

Sales Strategies

March 29, 2024



JAPAN POST INSURANCE

1

Review of Sales Activities in FY2023

Review of Sales Activities in FY2023 (Summary)

Retail Channel (Direct management offices ; Retail Service Division / Agencies ; Post Office Counters)

Strengthening our sales force over the medium to long term

- The new Japan Post Insurance sales system is now in its second year. Including revising our educational endowment insurance, we implemented initiatives to strengthen our sales force over the medium to long term.
- By introducing a new development and incentive system called Kampo GD System, we have set target levels for sales employees to train and evaluate. In addition, we have been reforming personnel and organizational aspects of the Company such as reorganizing our sales system, resulting in an improvement in sales performance compared to the previous year.

Recent changes
(Further revitalizing sales activities)

- In December 2023, we were released from the obligation to make reports based on the business improvement order we received from the Financial Services Agency in December 2019.
- In January 2024, we launched the sale of lump-sum payment whole life insurance policies, and have resumed providing proposals to customers aged 70 and older. With market interest rates recovering, we were able to introduce compelling products that meet customers' needs. This has enabled our employees to make their proposals with confidence, which led to increased activity output and sales volume.

Whole Sales Channel

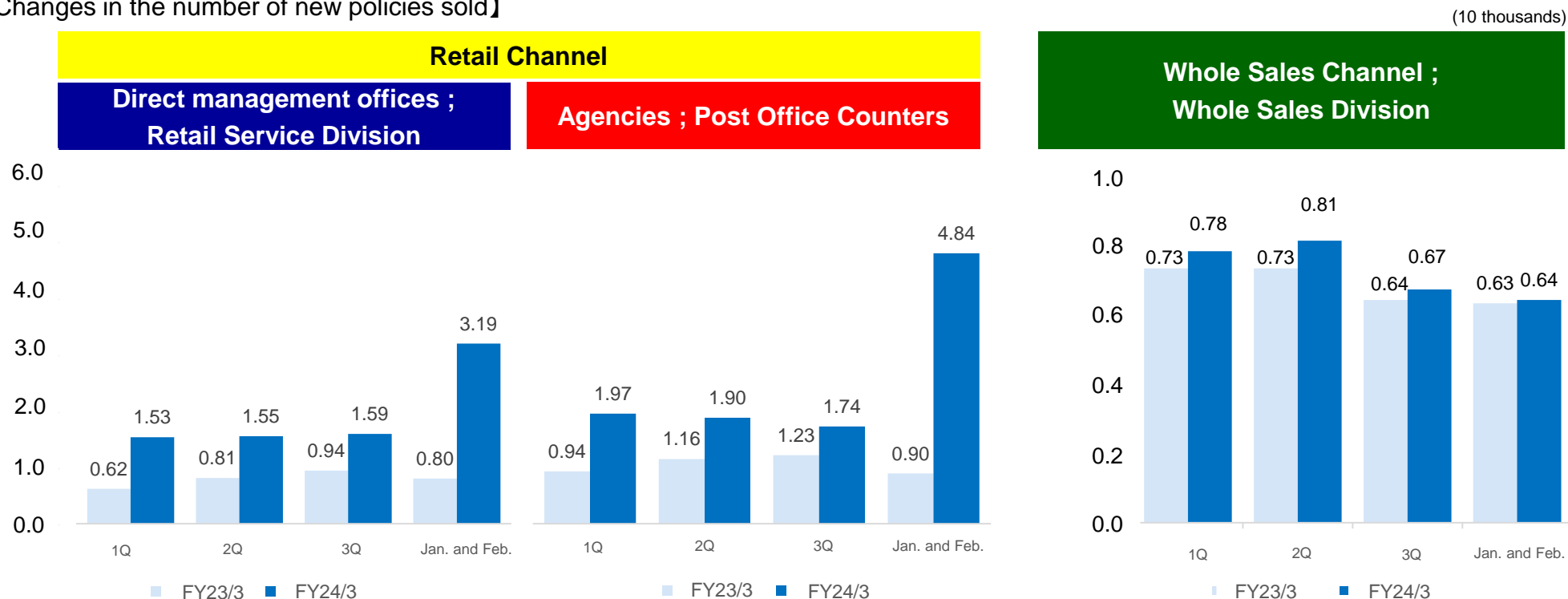
Efforts to realize the Vision of the Whole Sales Division

- In FY2020, we have set forth the “Vision of the Whole Sales Divisions,” which declares that each and every employee in the Whole Sales Division will continue taking on the challenge of evolving together with customers and local communities. Initiatives in FY2023 focused on “market development,” “human resource development,” and “strengthening sales management.”
- Through these efforts, the activity output such as proposals has increased, and we have been able to develop sales activities that are close to many customers.
- In the Whole Sales channel, we have also introduced “Kampo GD System,” a new development and incentive system that clarifies target levels and indicators for us to carry out development and evaluation.
- As a result, our progress on sales performance has surpassed that of the previous fiscal year. Therefore, we will continue to thoroughly conduct sales activities that align closely to customers and offer even more customers solutions to the issues they face.

