

November 12, 2018

Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Mothers)

**Announcement of New Management Policy**  
**Be the leading company expanding the online life insurance market**

TOKYO, November 12, 2018 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President Ryosuke Mori, URL: <https://ir.lifenet-seimei.co.jp/en/>) announces the completed formulation of a new management policy.

Since our business commencement in May 2008, with the mission of offering simple, convenient and competitively priced products and services, Lifenet has realized a stable growth to this day, by means of establishing the online direct sales channel as the main channel, offering highly cost-competitive products and accepting applications from customers at any given time. As a result, the number of policies-in-force exceeded 280,000 in September 2018 and we reached record high of monthly new business performance in October 2018.

Aiming for steady growth onward, Lifenet formulated a new management policy, followed by change of management team in June 2018. The summary is as follows.

**Summary of New Management Policy**

<b>Mission</b>	Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services
<b>Vision</b>	Be the leading company driving the growth of the online life insurance market
<b>Priority areas</b>	<ul style="list-style-type: none"> <li>● <u>Innovation of customer experience</u> Enhancing and evolving the quality of all services with digital technology</li> <li>● <u>Enhancement of promotion capabilities</u> Generating massive customer traffic by active promotion and expansion of agent sales and white label business</li> </ul>
<b>Management goal</b>	Aim to achieve EEV (indicator of corporate value) of 100 billion yen by business growth in a mid-term

Looking back on our business until today and the overview of new management policy are as follows.

**1. Looking back on Ten Years since Business Commencement**

Since our business commencement, we have taken innovative initiatives to pursue our mission of offering simple, convenient and competitively priced products and services as an independent life insurance company.

LIFENET INSURANCE COMPANY

- Start-up period (fiscal 2008-fiscal 2012)

We realized business growth, developing comprehensible, cost-competitive product and promoting our new insurance products through website with an advanced marketing strategy. Also, we have been engaging in thorough disclosure of information.

- Previous mid-term business plan period (fiscal 2013- fiscal 2015)

Afterward, as customers shifted from computers to smartphones to access the Internet, we could not meet the customer needs enough and the business results slowed down with less marketing expenses, while we had been developing our website for smartphone as our “shop”.

- Current mid-term business plan period (fiscal 2016- fiscal 2018)

Based on our challenges recognized in previous mid-term business plan, we improved our website for smartphones, diversified sales channels, started to sell white label product through KDDI channel as a sales agent and launched new products aggressively. After a business foundation was built through these efforts, we proactively invested in marketing. Finally, the business results had been improved again, and in October 2018 we reached record high of monthly new business performance that had stood for some time.

## **2. New Management Policy**

Looking back on the decade since our business commencement as above, to pursue our mission, we recognized the importance of providing customers with what they want in a way that suits their lifestyle and furthermore informing customers of these benefits.

According to research by the Japan Institute of Life Insurance released in September 2018, about 12% of potential subscribers of life insurance intended to acquire a policy through the Internet in the future although only around 3% of life insurance subscribers actually did so. Additionally, in our fellow industry of non-life insurance, the share of direct automobile insurance has reached approximately 8% as the market has been steadily growing. Given these circumstances, we believe that the room for growth in the online life insurance market certainly exists, however, the suppliers including us could not fully respond the customer needs yet at this stage.

Accordingly, we formulated a new management policy. We will continue to pursue our mission, “helping our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services”. To realize the mission, we shall strongly lead the expansion of online life insurance market through the initiatives below.

- Innovation of customer experience

We have realized and improved customer convenience by promoting initiatives such as application via smartphone, paperless application process and insurance consultation via SNS. Going forward, we continue to enhance and evolve the quality of services, adopting changes on the times and circumstance, further utilizing digital technologies, so that to offer new customer experience on life insurance.

- Enhancement of promotion capabilities

We have strengthened promotion capabilities with high quality products and services to deliver to more customers. Continuously, we will appeal to customers by aggressive investment in marketing as well as expand online sales through our agents and white label business to generate massive customer traffic.

