

Development of the Sumitomo Life Medium-Term Business Plan 2016

~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~

Sumitomo Life Insurance Company (President and CEO: Masahiro Hashimoto, “Sumitomo Life” or “we”) has started the Sumitomo Life Medium-Term Business Plan 2016 ~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~ as a new three-year plan from April 2014. This notice describes the contents of the plan.

Please refer to the [Appendix](#) for the details of the plan.

Overview of the Sumitomo Life Medium-Term Business Plan 2016

◆ Basic stance presented in the Medium-Term Business Plan

We aim **to become the most recommended insurance company**. While we strive to improve value for customers through enhancement of services to customers and maintaining and improving quality across entire operations, we will allocate our business resources to the growth areas that contribute to our growth and business expansion including life designers (sales representatives), agencies such as financial institutions and insurance outlets, and overseas operations **in order to firmly establish the growth path for the Sumitomo Life Group as a whole**.

◆ Frameworks of the Medium-Term Business Plan

With the brand strategy positioned as the basis of all business activities, we have established the frameworks of improving value for customers, growth strategy, and strengthening business foundations. In particular, we position the growth strategy as the pillar for the Medium-Term Business Plan and accordingly we will place a focus on it.

◆ About each framework

1. Brand strategy

The three-year period from fiscal 2014 is positioned as phase 2 of the brand strategy that was launched in fiscal 2011, and we aim to achieve its evolution. Specifically, we will work to establish new communications strategies suited to modern feelings toward consumption, especially those of young people.

2. Improving value for customers

We will aim to ensure basic quality in sales and services from enrollment in insurance policies to payments and achieve customer service of impressive quality that exceeds customers' expectations through the advanced consulting and services. In this manner, we will work to improve customer satisfaction, and accordingly improve value for customers.

3. Growth strategy

a. Multi-channels

(1) Life designers (sales representatives)

We aim to strengthen sales and services by means such as strengthening efforts to secure and train superior human resources, developing and providing advanced products, strengthening our approach to young customers, and providing advanced consulting and services.

(2) Agencies such as financial institutions and insurance outlets

We will approach even more customers utilizing one of the broadest bancassurance networks in the industry and insurance outlets to promote the sales of our products and the products of our subsidiary Medicare Life Insurance.

b. Overseas operations

By expanding our overseas operations with a focus on Asia where economic development can be expected, we aim to diversify the Group's earnings foundation and achieve sustainable growth in corporate value over the long-term. Furthermore, we will work to improve business performance and corporate value at the companies we invested by providing technical support such as product and IT system developments.

4. Strengthening business foundations

We will achieve a strengthened earnings foundation by steadily implementing the growth strategy, and will work to further strengthen our financial soundness by upgrading our enterprise risk management. Furthermore, we will work to train human resources for supporting our growth strategy.

◆ Target values

Target item	Estimate for end of fiscal 2013	Medium-Term Business Plan targets (end of fiscal 2016)
Embedded value (EV) ^{*1}	¥3,020.0 billion	¥4,020.0 billion (Three-year ROEV ^{*3} +33%) ^{*4}
Annualized premium of policies in force ^{*2}	¥2,197.9 billion	¥2,258.4 billion (Three-year growth rate +2.8%) ^{*4}
Of which, living benefits + medical coverage ^{*2}	¥517.7 billion	¥555.0 billion (Three-year growth rate +7.2%) ^{*4}

^{*1} Calculated based on certain economic assumptions
(Economic assumptions for estimate for the end of fiscal 2013: TOPIX 1,250 points, 20-year JGB 1.5%;
economic assumptions for estimate for the end of fiscal 2016: TOPIX 1,250 points, 20-year JGB: 2.0%)

^{*2} Total of Sumitomo Life and Medicare Life

^{*3} Abbreviation for Return on EV, indicates the growth rate of EV

^{*4} Growth rate calculated based on estimate for the end of fiscal 2013

Sumitomo Life Medium-Term Business Plan 2016

~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~

Empowering your future



Sumitomo Life Insurance Company
April 18, 2014


1. Positioning of the Medium-Term Business Plan



Implementation of brand strategy (ensuring basic quality and providing impressive quality)



