

## Overview of Fiscal 2005

In October 2005, administrative measures were taken against Meiji Yasuda Life Insurance Company (Meiji Yasuda Life) by the Financial Services Agency (FSA) for the second time since February 2005, when it recognized that we had violated Insurance Business Law through non-payments of insurance claims and benefits, and had problems in internal management and business administration. In December 2005, we implemented major management changes in order to clarify managerial responsibility and fulfill our social mission as a life insurance company by providing our customers with ease of mind. We are undertaking the various challenges towards the realization of a “company that values its customers”.

More specifically, we are promoting efforts to proactively disclose information. For example, from December 2005, we started to disclose each quarter the number of policies that were deemed ineligible for payments, and the number of complaints received, with specific examples.

As a pioneer in the life insurance industry, we have a fundamental principle that we adhere to the spirit of mutual aid and endeavor to realize a “company that values its customers” and provide them with high quality comprehensive insurance services in which life insurance plays a core role and deliver assured ease of mind and wealth.

On the sales side, through face-to-face consultations conducted by sales personnel, we offered life, medical care, non-life and pension products that meet customers’ needs, centered on the “Life Account L.A. Double” series.

In particular, we launched the new L.A. Double products with medical coverage “Gan Juten Pack” and “Josei Iryou Pack” to strengthen our line-up for providing coverage against serious illnesses like cancer, and basic coverage for hospitalization and surgery. We also launched “Medical Insurance MY Doc”, which focuses on basic hospitalization and surgery to satisfy the growing need for medical coverage among customers aged 40 and over, and “Children’s Insurance” to provide comprehensive support for growing children.

Profit-earning capability was stable as base profit, an indicator of basic annual earnings from insurance operations, reached ¥468.1 billion. Attempts to improve management efficiency, including consolidating the organization and reducing overlapping expenses, together with the economies of scale generated by the merger yielded a reduction in operating expenses.

The fact that we also maintained a relatively high solvency-margin ratio of 1,179.9% shows that we have a sound financial base. Actual net assets stood at ¥4,886.6 billion (19.1% of total assets in the general account), providing enough assets to maintain healthy management. With unrealized gains in the general account of ¥3,068.2 billion, we managed to maintain our financial strength at an adequate level.

As of July 4, 2006, Standard & Poor’s gave Meiji Yasuda Life an “A-” rating, Fitch Ratings an “A” rating, AM Best an “A (Excellent)” rating, and Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency (JCR) an “A+” rating.

松尾 憲治

Kenji Matsuo  
President



## *Challenges for Fiscal 2006*

In fiscal 2006, we keep the situation confronting us in mind, think deeply about the invaluable opinions that we have received from so many customers, and work together to accomplish the reforms to enhance the quality of management.

We are undertaking the reforms necessary to achieve the status of an excellent life insurance company by innovating the attitudes and behavior of all officers and employees. To this end, we are working towards a fundamental restructuring of our management control system through reviewing our business plans, organization and regulations according to the fundamental principle. In January 2006, the new management regime drew up the “Meiji Yasuda Revitalization Plan” centered on projects such as the “Medium-Term Business Plan” and corporate culture reforms, and officers and employees are now making every possible effort to achieve the Plan.

The Plan incorporates reforms and actions for creating a “company that provides its customers with ease of mind”, a “company that values customers’ opinions”, and a “company that is open to society” on the basis of rigorous compliance designed to restore customers’ trust as soon as possible.

More specifically, as part of our efforts to become a “company that is open to society”, we have disclosed the three sources of profit that make up our base profit: expense margin, mortality and morbidity margin and investment margin and are promoting efforts to proactively disclose information. Also, continuous surveys of customer satisfaction levels form the core of a scheme for incorporating customers’ opinions into management. These opinions and examples of managerial improvements reflecting them were then compiled into the “Customer Opinion White Paper”, which was published in June 2006.

In July 2006, we also adopted the “Company with Committees” system to strengthen our management supervision functions and increase transparency, thereby enhancing corporate governance by making a clear institutional separation between management supervision functions and executive functions. We also promoted further transparency in management by increasing the number of outside directors on the Board of Directors from two to six, putting them in the majority (six out of eleven). To reform the operations of the Board of Representative Members, we decided to hold Representative Member Reporting Meetings each December in addition to the Regular Meeting of the Board of Representative Members. We increase the number of opportunities for the Board of Representative Members to receive management information and present their proposals to us. We also decided to introduce a representative members candidature scheme to further strengthen the transparency of the representative member election process.

All officers 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 look forward to your continuing support and understanding in these endeavors.