Changes in Sales Results by Sales channel

- Sales performance in the Retail channels in FY2023 was broadly flat until the third quarter, but has seen an improvement compared to FY2022 results. Furthermore, in the fourth quarter, we have stepped up our activities with sales of lump-sum payment whole life insurance policies and the resumption of solicitations to customers aged 70 and older, significantly boosting performance.
- Sales performance in the Whole Sales channel in FY2023 exceeded the previous year's results until the third quarter. This trend has been continuing in the fourth quarter.

【Changes in the number of new policies sold】

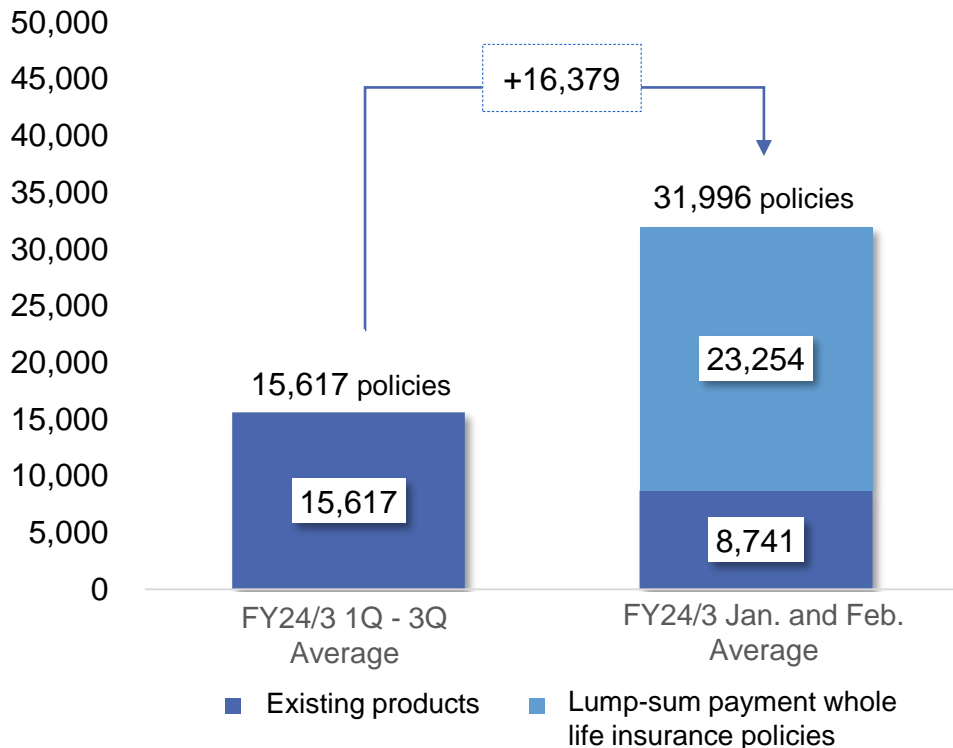


1. Average number of the new policies sold per month for each quarter. (as of the end of February)
2. The number of new policies includes policies after conversion and excludes renewed policies.

