

Release of New Product, SUMITOMO LIFE Vitality
Shared-Value Insurance that changes the future

Sumitomo Life Insurance (CEO: Masahiro Hashimoto, hereafter “Sumitomo Life”) introduces Vitality Shared-Value Insurance, through SUMITOMO LIFE Vitality on July 24, 2018.

Sumitomo Life, Discovery Ltd. (hereafter, Discovery) and SoftBank Group Corp. announced “Japan Vitality Project” on July 21, 2016 to introduce “Vitality” developed by Discovery and have undertaken the project with a slogan, “Make Japan Healthier.”

<http://www.sumitomolife.co.jp/english/newsrelease/pdf/nr20160721.pdf>

“Vitality” is a globally recognized wellness program and is offered to 17 countries and regions worldwide. The Vitality wellness program will be available for the very first time in Japan as SUMITOMO LIFE Vitality, offered by Sumitomo Life.

*Discovery has an exclusive partnership with one insurance company in each country where Vitality is introduced. In Japan Sumitomo Life signed an exclusive agreement with Discovery.



SUMITOMO LIFE Vitality is different to traditional static insurance that determines a premium based on health conditions at a certain point or at policy inception and merely insures conditions such as illness. This new product aims to “reduce risks themselves” whereby post enrolment, the insurer evaluates members’ continuous engagement in health promotion activities, including annual health checks and daily physical activities, and the premium fluctuates depending on the level of engagement.

In addition, Sumitomo Life has partnerships with 11 companies who understand the philosophy and purpose of Vitality. Together with each partner, it offers discounts on various products and services to members of SUMITOMO LIFE Vitality as a reward for their continuous efforts in health promotion.

In a society in which people are living longer, Sumitomo Life is determined to contribute to improving the health of each customer and realizing a healthy and long-living society through the sale of this brand-new type of insurance**, SUMITOMO LIFE Vitality.

SUMITOMO LIFE Vitality

Comparison with Traditional Insurance

<p align="center">Traditional Insurance</p> <ul style="list-style-type: none"> ● Premium is locked in based on health conditions at inception (a certain point in time) ● Primary function is to prepare for illness etc. 		<div style="border: 1px solid red; padding: 5px;">  </div> <ul style="list-style-type: none"> ✓ Evaluate continuous health promotion activities. Premium fluctuates based on Vitality status ✓ Contribute to reducing the risk of developing diseases etc. by promoting health promotion activities. <div style="border: 1px solid red; padding: 5px; text-align: center; margin-top: 5px;"> Insurance to contribute to improve health of every customer </div>
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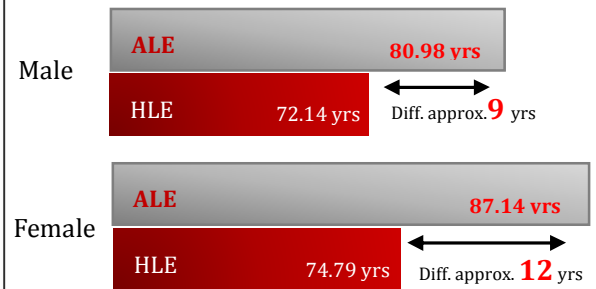
**Internal investigation as of July 2018. This is the first insurance product in the life insurance industry in Japan that continuously evaluates various health promotion activities including not only health conditions but also physical activities and whose premium fluctuates based on the evaluation. This is a program to support health promotion activities of each customer and continuous engagement, including benefits (rewards) offered by partner companies.

a. Expansion of Healthy Life Expectancy

Although Japan is one of the longest-lived societies in the world, the gap between average life expectancy and healthy life expectancy* is significant and addressing it is an important social issue. (*The number of years of life in good health that people can live independently without nursing care and such)

Considering the nature of life insurance, which involves a long relationship with customers, contributing to an increase in healthy life expectancy aligns with the company's purpose. Therefore, Sumitomo Life believes it should make efforts in this field.

