



Securities Code:7157
TSE Mothers



LIFENET

LIFENET INSURANCE COMPANY

Reference Data for Third Quarter Fiscal 2015

LIFENET INSURANCE COMPANY

February 9, 2016

Contents



- 1. Progress of Mid-term Business Plan**
- 2. Results for 3Q of Fiscal 2015**

Mid-term Business Plan



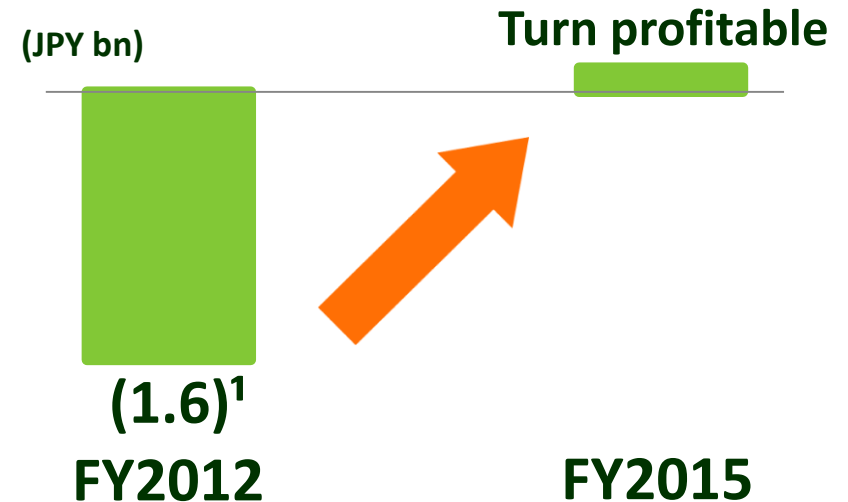
LIFENET 2015

Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable growth among online life insurance businesses.

Management Goal

- ✓ Achieve **9.5 billion** in ordinary income (FY2015)
- ✓ Push the company **toward profitability** (FY2015)

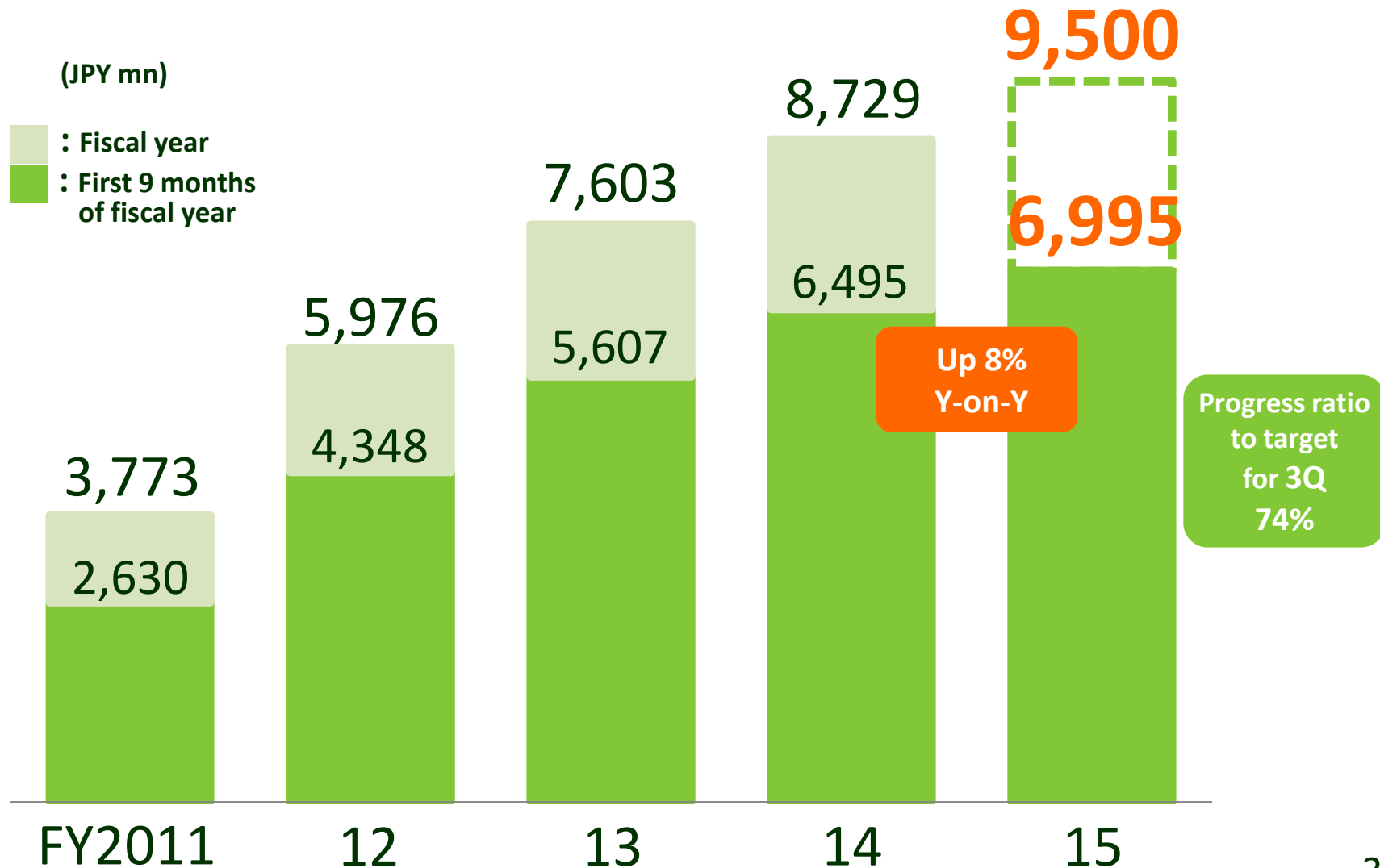
(Based on ordinary profit before amortization of deferred assets under Article 113 of the IBA)



1. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 ended March 31, 2013 included the effect of changing calculation formula of policy reserves on provision, 0.5 billion yen. When excluding the effect, it was 2.1 billion yen.

Progress of Mid-term Business Plan (Ordinary Income)

■ Recorded **108%** year on year



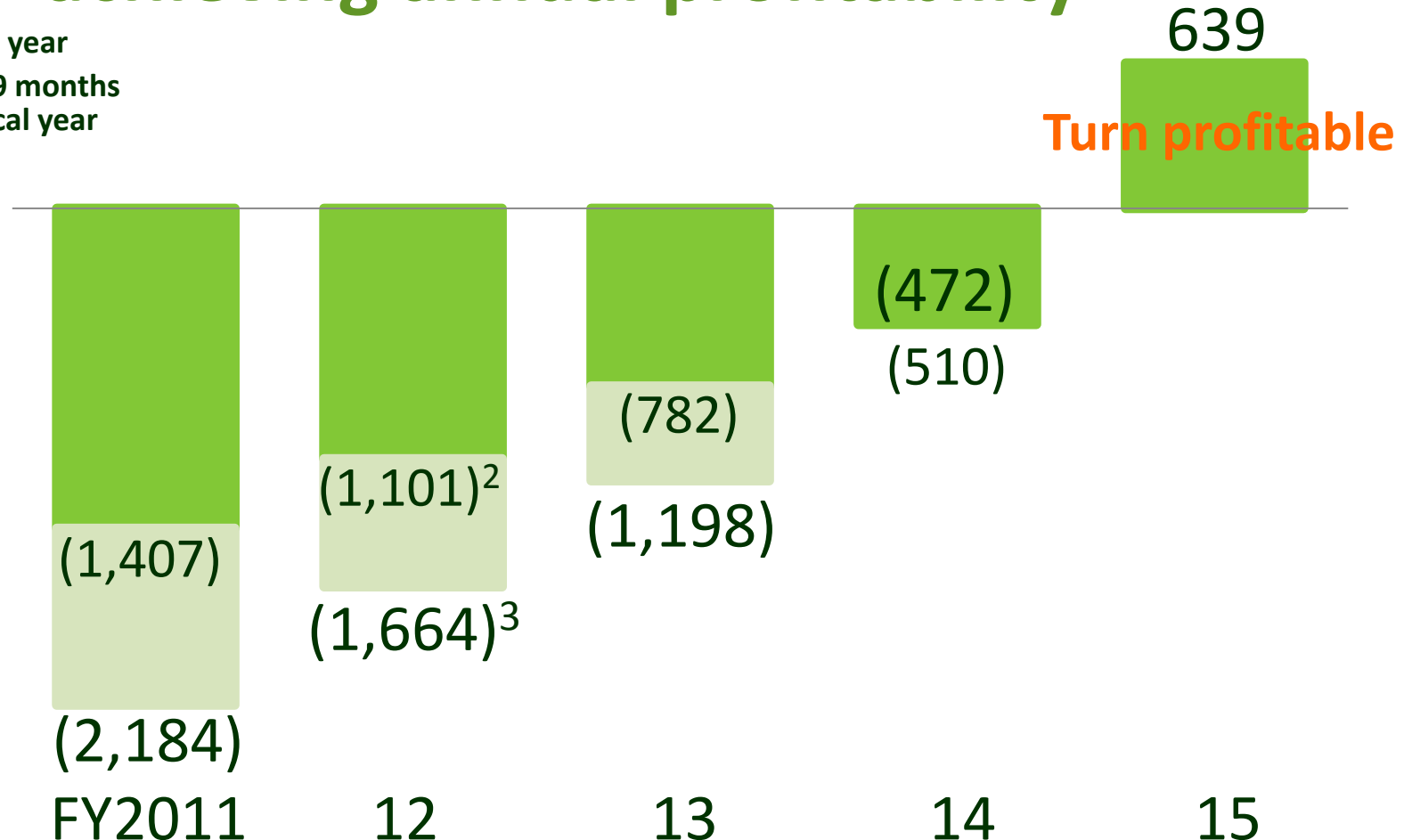
Progress of Mid-term Business Plan (Ordinary Profit / Loss)¹



■ **Recorded positive** earnings, toward achieving annual profitability

(JPY mn)

■ : Fiscal year
■ : First 9 months of fiscal year



1. Ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act
2. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the first 9 months of fiscal 2012 included the effect of changing calculation formula of policy reserves on provision, 445 million yen. When excluding the effect, it was 1,546 million yen.
3. The ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act for the fiscal 2012 included the effect of changing calculation formula of policy reserves on provision, 501 million yen. When excluding the effect, it was 2,165 million yen.