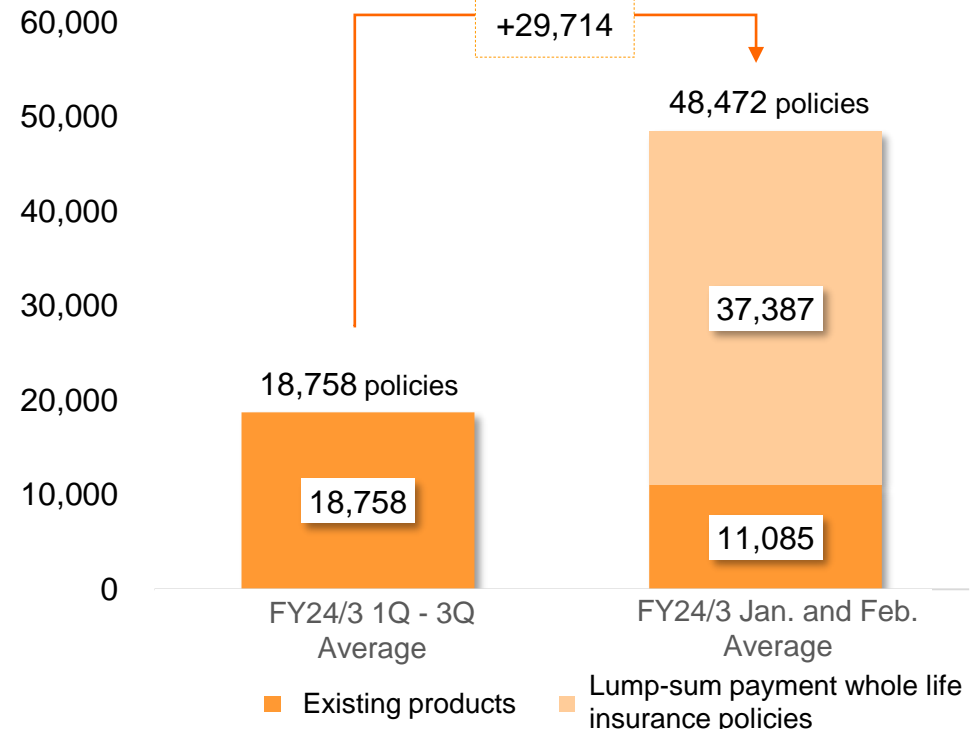
Recent Sales in the Retail Channels

- Sales of lump-sum payment whole life insurance policies beginning in January 2024 brought a rise in the overall number of the new policy sales in the fourth quarter compared to the third quarter.
- With market interest rates recovering, we have been able to offer lump-sum payment whole life insurance policies with attractive insurance premiums. This appeals to elderly customers who have had potential needs for asset succession, and the number of policy sales at post office counters as agencies has been growing.
- On the other hand, the number of sales of existing products has declined. By using lump-sum payment whole life insurance policies, etc. as a gateway to stimulate potential needs and link them to protection-type products, the number of customers and future profitability will be enhanced to achieve sustainable growth.

Direct management offices ; Retail Service Division



Agencies ; Post Office Counters



1. Average number of the new policies sold per month for each quarter. (as of the end of February)
2. The number of new policies includes policies after conversion and excludes renewed policies.

Feedback from the Front Line

- After reviewing frontline feedback since January, we have had many positive comments about the expansion of the product lineup to meet customer needs with the launch of lump-sum payment whole life insurance policies.
- We have confirmed that the resumption of solicitations to customers aged 70 and older has also been a catalyst that has boosted employees in their sales activities.

Launch the sale of lump-sum payment whole life insurance policies

- Many consultants were waiting for this product to be released, so it is good that sales have begun. (Manager)
- Some customers have end-of-life activities and inheritance needs. I feel that we now have another product to provide information and stimulate potential needs to such customers, and I am confident in my sales activities. (Consultant)
- Rather than relying on the attractiveness of a lump-sum payment whole life insurance, we conduct sales activities with recognition that this is one of the products that we propose to our customers in line with their intentions as before. Nevertheless, it has been very well received by customers, which has given a further boost to our sales activities. (Consultant)

Resumed providing proposals to customers aged 70 and older

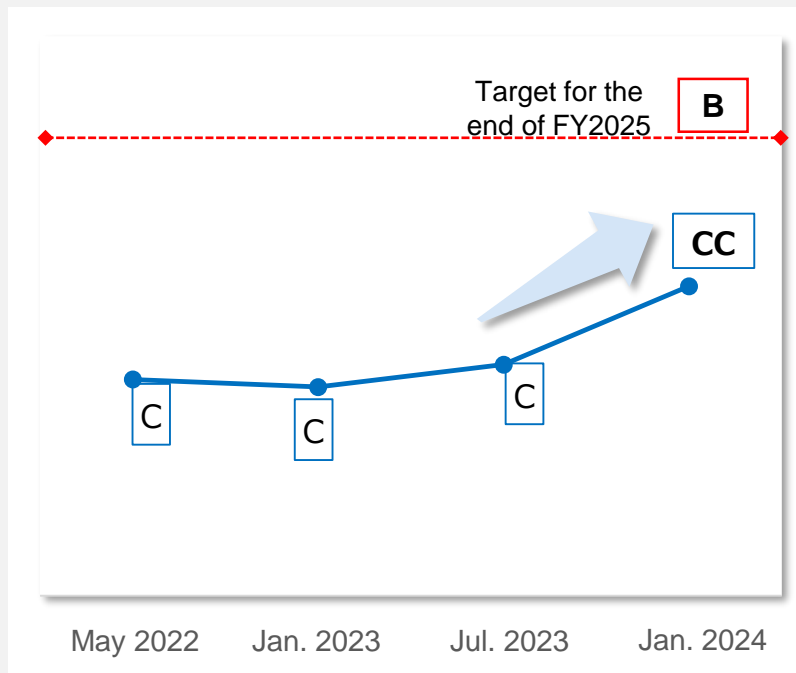
- In our sales to the elderly, I have thoroughly given guidance to ensure that we provide attentive service than ever with efforts like having family members join meetings with customers, taking recordings, and making phone calls from our call centers. That said, simply having more targets for in-person visits has given our sales activities a boost. (Manager)
- I'm looking forward to approaching customers who I had not been able to approach before. (Consultant)
- We are aligning awareness among employees that online attendance should be used when making proposals to customers 70 years of age and older. In this way, we believe that the use of online attendance will increase, leading to more efficient operations. (Manager)

Improving Employee Engagement

- The employee engagement survey results (Company-wide) showed an engagement rating of “C” until July 2023. In January 2024, this improved one level to “CC.”
- This is due to a strong boost to employee engagement in the Retail Service Division since the previous survey. The effects of revitalizing our sales activities have been visualized.