Sumitomo Life Medium-Term Program

- ◇ Reaction to the Great East Japan Earthquake
- ◇ Quality improvement program
 - Ensuring that the customer comes first
 - Improving quality
- ◇ Management strengthening program
 - Strengthening sales and services through life designers
 - Strengthening agency channel
 - Developing new sales channels
- ◇ Investment in growth program
 - Promoting the adoption of multi-channels
 - Strengthening initiatives in growth areas
- ◇ Launch of new cancer rider (2013)
 
- ◇ Launch of new whole life nursing care insurance (2013)
 

Start of
 Sumitomo Life
 Medium-Term
 Business Plan 2016

Next Medium-Term Business Plan
 110th anniversary of foundation (2017)

Becoming the most recommended insurance company

2. The Company's business environment and basic stance presented in the Medium-Term Business Plan

The Company's business environment and basic stance presented in the Medium-Term Business Plan

Changes in the life insurance market

- The importance of the role of life insurance in the fields of medical treatment, nursing care, and pensions will grow more and more due to the factors including declining birth rate and population aging, and the increase in single households accompanying changes in lifestyles.
- While face-to-face sales by sales representatives continue to be the main sales channel, distribution channels of life insurance are becoming more diversified over the long term.



Changes in consumer needs and perceptions

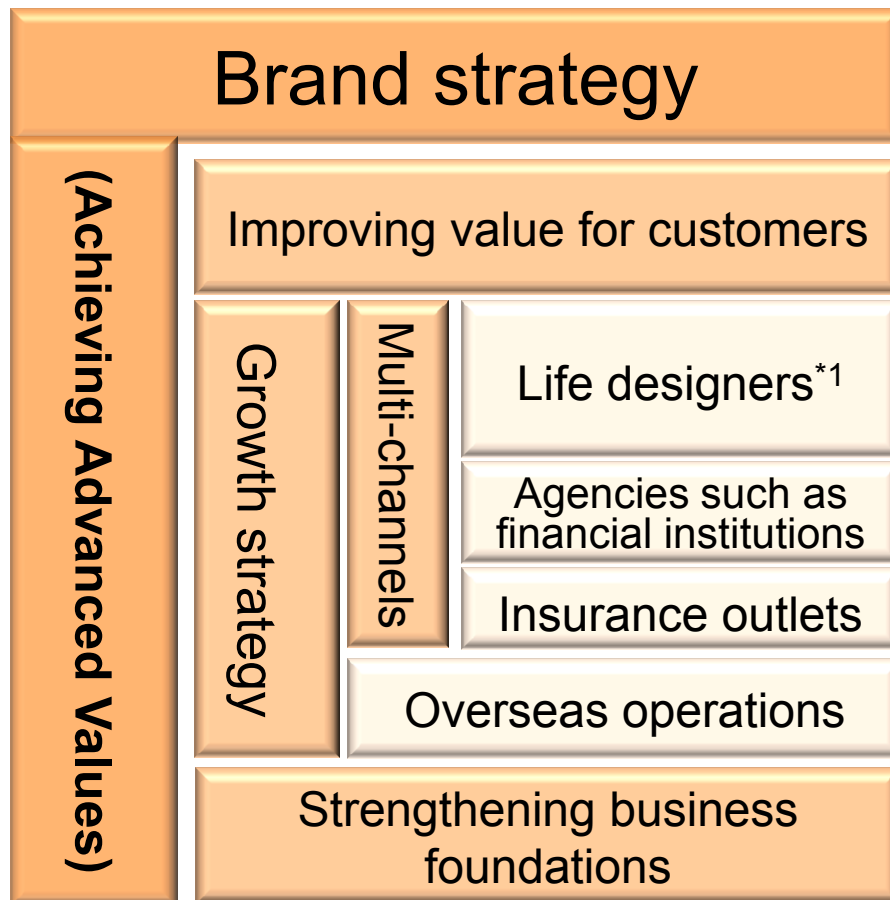
- Life insurance participation rates are beginning to decline, particularly among young people.
- As perceptions towards life insurance is becoming more diversified, it is necessary to adequately respond to the needs of customers.
- As society grows into a super-aging society, it is becoming increasingly necessary to provide customer service that is even more attentive than it has been in the past.