(Fig.1) Difference between average life expectancy (ALE) and healthy life expectancy (HLE)



(Source) Average life expectancy: "Abridged Life Table" (Ministry of Health, Labor and Welfare); Healthy life expectancy: "Comprehensive Survey of Living Conditions" (Ministry of Health, Labor and Welfare)

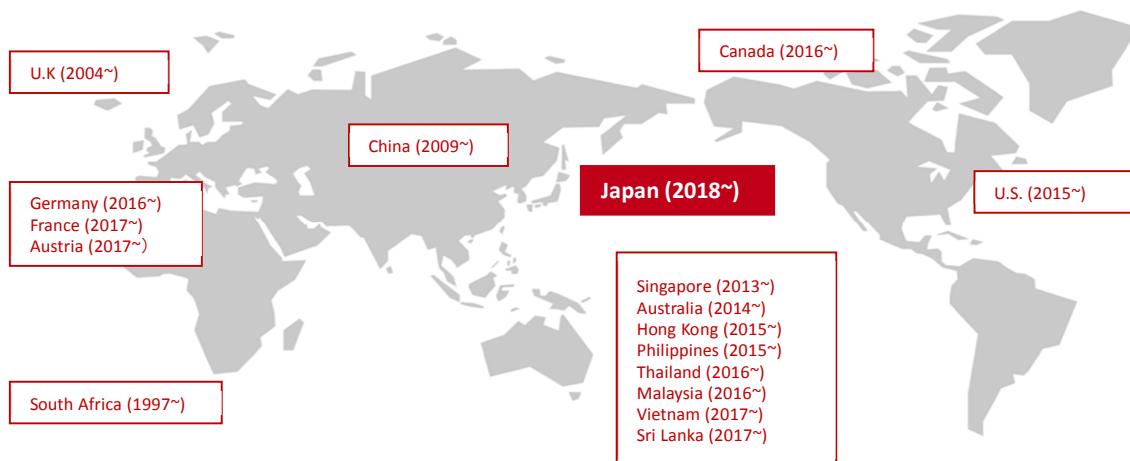
b. Development of Product to Contribute to Customers' Health Promotion ~Japan's Introduction of Vitality~

With a desire to realize longer healthy life expectancy and a healthier life for every customer, Sumitomo Life has teamed up with South African company Discovery, a pioneer of Vitality Shared-Value insurance, to jointly develop a product that brings the globally-recognized Vitality program to Japan.

Using knowledge and expertise that Discovery has accumulated for over two decades, Sumitomo Life has developed a program suitable for the Japanese lifestyle and engagement in health promotion activities. SUMITOMO LIFE Vitality is now being launched.

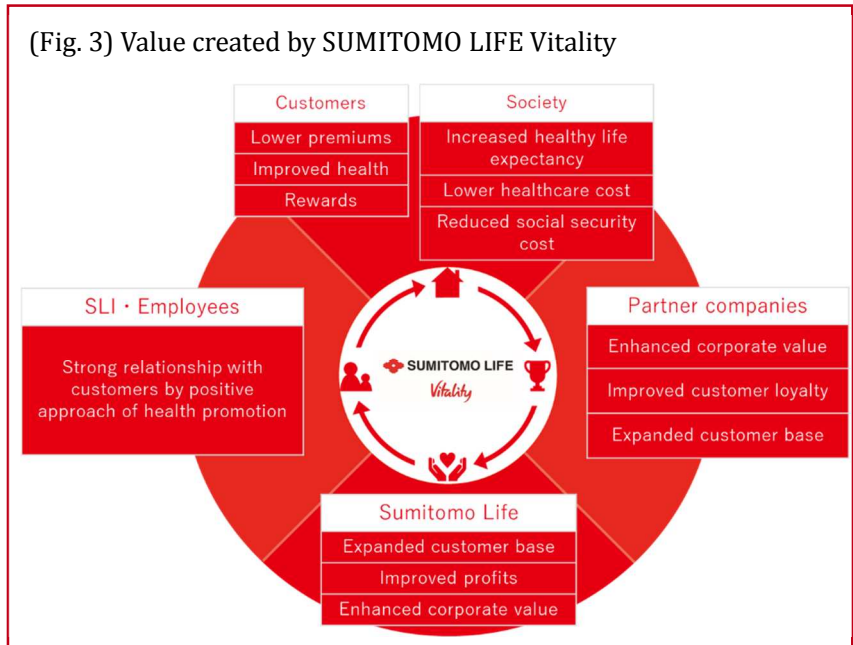
(Fig. 2) Vitality Global Network

Since the launch of the Vitality wellness program in South Africa in 1997, the program is offered across 17 countries and regions worldwide to approximately 8.4 million members (as of June 2018).