Contents



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- 2. Results for 3Q of Fiscal 2015**

Summary of 3Q for FY2015 Results



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(JPY mn)

	First 9 months of FY2014	First 9 months of FY2015	Year on year
Ordinary income	6,495	6,995	107.7%
Operating expenses	2,944	2,247	76.3%
Ordinary profit / loss ¹	(510)	639	-
Cash flows from operating activities	2,098	3,487	166.2%
Mortality margin	1,251	1,591	127.1%
Annualized premium ² of policies-in-force	8,611	9,220	107.1%
Number of policies-in-force	212,304	222,598	104.8%
Annualized premium ² of new business	996	872	87.5%
Number of new business	21,095	18,267	86.6%

1. Ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

2. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

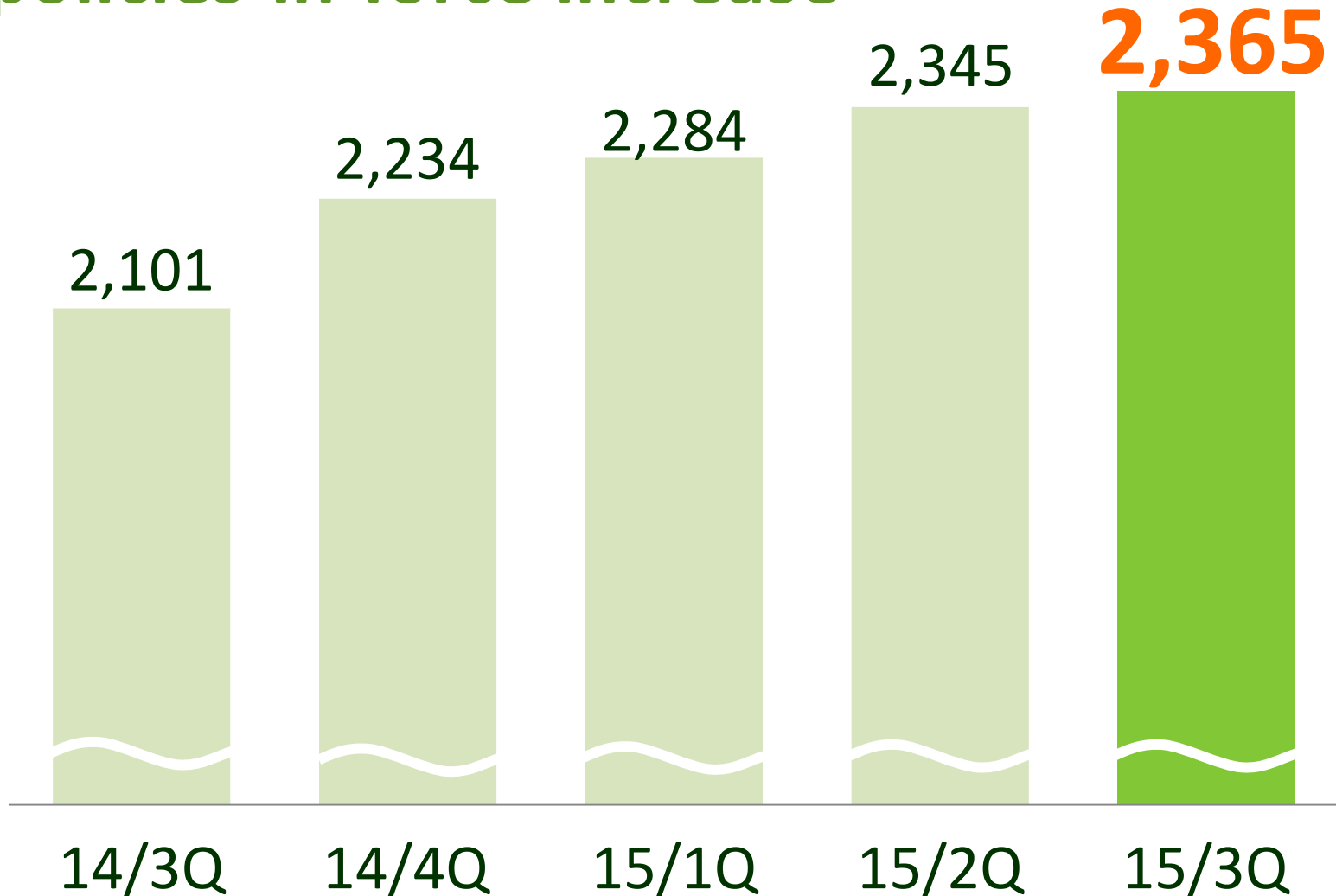
Key Accomplishment in FY2015 3Q



- ☺ Ordinary income **up 8%** year on year
- ☺ New business performance **continues to exceed that on a year on year basis**
- ☺ **Tight control** of operating expenses
- ☺ **Recorded positive** ordinary profit¹
- ☺ **Steadily recorded** mortality margin

Ordinary Income (Quarterly)

■ **Up 13% year on year** due to number of policies-in-force increase



Ordinary Income (Quarterly)

- In addition to steady increase of insurance premiums and other, **investment income increased by selling down securities**

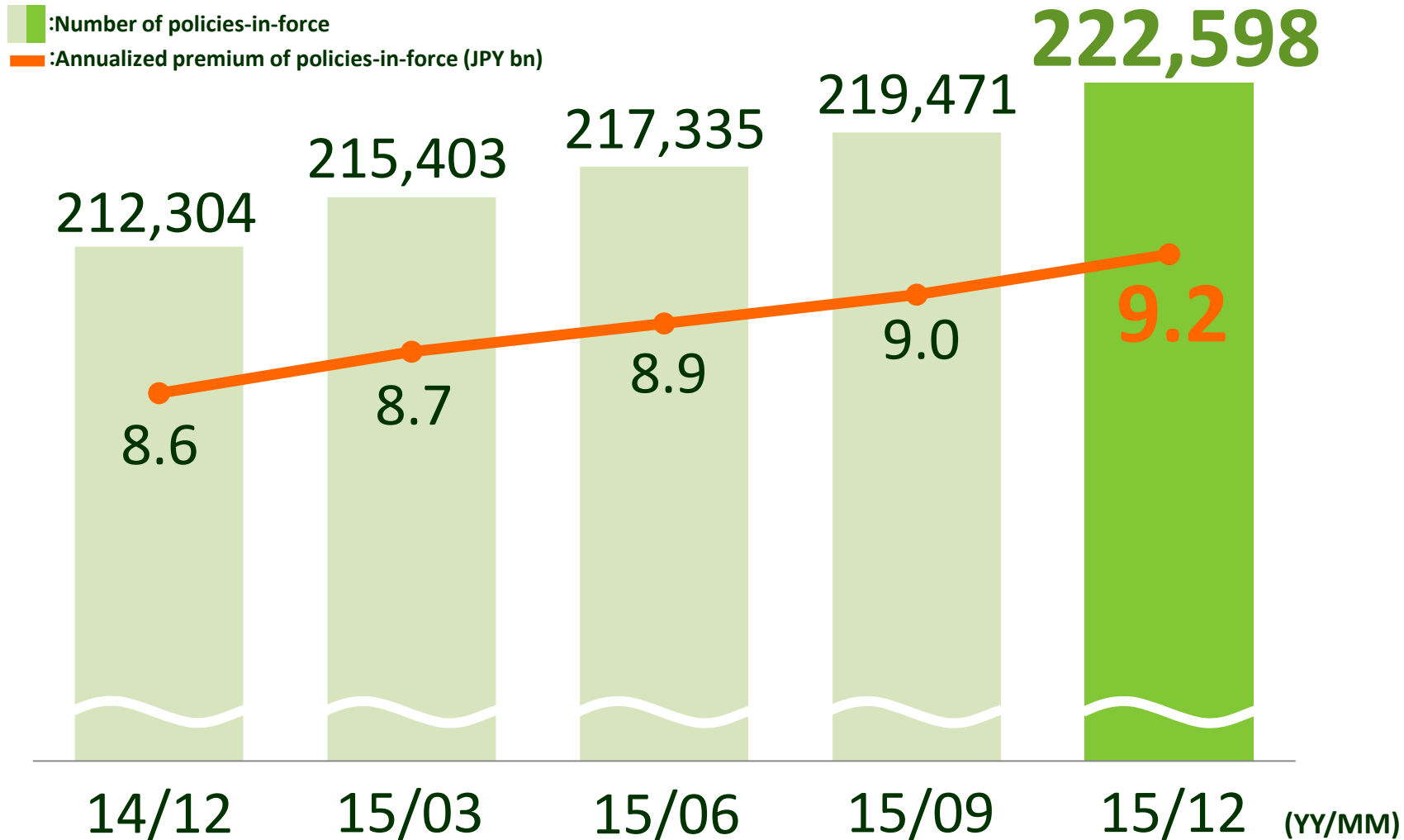
(JPY mn)

