

Development of the Sumitomo Life Medium-Term Business Plan 2019

~Creating New Value for Customers and Building the Future Together~

Sumitomo Life Insurance Company (President & CEO: Masahiro Hashimoto) has developed the Sumitomo Life Medium-Term Business Plan 2019 ~Creating New Value for Customers and Building the Future Together~ as a new three-year plan starting from April 2017. This notice describes the contents of the plan.

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

Overview of the plan:

1. Review of the previous Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2016

In the Sumitomo Life Medium-Term Business Plan 2016, which began in April 2014, the brand strategy was positioned as the basis of all business activities, while “Multi-channels” (including life designers (sales representatives), agencies such as financial institutions and insurance outlets) and “Overseas operations” were the two pillars of the growth strategy. Accordingly, initiatives aimed at brand evolution and the establishment of a new growth path were implemented.

Regarding the final results, we achieved the targets for embedded value (EV) and annualized premium of policies in force. Although there was an unachieved target in the “living benefits + medical coverage” part of the annualized premium of policies in force, it had steadily increased and did well overall.

● Result of target values

	End of fiscal 2016 targets	End of fiscal 2016 results
Embedded value (EV) ^{*1}	¥3,530.0 billion (Three-year ROEV ^{*2} +12.2%)	¥3,766.0 billion (Three-year ROEV ^{*2} +19.7%)
Annualized premium of policies in force ^{*1}	¥2,256.7 billion (Three-year growth rate +2.7%)	¥2,352.3 billion (Three-year growth rate +7.1%)
Of which, living benefits + medical coverage ^{*1}	¥555.0 billion (Three-year growth rate +7.4%)	¥552.9 billion (Three-year growth rate +7.0%)

^{*1} Total of Sumitomo Life and Medicare Life

^{*2} Abbreviation for Return on EV, indicates the growth rate of EV

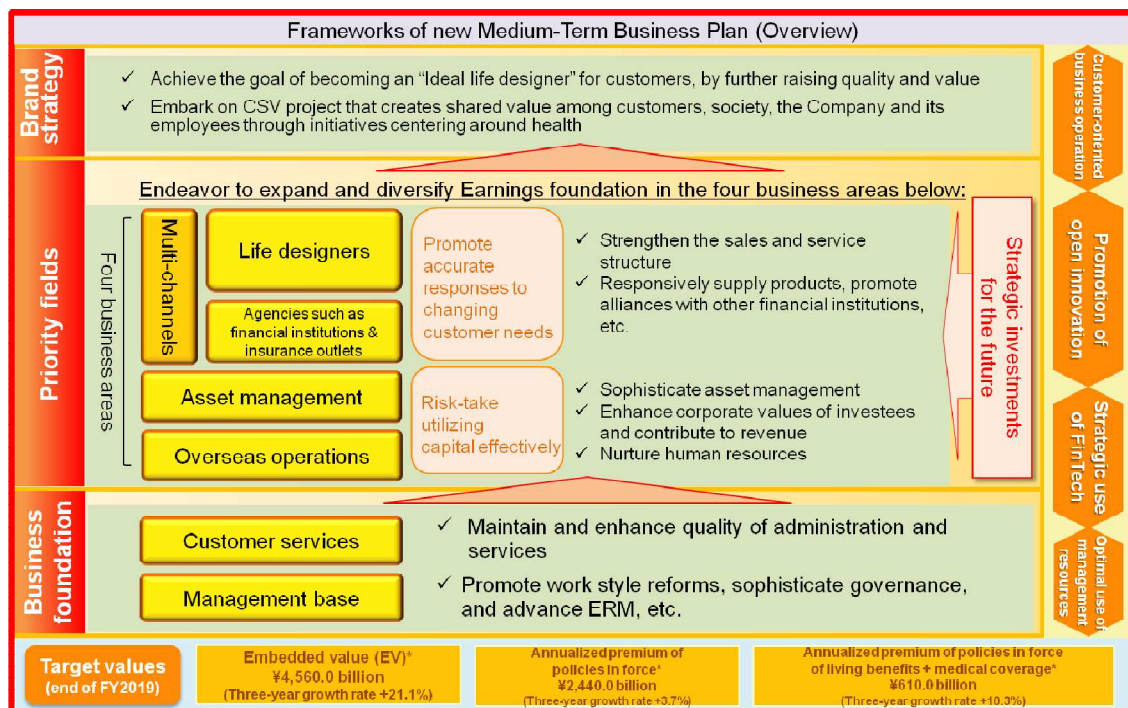
2. Overview of the new Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2019

◆ Our basic stance and desired image

The Company's new three-year plan "Sumitomo Life Medium-Term Business Plan 2019 ~Creating New Value for Customers and Building the Future Together~" (the "Plan") began this fiscal year. In the Plan, we continuously further promote initiatives aimed at achieving the goal of becoming an "Ideal life designer", mainly based on our brand strategy. Through initiatives focusing on health, we also promote customer-oriented business operations from the perspective of pursuing the best interests of customers, as well as endeavor to realize CSV¹, which means creating shared value among customers, society, the Company and its employees.

