
Financial Results for the Three Months Ended June 30, 2017

Nippon Life Insurance Company (the “Company”; President: Yoshinobu Tsutsui) announces financial results for the three months ended June 30, 2017.

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1. Business Highlights

(1) Amount of Policies in Force and New Policies

• Policies in Force

	As of June 30, 2017				As of March 31, 2017	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2017 (%)	(100 million yen)	As a percentage of March 31, 2017 (%)		
Individual insurance	25,323	101.3	1,420,172	99.1	24,986	1,432,370
Individual annuities	3,831	100.7	233,710	100.6	3,805	232,306
Group insurance	—	—	957,467	101.5	—	943,263
Group annuities	—	—	126,600	100.3	—	126,254

Notes: 1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments for policies prior to the start of annuity payments and (b) policy reserves for policies after the start of annuity payments.
2. The amount of group annuities is the amount of the policy reserves.

• New Policies

	Three months ended June 30, 2017						Three months ended June 30, 2016			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended June 30, 2016 (%)	(100 million yen)	As a percentage of three months ended June 30, 2016 (%)	New policies	Net increase (decrease) by conversion		(100 million yen)	New policies	Net increase (decrease) by conversion
Individual insurance	887	90.9	14,640	84.7	16,276	(1,636)	975	17,277	18,370	(1,092)
Individual annuities	59	83.0	3,526	84.3	3,503	22	71	4,184	4,165	18
Group insurance	—	—	1,900	79.8	1,900		—	2,380	2,380	
Group annuities	—	—	1	18.8	1		—	10	10	

Notes: 1. New policies include enrollment using the coverage enhancement system, and conversion indicates enrollment using the coverage revision system and partial coverage revision system.
2. The number of policies includes policies that were converted into new policies.
3. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.
4. The amount of new policies for group annuities represents the first-time premium.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

	As of June 30, 2017		As of March 31, 2017
		As a percentage of March 31, 2017	
Individual insurance	26,235	100.6	26,089
Individual annuities	9,612	100.8	9,538
Total	35,847	100.6	35,627
Medical coverages, living benefits, and others	6,228	100.1	6,223

- New Policies

(100 Million Yen, %)

	Three months ended June 30, 2017		Three months ended June 30, 2016
		As a percentage of three months ended June 30, 2016	
Individual insurance	598	138.5	432
Individual annuities	153	71.9	213
Total	751	116.4	645
Medical coverages, living benefits, and others	101	91.9	110

- Notes: 1. The amount of annualized net premium is the annualized premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment policies, the amount is the total premium divided by the insured period).
2. The amount of medical coverages, living benefits, and others represents annualized premium related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits), and waiver of premium benefits (excluding disability benefits alone, but including specified illness and nursing care benefits).
3. Annualized new policy net premium includes net increases due to conversions.

2. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of June 30, 2017		As of March 31, 2017	
	Amount	%	Amount	%
Cash, deposits, and call loans	11,055	1.7	10,779	1.7
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	3,040	0.5	3,262	0.5
Trading securities	—	—	—	—
Assets held in trust	53	0.0	33	0.0
Investments in securities:	526,611	82.2	518,715	81.7
Domestic bonds	222,652	34.8	224,601	35.4
Domestic stocks	88,256	13.8	86,952	13.7
Foreign securities:	195,415	30.5	188,550	29.7
Foreign bonds	148,459	23.2	143,794	22.6
Foreign stocks and other securities	46,956	7.3	44,756	7.0
Other securities	20,286	3.2	18,610	2.9
Loans:	77,024	12.0	77,495	12.2
Policy loans	6,429	1.0	6,547	1.0
Industrial and consumer loans	70,595	11.0	70,948	11.2
Real estate:	16,231	2.5	16,192	2.6
Investment property	10,281	1.6	10,223	1.6
Deferred tax assets	—	—	—	—
Other assets	6,729	1.1	8,531	1.3
Allowance for doubtful accounts	(28)	(0.0)	(28)	(0.0)
Total assets (general account):	640,718	100.0	634,982	100.0
Foreign currency-denominated assets	177,993	27.8	170,361	26.8

Notes: 1. The above assets include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is also recorded in liabilities as cash received as collateral under securities lending transactions (¥277.3 billion and ¥674.0 billion as of June 30, 2017, and March 31, 2017, respectively).

