



NEWS RELEASE

Apr 13, 2021

R&I Affirms AA-, Stable: Fukoku Mutual Life Insurance Co.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: **Fukoku Mutual Life Insurance Co.**
Insurance Claims Paying Ability: AA-, Affirmed
Rating Outlook: Stable

RATIONALE:

Fukoku Mutual Life Insurance Co. (Fukoku Life) has strength in worksite markets at public offices, large firms, etc. Its customer base is highly stable, though the number of policyholders is small compared to major life insurers. This is because the insurer has from early on worked to acquire quality policies and minimize surrenders and lapses under the strategy of selling death protection and third-sector products in a bundle.

Fukoku Life's franchise value has been maintained even under the circumstances of the COVID-19 pandemic. Sales activities are conducted primarily by core sales employees who have grown in number, while a decline in new business and surrenders or lapses of insurance policies are controlled. The insurer's earning capacity is commensurate with the rating, backed by solid sales of highly profitable protection-oriented products as the mainstay. In worksite markets where Fukoku Life has strength, it has become more difficult than ever before for sales representatives to visit and gain customers, due to security enhancement as well as infection prevention measures and an increased number of people working from home. R&I will follow whether Fukoku Life will be able to further strengthen its sales representative channel to maintain and increase in-force policies of protection-oriented products in the third sector, etc., as well as securing customer contact points by developing products that meet the growing needs for protection and by using online meetings with customers.

Fukoku Life has risk resilience commensurate with the rating. With equity, ALM (asset and liability management) and foreign exchange risks, however, earnings are susceptible to fluctuations in the financial and capital markets. Under the ERM (enterprise risk management) framework, it is seeking to increase investments in assets with higher yields, supported by a strong capital position. R&I will examine whether the company is able to control investment risk appropriately and maintain the balance between risk and a buffer.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Life Insurance", "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions" and "Evaluation of Equity Credit Attributes of Hybrid Securities and Rating Perspectives". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: **Fukoku Mutual Life Insurance Co.**
Insurance Claims Paying Ability
RATING: **AA-, Affirmed**
RATING OUTLOOK: **Stable**

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Unsec. Sub. Bonds No.3 (Perp.)	Issue Date Oct 21, 2016	Maturity Date -	Issue Amount (mn) JPY 50,000
RATING:	A, Affirmed		
Unsec. Sub. Bonds No.4	Issue Date Sep 13, 2017	Maturity Date Sep 13, 2077	Issue Amount (mn) JPY 30,000
RATING:	A, Affirmed		
Unsec. Sub. Bonds No.5-A	Issue Date Dec 16, 2020	Maturity Date Dec 16, 2080	Issue Amount (mn) JPY 37,000
RATING:	A, Affirmed		
Unsec. Sub. Bonds No.5-B	Issue Date Dec 16, 2020	Maturity Date Dec 16, 2080	Issue Amount (mn) JPY 1,500
RATING:	A, Affirmed		
Unsec. Sub. Bonds No.5-C	Issue Date Dec 16, 2020	Maturity Date Dec 16, 2080	Issue Amount (mn) JPY 6,500
RATING:	A, Affirmed		
Unsec. Sub. Bonds No.5-D	Issue Date Dec 16, 2020	Maturity Date Dec 16, 2080	Issue Amount (mn) JPY 5,000
RATING:	A, Affirmed		

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