
FALIA Top Executives Seminar

Sales Strategy Responding
to the Environmental Changes

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- 1. Change of Life Insurance Market**
- 2. Further Promotion of Sales Reform**
- 3. Sales Organization and Salesperson's Channel**
- 4. "New Total Life Plan" Strategy at the Dai-ichi Life**
- 5. Domestic Growth and the Insurance Market**

Change of Life Insurance Market

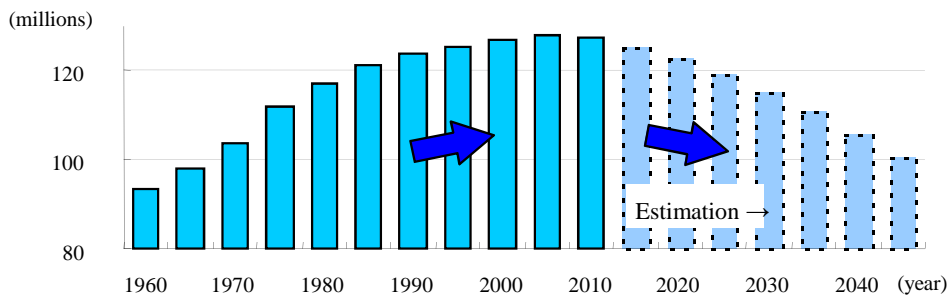
Change of Life Insurance Market (1)

- Demographic Movements in Japan

- ◆ There are dramatic changes taking place in the demographic movements surrounding the industry, which include not only a decrease in the population and changes to its composition [(1)(2)], but also a decrease in protection core groups (productive age population) [(3)] and more.
- ◆ What is more, households with children, which had heretofore been the primary mainstay, are also on the decline [(4)]. Lifestyles are growing more diverse, single-person households (male / female) and DINKs are on the rise, and major transformations in people's values towards marriage and family are taking place.

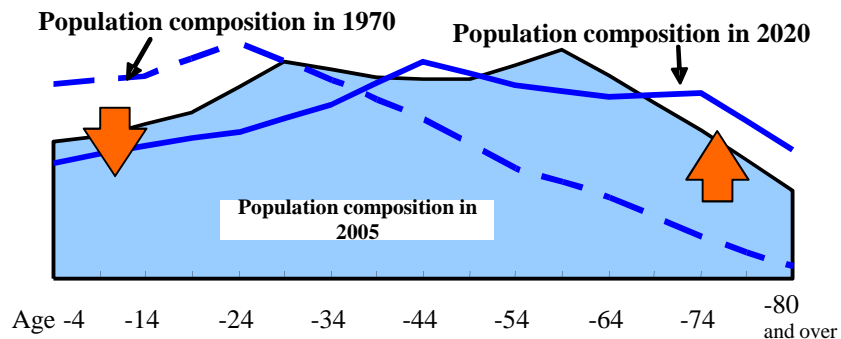
(1) Decrease in total population

- The total population has been on a downward trend since peaking in 2005 (at 127 million people)



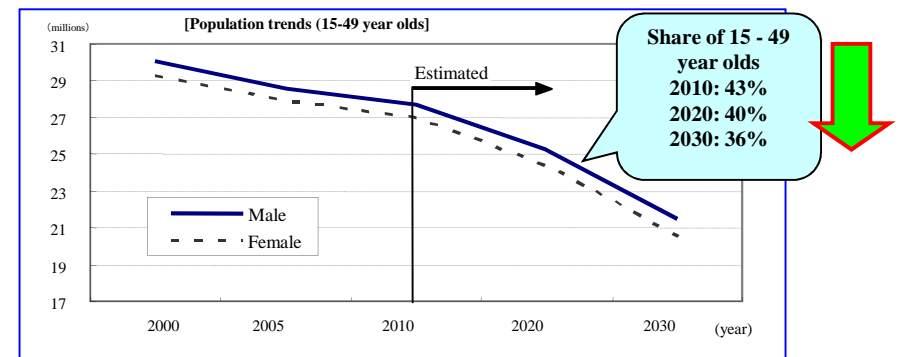
(2) Changes in the population composition

- The population structure is also seeing increasing aging



(3) Decrease in protection core groups (productive age population)

- The population of 15 - 49 year olds will drop by 4.62 million people between the years 2000 and 2010



(Source) 2000 - 2010: Created from the Population Census on the Statistics Bureau HP, 2020 - 2030 (estimates): Created from the Population Projections for Japan (January 2012; medium-fertility / medium-mortality projections) by the National Institute of Population and Social Security Research

(4) Diversifying lifestyles

- Transformations in values are taking place in the protect core groups

Trends in the number of households	Year 2010	
	Year 2010	Vs. 2000
W/ children	986 families	▲ 87
DINKS	247 families	+25
Single-person	799 families	+59

Trends in the unmarried rate	Year 2010		
	Year 2010	Vs. 2000	
Age 25-29	M	71.1%	+1.7
	F	59.9%	+5.9
Age 30-39	M	39.9%	+5.3
	F	27.8%	+7.4

(Source) 2000, 2010: Population Census on the Statistics Bureau HP

Substantial increase in single-person households

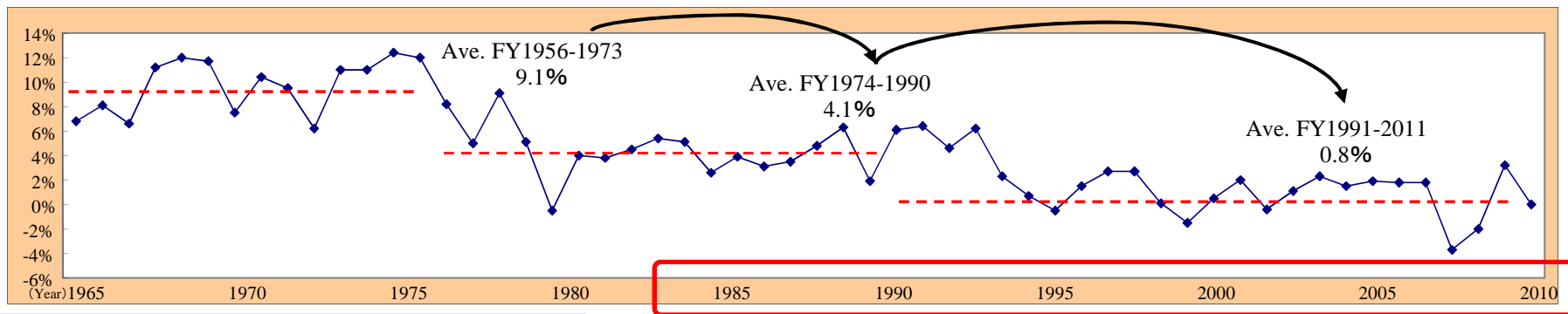
The unmarried rate is increasing for both men and women

Change of Life Insurance Market (2)

- Economic Movements in Japan

- ◆ In terms of long-term trends, the Japanese economy has shifted from a period of high growth to a period of stable growth, and then a period of low growth [(1)].
- ◆ Moreover, while per capita disposable income has been trending downwards on the whole, this has been on the rise in the zone of single women ages 30 – 49 [(2)].
- ◆ Core protection groups are the main target for the first sector (death coverage sector), but as a result of changes to the economic environment the sum insured in force for life insurance as a whole (≠ death proceeds) continue to trend downwards [(3)].

