

*FALIA Seminar
in Ulaanbaatar, Mongolia*

September 11th 2012

Product Development Strategy of Life Insurance

Munehiro URYU

General Manager,

Product Development & Management Unit

The Dai-ichi Life Insurance Company, Limited

Contents

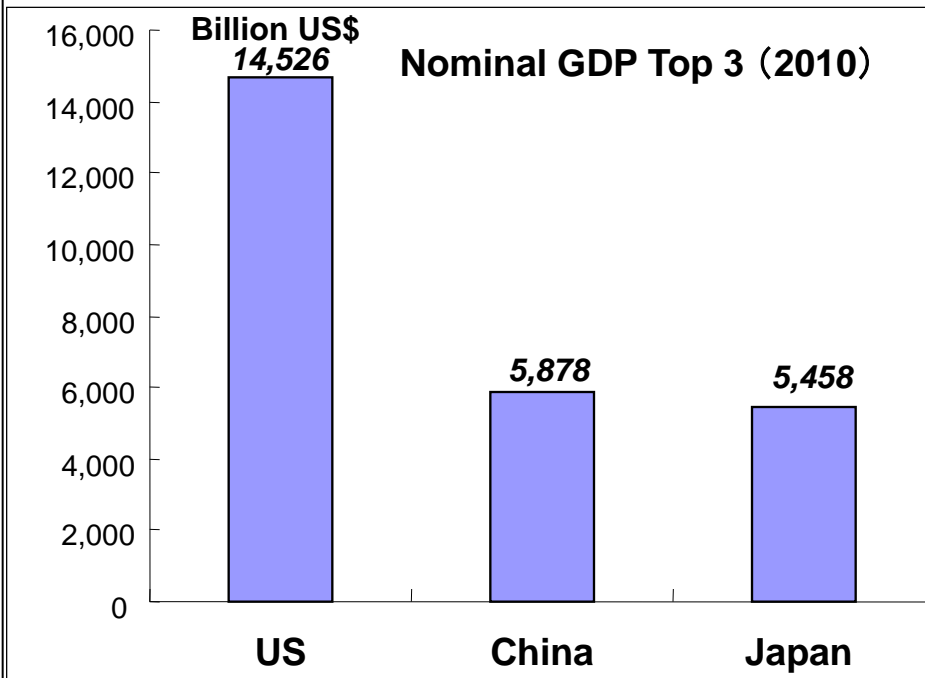
- 1. Introduction**
- 2. Transition of main products
based on the change of environment**
- 3. Dai-ichi's products' line-up
to support Total Life Planning**
- 4. Conclusion**

1 . Introduction

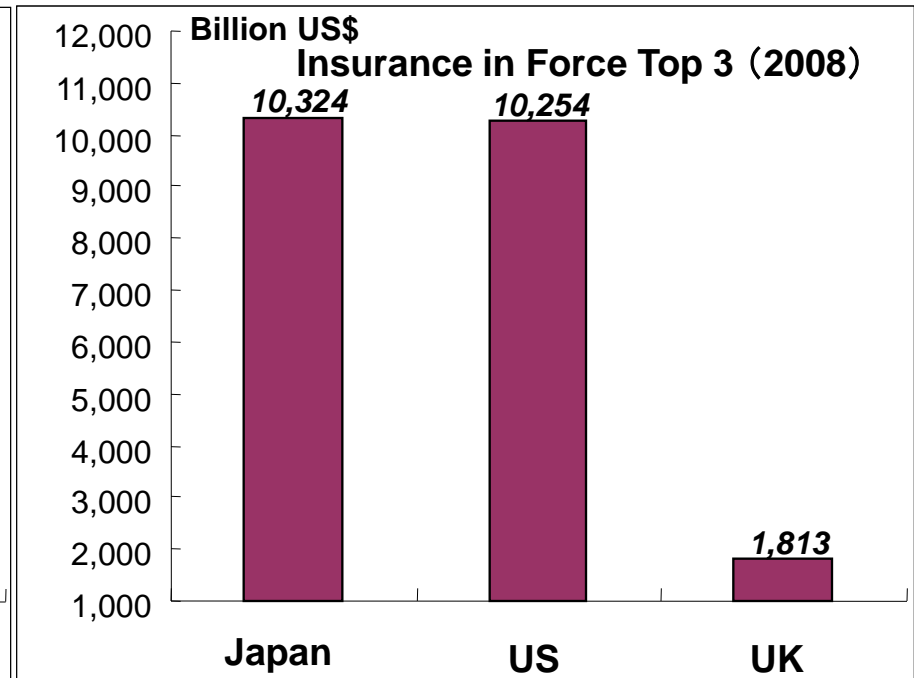
Japan, the World Largest Life Insurance Country

Features of Japan in the world

- No. 3 nominal GDP following US and China
- 10th Population, 16th nominal GDP per capita
- Nevertheless, No.1 Amount of Insurance in Force followed by US !



(Source) IMF - World Economic Outlook



(Source) Annual Data Book of Life Insurance Business

Why Did Japan Become No.1 Life Insurance Country? (1)

1. Previously existing environment to easily accept life insurance

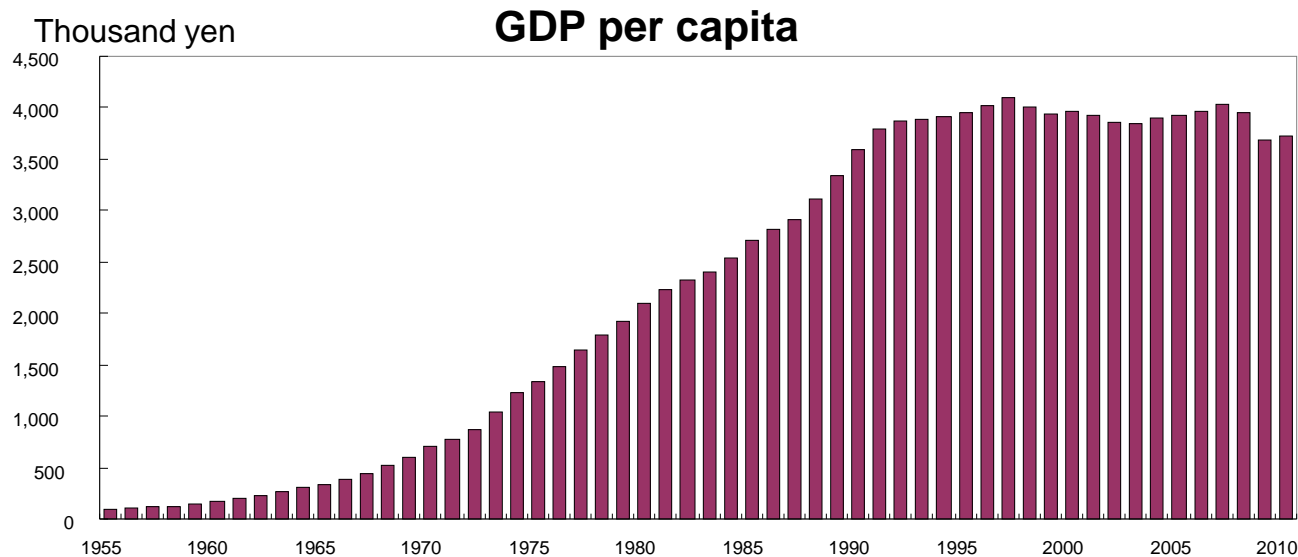
Since around 12th century, there were mutual supporting system called “Tanomoshi” or “Mujin” where people contribute for pooling to be redistributed for emergency in restricted community societies in Japan.

In latter half of 19th century, the first modern life insurance company was established in Japan.

Life Insurance grew popular based on the environment mentioned above.

2. Increase of Income along with Economic Expansion

Income level expanded significantly during the high economic growth period from 1960s to 1980s.



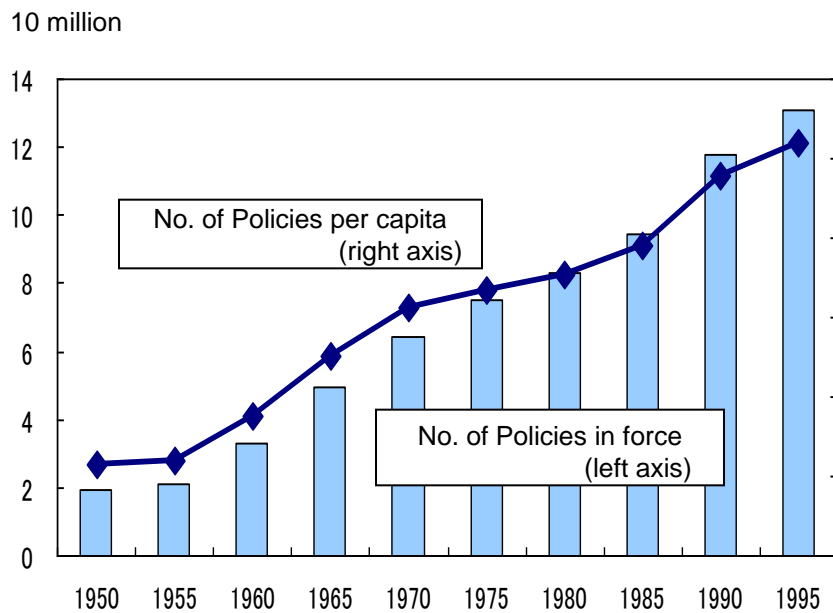
(Source) Statistics Bureau of MIC “National Economy Accounting”, “Static Population”,
Cabinet Office “National Economy Accounting, Final Report”

Why Did Japan Become No.1 Life Insurance Country? (2)

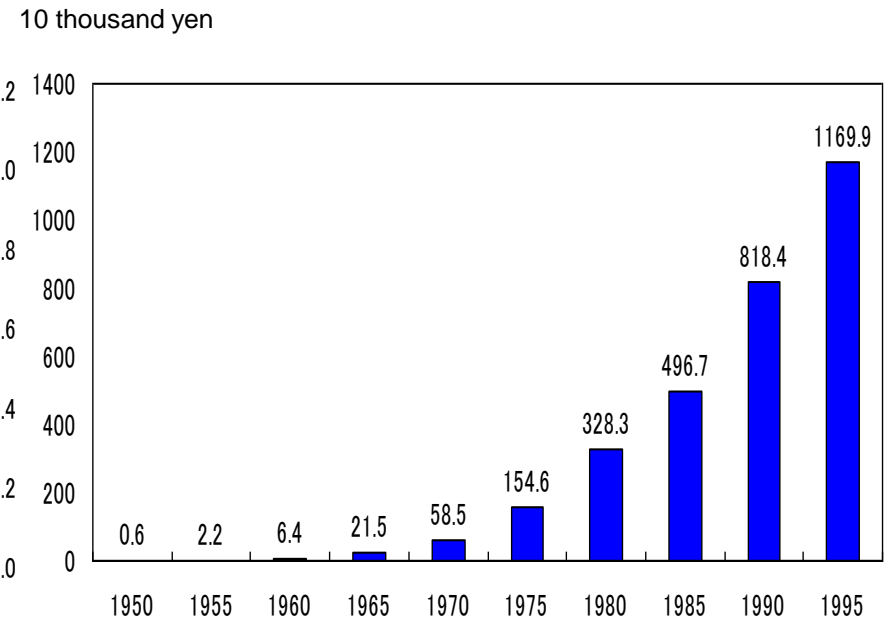
3. To the No.1 country of life insurance in force

Highly increasing income in addition to the traditional environment enabling to accept life insurance easily, expanded the life insurance market accompanied with increase of amount insured per policy.