2. Real estate amount is the sum of land, buildings, and construction in progress.

(2) Fair Value Information of Securities (With Fair Value, Other Than Trading Securities)

(100 Million Yen)

	As of June 30, 2017					As of March 31, 2017				
	Book value	Fair value	Net gains/losses	Net gains/losses		Book value	Fair value	Net gains/losses	Net gains/losses	
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds*	194,190	230,624	36,433	36,520	(86)	196,592	233,314	36,721	36,823	(101)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	142	888	746	746	—	142	875	733	733	—
Available-for-sale securities:	260,421	327,653	67,232	69,896	(2,664)	253,308	316,587	63,279	67,020	(3,741)
Domestic bonds	29,713	31,620	1,907	1,956	(49)	29,547	31,428	1,881	1,945	(64)
Domestic stocks	40,322	84,465	44,142	45,007	(865)	40,273	83,215	42,942	43,879	(937)
Foreign securities:	163,570	183,231	19,660	21,232	(1,571)	159,325	176,343	17,018	19,524	(2,506)
Foreign bonds	135,451	148,059	12,608	14,077	(1,469)	132,366	143,245	10,878	13,214	(2,336)
Foreign stocks and other securities	28,119	35,171	7,052	7,154	(101)	26,958	33,098	6,140	6,310	(169)
Other securities	18,348	19,869	1,520	1,699	(178)	16,794	18,231	1,436	1,669	(232)
Monetary receivables purchased	281	282	0	0	(0)	391	392	0	0	(0)
Negotiable certificates of deposit	8,185	8,185	0	0	(0)	6,976	6,976	0	0	(0)
Total	454,754	559,167	104,412	107,163	(2,751)	450,043	550,777	100,734	104,577	(3,842)
Domestic bonds	220,745	258,810	38,064	38,200	(135)	222,720	261,025	38,304	38,470	(166)
Domestic stocks	40,322	84,465	44,142	45,007	(865)	40,273	83,215	42,942	43,879	(937)
Foreign securities:	164,103	184,530	20,426	21,998	(1,571)	160,008	177,781	17,773	20,279	(2,506)
Foreign bonds	135,851	148,478	12,627	14,097	(1,469)	132,916	143,816	10,899	13,235	(2,336)
Foreign stocks and other securities	28,252	36,051	7,798	7,900	(101)	27,091	33,965	6,873	7,043	(169)
Other securities	18,357	19,878	1,520	1,699	(178)	16,803	18,240	1,436	1,669	(232)
Monetary receivables purchased	3,039	3,297	257	258	(0)	3,261	3,539	277	277	(0)
Negotiable certificates of deposit	8,185	8,185	0	0	(0)	6,976	6,976	0	0	(0)

Note: The above table includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

* Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line). Securities that are held for the purpose of matching the duration of outstanding liabilities within the subgroups (classified by insurance type, maturity period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

[Book Value of Securities of which the Fair Value is extremely difficult to be determined]

(100 Million Yen)

	As of June 30, 2017	As of March 31, 2017
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	8,290	8,234
Available-for-sale securities:	7,372	7,243
Unlisted domestic stocks (excluding over-the-counter stocks)	549	551
Unlisted foreign stocks (excluding over-the-counter stocks)	4,282	4,282
Unlisted foreign bonds	—	—
Others	2,541	2,410
Total	15,663	15,478

Note: Of securities of which the fair value is extremely difficult to be determined, the net gains on currency exchange valuation of assets denominated in foreign currencies were as follows:

¥52.2 billion and ¥46.7 billion as of June 30, 2017, and March 31, 2017, respectively.

