

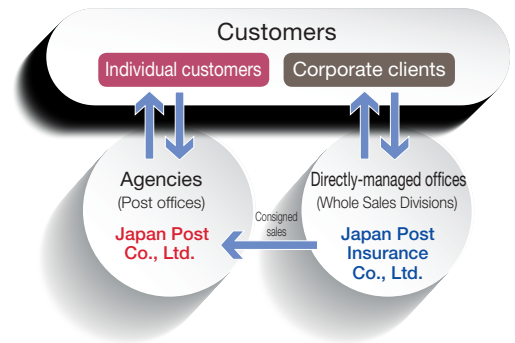
Management Strategy of Japan Post Insurance

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Business Profile

Framework of Business Operations

Japan Post Insurance aims to provide services that meet customers' needs with a high degree of customer satisfaction through an extensive nationwide post office network serving as bases for providing our products, various procedures and services.



Bases for providing our products and services

We are pursuing business expansion with the agency sales channel (our business partners Japan Post Co., Ltd. (post offices) and contracted post offices) and the directly-managed wholesales channel (our branches) as our sales channels.



Agency sales channel

Japan Post Co., Ltd. ("Japan Post Co.") solicits our insurance products through its post offices which can be found in every corner of the country as bases of operations. Post offices provide simple and easy-to-understand products (with smaller coverage amounts and easy procedures) and services mainly to households and the individuals market, taking advantage of their nationwide network.

We have placed organizations (Agency Relations Divisions) for agency support at 76 directly-managed offices (as of March 31, 2017) and offer support for sales promotion, as well as training and administration support. We also take advantage of our strengths while working as one with Japan Post Co. to promote development of products that meet customers' needs,

development of new markets and channels, and sophistication of sales processes.

As of March 31, 2017, there were 20,050 post offices undertaking life insurance solicitations.

Contracted post offices (postal counter service consignees) provide simple and easy-to-understand products and services in the same manner as the post office channel.

As of March 31, 2017, there were 599 contracted post offices that had concluded life insurance solicitation consignment contracts with Japan Post Insurance.

Note: In addition, some contracted post offices conduct work to refer customers to post offices.



Directly-managed wholesales channel

Whole Sales Divisions of our directly-managed offices are placed in 76 major cities nationwide and we have also established the Whole Sales Department at the Head Office (as of April 1, 2017), where they provide

our products and services primarily to the corporate and worksite market, and also handle other life insurance companies' products for corporate customers.

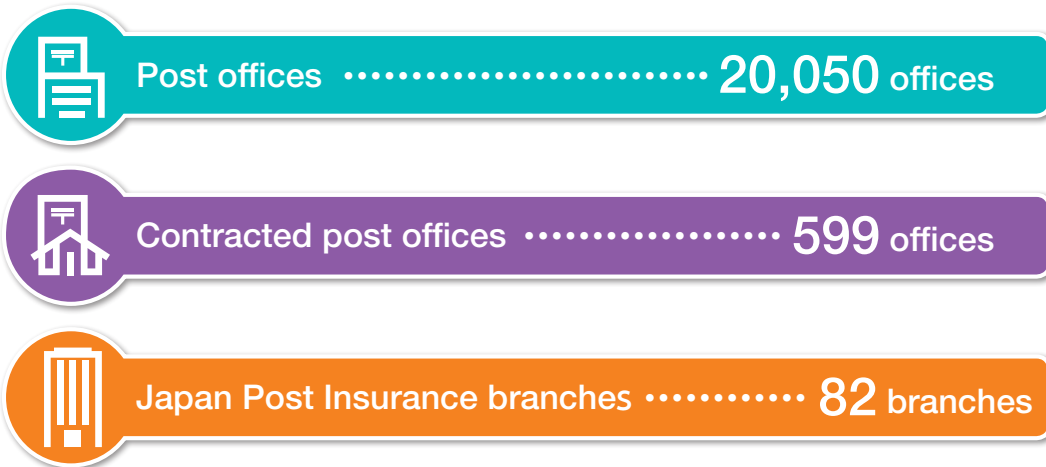
Bases for various procedures

For policies with Japan Post Insurance, we provide services for the collection of insurance premiums, the payment of insurance benefits and various other procedures at post offices located all across Japan.