	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q
Insurance premiums and other	2,154	2,182	2,241	2,261	2,280
Investment income	31	41	41	50	113
Reversal of reserves for outstanding claims	(89)	6	—	31	(31)
Other (excl. Reversal of reserves for outstanding claims)	4	3	1	2	3
Ordinary Income	2,101	2,234	2,284	2,345	2,365

Annualized Premium / Number of Policies-in-force (Quarterly)



■ In-force business **steadily increased**



Breakdown of Policies-in-force

137,667 in-force policyholders (as of Dec. 31)

(YY/MM)	14/12	15/12
Number of policies-in-force	212,304	222,598
- “Kazoku”: Term Life	110,436	116,338
- “Jibun”, New “Jibun”, New “Jibun” for Women : Whole-Life Medical	64,733	67,393
- “Jibun Plus”: Term Medical Care	12,060	11,304
- “Hataraku Hito”: Long-term Disability	25,075	27,563
Sum insured of policies-in-force ¹ (JPY mn)	1,798,389	1,889,077
Number of policyholders	128,889	137,667
	14/3Q	15/3Q
(Reference) Surrender and lapse ratio ²	7.4%	6.7%

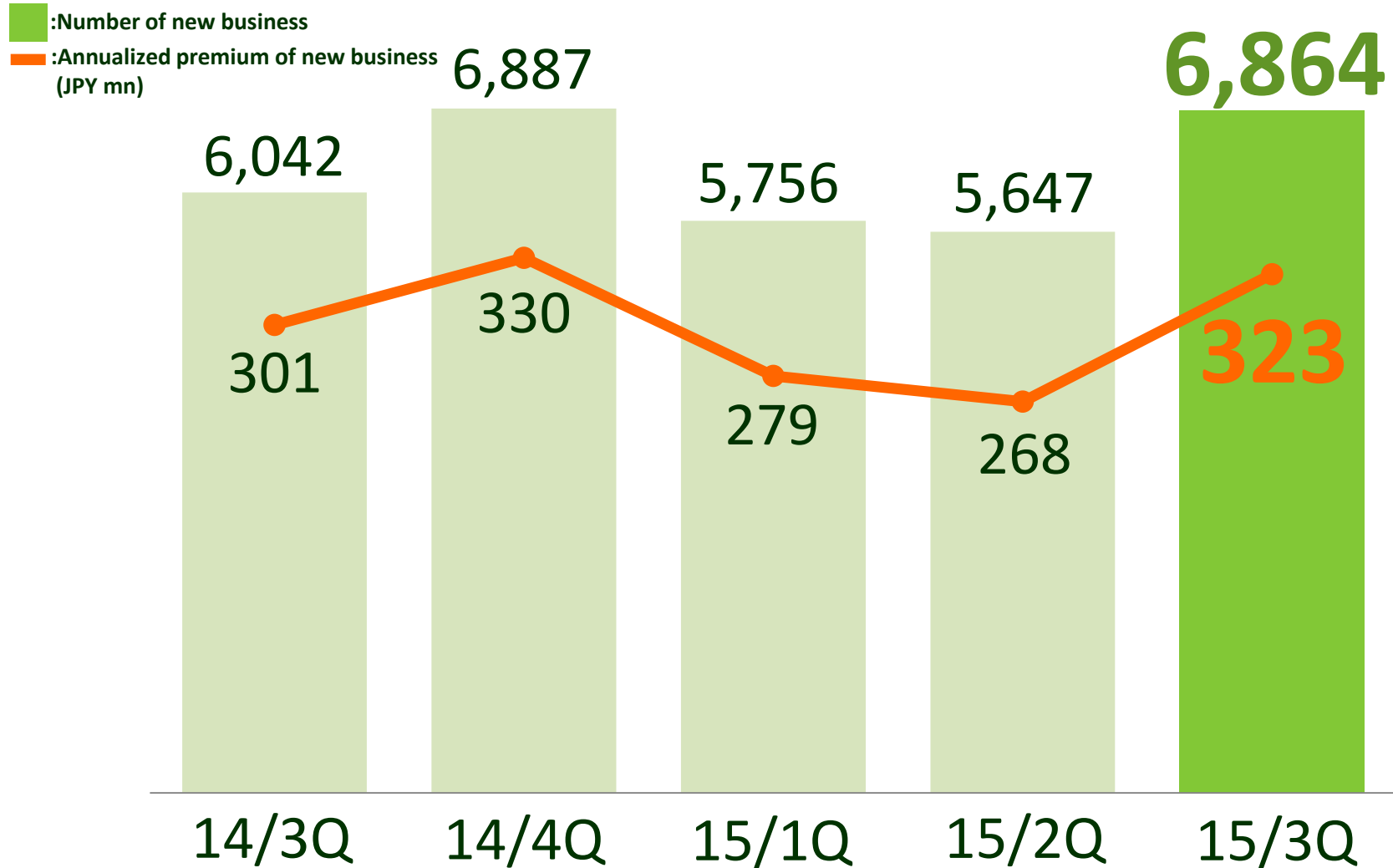
1. Sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.

2. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

Number of New Business / Annualized Premium (Quarterly)



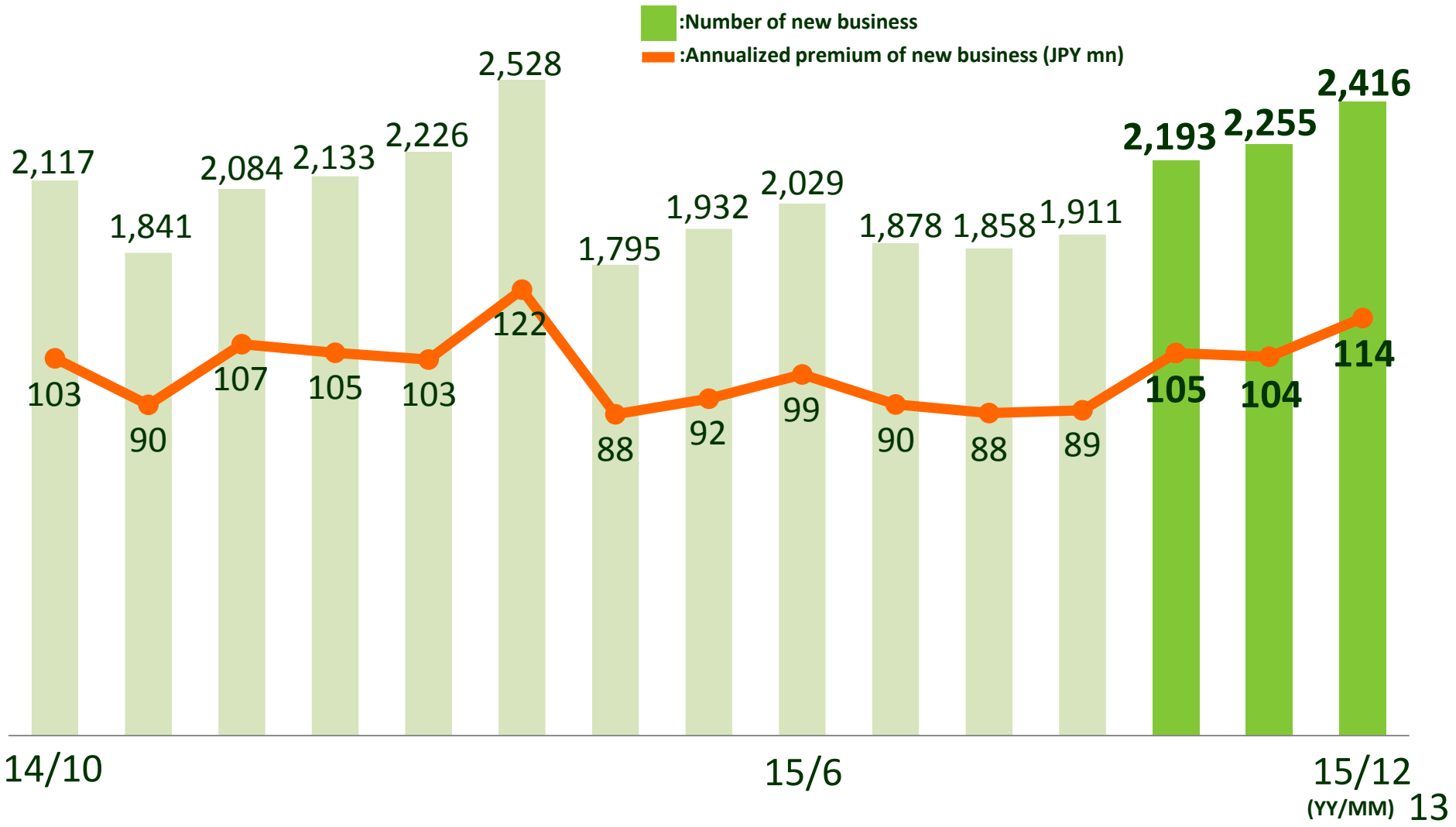
■ **Bottoming out** of new business performance



Number of New Business / Annualized Premium (Monthly)

