



“Pursue customer-first business operations”

“Achieve sustainable growth”

“Maintain sound business operations”

We will achieve the enhancement
of corporate value by setting these goals
as our fundamental management approach.

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

I am Mitsuhiro Uehira and it has been a year since I assumed the position of President of Japan Post Insurance. During this time, we have made concerted daily efforts to achieve our vision of becoming the “No. 1 Japanese insurance company selected by customers.”

We hereby present to you our Annual Report for the fiscal year ended March 31, 2018, which describes our vision for Japan Post Insurance and the management plan for achieving that vision, together with our financial results, business performance and various initiatives.

Through this report, we hope to bring a better understanding of our operations and ask for your continued support.

Director and President, CEO,
Representative Executive Officer



Social Mission of Japan Post Insurance

The Postal Life Insurance Service, the predecessor of Japan Post Insurance, was created in 1916 with the social mission of “protecting the means of fundamental livelihood of the public through simple procedures.”

The society at the time of our founding called for an urgent need to establish a life insurance system with small coverage amounts as a social policy. Against this backdrop, the Postal Life Insurance Service started as a system available at relatively affordable fees with simple enrollment procedures and no medical examination, providing reliable insurance services to the people of Japan to ensure the sound development of society.

Although more than a century has passed since the founding of the Postal Life Insurance Service, in the light of our current conditions in society, I believe that the social mission assumed by Japan Post Insurance has not changed since the era of its founding.

More and more importance is being attached to medical protection and life insurance that protects against longevity risk with the growth in life expectancy and the graying of society in Japan. Delivering insurance services as a means of security to as many customers as possible through the nationwide network of post offices, thereby protecting the well-being of every one of them with the function of insurance – that is our vision at Japan Post Insurance.

Going forward, we will further strengthen the “reliable” and “trustworthy” brand we have built up together with the nationwide post office network by steadily responding to the needs of customers and providing protection that is truly satisfying to them. Thus, we will continue to fulfill our social mission as a stable provider of fundamental protection to our customers.



Being engaged in the life insurance business, which entails a strong community role, Japan Post Insurance actively seeks ways to contribute to society (CSR activities). In particular, the Radio Exercise Program, which began with the establishment of the National Health Exercise Program in 1928 by the Postal Life Insurance Bureau of the Ministry of Communications, a predecessor of Japan Post Insurance, will mark its 90th anniversary in November 2018. The popularization and promotion of the Radio Exercise is central to our CSR activities, and we will continue to support health promotion for people in local communities.

Review of the Previous Medium-term Management Plan (FY2016/3 – FY2018/3)

During the Medium-term Management Plan covering the three years from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2018 (the “previous Medium-term Management Plan”), we worked to pave the way for real growth by establishing the management base necessary for the Company’s growth and providing products and services to further enhance our strengths.

Specifically, we steadily promoted initiatives focused on “product development corresponding to customers’ needs,” “enhancing sales force of distribution channel,” “improvement of services for elderly customers,” “deployment of administrative and IT system,” “improving capacity for earnings from investment,” “enhancing internal control system,” and “enhancing human resource development.”

Achievement of Business Objectives

We set out three business objectives in the previous Medium-term Management Plan, namely “net income of around ¥80.0 billion,” a “dividend payout ratio within the range of roughly 30%-50%,” and “contracted monthly insurance premiums from new policies in the ¥50.0 billion range and further expansion.” Of these, we achieved our net income and dividend payout ratio targets throughout the period of the Plan.

In addition, contracted monthly insurance premiums from new policies increased to ¥51.0 billion in the fiscal year ended March 31, 2016, reaching the ¥50 billion level, and in the fiscal year ended March 31, 2017, we attained the target at ¥55.3 billion. In the fiscal year ended March 31, 2018, although we did not reach the target of the ¥50 billion level due to the impact of the revision of insurance premiums in April, product profitability improved substantially as a result of increasing the sales ratio of protection-focused products, among other measures.

Product Development

On the product front, in the fiscal year ended March 31, 2016, we expanded the age range for enrollment in endowment insurance and whole life insurance, and established the short-term premium payment endowment insurance. In the fiscal year ended March 31, 2018, in light of changes in the environment such as advances in medical technology, the continuing low interest rate environment, and increasing longevity, we revised medical riders and enhanced our product lineup by launching whole life insurance (low cash value) and longevity support insurance to further meet customer needs.

Realizing the Medium-term Management Plan (FY2019/3 – FY2021/3)

In May 2018, the Japan Post Group announced the “Japan Post Group Medium-term Management Plan 2020,” a new Medium-term Management Plan for the period from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021, based on a policy that aims for us to be a “Total Lifestyle Support Group” that supports customers to realize safe, secure, comfortable and affluent lifestyles and lives.

The new Medium-term Management Plan for the Company is stipulated in this Group Medium-term Management Plan 2020.

