

Management Strategy of Neo First Life

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ネオファースト生命

The Neo First Life Insurance Company, Limited

- Became wholly owned subsidiary of Dai-ichi Life in August 2014
- Launched the first product in August 2015

Company Name	The Neo First Life Insurance Company, Limited
History	<p>Apr 1999 Founded as DIY Life Insurance Company, Limited, a 100% subsidiary of Nissan Fire & Marine with capitalization of 5 billion yen</p> <p>May 1999 Started underwriting term life “One Year Custom Build Insurance”</p> <p>Jul 2002 Company name changed to Sompo Japan DIY Life Insurance Company, Limited</p> <p>Aug 2014 Became a 100% subsidiary of Dai-ichi Life</p> <p>Nov 2014 Company name changed to The Neo First Life Insurance Company, Limited and the head-office was moved to Osaki, Shinagawa-ku, Tokyo</p> <p>Aug 2015 Launched the first product as Neo First Life</p>
Capitalization	42.2 billion yen (including capital surplus)
Shareholder	The Dai-ichi Life Insurance Company, Limited (100%)
Employees (as of October 1, 2015)	176 (including temporary staff)
Offices	Tokyo, Osaka, and Fukuoka

Where Neo First Stands in Dai-ichi Life Group

- Plan to capture segment that Dai-ichi Life and Dai-ichi Frontier could not cover
- Provides protection-type insurance products to customers who proactively compare products

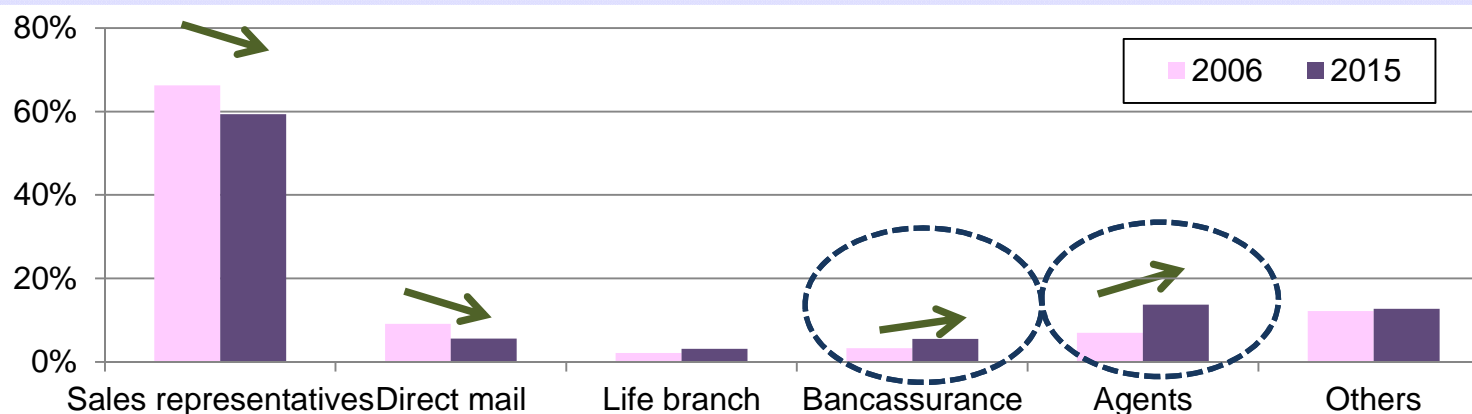
Customer Characteristics	Prefers consulting for services with high value added			Compare, affordable, simple, proactive		
Distribution channels	Sales representatives	Agents	Bancassurance (single premium) (savings-type)	Bancassurance (level premium) (protection)	Walk-in insurance shops, etc.	Direct, internet, leaflet, direct mail, etc.
Products	Relatively comprehensive products			Relatively simple products		
Main Players	Major Players	P&C and foreign players	Bancassurance specialists and major players	Foreign players and P&C	Foreign, P&C other new players	Internet & foreign players / mutual associations
Dai-ichi Life Group's presence	By your side, for life 		The Dai-ichi Frontier Life Insurance Co., Ltd.	The Neo First Life Insurance Company, Limited		Eyeing the opportunity
Market maturity and size	Matured, Large-size	Relatively matured, Medium-size		Immature, Small-size		

Studying the change in Customer Needs

- More and more customers bought policies through bancassurance & agents
- Yet more customers are interested in buying policies through bancassurance & agents

Recently bought policies through...

