

Corporate Brand Mark



Our brand symbol embraces our corporate attitude of “providing quality services to all customers, communities and society for their security and convenience while serving as their most familiar and trusted partner.”

Profile

● Company Name	JAPAN POST INSURANCE Co., Ltd.
● Starting Date of Business	October 1, 2007
● Head Office	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan TEL +81-3-3504-4411 (Japan Post Group main number)
● President, CEO (Representative Executive Officer)	Masami Ishii
● Number of Employees	6,948 (As of March 31, 2014)
● Main Offices	Regional Headquarters: 13 Branches: 79 Service Centers: 5
● Paid-in Capital	¥500 billion
● Shareholder	JAPAN POST HOLDINGS Co., Ltd.: 100%



JAPAN POST INSURANCE Co., Ltd.'s Head Office
(Chiyoda-ku, Tokyo, Japan)

Disclaimer:

This report is intended to provide information to the public and is not intended to constitute a solicitation to invest in stock or other marketable securities of Japan Post Insurance Co., Ltd. or its subsidiaries. This report contains forward-looking statements regarding the outlook and targets of Japan Post Insurance or other companies in the Japan Post Group, which are based on the information available when the report was produced or Japan Post Insurance's expectations derived from projections or assumptions made at the time of report development. Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, and actual results may vary materially from the statements contained in this report as a result of a change in the economic conditions or business trends, a revision to laws or regulations, effects of a large-scale disaster, fluctuations in the value of assets owned or harmful rumors or false information. Japan Post Insurance Co., Ltd. undertakes no obligation to publicly update or revise any forward-looking statements in light of new information or future events. Unless otherwise specified in this annual report, the information herein is as of March 31, 2014. Unless the context indicates otherwise, references in this report to “we,” “us,” “our,” or similar terms are to Japan Post Insurance Co., Ltd.

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Aiming to be the “No. 1 Japanese Insurance Company Selected by Customers”

I would like to express my deep appreciation for your kind support for Japan Post Insurance Co., Ltd.

We hereby present to you our Annual Report for the year ended March 31, 2014, which describes our financial results, business performance and various initiatives undertaken during the term under review. Through this report, we hope to bring a better understanding of our operations and ask for your continued support.

Review of the Year Ended March 2014

Looking back at the year ended March 31, 2014, the Japanese economy sustained a moderate recovery on the back of the monetary easing policy of the Bank of Japan and various economic stimulus measures taken by the Japanese government. Although modest in some parts of the world, the global economy also picked up, driven by favorable business conditions mainly in the United States and other developed countries. In Japan, consumer spending remained strong as employment and income conditions improved. There was a rapid rise in demand toward the end of the fiscal year prior to an increase in the consumption tax in April. Looking ahead, the modest recovery trend in Japan is expected to continue despite the impact of demand falling sharply with the introduction of the higher tax rate and effects of economic trends in emerging as well as resource-rich countries.

In the life insurance industry, competition is intensifying due to the need to strengthen sales channels and develop new products in response to the diversification and specifications of customers' demands amid changing lifestyles, an aging population, a declining birthrate and an increasing number of single-person households.

As one initiative taken during the year ended March 31, 2014, we obtained approval under the Postal Service Privatization Act and authorization under the Insurance Business Act for our revised educational endowment insurance products in January 2014. Under the name *Hajime no Kanpo*, we commenced sales

of these products in April 2014 and held a sales promotion campaign. These products are more savings based compared with our conventional products, available for purchase before birth and have greater appeal as an efficient means of accumulating educational funds.

As part of another initiative to enhance our customer service, we have undertaken efforts since the previous fiscal year to verify all claims received after the start of Japan Post Insurance (October 1, 2007) and identify policies that need further notifications of claims. For cases requiring more detailed guidance for customers, we have been providing additional necessary notifications and paying all claims to which policyholders are entitled. Making insurance benefit and other payments that are promised to customers is one of the most important missions of an insurance company. We will continue to seek a higher level of services in the areas of claims payment processing and associated procedures by steadily iterating through the PDCA (plan-do-check-act) cycle.

In July 2013, Japan Post Holdings Co., Ltd., our parent company, and American Family Life Assurance Company of Columbus (Aflac) reached a basic agreement concerning the formation of a business alliance in the field of cancer insurance. Under this agreement, we obtained authorization under the Postal Service Privatization Act and the Insurance Business Act in June 2014 regarding sales of Aflac's cancer insurance products at all of our directly managed sales offices and the provision of training and instruction to post offices handling these products.

Fully leveraging this new business alliance, we will enhance the lineup of products offered by post offices and our directly managed sales offices to achieve better customer service and will simultaneously strive to reinforce our already strong ties with post offices.

In addition, we started broadcasting a new series of corporate TV commercials in February 2014, featuring a young actress as our new corporate face. This new series, entitled "Life is full of dreams," conveys our renewed determination to continue to provide even greater support to our customers, society and local communities.

Amid these circumstances, Japan Post Insurance enhanced its collaboration with Japan Post Co., Ltd. and successfully sold 2,234 thousand individual insurance policies (1.2% increase from the previous fiscal year) for the insured amount of ¥6,559.8 billion (0.7% increase), with both figures reaching the highest levels since privatization.

Looking at financial results, core profit for the year ended March 31, 2014 declined from the previous fiscal year due to the lowering of the standard interest rate (from 1.5% to 1.0%), nonetheless, Japan Post Insurance secured the amount of ¥482.0 billion. Core profit is a basic periodical earnings indicator for life insurance companies. Japan Post Insurance recorded ordinary profit of ¥463.5 billion and net income of ¥63.4 billion.