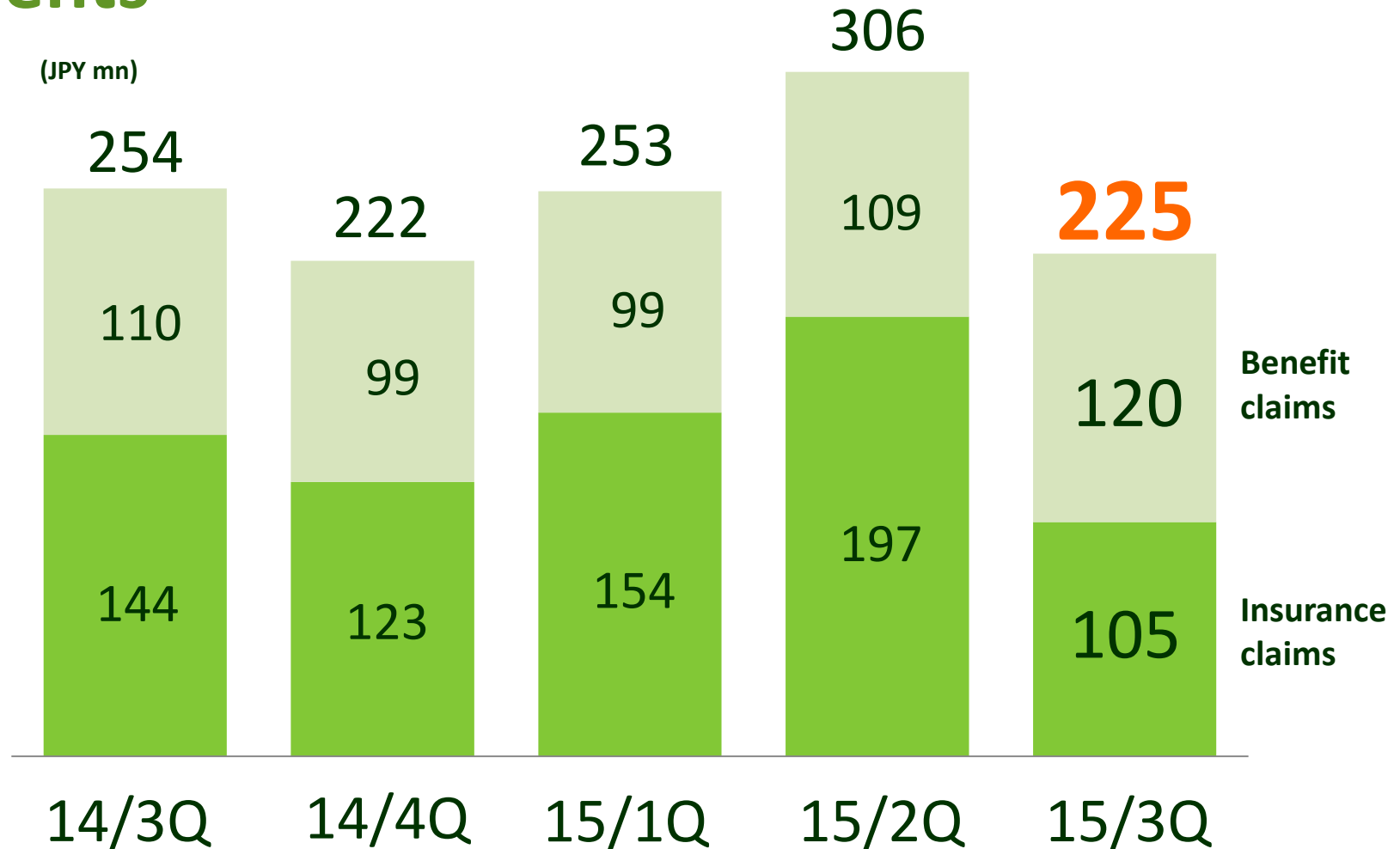


■ New business performance exceeded those in previous year for three consecutive months



Amount of Insurance Claims and Benefits (Quarterly)

■ **Decreased year on year** due to less insured events

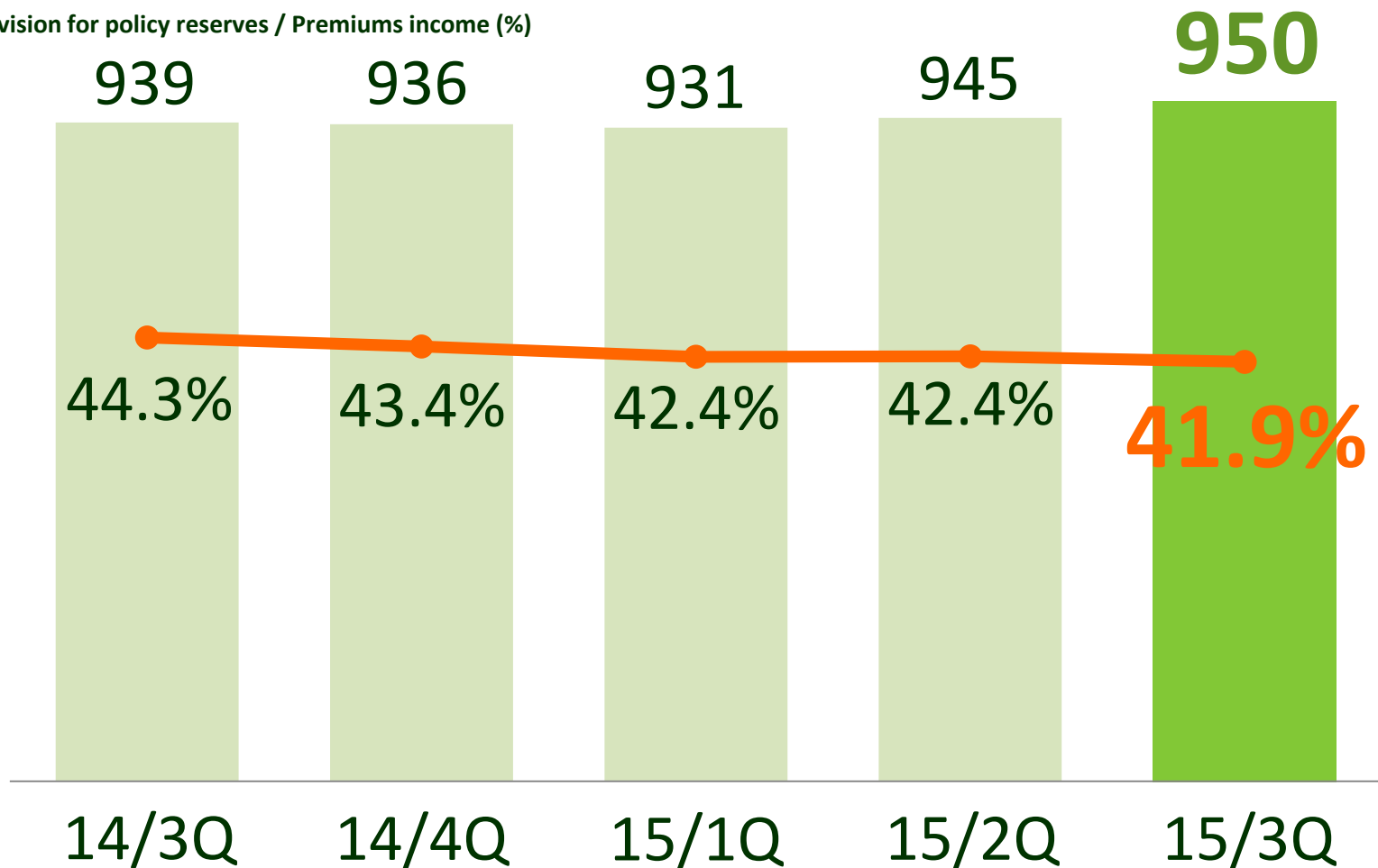


Provision for Policy Reserves (Quarterly)

■ **Recorded 950 million yen** due to insurance premium increase

■ : Provision for policy reserves (JPY mn)