(During the past five years)



Interested in buying policies through...

(Asked if he/she would buy yet another policy)



(Note) Direct mail includes Internet sales. Agents includes walk-in shops. Others include post office, workplace reference and unions and others

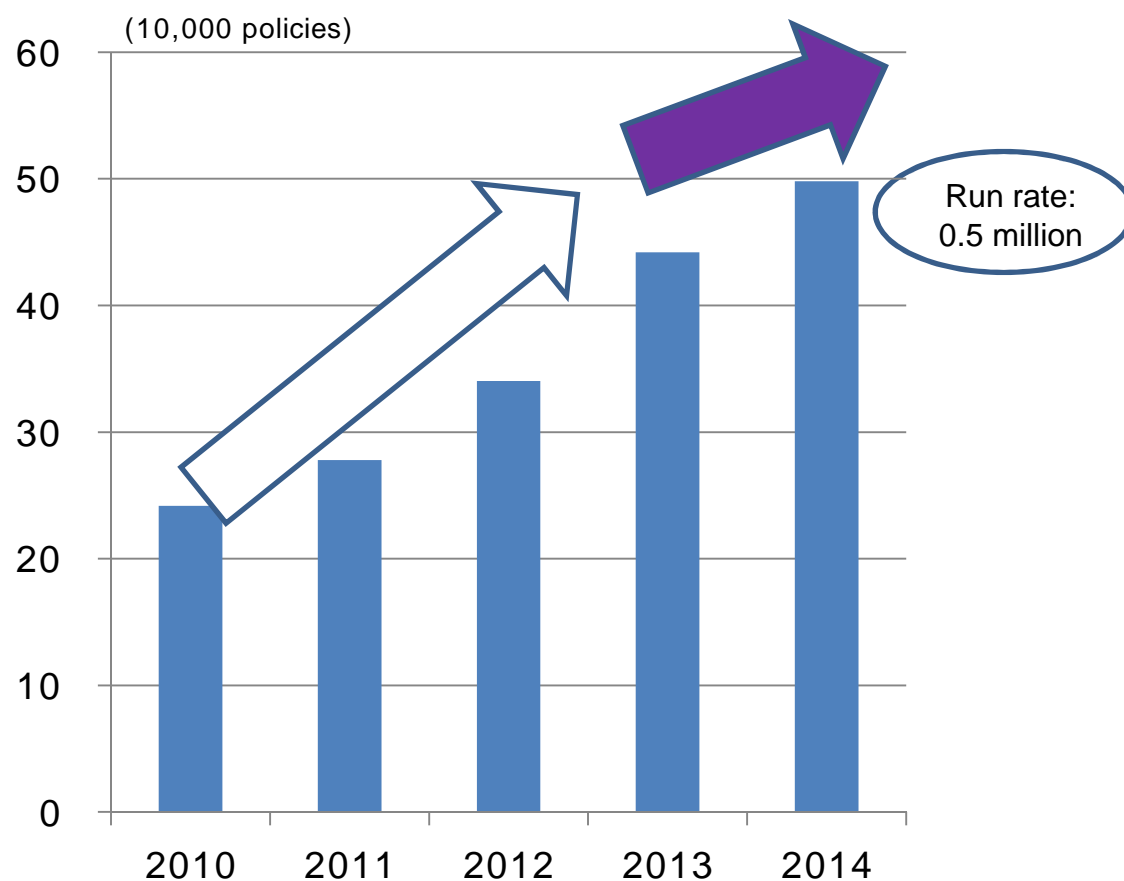
(Source) Japan Institute of Life Insurance "National Survey of Life Insurance Business" based on 4,020 samples out of ordinary families of two or more as of April and May 2015