(3) Fair Value Information of Assets Held in Trust

(100 Million Yen)

	As of June 30, 2017					As of March 31, 2017				
	Balance sheet amount	Fair value	Net gains/losses		Balance sheet amount	Fair value	Net gains/losses			
			Gains	Losses			Gains	Losses		
Assets held in trust	53	53	—	—	33	33	—	—		

Notes: 1. Fair value is based on a reasonably calculated price by the trustee of the assets held in trust.

2. The balance sheet amount includes net gains/losses on derivative transactions within assets held in trust.

- Assets Held in Trust for Trading Purposes

(100 Million Yen)

	As of June 30, 2017		As of March 31, 2017	
	Balance sheet amount	Valuation gains (losses) included in profit and loss	Balance sheet amount	Valuation gains (losses) included in profit and loss
Assets held in trust for trading purposes	53	(13)	33	(19)

Note: The balance sheet amounts and valuation gains (losses) included in profit and loss include net gains/losses on derivative transactions.

- Assets Held in Trust Classified as Policy-Reserve-Matching, Held-to-Maturity, and Available-for-Sale
No ending balance as of June 30, 2017, or March 31, 2017.

3. Nonconsolidated Balance Sheets

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Assets:		
Cash and deposits	1,041,732	917,055
Call loans	170,000	270,000
Monetary receivables purchased	304,059	326,256
Assets held in trust	5,347	3,397
Investments in securities:	53,721,691	53,025,060
National government bonds	19,623,343	19,724,839
Local government bonds	921,335	959,375
Corporate bonds	2,209,443	2,290,236
Domestic stocks	8,998,239	8,879,181
Foreign securities	19,833,763	19,201,698
Loans:	7,702,461	7,749,527
Policy loans	642,947	654,701
Industrial and consumer loans	7,059,514	7,094,826
Tangible fixed assets	1,644,365	1,641,001
Intangible fixed assets	174,187	173,302
Reinsurance receivables	351	523
Other assets	595,935	691,712
Customers' liability for acceptances and guarantees	40,973	44,267
Allowance for doubtful accounts	(2,825)	(2,882)
Allowance for investment loss	(24,490)	(25,219)
Total assets	65,373,789	64,814,005
Liabilities:		
Policy reserves and other reserves:	54,392,525	53,999,143
Reserve for outstanding claims	341,945	347,747
Policy reserves	52,938,721	52,650,294
Reserve for dividends to policyholders	1,111,858	1,001,102
Reinsurance payables	435	605
Corporate bonds	940,825	840,825
Other liabilities:	1,416,527	1,567,152
Cash received as collateral under securities lending transactions	277,335	674,067
Income taxes payable	33,003	8,020
Lease obligations	10,752	11,835
Asset retirement obligations	2,208	2,191
Other liabilities	1,093,228	871,037
Accrued bonuses for directors and audit and supervisory board members	105	79
Accrued retirement benefits	359,783	358,630
Accrued retirement benefits for directors and audit and supervisory board members	4,617	4,498
Reserve for program points	10,132	9,013
Reserve for price fluctuations in investments in securities	1,159,067	1,116,795
Deferred tax liabilities	605,028	563,323
Deferred tax liabilities for land revaluation	106,242	106,432
Acceptances and guarantees	40,973	44,267
Total liabilities	59,036,264	58,610,767

3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Net assets:		
Foundation funds	150,000	150,000
Reserve for redemption of foundation funds	1,200,000	1,150,000
Reserve for revaluation	651	651
Surplus:	255,663	440,635
Legal reserve for deficiencies	16,804	16,042
Other surplus reserves:	238,859	424,593
Equalized reserve for dividends to policyholders	40,000	50,000
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	3,328	328
Reserve for reduction entry of real estate	49,708	51,196
Reserve for reduction entry of real estate to be purchased	23,422	5,643
Other reserves	170	170
Unappropriated surplus	50,312	245,337
Total foundation funds and others	1,606,314	1,741,286
Net unrealized gains on available-for-sale securities	4,881,179	4,585,298
Deferred losses on derivatives under hedge accounting	(91,391)	(65,262)
Land revaluation losses	(58,577)	(58,084)
Total valuations, conversions, and others	4,731,210	4,461,951
Total net assets	6,337,525	6,203,237
Total liabilities and net assets	65,373,789	64,814,005