(1) Trends in the economic growth rate (rate of change in real GDP from the previous FY)



(Cabinet Office: National Income Statistics)

(2) Trends in per capita disposable income

<Households w/ spouses> (Unit: 10,000 yen)

Age	Male (husbands)		Female (wives)	
	Value	Vs.2000	Value	Vs.2000
-29	311	▲ 38	53	+8
30-39	419	▲ 55	47	+2
40-49	500	▲ 66	50	+1

<Single-person households> (Unit: 10,000 yen)

Age	Male		Female	
	Value	Vs.2000	Value	Vs.2000
-29	281	▲ 26	260	▲ 4
30-39	370	▲ 54	325	+14
40-49	442	▲ 27	356	+8

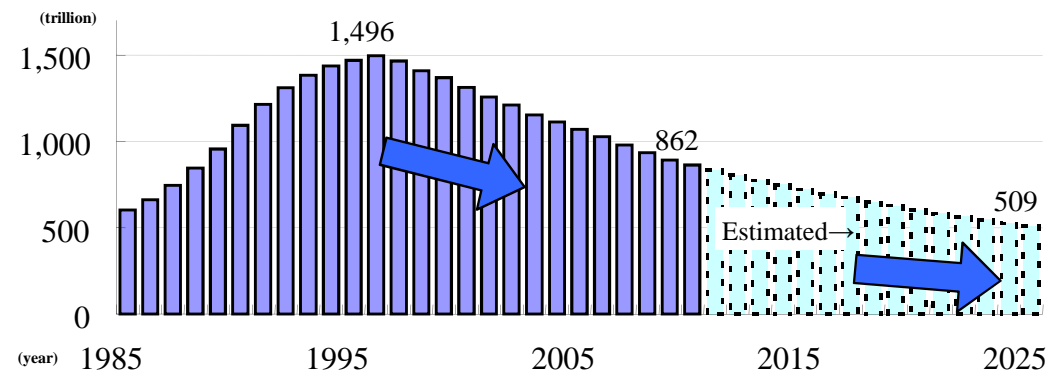
[Households w/ spouses]
Households that are unable to compensate for the husband's drop in income even if the wife works are seeing a decline in their ability to contribute premiums

30% of 15 - 44 year olds are non-regular employees

[Single men]
Their disposable income is dropping on the whole. But since they are single they have a low burden from living expenses, and thus have the ability to contribute premiums.

[Single women]
30 - 49 year old women is a **growth market** that is increasing in both population and disposable income.

(3) Trends in sum insured in force for individual life insurance (excluding individual annuities)



Change of Life Insurance Market (3)

- Market Strategy Based on Customer Needs

- ◆ Customer needs are growing increasingly more diverse in light of the streamlining of the social security system [(1)].
- ◆ Examples of growth markets that can be given are seniors [(2)] (aging population composition, concentration of financial assets among seniors, and the emergence of medical and nursing needs) and women [(3)] (medical protection needs, preparations for old age).
- ◆ The changing needs of customers have been accompanied by growth in premiums in force converted to a yearly basis for the third sector (≒ medical care / protection for certain diseases, etc.) [(4)].

(1) Customer's diversifying needs for insurance

Life security for the surviving family when a death occurs

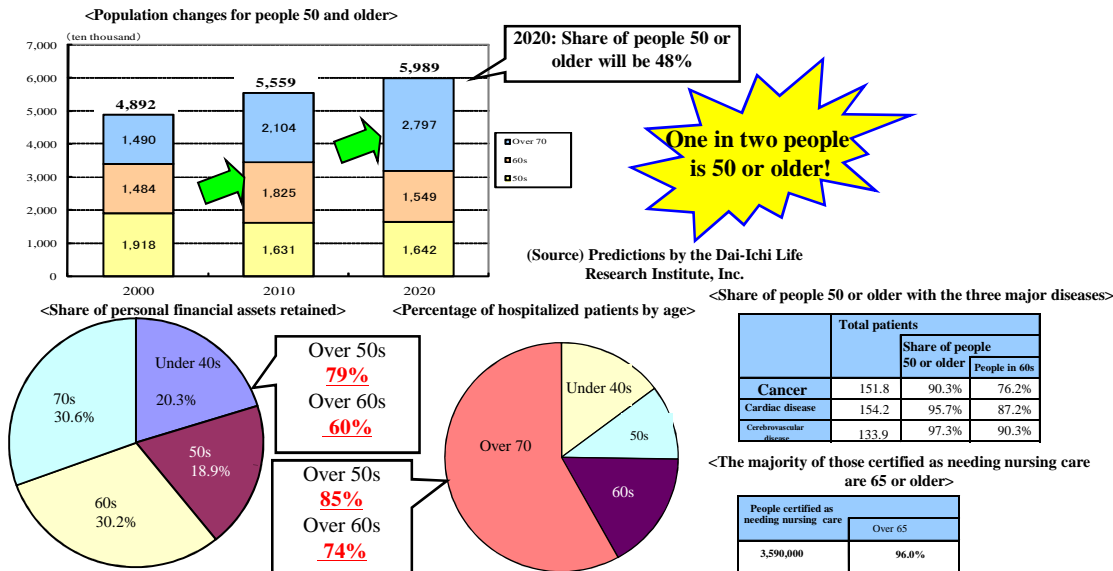


Existence security / life security for the elderly (Medical care, nursing, annuities, etc.)

Traditional needs

New needs

(2) Growing senior's market



(3) The growing women's market

<Rise in the percentage of the total number comprised of women>

Young /Middle (Age 15-49)		Senior (Over 50)	
2000	2011	2000	2011
39.0%	46.0%	46.0%	56.0%

Compared with FY2000 +7%!
Compared with FY2000 +10%!

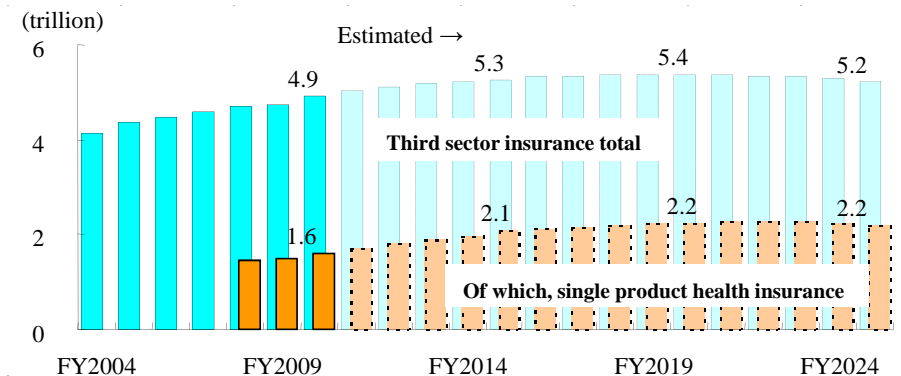
<Women's needs in medical care and aging>

	Patient (ten thousand)		Ave. hospital days	
	Male	Female	Male	Female
Hypertensive heart disease	1.7	2.7	24.3	123.1
Arachnoid hemorrhage	1.4	3.4	80.0	112.3
Intracerebral hemorrhage	8.8	7.6	118.9	142.5
Cerebral infarction	47.1	49.3	85.0	139.9