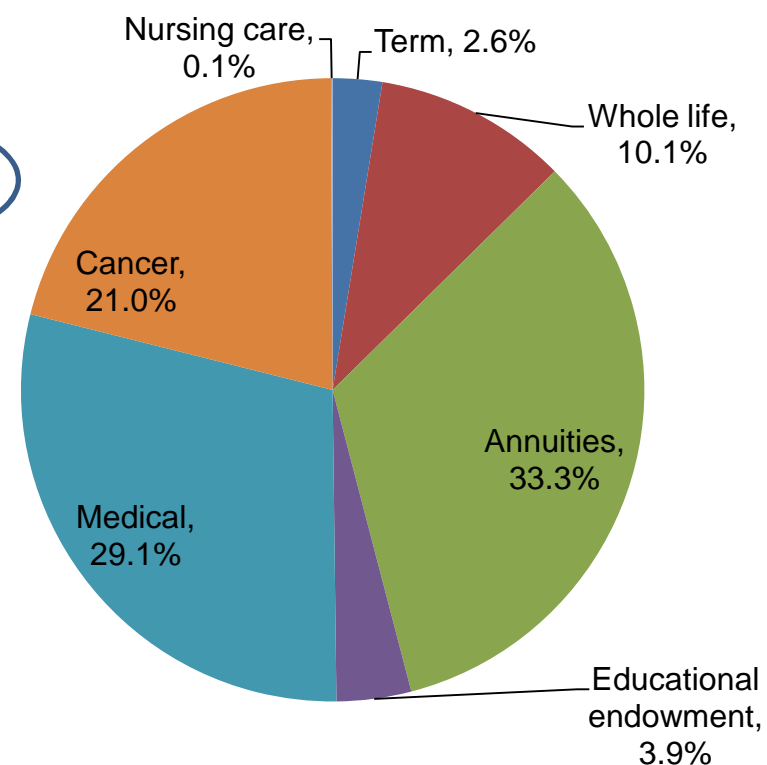
Bancassurance (Level-payment)

- Bancassurance market expected to maintain high growth momentum
- Main products include individual annuities/whole life, medical, and cancer insurance