Basis of Presenting the Nonconsolidated Balance Sheet as of June 30, 2017

1. As the proposed appropriation of surplus for the fiscal year ended March 31, 2017, was approved at the annual meeting of representatives of policyholders held on July 4, 2017, it is included in the nonconsolidated balance sheet as of June 30, 2017. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2017	¥245,337
b. Reversal from voluntary surplus reserves	¥18,578
c. Appropriations:	¥263,915
Reserve for dividends to policyholders	¥184,086
Legal reserve for deficiencies	¥762
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥1,198
Voluntary surplus reserves	¥27,869
d. Surplus carried forward (a+b-c)	—

2. The corporate tax, inhabitant tax, and income tax adjustments for the three months ended June 30, 2017, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.

3. Changes in the reserve for dividends to policyholders for the three months ended June 30, 2017, were as follows:

	Million Yen
	Three months ended June 30, 2017
a. Balance at the beginning of the current fiscal year	¥1,001,102
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥184,086
c. Dividends paid to policyholders during the current three-month period	¥78,884
d. Increase in interest	¥5,553
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,111,858

4. Following the change in the Articles of Incorporation approved at the annual meeting of representatives of policyholders held on July 4, 2017, the Company conducted an offering of foundation funds (*kikin*) as follows, pursuant to Article 60 of the Insurance Business Act, for which payment was completed on August 2, 2017.
 - a. Amount offered ¥50,000 million
 - b. Interest rate 0.304% per annum from August 3, 2017, to August 2, 2021
 - c. Repayment date Repayment of ¥50,000 million in two working days prior to August 2, 2021
 - d. Use of funds Foundation funds (*kikin*) for a mutual company

5. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 3, 2017.

6. On May 24, 2017, the Company reached an agreement with Reliance Capital Limited, the parent company of Reliance Nippon Life Asset Management Limited (of which, the Company owns 44.57% of the shares; hereinafter “Reliance Nippon Life Asset Management”) to acquire an additional 4.43% equity interest in Reliance Nippon Life Asset Management. The Company completed the transaction to acquire the additional shares on July 13, 2017.

7. The amount of securities lent under lending agreements was ¥3,111,945 million as of June 30, 2017.

4. Nonconsolidated Statements of Income

(Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Ordinary income:	1,568,724	1,656,887
Revenues from insurance and reinsurance:	1,150,341	1,228,095
Insurance premiums	1,150,226	1,227,953
Investment income:	386,096	393,568
Interest, dividends, and other income	319,953	305,358
Gain from assets held in trust, net	—	480
Gain on sales of securities	40,102	83,655
Gain from separate accounts, net	23,084	—
Other ordinary income	32,286	35,222
Ordinary expenses:	1,473,649	1,544,638
Benefits and other payments:	919,480	943,597
Death and other claims	262,177	252,633
Annuity payments	200,925	210,042
Health and other benefits	171,530	177,642
Surrender benefits	224,737	196,511
Other refunds	59,962	106,625
Provision for policy reserves:	293,981	289,237
Provision for policy reserves	288,427	283,615
Provision for interest on reserve for dividends to policyholders	5,553	5,621
Investment expenses:	57,585	108,118
Interest expenses	5,113	4,572
Loss from assets held in trust, net	1,349	—
Loss on sales of securities	27,935	9,371
Loss on valuation of securities	141	29,910
Loss on derivative financial instruments, net	8,398	19,603
Loss from separate accounts, net	—	26,195
Operating expenses	147,489	144,533
Other ordinary expenses	55,111	59,152
Ordinary profit	95,075	112,248
Extraordinary gains:	183	176
Gain on disposals of fixed assets	183	176
Extraordinary losses:	44,126	44,830
Loss on disposals of fixed assets	828	954
Impairment losses	1,025	2,903
Provision for reserve for price fluctuations in investments in securities	42,272	40,972
Surplus before income taxes	51,132	67,594
Income taxes - current	52,448	68,911
Income taxes - deferred	(51,135)	(64,407)
Total income taxes	1,312	4,503
Net surplus	49,819	63,090

1. Impairment losses are as follows:

1) Method for grouping the assets

Leased property and idle property are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group.