<Average remaining lifespan for men and women in their 40s>

	2000	2010	(year)
Male	39.0	40.8	
Female	45.5	47.2	
Difference	+6.5	+6.4	

(4) Trends in premiums in force converted to a yearly basis for third sector insurance

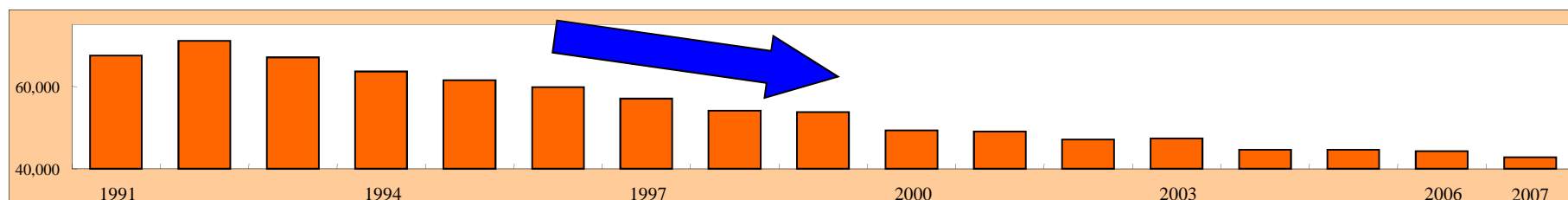


Further Promotion of Sales Reform

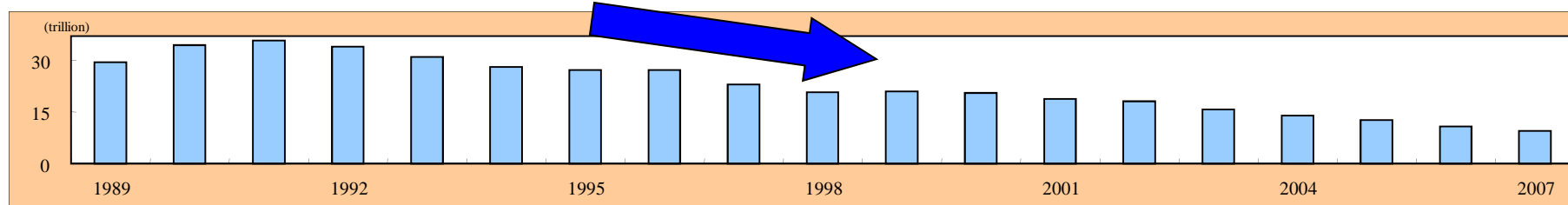
Further Promotion of Sales Reform – Changes in the Number of Registered Salespersons at Dai-ichi Life, the Net Sum Insured of New Policies, and the Sum Insured in Force

- ◆ The number of registered salespersons has been declining since peaking in 1992 at 66,000 people [(1)]
- ◆ The net sum insured of new policies has been declining since peaking in 1991 at 35.7 trillion yen [(2)]
- ◆ The sum insured in force has been declining since peaking in 1996 at 251 trillion yen [(3)]

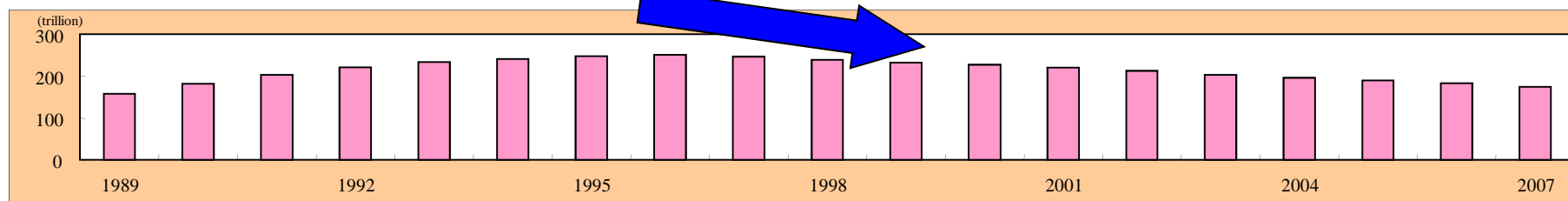
(1) Changes in the number of registered salespersons



(2) Changes in the net sum insured of new policies

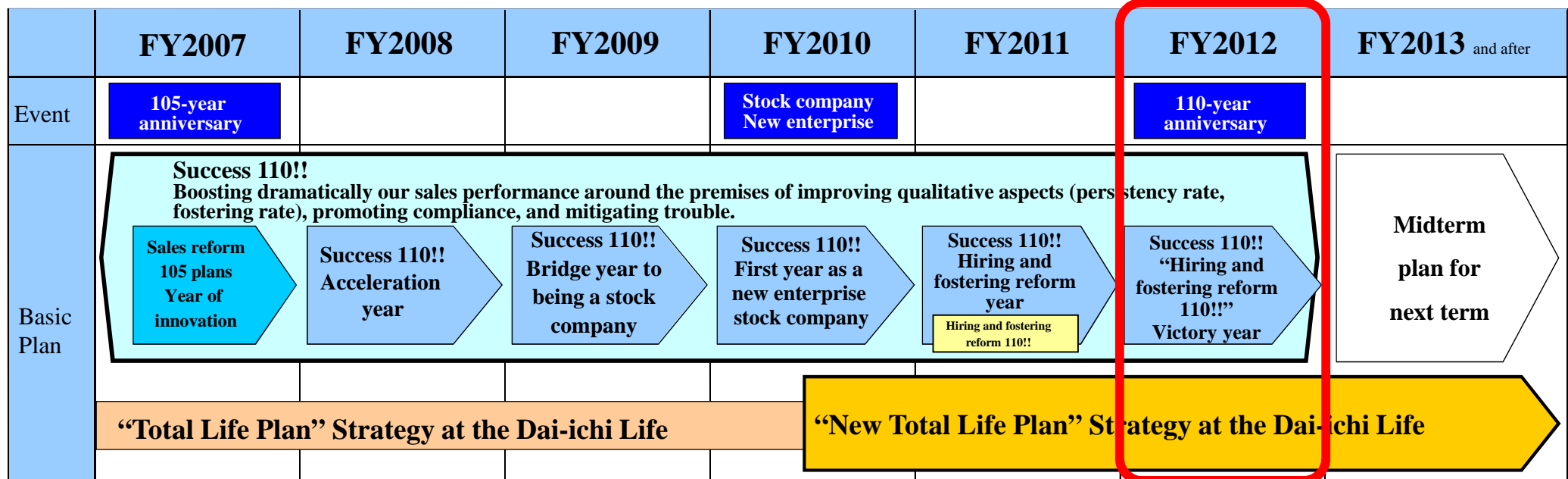


(3) Changes in the sum insured in force by term's end



Further Promotion of Sales Reform – Promoting “Success 110!!”