Furthermore, we aim to realize the goal of becoming "a recommended company from the perspective of customers, a fulfilling company from the perspective of employees, and an indispensable company from the perspective of society," as well as endeavor to strengthen our "Customer services" and "Management base" as the business foundation which supports our priority fields, "Life designers," "Agencies such as financial institutions and insurance outlets," "Asset management" and "Overseas operations."

◆ Overview



*1 Abbreviation for Creating Shared Value; management concept of corporation balancing goals of "resolving societal problems" and "enhancing corporate value (raising profits and competitiveness)"

◆ **Each framework of the Plan**

1. Brand strategy

We promote initiatives aimed at achieving the goal of becoming an “Ideal life designer” for customers, by enhancing the quality of services in every process through customers’ purchase of insurance policies to payment of insurance claims. We will also develop the CSV project that creates shared value among customers, society, the Company and its employees via initiatives focusing on health, starting with the launch of “Vitality,” a new insurance product for health promotion in 2018.

2. Priority fields

a. Multi-channels

(1) Life designers (sales representatives)

We work on building a sales and service structure aimed at CSV, as well as enhance consulting capabilities, promote the utilization of tablets for sales activities and provide expeditious services, recruiting and training excellent sales staffs.

(2) Agencies such as financial institutions and insurance outlets

We will promote the sales of products of the Company and our subsidiary Medicare Life Insurance, through maintaining and expanding the largest sales network in the industry, promoting the strategy to form a wider range of partnerships, and enhancing the product lineup in response to customer needs.

b. Asset management

We will carry out more sophisticated asset management while taking appropriate risk control measures in order to stably provide life insurance products suitable for customers’ needs such as asset building as well as ensure payments of insurance claims and benefits to customers in the future.

c. Overseas operations

We aim to build an overseas business portfolio to achieve a balance between growth potential and profitability making efforts to enhance the value of our Asian business and achieving stability in revenues of Symetra Financial Corporation, while we are also pursuing new business potential. In addition, we will put in place the platform including the expansion of a pool of human resources which supports our overseas business development.

3. Business foundation

a. Customer services

By ensuring the basic quality of services in every process through customers’ purchase of insurance policies to payment of insurance claims, we will promote swift, elaborate and sincere customer service, working on maintaining and enhancing the quality of administration and services as we strive towards the goal of “customer-oriented business operation.”

b. Management base

We strive to strengthen the management base by promoting work style reforms and diversity, sophistication of corporate governance, and advancing ERM based on the risk-return balance.

◆ Target values

Target item	End of fiscal 2016	Medium-Term Business Plan targets (End of fiscal 2019)
Embedded value (EV) ^{*1*2}	¥3,766.0 billion	¥4,560.0 billion (Three-year ROEV ^{*3} +21.1%)
Annualized premium of policies in force ^{*2}	¥2,352.3 billion	¥2,440.0 billion (Three-year growth rate +3.7%)
Of which, living benefits + medical coverage ^{*2}	¥552.9 billion	¥610.0 billion (Three-year growth rate +10.3%)

*1 Calculated based on certain economic assumptions

*2 Total of Sumitomo Life and Medicare Life

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

New Medium-Term Business Plan

Sumitomo Life Medium-Term Business Plan 2019

~Creating New Value for Customers and Building the Future

Together~

Sumitomo Life Insurance Company

May 25, 2017

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Review of Previous Medium-Term
Business Plan:
Sumitomo Life Medium-Term Business
Plan 2016

Review of Previous Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2016

- Targets achieved for EV & annualized premium of policies in force
- Living benefits + medical coverage part of annualized premium of policies in force fell slightly short of target, but did well overall

Medium-Term Business Plan targets (end of FY2016)		Results	Three-Year Change
<p>Embedded value (EV)</p> <p><small>*Sumitomo Life + Medicare Life</small></p>	<p>¥3,530.0 billion</p> <p><small>*Revised in early fiscal 2016</small></p>	<p>¥3,766.0 billion</p> <p>Achieved</p>	<p>3 years +19.7%</p> <p>Sumitomo Life Medium-Term Business Plan 2016</p>
<p>Annualized premium of policies in force</p> <p><small>*Sumitomo Life + Medicare Life</small></p>	<p>¥2,256.7 billion</p> <p><small>*Revised in early fiscal 2016</small></p>	<p>¥2,352.3 billion</p> <p>Achieved</p>	<p>3 years +7.1%</p> <p>Sumitomo Life Medium-Term Business Plan 2016</p>
<p>Of which, living benefits + medical coverage</p>	<p>¥555.0 billion</p>	<p>¥552.9 billion</p>	<p>3 years +7.0%</p> <p>Sumitomo Life Medium-Term Business Plan 2016</p>



New Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2019

~Creating New Value for Customers and Building the Future
Together~

a. The Company's business environment & basic stance in new Medium-Term Business Plan

The Company's business environment

	~FY2016	Period of new Medium-Term Business Plan			FY2020~
		FY2017	FY2018	FY2019	
Population/Households	Declining birthrate and population aging, further increase of single households, decrease in working-age population				
Customer preferences	More diversified customer preferences, more diversified sales channels				
Economic environment	Global low interest rate environment may persist, higher geopolitical risks			Global capital regulations	
Growth areas in life insurance	Higher demand for medical coverage, nursing coverage (including incapacity) & Health-enhancing insurance				
Technological innovation	Technological innovation via ICT such as FinTech (AI, blockchains, big data, etc.)				