Employee engagement survey results

【Changes in Engagement Ratings¹ (Company-wide)】



Retail Service Division

- The survey for January, when sales activities were revitalized, showed a strong boost to employee engagement.
- We can consider that the more positive attitude seen across all survey items is attributable to the revamping of sales activities (sale of lump-sum payment whole life insurance policies, resumption of solicitations to elderly customers, etc.) and a further increase in opportunities to contact customers.

Whole Sales Division

- Employee engagement in Whole Sales Division has remained high and maintained pace to achieve target for the end of FY2025.

1. Evaluation is based on a total of 11 levels, with C the 9th grade from the top, CC the 8th grade from the top, and B the 6th grade from the top. We have set a target for FY2025 of B or above, which is the average of other companies.

2

Initiatives for Human Resource Development in Sales

Overview of “Kampo GD System”

- We adopted the “Kampo GD System” to clarify the target levels and indicators that each employee should pursue, and also to bring greater consistency across our human resource development and incentive systems. By enhancing and demonstrating our medium- to long-term sales skills, we will achieve sustainable growth of the Company.

Goals for
FY2023

Set clear goals for human
resource development

Sophistication of sales
management
(tapping into talents and
developing human resources)

Establish a system to reward
employees who have grown
and managers and executives
who have encouraged it

Overview of the system / System design

- A system for comprehensively and quantitatively evaluating the results of our activities
- Evaluate in 10 levels (GD1-GD10) according to the total points for each evaluation items

	Retail Service Division	Whole Sales Division
Evaluation indicators	Solicitation quality A certain level of policy retention rate is required to reach a higher GD level	
	Skills development Improving customer loyalty Activity process Number of new policies sold Amount of new policy premiums Alignment with corporate strategy	Activities to expand customer base Work quality Building relationship with customers Solicitation quality Amount of new policy premiums
	Comprehensively evaluate not only the amount of new policy premiums, but also:	Comprehensively evaluate not only the amount of new policy premiums, but also:
	<ul style="list-style-type: none"> • Skills development such as acquiring qualifications • After-sales follow-up • Targeting non-policyholders • Activities for realizing medium- to long-term corporate strategies (such as developing young adult customers) 	<ul style="list-style-type: none"> • Activities to expand customer base (visiting new business bases, proposals, etc.) • Improving customer loyalty (acquiring knowledge and skills that contribute to solving issues for corporate customers, improving solicitation quality, etc.)
Evaluation frequency	Evaluated every six months (The first evaluation has already been conducted covering April-September 2023)	Evaluated each fiscal year (The first evaluation will be conducted covering April 2023-March 2024)

Kampo GD System : Current Situation and Evaluation

- Percentage of the top and middle level is steadily increasing under the evaluation of the “Kampo GD System,” both in the Retail Service Division and the Whole Sales Division.
- The evaluations and incentives based on the “Kampo GD System” have led to a boost in employees' motivation and a continuous enhancement of sales skills. We expect that both activity output and sales volume will continue to improve through the system.

Retail Service Division

Changes in the number of Consultants at each GD level from FY2023 1H to end of February

GD	1H	End of February	Changes
6 to 10	1,123	2,579	+1,456
4 to 5	6,310	5,687	(623)
1 to 3	2,342	1,592	(750)

<GD diagram>

Looking at the monthly numbers of new policy sales, in many cases GD6 to GD10 had 3 or more sales, while GD4 to GD5 had 1 or more sales and less than 3 sales, and GD1 to GD3 had less than 1 sale.

Whole Sales Division

Changes in the number of employees at each GD level from time of launch¹ in FY2023 to end of February

GD	Time of launch	End of February	Changes
6 to 10	46	163	+117
4 to 5	325	439	+114
1 to 3	554	316	(238)

<GD diagram>

We have set GD6 as the standard that satisfy our customers, and are training our employees to reach GD6 or higher.

Evaluation

- ✓ The Kampo GD System has given employees a sense of satisfaction in their work, which has boosted their own motivation toward self-growth while also enhancing sales skills².
- ✓ Since January onward, the launch of the sale of lump-sum payment whole life insurance policies has prepared an environment where employees can respond to the needs of many customers with more confidence. This shows the synergistic effects of the “Kampo GD System” in terms of increasing motivation.
- ✓ In FY2024, we plan to continue implementing the “Kampo GD System” under reviewed and developed evaluation items and methods to further promote activities for expanding the customer base, such as providing added value to customers through more comprehensive after-sales follow-up and approaching the young adult customers.

1. The “time of launch” for the Whole Sales Division was evaluated at the time of introducing the system, based on the situation from April 2023 to November 2023.