- ◆ Starting in FY2007 we formulated “Success 110!!” as a six-year plan designed to improve quality assurance by our sales divisions.
We are aiming for an absolute advantage in industry competition through dramatic improvements in qualitative aspects.
- ◆ In FY2007, which was the first fiscal year, we embarked upon efforts to dramatically improve the fostering of salespersons and contract persistency via our **“Sales Reform 105 Plan”**. For our persistency rate we have achieved substantial improvements in our track record for policies since FY2007.
- ◆ While the salesperson fostering rate is showing signs of improvement, it has yet to reach an adequate level. Based upon this recognition, since FY2011 we have been aiming to achieve the creation of a robust salesperson system by augmenting our sales executive class via further strengthening initiatives for hiring and fostering under the designation of **“Hiring and Fostering Reform 110!!”**

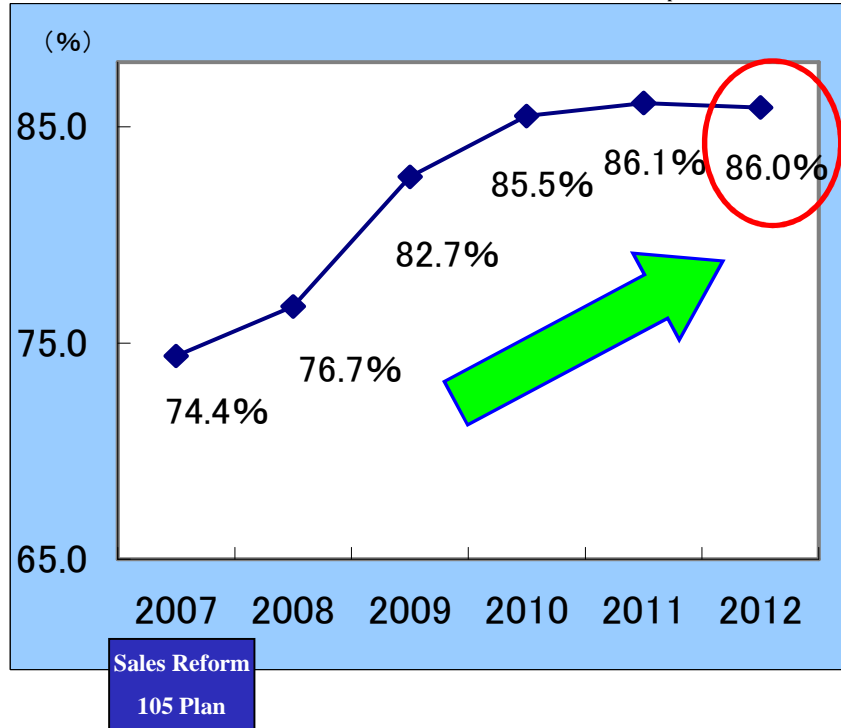


Further Promotion of Sales Reform – Performance with Qualitative Aspects

(Persistence Rate / Registration Rate), Performance with the Number of Salespersons Registered

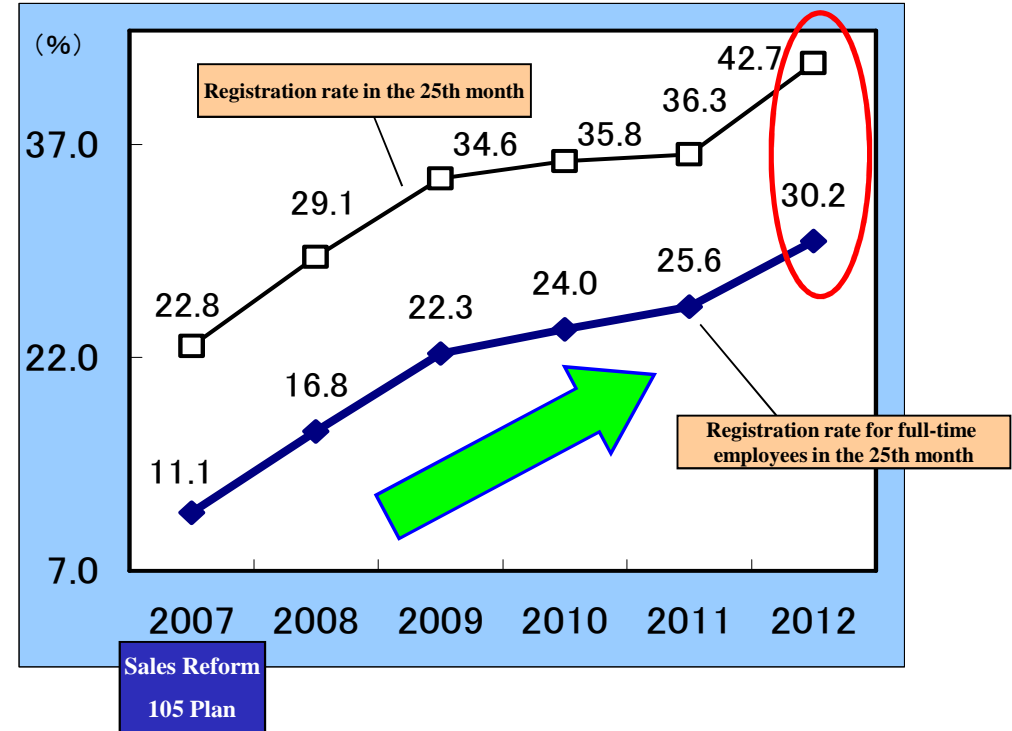
<Performance trends in our 25th persistency rate>

Figures for 2012 show the clear performance from April - September



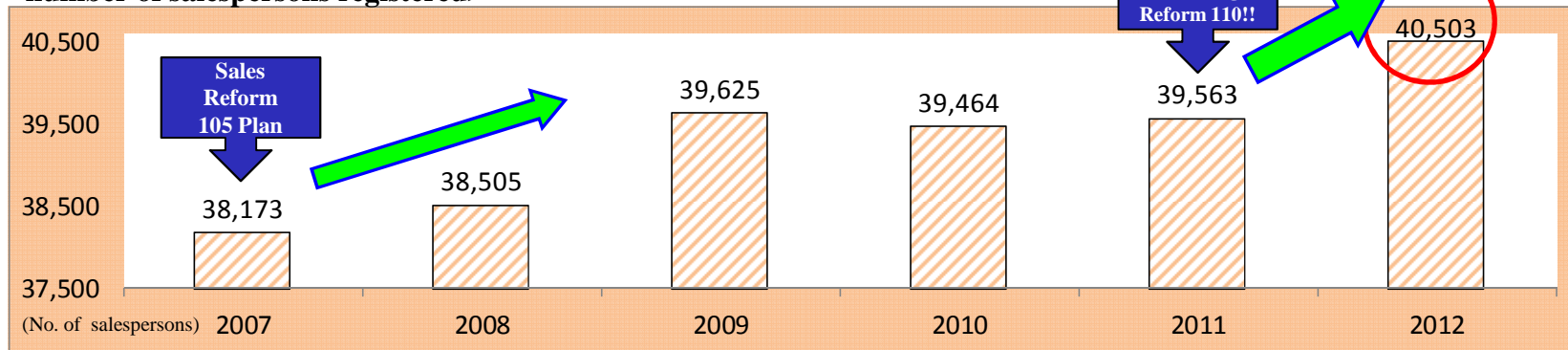
<Performance trends in our 3rd month persistency rate>