In terms of management goal, the indicators of our management goal of the current mid-term business plan was ordinary income and ordinary profit(loss). However, under current statutory accounting, initial cost is recognized at the time of acquisition, on the other hand, insurance premiums as revenue is collected gradually over the long period. Therefore, our long-term profit is not reflected accurately as our new business accounts for large proportion of policies-in-force.

Given the above, we consider EEV (European Embedded Value) as a key management indicator of corporate value and aim to achieve EEV of 100 billion yen in a mid-term. Moreover, we also disclose Adjusted Profit (ordinary profit(loss) excluding marketing expenses to acquire new business) as an indicator of profit generated from policies-in-force.

**About LIFENET (Website: <https://www.lifenet-seimei.co.jp/>)**

Remembering the original purpose of life insurance - mutual support - LIFENET INSURANCE COMPANY was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. By using the Internet, we are able to offer highly cost-competitive products and accept applications from customers at any given time. Through complete information disclosure and insurance consultations via email, over the telephone and in-person, we wish to offer customers a transparent way to choose a life insurance policy so they can compare, understand and approve of plans before signing up, as well as to spread the idea that LIFENET is the customer's connection to life insurance.

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**Securities Code:7157**  
**TSE Mothers**



# **Presentation on New Management Policy**

**LIFENET**

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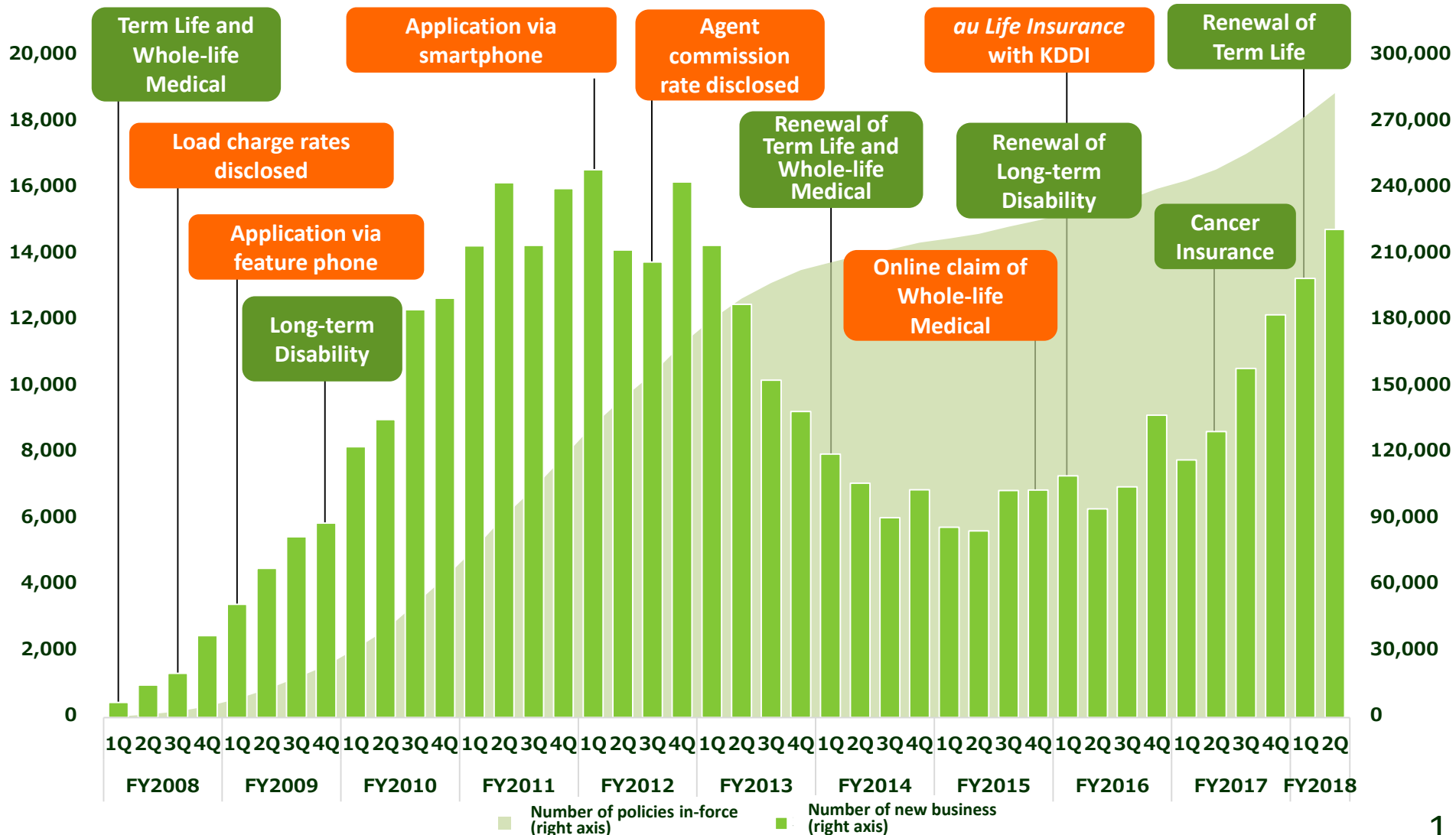
**LIFENET INSURANCE COMPANY**