Number of Life Insurance Policies in force & Number of Policies per capita



Amount insured per capita

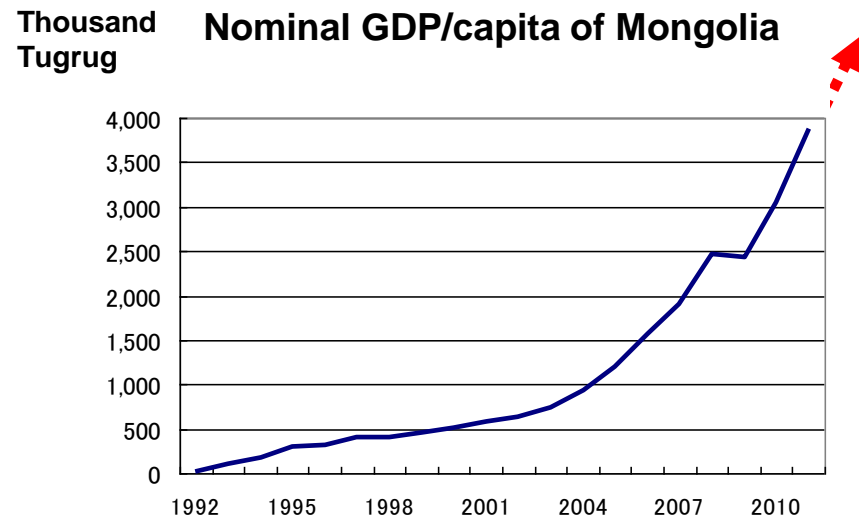
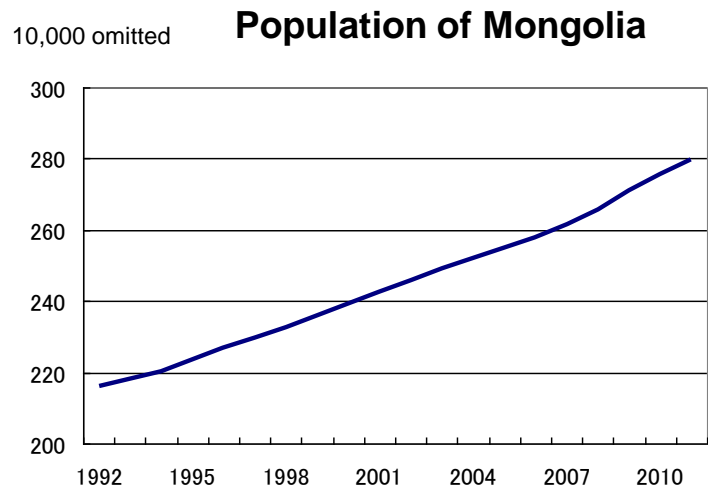


(Source) Life Insurance Association of Japan "Life Insurance Business Fact Book"
Statistics Bureau of MIC "Estimated Population of Japan"

Current Position of Mongolia?

			Japan				Mongolia
			1950	1970	1990	2010	2010FY
Population	Population (Million)		83.20	103.72	123.61	127.47	2.78
	By Age group						(Note)
	0-14		35.4%	23.9%	18.2%	13.4%	27.3%
	15-64		59.7%	69.0%	69.7%	64.1%	69.0%
	65 and over		4.9%	7.1%	12.1%	22.5%	3.7%
Economy	Nominal GDP (Bil.US\$)		23.8	205	3,058	5,069	6.6
	Nominal GDP/capita (US \$)		204	1,985	24,738	39,726	2,207

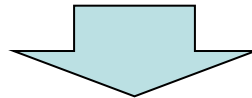
(Source) Japan: Statistics Bureau of MIC Mongolia: MOFA of Japan "Situation of countries and districts", IMF - World Economic Outlook, etc.



(Source) IMF - World Economic Outlook

Prospect of Growth of Life Insurance in Mongolia

1. 27.6% GDP growth of 2010 exceeded that of Japanese high-growth period of 1960s !
2. Mongolia as a mineral-rich country is expected further growth in accordance with the smooth mega development.
3. Country with many young people of 27.3% population share for 0 to 14 years old has a long term prospects for life insurance.

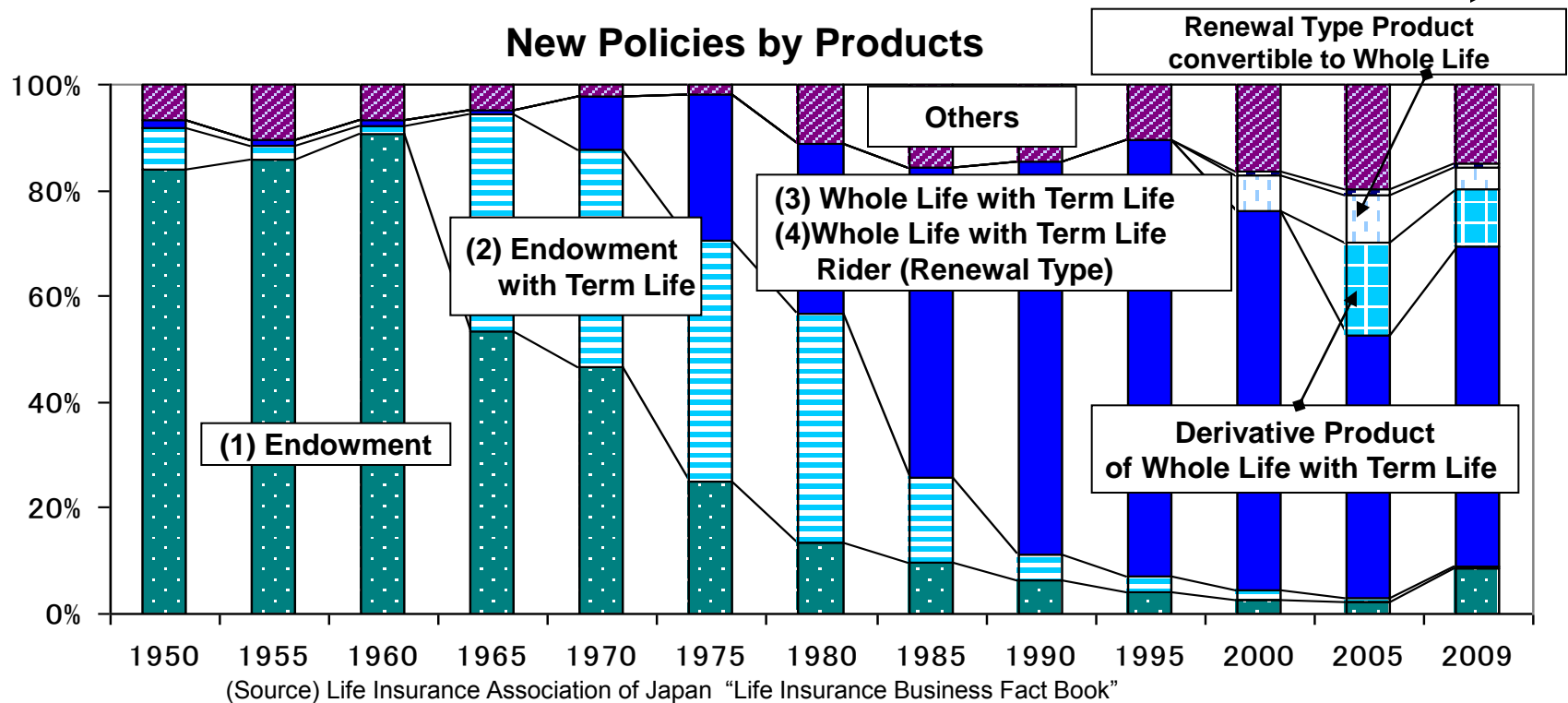
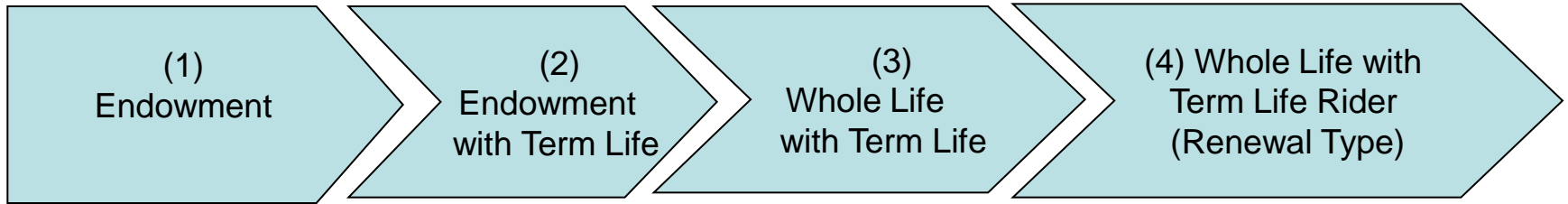


Mongolia has a possibility to become a big life insurance country like Japan in the future.

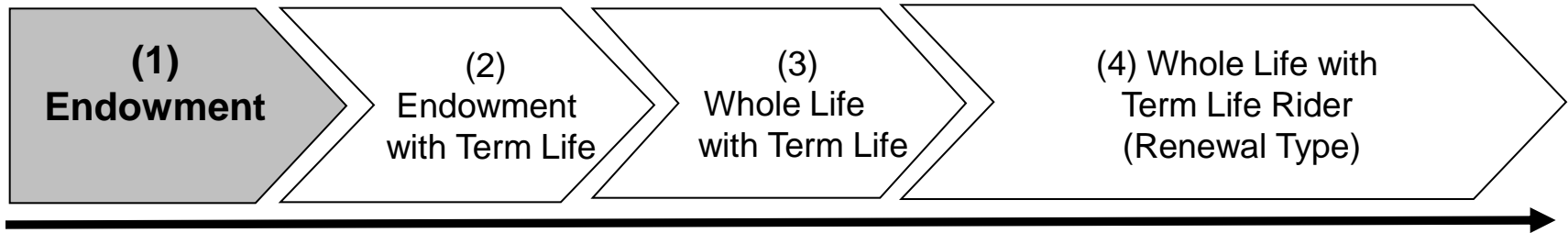
2. Transition of main products based on the change of environment

Transition of Main Products based on the Change of Environment

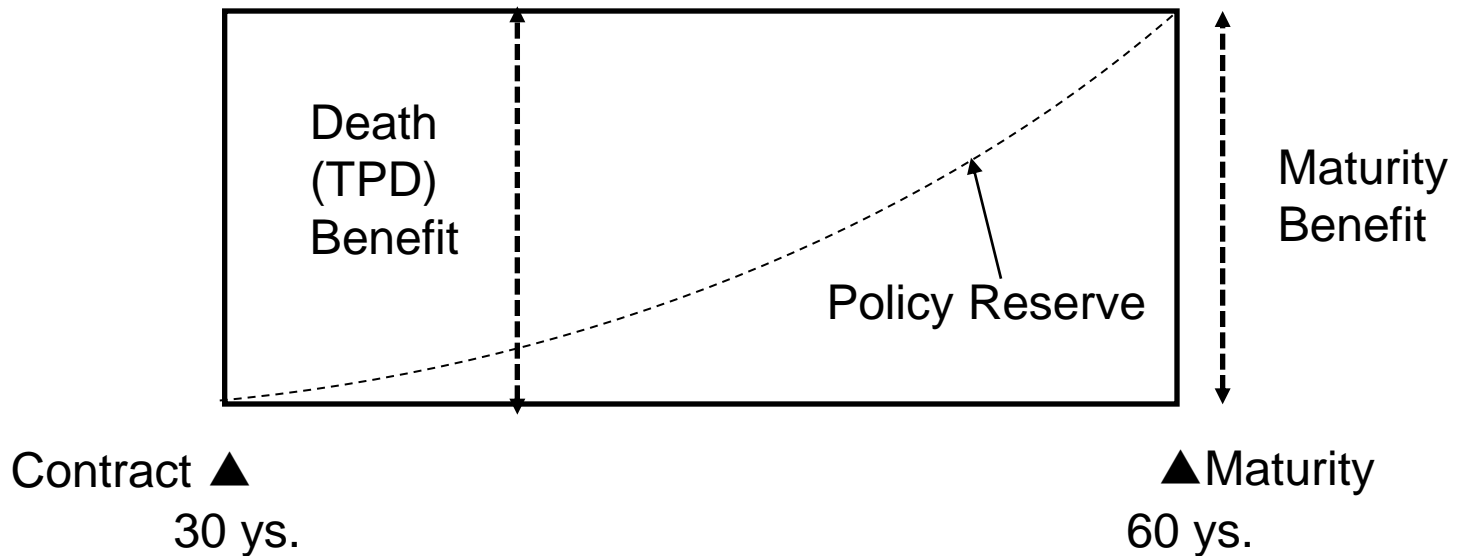
Main products have changed along with the transition of environment



(1) 1950s Endowment (1)



1. Insurance to cover both death and saving (Life & Death Composite Insurance)
2. Amount for Death Benefit, Total & Permanent Disability Benefit and Maturity Benefit are same and only one of them is paid.



(1) 1950s Endowment (2)

(Historical Background)

Population

		1955
Total population		89.2 mill.
Average Life-Span	Male	63.6
	Female	67.7
Number of Persons per Household (1950)		5.0

(Source) Statistics Bureau of MIC "Demographic Transition of Japan"
MHLW "Abridged Life Table in 2010, etc."