Figures for 2012 show the clear performance from April - June



<Changes in the performance for the number of salespersons registered>

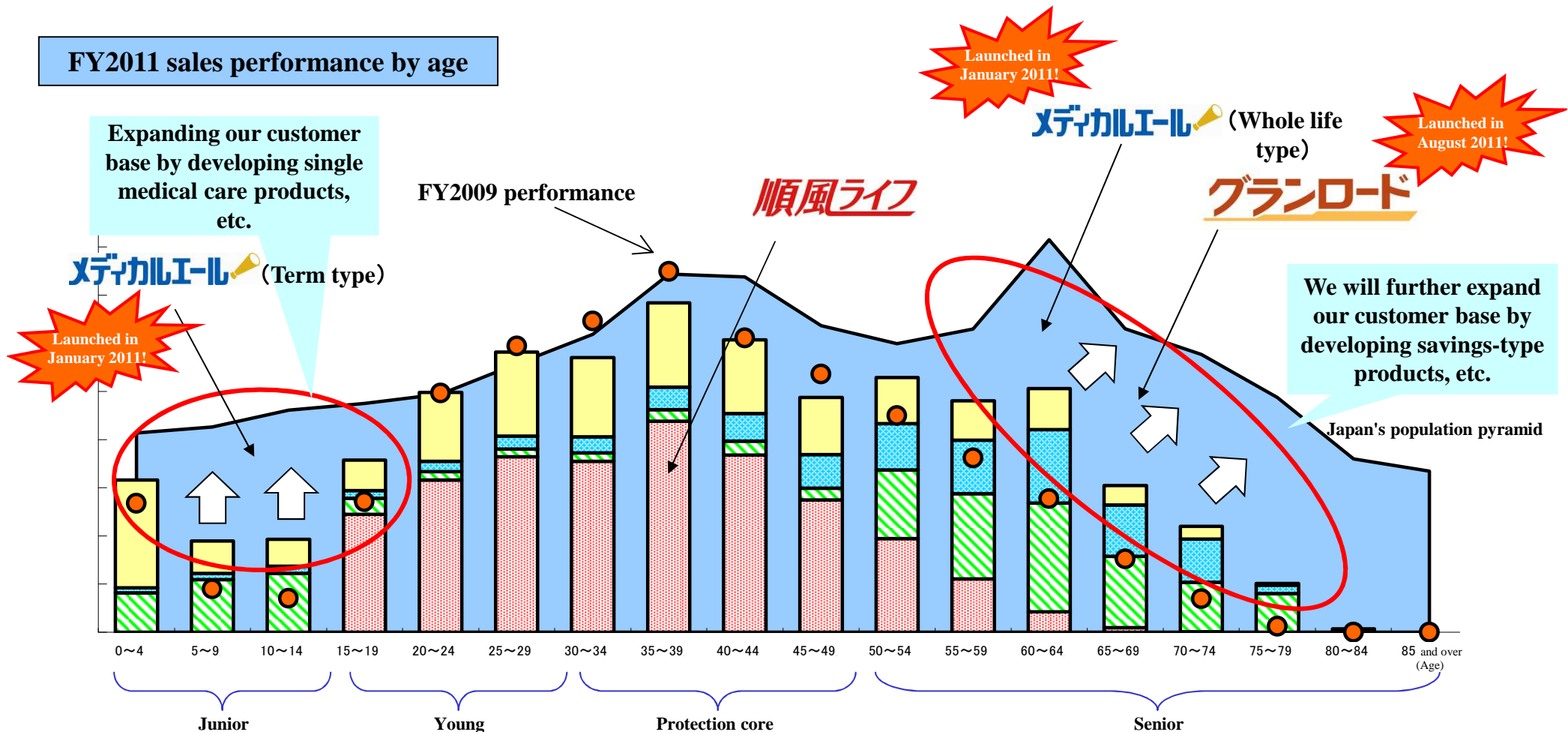
Performance through Sept. 1 for the 2012 figures



Further Promotion of Sales Reform – Product Strategy with a Greater Awareness of the Market

- ◆ We have developed a product strategy that is based on the general concept behind our “Total Life Plan” Strategy of providing high quality products, services, and proposals that are tailored to the customer's life stage.
- ◆ Since FY2010 we have been successful at developing a targeted new customer base through the introduction of our main product “Jyunpu Life”, the single medical insurance “Medical Yell”, and the lump sum whole life insurance of “Grand Road”.

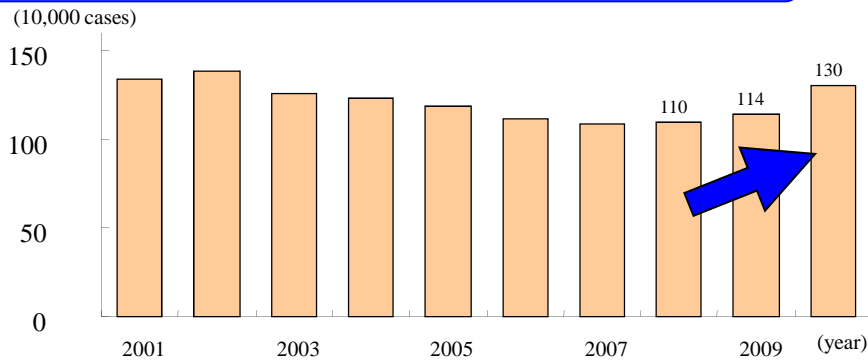
FY2011 sales performance by age



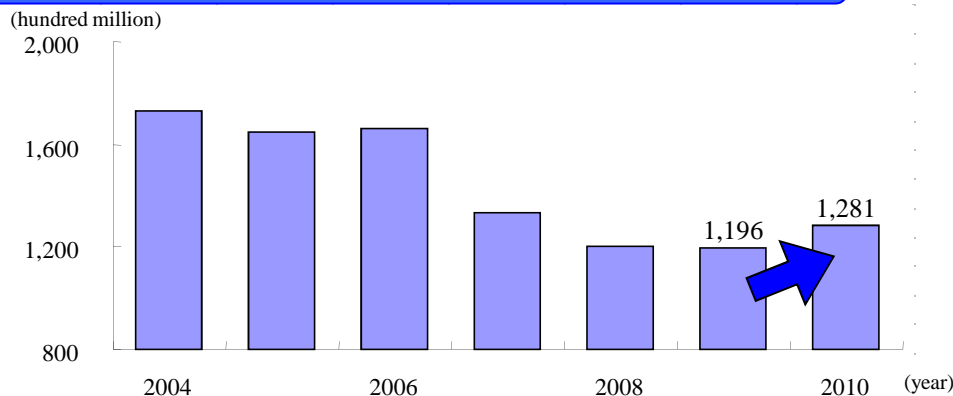
Further Promotion of Sales Reform – Dai-ichi Life's Recent Sales Performance

- ◆ By introducing new products with an awareness of the market we have expanded our number of new policies and even turned around our number of policies in force.
- ◆ As was previously mentioned, our sum insured in force is on a downward trend, but premiums in force converted to a yearly basis have grown relative to the previous year. As a result, this has been putting a stop to the downward trajectory that our premiums in force converted to a yearly basis were on. Furthermore, our third sector premiums in force converted to a yearly basis are growing.

