

# A Message from the Management



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## Overview of Fiscal 2004

As a pioneer in the Japanese life insurance industry, Meiji Yasuda Life Insurance Company (Meiji Yasuda Life) will adhere to the spirit of mutual aid and our fundamental principle of being customer-oriented to provide high quality comprehensive insurance services in which life insurance plays a core role, and deliver assured ease of mind and wealth to our customers. In doing so, we aspire to our goal of becoming the life insurance company most trusted by customers.

At the time of the merger, we launched the Medium-Term Business Plan and Phase 1 of the Business Plan with a view to quickly creating merger benefits while promoting the creation of a firm business structure offering higher profit-earning capability, a sounder financial base and growth potential. On the sales side, we have sought to quickly establish our three business models – Total Life Planning Services, Total Corporate & Group Services, and Collaboration Marketing Services – while expanding our product line-up and offering value-added services to improve convenience for customers.

The following are the major activities and achievements for the period under review.

- In an attempt to strengthen our product line-up still further centered around the “Life Account L.A. Double” series, we launched two new products to meet the need for medical and nursing-care security – “Life Account L.A., Mirai and Mamoru” – meaning “Protect the Future” and “Life Account L.A. Double, Iki-kenkou” – meaning “Excellent Health.” We also initiated OTC sales of our new Investment Trust Type Annuity “Dream Annuity D.A. Plus” at banks and other financial institutions.
- Attempts to improve management efficiency, including consolidating the organization and reducing overlapping expenses in the two companies, together with the economies of scale generated by the merger yielded a reduction of ¥78.6 billion in operating expenses.
- Profit-earning capability grew marginally as base profit, an indicator of annual earnings from mainstay insurance operations, reached ¥479.7 billion. Actual net assets stood at ¥3,284.1 billion (13.4% of total assets in the general account), providing enough assets to maintain healthy management. With unrealized gains in

the general account of ¥1,573.2 billion, we managed to maintain our corporate financial strength at an adequate level.

- The fact that we also maintained a relatively high solvency margin ratio of 890.5% shows that we have a sound financial base. As of May 1, 2005, Standard & Poor's gave Meiji Yasuda Life an "A-" rating, AM Best an "A" (Excellent) rating, and Fitch Ratings, Japan Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency (JCR) an "A+" rating.

## Challenges for Fiscal 2005

In February 2005, the Financial Services Agency (FSA) took legal measures against Meiji Yasuda Life under Insurance Law after we reported to FSA that the company had committed legal violations in connection with inappropriate handling of death benefit payments and had internal management issues.

Thereafter we have been carrying out voluntary investigations into previous cases of insurance and benefit claims that had been judged to be not payable. We found that some of the claims were inappropriately handled. We announced to the public in July as much information as was known at that time. At the same time we have been reviewing and enhancing the system to ensure appropriate benefit payment assessments, and will continue working to ensure prompt and appropriate benefit payments.

In fiscal 2005, we will conduct a drastic review of business operations and internal management to regain customers' trust, while moving to ensure the thorough implementation of compliance measures and our fundamental principle of being customer-oriented.

More specifically, in order to further strengthen the functions of the Board of Directors and promote healthy and appropriate business operations from the viewpoint of our customers, we appointed two experts as external directors at the 58th Regular Meeting of the Board of Representative Members held on July 5, 2005. We try to enhance the transparency of our decision making process, strengthen the accountability and fulfil the corporate governance by the new assignment of these two directors together with the existing three outside auditors.

We also established a Compliance Committee as an advisory panel to the Board of Directors with a view to building a highly effective compliance regime by strengthening the business oversight function. With its majority of external members, the Compliance Committee conducts discussions on basic policies for promoting compliance, important regulatory revisions and the state of progress from a standpoint that is totally independent of the business operations. The Committee also has the function and authority to demand reports from those business operations.

Meiji Yasuda Life's management is in the process of building an organization that embraces objective external viewpoints, establishing a "Customer Satisfaction Advisory Council" which reports directly to the President, as well as an "Insurance Claim Payment Assessment Committee", an advisory body comprising officers in charge of the Claims Administration Department. Thus it is improving its mechanisms for reflecting customers' views and strengthening its managerial and business operational checking functions.

Fiscal 2005 also marks the first year of Phase 2 of the Medium-Term Business Plan to quickly create benefits from the merger. Having adopted "Advancing into A Stage of Solid Growth" as its theme, Meiji Yasuda Life will tackle such issues as "Effective Allocation of Management Resources" and "Restructuring Market-specific Product and Channel Strategies". We aim to establish firm foundations for growth in all business segments by optimizing the advantage of the group's strength as a whole.

All company executives and employees will continue to devote their full energies to strengthening business management and creating a solid business base with a view to realizing our goal of becoming the life insurance company most trusted by customers. We ask for your understanding in these endeavors and sincerely hope your continuing support remains unchanged.