Sales of level-payment policies through bancassurance



Sales of level-payment policies by type



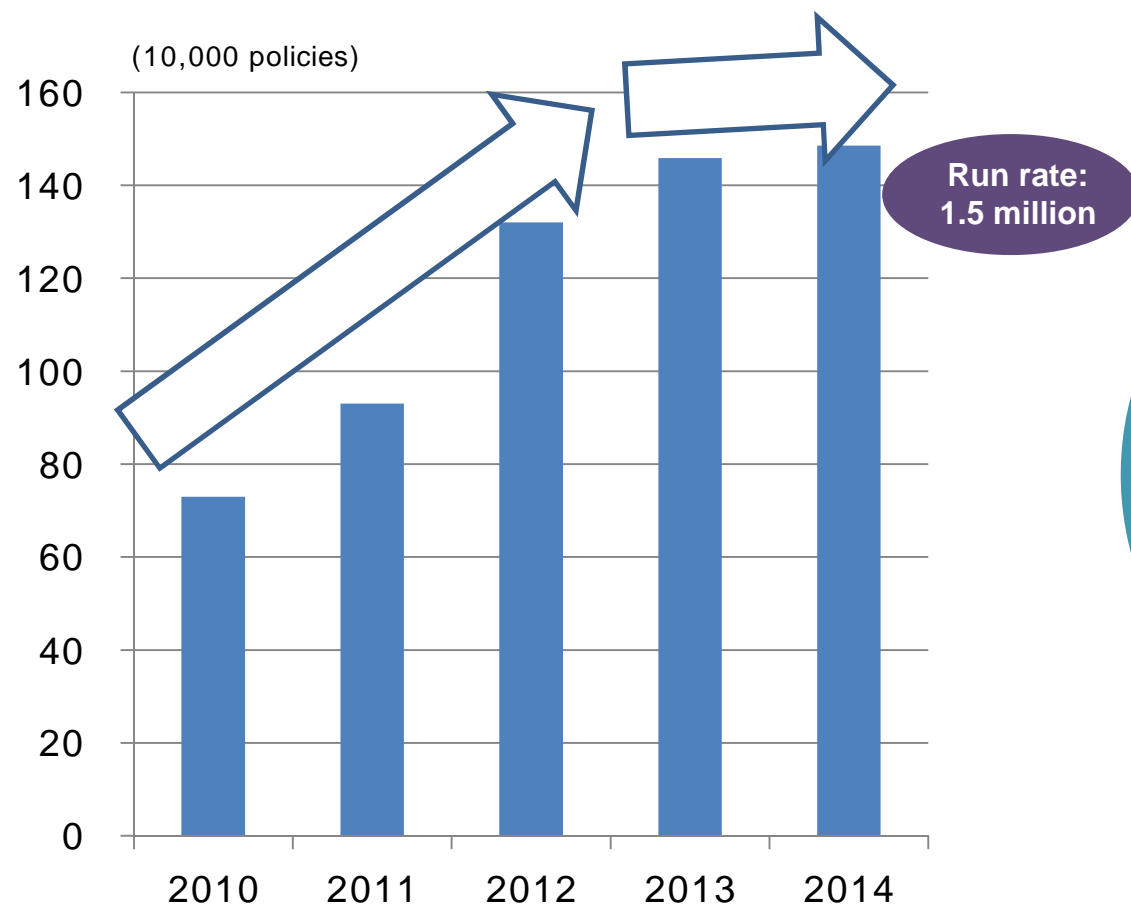
(Source) Company estimate

(Note) The numbers exclude sales through upfront lump-sum payment.
 (Source) Company estimate

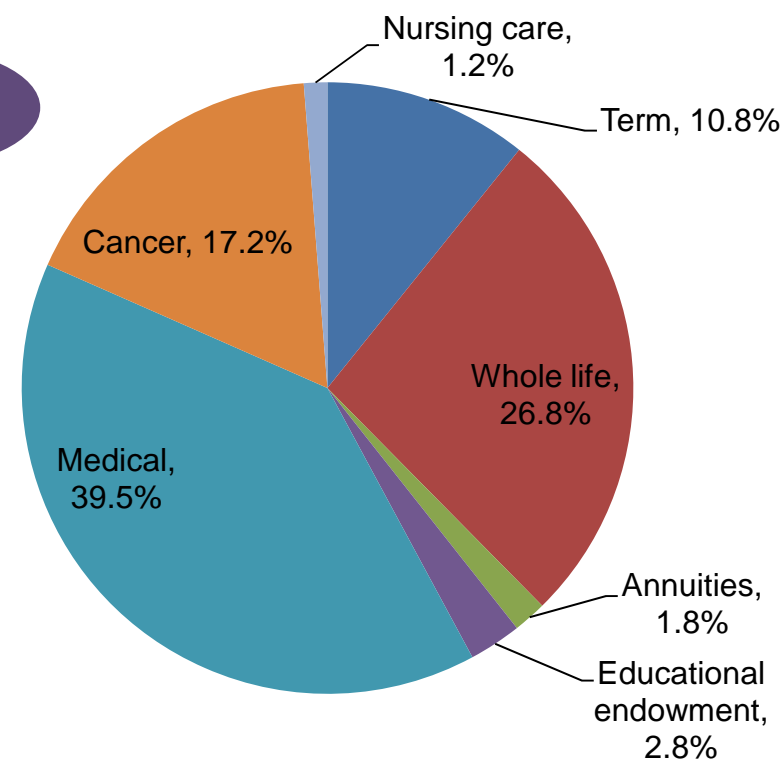
Walk-in Shops (level-payment)

- Market size far exceeds that of bancassurance, albeit less momentum
- Major products include protection oriented (e.g. medical, whole life, and cancer)

Sales of level-payment policies through walk-in shops



Sales of level-payment policies by type



(Note) The numbers exclude sales through upfront lump-sum payment.
 (Source) Company estimate

(Source) Company estimate

Our Priority in Channel Strategy

- We started with bancassurance, walk-in shops, and independent agents
- Observe opportunities in other channels such as direct

Channel	Characteristics
Bancassurance (level-payment)	<ul style="list-style-type: none">· Fast growing market· Volume marketing expected at banks with business alliances
Walk-in shops	<ul style="list-style-type: none">· Sizable addressable market· Management system of insurance solicitation being rationalized
Independent agents (ex-life agents)	<ul style="list-style-type: none">· Existing relationship with Dai-ichi Life· Many ex-life agents with sales expertise

- The company was launched with a solid foundation due to our vast Group resources, new & competitive organization, and active alliances with outside experts, to become:

A provider of pioneering, cutting edge products

Capacity of the Group

Make use of abundant resources of Dai-ichi Life Group

- Vast medical experience data
- Know-how in channel management, product development

Utilize Dai-ichi Life's Infrastructure

- Underwriting and payment assessment process
- Sales promotion and agent training

Capacity of the Company

Light & agile computer system

- Newly customized, light computer system is ready to churn out cutting edge products

Diverse human resources

- Human resources from across industries

Capacity of the Allied Partners

Active alliances with outside experts

- Develop products with medical data holders
- Alliances with public and private health promoting institutes