Basic stance presented in the Medium-Term Business Plan

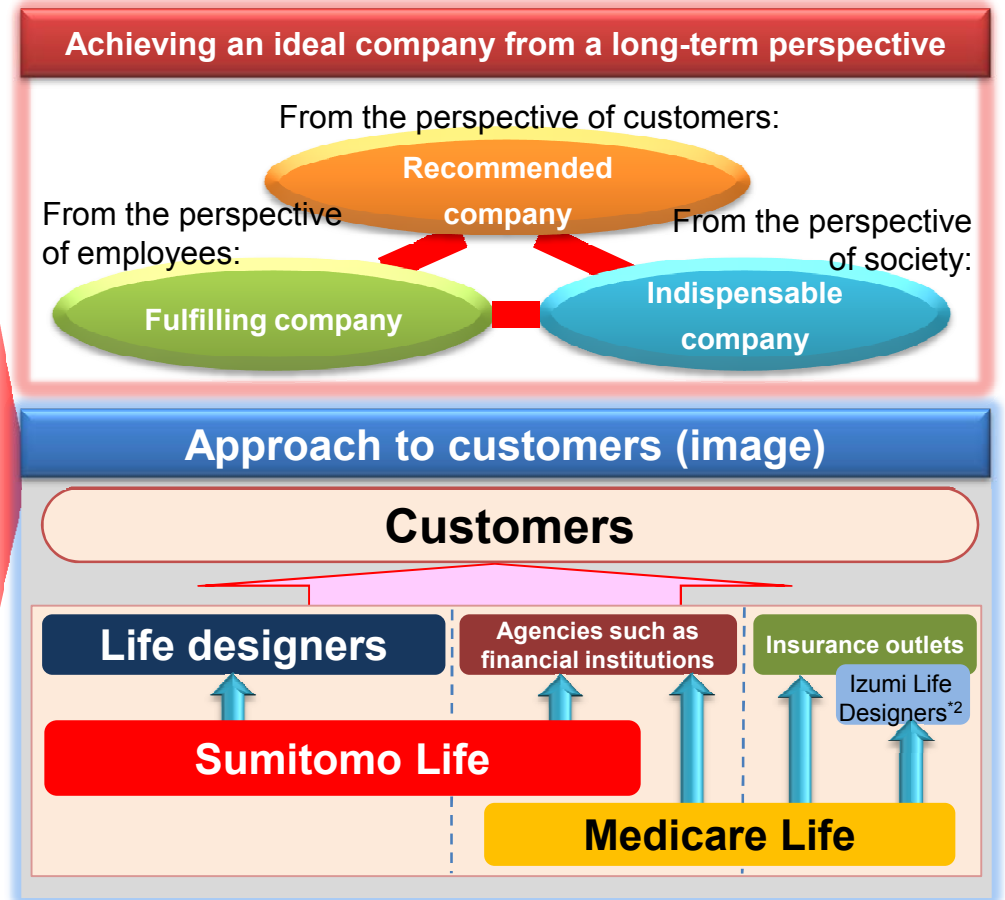
- We take into consideration the Company's business environment, and under the latest Medium-Term Business Plan, we will strive to accelerate the initiatives described in the Sumitomo Life Medium-Term Program. Specifically, we will promote our growth strategy for the Sumitomo Life Group as a whole by improving value for customers through enhancement of services to customers, and maintaining and improvement of quality and by allocating our business resources to the growth areas that contribute to our growth and business expansion.