2) Circumstances causing impairment losses

The Company observed a marked decrease in profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount, and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the three months ended June 30, 2017, is as follows:

Purpose of use	Million Yen		
	Land	Buildings	Total
Idle property	¥750	¥275	¥1,025
Total	¥750	¥275	¥1,025

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows is 3.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

5. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Core operating profit (A)	129,516	146,363
Capital gains:	41,782	94,425
Gain on trading securities	—	—
Gain from assets held in trust, net	—	480
Gain on trading securities	—	—
Gain on sales of securities	40,102	83,655
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	960	—
Other capital gains	718	10,288
Capital losses:	43,622	61,339
Loss on trading securities	—	—
Loss from assets held in trust, net	1,349	—
Loss on trading securities	—	—
Loss on sales of securities	27,935	9,371
Loss on valuation of securities	141	29,910
Loss on derivative financial instruments, net	8,398	19,603
Foreign exchange losses, net	—	2,453
Other capital losses	5,796	—
Net capital (losses) gains (B)	(1,839)	33,085
Core operating profit, including net capital (losses) gains (A+B)	127,676	179,449
Nonrecurring gains:	740	11
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	10	11
Other nonrecurring gains	729	—
Nonrecurring losses:	33,342	67,212
Reinsurance premiums	—	—
Provision for contingency reserve	33,342	67,212
Provision for specific allowance for doubtful accounts	—	—
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	—	—
Other nonrecurring losses	—	—
Nonrecurring losses (C)	(32,601)	(67,200)
Ordinary profit (A+B+C)	95,075	112,248

(Reference) Breakdown of “Other” items

(Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Core operating profit	5,078	(10,288)
Foreign exchange gains and losses related to foreign currency-denominated insurance products	—	(10,288)
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	2,487	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	3,309	—
Impact of movements in surrender benefits related to market value adjustment	(718)	—
Other capital gains	718	10,288
Foreign exchange gains related to foreign currency-denominated insurance products	—	10,288
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—
Impact of movements in surrender benefits related to market value adjustment	718	—
Other capital losses	5,796	—
Foreign exchange losses related to foreign currency-denominated insurance products	—	—
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	2,487	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	3,309	—
Impact of movements in surrender benefits related to market value adjustment	—	—
Other nonrecurring gains	729	—
Reversal of allowance for investment loss	729	—
Other nonrecurring losses	—	—
Provision for allowance for investment loss	—	—

6. Solvency Margin Ratio

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Solvency margin gross amount (A):	13,089,790	12,596,032
Foundation funds (<i>kikin</i>) and other reserve funds:	4,580,159	4,454,276
Foundation funds and others	1,606,314	1,556,001
Reserve for price fluctuations in investments in securities	1,159,067	1,116,795
Contingency reserve	1,556,773	1,523,431
General allowance for doubtful accounts	1,460	1,503
Others	256,544	256,544
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5,955,203	5,630,908
Net unrealized gains on real estate × 85%	210,740	210,229
Excess of continued Zillmerized reserve	1,406,655	1,415,384
Qualifying subordinated debt	940,825	840,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(254)	(252)
Others	(3,539)	44,661
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,896,491	2,811,478
Underwriting risk (R ₁)	122,650	122,718
Underwriting risk of third-sector insurance (R ₈)	78,248	78,064
Anticipated yield risk (R ₂)	386,216	386,043
Minimum guarantee risk (R ₇)	5,662	5,708
Investment risk (R ₃)	2,436,893	2,353,474
Business management risk (R ₄)	60,593	58,920
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	903.8%	896.0%

Notes: 1. The amounts and figures as of March 31, 2017, in the table above are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50 of 1996.