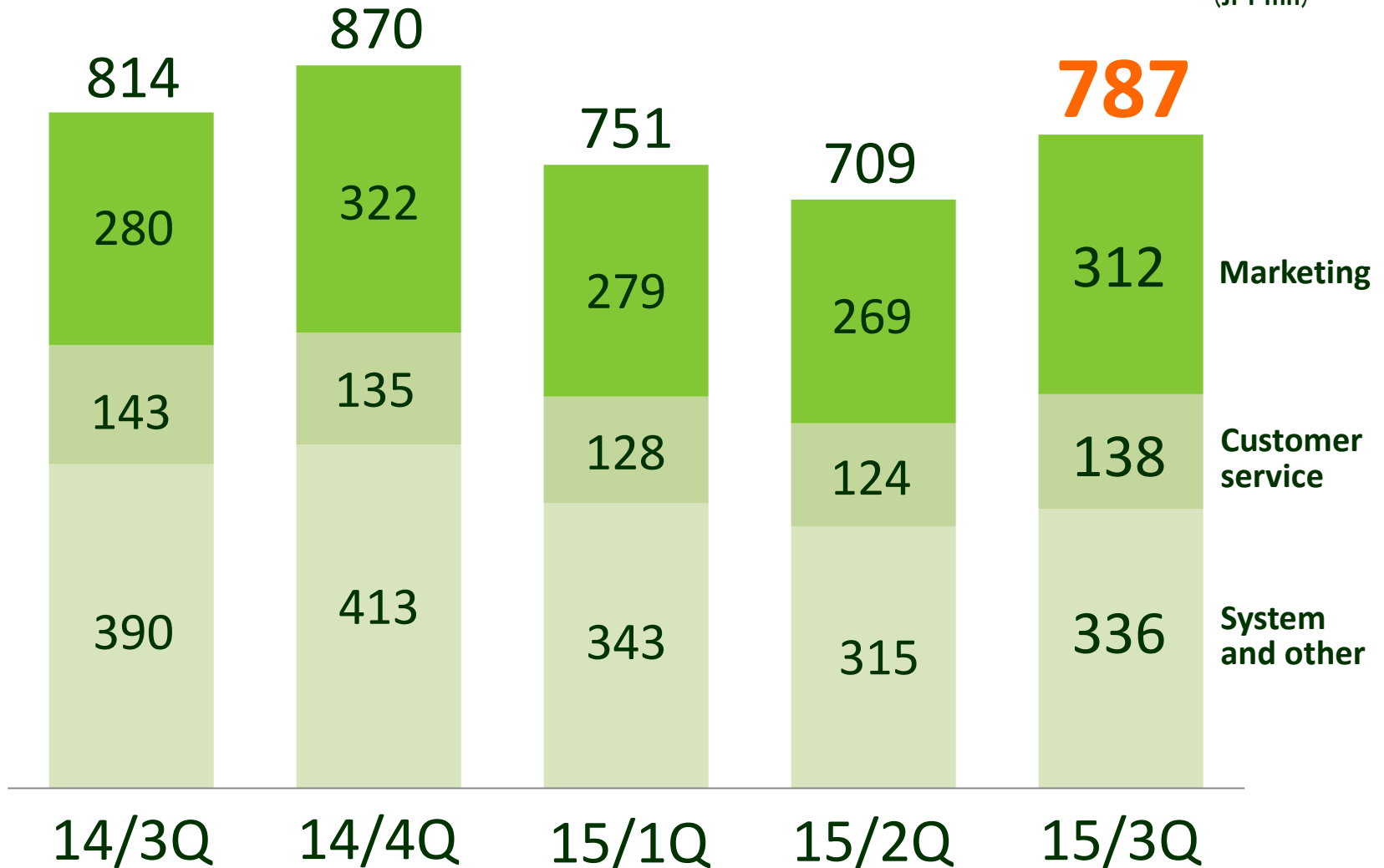
■ : Provision for policy reserves / Premiums income (%)



Operating Expenses (Quarterly)

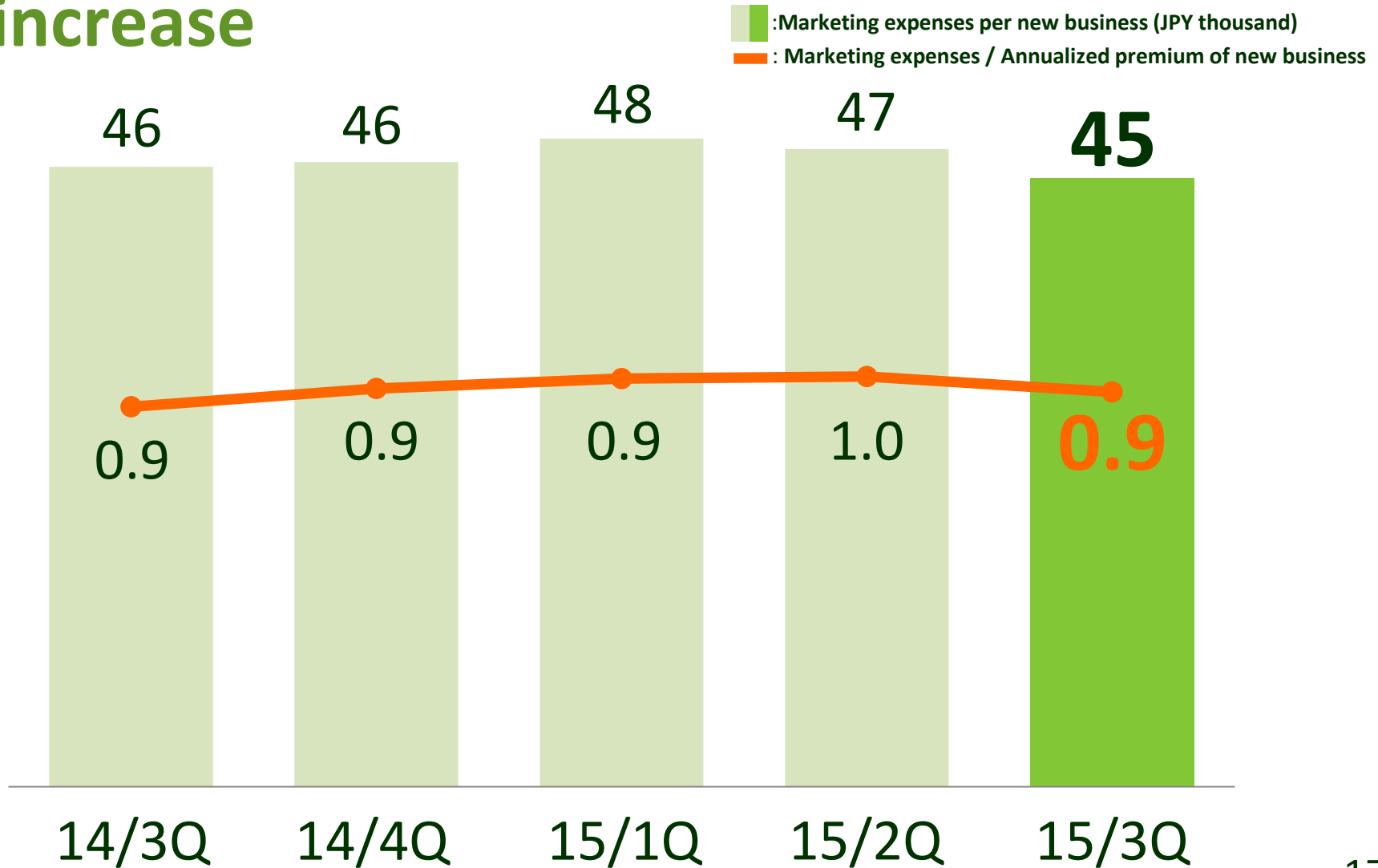
■ Continuously control marketing expenses

(JPY mn)



Marketing Expenses per New Business (Quarterly)

■ **Slightly improved** due to new business increase



Ordinary Profit / Loss (Quarterly)

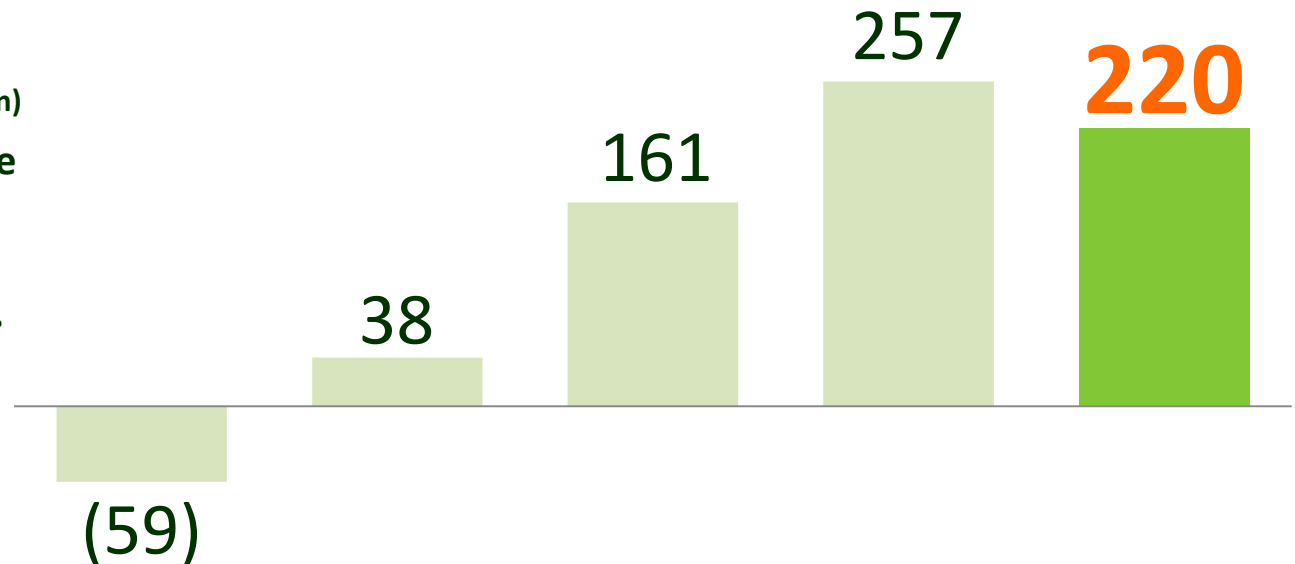
■ Ordinary profit keeps profitability

(JPY mn)

	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q
Ordinary profit (loss) before amortization	(59)	38	161	257	220
Amortization cost	(265)	(265)	(265)	(265)	(265)
Ordinary profit (loss)	(324)	(226)	(103)	(7)	(44)

(JPY mn)

Ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act.