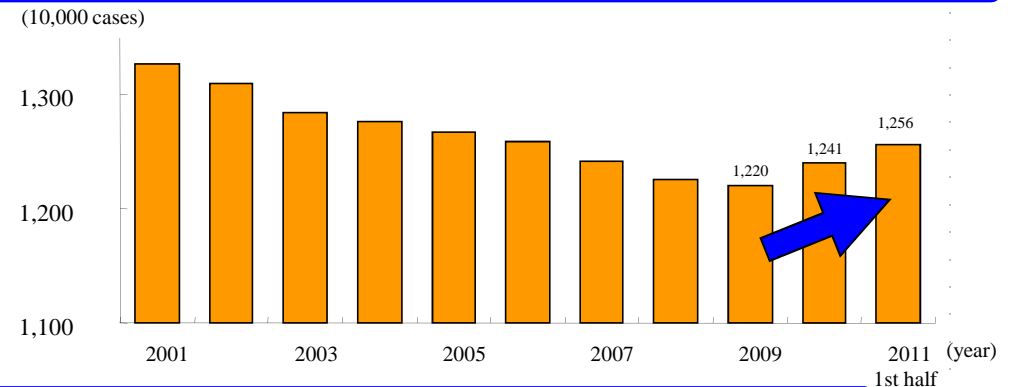
(1) Changes in performance for the number of new contracts



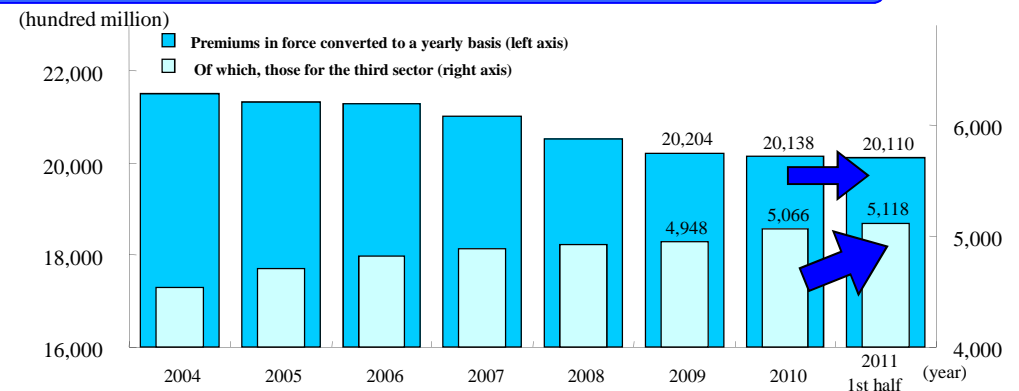
(2) Changes in performance for the number of policies in force



(3) Changes in performance for new policy premiums converted to a yearly basis



(4) Changes in performance for premiums in force converted to a yearly basis



Due to the emergence of third sector products it has become harder to explain sales performance solely through indicators for policies in force. In addition, protection products and savings products vary in terms of their profitability, and so cannot be adequately explained through indicators for premiums.

Further Promotion of Sales Reform

– Action 110!! Three Major Reform Policies –

<Implementing the Three Major Reform Policies of “Action 110!!”>

■ Systems, performance, and infrastructure are three facets for making Success110!! a success in FY2012. For each of these we will implement reforms of the salesperson system (qualification screening and salary), reforms of the converted sales performance for salaries & promotions, and introduce DL Pads.

Reforms of the salesperson system (qualification screening and salary)

- Create a robust salesperson system in both name and deed with the ability to recruit people
- Main points for the qualification screening and salary reforms
 - (1) Stabilize salaries during the fostering period
 - (2) Simplify the system
 - (3) Move to a system with a greater awareness of acquiring converted sales performance for salaries and promotions



Move to a system that steadily entrenches activity processes and foundational activities and which aims for and achieves fostering that attains results!

Especially for new recruits



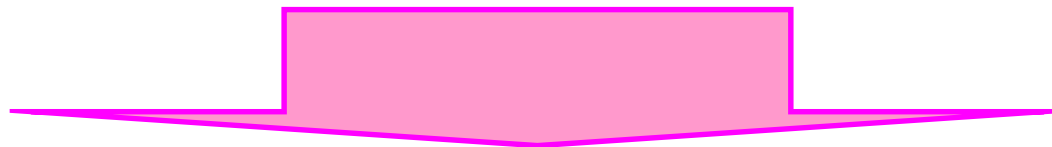
Unify target vectors for the company, unit offices, and individuals in order to carry out sales with a greater sense of solidarity and assent

Reforms of the converted sales performance for salaries and promotions

- This makes everyone happy throughout the company and at unit offices, as well as all salespersons (unify target vectors)
- Main points for the standard performance reforms
 - (1) Unify the target vectors for the company, unit offices, and individuals
 - (2) System for soundly rewarding employees for their contributions to profits
 - (3) Give guidance with a greater awareness of acquiring converted sales performance for salaries & promotions, and expand sales of products that are highly profitable

Introduction of Next-generation mobile terminal “DL Pad”

This will strengthen our use of information and let our people engage in consulting, while at the same time achieving innovations in work styles and management styles!

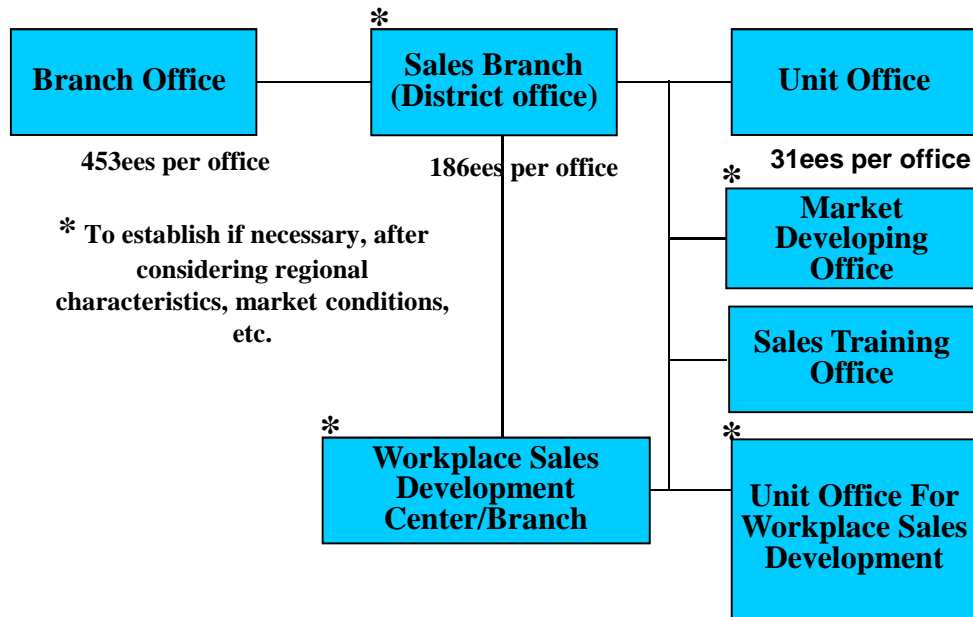


- We will make use of these reforms to lead to an improvement in our fostering rate when it comes to fostering, and to unify our target vectors for the company, unit office managers, and salespersons on the sales side!
- In addition, by introducing DL Pads we will strive to further strengthen consulting and work towards the success of Success 110!!