Those as of June 30, 2017, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

7. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Individual variable insurance	117,836	116,005
Individual variable annuities	42,238	41,905
Group annuities	1,141,873	1,157,881
Separate account total	1,301,949	1,315,792

(2) Policies in Force

- Individual Variable Insurance

	As of June 30, 2017		As of March 31, 2017	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	884	4,096	1,195	5,570
Variable insurance (whole life type)	33,133	475,372	33,300	479,050
Total	34,017	479,468	34,495	484,621

- Individual Variable Annuities

	As of June 30, 2017		As of March 31, 2017	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	13,801	42,238	11,497	41,903

8. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Ordinary income	18,625	19,185
Ordinary profit	1,042	1,167
Net surplus attributable to the parent company	497	622
Comprehensive income (loss)	3,337	(4,423)

	As of June 30, 2017	As of March 31, 2017
Total assets	731,438	724,642
Solvency margin ratio	942.3%	933.9%

(2) Scope of Consolidation and Application of the Equity Method

	As of June 30, 2017
Number of consolidated subsidiaries	11
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	10
Changes in significant subsidiaries and affiliates during the period	None

(3) Policies of Presenting the Consolidated Financial Statements for the Three Months Ended June 30, 2017

There have been no significant changes.

(4) Consolidated Balance Sheets

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Assets:		
Cash and deposits	1,560,579	1,337,969
Call loans	170,000	270,000
Monetary receivables purchased	315,372	337,913
Assets held in trust	5,547	3,597
Investments in securities	59,026,969	58,262,185
Loans	8,897,433	8,990,370
Tangible fixed assets	1,871,597	1,868,153
Intangible fixed assets	238,828	236,530
Reinsurance receivables	11,497	12,513
Other assets	1,003,603	1,104,003
Deferred tax assets	5,164	5,604
Customers' liability for acceptances and guarantees	41,640	39,935
Allowance for doubtful accounts	(4,427)	(4,483)
Total assets	73,143,808	72,464,294
Liabilities:		
Policy reserves and other reserves:	60,769,854	60,394,071
Reserve for outstanding claims	385,657	394,243
Policy reserves	59,204,970	58,930,878
Reserve for dividends to policyholders (mutual company)	1,111,858	1,001,102
Reserve for dividends to policyholders (limited company)	67,368	67,847
Reinsurance payables	8,277	9,590
Corporate bonds	1,020,825	920,825
Other liabilities	2,210,750	2,243,231
Accrued bonuses for directors and audit and supervisory board members	105	79
Net defined benefit liability	449,113	450,558
Accrued retirement benefits for directors and audit and supervisory board members	5,337	5,246
Reserve for program points	10,132	9,013
Reserve for price fluctuations in investments in securities	1,178,702	1,135,765
Deferred tax liabilities	665,957	620,563
Deferred tax liabilities for land revaluation	106,242	106,432
Acceptances and guarantees	41,640	39,935
Total liabilities	66,466,940	65,935,313

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Net assets:		
Foundation funds	150,000	150,000
Reserve for redemption of foundation funds	1,200,000	1,150,000
Reserve for revaluation	651	651
Consolidated surplus	437,394	622,388
Total foundation funds and others	1,788,045	1,923,039
Net unrealized gains on available-for-sale securities	4,893,835	4,588,092
Deferred losses on derivatives under hedge accounting	(91,391)	(65,262)
Land revaluation losses	(58,577)	(58,084)
Foreign currency translation adjustments	29,247	30,549
Remeasurement of defined benefit plans	(22,904)	(24,556)
Total accumulated other comprehensive income	4,750,209	4,470,738
Noncontrolling interests	138,612	135,203
Total net assets	6,676,867	6,528,981
Total liabilities and net assets	73,143,808	72,464,294

Basis of Presenting the Consolidated Balance Sheet as of June 30, 2017

1. As the proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2017, was approved at the annual meeting of representatives of policyholders held on July 4, 2017, it is included in the consolidated balance sheet as of June 30, 2017. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2017	¥245,337
b. Reversal from voluntary surplus reserves	¥18,578
c. Appropriations:	¥263,915
Reserve for dividends to policyholders (mutual company)	¥184,086
Legal reserve for deficiencies	¥762
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥1,198
Voluntary surplus reserves	¥27,869
d. Surplus carried forward (a+b-c)	—

2. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the three months ended June 30, 2017, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders (mutual company) due to the appropriation of surplus in the current fiscal year.