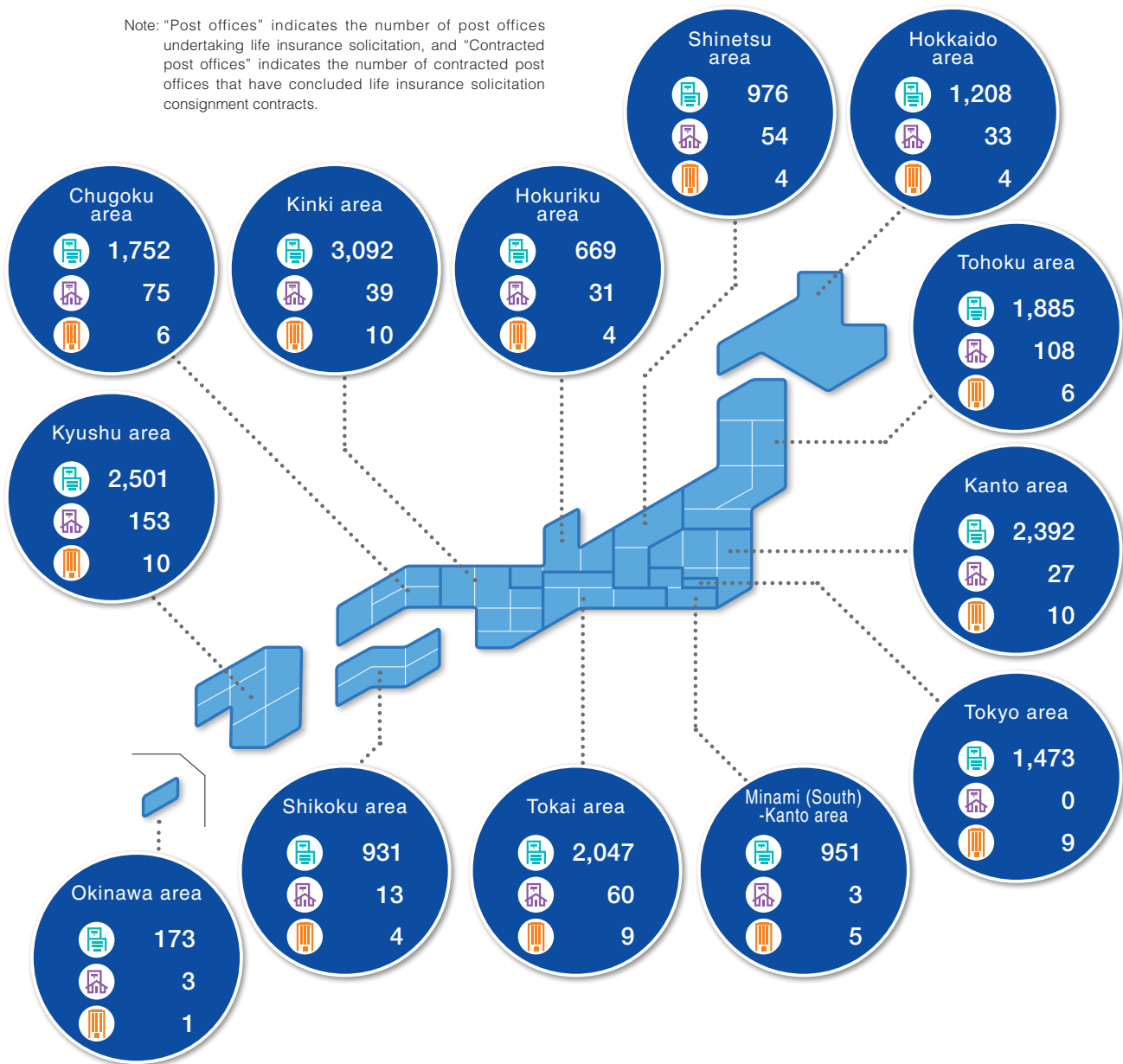
In addition, following privatization, we have been commissioned with the management of Postal Life Insurance Policies by the Management Organization,