**November 12, 2018**

# Looking Back on 10 Years since Business Commencement

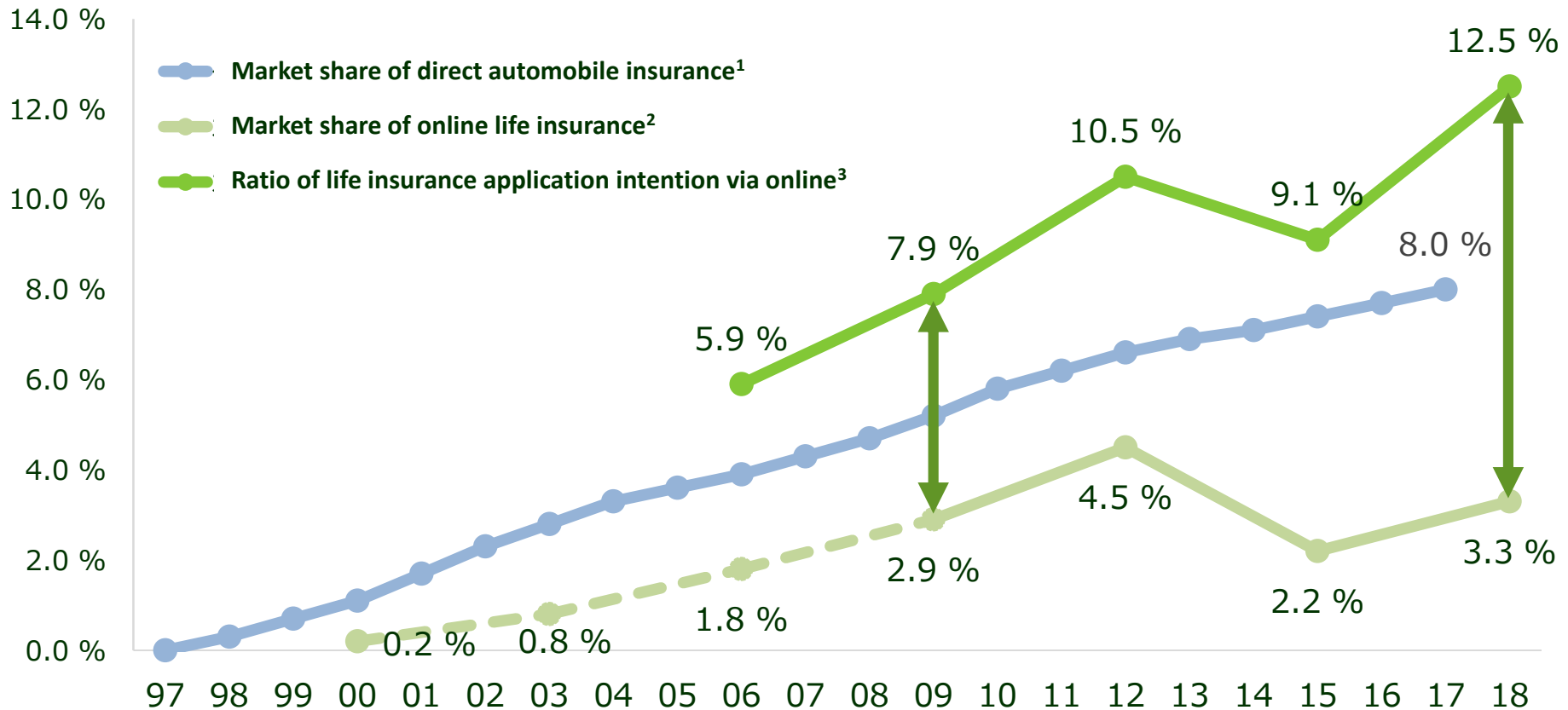


## ■ New business performance **back on growth track**



# Growth Potential of Online Life Insurance Market