Condensed Statements of Operation



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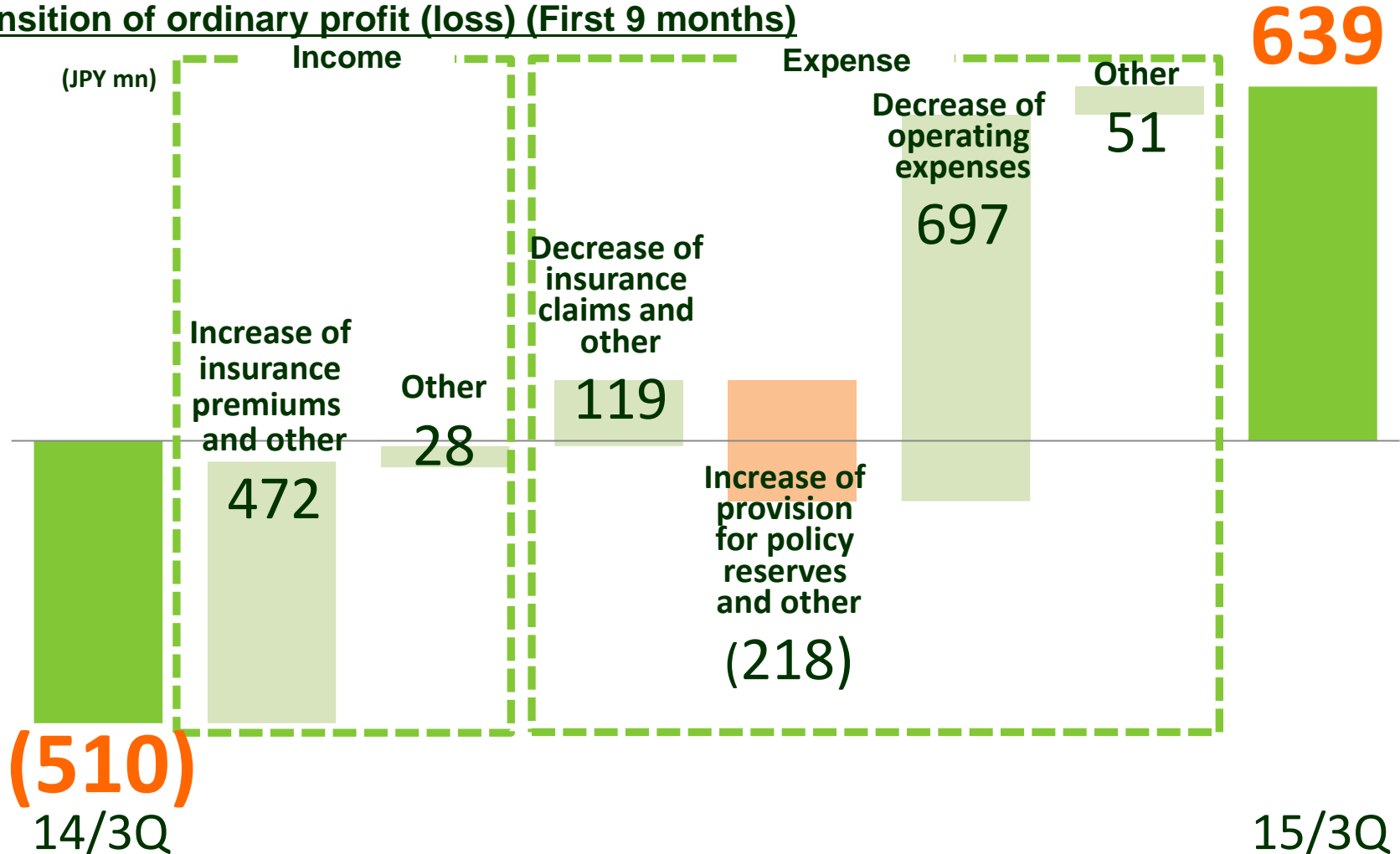
(JPY mn)

	First 9 months of FY2014	First 9 months of FY2015	Change
Insurance premiums and other	6,310	6,782	472
Other	184	212	28
Ordinary income (A)	6,495	6,995	500
Insurance claims and other	1,057	937	(119)
Provision for policy reserves and other	2,629	2,847	218
Operating expenses	2,944	2,247	(697)
Other	374	322	(51)
Ordinary expenses (B)	7,005	6,355	(650)
Ordinary profit (loss) before amortization of deferred assets under Article 113 of IBA (A-B)	(510)	639	1,150
Amortization of deferred assets under Article 113 of IBA (C)	795	795	-
Ordinary loss (A-B)-(C)	(1,305)	(155)	1,150

Structure Breakdown of Ordinary Profit/Loss¹

■ Largely improved due to decreased operating expenses

Transition of ordinary profit (loss) (First 9 months)



1. Ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

Fundamental Profit

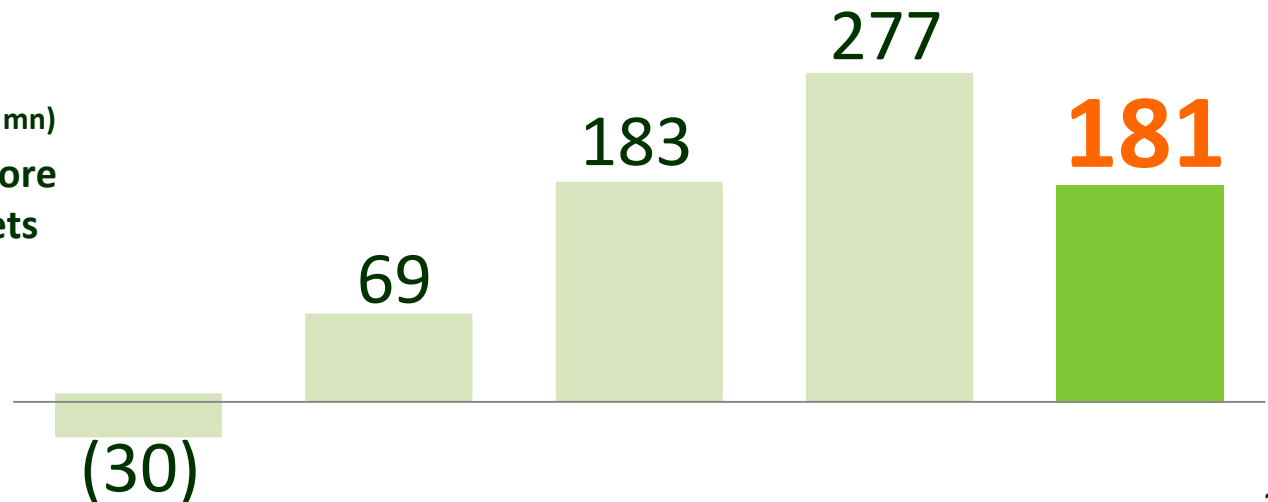
■ Continuously recorded mortality margin

(JPY mn)

	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q
Mortality margin	382	525	513	545	532
Expense margin (loss)	(683)	(730)	(602)	(547)	(625)
Interest margin	4	8	8	14	9
Fundamental profit (loss)	(295)	(195)	(81)	12	(83)
(Reference) Insurance premiums and other	2,154	2,182	2,241	2,261	2,280

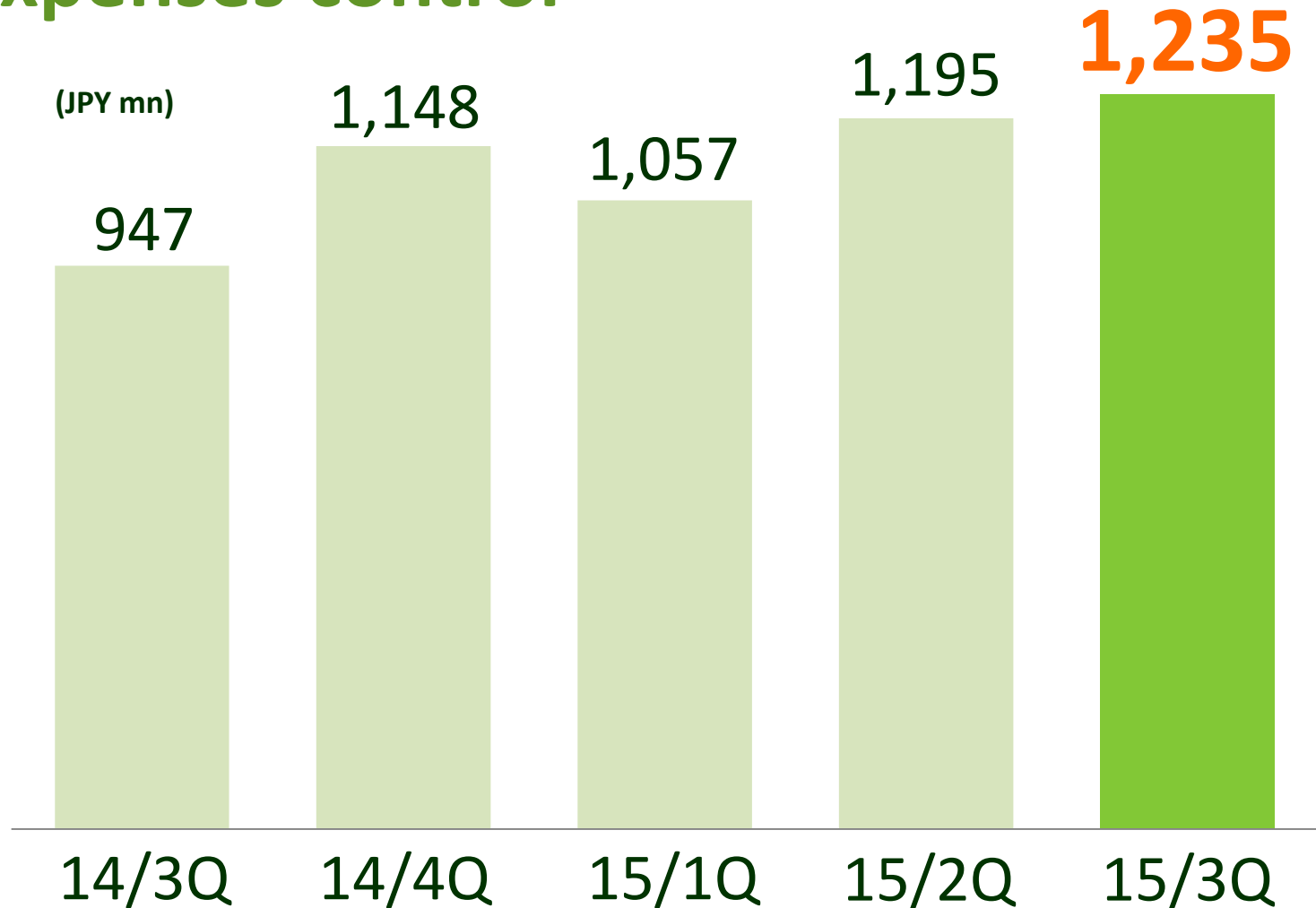
(JPY mn)

Fundamental profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act.