Basic stance in new Medium-Term Business Plan

- We will continue using the brand strategy as the basis, and further promote initiatives aimed at achieving the goal of becoming an “Ideal life designer.” Through initiatives centering around health, we will take on the challenge of realizing CSV*, which creates common values among customers, the society, the Company and its employees. Also, from the perspective of pursuing the best interests of customers, we will promote the goal of customer-oriented business operation.
- We will focus on the four priority fields of “Life designers,” “Agencies such as financial institutions and insurance outlets,” “Asset management” and “Overseas operations.” We will also endeavor to strengthen our “Customer services” and “Management base” as the business foundation that supports these priority fields.
- Through these initiatives, we will endeavor to achieve the following “Desired image” in the medium to long term.

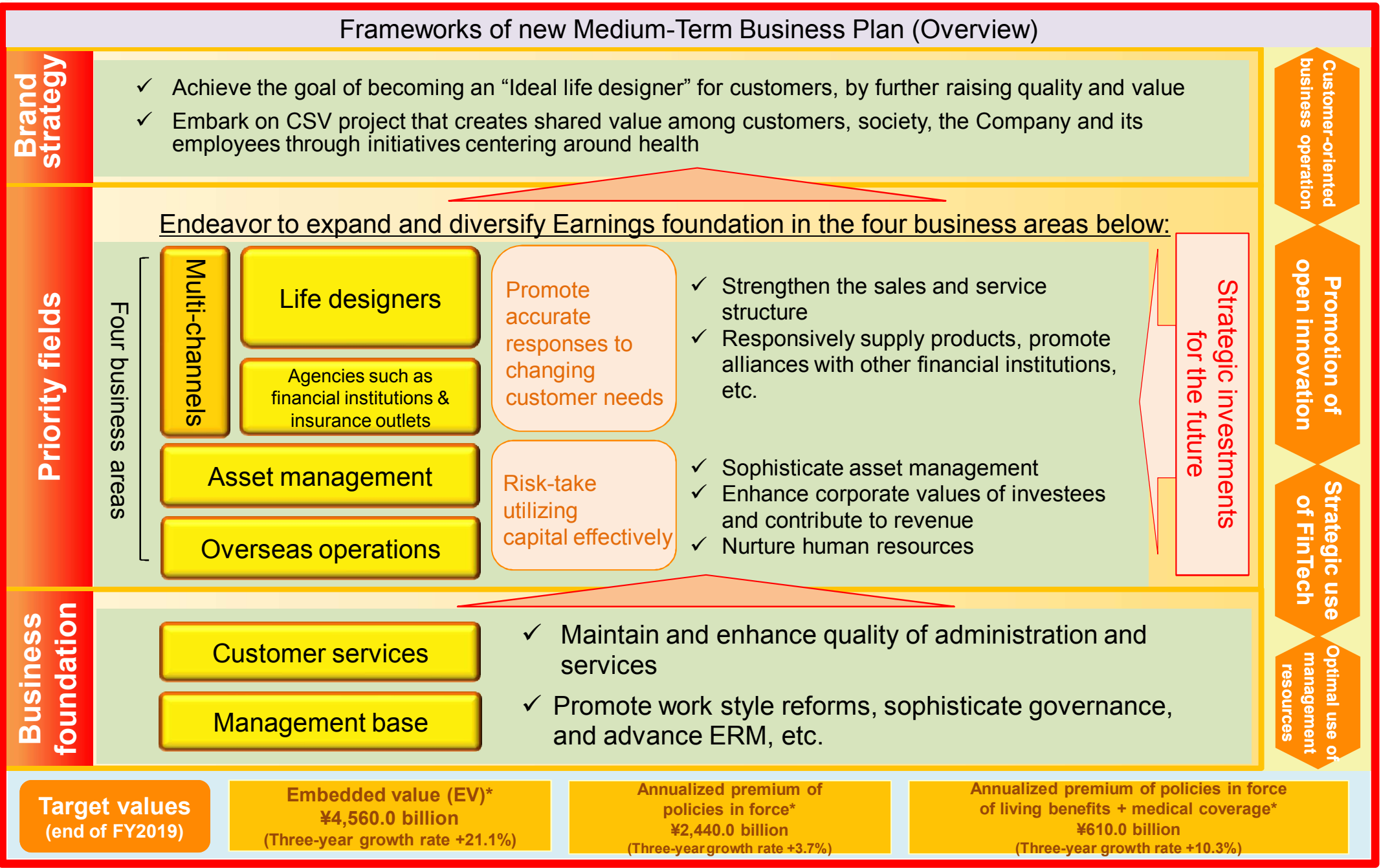
Desired image

As we work towards the final year of the new Medium-Term Business Plan (FY2019) and beyond, by expanding and diversifying the Earnings foundation, and realizing CSV* for customers, society, the Company and its employees, we will aim to become:

**A recommended company from the perspective of customers,
a fulfilling company from the perspective of employees,
and an indispensable company from the perspective of society**

*Abbreviation for Creating Shared Value; management concept of corporation balancing goals of “resolving societal problems” and “improving corporate value (raising profits and competitiveness)”

b. Overview of new Medium-Term Business Plan



*Total of Sumitomo Life + Medicare Life

c. Brand strategy

- We will promote initiatives achieving at realizing the goal of becoming an “Ideal life designer” for customers, by further raising the quality and value of each process from enrollment of insurance policies to payments.
- Starting from “Vitality,” an insurance policy for Health-enhancing (scheduled to be released in 2018), we will develop the CSV project that creates shared value among customers, society, the Company and its employees via initiatives centering around health.