## Expect growth of online insurance market based on growing consumers intension



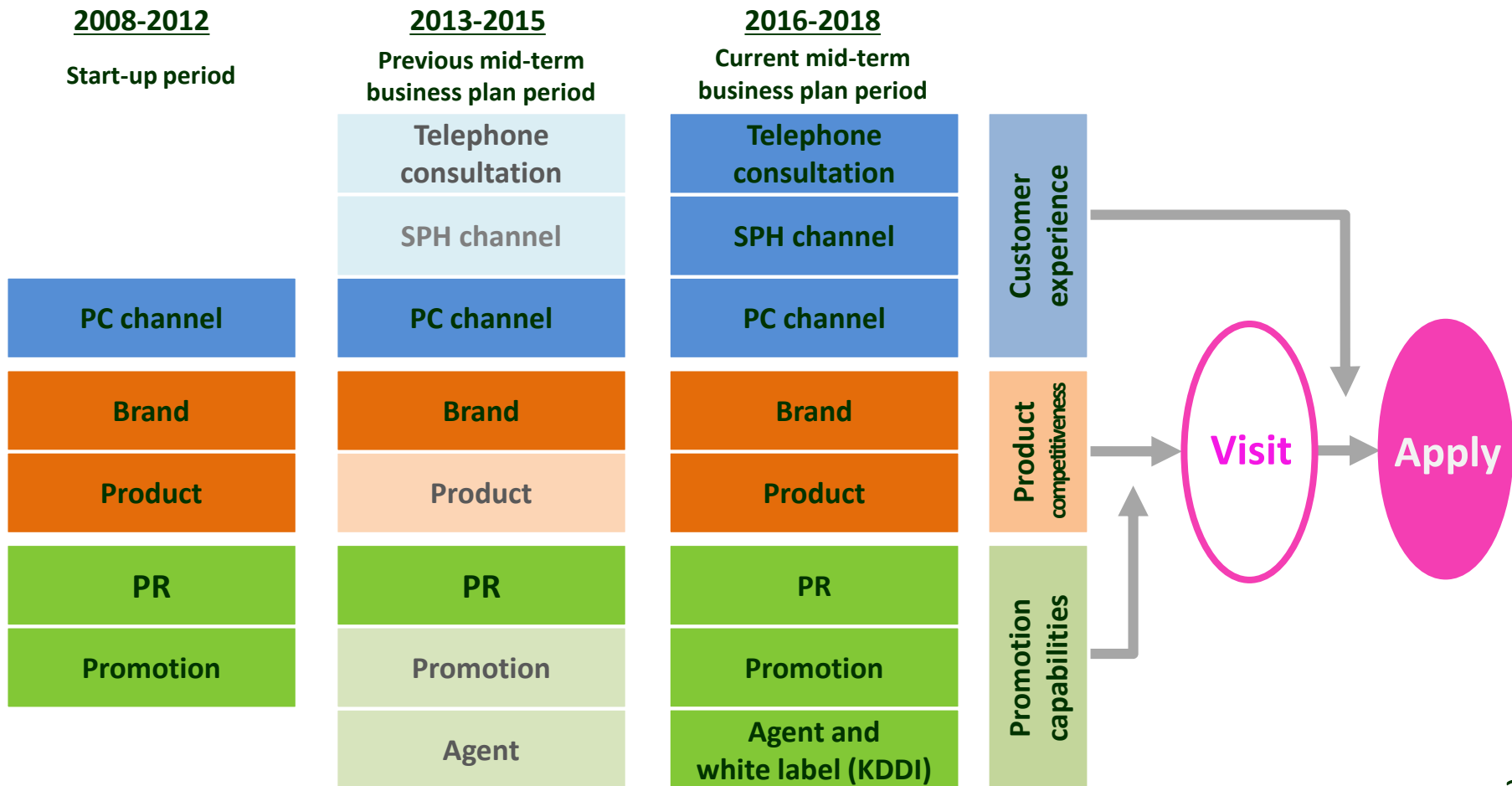
1. Ratio of direct automobile insurance to direct writing premiums in whole automobile insurance market