Meanwhile, the solvency margin ratio, an indicator of the financial soundness of life insurance companies, stood at 1,623.4% (further increasing from 1,467.9% at the previous fiscal year-end). Among liabilities, our internal reserves that combine a contingency reserve and a reserve for price fluctuations amounted to ¥3,203.0 billion (compared with ¥3,206.4 billion at the previous fiscal year-end), thereby continuing to secure a strong financial base.

I would like to express our appreciation again to our customers, who supported the realization of these solid results.

Future Issues

Since we started providing life insurance products in October 2007 after taking over a portion of operations and functions from the then Japan Post, we have been providing simple and easy-to-understand products in small amounts through post offices existing everywhere of the country and our directly managed sales offices nationwide.

As companies in and outside Japan operating in other business fields began to enter the life insurance business, we have observed growing expectations among customers for products and services provided by life insurance companies, and their needs have become increasingly diversified. We

expect that competition within the industry will further intensify.

Under these circumstances, the Japan Post Group announced on February 26, 2014 its new medium-term management plan, "New Japan Post Group Network Creation Plan 2016," which covers the period from the fiscal year ending March 2015 to the fiscal year ending March 2017. This medium-term management plan focuses on implementing the following priority measures.

1. Making investments for future growth

In order to envision the path of our future growth, we will make investments in our administrative and IT system infrastructures that form the basis of our competitive edge. We aim to be the "No. 1 Japanese insurance company selected by customers" by building administrative operations and IT systems for simply, quickly and accurately performing functions ranging from underwriting to claims payments and consequently providing high-quality services.

While doing so, we will reinforce our IT governance and promote a project to renew or upgrade our backbone systems that underpin our business processing related to life insurance policies. We will also promote reforms of our structure of IT development and management with a view to enhancing the quality and productivity of our IT systems.

2. Strengthening our profit-making capabilities

In order to provide a sense of security for elderly customers through our solicitation activities, we will work to ensure the quality of our product solicitation and bolster the sales capabilities of each sales channel. The agency (post office) sales channel, in particular, accounts for a considerable portion of our new policy sales. We will continue to collaborate with Japan Post, which is now working to form a 20,000-people network of post office external sales personnel, and assist the company in enhancing its sales capabilities by adopting additional measures to train and develop excellent sales staff.

3. Utilizing the network of post offices and providing new services

Since the launch of revised educational endowment insurance

products in April 2014, we have been accelerating our initiatives to make product revisions primarily by updating our existing products in accordance with the latest customer needs.

Under the business alliance agreement between Japan Post Holdings and Aflac, we also sell Aflac's cancer insurance products at our directly managed sales offices and provide support to post offices selling these products.

4. Renewing our operational structure and building an environment to ensure business continuity

Through enterprise risk management (ERM), we intend to achieve the optimum balance between maintaining management soundness and improving capital efficiency (profitability), while at the same time attaining stable and sustainable profit and enhancing our corporate value.

As for asset management, we will promote our policy of matching assets with liabilities and invest in risk assets while adequately controlling these risks. Our goal is to improve our asset portfolio and increase investment income.

While promoting initiatives to incorporate customer feedback in our operations, we will strive to ensure the quality of our product solicitation and achieve thorough compliance, which form the foundation of our operations.

During the fiscal year ending March 2017, which is the final year of the medium-term management plan, we will celebrate the 100th anniversary of our postal life insurance services. Toward this commemorative year, we will steadily implement these key measures while seeking to move onto a growth path.

In Conclusion

As a life insurance company that engages mainly in the life insurance business and the management of postal life insurance on consignment for the Management Organization for Postal Savings and Postal Life Insurance, Japan Post Insurance has continued to carry out its inherited social mission of "providing basic measures of life with simple procedures for the people of Japan," which was the original goal of Postal Life Insurance when it was created in 1916. In doing so, we will strive to strengthen our management foundation through measures that include further enhancing our customer service under the policy of becoming the "No. 1 Japanese insurance company selected by customers," as well as ensuring the quality of our product solicitation and faithfully making claims payments.

As "an integrated lifestyle-support corporate group," and for attaining even greater corporate value, all employees are joining forces with a united spirit to challenge each difficulty and further strengthen our management base.

In all our endeavors, we request and appreciate your continued support.

July 2014



Masami Ishii
President, CEO
Representative Executive Officer
JAPAN POST INSURANCE Co., Ltd.

Masami Ishii

Profile (Born on Sep. 4, 1952 in Tokyo)

- March 1976 Graduated from Faculty of Economics, The University of Tokyo
- April 1976 Joined Yasuda Fire & Marine Insurance Co., Ltd. (currently Sompo Japan Insurance Inc.)
- April 2005 Appointed Executive Officer, General Manager of Planning and Marketing Department & General Manager of Group Organization Development Department
- April 2007 Appointed Managing Executive Officer & General Manager of Corporate Sales Planning Department
- June 2010 Appointed Representative Director, Senior Managing Executive Officer & General Manager of 1st Kansai Regional Headquarters
- April 2011 Appointed Representative Director, Vice President and Executive Officer & General Manager of 1st Kansai Regional Headquarters
- June 2012 Appointed President, CEO (Representative Executive Officer) of Japan Post Insurance Co., Ltd. (current position)
- June 2013 Appointed Director of Japan Post Holdings Co., Ltd. (concurrent position)

