



# NEWS RELEASE

Sep 10, 2021

## R&I Assigns AA, Stable: Hanasaku Life Insurance Co., Ltd.

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

**ISSUER:** Hanasaku Life Insurance Co., Ltd.  
**Insurance Claims Paying Ability: AA, Assigned**  
**Rating Outlook: Stable**

### RATIONALE:

Hanasaku Life Insurance Co., Ltd. (Hanasaku Life) is a wholly-owned life insurance subsidiary of Nippon Life Insurance Co. (Insurance Claims Paying Ability: AA, Nippon Life). Mainly through the distribution channel of independent retail agencies including insurance shops, it sells insurance products in markets that are not easy to access for Nippon Life sales representatives. Hanasaku Life is of very high strategic importance to the Nippon Life Insurance Group, which is promoting further cultivation of domestic insurance markets and strengthening and diversifying the group businesses to achieve earlier sales recovery and improvement through an increase in the number of customers. Based on the above, R&I has assigned an Insurance Claims Paying Ability of AA to Hanasaku Life, the same as that of Nippon Life.

Offering simple and inexpensive protection-type products, Hanasaku Life is building a certain position in the independent retail agency market, despite being a relative latecomer to the industry. It expands a lineup of products and contract agencies by utilizing Nippon Life's know-how and resources, contributing to an increase in the number of the Group's customers. Distribution channels are being diversified, as exemplified by mail order selling. Amid fierce competition at insurance shops and others, the profitability of products and the stability of sales are lower than the sales representative channel. However, risk and return are appropriately managed. Under a new medium-term management plan from FY2021 (the year ending March 2022), the company intends to create new markets for selling on web sites, etc., as well as working on flexible product development and continued reinforcement of the existing channels. R&I will keep a close eye on developments in the future.

Its risk profile is relatively stable, mostly comprising underwriting risk primarily from third-sector insurance. For investments, duration matching is in place based on asset/liability management and the company's risk appetite is low. Hanasaku Life is still growing and therefore, tends to incur accounting losses and cash outflow for some time due to its upfront cost burden. Nevertheless, given that Nippon Life's support can be expected as necessary under the Group's enterprise risk management, there is no particular concern over the company's risk resilience and liquidity.

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" and "R&I's Analytical Approach to Financial Groups". 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](https://www.r-i.co.jp/en/rating/about/rating_method.html)

### R&I RATINGS:

**ISSUER:** Hanasaku Life Insurance Co., Ltd.  
**Insurance Claims Paying Ability**  
**RATING:** AA, Assigned  
**RATING OUTLOOK:** Stable

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