c. Value created by SUMITOMO LIFE Vitality ~Realization of CSV~

Sumitomo Life seeks to “improve customers’ health” and “realize a healthy and long-living society” through the sale of SUMITOMO LIFE Vitality. This initiative is based on an idea called “Creating Shared Value” (*). This is a model whereby additional economic value is unlocked, creating benefits for the member (less sickness, more years of life), the insurer (reduced costs over time) and society (healthier more productive society). Sumitomo Life believes that this concept has potential to drastically change the life insurance market.



*Creating Shared Value is a management concept whereby a corporation balances the goals of “resolving societal problems” and “enhancing corporate value (raising profits and competitiveness)”

To address the social issue of realization of a “healthy and long-living society,” Sumitomo Life is promoting the “CSV project” that creates shared value among “customers,” “society,” “the company and its employees.” This will be achieved through three projects with a focus on SUMITOMO LIFE Vitality as well as “encouraging health promotion of the entire society” and “promotion of ‘health and productivity management’ to help its employees and their families become healthier.”

a. Innovativeness of SUMITOMO LIFE Vitality

SUMITOMO LIFE Vitality features a mechanism that supports members' health promotion effectively and efficiently by adopting cutting-edge technologies and study results.

(1) Prevention of non-communicable diseases

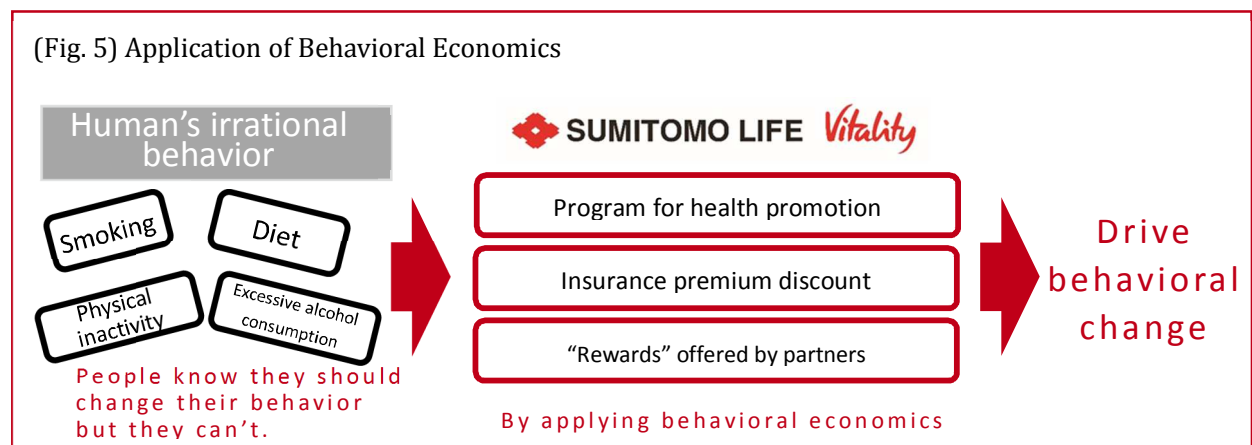
According to the World Health Organization, 60% of deaths worldwide are caused by four chronic diseases: "cancer," "diabetes," "cardiovascular diseases" and "respiratory diseases," which are driven by four unhealthy habits: "physical inactivity," "unhealthy diet," "smoking" and "excessive alcohol consumption". Improving unhealthy behavior is therefore of great importance in reducing illness and mortality.

To change these unhealthy behaviors, SUMITOMO LIFE Vitality is designed to give members opportunities and incentives for improving their health, eventually leading to better health through engagement in the program.



(2) Application of Behavioral Economics

To encourage members to follow a healthier lifestyle, SUMITOMO LIFE Vitality has employed "behavioral economics" - a field of study that analyzes human behavior from the understanding that people do not always behave rationally.



1. Status Quo Bias

A tendency that “people will not change the current situation without motives” is called “status quo bias”. People are aware that it is important for them to change their lifestyle behavior, but in reality, they tend not to change their behavior without motives or inducement.