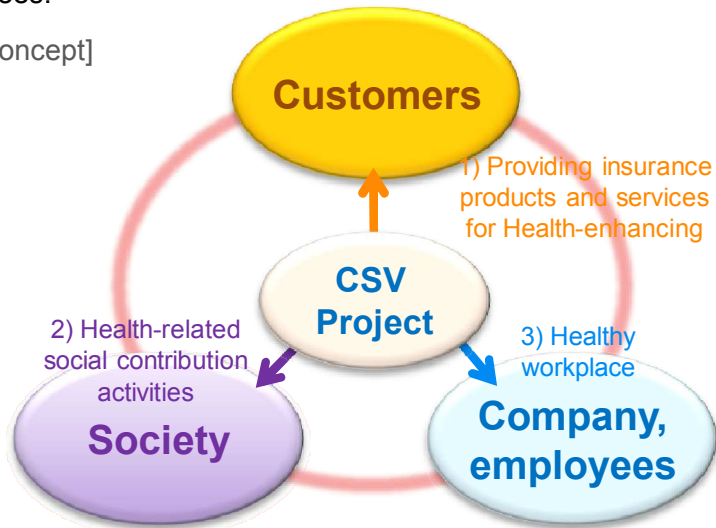
Realization of ideal life designer

- ✓ We will promote initiatives aimed at achieving the goal of becoming an “Ideal life designer ” for customers, by providing high quality service in each process from enrollment of insurance policies to payments.

CSV project

- ✓ By providing insurance products and services for Health-enhancing to customers, we will promote health-related social contribution activities for society, and the creation of a healthy workplace for the Company and its employees.

[Concept]



Overview of CSV Project

- 1) Providing insurance products and services for Health-enhancing
*Planned for 2018



“Vitality” is a program that supports the subscribers to lead a healthier lives, by providing tools and related knowledge to improve health, and incentives to encourage such behavior. Each type of incentive embedded in the insurance product that encourages behavioral changes to contribute to Health-enhancing in the long term, leading to a virtuous cycle that is beneficial to both the insurer and the insured, as well as contributing to Health-enhancing in society on the whole.

- 2) Health-related social contribution activities
To raise awareness on Health-enhancing, the Company is implementing the “Sumitomo Life Vitality Action Plan” as its 110th anniversary social contribution activity. As part of the “Sumitomo Life Vitality Action Plan,” “Family Sports Class” will be conducted by top athletes of various sports at 110 locations all over Japan.



- 3) Promotion of a healthy workplace
We announced the “Sumitomo Life Group Healthy Workplace Declaration,” maintaining and enhancing the health of employees and their families from a managerial perspective.

d. Priority fields -Multi-channels: Life designers-

■ Along with building a sales and service structure aimed at CSV, we will accurately respond to the changing and varied customer needs, and promote the proposal of optimal coverage for customers.

Promote accurate responses to customer needs

- ✓ Enhance consulting capabilities of life designers, promote the provision of speedy services by utilizing tablets for sales activities
- ✓ Develop and provide advanced products to respond to needs of customers, promote proposal of optimal coverage
- ✓ Enhance product lineup, possibly via alliances with other companies
- ✓ With Vitality's release, promote proposals with new value for customers and society, promote FinTech activities

Strengthening of sales and service structure

- ✓ Strengthen hiring and nurturing of talented personnel, strengthen sales and service structure that supports CSV

Japan Vitality Project

Make Japan healthier via Health-enhancing Insurance

In partnership among the Company, South Africa-based Discovery Ltd. and Softbank Corp., initiatives of the "Japan Vitality Project" to introduce the globally acclaimed wellness program "Vitality" to the Japanese market have begun, jointly by the companies.



(Left) Mr. Gore, Group Chief Executive of Discovery (Center) Hashimoto, President & CEO of the Company (Right) Mr. Miyauchi, CEO of Softbank Corp.

Enhance product lineup & provide products based on customer needs

Methods of providing the Group's and other companies' products

Via life designers, financial institutions, etc.

- ✓ Needs for medical, nursing coverage (including incapacity), Health-enhancing, etc.
- ✓ Needs for stable asset building

Mainly through insurance outlets

- ✓ Simple, easy-to-understand medical coverage needs

Handling partnering companies' products

- ✓ Preparing for accidents (Mitsui Sumitomo Insurance Company, Limited)
- ✓ Business coverage & succession, preparing for retirement needs (NN Life)

About Sumitomo Life's products

生活保険で、じぶんを救え。 Besides coverage for incapacity and nursing, our life insurance enables coverage for death, medical needs, asset building and retirement in line with the life cycle.

