- Main channel: Bancassurance, sales reps (fixed salary), and individual insurance agents
- Main products: Endowment, Annuity
- Market share: 1.79% (Dec. 2016, EPI basis, excl. LIC, a government company)
- Market rank: No. 13 (Dec. 2016, EPI basis, excl. LIC, a government company)

**Insurance Market in India**

- Market size (2015): [Population 1,313.0M, GDP 2,086B USD, penetration (life) 2.72%]
- A new market to foreign players: LIC has market share of 47% (Dec-2016, EPI basis)
- Other major players: ICICI Prudential (Pru-UK), SBI Life (Cardif), HDFC Life (standard life), etc.

**Indonesia  
Panin Dai-ichi Life**



**Became our affiliate in 2013, now strengthening its infrastructure and channel**

**What we have achieved in fiscal 2016**

In order to achieve sustainable growth, we worked on expanding our customer base and on improving sales channel efficiency through strengthening sales support for group banks and training for agents.

**What we'll strive to achieve**

We aim for an increase in profitability, by enhancing (a) the bancassurance business and (b) individual agents channels through an improved training system.

**About Panin Dai-ichi Life**

- Established in 1974
- Became an affiliate of Dai-ichi in 2013
- Ownership: 40%
- No. of employees: 389 (Mar. 2017), 6 thousand agents (part-time)
- Main office: Jakarta, Indonesia
- Main channel: Individual insurance agents, Bancassurance (mainly with Panin Bank)
- Main products: Unit-linked, investment-linked
- Market share: 2.2% (Dec. 2016, premium income basis)
- Market rank: No. 13 (Dec. 2016, premium income basis)

**Insurance Market in Indonesia**

- Market size (2015): [Population 257.9M, GDP 861B USD, penetration (life) 1.28%]
- A relatively oligopolistic market: top 10 companies have about 70% market share.
- Other major players: Prudential (UK), INDOLIFE, JIWasRAYA, AIA, etc.

**Thailand  
Ocean Life**



**For sustainable growth, strengthening the core individual agency channel**

**What we have achieved in fiscal 2016**

As we aim for sustainable growth, from the latter half of 2016, we have strengthened our recruitment and training system for our main individual agency channel and started to develop new sales channels.

**What we'll strive to achieve**

We will continue to recruit capable personnel for the individual agency channel, construct a base for our growth strategy to expand to urban areas, and expand alternative channels including Thai Post in order to steadily expand our premium income base.

**About Ocean Life**

- Established in 1949 (Started as P&C company, entered into life insurance business in 1951, unbundled business in 1992)
- Became an affiliate of Dai-ichi in 2008
- Ownership: 24%
- No. of Employees: 1,934 (Mar. 2017), 14 thousand agents (part-time)
- Main office: Bangkok, Thailand
- Main channel: Individual insurance agent
- Main products: Endowment, Whole life, Annuity
- Market share: 2.2% (Dec. 2016, premium income basis)
- Market rank: No. 10 (Dec. 2016, premium income basis)

**Insurance Market in Thailand**

- Market size (2015): [Population 68.0M, GDP 395B USD, penetration (life) 3.70%]
- An oligopolistic market: Top 10 companies occupy most of the market.
- Other major players: AIA, Muang Thai Life (Ageas), Thai Life (Meiji Yasuda), Bangkok Life (Nippon), etc.

(Source of market size) Swiss Re, sigma No 3/2016

Dai-ichi Life Insurance Company of Vietnam

# Building Presence in Ever Growing Vietnam Market

## Overview of Dai-ichi Life Vietnam

Established	January 2007	No. of agents*1	64 thousand
Headquarters	Ho Chi Minh	Sales offices*1	199
No. of employees*1	977	Premium income*2	27 billion yen

\*1 As of March 2017 \*2 For the year ended December 2016



Dai-ichi Life Vietnam has established itself as a major life insurance company over the past years.