SUMITOMO LIFE Vitality drives customers to change behavior and become healthier by giving them opportunities to know their health, such as “online assessments”, and incentives to improve their health by offering various rewards they can use on a daily basis.

2. Loss Aversion

A tendency that “people prefer to avoid losses rather than acquire a gain of equal amount; and put importance on not losing what they have” is called “loss aversion”.

SUMITOMO LIFE Vitality offers an upfront discount on insurance premiums at policy inception. The premium fluctuates depending on members’ efforts in health promotion. It is expected that members will continue health promotion activities to keep the discount as, psychologically, they want to avoid a premium increase (because they feel they will lose the discount).

In addition, SUMITOMO LIFE Vitality evaluates not only improvement in health conditions (i.e. results) at a certain point through the use of health checks, but also offers a discount on insurance premiums and rewards by assessing engagement in health-related activities over time, for instance, exercise during a membership year. In line with this, the program offers “Active Challenge,” whereby members can receive short-term rewards such as a free coffee based on their achievement of weekly goals (see page 12 for details).

(3) Use of Leading Technologies

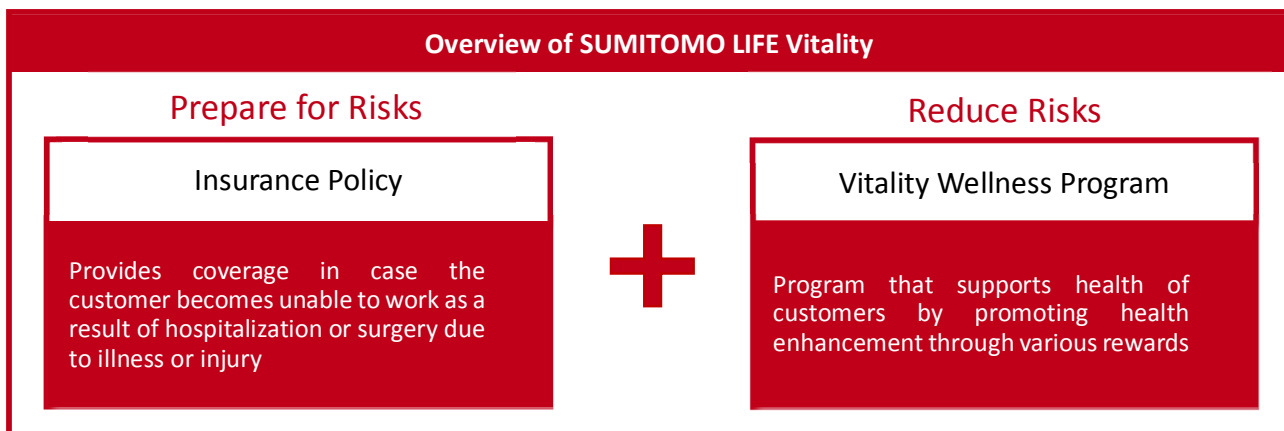
To assess members’ engagement based on points earned through daily exercise, steps and heart rate, SUMITOMO LIFE Vitality utilizes data measured through smartphones or wearable devices. Members’ data obtained by those devices is captured in Discovery’s Vitality system via the Vitality Member Portal (web and mobile app).

It was difficult for life insurance to introduce a mechanism to capture and evaluate health promotion activities accurately and timely with previous technologies. This has now been made possible through state-of-the-art technologies including Discovery’s proprietary systems as well as activity trackers and wearable devices.

b. Overview of SUMITOMO LIFE Vitality

SUMITOMO LIFE Vitality consists of an insurance policy and Vitality wellness program policy. Besides conventional coverage, it allows customers to earn points based on their daily health promotion activities and

determines their status depending on points earned. According to their status, their insurance premium fluctuates and they receive benefits (rewards).