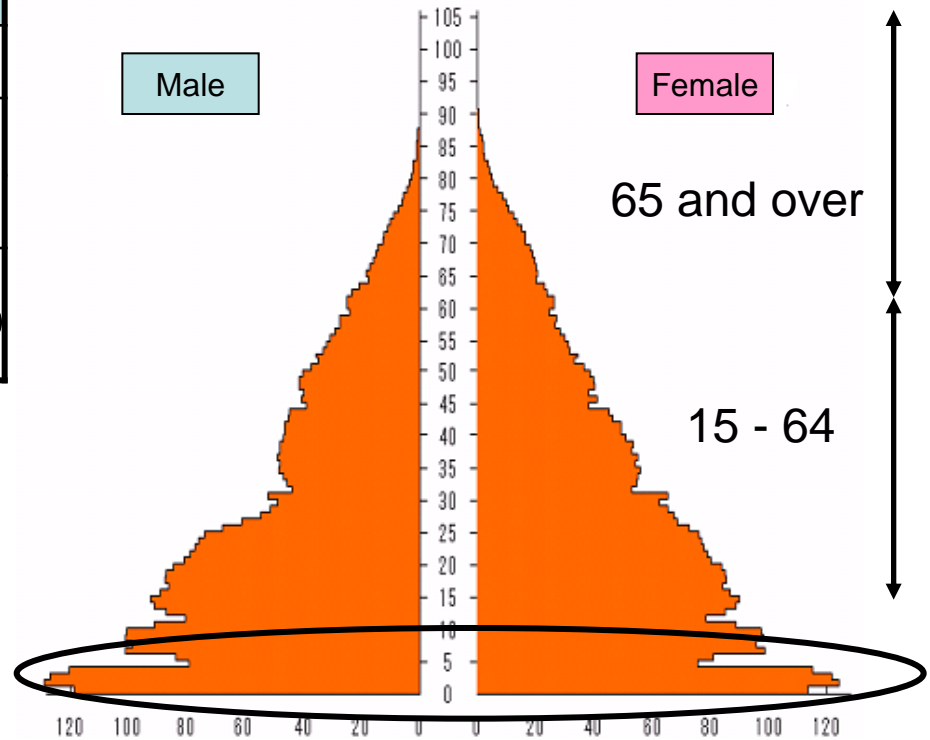
Economy, Sales Channel

		1955
Economy	Nominal GDP (Trillion yen)	8
	Nominal GDP/capita (Thousand Y)	93
	GDP Growth Rate (Annual Av.)	13%
	Saving per Household (Thousand Y)	275
Sales Channel (No. of agents)		64 thousand

(GDP Growth Rate: average of 1950 to 60) (Saving per Household : as of 1959)

(Source) Insurance Research Institute "Insurance",
Cabinet Office "National Economic Accounting"

Demographic Pyramid (1950)



(Source) National Institute of Population & Social Security Research

The First Baby Boom has come. (1947 to 1949)

Aged people on its top were few and young people on its bottom are many. Therefore, the pyramid in 1950s is real pyramid-shape.

(1) 1950s Endowment (3)

Reasons for Endowment to be main product in 1950s

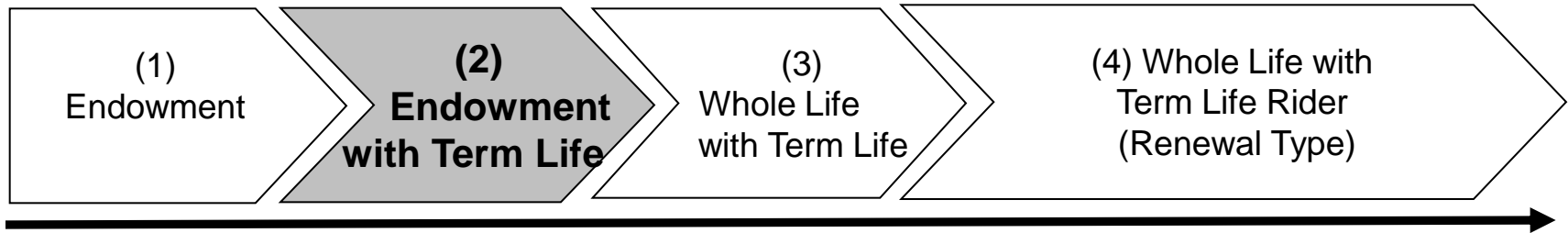
- 1. There still existed ill-omened convention on death in Japan, which made people refrain from considering straightly about pure death protection.**
- 2. Products for protection accompanied with saving feature such as endowment were more acceptable because Japanese, agricultural people as its origin, have strong saving mind.**
- 3. People with average annual salary of 412 thousand yen and average saving per household of 275 thousand yen required both protection and saving.**
- 4. Average household consisted of 5 people with 3 generations together can support family in case of death of breadwinner father. Therefore, the needs for death protection was low.**

Reasons for Life Insurance including Endowment to prevail in 1950s

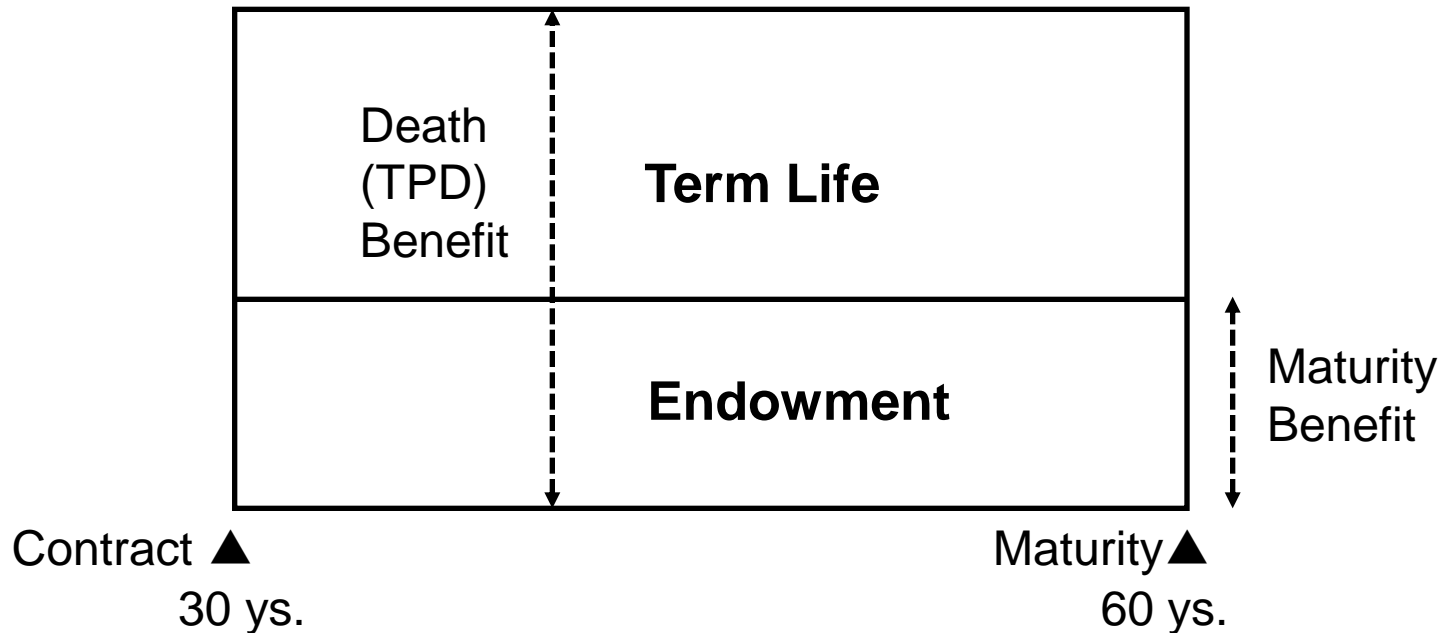
Recruitment of female sales-forces as employment measures for the war widows gained momentum after the 2nd World War and home visit sales based on “Debit System” promoted spread of life insurance.

“Debit System” is an insurance distribution system where sales-forces are given their territories and responsibility for sales and collecting of premiums.

(2) 1960s Endowment with Term Life (1)



1. Endowment with Term Life for death protection added on
2. Balance between saving feature and protection feature can be adjusted according to these needs.



(2) 1960s Endowment with Term Life (2)

(Historic Background)

Population

		1955	1965
Total Population		89.2mill.	98.2Mill. ↗
Av. Life-Span	Male	63.6	67.7 ↗
	Female	67.7	72.9 ↗
No. of Person per HH		5.0	4.5 ↘

No. of Persons per Household are as of 1950 and 1960, respectively.
 (Source) Statistics Bureau of MIC "Demographic Transition of Japan"
 MHLW "Abridged Life Table in 2010,etc.

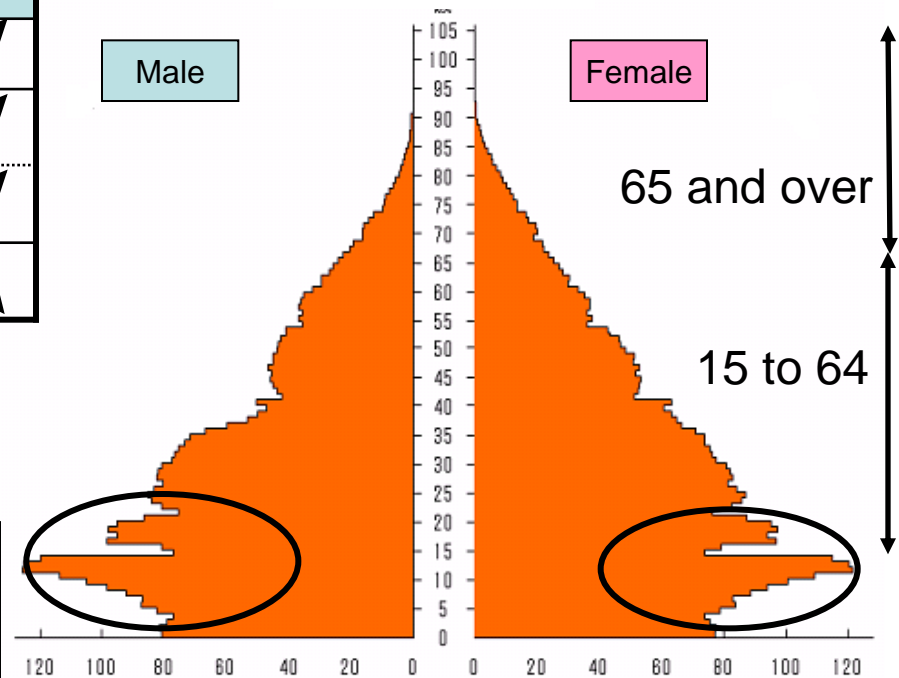
Economy, Sales Channel

		1955	1965
Economy	Nominal GDP (Trillion Y)	8	32 ↗
	Nominal GDP/c (Thousand Y)	93	332 ↗
	GDP Growth Rate (Annual Av.)	13%	17% ↗
	Saving per Household (Thousand Y)	275	658 ↗
Sales Channel (No. of agents)		64 ths.	211 ths. ↗

GDP Growth Rate for 1955 & 1965 are average of 1950 to 1960 & 1960 to 1970, respectively.

(Source) Insurance Research Institute "Insurance", Cabinet Office "National Economic Accounting", World Bank "World Development Index"

Demographic Pyramid (1960)



(Source) National Institute of Population & Social Security Research

Number of births declined after the 1st Baby Boom and the pyramid of 1960s became "Pot shape".

(2) 1960s Endowment with Term Life (3)

Reasons for Endowment with Term Life

to be main products in 1960s

1. Wage Increase

There were increase of real wages as well as nominal wages in 1960s, which accumulated stock (saving) and required protection feature in life insurance.