Operating Cash Flows (Quarterly)

- **Steadily increased** due to operating expenses control



Financial Condition

(JPY mn)	14/03	15/03	15/12
Total assets	21,188	23,387	29,001
Cash and deposits	418	731	771
Monetary claims bought	-	-	1,499
Money held in trust	1,000	1,033	1,035
Securities	14,154	17,082	21,983
Government bonds	6,636	8,227	10,057
Municipal bonds	-	851	1,450
Corporate bonds	6,547	6,894	9,413
Stocks ¹	206	222	227
Foreign securities ²	764	886	834
Total liabilities	7,252	10,899	13,640
Policy reserves and other	6,616	10,084	12,932
Total net assets	13,935	12,487	15,360

■ **Increased assets**
due to third-party allotment

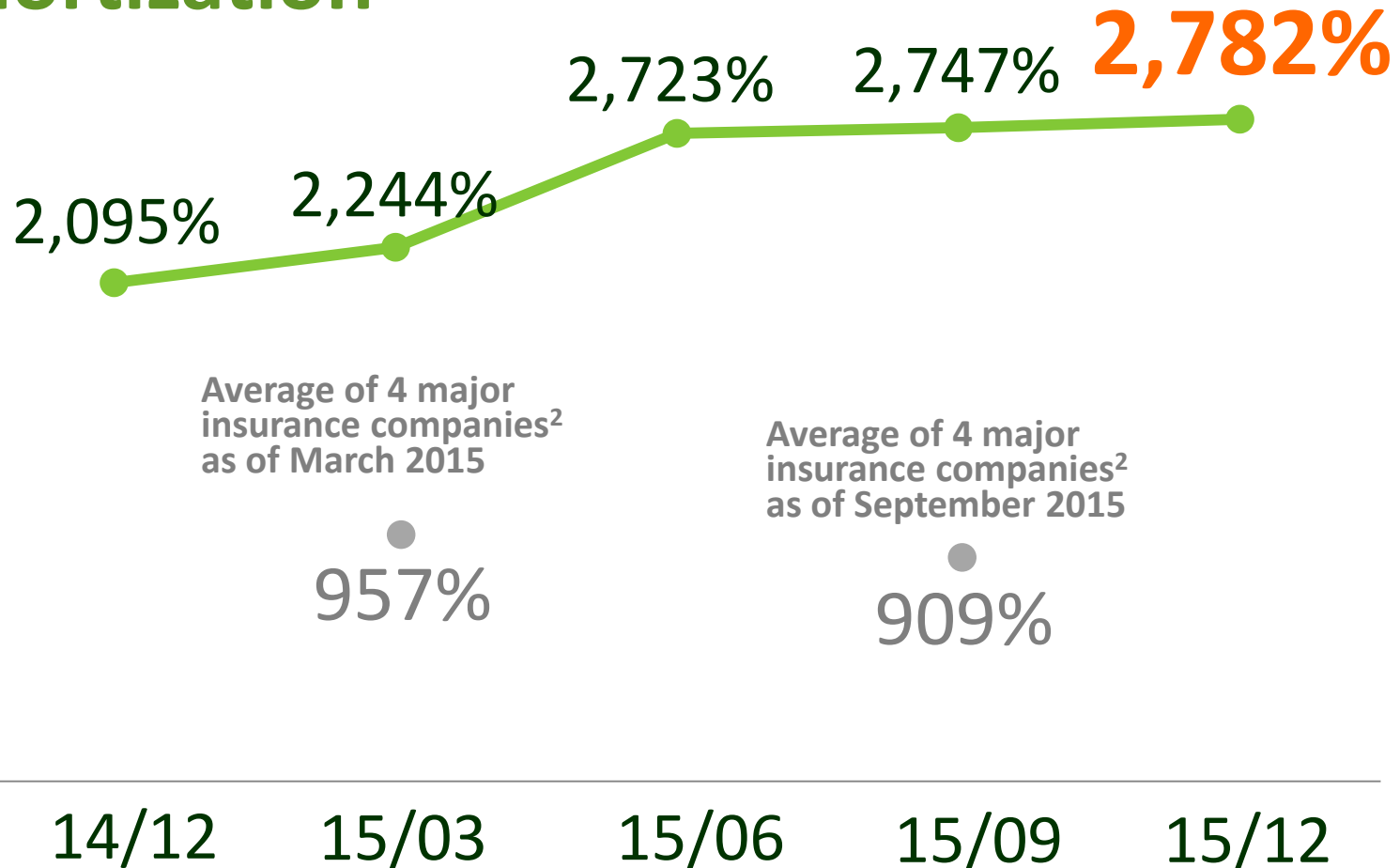
■ **Modified duration**
11.6 years

1. Lifenet holds shares of Advance Create Co., Ltd., its insurance sales agent, for the purpose of maintaining equity and business partnership.

2. Investment in Kyobo Lifeplanet Life Insurance Company in Korea

Solvency Margin Ratio¹

Increased due to ordinary profit before amortization



1. The solvency margin ratio measures a life insurance company's ability to pay out claims when unforeseen events occurs, such as natural disaster or a stock market collapse.

2. Simple arithmetic average

Progress of Business Alliance with KDDI

■ Preparation is **in progress as planned**

 Started Business Alliance in April 2015



 Established Business Alliance Committee in May 2015 aiming to discuss details



 **Started trial sales** at “au shop” for successful business start-up



 **Ensure adequate preparation period to maximize alliance effect** and service details to be announced shortly



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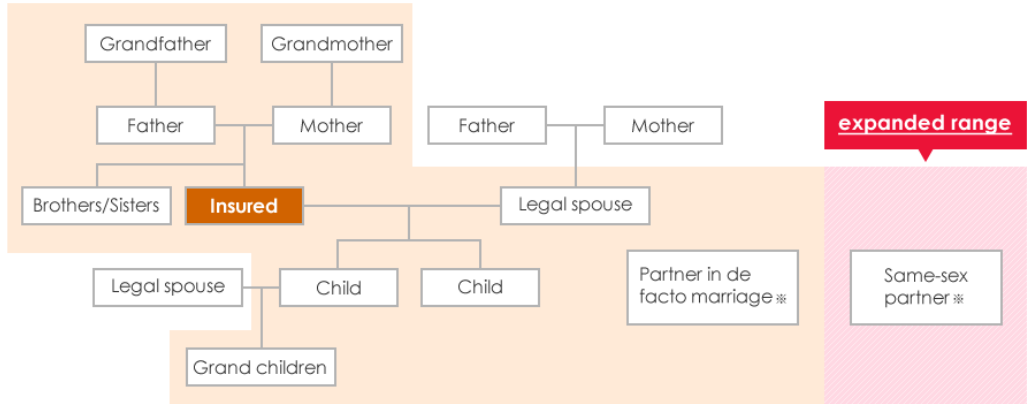
Expanded Range of Designatable Beneficiaries

■ Ahead of competitors, started to accept **same-sex partners**



人生に、大切なことを、わかりやすく。

Same-sex partners accepted as beneficiaries



previous range of designated beneficiary

※under certain conditions

<http://www.lifenet-seimei.co.jp/rainbow/>

Enhance Agents Channel

Long-term Disability to penetrate market via over-the-counter sales agent



Long-term Disability
“Hataraku-Hito”

Income and living expenses will be covered if one is not able to work due to disease and injury

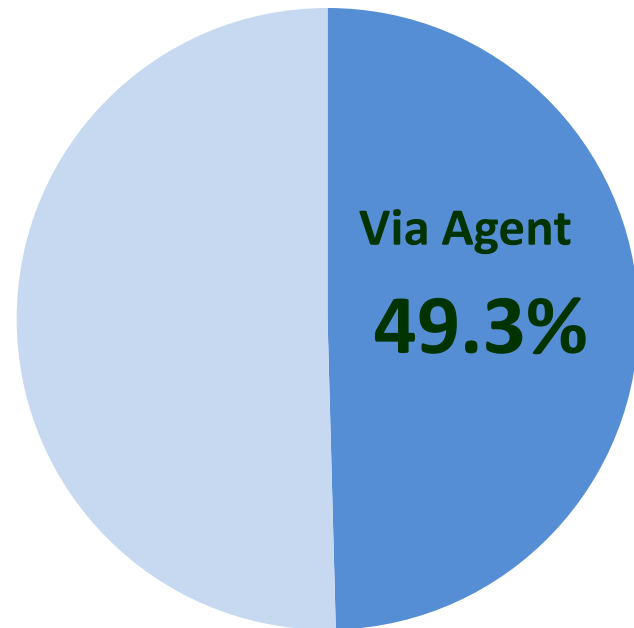
To be covered regardless of causes within predetermined disability