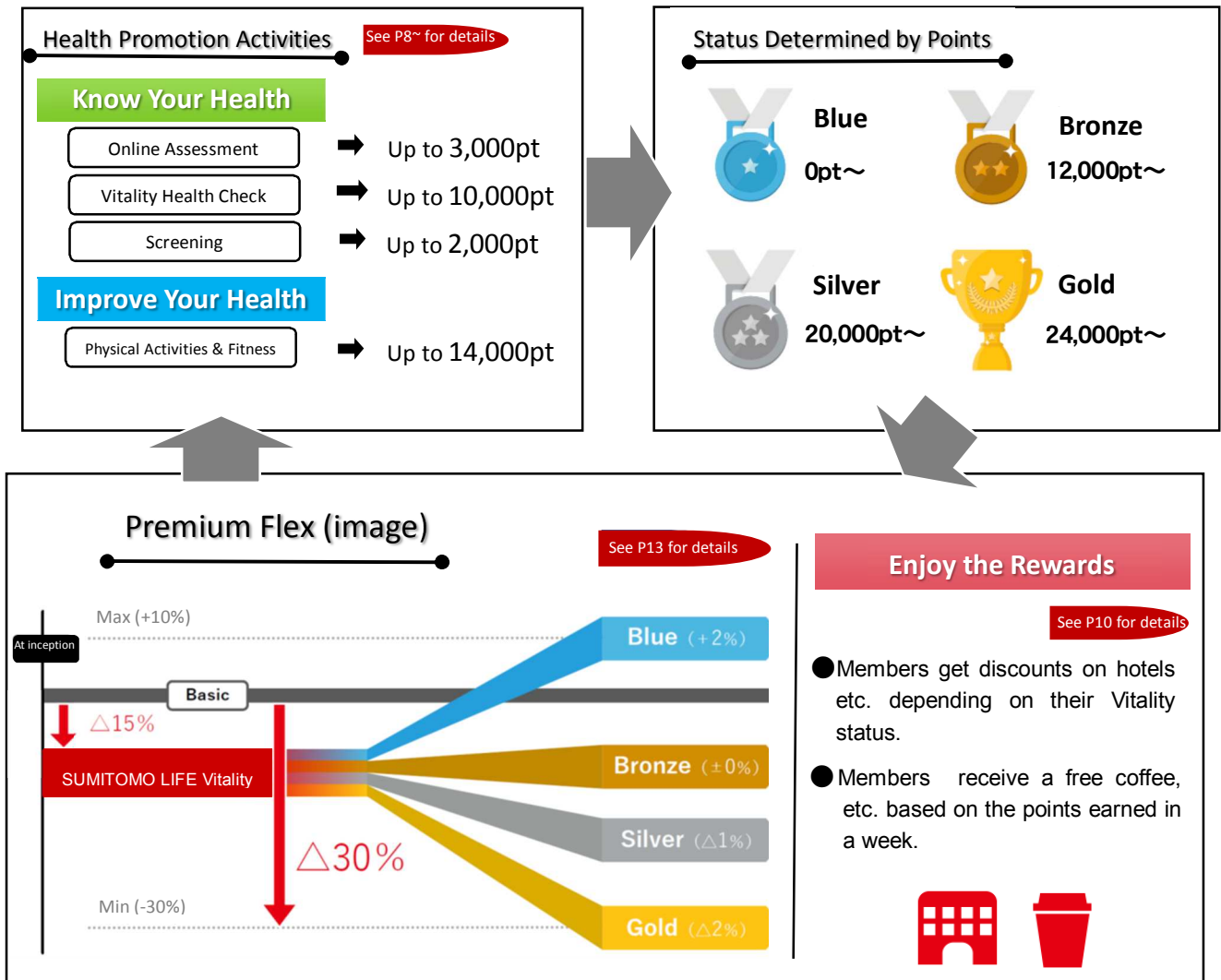


*A health promotion multiplier rider is applied to the insurance policy

*Please refer to page 14 for products integrated with the Vitality wellness program and requirements.