3. Contents of the Medium-Term Business Plan

Overview of the Medium-Term Business Plan



*1 The company's approximately 30,000 sales representatives



*2 Our subsidiary that operates Hoken-Hyakka, an over-the-counter insurance outlet

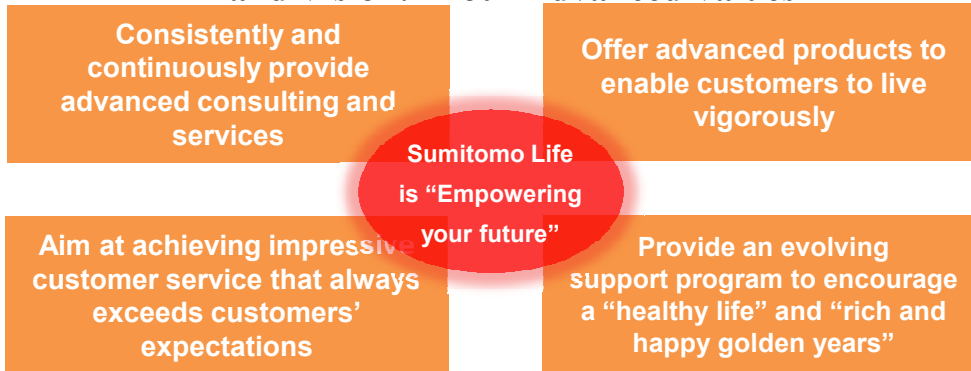
3. Contents of the Medium-Term Business Plan

(1) Brand strategy

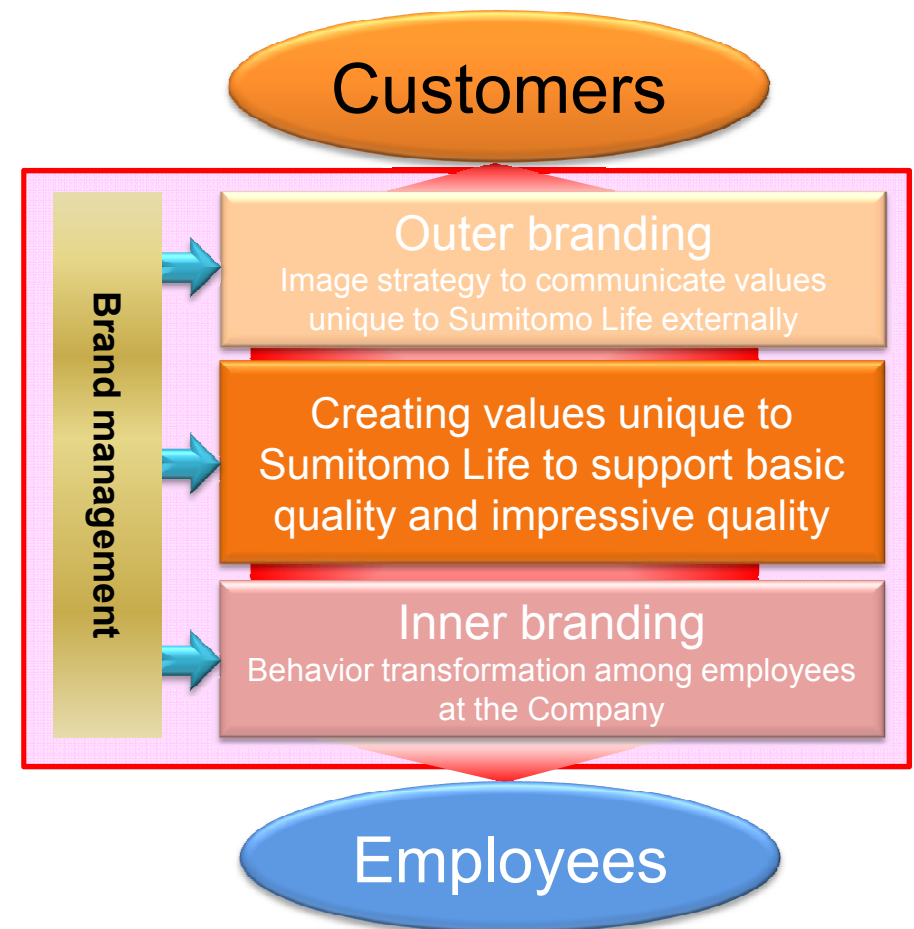
Implementation of brand strategy

- Since FY2011, we have worked on the brand strategy with our declaration to achieve the “Four Advanced Values” as our brand vision aimed at our goal of “empowering the future” of our customers.