which took over the Postal Life Insurance Policies from Japan Post. By consigning some of the commissioned tasks from the Management Organization to Japan Post Co., such as the collection of insurance premiums and the payment of insurance benefits, we provide services at post offices just as we did before privatization.

The Post Office Network and Japan Post Insurance Bases across Japan (As of March 31, 2017)



Note: "Post offices" indicates the number of post offices undertaking life insurance solicitation, and "Contracted post offices" indicates the number of contracted post offices that have concluded life insurance solicitation consignment contracts.



Management Strategy

Overview of Medium-term Management Plan

In April 2015, Japan Post Group announced a Medium-term Management Plan spanning three years from the fiscal year ended March 31, 2016 to the fiscal year ending March 31, 2018, the “New Japan Post Group Network Creation Plan 2017,” to indicate the direction of its management.

Based on this Medium-term Management Plan, Japan Post Insurance aims to become the “No. 1 Japanese Insurance Company Selected by Customers,” paving the way for real growth by establishing a financial management base that will be necessary for our growth, as well as by developing products and services to enhance our strengths.

Strategic Goals

Establish our financial management base which will be necessary for growth

Develop products and services to enhance our strengths

Aim for the reversal of the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3)

Business Objectives (FY2018/3)

Contracted monthly insurance premiums from new policies

Our target is to achieve 50 billion yen in contracted monthly premiums from new policies by the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and to make them grow further, aiming to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3) and enter into growth phase.

Net income

Assuming no drastic changes in the market environment, our target is to secure around 80 billion yen in net income.

Dividend payout ratio

We will redistribute profits to our shareholders steadily, setting a dividend payout ratio within the range of roughly 30-50%, while considering financial soundness and balance between shareholder and policyholder dividends.

Direction of the Management Strategy

We continuously make efforts to earn trust and confidence from customers, in order to deliver insurance services as a means of security to a wide range of customers, thereby protecting the well-being of every one of them with the function of insurance and supporting local communities for years to come. Based on the belief that this continuity of efforts is our core mission, which enables us to attain “customer-first business operations,” we will strive to earn yet more sense of familiarity and credibility from customers, which constitutes our strength.

Going forward, we will work to upgrade and optimize business processes by actively implementing and utilizing advanced technologies. In addition, we will strive to thoroughly engage in warmhearted communication with customers.

Enhancing sales force of distribution channel

- Ensure thoroughgoing customer-first solicitation activities
- Secure new sales of policies by increasing sales opportunities (campaigns and life plan consultation meetings, etc.)

Product development corresponding to customers' needs and improvement of services for elderly customers

- Appeal the value of protection unique to insurance, and strengthen the sales of protection-type products
- Pursue our business model to provide heartfelt and friendly services to elderly customers

Deployment of administrative and IT system

- Further pursue the establishment of simple, prompt and accurate administrative and system operations
- Strengthen system development capabilities that serve as the basis for future growth and development

Improving capacity for earnings from investment

- Ensure earnings of yields by increasing investment in risk assets
- Generate constant investment returns by expansion of the scope of investment and strengthening of investment capabilities
- Investment activities based on the Environment, Society and Governance (ESG) perspective

Enhancing internal control system

- Promote initiatives to make use of our customers' voices in management
- Further enhancement of corporate governance
- Further strengthen our internal audit system as well as risk management system

Enhancing human resource development

- Further promote reforms of the work style (promote management reinforcement and diversity)

Topics

Renewal of the Core IT System

On January 4, 2017, we renewed our core IT system to accelerate the development of products and services, and to enhance the offering of even better customer services. In line with this renewal, the Company has enhanced system quality, development productivity, and operational efficiency, as well as reduced system-related expenses.