<Reference>

	Security	Product and maintenance system management abilities			Channel management
	Brand power	Abundance in medical statistics	Light IT system	Operational know-how	Relationship with financial institutions
P&C	* Use of parent company resources				* Use of parent company resources
Foreign Cos					
Neo First	* Use of parent company resources	* Use of parent company resources		* Use of parent company resources	* Use of parent company resources

Medium Term Management Plan

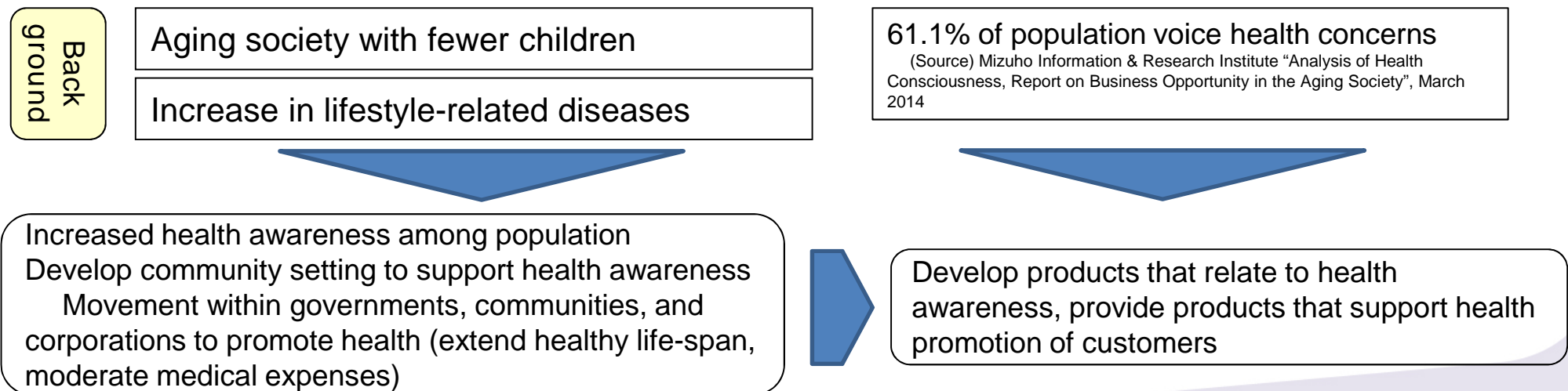
- First priority to secure business foundation
- Secure a standing in the market in the medium to long term with a view to become number one

2015	2016	2017	2018	2019	2020	2021	2022	2023
First Stage Dawn of the Company			Second Stage Robust Growth			Third Stage Running at Top Speed		
<Vision> Secure business foundation			<Vision> Secure a standing in the market			<Vision> Become Top player in the market		
Top share in level-payment products			Nation-wide distribution Among top three in level-premium			Number one in level-premium protection products		

- Stay away from price competition by launching pioneering, cutting edge products that promote health, or are reasonably priced with new value, innovative coverage
- Kickstarted with medical insurances

< Concept of the products >

- Pioneering, cutting edge products that promote health consciousness
- Maintain reasonable pricing, stay away from price competition
- Enhance product portfolio to maintain balanced business



Product Development: Faster to the Market

- Take advantage of rapidly shifting customer needs to bring innovative products to market ahead of competitors
- Planning further product introductions on top of the two we launched in August

< New Product Launch by peer Companies >

	2013/5-2014/4		2014/5-2015/4	
	Level premium	Single premium	Level premium	Single premium
Company A	1		2	
Company B	2		1	
Company C	2		1	
Company D	2		3	
Company E	1			1
Company F	1			
Company G	1		1	
Company H	1		1	



Neo First will exceed its peers with the speed of new product launches

(Source) Japan Institute of Life Insurance "A List of individual insurance products by company" editions in August 2015, August 2014

- Innovative coverage including non-smoker discount, fixed benefit, lump-sum benefit, and co-payment compensation

<Whole life medical>

- Change in medical practice
 - shorter stay, higher daily expense
- Limitation with existing policies
 - Co-payment could go up again
 - Saving on premium

Lump sum benefit at hospitalization

Covers co-payment at hospitalization & surgery

Non-smoker discount

First in the Market!