Brand Vision: “Four Advanced Values”



- In order to achieve unique values provided by Sumitomo Life including the “Four Advanced Values,” we are implementing the brand strategy with a focus on both inner branding (behavior transformation among employees) and outer branding (image strategy) aimed at communicating these values externally.



3. Contents of the Medium-Term Business Plan

(1) Brand strategy

Advancing to phase 2 of the brand strategy

- The period from FY2014 is positioned as phase 2 of the brand strategy and initiatives will be further strengthened.
- We aim to leverage the characteristics of three forms of media (external media such as commercials, company media such as the website, and social media) to improve communications that are consistent and uniform in story.
- We will work to establish new communications strategies suited to modern feelings toward consumption, especially those of young people.
- We will promote inner branding with more of a focus on linking our understanding of the brand strategy with our action aimed at achieving the brand vision.

Outer branding

- Improve communications that leverage the characteristics of three forms of media
- Work to establish new communications strategies suited to modern feelings toward consumption, especially those of young people

Inner branding

- Encourage action aimed at achieving the brand vision

3. Contents of the Medium-Term Business Plan

(2) Improving value for customers

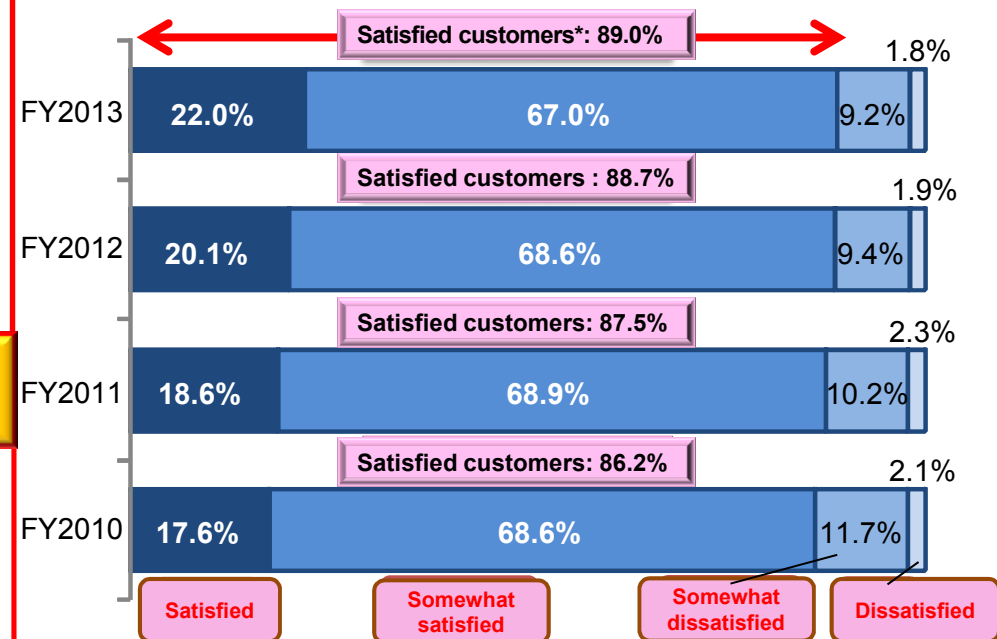
Maintaining and improving quality across entire operations

- We aim to ensure basic quality in all processes from enrollment of insurance policies to payment.
- We will continue to aim to achieve customer service of impressive quality that always exceeds customers' expectations through offering advanced consulting and services.

Improving customer satisfaction

- We will strive to evolve our customer service by accelerating the initiatives of the Sumitomo Life Medium-Term Program, enhancing higher level customer service, and maintaining and improving quality.
- In this manner we will work to improve customer satisfaction.