We will continue to constantly promote IT investment.

Please also refer to page 53.

Initiatives Utilizing IBM Watson

On March 21, 2017, Japan Post Insurance introduced support for claims examination staff utilizing IBM Watson® (“Watson”) with the aim of enhancing customer service and improving the operational efficiency of our insurance claim payment examination operations.

In the area of decision support for claims examination staff utilizing Watson, when Watson is asked about cases where claims examination staff face difficulties in making a decision, the system presents results of estimations for payment decisions based on learned results and past cases with certainty factors for reference purposes. As a result, claims examination staff are able to reach an examination decision based on the data presented by Watson. Therefore, even staff with relatively little experience will be able to make decisions over cases with a high degree of difficulty that up to now have been dealt with by highly experienced staff.

We anticipate that support for examination decisions utilizing Watson will reduce the time required to make these decisions, resulting in the prompt payment of insurance claims and improved operational efficiency. Furthermore, utilizing the experience and knowledge gained within Watson will not only lead to improved examination quality but will also lead to the promotion of work style reforms among claims examination staff by creating downtime.

Additionally, from April 2017, we introduced Watson to call center operations utilizing the expertise gained from the introduction of Watson to insurance claim payment examination operations, with the aim of further improving the quality of our services through the sophistication of our response to customers.

IBM Watson®

Business Alliance with Dai-ichi Life Holdings, Inc.

On March 29, 2016, we reached a basic agreement to form a strategic business alliance with Dai-ichi Life Holdings, Inc. (Dai-ichi Life Holdings), in the three areas of international life insurance business, asset management business, and joint research in the new product and IT fields as pillars of the alliance.

The Alliance will complement and merge each company's expertise, leading to a sustainable enhancement of corporate values of the two companies. Through an improvement in quality of products and services, it will also contribute to a development of local communities throughout Japan. Finally, it will accelerate penetration of life insurance products in overseas markets, leading to a development of society and economy in these countries.

International Life Insurance Business

On April 19, 2016, Japan Post Insurance, Dai-ichi Life Holdings, and Vietnam Post Corporation signed a memorandum with regard to their trilateral collaboration in sales of life insurance in Vietnam.

We are considering specific collaborative measures taking advantage of our knowledge in the support of post offices so as to spread and penetrate life insurance services within Vietnam as well as to contribute to the development of the Vietnamese society and economy.

We are also actively promoting the exchange of human resources, including visits and observation tours by officers and employees of the Company and Vietnam Post to each other's bases (head offices and post offices).



Asset Management Business

For the purpose of diversifying asset management strategy to secure profitability, we proceeded with the joint utilization of an asset management company that is an affiliate of The Dai-ichi Life Insurance Co., Ltd. (Dai-ichi Life), and also carried out joint investment in a photovoltaic power generation business (mega solar business) in Japan.

Furthermore, in order to strengthen asset management administration service platform, on October 20, 2016, Dai-ichi Life transferred 7% of outstanding shares in Trust & Custody Services Bank, Ltd. ("TCSB"), an affiliate of Dai-ichi Life, to Japan Post Insurance which consigns asset administration services to TCSB.

Joint Research on Domestic Life Insurance Business

Japan Post Insurance and Dai-ichi Life are undertaking joint research in view of product development and deployment of IT technologies in order to pursue future growth in domestic life insurance market and to improve quality of products and services.

As part of these efforts, Japan Post Insurance, Dai-ichi Life and NTT DATA Corporation held a business contest on March 22, 2017 for the purpose of creating new insurance products and services that will lead to an enhancement of QOL (Quality of Life) and an extension of the healthy life expectancy. By advancing initiatives to create innovations in life insurance business, we will work to resolve social issues such as extending the healthy life expectancy of Japanese citizens.