Tran Dinh Quan

General Director, Dai-ichi Life Vietnam

## Life Insurance Market Growing at more than 20% on average

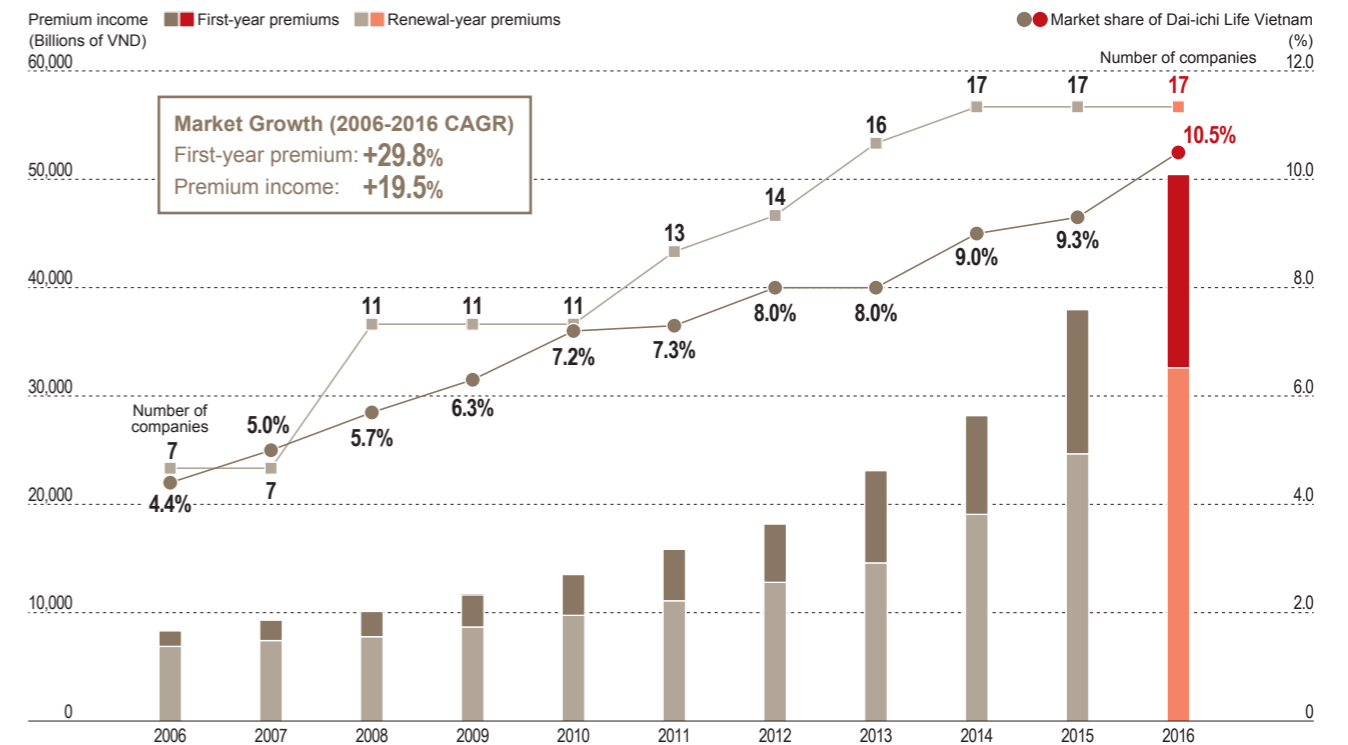
The Vietnamese economy has continued its robust growth since the early 21st century with a population reaching 90 million, of which 60% are aged under 30. Per-capita GDP exceeded 2,000 US dollars in 2014, and the economy is set to grow further.

For the past 10 years, the life insurance market in Vietnam has continued to grow at an average annual rate of more than 20%. Yet, life insurance covers only five million people, or about 6% of the population.

## Dai-ichi Life Vietnam grew 10-fold in 10 years

The overseas life insurance business of the Dai-ichi Life Group started in Vietnam. Highlighted as the first step of the overseas life insurance business of the Group, Dai-ichi Life Vietnam has achieved remarkable growth in 10 years, and established itself as one of the major life insurance companies in the market. Premium income, for example, increased more than 10-fold to 27.0 billion yen in 2016 from 2.5 billion yen in 2007. The company's market share has increased from 4.4% to more than 10% over 10 years.

### Life Insurance Market Growth in Vietnam



Initiatives of Dai-ichi Life Vietnam, Part I

Offering a wide range of products that capture customer needs



**Huynh Huu Khang**  
Deputy General Director,  
Dai-ichi Life Vietnam

Dai-ichi Life Vietnam always listens to input from customers and has developed insurance products that address customer needs. When the company started operations it had a limited ability to respond to customer needs but it has since evolved into offering saving- and protection-type insurance products. Now, the company develops and offers universal insurance products. As customers prefer flexibility, universal insurance became the company's flagship product, accounting for more than 50% of the sales. The company continues to develop optimal products for customers, offering annuities and medical riders, the first of their kind among Vietnamese life insurance companies.

Initiatives of Dai-ichi Life Vietnam, Part II

Focusing on developing customer contact

Dai-ichi Life Vietnam has evolved as individual insurance agents have become its core sales channel. The company continues to develop customer contacts in order to offer insurance products to more and more customers. In order to do so, it is strengthening the consulting capability of the agents and forming business alliances with state-owned Vietnam Post and local commercial banks.



**Nguyen Thi Bich Hang**  
Vietnam MDRT representing  
Dai-ichi Life Vietnam

TOPICS

Various activities to contribute to the development of local communities

Dai-ichi Life Vietnam has been highly recognized for its engagement in various social activities to contribute to the development of local communities. Notable contributions include "the Bridge Building Project—Million Bricks For a Happy Life," a project to build concrete bridges in rural areas which now improves the lives of 20 thousand people in 10 states in Vietnam. In 2015, the company was awarded the Corporate Social Responsibility Award by Asia Insurance Review (its second recognition since 2013, the first for an insurance company in Vietnam as well as in Asia). The company's other activities include funding support for cataracts surgeries, education and disaster-affected areas. To that end the company and Dai-ichi Life Holdings co-founded a CSR foundation, "For A Better Life Fund," in 2016.



Receiving Corporate Social  
Responsibility Award

Message from CEO of DLI Asia Pacific

Experience and expertise built in Vietnam help support growth in Group companies in Asia



**Norimitsu Kawahara**  
Executive Officer, Dai-ichi Life Holdings, Inc.  
CEO, DLI ASIA PACIFIC PTE. LTD.

The Dai-ichi Life Group started its overseas life insurance business in Vietnam in 2007 and it now conducts this business in six countries. The Group is strengthening the organization in order to

manage and support local business through regional headquarters set up in the Asia Pacific and North American regions.

Dai-ichi Life Vietnam is our success case in Asia. The Group expects the Group companies to support each other, on top of its support from Japan, and Dai-ichi Life Vietnam to lead the region, with its ample experience and expertise and geographic closeness.

A life insurance company has the duty to supplement social security in the countries where it operates and the Group carries its mission to offer "Peace of mind. In communities and around the world.," which extends into each country in Asia. The Group continues to grow its overseas life insurance business while contributing to local communities in the region and the world.

Alliance between Regional Headquarters and Group Companies