Sales Organization and Salesperson's Channel

Sales Organization of Dai-ichi Life – Whole Picture

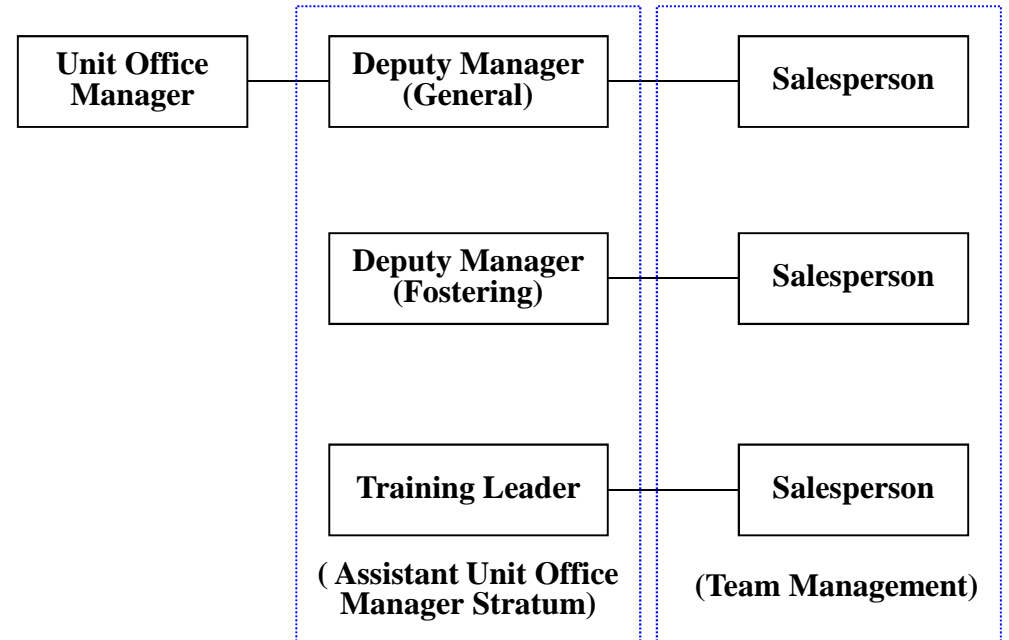
◆ Organization Chart of Branch Office



[Number of Sales Office] As of April 2012

	Number of Offices
Branch Office	88
Sales Branch (District office)	9
Unit Office	1,251
Sales Training Office	178
Workplace Sales Development Center/Branch	42
Unit Office for Workplace Sales Development	55
Sales Training Office	9

◆ Organization of Unit Office



[Number of Staff] As of September 2012

	Number
Unit Office Manager	1,190
Deputy Manager (General)	1,699
Deputy Manager (Fostering)	510
Training Leader	1,071

Sales Organization of Dai-ichi Life – Details

Item		Description
I Branch Office	Objective	○The supreme organization in the forefront of field activities which conducts and supervises salespersons to obtain good results in its territory.
	Establishment	○Basically, one branch office locates in each prefecture and also locates in prefectural capitals or other equally important cities (88 Branch Offices). ○In big-city districts, branch offices are currently established in consideration of the railway transportation network (market based on the railway lines). Establishment of Sales Promotion Departments to supervise branch office (S. P. Dept. -West Japan/East Japan, Metropolitan, Nagoya, and Osaka.)
	Main Operations	○Recruiting, training and educating salespersons ○Management and supervision of sales branch, district offices and unit offices ○Sales promotion, field market management, sales of new policies, and group sales promotion ○Maintenance and management of existing policies ○Policyholder services
II Sales Branch	Objective and main operations	○To establish an organization of sales support system that is reinforced by the allocation of branch managers in order to improve sales based on regional characteristics and market conditions. To carry out business supervision and organization management as an organization of branch management. (9 offices)
III District Office	Objective	○To promote optimum response to the particular needs of their markets and guidance to and management of salespersons in large metropolitan areas and central regional city centers (7 offices). ○Functionally classified as Type A (policy conservation & acceptance of visitors), Type B (acceptance of policy conservation procedures for visitors) and Type C (neither of the two functions)
	Establishment	○The district office serves an area with a population of approximately 400,000 people. ○It has been established with seven to eight unit offices and some 200 active salespersons under its jurisdiction.
	Main Operations	○Recruiting, training and educating salespersons ○Sales of new policies ○Management and supervision of unit office ○Response to requests from customers
IV Unit Office		○Unit offices are the front-line offices to sell insurance, and are established in consideration of the population, market potential of the territory, and actual results achieved in that territory.
V Market Developing Office		○ To focus on market development more, newly created in 2012
VI Workplace Sales Development Center		○To train specialist salespersons and trainers to develop workplace markets.
VII Sales Training Office		○To carry out group training and practical guidance for new recruits to give basic knowledge as full-time salespersons within a short period of time (one to six months).
VIII Quasi-Branch Office Organization		○Metropolitan Consulting Sales Center, Nagoya Consulting Sales Center, Osaka Consulting Sales Center and Fukuoka Consulting Sales Center are positioned as the quasi-branch office organization. (Salesperson is recruited just after graduation of college or junior college)

Salesperson's Channel - Overview

◆ Number of salespersons (As of September 1, 2012)

40,503

◆ Average age

46.5

◆ Average years of employment

10 years and 3 months

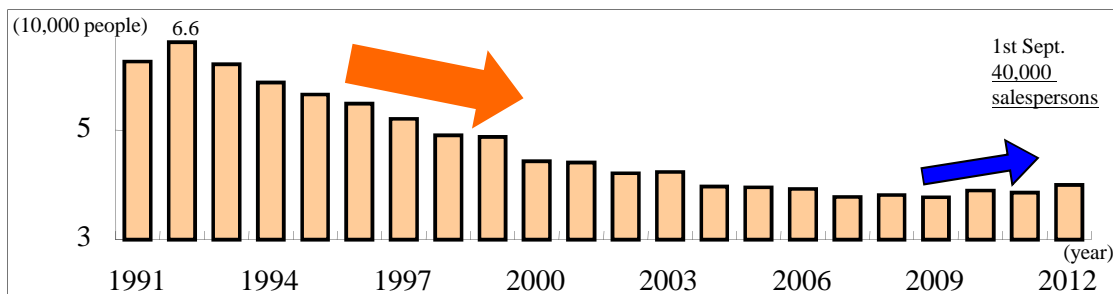
◆ Number of newly-recruited salespersons (accumulated total in the fiscal year of 2011)

9,407

◆ Average monthly income

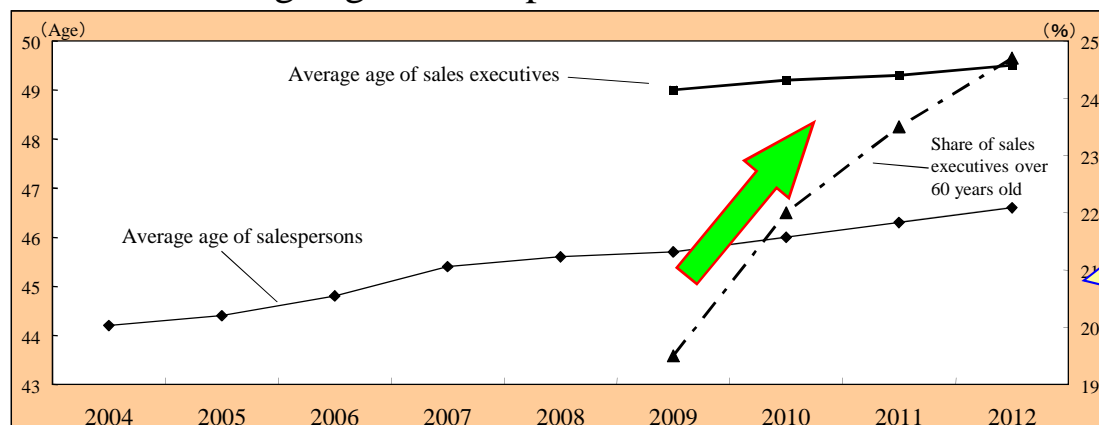
¥223,000

<Trend of number of salespersons>



Number of salespersons had been decreasing since its peak in 1992 of 66000, from 2007 it has kept the trend of increase.