This product received the 2016 Nikkei Superior Products and Services Awards for Excellence.



d. Priority fields -Multi-channels: Agencies such as financial institutions and insurance outlets-

■ We will propose products that meet all sorts of needs of customers, through maintaining and enhancing the largest sales network in the industry, promoting the strategy to form a wide range of partnerships, and enhancing the product lineup in response to customer needs.

Deepen our business models

- ✓ Utilizing strengths of the Group strategy, promote sales of products of the Company and Medicare Life that respond to customer needs
- ✓ Provide products to customers via extensive sales network, penetrate recurring premium products market

Returns on effective investments, promote new businesses

- ✓ Provide products by customer-oriented by enhancing product lineup and developing products more quickly
- ✓ Promote strategic alliances with financial institutions or non-financial agencies

Initiatives aimed at stable growth

- ✓ Long-term, systematic nurturing of talented personnel such as wholesalers in charge of financial institutions, etc. nationwide
- ✓ Through conducting various training programs, etc., build a stronger agency support structure

Status of agencies such as financial institutions

(billion yen) Annualized premium of new business

Year	Annualized premium (billion yen)
2013	40.2
2014	44.3
2015	67.4
2016	131.0

Building extensive sales network, growing steadily

Status of Medicare Life

(thousand) Number of policies in force

Year	Number of policies (thousand)
2013	223
2014	292
2015	364
2016	469

Providing medical insurance etc. via insurance outlets & agencies such as financial institutions, number of policies increasing steadily

Status of Izumi Life Designers

Handling 158 products of 26 companies in total, accurately responding to customer needs

d. Priority fields -Asset management-

■ In order to stably provide life insurance products suitable for asset building and other needs of customers, as well as ensure payments of insurance claims and benefits, etc. to customers in the future, we will carry out more sophisticated asset management while taking appropriate risk control measures.

More sophisticated asset management that contributes to stable provision of insurance products suitable for asset building and other customer needs

- ✓ Raise revenue via more sophisticated asset management and appropriate risk-taking by promoting the management of two portfolios with differing purposes as general accounts and introducing new investment methods, etc.
- ✓ Nurturing talented personnel who contributes to raising asset management profitability

Management of two portfolios:

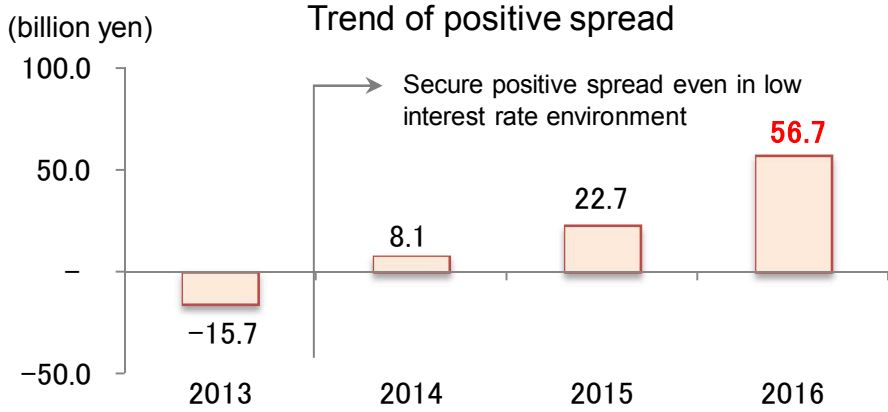
Portfolio	Yen-denominated assets-based portfolio [ALM investment portfolio]	Risk assets-based portfolio [Balanced investment portfolio]
Purpose of investment	Contributes to definite payments such as insurance claims	Contributes to sustainable enhancement of embedded value (EV)
Investment method	Long-term holding, centering around ALM promotion	Flexible investments responding to market forecasts
Main targeted assets	Japanese government bonds, internal/ external corporate bonds	Stocks, open foreign bonds, foreign bonds with currency hedging

Promote stewardship activities

- ✓ Conduct high-quality dialogues with corporations we invest in, and exercise highly transparent and well justified voting rights

Initiatives to enhance asset management revenue

- ◆ A negative spread had been a long-running challenge. However we had overcome it in the previous Medium-Term Business Plan and are gradually expanding the positive spread.



<Status of stewardship activities>

Dialogue to enhance shareholder value

Period	No. of dialogues
July 2015 – June 2016	125
July 2016 – April 2017	108

d. Priority fields –Overseas operations-

- We will build an overseas business portfolio to achieve a balance between growth potential and profitability, as well as make efforts to enhance the corporate value of our Asian business and achieve stable revenues of Symetra Financial Corporation. Meanwhile, we are also researching and considering the possibility of new initiatives.
- We will nurture human resources and make other preparations that will support our overseas business development.