<Specified disease Insurance> (whole life)

- Problem with coverage of major diseases
 - Not widely available in bancassurance and walk-in shops
 - Uncertainty of the benefit
(no death coverage, expensive premium, medical coverage not up to date)

Payment on surgery or more than 30 days of disability^(*)
(heart attack and stroke)

Affordable premium with limited cash value

Non-smoker discount

(Note) When a policyholder is under observation period for more than 30 days

How Neo First's Whole Life Medical Compares to its Peers

- Reasonable pricing such as non-smoker discount
- Competitive pricing to secure ground in the markets

< Whole Life Premium Comparison >

Coverage:

Hospitalization: 5,000 yen per day (up to 60 days)

Premium comparison (yen, monthly, whole life)

	Neo First		Company A	Company B	Company C
	w/o surgery benefit	w/ benefit	w/ benefit	w/ benefit	w/ benefit
Male					
Age 30	875	1,272	1,510	1,330	1,450
40	1,180	1,697	2,005	1,840	1,980
50	1,655	2,340	3,015	2,670	2,830
Female					
Age 30	950	1,407	1,560	1,455	1,450
40	1,140	1,620	1,875	1,680	1,790
50	1,535	2,107	2,675	2,265	2,460

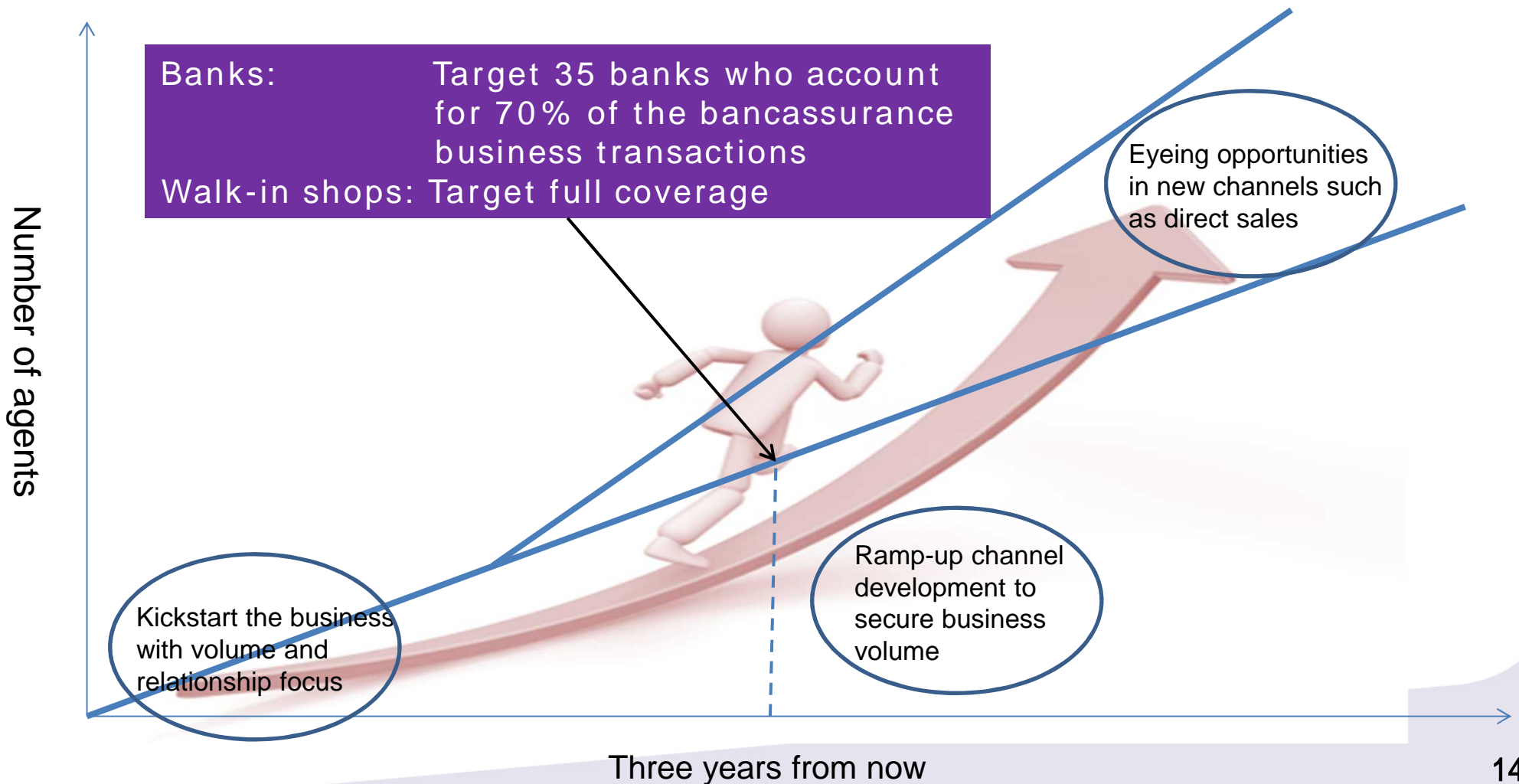
(Note 1) Coverage and benefits are not exactly the same and thus it is difficult to make a direct comparison