2. Ratio of online application to whole application channels of life insurance

3. Ratio of consumers who intend to apply via online in case he/she applies life insurance in the future

# Priority Areas during 10 Years

## ■ Responding to changing customer needs for sustainable growth



# New Management Policy



## Mission

**Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services**

## Vision

**Be the leading company driving the growth of the online life insurance market**

## Priority areas

- **Innovation of customer experience**  
Enhancing and evolving the quality of all services with digital technology
- **Enhancement of promotion capabilities**  
Generating massive customer traffic by active promotion and expansion of agent sales and white label business

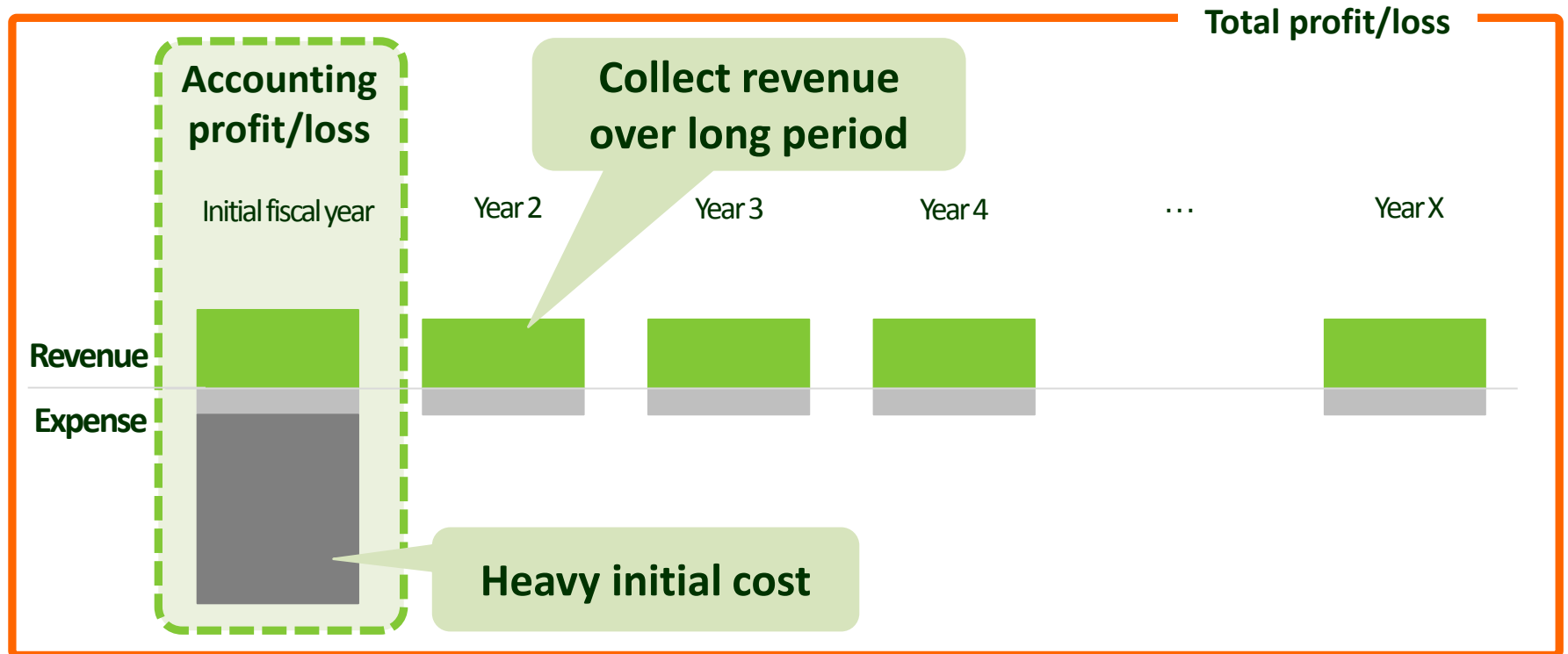


# Long-term Profit Not Reflected under Current Statutory Accounting

- **Taking time to generate profit**, as initial cost is recognized at the time of acquisition, and the revenue is collected gradually over long period

Approximate profit structure for one policy

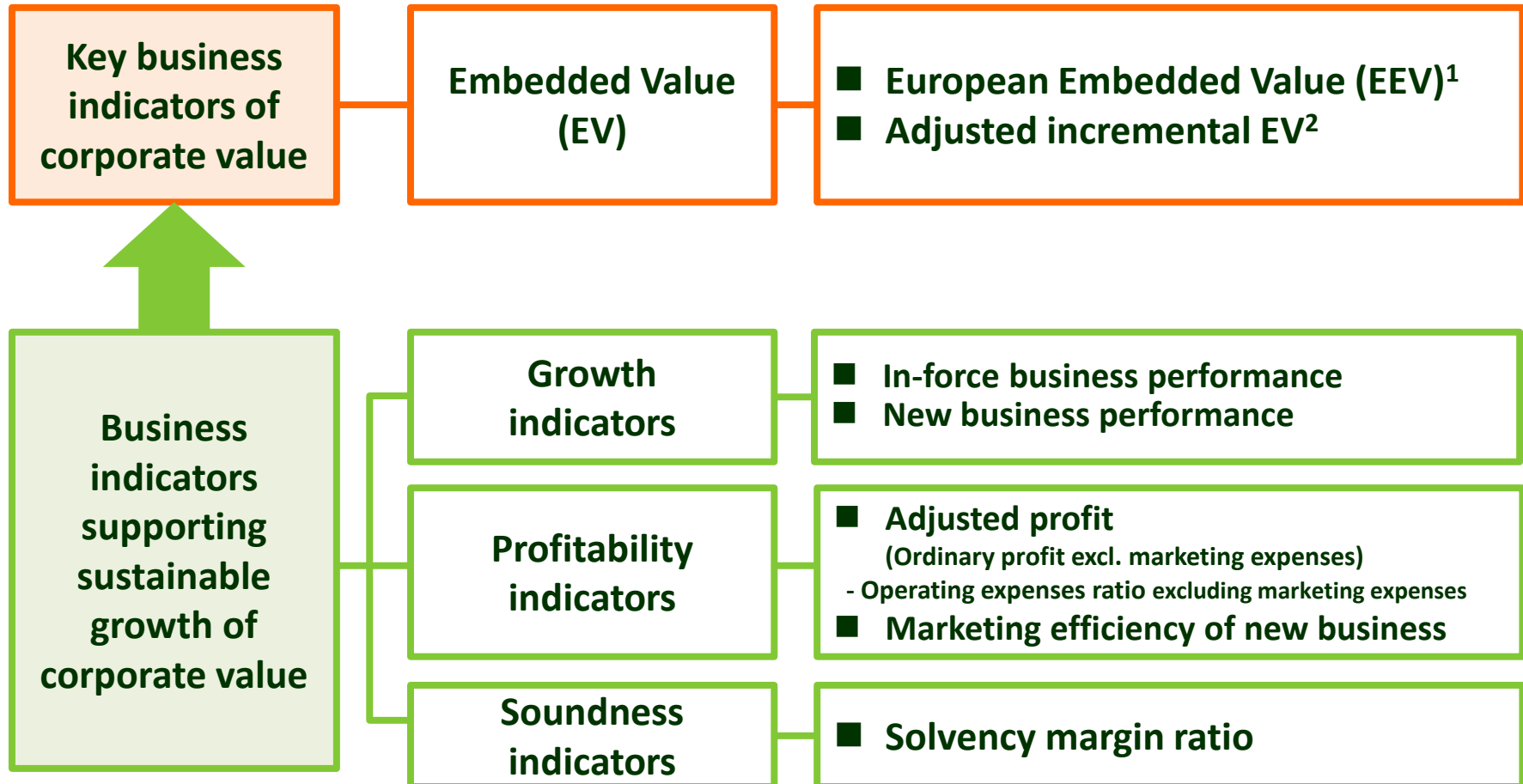
■ : Premiums      ■ : Operation expenses<sup>1</sup> excluding marketing expenses  
■ : Marketing expenses