More sophisticated Group governance

- ✓ Grasp management status (monitoring) of investees accurately and promote more sophisticated governance aimed at achieving management targets
- ✓ Implement and use functions of PDCA timely and appropriately

Generating synergies


- ✓ Cooperate in asset management field
- ✓ Create synergy between the Company and Symetra by promoting communication
- ✓ Absorb know-how by dispatching trainees

Nurturing overseas human resources

- ✓ Strengthen human resources for the future by conducting systematic training to candidate employees for overseas dispatch
- ✓ Strengthen ability to conduct overseas operations

Achieve stable revenues of Symetra and enhance corporate value of Asian business

Status of the Company's overseas business development

Country	Invested in	Investees
China	2005	PICC Life  中国人保寿险 PICC LIFE Joint venture with The People's Insurance Company (Group) of China Limited, China's largest property-casualty insurance group; seventh in domestic total insurance premium revenues
Vietnam	2013	Bao Viet Holdings  Largest Vietnamese integrated insurance and financial group; first in domestic new policy insurance premium revenues for life insurance
Indonesia	2014	BNI Life  Joint venture with Bank Negara Indonesia, one of the four major national banks (8th in domestic new policy insurance premium revenues)
U.S.	2016	Symetra  A medium-sized life insurance company with a balanced business portfolio comprising three business lines (personal pension, corporate insurance, and personal insurance)

e. Business foundation –Customer services-

■ By ensuring the basic quality of all processes from enrollment, administration, services to payments, we will promote swift, polite and sincere customer services, working on maintaining and improving the quality of administration and services that contribute to the goal of “customer-oriented business operation.”

Raise quality level of customer services

- ✓ Build a structure that can provide services suitable for each customer’s age, needs, etc.
- ✓ Promote swift, polite and sincere customer administration and services
- ✓ Initiatives with consideration to the elderly and people with disabilities
- ✓ Enhance quality and operational efficiency using latest technology

Build administration and service structure that meets customer needs

- ✓ Build administration and service structure that supports customer services related to new products
- ✓ More sophisticated administration and service structure in line with increase in policies via agencies

Enhance face-to-face service utilizing new tablets for sales activities

- ✓ Promote utilization and upgrading of tablets for sales activities
- ✓ Enhance customer convenience by promoting digitization in new policy and maintenance procedures

“LiefDirect” Service



Through the tablets “SumiseiLief” for sales activities used by 30,000 life designers nationwide, we provide the “LiefDirect” service where procedures after enrollment are immediately completed.

Helpdesk services (ancillary services)



For customers to choose better medical services, we provide a second-opinion service.

By providing information on treatment methods, specialist doctors and hospitals, we help customers feel safe and satisfied about their treatment. (Provider: T-PEC CORPORATION)



Doctors and health counselors will provide advice regarding issues such as health, medical services and nursing, 24 hours a day, 365 days a year.

Also, by providing medical institution information during the nighttime and on weekends, we provide support by answering inquiries and dispelling fears. (Provider: T-PEC CORPORATION)



We provide the Sumitomo Life Care Advice Service and answer inquiries and fears

regarding nursing that persons who require nursing services and their families may have. Nursing experts such as care managers will provide advice via phone or through a home visit. (Provider: T-PEC CORPORATION)



Problems or inquiries regarding all aspects of the disability pension will be answered by specialist staff.

We provide a free guidebook with examples of common payment patterns for those who wish. (Provider: T-PEC CORPORATION)

e. Business foundation –Management base-

■ We will strive to strengthen the management base by promoting work style reforms and diversity, sophistication of governance, and advancing ERM based on the risk-return balance.

Promote work style reforms and diversity

- ✓ Work style reforms
 - Shift to work that can truly provide value to customers and the market, enhance productivity and efficiency of operations, refrain from long working hours
 - Introduce work styles unrestricted by time and place via ICT support enhancement, etc.
 - Reforming behavior of each employee based on the keywords: achievement, reform, creation, and collaboration
- ✓ Promote diversity
 - Create a work environment where employees can work in a lively manner
 - Promote utilization of diverse human resources (incl. active promotion of female employees to managerial positions)

Further sophistication of governance

- ✓ Raise sophistication level of corporate governance
- ✓ Further sophisticate Group-based business management system

Maximize returns on IT investments

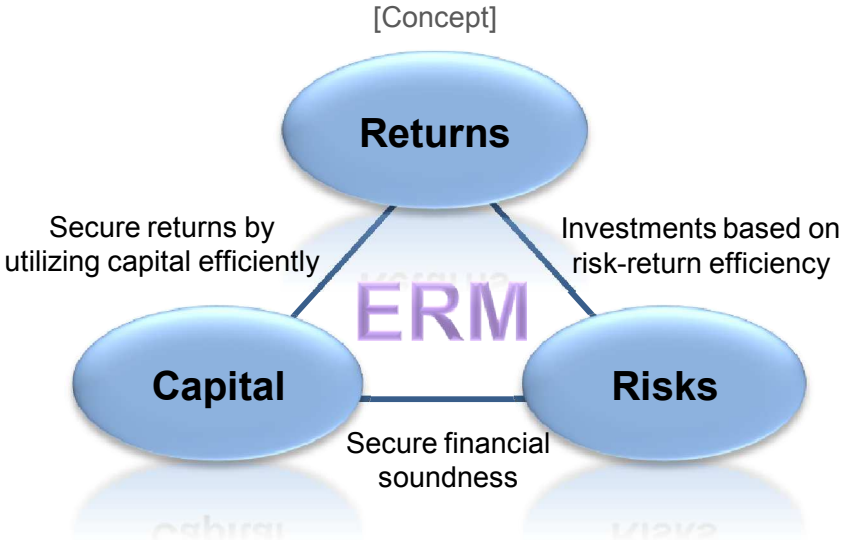
- ✓ Sophistication of IT governance
- ✓ Contribute to raising corporate value by “providing value (maximizing IT investment returns)” and “appropriate risk control measures”
- ✓ Promote investigation, research, and utilization of latest technology

