

**FY 2018/3 Financial Results & Corporate Strategy Meeting
(Medium-Term Management Plan)
Summary of Q&A**

Date: May 23, 2018, 2:00-3:10 p.m.

Place: Iino Conference Hall, Iino Building

*The Details have been partially rewritten and revised for easier understanding.

【Sales Strategy】

Q What do you think about the decrease in insurance premiums and others?

- Shifting to products with strong protection makes the value of new business increase, while the growth in insurance premiums and others will tend to slow down. However we believe it is also necessary to secure a certain amount of insurance premiums and others.
- We clearly stated about the reversing and growing of annualized premiums of policies in force during the Medium-Term Management Plan, and we will implement promotion management that considers not only the value of new business but also the balance with insurance premium income.

Q As an assumption in the Medium-Term Management Plan, is the impact of introducing new products included into insurance premiums and others?

- New products and services that were not approved at the time when the Medium-Term Management Plan was determined, are not factored into profit and loss.

Q Is it difficult to launch new products during the period of the Medium-Term Management Plan?

- Although they have to go through the approval process, we would like to release new products so that we can respond to customer needs.

Q The scenario for annualized premiums from policies in force for individual insurance in FY 2028/3 is 5.5 trillion yen. How much domestic market share are you forecasting at that time? Also, what kind of initiatives will you undertake to achieve the plan?

- We cannot accurately predict the domestic life insurance market in FY 2028/3, but annualized premiums from policies in force for individual insurance of 5.5 trillion yen are the level that our company had at the end of FY 2013/3, our market share at that time exceeding 25%.
- In addition to acquiring new policies, we aim to achieve the plan by focusing on policy maintenance as well in order to reverse and grow annualized premiums from policies in force.

Q What kinds of improvements will you make as a management team with regard to media reports on life insurance sales at post offices?

- As for the content of the reports, we aware that some sales personnel had been conducting such sales activities as not customer-oriented. We would like to keep this in mind so that we will not receive such notices in the future.
- Since before, the Company and Japan Post Co., Ltd. have been working together in developing a system for comprehensive measures of solicitation quality improvement. In the three years during the Medium-Term Management Plan, we have set various indicators and will make improvements.

【Administration Services Strategy (Cost-related)】

Q Cost reduction of about 3.0 billion yen is forecasted by improving efficiency in back office administration. How much is the investment amount to realize this?

- Investment for improving the efficiency of administration does not immediately correspond to cost reduction. However, as the progresses such as constructing the next generation open system, digitizing paper forms in line with the development of core IT systems, introducing RPA and other development will have been made and existing initiatives such as transfer account registration will be successfully implemented, we believe that we can reduce the amount of administrative work equivalent to 1,000 people during the period of the Medium-Term Management Plan.

Q What about the level of operating expenses during the period of the Medium-Term Management Plan?

- We forecast operating expenses during the period of the Medium-Term Management Plan to remain at a nearly flat level.

【Asset Management Strategy】

Q If return seeking assets reaches around 15% from 12.3%, how much will be the profit impact?

- Assuming a reinvestment yield of 1.5%, a positive impact of about 15.0 to 20.0 billion yen on a pre-tax / pre-policyholder dividends basis is estimated, compared to investing all amount to 20-year government bonds (assuming a bond yield of 0.5%). (assuming total assets as approximately 70 trillion yen).

Q Is the impact of increase in return seeking assets included in the net income target of 93.0 billion yen for the fiscal year ending March 31, 2021?

- The increase in return seeking assets is factored into the Medium-Term Management plan.

【Additional Restriction】

Q What sort of areas will you focus on after the additional restriction will be abolished? Is it possible to expand overseas even before the abolition of the restriction?

- After disposal of 50% or more of Japan Post Holdings' equity interest in us, we would like to focus on the diversification of third-sector insurance products because the approval system for new businesses will be changed to the notification system allowing us to conduct more flexible product development.
- With respect to overseas deployment, under the Postal Service Privatization Act, it is stipulated that the Company cannot possess an insurance subsidiaries unless it is completely privatized. Accordingly, we will expand into the overseas business within the limit of minority investment that does not lead to an acquisition of a subsidiary. Until the restriction is abolished, we will accumulate know-how and experience though the minority investment.

Q Is the diversification of protection-type products possible while there is additional restriction under the Postal Service Privatization Act?

- We are thinking about new products that cover the customers' needs mainly in the third-sector insurance. Although we need the judgment of specified ministers and the Postal Service Privatization Committee, we believe there is a possibility of obtaining approval of them if some of our new prospect products are on the extension level of our current business domain and scope of coverage.

【Business Alliances】

Q What is your policy on strengthening business alliances with other companies?

- We will strengthen alliances so that the Company and its business partners will be in a win-win relationship in areas where our know-how is insufficient, such as asset management and health promotion services.
- We would like to proactively implement alliances with other companies if both companies can build a good relationship.

【Capital Efficiency】

Q What type of capital efficiency do you emphasize and to what extent do you aim for it?

- Under the ERM Framework, we aim for about 6 to 8% RoEV (constant economic assumptions) as a medium- to long-term goal, and we will consider the utilization of subordinated debt, etc. looking ahead to ICS capital requirements.

【Shareholder Return Policy】

Q What are the conditions for implementing special dividends in the future?

- Taking into account the temporary improvement in financial results mainly due to investment income that outperformed the forecasted figures, we increased the dividend to ¥68 per share by adding a special dividend of ¥4 to the ordinary dividend of 64 yen.
- If net income greatly exceeds financial results forecasts, we will consider prospectively whether to pay special dividends based on dialogue with investors and stock market trends along with the environment at that time.

Q Are you considering share buybacks from Japan Post Holdings aiming to reduce the shareholder ownership ratio of Japan Post Holdings to 50% or less?

- Considering the liquidity of the Company's shares, we think of share buybacks from the parent company, not from the markets, as a realistic way. For example, in the case when public offering of the Company's shares is implemented, we believe that combining share buybacks from Japan Post Holdings is one of the effective methods.

Q Will you change the target per share for FY 2021/3, if the number of voting rights shares changes due to share buybacks?

- The target per share announced in the Medium-Term Management Plan does not take share buybacks, etc. into account, so we will consider whether to change the target based on the profit situation at that time when we implement share buybacks.

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