3. Changes in the reserve for dividends to policyholders (mutual company) for the three months ended June 30, 2017, were as follows:

	Million Yen
	Three months ended June 30, 2017
a. Balance at the beginning of the current fiscal year	¥1,001,102
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥184,086
c. Dividends paid to policyholders (mutual company) during the current three-month period	¥78,884
d. Increase in interest	¥5,553
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,111,858

4. Changes in the reserve for dividends to policyholders (limited company) for the three months ended June 30, 2017, were as follows:

Million Yen

Three months ended

June 30, 2017

a. Balance at the beginning of the current fiscal year	¥67,847
b. Dividends paid to policyholders (limited company) during the current three-month period	¥4,596
c. Increase in interest	¥3
d. Provision for reserve for dividends to policyholders (limited company)	¥4,114
e. Balance at the end of the current three-month period (a-b+c+d)	¥67,368

5. Following the change in the Articles of Incorporation approved at the annual meeting of representatives of policyholders held on July 4, 2017, the Company conducted an offering of foundation funds (*kikin*) as follows, pursuant to Article 60 of the Insurance Business Act, for which payment was completed on August 2, 2017.

- | | |
|-------------------|--|
| a. Amount offered | ¥50,000 million |
| b. Interest rate | 0.304% per annum from August 3, 2017, to August 2, 2021 |
| c. Repayment date | Repayment of ¥50,000 million in two working days prior to August 2, 2021 |
| d. Use of funds | Foundation funds (<i>kikin</i>) for a mutual company |

6. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 3, 2017.

7. On May 24, 2017, the Company reached an agreement with Reliance Capital Limited, the parent company of Reliance Nippon Life Asset Management Limited (of which, the Company owns 44.57% of the shares; hereinafter “Reliance Nippon Life Asset Management”) to acquire an additional 4.43% equity interest in Reliance Nippon Life Asset Management. The Company completed the transaction to acquire the additional shares on July 13, 2017.

8. The amount of securities lent under lending agreements was ¥3,464,978 million as of June 30, 2017.

(5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Ordinary income:	1,862,594	1,918,508
Revenues from insurance and reinsurance	1,343,062	1,362,395
Investment income:	463,400	497,625
Interest, dividends, and other income	335,146	323,400
Gain from assets held in trust, net	—	480
Gain on trading securities	6,765	—
Gain on sales of securities	48,504	94,145
Gain on derivative financial instruments, net	—	75,254
Foreign exchange gains, net	40,779	—
Gain from separate accounts, net	30,645	—
Other ordinary income	56,131	58,486
Ordinary expenses:	1,758,319	1,801,758
Benefits and other payments:	1,113,731	1,094,420
Death and other claims	329,067	298,820
Annuity payments	227,148	234,072
Health and other benefits	217,056	221,643
Surrender benefits	266,868	231,077
Other refunds	63,790	108,253
Provision for policy reserves:	281,352	246,994
Provision for policy reserves	275,795	241,364
Provision for interest on reserve for dividends to policyholders (mutual company)	5,553	5,621
Provision for interest on reserve for dividends to policyholders (limited company)	3	8
Investment expenses:	100,899	207,759
Interest expenses	5,544	5,915
Loss from assets held in trust, net	1,349	—
Loss on sales of securities	30,880	9,641
Loss on valuation of securities	182	29,911
Loss on derivative financial instruments, net	46,894	—
Foreign exchange losses, net	—	108,960
Loss from separate accounts, net	—	35,747
Operating expenses	194,053	173,700
Other ordinary expenses	68,282	78,882
Ordinary profit	104,274	116,750