Implement stable policy dividends to policyholders and enhance retained surplus

- ✓ Implement stable returns to policyholders in the medium to long term
- ✓ Strengthen risk response abilities by retained surplus
- ✓ Plan to announce index for dividends

Further advance ERM

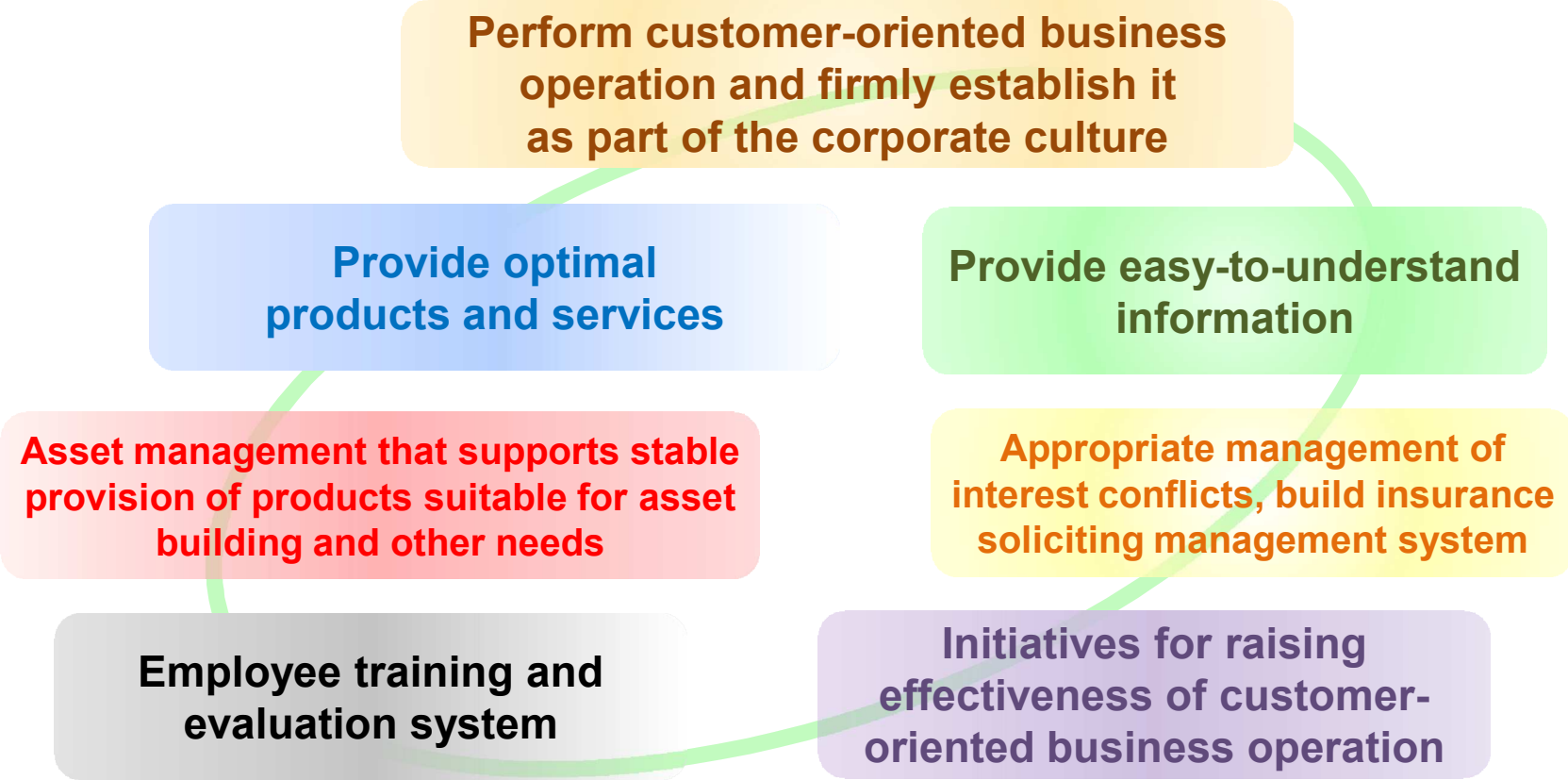
- ✓ While securing a certain level of financial soundness, build a framework to implement efficient risk taking that utilizes risk buffers, with the aim of contributing to returns to policyholders



f. Customer-oriented business operation

■ From the perspective of pursuing the best interests of customers, in order for the Company to promote the goal of customer-oriented business operation even more than before, the following policy has been formulated.

To continue to be the best life insurance company to customers, the Company has formulated its “Policy on customer-oriented business operation.” Besides pursuing the best interests of our customers, we will actively promote specific initiatives based on this policy, in order to continue to be trusted and chosen by our customers.