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Issues and Policies for FY2024

Initiatives to protect customers' well-being through their lifetimes

- While maintaining strong sales volume of lump-sum payment whole life insurance policies, we will work to stimulate demand for existing products, particularly in the young adult customers, as we carry out sales activities for promoting Japan Post Insurance Co., Ltd to customers of all ages. And we enhance the number of customers and profitability to achieve sustainable growth.
- From FY2024 onward, we will continue introducing new products and preparing a sales environment that can meet the needs of each generation, so that we can not only serve existing customers but also increasing new ones.

Issues

Future Initiatives

Increase the number of customers we meet

Strategies for meeting customers

Services close to customers
Offer new services such as for end-of-life activities, inheritance and care giving

DX promotion
Online support in the flow of solicitation, expand non-face-to-face procedures, real world x digital after-sales follow-up, etc.

Build long-term, trusting relationships by improving customer satisfaction and improving CX

Customers of all generations

Youths

Young adults

Middle aged

Elderly

Strengthening our approach to customers

Providing products that meet diverse needs of customers of all generations

Main product lineup
Endowment insurance, Whole life insurance, Educational endowment insurance, Medical riders, Lump-sum payment whole-life insurance

Products under review
Insurance to prepare for nursing care and inability to work, etc.

Upgrading the customer assignment system

Take responsibility for providing attentive service to each customer

Trial operation of exclusive channels for on-site sales at companies

Strengthening our approach to young adult customer groups

Strengthening our hiring system

Securing personnel to provide services to more customers

Human resource development

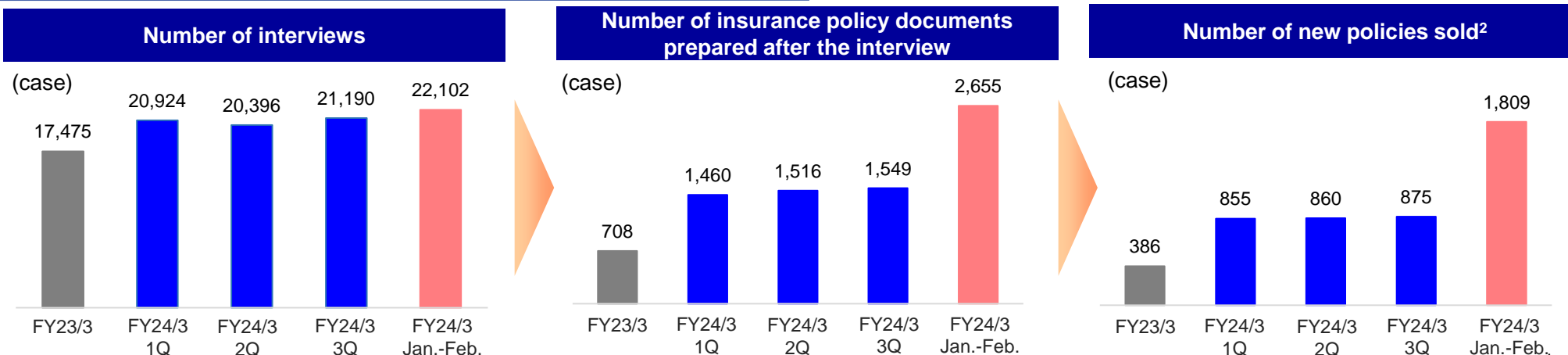
Using the “Kampo GD System” for continued human resource development

APPENDIX

Improvement of sales activities (Retail Service Division)

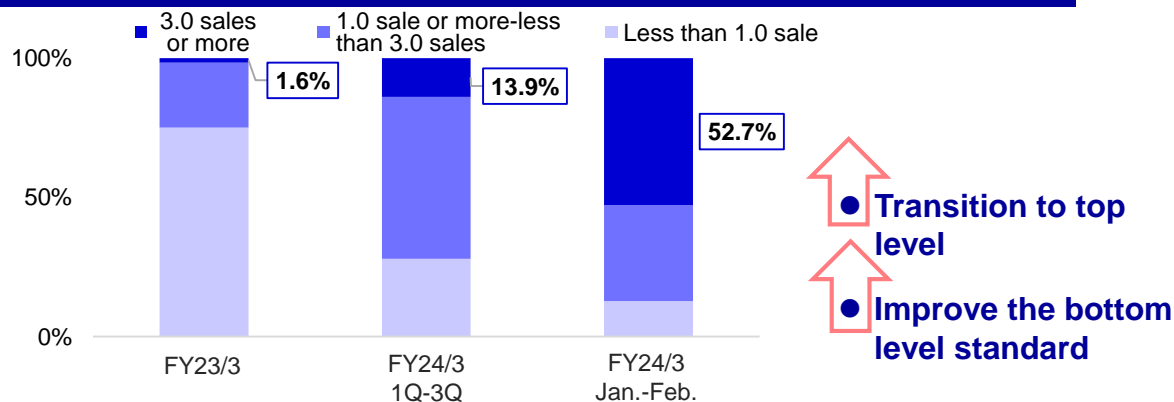
- From FY23/3 to FY24/3, the status of activities has gradually improved. In the fourth quarter, sales activities were further stimulated by the system reforms (sales of lump-sum payment whole life insurance policies and the resumption of solicitations to customers aged 70 and older), which made it possible to respond to a wider range of customer needs than ever before.
- The percentage of the top level consultants, as measured by the number of new policies sold, is steadily increasing. It indicates that the variation in sales skills are being eliminated.