[Reference] Customer satisfaction survey



*Satisfied customers = ratio of "Satisfied" and "Somewhat satisfied"

[Overview of FY2013 survey]

- ◇ Implementation period: September 2013
- ◇ Target: policyholders nationwide (randomly selected)
- ◇ Number of copies sent: 20,000 ◇ Number of responses: 6,550

3. Contents of the Medium-Term Business Plan

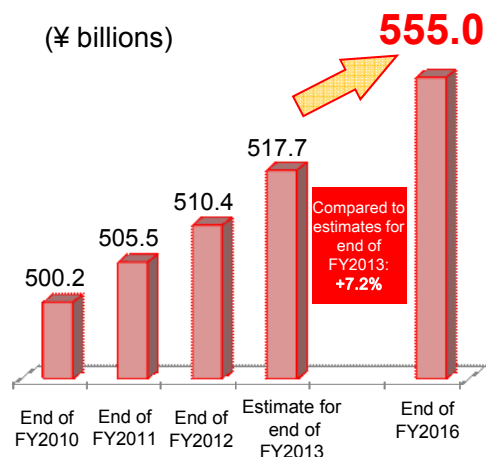
(3) Growth strategy [Multi-channels] ~Life designers~

Strengthening sales and services by life designers

- We aim to strengthen sales and services through offering advanced consulting and services.
- We will strengthen efforts in growth markets such as medical and nursing care.
- Propose optimal coverage through Future Support Activities*.

Target values: Annualized premium of policies in force living benefits + medical coverage

Future support activities through life designers



Five risks

- Preparing for the worst (Death protection)
- Care giving (Nursing care coverage)
- Sickness and injuries (Medical coverage)
- Old age (Savings)
- Unforeseen accidents (Property-casualty insurance)

We will conduct a diagnosis (consulting) to confirm whether current insurance coverage is optimal by checking preparedness for life events such as marriage and birth, and five risks related to the entire families of customers. Sumitomo Life Insurance is dedicated to always providing customers with relief and satisfaction.

Comprehensive coverage	<p>スミセイの新終身保険 ダブルステージ 未来デザイン</p>	Whole life insurance
	<p>スミセイの利率変動型積立保険 ライブ ワン 保険ファンド[06] 未来デザイン</p>	Savings product
Medical insurance	<p>スミセイの医療保険 ドクターGO 終身タイプ</p>	Whole life medical insurance
Nursing care insurance Annuities Insurance	<p>スミセイの低解約返戻金型介護終身保険 パリュウケア</p>	Whole life nursing care insurance
	<p>スミセイの個人年金保険 たのしみ ワンダフル</p>	Individual annuities
Property-casualty insurance	Our life designers sell products of Mitsui Sumitomo Insurance Company, Limited for individuals and companies.	

*Periodic visits to customers by life designers

3. Contents of the Medium-Term Business Plan

(3) Growth strategy

[Multi-channels]

~Agencies such as financial institutions and insurance outlets~

Agencies such as financial institutions

- Utilizing one of the broadest sales network in the industry (337 financial institutions) that we have established since bancassurance was allowed, we will work to grow profits through the sales of our products and Medicare Life products.
- The number of financial institutions that sell recurring premium products in addition to single-premium products is gradually increasing. We will provide best proposals that match the needs of more customers.

Examples of products sold by financial institutions



Single-premium increasing whole life insurance



Single-premium whole life insurance

Examples of products sold by post offices



Substandard whole life medical insurance

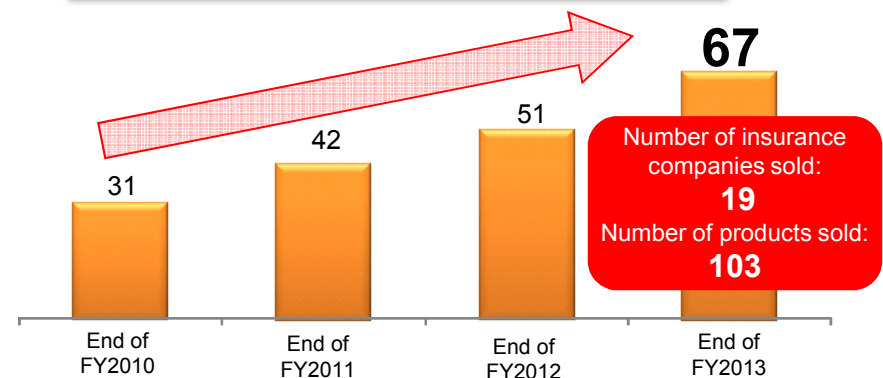
Izumi Life Designers (Insurance outlet)