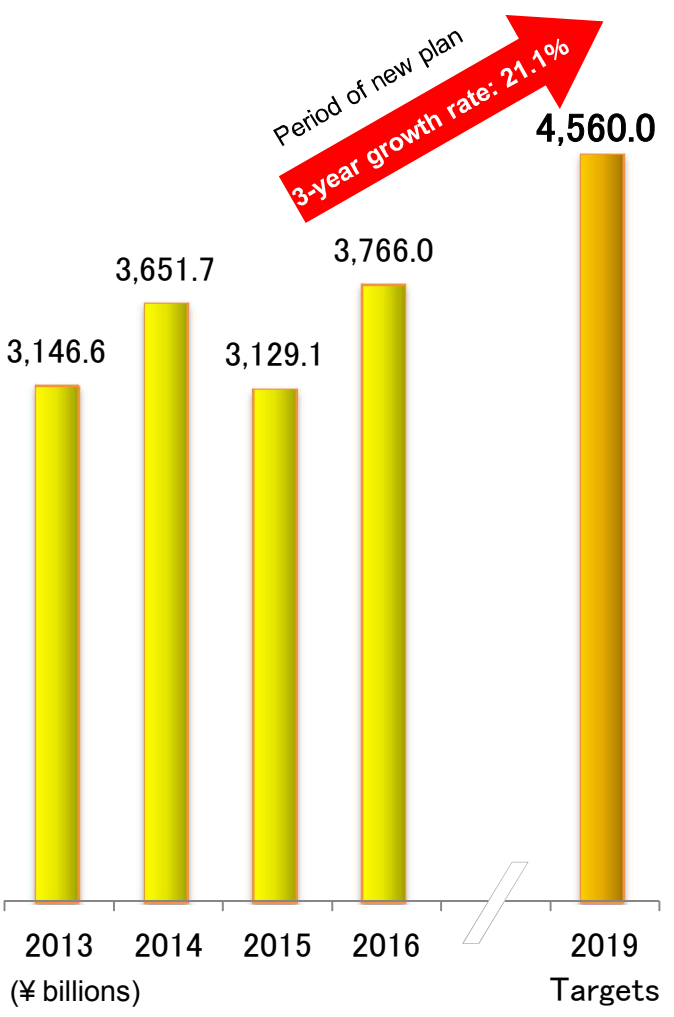


Setting of evaluation indicators: In order to establish the method of customer-oriented business operation, we have set “customer satisfaction” as the evaluation indicator, and will check our progress periodically.

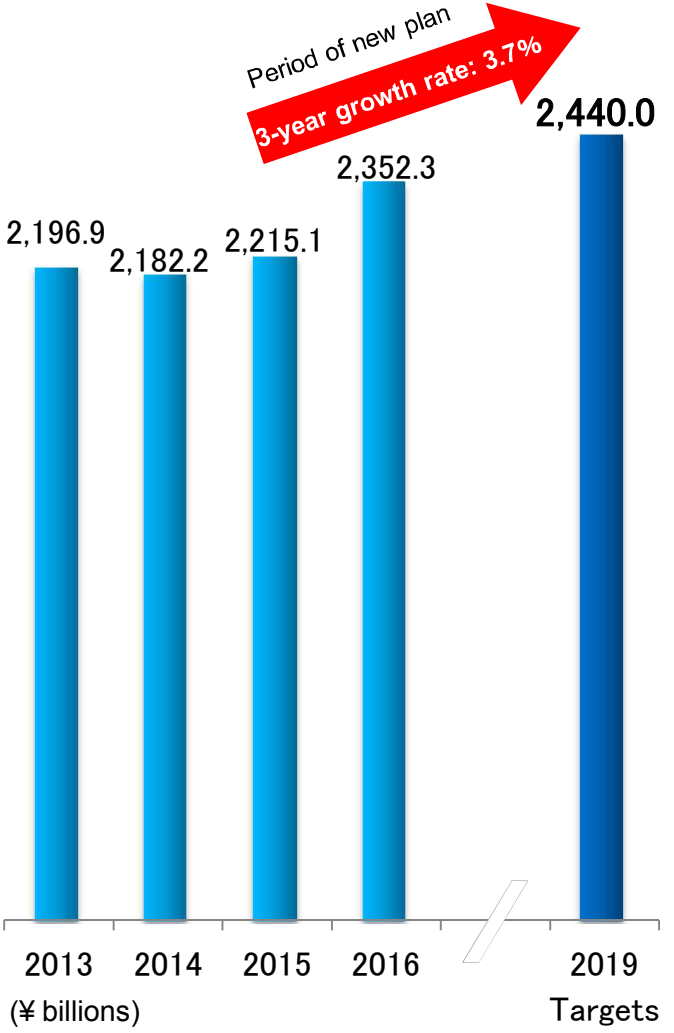
g. Target values

■ The targets for the new Medium-Term Business Plan are as follows.

Embedded value (EV)
(Sumitomo Life + Medicare Life)



Annualized premium of policies in force
(Sumitomo Life + Medicare Life)



Annualized premium of policies in force of living benefits + medical coverage
(Sumitomo Life + Medicare Life)

