

A Message from the Management

Kenji Matsuo
President

松尾憲治



Overview of Fiscal 2006

Meiji Yasuda Life continued to make commitments throughout fiscal 2006 to prevent any recurrence and to drastically reform our management structure, after receiving two administrative measures in 2005, which resulted in the decline of customers' trust. The measures were due to violations of laws and regulations through inappropriate non-payments of insurance claims and improprieties related to insurance sales, along with problems in internal management and business administration.

Based on the operational improvement plan drawn up in November 2005, we continued our ongoing reviewing into approximately 2.6 million cases of insurance claim payment events that had arisen in the five years from fiscal 2001 through fiscal 2005. Where we found cases of inadequate payments due to clerical errors, and insufficient guidance upon insurance claims, we have been confirming whether payments can be made or not and, where appropriate, making such payments as quickly as possible.

Taking rigorous enforcement of compliance within the company as our basic premise, we made efforts to create a new corporate culture that values customers more. In January 2006, we drew up the "Meiji Yasuda Revitalization Plan," which comprises the "Medium-Term Business Plan" and the "MOT Project for Creating a New Corporate Culture." The plan calls upon all officers and employees to strive to enhance trust in Meiji Yasuda Life by realizing a company that values its customers more.

The "Medium-Term Business Plan" runs from January 2006 through March 2008 and involves the following three reforms designed to establish thoroughgoing compliance and corporate social responsibility (CSR).

Reform #1: Strengthen corporate governance and enhance transparency by developing internal and external checking procedures.

In July 2006, Meiji Yasuda Life adopted a "Company with Committees" system. A majority of the members of the Board of Directors are outside directors, and there is a clear institutional separation between the management supervisory function and executive function.

Reform #2: Strengthen core functions such as customer services through prioritized allocation of management resources

We reviewed head office deployment of personnel, prioritizing adequate allocation of work force members to the customer services divisions in charge of our core insurance company operations – underwriting, policyholder services and payment procedures – and to the management and internal control divisions.

Reform #3: Shift to a sales and marketing policy that places greater emphasis on consulting and after-service

Since April 2006, we have made a point of ensuring that sales personnel provide proper explanations to customers when contracts are concluded. Our sales personnel explain and deliver to customers the contents of our "Policy Summary" document, which covers matters that must be elucidated when contracts are signed, and our "Information Calling for

Attention" document, which provides an easy to understand summary of important information. Customers are given their own copies when the contract is signed.

To clarify our stance on CSR management and make it one of our permanent challenges, we drew up a new "CSR Management Declaration" in January 2007. At the same time, to ensure the thoroughgoing enforcement of our corporate philosophy of valuing customers, we revised our Code of Conduct. This lays down our corporate vision – our aspirations to create an ideal company – and prescribes the missions and behavior of our officers and employees. We also established a CSR Promotion Council comprising members of the Management Council and chaired by the President. In addition to drawing up plans to promote CSR, it monitors progress in implementation and, in February 2007, published the "CSR REPORT 2006," which describes our corporate efforts to promote CSR.

In light of environmental transformations such as the changes in population structure wrought by the declining birthrate and the aging of society, as well as the diversification of customers' lifestyles, we reviewed our product mix, centered on death benefits, and diversified our product line-up to satisfy wide-ranging needs for medical coverage and living benefits.

In September 2006, we launched two new products. "Everybody" is a new type of single premium whole life insurance product that satisfies the need for lifetime protection combined with long-term asset formation. "Nenkin Hitosuji" is an individual annuity that offers a higher annuity receipt rate than our existing products. In November 2006, we also launched several new products in the "Life Account L.A. Double" series, including "7 Guard," "G Protect" and "for Lady."

Profit-earning capability was stable as base profit, an indicator of basic annual earnings from insurance operations, reached ¥458.2 billion. In the area of capital, we procured ¥60 billion in foundation funds, raising our total foundation funds (foundation funds and accumulated redeemed foundation funds) to ¥410 billion.

Annualized new business premiums for individual life insurance and annuity amounted to ¥101.8 billion, of which third sector insurance such as medical coverage and living benefits accounted for ¥29.9 billion. Annualized premiums in force at the end of the business year amounted to ¥1,783.5 billion, of which third sector insurance accounted for ¥339.4 billion.

Our solvency margin, which indicates our ability to pay insurance claims, rose by 175.0% year-on-year to 1,354.9%. This not only exceeds the standard of 200% set by the supervisory authority, but shows that our financial health remains more than sound.

As of July 3, 2007, Standard & Poor's gave Meiji Yasuda Life an "A-" rating, Fitch Ratings an "A" rating, AM Best an "A(Excellent)" rating, and Japan Credit Rating Agency (JCR) an "A+" rating.

Challenges for Fiscal 2007

We shall continue to devote ourselves to achieving the challenges laid down in our Operational Improvement Plan. These include improving and strengthening corporate governance and our approach to managing sales and its conduct, drastically revising our approach to managing payments of insurance claims and responding to customers' complaints, and enhancing and revising our approach to compliance. More specifically, on the business management side, aiming to strengthen our corporate governance and internal management, we shall continue to reflect views from outside the company in our management, upgrade our internal control systems, and as a company that is open to society, enhance our transparency by sustaining our ongoing proactive approach to information disclosure. With regard to our core roles in underwriting, policyholder services and payment procedures, we shall strengthen the functions customers expect of life insurance companies by effecting systematic improvements in operations and systems, and reinforce our information disclosure based on the customers' points of view. On the sales side, we shall continue to focus on quality that reinforces consulting and after-services, creates products and policy provisions that are easy to understand, and seeks higher services.

As fiscal 2007 is the final year of the "Meiji Yasuda Revitalization Plan," we shall move steadily ahead with reforms to our corporate culture through the "MOT Project for Creating a New Corporate Culture." This aims to establish a company that provides customers with ease of mind, values their opinions, and is open to society. These goals form the basis of the "Meiji Yasuda Revitalization Plan" and call for the realization of a company that values customers as described in the "Medium-Term Business Plan," which runs from January 2006 through March 2008. We shall also take the business conditions facing the company and the industry into consideration as we make preparations for future growth and a smooth start to our next "Medium-Term Business Plan," which gets underway in fiscal 2008, i.e., April 2008. Through these initiatives, we will endeavor to become a company that is respected and highly regarded by customers and society, and earns higher levels of trust and appreciation.