2. No. of persons per household decreased to 4.5 in 1960s.

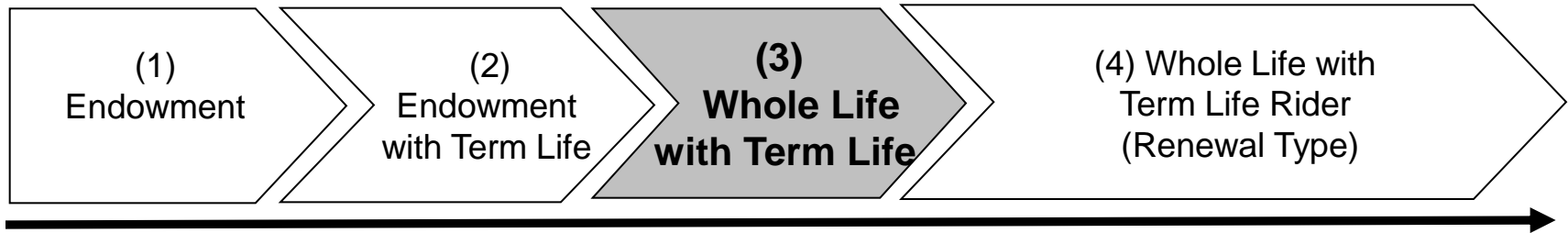
Behind the decrease, living apart from grandparents became popular mainly in urban areas, which decreased protection feature within family and made it necessary to cover lost earnings due to death of breadwinner of family through life insurance.

Insurers developed and provided Endowment with Term Life, traditional endowment added with non-refundable term life to meet protection needs.

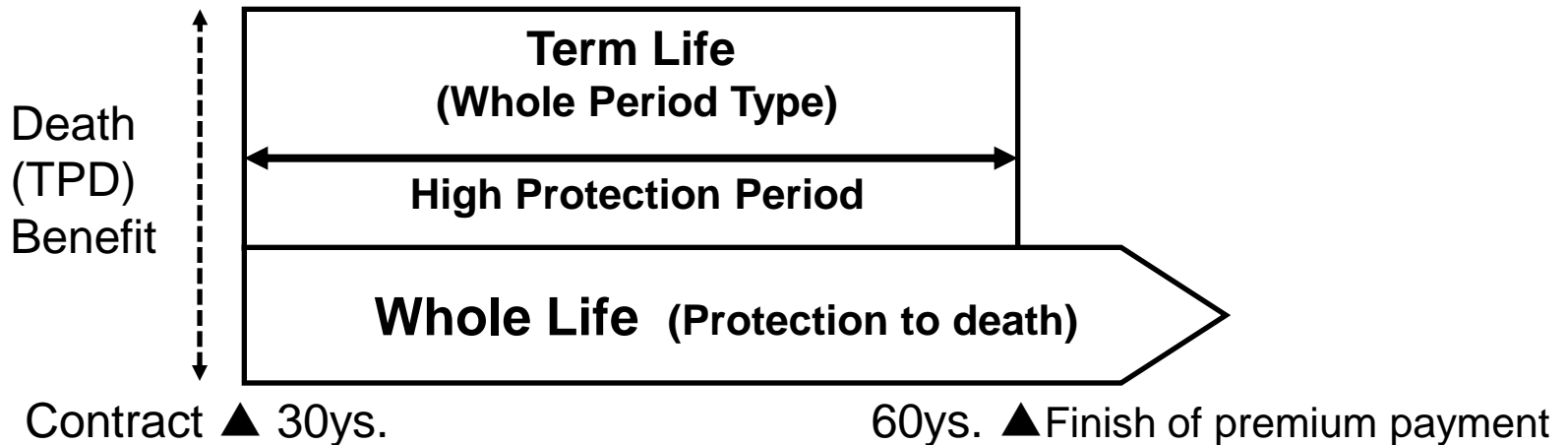
3. Increase of agents

Increased agents promoted to expose potential needs for death protection through face-to-face selling (consulting sales).

(3) 1970s Whole Life with Term Life (1)



1. Whole Life as main part secures whole life death protection.
2. Term Life (whole period type) is added, which provide high amount of death protection during premium payment period with fixed premium.
3. Flexible designing between Whole Life & Term Life is available.
4. It is reasonably designed to finish premium payment at the retirement, which synchronizes the period of income and period requiring high protection.



(3) 1970s Whole Life with Term Life (2)

Population

		1965	1975
Total Population		98.2 mill.	111.9 mill. ↗
Av. Life	Male	67.7	71.7 ↗
	Female	72.9	76.8 ↗
No. of Person per HH		4.5	3.7 ↘

No. of Persons per Household are as of 1960 and 1970, respectively.
 (Source) Statistics Bureau of MIC "Demographic Transition of Japan"
 MHLW "Abridged Life Table in 2010, etc."

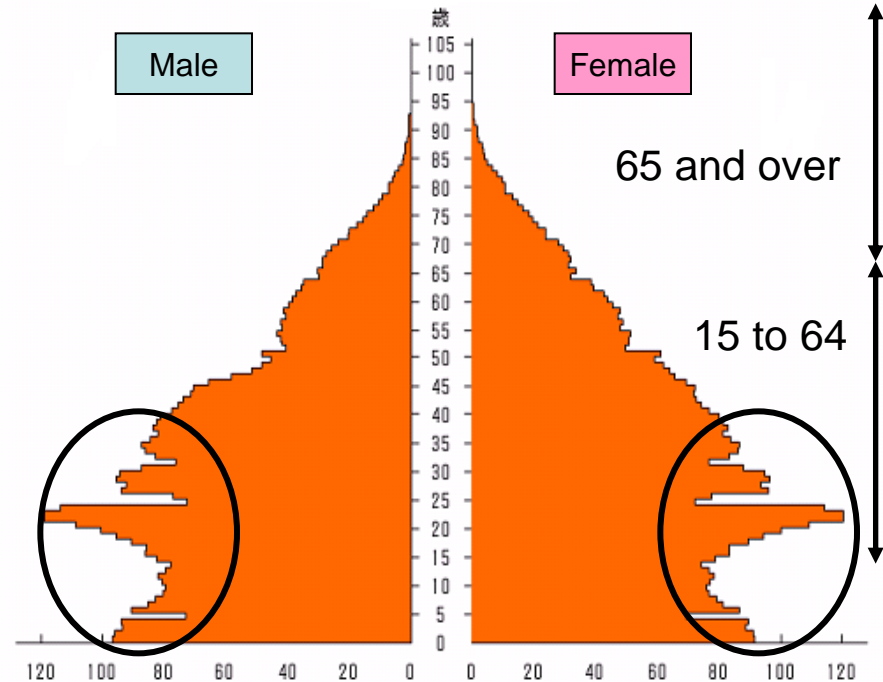
Economy, Sales Channel

		1965	1975
Economy	Nominal GDP (Trillion Y)	32	148 ↗
	Nominal GDP/c (Thousand Y)	332	1,330 ↗
	GDP Growth Rate (Annual Av.)	17%	5.5% ↘
	Saving per Household (Thousand Y)	658	2,636 ↗
Sales Channel (No. of agents)		211 ths.	395 ths. ↗

GDP Growth Rate for 1965 & 1975 are average of 1960 to 1970 & 1970 to 1980, respectively.

(Source) Insurance Research Institute "Insurance",
 Cabinet Office "National Economic Accounting",
 World Bank "World Development Index"

Demographic Pyramid (1970)



(Source) National Institute of Population & Social Security Research

The 2nd Baby Boom (1971~1974) pushed up number of births slightly. The pyramid became "Star shape" with a base spreading again.

(3) 1970s Whole Life with Term Life (3)

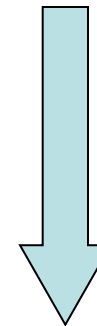
Reasons for Whole Life with Term Life to be main products in 1970s

Expanded longevity

Average life-span extended further to 71.7 for male and 76.8 for female. Consequently, Whole Life with Term Life with no maturity succeeded the center position in the market from Endowment with Term Life which terminates the protection at maturity around 60 years old.

Transition of Average Life-Span

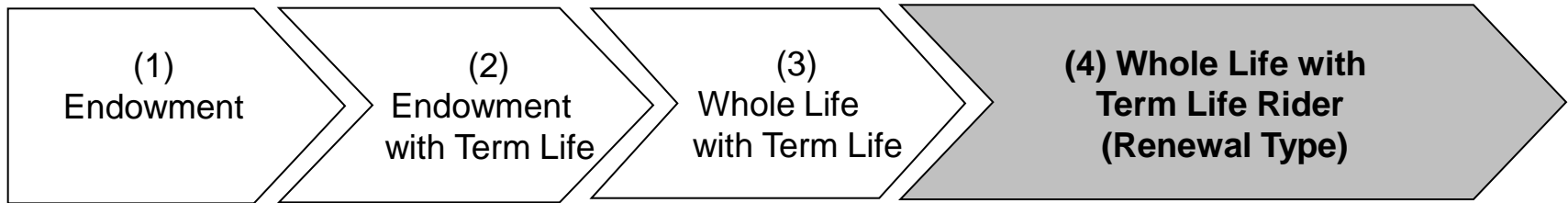
	Male	Female
1955	63.6	67.7
1965	67.7	72.9
1975	71.7	76.8



(Source) MHLW "Abridged Life Table in 2010"

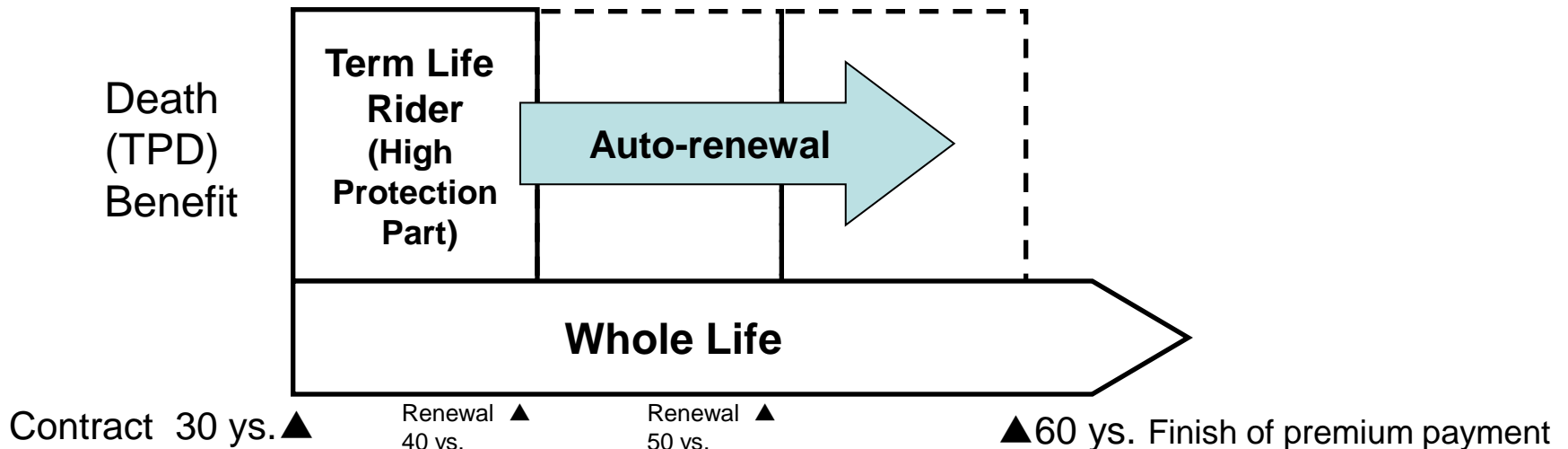
Average life-span extended by about 10 years for both male and female for only 20 years from 1955 to 1975.

(4) Since 1980s Whole Life with Term Life Rider (Renewal Type) (1)



1. Whole Life as main part secures whole life death protection.
2. Term Life is not set in but put as a rider to be renewed in 10 or 15 years, which enabled to provide large protection with cheaper premium.

Term Life Rider (Renewal Type) is renewed at each maturity with same period and amount of insurance, which can offer cheaper premium for first periods. Renewed premium should be recalculated with ages and insurance rate at each maturity.



(4) Since 1980s Whole Life with Term Life Rider (Renewal Type) (2)

Population

		1975	1985
Total Population		111.9 mill.	121.0 mill. ↗
Av. Life	Male	71.7	74.7 ↗
	Female	76.8	80.4 ↗
No. of Person per HH		3.7	3.2 ↘

No. of Persons per Household are as of 1970 and 1980, respectively.
 (Source) Statistics Bureau of MIC "Demographic Transition of Japan"
 MHLW "Abridged Life Table in 2010, etc."