Status of activities of the retail division (Retail Service Division)¹



Revitalization of the retail division (Retail Service Division)

Percentage of consultants by the number of new policies sold (monthly average)²

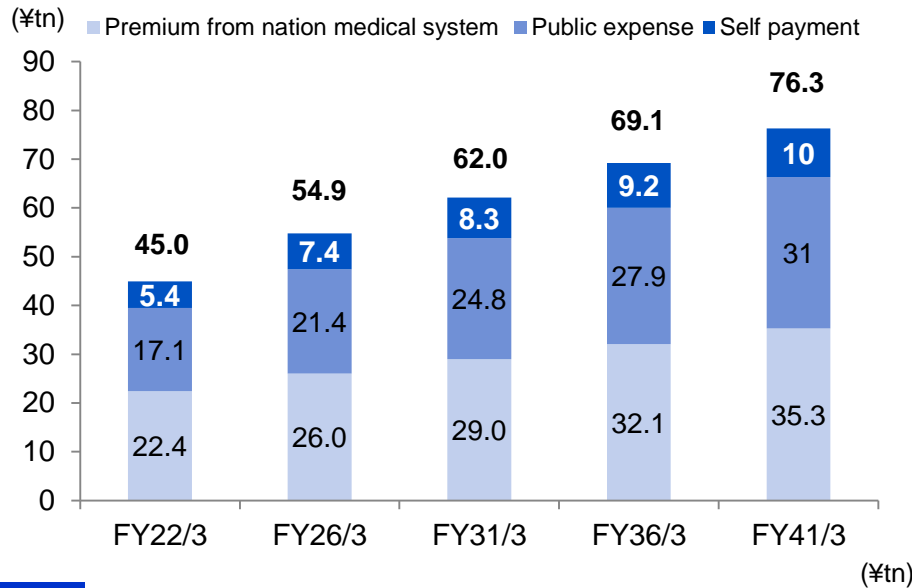


- Average number of cases per business day in each month during the quarter. (For FY24/3 4Q, only January and February)
- The number of new policies sold includes policies after conversion and renewed policies.

Business Environment in the Japanese Life Insurance Industry

- As social security cost such as medical expenditures are expected to increase going forward, the necessity of self-help effort for the risk of living expenses, injuries, diseases and nursing care has been increasing.
- Detecting a disease at an early stage before it gets serious and taking measures to prevent or delay the onset of serious illness have been becoming more important in Japan.

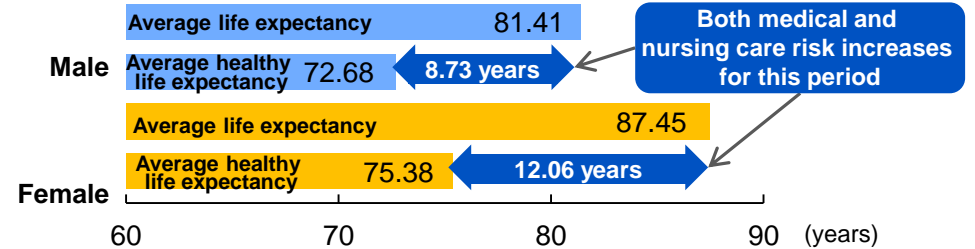
Increase in National Medical Expenditure(NME)



	FY22/3	FY26/3	FY31/3	FY36/3	FY41/3
GDP (¥tn)	550.5	645.6	694.8	741.2	790.6
NME (%)	8.2%	8.5%	8.9%	9.3%	9.7%

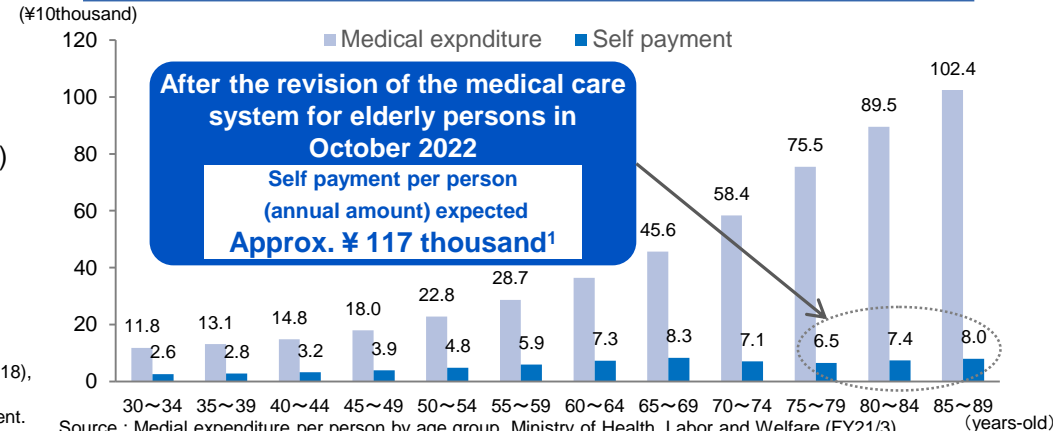
Sources: Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labor and Welfare (May 21,2018), Ministry of Health, Labor and Welfare(October 24, 2023).
 Note: Figures at FY21/3 are actual results. Figures at FY26/3 onwards are estimated amount at official announcement.