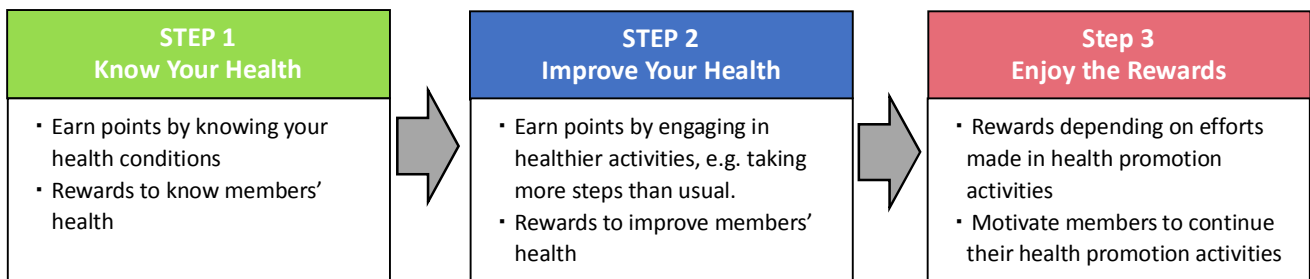
*Apart from insurance premium, 864 yen (incl. tax) per month is required as a Vitality usage fee.

■ Overview of SUMITOMO LIFE Vitality



c. Vitality Wellness Program

The Vitality wellness program supports members' engagement in health promotion through three steps so that they can become healthier in an easy and engaging way.



Vitality status is determined based on accumulative points in a year. Insurance premium fluctuates according to the status every year. Various benefits (rewards) are offered to the members to support their health promotion activities.

(1) Evaluation of health promotion activities (Vitality points and Vitality status)

Step 1 Know Your Health

■ Online Assessment

Vitality Health Review	750 pts
Vitality Nutrition Assessment	750 pts
Non-Smoker's Declaration	750 pts
Mental Wellbeing Assessment	250 pts × 3 types

- The yearly limit is 3,000 points
- Members can earn points per item once per year

■ Vitality Health Check

BMI	By submitting results 500 pts ea. + Additional points calculated based on our criteria 1,500 pts ea. (under 64) 2,000 pts ea. (over 65)
Blood pressure	
Blood glucose	
Cholesterol	
Urine protein	

- The yearly limit is 10,000 points (12,500 points for members over 65)
- Members can earn points per item once per year

■ Preventative Screening

Colonoscopy	over 40	1,000 pts ea.
Lung cancer screening		
Gastric cancer screening		
Mammogram (Female only)		
Pap smear (Female only)	over 20	
Pneumococcal vaccination	over 65	

- The yearly limit is 2,000 points.
- Certain screenings do not need to be performed every year. Members will earn points in the year of the screening as well as the following years for which the screening is still valid for.

Step 2 Improve Your Health

■ Physical Activities

Steps	Under 65	65 and over	
	8,000 steps	6,000 steps	20 pts
	10,000 steps	8,000 steps	40 pts
	12,000 steps	10,000 steps	60 pts
Heart rate	30 mins workout at 60%+ of the average heart rate (220-age)		40 pts
	30 mins workout at 70%+ of the average heart rate (220-age)		60 pts
	60 mins workout at 60%+ of the average heart rate (220-age)		60 pts
Fitness gym	60 pts		

■ Physical Activities (cont.)

Event	100 pts	200 pts	600 pts	1,200 pts	2,000 pts
Walking	4km~ 10km	10km~ 15km	15km~ 30km	30km~ 50km	50km~
Running	—	5km~ 10km	10km~ 21km	21km~ 42.1km	42.1km~
Swimming	—	0.6km~ 2.5km	2.5km~ 5km	5km~ 8km	8km~
Cycling	—	15km~ 25km	25km~ 50km	50km~ 100km	100km~
Triathlon	—	—	14km~ 25.75km	25.75km~ 51.5km	51.5km~

- The yearly limit is 14000 points for all physical activities.
- Points will be awarded for the event that offers the member the highest point per day.

◇ How to earn points for health promotion activities

Members need to follow methods determined by the company to earn points

Items	Methods
Online assessment	Complete each assessment via Vitality Member Portal (* “Member Portal”)
Vitality Health Check, prevention, event	Members report completion of a health check, preventative screening and/or event via Member Portal and upload a designated image (result of health check-up etc.)
Steps, heart rate	Members upload data obtained from a smartphone or wearable device specified by the company
Fitness gym	Join a specified fitness gym that offers a plan for the Vitality members and work out there.

(*) Members-only website for Vitality members . They can access to the website via app.

■ Criteria for Status Determination

Status is determined according to accumulative points in a year (the criteria as shown to the right).