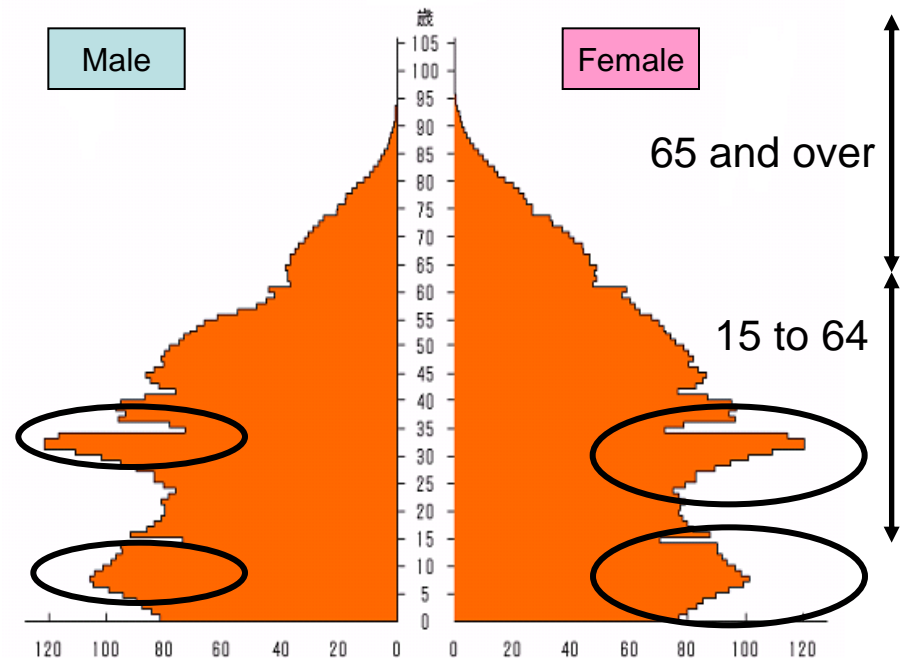
Economy, Sales Channel

		1975	1985
Economy	Nominal GDP (Trillion Y)	148	326 ↗
	Nominal GDP/c (Thousand Y)	1,330	2,690 ↗
	GDP Growth Rate (Annual Av.)	5.5%	4.9% ↘
	Saving per Household (Thousand Y)	2,636	4,734 ↗
Sales Channel (No. of agents)		395 ths.	367 ths. ↘

GDP Growth Rate for 1975 & 1985 are average of 1970 to 1980 & 1980 to 1990, respectively.

(Source) Insurance Research Institute "Insurance",
 Cabinet Office "National Economic Accounting",
 World Bank "World Development Index"

Demographic Pyramid (1980)



(Source) National Institute of Population & Social Security Research

The number of births showed decline again.
 The pyramid is becoming "calabash-shape" with two peaks of 1st and 2nd Baby Booms.

(4) Since 1980s Whole Life with Term Life Rider (Renewal Type) (3)

Reasons for Whole Life with Term Life (Renewal Type) to be main products in 1980s

- 1. Cash flow (income) and Stock (saving) increased in 1980s.
Then, preparing large protection with cheaper premium became main purpose to have insurance policies. Therefore, Whole Life with Term Life Rider (Renewal Type) obtained the main position in the market.**
- 2. No. of persons per household decreased further to 3.2 in 1980s.
It is not common to live with grandparents and it became quite necessary for breadwinners to prepare death protection by their own.**

(Thousand yen)	1955	1965	1975	1985
National Income per capita	78	273	1,108	2,153
Savings per household	275	658	2,636	4,734

(Source) Cabinet Office "National Economic Accounting", MIC "Saving Trend Survey"

Transition of Medical Riders

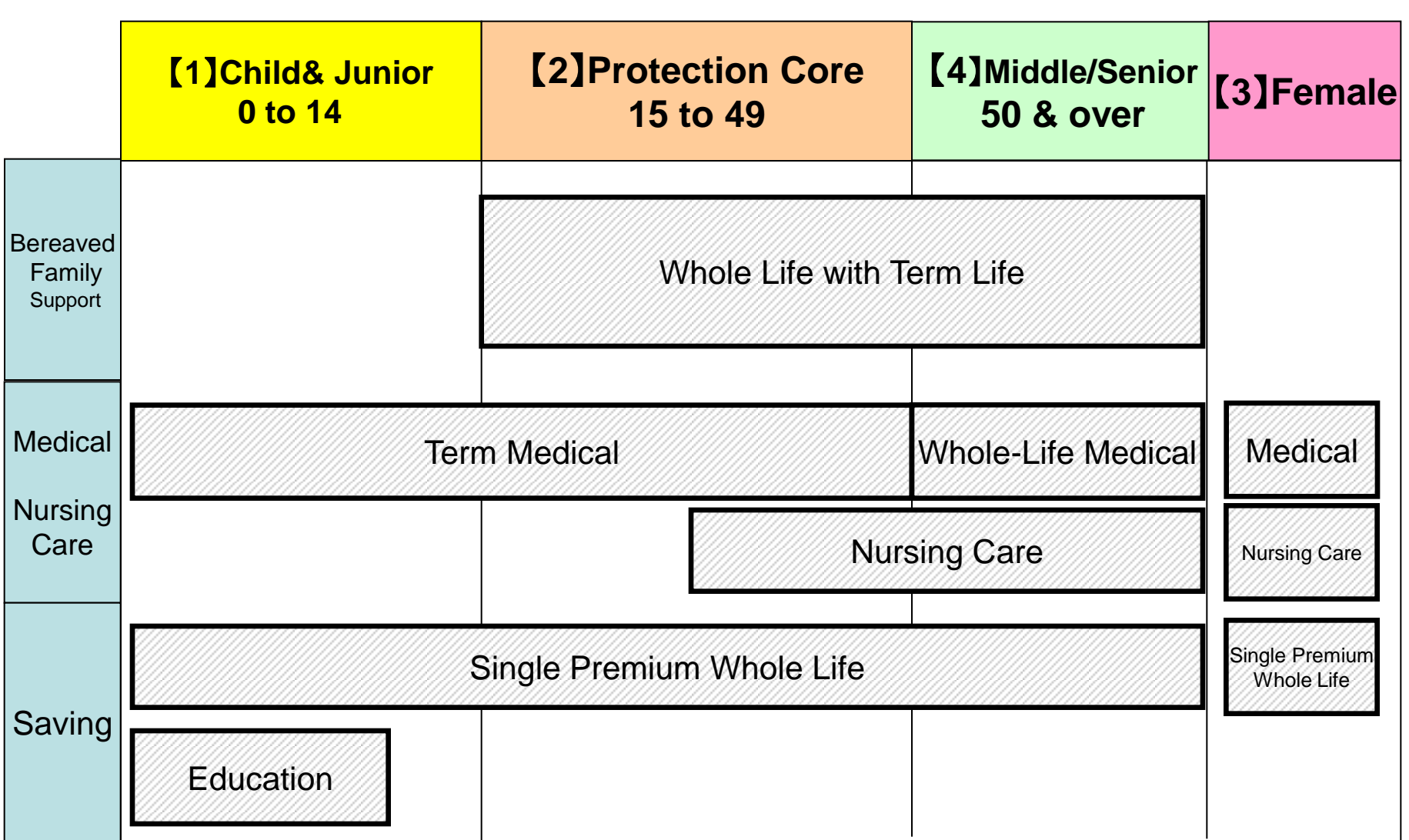
Reason to review the contents of benefits of medical riders

1. Advancement of medical techniques
2. Shortening of hospitalization stay
3. Review of out of pocket expenses proportion in public medical insurance

	1974	1981	1986	2002	2007
Revised points	Selling Hospitalization/ Operation Rider	Mainly for Operation Rider	Shortening of eligible Hospitalization stay	Shortening of eligible Hospitalization stay	Left point & Operation benefits linked to medical advancement
Hospitalization Benefit	Stay more than 20 days	Stay more than 20 days	Stay more than 5 days (Not eligible for first 4 days)	Stay more than 2 days (covering full days)	Stay more than 1 day (including day case)
Operation Benefit (No. of eligible operations)	10 kinds	145 kinds	Reorganizing to 88 kinds and including recent technique operations such as endoscopic or laser surgery	88 kinds	Linking to eligible operation in the public medical insurance Linking system to advancement of medical techniques
Radiation Treatment Benefit	N/A	Applicable	Applicable	Applicable	Applicable
Background of products revision such as current status of medical treatment	No out of pocket expenses in public insurance (to be borne by employer)	10% for out of pocket expenses (1984)	Advancement of medical techniques	20% for out of pocket expenses (1997) Trend of short hospitalization	30% for out of pocket expenses (2003) Trend of further short stay Accelerated advancement of medical techniques

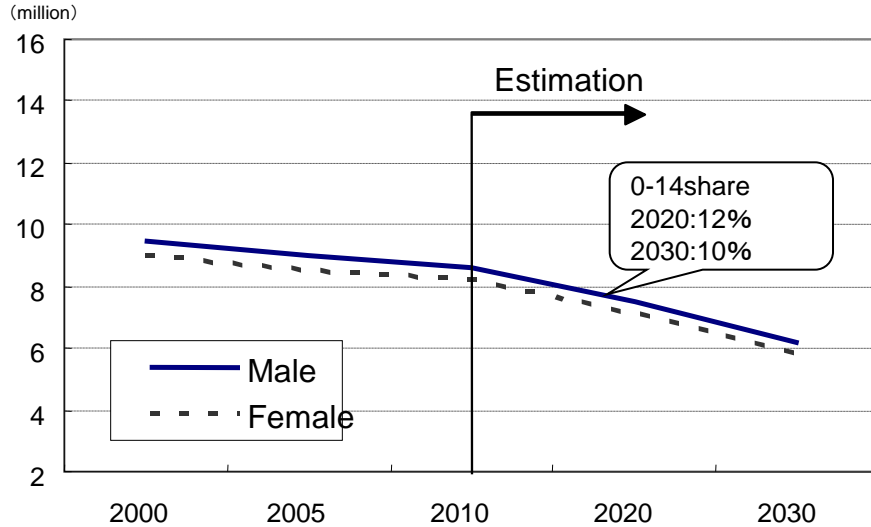
3. Dai-ichi's Products' Line-up to support Total Life Planning

Entire Picture of Line-up to Support Total Life Planning



【1】Current Child & Junior Market ①

● Child & Junior (0 to 14) Population



(Source) 2000~2010: Statistics Bureau of MIC, 2020~2030 (Estimation): National Institute of Population and Social Security Research「Estimation of Japanese Future Population(24.1)」

⇒ The Population of Child & Junior decreased by 1.66 million from 2000 to 2010

⇒ The Falling Birthrate causes the continuing reduction of Child & Junior population

● Life Expectancy at the age of 10

- Male ····· 69.4 years
- Female ····· 71.7 years

⇒ If the 10 years child takes a policy of ours, we can expect him to be a customer for 70 years.

⇒ Child & Junior is valuable because of Life-Time Expectancy

⇒ It's important to acquire Child & Junior at an early date because of the great value caused by Life-Time Expectancy, potential customer of main products and Senior market.

【1】 Dai-ichi's products for Child & Junior Market ①

【Term Medical Ins.】

- Accidental Hospitalization Benefit
- Disease Hospitalization Benefit
- Operation Benefit
- Radiation Treatment Benefit
- Lump sum payment Benefit at the beginning of hospitalization

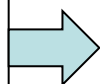
▲Contract

Maturity▲

10 ys.

20 ys.

- Main part is medical insurance without protection.
- Hospitalization and Operation Benefit caused by Accident and Disease.
- More than 1,000 kinds of operations are covered.
- Cheap premium can be offered through non-surrender value.
- Additional Hospitalization Benefit is possible for Lifestyle Diseases and Diseases Peculiar to Women (from 15 to 49 years old).



Term Medical Ins., began to be marketed on Jan. 2011 has acquired more than 80,000 cases of ages from 0 to 14, fill the role of enclosure at an early date.

[1] Current Child & Junior Market ②

Education Cost per Child

(10 thousand yen)

	Kindergarten (2 years)	Primary (6 years)	Middle (3 years)	High (3 years)	University (4 years)	Total
Public School	46	184	144	154	279	808
Private School	107	836	370	292	589	2,196

6 ys. old 12 ys. 15 ys. 18 ys. 22 ys.

(Source) MEXT/ Child Education Cost Survey FY2008, Survey Report of Student Payment of FY 2009 Recruit to Private Universities, etc., Survey Report of Tuition, Entry Fee, Examination Fee of Public Universities in FY2010, Japan Student Services Organization/ Survey Report of Student Life in FY2008

- # Trend of fewer children per household promotes parents to increase education cost per child.
- # It is necessary to prepare education funds according to the plan designed for timely events especially at 15 years old for entry to high school and 18 years old for entry to university.