Difference between Average Life Expectancy at Birth (years) and Average Healthy Life Expectancy at Birth (years)



Source: Ministry of Health, Labor and Welfare, 16th meeting of Health Japan 21 (the 2nd term), material No. 3-1

Medial expenditure per person by age group and self payment (annual amount) (estimated based on actual result in FY21/3)



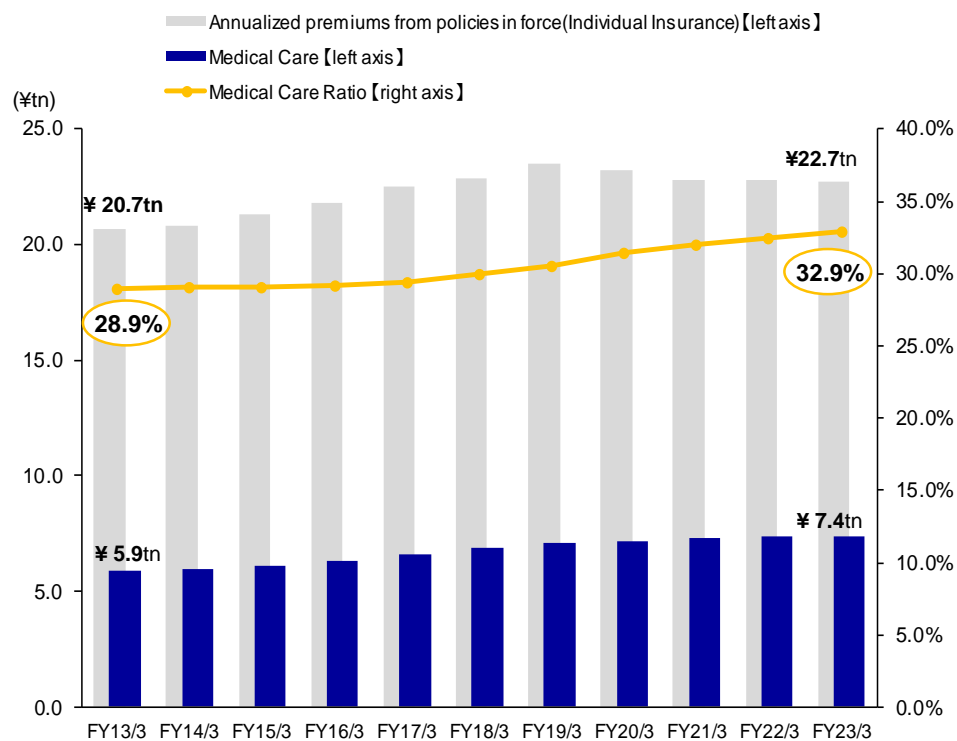
Source : Medial expenditure per person by age group, Ministry of Health, Labor and Welfare (FY21/3)
 1. Website of Ministry of Health, Labor and Welfare, "Outline of the medical care system for elderly person (6)Reference material," P8. Under transitional measures taken for 3 years after the revision to restrain its impact, the figure is expected to be approx. ¥ 109 thousand.