1. Costs for policy management, payment of insurance claims and benefit claims, etc.

# Business Indicators

## ■ Aim for sustainable growth of Embedded Value



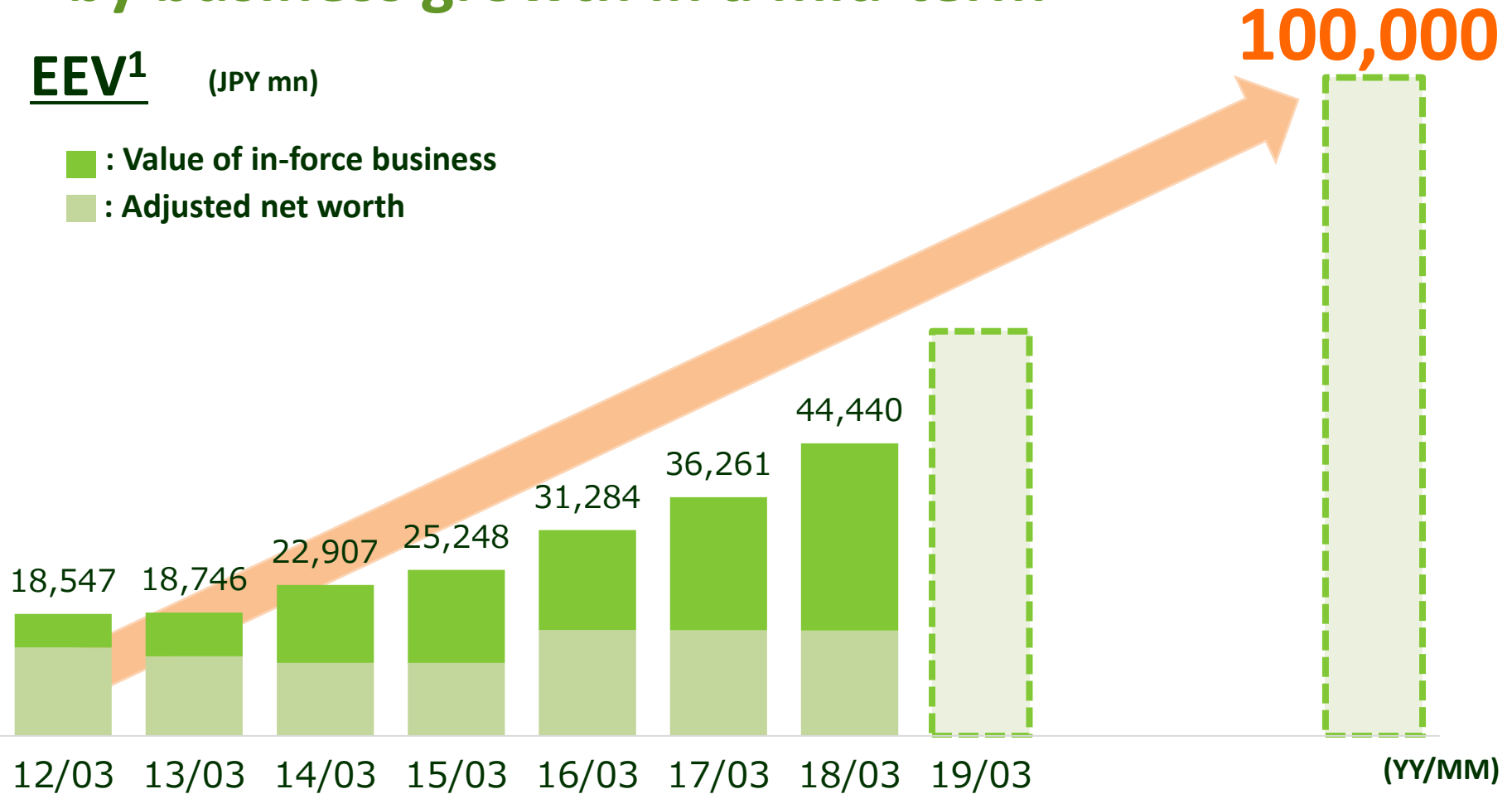
1. EEV is one of the calculation metrology of EV. The EEV Principles and related guidance were published in May 2004 by the CFO Forum, an organization comprising the chief financial officers of Europe's leading life insurers, in order to improve consistency and transparency in EV reporting.
2. Adjusted incremental EV consisted of components accurately reflecting our business growth in 1H of FY2018

