

A Message from the Management



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During fiscal 2009, the Japanese economy emerged from the rapid downturn triggered by the global financial crisis that started in the fall of 2008, and entered a gradual recovery. Exports centered on China and other parts of Asia turned upwards, and consumer spending showed signs of reviving as a result of the economic stimulus package. Because of high unemployment rates and concerns over prolonged deflation, however, the incomes and employment environment remained severe, and instability in the financial and capital markets continued.

In the life insurance business, it has become more important than ever to create a business structure that is robust enough to withstand all kinds of environmental changes. These range from the structural change in the market such as the declining birthrate, the aging of society and increasingly diversified customers' needs to anticipated trends in accounting standards and supervisory regulation.

Despite this tough economic environment, we posted an increase in insurance premium income for the third consecutive year, with a fiscal 2009 total of ¥3,282.4 billion. Annualized new business premiums for individual life insurance and annuities were ¥188.0 billion.

There was a slight decline in base profit, an indicator of annual earnings related to insurance and investment operations, to ¥291.4 billion. Operating expenses rose because reforms of the sales personnel system led to higher labor costs, and sales commissions rose on the back of major

progress in bancassurance sales. On the other hand, our solvency margin ratio – an indicator of financial soundness – rose to 1,187.5% and real net assets reached ¥3,500.6 billion. These figures marked a substantial improvement compared to fiscal 2008, when we were affected by the financial crisis, and we continue to boast one of the strongest financial bases in the Japanese insurance industry. To further strengthen our business structure, we improved our capital position by procuring ¥60.0 billion in foundation funds in July 2010.

As of July 2, 2010, Standard & Poor's gave Meiji Yasuda Life an “A-” rating, Fitch Ratings an “A” rating, and Japan Credit Rating Agency (JCR) an “A+” rating.

Since April 2008, we have been implementing “Drastic Reforms of the Key Channel,” “Channel Diversification and the Development of New Markets,” and “Further Improvement of the Business Structure,” which constitute the core of the “Meiji Yasuda Challenge Plan.” Based on these three initiatives, we have been aiming to achieve stable growth through the proactive pursuit of greater customer satisfaction.

We have instituted drastic reforms of our key channel – our sales personnel – to change their working patterns from their roots upwards to improve their communications with customers in both quantitative and qualitative terms, and achieve dramatic improvements in service quality. These reforms yielded steady results in fiscal 2009 as contract quality indicators such as persistency ratios and lapse and surrender ratios continued to improve

and the number of new contracts started increasing. We also took a proactive approach to developing new services and sales channels with a view to improving convenience for customers so as to be able to respond more precisely to their increasingly diversified needs.

Reflecting the opinions we received from customers, we worked hard on our key functions as a life insurance company – underwriting, policyholder services and claim payments – with a view to offering customer services that are easier to understand and more convenient. To ensure that we can faithfully fulfill payments of insurance claims and benefits in the future, we continue to devote our efforts to maintaining and strengthening our financial fundamentals as well as enhancing our risk management controls.

Fiscal 2010 is the final year of this three-year plan. We shall devote further effort to this plan to provide services that offer customers even greater satisfaction. We are making preparations for our evolution into the next growth stage, which will allow us to respond speedily to structural changes in society and our customers' new needs.

As a “Company that Values its Customers,” all our officers and employees are strongly aware of the social mission of the life insurance business. To this end, we will work sincerely and wholeheartedly together to deliver constant ease of mind to our customers.