*Except for mental disease and without objective opinion

Long-term coverage till 65-year old
Insurance premium remains unchanged during the duration

Direct and agents sales ratio¹

Approx. 50% of Long-term Disability applications is via agent



Oricon Client Satisfaction Rankings



■ Ranked First¹ for 2nd consecutive year



☺ Procedure Satisfaction Ranking

Ranked 1st

☺ Product Coverage Satisfaction Ranking

Ranked 1st

☺ Insurance Premium Satisfaction Ranking

Ranked 1st

Business Forecast

- Business forecast for FY2015 **remains unchanged**

(JPY mn)

	Ordinary income	Ordinary profit ¹
Business forecast FY2015	9,500	Turn profitable
(Reference) Results for first 9 months of FY2015	6,995	639

LIFENET Manifesto



I. Our Guiding Principles

- (1) We believe that our responsibility to society is to return life insurance to its original state. Life insurance is for the customers, not for the company. In order to achieve this goal, we will only offer products we can recommend with confidence.
- (2) We will be transparent. We will disclose information on our management, products and company as a whole on our website to actively communicate with customers and society.
- (3) We will be fair. We believe that our services will be more benevolent if the employees are free of any and all limitations they may feel in the work environment, and as such, we will not discriminate against education, gender, age, nationality, or familial situations.
- (4) We will adhere to laws protecting personal information and comply with laws, regulations, and other social standards. We pledge to be respectable global citizens, acting fairly and ethically.

III. Life Insurance will be Cost-Competitive

- (1) We believe that no one should pay premiums that are more expensive than necessary, and will be innovative and creative in order to develop and maintain the most cost-competitive products possible.
- (2) We will handle every step of the process in providing good products to our customers; from the development of the products to the sales. This allows for us to maintain our cost-competitive prices.
- (3) Our products will be cost-competitive, but the content of the products and our services will not be sacrificed. All communication with customers will be conducted accurately and quickly, including claim processes.
- (4) Life insurance is a very expensive purchase, and life is also very expensive. We want for our customers to spend less on life insurance, and more on enjoying life.

II. Life Insurance will be Comprehensive

- (1) Our products will be simple and comprehensible. There will not be complex policies with special provisions.
- (2) Life insurance is a financial product designed to mitigate risk, and we believe the customer should decide what products are necessary for them. As we feel it is critical for customers to be well informed of products and policies, we will make accessible any and all relevant information on our website for customers to make logical and rational decisions. The Customer Contact Center is also available for further clarifications and questions.
- (3) Our website will promote the understanding of not only our company's products, but of life insurance in general.
- (4) We will make life insurance products tangible via clearly written policies and comprehensible terms and conditions.

IV. Life Insurance will be Convenient

- (1) We know our customers have very busy lives. That is why our customers can apply for our life insurance policies via the internet, 24 hours a day, 7 days a week.
- (2) Our documents require only a signature. There are no other typical official items required to verify personal identification.
- (3) Our definition of "surgery" is aligned with the national healthcare insurance point table, making the claim process much more convenient and comprehensible.
- (4) We have a proxy claim system, allowing for the third party designated by the claim holder to file a claim. The appointed proxy need simply to make a phone call to our contact center for necessary documents.

**This manifesto is not simply as a declaration. This is how we do things.
Join us on our journey.**



All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties. This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

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Appendix

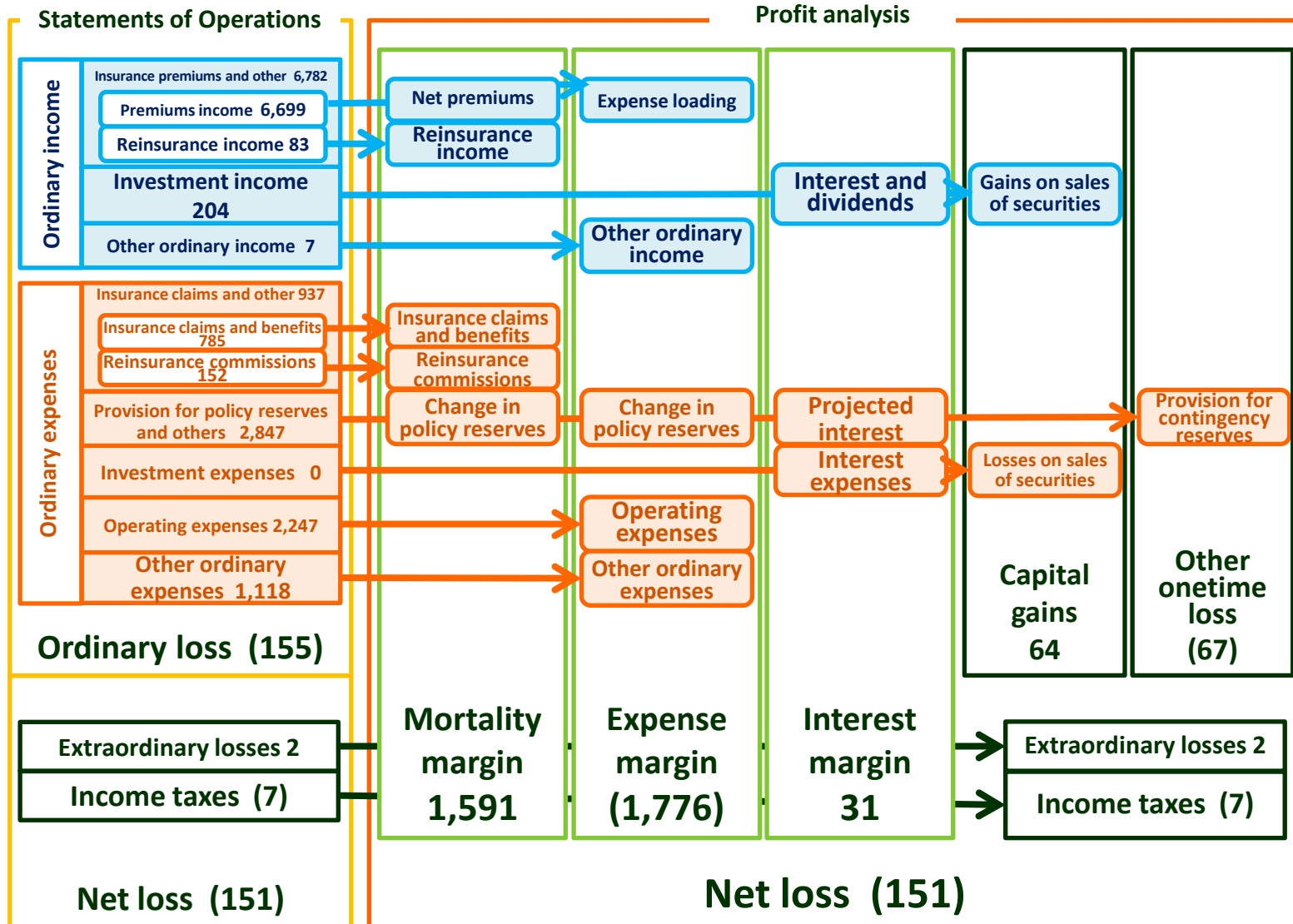


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Three Surplus Factors of Fundamental Profit

First 9 months of FY2015



1. Some items with minimal amounts have been omitted.

Solvency Margin Ratio Calculation



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As of Dec. 31, 2015

$$\text{Solvency margin ratio } 2,782.0\% = \frac{\text{Total amount of solvency margin <numerator> } 18,661}{\text{Total amount of risk/2 <the denominator> } 1,341/2} \div \sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4/2$$

Cash and deposits 771	Other liabilities 360
Monetary claims bought 1,499	Deferred tax liabilities (excluding those on available-for-sale securities) 235
Money held in trust 1,035	Reserves for outstanding claims 297
Securities 21,983	Policy reserves 12,634
Tangible fixed assets 83	Contingency reserves 1,285
Intangible fixed assets 410	Excess over the full-Zillmerized reserve 4,322
Other assets 3,218	Price fluctuation reserves 11
Deferred assets under Article 113 of the Insurance Business Act 2,385	Deferred tax liabilities on available-for-sale securities 91 ¹
	Valuation difference on available-for-sale securities 224 ¹
	Capital stock and other assets 12,725
	Net assets 15,360

Add liabilities with strong capital characteristics such as price fluctuation reserves and contingency reserves

Subtract deferred assets under Article 113 of the Insurance Business Act from net assets

- Insurance risk R_1 1,007
Risk of change in mortality rate (calculated based on value of policies in force)
- Medical insurance risk R_8 235
Risk of change in medical incidence rate (hospital admission rate, etc.)
- Assumed interest rate risk R_2 1
Risk that the actual investment return will fall below the expected return used as a basis for calculating policy reserves
- [Minimum guarantee risk] R_7 —
Risk related to products, such as variable annuities with minimum guarantees
- Asset management risk R_3 354
[Credit risk] Risk that asset values decline due to deterioration in financial condition of creditors
[Price fluctuation risk] Risk of incurring losses due to decline in market value of stocks and bonds, etc.
- Business management risk R_4 47
3% of the total of the amounts of the other 5 risks (in the Company's case)

1. 90% of the valuation difference on available-for-sale securities (pre-tax) (if negative, 100%)
2. Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.