【1】Dai-ichi's Products for Child & Junior Market ②

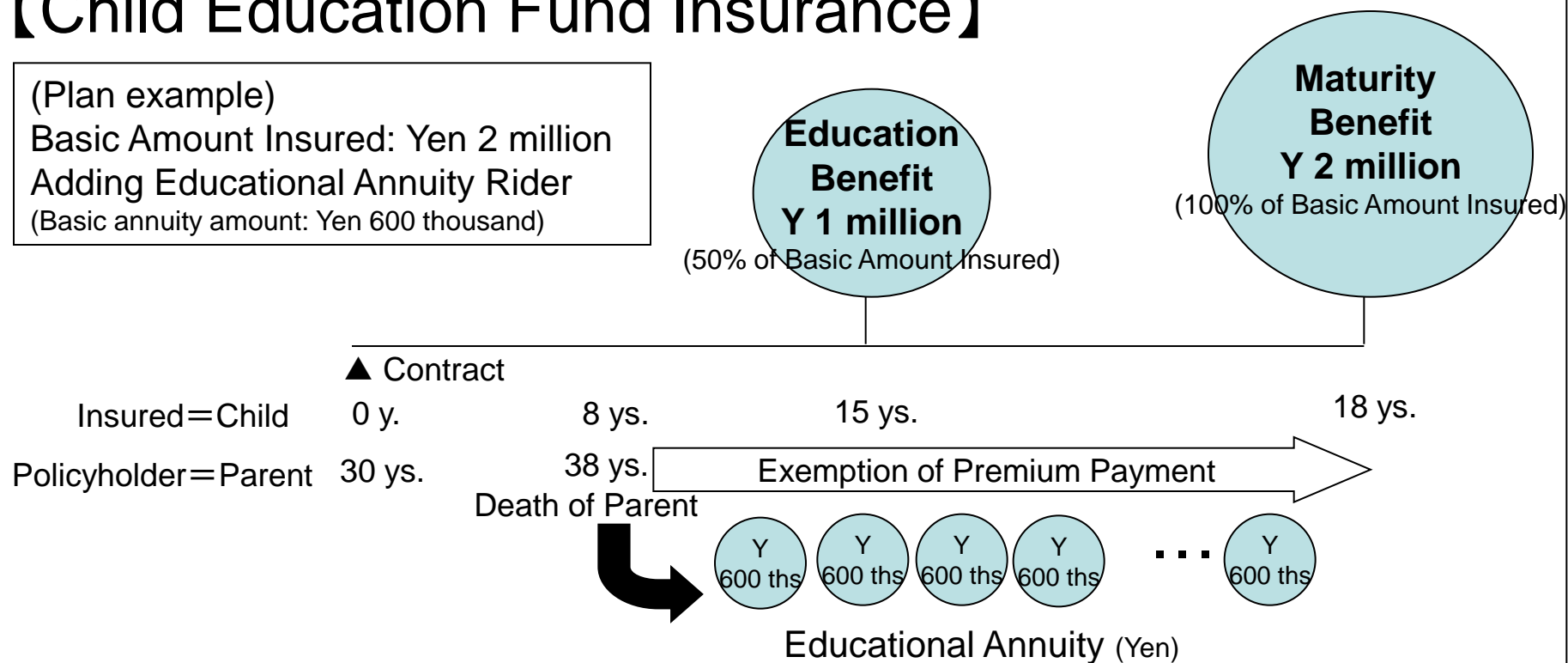
【Child Education Fund Insurance】

(Plan example)

Basic Amount Insured: Yen 2 million

Adding Educational Annuity Rider

(Basic annuity amount: Yen 600 thousand)



“Joint Life Insurance” with a parent as policyholder and a child as insured

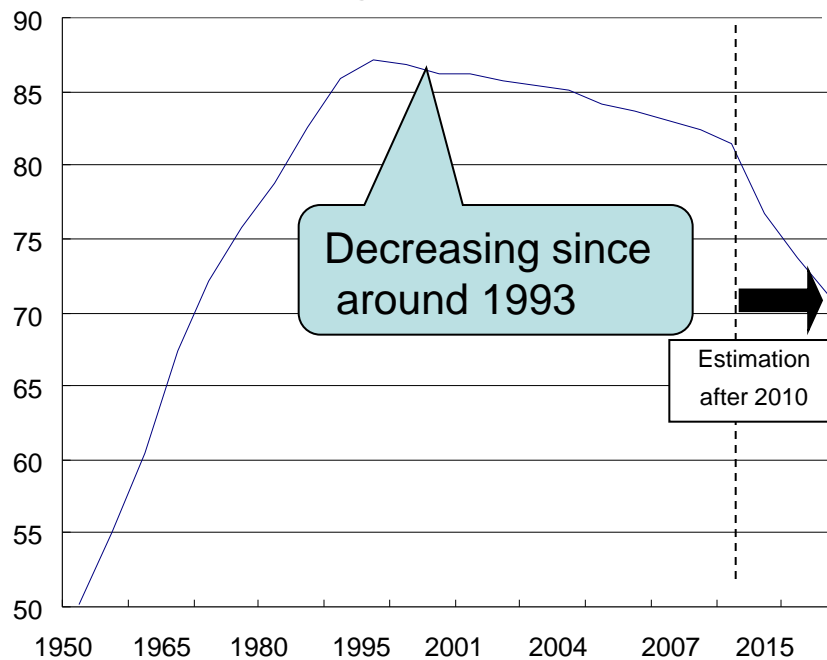
Education Benefit of Yen 1 million (50% of Basic Amount Insured) is paid when the insured reaches 15 years old (at entry to high school) and Maturity Benefit of Yen 2 million (100% of Basic Amount Insured) is paid when the insured reaches 18 years old (at entry to university).

In case of death of the policyholder (Parent), Educational Annuity is paid until the maturity without any payment of premium.

There are 2 types available to choose between Maturity at 18 years old and 22 years old.

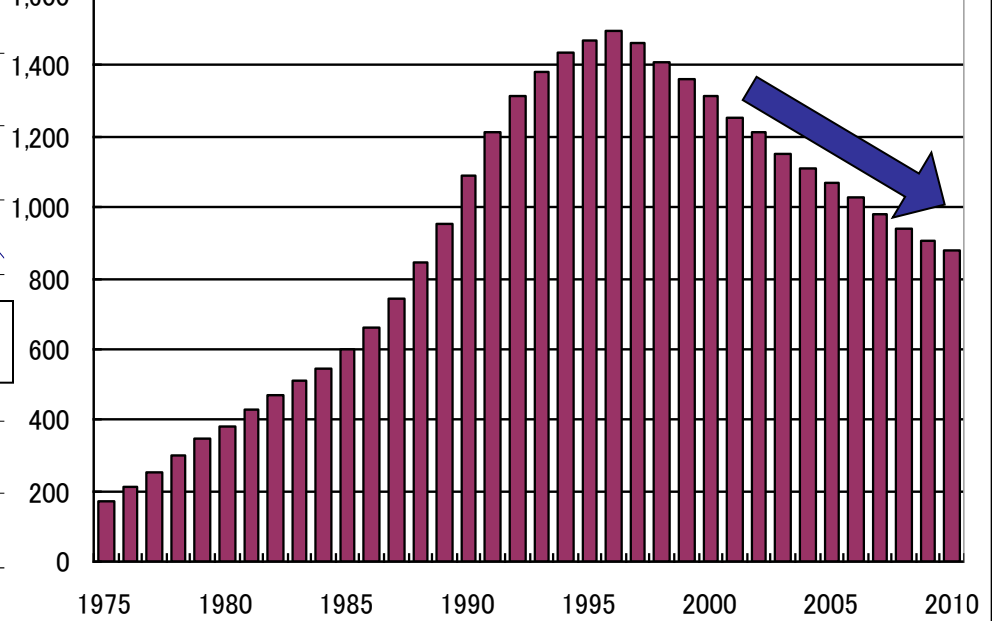
【2】 Current Market for Bereaved Family Support ①

million **Productive-age (15 to 64) Population**



(Source) Statistics Bureau of MIC "Estimated Population of Japan"

Trillion yen **Amount of Insurance in Force (Individual Life) (Sum of all companies)**



(Source) Life Insurance Association of Japan "Life Insurance Business Fact Book"

→ The market is shrinking with its peak in 1996 due to decreasing population of main productive and target ages based on low birth rate.

→ On the other hand, insurance in force of the market still keeps biggest volume of 900 trillion yen in 2010. Bereaved Family Market sustains most important position.

→ Analyze the population of Market for Bereaved Family Support...

[2] Current Protection Core Market ②

● Trends in the number of households

(Unit: 10,000 households)

	2010	
		Vs 2000
Households with children	986	▲ 87
DINKS	247	+25
Single-person households	799	+59

(Source) 2000, 2010: Statistics Bureau homepage, National Census

⇒ **Substantial rise in single-person households**

● Trends in the unmarried rate

		2010		
			Vs 2000	Vs 1980
25-29 years old	M	71.1%	+1.7%	+16.0%
	F	59.9%	+5.9%	+35.9%
30-39 years old	M	39.9%	+5.3%	+24.3%
	F	27.8%	+7.4%	+20.4%

(Source) 1980, 2000, 2010: Statistics Bureau homepage, National Census

⇒ **40% of male in their 30s are unmarried**
 ⇒ **Substantial rise since the 1980s for both male and female**

● Trends in per capita disposable income

(Households with spouses)

(Unit: 10,000 yen)

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

Households where the wife works yet this still cannot compensate for the husband's decreasing salary are seeing a decline in their ability to cover their premiums

(Source) The disposable income values were created from data from the Dai-ichi Life Research Institute Inc.

(Single-person households)

(Unit: 10,000 yen)

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

[Male]
 Though their disposable income is decreasing, their living expenses are low, so they have the ability to cover their premiums
[Female]
 This is a rare growth market that is increasing together with the population and disposable income

(Source) The disposable income values were created from data from the Dai-ichi Life Research Institute Inc.

⇒ **Protection core is a market that has been growing progressively more diverse with the changing times**

[2] Current Protection Core Market ③

● Number of deaths by major causes of death

Total number	1.194 million people
Cancer	352,000 people
Heart disease	189,000 people
Cerebrovascular disease	123,000 people

(Source) MHLW "FY2008 Patient Survey"

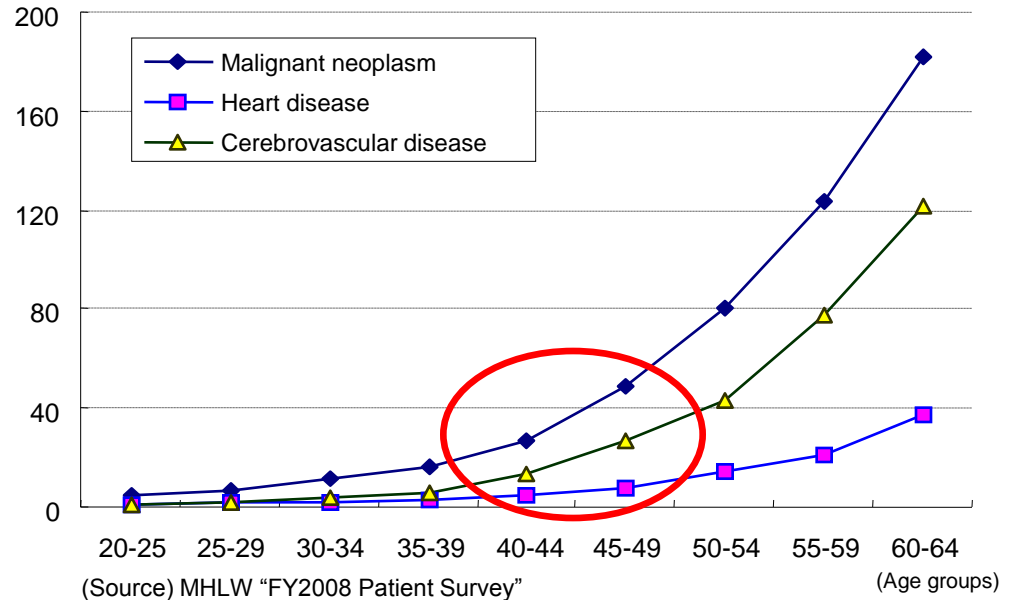
The major three diseases account for 55% of the causes of death!