- Izumi Life Designers is our subsidiary that operates Hoken-Hyakka, an over-the-counter insurance outlet.
- Insurance outlets will propose products that match the needs of customers through consulting.



H o k e n - H y a k k a

[Reference] Number of insurance outlets



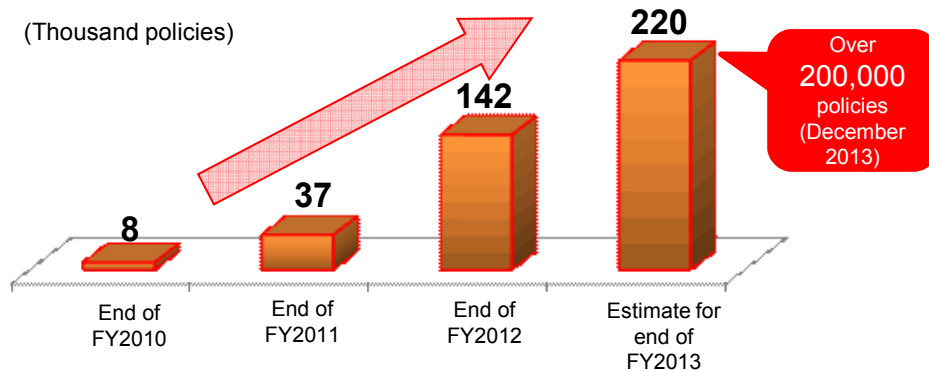
3. Contents of the Medium-Term Business Plan

(3) Growth strategy [Multi-channels] ~Medicare Life~

Medicare Life

- Medicare Life is our subsidiary that was established in order to meet diversifying customer needs in more timely and appropriate manner.
- We aim to grow profits through sales of our products and Medicare Life products via various channels, including agencies such as financial institutions, insurance outlets, and direct channels.

[Reference] Number of policies in force



Medical insurance

医療終身保険(無解約返戻金型)



Whole life medical insurance

医療終身保険(無解約返戻金型)



女性専用パック

Whole life medical insurance for women

For substandard market

限定告知型医療終身保険(無解約返戻金型)



Substandard whole life medical insurance

3. Contents of the Medium-Term Business Plan

(3) Growth strategy ~Overseas operations ~

Overseas operations

- By taking in the growth of the life insurance market in Asia where high growth can be expected, we aim to diversify the Group's earnings foundation and achieve sustainable growth in company value over the long-term.
- We will work to improve business performance and corporate value at the companies we invested through technical support from Sumitomo Life.
- Business performance has steadily expanded at PICC Life Insurance that was established in November 2005, and in FY2013, eight years after establishment, the company grew to being second among 69 companies in terms of new policy premium revenues and fifth in terms of total premium revenues.
- In addition, we will prepare for the further overseas expansion such as training human resources.

Country	Invested in	The companies we invested (Industry ranking in respective countries)
China	November 2005	PICC Life Insurance Joint venture with The People's Insurance Company (Group) of China Limited, China's largest property-casualty insurance group (Second in terms of new policy insurance premium revenues and fifth in terms of total insurance premium revenues)
Vietnam	March 2013	Bao Viet Holdings Largest Vietnamese integrated insurance and financial group (Second in terms of insurance premium revenues from the life insurance business and first in terms of insurance premium revenues from the property-casualty insurance business)
Indonesia	Agreement reached in December 2013	BNI Life Insurance Joint venture with Bank Negara Indonesia, one of the four major national banks (14th in terms of new policy insurance premium revenues)

+

Technical support from Sumitomo Life

Improve business performance and corporate value at the companies we invested

3. Contents of the Medium-Term Business Plan

(4) Strengthening business foundations

Earnings and financial foundations

- We will work to secure stable underwriting profit.
- We will aim to secure stable investment income by reducing and properly controlling asset management risks.
- We will aim to further strengthen our financial foundations in order to achieve stable policy dividends and ensure that we are able to make payment of insurance claims to customers in the future.