Points revert to 0 when a new membership year starts but the status the member achieved will carry over for the whole of next year. (If a higher status is achieved during the next membership year, the status goes up.)

Status	Points required
Gold	24,000 pts or higher
Silver	20,000 pts or higher
Bronze	12,000 pts or higher
Blue	0 pt or higher

(2) Benefits (Rewards)

As benefits (rewards) that support customers' continuous efforts in health promotion, SUMITOMO LIFE Vitality offers various products and services at a discounted price to the members.

* All prices are inclusive of tax (8%).

*Benefits (rewards) are available from September 1, 2018. However, the start date of some benefits (rewards) may differ.

*Benefits (rewards) are offered in accordance with the Vitality Health Program policy. Apart from insurance premium, 864 yen (incl. tax) per month is required as a Vitality usage fee.

*For more details about the benefits (rewards), please visit SUMITOMO LIFE Vitality special website

Know Your Health

◇Support the start of health promotion activities by offering an opportunity to know members' own health

■ Free or discount voucher for health check (blood test)



SUMITOMO LIFE Vitality members can use a free (*) or discount voucher for a blood test, self-administered blood sampling testing service (offered by Healthy Life Compass) available at selected stores of TSURUHA Drug or Welcia Yakkyoku nationwide.

*Members who purchase a smartphone through SoftBank online store for Vitality members only can receive a free blood test voucher.

Improve Your Health

◇Support continuous efforts by offering an opportunity to start health promotion activities

■ Wearable device discount



SUMITOMO LIFE Vitality members can purchase a wearable device with up to 40% off through Garmin online store for Vitality members only.



SUMITOMO LIFE Vitality members can purchase a wearable device with up to 30% off through POLAR online store for Vitality members only.



SUMITOMO LIFE Vitality members can receive the following rewards through SoftBank online store for Vitality members only:

- Free wearable device * when purchasing a smartphone
- Can purchase "Smart Body Composition Scale 2" with 2,400 yen off

*Members can choose wearable devices SoftBank offers.

■ Monthly gym membership fee discount



Konami Sports Club offers “Vitality Plan” with a special discounted price: 6,480 ~11,340 yen/month to SUMITOMO LIFE Vitality member. This plan is equivalent to a retail regular plan, “Twice-Weekly Plan” (up to 8 visits per month) offered at a price of 7,326 ~12,420* yen/month.

*Retail price differs depending on the gym category.



Service equivalent to the “Countrywide Master Membership plan” (14,364 yen) with unlimited access to all clubs countrywide is available at a price of 6,804 yen in the 1st year, 8,100 yen in the 2nd year and after.

■ Sports gear purchase discount



SUMITOMO LIFE Vitality members can purchase sports gear at adidas’s online store at a 30% flat discount, down from the regular price (including sales item).

*Some exclusions apply.

*Annual retail spend limit applies. (324,000 yen per calendar year)

■ Healthy food purchase discount



SUMITOMO LIFE Vitality members can purchase selected healthy foods online with up to 25% off when using “Oisix Club,” a delivery subscription service.

*Discount rates vary, depending on the level of engagement in the program. Retail spend limit applies (10,800 yen per month)

Enjoy the Rewards

◇ Offer rewards depending on engagement in health promotion activities and support members’ efforts with fun

■ Travel discount



SUMITOMO LIFE Vitality member can make hotel reservations with up to 40% off via Hotels.com Vitality members website. Discounts rates vary depending on Vitality status.

*Discounts rates are determined by Vitality status. The number of nights to which discounts are applied is limited to 5 nights per year.

◇Active Challenge

Active Challenge is a component of SUMITOMO LIFE Vitality to encourage members to engage in health promotion more actively. Members can set weekly or monthly Vitality target points and can receive rewards depending on achievement. To tackle concerns about keeping long-term motivation, Active Challenge aims to drive health promotion activities throughout the year by combining short-term goals and rewards earned by achieving targets.

■Active Challenge Apple Watch



SUMITOMO LIFE Vitality members can purchase an Apple Watch via the Vitality member only online store operated by Yodobashi Camera. Once requirements to start Active Challenge Apple Watch are met, the members can participate in it.