# Management Goal

■ Aim to achieve **EEV of 100 billion yen** by business growth in a mid-term

**EEV<sup>1</sup>** (JPY mn)

■ : Value of in-force business  
 ■ : Adjusted net worth



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate the level of ultra-long-term interest rates past the last liquid data point. This method of extrapolation has also been used to restate EEV as of March 31, 2016.

# LIFENET Manifesto



## Comprehensible, Cost-Competitive, Convenient

### I. Our Guiding Principles

- (1) Creating the life insurance of the future without losing sight of its original premise: “an ounce of prevention is worth more than a pound of cure.”
- (2) Listening to what our customers are saying. Recognizing their needs and acting accordingly. Allowing our actions to be borne out of their voices and needs.
- (3) Delivering the caliber of products and services that we would feel confident recommending to our own friends and families.
- (4) Being a “straight-shooter”. Committing to transparency. Communicating openly about our management team, our products, and our employees.
- (5) Embracing diversity and dialogue to keep us abreast of changing needs and preferences. Delivering peace of mind that we’ll be around in 100 years.
- (6) Acting in good faith means always taking the high road when it comes to compliance and ethics.

### III. Making Life Insurance Accessible Again - Affordable

- (1) Giving the customer what he/she needs. No more, no less at a fair price.
- (2) Staying vigilant as to how we can provide our products more cost-efficiently.
- (3) Always putting ourselves in our customers’ shoes in thinking about how to minimize their premiums.

### II. Making Life Insurance Accessible Again - Headache-free

- (1) Helping the customers help themselves. By making our materials easy to understand, customers can determine which coverage is truly the best fit.
- (2) Turning “clauses” in the insurance contract into succinct points that your grandmother could grasp.
- (3) Making all touch points headache-free. Beyond the application process, ensuring the claims and billing processes are also easy to understand.

### IV. Making Life Insurance Accessible Again - Convenient

- (1) Thinking about our customers’ convenience from every angle and every touch point along the way.
- (2) Forming alliances with like-minded partners who can add value above and beyond our products and services to our customers.
- (3) Providing health and wellness tips beyond the framework of life insurance to create value in our policyholders’ lives.
- (4) Creating a precedent for future generations as to what life insurance is (and should be) all about.

**We wish to be a company that helps our customers embrace life more fully.  
In order to live out that vision, we continue to challenge ourselves.**



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