● Number of illnesses by major causes of illnesses

Cancer	1.518 million people
Heart disease	1.542 million people
Cerebrovascular disease	1.339 million people

(Source) MHLW "FY2010 Vital Statistics"

● Hospital treatment rate for the three major diseases (per 100,000 people)

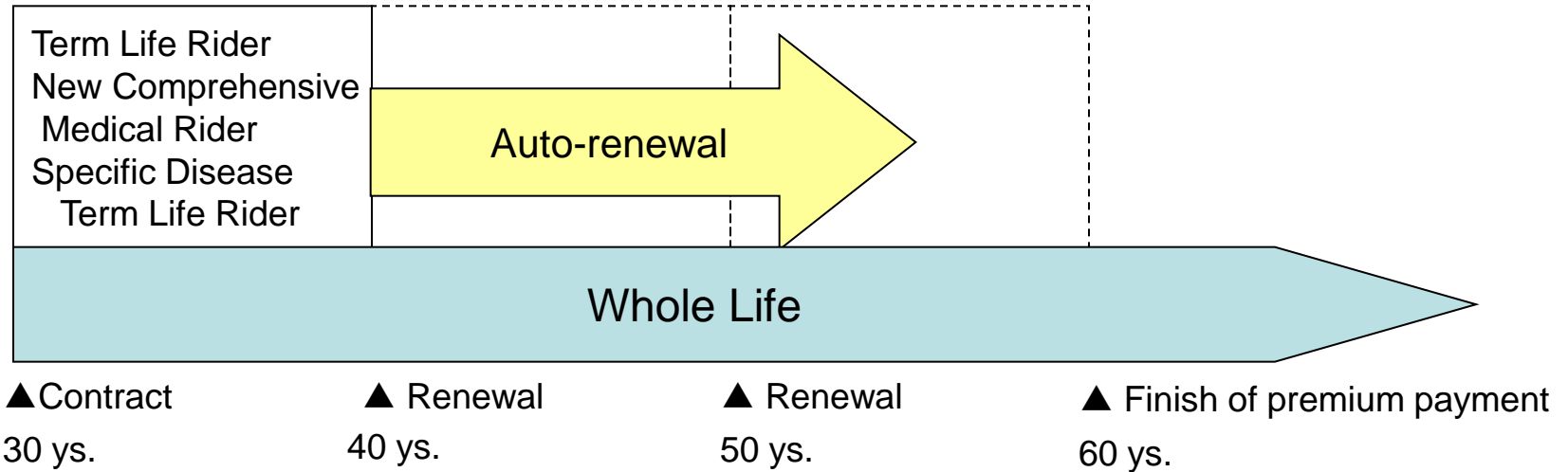


⇒ Patients with the three major diseases increase rapidly at the 40-year mark

⇒ Regardless of whether someone is married or unmarried, or with or without kids, they need insurance (three major diseases and medical coverage) for themselves
Going from protection for families to protection for oneself

【2】Dai-ichi's products for the Bereaved Family Support

【Whole Life with Term Life Rider】



Basic part is whole life.

Designing is available to enhance feature for “Protection to live on” through adding riders for medical care and 3 major diseases.

[3] Current Female Market

Dai-ichi's Products by gender (New Policies sold in FY2010)

Product Type	Insured	
	Male	Female
Whole Life with Term Life	54.7%	45.3%
Medical Insurance	49.3%	50.7%
Pension/ Single Premium Whole Life	40.6%	59.4%

Average Life-Span

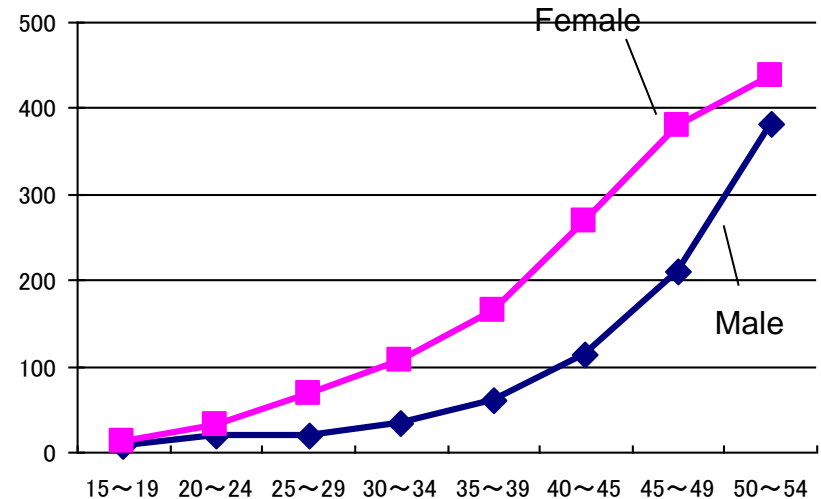
● Male 79.64 years

● Female 86.39 years

(Source) MHLW "Abridged Life Table in 2010, etc"

Disease Rate of Cancer by gender

Among
100 Thousand

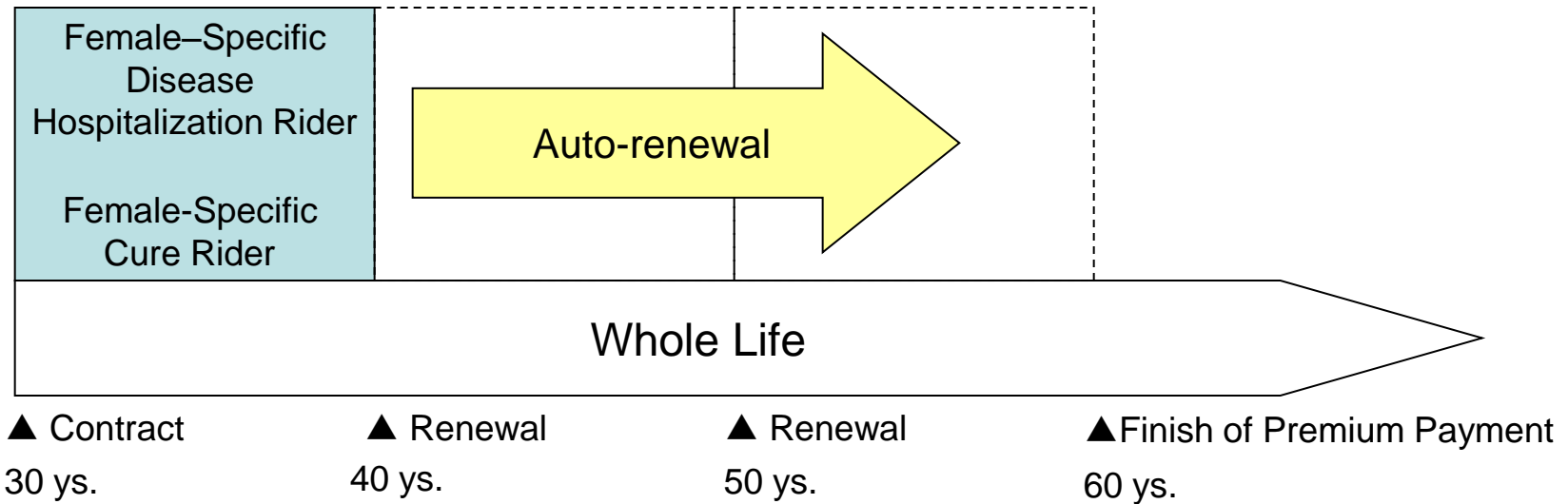


(Source) Foundation for Promotion of Cancer Research,
"Statistics of Cancer 2011"

⇒ Female from 20s to 40s years old are vulnerable to cancer rather than male

⇒ Women have strong needs for saving and medical treatment for aged period due to longer life-span rather than men. Because of Increase of single females, Female Market is one of the few growing market.

【3】 Dai-ichi's Products for Female Market



Female-Specific Disease Hospitalization Rider

It provides hospitalization benefits for female-specific disease such as breast cancer, fibroid of uterus and rheumatoid arthritis.

Female-Specific Cure Rider

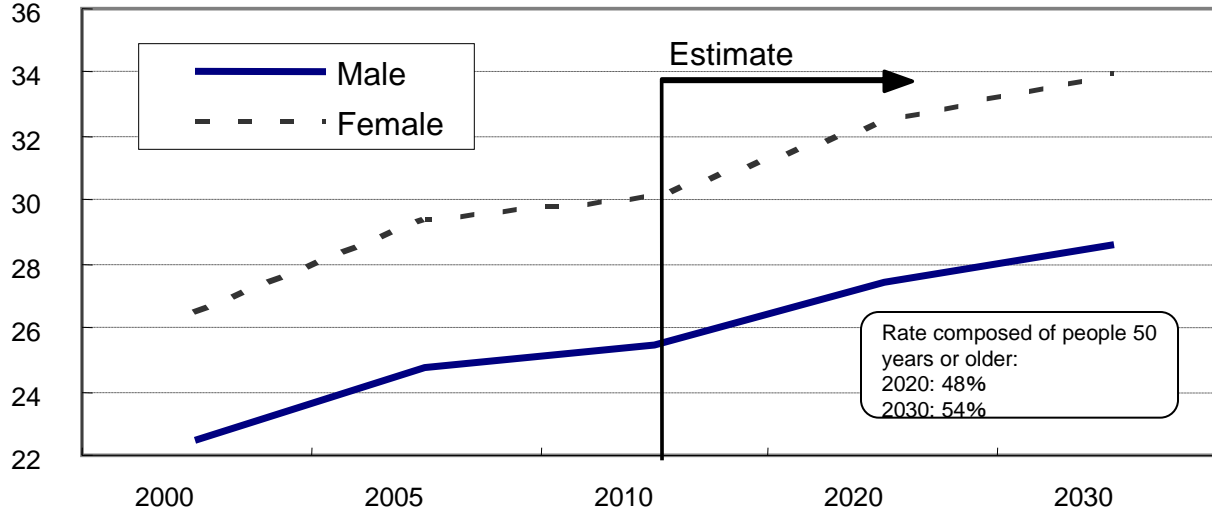
It provides benefits for operations of breast, uterus and ovaria.

It also provides benefits for breast reconstruction operation after removal due to cancer.

[4] Current Senior Market ①

● Population trends (50 years old -)

Million people

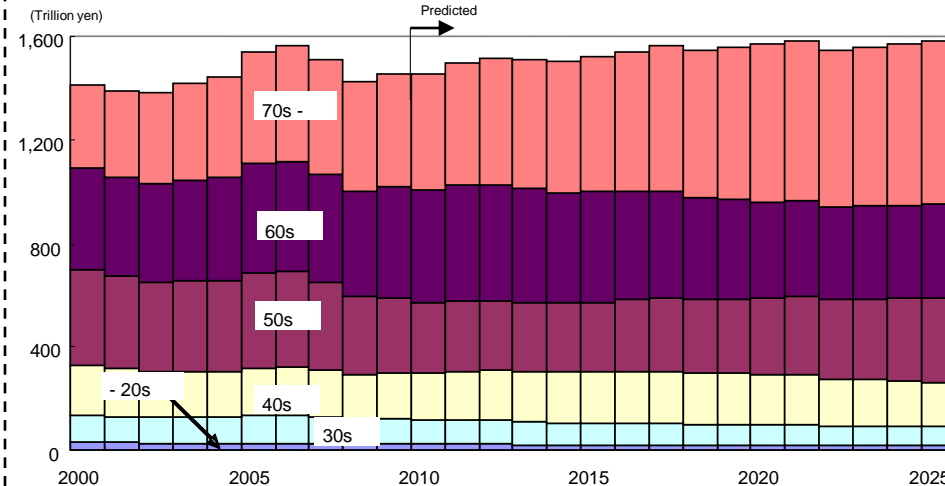


⇒ From 2000 to 2010 the population increased by 6.67 million people

(Sources)

2000 – 2010: Created from the Population Census on the Statistics Bureau homepage
 2020 – 2030 (estimates): Created from the Population Projection for Japan (January 2012; median births / median deaths), National Institute of Population & Social Security Research

● Trends in the financial asset balances of individuals



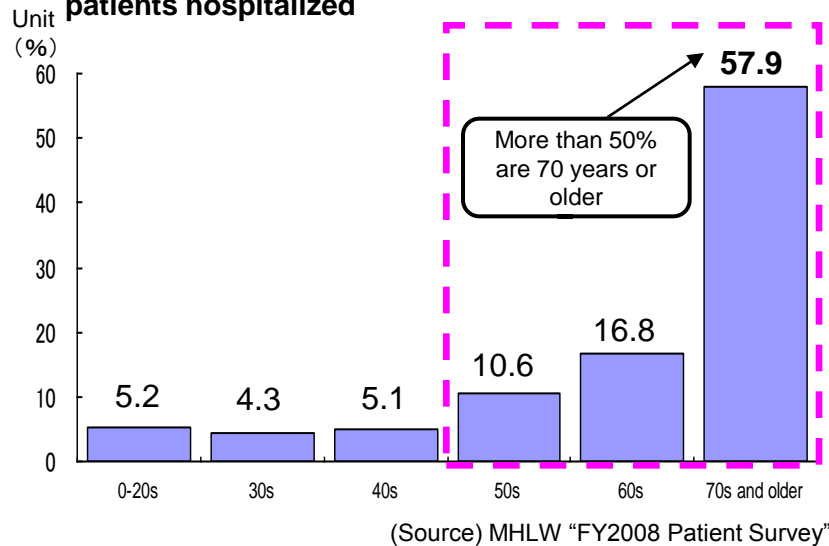
⇒ 80% of financial assets (stocks) are concentrated among people in their 50s and older

⇒ Who they should give their accumulated assets to, in what manner, and when are concerns for seniors (The market converts savings to death benefits)

(Source) Created from predictions by Dai-ichi Life Research Institute Inc.