“Vitality coin *” is paid to the members for 24 months depending on their monthly targets achievement and points earned in a month. The members receive Vitality coin worth up to 1,000 yen per month (up to 24,000 yen for 24 months) by reaching their monthly targets for 24 consecutive months.

*Vitality coin can be exchanged for an e-money gift at the rate of “1 Vitality coin for 1 yen” from around mid-January 2019.

■Active Challenge

LAWSON

When SUMITOMO LIFE Vitality member participate in Active Challenge and achieve a weekly fitness goal that is displayed on the Vitality Member Portal (app), members can receive either Lawson’s smoothie or coffee or

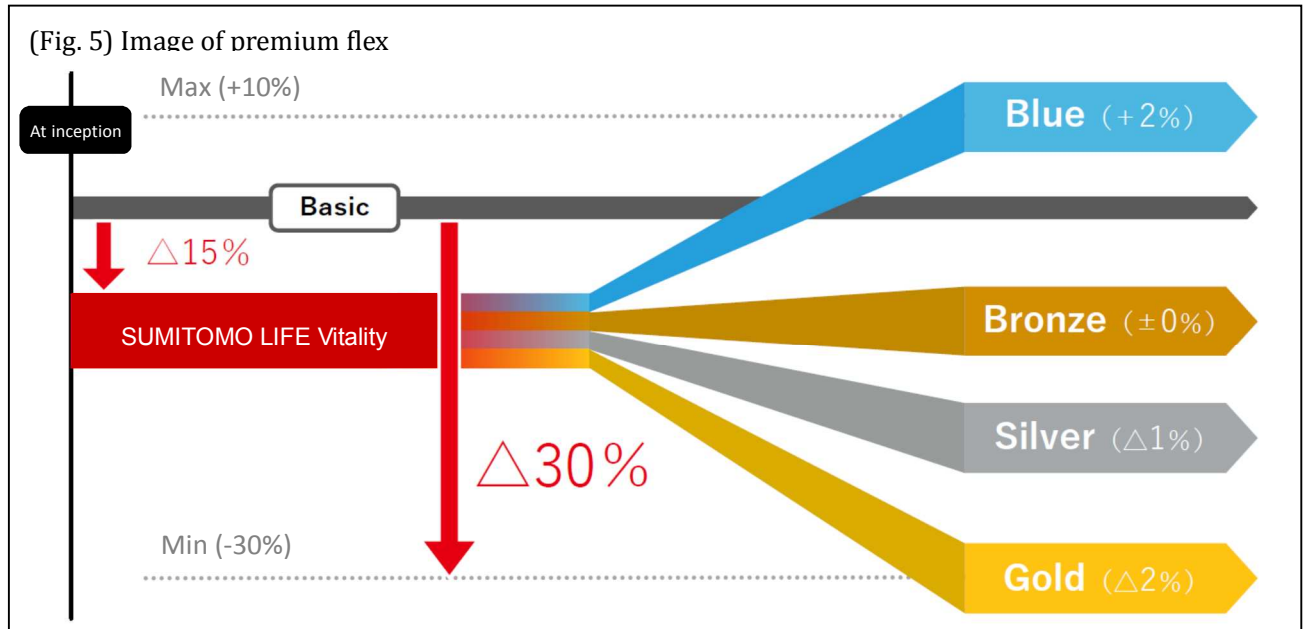


STARBUCKS®

a free drink voucher of Starbucks’s drink (500-yen worth).

d. Premium discount and flex

The insurance premium fluctuates every year based on status and is determined once a year. Compared with those who do not engage in the Vitality wellness program (i.e. non-Vitality members), Vitality member’s premium is discounted by 15% at the inception and it fluctuates based on Vitality status afterward.



(*) For insurance premium discount and flex, status that is determined 6 months prior to the anniversary date will be used and applied.

(*) This image assumes that a member maintains the same status every year.

e. Handling criteria for SUMITOMO LIFE Vitality

Items	Details
Integrated product	Prime Fit, Doctor GO
Type of contract	The policyholder and the insured are the same person
Contract age range	Prime Fit: 18~75, Doctor GO: 18~80
Vitality usage fee	Apart from insurance premium, a monthly fee of 864 yen (incl. tax) is required as a fee to use the Vitality wellness program.