<Trend of average age of salespersons>



Average age of salespersons is apt to get higher. The share of "Sales executive over 60 years" has increased for these 4 years(19%⇒24%)

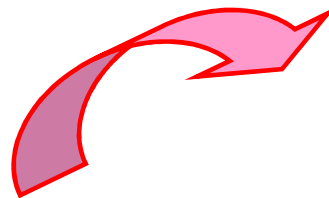
“New Total Life Plan” Strategy at the Dai-ichi Life

“Total Life Plan” Strategy to “New Total Life Plan” Strategy

◆ We took the core section of our products, proposals, and services from the “Total Life Plan” Strategy that we laid out in 1997 and developed this as a comprehensive marketing strategy to create our “New Total Life Plan” Strategy through an overall framework of our customer base, channels for customer contact, education, and system infrastructure. We will further unearth the strength from Dai-Ichi Life's customer base and points of contact and harness all of our resources in the form of all of our people, goods, and structures to strengthen points of contact with our customers through all-out efforts, while also contributing to improving customer satisfaction, the education of our salespersons, and the growth of our core businesses.

すべてのお客さまに
私たちすべてが
すべての接点で
「一生涯のパートナー」

生涯
設計



**Development into the
“New Total Life Plan”
Strategy**

**“Total Life
Plan”
Strategy**

Good products

Good consulting

Good service

Expand the customer base we contact

Expand the channels through which we make contact

Expand the opportunities to make contact

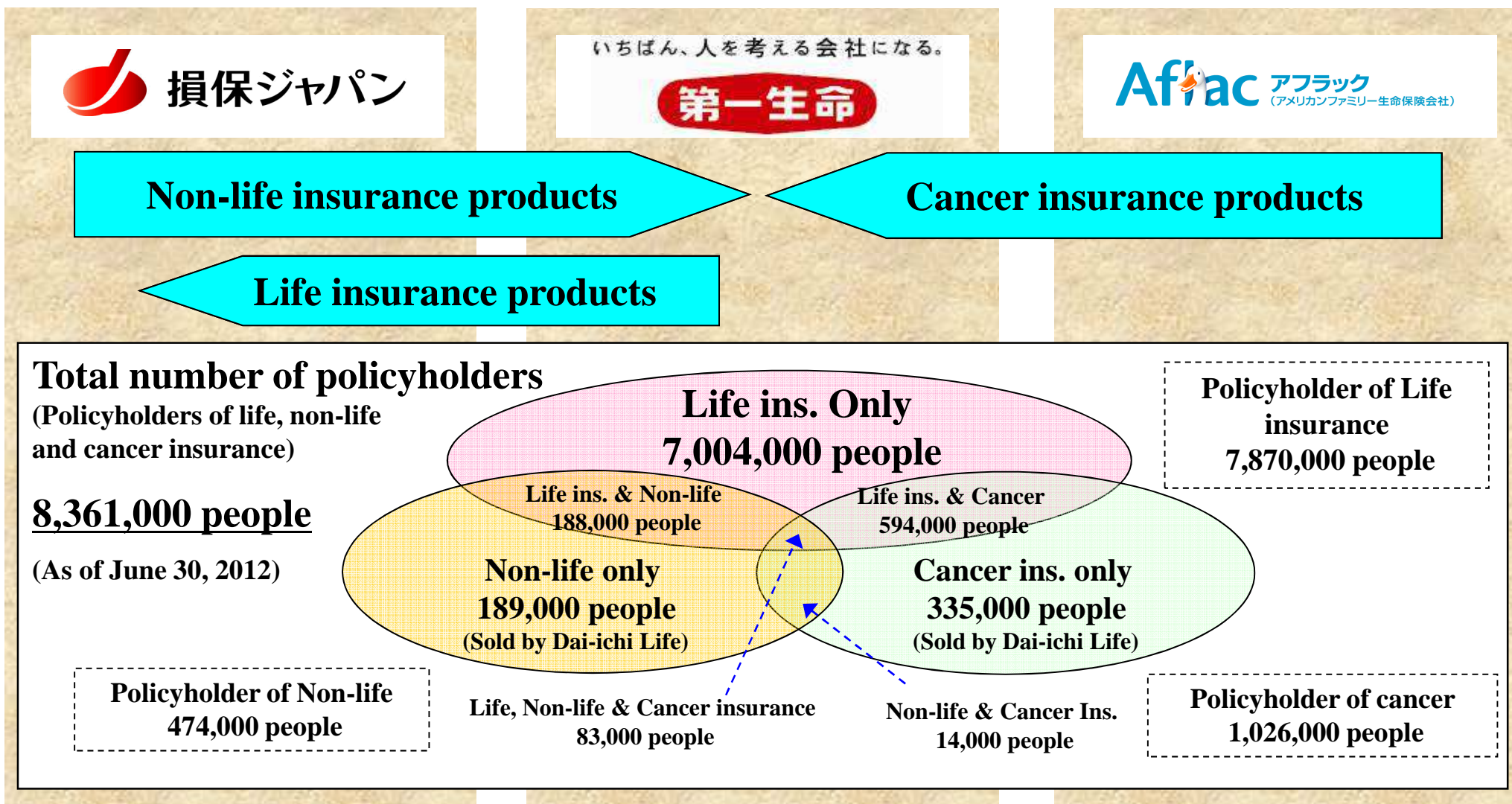
Realization of a “Lifetime Partner”

All of us make contact through every point of contact with all of our customers

High Quality Products

– Alliance with Sompo Japan and AFLAC

- ◆ Realizing the enhancement of product line-up and strengthening the agent sales channel by introduction of non-life and cancer insurance products through leading companies in non-life and the third sector respectively.



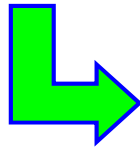
High Quality Proposals

– Reforming Our Sales Infrastructure

- ◆ In August 2012 we introduced the DL Pad, a thin, lightweight tablet-style mobile computer, in the aim of improving our consulting and reforming our work and management styles.
- ◆ Furthermore, in FY2013 we are planning to further up our game through such means as digitalizing our new contracts.

Enhancing the contents of our consulting and proposals

- Enhancing explanatory software, coverage planning functions, and Total Life Plan and simulation functions in order to be able to provide explanations that are easier to understand not only at the contract enrollment stage, but also at the post-enrollment and procedural stages
- Further strengthening educational functions such as e-learning and on-camera training
- Enhancing guidance and help features related to procedures



Reforming our work style for sales by introducing consulting in which customers take part!



Support efficient and functional activities for sales activities

- Manage and confirm information like daily schedules and the results of visits in a more timely manner
- Strengthen flexible support by having instructors share information

Strengthen our system for following-up on customers

- Create a system that would make it possible to properly share and coordinate the information needed to provide services and for procedures via salespersons, call centers, contact points, and so on

Complete sales at our contact points with customers

- Introduce initiatives like the digitalization of procedures and online check functions, and process various procedures simply, conveniently, and rapidly

Improving functionality and enhancing mobility and portability

- Boosting portability via thin, lightweight tablets with large liquid crystal screens, as well as enhancing their built-in battery, communication functions, and security

いちばん、人を考える会社になる。

第一生命