[4] Current Senior Market ②

● Trends by age group for the percentage of patients hospitalized



⇒ More than 80 percent are 50 years or older
= Same as the retention rate for financial assets

● Average remaining lifespan at 60 years old

{ Male ... 22.84 years
Female ... 28.37 years

● Total numbers of patients with the three major diseases

	Total number of patients	
		Percent made up of people in their 50s or older
Cancer	1.518 million people	90.3%
Heart disaster	1.542 million people	95.7%
Cerebrovascular disease	1.339 million people	97.3%

(Source) MHLW "FY2008 Patient Survey"

⇒ More than 90% of patients with the three major diseases are in their 50s or older

● Number of people certified as needing nursing care

	Number of people certified as needing nursing care	
		Percent made up of people 65 years or older
	3.59 million people	96%

(Source) MHLW "FY2009 Nursing Care Insurance Business Report"

⇒ More than 90% of people who need nursing care are 65 years or older

⇒ For seniors, there are significant risks of medical care, the three major diseases, and nursing care
⇒ Life spans are lengthening despite being faced with health risks
⇒ Whether or not seniors with health problems can subscribe to insurance is an important point

[4] Dai-ichi's Product for Senior Market ①

[Whole life medical insurance]

Accidental hospitalization benefit
 Disease hospitalization benefit
 Operation benefit
 Radiation treatment benefit
 Lifestyle-related disease hospitalization benefit
 Women-specific sickness hospitalization benefit
 Lump sum hospitalization benefit

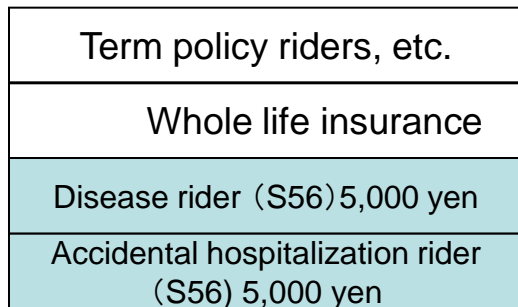
- Main insurance is medical coverage without death protection
- Protection for hospitalization and surgeries from illnesses and injuries continues throughout the customers' entire life
- There are more than 1,000 types of eligible operations
- Protection for lifestyle-related disease hospitalization can be added on
- We strive to reduce premiums by eliminating their surrender value

▲Contract
 50 years old

Continuous

[Our unique medical coverage upgrade system]

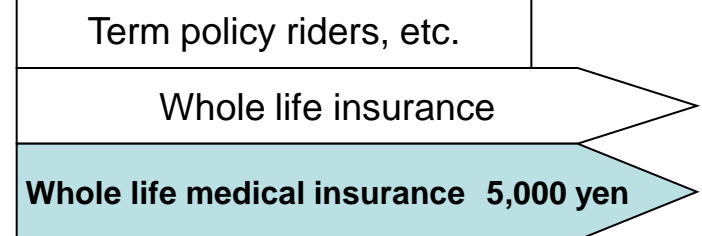
Before upgrade



Whole life insurance and term insurance riders, etc., kept as is!

Medical coverage upgrade

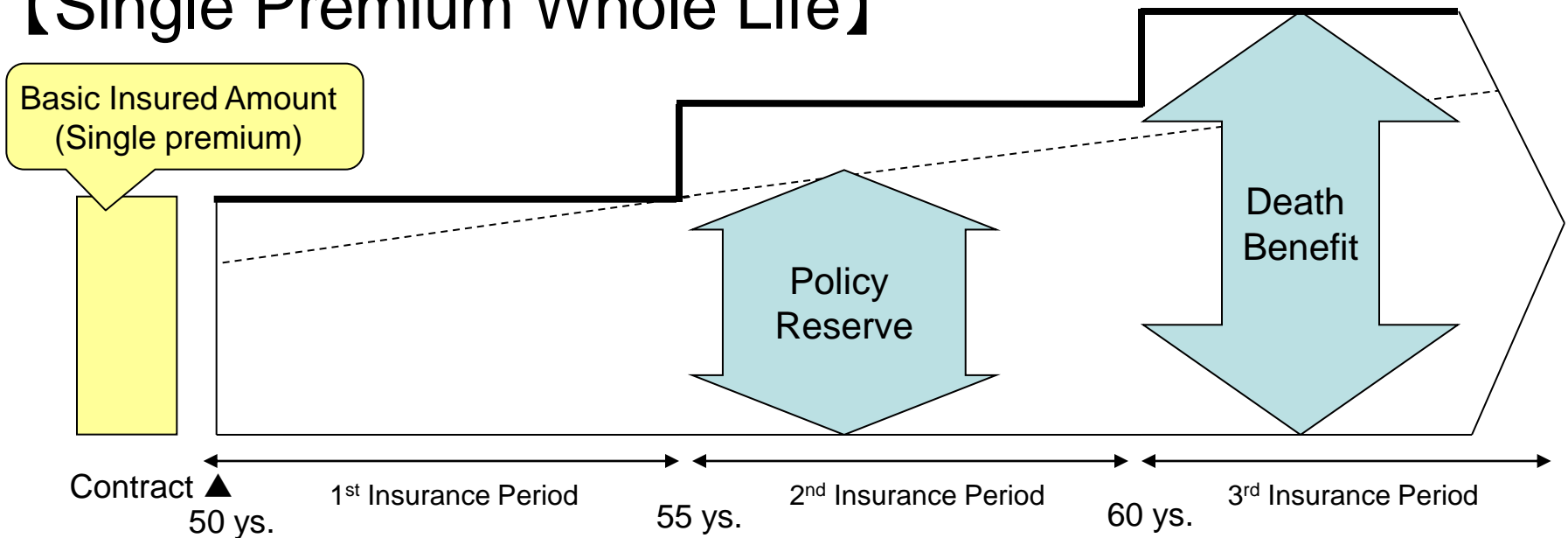
After upgrade



Only the old hospitalization-related riders are upgraded to the latest whole life medical insurance without diagnoses or notifications, while the basic policy is left as is!

【4】 Dai-ichi's Products for Senior Market ②

【Single Premium Whole Life】



Premium is paid in one lump sum at the contract.

It has high cash value.

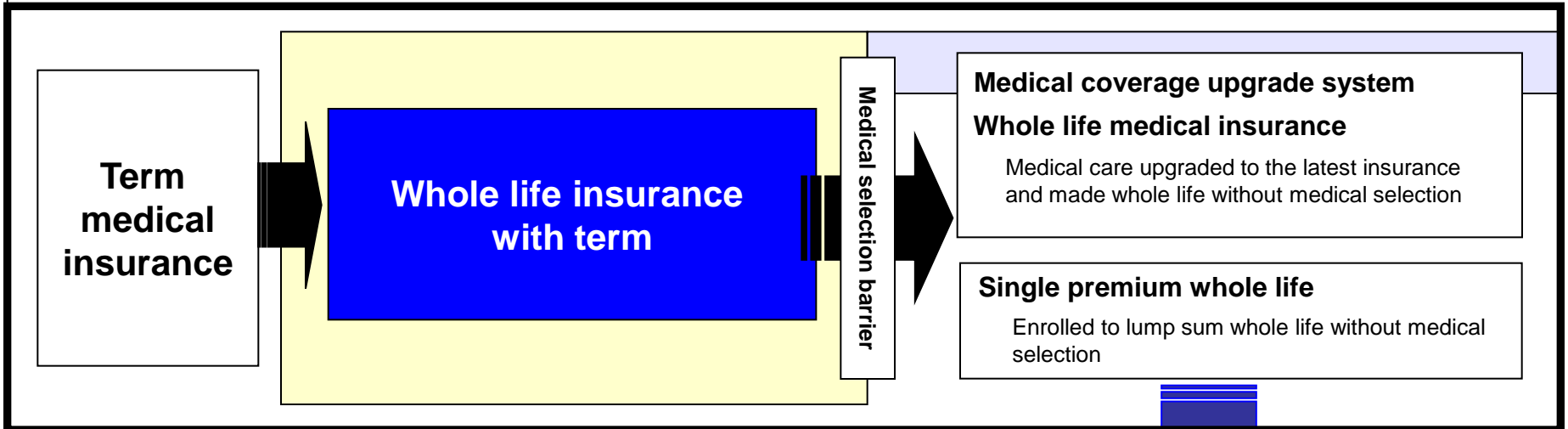
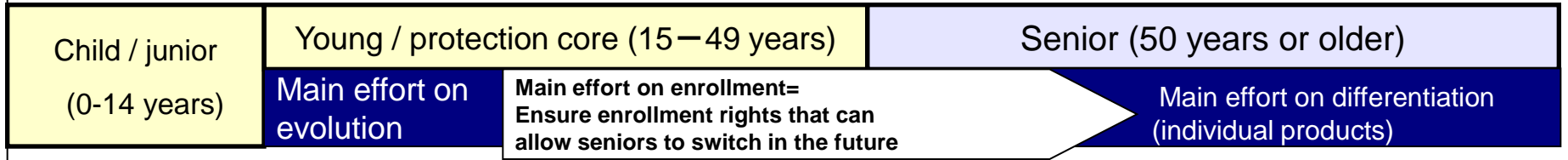
It requires no medical check.

Main target is people of 50 years old or over who own 80% of individual financial assets.

No medical check system can be implemented through same amount insured at the contract as single premium in order to cover many people with health problem among these ages.

Product strategy of covering individual customers throughout their entire lives until they are seniors, which is our main market

Medical coverage upgrade system and single premium whole life that surmounts seniors' barriers to subscribing to insurance due to health problems



Due to population increases and increased longevity the senior profit base (premiums × years paid) continues to expand

⇒ Realizing a product strategy that looks ahead 10, 20, and 30 years for each and every customer

4. Conclusion

4. Conclusion

1. Towards market-based product strategies

(1) From households to individuals and from bereaved family support to pure endowment protection

- We still stand a fighting chance if we take a level-headed look at the detailed market attributes of each segment and accurately respond to these

- 1. Child / junior (0 – 14 years)
- 2. Protection core (15 – 49 years)
- 3. Seniors (50 years or older)
- 4. Women

◆ Importance of death protection

⇒ Since the devastating disaster that occurred on March 11, 2011 people have realized once again the importance of death protection as the most essential feature in life insurance

(2) A product strategy of covering individual customer's throughout their entire lives until they are seniors, which is our main market

- Since seniors have problems with their health conditions, we will not be able to retain this market just by making efforts once they have become seniors
→ We need a strategy that pursues individual customers from “cradle to grave”
- At the phase where customers who we have retained to the protection core stage become seniors, then we will carry out initiatives that utilize our unique arrangements for this new market stage

(3) Moving away from “eventualities” to the “routine”

- Whereas disposable income is decreasing, the proportion of medical expenses borne out of pocket continues to rise due to revisions to the health insurance system
- We are moving away from insurance for “eventualities” like serious diseases to insurance that prepares for “routine risks” such as minor hospitalizations and surgeries

2. Channels

- It is important to segment markets by their needs so as to provide products according to the features of each segmented market.
- It is also important to establish certain schemes where channels for selling products can approach segmented customers appropriately.