Under the new Plan of the Company, we have set “pursue customer-first business operations,” “achieve sustainable growth,” and “maintain sound business operations” as our fundamental management approach, and aim to “increase profit in both sales and asset management” in an extremely low interest rate environment, and “reverse the decreasing trend and achieve growth in annualized premiums from policies in force.”

With the aim of realizing the Plan, we will set key quantitative targets and key strategies as well as strengthen the management base that supports them.

Principal numerical target for Medium-term Management Plan

	Principal numerical target for Medium-term Management Plan (2020)	Key points
Top Line	Annualized premiums from policies in force(Individual Insurance): Approximately ¥4.9 trillion	<ul style="list-style-type: none"> ■ Aim for growth in new policies while improving quality of sales activities and stronger policy retention. <p>reversing the declining trend and achieving growth based on policies in force</p>
Bottom Line	Net income per share: ¥155 (Reference) Consolidated net income: ¥93.0 billion	<ul style="list-style-type: none"> ■ Change bottom line targets to net income per share to indicate our shareholder-focused approach, and aim to ensure stability of the bottom line through various efforts.
Shareholder Return	Aim to increase the dividend per share to ¥76 while ensuring the soundness of operations	<ul style="list-style-type: none"> ■ Change shareholder return target to dividend per share, and implement a stable shareholder dividend regardless of level of bottom line.



Key Strategies

Sales and Product Strategies

- Aim for growth by achieving a major transformation in sales style at post offices and Japan Post Insurance, including the implementation of comprehensive measures to strengthen sales activities focusing on protection needs and improve solicitation quality.
- Launch health promotion services and the “Family Registration Scheme” as services for customers, and strengthen the cultivation of new customer bases such as the uninsured and young- and middle-aged, while also bolstering efforts for new markets such as worksites.
- Develop and diversify protection-type products including third-sector products, and establish the sales foundation by introducing new mobile devices for sales and increasing offsite sales personnel at post offices.

Administrative Services Strategy

We will work to improve services through the use of ICT^(Note), including claim procedures utilizing digital technologies, in addition to adopting multi-access customer contact points. At the same time, we will enhance efficiency in back-office administration through measures such as the digitalization of paper forms at Service Centers.

Note: ICT (Information and Communication Technology): A general term for technologies related to information and communication.

Asset Management Strategy

The Company aims to increase profitability by promoting the diversification of asset management, based on ALM^(Note 1), as well as working to sophisticate our risk management while ensuring financial soundness under ERM framework^(Note 2).

Notes: 1. ALM (Asset Liability Management): Integrated management of assets and liabilities.
2. ERM (Enterprise Risk Management): An integrated approach to risk management.

Management Base

We will strengthen the management base as follows.

Development of IT System Platforms

By utilizing the new core system renewed in 2017 and further promoting and establishing the development framework reforms we have been working on, we will realize improvements in system development productivity and develop a next-generation open system compatible with digitalization.

Establishment of ERM

- Maintain financial soundness and improve profitability based on the ERM (enterprise risk management) approach, aiming to secure stable profit and sustainably enhance corporate value.
- Implement capital policies paying attention to capital costs.

Human Resources Development

We will conduct human resources development based on standardized operations and promote workstyle reforms to establish an environment where all employees put the customer first in everything they do and deliver their full potential, which will lead to enhanced corporate value.

ESG Initiatives^(Note)

In addition to promoting our Medium-term Management Plan explained above, we will actively take on the challenges of sustainable enhancement of corporate value and social development by promoting ESG initiatives to resolve issues facing society, as a socially responsible entity toward all stakeholders.

Note: ESG: Environment, Social and Governance.

In Conclusion

The environment surrounding the life insurance business is undergoing constant change, including the advance of the aging of society with declining birthrates, the persisting extreme low interest rate environment, and evolving lifestyles. We recognize that it is vital to grasp customer needs precisely according to these changes and to deliver the security of insurance in a way that is easy to understand, taking into consideration the circumstances and intentions of each customer.

We are also addressing preventive healthcare as a promising business area that supports a society where people can lead healthy lives with peace of mind. For example, the field of healthcare including fitness promotion, diet improvement and health consultation is a hot topic. The Company has always worked to promote people's health through activities to popularize and promote radio exercises, and will pursue deeper involvement in healthcare fields through initiatives such as providing tools to support daily health management. We believe that these efforts can help address Japan's social challenges such as improving QOL^(Note) and extending the healthy life expectancy.

Note: QOL (Quality of Life): Concept for evaluating whether someone lives a humane and satisfying life.

By providing such services in addition to insurance products, we will contribute to local communities together with the nationwide post office network in order to remain a company trusted and loved by our customers, while exerting concerted company-wide efforts to realize our management philosophy, which states "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being."

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

July 2018