(Note 2) Neo First premiums are after non-smoker discount

(Note 3) Surgery benefits range from one-day operation of 25,000 yen to 50,000 yen. Other companies include 5,000 yen per day hospitalization benefits.

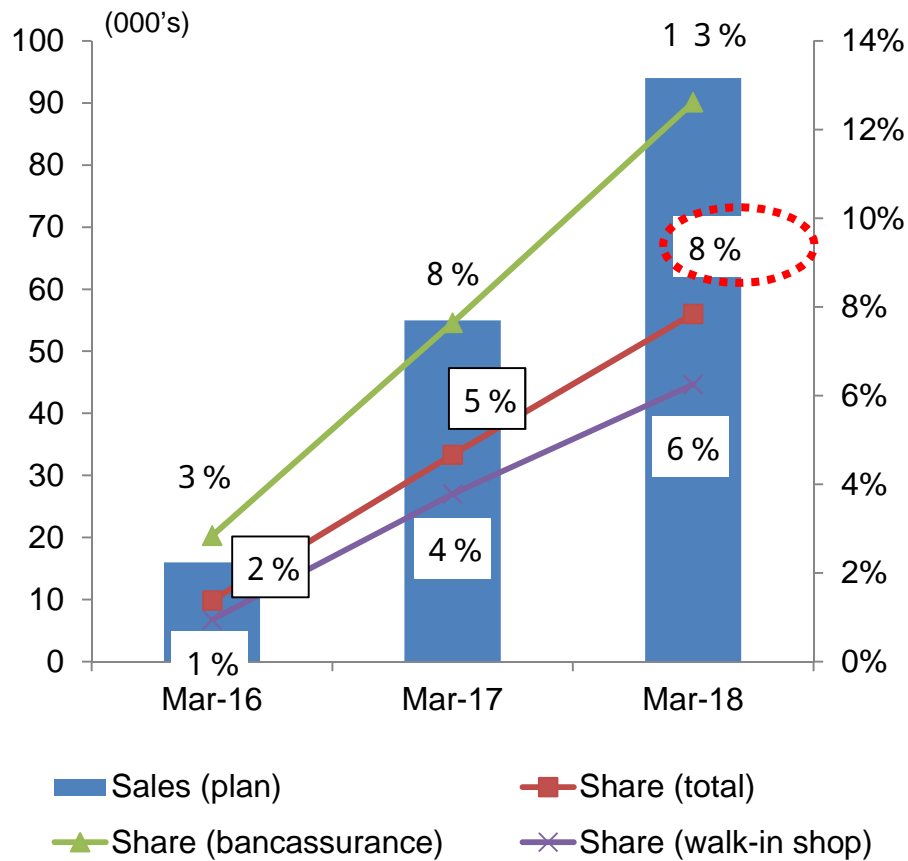
Channel Development Plan

- Kickstart the business with channel partners with close relationship with Dai-ichi Life Group
- Ramp-up the business with independent agents
- Eyeing opportunities in new channels such as direct sales



- Targeting 8% share in new business of level-payment products by March 2018.
Targeting prominent market share of more than 10% by March 2021 or at the end of second mid-term business plan.

Unit Sales and Share Target



(Reference) Lanchester Strategy / Koopman Model

(1)	>73.9%	Monopoly	State of monopoly
(2)	>41.7%	Relatively stable share	Relatively stable share in the market: practically dominating the market share
(3)	>26.1%	Able to influence the market	The company obtains a share that influences the market situation. Strong competitor in market.
(4)	>10.9%	Recognizable share	Certain level of prominence in the market: enjoys brand recognition
(5)	>6.8%	Faint recognition	An existence without characteristic position



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