Medical Care Market

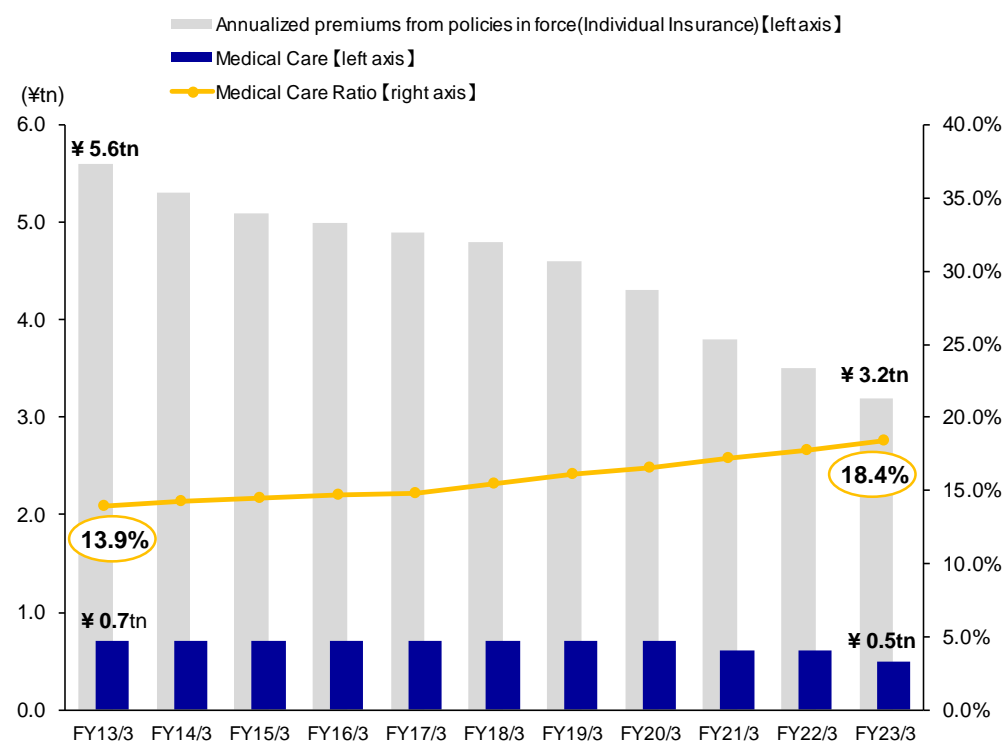
- As the domestic market for medical care is expanding, medical care ratio to annualized premiums in force is also increasing.
- While our medical care ratio to annualized premiums in force is increasing as well, it is still low compared with the domestic market, and we believe there is room to further increase that ratio by meeting customers' protection needs.

Annualized Premium from policies in force (medical care)

Domestic Life Insurance Companies



Japan Post Insurance



Source: The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan
 Note: "Domestic Life Insurance Companies" includes postal life insurance policies.

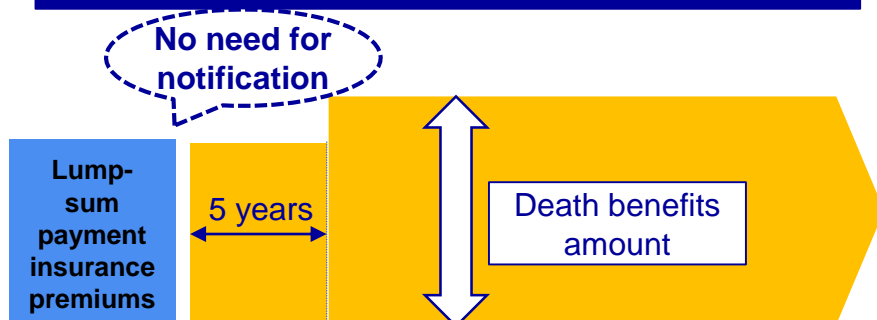
Outline of Lump-Sum Payment Whole Life Insurance

- We launched sales of lump-sum payment whole life insurance policies in January 2024, for which premiums are paid all at once.

Outline

- By making a lump-sum payment of insurance premiums, customers can receive a death benefit greater than the amount of the lump-sum premiums.
- Notification is not required, enabling customers to apply regardless of their state of health.
- The limit of age to apply: 55-85 years old (the upper limit could be changed in accordance with revision of insurance premium rate).

Lump-Sum Payment Whole Life Insurance

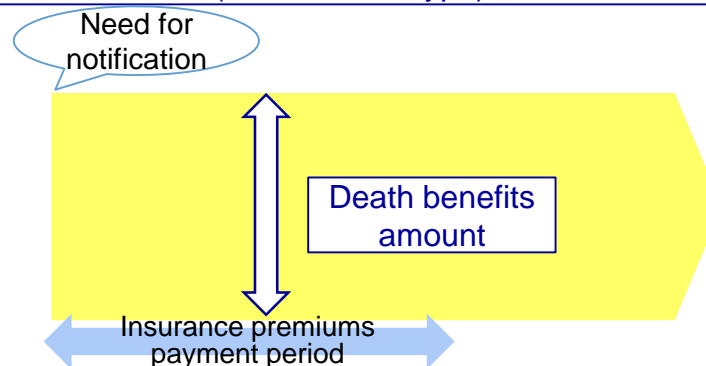


Premiums are paid in a lump sum at the time of enrollment.

Only available are lifetime death benefits. (no claims for severe disability or double payments)

The medical rider “Motto Sonohi-kara Plus” can be added.²

Reference: Current ordinary whole life insurance (fixed amount type)¹



Premiums are paid monthly until the predetermined age.³

In addition to lifetime death benefits, claims for severe disability or double payments are available.

The medical rider “Motto Sonohi-kara Plus” can be added.

Insurance premiums payment

Coverage

Medical coverage

1. The current ordinary whole life insurance (fixed amount type) will continue to be sold, even after the launch of ordinary whole life insurance that offers availability of lump-sum payment.
2. When adding a rider, customers may be required to provide notification of their health condition. Riders cannot be added in the middle of a policy term.
3. It will also be possible to pay for multiple months in advance.

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