Management infrastructure

- We will promote initiatives that will allow human resources supporting our growth strategy, etc. to better realize their capabilities.
- We will encourage promotion of women to management positions.
- We will create a work environment that is comfortable for all employees and officers through a work-life balance.
- We will work to improve the levels of business management systems for the Group as a whole.
- We will aim to further strengthen compliance systems.

Upgrading the level of enterprise risk management (ERM*)

- The Company has a basic policy of understanding, analyzing, and properly controlling various risks that management faces for the purpose of ensuring faithful business execution and a sound financial foundation so that we are able to make payment of insurance claims to customers that have entered insurance policies in a reliable and appropriate manner.
- Specifically, we work to ensure the soundness of management by stipulating risk controlling methods based on the characteristics of each risk, while we also constantly strive to improve our risk management systems.
- By upgrading our enterprise risk management (ERM), we aim to further strengthen our risk tolerance, encourage the efficient use of business resources, and thereby achieve stable and sustainable growth of the corporate value (embedded value) of the Sumitomo Life Group as a whole.

*Enterprise risk management: a risk management process implemented to control various uncertainties (risks) relating to all corporate activities

3. Contents of the Medium-Term Business Plan

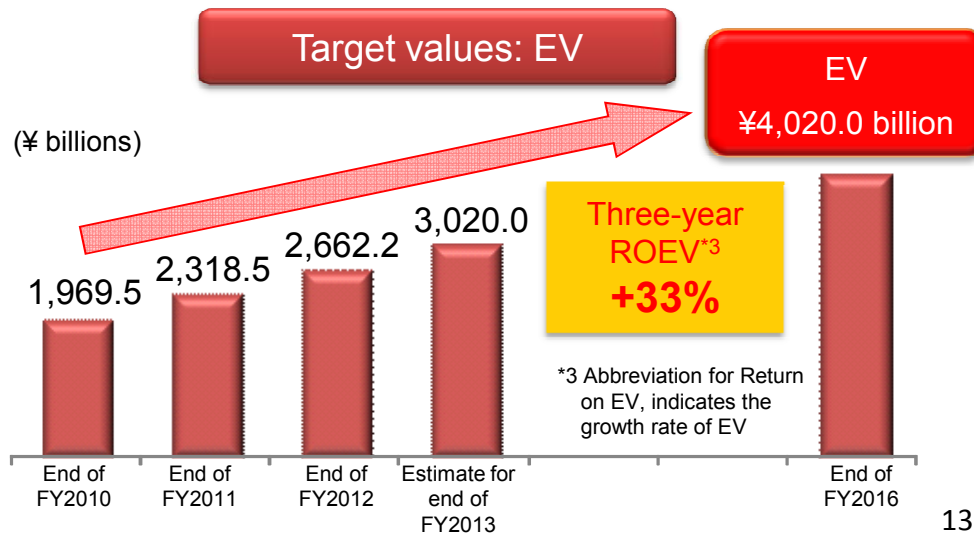
Target values

[Summary of target values]

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*1 Calculated based on certain economic assumptions

*2 Total of Sumitomo Life and Medicare Life



Embedded value (EV)

- EV is a benchmark that indicates corporate value that is calculated by adding the present value of revenues generated from policies in force (in-force policy value) to adjusted net asset value which is composed of items such as retained earnings and unrealized gains and losses on securities as of calculation date.
- Our EV is EEV which is calculated in accordance with the European embedded value (“EEV”) principle established by CFO Forum composed of chief financial officers (CFOs) from major European insurance companies.