(5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Extraordinary gains:	188	235
Gain on disposals of fixed assets	188	235
Extraordinary losses:	44,920	45,539
Loss on disposals of fixed assets	956	991
Impairment losses	1,025	2,979
Provision for reserve for price fluctuations in investments in securities	42,937	41,567
Provision for reserve for dividends to policyholders (limited company)	4,114	4,234
Surplus before income taxes	55,428	67,211
Income taxes - current	55,962	71,156
Income taxes - deferred	(51,771)	(67,402)
Total income taxes	4,190	3,754
Net surplus	51,237	63,457
Net surplus attributable to noncontrolling interests	1,439	1,222
Net surplus attributable to the parent company	49,797	62,235

1. Impairment losses are as follows:

1) Method for grouping the assets

Leased property and idle property of the Company and certain consolidated subsidiaries are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group.

2) Circumstances causing impairment losses

The Company and certain consolidated subsidiaries observed a marked decrease in profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount, and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the three months ended June 30, 2017, is as follows:

Purpose of use	Million Yen		
	Land	Buildings and others	Total
Idle property	¥750	¥275	¥1,025
Total	¥750	¥275	¥1,025

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows is 3.0%-3.9%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

2. The total amount of depreciation of rental real estate and other assets and depreciation and amortization for the three months ended June 30, 2017, was ¥14,761 million. Amortization of goodwill for the three months ended June 30, 2017, was ¥686 million.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
Net surplus	51,237	63,457
Other comprehensive income (loss):	282,488	(505,790)
Net unrealized gains (losses) on available-for-sale securities	306,951	(614,403)
Deferred (losses) gains on derivatives under hedge accounting	(26,129)	127,516
Land revaluation losses	—	263
Foreign currency translation adjustments	(56)	(7,984)
Remeasurement of defined benefit plans	1,671	1,545
Share of other comprehensive income (loss) of associates accounted for under the equity method	52	(12,728)
Comprehensive income (loss):	333,725	(442,333)
Comprehensive income (loss) attributable to the parent company	329,762	(442,480)
Comprehensive income attributable to noncontrolling interests	3,963	147

(6) Consolidated Solvency Margin Ratio

(Million Yen)

	As of June 30, 2017	As of March 31, 2017
Solvency margin gross amount (A):	13,588,784	13,078,231
Foundation funds (<i>kikin</i>) and other reserve funds:	4,903,346	4,778,735
Foundation funds and others	1,886,999	1,838,692
Reserve for price fluctuations in investments in securities	1,178,702	1,135,765
Contingency reserve	1,577,393	1,544,254
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	2,582	2,624
Others	257,668	257,398
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5,980,212	5,644,495
Net unrealized gains on real estate × 85%	217,991	217,473
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	(31,776)	(34,071)
Excess of continued Zillmerized reserve	1,555,238	1,565,220
Qualifying subordinated debt	1,120,825	1,020,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(187,986)	(190,878)
Others	30,933	76,431
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	2,884,045	2,800,770
Underwriting risk (R ₁)	166,659	165,787
General underwriting risk (R ₅)	—	—
Huge disaster risk (R ₆)	—	—
Underwriting risk of third-sector insurance (R ₈)	88,933	88,743
Underwriting risk related to small amount and short-term insurance providers (R ₉)	—	—
Anticipated yield risk (R ₂)	443,885	444,139
Minimum guarantee risk (R ₇)	12,682	13,765
Investment risk (R ₃)	2,354,547	2,271,347
Business management risk (R ₄)	61,334	59,675
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	942.3%	933.9%

Notes: 1. The amounts and figures as of March 31, 2017, in the table above are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Public Notice No. 23 of 2011.

Those as of June 30, 2017, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

(7) Segment Information

For the three months ended June 30, 2017, the Company and its consolidated subsidiaries engaged in insurance business and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to report.